

Toward the Realization of Vision 2030

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'. The logo is set against a white rectangular background.

AGC Inc.

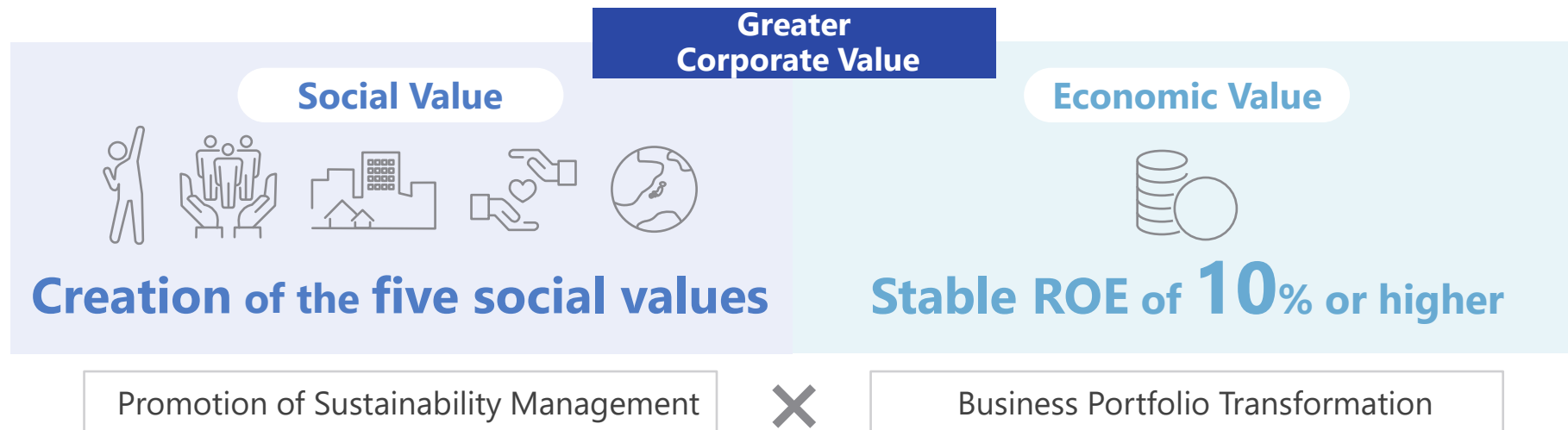
February 8, 2023

Your Dreams, Our Challenge

At first

Grow through well-balanced creation of social and economic value

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



Toward the Realization of Vision 2030

- Business Portfolio Transformation
- Promotion of Sustainability Management

Vision 2025 formulated in Feb. 2016

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



Vision 2030 formulated in Feb. 2021

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

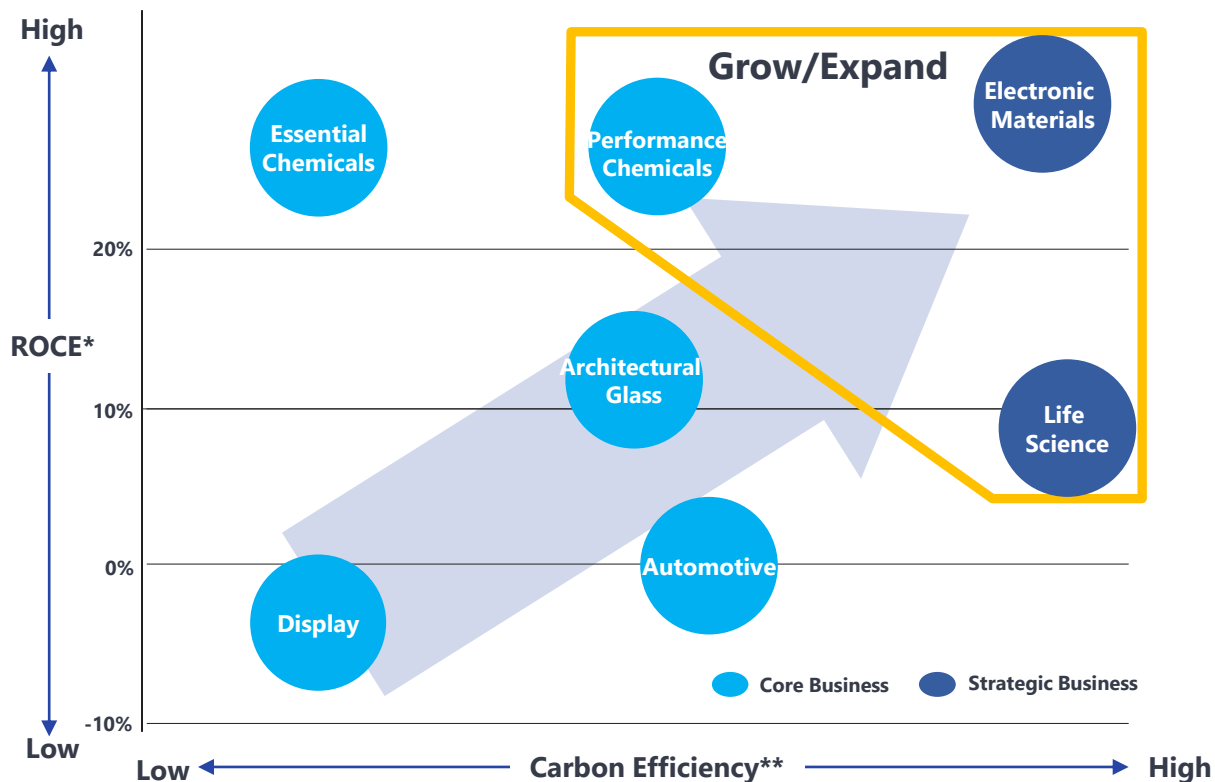
Direction of the Business Portfolio Transformation

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



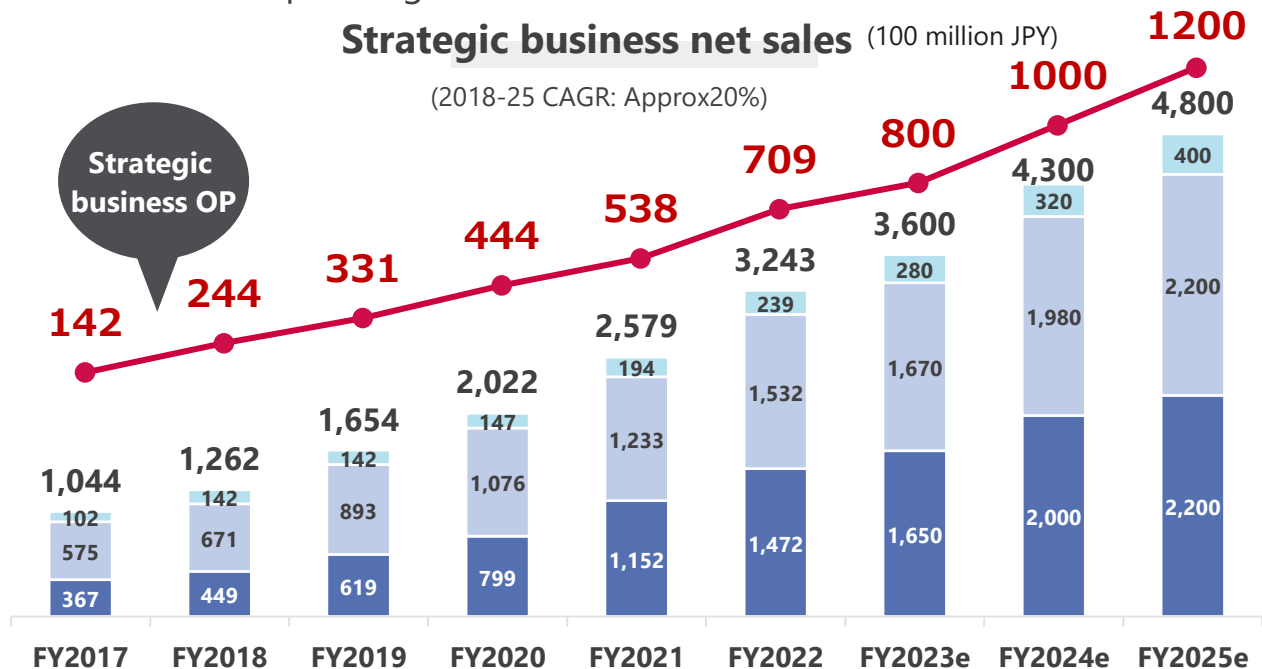
Progress in Business Portfolio Transformation (Carbon efficiency and asset efficiency)

Direction of the AGC Group's business portfolio



Aggressive expansion of Strategic businesses

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



Main products & businesses

Mobility

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

Electronics

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

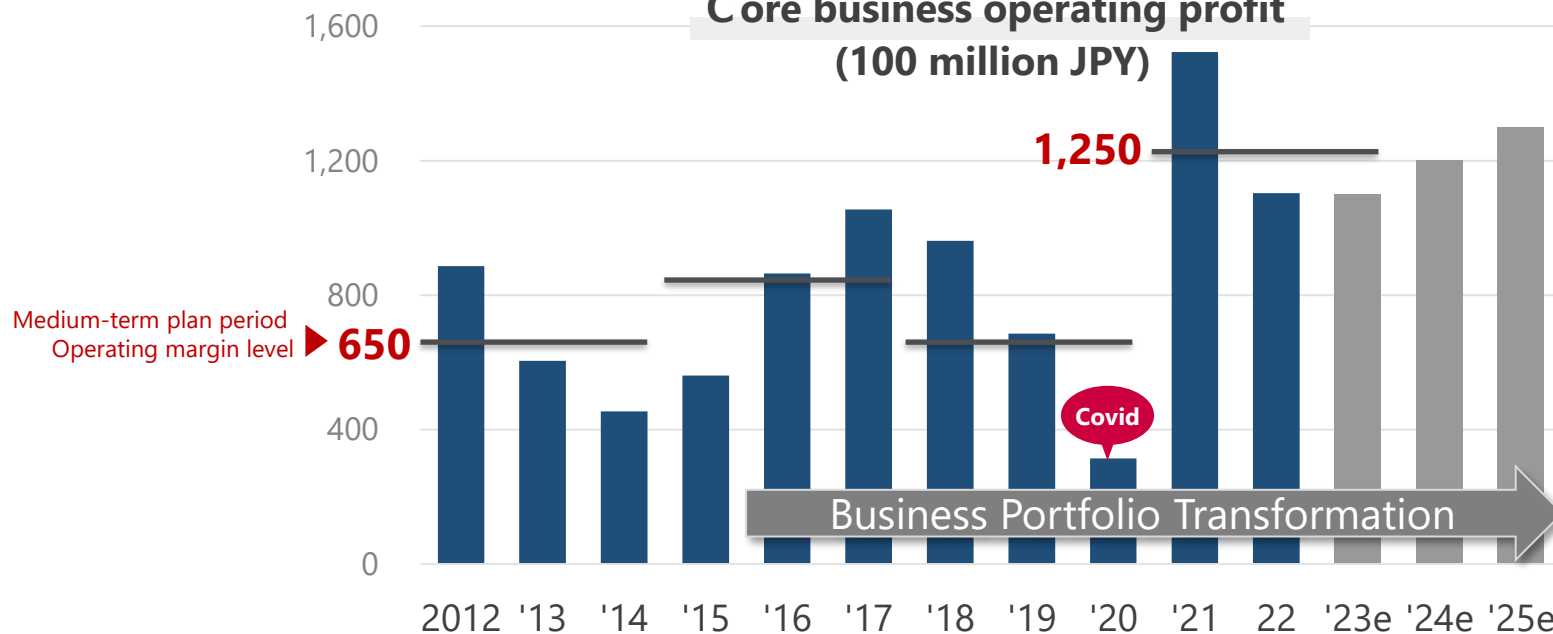
Life Science

- Synthetic pharmaceutical and agrochemical CDMO
- Biopharmaceutical CDMO

Progress in structural reform of Core businesses

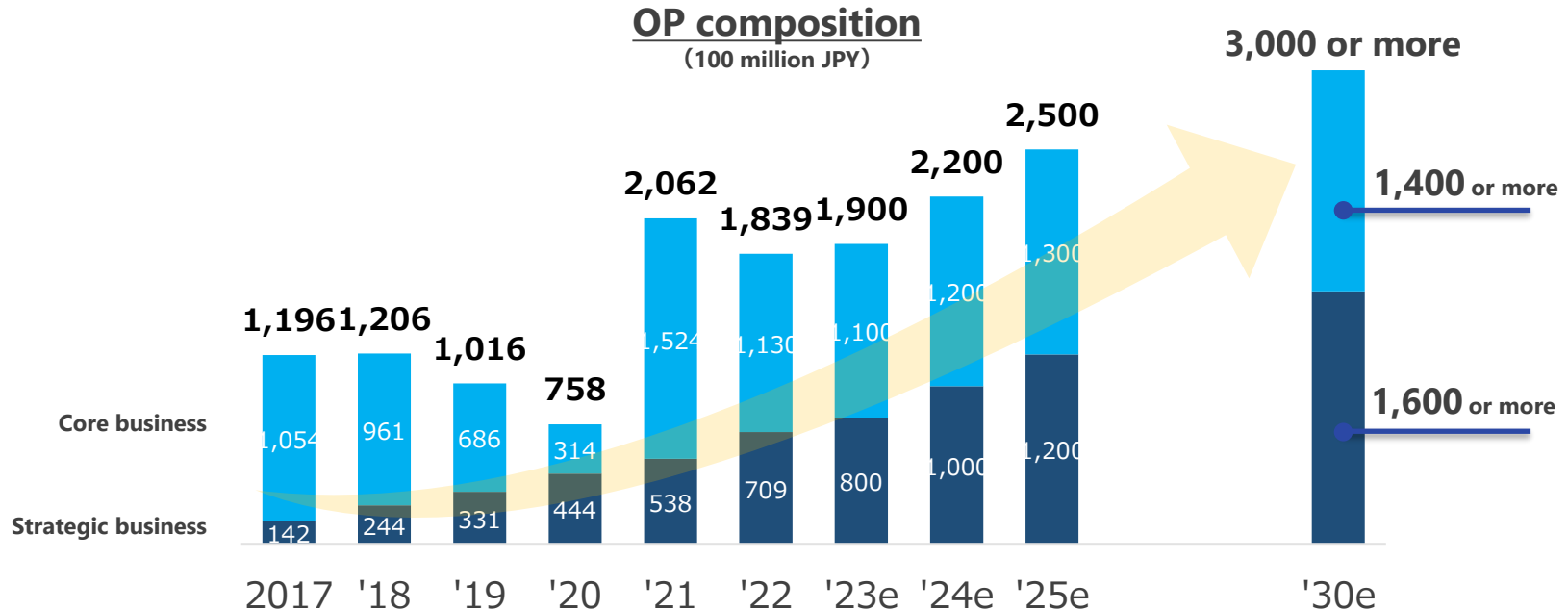
- Overall profitability of Core businesses improved as a result of structural reforms and carefully selected investments mainly in growth businesses.
- Further improve asset and carbon efficiency to achieve higher levels of stable earnings

Core business operating profit
(100 million JPY)



Business Portfolio Transformation (to-be image)

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



Progress in structural reform of Core businesses



Chemicals*

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



Architectural Glass

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



Automotive / Display

- Profitability and asset efficiency remain a challenge

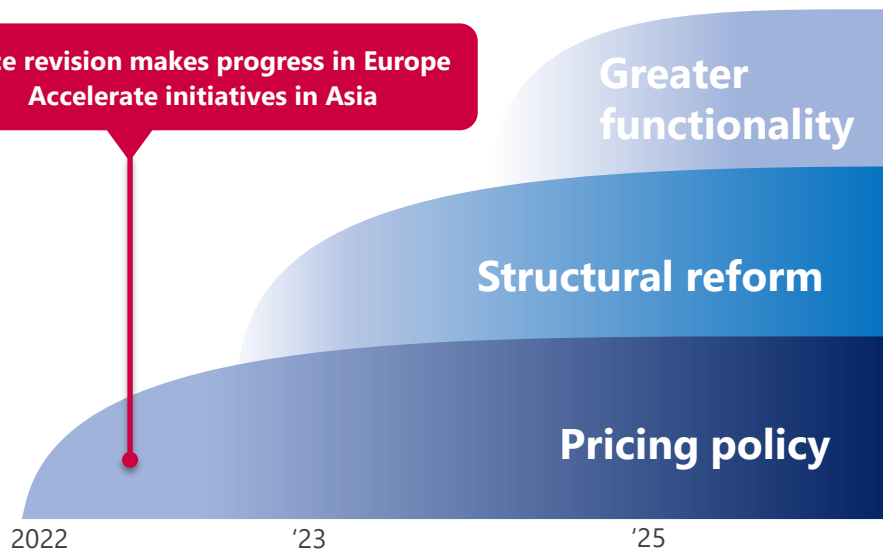
Continue initiatives in Chemicals and Architectural glass, and pursue drastic structural reforms in Automotive and Display, aiming to further improve and stabilize the profitability of the core business as a whole.

Automotive business earnings improvement

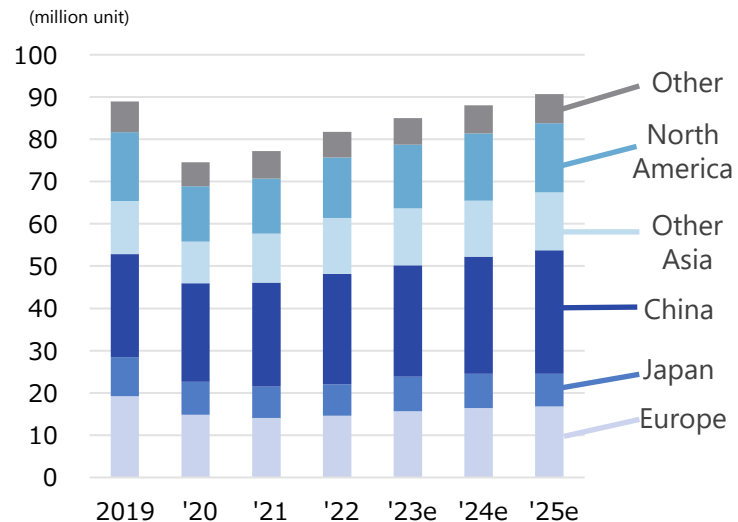
- 18 billion JPY operating profit improvement expected in 2023 as a result of price revisions and increased shipments.
- European business returned to profit in 2023, mainly due to the consolidation of production sites and production lines and the effect of price revisions.
- Aim at ROCE of 10% or more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

Progress in Earnings Improvement

Price revision makes progress in Europe
Accelerate initiatives in Asia



Global Automobile Production*



*based on S&P global

Display business earnings improvement

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

Environmental changes in 2022

Supply/demand adjustment for display panels

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

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

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

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

Earnings improvement

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

Structural reform of the glass business

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

Structural reform of the glass business

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

Joint development with Saint-Gobain for industrial decarbonization

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



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

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

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

<Rating of Climate Change by CDP>



<SBT certification>



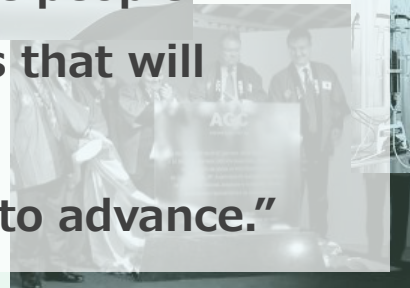
Toward the Realization of Vision 2030

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

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

【AGC Group Founding Spirit】

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



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

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



Continuous evolution of the corporate culture

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



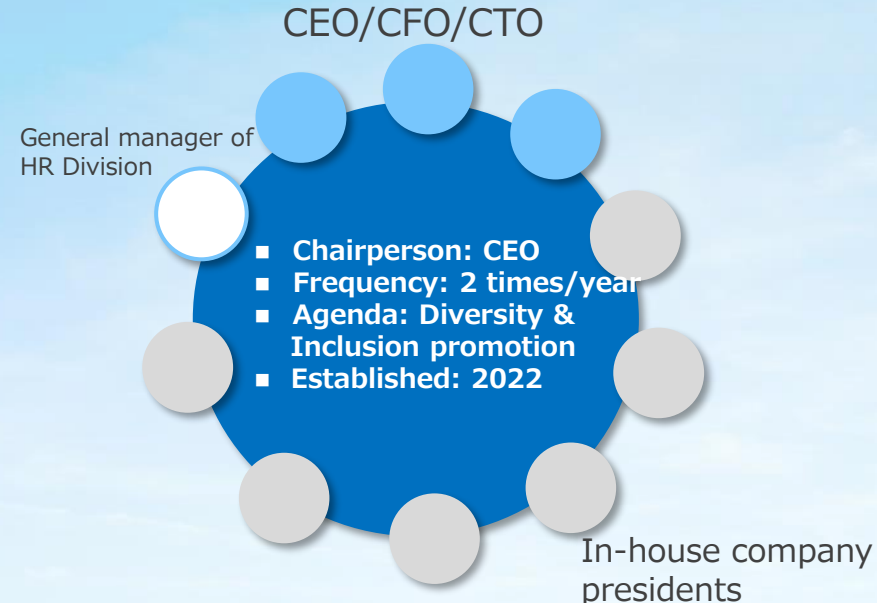
Diversity : Promotion of diversity & inclusion (1)

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

Diversity promotion measures

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

Diversity Council



Diversity : Promotion of diversity & inclusion (2)

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

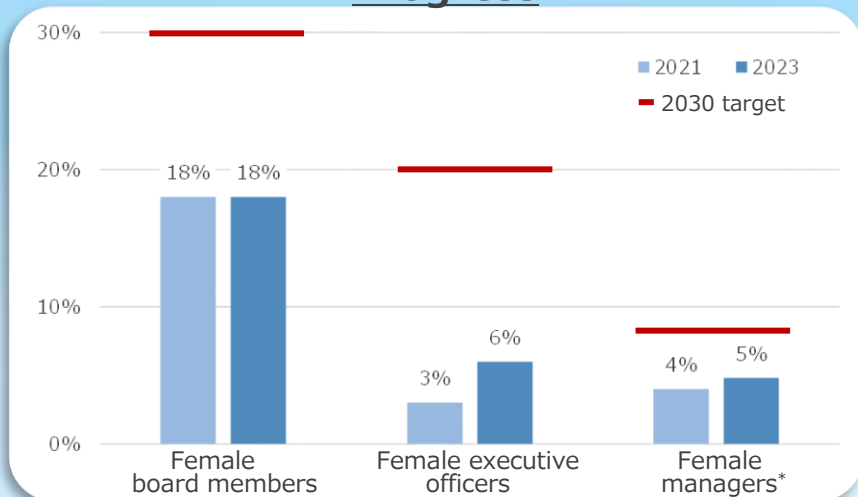
2030 Targets

Female board members
30%

Female executive officers
20%

Female managers*
8%

Progress



Examples of measures*

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

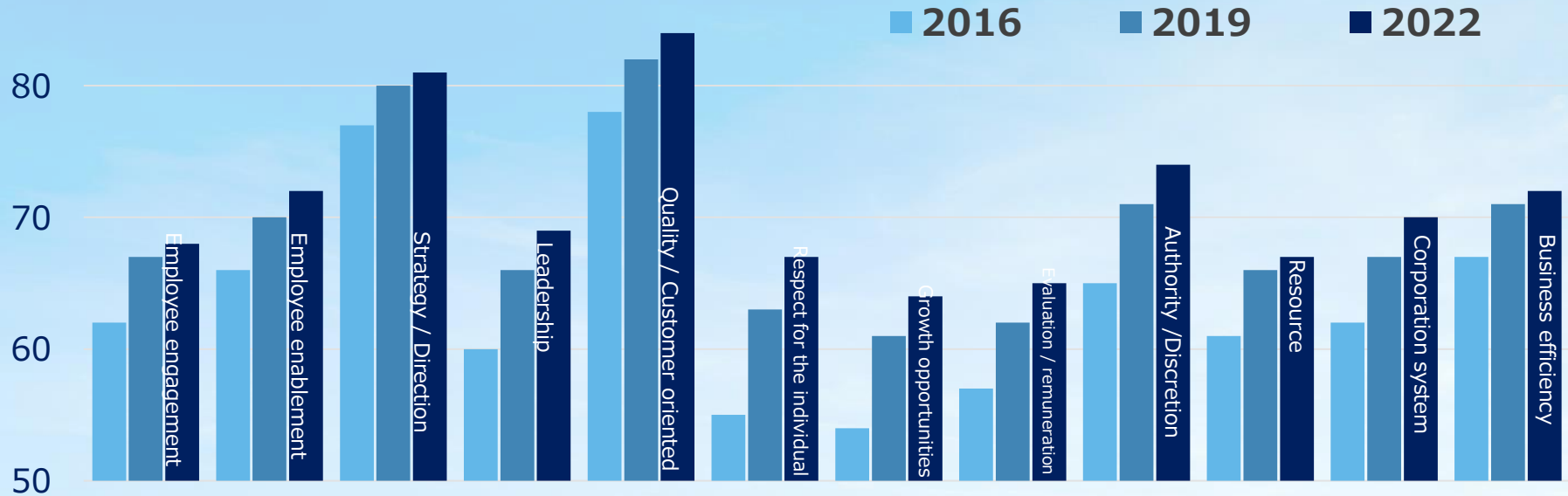
	<Before>		<Today>
New graduates	20%	→	30%
Mid-career	10%	→	15%

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

Employee engagement: aiming for further improvement

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

Engagement Survey* Results

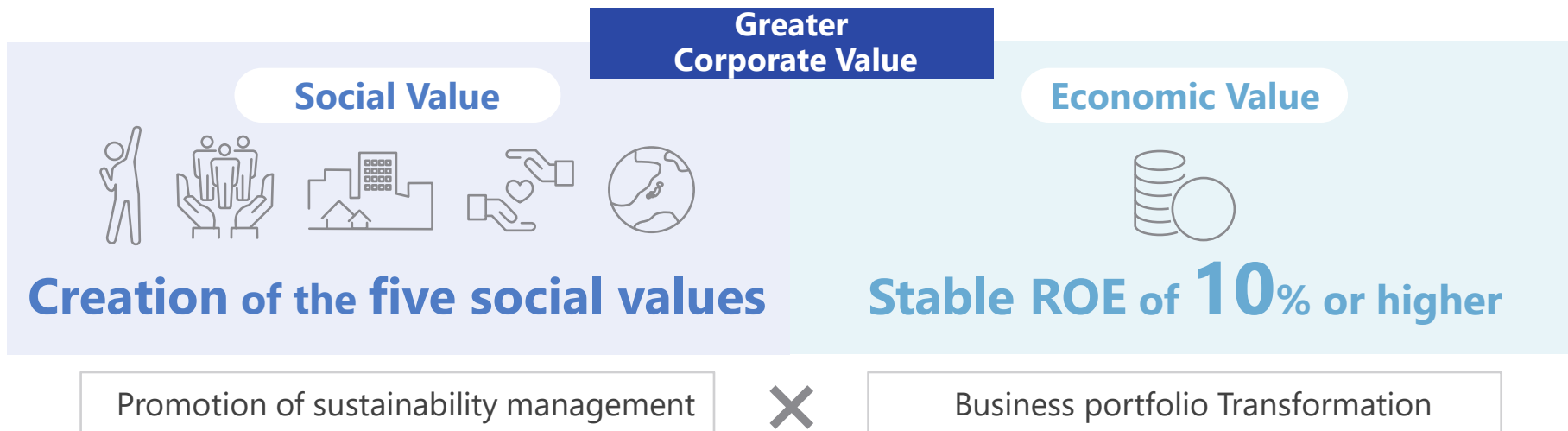


*Engagement survey: all Group employees, 24 languages, 43 countries/regions (43,000 respondents in 2022, 86% response rate)

Today's Summary

Grow through well-balanced creation of social and economic value

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




AGC Group's Brand Statement

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

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

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

Your Dreams, Our Challenge

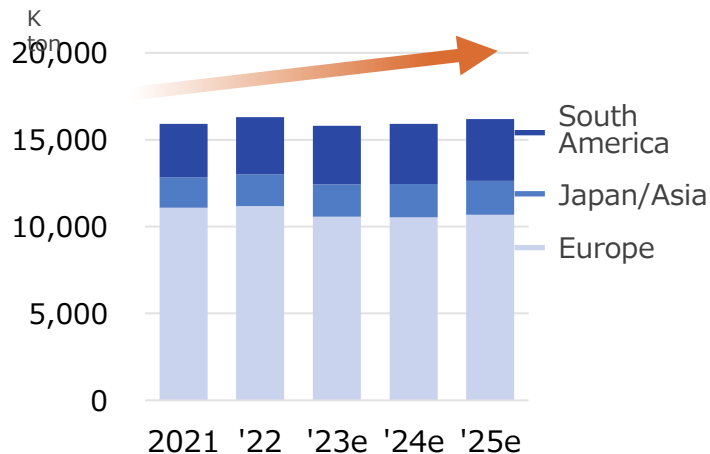
The background of the slide features a silhouette of two people climbing a rocky mountain peak. One person is standing on the higher part of the rock, while the other is lower down, reaching up to hold onto a rope. The scene is set against a bright sunset sky with orange and yellow hues, creating a dramatic and inspiring atmosphere.

Reference

Architectural Glass Business Environment

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

Architectural Glass Demand Outlook*



Environmentally Friendly Products (examples)



Warm-edge highly insulated double glazing



Vacuum insulated Glass



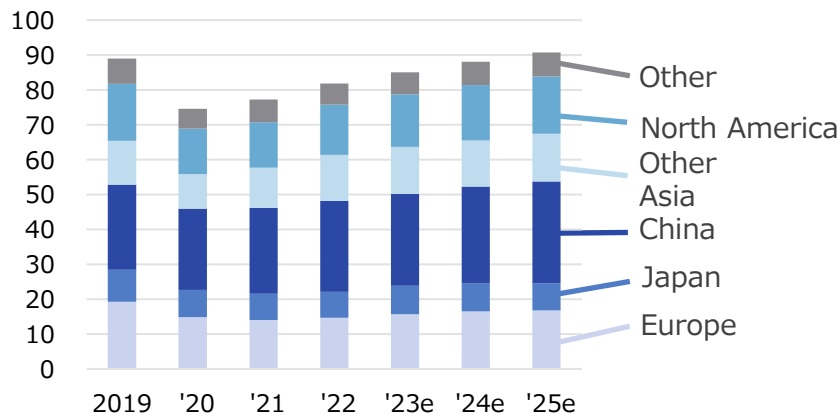
BIPV module**

Automotive Business Environment

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

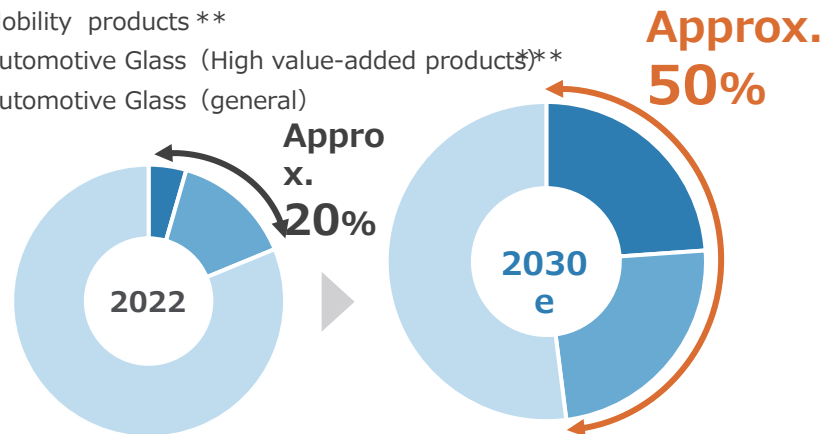
Automobile Production (by region) *

Million unit



AGC's High value-added products (%)

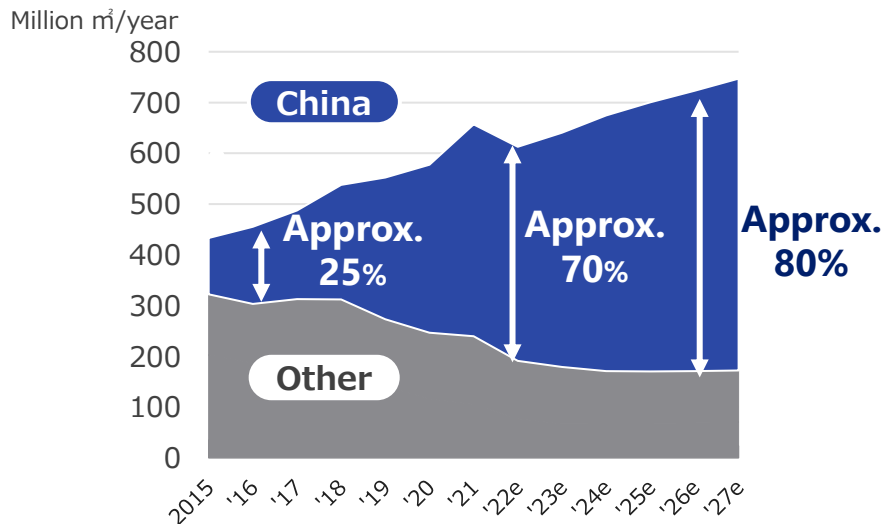
- Mobility products **
- Automotive Glass (High value-added products)**
- Automotive Glass (general)



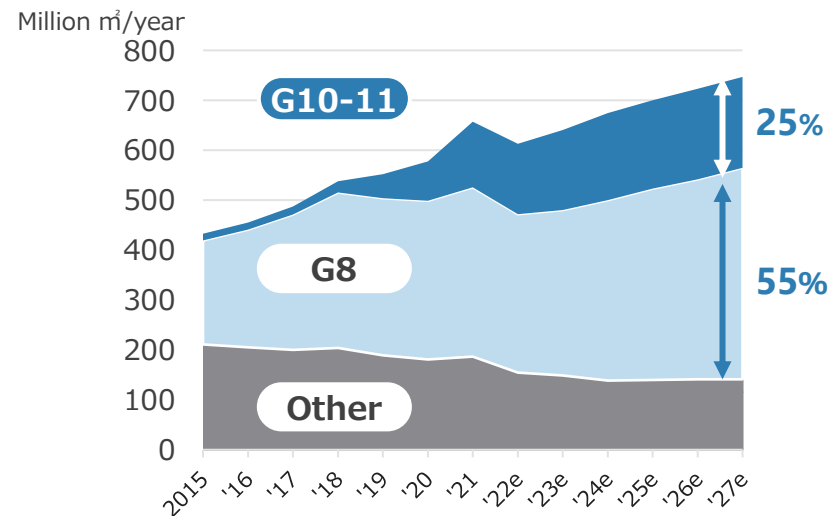
Display Business Environment

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

Demand for LCD Glass (by region)



Demand for LCD Glass (by generation)



Source: AGC's estimate

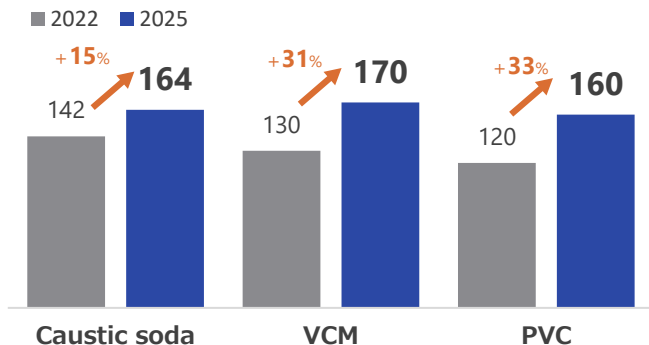
Essential Chemicals Overview

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

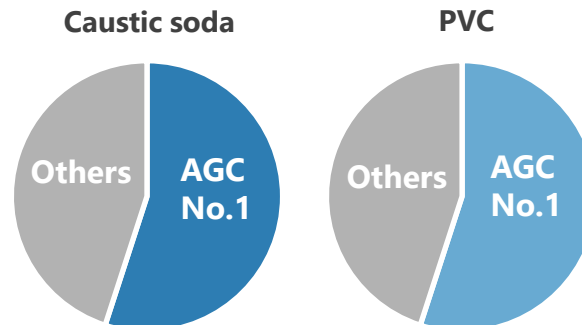
by 2030.

Southeast Asia Chlor-Alkali Production Capacity

(Unit: 10,000t)



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



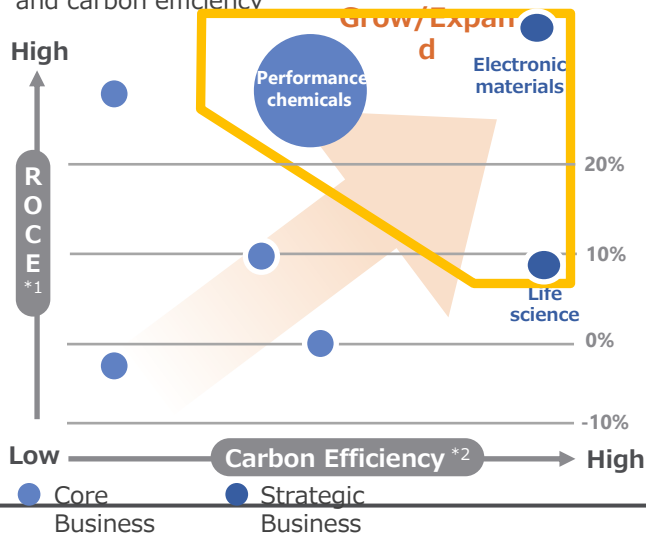
Market share based on production capacity: Caustic soda does not include Australia/NZ in the region, PVC includes Australia/NZ in the region

Performance Chemicals Overview(1)

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

Positioning in the Business Portfolio

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



Global Niche Top Strategy

Strengths in technological development using the properties of fluorine

Worldwide No.1^{*3} Share



Fluoropolymer resin ETFE



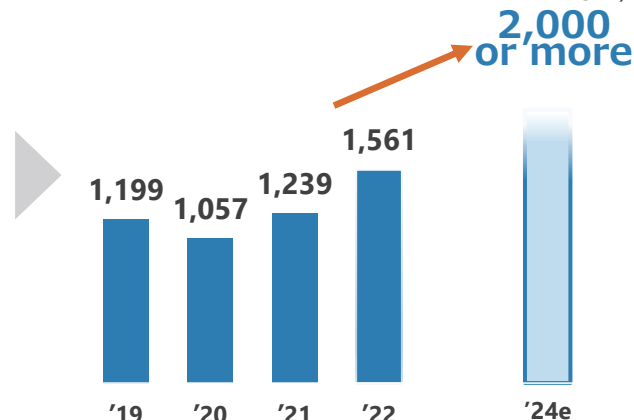
Electrolyte polymer for fuel cells



Fluoropolymer resin for on-site coatings

Performance chemicals sales trend

(unit : 100 million JPY)



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

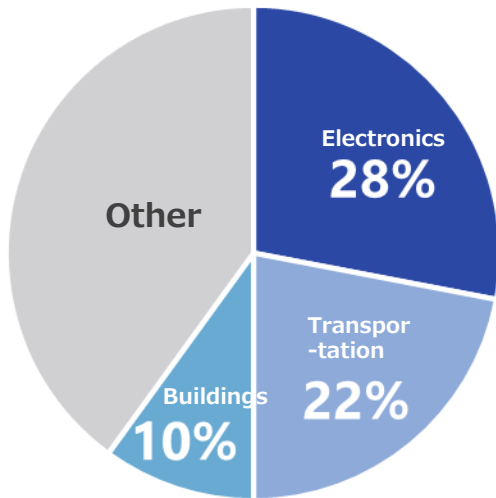
*3 : AGC's estimate as of Jan 2023

Performance Chemicals Overview(2)


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

Net Sales by Application (2022)*


* Revised classification of some products.



Electronic
S




Transpo
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-tation




Buildings




Life Science Overview(1)

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

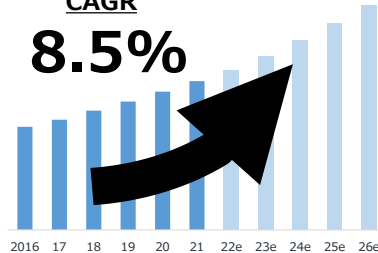
Market

Active pharmaceutical ingredients
CDMO market size trend

FY2020-FY2026

CAGR

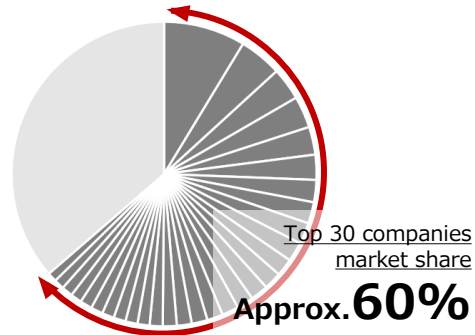
8.5%



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

Industrial structure

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



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

Company

Strength of AGC

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

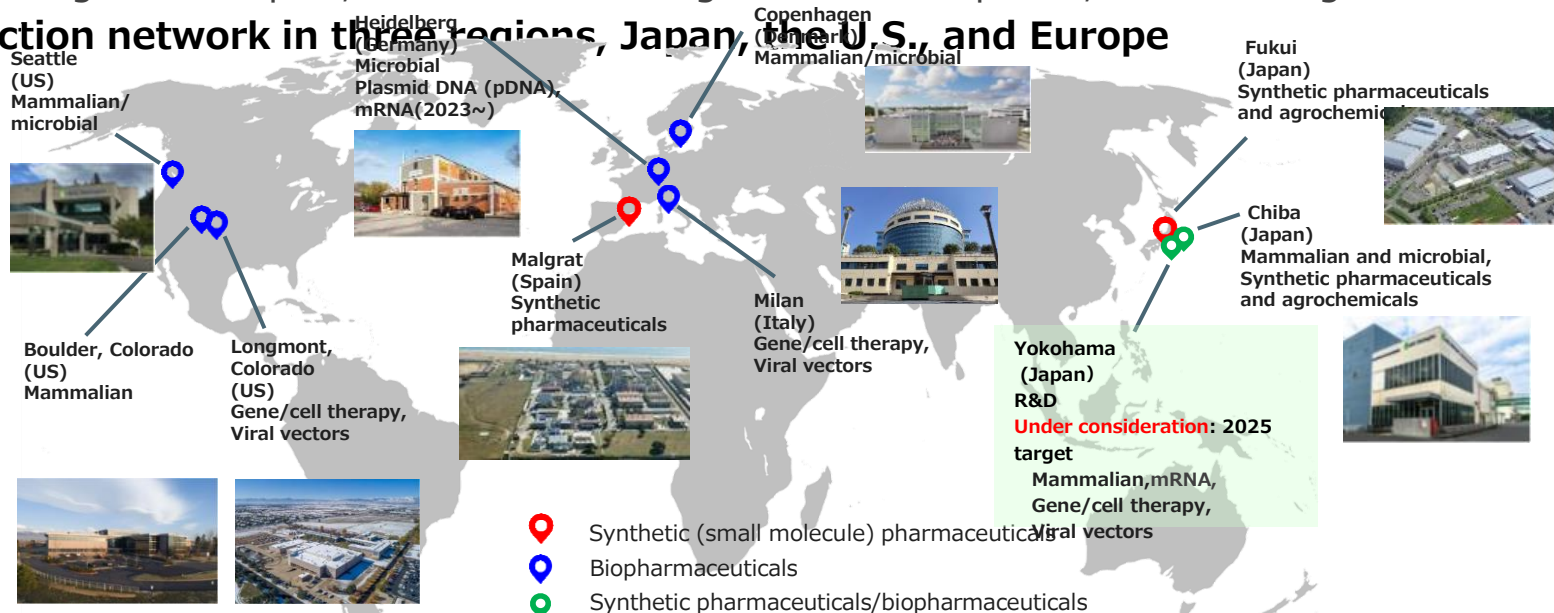


Life Science Overview(2)

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

Offering a wide range of services with capabilities in synthetic/microbial/mammalian processes, pDNA, and cell & gene therapies, from clinical through commercial phase, based on high-level **cGMP**

production network in three regions, Japan, the U.S., and Europe

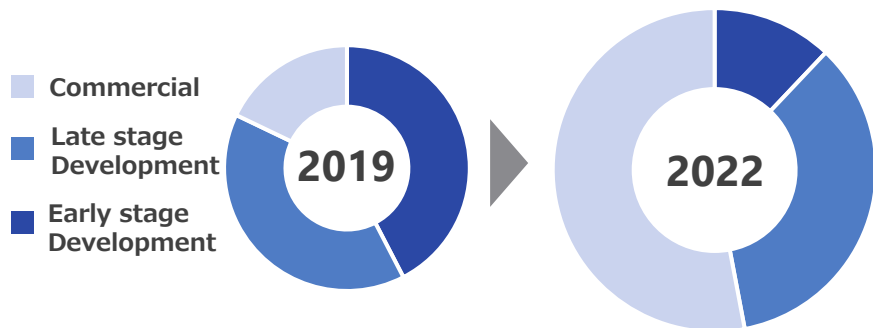


Life Science Overview(3)

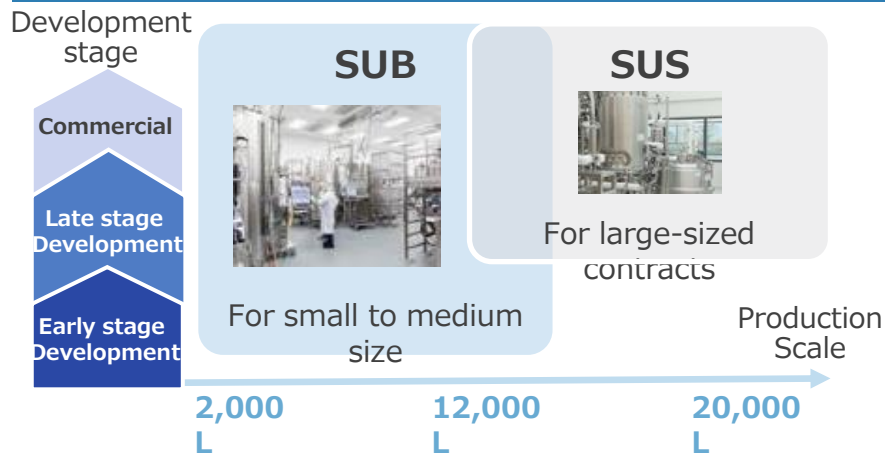
- With GMP* facilities and inspection experiences in Japan, North America and Europe, **AGC provides high-quality and consistent CDMO services.**
- By combining SUB**, suitable for small quantity & large variety, and SUS***, suitable for large-sized contracts, **AGC responds to needs from development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

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

Biopharmaceuticals CDMO Contract (amount of money)



AGC Group's Biopharmaceuticals CDMO

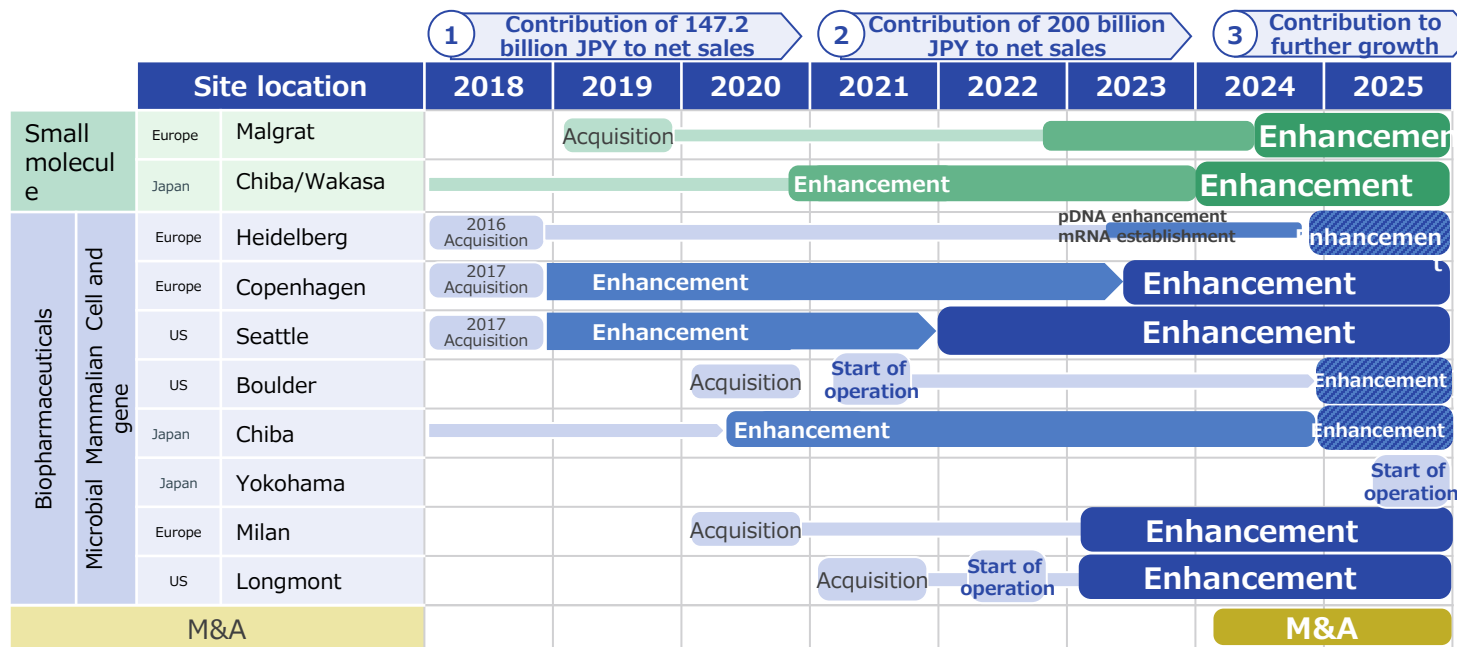


Life Science Overview(4)

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

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

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



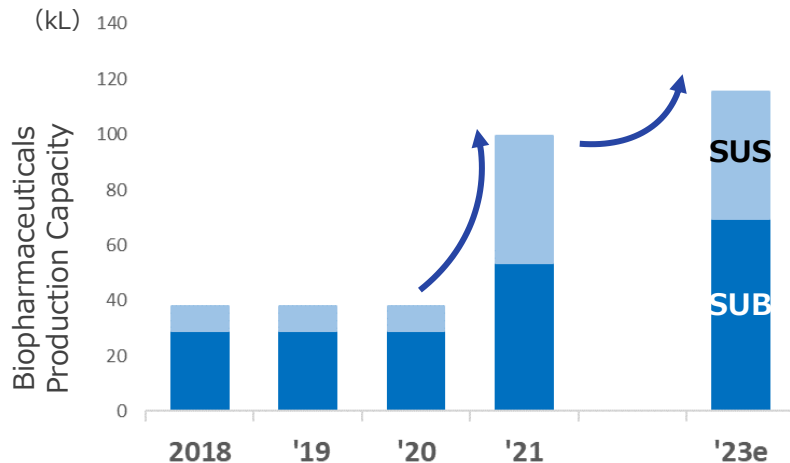
Considering more investments

(The expressions are based on the start of operation)

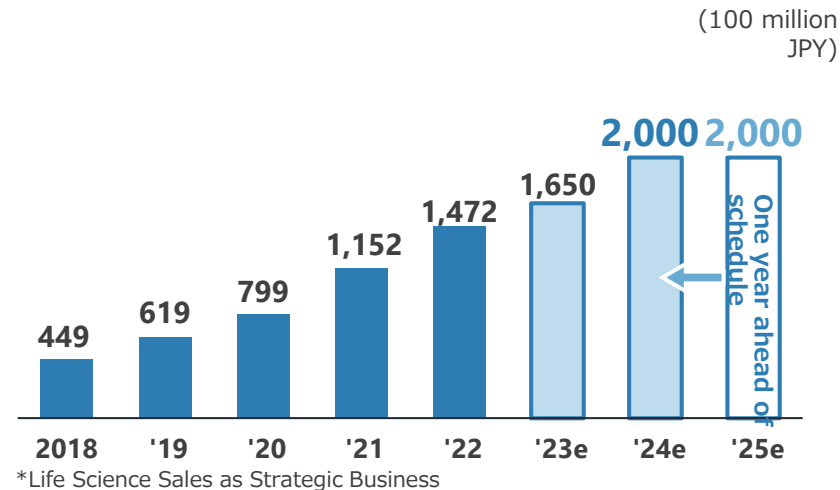
Life Science Overview(5)

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

Biopharmaceuticals CDMO Production Capacity (Mammalian only)



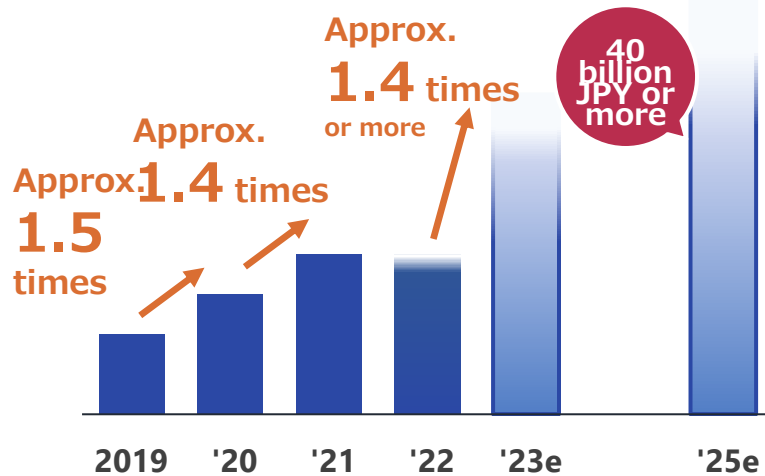
Life Science Net Sales*



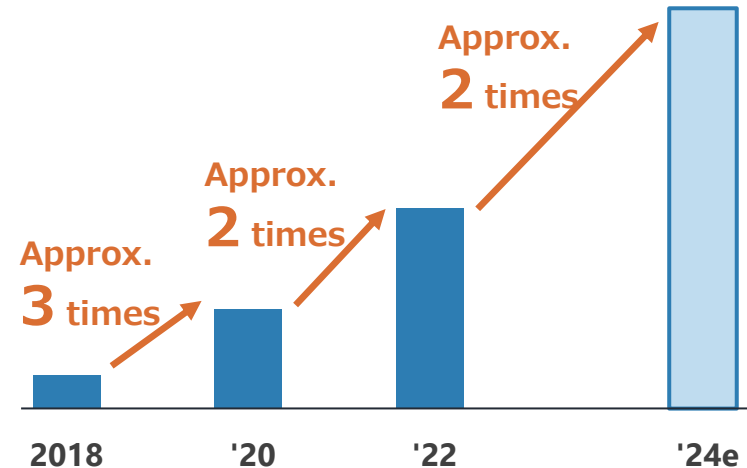
Electronics Business Environment(1)

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

AGC Group's EUV Mask Blanks Net Sales



EUV Mask Blanks Capacity Expansion



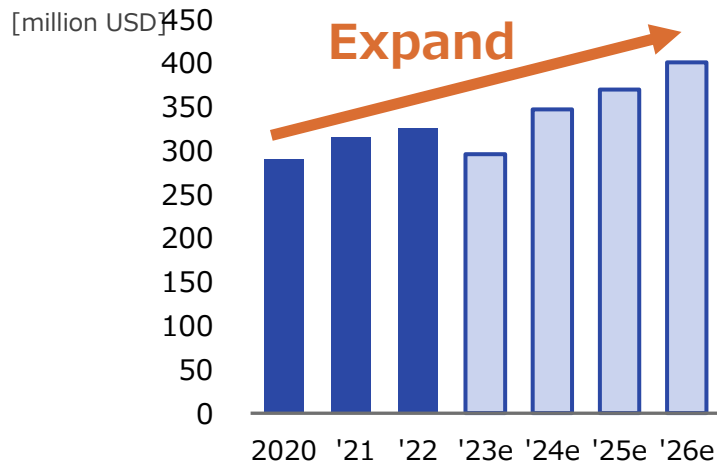
Electronics Business Environment(2)



CMP Slurry

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

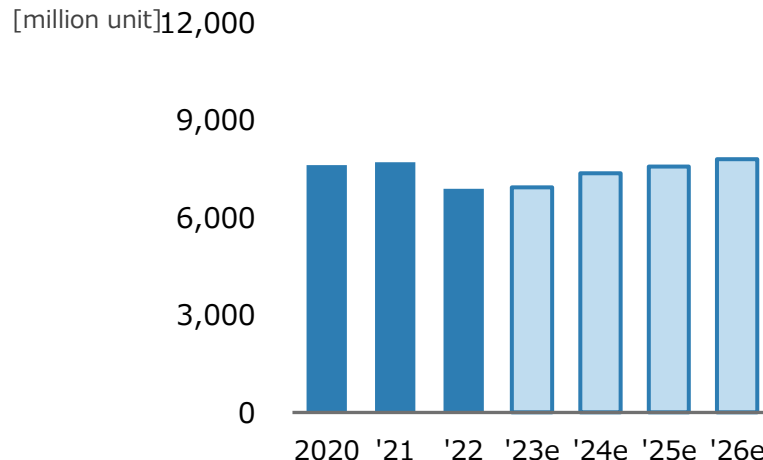
Ceria slurry market



Optoelectronics materials

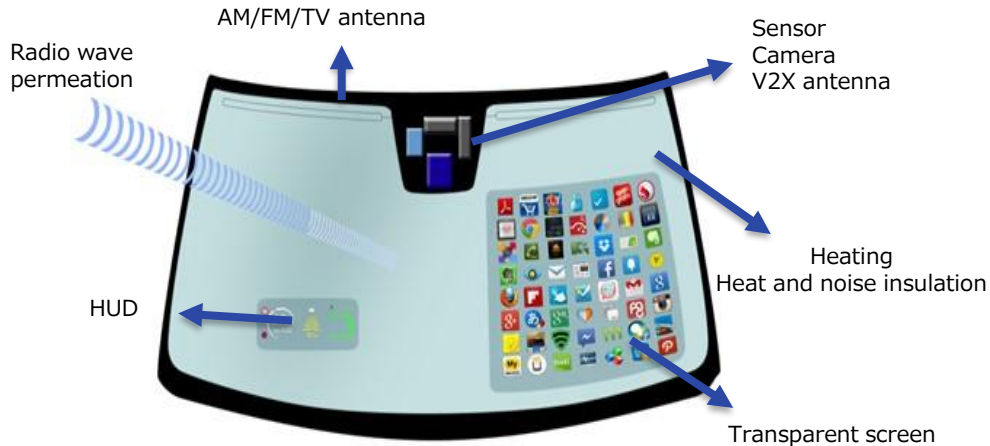
Although the growth rate will slow down due to the stagnant smartphone market in the near term, the total number of cameras installed in smartphones will increase in the medium to long term due to the market recovery.

Image sensor for cameras



Source: AGC's estimate

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



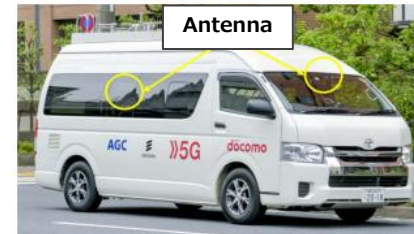
Providing not only materials but also solutions through the use of glass displays and the addition of communication functions

Cover glass for car-mounted displays



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

Car-mounted antenna compatible with 5G



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

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