

August 1, 2024

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Notice Regarding Posting of Impairment Losses and Revision to Full Year Consolidated Financial Forecasts for Fiscal Year Ending December 31, 2024

AGC Inc. (the "Company") hereby announces that it has posted the following impairment losses in the consolidated accounts for the second quarter (interim period) of the fiscal year ending December 31, 2024. The Company also announces that it has revised its full year consolidated financial forecasts for the fiscal year 2024, which were announced on February 7, 2024.

1. Recognition of impairment losses

The Company has been conducting impairment tests for the biopharmaceuticals CDMO (*) business in the Life Science business segment, as the business had been showing indications of impairment due to a deterioration in operating income mainly caused by a delay in recovery from sluggish demand resulting from a reduction in capital inflows to biotech ventures. After another estimate based on the current business environment and review of future recoverability, the Company recorded impairment losses of 118.3 billion yen. The impairment loss includes 60.6 billion yen of goodwill (Denmark, Italy, and the U.S.) and 57.7 billion yen of property, plant and equipment as well as other intangible assets than goodwill (the U.S.).

2. Revision to the consolidated financial forecasts

(1) Revision to the FY2024 consolidated financial forecasts

[January 1 through December 31, 2024]

(Unit: Millions of yen; %)

	Net sales	Operating profit	Profit before tax	Profit for the period	Profit for the period attributable to owners of the parent	Basic earnings per share (Yen)
Previous forecasts announced on February 7, 2024 (A)	2,100,000	150,000	105,000	65,000	53,000	250.22
Revised forecasts (B)	2,100,000	130,000	△42,000	△78,000	△95,000	△448.23
Change (B – A)	—	△20,000	△147,000	△143,000	△148,000	—
Change (%) (B – A)/A	—	△13.3	—	—	—	—
(Reference) Actual results for FY2023	2,019,254	128,779	122,775	82,484	65,798	304.73

(2) Reasons for the revision of the consolidated financial forecasts

Operating profit is expected to be lower than the forecast due to a decrease in sales in the biopharmaceuticals CDMO business in the Life Science business segment and the economic slowdown in Europe, a major market for the Architectural Glass business segment, despite strong shipments in Electronic materials in the Electronics business

segment. Profit before tax, Profit for the period, and Profit for the period attributable to owners of the parent are also expected to be lower than forecast due to the aforementioned factors and the losses described in “1. Recognition of impairment losses”.

On the other hand, no change has been made to the forecast for net sales, since exchange rates and increased shipments in Electronic materials in the Electronics business segment, among other factors, will offset the decrease in sales in the biopharmaceuticals CDMO business.

The dividends forecast remains unchanged despite the revision of the financial forecast.

*The above forecasts were prepared based on the information available as of the day of this announcement. Actual results may differ from the forecast figures for various reasons.

(Note):

*1 CDMO: Contract Development & Manufacturing Organization. A company which is contracted on behalf of another company to serve product manufacturing as well as the development of manufacturing processes.