

**FY 2023 1st Quarter Consolidated Financial Results <IFRS>** 5 August 2022

(English translation of the Japanese original)

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

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Submission of quarterly report to MOF: 9 August 2022 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 2023 1st Quarter (From 1 April to 30 June 2022)**

## (1) Consolidated business results

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
1Q FY 2023	177,909	20.5	8,265	15.4	8,817	59.5	3,292	14.3	2,382	(6.3)	34,752	193.1
1Q FY 2022	147,678	60.7	7,161	—	5,529	—	2,880	—	2,541	—	11,855	—

	Earnings per share - basic	
1Q FY 2023	¥	20.88
1Q FY 2022	¥	22.66

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 2023 1st Quarter	1,003,513	209,646	181,485	18.1
FY 2022 Full year	939,281	169,355	145,291	15.5

**2. Dividends**

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
FY 2022 (Actual)	—	¥ 0.00	—	¥ 0.00	¥ 0.00
FY 2023 (Actual)	—				
FY 2023 (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 2023 (From 1 April 2022 to 31 March 2023)**

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Half year	360,000	23.8	11,000	(13.4)	9,000	(38.9)	4,000	(58.1)	3,000	(65.1)	22.26
Full year	690,000	14.9	18,000	(9.9)	11,000	(7.2)	5,000	(26.0)	4,000	(3.2)	22.56

- Note:
- There have been changes to the forecast results this quarter.
  - Forecast of basic earnings per share for FY2023 is calculated by dividing the profit attributable to owners of the parent after deducting preferred dividends for Class A shares (a rate of 6.5% per annum applied to the outstanding balance at 31 March 2023), by 90,849,692 shares which is the number of ordinary shares issued at 30 June 2022, reduced by the number of treasury stock and restricted shares (144,200 shares).
  - For details, please refer to the "Revision of Forecast for 2023/3" and the slides on 2023/3 forecast in 2023/3 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: 91,019,899 shares as of 30 June 2022 and 91,000,199 shares as at 31 March 2022
  - (ii) Number of shares held as treasury stock at the end of the period: 26,007 shares as at 30 June 2022 and 25,700 shares as at 31 March 2022
  - (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 90,823,185 shares for the period ending 30 June 2022 and 90,673,471 shares for the period ending 30 June 2021

**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					
FY2022 (Actual)	—	¥ 0.00	—	¥ 65,000.00	¥ 65,000.00
FY2023 (Actual)	—				
FY2023 (Forecast)		¥ 0.00	—	¥ 65,000.00	¥ 65,000.00

(Note) Number of Class A Shares in issue are 30,000 shares. 40,000 Class A Shares were originally issued on 31 March 2017. On 7 December 2018, the Company acquired and then retired a total of 5,000 Class A shares. On 6 June 2019, the Company acquired and then retired a total of 5,000 Class A shares. The forecast of dividends, for Class A shares that have dividend record dates belonging to FY2023, is ¥ 1,950 million.

## **[Attachments]**

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

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

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

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

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

## 1. Narratives about financial results

### (1) Business Performance

#### (a) Background to Results

The Group experienced mixed market conditions during the first quarter of the year. Architectural markets were strong, with buoyant demand enabling the recovery of surging input costs through sales price increases. Demand for solar energy glass was also positive. Automotive markets continue to be negatively affected by a shortage of semi-conductors in the automotive supply chain, severely impacting the ability of the Group's customers to meet underlying consumer demand. Technical glass markets were positive, with demand for the Group's products improving across many areas.

Group revenues increased by 20 percent to ¥ 177,909 million (1Q FY2022 ¥ 147,678 million), with the majority of the improvement being in the Architectural business. At constant exchange rates, cumulative revenues would have increased by 13 percent. Operating profits were ¥ 8,265 million (1Q FY2022 ¥ 7,161 million). Net exceptional gains of ¥ 2,335 million reflected an additional settlement agreed with the Group's insurer and broker following damage to the Group's facility at Ottawa, Illinois, U.S.A, as a consequence of a Tornado on 28 February 2017. Taxation charges of ¥ 5,525 million (1Q FY2022 ¥ 2,649 million) are calculated based on the effective rate expected for the full-year. As a consequence of the improving operating profit and the exceptional credit, offset by higher taxation charges, the Group recorded a positive profit attributable to owners of the parent of ¥ 2,382 million (1Q FY2022 ¥ 2,541 million).

#### (b) Review by Business Segment

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

Architectural, representing 48 percent of cumulative revenues, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also includes glass for the Solar Energy sector.

Automotive, with 46 percent of cumulative revenues, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, representing 6 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)	
	1st Quarter FY 2023	1st Quarter FY 2022	1st Quarter FY 2023	1st Quarter FY 2022
<b>Architectural</b>	85,605	64,497	8,879	6,113
<b>Automotive</b>	81,552	70,878	(705)	1,251
<b>Technical Glass</b>	9,944	11,378	3,233	2,849
<b>Other Operations</b>	808	925	(3,142)	(3,052)
<b>Total</b>	177,909	147,678	8,265	7,161

## Architectural Business

The Architectural business recorded cumulative revenues of ¥ 85,605 million (1Q FY2022: ¥ 64,497 million) and an operating profit of ¥ 8,879 million (1Q FY2022: ¥ 6,113 million).

Architectural revenues and profits increased from the previous year with robust volumes and higher selling prices, substantially offsetting increased input costs.

In Europe, representing 45 percent of the Group's architectural sales, revenues improved significantly with buoyant demand resulting in positive volumes and rising price levels. The increased selling prices substantially offset higher input costs, which remain very high, especially for energy.

In Asia, representing 27 percent of the Group's architectural sales, revenues and profits were above the previous year. Sales volumes increased and a positive operational performance helped mitigate the effect of increasing input costs.

In the Americas, representing 28 percent of the Group's architectural sales, revenues and profits were ahead of the previous year. Customer demand was positive, although North American logistics constraints continue to negatively affect sales volumes.

## Automotive Business

The Automotive business recorded cumulative revenues of ¥ 81,552 million (1Q FY2022: ¥ 70,878 million) and an operating loss of ¥ 705 million (1Q FY2022: profit of ¥ 1,251 million). Volumes continued to be at low levels across most regions, with the increase in consolidated revenues being partly due to the weakening Japanese yen.

Europe represents 41 percent of the Group's automotive sales. Revenues increased, due largely to foreign exchange movements, with overall volumes being negatively affected by a shortage of semi-conductor components at the Group's customers. Profitability was also affected by increasing input costs. Negotiations with customers to offset the increased input costs with higher selling prices are continuing. Volumes in glass replacement markets were positive.

In Asia, representing 18 percent of the Group's automotive sales, revenues and profitability fell from the previous year. Japanese volumes remain under pressure, with vehicle makers unable to fulfil demand due to supply constraints, including semi-conductor shortages.

In the Americas, representing 41 percent of the Group's automotive sales, revenues increased from the previous year whilst profits were flat. Demand in North America was adversely impacted by supply chain disruptions, particularly with respect to semi-conductor components. Demand in South America was relatively strong however, with volumes improving in Argentina.

## Technical Glass Business

The Technical Glass business recorded cumulative revenues of ¥ 9,944 million (1Q FY2022: ¥ 11,378 million) and an operating profit of ¥ 3,233 million (1Q FY2022: ¥ 2,849 million).

Revenues fell in the Technical Glass business due to the disposal of the Battery Separator division during the previous year. Profits improved, with strengthening market conditions across continuing businesses.

In the fine glass business, continued cost reduction efforts and a better sales mix underpinned a further improvement in financial results. In the information devices business, demand for printer lenses continued to be supported by work from home demand, although volumes also reflected a shortage of semi-conductor components at the Group's customers. Whilst underlying consumer demand was stable, volumes of glass cord used in engine timing belts were also impacted by supply chain issues at the Group's customers. Metashine sales fell slightly as a consequence of difficult conditions in automotive markets.

## Joint Ventures and Associates

Including both the share of profits arising from joint ventures and associates, and also other gains and losses relating to these investments, the Group recorded a net gain from equity method investments of ¥ 1,038 million (1Q FY2022: ¥ 1,479 million).

The net gain from equity method investments was below the previous year, largely due to a reduction in profits at Cebrace, the Group's architectural joint venture in Brazil.

Following the impairment of the Group's equity investment applied in the previous financial year, the Group has also processed an immediate impairment of its share of profits earned at its joint venture in Russia during the current year. This impairment is shown on the income statement as other gains/(losses) on equity method investments.

## (2) Financial Condition

Total assets at the end of June 2022 were ¥ 1,003,513 million, representing an increase of ¥ 64,232 million from the end of March 2022. Total equity was ¥ 209,646 million, representing an increase of ¥ 40,291 million from the March 2022 figure of ¥ 169,355 million. The increase in total equity was due to a combination of foreign exchange gains, positive movements on derivative balances, a reduction in retirement benefit obligations, and also the profit recorded for the period.

Net financial indebtedness increased by ¥ 22,822 million from 31 March 2022 to ¥ 387,995 million at the period end. The increase in indebtedness arose largely from seasonal working capital movements and also foreign exchange movements. Foreign exchange movements generated an increase in net indebtedness of ¥ 10,670 million. Excluding working capital movements, underlying cash flows were positive. Gross debt was ¥ 490,876 million at the period end. As of 30 June 2022, the Group had un-drawn, committed revolving credit facilities of ¥ 38,302 million and, in addition, the Group also had an undrawn committed term loan of ¥ 25,575 million.

Cash outflows from operating activities were ¥ 3,195 million. Cash outflows from investing activities were ¥ 9,660 million, including capital expenditure on property, plant, and equipment of ¥ 9,075 million. As a result, free cash flow was an outflow of ¥ 12,855 million (1Q FY2022 free cash outflow of ¥9,574 million).

## (3) Prospects

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

For details, please refer to the "Revision of Forecast for Financial Year ending on 31 March 2023" and the slides on 2023/3 forecast in 2023/3 First Quarter Results presentation.

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

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

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

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

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

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

Operating profit margin <sup>*1</sup>	8%
Net profit <sup>*2</sup>	More than ¥ 30 billion cumulatively for 3 years
Equity ratio	More than 10%
Free cash flow	More than ¥ 10 billion

\*1: Based on operating profit after amortization

\*2: Profit attributable to owners of the parent

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

¥ millions

	Note	<b>1st Quarter FY 2023 For the period 1 April to 30 June 2022</b>	1st Quarter FY 2022 For the period 1 April to 30 June 2021
<b>Revenue</b>	(5)-(c)	<b>177,909</b>	147,678
Cost of sales		<b>(136,391)</b>	(111,935)
<b>Gross profit</b>		<b>41,518</b>	35,743
Other income		<b>307</b>	309
Distribution costs		<b>(15,976)</b>	(13,044)
Administrative expenses		<b>(16,126)</b>	(14,381)
Other expenses		<b>(1,458)</b>	(1,466)
<b>Operating profit</b>	(5)-(c)	<b>8,265</b>	7,161
Exceptional items (gains)	(5)-(d)	<b>2,633</b>	62
Exceptional items (losses)	(5)-(d)	<b>(298)</b>	(229)
<b>Operating profit after exceptional items</b>		<b>10,600</b>	6,994
Finance income	(5)-(e)	<b>1,324</b>	578
Finance expenses	(5)-(e)	<b>(4,145)</b>	(3,522)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		<b>2,246</b>	1,479
Other losses on equity method investments		<b>(1,208)</b>	-
<b>Profit before taxation</b>		<b>8,817</b>	5,529
Taxation	(5)-(f)	<b>(5,525)</b>	(2,649)
<b>Profit for the period</b>		<b>3,292</b>	2,880
<b>Profit attributable to non-controlling interests</b>		<b>910</b>	339
<b>Profit attributable to owners of the parent</b>		<b>2,382</b>	2,541
		<b>3,292</b>	2,880
<b>Earnings per share attributable to owners of the parent</b>			
Basic	(5)-(g)	<b>20.88</b>	22.66
Diluted	(5)-(g)	<b>16.77</b>	17.88



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

¥ millions

	Note	<b>1st Quarter FY 2023 For the period 1 April to 30 June 2022</b>	1st Quarter FY 2022 For the period 1 April to 30 June 2021
<b>Profit for the period</b>		<b>3,292</b>	2,880
<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>7,211</b>	(34)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)		<b>(996)</b>	1,012
Sub-total		<b>6,215</b>	978
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation adjustments		<b>18,382</b>	3,980
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)		<b>(659)</b>	110
Cash flow hedges:			
– fair value gains, net of taxation	(5)-(h)	<b>7,522</b>	3,907
Sub-total		<b>25,245</b>	7,997
<b>Total other comprehensive income for the period, net of taxation</b>		<b>31,460</b>	8,975
<b>Total comprehensive income for the period</b>		<b>34,752</b>	11,855
<b>Attributable to non-controlling interests</b>		<b>965</b>	(111)
<b>Attributable to owners of the parent</b>		<b>33,787</b>	11,966
		<b>34,752</b>	11,855

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

¥ millions

	<b>1st Quarter FY 2023 as at 30 June 2022</b>	FY 2022 as at 31 March 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	<b>110,855</b>	104,737
Intangible assets	<b>52,782</b>	50,256
Property, plant and equipment	<b>365,574</b>	341,736
Investment property	<b>158</b>	163
Investments accounted for using the equity method	<b>22,387</b>	20,410
Retirement benefit asset	<b>34,627</b>	32,349
Contract assets	<b>602</b>	554
Trade and other receivables	<b>13,901</b>	13,399
Financial assets:		
– Assets held at Fair Value through Other Comprehensive Income	<b>22,318</b>	23,022
– Derivative financial instruments	<b>28,389</b>	17,291
Deferred tax assets	<b>34,714</b>	33,115
	<b>686,307</b>	637,032
<b>Current assets</b>		
Inventories	<b>151,226</b>	132,242
Contract assets	<b>1,647</b>	1,270
Trade and other receivables	<b>82,240</b>	76,082
Financial assets:		
– Derivative financial instruments	<b>22,085</b>	24,957
Cash and cash equivalents	<b>52,408</b>	60,464
	<b>309,606</b>	295,015
Assets held for sale	<b>7,600</b>	7,234
	<b>317,206</b>	302,249
<b>Total assets</b>	<b>1,003,513</b>	939,281

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

¥ millions

	<b>1st Quarter FY 2023 as at 30 June 2022</b>	FY 2022 as at 31 March 2022
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Financial liabilities:		
- Borrowings	<b>135,616</b>	114,347
- Derivative financial instruments	<b>1,440</b>	1,501
Trade and other payables	<b>162,917</b>	166,957
Contract liabilities	<b>13,737</b>	7,132
Provisions	<b>14,047</b>	13,621
Deferred income	<b>485</b>	499
	<b>328,242</b>	304,057
Liabilities related to assets held for sale	<b>2,055</b>	2,674
	<b>330,297</b>	306,731
<b>Non-current liabilities</b>		
Financial liabilities:		
- Borrowings	<b>353,680</b>	352,017
- Derivative financial instruments	<b>141</b>	20
Trade and other payables	<b>3,593</b>	3,518
Contract liabilities	<b>5,291</b>	5,347
Deferred tax liabilities	<b>25,916</b>	22,608
Retirement benefit obligations	<b>49,674</b>	55,459
Provisions	<b>22,140</b>	21,196
Deferred income	<b>3,135</b>	3,030
	<b>463,570</b>	463,195
<b>Total liabilities</b>	<b>793,867</b>	769,926
<b>Equity</b>		
<b>Capital and reserves attributable to the Company's equity shareholders</b>		
Called up share capital	<b>116,715</b>	116,709
Capital surplus	<b>155,331</b>	155,312
Retained earnings	<b>(48,134)</b>	(60,121)
Retained earnings (Translation adjustment at the IFRS transition date)	<b>(68,048)</b>	(68,048)
Other reserves	<b>25,621</b>	1,439
<b>Total shareholders' equity</b>	<b>181,485</b>	145,291
<b>Non-controlling interests</b>	<b>28,161</b>	24,064
<b>Total equity</b>	<b>209,646</b>	169,355
<b>Total liabilities and equity</b>	<b>1,003,513</b>	939,281

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

¥ millions

<b>1st Quarter FY 2023</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 2022	116,709	155,312	(60,121)	(68,048)	1,439	<b>145,291</b>	24,064	<b>169,355</b>
Total Comprehensive Income	—	—	9,593	—	24,194	<b>33,787</b>	965	<b>34,752</b>
Hyperinflation adjustment	—	—	4,344	—	—	<b>4,344</b>	3,402	<b>7,746</b>
Dividends paid	—	—	(1,950)	—	—	<b>(1,950)</b>	(270)	<b>(2,220)</b>
Share-based compensation with restricted shares	—	13	—	—	—	<b>13</b>	—	<b>13</b>
Stock options	6	6	—	—	(12)	—	—	—
<b>At 30 June 2022</b>	<b>116,715</b>	<b>155,331</b>	<b>(48,134)</b>	<b>(68,048)</b>	<b>25,621</b>	<b>181,485</b>	<b>28,161</b>	<b>209,646</b>

¥ 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	<b>Total share holders' equity</b>	Non-controlling interests	<b>Total equity</b>
At 1 April 2021	116,643	155,245	(81,692)	(68,048)	(59,211)	<b>62,937</b>	16,825	<b>79,762</b>
Total Comprehensive Income	—	—	2,507	—	9,459	<b>11,966</b>	(111)	<b>11,855</b>
Hyperinflation adjustment	—	—	1,928	—	—	<b>1,928</b>	1,445	<b>3,373</b>
Dividends paid	—	—	(1,950)	—	—	<b>(1,950)</b>	(323)	<b>(2,273)</b>
Share-based compensation with restricted shares	—	13	—	—	—	<b>13</b>	—	<b>13</b>
Stock options	5	5	—	—	(10)	—	—	—
<b>At 30 June 2021</b>	<b>116,648</b>	<b>155,263</b>	<b>(79,207)</b>	<b>(68,048)</b>	<b>(49,762)</b>	<b>74,894</b>	<b>17,836</b>	<b>92,730</b>

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

¥ millions

	Note	1st Quarter For the period 1 April to 30 June 2022	1st Quarter For the period 1 April to 30 June 2021
<b>Cash flows from operating activities</b>			
Cash flows generated from operations	(5)-(k)	181	2,652
Interest paid		(3,591)	(2,704)
Interest received		2,302	1,054
Tax paid		(2,087)	(1,754)
<b>Net cash outflows from operating activities</b>		<b>(3,195)</b>	<b>(752)</b>
<b>Cash flows from investing activities</b>			
Dividends received from joint ventures and associates		—	19
Purchase of businesses, net of cash balances held by subsidiaries upon acquisition		(7)	—
Purchases of property, plant and equipment		(9,075)	(8,297)
Proceeds on disposal of property, plant and equipment		20	342
Purchases of intangible assets		(248)	(284)
Purchase of assets held at FVOCI		(22)	(924)
Proceeds on disposal of assets held at FVOCI		11	2
Loans advanced to joint ventures, associates and third parties		(399)	(394)
Loans repaid from joint ventures, associates and third parties		60	714
<b>Net cash outflows from investing activities</b>		<b>(9,660)</b>	<b>(8,822)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to owners of the parent		(1,955)	(1,950)
Dividends paid to non-controlling interests		(258)	(316)
Repayment of borrowings		(8,249)	(5,561)
Proceeds from borrowings		12,478	4,660
<b>Net cash (out) /in flows from financing activities</b>		<b>2,016</b>	<b>(3,167)</b>
<b>Decrease in cash and cash equivalents (net of bank overdrafts)</b>		<b>(10,839)</b>	<b>(12,741)</b>
<b>Cash and cash equivalents (net of bank overdrafts) at beginning of period</b>	(5)-(l)	<b>60,015</b>	53,500
Effect of foreign exchange rate changes		2,347	548
Hyperinflation adjustment	(5)-(n)	472	326
<b>Cash and cash equivalents (net of bank overdrafts) at end of period</b>	(5)-(l)	<b>51,995</b>	41,633

## **(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) Accounting policies, critical accounting estimates and assumptions**

The principal accounting policies applied to the consolidated financial statements for the period to 30 June 2022 are the same as the ones applied to the consolidated financial statements for the year ended 31 March 2022.

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

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

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

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

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

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

### **(c) Segmental information**

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

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

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

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

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

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

The Group's revenues comprise sales of glass recognized at a point in time and sales of services recognized over time.

The amortization arising from the acquisition of Pilkington plc was ¥217 million in FY2023 Q1 (FY2022 Q1: ¥443 million).

**(c) Segmental information** continued

The segmental results for the first quarter to 30 June 2022 were as follows:

	¥ millions				
<b>1st Quarter FY 2023 For the period 1 April to 30 June 2022</b>	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
<b>Total revenue</b>	<b>92,746</b>	<b>81,706</b>	<b>10,434</b>	<b>1,347</b>	<b>186,233</b>
Inter-segmental revenue	<b>(7,141)</b>	<b>(154)</b>	<b>(490)</b>	<b>(539)</b>	<b>(8,324)</b>
External revenue	<b>85,605</b>	<b>81,552</b>	<b>9,944</b>	<b>808</b>	<b>177,909</b>
<i>Disaggregation of external revenue by geographical regions:</i>					
<i>Europe</i>	<i>38,224</i>	<i>33,695</i>	<i>2,067</i>	<i>545</i>	<i>74,531</i>
<i>Asia</i>	<i>22,903</i>	<i>14,489</i>	<i>7,485</i>	<i>263</i>	<i>45,140</i>
<i>Americas</i>	<i>24,478</i>	<i>33,368</i>	<i>392</i>	<i>—</i>	<i>58,238</i>
Operating profit/(loss)	<b>8,879</b>	<b>(705)</b>	<b>3,233</b>	<b>(3,142)</b>	<b>8,265</b>
Exceptional items (gains)	<b>—</b>	<b>95</b>	<b>—</b>	<b>2,538</b>	<b>2,633</b>
Exceptional items (losses)	<b>(42)</b>	<b>(78)</b>	<b>(7)</b>	<b>(171)</b>	<b>(298)</b>
Operating profit after exceptional items					<b>10,600</b>
Finance costs – net					<b>(2,821)</b>
Share of post-tax profit from joint ventures and associates					<b>2,246</b>
Other losses on equity method investments					<b>(1,208)</b>
Profit before taxation					<b>8,817</b>
Taxation					<b>(5,525)</b>
<b>Profit for the period from continuing operations</b>					<b>3,292</b>

**(c) Segmental information** continued

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

	¥ millions				
<b>1st Quarter FY 2022 For the period 1 April to 30 June 2021</b>	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
<b>Total revenue</b>	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>	27,789	31,198	2,060	727	61,774
<i>Asia</i>	19,289	15,079	8,969	198	43,535
<i>Americas</i>	17,419	24,601	349	—	42,369
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 loss from joint ventures and associates					1,479
Other losses on equity method investments					—
Profit before taxation					5,529
Taxation					(2,649)
<b>Profit for the period from continuing operations</b>					2,880

The segmental assets at 30 June 2022 and capital expenditure for the first quarter ended 30 June 2022 were as follows:

	¥ millions				
	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
Net trading assets	<b>183,543</b>	<b>188,485</b>	<b>31,148</b>	<b>2,278</b>	<b>405,454</b>
Capital expenditure (including intangibles)	<b>2,306</b>	<b>2,945</b>	<b>375</b>	<b>576</b>	<b>6,202</b>

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

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

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>1st Quarter FY 2023 For the period 1 April to 30 June 2022</b>	1st Quarter FY 2022 For the period 1 April to 30 June 2021
<b>Exceptional items (gains):</b>		
Settlement of litigation matters (a)	<b>2,633</b>	—
Reversal of surplus provisions (b)	—	57
Reversal of previous impairments (c)	—	4
Others	—	1
	<b>2,633</b>	62
<b>Exceptional items (losses):</b>		
Impairment of current & non-current assets (c)	<b>(171)</b>	—
Settlement of litigation matters (a)	<b>(66)</b>	(132)
Restructuring costs, including employee termination payments (b)	<b>(40)</b>	(56)
Others	<b>(21)</b>	(41)
	<b>(298)</b>	(229)
	<b>2,335</b>	(167)

- (a) The current year gain on the settlement of litigation matters relates mainly to an additional settlement agreed with the Group's insurer and broker following damage to the Group's facility at Ottawa, Illinois, U.S.A, as a consequence of a Tornado on 28 February 2017. The Group has been engaged in a dispute with its insurer and its broker regarding the value of insurance coverage following this event, and has reached a settlement that has resulted in an additional amount of \$20 million being paid to the Group.

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

- (b) Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment.

The reversal of the surplus provisions in the during the previous year related to the reversal of restructuring provisions originally established during earlier periods.

- (c) The impairment of current and non-current assets relates mainly to assets included on the Group's balance sheet as Assets Held for Sale

The previous year reversal of impairments was related to property, plant and equipment in Architectural Europe and Asia.

**(e) Finance income and expenses**

¥ millions

	<b>1st Quarter FY 2023 For the period 1 April to 30 June 2022</b>	1st Quarter FY 2022 For the period 1 April to 30 June 2021
<b>Finance income</b>		
Interest income	<b>551</b>	314
Foreign exchange transaction gains	<b>102</b>	180
Gain on net monetary position	<b>671</b>	84
	<b>1,324</b>	578
<b>Finance expenses</b>		
Interest expense:		
– bank and other borrowings	<b>(3,630)</b>	(3,131)
Dividend on non-equity preference shares due to minority shareholders	<b>(69)</b>	(66)
Foreign exchange transaction losses	<b>(62)</b>	(14)
Other interest and similar charges	<b>(375)</b>	(219)
	<b>(4,136)</b>	(3,430)
Unwinding discounts on provisions	<b>(58)</b>	(43)
Retirement benefit obligations		
– net finance charge	<b>49</b>	(49)
	<b>(4,145)</b>	(3,522)

**(f) Taxation**

The tax charge on the profit before taxation, excluding the Group's share of the net results of joint ventures and associates, is a rate of 71.0 percent in the first quarter to 30 June 2022 (1Q FY2022- a rate of 65.4 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2023.

**(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 June 2022</b>	Quarter ended 30 June 2021
	¥ millions	¥ millions
Profit attributable to owners of the parent	<b>2,382</b>	2,541
Adjustment for;		
– Dividends on Class A shares	<b>(486)</b>	(486)
Profit used to determine basic earnings per share	<b>1,896</b>	2,055
	Thousands	Thousands
Weighted average number to ordinary shares in issue	<b>90,823</b>	90,673
	¥	¥
<b>Basic earnings per share</b>	<b>20.88</b>	22.66

**(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 for share-based payment plan are treated as dilutive potential ordinary shares if certain conditions are met. 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. Regarding restricted shares for share-based payment plan, during period from the start date of the transfer restriction period to the date of the first Ordinary General Meeting of Shareholders of the Company, if the fair value (determined as the average annual market share price of the Company's shares) exceeds the issue price, equivalent of the delivered service as consideration for compensation are treated as dilutive potential ordinary shares. 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 June 2022</b>	Quarter ended 30 June 2021
	¥ millions	¥ millions
Profit attributable to owners of the parent	<b>2,382</b>	2,541
Adjustment for;		
– Dividends on Class A shares	—	—
Profit used to determine diluted earnings per share	<b>2,382</b>	2,541
	Thousands	Thousands
Weighted average number to ordinary shares in issue	<b>90,823</b>	90,673
Adjustment for:		
– Share options	<b>521</b>	645
– Class A shares	<b>50,679</b>	50,679
– Restricted shares	—	93
Weighted average number of ordinary shares for diluted earnings per share	<b>142,023</b>	142,090
	¥	¥
<b>Diluted earnings per share</b>	<b>16.77</b>	17.88

Diluted earnings per share for the period do not include restricted shares due to the the fair value (determined as the average annual market share price of the Company's shares) was lower than the issue price.

**(h) Cash Flow Hedges – fair value gains**

Revaluation gains on cash flow hedges in the Statement of Comprehensive Income comprises unrealized gains on derivative contracts that have not matured at the balance sheet date, less gains on maturing derivative contracts transferred to the income statement. The net gain recognized during the period relates mainly to forward contracts for the purchase of energy and also movements in the value of a Virtual Power Purchase Agreement (VPPA). Net gains posted in the Statement of Comprehensive Income totaled ¥ 7,522 million, comprising a gross movement of ¥ 5,885 million and deferred taxation of ¥ 1,637 million.

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

	<b>Quarter ended 30 June 2022</b>	Quarter ended 30 June 2021
<b>Declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	—	—
Dividend per share (¥)	—	—

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

	<b>Quarter ended 30 June 2022</b>	Quarter ended 30 June 2021
<b>Declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	<b>1,950</b>	1,950
Dividend per share (¥)	<b>65,000</b>	65,000

**(j) Exchange rates**

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

	<b>Quarter ended 30 June 2022</b>		Year ended 31 March 2022		Quarter ended 30 June 2021	
	Average	Closing	Average	Closing	Average	Closing
GBP	<b>163</b>	<b>165</b>	153	160	153	153
US dollar	<b>129</b>	<b>136</b>	112	122	109	111
Euro	<b>138</b>	<b>142</b>	130	136	132	132
Argentine peso	—	<b>1.09</b>	—	1.10	—	1.16

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

¥ millions

	<b>1st Quarter FY 2023 for the period 1 April 2022 to 30 June 2022</b>	1st Quarter FY 2022 for the period 1 April 2021 to 30 June 2021
Profit for the period from continuing operations	<b>3,292</b>	2,880
Adjustments for:		
Taxation	<b>5,525</b>	2,649
Depreciation	<b>9,103</b>	8,430
Amortization	<b>679</b>	892
Impairment	<b>186</b>	293
Reversal of impairments	—	(10)
Gain on sale of property, plant and equipment	<b>(9)</b>	(1)
Grants and deferred income	<b>(67)</b>	(72)
Finance income	<b>(1,324)</b>	(578)
Finance expenses	<b>4,145</b>	3,522
Share of profit from joint ventures and associates	<b>(2,246)</b>	(1,479)
Other (gains)/losses on equity method investments	<b>1,208</b>	—
Other items	<b>521</b>	15
<b>Operating cash flows before movement in provisions and working capital</b>	<b>21,013</b>	16,541
Decrease in provisions and retirement benefit obligations	<b>(787)</b>	(1,909)
Changes in working capital:		
– inventories	<b>(11,644)</b>	(3,992)
– trade and other receivables	<b>(6,416)</b>	(7,542)
– trade and other payables	<b>(7,407)</b>	(759)
– contract balances	<b>5,422</b>	313
Net change in working capital	<b>(20,045)</b>	(11,980)
<b>Cash flows generated from operations</b>	<b>181</b>	2,652

**(I) Cash and cash equivalents**

¥ millions

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

¥ millions

	<b>As at 30 June 2022</b>	As at 30 June 2021
Cash and cash equivalents	<b>52,408</b>	44,690
Bank overdrafts	<b>(413)</b>	(3,057)
	<b>51,995</b>	41,633

**(m) Retirement Benefit Obligations**

Due to a change in high-quality fixed-interest asset values and, as a consequence, prevailing discount rates that would be applied to liabilities within the Group's retirement benefit obligations, the Group has performed a revaluation of its retirement benefit obligations as at 30 June 2022. To do this, the Group applied appropriate changes in assumptions to sensitivities as calculated as at the opening balance sheet date and also updated scheme asset values. The effect of this revaluation has been a decrease in net retirement benefit obligations of ¥ 9,888 million gross of related deferred taxation, and ¥ 7,254 million net of related deferred taxation. This movement has been reflected in other comprehensive income. A summary of the main changes in assumptions used is set out below.

	<b>30 June 2022</b>	31 March 2022
	%	%
UK discount rate	<b>3.8</b>	2.8
UK inflation rate	<b>2.5</b>	3.0
Eurozone discount rate	<b>3.2</b>	1.7
U.S.A discount rate	<b>4.4</b>	3.4

**(n) Hyperinflationary accounting adjustments**

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

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

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

Balance sheet date	Internal Wholesales Price Index (IPIM) (30 June 2006 = 100)	Conversion coefficient
30 June 2006	100.0	37.770
31 March 2007	103.9	36.364
31 March 2008	120.2	31.420
31 March 2009	128.7	29.346
31 March 2010	146.5	25.782
31 March 2011	165.5	22.823
31 March 2012	186.7	20.228
31 March 2013	211.1	17.889
31 March 2014	265.6	14.222
31 March 2015	305.7	12.353
31 March 2016	390.6	9.669
31 March 2017	467.2	8.084
31 March 2018	596.1	6.337
31 March 2019	970.9	3.890
31 March 2020	1,440.8	2.621
31 March 2021	2,046.4	1.846
31 March 2022	3,162.1	1.194
30 April 2022	3,408.0	1.108
31 May 2022	3,580.1	1.055
30 June 2022	3,777.0	1.000

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

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

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

**(o) Significant subsequent events**

There were no significant subsequent events.