

Key Questions and Answers at FY2025/3 Annual Results Announcement

- Q: Operating profit forecast for FY2026/3 is JPY 31.0 bn which will improve by JPY 14.5 bn from FY2025/3. What are the backgrounds for the approximately JPY 9.5 bn improvement besides approximately JPY 5.0 bn which attribute to cost reduction initiatives being implemented in Europe?
- A: JPY 14.5 bn increase is mainly achieved by cost reduction, sales prices improvement and sales volumes recovery. Regarding cost reduction, in addition to the benefits from the initiatives in Europe, the Group expects some in other regions and businesses. In relation to sales prices, price recovery is expected especially in Architectural Europe where we saw some in FY2025/3 Q4. We also see the sales prices recovery in Automotive glass business. Sales volumes is expected to improve in the Architectural and Automotive businesses in line with the recovery of European markets during FY2026/3 H2.
- Q: What factors will lead to sales prices and volumes recovery in Europe during FY2026/3 H2 while there are some possibilities that vehicle build decline reflecting the US tariff policy?
- A: Sales prices increased by approximately 10% in March 2025 in European Architectural compared to the previous month. This increase is due to production capacity optimization initiatives that the Group and other companies have taken respectively in the past one year to recover sales prices. Regarding US tariff policy, we do not take a negative impact into our consideration during a 90-day pause until July of the reciprocal tariffs. Sales volumes increase is mainly attributable to Automotive business. The Group expects a certain positive effect due to the start of production of newly acquired models from FY2026/3 H2.
- Q: Are the impacts of inflation and US tariff policy reflected to the FY2026/3 forecast?
- A: The impact of inflation in FY2026/3 is to be offset by various cost reduction initiatives in Architectural and Automotive and sales price increase. We do not reflect the impact of US tariff policy to the forecast.
- Q: What are the backgrounds for not including the impact of US tariff policy in the FY2026/3 forecast while other companies tend to reflect it?
- A: It is difficult to assess the upside impacts currently while the downsides can be anticipated to some extent. For example, in Automotive aftermarket glass replacement, our market share can significantly depend on the tariff rates applied to competing products. Therefore, we judged that it is difficult to incorporate this impact into the forecasts before the reciprocal tariffs' suspension period, which is scheduled to expire in July 2025.
- Q: In the MTP, ROS target of Architectural business is 12% for FY2027/3. What do you expect as drivers of improvements?
- A: Sales prices improvement in Architectural Europe will be the primary driver. Additionally, profit growth arising from the capacity expansion of glass for solar energy, cost reductions including float line cessations in Europe, and increase in value-added products in Europe and Japan will also contribute. By these initiatives, we believe ROS of 12% can be delivered.