

Key Questions and Answers at FY2026/3 Second Quarter Results Announcement

Q: What are the backgrounds for H1 operating profit of JPY 12.0 bn which exceeded the forecast of JPY 10.0 bn by JPY 2.0 bn?

A: It is mainly due to sales prices exceeding the Group's expectations in European Architectural glass business and North American Automotive glass business.

Q: H2 operating profit is calculated to be JPY 19.0 bn, based on the full-year forecasts and H1 actual result. What are the key drivers for the forecasted JPY 7.0 bn increase from H1 to H2? How much are the operating profit expected in Q3 and Q4 each?

A: The key drivers for the increase are sales volumes increase in Architectural glass business and sales mix improvement in Automotive glass business and Technical Glass business. We expect relatively stronger operating profit in Q4, which is almost the same level as in Q3.

Q: H2 operating profit is calculated to be JPY 19.0 bn, based on the full-year forecast and H1 result, while JPY 21.0 bn in the previous forecast. What assumptions were changed?

A: They were primarily attributable to US tariff policy and higher energy and material costs. Vehicle build for US market is decreasing in Japan and Europe impacted by the policy. Also, sales volumes in Asian solar energy glass are decreasing affected by customer's production adjustments. We are also accounting for the delay in price pass-through of energy and material cost increases, particularly in USA.

On the other hand, European Architectural glass business and North American Automotive glass business, among others, is performing above the Group's expectations.

Q: Operating profit in Architectural glass business decreased from JPY 6.7 bn in Q1 to JPY 5.2 bn in Q2. Was it mainly driven by production adjustment in Asian solar energy glass? Is the impact expected to persist into H2?

A: Yes, this is primarily due to glass for solar energy in Asia. The Group anticipates that this situation will persist for some time and will develop measures to mitigate its impact as much as possible.

Q: Will the Technical Glass business recover in H2 as planned, with improvements in sales mix?

A: Yes. As we have been explaining from the beginning of this year, the sales timing for value-added products was planned to be carried over to H2 of FY2026. At present, this plan remains unchanged.

Q: In Automotive glass business, ROS of AGR business is relatively higher, while OE business remained lower. How do you address to improve ROS towards achieving MTP target of ROS 5.0% in FY2027/3?

A: For OE business, sales volumes are expected to improve following gradual vehicle build improvement in Europe. The Group aims to improve also sales mix globally through expanding value-added products such as windshield with ADAS and variable transmission jumbo laminated roof lights. In parallel, the Group addresses to improve production efficiency in North America. For AGR business, the demand for advanced technical capabilities and production capacity are increasing striving from the expansion of value-added products in OE. The Group aims to maintain our technological advantage through the integrated operations of OE and AGR internally, while strengthening service and delivery capabilities as well.