

Financial Results for FY2022



AGC Inc.

February 8, 2023

Your Dreams, Our Challenge



| | | |
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Financial Results for FY2022

(YoY)

| | | |
|---|-----------------------|------------------------|
| Net Sales | 2,035.9 bn JPY | (+338.5 bn JPY) |
| Operating profit | 183.9 bn JPY | (▲22.2 bn JPY) |
| Profit for the period Attributable to owners of the parent | ▲ 3.2 bn JPY | (▲127.0 bn JPY) |

- Net sales reached a record high thanks to the business expansion of strategic businesses, higher product sales prices and the impact of foreign exchange rates.
- Operating profit decreased due to a significant drop in demand for Display and the impact of high raw materials and fuel prices.
- A net loss was recorded following a major impairment loss.

Outlook for FY2023

(YoY)

| | | |
|-------------------------|-----------------------|------------------------|
| Net Sales | 2,150.0 bn JPY | (+114.1 bn JPY) |
| Operating profit | 190.0 bn JPY | (+6.1 bn JPY) |

- While the Chlor-alkali business is expected to see a decrease in profits YoY, both net sales and profits will increase thanks to growth in other core businesses, including Automotive glass, and Strategic businesses, and also a decrease in depreciation expense caused by the impairment loss.

Financial Results for FY2022

1. Highlights of the Financial Results

Highlights of the Financial Results for FY2022

* FOREX impact was +168.2 billion JPY, change in the scope of consolidation was ▲19.8 billion JPY

(100 million JPY)

| | FY2021 Full-year | FY2022 Full-year | Change | Main factors in the change | |
|---|---------------------|---------------------|-------------------|--|-----------------------|
| | | | | (+) Increasing factors | (-)Decreasing factors |
| Net Sales | 16,974 | 20,359 | + 3,385* | (+) Shipments of Life science, Fluorochemicals-related products increased. (+) Sales prices of Architectural glass and Chlor-alkali products, Automotive glass increased. (+) Yen depreciation | |
| Operating Profit | 2,062 | 1,839 | ▲ 222 | In addition to the above, (-) Increased in raw materials and fuel prices primarily in Europe (-) Significant decrease in demand for Display | |
| Profit before tax | 2,100 | 585 | ▲ 1,515 | In addition to the above, (+) Gain on sales of land (+) Gain on sale of subsidiaries (-) Gain on sale of North American Architectural glass business recorded in the same period of the previous year (-) Impairment losses for Display business and Printed circuit board materials business, Russian business, Automotive glass business in Europe and was recorded. | |
| Profit for the period Attributable to owners of the parent | 1,238 | ▲ 32 | ▲ 1,270 | | |
| FOREX (Average) | 1USD | JPY 109.80 | JPY 131.43 | | |
| | 1EUR | JPY 129.89 | JPY 138.04 | | |
| Crude Oil (Dubai, Average) | USD/BBL | 69.23 | 96.34 | | |

Breakdown of other expenses in FY2022

(100 million yen)






| | FY2022 | Remarks |
|--|--------|--|
| Other income | 272 | |
| Other expenses | ▲1,539 | |
| Foreign exchange loss | ▲40 | |
| Losses on disposal of non-current assets | ▲86 | |
| Impairment losses | ▲1,284 | Display, PCB materials business, Architectural/Automotive glass business in Russia, Automotive glass business in Europe except for Russia) |
| Expenses for restructuring programs | ▲96 | Structural reform of the European glass business, etc. |
| Others | ▲31 | |

(100 million yen)

| | Amount | Causes of change in recoverability |
|---|---|---|
| Display | 737 | Sluggish TV and PC sales, cost increase due to yen depreciation and soaring raw material and fuel costs |
| PCB materials business | 322 | Decreased demand due to U.S.-China trade friction and the spread of Covid-19 infection in China |
| Architeturational /Automotive glass business in Russia | Architeturational: 99 Automotive: 37 | Deterioration of the economic environment due to the prolonged situation in Russia and Ukraine |
| Automotive glass business in Europe (except for Russia) | 67 | Weak demand for automobiles triggered by the situation in Russia and Ukraine |

YoY Performance Comparison by Business Segment

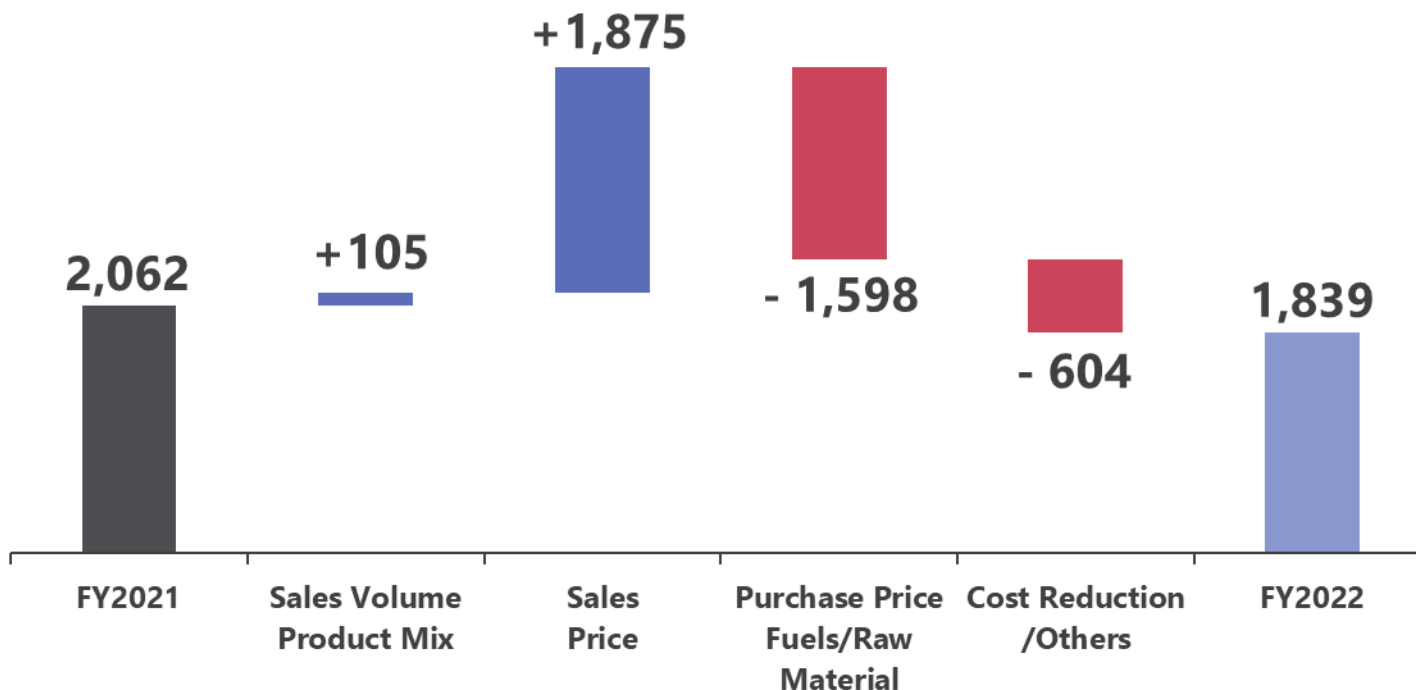
(100 million JPY)

| | FY2021 | | FY2022 | | Change | |
|--|-----------|------------------|---------------|------------------|-----------|------------------|
| | Full-year | | Full-year | | (b)-(a) | |
| | (a) | | (b) | | | |
| | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
|  Glass | 7,343 | 273 | 9,015 | 229 | + 1,673 | ▲ 44 |
|  Electronics | 3,050 | 368 | 3,072 | 147 | + 22 | ▲ 221 |
|  Chemicals | 6,308 | 1,388 | 7,952 | 1,429 | + 1,644 | + 42 |
|  Ceramics/Other | 794 | 35 | 866 | 37 | + 72 | + 2 |
|  Elimination | ▲ 520 | ▲ 2 | ▲ 547 | ▲ 3 | ▲ 26 | ▲ 1 |
| Total | 16,974 | 2,062 | 20,359 | 1,839 | + 3,385 | ▲ 222 |

Variance Analysis on (FY2022 vs. FY2021)

22.2 bn JPY down from last year

(100 million JPY)



Consolidated Statement of Financial Position

| | 2021/12 | 2022/12 | Change | |
|--|---------|---------------|---------|--|
| | | | | (100 million JPY) |
| Cash and cash equivalents | 1,958 | 2,097 | + 139 | |
| Inventories | 3,301 | 4,365 | + 1,064 | |
| Property, plant and equipment, Goodwill and Intangible assets | 15,067 | 15,148 | + 81 | Foreign exchange fluctuation +101.8 billion yen Impairment loss impact ▲128.4 billion yen |
| Other assets | 6,334 | 6,530 | + 196 | |
| Total assets | 26,660 | 28,140 | + 1,480 | Foreign exchange fluctuation +175.2 billion yen |
| Interest-bearing debt | 6,032 | 6,502 | + 470 | |
| Other liabilities | 5,815 | 5,782 | ▲ 33 | |
| Liabilities | 11,847 | 12,284 | + 438 | |
| Total equity attributable to owners of the parent | 13,142 | 13,903 | + 761 | |
| Non-controlling interests | 1,672 | 1,953 | + 281 | |
| Equity | 14,814 | 15,856 | + 1,042 | Foreign exchange fluctuation +121.0 billion yen |
| Total liabilities and equity | 26,660 | 28,140 | + 1,480 | |
| D/E ratio | 0.41 | 0.41 | | |

Consolidated Statement of Cash Flow

| Full-year | FY2021 | FY2022 | (100 million JPY) |
|--|---------|---------|-------------------|
| Profit before tax | 2,100 | 585 | |
| Depreciation and amortization | 1,668 | 1,857 | |
| Increase(decrease) in working capital | ▲ 307 | ▲ 854 | |
| Others | ▲ 194 | 584 | |
| Cash flows from operating activities | 3,267 | 2,171 | |
| Cash flows from investing activities | ▲ 1,238 | ▲ 1,453 | |
| Free cash flow | 2,029 | 718 | |
| Changes in interest-bearing debt | ▲ 2,158 | 17 | |
| Dividends paid | ▲ 310 | ▲ 522 | |
| Others | ▲ 54 | ▲ 277 | |
| Cash flows from financing activities | ▲ 2,523 | ▲ 782 | |
| Effect of exchange rate changes on cash and cash equivalents | 90 | 203 | |
| Net increase(decrease) in cash and cash equivalents | ▲ 403 | 139 | |

CAPEX, Depreciation and R&D

| Full-year | FY2021 | FY2022 |
|-----------------------|--------|--------------|
| CAPEX | 2,165 | 2,366 |
| Glass | 509 | 473 |
| Electronics | 696 | 800 |
| Chemicals | 942 | 1,080 |
| Ceramics/Other | 22 | 14 |
| Elimination | ▲ 3 | ▲ 2 |
| Depreciation | 1,668 | 1,857 |
| Glass | 546 | 565 |
| Electronics | 603 | 684 |
| Chemicals | 500 | 590 |
| Ceramics/Other | 20 | 19 |
| Elimination | ▲ 1 | ▲ 1 |
| R&D | 494 | 523 |

(100 million JPY)

Main projects for CAPEX

- Repairment for Automotive glass furnace (Glass)
- Repairment for Display glass furnace (Electronics)
- G11 investment in China (Electronics)
- Production facility enhancement for Electronic materials (Electronics)
- Capacity enhancement for Chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for Fluorochemicals-related products (Chemicals)
- Capacity enhancement for Bio-pharmaceuticals (Chemicals)

etc.

Main factors for increase in depreciation cost

- Production facility enhancement for Electronic materials (Electronics)
- G11 investment in China (Electronics)
- Capacity enhancement for Chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for Bio-pharmaceuticals (Chemicals)

etc.

2. Business and Geographic Segments

(100 million JPY)

| Full-year | FY2021 | FY2022 | Change |
|-------------------------|--------|--------------|----------|
| Net sales | 7,343 | 9,015 | + 1,673* |
| Architectural Glass | 3,811 | 4,827 | + 1,016 |
| Automotive Glass | 3,511 | 4,176 | + 665 |
| (Inter-segment) | 20 | 12 | |
| Operating profit | 273 | 229 | ▲ 44 |

* FOREX impact: +79.3 billion yen, Change in the Scope of Consolidation: ▲13.2 billion yen



Architectural Glass

- Higher sales prices in all regions, particularly in Europe, offset the impact of lower sales from the divestment of North American business.
- Impact of high natural gas prices in Europe absorbed by energy surcharges, however, affected by price hikes of other raw materials and fuels.

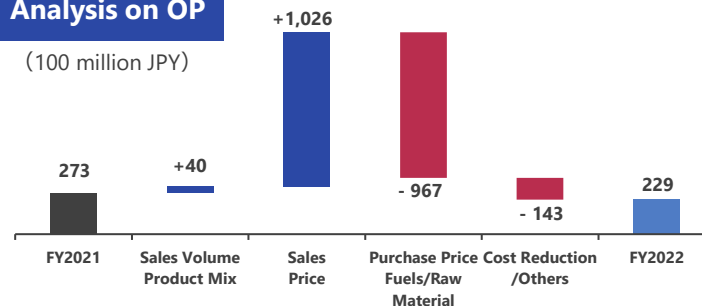


Automotive Glass

- Shipments increased due to easing effects of component supply shortages, including semiconductors, but did not reach pre-covid disaster levels.
- Effects of price revisions were seen, mainly in Europe, but were affected by high raw material and fuel costs.

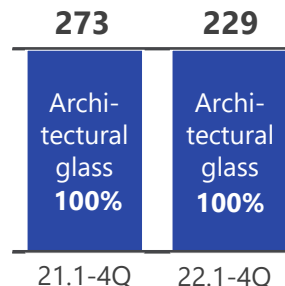
Variance Analysis on OP

(100 million JPY)



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

Operating profit (100million JPY)



Electronics Segment

(100 million JPY)

| Full-year | FY2021 | FY2022 | Change |
|-------------------------|--------|--------------|--------|
| Net sales | 3,050 | 3,072 | + 22* |
| Display | 1,821 | 1,554 | ▲ 267 |
| Electronic Materials | 1,210 | 1,495 | + 285 |
| (Inter-segment) | 19 | 23 | |
| Operating profit | 368 | 147 | ▲ 221 |

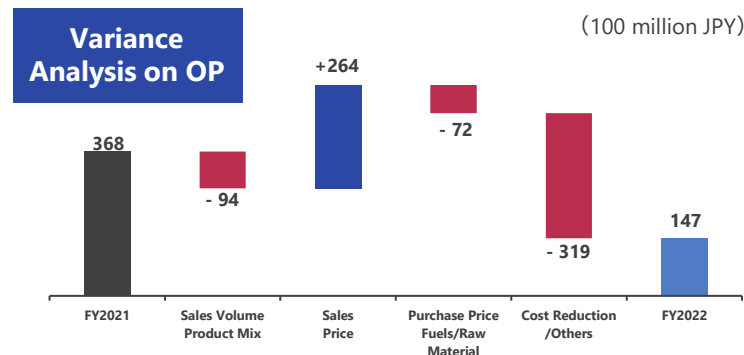
* FOREX impact: +14.3 billion yen, Change in the Scope of Consolidation: ▲5.8 billion yen

Display

- Demand for LCD glass substrates declined more than expected from the second half of the period, resulting in a decrease in shipments.
- In LCD glass substrates business, depreciation expenses increased because of the new facility launch for LCD glass substrates, in addition to the increase in the manufacturing costs as affected by higher raw materials and fuel prices and the weaker yen.
- Shipments of specialty glass for display applications decreased.

Electronic Materials

- Sales of optoelectronic materials and semiconductor-related products increased due to robust shipments and the impact of foreign exchange rates.

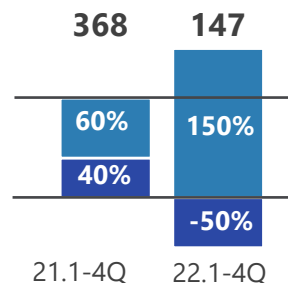


Ratio of sub-segment to the operating profit (before common expense allocation)

Operating profit
(100million JPY)

Electronic Materials

Display



(100 million JPY)

| Full-year | FY2021 | FY2022 | Change |
|-----------------------------|--------|--------------|----------|
| Net sales | 6,308 | 7,952 | + 1,644* |
| Chlor-alkali & Urethane | 3,904 | 4,898 | + 994 |
| Fluorochemicals & Specialty | 1,239 | 1,561 | + 322 |
| Life science | 1,152 | 1,472 | + 320 |
| (Inter-segment) | 13 | 20 | |
| Operating profit | 1,388 | 1,429 | + 42 |

* FOREX impact: +72.3 billion yen, Change in the Scope of Consolidation: ▲0.9 billion yen



Chlor-alkali/urethane

- Sales increased due to steady market conditions for caustic soda and other products, as well as the impact of the weaker yen.



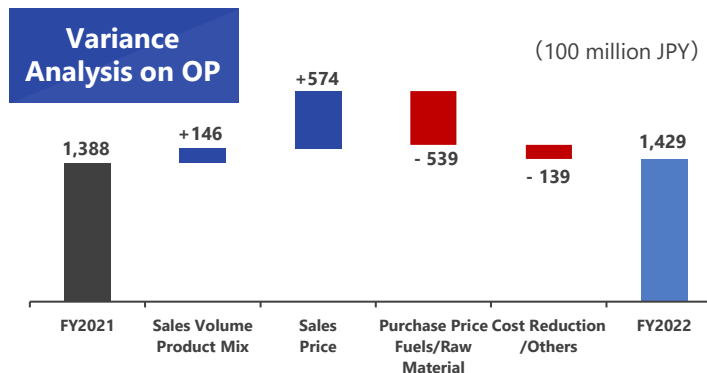
Fluorine/specialty chemicals

- Shipments of Fluorochemical-related products mainly for semiconductor applications increased significantly.

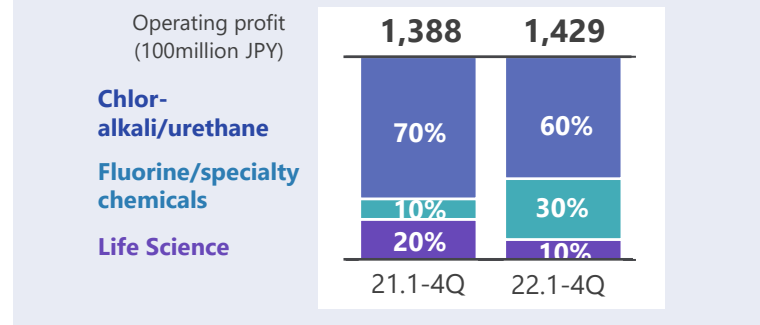


Life Science

- The sales from CDMO contracts on the synthetic pharmaceutical and agrochemical business and the biopharmaceutical business increased.
- Increase in upfront costs due to capacity expansion



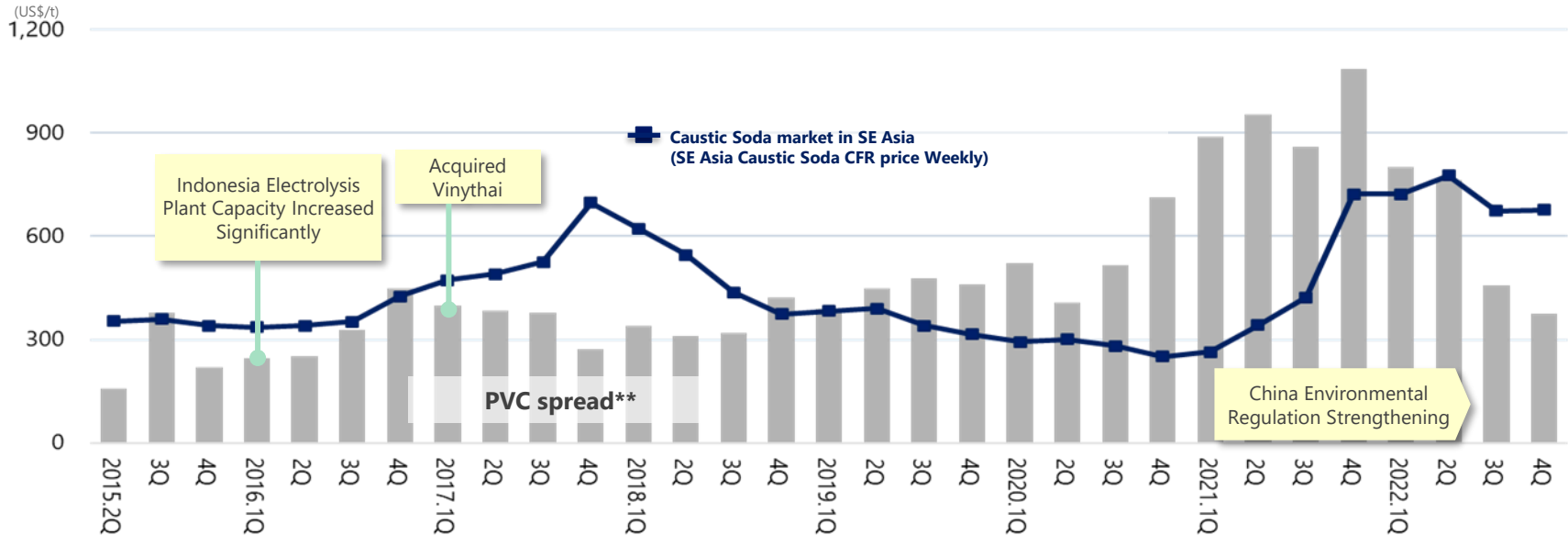
Ratio of sub-segment to the operating profit (before common expense allocation)



Reference: Market trend of Caustic Soda and PVC in Southeast Asia

- Caustic soda prices remained high in 4Q.
- PVC market price declined since the 3Q due to a drop in demand against the backdrop of the global economic slowdown, and the spread between PVC and ethylene narrowed.

Chlor-alkali market in Southeast Asia*



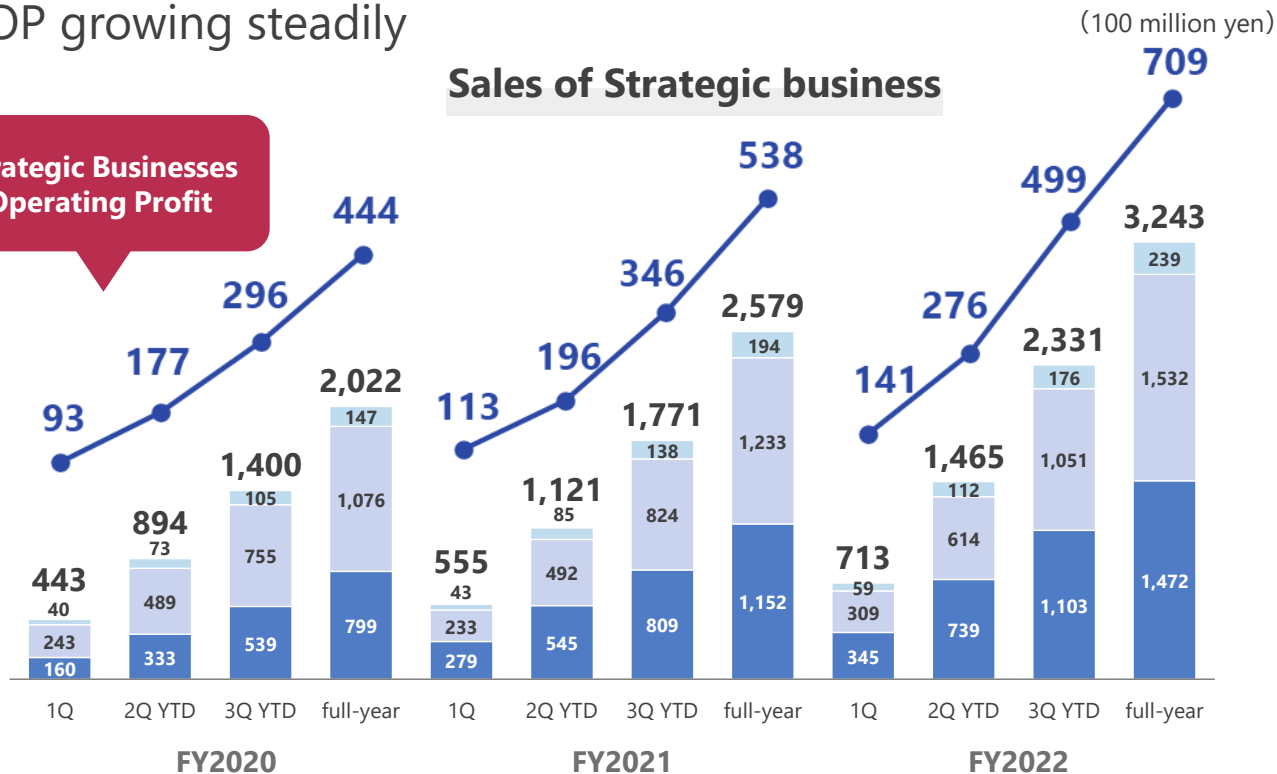
*Based on Bloomberg month-end data

**PVC spread: PVC market price- (Ethylene market price×0.5)

Profit contribution of Strategic Business

■ OP growing steadily

Strategic Businesses
Operating Profit



Main 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 CDMO
- Biopharmaceutical CDMO

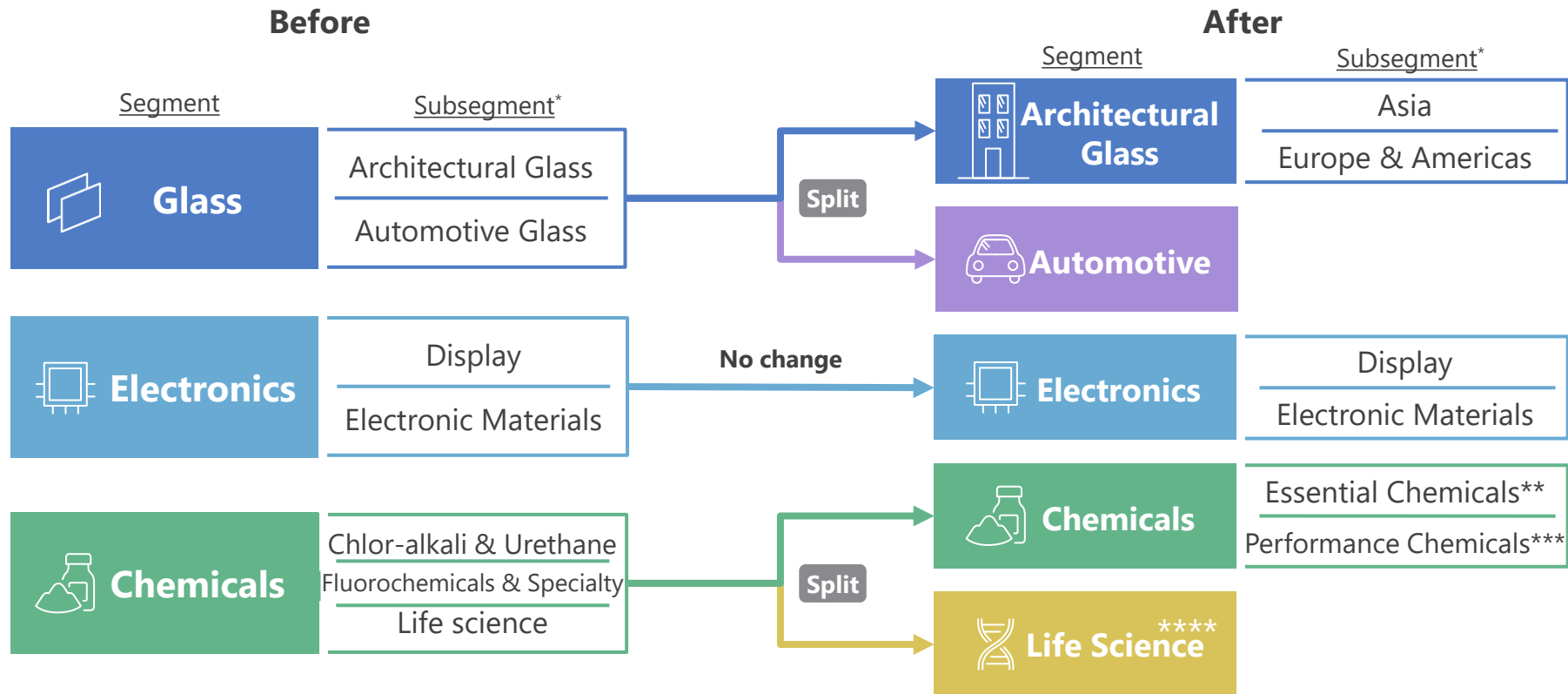
ROCE & EBITDA by Segment

| | Operating profit | | EBITDA* | | ROCE | | Operating assets | | (100 million yen) |
|--|------------------|--------------|--------------|--------------|--------------|-------------|------------------|---------------|-------------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | |
|  Glass | 273 | 229 | 819 | 794 | 4.6% | 3.6% | 6,000 | 6,300 | |
| (Reference) Architectural Glass | — | 327 | — | 566 | — | 10.9% | — | 3,000 | |
| (Reference) Automotive | — | ▲ 98 | — | 227 | — | ▲ 3.0% | — | 3,300 | |
|  Electronics | 368 | 147 | 971 | 830 | 5.9% | 2.6% | 6,250 | 5,650 | |
|  Chemicals | 1,388 | 1,429 | 1,887 | 2,020 | 21.5% | 18.1% | 6,450 | 7,900 | |
| (Reference) Chemicals | — | 1,261 | — | 1,736 | — | 23.3% | — | 5,400 | |
| (Reference) Life Science | — | 169 | — | 284 | — | 6.7% | — | 2,500 | |
|  Ceramics/Others | 35 | 37 | 55 | 56 | 14.0% | 18.4% | 250 | 200 | |
|  Elimination | ▲ 2 | ▲ 3 | ▲ 3 | ▲ 4 | — | — | — | — | |
| Total | 2,062 | 1,839 | 3,729 | 3,696 | 10.9% | 9.2% | 18,950 | 20,050 | |

* EBITDA=Operating profit +Depreciation

Outlook for FY2023

Change in segments



* Breakdown of sales by product or market within each segment

**Name change from Chlor-alkali & Urethane

***Name changed from Fluorochemicals & Specialty

****Fine Silica business previously included in Life Science moved to Performance Chemicals

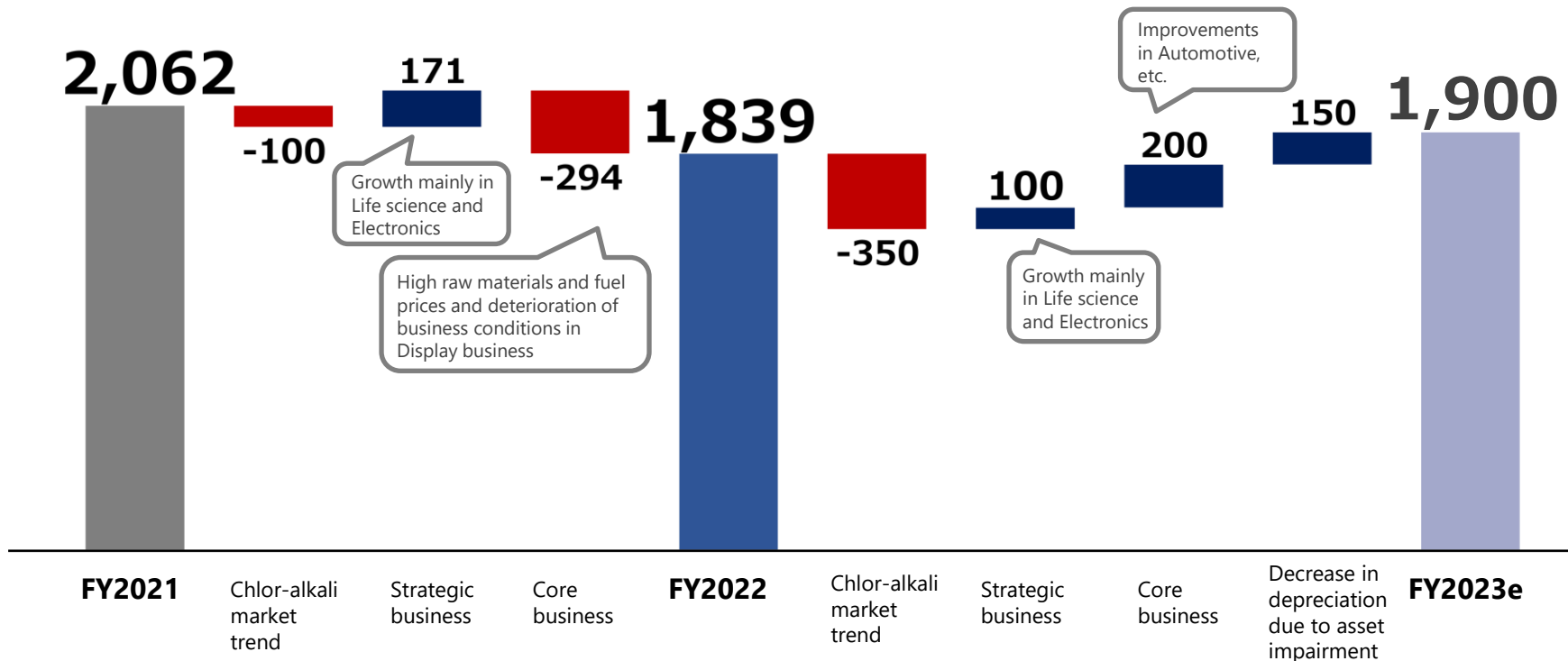
- While the Essential chemicals business is expected to see a decrease in profits YoY, both net sales and profits will increase thanks to growth in other core businesses, including Automotive, and Strategic businesses, and also a decrease in depreciation expense caused by the impairment loss.

| | | FY2022 | FY2023e | (100 million JPY) |
|---|----------------|--------|---------------|-------------------|
| Net sales | | 20,359 | 21,500 | |
| | (First half) | 9,783 | 10,300 | |
| Operating profit | | 1,839 | 1,900 | |
| | (First half) | 1,153 | 700 | |
| Profit before tax | | 585 | 1,370 | |
| Profit for the year attributable to owners of the parent | | ▲ 32 | 800 | |
| Dividend (JPY/share) | | 210 | 210 | |
| Operating profit margin | | 9.0% | 8.8% | |
| ROE | | - | 5.8%* | |
| FOREX (Average) | JPY/USD | 131.4 | 125.0 | |
| | JPY/EUR | 138.0 | 135.0 | |
| Crude Oil (Dubai, Average) | USD/BBL | 96.3 | 85.0 | |
| Ethylene (CFR SEA) | USD/MT | 1,054 | 1,000 | |

* ROE of FY2023e is calculated using the figures of Profit for the year attributable to owners of the parent as of Dec 31, 2022

2023 Operating Income Forecast








FY2021~2023 Operating Profit Trends (100 million JPY)



*Operating profit trends for 2022-23 are estimated in units of 5 billion yen, so totals do not match.

Outlook breakdown by Segment (Net sales and Operating profit)

(100 million JPY)

| | FY2022 (a) | | FY2023e (b) | | Change (b)-(a) | |
|--|------------|------------------|---------------|------------------|----------------|------------------|
| | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
|  Architectural Glass | 4,837 | 327 | 5,000 | 360 | + 163 | + 33 |
|  Automotive | 4,178 | ▲ 98 | 4,700 | 80 | + 522 | + 178 |
|  Electronics | 3,072 | 147 | 3,400 | 380 | + 328 | + 233 |
|  Chemicals | 6,604 | 1,261 | 6,500 | 850 | ▲ 104 | ▲ 411 |
|  Life Science | 1,418 | 169 | 1,600 | 210 | + 182 | + 41 |
|  Ceramics/Other | 866 | 37 | 800 | 20 | ▲ 66 | ▲ 17 |
|  Elimination | ▲ 616 | ▲ 3 | ▲ 500 | 0 | + 116 | + 3 |
| Total | 20,359 | 1,839 | 21,500 | 1,900 | + 1,141 | + 61 |

Outlook for FY2023



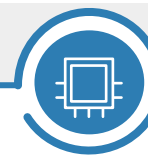
Architectural Glass

- Despite concerns about inflation and economic slowdown in Europe, replacement demand for high heat-insulating glass for energy savings will support shipments.
- In Japan and Asia, shipments are expected to be robust for the factors such as growing demand for high heat-insulating and shielding glass.



Automotive

- The Company's shipments are expected to increase as a result of a gradual recovery in automobile production due to the easing of the effects of component supply shortages, particularly in semiconductors.
- The pricing policy review, which has been underway for some time, are expected to take effect further.



Electronics

Display

- Profitability of LCD glass substrates will improve due to the promotion of structural reform measures as well as a recovery in demand for LCD panels and a decrease in the depreciation.
- Shipments of specialty glass for display will increase as orders from major customers grow.

Electronic Materials

- Optoelectronics materials are leveling off due to the slowdown in the smartphone market, but semiconductor-related products, mainly photomask blanks for EUV lithography, will remain robust.
- Shipments of circuit board materials will increase due to the demand growth of the communication infrastructure and the in-vehicle market.

Outlook for FY2023



Chemicals

Essential Chemicals

- Market conditions are expected to recover moderately after bottoming out at the end of last year, but will remain below the previous year's level for the year.

Performance Chemicals

- Shipments will increase following the strong demand for fluorine-related products mainly for semiconductor-related applications and transportation machinery.



Life Science

- CDMO contracts will increase for both synthetic pharmaceuticals and agrochemicals and biopharmaceuticals.
- Expenses are expected to be incurred upfront due to capacity expansion.

CAPEX, Depreciation and R&D

| Full year | FY2022 | FY2023e |
|---------------------|--------|--------------|
| CAPEX | 2,366 | 3,000 |
| Architectural Glass | 175 | 250 |
| Automotive | 298 | 270 |
| Electronics | 800 | 930 |
| Chemicals | 649 | 950 |
| Life Science | 431 | 580 |
| Ceramics/Other | 14 | 20 |
| Elimination | ▲ 2 | 0 |
| Depreciation | 1,857 | 1,880 |
| Architectural Glass | 239 | 240 |
| Automotive | 325 | 330 |
| Electronics | 684 | 620 |
| Chemicals | 475 | 520 |
| Life Science | 115 | 150 |
| Chemicals | 19 | 20 |
| Elimination | ▲ 1 | 0 |
| R&D | 523 | 580 |

(100 million yen)

Main projects for CAPEX

- G11 investment in China (Electronics)
- Capacity enhancement of Electronic materials (Electronics)
- Capacity enhancement for Chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement of Bio-pharmaceuticals (Life Science)

and others

Appendix

Impact on OP

Exchange rate



500 million yen*loss
if yen appreciated by 1%

*Impact when all
currencies fluctuate at the
same proportion against
JPY

Dubai crude oil



420 million yen* loss
if increased by 1 dollar
per barrel

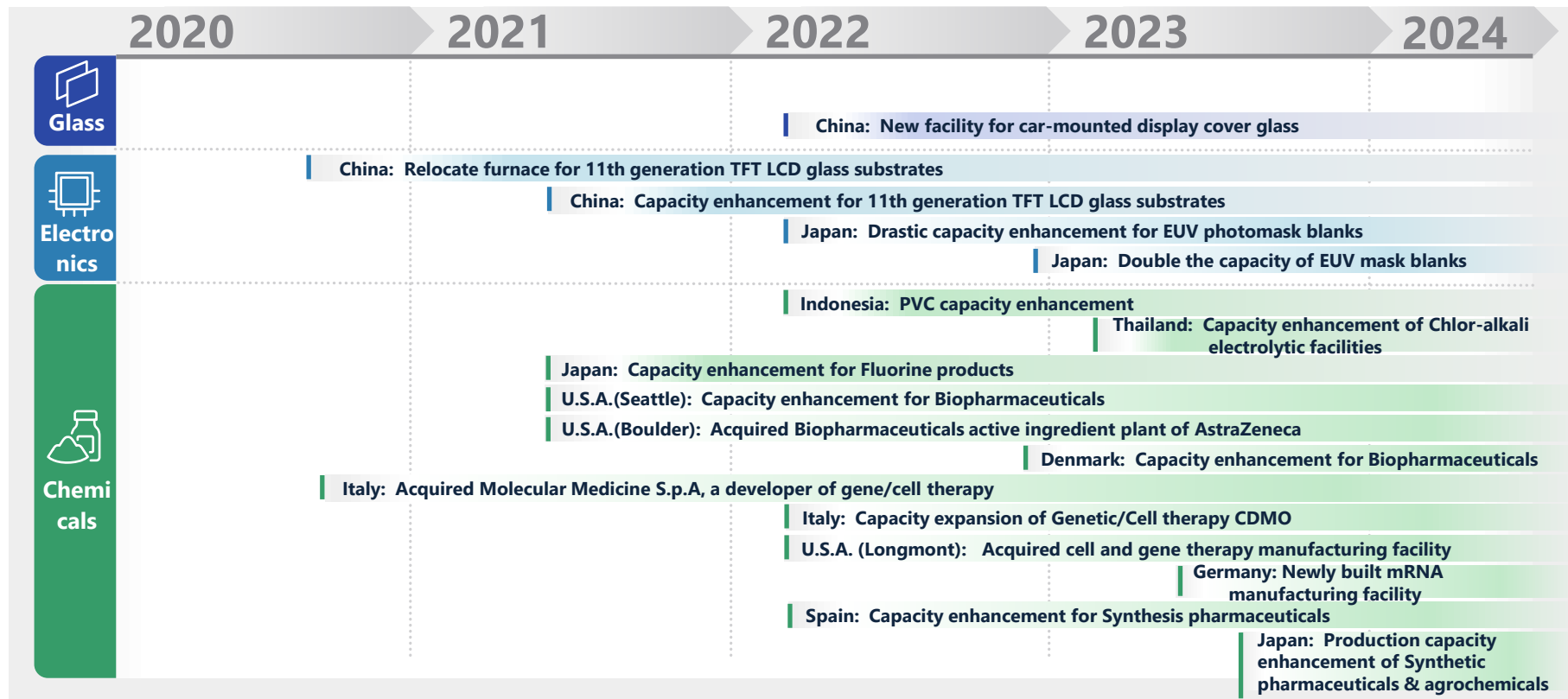
*excluding impact of oil
hedging

Chemicals market



- 1 Caustic soda**
\$1M loss if the international
market down by \$1
- 2 PVC spread**
\$1.2M loss* if decreased
by \$1

*PVC spread:
PVC market - (ethylene
market×0.5)



※Listed those announced in new releases

Net Zero Carbon Target (FY2050)

Establish medium- and long-term GHG reduction targets in 2021 and steadily promote.



FY2030 milestone (from the 2019 figure)

Scope 1 GHG emissions (Scope 1+2 emissions) **30%reduction**

Scope 2 GHG emissions per unit of sales (Scope 1+2emissions/sales) **50%reduction**

Scope 3 GHG emissions (Total of Scope 3 emissions in categories 1, 10, 11, and 12) **30%reduction**

Business portfolio transformation
Expansion of Strategic businesses improves carbon efficiency at a faster pace than emissions reductions

Strengthen competitiveness by accelerating DX

As a lever for Corporate Transformation Chapter 2, in addition to streamlining (improving) individual processes, DX measures will evolve into efforts (innovation) to connect the supply chain and provide value to customers and society.

Tech./ Skills

<Technology>

Latest digital technology, Digital tools, etc.



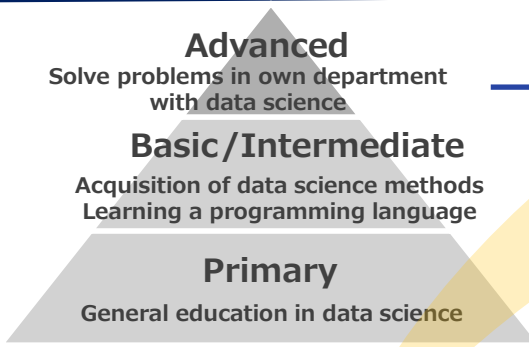
<Skills>

IE, VA/VE, QC, Data science, etc.



Enhance the competitive advantage of the AGC Group and create economic and social value

HR



System/ Culture






<level of commitment>
Self-inspection based on METI DX promotion index
2020 2.1 -> 22 3.5
(Leading Company Level)

<Strengthen system>
January 2023
Establishment of Digital & Innovation Promotion Div.
(accelerate improvement and innovation)

<Organizational culture reform>
Cultivate a willingness to take on challenges and a culture of mutual learning across organizations, countries and regions

Grow by creating both social value and economic value

- We will achieve through the portfolio transformation and the pursuit of sustainability management.

| | | 2022(Actual) | 2023 | 2025 | 2030 | 2050 |
|--|------------------------------|---|------------------|-----------------------------|-------------------------------|--|
| Economic value | Operating profit | 183.9billion yen | 190.0billion yen | 250.0billion yen | 300.0billion yen or more | |
| | Strategic Business OP | 70.9billion yen | 80.0billion yen | 120.0billion yen | 160.0billion yen or more | |
| | EBITDA* | 369.6billion yen | 378.0billion yen | 480.0billion yen | | |
| | ROE | - | 6.3% | Stable ROE of 10% or higher | | |
| | D/E | 0.41 | 0.5 or less | | | |
| Social Value | GHG emissions | | | | GHG emissions 30% reduction** | GHG emissions per unit of sale 50% reduction |
| | Nonfinancial capital | Enhancing the group governance, Human resources, R&D | | | | Aiming for Net zero carbon (Scope1+2) |
| Social value | | | | | | |
| <ul style="list-style-type: none"> ■ Realization of safe and healthy lifestyles  ■ Realization of safe and comfortable urban infrastructure  ■ Realization of a sustainable global environment  ■ Creation of fair and safe workplaces  ■ Maintenance of a healthy and secure society  | | | | | | |

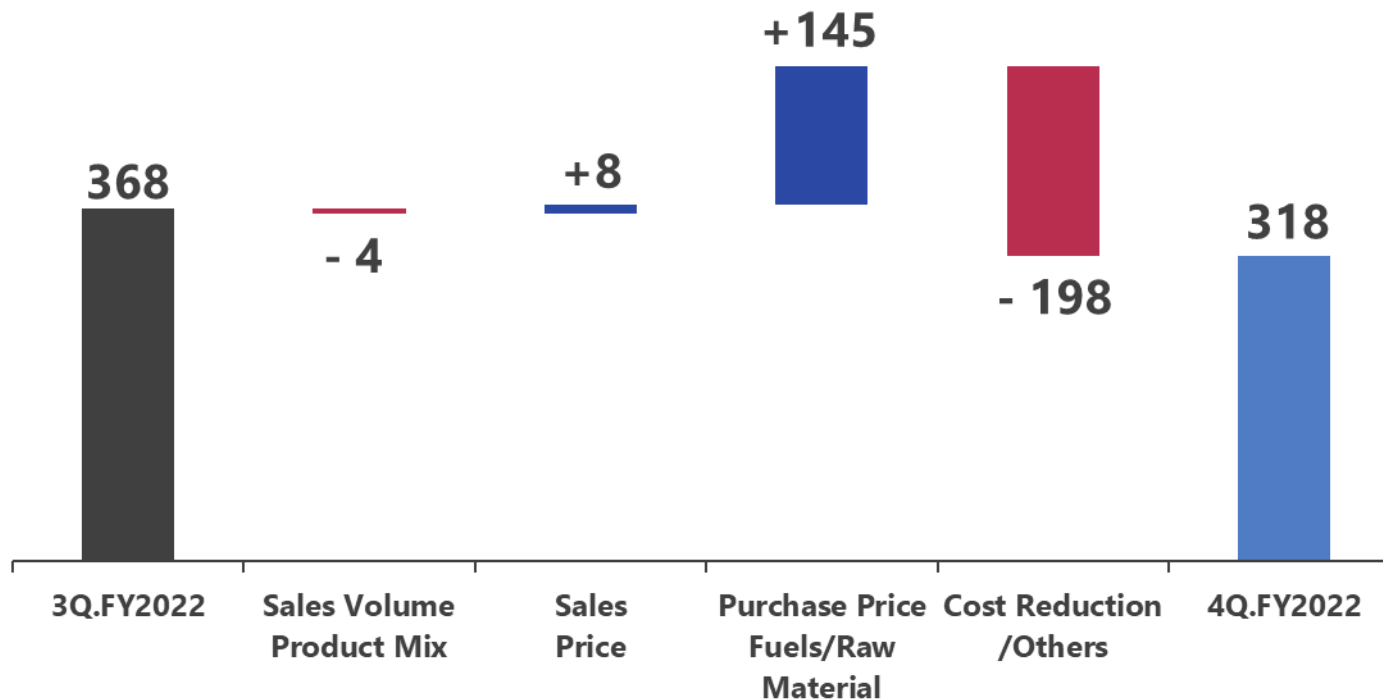
* EBITDA=Operating profit +Depreciation

**Reduction targets in Scope 1+2 emissions and Scope 3 emissions (Categories 1, 10, 11, and 12)

Variance Analysis on OP(4Q.FY2022 vs. 3Q.FY2022)

4.9 bn JPY down from last quarter

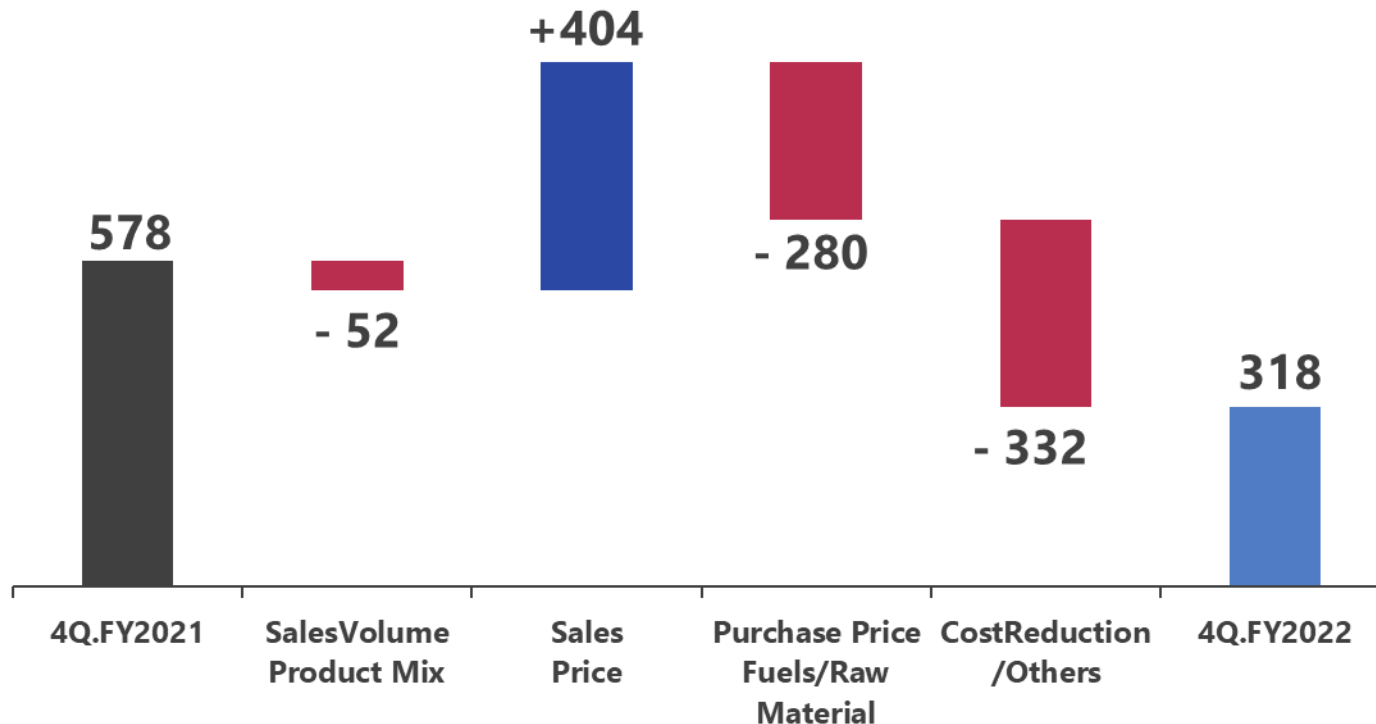
(100 million JPY)



Variance Analysis on OP(4Q.FY2022 vs. 4Q.FY2021)

26.0 bn JPY down from last year

(100 million JPY)



YoY Performance Comparison by Geographic Segment

| Full-year | FY2021 | FY2022 | Change |
|--------------------------------|--------|---------------|----------------|
| Net sales | 16,974 | 20,359 | + 3,385 |
| Japan &Asia | 11,244 | 13,027 | + 1,783 |
| Americas | 1,750 | 2,078 | + 327 |
| Europe | 3,980 | 5,254 | + 1,274 |
| Operating profit | 2,062 | 1,839 | ▲ 222 |
| Japan &Asia | 1,986 | 1,871 | ▲ 115 |
| Americas | 100 | 72 | ▲ 28 |
| Europe | 375 | 314 | ▲ 62 |
| Cross-regional common expenses | ▲ 399 | ▲ 417 | ▲ 18 |






(100 million JPY)

FOREX impact :
+168.2 bn JPY

Change in the scope of consolidation :
▲19.8 bn JPY






YoY Performance Comparison by Geographic Segment

(100 million JPY)

| | | Japan& Asia | Americas | Europe | Inter-segment | Total |
|---|--------------------|--------------|------------|--------------|---------------|--------------|
|  Glass | 4 Q .FY2022 | 986 | 322 | 1,196 | 4 | 2,508 |
| | 4 Q .FY2021 | 829 | 220 | 845 | 3 | 1,896 |
| Architectural Glass | 4 Q .FY2022 | 405 | 99 | 826 | - | 1,330 |
| | 4 Q .FY2021 | 347 | 61 | 604 | - | 1,011 |
| Automotive Glass | 4 Q .FY2022 | 581 | 222 | 370 | - | 1,174 |
| | 4 Q .FY2021 | 482 | 159 | 241 | - | 881 |
|  Electronics | 4 Q .FY2022 | 725 | 81 | 2 | 6 | 814 |
| | 4 Q .FY2021 | 774 | 84 | 4 | 5 | 868 |
|  Chemicals | 4 Q .FY2022 | 1,539 | 152 | 264 | 5 | 1,961 |
| | 4 Q .FY2021 | 1,436 | 130 | 231 | 3 | 1,800 |
|  Ceramics/Other | 4 Q .FY2022 | 103 | - | - | 115 | 218 |
| | 4 Q .FY2021 | 86 | - | - | 146 | 233 |
|  Elimination | 4 Q .FY2022 | - | - | - | ▲ 131 | ▲ 131 |
| | 4 Q .FY2021 | - | - | - | ▲ 158 | ▲ 158 |
| Total Net Sales | 4 Q .FY2022 | 3,354 | 555 | 1,462 | - | 5,370 |
| | 4 Q .FY2021 | 3,126 | 434 | 1,079 | - | 4,639 |

YoY Performance Comparison by Geographic Segment

(100 million JPY)

| | | Japan& Asia | Americas | Europe | Inter-segment | Total |
|--|---------------|---------------|--------------|--------------|---------------|---------------|
|  Glass | FY2022 | 3,601 | 1,170 | 4,233 | 12 | 9,015 |
| | FY2021 | 3,132 | 1,046 | 3,144 | 20 | 7,343 |
| Architectural Glass | FY2022 | 1,469 | 327 | 3,031 | - | 4,827 |
| | FY2021 | 1,202 | 439 | 2,170 | - | 3,811 |
| Automotive Glass | FY2022 | 2,132 | 843 | 1,202 | - | 4,176 |
| | FY2021 | 1,930 | 607 | 975 | - | 3,511 |
|  Electronics | FY2022 | 2,771 | 267 | 11 | 23 | 3,072 |
| | FY2021 | 2,743 | 275 | 12 | 19 | 3,050 |
|  Chemicals | FY2022 | 6,281 | 640 | 1,010 | 20 | 7,952 |
| | FY2021 | 5,043 | 429 | 823 | 13 | 6,308 |
|  Ceramics/Other | FY2022 | 374 | - | - | 492 | 866 |
| | FY2021 | 326 | - | - | 468 | 794 |
|  Elimination | FY2022 | - | - | - | ▲ 547 | ▲ 547 |
| | FY2021 | - | - | - | ▲ 520 | ▲ 520 |
| Total Net Sales | FY2022 | 13,027 | 2,078 | 5,254 | - | 20,359 |
| | FY2021 | 11,244 | 1,750 | 3,980 | - | 16,974 |

Business Performance

| Glass | 4Q.20 | 1Q.21 | 2Q.21 | 3Q.21 | 4Q.21 | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | (100 million JPY) |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Net Sales | 1,851 | 1,806 | 1,912 | 1,729 | 1,896 | 1,976 | 2,172 | 2,358 | 2,508 | |
| Architectural Glass | 901 | 891 | 991 | 916 | 1,011 | 1,038 | 1,214 | 1,244 | 1,330 | |
| Automotive Glass | 943 | 908 | 915 | 808 | 881 | 935 | 956 | 1,111 | 1,174 | |
| (Inter Segment) | 7 | 7 | 6 | 5 | 3 | 3 | 2 | 2 | 4 | |
| Operating profit | 53 | 95 | 106 | 51 | 21 | 40 | 74 | 23 | 92 | |
| Electronics | 4Q.20 | 1Q.21 | 2Q.21 | 3Q.21 | 4Q.21 | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | |
| Net Sales | 792 | 695 | 690 | 797 | 868 | 760 | 722 | 777 | 814 | |
| Display | 458 | 461 | 429 | 474 | 457 | 450 | 420 | 346 | 338 | |
| Electronic Materials | 316 | 230 | 257 | 318 | 405 | 304 | 296 | 425 | 470 | |
| (Inter Segment) | 19 | 4 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | |
| Operating profit | 106 | 87 | 55 | 103 | 123 | 80 | 12 | 31 | 24 | |
| Chemicals | 4Q.20 | 1Q.21 | 2Q.21 | 3Q.21 | 4Q.21 | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | |
| Net Sales | 1,296 | 1,373 | 1,508 | 1,626 | 1,800 | 1,922 | 2,090 | 1,980 | 1,961 | |
| Chlor-alkali & Urethane | 755 | 822 | 940 | 1,030 | 1,112 | 1,217 | 1,298 | 1,199 | 1,184 | |
| Fluorochemicals & Specialty | 278 | 269 | 299 | 329 | 343 | 356 | 393 | 410 | 403 | |
| Life science | 260 | 279 | 265 | 265 | 343 | 345 | 393 | 365 | 369 | |
| (Inter Segment) | 3 | 3 | 4 | 3 | 3 | 4 | 5 | 6 | 5 | |
| Operating profit | 180 | 255 | 340 | 365 | 427 | 452 | 474 | 303 | 201 | |

Trend of shipment and price

| | | | | | 2021 | | | | 2022 | | | |
|--------------------------|-------------------------------------|----------------------------|----------|--------|--------------------|-------------------|--------------------|-----------------|-----------------|-------------------|-------------------|--------------------|
| | | | | | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| YoY comparison | | | | | | | | | | | | |
| Glass | Architectural (AGC) | Japan & Asia | shipment | | +10% | +low 10% range | -mid single-digit | flat | +10% | +low 10% range | +mid single-digit | -high single-digit |
| | | | price | | -mid single-digit | +low single-digit | +10% | +low 10% range | +high 10% range | +high 10% range | +mid 20% range | 20% |
| | | Europe | shipment | | +low single-digit | +low 30% range | +high single-digit | +high 20% range | +mid 10% range | -low single-digit | -mid 10% range | -mid 20% range |
| | | | price | | +high single-digit | +high 30% range | +high 30% range | +high 30% range | +mid 40% range | +low 60% range | +high 70% range | +low 50% range |
| | Automobile production*1 | Japan | volume | | -4% | +55% | -23% | -17% | -13% | -14% | +25% | +7% |
| | | North America | volume | | -4% | +132% | -26% | -14% | -2% | +12% | +23% | +8% |
| | | Europe & Russia | volume | | +1% | +84% | -32% | -23% | -18% | -4% | +22% | +2% |
| Electronic | Display panel demand*2 | Global | area | | +17% | +10% | -3% | +4% | +22% | +6% | -12% | -5% |
| Spot market price | | | | | | | | | | | | |
| Chemicals | Chlor-alkali (Southeast Asia) | Caustic soda ^{*3} | price | USD/MT | 264 | 342 | 422 | 722 | 722 | 777 | 673 | 677 |
| | | PVC ^{*3} | price | USD/MT | 1,367 | 1,437 | 1,363 | 1,613 | 1,407 | 1,350 | 933 | 823 |
| | | Ethylene ^{*3} | price | USD/MT | 955 | 963 | 1,007 | 1,055 | 1,213 | 1,175 | 952 | 895 |

*1 Source : IHS Markit data as of December 15, 2022.

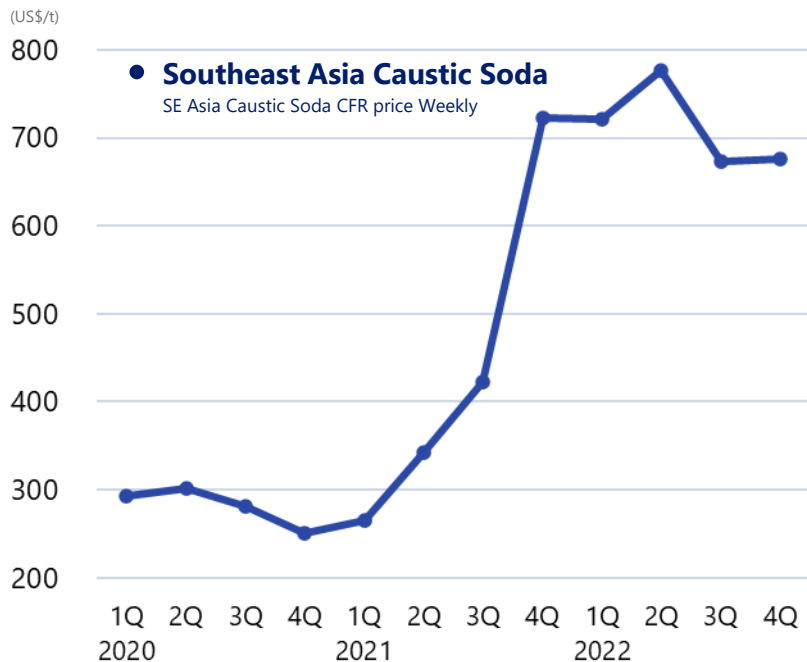
*2 Source : Omdia-Display Long-Term Demand Forecast Tracker – 3Q22 Pivot

Results are not an endorsement of AGC Inc. Any reliance on these results is at the third-party's own risk.

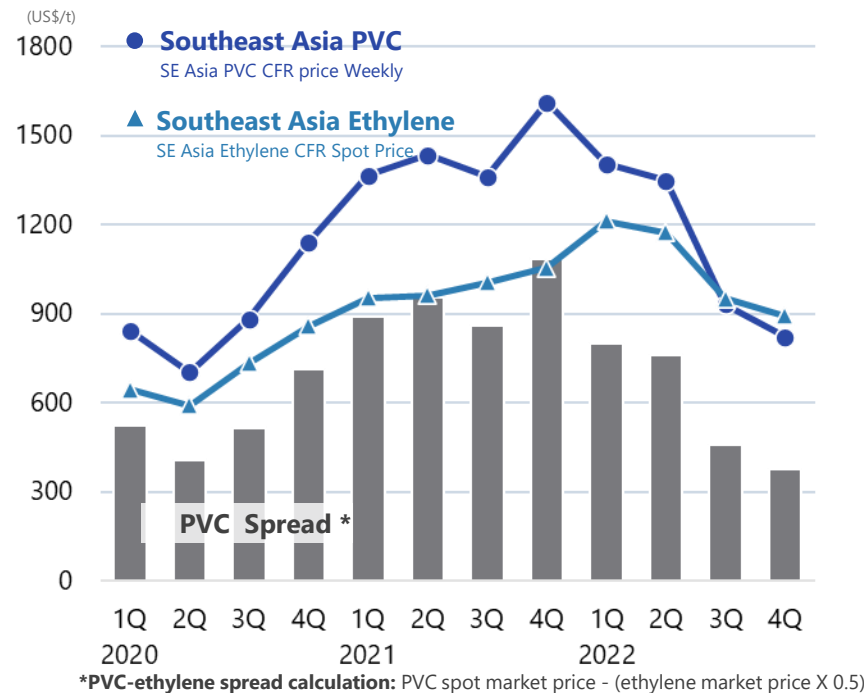
*3 Source : Bloomberg

(Reference) Market trend of Caustic Soda and PVC in Southeast Asia

Caustic Soda



PVC



| | | IFRS | | | | |
|--|-------------|-----------|-----------|-----------|-----------|-----------|
| | | 18/12 | 19/12 | 20/12 | 21/12 | 22/12 |
| Net sales | Million JPY | 1,522,904 | 1,518,039 | 1,412,306 | 1,697,383 | 2,035,874 |
| Operating profit | Million JPY | 120,555 | 101,624 | 75,780 | 206,168 | 183,942 |
| OP margin | % | 7.9 | 6.7 | 5.4 | 12.1 | 9.0 |
| Attributable to owners of the parent | Million JPY | 89,593 | 44,434 | 32,715 | 123,840 | △ 3,152 |
| Return on equity (ROE) *1 | % | 7.7 | 3.9 | 2.9 | 10.2 | △ 0.2 |
| Return on assets (ROA) *2 | % | 5.4 | 4.4 | 3.1 | 7.9 | 6.7 |
| Equity ratio | % | 51 | 50 | 44 | 49 | 49 |
| D/E (Interest-bearing debts ÷ Net assets) | times | 0.43 | 0.47 | 0.63 | 0.41 | 0.41 |
| CF from Operating Activities/Interest-bearing debt | times | 0.35 | 0.32 | 0.29 | 0.54 | 0.33 |
| Earnings per share(EPS) *3 | JPY | 399.51 | 200.85 | 147.84 | 559.11 | △ 14.22 |
| Cash dividends per share | JPY | 115 | 120 | 120 | 210 | 210 |
| EBITDA *4 | Million JPY | 259,425 | 231,857 | 208,459 | 383,226 | 253,209 |
| Exchange rates (average) | JPY/USD | 110.43 | 109.05 | 106.82 | 109.80 | 131.43 |
| | JPY/EUR | 130.42 | 122.07 | 121.81 | 129.89 | 138.04 |

*1 Profit for the year attributable to owners of the parent/Total equity attributable to owners of the parent(average)



*2 Operating profit/Total assets(average)

*3 Earnings per share is adjusted to reflect the 5 into 1 share consolidation implemented on July 2017.

*4 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) = Profit before taxes + Depreciation + Interest expenses

For other financial indicators, please see here.  https://www.agc.com/ir/pdf/data_all.pdf

Major Press Release in FY2022

|  Date |  Summary |
|--|---|
| January 25 | AGC to Double Production Capability for EUVL Mask Blanks |
| April 6 | AGC to Expand Synthetic Pharmaceutical Production Base in Spain |
| May 6 | AGC to Expand Capacity of Chlor-Alkali Business in Thailand |
| May 10 | AGC Decides to Transfer All Shares of Solvay Soda Ash Joint Venture and Solvay Soda Ash Extension Joint Venture |
| May 13 | AGC Develops New Composition of AMOLEA™ 1123, a Next-Generation Refrigerant with Low Global Warming Potential |
| May 18 | AGC Biologics Expands Cell and Gene Therapy CDMO Capacity at its U.S. site |
| June 10 | AGC Sets Reduction Target for Scope 3 GHG Emissions |
| July 26 | AGC Glass Europe Announces New Low-carbon Glass Range |
| October 3 | AGC Begins Full-scale Study to Expand its Bio-CDMO Capability in Japan |
| October 11 | AGC Obtains Its First Environmental Product Declaration for Architectural Glass Products in Asia Pacific Region |
| October 17 | AGC Group's Asahimas Chemical Signs Agreement to Purchase Renewable Energy Power Certificates |
| November 2 | AGC to Establish the Life Science Company |
| December 13 | AGC recognized with the highest rating of "A-List" for "Climate Change" by CDP |
| December 23 | Notice regarding Transfer of AGC Flat Glass (Dalian) Inc. |
| January 12 | AGC Receives Certification from SBTi for its "WB2°C" GHG Reduction Target |

Social Value to be created by AGC

- AGC creates the following five social values through its business activities.

Realization of safe and comfortable urban infrastructure



Low-E glass for building



UV cut glass for vehicles



Polyvinyl Chloride Resin

Realization of safe and healthy lifestyles



Pharmaceuticals (intermediate/active ingredients)



Agrochemicals (intermediate/active ingredients)



ETFE film for agricultural green-houses

Maintenance of a healthy and secure society



Relationship with local communities



Consideration for local environment



Human rights in supply chains

Creation of fair and safe workplaces



Workplace safety

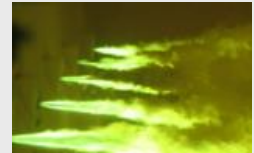


Diversity



Employee engagement

Realization of a sustainable global environment

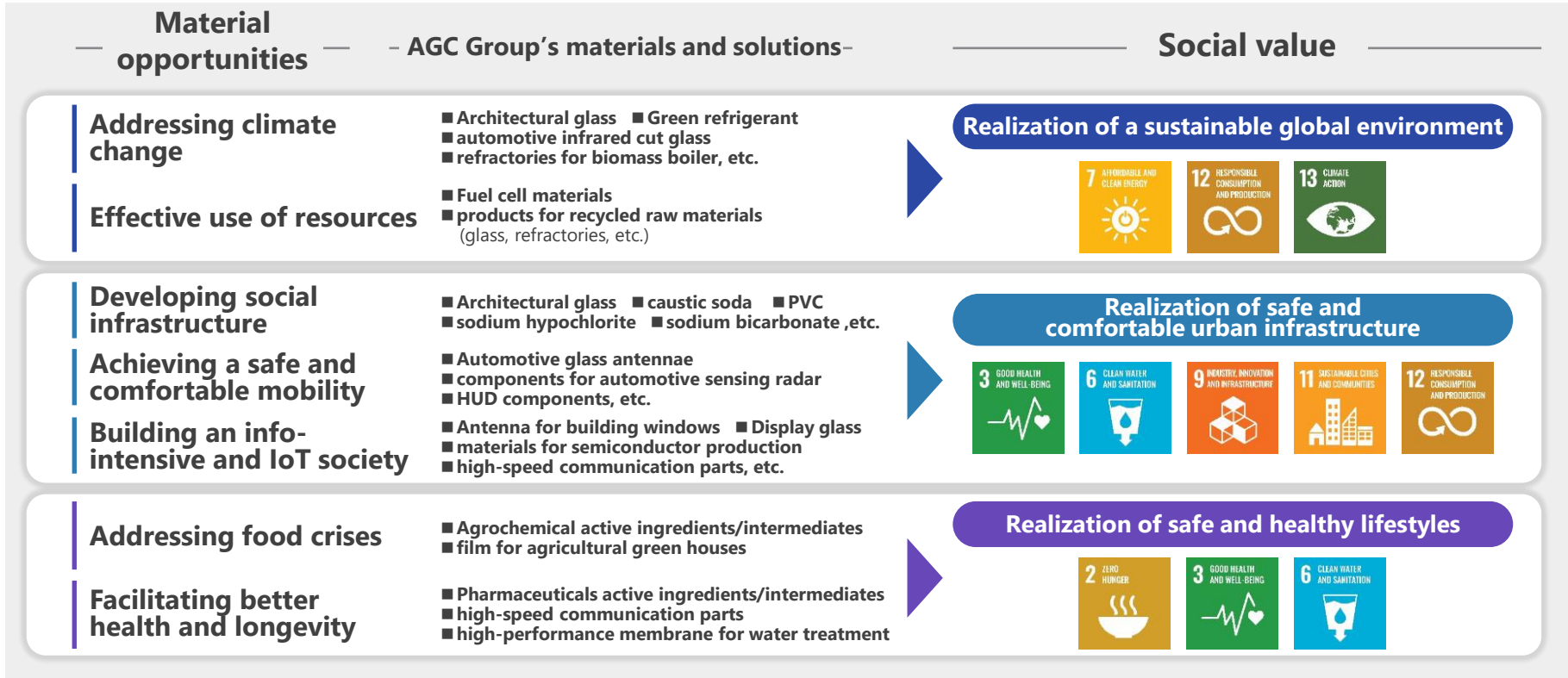


Response to climate change



Effective use of resources

Sustainability : Products and technologies to create social value



Sustainability : Create social value through healthy corporate activities

— Material risks — - AGC Group corporate activities—

Addressing climate change

- Continuous energy-saving
- development of production technology / facilities to reduce GHG emissions, etc.

Effective use of resources

- Use of recycled raw materials/materials, Reduction of land, etc.

Creating a socially and environmental-conscious supply chain

- Supplier selection based on respect for human rights / environmental protection

Ensuring fair and equal employment and workplace safety

- Reduce water usage
- protect biodiversity
- prevent environment accidents
- supporter-making, etc.

Considering relationships with local communities and the environment

- Increase employee engagement
- prevention of serious disaster / accidents requiring a leave, etc.

Social value

Realization of a sustainable global environment



Contributing to the maintenance of a healthy and secure society



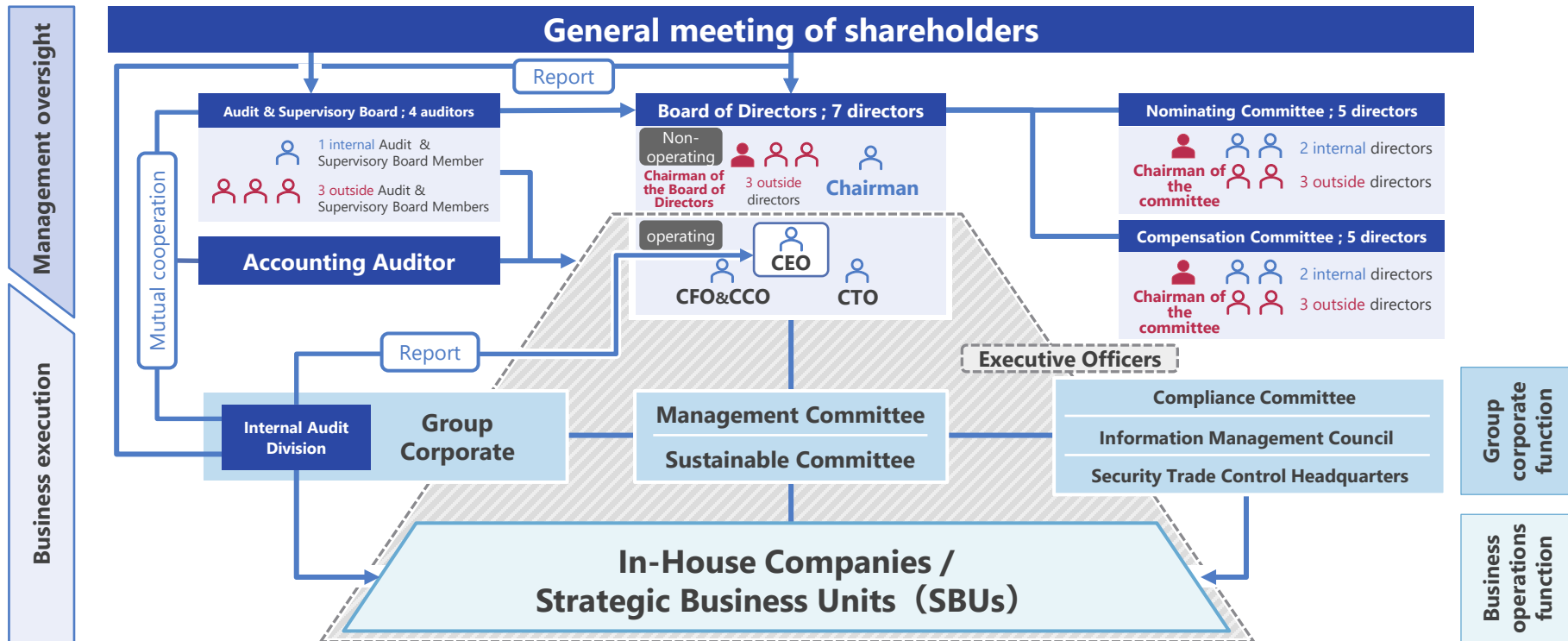
Contributing to the creation of fair and safe workplaces



AGC's Corporate Governance Structure

 : Internal directors or internal Audit & Supervisory Board Member

  : Outside directors or outside Audit & Supervisory Board Members who satisfy Company's "Standards for independence of outside officers"





FTSE4Good Index Series



FTSE Blossom Japan Index



CDP Climate Change A



4 stars awarded in the 5th Nikkei "Smart Work Management" survey



Nadeshiko Brand

as a company that excels in promoting the advancement of women in 2021



"White 500" Company

in recognition of initiatives to promote strategic health management for its employees



EcoVadis Supplier Evaluations

PLATINUM rated for the Kashima plant and AGC Pharma Chemicals Europe
Highly rated in several other domestic and international locations

Derwent Top 100 Global Innovator 2022



DX Brand 2022

in recognition of digital transformation efforts

END

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Your Dreams, Our Challenge

**Progress of the AGC Group
Medium-term Management Plan
*“AGC plus-2023”***

The AGC logo consists of the letters 'AGC' in a bold, blue, sans-serif font. A small red square is positioned to the right of the letter 'C'.

AGC Inc.

February 8, 2023

Your Dreams, Our Challenge

AGC plus-2023 Financial Targets

- The FY 2023 figures, except for ROE, will significantly exceed the financial targets announced in 2021; however, the operating profit and ROE targets, revised upwardly last year, are not expected to be achieved.

| | FY2021 Actual | FY2022 Actual | FY2023 Forecast | Reference | |
|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|
| | | | | FY2023 Target (2021/2/5) | FY2023 Target (2022/2/8) |
| Operating Profit | 206,2 billion JPY | 183,9 billion JPY | 190,0 billion JPY | 160,0 billion JPY | 230,0 billion JPY |
| ROE | 10 % | - | 6.3% * | 8% | 10 % |
| Strategic Business OP | 53,8 billion JPY | 70,9 billion JPY | 80,0 billion JPY | 70,0 billion JPY | 80,0 billion JPY |
| D/E Ratio | 0.41 | 0.41 | 0.5 or less | 0.5 or less | 0.5 or less |

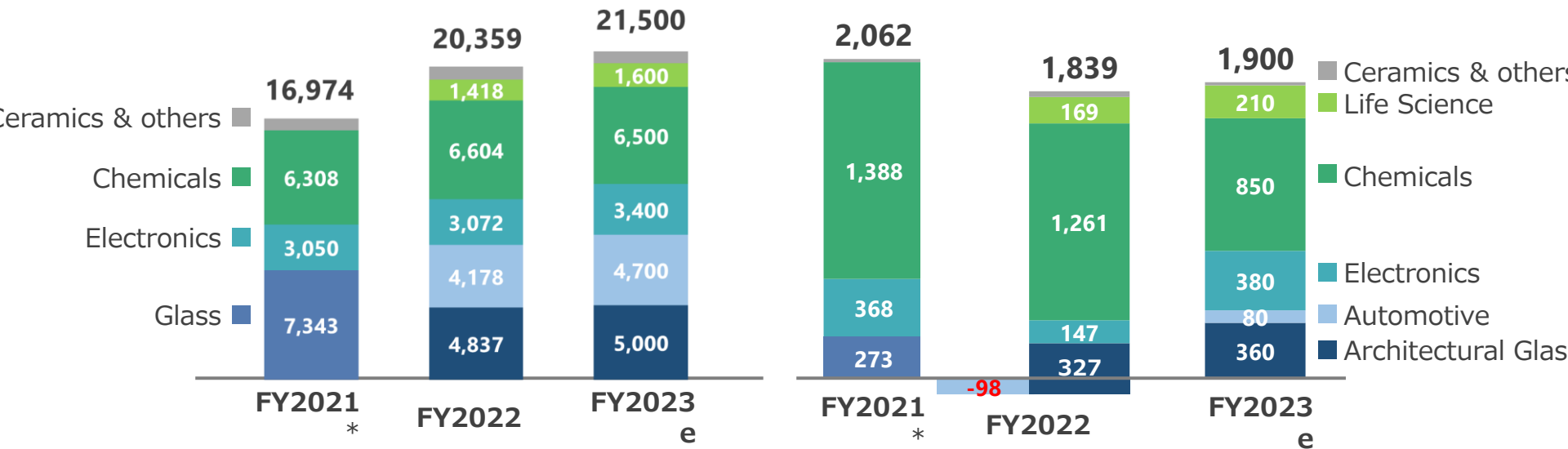
AGC plus-2023 Key issues by Segment

| | <u>Business</u> | <u>Key issues*</u> | <u>FY2023</u> |
|---------------------------|------------------------------|---|---|
| Strategic business | Electronics | <ul style="list-style-type: none"> • Expand value-added products including EUV mask blanks • Constantly generate new businesses | Continue to expand high value-added products and Printed circuit board materials to improve earnings drastically |
| | Life Science | <ul style="list-style-type: none"> • Expand business through timely investments • Achieve high growth based on the Group's global operations and technical-support capabilities | Continue to invest aggressively in line with market growth |
| | Mobility | <ul style="list-style-type: none"> • Steadily capture business opportunities amid market changes in the CASE era • Start the mass production of car-mounted display glass in China to contribute to profit increase | Grow business with a focus on cover glass for car-mounted displays |
| Core business | Display | <ul style="list-style-type: none"> • Respond to the continuing demand increase in the Chinese market to build a long-term stable business foundation | Improve earnings drastically |
| | Essential Chemicals | <ul style="list-style-type: none"> • Further strengthen the business foundation in S.E. Asia through capacity enhancement in Thailand and Indonesia | Continue to strengthen competitiveness in Southeast Asia |
| | Performance Chemicals | <ul style="list-style-type: none"> • Capture the demand in global niche markets by adding value to products and domain expansion • Change environmental challenges to business opportunities | Expand business aggressively to meet demand growth |
| | Architectural Glass | <ul style="list-style-type: none"> • Structural reforms toward the industrial realignment • Minimize investments and integrate production to increase asset efficiency | Continue to build resilience to market fluctuations |
| | Automotive | <ul style="list-style-type: none"> • Steadily pursuing productivity improvement and cost reduction to improve profitability and capability for cash generation | Continue to implement aggressive pricing policies and improve production efficiency |

AGC plus-2023 Performance by Segment

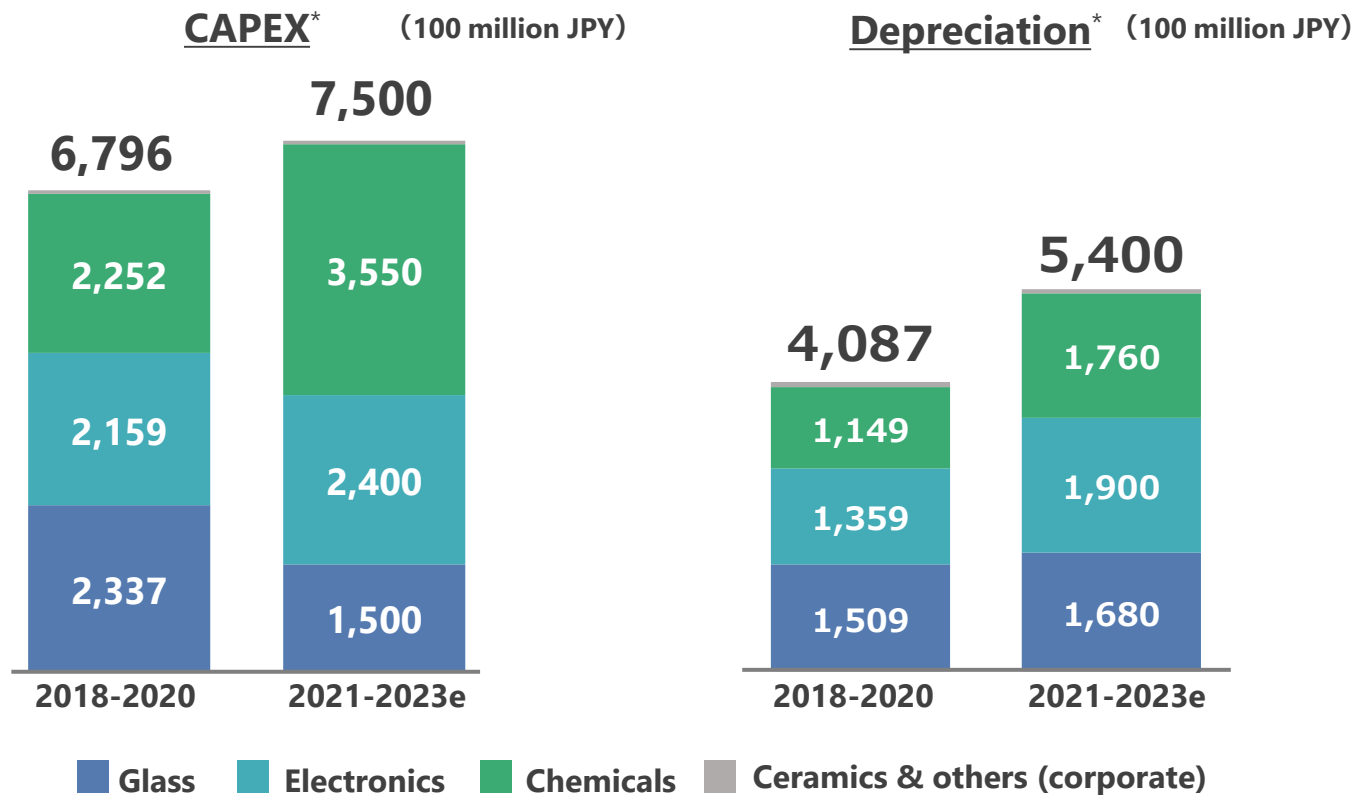
Net Sales (100 million JPY)

Operating Profit (100 million JPY)



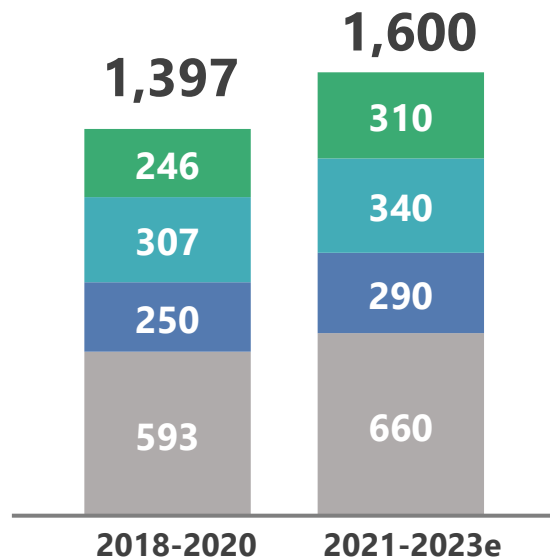
*2021 is shown in the former segment

AGC plus-2023 CAPEX/Depreciation

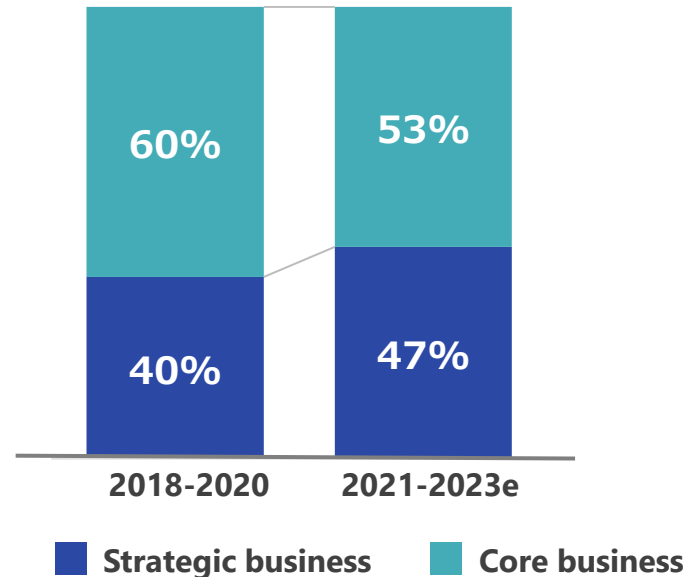


* Shown in the former segment as it is the cumulative total of the medium-term management plan from 2021 to 2023

R&D* (100 million JPY)



Ratio of R&D



■ Glass
 ■ Electronics
 ■ Chemicals
 ■ Ceramics & others (corporate)

■ Strategic business
 ■ Core business

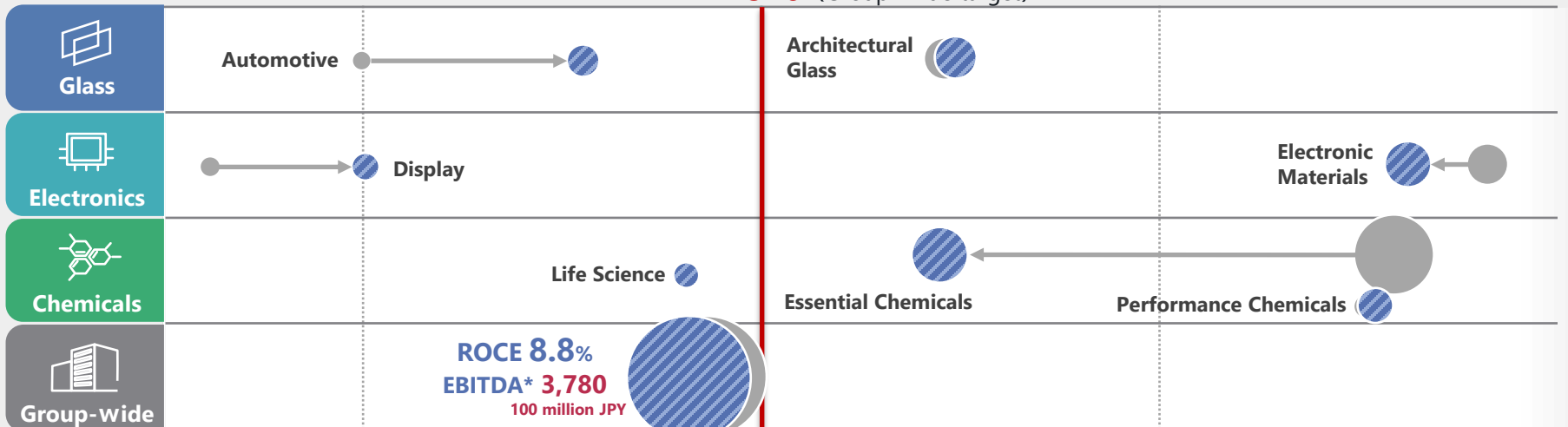
* Shown in the former segment as it is the cumulative total of the medium-term management plan from 2021 to 2023

ROCE by Segment (To-be image)

- Maintain the group-wide ROCE at **10% or higher**

ROCE [● 2022 Actual vs ● 2023 Forecast]

-5% 0% **10%** (Group-wide target) 20%



ROCE = (OP forecast of the year) ÷ (Operating asset forecast at the year end), OP by business is before allocation of common expenses

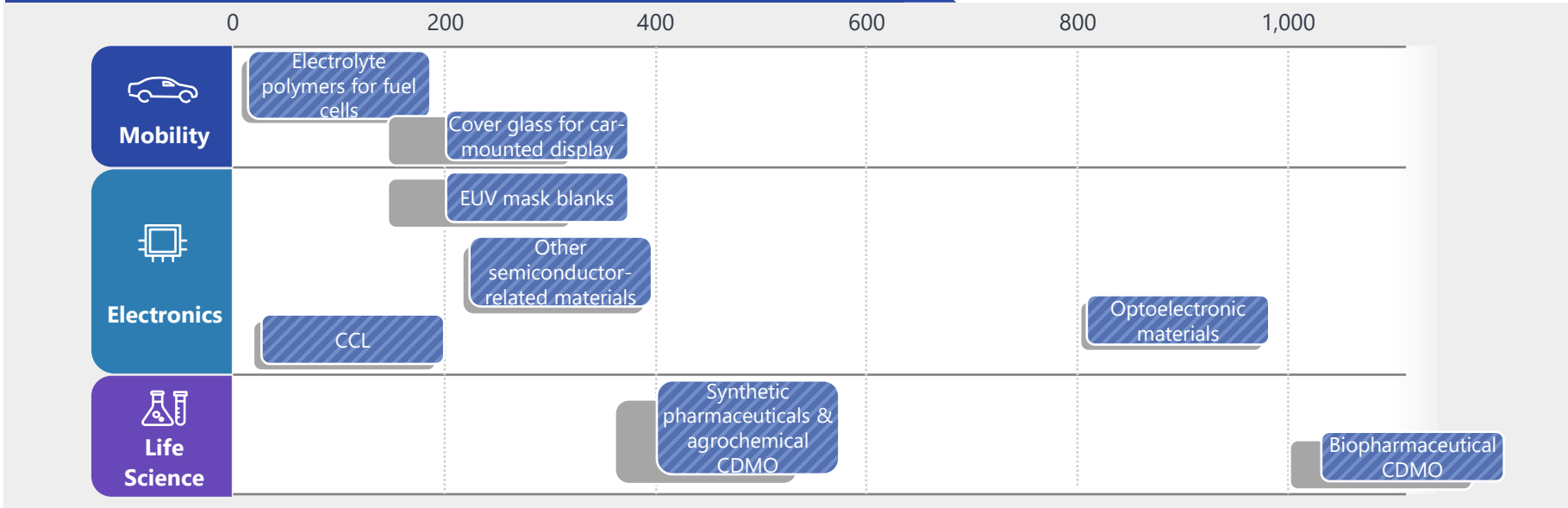
Diameter of each circle (excluding those of the group-wide section) : the size of EBITDA

* EBITDA = Operating profit + Depreciation

Strategic business: Product sales outlook

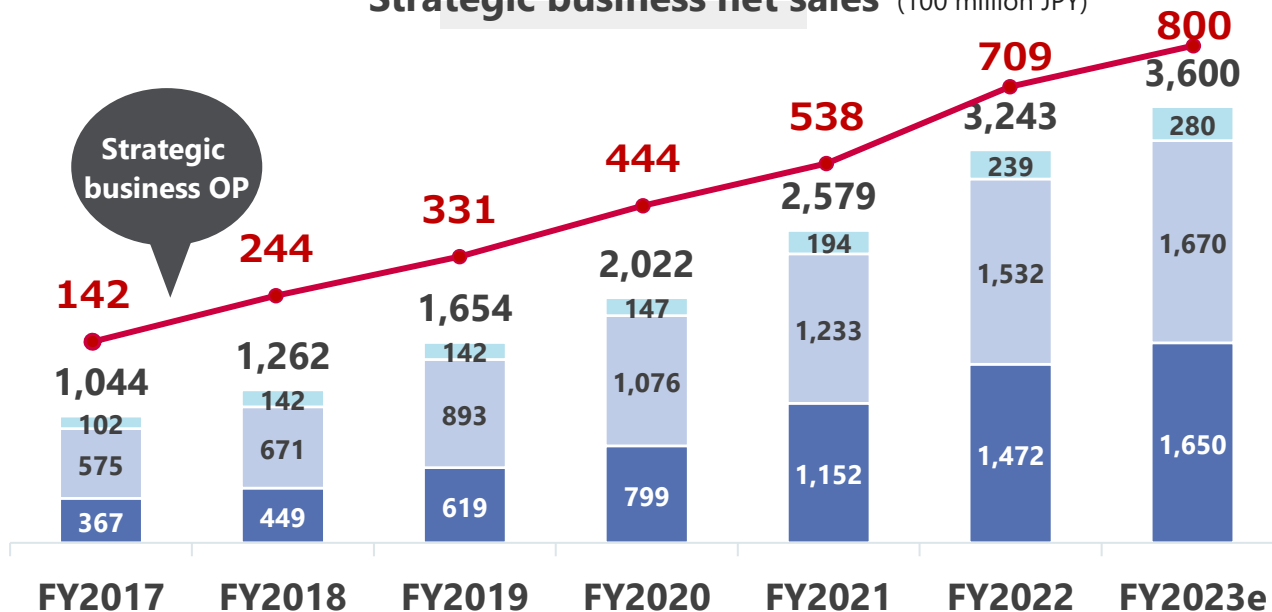
- In 2023, Optoelectronics materials will level off, but Life science and EUV mask blanks, glass for car-mounted displays will expand, and overall Strategic businesses will continue to expand steadily.

Sales Scale (100 million JPY) [■ 2022 Actual vs ▨ 2023 Forecast]



- The Strategic businesses are expected to grow steadily.

Strategic business net sales (100 million JPY)



Main 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

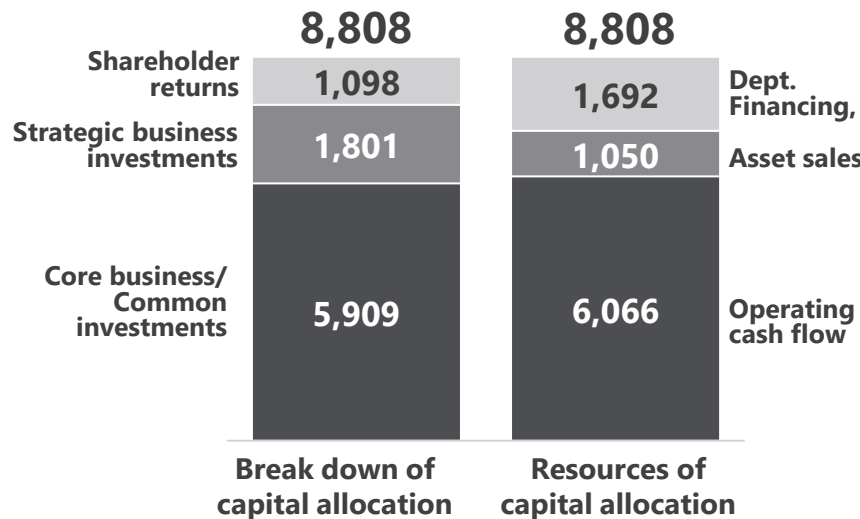
Life Science

- Synthetic pharmaceutical and agrochemical CDMO
- Biopharmaceutical CDMO

Capital Allocation Policy

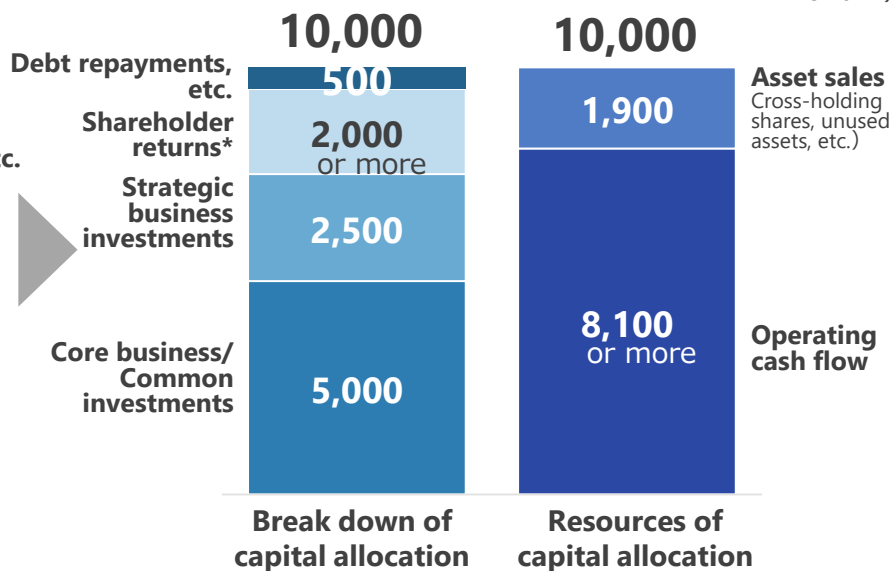
- Promote active investment in strategic/growth businesses
- **Accelerate** asset sales, including all the available cross-held shares

Previous medium-term plan (2018-2020)



2021-2023

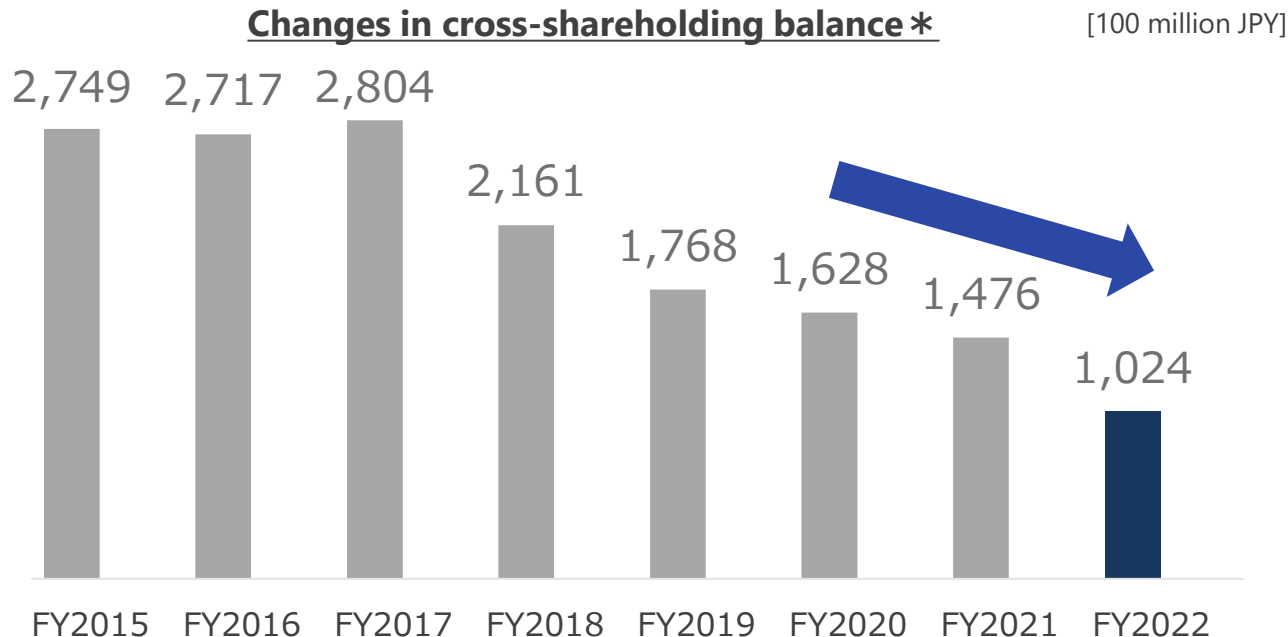
(Unit: 100 million JPY)



*:Including dividend payment to non-controlling interest shareholders

Reference: Changes in cross-shareholding balance

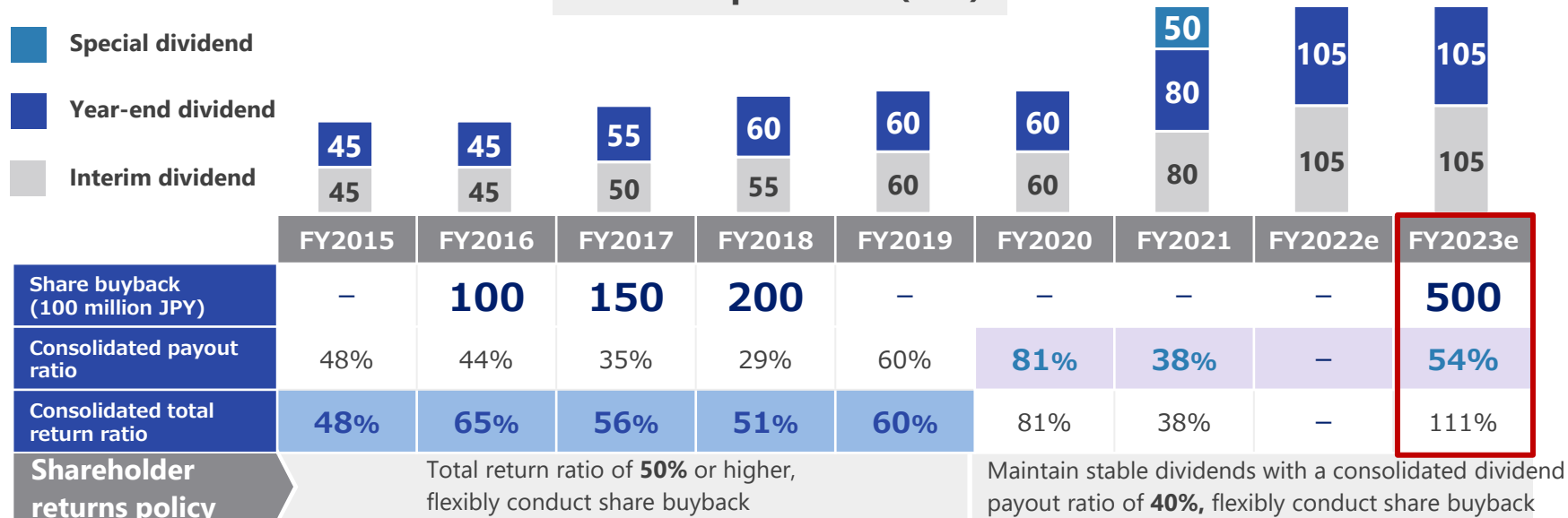
- In principle, all available cross-held shares are subject to sale.
- The cross-held shares in 2022 was 81 issues, accounting for 102.4 billion JPY. Going forward, we will proceed with further reduction of the cross-held shares.



Shareholder returns

- In the light of business growth in the medium-term, the dividend payment per share in 2022 was the same as the year earlier.
- In 2023, we will again keep the dividend unchanged and conduct a share buyback of 50 billion JPY.

Dividend per share (JPY)



*The Company consolidated its common shares at a ratio of 5 shares to 1 share on July 1, 2017, and per-share data is recalculated.

Toward the Realization of Vision 2030

The AGC logo is located in the top right corner of the slide. It consists of the letters 'AGC' in a bold, blue, sans-serif font. A small red square is positioned to the right of the letter 'C', partially overlapping it.

AGC Inc.

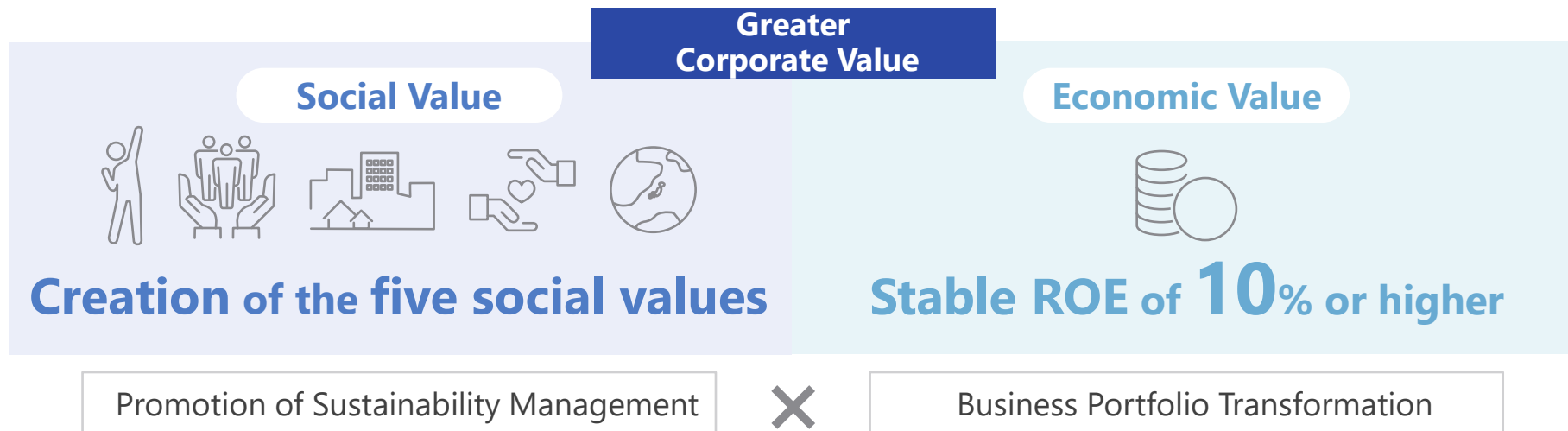
February 8, 2023

Your Dreams, Our Challenge

At first

Grow through well-balanced creation of social and economic value

By providing **differentiated materials and solutions**, AGC strives to help realize a **sustainable society and become an excellent company** that grows and evolves continuously.



Toward the Realization of Vision 2030

- Business Portfolio Transformation
- Promotion of Sustainability Management

Vision 2025 formulated in Feb. 2016

Defined “Core businesses” and “Strategic businesses” and promoted the ambidextrous way of business management



Vision 2030 formulated in Feb. 2021

Clarified the direction of the Group’s business portfolio transformation and declared on the acceleration of the initiative

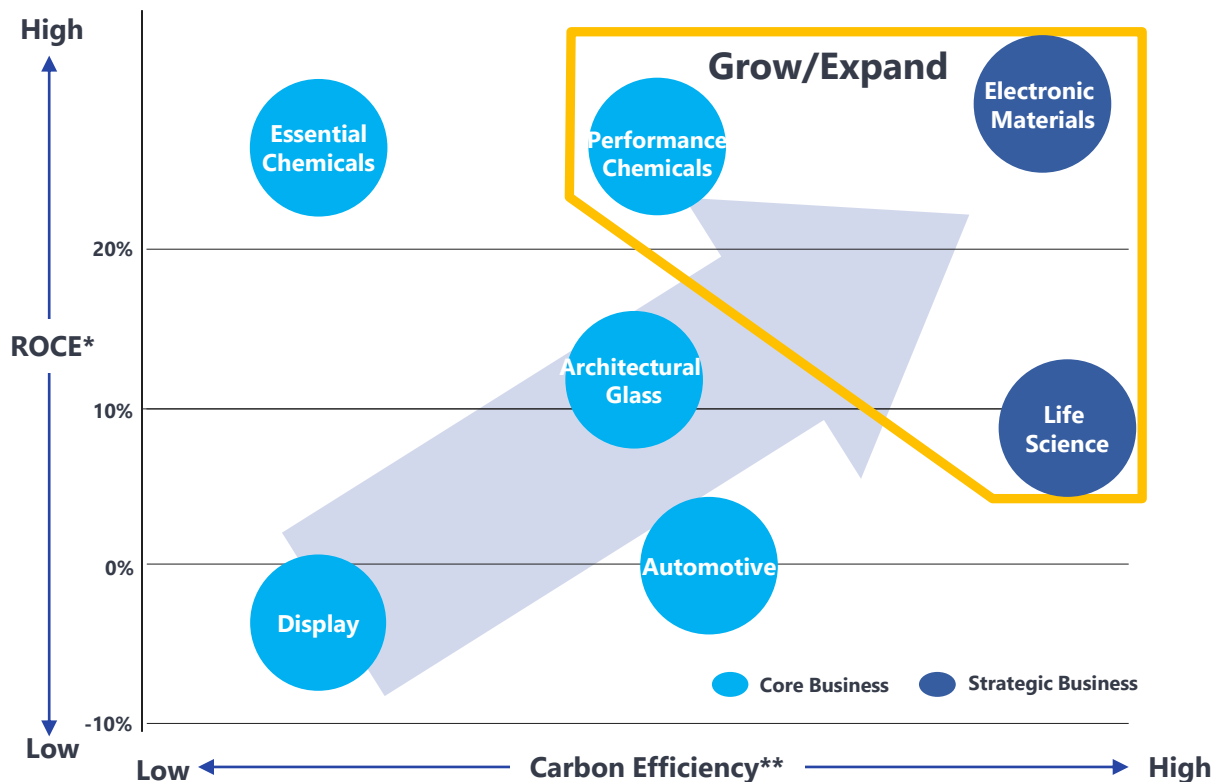
Direction of the Business Portfolio Transformation

- Through the practice of ambidextrous management, we aim to build a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency.



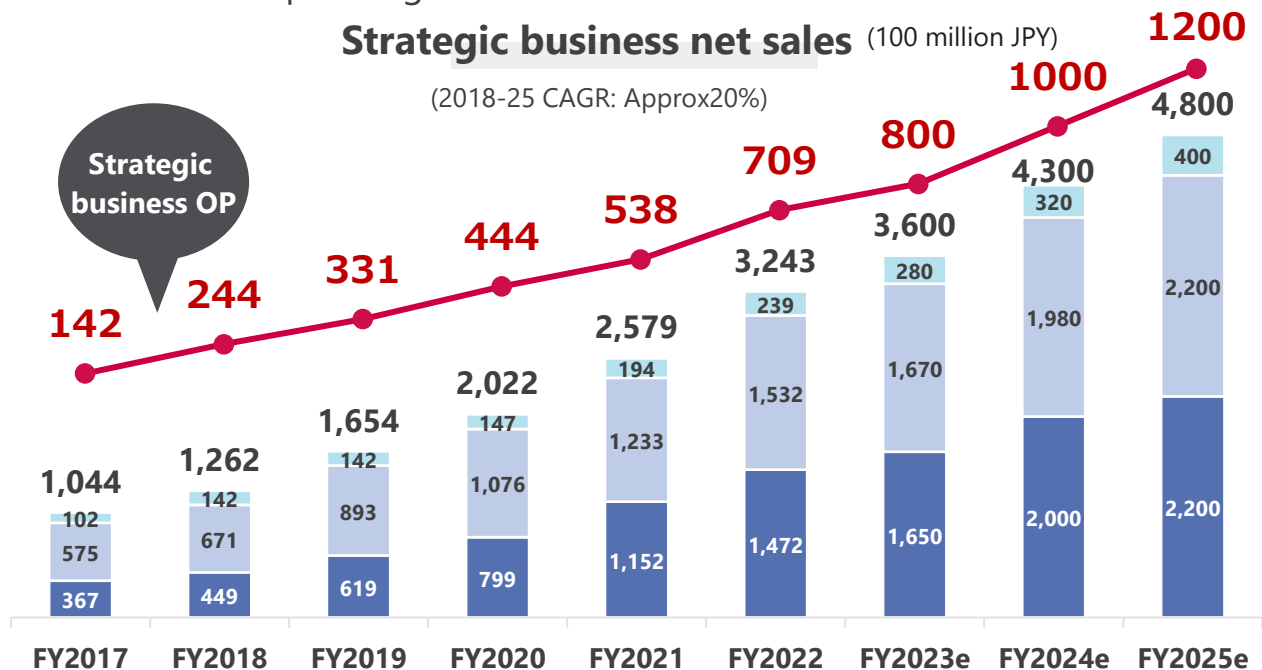
Progress in Business Portfolio Transformation (Carbon efficiency and asset efficiency)

Direction of the AGC Group's business portfolio



Aggressive expansion of Strategic businesses

- Aggressive expansion of strategic businesses that are fully aligned with the direction of the business portfolio
- Although growth is expected to slow in 2023 due to a slowdown in the smartphone market and upfront costs associated with capacity expansion, the company aims to return to a growth path in 2024 and achieve operating income of 100.0 billion JPY.



Main 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

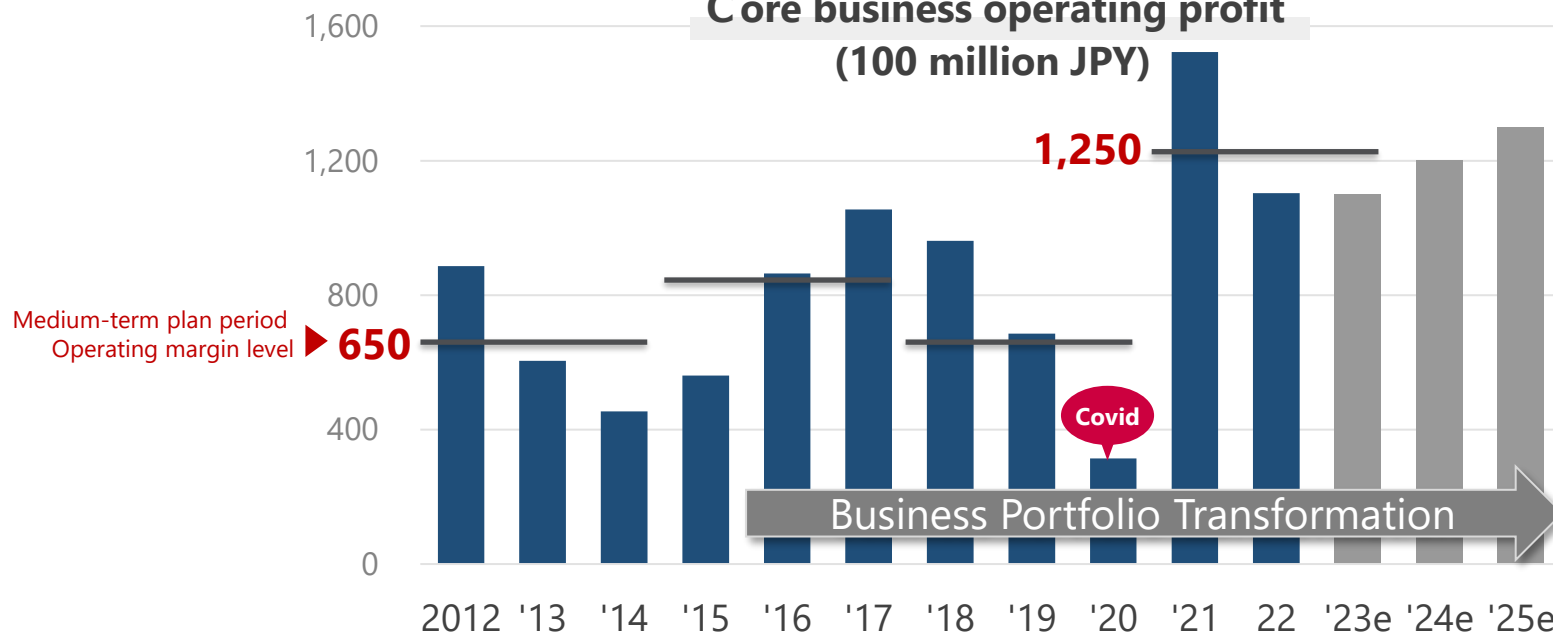
Life Science

- Synthetic pharmaceutical and agrochemical CDMO
- Biopharmaceutical CDMO

Progress in structural reform of Core businesses

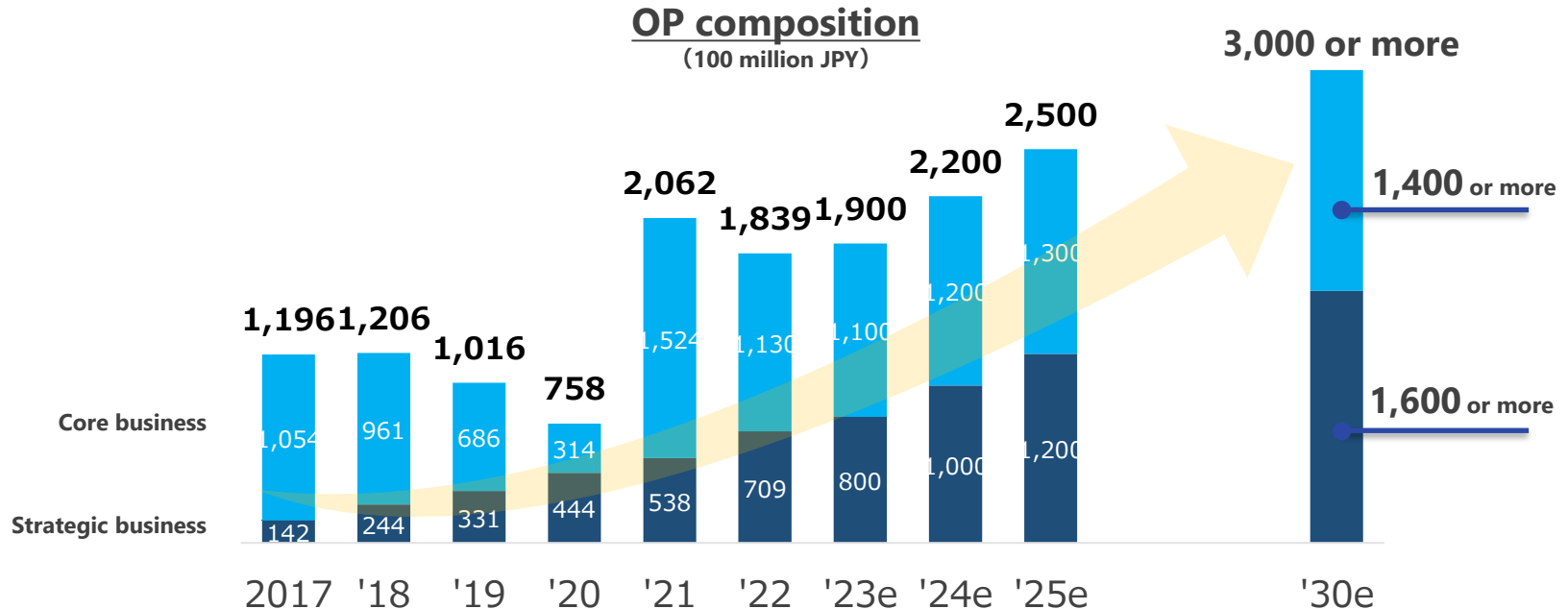
- Overall profitability of Core businesses improved as a result of structural reforms and carefully selected investments mainly in growth businesses.
- Further improve asset and carbon efficiency to achieve higher levels of stable earnings

Core business operating profit
(100 million JPY)



Business Portfolio Transformation (to-be image)

- Strategic businesses with high carbon & asset efficiencies are growing steadily.
- By 2030, profit from Strategic businesses will exceed 50% of the group-wide profit, demonstrating the effect of the business portfolio transformation.



Progress in structural reform of Core businesses



Chemicals*

- Increased investments were successful although affected by market fluctuations
- Profit levels exceeded those before the business portfolio transformation, and the asset efficiency and stability improved.



Architectural Glass

- Although affected by market fluctuations, the asset efficiency and stability improved compared to before the business portfolio transformation as a result of progress in structural reforms.



Automotive / Display

- Profitability and asset efficiency remain a challenge

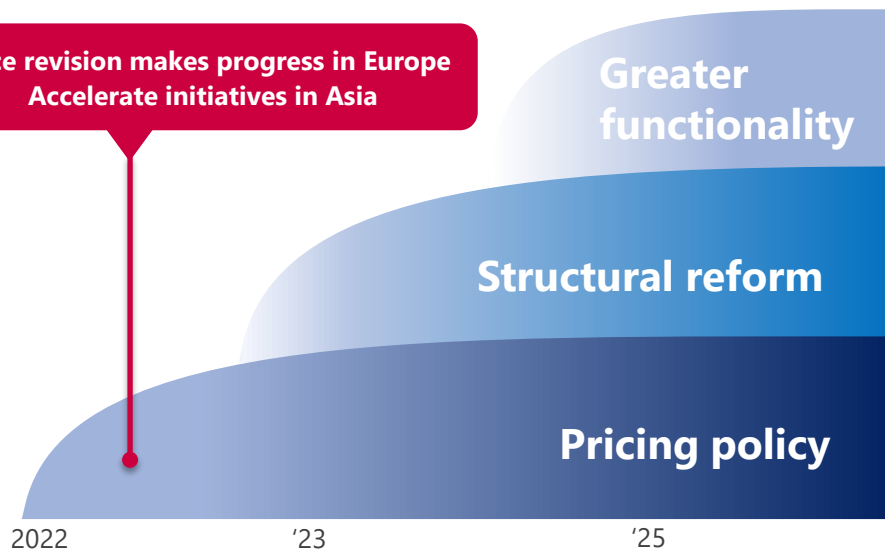
Continue initiatives in Chemicals and Architectural glass, and pursue drastic structural reforms in Automotive and Display, aiming to further improve and stabilize the profitability of the core business as a whole.

Automotive business earnings improvement

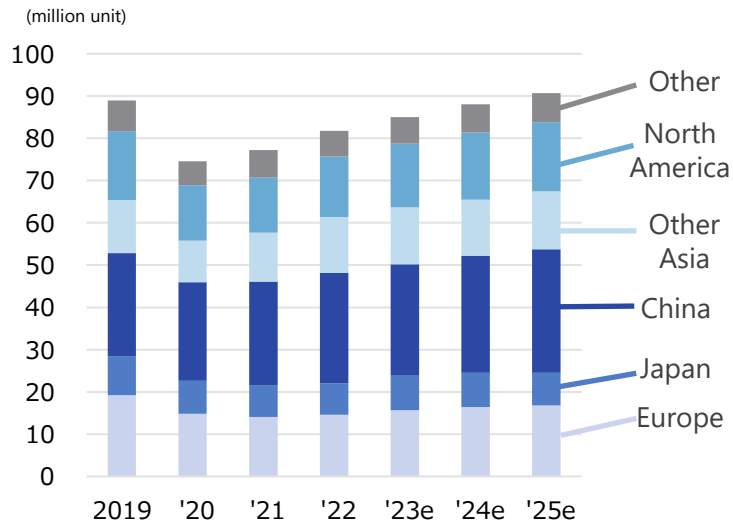
- 18 billion JPY operating profit improvement expected in 2023 as a result of price revisions and increased shipments.
- European business returned to profit in 2023, mainly due to the consolidation of production sites and production lines and the effect of price revisions.
- Aim at ROCE of 10% or more in 2025

Progress in Earnings Improvement

Price revision makes progress in Europe
Accelerate initiatives in Asia



Global Automobile Production*



*based on S&P Global

Display business earnings improvement

- Decisively implement a drastic structural reform
- Revitalizing the business toward ROCE10%

Environmental changes in 2022

Supply/demand adjustment for display panels

- Repercussion stay-at-home demand such as TVs, etc.

Price hike for Fuels & materials, sharp depreciation of the JPY

- High fuel/materials costs, increased manufacturing costs caused by appreciation of Asian currencies

- **Asset efficiency worsened significantly**
- **Recorded impairment loss of more than 70 billion JPY**

Earnings improvement

- **Withdraw from glass substrates with low profitability size & focus on glass substrates for large-sized display panels**
- **Pursue a drastic structural reform including consolidation of production lines**
- **Freeze investments except for selected ones necessary for business concentration to glass substrates for large-sized display panels**
- **Quickly pave the way toward ROCE 10%**

Structural reform of the glass business

- Some businesses were transferred to best owners in reviewing the business portfolio.
- Reduced the number of float glass furnaces and improve the carbon efficiency
- Accelerate the structural reform and make a shift to energy-saving technologies/products and higher functionality

Structural reform of the glass business

| Schedule | Announcement | Status |
|----------|---|-------------|
| 2021.8 | Transferred the Architectural glass business in North America | Completed |
| 2022.5 | Announced the share transfer of soda ash production company in the United States | Completed |
| 2022.12 | Scheduled to transfer an Architectural/Automotive/industrial glass production & sales company in China (Dalian) | In progress |
| 2023.2 | Started the discussions for the transfer of an Architectural/Automotive glass business in Russia | In progress |

Joint development with Saint-Gobain for industrial decarbonization

- Started a joint development with Saint-Gobain to reduce GHG emission in the flat glass manufacturing processes
- Will start testing innovative new process (furnace) in the second half of 2024, which combines oxygen combustion with an improved electrified ratio



**Create new innovation
to accelerate decarbonization
in the flat glass industry**

CDP's A list for Climate Change/Acquire SBT certification

- CDP's A list for climate change for its cutting-edge initiatives and proactive information disclosure
- SBT* certification acquired in December 2022

<Rating of Climate Change by CDP>



<SBT certification>



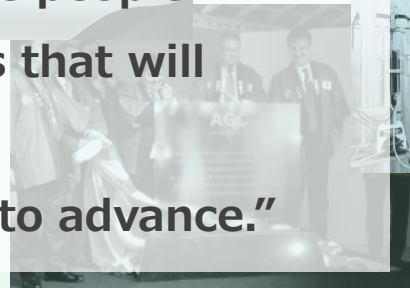
Toward the Realization of Vision 2030

- Business Portfolio Transformation
- Promotion of Sustainability Management
- Continuous development of human resources and corporate culture

- Since its foundation, the AGC Group has been building competitive advantages based on its corporate culture of valuing its people and encouraging challenge.

【AGC Group Founding Spirit】

- **Never take the easy way out, but confront difficulties.”**
- **“Trust is the best way to inspire people.”**
- **“Strive to develop technologies that will change the world.”**
- **“A sense of a mission leads us to advance.”**



"AGC People: the driver of our growth!" cultivated under the corporate culture

- We aim to enable each and every employee to reach their full potential, creating an organization that is stronger than the sum of its parts, and achieving our business strategies and organizational targets while delivering corporate and individual growth.



Continuous evolution of the corporate culture

- Encouraging challenges and fostering an open corporate culture is one of management's top priorities, and management strongly committed to the activities.
- CEO visits to overseas sites were resumed in 2022 and face-to-face communication opportunities were expanded.



Diversity : Promotion of diversity & inclusion (1)

- The Diversity Council was established in 2022 to build an environment where diverse people can make the most of their individual abilities, and accelerate diversity & inclusion promotion measures.

Diversity promotion measures

- The Diversity Council chaired by CEO was established in 2022.
- Diversity & Inclusion related goals were added to the individual goals of executive officers.
- Targets were set for the number of female directors and executive officers.

Diversity Council



Diversity : Promotion of diversity & inclusion (2)

- In particular, in gender-related issues, which have become a social challenge in Japan, we have set targets and will steadily promote for the advancement of women.

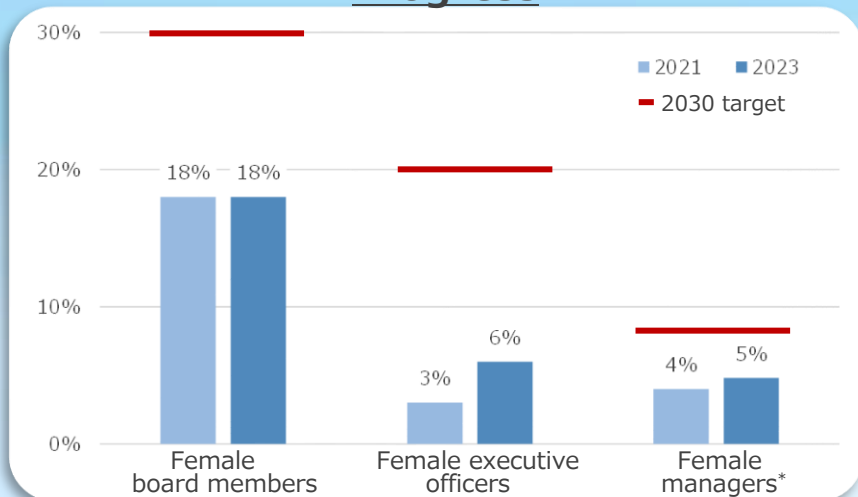
2030 Targets

Female board members
30%

Female executive officers
20%

Female managers*
8%

Progress



Examples of measures*

- Raised the targets for the proportion of women in recruitment in 2022.

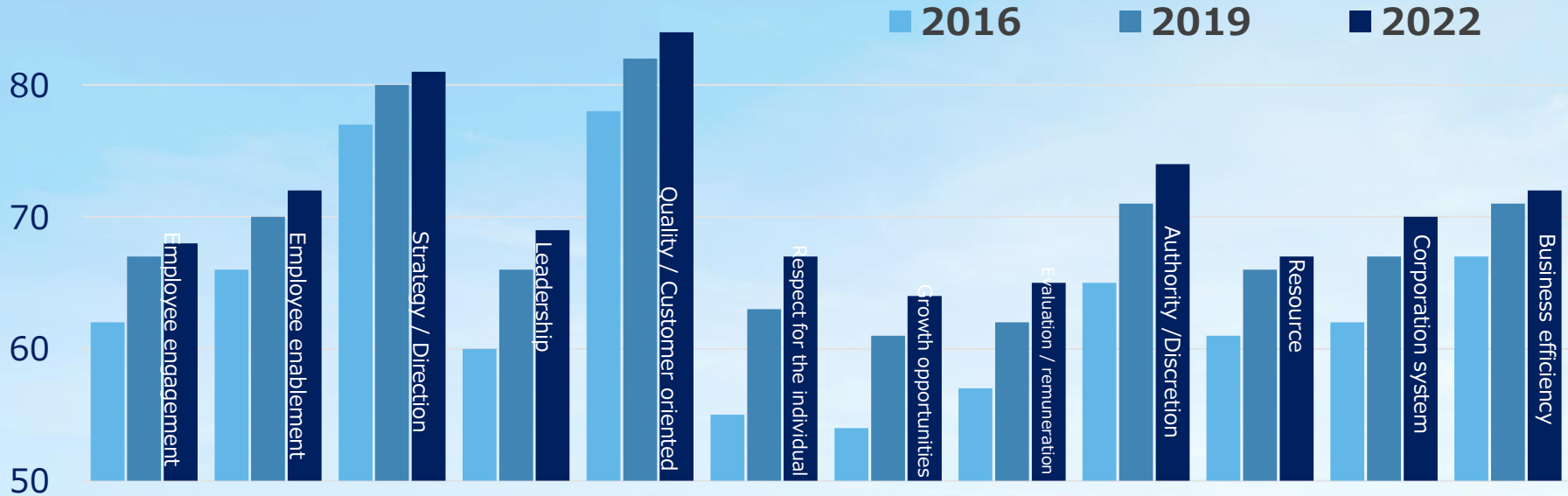
| | <Before> | | <Today> |
|---------------|----------|---|---------|
| New graduates | 20% | → | 30% |
| Mid-career | 10% | → | 15% |

- Diversity-related training and seminars, including unconscious bias training.
- Implementation of human development programs based on individual training plans.
 - Executive mentor program for female general managers
 - Communication with female executive officers of other companies
 - Female leader development program for candidate personnel

Employee engagement: aiming for further improvement

- Employee engagement is essential for maintaining and improving the Group’s competitive advantage.
- Engagement scores improved across all categories in 2022 following the 2019 Engagement Survey
- Aim to achieve an engagement score equal to the average of global high-performing companies by 2030

Engagement Survey* Results

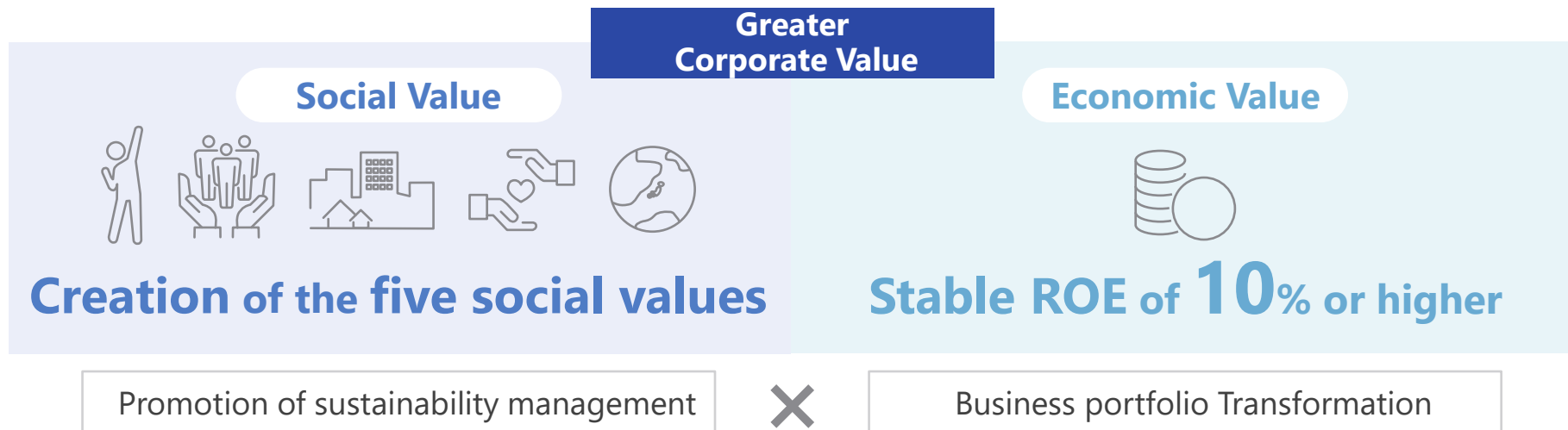


*Engagement survey: all Group employees, 24 languages, 43 countries/regions (43,000 respondents in 2022, 86% response rate)

Today's Summary

Grow through well-balanced creation of social and economic value

By providing **differentiated materials and solutions**, AGC strives to help realize a **sustainable society and become an excellent company** that grows and evolves continuously.



AGC Group's Brand Statement

Never take the easy way out, but confront difficulties
Trust is the best way to inspire people
Strive to develop technologies that will change the world
A sense of mission leads us to advance

For more than a century, AGC has been guided by these founding spirits. Our unique materials, solutions and reliable partnerships have facilitated leading innovations across diverse industries and markets.

Today, by working with others to combine knowledge and advanced technology, we help make ever greater achievements possible, and bring bolder ideas to life

Your Dreams, Our Challenge

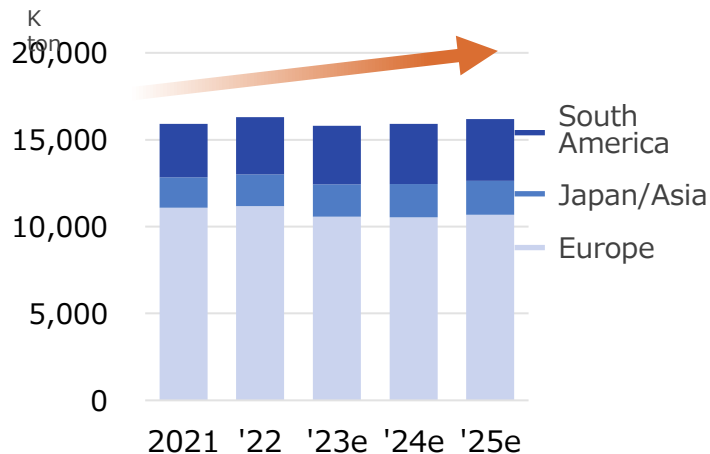
The background of the slide features a silhouette of two mountain climbers on a rocky peak. One climber is positioned higher on the rock, leaning forward and holding a rope. The second climber is lower down, also holding onto the rope and appearing to be in the process of climbing. The scene is set against a bright, hazy sky with a warm orange and yellow glow, suggesting a sunrise or sunset. The overall mood is one of challenge and achievement.

Reference

Architectural Glass Business Environment

- Amid demand for environmental responsiveness, **renovation demand and demand for environmentally friendly products are increasing.**
- With a focus on high value-added products that lead to energy saving & creation, AGC aims to build businesses that are less susceptible to economic fluctuations.

Architectural Glass Demand Outlook*



Environmentally Friendly Products (examples)



Warm-edge highly insulated double glazing



Vacuum insulated Glass



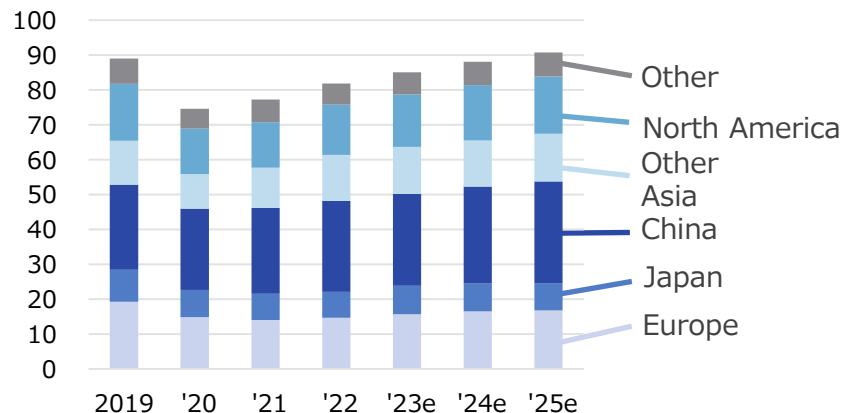
BIPV module**

Automotive Business Environment

- Lower the break-even point and strengthen the resilience against market fluctuations by review of pricing policy, realigning its manufacturing structure, converting facilities to those with higher efficiency and promoting DX initiatives
- Increase the percentage of high value-added products such as CASE-related applications to improve the profitability

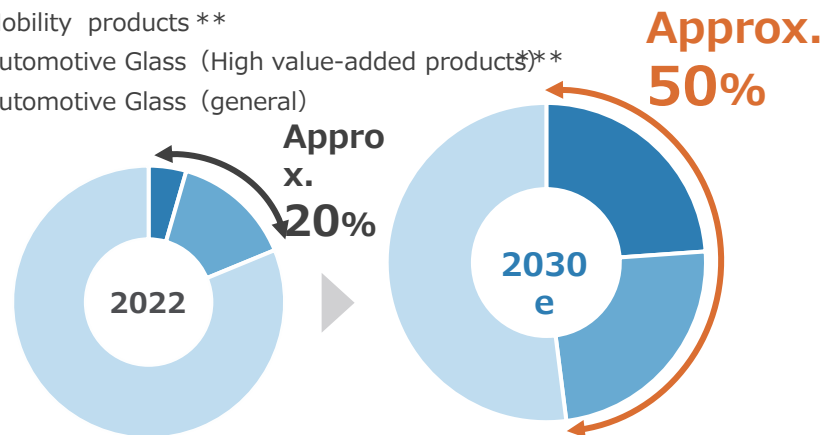
Automobile Production (by region) *

Million unit



AGC's High value-added products (%)

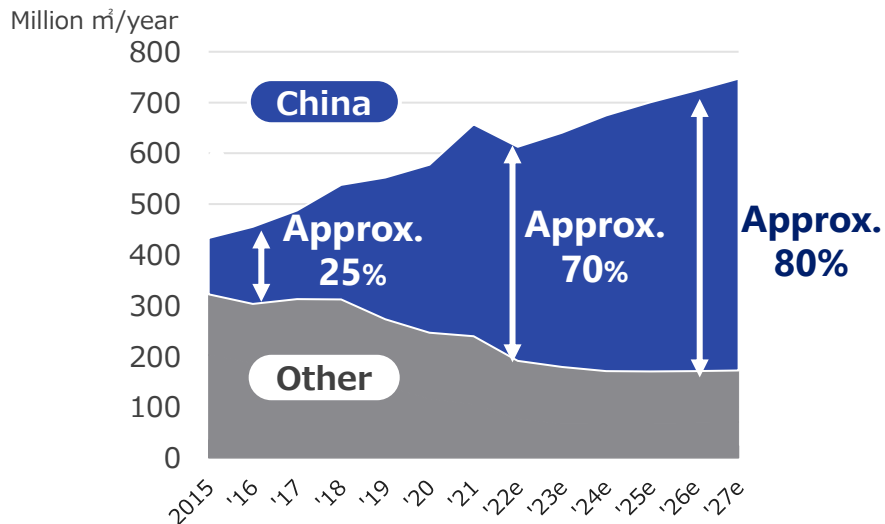
- Mobility products **
- Automotive Glass (High value-added products)**
- Automotive Glass (general)



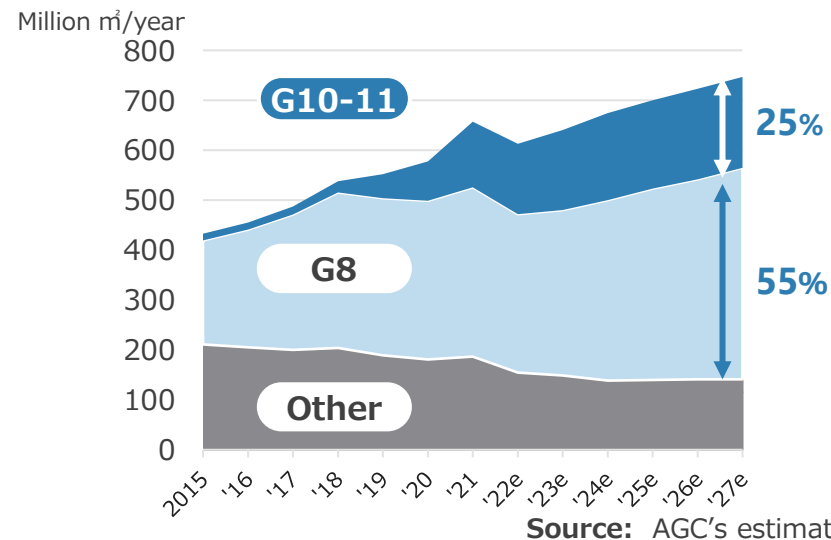
Display Business Environment

- Demand in China will continue to expand until 2025
- Enhance capacity to respond to growing demand for G11 in China

Demand for LCD Glass (by region)



Demand for LCD Glass (by generation)



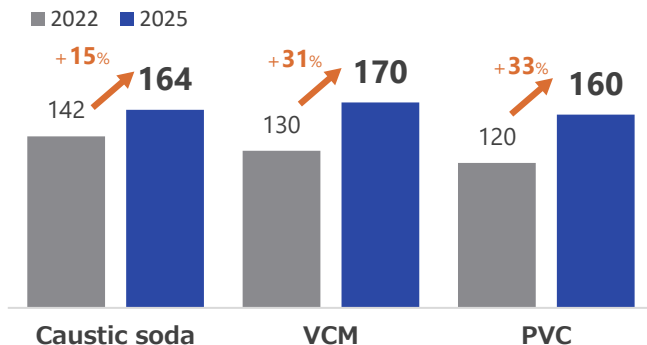
Essential Chemicals Overview

- Realignment/integration of the manufacturing sites in Indochina and 100 billion JPY or more investment, the largest ever made by the company.
- Further strengthening our position in Southeast Asia.
- Steadily capturing demand in Southeast Asia, which is growing at 4% per year.
Keep considering capacity enhancement aiming at a production system of 2 million tons per year

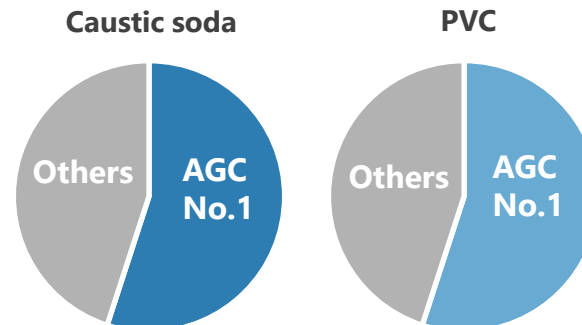
by 2030.

Southeast Asia Chlor-Alkali Production Capacity

(Unit: 10,000t)



Market share based on production capacity in Southeast Asia (after expansion)



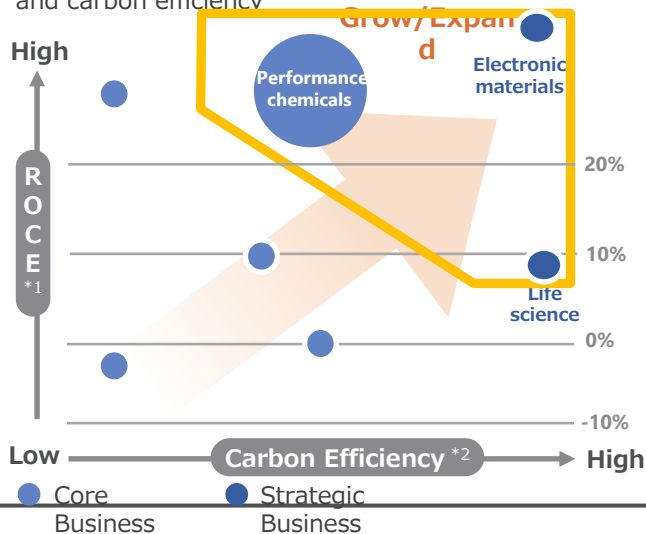
Market share based on production capacity: Caustic soda does not include Australia/NZ in the region, PVC includes Australia/NZ in the region

Performance Chemicals Overview(1)

- **Growing business** with high asset and carbon efficiency.
- Highly rated in global niche markets requiring **high technical characteristics**.
- **Sales are expected to exceed 200 billion JPY** by 2024.

Positioning in the Business Portfolio

Positioned as a **growth business** with high ROCE and carbon efficiency



Global Niche Top Strategy

Strengths in technological development using the properties of fluorine

Worldwide No.1^{*3} Share



Fluoropolymer resin ETFE



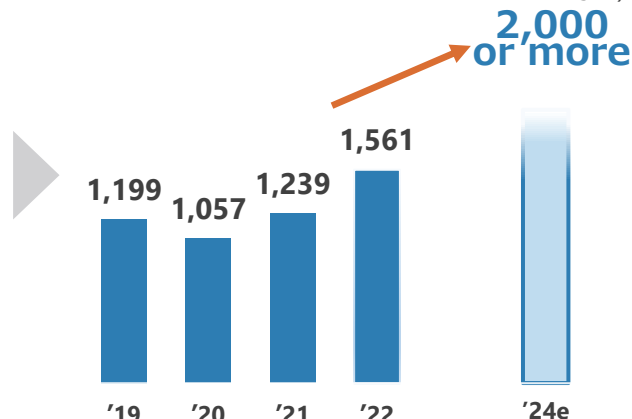
Electrolyte polymer for fuel cells



Fluoropolymer resin for on-site coatings

Performance chemicals sales trend

(unit : 100 million JPY)



*1 : Created based on FY2022 results *2 : Based on 2021 emissions per 2022 sales

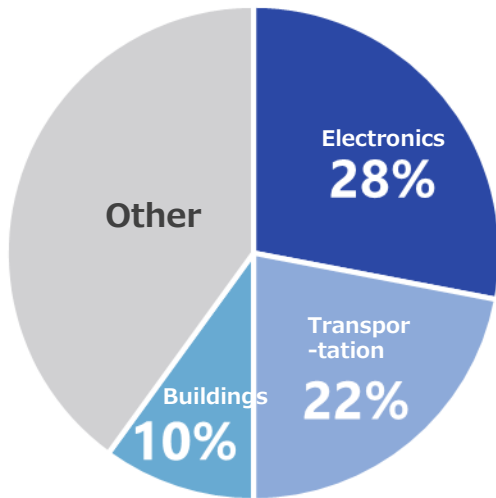
*3 : AGC's estimate as of Jan 2023

Performance Chemicals Overview(2)

- Approx. 60% of the demand is for the main applications such as Electronics, Transportation (automobile, aircraft) and Buildings
- The remaining consists of demand in various and specific fields.

Net Sales by Application (2022)*


* Revised classification of some products.



Electronic
S




Transpo
r
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Buildings




Life Science Overview(1)

- **Establish business relationships** based on trust in a multi-product market
- **Securely capture the high growth** of the pharmaceutical CDMO market

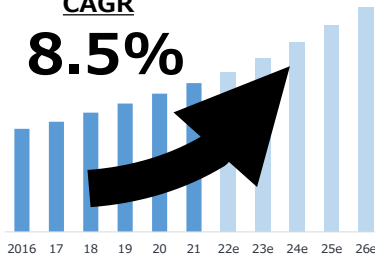
Market

Active pharmaceutical ingredients
CDMO market size trend

FY2020-FY2026

CAGR

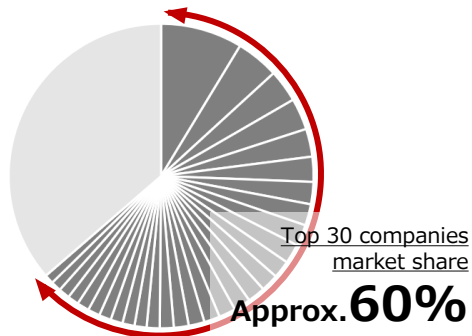
8.5%



- The CDMO market is steadily expanding in response to the pharmaceutical industry's move towards outsourcing.

Industrial structure

Share of commercial active pharmaceutical
ingredients contracts (number of products)*



- The CDMO market is highly fragmented because of highly fragmented customer base. Unlike the semiconductor industry, the CDMO industry is not converged into a small number of companies.
- Commercial pharmaceutical contracts generally last for 10 years or more

Company

Strength of AGC

- Pioneer of single-use bag technology that is ideal for small quantities and high-mix production. Also has the capacity for production on a large scale using large SUS vessels.
- The company provides integrated services from early development to commercial operations under a high-level cGMP production system in Japan, the US and Europe.
- Extensive inspection experience based on advanced quality and technological development capabilities.

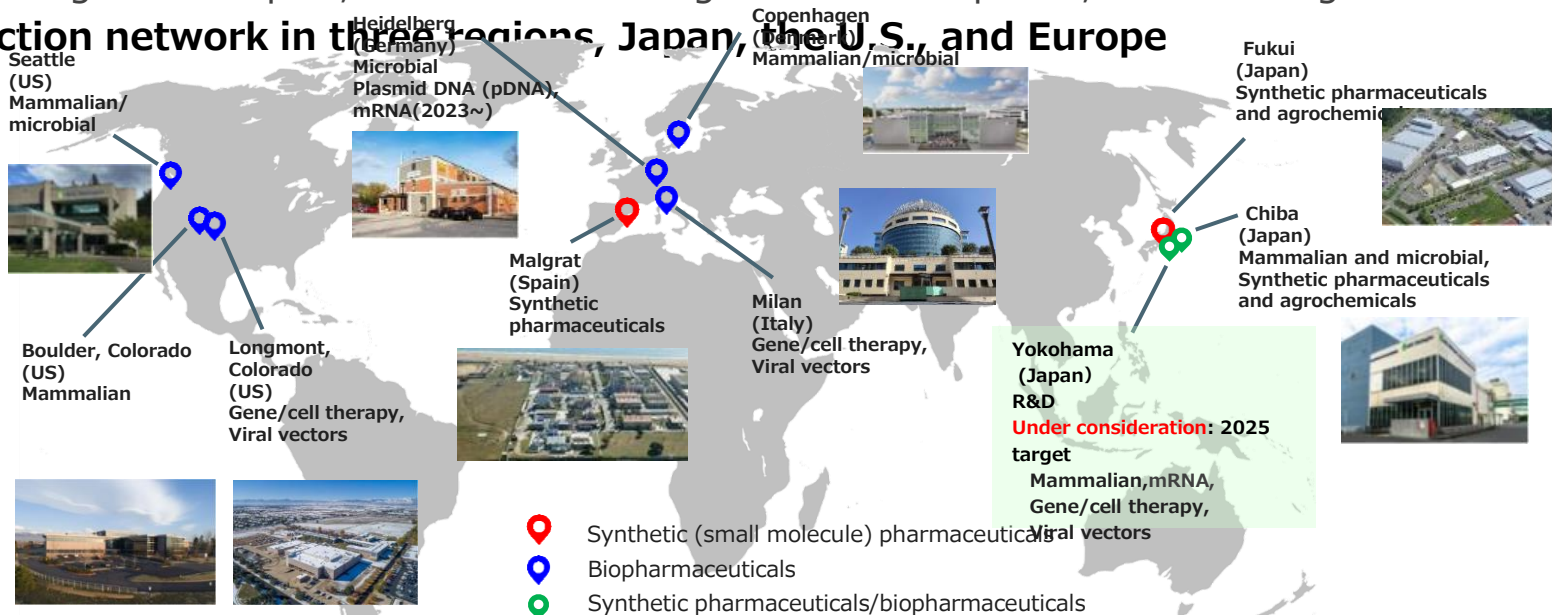


Life Science Overview(2)

■ One of the few global CDMOs with major operations in Japan

Offering a wide range of services with capabilities in synthetic/microbial/mammalian processes, pDNA,

and cell & gene therapies, from clinical through commercial phase, based on high-level **cGMP** production network in three regions, Japan, the U.S., and Europe

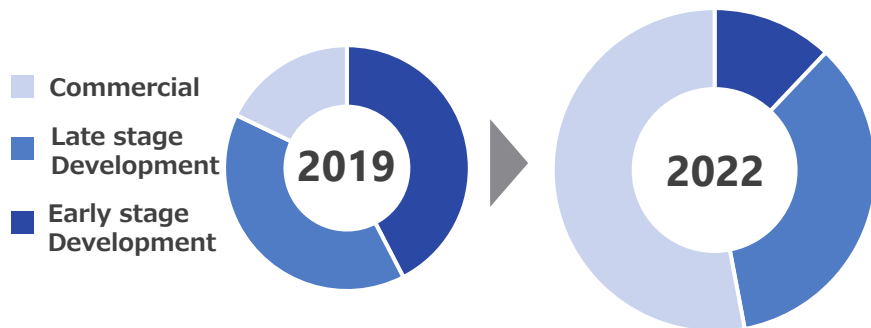


Life Science Overview(3)

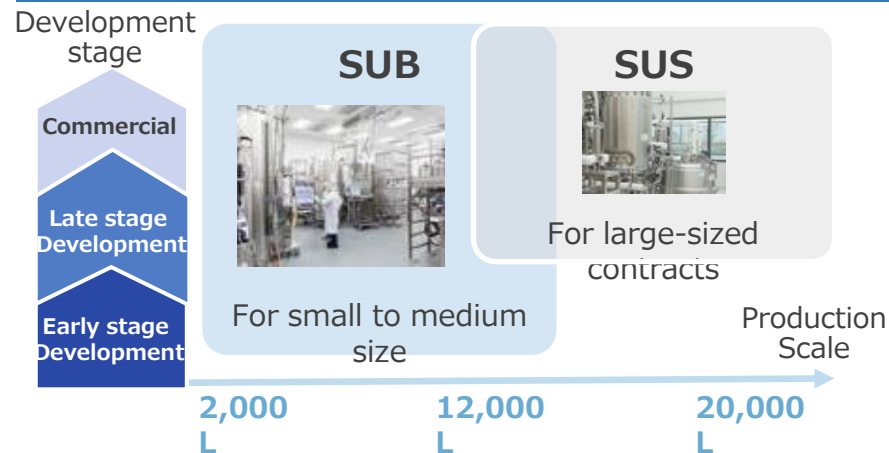
- With GMP* facilities and inspection experiences in Japan, North America and Europe, **AGC provides high-quality and consistent CDMO services.**
- By combining SUB**, suitable for small quantity & large variety, and SUS***, suitable for large-sized contracts, **AGC responds to needs from development stages to commercial production.**

* GMP: Good Manufacturing Practice ** SUB: Single use bag bioreactors ***SUS: Stainless bioreactors

Biopharmaceuticals CDMO Contract (amount of money)



AGC Group's Biopharmaceuticals CDMO

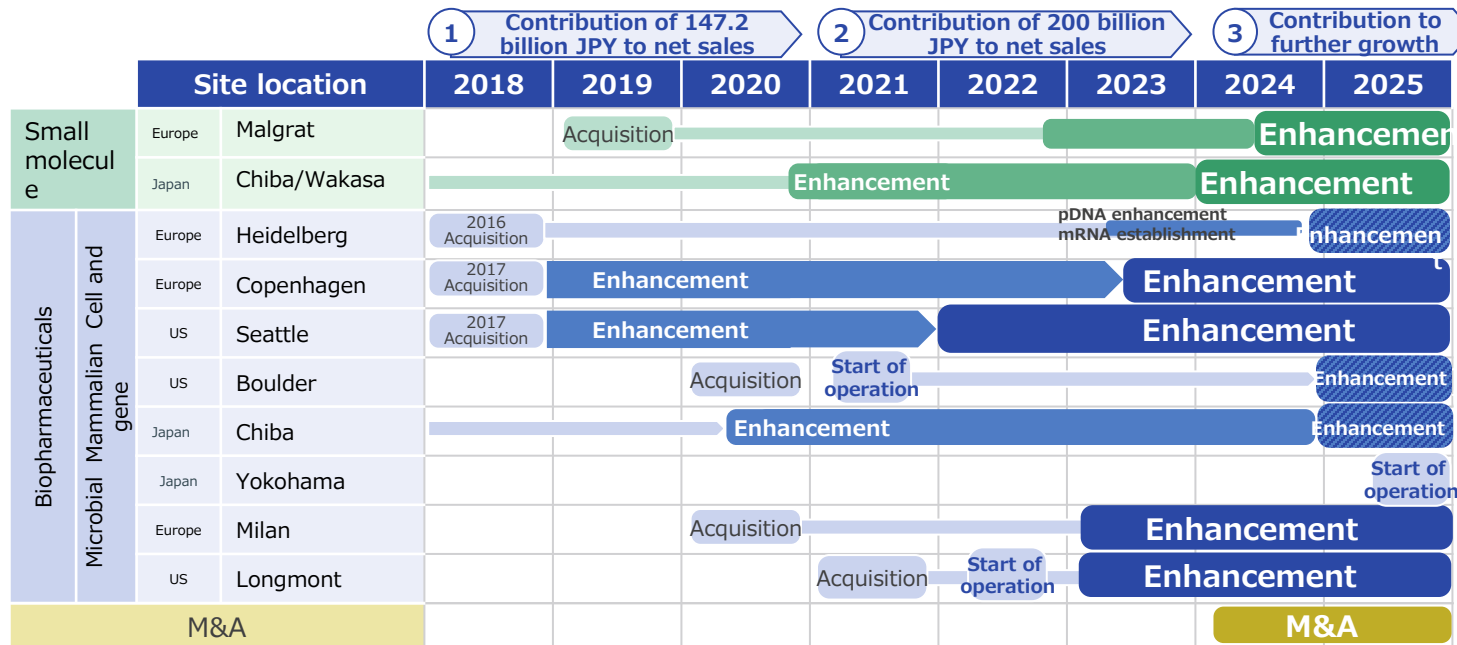


Life Science Overview(4)

① Active investments leading to the achievement of initial goal 4 years earlier than originally planned **and net sales reached 1,472 hundred million JPY in FY2022.**

② Investments necessary to reach revenues of **2,000 hundred million JPY already decided.** Investments carried out since 2020 coming online.

③ Further M&As and Expansions being considered for further growth.



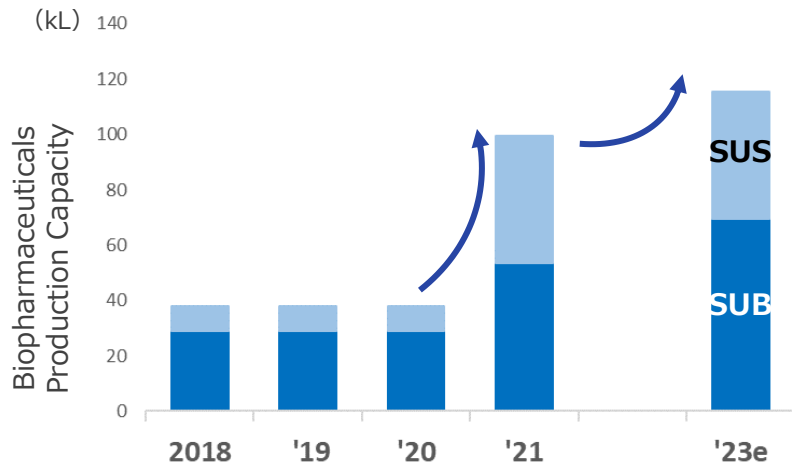
Considering more investments

(The expressions are based on the start of operation)

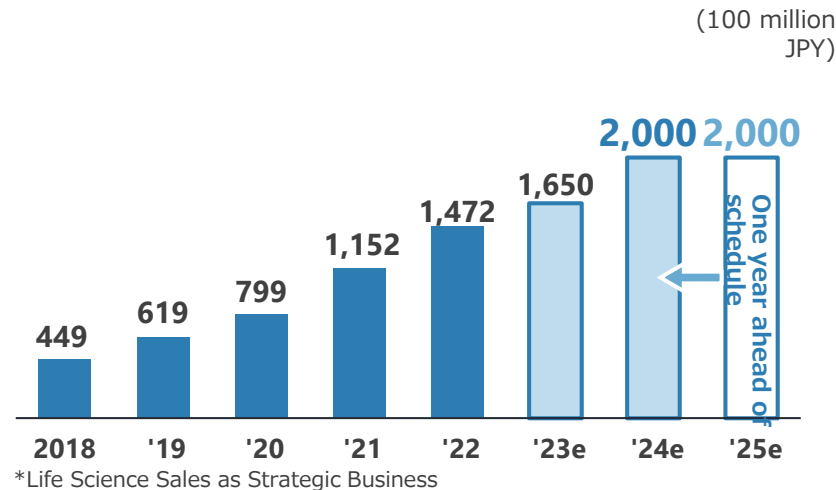
Life Science Overview(5)

- Supplement the growth of the bio CDMO industry and further expand business through timely capacity expansion
- Aiming to achieve sales of 200 billion JPY in 2024, **one year ahead of schedule**

Biopharmaceuticals CDMO Production Capacity (Mammalian only)



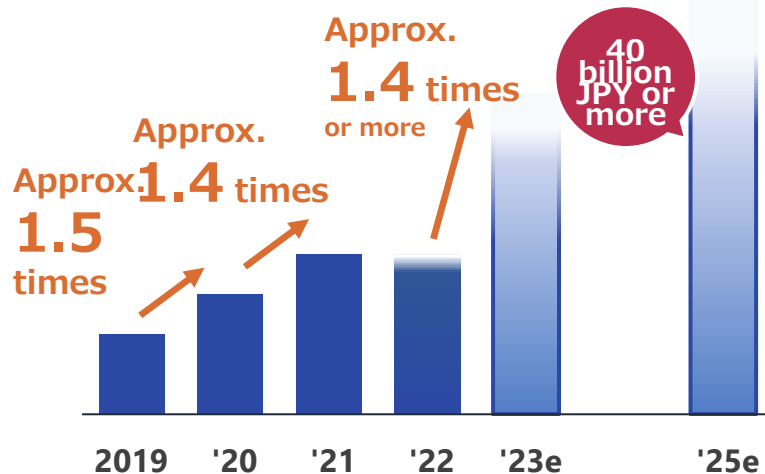
Life Science Net Sales*



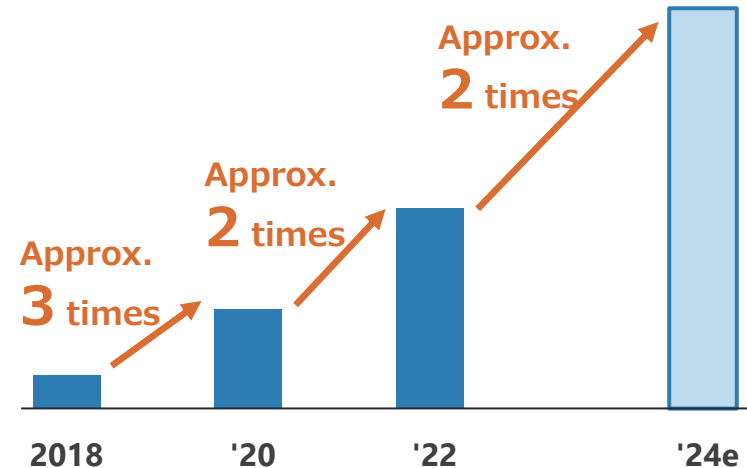
Electronics Business Environment(1)

- Applications of AGC's EUV mask blanks are expanding to include memory, in addition to logic.
- In 2022, **the manufacturing capacity for EUV mask blanks doubled**, and will further double in 2024.
- Will continue aggressive investments along with the market growth, aiming for sales of more than 40 billion JPY in 2025.

AGC Group's EUV Mask Blanks Net Sales



EUV Mask Blanks Capacity Expansion

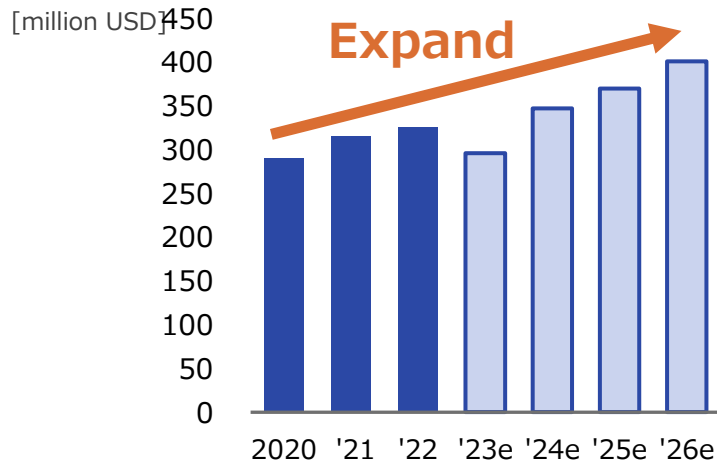


Electronics Business Environment(2)

CMP Slurry

Although stagnant in 2023, the ceria slurry market will expand in the medium- to long-term due to an increase in the number of applicable layers, etc.

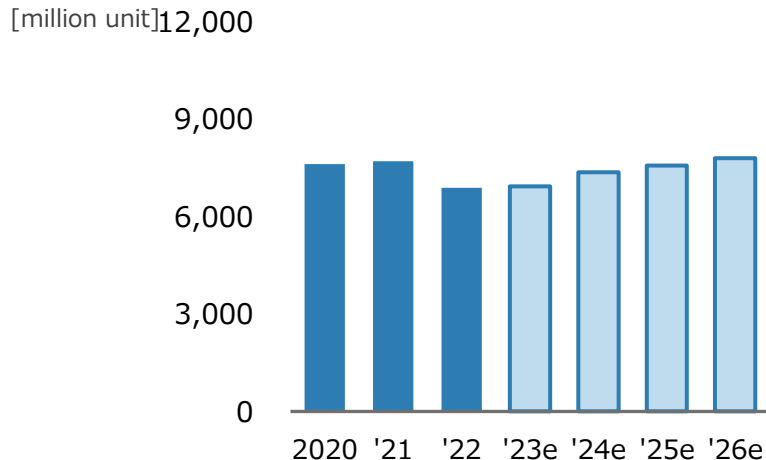
Ceria slurry market



Optoelectronics materials

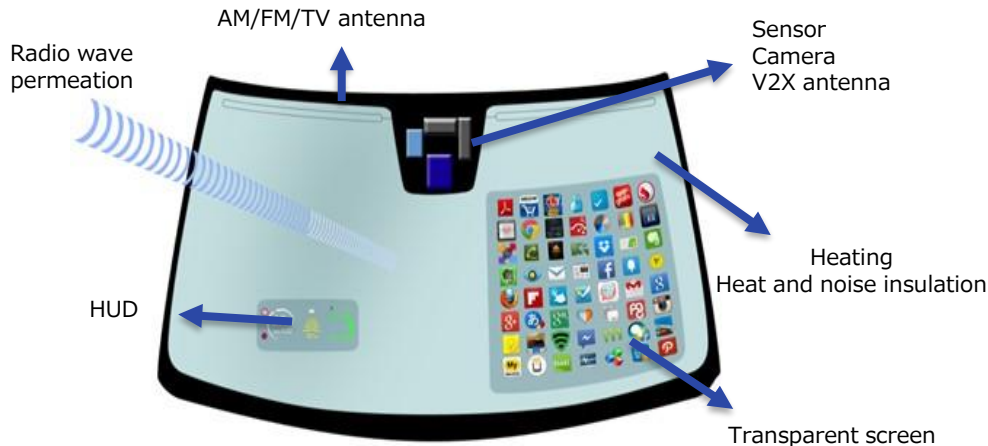
Although the growth rate will slow down due to the stagnant smartphone market in the near term, the total number of cameras installed in smartphones will increase in the medium to long term due to the market recovery.

Image sensor for cameras



Source: AGC's estimate

- Make sure to seize business opportunities with a view to **the market changes brought about by CASE**
- Contribute to earnings by starting mass production of automotive display glass in China
Automotive glass



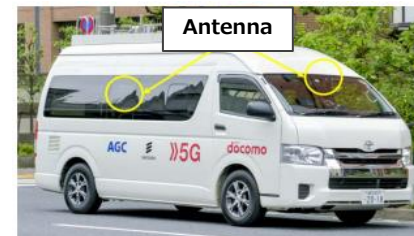
Providing not only materials but also solutions through the use of glass displays and the addition of communication functions

Cover glass for car-mounted displays



Adopted in the LEXUS RX released in 2019 and other models and has the No.1 share worldwide

Car-mounted antenna compatible with 5G



Successful development of 5G-compatible glass antenna together with NTT DOCOMO and Ericsson

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