

Key Points of the Q&A Session for the Second Quarter of the Year Ending December 31, 2021

(Friday, July 30, 2021; conference call)

Q1. Please give us a breakdown of 1H operating margins by business.

A1. The operating margin of the display business significantly outstripped the company-wide average. This was due to productivity improvements as well as an increase in sales volume and a rise in prices. The operating margin of the glass fiber business was below the average due to a rise in logistics costs and a delay in improving profitability at its U.S. location. The electronic products business maintained a margin of more than 20%.

Q2. Please tell us how much logistics costs and the cost of raw materials and fuel will rise going forward.

A2. Our share of logistics costs is expected to increase by around 3 billion yen year-on-year in the second half. The cost of raw materials and fuel is expected to increase by around 2 billion yen annually.

Q3. Is it possible to pass on the significant rise in logistics costs to product prices?

A3. We are currently negotiating with our customers. Customers already bear some of the burden.

Q4. Why have you not changed your full-year earnings forecast despite the rise in logistics costs and other cost increase factors?

A4. We expect the cost increase factors to be offset by the very strong market for displays and glass fibers as well as improvements in productivity. We are being slightly conservative in our net sales forecast.

Q5. What is your forecast of demand and glass prices with regard to the display business?

A5. We do not expect a significant change in demand. Inventory seems to be healthy in the supply chain and sales volumes are stable. We don't expect to see a fall in prices.

Q6. Please tell us the annual growth rate of the display business.

A6. We expect the display market to see a growth in volume this year of around 10% year-on-year. We expect our growth rate to exceed this.

Q7. Has COVID-19 had any impact on production in Malaysia?

A7. We have continued production with a restricted number of workers on the instructions of the Malaysian government, but there has been no significant impact.

Q8. When will the glass fiber business in the U.S. and Europe return to break-even?

A8. We think we can bring Europe to break-even this year. We still have production issues in the U.S. and expect it to remain in the red this year. We will strive to return to break-even next year.

Q9. What is the reason for raising year-end dividends?

A9. We have a stable dividend policy and basically do not intend to cut dividends. We decided to raise the dividend in view of current earnings, the future outlook and the cash flow situation under these circumstances.

Q10. How do you view share buybacks?

A10. We are always considering ways to return profit to shareholders. We intend to consider share buybacks flexibly.

Q11. What is the advantage of the all solid state sodium (Na)-ion secondary battery that is currently being developed?

A11. It is that, unlike lithium, sodium is abundant as a resource. We will work on improving performance and aim to bring it to the automotive and other markets by 2025.

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