



AGC Inc.

New Medium Term Management Plan Briefing

February 8, 2024

Event Summary

[Company Name]	AGC Inc.	
[Company ID]	5201-QCODE	
[Event Language]	JPN	
[Event Type]	Medium-term Management Plan Announcement	
[Event Name]	New Medium Term Management Plan Briefing	
[Date]	February 8, 2024	
[Number of Pages]	23	
[Time]	11:00 – 11:50 (Total: 50 minutes)	
[Venue]	Webcast	
[Number of Speakers]	4	
	Yoshinori Hirai	Representative Director, President & CEO
	Shinji Miyaji	Representative Director, Senior Executive Vice President, CFO
	Toshiro Kasuya	Senior Executive Officer, General Manager of Finance & Control Division
	Chikako Ogawa	General Manager of Corporate Communications & Investor Relations
[Analyst Names]*	Noritsugu Hirakawa	Daiwa Securities
	Hiroshi Matsuda	Mizuho Securities
	Takuya Maeda	SMBC Nikko Securities
	Yuta Nishiyama	Citigroup Global Markets
	Kyoji Chiba	BofA Securities
	Mio Shikanai	JPMorgan Securities

Presentation

Ogawa: The time has arrived and AGC Inc. will begin the new medium-term management plan briefing session. I am Ogawa from corporate communications and investor relations division and will be the moderator today.

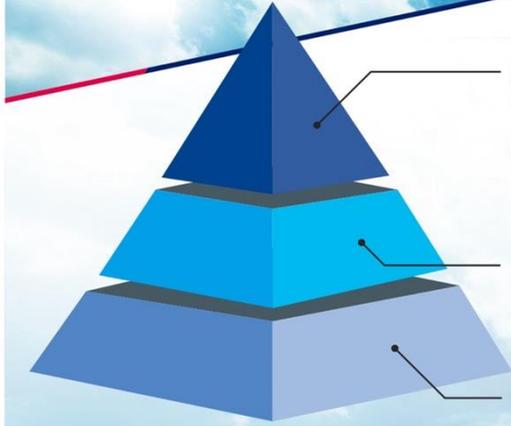
I would like to introduce today's three speakers: Mr. Yoshinori Hirai, Representative Director, President and CEO; Mr. Shinji Miyaji, Representative Director, Senior Executive Vice President, CFO; Mr. Toshiro Kasuya, Senior Executive Officer, General Manager of Finance & Control Division.

First, Mr. Hirai, the CEO, will explain the new medium-term management plan, followed by a Q&A session. The meeting is scheduled to close at 11:45, so please cooperate with us for the proceedings. Mr. Hirai, please begin.



AGC, an Everyday Essential Part of Our World

“Look Beyond”



- Our Mission**
- Our Shared Values**
- Our Spirit**

“AGC, an Everyday Essential Part of Our World”
~ AGC’s unique materials and solutions make people’s lives better around the world every day.~

- Innovation & Operational Excellence
- Diversity
- Environment
- Integrity

“Never take the easy way out, but confront difficulties”

* Our mission was renewed in 2015

©AGC Inc. 4

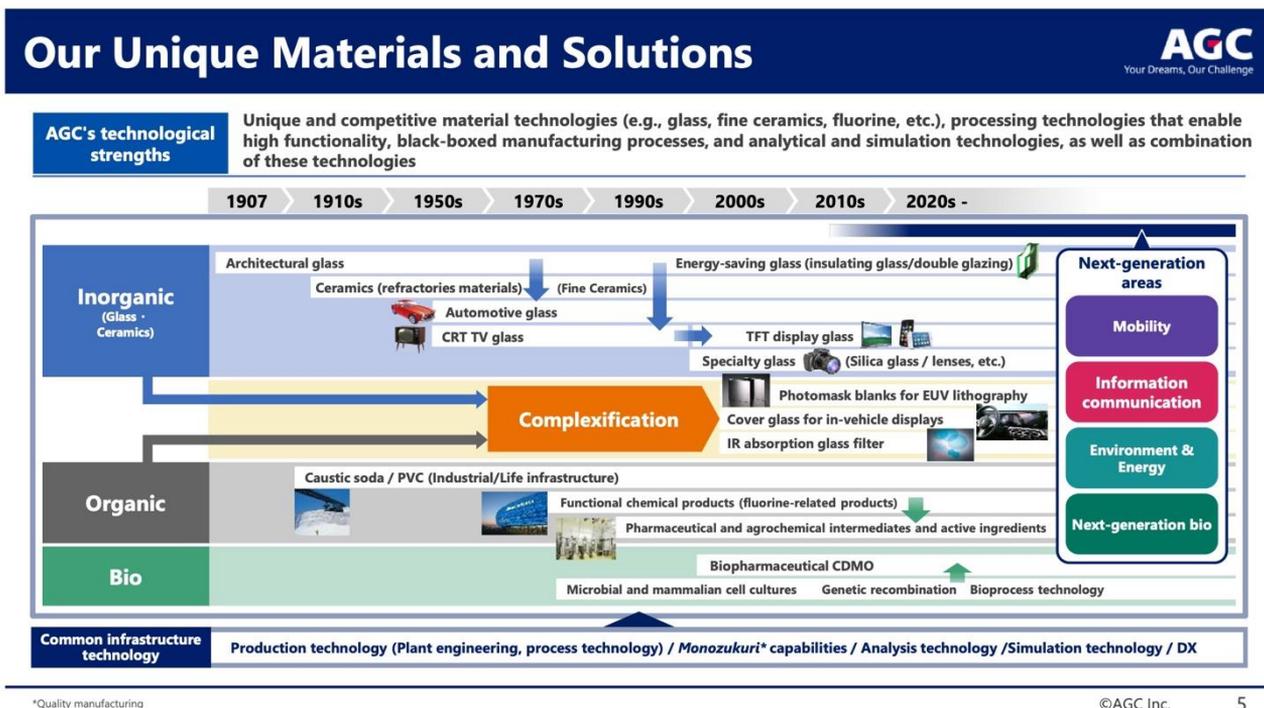
Hirai: This is Hirai, the CEO. Thank you very much for participating in our new medium-term business plan presentation. This is the agenda I will be presenting today.

As part of the AGC Group's efforts to create value, we undertook a major corporate governance reform in 2002. The Company reduced the number of directors from more than 30 to 7, brought in directors from outside the Company, introduced an executive officer system, and changed its internal business management structure to an in-house company system. I believe that the Company is far ahead of the rest in Japan when it comes to governance reform.

When we changed this, we adopted a group vision, Look Beyond, in part to provide a guiding principle for our employees. In terms of what we should do and what kind of company we are, our mission is “AGC, an Everyday Essential Part of Our World” and AGC’s unique materials and solutions make people’s lives better around the world every day, which would be called purpose today.

This is what we must do, and our shared values are innovation and operational excellence, diversity, environment, and integrity. We feel that these values have become increasingly important in recent years,

and we have not changed them since they were set 20 years ago. This is based on the spirit of our founder, "Never take the easy way out, but confront difficulties," a challenging spirit.



Our company, AGC, handles a wide variety of materials, so we often get complaints that it's difficult to understand, but in fact, everything is connected from flat glass, which was our first business when we were founded in 1907.

We were the first company in Japan to manufacture flat glass, but a few years later, when World War I broke out, the refractory bricks needed to make glass were no longer available from Europe, and soda ash, a raw material, became unavailable. As we were no longer able to import these products, we produced them in-house, which is why our ceramics business and chemical products business started.

After World War II, as you know, Japan experienced an automobile boom, and as televisions were introduced to every household, the window glass business and the CRT, cathode-ray tube, business were developed. The CRT was later transformed into a flat panel display, which is now widely used not only in televisions but also in personal computers and smartphones.

Regarding chemicals business, we initially started with the chlor-alkali business, such as caustic soda and PVC, but we realized that replacing chlorine with fluorine would improve functionality, so we decided to move toward fluorine chemical business in the 1970s. Then, we further pursued fluorine chemicals and expanded our business into pharmaceutical and agrochemical intermediates and active ingredients.

On the other hand, regarding bio pharmaceutical business, research and development was conducted at the central R&D center, but since the 2000s, all of these technologies have been linked by developing it in the form of a CDMO for biopharmaceuticals.

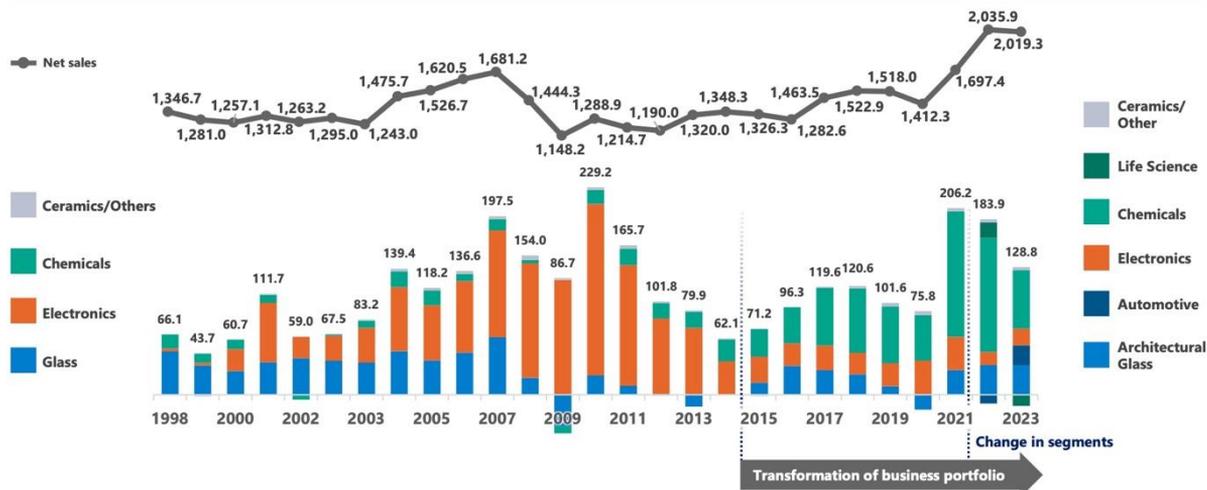
In glass technology, we have been lately focusing on specialty glass, such as synthetic fused silica glass and lenses, and this has led to our current strategic business.

Our strategic business is a combination of technologies, especially inorganic materials and organic materials, which are two different technologies. In our strategic businesses, EUVL photomask blanks, cover glass for in-

vehicle displays, and IR absorption glass filter are all composite products based on the strength of our organic materials, and not just glass substrates, so we are able to produce products that other companies simply cannot imitate.

Changes in Business and Earnings Structure

Net Sales and Operating Profit by Business Segment (Billion yen)



*Presented in Japanese GAAP for 1998 to 2011. International GAAP for 2012 to 2023
*Following the change of reportable segments from FY2023, disclosure from 2022 onward is made in the segments shown on the right.

Looking at the business structure, you can see that it has changed significantly over the years. In the 20th century, glass was the main business, but after the bubble burst, the profitability of glass business declined, and the Company expanded its electronics business, especially display-related businesses, and in 2010, profits from display business exceeded 80% of total profits, reaching a record high. However, after the market matured, profits fell for four consecutive years.

Medium to Long-term Initiatives for Value Creation

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

Corporate transformation Chapter 1

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

Corporate transformation Chapter 2

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

Vision 2030

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

My predecessor, Mr. Shimamura, took over as CEO in 2015, and from that time on, we began to discuss how to reform our business portfolio. I recognize that we are still in the process of doing so.

We have proceeded by deciding to set up strategic businesses and expand those businesses, then to expand the chemicals business, and then to proceed with structural reforms of the existing core businesses.

Since 2015, we have been promoting corporate transformation in a broad sense, defining our existing businesses as core businesses and new businesses in growth fields as strategic businesses, and we have been promoting ambidextrous strategy.

We entered the second chapter of that process in 2021 when I took over as CEO, and I have declared that we will clarify and further accelerate the direction of our business portfolio reform.

At the same time, we have also set our “Vision 2030”, which is our long-term management strategy. Materials-related companies, in particular, have to take a very long-term view. Therefore, through the provision of unique materials and solutions, we aim to contribute to the realization of a sustainable society and to be an excellent company that continues to grow and evolve.



* EBITDA = Operating profit + Depreciation

Here is a recap of the previous medium-term management plan. Compared to the past, operating profit and EBITDA have increased due to the progress in business portfolio transformation. Now we have grown to a level where we are holding above JPY300 billion in EBITDA, although last year was not so good.

AGC plus-2023 Summary (1)

- ROE remains an issue due to impairment losses and other factors

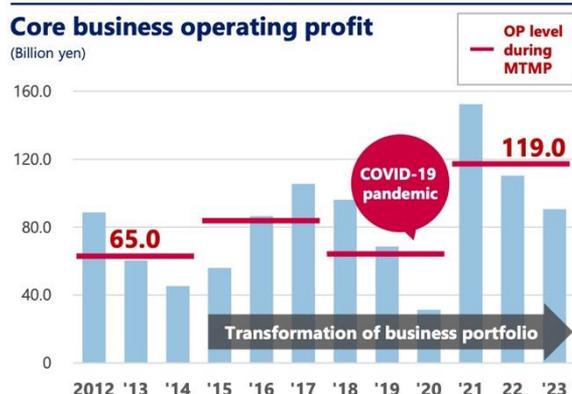
	FY2021 results	FY2022 Results	FY2023 Results	Reference	
				FY2023 target (Announced on 2/5/2021)	FY2023 target (Announced on 2/8/2022)
OP	206.2 billion yen	183.9 billion yen	128.8 billion yen	160.0 billion yen	230.0 billion yen
ROE	10%	—*	4.6%	8%	10%
Strategic Business OP	53.8 billion yen	70.9 billion yen	38.2 billion yen	70.0 billion yen	80.0 billion yen
D/E Ratio	0.41	0.41	0.42	0.5 or less	0.5 or less

* In FY2022, there was a net loss attributable to owners of the parent company due to the impact of impairment losses.

However, due to impairment losses, the level of operating profit does not directly translate into final income, and although ROE was 10% in the first year of 2021, it has since become extremely low. It is a major point of reflection.

AGC plus-2023 Summary (2)

- Profitability of core businesses improved due to investments in growth and progress in structural reforms.
- Despite the impact of the poor performance of the U.S. biopharmaceutical CDMO business in 2023, the strategic business improved its profit level.



* Strategic business operating profit does not reflect the new definition.

Looking at core businesses and strategic businesses on a medium-term management plan basis, it can be said that the profit level is clearly rising, but last year for the first time, the strategic business, which had been increasing sales and profits every year, experienced the decline in sales compared to the previous year due to a slump in the bio pharmaceutical CDMO business as well as semiconductor and smartphone industries.

AGC plus-2023 Summary (3)

- Improved profitability in core businesses and increased earnings levels in strategic businesses, while issues remain in the display business and the U.S. biopharmaceuticals CDMO business.

	Outcome	Issues
Core Business	<ul style="list-style-type: none"> Expanded Essential Chemicals business in Southeast Asia Improved profitability due to progress in structural reforms in Architectural and Automotive Glass Steady expansion in Performance Chemicals 	<ul style="list-style-type: none"> Profitability of Display business
Strategic Business	<ul style="list-style-type: none"> Steady expansion in Electronics and Life Science 	<ul style="list-style-type: none"> Quickly rebuilding the U.S. biopharmaceuticals CDMO business

In the core business, the expansion of the essential chemicals business and the structural reform of the glass business have been properly implemented, and stable earnings are finally being generated. Performance chemicals is expanding steadily. We recognize that the display business remains the biggest challenge.

In our strategic businesses, electronics and life sciences expanded steadily, but as I mentioned earlier, our bio pharmaceutical business stumbled last year, and rebuilding our bio pharmaceutical business, especially in North America, is our big challenge.

Steps toward Realization of Vision 2030

- Under **AGC plus-2026**, we will accelerate corporate transformation (CX) and maximize corporate value to realize Vision 2030.



Now, here is the new medium-term management plan. We will accelerate our corporate transformation to realize our vision of where we want to be in 2030. The new AGC plus-2026 targets for FY2026 are as follows: operating profit of JPY230 billion, with operating profit from strategic businesses accounting for more than 50% of total operating profit, and ROE of more than 8%.

AGC plus-2026 Strategy



- We will continue to pursue the direction of the **AGC plus-2023**, which has yielded certain results.
- To realize Vision 2030, we will accelerate corporate transformation (CX) and maximize corporate value (**achieve ROE 8% or more at an early stage**).

Evolution of "ambidextrous strategy"	<ul style="list-style-type: none"> ■ Accelerate business portfolio transformation by pursuing the use and development of differentiated materials and solutions ■ Continue to strengthen the earnings base and cash generation capabilities of core businesses. ■ Revise the scope of strategic businesses, accelerate business growth, and explore next-generation areas
Deepening of Sustainability Management	<ul style="list-style-type: none"> ■ Accelerate integrated management, including financial KPIs, by redefining the social value that we provide and setting sustainability KPIs.
Promotion of value creation DX	<ul style="list-style-type: none"> ■ Strengthen competitiveness through digital × <i>monozukuri</i> capabilities ■ Streamline and strengthen the entire supply chain
Strengthening of the management foundation	<ul style="list-style-type: none"> ■ Strengthen group governance ■ Promote human capital management ■ Further strengthen the alignment between business strategy and technology platform

©AGC Inc. 15

One strategy to achieve this goal is to further evolve ambidextrous management strategy, and we will accelerate the transformation of our business portfolio. Then, to deepen our sustainability management, we have now changed the definition of social value to a new definition. We have then set KPIs and will now proceed with monitoring.

In terms of DX, we are now shifting our focus from manufacturing and DX in each process to a new type of DX that connects the entire supply chain.

Another thing we are aiming to do this time is to strengthen our management foundation. Strengthening governance continues to be a very important issue for us, and we believe that human capital management is also important for future growth. We intend to further strengthen the linkage between our business strategy and technology platform to move toward the creation of new value.

Direction of the Business Portfolio Transformation

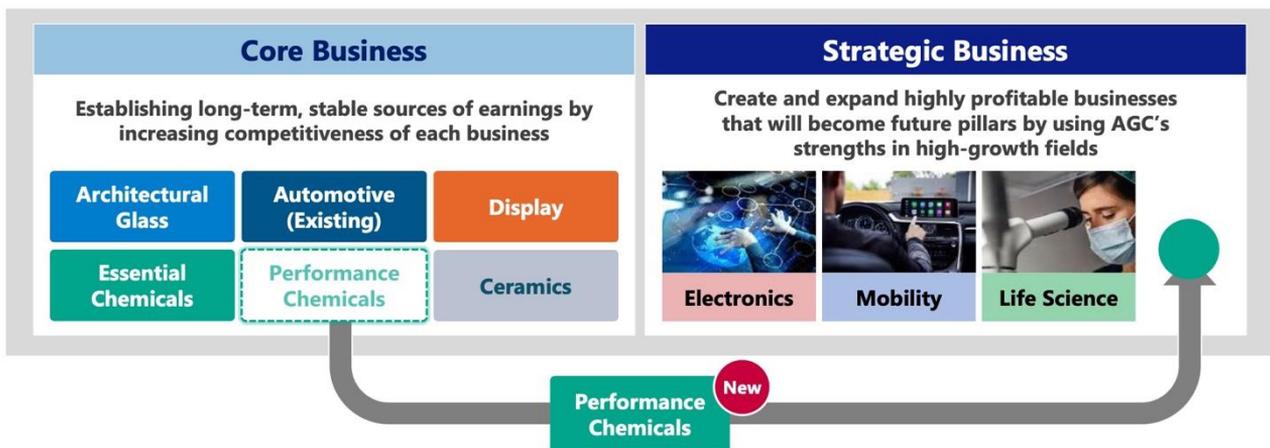
- Through the business management with its unique ambidextrous approach, we aim to build a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency.



The direction of the business portfolio transformation was announced in 2021, shortly after I took over as CEO. It has not changed. We aim to build a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential, and carbon efficiency.

Revising the Scope of Strategic Businesses: Newly include Performance Chemicals

- Performance Chemicals, which provides high-performance materials for a variety of cutting-edge applications*, is now integrated into strategic businesses.



*Environment and energy, electronics including semiconductors, mobility, life sciences, etc.

This time, we would like to revise the definition of strategic business. Performance chemicals will be added to our strategic business.

Performance chemicals is deeply involved in various cutting-edge fields, such as environmental energy, electronics including semiconductors, and mobility, and we have been providing high-performance materials

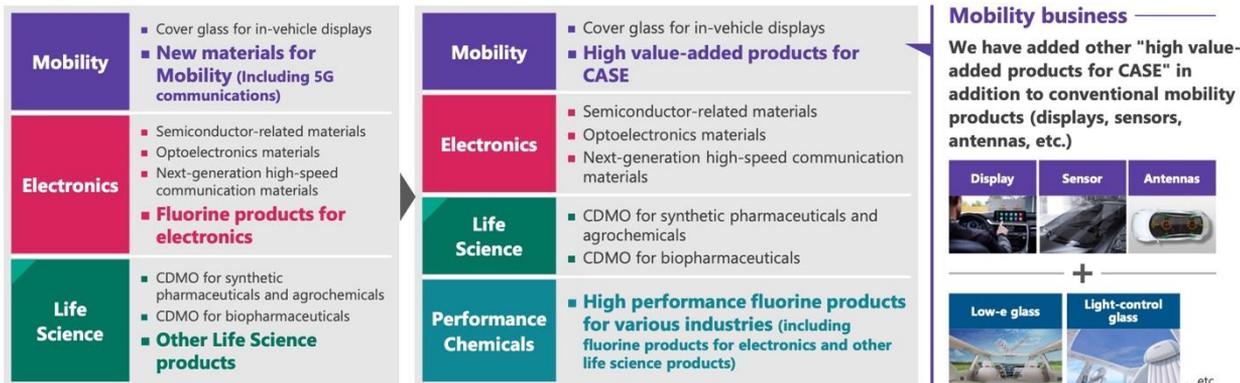
to these fields, so we would like to incorporate this into our strategic business. Please understand that up until now, it has been separately placed in electronics, mobility, and life sciences.

Revising the Scope of Strategic Businesses: Expanded the definition of Mobility businesses



- We have revised the definition of Mobility in addition to adding Performance Chemicals into strategic businesses.
- We have added high value-added products for CASE that were previously categorized in core businesses.

Main products and businesses

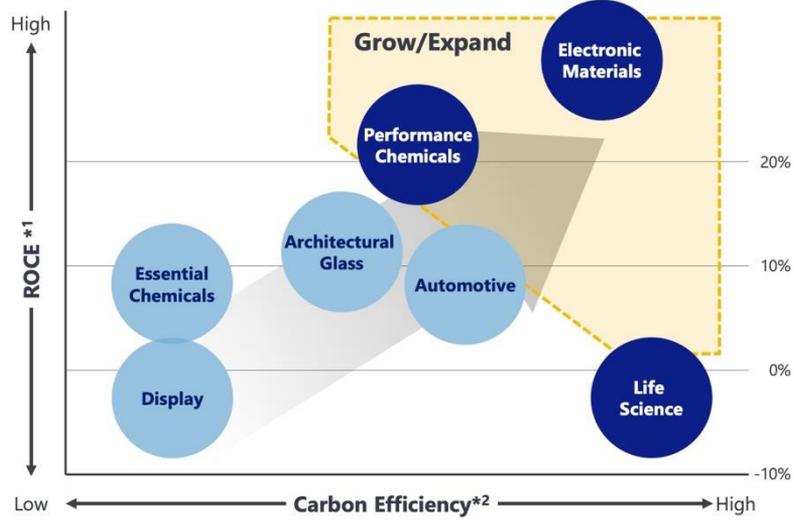


The other is to expand the definition of mobility, which has been very narrow in the past, to include high-value-added products for CASE, and we would like to change the definition to fit the mobility society moving toward a new CASE.

Direction of the Business Portfolio Transformation (Carbon Efficiency · ROCE)

Direction of the Business Portfolio

- Core Businesses
- Strategic Businesses



ROCE : (OP of the year) ÷ (Operating asset at the year-end),
Group-wide OP by business is after allocation of common expenses; OP for each business is before allocation of common expenses

*1 : Created based on FY2023 results *2 : Based on 2022 emissions per 2023 sales

One important aspect of the direction of our business portfolio is asset efficiency or ROCE, and the other is carbon efficiency, which is how much can be produced without emitting carbon dioxide, and our strategic businesses aim to be good at both.

If you plot electronic components, life sciences, and performance chemicals, they will be in the upper right corner, but unfortunately, life sciences fell into a slump last year, so they are in the lower right corner. We believe that we have the potential to achieve an ROCE of 15% or more, so these strategic businesses will be concentrated in the upper right-hand corner. Conversely, I would say that the more we grow our strategic businesses, the closer we will be to where we want to be.

Overview of Strategies for Each Business

	Business	Overview of strategies
Strategic Business	 Electronics	<ul style="list-style-type: none"> Expansion of EUV mask blanks and other high value-added products Continuous creation of new businesses
	 Life Science	<ul style="list-style-type: none"> Early rebuilding of U.S. biopharmaceutical CDMO business Return to a growth trajectory by leveraging our strengths in global operations and technological capabilities
	 Mobility	<ul style="list-style-type: none"> Seizing business opportunities with an eye on market changes through CASE
	 Performance Chemicals	<ul style="list-style-type: none"> Provide high-performance materials for electronics including semiconductors as well as the environment and energy fields Capture demand in global niche markets by adding high value and expanding business areas
Core Business	 Architectural Glass	<ul style="list-style-type: none"> Strengthen products and technologies that help solve social challenges such as GHG reduction, and stably generate cash
	 Automotive	<ul style="list-style-type: none"> Improve profitability and efficiency through pricing policy, structural reforms, and continued shift to high performance and high value-added products
	 Display	<ul style="list-style-type: none"> Improve profitability and asset efficiency through business restructuring, strengthening competitiveness through technological innovation, and revising pricing policies
	 Essential Chemicals	<ul style="list-style-type: none"> Continue and strengthen the strategy of regional concentration in the growing Southeast Asian market

This is a strategic overview of each business. In electronics, EUV mask blanks will remain the main growth area for the time being. We expect the annual growth rate of more than 40% to continue in the future. Another important point is the creation of new business.

In life science, we will rebuild bio pharmaceuticals in North America, and then with our global structure, we will get back on a growth trajectory from this year to next. Mobility is as I mentioned earlier.

Performance chemicals is growing in electronics, including semiconductors, as well as in the environment and energy sectors, so we will be supplying high-performance materials to these fields.

Architectural glass business, finally, is becoming stable after a bad period, but we would like to make it a more stable business by increasing the number of products that contribute to society, such as GHG reduction, and windows with high thermal insulation properties.

I believe that our automotive business is still in the middle of reform, and by continuing with our pricing policy, structural reforms, and improvements in functionality and added value, we have finally reached a level where ROCE has reached 10%, and we would like to further improve our ROCE in the future.

I will talk about the display on the next page.

Essential chemicals is continuing its regional concentration strategy in Southeast Asia, and the market conditions have been at their worst since H2 of last year. However, last year's ROCE for essential chemicals was about 10% under such a very bad situation. Therefore, we would like to continue increasing profitability through a more focused strategy.

- We will take prompt actions to improve the performance of the Display business and the U.S. biopharmaceuticals CDMO business.

Display business

Launched a project led by the CFO for structural reform of the Display business

Swiftly implement structural reforms under the leadership of top management

U.S. biopharmaceuticals CDMO business

Issues	Status*	Outlook
Business environment	Continues to be impacted by reduced inflows of funds to biotech ventures, but there are signs of recovery	Gradual market recovery continues, with full recovery expected in 2025
Ramp-up of new line	Implemented fundamental measures and started commercial operation at the end of 2023	Full commercial operations to resume in 2024, contributing to improved profitability

Aiming for early improvement through steady execution of fundamental measures

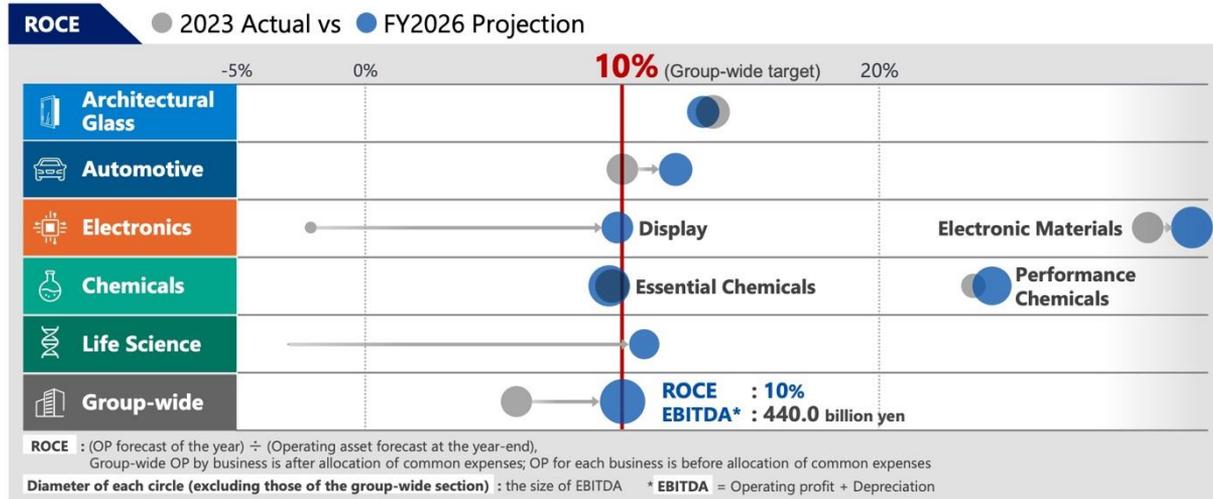
* As of February 7, 2024

In the display business, CFO Miyaji will lead the restructuring of the display business. Three years ago, we declared the same thing regarding the glass business, but instead of leaving it to the business units to carry out structural reforms, management will be directly involved in the process.

As for the bio pharmaceutical business in the US, we believe that the market will begin a gradual recovery this year and that the flow of funds into biotech ventures will finally resume in earnest in H2 of this year when interest rates in the US are expected to fall. We have been working on the launch of new lines since last year, and we hope to start full-scale mass production from this year.

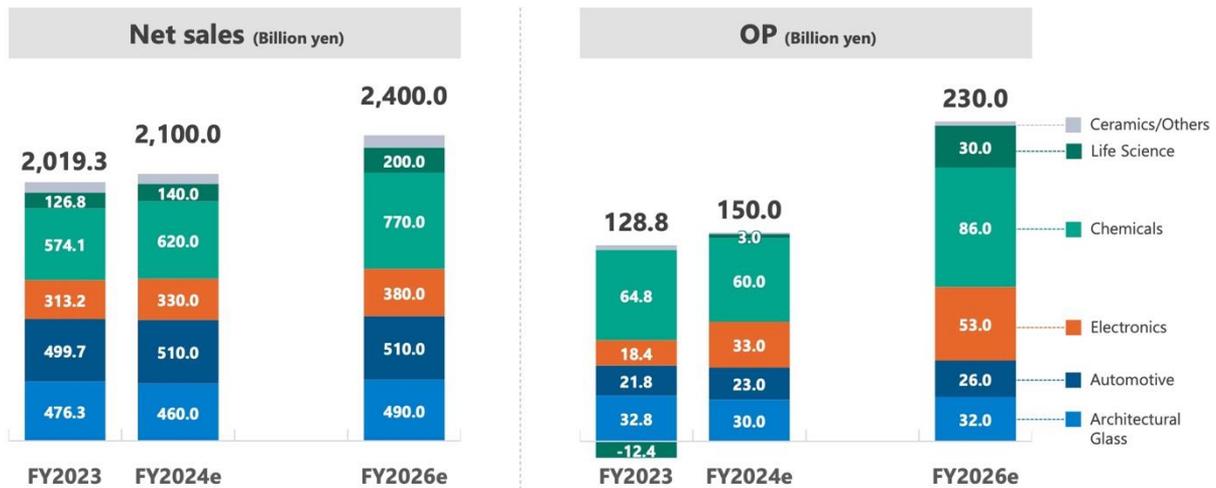
ROCE of Each Business

- We will continue to aim for a Group-wide ROCE of **10% or higher**



We will aim for an ROCE of 10%. We are currently facing two major negative factors, one in displays and the other in life science, so our priority is to quickly rebuild these areas, and at the same time, it is important to grow the highly profitable areas of electronic materials and performance chemicals.

Image of Performance by Segment



As for the segmental performance breakdown of sales and operating profit, we expect the market recovery to be very slow in 2024, and we do not expect sales and profits to expand rapidly.

Full-scale development of glass core substrates for next-generation semiconductor packages

- Microporous glass substrates (glass core substrates) for next-generation packaging enable even higher integration and performance of semiconductors

AGC's glass core substrates		Six advantages of glass core substrates*						
<p>Image of next-generation semiconductor package</p>	<p>Cross section of next-generation semiconductor package</p>	<table border="1"> <tr> <td>1. Rigidity</td> <td>2. Flatness · Smoothness</td> </tr> <tr> <td>3. Micro and high precision hole processability</td> <td>4. Thermal and mechanical shape stability</td> </tr> <tr> <td>5. Low loss property</td> <td>6. Insulating property</td> </tr> </table>	1. Rigidity	2. Flatness · Smoothness	3. Micro and high precision hole processability	4. Thermal and mechanical shape stability	5. Low loss property	6. Insulating property
1. Rigidity	2. Flatness · Smoothness							
3. Micro and high precision hole processability	4. Thermal and mechanical shape stability							
5. Low loss property	6. Insulating property							

* Comparison with resins currently mainly used as core substrate materials for semiconductor packages

Moving on to our new business initiatives. One is the next generation of semiconductors. We have already reached a considerable point of high density with EUVL, so what will come after that will be 3D or high integration enabled by packaging. For more than 10 years, we have been developing a technology called glass core, which is a substrate made of glass with microscopic holes drilled in it. This time, we will begin full-scale development of it.

As various customers have told us, the era in which glass cores will be used is finally coming, and we have decided to make a full-scale investment in development in preparation for it.

Enhancement of biopharmaceutical and vaccine development and manufacturing capabilities in Japan

- We will introduce dual-use facilities capable of producing cutting-edge biopharmaceuticals such as mRNA therapies and switching to vaccine production in the event of a pandemic (service to begin gradually in 2025)
- Contributing to biopharmaceutical ecosystem in Japan

Completed image
(at AGC Yokohama Technical Center)

One of the largest* CDMO facilities in Japan

Cutting edge and compliant with multiple modalities

Extensive knowledge cultivated in Japan, the United States, and Europe

* The largest class of mammalian cell culture tanks as a CDMO in Japan (AGC estimate) is scheduled to be introduced.

[* link to news release](#)

©AGC Inc.

26

As we have already announced, we will be launching a facility in Yokohama, Japan with significant development and manufacturing capacity for biopharmaceuticals and vaccines. We are planning to launch it in 2025, and we would like to set up a system that allows us to properly perform in Japan the fields of antibody medicine and gene and cell therapy using animal cells, which have so far been focused on Europe and the United States.

Investing to increase the production of fluorine ion exchange membranes for water electrolysis suitable for green hydrogen* production

- We will help expand the hydrogen society by utilizing AGC's electrolyte technology for fuel cells and ion-exchange membrane technology for electrolysis

Providing world-class ion-exchange membranes

Mechanism of PEM water electrolysis

New FORBLUE™ S Series manufacturing facility established at the Kitakyushu Plant

Scheduled to begin operations in June 2026

* Hydrogen produced by electrolyzing water with electricity derived from renewable energy sources such as solar power generation

[* link to news release](#)

©AGC Inc.

27

The third initiative is hydrogen related business. We boast the overwhelming top share of the electrolysis membrane market for fuel cells, and by utilizing this technology, pure hydrogen can be produced through

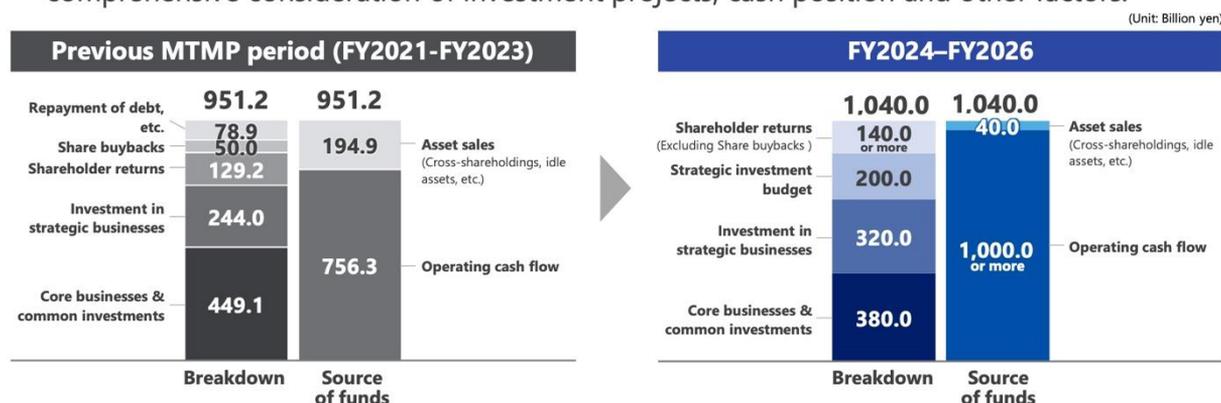
electrolysis of water. We have decided to make an investment that will enable us to increase the production of fluorine ion exchange membranes for water electrolysis.

We would like to build a new facility on a former factory site that we own in Kitakyushu, where we stopped our chemical business about 20 years ago.

Capital Allocation Policy



- Strategic investment budget will be set at 200 billion yen for proactive investment in strategic and growth businesses.
- Regarding shareholder returns, stable dividends will be maintained with a target of approx. 3% Dividend on Equity (DOE), and share buybacks will be determined based on a comprehensive consideration of investment projects, cash position and other factors.



This is a capital allocation policy. Although the total amount will be larger than the previous medium-term management plan, we will set aside a strategic investment limit of JPY200 billion.

We haven't had a strategic investment budget for a while since we established one in 2016, but in addition to the fixed investment in strategic businesses and core businesses and common investments, the strategic investment budget is to be decided strategically according to new areas of need. Last time we used that quite a bit for M&A, but this time we have not yet decided how much to spend on what.

In terms of shareholder returns, we have changed our dividend policy to a more stable dividend on equity ratio of 3%. Regarding share buybacks, we will make a decision based on comprehensive consideration of investment projects and cash situation, etc. We have probably never announced a share buyback at the midterm management plan, but we will make a decision while carefully observing the situation.

Deepening of AGC's sustainability management: Redefining the Social Value that the AGC Group Provides

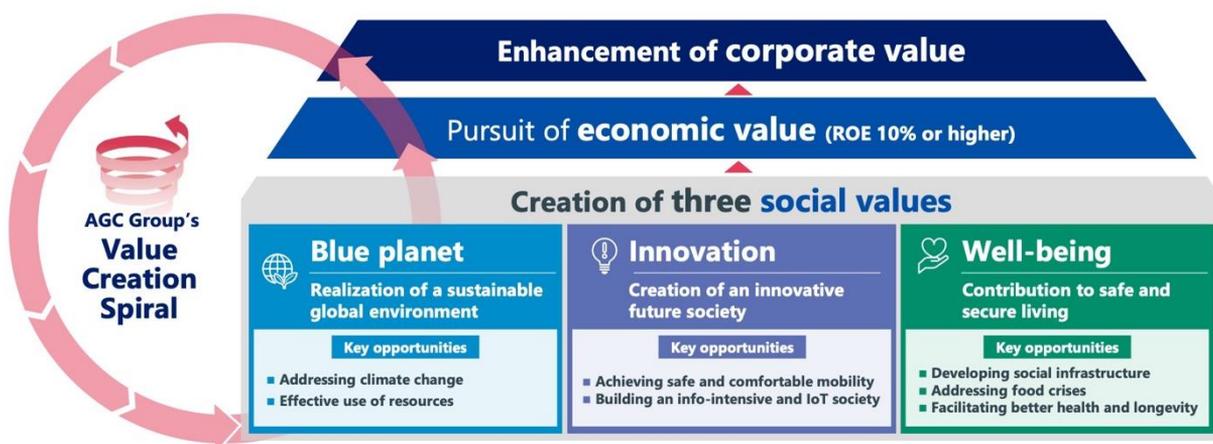
- Clarified the values AGC contributes by replacing the existing "five social values" with "**three social values**" to be created by AGC's products and technologies.



We have recently reclassified our social values from five values to three social values: blue planet, innovation, and well-being. We have rearranged them to make them easier to understand.

Deepening of AGC's sustainability management: AGC Group's Value Creation Spiral

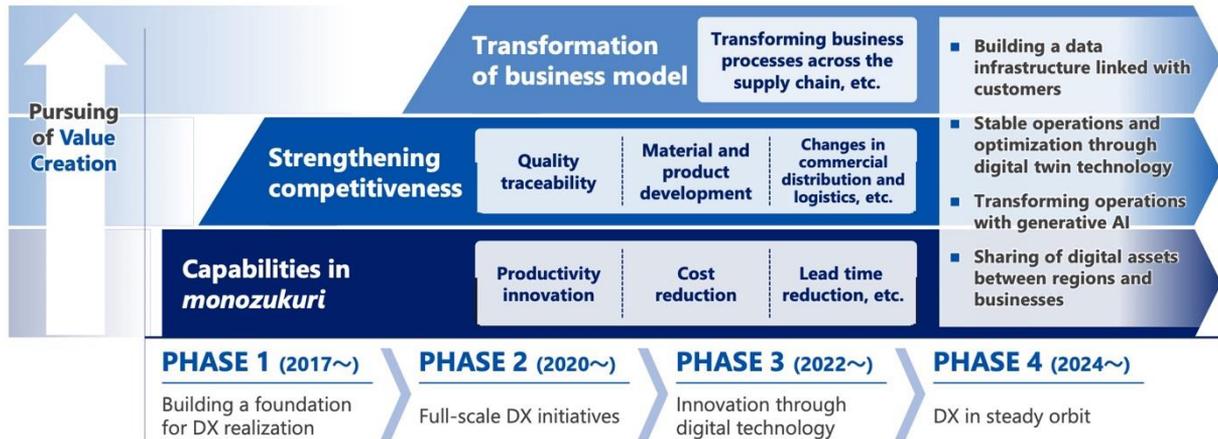
- The AGC Group will create economic value through the creation of social value to achieve a spiral of enhanced corporate value.



Through the creation of these three social values, we will pursue economic value and enhance corporate value. We hope to realize this spiral of corporate value enhancement.

Pursuit of value creation DX

- We will enhance the competitiveness of each business by combining the digital technology developed since 2017 with AGC's capabilities in *monozukuri*.



Regarding DX, we are moving to value-creating DX, which means not only efficiency but also DX that creates value. So far, we have focused on DX at manufacturing sites and then strengthening competitiveness. However, by further connecting the entire supply chain, we are moving forward with changes to our business model that will allow us to provide value to our customers.

Strengthening the Management Foundation: Promoting Human Capital Management

- **We will promote human capital management for continuous corporate growth.**
- We will encourage the growth of the strengths and abilities of each of our diverse human resources, support their independent learning and growth, and encourage them to take on challenges. The sum of each individual's growth will create a strong organization with high engagement, enhance corporate value, and realize AGC's mission.

"AGC People: the driver of our growth!"



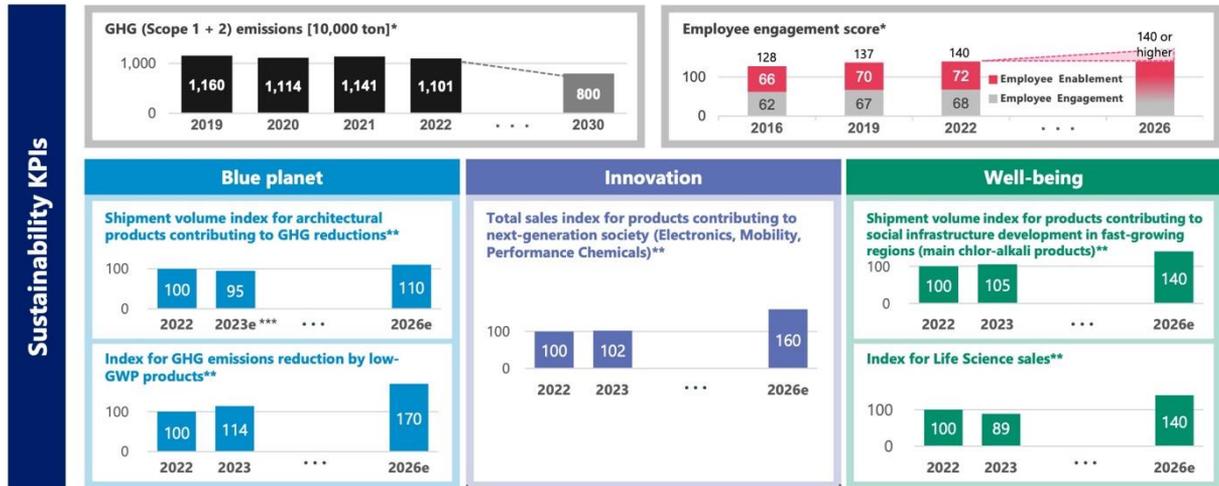
We believe that human resources are an important part of the management foundation. As we have been promoting under the slogan, AGC of Human Capital, we will continue to promote human capital management to realize continuous corporate growth. We foster independent personal growth, diverse human resources,

and high engagement in a corporate culture that is open, encourages challenge, and emphasizes independence, and in pursuit of our mission.

**New Medium-term Management Plan *AGC plus-2026*.
Sustainability KPIs**



- We will achieve sustainable growth by improving sustainability KPIs through business activities.



* KPI reflected in executive compensation ** Indexes: Figures converted from 2023 on using 2022 as a base of 100. ***Tentative figures ©AGC Inc. 34

Lastly, KPIs. We set sustainability KPIs for the first time. As a whole, we will set GHG emissions, which are considered important in our materials industry, as KPI. At the same time, we would like to use the employee engagement score as a KPI.

We would like to set KPIs for each of the three social values, blue planet, innovation, and well-being, so that they can be visualized and monitored.

New Medium-term Management Plan *AGC plus-2026* : Financial KPIs

- We will continuously grow and evolve our businesses to achieve **stable ROE of 8% or higher**
- We will expand **strategic businesses** to account for the majority of **Group-wide** operating profit by 2026.

		2023 (Actual)	2024 (Estimate)	2026	2030	2050
Financial KPIs	OP	128.8 billion yen	150.0 billion yen	230.0 billion yen	300.0 billion yen or higher	
	Strategic Business OP	56.8 billion yen	80.0 billion yen	130.0 billion yen	190.0 billion yen or higher	
	EBITDA*	304.1 billion yen	335.0 billion yen	440.0 billion yen		
	ROE	4.6%	3.7%	8% or higher	10% or higher	
	D/E Ratio	0.42		0.5 or less		

* EBITDA = Operating profit + Depreciation

©AGC Inc. 35

Finally, this is our financial KPIs. The biggest goal for this medium-term management plan is how to stabilize ROE, which has been unstable up until now. The various measures we have taken so far are starting to bloom little by little, and our biggest goal is to stably achieve ROE of 8%.

To that end, we wrote that we would expand our strategic businesses to account for the majority of our operating income by 2026, but we would like to achieve this this year by reviewing the definition of strategic businesses. We hope to achieve JPY80 billion of our JPY150 billion operating profit from strategic businesses and JPY130 billion of our JPY230 billion operating profit by 2026.

Under the brand statement we decided upon when we changed our company name in 2018, we would like to further accelerate these initiatives. We ask for your continued support. Thank you very much.

Ogawa: Thank you very much, Mr. Hirai.