



AGC Inc.

Financial Results for FY2021 Third Quarter

November 1, 2021

Event Summary

| | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------|
| [Company Name] | AGC Inc. |
| [Company ID] | 5201-QCODE |
| [Event Language] | JPN |
| [Event Type] | Earnings Announcement |
| [Event Name] | Financial Results for FY2021 Third Quarter |
| [Fiscal Period] | FY2021 Q3 |
| [Date] | November 1, 2021 |
| [Number of Pages] | 20 |
| [Time] | 16:00 – 17:01 (Total: 61 minutes, Presentation: 24 minutes, Q&A: 37 minutes) |
| [Venue] | Webcast |
| [Venue Size] | |
| [Participants] | |
| [Number of Speakers] | 3 |
| | Shinji Miyaji Representative Director, Senior Executive Vice President, CFO |
| | Toshiro Kasuya Executive Officer, General Manager of Finance and Control Division |
| | Kazumi Tamaki General Manager of Corporate Communications and Investor Relations Division |

Presentation

Tamaki: As the time has come, AGC Inc. will now begin its financial results briefing for Q3 of the fiscal year ending December 2021. This is Tamaki from the Corporate Communications and Investor Relations Division, and I will be your moderator today. Thank you.

We will hold this financial results briefing via Zoom to prevent the spread of COVID-19. From the viewpoint of infection prevention, the venue will be operated with a minimum number of staff, and ventilation will be provided as appropriate while ensuring social distance.

Please note that the speakers will not be wearing masks in order to make it easier for the audience to hear what they have to say.

First, I would like to introduce today's speakers from the Company today. Shinji Miyaji, Representative Director, Senior Executive Vice President, CFO; and Toshiro Kasuya, Executive Officer, General Manager of Finance and Control Division.

Mr. Miyaji, CFO, will begin the presentation with an overview of the financial results for Q3 of FY2021, followed by a question-and-answer session. Well then, Mr. Miyaji, please.

Key points for today's presentation



■ Financial Results for 3Q FY2021 (YTD) :

| | | (YoY) |
|-------------------------|-----------------------|------------------------|
| Net Sales | 1,233.5 bn JPY | (+220.7 bn JPY) |
| Operating profit | 148.4 bn JPY | (+107.8 bn JPY) |

■ Outlook for FY2021 :

| | | (vs. Aug. 2 Forecast) | (YoY) |
|-------------------------|-----------------------|-----------------------|------------------------|
| Net Sales | 1,690.0 bn JPY | (+20.0 bn JPY) | (+277.7 bn JPY) |
| Operating profit | 200.0 bn JPY | (+20.0 bn JPY) | (+124.2 bn JPY) |

·The forecast has been upwardly revised as the 3Q results exceeded the expectation, and the PVC market is expected to remain at the high price level.

Miyaji: I'm Miyaji. Now, I would like to explain our financial results for Q3 of FY2021.

First, please see page 4. This shows the key points for today.

Net sales for the first 3 quarters of the fiscal year totaled JPY1.2335 trillion, with operating profit of JPY148.4 billion.

With regard to the forecast for the full year of 2021, due to the higher-than-expected performance in Q3 and the expectation that the PVC market will remain at a high level, we have revised upward our previous forecast for net sales to JPY1.69 trillion, an increase of JPY20 billion from the previous forecast, and operating income to JPY200 billion, an increase of JPY20 billion from the previous forecast, which is the second highest in our history.

Highlights of the Financial Results for 3Q. FY2021



| | FY2020 1-3Q Total | FY2021 1-3Q Total | Change | Major factors in the change (+) Increasing factors (-)Decreasing factors |
|---------------------------------------------------------------------------|----------------------|----------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Sales | 10,128 | 12,335 | + 2,207* | (+) Shipments of architectural glass, automotive glass and semiconductor-related products increased. (+) Sales prices of PVC in Southeast Asia and architectural glass increased. (+) Appreciation of Euro. |
| Operating Profit | 406 | 1,484 | + 1,078 | In addition to the above, (+) Manufacturing costs decreased as the operating efficiency of glass manufacturing facilities improved. (-) Increase in natural gas prices in Europe. (-) Depreciation expenses increased due to factors such as new facility launch for LCD glass substrate and semiconductor-related products. (-) Manufacturing costs of display increased as affected by foreign exchange fluctuation. |
| Profit before tax | 260 | 1,851 | + 1,591 | In addition to the above, (+) Gain on transfer of architectural glass business in North America was posted,etc. |
| Profit for the period Attributable to owners of the parent | 135 | 1,294 | + 1,159 | |
| FOREX (Average) | | | | |
| JPY/USD | 107.59 | 108.50 | | |
| JPY/EUR | 120.90 | 129.83 | | |
| Crude Oil (Dubai, Average) | | | | |
| USD/BBL | 41.40 | 66.19 | | |

* FOREX impact was +31.8 billion JPY, change in the scope of consolidation was +2.3 billion JPY

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Profit for the period attributable to owners of the parent is forecasted to be JPY129.4 billion, which is expected to be the highest ever.

For net sales, shipments of life science products, automotive glass, architectural glass, and semiconductor-related products increased. In addition, sales prices of PVC in Southeast Asia and architectural glass also increased.

In addition, the appreciation of the euro had an additional impact, resulting in a YoY sales increase of JPY220.7 billion.

For operating profit, in addition to the aforementioned increase in sales, we recorded an increase of JPY107.8 billion due to a reduction in manufacturing costs resulting from improvements in the operating rates of architectural glass and automotive glass manufacturing facilities, despite the rise in natural gas prices in Europe, the rise in depreciation costs associated with the launch of new equipment for liquid crystal glass

substrates and semiconductor-related products, and the rise in display manufacturing costs due to the effects of exchange rates.

Profit before tax was JPY185.1 billion, higher than operating profit, due to the recording of a gain on the transfer of the architectural glass business in North America in other profits.

YoY Performance Comparison by Business Segment



(100 million JPY)

| | FY2020 | | FY2021 | | Change | |
|----------------|---------------|------------------|---------------|------------------|----------------|------------------|
| | 1-3Q Total | | 1-3Q Total | | (b)-(a) | |
| | (a) | | (b) | | | |
| | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
| Glass | 4,659 | ▲ 219 | 5,447 | 253 | + 788 | + 472 |
| Electronics | 2,101 | 272 | 2,231 | 245 | + 130 | ▲ 28 |
| Chemicals | 3,216 | 325 | 4,508 | 960 | + 1,292 | + 635 |
| Ceramics/Other | 577 | 29 | 561 | 28 | ▲ 16 | ▲ 1 |
| Elimination | ▲ 424 | ▲ 1 | ▲ 411 | ▲ 2 | + 13 | ▲ 1 |
| Total | 10,128 | 406 | 12,335 | 1,484 | + 2,207 | + 1,078 |

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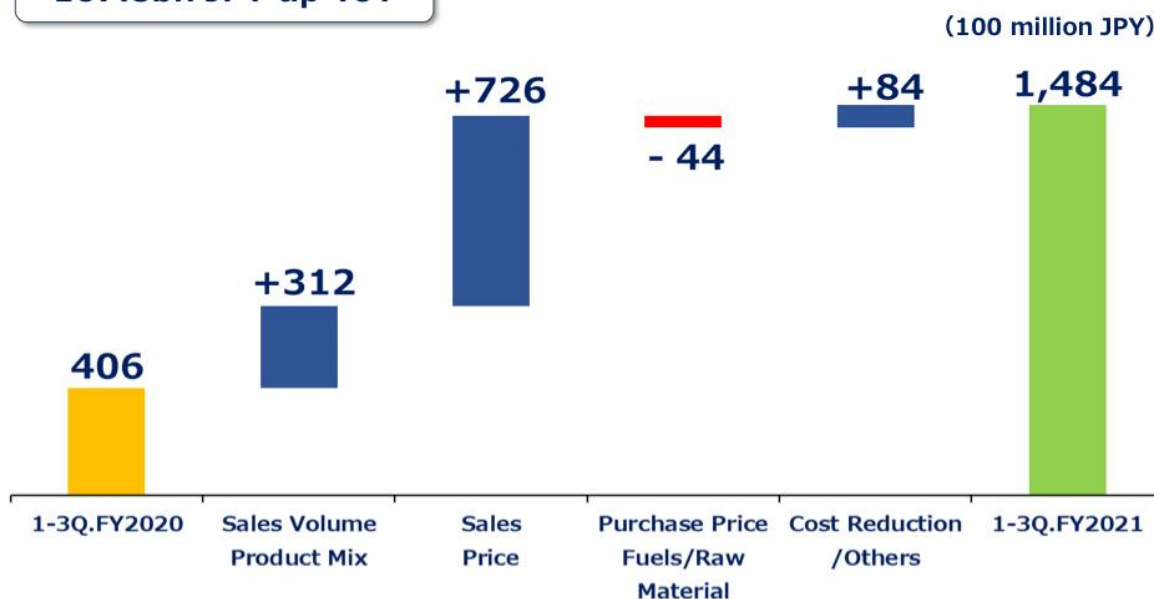
Next, I would like to explain the business results by segment. Please refer to page 7.

As for the results by segment for the first 3 quarters of the current fiscal year, sales and profit increased in Glass and Chemicals, while sales increased and profit decreased in Electronics.

Variance Analysis on OP (1-3Q.FY2021 vs. 1-3Q.FY2020)



107.8bn JPY up YoY



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Please see page 8. The following is an explanation of the factors that caused the difference in operating profit for the first 3 quarters of FY2021 compared to the same period of the previous year.

Operating profit for the first 3 quarters of FY2021 increased by JPY107.8 billion YoY to JPY148.4 billion.

The difference in sales volume product mix is a plus of JPY31.2 billion. Shipments of life science products, automotive glass, architectural glass, fluorochemicals, and semiconductor-related products increased.

The difference in sales price is a plus of JPY72.6 billion. Sales prices of PVC in Southeast Asia and architectural glass increased.

The difference in purchase price for fuels/raw material is a minus of JPY4.4 billion. Although there were valuation gains on oil hedges, natural gas prices in Europe rose.

The difference in cost reduction/others is a plus of JPY8.4 billion. Depreciation in the Electronics segment increased, but this was more than offset by the effect of improvements in the operating rates of manufacturing facilities for architectural glass and automotive glass.

Consolidated Statement of Financial Position



(100 million JPY)

| | 2020/12 | 2021/9 | Change |
|------------------------------------------------------------------|---------|---------------|---------|
| Cash and cash equivalents | 2,361 | 2,519 | + 158 |
| Inventories | 2,748 | 3,149 | + 400 |
| Property, plant and equipment, Goodwill and Intangible assets | 14,376 | 14,938 | + 562 |
| Other assets | 5,859 | 6,306 | + 447 |
| Total assets | 25,345 | 26,911 | + 1,567 |
| Interest-bearing debt | 7,880 | 7,181 | ▲ 699 |
| Other liabilities | 5,035 | 5,340 | + 305 |
| Liabilities | 12,914 | 12,521 | ▲ 394 |
| Total equity attributable to owners of the parent | 11,151 | 12,868 | + 1,717 |
| Non-controlling interests | 1,279 | 1,523 | + 244 |
| Equity | 12,430 | 14,391 | + 1,960 |
| Total liabilities and equity | 25,345 | 26,911 | + 1,567 |
| D/E ratio | 0.63 | 0.50 | |

Foreign exchange fluctuation
+75.6 billion yen

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Please see page 9. Next, I will explain the balance sheet in comparison with the end of December 2020.

Total assets amounted to JPY2.6911 trillion, an increase of JPY156.7 billion from the end of December 2020. Of this amount, JPY75.6 billion was due to foreign exchange fluctuation.

The D/E ratio was 0.50, an improvement from the end of December 2020.

Consolidated Statement of Cash Flow



(100 million JPY)

1-3Q Total

| | FY2020 | FY2021 |
|---------------------------------------------------------------------|----------------|----------------|
| Profit before tax | 260 | 1,851 |
| Depreciation and amortization | 1,072 | 1,219 |
| Increase(decrease) in working capital | 34 | ▲ 306 |
| Others | 186 | ▲ 409 |
| Cash flows from operating activities | 1,552 | 2,354 |
| Cash flows from investing activities | ▲ 1,736 | ▲ 953 |
| Free cash flow | ▲ 184 | 1,401 |
| Changes in interest-bearing debt | 2,507 | ▲ 915 |
| Dividends paid | ▲ 266 | ▲ 310 |
| Others | ▲ 27 | ▲ 54 |
| Cash flows from financing activities | 2,214 | ▲ 1,280 |
| Effect of exchange rate changes on cash and cash equivalents | ▲ 54 | 37 |
| Net increase(decrease) in cash and cash equivalents | 1,977 | 158 |

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Please see page 10. The following is an explanation of the statement of cash flows for the first 3 quarters of 2021.

Cash flow from operating activities was JPY235.4 billion, a significant YoY improvement. Cash flow from investing activities was JPY95.3 billion, due in part to the transfer of the architectural glass business in North America.

As a result, free cash flow was a positive JPY140.1 billion.

Against the backdrop of improved business performance, free cash flow improved by JPY158.5 billion YoY.

CAPEX, Depreciation and R&D

(100 million JPY)

1-3Q Total

| | FY2020 | FY2021 |
|---------------------|--------|--------------|
| CAPEX | 1,620 | 1,511 |
| Glass | 424 | 364 |
| Electronics | 522 | 492 |
| Chemicals | 663 | 644 |
| Ceramics/Other | 11 | 15 |
| Elimination | ▲ 1 | ▲ 3 |
| Depreciation | 1,072 | 1,219 |
| Glass | 385 | 403 |
| Electronics | 356 | 442 |
| Chemicals | 316 | 359 |
| Ceramics/Other | 15 | 15 |
| Elimination | ▲ 1 | ▲ 1 |
| R&D | 336 | 361 |

Major projects for CAPEX

- G11 investment in China (Electronics)
- Repairment for display glass furnace (Electronics)
- Production facility enhancement for semiconductor-related products (Electronics)
- Capacity enhancement for fluorochemicals (Chemicals)
- Acquisition of a cell and gene therapy manufacturing facility (Chemicals)
- Capacity enhancement for PVC in Southeast Asia (Chemicals)
- Capacity enhancement for bio-pharmaceuticals (Chemicals)

etc.

Major factors for increase in depreciation cost

- Production facility enhancement for semiconductor-related products (Electronics)
- G11 investment in China (Electronics)

etc.

Please see page 11. This section explains capital expenditures, depreciation, and R&D expenses.

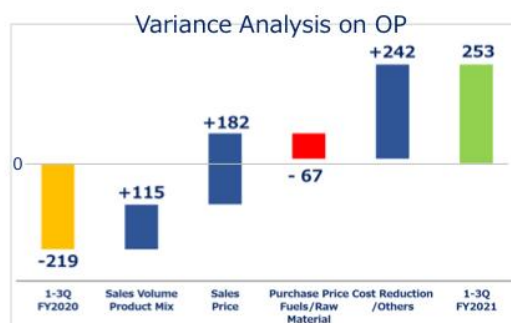
Capital expenditures for the first 3 quarters of 2021 totaled JPY151.1 billion. In Electronics, repair of display glass furnace, G11 investment for LCD glass substrates, and enhancement of photomask blanks for EUV exposure. In Chemicals, we acquired a cell and gene therapy manufacturing facility, and enhanced capacity for PVC in Southeast Asia as well as for bio-pharmaceuticals.

Depreciation expenses increased by JPY14.7 billion YoY to JPY121.9 billion. R&D expenses totaled JPY36.1 billion.

(100 million JPY)

| | 1-3Q Total | | Change |
|-------------------------|--------------|--------------|--------|
| | FY2020 | FY2021 | |
| Net sales | 4,659 | 5,447 | + 788* |
| Architectural Glass | 2,348 | 2,799 | + 452 |
| Automotive Glass | 2,293 | 2,630 | + 338 |
| (Inter-segment) | 19 | 17 | |
| Operating profit | ▲ 219 | 253 | + 472 |

* FOREX impact: +21.1 billion yen,
Change in the Scope of Consolidation : +40 million yen



(Architectural glass)

- Shipments, mainly in Europe and Indonesia, increased significantly.
- Sales prices increased significantly in Europe and South America.
- Natural gas prices increased in Europe.
- Manufacturing costs declined as utilization of the manufacturing facilities improved mainly in Europe.

(Automotive glass)

- Though affected by the component supply shortages including semiconductor, shipments increased in all regions.
- Manufacturing costs declined as utilization of the manufacturing facilities improved mainly in Japan/Asia and Europe.

Ratio of sub-segment to the operating profit (before common expense allocation)



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Next, please refer to page 13 for segments.

First, we have the Glass segment.

Net sales for the first 3 quarters of 2021 were JPY544.7 billion and operating profit was JPY25.3 billion, a YoY increase of JPY78.8 billion in net sales, and a YoY increase of JPY47.2 billion in operating profit.

For architectural glass, despite a decrease in sales caused by the transfer of the architectural glass business in North America, sales increased by JPY45.2 billion YoY to JPY279.9 billion, due to increased shipments mainly in Europe and Indonesia, and higher selling prices mainly in Europe and South America.

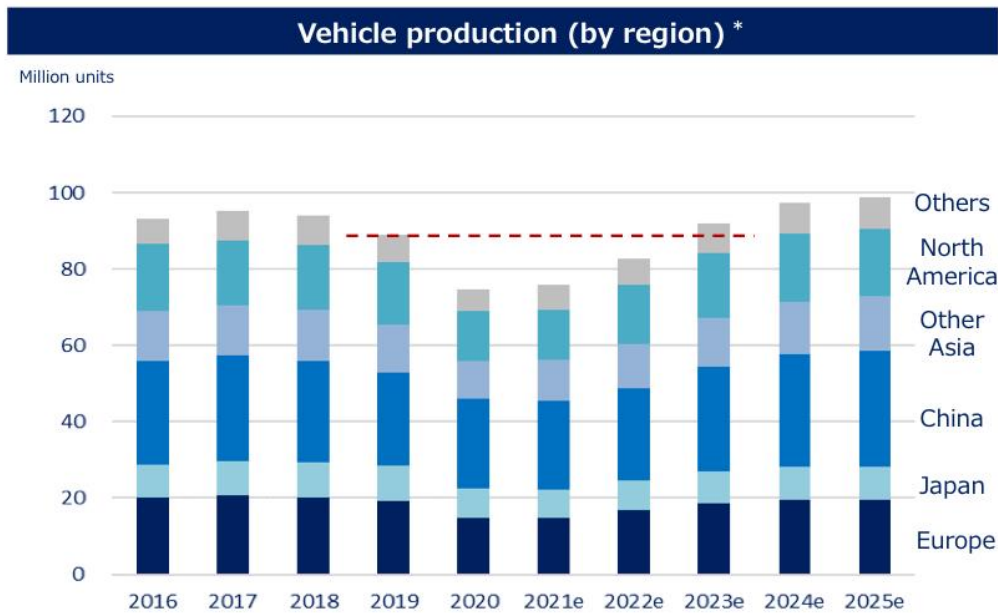
Automotive glass sales increased by JPY38.8 billion YoY to JPY263 billion, due to an increase in automotive production in all regions and an increase in our shipments, despite the impact of semiconductor shortages.

Operating profit increased by JPY47.2 billion YoY to JPY25.3 billion, due the reduction in manufacturing costs by improved operating rate, in addition to the factors behind an increase in sales, as I have just mentioned, despite the rise in natural gas prices in Europe.

In the Glass segment, regarding the ratio of sub-segment to the operating profit, architectural glass accounts for approximately 90%, and automotive glass accounts for approximately 10%.

(Reference) Automotive glass demand

- Impacts of the semiconductor shortage lingers.
- Automotive glass demand is expected to get back to the 2019 level in 2023.



* : Prepared based on the IHS data

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Please see page 14. I would like to explain the automotive glass demand.

In 2020, the coronavirus crisis caused a major drop in automobile production, and a significant drop in demand for automotive glass.

From Q3 of 2020, automobile production started to recover, but from Q2 of 2021, there has been a shortage of semiconductors, and this effect has continued.

As a result, we expect that it will take until around 2023 for automobile production to recover to 2019 levels.

(100 million JPY)

| | 1-3Q Total | | Change |
|-------------------------|------------|--------------|--------|
| | FY2020 | FY2021 | |
| Net sales | 2,101 | 2,231 | + 130* |
| Display | 1,314 | 1,363 | + 49 |
| Electronic Materials | 742 | 805 | + 63 |
| (Inter-segment) | 45 | 63 | |
| Operating profit | 272 | 245 | ▲ 28 |

* FOREX impact: +2.2 billion yen,
Change in the Scope of Consolidation: No impact

Variance Analysis on OP



(Display)

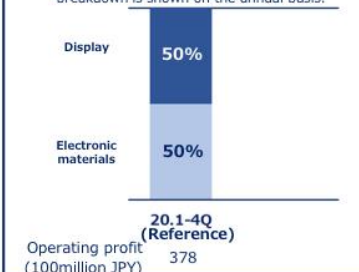
- Shipments of LCD glass substrates remained at the same level YoY, while those of specialty glass for display applications increased.
- Depreciation expenses increased because of the new facility launch for LCD glass substrate.
- Manufacturing costs increased as affected by foreign exchange fluctuation.

(Electronic materials)

- Shipments of semiconductor-related products such as EUV mask blanks and optoelectronic materials remained strong.
- Shipments of circuit board material decreased due to US-China trade friction and other factors.
- Depreciation expenses increased because of factors such as the new facility launch for semiconductor-related products.

Ratio of sub-segment to the operating profit (before common expense allocation)

Due to significant seasonal fluctuation, the breakdown is shown on the annual basis.



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Continuing onto the results by Electronics segment.

Net sales for the first 3 quarters of 2021 were JPY223.1 billion and operating profit was JPY24.5 billion, a YoY increase of JPY13 billion in net sales, and a YoY decrease of JPY2.8 billion in operating profit.

In display, although shipments of LCD glass substrates were at the same level as the same period of the previous year, shipments of specialty glass for displays increased, resulting in a YoY increase of JPY4.9 billion in sales.

The shipment volume of LCD glass substrates increased by a mid-single-digit percentage compared to the previous quarter.


Due to tight supply and demand, selling prices increased by a low single-digit percentage compared to the previous quarter, and exceeded the same period last year.

In electronic materials, although shipments of printed circuit board materials decreased due to the impact of trade friction between the US and China, shipments of optoelectronics materials and semiconductor-related products, such as photomask blanks for EUV lithography, increased steadily. As a result, overall sales of electronic materials increased by JPY6.3 billion YoY.

Despite the factors contributing to the increase in sales just mentioned, operating profit was JPY24.5 billion, a YoY decrease of JPY2.8 billion, due to an increase in depreciation expenses associated with the start-up of new facilities for LCD glass substrates and semiconductor-related products, as well as the impact of foreign exchange rates.

In the Electronics segment, the ratio of operating profit to net sales is disclosed on a yearly basis due to the large fluctuation in quarterly performance caused by customer trends and seasonality, etc. However, in the period of the first 3 quarters, profits from electronic components have already exceeded those from displays. In Q3 consolidated cumulative period, profits from electronic materials have already surpassed those from displays.

Chemicals Segment




(100 million JPY)

| | 1-3Q Total | | Change |
|---------------------------------|------------|-------------------------|----------|
| | FY2020 | FY2021 | |
| Net sales | 3,216 | 4,508 | + 1,292* |
| Chlor-alkali & Urethane | 1,886 | 2,792 | + 906 |
| Fluorochemicals & Specialty | 779 | 896 | + 118 |
| Life science (Inter-segment) | 539 11 | 809 10 | + 270 |
| Operating profit | 325 | 960 | + 635 |

* FOREX impact: +7.8 billion yen,
Change in the Scope of Consolidation: +2.3 billion yen

Variance Analysis on OP



| | | | | | |
|-------------|--------------------------|-------------|-----------------------------------|------------------------|-------------|
| 1-3Q FY2020 | Sales Volume Product Mix | Sales Price | Purchase Price Fuels/Raw Material | Cost Reduction /Others | 1-3Q FY2021 |
| 325 | +157 | +483 | +9 | -13 | 960 |

(Chlor-alkali/urethane)

- PVC sales prices increased in Southeast Asia.

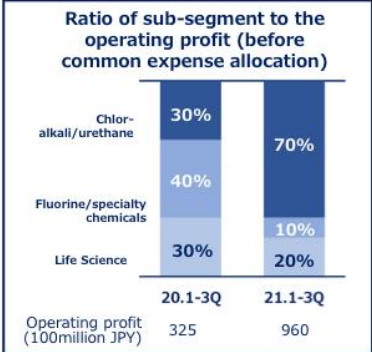
(Fluorine/specialty chemicals)

- Shipments of fluorochemical-related products continued recovering for automotive applications.
- Shipments of fluorochemical-related products for aircraft applications got back to the recovery trend in 3Q.

(Life science)

- The number of contracts increased for synthetic pharmaceuticals and agrochemicals.
- The number of contracts for bio-pharmaceuticals increased with those to the addition relating to anti-coronavirus application.

Ratio of sub-segment to the operating profit (before common expense allocation)



| | | |
|-----------------------------------|---------|---------|
| | 20.1-3Q | 21.1-3Q |
| Chlor-alkali/urethane | 30% | 70% |
| Fluorine/specialty chemicals | 40% | 10% |
| Life Science | 30% | 20% |
| Operating profit (100million JPY) | 325 | 960 |

Please see page 16. This is about the Chemicals segment.

Net sales for the first 3 quarters of 2021 were JPY450.8 billion and operating profit was JPY96 billion, a YoY increase of JPY129.2 billion in net sales and a YoY increase of JPY63.5 billion in operating profit.

Sales of chlor-alkali and urethane increased due to higher sales prices of PVC in Southeast Asia.

Sales of fluorine/specialty chemicals increased due to a recovery in shipments of fluorine-related products for automotive applications, which had been sluggish due to the spread of the new coronavirus, and a recovery in shipments of fluorine-related products for aircraft applications from Q3.

In life science, sales increased due to an increase in the number of contracts for synthetic pharmaceuticals and agrochemicals, and bio-pharmaceuticals, as well as contracts for new coronavirus-related products in bio-pharmaceuticals.

Operating profit increased by JPY63.5 billion YoY to JPY96 billion, due to strong performances in chlor-alkali/urethane and life science.

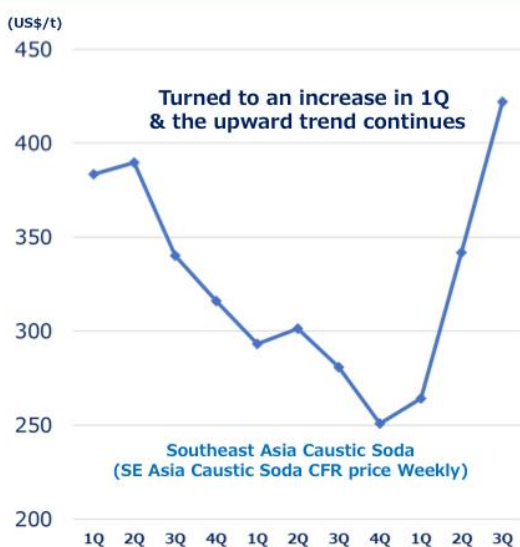
In the Chemicals segment, as for the ratio of sub-segment to the operating profit, chlor-alkali/urethane accounted for 70%, fluorine/specialty chemicals accounted for 10%, and life science accounted for about 20%.

(Reference)
Caustic Soda & PVC markets in Southeast Asia

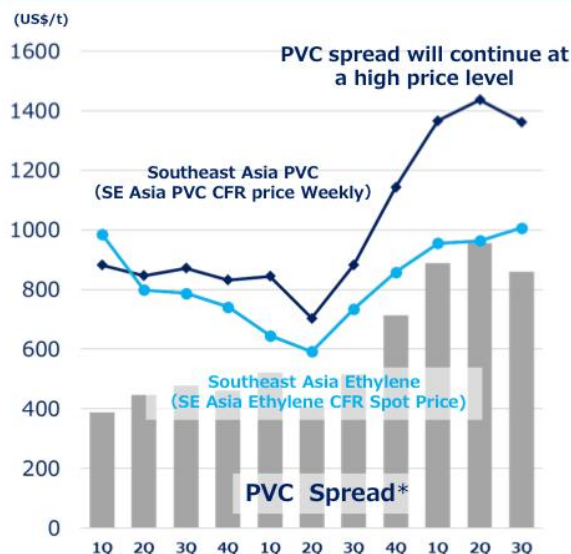


- The caustic soda market is continuing an upward trend due to further tightening of the supply-demand balance.
- The PVC market is at a high price level as the supply-demand balance remains tight.

Caustic Soda



PVC



Source: Bloomberg monthly report
 *PVC ethylene spread calculation; PVC spot market price --(ethylene market price X 0.5)

Please see page 17. Market conditions for caustic soda and PCV in Southeast Asia will be explained.

In the caustic soda market, prices have been reversing since Q1 of 2021, and the upward trend is continuing due to the further tightening of the supply-demand balance.

In the PVC market, the supply-demand balance continues to be tight, and the PVC spread has remained at a high level.

YoY Performance Comparison by Geographic Segment



| | 1-3Q Total | | Change |
|-----------------------------------|-------------------|---------------|---------|
| | FY2020 | FY2021 | |
| | (100 million JPY) | | |
| Net sales | 10,128 | 12,335 | + 2,207 |
| Japan &Asia | 6,771 | 8,118 | + 1,347 |
| Americas | 1,110 | 1,316 | + 206 |
| Europe | 2,247 | 2,901 | + 654 |
| Operating profit | 406 | 1,484 | + 1,078 |
| Japan &Asia | 661 | 1,351 | + 690 |
| Americas | 6 | 99 | + 93 |
| Europe | 4 | 321 | + 317 |
| Cross-regional common expenses | ▲ 265 | ▲ 287 | ▲ 22 |

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I will now explain the results of our strategic business.

Overall, the strategic business posted sales of JPY177.1 billion and operating profit of JPY34.6 billion in the first 3 quarters of 2021, a YoY increase of JPY37.1 billion in sales and a YoY increase of JPY5 billion in operating profit.

In the life science, the number of contracted projects has increased and the business is expanding steadily.

In the Electronics, shipments of printed circuit board materials business were affected by the US-China trade friction and other factors, but increased shipments of semiconductor-related products, such as photomask blanks for EUV lithography, and optoelectronics materials, led to an increase in sales.

YoY Performance Comparison by Geographic Segment



| | 1-3Q Total | | (100 million JPY) Change |
|-----------------------------------|------------|---------------|-----------------------------|
| | FY2020 | FY2021 | |
| Net sales | 10,128 | 12,335 | + 2,207 |
| Japan &Asia | 6,771 | 8,118 | + 1,347 |
| Americas | 1,110 | 1,316 | + 206 |
| Europe | 2,247 | 2,901 | + 654 |
| Operating profit | 406 | 1,484 | + 1,078 |
| Japan &Asia | 661 | 1,351 | + 690 |
| Americas | 6 | 99 | + 93 |
| Europe | 4 | 321 | + 317 |
| Cross-regional common expenses | ▲ 265 | ▲ 287 | ▲ 22 |

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Please see page 19. I would like to explain the business results by region for the first 3 quarters of 2021 in comparison with the same period of the previous year.

In Japan and Asia, sales and profits increased due to higher selling prices of PVC in Southeast Asia and increased shipments of semiconductor-related products, such as automotive glass and photomask blanks for EUV lithography, and optoelectronics materials.

In the US, both sales and profits increased due to higher selling prices and shipment volumes of architectural glass, as well as an increase in the number of orders for biopharmaceuticals, despite the impact of the transfer of the architectural glass business in North America, which took place in August 2021.

In Europe, sales and profit increased due to higher selling prices and shipment volumes for architectural glass, as well as an increase in the number of contracts for synthetic pharmaceuticals and biopharmaceuticals.

FY2021 Outlook

- Significant increase is expected in net sales and operating profit thanks to recovery of businesses affected by the coronavirus pandemic & continued high PVC prices.

(100 million JPY)

| | FY2020 | FY2021e As of Aug 2, 2021 | FY2021e As of Nov 1, 2021 |
|---------------------------------------------------------------------|----------------|------------------------------|--------------------------------|
| Net sales | 14,123 | 16,700 | 16,900 |
| Operating profit | 758 | 1,800 | 2,000 |
| Profit before tax | 571 | 1,870 | 2,070 |
| Profit for the year attributable to owners of the parent | 327 | 1,170 | 1,290 |
| Dividend (JPY/share) | 120 | 210 | 210 |
| | | | (Ordinary 160) (Special 50) |
| Operating profit margin | 5.4% | 9.7% | 11.8% |
| ROE | 2.9% | 7.4% | 11.6%* |
| FOREX (Average) | | | |
| | JPY/USD | 106.8 | 108.6 |
| | JPY/EUR | 121.8 | 129.5 |
| Crude Oil (Dubai, Average) | USD/BBL | 42.2 | 69.2 |
| Ethylene (CFR SEA) | USD/MT | 713 | 1,012 |
| | | | 69.6 |
| | | | 1,010 |

* ROE of FY2021e is calculated using the figures of Profit for the year attributable to owners of the parent as of Dec 31, 2020

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Please see page 21. I would like to explain our business outlook for the full year of 2021.

In addition to the better-than-expected results for Q3, the market for PVC is expected to remain at a high level in Q4, so we have revised our August forecast upward again. Accordingly, sales are expected to increase by JPY277.7 billion YoY to JPY1,690 billion, and operating profit is expected to increase by JPY124.2 billion to JPY200 billion.

Net sales are expected to exceed JPY1.6812 billion in 2007, which will be a record high. Operating profit is also expected to be the second highest ever, after JPY229.2 billion in 2010.

Profit before tax is expected to increase by JPY149.9 billion YoY to JPY207 billion, and net profit attributable to owners of the parent is expected to increase by JPY96.3 billion YoY to JPY129 billion.

Net profit attributable to owners of the parent, as I mentioned at the beginning of this report, is expected to break the record high of JPY123.2 billion for the fiscal year ended December 2010.

We plan to pay a dividend of JPY210 per share, consisting of a regular dividend of JPY160 and a special dividend of JPY50. Although it has not changed from the forecast as of August, we will consider further measures to return profits to shareholders, depending on the situation, based on the results of the full-year results for FY2021 and the outlook for FY2022.

We have revised our exchange rate assumptions for the full year to JPY109.9 for the US dollar and JPY130.5 for the euro.

We have also revised our full-year Dubai crude oil forecast to USD69.2 per barrel.

Outlook of Net sales/Operating profit by segment



(100 million JPY)

| | FY2020 | | FY2021e As of Nov 1 | | Change | | FY2021e As of Aug 2 | | Change | |
|----------------|---------------|------------------|------------------------|------------------|----------------|------------------|------------------------|------------------|--------------|------------------|
| | (a) | | (b) | | (b)-(a) | | (c) | | (b)-(c) | |
| | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
| Glass | 6,510 | ▲ 166 | 7,200 | 300 | + 690 | + 466 | 7,400 | 350 | ▲ 200 | ▲ 50 |
| Electronics | 2,894 | 378 | 3,200 | 350 | + 306 | ▲ 28 | 3,200 | 330 | + 0 | + 20 |
| Chemicals | 4,512 | 505 | 6,200 | 1,330 | + 1,688 | + 825 | 5,800 | 1,100 | + 400 | + 230 |
| Ceramics/Other | 811 | 42 | 800 | 20 | ▲ 11 | ▲ 22 | 800 | 20 | + 0 | + 0 |
| Elimination | ▲ 603 | ▲ 1 | ▲ 500 | 0 | + 103 | + 1 | ▲ 500 | 0 | + 0 | + 0 |
| Total | 14,123 | 758 | 16,900 | 2,000 | + 2,777 | + 1,242 | 16,700 | 1,800 | + 200 | + 200 |

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Please see page 22. I would like to explain our business forecast by segment for the full year of 2021.

Compared to the actual results for 2020, sales and profits of Glass and Chemicals are expected to increase, while sales and profit of Electronics are expected to decrease.

I will explain the differences from the forecast in August by segment.

With regard to the Glass segment, architectural glass is expected to remain firm, but on the other hand, there are concerns about the impact of semiconductor shortages and other factors on automotive glass.

In addition, we expect that there will be an impact from the rise in fuel prices, and we expect both net sales and operating profit to be slightly lower than our August forecast.

The operating profit forecast for the Electronics segment has been revised upward slightly, as the August forecast was somewhat conservative.

In the Chemicals segment, both net sales and operating profit are expected to exceed the August forecast, as the market for PVC is performing better than expected.

It is a little difficult to read the impact of market conditions and the shortage of semiconductors, etc., so it is safe to say that we are making a somewhat conservative forecast overall.

| Outlook for FY2021 4Q | |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Glass | <p>(Architectural glass)</p> <ul style="list-style-type: none"> • Strong performance is expected thanks to a good supply-demand balance will continue mainly in Europe. • Impacts of a fuel price hike will be a concern. <p>(Automotive glass)</p> <ul style="list-style-type: none"> • Global vehicle production will continue to be affected by the component supply shortages including semiconductor. • Impacts of a fuel price hike will be a concern. |
| Electronics | <p>(Display)</p> <ul style="list-style-type: none"> • Shipments of LCD glass substrates and specialty glass for display applications will remain strong. • Depreciation expense will increase due to the launch of new facility for LCD glass substrates. <p>(Electronic materials)</p> <ul style="list-style-type: none"> • Shipments of semiconductor-related materials will increase due to the expansion of the semiconductor and semiconductor production equipment market. • Shipments of optoelectronics materials will increase as the strong demand continues. |
| Chemicals | <p>(Chlor-alkali/urethane)</p> <ul style="list-style-type: none"> • The PVC market will remain at the high price level. <p>(Fluorine/specialty chemicals)</p> <ul style="list-style-type: none"> • Demand for automotive and aircraft applications will recover gradually. <p>(Life science)</p> <ul style="list-style-type: none"> • Business will remain strong with the capacity enhancement through M&A and CAPEX, also thanks to contracts relating to anti-coronavirus vaccines. |

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Please see page 23. I will now explain the outlook for Q4 of 2021 for each business segment.

In the Glass segment, the architectural glass business is expected to remain firm due to the continued favorable supply-demand balance, especially in Europe, despite concerns about rising fuel prices.

Regarding automotive glass, in addition to rising fuel prices, we anticipate that global automobile production will continue to be affected by semiconductor shortages and other factors.

Within the Electronics segment, the display is expected to see steady shipments of LCD glass substrates and specialty glass for displays.

In electronic materials, shipments of semiconductor-related products and optoelectronics components are expected to increase.

On the other hand, depreciation expenses are expected to increase due to the start-up of new facilities for LCD glass substrates.

In the Chemicals segment, with regard to chlor-alkali/urethane, the market for PVC is expected to remain at a high level.

Demand for fluorine/specialty chemicals is expected to continue to recover moderately, including products for the automotive and aircraft industries.

The life science business is expected to continue to grow steadily, thanks to capacity expansion through acquisitions and capital investment, as well as contracts related to the new coronavirus.

Accelerating the Growth of Strategic Businesses

- No change from the announcement in Aug 2021
- Expected to make a steady growth

Major products & businesses

Mobility

- Cover glass for car-mounted displays
- New materials for mobility, including 5G communications

Electronics

- Semiconductor-related products
- Optoelectronics materials
- Next-generation high-speed communication related products
- Fluorinated products for electronics

Life science

- Synthetic pharmaceutical and agrochemical
- Bio CDMO

Sales of Strategic Businesses (100 million JPY)



*Sales outlook of Strategic Business for FY2021 were revised upward at the time of the announcement for FY2021.1Q result.

**Sales outlook of Strategic Business for FY2025 were revised upward at the time of the announcement for FY2021.2Q result.

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Next, please see page 24. There is no change in the forecast for the strategic businesses for FY2021.

Sales are expected to be firm, mainly in life science and Electronics.

CAPEX, Depreciation and R&D

(100 million JPY)

Full year

| | FY2020 | FY2021e |
|---------------------|--------|---------------|
| CAPEX | 2,413 | 2,200* |
| Glass | 641 | 480 |
| Electronics | 807 | 730 |
| Chemicals | 952 | 970 |
| Ceramics/Other | 15 | 20 |
| Elimination | ▲ 2 | 0 |
| Depreciation | 1,437 | 1,600 |
| Glass | 510 | 500 |
| Electronics | 479 | 600 |
| Chemicals | 430 | 480 |
| Ceramics/Other | 19 | 20 |
| Elimination | ▲ 1 | 0 |
| R&D | 464 | 510** |

Major projects for CAPEX

- G11 investment in China (Electronics)
- Repairment for display glass furnace (Electronics)
- Production facility enhancement for semiconductor-related products (Electronics)
- Acquisition of a cell and gene therapy manufacturing facility (Chemicals)
- Capacity enhancement for fluorochemicals (Chemicals)
- Capacity enhancement for PVC in Southeast Asia (Chemicals)
- Capacity enhancement for bio-pharmaceuticals (Chemicals)

etc.

* Changed from the initial forecast of 200 billion yen (Initially, the Electronics Segment was 68 billion yen and the Chemicals Segment was 82 billion yen). ©AGC Inc. 25

** Changed from the initial forecast of 55 billion yen.

Please see page 25. Annual capital expenditures will be JPY220 billion and depreciation will be JPY160 billion, unchanged from the August forecast.

R&D expenses are expected to be JPY51 billion, a decrease of JPY4 billion from the August forecast.

That's all from me. Thank you very much.

Tamaki: Thank you very much, Mr. Miyaji.

[END]