

**FY 2022 2nd Quarter Consolidated Financial Results <IFRS>** 11 November 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>)

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Submission of quarterly report to MOF: 15 November 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 2nd Quarter (From 1 April to 30 September 2021)**

## (1) Consolidated business results

|            | Revenue    |        | Operating profit |        | 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                 | % |
| 2Q FY 2022 | 290,687    | 31.2   | 12,700           | 292.2  | 14,727                        | - | 9,557                        | - | 8,598  | - | 22,563                     | - |
| 2Q FY 2021 | 221,531    | (23.2) | 3,238            | (78.2) | (15,972)                      | - | (17,199)                     | - | (17,315)   | - | (26,664)                   | - |

|            | Earnings per share - basic |          |
|------------|----------------------------|----------|
| 2Q FY 2022 | ¥                          | 84.02    |
| 2Q FY 2021 | ¥                          | (201.86) |

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 2nd Quarter | 829,201      | 105,610      | 86,488                     | 10.4                             |
| 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)   | -                   | ¥ 0.00      |             |             |        |
| FY 2022 (Forecast) |                     |             | -           | ¥ 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 |
|-----------|------------|------|------------------|------|------------------------|---|-----------------------|---|---|---|----------------------------|
| Full year | ¥ millions | %    | ¥ millions       | %    | ¥ millions             | % | ¥ millions            | % | ¥ millions                                  | % | ¥                          |
|           | 560,000    | 12.2 | 24,000           | 83.7 | 19,000                 | - | 12,000                | - | 10,000                                      | - | 88.75                      |

- Note:
- There have been no 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).

**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: 90,933,999 shares as of 30 September 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: 24,638 shares as at 30 September 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: 90,694,204 shares for the period ending 30 September 2021 and 90,622,935 shares for the period ending 30 September 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)   | -                   | ¥ 0.00      |             |             |             |
| FY2022 (Forecast) |                     |             | -           | ¥ 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]**

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## 1. Narratives about financial results

### (1) Business Performance

#### (a) Background to Results

The Group's markets experienced varied conditions during the second quarter of the year. 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 were increasingly weak, with a shortage of computer chip components causing the Group's large automotive customers to restrict production.

Cumulative Group revenues increased by 31 percent to ¥ 290,687 million (2Q FY2021 ¥ 221,531 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 26 percent. Operating profits were ¥ 12,700 million (2Q FY2021 ¥ 3,238 million). Net exceptional gains were ¥ 4,526 million due to a gain recorded on the disposal of the Group's Battery Separator business. The previous year included net exceptional losses of ¥ 13,625 million due largely to costs arising from the COVID-19 pandemic. As a consequence of the improved operating profit and the net exceptional gain, the Group recorded a positive profit attributable to owners of the parent of ¥ 8,598 million (2Q FY2021 loss attributable of ¥ 17,315 million).

#### (b) Review by Business Segment

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

Architectural, representing 46 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 47 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.

| ¥ millions              | Revenue                |                        | Operating profit/(loss) |                        |
|-------------------------|------------------------|------------------------|-------------------------|------------------------|
|                         | 2nd Quarter<br>FY 2022 | 2nd Quarter<br>FY 2021 | 2nd Quarter<br>FY 2022  | 2nd Quarter<br>FY 2021 |
| <b>Architectural</b>    | 132,019                | 99,086                 | 13,640                  | 7,260                  |
| <b>Automotive</b>       | 135,221                | 105,363                | (1,071)                 | (2,408)                |
| <b>Technical Glass</b>  | 21,679                 | 16,475                 | 5,710                   | 2,506                  |
| <b>Other Operations</b> | 1,768                  | 607                    | (5,579)                 | (4,120)                |
| <b>Total</b>            | 290,687                | 221,531                | 12,700                  | 3,238                  |

## **Architectural Business**

The Architectural business recorded cumulative revenues of ¥ 132,019 million (2Q FY2021: ¥ 99,086 million) and an operating profit of ¥ 13,640 million (2Q FY2021: ¥ 7,260 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 although profits continue to be impacted by increasing input costs, especially with respect to energy.

In Europe, representing 42 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 continued to partly 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 above the previous year. Revenues in Japan showed signs of improvement during the second quarter, 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 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 ¥ 135,221 million (2Q FY2021: ¥ 105,363 million) and an operating loss of ¥ 1,071 million (2Q FY2021: loss of ¥ 2,408 million).

In the Automotive business, cumulative revenues were significantly ahead of the previous year which had been badly affected by the COVID-19 pandemic during the first quarter. Despite strong underlying consumer demand, volumes were badly 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, operating losses were only marginally reduced from the previous year.

Europe represents 44 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 21 percent of the Group's automotive sales, cumulative revenues and profits were above the previous year. Vehicle sales increased in Japan, although vehicle build rates were increasingly impacted 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, although restrictions eased towards the end of the period.

In the Americas, representing 35 percent of the Group's automotive sales, cumulative revenues and profits 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 ¥ 21,679 million (2Q FY2021: ¥ 16,475 million) and an operating profit of ¥ 5,710 million (2Q FY2021: ¥ 2,506 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. Metashine sales showed signs of recovery, 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 2. Consolidated financial statements and their notes (5) Notes to the condensed quarterly consolidated financial statements (c) Exceptional items.

### **Joint Ventures and Associates**

The Group's share of joint ventures and associates' profits after tax was ¥ 3,345 million (2Q FY2021: losses of ¥ 197 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 September 2021 were ¥ 829,201 million, representing an increase of ¥ 4,238 million from the end of March 2021. Total equity was ¥ 105,610 million, representing an increase of ¥ 25,848 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 and also positive movements on derivative balances. 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 during the quarter.

Net financial indebtedness decreased by ¥ 8,549 million from 31 March 2021 to ¥ 403,222 million at the period end. The decrease in indebtedness arose largely from the increasing value of financial derivative assets, partly offset by negative cash-flows, which largely reflected an increase in working capital balances. Excluding working capital movements, underlying cash flows were positive. Gross debt was ¥ 463,527 million at the period end. As of 30 September 2021, the Group had un-drawn, committed facilities of ¥ 77,993 million.

Cash inflows from operating activities were ¥ 14,475 million. Cash outflows from investing activities were ¥ 15,861 million, including capital expenditure on property, plant, and equipment of ¥ 20,330 million and proceeds on the disposal of the Battery Separator business of 6,249 million. As a result, free cash flow was an outflow of ¥ 1,386 million (2Q FY2021 free cash outflow of ¥34,204 million).

### **(3) Prospects**

The Group's financial forecast for the full year to 31 March 2022 has not been amended since the update provided together with the first quarter financial results as issued on 5 August 2021. For details, please refer to the press release "Revision to Forecast for Financial Year ending on 31 March 2022 as issued on 5 August 2021 and also the slides on 2022/3 forecast included within the 2022/3 First Quarter Results presentation.

## 2. Consolidated financial statements and their notes

## (1) (a) Condensed quarterly consolidated income statement

¥ millions

|  | Note    | 2nd Quarter<br>FY 2022<br>For the period<br>1 April to<br>30 September<br>2021 | 2nd Quarter<br>FY 2021<br>For the period<br>1 April to<br>30 September<br>2020 |
|--|---------|--|--|
| <b>Revenue</b>   | (5)-(c) | <b>290,687</b>   | 221,531  |
| Cost of sales  |         | <b>(221,810)</b>   | (168,866)  |
| <b>Gross profit</b>  |         | <b>68,877</b>  | 52,665   |
| Other income   |         | <b>782</b>   | 720  |
| Distribution costs   |         | <b>(25,422)</b>  | (19,937)   |
| Administrative expenses  |         | <b>(28,944)</b>  | (27,628)   |
| Other expenses   |         | <b>(2,593)</b>   | (2,582)  |
| <b>Operating profit</b>  | (5)-(c) | <b>12,700</b>  | 3,238  |
| Exceptional items – gains  | (5)-(d) | <b>4,981</b>   | 2,806  |
| Exceptional items – losses   | (5)-(d) | <b>(455)</b>   | (16,431)   |
| <b>Operating profit/(loss) after exceptional items</b>   |         | <b>17,226</b>  | (10,387)   |
| Finance income   | (5)-(e) | <b>1,043</b>   | 813  |
| Finance expenses   | (5)-(e) | <b>(6,887)</b>   | (6,201)  |
| Share of post-tax profit/(loss) of joint ventures and associates accounted for using the equity method |         | <b>3,345</b>   | (197)  |
| <b>Profit/(loss) before taxation</b>   |         | <b>14,727</b>  | (15,972)   |
| Taxation   | (5)-(f) | <b>(5,170)</b>   | (1,227)  |
| <b>Profit/(loss) for the period</b>  |         | <b>9,557</b>   | (17,199)   |
| <b>Profit attributable to non-controlling interests</b>  |         | <b>959</b>   | 116  |
| <b>Profit/(loss) attributable to owners of the parent</b>  |         | <b>8,598</b>   | (17,315)   |
|  |         | <b>9,557</b>   | (17,199)   |
| <b>Earnings per share attributable to owners of the parent</b>   |         |  |  |
| Basic  | (5)-(g) | <b>84.02</b>   | (201.86)   |
| Diluted  | (5)-(g) | <b>60.54</b>   | (201.86)   |

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

¥ millions

|  | 2nd Quarter<br>FY 2022<br>For the period<br>1 April to<br>30 September<br>2021 | 2nd Quarter<br>FY 2021<br>For the period<br>1 April to<br>30 September<br>2020 |
|--|--|--|
| <b>Profit/(loss) for the period</b>  | <b>9,557</b>   | <b>(17,199)</b>  |
| <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>(43)</b>  | <b>(8,016)</b>   |
| Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation) | <b>1,196</b>   | <b>(1,011)</b>   |
| Sub total  | <b>1,153</b>   | <b>(9,027)</b>   |
| <b>Items that may be reclassified subsequently to profit or loss:</b>  |  |  |
| Foreign currency translation adjustments   | <b>(72)</b>  | <b>(3,409)</b>   |
| Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)  | <b>19</b>  | <b>30</b>  |
| Cash flow hedges:  |  |  |
| - fair value gains (net of taxation)   | <b>11,906</b>  | <b>2,941</b>   |
| Sub total  | <b>11,853</b>  | <b>(438)</b>   |
| <b>Total other comprehensive income for the period (net of taxation)</b>   | <b>13,006</b>  | <b>(9,465)</b>   |
| <b>Total comprehensive income for the period</b>   | <b>22,563</b>  | <b>(26,664)</b>  |
| <b>Attributable to non-controlling interests</b>   | <b>84</b>  | <b>(1,621)</b>   |
| <b>Attributable to owners of the parent</b>  | <b>22,479</b>  | <b>(25,043)</b>  |
|  | <b>22,563</b>  | <b>(26,664)</b>  |



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

¥ millions

|  | <b>2nd Quarter<br/>FY 2022<br/>as at<br/>30 September 2021</b> | FY 2021<br>as at<br>31 March 2021 |
|--|--|-----------------------------------|
| <b>ASSETS</b>  |  |                                   |
| <b>Non-current assets</b>                                      |  |                                   |
| Goodwill   | <b>98,770</b>  | 99,016                            |
| Intangible assets  | <b>47,732</b>  | 48,761                            |
| Property, plant, and equipment                                 | <b>315,462</b>   | 316,788                           |
| Investment property  | <b>159</b>   | 214                               |
| Investments accounted for using the equity method              | <b>22,513</b>  | 18,870                            |
| Retirement benefit asset                                       | <b>23,182</b>  | 23,335                            |
| Contract assets  | <b>931</b>   | 988                               |
| Trade and other receivables                                    | <b>16,307</b>  | 14,389                            |
| Financial assets:  |  |                                   |
| – Assets held at Fair Value through Other Comprehensive Income | <b>21,557</b>  | 18,439                            |
| – Derivative financial instruments                             | <b>3,254</b>   | 362                               |
| Deferred tax assets  | <b>33,941</b>  | 33,816                            |
|  | <b>583,808</b>   | 574,978                           |
| <b>Current assets</b>  |  |                                   |
| Inventories  | <b>119,209</b>   | 111,910                           |
| Contract assets  | <b>1,726</b>   | 1,322                             |
| Trade and other receivables                                    | <b>59,303</b>  | 65,810                            |
| Financial assets:  |  |                                   |
| – Derivative financial instruments                             | <b>13,630</b>  | 904                               |
| Cash and cash equivalents                                      | <b>43,421</b>  | 58,673                            |
|  | <b>237,289</b>   | 238,619                           |
| Assets held for sale   | <b>8,104</b>   | 11,366                            |
|  | <b>245,393</b>   | 249,985                           |
| <b>Total assets</b>  | <b>829,201</b>   | 824,963                           |

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

¥ millions

|   | <b>2nd Quarter<br/>FY 2022<br/>as at<br/>30 September 2021</b> | FY 2021<br>as at<br>31 March 2021 |
|---|--|-----------------------------------|
| <b>LIABILITIES AND EQUITY</b>   |  |                                   |
| <b>Current liabilities</b>  |  |                                   |
| Financial liabilities:  |  |                                   |
| - Borrowings  | <b>148,879</b>   | 120,994                           |
| - Derivative financial instruments  | <b>963</b>   | 729                               |
| Trade and other payables  | <b>122,453</b>   | 138,527                           |
| Contract liabilities  | <b>6,292</b>   | 5,749                             |
| Provisions  | <b>13,825</b>  | 17,860                            |
| Deferred income   | <b>477</b>   | 504                               |
|   | <b>292,889</b>   | 284,363                           |
| Liabilities related to assets held for sale                                   | <b>2,289</b>   | 3,450                             |
|   | <b>295,178</b>   | 287,813                           |
| <b>Non-current liabilities</b>  |  |                                   |
| Financial liabilities:  |  |                                   |
| - Borrowings  | <b>313,160</b>   | 349,146                           |
| - Derivative financial instruments  | <b>525</b>   | 841                               |
| Trade and other payables  | <b>3,610</b>   | 3,710                             |
| Contract liabilities  | <b>5,604</b>   | 6,037                             |
| Deferred tax liabilities  | <b>21,899</b>  | 16,176                            |
| Retirement benefit obligations  | <b>60,130</b>  | 61,002                            |
| Provisions  | <b>20,492</b>  | 17,391                            |
| Deferred income   | <b>2,993</b>   | 3,085                             |
|   | <b>428,413</b>   | 457,388                           |
|   | <b>723,591</b>   | 745,201                           |
| <b>Equity</b>   |  |                                   |
| <b>Capital and reserves attributable to the Company's equity shareholders</b> |  |                                   |
| Called up share capital   | <b>116,685</b>   | 116,643                           |
| Capital surplus   | <b>155,263</b>   | 155,245                           |
| Retained earnings   | <b>(72,090)</b>  | (81,692)                          |
| Retained earnings (Translation adjustment at the IFRS transition date)        | <b>(68,048)</b>  | (68,048)                          |
| Other reserves  | <b>(45,322)</b>  | (59,211)                          |
| <b>Total shareholders' equity</b>   | <b>86,488</b>  | 62,937                            |
| <b>Non-controlling interests</b>  | <b>19,122</b>  | 16,825                            |
| <b>Total equity</b>   | <b>105,610</b>   | 79,762                            |
| <b>Total liabilities and equity</b>   | <b>829,201</b>   | 824,963                           |

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

¥ millions

| <b>2nd 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                      | -                       | -               | 8,555             | -  | 13,924          | <b>22,479</b>                      | 84                        | <b>22,563</b>       |
| Hyperinflation adjustment                       | -                       | -               | 2,997             | -  | -               | <b>2,997</b>                       | 2,527                     | <b>5,524</b>        |
| Dividends paid                                  | -                       | -               | (1,950)           | -  | -               | <b>(1,950)</b>                     | (314)                     | <b>(2,264)</b>      |
| Share-based compensation with restricted shares | 25                      | 1               | -                 | -  | -               | <b>26</b>                          | -                         | <b>26</b>           |
| Stock options                                   | 17                      | 17              | -                 | -  | (34)            | -                                  | -                         | -                   |
| Purchase of treasury stock                      | -                       | -               | -                 | -  | (1)             | <b>(1)</b>                         | -                         | <b>(1)</b>          |
| <b>At 30 September 2021</b>                     | <b>116,685</b>          | <b>155,263</b>  | <b>(72,090)</b>   | <b>(68,048)</b>  | <b>(45,322)</b> | <b>86,488</b>                      | <b>19,122</b>             | <b>105,610</b>      |

¥ millions

| 2nd Quarter FY 2021                               | 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                        | -                       | -               | (25,331)          | -  | 288             | <b>(25,043)</b>                    | (1,621)                   | <b>(26,664)</b>     |
| Hyperinflation adjustment                         | -                       | -               | 1,910             | -  | -               | <b>1,910</b>                       | 1,320                     | <b>3,230</b>        |
| Dividends paid                                    | -                       | -               | (1,650)           | -  | -               | <b>(1,650)</b>                     | (24)                      | <b>(1,674)</b>      |
| Share-based compensation with restricted shares   | 26                      | (13)            | -                 | -  | -               | <b>13</b>                          | -                         | <b>13</b>           |
| Stock options                                     | 3                       | 3               | -                 | -  | (6)             | -                                  | -                         | -                   |
| Equity transaction with non-controlling interests | -                       | -               | (51)              | -  | -               | <b>(51)</b>                        | 1,195                     | <b>1,144</b>        |
| <b>At 30 September 2020</b>                       | <b>116,636</b>          | <b>155,212</b>  | <b>(79,398)</b>   | <b>(68,048)</b>  | <b>(75,611)</b> | <b>48,791</b>                      | <b>15,452</b>             | <b>64,243</b>       |

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

¥ millions

|   | Note    | 2nd Quarter<br>For the period<br>1 April to<br>30 September<br>2021 | 2nd Quarter<br>For the period<br>1 April to<br>30 September<br>2020 |
|---|---------|---|---|
| <b>Cash flows from operating activities</b>   |         |   |   |
| Cash flows generated from operations  | (5)-(k) | 20,743  | (2,377)   |
| Interest paid   |         | (5,704)   | (5,332)   |
| Interest received   |         | 1,878   | 1,427   |
| Tax paid  |         | (2,442)   | (1,484)   |
| <b>Net cash in/(out)flows from operating activities</b>                                     |         | <b>14,475</b>   | <b>(7,766)</b>  |
| <b>Cash flows from investing activities</b>   |         |   |   |
| Dividends received from joint ventures and associates                                       |         | 65  | 42  |
| Purchase of joint ventures and associates   |         | -   | (3,312)   |
| Proceeds on disposal of joint ventures and associates                                       |         | -   | 381   |
| Purchase of subsidiaries, net of cash balances held by subsidiaries upon acquisition        |         | -   | (70)  |
| Proceeds on disposal of subsidiaries, net of cash balances held by subsidiaries on disposal |         | 6,249   | (127)   |
| Purchases of property, plant and equipment  |         | (20,330)  | (22,709)  |
| Proceeds on disposal of property, plant and equipment                                       |         | 347   | 308   |
| Purchases of intangible assets  |         | (571)   | (618)   |
| Proceeds on disposal of intangible assets   |         | -   | 5   |
| Purchase of assets held at FVOCI  |         | (1,772)   | (815)   |
| Proceeds on disposal of assets held at FVOCI  |         | 2   | 626   |
| Loans advanced to joint ventures, associates and third parties                              |         | (682)   | (372)   |
| Loans repaid from joint ventures, associates and third parties                              |         | 831   | 223   |
| <b>Net cash outflows from investing activities</b>  |         | <b>(15,861)</b>   | <b>(26,438)</b>   |
| <b>Cash flows from financing activities</b>   |         |   |   |
| Dividends paid to owners of the parent  |         | (1,956)   | (1,651)   |
| Dividends paid to non-controlling interests   |         | (314)   | (24)  |
| Repayment of borrowings   |         | (33,097)  | (19,774)  |
| Proceeds from borrowings  |         | 23,514  | 51,256  |
| Increase in treasury stock  |         | (1)   | -   |
| Capital contribution from non-controlling interests   |         | -   | 1,144   |
| Others  |         | -   | (2)   |
| <b>Net cash (out)/inflows from financing activities</b>                                     |         | <b>(11,854)</b>   | <b>30,949</b>   |
| <b>Decrease in cash and cash equivalents (net of bank overdrafts)</b>                       |         | <b>(13,240)</b>   | <b>(3,255)</b>  |
| <b>Cash and cash equivalents (net of bank overdrafts) at beginning of period</b>            | (5)-(l) | <b>53,500</b>   | 40,512  |
| Effect of foreign exchange rate changes   |         | 25  | (274)   |
| Hyperinflation adjustment   | (5)-(m) | 451   | 501   |
| <b>Cash and cash equivalents (net of bank overdrafts) at end of period</b>                  | (5)-(l) | <b>40,736</b>   | 37,484  |

## **(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) Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will not usually be equal to the related actual results.

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.

While each business experienced varied conditions during the second quarter of the fiscal year, whole group performance continued to recover from the COVID-19 pandemic. Therefore, critical accounting estimates and assumptions including impairment of goodwill and intangible assets, used for the condensed quarterly consolidated financial statements were made based on the assumption that the Group's performance will gradually recover.

### **(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 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 ¥ 641 million in FY2022 Q2 (FY2021 Q2: ¥817 million).

**(c) Segmental information** continued

The segmental results for the second quarter to 30 September 2021 were as follows:

|   | ¥ millions           |                   |                            |                             |                |
|---|----------------------|-------------------|----------------------------|-----------------------------|----------------|
| <b>2nd Quarter FY 2022<br/>For the period 1 April 2021 to<br/>30 September 2021</b> | <b>Architectural</b> | <b>Automotive</b> | <b>Technical<br/>Glass</b> | <b>Other<br/>Operations</b> | <b>Total</b>   |
| <b>Total revenue</b>  | <b>137,051</b>       | <b>136,353</b>    | <b>22,987</b>              | <b>3,146</b>                | <b>299,537</b> |
| Inter-segmental revenue   | <b>(5,032)</b>       | <b>(1,132)</b>    | <b>(1,308)</b>             | <b>(1,378)</b>              | <b>(8,850)</b> |
| External revenue  | <b>132,019</b>       | <b>135,221</b>    | <b>21,679</b>              | <b>1,768</b>                | <b>290,687</b> |
| <i>Disaggregation of external revenue by<br/>geographical regions:</i>              |                      |                   |                            |                             |                |
| <i>Europe</i>   | <b>54,890</b>        | <b>59,079</b>     | <b>3,883</b>               | <b>1,299</b>                | <b>119,151</b> |
| <i>Asia</i>   | <b>40,265</b>        | <b>27,984</b>     | <b>17,164</b>              | <b>469</b>                  | <b>85,882</b>  |
| <i>Americas</i>   | <b>36,864</b>        | <b>48,158</b>     | <b>632</b>                 | <b>-</b>                    | <b>85,654</b>  |
| Operating profit/(loss)   | <b>13,640</b>        | <b>(1,071)</b>    | <b>5,710</b>               | <b>(5,579)</b>              | <b>12,700</b>  |
| Exceptional items – gains   | <b>30</b>            | <b>456</b>        | <b>4,442</b>               | <b>53</b>                   | <b>4,981</b>   |
| Exceptional items – losses  | <b>(23)</b>          | <b>(114)</b>      | <b>-</b>                   | <b>(318)</b>                | <b>(455)</b>   |
| Operating profit after exceptional items  |                      |                   |                            |                             | <b>17,226</b>  |
| Finance costs – net   |                      |                   |                            |                             | <b>(5,844)</b> |
| Share of post-tax profit from joint<br>ventures and associates                      |                      |                   |                            |                             | <b>3,345</b>   |
| Profit before taxation  |                      |                   |                            |                             | <b>14,727</b>  |
| Taxation  |                      |                   |                            |                             | <b>(5,170)</b> |
| <b>Profit for the period from<br/>continuing operations</b>                         |                      |                   |                            |                             | <b>9,557</b>   |

**(c) Segmental information** continued

The segmental results for the second quarter to 30 September 2020 were as follows:

|   | ¥ millions           |                   |                            |                             |              |
|---|----------------------|-------------------|----------------------------|-----------------------------|--------------|
| <b>2nd Quarter FY 2021</b><br><b>For the period 1 April 2020 to</b><br><b>30 September 2020</b> | <b>Architectural</b> | <b>Automotive</b> | <b>Technical<br/>Glass</b> | <b>Other<br/>Operations</b> | <b>Total</b> |
| <b>Total revenue</b>  | 103,426              | 105,896           | 17,472                     | 1,820                       | 228,614      |
| Inter-segmental revenue   | (4,340)              | (533)             | (997)                      | (1,213)                     | (7,083)      |
| External revenue  | 99,086               | 105,363           | 16,475                     | 607                         | 221,531      |
| <i>Disaggregation of external revenue by geographical regions:</i>                              |                      |                   |                            |                             |              |
| <i>Europe</i>   | 38,229               | 43,304            | 2,704                      | 250                         | 84,487       |
| <i>Asia</i>   | 37,819               | 25,811            | 13,262                     | 357                         | 77,249       |
| <i>Americas</i>   | 23,038               | 36,248            | 509                        | -                           | 59,795       |
| Operating profit/(loss)   | 7,260                | (2,408)           | 2,506                      | (4,120)                     | 3,238        |
| Exceptional items – gains   | 915                  | 1,114             | 106                        | 671                         | 2,806        |
| Exceptional items – losses  | (6,410)              | (9,389)           | (362)                      | (270)                       | (16,431)     |
| Operating loss after exceptional items  |                      |                   |                            |                             | (10,387)     |
| Finance costs – net   |                      |                   |                            |                             | (5,388)      |
| Share of post-tax loss from joint ventures and associates                                       |                      |                   |                            |                             | (197)        |
| Loss before taxation  |                      |                   |                            |                             | (15,972)     |
| Taxation  |                      |                   |                            |                             | (1,227)      |
| <b>Loss for the period from continuing operations</b>   |                      |                   |                            |                             | (17,199)     |

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

|   | ¥ millions           |                   |                            |                             |                |
|---|----------------------|-------------------|----------------------------|-----------------------------|----------------|
|   | <b>Architectural</b> | <b>Automotive</b> | <b>Technical<br/>Glass</b> | <b>Other<br/>Operations</b> | <b>Total</b>   |
| Net trading assets                          | <b>159,327</b>       | <b>171,968</b>    | <b>28,203</b>              | <b>5,386</b>                | <b>364,884</b> |
| Capital expenditure (including intangibles) | <b>4,207</b>         | <b>5,264</b>      | <b>443</b>                 | <b>294</b>                  | <b>10,208</b>  |

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

|   | ¥ millions           |                   |                            |                             |              |
|---|----------------------|-------------------|----------------------------|-----------------------------|--------------|
|   | <b>Architectural</b> | <b>Automotive</b> | <b>Technical<br/>Glass</b> | <b>Other<br/>Operations</b> | <b>Total</b> |
| Net trading assets                          | 158,582              | 150,378           | 33,171                     | 7,113                       | 349,244      |
| Capital expenditure (including intangibles) | 14,234               | 2,839             | 258                        | 183                         | 17,514       |

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

|  | <b>2nd Quarter<br/>FY 2022<br/>For the period<br/>1 April to<br/>30 September<br/>2021</b> | 2nd Quarter<br>FY 2021<br>For the period<br>1 April to<br>30 September<br>2020 |
|--|--|--|
| <b>Exceptional items – gains:</b>                                |  |  |
| Gain on disposal of Battery Separator business (a)               | <b>4,440</b>   | -  |
| COVID-19 government support (b)                                  | <b>404</b>   | 2,125  |
| Reversal of surplus provisions (c)                               | <b>109</b>   | -  |
| Reversal of previous impairments (d)                             | <b>4</b>   | -  |
| Gain on disposal of joint ventures (e)                           | -  | 647  |
| Others   | <b>24</b>  | 34   |
|  | <b>4,981</b>   | 2,806  |
| <b>Exceptional items – losses:</b>                               |  |  |
| Settlement of litigation matters (f)                             | <b>(204)</b>   | (215)  |
| Restructuring costs, including employee termination payments (c) | <b>(80)</b>  | (1,064)  |
| Suspension and other costs caused by COVID-19 (b)                | -  | (14,937)   |
| Suspension of facilities (g)                                     | -  | (211)  |
| Others   | <b>(171)</b>   | (4)  |
|  | <b>(455)</b>   | (16,431)   |
|  | <b>4,526</b>   | (13,625)   |

(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) 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.

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. 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. Any remaining costs related to COVID-19 during the current year are less significant than during the previous year, and have not been classified as exceptional costs.

(c) 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, restructuring costs related to restructuring programs in Architectural South East Asia and Automotive Europe.

(d) Reversal of previous impairments are related to property, plant and equipment assets in Architectural Europe and Asia.



- (e) 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.
- (f) 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.
- (g) The suspension of facilities in the previous year were related to the repair of facilities in Architectural Japan following a Typhoon during FY2020.

**(e) Finance income and expenses**

¥ millions

|   | <b>2nd Quarter<br/>FY 2022<br/>For the period<br/>1 April to<br/>30 September<br/>2021</b> | 2nd Quarter<br>FY 2021<br>For the period<br>1 April to<br>30 September<br>2020 |
|---|--|--|
| <b>Finance income</b>   |  |  |
| Interest income   | 666  | 783  |
| Foreign exchange transaction gains                                    | 96   | 30   |
| Gain on net monetary position   | 281  | -  |
|   | <u>1,043</u>   | <u>813</u>   |
| <b>Finance expenses</b>   |  |  |
| Interest expense:   |  |  |
| – bank and other borrowings   | (6,200)  | (5,586)  |
| Dividend on non-equity preference shares due to minority shareholders | (131)  | (121)  |
| Foreign exchange transaction losses                                   | (11)   | (18)   |
| Other interest and similar charges                                    | (358)  | (198)  |
|   | <u>(6,700)</u>   | <u>(5,923)</u>   |
| Unwinding discounts on provisions                                     | (89)   | (88)   |
| Retirement benefit obligations  |  |  |
| – net finance charge  | (98)   | 11   |
| Loss on net monetary position   | -  | (201)  |
|   | <u>(6,887)</u>   | <u>(6,201)</u>   |
|   | <u>(5,844)</u>   | <u>(5,388)</u>   |

**(f) 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 45.4 percent in the second quarter to 30 September 2021 (30 September 2020 - a rate of (7.8) 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 32.9 percent.

**(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.

|  | <b>Quarter ended 30<br/>September 2021</b> | Quarter ended<br>30 September 2020 |
|--|--|------------------------------------|
|  | ¥ millions                                 | ¥ millions                         |
| Profit/(loss) attributable to owners of the parent       | <b>8,598</b>                               | (17,315)                           |
| Adjustment for;  |  |                                    |
| – Dividends on Class A shares                            | <b>(978)</b>                               | (978)                              |
| Profit/(loss) used to determine basic earnings per share | <b>7,620</b>                               | (18,293)                           |
|  | Thousands                                  | Thousands                          |
| Weighted average number to ordinary shares in issue      | <b>90,694</b>                              | 90,623                             |
|  | ¥  | ¥                                  |
| <b>Basic earnings per share</b>                          | <b>84.02</b>                               | (201.86)                           |

**(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.

|   | <b>Quarter ended 30<br/>September 2021</b> | Quarter ended<br>30 September 2020 |
|---|--|------------------------------------|
|   | ¥ millions                                 | ¥ millions                         |
| Profit/(loss) attributable to owners of the parent                        | <b>8,598</b>                               | (17,315)                           |
| Adjustment for;   |  |                                    |
| – Dividends on Class A shares   | -  | (978)                              |
| Profit/(loss) used to determine diluted earnings per share                | <b>8,598</b>                               | (18,293)                           |
|   | Thousands                                  | Thousands                          |
| Weighted average number to ordinary shares in issue                       | <b>90,694</b>                              | 90,923                             |
| Adjustment for;   |  |                                    |
| – Share options   | <b>607</b>                                 | -                                  |
| – Restricted shares   | <b>46</b>                                  | -                                  |
| – Class A shares  | <b>50,679</b>                              | -                                  |
| Weighted average number of ordinary shares for diluted earnings per share | <b>142,026</b>                             | 90,623                             |
|   | ¥  | ¥                                  |
| <b>Diluted earnings per share</b>   | <b>60.54</b>                               | (201.86)                           |

Diluted earnings per share for the prior period do not include stock options, Class A shares and restricted shares due to the anti-dilutive effect caused by the profits and 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 totalled ¥ 11,906 million, comprising a gross movement of ¥ 15,459 million and deferred taxation of ¥ 3,553 million.

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

|   | <b>Quarter ended 30<br/>September 2021</b> | Quarter ended<br>30 September 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<br/>September 2021</b> | Quarter ended<br>30 September 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                             |

**(j) Exchange rates**

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

|                | <b>Quarter ended<br/>30 September 2021</b> |                | Year ended<br>31 March 2021 |         | Quarter ended<br>30 September 2020 |         |
|----------------|--|----------------|-----------------------------|---------|------------------------------------|---------|
|                | <b>Average</b>                             | <b>Closing</b> | Average                     | Closing | Average                            | Closing |
| GBP            | <b>152</b>                                 | <b>150</b>     | 139                         | 152     | 135                                | 135     |
| US dollar      | <b>109</b>                                 | <b>112</b>     | 106                         | 111     | 106                                | 105     |
| Euro           | <b>131</b>                                 | <b>129</b>     | 124                         | 130     | 121                                | 124     |
| Argentine peso | -  | <b>1.13</b>    | -                           | 1.20    | -                                  | 1.38    |

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

¥ millions

|   | <b>2nd Quarter<br/>FY 2022<br/>for the period<br/>1 April 2021 to<br/>30 September 2021</b> | 2nd Quarte<br>FY 2021<br>for the period<br>1 April 2020 to<br>30 September 2020 |
|---|---|---|
| Profit/(loss) for the period from continuing operations                       | 9,557   | (17,199)  |
| Adjustments for:  |   |   |
| Taxation  | 5,170   | 1,227   |
| Depreciation  | 16,893  | 15,723  |
| Amortization  | 1,534   | 1,646   |
| Impairment  | 313   | 31  |
| Reversal of impairments   | (13)  | (116)   |
| Gain on sale of property, plant, and equipment                                | (6)   | (54)  |
| Gain on sale of subsidiaries and joint ventures                               | (4,440)   | (542)   |
| Grants and deferred income  | (122)   | (541)   |
| Finance income  | (1,043)   | (813)   |
| Finance expenses  | 6,887   | 6,201   |
| Share of (profit)/loss from joint ventures and associates                     | (3,345)   | 197   |
| Other items   | 56  | (372)   |
| <b>Operating cash flows before movement in provisions and working capital</b> | <b>31,441</b>   | 5,388   |
| Decrease in provisions and retirement benefit obligations                     | (1,989)   | (1,182)   |
| Changes in working capital:   |   |   |
| – inventories   | (7,904)   | 9,318   |
| – trade and other receivables   | 185   | (8,759)   |
| – trade and other payables  | (1,073)   | (6,553)   |
| – contract balances   | 83  | (589)   |
| Net change in working capital   | (8,709)   | (6,583)   |
| <b>Cash flows generated from operations</b>                                   | <b>20,743</b>   | (2,377)   |

**(l) Cash and cash equivalents**

¥ millions

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

¥ millions

|                           | <b>As at<br/>30 September<br/>2021</b> | As at<br>30 September<br>2020 |
|---------------------------|--|-------------------------------|
| Cash and cash equivalents | 43,421                                 | 40,530                        |
| Bank overdrafts           | (2,685)                                | (3,046)                       |
|                           | <b>40,736</b>                          | 37,484                        |

**(m) 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<br>(IPIM)<br>(30 June 2006 = 100) | Conversion coefficient |
|--------------------|---|------------------------|
| 30 June 2006       | 100.0   | 24.993                 |
| 31 March 2007      | 103.9   | 24.063                 |
| 31 March 2008      | 120.2   | 20.792                 |
| 31 March 2009      | 128.7   | 19.419                 |
| 31 March 2010      | 146.5   | 17.061                 |
| 31 March 2011      | 165.5   | 15.103                 |
| 31 March 2012      | 186.7   | 13.385                 |
| 31 March 2013      | 211.1   | 11.837                 |
| 31 March 2014      | 265.6   | 9.411                  |
| 31 March 2015      | 305.7   | 8.174                  |
| 31 March 2016      | 390.6   | 6.398                  |
| 31 March 2017      | 467.2   | 5.349                  |
| 31 March 2018      | 596.1   | 4.193                  |
| 31 March 2019      | 970.9   | 2.574                  |
| 31 March 2020      | 1,440.8   | 1.735                  |
| 31 March 2021      | 2,046.4   | 1.221                  |
| 30 April 2021      | 2,156.8   | 1.159                  |
| 31 May 2021        | 2,228.4   | 1.122                  |
| 30 June 2021       | 2,299.2   | 1.087                  |
| 31 July 2021       | 2,368.1   | 1.055                  |
| 31 August 2021     | 2,426.5   | 1.030                  |
| 30 September 2021  | 2,499.3   | 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).

**(n) Significant subsequent events**

There were no significant subsequent events.