

Key Points of the Q&A Session at the Investor Meeting for the Second Quarter of FY2024

(Tuesday, July 30, 2024; Tokyo)

Q1. What is the reason for the downward revision of operating profit in the full-year forecast for the fiscal year ending December 31, 2024?

A1. We faced high prices for raw materials and energy due to the weaker yen than expected at the beginning of the year. In addition, distribution expenses increased due to a rise in ocean freight costs, and repair expenses in the displays business also increased. For these reasons, we have decided to revise the operating profit forecast.

Q2. What effect from price revisions do you expect in the second half of this year? Do you also expect any significant cost reductions?

A2. As for price revisions, we plan to continue to negotiate prices in the second half of this fiscal year both in the displays and composites businesses in order to increase profits. As for cost reductions, although we work on productivity improvement on an ongoing basis, we do not expect any significant cost reductions.

Q3. Please tell us about the outlook for the displays business in the second half of this year.

A3. In the first half of this year, displays remained firm due to strong product demand and rising selling prices on the back of the market recovery. In the second half of this year, we expect that demand will cool down, but will remain resilient.

Q4. Regarding displays business, you presented that facility repair expenses are expected to increase in the second half of the year. Is this what you did not foresee at the beginning of this year? As for the deterioration of productivity, when do you expect productivity to improve?

A4. We have moved certain repairs initially scheduled for the next fiscal year forward to the second half of the current fiscal year. We have made this decision because demand is expected to cool down in the second half of the current fiscal year.

As for productivity, we expect productivity to improve once the facility repairs scheduled for the second half of this fiscal year are completed.

Q5. How about the outlook for composites business in the second half of this year?

A5. As fierce competition with Chinese companies will continue, it will take some time for us to achieve an improvement in profitability. We will work to achieve a recovery as soon as possible through the revision of product prices, productivity improvements, and a revision of the product mix for production.

Q6. Isn't it necessary to improve the capacity utilization rate for facilities in order for you to improve the profitability of the composites business?

A6. We recognize the necessity of improving the capacity utilization rate for facilities for us to achieve an improvement in profitability. We carried out business structural reforms last year, and will continue to consider optimizing our

production system going forward.

Q7. Regarding semiconductor-related products, you showed your target sales of glass wafers for supporting semiconductors and glass substrates for probe cards are 20 billion yen and 10 billion yen, respectively, for FY2028. How much market share do you expect to achieve when these targets are met?

A7. As for glass wafers for supporting semiconductors, we expect a market share of 50 to 60%. As for glass substrates for probe cards, we expect a market share of 20 to 30%. We will act flexibly in order to increase market share as much as possible while closely monitoring market trends.

Q8. What is the reason for your decision to carry out a share repurchase?

A8. As we have been able to secure the necessary funds through the sale of the former site of Fujisawa Plant, the sale of non-current assets upon the liquidation of our Korean subsidiary, and the sale of investment securities in the first half of this year, we have decided to start a share repurchase now. We will carry out the repurchase as appropriate over the scheduled repurchase period in accordance with the financial strategy set forth in our medium-term business plan “EGP2028.”

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