METRO
PERFORMANCE GLASS

Interim Financial Statements

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021

Contents

FRONT COVER IMAGE: **Victoria University Glass Facade**
INSIDE FRONT COVER IMAGE: **Textured Glass Residential Door**

Chair Letter

Recent events in Australia and New Zealand have reminded us, yet again, that the future is uncertain. It seems just a short time since our AGM, where we were hoping for a financial year increasingly free of the pandemic and were predicting a return to dividend payments, as our debt levels declined.

The situation changed very rapidly, and the company was confronted with a range of Covid-19-related restrictions and international supply chain disruptions for a significant portion of the first half of the 2022 financial year. Consequently, Metroglass has not achieved the profit and cash flow goals we had set out for the half-year period.

During the initial four months the business performed well, with solid sales demand and a strong future order book.

Our New Zealand business had diversified the weighting across its product mix and broadened the customer base in the Residential segment. The new revenues generated were partially offsetting the impact of competitive pressures in the North Island. We continued to see sustained sales momentum in our Retrofit segment, and process improvements in the commercial glazing unit were reflected in our consistent project execution and encouraging growth in our forward book.

On 17 August Metroglass closed all four processing plants in New Zealand as the country moved to Alert Level 4 lockdown. Three of our plants were able to resume operations 14 days later. However, our largest facility, in Auckland, remained closed for a total of 35 days. The loss of sales revenue, limited distribution capability and reduced manufacturing capacity had a material impact on our results.

With last year's experience to draw on, the Metroglass team were able to react swiftly, focusing on the safety and wellbeing of our people, maintaining connections with our customers and preparing for the resumption of operations once alert levels allowed.

We were eligible for the first two rounds of the New Zealand Government's wage subsidy, receiving $2.2 million. As we had done in the previous lockdowns, we continued to pay our people in full. We took a number of other short-term steps to minimise the financial impact on the business including discussions with our landlords. We also ensured our banking syndicate were fully cognisant of the consequences of the lockdown period.

At Australian Glass Group (AGG), who has experienced an even more prolonged Covid-19 outbreak, all three processing plants have fortunately managed to remain operational. This has allowed the business to achieve steady sales revenues. It is clear, however, that the state-by-state Covid-19 restrictions have caused a continuous series of disruptions on construction sites and to supply chains, and reduced labour availability. Difficulties with timely customer delivery and cost impacts have decreased AGG's profitability.

Despite this, AGG is continuing to achieve consistent growth in its double-glazing markets that are at the core of our strategy in Australia. The long-awaited National Construction Code changes supporting the adoption of double glazing are anticipated in the 2022 and 2023 calendar years. We are well positioned with a strong service offering and product suite to benefit from the expected increase in demand.

For the first half of the 2022 financial year the Group had sales revenue of $116.9 million and achieved an EBIT[1] of $3.0 million. This is our second year with Covid-19 disruptions. Metroglass had similar revenue in the prior comparable period, which also included an Alert Level 4 lockdown. However, the EBIT result was reduced by higher glass and freight costs, a lower wage subsidy contribution, and the prolonged Covid-19 disruptions in Australia. Price increases were implemented in both countries to reflect these changes in costs.

Our historic focus on applying our cash flow towards reducing debt placed Metroglass in a strong position to cope with the immediate impacts of the recent Covid-19 outbreaks. We agreed with the banks to extend the timing of covenant relief in recognition of the short-term impacts of Covid-19. As at 30 September 2021 net debt was $47.8 million, and at a similar level to 31 March 2021.

As a result of the impact on Metroglass' financials, the board took the prudent decision to not consider a dividend alongside the 2022 interim results. We understand that this is disappointing for shareholders. It remains the board's intention to return to a conservative and sustainable dividend policy as soon as business conditions allow.

It is clear that the level of uncertainty has greatly increased since the emergence of the Delta strain of Covid-19 in New Zealand and Australia. At the time of writing, changes to the manner in which the pandemic is to be managed in New Zealand are being announced. Also, various Australian states have strongly mandated vaccines for all people in the construction industry. As vaccination levels increase in both New Zealand and Australia, we expect this will create a more certain business environment for Metroglass.

Residential dwelling consents in New Zealand and approvals in Australia continue to support a material pipeline of work despite

Peter Griffiths
CHAIR

the pandemic. As we saw from last year's experience, customer demand remained strong, and the construction sector was able to rebound promptly. However, supply chain difficulties and the consequent increased costs will be with us for some time to come.

The group continues to closely monitor changes in Covid-19 restrictions in both countries while retaining our commitment to deliver on our strategic objectives:

1) To maintain our leadership position and refine our sales mix to take advantage of opportunities in an increasingly competitive New Zealand market

2) To grow and improve the profitability of our Australian business and benefit from increasing demand for double glazing

3) To ensure our balance sheet remains strong and sufficient to cope with future risks and opportunities.

On behalf of the board, I would like to thank Metroglass' employees for their dedication and commitment during a very challenging period.

Peter Griffiths
CHAIR

1. Earnings before interest, tax and before significant items

Chief Executive Officer's Review

The ongoing Covid-19 supply chain disruptions have had a substantial impact on the profitability of the business compared to the same period last year. Both New Zealand and our key markets in Australia have experienced significant disruption due to Covid-19 restrictions. The well-documented global supply chain imbalances have introduced industry-wide material shortages, further adding to the Covid-19 restrictions and a rapid spike in input costs.

Simon Mander
CEO

This six-month period has not been without its challenges. Throughout, our teams have rallied together to deal with the disruptions of international shipping and prolonged Covid-19 restrictions that have had severe implications for the group.

From 17 August, three of Metroglass' four New Zealand glass-processing plants closed operations for 14 days. The fourth, and our largest plant based in Auckland, remained closed for a total of 35 days in a typically very busy and highly profitable period for the company.

Our number one priority is the safety and wellbeing of our people. Restrictions have differed across New Zealand and Australia with many of our teams dislodged from their normal working environment for long periods. We know our teams are doing it tough and in the last few months we have introduced a series of initiatives aimed at supporting their mental wellbeing. As we restarted our operations following the lockdown in New Zealand, we have robust Covid-19 safety protocols in place to ensure that everyone at work is safe.

Our people have continued to show the same commitment, resilience and dedication to deliver the high level of service performance and communication for our customers. It's clear that vaccination will play a key role in reducing the risk of further disruption in both countries. For Metroglass, vaccination rates are trending in the right direction.

Our customers

In May 2021 we conducted the fifth of our six-monthly customer surveys, an important barometer of our offering and relationships with our customers. Our New Zealand business achieved its highest results in the last two surveys (7.8/10 in May 2021[2]) and our Australian results remained strong despite operating challenges imposed by the protracted Covid-19 restrictions (7.9/10 in May 2021[2]).

It is these deep and collaborative relationships that differentiate us. We aim to connect initiatives that solve our customer-specific problems and blend them with our service offering. Later this year we will launch a new Customer Relationship Management (CRM) system. This improved tool will enable our teams, wherever they are in the business, to connect better with our customers' needs.

Our customer-focused initiatives are central to our strategy and while there will always be more to do, we are encouraged by the positive engagement from our customer base. This recognition continues to ripple through the market as we onboard new customers.

> Our people have continued to show the same commitment, resilience, and dedication to deliver the high level of service performance and communication for our customers.
>
> SIMON MANDER, CEO

Investing in our capability

We are laser focused on our long-term strategy, to remain the New Zealand market leader in glass solutions, and to deliver a profitable turnaround of Australian Glass Group (AGG) positioned for growth as the adoption of double glazing increases.

The success of our business over the long term is underpinned by developing our people and strengthening their capabilities. We are pleased to have made some positive internal promotions and created further opportunities for our people to upskill through our apprenticeship programme. We currently have 82 apprentices enrolled and 4 qualifying in the 6 months to 30 September 2021.

Tinted Residential Balustrade For Privacy

This financial year, we are significantly increasing our capital expenditure investment with a number of strategic installations across our networks. In New Zealand, we are improving capability and unlocking capacity in our manufacturing processes in edgework, shaping and lamination. In both New Zealand and Australia, we are also rolling out a prioritised replacement of programmable logic controllers (PLCs) to ensure our systems are up to date and secure. We are enhancing our quality performance through targeted furnace upgrades, and improving our double-glaze sealing capability. This equipment is to be installed during our Christmas shutdown period with benefits to be seen almost immediately.

Our financial highlights

Overall, the group's financial results reflect the severe effects of the lockdowns in New Zealand and the extended period of restrictions in Australia.

Group revenue of $116.9 million was in line with the same six-month period last year, but group EBIT[3] declined 76% to $3.0 million. Reported NPAT[4] declined 94% to $0.4 million.

In New Zealand, our efforts to rebalance our product and customer portfolio have continued to deliver solid results with revenue of $87.9 million, down 1% on the prior year despite lockdowns and disruptions in a competitive market. However, increased costs of float glass and a lower wage subsidy resulted in an EBIT of $4.1 million, declining 70%.

2. Survey question: "On a scale of 1 to 10, how likely are you to recommend Metroglass to a friend or colleague?"

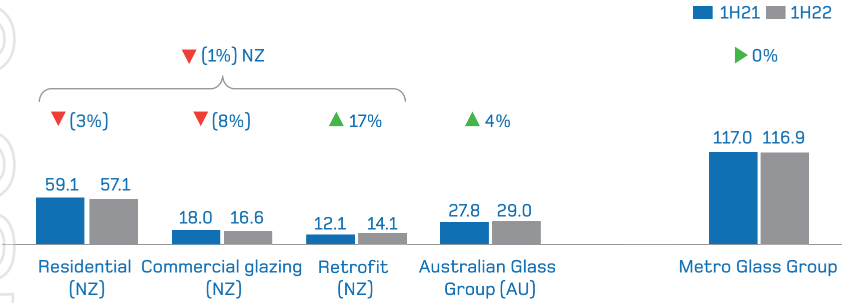
3. Earnings before interest, tax and before significant items
4. Net profit after tax

Summary of results for the 6 months ended 30 September 2021 (1H22)

$M	NEW ZEALAND		AUSTRALIA		GROUP	
	1H22	1H21	1H22	1H21	1H22	1H21
Revenue	87.9	89.2	29.0	27.8	116.9	117.0
Segmental EBIT	4.1	12.8	(0.7)	0.4		
Group EBIT					3.0	12.8
NPAT					0.4	7.6

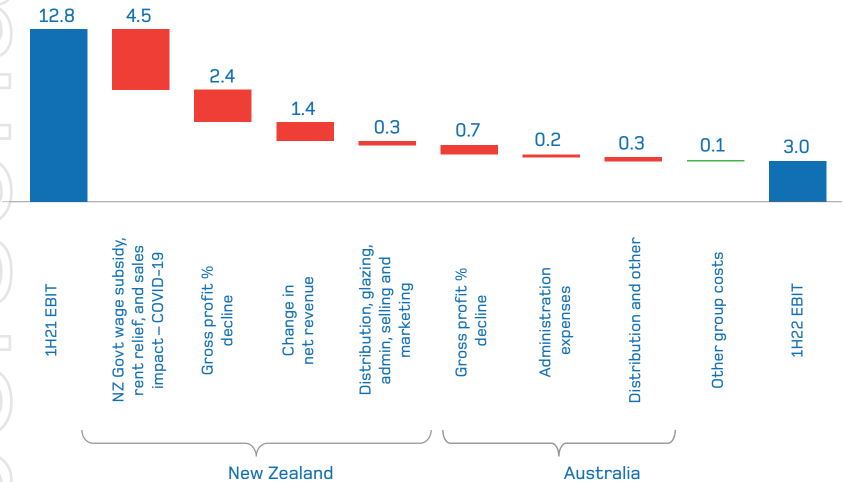
GROUP REVENUE BY SEGMENT ($M)

$116.9 million, $(0.1) million



EBIT

$3.0 million, $(9.8) million



AGG has successfully navigated the varying levels of restrictions, largely maintaining operations throughout the period. AGG's revenue grew 4% to $29.0 million buoyed by double-glazed sales momentum, growing a further 7% versus the same six-month period last year. Increases in float glass costs and factory labour resulted in an EBIT loss of $0.7 million. This was down from the positive $0.4 million EBIT achieved in the prior period.

New Zealand review

REVENUE

$87.9M

-1%

EBIT

$4.1M

-70%

Total revenue in New Zealand was 1%, or $1.3 million, lower than the prior year primarily as a result of the Alert Level 4 lockdown occurring in a typically busy period. Our direct-to-customer business Retrofit continued the momentum of the prior year, partially offsetting the loss of sales in the window manufacturer and commercial glazing segments.

Revenue from the residential segment declined by 3% to $57.1 million, as the Covid-19 lockdown restrictions halted new residential construction activity and the expected annualised impact of competitive market share shifts were realised. Since the start of the financial year market share has stabilised. We continue to make solid progress in our strategy to balance the product and customer mix to offset the competitive dynamics of the segment.

Our commercial glazing segment was unable to execute on projects during the lockdown period and as a result, revenue declined by 8% to $16.6 million. While these delays create ongoing disruptions, we are pleased that there have been no significant project cancellations, and intentions to proceed with projects are positive. Metroglass' commercial glazing forward book was 7% higher than it was on 30 September 2020.

Revenue from the Retrofit double-glazing segment increased 17% to $14.1 million despite the lockdown. We are finding that homeowners are continuing to investigate and research how they can create a warmer, dryer and healthier home. Double glazing becomes the obvious choice, and more often customers are choosing the benefits achieved from our high-performance Low E double glazing. Our forward

Victoria University Glass Facade

book of work continues to grow and is 29% higher than it was on 30 September 2020.

New Zealand's EBIT of $4.1 million was 68% below last year's. The lower wage subsidy compared with the prior comparable period had a significant impact. Despite qualifying and receiving $2.2 million in wage subsidy, this was not sufficient to offset the impact of August and September 2021 lockdowns, which were of a similar scale to April 2020 in terms of business impact.

The increased supply chain costs were severe and had an immediate effect on gross profit with a limited ability to offset from a timing perspective in a competitive market. We have introduced price increases to the market to offset this, with the next round of increases scheduled for December 2021. Efforts to rebalance our product and customer mix have allowed us to largely offset the entry of additional glass-processing capacity in the North Island.

Australian Glass Group review

REVENUE

$29.0M

+4%

EBIT

–$0.7M

+$0.4m in prior year

AGG continued to deliver solid sales performance in an environment that has been stretched by state-by-state Covid-19 shutdowns and restrictions. While our three processing plants have largely remained operational throughout the first half, disruptions to the supply chain and people availability have impacted profitability.

Full Height Shower Screen

AGG's revenue grew 4% to $29.0 million as sales in the key double-glazing segment grew a further 7% versus the same 6-month period last year.

Markets in all states have remained strong despite Covid-19, with most of the short-term impacts concentrated in New South Wales and Victoria. There has fortunately been limited Covid-19 impact on the Tasmanian business.

AGG's EBIT in the half year declined from a positive $0.4 million in the prior period to a $0.7 million loss reflecting the impact of Covid-19 disruptions on supply chains and labour. In August, price increases were successfully introduced to offset the increases in float glass costs heading into the second half.

AGG's continued success in growing its double-glazed unit sales illustrates the opportunity the increasing penetration of these products presents, particularly as National Building Code changes come into effect in calendar years 2022 and 2023.

Our balance sheet and cash flows

Over the last 12 months, Metroglass has reduced group net debt by $3.2 million compared with same period last year, to $47.8 million. The business maintained a net debt position that is consistent with 31 March 2021, despite Covid-19 related impacts in the first half.

We have increased our safety stock levels for our most critical core glass components to ensure sufficient contingency in an uncertain shipping environment. The 30 September 2021 balance has been impacted by an increase in glass inventory also, due to the reduction in throughput late in the first half as a result of the Covid-19 lockdown.

Our capital programme of $7.3 million is weighted to the first half and is focused on improving processing capability, capacity and quality.

Market conditions and outlook

New Zealand residential consents are continuing to track at record levels despite the pandemic, creating a solid and elongated pipeline of work due to construction industry capacity constraints. Glass demand remains strong with forward books for both the Retrofit and commercial glazing segments higher than at the same point last year.

While parts of the construction sector continue to be challenged by short-term building product shortages, we believe that this will improve over the near to medium term.

The international shipping environment has created significant cost pressures impacting gross profit. We expect this disruptive shipping situation to remain for at least the next six months. Price increases to offset the rapid spike continue to be introduced; however, there is a lag from a timing perspective.

As the disruptions dissipate, we are confident that activity levels in both New Zealand and Australia will return to previous levels for at least the remainder of the financial year. We also expect to run a shorter Christmas shutdown than last year as the sector looks to recoup lost time experienced during August and September.

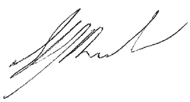
In Australia we are seeing early signs of a snap back in demand in NSW and Victoria as the respective states reduce Covid-19 restrictions. We continue to prepare the business for changes to the National Construction Code, educating the market on double glazing and remaining a strong proposition in the market.

While solid gains have been achieved by Metroglass to diversify its product and customer mix, we remain in a highly competitive market. Our market share in the critical window fabricator segment has been stable since the start of the financial year and we remain focused on quality and service delivery to maintain that position.

As the New Zealand and Australian Governments continue to roll out their vaccination programmes and the reopening of their economies, we expect this will provide certainty and a supportive environment for the construction sector.

We do, however, remain very aware of the potential risks to our business from another Covid-19 event and will continue to monitor the environment and adapt as required. At this stage we will not be providing formal guidance with our next update to the market in February 2022.

Finally, I would like to take the opportunity to thank all of our teams across the group, as well as our suppliers and shareholders, for their continued support and efforts as we navigate these challenging times.



Simon Mander
CHIEF EXECUTIVE OFFICER

Consolidated Interim Statement of Comprehensive Income

for the half year ended 30 September 2021 (Unaudited)

	NOTES	CONSOLIDATED	CONSOLIDATED
		Sep-21 $'000	**Sep-20 $'000**
Sales revenue		116,853	116,952
Cost of sales		(71,259)	(66,224)
Gross profit		**45,594**	**50,728**
Distribution and glazing-related expenses		(22,232)	(21,510)
Selling and marketing expenses		(6,955)	(6,962)
Administration expenses		(15,691)	(15,640)
Other income	8	2,330	6,141
Profit before significant items, interest and tax		**3,046**	**12,757**
Significant items		–	951
Profit before interest and tax		**3,046**	**13,708**
Finance expense		(3,436)	(3,126)
Finance income		950	100
Profit before income taxation		**560**	**10,682**
Income taxation expense		(141)	(3,120)
Profit for the period		**419**	**7,562**
Other comprehensive income			
Items that may be reclassified to profit or loss in the future:			
Exchange differences on translation of foreign operations		(1,704)	160
Cash flow hedges (net of tax)		903	(1,558)
Total comprehensive income/(loss) for the period attributable to shareholders		**(382)**	**6,164**
Earnings per share			
Basic and diluted earnings per share (cents per share)		0.2	4.1

The Board of Directors authorised these financial statements for issue on 22 November 2021.

For and on behalf of the board:

Peter Griffiths
Chair

Graham Stuart
Director

The above consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Financial Position

at 30 September 2021 (Unaudited)

	CONSOLIDATED	CONSOLIDATED	CONSOLIDATED
	Sep-21 $'000	(Audited) Mar-21 $'000	Sep-20 $'000
Assets			
Current assets			
Cash and cash equivalents	13,711	7,530	8,645
Trade and other receivables	28,035	33,978	34,548
Inventories	21,876	18,466	19,659
Derivative financial instruments	527	136	70
Other current assets	6,515	6,393	5,331
Total current assets	**70,664**	**66,503**	**68,253**
Non-current assets			
Property, plant and equipment	54,618	52,467	54,283
Right-of-use assets	49,336	50,626	52,463
Deferred tax	10,774	10,241	10,134
Intangible assets	55,812	58,051	57,605
Total non-current assets	**170,540**	**171,385**	**174,485**
Total assets	**241,204**	**237,888**	**242,738**
Liabilities			
Current liabilities			
Trade and other payables	26,340	27,862	27,531
Deferred Income	2,319	2,076	1,975
Income tax liability	1,088	445	2,046
Derivative financial instruments	39	374	399
Interest-bearing liabilities	–	–	56,788
Lease liabilities	6,674	6,559	6,274
Provisions	1,838	1,724	1,308
Total current liabilities	**38,298**	**39,040**	**96,321**

Consolidated Interim Statement of Financial Position continued

at 30 September 2021 (Unaudited)

	CONSOLIDATED	CONSOLIDATED	CONSOLIDATED
	Sep-21 $'000	(Audited) Mar-21 $'000	Sep-20 $'000
Non-current liabilities			
Interest-bearing liabilities	61,521	55,519	2,897
Derivative financial instruments	1,034	1,575	2,053
Lease liabilities	53,114	54,042	55,772
Provisions	3,612	3,665	3,645
Total non-current liabilities	**119,281**	**114,801**	**64,367**
Total liabilities	**157,579**	**153,841**	**160,688**
Net assets	**83,625**	**84,047**	**82,050**
Equity			
Contributed equity	307,198	307,198	307,198
Retained earnings	(52,506)	(52,925)	(53,907)
Group reorganisation reserve	(170,665)	(170,665)	(170,665)
Share-based payments reserve	1,172	1,212	974
Foreign currency translation reserve	(1,189)	515	145
Cash flow hedge reserve	(385)	(1,288)	(1,695)
Total equity	**83,625**	**84,047**	**82,050**

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Changes in Equity

for the half year ended 30 September 2021 (Unaudited)

	CONSOLIDATED			
	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Opening balance at 1 April 2020	307,198	(169,886)	(61,469)	75,843
Profit for the period	–	–	7,562	7,562
Movement in foreign currency translation reserve	–	160	–	160
Other comprehensive income/(loss) for the period	–	(1,558)	–	(1,558)
Total comprehensive income/(loss) for the period	**–**	**(1,398)**	**7,562**	**6,164**
Movement in share-based payments reserve	–	43	–	43
Total transactions with owners, recognised directly in equity	–	43	–	43
Unaudited closing balance at 30 September 2020	**307,198**	**(171,241)**	**(53,907)**	**82,050**

	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Opening balance at 1 October 2020	307,198	(171,241)	(53,907)	82,050
Profit for the period	–	–	982	982
Movement in foreign currency translation reserve	–	370	–	370
Other comprehensive income/(loss) for the period	–	407	–	407
Total comprehensive income/(loss) for the period	**–**	**777**	**982**	**1,759**
Movement in share-based payments reserve	–	238	–	238
Total transactions with owners, recognised directly in equity	–	238	–	238
Audited closing balance at 31 March 2021	**307,198**	**(170,226)**	**(52,925)**	**84,047**

Consolidated Interim Statement of Changes in Equity continued

for the half year ended 30 September 2021 (Unaudited)

	CONSOLIDATED			
	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Opening balance at 1 April 2021	307,198	(170,226)	(52,925)	84,047
Profit for the period	–	–	419	419
Movement in foreign currency translation reserve	–	(1,704)	–	(1,704)
Other comprehensive income/(loss) for the period	–	903	–	903
Total comprehensive income/(loss) for the period	**–**	**(801)**	**419**	**(382)**
Movement in share-based payments reserve	–	(40)	–	(40)
Total transactions with owners, recognised directly in equity	–	(40)	–	(40)
Unaudited closing balance at 30 September 2021	**307,198**	**(171,067)**	**(52,506)**	**83,625**

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Interim Statement of Cash Flows

for the half year ended 30 September 2021 (Unaudited)

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Cash flows from operating activities		
Receipts from customers	122,689	117,398
Payments to suppliers and employees	(111,266)	(96,191)
Government grants received	2,164	6,510
Interest received	100	100
Interest paid	(1,619)	(1,534)
Interest paid on leases	(1,524)	(1,544)
Income taxes paid	(642)	(5,155)
Net cash inflow from operating activities	**9,902**	**19,584**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	183	3,147
Payments for property, plant and equipment	(7,274)	(1,928)
Payments for intangible assets	(15)	(167)
Net cash inflow/(outflow) from investing activities	**(7,106)**	**1,052**
Cash flows from financing activities		
Lease liabilities principal payments	(3,294)	(2,575)
Repayment of bank borrowings	–	(27,438)
Drawdown of borrowings	7,000	–
Drawdown of other financing	–	3,334
Repayment of other financing	(378)	–
Net cash inflow/(outflow) from financing activities	**3,328**	**(26,679)**
Net increase/(decrease) in cash and cash equivalents	**6,124**	**(6,043)**
Cash and cash equivalents at the beginning of the period	7,530	14,742
Effects of exchange rate changes on cash and cash equivalents	57	(54)
Cash and cash equivalents at end of the period	**13,711**	**8,645**

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Interim Financial Statements

(UNAUDITED)

1 BASIS OF PREPARATION

Reporting entity

These consolidated interim financial statements are for Metro Performance Glass Limited ('the Company') and its subsidiaries (together, 'the Group'). The Group supplies processed flat glass and related products primarily to the residential and commercial building sectors. The Company is a for-profit entity for financial reporting purposes and has operations and sales in New Zealand and Australia.

Statutory base

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Lady Fisher Place, East Tamaki, Auckland.

The incorporation date for Metro Performance Glass Limited was 30 May 2014 and as part of a group reorganisation was listed on the New Zealand Securities Exchange (NZSX) on 29 July 2014.

The comparative trading results presented encompass the six-month period from 1 April 2020 to 30 September 2020.

Basis of preparation

These consolidated interim financial statements have been approved for issue by the Board of Directors on 22 November 2021.

The Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the requirements of International Accounting Standard (IAS) 34 *Interim Financial Reporting* and with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 *Interim Financial Reporting*.

The consolidated interim financial statements are unaudited. In previous years, the Group's auditor, PricewaterhouseCoopers (PwC), has issued an independent review report on the consolidated interim financial statements. This review is voluntary, as it is not required by the NZX Main Board Listing Rules. The board recently reconsidered the assurance and commercial merits of having the consolidated interim financial statements reviewed and concluded that these additional processes are no longer necessary. The benefits of the review have reduced as the Company's financial reporting systems and processes have matured, and the level of complexity in the consolidated interim financial statements has reduced.

These consolidated interim financial statements are presented in New Zealand dollars and rounded to the nearest thousand. These condensed financial statements do not include all the information required for full financial statements, and consequently should be read in conjunction with the full financial statements of the Group for the year ended 31 March 2021. The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's audited financial statements for the year ended 31 March 2021.

Metro Performance Glass Limited is a limited liability company registered under the New Zealand Companies Act 1993 and is a Financial Markets Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of the NZX Main Board Listing Rules.

The Group's revenue and profitability follow a seasonal pattern with lower sales and net profits typically achieved in the second half of the financial year as a result of lower sales generated during the Christmas shutdown period.

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

1 BASIS OF PREPARATION (continued)

Historical cost convention

The consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value.

Principles of consolidation

The consolidated interim financial statements incorporate the assets and liabilities of all subsidiaries of Metro Performance Glass Limited ('the company' or 'the parent entity') as at 30 September 2021 and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities over which the Group has control. A subsidiary is a controlled entity of Metro Performance Glass if Metro Performance Glass is exposed and has a right to variable returns from the entity and is able to use its power over the entity to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of the impairment of the asset transferred.

Foreign currency translation

Functional and presentation currency

The consolidated interim financial statements are presented in New Zealand dollars, which is Metro Performance Glass Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

1 BASIS OF PREPARATION (continued)

Goods and Services Tax (GST)

The consolidated interim statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the consolidated interim statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Standards, Amendments and Interpretations to Existing Standards that are not yet Effective

There are no published new or amended standards or interpretations that become effective on or after 1 October 2021 that would have a material impact on the Group's consolidated interim financial statements.

Future Change in Intangible Assets Accounting Policy

In March 2021, the IFRS Interpretations Committee (Committee), which is responsible for interpreting the application of IFRS, issued an agenda decision that the cost incurred in configuring and customising software provided under software as a service arrangement (SaaS) must be expensed, unless they:

- create an intangible asset, separate from the software, that the customer controls; or
- are paid to the supplier of the cloud-based software for significant customisation work, in which case the costs are recorded as a prepayment for services and amortised over the expected term of the SaaS arrangement.

The Committee's agenda decision was ratified by the International Accounting Standards Board in April 2021.

Compliance with the Committee's decision necessitates a change to the Group's intangible assets accounting policy, as to date the Group has recognised such costs as intangible assets. Making this change may require a retrospective restatement of prior period financial statements in the year in which the revised accounting policy is adopted. To implement this change, the Group is currently examining all historically capitalised software configuration and customisation costs relating to SaaS arrangements to identify the level of restatement required, with full compliance reflected in the 31 March 2022 annual consolidated financial statements.

The value of capitalised costs being reviewed is between $1.5 million and $2.0 million, and while the financial impact of the revised accounting policy is still being quantified, it is unlikely to be significant for financial reporting purposes. The change would reduce intangible assets and associated amortisation, increase operating expenses and reclassify the relevant spend from an investing to an operating cash flow. The change may also result in the recognition of prepayments.

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

2 FINANCIAL PERFORMANCE

Segment information

Operating segments of the Group at 30 September 2021 have been determined based on financial information that is regularly reviewed by the board in conjunction with the Chief Executive Officer and Chief Financial Officer, collectively known as the Chief Operating Decision-Maker for the purpose of allocating resources, assessing performance and making strategic decisions.

Substantially all of the Group's revenue is derived from the sale of glass and related products and services. This revenue is split by channel only at the revenue level into Commercial, Residential and Retrofit.

Commercial revenue reflects sales through four specific commercial glazing operations in New Zealand. The allocation of sales between residential and commercial can be difficult as the Group does not always know the end-use application. Following the acquisition of AGG on 1 September 2016, the Group operates in two geographic segments, New Zealand and Australia.

Group costs consist of insurance, professional services, director fees and expenses, listing fees and share incentive scheme costs.

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

2 FINANCIAL PERFORMANCE (continued)

	SEP-21			
	New Zealand $'000	Australia $'000	Eliminations and other $'000	Group $'000
Commercial Glazing	16,639	–	–	16,639
Residential	57,119	28,993	–	86,112
Retrofit	14,102	–	–	14,102
Total revenue	**87,860**	**28,993**	**–**	**116,853**
Gross profit	38,987	6,607	–	45,594
Segmental EBITDA before significant items	**11,092**	**1,873**	**–**	**12,965**
Group costs	–	–	(316)	(316)
Group EBITDA before significant items				**12,649**
Depreciation and amortisation	(7,028)	(2,575)	–	(9,603)
EBIT before significant items	**4,064**	**(702)**	**(316)**	**3,046**
Significant items	**–**	**–**	**–**	**–**
EBIT	**4,064**	**(702)**	**(316)**	**3,046**
Segment assets	280,834	62,944	(102,574)	241,204
Segment non-current assets (excluding deferred tax assets)	178,856	43,986	(63,076)	159,766
Segment liabilities	77,789	21,095	58,695	157,579

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

2 FINANCIAL PERFORMANCE (continued)

	SEP-20			
	New Zealand $'000	Australia $'000	Eliminations and other $'000	Group $'000
Commercial Glazing	17,999	–	–	17,999
Residential	59,138	27,755	–	86,893
Retrofit	12,060	–	–	12,060
Total revenue	**89,197**	**27,755**	**–**	**116,952**
Gross profit	43,428	7,300	–	50,728
Segmental EBITDA before significant items	**20,471**	**3,064**	**–**	**23,535**
Group costs	–	–	(433)	(433)
Group EBITDA before significant items				**23,102**
Depreciation and amortisation	(7,720)	(2,625)	–	(10,345)
EBIT before significant items	**12,751**	**439**	**(433)**	**12,757**
Significant items	**951**	**–**	**–**	**951**
EBIT	**13,702**	**439**	**(433)**	**13,708**
Segment assets	275,461	67,337	(100,060)	242,738
Segment non-current assets (excluding deferred tax assets)	136,434	47,667	(19,750)	164,351
Segment liabilities	80,374	65,878	14,436	160,688

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

3 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired assets with a total cost of $7.2 million (September 2020: $1.6 million) and disposed of assets with a total book value of $0.1 million (September 2020: $2.4 million). There have been no material changes in the estimated useful life of key items of plant and machinery. The depreciation expense for the six months ended 30 September 2021 was $5.1million (September 2020: $5.57 million).

4 FINANCIAL INSTRUMENTS

Interest rate swaps and forward exchange contracts

These financial instruments were measured at fair value based on valuations provided by Westpac Banking Corporation and ASB Bank Limited. All significant inputs were based on observable market data and accordingly have been categorised as level 2. At balance date, the fair value of interest rate swaps are $1.0 million liability (March 2021: $1.6 million liability) and the fair value of forward exchange contracts are $0.5 million asset (March 2021: $0.2 million liability).

The movements in fair value are disclosed in cash flow hedges (net of tax) through other comprehensive income, with a gain recognised on forward exchange contracts of $0.5 million (30 September 2020: $1.6 million loss) and income of $0.4 million (30 September 2020: $0.06 million gain) on interest rate swaps.

5 INTANGIBLE ASSETS

The Group tests intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least at each reporting date).

Impairment tests using value-in-use calculations of the Australian cash-generating unit (CGU) and New Zealand CGU were performed at 31 March 2021 as part of the annual tests. Goodwill and intangible assets were reviewed at 30 September 2021, with no indicators of impairment noted and no changes made to the estimated recoverable amount of goodwill or the estimated useful life of other intangibles. The amortisation expense for the six months ended 30 September 2021 was $1.3 million (September 2020: $1.4 million).

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

6 INTEREST-BEARING LIABILITIES

	SEP-21	MAR-21	SEP-20
	$'000	$'000	$'000
Bank borrowings – current[1]	–	–	56,351
Bank borrowings – non-current	58,449	52,175	–
Less: cash and cash equivalents	(13,711)	(7,530)	(8,645)
Net bank debt	**44,738**	**44,645**	**47,706**
Other financing – current	–	–	437
Other financing – non-current	3,072	3,344	2,897
Net debt	**47,810**	**47,989**	**51,040**

1 Bank borrowings were classified as current at 30 September 2020 as these facilities were renegotiated for an extended term after the balance date.

7 RELATED-PARTY TRANSACTIONS

There have been no material changes in the nature or amount of related-party transactions since 31 March 2021.

Notes to the Consolidated Interim Financial Statements continued

(UNAUDITED)

8 COVID-19

The global pandemic in relation to Covid-19 was declared by the World Health Organization on 11 March 2020. An outbreak of the Delta variant in New Zealand during August 2021, and the subsequent Alert Level 4 and 3 lockdowns imposed by the New Zealand Government, had a significant impact on the Group's second-quarter performance, particularly as the New Zealand operations were deemed non-essential and as result were closed under Alert Level 4 conditions. The New Zealand operations have been able to operate at the other alert levels. The Group's Australian business has continued to operate during the period, albeit with a number of restrictions on the efficiency of the operation. The Group was eligible for and received $2.2 million in relation to the New Zealand Government's wage subsidy, which has been recognised in other income in the consolidated interim statement of comprehensive income (30 September 2021: $6.1 million).

During the Alert Level 4 lockdown, the Group negotiated with its landlords to obtain rent relief on various properties. The Group adopted the NZ IFRS 16 Leases practical expedient in relation to rent concessions, and as such, the relief obtained from these is reflected through a reduction in lease liabilities with a corresponding expense reduction recognised in the consolidated interim statement of comprehensive income of $0.1 million.

Company Directory

BOARD OF DIRECTORS

Peter Griffiths – Chair and Member of the Audit and Risk Committee
Angela Bull – Non-Executive Director and Chair of the People and Culture Committee
Julia Mayne – Non-Executive Director and Member of the Audit and Risk Committee
Rhys Jones – Non-Executive Director and Member of the People and Culture Committee
Graham Stuart – Non-Executive Director and Chair of the Audit and Risk Committee
Mark Eglinton – Non-Executive Director and Member of the People and Culture Committee

SENIOR LEADERSHIP TEAM

Simon Mander – Chief Executive Officer
Brent Mealings – Chief Financial Officer
Robyn Gibbard – GM Upper North Island
Gareth Hamill – GM Lower North Island
Nick Hardy-Jones – GM South Island
Nick Johnson – Chief Information Officer
Amandeep Kaur – Group Health and Safety Manager
Barry Paterson – GM Commercial Glazing and Technical
Dayna Roberts – Human Resources Director
Steve Hamer – Australian Glass Group Chief Executive Officer

REGISTERED OFFICE

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Phone: +64 9 927 3000

AUDITOR

PricewaterhouseCoopers

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Auckland 1010
New Zealand

LAWYERS

Bell Gully

Vero Centre
48 Shortland Street
Auckland 1140
New Zealand

BANKERS

ASB Bank Limited
Westpac New Zealand Limited
Westpac Banking Corporation

SHARE REGISTRAR

Link Market Services
Level 30, PwC Tower
15 Customs Street West, Auckland 1010
PO Box 91976, Auckland 1142
New Zealand

FURTHER INFORMATION ONLINE

This Interim Report, all our core governance documents (our Constitution, some of our key Policies and Charters), our investor relations policies and all our announcements can be viewed on our website: www.metroglass.co.nz/investor-centre/

METROGLASS.CO.NZ

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