

February 7, 2024

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 (Code Number: 5201; TSE Prime Market)
 (URL: <https://www.agc.com/>)
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Consolidated Financial Results for the Fiscal Year ended December 31, 2023 (IFRS basis)

(Figures are rounded down to the nearest million.)

1. Financial Results for FY2023 (January 1 through December 31, 2023)

(1) Consolidated operating results

(Percentage figures show year-on-year changes.)

	FY2023 (Jan. through Dec. 2023)		FY2022 (Jan. through Dec. 2022)	
	Millions of yen	%	Millions of yen	%
Net sales	2,019,254	(0.8)	2,035,874	19.9
Operating profit	128,779	(30.0)	183,942	(10.8)
Profit before tax	122,775	109.8	58,512	(72.1)
Profit for the year	82,484	266.5	22,505	(85.9)
Profit for the year attributable to owners of the parent	65,798	-	(3,152)	-
Total comprehensive income for the year	181,634	13.6	159,881	(41.9)
Basic earnings per share (yen)	304.73		(14.22)	
Diluted earnings per share (yen)	304.01		(14.22)	
Profit ratio to equity attributable to owners of the parent (%)	4.6		(0.2)	
Ratio of profit before tax to total assets (%)	4.3		2.1	
Ratio of operating profit to net sales (%)	6.4		9.0	

Reference: Share of profit of associates and joint ventures accounted for using equity method -FY2023; 1,981 million yen -FY2022; 1,236million yen

(2) Consolidated financial position

	FY2023 (as of December 31, 2023)	FY2022 (as of December 31, 2022)
Total assets (millions of yen)	2,932,991	2,814,029
Total equity (millions of yen)	1,654,338	1,585,590
Equity attributable to owners of the parent (millions of yen)	1,447,080	1,390,254
Equity attributable to owners of the parent ratio (%)	49.3	49.4
Equity attributable to owners of the parent per share (yen)	6,831.89	6,271.35

(3) Consolidated cash flows

	FY2023 (Jan. through Dec. 2023)	FY2022 (Jan. through Dec. 2022)
Cash flows from operating activities (millions of yen)	212,546	217,146
Cash flows from investing activities (millions of yen)	(179,790)	(145,312)
Cash flows from financing activities (millions of yen)	(108,021)	(78,206)
Cash and cash equivalents at the end of the year (millions of yen)	146,061	209,716

2. Dividends

	(Base date)	FY2022	FY2023	FY2024(forecast)
Dividend per share	End of first quarter (yen)	-	-	-
	End of second quarter (yen)	105.00	105.00	105.00
	End of third quarter (yen)	-	-	-
	End of fiscal year (yen)	105.00	105.00	105.00
	Total (yen)	210.00	210.00	210.00
Total dividend distribution (full fiscal year) (millions of yen)		46,628	44,945	
Payout ratio (consolidated) (%)		-	68.9	83.9
Ratio of dividend distribution to equity attributable to owners of the parent (consolidated) (%)		3.4	3.2	

3. Forecast for FY2024 (January 1 through December 31, 2024)

(Percentage figures show year-on-year changes.)

	First half		Full fiscal year	
	Millions of yen	%	Millions of yen	%
Net sales	1,000,000	1.5	2,100,000	4.0
Operating profit	60,000	(6.7)	150,000	16.5
Profit before tax	-	-	105,000	(14.5)
Profit for the year	-	-	65,000	(21.2)
Profit for the year attributable to owners of the parent	-	-	53,000	(19.5)
Basic earnings per share (yen)	-		250.22	

(Note) The forecast for the six months ending June 30, 2024 consists of net sales and operating profit only.

***Notes**

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Exclusion: 1 (Company name: AGC Flat Glass (Dalian) Inc.)

(2) Changes in Accounting Policies and Changes in Accounting Estimates

- i. Changes in accounting policies required by IFRS: Yes
- ii. Changes in accounting policies other than "i" above: No
- iii. Changes in accounting estimates: No

(Note) For details, please refer to "(6) Notes to the Consolidated Financial Statements, 2) Changes in Accounting Policies" on page 16.

(3) Number of Shares Issued (ordinary stock)

i. Number of shares issued (including treasury stock) at the end of the period

-FY2023 (as of December 31, 2023): 217,434,681

-FY2022 (as of December 31, 2022): 227,441,381

ii. Number of treasury stock at the end of the period

-FY2023 (as of December 31, 2023): 5,256,180

-FY2022 (as of December 31, 2022): 5,383,924

iii. Average number of shares issued during the period

-FY2023 (Jan. through Dec. 2023): 215,922,726

-FY2022 (Jan. through Dec. 2022): 221,647,536

[Reference]

(1) Non-Consolidated Operating Results

(Percentage figures show year-on-year changes.)

	FY2023 (Jan. through Dec. 2023)		FY2022 (Jan. through Dec. 2022)	
	Millions of yen	%	Millions of yen	%
Net sales	667,000	5.6	631,791	11.5
Operating income	22,492	(32.6)	33,354	25.6
Ordinary income	115,124	10.9	103,783	(16.3)
Net income	112,906	141.8	46,693	(60.2)
Net income per share -basic (yen)	522.90		210.66	
Net income per share -fully diluted (yen)	521.66		210.07	

(2) Non-Consolidated Financial Position

	FY2023 (as of December 31, 2023)	FY2022 (as of December 31, 2022)
Total assets (millions of yen)	1,386,107	1,339,262
Total net assets (millions of yen)	753,793	738,806
Equity ratio (%)	54.3	55.1
Equity per share (yen)	3,553.98	3,327.03

Reference: Total Shareholders' Equity at -FY2023; 752,777million yen
-FY2022; 737,548million yen

*This consolidated financial statement is outside the scope of annual audit procedure.

*Appropriate Use of Forecast and Other Information and Other Matters

(Notes with regard to the forecast)

The above forecast is the assumptions of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are advised not to base investment decisions solely on these prospective results. Please note that actual results may materially differ from the projection due to such various factors as business and market environment the Group is active in, currency exchange rate fluctuations, and others. For matters concerning the above forecast, please see page 7.

(Supplementary Materials for the Financial Results)

Supplementary materials (Financial Results for FY2023) will be published on TD-net for viewing in Japan, and on our Website.

(Attached Documents)

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Qualitative Information and Financial Statements

1. Operating Results

(1) Analysis of Operating Results

Operating results for FY2023

The AGC Group formulated the long-term management strategy “Vision 2030” in February 2021. Under the strategy, the Group aims to create sustainable economic and social value by transforming our “core businesses”, which form a solid and long-term stable earnings base, and “strategic businesses”, which are high-growth fields, to optimal business portfolios playing an integral role. To ensure the realization of the long-term management strategy Vision 2030, the Group formulated a medium-term management plan AGC plus-2023. The key strategies under the plan are further pursuit of ambidextrous management to deepen core businesses and explore strategic businesses, promotion of sustainability management, and gaining competitiveness by accelerating digital transformation.

During the fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023), the AGC Group decided to increase production capacity for fluorine-related products and photomask blanks for EUV exposure in Japan. At the same time, the Group is steadily shifting toward the optimal business portfolio, including starting to consider the transfer of the architectural glass and automotive businesses in Russia, and ending the production of LCD glass substrate products at the Kansai Plant, Takasago Factory in the display business.

During the fiscal year ended December 31, 2023, the global economy surrounding the AGC Group showed signs of recovery in some regions, including the United States, but overall growth slowed owing to factors such as economic slowdown in China, the situation in Russia and Ukraine and other geopolitical risks, and monetary tightening in the United States, Europe, and elsewhere.

In this business environment, in strategic businesses, shipments of optoelectronics materials fell in electronics, but shipments of photomask blanks for EUV exposure and other products were strong. In life sciences, performance was affected by a decline in contract sales of biopharmaceuticals. In core businesses, in the automotive business, automobile production recovered due to the easing of the impact from the shortage of parts supplies, mainly semiconductors, and AGC Group’s shipments and sales prices both also rose. On the other hand, sales prices fell for essential chemicals such as polyvinyl chloride.

As a result, net sales amounted to 2,019.3 billion yen, down 16.6 billion yen, or a 0.8% decrease, from the previous fiscal year, despite the increase in sales owing to foreign exchange rates. Operating profit decreased by 55.2 billion yen, or a 30.0% decrease, to 128.8 billion yen, owing to higher manufacturing costs and lower sales prices of polyvinyl chloride, etc., despite a decline in raw material prices. Profit before tax increased by 64.3 billion yen, or a 109.8% increase, to 122.8 billion yen, owing to factors such as impairment losses recorded in the previous fiscal year. Profit for the year attributable to owners of the parent increased by 69.0 billion yen to 65.8 billion yen.

Overview by reportable segment

(Unit: billions of yen)

	Net sales		Operating profit	
	FY2023	FY2022	FY2023	FY2022
Architectural Glass	476.3	483.7	32.8	32.7
Automotive	499.7	417.8	21.8	(9.8)
Electronics	313.2	307.2	18.4	14.7
Chemicals	574.1	660.4	64.8	126.1
Life Science	126.8	141.8	(12.4)	16.9
Ceramics/Other	83.4	86.6	3.3	3.7
Corporate or elimination	(54.2)	(61.6)	0.1	(0.3)
Total	2,019.3	2,035.9	128.8	183.9

Note: Figures are rounded to the nearest 100 million yen.

- Architectural Glass

In Europe and the United States, sales decreased compared with the previous fiscal year as a result of a decline in shipments and fall in sales prices in Europe, where performance was impacted by the economic slowdown. In Asia, sales increased compared with the previous fiscal year thanks to higher sales prices, despite a decrease in shipments in regions other than Japan.

As a result, net sales from architectural glass for the fiscal year were 476.3 billion yen, down 7.4 billion yen, or a 1.5% decrease, from the previous fiscal year. Operating profit increased by 0.05 billion yen, or a 0.1% increase, to 32.8 billion yen, owing to a fall in raw material prices, despite the impact of higher manufacturing costs, etc.

- Automotive

In the automotive glass business, AGC Group's shipments rose in line with an increase in automobile production. Additionally, higher sales prices, a better product mix, and foreign exchange rates also contributed, resulting in automotive net sales for the fiscal year of 499.7 billion yen, up 81.9 billion yen, or a 19.6% increase, from the previous fiscal year. Operating profit increased by 31.6 billion yen to 21.8 billion yen thanks to the above factors, despite the impact of higher manufacturing costs and other factors.

- Electronics

Display sales increased from the previous fiscal year thanks partly to an increase in shipments of LCD glass substrates. Sales of electronics materials increased from the previous fiscal year due to an increase in shipments of photomask blanks for EUV exposure and other semiconductor-related products, as well as the impact of foreign exchange rates, despite a fall in shipments of optoelectronics materials owing to the impact of a slowdown in the smartphone market.

As a result, net sales from Electronics Operations for the fiscal year were 313.2 billion yen, up 6.0 billion yen, or a 1.9% increase, from the previous fiscal year. Operating profit increased by 3.7 billion yen, or a 25.0% increase, from the previous fiscal year to 18.4 billion yen.

- Chemicals

Essential chemicals sales fell compared with the previous fiscal year owing to lower sales prices for polyvinyl chloride, etc. Although shipments of fluorine-related products decreased, net sales from performance chemicals were on par with the previous fiscal year thanks to higher sales prices and the impact of foreign exchange rates.

As a result, net sales from Chemical Products for the fiscal year were 574.1 billion yen, down 86.3 billion yen, or a 13.1% decrease, from the previous fiscal year. Operating profit decreased by 61.3 billion yen, or a 48.6% decrease, from the previous fiscal year to 64.8 billion yen.

- Life Science

Despite the impact of foreign exchange rates, net sales from Life Science Operations for the fiscal year amounted to 126.8 billion yen, down 15.0 billion yen, or a 10.6% decrease, from the previous fiscal year, owing to a decrease in contract sales of biopharmaceuticals caused by factors such as the loss of special demand for COVID-19-related products, a decrease in inflows of funds to biotech startups, delays in the launch of new lines in the United States, and operational adjustments to improve facilities. Operating profit decreased 29.2 billion yen to a loss of 12.4 billion yen, owing to the aforementioned factors causing a decrease in sales, as well as upfront expenses associated with capacity expansion in the biopharmaceutical field.

The main products of each reportable segment are as follows.

Reportable segment	Main products
Architectural Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Decorative glass, Fabricated glass for architectural use (Heat Insulating/shielding glass, Disaster-resistant/Security glass, Fire-resistant glass, etc.), etc.
Automotive	Automotive glass, Cover glass for car-mounted displays, etc
Electronics	LCD glass substrates, OLED glass substrates, Specialty glass for display applications, Display related materials, Glass for solar power system, Fabricated glass for industrial use, Semiconductor process materials, Optoelectronic materials, Printed circuit board materials, Laboratory use ware, etc.
Chemicals	Polyvinyl chloride, Vinyl chloride monomer, Caustic soda, Urethane, Fluorinated resins, Gases, Solvents, Iodine-related products, etc.

Reportable segment	Main products
Life Science	Synthetic pharmaceutical and agrochemical intermediates and active ingredients, Biopharmaceuticals, etc.

In addition to the above products, the AGC Group also handles ceramics products, logistics/financial services, etc.

(2) Qualitative Information Regarding Consolidated Financial Position

Overview of financial conditions

(Unit: billions of yen)

	FY2023	FY2022	Change
Total assets	2,933.0	2,814.0	119.0
Total liabilities	1,278.7	1,228.4	50.2
Total equity	1,654.3	1,585.6	68.7

Note: Figures are rounded to the nearest 100 million yen.

- Total assets

Total assets as of the end of the fiscal year under review were 2,933.0 billion yen, up 119.0 billion yen from the end of the previous fiscal year. This increase was mainly due to an increase in property, plant and equipment.

- Total liabilities

Total liabilities as of the end of the fiscal year under review were 1,278.7 billion yen, up 50.2 billion yen from the end of the previous fiscal year. This increase was mainly due to an increase in interest-bearing debt.

- Total equity

Total equity as of the end of the fiscal year under review was 1,654.3 billion yen, up 68.7 billion yen from the end of the previous fiscal year. This increase was mainly due to an increase in exchange differences on translation of foreign operations affected by the depreciation of the yen compared to the end of the previous fiscal year.

Overview of cash flows

(Unit: billions of yen)

	FY2023	FY2022	Change
Cash flows from operating activities	212.5	217.1	(4.6)
Cash flows from investing activities	(179.8)	(145.3)	(34.5)
Cash flows from financing activities	(108.0)	(78.2)	(29.8)
Cash & cash equivalents as of end of period	146.1	209.7	(63.7)

Note: Figures are rounded to the nearest 100 million yen.

The free cash flow for the fiscal year under review, which is the sum of cash flows from operating activities and investing activities, was 32.8 billion yen (positive 71.8 billion yen in the previous year) mainly due to profit before tax and proceeds from sale of other financial assets. On the other hand, there were acquisition of treasury shares and payment of dividends in cash flows from financing activities. Cash & cash equivalents as of the end of the period (net cash) decreased 63.7 billion yen or 30.4% from the end of the previous year to 146.1 billion yen.

- Cash flows from operating activities

Net cash from operating activities for the fiscal year under review was 212.5 billion yen, down 4.6 billion yen or 2.1% from the previous year.

- Cash flows from investing activities

Net cash used in investing activities for the fiscal year under review was 179.8 billion yen, up 34.5 billion yen or 23.7% from the previous year. This expenditure was mainly due to purchase of property, plant and equipment.

- Cash flows from financing activities

Net cash used in financing activities for the fiscal year under review was 108.0 billion yen, up 29.8 billion yen or 38.1% from the previous year. This expenditure was mainly due to acquisition of treasury shares and payment of dividends.

- Cash flow indices

	FY2022	FY2023
Equity attributable to owners of the parent ratio (%)	49.4	49.3
Equity attributable to owners of the parent ratio based on market value (%)	34.7	37.9
Number of years for debt redemption	3.0	3.3
Interest coverage ratio	25.4	12.0

(Notes) Equity attributable to owners of the parent ratio (%): Total equity attributable to owners of the parent / Total Assets

Equity attributable to owners of the parent ratio based on market value (%): Total market capitalization / Total Assets

Number of years for debt redemption: Interest-bearing debts/operating cash flows

Interest coverage ratio: Operating cash flows/interest payment

- All indices were computed using consolidated financial figures.
- Total market capitalization was computed based on the closing stock price at period-end multiplied by number of outstanding shares at period-end (after deducting treasury shares).
- Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows.
- Interest-bearing debts represent all debts on the consolidated financial position for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.

(3) Forecast for FY2024

Operating forecast for FY2024

(Unit: billions of yen)

	Net Sales	Operating profit	Profit before tax	Profit for the year	Profit for the year attributable to owners of the parent
FY 2024 (January 1 through December 31, 2024)	2,100.0	150.0	105.0	65.0	53.0
FY 2023 (January 1 through December 31, 2023)	2,019.3	128.8	122.8	82.5	65.8
Change (%)	4.0	16.5	(14.5)	(21.2)	(19.5)

Note: Figures are rounded to the nearest 100 million yen.

The rate of global economic growth is expected to slow in 2024 compared with 2023. There is a need to carefully monitor the impact of factors such as further escalating geopolitical tensions in Europe and the Middle East and the stagnation of the Chinese economy.

In such an environment, the outlook for each business is as follows.

The segments will be changed as follows from fiscal 2024.

- Architectural Glass

In the category of architectural glass, although Europe will be affected by economic weakness, an increase in demand for replacement with highly insulating glass to cut energy usage is expected to support our shipments. In Japan and Asia regions, our shipments are expected to be strong due partly to increased demand for high-insulation and solar control glass.

- Automotive

Automobile production and AGC Group shipments are expected to remain on par with the previous year. We also expect to see the effects of structural reforms and pricing policies that the Group has been focusing on.

- Electronics

Revenue from LCD glass substrates is expected to improve thanks to the promotion of measures to improve revenues, as well as a recovery in demand. In specialty glass for displays, shipments are expected to increase in line with a recovery in the smartphone market and growth in orders from our major customers. In the category of electronics materials, shipments of semiconductor-related products, such as photomask blanks for EUV exposure, are expected to increase. Shipments of optoelectronic materials are expected to be strong thanks to the recovery of the smartphone market.

- Chemicals

Essential chemicals are expected to be affected by weak market conditions, despite an expectation that the Group's shipments will be strong. The Group's shipments of performance chemicals are expected to increase as demand increases for fluorine-related products for use in semiconductors and transportation equipment.

- Life Science

Within Life Sciences, contract sales of synthetic pharmaceuticals and agrochemicals are expected to be on par with the previous fiscal year. Biopharmaceutical contract sales are expected to increase compared with the previous fiscal year, thanks to factors such as the resumption of commercial operation of new lines in the United States, the launch of which was delayed, despite the impact of a decrease in inflows of funds to biotech startups.

Taking into account the above factors, net sales of the AGC Group for the fiscal year ending December 31, 2024 are forecasted to be 2,100.0 billion yen, up 80.7 billion yen, or a 4.0% increase from the previous fiscal year, and operating profit is forecasted to be 150.0 billion yen, up 21.2 billion yen, or a 16.5% increase from the previous fiscal year. Profit before tax will be 105.0 billion yen, down 17.8 billion yen, or a 14.5% decrease from the previous fiscal year, and profit for the year attributable to owners of the parent is estimated to be 53.0 billion yen, down 12.8 billion yen, or a 19.5% decrease from the previous fiscal year. The average exchange rates assumed for the fiscal year ending December 31, 2024 are 140 yen to the U.S. dollar and 160 yen to the Euro.

Forecast of financial conditions for FY2024

Regarding cash flows from operating activities, profit before tax is expected to decrease by 17.8 billion yen to 105.0 billion yen as compared with that for the fiscal year ended December 31, 2023. Depreciation expenses are expected to be 185.0 billion yen, up 9.7 billion yen from the previous fiscal year.

Of the cash flows from investing activities, capital expenditures are expected to increase 18.3 billion yen year-on-year to 250.0 billion yen.

As for financing activities, the AGC Group will repay and borrow interest-bearing debts and increase borrowings, in addition to dividend payments in accordance with the Group's dividend policy.

(4) Allocation and Distribution of Profits and Dividends

While maintaining financial soundness, the AGC Group will prioritize the use of cash generated from core businesses for capital investment in strategic businesses and other areas necessary for future growth, M&A, and R&D.

With regards to the return of profit to shareholders, the Company will maintain stable dividends with a target consolidated dividend payout ratio of 40% while comprehensively considering such factors as consolidated business performance in the fiscal year under review and future demand for funds. In addition, the Company implements flexible acquisition of treasury shares as a shareholder return policy that contributes to enhancing capital efficiency.

In consideration of the AGC Group's financial results for the fiscal year under review, the business environment, the outlook for future operations, and other factors, the Company paid an interim dividend of 105 yen per share and plans to pay a year-end dividend of 105 yen for FY 2023.

From the next fiscal year (the fiscal year ending December 31, 2024), the Company has decided to change its shareholder return policy, adopting the dividend on equity (DOE) as an indicator of shareholder return, and has decided to maintain a stable dividend with a target DOE of around 3%. In addition, the Company's policy will be to make comprehensive decisions concerning the acquisition of treasury shares, while taking into consideration comparisons with other investment projects, capital efficiency, and financial position.

With regard to dividend payments for the fiscal year ending December 31, 2024, the total full year dividend payout is scheduled to be 105 yen per share for the interim dividend, and 105 yen per share for the year-end dividend, based on the changed policy and the AGC Group's financial forecasts.

[Important notes with regard to the forecast]

The above prospective results reflect the judgment of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are recommended not to base investment decisions solely on these prospective results. Please note that actual results may materially differ from the projection due to such various factors as business and market environment the Group is active in, currency exchange rate fluctuations, and others.

2. Basic Policy for adopting Accounting Standards

The AGC Group adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements, starting with the annual financial statements for the fiscal year ending December 31, 2013, with the aim of increasing international comparability of financial information, offering greater convenience for domestic or foreign investors and enhancing the efficiency of the Group's management.

3. Consolidated Financial Statements (IFRS)

(1) Consolidated Statements of Financial Position

(Unit: millions of yen)

	FY2022 (as of December 31, 2022)	FY2023 (as of December 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	209,716	146,061
Trade receivables	315,808	338,850
Inventories	436,516	454,056
Other receivables	60,614	60,530
Income tax receivables	5,094	18,098
Other current assets	35,260	24,280
Total current assets	1,063,009	1,041,878
Non-current assets		
Property, plant and equipment	1,350,769	1,457,950
Goodwill	92,768	101,130
Intangible assets	71,290	72,093
Investments accounted for using equity method	24,609	27,633
Other financial assets	94,075	83,269
Deferred tax assets	40,778	39,677
Other non-current assets	76,728	109,357
Total non-current assets	1,751,019	1,891,112
Total assets	2,814,029	2,932,991
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	214,332	206,566
Short-term interest-bearing debt	69,750	121,637
Long-term interest-bearing debt due within one year	122,254	127,810
Other payables	211,855	216,240
Income tax payables	27,283	14,051
Provisions	1,310	1,997
Other current liabilities	23,211	28,994
Total current liabilities	669,999	717,298
Non-current liabilities		
Long-term interest-bearing debt	458,237	445,561
Deferred tax liabilities	28,851	37,869
Post-employment benefit liabilities	45,578	50,026
Provisions	17,783	10,973
Other non-current liabilities	7,989	16,922
Total non-current liabilities	558,439	561,354
Total liabilities	1,228,439	1,278,652
Equity		
Share capital	90,873	90,873
Capital surplus	97,094	97,056
Retained earnings	889,827	872,547
Treasury shares	(26,586)	(27,338)
Other components of equity	339,046	413,941
Total equity attributable to owners of the parent	1,390,254	1,447,080
Non-controlling interests	195,335	207,258
Total equity	1,585,590	1,654,338
Total liabilities and equity	2,814,029	2,932,991

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Profit or Loss)

(Unit: millions of yen)

	FY2022 (Jan. 1 through Dec. 31, 2022)	FY2023 (Jan. 1 through Dec. 31, 2023)
Net sales	2,035,874	2,019,254
Cost of sales	(1,506,492)	(1,537,897)
Gross profit	529,381	481,356
Selling, general and administrative expenses	(346,675)	(354,559)
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,236	1,981
Operating profit	183,942	128,779
Other income	27,156	19,535
Other expenses	(153,892)	(20,036)
Business profit	57,206	128,277
Finance income	10,603	13,735
Finance costs	(9,297)	(19,237)
Net finance income (costs)	1,306	(5,502)
Profit before tax	58,512	122,775
Income tax expenses	(36,007)	(40,291)
Profit (loss) for the year	22,505	82,484
Attributable to:		
Owners of the parent	(3,152)	65,798
Non-controlling interests	25,657	16,685
Earnings per share		
Basic earnings (loss) per share (yen)	(14.22)	304.73
Diluted earnings (loss) per share (yen)	(14.22)	304.01

(Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	FY2022 (Jan. 1 through Dec. 31, 2022)	FY2023 (Jan. 1 through Dec. 31, 2023)
Profit for the year	22,505	82,484
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax		
Remeasurements of defined benefit plans	16,598	19,979
Net change in revaluation of financial assets measured at FVTOCI ^(Note)	921	9,809
Share of other comprehensive income of associates and joint ventures accounted for using equity method	8	(6)
Total	17,528	29,783
Components of other comprehensive income that will be reclassified to profit or loss, net of tax		
Cash flow hedges	(2,905)	(8,366)
Exchange differences on translation of foreign operations	122,753	77,733
Total	119,847	69,366
Other comprehensive income, net of tax	137,376	99,150
Total comprehensive income for the year	159,881	181,634
Attributable to:		
Owners of the parent	116,449	152,463
Non-controlling interests	43,431	29,170

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(3) Consolidated Statements of Changes in Equity
FY2022 (Jan. 1 through Dec. 31, 2022)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Net change in revaluation of financial assets measured at FVTOCI ^(Note)
Balance as of January 1, 2022	90,873	81,621	927,830	(26,933)	(6,927)	43,896
Changes in equity						
Comprehensive income						
Profit (loss) for the year	-	-	(3,152)	-	-	-
Other comprehensive income	-	-	-	-	16,363	932
Total comprehensive income for the year	-	-	(3,152)	-	16,363	932
Transactions with owners						
Dividends	-	-	(52,162)	-	-	-
Acquisition of treasury shares	-	-	-	(342)	-	-
Disposal of treasury shares	-	-	(221)	689	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	(3,110)	-	-	(30)	(0)
Transfer from other components of equity to retained earnings	-	-	17,534	-	-	(17,534)
Share-based payment transactions	-	(22)	-	-	-	-
Others (business combinations and others)	-	18,605	-	-	-	-
Total transactions with owners	-	15,472	(34,849)	347	(30)	(17,534)
Balance as of December 31, 2022	90,873	97,094	889,827	(26,586)	9,405	27,294

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2022 (Jan. 1 through Dec. 31, 2022)

(Unit: millions of yen)

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity		Total			
	Cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of January 1, 2022	4,952	198,847	240,769	1,314,161	167,219	1,481,380
Changes in equity						
Comprehensive income						
Profit (loss) for the year	-	-	-	(3,152)	25,657	22,505
Other comprehensive income	(3,052)	105,358	119,601	119,601	17,774	137,376
Total comprehensive income for the year	(3,052)	105,358	119,601	116,449	43,431	159,881
Transactions with owners						
Dividends	-	-	-	(52,162)	(12,786)	(64,948)
Acquisition of treasury shares	-	-	-	(342)	-	(342)
Disposal of treasury shares	-	-	-	468	-	468
Changes in ownership interests in subsidiaries that do not result in loss of control	422	(4,182)	(3,790)	(6,901)	(2,529)	(9,431)
Transfer from other components of equity to retained earnings	-	-	(17,534)	-	-	-
Share-based payment transactions	-	-	-	(22)	-	(22)
Others (business combinations and others)	-	-	-	18,605	-	18,605
Total transactions with owners	422	(4,182)	(21,325)	(40,356)	(15,315)	(55,671)
Balance as of December 31, 2022	2,321	300,024	339,046	1,390,254	195,335	1,585,590

FY2023 (Jan. 1 through Dec. 31, 2023)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Net change in revaluation of financial assets measured at FVTOCI ^(Note)
Balance as of January 1, 2023	90,873	97,094	889,827	(26,586)	9,405	27,294
Changes in equity						
Comprehensive income						
Profit for the year	-	-	65,798	-	-	-
Other comprehensive income	-	-	-	-	20,331	9,792
Total comprehensive income for the year	-	-	65,798	-	20,331	9,792
Transactions with owners						
Dividends	-	-	(45,982)	-	-	-
Acquisition of treasury shares	-	-	-	(50,021)	-	-
Disposal of treasury shares	-	-	(257)	661	-	-
Cancellation of treasury shares	-	-	(48,608)	48,608	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	(108)	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	11,769	-	-	(11,769)
Share-based payment transactions	-	82	-	-	-	-
Others (business combinations and others)	-	(12)	-	-	-	-
Total transactions with owners	-	(37)	(83,078)	(752)	-	(11,769)
Balance as of December 31, 2023	90,873	97,056	872,547	(27,338)	29,737	25,317

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2023 (Jan. 1 through Dec. 31, 2023)

(Unit: millions of yen)

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity		Total			
	Cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of January 1, 2023	2,321	300,024	339,046	1,390,254	195,335	1,585,590
Changes in equity						
Comprehensive income						
Profit for the year	-	-	-	65,798	16,685	82,484
Other comprehensive income	(8,489)	65,029	86,664	86,664	12,485	99,150
Total comprehensive income for the year	(8,489)	65,029	86,664	152,463	29,170	181,634
Transactions with owners						
Dividends	-	-	-	(45,982)	(16,097)	(62,080)
Acquisition of treasury shares	-	-	-	(50,021)	-	(50,021)
Disposal of treasury shares	-	-	-	404	-	404
Cancellation of treasury shares	-	-	-	-	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(108)	(1,150)	(1,258)
Transfer from other components of equity to retained earnings	-	-	(11,769)	-	-	-
Share-based payment transactions	-	-	-	82	-	82
Others (business combinations and others)	-	-	-	(12)	-	(12)
Total transactions with owners	-	-	(11,769)	(95,638)	(17,248)	(112,886)
Balance as of December 31, 2023	(6,167)	365,053	413,941	1,447,080	207,258	1,654,338

(4) Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2022 (Jan. 1 through Dec. 31, 2022)	FY2023 (Jan. 1 through Dec. 31, 2023)
Cash flows from operating activities		
Profit before tax	58,512	122,775
Depreciation and amortization	185,656	175,346
Impairment losses	128,447	605
Interest and dividend income	(8,067)	(13,728)
Interest expenses	9,040	17,842
Share of profit (loss) of associates and joint ventures accounted for using equity method	(1,236)	(1,981)
Loss (gain) on sale or disposal of fixed assets	(6,151)	4,153
Decrease (increase) in trade receivables	(4,180)	(8,708)
Decrease (increase) in inventories	(84,114)	(88)
Increase (decrease) in trade payables	2,859	(19,154)
Others	16,032	9,594
Subtotal	296,798	286,656
Interest and dividends received	11,401	14,192
Interest paid	(8,540)	(17,726)
Income taxes refund (paid)	(82,512)	(70,575)
Cash flows from operating activities	217,146	212,546
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(223,921)	(213,531)
Proceeds from sale of property, plant and equipment	17,722	3,265
Purchase of other financial assets	(20,520)	(2,264)
Proceeds from sale and redemption of other financial assets	68,646	35,026
Proceeds from sale of shares of subsidiaries and associates or other businesses	15,548	1,786
Others	(2,787)	(4,073)
Cash flows from investing activities	(145,312)	(179,790)
Cash flows from financing activities		
Changes in short-term interest-bearing debt	29,004	47,307
Proceeds from borrowing or issuing long-term interest-bearing debt	95,576	99,636
Repayment or redemption of long-term interest-bearing debt	(122,910)	(137,645)
Payments for acquisition of interests in subsidiaries from non- controlling interests	(26,368)	(5,136)
Proceeds from non-controlling interests	11,317	518
Acquisition of treasury shares	(342)	(50,021)
Dividends paid	(52,162)	(45,982)
Dividends paid to non-controlling interests	(12,950)	(16,904)
Others	630	208
Cash flows from financing activities	(78,206)	(108,021)
Effect of exchange rate changes on cash and cash equivalents	20,257	11,610
Net increase (decrease) in cash and cash equivalents	13,885	(63,654)
Cash and cash equivalents at the beginning of the year	195,830	209,716
Cash and cash equivalents at the end of the year	209,716	146,061

(5) Notes regarding assumption of a going concern

Not applicable

(6) Notes to the Consolidated Financial Statements

1) Basis of Preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), based on the stipulations of Article 93 of the Ordinance on Consolidated Financial Statements. The Group's consolidated financial statements satisfy all of the requirements for a "Specified Company" prescribed by Article 1-2 of the Ordinance on Consolidated Financial Statements.

2) Changes in Accounting Policies

The material accounting policies adopted for the Group's Consolidated Financial Statements are the same as those for the Consolidated Financial Statements for the fiscal year ended December 31, 2022, with the exception of the items described below.

The following are the accounting standards applied by the Group from fiscal year 2023, in compliance with each transitional provision. The effect of the application of the following standards on the Group's Consolidated Financial Statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IAS 1 (amended in February 2021)	Presentation of Financial Statements	Disclosure of Accounting Policies
IAS 8 (amended in February 2021)	Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates
IAS 12 (amended in May 2021)	Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has applied the "International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)" issued on May 23, 2023, from fiscal year 2023. This amendment provides an exception rule that temporarily exempts the recognition and disclosure of deferred taxes related to taxes arising from the taxation system on the pillar two model rules published by the Organisation for Economic Co-operation and Development (OECD) (hereinafter, the "Pillar Two Income Taxes"). The Group has applied the said exception rule retroactively from fiscal year 2023 and has not recognized and disclosed the deferred taxes related to the Pillar Two Income Taxes.

3) Material Accounting Policies

"Operating profit" in the Group's consolidated statements of profit or loss is an indicator that facilitates like-on-like comparisons and evaluation of the Group's business performance on a continuous basis. Main items of "other income" and "other expenses" are foreign exchange gain and loss, gains on sale of fixed assets, losses on disposal of fixed assets, impairment loss and expenses for restructuring programs. "Business profit" includes all income and expenses before finance income, finance costs and income tax expenses.

4) Changes in Accounting Estimates

No items to report

5) Segment Information

The Group's reportable segments are components of the Group for which discrete financial information is available, and whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess performance. The Group has six in-house companies by product and service: Architectural Glass Europe & Americas, Architectural Glass Asia Pacific, Automotive, Electronics, Chemicals, and Life Science. Each in-house company operates worldwide, formulating comprehensive domestic and overseas strategies for its products and services.

Until the previous fiscal year, the Group had five in-house companies: Architectural Glass Europe & Americas, Architectural Glass Asia Pacific, Automotive, Electronics and Chemicals. Among these companies, Architectural Glass Europe & Americas,

Architectural Glass Asia Pacific, and Automotive companies share float glass manufacturing facilities (glass melting furnaces) etc., which are the largest assets and situated the highest upstream in the supply chain, and therefore the three in-house companies share assets and liabilities, and ratio of utilization is influenced by fluctuations of demand and supply. Considering these situations, the Group had prepared the financial statements of Architectural Glass Europe & Americas, Architectural Glass Asia Pacific and Automotive as the Glass segment. In addition, decisions on the assigning management resources are closely tied to the results of each business and were inseparable from their performance evaluation. Therefore, with the participation of presidents of three in-house companies, the Group had established a “Glass Segment Council,” which primarily functioned to maintain synergies and maximize overall production in the Glass segment. Based on these circumstances, the Group had reported on the Architectural Glass Europe & Americas, Architectural Glass Asia Pacific and Automotive companies as the Glass segment.

However, the relative weight of the float strategy in both businesses is declining as the architectural glass business shifts to midstream and downstream high value-added products and businesses and the automotive glass business focuses its strategy on expanding into the mobility sector. In addition, the “Glass Segment Council” ended at the end of the previous fiscal year.

On the other hand, the Architectural Glass Europe & Americas and Architectural Glass Asia Pacific companies are considered to share economic characteristics, because they are united in their efforts to share information on technological development and production related to float and architectural processing, to create social value of GHG reduction and product contribution to climate change issues, and to take a common commitment for long-term profitability indicators and others, and they have similarities in products and sales markets.

As a result of the above, in view of the decrease in the number of common items to be considered in the development of the business and the shift to a business operation that emphasizes the uniqueness of strategy and speed of decision-making in both the architectural glass and automotive businesses, from the fiscal year ended December 31, 2023, the Group has decided to reorganize its reportable segments with the Architectural Glass Europe & America and Architectural Glass Asia Pacific companies combined as the Architectural Glass segment and the Automotive company as the Automotive segment.

In addition, effective January 1, 2023, the Chemicals company was split into the Chemicals and Life Science companies. As a result of this organizational change, the Chemicals segment was reorganized into the Chemicals and Life Science reporting segments effective from the fiscal year ended December 31, 2023.

Thus, the Group has five reportable segments: Architectural Glass, Automotive, Electronics, Chemicals and Life Science. Segment information for the previous fiscal year is disclosed based on classification of reportable segments for the fiscal year ended December 31, 2023.

The main products of each reportable segment are as follows.

Reportable segment	Main products
Architectural Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Decorative glass, Fabricated glass for architectural use (Heat Insulating/shielding glass, Disaster-resistant/Security glass, Fire-resistant glass, etc.), etc.
Automotive	Automotive glass, Cover glass for car-mounted displays, etc
Electronics	LCD glass substrates, OLED glass substrates, Specialty glass for display applications, Display related materials, Semiconductor process materials, Optoelectronic materials, Printed circuit board materials, Laboratory use ware, etc.
Chemicals	Polyvinyl chloride, Vinyl chloride monomer, Caustic soda, Urethane, Fluorinated resins, Gases, Solvents, Iodine-related products, etc.
Life Science	Intermediates and active ingredients of synthetic pharmaceutical and agrochemical, Biopharmaceuticals, etc.

FY2022 (Jan.1 through Dec.31, 2022)

(Unit: millions of yen)

	Reportable segments					Ceramics/ Others	Total	Adjustments	Amount reported on consolidated financial statements
	Architectural Glass	Automotive	Electronics	Chemicals	Life Science				
Sales to external customers	482,714	417,639	304,918	655,013	138,146	37,442	2,035,874	-	2,035,874
Inter-segment sales	988	186	2,294	5,367	3,640	49,159	61,636	(61,636)	-
Total sales	483,702	417,825	307,212	660,380	141,787	86,602	2,097,510	(61,636)	2,035,874
Segment profit (loss) (Operating profit)	32,716	(9,822)	14,677	126,085	16,862	3,678	184,197	(255)	183,942
Profit for the year	-	-	-	-	-	-	-	-	22,505
Other items									
Depreciation and amortization	23,918	32,547	68,361	47,489	11,544	1,940	185,802	(146)	185,656
Impairment losses (Non-financial assets)	11,339	10,813	106,085	84	-	125	128,447	-	128,447
Capital expenditures	17,535	29,805	79,995	64,886	43,101	1,442	236,767	(214)	236,553
Investments accounted for using equity method	12,567	5,567	1,168	3,852	-	1,453	24,609	-	24,609

The amounts of inter-segment sales are primarily based on market prices and manufacturing cost.

Ceramics/Others mainly handles ceramics products, logistics and financial services.

Moreover, the above amounts of impairment losses (non-financial assets) include the amounts of impairment losses recorded as expenses for restructuring programs.

FY2023 (Jan.1 through Dec.31, 2023)

(Unit: millions of yen)

	Reportable segments					Ceramics/ Others	Total	Adjustments	Amount reported on consolidated financial statements
	Architectural Glass	Automotive	Electronics	Chemicals	Life Science				
Sales to external customers	474,646	499,392	311,964	569,652	123,933	39,665	2,019,254	-	2,019,254
Inter-segment sales	1,648	316	1,204	4,466	2,882	43,713	54,231	(54,231)	-
Total sales	476,295	499,708	313,168	574,119	126,815	83,378	2,073,486	(54,231)	2,019,254
Segment profit (loss) (Operating profit)	32,763	21,786	18,352	64,769	(12,378)	3,346	128,640	138	128,779
Profit for the year	-	-	-	-	-	-	-	-	82,484
Other items									
Depreciation and amortization	24,423	31,875	53,182	50,072	13,852	2,115	175,523	(176)	175,346
Impairment losses (Non-financial assets)	-	1,895	6,780	34	-	-	8,709	-	8,709
Capital expenditures	24,701	26,250	51,438	87,720	39,870	1,829	231,811	(95)	231,715
Investments accounted for using equity method	14,375	5,941	1,421	4,466	-	1,428	27,633	-	27,633

The amounts of inter-segment sales are primarily based on market prices and manufacturing cost.

Ceramics/Others mainly handles ceramics products, logistics and financial services.

Moreover, the above amounts of impairment losses (non-financial assets) include the amounts of impairment losses recorded as expenses for restructuring programs.

6) Notes to Consolidated Statements of Profit or Loss

Other Income

(Unit: millions of yen)

	FY2022 (Jan. 1 through Dec. 31, 2022)	FY2023 (Jan. 1 through Dec. 31, 2023)
Foreign exchange gain	-	8,583
Gains on sale of fixed assets	14,786	563
Gains on sale of shares of subsidiaries and associates	8,556	3,333
Others	3,813	7,054
Total	27,156	19,535

Gains on sale of fixed assets during the year ended December 31, 2022 includes a gain of 14,263 million yen from the sale of land the Company owned in Amagasaki City, Hyogo Prefecture.

Other Expenses

(Unit: millions of yen)

	FY2022 (Jan. 1 through Dec. 31, 2022)	FY2023 (Jan. 1 through Dec. 31, 2023)
Foreign exchange loss	(4,025)	-
Losses on disposal of fixed assets	(8,635)	(4,717)
Impairment losses	(128,447)	(605)
Expenses for restructuring programs	(9,641)	(11,490)
Others	(3,142)	(3,224)
Total	(153,892)	(20,036)

The total amount of impairment losses included in expenses for restructuring programs was 8,104 million yen during the year ended December 31, 2023. Expenses for restructuring programs during the year ended December 31, 2023 includes 7,890 million yen incurred in relation to the termination of the production of LCD glass substrate products at Kansai Plant (Takasago Factory) in Japan.

7) Earnings Per Share

Basic earnings per share

Basic earnings per share and the basis for calculating basic earnings per share are as follows:

	FY2022 (Jan. 1 through Dec. 31, 2022)	FY2023 (Jan. 1 through Dec. 31, 2023)
Profit (loss) for the year attributable to owners of the parent (millions of yen)	(3,152)	65,798
Weighted average number of ordinary shares outstanding (thousands of shares)	221,647	215,922
Basic earnings (loss) per share (yen)	(14.22)	304.73

Diluted earnings per share

Diluted earnings per share and the basis for calculating diluted earnings per share are as follows:

	FY2022 (Jan. 1 through Dec. 31, 2022)	FY2023 (Jan. 1 through Dec. 31, 2023)
Profit (loss) for the year attributable to owners of the parent (millions of yen)	(3,152)	65,798
Adjustments to profit or loss used to calculate diluted earnings per share (millions of yen)	-	-
Profit (loss) used to calculate diluted earnings per share (millions of yen)	(3,152)	65,798

Weighted average number of ordinary shares outstanding (thousands of shares)	221,647	215,922
Effects of dilutive potential ordinary shares		
Stock options based on subscription rights (thousands of shares)	-	516
Diluted weighted average number of ordinary shares outstanding (thousands of shares)	221,647	216,439

Diluted earnings (loss) per share (yen)	(14.22)	304.01
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In the fiscal year ended December 31, 2022, the exercise of stock options using the stock acquisition rights method reduced net loss per share, and as a result, potential ordinary shares have no dilution effect.

8) Notes on Significant Subsequent Events

No items to report