

**FY 2022 1st Quarter Consolidated Financial Results <IFRS>** 5 August 2021

(English translation of the Japanese original)

Listed Company Name: Nippon Sheet Glass Company, Limited Stock Exchange Listing: Tokyo  
Code Number: 5202 (URL: <http://www.nsg.com>)

Representative: Representative Executive Officer, Name: Shigeki Mori  
President and CEO  
Inquiries to: General Manager, Name: Sachiyo Nishie  
Investor and Public Relations Tel: +81 3 5443 0100

Submission of quarterly report to MOF: 10 August 2021 Payment of dividends start from: N/A  
Quarterly result presentation papers: Yes  
Quarterly result presentation meeting: Yes (Teleconference for institutional investors)

**1. Consolidated business results for FY 2022 1st Quarter (From 1 April to 30 June 2021)**

## (1) Consolidated business results

	Revenue		Operating profit/(loss)		Profit/(loss) before taxation		Profit/(loss) for the period		Profit/(loss) attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
1Q FY 2022	147,678	60.7	7,161	—	5,529	—	2,880	—	2,541	—	11,855	—
1Q FY 2021	91,871	(37.5)	(609)	—	(14,900)	—	(16,529)	—	(16,436)	—	(17,943)	—

	Earnings per share - basic	
1Q FY 2022	¥	22.66
1Q FY 2021	¥	(186.73)

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

## (2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2022 1st Quarter	831,315	92,730	74,894	9.0
FY 2021 Full year	824,963	79,762	62,937	7.6

**2. Dividends**

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
FY 2021 (Actual)	—	¥ 0.00	—	¥ 0.00	¥ 0.00
FY 2022 (Actual)	—				
FY 2022 (Forecast)		¥ 0.00	—	¥ 0.00	¥ 0.00

Note:

- There have been no changes to the forecast dividends this quarter.
- The above table shows dividends on common shares. Please refer to "(Reference) Dividends for Class A Shares" for information regarding dividends on Class A shares, which are unlisted and have different rights from common shares.

**3. Forecast for FY 2022 (From 1 April 2021 to 31 March 2022)**

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Half year	280,000	26.4	12,000	270.6	13,000	—	9,000	—	8,000	—	77.42
Full year	560,000	12.2	24,000	83.7	19,000	—	12,000	—	10,000	—	88.75

- Note:
- There have been changes to the forecast results this quarter.
  - Forecast of basic earnings per share for FY2022 is calculated by dividing the profit attributable to owners of the parent after deducting preferred dividends for Class A shares (a rate of 6.5% per annum applied to the outstanding balance at 31 March 2022), by 90,706,041 shares which is the number of ordinary shares issued at 30 June 2021, reduced by the number of treasury stock and restricted shares (93,700 shares).
  - For details, please refer to the "Revision of Forecast for 2022/3" and the slides on 2022/3 forecast in 2022/3 First Quarter Results presentation.

**4. Other items**

- (1) Changes in status of principle subsidiaries --- No
- (2) Changes implemented to the accounting policies, practice and presentations related to the preparation of quarterly consolidated financial statements
  - (i) Changes due to revisions in accounting standards under IFRS --- No
  - (ii) Changes due to other reasons ---No
  - (iii) Changes in accounting estimates --- No
- (3) Numbers of shares outstanding (common stock)
  - (i) Number of shares issued at the end of the period, including shares held as treasury stock: 90,823,799 shares as of 30 June 2021 and 90,810,899 shares as at 31 March 2021
  - (ii) Number of shares held as treasury stock at the end of the period: 24,058 shares as at 30 June 2021 and 23,785 shares as at 31 March 2021
  - (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 90,673,471 shares for the period ending 30 June 2021 and 90,621,106 shares for the period ending 30 June 2020

**Status of quarterly review procedures taken by external auditors for the quarterly results**

This document (Tanshin) is out of scope for quarterly review by the external auditors.

**Explanation for the appropriate usage of performance projections and other special items**

The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results include but are not limited to the economic and competitive environment in major markets, product supply and demand shifts, currency exchange and interest rate fluctuations, changes in supply of raw materials and fuel and changes and laws and regulations.

**(For Reference) Dividends for Class A Shares**

Dividends per share related to Class A Shares with different rights from those of common shares are as follows.

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Class A Shares					
FY2021 (Actual)	—	¥ 0.00	—	¥ 65,000.00	¥ 65,000.00
FY2022 (Actual)	—				
FY2022 (Forecast)		¥ 0.00	—	¥ 65,000.00	¥ 65,000.00

(Note) Number of Class A Shares in issue are 30,000 shares. 40,000 Class A Shares were originally issued on 31 March 2017. On 7 December 2018, the Company acquired and then retired a total of 5,000 Class A shares. On 6 June 2019, the Company acquired and then retired a total of 5,000 Class A shares. The forecast of dividends, for Class A shares that have dividend record dates belonging to FY2022, is ¥ 1,950 million.

## **[Attachments]**

Table of contents in the attachments (including mandatory disclosure items)

### **1. Narratives about financial results**

- (1) Business Performance
- (2) Financial Condition
- (3) Prospects

### **2. Consolidated financial statements and their notes**

- (1) (a) Condensed quarterly consolidated income statement  
(b) Condensed quarterly consolidated statement of comprehensive income
- (2) Condensed quarterly consolidated balance sheet
- (3) Condensed quarterly consolidated statement of changes in equity
- (4) Condensed quarterly consolidated statement of cash flow
- (5) Notes to the condensed quarterly consolidated financial statements

## 1. Narratives about financial results

### (1) Business Performance

#### (a) Background to Results

The Group's markets continued to recover from the COVID-19 pandemic during the first quarter of FY2022, although the strength and speed of recovery varied between businesses and regions. In almost all areas however, market conditions were better than experienced during the first quarter of the previous year, where the Group's markets suffered the effects of widespread lockdown conditions. Architectural markets were substantially above the previous year in many areas, particularly in Europe and South America. Demand for Solar Energy glass was also positive. Automotive markets were negatively affected by a shortage of component parts used in vehicle manufacturing, particularly computer chips. This curtailed levels of vehicle build, with a corresponding negative impact on demand for the Group's products. Overall demand was still much improved from the previous year, however. Technical glass markets were generally favorable, with demand for the Group's products improving across many areas.

Group revenues increased by 61 percent to ¥ 147,678 million (1Q FY2021 ¥ 91,871 million), with the majority of the improvement being in the Automotive business which had experienced particularly low sales levels at the beginning of the previous year. At constant exchange rates, cumulative revenues would have increased by 52 percent. Operating profits were ¥ 7,161 million (1Q FY2021 operating losses of ¥ 609 million). Net exceptional costs of ¥ 167 million were significantly below the previous year figure of ¥ 11,523 million which included exceptional costs arising from the COVID-19 pandemic. As a consequence of the improving operating profit and the much-reduced exceptional costs, the Group recorded a positive profit attributable to owners of the parent of ¥ 2,541 million (1Q FY2021 loss attributable of ¥ 16,436 million).

#### (b) Review by Business Segment

The Group's business lines cover three core product sectors: Architectural, Automotive, and Technical Glass.

Architectural, representing 44 percent of cumulative revenues, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also includes glass for the Solar Energy sector.

Automotive, with 48 percent of cumulative revenues, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, representing 8 percent of cumulative revenues, comprises several discrete businesses, including the manufacture and sale of very thin glass used as cover glass for displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.

Other operations include 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.

The table below shows a summary of cumulative results by business segment.

¥ millions	Revenue		Operating profit/(loss)	
	1st Quarter FY 2022	1st Quarter FY 2021	1st Quarter FY 2022	1st Quarter FY 2021
<b>Architectural</b>	64,497	44,873	6,113	2,674
<b>Automotive</b>	70,878	38,691	1,251	(2,863)
<b>Technical Glass</b>	11,378	8,098	2,849	1,380
<b>Other Operations</b>	925	209	(3,052)	(1,800)
<b>Total</b>	147,678	91,871	7,161	(609)

## **Architectural Business**

The Architectural business recorded cumulative revenues of ¥ 64,497 million (1Q FY2021: ¥ 44,873 million) and an operating profit of ¥ 6,113 million (1Q FY2021: ¥ 2,674 million).

Architectural revenues and profits increased from the previous year which had been significantly impacted by the COVID-19 pandemic. Revenues were robust although profits were impacted by increasing input costs, especially with respect to energy.

In Europe, representing 43 percent of the Group's architectural sales, revenues improved with buoyant demand exceeding capacity, which resulted in positive volumes and rising price levels. A strong operational performance and tight cost control helped to mitigate the impact of increasing input prices, particularly for energy, but also for costs such as logistics services and raw materials

In Asia, representing 30 percent of the Group's architectural sales, revenues were similar to the previous year. Revenues in Japan reflected continued low levels of activity in domestic markets. This was offset by a positive performance in other territories and also robust demand for Solar Energy glass.

In the Americas, representing 27 percent of the Group's architectural sales, revenues and profits were ahead of the previous year. Volumes rebounded from the previous year but were constrained to some extent by low levels of inventory due to a planned cold repair, and also shortages of transportation capacity. Sales of glass for Solar Energy continued to be positive.

## **Automotive Business**

The Automotive business recorded cumulative revenues of ¥ 70,878 million (1Q FY2021: ¥ 38,691 million) and an operating profit of ¥ 1,251 million (1Q FY2021: loss of ¥ 2,863 million).

In the Automotive business, revenues and profits were significantly ahead of the previous year which had been badly affected by the COVID-19 pandemic during the first quarter. Underlying consumer demand was strong, although demand for the Group's products was impacted by component shortages curtailing vehicle build levels at the Group's customers.

Europe represents 44 percent of the Group's automotive sales. Cumulative revenues and profits improved strongly from the previous year, due to a collapse in demand during the first quarter of FY2021 as a result of the COVID-19 pandemic. Current year demand was however impacted by component shortages, particularly with respect to computer chips, at the Group's customers which curtailed vehicle build levels.

In Asia, representing 21 percent of the Group's automotive sales, cumulative revenues and profits were also above the previous year. Vehicle sales increased in Japan, but this positive impact was partly offset by shortages of computer chips restricting vehicle production. Demand in Malaysia was hit by lockdowns leading to a suspension of production at the Group's automotive customers during the period.

In the Americas, representing 35 percent of the Group's automotive sales, cumulative revenues also increased strongly from the previous year. The positive impact of removing COVID-19 restrictions was partly offset by the impact on vehicle production of computer-chip component shortages.

## **Technical Glass Business**

The Technical Glass business recorded cumulative revenues of ¥ 11,378 million (1Q FY2021: ¥ 8,098 million) and an operating profit of ¥ 2,849 million (1Q FY2021: ¥ 1,380 million).

Revenues and profits improved in the Technical Glass business with improving market conditions in the current year contrasting with the impact of COVID-19 in the previous year.

In the fine glass business, continued cost reduction efforts and a better sales mix provided a strong foundation for a further improvement in results. In the information devices business, volumes of printer lenses continued to be boosted by work from home and school from home demand. Demand for glass cord used in engine timing belts was also strong, particularly in China. Metashine sales showed signs of recovery, after a long period of

difficult market conditions for automotive and cosmetic applications.

### **Joint Ventures and Associates**

The Group's share of joint ventures and associates' profits after tax was ¥ 1,479 million (1Q FY2021: losses of ¥ 392 million).

The Group's share of joint ventures and associate's results was above the previous year, largely due to an improving performance at Cebrace, the Group's architectural joint venture in Brazil.

### **(2) Financial Condition**

Total assets at the end of June 2021 were ¥ 831,315 million, representing an increase of ¥ 6,352 million from the end of March 2021. Total equity was ¥ 92,730 million, representing an increase of ¥ 12,968 million from the March 2021 figure of ¥ 79,762 million. The increase in total equity was due to a combination of foreign exchange gains, positive movements on derivative balances, and also the profit recorded for the period.

Net financial indebtedness increased by ¥ 10,470 million from 31 March 2021 to ¥ 422,241 million at the period end. The increase in indebtedness arose largely from seasonal working capital movements. Excluding working capital movements, underlying cash flows were positive. Gross debt was ¥ 472,370 million at the period end. As of 30 June 2021, the Group had un-drawn, committed facilities of ¥ 69,249 million.

Cash outflows from operating activities were ¥ 752 million. Cash outflows from investing activities were ¥ 8,822 million, including capital expenditure on property, plant, and equipment of ¥ 8,297 million. As a result, free cash flow was an outflow of ¥ 9,574 million (1Q FY2021 free cash outflow of ¥46,714 million).

### **(3) Prospects**

For details, please refer to the "Revision of Forecast for 2022/3" and the slides on 2022/3 forecast in 2022/3 First Quarter Results presentation.

**2. Consolidated financial statements and their notes****(1) (a) Condensed quarterly consolidated income statement**

¥ millions

	Note	<b>1st Quarter FY 2022 For the period 1 April to 30 June 2021</b>	1st Quarter FY 2021 For the period 1 April to 30 June 2020
<b>Revenue</b>	(5)-(b)	<b>147,678</b>	91,871
Cost of sales		<b>(111,935)</b>	(69,774)
<b>Gross profit</b>		<b>35,743</b>	22,097
Other income		<b>309</b>	519
Distribution costs		<b>(13,044)</b>	(8,785)
Administrative expenses		<b>(14,381)</b>	(13,202)
Other expenses		<b>(1,466)</b>	(1,238)
<b>Operating profit/(loss)</b>	(5)-(b)	<b>7,161</b>	(609)
Exceptional items – gains	(5)-(c)	<b>62</b>	1,433
Exceptional items – losses	(5)-(c)	<b>(229)</b>	(12,956)
<b>Operating profit/(loss) after exceptional items</b>		<b>6,994</b>	(12,132)
Finance income	(5)-(d)	<b>578</b>	715
Finance expenses	(5)-(d)	<b>(3,522)</b>	(3,091)
Share of post-tax profit/(loss) of joint ventures and associates accounted for using the equity method		<b>1,479</b>	(392)
<b>Profit/(loss) before taxation</b>		<b>5,529</b>	(14,900)
Taxation	(5)-(e)	<b>(2,649)</b>	(1,629)
<b>Profit/(loss) for the period</b>		<b>2,880</b>	(16,529)
<b>Profit/(loss) attributable to non-controlling interests</b>		<b>339</b>	(93)
<b>Profit/(loss) attributable to owners of the parent</b>		<b>2,541</b>	(16,436)
		<b>2,880</b>	(16,529)
<b>Earnings per share attributable to owners of the parent</b>			
Basic	(5)-(f)	<b>22.66</b>	(186.73)
Diluted	(5)-(f)	<b>17.88</b>	(186.73)

**(1) (b) Condensed quarterly consolidated statement of comprehensive income**

¥ millions

	<b>1st Quarter FY 2022 For the period 1 April to 30 June 2021</b>	1st Quarter FY 2021 For the period 1 April to 30 June 2020
<b>Profit/(loss) for the period</b>	<b>2,880</b>	(16,529)
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Re-measurement of retirement benefit obligations (net of taxation)	<b>(34)</b>	(97)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	<b>1,012</b>	(703)
Sub-total	<b>978</b>	(800)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation adjustments	<b>3,980</b>	(2,053)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	<b>110</b>	103
Cash flow hedges: – fair value gains, net of taxation	<b>3,907</b>	1,336
Sub-total	<b>7,997</b>	(614)
<b>Total other comprehensive income for the period, net of taxation</b>	<b>8,975</b>	(1,414)
<b>Total comprehensive income for the period</b>	<b>11,855</b>	(17,943)
<b>Attributable to non-controlling interests</b>	<b>(111)</b>	(928)
<b>Attributable to owners of the parent</b>	<b>11,966</b>	(17,015)
	<b>11,855</b>	(17,943)



**(2) Condensed quarterly consolidated balance sheet**

¥ millions

	<b>1st Quarter FY 2022 as at 30 June 2021</b>	FY 2021 as at 31 March 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	<b>100,344</b>	99,016
Intangible assets	<b>48,709</b>	48,761
Property, plant and equipment	<b>317,969</b>	316,788
Investment property	<b>199</b>	214
Investments accounted for using the equity method	<b>21,327</b>	18,870
Retirement benefit asset	<b>23,598</b>	23,335
Contract assets	<b>981</b>	988
Trade and other receivables	<b>15,155</b>	14,389
Financial assets:		
– Assets held at Fair Value through Other Comprehensive Income	<b>20,666</b>	18,439
– Derivative financial instruments	<b>1,181</b>	362
Deferred tax assets	<b>34,760</b>	33,816
	<b>584,889</b>	574,978
<b>Current assets</b>		
Inventories	<b>116,787</b>	111,910
Contract assets	<b>1,508</b>	1,322
Trade and other receivables	<b>67,370</b>	65,810
Financial assets:		
– Derivative financial instruments	<b>4,258</b>	904
Cash and cash equivalents	<b>44,690</b>	58,673
	<b>234,613</b>	238,619
Assets held for sale	<b>11,813</b>	11,366
	<b>246,426</b>	249,985
<b>Total assets</b>	<b>831,315</b>	824,963

**(2) Condensed quarterly consolidated balance sheet** continued

¥ millions

	<b>1st Quarter FY 2022 as at 30 June 2021</b>	FY 2021 as at 31 March 2021
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Financial liabilities:		
- Borrowings	<b>120,546</b>	120,994
- Derivative financial instruments	<b>558</b>	729
Trade and other payables	<b>128,722</b>	138,527
Contract liabilities	<b>6,432</b>	5,749
Provisions	<b>15,671</b>	17,860
Deferred income	<b>485</b>	504
	<b>272,414</b>	284,363
Liabilities related to assets held for sale	<b>3,278</b>	3,450
	<b>275,692</b>	287,813
<b>Non-current liabilities</b>		
Financial liabilities:		
- Borrowings	<b>350,558</b>	349,146
- Derivative financial instruments	<b>708</b>	841
Trade and other payables	<b>3,634</b>	3,710
Contract liabilities	<b>5,908</b>	6,037
Deferred tax liabilities	<b>19,053</b>	16,176
Retirement benefit obligations	<b>61,273</b>	61,002
Provisions	<b>18,624</b>	17,391
Deferred income	<b>3,135</b>	3,085
	<b>462,893</b>	457,388
	<b>738,585</b>	745,201
<b>Equity</b>		
<b>Capital and reserves attributable to the Company's equity shareholders</b>		
Called up share capital	<b>116,648</b>	116,643
Capital surplus	<b>155,263</b>	155,245
Retained earnings	<b>(79,207)</b>	(81,692)
Retained earnings (Translation adjustment at the IFRS transition date)	<b>(68,048)</b>	(68,048)
Other reserves	<b>(49,762)</b>	(59,211)
<b>Total shareholders' equity</b>	<b>74,894</b>	62,937
<b>Non-controlling interests</b>	<b>17,836</b>	16,825
<b>Total equity</b>	<b>92,730</b>	79,762
<b>Total liabilities and equity</b>	<b>831,315</b>	824,963

**(3) Condensed quarterly consolidated statement of changes in equity**

¥ millions

<b>1st Quarter FY 2022</b>	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	<b>Total share holders' equity</b>	Non-controlling interests	<b>Total equity</b>
At 1 April 2021	116,643	155,245	(81,692)	(68,048)	(59,211)	<b>62,937</b>	16,825	<b>79,762</b>
Total Comprehensive Income	—	—	2,507	—	9,459	<b>11,966</b>	(111)	<b>11,855</b>
Hyperinflation adjustment	—	—	1,928	—	—	<b>1,928</b>	1,445	<b>3,373</b>
Dividends paid	—	—	(1,950)	—	—	<b>(1,950)</b>	(323)	<b>(2,273)</b>
Share-based compensation with restricted shares	—	13	—	—	—	<b>13</b>	—	<b>13</b>
Stock options	5	5	—	—	(10)	—	—	—
<b>At 30 June 2021</b>	<b>116,648</b>	<b>155,263</b>	<b>(79,207)</b>	<b>(68,048)</b>	<b>(49,762)</b>	<b>74,894</b>	<b>17,836</b>	<b>92,730</b>

¥ millions

<b>1st Quarter FY 2021</b>	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	<b>Total share holders' equity</b>	Non-controlling interests	<b>Total equity</b>
At 1 April 2020	116,607	155,222	(54,276)	(68,048)	(75,893)	<b>73,612</b>	14,582	<b>88,194</b>
Total Comprehensive Income	—	—	(16,533)	—	(482)	<b>(17,015)</b>	(928)	<b>(17,943)</b>
Hyperinflation adjustment	—	—	1,103	—	—	<b>1,103</b>	621	<b>1,724</b>
Dividends paid	—	—	(1,650)	—	—	<b>(1,650)</b>	(24)	<b>(1,674)</b>
Equity transaction with non-controlling interests	—	—	(34)	—	—	<b>(34)</b>	422	<b>388</b>
<b>At 30 June 2020</b>	<b>116,607</b>	<b>155,222</b>	<b>(71,390)</b>	<b>(68,048)</b>	<b>(76,375)</b>	<b>56,016</b>	<b>14,673</b>	<b>70,689</b>

**(4) Condensed quarterly consolidated statement of cash flow**

¥ millions

	Note	1st Quarter For the period 1 April to 30 June 2021	1st Quarter For the period 1 April to 30 June 2020
<b>Cash flows from operating activities</b>			
Cash flows generated from operations	(5)-(i)	2,652	(28,104)
Interest paid		(2,704)	(2,371)
Interest received		1,054	1,062
Tax paid		(1,754)	(1,217)
<b>Net cash outflows from operating activities</b>		<b>(752)</b>	<b>(30,630)</b>
<b>Cash flows from investing activities</b>			
Dividends received from joint ventures and associates		19	—
Purchase of joint ventures and associates		—	(3,268)
Proceeds on disposal of joint ventures and associates		—	375
Purchase of subsidiaries, net of cash balances held by subsidiaries upon acquisition		—	(68)
Purchases of property, plant and equipment		(8,297)	(13,170)
Proceeds on disposal of property, plant and equipment		342	256
Purchases of intangible assets		(284)	(295)
Purchase of assets held at FVOCI		(924)	(402)
Proceeds on disposal of assets held at FVOCI		2	499
Loans advanced to joint ventures, associates and third parties		(394)	(233)
Loans repaid from joint ventures, associates and third parties		714	222
<b>Net cash outflows from investing activities</b>		<b>(8,822)</b>	<b>(16,084)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to owners of the parent		(1,950)	(1,651)
Dividends paid to non-controlling interests		(316)	(13)
Repayment of borrowings		(5,561)	(7,699)
Proceeds from borrowings		4,660	48,913
Others		—	389
<b>Net cash (out) /in flows from financing activities</b>		<b>(3,167)</b>	<b>39,939</b>
<b>Decrease in cash and cash equivalents (net of bank overdrafts)</b>		<b>(12,741)</b>	<b>(6,775)</b>
<b>Cash and cash equivalents (net of bank overdrafts) at beginning of period</b>	(5)-(j)	<b>53,500</b>	40,512
Effect of foreign exchange rate changes		548	(243)
Hyperinflation adjustment	(5)-(k)	326	194
<b>Cash and cash equivalents (net of bank overdrafts) at end of period</b>	(5)-(j)	<b>41,633</b>	33,688

## **(5) Notes to the condensed quarterly consolidated financial statements**

### **(a) Notes regarding going concern**

There were no issues or events arising during the period, which negatively affect the ability of the Group to continue as a going concern.

### **(b) Segmental information**

The Group is organized on a worldwide basis into the following principal primary operating segments.

The Architectural segment engages in the manufacturing and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the solar energy sector.

The Automotive segment supplies a wide range of automotive glazing for new vehicles and for replacement markets.

The Technical Glass segment comprises a number of discrete businesses, including the manufacture and sale of very thin glass used as cover glass for displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.

The Other segment covers corporate costs, certain small businesses not included in the segments covered above, and consolidation adjustments including amortization and impairment costs recorded with respect to goodwill and intangible assets related to the acquisition of Pilkington plc.

External revenue is disaggregated into three categories; Europe, Asia which includes Japan, and Americas which comprises of North and South Americas.

The Group's revenues comprise sales of glass recognized at a point in time and sales of services recognized over time. Sales of services recognized over time are immaterial and are therefore not disclosed separately at interim periods.

The amortization arising from the acquisition of Pilkington plc was ¥443 million in FY2022 Q1 (FY2021 Q1: ¥401 million).

**(b) Segmental information** continued

The segmental results for the first quarter to 30 June 2021 were as follows:

	¥ millions				
<b>1st Quarter FY 2022 For the period 1 April to 30 June 2021</b>	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
<b>Total revenue</b>	<b>67,259</b>	<b>71,386</b>	<b>11,758</b>	<b>1,630</b>	<b>152,033</b>
Inter-segmental revenue	<b>(2,762)</b>	<b>(508)</b>	<b>(380)</b>	<b>(705)</b>	<b>(4,355)</b>
External revenue	<b>64,497</b>	<b>70,878</b>	<b>11,378</b>	<b>925</b>	<b>147,678</b>
<i>Disaggregation of external revenue by geographical regions:</i>					
<i>Europe</i>	<i>27,789</i>	<i>31,198</i>	<i>2,060</i>	<i>727</i>	<i>61,774</i>
<i>Asia</i>	<i>19,289</i>	<i>15,079</i>	<i>8,969</i>	<i>198</i>	<i>43,535</i>
<i>Americas</i>	<i>17,419</i>	<i>24,601</i>	<i>349</i>	<i>—</i>	<i>42,369</i>
Operating profit/(loss)	<b>6,113</b>	<b>1,251</b>	<b>2,849</b>	<b>(3,052)</b>	<b>7,161</b>
Exceptional items – gains	<b>6</b>	<b>3</b>	<b>1</b>	<b>52</b>	<b>62</b>
Exceptional items – losses	<b>(5)</b>	<b>(64)</b>	<b>—</b>	<b>(160)</b>	<b>(229)</b>
Operating profit after exceptional items					<b>6,994</b>
Finance costs – net					<b>(2,944)</b>
Share of post-tax profit from joint ventures and associates					<b>1,479</b>
Profit before taxation					<b>5,529</b>
Taxation					<b>(2,649)</b>
<b>Profit for the period from continuing operations</b>					<b>2,880</b>

**(b) Segmental information** continued

The segmental results for the first quarter to 30 June 2020 were as follows:

	¥ millions				
<b>1st Quarter FY 2021 For the period 1 April to 30 June 2020</b>	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
<b>Total revenue</b>	46,239	38,909	9,028	807	94,983
Inter-segmental revenue	(1,366)	(218)	(930)	(598)	(3,112)
External revenue	44,873	38,691	8,098	209	91,871
<i>Disaggregation of external revenue by geographical regions:</i>					
<i>Europe</i>	16,004	16,632	1,296	29	33,961
<i>Asia</i>	19,190	9,870	6,545	180	35,785
<i>Americas</i>	9,679	12,189	257	—	22,125
Operating (loss)/profit	2,674	(2,863)	1,380	(1,800)	(609)
Exceptional items – gains	382	411	37	603	1,433
Exceptional items – losses	(5,375)	(6,966)	(238)	(377)	(12,956)
Operating loss after exceptional items					(12,132)
Finance costs – net					(2,376)
Share of post-tax loss from joint ventures and associates					(392)
Loss before taxation					(14,900)
Taxation					(1,629)
<b>Loss for the period from continuing operations</b>					(16,529)

The segmental assets at 30 June 2021 and capital expenditure for the first quarter ended 30 June 2021 were as follows:

	¥ millions				
	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
Net trading assets	162,106	167,564	28,273	3,821	361,764
Capital expenditure (including intangibles)	1,793	2,177	161	101	4,232

The segmental assets at 30 June 2020 and capital expenditure for the first quarter ended 30 June 2020 were as follows:

	¥ millions				
	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
Net trading assets	156,606	163,289	33,612	6,031	359,538
Capital expenditure (including intangibles)	6,935	1,097	51	288	8,371

Net trading assets consist of property, plant and equipment, investment property, intangible assets excluding those arising from a business combination, inventories, trade and other receivables and trade and other payables, contract assets and liabilities.

Capital expenditure comprises additions to property, plant and equipment (owned) and intangible assets.

**(c) Exceptional items**

¥ millions

	<b>1st Quarter FY 2022 For the period 1 April to 30 June 2021</b>	1st Quarter FY 2021 For the period 1 April to 30 June 2020
<b>Exceptional items – gains:</b>		
Reversal of surplus provisions (a)	<b>57</b>	—
Reversal of previous impairments (b)	<b>4</b>	—
COVID-19 government support (c)	—	844
Gain on disposal of joint ventures (d)	—	555
Others	<b>1</b>	34
	<b>62</b>	1,433
<b>Exceptional items – losses:</b>		
Settlement of litigation matters (e)	<b>(132)</b>	(109)
Restructuring costs, including employee termination payments (a)	<b>(56)</b>	(397)
Suspension and other costs caused by COVID-19 (c)	—	(12,308)
Suspension of facilities (f)	—	(137)
Others	<b>(41)</b>	(5)
	<b>(229)</b>	(12,956)
	<b>(167)</b>	(11,523)

- (a) Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. Reversal of the surplus provisions in the current year is related to the restructuring provisions established in the previous year.  
In the prior year the costs related to restructuring programs in Architectural South East Asia and Automotive Europe.
- (b) Reversal of previous impairments are related to property, plant and equipment in Architectural Europe and Asia.
- (c) In the previous year, the Group has recorded the direct costs and also unrecovered operating costs arising from the COVID-19 pandemic as exceptional items, together with any related income from governments. Such costs include payments to employees not engaged in productive activities due to the COVID-19 pandemic, costs of maintaining idle facilities, and direct costs such as the deep cleaning of facilities to promote a safe operating environment.
- (d) The prior year gain on disposal of a joint venture relates to the recycling into the income statement of foreign exchange gains and losses recognized during previous years within the Statement of Comprehensive Income, following the disposal of the Group's shares in Jiangsu Pilkington SYP Glass Co., Ltd a float glass manufacturing entity in China.
- (e) In both the current and prior year, the settlement of litigation matters relates to legal claims arising as a result of transactions that were previously recorded as exceptional items.
- (f) The suspension of facilities in the previous year were related to the repair of facilities in Architectural Japan following a Typhoon during FY2020.



**(d) Finance income and expenses**

¥ millions

	<b>1st Quarter FY 2022 For the period 1 April to 30 June 2021</b>	1st Quarter FY 2021 For the period 1 April to 30 June 2020
<b>Finance income</b>		
Interest income	<b>314</b>	633
Foreign exchange transaction gains	<b>180</b>	75
Gain on net monetary position	<b>84</b>	7
	<b>578</b>	715
<b>Finance expenses</b>		
Interest expense:		
– bank and other borrowings	<b>(3,131)</b>	(2,876)
Dividend on non-equity preference shares due to minority shareholders	<b>(66)</b>	(59)
Foreign exchange transaction losses	<b>(14)</b>	(13)
Other interest and similar charges	<b>(219)</b>	(101)
	<b>(3,430)</b>	(3,049)
Unwinding discounts on provisions	<b>(43)</b>	(45)
Retirement benefit obligations		
– net finance charge	<b>(49)</b>	3
	<b>(3,522)</b>	(3,091)

**(e) Taxation**

The tax charge on the profit before taxation, excluding the Group's share of net results of joint ventures and associates, is a rate of 65.4 percent in the first quarter to 30 June 2021 (30 June 2020 - a rate of (11.2) percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2022.

On 24 May 2021 the U.K government substantially enacted an increase in the headline rate of U.K. corporation tax from 19 percent to 25 percent with effect from 1 April 2023. The effect of this tax rate change is to increase deferred tax assets by ¥ 954 million and to increase deferred tax liabilities by ¥ 2,382 million. The net effect of this change is an increase in the Group's tax charge of ¥ 1,428 million, recognized during the first quarter of FY2022.

Excluding the change in the rate of U.K. corporation tax, the Group's tax charge on the profit before taxation, excluding the Group's share of net results of joint ventures and associates, would be a rate of 30.1 percent in the first quarter to 30 June 2021.

**(f) Earnings per share****(i) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent, after deducting dividends paid to holders of Class A shares, by the weighted average number of ordinary 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 ordinary shares excludes ordinary shares purchased by the company and held as treasury shares, and restricted shares which have not been satisfied the conditions to lift the restriction.

	Quarter ended 30 June 2021	Quarter ended 30 June 2020
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	2,541	(16,436)
Adjustment for;		
– Dividends on Class A shares	(486)	(486)
Profit/(loss) used to determine basic earnings per share	2,055	(16,922)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	90,673	90,621
	¥	¥
<b>Basic earnings per share</b>	<b>22.66</b>	<b>(186.73)</b>

**(ii) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, following the exercise of share options and exercise of put options, attached to Class A shares, for which the consideration is common shares. Also Restricted shares which have not met the condition to lift the restriction are treated as dilutive potential ordinary shares. As for share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is deducted from the number of shares that would have been issued assuming the exercise of the share options. Restricted shares are treated as dilutive potential ordinary shares until the conditions for lifting the restrictions are met. As for Class A shares, a calculation is performed to determine the number of shares that would have been issued, assuming a conversion to common shares that is most advantageous for holders of the class shares. Conversion of Class A shares to common shares is reflected in the diluted earnings per share, using the factor applied to the case where the put options are exercised from 1 July 2022 onward, if the conversion has dilutive effect.

	Quarter ended 30 June 2021	Quarter ended 30 June 2020
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	2,541	(16,436)
Adjustment for;		
– Dividends on Class A shares	—	(486)
Profit/(loss) used to determine diluted earnings per share	2,541	(16,922)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	90,673	90,621
Adjustment for:		
– Share options	645	—
– Restricted shares	93	—
– Class A shares	50,679	—
Weighted average number of ordinary shares for diluted earnings per share	142,090	90,621
	¥	¥
<b>Diluted earnings per share</b>	<b>17.88</b>	<b>(186.73)</b>

Diluted earnings per share for the prior period do not include stock options and Class A shares due to the anti-dilutive effect caused by the loss during the period.

**(g) Dividends****(i) Dividends on ordinary shares**

	<b>Quarter ended 30 June 2021</b>	Quarter ended 30 June 2020
<b>Declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	—	—
Dividend per share (¥)	—	—

**(ii) Dividends on Class A shares**

	<b>Quarter ended 30 June 2021</b>	Quarter ended 30 June 2020
<b>Declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	<b>1,950</b>	1,650
Dividend per share (¥)	<b>65,000</b>	55,000

**(h) Exchange rates**

The principal exchange rates used for the translation of foreign currencies were as follows:

	<b>Quarter ended 30 June 2021</b>		Year ended 31 March 2021		Quarter ended 30 June 2020	
	<b>Average</b>	<b>Closing</b>	Average	Closing	Average	Closing
GBP	<b>153</b>	<b>153</b>	139	152	133	132
US dollar	<b>109</b>	<b>111</b>	106	111	107	107
Euro	<b>132</b>	<b>132</b>	124	130	118	121
Argentine peso	—	<b>1.16</b>	—	1.20	—	1.53

**(i) Cash flows generated from operations**

¥ millions

	<b>1st Quarter FY 2022 for the period 1 April 2021 to 30 June 2021</b>	1st Quarter FY 2021 for the period 1 April 2020 to 30 June 2020
Profit/(loss) for the period from continuing operations	<b>2,880</b>	(16,529)
Adjustments for:		
Taxation	<b>2,649</b>	1,629
Depreciation	<b>8,430</b>	7,780
Amortization	<b>892</b>	809
Impairment	<b>293</b>	25
Reversal of impairments	<b>(10)</b>	—
Gain on sale of property, plant and equipment	<b>(1)</b>	(28)
Gain on sale of subsidiaries and joint ventures	<b>—</b>	(555)
Grants and deferred income	<b>(72)</b>	(271)
Finance income	<b>(578)</b>	(715)
Finance expenses	<b>3,522</b>	3,091
Share of (profit)/loss from joint ventures and associates	<b>(1,479)</b>	392
Other items	<b>15</b>	(194)
<b>Operating cash flows before movement in provisions and working capital</b>	<b>16,541</b>	(4,566)
Decrease in provisions and retirement benefit obligations	<b>(1,909)</b>	(1,427)
Changes in working capital:		
– inventories	<b>(3,992)</b>	4,361
– trade and other receivables	<b>(7,542)</b>	(4,476)
– trade and other payables	<b>(759)</b>	(21,361)
– contract balances	<b>313</b>	(635)
Net change in working capital	<b>(11,980)</b>	(22,111)
<b>Cash flows generated from operations</b>	<b>2,652</b>	(28,104)

**(j) Cash and cash equivalents**

¥ millions

	<b>As at 31 March 2021</b>	As at 31 March 2020
Cash and cash equivalents	<b>58,673</b>	43,608
Bank overdrafts	<b>(5,173)</b>	(3,096)
	<b>53,500</b>	40,512

¥ millions

	<b>As at 30 June 2021</b>	As at 30 June 2020
Cash and cash equivalents	<b>44,690</b>	36,487
Bank overdrafts	<b>(3,057)</b>	(2,799)
	<b>41,633</b>	33,688

**(k) Hyperinflationary accounting adjustments**

As from the second quarter of FY 2019, the wholesale price index in Argentina indicated that cumulative 3-year inflation had exceeded 100 percent. Consequently, the Group has concluded that its subsidiaries in Argentina, each of which has the Argentine Peso as a functional currency, are currently operating in a hyperinflationary environment. The Group has therefore applied accounting adjustments to the underlying financial results and position of its subsidiaries in Argentina as required by IAS 29 'Financial Reporting in Hyperinflationary Economies'.

As required by IAS 29, the Group's consolidated financial statements will include the results and financial position of its Argentinian subsidiaries, restated in terms of the measuring unit current at the period end date.

For the restatement of results and financial positions of its Argentinian subsidiaries, the Group will apply the conversion coefficient derived from the Internal Wholesales Price Index (IPIM) published by Instituto Nacional de Estadística y Censos de la República Argentina (INDEC). IPIM and corresponding conversion coefficients from June 2006 are presented below.

Balance sheet date	Internal Wholesales Price Index (IPIM) (30 June 2006 = 100)	Conversion coefficient
30 June 2006	100.0	22.997
31 March 2007	103.9	22.142
31 March 2008	120.2	19.131
31 March 2009	128.7	17.868
31 March 2010	146.5	15.698
31 March 2011	165.5	13.896
31 March 2012	186.7	12.316
31 March 2013	211.1	10.892
31 March 2014	265.6	8.660
31 March 2015	305.7	7.522
31 March 2016	390.6	5.887
31 March 2017	467.2	4.922
31 March 2018	596.1	3.858
31 March 2019	970.9	2.369
31 March 2020	1,440.8	1.596
31 March 2021	2,046.4	1.124
30 April 2021	2,156.8	1.066
31 May 2021	2,228.4	1.032
30 June 2021	2,299.7	1.000

The Group's subsidiaries in Argentina will restate their non-monetary items held at historical cost, namely property, plant and equipment, by applying the conversion coefficient based on when the items were initially recognized. Monetary items and non-monetary items held at current cost will not be restated, as they are expressed in terms of the measuring unit current at the period end date. The effect of inflation on the net monetary position of the Group's Argentinian subsidiaries is presented in the finance expenses section of the income statement.

The Argentinian subsidiaries' income statement and cash flow statement will also be restated, applying the conversion coefficient for the current financial year as shown in the above table.

For the purpose of consolidation, the results and financial position of the Group's Argentinian subsidiaries are translated using the closing exchange rates at the period end date. Comparative financial statements are not restated based on IAS 21 'The Effects of Changes in Foreign Exchange Rates' para 42(b).

**(l) Significant subsequent events**

There were no significant subsequent events.