

*Note: This document is a translation for the convenience of non-Japanese speakers. In the event of any discrepancy between this translation and the original Japanese document, the latter shall prevail.*

## To Our Shareholders

# The 157<sup>th</sup> Ordinary General Meeting of Shareholders Matters excluded from the description in the materials provided electronically

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## Nippon Sheet Glass Company, Limited

We provide shareholders with the matters above with respect to the 157<sup>th</sup> financial period, by posting them on the Company’s website at <https://www.nsg.com/> in accordance with the relevant law and ordinance and article 14 of the Articles of Incorporation.

**Matters Related to the Stock Acquisition Rights, etc.**  
**Stock Acquisition Rights (Stock Options) as for Compensation Owned by Directors and Executive Officers as of the End of the Fiscal Year**

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
Directors (excluding External Directors) and Executive Officers	Stock acquisition rights issued in Sep. 2008 (Stock- compensation type)	¥4,975.1 per share	¥1 per share	From 28 Sep 2008 to 27 Sep 2038	13	1,300 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Sep. 2009 (Stock- compensation type)	¥2,551.2 per share	¥1 per share	From 1 Oct 2009 to 30 Sep 2039	26	2,600 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Sep. 2010 (Stock- compensation type)	¥1,394.2 per share	¥1 per share	From 1 Oct 2010 to 30 Sep 2040	22	2,200 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Oct. 2011 (Stock- compensation type)	¥1,262.8 per share	¥1 per share	From 15 Oct 2011 to 14 Oct 2041	36	3,600 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Sep. 2012 (Stock- compensation type)	¥214.3 per share	¥1 per share	From 29 Sep 2012 to 28 Sep 2042	168	16,800 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Oct. 2013 (Stock- compensation type)	¥82.8 per share	¥1 per share	From 16 Oct 2013 to 15 Oct 2043	276	27,600 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2014 (Stock- compensation type)	¥90.9 per share	¥1 per share	From 1 Oct 2014 to 30 Sep 2044	172	17,200 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2015 (Stock- compensation type)	¥749.6 per share	¥1 per share	From 1 Oct 2015 to 30 Sep 2045	271	27,100 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Oct. 2016 (Stock- compensation type)	¥656.29 per share	¥1 per share	From 15 Oct 2016 to 14 Oct 2046	395	39,500 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2017 (Stock- compensation type)	¥775.06 per share	¥1 per share	From 30 Sep 2017 to 29 Sep 2047	405	40,500 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Jul. 2018 (Stock- compensation type)	¥1,117.66 per share	¥1 per share	From 27 Jul 2018 to 26 Jul 2048	357	35,700 Common shares (100 Common shares per right)	3
	Stock acquisition rights issued in Jul. 2019 (Stock- compensation type)	¥669.97 per share	¥1 per share	From 25 Jul 2019 to 24 Jul 2049	528	52,800 Common shares (100 Common shares per right)	4
<b>Total</b>	—	—	—	—	2,669	266,900 Common shares	4

## **Systems to Secure appropriateness of businesses**

### **Systems to Ensure that Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure Appropriateness of Businesses**

1. System for ensuring that the performance of duties by Executive Officers and employees of the Company, and directors, statutory auditors and employees of the subsidiaries of the Company (collectively referred to as the "Group Employees") complies with laws, regulations, and the Articles of Incorporation
  - On the basis and strength of the management principles "Our Vision", the NSG Group (the "Group") aims to ensure high levels of ethics and compliance throughout the Group in conducting businesses, proactively fulfilling its social responsibilities for the sustainable growth.
  - Under the management principles "Our Vision", the Group establishes the "NSG Group Code of Ethics" providing business ethics and compliance with laws/regulations/internal policies and procedures, and uses its internal communication network to continually disseminate and provide educational training about the contents of the Code of Ethics for the Group Employees, together with other important internal policies and procedures of the Group (e.g. Group Policies, procedures or manuals).
  - Each Strategic Business Unit ("SBU") and function in charge of securing compliance with the relevant laws and regulations, will monitor such compliance status in coordination with Internal Audit function, and also report it to the Audit Committee.
  - The Group establishes a Group central function responsible for developing and maintaining the effective framework of ethics and compliance throughout the Group (hereinafter generally referred to as "Ethics and Compliance Function").
  - Ethics and Compliance Function will, throughout the Group, :-
    - work closely with regional team in charge of ethics and compliance matters to promote and ensure compliance by adherence to strict standards and to promote ethics and compliance awareness through communication and training programs; and
    - as it may deem necessary, conduct audits in cooperation with Internal Audit function and other Internal Control Functions.
  - Ethics and Compliance Function will also report to the Audit Committee.
  - The Group establishes a global reporting of concerns hotline not subject to usual reporting structure for execution of the businesses ("hotline"), which enables the Group Employees to voice any ethics and compliance related issues through an independent external vendor as points of contact; whereby the Group ensures the framework under which it is able to promptly detect and address any such issues.
  - Ethics and Compliance Function shall, periodically or from time to time as appropriate, update the Audit Committee on the status of the implementation and operation of the hotline as well as on the issues brought from the hotline.
  - The Group Employees can make a report via the hotline with anonymity where legally allowed, and the Group must explicitly guarantee that no retaliation or unfavorable personnel treatment will be taken against the Group Employees in question for reason of the report.
2. Rules relating to the management of the risk of loss and other relevant risk management system with respect to the Group
  - The Group establishes internal policies and procedures to adequately address various risks associated with its business operations and identify and manage all possible risks in a holistic way throughout the enterprise that it could be exposed to. For effective facilitation of the overall enterprise risk management, the Group constitutes the Strategic Risk Committee which is to be led by Chief Risk Officer under a representative executive officer of the Company and reports to the Management Committee and the Audit Committee, with its assigned responsibilities to conduct a review of the status regularly of identification, evaluation and remediation of the major risks identified and aim to ensure adequate framework in operation of risk management conducted by and throughout the Group.
  - The Group establishes internal policies and procedures that clearly define how to treat specific risks associated with such as ethics and compliance, environment, safety, disaster management, product quality, information security, funding, raw material procurement, research and development and credit control, and each SBU and function shall manage such risks in their respective areas of responsibility according to these internal policies and procedures.
  - The Group shall make sure that Ethics and Compliance Function manages and controls significant ethics and compliance-related risks including by preparation of adequate internal policies and procedures, in cooperation with Internal Control Functions including Legal and Internal Audit function.
  - Risk control measures will be managed and taken, as necessary, including risk diversification and insurance on a group basis. In particular the Group establishes the internal policy on group insurance and takes out and renews

- global insurance program annually thereby aiming to secure adequate transfer of material risks of the Group.
  - The Group develops and has in place policies and procedures to prepare against and deal with major incidents for risk management purposes that may occur globally or regionally.
  - The Group establishes the control system to ensure the integrity of its financial reporting as well as the appropriateness and timeliness of other corporate disclosures.
  - The Group establishes the Internal Audit Department that operates at the Group level, and the department conducts audits independently of each Executive Division, providing assurances to the effectiveness and efficiency of the Group's risk management system. Any appointment and dismissal of the Head of the Internal Audit Function, shall require the prior consent of the Audit Committee.
3. System for retaining and managing information pertaining to Executive Officers' performance of duties
- Executive Officers properly retain and manage documents, records and any other information regarding their performance of duties in accordance with the applicable laws and internal policies and procedures.
4. System for ensuring effective and efficient performance of duties by the Group's Employees
- The Group formulates an annual business targets for the Group based upon its medium to long-term business plans resolved by the Board. Also it clearly communicates the targets throughout the whole organization to ensure that all Group businesses are managed and coordinated in a consistent manner.
  - The Board establishes the basic policy on sustainability on a group basis and supervises its development and implementation status.
  - The Board authorizes the Executive officers to make decisions on the business and affairs of the Group Board within the remit permitted by law.
  - The Group establishes the Management Committee comprising the Executive Officers as its core member. Discussions and deliberations at the meetings thereof will be of assistance for the Executive Officers to make bold and prompt decisions on the Group businesses in an effective and efficient way, under the framework of the Group's basic policies and goals set by the Board.
  - The Board appoints the Company Secretary, the Company Secretary is who occupies a unique position between the Board and the Executive Division, is responsible for
    - Rendering of support for Directors on governance issues
    - Matters concerning General Meeting of Shareholders and the Company's Shares
    - Facilitation for efficient functioning of the Board of Directors and each Board Committee
    - Ensuring the appropriate sharing and consistency of information between the Board of Directors and each such Committee and between the Board of Directors (Committees) and the Executive Division
    - Reviewing of effective processes and considering and promoting initiatives so that the Board of Directors (Committees) may perform their functions effectively.
  - The Group clearly defines the area of duties and responsibilities assigned to respective Executive Officers and other Group Employees pursuant to the resolutions by the Board and those internal policies and procedures providing for allocation of role/duties and authorities.
  - The Group prepares for internal policies and procedures in relation to various internal meeting or conference structures within the Group including in relation to Management Committee and ensures that all business decisions for the Group be made in manner complied with the standards and process for deliberation provided in such policies and procedures.
  - The Group develops and maintains information systems that improve the efficiency of business operations.
5. Reporting-line structure within the Group
- The reporting-line structure will be built up and maintained within the Group for each and every SBU and function formed on a group-wide basis.
  - The Group formulates the internal policy with respect to the management of the Company's subsidiaries which ensures each material subsidiary to notify the Company regularly of the matters relevant to it regarding: internal audit, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment and any other areas related to internal controls and the status of risks or exposures associated with such areas.
  - Internal audit will conduct internal audits on a group basis and report to Directors and Executive Officers..
6. Systems to ensure effectiveness of audits conducted by the Audit Committee
- The Audit Committee, as a part of oversight function of the Board, is tasked to audit execution of duties by Directors and Executive Officers, on the basis of this Fundamental Policy on Internal Control System, from a viewpoint of whether:-
    - an internal control system is established, maintained and implemented by the Executive Officers in an appropriate manner;

- and this Fundamental Policy itself is still valid or requires no improvement.
- For the purpose of securing effectiveness of such audit:-
  - the Audit Committee may have its members attend Management Committee meetings and other important meetings of the Group. When other forms of decision-making processes are used in lieu of discussion at a meeting, the Audit Committee has the right of access to any information related to or used in such decision-making processes;
  - the Audit Committee may, as it deems necessary, interview any of those Group Employees with senior positions to obtain information necessary to conduct its audits;
  - the Audit Committee receives regular reports about the current risk exposures of the Group with respect to the followings from departments and functions responsible therefore:-
    - sustainability, internal audit, risk management, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment and any other areas related to internal controls;
  - the Audit Committee has the right of access to any material corporate document containing material information including but not limited to papers used for Management Committee meetings and internal approval documents;
  - the Audit Committee receives explanation from the Executive Officer in charge of financial affairs on the Group's quarterly and full-year financial statements before they are presented to the Board for reporting or approval;
  - the Audit Committee shall meet with Internal Audit function and Accounting Auditor on a regular basis to obtain necessary information; and
  - Members of the Audit Committee may conduct onsite inspections of the Group's major sites to monitor the status of the business and assets when it deems further necessary to do so in light of the purpose of audit prescribed above in this section.

7. System for reporting by the Group's Employees to the Audit Committee and other systems concerning reporting to the Audit Committee

- Directors and Executive Officers shall report the followings to the Audit Committee immediately when:-
  - an individual has found any fact that could have a substantially adverse effect on the Group
  - a Group Employee has committed or could be considered to commit such an act as may constitute a violation of any law, regulation or the Articles of Incorporation.
- Without prejudice to generality of the foregoing section, the Audit Committee may request any of the Group Employees to prepare and submit such reports as it deems necessary for audit.
- The Group explicitly guarantees that no retaliation or unfavorable personnel action in any manner should be taken against those who report to the Audit Committee by reason of such reporting.

8. Matters relating to Directors and/or Employees who support the execution of duties by the Audit Committee

- The Group shall establish an Audit Committee Office that assists the execution of duties by the Audit Committee, and shall assign such number of employees as it deems necessary for the performance of its functions (hereinafter referred to as "Support Staff of the Audit Committee").
- Under the instructions of the Audit Committee members, Support Staff of the Audit Committee shall:-
  - by themselves, or by liaising with relevant departments, investigate, analyze or report the matters subject to its audit, and
  - where necessary, assist the Audit Committee in conducting onsite inspections of the Group's major sites to monitor the status of their business and assets.

9. Matters relating to i) independence of the above Directors and/or Employees from Executive Officers, and ii) how to ensure effectiveness of Audit Committees' instructions thereto

- Decisions on personnel matters of Support Staff of the Audit Committee shall require the prior notice to and consent of the Audit Committee.
- The head of Support Staff of the Audit Committee shall be prohibited from concurrently holding any position that may be involved in the execution of businesses and affairs of the Group, and shall report only to the Audit Committee.

10. Matters relating to policy with regard to advance payment or, reimbursement of the expenses incurred (but limited only to those to accrue relating to execution of duties of the Audit Committee), or any other treatment of such expenses and debts

- If a member of the Audit Committee requests an advance payment of the expenses to be incurred in the course of his performance of the duties or otherwise makes such requests as provided in each section of article 404.4 of the Companies Act, the Company shall not refuse such request except where the Company proves that the said

expenses or debts relating to such request is not necessary for the performance of the duties of the committee member in question.

Consolidated statement of changes in equity (for the period of 1 April 2022 to 31 March 2023)  
(in JPY millions)

	Equity attributable to the Company's shareholders					
	Called up share capital	Capital surplus	Treasury stock	Stock subscription rights	Retained earnings	Retained earnings (Transition adjustment at the IFRS transition date)
1 April 2022	116,709	155,312	(41)	472	(60,121)	(68,048)
<b>Comprehensive income for the year:</b>						
Profit/(loss) for the year					(33,761)	
Other comprehensive income					(2,405)	
<b>Total comprehensive income for the year</b>	-	-	-	-	(36,166)	-
<b>Hyperinflation adjustment</b>					11,906	
<b>Transactions with owners:</b>						
Dividends paid					(1,950)	
Share-based compensation with restricted shares	24	24				
Stock options	23	23		(46)		
Purchase of treasury stock			(1)			
Changes in ownership interests in subsidiaries and others		387				
Equity transaction with non-controlling interests					(344)	
<b>Total transactions with owners</b>	47	434	(1)	(46)	(2,294)	-
At 31 March 2023	116,756	155,746	(42)	426	(86,675)	(68,048)

	Equity attributable to the Company's shareholders					Non controlling interests	Total equity
	Exchange translation reserve	Fair value reserve	Hedging reserve	Total other comprehensive income	Total equity attributable to the Company's shareholders		
1 April 2022	(21,337)	(7,631)	29,976	1,008	145,291	24,064	169,355
<b>Comprehensive income for the year:</b>							
Profit/(loss) for the year				-	(33,761)	2,744	(31,017)
Other comprehensive income	705	(1,177)	(21,659)	(22,131)	(24,536)	(6,755)	(31,291)
<b>Total comprehensive income for the year</b>	705	(1,177)	(21,659)	(22,131)	(58,297)	(4,011)	(62,308)
<b>Hyperinflation adjustment</b>				-	11,906	10,562	22,468
<b>Transactions with owners:</b>							
Dividends paid				-	(1,950)	(2,273)	(4,223)
Share-based compensation with restricted shares				-	48		48
Stock options				-	-		-
Purchase of treasury stock				-	(1)		(1)
Changes in ownership interests in subsidiaries and others					387	(835)	(448)
Equity transaction with non-controlling interests				-	(344)	321	(23)
<b>Total transactions with owners</b>					(1,860)	(2,787)	(4,647)
At 31 March 2023	(20,632)	(8,808)	8,317	(21,123)	97,040	27,828	124,868



## Notes to the consolidated financial statements (English translation)

### Summary of significant accounting policies

#### **1. Preparation of Consolidated Financial Statements**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) with some omissions of disclosure items pursuant to the latter part of the first paragraph, Article 120 of the Ordinance for Companies Accounting.

#### **2. Scope of consolidation**

Number of consolidated subsidiaries and name of major consolidated subsidiaries

Number of consolidated subsidiaries is 184. Major consolidated subsidiaries are; NSG Building Products Co. Limited, Pilkington United Kingdom Limited, Pilkington Automotive Limited, Pilkington Technology Management Limited, Pilkington Deutschland AG, Pilkington Automotive Deutschland GmbH, Pilkington Automotive Poland Sp. zo.o., Pilkington Italia SpA, NSG Glass North America Inc., Pilkington North America Inc., Vidrieria Argentina S.A., Pilkington Brasil Limitada, NSG Vietnam Glass Industries Limited, NSG Holding (Europe) Limited, NSG UK Enterprises Limited, Pilkington Group Limited, Vidrios Lirquen S.A.

#### **3. Application of equity method**

Number of joint ventures and associates accounted for by the equity method and name of major joint ventures and associates

Number of Joint ventures and associates accounted for by the equity method is 20 (Cebrace Cristal Plano Limitada and other 19 affiliated companies).

#### **4. Accounting policies and practices**

##### **(1) Financial instruments**

The Group classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets and liabilities held at amortized cost, and financial assets held at fair value through other comprehensive income.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The evaluation considers the characteristics of the cash flows generated by the investments and the Group's business model rationale for holding the investments.

**(a) Financial assets / liabilities at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. With the exception of derivatives not qualifying for hedge accounting, at the balance sheet date the Group does not have any assets or liabilities in this category.

**(b) Financial assets and liabilities at amortized cost**

Assets within this category are included in the Group's balance sheet as receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and these are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Liabilities in this category are included in the balance sheet either as financial liabilities – borrowings, or as trade and other payables. Financial liabilities - borrowings predominantly arise from the Group's lending facilities arranged with its banks, classified either as current liabilities for maturities within 12 months, or non-current for maturities later than 12 months. Liabilities in this category have fixed or determinable payments to debt holders and are not quoted in an active market. Trade and other payables arise when the Group receives goods and services from its suppliers and is similarly split into current and non-current liabilities dependent on the time period expected before settlement.

Financial assets and liabilities at amortized cost are carried at amortized cost using the effective interest method, unless the asset or liability arises through the normal course of business with payments terms that indicate that the group is neither granting a financing arrangement to its suppliers or receiving one from its customers. Where no financing arrangement exists than the asset, or liability classified as a receivable or payable, is held at amortized cost.

The Group applies the expected credit loss method to receivables balances and considers individual provisions for specific balances where appropriate. This involves considering likely credit losses for a group of receivables using a range of forward looking scenarios. A provision for impairment of trade receivables is established with respect to an individual receivable when the Group will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The expected credit loss method applied to a group of receivables can result in a provision being created even when on an individual basis, the Group expects each receivable to be converted to cash with no loss arising. The movement in receivables provisions is recognized in the income statement. Same methodology is also applied to contract assets balances.

Where trade receivables are sold to a financial institution through a securitization program and where the Group does not retain the significant risks and rewards of these receivables, or where the Group retains an element of risk and reward but no longer controls the asset, the Group derecognizes the trade receivables.

**(c) Financial assets at fair value through other comprehensive income**

Financial assets held at fair value through other comprehensive income are non-derivative financial investments where the Group is unable to exert significant influence over the investee. This category of investment could include equity investments which are not held for trading and irrevocably elected to be measured at fair value through other comprehensive income, or investments that are expected to generate fixed or determinable payments by collecting contracted cash flows and selling financial assets.

Financial assets at fair value through other comprehensive income are initially and subsequently recognized at fair value. Unrealized gains and losses arising from changes in the fair value of such assets are recognized within the statement of comprehensive income and result in a movement within the fair value reserve within equity. The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. When assets that represent fixed interest investments held in this category are impaired, then the Group treats this as a realized loss recognized in the income statement, with historical amounts recycled from reserves through the statement of comprehensive income.

**Derivatives**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged and the effectiveness of the hedging arrangement. The Group designates certain derivatives as hedges of the changes in fair value of recognized assets or liabilities or a firm commitment (fair value hedges), hedges of exposure to variability in cash flows associated with an asset or liability or arising from highly probable forecast transactions (cash flow hedges), and hedges of net investments in foreign operations (net investment hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents, both at hedge inception and on an ongoing basis, its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. For time-period related hedges, the cost of hedging is reflected in the income statement on a straight-line basis over the period of the hedge, with the accounting treatments described below relating to movements in the principal value of the hedge.

**(a) Fair value hedge**

Changes in the fair value of derivatives, designated and qualifying as fair value hedges, are recorded in either the statement of comprehensive income, if hedging a financial instrument at fair value through comprehensive income, or the income statement if hedging other items. Consequently, the movement in the fair value of the hedging contract is treated in a manner consistent with the movement in the fair value of the item being hedged.

**(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives, designated and qualifying as cash flow hedges, is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity, the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments, not qualifying for hedge accounting, are recognized immediately in the income statement.

**(2) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is mainly determined using the first-in, first-out (FIFO) method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials.

### **(3) Property, plant and equipment and intangible assets**

#### **Property, plant and equipment**

Land and buildings comprise mainly the Group's manufacturing facilities. Owned land is shown at historical cost less impairment. All property (excluding owned land) and plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost comprises all expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Right of use assets held under leases are included in property, plant and equipment or intangible assets at cost and are depreciated/amortized over the shorter of the lease term or their useful economic life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Freehold buildings	3 to 50 years
Float glass tanks	10 to 15 years
Glass making plant	25 years
Glass processing plant	15 years
Other plant and equipment	5 to 20 years
Vehicles	5 years
Right of use assets	Shorter of the lease term or remaining estimated life

The assets' residual values and useful lives are reviewed to take account of technological changes, intensity of use over their lives and market requirements, and adjusted if appropriate, at each balance sheet date.

#### **Intangible assets**

##### **(a) Goodwill**

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investments in each region of operation by each primary reporting segment (see Impairment of Assets).

##### **(b) Trademarks and licenses**

Trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (over a maximum of twenty years).

**(c) Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (five to ten years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, which are seen to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding ten years).

**(d) Research and development**

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products or processes which will be used internally within the Group) are recognized as intangible assets when it is probable that the project will be commercially successful and technologically feasible or will give rise to internally improved processes, and costs can be measured reliably.

Other development expenditure is recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs with a finite useful life that have been capitalized, are amortized from the date when the product or use of the process becomes available for commercial production on a straight-line basis over the period of its expected benefit, not exceeding five years (products) and twenty years (processes).

**(e) Intangible assets created on acquisition**

The intangible assets identified on acquisition of the Pilkington Group in June 2006 as part of the fair valuing of the net assets acquired include customer relationships, know-how, license agreements, the Pilkington brand name and other brands, in-process research and development and developed technology. These have been capitalized and are amortized over the estimated life of each category of intangible asset and are amortized on a straight-line basis over the period of their expected benefit to the Group as follows:

Customer relationships	Up to 20 years
Know-how **	10 years
License agreements**	11 years
Pilkington brand name *	Nil
Other brands **	10 years
Research and development**	Up to 20 years
Developed technology**	Up to 15 years

\* The Pilkington brand name has been assigned an indefinite useful life and is therefore not subject to routine amortization, but is instead tested annually for impairment.

\*\*Fully amortized, with remaining book value of nil as of 31 March, 2023.

### **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### **(4) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement. Provisions are not recognized for future losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

All provisions, where the time value of money is material with a settlement date exceeding 12 months, are discounted and carried at their discounted value. The discount is unwound through a charge to finance costs each period until the provision is settled. Discount rates are based on rates applicable in each relevant territory where the provision is carried, consistent with risks specific to the liability.

### **(5) Retirement benefit assets and obligations**

The Group operates various pension schemes globally. The schemes are generally funded through payments to insurance companies or trustee-administered funds, as determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Retirement benefit assets, net of applicable taxes that would be levied on the refund of a pension surplus, are recognized for schemes in surplus, when the Group has an unconditional right to a refund of that surplus.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are taken through the statement of comprehensive income to equity in accordance with IAS 19 'Employee Benefits'.

## **(6) Revenue from contracts with customers**

In accordance with IFRS 15, the Group's revenue is recognized based on the following five-step model:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group has three primary strategic business units (SBUs) -Architectural, Automotive and Technical Glass. Each SBU is organized on a worldwide basis.

The Architectural Glass SBU engages in the manufacturing and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the solar energy sector. Customers of this SBU include manufacturers which process the glass products which we supply into their own products, construction and house building companies, distributors and merchants.

The Automotive Glass SBU supplies a wide range of automotive glazing for new vehicles and for replacement markets. Customers include major global automotive manufacturers and aftermarket glazing distributors.

The Technical Glass SBU comprises a number of discrete businesses, including the manufacture and sale of very thin glass used as cover glass for displays, lenses and light guide for printers, glass components for engine timing belts. Customers are mainly manufacturers which process the glass-related products which we supply into their own products.

The revenue streams derived from the three SBUs are analyzed into the following categories based on the nature and circumstances of the contracts:

### **(a) Sales of glass and glass-related products**

The majority of the Group's revenue is derived from sales of glass and glass-related products. The Group usually considers specific purchase orders to be a contract with a customer, which in some cases is governed by a framework agreement. In cases where purchase orders are governed by a framework agreement, the terms and conditions within both the framework agreement and the purchase order would together form the basis for determining how revenue would be recognized. Contracts with customers are considered to be short-term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year.

In most cases, revenue is recognized as the customer obtains control over the glass and glass-related products upon delivery. This is based on the judgement that the performance obligation had been satisfied upon transfer of control. Unless there is a specific reason to use an alternative assumption, the Group considers the control over the glass and glass-related products to rest with the customer once the customer has either accepted the glass at their premises or has collected the glass themselves from the Group's premises.

### **(b) Sales of services**

Revenue in relation to sales of services is recognized when services have been rendered and obligations under the terms of a contract have been satisfied. This may be at a point in time or over time depending on



the conditions of the contract.

**(c) Engineering revenue**

The Group's engineering contracts usually relates to a building, construction and supply of float glass lines or a material asset for an external customer or a related party, such as a joint venture. Contracts in this category represent performance obligation satisfied over time, as it creates or enhances an asset that the customer controls as the asset is created or enhanced. This is because the asset would usually be such of a size that it is physically located at the customer's premises with no realistic prospect of being relocated. The Group's revenue in relation to the engineering contracts is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined by the input method, except for cases where specific milestones are clearly set in the contract against which the revenue could be reliably measured.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstance arises.

**(d) Royalty and licensing contracts**

The Group enters into licensing agreements with customers under which it licenses its intellectual property, such as patents and developed technologies. Revenue in relation to royalty and licensing contracts is recognized at a point in time or over time depending on the nature of the technology rights that the Group has granted to its customer.

If the license is to use a certain technology which the Group owns as it exists at the start of the contract, revenue will be recognized in full at the point in time when the license is granted.

If the license is to use a certain technology which the Group owns as it exists at the start of the contract and as it develops over the life of the license, revenue will be recognized over time through the life of the contract.

Revenues arising from licenses that contain an ongoing support obligation from the Group are recognized over time through the contract, as the obligation to provide support is not usually distinct from the obligation to grant a license.

**(e) Tooling**

The Group constructs tooling in order to manufacture glass products to the customers' specification. Revenue from sale of tooling is recognized based on judgement of specific facts and circumstances of related contracts.

If the construction of tooling is a separate performance obligation from the sale of glass and glass-related products, the Group recognizes inventory as the tooling is constructed. Revenue is recognized based on the stand-alone selling price (SSP) of the tooling when the control of tooling passes to the customer. Any shortfall between the invoiced amount and the SSP of the tooling is accounted for as a contract asset. Revenue will be adjusted based on the input or output method over the life of the contract.

If the construction of tooling is not a separate performance obligation from the sale of glass products glass-related products, and the control remains with the Group, tooling will be included in property, plant and equipment in the Group's balance sheet. Any customer contribution in relation to tooling will be held as

deferred income and released to the revenue over the life of the contract based on the output method.

#### **Group's considerations in relation to revenue recognition**

The transaction price includes estimates of variable consideration, such as rebates and price discounts, which are accounted for as reductions in revenue. All estimates are based on the Group's historical experience and the Group's best judgement at the time the estimate is made. Variable considerations included in the transaction price are estimated using the expected value method or most likely amount depending on the nature of the variable considerations. These estimates are reassessed each reporting period and are included in the transaction price to the extent it is highly probable that a significant reversal will not occur.

The majority of contracts have a single performance obligation of which the transaction price is stated in the contract. For contracts with multiple performance obligations, the Group allocates the transaction price to each performance obligation based on the stand-alone selling price, which is the price the Group would sell a promised good or service to the customer.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group has elected to use the practical expedient not to adjust transaction prices for the effects of a significant financing component.

### **(7) Foreign currency translation**

#### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Japanese yen which is the Company's functional and the Group's presentation currency.

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities classified as assets held at fair value through other comprehensive income, are included in the fair value reserve in equity.

#### **(c) Group companies**

The results and financial position of all Group entities with a functional currency different from the Group's presentation currency, except for subsidiary companies in Argentina which have a functional currency considered to be hyperinflationary, are translated into the presentation currency as follows:

assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

all resulting exchange differences are recognized in the exchange translation reserve, a separate component of equity.

The results and transactions of subsidiaries in Argentina are translated into the Group's presentational currency using closing year-end rates of exchange as a result of the use of hyperinflationary accounting. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the exchange translation reserve within shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Exchange differences recognized prior to 31 March 2010 are included in a separate reserve within retained earnings called 'Retained earnings (translation adjustment at the IFRS transition date)'. Exchange differences arising on or after 1 April 2010 are recognized within a separate exchange reserve.

Goodwill, intangibles and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## **(8) Others**

The Group has commenced a project to analyze the impact of BEPS Pillar II on its tax position and tax accounting. This amendment to the international tax framework has been enacted into legislation in Japan prior to the balance sheet date, but will only take effect for the accounting period beginning 1 April 2024. Over the course of FY24, the Group expects this to also be enacted into domestic legislation across most of the other countries where the Group has a substantial business presence. At the balance sheet date the Group has not reached any final conclusions on the expected impact of this framework and has consequently not made any entries to reflect this within its taxation accounting balances. The Group will continue to monitor the adoption of BEPS Pillar II across OECD member countries and the impact of this on its tax position and tax accounting.

## Notes - Revenue Recognition

### Disaggregation of revenue

The Group's revenue is disaggregated by geographical markets, revenue categories and timing of revenue recognition in the table below. Geographical markets are based on the location where revenues were recognized. This table also includes a reconciliation of the disaggregated revenue with the Group's three strategic business units, which are also its reportable segments.

	(In JPY millions)				
	Architectural	Automotive	Technical Glass	Other	Total
<b>Geographical markets</b>					
Europe	157,085	150,164	9,537	3,043	319,829
Asia	99,225	69,871	27,580	1,084	197,760
Americas	109,637	134,658	1,637	-	245,932
	365,947	354,693	38,754	4,127	763,521
<b>Revenue category</b>					
Sale of glass and glass related products	358,904	346,673	38,697	668	744,942
Sale of services	101	3,179	-	47	3,327
Engineering contracts	-	-	-	1,875	1,875
Royalty and licensing contracts	20	48	57	843	968
Tooling	-	3,138	-	-	3,138
Other sundry sales	6,922	1,655	-	694	9,271
	365,947	354,693	38,754	4,127	763,521
<b>Timing of revenue recognition</b>					
Products and services transferred at a point in time	361,050	353,552	38,754	1,404	754,760
Products and services transferred over time	4,897	1,141	-	2,723	8,761
	365,947	354,693	38,754	4,127	763,521

### Assets and liabilities related to contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	(In JPY millions)	
	31 March 2023	1 April 2022
Trade receivables, net of provision for impairment of receivables	54,403	45,102
Contract assets	3,569	1,824
Contract liabilities	33,155	12,479

Contract assets can be separated into two categories. Firstly, contract assets include the Group's rights to consideration for glass products dispatched or works related to engineering contracts and other minor Architectural projects, which are not billed at the balance sheet date. The contract assets in this category are transferred to trade receivables when the rights become unconditional. Secondly, contract assets also include balances arising upon recognition of revenue on automotive tooling, which is included in the transaction price of glass and glass-related products. The contract assets in this category are amortized over the length of the related supply contract.

Contract liabilities include amounts with respect to customer contributions on automotive tooling and other prepayments received from customers. Contract liabilities are classified as current or non-current based on the timing of when the Group expects to recognize revenue for contributions on automotive tooling and other prepayments.

Changes in the contract assets and the contract liabilities balances during the period are as follows.

	(In JPY millions)	
	Contract assets	Contract liabilities
<b>At 1 April</b>	1,824	12,479
Exchange differences	60	492
Cumulative catch-up adjustments to revenue	(40)	(3)
Impairment of contract assets	(117)	-
Contract assets transferred to receivables	(947)	-
Satisfaction of performance obligations not yet invoiced	3,056	-
Opening contract liabilities recognized as revenue in the period	-	(4,513)
Cash received, excluding amounts recognized as revenue during the period	(110)	23,445
Transfers to assets held for sale	(76)	(1)
Other	(81)	1,256
<b>At 31 March</b>	3,569	33,155

#### Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the balance sheet date.

			(In JPY millions)
Within one year	After one year	Total	
177	413	590	

As permitted under the practical expedient in IFRS15 para 121, the Group does not disclose information about remaining performance obligations that have original expected duration of one year or less. No consideration from contracts with customers is excluded from the amounts presented above.

## Notes - Accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will not usually be equal to the resulting actual results. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

### (1) Estimated impairment of goodwill and intangible assets

The Group tests, on an annual basis, whether goodwill or intangible assets with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated above.

The Group recognized JPY 74,081 million of goodwill and JPY 29,538 million of intangible assets with an indefinite useful life at the end of March 2023.

The results of impairment test held at 31 March 2023, the Group did not recognize any additional impairment loss for the recoverable amount of assets of the Group's identified Cash Generating Units (CGUs) exceeded the accounting value of assets within each CGU. The key assumptions used in this process were as follows:

Assumption	Value
Period used for discounted cash flow calculations	Maximum of four years from the balance sheet date with perpetuity thereafter
Perpetuity growth rate	1.4% ~ 2.0%
Pre-tax discount rate used	9.3% ~ 17.8%

When assessing the recoverability of certain balance sheet assets such as goodwill and other intangible assets arising on consolidation, the Group compares the value-in-use of the Group's identified Cash Generating Units (CGUs) with the accounting value of assets within each CGU. The value-in-use for this purpose is considered to be the capitalized current value of the future cash flows of each CGU as calculated by discounting the projected future operating cash flows of each cash-generating unit, using an appropriate discount rate. The choice of discount rate is therefore a key determinant in assessing the value-in-use, and is calculated based on prevailing conditions in bond and equity markets. If discount rates increase, as happened during the second quarter of the year, then an impairment of assets such as goodwill becomes more likely.

Sales volumes are a key input into expectations of future trading conditions and, consequently, cash flows. Sales prices and input costs are also important factors. The Group experienced an increase in input costs during FY2022, exacerbated by the invasion of Ukraine by Russia towards the end of the year, and this has continued during FY2023. The Group protects against volatility of input costs through hedging techniques, although this does not provide complete protection from all cost increases, particularly over the longer term. The Group expects to recover input costs increases through higher selling prices. The extent of this recovery is likely to vary by business and region. This reflects the Group's expected ability to raise selling prices, based on legal terms of trading and market forces generally.

If the key assumption such as used discount rate moved significantly unexpectedly, it may make significant impact to the consolidated financial statements of the next year.

## (2) Income taxes

The Group is subject to income taxes in numerous jurisdictions worldwide. During the normal course of business, there are a significant number of transactions where the final tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on an estimate of both the value of any additional taxes that may be due and the likelihood that the final tax audit outcome may result in such additional liabilities. In arriving at the total liability to be provided, significant judgment is required. Where the final tax outcome of these matters is different from the amounts provided, any difference is recorded in the period in which that final outcome is known. Taxation for the period is JPY 9,084 million.

The Group recognizes deferred tax mainly relating to tax losses and retirement benefit obligation based on management-approved financial forecasts, Group's medium and long-term strategic and financial plans and the expected future economic outlook.

The Group recognized deferred tax assets of JPY 28,613 million and deferred tax liability of JPY 14,523 million at the end of March 2023.

Since the timing and amount of taxable income will be affected by uncertain future changes in economic conditions, utilized deferred tax assets is changed when actual timing and amount are different from the estimated. It may make significant impact to the amount of recognized in the consolidated financial statements.

## (3) Post-retirement benefits

The Group has a variety of post-retirement benefit schemes in various countries in which it operates. Where such schemes are in the nature of a defined benefit arrangement, the Group uses a variety of assumptions in the calculation of the scheme assets and liabilities. These assumptions are subject to a degree of uncertainty and the Group takes advice from professional actuaries before finalizing such assumptions.

The Group recognized JPY 28,185 million of retirement benefit asset and JPY 50,676 million of retirement benefit obligation at the end of March 2023.

The principal actuarial assumptions (calculated as weighted averages over the various Group plans) were as follows:

	Japan	UK	Rest World
Discount rate	1.00%	4.80%	4.00%
Future salary increases	1.80%	—	2.90%
Future pension increases	—	1.10%	2.40%
Consumer Price inflation	0.25%	2.70%	2.40%
Long-term increase in healthcare costs	—	—	4.50%

Although the actuarial assumptions are decided by management with their best estimate and judgement based on advice from professional actuaries, if affected by uncertain future changes in economic conditions and it is necessary to decide the assumptions again, it may make significant impact to the amount of recognized in the consolidated financial statements.

#### (4) Provisions

Provisions are evaluated using either the Group's experience of previous provisions or, where appropriate, using the advice of professional consultants. Claims and litigation provisions are calculated based on discussions with claimants and the Group's legal advisors. Environmental provisions are calculated based on either currently estimated remediation costs, or, for more material environmental provisions, simulation models, evaluated with the assistance of environmental consultants, which consider a range of possible outcomes. Bonus provisions are estimated based on the Group's current and expected future performance evaluated against the terms of specific bonus schemes. Redundancy and restructuring provisions are estimated using the expected costs of restructuring programs that have been announced prior to the balance sheet date. Warranty provisions are calculated using the Group's experience of previous customer claims rates.

The Group recognized JPY 3,247 million of claims and litigation provisions, JPY 8,313 million of environmental provisions, JPY 8,854 million of bonus provisions, JPY 3,852 million of redundancy and restructuring provisions and JPY 1,190 million of warranty provisions at the end of March 2023.

Payment of settlement for liabilities amounts have possibility to be affected by unexpected events and uncertain condition change, if the estimates are different from actual amount of payment and payed timing, it may make significant impact to the consolidated financial statements of the next year.

#### (5) Investments accounted for using the equity method

The recoverability of long-term investments in joint ventures, including loans receivable, is based on the current and expected future trading environment. The expected future trading environment is assessed using reasonable estimates of possible future trading conditions. Where relevant, the Group will also consider the existence of legal restrictions that may prevent the payment of dividends or interest, or repayment of debt by the joint venture when assessing the recoverability of such investments. In addition, the Group would also consider any projected corporate restructurings or other similar transactions that the joint venture may enter, but only in circumstances where the Group considers there is a satisfactory level of confidence that such a transaction will be completed.

The Group recognized JPY 6,079 million of loans to joint ventures and associates and JPY 25,349 million of investments accounted for using the equity method at the end of March 2023.

During FY2023, the Group recorded the other losses on equity method investments of ¥ 1,522 million. For details, please refer to the "Notes - Consolidated income statement, 2. Other losses on equity method investments".



## Notes - Consolidated balance sheet

### 1. Collaterals

#### (1) Assets treated as collaterals

Machinery & Equipment, Vehicles, Tools & Fixtures	JPY	16,253	million
Buildings & Structures	JPY	10	million
Total	JPY	16,263	million

#### (2) Liabilities related to collaterals

Current portion of long term borrowings	JPY	4,303	million
Long term borrowings	JPY	10,682	million
Total	JPY	14,985	million

### 2. Provision, presented as a deduction of asset account on B/S

#### Provision for doubtful accounts against:

Trade and other receivables	JPY	3,349	million
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3. Accumulated depreciation of tangible fixed assets	JPY	592,572	million
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## Notes - Consolidated income statement

### 1. Exceptional Items

The Group discloses certain gains or losses in the income statement as exceptional items if this is necessary to gain a fair understanding of the Group's operating performance. Exceptional items would usually be material in value or would be of a non-recurring nature. Charges resulting from the Group's profit improvement program are included within exceptional items.

Exceptional items incurred during this financial year are detailed in the below table.

	(JPY million)
Exceptional Items - gains:	
Settlement of litigation matters (Note 1)	2,943
Reversal of surplus provisions (Note 2)	1,870
Gain on disposal of subsidiaries (Note 3)	1,480
Gain on disposal of non-current assets (Note 4)	669
Reversal of previous impairments (Note 5)	54
Others	8
Sub total - Exceptional items - gains	<u>7,024</u>
Exceptional Items - losses:	
Impairment of goodwill & intangible assets (Note 6)	(48,776)
Impairment of non-current assets (Note 7)	(2,594)
Restructuring costs, including employee termination payments (Note 2)	(429)
Settlement of litigation matters (Note 1)	(175)
Others	(204)
Sub total - Exceptional items - losses	<u>(52,178)</u>
Exceptional items - net gains and losses	<u><u>(45,154)</u></u>

- (Note 1) Gain on the settlement of litigation matters relates mainly to an additional settlement agreed with the Group's insurer and broker following damage to the Group's facility at Ottawa, Illinois, U.S.A, as a consequence of a Tornado on 28 February 2017. The Group has been engaged in a dispute with its insurer and its broker regarding the value of insurance coverage following this event and has reached a settlement that has resulted in an additional amount of \$20 million being paid to the Group. The settlement of litigation matters within exceptional items (losses), relates to legal claims arising as a result of transactions that were previously recorded as exceptional items.
- (Note 2) The reversal of surplus provisions is related to restructuring provisions established in previous years, where the Group considers that the provision is no longer required. Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment.
- (Note 3) The gain on disposal of subsidiaries relates to the disposal of Guilin Pilkington Safety Glass Co., Limited and Tianjin NSG Safety Glass Co., Limited, two companies involved in the processing and distribution of automotive glass in China. These companies have been sold to SYP Kangqiao Autoglass Co., Limited, a company in which the NSG Group held a 20 percent investment, and which is accounted for by the Group as an associate using the equity method of accounting. As part of this disposal the Group has re-invested the sales proceeds into additional equity of SYP Kangqiao Autoglass Co., Limited, increasing the Group's shareholding in this entity to 28.6 percent. The gain on disposal arises mainly on the recycling of historic foreign exchange movements relating to these former subsidiary companies into the Consolidated Income Statement from the Statement of Comprehensive Income.
- (Note 4) The gain on disposal of non-current assets relates mainly to disposal of property, plant and equipment within the Architectural business in Europe and also to dispose of Investments accounted for using the equity method in the Architectural business in Asia.
- (Note 5) The reversal of previous impairments relates to the Architectural business in Europe.
- (Note 6) The impairment of goodwill and intangible assets represents a full impairment of all remaining goodwill and intangible assets relating to the Group's automotive business unit in Europe, originally arising on the acquisition of Pilkington in 2006. The impairment was calculated by comparing the value-in-use with the accounting book values of this business unit. The value-in-use was calculated by discounting predicted future cash flows using an appropriate discount rate, determined using bond and equity market conditions prevailing at the balance sheet date. An impairment was recorded during the second quarter largely as a consequence of an increase in discount rates. At 31 March 2022 the Group calculated the value-in-use of this business unit using a discount rate of 6.92 percent. At 30 September 2022, the discount rate used was 8.8 percent. Future economic prospects deteriorated during the first two quarters of the year, largely as a consequence of rising inflation and interest rates. Such factors were directly linked to the increased discount rate used in the impairment testing process.
- (Note 7) The impairment of non-current assets relates mainly to impairment of property, plant and equipment within the Architectural and Automotive business in Asia.

## 2. Other losses on equity method investments

At 31 March 2022, the Group impaired the accounting value of its shareholding in SP Glass Holdings BV as a consequence of the invasion of Ukraine by Russia. The Group considered a fair value based recoverable amount of its joint venture investment in SP Glass Holdings BV. In addition the Group recorded an impairment of total financial receivable owed by Pilkington Glass LLC, a wholly owned subsidiary of SP Glass Holdings BV.

As at March 2023, the Group considers the outlook for trading within Russia to be largely unchanged from the position as at 31 March 2022, and the outlook for the repatriation of any cash to the Group in the form of dividends or repayments of loan capital to be at least as challenging at 31 March 2023 as at 31 March 2022. Trading conditions within Russia, both during the financial year to 31 March 2023, and projected for the financial year to 31 March 2024, remain at a level at least in line with the impairment test performed at 31 March 2022. Consequently, the Group has not processed any additional impairment with respect to SP Glass Holdings BV during FY2023, except with respect to profits earned by the joint venture during the period which have been immediately impaired in order to avoid an increase in the accounting book value of this investment during the year. The Group considers this to be appropriate due to imposition, during the year to 31 March 2023, of restrictions on the payments of dividends from the Russian subsidiaries of SP Glass Holdings BV.

After the balance sheet date, SP Glass Holdings BV concluded an agreement to sell its investments in Russia, although at the date of approval of issuing these accounts the necessary legal and regulatory approvals to achieve completion of this transaction had not been obtained.

## Notes - Consolidated statement of changes in equity

### 1. Types and volume of issued shares as of 31 March 2023

Common shares	91,167,199	shares
Class A shares	30,000	shares

### 2. Dividends

#### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
The Board of Directors meeting held on 12 May 2022	Class A share	1,950	65,000	31 March 2022	8 June 2022

#### (2) Dividends which are effective as of year-end, but which payment will come in the next fiscal year

Resolution	Type of shares	Total amount of dividends paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
The Board of Directors meeting held on 12 May 2023	Class A share	1,950	65,000	31 March 2023	8 June 2023

### 3. Stock subscription rights exercisable as of 31 March 2023

Type & volume of shares	Common shares	492,700	shares
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## Notes of financial instruments

### 1. Status of financial instruments

The Group is financed by a combination of cash flows from operations, bank loans and corporate bonds. The Group's policy is to ensure continuity of finance at a reasonable cost with varying maturities. The Group invests cash balances and short-term money market balances with a selected group of credit worthy deposit takers. The Group does not engage in speculative trading of financial instruments or derivatives.

The Group's multinational operations and debt financing expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, energy prices, debt market prices, interest rates, credit risk, and liquidity. The Group has in place a risk management program that seeks to limit the effects on the financial performance of the Group by using financial instruments.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, energy price risk, use of derivative and non-derivative financial instruments, credit risk, and investing excess liquidity.

### 2. Fair values of financial instruments

Carrying values on the consolidated balance sheet, fair values and variances as of 31 March, 2023 are presented in the table below. Cash and cash equivalents, short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities are not included because they are settled within a short period and so their fair values are thought to approximate to the balance sheet values.

(In JPY millions)

	Carrying value on consolidated B/S	Fair value	Variance
(1) Assets held at Fair Value through other Comprehensive Income	22,227	22,227	-
(2) Derivative financial instruments	17,884	17,884	-
Financial assets - total	40,111	40,111	-
(3) Borrowings (Note)	457,211	434,242	22,969
(2) Derivative financial instruments	3,577	3,577	-
Financial liabilities - total	460,788	437,819	22,969

(Note) Borrowings both "Carrying value on consolidated B/S" and "Fair Value" exclude lease liabilities because fair values of lease liabilities are not required to be disclosed by IFRS 7 29(d).

(Note) Fair valuation methods

(1) Assets held at Fair Value through other Comprehensive Income

UK Government gilts, listed equities, and bond funds are valued based on quoted market prices obtained by the Group at the balance sheet date. Unlisted equities and other assets held at fair value through other comprehensive income are valued using a variety of different techniques including future projected cash flows and net asset values of the underlying investments. Those classified in level 3 of the fair value hierarchy are subject to a variety of sensitivities and, as these investments comprise mainly Japanese trading companies, economic growth projections in Japan are the main sensitivity influencing the valuation. The Group has not quantified the impact of the change in GDP growth rates for these investments, included within level 3, as any reasonable movement would not have a material impact.

(2) Derivative financial instruments

The fair values of foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves at the balance sheet date. The fair values of commodity hedges are determined by using forward market prices at the balance sheet date. Virtual Power Purchase Agreement in Europe is included in commodity hedges.

There was no hedge ineffectiveness in the year therefore no charge to the income statement in respect of hedge ineffectiveness of assets classed as fair value through other comprehensive income.

(3) Borrowings

Fair values of bank borrowings are calculated by discounting to present values the aggregated future cash payments for interest and principal repayments related to each borrowing contract. A combination of interest rates, assumed to be as applicable to new bank borrowings with similar values and terms at the yearend, and credit risk indicators are used as discount rates.

For assets held at fair value through other comprehensive Income and derivative financial instruments, the different levels of the fair value measurement by valuation method have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based upon market data (unobservable inputs)

As for assets held at Fair Value through other Comprehensive Income, listed shares and bonds which have market prices are categorized to level 1, and unlisted shares are categorized to level 3. Derivative financial instruments are categorized as level 2.

	(In JPY millions)			
	Level 1	Level 2	Level 3	Total
<b>Assets held at fair value through other comprehensive income</b>				
UK Government gilts	5,435	–	–	5,435
Listed equities	12,964	–	–	12,964
Unlisted equities	–	–	3,478	3,478
Bond funds	298	–	–	298
Other	–	–	52	52
	18,697	–	3,530	22,227
<b>Derivative assets</b>				
Interest rate swaps	–	2,728	–	2,728
Forward foreign exchange contracts	–	329	–	329
Energy hedges	–	14,827	–	14,827
	–	17,884	–	17,884
<b>Derivative liabilities</b>				
Interest rate swaps	–	593	–	593
Forward foreign exchange contracts	–	404	–	404
Energy hedges	–	2,580	–	2,580
	–	3,577	–	3,577

A reconciliation of movements in assets held at fair value through other comprehensive income included in the above hierarchy based on level 3 valuation techniques is as follows:

	(In JPY millions)
<b>At 1 April</b>	3,622
Acquisition	–
Disposals	(1)
Movement in fair value recognized in comprehensive income	(100)
Exchange differences	9
<b>At 31 March</b>	3,530

#### Amounts per share

1. Total shareholders' equity per share	JPY	723.78
2. Basic earnings per share	JPY	(393.06)



**Notes of significant subsequent events**

After the balance sheet date, the Group's Joint Venture, SP Glass Holdings BV, a company registered in the Netherlands but owning operating subsidiaries in Russia, concluded an agreement to dispose of those subsidiaries. As of the date of approval of issuing these financial statements, this transaction is awaiting regulatory approval as a condition precedent to legal completion. Given the uncertainty over the likelihood over successful legal completion and any conditions that may or may not be attached to this, the Group cannot provide an estimate of the likely financial effect of this event.

Statement of changes in net assets (for the period of 1 April 2022 to 31 March 2023)

(in JPY millions)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Sub-Total
		Legal capital surplus	Other capital surplus	Sub-total	Legal earned surplus	Other retained earnings			Sub-total		
						Reserve for advanced depreciation	General reserve	Retained earnings carried forward			
<b>Balance: as of 1 April 2022</b>	116,709	45,031	108,499	153,530	6,377	824	24,977	7,468	39,826	(41)	310,024
Reversal of reserve for advanced depreciation				-		(57)		57	-		-
Dividends				-				(1,950)	(1,950)		(1,950)
Net profit				-				13,331	13,331		13,331
Share-based compensation with restricted shares	24	24		24					-		48
Stock options	23	23		23					-		46
Acquisition of treasury stock				-					-	(1)	(1)
Net changes of items other than shareholders' equity											
Total changes during the period	47	47	-	47	-	(57)	-	11,438	11,381	(1)	11,474
<b>Balance: as of 31 March 2023</b>	116,756	45,078	108,499	153,577	6,377	767	24,977	19,086	51,207	(42)	321,498

(in JPY millions)

	Valuation and translation adjustments		Stock subscription rights	Total net assets
	Deferred gains or losses on hedges	Sub-total		
<b>Balance: as of 1 April 2022</b>	849	849	472	311,345
Reversal of reserve for advanced depreciation		-		-
Dividends		-		(1,950)
Net profit		-		13,331
Share-based compensation with restricted shares		-		48
Stock options		-		46
Acquisition of treasury stock		-		(1)
Net changes of items other than shareholders' equity	(4,929)	(4,929)	(46)	(4,975)
Total changes during the period	(4,929)	(4,929)	(46)	6,499
<b>Balance: as of 31 March 2023</b>	(4,080)	(4,080)	426	317,844

## Notes to the Financial Statements

### Summary of significant accounting policies

#### 1. Policies and methods regarding valuation of assets

##### (1) Securities

Investments in subsidiaries and affiliates:

Stated at cost determined by the moving-average method

Other securities:

Excluding stocks etc. with no market price

Stated at fair value by reference to market price, etc., as of the closing date, with changes in unrealized holding gain or loss charged directly to net assets and any disposal value determined by the moving average method

Stocks etc. with no market price

Stated at cost determined by the moving-average method

##### (2) Derivatives

Stated at their fair market value

##### (3) Inventories

Stated at cost determined by the FIFO method (with provision for reducing the balance in case net realizable value decreases).

#### 2. Depreciation (amortization) of fixed assets

##### (1) Tangible fixed assets

Depreciation is calculated by the straight-line method.

The estimated useful lives applied are principally as follows:

Buildings and structures 3 - 50 years

Machinery, equipment, tools and fixtures 3 - 30 years

##### (2) Intangible fixed assets

Amortization is calculated by the straight-line method. Software intended for internal use in the Company are amortized by the straight-line method over their estimated useful period of 10 years or less.

##### (3) Leased assets

Leased assets procured by finance lease transactions in which ownership are not transferred to lessees are depreciated by the straight-line method to residual value of zero.

#### 3. Provisions

##### (1) Allowance for doubtful accounts

Allowance for doubtful accounts is calculated based on the historical experience with bad debts plus an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

##### (2) Provision for loss on business of subsidiaries and affiliates

Provision for loss on business of subsidiaries and affiliates is calculated based on the amount expected to be loss on business of subsidiaries and affiliates in the future.

##### (3) Provision for employees' bonuses

Provision for employees' bonuses is calculated based on the amount expected to be paid to the employees and accrued for the financial year.

##### (4) Provision for directors' bonuses

Provision for directors' bonuses is calculated based on the amount expected to be paid to the directors and accrued for the financial year.

##### (5) Provision for warranties

Provision for warranties is calculated based on the amount expected to be expensed for warranties of products.

(6) Provision for restructuring expenditure

Provision for restructuring expenditure is calculated based on the amount expected to be incurred from the restructuring initiatives.

(7) Provision for payment under Position retirement program

Provision for payment under Position retirement program is calculated based on the amount expected to be paid to the employees and accrued for the financial year.

(8) Provision for retirement benefits

Accrued retirement benefit for employees is provided at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the end of the financial year.

Past years' service costs related to pension schemes are generally expensed as incurred, and actuarial gain or loss is amortized, commencing the year following the year in which the gain or loss is recognized, by the straight-line method over a period of five years which is shorter than the average remaining year of service for the eligible employees.

(9) Provision for rebuilding furnaces

Provision for rebuilding furnaces is calculated in consideration of the estimated cost of scheduled repairs and the number of hours of operation prior to the next repair date, in order to prepare for periodic large-scale repairs (to furnaces).

(10) Environmental provision

Environmental provision is calculated based on the amount expected to be expensed for environmental preservation in the future.

#### 4. Other policies

(1) Hedge accounting

Deferral hedge method is applied (Gains or losses on derivatives designated as hedging instruments are deferred until the corresponding loss or gain on the underlying hedged item is recognized. Where a derivative instrument does not qualify or no longer qualifies for hedge accounting the gain or loss on the derivative is charged immediately to profit and loss account).

(2) Application of Japanese Group Relief System

The Company applied Japanese Group Relief System for the financial year.

#### Notes revenue recognition

The information that forms the basis for understanding revenue from contracts with customers is identical to that presented in "4. Accounting policies and practices (6) Revenue from contracts with customers" in the consolidated financial statements, therefore Notes are omitted.

## Notes accounting estimates

### 1. Impairment of fixed assets

(1) Amount of tangible and intangible fixed assets recorded in the financial statements for the current fiscal year.

Architectural Glass business unit	JPY	7,211	million
Automotive Glass business unit	JPY	20,411	million
Technical Glass business Unit	JPY	9,835	million
Common assets	JPY	9,075	million
Total	JPY	46,532	million

(2) Other information that contributes to the understanding of users of financial statements regarding the content of accounting estimates

We identify each business unit, which is an internal management unit, as the smallest asset group, determine the presence or absence of signs of impairment, determine the recognition of impairment loss, and measure the recognition amount, if applicable.

As a result of the judgment of signs of impairment, it was judged that there were signs in Architectural Glass business unit, Automotive Glass business unit. We came to the conclusion that it is not necessary to recognize an impairment loss because it exceeded the carrying amount of the group.

#### ① How to calculate future cash flow estimate

The undiscounted future cash flows used to determine the recognition of an impairment loss are generated using the remaining economic life of the key equipment in each business unit. It is prepared based on the profit plan and medium-term management plan for the next fiscal year decided by the Board of Directors and using the business outlook for up to four years.

#### ② Main assumptions used to calculate the estimate

Future cash flows are based on the profit plan for the fiscal year ending March 2024, and while keeping the growth rate constant for the subsequent period, the risk of future cash flow divergence is reflected in consideration of the divergence of actual results from the past plan.

In estimating future cash flows, we consider the following implications: Sales price of glass products, growth rate of market volume, input cost, cost reduction.

#### ③ Impact on financial statements for the following fiscal year

The recoverable value of each asset group is well above its carrying amount, but it may have a significant impact on the financial statements if key assumptions fluctuate and future cash flow estimates need to be revised.

2. Provision for retirement benefits

(1) Amount of provision for retirement benefits recorded in the financial statements for the current fiscal year.

At the end of the current fiscal year, provision for retirement benefits of JPY 1,598 million was recorded.

(2) Other information that contributes to the understanding of users of financial statements regarding the content of accounting estimates

① Main assumptions used to calculate the estimate

We have a retirement plan for the majority of our employees and have a defined benefit corporate pension plan. Retirement benefit reserves and retirement benefit costs are calculated based on the actuarial assumptions in the table below. These assumptions include discount rates, expected future salary increases, pension conversion / deferred interest rates, and voluntary retirement rates.

Due to the uncertainty of these assumptions, we seek advice from actuaries before setting the assumptions.

Past years' service costs related to pension schemes are generally expensed as incurred, and actuarial gain or loss is amortized, commencing the year following the year in which the gain or loss is recognized, by the straight-line method over a period of five years which is shorter than the average remaining year of service for the eligible employees.

Discount rate	1.00 %
Expected future salary increase rate	2.20 %
Pension conversion rate / deferred interest rate	1.50 %
Self-retirement rate	4.30 %

② Impact on financial statements for the following fiscal year

Each actuarial assumption will be determined based on management's best estimate and judgment based on the advice of an external pension actuary but will be reviewed as it will be affected by uncertain future changes in economic conditions. If required, it may have a significant impact on the amount recognized in the financial statements.

## Notes regarding balance sheet items

### 1. Collaterals

#### (1) Assets treated as collaterals

Buildings	JPY	9	million
Structures	JPY	1	million
Machinery & Equipment	JPY	10,715	million
Vehicles	JPY	7	million
Tools & Fixtures	JPY	1,468	million
Total	JPY	12,220	million

#### (2) Liabilities related to collaterals

Current portion of long-term borrowings	JPY	4,303	million
Long-term borrowings	JPY	10,682	million
Total	JPY	14,985	million

Assets treated as collaterals and liabilities related to the collaterals in the above are related to finance lease contracts arising from sale and lease back transactions. The sale and lease back transactions are accounted for as borrowings secured by collateral assets, and the liabilities are recognized in long-term bank borrowings and current portion of long-term borrowings.

2. Accumulated depreciation of tangible fixed assets

	JPY	180,339	million
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### 3. Contingent guarantees

Guarantees	JPY	137,428	million
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4. Notes receivables endorsed

	JPY	147	million
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### 5. Receivables from and payables to subsidiaries and affiliates

Short-term receivable from subsidiaries & affiliates	JPY	75,619	million
Long-term receivable from subsidiaries & affiliates	JPY	12,282	million
Short-term payable to subsidiaries & affiliates	JPY	19,510	million

## Notes regarding income statement items

### 1. Transactions with subsidiaries & affiliates

Sales to subsidiaries & affiliates	JPY	29,868	million
Purchases from subsidiaries & affiliates	JPY	11,785	million
Non-operational transactions with subsidiaries and affiliates	JPY	23,006	million

### 2. Gain from sale of fixed assets

It was mainly sales of land located in Osaka City, Osaka Prefecture and Tomakomai City, Hokkaido.

### 3. Gain on sale of subsidiaries

It was sale of all share of Tianjin NSG Safety Glass Co., Ltd. which was belonged Automotive Glass business unit.

## Notes regarding statement of change in net assets

1. Number of treasury stock as of 31 March 2023

Common shares	31,064	shares
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## Components of deferred tax assets and liabilities

(in JPY millions)

Deferred tax assets:	
Provision for retirement benefits	489
Provision for rebuilding furnaces	1,119
Allowance for doubtful accounts	9
Provision for warranties	234
Asset retirement obligations	590
Temporary differences related to inventories	530
Temporary differences related to fixed assets	1,597
Loss on revaluation of investments in securities	6,278
Loss on revaluation of derivatives (commodity swap, etc.)	1,570
Loss brought forward	8,684
Other	1,682
Gross deferred tax assets	22,782
Valuation allowance of loss brought forward	(8,684)
Valuation allowance of other deductible temporary differences	(13,155)
Valuation allowance	(21,839)
Total: Deferred tax assets	943
Deferred tax liabilities:	
Reserve for advanced depreciation	(338)
Gain on revaluation of derivatives (commodity swap, etc.)	(284)
Fixed assets (asset retirement obligations)	(385)
Total: Deferred tax liabilities	(1,007)
Net deferred tax assets/liabilities	(64)

\*Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company has applied Japanese Group Relief System from this fiscal year. In addition, in accordance with the "Treatment of Accounting and Disclosure when Applying Japanese Group Relief System "Practical Solutions No. 42, 12 August, 2021, the Company accounts and disclosures for income taxes and local income taxes or tax effect accounting related to these taxes.

Related party transactions

(in JPY millions)

Type of company	Name of company	Equity	Relationship	Content of transaction	Transaction value	Account	Balance as of 31 Mar2023
Subsidiary	NSG Building Products Co. Ltd.	100% directly owned	Sales of products of NSG Co. Ltd.	Sales of products of NSG Co. Ltd.	12,222	Accounts receivable - trade	2,225
Subsidiary	NSG UK Enterprises Ltd.	100% indirectly owned	Fund assistance & Loan guarantee & Shared director duties	Loan receivable (net) (*1)	△6,979	Short-term loan	-
				Loan guarantee (*2)	90,226	-	-
Subsidiary	NSG Holding (Europe) Ltd.	100% directly owned	Fund assistance & Shared director duties	Loan receivable (net) (*3)	8,076	Short-term loan	60,309
Subsidiary	NSG Glass North America Inc.	100% indirectly owned	Fund assistance & Loan guarantee Shared director duties	Loan guarantee (*2)	9,581	-	-

Terms of transaction and decision policy of terms

(\*1) Interest rates for the loans to NSG UK Enterprises Ltd. are determined after consideration of market rates. No collaterals are provided for the loans.

(\*2) Loan guarantees are provided for subsidiary's borrowings from external financial institutions. The Company determine the guarantee fee in consideration of the market interest rate.

(\*3) Interest rates for the loans to NSG Holding (Europe) Ltd. are determined after consideration of market rates. No collaterals are provided for the loans.

Amounts per share

Net assets per share

JPY 3,147.89

Net profit per share

JPY 125.27