

**Minutes of Briefings on FY2025.1Q Financial Results**

Corporate Communications &amp; Investor Relations Div.

**Q1: What is your estimate of the direct impact of the U.S. tariff policy? Also, how do you plan to deal with the increased costs associated with the tariffs?**

A1: We do not expect any major impact in the first half of the year, but there could be an impact in the 2H, particularly in the Automotive and Electronics. Automotive is basically a business of local production for local consumption, so tariff effects are minimal. Depending on the impact on exports of finished vehicles from Japan to the U.S., there may be an impact on us, but at this point, based on information from our customers, we do not think there will be a significant impact. LCD glass substrates in Electronics segment are not directly affected in any significant way. Many LCD panels are produced in China by customers and then exported to neighboring countries for TV set production. Although the portion directly exported from Chinese customers to the U.S. may be affected, the degree of impact will not be significant. Some of the Electronic Materials in Electronics segment are produced in Japan by AGC and exported to the U.S., while others are exported to the U.S. by customers. It is difficult to predict the impact because it depends on how customers envision their supply chains. In any case, the impact in the 2H of the year will not be large. We do not expect a large cost increase due to tariffs. Many items produced in the U.S. are procured in the U.S., and the use of parts and materials imported from the U.S. in Japan is limited.

**Q2: Was there any front-loaded demand in 1Q before the tariff hike?**

A2: There were none in particular.

**Q3: I would like to hear about the differences between the 1Q segment results and the respective assumptions. Also, what is your view of the direction of operating profit for each segment in 2Q compared to 1Q?**

A3: Overall, operating profit for the current fiscal year is expected to be 150 billion yen, of which 65 billion yen is expected to be generated in the 1H. Therefore, the actual result of 25.8 billion yen for the 1Q is slightly lower than expected. Architectural Glass fell below expectations, mainly due to soaring gas prices in Europe last winter. Automotive exceeded the forecast due to the effects of the product mix and pricing policy. Electronics also exceeded expectations due to strong shipments of Display and semiconductor-related materials. Chemicals were slightly weaker due to Southeast Asia being weaker than expected. Life Science fell short of expectations due to a production issue at the Boulder site, despite fixed cost reductions being in line with plans. For the 2Q, we expect overall net sales and operating profit to increase compared to the 1Q. We expect net sales and operating profit to increase in Architectural Glass due to higher demand in Japan and Asia and the expected effects of pricing policies in Europe. Automotive is expected to see a decrease in net sales and operating profit compared to the 1Q due to seasonal factors. Electronics is expected to see a slight decrease in net sales and operating profit. Display shipments are expected to remain strong, but Electronic Materials may experience a reaction in the 2Q due to higher-than-expected shipments in the 1Q. Chemicals are expected to see increased net sales and operating profit. Shipments decreased in the 1Q due to regular maintenance and maintenance in Southeast Asia, but this effect is expected to wear off, leading to increased shipments in the 2Q. Life Science are

expected to see increased net sales and operating profit, with the deficit narrowing. The Boulder site is struggling with commercial production, so continued monitoring is necessary.

**Q4: What is the probability of achieving the full-year plan?**

A4: We have not changed our full-year plan, but considering the rate of progress in the 1Q, we need to take measures to recover from the current situation across the entire company. In the Architectural Glass, although it depends on price increases in Europe, we do not think it is necessary to revise our outlook at this point, as the effects of price hikes in Europe are already being felt. Automotive is off to a good start. Last year's production and shipping troubles in North America have largely been resolved. Although there is a risk of tariffs in the U.S., the business is expected to remain firm. There are no major concerns in Electronics. Measures to improve profitability of Display are going well, and the uncertainty of some shipments of semiconductor-related materials has been factored in. We are not so concerned about Performance Chemicals, but the market for Essential Chemicals continues to be poor. The key point is the price of Chinese PVC exports, but it is hard to read. In Life Sciences, orders are on track as planned. The key point is Boulder, and it depends on how much improvement can be achieved.

**Q5: Please update us on the progress of your structural reforms and profit improvement measures, particularly in businesses such as Display, Glass, and Life Science. Also, please tell us if you are considering any additional actions.**

A5: The production capacity reduction of Display has been completed by about 20% as planned. We believe that additional structural reforms are unnecessary at this time. We will continue to focus on large panels. Pricing policy and technological innovation are progressing as planned. Architectural Glass is suspending one kiln in Belgium, and headcount reductions have been implemented. Architectural Glass in Europe is expected to recover due to the effects of the pricing policy. In Automotive, structural reforms have been underway in Europe and the U.S. and are progressing as planned. In Life Science, we have already reduced the workforce in Seattle site and closed the Longmont site last year. At this point, there are no additional measures that have already been decided, but we will take appropriate measures as needed.

**Q6: What exactly is the new production issue at the Boulder site in Life Science? When do you think it will be resolved?**

A6: AGC has been working on its sole 20,000-liter scale stainless steel culture at the Boulder site. It did not start up smoothly, causing delays, but around the end of last year, we reached the point of mass production and began mass production. Since then, we have been working toward full-scale production, but production issues arose, dragging down 1Q results. We would prefer not to comment on specific details at this time. We hope to have a solution or the prospect of resolving the problem by the end of 2Q, but at this point, it is difficult to say for sure that the problem will be resolved.

**Q7: Regarding the FY2025 outlook for Life Science, you state that "Loss of the Biopharmaceuticals CDMO will improve from the second quarter and onwards" on page 23 of the 1Q results presentation. How do you see this by site and by phase?**

A7: Regarding the biopharmaceutical CDMO business, a new facility was launched in Copenhagen last fall, and orders have been received. Orders have also been received in Seattle, so sales will surely increase in the future. Originally, there were expectations for an increase in sales in Boulder, which is a large facility, but at this point, it is unclear.

**Q8: We hear that other companies are receiving more inquiries for CDMOs in the U.S. and Europe in relation to the tariff policy in the U.S. What about AGC?**

A8: Due to the impact of the Biosecure Act, there has been an increase in consideration of procurement from outside China, which is also a tailwind for us.

**Q9: Regarding Architectural Glass, competitors commented that the environment improved somewhat from January to March. On the other hand, AGC appears to be in a difficult situation, so please explain again about the business environment in Europe.**

A9: Gas prices have soared since the end of last year, and the impact has been very large. The current price has been declining, and costs are also decreasing. We have already announced a price increase and the effect is beginning to be felt. We have already passed the bottom of our performance, so improvement from the 2Q is certain. The situation is similar to that of the competitors, as there are signs of a turnaround in the latter half of the 1Q.

**Q10: Automotive net sales increased 4% in QoQ, while operating profit more than tripled. Please explain the background to this by factor. Also, the operating profit margin was 6%, but how should we look its sustainability?**

A10: While there are some effects of the pricing policy, cost improvement, especially in North America, has had a significant impact. We consider an operating margin of 6% to be a milestone. Based on the Volume to Value strategy, we are focusing on value, not volume. We will work steadily to achieve an ROCE of over 10% this year and to improve profitability thereafter.

**Q11: How much progress was made in price revisions for LCD glass substrates in QoQ? Please comment on your outlook for demand and prices for the 2Q and beyond. Also, please tell us whether there was a rush demand before the tariffs hike.**

A11: QoQ price revision effects were not significant, and cost improvement contributed to 1Q results. 2Q and beyond demand is currently expected to remain firm. There may be some impact from tariffs, but as I mentioned earlier, we expect this to be limited. Since there was not much of a rush before the tariffs hike, we are not worried about any rebound effect.

**Q12: Regarding EUV mask blanks, competitors seem to be making good progress in R&D for nodes beyond 2nm.**

A12: We recognize that our technology level is comparable to our competitors, and the same is true for new nodes. 7~2nm (Low NA) development has been completed, and logic for 1.4~0.7nm (High NA) is under development. Development of 0.7nm is also underway and progressing well.

**Q13: Does the demand for EUV mask blanks vary among customers? Could you also give us an estimate of the growth rate of sales based on the current fiscal year?**

A13: EUV is increasingly being applied to memory in addition to logic, so the market as a whole is expected to grow, although the demand for EUV mask blanks varies among customers. AGC saw significant growth in its business in 2024. In 2025, there is a possibility that it could be affected to some extent by the demand trends of a major customer, but from 2026 onwards, it is expected to return to high growth rates.

**Q14: Logic semiconductor manufacturers in North America appear to be actively cutting costs. Are there any changes in the outlook for EUV mask blanks from the beginning of the fiscal year?**

A14: We refrain from commenting in detail since this is a customer matter, but there is a possibility that shipments could decline slightly in 2025. We believe that it is important to expand our customer base and promote sales to other customers in order to mitigate this impact.

**Q15: PVC market in Asia is weakening, but will there be any changes to the capacity expansion schedule in Thailand? Please also tell us about the market outlook for PVC and caustic soda.**

A15: There is no change in the outlook for the expanded facility in Thailand, which is expected to start operating in the middle of this year. Although shipment volume is expected to increase as operations are gradually ramped up, the contribution to operating profit is expected to be limited. Caustic soda market has been on a recovery trend, but the recent price increase has slowed down and is expected to remain at the current level. PVC market will remain weak due to the sluggish Chinese construction market.

**Q16: Regarding the outlook for panel makers' capacity utilization rates, competitors are wary that capacity utilization rates will begin to decline from the end of the April-June period.**

A16: At this point, there is no particular change in the situation. 2Q shipments are expected to increase by several percent over 1Q, but we have been hearing talk of capacity utilization adjustments by panel makers since May, so we believe that the situation must be monitored closely from June onward.

**Q17: How are sales of glass filters for image sensors incorporated into the company's plans? Given the impact of tariffs, it seems that the outlook for smartphone demand has changed significantly over the past three months. How do you view the downside risks?**

A17: We already explained at the beginning of the year that shipments of glass filters for image sensors would be weak this year due to the timing of product switching and other factors. There is no change in this view. It is difficult for us to estimate the impact of tariffs at this time because it depends on how customers think about their supply chains and how product exports from China to the U.S. will be affected.

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