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(Code Number: 5201; TSE Prime Market)
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Progress of the Medium-term Management Plan *AGC plus-2026* and Towards Achievement of Profitability that Exceeds Cost of Shareholders' Equity

AGC (AGC Inc., Headquarters: Tokyo, President & CEO: Yoshinori Hirai) hereby announces the progress of its Medium-term Management Plan ***AGC plus-2026*** and its efforts to achieve profitability that exceeds cost of shareholders' equity.

1. Progress of Medium-term Management Plan *AGC plus-2026*

The AGC Group is working to maximize corporate value by accelerating corporate transformation in order to realize its long-term management strategy "Vision 2030." We have positioned the 3 years from 2024 as "Corporate Transformation Chapter 2: Phase 2," and in February 2024 we formulated our medium term management plan ***AGC plus-2026***, ending in 2026.

In ***AGC plus-2026***, we set financial KPIs for 2026. However, the overall economic environment surrounding the AGC Group is expected to remain severe due to factors such as the economic slowdown in Europe,and China. In addition, our Life Science business is forecast to experience a significant shortfall in its sales volume as compared to the initial plan. Accordingly, we have revised down our financial KPIs for 2026, the final year of ***AGC plus-2026***, as follows.

	FY2026 Financial KPIs	
	FY2026 Target (Feb 2024)	**FY2026 Target (Feb 2025)**
OP	230.0 billion yen	**180.0 billion yen**
Strategic Business OP	130.0 billion yen	**100.0 billion yen**
EBITDA	440.0 billion yen	**380.0 billion yen**
ROE	8% or higher	**7% or higher**
D/E	**0.5 or less**	

2. Towards Achievement of Profitability that Exceeds Cost of Shareholders’ Equity

As mentioned above, we have revised down our financial KPIs for 2026. However, we will maintain the financial KPIs set out in our long-term management strategy, "Vision 2030" (operating profit: 300 billion yen or more, strategic business operating profit: 60% or more, ROE: stably 10% or higher, D/E ratio: 0.5 or less). To achieve profitability that exceeds cost of shareholders’ equity, we aim to achieve ROE of 8% or higher as early as possible from 2027 by steadily implementing initiatives based on the strategy of ***AGC plus-2026***.

■ ***AGC plus-2026*** Strategy (announced in February 2024)

The basic strategy of ***AGC plus-2026*** is as follows.

Evolution of "ambidextrous strategy"	■ Accelerate business portfolio transformation by pursuing the use and development of differentiated materials and solutions ■ Continue to strengthen the earnings base and cash generation capabilities of core businesses. ■ Revise the scope of strategic businesses, accelerate business growth, and explore next-generation areas
Deepening of Sustainability Management	■ Accelerate integrated management, including financial KPIs, by redefining the social value that we provide and setting sustainability KPIs.
Promotion of value creation DX	■ Strengthen competitiveness through digital × *monozukuri* capabilities ■ Streamline and strengthen the entire supply chain
Strengthening of the management foundation	■ Strengthen group governance ■ Promote human capital management ■ Further strengthen the alignment between business strategy and technology platform

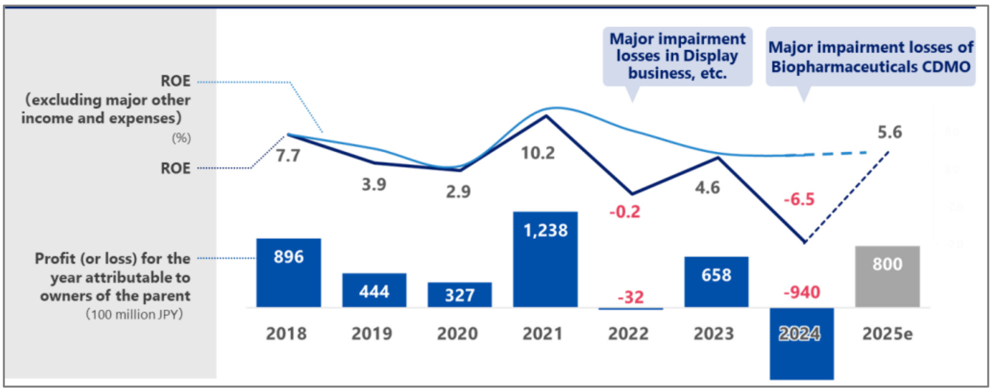
By pursuing the AGC Group’s "ambidextrous strategy," we aim to build a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency.

■ Recognition of the Current Situation

In terms of “Vision 2030”, our core businesses aim to increase the competitiveness of each business and build a strong, long-term, stable earnings base, while our strategic businesses aim to leverage our strengths to create and expand highly profitable businesses that will become the future pillars of the AGC Group. However, some of the Group’s businesses are facing issues that need improvements, resulting in the downward revision of the financial KPIs for 2026. Also, the impairment losses incurred in the display business in 2022 and the biophermaceutical CDMO business in 2024, as well as the losses from the sale of shares associated with the transfer of the Russian business in 2024 have caused the low ROE and the below 1x PBR to continue.

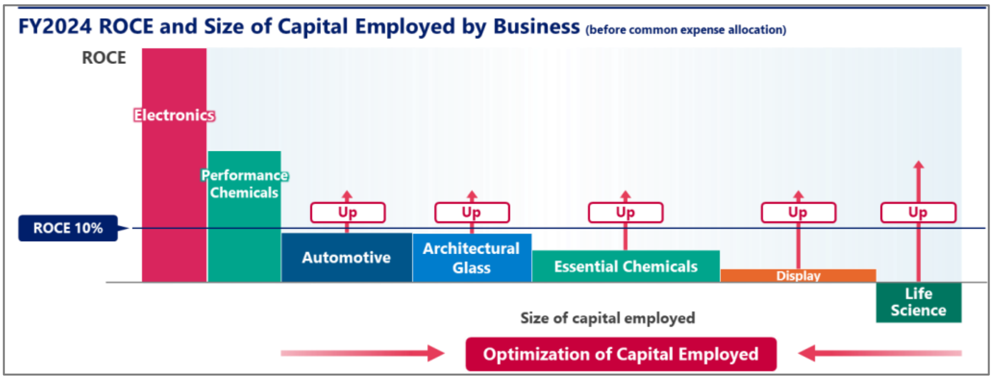
	Core Business		Strategic Business	
Vision	**Long-term, stable sources of earnings**		**Creation and expansion of highly profitable businesses**	
Current Situation	Display	**Smooth profitability improvement** through structural reforms	Life Science	**Biopharmaceuticals CDMO profitability improving**
	Essential Chemicals	**Continued negative effects of the sluggish market**	Performance Chemicals	**Sales improvements by growth measures**
	Automotive	**Smooth profitability improvement** despite production issues in the US	Electronics	**Growing** as planned due to growth in the semiconductor market
	Architectural Glass	Transfer of the Russian business and **continued negative effects of economic slowdown** in Europe and Southeast Asia	Mobility	Small business scale, but **growing** steadily
Issue	■ ROE remains low, and as a result, PBR is consistently below 1			

< Current ROE >



< Current ROCE >

The AGC Group manages its business using ROCE* in order to improve ROE. The low profitability of businesses with large asset scales is lowering the ROCE of the entire Group and we recognize that improving the profitability and asset efficiency of these businesses is an urgent issue.

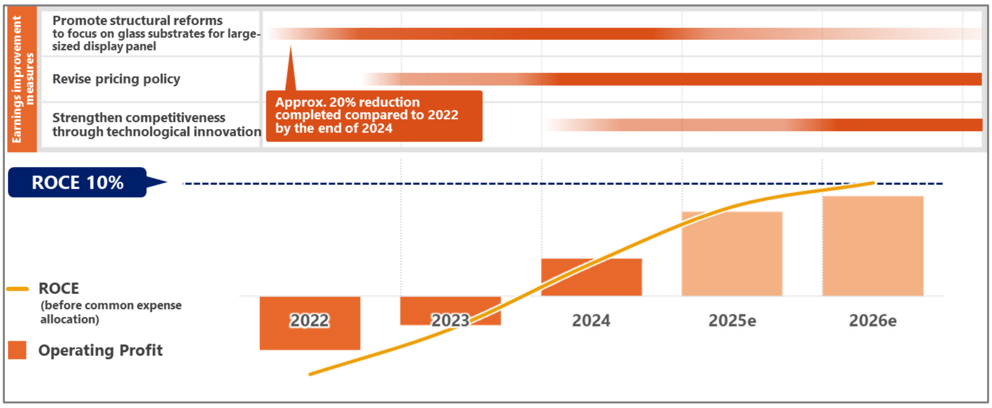


*ROCE (Return on Capital Employed) = (Operating Profit for the Current Fiscal Year)/(Operating Assets at the End of the Current Fiscal Year)

■ Initiatives for each Business

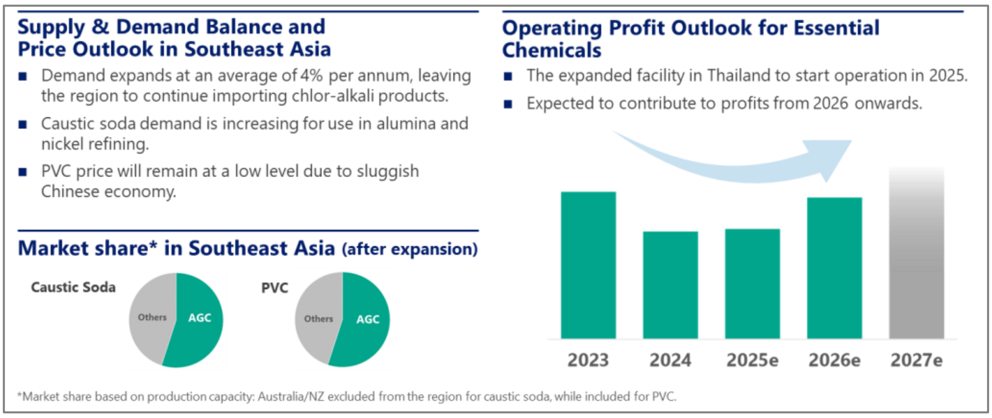
< Display Business >

We are making progress as planned toward achieving an ROCE of 10% by 2026 by promoting structural reforms to set a focus on glass substrates for large-sized display panels, reviewing pricing policies, and enhancing competitiveness through technological innovation.



< Essential Chemicals Business >

We aim to improve profitability by capturing robust demand in Southeast Asia by increasing Production capacity in Thailand and by leveraging our high market share to implementing a supply chain strategy.



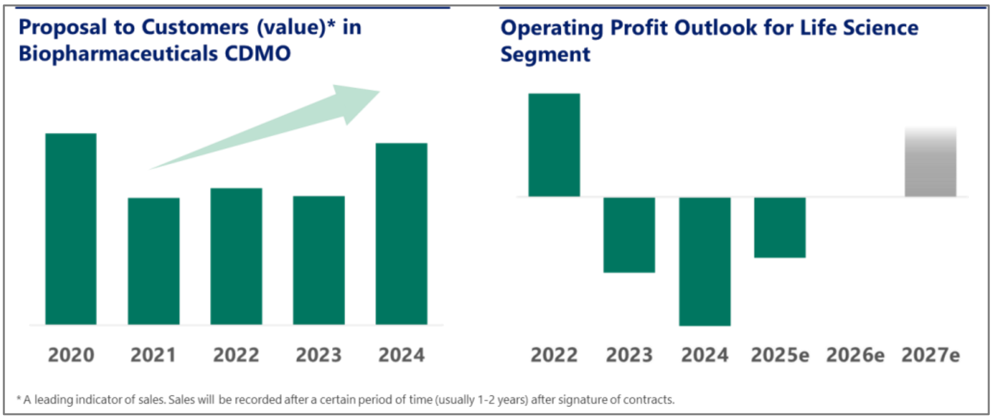
< Life Science Business >

The situation is improving as a result of the implementation of profitability improvement measures at our biopharmaceutical CDMO business bases in the United States and Europe, and we will ensure that the increasing number of our proposals will lead to orders and recover profitability.

[Measures to Improve Profits]

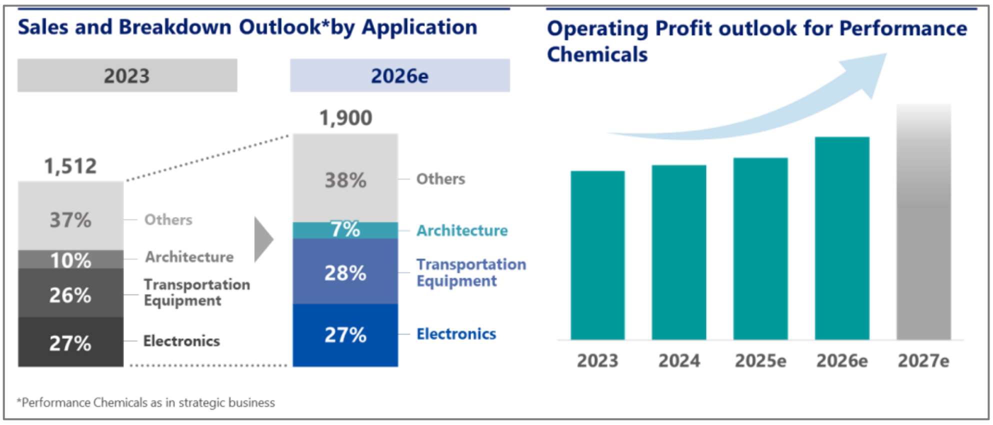
Regions	Sites	Modalities	Previous Situations	Progress of Measures	Effects
U.S.	Seattle	Microbial/ Mammalian cell	1 Substantial underachievement in sales volume	Headcount reduction completed	**1.7 billion JPY** per year fixed cost reduction (1 billion JPY in 2024)
				Improved operations and 3 FDA approvals obtained	Positive impact on future sales and order-taking activities
	Longmont	Gene and Cell Therapy	2 Orders fell short of expectations driven by slow market growth of gene and cell therapy market	Idled production	**2.5 billion JPY** per year fixed cost reduction (effective from 2025)
	Boulder	Mammalian cell	3 Delay in start-up of a new line	Commercial production already started	Gradual increase in utilization. Improved profitability, to return to profit in 2027
Europe	Copenhagen	Microbial/ Mammalian cell	4 Expansion delayed due to construction labor shortage	Expanded facilities already in operation	Smooth increase in contracts

[Performance Outlook for Life Sciences Segment]



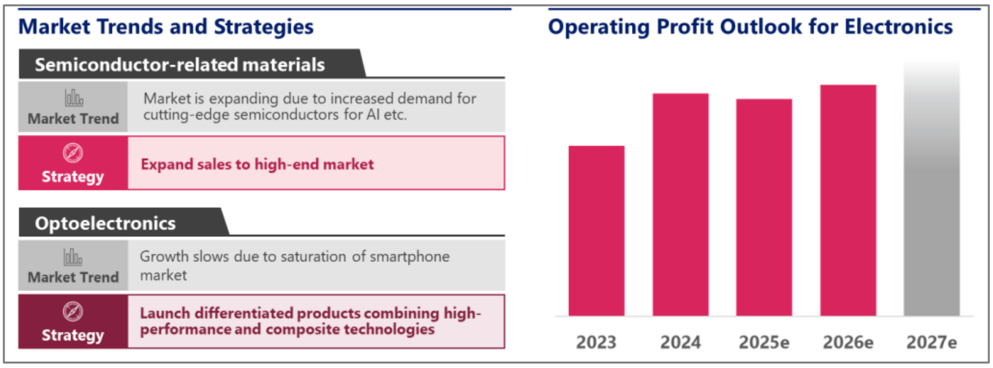
< Performance Chemicals Business >

We will expand sales by capacity expansion in response to increased demand for semiconductor-related products and transportation equipment.



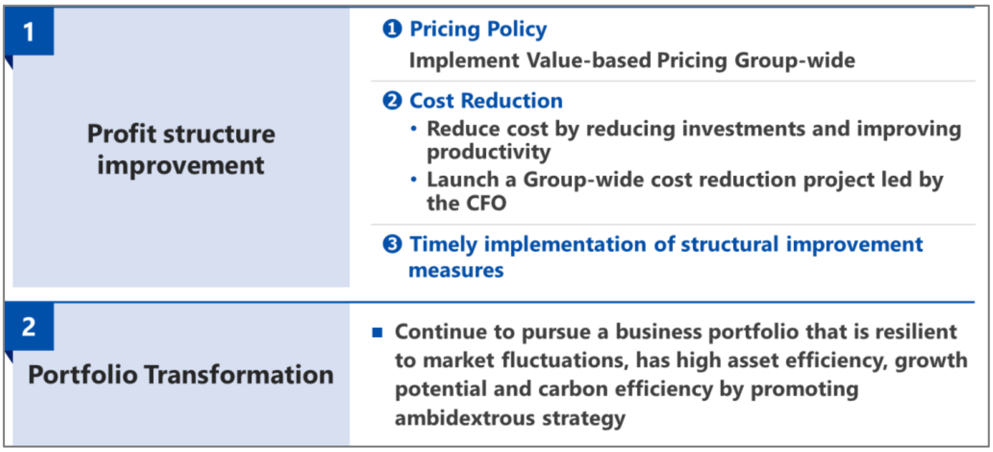
< Electronics Business >

We achieved our 2025 target of 40 billion yen in Net Sales for EUV mask blanks in 2024, one year ahead of our plan. The semiconductor-related market will continue to grow, driven by AI demand, and we will expand product sales in the high-end market. The optoelectronics business is expected to slow down its growth due to the saturation of the smartphone market and will reach a plateau. However, we expect to see growth over the medium term as we launch further high-functionality products.



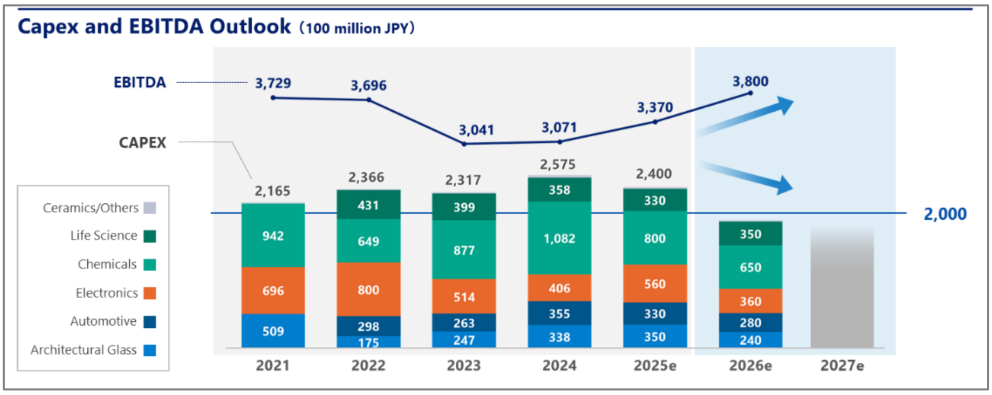
Group-wide Initiatives

In addition to the above-mentioned initiatives for each business, we will improve our earnings structure by implementing pricing policies, cost reduction, and timely structural improvement measures. We will continue to pursue our "ambidextrous strategy" and accelerate portfolio transformation with the aim of building a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency.



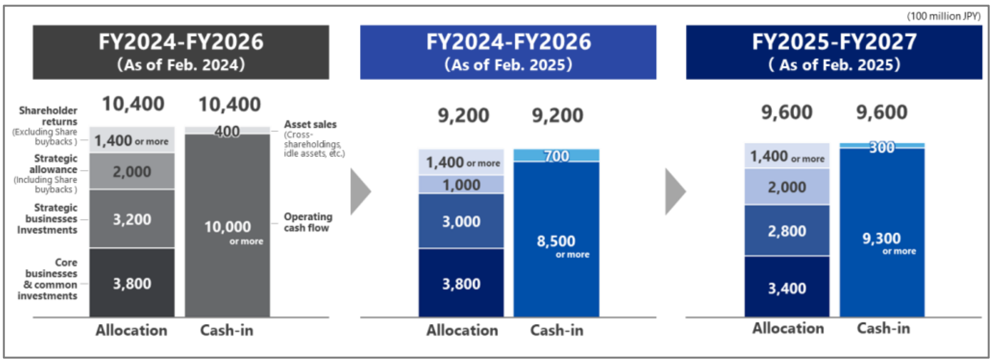
< CAPEX and EBITDA >

The large-scale investments to expand production capacity will be completed in 2025, and going forward, the effects of these investsments will be seen. From 2026 onward, we will focus on cash generation with reduced investments in preparation for future growth.



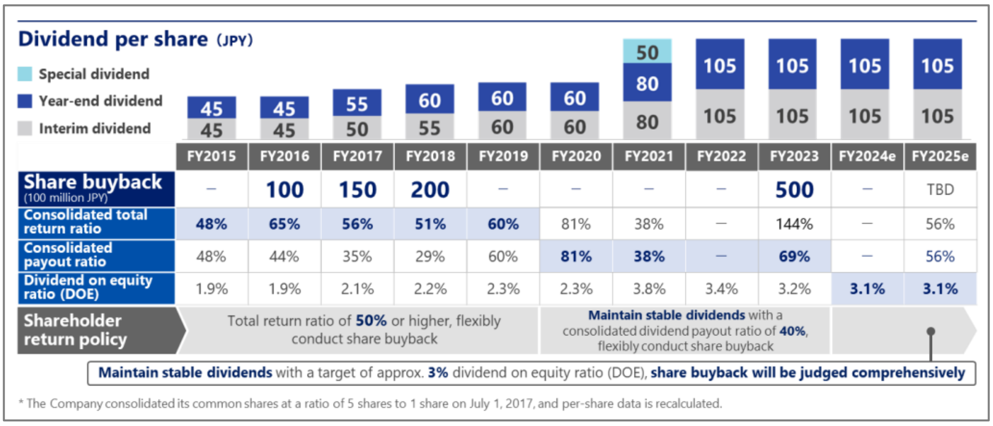
< Capital Allocation Policy >

For 2024-2026, cash inflows are expected to decrease due to a worsening business environment, which will reduce our resources and shrink our strategic budget to 100 billion yen. However, for 2025-2027, we will secure a strategic budget of 200 billion yen through a recovery in business performance and reduced investments. As for the strategic framework, we will comprehensively determine the optimal capital allocation, including the acquisition of treasury stock, taking into account investment projects and cash position.



< Shareholder Returns >

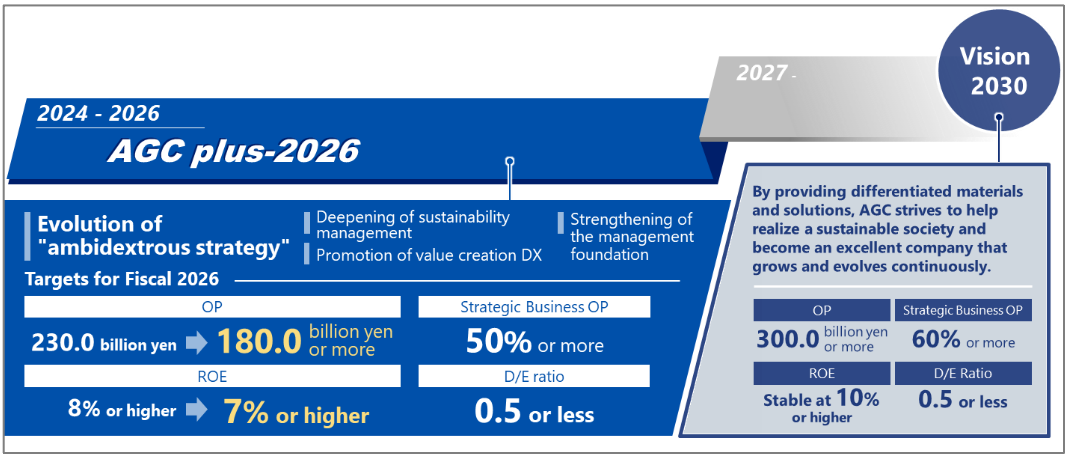
As for shareholder returns, the Company will continue to pay stable dividends with a dividend on equity ratio of approximately 3% as a guideline, and we will maintain the dividend per share for 2025 at the 2024 level.



■ **Summary**

These are the AGC Group's strategies and future initiatives aimed at achieving profitability that exceeds our cost of shareholders' equity .

We will maintain our "Vision 2030" and aim to achieve an ROE of 8% or higher as early as possible in 2027 onwards.



The AGC Group will steadily implement the medium-term management plan ***AGC plus-2026*** by evolving its "ambidextrous strategy" toward the "Vision 2030," thereby adding various value to all stakeholders, including customers, business partners, employees, investors, and future generations.