

Newsletter for Shareholders

AGC Review

Vol. 41

Issued in September 2022



Focus

AGC Group's DX Strategy

AGC Inc.
Securities code: 5201

Your Dreams, Our Challenge

| To Our Shareholders

Review of the First Half, 2022

I would like to express our sincere gratitude to our shareholders for their continued support.

In the first half of 2022, the Group conduct business operations in line with the main themes set out in *AGC plus-2023*, the medium-term management plan. We invested aggressively in strategic businesses with a focus on EUV photo mask blanks and life Science. In core businesses, we worked to further strengthen the foundations of the chlor-alkali business in Southeast Asia and decided to boost production capability significantly in Thailand as part of this process. At the same time, we completed our withdrawal from the North American architectural glass business and transferred the shares of a U.S. soda ash manufacturing and sales company, and are steadily transitioning toward an optimal portfolio. In the financial results for the first half of the fiscal year, both net sales and earnings increased year on year, despite the impact of soaring raw material and fuel prices. This was largely the result of higher selling prices for caustic soda and architectural glass, and increased shipments of fluorine-related products for semiconductors, Life Science products, and electronics products.

As a result, both net sales and operating profit recorded all-time highs for the first half of the fiscal year.



Representative Director, President and CEO

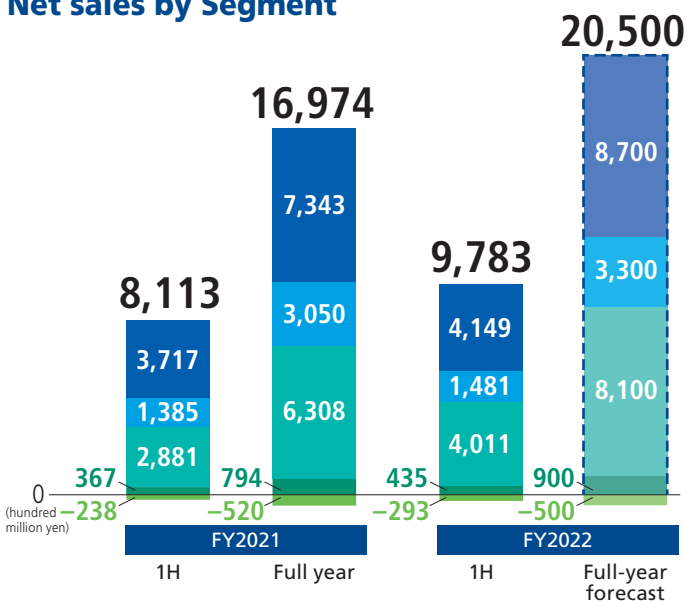
Yoshinori Hirai

Financial Results Highlights 1H FY2022

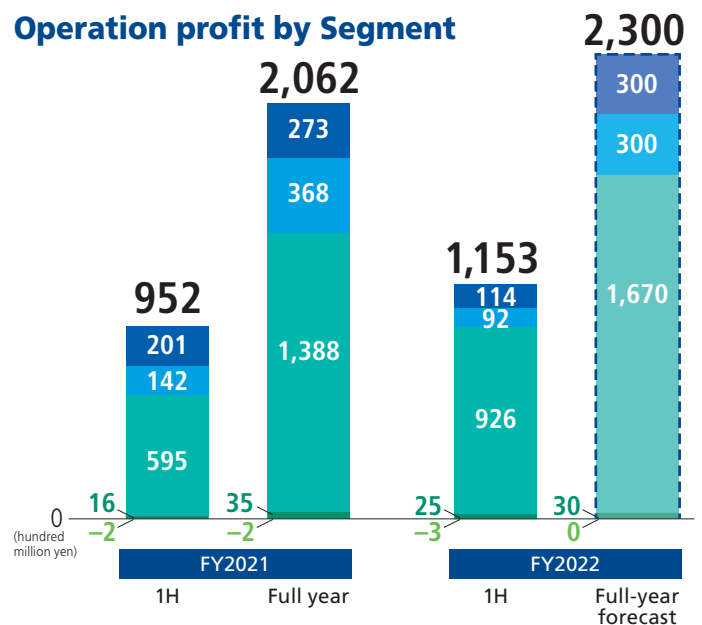
Net sales **978.3** billion yen (20.6% YoY increase)

Operating profit **115.3** billion yen (21.1% YoY increase)

Net sales by Segment



Operation profit by Segment



Segment Glass Electronics Chemicals Ceramics/Other Eliminations or Corporate

Dividends	2020	2021	2022 Forecast
	120 yen	210 yen	210 yen

Overview by Business Segment

Glass

YoY
Increase in sales,
decrease in profit

Shipments of architectural glass increased in all regions except South America. Selling prices rose in all regions, particularly in Europe. Net sales of automotive glass increased due to the weak yen and other factors, although shipments decreased due to the semiconductor shortage. There was also an impact from higher natural gas prices in Europe and a deterioration in production costs due to lower facility up-time ratio for automotive glass.

Electronics

YoY
Increase in sales,
decrease in profit

In the display glass business, shipments of LCD glass substrates and specialty glass for display applications decreased.

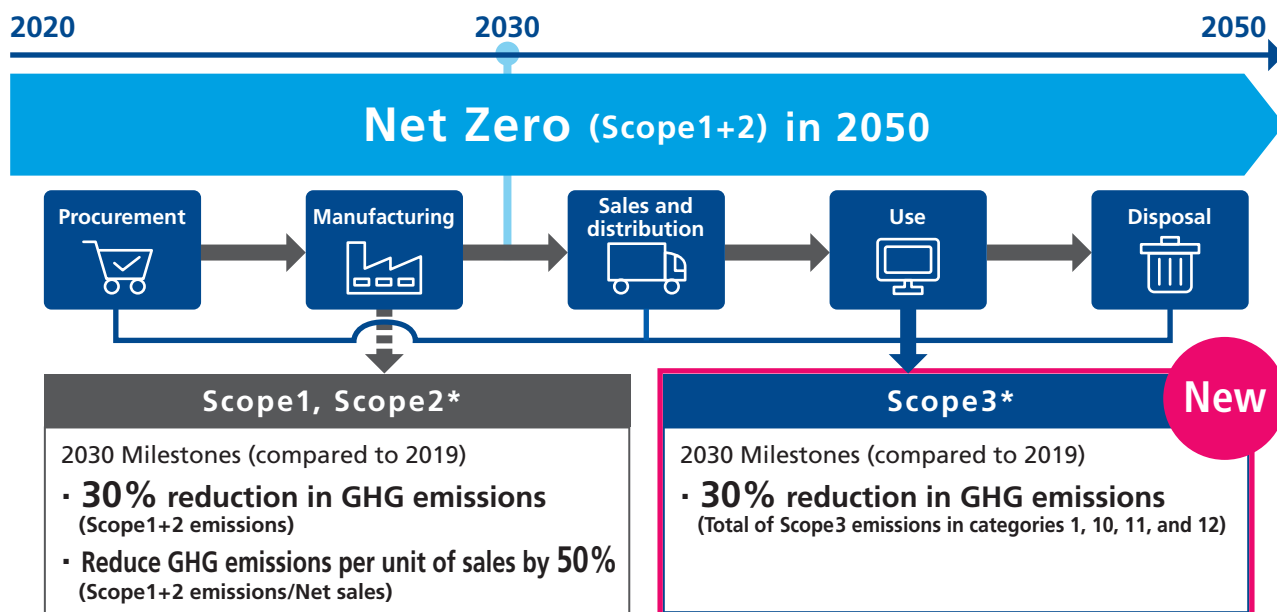
In the electronic materials business, shipments of optoelectronics materials and circuit board materials increased. On the other hand, the business was impacted by the increase in depreciation associated with the start up of new facilities for LCD glass substrates, the high prices of raw materials and fuel, exchange rates, and other such factors.

Chemicals

YoY
Sales and
profit growth

In the chlor-alkali & Urethane business, the selling price for caustic soda increased. In the fluorochemicals & Specialty business, shipment of fluorine-related products increased significantly, mainly for use in semiconductor-related applications. In the life Science business, contracts for synthetic pharmaceuticals and agrochemicals and biopharmaceuticals, including products related to COVID-19, increased.

Promoting Sustainability Management: Setting Scope3 Targets



*Scope1: GHGs emitted at AGC's own sites, such as plants Scope2: GHGs emitted during the generation of electricity used in plants, etc.
Scope3: GHGs generated in the production and distribution of purchased raw materials and in the distribution, use, and disposal of AGC's products.

In the medium-term management plan **AGC plus-2023**, the AGC Group aims to achieve net zero carbon emissions by 2050. As a milestone, the Group has set targets for reducing Scope1 and Scope2 GHG emissions by 2030. In addition, we have recently established new Scope3 GHG emission reduction targets. We will work to achieve the Scope3 targets by promoting the AMOLEA™ series of next-generation refrigerants and solvents with very low global warming potential and strengthening our supplier engagement activities.

The AGC Group will continue contributing to a sustainable global environment through the creation of social and economic value by realizing Vision 2030 with portfolio reforms and the pursuit of sustainable management as set forth in the medium-term management Plan **AGC plus-2023**. We look forward to your continued support and encouragement of the AGC Group.

| AGC Group's DX and Long-Term Management Plan

To realize Vision 2030, its long-term management strategy, the AGC Group is working toward corporate transformation with a companywide strategy that aims to transform its business portfolio to be optimized driven by both strategic businesses and core businesses and continuously create economic and social value. Transformation of the business portfolio and promotion of sustainability management are key measures in this process. Digital transformation (DX*) will play an important role as a driving force to vigorously promote and accelerate these key measures. In this issue, we will focus on the AGC Group's policies and initiatives related to DX.



*What is DX?

DX means digital transformation. Japan's Ministry of Economy, Trade and Industry defines digital transformation as being the process by which companies respond to dramatic changes in the business environment by using data and digital technologies to transform products, services, and business models based on customer and social needs as well as transforming operations, organizations, processes, and corporate culture, thereby establishing competitive advantages.

Selected for DX Stocks 2022

This year, AGC became one of 33 companies selected by the Ministry of Economy, Trade and Industry in collaboration with the Tokyo Stock Exchange for DX Stocks 2022. DX Stocks are selected from among approximately 3,800 companies listed on the Tokyo Stock Exchange as companies that have established internal systems to promote DX leading to enhancement of corporate value and demonstrated a proven track record in outstanding utilization of digital technology. This is the second time AGC has been selected, following its selection in 2020.



The AGC Group's DX Goals

The AGC Group's DX is using the most up-to-date digital technologies to:

Rigorously streamline business processes

Create new value for customers and society

as its goals. The AGC Group wants to continue being an advanced, industry-leading DX company.

AGC Group's DX Roadmap

At the AGC Group,

Operational excellence,
including business streamlining
and cost reductions

Reinforcement of
our competitive foundation as
a materials manufacturer

Innovation to
provide new value for
society and customers

are the three areas in which we are promoting DX on a global basis. In the past, we were primarily building on our achievements in the area of operational excellence. However, in the future we will further expand the scope of our DX initiatives in pursuit of economic and social value creation.

Impact on economic
and social value

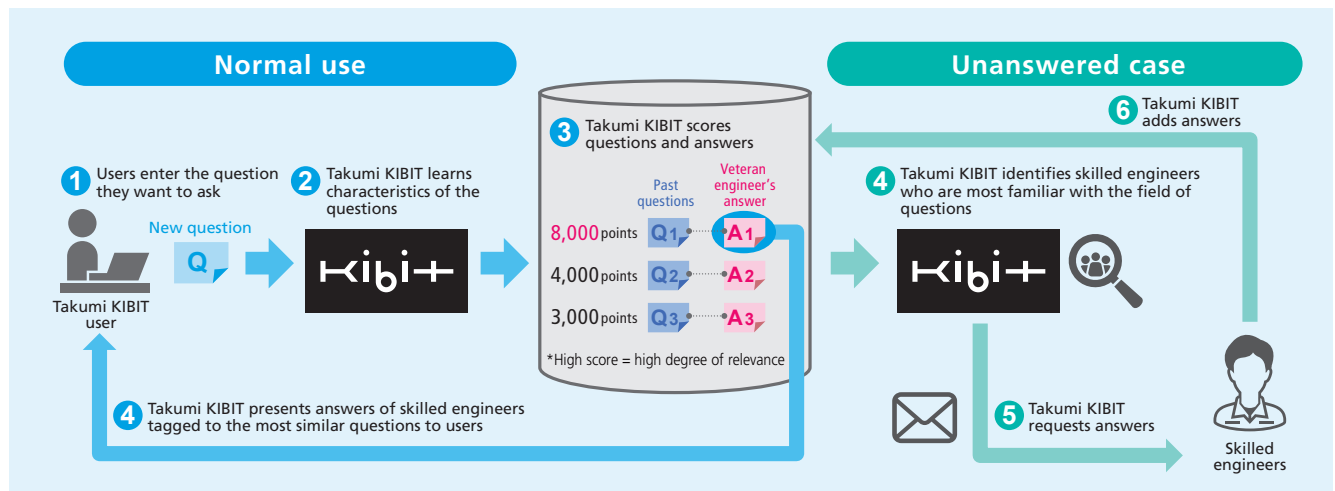


Initiatives in the area of monozukuri - quality manufacturing

Passing on and sharing glass manufacturing technology and skills using AI system Takumi KIBIT*

In addition to outstanding production facilities, glass manufacturing is supported by the tacit knowledge accumulated by skilled engineers and technicians over many years. Takumi KIBIT is a system that visualizes the tacit knowledge of skilled engineers and technicians, shares and manages it within the organization, and creates new knowledge based on it. This makes it possible to continuously improve manufacturing operations and contribute to raising productivity.

*Takumi KIBIT is an AI system co-developed by FRONTEO, Inc. and AGC.

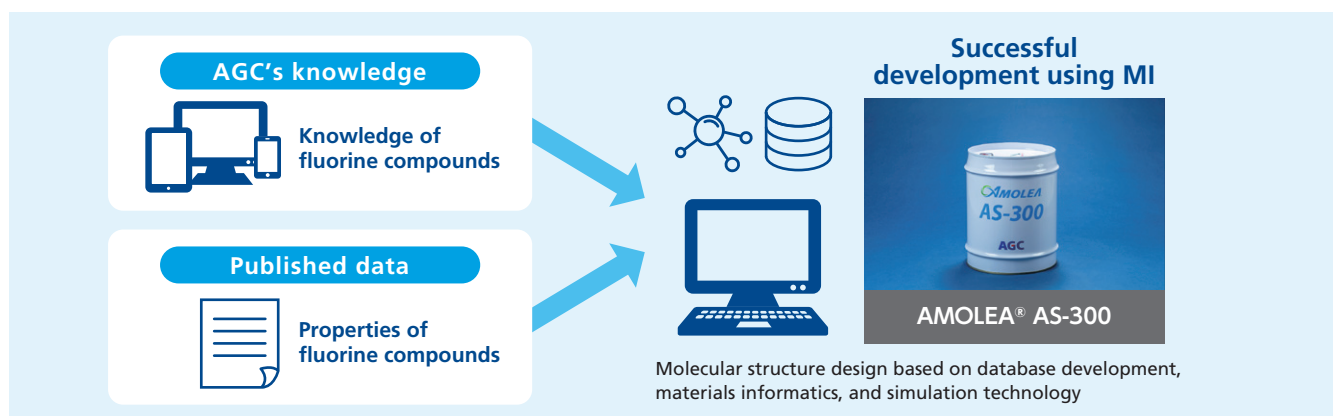


Initiatives in the area of research and development

Facilitating development of competitive materials and significantly reducing development time using material informatics (MI)*

The development of materials with new functionalities in a short period of time connects directly to providing value for customers. The AGC Group has combined its strengths in simulation technology with material informatics (MI), which uses AI to analyze accumulated experimental data to successfully develop and commercialize competitive materials in a short period of time. The AMOLEA™ AS-300 series of environmentally-friendly next-generation refrigerants and solvents with global warming potential (GWP) several hundred times less than conventional products, was developed using MI.

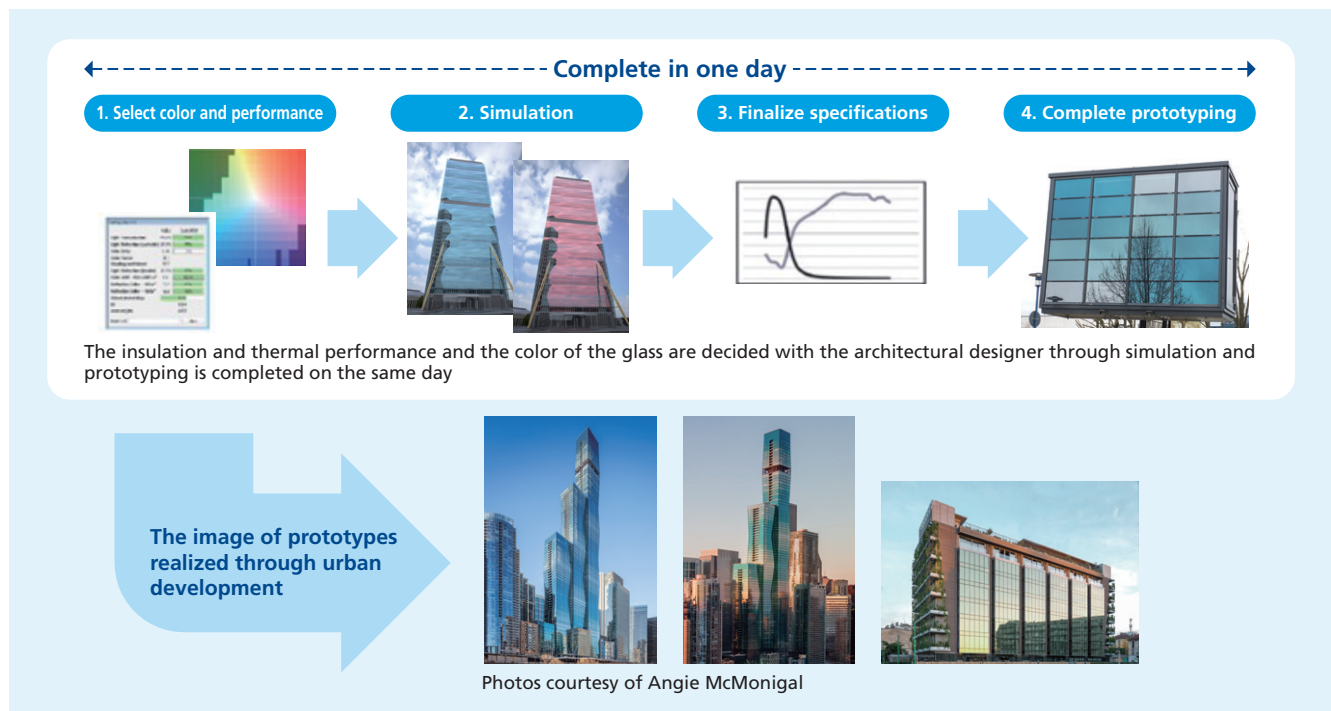
*Technology that significantly improves the efficiency of materials development using computational and data sciences



Initiatives to clarify and reproduce customer needs

Using Coating on Demand for improving external appearance and sustainability of buildings

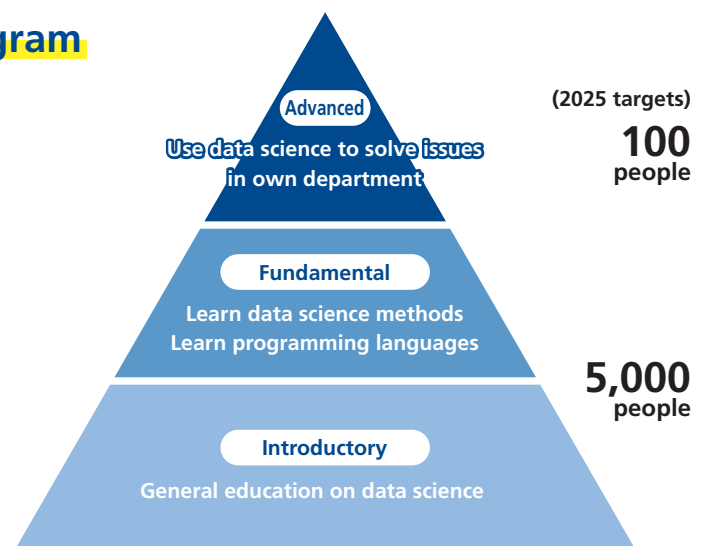
The specification process for energy-saving glass for buildings can take many months. The AGC Group's European architectural glass SBU has established the Coating on Demand system, which has dramatically shortened this period. The system also reflects the needs of architectural designers and other customers in the overall aesthetic of a building and the city in which it is located, as well as enabling safe and comfortable urban infrastructure. The system has provided the AGC Group with many opportunities to participate in smart city projects around the world.



Initiatives in human resources development

Data Science Plus, a training program for double-skilled data scientists

Development of digital human resources is essential for promoting DX initiatives. To this end, the AGC Group has developed an original data scientist training program called Data Science Plus, which we have begun operating not only in Japan but also overseas. The aim of the program is to train double-skilled human resources with advanced data analysis skills in addition to knowledge of the work they are responsible for. The targets are to train 5,000 people at the Introductory and Fundamental levels, as well as 100 people at the Advanced level by 2025.



Corporate Outline

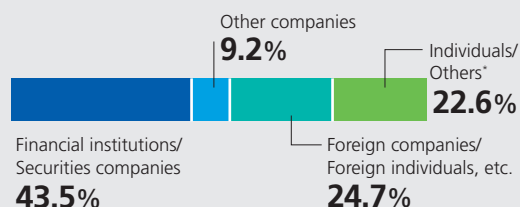
Company name: AGC Inc.
Founded: September 8, 1907
Incorporated: June 1, 1950
Capital: ¥90,873,373,264
Head office: Shin-Marunouchi Building, 1-5-1 Marunouchi,
 Chiyoda-ku, Tokyo 100-8405
Phone: +81-3-3218-5096
Number of consolidated subsidiaries: 204
 (including 168 companies overseas)

State of Shares

Number of shares outstanding: 227,441,381
Number of shareholders: 94,737
Shareholders who own shares of one unit or more: 81,767

Shareholder Composition

(Shareholders who own one unit or more)



*Including 2.4% treasury shares

Information about Shares

Fiscal year: January 1 to December 31
Ordinary general shareholders' meeting: March
Shareholder registration date for entitlement to exercise:
 Voting rights at ordinary general shareholders' meeting: December 31
 Rights to receive annual dividend payment: December 31
 Rights to receive interim dividend payment: June 30
Public notice: Electronic public notices
<https://www.agc.com/en/>
Shareholder Registrar/Special Account Administrator:
 Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation
 Contact:
 Phone: 0120-232-711 (toll free within Japan)
 Mailing address:
 P.O. Box 29, Shin Tokyo Post Office, Tokyo 137-8081
 Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Payment of dividends:

As stated in the Articles of Incorporation, dividends not claimed within five years from the starting date of payment are no longer payable. We therefore urge shareholders to claim all payable dividends at the earliest convenient date. Dividends that the shareholder has not received will be paid at the Mitsubishi UFJ Trust and Banking Corporation.

To shareholders owning shares constituting less than one unit:

Shareholders owning shares constituting less than one unit (1-99 shares) of AGC may request AGC to purchase such shares/sell additional shares. For the details of such procedures, including requests for necessary forms, please notify the following place of contact.

Contact Information for Inquiries Regarding Shares

Shareholders who have an account with securities companies, etc.	Shareholders who have a special account
Securities companies or other entities with which you have an account	Mitsubishi UFJ Trust and Banking Corporation (our Special Account Administrator) Phone: 0120-232-711 (toll free within Japan)

(As of June 30, 2022)