

## **Key Questions and Answers at FY2021 Annual Results Announcement**

### **<FY2022 Forecast>**

Q: Please provide the assumptions for each business regarding the FY2022 forecast.

A: The forecast has reflected the overall stable market environment, while being conservative to some extent, assuming certain downside risks. For the Architectural glass business, we would like to recover sales to the levels of FY2020. Although prices and volumes have improved significantly in FY2021 Q4, especially in Europe, how sustainable it is throughout FY2022 is unclear. In the Automotive business, while the impact of semiconductor shortages is expected to continue during the first half and is estimated to be a several-billion-yen shortfall in sales. We also anticipate input cost increases.

Q: What is the outlook for the glass for solar panels?

A: The new float furnace in North America started warming up in November 2020. It is expected to be fully operational in FY2022. Demand is strong, and shipments of solar energy glass are expected to grow.

Q: The Group implemented urgent cost saving projects and cost transformation initiatives including headcount reductions. How much cost benefit is assumed in the FY2022 forecast?

A: While some of the benefits from the urgent saving projects will be lost as demand increases. The annual gross benefit of cost transformation initiatives such as labor cost reduction is planned to be more than 10 billion yen.

Q: When will the construction of new Argentine furnace be resumed?

A: Although the furnace had been originally planned to start operations in FY2021, its construction was suspended, considering the demand decrease due to the pandemic. We will resume construction as soon as engineers can start cross border travelling.

### **<Medium Term Management Plan, "Revival Plan 24 (RP24)">**

Q: The target for operating profit margin in FY2024 is eight percent. Should the Group aim for a higher margin, considering the benefits of cost reduction?

A: The Architectural business and Technical Glass business maintain relatively high operating margins but that of the Automotive business needs to improve further, in order to achieve the Group's overall operating profit margin target. While actions to reduce fixed costs and increase sales of value-added products are being taken, increasing the operating profit margin to the 8 percent level is still challenging, especially the target had not been achieved under the previous Medium-term Plan.

Q: What do you plan to do to improve the equity ratio during the RP24 period? What is your plan regarding the redemption of Class A Shares?

A: First, we aim to restore equity by consistently generating net profit. Additionally, over the medium to long-term, we will opportunistically consider ways to further improve the financial foundation. We intend to redeem Class A Shares as soon as possible, carefully taking account of the equity level and financial stability. The utmost focus will be on achieving the targets of RP24.

Q: Which of the cost reduction and the sales increase of value-added products will contribute more in improving operating profit during the RP24 period?

A: Although both are important, cost saving is expected to contribute more.