



AGC Inc.

Financial Results for FY2022

February 8, 2023

Event Summary

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[Number of Speakers]	4
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	Representative Director, President & CEO Representative Director, Senior Executive Vice President, CFO Senior Executive Officer, General Manager of Finance & Control Division General Manager of Corporate Communications & Investor Relations Division

Presentation

Ogawa: Thank you very much for joining us today. We would like to begin AGC, Inc. FY2022 financial results online briefing. My name is Ogawa. I will be the moderator, and I work from the Corporate Communications IR division. I would like to introduce the participants for today. We have Representative Director, President, CEO, Mr. Yoshinori Hirai. Representative Director, Senior Executive Vice President, CFO, Mr. Shinji Miyaji. Senior Executive Officer, General Manager of Finance and Control Department, Mr. Toshiro Kasuya. We have three presenters. First of all, our CFO, Miyaji, will provide you the performance for the FY2022 full year results. After which, CEO Hirai will provide you with the progress of the medium-term management plan. After which, we would like to move on to the Q&A session. We intend to close the session at 6:30 PM Japan time.

Mr. Miyaji, please start your presentation.

Miyaji: Thank you very much. This is Miyaji.

Key points for today



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.

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Please turn to page 3.

I would like to give you some of the key points of today's presentation. In the fiscal year ended December 2022, we saw an expansion of strategic businesses, higher product sales prices, and the impact of FX, resulting in a net sales increase by JPY338.5 billion to JPY2,035.9 billion. First time, we topped the JPY2,000 billion, and this was the highest net sales ever recorded. However, operating profit decreased because of the sluggish demand for displays and high prices of raw materials and fuel. It was a decrease by JPY22.2 billion to JPY183.9 billion.

I will explain more later, but we have recorded a major impairment loss in Q4 2022. As a result, net loss attributable to owners of the parent amounted to JPY3.2 billion. For the current fiscal year, although the chlor-alkali business is expected to see a YoY decrease in profit, we expect growth in other core businesses, including

automotive glass and strategic businesses, as well as a decrease in depreciation expenses resulting from posting impairment losses. We expect net sales of JPY2,150 billion and operating profit of JPY190 billion.

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		FY2022		Change	Main factors in the change (+) Increasing factors (-)Decreasing factors
	Full-year		Full-year			
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			

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Please go on to page 6.

In terms of net sales, because of the increase in shipments of life science and fluorochemical-related products, higher sales prices for architectural glass, chlor-alkali products, and automotive glass, and the impact of yen depreciation. Net sales increased by JPY338.5 billion. The operating profit decreased by JPY22.2 billion. Profit before tax was JPY58.5 billion lower, mainly due to other expenses, including significant impairment losses in the display business and the printed circuit board material business and so forth. There has been a significant decline of the profit before tax.

In terms of the impairment losses, I will explain in the following page.

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
Architeturial /Automotive glass business in Russia	Architeturial: 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

Please move on to page 7.

As announced today, we have recorded significant impairment losses in the display, PCB materials, automotive, and architectural glass in Russia, and automotive glass in Europe. In the display business we posted JPY73.7 billion for impairment losses after revisiting our forecast of future recoverability due to a significant decline in demand due to sluggish sales of TVs and PCs, as well as a cost increase due to the yen's depreciation and rise and raw material and fuel prices.

In the printed circuit board material business, because of the impact of US-China trade friction and the spread of COVID-19, there was a decline in the demand. We posted an impairment loss of JPY32.2 billion.

In Russia, we have revised our forecast because of the losses for architectural glass and automotive glass. Impairment loss amount was JPY9.9 billion and JPY3.7 billion, respectively. Excluding Russia and the European automotive glass business, because of the Russia-Ukraine situation, there has been sluggish demand for automotive. An impairment loss of JPY6.7 billion was recorded. As a result, other expenses in total exceeded JPY150 billion.

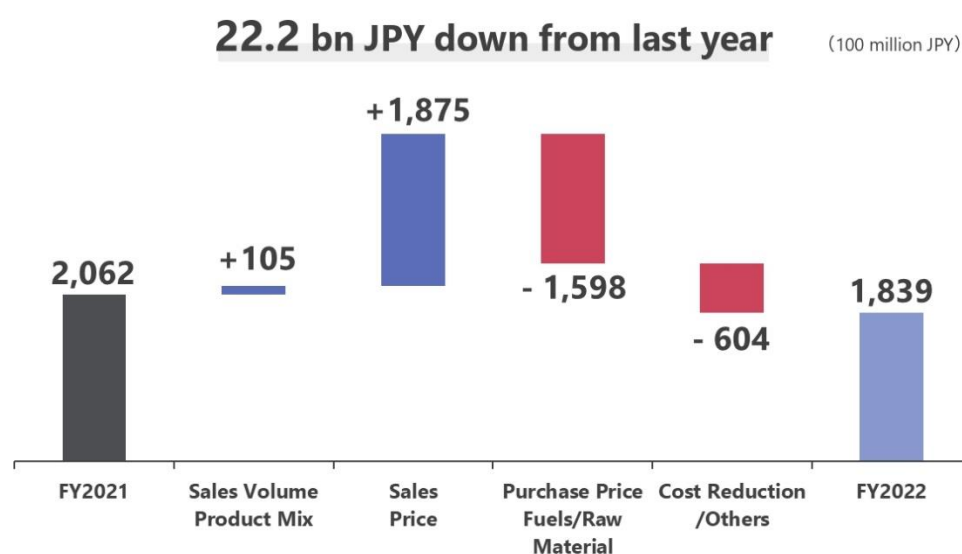
YoY Performance Comparison by Business Segment

(100 million JPY)

	FY2021 Full-year (a)		FY2022 Full-year (b)		Change (b) - (a)	
	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

Please move on to page 8. This is the YoY comparison by segment. Glass and electronics posted higher sales and lower profits, while chemicals posted an increase in both higher sales and profit.

Variance Analysis on (FY2022 vs. FY2021)



Page 9 shows YoY various analysis of operating income. Sales volume and product mix positive JPY10.5 billion, with increased of life science and fluorochemical-related products. Sales price positive JPY187.5 billion with higher prices of caustic soda and architectural glass. Fuels and raw materials, negative JPY159.8 billion, with higher prices of raw materials and fuels mainly in Europe.

Cost reductions and others, negative JPY60.4 billion, as the manufacturing costs of display increased due to exchange rates. Together with increased fixed costs and others in life science, overall, profit decreased from JPY206.2 billion to JPY183.9 billion, down JPY22.2 billion.

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		

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Page 10, financial position comparing to the end of December 2021. The total assets were JPY2,814 billion, an increase of JPY148 billion. Impairment losses had a negative impact of JPY128.4 billion. Debt-to-equity ratio was 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	

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Page 11, cash flow statement. Operating cash flow was net inflow of JPY217.1 billion. That is for 2022. Cash flow used for investment was JPY145.3 billion. As a result, free cash flow was net inflow of JPY71.8 billion.

CAPEX, Depreciation and R&D

Full-year	FY2021	FY2022	(100 million JPY)
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	

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.

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Page 12. Capex, depreciation, and R&D expenses. Capex totaled JPY236.6 billion. Depreciation was JPY185.7 billion, and R&D expenses were JPY52.3 billion.

Glass Segment

(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



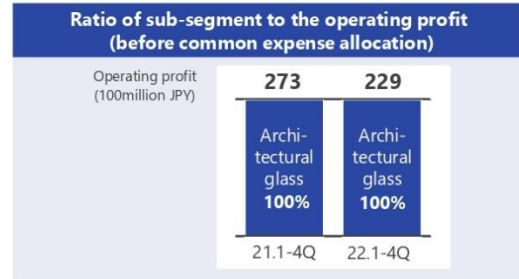
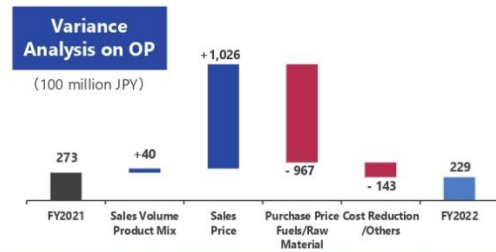
Architectural Glass

- 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.



Next, I will go over results by segment.

Please turn to page 14. First, the glass segment. In 2022, sales were JPY901.5 billion. Operating profit was, as you can see, in architectural glass, sales prices rose in all regions, mainly in Europe, which offset the impact of the sales decline due to the transfer of the business in North America in August 2021.

Added with the impact of exchange rates, sales increased by JPY101.6 billion YoY, as you can see. In automotive glass, shipments increased with the easing of supply shortage of components, including semiconductors. Added with the effect of price revisions, mainly in Europe, and the impact of exchange rates, net sales increased JPY66.5 billion YoY at JPY417.6 billion. Operating income decreased by JPY4.4 billion despite the factors that increased sales. They could not cover the impact of rising cost of raw materials and fuels. Architectural glass accounted for 100% of the segment's operating income.

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

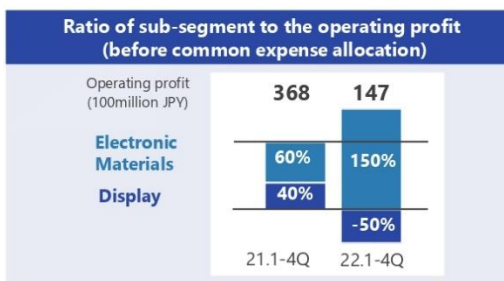
* FOREX impact: +14.3 billion yen, Change in the Scope of Consolidation: ▲ 5.8 billion yen

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.



Please turn to page 15.

Electronics sales totaled of JPY307.2 billion and operating profit was JPY14.7 billion. In display, demand for LCD glass substrates fell more than expected during H2 of the period. Added with the decline in shipments of specialty glass for display applications, sales dropped by JPY26.7 billion at JPY155.4 billion. Sales of electronic materials increased by JPY28.5 billion at JPY149.5 billion, due mainly to favorable shipments of optoelectronics materials and semiconductor-related products and the impact of exchange rates. Segment operating income decreased by JPY22.1 billion at JPY14.7 billion, despite steady sales of electronic materials, mainly due to a significant decline in demand for LCD glass substrates and the high cost of raw materials and fuels. Electronic materials accounted for 150% of the segment operating profit, while display accounted for minus 50%.

Chemicals Segment

(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.



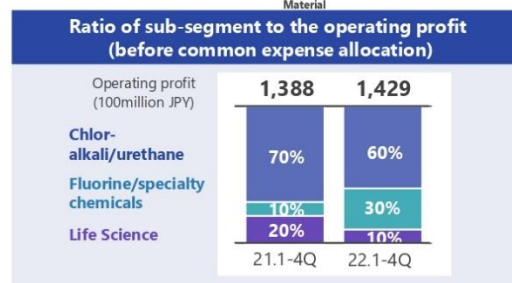
Fluorine/specialty chemicals

- 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

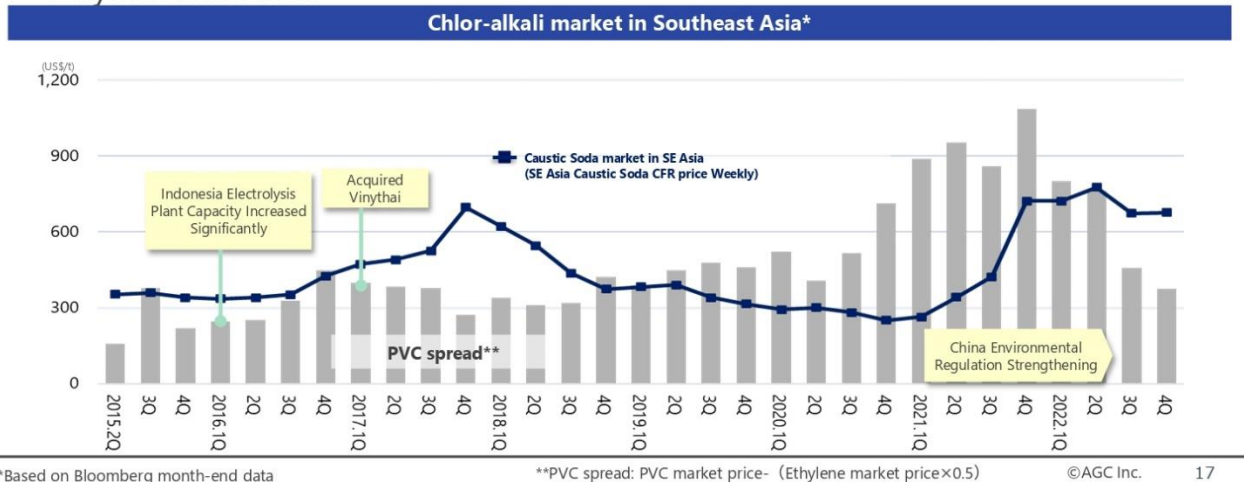


Page 16. Next, let me talk about the chemicals segment. In FY2022, net sales were JPY795.2 billion, and OP was JPY142.9 billion. Sales of chlor-alkali and urethane increased by JPY99.4 billion due to steady market conditions for caustic soda and other products, as well as the effect of FX. In the fluorochemicals and specialty chemicals business, net sales increased by JPY32.2 billion to JPY156.1 billion due to a significant increase in shipments of fluorochemical-related products, mainly for semiconductor applications.

In the life science business, net sales increased by JPY32.2 billion to JPY147.2 billion due to an increase in orders for our synthetic pharmaceuticals, agrochemicals and biopharmaceuticals. OP increased by JPY4.2 billion to JPY142.9 billion, partly due to strong sales of fluorochemicals and specialty chemicals, despite softening marketing conditions in the chlor-alkali business in Southeast Asia in the latter half of the period. The ratio of subsegments to OP in the chemicals was 60% for chlor-alkali and urethane, 30% for fluorochemicals and specialty, and 10% for life science.

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.



Please move on to page 17.

I would like to provide you with some additional explanation for the market conditions for caustic soda and PVC in Southeast Asia. In the caustic soda market, the global supply-demand balance remained tight, with high prices continuing in Q4 due to the impact of rising energy prices in Europe. The PVC spread slightly narrowed in Q4, due to the impact of economic slowdown in China, the US, and other countries. However, the market itself bottomed out at the end of last year in Q4, and it is on a gradual recovery path.

Profit contribution of Strategic Business

- OP growing steadily



Please move on to page 18. I would like to explain the performance of our strategic businesses.

Overall sales rose by JPY66.4 billion to JPY324.3 billion. OP was JPY70.9 billion, an increase of JPY17.1 billion YoY. The electronics and life science businesses are steadily expanding.

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

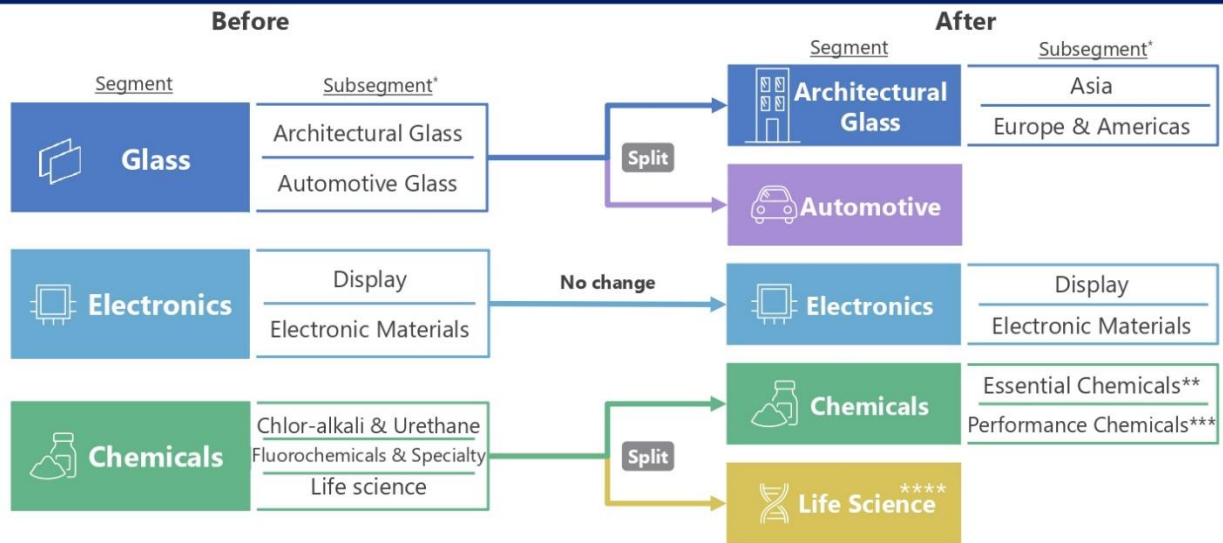
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Please move on to page 19.

This chart explains our operating assets and ROCE by segment. Operating assets at the end of FY2022 increased by JPY110 billion to JPY2,005 billion. Operating assets of electronics decreased due to the impairment losses in the display business. Operating assets and chemicals increased due to aggressive capital investment centered on strategic businesses. The operating assets, the denominators, the ROCE for 2022 was 9.2%.

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

Now, I'd like to give you the guidance for this fiscal term. Please move on to page 21.

First, I would like to announce a change in our business segments. As announced today, we will change our reportable segments starting in FY2023. First, the traditional glass segment will be split into architectural glass and automotive. In addition, the life science business will be a separate segment, following its spin-off as an internal company in January of this year. In this new chemical segment, the subsegments will be renamed. The previous chlor-alkali urethanes are renamed as essential chemicals, and fluorochemicals and specialty as performance chemicals. The new segment names will be used from now on.

FY2023 Outlook

- 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
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

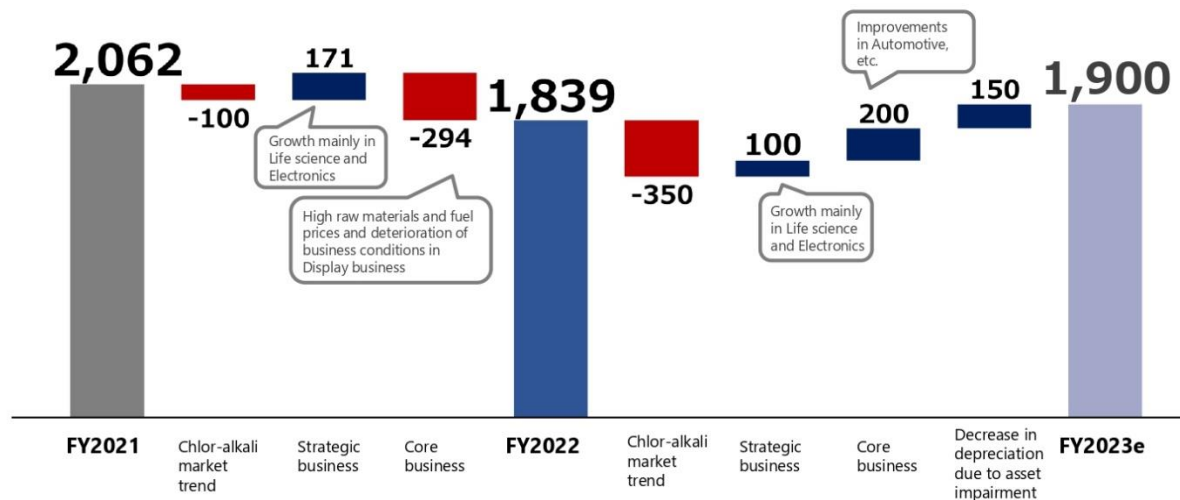
* ROE of FY2023e is calculated using the figures of Profit for the year attributable to owners of the parent as of Dec 31, 2022

Please move on to page 22.

I'd like to give you the full year guidance for FY2023. Net sales increased by JPY114.1 billion to JPY2,150.0 billion, and OP increased by JPY6.1 billion to JPY190 billion.

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.

Some of the factors, I would like to explain. Please move on to page 23.

Details of the operating income forecast. In 2023, although the market for chlor-alkali products is projected to soften, we expect growth in strategic businesses centered on life science and electronics. Improvement in








core businesses, such as automotive and display, and a decline in depreciation due to impairment losses. We are forecasting operating income of JPY190 billion, up JPY6.1 billion, impairment losses of about JPY15 billion.

Please note that the forecast values on this waterfall chart are approximate figures in units of JPY5 billion, so the total does not match.

Outlook breakdown by Segment (Net sales and Operating profit)

AGC
Your Dreams, Our Challenge

(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

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Page 24. Outlook breakdown by segments. While chemicals expect a decline in sales and profit, other segments expect increased sales and profit.

Outlook by Business Segment (1)

Outlook for FY2023

 Architectural Glass	 Automotive	 Electronics
<ul style="list-style-type: none">■ 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.	<ul style="list-style-type: none">■ 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.	<p>Display</p> <ul style="list-style-type: none">■ 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. <p>Electronic Materials</p> <ul style="list-style-type: none">■ 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.

Page 25, key points of the full year outlook by segment.

In architectural glass, while there are concerns about inflation and economic slowdown in Europe, we expect shipments to be supported by replacement demand for high insulation glass for energy savings. In Japan and Asia, we expect shipments to remain robust due to such factors as growing demand for high heat insulating and shielding glass. In automotive glass, we expect an increase in shipments resulting from a gradual recovery in automobile production, due to the easing of the impact of component supply shortages, particularly in semiconductors.

We also anticipate further effects of the ongoing efforts on the price policy review.

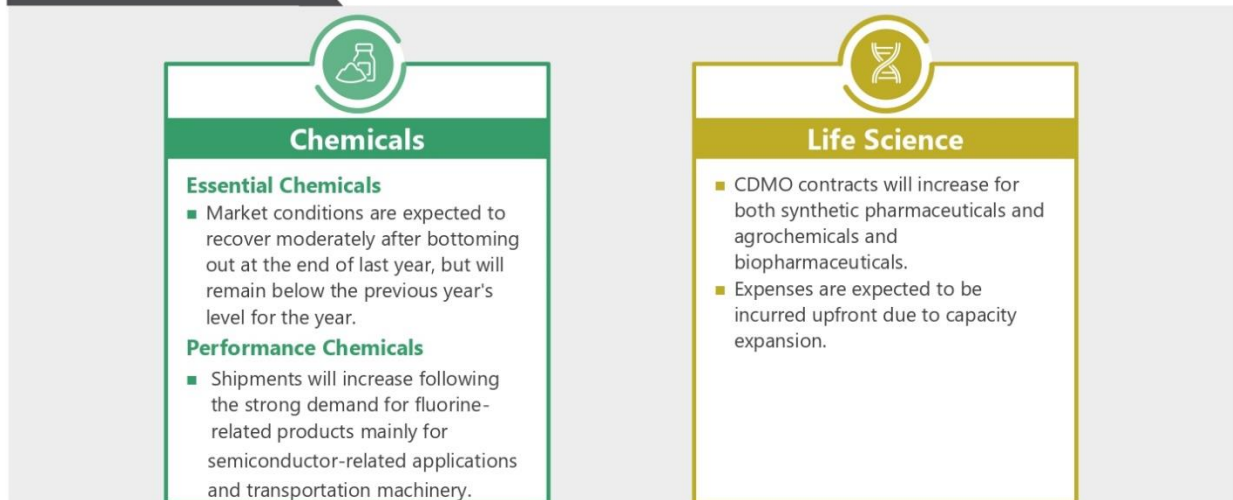
In electronics, among display, we expect earnings to improve for LCD glass substrates due to the promotion of structural reform measures, a recovery in demand, and a decrease in depreciation.

In specialty glass for display, while demand for smartphones is expected to slow down, orders from major customers are expected to grow, resulting in increased shipments.

Among electronic materials, optoelectronics materials are expected to plateau, due to the slowdown in the smartphone market, but semiconductor-related products, mainly photomask blanks for EUV lithography, are expected to remain robust.

In printed circuit board materials, despite concerns over possible demand decline due to the US-China trade friction and the spread of the COVID infection in China, we expect shipments to increase from the demand growth of the communication infrastructure and in-vehicle market.

Outlook for FY2023



Page 26. In chemicals, essential chemicals expect market conditions to recover gradually after bottoming out at the end of last year, but will remain below the previous year's level on a full-year basis. Performance chemicals expect shipments to increase due to strong demand for fluorochemical-related products, especially, for semiconductor-related applications and transportation equipment.

Life science expects increased over the previous year due to an increase in the number of contracts for synthetic pharmaceuticals and agrochemicals and biopharmaceuticals. Continuing on from FY2022, but with increase in capacity expansion, expenses will grow.

CAPEX, Depreciation and R&D

Full year	FY2022	FY2023e	(100 million yen)
CAPEX	2,366	3,000	Main projects for CAPEX <ul style="list-style-type: none"> ■ 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
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	

Page 27.

In 2023, we expect Capex of JPY300 billion, depreciation of JPY188 billion and R&D expenses of JPY58 billion. Capex expects significant increase YoY coming from capacity enhancements of electronic materials, chlor-alkali in Southeast Asia, and biopharmaceuticals. Depreciation expects an increase due to such factors as the operations of semiconductor-related products facilities and enhanced biopharmaceuticals facilities.

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

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

We will now move to the progress of the medium-term management plan, AGC plus-2023.

This year marks the final year of the medium-term management plan, so I'd like to share with you the progress so far. If you can look at the reference part on the right-hand side, so left-hand side shows our initial target for AGC plus-2023 at the initial phase. Also we have the revised target on the right-hand side. In comparison to that, the forecast for this year -- so the -- except for ROE, we expect to see a huge upside vis-à-vis the initial target. However, we will not quite reach the target that was revised last year.

AGC plus-2023 Key issues by Segment



	Business	Key issues*	FY2023
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

* Announced in February 2021

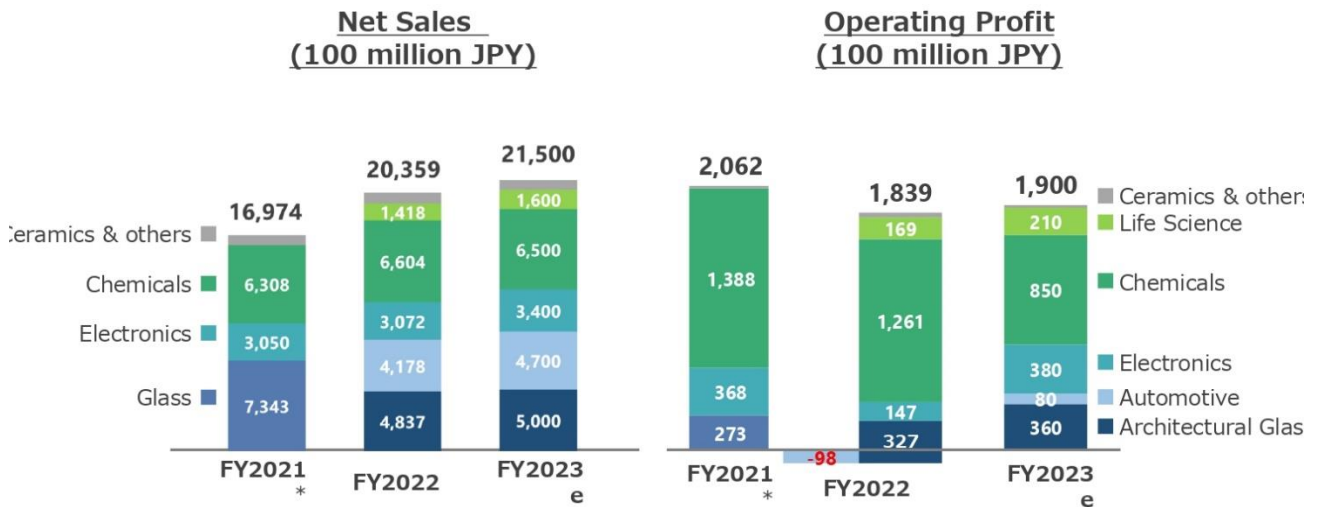
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These are some of the key issues by segment for this fiscal term. Mr. Hirai, our CEO, will give you more additional information later. I'll just give you brief ideas.

Electronics, it is still steady in terms of the performance. In terms of the PCB materials, because of the impairment losses, and also there is a need for a full pledge structural reform for this business. Also display business, again, our CEO Hirai-san, will give you more ideas, but there is definitely a need for more improvement in the earnings. Also, performance chemicals have been quite steady in terms of growth. We continue to have high expectations.

However, within the core business, automotive, and actually, the recovery and the profitability would actually decide the performance for this year. While of course, we are not over the worry because starting in the H2 or the end of last year, we are starting to see a recovery, but that is definitely one of the key factors.

AGC plus-2023 Performance by Segment

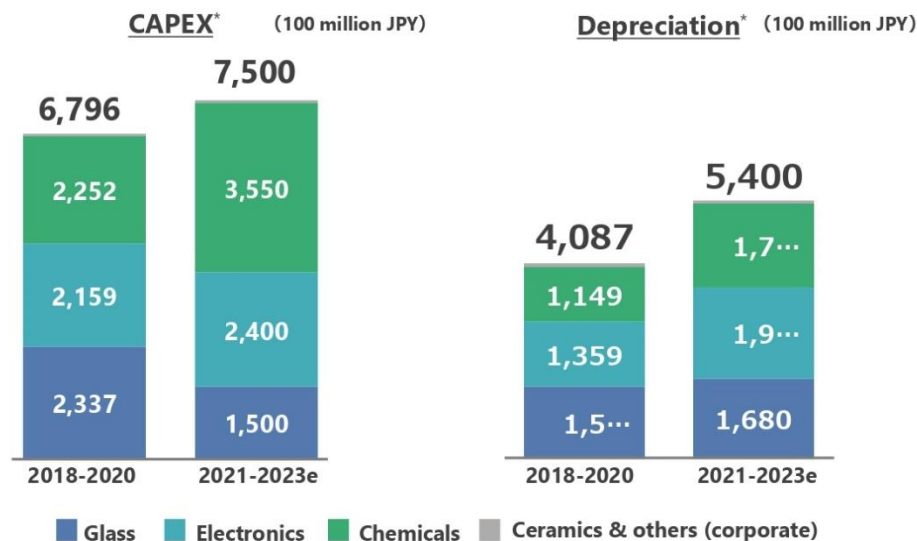


*2021 is shown in the former segment

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This is the performance by segment for the past three years, including this fiscal term. Our reporting segments will be changed starting this year, as mentioned. Because of that, last year's number, we only have the comparison according to the category. I believe the comparison, that could be easily made in terms of net sales and operating profit.

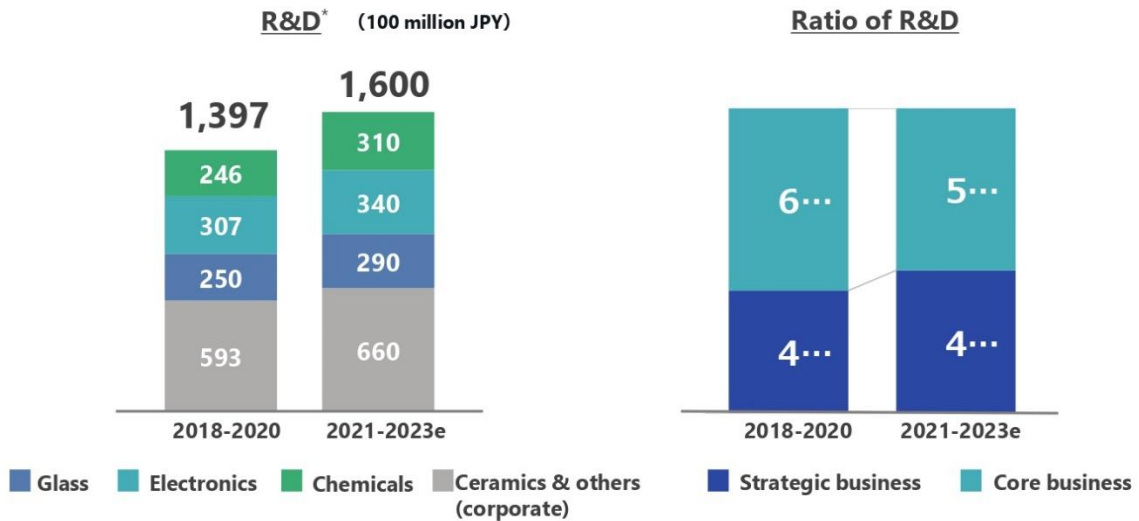
AGC plus-2023 CAPEX/Depreciation



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

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This relates to the Capex and depreciation for the past three years, as well as for the current medium-term management plan period. It is a comparison. For Capex and depreciation, those have been on the rise. Of course, this is for the past three years, and this is the total as of the old segments. Starting the next medium-term plan, we should be able to provide you under the new category.

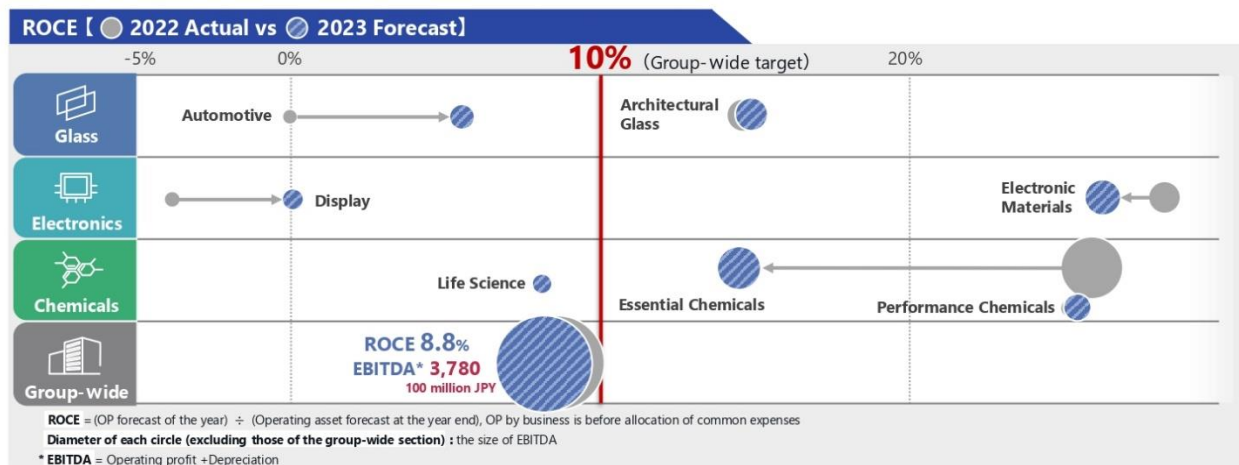


* Shown in the former segment as it is the cumulative total of the medium-term management plan from 2021 to 2023 ©AGC Inc. 6

Next, just related to R&D. On the right-hand side, the ratio of R&D, the dark navy-blue area. It is a proportion by the strategic business. Within this medium-term management plan, we have focused more on the investment towards strategic businesses. Of course, the R&D as an amount has been on the rise, as you can tell from the bar graph on the left-hand side. On the right-hand side, the proportion of strategic business has been risen.

ROCE by Segment (To-be image)

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



* Shown in former segments due to the medium-term management plan period from 2021 to 2023 ©AGC Inc. 7

In this chart, we have internally focused on ROCE, internally as one of our KPI. This will give you an image for each of the segments. At the very bottom, it shows the Group-wide number. The light navy is the 2022 actual,

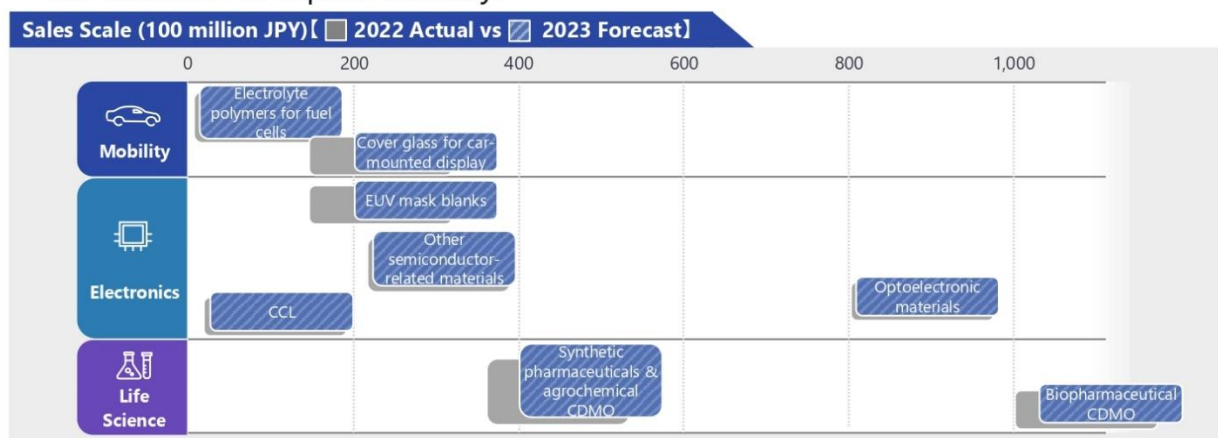
so 2023, we're expecting a slight move towards the left in terms of ROCE. However, we do expect to see a high level of EBITDA.

Now in terms of the respective business segments, we expect to see the softening of the essential chemicals. As you can tell, the arrow is pretty much to the left. Last year was better than initially expected. That is why we're expecting a decline. However, in terms of the glass and electronics, automotive, and display, as you can tell, we expect to see push towards the right. All in all, for the Group-wide basis, we expect to achieve similar level of ROCE as last year.

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.



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Next page, please. Here, you can see the product sales outlook of strategic business. So far, we have not been disclosing the details, so this is more of a general view. As you can see, for up to electronics materials, sales expected to be flat this year. Others or life science, especially synthetic pharmaceuticals, agrochemicals and biopharmaceutical, we expect growth to continue. And as for the car-mounted display and EUV mask blanks, we expect good growth, as well.

Outlook for Strategic businesses

- The Strategic businesses are expected to grow steadily.



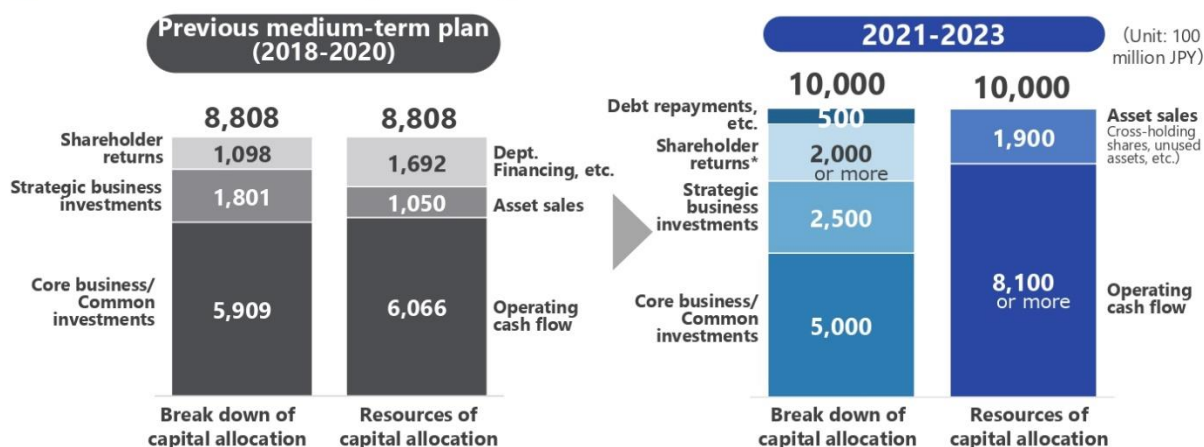
Main products & businesses

- 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

Here you can see the outlook for strategic businesses. As was explained, the 2022 results were as shown here. For FY2023, JPY360 billion sales, JPY80 billion operating income. Altogether, over 40% of the total.

Capital Allocation Policy

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



*Including dividend payment to non-controlling interest shareholders

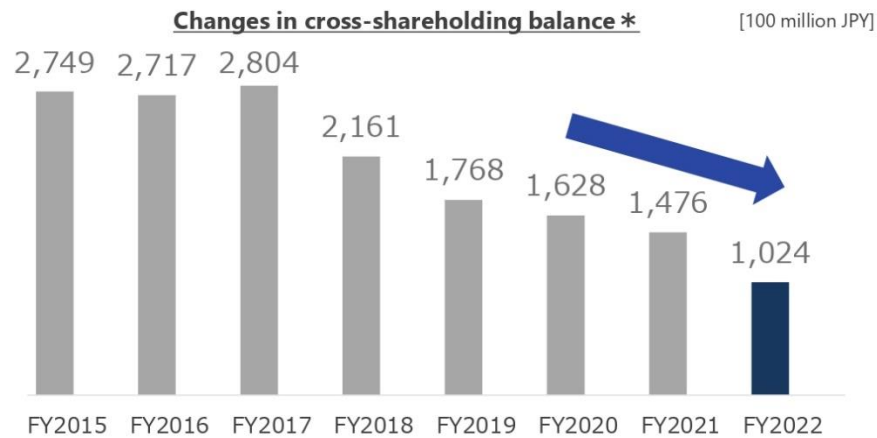
Next is the capital allocation policy. On the left-hand side, previous medium-term plan. On the right-hand side, the current medium-term plan. As you can see, overall cash generation is expanding, more investments are to be made from core business to strategic businesses. Today, we announced the JPY50 billion share buyback, so over JPY200 billion shareholder returns to be implemented.

As for the resources of capital allocation, we are enhancing our cash generation capability. Based on more than JPY810 billion operating cash flow, we are selling assets, and we'd like to accelerate that totaling around JPY190 billion. Based on those too, we would like to allocate cash.

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.



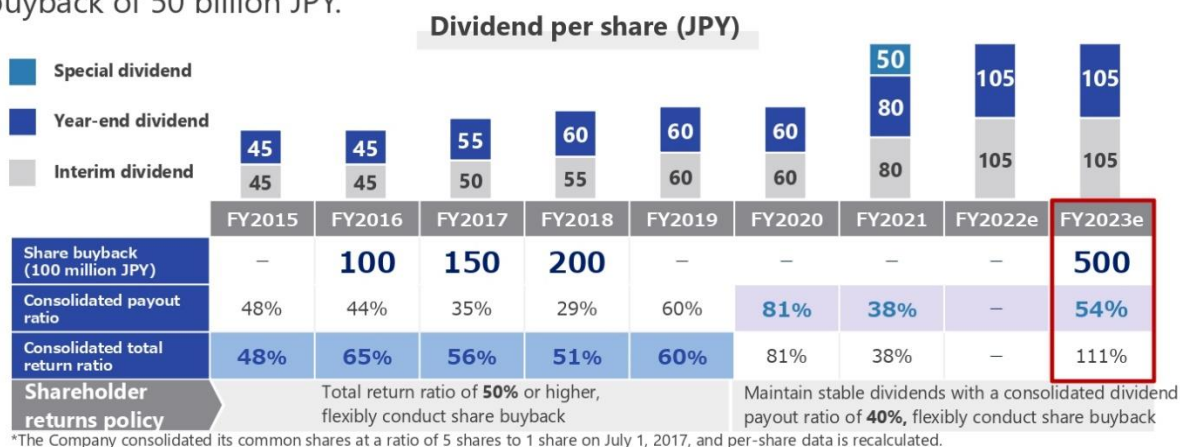
*Balance at end of period including retirement benefit trusts

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Next, some graphical representation of our cross-shareholdings changes. Of course, this is based on market capitalization, so it changes. But as you can see, and as has been announced, we are moving towards selling all of the available cross-held shares for sale, and we will actively promote this.

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.



This will be my last slide regarding the shareholder returns. In 2022, the dividend is as forecasted. Of course, in terms of the payout ratio, it's going to be at a very high level. The impairment loss, actually, does not -- is not associated with the cash out. So for FY2023, this in mind, we plan to continue the same level of dividend, JPY190 billion level operating income is projected. Based on that, you can see that this reflects the confidence that management has regarding the share buyback of JPY50 billion worth being planned. JPY45 billion in total during the past several years, JPY50 billion in one year is unprecedented, and this reflects our strong commitment to enhancing the shareholder returns. And we would like to reduce the cross shareholding. We are planning to execute JPY50 billion worth of share buyback.

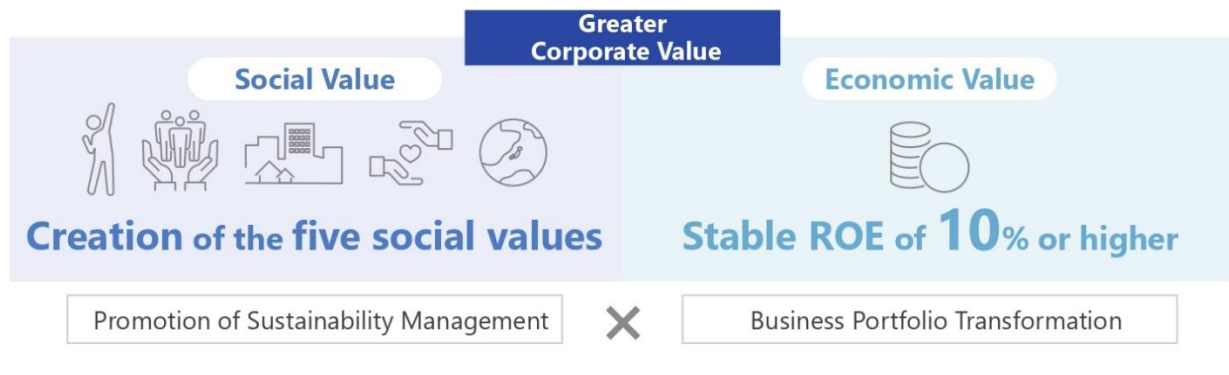
That concludes my presentation. Thank you for your kind attention.

Ogawa: Thank you, Mr. Miyaji. We now move to presentation by our CEO, Hirai.

Hirai: Hirai, CEO. Thank you for coming. I'd like to give you a presentation toward the realization of Vision 2023, the vision that AGC has for the future, and where we are.

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.



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Here, Vision 2030, we announced in February of 2021: Growth 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. For that, we want to create both the social value and economic value. The important measures would be the sustainable management and business portfolio transformation. I'd like to focus on these two measures today.

Toward the Realization of Vision 2030

—Business Portfolio Transformation

—Promotion of Sustainability Management

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First, I'd like to talk about the business portfolio transformation.

Progress in the Business Portfolio Transformation

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

So Mr. Shimamura, the current Chairman, who used to be a CEO back in February 2016, we have announced the Vision 2025 formulated in 2016. At the time, we defined core businesses and strategic businesses and promoted the so-called ambidextrous way of business management. When I was assigned as CEO, in fact, the following months in 2021, we have actually extended the vision period by five years to 2030. We clarify the direction of the Group's business portfolio transformation and declared on the acceleration of the initiative. This shows the direction of the business portfolio transformation.

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.



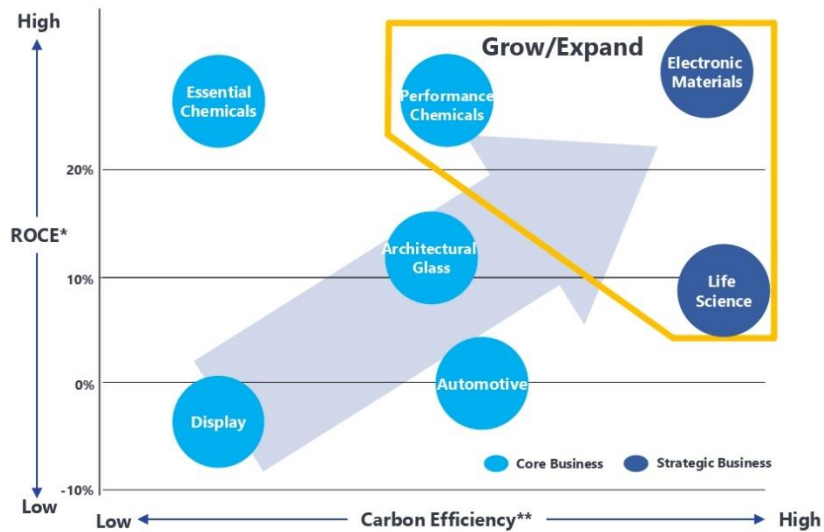
So through the practice of ambidextrous management, we aim to build a business portfolio that is resilient to market fluctuation, that is high in asset efficiency and also carbon efficiency and growth potential. For instance,

we have the carbon efficiency in the horizontal access. The more we go to the right that is higher, and we have the asset efficiency on the vertical axis. That is for ROCE. As we go more towards the upper right, we can achieve a much better condition in terms of the business portfolio transformation.

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



Direction of the AGC Group's business portfolio



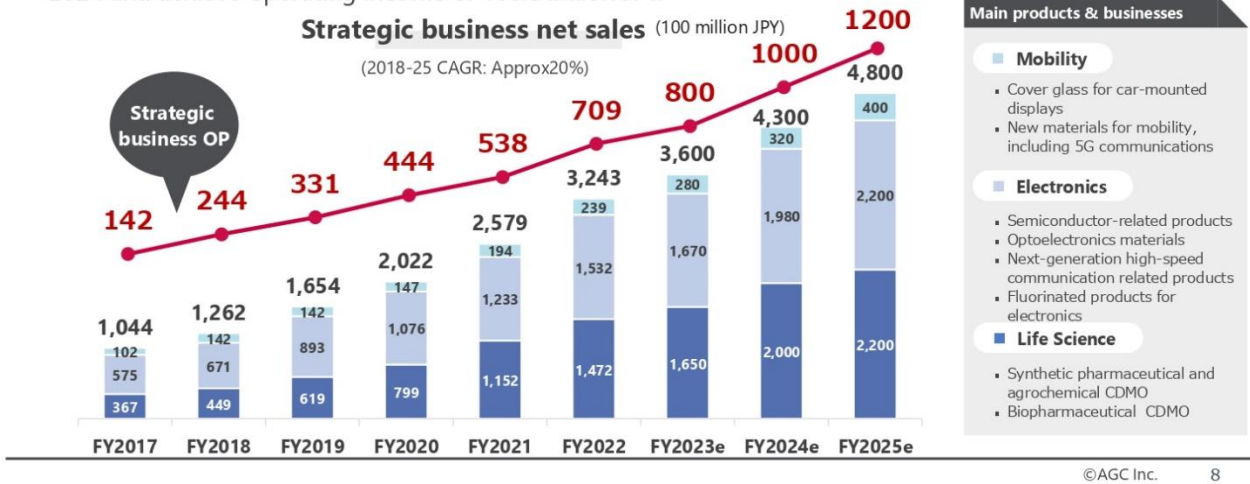
* : Created based on FY2022 results

** : Based on 2021 emissions per 2022 sales

This dark blue navy color, that is the strategic business, electronic materials and life science. It has high level of carbon efficiency as well as asset efficiency. Also, performance chemical, it is also positioned in that particular area. We could drive other business towards the top right. That is indeed the direction we aim to achieve for the business portfolio transformation. We have been expanding the strategic business. This is very much aligned with the direction of the business portfolio.

Aggressive expansion of Strategic businesses

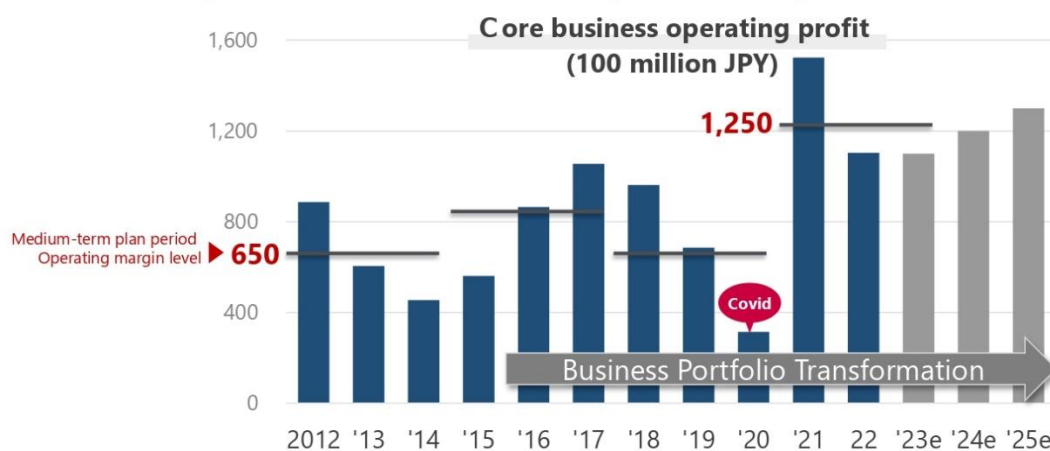
- Aggressive expansion of strategic businesses that are fully aligned with the direction of the business portfolio
- Although growth is expected to slow in 2023 due to a slowdown in the smartphone market and upfront costs associated with capacity expansion, the company aims to return to a growth path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



We will aggressively expand the strategic business because that will lead us to the achievement of the ideal business portfolio. We've seen slowdown in the smartphone market in 2023. We see upfront costs associated with capacity expansion. Therefore, we expect to see some slowdown in terms of growth. However, by 2024, we should be turned and we'd like to achieve OP of JPY100 billion. We have initially looked at JPY100 billion as a target for the strategic business in the past. But we intend to frontload that by 12 months. Of JPY40 billion in terms of sales and JPY100 billion OP by 2024. That is our new target.

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



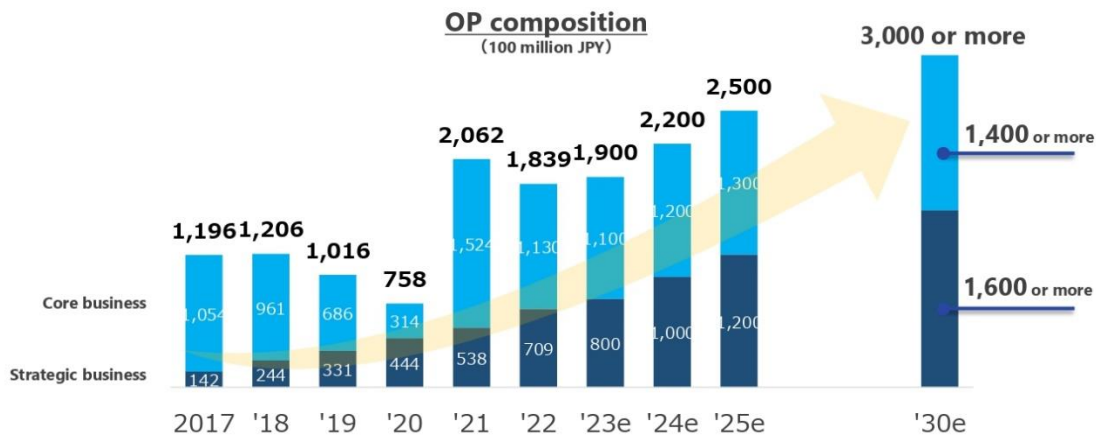
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Regarding our core businesses, the structural reform will be promoted, and investment will be made concentrating on the growth businesses. We have been working on these, and still, the market fluctuations are still impacting our business.

But what we are targeting is the earnings level to be improved overall. This is the graph that shows that of the core businesses. During the three-year period, you can see the changes in the average operating margin level for each three-year period. We do have the COVID in the middle. But overall, you can see that the average operating margin level is improving. When you add those, you can see the business portfolio transformation. The navy portion, strategic businesses, operating profit to steadily grow. On top of that, the core business operating profit is to make additional contribution.

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.



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The strategic businesses that are in line with our overall direction will be enhanced. We would like to get to where we are through these measures in 2025, JPY250 billion operating profit and in 2030 over JPY300 billion. That's the target of which over 50% to come from strategic businesses.

Asset efficiency improvement

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.

* Chemicals: Chemicals business excluding Life Science

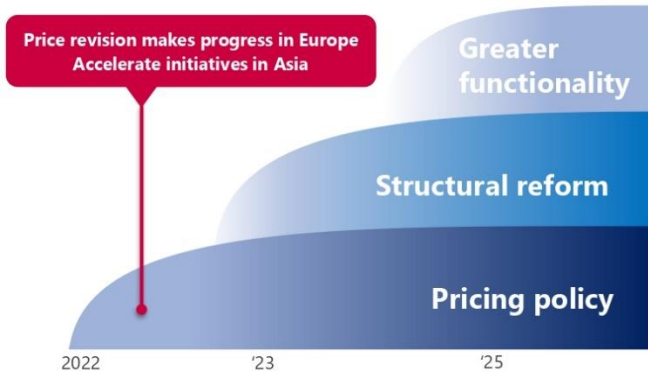
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Progress in structural reform of core businesses, chemicals and architectural glass, we still see the impact of market fluctuations. But compared to the past, the absolute level of profit is improving and the asset efficiency and stability are improving. During 2020, under COVID we still were able to secure a certain level of profit. Last year, even with a deteriorating market price, we were able to achieve the stable asset.

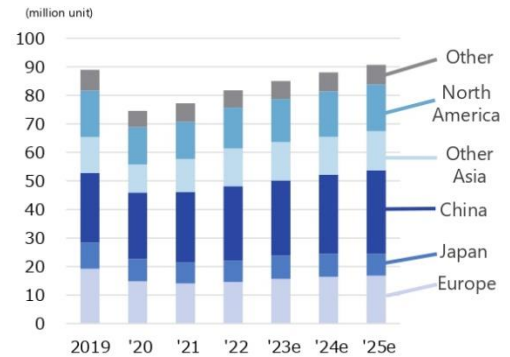
Automotive business earnings improvement

- 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



Global Automobile Production*



*based on IHS data

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Whereas for automotive and display, both in terms of profitability and asset efficiency, the challenges still remain. Drastic structural reform is needed. For automotive, this is what we showed you last year through the price revisions, increased shipments, and structural reform, we are to change the structure. Already, mainly in Europe, the price policy is progressing. In Asia, we are promoting this so as to improve the earnings. With the progress in structural reform in 2023, we expect the operating profit improvement of JPY18 billion. Especially in Europe where the business suffered, we will be promoting the consolidation of production sites and production lines, and we should see the effect of price revisions. We expect the European business to turn to profit in 2023. Market recovery is taking more time than we expected. We do not expect the return until 2025. Until then we will implement the measures that I explained. With the recovery in the market, we are to achieve the operating margin of 10% or higher.

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%

As for display business, the market conditions deteriorated rapidly since the middle of 2022, especially the demand for consumer products declined as the repercussion in stay-at-home demand, such as TVs. At the same time, we saw triggered by Ukraine-Russia issue, the soaring prices of fuels and materials, as well as the depreciation of the yen, which all served as negative factors for display business. That is what happened last year. As a result, we recorded impairment loss of more than JPY70 billion. As for earnings improvement measures, we will withdraw from glass substrates with low profitability size and focus on glass substrates for large-sized display panels.

Through the consolidation of production lines, we will implement drastic structural reform. We will freeze investment, except for selected ones necessary for business concentration to glass substrates for large-sized display panels. Through these measures, we are to quickly pave the way toward ROCE of 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

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Next slide, structural reform of the glass business. The chart at the bottom, in 2021 we transferred the architectural glass business in North America. In 2022 we announced a share transfer of soda ash production company in the US. We have already completed this. And at the end of last year, we announced a transfer of an architectural automotive industrial glass production and sales company in China, and that process is currently in progress. Also, this time around, we announced that we started the discussion for the transfer of an architectural and automotive glass business in Russia. As CFO, Miyaji, explained earlier, as for a fixed asset, we have already recorded the impairment loss.

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**

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Next, I'd like to share with you some of [TD] initiatives.

Initiatives towards carbon neutrality. With Saint-Gobain from France, we will engage in joint development to contribute to the industrial decarbonization. The top two makers within the industry would work together to engage in development to achieve decarbonization. Of course, both companies have their own strong areas as well as a proprietary technology. By combining those, we can conduct initiatives to reduce the carbon dioxide. More specifically, we would like to combine technology such as oxygen combustion with an improved electrified ratio, so we can more than reduce the CO2 by more than 50% or so. In Czech plant, we would like to start prototype experiment with this. Also, as way to engage in these initiatives, CDP, which is a global non-profit organization working on environmental issues, we have been selected CDP's A List for climate change.

Also, SBT certification acquired the -- we have acquired the certification, and our way of assessing the carbon dioxide reduction that has been officially certified by SBT.



Toward the Realization of Vision 2030

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

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Also another point, as part of the promotion of sustainability management, I'd like to share with you some of the continuous development of HR and corporate culture.

Human resources are the source of our competitiveness



- 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."

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The human resources are the source of our competitiveness. Since its foundation, we have been cherishing the HR and valuing people an encouraging challenge. We intend to build our competitive advantage. I start with AGC Group Founding spirit, starting with never take the easy route but confront difficulties.

"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.



Also AGC people, which is the driver of our growth. This is the slogan that we have. Each one of the HR will maximize their capability and create 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. Based on this corporate culture, we will build a strong engagement and enhance the capability of the individuals.

In course of that, we will incorporate more and more diversity and leverage of these. AGC people would indeed lead to greater corporate value. This is the concept we have.

Continuous evolution of the corporate culture



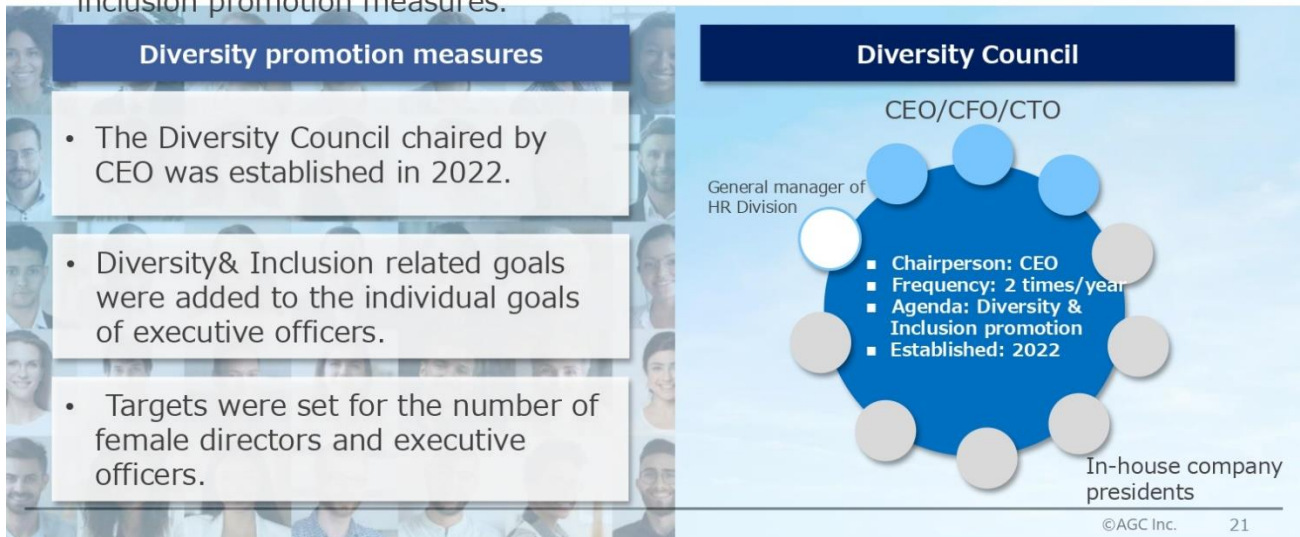
- Encouraging challenges and fostering an open corporate culture is one of management's top priorities, and management strongly committed to the activities.
- CEO visits to overseas sites were resumed in 2022 and face-to-face communication opportunities were expanded.



Also another point in terms of continued evaluation of the corporate culture. As you know, the corporate culture always needs to be reinvigorated. Of course, the dialogue and engagement from the top management to the employees has been ongoing since Mr. Shimamura's time. Because of COVID-19, it was suspended for some time. Even in the overseas front, now we have face-to-face meetings more than 100 times. The top management is continuously engaging with the employees, so we can push forward the evolution of the corporate culture.

Diversity : Promotion of diversity & inclusion (1)

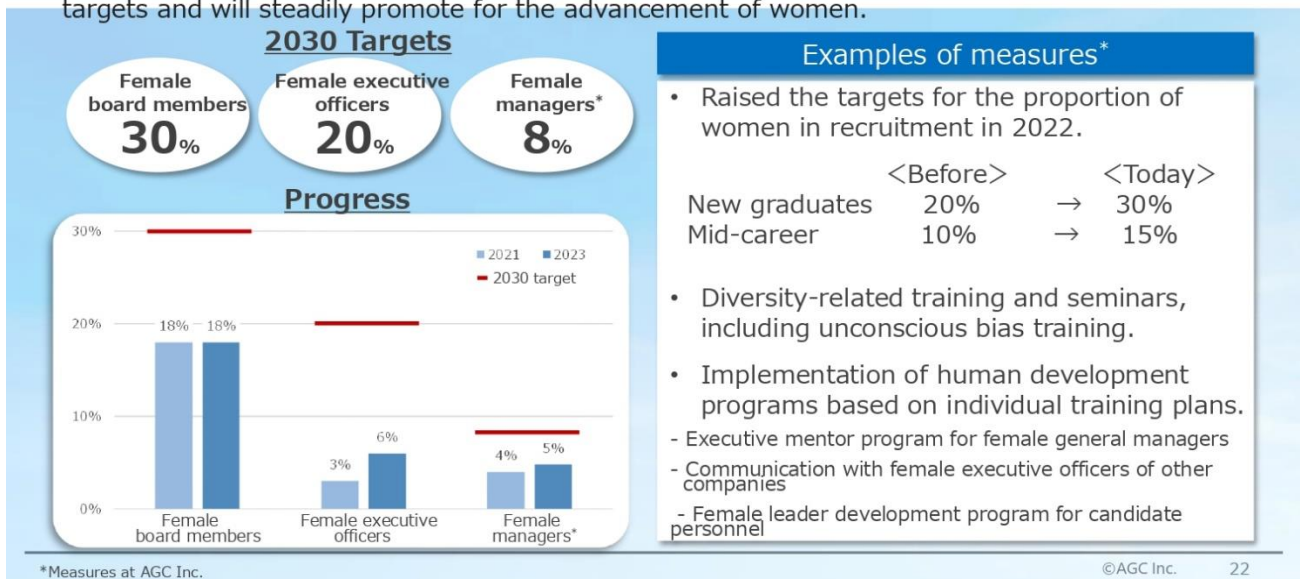
- The Diversity Council was established in 2022 to build an environment where diverse people can make the most of their individual abilities, and accelerate diversity & inclusion promotion measures.



Next page, please. Another important thing and more important is diversity because this will drive the innovation. To promote this further, we established diversity council in 2022 chaired by myself. The diversity policy throughout the Group is being promoted under this 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.



Within diversity, especially in Japan, the issue has been the gender issue, as has been pointed out, especially providing more opportunities for women. That's where we are focusing on as well. The target for 2030 is female Board members 30%, of female executive officers 20%, in female managers 8%. As you can see in the graph, we are managing and following the progress. And in terms of recruitment, we are recruiting more

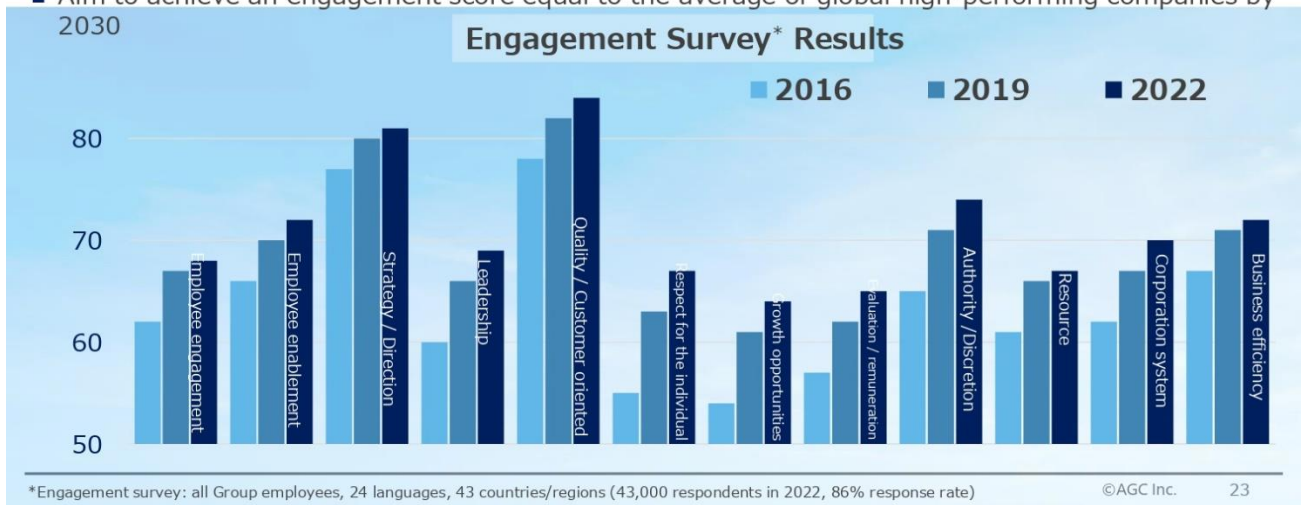
women. Last year, we changed the target for new graduates raised to 30% and net career raised to 15%, and we were actually able to achieve these targets.

We are also providing diversity-related trainings and seminars, including unconscious bias training programs. We are implementing human development programs based on individual training plans.

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

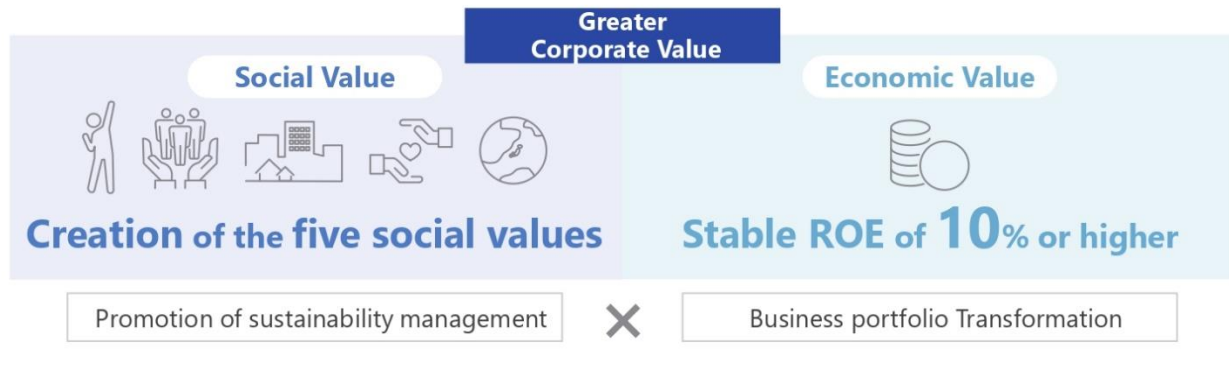


Another important aspect is the employee engagement, so that all of our workforce will be working with a sense of reward and excitement. Once every three years, we conduct the engagement survey. The latest was held last year. Before that in 2019 and before that, in 2016. As you can see, in all items, we saw improvement every three years, improvement in engagement scores.

Vision 2030

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.



Now my summary, as I stated at the very outset, how are we to realize Vision 2030? That is related to sustainable and sustained growth. For that, we are to realize both social and economic value. For that, we are promoting sustainable management and business portfolio transformation.

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

When we changed the Company name, we put together AGC Group's brand statement, which is a global statement, starting with never take the easy way out, but confront difficulties, which is our founding principle. This shows the direction of where we are to proceed for society, for community, and for individual teams, we'd like to continue to work.

Thank you for your attention.

[END]