

Company registration number 02803344 (England and Wales)

PILKINGTON AUTOMOTIVE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



PILKINGTON AUTOMOTIVE LIMITED

COMPANY INFORMATION

Directors

Mr I M Smith
Mr P J Ravenscroft
Mr C Hanley
Mrs R E Dorey
Mr R J Purcell
Mr K Hiyoshi
Mr M J Farrow
Mr S J Boon
Mrs A J Lawrie-
Simmons
Mr R Meredith
Mr T Horiguchi

Secretary

Mr I M Smith

Company number

02803344

Registered office

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

Auditor

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

PILKINGTON AUTOMOTIVE LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 9
Directors' responsibilities statement	10
Independent auditors' report	11 - 14
Income statement	15
Statement of comprehensive income	16
Statement of financial position	17 - 18
Statement of changes in equity	19
Notes to the financial statements	20 - 41

PILKINGTON AUTOMOTIVE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The principal activity of the company continued to be that of the manufacture and supply of automotive glazing for new vehicles and for replacement markets.

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

Review of the business

The operations of the company expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, liquidity and interest rates. The company complies with the appropriate risk management policies employed by the ultimate parent company and has in place a risk management programme that seeks to limit the effects on the financial performance of the company by using foreign currency financial instruments.

To manage the foreign exchange risks arising from future commercial transactions and recognised assets and liabilities, the company uses forward contracts, transacted with the Group Treasury function. In addition, cash management is also in place with Group Treasury to allow access to the most optimal interest rates available to the NSG Group. Liquidity risk is managed through the NSG Group's working capital management processes.

The company has no significant credit risks other than receivables due from automotive manufacturers. The NSG Group has credit policies in place to define acceptable levels of credit exposure risk and payment terms. Trade receivables are sold to financial institutions as part of a securitisation programme.

The functional currency of the company is Euro and the accounts have been presented in Euro, using an exchange rate from Pounds Sterling to Euro of £1: €1.14 at year end (£1: €1.16 average exchange rate).

	2023	2022
	€000	€000
Turnover	630,485	502,390
Total operating loss	(41,334)	(107,733)
Loss after tax	(43,954)	(110,764)
Shareholder funds	98,330	42,284
Current assets as % of current liabilities	135%	106%
Average number of employees	363	351

Following the losses incurred in recent years, to improve the balance sheet position of the Company additional share capital of €100m was issued during the year to the Company's parent.

Turnover continues to be generated throughout Europe via traded sales from Pilkington manufacturing sites and warehouses situated in the UK, France, Germany, Spain, Sweden, Italy & Poland. The majority of revenue generated is derived from sales of OE (original equipment) & AGR (automotive glass replacement) glass.

In the OE business, revenue and profit was again impacted by a prolonged market shortage of component parts such as semiconductors, which although improved, continued to constrain vehicle build during the period. Price improvement actions were necessary to prevent further deterioration in profitability due to the impact of rising input costs.

The customer base has remained constant over the time period. The outlook for FY24 shows gradual resolution to the availability of components and demand looks set to increase slowly over the course of the year. Input costs are set to increase year on year.

The market continues to be highly competitive for Automotive Tier 1 suppliers. The company is able to manufacture and supply to a demanding customer base and utilises its expertise in the development of cutting-edge technologies to support increasingly complex product design requirements.

In the AGR business, demand was relatively stable, with consistent levels of revenue, inventory and staffing compared to the previous year.

PILKINGTON AUTOMOTIVE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

S172 Statement

Promoting long term success

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

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

Directors are employed by the company's ultimate parent company or subsidiary companies and are actively involved in its day to day management. Directors employed by the ultimate parent company represent the interest of the company's shareholders and may contribute specialist skills to the running of the company.

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

The NSG Group's legal function may also attend meetings of directors to ensure that the directors appropriately discharge their statutory responsibilities, and to ensure that all decisions are accurately reflected in formal minutes.

The directors aim to promote the long-term success of the company, and consider certain stakeholder Groups as noted below, as being fundamental to this objective.

Employees

In line with the wider NSG Group, the company believes that people are its most important asset and, as part of the Group's shift to becoming a value-added company, is committed to investment and development of talent. The company acknowledges inclusion and diversity as one of its priorities. Having an inclusive culture provides an equal opportunity for everyone to contribute to their full potential, while having a diverse workforce brings a valued range of perspectives. The directors encourage the company's employees to share best practices around the world with other employees within the NSG Group.

Customers

The company liaises with customers to ensure that all products meet both their design specifications and needs. The NSG Group's value-added strategy is focused on identifying products that drive profitability and growth, whilst working with customers to help promote and improve such products for mutual benefit. Global research and development within the Group is aimed to be optimised with a customer viewpoint, considering customer's future directions as well as likely global growth trends.

Suppliers

The company aims to build strong relationships with its suppliers and to mitigate supply risk. The NSG Group's supplier code of conduct compliance assurance program is designed to ensure that suppliers meet the Group's expectations in terms of behaviours, processes and procedures, as well as meeting legal requirements.

Environment

The NSG Group's value-added strategy underlines the contribution that the Group's products and services make to society and the environment. High-performance glass is a key component in energy-efficient cars and buildings, and also contributes to the renewable energy sector as an important component of solar panels. The products of the company and its subsidiaries play a key role in its overall environmental strategy. In addition, the company is committed to reducing its emissions of greenhouse gasses, in line with science-based targets set by the NSG Group's sustainability function. The Group's environmental policy, which contains further details, is available on the NSG Group website.

PILKINGTON AUTOMOTIVE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board



.....
Mr I M Smith

Director

10 October 2023
.....

PILKINGTON AUTOMOTIVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their financial statements for the year ended 31 March 2023.

Results and dividends

The loss for the year on ordinary activities before taxation amounted to €44,589 k (2022 loss: €110,764 k), taxation thereon amounted to a credit of €635 k (2022 credit: €- k), leaving a loss after taxation of €43,954 k (2022 loss: €110,764 k).

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

Directors

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

Mr I M Smith
Mr P J Ravenscroft
Mr C Hanley
Mrs R E Dorey
Mr R J Purcell
Mr K Hiyoshi
Mr M J Farrow
Mr S J Boon
Mrs A J Lawrie-Simmons
Mr R Meredith
Mr T Horiguchi

Qualifying third party indemnity provisions

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

Directors' insurance

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

Supplier payment policy

The company's policy in relation to the payments of its suppliers is to settle its terms of payment with each supplier when agreeing the terms of each business transaction. The supplier is made aware of the terms which are detailed on the company's purchase orders. It is company practice to abide by the agreed terms of payments.

Trade creditors of the company amounting to €4,884 k (2022, €8,277 k) reported in note 18 to the accounts, represent 3 days (2022: 6 days) of average daily purchases.

Research and development

The company pays for and receives the benefits of all appropriate research and development work undertaken by or on behalf of the ultimate holding company.

Disabled persons

The company is committed to a policy of equal opportunities and to meeting its obligations to offer employment opportunities to disabled people and people becoming disabled during their employment.

PILKINGTON AUTOMOTIVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Post reporting date events

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

Auditor

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

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

As described in the Strategic Report, the future is expected to continue to be highly competitive however the reduced cost base as a result of restructuring projects undertaken in prior years is aimed at improving the company's long term competitive position.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of NSG UK Enterprises Limited, (an intermediate holding company being the lead company within the NSG Group pool of liquidity that the company operates within), in order to satisfy themselves that financial support would be available from this company should it be needed. In addition the directors have received a letter of financial support from the intermediate parent company, NSG UK Enterprises Limited. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern for the period to 10 October 2024 and have prepared these accounts on this basis.

PILKINGTON AUTOMOTIVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Stakeholder engagement statement

In-line with the strategic vision of the NSG Group, the company encourages regular communications with key stakeholders to foster long-lasting, open and honest business relationships.

Customers

The NSG Group has a culture of "the customer comes first" and places a particular emphasis on providing quality, innovative products to its customer base. As part of the Group's value-added strategy, all subsidiaries aim to enhance customer relations and create strategic alliances. By working closely with customers, the goal is to meet both their, and the market's changing expectations, with a focus on leading changes in glass technologies and engaging in R&D projects from a customer perspective.

Suppliers

The company purchases materials, goods and services from a significant number of suppliers both in the UK and overseas. Through its policies and procedures, the NSG Group works to mitigate risk in any subsidiary company's supply base. The company builds strong relationships with suppliers based on a framework of trust, co-operations and sustainability.

Through a supplier code of conduct compliance assurance program, the NSG Group outlines the behaviours, processes and procedures that are expected from key suppliers to NSG subsidiary companies. The code considers the NSG Group's values and principles with an emphasis on safety, ownership of actions, openness and co-operation.

The Group assesses key suppliers' practices to satisfy concerns on sustainable sourcing of raw materials, environmental impact and human rights. Through close collaboration with key leaders in specific technologies we enable implementation of optimum manufacturing solutions and engages in projects to reduce energy consumption in our production sites.

Environment

Consistent with the Group's "Our Vision" management principles, the NSG Group is actively implementing initiatives aimed at realistic sustainable growth. We have identified material issues and incorporated them into our sustainability goals. Decisions are based on the impact our Group activities have on the economy, environment and society as well as the options we receive from our stakeholders.

PILKINGTON AUTOMOTIVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Employee engagement statement

The NSG Group has a long-established and well-recognised policy of encouraging employee involvement through communication and consultation on a wide range of issues, and this policy is implemented in each Group subsidiary company. Every opportunity is taken to invite employees to participate in multi-disciplinary quality and process improvement activities.

Informing employees

The company participates in a range of activities aimed at keeping employees well informed on matters both financial and non-financial. These include:

- Distribution of external presentations relating to actual results, forecasts and medium-term plans
- The NSG Group's intranet, that provides up-to-date information on company objectives, performance and worldwide activities
- The NSG Group's international magazine, MADO (Japanese for Window) which communicates results and news on the Group's businesses, manufacturing achievements, new products / contracts awarded, organisational changes and employee personal achievements

Consulting employees

NSG Group subsidiaries make wide use of employee surveys to gauge employees' opinions and views. Focused actions plans are subsequently developed and implemented to drive ongoing improvements in Employee Engagement.

The Group has also recently updated its appraisal system to allow employees more opportunities to communicate their aspirational goals and maximise their potential.

Encouraging employee involvement in company performance

The NSG Group encourages employees to engage and contribute to the company's performance via incentive schemes that are linked to both global and local parameters.

Best practice is also encouraged to be shared within the NSG Group through CEO awards that are linked to activities that promote the Group's value-added focus.

PILKINGTON AUTOMOTIVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Streamlined Energy & Carbon Reporting

	2023	2022
Energy consumption used to calculate emissions:	MWh	MWh
All reported as MWh net calorific value		
Gas	132	130
Electricity	2,696	2,692
Diesel	6	12
LPG (mobile)	69	118
Diesel (mobile fleet)	3,597	2,629
Diesel (company cars)	51	69
Petrol (company cars)	75	61
Emissions from combustion of gas (Scope 1):	Tonnes	Tonnes
Reported as tonnes CO2e		
Gas	27	26
Emissions from combustion of fuel for transport purposes (Scope 1)	Tonnes	Tonnes
Reported as tonnes CO2e		
Diesel	962	709
LPG	16	27
All star fuel cards	5	3
Diesel (company cars)	15	19
Petrol (company cars)	22	19
Emissions from purchased electricity (Scope 2, location-based):	Tonnes	Tonnes
Reported as tonnes CO2e	526	566
Total gross CO2 emissions	Tonnes	Tonnes
Reported as tonnes CO2e	1,573	1,369
Intensity ratio: Total gross CO2 emissions per €1,000,000 revenue	€M/Tonnes 2.50	€M/Tonnes 2.73
Additional information		
Emissions from purchased electricity (Scope 2, market - based factor):	Tonnes	Tonnes
Reported as tonnes CO2e	20	48

PILKINGTON AUTOMOTIVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Methodologies used to calculate energy consumption and emissions:

All global NSG sites enter environmental data into Corporate Responsibility software. Calculations within the software are set up in accordance with the Greenhouse Gas Protocol.

UK Sites enter monthly invoiced gas consumption in kWh gross and the system converts to kWh nett before applying a nett CO₂ emission factor of 0.203kg CO₂ /kWh as per the Greenhouse Gas Protocol IPCC 2006 Guidelines for National Greenhouse Gas Inventories Stationary Combustion Table 1-3.

UK Sites enter monthly invoiced electricity consumption in kWh. The system applies a factor of 0.1953 kg CO₂e/kWh, as per the World CO₂ Emissions from Fuel Combustion, OECD/ International Energy Agency 2022. Market based electricity is bought as part of a Renewable Energy Guaranteed Origin (REGO) contract, so a factor of 0kg CO₂e is applied. For the small amount of electricity not purchased on a REGO contract, the supplier specific emission factor of 0.105 kg CO₂ /MJ or 0.377 kg CO₂e / kWh was applied to electricity consumption.

Sites enter monthly consumption of van fleet diesel in litres. The software applies a factor of 10.29kWh ncv/litre and 0.2683kg CO₂e / kWh ncv as per the Greenhouse Gas Protocol IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

Sites enter monthly consumption of LPG in kg (13.14kWh ncv/kg). The software applies a factor of 0.228kg CO₂e /kWh ncv as per the Greenhouse Gas Protocol IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

Company fuel cards, were used to calculate volume of fuel (assumed to be diesel) and associated emissions. Using £1.81 / litre, from aa.com (average price taken from 12 reports Apr 22 – March 23) we used a factor of 37.037MJ /litre and a factor of 0.0745kg CO₂e/MJ.

Mileage expenses cost and distance data were used for Company car reporting. Volume and energy were calculated using £1.81 /litre diesel and £1.64 / litre unleaded. We applied factors of 37.037 and 32.258 MJ/litre diesel and petrol respectively. CO₂ emissions were based on UK Government GHG Conversion Factors for Company Reporting of Passenger Vehicles. Factors were applied for small, medium and large cars.

Energy Efficiency and Carbon Reduction:

The NSG Group remains committed to continual improvements in energy efficiency and carbon management. During FY23, efficiency measures including the recycling of cullet, successfully trialling hydrogen and biofuel on furnaces, replacing fluorescent lighting with modern LED technology and upgrading old plant equipment have streamlined our energy usage wherever possible. We have completed ESOS phase 2 audits, and the resulting opportunities identified are being evaluated, including waste heat, energy from waste and organic Rankine cycle projects. Gas consumption for Pilkington Automotive Limited has reduced significantly following the relocation of the Kings Norton plant to energy efficient buildings in Redditch.

Carbon management remains a high priority for all stakeholders at the NSG Group. 2.3MW of Solar PV generation came online in April 19 at NSG's technical centre, Lathom, and continues to complement our Renewable Energy Guaranteed Origin (REGO) electricity contract. Other carbon management projects including low carbon furnace fuels, electrification of processes and fleet vehicles continue to be evaluated and implemented.

NSG Group has extended its Science Based CO₂ reduction target from 21% to 30% by 2030, from a 2018 baseline. NSG has committed to be carbon neutral by 2050. In the short-term this involves a target of 2% reduction per year in CO₂ per unit of product and a target for 50% electricity from renewable sources by 2024.

On behalf of the board



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Mr I M Smith
Director

Date: 10 October 2023
.....

PILKINGTON AUTOMOTIVE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PILKINGTON AUTOMOTIVE LIMITED

Opinion

We have audited the financial statements of Pilkington Automotive Limited for the year ended 31 March 2023 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 25, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern to 10 October 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PILKINGTON AUTOMOTIVE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PILKINGTON AUTOMOTIVE LIMITED

Auditors' responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and tax legislation. In addition, the company has to comply with laws relating to its operations including General Data Protection Regulation (GDPR).
- We understood how Pilkington Automotive Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance. We also made enquiries of those charged with governance, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by obtaining and reading Company policies and holding enquiries of management and those charged with governance. We considered the programmes and controls that the company has established to address the risks identified, or that otherwise prevent, deter or detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk or other risk of material misstatement.
- We identified a risk that management might override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the area most susceptible to any such override was revenue recognition, particularly the annual price reductions and retrospective customer rebates.
- We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PILKINGTON AUTOMOTIVE LIMITED

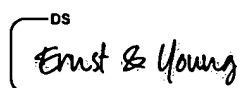
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:

- Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Company;
- Auditing the risk of management override of controls, through enquiry of management as well as testing of a sample of journal entries based on certain risk criteria for appropriateness; and
- Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

Use of our report

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

^{DS}
The logo for Ernst & Young, featuring the company name in a stylized script font, with a small 'DS' superscript above it.

Chris Robson (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle Upon Tyne
Date: 10 October 2023

PILKINGTON AUTOMOTIVE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 €000	2022 €000
Revenue	4	630,485	502,390
Cost of sales		(593,931)	(527,618)
Gross profit/(loss)		<u>36,554</u>	<u>(25,228)</u>
Distribution costs		(1,937)	(1,671)
Administrative expenses		(74,391)	(78,936)
Exceptional items	5	(1,560)	(1,898)
Operating loss	6	<u>(41,334)</u>	<u>(107,733)</u>
Interest payable to group undertakings	10	(1,284)	(825)
Other finance costs	10	(1,971)	(2,206)
Loss before taxation		<u>(44,589)</u>	<u>(110,764)</u>
Tax on loss	11	635	-
Loss for the financial year		<u><u>(43,954)</u></u>	<u><u>(110,764)</u></u>

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

PILKINGTON AUTOMOTIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	2023 €000	2022 €000
Loss for the year	<u>(43,954)</u>	<u>(110,764)</u>
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Cash flow hedges:		
- Hedging gain arising in the year	<u>-</u>	<u>283</u>
Total comprehensive loss for the year	<u>(43,954)</u>	<u>(110,481)</u>

PILKINGTON AUTOMOTIVE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 €000	2022 €000
Non-current assets			
Intangible assets	12	4,154	2,525
Property, plant and equipment	13	65,230	68,091
Receivables falling due after one year	16	1,800	2,100
Contract assets	14	1,837	2,580
		<u>73,021</u>	<u>75,296</u>
Current assets			
Inventories	15	41,469	50,362
Trade and other receivables	16	201,793	141,387
Contract assets	14	368	646
Current tax recoverable		635	-
Cash and cash equivalents		2,837	2,495
		<u>247,102</u>	<u>194,890</u>
Current liabilities			
Borrowings	17	2,935	3,197
Trade and other payables	18	168,143	173,655
Contract liability	14	9,552	8,289
Deferred income	20	62	62
		<u>180,692</u>	<u>185,203</u>
Net current assets		<u>66,410</u>	<u>9,687</u>
Total assets less current liabilities		<u>139,431</u>	<u>84,983</u>
Non-current liabilities			
Borrowings	17	37,228	41,073
Deferred income	20	250	250
		<u>37,478</u>	<u>41,323</u>
Provisions for liabilities			
Other provisions	19	3,623	1,376
Net assets		<u>98,330</u>	<u>42,284</u>

PILKINGTON AUTOMOTIVE LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2023

	Notes	2023 €000	2022 €000
Equity			
Called up share capital	22	732,961	632,961
Share premium account		81,675	81,675
Retained earnings		(716,306)	(672,352)
Total equity		<u>98,330</u>	<u>42,284</u>

The financial statements were approved by the board of directors and authorised for issue on 10 October 2023 and are signed on its behalf by:



.....
Mrs A J Lawrie-Simmons
Director

Company Registration No. 02803344

PILKINGTON AUTOMOTIVE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Share premium account	Hedging reserve	Retained earnings	Total
	Notes	€000	€000	€000	€000	€000
Balance at 1 April 2021		532,961	81,675	(283)	(561,588)	52,765
Year ended 31 March 2022:						
Loss for the year		-	-	-	(110,764)	(110,764)
Other comprehensive income:						
Cash flow hedge gain		-	-	283	-	283
Total comprehensive income for the year		-	-	283	(110,764)	(110,481)
Issue of share capital		100,000	-	-	-	100,000
Balance at 31 March 2022		632,961	81,675	-	(672,352)	42,284
Year ended 31 March 2023:						
Loss and total comprehensive loss for the year		-	-	-	(43,954)	(43,954)
Issue of share capital	22	100,000	-	-	-	100,000
Balance at 31 March 2023		732,961	81,675	-	(716,306)	98,330

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

1.1 Accounting convention

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

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

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

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

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

Where required, equivalent disclosures are given in the group accounts of Nippon Sheet Glass Company, Limited. The group accounts of Nippon Sheet Glass Company, Limited are available to the public and can be obtained as set out in note 25.

The financial statements are prepared in euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €000.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.2 Going concern

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

As described in the Strategic Report, the future is expected to continue to be highly competitive however the reduced cost base as a result of restructuring projects undertaken in prior years is aimed at improving the company's long term competitive position.

The directors have considered the financial position and future prospects of the company. In addition, the directors have made enquiries of NSG UK Enterprises Limited, (an intermediate holding company being the lead company within the NSG Group pool of liquidity that the company operates within), in order to satisfy themselves that financial support would be available from this company should it be needed. In addition the directors have received a letter of financial support from the intermediate parent company, NSG UK Enterprises Limited. Based on their considerations and enquiries, the directors have concluded that the company continues as a going concern for the period to 10 October 2024 and have prepared these accounts on this basis.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.3 Revenue

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

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when the entity satisfies a performance obligation

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

The revenue streams are analysed into following categories based on the nature and circumstances of the contracts:

Sale of glass and glass-related products

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

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

Sale of services

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

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Tooling

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

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

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount (i.e. the estimated future cash flow discounted at the original effective interest rate of the instrument), and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Lower of lease term or remaining life of the asset
Leasehold plant and machinery	Lower of lease term or remaining life of the asset
Fixtures and fittings	5% to 20% per annum
Glass processing plant	6% to 7% per annum
Motor vehicles	20% per annum

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Intangible assets

(a) Trademarks and licences

Trademarks and licences are shown at historical cost. Trademarks and licences have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives (over a maximum of 20 years).

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful lives (five to 10 years).

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

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 10 years).

(c) Research and development

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

Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised, are amortised from the date when the product or use of the process becomes available for commercial production, on a straight-line basis over the period of its expected benefit, not exceeding five years (products) and 20 years (processes).

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

The recoverable value of the asset is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

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

Inventories carried in the balance sheet are reviewed on a regular basis and, in the case of any inventories which are slow moving, or where the Group considers that it is unlikely to recover the cost of such inventory through subsequent sale, appropriate provisions are made to impair the inventory to its estimated net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

As result of the Group's adoption of IFRS 15 'Revenue from Contracts with Customers', incremental costs of obtaining a contract with a customer are recognised as inventory, if the Group expects such cost will be recovered. Such costs are amortised by straight-line method over the length of the contract it relates to.

1.8 Fair value measurement

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

1.9 Financial instruments

The company classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss, financial assets and liabilities held at amortised cost, and financial assets held at fair value through other comprehensive income. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The evaluation considers the characteristics of the cash flows generated by the investments and the company's business model rationale for holding the investments.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Financial assets and liabilities at fair value through profit or loss

At the balance sheet date the company held no financial instruments designated as held at fair value through profit or loss, or through comprehensive income.

Financial assets and liabilities at amortised cost

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

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

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

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

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

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

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

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.10 Equity instruments

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

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

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

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.13 Employee benefits

The company operates both defined benefit and defined contribution pension schemes. The defined benefit scheme is a multi-employer scheme known as the Pilkington Superannuation Scheme (PSS). It is not possible to identify the share of underlying assets and liabilities attributable to each participating company. As such, the lead company, Pilkington Group Limited records all assets and liabilities of the scheme in its Statement of Financial Position. The contributions of this company are accounted for as a defined contribution scheme. Further information on the PSS scheme and the asset/liability at the year end date, can be found in the financial statements of the immediate parent undertaking Pilkington Group Limited.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.14 Leases

The company has adopted IFRS 16 'Leases' from the company's financial period commencing 1 April 2019. This new standard addresses the principles for the recognition and measurement of leases, and replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Agreement contains a Lease'.

At inception of a contract, the company assesses whether the contract is, or contains a lease, with a focus on whether the fulfilment of the contract depends on the use of an identified asset. The assessment involves judgment of whether the company obtains substantially all the economic benefits from the use of the identified asset and whether it has the right to direct the use of the asset. If the criteria are met, the company will recognise a right-of-use asset and a lease liability in its balance sheet on the commencement date.

The company has a wide range of different lease terms and conditions. Some leases contain extension and termination options, which provide the company with operational flexibility. Such options are taken into account when determining the lease term, if the company is reasonably certain to exercise an extension option and reasonably certain not to exercise a termination option.

Right-of-use assets

Right-of-use assets are initially measured at the discounted value of future lease payments, adjusted by initial direct costs, prepaid lease payments and estimates of future dismantling or clean-up costs. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurements of lease liabilities.

Right-of-use assets are presented as 'Property, plant and equipment' in the company's balance sheet. Depreciation is charged on a straight-line basis over the shorter of the lease term or remaining estimated life of the asset.

In the event of impairment, an asset's carrying amount is written down immediately to its recoverable amount (see accounting policy on impairment of tangible and intangible assets).

Lease liabilities

Lease liabilities are measured at the present value of future lease payments at the reporting date, using the practical expedient to apply consistent discount rates to portfolios of leases with similar characteristics.

The discount rate used for the measurement of a lease liability is the interest rate implicit in the lease, equating the future lease payments with the present value of the leased asset. Where this cannot be readily determined the company will use its incremental borrowing rate, as adjusted to take account of factors such as the term and currency of the lease, the financial position of the company, and the security inherently provided to the lessor in a lease arrangement.

Lease liabilities are presented as 'Borrowings' in the company's consolidated balance sheet. Lease liabilities are subsequently measured based on the effective interest method, and interest expenses will be charged to the income statement.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Short-term leases and low value leases

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases with terms within 12 months, and leases for which the underlying asset is of low value. In such cases, the Group will recognise the payments associated with those leases as an expense on a straight-line basis over the lease term.

The company as a lessor

There are cases wherein the company will enter into contracts to sublease vacant leasehold or freehold properties, to offset or mitigate the unavoidable costs associated with such properties. In these cases, the Group classifies each sublease as a finance lease whenever the sublease transfers substantially all the economic benefits from the use of the asset and the right to direct the use of the asset to the tenant. All other subleases are classified as operating leases.

The company recognises a net investment asset for all subleases based on the present value of future sublease payments at the sublease commencement date. This net investment is included in trade receivables in the company's consolidated balance sheet. Subsequently, the net investment asset is measured on an amortised cost basis using the effective interest method.

Sublease payments received from operating subleases are recognised in the income statement on a straight-line basis over the lease term.

1.15 Grants

The company recognises government grants at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to property, plant and equipment, the fair value is credited to deferred income and released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

1.16 Foreign exchange

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

1.17 Exceptional Items

The company discloses certain gains and losses in the income statement as exceptional items if this is necessary to gain a fair understanding of the company's operating performance. Exceptional items would usually be material in value and/or would be of a non-recurring nature.

1.18 Deferred Income

The Group recognises other deferred income including fair valued customers' contributions to automotive tooling that continues to be recognised in the Group's balance sheet following the adoption of IFRS 15. The income is recognised in the income statement over the periods necessary to match the write-off of the asset, to which the deferred income relates, by equal annual instalments.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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

Standards which are in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 April 2023. However, these are not considered to be relevant or potentially material to the company's primary financial statements.

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Provisions

Provisions are evaluated using either the Group's experience of previous provisions or, where appropriate, using the advice of professional consultants. Claims and litigation provisions are calculated based on discussions with claimants and the Group's legal advisors. Bonus provisions are estimated based on the Group's current and expected future performance evaluated against the terms of specific bonus schemes. Redundancy and restructuring provisions are estimated using the expected costs of restructuring programs that have been announced prior to the balance sheet date.

Leases

The company assessed all contracts that may contain a lease prior to the adoption of IFRS 16 'Leases' as of 1 April 2019 and subsequently has continued to assess new contracts. Judgement was applied in determining whether the company obtains substantially all of the economic benefits arising from the use of an asset, and whether it has the right to direct the use of the asset. Balance sheet right-of-use assets and lease liabilities were then recognised in line with the revised leasing policy.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Revenue

An analysis of the company's revenue is as follows:

	2023 €000	2022 €000
Operating Revenue analysed by class of business		
Manufacture and supply of automotive glazing systems	630,485	502,390
	<u>630,485</u>	<u>502,390</u>
	2023 €000	2022 €000
Operating Revenue analysed by geographical market		
United Kingdom	154,328	135,937
Germany	134,569	175,233
Europe (excluding United Kingdom and Germany)		
- EU	337,230	186,269
North America	1,555	2,109
Rest of the World	2,803	2,842
	<u>630,485</u>	<u>502,390</u>

Revenue relating to products and services transferred at a point in time amounted to €626,574 k (2022:€498,221 k).

Revenue relating to products and services transferred over time amounted to €3,911 k (2022:€4,169 k).

5 Exceptional items

	2023 €000	2022 €000
Redundancy and restructuring	(586)	(83)
Settlement of litigation matters	(787)	(838)
Impairment of fixed assets	(187)	(977)
	<u>(1,560)</u>	<u>(1,898)</u>

The redundancy and restructuring costs originate from an approved program of actions designed to improve the profitability of the company. The litigation item is in relation to EU settlement agreements. Impairment charges relate to the write off of engineering contract balances.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Operating loss

	2023 €000	2022 €000
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(946)	(247)
Licenses and technical support costs	9,519	7,326
Depreciation of property, plant and equipment	10,567	9,714
Profit on disposal of property, plant and equipment	-	(1,051)
Amortisation of intangible assets	1,057	1,544
Cost of inventories recognised as an expense	559,793	483,592
Write downs of inventories recognised as an expense	2,353	11,841
Reversal of write downs of inventories recognised in the period	(10)	(184)
Amortisation of capitalised costs of obtaining a contract	4,458	3,926
Intra group income under shared cost allocation agreements	(3,534)	(3,249)
Intra group income under operating agreements	21,135	35,312

7 Auditors' remuneration

	2023 €000	2022 €000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	144	135

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

8 Employees

The average monthly number of persons employed by the company during the year was:

	2023 Number	2022 Number
UK	362	350
Other - Europe	1	1
Total	363	351

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Employees

(Continued)

Their aggregate remuneration comprised:

	2023 €000	2022 €000
Wages and salaries	15,549	14,546
Social security costs	1,138	1,084
Pension costs	1,097	1,148
	<u>17,784</u>	<u>16,778</u>

9 Directors' remuneration

	2023 €000	2022 €000
Remuneration for qualifying services	1,191	1,079
Amounts receivable under long term incentive schemes	164	-
Company pension contributions to defined contribution schemes	26	38
	<u>1,381</u>	<u>1,117</u>

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

Remuneration for qualifying services	380	367
Long term incentive schemes	77	-
	<u>457</u>	<u>367</u>

The emoluments of Mrs Dorey and Messrs Smith, Ravenscroft and Meredith are paid by the immediate parent company Pilkington Group Limited, and the emoluments of Messrs Hiyoshi and Horiguchi are paid by the ultimate parent company Nippon Sheet Glass Company, Limited. The directors do not believe that it is practicable to apportion an amount to their services as directors of this company and therefore their emoluments are deemed to be wholly attributable to services to the parent or fellow subsidiary companies.

10 Finance costs

	2023 €000	2022 €000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	1,284	825
Interest on other loans	1,971	2,206
	<u>3,255</u>	<u>3,031</u>

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Income tax expense

	2023 €000	2022 €000
Corporation tax		
Current year credit	(635)	-

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

	2023 €000	2022 €000
Loss before taxation on continued operations	(44,589)	(110,764)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2022 - 19%)	(8,472)	(21,045)
Taxation impact of factors affecting tax credit:		
Expenses not deductible in determining taxable profit	3	25
Income not taxable	-	(200)
Group relief	7,470	25,459
Other short term timing differences	-	(520)
Other permanent differences	(538)	-
Movement in deferred tax not yet recognised	1,537	(3,719)
Prior year adjustment	(635)	-
Total adjustments	7,837	21,045
Tax credit for the year	(635)	-

The company has tax losses of €393,889k (2022: €393,606k) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over the recoverability.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Intangible fixed assets

	Software	Trademarks & Licenses	Total
	€000	€000	€000
Cost			
At 1 April 2022	42,593	707	43,300
Additions - purchased	2,686	-	2,686
	<u>45,279</u>	<u>707</u>	<u>45,986</u>
At 31 March 2023	45,279	707	45,986
Amortisation			
At 1 April 2022	40,068	707	40,775
Charge for the year	1,057	-	1,057
	<u>41,125</u>	<u>707</u>	<u>41,832</u>
At 31 March 2023	41,125	707	41,832
Carrying amount			
At 31 March 2023	<u>4,154</u>	<u>-</u>	<u>4,154</u>
At 31 March 2022	<u>2,525</u>	<u>-</u>	<u>2,525</u>

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Property, plant and equipment

	Leasehold land and buildings €000	Plant & Machinery €000	Leasehold plant and machinery €000	Total €000
Cost				
At 1 April 2022	47,583	70,904	3,564	122,051
Additions	-	7,150	556	7,706
Disposals	(2,897)	-	(1,744)	(4,641)
At 31 March 2023	44,686	78,054	2,376	125,116
Accumulated depreciation				
At 1 April 2022	7,441	44,259	2,260	53,960
Charge for the year	2,680	7,133	754	10,567
Eliminated on disposal	(2,897)	-	(1,744)	(4,641)
At 31 March 2023	7,224	51,392	1,270	59,886
Carrying amount				
At 31 March 2023	37,462	26,662	1,106	65,230
At 31 March 2022	40,142	26,645	1,304	68,091

14 Assets and liabilities related to contracts with customers

	2023 €000	2022 €000
Trade receivables, net of provision for impairment	50,947	40,682
Contract assets	2,205	3,226
Contract liabilities	(9,552)	(8,289)

Contract assets can be separated into two categories. Firstly relate to the company's rights to consideration for glass products dispatched. The contract assets in this category are transferred to trade receivables when the rights become unconditional. Secondly these relate to contract assets arising upon recognition of revenue on automotive tooling, which is included in the transaction price of glass and glass-related products. The contract assets in this category will be amortised over the length of the contract.

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

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Inventories	2023	2022
	€000	€000
Raw materials	2,412	3,151
Work in progress	8,556	7,738
Finished goods	4,477	8,512
Capitalised costs of obtaining a contract	26,024	30,961
	<u>41,469</u>	<u>50,362</u>

The costs of obtaining a contract are capitalised on premises these incremental costs would not have been incurred if the company had not attempted to win the contract. The company considers the amount of capitalised costs to be recoverable, as they do not exceed the overall level of profit expected from the contract.

These assets are included in inventory in the company's balance sheet and are amortised over the life of the contract. The amount of amortisation was €4,458 k (2022: €3,926 k).

Applying the practical expedient in IFRS 15 para 94, the company recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the company otherwise would have recognised is one year or less.

16 Trade and other receivables

	Current		Non-current	
	2023	2022	2023	2022
	€000	€000	€000	€000
Trade receivables	51,164	41,011	-	-
Provision for bad and doubtful debts	(217)	(329)	-	-
	<u>50,947</u>	<u>40,682</u>	<u>-</u>	<u>-</u>
Other receivables	16,979	10,364	1,800	2,100
Loans to related parties	100,454	81,349	-	-
Other amounts due from related parties	17,395	7,802	-	-
Prepayments	16,018	1,190	-	-
	<u>201,793</u>	<u>141,387</u>	<u>1,800</u>	<u>2,100</u>

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

Other receivables includes €227 k net investment asset for subleased assets.

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Borrowings

	2023 €000	2022 €000
Unsecured borrowings at amortised cost		
Lease liabilities	40,163	44,270
	<u>40,163</u>	<u>44,270</u>
Current liabilities	2,935	3,197
Non-current liabilities	37,228	41,073
	<u>40,163</u>	<u>44,270</u>
 Maturity profile of lease liability	 2023 €000	 2022 €000
Within one year	2,935	3,197
One to two years	2,846	2,831
Two to three years	2,347	2,745
Three to four years	2,273	2,371
Four to five years	1,995	2,319
After five years	27,767	30,807
	<u>40,163</u>	<u>44,270</u>

18 Trade and other payables

	2023 €000	2022 €000
Trade payables	4,884	8,277
Amounts owed to related parties	145,293	150,667
Accruals and deferred income	5,049	5,580
Other payables	12,917	9,131
	<u>168,143</u>	<u>173,655</u>

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Provisions

	Redundancy and Restructuring €000	Claims €000	Other €000	Total €000
At 1 April 2022	160	131	1,085	1,376
Additional provisions in the year	589	-	2,978	3,567
Reversal of provision	(3)	(131)	(263)	(397)
Utilisation of provision	(654)	-	(269)	(923)
	<u>92</u>	<u>-</u>	<u>3,531</u>	<u>3,623</u>
At 31 March 2023	<u>92</u>	<u>-</u>	<u>3,531</u>	<u>3,623</u>

Other provisions include bonus provision of €1,488k (2022: €622k), long term incentive plan provision €424k (2022: nil) and other provision of €1,619k (2022: €463k).

20 Deferred income

	2023 €000	2022 €000
Arising from contribution to tooling	312	312
	<u>312</u>	<u>312</u>

Analysis of deferred income

Deferred income is classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2023 €000	2022 €000
Current liabilities	62	62
Non-current liabilities	250	250
	<u>312</u>	<u>312</u>

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

21 Retirement benefit schemes

Defined contribution schemes

Many of the company's employees are members of the Pilkington Superannuation Scheme (PSS). It is not possible to identify the share of underlying assets and liabilities attributable to each participating company. As such, the lead company, Pilkington Group Limited records all assets and liabilities of the scheme in its Statement of Financial Position. The contributions of this company are accounted for as a defined contribution scheme. Further information on the PSS scheme and the asset/liability at the year end date, can be found in the financial statements of the immediate parent undertaking Pilkington Group Limited.

The company's employees are also entitled to participate in a number of defined contribution schemes.

The total costs charged to income in respect of retirement benefit plans is €1,097 k (2022 - €1,148 k).

22 Share capital	2023 €000	2022 €000
Ordinary share capital		
Issued and fully paid		
5,904,546 (2022: 5,024,402) ordinary shares of £100 each	732,961	632,961
	<u>732,961</u>	<u>632,961</u>

Following the losses incurred in recent years, to improve the balance sheet position of the Company additional share capital of €100m was issued during the year to the Company's parent.

23 Leases

Amounts recognised in profit or loss

Lease under IFRS 16	2023 €000	2022 €000
Interest on lease liabilities	1,155	1,254

Amounts recognised through cash flow

Total cash outflow for leases	2023 €000	2022 €000
	4,332	4,659

24 Events after the reporting date

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

PILKINGTON AUTOMOTIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Controlling party

The immediate parent undertaking is Pilkington Group Limited, registered in England and Wales. This company has not prepared consolidated financial statements as the directors regard the ultimate parent undertaking and controlling party to be Nippon Sheet Glass Company, Limited, a company registered in Japan. Nippon Sheet Glass Company, Limited has prepared consolidated financial statements for the year to 31 March 2023, a copy of which can be obtained from the Company Secretary, Nippon Sheet Glass Company, Limited, West Wing, 5-27, Mita 3-Chome, Minato-ku, Tokyo, 108-6321, Japan.