

FY 2022 Annual Consolidated Financial Results <IFRS>

12 May 2022



(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>)
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Annual general shareholders' meeting: 29 June 2022
 Submission of annual financial statements to MOF: 30 June 2022
 Payment of dividends start from: N/A
 Annual result presentation papers: Yes
 Annual result presentation meeting: Yes (Teleconference for institutional investors)

1. Consolidated business results for FY2022 (From 1 April 2021 to 31 March 2022)

(1) Consolidated business results

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2022	600,568	20.3	19,980	52.9	11,859	—	6,759	—	4,134	—	79,357	—
FY2021	499,224	(10.2)	13,067	(38.3)	(17,171)	—	(16,316)	—	(16,930)	—	(15,295)	—

	Earnings per share - basic	Ratio of profit attributable to owners of the parent to average equity attributable to owners of the parent	Profit before tax ratio to total assets	Operating profit ratio to revenue
	¥	%	%	%
FY2022	24.07	4.0	1.3	3.3
FY2021	(208.32)	(24.8)	(2.2)	2.6

Share of post-tax profit of joint ventures and associates accounted for using the equity method

FY2022: ¥ 7,498 million FY2021: ¥ 2,194 million

Note:

- Impairment of financial receivables owed by joint ventures and associates and a partial impairment of its equity investment in joint ventures and associates were recognized, being a total of ¥ 6,796 million in FY2022.
- 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	Total shareholders' equity per share
	¥ millions	¥ millions	¥ millions	%	¥
FY2022	939,281	169,355	145,291	15.5	1,255.96
FY2021	824,963	79,762	62,937	7.6	349.65

(3) Consolidated statement of cash flow

	Net cash generated from operating activities	Net cash used in investing activities	Net cash generated from financing activities	Cash and cash equivalents as of term-end
	¥ millions	¥ millions	¥ millions	¥ millions
FY2022	45,061	(22,787)	(20,823)	60,015
FY2021	21,053	(25,589)	13,537	53,500

2. Dividends

	Dividends per share					Dividends (annual) (¥ millions)	Payout ratio	Dividends to net assets ratio (%)
	Q1	Q2	Q3	Q4	Total			
FY2021 (actual)	—	¥ 0.00	—	¥ 0.00	¥ 0.00	¥ 0	—	—
FY2022 (actual)	—	¥ 0.00	—	¥ 0.00	¥ 0.00	¥ 0	—	—
FY2023 (forecast)	—	¥ 0.00	—	¥ 0.00	¥ 0.00		—	

Note:

- 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.
- For further details, please refer to the dividend policy section on page 9.

3. Forecast for FY2023 (From 1 April 2022 to 31 March 2023)

	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	%	¥ million s	%	¥
Half year	320,000	10.1	7,000	(44.9)	4,000	(72.8)	2,000	(79.1)	2,000	(76.7)	11.26
Full year	650,000	8.2	18,000	(9.9)	11,000	(7.2)	5,000	(26.0)	4,000	(3.2)	22.58

Note:

- Forecast of basic earnings per share for FY2023 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 2023), by 90,807,899 shares which is the number of ordinary shares issued at 31 March 2022, reduced by the number of treasury stock and restricted shares (166,600 shares).
- For further details, please refer to the prospects section on page 8.

4. Other items

- (a) Changes in status of principal subsidiaries: — No
- (b) Changes in accounting policies and changes in accounting estimates:
- (i) Changes due to revisions in accounting standards under IFRS — No
- (ii) Changes due to other reasons — Yes
- (iii) Changes in accounting estimates — No

Note:

- For further details, please refer to the changes in accounting policy section on page 16.

- (c) Number of shares outstanding (common stock)
- (i) Number of shares issued at the end of the period, including shares held as treasury stock:
91,000,199 shares as at 31 March 2022 and 90,810,899 shares as at 31 March 2021
- (ii) Number of shares held as treasury stock at the end of the period:
25,700 shares as at 31 March 2022 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:
90,726,994 shares for the period ending 31 March 2022 and 90,631,177 shares for the period ending 31 March 2021

Status of audit procedures taken by external auditors for the annual results

This document (Tanshin) is out of scope for independent audit 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 are 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, but not limited.

(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				
	Q1	Q2	Q3	Q4	Total
Class A Shares					
FY2021 (Actual)	—	¥ 0.00	—	¥ 65,000.00	¥ 65,000.00
FY2022 (Actual)	—	¥ 0.00	—	¥ 65,000.00	¥ 65,000.00
FY2023 (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 FY2023, is ¥ 1,950 million.

[Attachments]

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

1. Overview about business performance etc.

- (1) Overview about business performance
- (2) Overview about financial condition and cash flows
- (3) Prospects
- (4) Dividend policy

2. Basic concept regarding selection of accounting standards

3. Consolidated financial statements

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

1. Overview about business performance etc.

(1) Overview about business performance

1) Background to Results

The Group's markets experienced contrasting conditions during FY2022. Consistent with earlier quarters, the final quarter reflected positive Architectural and Technical Glass markets, offset by low levels of activity in Automotive markets. Architectural Glass markets were generally strong with buoyant levels of construction and refurbishment activity across many regions. Demand for Solar Energy glass was also positive. In addition, Technical Glass markets also benefitted from high levels of consumer demand in a variety of areas. Automotive markets however remained at a low level, with a shortage of computer chip components causing the Group's large automotive customers to restrict production.

Cumulative Group revenues increased by 20 percent to ¥ 600,568 million (4Q FY2021 ¥ 499,224 million), with COVID-19-related lockdowns having a particularly significant impact on revenues during the first quarter of the previous year. At constant exchange rates, cumulative revenues would have increased by 16 percent. Operating profits were ¥ 19,980 million (4Q FY2021 ¥ 13,067 million). Net exceptional gains were ¥ 3,646 million. Net exceptional gains included a gain recorded on the disposal of the Group's Battery Separator business during the second quarter. The previous year included net exceptional losses of ¥ 21,951 million due largely to costs arising from the COVID-19 pandemic. The share of joint ventures and associates' profit of ¥ 7,498 million was much improved from the previous year (4Q FY2021 ¥ 2,194 million), although the Group recorded an impairment of financial receivables owed by its joint venture in Russia of ¥ 3,374 million and a partial impairment of its investment in this joint venture of ¥ 3,422 million accounted for separately in the consolidated income statement as impairment of financial receivables owed by joint ventures and associates, and as other gains/(losses) on equity method investments respectively. The Group recorded a positive profit attributable to owners of the parent of ¥ 4,134 million (4Q FY2021 loss attributable of ¥ 16,930 million).

2) Review by Business Segment

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

Architectural, representing 47 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 46 percent of cumulative revenues, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, representing 7 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, and glass fiber 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.

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

¥ millions	Revenue		Operating profit	
	FY2022	FY2021	FY2022	FY2021
Architectural	281,816	215,501	28,130	15,670
Automotive	276,246	245,184	(7,908)	1,802
Technical Glass	39,770	36,818	9,907	6,707
Other Operations	2,736	1,721	(10,149)	(11,112)
Total	600,568	499,224	19,980	13,067

Architectural

The Architectural business recorded cumulative revenues of ¥ 281,816 million (4Q FY2021: ¥ 215,501 million) and an operating profit of ¥ 28,130 million (4Q FY2021: ¥ 15,670 million).

Architectural revenues and profits increased from the previous year which had been significantly impacted by the COVID-19 pandemic during the first quarter. Revenues were robust reflecting strong volumes and increased selling prices, mitigating the impact of rising input costs.

In Europe, representing 41 percent of the Group's architectural sales, revenues improved with buoyant demand, which resulted in positive volumes and rising price levels. Profits were also improved as a strong operational performance and tight cost control continued to mitigate the impact of high input costs, particularly for energy, and also increasing logistics and raw material costs.

In Asia, representing 31 percent of the Group's architectural sales, revenues and profits were above the previous year. Revenues in Japan continued to improve from the previous year, and other South East Asia markets were also positive, helped by an easing of lockdown restrictions. Demand for glass for Solar Energy was robust.

In the Americas, representing 28 percent of the Group's architectural sales, revenues and profits were ahead of the previous year. Volumes rebounded from the previous year although they were constrained to 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

The Automotive business recorded cumulative revenues of ¥ 276,246 million (4Q FY2021: ¥ 245,184 million) and an operating loss of ¥ 7,908 million (4Q FY2021: profit of ¥ 1,802 million).

In the Automotive business, cumulative revenues were higher than the previous year which had been badly affected by the COVID-19 pandemic during the first quarter. Despite strong underlying consumer demand, volumes continued to be affected by the Group's customers restricting production in response to a shortage of computer chip components. As a consequence of the restricted demand and also increasing input costs, the automotive business recorded an operating loss for the year.

Europe represents 42 percent of the Group's automotive sales. Cumulative revenues improved from the previous year, due to a collapse in demand during the first quarter of FY2021 as a result of the COVID-19 pandemic. Revenues were, however, badly affected by restrictions in volumes caused by computer chip component shortages at the Group's customers. Profitability was negatively impacted by increasing input costs and a low level of asset utilization.

In Asia, representing 22 percent of the Group's automotive sales, cumulative revenues were similar to the previous year. In Japan, vehicle sales continued to be relatively weak, impacted by shortages of computer chips restricting vehicle production. Demand in Malaysia was hit by lockdowns earlier in the year, leading to a suspension of production at the Group's automotive customers.

In the Americas, representing 36 percent of the Group's automotive sales, cumulative revenues 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

The Technical Glass business recorded cumulative revenues of ¥ 39,770 million (4Q FY2021: ¥ 36,818 million) and an operating profit of ¥ 9,907 million (4Q FY2021: ¥ 6,707 million).

Revenues and profits continued to be robust 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 in replacement markets for glass cord used in engine timing belts was also strong. Metashine sales continued to recover, after a long period of difficult market conditions for automotive and cosmetic applications.

The Group disposed of its Battery Separator business during the second quarter of the year. For further details, please refer to the press release "Transfer of Battery Separator Business to Wholly-owned Subsidiary through Company Split (Simple Absorption-type Split) and Sale of Shares in Such Subsidiary" issued on 1 September 2021. The gain arising on this transaction has been classified as an exceptional item. Please refer to the summary of exceptional items within section 3. Consolidated financial statements and their notes (5) Notes to the condensed quarterly consolidated financial statements (d) Exceptional items.

Joint Ventures and Associates

The Group's share of joint ventures and associates' profits after tax was ¥ 7,498 million (4Q FY2021: ¥ 2,194 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.

As a consequence of the invasion of Ukraine by Russia, the Group has considered the recoverable amount of its joint venture investment in SP Glass Holdings BV, a company registered in the Netherlands and owning operating companies in Russia. Considering the uncertain outlook for investments in Russia, the Group concluded that a partial impairment of its equity investment in this company of ¥ 3,422 million was appropriate. In addition the Group recorded an impairment of a financial receivable owed by a subsidiary of SP Glass Holdings BV of ¥ 3,374 million. These two items are presented separately in the consolidated income statement as other gains/(losses) on equity method investments and as impairment of financial receivables owed by joint ventures and associates respectively.

(2) Overview about financial condition and cash flows

Total assets at the end of March 2022 were ¥ 939,281 million, representing an increase of ¥ 114,318 million from the end of March 2021. Total equity was ¥ 169,355 million, representing an increase of ¥ 89,593 million from the March 2021 figure of ¥ 79,762 million. The increase in total equity was due to a combination of the profit recorded for the period, positive movements on derivative balances, reduced retirement benefit obligations, and the translational impact of a weakened Japanese yen. Derivative assets increased in value due mainly to the positive revaluation of the Group's energy-hedging contracts reflecting the increasing price of natural gas.

Net financial indebtedness decreased by ¥ 46,598 million from 31 March 2021 to ¥ 365,173 million at the period end. The decrease in indebtedness arose largely from the increasing value of financial derivative assets, but was also aided by a positive free cash flow performance. Gross debt was ¥ 467,885 million at the period end. As of 31 March 2022, the Group had un-drawn, committed revolving credit facilities of ¥ 53,225 million and, in addition, the Group also had an undrawn amount of ¥ 24,800 million on a committed term loan.

Cash inflows from operating activities were ¥ 45,061 million. Cash outflows from investing activities were ¥ 22,787 million, including capital expenditure on property, plant, and equipment of ¥ 33,080 million and proceeds on the disposal of the Battery Separator business of ¥ 6,191 million. As a result, free cash flow was an inflow of ¥ 22,274 million (4Q FY2021 free cash outflow of ¥ 4,536 million).

(3) Prospects

The Group's forecast for the financial year FY2023 is shown on page 2.

The Group expects revenues to continue to be strong in FY2023. Volumes and prices in Architectural are expected to continue at a high level reflecting robust markets and the recovery of soaring energy costs. Volumes are likely to improve in the Automotive business as the Group's customers gradually resolve their supply chain issues. Market conditions in Technical Glass should remain strong. Profitability will continue to be severely impacted by high input costs, especially with respect to energy.

NSG Group has set out its direction as the Medium-Term Vision aiming for becoming a global glass supplier contributing to the world with high value-added glass products and services, under which it will focus on the three areas of contribution: such as Safety & Comfort; Eco Society; and ICT.

At the same time the Group has announced a new medium-term management plan, "Revival Plan 24" (RP24), for a three-year period from 1 April 2021 to 31 March 2024 as the first step to achieve the Medium-Term Vision.

Reviewing the previous Medium-Term Plan (MTP) and reflecting the changes in the business environment, the Group sets RP24 as the period for its business transformation and will execute a drastic reform of its profit structure, with the restoration of financial stability and the transformation of the Group's business portfolio, consisting of the following Three Reforms and Two Key Initiatives.

Three Reforms: Cost structure reform; Business structure reform; Corporate culture reform

Two Key Initiatives: Restoration of financial stability; Transformation into more profitable business portfolio

The Group has established a set of key financial metrics as below that it expects to achieve by the end of the RP24 period.

Operating profit margin ^{*1}	8%
Net profit ^{*2}	More than ¥ 30 billion cumulatively for 3 years
Equity ratio	More than 10%
Free cash flow	More than ¥ 10 billion

*1: Based on operating profit after amortization

*2: Profit attributable to owners of the parent

The Group recognizes that progress in the areas of Environment, Social, and Governance (ESG) will be a critical factor in ensuring the Group's long-term sustainability. Especially in the area of environment, products that are integral to the generation of electrical energy and also the saving of energy are likely to become ever more important over the RP24 period, and the Group will continue to focus on the further growth in sales of products in these areas. The Group will continue to carefully monitor its own carbon emissions and energy usage with new targets, committing to achieve carbon neutrality by 2050.

During FY2022 the Group made further progress with its ESG initiatives, signing a Virtual Power Purchase Agreement with the operator of a windfarm in Poland. This agreement enables the Group to purchase renewable electricity, equivalent to the majority of expected annual usage at the Group's subsidiary businesses in Poland, at a predictable price for a period of 10 years. This contract is expected to save over 800,000T of CO₂ over its lifetime.

(4) Dividend policy

Recognizing the distribution of profit to shareholders as one of its important management objectives, the Group has upheld a stable basic policy of declaring dividend payments on ordinary shares based on sustainable business results. To that end, dividend payments by the Group will be determined in view of the enhancement of its financial status and accumulation of the appropriate level of retained earnings for future business growth. Considering factors such as the Group's current financial position and its level of profitability, the Board of Directors has regrettably decided not to declare dividends for ordinary shares for the fiscal year to 31 March 2022. The Group has forecast that no dividend will be paid for the fiscal year to 31 March 2023, either, as set out on page 2. The Group recognizes the importance of dividends to its shareholders and anticipates resuming dividend payments when the financial performance of the Group allows.

Dividends related to Class A Shares are detailed on page 3.

2. Basic concept regarding selection of accounting standards

The Group applies International Financial Reporting Standards (IFRS) in the preparation of its consolidated financial statements. The Group has a detailed set of specific accounting policies, complying with IFRS, which all subsidiary companies apply when preparing financial statements for the purposes of Group consolidation. The application of a common accounting language, based on IFRS, enables the Group to measure business performance and assess business decisions, using consistently prepared comparable financial data.

With the Group's global spread of operations and shareholders base, the application of IFRS reflects the Group's position as an international company headquartered in Japan.

3. Consolidated Financial Statements and their notes

(1) (a) Consolidated income statement

		¥ millions	
	Note	FY2022 For the period 1 April 2021 to 31 March 2022	FY2021 For the period 1 April 2020 to 31 March 2021 (restated)
Revenue	(5)-(c)	600,568	499,224
Cost of sales		(465,139)	(382,085)
Gross profit		135,429	117,139
Other income		2,214	1,814
Distribution costs		(53,089)	(43,665)
Administrative expenses		(59,532)	(56,406)
Other expenses		(5,042)	(5,815)
Operating profit	(5)-(c)	19,980	13,067
Exceptional items - gains	(5)-(d)	6,027	14,277
Exceptional items - losses	(5)-(d)	(2,381)	(36,228)
Operating profit/(loss) after exceptional items		23,626	(8,884)
Finance income	(5)-(e)	2,117	2,044
Finance expenses	(5)-(e)	(14,586)	(13,080)
Impairment of financial receivables owed by joint ventures and associates	(5)-(b)	(3,374)	-
Share of post-tax profit of joint ventures and associates accounted for using the equity method		7,498	2,194
Other gains/(losses) on equity method investments	(5)-(b)	(3,422)	555
Profit/(loss) before taxation		11,859	(17,171)
Taxation	(5)-(f)	(5,100)	855
Profit/(loss) for the period		6,759	(16,316)
Profit attributable to non-controlling interests		2,625	614
Profit/(loss) attributable to owners of the parent		4,134	(16,930)
		6,759	(16,316)
Earnings per share attributable to owners of the parent			
Basic	(5)-(g)	24.07	(208.32)
Diluted	(5)-(g)	23.92	(208.32)

(1) (b) Consolidated statement of comprehensive income

			¥ millions	
	Note	FY2022 For the period 1 April 2021 to 31 March 2022	FY2021 For the period 1 April 2020 to 31 March 2021	
Profit/(loss) for the period		6,759	(16,316)	
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Re-measurement of retirement benefit obligations (net of taxation)	(5)-(m)	12,498	(13,184)	
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)		1,354	(60)	
Sub total		13,852	(13,244)	
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments		25,945	9,632	
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)		(344)	(439)	
Cash flow hedges: – fair value losses, net of taxation	(5)-(h)	33,145	5,072	
Sub total		58,746	14,265	
Total other comprehensive income for the period, net of taxation		72,598	1,021	
Total comprehensive income for the period		79,357	(15,295)	
Attributable to non-controlling interests		1,990	(1,884)	
Attributable to owners of the parent		77,367	(13,411)	
		79,357	(15,295)	

(2) Consolidated balance sheet

¥ millions

	FY2022 as at 31 March 2022	FY2021 as at 31 March 2021
ASSETS		
Non-current assets		
Goodwill	104,737	99,016
Intangible assets	50,256	48,761
Property, plant and equipment	341,736	316,788
Investment property	163	214
Investments accounted for using the equity method	20,410	18,870
Retirement benefit asset	32,349	23,335
Contract assets	554	988
Trade and other receivables	13,176	14,204
Financial assets:		
– Assets held at Fair Value through Other Comprehensive Income	23,022	18,439
– Derivative financial instruments	17,291	362
Deferred tax assets	33,115	33,816
Tax receivables	223	185
	637,032	574,978
Current assets		
Inventories	132,242	111,910
Contract assets	1,270	1,322
Trade and other receivables	72,816	64,037
Financial assets:		
– Derivative financial instruments	24,957	904
Cash and cash equivalents	60,464	58,673
Tax receivables	3,266	1,773
	295,015	238,619
Assets held for sale	7,234	11,366
	302,249	249,985
Total Assets	939,281	824,963

(2) Consolidated balance sheet continued

	¥ millions	
	FY2022 as at 31 March 2022	FY2021 as at 31 March 2021
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
– Borrowings	114,347	120,994
– Derivative financial instruments	1,501	729
Trade and other payables	163,114	136,233
Contract liabilities	7,132	5,749
Taxation liabilities	3,843	2,294
Provisions	13,621	17,860
Deferred income	499	504
	304,057	284,363
Liabilities related to assets held for sale	2,674	3,450
	306,731	287,813
Non-current liabilities		
Financial liabilities:		
– Borrowings	352,017	349,146
– Derivative financial instruments	20	841
Trade and other payables	457	477
Contract liabilities	5,347	6,037
Deferred tax liabilities	22,608	16,176
Taxation liabilities	3,061	3,233
Retirement benefit obligations	55,459	61,002
Provisions	21,196	17,391
Deferred income	3,030	3,085
	463,195	457,388
Total liabilities	769,926	745,201
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	116,709	116,643
Capital surplus	155,312	155,245
Retained earnings	(60,121)	(81,692)
Retained earnings (Translation adjustment at the IFRS transition date)	(68,048)	(68,048)
Other reserves	1,439	(59,211)
Total shareholders' equity	145,291	62,937
Non-controlling interests	24,064	16,825
Total equity	169,355	79,762
Total liabilities and equity	939,281	824,963

(3) Consolidated statement of changes in equity

¥ millions

FY2022	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	Total share holders' equity	Non-controlling interests	Total equity
At 1 April 2021	116,643	155,245	(81,692)	(68,048)	(59,211)	62,937	16,825	79,762
Profit for the period	—	—	4,134	—	—	4,134	2,625	6,759
Other comprehensive income	—	—	12,498	—	60,735	73,233	(635)	72,598
Total Comprehensive Income	—	—	16,632	—	60,735	77,367	1,990	79,357
Hyperinflation adjustment	—	—	6,889	—	—	6,889	6,039	12,928
<i>Transactions with owners</i>								
Dividends paid	—	—	(1,950)	—	—	(1,950)	(790)	(2,740)
Share-based compensation with restricted shares	24	25	—	—	—	49	—	49
Stock options	42	42	—	—	(84)	—	—	—
Purchase of treasury stock	—	—	—	—	(1)	(1)	—	(1)
At 31 March 2022	116,709	155,312	(60,121)	(68,048)	1,439	145,291	24,064	169,355

¥ millions

FY2021	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	Total share holders' equity	Non-controlling interests	Total equity
At 1 April 2020	116,607	155,222	(54,276)	(68,048)	(75,893)	73,612	14,582	88,194
Loss for the period	—	—	(16,930)	—	—	(16,930)	614	(16,316)
Other comprehensive income	—	—	(13,184)	—	16,703	3,519	(2,498)	1,021
Total Comprehensive Income	—	—	(30,114)	—	16,703	(13,411)	(1,884)	(15,295)
Hyperinflation adjustment	—	—	4,399	—	—	4,399	3,476	7,875
<i>Transactions with owners</i>								
Dividends paid	—	—	(1,650)	—	—	(1,650)	(392)	(2,042)
Share-based compensation with restricted shares	26	13	—	—	—	39	—	39
Stock options	10	10	—	—	(20)	—	—	—
Purchase of treasury stock	—	—	—	—	(1)	(1)	—	(1)
Equity transaction with non-controlling interests	—	—	(51)	—	—	(51)	1,043	992
At 31 March 2021	116,643	155,245	(81,692)	(68,048)	(59,211)	62,937	16,825	79,762

(4) Consolidated statement of cash flows

		¥ millions	
	Note	FY2022 for the period 1 April 2021 to 31 March 2022	FY2021 for the period 1 April 2020 to 31 March 2021
Cash flows from operating activities			
Cash generated from operations	(5)-(k)	58,295	31,954
Interest paid		(12,589)	(10,696)
Interest received		4,231	3,201
Tax paid		(4,876)	(3,406)
Net cash inflows from operating activities		45,061	21,053
Cash flows from investing activities			
Dividends received from joint ventures and associates		5,682	3,400
Purchase of joint ventures and associates		—	(3,403)
Proceeds on disposal of joint ventures and associates		1	566
Purchase of subsidiaries, net of cash balances held by subsidiaries upon acquisition		—	(72)
Proceeds on disposal of subsidiaries, net of cash balances held by subsidiaries on disposal		6,191	(376)
Purchases of property, plant and equipment		(33,080)	(39,201)
Proceeds on disposal of property, plant and equipment		1,354	15,952
Purchases of intangible assets		(1,400)	(1,437)
Proceeds on disposal of intangible assets		6	10
Purchase of assets held at FVOCI		(1,785)	(1,122)
Proceeds on disposal of assets held at FVOCI		2	640
Loans advanced to joint ventures, associates & third parties		(4,051)	(671)
Loans repaid from joint ventures, associates & third parties		4,293	125
Net cash outflows from investing activities		(22,787)	(25,589)
Cash flows from financing activities			
Dividends paid to owners of the parent		(1,959)	(1,653)
Dividends paid to non-controlling interests		(790)	(392)
Repayment of borrowings		(119,962)	(73,324)
Proceeds from borrowings		101,889	87,915
Increase in Treasury stock		(1)	(1)
Capital contribution from non-controlling interests		—	992
Net cash (out)/inflows from financing activities		(20,823)	13,537
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		1,451	9,001
Cash and cash equivalents (net of bank overdrafts) at beginning of period			
Effect of foreign exchange rate changes	(5)-(l)	53,500	40,512
Hyperinflation adjustment	(5)-(n)	3,787	2,670
Cash and cash equivalents (net of bank overdrafts) at end of period	(5)-(l)	1,277	1,317
		60,015	53,500

(5) Notes to the 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) Accounting policies, critical accounting estimates and assumptions

The principal accounting policies applied to the consolidated financial statements for the year ended 31 March 2022 are the same as the ones applied to the consolidated financial statements for the year ended 31 March 2021 except for the items listed below.

From the financial year to 31 March 2022, the Group has changed its presentation of other gains/(losses) relating to joint ventures and associates accounted for using the equity method. Impairments, and reversals of previous impairments, of financial receivables, deemed to be net investments, and equity in joint ventures and associates are now accounted for separately in the consolidated income statement as impairment of financial receivables owed by joint ventures and associates or as other gains/(losses) on equity method investments as appropriate. In addition, gains or losses on the disposal of any such investments are also accounted for as other gains/(losses) on equity method investments. The Group will present these line items in the consolidated income statement adjacent to its share of the net profit of such investments. The Group believes that this revised approach is more consistent with the presentation of its share of net profits of its joint ventures and associates, enabling a clear presentation of overall gains and losses with respect to its joint ventures and associates and avoiding an inconsistency in accounting treatment, whereby profits and losses of joint ventures or associates are then reversed with an impairment, or gains/losses on disposal, recorded elsewhere within the income statement. During FY2022, the Group recorded an impairment of financial receivables owed by its joint ventures of ¥ 3,374 million and also an impairment of its equity investment in joint ventures and associates of ¥ 3,422 million. The Group has restated the comparative period to 31 March 2021 to reclassify gains of ¥ 555 million on the disposal of joint ventures and associates also as other gains/(losses) on equity method investments. This had originally been recorded as an exceptional gain within operating profit.

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

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

In each case, unexpected changes in estimates and assumptions could cause a material change in balance sheet assets and liabilities, particularly in the areas noted below.

When assessing the recoverability of certain balance sheet assets such as goodwill and investments in affiliated entities, the Group makes predictions of future trading conditions over a number of years.

Sales volumes are a key input into expectations of future trading conditions. The Group experienced extremely challenging conditions during FY2021 as a result of the COVID-19 pandemic, followed by a steady recovery from the pandemic during FY2022. However, in the Automotive business, FY2022 volumes have been severely impacted by supply-chain issues at vehicle manufacturers, particularly with respect to semi-conductor chips. The Group expects such issues to be gradually resolved during FY2023. Sales prices and input costs are also key factors. The Group has experienced an increase in input costs during FY2022, exacerbated by the invasion of Ukraine by Russia towards the end of the year. The Group protects against volatility of input costs through hedging techniques, although this does not provide complete protection from all cost increases, particularly over the longer term. The Group expects to recover input costs increases through higher selling prices. The extent of this recovery is likely to vary by business and region. This reflects Group's expected ability to raise selling prices, based on legal terms of trading and market forces generally.

The recoverability of long-term investments in joint ventures, including loans receivable, is based on the current and expected future trading environment together with any relevant legal restrictions. The expected future trading environment is assessed using reasonable estimates of possible future trading conditions.

(c) 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, and glass fiber 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 amortization arising from the acquisition of Pilkington plc was ¥ 1,035 million in 4Q FY2022 (4Q FY2021: ¥1,674 million).

The segmental results for the financial period to 31 March 2022 were as follows:

	¥ millions				
FY2022 For the period 1 April 2021 to 31 March 2022	Architectural	Automotive	Technical Glass	Other Operations	Total
Total revenue	292,243	278,835	41,901	5,549	618,528
Inter-segmental revenue	(10,427)	(2,589)	(2,131)	(2,813)	(17,960)
External revenue	281,816	276,246	39,770	2,736	600,568
<i>Disaggregation of external revenue by geographical regions:</i>					
<i>Europe</i>	<i>116,038</i>	<i>116,683</i>	<i>7,908</i>	<i>1,788</i>	<i>242,417</i>
<i>Asia</i>	<i>86,241</i>	<i>60,405</i>	<i>30,553</i>	<i>948</i>	<i>178,147</i>
<i>Americas</i>	<i>79,537</i>	<i>99,158</i>	<i>1,309</i>	—	<i>180,004</i>
Operating profit/(loss)	28,130	(7,908)	9,907	(10,149)	19,980
Exceptional items - gains	939	626	4,407	55	6,027
Exceptional items - losses	(442)	(775)	(67)	(1,097)	(2,381)
Operating profit after exceptional items					23,626
Finance costs – net					(12,469)
Impairment of financial receivables owed by joint ventures and associates					(3,374)
Share of post-tax profit from joint ventures and associates					7,498
Other gains/(losses) on investments in joint ventures & associates					(3,422)
Profit before taxation					11,859
Taxation					(5,100)
Profit for the period from continuing operations					6,759

(c) Segmental information continued

The segmental results for the financial period to 31 March 2021 were as follows:

¥ millions

FY2021 For the period 1 April 2020 to 31 March 2021 (restated)	Architectural	Automotive	Technical Glass	Other Operations	Total
Total revenue	226,383	246,508	39,604	4,515	517,010
Inter-segmental revenue	(10,882)	(1,324)	(2,786)	(2,794)	(17,786)
External revenue	215,501	245,184	36,818	1,721	499,224
<i>Disaggregation of external revenue by geographical regions:</i>					
<i>Europe</i>	<i>85,167</i>	<i>103,587</i>	<i>6,428</i>	<i>941</i>	<i>196,123</i>
<i>Asia</i>	<i>77,203</i>	<i>60,641</i>	<i>29,309</i>	<i>780</i>	<i>167,933</i>
<i>Americas</i>	<i>53,131</i>	<i>80,956</i>	<i>1,081</i>	—	<i>135,168</i>
Operating profit/(loss)	15,670	1,802	6,707	(11,112)	13,067
Exceptional items - gains	1,342	4,578	953	7,404	14,277
Exceptional items - losses	(12,397)	(19,319)	(628)	(3,884)	(36,228)
Operating loss after exceptional items					(8,884)
Finance costs – net					(11,036)
Share of post-tax profit from joint ventures and associates					2,194
Other gains/(losses) on investments in joint ventures & associates					555
Loss before taxation					(17,171)
Taxation					855
Loss for the period from continuing operations					(16,316)

The segmental assets at 31 March 2022 and capital expenditure for the period ended 31 March 2022 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	157,030	164,299	28,555	3,708	353,592
Capital expenditure (including intangibles)	12,954	13,617	1,238	820	28,629

The segmental assets at 31 March 2021 and capital expenditure for the period ended 31 March 2021 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	154,110	155,740	27,710	3,512	341,072
Capital expenditure (including intangibles)	27,028	14,653	979	687	43,347

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.

(d) Exceptional items

	¥ millions	
	FY2022 for the period 1 April 2021 to 31 March 2022	FY2021 for the period 1 April 2020 to 31 March 2021 (restated)
Exceptional items – gains:		
Gain on disposal of Battery Separator business (a)	4,405	-
Reversal of previous impairments (b)	767	754
Reversal of surplus provisions (c)	424	-
COVID-19 government support (d)	400	2,640
Gain on disposal of property, plant and equipment (e)	-	7,063
Settlement of litigation matters (f)	-	3,424
Gain on disposal of subsidiaries (g)	-	142
Others	31	254
	6,027	14,277
Exceptional items – losses:		
Restructuring costs, including employee termination payments (c)	(660)	(14,709)
Impairment of non-current assets (h)	(630)	(1,947)
Settlement of litigation matters (f)	(617)	(425)
Suspension and other costs caused by COVID-19 (i)	-	(18,700)
Retirement benefit obligations – past service cost (j)	-	(217)
Impairment of intangible assets (k)	-	(97)
Suspension of facilities (l)	-	(94)
Others	(474)	(39)
	(2,381)	(36,228)
	3,646	(21,951)

(a) The Group has recognized an exceptional gain as a consequence of the disposal of its Battery Separator business during the second quarter of the year. On 10 May 2021, the Group and ENTEK Technology Holdings LLC (Head Office in Lebanon, Oregon, USA; "ENTEK") concluded a share transfer contract with the Group agreeing to sell its Battery Separator business to a new wholly-owned subsidiary of ENTEK that was to be established in Japan. Subsequently, the Group has completed the transfer of this business on 1 September 2021.

(b) Reversal of previous impairments mainly relate to property, plant, and equipment assets in Architectural Asia

In the prior year, the reversal of impairment of non-current assets was also related to assets in the Architectural business in Asia.

(c) The reversal of the surplus provisions in the current year is related to restructuring provisions established in the previous year. Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment.

The previous year costs mainly related to the Group's business transformation initiative aimed at achieving a transformation in the Group's cost base, including a significant improvement in fixed overhead costs and also improved operational efficiency.

(d) In both the current and previous year, the Group has received financial support from various governments to assist with the costs of maintaining its facilities and workforce during the COVID-19 pandemic. Such support has been recognized as an exceptional gain.

- (e) The previous year gain on disposal of property, plant and equipment related to the sale of assets in Japan as announced on 30 March 2021.
- (f) The previous year gain, included within exceptional items – gains, on the settlement of litigation matters related to the conclusion of a legal challenge regarding the calculation of sales-based taxes borne by the Group in Brazil in previous years.

In both the current and prior year, the settlement of litigation matters, included within exceptional items – losses, relates to legal claims arising as a result of transactions that were previously recorded as exceptional items.

- (g) The previous year gain on disposal of subsidiaries related to subsidiaries in Japan.
- (h) The impairment of non-current assets relates mainly to assets expected to be disposed within the following financial year and included on the Group's balance sheet as Assets Held for Sale.

The prior year impairment of non-current assets related to Architectural and Automotive assets in South East Asia and Europe

- (i) During the previous year the Group recorded the direct costs and also unrecovered operating costs arising from the COVID-19 pandemic as exceptional items. 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.
- (j) The previous year past service cost on retirement benefit obligations related to a court ruling in the U.K. regarding Guaranteed Minimum Pensions (GMP's) as applied to former members of the Group's UK pension scheme who have transferred their pension entitlement out of the scheme. GMP's represent an element of the Group's pension liability which was designed to substitute for pension benefits that would otherwise have been provided by the state, with the state-provided pension benefits being unequal between men and women resulting in inequality of the scheme-provided benefit.
- (k) The previous year impairment of intangible assets related to the impairment of intangible assets in Europe.
- (l) The previous year suspension of facilities related mainly to the repair of facilities in Architectural Japan following a Typhoon.

(e) Finance income and expenses

¥ millions

	FY2022 for the period 1 April 2021 to 31 March 2022	FY2021 for the period 1 April 2020 to 31 March 2021
Finance income		
Interest income	1,461	1,566
Foreign exchange transaction gains	39	24
Gain on net monetary position (5)-(n)	617	454
	2,117	2,044
Finance expenses		
Interest expense:		
– bank and other borrowings	(12,926)	(11,766)
Dividend on non-equity preference shares due to minority shareholders	(258)	(247)
Foreign exchange transaction losses	(71)	(461)
Other interest and similar charges	(1,083)	(540)
	(14,338)	(13,014)
Unwinding discounts on provisions	(180)	(177)
Retirement benefit obligations		
– net finance charge (5)-(m)	(68)	111
	(14,586)	(13,080)

(f)Taxation

¥ millions

	FY2022 for the period 1 April 2021 to 31 March 2022	FY2021 for the period 1 April 2020 to 31 March 2021
Current tax		
Charge for the period	(4,887)	(4,363)
Adjustment in respect of prior periods	315	(204)
	(4,572)	(4,567)
Deferred tax		
Credit/(charge)for the period	1,102	5,138
Adjustment in respect of prior periods	(183)	306
Adjustment in respect of rate changes	(1,447)	(22)
	(528)	5,422
Taxation charge for the period	(5,100)	855

The Group has a tax charge for the financial year to 31 March 2022 which results in a effective rate of tax of 116.9 per cent on a profit before taxation for the period, after excluding the Group's share of net profits of joint ventures and associates (31 March 2021 a tax charge of 4.4 per cent on a loss for the period).

On 24 May 2021 the U.K government substantially enacted an increase in the headline rate of U.K. corporation tax from 19 per cent 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, reflected within "Deferred tax – Adjustment in respect of rate changes" in the table above.

The deferred tax credit for the period includes the recognition of deferred tax assets of ¥1,697 million, considered to be recoverable based on the expected timing of reversal of corresponding deferred taxation liabilities recognized with respect to transactions recorded in the consolidated statement of comprehensive income. The corresponding deferred taxation liabilities relate to derivative financial assets for which hedge accounting is applied. The deferred tax credit relates to previously unrecognized deferred tax assets, now expected to be utilized on the unwind of the recognized derivative assets.

Excluding the two non-recurring items above, 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 123.1 per cent.

The tax charge for the year is calculated as the sum of the total current and deferred tax charge or credit arising in each territory in which the Group operates.

(g) 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.

	Period ended 31 March 2022	Period ended 31 March 2021
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	4,134	(16,930)
Adjustment for;		
- Dividends on Class A shares	(1,950)	(1,950)
Profit/(loss) used to determine basic earnings per share	2,184	(18,880)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	90,726	90,631
	¥	¥
Basic earnings per share	24.07	(208.32)

(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.

	Period ended 31 March 2022	Period ended 31 March 2021
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	4,134	(16,930)
Adjustment for;		
- Dividends on Class A shares	(1,950)	(1,950)
Profit/(loss) used to determine basic earnings per share	2,184	(18,880)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	90,726	90,631
Adjustment for:		
- Share options	541	—
- Class A shares	—	—
- Restricted shares	23	—
Weighted average number of ordinary shares for diluted earnings per share	91,290	90,631
	¥	¥
Diluted earnings per share	23.92	(208.32)

As at 31 March 2022, there are 50,679 thousand shares of Class A shares that are anti-dilutive, which are not included in the calculation of diluted earnings per share. Diluted earnings per share for the prior period do not include stock options, restricted shares, and Class A shares due to the anti-dilutive effect caused by the loss during the period.

(h) Cash Flow Hedges – fair value gains

Revaluation gains on cash flow hedges comprise unrealized gains on derivative contracts that have not matured at the balance sheet date. The unrealized gain recognized during the period relates mainly to forward contracts for the purchase of energy. Unrealized gains posted in the Statement of Comprehensive Income totaled ¥ 33,145 million, comprising a gross movement of ¥ 40,029 million and deferred taxation of ¥ 6,884 million.

(i) Dividends paid and proposed**(i) Dividends on ordinary shares**

	Year ended 31 March 2022	Year ended 31 March 2021
Declared and paid during the period:		
Final dividend for the previous year		
Dividend total (¥ millions)	—	—
Dividend per share (¥)	—	—

(ii) Dividends on Class A shares

	Year ended 31 March 2022	Year ended 31 March 2021
Declared and paid during the period:		
Final dividend for the previous year		
Dividend total (¥ millions)	1,950	1,650
Dividend per share (¥)	65,000.00	55,000.00
Declared after the end of the reporting period and not recognized as a liability:		
Final dividend for the previous year		
Dividend total (¥ millions)	1,950	1,950
Dividend per share (¥)	65,000.00	65,000.00

(j) Exchange rates

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

	FY2022		FY2021	
	31 March 2022		31 March 2021	
	Average	Closing	Average	Closing
GBP	153	160	139	152
US dollar	112	122	106	111
Euro	130	136	124	130
Argentine peso	—	1.10	—	1.20

(k) Cash flows generated from operations

¥ millions

	Note	FY2022 for the period 1 April 2021 to 31 March 2022	FY2021 for the period 1 April 2020 to 31 March 2021 (restated)
Profit/(loss) for the period from continuing operations		6,759	(16,316)
Adjustments for:			
Taxation	(5)-(f)	5,100	(855)
Depreciation		34,010	32,520
Amortization		2,665	3,248
Impairment		1,535	2,290
Reversal of impairment of non-current assets		(1,295)	(964)
Profit on sale of property, plant and equipment		26	(7,274)
Profit on sale of subsidiaries		(4,404)	50
Grants and deferred income		(236)	(841)
Finance income	(5)-(e)	(2,117)	(2,044)
Finance expenses	(5)-(e)	14,586	13,080
Impairment of financial receivables owed by joint ventures and associates	(5)-(b)	3,374	-
Share of profits from joint ventures and associates		(7,498)	(2,194)
Other (gains)/losses on equity method investments	(5)-(b)	3,422	(555)
Other items		309	(350)
Operating cash flows before movement in provisions and working capital		56,236	19,795
Decrease in provisions and retirement benefit obligations		(3,642)	7,043
Changes in working capital:			
- inventories		(14,033)	9,231
- trade and other receivables		(6,197)	(11,094)
- trade and other payables		25,156	6,879
- contract balances		775	100
Net change in working capital		5,701	5,116
Cash flows generated from operations		58,295	31,954

(l) Cash and cash equivalents

¥ millions

	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents	60,464	58,673
Bank overdrafts	(449)	(5,173)
	60,015	53,500

(m) Post-retirement benefits

(Charges) and credits, relating to defined benefit type post-retirement benefit arrangements were recorded in the income statement and statement of comprehensive income as follows:

FY2022 for the period 1 April 2021 to 31 March 2022

	¥ millions			
	Operating costs	Exceptional costs	Finance Costs	SoCI*
Post-employment benefits	(3,339)	-	220	12,656
Post-retirement healthcare benefits	(24)	-	(288)	5,880
Deferred income and other taxes**	-	-	-	(6,038)
	(3,363)	-	(68)	12,498

FY2021 for the period 1 April 2020 to 31 March 2021

	¥ millions			
	Operating costs	Exceptional costs	Finance Costs	SoCI*
Post-employment benefits	(2,935)	(334)	540	(23,286)
Post-retirement healthcare benefits	(24)	—	(429)	2,108
Deferred income and other taxes**	—	117	—	7,994
	(2,959)	(217)	111	(13,184)

* Consolidated Statement of Comprehensive Income

** Included within deferred income and other taxes in the Consolidated Statement of Comprehensive Income is a deferred tax charge of ¥ 1,856 million (FY2021: credit of ¥ 460 million) and a charge with respect to other taxes of ¥ 4,182 million (FY2021: credit of ¥ 7,534 million), which represents a charge against pensions with surplus balances.

A summary of the main assumptions, applying to the Group's most material retirement benefit obligations is set out below.

	%	
	As at 31 March 2022	As at 31 March 2021
UK discount rate	2.8	2.0
UK inflation	3.0	2.6
Japan discount rate	0.7	0.5
US discount rate	3.4	2.7
Eurozone discount rate	1.7	0.9

(n) 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	31.621
31 March 2007	103.9	30.444
31 March 2008	120.2	26.305
31 March 2009	128.7	24.569
31 March 2010	146.5	21.585
31 March 2011	165.5	19.107
31 March 2012	186.7	16.934
31 March 2013	211.1	14.976
31 March 2014	265.6	11.907
31 March 2015	305.7	10.342
31 March 2016	390.6	8.095
31 March 2017	467.2	6.768
31 March 2018	596.1	5.305
31 March 2019	970.9	3.257
31 March 2020	1,440.8	2.195
31 March 2021	2,046.4	1.545
30 April 2021	2,156.8	1.466
31 May 2021	2,228.4	1.419
30 June 2021	2,299.2	1.375
31 July 2021	2,368.1	1.335
31 August 2021	2,426.5	1.303
30 September 2021	2,512.6	1.258
31 October 2021	2,600.9	1.216
30 November 2021	2,666.7	1.186
31 December 2021	2,769.1	1.142
31 January 2022	2,876.5	1.099
28 February 2022	3,011.5	1.050
31 March 2022	3,162.1	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).

(o) Significant subsequent events

There were no significant subsequent events.