

# Toward Profitability Improvement



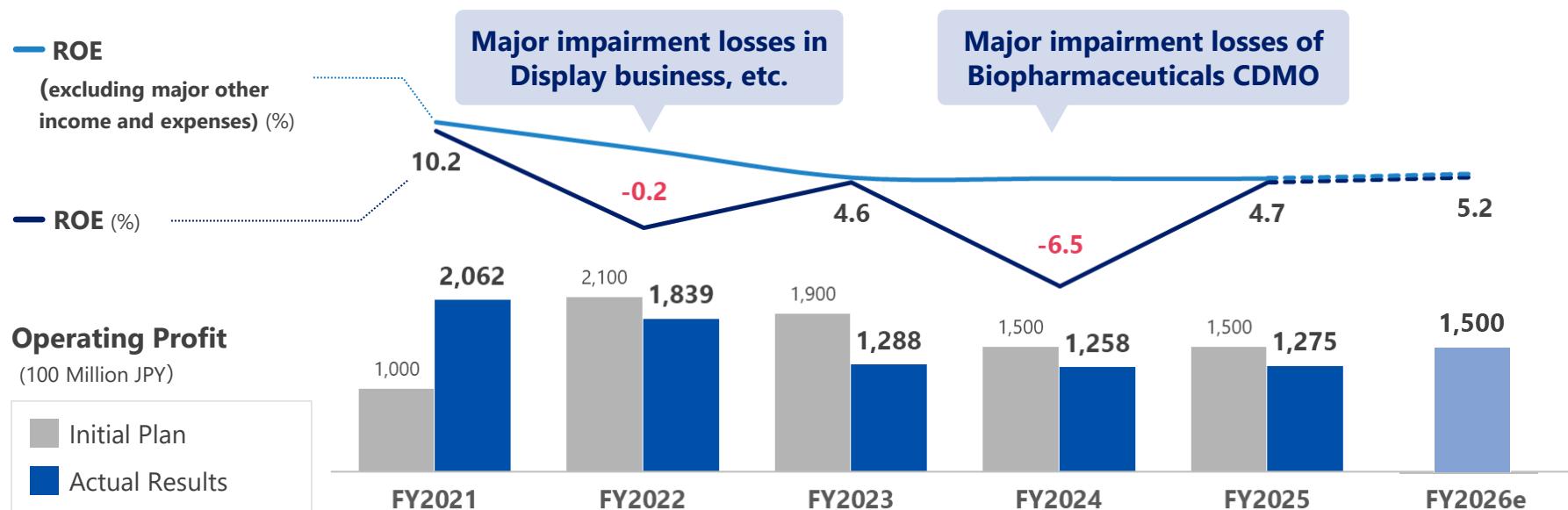
AGC Inc.

February 6, 2026

Your Dreams, Our Challenge

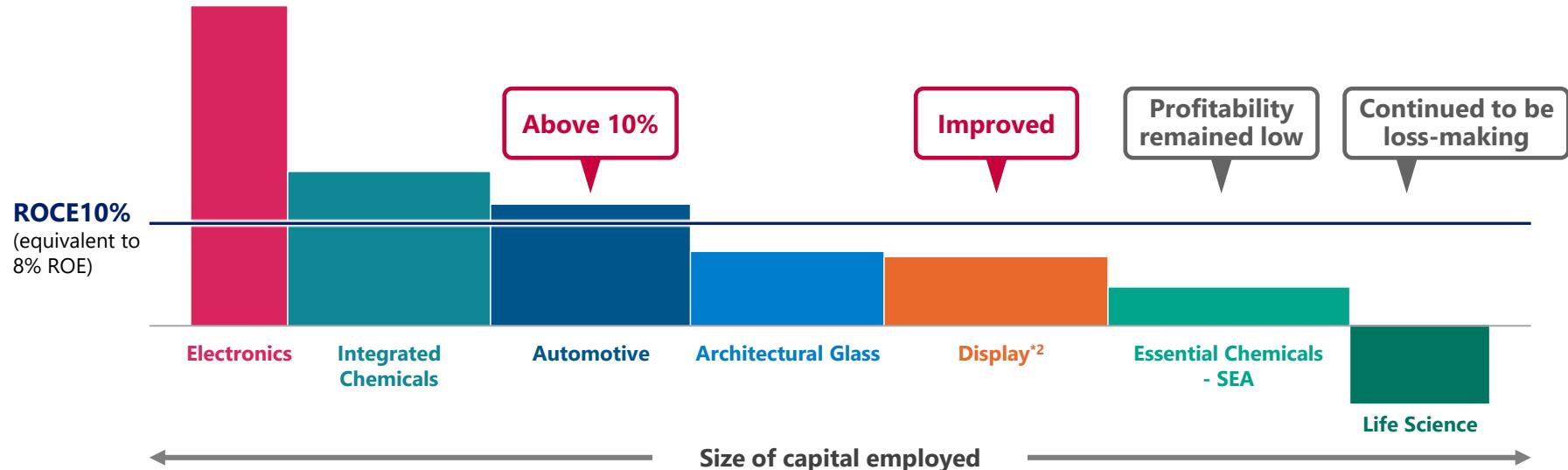
# Current Business Performance

- Operating profit in 2025 increased YoY, although the same profit fell short of the initial plan for four consecutive years
- ROE continued to remain below 5% due to major impairment losses (Display business in 2022 and Biopharmaceuticals CDMO in 2024)



- Automotive achieved an ROCE of over 10% while Display showed improvement as well
- Profitability of Essential Chemicals in SEA continued to remain sluggish while Life Science continued to incur losses

## FY2025 ROCE<sup>\*1</sup> and Size of Capital Employed by Business (before common expense allocation)



\*1 ROCE = FY 2025 operating profit / Capital employed at the year-end; operating profit for each business is before allocation of common expenses

\*2 Excluding Specialty glass business for chemical strengthening

# FY2026 Financial Targets

- ROE above 5% in 2026
- ROE above 8% as soon as possible from 2027 onward, exceeding cost of equity capital

Financial KPIs	2025	2026
	Actual Performance	Targets as of Feb. 2026
Operating Profit (100 million JPY)	1,275	1,500
Strategic Business Operating Profit (100 million JPY)	587	800
EBITDA <sup>*1</sup> (100 million JPY)	3,073	3,330
ROE	4.7%	5% or above (forecast 5.2%)
D/E Ratio	0.5 or less	
Cost of Equity Capital <sup>*2</sup>	Approximately 7%	WACC <sup>*2</sup>
		Approximately 5%

- We will improve operating profit and optimize capital employed in all business segments in order to achieve a group-wide ROCE of 10% (equivalent to ROE 8%)

## Operating Profit Improvement



**Cost Reduction**  
(Stable production and productivity improvement)



**Pricing Policy**



**High Added Value**

## Capital Employed Optimization



**Meticulous Investment Selection**



**Inventory Reduction**



**Sale of or exit from Business**

## Major Exits Announced in 2025

### Life Science Segment

- US Colorado sites of Biopharmaceuticals CDMO (production using large-scale SUS bioreactor)

### Electronics Segment

- Specialty glass business for chemical strengthening
- Polycarbonate business

### Chemicals Segment

- AGC Coat-Tech Co., Ltd.

- Optoelectronics is currently in the transition period toward further advanced functionality aiming for renewed growth by added-value enhancement
- Growth of semiconductor-related materials is expected to continue. Focusing on R&D of cutting-edge areas and sales expansion for EUV mask blanks

## Market Trends and Strategies

### Optoelectronics

 <b>Market Trend</b>	<ul style="list-style-type: none"><li>■ Moderate growth for smartphone market</li><li>■ Trend toward larger and higher-resolution sensors continues</li></ul>
 <b>Strategy</b>	<ul style="list-style-type: none"><li>■ <b>Promoting further advanced functionality</b></li><li>■ <b>Continue products for car-mounted camera and AR/MR glass applications</b></li></ul>

### Semiconductor-related Materials

 <b>Market Trend</b>	<ul style="list-style-type: none"><li>■ Semiconductor market is driven by expansion in cutting-edge applications such as AI and data centers</li><li>■ Technological advancements in back-end processes is driving the growth in related markets.</li></ul>
 <b>Strategy</b>	<ul style="list-style-type: none"><li>■ <b>Focus on sales expansion and R&amp;D in cutting-edge areas</b></li><li>■ <b>Capturing growing demand for back-end processes by technological development</b></li></ul>

## Technological Development of EUV Mask Blanks

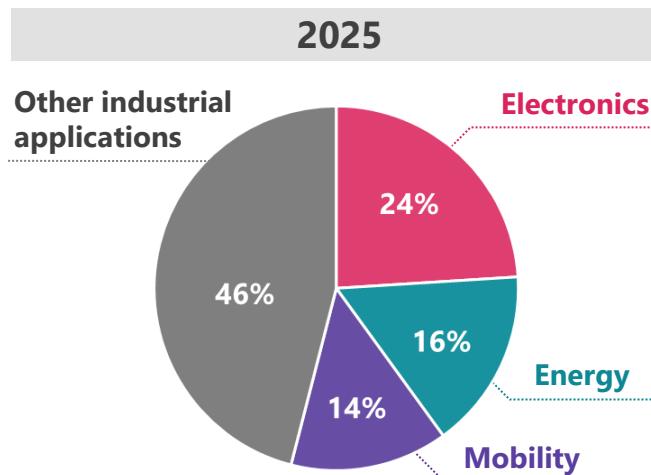
Developing next-generation products that can improve throughput and resolution of lithography systems for each semiconductor device generation and lithography system model

Device Generation	Lithography System	Development Status of AGC
Logic 7~2nm DRAM D1Z~D1D	Low NA (NA0.33)	Completed
Logic 1.4~0.7nm DRAM D0X~	High NA (NA0.55)	Under development
Logic<0.7nm	Hyper NA (NA>0.7)	Under development

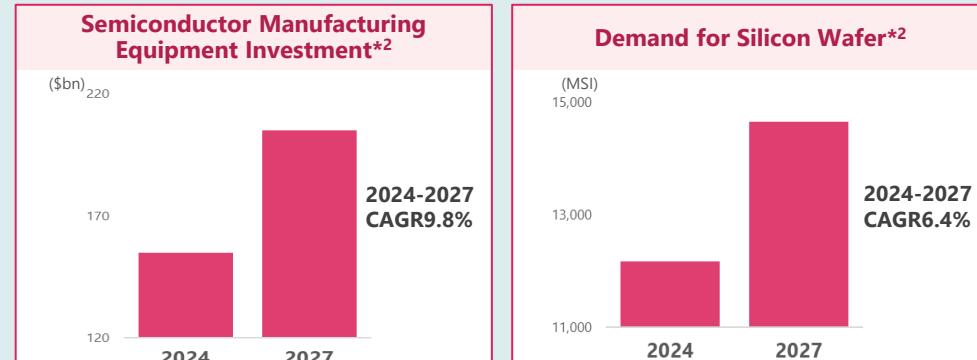
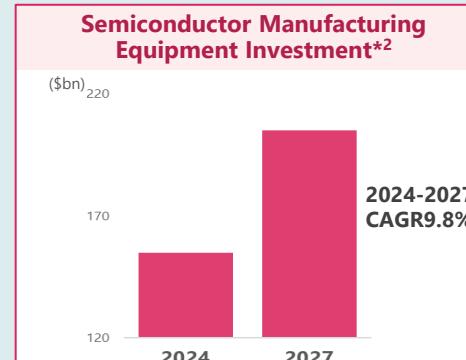
# Current Status of Integrated Chemicals

- We strive to optimize the whole chemical chain with Performance Chemicals<sup>\*1</sup> as the pillar
- As for Performance Chemicals, we will focus on the three high profitable product categories: electronics, energy and mobility

## Sales Breakdown of Performance Chemicals by Application (approximate value)



## Outlook of Electronics Market and Corresponding Products



**AGC Products**

Fluoropolymer and rubber for ducts, piping components, and sealing materials in semiconductor manufacturing equipment

**AGC Products**

Fluoropolymers, gases, refrigerants, and films for semiconductor process materials; silica and fluoropolymers for packaging materials

\*1 The same scope as Performance Chemicals as a strategic business \*2 Our estimates based on market data

- Achieved ROCE of 10% in 2025. By continuing the three initiatives to improve earnings, we aim to reach ROCE of 15% within the next few years



## Market Trend

- Global automobile demand is expected to grow modestly through 2030, driven by increase of hybrid vehicles and AI-driven progress toward SDV\*1
- While EV market growth has been slower than initially expected, it is projected to accelerate going forward



## Strategy

### Pricing policy

1 Continued pursuit of appropriate price levels aligned with products and services value

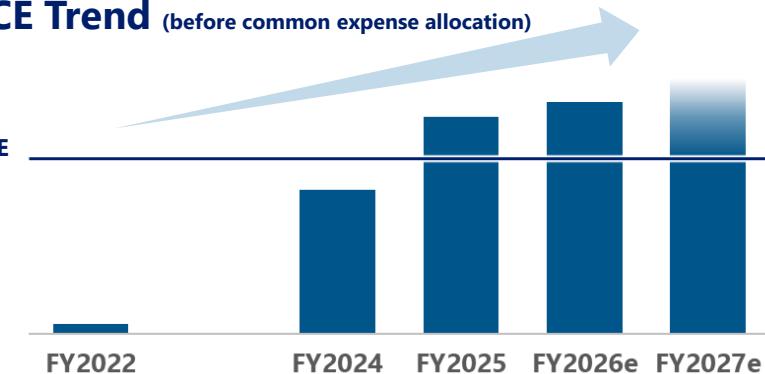
### Structural reform

2 Thorough productivity improvement, including introduction of high-efficiency equipment

### Higher functionality and high added value

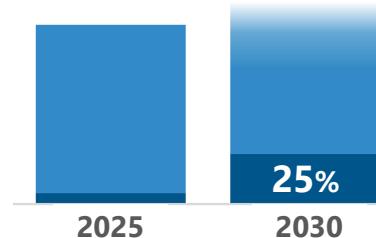
3 Increase ratio of high value-added products in line with CASE expansion, etc

### ROCE Trend (before common expense allocation)



### Mobility products share of total sales\*2

- Mobility products
- Automotive glass



- We are implementing business strategies that match the characteristics of each regional market including profit improvement measures

## Market Trend and Strategy

### Europe & Americas



#### Market Trend

##### Europe

Demand remains weak. Actions in capacity management are supporting appropriate market prices

##### Americas

Demand remains stable supported by economic growth



#### Strategy

##### Europe

- **Pricing policy responsive to supply-demand balance**
- **Promote high-value-added products (coatings and vacuum insulating glass etc.)**
- **Continue cost control**
- **Promote high-value-added products (laminated glass etc.)**

##### Americas

### Asia



#### Market Trend

##### Japan

Renovation demand underpins shipments

##### Southeast Asia

While demand is gradually increasing, the competition is intensifying



#### Strategy

##### Japan

- **Pricing policy**
- **Promote high-value-added products (highly heat shielding/insulating glass)**
- **Promote glass recycling**

##### Southeast Asia

- **Continue business structure reforms (strengthening sales & distribution channels and promote high-value-added products etc.)**

# Current Status of Display

- Aiming for ROCE of 10% in 2027, we will steadily implement earnings improvement measures



## Market Trend

- Total glass demand is expected to increase modestly through 2030 due to larger TV screen sizes
- Demand for large glass panels is also increasing



## Strategy

### Earnings Improvement Measures

#### 1 Structural Reform

Productivity improvement by focus on large-sized display panel glass substrates

#### 2 Pricing Policy

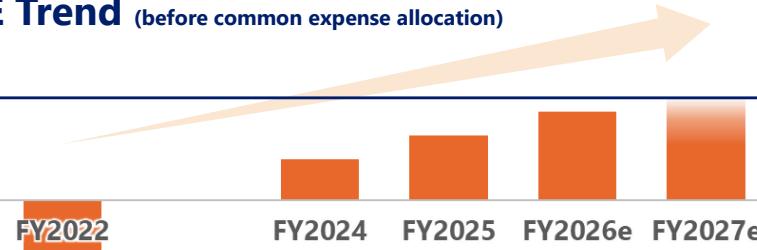
Continued pursuit of appropriate price level

#### 3 Strengthen Competitiveness through Technological Innovation

Commercializing competitive new products

### ROCE Trend (before common expense allocation)

ROCE  
10%

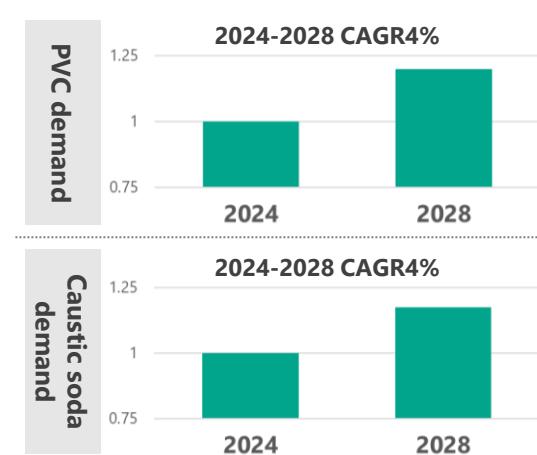


- The expanded capacity in Thailand launched in 3Q, 2025 with full-scale operation starting in 2026
- Although demand growth in Southeast Asian market remains steady, market prices of PVC and caustic soda are expected to continue to remain low
- We aim to improve profitability by sales strategy leveraging the advantage of local production



## Trend of Southeast Asian Market

- PVC prices remained sluggish due to China's economic slowdown and India's decision to postpone anti-dumping duties.
- Demand is expanding at an annual average rate of 4%, and the import surplus of chlor-alkali products continues. Particularly for caustic soda, demand for alumina and nickel refining within Indonesia continues to grow.
- Supply of ethylene, a key raw material, is expanding in Southeast Asia.



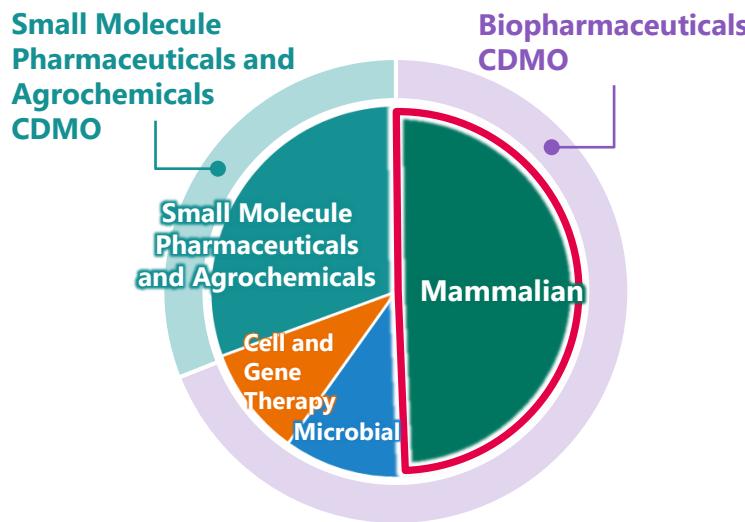
## Strategy

- Securely capturing the growing Asian local demand
  - Reduced sales costs and increased margins due to higher sales ratio within the region
  - Price strategy leveraging demand-driven location and regional sales/distribution networks
- Securing competitive raw materials
  - Securing a stable supply of ethylene produced within the region

# Current Status of Life Science

- As for mammalian, the challenge is in expansion of contracts intake although the production using SUB\* technology is stabilizing
- Maintaining firm performance and quality for microbial, cell and gene therapy and small molecule pharmaceuticals and agrochemicals

## Sales Breakdown by Modality (FY2025)



Current Situation	
<b>Mammalian</b>	<ul style="list-style-type: none"><li>■ Production is stabilizing</li><li>■ Challenge is in contracts intake expansion</li></ul>
<b>Microbial</b>	<ul style="list-style-type: none"><li>■ Increasing commercial projects</li><li>■ High utilization rate</li></ul>
<b>Cell and Gene Therapy</b>	<ul style="list-style-type: none"><li>■ Acquisition of long-term contracts</li><li>■ Increasing commercial projects</li></ul>
<b>Small Molecule Pharmaceuticals and Agrochemicals</b>	<ul style="list-style-type: none"><li>■ Acquisition of major projects</li><li>■ Enhanced development services</li></ul>

# Initiatives of Life Science and Future Outlook

- Currently strengthening various initiatives in order to expand contracts intake of mammalian
- Life Science is expected to turn profitable in 2027 or later

## Initiatives for Mammalian

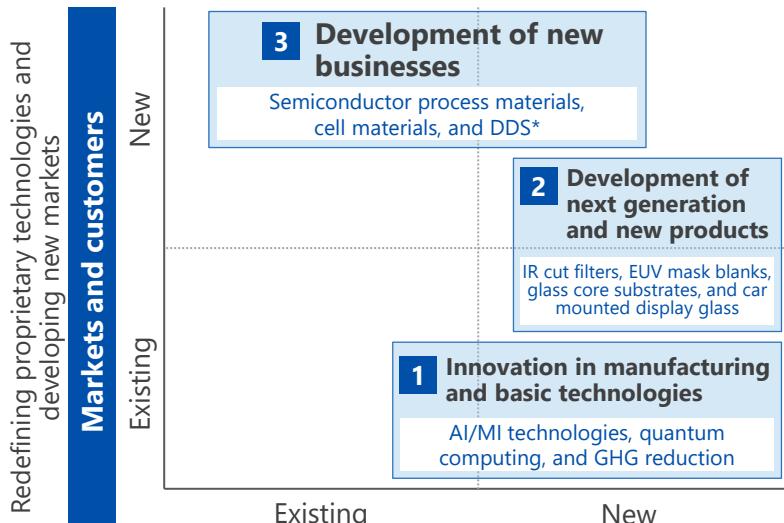
<b>Contracts Intake Expansion</b>	Sales and marketing enhancement
<b>Production Stabilization</b>	Leveraging production technology of the AGC group and utilization of digital technology and AI
<b>Cost Reduction</b>	Closure of US Colorado sites and headcount reduction

## Sales and Operating Profit Outlook (100 million JPY)



# R&D Investment Direction

- Select development areas according to market and technology perspectives
- Increase share of strategic areas



## Organizational capabilities and technologies

Innovating manufacturing and basic technologies to develop new products together with customers

## R&D investment areas

2022-2024

Core Business	35%
Strategic Business	65%

2025-2027

Core Business	25%
Strategic Business	75%

## Development initiatives

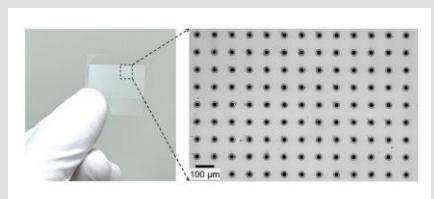
**2** Development of next generation and new products    **3** Development of new businesses

**AGC's Reflective Blade for HUD**  
Named CES Innovation Awards® 2026 Honoree



**1** Innovation in manufacturing and basic technologies  
**2** Development of next generation and new products    **3** Development of new businesses

**AGC and the University of Tokyo Achieve Laser Glass Processing at One Million Times Faster than the Conventional Speed**



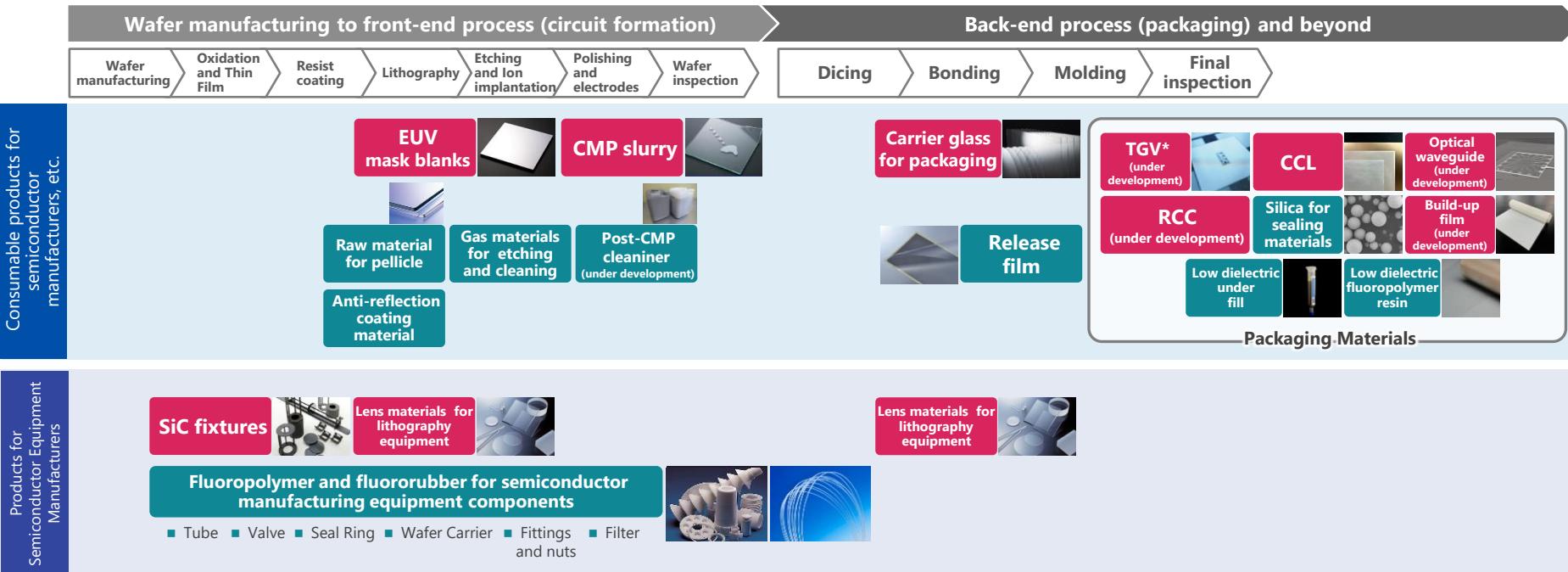
# Expansion of Semiconductor-related Businesses

- We provide diverse products of Electronics and Performance Chemicals for semiconductor manufacturing, ranging from the front-end to back-end processes

## Semiconductor-related Products

■ Electronics

■ Performance Chemicals

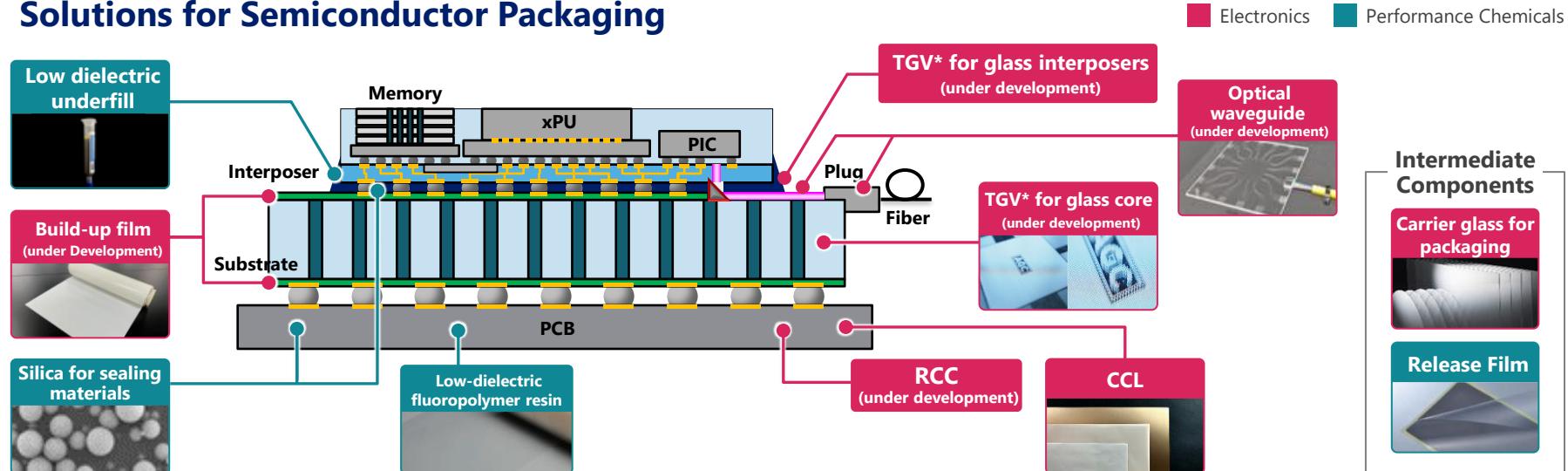


# Expansion of Semiconductor Packaging Technologies and Solutions

- Leveraging inorganic and organic material technologies, functional design and processing, manufacturing, and common basic technologies to contribute to the evolution of semiconductor packaging

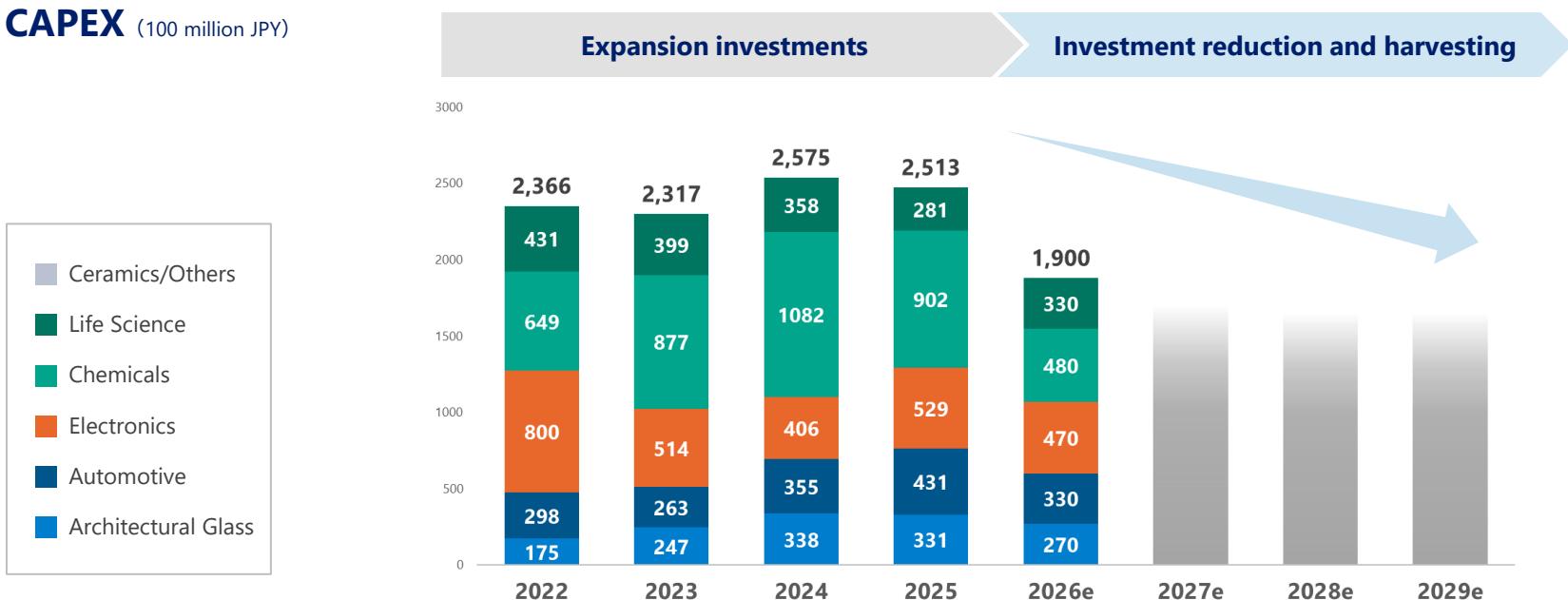


## Solutions for Semiconductor Packaging



- Large-scale capacity expansion investments completed by 2025
- New investments will be sharply reduced from 2026, and we will focus on recovering the investments made to date

## CAPEX (100 million JPY)



# Shareholder Return Policy

- Stable dividend with a target DOE\* of approx. 3%
- The dividend per share for 2026 will be maintained at the 2025 level
- From 2027, we will consider reviewing our shareholder returns policy in line with business recovery

## Dividend Per Share (JPY)

	50	105	105	105	105	105
Special dividend						
Year-end dividend	80					
Interim dividend	80	105	105	105	105	105
	FY2021	FY2022	FY2023	FY2024	FY2025e	FY2026e
Share buyback (100 million JPY)	–	–	500	–	–	TBD
Consolidated total return ratio	38%	–	145%	–	64%	58%
Consolidated payout ratio	38%	–	69%	–	64%	58%
Dividend on equity ratio (DOE)	3.8%	3.4%	3.2%	3.1%	3.0%	3.0%
Shareholder return policy	<b>Maintain stable dividends</b> with a consolidated dividend payout ratio of <b>40%</b> , flexibly conduct share buyback			<b>Maintain stable dividends</b> with a target of DOE of approx. <b>3%</b> , <b>share buyback will be judged comprehensively</b>		

# Further Enhancement of Corporate Governance

- We will become a Company with an Audit & Supervisory Committee to further deepen corporate governance.

- **2002 Corporate Governance Reform**

Under the framework of a Company with Audit & Supervisory Board, appointed two independent directors to separate "supervision" from "execution."

- **2003** Established a voluntary Nominating and Compensation committee

- **2005**
  - The number of independent directors was increased from two to three
  - Increased the composition of the Nomination Committee and Compensation Committee to include a majority of independent directors or more

- **2011** Appointed an independent director as chairperson of the Board of Directors

- **2017** Appointed independent directors as chairperson of Nominating and Compensation Committee

**Further deepen corporate governance**  
while maintaining the current high level of effectiveness

- **2026 Transition to a Company with Audit and Supervisory Committee\***

**Strengthen the overseeing function of the Board of Directors to enhance corporate value**

<b>Board of Directors</b>	Total of 10 members (Internal: 4, Independent: 6)
<b>Audit &amp; Supervisory Committee</b>	Total of 4 members (Internal: 1, Independent: 3)
<b>Nominating Committee</b>	Total of 4 members (Internal: 1, Independent: 3)
<b>Compensation Committee</b>	Total of 4 members (Internal: 1, Independent: 3)

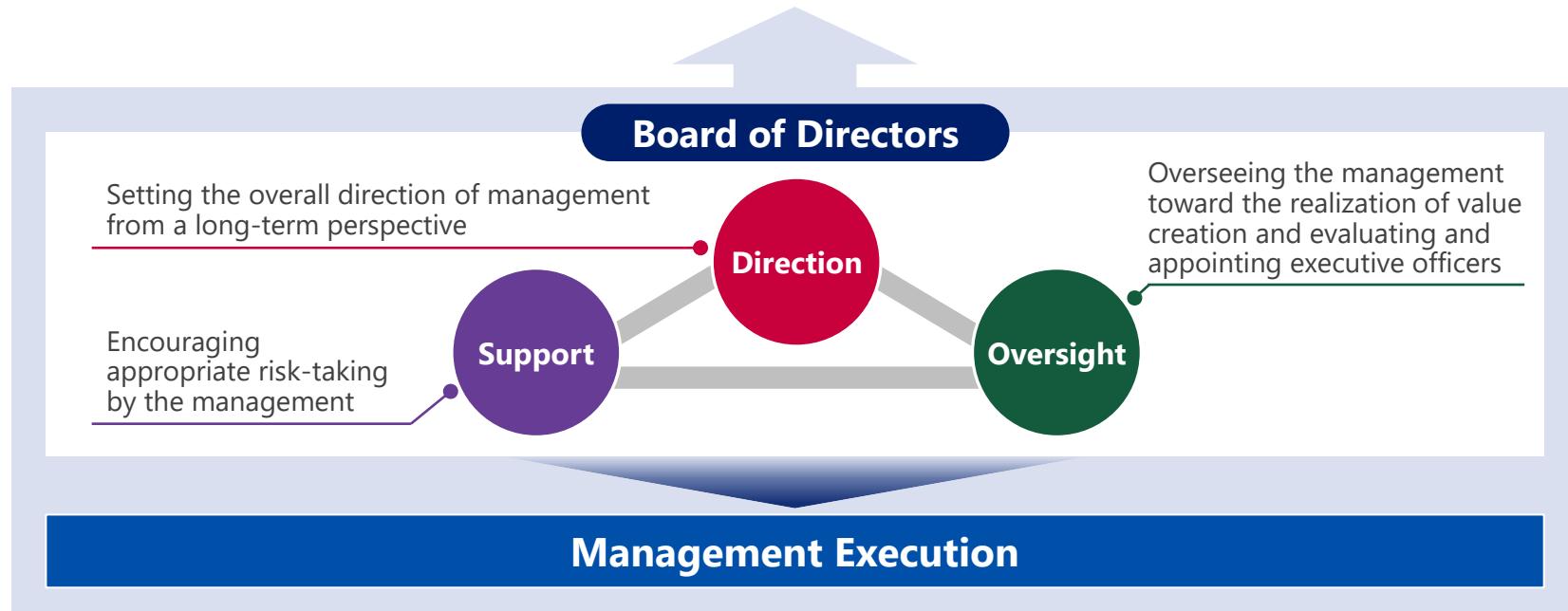
One audit committee member attends the nomination committee/compensation committee as an observer.

The Board of Directors, Audit and Supervisory Committee, Nomination Committee, and Compensation Committee are all chaired by independent directors.

\* Subject to approval at the 101st Ordinary General Meeting of Shareholders scheduled for March 2026, the transition is planned.

- Redefined the role of the Board of Directors to drive the realization of further value creation

## Realizing value creation based on AGC's competitive advantages



# END

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