

Nov 1, 2024
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(Code Number: 5201; TSE Prime Market)
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Consolidated Financial Results for the Nine Months ended September 30, 2024 (IFRS basis)

(Figures are rounded down to the nearest million)

1. Financial Results for the Nine months ended September 30, 2024 (January 1 through September 30, 2024)

(1) Consolidated operating results

(% represents the change from the same period in the previous fiscal year)

	For the Nine months ended September 30, 2024		For the Nine months ended September 30, 2023	
	Millions of yen	%	Millions of yen	%
Net sales	1,534,224	3.4	1,483,817	(1.0)
Operating profit	94,012	(1.6)	95,534	(37.2)
Profit (loss) before tax	(74,394)	-	99,212	(40.0)
Profit (loss) for the period	(94,415)	-	72,295	(44.0)
Profit (loss) for the period attributable to owners of the parent	(106,410)	-	57,540	(41.7)
Total comprehensive income for the period	(6,769)	-	203,024	(36.9)
Basic earnings per share (yen)	(502.08)		264.97	
Diluted earnings per share (yen)	(502.08)		264.33	

(2) Consolidated financial position

	FY2024 third quarter (as of September 30, 2024)	FY2023 (as of December 31, 2023)
Total assets (millions of yen)	2,814,152	2,932,991
Total equity (millions of yen)	1,594,169	1,654,338
Equity attributable to owners of the parent (millions of yen)	1,376,897	1,447,080
Equity attributable to owners of the parent ratio (%)	48.9	49.3

2. Dividends

(Unit: yen)

	FY2023	FY2024	FY2024 (forecast)
End of first quarter	-	-	-----
End of second quarter	105.00	105.00	-----
End of third quarter	-	-	-----
End of fiscal year	105.00	-----	105.00
Total	210.00	-----	210.00

Note: Revision of the dividends forecast from the latest official forecast: No

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

(% represents the change from the same period in the previous fiscal year)

	Full year	
	Millions of yen	%
Net sales	2,100,000	4.0
Operating profit	130,000	0.9
Profit before tax	(42,000)	-
Profit for the period	(78,000)	-
Profit for the period attributable to owners of the parent	(95,000)	-
Basic earnings per share (yen)	(448.23)	

Note: Revision of the forecast for FY2024 consolidated operating results from the latest official forecast: No

*Notes

(1) Significant changes in the scope of consolidation during the nine months ended September 30, 2024: No

(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: Yes

Note: For details, please refer to "2. Condensed Interim Consolidated Financial Statements (IFRS) and major notes (5) Notes to the Condensed Interim Consolidated Financial Statements, (Changes in Accounting Policies) and (Changes in Accounting Estimates)" on page 14.

(3) Number of shares issued (common share)

- i. Number of shares issued (including treasury share) at the end of the period
 - As of September 30, 2024: 217,434,681
 - As of December 31, 2023: 217,434,681
- ii. Number of treasury share at the end of the period
 - As of September 30, 2024: 5,156,177
 - As of December 31, 2023: 5,256,180
- iii. Average number of shares issued during the period
 - For the nine months ended September 30, 2024: 211,940,967
 - For the nine months ended September 30, 2023: 217,159,133

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certificated public accountants or an audit firm: Yes (Optional)

*Appropriate Use of Forecast and Other Information and Other Matters

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.

*Supplementary Material for the Quarterly Financial Results

Supplementary material (Financial Results for the nine months ended September 30, FY2024) will be published today on TD-net for viewing in Japan, and on our Website.

(Attached Documents)

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1. Overview of Operating Results

(1) Analysis of Operating Results

The AGC Group formulated the long-term management strategy “Vision 2030” in February 2021. Under the strategy, the Group aims to enhance corporate value by transforming the business portfolio into an optimal one, with the “core business” as a long-term, stable revenue base and the “strategic business” as a high-growth field. To ensure the realization of the long-term management strategy “Vision 2030”, the Group formulated a medium-term management plan AGC plus-2026 covering 2024 to 2026 to follow the previous medium-term management plan AGC plus-2023. The key strategies under the plan are evolution of “ambidextrous management” to exploit core businesses and explore strategic businesses, acceleration of sustainability management and DX (digital transformation), and strengthening of management foundations.

During the nine months ended September 30, 2024, the AGC Group decided to construct a new production facility in Japan for fluorinated ion-exchange membranes suitable for producing green hydrogen. At the same time, the Group is steadily shifting toward the optimal business portfolio, such as by completing the transfer of its architectural glass and automotive businesses in Russia.

As for strategic businesses, shipments of photomask blanks for EUV lithography and other products in the electronics business were strong. As for core businesses, in the display business, both shipments and sales prices for LCD glass substrates increased, while in the architectural glass business, sales prices fell in Europe, and there was also a decrease in revenue due to the transfer of the Russian business. Shipments of automotive glass by the Group decreased due to a decline in automobile production volume, particularly in Japan. Furthermore, in the essential chemicals business, sales prices of caustic soda and polyvinyl chloride resins declined.

As a result, net sales for the nine months ended September 30, 2024 amounted to ¥1,534.2 billion, up ¥50.4 billion, or a 3.4% increase year on year. Operating profit decreased by ¥1.5 billion, or 1.6%, to ¥94.0 billion, due to the aforementioned factors causing a decline in sales and deterioration in cost efficiency in the Automotive and Life Science segments. Profit before tax for the period decreased by ¥173.6 billion to a loss of ¥74.4 billion (profit before tax for the same period of the previous year was ¥99.2 billion). This decline reflects recording of other expenses including a loss on the sale of shares of subsidiaries and associates in line with the transfer of the Russian business and impairment losses in Life Science (biopharmaceutical CDMO business). Profit for the period attributable to owners of the parent decreased by ¥164.0 billion to a loss of ¥106.4 billion (profit attributable to owners of the parent for the same period of the previous year was ¥57.5 billion).

[Operating Results for the Nine months ended September 30, 2024]

(Unit: billions of yen)

Net sales	1,534.2 (up 3.4% YoY)
Operating profit	94.0 (down 1.6% YoY)
Profit before tax	(74.4) (-)
Profit for the period attributable to owners of the parent	(106.4) (-)

The main factors for the decrease in operating profit (¥1.5 billion YoY) are as follows.

Sales volume, sales price, and product mix	(14.1)
Raw material and fuel prices	23.5
Other costs	(10.9)

Overview of reportable segments

(Unit: billions of yen)

	Net sales		Operating profit	
	For the Nine months ended September 30, 2024	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024	For the Nine months ended September 30, 2023
Architectural Glass	329.7	354.7	14.0	26.9
Automotive	375.0	366.2	11.4	16.2
Electronics	266.8	225.4	36.4	9.8
Chemicals	439.4	425.5	44.6	47.9
Life Science	100.0	91.8	(16.7)	(7.7)
Ceramics & Others	62.1	60.1	4.1	2.6
Eliminations or company-wide	(38.8)	(40.0)	0.2	(0.1)
Total	1,534.2	1,483.8	94.0	95.5

The performance of each reportable segment for the nine months ended September 30, 2024 are as follows.

- Architectural Glass

In Europe & Americas, net sales decreased year on year due to a lower sales prices in Europe compounded by a decline in sales following the transfer of the Russian business, although foreign exchange rates had a positive impact on the top-line. In Asia, net sales decreased year on year owing to a decrease in shipments.

As a result, net sales of the Architectural Glass segment for the nine months ended September 30, 2024 were ¥329.7 billion, down ¥25.0 billion (7.1%) year on year. Operating profit decreased by ¥12.9 billion (48.0%), to ¥14.0 billion.

- Automotive

The Group's shipments of the automotive glass decreased as a result of a decrease in automobile production primarily in Japan. However, foreign exchange rates and other factors contributed to a rise in sales over the previous year.

As a result, net sales of the Automotive segment for the nine months ended September 30, 2024 were ¥375.0 billion, up ¥8.8 billion (2.4%) year on year. Operating profit decreased by ¥4.7 billion (29.3%), to ¥11.4 billion, as deterioration in manufacturing cost particularly in North America offset the aforementioned factors lifting sales.

- Electronics

Display net sales increased year on year thanks to an increase in shipments of LCD glass substrates and higher sales prices. Electronic Materials net sales increased year on year due to an increase in shipments of photomask blanks for EUV lithography and other semiconductor-related products and higher shipments of optoelectronic materials as well as the impact of foreign exchange rates.

As a result, net sales of the Electronics segment for the nine months ended September 30, 2024 were ¥266.8 billion, up ¥41.4 billion (18.4%) year on year. Operating profit increased by ¥26.5 billion (269.5%), to ¥36.4 billion.

- Chemicals

Essential Chemicals sales were on par with the same period of the previous year despite the positive impact of foreign exchange rates, owing to lower sales prices for caustic soda and PVC. Performance Chemicals net sales rose year on year thanks to the impact of foreign exchange rates and higher sales prices.

As a result, net sales of the Chemicals segment for the nine months ended September 30, 2024 were ¥439.4 billion, up ¥13.9 billion (3.3%) year on year. Operating profit decreased by ¥3.3 billion (6.8%), to ¥44.6 billion due to the impact of lower sales prices in Essential Chemicals business.

- Life Science

Net sales of the Life Science segment for the nine months ended September 30, 2024 were ¥100.0 billion, up

¥8.2 billion (9.0%) year on year. This result reflected positive impact of foreign exchange rates coupled with one-off revenues associated with the settlement of contracted projects which offset the decline in sales due to the loss of special demand for COVID-19-related products and a decrease in capital inflows into biotech ventures. Operating profit decreased by ¥9.0 billion, to a loss of ¥16.7 billion, owing to factors including upfront expenses associated with capacity expansion for the biopharmaceuticals CDMO business.

Major product categories in each reportable segment are as follows.

Reportable segment	Major 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.

In addition to the aforementioned products, the Group also provides ceramics products and logistics and financial services.

(2) Analysis of Financial Position

- Assets

Total assets as of the end of the third quarter under review were ¥2,814.2 billion, down ¥118.8 billion from the end of the previous fiscal year. This was mainly due to decreases in goodwill and cash and cash equivalents.

- Liabilities

Total liabilities as of the end of the third quarter under review were ¥1,220.0 billion, down ¥58.7 billion from the end of the previous fiscal year. This was mainly due to a decrease in interest-bearing debt.

- Equity

Total equity as of the end of the third quarter under review was ¥1,594.2 billion, down ¥60.2 billion from the end of the previous fiscal year. This was mainly due to a decrease in retained earnings while exchange differences on translation of foreign operations increased.

2. Condensed Interim Consolidated Financial Statements (IFRS) and major notes

(1) Condensed Interim Consolidated Statements of Financial Position

(Unit: millions of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	146,061	113,763
Trade receivables	338,850	325,918
Inventories	454,056	453,689
Other receivables	60,530	54,192
Income tax receivables	18,098	15,559
Other current assets	24,280	27,844
(Subtotal)	1,041,878	990,968
Assets held for sale	-	6,427
Total current assets	1,041,878	997,395
Non-current assets		
Property, plant and equipment	1,457,950	1,467,387
Goodwill	101,130	46,792
Intangible assets	72,093	50,941
Investments accounted for using equity method	27,633	28,384
Other financial assets	83,269	67,375
Deferred tax assets	39,677	37,294
Other non-current assets	109,357	118,579
Total non-current assets	1,891,112	1,816,756
Total assets	2,932,991	2,814,152

(Unit: millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	206,566	187,905
Short-term interest-bearing debt	121,637	141,503
Long-term interest-bearing debt due within one year	127,810	99,362
Other payables	216,240	220,901
Income tax payables	14,051	17,347
Provisions	1,997	2,488
Other current liabilities	28,994	21,586
(Subtotal)	717,298	691,095
Liabilities associated with assets held for sale	-	7,830
Total current liabilities	717,298	698,926
Non-current liabilities		
Long-term interest-bearing debt	445,561	415,124
Deferred tax liabilities	37,869	30,212
Post-employment benefit liabilities	50,026	51,326
Provisions	10,973	12,563
Other non-current liabilities	16,922	11,830
Total non-current liabilities	561,354	521,056
Total liabilities	1,278,652	1,219,983
Equity		
Share capital	90,873	90,873
Capital surplus	97,056	95,848
Retained earnings	872,547	731,437
Treasury shares	(27,338)	(26,765)
Other components of equity	413,941	485,502
Total equity attributable to owners of the parent	1,447,080	1,376,897
Non-controlling interests	207,258	217,272
Total equity	1,654,338	1,594,169
Total liabilities and equity	2,932,991	2,814,152

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

(Condensed Interim Consolidated Statements of Profit or Loss)

(Unit: millions of yen)

	For the nine months ended September 30, 2023 (Jan. 1 through Sep. 30, 2023)	For the nine months ended September 30, 2024 (Jan. 1 through Sep. 30, 2024)
Net sales	1,483,817	1,534,224
Cost of sales	(1,128,518)	(1,162,456)
Gross profit	355,298	371,768
Selling, general and administrative expenses	(261,334)	(279,309)
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,570	1,553
Operating profit	95,534	94,012
Other income	20,229	5,725
Other expenses	(14,800)	(170,372)
Business profit (loss)	100,964	(70,635)
Finance income	13,087	9,648
Finance costs	(14,839)	(13,407)
Net finance income (costs)	(1,752)	(3,759)
Profit (loss) before tax	99,212	(74,394)
Income tax expenses	(26,916)	(20,020)
Profit (loss) for the period	72,295	(94,415)
Attributable to:		
Owners of the parent	57,540	(106,410)
Non-controlling interests	14,754	11,994
Earnings per share		
Basic earnings (loss) per share (yen)	264.97	(502.08)
Diluted earnings (loss) per share (yen)	264.33	(502.08)

(Condensed Interim Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	For the nine months ended September 30, 2023 (Jan. 1 through Sep. 30, 2023)	For the nine months ended September 30, 2024 (Jan. 1 through Sep. 30, 2024)
Profit (loss) for the period	72,295	(94,415)
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	17,092	8,617
Net change in revaluation of financial assets measured at FVTOCI ^(Note)	10,807	3,877
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(9)	(6)
Total	27,890	12,489
Components of other comprehensive income that will be reclassified to profit or loss, net of tax		
Cash flow hedges	(3,468)	3,128
Exchange differences on translation of foreign operations	106,307	72,027
Total	102,838	75,156
Other comprehensive income, net of tax	130,729	87,646
Total comprehensive income for the period	203,024	(6,769)
Attributable to:		
Owners of the parent	170,179	(24,762)
Non-controlling interests	32,844	17,993

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(3) Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended September 30, 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 period	-	-	57,540	-	-	-
Other comprehensive income	-	-	-	-	17,448	10,788
Total comprehensive income for the period	-	-	57,540	-	17,448	10,788
Transactions with owners						
Dividends	-	-	(45,982)	-	-	-
Acquisition of treasury shares	-	-	-	(50,015)	-	-
Disposal of treasury shares	-	-	(216)	563	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	(108)	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	7,743	-	-	(7,743)
Share-based payment transactions	-	109	-	-	-	-
Others (business combinations and others)	-	(9)	-	-	-	-
Total transactions with owners	-	(8)	(38,456)	(49,451)	-	(7,743)
Balance as of September 30, 2023	90,873	97,085	908,911	(76,038)	26,854	30,339

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

For the nine months ended September 30, 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 period	-	-	-	57,540	14,754	72,295
Other comprehensive income	(3,396)	87,799	112,639	112,639	18,090	130,729
Total comprehensive income for the period	(3,396)	87,799	112,639	170,179	32,844	203,024
Transactions with owners						
Dividends	-	-	-	(45,982)	(16,083)	(62,066)
Acquisition of treasury shares	-	-	-	(50,015)	-	(50,015)
Disposal of treasury shares	-	-	-	346	-	346
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	(108)	(1,183)	(1,291)
Transfer from other components of equity to retained earnings	-	-	(7,743)	-	-	-
Share-based payment transactions	-	-	-	109	-	109
Others (business combinations and others)	-	-	-	(9)	-	(9)
Total transactions with owners	-	-	(7,743)	(95,659)	(17,266)	(112,926)
Balance as of September 30, 2023	(1,075)	387,823	443,942	1,464,775	210,913	1,675,688

For the nine months ended September 30, 2024

(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, 2024	90,873	97,056	872,547	(27,338)	29,737	25,317
Changes in equity						
Comprehensive income						
Profit(loss) for the period	-	-	(106,410)	-	-	-
Other comprehensive income	-	-	-	-	8,374	3,869
Total comprehensive income for the period	-	-	(106,410)	-	8,374	3,869
Transactions with owners						
Dividends	-	-	(44,567)	-	-	-
Acquisition of treasury shares	-	-	-	(1,257)	-	-
Disposal of treasury shares	-	-	(219)	1,830	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	5	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	10,086	-	-	(10,086)
Share-based payment transactions	-	(1,204)	-	-	-	-
Others (business combinations and others)	-	(8)	-	-	-	-
Total transactions with owners	-	(1,207)	(34,699)	573	-	(10,086)
Balance as of September 30, 2024	90,873	95,848	731,437	(26,765)	38,112	19,100

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

For the nine months ended September 30, 2024

(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, 2024	(6,167)	365,053	413,941	1,447,080	207,258	1,654,338
Changes in equity						
Comprehensive income						
Profit(loss) for the period	-	-	-	(106,410)	11,994	(94,415)
Other comprehensive income	3,139	66,263	81,647	81,647	5,998	87,646
Total comprehensive income for the period	3,139	66,263	81,647	(24,762)	17,993	(6,769)
Transactions with owners						
Dividends	-	-	-	(44,567)	(7,953)	(52,520)
Acquisition of treasury shares	-	-	-	(1,257)	-	(1,257)
Disposal of treasury shares	-	-	-	1,611	-	1,611
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	5	(25)	(19)
Transfer from other components of equity to retained earnings	-	-	(10,086)	-	-	-
Share-based payment transactions	-	-	-	(1,204)	-	(1,204)
Others (business combinations and others)	-	-	-	(8)	-	(8)
Total transactions with owners	-	-	(10,086)	(45,420)	(7,978)	(53,399)
Balance as of September 30, 2024	(3,027)	431,317	485,502	1,376,897	217,272	1,594,169

(4) Condensed Interim Consolidated Statements of Cash Flows

(Unit: millions of yen)

	For the nine months ended September 30, 2023 (Jan. 1 through Sep. 30, 2023)	For the nine months ended September 30, 2024 (Jan. 1 through Sep. 30, 2024)
Cash flows from operating activities		
Profit (loss) before tax	99,212	(74,394)
Depreciation and amortization	130,943	136,787
Impairment losses	565	119,442
Interest and dividend income	(10,875)	(9,196)
Interest expenses	13,807	12,767
Share of loss (profit) of associates and joint ventures accounted for using equity method	(1,570)	(1,553)
Loss (gain) on sale or disposal of fixed assets	2,096	3,096
Decrease (increase) in trade receivables	(15,900)	10,915
Decrease (increase) in inventories	(14,312)	(7,195)
Increase (decrease) in trade payables	(21,897)	(17,133)
Others	22,889	50,060
Subtotal	204,957	223,595
Interest and dividends received	10,677	10,944
Interest paid	(13,607)	(13,252)
Income taxes refund (paid)	(55,845)	(26,860)
Cash flows from operating activities	146,182	194,427
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(154,823)	(168,365)
Proceeds from sale of property, plant and equipment	2,142	1,758
Purchase of other financial assets	(932)	(519)
Proceeds from sale and redemption of other financial assets	24,450	22,511
Proceeds from sale of subsidiaries and associates or other businesses	1,786	22,121
Others	(1,949)	(1,866)
Cash flows from investing activities	(129,325)	(124,359)
Cash flows from financing activities		
Changes in short-term interest-bearing debt	98,032	19,794
Proceeds from borrowing or issuing long-term interest-bearing debt	49,314	51,598
Repayment or redemption of long-term interest-bearing debt	(105,229)	(121,737)
Payments for acquisition of interests in subsidiaries from non- controlling interests	(5,136)	(12)
Proceeds from non-controlling interests	384	392
Acquisition of treasury shares	(50,014)	(1,256)
Dividends paid	(45,982)	(44,567)
Dividends paid to non-controlling interests	(16,890)	(8,396)
Others	175	855
Cash flows from financing activities	(75,348)	(103,329)
Effect of exchange rate changes on cash and cash equivalents	12,626	1,500
Net changes in cash and cash equivalents resulting from transfer to assets held for sale	-	(535)
Net increase (decrease) in cash and cash equivalents	(45,865)	(32,297)
Cash and cash equivalents at the beginning of the period	209,716	146,061
Cash and cash equivalents at the end of the period	163,850	113,763

(5) Notes to the Condensed Interim Consolidated Financial Statements

(Framework of Financial Report)

The Group's interim consolidated financial statements are prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Interim Financial Statements, applying the omitted disclosures as set forth in Article 5, Paragraph 5 of the Standards for the Preparation of Interim Financial Statements.

(Notes regarding assumption of a going concern)

Not applicable

(Changes in Accounting Policies)

The material accounting policies adopted for the Group's Condensed Interim Consolidated Financial Statements are the same as those for the Consolidated Financial Statements for the fiscal year ended December 31, 2023, with the exception of the items described below.

The following are the accounting standards applied by the Group from fiscal year 2024, in compliance with each transitional provision. The effect of the application of the following standards on the Group's Condensed Interim Consolidated Financial Statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IFRS 16 (amended in September 2022)	Leases	Leases Liability in a Sale and Leaseback
IAS 1 (amended in July 2020)	Presentation of Financial Statements	Classification of Liabilities as Current or Non-current
IAS 1 (amended in October 2022)	Presentation of Financial Statements	Non-current Liabilities with Covenants
IAS 7 (amended in May 2023)	Statement of Cash Flows	Supplier Finance Arrangements
IFRS 7 (amended in May 2023)	Financial Instruments: Disclosures	Supplier Finance Arrangements

(Material Accounting Policies)

"Operating profit" in the Group's Condensed Interim Consolidated Statements of Profit or Loss is an indicator that facilitates continuous comparisons and evaluations of the Group's business performance. Main items of "other income" and "other expenses" are foreign exchange gains and losses, gain on sale of fixed assets, losses on disposal of fixed assets, impairment losses and expenses for restructuring programs. "Business profit" includes all income and expenses before finance income, finance costs and income tax expenses.

The Group calculated income tax expenses for the nine months ended September 30, 2024, based on the estimated average annual effective tax rate.

(Changes in Accounting Estimates)

In preparing the Group's Condensed Interim Consolidated Financial Statements, judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses are made. Therefore actual results could differ from these estimates.

Estimates and assumptions that have a significant effect on the amounts recognized in the Group's condensed interim consolidated financial statements are in principle the same as the previous fiscal year, with the

exception of the item below.

Estimates and their assumptions are reviewed continuously. The effect of reviewing estimates and assumptions is recognized in the period in which those estimates and assumptions are reviewed and in future periods.

(Impairment losses)

During the second quarter of the current fiscal year, for AGC Biologics, Inc., which engages in contract development and manufacturing of biopharmaceutical active ingredients and gene and cell therapeutics and is included in the Life Science segment, operating profit has deteriorated mainly due to a delayed recovery in demand in the market for biopharmaceutical active ingredients and gene and cell therapeutics from a decrease in capital inflows to biotech ventures. Other indications of impairment have also been confirmed for the cash-generating unit to which the related property, plant and equipment, intangible assets, and goodwill belong (including associated liabilities) owing to a significant decrease in future order and facility utilization prospects. As a result of conducting an impairment test, the recoverable amount calculated based on the value in use, which is based on the five-year business plan of AGC Biologics, Inc., was less than the carrying amount of the cash-generating unit. Consequently, the Company recognized an impairment loss of 70,410 million yen (including 12,756 million yen for goodwill and 57,654 million yen for property, plant and equipment and intangible assets). The discount rate (pre-tax) used to determine the outcome of the impairment test was 16%

In addition, during the second quarter of the current fiscal year, for AGC Biologics, A/S, which engages in contract development and manufacturing of biopharmaceutical active ingredients and is included in the Life Science segment, operating profit has deteriorated owing primarily to a delayed recovery in demand in the market for biopharmaceutical active ingredients from a decrease in capital inflows to biotech startups as well as delays in the launch of new lines and increased operating costs, and such increased operating costs are expected to continue in the future. There are indications of impairment for the cash-generating unit to which the related property, plant and equipment, intangible assets, and goodwill belong (including associated liabilities). As a result of conducting an impairment test, an impairment loss of 28,904 million yen was recognized for goodwill because the recoverable amount calculated based on the value in use, which is based on the five-year business plan of AGC Biologics, A/S, was less than the carrying amount of the cash-generating unit. The discount rate (pre-tax) used to determine the outcome of the impairment test was 15%. Furthermore, during the second quarter of the current fiscal year, for AGC Biologics, S. p. A., which engages in contract development and manufacturing of gene and cell therapeutics and is included in the Life Science segment, operating profit has deteriorated mainly due to a delayed recovery in demand in the market for gene and cell therapeutics. Other indications of impairment have also been confirmed for the cash-generating unit to which the related property, plant and equipment, intangible assets, and goodwill belong (including associated liabilities) owing to a decrease in future order prospects. As a result of conducting an impairment test, an impairment loss of 18,980 million yen was recognized for goodwill because the recoverable amount calculated based on the value in use, which is based on the five-year business plan of AGC Biologics, S. p. A., was less than the carrying amount of the cash-generating unit. The discount rate (pre-tax) used to determine the outcome of the impairment test was 20%.

(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.

In addition, 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.

Thus, the Group has five reportable segments: Architectural Glass, Automotive, Electronics, Chemicals and Life Science.

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.

For the nine months ended September 30, 2023 (January 1 through September 30, 2023)

(Unit: millions of yen)

	Reportable segments					Ceramics/ Others	Total	Adjustments	Amount reported on condensed interim consolidated statements of profit or loss
	Architectural Glass	Automotive	Electronics	Chemicals	Life Science				
Sales to external customers	353,779	365,919	224,579	422,184	90,214	27,139	1,483,817	-	1,483,817
Inter-segment sales	964	283	834	3,336	1,570	33,009	39,999	(39,999)	-
Total sales	354,744	366,203	225,413	425,521	91,784	60,148	1,523,816	(39,999)	1,483,817
Segment profit (loss) (Operating profit)	26,896	16,158	9,847	47,889	(7,729)	2,605	95,667	(133)	95,534
Profit for the period	-	-	-	-	-	-	-	-	72,295

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.

For the nine months ended September 30, 2024 (January 1 through September 30, 2024)

(Unit: millions of yen)

	Reportable segments					Ceramics/ Others	Total	Adjustments	Amount reported on condensed interim consolidated statements of profit or loss
	Architectural Glass	Automotive	Electronics	Chemicals	Life Science				
Sales to external customers	327,940	374,860	265,412	436,722	97,082	32,205	1,534,224	-	1,534,224
Inter-segment sales	1,794	139	1,385	2,656	2,939	29,931	38,847	(38,847)	-
Total sales	329,734	375,000	266,798	439,378	100,022	62,137	1,573,072	(38,847)	1,534,224
Segment profit (loss) (Operating profit)	13,985	11,426	36,384	44,626	(16,697)	4,079	93,804	207	94,012
Profit (loss) for the period	-	-	-	-	-	-	-	-	(94,415)

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.

(Other Income and Other Expenses)

Other Income

(Unit: millions of yen)

	For the nine months ended September 30 2023 (Jan. 1 through Sep. 30, 2023)	For the nine months ended September 30 2024 (Jan. 1 through Sep. 30, 2024)
Foreign exchange gain	13,431	2,052
Gain on sale of shares of subsidiaries and associates	3,333	—
Others	3,465	3,672
Total	20,229	5,725

Other Expenses

(Unit: millions of yen)

	For the nine months ended September 30 2023 (Jan. 1 through Sep. 30, 2023)	For the nine months ended September 30 2024 (Jan. 1 through Sep. 30, 2024)
Losses on disposal of fixed assets	(2,549)	(3,573)
Impairment losses	(565)	(119,442)
Expenses for restructuring programs	(9,096)	(3,268)
Losses on sale of shares of subsidiaries and associates	—	(36,482)
Others	(2,589)	(7,606)
Total	(14,800)	(170,372)

The main contents of impairment losses during the nine months ended September 30, 2024 are described in (Change in Accounting Estimates).

The total amounts of impairment losses included in expenses for restructuring programs was 6,780 million yen during the nine months ended September 30, 2023. There is no impairment losses included in expenses for restructuring programs during the nine months ended September 30, 2024. Expenses for restructuring programs during the nine months ended September 30, 2023 includes 7,689 million yen incurred in relation to the termination of the production of LCD glass substrate products at Kansai Plant (Takasago Factory) in Japan.

Losses on sale of shares of subsidiaries and associates during the nine months ended September 30, 2024 includes a loss of 35,999 million yen from the transfer of Russian operations. The loss is mainly due to the reclassification adjustments on exchange differences on translation of foreign operations.

(Significant Subsequent Events)

No items to report

Notes to the Reader of Review Report:

This is the English translation of the Independent Auditor's Interim Review Report on the Interim Consolidated Financial Statements as required by the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.

Independent Auditor's Interim Review Report on the Interim Consolidated Financial Statements

November 1, 2024

To the Board of Directors of AGC Inc.:

KPMG AZSA LLC

Tokyo Office, Japan

Noriaki Habuto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tsutomu Ogawa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Kajiwara
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have reviewed the condensed interim consolidated financial statements. They consist of the condensed interim consolidated statements of financial position, the condensed interim consolidated statements of profit or loss, the consolidated interim statements of comprehensive income, the condensed interim consolidated statement of changes in equity, the condensed interim consolidated statements of cash flows, and the notes to the condensed interim consolidated financial statements of AGC Inc. for the third quarter (July 1, 2024, to September 30, 2024) and the first nine months (January 1, 2024, to September 30, 2024) of the consolidated fiscal year from January 1, 2024, to December 31, 2024, and they are included in the "Attached Documents" of the interim financial statements.

In our interim review, we found no material matters that would lead us to believe the condensed interim consolidated financial statements described above were not prepared in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Interim Financial Statements of the Tokyo Stock Exchange, Inc. (however, the omission prescribed in Article 5, Paragraph 5 of the Standards for the Preparation of Interim Financial Statements, etc. has been applied).

Basis for Conclusion

We conducted our interim review in accordance with standards for interim reviews generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Interim Review of Condensed Interim Consolidated Financial Statements* section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Management and Audit & Supervisory Board and its Members for the Condensed Interim Consolidated Financial Statements

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Interim Financial Statements of the Tokyo Stock Exchange, Inc. (however, the omission prescribed in Article 5, Paragraph 5 of the Standards for the Preparation of Interim Financial Statements, etc. has been applied), and for such internal control that management determines is necessary to enable the preparation of the condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Interim Financial Statements of the Tokyo Stock Exchange, Inc. (however, the omission prescribed in Article 5, Paragraph 5 of the Standards for the Preparation of Interim Financial Statements, etc. has been applied).

Audit & Supervisory Board and its Members are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Interim Review of Condensed Interim Consolidated Financial Statements

Our responsibilities are to pronounce conclusions regarding the condensed interim consolidated financial statements from an independent standpoint based on our interim review in interim review report.

As part of our interim review in accordance with interim review standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the review. We also:

- Conduct interviews with management and those responsible for financial and accounting matters, as well as analytical procedures and other interim review procedures. The interim review procedures are more limited than the audit of the annual financial statements, which is conducted in accordance with auditing standards generally accepted in Japan.
- Conclude on whether there are matters that would lead us to believe the condensed interim consolidated financial statements have not been prepared in accordance with the provisions of Article 5, Paragraph 2 of the Standards for the Preparation of Interim Financial Statements of the Tokyo Stock Exchange, Inc. (however, the omission prescribed in Article 5, Paragraph 5 of the Standards for the Preparation of Interim Financial Statements, etc. has been applied), in case it is determined that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, based on the evidence obtained. If we conclude that a material uncertainty exists on the Company's ability to continue as a going concern, we are required to draw attention in our interim review report to the related disclosures in the condensed interim consolidated financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to pronounce a qualified or negative conclusion on the condensed interim consolidated financial statements. Our conclusions are based on evidence obtained up to the date of our interim review report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate whether there are any matters that would lead to us to believe the presentation and disclosures in the condensed interim consolidated financial statements and the accompanying supplementary schedules have not been prepared in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Interim Financial Statements of the Tokyo Stock Exchange, Inc. (however, the omission prescribed in Article 5, Paragraph 5 of the Standards for the Preparation of Interim Financial Statements, etc. has been applied).
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries that serves as the basis for pronouncing a conclusion on the condensed interim consolidated financial statements. We are responsible for directing, supervising and inspecting the interim review of the condensed interim consolidated financial statements. We are solely responsible for our conclusions.

We communicate with the Audit & Supervisory Board and its members regarding the planned scope and timing of the interim review and significant findings.

We also provide the Audit & Supervisory Board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company or its consolidated subsidiaries that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1, The original of the above interim review report is kept separately by the Company (the reporting company of the financial results for the period).
2, XBRL data and HTML data are not included in the scope of the interim review.