

Financial Results for the Six Months ended June 30, 2023



AGC Inc.

Aug 2, 2023

Your Dreams, Our Challenge



| | |
|--|------|
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Key points for today

Financial Results for 2Q FY2023

(YoY)

| | | |
|---|---------------------|-----------------------|
| Net sales | 985.3 bn JPY | (+7.0 bn JPY) |
| Operating profit | 64.3 bn JPY | (▲51.0 bn JPY) |
| Profit for the period Attributable to owners of the parent | 40.6 bn JPY | (▲30.6 bn JPY) |

- Net sales increased thanks to higher sales prices in Automotive glass and Architectural glass, etc. as well as the impact of foreign exchange rates, despite the impact of the decline in sales prices for PVC.
- Operating profit decreased due to deteriorating manufacturing costs and higher raw material and fuel costs.

Outlook for FY2023 (Revised)

(vs. Feb. 8)

(YoY)

| | | | |
|-------------------------|-----------------------|----------------------|-----------------------|
| Net sales | 2,050.0 bn JPY | (▲100 bn JPY) | (+14.1 bn JPY) |
| Operating profit | 150.0 bn JPY | (▲40 bn JPY) | (▲33.9 bn JPY) |

- We made downward revision due to the delayed market recovery of chlor-alkali products and the impact of delays in launching new lines for U.S. Biopharmaceuticals CDMO.

1. Highlights of the Financial Results



Highlights of the Financial Results for 2Q FY2023 (cumulative)








* FOREX impact was +51.9 billion JPY, change in the scope of consolidation was +0.7 billion JPY

(100 million JPY)

| | | FY2022 1-2Q Total | FY2023 1-2Q Total | Change | Main factors in the change (+) Increasing factors (-)Decreasing factors |
|--|---------|----------------------|----------------------|--------|--|
| Net sales | | 9,783 | 9,853 | + 70* | (+) Increase in sales prices of Automotive glass and Architectural glass (+) Increase in shipments of Automotive glass (+) Yen depreciation (-) Decline in sales prices of PVC (-) Decrease in sales of Biopharmaceuticals CDMO and shipments of Fluorochemical-related products |
| Operating Profit | | 1,153 | 643 | ▲ 510 | In addition to the above, (-) Deterioration in manufacturing costs (-) Increase in raw materials and fuel prices |
| Profit before tax | | 1,176 | 660 | ▲ 516 | In addition to the above, (+) FOREX gain (+) Gain on sale of shares of subsidiaries and associates (-) Business structure improvement costs regarding Display business (Takasago site in Kansai Plant) |
| Profit for the period Attributable to owners of the parent | | 712 | 406 | ▲ 306 | |
| FOREX (Average) | 1USD | JPY 122.89 | JPY 134.85 | | |
| | 1EUR | JPY 134.25 | JPY 145.79 | | |
| Crude oil (Dubai, Average) | USD/BBL | 101.81 | 79.05 | | |

YoY Performance Comparison by Business Segment

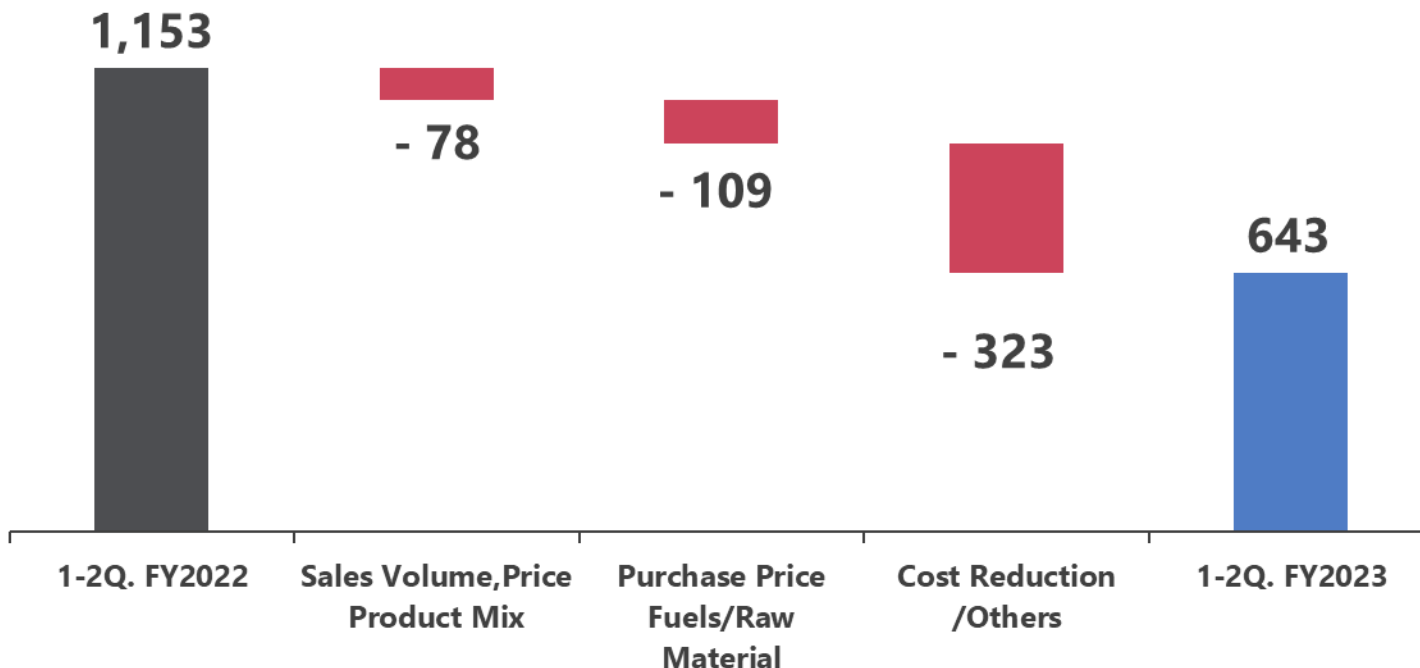
(100 million JPY)

| | FY2022 1-2Q Total (a) | | FY2023 1-2Q Total (b) | | Change (b)-(a) | |
|--|-----------------------------|------------------|-----------------------------|------------------|-------------------|------------------|
| | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
|  Architectural Glass | 2,257 | 205 | 2,398 | 186 | + 141 | ▲ 19 |
|  Automotive | 1,892 | ▲ 91 | 2,407 | 102 | + 515 | + 193 |
|  Electronics | 1,481 | 92 | 1,419 | 29 | ▲ 62 | ▲ 63 |
|  Chemicals | 3,336 | 824 | 2,828 | 309 | ▲ 509 | ▲ 514 |
|  Life Science | 710 | 102 | 680 | 6 | ▲ 30 | ▲ 97 |
|  Ceramics/Other | 435 | 25 | 394 | 14 | ▲ 41 | ▲ 11 |
|  Elimination | ▲ 328 | ▲ 3 | ▲ 273 | ▲ 3 | + 55 | + 0 |
| Total | 9,783 | 1,153 | 9,853 | 643 | + 70 | ▲ 510 |

Variance Analysis on OP(1-2Q.FY2023 vs. 1-2Q.FY2022)

51.0 bn JPY down from last year

(100 million JPY)



Consolidated Statement of Financial Position

| | 2022/12 | 2023/6 | (100 million JPY) Change | |
|--|---------|--------|-----------------------------|---|
| Cash and cash equivalents | 2,097 | 1,688 | ▲ 409 | |
| Inventories | 4,365 | 4,741 | + 376 | |
| Property, plant and equipment, Goodwill and Intangible assets | 15,148 | 16,151 | + 1,003 | Foreign exchange fluctuation +94.8 billion yen |
| Other assets | 6,530 | 6,998 | + 469 | |
| Total assets | 28,140 | 29,579 | + 1,438 | Foreign exchange fluctuation + 158.8 billion yen |
| Interest-bearing debt | 6,502 | 7,083 | + 580 | |
| Other liabilities | 5,782 | 5,741 | ▲ 41 | |
| Liabilities | 12,284 | 12,824 | + 539 | |
| Total equity attributable to owners of the parent | 13,903 | 14,718 | + 816 | |
| Non-controlling interests | 1,953 | 2,037 | + 83 | |
| Equity | 15,856 | 16,755 | + 899 | Foreign exchange fluctuation +89.3 billion yen |
| Total liabilities and equity | 28,140 | 29,579 | + 1,438 | |
| D/E ratio | 0.41 | 0.42 | | |

Consolidated Statement of Cash Flow

| 1-2Q Total | FY2022 | FY2023 | (100 million JPY) |
|--|---------------|---------------|-------------------|
| Profit before tax | 1,176 | 660 | |
| Depreciation and amortization | 902 | 859 | |
| Increase(decrease) in working capital | ▲ 527 | ▲ 403 | |
| Others | ▲ 321 | ▲ 221 | |
| Cash flows from operating activities | 1,230 | 894 | |
| Cash flows from investing activities | ▲ 667 | ▲ 881 | |
| Free cash flow | 562 | 13 | |
| Changes in interest-bearing debt | 182 | 222 | |
| Dividends paid | ▲ 289 | ▲ 233 | |
| Others | ▲ 130 | ▲ 525 | |
| Cash flows from financing activities | ▲ 237 | ▲ 536 | |
| Effect of exchange rate changes on cash and cash equivalents | 272 | 115 | |
| Net increase(decrease) in cash and cash equivalents | 597 | ▲ 409 | |

CAPEX, Depreciation and R&D

| 1-2Q Total | FY2022 | FY2023 |
|---------------------|--------|--------------|
| CAPEX | 1,051 | 1,052 |
| Architectural Glass | 75 | 100 |
| Automotive | 114 | 116 |
| Electronics | 416 | 293 |
| Chemicals | 314 | 396 |
| Life Science | 128 | 139 |
| Ceramics/Other | 6 | 10 |
| Elimination | ▲ 2 | ▲ 1 |
| Depreciation | 902 | 859 |
| Architectural Glass | 124 | 119 |
| Automotive | 154 | 156 |
| Electronics | 337 | 258 |
| Chemicals | 223 | 248 |
| Life Science | 54 | 68 |
| Ceramics/Other | 10 | 10 |
| Elimination | ▲ 1 | ▲ 1 |
| R&D | 249 | 270 |

(100 million JPY)

Main projects for CAPEX

- G11 investment in China (Electronics)
- Repairment for Display glass furnace (Electronics)
- Capacity enhancement of Electronic materials (Electronics)
- Capacity enhancement for Chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for Fluorochemical-related products (Chemicals)
- Capacity enhancement for Biopharmaceuticals CDMO and Small Molecule Pharmaceuticals and Agrochemicals CDMO (Life Science)

etc.

2. Business and Geographic Segments

Architectural Glass Segment

(100 million JPY)

| 1-2Q Total | FY2022 | FY2023 | Change |
|-------------------------|--------|--------------|--------|
| Net sales | 2,257 | 2,398 | + 141* |
| Asia | 681 | 759 | + 78 |
| Europe & Americas | 1,572 | 1,633 | + 61 |
| (Inter-segment) | 4 | 6 | + 2 |
| Operating profit | 205 | 186 | ▲ 19 |

* FOREX impact: +15.2 billion yen, Change in the Scope of Consolidation: +0.7 billion yen



Asia

- Despite shipments declined in all regions except Japan, net sales increased thanks to the rise in sales prices.

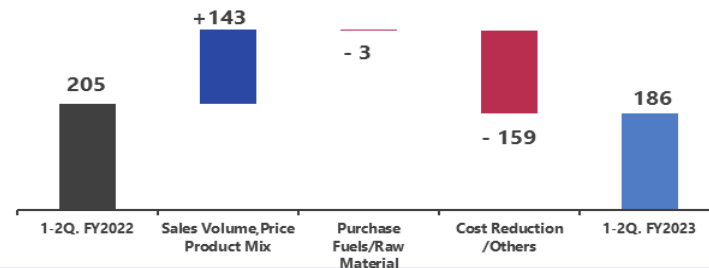


Europe & Americas

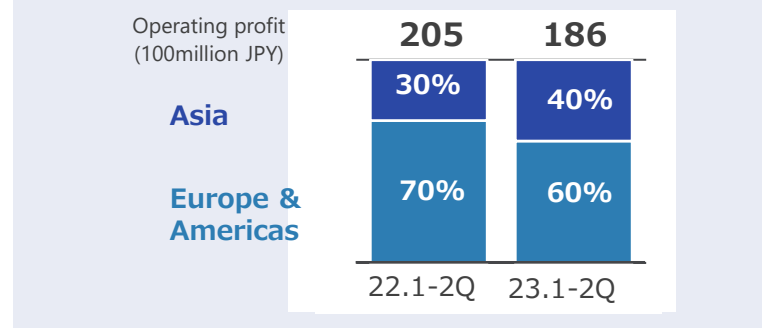
- Shipments declined in Europe, which was affected by the economic slowdown, but net sales increased thanks to the rise in sales prices and the impact of foreign exchange rates.
- Manufacturing costs deteriorated.

Variance Analysis on OP

(100 million JPY)



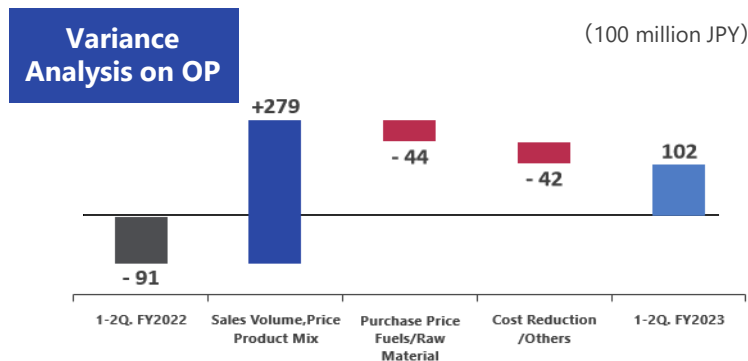
Ratio of sub-segment to the operating profit (before common expense allocation)



(100 million JPY)

| 1-2Q累計 | FY2022 | FY2023 | Change |
|-------------------------|--------|--------------|--------|
| Net sales | 1,892 | 2,407 | + 515* |
| Automotive | 1,891 | 2,405 | + 514 |
| (Inter-segment) | 1 | 2 | + 1 |
| Operating profit | ▲ 91 | 102 | + 193 |

* FOREX impact: +13.3 billion yen, Change in the Scope of Consolidation: No impact



Automotive Glass

- The group's shipments increased as the automobile production increased.
- Net sales and operating profit increased thanks to the rise in sales prices, improvement of product mix and foreign exchange effects.

(100 million JPY)

| 1-2Q Total | FY2022 | FY2023 | Change |
|-------------------------|--------|--------------|--------|
| Net sales | 1,481 | 1,419 | ▲ 62* |
| Display | 870 | 783 | ▲ 87 |
| Electronic Materials | 600 | 631 | + 30 |
| (Inter-segment) | 11 | 5 | ▲ 6 |
| Operating profit | 92 | 29 | ▲ 63 |

* FOREX impact: +3.7 billion yen, Change in the Scope of Consolidation: No impact

Display

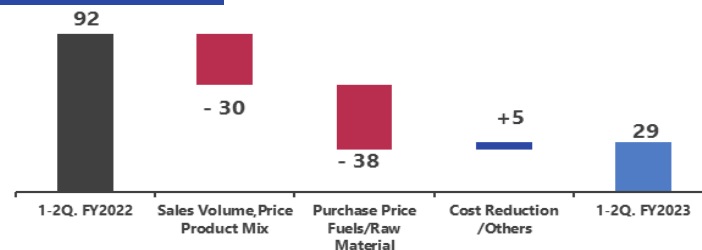
- Shipments of LCD glass substrates decreased.
- Raw materials and fuel costs increased.

Electronic Materials

- Sales increased thanks to robust shipments of EUV mask blanks and other products, as well as the impact of foreign exchange rates.

Variance Analysis on OP

(100 million JPY)

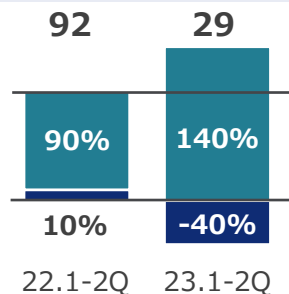


Ratio of sub-segment to the operating profit (before common expense allocation)

Operating profit
(100million JPY)

Electronic
Materials

Display



- We aim for business turnaround by strengthening competitiveness through technological innovation and implementing pricing policies, in addition to structural improvement measures.



Targeting ROCE of 10% or more at an early stage

Chemicals Segment

(100 million JPY)

| 1-2Q Total | FY2022 | FY2023 | Change |
|-------------------------|--------|--------------|--------|
| Net sales | 3,336 | 2,828 | ▲ 509* |
| Essential Chemicals | 2,515 | 2,008 | ▲ 507 |
| Performance Chemicals | 796 | 798 | + 3 |
| (Inter-segment) | 26 | 22 | ▲ 4 |
| Operating profit | 824 | 309 | ▲ 514 |

* FOREX impact: +15.3 billion yen, Change in the Scope of Consolidation: No impact



Essential Chemicals

- Sales prices of PVC and other products declined.

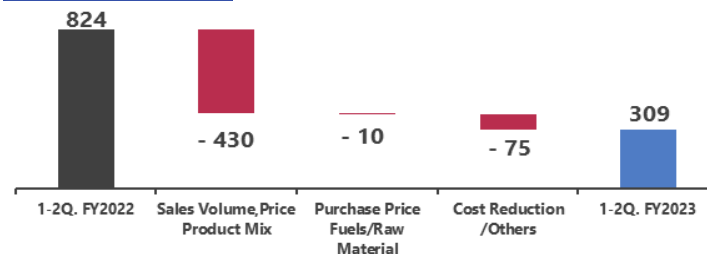


Performance Chemicals

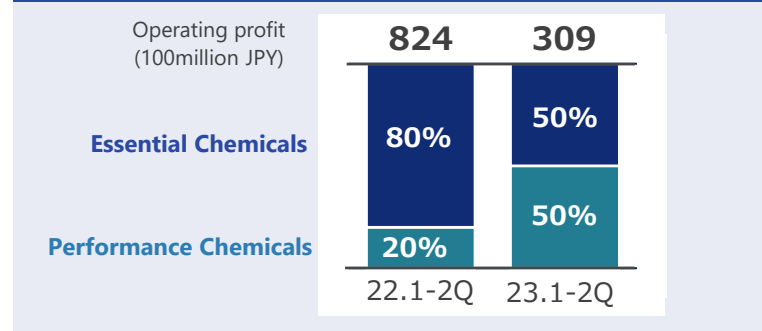
- Net sales remained at the same level as the previous year due to the rise in sales prices and foreign exchange effects, despite a decrease in shipments of Fluorochemical-related products.

Variance Analysis on OP

(100 million JPY)



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



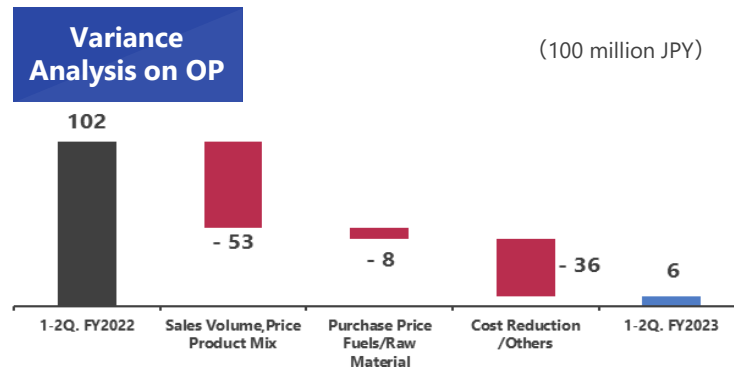
(100 million JPY)

| 1-2Q Total | FY2022 | FY2023 | Change |
|-------------------------|--------|------------|--------|
| Net sales | 710 | 680 | ▲ 30* |
| Life Science | 692 | 667 | ▲ 25 |
| (Inter-segment) | 18 | 13 | ▲ 5 |
| Operating profit | 102 | 6 | ▲ 97 |

* FOREX impact: +4.2 billion yen, Change in the Scope of Consolidation: No impact

Life Science

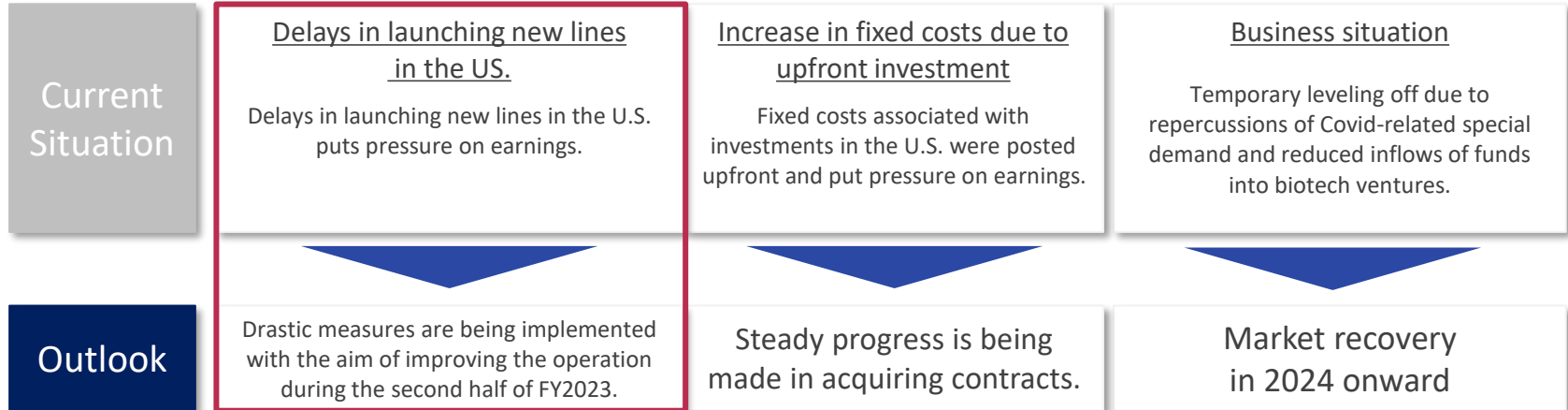
- Sales of Biopharmaceuticals CDMO decreased due to the disappearance of special demand for products related to the anti-coronavirus applications, reduced inflows of funds into biotech ventures and delays in launching new lines for Biopharmaceuticals CDMO in the U.S.
- Upfront costs incurred associated with capacity expansion in the biopharmaceutical field.



- Europe and Japan remains steady; the U.S. has been in a struggle.
- Performance is expected to improve in 2024 onward due to market recovery and improved operations at newly launched lines in the U.S.

Biggest challenge

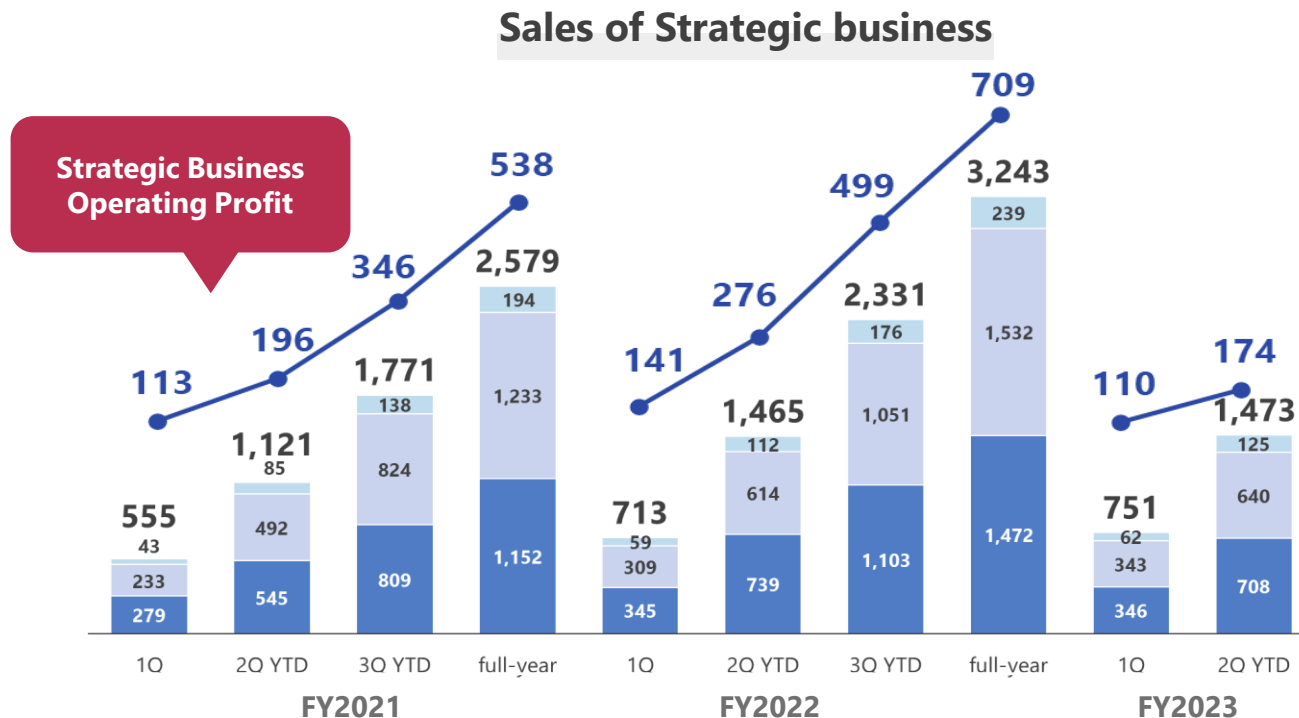
Factors Contributing to the Deterioration of U.S. Biopharmaceuticals CDMO Earnings and Outlook



Profit contribution of Strategic Businesses

- FY2023 will be affected by adjustments in the semiconductor and smartphone markets, in addition to the poor performance of Biopharmaceuticals CDMO in the U.S.

(100 million yen)



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

- Small Molecule Pharmaceuticals and Agrochemicals CDMO
- Biopharmaceutical CDMO
- Other life science products

YoY Performance Comparison by Geographic Segment

1-2Q Total | **FY2022** | **FY2023** | **Change** (100 million JPY)

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Net sales | 9,783 | 9,853 | + 70 |
| Japan &Asia | 6,347 | 6,055 | ▲ 292 |
| Americas | 971 | 1,098 | + 127 |
| Europe | 2,465 | 2,700 | + 235 |
| Operating profit | 1,153 | 643 | ▲ 510 |
| Japan &Asia | 1,137 | 631 | ▲ 506 |
| Americas | 43 | ▲ 4 | ▲ 46 |
| Europe | 172 | 243 | + 71 |
| Cross-regional common expenses | ▲ 199 | ▲ 227 | ▲ 28 |

FOREX impact :

+51.9 bn JPY

Change in the scope of consolidation :

+0.7 bn JPY

Outlook for FY2023

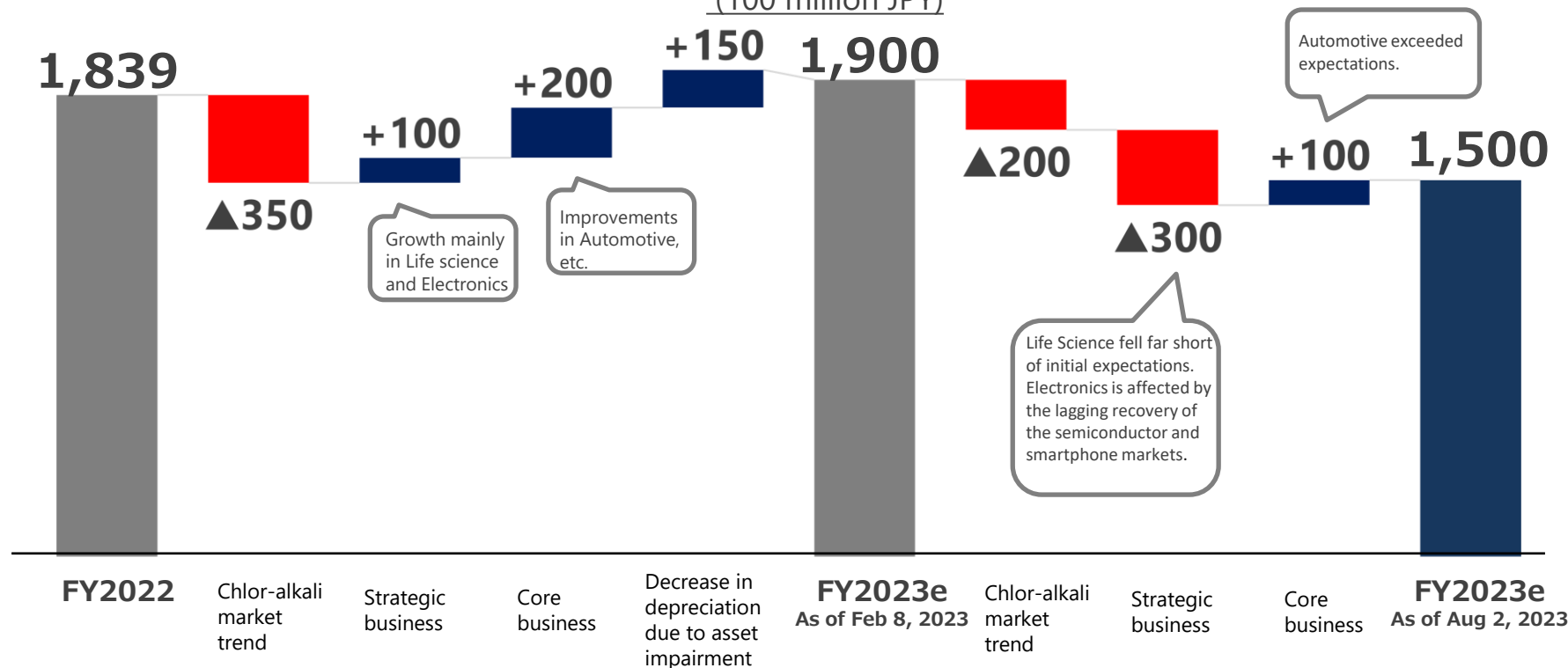
FY2023 Outlook

- Operating profit is expected to decrease from the previous year and from the initial forecast due to the delayed market recovery of chlor-alkali products, as well as the significant impact of delay in launching new lines for U.S. Biopharmaceuticals CDMO.

| | | FY2022 | FY2023e As of Aug 2, 2023 | FY2023e As of Feb 8, 2023 | (100 million JPY) |
|---|----------------|-----------|------------------------------|------------------------------|-------------------|
| Net sales | | 20,359 | 20,500 | 21,500 | |
| | (First half) | 9,783 | 9,853 | 10,300 | |
| Operating profit | | 1,839 | 1,500 | 1,900 | |
| | (First half) | 1,153 | 643 | 750 | |
| Profit before tax | | 585 | 1,070 | 1,470 | |
| Profit for the year attributable to owners of the parent | | ▲ 32 | 590 | 870 | |
| Dividend (JPY/share) | | 210 | 210 | 210 | |
| Operating profit margin | | 9.0% | 7.3% | 8.8% | |
| ROE | | - | 4.2% | 6.3% | * |
| FOREX (Average) | 1 USD | JPY 131.4 | JPY 135.0 | JPY 125.0 | |
| | 1 EUR | JPY 138.0 | JPY 150.0 | JPY 135.0 | |
| Crude oil (Dubai, Average) | USD/BBL | 96.3 | 81.0 | 85.0 | |
| Ethylene (CFR SEA) | USD/MT | 1,054 | 870 | 1,000 | |

2023 Operating Profit Forecast

Change in operating profit forecast for FY2023
(100 million JPY)










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

Outlook breakdown by Segment (Net sales and Operating profit)

- Although Automotive exceeded initial expectations, the forecasts were revised downward as Electronics, Chemicals, and Life Science fell short of initial expectations.

(100 million JPY)

| | FY2022 (a) | | FY2023e (b) As of Aug 2, 2023 | | Change (b)-(a) | | FY2023e(c) As of Feb 2, 2023 | | Change (b)-(c) | |
|--|------------|------------------|----------------------------------|------------------|----------------|------------------|---------------------------------|------------------|----------------|------------------|
| | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit | Net sales | Operating profit |
|  Architectural Glass | 4,837 | 327 | 4,800 | 360 | ▲ 37 | + 33 | + 5,000 | 360 | ▲ 200 | + 0 |
|  Automotive | 4,178 | ▲ 98 | 4,700 | 170 | + 522 | + 268 | + 4,700 | 80 | + 0 | + 90 |
|  Electronics | 3,072 | 147 | 3,300 | 250 | + 228 | + 103 | + 3,400 | 380 | ▲ 100 | ▲ 130 |
|  Chemicals | 6,604 | 1,261 | 6,000 | 710 | ▲ 604 | ▲ 551 | + 6,500 | 850 | ▲ 500 | ▲ 140 |
|  Life Science | 1,418 | 169 | 1,350 | ▲ 10 | ▲ 68 | ▲ 179 | + 1,600 | 210 | ▲ 250 | ▲ 220 |
|  Ceramics/Other | 866 | 37 | 850 | 20 | ▲ 16 | ▲ 17 | + 800 | 20 | + 50 | + 0 |
|  Elimination | ▲ 616 | ▲ 3 | ▲ 500 | 0 | + 116 | + 3 | ▲ 500 | 0 | + 0 | + 0 |
| Total | 20,359 | 1,839 | 20,500 | 1,500 | + 141 | ▲ 339 | + 21,500 | 1,900 | ▲ 1,000 | ▲ 400 |

2H Outlook by Business Segment (1)

Outlook for FY2023 2H (vs 2023 1H)



Architectural Glass

Asia

- Shipments are expected to be robust for the factors such as growing demand for high heat-insulating and shielding glass.

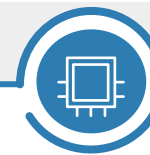
Europe & Americas

- Despite concerns about inflation and economic slowdown in Europe, replacement demand for high heat-insulating glass for energy savings will support shipments.



Automotive

- Although the effects of the ongoing supply shortage of semiconductors and other components will continue to ease, and the effects of the pricing policy that has been pursued for some time will contribute, the business is expected to be affected by seasonal declines in shipments.



Electronics

Display

- Shipments of LCD glass substrates will increase due to recovery in demand for LCD panels.
- Shipments of specialty glass for display will increase as orders from major customers grow.

Electronic Materials

- Shipments of optoelectronics materials will increase due to demand season, despite the slowdown in the smartphone market.
- Shipments of semiconductor-related products will increase mainly photomask blanks for EUV.

2H Outlook by Business Segment (2)

Outlook for FY2023 2H (vs 2023 1H)



Chemicals

Essential Chemicals

- Market recovery has been delayed due to slow economic recovery in China and the U.S., but the market will slowly recover along with the economic recovery.

Performance Chemicals

- Although the slowdown in the semiconductor and smartphone markets will cause fluorine-related products for some applications to level off, shipments will increase due to strong demand for products for transportation machinery and other applications.



Life Science

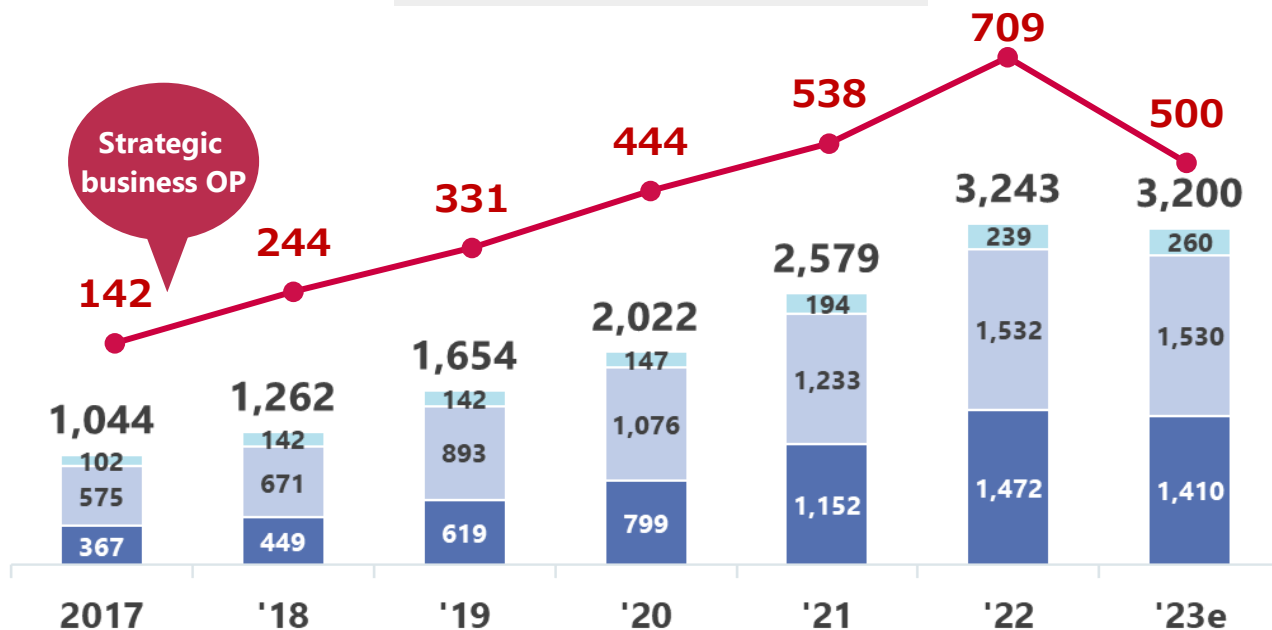
- Although sales of Small Molecule Pharmaceuticals and Agrochemicals CDMO will remain strong, in Biopharmaceuticals CDMO, the impact of the disappearance of special demand for products related to the anti-coronavirus applications and reduced inflows of funds into biotech ventures will continue.
- The newly production lines for Biopharmaceuticals CDMO in the U.S. will be expected to improve during the second half of FY2023.

Outlook of Strategic businesses

- Sales growth is expected to be sluggish and profit is expected to decline in 2023.
- The businesses will return to growth trajectory after 2024 along with a recovery in biopharmaceutical CDMO and expansion of semiconductor-related products such as EUV mask blanks.

Strategic business net sales

(100 million JPY)



Main products & businesses

Mobility

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

Electronics

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

Life Science

- Small Molecule Pharmaceuticals and Agrochemicals CDMO
- Biopharmaceutical CDMO
- Other life science products

CAPEX, Depreciation and R&D

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

(100 million yen)

Main projects for CAPEX

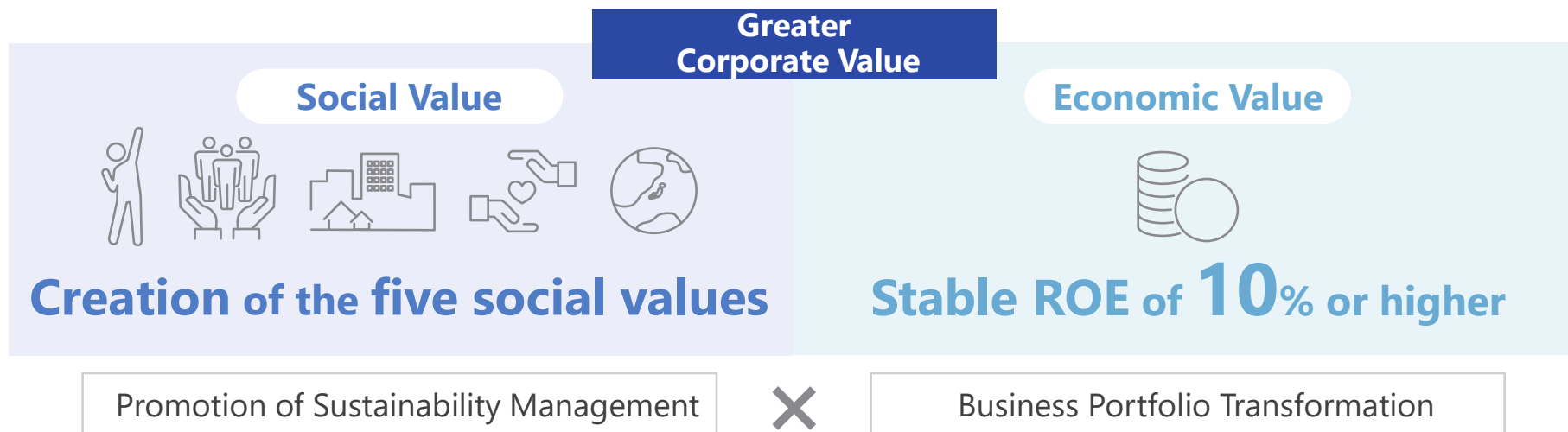
- G11 investment in China (Electronics)
- Capacity enhancement of Electronic materials (Electronics)
- Capacity enhancement for Chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement of Biopharmaceuticals CDMO (Life Science)

etc.

The AGC Group's initiatives for Corporate Value Enhancement

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.

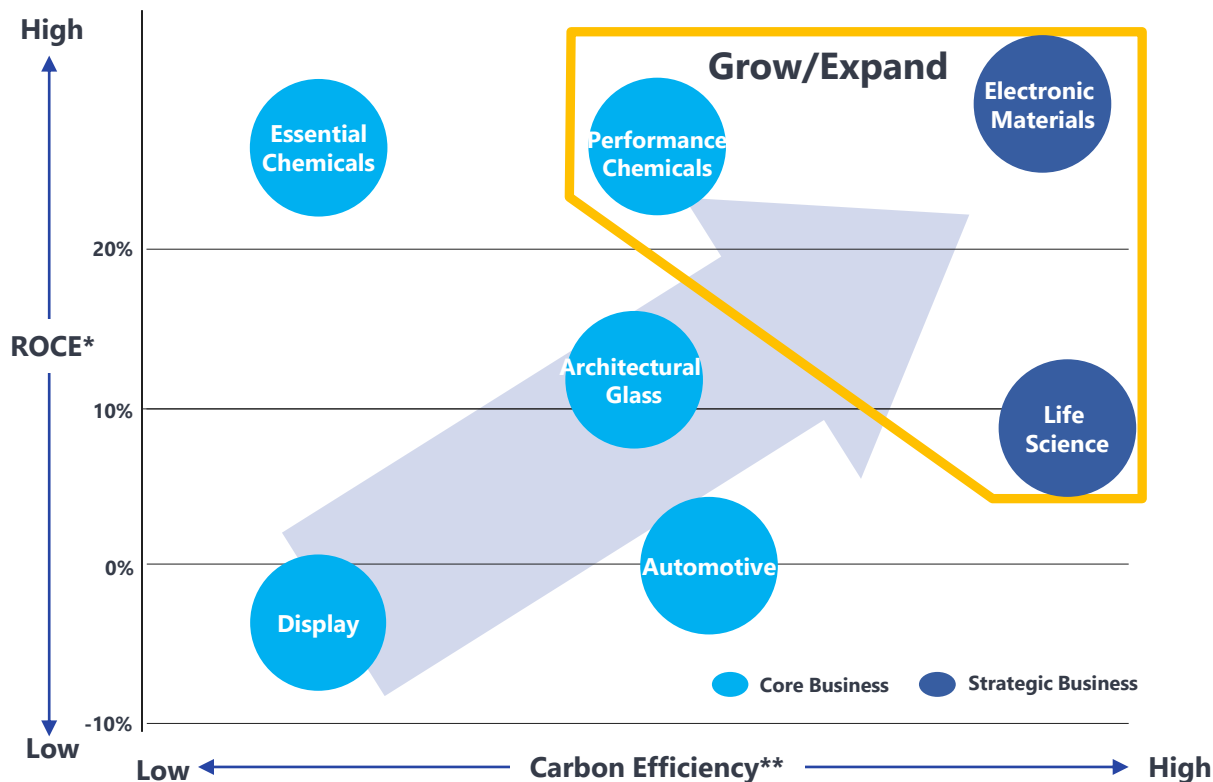


Direction of the Business Portfolio Transformation (1)

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



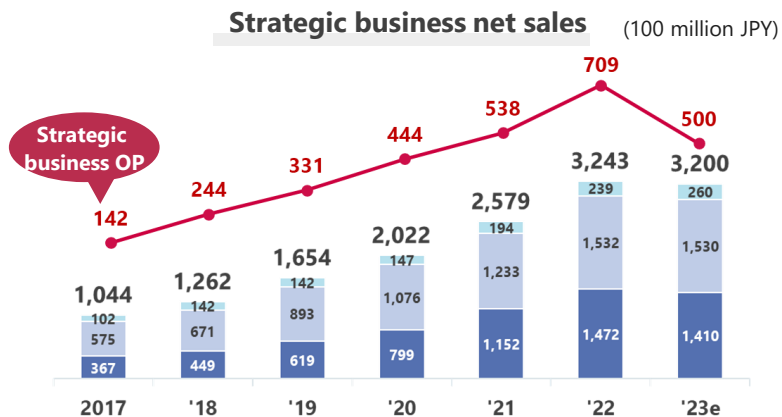
Direction of the Business Portfolio Transformation (2)



Progress in Business Portfolio Transformation (1)

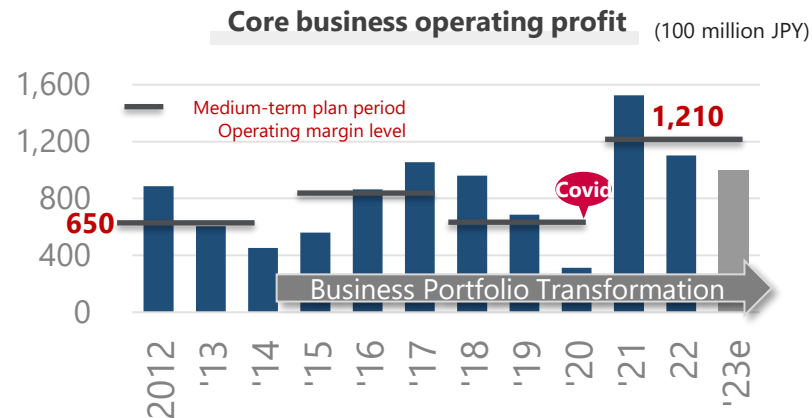
- Strategic business will expand over the medium term, but sales is expected to hit a plateau and profits are expected to decline in 2023 .
- While being affected by market conditions, the profitability of the core business has improved and become more stable thanks to price revisions and structural reforms.

Strategic business



Plateaued in 2023

Core business












Improved profitability and stability

Progress in Business Portfolio Transformation

(2) Strategic business













- Although there will be some adjustments in 2023 due to market conditions and other factors, in the medium to long term, the strategic businesses will grow along with the market expansion.

| | Current situation | | Medium/Long-term outlook | |
|--|---|---|---|---|
|  Electronics | While EUV mask blanks show robust growth, the overall business remains standstill in 2023 as affected by the semiconductor and smartphone markets. |  | In addition to growth of EUV mask blanks, the business will achieve a high growth along with the recovery of the semiconductor market. |  |
|  Life Science | Sales of Biopharmaceuticals CDMO decrease due to the disappearance of special demand for products related to the anti-coronavirus applications, reduced inflows of funds into biotech ventures and delays in launching new lines for Bio-CDMO in the U.S. |  | In 2024 onward, the business will go back to the growth trend following normalization of newly launched lines in the U.S. Bio-CDMO and the market recovery. |  |
|  Mobility | Speed of the business expansion is slower than expected due to the lagging progress of CASE technology. |  | The business will expand together with the progress of CASE technology. |  |

Progress in Business Portfolio Transformation

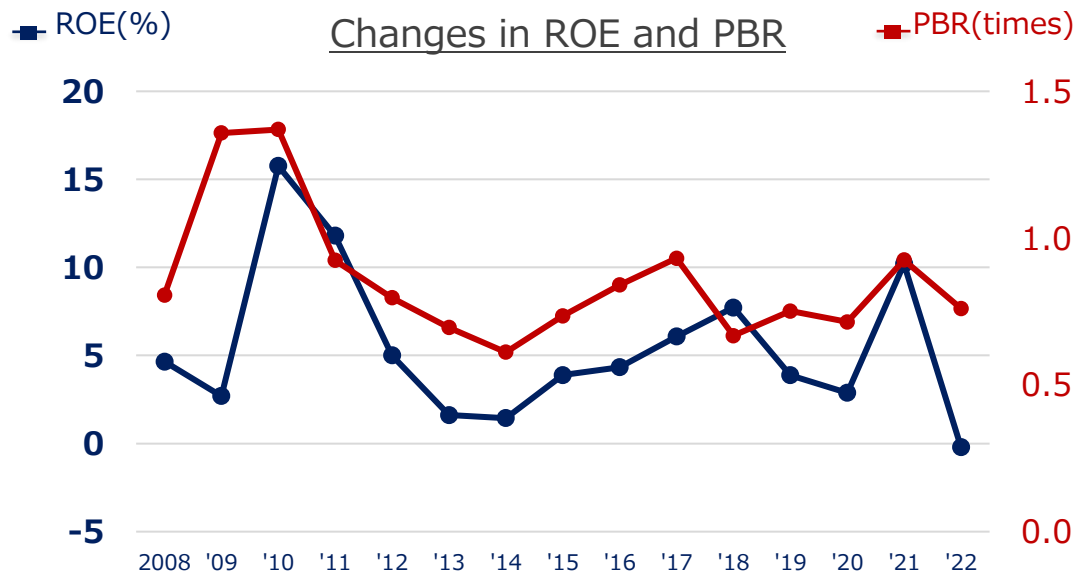
(3) Core business

- The core businesses have achieved stable profitability and improved asset efficiency.

| | Current situation | | Medium/Long-term outlook | |
|---|---|---|---|---|
|  Architectural Glass | The profit improved due to price revisions and structural reforms. |  | The profitability will remain stable as favorable winds, such as good house renovation demand, will continue. |  |
|  Automotive | The business started to generating profits along with the progress in the revision of pricing policy and structural reforms. |  | Profitability and asset efficiency are expected to improve as a result of improvements in the macro environment, such as the elimination of the semiconductor shortage, and the promotion of profit improvement measures that are being undertaken. |  |
|  Display | We are reviewing the existing structural reforms and pricing policies. |  | The profit will improve starting in 2024 as a result of market recovery, structural reforms and pricing policy revisions. |  |
|  Chemicals | <p>【Essential Chemicals】 Although market conditions have not recovered and remain at a low level, a certain level of profit is secured due to high market position.</p> <p>【Performance Chemicals】 The business have been standstill as affected by the semiconductor and smartphone markets.</p> |  | <p>【Essential Chemicals】 The market will recover gradually, and the profit will pick up.</p> <p>【Performance Chemicals】 The profit will improve as a result of capacity expansion and market recovery.</p> |  |

Challenge of improving PBR

- ROE and PBR fluctuations strongly correlated with each other.



Improving and stabilizing ROE is the top priority for PBR improvement.

Realization of business management focused on cost of capital and stock price

- PBR improvement has long been recognized as an important management issue.
- TSE disclosure requests will be reviewed internally, including the Board of Directors.

Initiatives and issues to be addressed

【Current initiatives】

- Announced ROE target (stable ROE of 10% by 2030) with an awareness of the cost of shareholders' equity.
- Flexible share buybacks and a stable dividend payout ratio of 40% on a consolidated basis.

【Issues to be addressed】

- We promote business portfolio transformation through aggressive investment in growth businesses. Growth businesses are expanding steadily, but PBR remains low because ROE target cannot be achieved due to restructuring costs, impairment losses, etc.

Current policy

- We aim to achieve a stable ROE of 8% or more as early as possible by expanding the strategic businesses, with the core business serving as a long-term stable earnings base.

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



Appendix

ROCE & EBITDA by Segment

| | | Operating profit | | EBITDA* | | ROCE | | Operating assets | |
|---|---------------------------------|------------------|--------------|--------------|--------------|--------------|-------------|------------------|---------------|
| | | 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 |

(100 million yen)

* EBITDA=Operating profit +Depreciation

Impact on OP

Exchange rate



500 million yen*loss
if yen appreciated by 1%

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

Crude oil



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

*excluding impact of oil
hedging

Chemicals market



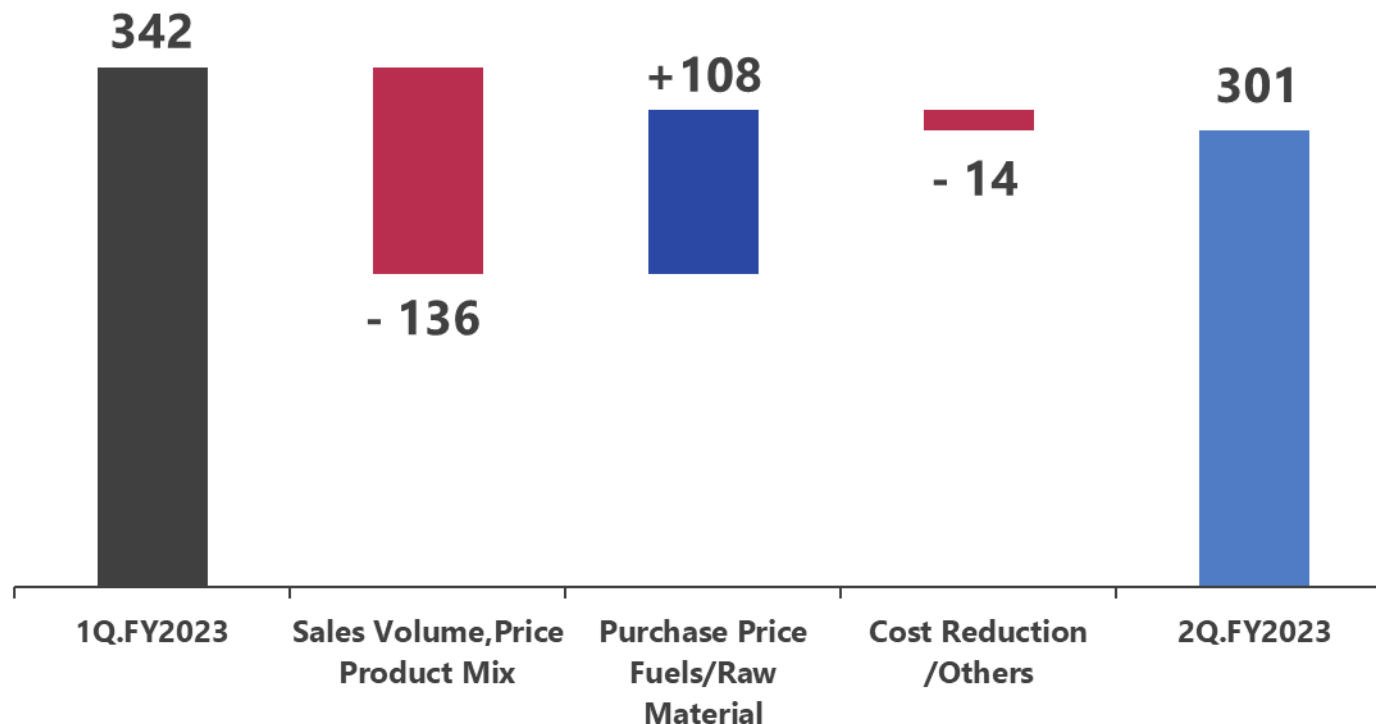
- 1 Caustic soda**
\$1M loss if the international
market down by \$1
- 2 PVC spread**
\$1.2M loss* if decreased
by \$1

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

Variance Analysis on OP(2Q.FY2023 vs. 1Q.FY2023)








4.2 bn JPY down from last quarter

(100 million JPY)










YoY Performance Comparison by Geographic Segment

(100 million JPY)

| | | Japan& Asia | Americas | Europe | Inter-segment | Total |
|--|-------------|-------------|----------|--------|---------------|-------|
|  Architectural Glass | 2 Q .FY2023 | 386 | 73 | 728 | 5 | 1,192 |
| | 2 Q .FY2022 | 361 | 80 | 773 | 2 | 1,216 |
|  Automotive | 2 Q .FY2023 | 604 | 252 | 365 | 1 | 1,223 |
| | 2 Q .FY2022 | 472 | 201 | 283 | 0 | 956 |
|  Electronics | 2 Q .FY2023 | 642 | 71 | 3 | 2 | 717 |
| | 2 Q .FY2022 | 651 | 62 | 3 | 6 | 722 |
|  Chemicals | 2 Q .FY2023 | 1,261 | 83 | 62 | 13 | 1,418 |
| | 2 Q .FY2022 | 1,575 | 74 | 59 | 12 | 1,720 |
|  Life Science | 2 Q .FY2023 | 79 | 90 | 177 | 2 | 348 |
| | 2 Q .FY2022 | 75 | 98 | 203 | 2 | 378 |
|  Ceramics/Other | 2 Q .FY2023 | 85 | - | - | 110 | 195 |
| | 2 Q .FY2022 | 86 | - | - | 150 | 236 |
|  Elimination | 2 Q .FY2023 | - | - | - | ▲ 132 | ▲ 132 |
| | 2 Q .FY2022 | - | - | - | ▲ 171 | ▲ 171 |
| Total Net Sales | 2 Q .FY2023 | 3,057 | 568 | 1,336 | - | 4,961 |
| | 2 Q .FY2022 | 3,221 | 515 | 1,321 | - | 5,057 |

YoY Performance Comparison by Geographic Segment

(100 million JPY)

| | | Japan& Asia | Americas | Europe | Inter-segment | Total |
|--|----------------------|--------------|--------------|--------------|---------------|--------------|
|  Architectural Glass | 1-2 Q .FY2023 | 759 | 146 | 1,487 | 6 | 2,398 |
| | 1-2 Q .FY2022 | 681 | 143 | 1,429 | 4 | 2,257 |
|  Automotive | 1-2 Q .FY2023 | 1,206 | 475 | 723 | 2 | 2,407 |
| | 1-2 Q .FY2022 | 982 | 383 | 526 | 1 | 1,892 |
|  Electronics | 1-2 Q .FY2023 | 1,259 | 148 | 7 | 5 | 1,419 |
| | 1-2 Q .FY2022 | 1,332 | 133 | 6 | 11 | 1,481 |
|  Chemicals | 1-2 Q .FY2023 | 2,504 | 166 | 136 | 22 | 2,828 |
| | 1-2 Q .FY2022 | 3,028 | 151 | 132 | 26 | 3,336 |
|  Life Science | 1-2 Q .FY2023 | 158 | 162 | 348 | 13 | 680 |
| | 1-2 Q .FY2022 | 158 | 161 | 372 | 18 | 710 |
|  Ceramics/Other | 1-2 Q .FY2023 | 170 | - | - | 224 | 394 |
| | 1-2 Q .FY2022 | 167 | - | - | 268 | 435 |
|  Elimination | 1-2 Q .FY2023 | - | - | - | ▲ 273 | ▲ 273 |
| | 1-2 Q .FY2022 | - | - | - | ▲ 328 | ▲ 328 |
| Total Net Sales | 1-2 Q .FY2023 | 6,055 | 1,098 | 2,700 | - | 9,853 |
| | 1-2 Q .FY2022 | 6,347 | 971 | 2,465 | - | 9,783 |

Business Performance (1)

| Architectural Glass | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | 1Q.23 | 2Q.23 | (100 million JPY) |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Net Sales | 1,040 | 1,216 | 1,247 | 1,334 | 1,205 | 1,192 | |
| Asia | 319 | 361 | 384 | 405 | 373 | 386 | |
| Europe & Americas | 719 | 853 | 861 | 925 | 831 | 802 | |
| (Inter Segment) | 2 | 2 | 2 | 4 | 1 | 5 | |
| Operating profit | 73 | 132 | 86 | 36 | 93 | 93 | |
| Automotive | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | 1Q.23 | 2Q.23 | |
| Net Sales | 936 | 956 | 1,112 | 1,174 | 1,184 | 1,223 | |
| Automotive | 935 | 956 | 1,111 | 1,174 | 1,183 | 1,221 | |
| (Inter Segment) | 1 | 0 | 0 | 1 | 1 | 1 | |
| Operating profit | ▲ 33 | ▲ 58 | ▲ 63 | 56 | 48 | 54 | |
| Electronics | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | 1Q.23 | 2Q.23 | |
| Net Sales | 760 | 722 | 777 | 814 | 702 | 717 | |
| Display | 450 | 420 | 346 | 338 | 358 | 425 | |
| Electronic Materials | 304 | 296 | 425 | 470 | 341 | 290 | |
| (Inter Segment) | 5 | 6 | 6 | 6 | 4 | 2 | |
| Operating profit | 80 | 12 | 31 | 24 | 19 | 11 | |

Business Performance (2)

| Chemicals | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | 1Q.23 | 2Q.23 | (100 million JPY) |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Net Sales | 1,617 | 1,720 | 1,641 | 1,626 | 1,410 | 1,418 | |
| Essential Chemicals | 1,217 | 1,298 | 1,199 | 1,184 | 1,009 | 999 | |
| Performance Chemicals | 385 | 410 | 427 | 429 | 391 | 407 | |
| (Inter Segment) | 14 | 12 | 15 | 13 | 9 | 13 | |
| Operating profit | 406 | 418 | 250 | 187 | 172 | 137 | |
| Life Science | 1Q.22 | 2Q.22 | 3Q.22 | 4Q.22 | 1Q.23 | 2Q.23 | |
| Net Sales | 332 | 378 | 356 | 352 | 332 | 348 | |
| Life Science | 316 | 376 | 347 | 342 | 321 | 346 | |
| (Inter Segment) | 17 | 2 | 9 | 9 | 11 | 2 | |
| Operating profit | 46 | 57 | 53 | 14 | 6 | ▲ 1 | |

Trend of shipment and price

| | | | | 2022 | | | | 2023 | |
|--------------------|----------------------------|-----------------|----------|-----------------|-------------------|-------------------|--------------------|--------------------|----------------|
| | | | | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| YoY comparision | | | | | | | | | |
| Glass | Architectural (AGC) | Japan & Asia | shipment | +10% | +low 10% range | +mid single-digit | -high single-digit | -high single-digit | -10% |
| | | | price | +high 10% range | +high 10% range | +mid 20% range | 20% | +high 20% range | +low 30% range |
| | | Europe | shipment | +low 10% range | -low single-digit | -low 10% range | -high 10% range | -high 10% range | -low 10% range |
| | | | price | +mid 40% range | +low 60% range | +high 70% range | +low 50% range | +high 10% range | -mid 10% range |
| | Automobile production*1 | Japan | volume | -14% | -15% | +24% | +9% | +12% | +30% |
| | | North America | volume | -2% | +11% | +23% | +8% | +10% | +14% |
| | | Europe & Russia | volume | -17% | -4% | +22% | +7% | +18% | +12% |
| Electronics | Display panel demand*2 | Global | area | +4% | -4% | -9% | -7% | -15% | +3% |

*1 Source : S&P global data as of July 4, 2023.

*2 Source : Omdia-Display Long-Term Demand Forecast Tracker – 1Q23 Pivot

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

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

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

*2 Operating profit/Total assets(average)

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

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

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

Social Value to be created by AGC

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

Realization of safe and comfortable urban infrastructure



Low-E glass for building



UV cut glass for vehicles



Polyvinyl Chloride Resin

Realization of safe and healthy lifestyles



Pharmaceuticals(intermediate/active ingredients)



Agrochemicals (intermediate/active ingredients)



ETFE film for agricultural green-houses

Maintenance of a healthy and secure society



Relationship with local communities



Consideration for local environment



Human rights in supply chains

Creation of fair and safe workplaces



Workplace safety



Diversity



Employee engagement

Realization of a sustainable global environment



Response to climate change



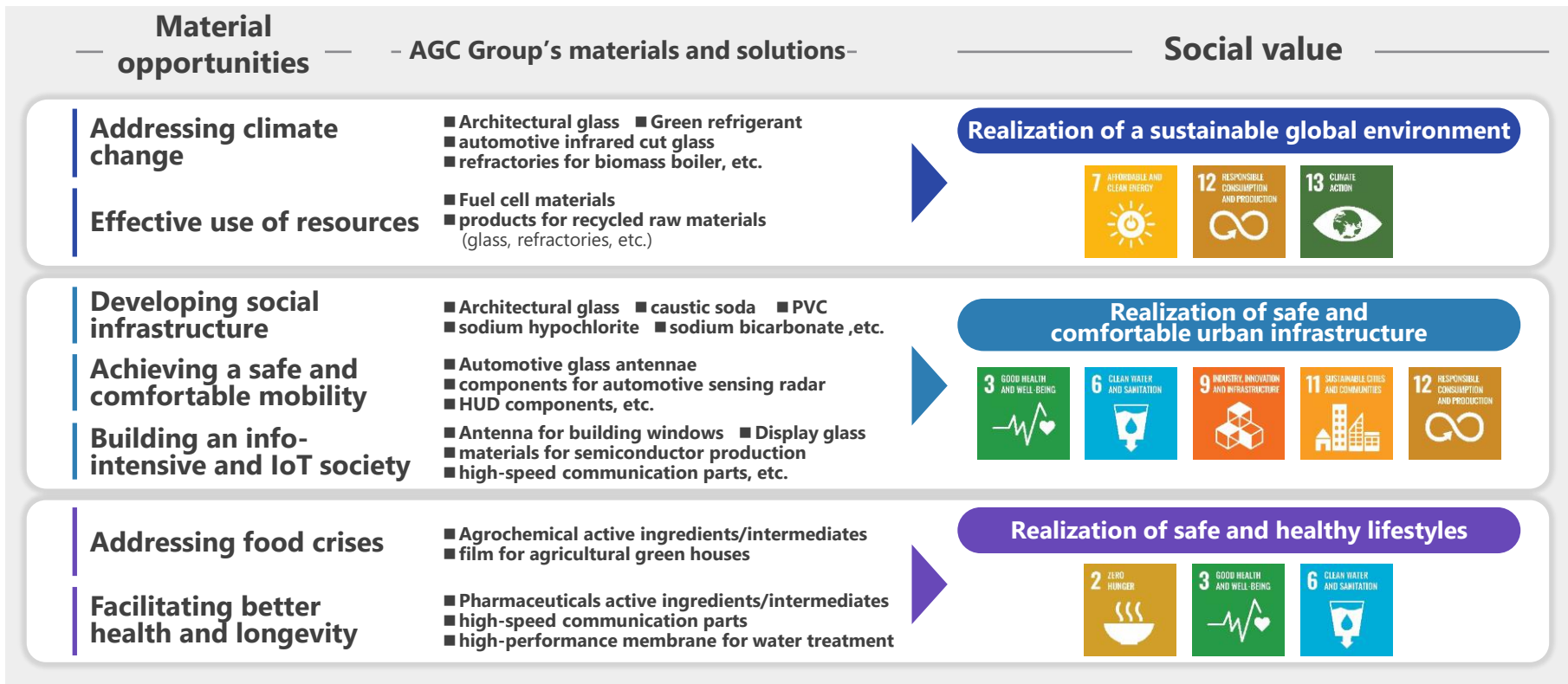
Effective use of resources

Economic value to be created by AGC Group

- Continuously grow/evolve to achieve **stable ROE of 10% or higher**
- In 2030, **the strategic businesses account for more than half of the group's operating profit.**

| | | 2022(actual) | 2023 | 2025 | 2030 | 2050 |
|----------------|-----------------------|------------------|------------------|-----------------------------|--------------------------|------|
| Economic value | Operating profit | 183.9billion yen | 150.0billion yen | 250.0billion yen | 300.0billion yen or more | |
| | Strategic Business OP | 70.9billion yen | 50.0billion yen | 120.0billion yen | 160.0billion yen or more | |
| | EBITDA* | 369.6billion yen | 338.0billion yen | 480.0billion yen | | |
| | ROE | - | 4.2% | Stable ROE of 10% or higher | | |
| | D/E | 0.41 | 0.5 or less | | | |

Sustainability : Products and technologies to create social value



Sustainability : Create social value through healthy corporate activities

— Material risks — - AGC Group corporate activities—

Addressing climate change

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

Effective use of resources

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

Creating a socially and environmental-conscious supply chain

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

Ensuring fair and equal employment and workplace safety

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

Considering relationships with local communities and the environment

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

Social value

Realization of a sustainable global environment



Contributing to the maintenance of a healthy and secure society



Contributing to the creation of fair and safe workplaces



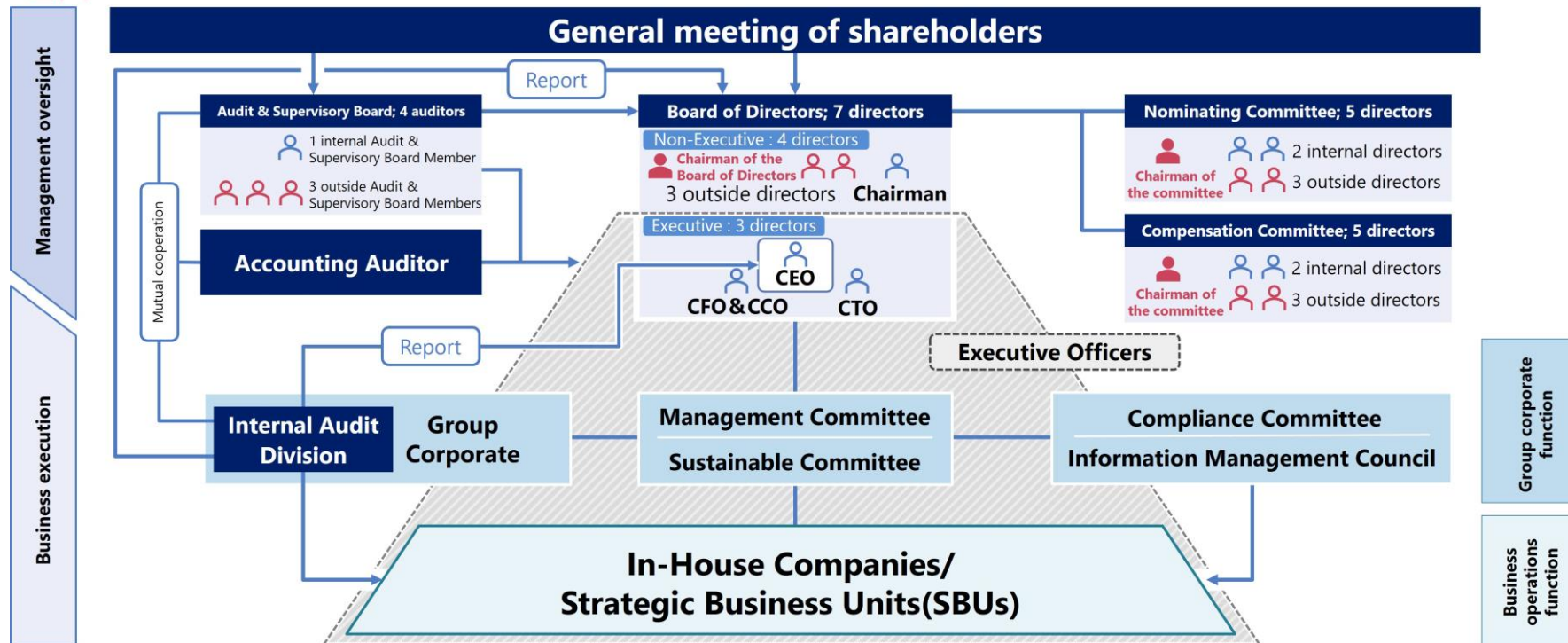
AGC's Corporate Governance Structure



: Internal directors or internal Audit & Supervisory Board Member



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





FTSE4Good Index Series



FTSE Blossom Japan Index



CDP Climate Change A
CDP Supplier Engagement Leader



SBTi "WB2°C" GHG Reduction Target



4 stars awarded in the 6th Nikkei "Smart Work Management" survey



"White 500" Company

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



EcoVadis Supplier Evaluations

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



Clarivate Top 100 Global Innovator 2023



DX Brand 2023

in recognition of digital transformation efforts

Major Press Release in FY2023

|  Date |  Summary |
|--|--|
| January 12 | AGC to Receive Certification from SBTi for its "WB2°C" GHG Reduction Target |
| January 23 | AGC to Develop Digital Twin Technology for Glass Melting Process and Begins Operational Verification in Float Furnaces |
| February 6 | AGC and Saint-Gobain Partner for the Decarbonization of Flat Glass Manufacturing |
| February 8 | AGC Has Started Considering Transfer of its Business in Russia |
| February 8 | Notice Concerning Change in Reportable Segments |
| February 8 | Announcement regarding Share Repurchases |
| February 8 | Notice Regarding Posting of Impairment Losses and Differences between Forecast and Actual Consolidated Financial Results for Fiscal Year Ended December 31, 2022 |
| March 16 | AGC Recognized as a "Supplier Engagement Leader" Company with the Highest Rating in the "Supplier Engagement Rating " by CDP |
| March 23 | AGC to Expand Production Capacity for Fluorochemical Products |
| April 17 | AGC Develops Process Digital Twin for Chemical Plants and Begins Operation at Vinyl Chloride Monomer Manufacturing Plant in Indonesia |
| April 27 | AGC to Boost Production Capacity of EUVL Photomask Blanks |
| May 12 | AGC Decides to discontinue production of LCD glass substrate products at Kansai Plant (Takasago Factory) in Japan |
| June 19 | AGC Builds and Launches "ChatAGC," an In-House Conversational AI Tool |
| June 27 | World's First Demonstration Test of Glass Production Using Ammonia as Fuel in Actual Production Furnace |

END

Disclaimer:

- This material is solely for information purposes and should not be construed as a solicitation. Although this material (including the financial projections) has been prepared using information we currently believe reliable, AGC Inc. does not take responsibility for any errors and omissions pertaining to the inherent risks and uncertainties of the material presented.
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