

*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

# Matters Disclosed on the Internet Concerning Notice of Convening the 155<sup>th</sup> Ordinary General Meeting of Shareholders

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## Nippon Sheet Glass Company, Limited

We provide shareholders with Notes to the Consolidated Financial Statements and Notes to the Financial Statements with respect to the 155<sup>th</sup> financial period, by posting both on the Company's website at [www.nsg.com](http://www.nsg.com), in accordance with the relevant law and ordinance and article 14 of the Articles of Incorporation.

## 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 188. 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

#### **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 25 (Cebrace Cristal Plano Limitada and other 24 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, 2020.

### **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**

The Group has adopted IFRS 15 "Revenue from Contracts with Customers".

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 obligations 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. The revenue streams derived from the three SBUs are analyzed into sales of glass and glass-related products, sales of services, engineering contracts, royalties and licensing contracts, and sale of tooling for glass products manufacturing based on the nature and circumstances of the contracts. The revenue is recognized at a point in time or over time, depending on the conditions of the contract.

The transaction price includes estimates of variable consideration, such as rebates and price discounts, which are accounted for as reductions in revenue.

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 any 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) Accounting for consumption tax**

All accounts are presented net of consumption tax.

## Change in accounting policies

From 1 April 2020, the Group has changed its presentation of hyperinflation adjustments in subsidiaries with a functional currency that is the currency of a hyper-inflationary economy, to be consistent with the conclusions set out in the IFRS Interpretation Committee's agenda decisions published in March 2020. Hyperinflation restatement adjustments set out in IAS 29 which were previously included in the Consolidated Statement of Comprehensive Income will now be charged (credited) directly to retained earnings and will be recorded in the Consolidated Statement of Changes in Equity. Foreign exchange gains and losses arising from the retranslation of the assets and liabilities of subsidiaries with a functional currency that is the currency of a hyper-inflationary economy, will continue to be recognized in the Statement of Comprehensive Income. The Group chose its proposed treatment as this method is more consistent with the Group's previous practice. As a result of this change, the Group's other comprehensive income and total comprehensive income recorded in the forth quarter of FY2021 decreased by ¥ 7,875 million. Closing balances of retained earnings as at 31 March 2021 is not affected by this change.

## 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.

The Group has experienced extremely challenging conditions during the first quarter of FY2021 as a result of the COVID-19 pandemic, followed by a steady improvement in conditions from the second quarter. The Group expects this recovery from the impact of COVID-19 to continue into FY2022 and over the remainder of its medium-term planning period.

### (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 99,016 million of goodwill and JPY 34,925 million of intangible assets with an indefinite useful life at the end of March 2021.

The results of impairment test held at 31 March 2021, the Group did not recognized 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	5.9% ~ 12.0%

Other key assumptions include glass prices, growth in market volumes, and input prices. Glass prices are projected using current trends and expectations of demand and supply movements in the period covered. Growth in market volumes is estimated with reference to general GDP growth in each territory and specific factors pertaining to the glass industry in that market including for example changes in regulatory environment. Input prices are estimated based on recent negotiations with suppliers, generally available industry forecasts and also impact of cost reduction caused by restructuring.

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 credit of JPY 855 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 33,816 million and deferred tax liability of JPY 16,716 million at the end of March 2021.

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 23,335 million of retirement benefit asset and JPY 61,002 million of retirement benefit obligation at the end of March 2021.

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

	Japan	UK	Rest World
Discount rate	0.50%	2.00%	1.60%
Future salary increases	2.40%	—	2.30%
Future pension increases	—	1.10%	1.70%
Consumer Price inflation	0.25%	2.60%	1.90%
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 3,075 million of claims and litigation provisions, JPY 8,522 million of environmental provisions, JPY 3,493 million of bonus provisions, JPY 10,737 million of redundancy and restructuring provisions and JPY 514 million of warranty provisions at the end of March 2021. 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.

### Notes - Consolidated balance sheet

#### 1. Collaterals

##### (1) Assets treated as collaterals

Machinery & Equipment, Vehicles, Tools & Fixtures	JPY	13,076	million
Buildings & Structures	JPY	12	million
Total	JPY	13,088	million

##### (2) Liabilities related to collaterals

Current portion of long term borrowings	JPY	1,875	million
Long term borrowings	JPY	8,495	million
Total	JPY	10,370	million

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

##### Provision for doubtful accounts against:

Trade and other receivables	JPY	2,050	million
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3. Accumulated depreciation of tangible fixed assets	JPY	495,589	million
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## Notes - Consolidated income statement

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):	
Gain on disposal of property, plant and equipment (Note 1)	7,063
Settlement of litigation matters (Note 2)	3,424
COVID-19 government support (Note 3)	2,640
Reversal of impairment of non-current assets (Note 4)	754
Gain on disposal of subsidiaries and joint ventures (Note 5)	697
Others	254
Sub total - Exceptional items (gains)	<u>14,832</u>
Exceptional Items (losses):	
Suspension and other costs caused by COVID-19 (Note 3)	(18,700)
Restructuring costs, including employee termination payments (Note 6)	(14,709)
Impairment of non-current assets (Note 7)	(1,947)
Settlement of litigation matters (Note 2)	(425)
Retirement benefit obligations – past service cost (Note 8)	(217)
Impairment of goodwill and intangible assets (Note 9)	(97)
Suspension of facilities (Note 10)	(94)
Others	(39)
Sub total - Exceptional items (losses)	<u>(36,228)</u>
Exceptional items (gains and losses) - net	<u><u>(21,396)</u></u>

- (Note 1) The gain on disposal of property, plant and equipment primarily relates to the sale of assets in Japan with lease-back contract.
- (Note 2) The settlement of litigation matters within exceptional items (gains) relates to the conclusion of a legal challenge regarding the calculation of sales-based taxes borne by the Group in Brazil in previous years.  
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 3) The Group has recorded the direct costs and also unrecovered operating costs arising from the COVID-19 pandemic as exceptional items, together with any related income from governments. Such costs include payments to employees not engaged in productive activities due to the COVID-19 pandemic, costs of maintaining idle facilities, and direct costs such as the deep cleaning of facilities to promote a safe operating environment.
- (Note 4) The reversal of impairment of non-current assets relates to assets in the Architectural business in Vietnam.
- (Note 5) The gain on disposal of a joint venture relates to the recycling into the income statement of foreign exchange gains and losses recognized during previous years within the Statement of Comprehensive Income, following the disposal of the Group's shares in Jiangsu Pilkington SYP Glass Co., Ltd a float glass manufacturing entity in China. Also included in this category is a reversal of a previous impairment of assets at subsidiaries in Japan prior to the disposal of those subsidiaries.
- (Note 6) Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. The current year costs mainly relate to the Group's business transformation initiative aimed at achieving a transformation in the Group's cost base, including a significant improvement in fixed overhead costs and also improved operational efficiency. Whilst the Group has commenced such restructuring activities in many locations during the current financial year, the majority of the cash expenditure associated with the announced restructuring actions will be realised during the following financial year to 31 March 2022.
- (Note 7) The impairment of non-current assets relates to Architectural and Automotive assets in South East Asia as well as Architectural and Automotive assets in Europe.
- (Note 8) The past service cost on retirement benefit obligations relates to a court ruling in the U.K. regarding Guaranteed Minimum Pensions (GMP's) as applied to former members of the Group's UK pension scheme who have transferred their pension entitlement out of the scheme. GMP's represent an element of the Group's pension liability which was designed to substitute for pension benefits that would otherwise have been provided by the state, with the state-provided pension benefits being unequal between men and women resulting in inequality of the scheme-provided benefit.
- (Note 9) The impairment of goodwill and intangible assets in the current year relates to the impairment of intangible assets in Europe.
- (Note 10) The suspension of facilities relates mainly to the repair of facilities in Architectural Japan following a Typhoon during the previous year.

## Notes - Consolidated statement of changes in equity

### 1. Types and volume of issued shares as of 31 March 2021

Common shares	90,810,899	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 22 May 2020	Class A share	1,650	55,000	31 March 2020	30 June 2020

#### (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 13 May 2021	Class A share	1,950	65,000	31 March 2021	8 June 2021

### 3. Stock subscription rights exercisable as of 31 March 2021

Type & volume of shares	Common shares	658,500	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 risks, 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 value on consolidated balance sheet, fair value and variance as of 31 March, 2021 are presented in the table below. Note for cash is omitted and also cash equivalents are omitted because they are settled within a short period and so their fair values are thought to be almost equal to the balance sheet values.

(in JPY millions)

	Carrying value on consolidated B/S	Fair value	Variance
(1) Trade and other receivables	78,241	78,241	-
(2) Assets held at Fair Value through other Comprehensive Income	18,439	18,439	-
(3) Derivative financial instruments	1,266	1,266	-
Financial assets - total	97,946	97,946	-
(4) Borrowings (Note)	434,988	415,987	19,001
(5) Derivative financial instruments	1,570	1,570	-
(6) Trade and other payables	136,710	136,710	-
Financial liabilities - total	573,268	554,267	19,001

(Note) Borrowings of both "Carrying value on consolidated B/S" and "Fair Value" are displayed by deducting Lease liability because fair valued of lease liability is not required to disclose by IFRS 7 29(d).

(Note) Fair valuation methods

Financial asset items:

(1) Trade and other receivables

Fair values of trade and other receivables are measured at balance sheet value, as most of them are settled within a short period and so their fair values are thought to be almost equal to the balance sheet values.

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

The fair values of quoted investments are based on current bid prices. For unlisted securities or where the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, reference to investee's balance sheet net assets and option pricing models refined to reflect the issuer's specific circumstances.

(3) Derivative financial instruments

Fair values of derivative financial instruments are measured by reference to prices or indices indicated by financial institutions also taking into account credit risk.

Financial liability items:

(4) Borrowings

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

Fair values of bonds payable with market price are measured at the market prices and fair values of bonds payables with no market price are calculated by discounting aggregated future cash payments for interests and principals related to each bond to present values. Interest rates, after considering remaining periods to maturity and credit risks associated with the bonds, are used as discount rates.

(5) Derivative financial instruments

Fair values of derivative financial instruments are measured by reference to prices or indices indicated by financial institutions, also taking into account credit risk

(6) Trade and other payables

Fair values of trade and other payables are measured at balance sheet value, as most of them are settled within a short period and so their fair values are thought to be almost equal to the balance sheet values.

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 price are categorized to level 1, and unlisted shares are categorized to level 3. Derivative financial instruments are categorized as level 2.

### Amounts per share

1. Total shareholders' equity per share	JPY	349.65
2. Basic earnings per share	JPY	(208.32)

### Notes of significant subsequent events

On 10 May 2021 the Group announced its intention to sell its Battery Separator business ("Business") to a new wholly-owned subsidiary of ENTEK Technology Holdings LLC (Head Office in Lebanon, Oregon, USA; "ENTEK") that is to be established in Japan ("ENTEK Japan").

The Business will be transferred to Nippon Sheet Glass Compass Co., Ltd. ("NSGC"), a wholly-owned subsidiary of NSG, by the absorption-type split method (planned effective date: August 2021) and, thereafter, the entire share capital of the NSGC will be sold to ENTEK Japan on the same date. In addition to the elements of the Business owned and operated directly by Nippon Sheet Glass Co., Ltd, the entire share capital of Nissho Kako Co., Ltd. ("NSK"), a wholly-owned subsidiary of NSG in Japan, the entire holding in Tianjin NGF Glass Fiber Co., Ltd. ("NGFT"), a wholly-owned subsidiary of NSG in China, and NSG's holding in PT ENTEK Separindo Asia ("ESA"), a joint venture with ENTEK in Indonesia, are also included in the Business. The Group will acquire a minority share in ENTEK Japan by investing a part of its proceeds received as a result of the share sale.

As a result of the Transaction, the Business including NSK, NGFT and ESA, will be excluded from NSG's consolidated accounts and will not be considered to be either a joint venture or associate with effect from the legal completion date of the transaction. At 31 March 2021, NSG classified in its balance sheet the assets and liabilities that comprise the Business as a Disposal Group Held for Sale. This includes assets of ¥ 3,646 million and liabilities of ¥ 1,168 million calculated based on the balance sheet as of 31 March 2021.

Gains from the disposal of approximately ¥ 3,700 million and profit caused by conditional consideration are expected to be recognized as exceptional income in FY2022. But the amount caused by conditional consideration is under calculation. The final value of sales proceeds will be adjusted according to the financial condition of the Business as of the effective date of the Share Sale. Therefore, the value of the gain from the disposal may change. The Transaction has no financial impact on FY2021 except for a balance sheet reclassification as noted above.

## 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:

Securities with fair value

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

Securities with no fair value

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 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.

##### (3) Provision for warranties

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

(4) Provision for restructuring expenditure

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

(5) 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.

(6) 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.

(7) 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).

(8) 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) Accounting of consumption tax

All accounts are presented net of consumption tax.

(3) Application of consolidated taxation

The Company applied the consolidated taxation for the financial year.

Notes change in presentation

Application of "Accounting Standards for Disclosure of Accounting Estimates"

"Accounting Standard for Disclosure of Accounting Estimates" (Corporate Accounting Standard No. 31, March 31, 2020) has been applied from the financial statements for the end of the current fiscal year and the financial statements contain notes regarding material accounting estimates.

## 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	18,759	million
Automotive Glass business unit	JPY	7,877	million
Technical Glass business Unit	JPY	12,220	million
Common assets	JPY	7,599	million
Total	JPY	46,455	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 and common assets. 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 2022, 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 effect by restructuring implemented as part of business structural reform measures, demand impact from COVID-19.

#### 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 2,772 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	0.50 %
Expected future salary increase rate	2.40 %
Pension conversion rate / deferred interest rate	1.50 %
Self-retirement rate	4.00 %

### 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	11	million
Structures	JPY	1	million
Machinery & Equipment	JPY	11,429	million
Vehicles	JPY	11	million
Tools & Fixtures	JPY	882	million
Total	JPY	12,334	million

#### (2) Liabilities related to collaterals

Current portion of long-term borrowings	JPY	2,364	million
Long-term borrowings	JPY	10,375	million
Total	JPY	12,739	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	184,493	million
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### 3. Contingent guarantees

Guarantees	JPY	119,020	million
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4. Notes receivables endorsed

	JPY	144	million
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### 5. Receivables from and payables to subsidiaries and affiliates

Short-term receivable from subsidiaries & affiliates	JPY	77,496	million
Long-term receivable from subsidiaries & affiliates	JPY	4,216	million
Short-term payable to subsidiaries & affiliates	JPY	17,741	million

## Notes regarding income statement items

### 1. Transactions with subsidiaries & affiliates

Sales to subsidiaries & affiliates	JPY	23,549	million
Purchases from subsidiaries & affiliates	JPY	10,427	million
Non-operational transactions with subsidiaries and affiliates	JPY	2,754	million

### 2. Gain from sale of fixed assets

Land(※)	JPY	11,355	million
Buildings	JPY	26	million
Machinery & Equipment	JPY	267	million
Others	JPY	7	million
Total	JPY	11,655	million

※Mainly selling the land at Sagamihara plant and Itami Laboratory through sale and lease back transactions.

### 3. Gain on insurance claims

We recorded Gain on insurance claims for the disaster loss due to typhoon No. 15 that landed in the Kanto region in September 2019.

4. Government support and Loss related to suspension of operations by COVID-19.  
 At the request from the government to prevent the spread of COVID-19, the operation of the each plants were suspended.  
 The Fixed costs and the employee costs during the suspension were recorded as extraordinary losses. In addition, the government supports related to leave during the period were recorded as extraordinary income.
  
5. Gain on release of allowance for doubtful accounts Loss on sale of subsidiaries  
 It was sale of all share of Kyoto Sheet Glass Co., Limited and Nippon Sheet Glass South Kyushu Sales Co., Limited which were belonged Architectural Glass business unit.
  
6. Loss related to equipment outage  
 As It was announced last year, it is related to some equipment suspension cost of Architectural Glass business unit.
  
7. Restructuring expenditure  
 Restructuring expenditure is mainly the cost of compensating redundant employees for the termination of their contracts of employment.

Notes regarding statement of change in net assets

1. Number of treasury stock as of 31 March 2021	Common shares	23,785 shares
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Components of deferred tax assets and liabilities

(in JPY millions)

Deferred tax assets:	
Provision for retirement benefits	849
Provision for rebuilding furnaces	2,233
Allowance for doubtful accounts	72
Provision for warranties	47
Asset retirement obligations	639
Temporary differences related to fixed assets	582
Temporary differences related to inventories	1,642
Loss on revaluation of investments in securities	6,995
Loss on revaluation of derivatives (commodity swap, etc.)	14
Loss brought forward	8,775
Other	1,648
Gross deferred tax assets	<u>23,496</u>
Valuation allowance of loss brought forward	(8,775)
Valuation allowance of other deductible temporary differences	(13,563)
Valuation allowance	<u>(22,338)</u>
Total: Deferred tax assets	1,158
Deferred tax liabilities:	
Reserve for advanced depreciation	(544)
Gain on revaluation of derivatives (commodity swap, etc.)	(167)
Fixed assets (asset retirement obligations)	(487)
Receivable business tax, etc.	(24)
Total: Deferred tax liabilities	<u>(1,222)</u>
Net deferred tax assets/liabilities	<u>(64)</u>

## Related party transactions

(in JPY millions)

Type of company	Name of company	Equity	Relationship	Content of transaction	Transaction value	Account	Balance as of 31 Mar2021
Subsidiary	NSG UK Enterprises Ltd.	100% indirectly owned	Fund assistance & Loan guarantee & Shared director duties	Loan receivable (net) (*1)	294	Short-term loan	13,979
				Loan guarantee (*2)	94,220	-	-
Subsidiary	NSG Holding (Europe) Ltd.	100% directly owned	Fund assistance & Shared director duties	interest income (*3)	761	Other current asset	2
				Loan receivable (net) (*3)	12,261	Short-term loan	53,352
Subsidiary	Pilkington Technology Management Ltd..	100% indirectly owned	Consignment of research and development of the Group Shared director duties	Recharge of research and development expenditure (*4)	2,258	Other receivable	26
Subsidiary	NSG Glass North America Inc.	100% indirectly owned	Fund assistance & Loan guarantee Shared director duties	Loan guarantee (*2)	11,095	-	-

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.

(\*4) The fee of consignment of research and development of the Group is decided every year.

## Amounts per share

Net assets per share

JPY 3,087.67

Net loss per share

JPY (23.81)

## Notes of significant subsequent events

On 10 May 2021 Nippon Sheet Glass Co., Ltd (“NSG”), announced its intention to sell its Battery Separator business (“Business”) to a new wholly-owned subsidiary of ENTEK Technology Holdings LLC (Head Office in Lebanon, Oregon, USA; “ENTEK”) that is to be established in Japan (“ENTEK Japan”).

The Business will be transferred to Nippon Sheet Glass Compass Co., Ltd. (“NSGC”), a subsidiary of NSG, by the absorption-type split method (planned effective date: August 2021) and, thereafter, the entire share capital of the NSGC will be sold to ENTEK Japan on the same date. In addition to the elements of the Business owned and operated directly by NSG, the entire share capital of Nissho Kako Co., Ltd. (“NSK”), a wholly-owned subsidiary of NSG in Japan, the entire holding in Tianjin NGF Glass Fiber Co., Ltd. (“NGFT”), a wholly-owned subsidiary of NSG in China, and NSG’s holding in PT ENTEK Separindo Asia (“ESA”), a joint venture with ENTEK in Indonesia, are also included in the Business.

The outline of the business to be split is as follows.

### A. Details of the business

Business related to the manufacture and sale of battery separators

### B. Business results of the business to be split in the current fiscal year

Sales	7,014 million yen
Operating profit	1,420 million yen

### C. Items and amounts of assets (including shares of affiliated companies) and liabilities at the end of the current fiscal year of the business to be split

Assets	3,651 million yen
liabilities	885 million yen
Net Assets	2,766 million yen

Issued share value of the new company after separation and subsidiaries calculated based on March 31, 2021. The total planned share transfer price is expected to be 2,766 million yen. In addition, the business transfer transaction is expected to generate a transfer gain of approximately 3,500 million yen in the fiscal year ending March 2022. Because the issuance amount of the shares of the new company will be adjusted according to the financial condition on the date of establishment of the new company, it may fluctuate. In addition, conditional consideration is set for this business transfer transaction.

After the Share Transfer, the NSG plans to acquire some of the shares of ENTEK Japan by reinvesting a portion of the monetary claims acquired through the Share Transfer.

As of the end of March 2021, this decision will not affect the Company’s business results.