FY 2025 2nd Quarter Consolidated Financial Results <IFRS>

8 November 2024

(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 semi-annual report to MOF: 12 November 2024 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 2025 2nd Quarter (From 1 April to 30 September 2024)

(1) Consolidated business results

	Revenue		Operating profit		Profit before taxation		Profit/(loss) for the period		Profit/(loss) attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
2Q FY 2025	422,437	0.5	10,229	(60.7)	154	(99.2)	(3,396)	–	(3,867)	–	(24,777)	–
2Q FY 2024	420,168	11.9	26,028	80.3	19,335	–	10,498	–	9,771	–	13,143	3,944.0

	Earnings per share - basic
2Q FY 2025	¥(53.18)
2Q FY 2024	¥96.70

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 2025 2nd Quarter	981,247	141,345	109,313	11.1
FY 2024 Full year	1,007,585	153,838	124,275	12.3

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
FY 2024 (Actual)	–	¥0.00	–	¥0.00	¥0.00
FY 2025 (Actual)	–	¥0.00			
FY 2025 (Forecast)			–	¥0.00	¥0.00

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

3. Forecast for FY 2025 (From 1 April 2024 to 31 March 2025)

	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	850,000	2.1	26,000	(27.5)	6,000	(65.9)	1,000	(90.9)	—	—	(21.40)

Note:
- There have been changes to the forecast results this quarter.
- Forecast of basic earnings per share for FY2025 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 2025), by 91,123,368 shares which is the number of ordinary shares issued at 30 September 2024, reduced by the number of treasury stock and restricted shares (375,100 shares).
- For details, please refer to the "Difference between Actual Results and Previous Forecast, and Revision to Forecast for Financial Year ending on 31 March 2025" and the slides on 2025/3 forecast in 2025/3 Second 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: 91,532,799 shares as of 30 September 2024 and 91,401,499 shares as at 31 March 2024
- (ii) Number of shares held as treasury stock at the end of the period: 34,331 shares as at 30 September 2024 and 33,404 shares as at 31 March 2024
- (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 91,110,134 shares for the period ending 30 September 2024 and 90,958,760 shares for the period ending 30 September 2023

Status of review procedures taken by external auditors for the semi -annual financial results

This document (Tanshin) is out of scope for 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					
FY2024 (Actual)	—	¥0.00	—	¥65,000.00	¥65,000.00
FY2025 (Actual)	—	¥0.00			
FY2025 (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 FY2025, is ¥ 1,950 million.

[Attachments]

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1. Narratives about financial results

(1) Business Performance

(a) Background to Results

The Group continued to experience adverse conditions in many of its largest markets during the second quarter of the year. In particular, architectural markets in Europe were significantly below the previous year, and architectural markets elsewhere also deteriorated. Demand for solar energy glass was positive. Automotive markets were also challenging, with volumes generally flat across most regions. Technical glass markets were generally positive.

Cumulative Group revenues of ¥ 422,437 million (2Q FY2024 ¥ 420,168 million), were similar to the previous year, with an improvement in the Automotive and Technical Glass businesses being offset by a deterioration in the Architectural business. Cumulative operating profits fell to ¥ 10,229 million (2Q FY2024 ¥ 26,028 million), with the decline being mainly due to reduced profitability in the Architectural business. Exceptional items amounted to a net charge of ¥ 40 million (2Q FY2024: net credit of ¥ 289 million). Net financial expenses decreased to ¥ 12,563 million (2Q FY2024 ¥ 14,040 million) and the Group's share of the post-tax profit of joint ventures and associates improved to ¥ 2,528 million (2Q FY2024: ¥ 2,176 million). During the previous year, the Group also recorded one-off gains arising from the disposal of its joint venture business in Russia of ¥ 4,882 million. The taxation charge of ¥ 3,550 million (2Q FY2024 ¥ 8,837 million) is calculated based on the effective rate expected for the full-year. As a consequence of the reduced operating profit, the Group recorded a loss attributable to owners of the parent of ¥ 3,867 million (2Q FY2024 profit of ¥ 9,771 million).

(b) Review by Business Segment

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

Architectural, representing 43 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 51 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)	
	2nd Quarter FY 2025	**2nd Quarter FY 2024**	**2nd Quarter FY 2025**	**2nd Quarter FY 2024**
Architectural	179,968	192,934	6,658	21,803
Automotive	217,305	205,165	3,496	6,300
Technical Glass	24,719	19,882	3,907	4,000
Other Operations	445	2,187	(3,832)	(6,075)
Total	422,437	420,168	10,229	26,028

Architectural Business

The Architectural business recorded cumulative revenues of ¥ 179,968 million (2Q FY2024: ¥ 192,934 million) and an operating profit of ¥ 6,658 million (2Q FY2024: ¥ 21,803 million).

Architectural revenues and profits decreased from the previous year due to reduced volumes and prices across most markets, especially in Europe.

In Europe, representing 36 percent of the Group's architectural sales, revenues were below the previous year as volumes and prices declined in line with deteriorating economic activity. The impact of the weaker market conditions was mitigated somewhat by a decline in input costs. As a consequence of the continuing weak demand situation, on 10 October 2024 the Group announced that it intended to cease production at one of its two float glass lines at Gladbeck, Germany, as from January 2025.

In Asia, representing 32 percent of the Group's architectural sales, revenues and profits were similar to the previous year. Results deteriorated in Japan due to lower market volumes, although prices were stable. Markets remain difficult elsewhere across South-East Asia. Volumes of glass for solar energy were positive.

In the Americas, representing 32 percent of the Group's architectural sales, revenues and profits were below the previous year. In North America, results declined in line with lackluster commercial markets. Demand in South America was also negative, with results reflecting difficult market conditions in Argentina.

Automotive Business

The Automotive business recorded cumulative revenues of ¥ 217,305 million (2Q FY2024: ¥ 205,165 million) and an operating profit of ¥ 3,496 million (2Q FY2024: ¥ 6,300 million). Exchange factors, reflecting the falling value of JPY, contributed to the increased revenues, with underlying sales being similar to the previous year across most regions.

Europe represents 41 percent of the Group's automotive sales. Revenues in local currency were slightly reduced, although revenues were improved on consolidation due to exchange factors. Profitability was below the previous year.

In Asia, representing 18 percent of the Group's automotive sales, revenues and profits improved from the previous year. Volumes in Japan reflected disruption to production activity at some customers, but were otherwise stable.

In the Americas, representing 41 percent of the Group's automotive sales, revenues increased from the previous year, although profits fell. Volumes in North America reflected disruptions to production at some customers, against a stable market background overall. Compared to the previous year, volumes in Brazil were positive, although volumes fell in Argentina.

Technical Glass Business

The Technical Glass business recorded cumulative revenues of ¥ 24,719 million (2Q FY2024: ¥ 19,882 million) and an operating profit of ¥ 3,907 million (2Q FY2024: ¥ 4,000 million).

Technical Glass revenues were improved from the previous year, with positive demand across most business areas. Profits were similar to the previous year.

In the Fine Glass business, revenues were slightly recovered from the previous year. In the Information Devices business, demand was boosted by recovering demand for printers and scanners. Volumes of glass cord used in engine timing belts benefitted from high demand in automotive glass replacement markets. Metashine sales increased for automotive applications.

Joint Ventures and Associates

The Group's share of the post-tax profit of joint ventures and associates improved to ¥ 2,528 million (2Q FY2024: ¥ 2,176 million). During the previous year, the Group also recorded one-off gains arising from the disposal of its joint venture business in Russia of ¥ 4,882 million.

(2) Overview about financial condition

Total assets at the end of September 2024 were ¥ 981,247 million, representing a decrease of ¥ 26,338 million from the end of March 2024. Total equity was ¥ 141,345 million, representing a decrease of ¥ 12,493 million from the March 2024 figure of ¥ 153,838 million. The decrease in total equity was largely due to the translational impact of JPY strengthening during FY2025, arising during the second quarter, and also the loss recorded for the period.

Net financial indebtedness increased by ¥ 28,011 million from 31 March 2024 to ¥ 475,507 million at the period end. The increase in indebtedness arose largely from seasonal working capital movements. Foreign exchange movements generated a decrease in net indebtedness of ¥ 7,960 million. Gross debt was ¥ 531,048 million at the period end.

Cash outflows from operating activities were ¥ 3,806 million. Cash outflows from investing activities were ¥ 24,839 million, including capital expenditure on property, plant, and equipment of ¥ 23,520 million. As a result, free cash flow was an outflow of ¥ 28,645 million (2Q FY2024 free cash outflow of ¥ 18,592 million).

(3) Prospects

The Group's forecast for the financial year FY2025 is shown on page 2.

For details, please refer to the "Difference between Actual Results and Previous Forecast, and Revision to Forecast for Financial Year ending on 31 March 2025" and the slides on FY2025 forecast in FY2025 2nd Quarter Results presentation.

NSG Group has set out its new medium-term plan, "2030 Vision: Shift the Phase", for a six-year- period from FY2025 to FY2030 aiming to drive forward reforms aligned with transitioning to the next phase of its development and positioning the Group as a vital contributor to the development of a sustainable society.

The Group has established a set of key financial metrics as targets for the period to FY2027, representing an interim stage on its journey towards achieving its 2030 Medium-Term Plan.

Profitability (P/L)	Operating profit	¥ 64.0 billion
	Return on sales	7%
Cash Generation (C/F)	Free cash flow	¥ 27.0 billion
Stabilization of Financial Status (B/S)	Interest-Bearing Debt	¥ 442.0 billion
	Shareholders' equity ratio	15%

The Group aims to achieve its Medium-Term Plan targets through four strategic pillars:

- Business Development – to strengthen new products and business development efforts,
- Decarbonization – as part of the Group's contribution to societal decarbonization,
- Digital transformation – through high-value operations utilizing digital technologies to their full extent,
- Diverse talent - In order to realize a truly diverse and inclusive team that brings about the phase shift the Group needs.

2. Consolidated financial statements and their notes

(1) (a) Condensed quarterly consolidated income statement

¥ millions

	Note	**2nd Quarter FY 2025 For the period 1 April to 30 September 2024**	2nd Quarter FY 2024 For the period 1 April to 30 September 2023
Revenue	(5)-(c)	**422,437**	420,168
Cost of sales		**(337,296)**	(322,636)
Gross profit		**85,141**	97,532
Other income		**479**	363
Distribution costs		**(33,832)**	(32,078)
Administrative expenses		**(38,933)**	(38,308)
Other expenses		**(2,626)**	(1,481)
Operating profit	(5)-(c)	**10,229**	26,028
Exceptional items — gains	(5)-(d)	**344**	1,117
Exceptional items — losses	(5)-(d)	**(384)**	(828)
Operating profit after exceptional items		**10,189**	26,317
Finance income	(5)-(e)	**1,953**	4,275
Finance expenses	(5)-(e)	**(14,516)**	(18,315)
Reversal of previous impairment of financial receivables owed by joint ventures and associates		—	3,740
Share of post-tax profit of joint ventures and associates accounted for using the equity method		**2,528**	2,176
Other gains on equity method investments		—	1,142
Profit before taxation		**154**	19,335
Taxation	(5)-(f)	**(3,550)**	(8,837)
(Loss)/profit for the period		**(3,396)**	10,498
Profit attributable to non-controlling interests		**471**	727
(Loss)/profit attributable to owners of the parent		**(3,867)**	9,771
		(3,396)	10,498
Earnings per share attributable to owners of the parent			
Basic	(5)-(g)	**(53.18)**	96.70
Diluted	(5)-(g)	**(53.18)**	68.77

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

¥ millions

	2nd Quarter FY 2025 For the period 1 April to 30 September 2024	2nd Quarter FY 2024 For the period 1 April to 30 September 2023
(Loss)/profit for the period	**(3,396)**	10,498
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	**(279)**	(365)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	**1,297**	(2,204)
Sub total	**1,018**	(2,569)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	**(21,426)**	8,624
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	**73**	(437)
Cash flow hedges:		
– fair value gains (net of taxation)	**(1,046)**	(2,973)
Sub total	**(22,399)**	5,214
Total other comprehensive income for the period (net of taxation)	**(21,381)**	2,645
Total comprehensive income for the period	**(24,777)**	13,143
Attributable to non-controlling interests	**(3,693)**	(6,450)
Attributable to owners of the parent	**(21,084)**	19,593
	(24,777)	13,143

(2) Condensed quarterly consolidated balance sheet

¥ millions

	2nd Quarter FY 2025 as at 30 September 2024	FY 2024 as at 31 March 2024
ASSETS		
Non-current assets		
Goodwill	**81,588**	84,172
Intangible assets	**46,319**	46,734
Property, plant, and equipment	**422,226**	431,212
Investment property	**132**	136
Investments accounted for using the equity method	**26,275**	26,164
Retirement benefit asset	**29,126**	28,704
Contract assets	**337**	320
Trade and other receivables	**6,042**	4,787
Financial assets:		
— Assets held at Fair Value through Other Comprehensive Income	**24,087**	23,537
— Derivative financial instruments	**4,104**	4,718
Deferred tax assets	**33,667**	35,802
	673,903	686,286
Current assets		
Inventories	**168,505**	173,068
Contract assets	**1,790**	1,280
Trade and other receivables	**80,803**	87,853
Financial assets:		
— Assets held at Fair Value through Other Comprehensive Income	**201**	—
— Derivative financial instruments	**1,767**	3,063
Cash and cash equivalents	**49,670**	51,183
	302,736	316,447
Assets held for sale	**4,608**	4,852
	307,344	321,299
Total assets	**981,247**	1,007,585

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	2nd Quarter FY 2025 as at 30 September 2024	FY 2024 as at 31 March 2024
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
— Borrowings	**142,389**	144,223
— Derivative financial instruments	**2,393**	3,816
Trade and other payables	**157,278**	184,149
Contract liabilities	**18,800**	17,560
Provisions	**14,073**	18,286
Deferred income	**449**	512
	335,382	368,546
Liabilities related to assets held for sale	**1,221**	1,346
	336,603	369,892
Non-current liabilities		
Financial liabilities:		
— Borrowings	**383,994**	356,332
— Derivative financial instruments	**2,272**	2,089
Trade and other payables	**3,771**	4,125
Contract liabilities	**27,211**	29,331
Deferred tax liabilities	**18,711**	19,711
Retirement benefit obligations	**46,604**	49,336
Provisions	**17,106**	19,237
Deferred income	**3,630**	3,694
	503,299	483,855
Total liabilities	**839,902**	853,747
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,890**	116,853
Capital surplus	**155,827**	155,840
Retained earnings	**(54,904)**	(56,882)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(40,452)**	(23,488)
Total shareholders' equity	**109,313**	124,275
Non-controlling interests	**32,032**	29,563
Total equity	**141,345**	153,838
Total liabilities and equity	**981,247**	1,007,585

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

2nd Quarter FY 2025	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	**Total share holders' equity**	Non-controlling interests	**Total equity**
At 1 April 2024	116,853	155,840	(56,882)	(68,048)	(23,488)	**124,275**	29,563	**153,838**
Total Comprehensive Income	—	—	(4,146)	—	(16,938)	**(21,084)**	(3,693)	**(24,777)**
Hyperinflation adjustment	—	—	8,074	—	—	**8,074**	6,812	**14,886**
Dividends paid	—	—	(1,950)	—	—	**(1,950)**	(447)	**(2,397)**
Share-based compensation with restricted shares	24	1	—	—	—	**25**	—	**25**
Stock options	13	13	—	—	(26)	**-**	—	**-**
Equity transaction with non-controlling interests	—	(27)	—	—	—	**(27)**	(203)	**(230)**
At 30 September 2024	**116,890**	**155,827**	**(54,904)**	**(68,048)**	**(40,452)**	**109,313**	**32,032**	**141,345**

¥ millions

2nd Quarter FY 2024	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	**Total share holders' equity**	Non-controlling interests	**Total equity**
At 1 April 2023	116,756	155,746	(86,675)	(68,048)	(20,739)	**97,040**	27,828	**124,868**
Total Comprehensive Income	—	—	9,406	—	10,187	**19,593**	(6,450)	**13,143**
Hyperinflation adjustment	—	—	11,819	—	—	**11,819**	10,272	**22,091**
Dividends paid	—	—	(1,950)	—	—	**(1,950)**	(548)	**(2,498)**
Share-based compensation with restricted shares	29	(3)	—	—	—	**26**	—	**26**
Stock options	44	44	—	—	(88)	**—**	—	**—**
Purchase of treasury stock	—	—	—	—	(1)	**(1)**	—	**(1)**
At 30 September 2023	**116,829**	**155,787**	**(67,400)**	**(68,048)**	**(10,641)**	**126,527**	**31,102**	**157,629**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**2nd Quarter For the period 1 April to 30 September 2024**	2nd Quarter For the period 1 April to 30 September 2023
Cash flows from operating activities			
Cash flows generated from operations	(5)-(j)	**10,407**	15,776
Interest paid		**(11,204)**	(18,909)
Interest received		**1,531**	9,244
Tax paid		**(4,540)**	(2,751)
Net cash (out)/inflows from operating activities		**(3,806)**	3,360
Cash flows from investing activities			
Dividends received from joint ventures and associates		**349**	77
Proceeds on disposal of joint ventures and associates		**135**	—
Purchases of property, plant and equipment		**(23,520)**	(27,785)
Proceeds on disposal of property, plant and equipment		**389**	104
Purchases of intangible assets		**(2,348)**	(948)
Proceeds on disposal of intangible assets		**1**	—
Purchase of assets held at FVOCI		**(8)**	(6)
Proceeds on disposal of assets held at FVOCI		**201**	1
Loans advanced to joint ventures, associates and third parties		**(74)**	(197)
Loans repaid from joint ventures, associates and third parties		**36**	6,802
Net cash outflows from investing activities		**(24,839)**	(21,952)
Cash flows from financing activities			
Dividends paid to owners of the parent		**(1,950)**	(1,950)
Dividends paid to non-controlling interests		**(412)**	(341)
Repayment of borrowings		**(50,592)**	(87,599)
Proceeds from borrowings		**84,302**	89,966
Increase in treasury stock		**-**	(1)
Capital contribution for non-controlling interests		**(230)**	—
Net cash in flows from financing activities		**31,118**	75
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		**2,473**	(18,517)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(5)-(k)	**44,278**	68,518
Effect of foreign exchange rate changes		**(2,548)**	2,540
Hyperinflation adjustment	(5)-(l)	**1,798**	2,657
Cash and cash equivalents (net of bank overdrafts) at end of period	(5)-(k)	**46,001**	55,198

(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 September 2024 are the same as the ones applied to the consolidated financial statements for the year ended 31 March 2024.

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 other intangible assets arising on consolidation, the Group compares the value-in-use of the Group's identified Cash Generating Units (CGUs) with the accounting value of assets within each CGU. The value-in-use for this purpose is considered to be the capitalized current value of the future cash flows of each CGU as calculated by discounting the projected future operating cash flows of each cash-generating unit, using an appropriate discount rate. The choice of discount rate is therefore a key determinant in assessing the value-in-use, and is calculated based on prevailing conditions in bond and equity markets.

The Group performed a re-assessment of its identifiable CGUs during the first quarter of the year. A separate Solar CGU has been identified based on the determination that the Solar business generates sufficiently independent cash flows. Solar business cash flows and relevant assets, including an element of goodwill and other intangible assets, which had previously been included in the CGUs covering Architectural Europe and North America, will now be considered within a separate Solar business CGU. The segmental disclosure of the Group's financial position and performance will remain unchanged.

Sales volumes are a key input into expectations of future trading conditions and, consequently, cash flows. Sales prices and input costs are also important factors. The Group experienced deteriorating markets during the second half of FY2024, particularly within its European Architectural business and this has continued into the first half of FY2025. Many of the Group's markets are sensitive to general levels of consumer confidence and economic activity, which have been negatively affected by increased interest rates in many regions. During the remainder of FY2025 the Group expects such conditions to gradually improve.

The recoverability of long-term investments in joint ventures, including loans receivable, is based on the current and expected future trading environment. The expected future trading environment is assessed using reasonable estimates of possible future trading conditions. Where relevant, the Group will also consider the existence of legal restrictions that may prevent the payment of dividends or interest, or repayment of debt by the joint venture when assessing the recoverability of such investments. In addition, the Group would also consider any projected corporate restructurings or other similar transactions that the joint venture may enter, but only in circumstances where the Group considers there is a satisfactory level of confidence that such a transaction will be completed.

(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 ¥ 81 million in FY2025 Q2 (FY2024 Q2: ¥115 million).

The segmental results for the second quarter to 30 September 2024 were as follows:

¥ millions

2nd Quarter FY 2025 For the period 1 April 2024 to 30 September 2024	Architectural	Automotive	Technical Glass	Other Operations	Total
Total revenue	**196,003**	**217,436**	**25,555**	**1,058**	**440,052**
Inter-segmental revenue	**(16,035)**	**(131)**	**(836)**	**(613)**	**(17,615)**
External revenue	**179,968**	**217,305**	**24,719**	**445**	**422,437**
Disaggregation of external revenue by geographical regions:					
Europe	**65,412**	**89,232**	**5,153**	**64**	**159,861**
Asia	**57,399**	**39,917**	**18,591**	**381**	**116,288**
Americas	**57,157**	**88,156**	**975**	**—**	**146,288**
Operating profit/(loss)	**6,658**	**3,496**	**3,907**	**(3,832)**	**10,229**
Exceptional items - gains	**313**	**—**	**—**	**31**	**344**
Exceptional items - losses	**(89)**	**(160)**	**—**	**(135)**	**(384)**
Operating profit after exceptional items					**10,189**
Finance costs - net					**(12,563)**
Reversal of previous impairment of financial receivables owed by joint ventures and associates					**—**
Share of post-tax profit from joint ventures and associates					**2,528**
Other gains on equity method investments					**—**
Profit before taxation					**154**
Taxation					**(3,550)**
Loss for the period from continuing operations					**(3,396)**

(c) **Segmental information** continued

The segmental results for the second quarter to 30 September 2023 were as follows:

¥ millions

2nd Quarter FY 2024 For the period 1 April 2023 to 30 September 2023	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Total revenue	210,366	205,359	20,820	3,303	439,848
Inter-segmental revenue	(17,432)	(194)	(938)	(1,116)	(19,680)
External revenue	192,934	205,165	19,882	2,187	420,168
Disaggregation of external revenue by geographical regions:					
Europe	73,508	83,794	5,022	1,611	163,935
Asia	54,831	38,310	13,969	576	107,686
Americas	64,595	83,061	891	—	148,547
Operating profit/(loss)	21,803	6,300	4,000	(6,075)	26,028
Exceptional items - gains	1,117	—	—	—	1,117
Exceptional items - losses	(775)	(48)	—	(5)	(828)
Operating profit after exceptional items					26,317
Finance costs - net					(14,040)
Reversal of previous impairment of financial receivables owed by joint ventures and associates					3,740
Share of post-tax profit from joint ventures and associates					2,176
Other gains on equity method investments					1,142
Profit before taxation					19,335
Taxation					(8,837)
Profit for the period from continuing operations					10,498

The segmental assets at 30 September 2024 and capital expenditure for the second quarter ended 30 September 2024 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	**260,616**	**208,661**	**34,280**	**5,120**	**508,677**
Capital expenditure (including intangibles)	**12,565**	**7,554**	**591**	**294**	**21,004**

The segmental assets at 30 September 2023 and capital expenditure for the second quarter ended 30 September 2023 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	247,810	199,499	36,248	8,144	491,701
Capital expenditure (including intangibles)	19,061	4,760	283	422	24,526

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

	2nd Quarter FY 2025 For the period 1 April to 30 September 2024	2nd Quarter FY 2024 For the period 1 April to 30 September 2023
Exceptional items – gains:		
Gain on disposal of non-current assets (a)	**300**	–
Settlement of litigation matters (b)	**31**	967
Reversal of impairment of non-current assets (c)	**13**	150
	344	1,117
Exceptional items – losses:		
Restructuring costs, including employee termination payments (d)	**(259)**	(37)
Impairment of non-current assets (e)	**(67)**	(556)
Settlement of litigation matters (b)	**(49)**	(45)
Write down of inventories (f)	–	(186)
Others	**(9)**	(4)
	(384)	(828)
	(40)	289

(a) The gain on disposal of non-current assets relates to property, plant & equipment in the Architectural business in Europe.

(b) The gain on settlement of litigation matters relates to compensation received as a consequence of a matter in Japan, previously recorded within exceptional items (losses).

The previous-year gain on the settlement of litigation matters related mainly to an additional settlement agreed with the Group's insurer and broker following the suspension of production at the Group's facility in Laurinburg, North Carolina, U.S.A, following an electrical power outage at this facility during Q1 of FY2020. The Group had been engaged in a dispute with its insurer and its broker regarding the value of insurance coverage following this event, and reached a settlement that resulted in an additional amount of $6 million being paid to the Group.

In both the current and previous years, 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.

(c) In both the current and previous years, the reversal of previous impairments relates to the impairment of property, plant & equipment assets at the Architectural business in Asia.

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

(e) The impairment of non-current assets in the current year relates mainly to property, plant & equipment in the Architectural business in Europe.

The previous-year impairment of non-current assets related to the impairment of property, plant & equipment within the Architectural business in Asia.

(f) The previous year write-down of inventories arose outside of the normal course of business and related mainly to the Architectural business in Asia as a result of the repurposing of the float glass line in Malaysia from architectural products to glass for solar energy.

(e) Finance income and expenses

¥ millions

	2nd Quarter FY 2025 For the period 1 April to 30 September 2024	2nd Quarter FY 2024 For the period 1 April to 30 September 2023
Finance income		
Interest income	**1,243**	2,976
Foreign exchange transaction gains	**430**	75
Gain on net monetary position	**280**	1,224
	1,953	4,275
Finance expenses		
Interest expense:		
— bank and other borrowings	**(13,168)**	(13,928)
Dividend on non-equity preference shares due to minority shareholders	**(166)**	(153)
Foreign exchange transaction losses	**(183)**	(1,833)
Other interest and similar charges	**(909)**	(2,238)
	(14,426)	(18,152)
Unwinding discounts on provisions	**(175)**	(146)
Retirement benefit obligations		
— net finance charge	**85**	(17)
	(14,516)	(18,315)
	(12,563)	(14,040)

(f) Taxation

The tax charge on the loss before taxation, excluding the Group's share of the net results of joint ventures and associates, is a rate of (149.5) percent for the first two quarters to 30 September 2024 (2Q FY2024 - a rate of 51.5 percent). The tax charge for the period is based on the estimated effective rate for the year to 31 March 2025.

(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.

	Quarter ended 30 September 2024	Quarter ended 30 September 2023
	¥ millions	¥ millions
(Loss)/profit attributable to owners of the parent	**(3,867)**	9,771
Adjustment for;		
－ Dividends on Class A shares	**(978)**	(975)
(Loss)/profit used to determine basic earnings per share	**(4,845)**	8,796
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**91,110**	90,958
	¥	¥
Basic earnings per share	**(53.18)**	96.70

(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.

	Quarter ended 30 September 2024	Quarter ended 30 September 2023
	¥ millions	¥ millions
(Loss)/profit attributable to owners of the parent	**(3,867)**	9,771
Adjustment for;		
― Dividends on Class A shares	**(978)**	―
(Loss)/profit used to determine diluted earnings per share	**(4,845)**	9,771
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**91,110**	90,958
Adjustment for:		
― Share options	―	392
― Class A shares	―	50,679
― Restricted shares	―	43
Weighted average number of ordinary shares for diluted earnings per share	**91,110**	142,072
	¥	¥
Diluted earnings per share	**(53.18)**	68.77

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

(h) Dividends

(i) Dividends on ordinary shares

	Quarter ended 30 September 2024	Quarter ended 30 September 2023
Declared and paid during the period:		
Final dividend for the previous year		
Dividend total (¥ millions)	—	—
Dividend per share (¥)	—	—

(ii) Dividends on Class A shares

	Quarter ended 30 September 2024	Quarter ended 30 September 2023
Declared and paid during the period:		
Final dividend for the previous year		
Dividend total (¥ millions)	1,950	1,950
Dividend per share (¥)	65,000	65,000

(i) Exchange rates

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

	Quarter ended 30 September 2024		Year ended 31 March 2024		Quarter ended 30 September 2023	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**195**	**191**	182	191	177	182
US dollar	**152**	**143**	144	152	140	148
Euro	**165**	**159**	157	163	153	157
Argentine peso	—	**0.15**	—	0.18	—	0.42

(j) Cash flows generated from operations

¥ millions

	2nd Quarter FY 2025 for the period 1 April 2024 to 30 September 2024	2nd Quarter FY 2024 for the period 1 April 2023 to 30 September 2023
(Loss)/profit for the period from continuing operations	**(3,396)**	10,498
Adjustments for:		
Taxation	**3,550**	8,837
Depreciation	**23,537**	20,856
Amortization	**1,253**	1,085
Impairment	**145**	581
Reversal of impairments	**(30)**	(146)
(Gains)/losses on sale of property, plant, and equipment	**(289)**	(8)
(Gains)/losses on sale of subsidiaries, joint ventures, associates and businesses	**9**	—
Grants and deferred income	**(58)**	(142)
Finance income	**(1,953)**	(4,275)
Finance expenses	**14,516**	18,315
Reversal of previous impairment of financial receivables owed by joint ventures and associates	—	(3,740)
Share of (profit)/loss from joint ventures and associates	**(2,528)**	(2,176)
Other (gains)/losses on equity method investments	—	(1,142)
Other items	**(80)**	89
Operating cash flows before movement in provisions and working capital	**34,676**	48,632
Decrease in provisions and retirement benefit obligations	**(7,597)**	(1,544)
Changes in working capital:		
— inventories	**(2,492)**	(8,696)
— trade and other receivables	**4**	361
— trade and other payables	**(13,097)**	(24,733)
— contract balances	**(1,087)**	1,756
Net change in working capital	**(16,672)**	(31,312)
Cash flows generated from operations	**10,407**	15,776

(k) Cash and cash equivalents

¥ millions

	As at 31 March 2024	As at 31 March 2023
Cash and cash equivalents	**51,183**	69,313
Bank overdrafts	**(6,905)**	(795)
	44,278	68,518

¥ millions

	As at 30 September 2024	As at 30 September 2023
Cash and cash equivalents	**49,670**	57,100
Bank overdrafts	**(3,669)**	(1,902)
	46,001	55,198

(l) 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	339.284
31 March 2007	103.9	326.661
31 March 2008	120.2	282.245
31 March 2009	128.7	263.616
31 March 2010	146.5	231.600
31 March 2011	165.5	205.017
31 March 2012	186.7	181.703
31 March 2013	211.1	160.693
31 March 2014	265.6	127.755
31 March 2015	305.7	110.969
31 March 2016	390.6	86.857
31 March 2017	467.2	72.617
31 March 2018	596.1	56.921
31 March 2019	970.9	34.945
31 March 2020	1,440.8	23.548
31 March 2021	2,046.4	16.579
31 March 2022	3,162.1	10.730
31 March 2023	6,402.2	5.300
31 March 2024	25,671.9	1.322
30 April 2024	27,685.1	1.226
31 May 2024	28,841.3	1.176
30 June 2024	30,161.4	1.125
31 July 2024	31,377.2	1.081
31 August 2024	32,686.3	1.038
30 September 2024	33,928.4	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).

(m) Significant subsequent events

There were no significant subsequent events.