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.

Notice of Convening The 155th Ordinary General Meeting of Shareholders

- In order to prevent the spread of COVID-19, please kindly consider refraining from attending this general meeting of shareholders in person and exercise your voting rights in advance by mail or via internet .
- Souvenirs will not be provided to the shareholders attending the meeting in person. We would like to ask for your understanding.

Nippon Sheet Glass Company, Limited

Securities Code: 5202

Date and Time:

10:00 A.M., Tuesday, 29 June 2021

(Reception to open from 9:00 A.M.)

Venue:

Shinagawa Intercity Hall

15-4, Konan 2-Chome, Minato-ku, Tokyo

(Please refer to the "Map of the Venue for the Ordinary General Meeting of Shareholders" attached at the end.)

Matters to be Resolved:

Proposal: Election of Six Directors

Deadline to exercise the voting rights in writing or via the Internet:

5:45 P.M. (Japan time)

Monday, 28 June 2021

Contents

- Notice of Convening the 155th Ordinary General Meeting of Shareholders.....1
- Information concerning Exercising Voting Rights via the Internet 3
- Reference Materials to Proposals.....5

Proposal and the References thereto

Proposal: Election of Six Directors

[Attached Documents]

- Business Report

I. Matters Relating to the Current State of the Company's Group.....15

II. Matters Related to the Shares.....29

III. Policy on Return of Our Profits to Shareholders 30

IV. Matters Related to the Stock Acquisition Rights, etc. 31

V. Matters Related to Directors and Executive Officers.....32

VI. Accounting Auditor.....44

VII. Status of Corporate Governance.....45

- Consolidated Financial Statements.....53
- Financial Statements.....57

Securities Code: 5202

7 June 2021

Shigeki Mori
Director,
Representative Executive Officer, President and CEO
Nippon Sheet Glass Co., Ltd.
5-27, Mita 3-Chome, Minato-ku, Tokyo

Notice of Convening the 155th Ordinary General Meeting of Shareholders

Dear Shareholders,

Thank you for your continuing support and patronage of NSG Group.
As described below, this is to notify you of the forthcoming 155th Ordinary General Meeting of Shareholders of the Company.

Concerning this general meeting, in order to prevent the spread of COVID-19, please kindly consider refraining from attending the meeting in person, regardless of your health conditions, as we consider the safety of the shareholders our highest priority.

You remain capable of exercising your voting rights either in writing or by electronic or magnetic means (via the Internet), so even in the case of your absence from the meeting, we would much appreciate it if you could take your time to review and consider the "Reference Materials to Proposals at the General Meeting of Shareholders" below, and then exercise your voting rights according to the explanations and instructions described in page 2 to 4 by no later than 5:45 P.M. (Japan time) of 28 June (Mon.) 2021.

Note:

1. Date and Time	10:00 A.M., Tuesday, 29 June 2021
2. Venue	Shinagawa Intercity Hall, 15-4, Konan 2-Chome, Minato-ku, Tokyo (Please refer to the "Map of the Venue for the Ordinary General Meeting of Shareholders" attached at the end.)
3. Agenda	Matters to be Noted 1. Business Report, Reports of the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit Committee on the Consolidated Financial Statements, for the 155th fiscal period from 1 April 2020 to 31 March 2021 2. Reports of the Financial Statements for the 155th fiscal period from 1 April 2020 to 31 March 2021 Matters to be Resolved Proposal: Election of Six Directors

End

Other Matters related to this Convening

◎ Reference Materials to Proposals at the General Meeting of Shareholders and those Business Report, Consolidated Financial Statements, and Financial Statements which need to be attached to this Convening Notice are all as duplicated and shown in pages from 15 to 60 below, with the exclusion of Notes to the Consolidated Financial Statements and Notes to the Financial Statements which are posted and made available on the Company's website at https://www.nsg.com/ in accordance with the relevant laws and ordinances, and Article 14 of the Articles of Incorporation.
Accordingly, those Consolidated Financial Statements and Financial Statements attached to this Convening Notice respectively constitute such part of Consolidated Financial Statements and Financial Statements as were audited by the Accounting Auditor and the Audit Committee in the course of their conduct of audit in order to prepare for and produce their respective audit reports.

◎ If it should become necessary to make any amendments to any of the Reference Materials to Proposals at the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Financial Statements, such amendments shall be notified to you by mail, or on the Company's website at https://www.nsg.com/.

◎ Any changes in the operation of this Ordinary General Meeting of Shareholders shall be notified on the Company's website at https://www.nsg.com/.

◎ Voting results of the meeting will be filed and shown via EDINET (https://disclosure.edinet-fsa.go.jp/) in the form of an Extraordinary Report (in Japanese only), and also disclosed on the Company's website at https://www.nsg.com/ (in English) and at https://www.nsg.co.jp/ (in Japanese). You are kindly asked to acknowledge and confirm that these actions are intended to operate as substitute in place of the issue and posting of a resolution notice.

Exercising Voting Rights

➢ When exercising voting rights via the Internet

When exercising voting rights via the Internet, please carefully read "**Information concerning exercising voting rights via the Internet**" as shown below (page 3) and then exercise the rights by no later than 5:45 P.M. (Japan time) of 28 June (Mon.) 2021.

➢ When exercising voting rights in writing

Indicate your approval or disapproval of the proposals in the enclosed voting rights exercising card and send it so that it reaches us no later than 5:45 P.M. (Japan time) of 28 June (Mon.) 2021.

➢ When attending the meeting on the day

Please present the enclosed voting rights exercising card to the reception.

Electronic Voting Platform for Institutional Shareholders

The Electronic Voting Platform operated by ICJ, Inc. is available for institutional shareholders.

Information concerning Exercising Voting Rights via the Internet

Exercising your voting rights via the Internet can be carried out only through the website above specified by the Company.

- Exercise of voting rights by "Smart Voting" (available only in Japanese)
  Please scan the "Smartphone use voting right exercise website login QR cord" on the lower right of the enclosed voting rights exercising card with a smartphone or tablet. The URL that then appears will bring you to the voting right exercise website screen by clicking on it. Please follow the screen instructions to exercise your voting rights.
- Exercise of voting rights by the voting rights code and password (available only in Japanese)
  Please access the website for exercising voting rights, https://www.web54.net, with a personal computer or other Internet-capable device of yours and enter your approval or disapproval for each proposal by using the voting rights code and password described in your enclosed voting rights exercising card and afterwards follow the screen instructions shown in the screen.
- Contact the following for any inquiries regarding the exercise of voting rights via the Internet
  Web support desk of Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
  Telephone number: 0120-652-031 (from 9:00 to 21:00 Japan time, toll free in Japan)

Voting Rights

- When a shareholder exercises his or her voting rights both in writing and via the Internet, the voting rights exercised via the Internet shall take precedence over the one in writing. When a shareholder exercises his or her voting rights multiple times via the Internet, the last valid exercise of voting rights via the Internet shall be considered as the shareholder's final vote.
- Though voting rights may be exercised via the Internet till 5:45 P.M. (Japan time) of 28 June (Mon.) 2021, it would be greatly appreciated if you could kindly exercise the rights earlier.

Password and voting rights code

- The password is very important information to enable us to identify those who would exercise the voting rights as our shareholders themselves truly, so please treat it very carefully.
- If you mistakenly enter a wrong password on a certain specified number of occasions, this password will become invalid. If you wish the reissue of another password please follow the instruction shown on the screen.
- The voting rights code written on voting rights exercising card shall be valid only for this General Meeting of Shareholders.

Inquiries regarding Exercising Voting Rights

- Contact the following for any other query regarding your shareholding and its related matters

  1) If you have a shareholder account in a securities company
  Please contact the securities company administrating your shareholder account

  2) If you do NOT have a shareholder account in a securities company
  Please contact the Administration Center of Transfer Agency of Sumitomo Mitsui Trust Bank

  Telephone number: 0120-782-031 (Weekdays from 9:00 to 17:00 Japan time, toll free in Japan)

Reference Materials to Proposals at General Meeting of Shareholders

Proposal and the References thereto

Proposal: Election of Six Directors

The term of office of all the eight Directors shall expire as of the end of this Ordinary General Meeting of Shareholders. Hence the shareholders are hereby asked to approve of election of six Directors based on and pursuant to the decision of Nomination Committee of the Company. Those director candidates are as follows. For further information on each director candidate please refer to the pages from 7 to 12 of this Convening Notice:

No.	Name	Position	Current Responsibilities at the Company				Record of attendance at Board meeting
			Board	NC	AC	CC	
1	Yasuyuki Kimoto To be re-elected	External Independent	Chairperson	Chairperson	Member	Member	100% (15/15)
2	Shigeki Mori To be re-elected	Representative Executive Officer, President and CEO		Member		Member	100% (15/15)
3	Jörg Raupach Sumiya To be re-elected	External Independent		Member	Member	Chairperson	100% (15/15)
4	Hiroshi Ishino To be re-elected	External Independent		Member	Member	Member	100% (10/10)
5	Kunihito Minakawa To be re-elected	External Independent		Member	Member	Member	100% (10/10)
6	Yoshihiro Kuroi To be re-elected	External					100% (10/10)

Notes:

1. Messrs. Yasuyuki Kimoto, Jörg Raupach Sumiya, Hiroshi Ishino, Kunihito Minakawa and Yoshihiro Kuroi are all candidates for the External Directors stipulated in Article 2.15 of the Companies Act. In addition, all of them except Mr. Yoshihiro Kuroi have been notified to Tokyo Stock Exchange (hereinafter called "TSE") as Independent Directors. The Company has on its own created and applied more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group's directors and/or Group's major shareholders, which four candidates for External Directors also meet. For the detail of the criteria, please see pages from 13 to 14.
2. The Company has entered into an agreement on limitation of liabilities with all the candidates of the External Directors whose tenure is expiring (Messrs. Yasuyuki Kimoto, Jörg Raupach Sumiya, Hiroshi Ishino, Kunihito Minakawa and Yoshihiro Kuroi) respectively to the effect that the level of the liability of each of the External Directors in having performed their duties in good faith and without gross negligence on their part should be capped by the amount allowed by law.
3. The Company contracts the Directors and Officers liability insurance based on the Article 430-3, Paragraph 1 of the Companies Act of Japan with insurance companies, and the policy will compensate any reasonable and necessary legal or other defense costs incurred in defending an action brought against them during the policy period. It also pays any ensuing damages, judgements and settlements that are awarded to the plaintiff or third party against the director or officer. Messrs. Yasuyuki Kimoto, Shigeki Mori, Jörg Raupach Sumiya, Hiroshi Ishino, Kunihito Minakawa and Yoshihiro Kuroi as director candidates respectively are included to insured persons. The premium of the insurance for all insured persons is paid by the Company.

(For Reference)

In order to develop and enhance the enterprise value of the Group in a sustainable manner on a medium to long term basis, the Board is required to effectively supervise the execution of duties by executive officers, etc., while preparing for a corporate environment which would enable the executive management to take proper degree of risks associated with business. Based on the company situation and the issues to be solved in the execution of the three-year medium-term plan starting from this year, the experience and specialized knowledge for the director candidates, which the Nomination Committee considers to be particularly important, are defined as follows, and the composition of directors would be well-balanced as a whole in consideration of diversity.

Name	Global Company Management Experience	Financial Expertise	Risk Management / Governance	Portfolio management / New Business Development	Operational Excellence / Supply Chain Management	Marketing / Commercial
Y.Kimoto	○	○	○			
J.Raupach-Sumiya	○		○	○		
H.Ishino	○	○	○	○	○	○
K.Minakawa	○	○	○			
Y.Kuroi	○	○	○	○		
S.Mori	○	○	○	○	○	○

- Global Company Management Experience: Management experience in a global or multinational business environment is required and it is a core item clarified in the NSG criteria for nomination of the director candidates.
- Financial Expertise: The item required from the perspective of leading the statutory audit committee in a company adopting the committee-based governance structure, and supervising executive management from the financial aspect. More specialized expertise is desirable, not just accounting experience.
- Risk Management/Governance: The item that should be expressed from the perspective of supervising the execution of duties, which is one of the important roles of the board of directors in in a company adopting the committee-based governance structure. Also, ESG initiatives are becoming more important, and governance being conscious 'E' 'S' is required.
- Portfolio management / New Business Development: The item should be expressed from the perspective that effective and efficient supervision is required for initiatives against "Business structure reform" such as new business development and Portfolio transformation to highly profitable business.
- Operational Excellence / Supply Chain Management : As a manufacturing company, improving on-site operational work performance is essential, and from procurement / manufacturing to logistics, cost structure reform that transcends the boundaries of each function and optimal manufacturing / supply chain are important. Therefore, the item should be expressed from the perspective that effective and efficient supervision is required for initiatives against "Cost structure reform" "Business structure reform" and "Restoration of financial foundation".
- Marketing/Commercial: Strategic marketing is needed to develop the business, and the item should be expressed from the perspective that effective and efficient supervision is required in implementing initiatives for "Business structure reform" and customer-oriented "Corporate culture reform".

To be re-elected | Candidate for External Director | Candidate for Independent Director

1 Mr. Yasuyuki Kimoto

Positions/responsibilities at the Company	Director, Chairperson of the Board, Chairperson of Nomination Committee, a member of Audit Committee and Compensation Committee
Date of birth	26 February 1949 (72 years old)
Length of incumbency as External Director	5 years (as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (15/15)
Number of the Company's common shares owned	8,427
Material Positions concurrently held with third parties	n/a
Special interest existing between the candidate and the Company	n/a

Brief career history

Apr. 1971	Joined The Sumitomo Bank, Limited(Currently Sumitomo Mitsui Banking Corporation)
Jun. 1998	Director, The Sumitomo Bank, Limited
Jun. 1999	Director, Executive Officer, The Sumitomo Bank, Limited
Jun. 2002	Director, Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Apr. 2004	Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Jun. 2005	Senior Managing Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation (Retired in April 2006)
May. 2006	President and CEO, The Japan Research Institute, Limited
Apr. 2012	Special Adviser, The Japan Research Institute, Limited (Retired in February 2019)
	Chairperson of the Board of Director, Olympus Corporation (Retired in June 2015)
Jun. 2015	Corporate Auditor, DMG Mori Co., Ltd. (Retired in March 2019)
Jun. 2016	Director, the Company (Incumbent)

Reasons for recommendation as an External Director and expected roles to be fulfilled

Mr. Yasuyuki Kimoto has been elected as an External Director of the Company since June 2016. In addition to his experience of having led an independent-majority board of a major international manufacturing company in his role as chair of the board, in relation to a certain UK subsidiary of a major Japanese financial institution he also had the career and experiences of having led its board in his capacity as then president and chair, comprising a plural number of non-Japanese independent directors as its members. It is expected that he should continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies, broad financial expertise, knowledge of risk management and perspectives with regard to business management.

To be re-elected

2 Mr. Shigeki Mori

Positions/responsibilities at the Company	Director, Representative Executive Officer, President and CEO, a member of Nomination Committee and Compensation Committee
Date of birth	22 July 1958 (62 years old)
Length of incumbency as Director	6 years (as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (15/15)
Number of the Company's common shares owned	68,204
Material Positions concurrently held with third parties	n/a
Special interest the candidate the Company	n/a

Brief career history

Apr. 1981	Joined the Company
Apr. 2003	General Manager of Planning Dept. Architectural Glass Company
Jan. 2005	General Manager of Functional Glass production & Technology, Architectural Glass Company and President of NSG Kanto Co., Ltd. (currently NSG Building Products Co., Limited)
Jul. 2010	Head of Production, Fabrication and Marketing, UK and South Europe, Architectural Glass (UK)
May 2012	Senior Corporate Officer, Head of Architectural Glass Japan
Jun. 2012	Senior Corporate Officer, Head of Technical Glass SBU
Apr. 2015	Representative Executive Officer, President and CEO (Incumbent)
Jun. 2015	Director (Incumbent)

Reasons for recommendation as a Director

After having worked for the functions of human resources and corporate planning in the Group, Mr. Shigeki Mori served for a number of important positions of the Group including the president of a material subsidiary in the Architectural Glass business and the Head of the Technical Glass Strategic Business Unit. For two years from July 2010 he was based in the UK as the Head of Production, Fabrication and Marketing, UK and South Europe, Architectural Glass business. Based upon such ample experiences and delivery of results gained in both of administrative role and plural business lines he was appointed Representative Executive Officer, President and CEO in April 2015 and since then, has taken leadership in the whole Group business. He was also appointed Director in June 2015. It is expected that his knowledge and experience of the Group business should continue to contribute to the decision-making function of the Board.

To be re-elected | Candidate for External Director | Candidate for Independent Director

3 Dr. Jörg Raupach Sumiya

Positions/responsibilities at the Company	Director, a member of Nomination Committee and Audit Committee, and Chairperson of Compensation Committee
Date of birth	17 January 1961 (60 years old)
Length of incumbency as External Director	2 years(as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (15/15) *
Number of the Company's common shares owned	2,755
Material Positions concurrently held with third parties	Professor, College of Business Administration Ritsumeikan University
Special interest existing between the candidate and the Company	n/a

Brief career history----------

Jun. 1990	Senior Consultant, Roland Berger Strategy Consultants
Oct. 1995	Senior Executive Managing Director, Trumpf Corporation
Jul. 1999	Research Fellow, German Institute for Japanese Studies
Jun. 2001	General Manager, Administration, NEC Schott Components Corporation (Currently Schott Japan Corporation)
Dec. 2002	President, Representative Director, NEC Schott Components Corporation
Jun. 2011	Manager, Innovation, Schott Electronic Packaging GmbH
Sep. 2011	Professor, FOM University (Germany)
Apr. 2012	Professor, College of Business Administration Ritsumeikan University (Incumbent)
Jun. 2019	Director, the Company (Incumbent)

Reasons for recommendation as an External Director and expected roles to be fulfilled----------

Dr. Jörg Raupach Sumiya has been elected as an External Director of the Company since June 2019.He has international experience in the field of both business and academia, and is currently a professor at the college of business administration, Ritsumeikan University, one of the Japanese private universities. He is conducting research activities mainly on renewable energy and regional economy.It is expected that he should continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad knowledge on ESG and portfolio-management and perspectives with regard to an academic expert and business management.

To be re-elected | Candidate for External Director | Candidate for Independent Director

4 Mr. Hiroshi Ishino

Positions/responsibilities at the Company	Director, a member of Nomination Committee, Audit Committee and Compensation Committee
Date of birth	10 April 1951 (70 years old)
Length of incumbency as External Director	1 year(as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (10/10) *
Number of the Company's common shares owned	1,874
Material Positions concurrently held with third parties	Senior Corporate Advisor,Kansai paint Co.,Ltd.
Special interest existing between the candidate and the Company	n/a

Brief career history

Apr. 1975	Joined Mitsubishi Corporation
Mar. 2003	Joined Kansai paint Co.,Ltd.
Jun. 2006	Director, Deputy General Manager, International Affairs, Kansai paint Co., Ltd.
Jun. 2008	Managing Director, Sales, Coatings Business, Kansai paint Co., Ltd.
Apr. 2010	Senior Managing Director, Sales, Kansai paint Co., Ltd.
Jun. 2011	Director, Senior Managing Executive Officer, Sales, International Affairs and Procurement, Kansai paint Co., Ltd.
Jun. 2012	Representative Director, Senior Managing Executive Office, Sales, International Affairs and Procurement, Kansai paint Co., Ltd.
Apr. 2013	Representative Director and President, Kansai paint Co., Ltd.
Jun. 2019	Senior Corporate Advisor, Kansai paint Co., Ltd. (Incumbent)
Jul. 2020	Director, the Company (Incumbent)

Reasons for recommendation as an External Director and expected roles to be fulfilled

Mr. Hiroshi Ishino has been elected as an External Director of the Company since July 2020. He was in charge of overseas operations at a major trading company, and since then has been promoting the Group's global strategy as president and CEO of a major international manufacturer.It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to business transformation and business management from manufacturing to sales.

* Note: Mr. Hiroshi Ishino was newly appointed as Director at the 154th Ordinary General Meeting of Shareholders held on 16 July 2020 therefore it shows the total number of the Board of Directors meetings held and attended after his assumption.

To be re-elected | Candidate for External Director | Candidate for Independent Director

5 Mr. Kunihito Minakawa

Positions/responsibilities at the Company	Director, a member of Nomination Committee, Audit Committee and Compensation Committee
Date of birth	15 August 1954 (66 years old)
Length of incumbency as External Director	1 year(as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (10/10) *
Number of the Company's common shares owned	936
Material Positions concurrently held with third parties	External Director, Santen Pharmaceutical Co., Ltd. Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner
Special interest existing between the candidate and the Company	n/a

Brief career history----------

Apr. 1978	Joined RICOH CO., LTD.
Oct. 1997	SVP and CFO, Ricoh Americas Corporation
Jun. 2008	Business Planning Manager and Business Management Manager, Business Management Centre, Overseas Division, RICOH CO., LTD.
Apr. 2010	Corporate Vice President and General Manager, Finance and Accounting, RICOH CO., LTD.
Apr. 2012	Corporate Senior Vice President and General Manager, Finance and Accounting, RICOH CO., LTD.
Jun. 2013	Corporate Auditor (Full-time), RICHO CO., LTD.
Jun. 2017	External Director, Sony Corporation (Retired in June 2020)
Jun. 2018	External Director, Santen Pharmaceutical Co., Ltd. (Incumbent)
Apr. 2019	Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner (Incumbent)
Jul. 2020	Director, the Company (Incumbent)

Reasons for recommendation as an External Director and expected roles to be fulfilled ----------

Mr. Kunihito Minakawa has been elected as an External Director of the Company since July 2020. He was a Managing Executive Officer and an Audit & Supervisory Board Member at a major international manufacturer, and he is currently serving as Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner. He has global experience, a wide range of insights and practical experience in finance and auditing.It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to business management and professional expertise on finance and accounting.

* Note: Mr. Kunihito Minakawa was newly appointed as Director at the 154th Ordinary General Meeting of Shareholders held on 16 July 2020 therefore it shows the total number of the Board of Directors meetings held and attended after his assumption.

To be re-elected | Candidate for External Director

6 Mr. Yoshihiro Kuroi

Positions/responsibilities at the Company	Director
Date of birth	18 August 1954 (66 years old)
Length of incumbency as External Director	1 year(as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (10/10) *
Number of the Company's common shares owned	0
Material Positions concurrently held with third parties	Advisor, Japan Industrial Solutions Co., Ltd.
Special interest existing between the candidate and the Company	An advisor at Japan Industrial Solutions Co., Ltd., which is a general partner of Japan Industrial Solutions Fund II, a holder of Class A Shares issued by the Company.

Brief career history----------

Apr. 1977	Joined Mitsubishi Corporation
Apr. 1994	Managing Director, MCF Financial Services Limited
Jun. 2004	Seconded to Mitsubishi Motors Corporation CSR Promotion Office to rescue the Company
Jan. 2007	General Manager, Investor Relations, Mitsubishi Corporation
Apr. 2010	Senior Vice President, Mitsubishi Corporation
Jul. 2010	Executive Officer, Corporate Planning Office, Mitsubishi Motors Corporation
Jun. 2016	Senior Vice President, Mitsubishi Motors Corporation
Apr. 2018	Senior Managing Executive Officer, Kasai Kogyo Co., Ltd
May. 2020	Advisor, Japan Industrial Solutions Co., Ltd. (Incumbent)
Jul. 2020	Director, the Company (Incumbent)

Reasons for recommendation as an External Director and expected roles to be fulfilled ----------

Mr. Yoshihiro Kuroi has been elected as an External Director of the Company since July 2020. He was a president of an overseas subsidiary at a major trading company, and has a wealth of practical experience in overseas business, IR departments and risk management, etc. as an executive officer at a major automobile manufacturer and major automobile parts manufacturer.It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to risk management and business development.

* Note: Yoshihiro Kuroi was newly appointed as Director at the 154th Ordinary General Meeting of Shareholders held on 16 July 2020 therefore it shows the total number of the Board of Directors meetings held and attended after his assumption.

For Reference: Criteria of Independency for External Director at NSG

External Directors of Nippon Sheet Glass Company, Limited ("NSG" or the "Company") falling into any of the following categories are considered to lack independency as an External Director.

(1) As to the External Director him/herself, where:-

a) He/she is, has become or once served as an executive director, executive officer, corporate officer or employee of the NSG Group (hereinafter collectively referred to as "executive/employee");

b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended or (in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as executive/employee of the organization), OR NSG Group is a Major Business Partner for him/her/it
   - Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year

   ; OR,

   ii) he/she has a business relationship with the Company and paid the Company the following sum during the Company's any single financial year of those past three years most recently ended, or he/she is a Major Business partner of the NSG Group (or in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as executive/employee of the organization);
   - Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject year

   Note: For the purpose of this criteria protocols, the expression "Major Business Partner(s)" means, as between the NSG Group and the group having business relationship with us, those persons which could be, in terms of magnitude of its business relationship, expected to exert the same degree of influence on the decision-making process of the other as would exist among parent-subsidiary relationship or affiliated group.

c) He/she is an Certified Public Accountant retained as Accounting Auditor for the Company (or in case the accounting firm is retained as Accounting Auditor then he/she serves as partner or employee of the firm) or he/she has engaged in any audit activities of the NSG Group businesses at any time during the past three years;

d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (or in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she belongs to any such organization);

e) He/she has material business relationship with or is materially interested in the NSG Group (or in case where an organization such as legal entity has such relationship or interest, he/she is an executive/employee of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the past three financial years of the Company most recently ended is deemed to constitute such material interest in the NSG Group.);

f) He/she holds cross-directorships or has significant links with other Directors/Executive Officers of the Company through involvement in other companies/bodies;

g) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (or in case where the organization such as legal entity falls into such a shareholder, then he/she currently is or was employed as an executive/employee of the organization at any time during the past five years); or

h) He/she is an individual who has fallen into the above d), e) or f) during the Company's any single financial year of those past three financial years most recently ended.

(2) As to the close relative(s) of the External Director (his or her spouse, or those relatives who are within the second degree of kinship or live in the same dwelling as him or her), where:-

a) He/she is or was in the past five years an executive director/officer or senior employee of the NSG Group (collectively "Senior Manager");

b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended (in case where the organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager thereof), OR the NSG Group is a Major Business Partner for him/her/it

- Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year

; OR

ii) he/she has a business relationship with the Company and paid the Company the following sum in any single financial year of the Company during its past three years most recently ended, or is a Major Business Partner of the NSG Group (in case where an organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager of the organization);

- Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject year

c) He/she is a Certified Public Accountant retained as an Accounting Auditor (or in case the accounting firm is retained as Accounting Auditor then he/she is a partner or Senior Manager thereof) or has engaged in any audit activities of the NSG Group businesses at any time during the past three years;

d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she serves as partner, associate or Senior Manager of the organization);

e) He/she has material business relationship with or is materially interested in the NSG Group (in case where an organization such as legal entity has such relationship or interest, then he/she is a Senior Manager of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the past three financial years of the Company most recently ended is deemed to constitute such material interest in the NSG Group.);

f) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (in case where the organization such as legal entity falls into such a shareholder, then he/she currently serves as Senior Manager of the organization); or

g) He/she has fallen into either or both of d) and/or e) at any time during the past three financial years of the Company most recently ended.

End

155th Business Report of
Nippon Sheet Glass Company, Limited

From 1 April 2020
To 31 March 2021

I. Matters Relating to the Current State of the Company's Group

1. Overview and Results of Business Activities

The Group's core markets during the first quarter were affected by the dramatic decline in demand due to the COVID-19 pandemic. From June when travel restrictions were eased, demand started to improve quickly, and the recovery trend continued through to the end of the period. In the fourth quarter, vaccination programs and the gradual loosening of lockdown measures helped uplifting consumer confidence in some markets, whilst in other markets where COVID-19 infections remained high or even increased, governments responded with the further imposition of social rather than industrial lockdowns, enabling the Group's facilities to continue operating. Architectural markets experienced robust activity from June, especially in Europe and South America. Demand for Solar Energy glass remained strong, largely unaffected by COVID-19 factors. Automotive markets continued to recover rapidly from the low levels experienced earlier in the year, with demand from the third quarter exceeding the levels of the previous year. Demand in most regions was, however, curtailed by shortages of computer-chips and other components at the Group's customers. Technical glass markets where the impact of COVID-19 pandemic was relatively small, were mixed, with demand improving in some areas and remaining weak in others. The Group recorded a cumulative net charge with respect to exceptional items of ¥21,400 million, including the costs of COVID-19 of ¥ 16,060 million, restructuring costs of ¥ 14,709 million, and a gain on disposal of non-current assets of ¥ 7,063 million, arising from the sale of land in Japan.
As a consequence, the Group's year-end results were as shown in the table below.

Consolidated Revenue	
¥499,224m	(down 10.2%)

Consolidated Operating Profit	
¥13,067m	(down 38.3%)

Consolidated Profit/(Loss) before Taxation	
¥(17,171)m	—

Consolidated Profit/(Loss) for the Period	
¥(16,316)m	—

Consolidated Profit/(Loss) Attributable to Owners of the Parent	
¥(16,930)m	—

Notes:
Operating profit in the above table is defined as being operating profit stated before exceptional items.

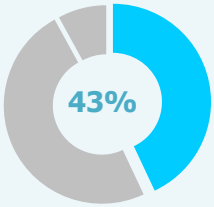
The performance by segment is as follows.

Architectural Glass Business

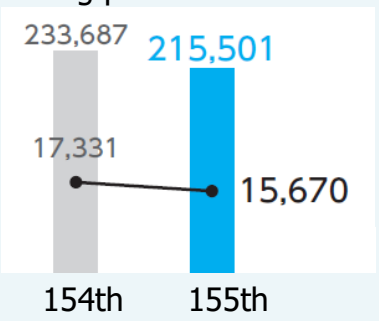
Revenue ¥ 215,501million **Operating profit** ¥ 15,670million

Main Focus of the Business :
- The manufacture and supply of flat glass for Archtectural market
- The manufacture and supply of various interior and exterior glazing products within commercial and residential markets
- The manufacture and supply of glass for the Solar Energy

Ratio of sales to Group revenue



Revenue
Operating profit (Millions of yen)



The Architectural business recorded revenues of ¥ 215,501 million (FY2020 ¥ 233,687 million) and an operating profit of ¥ 15,670 million (FY2020 ¥ 17,331 million).

Architectural revenues and profits fell from the previous year due to the impact on demand of the COVID-19 pandemic, particularly during the first quarter of the year. Profits exceeded the previous year in each of the second, third and fourth quarters.

In Europe, representing 39 percent of the Group's architectural sales, cumulative revenues fell due to lower volumes associated with the COVID-19 pandemic during the first quarter. Volumes improved markedly during the second quarter as production was resumed at facilities that had previously been suspended, then strengthened further during the third and fourth quarters. Price levels also recovered in line with an increased level of market demand. The recovery of profitability was also aided by strong operational performance and tight cost control.

In Asia, representing 36 percent of the Group's architectural sales, cumulative revenues were also below the previous year, largely due to the COVID-19 pandemic, which had a significant impact on construction activity but a relatively minor impact on solar glass volumes. Profits improved however, with a reduction in costs, especially in Japan. The suspension of production at the Chiba #1 furnace and also at a furnace in Malaysia towards the end of the first quarter lowered fixed costs and contributed to the improved profitability.

In the Americas, representing 25 percent of the Group's architectural sales, cumulative revenues and profits were below the previous year due to the impact of the COVID-19 pandemic especially during the first quarter of the year. Results recovered from the second quarter, with volumes in South America being particularly strong. The new float furnace to produce TCO (transparent conductive oxide) coated glass for solar panels in Luckey, Ohio started operations during the third quarter.

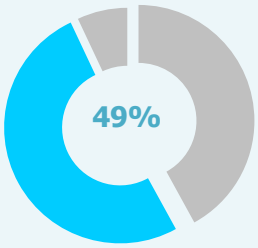
Automotive Glass Business

Revenue ¥ 245,184 million **Operating profit ¥ 1,802 million**

Main Focus of the Business :

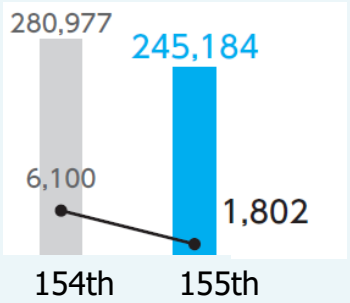
- The manufacture and supply a wide range of automotive glazing for new vehicles
- The manufacture and supply a wide range of automotive glazing for replacement markets

Ratio of sales to Group revenue



Revenue
Operating profit

(Millions of yen)



The Automotive business recorded sales of ¥ 245,184million (FY2020 ¥ 280,977 million) and an operating profit of ¥ 1,802 million (FY2020 ¥ 6,100 million).

In the Automotive business, revenues and profits were below the previous year due to the collapse of demand arising from the COVID-19 pandemic during the first quarter of the year. In the OE business, demand has gradually recovered since June 2020 however, and fourth quarter, three-month, results were significantly better than the previous year which included major customer lockdown closures in March 2020. Sales in the fourth quarter have also been impacted by computer-chip component shortages in most regions. In the AGR business, demand improved from the second quarter with an easing of lockdown restrictions.

Europe represents 42 percent of the Group's automotive sales. Cumulative revenues and profits fell from the previous year, due to a collapse in demand during the first quarter as a result of the COVID-19 pandemic. The Group's automotive facilities have operated broadly in line with the Group's customers' facilities, with production restarting towards the end of the first quarter and then steadily increasing from the second quarter. Results during the fourth quarter were above the previous year, although consumer demand continued to be impacted by lockdown measures in many European markets, and the Group's customers were also forced to restrict vehicle-build levels due to a shortage of computer-chip components.

In Asia, representing 25 percent of the Group's automotive sales, cumulative revenues and profits were also below the previous year due to the COVID-19 pandemic. The Group's automotive facilities have generally remained operational throughout the year, benefitting from increasing volumes from the second quarter, although vehicle manufacturers experienced computer-chip shortages, and also other component shortages following an earthquake that occurred in Japan in the final quarter, which together constrained the recovery of volumes.

In the Americas, representing 33 percent of the Group's automotive sales, cumulative revenues and profits also declined as a consequence of the COVID-19 pandemic, although markets have improved since with results during the fourth quarter being above the previous year. Vehicle production rebounded in North America from the second quarter, driven by customers recovering inventory levels and improving vehicle sales, and has continued at robust levels since then. Production in South America also staged a recovery although remains at a relatively low level. Final quarter sales, particularly in North America, have been negatively impacted by shortages of computer-chips and other components at the Group's customers.

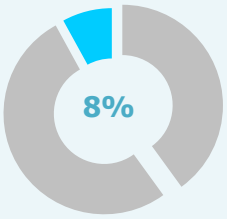
Technical Glass Business

Revenue ¥ 36,818 million **Operating profit** ¥ 6,707 million

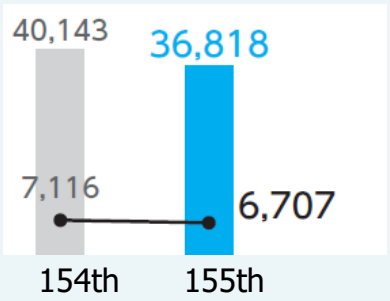
Main Focus of the Business :

- The manufacture and supply of very thin glass for small displays
- The manufacture and supply of lenses and light guides for printers
- The manufacture and supply of glass fiber products, such as battery separators and glass components for engine timing belts.

Ratio of sales to Group revenue



Revenue
Operating profit (Millions of yen)



The Technical Glass business recorded revenues of ¥ 36,818 million (FY2020 ¥ 40,143 million) and an operating profit of ¥ 6,707 million (FY2020 ¥ 7,116 million).

COVID-19 had a limited impact on the fine glass business and results have improved as the year progressed. In the information devices business, volumes of printer lenses were boosted by work from home and school from home demand. Demand for glass cord used in engine timing belts fell during the early parts of the year, reflecting conditions in the automotive sector, although recovered strongly towards the end of the year. Metashine sales fell, particularly for cosmetic applications as a result of COVID-19. Results in the battery separator business remained stable.

Other Operations and Eliminations

The Other Operations and Eliminations recorded revenues of ¥ 1,721 million (FY2020 ¥ 1,371 million) and operating loss of ¥ 111,112 million (FY2020 loss of ¥ 9,370 million).

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc.

2. Capital Expenditure

The capital expenditure of the Group totaled ¥43,347million during the fiscal year under review, broken down by segment as follows:

(Millions of yen)

Business	Expenditure
Architectural	¥ 27,028
Automotive	¥ 14,653
Technical Glass	¥ 979
Other	¥ 687

3. Financial Situation

Total assets at the end of March 2021 were ¥ 824,963 million, representing an increase of ¥ 59,766 million from the end of March 2020. Total equity was ¥ 79,762 million, representing a decrease of ¥ 8,432 million from the March 2020 figure of ¥ 88,194 million. The cumulative fall in total equity was due to the loss recorded for the period and also a loss recorded within other comprehensive income following an update of Retirement Benefit Obligation (RBO) assumptions. These factors were partly offset by an increase in equity due to positive exchange differences arising on consolidation.

Net financial indebtedness increased by ¥ 21,603 million from 31 March 2020 to ¥ 411,771 million at the period end. The increase in indebtedness arose from the cash out-flow during the period arising from the COVID-19 related trading conditions earlier in the year and also the investment in strategically important capital expenditure projects. Gross debt was ¥ 471,710 million at the period end. As of 31 March 2021, the Group had un-drawn, committed facilities of ¥ 74,934 million.

Although the Group experienced a circumstance which could have caused a breach of one of the financial covenants provided in loan agreements with some Japanese lenders at the end of FY2021, it obtained advanced written consent from each relevant lender to the effect that they would not test such covenants or it did not constitute a breach of such covenants, as of the end of FY2021.

Cash inflows from operating activities were ¥ 21,053 million. Cash outflows from investing activities were ¥ 25,589 million, including capital expenditure on property, plant, and equipment of ¥ 39,201 million and proceed on disposal of property, plant, and equipment of ¥ 15,952 million. As a result, free cash flow was an outflow of ¥ 4,536 million. Free Cash flows improved from the previous year (FY2020 free cash outflow of ¥26,444 million) as a result of strict control of working capital and restricting capital expenditure.

4. Issues to be Addressed

(1) Management Principle

NSG Group announced its new management principle "Our Vision" at the company's 100th anniversary in 2018. "Our Vision" comprises the Mission (core purpose), Aspiration (desired future position) and Core Values (the basis on which we work and conduct ourselves).
With "Our Vision," NSG Group is striving to realize a sustainable society by offering new values and services with glass swiftly and appropriately to meet the growing needs of our customers and society.



(2) NSG Group's MediumTerm Vision

In order to fulfill its mission of "changing our surroundings, improving our world", NSG Group recently formulated a MediumTerm Vision to become "A global glass supplier contributing to the world with high value-added glass products and services" as a direction the Group should be heading for.
Based on this, the Group has set forth "Three Areas of Contribution" to be focused on as follows:

1) Safety & Comfort: To create people-friendly surroundings and a living space that is pleasant, safe and healthy
2) Eco society: To create an eco-friendly world by various contributions such as a shift to renewable energy and lowering the usage of air-conditioning and heating
3) Information and Telecommunication: To contribute to the development of Information and Telecommunication to make people's lives more convenient and to support the advancement of the society

Also, as our aspiration for the future state of the Group, we strive

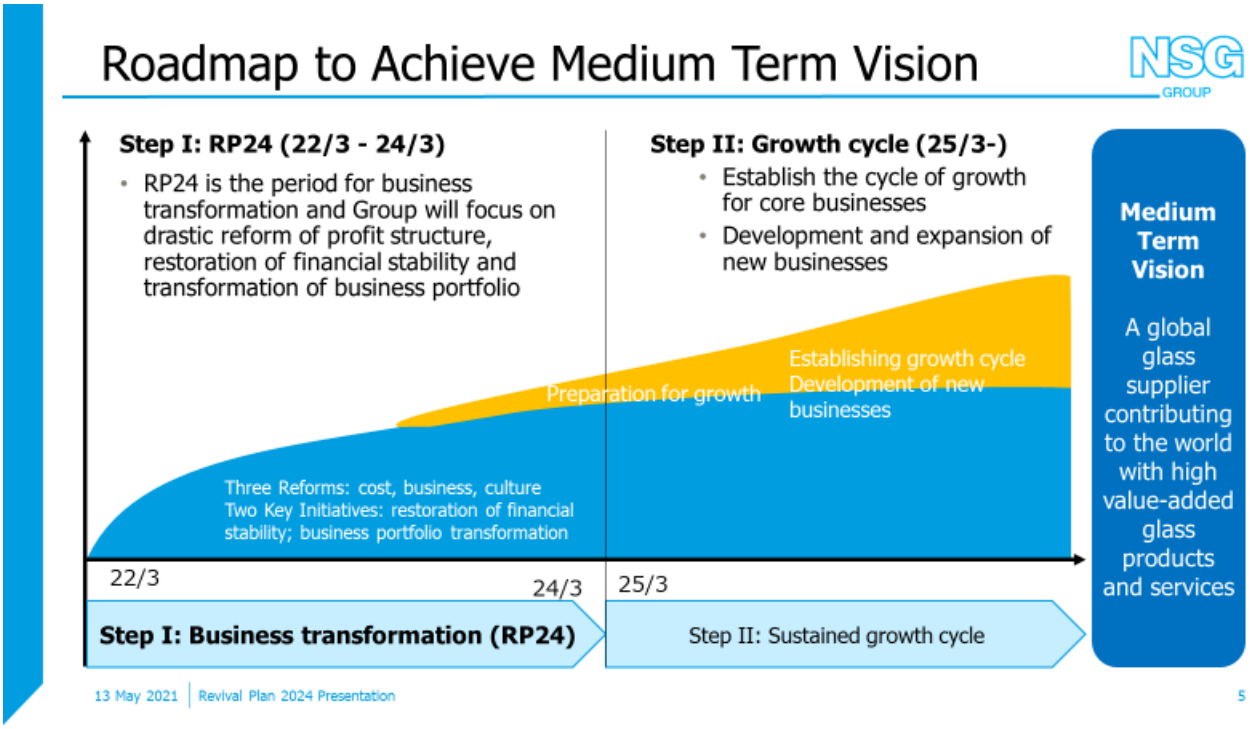
- To never fail to take up challenges and follow through to deliver results, and
- To continue to provide employees with opportunities to grow and find joy in working.



(3) Roadmap to achieve Medium Term Vision

On 13th May 2021, the Group publicly announced "Revival Plan 24 (RP24)" as its new Medium Term Plan covering a three-year period from FY2022 to FY2024 aiming at building robust business for sustained growth and preparing the Group for the next disruption in the business environment

In order to achieve Medium Term Vision, we will take actions in two steps, namely, Step I (RP24: FY2022 to FY2024) for business transformation and Step II (FY2025 and beyond) for sustained cycle of growth. RP24 is deemed as the period for business transformation during which time the Group will focus on drastic reform of profit structure, restoration of financial stability, and transformation of business portfolio so as to accomplish drastic and fundamental initiatives as a basic principle.



(4) Review of previous MTP (Medium Term Plan)

Based on the Group's Long-Term Strategic Vision 'Transform into VA Glass Company' (VA stands for value-added), we drew up Medium Term Plan (MTP) Phase 2 over a three-year period from FY2018 to FY2020 and executed the Plan to achieve the following objectives and targets.

MTP targets:
- To achieve financial sustainability
- To start the transformation into a VA Glass Company

Financial targets and actuals in FY2020:

	Target	Actual
ROS (based on trading profit or profit before amortization of non-tangible assets)	Over 8%	4.1%
Net financial debt/EBITDA	3x	7.1x

In MTP Phase 2, the Group steadily achieved VA shift and improved profitability by driving forward the "VA No. 1" strategy. The Group successfully expanded its business in the field of online coating of architectural glass and was increasingly awarded new contracts for VA glass in automotive business. In a bid to further expedite the growth, a strategic investment was carried out to boost the manufacturing capacity of solar panels, and Business Innovation Center was established to accelerate new business development. Financially, the Group improved the equity ratio by issuing Class A Shares in 2017; achieved the target to reduce financial expenses one year earlier; and resumed dividend distribution for the first time in the last six years.

Although the Group steadily improved its profits up to FY2019 as mentioned above, it was severely impacted by the sharp drop of automotive production in Europe and the deterioration of supply and demand balance in architectural glass markets since the beginning of FY2020 and then, further damage was inflicted by the outbreak of COVID-19 pandemic. As a result, the Group failed to achieve the financial targets of MTP Phase 2 in FY2020, the final year of MTP Phase2.

(5) Business Environment, and Initiatives and Targets in New Medium Term Plan "Revival Plan 24 (RP24)"

Although NSG Group started efforts to transform itself into a "VA glass company" under the Medium Term Plan (MTP), cyclical nature of its business with a high fixed cost ratio has not been changed sufficiently. Reflecting on the outcome, the Group recognized the need for more drastic reforms. Against this backdrop, RP24 was developed to be executed during the critical period from FY2022 to FY2024 in order to build business strength for the cycle of sustained growth.

A) Business Environment and Issues to be Addressed

The current pandemic of novel coronavirus has not only threatened the health and lives of people across the globe but also affected the global economy significantly. Economic activities gradually resumed from the middle of 2020 and demand relevant to the Group recovered rapidly. We anticipate that gradual demand recovery will continue going forward, and yet it will take some time before demand returns to the pre-pandemic levels.

In the float glass industry, commoditization of products and competition are intensifying with the entry of glass manufacturers from emerging markets. On the other hand, climate change due to global warming has been recognized as a global risk, and the reduction of greenhouse gas emissions from the glass production process has become one of our material management issues.

Meanwhile, there is a growing need for technical glass. In the Architectural Glass area, demand for energy-saving and energy-generating glass is expanding in line with the increasing use of natural energy and also products which contribute to maintaining health and hygiene is growing. In the Automotive Glass area, expectations are increasing for products that can respond to the "once-in-a-century" technical innovation in the automotive industry (CASE). Moreover, peoples' work and lifestyles are likely to change significantly in the "post-Covid-19 world" with the advancement of digital transformation, which would lead us to much more expectation that glass materials could make a contribution in fields such as life science, IoT and cloud computing.

B) Main Initiatives of RP24

In RP24, we will execute the following "Three Reforms" and "Two Key Initiatives" decisively and build business strength to sustain the cycle of growth.

Three Reforms:

①Cost structure reform	Fundamental cost structure reform including headcount reduction, fixed cost reduction and procurement cost reduction will be executed to lower the cost base further
②Business structure reform	Expansion of value-added business, development of new growth businesses, and emphasis on investment and asset efficiency to transform business structure and sustain the cycle of growth
③Corporate culture reform	Value "customer focus", "swift decision making and action" and "overcoming difficulties," and transform into a company group that never fails to take up challenges and follow through to deliver results

Two Key Initiatives:

①Restoration of financial stability	● Focus of growth investment on strategically core businesses and selectively allocate and prioritize other capital expenditure ● Thorough review of cost and improvement of productivity to build a robust business that can generate profit and free cash flow constantly ● Generation of free cashflow and net profit aiming to enhance equity, while proactively reviewing further enhancement of equity from a longer term viewpoint
②Transformation into more profitable business portfolio	● Bold strategic review of shrinking or exiting non-core businesses ● Focus of management resources on growth and high value-added areas, considering investment and asset efficiency ● Business profitability improvement and management cost reduction to establish the cycle of sustained growth

C) Financial Targets

NSG Group's most urgent task is to recover a sustainable financial base. To this end, the Group aims to restore equity ratio to more than 10 percent quickly by steadily generating net profit and free cash flow every term. Meanwhile the Group will also proactively review further enhancement of equity from a longer term viewpoint

- Improvement of OP margin via: Cost structure reform, business structure reform, business portfolio transformation
- Selective and focused investment: control of the total capital expenditure, prioritization according to asset efficiency, growth potential and added value

Financial targets for the final year of RP24 (FY2024) are as follows:

Operating profit Margin*1	8%
Net profit/loss*2	> JPY 30 bn cumulatively for 3 years
Equity ration	> 10%
Free cash flow	> JPY 10 bn

*1: Operating profit after amortization

*2: Profit attributable to owners of the parent

(6) Approach to Sustainability

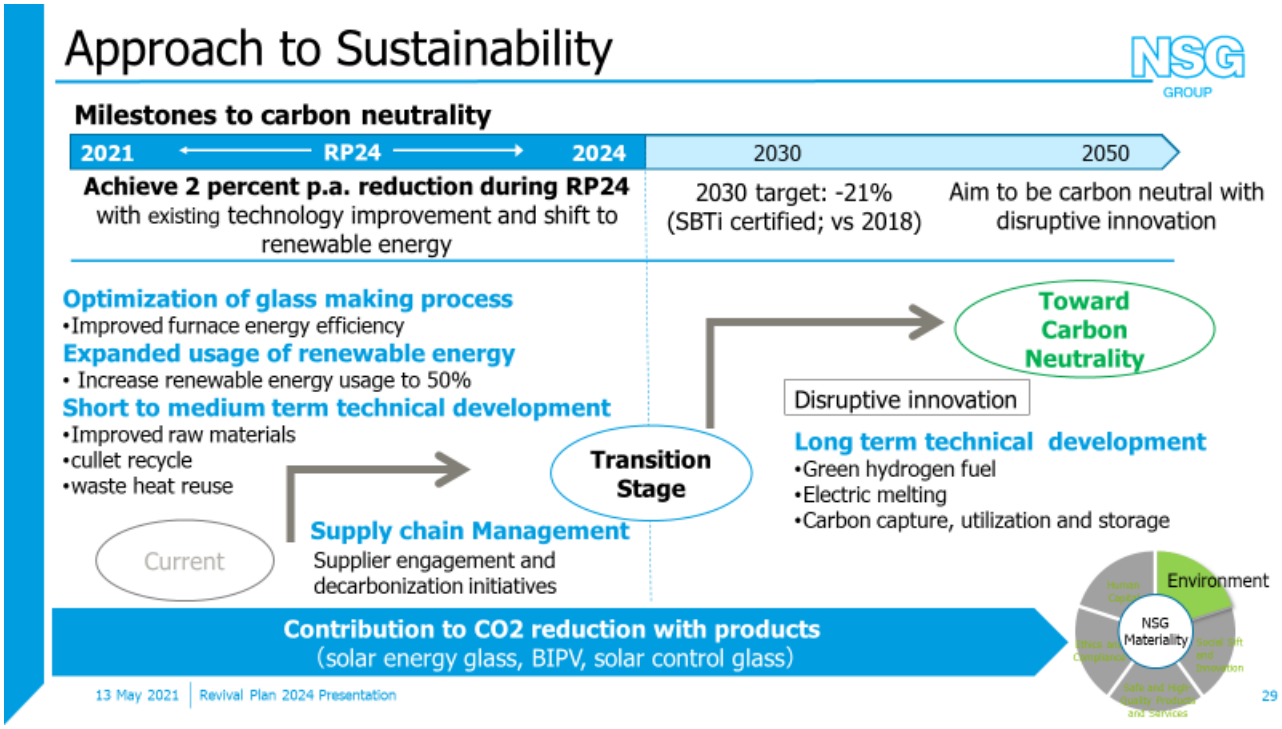
Based on "Our Vision", the Group has adopted five Materiality categories to attain sustainable growth of the Group and contribute to a sustainable society in the medium- to long-term. They are "Ethics and Compliance", "Society Shift and Innovation", "Environment", "Safe and High-Quality Products and Services", and "Human Capital".

Amongst them, in the category of Environment, tackling climate change is a global challenge today and we also consider that it is the top priority management issue for the Group. While products indispensable for promoting energy creation and energy saving are expected to become more important in the future, the Group has the strength in providing such products that can contribute to the advancement of Eco Society as solar energy glass and energy saving glass for ZEB/ZEH and thus, will focus on further expansion of their sales.

Moreover, we aim to reduce greenhouse gas emissions from our production process by 21% compared to 2018 by 2030 and this target is certified as SBT* initiative. In order to achieve this target, we will reduce CO2 emission by 2 percent p.a. during the RP24 period by optimizing glass making process, developing energy saving technologies, and expanding the use of renewable energy. We will set feasible targets for the immediate future and concentrate on achieving them. After that, we will pave the way towards carbon neutrality by means of disruptive innovation. Specific steps to this end should be laid out soon.

In parallel, as a token of endorsing TCFD (Task Force on Climate-related Financial Disclosures) recommendations, the Group will conduct internal evaluation and analysis from the four perspectives of "governance", "strategy", "risk management", and "metrics and targets" at an early date so as to solidify its management foundation.

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



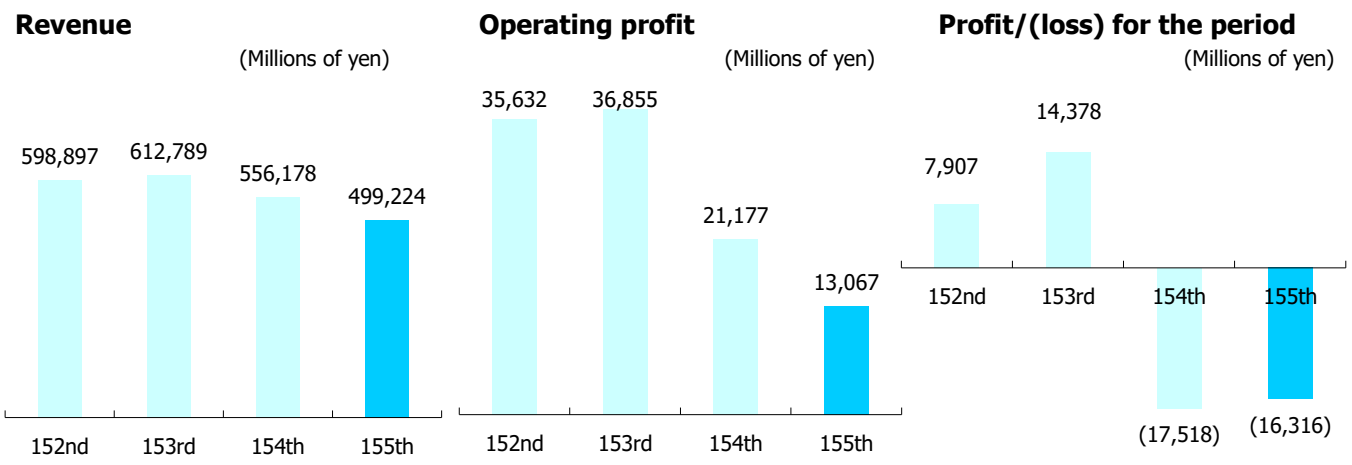
5. Assets and Business Results (Consolidated)

(Millions of yen, except per-share figures)

	152nd (FY2018) Note 4	153rd (FY2019)	154th (FY2020)	155th (FY2021)
Revenue	598,897	612,789	556,178	499,224
Operating Profit	35,632	36,855	21,177	13,067
Profit/(loss) before taxation	22,146	22,730	(13,549)	(17,171)
Profit/(loss) for the period	7,907	14,378	(17,518)	(16,316)
Profit/(loss) Attributable to Owners of the Parent	6,164	13,287	(18,925)	(16,930)
Earnings/(loss) per Share Attributable to Owners of the Parent (yen)	48.27	115.16	(235.96)	(208.32)
Total Shareholders' Equity	135,192	123,760	73,612	62,937
Total Shareholders' Equity per Share (yen)	1,042.72	978.50	470.88	349.65
Total Assets	788,592	761,869	765,197	824,963

Notes:

1. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). Operating Profit in the above table is operating profit before exceptional items.
2. Basic earnings per share attributable to owners of the parent is calculated by dividing the profit attributable to owners of the parent, after deducting dividends and acquisition premium payable related to Class A shares, by the weighted average number of common shares in issue during the year. The dividends related to Class A shares are calculated by the dividend rate defined in the terms and conditions of the shares. The weighted average number of common shares excludes common shares purchased by the Company and held as treasury shares and restricted shares which have not been satisfied the conditions to lift the restriction.
3. Total shareholders' equity per share is calculated by dividing the total shareholders' equity, after deducting the amount to be paid in for the Class A Shares and dividends and acquisition premium payable related to Class A shares, by the number of common shares in issue as at the end of the financial year excluding common shares purchased by the company and held as treasury shares and restricted shares which have not been satisfied the conditions to lift the restriction.
4. 152nd data is restated as a result of adopting IFRS15 'Revenue from Contracts with Customers'.



6. Overview of Major Subsidiaries

Subsidiary undertakings	Capital stock		% Ownership	Business
Japan				
NSG Building Products Co., Limited	JPY million	350	100	Architectural
Europe				
Pilkington United Kingdom Limited	GBP thousand	328,483	100 (100)	Architectural
Pilkington Automotive Limited	EUR thousand	532,961	100 (100)	Automotive
Pilkington Technology Management Limited	GBP thousand	441,320	100 (100)	Architectural and Automotive
Pilkington Deutschland AG	EUR thousand	69,290	96.3 (96.3)	Architectural
Pilkington Automotive Deutschland GmbH	EUR thousand	18,996	100 (100)	Automotive
Pilkington Automotive Poland Sp. z o.o.	Zloty thousand	30,511	100 (100)	Automotive
Pilkington Italia SpA	EUR thousand	112,996	100 (100)	Architectural and Automotive
NSG Holding (Europe) Limited	JPY million	42,071	100	Holding company
NSG UK Enterprises Limited	GBP thousand	426,962	100 (100)	Holding company
Pilkington Group Limited	GBP thousand	736,866	100 (100)	Holding company
Asia (excluding Japan)				
NSG Vietnam Glass Industries Limited	USD thousand	150,070	100 (52.2)	Architectural
Americas				
NSG Glass North America, Inc.	USD	1	100 (100)	Architectural
Pilkington North America Inc.	USD thousand	17,701	100 (100)	Architectural and Automotive
Vidrieria Argentina S.A.	Arg.Peso thousand	7,955,086	51.0 (51.0)	Architectural
Pilkington Brasil Limitada	Real thousand	333,008	100 (100)	Architectural and Automotive

Note:
The % Ownership above in parentheses stands for the percentage owned indirectly through the Company's subsidiary/subsidiaries.

7. Main Offices and Plants

The Company	Head Offices	Tokyo head office (Tokyo); Osaka head office (Osaka)
	Branch Offices	Toyota branch office (Aichi); Hiroshima branch office (Hiroshima)
	Plants/Laboratory	Chiba plant (Chiba); Sagamihara plant (Kanagawa); Yokkaichi plant (Mie); Tsu plant (Mie); Tarui plant (Gifu); Kyoto plant (Kyoto); Maizuru plant (Kyoto); Research laboratory (Hyogo)
Major Subsidiaries	Japan	NSG Building Products Co., Limited (Chiba)
	Europe	Pilkington United Kingdom Limited (UK) Pilkington Automotive Limited (UK) Pilkington Technology Management Limited (UK) Pilkington Deutschland AG (Germany) Pilkington Automotive Deutschland GmbH (Germany) Pilkington Automotive Poland Sp. z o.o. (Poland) Pilkington Italia SpA (Italy) NSG Holding (Europe) Limited (UK) NSG UK Enterprises Limited (UK) Pilkington Group Limited (UK)
	Asia (excluding Japan)	NSG Vietnam Glass Industries Limited (Vietnam)
	Americas	NSG Glass North America, Inc. (USA) Pilkington North America Inc. (USA) Vidrieria Argentina S.A. (Argentina) Pilkington Brasil Limitada (Brazil)

8. Permanent Employees

Segments	Number of employees (Consolidated)
Architectural	8,415
Automotive	14,805
Technical Glass	1,126
Other	1,609
Total	25,955 (down by 848 year on year)

Note: The table above doesn't include the number of temporary employees.

9. Main Lenders

Lenders	Amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	98,069
Mizuho Bank, Ltd.	42,228
Sumitomo Mitsui Trust Bank, Limited	38,629
Development Bank of Japan	37,910
MUFG Bank, Ltd.	24,126
Aozora Bank. Ltd.	19,320
Japan Bank for International Cooperation	16,199
International Finance Corporation (IFC)	15,932
Shinsei Bank, Limited	15,600
The Norinchukin Bank	11,102

Note: The figures shown in the above table include the amount borrowed from those lenders as parties to syndicated loan agreements.

II. Matters Related to the Shares

1. Authorized Number of Shares to be Issued and Authorized Number of Shares to be Issued by Class:

(a) Authorized Number of Shares to be Issued 177,500,000 shares

(b) Authorized Number of Shares to be Issued by Class

Common Shares	177,500,000 shares
Class A Shares	40,000 shares

2. Total Number of Shares Issued:

Common Shares		90,810,899 shares
	(Shares held as treasury:	23,785 shares)
Class A Shares		30,000 shares

3. Number of Shareholders:

Common Shares	52,157
Class A Shares	3

4. Top 10 Shareholders

Shareholders	Number of Shares (common share)	Percentage of Shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,992,300	9.90
Custody Bank of Japan, Ltd. (Trust Account)	2,897,200	3.19
JUNIPER	1,760,000	1.93
Custody Bank of Japan, Ltd. (Trust Account 5)	1,555,800	1.71
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS – UNITED KINGDOM	1,414,600	1.55
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,365,561	1.50
Custody Bank of Japan, Ltd. (Trust Account6)	1,356,800	1.49
Client stock ownership of Nippon Sheet Glass	1,327,478	1.46
STATE STREET BANK WEST CLIENT-TREATY 505234	1,225.100	1.34
Custody Bank of Japan, Ltd. (Trust Account 1)	1,127,300	1.24

Note: Where the percentage of shares is calculated, treasury shares are excluded from the total number of issued shares and it has been rounded down to the second decimal.

5. Stocks issued to Directors and Executive Officers as for Compensation in the fiscal year

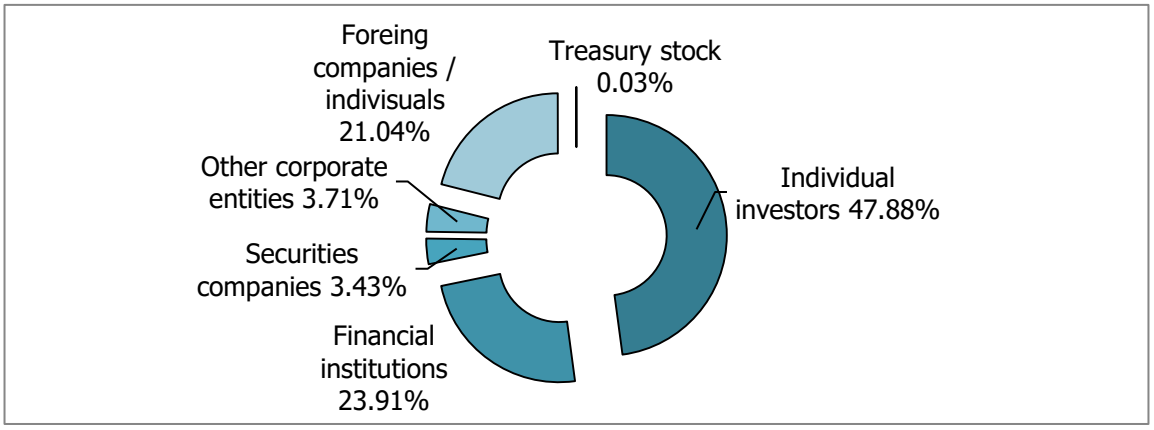
The Company issued 133,000 common shares as restricted shares to eight Executive Officers on 12th August 2020 as for Compensation.

6. Other Important Matters Related to the Shares

The Class A Shareholders have the right of request to the Company to acquire Class A Shares in exchange for common shares under the Articles of Incorporation of the Company. Although such shareholders were not entitled to exercise the said right during the period from the date of investment payment until 30 June 2020, as provided in a subscription agreement entered into by and among the Company and such shareholders, such restrictions were removed as of 1 July 2020.

(Note) The acquisition price for Class A Shareholders exercising their right to request for acquisition in exchange for the company's common shares will be 846.5JPY (except for the case if the acquisition price described in the Articles of Incorporation would be amended).

■Distribution of NSG Group Shareholders of common shares



■Shareholders of Class A Shares

Japan Industrial Solutions Fund II	15,000shares
UDS Corporate Mezzanine No.3 Limited Partnership	6,750shares
UDS Corporate Mezzanine No.4 Limited Partnership	8,250 shares

III. Policy on Return of Our Profits to Shareholders

- Recognizing the distribution of profit to shareholders as one of its important management objectives, the Group has upheld a stable basic policy of declaring dividend payments on common shares based on sustainable business results. To that end, dividend payments by the Group will be determined in view of the enhancement of its financial status and accumulation of the appropriate level of retained earnings for future business growth.
- Considering factors such as the Group's current financial position and its level of profitability, the Board of Directors has regrettably decided not to declare dividends for ordinary shares for the fiscal year to 31 March 2021.The Group recognizes the importance of dividends to its shareholders and anticipates resuming dividend payments when the financial performance of the Group allows.The Board of Directors resolved to distribute the designated amount of dividends for Class A Shares.

IV. 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	26	2,600 Common shares (100 Common shares per right)	2
	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	52	5,200 Common shares (100 Common shares per right)	2
	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	44	4,400 Common shares (100 Common shares per right)	2
	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	72	7,200 Common shares (100 Common shares per right)	2
	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	252	25,2000 Common shares (100 Common shares per right)	3
	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	424	42,400Common shares (100 Common shares per right)	4
	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	264	26,400Common shares (100 Common shares per right)	4
	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	389	38,900Common shares (100 Common shares per right)	4
	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	572	57,200 Common shares (100 Common shares per right)	4
	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	659	65,900 Common shares (100 Common shares per right)	5
	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	700	70,000 Common shares (100 Common shares per right)	6
	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	938	93,800 Common shares (100 Common shares per right)	7
Total	—	—	—	—	4,392	439,200Common shares	7

V. Matters Related to Directors and Executive Officers

1. Name etc. of Directors and Executive Officers

A) Directors

Name	Non-executive position		Material concurrent positions s
Yasuyuki Kimoto	Director, Chairperson of the Board	Chairperson of Nomination Committee, and a member of Audit Committee and Compensation Committee	—
Toshikuni Yamazaki	Director	Chairperson of Audit Committee, and a member of Nomination Committee and Compensation Committee	➢ Representative Director/President, Ryugasaki Country Club
Jörg Raupach Sumiya	Director	Chairperson of Compensation Committee, and a member of Nomination Committee and Audit Committee	➢ Professor at the College of Business Administration, Ritsumeikan University
Hiroshi Ishino	Director	A member of Nomination Committee, Audit Committee and Compensation Committee	➢ Senior Corporate Advisor, Kansai paint Co., Ltd.
Kunihito Minakawa	Director	A member of Nomination Committee, Audit Committee and Compensation Committee	➢ External Director, Santen Pharmaceutical Co., Ltd. ➢ Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner
Yoshihiro Kuroi	Director	—	➢ Advisor, Japan Industrial Solutions Co., Ltd.
Shigeki Mori	Director	A member of Nomination Committee and Compensation Committee	—
Kenichi Morooka	Director	—	—

Notes:

1. Messrs. Yasuyuki Kimoto, Toshikuni Yamazaki, Jörg Raupach Sumiya, Hiroshi Ishino, Kunihito Minakawa and Yoshihiro Kuroi are External Directors as stipulated in Article 2.15 of the Companies Act. All of them except Mr. Yoshihiro Kuroi have been notified to Tokyo Stock Exchange (hereinafter called "TSE") as Independent Directors. In addition to such criteria set by TSE, the Company has on its own created and applied more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group's directors and/or Group's major shareholders, which five External Directors also meet. For the details of such criteria, please see pages from 13 to 14.
2. Mr. Toshikuni Yamazaki, Chairperson of Audit Committee, has specialized knowledge and expertise particularly on finance and accounting to a respectable degree with his career of Representative Director, Executive Vice President (in charge of finance, investor relations and accounting) of the major international manufacturing company. Mr. Kunihito Minakawa, Member of Audit Committee, has the career and experiences of serving as Corporate Senior Vice President (in charge of accounting) and Corporate Auditor of the major international manufacturing company, currently, he is a member of the Financial Services Agency Certified Public Accountant and Auditing Oversight Board Commissioner. equipped with abundant experiences and broad knowledge in the fields of financing and accounting.
3. We have no full-time Audit Committee member appointed for the time being, given mainly that as a company with three committees, our Audit Committee has conducted and implemented its audit in an organizational manner including by liaising with the external Accounting Auditor, Group Internal Audit and other internal control functions of the Company. We have also appointed and made available certain employees as dedicated Support Staffs of Audit Committee and they report to and provide necessary information to/for Audit Committee.
4. Clemens Miller resigned from Director on 31 December 2020, and didn't have any important concurrent positions.

B) Executive Officers

Name	Executive position		Material concurrent positions
Shigeki Mori	Representative Executive Officer	President and Chief Executive Officer (CEO)	—
Kenichi Morooka	Representative Executive Officer	Executive Vice President, Chief Administration Officer (CAO) and Chief Risk Officer (CRO)	—
Tony Fradgley	Senior Executive Officer	Chief Transformation Officer (CTrO)	—
Koichi Hiyoshi	Senior Executive Officer	Chief Legal Officer (CLO), Company Secretary and Head of Ethics & Compliance	—
Munehiro Hosonuma	Senior Executive Officer	Head of Architectural Glass SBU	
Satoshi Ishino	Senior Executive Officer	Chief Development Officer (CDO) and Head of Business Innovation Center	—
Reiko Kusunose	Senior Executive Officer	Chief Financial Officer（CFO）	
Hiroshi Nishikawa	Senior Executive Officer	Transformation Director Asia and Head of Fine Glass division	—
Rob Purcell	Senior Executive Officer	Head of Automotive OE SBU	
Phil Wilkinson	Senior Executive Officer	Head of Automotive AGR SBU	—
Tim Bolas	Executive Officer	Finance Director – Operations	—
Mike Greenall	Executive Officer	Chief Technology Officer (CTO)	—
Shiro Kobayashi	Executive Officer	Global Sustainability Director	—
John Mercer	Executive Officer	Chief Procurement Officer (CPO)	—
Yutaka Nakashima	Executive Officer	Chief Human Resources Officer (CHRO)	—
Iain Smith	Executive Officer	Finance Director – Global Finance	—
Milena Stanisci	Executive Officer	Head of Manufacturing Excellence and Head of Manufacturing, Automotive OE SBU	—

Notes:

1.The name on the family register of Reiko Kusunose is Reiko Ishii.

2.As of 31 December 2020, Clemens Miller resigned from the position of Director, Representative Executive Officer, Executive Vice President and COO, and Jochen Settelmayer resigned from the position of Senior Executive Officer.

2. Compensation for Directors and Executive Officers

(1) Principles of Compensation for Directors, and Executive Officers

1) Organization & Responsibilities for determining Compensation

The company has in place the statutory Compensation Committee (the "Committee") as adopting a "Company with Committees" structure. No member of the Committee is allowed to be present when matters relating to their specific compensation are being discussed.

Role	Compensation Committee is responsible for making decisions on a compensation policy for Directors and Executive officers as well as individual elements of compensation for Directors and Executive Officers. The Committee may also give recommendation or advice to the Representative Executive Officer, President and CEO on the policies and details with respect to compensation for the Group's senior management other than Directors and Executive Officers, keeping a consistency with the policy of 3. Below.
Composition	・5 Independent External Directors and 1 Director who concurrently serves as Representative Executive Officer ・Chaired by Dr. Jörg Raupach Sumiya, Independent External Director
Secretariat	Human Resources Department
Legal advisor	Legal & Administration Department

2) Activities of the Committee in Compensation related Decision-Making Process

- During FY2021, the Committee met on six occasions, and Attendance rate was 100%, all members attended all Compensation Committee meetings. The Committee resolved the individual amount of basic salary, the performance indicators and method for determining the payment amount of incentives (performance-linked compensation), and the actual payment amount based on the achievement against the previous year's indicators. And also the Committee resolved a plan to allot restricted shares to certain qualified Executive Officers under Japanese employment terms and the number of restricted shares to be allotted as a retirement benefit in May 2020. Restricted shares have been introduced in place of Stock Options which was established with the abolition of the retirement bonus. Restricted shares are designed to provide the same level of stock compensation as Stock Options by also utilizing benchmark data. Accordingly, the number of restricted shares to be issued to the relevant, individual Executive Officers is determined.
- The Compensation Committee gave its final approval to the individual compensation for Directors and Executive Officers for the year ended in March 2021 after confirming that it is consistent with the basic policy on compensation as detailed in 3) and 4).

3) Compensation Policy for Executive Officers

＜A＞Compensation System and Compensation Composition Ratio

Compensation packages for the Executive Officers principally consist of basic salary, Management Incentive Plan (annual bonus) and Long- term Incentive plan.

The Group operates a global grading structure across the Group, and management grade is determined based on job evaluation by the Group common scale using the HAY management grade methodology, a globally recognised job evaluation methodology. Management grade determines the maximum quantum levels for participants in both the annual and long-term incentive structures.

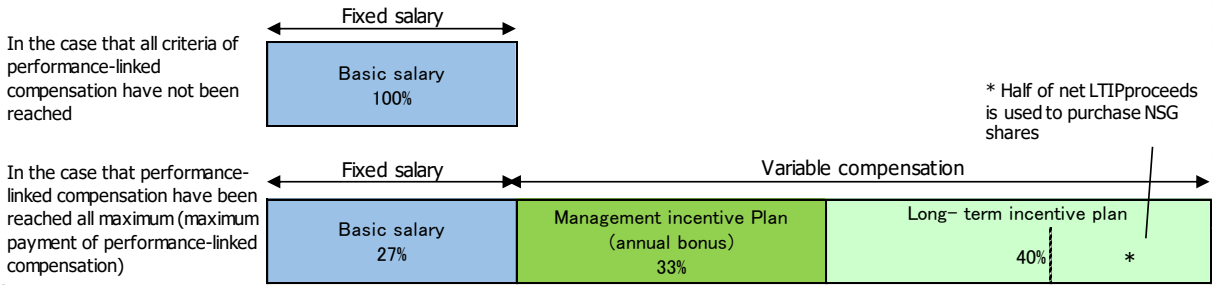
(a) Compensation System

Objectives	・To ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest calibre on a worldwide basis in an international business. ・To ensure that each individuals basic salary and incentives are aligned with the performance of the Group and the interests of shareholders, as well as reflecting the commitment and achievements of the individuals concerned.		
Composition and Details	Fixed salary	Basic salary	・Salaries are reviewed annually and are broadly aligned with market medians for a global business. ・In determining what are the appropriate market rates, account is taken of turnover, market capitalization and the complexity and breadth of internationalization. ・In reviewing salaries, account is also taken of the scope and responsibilities of the role, the performance of the individual, the progress the Company is making against its targets and plans and of salary increases planned for other managers.
	Performance-linked compensation	Management Incentive Plan (annual bonus)	・Assessed against the achievement of annual performance indicators which are mainly financial. ・Aligned to NSG Group's Medium-Term Plan ・Payment levels: Ranging between 0% and 125% against each individual's basic salary dependent upon the management grade
		Long- term Incentive plan	・Assessed against the achievement of long-term performance indicators over a three-year period ・Issued annually ・Payment levels: Ranging between 0% and 150% against each individual's basic salary dependent upon the management grade ・Require the purchase of NSG Shares by using part of the cash award from the plan to lead to further alignment of the Executive Officers with shareholders, allowing Executive Officers to continue to be motivated to help build shareholder value ・Shareholding targets set for Executives :Ranging between 25% and 100% against each individual's basic salary dependent upon the management grade ・Plans contain Malus (ability for the value of award to be reduced after it has been granted but before it has vested) and Clawback clauses (ability for the Group to require the participants to repay the value they received after the award has vested). The Group can exercise these provisions if one of a list of trigger events occurs. Trigger events include the Misstatement of results, an error that causes an award to be paid at too high a level, a serious illegal act, or a material breach of the Group Code of Ethics.
	Stock Compensation		・ Restricted shares are issued annually to some Executive Officers under Japanese employment terms as a retirement saving plan.

(b) Compensation ratio

The ratio of basic salary and incentives is, rather than specifically and equally applied, set according to individuals' management grades.

<CEO's compensation ratio>



Note: For clarification, the above diagram includes only base salary plus annual and Long-term incentive plan compensation, no additional benefits are included. In addition, the impact of the share price movement element of the Long-term incentive plan is not taken into account.

＜B＞FY2022 Management Incentive Plan (annual bonus)

(a) Group Performance measures and weight

Element	Ratio
Management Operating Profit	50%
Free Cash Flow	50%

(b) Reasons for selected the measures

Measures	Reasons
Management Operating Profit	Ensure alignment with delivery of the target numbers assigned to Group operating profit and cash flow which are the financial performance indicators specifically important to the annual budget
Free Cash Flow	

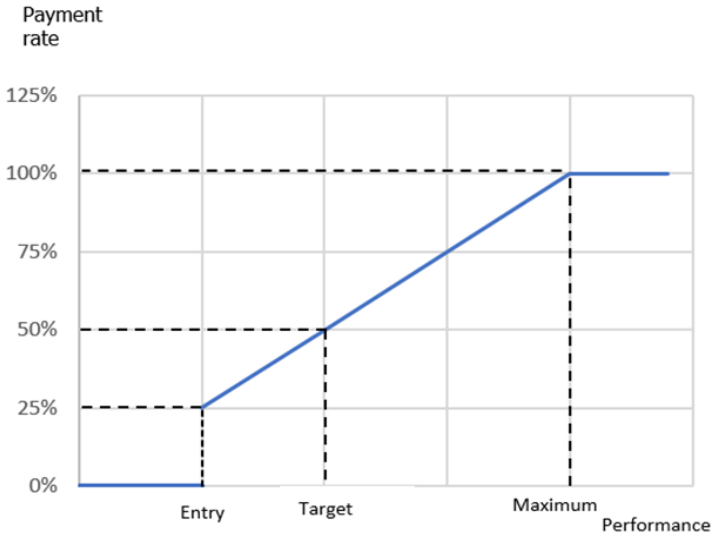
(c) Determination of Management Incentive Plan (annual bonus) Payment Level

・Payment Level＝Maximum payment amount×Achievement rate of Performance measures

・A Gate mechanism operates for the plan, which is based on a minimum level of Net Income that must be reached, as an affordability threshold before considering payment based on achievement against the different performance measures.

- If the Gate is not met, no payment is made
- If the Gate is met, payment is made based on achievement against the performance measures

・For each performance measure the minimum performance level ("Entry") of performance is set in line with the annual budget for the financial year. Appropriate stretch to "Target" level is identified, as is the stretch to the performance level that would equate to the maximum payment level ("Max").



Achievement rate of performance measures = Payment rate of Management Operating Profit measure x 50% + Payment rate of Free Cash Flow measure x 50%

＜C＞Long-term incentive

(a) Group Performance measures and weight of plans currently in operation

①Plan commencing in FY2020 (Target period : FY2020, FY2021 and FY2022)

②Plan commencing in FY2021 (Target period : FY2022 and FY2023)

* For the plan commencing in FY2021 only, due to the uncertainty in numbers resulting from the impact of Covid-19 on the business, the aggregate EPS scale is based on the 2 years FY2022 and FY2023.

Performance Measures of Plans commencing in FY2020 and FY2021

Performance Measures	Ratio
EPS (Earning per Share)	50%
ROS (Return on Sales)	50%

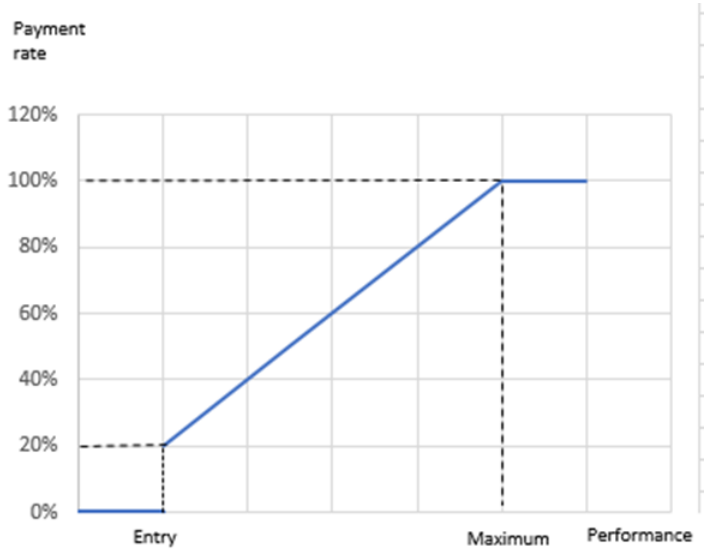
(b) Reasons for selected the measures

Performance Measures	Reasons
EPS	Two performance measures ensure clear link with the Medium-Term Plan, incentivising executives to further strengthen earning power and enhance shareholder value.
ROS	

(c) Determination of LTIP Payment Level

LTIP Payment ＝ Maximum payment amount × Achievement rate of Performance measures × Share price movement rate

・For each measure, ”Entry” is set in such a way to ensure that the business is meeting the minimum required performance level and the “Maximum” point on the scale has appropriate stretch.



Achievement rate of performance measures= Payment rate of "EPS measure" x 50% + Payment rate of "ROS" measure x 50%

・The share price movement rate is a coefficient that is linked to the price movements of the Company's share price for the three-year period covered by each plan, and is adjusted based on the price movement of the monthly average share price in the month before the start of the plan and the monthly average share price of the last month of the plan.

4) Compensation Policy for Independent External Directors

Objectives	・To ensure that independent external directors can adequately and effectively fulfill their supervisory roles ・To ensure that they have the capability and experience required to fulfill this role
Compensation level	・Set at the appropriate level based on comparisons with other companies using benchmark data provided by specialist external advisers.*
Compensation Structure	・Only Basic salary ・Not eligible for Management incentive plans (annual bonuses) and Long-term incentive plans ・Independent External Directors receive additional payment if they act as Chair at either the Board or any of the Committees.

* In the case that a Non-Independent External Director is elected, compensation will be set at an adequate level for his/her duties in a way commensurate with the duties discharged by Independent External Directors including in terms of whether or not they are appointed as member of any of three Committees and so forth.

(2) Amount of Compensation for Directors and Executive Officers

1) Targets and results of performance measures for the peformance-linked compensation related to this financial year.

A. FY21 Management Incentive Plan (annual bonus)

In line with the Policy of Directors and Executive Officers Compensation, the Company operates an annual incentive plan.

In the financial year FY2021 as the setting of realistic annual incentive plan targets was extremely challenging due to the impact of Covid-19 on trading and markets, as an exceptional approach to the annual incentive plan, a review was done of a number of key milestones and deliverables and a discretionary decision was taken in relation to a payment level at the end of FY2021. Deliverables were focussed in three main areas, as a number one priority Health and Safety of employees, generation of and management of cash, Business Structure Transformation for the Future.

As a result of the discussions at the Compensation Committee, although progress was demonstrated against each of the three key measures during FY21 it was decided that there would be no payment of the management incentive Plan (annual bonus) for all Executive Officers in the FY in question.

B. The long-term incentive plan for the three-year evaluation period ("LTIP") with the financial year ended in March 2021 (the FY in question)

(A) Performance measures and targets & results

Measures	Ratio	Entry	Result	Achievement against maximum
EPS during the evaluation period (April 2018 to March 2021)	50%	468JPY	Entry point not met	0%
ROS as at the end of FY2021	50%	7.3%	Entry point not met	0%

Note: The net income used for EPS calculation is the adjusted one such that the deduction of the amount equivalent to the preferred share dividends etc. are excluded.

(B)Structure

・An "Entry" level to ensure that the business is meeting the minimum performance required and a "Maximum" setting the upper limit of the payment level with appropriate stretch were set for each performance measure. The achievement rate for each performance measure is zero % if the entry level of the each measure is not achieved.

(C)Payment level for FY2021

・The entry points in the long-term incentive Plan for the three-year evaluation period ("LTIP") with the financial year ended in March 2021 (the FY in question) have not been met. Consequently, there is no payment of the long-term incentive Plan to all Executive Officers in the FY in question.

2) Amount of Compensation for Directors and Executive Officers Paid by the Company

The amounts shown in the table below are payments earned in respect of the Groups Financial Year from 1st April 2020 to 31st March 2021, and those paid, or clearly expected to be paid during the said period, by NSG.

Category	Headcount	Compensation (million Yen)							
		Basic Salary, etc.	Performance -linked compensation			Non-monetary compensation			Total
			Annual bonus	Long-term incentive pay	Subtotal	Stock compensation	Other benefits	Subtotal	
Directors who do not concurrently serve as Executive Officers (External Directors)	8	78	0	0	0	0	0	0	78
Executive Officers	10	290	0	0	0	52	20	72	362

Notes:

(1) The amounts shown for Directors who do not concurrently serve as Executive Officers relate to all compensation paid to Messrs. Yasuyuki Kimoto, Toshikuni Yamazaki, Jörg Raupach Sumiya, Kunihito Minakawa, Hiroshi Ishino, Yoshihiro Kuroi, Günter Zorn and Masatoshi Matsuzaki.

(2) The amounts shown for Executive Officers relate to all compensation paid or to be paid to Shigeki Mori, Kenichi Morooka, Koichi Hiyoshi, Satoshi Ishino, Hiroshi Nishikawa, Reiko Kusunose, Munehiro Hosonuma, Shiro Kobayashi, Yutaka Nakashima and Hiroshi Kishimoto.

(3) In addition to the amounts shown in this table which are amounts paid by NSG, additional amounts were paid to other Executive Officers by subsidiaries of the Company, and these are shown in table 3) below.

(4) Amounts shown relate to the periods for which the office of Director and Executive Officer was held.

(5) The data for Directors and Executive Officers includes those who retired during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(6) The data for Directors and Executive Officers includes those who assumed office during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(7) Basic salary, etc. for Executive Officers includes basic salary for Executive Officers and lump-sum payment regarding certain Executive Officers' retirement, etc.

(8) The Performance-linked compensation in the table are the Annual Bonus for the year from April 2020 to March 2021 and the Long-Term Incentive Plan covering the three financial years from April 2018 to March 2021.

(9) Stock Compensation for Executive Officers are an amount for a total of 133,000 Restricted Shares allotted to eight Executive Officers.

(10) Other Benefits include pension fund contributions, healthcare provision and accommodation costs and so forth.

3) Amount of compensation for executive officers paid by subsidiaries

Category	Headcount	Compensation (million Yen)							
		Basic Salary, etc.	Performance -linked compensation			Non-monetary compensation			Total
			Annual bonus	Long-term incentive pay	Subtotal	Stock compensation	Other benefits	Subtotal	
Executive Officers	10	352	0	0	0	0	30	30	382

Notes:

(1) The amounts shown relate to all compensation paid or to be paid to Clemens Miller, Tony Fradgley, Jochen Settelmayer, Phil Wilkinson, Rob Purcell, Tim Bolas, Mike Greenall, John Mercer, Iain Smith and Milena Stanisci as Executive Officers, by the subsidiaries of the Company which has direct privity of contract with them in the form of a certain services contract. The Company has not directly paid for such compensations, but all of which have been reviewed and approved by the Compensation Committee of the Company.

(2) Amounts shown relate to the periods for which the office of Director and Executive Officer was held.

(3) The data for Executive Officers includes those who retired during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(4) The data for Executive Officers includes those who assumed office during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(5) Basic salary, etc. includes basic salary for Executive Officers and allowances for certain Executive Officers.

(6) The Performance-linked compensation in the table are the Annual Bonus for the year from April 2020 to March 2021 and the Long-Term Incentive Plan covering the three financial years from April 2018 to March 2021.

(7) Other Benefits include pension fund contributions, healthcare provision, transport accommodation costs and so forth.

(8) For Clemens Miller and Jochen Settelmayer, who retired at 31 December 2020, in accordance with the local labour practices in which they reside, based on the contents of the service agreement concluded with the local subsidiary before assuming the position of Executive Officer of the Company, a certain amount will be paid as a pension after retirement by the local subsidiary, in addition to the amounts detailed in the above table.

(9) Where amounts in UK sterling and EURO have been converted to Japanese Yen this has been done at an average exchange rate for the year of GBP1:139.0JPY and EUR1: 124.11JPY respectively.

(3) Matters related to External Directors

A. Material Concurrent Positions held by External Directors (those positions if any concurrently held by them with or for other organizations in their capacity as executive positions such as an executive director and executive officer or an external director)

Name	Concurrent Position
Yasuyuki Kimoto	—
Toshikuni Yamazaki	➢ Representative Director/President, Ryugasaki Country Club
Jörg Raupach Sumiya	➢ Professor at the College of Business Administration, Ritsumeikan University
Hiroshi Ishino	➢ Senior Corporate Advisor, Kansai paint Co., Ltd.
Kunihito Minakawa	➢ External Director, Santen Pharmaceutical Co., Ltd. ➢ Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner
Yoshihiro Kuroi	➢ Advisor, Japan Industrial Solutions Co., Ltd.

Notes: Japan Industrial Solutions Co., Ltd., where Mr. Yoshihiro Kuroi retains such concurrent position, is the general partner of Japan Industrial Solutions Fund II., one of Investment LPS to which Class A Shares are issued. In relation to all other External Directors we have no special relationship in business with any of the companies listed above as those where they have such concurrent offices.

B. Major Activities of External Directors during Fiscal Year

Name	Attendance status, Remark status and Outline of duties performed regarding the roles expected of External directors
Yasuyuki Kimoto	Attended all 15 Board of Directors meetings, all 10 Nomination Committee meetings, all 11 Audit Committee meetings, and all 6 Compensation Committee meetings held during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager. It is expected that he should to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint. In FY2021, well performed as Chairperson of the Board of Directors and led the meeting of the Board of Directors with a majority of independent external directors to enhance constructive discussion. At the Board, he led discussions on internal control, risk management, etc., based on his abundant management experience in global companies. And also well performed as Chairperson of the Nomination Committee and led the committee about Group's human resource strategy mainly based on deep knowledge from abundant international experience.
Toshikuni Yamazaki	Attended all 15 Board of Directors meetings, all 10 Nomination Committee meetings, all 11 Audit Committee meetings, and all 6 Compensation Committee meetings held during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager. It is expected that he should to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint. At the Board, he led discussions on finance, accounting, auditing, internal control, etc., based on his deep knowledge of finance and accounting. In FY2021, well performed as Chairperson of the Audit Committee and led the committee about building a highly transparent governance system by appropriately auditing business execution and supervising executives.

Jörg Raupach Sumiya	Attended all 15 Board of Directors meetings, all 11 Audit Committee meetings, and all 6 Compensation Committee meetings held during the fiscal year ,and all 9 Nomination Committee meetings held after his assumption of the member of the Nomination Committee on 16 July 2020 during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced academic expert and business manager. It is expected that he should to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint. At the board, he led discussions on sustainability (environment, climate change, etc.) and intellectual property management, especially from the standpoint of management experience in a global company and academic experience. In FY2021, well performed as Chairperson of the Compensation Committee and led the committee about the design of the executive compensation system and evaluation system.
Hiroshi Ishino	Attended all 10 Board of Directors meetings, all 9 Nomination Committee meetings, and all 8 Audit Committee meetings, and all 5 Compensation Committee meetings, held after his assumption of the office of Director on 16 July 2020 during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager. It is expected that he should to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint. At the board, he led discussions, especially on strategic marketing and business alliances, based on its in-depth knowledge of global management strategy. As a member of the Nomination Committee, Audit Committee, and Compensation Committee, contributed to the construction of a highly transparent governance system.
Kunihito Minakawa	Attended all 10 Board of Directors meetings, all 9 Nomination Committee meetings, and all 8 Audit Committee meetings, and all 5 Compensation Committee meetings, held after his assumption of the office of Director on 16 July 2020 during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager. It is expected that he should to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint. At the Board, he led discussions on finance, accounting, auditing, internal control, etc., based on his deep knowledge of finance and accounting.As a member of the Nomination Committee, Audit Committee, and Compensation Committee, contributed to the construction of a highly transparent governance system.
Yoshihiro Kuroi	Attended all 10 Board of Directors meetings held after his assumption of the office of Director on 16 July 2020 during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager. As an External Director, it is expected that he should to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers. At the Board, based mainly on his extensive experience and insight in overseas business, IR, and risk management, he led discussions on risk management in particular and contributed to the establishment of a highly transparent governance system.

C. Outline of an Agreement on Liability Limitation

An agreement has been entered into between the Company and each of the External Directors, to the effect that the liability of each of the External Directors in having performed their duties in good faith and without gross negligence be capped to the amount permitted by law.

VI. Accounting Auditor

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Fees, etc., to Accounting Auditor with respect to the Fiscal Year

Fees, etc., to Accounting Auditor with respect to the fiscal year under review	¥ 147 million
Monetary and/or other property benefits payable by the Company and its subsidiaries to Accounting Auditor	¥ 147 million

Notes:

1. The audit contract entered into between the Company and the Accounting Auditor does not differentiate the fees payable to it from their audit in their capacity as Accounting Auditor pursuant to the Companies Act and those payable to from their audit pursuant to the Financial Instruments and Exchange Act. It is not practically possible to differentiate them, either. As such, the "Fees, etc., to Accounting Auditor for the fiscal year" referred to in the above table show the total sum payable for these services.
2. Ernst & Young also acts as principal auditors for material subsidiaries of the Group.

3. The Reason for which Audit Committee Consented to the Fees, etc. to the Accounting Auditor

Audit Committee consented to the amount of the fees, etc. payable to the Accounting Auditor as set forth in Article 399.1 of the Companies Act, after, among others, having reviewed their audit plan, last year's performance and the rationale of fee estimate based on the received documents as necessary and hearing from the Executive Officers, relevant departments and Accounting Auditor themselves.

4. Policies on Dismissal or Non-reappointment of Accounting Auditor

In addition to the dismissal of the Accounting Auditor by the Audit Committee where the Accounting Auditor is considered to fall into any of the causes described in Article 340.1 of the Companies Act, the Audit Committee would, in principle, propose an agenda for dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders when the Audit Committee considers that it would be difficult for the Accounting Auditor to perform its duties properly, due to their violation of law or other matters impairing its eligibility or independence.

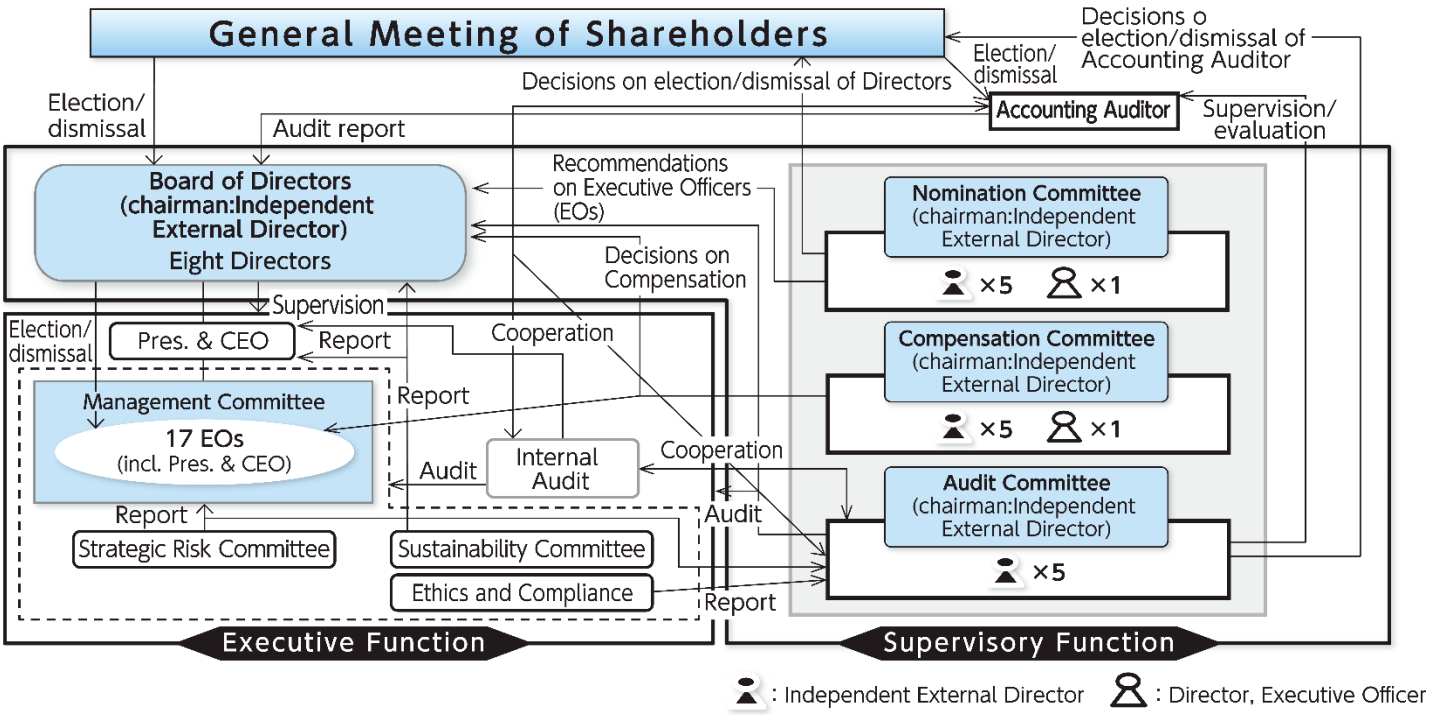
VII. Status of Corporate Governance

1. Policy and Structure

The Company adopts a company with three committees structure, under which we intend and seek to introduce additional safeguards for shareholders, increase the transparency of management, and enhance corporate governance by separating the functions of execution and oversight, with the role of the Independent External Directors strengthened.

NSG Group established the "NSG Group Corporate Governance Guidelines" supporting the Principles of the TSE Corporate Governance Code. These Guidelines provide the basic principles and framework of the corporate governance for the Group to enhance its corporate values in a sustainable manner, on a medium-to-long term basis, and thus increasing the common value of the Group for our various stakeholders including our shareholders.

2. Management System



- **Board of Directors** decides or approves matters delegated to it by resolution of the General Meeting of Shareholders as well as especially important matters on the execution of the Company's business, in addition to the matters provided by laws and ordinances or by the Articles of Incorporation, and supervises the execution of duties by Directors and Executive Officers.
- **Nomination Committee** decides the details of the agenda items on election and removal of Directors to be submitted to the General Meeting of Shareholders, supervise succession plans for President, CEO and other important offices, and give recommendation or advice on candidates for Executive Officers to the Board of Directors.
- **Audit Committee** audits the execution of duties by Directors and Executive Officers, prepares for audit reports, and decides the details of agenda items on the appointment and removal or non-reappointment of Accounting Auditor.
- **Compensation Committee** makes decisions on principles with respect to compensations for Directors and Executive Officers and on individual compensations of Directors and Executive Officers under such principles.
- **Management Committee** gives direction to the management of the Group and monitor the status of its implementation from time to time.

3. Board Effectiveness Evaluation

The Company conducted an effectiveness review and evaluation of the Board as well as the Nomination, Audit and Compensation Committees in FY2020. As for this review, the independent directors were entrusted to lead and supervise the whole process of analysis and evaluation under the leadership of the Chairperson of the Board so that sufficient adequacy and independence was maintained throughout. The effectiveness review endorsed that the Board and the Committees were all properly and soundly operated to ensure their effectiveness. On the other hand, the comprehensive evaluation of the medium-term management plan and MTP phase 2 in which the target was not achieved in the final year of the fiscal year ending March 2020, the deepening of discussions on important management issues in the process of formulating the next medium-term management plan, and the drastic change in the market. However, the formulation of action plan has been suspended concerning the discussion on the New Mid-term Plan to be commenced in FY2021 due to the repercussions of the worldwide pandemic of COVID-19. The Board decided to have thorough discussion on the next MTP when the Board can figure out a more clear-cut business outlook. While analyzing and evaluating the effectiveness of the Board of Directors, etc. for the fiscal year ending March 2021, the Board of Directors will further discuss the new medium-term management plan (RP24) with the fiscal year ending March 2022 as the first year. The Board will dig deeper and further deepen opportunities for discussion and verification of strategic issues.

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

1. System for ensuring that the performance of duties by Executive Officers and employees of the Company, and directors, statutory auditors and employees of the subsidiaries of the Company (collectively referred to as the "Group Employees") complies with laws, regulations, and the Articles of Incorporation

- On the basis and strength of the management principles "Our Vision", the NSG Group (the "Group") aims to ensure high levels of ethics and compliance throughout the Group in conducting businesses, proactively fulfilling its social responsibilities for the sustainable growth.
- Under the management principles "Our Vision", the Group establishes the "NSG Group Code of Ethics" providing business ethics and compliance with laws/regulations/internal policies and procedures, and uses its internal communication network to continually disseminate and provide educational training about the contents of the Code of Ethics for the Group Employees, together with other important internal policies and procedures of the Group (e.g. Group Policies, procedures or manuals).
- Each Strategic Business Unit ("SBU") and function in charge of securing compliance with the relevant laws and regulations, will monitor such compliance status in coordination with Internal Audit function, and also report it to the Audit Committee.
- The Group establishes a Group central function responsible for developing and maintaining the effective framework of ethics and compliance throughout the Group (hereinafter generally referred to as "Ethics and Compliance Function").
- Ethics and Compliance Function will, throughout the Group,:-
  - work closely with regional team in charge of ethics and compliance matters to promote and ensure compliance by adherence to strict standards and to promote ethics and compliance awareness through communication and training programs; and
  - as it may deem necessary, conduct audits in cooperation with Internal Audit function and other Internal Control Functions.
- Ethics and Compliance Function will also report to the Audit Committee.
- The Group establishes a global reporting of concerns hotline not subject to usual reporting structure for execution of the businesses ("hotline"), which enables the Group Employees to voice any ethics and compliance related issues through an independent external vendor as points of contact; whereby the Group ensures the framework under which it is able to promptly detect and address any such issues.
- Ethics and Compliance Function shall, periodically or from time to time as appropriate, update the Audit Committee on the status of the implementation and operation of the hotline as well as on the issues brought from the hotline.
- The Group Employees can make a report via the hotline with anonymity where legally allowed, and the Group must explicitly guarantee that no retaliation or unfavorable personnel treatment will be taken against the Group Employees in question for reason of the report.

2. Rules relating to the management of the risk of loss and other relevant risk management system with respect to the Group

- The Group establishes internal policies and procedures to adequately address various risks associated with its business operations and identify and manage all possible risks in a holistic way throughout the enterprise that it could be exposed to. For effective facilitation of the overall enterprise risk management, the Group constitutes the Strategic Risk Committee which is to be led by a representative executive officer of the Company and reports to the Management Committee and the Audit Committee, with its assigned responsibilities to conducts a review of the status regularly of identification, evaluation and remediation of the major risks identified.
- The Group establishes internal policies and procedures that clearly define how to treat specific risks associated with such as ethics and compliance, environment, safety, disaster management, product quality, information security, funding, raw material procurement, research and development and credit control, and each SBU and function shall manage such risks in their respective areas of responsibility according to these internal policies and procedures.
- The Group shall make sure that Ethics and Compliance Function manages and controls significant ethics and compliance-related risks including by preparation of adequate internal policies and procedures, in cooperation with Internal Control Functions including Legal and Internal Audit function.
- Risk control measures will be managed and taken, as necessary, including risk diversification and insurance on a group basis. In particular the Group establishes the internal policy on group insurance and takes out and renews global insurance program annually thereby aiming to secure adequate transfer of material risks of the Group.
- The Group develops and has in place policies and procedures to prepare against and deal with major incidents for risk management purposes that may occur globally or regionally.
- The Group establishes the control system to ensure the integrity of its financial reporting as well as the appropriateness and timeliness of other corporate disclosures.

3. System for retaining and managing information pertaining to Executive Officers' performance of duties

- Executive Officers properly retain and manage documents, records and any other information regarding their performance of duties in accordance with the applicable laws and internal policies and procedures.

4. System for ensuring effective and efficient performance of duties by the Group's Employees

- The Group formulates an annual business targets for the Group based upon its medium to long-term business plans resolved by the Board. Also it clearly communicates the targets throughout the whole organization to ensure that all Group businesses are managed and coordinated in a consistent manner.
- The Board authorizes the Executive officers to make decisions on the business and affairs of the Group Board within the remit permitted by law.
- The Group establishes the Management Committee comprising the Executive Officers as its core member. Discussions and deliberations at the meetings thereof will be of assistance for the Executive Officers to make bold and prompt decisions on the Group businesses in an effective and efficient way, under the framework of the Group's basic policies and goals set by the Board.
- The Group clearly defines the area of duties and responsibilities assigned to respective Executive Officers and other Group Employees pursuant to the resolutions by the Board and those internal policies and procedures providing for allocation of role/duties and authorities.
- The Group prepares for internal policies and procedures in relation to various internal meeting or conference structures within the Group including in relation to Management Committee and ensures that all business decisions for the Group be made in manner complied with the standards and process for deliberation provided in such policies and procedures.
- The Group develops and maintains information systems that improve the efficiency of business operations.

5. Reporting-line structure within the Group

- The reporting-line structure will be built up and maintained within the Group for each and every SBU and function formed on a group-wide basis.
- The Group formulates the internal policy with respect to the management of the Company's subsidiaries which ensures each material subsidiary to notify the Company regularly of the matters relevant to it regarding: internal audit, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment and any other areas related to internal controls and the status of risks or exposures associated with such areas.
- Internal audit will be conducted on a group basis.

6. Systems to ensure effectiveness of audits conducted by the Audit Committee

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

prescribed above in this section.

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

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

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

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

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

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

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

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

5. 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

- The NSG Group Code of Ethics broadly covers the ethical behavior expected of our employees in the work place, including compliance with the law and all major Group policies,procedures, and guidelines. The Code is available in all 19 Group languages on its intranet.
- 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. In FY2021, the Group has newly established Anti-Retaliation and Reporter Protection Policy to enhance its commitment that any retaliation against those who report in good faith will never be tolerated. Hotline reports are handled consistently in accordance with the relevant Group policies and procedures, being appropriately investigated where warranted. In FY2021, 137 allegations were reported via the Reporting of Concerns system. In addition, NSG Group Ethics and Compliance Hotline was formally certified as Whistleblowing Compliance Management System or WCMS (self-declaration basis) on 30 April 2021.
- Under the Group E&C Director's leadership, E&C regional managers are responsible for embedding E&C culture into the whole organization within the major regions of the Group as well as covering risks in each region.
- 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.
- The Group is monitoring third parties such as agents, consultants and joint venture partners that meet certain risk criteria of the ABAC policy.
- Globally, Group E&C screens business partners against all necessary sanctions lists on a daily basis.
- 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.
- 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), Social Media, Fraud and Inclusion & Diversity are covered accordingly in annual training campaign and/or onboarding.
- Group E&C periodically issues E&C briefings, which are translated in 14 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.
- 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.
- 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

- We identify and assess annually the material risks which should be controlled on a group basis in accordance with NSG Group Risk Management Policy.
- We have established and been operating Strategic Risk Committee whose member consists of Executive Officers including CEO; Chief Risk Officer ("CRO") is also appointed from among the Executive Officers. The responsibilities of Strategic Risk Committee (SRC) include the provision of an overall framework for the enterprise risk management of the Group, and the identification and evaluation of the high-level risks which could have a material adverse effect. The SRC evaluates the management of these high level risks by the relevant Strategic Business Unit (SBU) and Functions in support of SBUs, approves any additional mitigations and counter measures, and monitors the status on an ongoing basis. The CRO chairs the SRC meetings and, as the representative of the Committee, regularly reports to the Management Committee and Audit Committee in

relation to effectiveness of the fundamental system of the internal control and risk management structure of the Group.

- The SRC has convened three times in FY2021 and revised the material risks and the framework for ongoing review, ensured that the mitigations were operating to the maximum extent, monitored the delivery of improvement actions and reviewed results of the "bottom up" SBU risk management process.
- Each Strategic Business Unit (SBU) and Function in support of SBUs constituting the Group manages and controls risks associated with execution of its own duties and reports, regularly and on an as-needed basis, to the Strategic Risk Committee.
- Internal Audit Function has the role of giving independent assurance to efficacy of such overall enterprise risk management of the Group.
- In addition to the risk management and control implemented by SBUs and Functions, we have also created and been operating the NSG Group Entities Management Policy in order to enable 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 to Management Committee and the Board of Directors regarding the outcome.
- We have, in preparation for potential major incidents and calamities, organized and constituted a major incident management team at and for each operating site where major incident management plan is also prepared and in operation, on the basis of NSG Group Business Continuity Policy and Major Incident Guidelines.
- 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

- The Group has established 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. 11 MC meetings were held during FY2021.
- 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.
- 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.
- 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.
- We operate the organization with its reporting lines clarified by having the specific organization charts by each SBU and function which supports SBUs.
- Various meetings were reorganized 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

- 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.
- 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.

- 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.
- Audit Committee periodically meets with Group Internal Audit and other internal control functions and exchange views with them.
- Audit Committee meets with the Accounting Auditor on a periodical and as-necessary basis, keeping close communication with them.
- Audit Committee conducts on-site or online audits at the major business establishments of the Group that it deems particularly necessary.

The above Business Reports are prepared by rounding off any fraction of one million yen to the nearest one million yen. Any future and prospective matters contained above are described by reference to the then status existing as of the end of FY2021.

Consolidated Balance Sheet (as of 31 March 2021)

(In JPY millions)

ASSETS		LIABILITIES	
Non-current assets	547,978	Current liabilities	287,813
Goodwill	99,016	Borrowings	120,994
Intangible assets	48,761	Derivative financial instruments	729
Property, plant and equipment	316,788	Trade and other payables	136,233
Investment property	214	Contract liabilities	5,749
Investments accounted for using the equity method	18,870	Taxation liabilities	2,294
Retirement benefit assets	23,355	Provisions	17,860
Contract assets	988	Deferred income	504
Trade and other receivables	12,204	Liabilities related to assets for sale	3,450
Assets held at Fair Value through other Comprehensive Income	18,439		
Derivative financial instruments	362	Non-current liabilities	457,388
Deferred tax assets	33,816	Borrowings	349,146
Tax receivables	185	Derivative financial instruments	841
		Trade and other payables	477
Current assets	249,985	Contract liabilities	6,037
Inventories	111,910	Deferred tax liabilities	16,176
Contract assets	1,322	Taxation liabilities	3,233
Trade and other receivables	64,037	Retirement benefit obligations	61,002
Derivative financial instruments	904	Provisions	17,391
Cash and cash equivalents	58,673	Deferred income	3,085
Tax receivables	1,773		
Assets held for sale	11,366	Total: Liabilities	745,201
		EQUITY	
		Capital and reserves attributable to the Company's equity shareholders	62,937
		Called up share capital	116,643
		Capital surplus	155,245
		Treasury stock	(40)
		Stock subscription rights	556
		Retained earnings	(81,692)
		Retained earnings (Translation adjustment at the IFRS transition date)	(68,048)
		Accumulated other comprehensive income	(59,727)
		Non-controlling interests	16,825
		Total: Equity	79,762
Total: Assets	824,963	Total: Liabilities and equity	824,963

Consolidated Income Statement (for the period of 1 April 2020 to 31 March 2021)

(In JPY millions)

Revenue		499,224
Cost of Sales		(382,085)
Gross profit		117,139
Other income	1,814	
Distribution costs	(43,665)	
Administrative expenses	(56,406)	
Other expenses	(5,815)	(104,072)
Operating profit before exceptional items		13,067
Exceptional items(gains)	14,832	
Exceptional items(losses)	(36,228)	(21,396)
Operating loss after exceptional items		(8,329)
Finance income	2,044	
Finance expenses	(13,080)	
Share of post-tax profit of joint ventures and associates accounted for using the equity method	2,194	(8,842)
Loss before taxation		(17,171)
Taxation		855
Loss for the period		(16,316)
Profit attributable to non-controlling interests		614
Loss attributable to owners of the parent		(16,930)

Consolidated Statement of Comprehensive Income (Reference only) (for the period of 1 April 2020 to 31 March 2021)

(In JPY millions)

Loss for the period	(16,316)
Other comprehensive income:	
Items that will not be reclassified to profit or loss:	
Re-measurement of retirement benefit obligations	(13,184)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments	(60)
Sub total	(13,244)
Items that may be reclassified to profit or loss:	
Foreign currency translation adjustments	9,632
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments	(439)
Cash flow hedges – fair value gains	5,072
Sub total	14,265
Total: Other comprehensive income for the period	1,021
Total comprehensive income for the period	(15,295)
Attributable to non-controlling interests	(1,884)
Attributable to owners of the parent	(13,411)

Consolidated Statement of Changes in Equity (for the period of 1 April 2020 to 31 March 2021)

(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 2020	116,607	155,222	(39)	576	(54,276)	(68,048)
Comprehensive income for the year:						
Loss for the year					(16,930)	
Other comprehensive income					(13,184)	
Total comprehensive income for the year	-	-	-	-	(30,114)	-
Hyperinflation adjustment	-	-	-	-	4,399	-
Transactions with owners:						
Dividends paid					(1,650)	
Share-based compensation with restricted shares	26	13				
Stock options	10	10		(20)		
Purchase of treasury stock			(1)			
Equity transaction with non-controlling interests					(51)	
Total transactions with owners	36	23	(1)	(20)	(1,701)	-
At 31 March 2021	116,643	155,245	(40)	556	(81,692)	(68,048)

(in JPY millions)

	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 2020	(60,048)	(8,142))	(8,240)	(76,430)	73,612	14,582	88,194
Comprehensive income for the year:							
Loss for the year				-	(16,930)	614	(16,316)
Other comprehensive income	12,131	(499)	5,071	16,703	3,519	(2,498)	1,021
Total comprehensive income for the year	12,131	(499)	5,071	16,703	(13,411)	(1,884)	(15,295)
Hyperinflation adjustment	-	-	-	-	4,399	3,479	7,875
Transactions with owners:							
Dividends paid				-	(1,650)	(392)	(2,042)
Share-based compensation with restricted shares					39		39
Stock options				-	-		-
Purchase of treasury stock				-	(1)		(1)
Equity transaction with non-controlling interests				-	(51)	1,043	992
Total transactions with owners	-	-	-	-	(1,663)	651	(1,012)
At 31 March 2021	(47,917)	(8,641)	(3,169)	(59,727)	62,937	16,825	79,762

Consolidated Statement of Cash Flows (Reference only) (for the period of 1 April 2020 to 31 March 2021)

(In JPY millions)

Cash flows from operating activities	
Loss for the period from continuing operations	(16,316)
Taxation	(855)
Depreciation and amortization	35,768
Impairment	2,290
Finance costs - net	11,036
Share of profit from joint ventures and associates	(2,194)
Decrease in provisions and retirement benefit obligations	7,043
Net change in working capital	5,116
Other	(9,934)
Cash flows generated from operations	31,954
Interest paid	(10,696)
Interest received	3,201
Tax paid	(3,406)
Net Cash inflows from operating activities	21,053
Cash flows from investing activities	
Dividends received from joint ventures and associates	3,400
Purchases of property, plant and equipment and intangible assets	(40,638)
Proceeds on disposal of property, plant and equipment and intangible assets	15,962
Other	(4,313)
Net cash outflows from investing activities	(25,589)
Cash flows from financing activities	
Dividends paid	(2,045)
Repayment of borrowings	(73,324)
Proceeds from borrowings	87,915
Purchase of treasury stock	(1)
Capital contribution from non-controlling interests	992
Net cash outflows from financing activities	13,537
Decrease in cash and cash equivalents (net of bank overdrafts)	9,001
Cash and cash equivalents (net of bank overdrafts) at beginning of period	40,512
Effect of foreign exchange rate changes	2,670
Hyperinflation adjustment	1,317
Cash and cash equivalents (net of bank overdrafts) at end of period	53,500

NIPPON SHEET GLASS CO., LTD. **Financial Statements**

Balance Sheet (as of 31 March 2021)

(in JPY millions)

ASSETS		LIABILITIES	
Current assets	122,640	Current liabilities	139,751
Cash and cash deposits	7,811	Accounts payable-trade	14,518
Notes receivable	804	Bank borrowings	22,052
Accounts receivable-trade	14,363	Current portion of Long-term borrowings	77,938
Products and goods	14,274	Lease obligations	3
Work in process	2,587	Accounts payable - non-trade	8,833
Raw materials and consumables	5,783	Accrued income tax	310
Short-term loan receivable	69,588	Accrued expenses	1,335
Other current assets	7,644	Customers' deposits	13,075
Allowance for doubtful accounts	(214)	Provision for employees' bonuses	784
		Provision for warranties	153
Fixed assets	559,687	Provision for restructuring expenditure	311
Tangible assets	46,056	Provision for payment under Position retirement program	33
Buildings	8,681	Other current liabilities	406
Structures	1,100		
Machinery & Equipment	17,202	Fixed liabilities	230.870
Vehicles	38	Long-term bank borrowings	218,400
Tools & Fixtures	3,711	Lease obligations	5
Land	13,000	Provision for retirement benefits	2,772
Leased assets	9	Provision for rebuilding furnaces	7,291
Construction in progress	2,315	Environmental provision	223
Intangible assets	399	Asset retirement obligations	2,085
Computer software	116	Deferred tax liabilities	64
Other intangible assets	283	Other fixed liabilities	30
Investments and other assets	513,232	Total: Liabilities	370,621
Investments in securities	947	NET ASSETS	
Investments in subs. & affiliates	504,801	Shareholders' equity	310,803
Long-term loan receivable	4,229	Capital stock	116,643
Long-term prepaid expenses	1,851	Capital surplus	153,464
Other assets	1,416	Legal capital surplus	44,965
Allowance for doubtful accounts	(12)	Other capital surplus	108,499
		Retained earnings	40,736
		Legal earned surplus	6,377
		Other retained earnings	34,359
		Reserve for adv'ed depreciation	1,232
		General reserve	24,977
		Retained earnings carried forward	8,150
		Treasury stock	(40)
		Valuation and translation adjustments	347
		Deferred gains or losses on hedges	347
		Stock subscription rights	556
		Net Assets	311,706
Total: Assets	682,327	Total: Liabilities and net assets	682,327

NIPPON SHEET GLASS CO., LTD.

Income Statement (for the period of 1 April 2020 to 31 March 2021)

(in JPY millions)

Revenue		87,327
Cost of sales		(71,319)
Gross profit		16,008
Selling, general and administrative expenses		(21,682)
Operating loss		(5,674)
Non-operating income		
Interest and dividend income	2,094	
Other income	761	2,855
Non-operating expense		
Interest expense	(4,874)	
Other expense	(2,529)	(7,403)
Ordinary loss		(10,222)
Extraordinary income		
Gain from sale of fixed assets	11,655	
Gain from sale of securities	130	
Gain on release of allowance for doubtful accounts	844	
Gain on insurance claims	283	
Government support by COVID-19	132	
Subsidy income	51	13,095
Extraordinary loss		
Loss on scrapping of fixed assets	(208)	
Loss on sale of subsidiaries	(492)	
Loss related to suspension of operations by COVID-19.	(931)	
Loss related to equipment outage	(170)	
Restructuring expenditure	(2,034)	(3,835)
Net profit before tax		(962)
Income tax: Current	(332)	
Income tax: Deferred	(422)	(754)
Net loss		(208)

NIPPON SHEET GLASS CO., LTD.

Statement of Changes in Net Assets (for the period of 1 April 2020 to 31 March 2021)

(in JPY millions)

	Shareholders' equity										
		Capital surplus			Retained earnings						
						Other retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Sub-total	Legal earned surplus	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Sub-total	Treasury stock	Sub-Total
Balance: as of 1 April 2020	116,607	44,929	108,499	153,428	6,377	1,297	24,977	9,943	42,594	(39)	312,590
Changes during the period:											
Reversal of reserve for advanced depreciation				-		(65)		65	-		-
Dividends				-				(1,650)	(1,650)		(1,650)
Net loss				-				(208)	(208)		(208)
Share-based compensation with restricted shares	26	26		26					-		52
Stock options	10	10		10					-		20
Acquisition of treasury stock				-					-	(1)	(1)
Net changes of items other than shareholders' equity											
Total changes during the period	36	36	-	36	-	(65)	-	(1,793)	(1,858)	(1)	(1,787)
Balance: as of 31 March 2021	116,643	44,965	108,499	153,464	6,377	1,232	24,977	8,150	40,736	(40)	310,803

	Valuation and translation adjustments		Stock subscription rights	Total net assets
	Deferred gains or losses on hedges	Sub-total		
Balance: as of 1 April 2020	(1,111)	(1,111)	576	312,055
Changes during the period:				
Reversal of reserve for advanced depreciation		-		-
Dividends		-		(1,650)
Net loss		-		(208)
Share-based compensation with restricted shares		-		52
Stock options		-		20
Acquisition of treasury stock		-		(1)
Net changes of items other than shareholders' equity	1,458	1,458	(20)	1,438
Total changes during the period	1,458	1,458	(20)	(349)
Balance: as of 31 March 2021	347	347	556	311,706

The following also attached to the Japanese original of this document (for reference only):

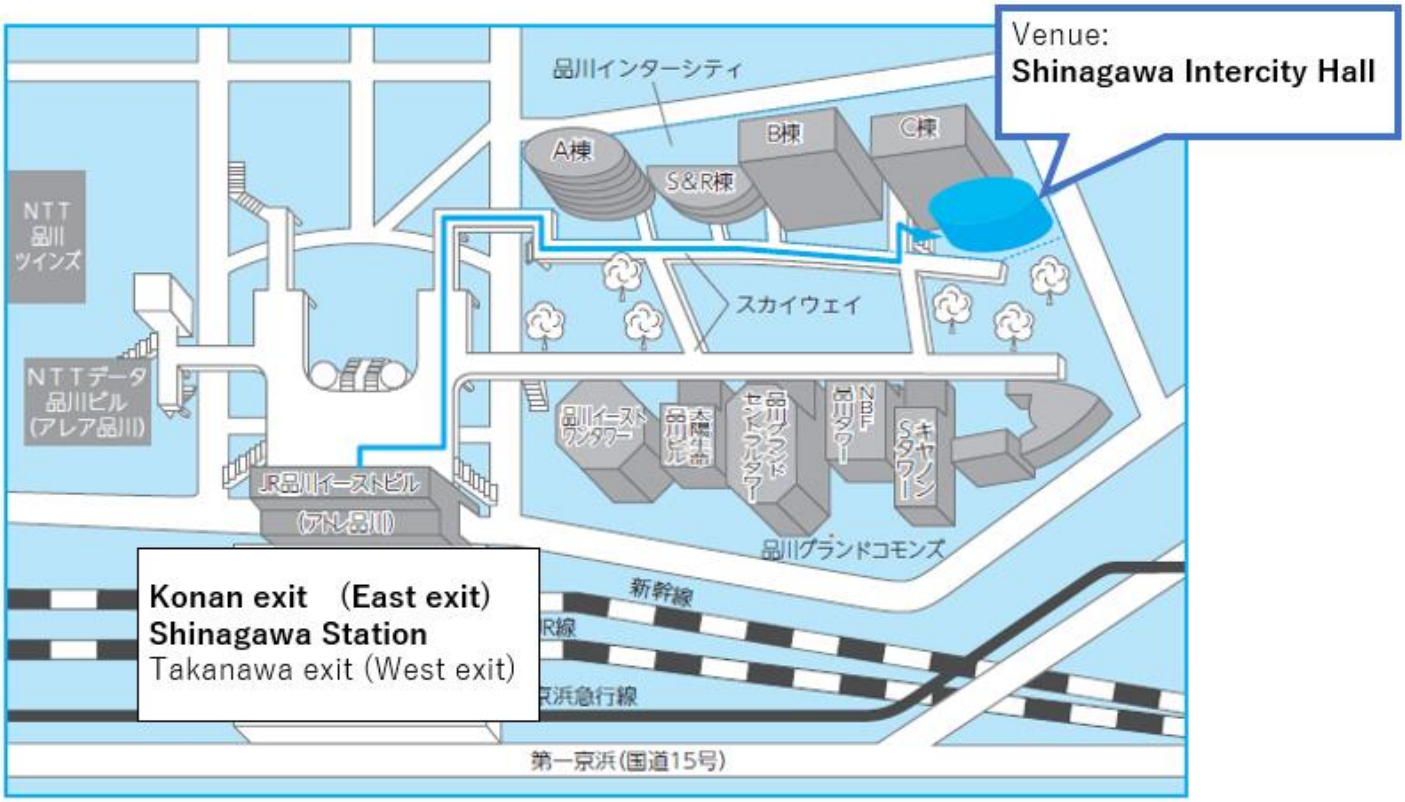
A. Conformed copy of the audit report of the Independent Accounting Auditor

- The related financial statements and its supplementary detail adequately representing the view of the assets and profits of the Company in all material respects.
- Absence of any notifiable interest between the Accounting Auditor and the Company

B. Conformed copy of the audit report of the Audit Committee

- Business Report
  - Business report and its supplementary detail correctly reflecting the position of the Company
  - Absence of unjust behaviour on the part of directors/executive officers or material facts in breach of law or Articles of Incorporation of the Company
  - Validity of the Board resolution re internal controls and absence of the matters to be notified in terms of business report or the performance of duties of directors/executive officers
- Confirming the validity of Accounting Auditor's manner of the audit and result re Consolidated financial statements
- Confirming the validity of Accounting Auditor's manner of the audit and results re financial statements and its supplementary detail (stand-alone basis)

Map of the Venue for the Ordinary General Meeting of Shareholders



Venue: Shinagawa Intercity Hall, 15-4, Konan 2-Chome, Minato-ku, Tokyo
Access: 8 minute-walk from JR Shinagawa Station, Konan exit (East exit)