

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

(English translation of the Japanese original)

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

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

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

(1) Consolidated business results

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

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

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

(2) Changes in financial position

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

2. Dividends

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

Note:

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

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

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

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

4. Other items

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

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

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

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

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

(For Reference) Dividends for Class A Shares

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

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

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

[Attachments]

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1. Narratives about financial results

(1) Business Performance

(a) Background to Results

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

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

(b) Review by Business Segment

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

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

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

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

Other operations include corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington.

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

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

Architectural Business

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

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

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

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

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

Automotive Business

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

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

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

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

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

Technical Glass Business

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

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

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

difficult market conditions for automotive and cosmetic applications.

Joint Ventures and Associates

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

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

(2) Financial Condition

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

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

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

(3) Prospects

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

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

¥ millions

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

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

¥ millions

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

(2) Condensed quarterly consolidated balance sheet

¥ millions

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

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

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

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

1st Quarter FY 2022	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation 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
Total Comprehensive Income	—	—	2,507	—	9,459	11,966	(111)	11,855
Hyperinflation adjustment	—	—	1,928	—	—	1,928	1,445	3,373
Dividends paid	—	—	(1,950)	—	—	(1,950)	(323)	(2,273)
Share-based compensation with restricted shares	—	13	—	—	—	13	—	13
Stock options	5	5	—	—	(10)	—	—	—
At 30 June 2021	116,648	155,263	(79,207)	(68,048)	(49,762)	74,894	17,836	92,730

¥ millions

1st Quarter FY 2021	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation 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
Total Comprehensive Income	—	—	(16,533)	—	(482)	(17,015)	(928)	(17,943)
Hyperinflation adjustment	—	—	1,103	—	—	1,103	621	1,724
Dividends paid	—	—	(1,650)	—	—	(1,650)	(24)	(1,674)
Equity transaction with non-controlling interests	—	—	(34)	—	—	(34)	422	388
At 30 June 2020	116,607	155,222	(71,390)	(68,048)	(76,375)	56,016	14,673	70,689

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

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

(5) Notes to the condensed quarterly consolidated financial statements

(a) Notes regarding going concern

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

(b) Segmental information

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

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

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

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

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

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

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

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

(b) Segmental information continued

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

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

(b) Segmental information continued

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

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

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

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

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

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

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

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

(c) Exceptional items

¥ millions

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

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

(d) Finance income and expenses

¥ millions

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

(e) Taxation

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

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

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

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

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

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

(ii) Diluted

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

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

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

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

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

(ii) Dividends on Class A shares

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

(h) Exchange rates

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

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

(i) Cash flows generated from operations

¥ millions

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

(j) Cash and cash equivalents

¥ millions

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

¥ millions

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

(k) Hyperinflationary accounting adjustments

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

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

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

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

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

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

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

(l) Significant subsequent events

There were no significant subsequent events.