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(Code Number: 5201; TSE Prime Market)

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AGC Formulates New Medium-term Management Plan **AGC plus-2026**

AGC (AGC Inc., Headquarters: Tokyo; President: Yoshinori Hirai) has announced that it has formulated its new medium-term management plan **AGC plus-2026**. The following is an overview of the plan.

1. AGC Group's Mid/Long-term Initiatives for Value Creation

The AGC Group's business and social activities are founded on its corporate philosophy **Look Beyond**. In this Group Vision, the AGC Group has set forth *Our Mission: AGC, an everyday essential part of our world - making people's lives better around the world every day by offering unique materials and solutions*, which expresses the value that the Group should offer to the world, and represents the reason why the AGC Group exists.



In order to continue to be an everyday essential part of our world, the AGC Group is committed to transforming itself and has made changes required in each time period. To accelerate the Group's corporate transformation, in 2016, the AGC Group defined its existing businesses as *core businesses* and new businesses in growth areas as *strategic businesses* in the pursuit of its *ambidextrous strategy*. In 2021, the AGC Group formulated its long-term management strategy, *Vision 2030*, and declared that it would further accelerate its corporate transformation by clarifying the direction of its business portfolio transformation as *Corporate transformation Chapter 2*.



2. Recap of Medium-term Management Plan *AGC plus-2023*

In the medium-term management plan *AGC plus-2023* formulated in 2021, the AGC Group carried out the following strategies: *pursuit of ambidextrous strategy, promotion of sustainability management, and gaining competitiveness by accelerating digital transformation (DX)*. The progress in transforming the business portfolio to improve profitability and efficiency resulted in higher operating income and EBITDA.

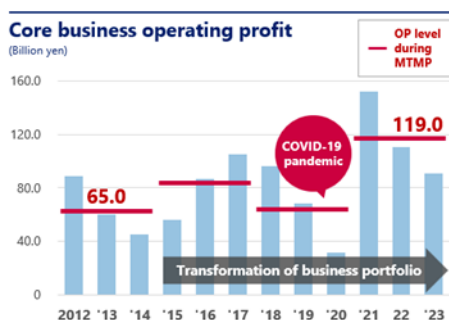


However, the AGC Group was unable to reach its initial target of achieving a stable ROE of 8% or higher, due to impairment losses associated with structural reforms and other factors, leaving the level of ROE as an issue.

	FY2021 results	FY2022 Results	FY2023 Results	Reference
OP	206.2 billion yen	183.9 billion yen	128.8 billion yen	FY2023 target (Announced on 2/5/2021): 160.0 billion yen FY2023 target (Announced on 2/8/2022): 230.0 billion yen
ROE	10%	—*	4.6%	8% 10%
Strategic Business OP	53.8 billion yen	70.9 billion yen	38.2 billion yen	70.0 billion yen 80.0 billion yen
D/E Ratio	0.41	0.41	0.42	0.5 or less 0.5 or less

* In FY2022, there was a net loss attributable to owners of the parent company due to the impact of impairment losses.

The profit level of the *core businesses* improved due to investments in growth areas and progress in structural reforms. As for the *strategic businesses*, the profit level also improved, but in 2023, it was significantly affected by the underperformance of the US bio-CDMO business.

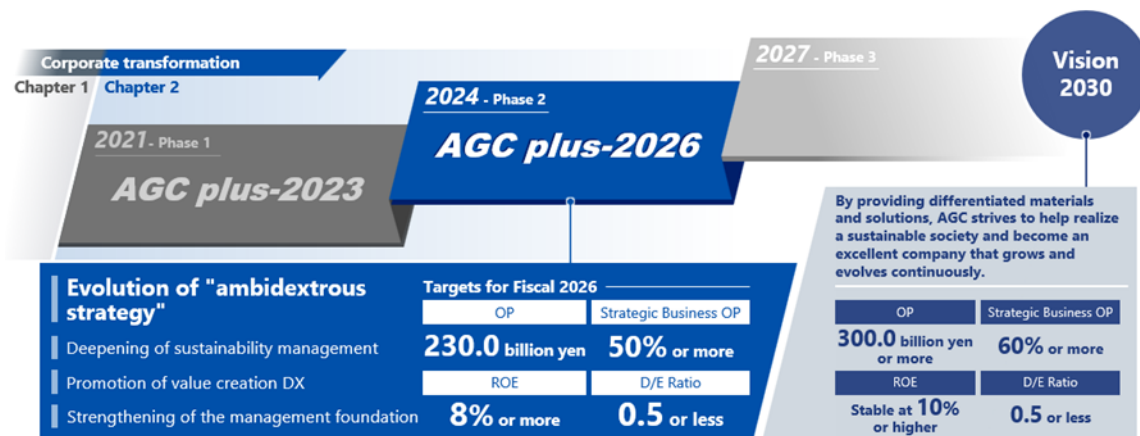


* Strategic business operating profit does not reflect the new definition.

As mentioned above, both the *core businesses* and the *strategic businesses* saw improvements in profit levels. However, the display business in the *core businesses* and the US bio-CDMO business in the *strategic businesses* continue to face challenges that need to be addressed.

3 New Medium-term Management Plan **AGC plus-2026**

The AGC Group has formulated a new medium-term management plan, **AGC plus-2026**, positioning the period from 2024 to 2026 as *Corporate Transformation Phase 2* in order to steadily implement various measures towards its long-term management strategy, *Vision 2030*.



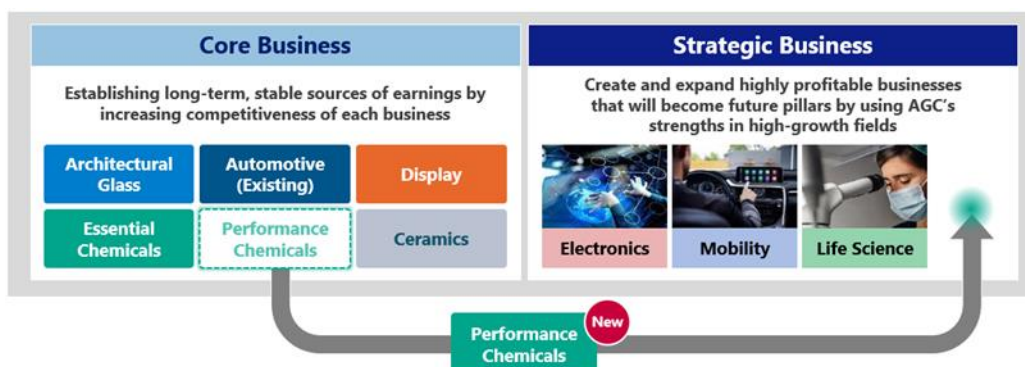
3.1 The Key Strategies of **AGC plus-2026**

The basic strategies of **AGC plus-2026** are as follows. These fundamental strategies continue the direction set by the previous medium-term management plan, which has yielded certain results.

Evolution of "ambidextrous strategy"	<ul style="list-style-type: none"> Accelerate business portfolio transformation by pursuing the use and development of differentiated materials and solutions Continue to strengthen the earnings base and cash generation capabilities of core businesses. Revise the scope of strategic businesses, accelerate business growth, and explore next-generation areas
Deepening of Sustainability Management	<ul style="list-style-type: none"> Accelerate integrated management, including financial KPIs, by redefining the social value that we provide and setting sustainability KPIs.
Promotion of value creation DX	<ul style="list-style-type: none"> Strengthen competitiveness through digital × <i>monozukuri</i> capabilities Streamline and strengthen the entire supply chain
Strengthening of the management foundation	<ul style="list-style-type: none"> Strengthen group governance Promote human capital management Further strengthen the alignment between business strategy and technology platform

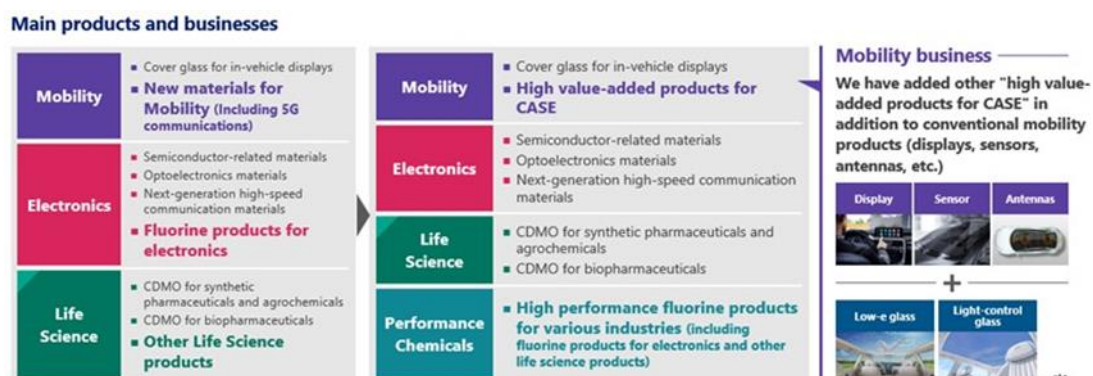
A) The Evolution of *Ambidextrous Strategy*

Through the business management with its unique ambidextrous approach, the AGC Group will continue to aim at building a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency. In addition, the Group has revised the definition of the *strategic business* and incorporated Performance Chemicals, which provides high-performance materials for a variety of cutting-edge applications, as part of our *strategic businesses*.



Also, for Mobility, another of our *strategic businesses*, the AGC Group has incorporated high value-added products for CASE applications, such as low-E* glass and light-control glass, which were previously included in the *core* Automotive business.

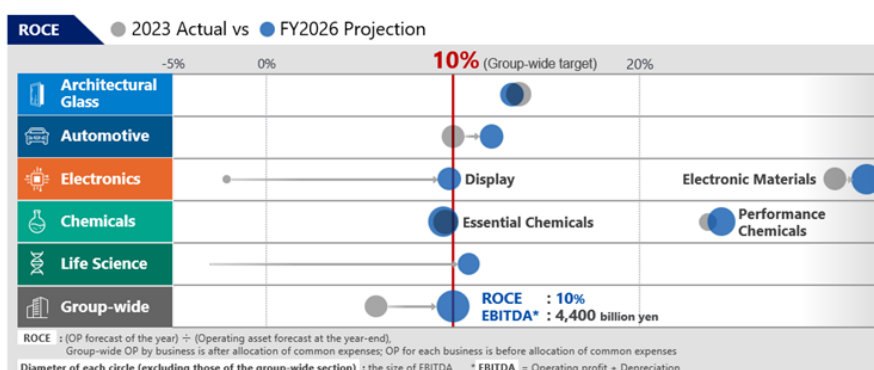
*Low-Emissivity (Low-E) glass: Glass coated with special metals on the surface to reduce heat transfer.

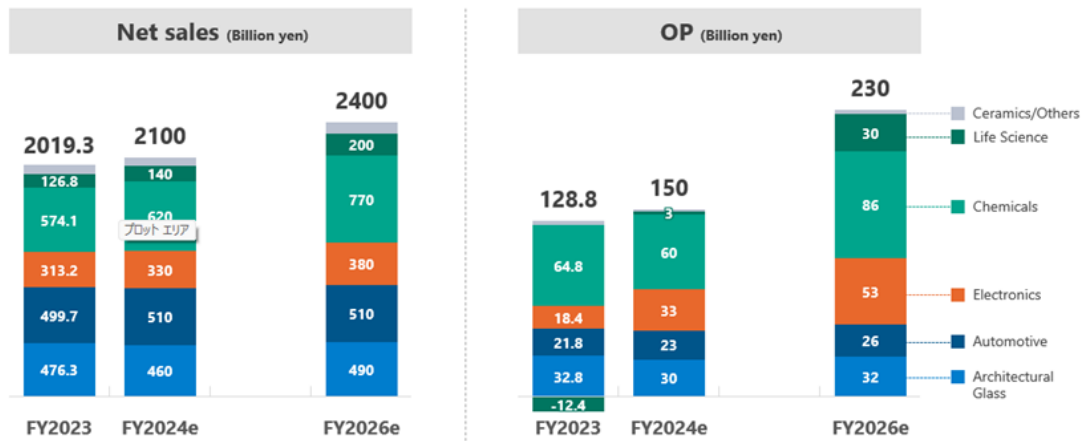


An overview of the key strategies for each business is as follows. For the Display business and the US bio-CDMO business, both of which are facing profitability challenges, the following actions will be taken. In the Display business, a structural reform project led by the CFO has been launched, and prompt actions will be taken under the leadership of the top management. In the US bio-CDMO business, significant measures such as facility improvements have already been implemented, and further efforts will be made to enhance operations. Through the steady execution of these fundamental measures, early improvements in both businesses are expected to be achieved.

Business	Overview of strategies
Strategic Business	
Electronics	<ul style="list-style-type: none"> Expansion of EUV mask blanks and other high value-added products Continuous creation of new businesses
Life Science	<ul style="list-style-type: none"> Early rebuilding of U.S. biopharmaceutical CDMO business Return to a growth trajectory by leveraging our strengths in global operations and technological capabilities
Mobility	<ul style="list-style-type: none"> Seizing business opportunities with an eye on market changes through CASE
Performance Chemicals	<ul style="list-style-type: none"> Provide high-performance materials for electronics including semiconductors as well as the environment and energy fields Capture demand in global niche markets by adding high value and expanding business areas
Core Business	
Architectural Glass	<ul style="list-style-type: none"> Strengthen products and technologies that help solve social challenges such as GHG reduction, and stably generate cash
Automotive	<ul style="list-style-type: none"> Improve profitability and efficiency through pricing policy, structural reforms, and continued shift to high performance and high value-added products
Display	<ul style="list-style-type: none"> Improve profitability and asset efficiency through business restructuring, strengthening competitiveness through technological innovation, and revising pricing policies
Essential Chemicals	<ul style="list-style-type: none"> Continue and strengthen the strategy of regional concentration in the growing Southeast Asian market

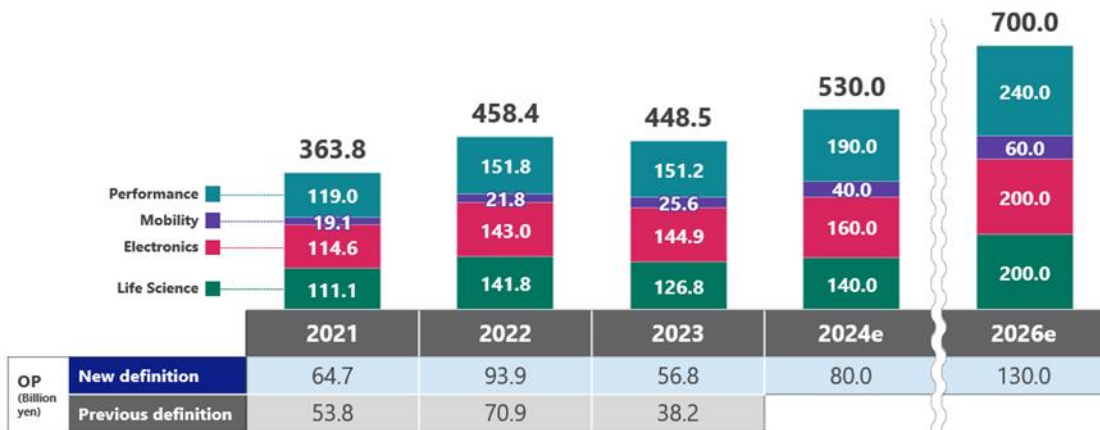
Through these initiatives, the AGC Group aims to achieve a Group-wide ROCE (return on capital employed) of 10% or higher, net sales of 2,400 billion Japanese yen, and operating profit of 230 billion Japanese yen by 2026, the final year of the plan.



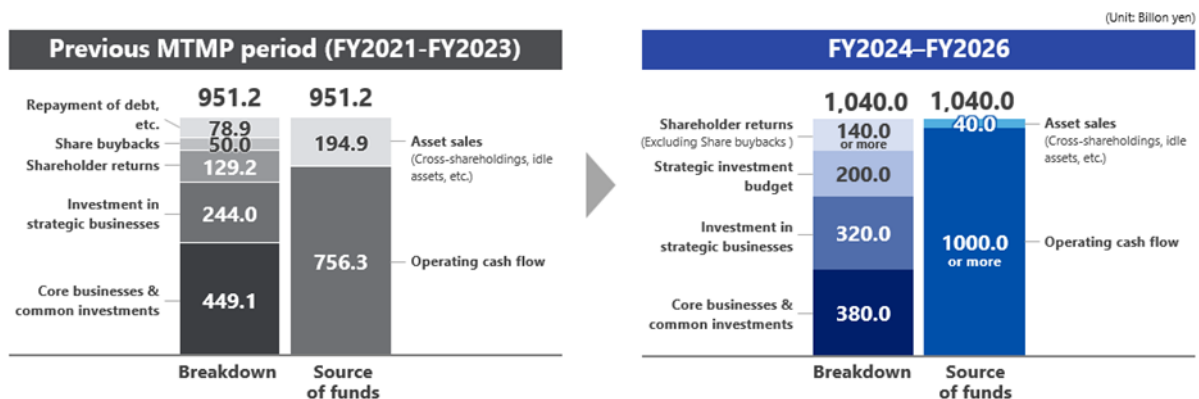


For *strategic businesses*, the AGC Group aims to achieve net sales of 700 billion Japanese yen and operating profit of 130 billion Japanese yen, accounting for more than 50% of the Group's total operating profit, by 2026.

Strategic business net sales (Billion yen)



In order to continue proactive investments in strategic and growth businesses, the AGC Group has established a strategic investment budget of 200 billion Japanese yen. Regarding shareholder returns, the Group will continue to maintain stable dividends with a target of approximately 3% Dividend on Equity. As for share buybacks, the decision will be made based on a comprehensive consideration of investment projects, cash position, and other relevant factors.

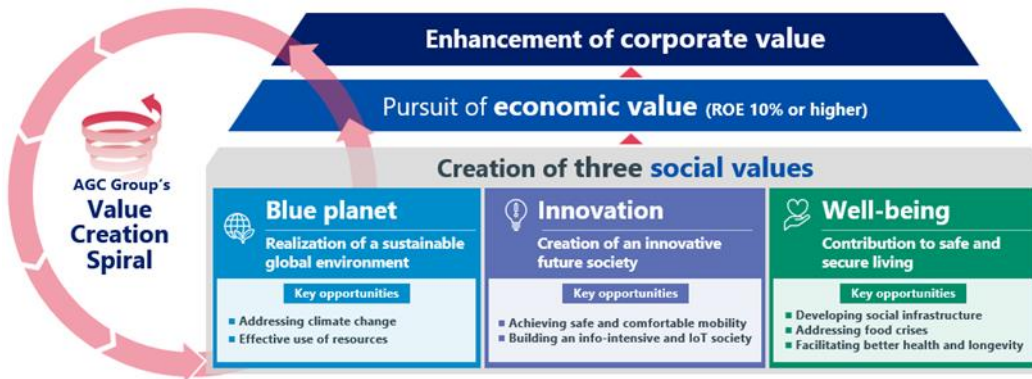


B) Deepening of AGC Group's Sustainability Management

In formulating **AGC plus-2026**, the AGC Group has reclarified the values that it will contribute to society, by replacing the existing "five social values" with "three social values" to be created by the Group's products and technologies.

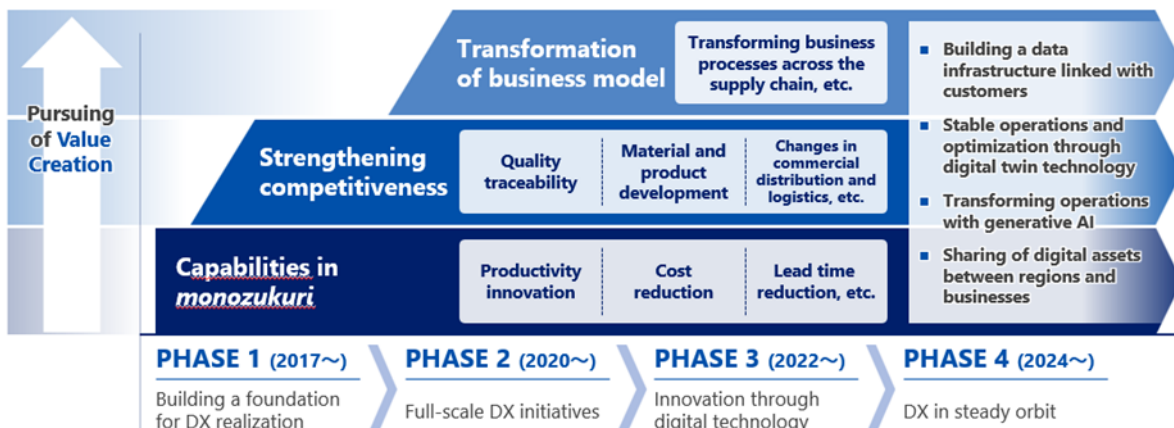


The AGC Group will create economic value through the creation of these three social values and achieve an upward spiral of enhanced corporate value.



C) Pursuit of Value Creation through DX

In 2017, the AGC Group began building a foundation for the realization of DX, including the digitization of data, and has since strengthened its capabilities in *monozukuri* by reducing costs and lead times in existing businesses. Starting in 2020, the Group has been implementing DX initiatives leveraging this foundation and is currently creating and delivering new value through business model reforms, such as transforming business processes across the supply chain. Under **AGC plus-2026**, the AGC Group will enhance the competitiveness of each business by combining the digital technology it has cultivated since 2017 with the AGC Group's capabilities in *monozukuri*.



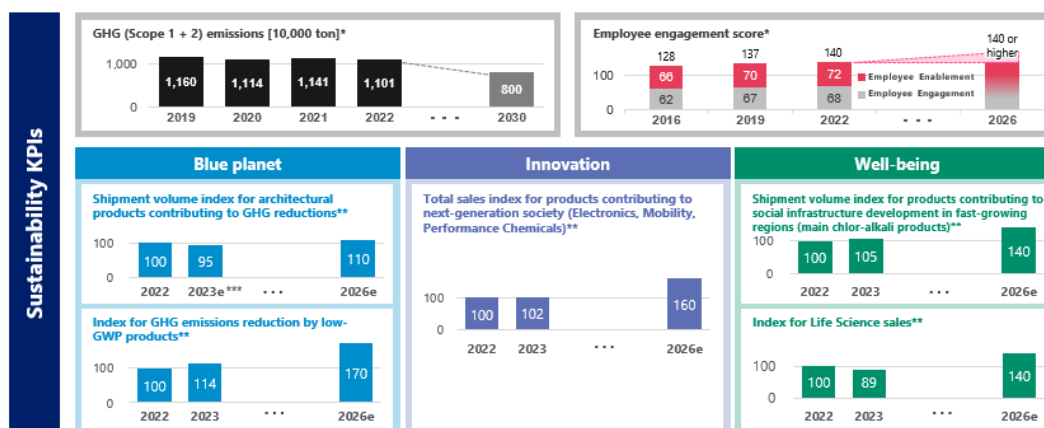
D) Strengthening the Management Foundation: Promoting Human Capital Management

The AGC Group will encourage the growth of the strengths and abilities of each of its diverse human resources, support their proactive learning and growth, and encourage challenges. The collective growth of individuals creates a strong, highly engaged organization, leading to the enhancement of corporate value and the realization of AGC Group's mission.



3.2 Targets and KPIs for *AGC plus-2026*

In order to integrate a sustainability perspective into its overall management and to monitor its implementation, the AGC Group has decided to include GHG emissions per unit of sales and employee engagement scores as indexes in the calculation of stock compensation for its directors and executive officers. In addition, the Group has established sustainability KPIs related to the three newly defined social values.



* Items reflected in executive remuneration. However, for GHG emissions, GHG emissions per unit of GHG emissions sales are used in the calculation of executive remuneration.
** Indexes: Figures converted from 2023 on using 2022 as a base of 100. ***Tentative figures

In terms of financial performance, the AGC Group aims for continuous growth and evolution through the implementation of the aforementioned strategies and aim to achieve a stable ROE of 8% or higher. The operating income target for 2026 is 230 billion Japanese yen, the majority of which is to be generated from the *strategic businesses*.

	2023 (Actual)	2024 (Estimate)	2026	2030	2050
Financial KPIs	OP	128.8 billion yen	150.0 billion yen	230.0 billion yen	300.0 billion yen or higher
	Strategic Business OP	56.8 billion yen	80.0 billion yen	130.0 billion yen	190.0 billion yen or higher
	EBITDA*	304.1 billion yen	335.0 billion yen	440.0 billion yen	
	ROE	4.6%	3.7%	8% or higher	10% or higher
	D/E Ratio	0.42		0.5 or less	

* EBITDA = Operating profit + Depreciation

The AGC Group will create value for all stakeholders, including the society, customers, business partners, employees, investors and future generations, by achieving the sustainability goals and financial targets set forth in the new medium-term management plan, ***AGC plus-2026***.