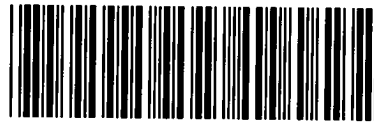


Company Registration No. 04267543 (England and Wales)

NSG HOLDING (EUROPE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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NSG HOLDING (EUROPE) LIMITED

COMPANY INFORMATION

Directors

Mr I M Smith
Mr K Hiyoshi
Mr S Mori
Dr C Miller
Mr P D Wilkinson
Ms J A Massa
Mr T P Bolas
Mrs R Kusunose (Appointed 12 August 2020)

Secretary

Mr I M Smith

Company number

04267543

Registered office

European Technical Centre
Hall Lane
Lathom
Nr Ormskirk
Lancashire
England
L40 5UF

Auditor

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

NSG HOLDING (EUROPE) LIMITED

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NSG HOLDING (EUROPE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report and financial statements of the company for the year ended 31 March 2020.

The principal activity of the company is to carry on the business on an investment holding company.

The company is a member of the Nippon Sheet Glass (NSG) Group of companies.

Review of the business

The company does not trade. In addition the majority of assets and liabilities are with group undertakings. As a result, the directors do not consider there to be any significant risks or uncertainties to disclose. Also there is no trading performance that requires monitoring and therefore no key performance indicators to disclose.

The directors are satisfied with the performance of the business which will continue with its principal activity for the foreseeable future.

COVID-19 Impact

The company expects the revenues and profits from its subsidiary undertakings in FY2021 to decline from FY2020 levels due to the impact of the COVID-19 pandemic. The company expects a gradual recovery of demand during FY2021, but it is not clear what the timing and extent of this recovery is likely to be. The company itself does not trade directly in the glass market, therefore the impact for the company in FY2021 will be related to the valuation of its subsidiary undertakings.

The current economic environment has led to a severe disruption of the NSG Group's normal business activity. In response to the COVID-19 pandemic and a lack of demand for glass, the NSG Group has taken appropriate action to reduce production at various plants with the utmost priority on health and safety of its employees. The NSG Group is focused on saving cash costs in a variety of areas and is also actively seeking government assistance where such programs are available. The NSG Group will continue its programs of disposing of non-core assets and improving the efficiency of working capital. Additionally, the NSG Group and the company will prioritise capital expenditure to focus on strategically important and urgent projects, suspending expenditure on other projects where appropriate.

NSG HOLDING (EUROPE) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

S172 Statement

Promoting long term success

The NSG Group's strategy for improved long-term success is based on making a shift to become a value-added Group. This will be achieved by focusing on areas where NSG Group technologies have a strategic advantage and then establishing growth drivers in multiple, promising products, and in high-growth areas. Descriptions of the Group's approach apply equally to all subsidiary companies.

The directors of the company are always mindful of the NSG Group's strategic priorities and values when setting the strategic direction of the company, as well as when undertaking the day to day management activities. The Group also has a series of detailed policies and procedures that are applied by all subsidiaries. Regular self-assessment is undertaken to ensure that the activities of the company comply with the Group's policies and also ensure compliance with the Group's detailed risk and control framework.

The board of directors consists of a mixture of executive and non-executive directors. The executive directors are employed by the company or its fellow subsidiaries and are intimately involved in its day to day management. The non-executive directors are employed by other NSG Group companies. These directors represent the interest of the company's shareholders and may contribute specialist skills to the running of the company.

The directors meet regularly to discuss latest trading performance and to approve significant transactions. Ad-hoc meetings are also held as required for specific purposes, such as the approval of annual accounts, or the approval of a dividend payment.

The directors aim to promote the long-term success of the company and consider stakeholders in the decision-making process. The company is a non-manufacturing, holding company and therefore has no suppliers or customers. The company does not directly have any employees, with all administrative duties being performed by employees of fellow NSG Group subsidiary companies. The main stakeholder is therefore the parent company, Nippon Sheet Glass Co., Limited, whose interests are represented by the range of directors on the board.

On behalf of the board



Mr I M Smith

Director

15 September 2020

NSG HOLDING (EUROPE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their financial statements for the year ended 31 March 2020.

Results and dividends

The loss for the year on ordinary activities before taxation amounted to JPY 602,414 k (2019 loss: JPY 181,169 k), taxation thereon amounted to JPY 10,538 k (2019: nil), leaving a loss after taxation of JPY 612,952 k (2019 loss: JPY 181,169 k).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr I M Smith

Mr K Hiyoshi

Mr K Morooka

(Resigned 12 August 2020)

Mr S Mori

Dr C Miller

Mr P D Wilkinson

Ms J A Massa

Mr T P Bolas

Mrs R Kusunose

(Appointed 12 August 2020)

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in place as at the date of approving the directors' report.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Post reporting date events

No post balance sheet events which would require adjustment or disclosure in these accounts have been identified since the year end.

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

NSG HOLDING (EUROPE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have made enquiries of the directors of Nippon Sheet Glass Company, Limited (the ultimate Parent company of the NSG group) in respect of banking arrangements and are satisfied that such support will be available from its cash flows and financial facilities for the foreseeable future. In addition the directors have received a letter of financial support from the immediate parent company, Nippon Sheet Glass Company, Limited. The directors therefore have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern and have adopted the going concern basis in the preparation of the financial statements.

Stakeholder engagement statement

As mentioned in the strategic report, the company is not a manufacturing trading entity and therefore does not have any customer or supplier stakeholders. The main stakeholder is the parent company, Nippon Sheet Glass Co., Limited.

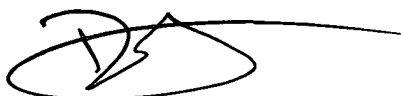
The directors of the company include senior managers of the NSG Group, many of whom have global positions within the Group and therefore have a regard for the NSG Group as a whole.

Employee engagement statement

As mentioned in the strategic report, the company does not employ anyone. All administrative duties are performed by employees of fellow NSG Group subsidiary companies.

On behalf of the board

Mr I M Smith
Director



15 September 2020

NSG HOLDING (EUROPE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NSG HOLDING (EUROPE) LIMITED

Opinion

We have audited the financial statements of NSG Holding (Europe) Limited for the year ended 31 March 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of Matter - Effects of COVID-19

We draw attention to Note 1 of the Financial Statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting supply chains, consumer demand, personnel available for work and being able to access offices. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF NSG HOLDING (EUROPE) LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF NSG HOLDING (EUROPE) LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our audit report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jamie Dixon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: *15 September 2020*

NSG HOLDING (EUROPE) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 JPY 000	2019 JPY 000
Administrative expenses		(8,030)	(4,192)
Investment income	7	163,757	548,095
Finance costs	8	(749,029)	(722,834)
Other gains and losses	9	(9,112)	(2,238)
Loss before taxation		<u>(602,414)</u>	<u>(181,169)</u>
Tax on loss	10	(10,538)	-
Loss for the financial year		<u><u>(612,952)</u></u>	<u><u>(181,169)</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

NSG HOLDING (EUROPE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 JPY 000	2019 JPY 000
Loss for the year	(612,952) <u> </u>	(181,169) <u> </u>
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Cash flow hedges:		
- Hedging loss arising in the year	(74,244) <u> </u>	- <u> </u>
Total comprehensive income for the year	(687,196) <u> </u>	(181,169) <u> </u>

NSG HOLDING (EUROPE) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 JPY 000	2019 JPY 000
Non-current assets			
Receivables falling due after one year	14	7,245,312	9,191,483
Investments	11	374,762,192	370,933,270
		<u>382,007,504</u>	<u>380,124,753</u>
Current assets			
Trade and other receivables	14	5,685,772	1,319,754
Cash at bank and in hand		11,165	9,991
		<u>5,696,937</u>	<u>1,329,745</u>
Current liabilities			
Borrowings	15	45,985,816	524,090
Trade creditors and other payables	16	2,111	46,501
Derivative financial instruments		74,244	-
		<u>46,062,171</u>	<u>570,591</u>
Net current (liabilities)/assets		<u>(40,365,234)</u>	<u>759,154</u>
Total assets less current liabilities		<u>341,642,270</u>	<u>380,883,907</u>
Non-current liabilities			
Borrowings	15	-	38,554,441
Net assets		<u>341,642,270</u>	<u>342,329,466</u>

NSG HOLDING (EUROPE) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

	Notes	2020 JPY 000	2019 JPY 000
Capital and reserves			
Called up share capital	17	42,070,603	42,070,603
Share premium account		13,404,646	13,404,646
Hedging reserve	18	(74,244)	-
Profit and loss account		286,241,265	286,854,217
Total equity		<u>341,642,270</u>	<u>342,329,466</u>

The financial statements were approved by the Board of directors and authorised for issue on 15 September 2020

Signed on its behalf by:



Ms J A Massa
Director

Company Registration No. 04267543

NSG HOLDING (EUROPE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Share premium account	Hedging reserve	Retained earnings	Total
Notes	JPY 000	JPY 000	JPY 000	JPY 000	JPY 000
Balance at 1 April 2018	420,706,026	13,404,646	-	(91,600,037)	342,510,635
Year ended 31 March 2019:					
Loss and total comprehensive income for the year	-	-	-	(181,169)	(181,169)
Share capital reduction	17 (378,635,423)	-	-	378,635,423	-
Balance at 31 March 2019	42,070,603	13,404,646	-	286,854,217	342,329,466
Year ended 31 March 2020:					
Loss for the year	-	-	-	(612,952)	(612,952)
Other comprehensive income	-	-	(74,244)	-	(74,244)
Total comprehensive income for the year	-	-	(74,244)	(612,952)	(687,196)
Balance at 31 March 2020	42,070,603	13,404,646	(74,244)	286,241,265	341,642,270

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

NSG Holding (Europe) Limited is a private company limited by shares incorporated in England and Wales. The registered office is European Technical Centre, Hall Lane, Lathom, Nr Ormskirk, Lancashire, England, L40 5UF.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In line with NSG Group policy, the company has early-adopted IFRS9 Financial Instruments since FY17.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Nippon Sheet Glass Company, Limited in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Nippon Sheet Glass Company, Limited. The group accounts of Nippon Sheet Glass Company, Limited are available to the public and can be obtained as set out in note 21.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company is also found within the annual accounts.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of Nippon Sheet Glass Company, Limited (the ultimate Parent company of the NSG group), in order to satisfy themselves that financial support would be available from this company should it be needed. The directors have received a letter of financial support to this effect. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern and have prepared these accounts on this basis.

COVID-19 Impact

The company expects the revenues and profits from its subsidiary undertakings in FY2021 to decline from FY2020 levels due to the impact of the COVID-19 pandemic. The company expects a gradual recovery of demand during FY2021, but it is not clear what the timing and extent of this recovery is likely to be. The company itself does not trade directly in the glass market, therefore the impact for the company in FY2021 will be related to the valuation of its subsidiary undertakings.

The current economic environment has led to a severe disruption of the NSG Group's normal business activity. In response to the COVID-19 pandemic and a lack of demand for glass, the NSG Group has taken appropriate action to reduce production at various plants with the utmost priority on health and safety of its employees. The NSG Group is focused on saving cash costs in a variety of areas and is also actively seeking government assistance where such programs are available. The NSG Group will continue its programs of disposing of non-core assets and improving the efficiency of working capital. Additionally, the NSG Group and the company will prioritise capital expenditure to focus on strategically important and urgent projects, suspending expenditure on other projects where appropriate.

1.3 Non-current investments

Subsidiary undertakings, joint ventures and associates are carried at their original historical cost less any impairment which is charged to the profit and loss account. The directors will recognise an impairment where they consider that there is a significant and/or permanent diminution in valuation of investments.

1.4 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not determine when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.5 Financial instruments

The company has adopted IFRS9 from FY17 onwards. The company 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 amortised 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 company's business model rationale for holding the investments.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

The 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 or if so designated by management. Derivatives are also categorised 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 or trading or are expected to be realised within 12 months of the balance sheet date. At the balance sheet date the company does not have any assets or liabilities in this category.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Financial assets and liabilities at amortised cost

Assets within this category are included in the company'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 company 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 company'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 company receives goods and services from its suppliers and is similarly split into current and noncurrent liabilities dependent on the time period expected before settlement.

Financial assets and liabilities at amortised cost are carried at amortised 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 then the asset, classified as a receivable or payable, is held at amortised cost.

Borrowings consist of bonds payable, loans payable, lease obligations and non-controlling interests entitled to receive a fixed share dividend. Borrowings are recognised initially at fair value then subsequently stated at amortised cost. Borrowing transaction costs are expensed in the income statement over the period to the maturity of the related financial liability. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Non-equity preference shares are classified as liabilities and are measured in the balance sheet at their most recent redemption price. The dividends on these preference shares are recognised in the income statement as interest expense. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The company applies the expected credit loss method to receivables balances and also considers individual provisions for specific balances where appropriate. This involves considering likely credit losses for a portfolio 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 there is objective evidence that the company 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 portfolio of receivables can result in a provision being created even when on an individual basis, the company expects each receivable to be converted to cash with no loss arising. The movement in receivables provisions is recognised in the income statement.

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

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Financial assets and liabilities at fair value through other comprehensive income

Financial assets held at fair value through other comprehensive income are non-derivative financial investments where the company is unable to exert significant influence over the investee. This category of investment could include equity investments or investments that are expected to generate fixed or determinable payments.

Financial assets at fair value through other comprehensive income are initially and subsequently recognised at fair value. Unrealised gains and losses arising from changes in the fair value of such assets are recognised within the statement of comprehensive income and result in a movement within the fair value reserve within equity. The company assesses at each balance sheet date whether there is objective evidence that 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 company treats this as a realised loss recognised in the income statement, with historical amounts recycled from reserves through the statement of comprehensive income. When assets that represent equity investments held in this category are impaired, resulting in a realised loss, then that realised loss is recognised in the statement of comprehensive income.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.8 Taxation

Current tax

Current income taxes are measured based on the amount expected to be paid to, or recovered from, taxation authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method and without discounting, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.9 Foreign exchange

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

2 Adoption of new and revised standards and changes in accounting policies

The company has adopted IFRS 16 'Leases' from the company's financial period commencing 1 April 2019. This new standard addresses the principles for the recognition and measurement of leases, and replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Agreement contains a Lease'. There is no impact on these financial statements as a result of this standard coming into effect.

Standards which are in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 April 2019, once endorsed by the EU. However, these are not considered to be relevant or potentially material to the company's primary financial statements.

3 Operating loss

	2020	2019
	JPY 000	JPY 000
Operating loss for the year is stated after charging/(crediting):		
Foreign exchange losses	-	719
Management fee	6,211	1,098
	<u> </u>	<u> </u>

4 Auditors' remuneration

	2020	2019
	JPY 000	JPY 000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	1,794	1,764
	<u> </u>	<u> </u>

The company has not paid for any other non-audit services during the current or prior year.

5 Employees

The company did not employ anyone during the year. All administrative duties are performed by employees of fellow subsidiary companies.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Directors' remuneration

The emoluments of Messrs Hiyoshi, Morooka, Mori and Miller were paid by the parent company Nippon Sheet Glass Company, Limited or its subsidiaries. The directors do not believe it is practical to apportion an amount to their services as directors of this company and therefore their emoluments are deemed to be wholly attributable to services to the parent.

The remuneration of directors earned in activities performed on behalf of subsidiaries of NSG Holding (Europe) Limited was as follows;

	2020	2019
	JPY 000	JPY 000
Remuneration for qualifying services	142,020	172,857
Amounts receivable under long term incentive schemes	-	46,513
Company pension contributions to defined contribution schemes	1,001	1,158
Service cost in relation to defined benefit schemes	8,556	8,468
	<u>151,577</u>	<u>228,996</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
	JPY 000	JPY 000
Remuneration for qualifying services	37,435	46,356
Long term incentive schemes	-	14,015
Company pension contributions to defined contribution schemes	1,002	1,158
Accrued pension at the end of the year	8,556	8,468
	<u>46,993</u>	<u>70,037</u>

7 Investment income

	2020	2019
	JPY 000	JPY 000
Interest income		
Other interest income	163,757	548,095
	<u>163,757</u>	<u>548,095</u>

Interest income in the year includes the write off of interest receivable from Jiangsu Pilkington SYP Glass Co Ltd of JPY 301,865 k.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Finance costs

	2020 JPY 000	2019 JPY 000
Interest on financial liabilities		
Interest payable to group undertakings	749,029	722,814
Bank interest	-	20
	<u>749,029</u>	<u>722,834</u>
Total finance costs	<u>749,029</u>	<u>722,834</u>

9 Other gains and losses

	2020 JPY 000	2019 JPY 000
Amounts written off fair value through profit or loss	(9,112)	(2,238)

10 Income tax expense

	Continuing operations	
	2020 JPY 000	2019 JPY 000
Current tax		
Current year taxation	10,538	-

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 JPY 000	2019 JPY 000
Loss before taxation	(602,414)	(181,169)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019 - 19%)	(114,459)	(34,422)
Expenses not deductible in determining taxable profit	57,354	1,594
Group relief	57,105	32,828
Effect of overseas tax rates	10,538	-
Tax charge for the year	<u>10,538</u>	<u>-</u>

The company has losses brought forward of JPY 2,897,079 on which it is not recognising deferred tax.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Investments

	Current		Non-current	
	2020	2019	2020	2019
	JPY 000	JPY 000	JPY 000	JPY 000
Investments in subsidiaries	-	-	373,455,717	369,626,795
Investments in joint ventures	-	-	1,306,475	1,306,475
	<u>-</u>	<u>-</u>	<u>374,762,192</u>	<u>370,933,270</u>

Movements in non-current investments

	Shares JPY 000
Cost or valuation	
At 1 April 2019	521,585,039
Additions	3,828,922
At 31 March 2020	<u>525,413,961</u>
Impairment	
At 31 March 2019 & 31 March 2020	<u>(150,651,769)</u>
Carrying amount	
At 31 March 2020	<u>374,762,192</u>
At 31 March 2019	<u>370,933,270</u>

Additions in the year represent a capital injection into NSG Glass North America, Inc (JPY 3,828,922 k).

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
NSG UK Finance (USD) Unlimited	UK	100.00	100.00	Dormant
Pilkington Automotive Belgium NV	Belgium	100.00	100.00	Purchase and sale of glass related products
NSG UK Enterprises Limited	UK	100.00	100.00	Holding company
NSG UK Enterprises III Unlimited	UK	51.00	51.00	Dormant
NSG Glass North America, Inc.	USA	100.00	100.00	Supply of glass and glass related products

13 Joint ventures

Details of the company's joint ventures at 31 March 2020 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
SP Glass Holdings B.V.	Netherlands	21.14	21.14	Holding company

The NSG Group (and this entity, considering direct and indirect shareholding) owns 62.5% of the shares of SP Glass Holdings B.V. and considers the entity to be a joint venture. The naming convention has been retained in these accounts although the legal ownership of the company is only 26.425%. There is an agreement between the company and the joint venture partner whereby NSG Holding (Europe) will transfer 46,773 shares in the joint venture to the joint venture partner on repayment of the existing loan from Pilkington Glass LLC (a subsidiary of SP Glass Holdings B.V.) to NSG Holding (Europe) Limited. As such the investment has been impaired to reflect only 7.68% shareholding.

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Trade and other receivables

	Current		Non-current	
	2020 JPY 000	2019 JPY 000	2020 JPY 000	2019 JPY 000
Loans and receivables carried at amortised cost	-	-	7,245,312	9,191,483
Amounts due from related parties	5,685,772	1,319,754	-	-
	<u>5,685,772</u>	<u>1,319,754</u>	<u>7,245,312</u>	<u>9,191,483</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

15 Borrowings

	2020 JPY 000	2019 JPY 000
Loans from related parties	<u>45,985,816</u>	<u>39,078,531</u>

Analysis of borrowings

Borrowings are classified based on the amounts that fall due within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 JPY 000	2019 JPY 000
Current liabilities	45,985,816	524,090
Non-current liabilities	-	38,554,441
	<u>45,985,816</u>	<u>39,078,531</u>

The current liabilities relate to loans and deposits from other group companies maturing within 12 months of the balance sheet date. In the comparative period, the largest amount included in non-current liabilities was a loan from Nippon Sheet Glass Company, Limited. The loan is due to mature in February 2021 and therefore is now included within current liabilities.

16 Trade and other payables

	2020 JPY 000	2019 JPY 000
Amounts owed to related parties	<u>2,111</u>	<u>46,501</u>

NSG HOLDING (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

17 Share capital	2020	2019
	JPY 000	JPY 000
Ordinary share capital		
Issued and fully paid		
2,363,517,235 ordinary shares of £0.10 each	42,070,603	42,070,603
	<u>42,070,603</u>	<u>42,070,603</u>
18 Hedging reserve	2020	2019
	JPY 000	JPY 000
At the beginning of the year	-	-
Gains and losses on cash flow hedges	(74,244)	-
	<u>(74,244)</u>	<u>-</u>
At the end of the year	<u>(74,244)</u>	<u>-</u>

19 Other Reserves

The analysis of movements in reserves is now included within the Statement of Changes in Equity.

20 Events after the reporting date

No post balance sheet events which would require adjustment or disclosure in these accounts have been identified since the year end.

21 Controlling party

The immediate and ultimate parent undertaking is Nippon Sheet Glass Company, Limited, registered in Japan. Nippon Sheet Glass Company, Limited has prepared consolidated financial statements for the year to 31 March 2020, a copy of which can be obtained from the Company Secretary, Nippon Sheet Glass Company, Limited, West Wing, 5-27, Mita 3-Chome, Minato-ku, Tokyo, 108-6321, Japan.