



AGC Inc.

Automotive Business Briefing Session

November 30, 2023

Event Summary

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[Number of Speakers]	2
	Yoshio Takegawa Senior Executive Officer, President of Automotive Company
	Chikako Ogawa General Manager of Corporate Communications & Investor Relations Division

Presentation

Ogawa: The time has arrived, so we will now begin the Automotive business briefing of AGC Inc.

My name is Ogawa from the Corporate Communications & Investor Relations Division, and I will be the moderator for today's session. Thank you very much for your cooperation.

I would like to introduce today's attendees. Senior Executive Officer and President of Automotive Company Yoshio Takegawa.

First, Mr. Takegawa, President of Automotive Company, will explain the strategy of automotive business, followed by a question and answer session. We are scheduled to end the session at 6:00 PM.

If you have any questions, please press the Q&A button and enter them.

Now, Mr. Takegawa, please begin.

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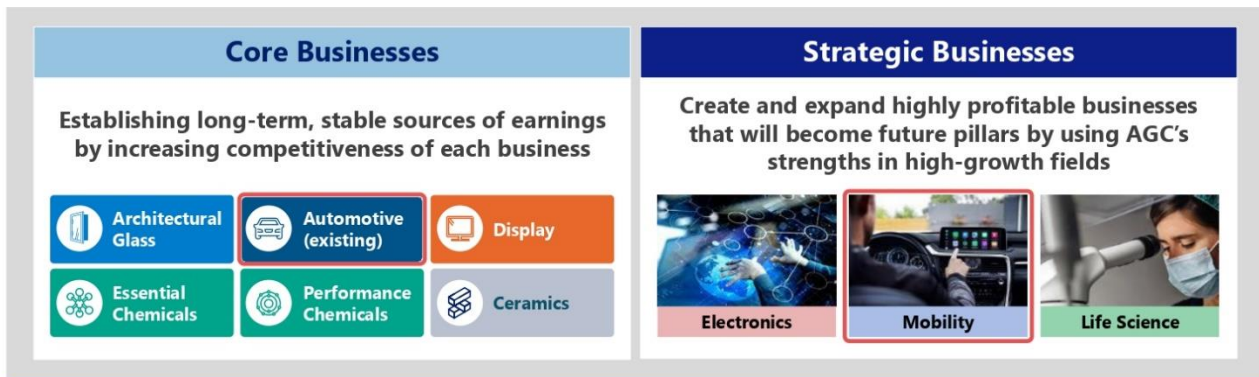
Takegawa: I am Takegawa from the Automotive Company. Today, I will give you an overview of the Company's business. I look forward to working with you.

Here is today's agenda.

First, I will give you an overview of the Automotive business as a whole and its position within the AGC Group, and also present the Automotive Company's vision and strengths. Next, I will explain three measures to improve profitability and the business outlook as part of our efforts to realize our medium- and long-term goal of where we want to be in 2030. Finally, we will also explain our initiatives on sustainability, which is one of our key management issues.

Overall Strategy

Leveraging the core businesses and the strategic businesses as two wheels, we will shift to an optimal business portfolio and continuously create economic and social value.



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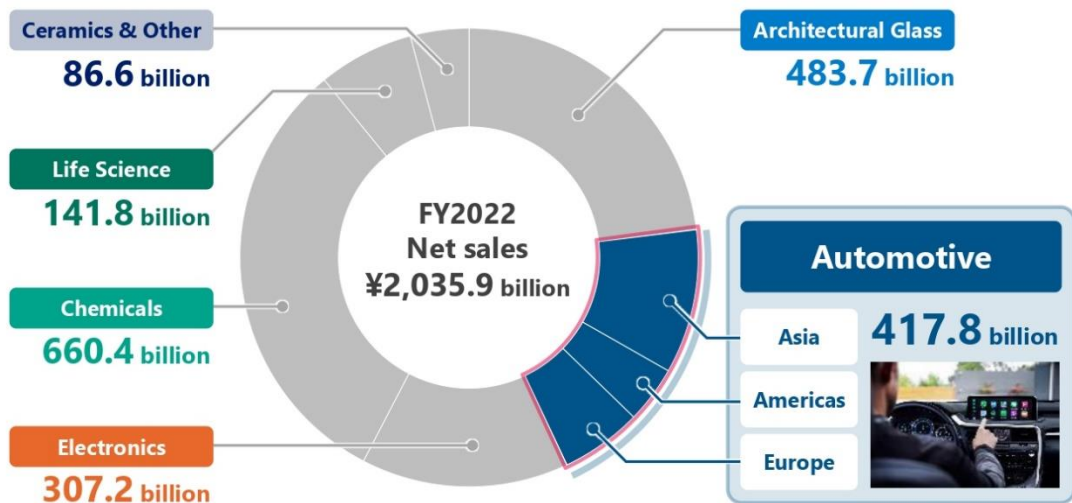
Let me first give you an overview of the Automotive business.

The AGC Group conducts its business activities based on a company-wide strategy of continuously creating economic and social value through its core and strategic businesses, and is recognized by external experts as a company that practices ambidextrous management.

AGC's core businesses refer to existing businesses such as Architectural Glass and Essential Chemicals, and the Automotive Company's core business is Automotive Exterior Window Glass, as shown here. Core businesses are required to build a strong and long-term stable revenue base.

Strategic businesses, on the other hand, are high-growth areas where AGC's strengths can be utilized to create new businesses, and the Automotive Company aims to create and expand highly profitable businesses in the mobility sector that will become pillars of AGC's future.

Automotive business in AGC Group

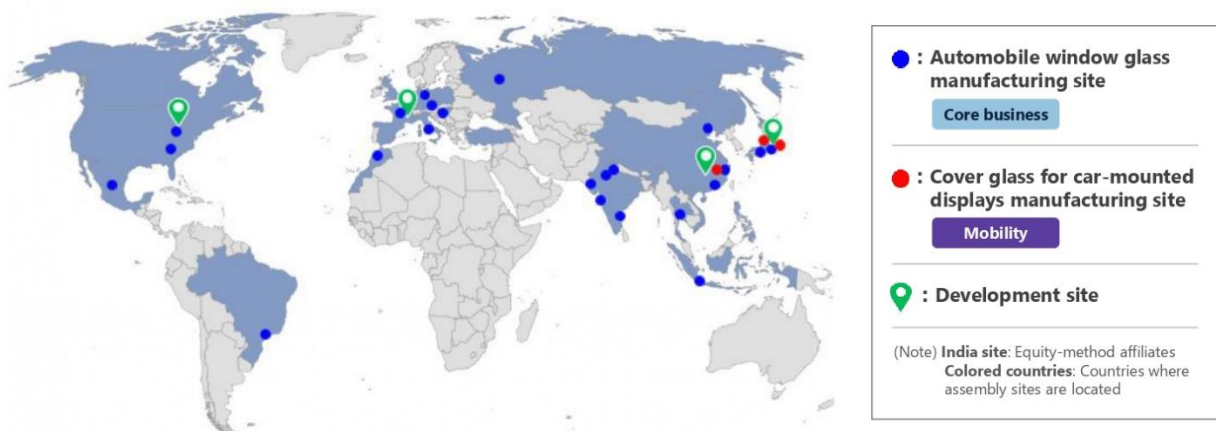


This is the positioning of the Automotive Company within the AGC Group.

The AGC Group's sales for the year ended 2022 were 2,035.9 billion yen. Of this, the Automotive Company's sales were 417.8 billion yen, or approximately 20%. The breakdown by region is roughly half in Asia, including Japan, and the rest in Europe and the US.

Group site expansion

- Global network with three hubs in Asia, Europe, and the Americas
- R&D sites in China in addition to Japan, the US, and Europe to pursue market trends



This is the Automotive Company's global network.

The Automotive Company has a global network with three regions: Asia, Europe and the U.S. In the blue circles, the Company has manufacturing sites for automotive exterior window glass, one of its core businesses. The red circles indicate manufacturing sites for cover glass for car-mounted displays, one of our strategic businesses.

In addition to manufacturing sites, the Group also operates development sites globally. In addition to Japan, the US and Europe, we also have R&D sites in China to capture market trends in the fast-growing Chinese market.

These global networks contribute to building strong relationships of trust with OEM manufacturers and are also a source of future mobility business creation, such as antenna-related and sensing-related businesses.

Vision and Mission **AGC**
Your Dreams, Our Challenge

Vision **We will earn the trust of society by enabling a safe, comfortable and connected mobile community**

Mission **Continue to create new business (products, technologies and services) on the global scale for advancement of mobility community**

COLLABORATIVE **INTELLIGENT** **ENABLER**

Diverse people in different organizations, interacting and influencing each other, pooling their wisdom to create problem-solving methods and effective business solutions





Vision 2030 **Continue to evolve and lead the way in realizing a sustainable mobility society (CASE) through differentiated components and solutions**

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This is the Automotive Company's vision, mission, and vision for 2030.

We believe that our business has the potential to create a wide range of social value in many fields in preparation for the major transformation of the mobility society through CASE. We intend to realize our vision for 2030 by continuing to create and expand a wide range of new businesses through new products, technologies and services that make the most of our strengths.

Strengths of the Automotive business

 Market-leading customer base	Relationships built on trust with global OEMs leading the EV and mobility market
 Global production, sales, and development system	Global network capable of providing high quality products and services
 AGC Group's total technological ability	Business development utilizing "materials technology," "functional design," and "production technology"
 Synergies generated by automotive window glass + mobility	Increase added value by combining mobility products and technologies

These are the Automotive Company's strengths that we believe will support the realization of our vision for 2030.

First, we have a market-leading customer base. The Automotive Company has established trusted relationships with many of the global OEMs that are leading the EV and mobility markets, and these strong relationships give us access to business opportunities in new mobility markets.

Next is our global production, sales and development structure. Many of our customers operate globally, so having a global network that enables us to provide high-quality products and services is of great value to them.

Thirdly, the AGC Group's comprehensive technological capabilities: the Group has a wide range of inorganic and organic material technologies, functional design capabilities that meet the needs of the mobility society, and production technologies that enable the stable production of high-quality products, which is the value we provide to our customers.

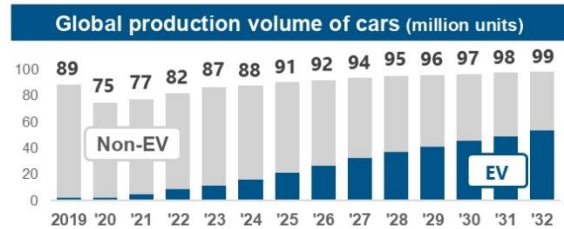
The fourth is the synergies between automotive window glass and mobility. The Automotive Company has both a core automotive exterior window glass business and a strategic mobility business, so there are an increasing business creation through synergies, such as collaboration on new mobility products through relationships of trust with customers who have a relationship with us in the exterior window glass business.

Transformation in the automotive industry, as exemplified by CASE, is steadily under way

Connectivity	Assumes market ramp up around 2030
Autonomous	Market takeoff at Level 4-5 is expected mainly for MaaS vehicles
Electric and Environment	Accelerating requirements from society from the perspective of SDGs

EV ratio rising to 50% in 2030

- Global car production is not expected to increase going forward.
- Yet the shift to EVs is further accelerating, especially in advanced EV regions (Europe, China, and North America).



Next, I will explain our initiatives toward 2030.

First, I will explain our recognition of market trends.

Changes in the automotive industry, as represented by CASE, are steadily progressing. For example, from the perspective of connectivity, we assume that the 5G communication market will be fully established around 2030. In terms of autonomous driving, we expect to see the launch of level 4 to 5 automated driving, mainly for MaaS vehicles.

We will continue our activities to ensure that we capture the business opportunities that come with the EV transition.

In addition to expanding sales of sustainable products, as explained in the section on social value, we are also steadily working on environmental measures, including GHG reduction.

As shown in the graph below right, the Automotive Company does not expect global car production to increase in the future, and has begun to shift its business operations to focus on value enhancement, rather than relying on sales volume growth.

On the other hand, the shift to EVs is expected to further accelerate, particularly in advanced EV regions such as Europe, China and North America, and the global EV ratio is expected to reach approximately 50% by 2030, and the Automotive Company will link these changes in the environment to business opportunities.

Background to initiatives to improve earnings

- Decline in auto production volume due to the pandemic and semiconductor supply shortages affected the Automotive business, resulting in impairment losses and restructuring measures.

	Business environment	Recording of impairment losses	Implementation of structural reforms
2018	<ul style="list-style-type: none"> Slowdown in Europe & US auto sales 	<ul style="list-style-type: none"> North American automotive glass 	<ul style="list-style-type: none"> Reduction of headcount in Europe and US headquarters and Czech plant, etc.
2019			
2020	<ul style="list-style-type: none"> Decline in auto production volume due to pandemic 	<ul style="list-style-type: none"> European automotive glass 	<ul style="list-style-type: none"> Start of production consolidation by introducing high-efficiency facilities
2021			
2022			
2023	<ul style="list-style-type: none"> Shortage of semiconductor supply 	<ul style="list-style-type: none"> Automotive glass in Russia European automotive glass (Excluding Russia) 	<ul style="list-style-type: none"> Consolidation of assembly sites and reduction of old lines Reduction of Belgian plant and German assembly site
		Total 52.1 billion yen	

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Automotive Company has continued to face a difficult earnings environment over the past few years, including major impairment losses in Europe and the U.S. In order to achieve a rapid and steady improvement in earnings, we are working on measures to improve earnings with a sense of speed and with an awareness of the time axis.

For a long time, Automotive Company's business operations were based on the assumption that global car production would increase. In line with the global expansion of our customers, we have achieved business growth by increasing production and expanding capacity.

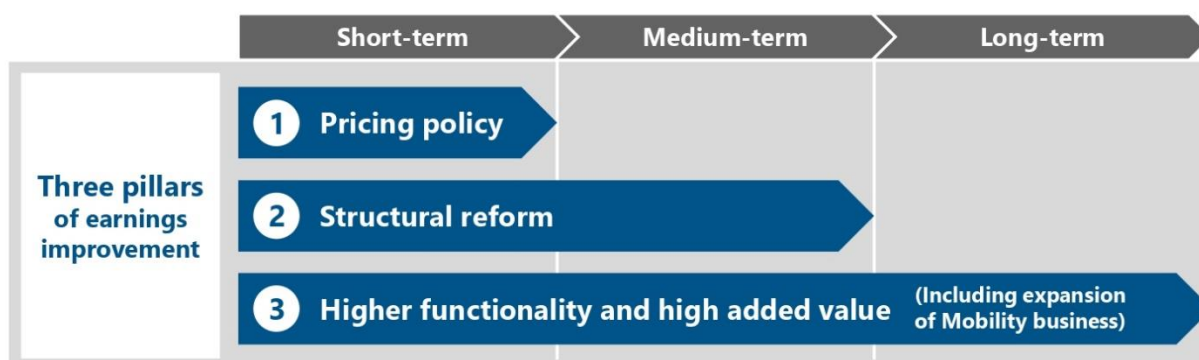
However, in the second half of the 2010s, the profit environment began to deteriorate rapidly as the growth of car sales in Europe and the U.S. slowed down. In North America, the Group recorded impairment losses in 2019 and embarked on structural improvements. In Europe, despite initiating structural improvements such as headcount reductions, the earnings environment deteriorated rather adversely due to the subsequent expansion of the Covid-19, the shortage of semiconductors and sluggish car production due to supply chain disruptions, and an impairment loss was recorded at the end of 2021.

Subsequently, the surge in European energy prices due to Russia's invasion of Ukraine and the slump in Russian business forced the Group to record another impairment loss in Europe in 2022 again. Globally, the Automotive Company's overall earnings also fell sharply as a result of sluggish car production and rising raw material prices due to a shortage of semiconductors and other factors.

Under these circumstances, an immediate improvement in earnings is inevitable, and we have started to implement the various measures described below.

Medium- and long-term measures: Toward 10% ROCE by 2025

- Implementing review of pricing policy for automotive glass business
- Formulating and implementing measures to improve profitability, including structural reforms
- Focus on high-functional, high-value-added products (Volume to Value) rather than expanding sales volume



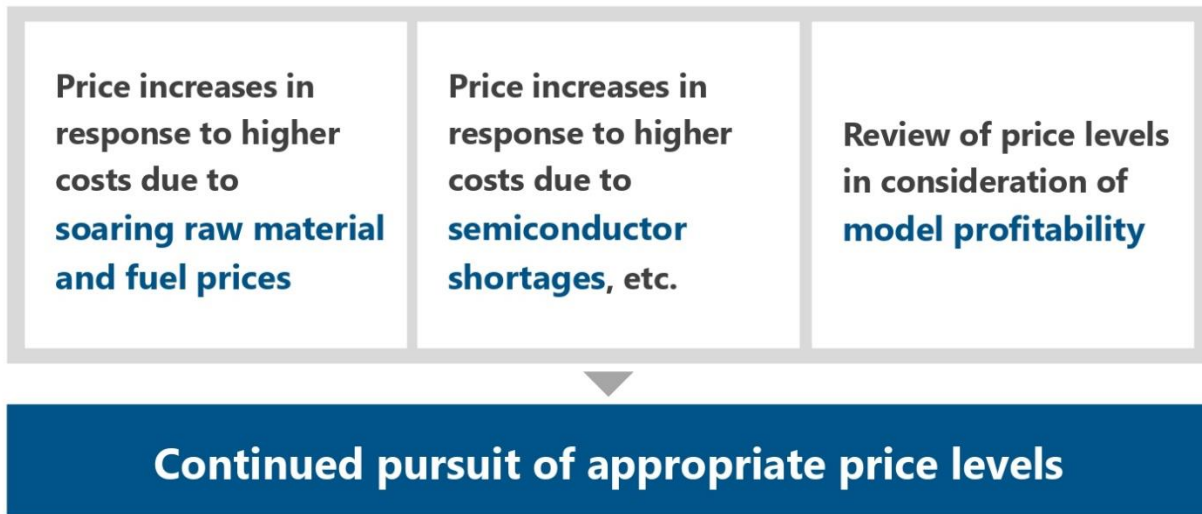
The Automotive Company has been implementing the measures outlined here as the three pillars of earnings improvement.

Firstly, in order to improve the current profitability of automotive exterior window glass, it is essential to review the sales price, and we have been working since last year to raise the price to an appropriate level.

Secondly, in addition to structural reforms mainly in Europe over the short to medium term, we are continuing to implement measures to improve profitability through productivity improvements, including the introduction of high-efficiency equipment.

In addition, in the core business of automotive exterior window glass, we do not aim to increase sales volumes, but focus on expanding high-performance, high-value-added products and the mobility business. Within the Automotive Company, this policy is called Volume to Value, and we are working to spread it.

(1) Pricing policy



Next, I will explain our pricing policy.

To date, price increases have been implemented to cope with the cost burden caused by the sharp decline in car production volume due to the high price of raw materials and fuel, the shortage of semiconductors and disruptions in the supply chain.

Furthermore, we will continue to pursue appropriate price levels for sound business operations in the future by initiating a review of price levels in consideration of profitability according to the model.

(2) Structural reform

	Implemented	To come
Europe	<ul style="list-style-type: none"> ■ Reduction of Belgian plant and German assembly site ■ Reduction of old lines and cuts to headquarters headcount 	<ul style="list-style-type: none"> ■ Reduction of old lines and response to Mobility
North America	<ul style="list-style-type: none"> ■ Reduction of old lines and streamlining of assembly sites 	<ul style="list-style-type: none"> ■ Reduction of old lines and streamlining of assembly sites
Global	<ul style="list-style-type: none"> ■ Global deployment and standardization of high-efficiency facility installation ■ Consolidation and closure of low-utilization and low-productivity lines ■ Review of production and supply systems in response to regional market trends 	

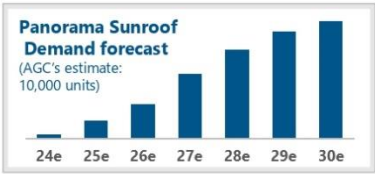
Next, I will elaborate on our structural reforms.

To date, we have been working to reduce costs and production capacity by consolidating or rationalizing multiple sites in Belgium, Germany and the U.S.

In addition, from around 2020, we are preparing for higher functionality and productivity by sequentially deploying high-efficiency equipment on a global basis, while continuing to consolidate and close low-operation and low-productivity lines. In the future, we will continue to realize appropriate production and supply systems in line with market trends in each region.

(3) Shift to higher functionality: Expansion of high value-added products through EV **AGC**
Your Dreams, Our Challenge

- With the expansion of EVs, demand for **sunroofs utilizing heat-insulating and light control glass and sound-insulation glass** is expected to grow in addition to existing high-value-added products*.
- Demand for sunroofs is expected to grow, particularly in Europe and China



Low-emissivity glass
Apply special metal coating to glass to block solar radiation heat in summer and keep heat in winter. Also contribute to extending the travel distance of EV and reducing CO₂ emissions.



Light control glass
Insert a special film between two sheets of glass to control transmission of light so that the optimal amount of light falls into the car.



Sound insulation glass
Insert a special sound insulation membrane between two sheets of glass to reduce noise from outside vehicles. Realize a comfortable in-vehicle environment without increasing the weight (thickness) of glass.

* Products with added functions and value such as IR cut and HUD

With regard to the third measure, namely, the development of higher functionality and added value, we will now explain the business opportunities created by the shift to EVs, and our products that respond to these opportunities.

With the expansion of EVs, demand is expected to grow for high-functionality products such as sunroofs using heat-insulating and light control glass, and sound insulation glass. In particular, EVs often have batteries located under the floor of the vehicle, and the conventional design of the interior space causes a feeling of oppression overhead, so demand for large-area panoramic sunroofs with a sense of openness is expected to grow, particularly in Europe and China.

As shown in the top right-hand graph shown here, we expect rapid expansion. Full-scale expansion will still take some more time, but we are preparing for this expansion by keeping abreast of market changes.

(3) Shift to higher functionality: Expansion of high value-added products through EV

Low-E (Heat insulating glass)

High solar control and insulation properties reduce air conditioner load and improve fuel efficiency

In addition to improving comfort, contributes to extending the cruising range of EVs and reducing CO₂ emissions

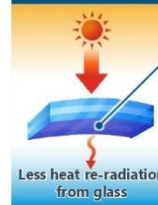


- Special Low-E coatings for in-vehicle applications developed by leveraging AGC's materials, functional design, and production technologies
- In summer, it blocks the sun's heat to keep the cabin cool and comfortable, and in winter, it makes it difficult for heat inside the vehicle to escape to the outside to keep the cabin warm and comfortable.
- Use in roof glass allows for a shade-less configuration also contributes to vehicle weight reduction and head clearance

Use case

Light control panoramic roof with Low-E coating adopted in the LEXUS RZ, Toyota's **LEXUS' first dedicated BEV model**

Cool in summer (solar control)



Special metal coating
Reduces radiant heat from heated glass to about 1/5*

Special metal coating
Reduces heat radiation to outside the vehicle from the glass to about 2/3*

Warm in winter (heat insulation)



*AGC research

Reference: AGC News Release https://www.agc.com/en/news/detail/1202896_2814.html

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Here I would like to introduce some specific examples of our high-performance products.

First, heat-insulating glass with low-emissivity coating.

This glass reduces the air conditioning load and improves fuel efficiency due to its high thermal and thermal insulation properties, which, in addition to improving cabin comfort, also contributes to extending the cruising range of EVs and, ultimately, reducing CO₂ emissions.

The product blocks solar heat in summer, making the interior cool and comfortable, while in winter it keeps heat inside the vehicle from escaping, creating a warmer, more comfortable interior environment. Furthermore, when used on the roof glass mentioned earlier, the product can be used in a shade-less setting, helping to reduce the weight of the vehicle body and ensure head clearance.

This product was made possible by AGC's material technology, functional design and production technology, and is also used as roof glass in Toyota Motor Corporation's Lexus RZ.

(3) Shift to higher functionality: Expansion of high value-added products through EV

Light control glass Digital Curtain®

Providing new value for panoramic sunroofs, which are enjoying growing demand due to the introduction of EVs

Further improved comfort and openness and an advanced cabin



- A special film is inserted between two sheets of glass and controlled by voltage to **instantly switch between "dimmed mode" and "transparent mode"**.
- The "dimmed mode" **eases the heat and glare of sunlight, while the "transparent mode" allows occupants to enjoy a sense of openness.**

Use case

Toyota's new model Harrier

- World's fastest **instantaneous control of light transmission for automotive exterior glass**
- Adopted for the first time worldwide **in mass production vehicles**

Dimmed mode
(opaque state, when switched off)



Transmissive mode
(clear state, when switched on)



*AGC research

Reference: AGC News Release https://www.agc.com/en/news/detail/1200904_2814.html

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Next, I would like to introduce our light control glass, the so-called "Digital Curtain".

This product consists of a special film inserted between two sheets of glass, which can be controlled by voltage to instantly switch between opaque and clear states, as shown here. The opaque state reduces the heat and glare of the sun, while the clear state allows the driver to enjoy a sense of openness and other advanced vehicle interior features, improving comfort.

This light control roof glass was adopted for the first time in a mass-produced vehicle by Toyota Motor Corporation in its "new Harrier".

(3) Shift to higher functionality: Expansion of high value-added products through EV

September 2023 News Release

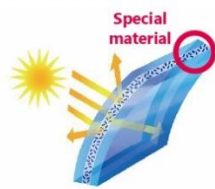
Light control glass Digital Curtain® Adopted for Toyota's new model Century

- World's first adoption for rear door sections
- Eliminates the need for shades and provides a larger, more advanced and comfortable rear seating space, as well as increased privacy



Dimmed mode
(opaque state, when switched off)

As the special material is arranged in a random pattern, it diffuses light from the outside to turn opaque.



Transmissive mode
(clear state, when switched on)

When voltage is applied to the film, the special material aligns in the same direction, and the glass becomes transparent allowing light from the outside to pass through.



*AGC research

Reference: AGC News Release https://www.agc.com/en/news/detail/1204655_2814.html

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Furthermore, this year, for the first time in the world, the dimming glass Digital Curtain was used not on the roof but on the rear door glass and the side glass of the doors. This is the case of Toyota Motor Corporation's "new Century".

The use of this product in the side glass eliminates the need for shades on the side glass, creating a wider, more comfortable and advanced rear seating space, as well as improving privacy.

(3) Shift to higher functionality: Expansion of high value-added products through EV

Sound insulation glass

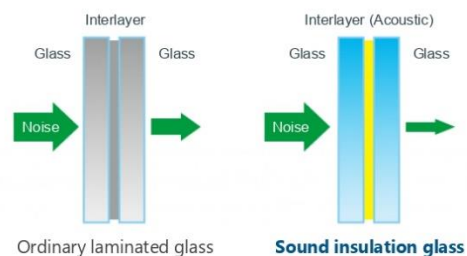
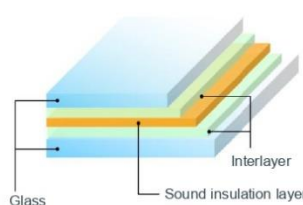
In addition to the windshield glass, the side window glass is laminated to further improve sound insulation.

A quiet and comfortable cabin space is created in EVs, which are free of engine noise.



Structure

- Laminated glass with special sound insulation membrane inserted between two sheets of glass



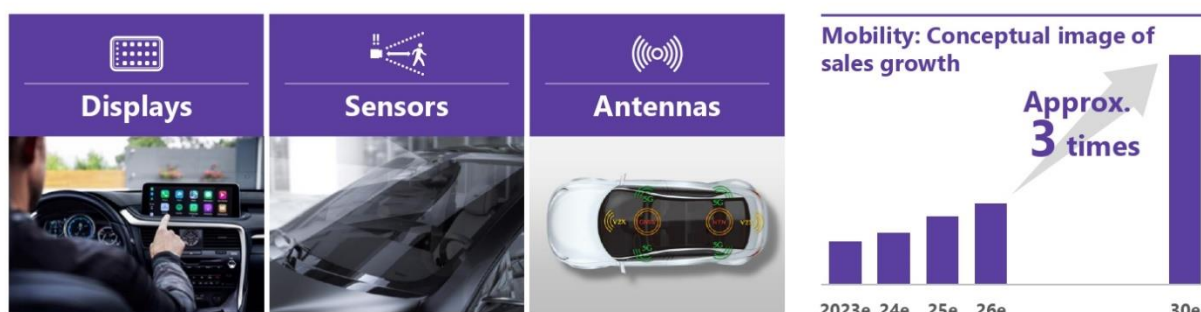
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Another side glass we would like to introduce is the sound insulation glass shown here.

As EVs do not have engines, noise during the ride is said to be more bothersome than in the past. This product improves sound insulation even further by converting the side glass to laminated glass and inserting a special sound insulation membrane between the two sheets of glass. In EVs, which are free from engine noise, this product can provide a quieter and more comfortable cabin space.

Strategic Businesses **Basic strategy for Mobility products** **AGC**
Your Dreams, Our Challenge

- **“Displays”** are further expanded to include cover glass for car-mounted displays.
- **“Sensors”** are moving to the mass production phase. Growing toward becoming the second pillar in 2030.
- Strengthen the discovery and commercialization of **“next-generation strategic businesses”** (antennas, etc.)



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I will now explain our basic strategy for mobility products that contribute to the realization of a CASE society.

First, we will further expand our display-related products, with a focus on cover glass for car-mounted displays, for which we have the world's No.1 market share.

In addition, we will soon move into the mass production phase for products related to sensors, which are required for automated driving and other applications, and we intend to grow these as the second pillar of our mobility products by 2030.

Furthermore, we will explore and strengthen business opportunities such as antennas as a next-generation strategic business.

As a result of these efforts, we expect our sales of mobility products to grow by approximately three times by 2030.

Cover glass for car-mounted displays

Support for next-generation mobility with "mobile living spaces"
"Large" displays to realize fun and comfort

Development of 3D cover glass for pillar-to-pillar displays



- Adopts AGC's specialty glass for chemical strengthening "Dragontrail®" Achieves **high strength** and **"high safety"** required for interior materials
- **"High visibility"** and **"touch panel performance"** of the displays are ensured by utilizing anti-reflective film and anti-fingerprint film deposition technologies.
- **"Outstanding design"** that enhances the sense of unity between the display and dashboard
- **Top global share**



*AGC research

I will now explain some specific examples of our mobility products.

First, in terms of display-related products, we are developing cover glass for car-mounted displays. This product is the result of the combined strength of the AGC Group.

It uses Dragontrail, a special chemically strengthened glass, as the glass substrate and utilizes anti-reflective coating, anti-fingerprint coating and other coating technologies to provide cover glass that combines high strength, high display visibility and touch panel performance. We boast the world's top share in this market.

More recently, we have been expanding into large displays for next-generation mobility vehicles that are becoming moving living spaces. This year, we developed Pillar to Pillar, a 3D cover glass for displays that covers the entire area from the edge of the driver's seat to the edge of the passenger seat, in other words from pillar to pillar.

(3) Shift to higher functionality: Sensors

Mobility products

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In-vehicle glass for LiDAR Wideye™

Product lineup compatible with various types of LiDAR

Body trim parts

(Ex glass + housing case) Seamless glass parts that match the car body design



- AGC's glass composition design technology, glass processing technology, etc. are utilized to design new glass materials. **Maintaining high near-infrared transmittance for long-distance sensing.**
- By installing the cover on the front of the LiDAR, it will **prevent damage due to scratches and shocks as well as degradation in detection accuracy due to raindrops and dirtying.**
- **The addition of AGC's water repellent coating, AR coating, and a heating function** maximizes excellent optical performance in a variety of environments.
- **Suitable for all automotive glass applications, including windshields**, with the ability to handle large areas and can be processed into exterior modules.
- AGC can provide one-stop proposals **from design to process development, manufacturing, and quality assurance.**

Other product lineup



LiDAR module cover

Cover glass for in-vehicle LiDAR module



Glazing-integrated LiDAR

LiDAR protection with integrated-glazing such as windshields

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Next, as a sensor-related product, AGC introduces Wideye, an automotive glass for LiDAR.

This product is a cover glass with high transparency in the near-infrared region used in LiDAR, based on AGC's glass composition design technology and glass processing technology.

By placing this cover glass in front of the LiDAR sensor, it prevents breakdowns due to scratches and impacts, as well as reduced detection accuracy due to rain and dirt.

By adding features such as AGC's water repellent coating, AR coating and heating, it is possible to maximise the excellent optical performance in a variety of environments.

Furthermore, the glass can be processed to large areas and into exterior modules, making it suitable for all automotive glazing applications, including windshields.

(3) Shift to higher functionality: Sensors

Mobility products

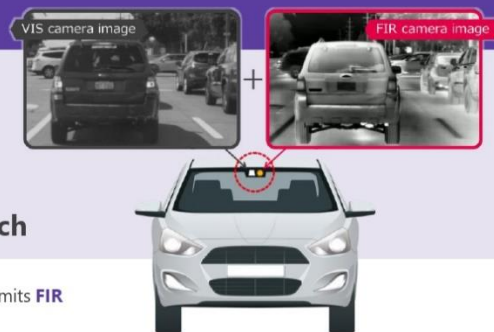
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Your Dreams, Our Challenge

Windshield glass compatible with FIR cameras

Allows integrated installation of visible light cameras and FIR cameras inside the windshield

Accelerating development for 2027 market launch

- A portion of the windshield is specially processed and a special material that transmits **FIR (far-infrared ray) light is integrated into it.**
- FIR cameras, which have been installed outside the vehicle, can now be installed high inside the windshield, reducing the parallax between the visible light and FIR cameras, **which is advantageous for sensor fusion. The wide field of view, early recognition of objects in the distance, and sensor protection significantly boost the effectiveness of ADAS at night, which has become an issue, and prevent pedestrian traffic accidents.**
- This is also an effective solution to the new rule proposed by **the US National Highway Traffic Safety Administration (NHTSA) in May 2023, which will require** all new passenger vehicles to have nighttime pedestrian detection and collision avoidance capabilities.



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Next, another sensor-related product is the FIR, far-infrared camera-compatible windshield.

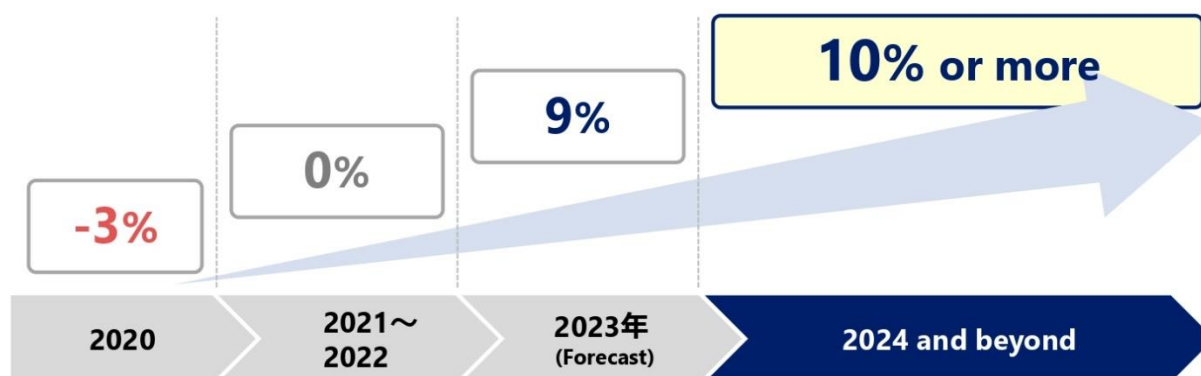
FIR cameras, which use far-infrared radiation, are expected to improve the nighttime functionality of ADAS, as they can detect people even at night. However, FIR cameras have been unable to reach their full potential because they are positioned differently from other cameras, e.g. in the front grille at the lower front of the vehicle, or in the bumper, whereas other cameras are positioned higher up inside the windscreen. This is because the far-infrared radiation used by FIR cameras cannot penetrate standard windshields.

In response to this problem, we have developed a product that integrates a special material that allows far-infrared rays to penetrate part of the windscreen, making it possible to integrate a visible camera and an FIR camera inside the windscreen.

In May this year, the US Office of Traffic Safety announced a new draft regulation that requires all new passenger cars to have nighttime pedestrian detection and collision avoidance capabilities, and we believe that this product will work very effectively as a solution. Development of this product is being accelerated with the aim of bringing it to market in 2027.

Progress in improving ROCE

- ROCE is improving rapidly, **partly due to the effects of measures taken**
- Aiming to achieve over 10% in 2025
- **Focus on** stable earnings and ROCE



ROCE : Operating profit is prior to common expense allocation

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I will now explain the outlook for improved performance as a result of the measures I have described so far.

Due to the significant deterioration in the business environment following the Covid-19 disaster, ROCE fell to minus 3% in 2020 and was still at 0% through 2021 and 2022. However, thanks to the effects of measures already implemented, ROCE is expected to improve rapidly to around 9% this year, and we are well on track to achieve a ROCE of 10% or more by 2025.

By continuing to work on various measures, we will strengthen our response to downside risks and focus on achieving stable earnings and ROCE in our business operations.

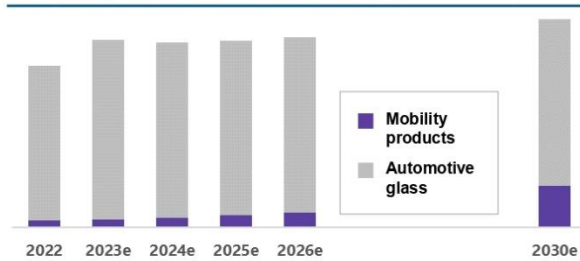
The operating profit used to calculate ROCE shown here is operating profit before allocation of common expenses.

Medium- and long-term earnings outlook

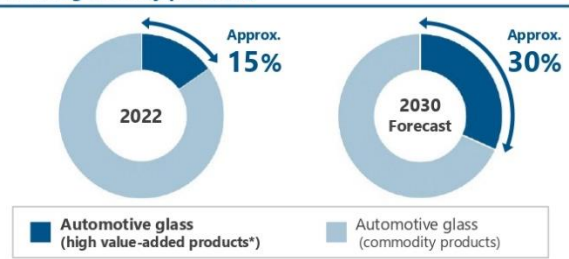
- Mobility products will capture market demand and expand in scale
- In automotive glass, pursue value, not volume (sales)

Achieve a **stable earnings structure** through the effects of various improvement measures and a better product mix

Automotive business Sales trend



Trend in OEM high value-added product ratio (Excluding Mobility products)



*Products with added functions and values such as Low-E, light control, sound insulation and HUD

I would like to explain our medium- and long-term outlook.

As explained in the previous sections, the Automotive Company's policy for mobility products is to expand the scale of its business by capturing market demand, while in its core business of automotive exterior window glass, the Company's policy is to pursue value without pursuing volume or scale.

Under this policy, as shown in the graph below left, we aim to increase the proportion of mobility products in the Automotive Company's overall sales and, as shown in the graph below right, to increase the proportion of high value-added products with added functions such as heat shielding, thermal insulation, light control and sound insulation to 30% of existing automotive exterior window glass products. By steadily implementing these various measures and improving the product mix, the Group will achieve a stable profit structure.

Contributing to the realization of a sustainable global environment

7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

Toward reducing GHG emissions

- Initiatives to reduce and eliminate CO₂ generated by float processes
- Reduction of electricity consumption in processing, greening and promotion of recycling
- Development and deployment of products that contribute to reducing CO₂ emissions during automobile use

Scope 1+2 (30% reduction vs 2019)

- Introduction of high-efficiency technology to float furnaces
- Replacement with high-productivity machining production process

Scope 3

- Expanding sales of products that contribute to reducing CO₂ emissions in automobiles and improving electric power costs in EV vehicles (Examples: High-insulation/Low-E glass, thin sheet glass (lightweight), antifogging glass, etc.)
- Recycling of repair-use glass and end-of-life vehicle glass

Contributing to the realization of safe and comfortable urban infrastructure

3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Expanding sales of products that contribute to comfortable cabin spaces and improved safety

Examples : Light control glass, in-vehicle sensing and radar components, antennas for next-generation communications, improved pedestrian safety performance, etc.

Finally, I would like to explain our sustainability initiatives.

All AGC Group companies are working to solve social issues through the creation of social value, which is classified into five categories.

In the Automotive business, we are accumulating products, technologies and services that can contribute to two social values in particular: the realization of a sustainable global environment and the realization of a safe and comfortable infrastructure.

In terms of realizing a sustainable global environment, we are working to reduce GHG emissions in the glass melting and processing processes, as well as developing and deploying products that contribute to reducing CO₂ emissions during vehicle use.

For example, as products that contribute to reducing CO₂ emissions from vehicles and improving the electricity costs of EVs, we will develop highly insulating glass that reduces the load on air conditioners and thin sheet glass that contributes to reducing the weight of vehicle bodies, and we will also work on the recycling of repair glass and end-of-life vehicle glass.

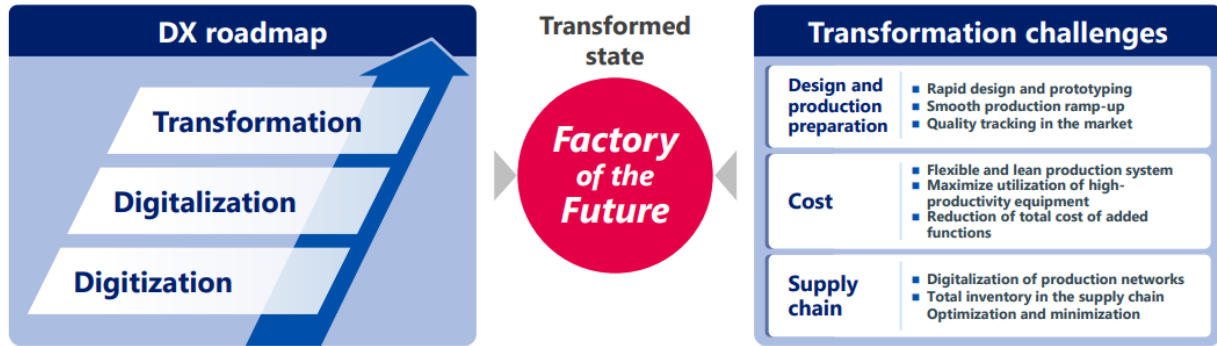
In terms of realizing safe and comfortable infrastructure, the Group will work to develop and expand sales of products that contribute to the realization of comfortable vehicle interiors and improved safety, such as light control glass, in-vehicle sensing and radar components, antennas for next-generation communications and improved pedestrian safety performance.

Finally, I would like to explain Automotive Company's DX-related initiatives.

Automotive Company aims to use digital technology to transform its business in response to major market changes such as CASE, GHG reduction and EVs. By utilizing digital technology, the Company expects to be able to simultaneously transform speed, cost and performance/quality and strengthen its competitiveness.

Using digital technology to transform businesses in response to epochal market changes such as CASE, GHG reduction, and the shift to EVs.

➡ Simultaneously transform speed, cost, and performance/quality to enhance competitiveness



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For example, in the design and production preparation stage, digital technology is being used to speed up the design and construction process and ensure a smooth production start-up. The use of digital technology has also been effective in reducing costs and optimizing the supply chain.

This concludes today's presentation. Thank you very much for your attention.

Ogawa: Thank you very much, Mr. Takegawa.