



AGC Inc

Financial Results for FY2024 First Quarter

May 8, 2024

Event Summary

[Company Name]	AGC Inc.
[Company ID]	5201-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results for FY2024 First Quarter
[Fiscal Period]	FY2024 Q1
[Date]	May 8, 2024
[Number of Pages]	22
[Time]	15:00 – 15:55
[Venue]	Webcast
[Number of Speakers]	3
	Shinji Miyaji Representative Director, Senior Executive Vice President, CFO
	Toshiro Kasuya Senior Executive Officer, General Manager of Finance & Control Division
	Chikako Ogawa General Manager of Corporate Communications & Investor Relations Division

Presentation

Ogawa: The time has arrived and we will now begin the AGC Inc., Q1 FY2024 financial results briefing. My name is Ogawa from the Corporate Communications & Investor Relations Division, and I will be your moderator today.

Here are today's attendees. Shinji Miyaji, Representative Director, Senior Executive Vice President, CFO. Toshiro Kasuya, Senior Executive Officer, General Manager of Finance & Control Division.

Mr. Miyaji, CFO, will first provide an overview of the Q1 2024 financial results, followed by a Q&A session. The event is scheduled to end at 3:45 PM. We appreciate your cooperation.

Now, Mr. Miyaji, please.

Key points for today



Financial Results for 1Q FY2024

(YoY)

Net sales	498.7 bn JPY	(+9.5 bn JPY)
Operating profit	24.1 bn JPY	(-10.1 bn JPY)
Profit for the period attributable to owners of the parent	- 21.0 bn JPY	(-43.0 bn JPY)

- Net sales increased thanks to the positive effect of foreign exchange rates and increase in sales in Electronics, despite the decline in sales prices for Architectural Glass, Caustic soda and PVC.
- Operating profit decreased due to factors such as the above-mentioned lower sales prices, despite lower raw materials and fuel costs.
- Profit for the period attributable to owners of the parent decreased, partly due to the impact of other expenses incurred in connection with the transfer of the Russian business.

Outlook for FY2024

(YoY)

Net sales	2,100.0 bn JPY	(+80.7 bn JPY)
Operating profit	150.0 bn JPY	(+21.2 bn JPY)

- No change is made from the forecast announced in February 2024.

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Miyaji: My name is Miyaji. Thank you for your cooperation.

Please see page 3 first. These are key points for today.

Net sales for Q1 of FY2024 increased by JPY9.5 billion to JPY498.7 billion, mainly due to the positive effect of foreign exchange rates and an increase in Electronics sales, despite decline in sales prices for Architectural glass and Chemical products such as caustic soda and PVC.

Operating profit decreased by JPY10.1 billion to JPY24.1 billion, mainly due to lower sales prices, despite lower raw materials and fuel costs.

Profit for the period attributable to owners of the parent decreased by JPY43.0 billion to a loss of JPY21.0 billion, partly due to the impact of approximately JPY36.0 billion in other expenses incurred in connection with the transfer of the Russian business announced in February this year.

The forecast for the full year remains unchanged from that announced at the beginning of the fiscal year in February of this year.

Highlights of the Financial Results for 1Q FY2024



* FOREX impact was +36.0 billion JPY, change in the scope of consolidation was ▲2.1 billion JPY

(100 million JPY)

	FY2023		FY2024		Change	Main factors in the change (+) Increasing factors (-)Decreasing factors
	1Q		1Q			
Net sales	4,892		4,987		+ 95*	(+) Yen depreciation (+) Increase in shipments of Electronic materials and LCD glass substrates (-) Decline in sales prices of Architectural glass (-) Decline in sales prices of caustic soda and PVC
Operating profit	342		241		- 101	(+) Decline in raw materials and fuel prices (-) Decline in sales prices mentioned above
Profit before tax	366		- 63		- 429	In addition to the above, (+) Foreign exchange gain (-) Other expenses related to transfer of Architectural glass and Automotive glass business in Russia
Profit for the period attributable to owners of the parent	221		- 210		- 430	
FOREX (Average)	1USD	JPY 132.34	JPY 148.61			
	1EUR	JPY 142.10	JPY 161.31			
Crude oil (Dubai, Average)	USD/BBL	80.32	81.29			

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6







Please see page 6.

Net sales, operating profit, and profit for the period attributable to owners of the parent are as explained earlier.

Profit before tax was a loss of JPY6.3 billion.

YoY Performance Comparison by Business Segment

(100 million JPY)

	FY2023 1Q (a)		FY2024 1Q (b)		Change (b)-(a)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
 Architectural Glass	1,205	93	1,103	42	- 103	- 51
 Automotive	1,184	48	1,242	48	+ 57	- 0
 Electronics	702	19	825	72	+ 123	+ 53
 Chemicals	1,410	172	1,436	136	+ 27	- 36
 Life Science	332	6	325	-63	- 7	- 69
 Ceramics/Other	199	6	199	6	- 0	- 0
Elimination	-141	-2	-143	0	- 2	+ 2
Total	4,892	342	4,987	241	+ 95	- 101

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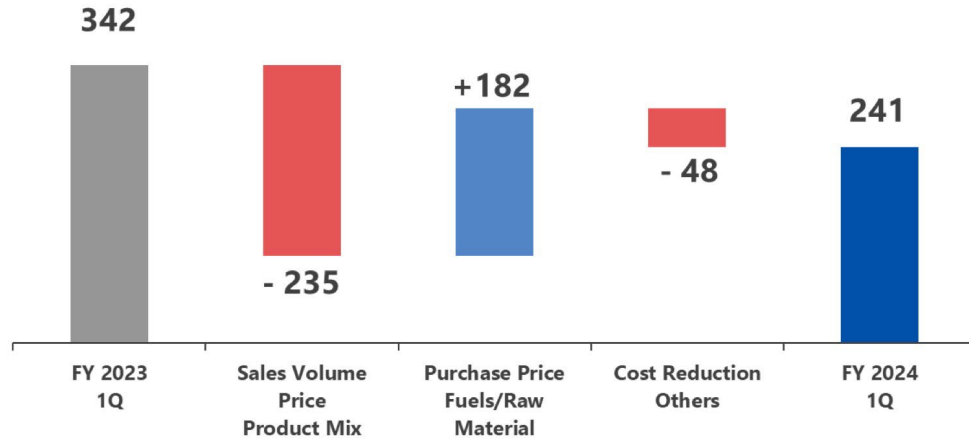
Please see page 7. Segment performance.

Net sales and operating profit declined in Architectural glass and Life science. Automotive net sales increased, while operating profit was flat YoY. Electronics increased in both net sales and operating profit. Chemicals reported higher net sales and lower operating profit.

Variance Analysis on OP (1Q.FY2024 vs. 1Q.FY2023)

10.1 bn JPY down from last year

(100 million JPY)



Please see page 8. I will now explain the factors behind the difference in operating profit compared with the same period of the previous fiscal year.

Sales volume, price, and product mix differences were negative JPY23.5 billion. Sales prices of Architectural glass and Chemical products such as caustic soda and PVC declined. The raw material and fuel price difference was a positive JPY18.2 billion. Prices for raw materials and fuel such as natural gas and electricity declined. The cost reduction and other differences were negative JPY4.8 billion.

As a result of the above, operating profit decreased by JPY10.1 billion to JPY24.1 billion.

Consolidated Statement of Financial Position



	(100 million JPY)			
	2023/12	2024/3	Change	
Cash and cash equivalents	1,461	1,230	- 230	
Inventories	4,541	4,544	+ 3	
Property, plant and equipment, Goodwill and Intangible assets	16,312	16,750	+ 439	Foreign exchange fluctuation +45.7 billion yen
Other assets	7,017	7,373	+ 356	
Total assets	29,330	29,898	+ 568	Foreign exchange fluctuation +73.2 billion yen
Interest-bearing debt	6,950	6,614	- 336	
Other liabilities	5,836	6,013	+ 176	
Liabilities	12,787	12,627	- 159	
Total equity attributable to owners of the parent	14,471	15,129	+ 658	
Non-controlling interests	2,073	2,141	+ 69	Foreign exchange fluctuation +48.7 billion yen
Equity	16,543	17,271	+ 727	
Total liabilities and equity	29,330	29,898	+ 568	
D/E ratio	0.42	0.38		

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Please see page 9. Balance sheet.

Total assets amounted to JPY2,989.8 billion, an increase of JPY56.8 billion from the end of last year. The D/E ratio was 0.38.

Consolidated Statement of Cash Flow

1Q	(100 million JPY)	
	FY2023	FY2024
Profit before tax	366	-63
Depreciation and amortization	424	455
Increase(decrease) in working capital	-387	-103
Others	-102	386
Cash flows from operating activities	301	676
Cash flows from investing activities	-471	-227
Free cash flow	-170	449
Changes in interest-bearing debt	460	-473
Dividends paid	-233	-223
Others	-168	-4
Cash flows from financing activities	58	-700
Effect of exchange rate changes on cash and cash equivalents etc.	35	21
Net increase(decrease) in cash and cash equivalents	-76	-230

Effect of loss on sale of subsidiaries and associates not accompanying cash outflow
+36.5 billion yen

Cash inflow effect from sale of subsidiaries and associates
+21.9 billion yen

Please see page 10. Cash flow statement.

Cash flows from operating activities for the period were JPY67.6 billion and cash flows from investing activities were negative JPY22.7 billion, resulting in free cash flow of JPY44.9 billion.

Included in others in cash flows from operating activities is an effect of loss on sale of subsidiaries and associates not accompanying cash outflow of JPY36.5 billion. Specifically, this is related to the transfer of the Russian business. Cash flows from investing activities include cash inflow effect of JPY21.9 billion from sale of subsidiaries and associates in Russia, etc.

CAPEX, Depreciation and R&D

1Q	FY2023	FY2024
CAPEX	487	544
Architectural Glass	56	50
Automotive	48	53
Electronics	107	125
Chemicals	204	231
Life Science	67	76
Ceramics/Other	4	10
Elimination	- 1	- 0

1Q	FY2023	FY2024
Depreciation	424	455
Architectural Glass	58	61
Automotive	77	84
Electronics	128	130
Chemicals	123	131
Life Science	34	45
Ceramics/Other	5	5
Elimination	- 0	- 0

(100 million JPY)

1Q	FY2023	FY2024
R&D	136	144

Main projects for CAPEX

- Capacity enhancement for Chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for Electronic materials (Electronics)
- Capacity enhancement for Biopharmaceuticals CDMO and Small Molecule Pharmaceuticals and Agrochemicals CDMO (Life Science)
- Capacity enhancement for Fluorochemical-related products (Chemicals)
- Repairment for Display glass furnace (Electronics) etc.

Please see page 11. These are CAPEX, depreciation, and R&D.

CAPEX was JPY54.4 billion, depreciation was JPY45.5 billion, and R&D expenses were JPY14.4 billion.

Architectural Glass Segment

1Q	FY2023	FY2024	Change
Net sales	1,205	1,103	- 103*
Asia	373	352	- 21
Europe & Americas	831	746	- 85
(Inter-segment)	1	5	+ 3
Operating profit	93	42	- 51

* FOREX impact: +10.4 billion yen, Change in the Scope of Consolidation: No impact (100 million JPY)



Asia

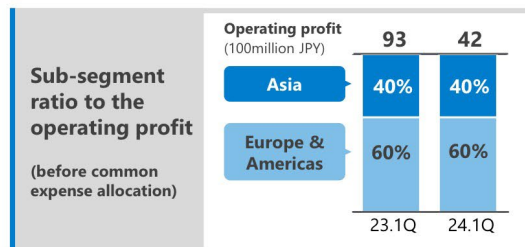
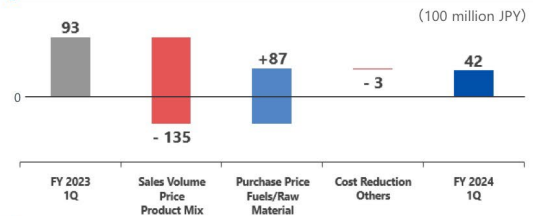
- Net sales decreased due to lower shipments in all regions.



Europe & Americas

- Net sales decreased due to lower sales prices in Europe, despite the positive effect of foreign exchange rates.

Variance Analysis on OP



We move on to the explanation by segment.

Please see page 13. The first is the Architectural glass segment.

Net sales were JPY110.3 billion and operating profit was JPY4.2 billion.

Net sales in Asia decreased by JPY2.1 billion to JPY35.2 billion due to lower shipments in all regions. Net sales in Europe & Americas decreased by JPY8.5 billion to JPY74.6 billion due to lower sales prices in Europe, despite the positive effect of foreign exchange rates.

The sub-segment ratio to the operating profit of the Architectural glass segment was approximately 40% in Asia and 60% in Europe & Americas.

Automotive Segment

1Q	FY2023	FY2024	Change
Net sales	1,184	1,242	+ 57*
Automotive	1,183	1,240	+ 57
(Inter-segment)	1	1	+ 0
Operating profit	48	48	- 0

* FOREX impact: +10.3 billion yen,
Change in the Scope of Consolidation: No impact
(100 million JPY)

Variance Analysis on OP



Automotive Glass

- The Group's shipments decreased as the automobile production decreased in Japan and Europe, etc.
- Net sales increased due to positive effect of foreign exchange rates and higher sales prices.

Please see page 14. This is the Automotive segment.

Net sales were JPY124.2 billion and operating profit was JPY4.8 billion.

Although the decrease in automobile production in Japan, Europe, and other regions caused a decrease in our group's shipments, the positive effect of foreign exchange rates and higher sales prices resulted in an increase in net sales.

Electronics Segment

1Q	FY2023	FY2024	Change
Net sales	702	825	+ 123 *
Display	358	428	+ 70
Electronic Materials	341	394	+ 54
(Inter-segment)	4	3	- 1
Operating profit	19	72	+ 53

* FOREX impact: +2.8 billion yen, Change in the Scope of Consolidation: ▲1.6 billion yen (100 million JPY)



Display

- Net sales increased due to increase in shipments and higher sales prices of LCD glass substrates.



Electronic Materials

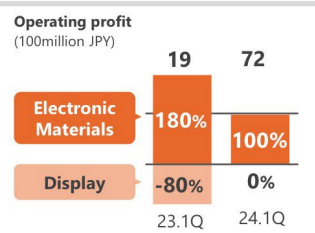
- Net sales increased due to higher shipments of semiconductor-related products such as EUV mask blanks, as well as the positive effect of foreign exchange rates.

Variance Analysis on OP



Sub-segment ratio to the operating profit (before common expense allocation)

(before common expense allocation)



Please see page 15. Electronics segment.

Net sales were JPY82.5 billion and operating profit was JPY7.2 billion.

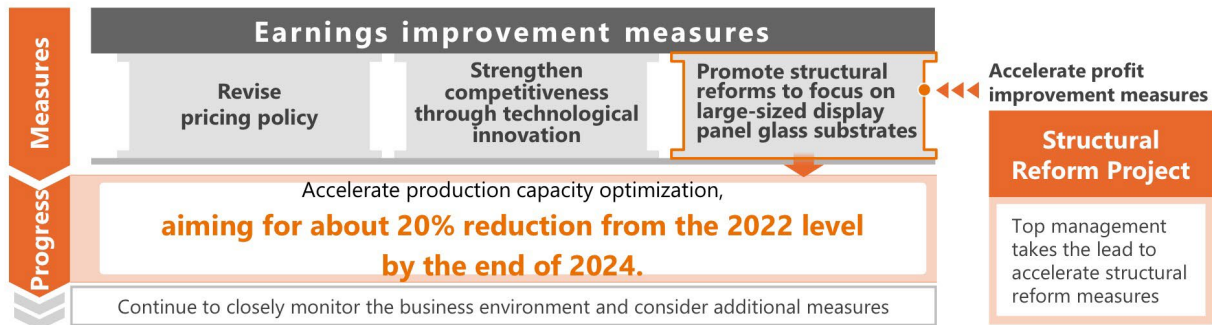
Net sales of Display increased by JPY7 billion to JPY42.8 billion due to an increase in shipments and higher sales prices of LCD glass substrates. The shipment volume of LCD glass substrates for the last three months slightly increased compared to the previous quarter, while the sales price increased by low single-digit percentage.

Net sales of Electronic materials increased by JPY5.4 billion to JPY39.4 billion due to higher shipments of semiconductor-related products such as EUV mask blanks, as well as the positive effect of foreign exchange rates.

The sub-segment ratio to the operating profit of the Electronics segment was about 100% for Electronic materials and about 0% for Display. Although Display was negatively impacted by the weaker yen, earnings have improved due to improved utilization rates and the effects of structural reforms.

Progress of the Display Business Structural Reform

- Earnings improvement measures will be implemented with greater speed under a project led by the CFO.
- Capacity optimization efforts since 2023 will be accelerated to reduce production by about 20%* in two years.
- Business environment will be closely monitored to further consider additional measures.
- Aim to reach 10% ROCE in Display business during the current medium-term plan.



*Compared to 2022

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Please see page 16. This is the progress of the Display business structural reform.

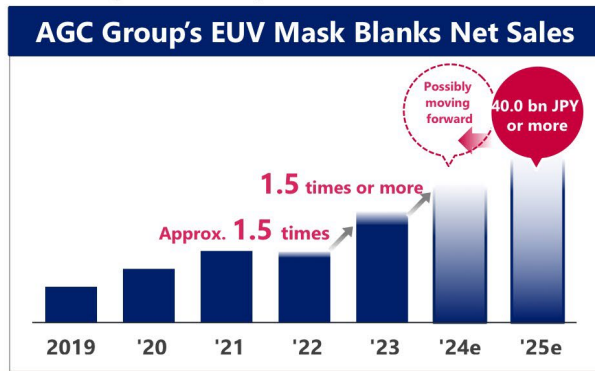
We have been promoting measures to improve profitability, and as announced in February of this year, we have launched a project to accelerate the structural reform of the Display business and are working diligently.

Capacity optimization efforts to focus on large-sized display panel glass substrates, which we have been promoting since FY2023, will be accelerated to reduce the production capacity by about 20% compared to the FY2022 level by the end of FY2024. We will continue to closely monitor the business environment and consider additional measures.

We would like to implement structural reforms with greater speed and aim to achieve 10% ROCE in this business during the current medium-term plan.

EUV mask blanks

- AGC supplies to all four semiconductor device manufacturers using EUV lithography for mass production.
- Possibly able to reach one year in advance, the initial 2025 target of 40.0 bn JPY net sales.
- Developing EUV mask blanks for each cutting-edge generation together with semiconductor device manufacturers. (Co-research publication with TSMC made in 2023 on next-generation products *)



Technological development

Developing next-generation products that can improve throughput and resolution of lithography systems for each semiconductor device generation and lithography system model

Device generation	Exposure system	AGC Development Status
Logic 7~2nm DRAM D1Z~D1C	Low NA (NA0.33)	Development Completed
Logic 1.4~0.7nm DRAM D1D~D0X	High NA (NA0.55)	Under Development
Logic <0.7nm	Hyper NA (NA>0.7)	Under Development

*S.H. Yang, et.al., "EUV mask blank for N3 technology node and beyond" SPIE Photomask Technology 2023, 12751-22

Please see page 17. The situation of EUV mask blanks, which are on a growth trend in the Electronic materials business, is as follows.

We supply products to all four semiconductor device manufacturers using EUV lithography for mass production.

Net sales have been favorable, and we believe that the possibility of achieving one year ahead of schedule, our initial target of JPY40.0 billion or more by 2025, is increasing.

We are also working with semiconductor device manufacturers to develop devices for each cutting-edge generation and will continue to do so in the future.

1Q	FY2023	FY2024	Change
Net sales	1,410	1,436	+ 27 *
Essential Chemicals	1,009	1,005	- 4
Performance Chemicals	391	421	+ 29
(Inter-segment)	9	10	+ 1
Operating profit	172	136	- 36

* FOREX impact: +9.2 billion yen, Change in the Scope of Consolidation: No impact (100 million JPY)



Essential Chemicals

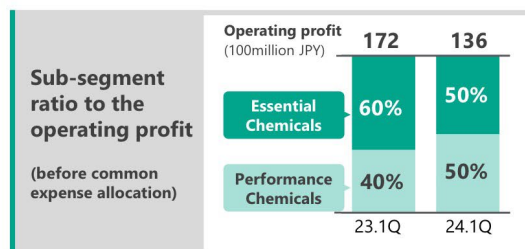
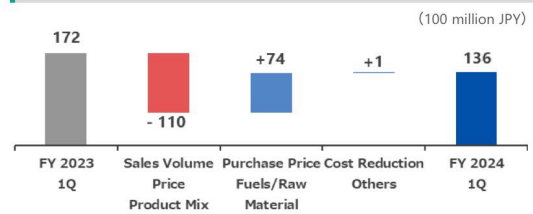
- Net sales remained flat due to lower sales prices of caustic soda and PVC, despite the positive effect of foreign exchange rates.



Performance Chemicals

- Net sales increased due to the rise in sales prices and positive effect of foreign exchange rates.

Variance Analysis on OP



Please see page 18. Chemicals segment.

Net sales were JPY143.6 billion and operating profit was JPY13.6 billion.

Net sales of Essential chemicals decreased by JPY0.4 billion to JPY100.5 billion due to the decline in sales prices of caustic soda and PVC, despite the positive effect of foreign exchange rates. Net sales of Performance chemicals increased by JPY2.9 billion to JPY42.1 billion due to the rise in sales prices and the positive effect of foreign exchange rates.

As for the sub-segment ratio to the operating profit in the Chemicals segment, Essential chemicals and Performance chemicals each accounted for about 50%.

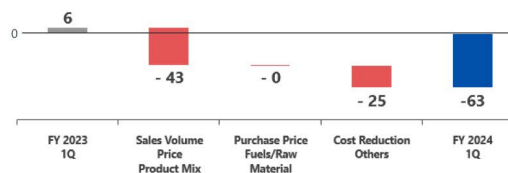
1Q	FY2023	FY2024	Change
Net sales	332	325	- 7*
Life Science	321	309	- 12
(Inter-segment)	11	16	+ 5
Operating profit	6	-63	- 69

* FOREX impact: +2.9 billion yen,
Change in the Scope of Consolidation: No impact

(100 million JPY)

Variance Analysis on OP

(100 million JPY)



Life Science

- Net sales decreased due to the disappearance of Covid-related special demand, reduced capital inflows into biotech ventures, as well as the negative effect of inventory adjustments in the agrochemicals market.
- Upfront costs incurred associated with capacity expansion in the Biopharmaceutical CDMO business.

Please see page 19. Life science segment.

Net sales were JPY32.5 billion and operating loss was JPY6.3 billion.

Net sales decreased due to the disappearance of COVID-19-related special demand in Biopharmaceuticals CDMO, the impact of reduced capital inflows into biotech ventures, as well as the negative effect of inventory adjustments in the agrochemicals market in CDMO for synthetic pharmaceuticals and agrochemicals, despite the positive effect of foreign exchange rates.

Operating profit decreased due to the previously mentioned factors of lower sales as well as the impact of upfront costs incurred associated with capacity expansion in the Biopharmaceuticals CDMO business.

Current Situation and Outlook of Biopharmaceuticals CDMO

- The impact of the reduced capital inflows into biotech ventures continues. Although the business environment is recovering, **its recovery pace requires close monitoring. The situation going forward will be assessed and necessary measures will be taken.**
- New lines in the U.S. has **resumed commercial operations and is expected to contribute to improvement in earnings from 2024.**

	Business situation	Launch of new lines in the U.S.
Issues	Temporary leveling off due to repercussions of Covid-related special demand and reduced capital inflows into biotech ventures	Delay in launching new lines at Boulder plant in the U.S.
Current Situation*	Continue to be affected by reduced capital inflows into biotech ventures, but recovery signs are seen	Drastic measures implemented and resumed commercial operations in end of 2023
Outlook	Business environment is recovering, but the recovery pace will be closely monitored to take necessary measures according to market situation	Slowly contributes to improvement in earnings from 2024

*As of May 8, 2024

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Please see page 20. I would like to explain the current status and outlook of the Biopharmaceuticals CDMO business.

The Company continues to be affected by the reduced capital inflows into biotech ventures. Although there are signs of recovery in this business environment, the pace of demand recovery still needs to be closely monitored. We will assess the situation going forward and take necessary measures according to market situation.

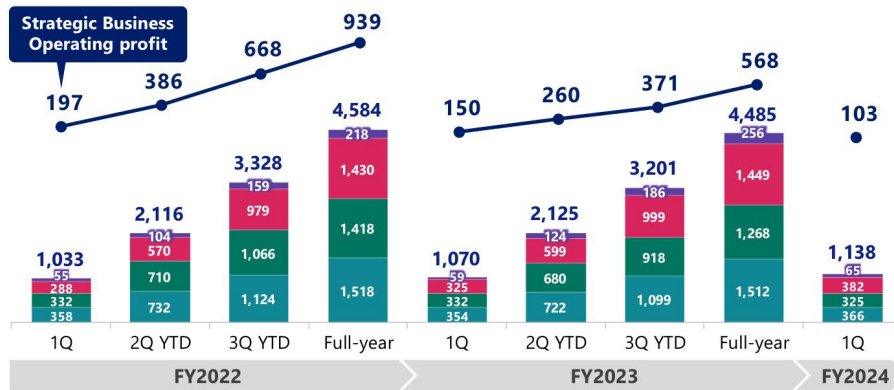
The new lines in the U.S., which had been delayed in launching, has resumed commercial operations since the end of last year, and is expected to gradually contribute to improvement in earnings from this fiscal year.

Profit contribution of Strategic Businesses

- Sales of semiconductor-related products in Electronics and Performance chemicals were strong, but profits declined YoY due to deteriorating earnings from Biopharmaceutical CDMO.

Sales of Strategic business

(100 million yen)



Main products & businesses	
Mobility	<ul style="list-style-type: none"> Cover glass for in-vehicle displays High value-added products for CASE
Electronics	<ul style="list-style-type: none"> Semiconductor-related materials Optoelectronic materials Next-generation high-speed communication materials
Life Science	<ul style="list-style-type: none"> CDMO for synthetic pharmaceuticals and agrochemicals CDMO for biopharmaceuticals
Performance Chemicals	<ul style="list-style-type: none"> High performance fluorine products for various industries

Please see page 21. Performance of strategic businesses.

Overall net sales of strategic businesses increased by JPY6.8 billion to JPY113.8 billion. Operating profit decreased by JPY4.7 billion to JPY10.3 billion.

Net sales of semiconductor-related products in Electronics and Performance chemicals were strong, but as I explained earlier, earnings in Life science, mainly Biopharmaceuticals CDMO, deteriorated, resulting in a decrease in operating profit.

YoY Performance Comparison by Geographic Segment

1Q	FY2023	FY2024	Change
	(100 million JPY)		
Net sales	4,892	4,987	+ 95
Japan &Asia	2,998	3,046	+ 48
Americas	530	631	+ 102
Europe	1,364	1,310	- 55
Operating profit	342	241	- 101
Japan &Asia	326	354	+ 28
Americas	0	-31	- 31
Europe	128	42	- 86
Cross-regional common expenses	-112	-124	- 11

FOREX impact :

+ 36.0 bn JPY

Change in the scope of consolidation :

-2.1 bn JPY

Please see page 22. As for results by geographic segment, please refer to the table.

FY2024 Outlook

- No change from the forecast announced in February 2024

		FY2023	FY2024e
	(100 million JPY)		
Net sales		20,193	21,000
	(First half)	9,853	10,000
Operating profit		1,288	1,500
	(First half)	643	600
Profit before tax		1,228	1,050
Profit for the year attributable to owners of the parent		658	530
Dividend (JPY/share)		210	210
Operating profit margin		6.4%	7.1%
ROE		4.6%	3.7%*
FOREX (Average)	1 USD	JPY 140.6	JPY 140.0
	1 EUR	JPY 152.0	JPY 160.0
Crude oil (Dubai, Average)	USD/BBL	82.1	85.0
Ethylene (CFR SEA)	USD/MT	889	980







* ROE of FY2024e is calculated using the figures of Total equity attributable to owners of the parent as of Dec 31, 2023

Please see page 24. This is the outlook for full-year results.

The earnings and dividend forecasts announced at the beginning of the fiscal year remain unchanged.

Outlook breakdown by Segment (Net sales and Operating profit)

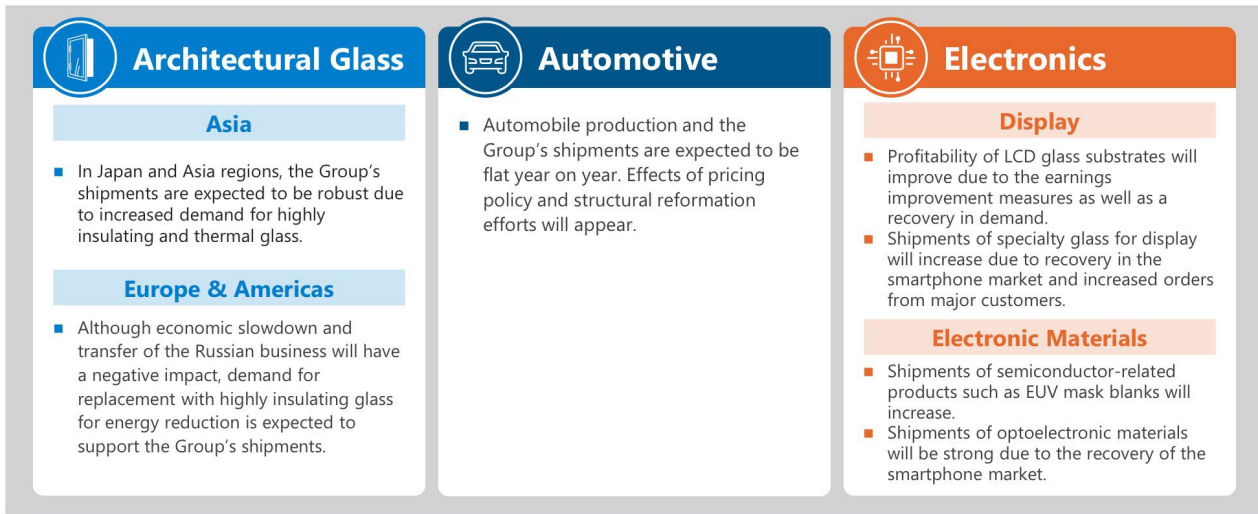
(100 million JPY)

	FY2023 (a)		FY2024e (b)		Change (b)-(a)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
 Architectural Glass	4,763	328	4,600	300	- 163	- 28
 Automotive	4,997	218	5,100	230	+ 103	+ 12
 Electronics	3,132	184	3,300	330	+ 168	+ 146
 Chemicals	5,741	648	6,200	600	+ 459	- 48
 Life Science	1,268	- 124	1,400	30	+ 132	+ 154
 Ceramics/Other	834	33	800	10	- 34	- 23
Elimination	- 542	1	- 400	0	+ 142	- 1
Total	20,193	1,288	21,000	1,500	+ 807	+ 212

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Please see page 25. The full-year outlook by segment remain unchanged from those announced at the beginning of the fiscal year.

Outlook for FY2024



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Please see page 26. This is the outlook for each business.

In Architectural glass, shipments are expected to be robust in Asia due to increased demand for highly insulating and thermal glass. In Europe, although economic slowdown and transfer of the Russian business will have a negative impact, demand for replacement with highly insulating glass for energy reduction is expected to support the Group's shipments.

In Automotive segment, automobile production and Group's shipments are expected to be flat year on year. We also expect to see the effects of our pricing policy and structural reformation efforts will appear.

In Electronics, among Display, profitability of LCD glass substrates are expected to improve due to earnings improvement measures as well as a recovery in demand. With regard to specialty glass for display, shipments are expected to increase due to recovery in the smartphone market and increased orders from our major customers.

Among Electronic materials, shipments of semiconductor-related products such as EUV mask blanks are expected to increase. Shipments of optoelectronic materials are expected to remain strong due to the recovery of the smartphone market.

Outlook for FY2024



Chemicals

Essential Chemicals

- Demand in Southeast Asia will remain strong, but there are concerns that market recovery will take time due to the sluggish Chinese economy.

Performance Chemicals

- Shipment will increase due to higher demand for Fluorochemical-related products for semiconductors and transportation application.



Life Science

- Contract sales of synthetic pharmaceuticals and agrochemicals CDMO are expected to remain flat year on year.
- As for the biopharmaceuticals CDMO, while the delayed start of the new lines in the U.S. resumed commercial operation, the recovery speed of capital inflow to biotech ventures need to be carefully monitored.

Please see page 27.

In Chemicals, demand for Essential chemicals will remain strong in Southeast Asia, but there are concerns that market recovery will take time due to the sluggish Chinese economy. Shipments of Performance chemicals are expected to increase due to higher demand for Fluorochemical-related products for semiconductors and transportation application.

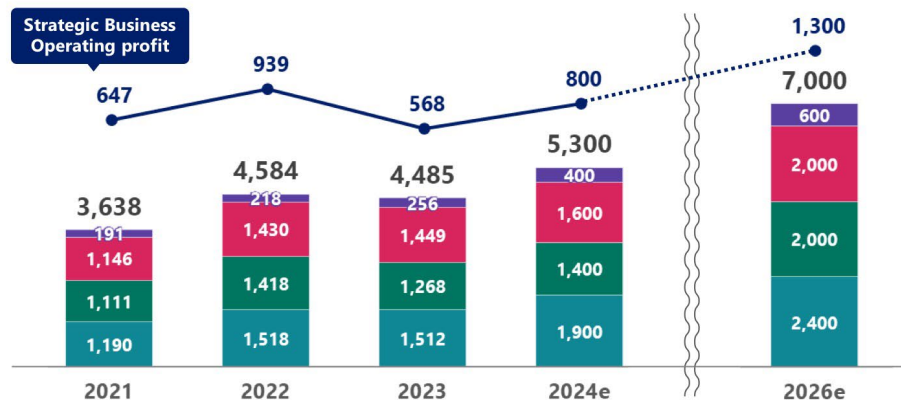
In Life science, contract sales of synthetic pharmaceuticals and agrochemicals CDMO are expected to remain flat year on year. In the Biopharmaceuticals CDMO business, while the delayed start of the new lines in the U.S. resumed commercial operation, the recovery speed of capital inflow to biotech ventures needs to be carefully monitored.

Outlook of Strategic businesses

- No change from the forecast announced in February 2024 while special attention needs to be paid to the recovery speed of the Biopharmaceuticals CDMO business.

Sales of Strategic business

(100 million yen)



Main products & businesses	
Mobility	<ul style="list-style-type: none"> Cover glass for in-vehicle displays High value-added products for CASE
Electronics	<ul style="list-style-type: none"> Semiconductor-related materials Optoelectronic materials Next-generation high-speed communication materials
Life Science	<ul style="list-style-type: none"> CDMO for synthetic pharmaceuticals and agrochemicals CDMO for biopharmaceuticals
Performance Chemicals	<ul style="list-style-type: none"> High performance fluorine products for various industries

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Please see page 28. With regard to strategic businesses, we have not changed our initial outlook, which still closely monitors the pace of demand recovery in the Biopharmaceuticals CDMO business.

Outlook of CAPEX, Depreciation and R&D

Full year	FY2023	FY2024e
CAPEX	2,317	2,500
Architectural Glass	247	350
Automotive	263	200
Electronics	514	400
Chemicals	877	1,160
Life Science	399	370
Ceramics/Other	18	20
Elimination	- 1	0

Full year	FY2023	FY2024e
Depreciation	1,753	1,850
Architectural Glass	244	250
Automotive	319	340
Electronics	532	550
Chemicals	501	530
Life Science	139	170
Ceramics/Other	21	10
Elimination	- 2	0

(100 million JPY)

Full year	FY2023	FY2024e
R&D	573	600

Main projects for CAPEX

- Capacity enhancement for chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for fluorochemical-related products (Chemicals)
- Capacity enhancement for Biopharmaceuticals CDMO (Life Science)
- Capacity enhancement for electronic materials (Electronics) etc.

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Please see page 29. The initial outlook for CAPEX, depreciation, and R&D expenses remain unchanged.

This concludes my explanation. Thank you very much.

Ogawa: Thank you, Mr. Miyaji.

[END]