

Newsletter for Shareholders

AGC Review

Vol. 42 Issued in March 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'.

Focus

**Life Science Business Becomes
an In-house Company under
the direct supervision of the CEO**

| To Our Shareholders



Representative Director,
President and CEO

Yoshinori Hirai

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

In February 2021, the AGC Group formulated its long-term management strategy, Vision 2030, and its **AGC plus-2023** medium-term management plan to realize this strategy.

In fiscal 2022, the second year of **AGC plus-2023**, the Group made proactive investments in strategic businesses such as Electronics and Life Science. Meanwhile, in its core businesses, the Group has steadily implemented a transformation to an optimal business portfolio, including the completion of its withdrawal from the North American architectural glass business. Net sales reached a record high thanks to higher sales prices in all businesses, sales growth in strategic businesses and fluorochemical-related products, as well as the impact of foreign exchange rates.

On the other hand, operating profit decreased from the previous year due to soaring raw materials and fuel prices across all businesses, as well as a significant drop in demand for LCD glass substrates.

Profit for the period attributable to owners of the parent was a loss of 3.2 billion yen due to large impairment losses related to the Display, PCB materials, Russian, and the European automotive glass businesses.

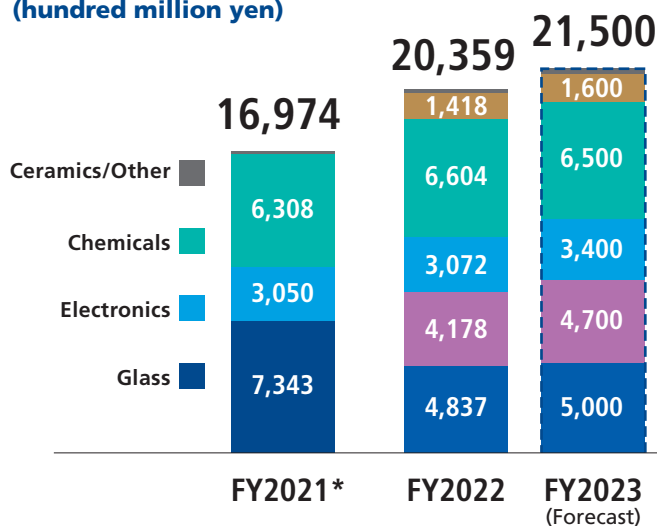
In fiscal 2023, the final year of **AGC plus-2023**, the Chemicals segment is expected to report a year-on-year decline in earnings owing to softening market conditions in the chlor-alkali business. However, we anticipate an increase in both total sales and profit due to growth in automotive glass and other core and strategic businesses as well as a decrease in depreciation stemming from asset impairment.

Financial Results Highlights Full-year FY2022

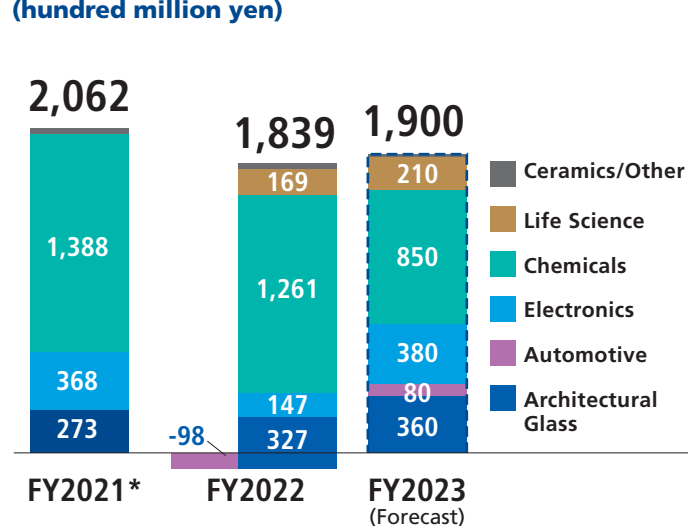
Net sales **2,035.9** billion yen (19.9% YoY increase)

Operating profit **183.9** billion yen (10.8% YoY decrease)

Net Sales by Segment (hundred million yen)



Operating Profit by Segment (hundred million yen)



*FY2021 is shown according to previous segment classifications

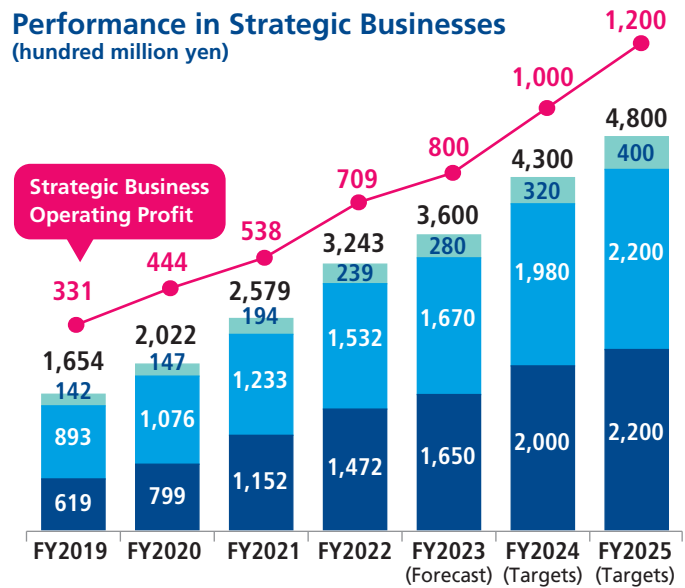
Progress of strategic businesses

Strategic businesses reported net sales of 324.3 billion yen and operating profit of 70.9 billion yen, a significant gain in both sales and profit compared to the previous year. The scale of our business has steadily expanded, particularly in the Electronics and Life Science businesses, contributing to performance.

We will continue to focus on the growth of strategic businesses and accelerate the transformation to an optimal portfolio.



Performance in Strategic Businesses (hundred million yen)



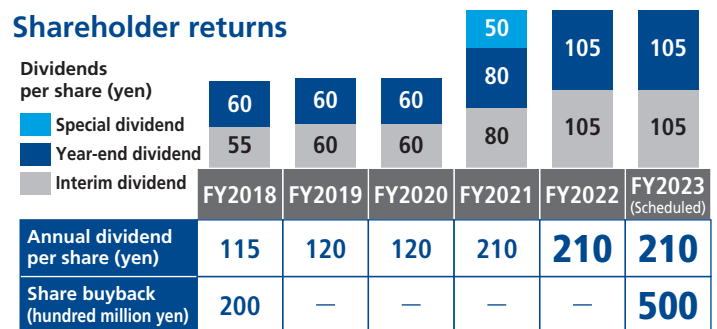
Shareholder returns

With a view toward medium-term growth, we have decided to pay a dividend of 105 yen per share for fiscal 2022, for an annual dividend of 210 yen per share.

We also expect to pay annual dividend of 210 yen per share in fiscal 2023.

In addition, we have decided to implement 50 billion yen in the share buyback.

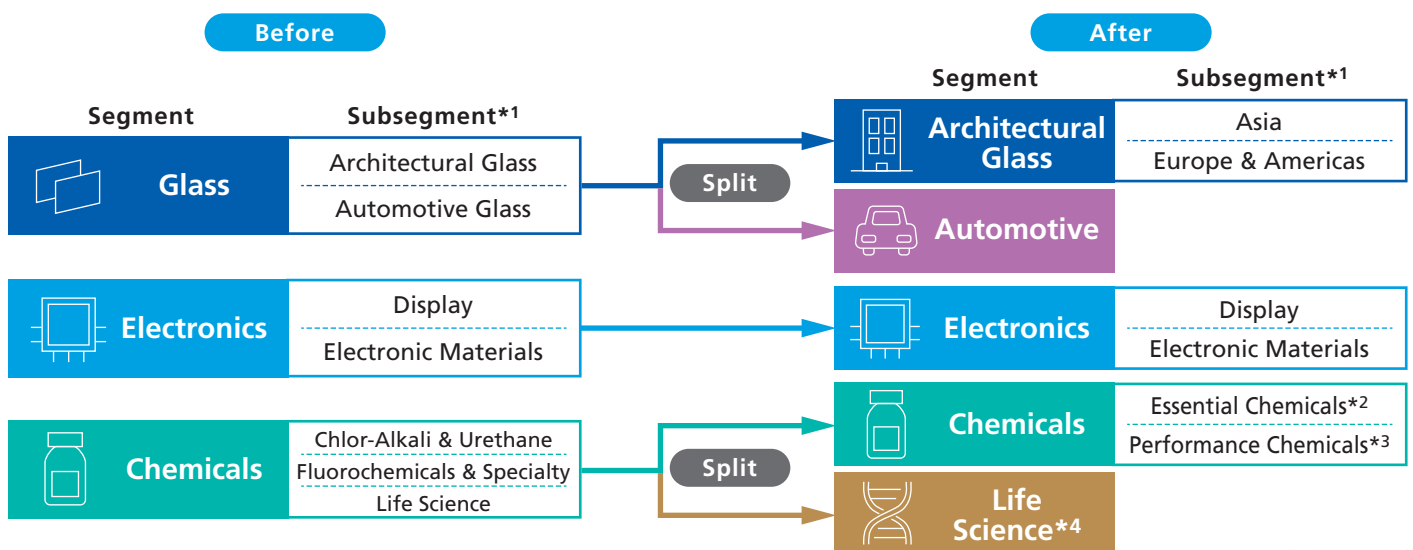
Shareholder returns



Changes in Reportable Segments

The AGC Group made the following changes to its reportable segments from fiscal 2023.

The Glass segment was changed to Architectural Glass and Automotive in view of the shift to business operations that emphasize the uniqueness of the business strategies in architectural and automotive glass and quick decision-making. The Chemicals segment was changed to Chemicals and Life Science with the establishment of the Life Science Company.



*1 Breakdown of sales by product or market within each segment

*2 Name changed from Chlor-Alkali & Urethane

*3 Name changed from Fluorochemicals & Specialty

*4 The Fine Silica business previously included in Life Science has moved to Performance Chemicals.

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Life Science Company Established: Aiming for Further Growth

The AGC Group established the Life Science Company on January 1, 2023.

AGC's Life Science business started in 1973 with the launch of the Life Sciences Team to study the potential application of the Company's fluoridation technology to pharmaceuticals and agrochemicals. We are now expanding our business beyond low-molecular-weight synthetic pharmaceuticals to include biopharmaceuticals, which have significantly increased their profile in the global pharmaceutical market.

Achieved growth far exceeding expectations, now headed for further business expansion

In 2016, the AGC Group designated the life science business, as one of its strategic businesses and established the Life Science General Division within the Chemicals Company. Since then, the Group has expanded its business scale on the three sites, Japan, the U.S., and Europe in order to capture market growth. Initially, the 2025 sales target was set at 100 billion yen, but this was achieved in 2021, four years ahead of plan.

We also aim to achieve our new sales target of 200 billion yen for 2025 by 2024, one year ahead of schedule. Thus, we have achieved growth much faster than expected.

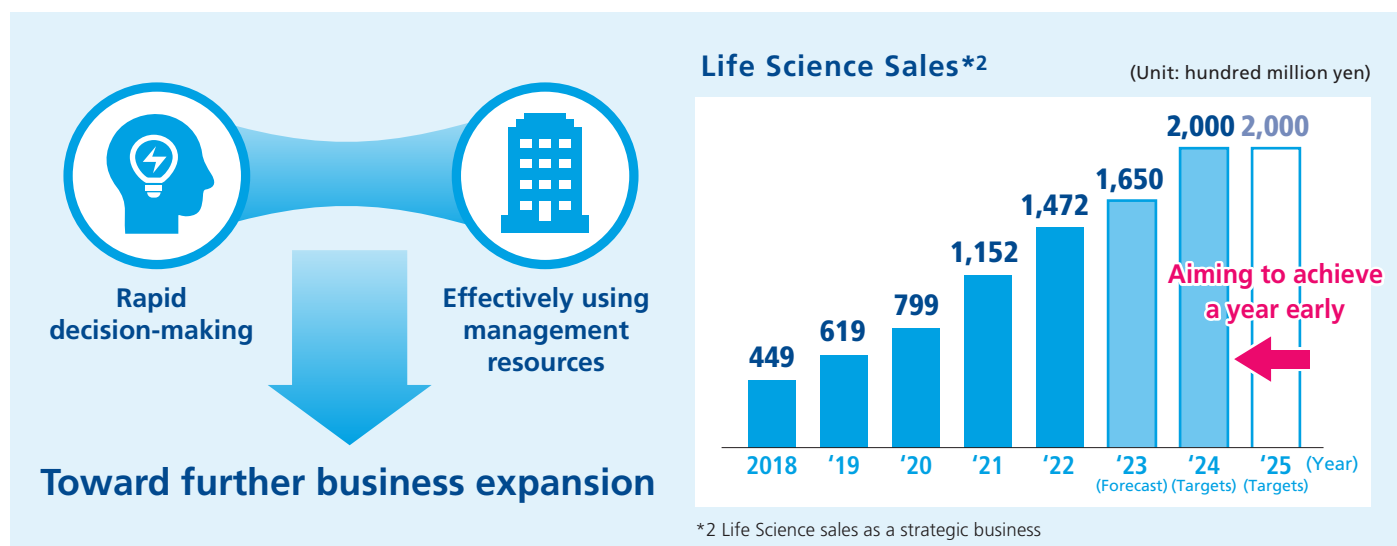
The global pharmaceutical market is expected to continue to grow against a backdrop of a rising elderly population and more advanced medical care. Furthermore, as the global population increases, there is a need to improve agricultural productivity to ensure a sustainable food supply. This is another driver of further expansion in AGC's CDMO*1 business.

Under these circumstances, the Life Science business became an In-house Company reporting directly to the CEO from 2023 for aggressive investment of management resources in this business and rapid decision making. As well as further expansion of existing businesses, we aim to further expand our business by considering entry into the markets for new technologies, including regenerative medicine, which is being researched for commercialization going forward .



Life Science Company President
Noriyuki Komuro

*1 CDMO: Contract Development & Manufacturing Organization. AGC's CDMO business is contracted for the development of manufacturing processes and manufacturing for pharmaceuticals and agrochemicals.

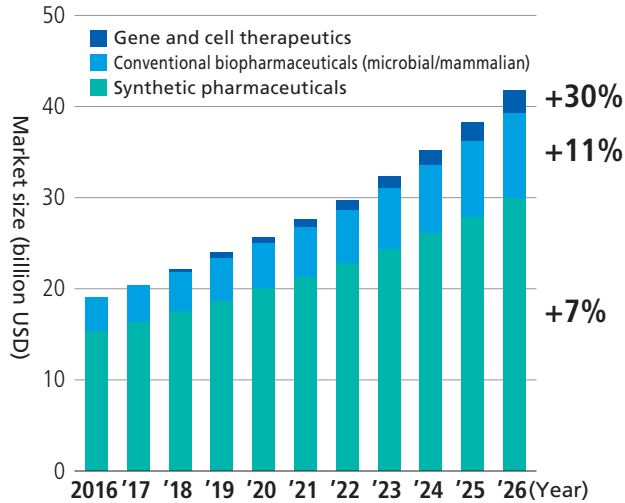


Expansion of CDMO market

· The trend of pharmaceutical companies outsourcing the manufacturing of drugs to concentrate resources on new drug research has accelerated due to the advancement of medical care and the complicated structure of pharmaceutical products.

The global CDMO market for pharmaceutical intermediate and active ingredients is projected to expand at a robust CAGR of 8.5% through 2026.

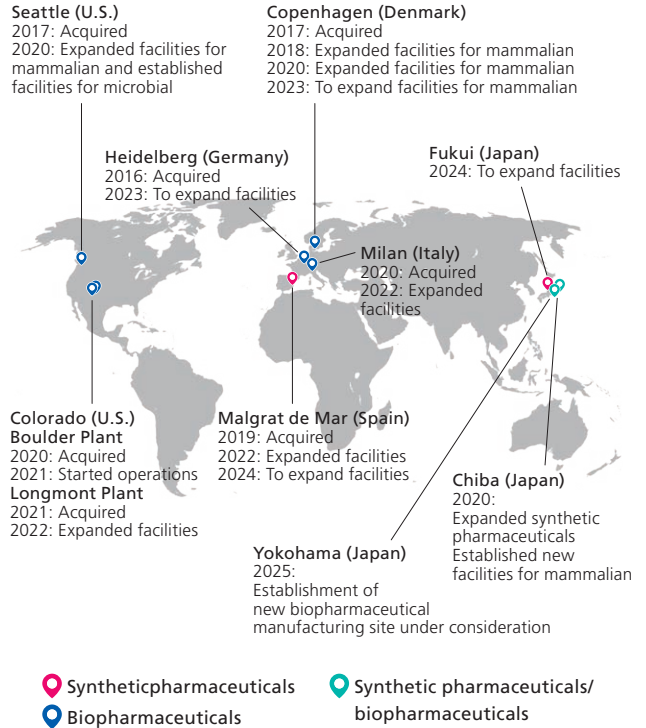
Drug Substance CDMO Market (estimated by AGC)



Source: Evaluate Pharma®

Aggressive expansion of AGC's business scale

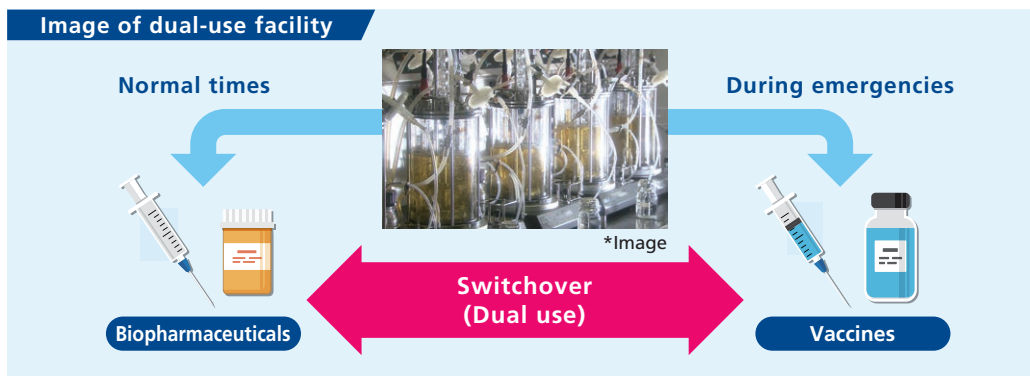
· Expanding geographic and technological footprint through aggressive M&A and investments in capacity expansion



Introduction of cutting-edge biotechnology to boost capacity by the largest scale ever in Japan

— Selected as a vaccine subsidy project eligible for vaccine subsidies for which METI issued a public call for applications —

AGC was selected as part of the Ministry of Economy, Trade and Industry (METI)'s "Developing biopharmaceutical manufacturing sites to strengthen vaccine production project." In this connection, it is considering to invest tens of billions of yen, the largest ever for this business in Japan, to expand the capacity of its biopharmaceutical CDMO business in Japan. The investment will be made in the AGC Yokohama Technical Center. With the goal of starting operation in 2025, AGC plans to introduce a "dual-use" facility that will produce biopharmaceutical intermediate and active during normal times and switch to vaccine production when pandemics strike.



AGC will contribute to improving the development and manufacturing capabilities of biopharmaceuticals in Japan, which are highly reliant on overseas sources at the moment, while also introducing cutting-edge technologies to the country.

Topic

AGC Group's environmental initiatives

Joint development with Saint-Gobain for industrial decarbonization

AGC and Saint-Gobain, a leading French flat glass manufacturer, have agreed to co-develop technology to significantly reduce CO₂ emissions during the flat glass manufacturing stage.

The partners aim to start demonstration tests at a state-of-the-art pilot plant in the second half of 2024.

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AGC Group's figured glass manufacturing plant to be used as a pilot plant (Czech Republic)

AGC Glass Europe begins selling low-carbon glass

AGC Glass Europe, AGC's 100% subsidiary, has launched sales of a low-carbon glass that reduces GHG emissions by more than 40% compared to the AGC's conventional float flat glass*, including not only GHG emitted directly in the manufacturing process but also GHG emitted indirectly in the processes from raw material procurement to distribution. This revolutionary product will contribute to the AGC Group's 2050 net-zero carbon target, and we will continue to make Group-wide efforts to achieve this goal.

*Comparison with AGC Glass Europe baseline: EPD (Environmental Product Declaration) for Planibel in the INIES database

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Low-carbon glass

Accelerating renewable energy use in Indonesia

AGC's chemicals manufacturing and sales subsidiary, P.T. Asahimas Chemical has signed a contract to purchase renewable energy power certificates issued by Indonesia's state-owned electricity company PLN.

The Chemicals Company will accelerate CO₂ emission reductions by making significant progress in the use of renewable energy, thus augmenting the measures it has been taking to reduce environmental impact by improving energy and production efficiency in manufacturing processes.

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P.T. Asahimas Chemical

AGC recognized with the highest rating of "A-List" for "Climate Change" by CDP

CDP*1, an international non-profit organization that addresses environmental issues such as climate change, gave AGC "A-List" recognition, the highest possible score, based on its leading environmental initiatives and proactive information disclosure.

*1 CDP is a non-governmental organization (NGO) managed by a UK-based charity and owns the world's largest environmental database. CDP scores are widely used to drive investment and procurement decisions toward a zero-carbon, sustainable and resilient economy.

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AGC receives certification from SBTi for its "WB2°C" GHG reduction target

SBTi*2, an international initiative that promotes the establishment of science based GHG emission reduction targets has approved AGC Group's target for 2030 as a science based target to limit the increase in global average temperature from pre-industrial times to well below 2°C, and has been certified as "WB2°C" (well-below 2°C).

*2 Science Based Targets initiative. SBTi promotes, reviews and certifies the setting of science based GHG emission reduction targets for companies to achieve the Paris Agreement goal of limiting the increase in global average temperature to less than 2°C above pre-industrial levels.

Scan here for details >>



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Introduction to IR news mailings

AGC delivers IR-related news to investors.

In addition to information related to our business performance, we will also post the latest information on investment, development, and other activities of the AGC Group, so please take this opportunity to register.

Register here >>
for news mailings



Corporate Outline

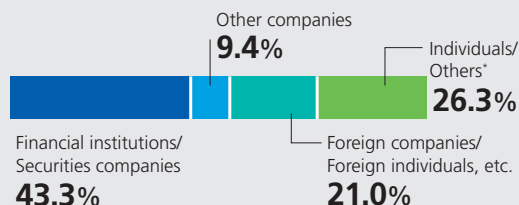
Company name: AGC Inc.
Founded: September 8, 1907
Incorporated: June 1, 1950
Capital: ¥90,873,373,264
Head office: Shin-Marunouchi Building, 1-5-1 Marunouchi,
 Chiyoda-ku, Tokyo 100-8405
Phone: +81-3-3218-5096
Number of consolidated subsidiaries: 201
 (including 164 companies overseas)

State of Shares

Number of shares outstanding: 227,441,381
Number of shareholders: 120,086
Shareholders who own shares of one unit or more: 102,533

Shareholder Composition

(Shareholders who own one unit or more)



*Including 2.4% treasury shares

Information about Shares

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

Payment of dividends:

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

To shareholders owning shares constituting less than one unit:

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

Contact Information for Inquiries Regarding Shares

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

(As of December 31, 2022)