

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

Start date of electronic provisioning measures 28 May 2026

Other Matters Subject to Measures for Electronic Provision for the 160th Ordinary General Meeting of Shareholders and the Class Meeting of Common Shareholders (Matters Omitted from Delivered Paper-Based Documents)

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Nippon Sheet Glass Company, Limited

Among the matters subject to electronic provision measures, the above matters are not included in the document sent by mail to shareholders who requested paper delivery based on the laws and Article 14 of the Articles of Incorporation.

Matters Related to the Stock Acquisition Rights, etc.

Stock Acquisition Rights (Stock Options) as for Compensation Owned by Directors and Executive Officers as of the End of the Fiscal Year

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
Directors (excluding External Directors) and Executive Officers	Stock acquisition rights issued in Sep. 2008 (Stock- compensation type)	¥ 4,975.1 per share	¥ 1 per share	From 28 Sep 2008 to 27 Sep 2038	0	0 Common shares (100 Common shares per right)	0
	Stock acquisition rights issued in Sep. 2009 (Stock- compensation type)	¥ 2,551.2 per share	¥ 1 per share	From 1 Oct 2009 to 30 Sep 2039	0	0 Common shares (100 Common shares per right)	0
	Stock acquisition rights issued in Sep. 2010 (Stock- compensation type)	¥ 1,394.2 per share	¥ 1 per share	From 1 Oct 2010 to 30 Sep 2040	0	0 Common shares (100 Common shares per right)	0
	Stock acquisition rights issued in Oct. 2011 (Stock- compensation type)	¥ 1,262.8 per share	¥ 1 per share	From 15 Oct 2011 to 14 Oct 2041	0	0 Common shares (100 Common shares per right)	0
	Stock acquisition rights issued in Sep. 2012 (Stock- compensation type)	¥ 214.3 per share	¥ 1 per share	From 29 Sep 2012 to 28 Sep 2042	84	8,400 Common shares (100 Common shares per right)	1
	Stock acquisition rights issued in Oct. 2013 (Stock- compensation type)	¥ 882.8 per share	¥ 1 per share	From 16 Oct 2013 to 15 Oct 2043	175	17,500 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2014 (Stock- compensation type)	¥ 900.9 per share	¥ 1 per share	From 1 Oct 2014 to 30 Sep 2044	109	10,900 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2015 (Stock- compensation type)	¥ 749.6 per share	¥ 1 per share	From 1 Oct 2015 to 30 Sep 2045	191	19,100 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Oct. 2016 (Stock- compensation type)	¥ 656.29 per share	¥ 1 per share	From 15 Oct 2016 to 14 Oct 2046	279	27,900 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2017 (Stock- compensation type)	¥ 775.06 per share	¥ 1 per share	From 30 Sep 2017 to 29 Sep 2047	290	29,000 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Jul. 2018 (Stock- compensation type)	¥ 1,117.66 per share	¥ 1 per share	From 27 Jul 2018 to 26 Jul 2048	259	25,900 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Jul. 2019 (Stock- compensation type)	¥ 669.97 per share	¥ 1 per share	From 25 Jul 2019 to 24 Jul 2049	308	30,800 Common shares (100 Common shares per right)	2
Total	—	—	—	—	1,695	169,500 Common shares	2

Systems to Secure appropriateness of businesses

Systems to Ensure that Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure appropriateness of businesses

1	Systems to ensure that the performance of duties by Executive Officers and employees of the Company, as well as Directors, Statutory Auditors and employees of its subsidiaries (collectively, the "Group Employees"), complies with applicable laws, regulations, and the Articles of Incorporation	- Based on the management principles set out in "Our Vision", the NSG Group (the "Group") aims to uphold the highest standards of ethics and compliance across all its operations, while proactively fulfilling its social responsibilities to achieve sustainable growth. - Under the management principles set out in "Our Vision", the Group shall establish the "NSG Group Code of Ethics", which stipulates matters concerning business ethics and compliance with laws, regulations, and internal policies and procedures. The Group shall utilize its internal communication network to continuously disseminate and provide training on the Code of Ethics, together with other key internal policies and procedures (e.g. Group Policies, procedures, and manuals) to the Group Employees. - Each Strategic Business Unit ("SBU") and Group Function responsible for ensuring compliance with applicable laws, regulations, and internal policies and procedures shall monitor compliance status within its scope of responsibility in coordination with the Internal Audit Function, and shall report the results to the Audit Committee. - The Group shall appoint the Chief Ethics and Compliance Officer and, under that officer's leadership, shall establish a central Group function responsible for developing and maintaining an effective ethics and compliance framework throughout the Group (the "Ethics and Compliance Function"). - The Ethics and Compliance Function shall, throughout the Group: - work closely with regional ethics and compliance teams to promote and ensure compliance by adhering to strict standards, and to raise awareness of ethics and compliance through communication and training programs; and - as deemed necessary, conduct audits in cooperation with the Internal Audit Function and other internal control functions. - The Ethics and Compliance Function shall report to the Audit Committee, in addition to the Management Committee. - The Group shall establish, at the Group level, a hotline for reporting and consultation on concerns, which operates independently of the ordinary reporting structure for business execution with an external organization acting as the point of contact, thereby ensuring a framework that enables the prompt detection of, and appropriate response to ethics and compliance issues across the Group. - The Ethics and Compliance Function shall, periodically or as appropriate, update the Audit Committee on the status of the establishment and operation of the hotline for reporting and consultation on concerns, as well as on the issues reported through the hotline. - The Group Employees may report or consult via the hotline anonymously to the extent permitted by law, and the Group shall explicitly guarantee that no disadvantage, including any adverse personnel treatment, will be imposed on those who make such reports or consultations.
2	Rules and systems for managing risks of loss related to the Group	The Group shall establish internal policies and procedures to adequately address various risks associated with its business operations and shall identify and manage all possible risks in a holistic manner across the enterprise. To effectively promote enterprise risk management, the Group shall establish the Strategic Risk Committee under the Management Committee, chaired by the Chief Risk Officer and headed by the Representative Executive Officer. The Committee shall regularly review the identification, evaluation, and remediation status of major risks, ensure the effective operation of an adequate risk management framework throughout the Group, and report to the Management Committee and the Audit Committee.

		• The Group shall establish internal policies and procedures that clearly define how to address specific risks associated with health, safety, ethics and compliance, environment, disaster management, product quality, information security, funding, raw material procurement, research and development and business development, credit control, career development and retention, digital transformation, and any other risks that may be material to the Group in light of its current circumstances and medium to long-term directions. Each SBU and Group Function shall manage such risks within their respective areas of responsibility in accordance with these internal policies and procedures. • The Group shall ensure that the Ethics and Compliance Function manages and controls significant ethics and compliance-related risks for the Group in cooperation with internal control functions such as the Legal Function and the Internal Audit Function, through measures such as the preparation and maintenance of relevant internal policies and procedures. • Risk control measures including risk diversification and insurance coverage shall be implemented and managed at the Group level as necessary. In particular, the Group shall establish an internal policy on insurance coverage and, based on this policy, maintain a globally applicable insurance program and renew it annually to ensure adequate transfer of material risks across the Group. • The Group shall develop and maintain risk management policies and procedures to prepare for and respond to major incidents that may occur at the Group level or regional level. • The Group shall establish and maintain a control system, along with necessary internal policies and procedures, to ensure the integrity of its financial reporting on a group-wide basis and within each entity constituting the Group, in terms of timing and substance, as well as the timeliness and accuracy of financial and other corporate disclosures, thereby guaranteeing transparency and accuracy of the Group's financial reporting and corporate disclosure. • The Group shall establish the Internal Audit Function operating at the Group level. This function shall conduct audits independently of each Executive Division and provide assurance regarding the effectiveness and efficiency of the Group's risk management framework. The adoption and amendment of the Group's internal audit charter which sets out audit plans and defines the roles, duties, and responsibilities of the Internal Audit Function, as well as the appointment and dismissal of the head of the function shall require the prior consent of the Audit Committee.
3	Systems for retaining and managing information on Executive Officers' performance of duties	• Executive Officers shall properly retain and manage documents, records, and any other information regarding the execution of their duties in accordance with applicable laws and regulations, as well as internal policies and procedures.
4	Systems to ensure the effective and efficient performance of duties by the Group Employees	• The Group shall formulate annual business targets based upon its medium to long-term business plans resolved by the Board. It shall also clearly communicate these targets throughout the whole organization to ensure that all Group businesses are managed and coordinated in a consistent manner. • The Board shall establish a Basic Policy on Sustainability on a Group-wide basis and supervise the status of its dissemination and implementation. • The Board shall authorize Executive Officers to make decisions on the execution of the Group's business or affairs within the scope permitted by laws and regulations. • The Group shall establish the Management Committee comprising key Executive Officers. Through its deliberations, the Committee shall assist Executive Officers in making bold and prompt decisions on matters related to the Group's businesses effectively and efficiently, within the framework of the Group's basic policies and goals established by the Board.

		• The Board shall appoint the Company Secretary who occupies a unique position between the Board and the Executive Division and is responsible for: ➤ providing support to Directors on matters related to corporate governance; ➤ handling matters concerning the General Meeting of Shareholders and the Company's shares; ➤ supporting the efficient functioning of the Board and its Committees; ➤ ensuring appropriate sharing and consistency of information between the Board and its Committees, and between the Board (and its Committees) and the Executive Division; and ➤ supporting the review of effective processes and the consideration and promotion of initiatives to enable the Board to perform its functions effectively. • The Group shall clearly define the areas of duties and responsibilities assigned to respective Executive Officers and other Group Employees, pursuant to the resolutions by the Board and internal policies and procedures governing the allocation of roles, duties, and authorities. • The Group shall establish internal policies and procedures in relation to meeting structures, including those related to the Management Committee, and shall ensure that all business decisions for the Group are made in compliance with the deliberation standards and processes set out in such policies and procedures. • The Group shall develop systems that leverage IT to improve the efficiency of business operations.
5	Reporting-line structure within the Group	• The Company shall establish a Basic Policy on Group Governance Structure to define the fundamental principles of group governance. Based on this Basic Policy, the Group shall develop an integrated reporting structure at the Group level for each SBU and Group Function, including lines of command and instructions within the Group, regardless of regions or entities. • The Group shall establish internal policies regarding the management of the Company's subsidiaries to define the reporting and management structures applicable to them, including the responsibilities of relevant Executive Officers and SBUs, as well as support responsibilities of Group Functions. These policies shall also ensure that each material subsidiary regularly reports to the Company on matters concerning internal audit, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, legal affairs, ethics and compliance, environment, and any other areas related to internal controls, as well as the status of risks or exposures associated with such areas. • The Internal Audit Function shall conduct internal audits on a Group-wide basis and report its findings to the Directors and Executive Officers.
6	Systems to ensure the effectiveness of audits conducted by the Audit Committee	• The Audit Committee, as part of the Board's oversight function, shall audit the execution of duties by Directors and Executive Officers based on this "Fundamental Policy on Establishing Internal Control Systems", from a viewpoint of whether: ➤ the Group's internal control systems are appropriately established, maintained, and implemented by the Executive Officers; and ➤ this Fundamental Policy remains valid and requires no improvement. • To secure the effectiveness of such audits: ➤ the Audit Committee may have its members attend Management Committee meetings and other important meetings related to the Group's business execution. When other forms of decision-making processes are used in lieu of discussion at such meetings, the Audit Committee shall have the right to access any information related to such decision-making processes; ➤ the Audit Committee may, as it deems necessary, interview Executive Officers responsible for SBUs or Group Functions, as well

		as any of Group Employees in senior positions, regarding the execution of their duties; ➤ the Audit Committee shall receive regular reports on the current risk exposures faced by the Group with respect to the following matters from the SBUs and Group Function responsible for them: ● sustainability, internal audit, risk management, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal affairs, ethics and compliance, environment, and any other areas related to internal controls; ➤ the Audit Committee shall have the right to access any material corporate documents containing significant information, including but not limited to materials used for Management Committee meetings and internal approval documents; ➤ the Audit Committee shall receive an explanation from the Executive Officer in charge of financial affairs on the Group's quarterly and full-year financial statements before they are presented to the Board for noting or approval; ➤ the Audit Committee shall meet with the Internal Audit Function and the Independent Auditor on a regular basis to obtain necessary information; and ➤ members of the Audit Committee may conduct onsite inspections of the Group's major sites to monitor the status of business operations and assets when deemed further necessary in light of the audit objectives set forth above in this section.
7	Systems for reporting from the Group Employees to the Audit Committee and other systems concerning reporting to the Audit Committee	• Directors and Executive Officers shall report the following to the Audit Committee without delay when: ➤ they discover any fact that may cause significant damage to the Group; or ➤ a Group Employee has committed, or is suspected of committing, any act that may constitute a violation of laws, regulations, or the Articles of Incorporation. • Without limiting the generality of the foregoing, the Audit Committee may request any Group Employee to provide such reports as it deems necessary for its audit. • The Group shall explicitly guarantee that no disadvantage, including any adverse personnel treatment, will be imposed on those who make reports to the Audit Committee by reason of such reporting.
8	Matters relating to Directors and Employees who shall assist the Audit Committee in the performance of its duties	• The Group shall establish the Audit Committee Office to assist the Audit Committee in the performance of its duties, and shall assign such number of staff members as it deems necessary (the "Support Staff of the Audit Committee"). • Under the instructions of the Audit Committee or its members, the Support Staff of the Audit Committee shall: ➤ either independently or in coordination with relevant SBUs and Group Functions, investigate, analyze, and report matters subject to audit; and ➤ assist the Audit Committee in conducting onsite inspections of the Group's major sites to monitor the status of business operations and assets when deemed necessary.
9	Matters relating to (i) the independence of the aforementioned Directors and Employees from Executive Officers, and (ii) ensuring the effectiveness of instructions given to them by the Audit Committee	• Decisions on personnel matters concerning the Support Staff of the Audit Committee shall require prior notice to and the consent of the Audit Committee. • The head of the Support Staff of the Audit Committee shall not concurrently hold any position involved in the execution of the Group's business or affairs, and shall report exclusively to the Audit Committee.
10	Matters relating to policies on (i) procedures for advance payment or reimbursement of expenses	• If a member of the Audit Committee requests an advance payment of expenses to be incurred in performing their duties, or otherwise makes any request as provided under Article 404(4) of the Companies Act, the

incurred in the performance of duties by members of the Audit Committee (limited to those relating to such duties) and (ii) the handling of any other expenses or liabilities arising from such performance

Company shall not refuse such request except where the Company proves that the expenses or liabilities relating to such request are not necessary for the performance of such member's duties.

Summary of the Operation Status to Secure appropriateness of businesses

Summary of the Operation Status of “Systems to Ensure that Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure appropriateness of businesses”

(1) Actions with regard to the Group’s Ethics and Compliance

1. The NSG Group Code of Ethics broadly covers the ethical behavior expected of our employees in the workplace, including compliance with the law and all major Group policies, procedures, and guidelines. The Code was revised in FY2026 mainly reflecting the emphasis on AI, human rights, and Diversity, Equity and Inclusion (DEI) etc., and is available on the intranet.
2. The Group has in place the Reporting of Concerns system including the Ethics and Compliance (E&C) Hotline. The confidential hotline, available in multiple languages, is operated by a qualified third party allowing anyone to report E&C related concerns anytime, even anonymously except as prohibited legally. Group E&C Function periodically reviews and properly controls the Group policies and procedures related to the Reporting of Concerns system, communicating them to the employees. Hotline reports are handled consistently in accordance with the relevant Group policies and procedures, being appropriately investigated where warranted. Any form of retaliation against an individual who has reported in good faith is expressly prohibited. In FY2026, 265 allegations were reported via the Reporting of Concerns system.
3. The Code of Ethics explicitly states our respect for internationally declared human rights. In addition, our Human Rights Policy identifies the most relevant human rights areas for the Group’s business, clarifying our commitment in each. Any concerns regarding human rights can be reported through the Reporting of Concerns system and addressed accordingly in a manner as described above.
4. The Group sets in place the position of Chief Ethics and Compliance Officer (CE&CO) who is an Executive Officer. Under the Group CE&CO’s leadership, E&C Director is responsible for managing the whole E&C program and each E&C regional manager for embedding E&C culture into the whole organization within the major regions of the Group as well as covering risks in each region, liaising with the Ethics Network (Ethics Ambassadors and Champions). *

*A Global Ethics Network is aimed to enhance the ethical culture and monitor compliance risks throughout the Group. The Ethics Network consists of senior managers who have been appointed Regional Ethics Ambassadors and Ethics Champions. Both roles will play a vital part in the communication and promotion of the Code of Ethics by leading and championing ethics and compliance in their local region or function which in turn will help embed ethics into the business.

5. Since FY2022, the Group-wide Ethics & Compliance Week has annually taken place for further embedding ethical culture into the organizations throughout the Group. During the Week, Group E&C provides some programs such as relevant survey, communications and educations regarding basics and requirements of ethics and compliance. The theme of the Week for FY2026 was the above-mentioned revised Code of Ethics. Additionally, E&C regional managers visited major production sites to reach out to the shop-floor workers there trying to make more direct and better communication with them about ethics and compliance (“Gemba Walk”).
6. The Group requires its employees to report or obtain prior permission from Group E&C regarding certain high-risk areas such as competition law compliance (CC) and Anti-Bribery and Anti-Corruption (ABAC) via the designated online system. In addition, Group employees are required to report conflict of interests to the company.

7. The Group is monitoring third parties such as agents, consultants and joint venture partners that meet certain risk criteria of the ABAC policy.
8. Globally, Group E&C screens business partners against all necessary sanctions lists on a continuous basis.
9. Group E&C facilitates participation in trade-related programs such as C-TPAT (Customs-Trade Partnership Against Terrorism), and, AEO (Authorized Economic Operator) at multiple locations around the Group. These programs demonstrate the Group's commitment to supply chain and facility security as well as strong adherence to Customs regulations.
10. The Group annually provides relevant online trainings to CC and/or ABAC key roles. Further, additional areas such as Code of Ethics, General Data Protection Regulation (GDPR), IS Security, Fraud and Diversity, Equity & Inclusion are covered accordingly in annual training campaign and/or onboarding.
11. Group E&C periodically issues E&C briefings, which are translated in 19 languages and available on the Group's intranet. In addition, each E&C regional manager publishes regional E&C newsletters for E&C communication and education for local employees.
12. Group E&C regularly shares material E&C issues with the relevant SBU/Function heads as well as reports to Audit Committee on its performance and action plans.
13. The Group measures the effectiveness of Group E&C program against specific metrics and KPIs with statistical data in several areas regarding E&C activities.

(2) Actions with regard to the Group's Risk Management

1. Under "Group Policy for Managing Group Policies, Procedures, Manuals and Guidelines Etc." the overall Group Policy framework, structure, responsibility and scope of its application are defined and organized accordingly.
2. In accordance with "NSG Group Risk Management Policy," we annually identify and assess material risks which should be controlled on a Group basis. In FY2026, the Group established the "NSG Group Risk Management Procedure" to clarify the Group's risk management framework, including risk appetite and risk tolerance, as well as the roles and responsibilities of each organization.
3. We have in place Strategic Risk Committee (SRC) whose member consists of CEO, other Executive Officers and relevant senior managers; Chief Risk Officer ("CRO") is appointed from among the Executive Officers. SRC defines overall framework for the enterprise risk management of the Group and identifies and assesses the high-level risks which potentially could have a material adverse effect on the Group businesses. SRC reviews, endorses and monitors any action for mitigation of these high risks taken by the relevant Strategic Business Units (SBUs) and Functions. CRO chairs SRC meetings and, as the representative of the Committee, regularly made reports to the Management Committee and Audit Committee on the effectiveness of the Group's internal control system, risk management structure and so forth.
4. SRC was held three times in FY2026 where the material risks were confirmed, the above framework discussed for ongoing review and any action to address the risks including global insurance program monitored for optimization and improvement, as well as the "bottom up" SBU risk management process.
5. Each SBU and Function manages and controls risks associated with its own responsibilities, regularly and or as needed, to SRC.

6. Internal Audit Function is tasked with providing independent assurance to efficacy of such overall enterprise risk management of the Group.
7. In addition to the risk management and control implemented by SBUs and Functions, we have also the NSG Group Entities Management Policy enabling us to comprehensively identify and manage and control material risks particularly in light of each legal entity constituting the Group. The Executive Officer in charge is responsible for regularly reporting such entity-related risks to Management Committee and the Board of Directors. The Group has also established its Procedures to make clearer the accountability of the Executive Officers for the governance of the relevant Group entities and responsibility of each entity's directors.
8. We have "NSG Group Insurance Policy," measuring risks such as potential losses due to natural disasters, under the supervision of the Strategic Risk Committee, reviewing and implementing comprehensive insurance coverage at the Group level every fiscal period within the global insurance program.
9. Preparing for potential major incidents and calamities, we place a major incident management team at each operating site where major incident management plan is prepared and in operation, based on NSG Group Business Continuity Policy and Major Incident Guidelines. The Group also have in place "Major Incident – Escalation and Communication Policy" to reinforce the organizational structure, thus ensuring that it can react to any major incidents in a timely, consistent, and balanced manner as the Group.
10. Executive Officers of the Company preserve, maintain and control such information or data as may be relevant to their performance of the duties in their capacity in accordance with the NSG Group Record Retention Policy and IS Security Policy.

(3) Actions to Ensure the Group's Efficient and Effective Management

1. The Group has in place the Management Committee (MC) as advisory board for the President/Chief Executive Officer (CEO) in order for the policies and goals established by the Board of Directors to be efficiently and adequately carried out. 14 MC meetings were held during FY2026.
2. The Group Sustainability Committee (SC) builds the sustainability strategies, presides over all of the Group's sustainability related activities, and ensures effective communication with various stakeholders under the "NSG Group Basic Policy on Sustainability" which was authorized by the Board of Directors. SC meetings were held three times in FY2026 reviewing the progress of such activities.
3. We have promoted the initiative of separation of oversight and executive role whereby we strengthen the supervisory role and duties of the Board over the executives whilst making necessary delegation of powers and authorities to the executives, thus seeking to enhance transparency and agility of whole management process.
4. The Company Secretary will be appointed by the resolution of the Board of Directors. The Company Secretary is responsible for all governance duties, providing support to the Board of Directors and the Committees in an integrated manner by one office for the proper functioning of the Board of Directors and Committees. Therefore, the Company Secretary who occupies a unique position between the Board of Directors and the Executive Division is responsible for ensuring effective communication between them.
5. We set in place the internal rule clarifying the roles and decision-making authorities of each layer of management from Representative Executive Officers to each regional SBU heads. As such the Group operates the organization in which we can make business decisions appropriately and timely addressing changes of market and business environment etc.

6. We have introduced and effected IT-operated authorization flow process for efficient and effective business management, including in relation to performance management against progress or results of management plans such as long and medium-term plan or annual plan and approval process for capital expenditures requisition.
7. Under "Basic Policy on Group Organization and Governance," we confirm the role and expectation of each SBU and Function and the Group's overall business structure including their interrelationship as well as checks and balances between the Board and executives in case of material restructuring. We operate the organization with its reporting lines clarified by having the specific organization charts by each SBU and function which supports SBUs.
8. We are constantly reviewing how the various meetings should be set and positioned accordingly with the aim of establishing a more agile and resilient management structure, minimizing costs for meeting and maximizing its effectiveness.

(4) Actions to Ensure the Effectiveness of the Group's Audit

1. Group Internal Audit implements audits on a Group basis in accordance with annual audit plan agreed by Audit Committee, and reports such audit results to Audit Committee, Executive Officers and external Accounting Auditor. Group Internal Audit is responsible for assessing the effectiveness of the Group's risk management and internal control systems by conducting audits independently of each executive department. During the year, Group Internal Audit assessed the effectiveness of internal control over financial reporting and performed audits of other risk-based audits, including IT system audits.
2. The basic regulations that define the roles, duties, and responsibilities of the Internal Audit Department require the Audit Committee's consent when they are established or revised. This framework ensures the Audit Committee's involvement and helps maintain the independence of the Internal Audit Department, while also contributing to the overall effectiveness of internal audits.
3. Any appointment and dismissal of the Head of the Internal Audit Function, shall require the prior consent of the Audit Committee. This ensures the independence of Internal Audit Function.
4. Two dedicated Support Staffs of the Audit Committee are appointed for assistance of Audit Committee, and report to and provide necessary information to Audit Committee.
5. A member of Audit Committee and Support Staff of Audit Committee attends internal material meetings such as MC in order to ensure the effectiveness of their audit. They have rights to access necessary important documents and so on for their audit.
6. Audit Committee periodically meets with Group Internal Audit and other internal control functions and hear reports from them regarding the execution of duties by Executive Officers and others, the status of internal audits, and the status of the establishment and operation of internal control systems and exchange views with them. During the year, Audit Committee interviewed seven Executive Officers and others and confirmed their execution of duties. Audit Committee also received reports from internal control functions and reviewed and confirmed the design and operation of internal control systems, including ethics and compliance, risk management, and internal control over financial reporting.
7. Audit Committee meets with the Accounting Auditor on a periodical and as-necessary basis, keeping close communication with them on important audit issues and challenges.
8. Audit Committee conducts on-site or online audits at the major business establishments of the Group that it deems particularly necessary. During the year, Audit Committee conducted on-site audits at six sites (two in Japan and four overseas).

Consolidated statement of changes in equity (for the period of 1 April 2025 to 31 March 2026)

(in JPY millions)

	Equity attributable to the Company's shareholders					
	Called up share capital	Capital surplus	Treasury stock	Stock subscription rights	Retained earnings	Retained earnings (Transition adjustment at the IFRS transition date)
1 April 2025	116,892	155,853	(44)	258	(60,280)	(68,048)
Comprehensive income for the year:						
Profit for the year					4,421	
Other comprehensive income					4,059	
Total comprehensive income for the year	-	-	-	-	8,480	-
Hyperinflation adjustment					9,464	
Transactions with owners:						
Dividends paid					(1,950)	
Share-based compensation with restricted shares	21	22				
Purchase of treasury stock			(1)			
Changes due to loss of control of subsidiaries						
Total transactions with owners	21	22	(1)	-	(1,950)	-
At 31 March 2026	116,913	155,875	(45)	258	(44,286)	(68,048)

	Equity attributable to the Company's shareholders					Non controlling interests	Total equity
	Exchange translation reserve	Fair value reserve	Hedging reserve	Total other comprehensive income	Total equity attributable to the Company's shareholders		
1 April 2025	(22,020)	(10,841)	(3,705)	(36,566)	108,065	34,346	142,411
Comprehensive income for the year:							
Profit for the year				-	4,421	1,090	5,511
Other comprehensive income	18,000	7,568	1,556	27,124	31,183	(5,696)	25,487
Total comprehensive income for the year	18,000	7,568	1,556	27,124	35,604	(4,606)	30,998
Hyperinflation adjustment				-	9,464	7,764	17,228
Transactions with owners:							
Dividends paid				-	(1,950)	(2,352)	(4,302)
Share-based compensation with restricted shares				-	43		43
Purchase of treasury stock				-	(1)		(1)
Changes due to loss of control of subsidiaries				-	-	(858)	(858)
Total transactions with owners	-	-	-	-	(1,908)	(3,210)	(5,118)
At 31 March 2026	(4,020)	(3,273)	(2,149)	(9,442)	151,225	34,294	185,519

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

3. Application of equity method

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

Number of Joint ventures and associates accounted for by the equity method is 16 (Cebrace Cristal Plano Limitada and other 15 affiliated companies).

4. Accounting policies and practices

(1) Financial instruments

The Group mainly classifies its financial instruments in the following categories: 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 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.

(b) 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, 2026.

Impairment of assets

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

(4) Provisions

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

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

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

(5) Retirement benefit assets and obligations

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

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

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

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

(6) Revenue from contracts with customers

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

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

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

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

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

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

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

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

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

(a) Sales of glass and glass-related products

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

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

(b) Sales of services

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

(c) Engineering revenue

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

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

(d) Royalty and licensing contracts

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

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

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

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

(e) Tooling

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

of related contracts.

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

If the construction of tooling is not a separate performance obligation from the sale of glass products glass-related products, and the control remains with the Group, tooling will be included in property, plant and equipment in the Group's balance sheet. Any customer contribution in relation to tooling will be held as deferred income and released to the revenue over the life of the contract based on the output method.

Group's considerations in relation to revenue recognition

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

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

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

(7) Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

The results and transactions of subsidiaries in Argentina are translated into the Group's presentational currency using closing year-end rates of exchange as a result of the use of hyperinflationary accounting.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the exchange translation reserve within shareholders' equity. When a foreign operation is sold, liquidated or otherwise made dormant with no foreseeable prospect of a change in status, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

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

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

(8) Others

Pillar II

As required by IAS 12, the Group has applied the mandatory exception in this standard, and has not recognised or disclosed any deferred taxation that may arise due to the adoption of Pillar II taxation rules by Countries in which the Group operates.

Notes - Revenue Recognition

Disaggregation of revenue

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

	(In JPY millions)				
	Architectural	Automotive	Technical Glass	Other	Total
Geographical markets					
Europe	139,506	191,962	11,226	590	343,284
Asia	109,003	82,285	33,231	647	225,166
Americas	126,489	182,975	1,548	-	311,012
	374,998	457,222	46,005	1,237	879,462
Revenue category					
Sale of glass and glass related products	373,377	440,291	45,978	384	860,030
Sale of services	185	8,503	-	91	8,779
Engineering contracts	-	-	-	437	437
Royalty and licensing contracts	20	46	27	14	107
Tooling	-	5,672	-	-	5,672
Other sundry sales	1,416	2,710	-	311	4,437
	374,998	457,222	46,005	1,237	879,462
Timing of revenue recognition					
Products and services transferred at a point in time	373,434	456,463	46,005	737	876,639
Products and services transferred over time	1,564	759	-	500	2,823
	374,998	457,222	46,005	1,237	879,462

Assets and liabilities related to contracts with customers

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

	(In JPY millions)	
	31 March 2026	1 April 2025
Trade receivables, net of provision for impairment of receivables	55,069	51,483
Contract assets	1,465	1,338
Contract liabilities	56,832	60,635

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

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

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

(In JPY millions)

	Contract assets	Contract liabilities
At 1 April	1,338	60,635
Exchange differences	77	5,254
Cumulative catch-up adjustments to revenue	(9)	(2)
Impairment of contract assets	(91)	—
Contract assets transferred to receivables	(968)	—
Satisfaction of performance obligations not yet invoiced	1,193	—
Opening contract liabilities recognized as revenue in the period	—	(17,239)
Cash received, excluding amounts recognized as revenue during the period	(13)	7,064
Other	(62)	1,120
At 31 March	1,465	56,832

Transaction price allocated to the remaining performance obligations

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

(In JPY millions)

Within one year	After one year	Total
214	711	925

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

Notes - Accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will not usually be equal to the resulting actual results. The estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(1) Estimated impairment of goodwill and intangible assets

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

The Group recognized JPY 87,346 million of goodwill and JPY 36,783 million of intangible assets with an indefinite useful life at the end of March 2026.

The key assumptions used in this process were as follows:

Assumption	Value
Period used for discounted cash flow calculations	Maximum of five years from the balance sheet date with perpetuity thereafter
Perpetuity growth rate	1.4% ~ 2.0%
Pre-tax discount rate used	8.33% ~ 9.35%

When assessing the recoverability of certain balance sheet assets such as goodwill and other intangible assets arising on consolidation, the Group compares the recoverable amount (the higher of the value-in-use and fair value less costs of disposal) of the Group's identified Cash Generating Units (CGUs) with the accounting value of assets within each CGU. The value-in-use for this purpose is considered to be the capitalized current value of the future cash flows of each CGU as calculated by discounting the projected future operating cash flows of each cash-generating unit, using an appropriate discount rate. The choice of discount rate is therefore a key determinant in assessing the value-in-use and is calculated based on prevailing conditions in bond and equity markets.

Sales volumes are a key input into expectations of future trading conditions and, consequently, cash flows. Sales prices and input costs are also important factors. The Group experienced variable conditions across many of its larger markets during FY2026. Many of the Group's markets are sensitive to general levels of consumer confidence and economic activity, which have been negatively affected by political uncertainty and expectations of raised inflation rates as a consequence of the war in Iran.

During FY2027 the Group expects its markets to remain steady, at similar levels to FY2026. The Group expects interest rates to remain similar to current levels, as central banks balance maintaining economic activity and fighting inflation arising from the war in Iran. The Group notes the impact of raised tariffs imposed by the U.S. government. Tariff rates could be further changed, either in response to trade agreements or retaliatory measures announced by other countries. The Group intends to mitigate this impact by passing on any increased costs to its customers where possible. In addition, the Group may benefit from an improved relative cost-base in circumstances where competitors have a greater exposure to the raised tariffs. Increased tariffs may lead to higher prices of new vehicles in the U.S, and therefore negatively affect the Group's production volumes in North

America. Exports of vehicles to the U.S. from Europe may also reduce, leading to lower volumes for the Group across that regions.

If the key assumption such as used discount rate moved significantly unexpectedly, it may have a 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 a credit of JPY 5,133 million.

The Group's tax credit for the year includes a deferred tax credit of JPY 8,814 million relating to the recognition of previously unrecognized deferred tax assets in the UK, following the Group's assessment that sufficient future taxable profits will be available to support their utilization.

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 46,692 million and deferred tax liability of JPY 19,456 million at the end of March 2026.

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.

BEPS Pillar II

Pillar II legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation is effective for the Group's financial year beginning 1 April 2024.

As required by IAS 12, the Group has applied the mandatory exception in this standard and has not recognised or disclosed any deferred taxation that may arise due to the adoption of Pillar II taxation rules by Countries in which the Group operates.

The amount of current taxation arising as a result of Pillar II income taxes during the year to 31 March 2026 was JPY (21) million.

The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar II income taxes. The assessment of the potential exposure to Pillar II income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar II effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief rules within Pillar II are not expected to apply, and the Pillar II effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar II income taxes in those jurisdictions.

(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 36,345 million of retirement benefit asset and JPY 44,444 million of retirement benefit obligation at the end of March 2026.

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

	Japan	UK	Rest World
Discount rate	3.2%	6.2%	4.7%
Future salary increases	2.1%	—	2.8%
Future pension increases	—	1.9%	2.2%
Consumer Price inflation	0.25%	2.8%	2.3%
Long-term increase in healthcare costs	—	—	4.5%

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 2,601 million of claims and litigation provisions, JPY 11,275 million of environmental provisions, JPY 6,231 million of bonus provisions, JPY 4,564 million of redundancy and restructuring provisions and JPY 1,809 million of warranty provisions at the end of March 2026. 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 paid timing, it may make significant impact to the consolidated financial statements of the next year.

(5) Investments accounted for using the equity method

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

The Group recognized JPY 28,096 million of investments accounted for using the equity method at the end of March 2026

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Notes - Consolidated balance sheet

1. Collaterals

(1) Assets treated as collaterals

Machinery & Equipment, Vehicles, Tools & Fixtures	JPY	23,960 million
Land & Buildings, Structures	JPY	802 million
Total	JPY	24,762 million

(2) Liabilities related to collaterals

Current portion of long term borrowings	JPY	4,291 million
Long term borrowings	JPY	19,083 million
Total	JPY	23,374 million

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

Provision for doubtful accounts against:

Trade and other receivables	JPY	2,890 million
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3. Accumulated depreciation of tangible fixed assets

JPY 820,197 million

Notes - Consolidated income statement

1. Exceptional Items

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

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

(JPY million)

Exceptional Items - gains:

Gain on disposal of subsidiaries and businesses (note 1)	1,770
Reversal of restructuring provisions (note 2)	1,504
Reversal of impairments of non-current assets (note 3)	137
Sub total - Exceptional items - gains	<u>3,411</u>

Exceptional Items - losses:

Impairment of goodwill (note 4)	(3,422)
Recycling of loss on disposal of assets held at Fair Value through Other Comprehensive Income (note 5)	(2,200)
Restructuring costs, including employee termination payments (note 2)	(1,713)
Impact of natural disaster – Chile wildfires (note 6)	(888)
Impairment of non-current assets (note 7)	(462)
Settlement of litigation matters (note 8)	(121)
Write down of inventories (note 9)	(98)
Others	(21)

Sub total - Exceptional items - losses	<u>(8,925)</u>
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Exceptional items - net gains and losses	<u><u>(5,514)</u></u>
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- (Note 1) The gain on disposal of subsidiaries and businesses primarily relates to the transfer of the Group's equity interest in Vietnam Float Glass Co., Ltd as announced on 9 June 2025. The gain includes recycling to the income statement foreign exchange translation differences that had previously been recorded within other comprehensive income. In addition, a minor element of this category relates to the variable element of the sale price of business disposals recorded as exceptional gains in previous years.
- (Note 2) The reversal of restructuring provisions included within exceptional items – gains, arises from the release of provisions following the completion of restructuring projects at a lower cost than initially envisaged, and relates to the Architectural business in Europe.
- Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. Restructuring costs have been mainly incurred at the Group's Architectural and Automotive businesses in Europe and South America, and includes the recognition of environmental provisions arising directly from a restructuring project at the Architectural business in Europe.
- (Note 3) The reversal of impairment of non-current assets relates to property, plant & equipment in the Architectural business in Asia.
- (Note 4) The impairment of goodwill relates to goodwill originally generated on the acquisition of Pilkington in 2006. During the current year, this represents goodwill allocated to the Group's Automotive North America business. This impairment was calculated by comparing the discounted future cash flows of this business with its accounting book value.
- (Note 5) The recycling of losses on disposal of assets held at Fair Value through Other Comprehensive Income relates to losses on disposal of U.K. government bonds. The loss of fair value based on market price movements had previously been recognized through Other Comprehensive Income, and is recycled to the income statement on external disposal.
- (Note 6) During the fourth quarter of the year, the Group suspended production at its float glass facility in Concepcion, Chile, due to the proximity of wildfires to the factory. The unplanned stoppage of this facility resulted in damage to the production line requiring remediation expenditure, with production suspended whilst this was undertaken.
- (Note 7) The impairment of non-current assets mainly relates to property, plant and equipment at the Group's Architectural business in South America
- (Note 8) The settlement of litigation matters relates mainly to legal claims arising as a result of transactions that were previously recorded as exceptional items.
- (Note 9) The write-down of inventories arises outside of the normal course of business and relates to the Architectural business in South America.

Notes - Consolidated statement of changes in equity

1. Types and volume of issued shares as of 31 March 2026

Common shares	142,319,262	shares
Class A shares	22,644	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 9 May 2025	Class A share	1,950	65,000	31 March 2025	5 June 2025

(2) Dividends which are effective as of year-end, but which payment will come in the next fiscal year No dividends were declared during the period.

3. Stock subscription rights exercisable as of 31 March 2026

Type & volume of shares	Common shares	314,800	shares
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Notes of financial instruments

1. Status of financial instruments

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

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

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

2. Fair values of financial instruments

Carrying values on the consolidated balance sheet, fair values and variances as of 31 March, 2026 are presented in the table below. Cash and cash equivalents, short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities are not included because they are settled within

a short period and so their fair values are thought to approximate to the balance sheet values.

(In JPY millions)

	Carrying value on consolidated B/S	Fair value	Variance
(1) Assets held at Fair Value through other Comprehensive Income	26,797	26,797	—
(2) Derivative financial instruments	6,647	6,647	—
Financial assets - total	33,444	33,444	—
(3) Borrowings (Note)	547,169	530,709	16,460
(2) Derivative financial instruments	1,175	1,175	—
Financial liabilities - total	548,344	531,884	16,460

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

(Note) Fair valuation methods

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

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

(2) Derivative financial instruments

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

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

(3) Borrowings

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

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

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

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

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

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

(In JPY millions)

	Level 1	Level 2	Level 3	Total
Assets held at fair value through other comprehensive income				
UK Government gilts	4,263	—	—	4,263
Listed equities	18,623	—	—	18,623
Unlisted equities	—	—	3,447	3,447
Bond funds	391	—	—	391
Other	—	—	73	73
	23,277	—	3,520	26,797
Derivative assets				
Interest rate swaps	—	—	—	—
Forward foreign exchange contracts	—	280	—	280
Energy hedges	—	6,367	—	6,367
	—	6,647	—	6,647
Derivative liabilities				
Interest rate swaps	—	217	—	217
Forward foreign exchange contracts	—	519	—	519
Energy hedges	—	439	—	439
	—	1,175	—	1,175

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

(In JPY millions)

At 1 April	3,703
Acquisition	1
Disposals	(814)
Movement in fair value recognized in comprehensive income	615
Exchange differences recognized in other comprehensive income	15
At 31 March	3,520

Amounts per share

1. Total shareholders' equity per share	JPY	1,065.75
2. Basic earnings per share	JPY	44.51

Notes of significant subsequent events

No matters identified.

Notes of additional information

At a meeting of the Board of Directors on 24 March 2026, our company resolved the following:

- To issue our common stock through a third-party allocation with a total subscription price of approximately 165 billion yen to Lumina Japan Acquisition Co., Ltd., a special purpose company owned by an investment fund for which Apollo Global Management, Inc. and its affiliated subsidiaries provide investment advice.
- To submit a proposal regarding this third-party allocation and a proposal regarding an amendment to the Articles of Incorporation to increase the total number of authorized shares of our company necessary for the implementation of this third-party allocation to our ordinary general meeting of shareholders scheduled to be held in late June 2026.
- To consolidate our common stock of 122,222,222 shares into 1 share in order to limit our shareholders to only the allocation recipient, and to provide our shareholders other than the allocation recipient with a price per share of our common stock before the stock consolidation. The Board of Directors' resolution to submit the provision of 500 yen to this Ordinary General Meeting of Shareholders is hereby submitted.

The execution of the Third-Party Allotment is subject to the condition that all of the aforementioned proposals are approved at the Ordinary General Meeting of Shareholders. Furthermore, the Share Consolidation will take effect on the condition that the Third-Party Allotment has been executed.

The above Board of Directors' resolution is based on the premise that the prospective recipient will make our company a wholly owned subsidiary through this third-party allocation and the subsequent share consolidation, that the funds from this third-party allocation will be used to repay existing borrowings at the UK subsidiary and to provide monetary compensation to minority shareholders through the share consolidation, and that our common stock is scheduled to be delisted.

Statement of changes in net assets (for the period of 1 April 2025 to 31 March 2026)

(in JPY millions)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Sub-Total
		Legal capital surplus	Other capital surplus	Sub-total	Legal earned surplus	Other retained earnings			Sub-total		
						Reserve for advanced depreciation	General reserve	Retained earnings carried forward			
Balance: as of 1 April 2025	116,892	45,214	108,499	153,713	6,377	653	24,977	25,995	58,002	(44)	328,563
Reversal of reserve for advanced depreciation				-		(40)		40	-		-
Dividends				-				(1,950)	(1,950)		(1,950)
Net loss				-				(2,105)	(2,105)		(2,105)
Share-based compensation with restricted shares	21	21		21					-		42
Stock options	-	-		-					-		-
Acquisition of treasury stock				-					-	(1)	(1)
Net changes of items other than shareholders' equity											
Total changes during the period	21	21	-	21	-	(40)	-	(4,015)	(4,055)	(1)	(4,014)
Balance: as of 31 March 2026	116,913	45,235	108,499	153,734	6,377	613	24,977	21,980	53,947	(45)	324,549

(in JPY millions)

	Valuation and translation adjustments		Stock subscription rights	Total net assets
	Deferred gains or losses on hedges	Sub-total		
Balance: as of 1 April 2025	(7,349)	(7,349)	258	321,472
Reversal of reserve for advanced depreciation		-		-
Dividends		-		(1,950)
Net loss		-		(2,105)
Share-based compensation with restricted shares		-		42
Stock options		-		-
Acquisition of treasury stock		-		(1)
Net changes of items other than shareholders' equity	(711)	(711)	-	(711)
Total changes during the period	(711)	(711)	-	(4,725)
Balance: as of 31 March 2026	(8,060)	(8,060)	258	316,747

Notes to the Financial Statements

Summary of significant accounting policies

1. Policies and methods regarding valuation of assets

(1) Securities

Investments in subsidiaries and affiliates:

Stated at cost determined by the moving-average method

Other securities:

Excluding stocks etc. with no market price

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

Stocks etc. with no market price

Stated at cost determined by the moving-average method

(2) Derivatives

Stated at their fair market value

(3) Inventories

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

2. Depreciation (amortization) of fixed assets

(1) Tangible fixed assets

Depreciation is calculated by the straight-line method.

The estimated useful lives applied are principally as follows:

Buildings and structures 3 - 50 years

Machinery, equipment, tools and fixtures 3 - 30 years

(2) Intangible fixed assets

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

(3) Leased assets

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

3. Provisions

(1) Allowance for doubtful accounts

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

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

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

(3) Provision for employees' bonuses

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

(4) Provision for directors' bonuses

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

(5) Provision for warranties

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

(6) Provision for 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).

4. Other policies

(1) Hedge accounting

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

(2) Application of Japanese Group Relief System

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

Notes revenue recognition

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

Notes changes in presentation

Software construction in progress was previously included in Computer software (in the amount of JPY 79million in the end of previous financial year) in the Balance sheet, but due to its increased importance is listed as Software construction in progress (in the amount of JPY 773million) from the financial year under review.

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	14,353	million
Automotive Glass business unit	JPY	17,393	million
Technical Glass business unit	JPY	12,875	million
Common assets	JPY	8,870	million
Total	JPY	53,491	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. 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 six years.

② Main assumptions used to calculate the estimate

Future cash flows are based on the profit plan for the fiscal year ending March 2027 and medium-term management plan, and while using the amount of last fiscal year of medium-term management plan 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 mainly the following implications: Sales price and volume forecast etc. for glass products.

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 and prepaid pension expenses recorded in the financial statements for the current fiscal year.

At the end of the current fiscal year, provision for retirement benefits of JPY 948 million and prepaid pension expenses of JPY 2,494 million were 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 prepaid pension expenses 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	3.2 %
Expected future salary increase rate	2.1 %
Pension conversion rate / deferred interest rate	3.2 %
Self-retirement rate	4.6 %

In addition, since the pension assets to be recognized at the end of this fiscal year exceeded the amount of retirement benefit reserves minus actuarial differences, etc., this was recorded as prepaid pension expenses.

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.

3. Provision for rebuilding furnaces

- (1) Amount of provision for rebuilding furnaces recorded in the financial statements for the current fiscal year.

At the end of the current fiscal year, provision for rebuilding furnaces of JPY 6,917 million were 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

The provision for rebuilding furnaces is recognised based on the anticipated costs of periodic maintenance work on glass melting furnaces used in the Architectural Glass business unit, Automotive Glass business unit and High-Performance Glass business unit. Estimates are prepared based on historical construction costs, whilst also taking into account the nature of the work and the impact of market fluctuations in material and labour costs.

② Impact on financial statements for the following fiscal year

Although this estimate is based on information available at the time of preparing the financial statements, it is subject to fluctuations in market prices for materials, labour costs and other factors. If required, it may have a significant impact on the amount recognized in the financial statements.

Notes changes in accounting estimates

(Provision for rebuilding furnaces)

During the current period, taking inflation into account the costs of major periodic repairs to our facilities has been reviewed, and the estimated amount for the next round of repairs included in the provision for rebuilding furnaces has been revised.

As a result, compared with the figures calculated using the previous method, Gross profit for the current financial year has decreased by JPY 1,075 million, and the Operating loss, Ordinary loss and Net loss before tax have increased by JPY 1,075 million.

Notes regarding balance sheet items

1. Collaterals

(1) Assets treated as collaterals

Machinery & Equipment	JPY	13,078 million
Tools & Fixtures	JPY	2,345 million
Total	JPY	15,423 million

(2) Liabilities related to collaterals

Current portion of long-term borrowings	JPY	3,234 million
Long-term borrowings	JPY	15,905 million
Total	JPY	19,139 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	171,480 million
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3. Contingent guarantees

Guarantees	JPY	127,249 million
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4. Notes receivables endorsed	JPY	108 million
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5. Receivables from and payables to subsidiaries and affiliates

Short-term receivable from subsidiaries & affiliates	JPY	59,529 million
Long-term receivable from subsidiaries & affiliates	JPY	12,285 million
Short-term payable to subsidiaries & affiliates	JPY	15,953 million

Notes regarding income statement items

1. Transactions with subsidiaries & affiliates

Sales to subsidiaries & affiliates	JPY	34,530 million
Purchases from subsidiaries & affiliates	JPY	14,911 million
Non-operational transactions with subsidiaries and affiliates	JPY	11,849 million

2. Gain on sale of investment securities

It was sale of all share of ENTEK Technology Holding Co., Ltd.

3. Gain on sale of subsidiaries

It was variable consideration of sale of all share of Nippon Sheet Glass Compass Co., Ltd. which was belonged Technical Glass business unit sold during the financial year ending March 2022.

4. Loss on sale of subsidiaries

It was sale of all share of Vietnam Float Glass Co., Ltd. which was belonged Architectural Glass business unit.

Notes regarding statement of change in net assets

1. Number of treasury stock as of 31 March 2026	Common shares	36,922shares
	Preferred shares	22,644shares

Components of deferred tax assets and liabilities

(in JPY millions)

Deferred tax assets:

Provision for retirement benefits	299
Provision for rebuilding furnaces	2,117
Allowance for doubtful accounts	6
Provision for warranties	373
Asset retirement obligations	884
Temporary differences related to inventories	401
Temporary differences related to fixed assets	1,019
Loss on revaluation of investments in securities	8,206
Loss on revaluation of derivatives (commodity swap, etc.)	2,945
Loss brought forward	5,474
Other	1,735
Gross deferred tax assets	23,459
Valuation allowance of loss brought forward	(5,474)
Valuation allowance of other deductible temporary differences	(16,685)
Valuation allowance	(22,159)
Total: Deferred tax assets	1,300

Deferred tax liabilities:

Reserve for advanced depreciation	(282)
Gain on revaluation of derivatives (commodity swap, etc.)	(590)
Fixed assets (asset retirement obligations)	(493)
Unpaid business tax refunds	(4)
Reversal of provision for retirement benefits	(786)
Total: Deferred tax liabilities	(2,155)
Net deferred tax assets/liabilities	(855)

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

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

*Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in corporate tax rate etc.

The "Act to partially amend the Income Tax Act, etc. (Act No. 13 of 2025)" was passed by the Diet on March 31, 2025, and the "Defense Special Corporation Tax" will be levied from fiscal years beginning on or after April 1, 2026. Due to this tax rate change, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will be 31.5% for temporary differences expected to be resolved in fiscal years beginning on or after April 1, 2026, from the previous 30.6%.

Related party transactions

(in JPY millions)

Type of company	Name of company	Equity	Relationship	Content of transaction	Transaction value	Account	Balance as of 31 Mar2026
Subsidiary	NSG Building Products Co. Ltd.	100% directly owned	Sales of products of NSG Co. Ltd.& Shared director duties	Sales of products of NSG Co. Ltd.(*1)	16,530	Accounts receivable - trade	2,634
Subsidiary	Malaysian Sheet Glass Sdn. Bhd.	100% directly owned	Fund assistance & Shared director duties	Loan receivable (net) (*2)	(8,912)	Long-term loan	10,367
				interest income	1,592	Other current asset	226
Subsidiary	NSG UK Enterprises Ltd.	100% indirectly owned	Fund assistance & Loan guarantee & Shared director duties	Loan guarantee (*3)	125,845	—	—
Subsidiary	NSG Holding (Europe) Ltd.	100% directly owned	Fund assistance & Shared director duties	Loan receivable (net) (*4)	(9,052)	Long-term loan	52,724
				interest income	1,932	Other current asset	5

Terms of transaction and decision policy of terms

- (*1) Sales of products of NSG Co.to NSG Building Products Co.Ltd. are determined through negotiation, taking into account market prices and our manufacturing costs.
- (*2) Interest rates for the loans to Malaysian Sheet Glass Sdn. Bhd. are determined after consideration of market rates. No collaterals are provided for the loans.
- (*3) Loan guarantees are provided for subsidiary's borrowings from external financial institutions. The gurantees are determined taking into consideration market interest rates and the financial position of the subsiduary.
- (*4) Interest rates for the loans to NSG Holding (Europe) Ltd. are determined after consideration of market rates. No collaterals are provided for the loans.

Amounts per share

Net assets per share

JPY 2,230.45

Net loss per share

JPY (21.28)

Notes of additional information

The Board of Directors, on 24 March 2026, resolved the following:

- To issue our common stock through a third-party allocation with a total subscription price of approximately 165 billion yen to Lumina Japan Acquisition Co., Ltd., a special purpose company owned by an investment fund for which Apollo Global Management, Inc. and its affiliated subsidiaries provide investment advice.
- To submit a proposal regarding this third-party allocation and a proposal regarding an amendment to the Articles of Incorporation to increase the total number of authorized shares of our company necessary for the implementation of this third-party allocation to our ordinary general meeting of shareholders scheduled to be held in late June 2026.
- To consolidate our common stock of 122,222,222 shares into 1 share in order to limit our shareholders to only the allocation recipient, and to provide our shareholders other than the allocation recipient with a price per share of our common stock before the stock consolidation. The Board of Directors' resolution to submit the provision of 500 yen to this Ordinary General Meeting of Shareholders is hereby submitted.

The execution of the Third-Party Allotment is subject to the condition that all of the aforementioned proposals are approved at the Ordinary General Meeting of Shareholders. Furthermore, the Share Consolidation will take effect on the condition that the Third-Party Allotment has been executed.

The above Board of Directors' resolution is based on the premise that the prospective recipient will make our company a wholly owned subsidiary through this third-party allocation and the subsequent share consolidation, that the funds from this third-party allocation will be used to repay existing borrowings at the UK subsidiary and to provide monetary compensation to minority shareholders through the share consolidation, and that our common stock is scheduled to be delisted.

Approach to Sustainability

The Group adopted the “NSG Group Basic Policy on Sustainability” at the meeting of the Board of Directors to set out our basic stance and policy for sustainability as we strive to realize a sustainable society and world under the management principle, “Our Vision”.

1. Efforts to tackle climate change

The Group acknowledges that tackling climate change is a major challenge in addressing societal challenges and achieving the Group’s sustainable growth.

The Group has set a target to reduce greenhouse gas emissions from its operations (Scope 1 and Scope 2) as well as from its value chain (Scope 3) by 30% from 2018 levels by 2030, and is also committed to achieving carbon neutrality by 2050. These targets were certified by the Science Based Targets initiative (SBTi*) in May 2022, making the Group the first in the Japanese glass industry to obtain such certification. In terms of actual progress, the Group has already achieved an approximately 19 % reduction (preliminary figures) in Scope 1 and Scope 2 emissions compared to 2018 levels as of 2025, demonstrating steady progress toward its target.

In November 2021, the Group announced its support for the recommendations issued by the TCFD (Task force on Climate-related Financial Disclosures). In line with the disclosure framework published by the TCFD, we disclose on our website the results of a quantitative evaluation of climate-related risks and opportunities using the Climate Scenario Analysis.

The Group is also strengthening its environmental contribution through products, including the marketing of world-leading low-carbon glass in Europe, while continuing to focus on expanding its strategic products such as glass for solar panels and insulating glass.

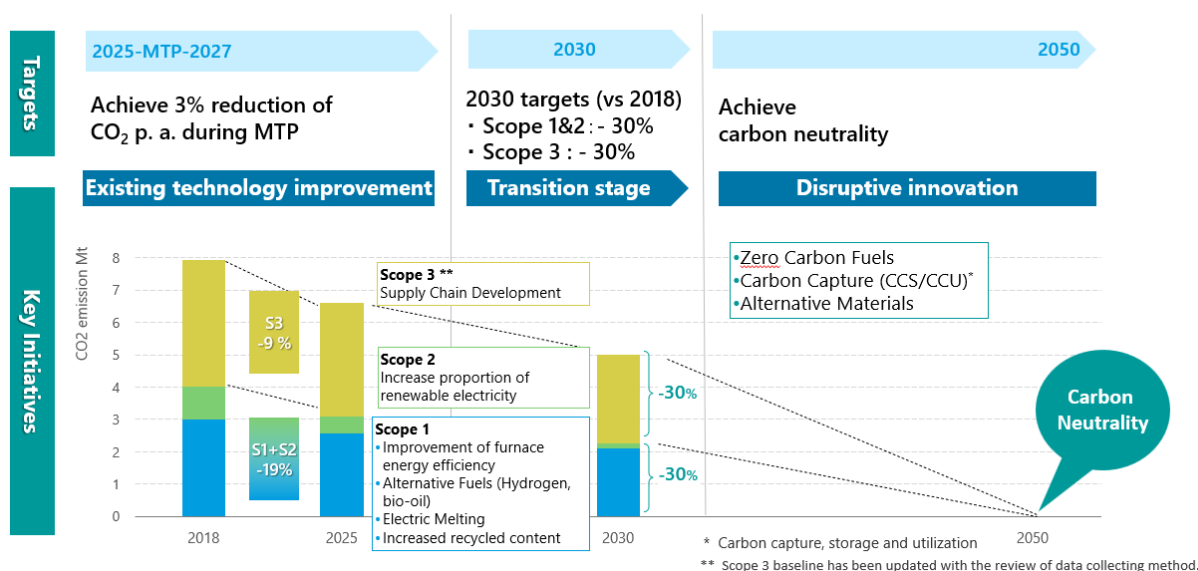
The Group will continue to focus on decarbonization initiatives by developing combustion methods using alternative fuels, introducing renewable energies, and reducing CO2 emissions across the value chain.

We are also determined to contribute to the decarbonization of society through our products. The Group’s climate change initiatives have also been highly evaluated externally, as evidenced by its first-ever inclusion in the CDP** (Climate) A List this year.

* SBT (Science Based Targets) :A set of greenhouse gas reduction targets consistent with scientific knowledge

** CDP (Carbon Disclosure Project): An international NGO that evaluates and discloses companies’ environmental information

Roadmap to Carbon Neutrality for 2050



Note: This figure is based on preliminary data for 2025, which are currently under review of limited assurance and subject to change depending on the results of the verification.

2. Human Capital and Diversity

The Group positions cultivating corporate culture, developing human resource systems, and creating an employee-friendly work environment as key elements of "Human Capital Investment" to ensure that every employee can "grow" through business activities and "find joy in their work". To maximize the effectiveness and efficiency of these investments and to drive sustainable corporate growth, we are promoting "Human Capital Management" on a global scale.

The Group has formulated a Human Resource Strategy based on the following key pillars and is steadily advancing initiatives under clear policies and defined targets: "Reinforcing and integrating the senior management team as One Team," "Fostering open, transparent and interactive organizational management," "Providing growth opportunities, including reskilling," "Harnessing diversity to drive innovation," "Enhancing community awareness to build a unified Group identity," and "Establishing evaluation and compensation systems that contribute to the recruitment, development, and retention of talent".

Also, an employee awareness survey called "Your Voice" is conducted annually for all employees. Based on the survey results, which are considered as a key indicator of employee engagement, improvement measures are implemented by region and organization, aiming to promote Corporate Culture Reform and enhance employee motivation. Regarding Diversity, Equity and Inclusion (DEI), our commitment goes beyond simply promoting diversity in attributes. We are strengthening our efforts to create an "organization where diverse talent has equitable access growth opportunities and can fully realize their potential." Specifically, we regularly monitor key indicators such as the ratio of female managers, the balance in terms of regions, generations, and nationalities, as well as the employment of individuals with disabilities for the purpose of continuous improvement. We also offer unconscious bias training and conduct inclusive leadership workshops, aiming to foster a psychologically safe workplace where all employees can thrive and grow.

3. Efforts to improve supply chains

The Group shares its values with suppliers and aims to achieve a better world and society together through the highest standard supply chains. We consider "responsible sourcing" as a key priority for the Group, and set goals, monitor progress, and commit ourselves to implementing initiatives designed to realize sustainable supply chains.

Specifically, the Group kept moving forward steadily in increasing the penetration rate of the "Supplier Code of Conduct," which covers such areas as environment protection, social responsibilities, governance, risk management, etc., as well as in improving the evaluation of suppliers' sustainability performance.

Especially, in response to increasing demands from various stakeholders for sustainable supply chains in recent years, the Group established the Sustainable Supply Chains sub-Committee under the Sustainability Committee to pursue more proactive activities. We developed the Supply Chain Charter as our long-term vision, in which eight priority issues related to supply chains were selected including climate change, labor and human rights. We also identified priority issues for suppliers by industry and are working to disseminate the Charter starting with those suppliers that have the highest priority. Additionally, through our efforts to improve scores from Eco Vadis, an external body that evaluates sustainable supply chains, we strive to enhance our engagement with suppliers and achieve the objectives. The Group will continue to work together with our suppliers to build sustainable supply chains.

Status of Corporate Governance

1. Fundamental Principles on Corporate Governance

The Company believes that achieving and maintaining an advanced level of corporate governance is a key management agenda. The Company has created and adopted the “NSG Group Corporate Governance Guidelines,” supporting and endorsing the spirit and principles of the Corporate Governance Code provided by the Tokyo Stock Exchange. These Guidelines are intended to define and embed the basic principles and framework of corporate governance in the organization of the Company. To further secure such purposes, the Company has also adopted a self-disciplinary approach for the Guidelines which, among others, requires it to give a reasonable account to shareholders if the Company proceeds with any actions deviating from these Guidelines.

<NSG Group Corporate Governance Guidelines Fundamental Principles>

The Group considers the achievement of an advanced level of corporate governance a key management objective and will implement the following.

(1) Organizational structure

The Group's ultimate parent company, Nippon Sheet Glass Company, Limited will adopt a Company with Three-Committee structure. Accordingly, the Company will establish and maintain the Board of Directors (the “Board”), the Nomination Committee, the Audit Committee, the Compensation Committee (each individually referred to as the “Committee”) and Executive Officers. The Board will authorize the Executive Officers to make decisions on the execution of businesses for the Company within the scope as permitted by law, thereby facilitating the separation of business execution and oversight, enhancing the transparency of management processes and strengthening the Board's supervisory function over executive management. The Company will also establish and maintain an internal control system operating on a Group-wide basis including in relation to financial reporting (J-SOX).

(2) Stakeholders Communication

The Group aims to be judged as best in class by its various stakeholder groups across the entire organization (including shareholders, customers, employees, suppliers and local communities) from their respective perspectives. It will also develop, maintain and enhance good relationships with all such groups. Regarding the disclosure of corporate information, whether or not legally required, the Group always aims to act in a timely and appropriate manner in terms of both substance and form, with a view to maintaining and consistently enhancing the transparency of the Group's management.

(3) Code of Conduct

The Group will create the “NSG Group Code of Ethics” which all entities and employees of the Group must comply with. The Code will be regularly reviewed in light of its implementation status within the Group and its content.

Notes:

“NSG Group Corporate Governance Guidelines” is disclosed on the Company's website. For more details, please visit:
<https://www.nsg.com/en/about-nsg/governance/corporate-governance>

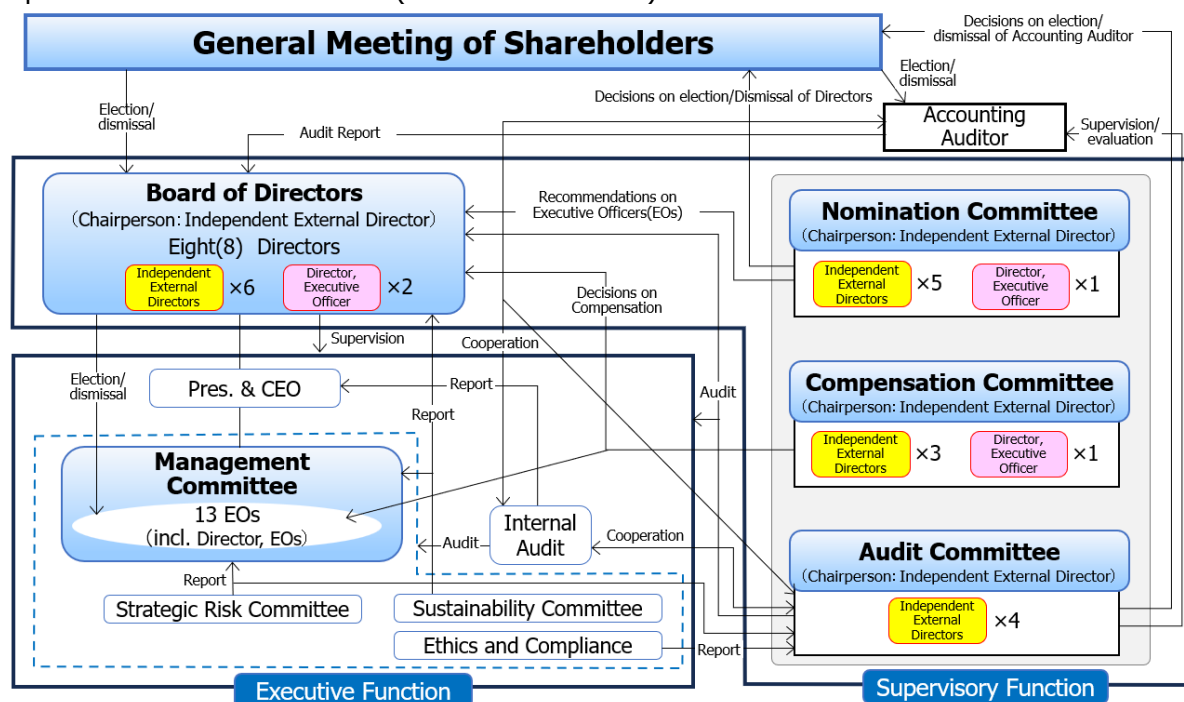
2. Corporate Governance Structure

The Company adopts a “Company with Three Committees” governance structure, and has in place, as statutory corporate organizations, the Board of Directors, the Nomination, Audit and Compensation Committees, and Executive Officers. Various steps have been taken to date to enhance management transparency within the NSG Group by further separating the functions of business execution and supervision, and by strengthening the role of Independent External Directors.

For example, according to the “NSG Group Corporate Governance Guidelines”, the majority of the members of the Board of Directors are Independent External Directors. Also, the roles of the Chairperson of the Board and the CEO are clearly distinguished. In the event that the Chairperson of the Board is not an Independent External Director, one of the Independent External Directors is appointed to perform specific responsibilities, such facilitating communication, coordination and cooperation between the Independent External Directors and the Executive Divisions, supporting the Chairperson of the Board on corporate governance issues. Independent External Directors meet on an as-needed basis, even without the presence of executives, to discuss matters such as corporate governance and business strategy. In addition, the Board appoints the Company Secretary, who is responsible for promoting initiatives to ensure efficient functioning of the Board and each Board Committee.

With regard to the executive function, the Company also has in place the Management Committee, the Sustainability Committee, and the Strategic Risk Committee.

<Corporate Governance Mechanism (as of 31 March 2026)>



(Supervisory Function)

Function	Responsibilities
Board of Directors	- Decide the basic policies for business management - Decide the basic policies for internal control - Determine the segregation of duties among Executive Officers and make other important management decisions - Supervise the execution of duties by Executive Officers
Nomination Committee	- Decide the details of proposals concerning the appointment or removal of Directors to be submitted to the General Meeting of Shareholders - Oversee succession plans for the President and CEO and other key executives - Provide recommendations or advice regarding candidates for Executive Officers
Audit Committee	- Audit the execution of duties by Directors and Executive Officers - Prepare audit reports - Decide the details of proposals concerning the appointment, removal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders
Compensation Committee	- Decide the compensation policy for Directors and Executive Officers - Determine the compensation details of individual Directors and Executive Officers

(Executive Function)

Function	Responsibilities
Executive Officer	Execute business operations across the NSG Group
Management Committee	Lead the Company's business operations and oversee the execution of business activities to ensure the policies and targets set forth by the Board of Directors are achieved in an efficient and appropriate manner
Sustainability Committee	Develop the Group's sustainability strategies, oversee sustainability-related activities across the Group, and ensure effective communication with various stakeholders on sustainability matters
Strategic Risk Committee	Periodically review policies, strategies, and frameworks related to risk management across the Group and integrate review outcomes into the organization's strategies and goals to promote efficient business management and enhance medium-to long-term corporate value

3. Board Effectiveness Evaluation

Since 2016, the Company has conducted an annual evaluation of the effectiveness of the Board of Directors, as well as the Nomination, Audit, and Compensation Committees, with the aim of continuously enhancing their performance and effectiveness.

Through this process, the Board reviews the progress of ongoing priority implementation items related to previously identified issues, incorporates any newly identified matters to develop a unified set of priority items, and regularly monitors these items to ensure the continued enhancement of the Board's overall effectiveness.

The entire process is led and supervised by the Independent External Directors under the leadership of the Chairperson of the Board to ensure its soundness and independence.

(1) Initiatives for the Priority Implementation Items for the Fiscal 2026

FY26 Board Priority Implementation Items	Initiatives Undertaken in FY26
Initiatives to have the BOD Charter embedded further • Effective leadership by the BOD Chairperson and review among Independent External Directors. • Share the BOD Charter with new Directors thoroughly in terms of its significance and background.	• The status of oversight functions by the BOD Chairperson and each Director was reviewed in light of the BOD Charter through questionnaires and interviews conducted in the Board Effectiveness Evaluation. • The BOD Charter was shared with newly appointed Directors prior to the commencement of their term of office and was explained thoroughly in the onboarding program.
Initiatives for monitoring and enhancing discussion on the "key management issues" • Demonstrate appropriate initiatives and set KPIs/milestones that are monitorable. • Clarification of Executive ownership of the key management issues. • Establish effective agenda for the BOD meetings.	• Independent External Directors identified "FY26 key management issues." • The President and CEO presented key measures and milestones for these "FY26 key management issues" to the BOD. • Based on the annual agenda, the EOs in charge reported on the progress of the key measures to the BOD and the BOD has conducted monitoring accordingly.
Discussion on the Company's BOD composition/diversity • Discussion on the Company's composition/diversity in light of business structure and current state, including the terms of Independent External Directors.	• The BOD composition/diversity and the director succession plan, considering the term of office of Independent External Directors, were reviewed and discussed at the NC.
Enhancing the functions of the Secretariat to contribute to facilitating more effective BOD meetings • Improve the quality of BOD materials and presentation. • Study and implement more effective ways of prior briefing to Directors.	• Setting agendas that reflect the respective objectives of the Board regular meetings and informal offline meetings. • Continued to improve meeting facilitation, prior briefings, and presentations to ensure sufficient time for Q&A and the exchange of opinions.
More effective discussions on the appointment/dismissal of EOs, succession plan, and compensation. • Provide more detailed information on EOs (candidates) from HR Function including their performance appraisal. • Continued discussions aiming to enhance the EO selection process.	• Held discussions aimed at enhancing the appointment/dismissal process of EOs at the NC. • Continued to provide enhanced personnel information on EOs to the NC and the CC.

Notes: Offline meeting is a meeting that is distinguished from a formal Board meeting.

(2) Board Effectiveness Evaluation Process in Fiscal 2026

For the fiscal 2026 annual evaluation, a questionnaire survey (featuring a four-point scale and open-ended questions) and Individual follow-up interviews were conducted for all Directors by the Board of Directors Secretariat. The evaluation covered topics such as the composition of the Board of Directors and its Committees, meeting operations, agenda setting, the status of deliberations, the execution of oversight functions by the Board, individual Directors, and fellow Directors in alignment with the Board of Directors Charter, communication with the Executive team, and key issues requiring further in-depth deliberation.

Based on the responses and feedback from each Director, the Independent External Directors held discussions, and the Board evaluated the effectiveness of the Board of Directors and its committee. (The results of the evaluation and priority implementation items for fiscal 2027 will be disclosed in the Corporate Governance Report, scheduled for revision at the end of June 2026.)

The Company remains committed to continuously enhancing the effectiveness of the Board of Directors.

4. Board of Directors Charter

In May 2024, the Company established the "Board of Directors Charter", which defines the basic stance and expectations necessary for the Board of Directors to address the current circumstances of the Group. The Charter is intended to ensure that each Director exercises their supervisory functions based on a shared understanding.

The Board of Directors will strive to ensure that each Director fulfills their expected supervisory functions and roles in accordance with the Charter. Furthermore, the Charter will be actively utilized to evaluate the endorsement of and commitment to its aims by both current Directors and Director candidates during the Board Effectiveness Evaluation and the selection process.

Board of Directors Charter

Basic stance

- Oversight by the Board of Directors of the Group is not limited to checking the progress of management targets prepared by the management team ("monitoring"), but also involves proactively identifying material management issues on the basis of mutual trust with the management team, setting direction for resolving such issues in full cooperation with the management team, and providing appropriate support while being mindful of the separation of execution from supervision ("proactive oversight")

Expectations of Board of Directors

- Identify issues that have a critical impact on the Group's medium-to long-term corporate value and sustainable growth and set direction for resolving such issues.
- Quantitatively monitor the status of initiatives to address the issues identified as material management issues on a regular basis.
- Support or control the Executive team's decisive decision-making for creating value for the future, by taking into account the overall picture of management risks and opportunities as well as changes in their conditions in a timely and appropriate manner.

Expectations of Directors

- In order to fulfil the purpose of the Charter, each Director is expected to exercise his/her oversight function in accordance with the basic stance and expectations of the Board of Directors described above, and to perform his/her duties with full awareness of the following points:
 - Actively and interactively engage in discussions by providing constructive opinions with respect, while making the most of his/her expertise and experience and taking a bird's-eye view of the Group's material issues and other management issues.
 - Always strive to improve their ability to appropriately assess management risks and opportunities as well as changes in society, and encourage risk-taking by the Executive team when appropriate while being fully mindful of the balance between support and control functions of supervision.
 - Make efforts to foster an appropriate relationship of trust with the management team based on the spirit of mutual respect while maintaining tension in accordance with the separation of execution from supervision, by taking advantage of communication opportunities both inside and outside the meetings of the Board of Directors.

Ideal Board Culture

- Create a forum for making decisions to resolve management issues that will lead to medium-to long-term improvements in the Group's corporate value, and carrying out discussions from a broad perspective with a view to contributing to the expansion of the shared value of the stakeholders, in accordance with the Group's guiding principles ("Our Vision").
- Based upon the understanding that sound corporate governance is built on mutual trust between the supervisory and executive functions, maintain a milieu in which uninhibited, open and constructive discussions take place by actively utilizing communication opportunities both inside and outside the meetings of the Board of Directors.
- Continue to disseminate the above expectations and ideal culture of the Board of Directors by taking advantage of such opportunities as the annual Board effectiveness evaluation.