

**FY 2021 2nd Quarter Consolidated Financial Results <IFRS>** 5 November 2020

(English translation of the Japanese original)



Listed Company Name: Nippon Sheet Glass Company, Limited  
Code Number: 5202

Stock Exchange Listing: Tokyo  
(URL: <http://www.nsg.com>)

Representative: Representative Executive Officer,  
President and CEO

Name: Shigeki Mori

Inquiries to: General Manager, Investor Relations

Name: Sachiyo Nishie

Tel: +81 3 5443 0100

Submission of quarterly report to MOF: 9 November 2020

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 2021 2nd Quarter (From 1 April to 30 September 2020)****(1) Consolidated business results**

	Revenue		Operating profit		(Loss)/profit before taxation		(Loss)/profit for the period		(Loss)/profit attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
2Q FY 2021	221,531	(23.2)	3,238	(78.2)	(15,972)	—	(17,199)	—	(17,315)	—	(26,664)	—
2Q FY 2020	288,625	(6.3)	14,876	(16.7)	7,196	(47.5)	2,404	(75.9)	1,908	(79.4)	(20,639)	—

	Earnings per share - basic	
	¥	
2Q FY 2021	(201.86)	
2Q FY 2020	3.12	

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 2021 2nd Quarter	757,575	64,243	48,791	6.4
FY 2020 Full year	765,197	88,194	73,612	9.6

**2. Dividends**

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
FY 2020 (Actual)	-	-	-	-	-
FY 2021 (Actual)	-	-	-	-	-
FY 2021 (Forecast)	-	-	-	-	-

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 2021 (From 1 April 2020 to 31 March 2021)**

	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	%	¥
Full year	480,000	(13.7)	9,000	(57.5)	-	-	-	-	-	-	-

- Note:
- There have been changes to the forecast results this quarter.
  - The previous forecast of JPY20,000 million for operating losses including the costs of COVID-19 published on 6 August 2020 has also been revised to JPY7,000 million.
  - Please refer to the "Recognition of Differences between Actual Results and Previous Forecast for the First Half Year FY2021 and Revision of Forecast for the Full Year FY2021" and the slides on FY2021 forecast in FY2021 Second Quarter Results presentation for more detail.

**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 --- Yes
  - (ii) Changes due to other reasons --- No
  - (iii) Changes in accounting estimates --- Yes

Note:

- For further details, please refer to the changes in accounting policy section on pages 13.

- (3) Numbers of shares outstanding (common stock)
  - (i) Number of shares issued at the end of the period, including shares held as treasury stock: 90,782,899 shares as of 30 September 2020 and 90,642,499 shares as at 31 March 2020
  - (ii) Number of shares held as treasury stock at the end of the period: 22,342 shares as at 30 September 2020 and 21,279 shares as at 31 March 2020
  - (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 90,622,935 shares for the period ending 30 September 2020 and 90,580,173 shares for the period ending 30 September 2019

**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					
FY2020 (Actual)	-	-	-	¥ 55,000.00	¥ 55,000.00
FY2021 (Actual)	-	-			
FY2021 (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 FY2021, is ¥ 1,950 million.

## **[Attachments]**

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

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

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

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

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

## 1. Narratives about financial results

### (1) Business Performance

#### (a) Background to Results

The Group's markets rebounded strongly during the second quarter as underlying demand improved with an easing of lockdowns around the world. Architectural markets experienced robust activity, especially in Europe and South America. Demand for Solar Energy glass remained strong, largely unaffected by COVID-19 factors. Automotive markets also responded well to an easing of earlier lockdowns, although demand was generally still some way short of pre-COVID-19 levels. Technical glass markets continued to be somewhat below the previous year.

Cumulative Group revenues fell by 23 percent to ¥ 221,531 million (2Q FY2020 ¥ 288,625 million), affected by the dramatic decline in demand during the first quarter of the year. At constant exchange rates, revenues would have fallen by 21 percent. Operating profits were ¥ 3,238 million (2Q FY2020 ¥ 14,876 million). The Group has classified the costs of COVID-19 separately within the income statement, including direct costs such as the deep cleaning of sites, and the wages and salaries of furloughed employees, together with the unrecovered costs of facilities that were idle as a consequence of the COVID-19 pandemic. These costs, net of government support received, amounted to ¥ 12,812 million. The Group also recorded other exceptional items of ¥ 813 million. The loss attributable to owners of the parent was ¥ 17,315 million (2Q FY2020 profit attributable of ¥ 1,908 million) with the deterioration being due to the dramatic reduction in demand during the first quarter.

The second quarter (three months) results recovered significantly from the first quarter. Group revenues increased to ¥ 129,660 million (1Q FY2021 ¥ 91,871 million; 2Q FY2020 ¥ 141,559 million) and operating profits turned positive to ¥ 3,847 million (1Q FY2021 loss of ¥ 609 million; 2Q FY2020 ¥ 6,059 million). The loss attributable to owners of the parent reduced to ¥ 879 million (1Q FY2021 ¥ 16,436 million; 2Q FY2020 ¥ 983 million).

#### (b) Review by Business Segment

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

Architectural, representing 45 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 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, 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)	
	2nd Quarter FY 2021	2nd Quarter FY 2020	2nd Quarter FY 2021	2nd Quarter FY 2020
<b>Architectural</b>	99,086	119,740	7,260	9,800
<b>Automotive</b>	105,363	148,228	(2,408)	5,229
<b>Technical Glass</b>	16,475	20,169	2,506	3,505
<b>Other Operations</b>	607	488	(4,120)	(3,658)
<b>Total</b>	221,531	288,625	3,238	14,876

## Architectural Business

The Architectural business recorded cumulative revenues of ¥ 99,086 million (2Q FY2020: ¥ 119,740 million) and an operating profit of ¥ 7,260 million (2Q FY2020: ¥ 9,800 million).

Architectural revenues and profits fell from the previous year due to the impact on demand of the COVID-19 pandemic, particularly during the first quarter of the year.

In Europe, representing 39 percent of the Group's architectural sales, cumulative revenues fell due to lower volumes associated with the COVID-19 pandemic during the first quarter. Volumes improved markedly during the second quarter and production was resumed at facilities that had previously been suspended. Price levels also recovered during the second quarter in line with the increased level of demand. The recovery of profitability was also aided by a strong operational performance and tight cost control.

In Asia, representing 38 percent of the Group's architectural sales, cumulative revenues were also below the previous year due to the COVID-19 pandemic. Profits improved however, partly due to robust sales of glass for solar energy, which were largely unaffected by COVID-19, and partly due to a reduction of costs in Japan. The suspension of production at the Chiba #1 furnace and also at a furnace in Malaysia towards the end of the first quarter lowered fixed cost and contributed to profit improvement. During the second quarter, the Group restarted glass production at other facilities in the region that had been temporarily suspended during the first quarter.

In the Americas, representing 23 percent of the Group's architectural sales, cumulative revenues and profits were below the previous year due to the impact of the COVID-19 pandemic, although results in the second quarter recovered significantly, with volumes in South America being particularly strong. Construction of the Group's new solar glass facility in North America continued, with a planned start date scheduled for the mid-November 2020.

## Automotive Business

The Automotive business recorded cumulative revenues of ¥ 105,363 million (2Q FY2020: ¥ 148,228 million) and an operating loss of ¥ 2,408 million (2Q FY2020: profit of ¥ 5,229 million).

In the Automotive business, revenues and profits were below the previous year due to the collapse of demand arising from the COVID-19 pandemic during the first quarter of the year. In the OE business, demand has steadily recovered since April and May but in most regions is still somewhat below normal levels. In the AGR business, demand improved during the second quarter with an easing of lockdown restrictions.

Europe represents 41 percent of the Group's automotive sales. Cumulative revenues and profits fell from the previous year, due to a collapse in demand during the first quarter as a result of the COVID-19 pandemic. The Group's automotive facilities have operated broadly in line with the Group's customers' facilities, with production restarting towards the end of the first quarter and then steadily increasing during the second quarter.

In Asia, representing 25 percent of the Group's automotive sales, cumulative revenues and profits were also below the previous year due to the COVID-19 pandemic. The Group's automotive facilities have generally remained operational throughout the year, benefitting from increasing volumes during the second quarter.

In the Americas, representing 34 percent of the Group's automotive sales, cumulative revenues and profits also declined as a consequence of the COVID-19 pandemic, although 3-month results during the second quarter were similar to the previous year. Vehicle production rebounded in North America during the second quarter, driven by customers recovering inventory levels and improving vehicle sales. Production in South America also staged a recovery although remains at a low level.

### **Technical Glass Business**

The Technical Glass business recorded cumulative revenues of ¥ 16,475 million (2Q FY2020: ¥ 20,169 million) and an operating profit of ¥ 2,506 million (2Q FY2020: ¥ 3,505 million).

Revenues and profits fell in the Technical Glass business due mainly to the impact of COVID-19.

COVID-19 had only a limited impact on the fine glass business. In the information devices business, demand for glass components used in printers and scanners declined however. Demand for glass cord used in engine timing belts fell, reflecting conditions in the automotive sector. Metashine sales fell for car paint and cosmetic applications as a result of COVID-19. Results in the battery separator business remained stable.

### **Joint Ventures and Associates**

The Group's share of joint ventures and associates' losses after tax was ¥ 197 million (2Q FY2020: profit of ¥ 813 million).

The Group's share of joint ventures and associate's results was below the previous year, also due to the challenging market conditions associated with the COVID-19 pandemic.

## **(2) Financial Condition**

Total assets at the end of September 2020 were ¥ 757,575 million, representing a decrease of ¥ 7,622 million from the end of March 2020. Total equity was ¥ 64,243 million, representing a decrease of ¥ 23,951 million from the March 2020 figure of ¥ 88,194 million. Total equity fell as a result of the loss recorded for the period and also loss recorded within other comprehensive income following an update of Retirement Benefit Obligation (RBO) assumptions.

Net financial indebtedness increased by ¥ 37,805 million from 31 March 2020 to ¥ 427,973 million at the period end. The increase in indebtedness arose from the cash out-flow during the period arising from the COVID-19 related trading conditions and also investment in strategically important capital expenditure projects. Gross debt was ¥ 469,391 million at the period end. As of 30 September 2020, the Group had un-drawn, committed facilities of ¥ 74,848 million.

Cash outflows from operating activities were ¥ 7,766 million. Cash outflows from investing activities were ¥ 26,438 million, including capital expenditure on property, plant, and equipment of ¥ 22,709 million. As a result, free cash flow was an outflow of ¥ 34,204 million.

## **(3) Prospects**

For details, please refer to the "Recognition of Differences between Actual Results and Previous Forecast for the First Half Year FY2021 and Revision of Forecast for the Full Year FY2021" and the slides on FY2021 forecast in FY2021 Second Quarter Results presentation.

## 2. Consolidated financial statements and their notes

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

¥ millions

	Note	2nd Quarter FY 2021 For the period 1 April to 30 September 2020	2nd Quarter FY 2020 For the period 1 April to 30 September 2019
<b>Revenue</b>	(5)-(c)	<b>221,531</b>	288,625
Cost of sales		<b>(168,866)</b>	(214,602)
<b>Gross profit</b>		<b>52,665</b>	74,023
Other income		<b>720</b>	733
Distribution costs		<b>(19,937)</b>	(26,465)
Administrative expenses		<b>(27,628)</b>	(31,124)
Other expenses		<b>(2,582)</b>	(2,291)
<b>Operating profit</b>	(5)-(c)	<b>3,238</b>	14,876
Exceptional items (gains)	(5)-(d)	<b>2,806</b>	1,098
Exceptional items (losses)	(5)-(d)	<b>(16,431)</b>	(3,316)
<b>Operating (loss)/profit after exceptional items</b>		<b>(10,387)</b>	12,658
Finance income	(5)-(e)	<b>813</b>	1,264
Finance expenses	(5)-(e)	<b>(6,201)</b>	(7,539)
Share of post-tax (loss)/profit of joint ventures and associates accounted for using the equity method		<b>(197)</b>	813
<b>(Loss)/profit before taxation</b>		<b>(15,972)</b>	7,196
Taxation	(5)-(f)	<b>(1,227)</b>	(4,792)
<b>(Loss)/profit for the period</b>		<b>(17,199)</b>	2,404
<b>Profit attributable to non-controlling interests</b>		<b>116</b>	496
<b>(Loss)/profit attributable to owners of the parent</b>		<b>(17,315)</b>	1,908
		<b>(17,199)</b>	2,404
<b>Earnings per share attributable to owners of the parent</b>			
Basic	(5)-(g)	<b>(201.86)</b>	3.12
Diluted	(5)-(g)	<b>(201.86)</b>	3.10

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

¥ millions

	<b>2nd Quarter FY 2021 For the period 1 April to 30 September 2020</b>	<b>2nd Quarter FY 2020 For the period 1 April to 30 September 2019 (restated)</b>
<b>(Loss)/profit for the period</b>	<b>(17,199)</b>	<b>2,404</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) (5)-(I)	<b>(8,016)</b>	(133)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	<b>(1,011)</b>	(2,485)
Sub-total	<b>(9,027)</b>	(2,618)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation adjustments	<b>(3,409)</b>	(19,669)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	<b>30</b>	237
Cash flow hedges:		
- fair value gains, net of taxation	<b>2,941</b>	(993)
Sub-total	<b>(438)</b>	(20,425)
<b>Total other comprehensive income for the period, net of taxation</b>	<b>(9,465)</b>	(23,043)
<b>Total comprehensive income for the period</b>	<b>(26,664)</b>	(20,639)
<b>Attributable to non-controlling interests</b>	<b>(1,621)</b>	(629)
<b>Attributable to owners of the parent</b>	<b>(25,043)</b>	(20,010)
	<b>(26,664)</b>	(20,639)



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

¥ millions

	<b>2nd Quarter FY 2021 as at 30 September 2020</b>	<b>FY 2020 as at 31 March 2020</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	<b>93,581</b>	91,199
Intangible assets	<b>47,404</b>	47,390
Property, plant and equipment	<b>298,347</b>	294,545
Investment property	<b>283</b>	303
Investments accounted for using the equity method	<b>21,169</b>	17,083
Retirement benefit asset	<b>26,465</b>	32,894
Contract assets	<b>654</b>	622
Trade and other receivables	<b>10,699</b>	10,792
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	<b>16,362</b>	17,571
- Derivative financial instruments	<b>65</b>	51
Deferred tax assets	<b>29,623</b>	28,658
	<b>544,652</b>	541,108
<b>Current assets</b>		
Inventories	<b>109,326</b>	118,388
Contract assets	<b>2,606</b>	2,117
Trade and other receivables	<b>57,819</b>	56,122
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	—	461
- Derivative financial instruments	<b>823</b>	1,179
Cash and cash equivalents	<b>40,530</b>	43,608
	<b>211,104</b>	221,875
Assets held for sale	<b>1,819</b>	2,214
	<b>212,923</b>	224,089
<b>Total assets</b>	<b>757,575</b>	765,197

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

¥ millions

	<b>2nd Quarter FY 2021 as at 30 September 2020</b>	<b>FY 2020 as at 31 March 2020</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Financial liabilities:		
- Borrowings	<b>99,082</b>	54,000
- Derivative financial instruments	<b>2,041</b>	4,664
Trade and other payables	<b>106,836</b>	126,377
Contract liabilities	<b>4,322</b>	4,537
Provisions	<b>9,243</b>	9,423
Deferred income	<b>676</b>	996
	<b>222,200</b>	199,997
Liabilities related to assets held for sale	<b>183</b>	392
	<b>222,383</b>	200,389
<b>Non-current liabilities</b>		
Financial liabilities:		
- Borrowings	<b>366,506</b>	373,728
- Derivative financial instruments	<b>1,762</b>	2,615
Trade and other payables	<b>3,243</b>	3,028
Contract liabilities	<b>6,421</b>	6,120
Deferred tax liabilities	<b>15,806</b>	16,105
Retirement benefit obligations	<b>60,928</b>	58,589
Provisions	<b>13,221</b>	13,261
Deferred income	<b>3,062</b>	3,168
	<b>470,949</b>	476,614
<b>Total liabilities</b>	<b>693,332</b>	677,003
<b>Equity</b>		
<b>Capital and reserves attributable to the Company's equity shareholders</b>		
Called up share capital	<b>116,636</b>	116,607
Capital surplus	<b>155,212</b>	155,222
Retained earnings	<b>(79,398)</b>	(54,276)
Retained earnings (Translation adjustment at the IFRS transition date)	<b>(68,048)</b>	(68,048)
Other reserves	<b>(75,611)</b>	(75,893)
<b>Total shareholders' equity</b>	<b>48,791</b>	73,612
<b>Non-controlling interests</b>	<b>15,452</b>	14,582
<b>Total equity</b>	<b>64,243</b>	88,194
<b>Total liabilities and equity</b>	<b>757,575</b>	765,197

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

¥ millions

<b>2nd Quarter FY 2021</b>	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	<b>Total share holders' equity</b>	Non-controlling interests	<b>Total equity</b>
At 1 April 2020	116,607	155,222	(54,276)	(68,048)	(75,893)	<b>73,612</b>	14,582	<b>88,194</b>
Total Comprehensive Income	—	—	(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>

¥ millions

<b>2nd Quarter FY 2020 (restated)</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 2019	116,588	160,953	(40,530)	(68,048)	(45,203)	<b>123,760</b>	8,746	<b>132,506</b>
Adoption of new standards	—	—	(3,576)	—	—	<b>(3,576)</b>	—	<b>(3,576)</b>
At 1 April 2019 (after adjustment)	116,588	160,953	(44,106)	(68,048)	(45,203)	<b>120,184</b>	8,746	<b>128,930</b>
Total Comprehensive Income	—	—	1,775	—	(21,785)	<b>(20,010)</b>	(629)	<b>(20,639)</b>
Hyperinflation adjustment	—	—	927	—	—	<b>927</b>	808	<b>1,735</b>
Dividends paid	—	—	(2,822)	—	—	<b>(2,822)</b>	(240)	<b>(3,062)</b>
Stock options	3	3	—	—	63	<b>69</b>	—	<b>69</b>
Purchase of treasury stock	—	—	—	—	(5,751)	<b>(5,751)</b>	—	<b>(5,751)</b>
Retirement of treasury stock	—	(5,750)	—	—	5,750	—	—	—
Equity transaction with non-controlling interests	—	—	(3)	—	—	<b>(3)</b>	813	<b>810</b>
<b>At 30 September 2019</b>	<b>116,591</b>	<b>155,206</b>	<b>(44,229)</b>	<b>(68,048)</b>	<b>(66,926)</b>	<b>92,594</b>	<b>9,498</b>	<b>102,092</b>

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

¥ millions

	Note	2nd Quarter For the period 1 April to 30 September 2020	2nd Quarter For the period 1 April to 30 September 2019
<b>Cash flows from operating activities</b>			
Cash flows generated from operations	(5)-(j)	(2,377)	9,024
Interest paid		(5,332)	(5,289)
Interest received		1,427	1,134
Tax paid		(1,484)	(3,492)
<b>Net cash outflows from operating activities</b>		<b>(7,766)</b>	<b>1,377</b>
<b>Cash flows from investing activities</b>			
Dividends received from joint ventures and associates		42	44
Purchase of joint ventures and associates		(3,312)	—
Proceeds on disposal of joint ventures and associates		381	—
Purchase of subsidiaries		(70)	—
Proceeds on disposal of subsidiaries, net of cash balances held by subsidiaries on disposal		(127)	1,821
Purchases of property, plant and equipment		(22,709)	(31,089)
Proceeds on disposal of property, plant and equipment		308	209
Purchases of intangible assets		(618)	(596)
Proceeds on disposal of intangible assets		5	11
Purchase of assets held at FVOCI		(815)	(1,374)
Proceeds on disposal of assets held at FVOCI		626	5
Loans advanced to joint ventures, associates and third parties		(372)	(1,211)
Loans repaid from joint ventures, associates and third parties		223	951
Others		—	1,050
<b>Net cash outflows from investing activities</b>		<b>(26,438)</b>	<b>(30,179)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to owners of the parent		(1,651)	(2,813)
Dividends paid to non-controlling interests		(24)	(240)
Repayment of borrowings		(19,774)	(16,997)
Proceeds from borrowings		51,256	48,355
Purchase of treasury stock		—	(5,751)
Capital contribution from non-controlling interests		1,144	1,278
Others		(2)	(468)
<b>Net cash inflows from financing activities</b>		<b>30,949</b>	<b>23,364</b>
<b>Decrease in cash and cash equivalents (net of bank overdrafts)</b>		<b>(3,255)</b>	<b>(5,438)</b>
<b>Cash and cash equivalents (net of bank overdrafts) at beginning of period</b>	(5)-(k)	<b>40,512</b>	<b>50,292</b>
Effect of foreign exchange rate changes		(274)	(2,678)
Hyperinflation adjustment	(5)-(m)	501	803
<b>Cash and cash equivalents (net of bank overdrafts) at end of period</b>	(5)-(k)	<b>37,484</b>	<b>42,979</b>

## **(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) Changes in accounting principles, practices and presentations**

From 1 April 2020, the Group has changed its presentation of hyperinflation adjustments in subsidiaries with a functional currency that is the currency of a hyper-inflationary economy, to be consistent with the conclusions set out in the IFRS Interpretation Committee's agenda decisions published in March 2020. Hyperinflation restatement adjustments set out in IAS 29 which were previously included in the Consolidated Statement of Comprehensive Income will now be charged (credited) directly to retained earnings and will be recorded in the Consolidated Statement of Changes in Equity. Foreign exchange gains and losses arising from the retranslation of the assets and liabilities of subsidiaries with a functional currency that is the currency of a hyper-inflationary economy, will continue to be recognized in the Statement of Comprehensive Income. The Group chose its proposed treatment as this method is more consistent with the Group's previous practice. As result of this change, the Group's other comprehensive income and total comprehensive income recorded in the second quarter of FY2021 decreased by ¥3,230 million (second quarter of FY2020: decreased by ¥1,735 million). Closing balances of retained earnings as at 30 September 2020, 31 March 2020, and 30 September 2019 are not affected by this change.

The Group has revised its actuarial assumptions used to assess net retirement benefit obligations following a significant change in applicable discount rates during the quarter. For further details, see note (l).

### **(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, 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.

From 1 April 2020, the Group has changed its presentation of segmental results, by removing the lines of "Trading profit" and "Amortization arising from the acquisition of Pilkington plc". The amount of amortization has become less material in the context of Group's overall operating performance, as some of the intangible assets have been amortized to nil.

The amortization arising from the acquisition of Pilkington plc was ¥817 million in 2Q FY2021 (2Q FY2020: ¥927 million).

**(c) Segmental information** continued

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

¥ millions

<b>2nd Quarter FY 2021 For the period 1 April 2020 to 30 September 2020</b>	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
<b>Total revenue</b>	<b>103,426</b>	<b>105,896</b>	<b>17,472</b>	<b>1,820</b>	<b>228,614</b>
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>	<i>38,229</i>	<i>43,304</i>	<i>2,704</i>	<i>250</i>	<i>84,487</i>
<i>Asia</i>	<i>37,819</i>	<i>25,811</i>	<i>13,262</i>	<i>357</i>	<i>77,249</i>
<i>Americas</i>	<i>23,038</i>	<i>36,248</i>	<i>509</i>	—	<i>59,795</i>
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>					<b>(17,199)</b>

**(c) Segmental information** continued

The segmental results for the second quarter to 30 September 2019 were as follows:

	¥ millions				
<b>2nd Quarter FY 2020</b> <b>For the period 1 April 2019 to</b> <b>30 September 2019</b>	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
<b>Total revenue</b>	127,168	149,179	21,450	2,391	300,188
Inter-segmental revenue	(7,428)	(951)	(1,281)	(1,903)	(11,563)
External revenue	119,740	148,228	20,169	488	288,625
<i>Disaggregation of external revenue by geographical regions:</i>					
<i>Europe</i>	45,326	62,897	3,556	98	111,877
<i>Asia</i>	46,967	34,644	15,856	390	97,857
<i>Americas</i>	27,447	50,687	757	—	78,891
Operating profit/(loss)	9,800	5,229	3,505	(3,658)	14,876
Exceptional items (gains)	124	—	974	—	1,098
Exceptional items (losses)	(240)	(1,839)	(2)	(1,235)	(3,316)
Operating profit after exceptional items					12,658
Finance costs – net					(6,275)
Share of post-tax profit from joint ventures and associates					813
Profit before taxation					7,196
Taxation					(4,792)
<b>Profit for the period from continuing operations</b>					<b>2,404</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 Glass</b>	<b>Other Operations</b>	<b>Total</b>
Net trading assets	<b>158,582</b>	<b>150,378</b>	<b>33,171</b>	<b>7,113</b>	<b>349,244</b>
Capital expenditure (including intangibles)	<b>14,234</b>	<b>2,839</b>	<b>258</b>	<b>183</b>	<b>17,514</b>

The segmental assets at 30 September 2019 and capital expenditure for the second quarter ended 30 September 2019 were as follows:

	¥ millions				
	<b>Architectural</b>	<b>Automotive</b>	<b>Technical Glass</b>	<b>Other Operations</b>	<b>Total</b>
Net trading assets	152,987	160,929	35,615	13,443	362,974
Capital expenditure (including intangibles)	15,972	5,775	810	8,929	31,486

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 FY 2021 For the period 1 April to 30 September 2020</b>	<b>2nd Quarter FY 2020 For the period 1 April to 30 September 2019</b>
<b>Exceptional items (gains):</b>		
COVID-19 government support (a)	<b>2,125</b>	—
Gain on disposal of subsidiaries and joint ventures (b)	<b>647</b>	973
Reversal of impairment of non-current assets (c)	—	122
Others	<b>34</b>	3
	<b>2,806</b>	1,098
<b>Exceptional items (losses):</b>		
Suspension and other costs caused by COVID-19 (a)	<b>(14,937)</b>	—
Restructuring costs, including employee termination payments (d)	<b>(1,064)</b>	(1,720)
Settlement of litigation matters (e)	<b>(215)</b>	(230)
Suspension of facilities (f)	<b>(211)</b>	(1,191)
Impairment of non-current assets (g)	—	(175)
Others	<b>(4)</b>	—
	<b>(16,431)</b>	(3,316)
	<b>(13,625)</b>	(2,218)

(a) 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.

(b) The 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. Also included in this category is a reversal of a previous impairment of assets at a subsidiary in Japan prior to the disposal of that subsidiary.

The prior year gain on disposal of a subsidiary related to the sale of Nippon Sheet Glass Environment Amenity Co., Limited, a subsidiary operating within the Technical Glass business.

(c) The prior year reversal of impairment of non-current assets to an asset in Architectural North America.

(d) Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. In the current year the costs relate to restructuring programs in Architectural South East Asia and Automotive Europe.

In the previous years, restructuring costs related to several relatively minor projects in various locations. The previous year cost also included the cost of maintaining idle facilities, principally in Automotive Europe.

(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 relates to the repair of facilities in Architectural Japan following a Typhoon during the previous year.

The prior year suspension of facilities mainly related to a short-term suspension of the Group's Architectural facility in Laurinburg, U.S.A., due to a power failure in the local area, and also includes a short-term suspension of the Group's Architectural facility in Chiba, Japan as a result of Typhoon damages.

- (g) The prior year impairment of non-current assets related to assets in Architectural Japan.

### (e) Finance income and expenses

¥ millions

	2nd Quarter FY 2021 For the period 1 April to 30 September 2020	2nd Quarter FY 2020 For the period 1 April to 30 September 2019
<b>Finance income</b>		
Interest income	783	1,068
Foreign exchange transaction gains	30	196
	<b>813</b>	<b>1,264</b>
<b>Finance expenses</b>		
Interest expense:		
- bank and other borrowings	(5,586)	(6,423)
Dividend on non-equity preference shares due to minority shareholders	(121)	(122)
Foreign exchange transaction losses	(18)	(287)
Other interest and similar charges	(198)	—
	<b>(5,923)</b>	<b>(6,832)</b>
Unwinding discounts on provisions	(88)	(100)
Retirement benefit obligations		
- net finance charge	11	(216)
Loss on net monetary position	(201)	(391)
	<b>(6,201)</b>	<b>(7,539)</b>
	<b>(5,388)</b>	<b>(6,275)</b>

### (f) Taxation

The tax charge on the loss before taxation, excluding the Group's share of net results of joint ventures and associates, is a rate of -7.8 percent in the second quarter to 30 September 2020 (30 September 2019 - a rate of 75.1 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2021.

**(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 and redemption premium 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 September 2020	Quarter ended 30 September 2019
	¥ millions	¥ millions
(Loss)/Profit attributable to owners of the parent	<b>(17,315)</b>	1,908
Adjustment for;		
- Dividends on Class A shares	<b>(978)</b>	(875)
- Redemption premium paid on Class A shares	-	(750)
Profit used to determine basic earnings per share	<b>(18,293)</b>	283
	Thousands	Thousands
Weighted average number to ordinary shares in issue	<b>90,623</b>	90,580
	¥	¥
<b>Basic earnings per share</b>	<b>(201.86)</b>	3.12

**(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. 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. Restricted shares are treated as dilutive potential ordinary shares until the conditions for lifting the restrictions are met.

	Quarter ended 30 September 2020	Quarter ended 30 September 2019
	¥ millions	¥ millions
(Loss)/Profit attributable to owners of the parent	(17,315)	1,908
Adjustment for:		
- Dividends on Class A shares	(978)	(875)
- Redemption premium paid on Class A shares	-	(750)
Profit used to determine diluted earnings per share	(18,293)	283
	Thousands	Thousands
Weighted average number to ordinary shares in issue	90,623	90,580
Adjustment for:		
- Share options	-	667
- Class A shares	-	-
- Restricted shares	-	-
Weighted average number of ordinary shares for diluted earnings per share	90,623	91,247
	¥	¥
<b>Diluted earnings per share</b>	<b>(201.86)</b>	<b>3.10</b>

Diluted earnings per share for the 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) Dividends

	Quarter ended 30 September 2020	Quarter ended 30 September 2019
<b>Dividends on ordinary shares declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	—	1,811
Dividend per share (¥)	—	20

	Quarter ended 30 September 2020	Quarter ended 30 September 2019
<b>Dividends on Class A shares declared and paid during the period:</b>		
Final dividend for the previous year		
Dividend total (¥ millions)	1,650	960
Dividend per share (¥)	55,000.00	27,424.70
The daily pro-rated preferred dividend for the partial acquisition during the year		
Dividend total (¥ millions)	—	50
Dividend per share (¥)	—	10,068.30

#### (i) Exchange rates

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

	Quarter ended 30 September 2020		Year ended 31 March 2020		Quarter ended 30 September 2019	
	Average	Closing	Average	Closing	Average	Closing
GBP	135	135	138	133	137	133
US dollar	106	105	109	108	109	108
Euro	121	124	121	119	121	118
Argentine peso	—	1.38	—	1.68	—	1.88

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

¥ millions

	<b>2nd Quarter FY 2021 for the period 1 April 2019 to 30 September 2020</b>	<b>2nd Quarter FY 2020 for the period 1 April 2019 to 30 September 2019</b>
(Loss)/Profit for the period from continuing operations	<b>(17,199)</b>	2,404
Adjustments for:		
Taxation	<b>1,227</b>	4,792
Depreciation	<b>15,723</b>	15,408
Amortization	<b>1,646</b>	1,779
Impairment	<b>31</b>	584
Reversal of impairments	<b>(116)</b>	(122)
(Gain)/loss on sale of property, plant and equipment	<b>(54)</b>	3
Gain on sale of subsidiaries and joint ventures	<b>(542)</b>	(973)
Grants and deferred income	<b>(541)</b>	(866)
Finance income	<b>(813)</b>	(1,264)
Finance expenses	<b>6,201</b>	7,539
Share of loss/(profit) from joint ventures and associates	<b>197</b>	(813)
Other items	<b>(372)</b>	(706)
<b>Operating cash flows before movement in provisions and working capital</b>	<b>5,388</b>	27,765
Decrease in provisions and retirement benefit obligations	<b>(1,182)</b>	(5,245)
Changes in working capital:		
- inventories	<b>9,318</b>	(5,504)
- trade and other receivables	<b>(8,759)</b>	(10,162)
- trade and other payables	<b>(6,553)</b>	(4,260)
- contract balances	<b>(589)</b>	6,430
Net change in working capital	<b>(6,583)</b>	(13,496)
<b>Cash flows generated from operations</b>	<b>(2,377)</b>	9,024

**(k) Cash and cash equivalents**

¥ millions

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	43,608	52,406
Bank overdrafts	(3,096)	(2,114)
	<b>40,512</b>	50,292

¥ millions

	As at 30 September 2020	As at 30 September 2019
Cash and cash equivalents	40,530	44,832
Bank overdrafts	(3,046)	(1,853)
	<b>37,484</b>	42,979

**(l) Retirement Benefit Obligations**

Due to a change in 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 September 2020. 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 an increase in net retirement benefit obligations of ¥ 8,963 million gross of related deferred taxation, and ¥ 7,820 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.

	30 September 2020	31 March 2020
	%	%
UK discount rate	1.6	2.4
UK inflation	2.3	2.0
Eurozone discount rate	0.7	1.7
Japan discount rate	0.5	0.4

**(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 (IPIM) (30 June 2006 = 100)	Conversion coefficient
30 June 2006	100.0	16.507
31 March 2007	103.9	15.893
31 March 2008	120.2	13.732
31 March 2009	128.7	12.825
31 March 2010	146.5	11.268
31 March 2011	165.5	9.974
31 March 2012	186.7	8.840
31 March 2013	211.1	7.818
31 March 2014	265.6	6.215
31 March 2015	305.7	5.399
31 March 2016	390.6	4.226
31 March 2017	467.2	3.533
31 March 2018	596.1	2.769
31 March 2019	970.9	1.700
31 March 2020	1,440.8	1.146
30 April 2020	1,474.5	1.119
31 May 2020	1,497.3	1.102
30 June 2020	1,530.8	1.078
31 July 2020	1,560.5	1.058
31 August 2020	1,602.6	1.030
30 September 2020	1,650.7	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).

**(n) Significant subsequent events**

There were no significant subsequent events.