

Company Overview



AGC Inc.

February, 2024

Your Dreams, Our Challenge



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1. Corporate Information



Representative director
President & CEO
Yoshinori Hirai

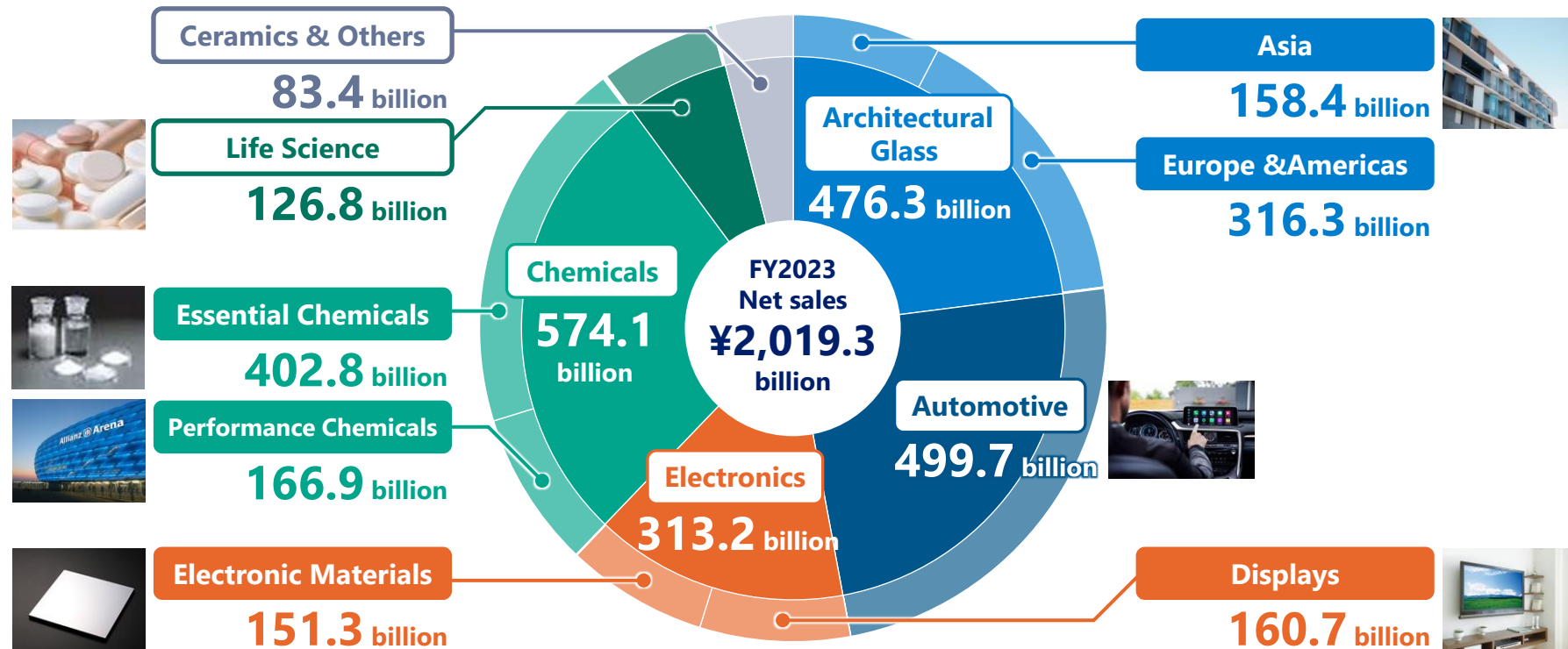
Company name	: AGC Inc.
TSE code	: 5201
Established	: September 8, 1907
Representative director	: Yoshinori Hirai
Paid-in capital	: ¥90.9 billion*
Consolidated net sales	: ¥2,019.3 billion*
Consolidated no. of employees	: 56,724*
No. of consolidated subsidiaries	: 194 companies (Of which 156 are overseas)*



Shareholder notes

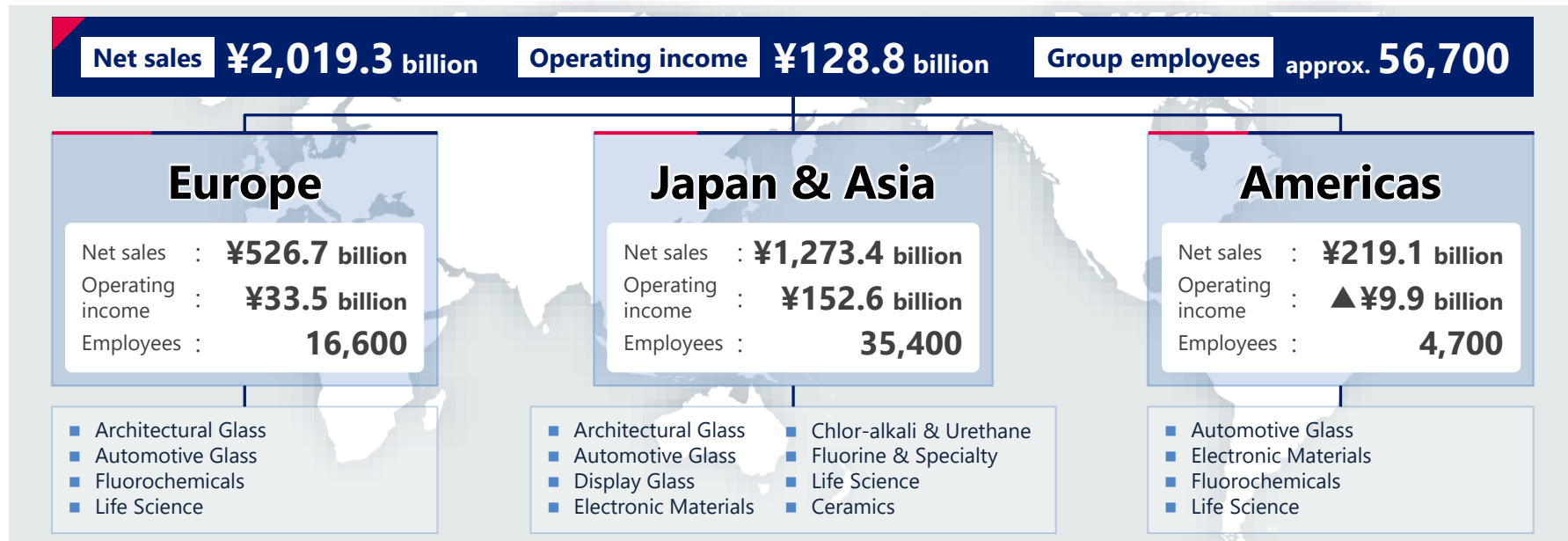
- Fiscal close : **December 31**
- Annual general shareholders' meeting : **March of each year**
- Date of record
 - Annual general shareholders' meeting : **December 31**
 - Year-end dividend : **December 31**
 - Interim dividend : **June 30**
- Shareholder registry administrator : **Mitsubishi UFJ Trust and Banking Corporation**
- Number of shares per unit : **100 shares**
- Number of shares outstanding : **217,434,681 shares**

Business Overview



* As net sales by business are before the deduction of eliminations, the sum of net sales by business does not equal Companywide net sales.
Sales to external customers are used for subsegment sales

- Business spans over 30 countries and regions
- Approx. 70% of sales are generated outside Japan, and ratio of non-Japanese subsidiary employees is about 70%



* Because the figures for sales and profits by region are before eliminations and common regional expenses, the sum of sales and profits by region does not correspond to the total sales and profits of the Company.

(FY12/2023)

- Commands the top-ranking share in many products worldwide

*Based on AGC's estimates as of January 2024

Float glass

Top share*
Worldwide



Glass substrates
for TFT-LCD/OLED

No.2 Worldwide*



Caustic soda and
PVC

No.1 in
Southeast Asia*



Mountain of salt used
as a raw material

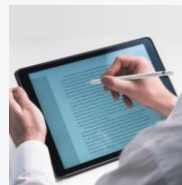
Automotive glass

Top share*
Worldwide



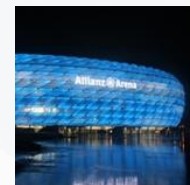
Super-thin soda lime
glass for electronics

No.1 Worldwide*



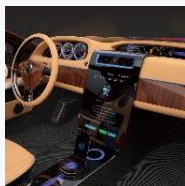
Fluorinated resins
(Fluon® ETFE)

No.1 Worldwide*



Car-mounted Cover
Glass

No.1 Worldwide*



EUV lithography
photomask blanks

No.2 Worldwide*



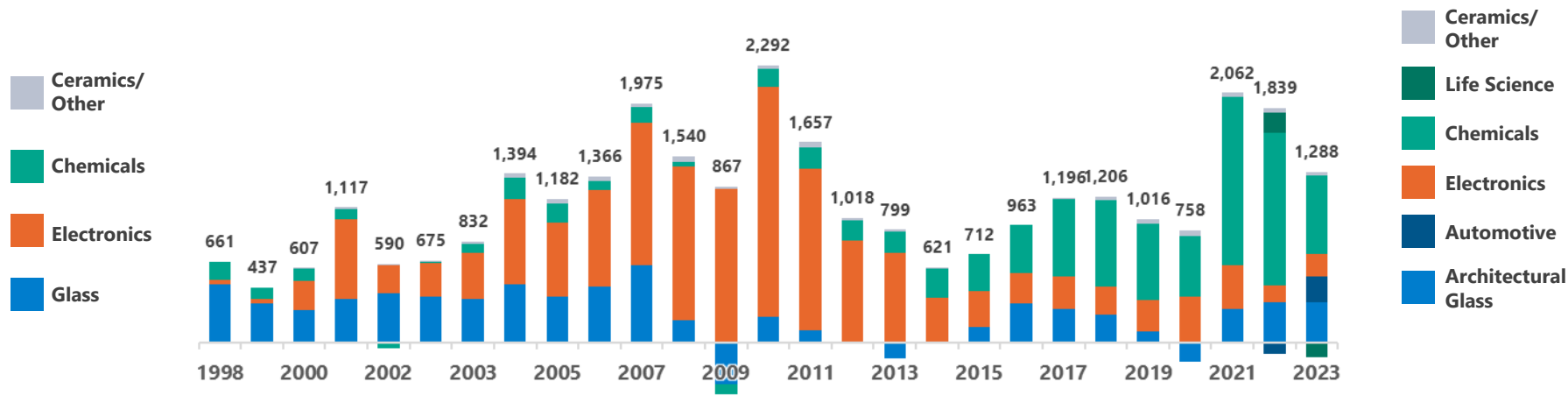
Fluoropolymer
resin for on-site
coatings

No.1 Worldwide*



Changes in profit structure

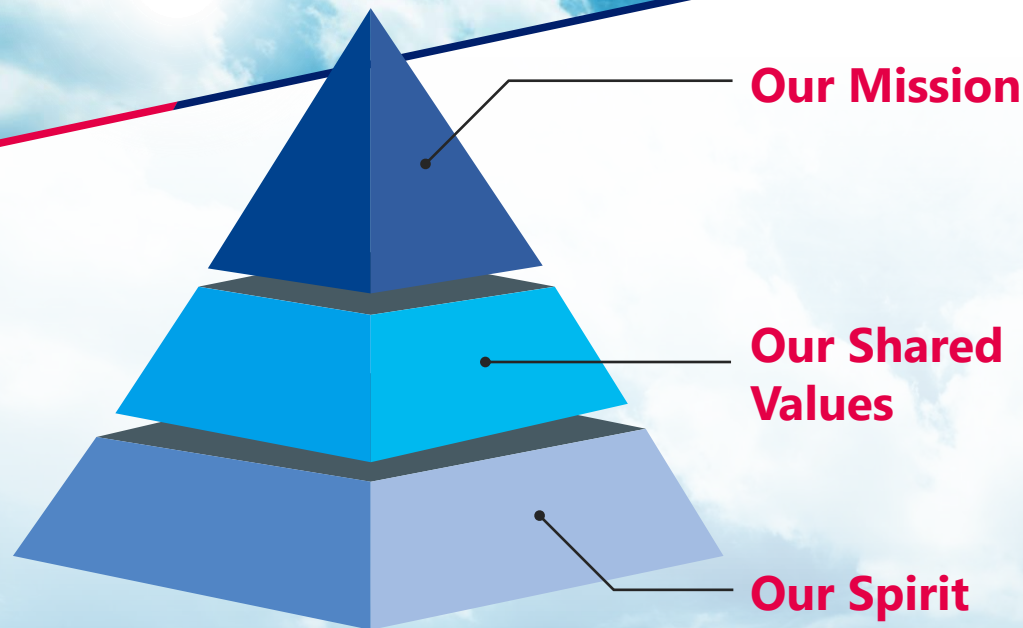
Operating Profit by Business Segment (100 million JPY)



* In accordance with the change in reporting segments from FY2023, the following segments are disclosed from FY2022 onward.

2. Overview of AGC Group

“Look Beyond”



AGC, an everyday essential part of our world

AGC's unique materials and solutions make people's lives better around the world every day.

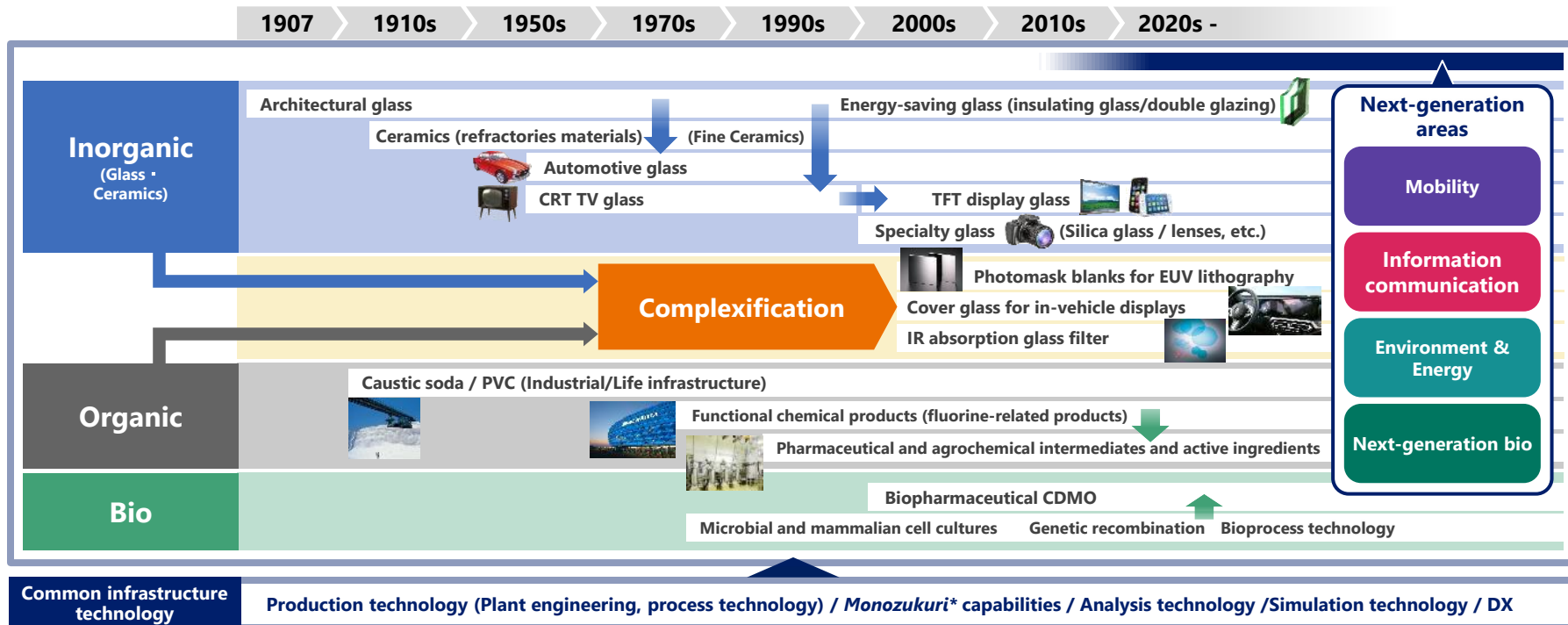
- **Innovation & Operational Excellence**
- **Diversity**
- **Environment**
- **Integrity**

Never take the easy way out, but confront difficulties.

Our Unique Materials and Solutions

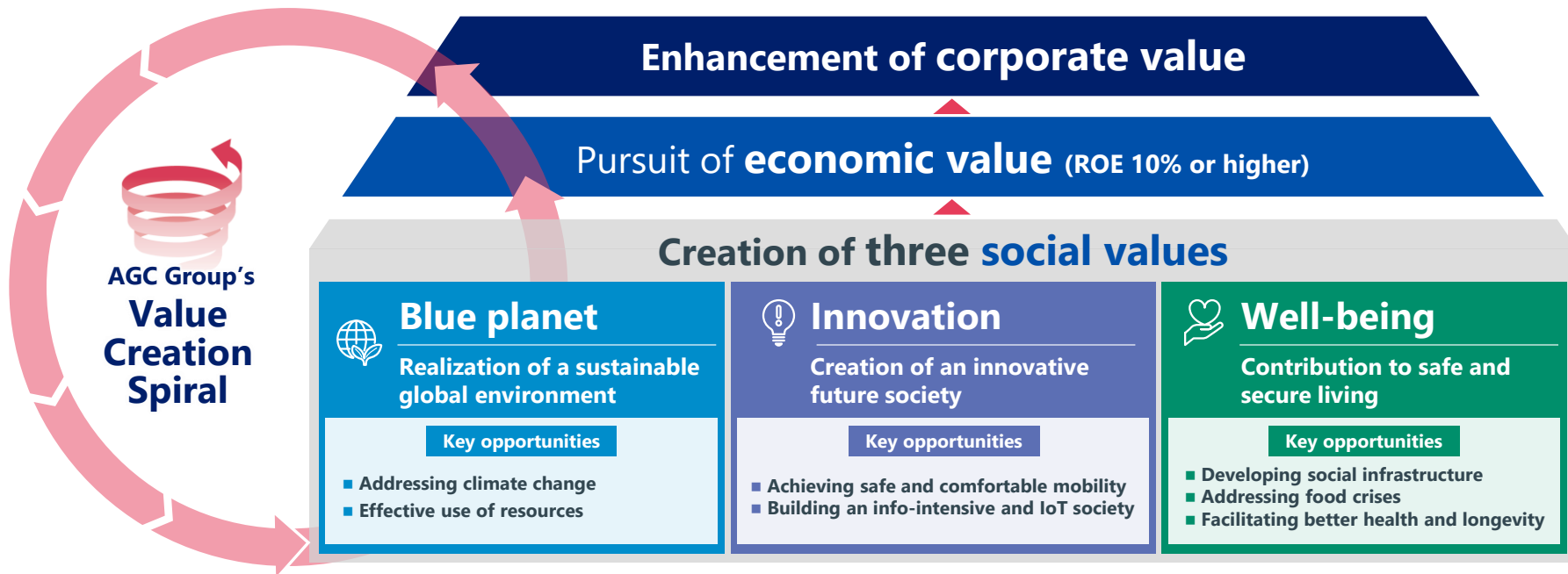
AGC's technological strengths

Unique and competitive material technologies (e.g., glass, fine ceramics, fluorine, etc.), processing technologies that enable high functionality, black-boxed manufacturing processes, and analytical and simulation technologies, as well as combination of these technologies



AGC Group's Value Creation Spiral

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



Social Value Provided by the AGC Group

- We will expand our business by contributing to social and industrial development and create **three social values**.



Blue planet

Realization of a sustainable global environment

We contribute to the sustainability of the planet on which all life depends by reducing the environmental impact of our products from raw material procurement to use by customers.



Energy-saving glass
(Insulated glass / Double glazing)



Superheat insulating ceramics



Environment & Energy
(Hydrogen-related / Power storage materials)

Next-generation areas



Innovation

Creation of an innovative future society

We contribute to the creation of innovative future society by providing materials and solutions that support the world's most advanced technologies.



Specialty glass
(Silica glass / lenses, eztc.)



Functional chemical products
(Fluorine-related products)



Mobility
(ADAS/5G)

Next-generation areas



Information communication
(Semiconductor, optical, and high-speed communication materials)

Next-generation areas



TFT display glass



Automotive glass



Ceramics
(Refractory materials)



Pharmaceutical and agrochemical intermediates and active ingredients



Caustic soda / PVC
(Industrial/Life infrastructure)



Architectural glass



Next-generation bio

Next-generation areas



Well-being

Contribution to safe and secure living

We contribute to safe, secure, comfortable, and healthy lives by providing products necessary for daily life, infrastructure, and healthcare in a more stable manner.

Medium to Long-term Initiatives for Value Creation

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

Corporate transformation Chapter 1

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

Corporate transformation Chapter 2

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

Vision 2030

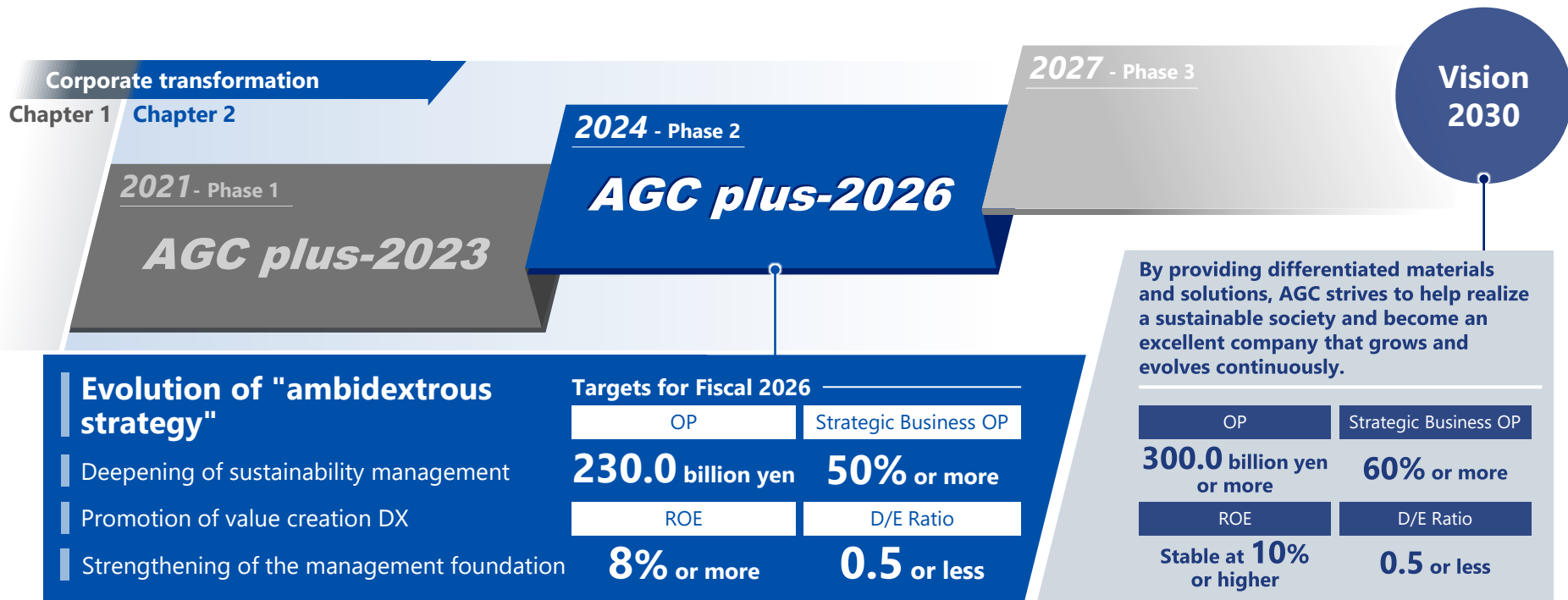
By providing differentiated materials and solutions, AGC strives to help realize a **sustainable society and become an excellent company** that grows and evolves continuously.

3. Medium-term Management

AGC plus-2026

Steps toward Realization of Vision 2030

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



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

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

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

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

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

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

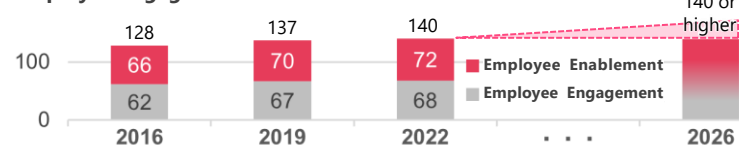
- We will achieve sustainable growth by improving sustainability KPIs through business activities.

Sustainability KPIs

GHG (Scope 1 + 2) emissions [10,000 ton]*

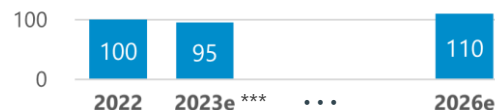


Employee engagement score*



Blue planet

Shipment volume index for architectural products contributing to GHG reductions**



Index for GHG emissions reduction by low-GWP products**



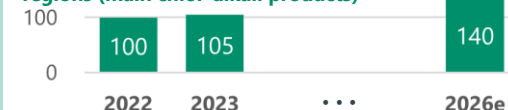
Innovation

Total sales index for products contributing to next-generation society (Electronics, Mobility, Performance Chemicals)**

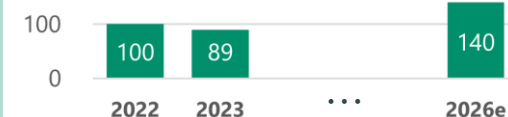


Well-being

Shipment volume index for products contributing to social infrastructure development in fast-growing regions (main chlor-alkali products)**



Index for Life Science sales**











* Items reflected in executive remuneration. However, for GHG emissions, GHG emissions per unit of GHG emissions sales are used in the calculation of executive remuneration.

** Indexes: Figures converted from 2023 on using 2022 as a base of 100.

***Tentative figures

Overview of Strategies for Each Business

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

Addressing Issues in the Previous Medium-term Management Plan

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

Display business

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

Swiftly implement structural reforms under the leadership of top management

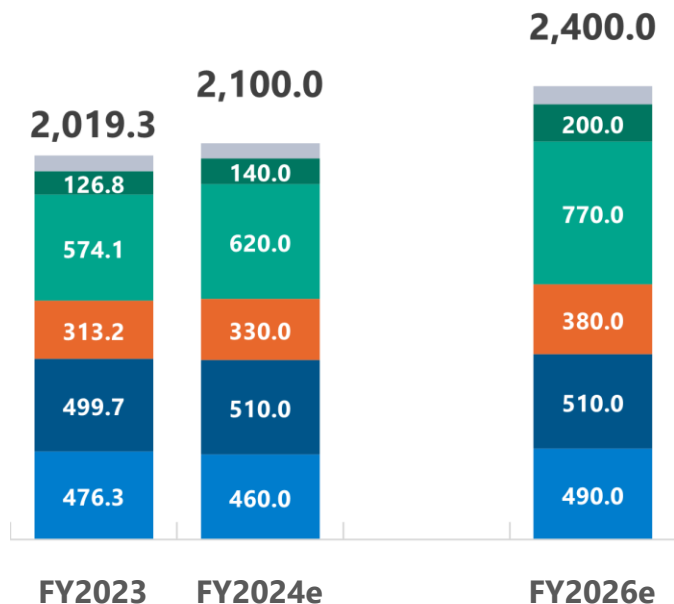
U.S. biopharmaceuticals CDMO business

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

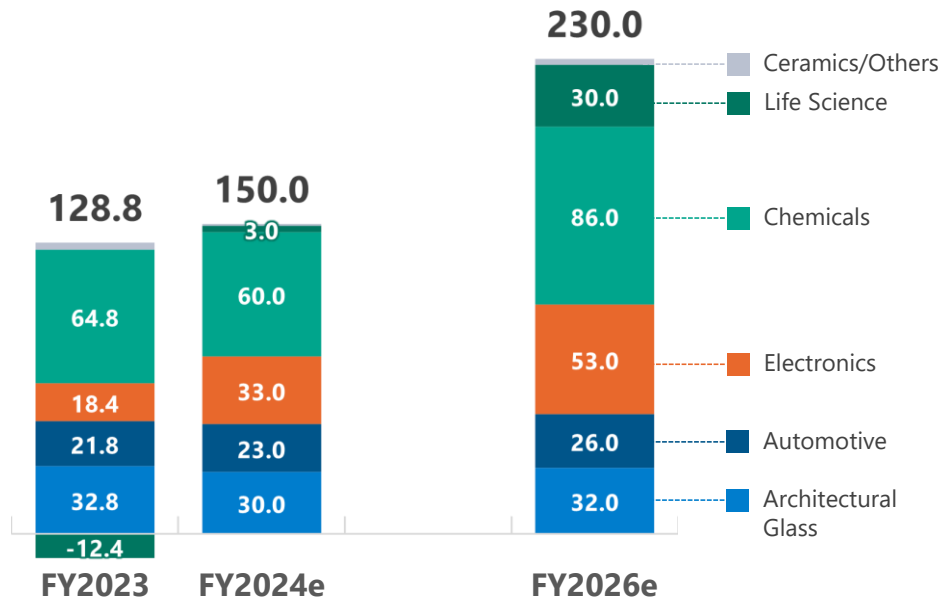
Aiming for early improvement through steady execution of fundamental measures

Image of Performance by Segment

Net sales (Billion yen)

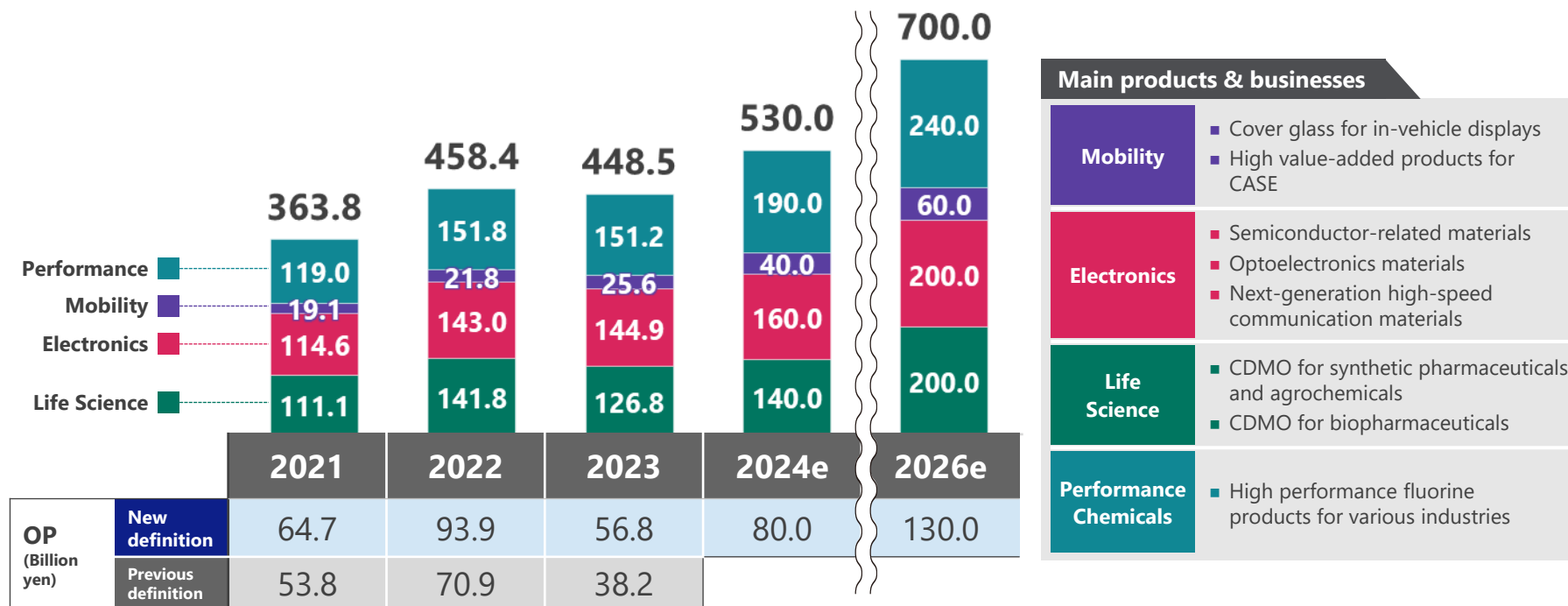


OP (Billion yen)



Strategic Business Performance Image

Strategic business net sales (Billion yen)

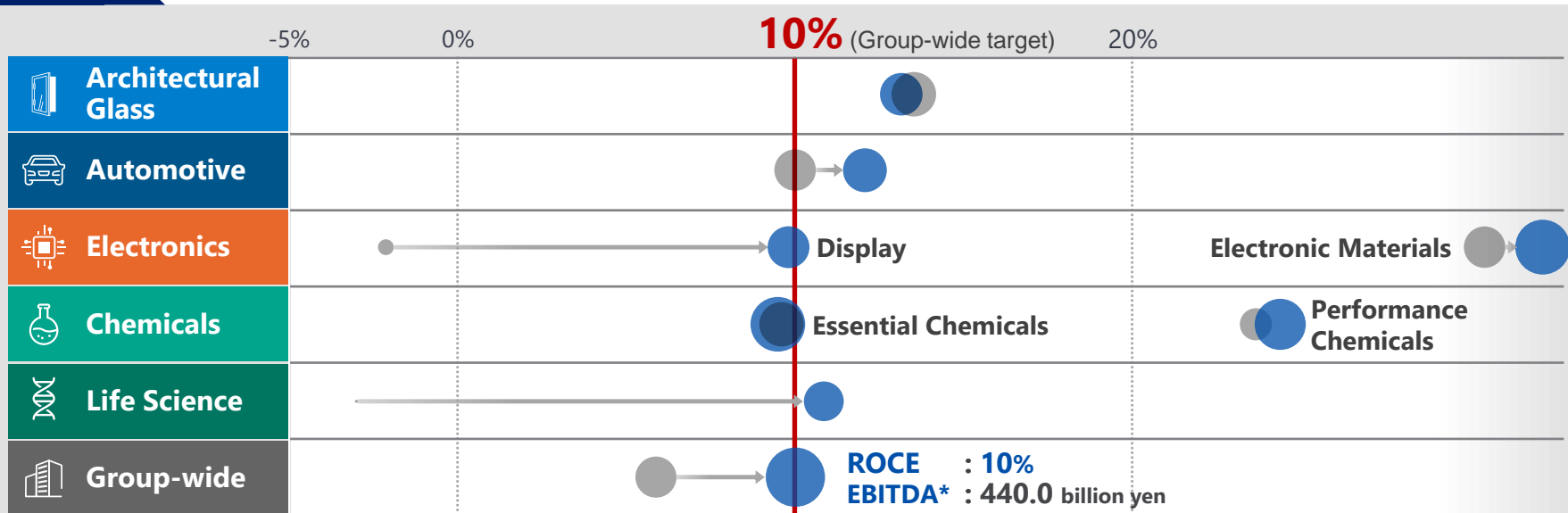


ROCE of Each Business

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

ROCE

● 2023 Actual vs ● FY2026 Projection



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

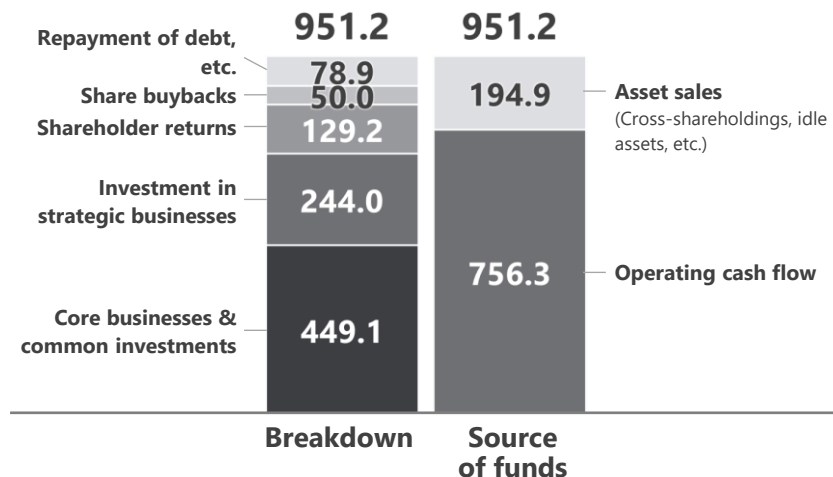
Diameter of each circle (excluding those of the group-wide section) : the size of EBITDA * **EBITDA** = Operating profit + Depreciation

Capital Allocation Policy

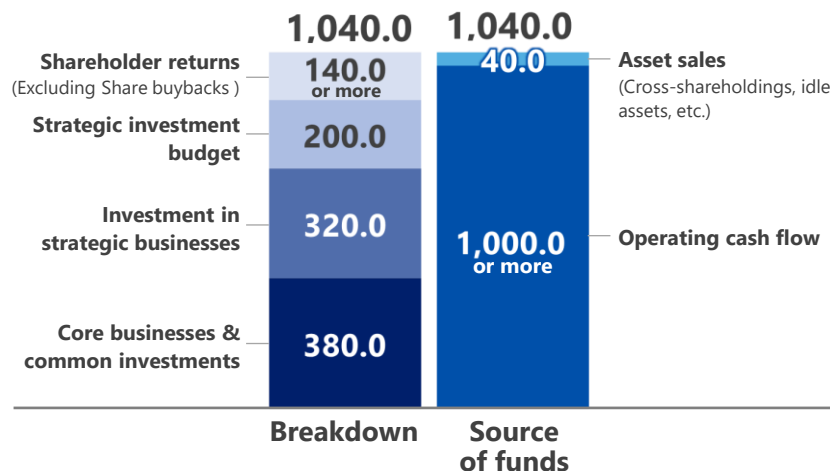
- Strategic investment budget will be set at 200 billion yen for proactive investment in strategic and growth businesses.
- Regarding shareholder returns, stable dividends will be maintained with a target of approx. 3% Dividend on Equity (DOE), and share buybacks will be determined based on a comprehensive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

(Unit: Billion yen)

Previous MTMP period (FY2021-FY2023)



FY2024-FY2026



4. Toward the Realization of Vision 2030

■ Business Portfolio Transformation

■ Promotion of Sustainability Management

- Environment
- Social
 - "AGC People: the driver of our growth!"
 - Human Rights in the Supply Chain
- Governance

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.

**Resilient to
market
fluctuations**



**High asset
efficiency**



**High
growth rate**

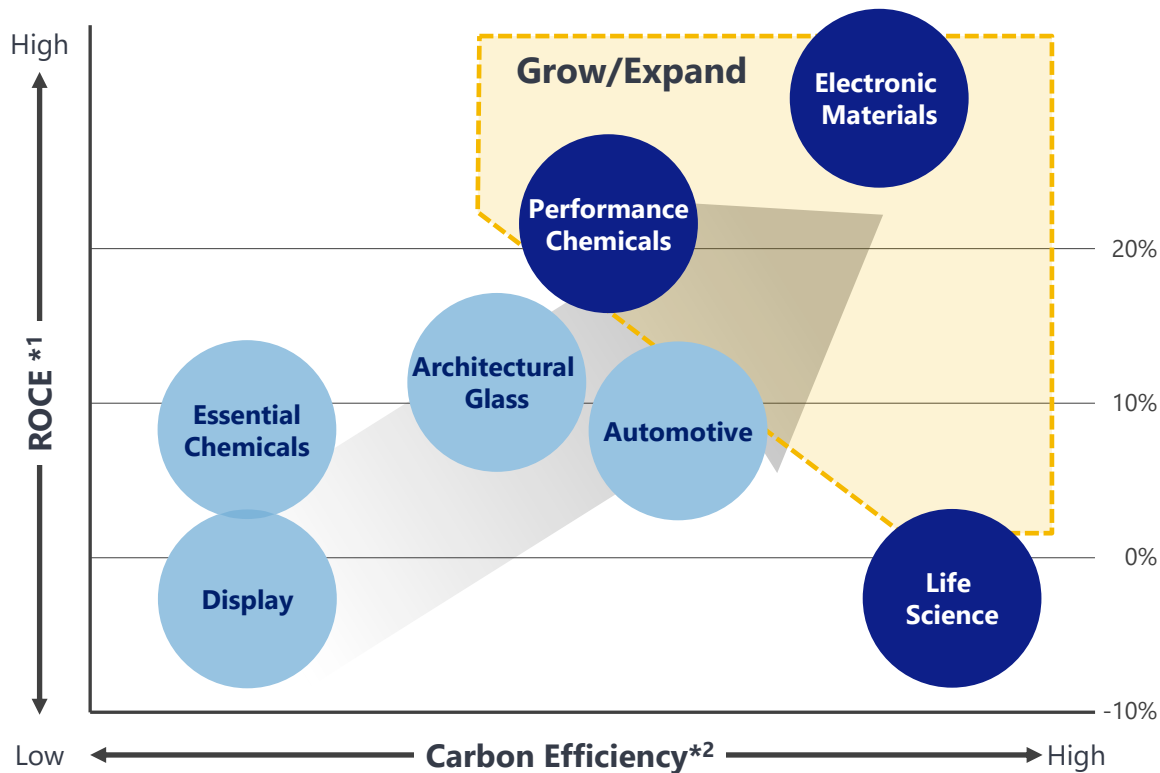
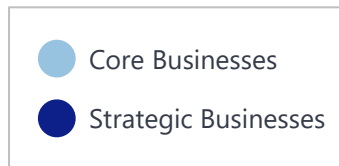


**High carbon
efficiency**



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

Direction of the Business Portfolio



ROCE : (OP of the year) ÷ (Operating asset at the year-end),

Group-wide OP by business is after allocation of common expenses; OP for each business is before allocation of common expenses




4. Toward the Realization of Vision 2030

■ Business Portfolio Transformation

■ Promotion of Sustainability Management

- **Environment**
- Social
 - "AGC People: the driver of our growth!"
 - Human Rights in the Supply Chain
- Governance

- We have conducted scenario analysis of climate change-related opportunities and risks in line with the TCFD framework, and developed management strategies and business plans to seize opportunities and reduce risks.

			Opportunities and risks	Occurrence time frames		
				Short	Medium	Long
Below 2°C	 Transition risks	Government policies, laws, and regulations	Increase in carbon prices	●	●	
		Reputation	Customer requests to reduce GHG emissions		●	
		Technologies	GHG emissions reductions at in-house power generation facilities		●	
	 Opportunities	Products and services	Expansion of building construction and renovation market	●	●	
			Expansion of solar power generation market	●	●	
			Expansion of hydrogen-related market		●	●
			Expansion of electric vehicle / fuel-cell vehicle market		●	●
			Expansion of next-generation coolants and solvents market		●	●
4°C	 Physical risks	Acute	Sudden disasters			●
		Chronic	Water stress			●
			Rising temperatures			●

- Establish medium- and long-term GHG reduction targets in 2021 and steadily promote.



**FY2030
milestone**
(from the 2019 figure)

Scope 1

GHG emissions
(Scope 1+2 emissions)

30% reduction

Scope 2

GHG emissions per unit of sales
(Scope 1+2 emissions/sales)

50% reduction

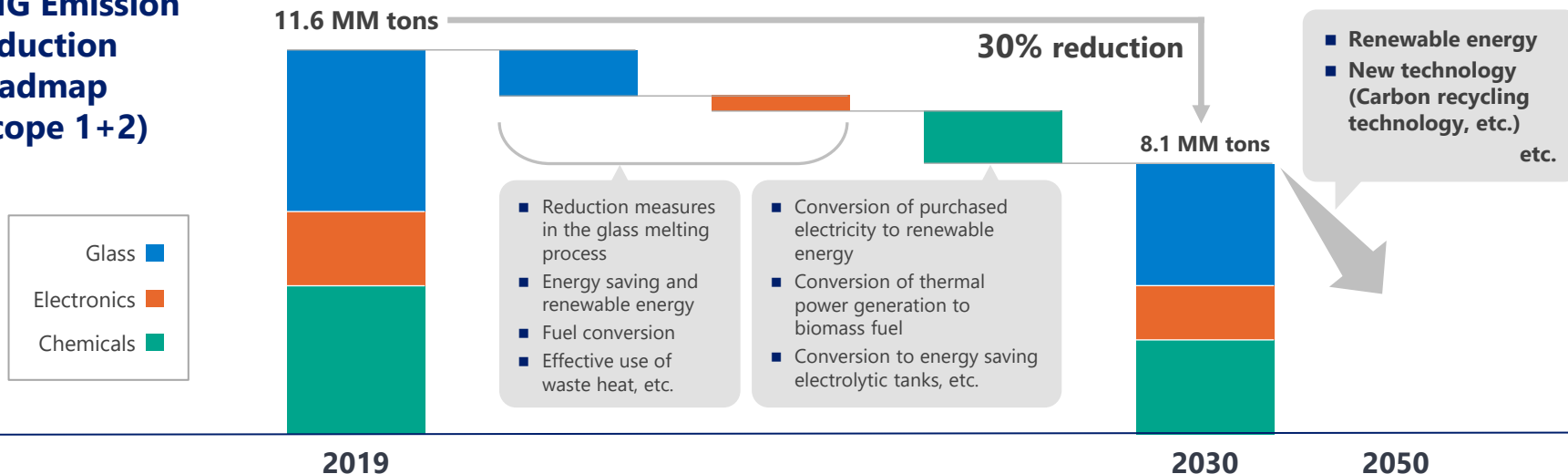
Scope 3

GHG emissions
(Total of Scope 3 emissions in categories 1, 10, 11, and 12)

30% reduction

- AGC plans to achieve its FY2030 milestone through technological innovations in the glass melting process, the major source of its emissions, as well as by converting its chlor-alkali operations to renewable energy sources for electricity and using biomass fuels in its own thermal power generation.

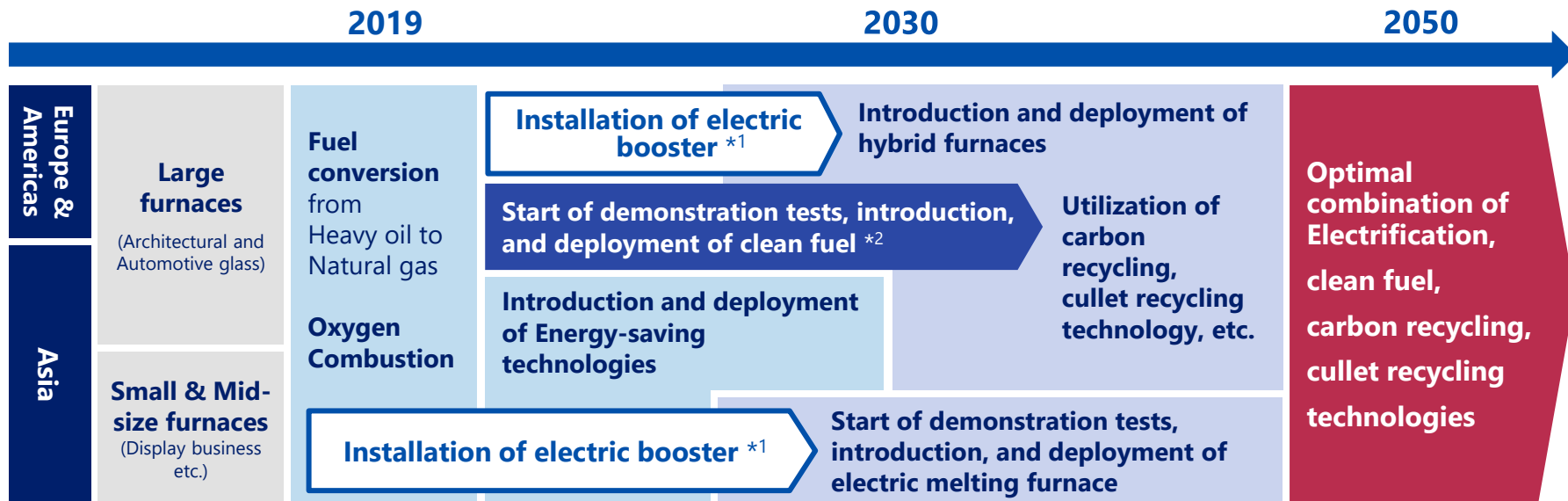
GHG Emission Reduction Roadmap (Scope 1+2)





Technology Roadmap for Reducing GHG Emissions in Float Glass Melting Process

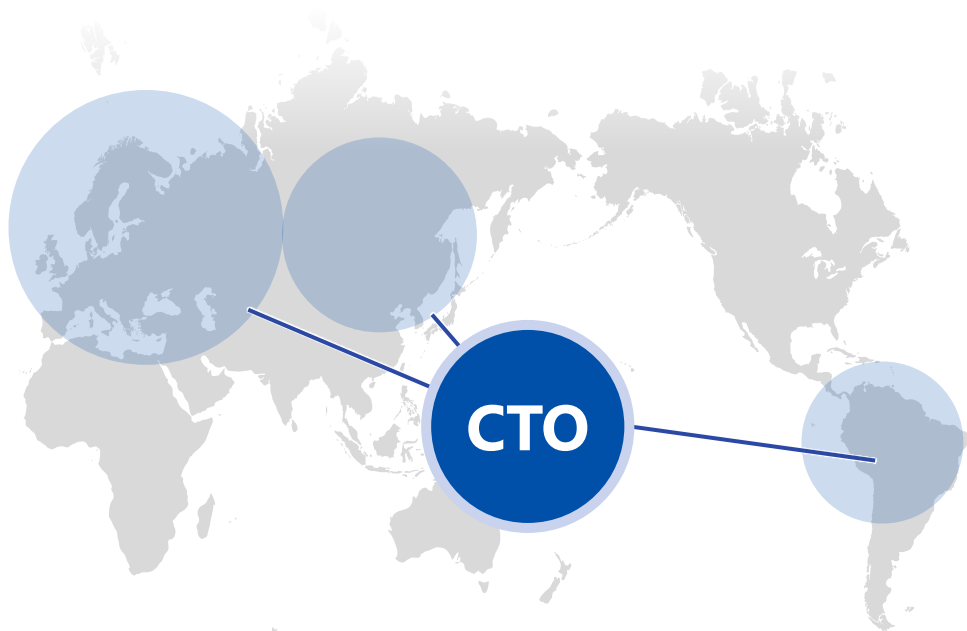
- Toward 2030, plan to prioritize electrification in Europe and Americas, and energy conservation in Asia.
- Toward 2050, aim to achieve the target by combining multiple technologies with a focus on electrification.
- We are reviewing this roadmap and considering in the global project.



- Taking into account the life of the furnace, development and PoC of elemental technologies for mass production by 2030 is necessary to achieve the 2050 net zero carbon emissions target.
- Launched a **global project reporting directly to the CTO** to study GHG emission reduction strategy based on economic rationale.

Project consideration

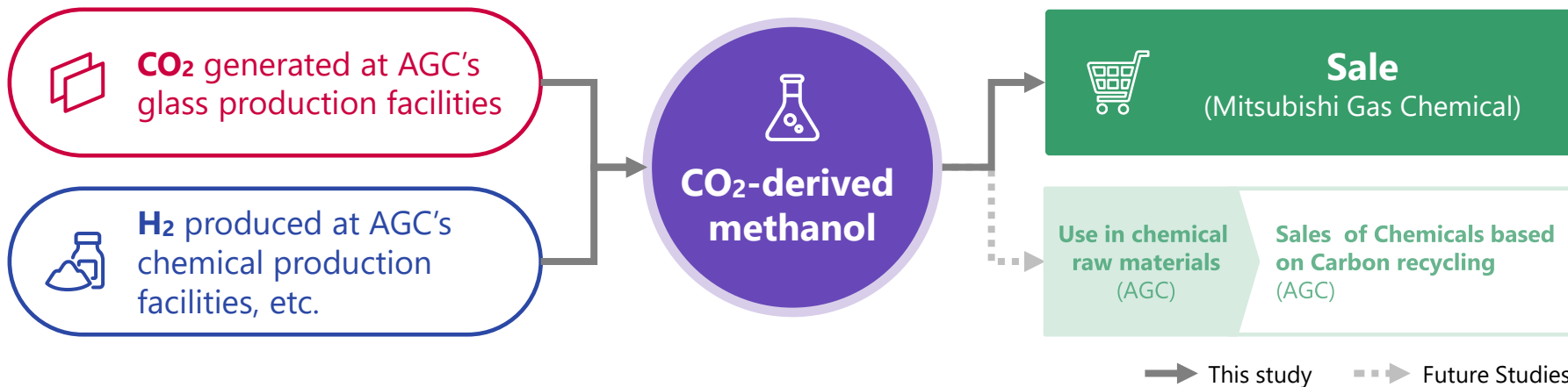
- Future cost simulation of energy prices, carbon costs, etc. in each country up to 2050.
- Verification of the economic rationale for mass production of elemental technologies based on future cost simulations.
- Prioritization and narrowing down the development of elemental technologies and formulating an overall technology strategy, including the global deployment of technologies within the AGC Group.



Reference: Use of CCU Technology * Started Considering Recycling of CO₂ Generated during Glass Production

- Started to study the production and sale of methanol made from CO₂ emitted in the flat glass manufacturing process in collaboration with Mitsubishi Gas Chemical Company.
- In the future, we are considering using the CO₂ generated during glass production as a raw material for our chemicals business to link to internal carbon recycling.

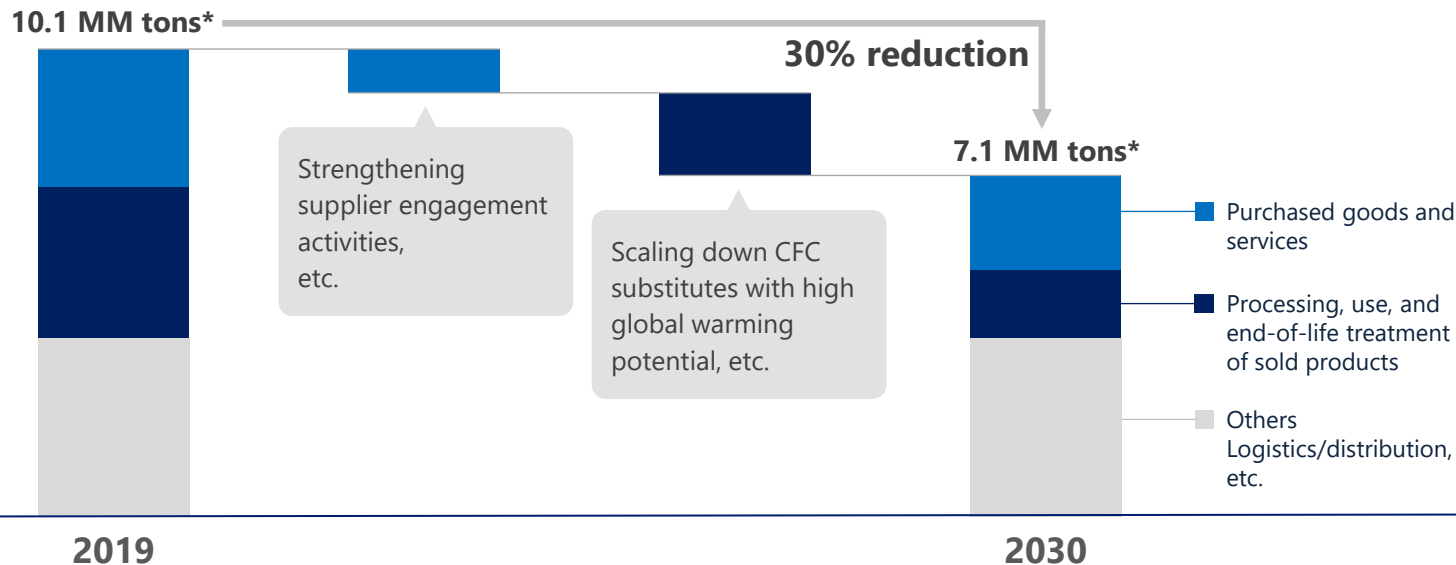
Content of study



GHG Emission Reduction Roadmap (Scope 3)

- AGC plans to achieve its targets by strengthening supplier engagement activities and scaling down the chlorofluorocarbon(CFC) products with high global warming potential.

GHG Emission Reduction Roadmap (Scope 3)

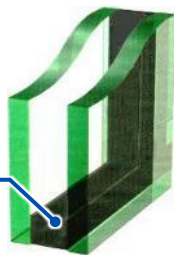


- We developed a number of environmentally friendly products such as vacuum insulated glass, building integrated photovoltaic power generation glass.

Thermocline™

Highly durable, long-life, high-insulation double glazing using AGC's original material, as well as easy recycling

AGC original development Sealing material (butyl) only



Vacuum-Insulating Glass 「FINEO」

World-class thermal insulation performance and high durability. Addressing Renovation Demand in Europe



BIPV*

Building Integrated Photo Voltaics with power-generating cells sealed between the glass



Low carbon glass

Significantly reduces GHG emissions during the product life cycle



● : Products that contribute to GHG emissions reduction

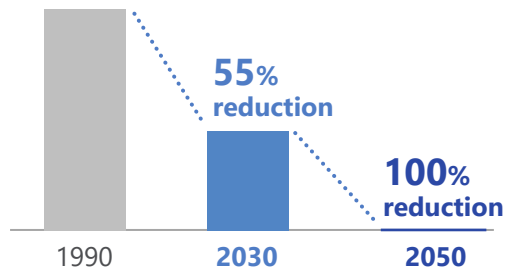
● : Products that contribute to a circular society

● : Products with reduced GHG emissions

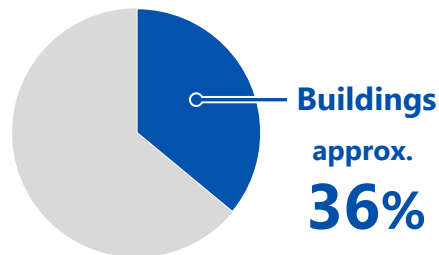
- The European Commission targets a 55% reduction in GHG emissions in Europe by 2030. ^{*1}
- Buildings account for about 36% of GHG emissions, 30-35 million buildings by 2030 (G-rated buildings, equivalent to 15% of existing buildings) will be subject to renovation. ^{*2}
- Improving the energy performance of buildings is essential, and the market for **highly insulating glass is expanding.**



Europe GHG emission reduction targets^{*1}

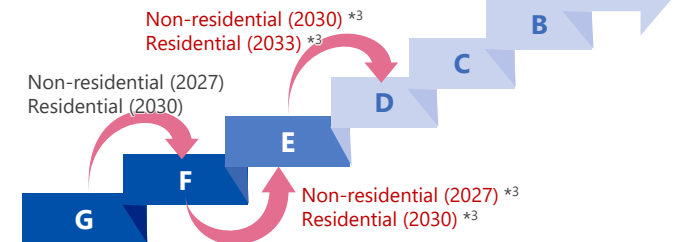


Proportion of GHG emissions^{*1}



Building energy performance evaluation^{*2}

Performance evaluation improvement target through renovation



^{*1} : Renovation Wave Strategy and Green Deal by the European Commission

^{*2} : Energy Performance of Buildings Directive by the European Commission

^{*3} : Red text indicates targets for improvement in the currently proposed amendments.

Growing Demand for Products with Small Carbon Footprints

- The trend toward green buildings has boosted the need for building materials with a small carbon footprint, and demand for AGC's **high-value-added low carbon glass*** is growing.
- Low carbon glass production started in France following production in Belgium.

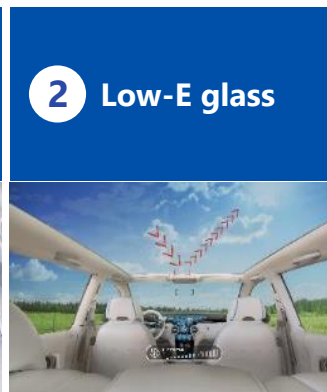
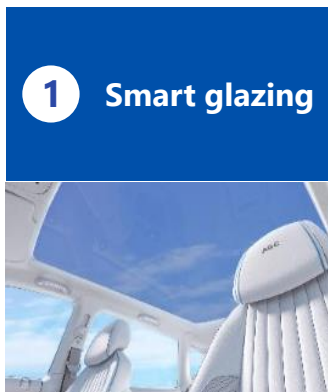
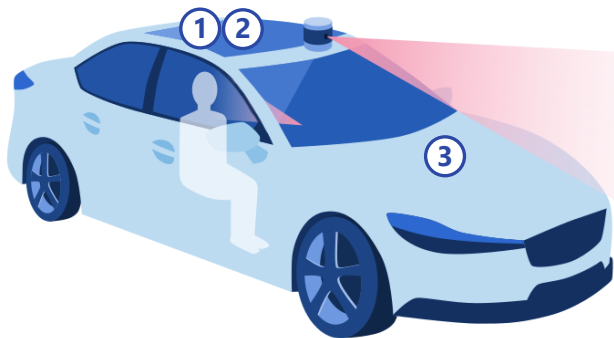


* Float glass produced by AGC Glass Europe S.A., products with a carbon footprint reduced by at least 40% compared to Planibel's EPD (Environmental Product Declaration) values (INIES database).

Growing Demand for High Value-Added Products Due to Expansion of Electric Vehicle / Fuel-cell Vehicle Market

- Demand for **high value-added automotive glass** will rise along with the expansion of electric vehicle / fuel-cell vehicle market toward a net-zero carbon society.

High value-added products associated with expansion of electric vehicle / fuel-cell vehicle market (e.g.)



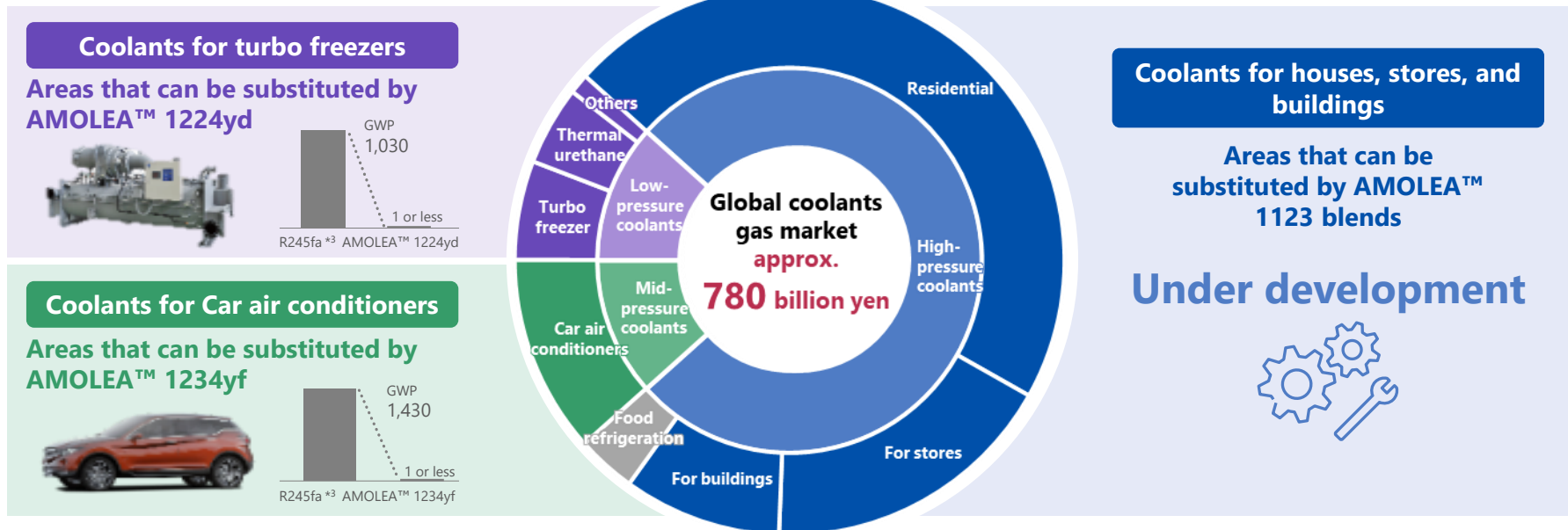


Accelerated conversion from existing coolants to **new eco-friendly, next-generation coolants and solvents** with low global warming potential (GWP*) from 2025 onward toward a net-zero carbon society.



TCFD analysis also shows that the low-GWP coolants market will expand to about 3 times its 2022 level by around 2030.

Target market *2





- We promote product development and other measures with the aim of reducing environmental impact throughout the product lifecycle.
- Aiming for growth by balancing social and economic value.



Glass

- Float flat glass (products using recycled raw materials, Thinned glass)
- Low-E double glazing glass
- Coating glass
- Photovoltaics-embedded glass
- Thinned glass (chemically strengthened glass)
- Automotive glass

etc.



Electronics

- Display glass (products using recycled raw materials)
- Float cover glass for PV module
- Optical Materials
- Materials for high-speed communication
- High power LED glass ceramics substrate

etc.



Chemicals

- Environmentally friendly refrigerant and solvents
- Materials for fuel cells
- Fluoropolymer
- Fluoropolymer resin for coatings
- Fluoropolymer resin for solar cell

etc.



Ceramics

- Refractory (products using recycled raw materials)
- High thermal insulation ceramic wall for furnace
- Refractory/engineering for biomass power boilers

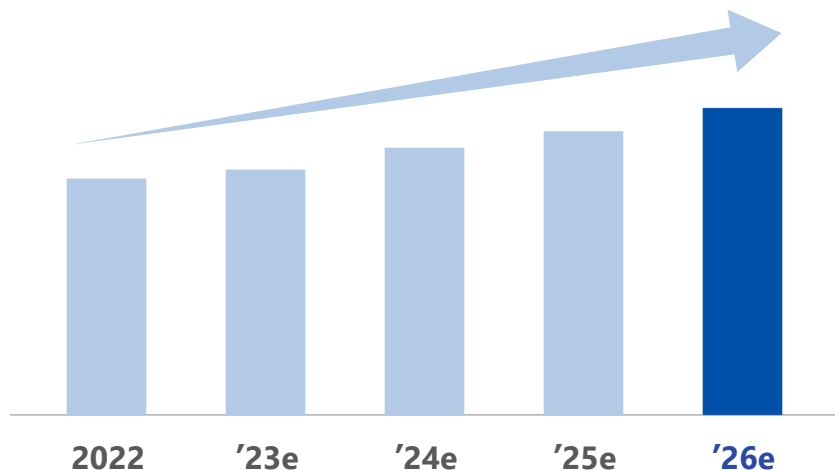
etc.



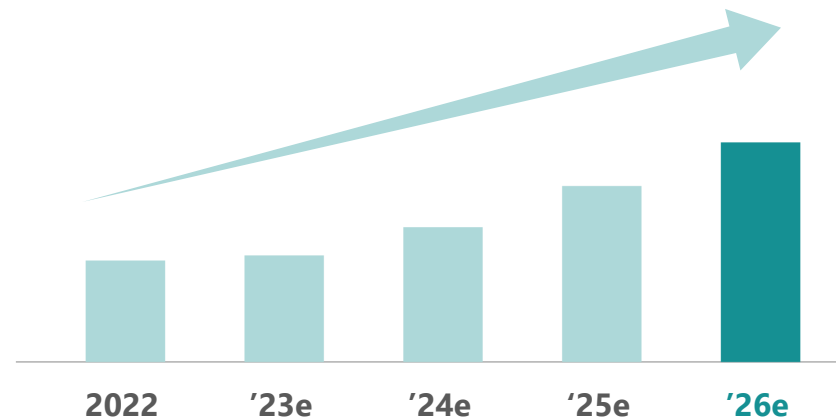
Products Contributing to the Environment and Energy Field — Net Sales and Operating Income

- Expected to account for **approx.11% of net sales*** and **approx.13% of operating profit*** in 2023.
- Seize opportunities for market expansion and achieve business growth.

Net sales

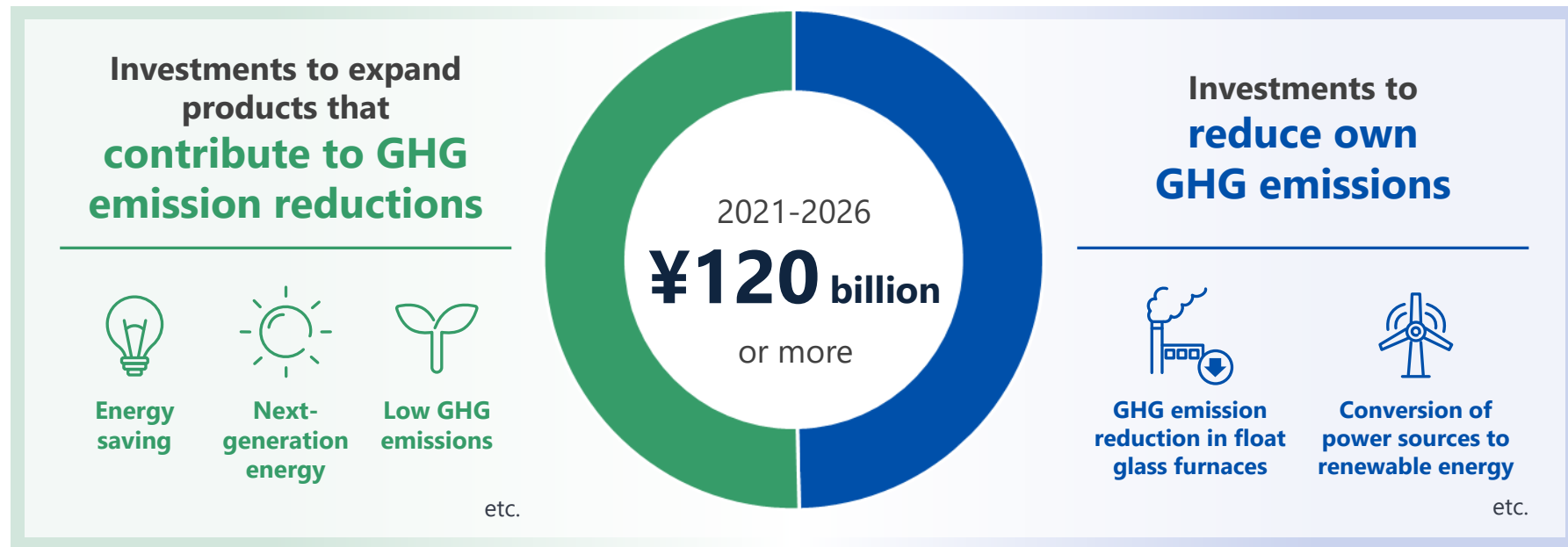


Operating profit



Future Investment Plans for Overall Addressing Climate Change

- We will invest more than ¥120 billion* over 6 years to 2026 to address climate change.



Cumulative investments related to address climate change (plan)

- Listed as A- for CDP Climate Change Report 2023 for its cutting-edge initiatives and proactive information disclosure
- SBT* certification acquired in December 2022

Rating of Climate
Change by CDP



SBT certification



4. Toward the Realization of Vision 2030

■ Business Portfolio Transformation

■ Promotion of Sustainability Management

- Environment
- **Social**
 - **"AGC People: the driver of our growth!"**
 - Human Rights in the Supply Chain
- Governance

Strengthening the Management Foundation: Promoting Human Capital Management

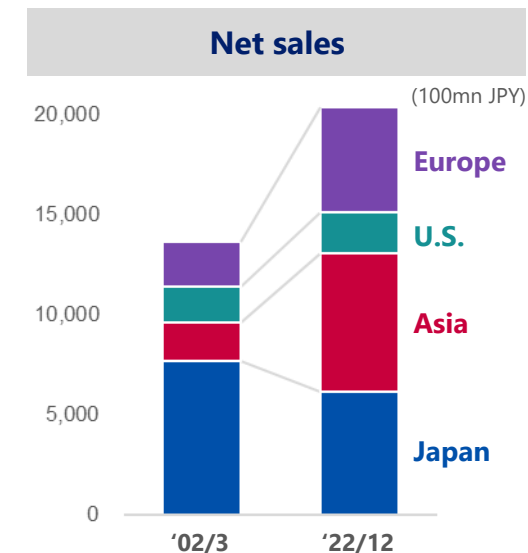
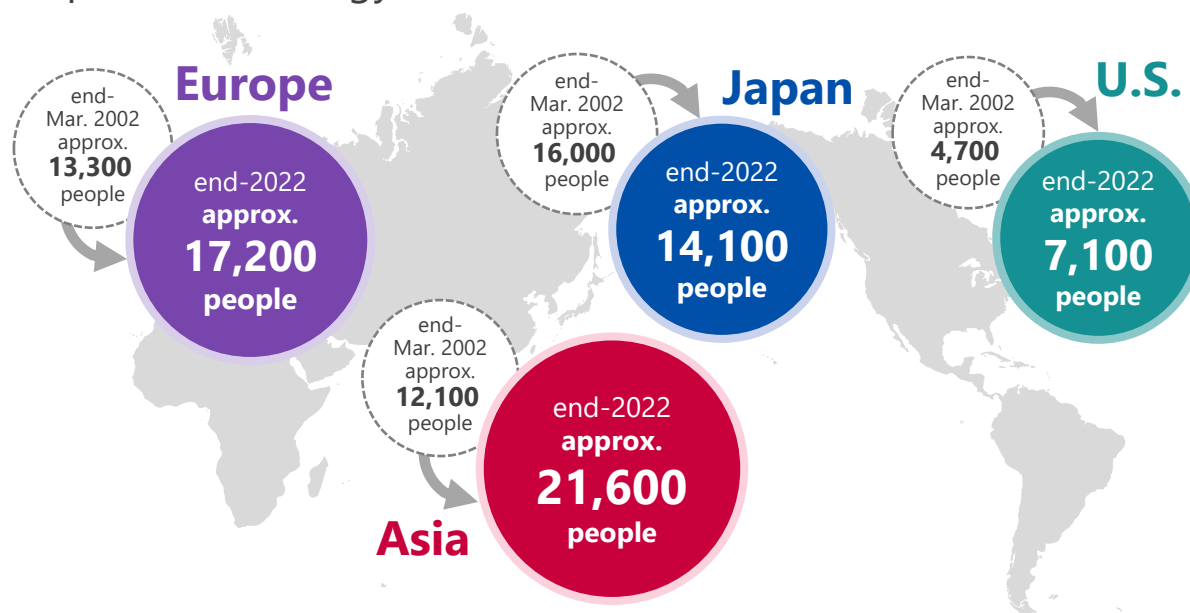
- **We will promote human capital management for continuous corporate growth.**
- We will encourage the growth of the strengths and abilities of each of our diverse human resources, support their independent learning and growth, and encourage them to take on challenges. The sum of each individual's growth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

**"AGC People:
the driver of
our growth!"**



A Global Team of Diverse Human Resources

- Diversification of human resources compared to the end of March 2002, before the introduction of the in-house company on the global basis.
- Deployment of diverse human resources in each region in accordance with the business portfolio strategy



Global Site Expansion Capabilities

- **Expanding Life Science business globally** by leveraging know-how accumulated through proactive overseas expansion since the Company's founding.

Milestones in global expansion

Expansion to over 30 countries and regions

1956	India	Glass manufacturing company established
1964	Thailand	Entry into the sheet glass market
1972	Indonesia	Glass business started
1981	Belgium	full-scale entry into European flat glass market
1985	North america	Full-scale entry into automotive glass business
1992	China	Rollout of flat glass business
2000	Taiwan	Start of production of LCD glass substrates
2003	South korea	Start of production of PDP glass
2004	Hungary	Start of automobile glass business
2012	Germany	Glass business alliance
2013	Brazil	Entered glass market
2014	Vietnam	Rollout of chemicals business
2016	Mexico	Rollout of automobile glass business
2019	Morocco	Rollout of automobile glass business

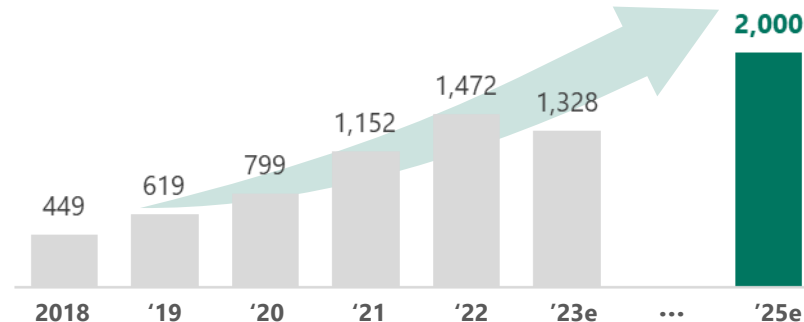
Global expansion of Life Science business



Started global operations in 2016 and now has 10 sites in 6 countries

(Germany, Denmark, United States, Italy, Spain)

Life Science sales* (100mn JPY)



4. Toward the Realization of Vision 2030

■ Business Portfolio Transformation

■ Promotion of Sustainability Management

- Environment
- **Social**
 - "AGC People: the driver of our growth!"
 - **Human Rights in the Supply Chain**
- Governance

Initiatives Related to Human Rights Due Diligence in the Supply Chain

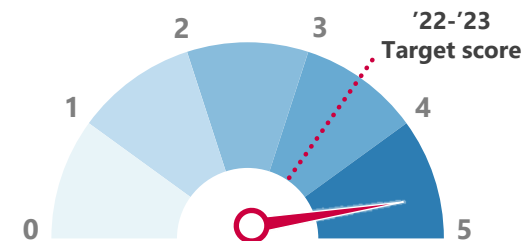
- The AGC Group conducts procurement activities in accordance with the AGC Group Purchasing Policy, which aims for responsible mineral procurement and a socially and environmentally responsible supply chain
- Questionnaire on compliance with the AGC Group Purchasing Policy launched in 2020
- Aiming to improve sustainability throughout the supply chain by **gradually expanding the scope of the questionnaire**

Scope of questionnaire

	Major AGC parent suppliers	Top global suppliers	High risk mineral suppliers	Major suppliers at sites of each Company
'20-'21	✓	✓		
'22-'23	✓	✓	✓	
'23-Plan	✓	✓	✓	✓

Scope of the questionnaire will be expanded over time

Average questionnaire score



'22-'23
Achieved target score

4. Toward the Realization of Vision 2030

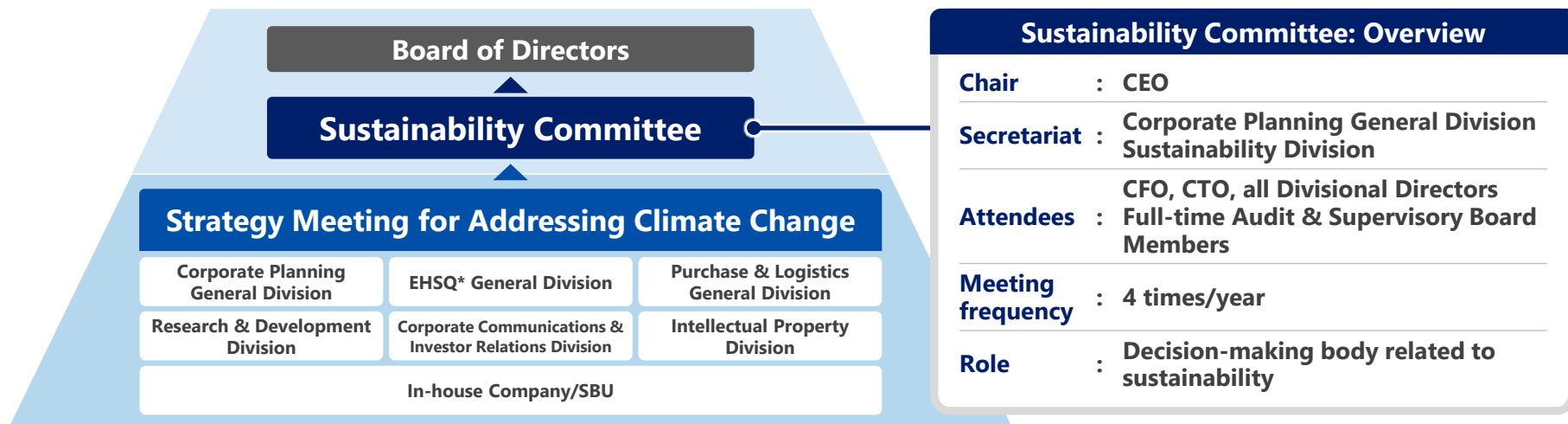
■ Business Portfolio Transformation

■ Promotion of Sustainability Management

- Environment
- Social
 - "AGC People: the driver of our growth!"
 - Human Rights in the Supply Chain
- **Governance**

AGC's Sustainability Management Governance Structure

- The Sustainability Committee is positioned on the same footing as the Management Committee. Further, under the supervision of the Board of Directors, the Sustainability Committee is responsible for deciding and monitoring the execution of initiatives related to sustainability, including environmental activities.
- We hold Strategy Meeting to address climate change in the global and cross-divisional scale.



- 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.

Specific diversity promotion measures

Fostering organizational culture

Increased opportunities for communication by top management and executives to spread the significance of diversity promotion throughout the organization

Recruitment

Increase ratio of women in new graduates and mid-career hires*

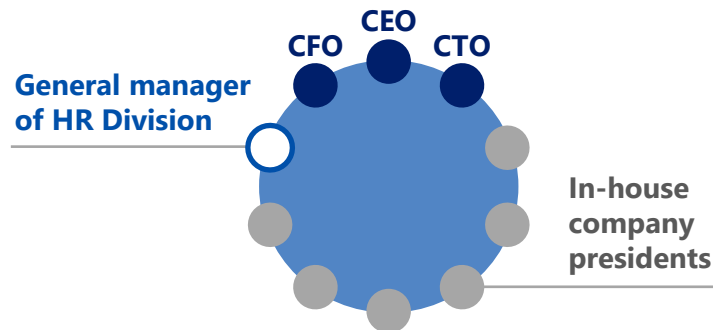
Talent development

Strengthening the development of key talent in the mid-tier and young-career groups who will become candidates for executive positions

Improvement of working environment

Continue to promote the concept of “Smart working” as a way work style that AGC aspires to and continue to improve the environment that leads to enhanced corporate value *

Diversity Council



Chairperson : CEO

Participants : CFO, CTO, General manager of HR Division, In-house company presidents

Frequency : 2 times/year

Agenda : Diversity & Inclusion promotion

Established : 2022

5. Outlook for FY2024









- Net sales and Operating profit increased mainly due to recovery in Electronics and Life sciences.

(100 million JPY)

		FY2023	FY2024e
Net sales		20,193	21,000
	(First half)	9,853	10,000
Operating profit		1,288	1,500
	(First half)	643	600
Profit before tax		1,228	1,050
Profit for the year attributable to owners of the parent		658	530
Dividend (JPY/share)		210	210
Operating profit margin		6.4%	7.1%
ROE		4.6%	3.7%*
FOREX (Average)	1 USD	JPY 140.6	JPY 140.0
	1 EUR	JPY 152.0	JPY 160.0
Crude oil (Dubai, Average)	USD/BBL	82.1	85.0
Ethylene (CFR SEA)	USD/MT	889	980

Outlook breakdown by Segment (Net sales and Operating profit)

(100 million JPY)

	FY2023 (a)		FY2024e (b)		Change (b)-(a)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
 Architectural Glass	4,763	328	4,600	300	▲ 163	▲ 28
 Automotive	4,997	218	5,100	230	+ 103	+ 12
 Electronics	3,132	184	3,300	330	+ 168	+ 146
 Chemicals	5,741	648	6,200	600	+ 459	▲ 48
 Life Science	1,268	▲ 124	1,400	30	+ 132	+ 154
 Ceramics/Other	834	33	800	10	▲ 34	▲ 23
Elimination	▲ 542	1	▲ 400	0	+ 142	▲ 1
Total	20,193	1,288	21,000	1,500	+ 807	+ 212

Outlook for FY2024



Architectural Glass

Asia

- In Japan and Asia regions, the Group's shipments are expected to be robust due to increased demand for highly insulating and thermal glass.

Europe & Americas

- Although economic growth is expected to be weak in Europe, demand for replacement with highly insulating glass for energy reduction is expected to support the Group's shipments



Automotive

- Automobile production and the Group's shipments are expected to be flat year on year. We expect to see the effects of our pricing policy and structural reforms that we have been working on.



Electronics

Display

- Profitability of LCD glass substrates will improve due to the earnings improvement measures as well as a recovery in demand for LCD panels.
- Shipments of specialty glass for display will increase due to a recovery in the smartphone market and increased orders from our major customers.

Electronic Materials

- Shipments of semiconductor-related products will increase mainly photomask blanks for EUV lithography.
- Shipments of optoelectronics materials will recover due to the recovery of the smartphone market.

Outlook for FY2024



Chemicals

Essential Chemicals

- Demand in Southeast Asia will remain strong, but there are concerns that market recovery will take time due to the sluggish Chinese economy.

Performance Chemicals

- Shipment will increase due to higher demand for Fluorochemical-related products for semiconductors and transportation application.



Life Science

- Contract sales of synthetic pharmaceuticals and agrochemicals CDMO are expected to remain flat year on year.
- Although biopharmaceuticals CDMO business will be affected by reduced inflow of funds to biotech ventures, contract sales will increase due to the resumption of commercial operation of a new line in the U.S., which had been delayed.

Outlook of CAPEX, Depreciation and R&D

Full year	FY2023	FY2024e
CAPEX	2,317	2,500
Architectural Glass	247	350
Automotive	263	200
Electronics	514	400
Chemicals	877	1,160
Life Science	399	370
Ceramics/Other	18	20
Elimination	▲ 1	0

	FY2023	FY2024e
Depreciation	1,753	1,850
Architectural Glass	244	250
Automotive	319	340
Electronics	532	550
Chemicals	501	530
Life Science	139	170
Ceramics/Other	21	10
Elimination	▲ 2	0

(100 million JPY)

	FY2023	FY2024e
R&D	573	600

Main projects for CAPEX

- Capacity enhancement for chlor-alkali in Southeast Asia (Chemicals)
- Capacity enhancement for fluorochemical-related products (Chemicals)
- Capacity enhancement for biopharmaceuticals CDMO (Life Science)
- Capacity enhancement for electronic materials (Electronics) etc.

6. Shareholder Return

Change in Shareholder Return Policy (1)

- In order to further strengthen our existing stance of maintaining stable dividends, we will change the index used for shareholder return from consolidated dividend payout ratio to the dividend on equity ratio (DOE), which is less affected by single-year operating results.

Current policy

- Maintain stable dividends with a **consolidated dividend payout ratio of 40%**
- Flexibly conduct share buyback



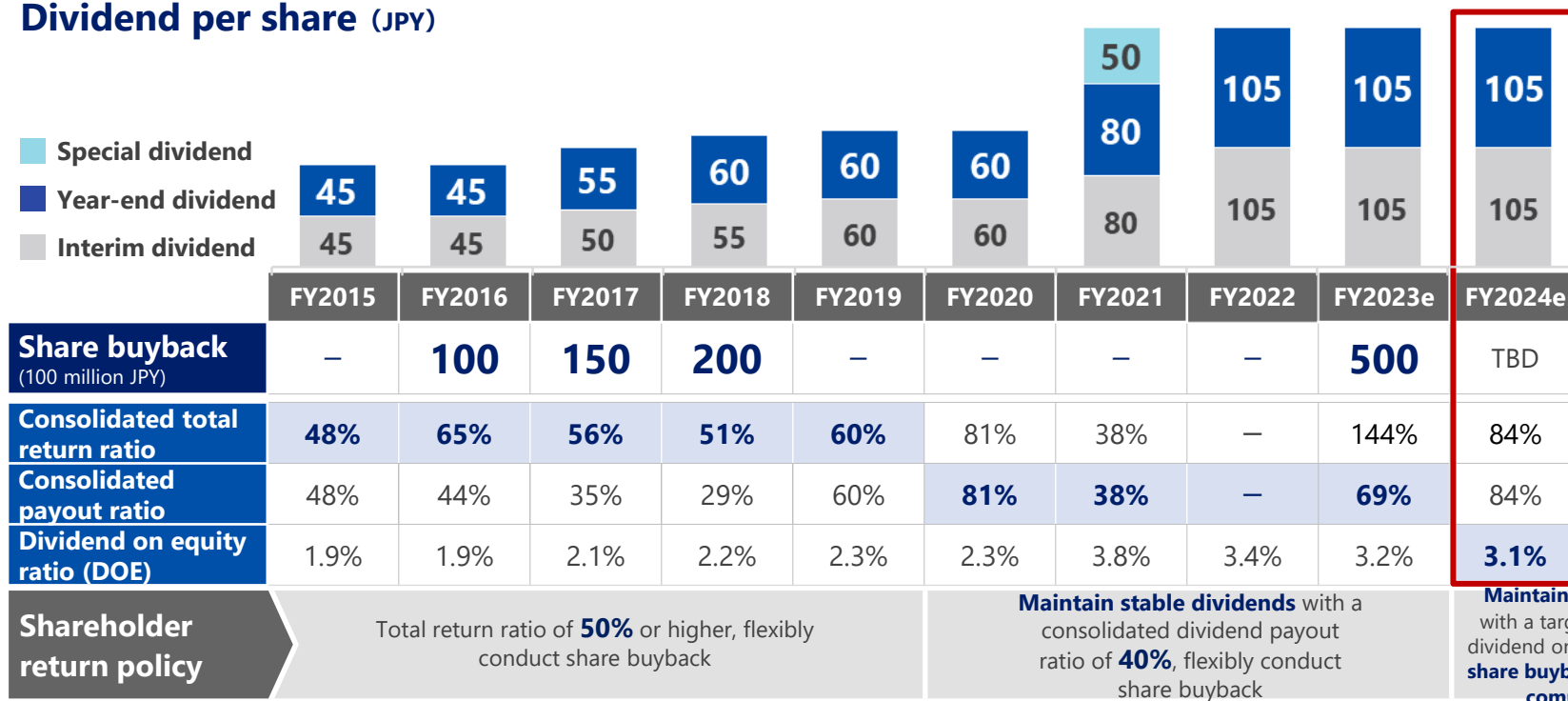
New policy

- Maintain stable dividends with a target of approx. **3% dividend on equity ratio (DOE)**
- Share buyback decisions are based on comprehensive consideration of investment projects, cash position, and other factors

Change in Shareholder Return Policy(2)

- In 2024, the dividend amount will be the same as 2023.

Dividend per share (JPY)



* The Company consolidated its common shares at a ratio of 5 shares to 1 share on July 1, 2017, and per-share data is recalculated.

Appendix

Impact on OP



Exchange rate

600 million yen* gain
if yen depreciated by 1%

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



Crude oil

280 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)

Business Performance (1)

Architectural Glass	1Q.22	2Q.22	3Q.22	4Q.22	1Q.23	2Q.23	3Q.23	4Q.23	(100 million JPY)
Net Sales	1,040	1,216	1,247	1,334	1,205	1,192	1,150	1,216	
Asia	319	361	384	405	373	386	401	424	
Europe & Americas (Inter Segment)	719 2	853 2	861 2	925 4	831 1	802 5	745 4	785 7	
Operating profit	73	132	86	36	93	93	83	59	
Automotive	1Q.22	2Q.22	3Q.22	4Q.22	1Q.23	2Q.23	3Q.23	4Q.23	
Net Sales	936	956	1,112	1,174	1,184	1,223	1,255	1,335	
Automotive (Inter Segment)	935 1	956 0	1,111 0	1,174 1	1,183 1	1,221 1	1,255 1	1,335 0	
Operating profit	▲ 33	▲ 58	▲ 63	56	48	54	59	56	
Electronics	1Q.22	2Q.22	3Q.22	4Q.22	1Q.23	2Q.23	3Q.23	4Q.23	
Net Sales	760	722	777	814	702	717	835	878	
Display Electronic Materials (Inter Segment)	450 304 5	420 296 6	346 425 6	338 470 6	358 341 4	425 290 2	418 414 3	406 468 4	
Operating profit	80	12	31	24	19	11	69	85	

Business Performance (2)

Chemicals	1Q.22	2Q.22	3Q.22	4Q.22	1Q.23	2Q.23	3Q.23	4Q.23	(100 million JPY)
Net Sales	1,617	1,720	1,641	1,626	1,410	1,418	1,428	1,486	
Essential Chemicals	1,217	1,298	1,199	1,184	1,009	999	1,002	1,018	
Performance Chemicals	385	410	427	429	391	407	414	457	
(Inter Segment)	14	12	15	13	9	13	12	11	
Operating profit	406	418	250	187	172	137	170	169	
Life Science	1Q.22	2Q.22	3Q.22	4Q.22	1Q.23	2Q.23	3Q.23	4Q.23	
Net Sales	332	378	356	352	332	348	238	350	
Life Science	316	376	347	342	321	346	235	337	
(Inter Segment)	17	2	9	9	11	2	3	13	
Operating profit	46	57	53	14	6	▲ 1	▲ 83	▲ 46	

Trend of shipment and price

				2022				2023			
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
YoY comparison											
Glass	Architectural (AGC)	Japan & Asia	shipment	+ 10%	+low 10% range	+mid single-digit	-high single-digit	-high single-digit	-10%	-low single-digit	+mid single-digit
			price	+high 10% range	+high 10% range	+mid 20% range	20%	+high 20% range	+low 30% range	+high 20% range	+mid 20% range
		Europe	shipment	+low 10% range	-low single-digit	-low 10% range	-high 10% range	-high 10% range	-low 10% range	-low single-digit	-mid single-digit
			price	+mid 40% range	+low 60% range	+high 70% range	+low 50% range	+high 10% range	-mid 10% range	-high 30% range	-mid 30% range
	Automobile production*1	Japan	volume	-14%	-15%	+24%	+9%	+13%	+27%	+13%	+12%
		North America	volume	-2%	+11%	+23%	+8%	+10%	+15%	+8%	+4%
		Europe & Russia	volume	-17%	-4%	+22%	+7%	+18%	+17%	+8%	+6%
Electronics	Display panel demand*2	Global	area	+4%	-4%	-9%	-7%	-15%	+4%	+11%	-5%
Spot market price											
Chemicals	Chlor-alkali (Southeast Asia)	Caustic soda*3	price USD/MT	722	777	673	677	530	417	413	430
		PVC*3	price USD/MT	1,407	1,350	933	823	893	817	863	773
		Ethylene*3	price USD/MT	1,213	1,175	952	895	928	862	848	925

*1 Source : S&P global data as of January 5, 2024.

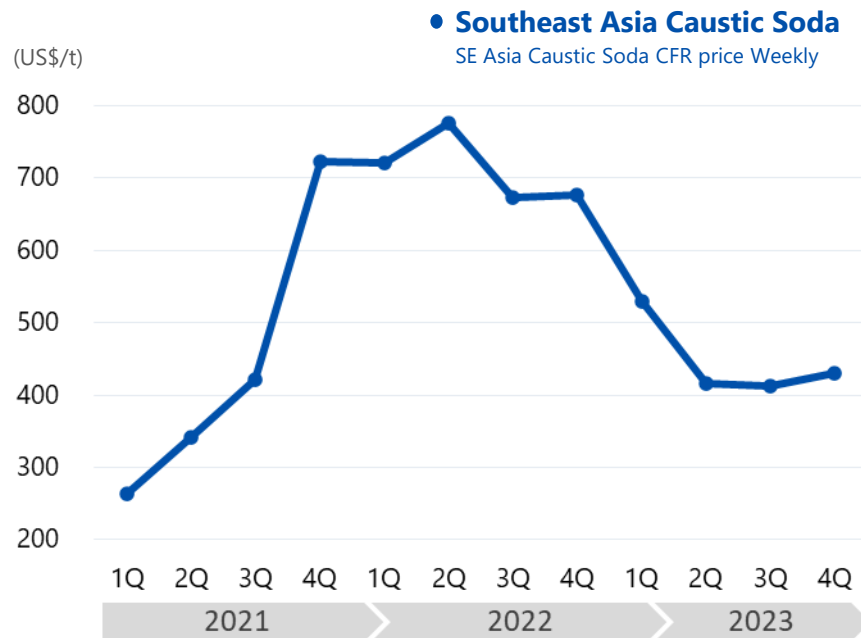
*2 Source : Omdia-Display Long-Term Demand Forecast Tracker – 3Q23 Pivot

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

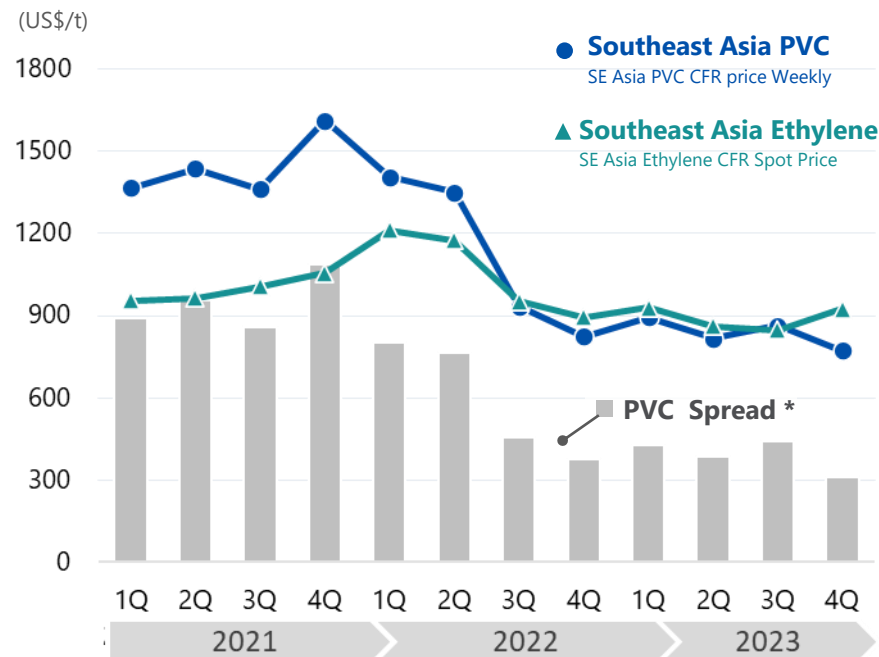
*3 Source : Bloomberg

Reference: Market trend of Caustic Soda and PVC in Southeast Asia

Caustic Soda



PVC



*PVC-ethylene spread calculation: PVC spot market price - (ethylene market price X 0.5)

		IFRS				
		19/12	20/12	21/12	22/12	23/12
Net sales	Million JPY	1,518,039	1,412,306	1,697,383	2,035,874	2,019,254
Operating profit	Million JPY	101,624	75,780	206,168	183,942	128,779
OP margin	%	6.7	5.4	12.1	9.0	6.4
Attributable to owners of the parent	Million JPY	44,434	32,715	123,840	△ 3,152	65,798
Return on equity (ROE) ^{*1}	%	3.9	2.9	10.2	△ 0.2	4.6
Return on assets (ROA) ^{*2}	%	4.4	3.1	7.9	6.7	4.5
Equity ratio	%	50	44	49	49	49
D/E (Interest-bearing debts ÷ Net assets)	times	0.47	0.63	0.41	0.41	0.42
CF from Operating Activities/Interest-bearing debt	times	0.32	0.29	0.54	0.33	0.31
Earnings per share (EPS) ^{*3}	JPY	200.85	147.84	559.11	△ 14.22	304.73
Cash dividends per share	JPY	120	120	210	210	210
EBITDA ^{*4}	Million JPY	231,857	208,459	383,226	253,209	315,965
Exchange rates (average)	JPY/USD	109.05	106.82	109.80	131.43	140.56
	JPY/EUR	122.07	121.81	129.89	138.04	152.00

^{*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

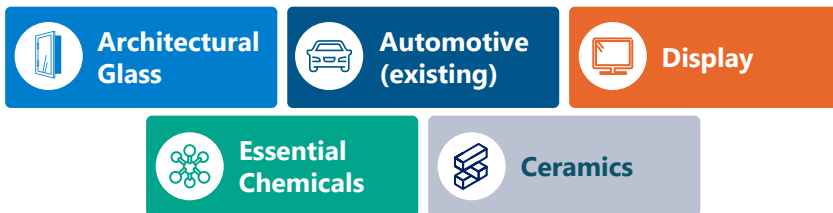
For other financial indicators, please see here. https://www.agc.com/ir/pdf/data_all.pdf

Overall Strategy

Leveraging the core businesses and the strategic businesses as two wheels, we will shift to an optimal business portfolio and continuously create economic and social value.

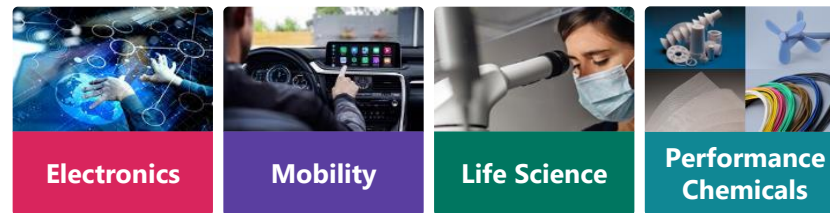
Core Businesses

Establishing long-term, stable sources of earnings by increasing competitiveness of each business



Strategic Businesses

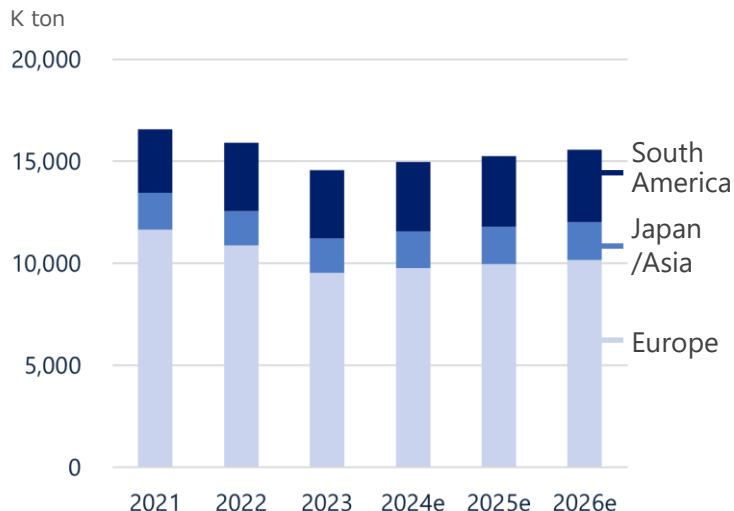
Create and expand highly profitable businesses that will become future pillars by using AGC's strengths in high-growth fields



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*1



Environmentally Friendly Products (examples)



Warm-edge highly insulated double glazing



Vacuum insulated Glass



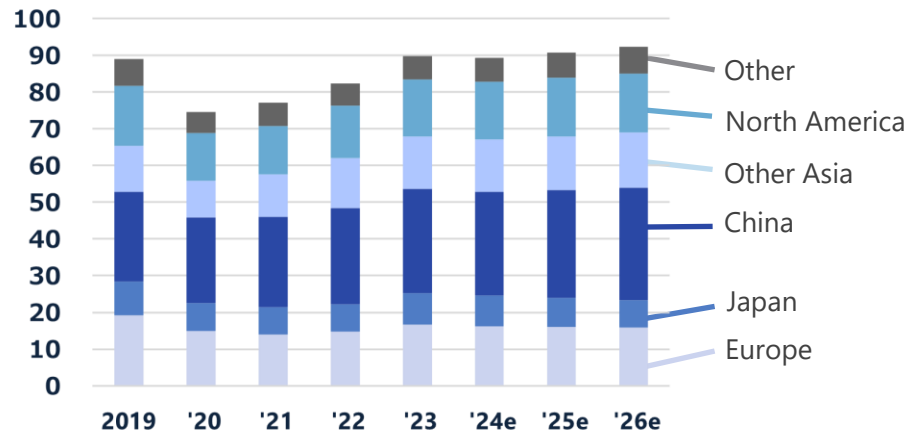
BIPV module*2

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

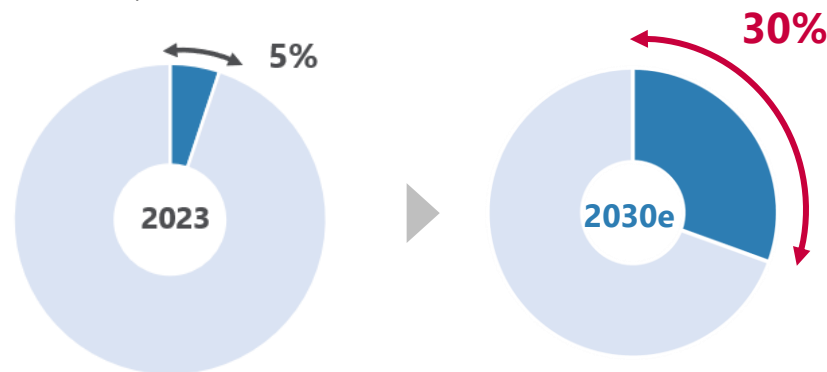
Automobile Production (by region) *

Million unit



AGC's High value-added products (%)

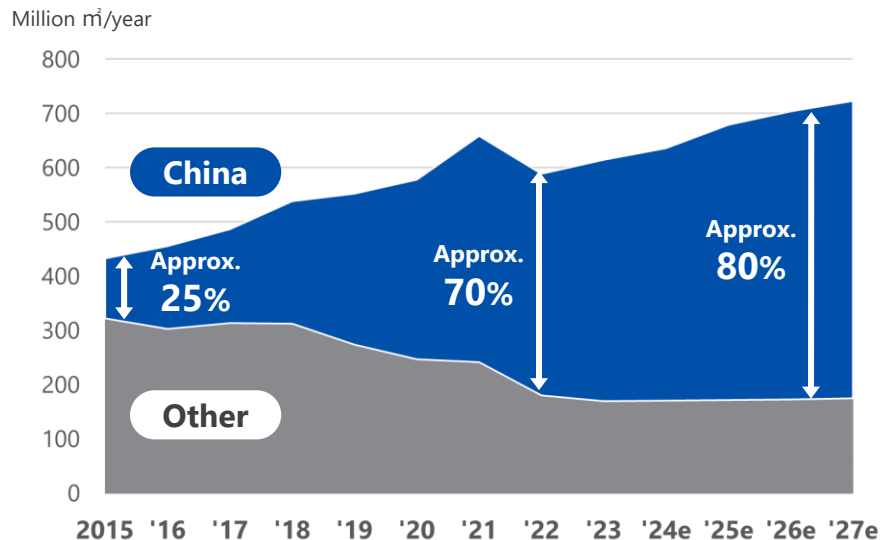
- Mobility products **
- Other products



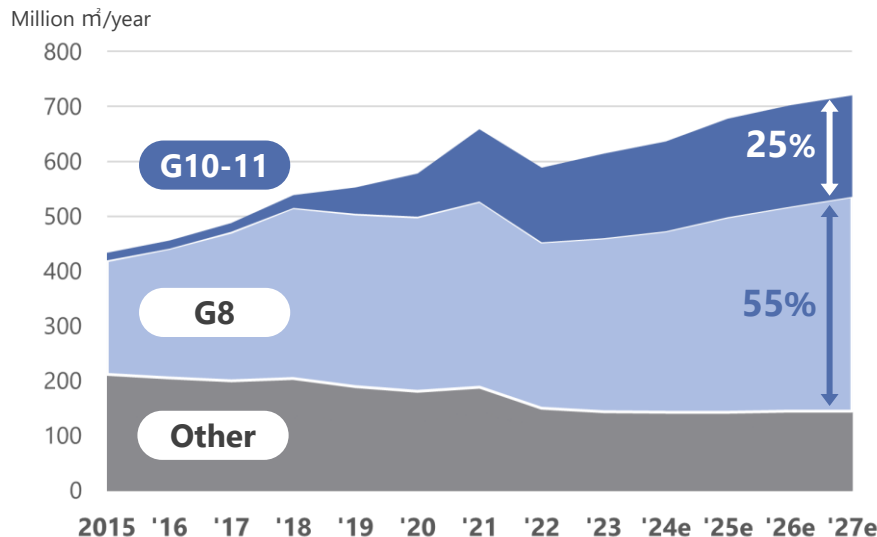
Display Business Environment

- Demand in China will continue to expand further

Demand for LCD Glass (by region)



Demand for LCD Glass (by generation)

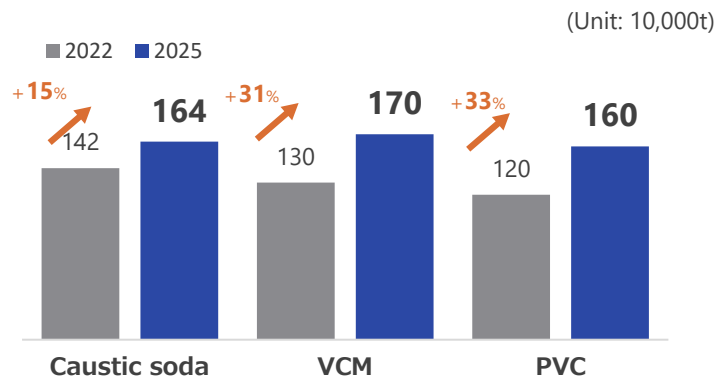


Source: AGC's estimate

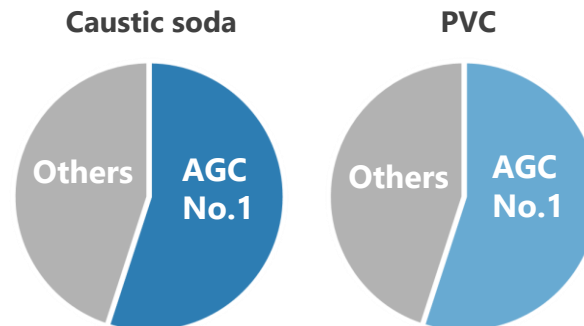
Essential Chemicals Overview

- Investment of over 100 billion yen determined in 2022 is progressing as planned for launch in 2025
 - 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



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



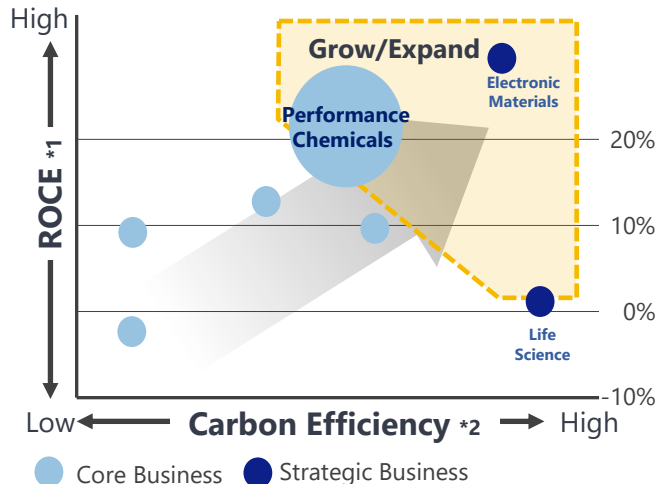
Market share based on production capacity: Caustic soda does not include Australia/NZ in the region, PVC includes Australia/NZ in the region

Performance Chemicals Overview(1)

- **Growing business** with high asset and carbon efficiency.
- Highly rated in global niche markets requiring **high technical characteristics**.
- **Aiming for sales of 300 billion yen or more** by 2030.

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



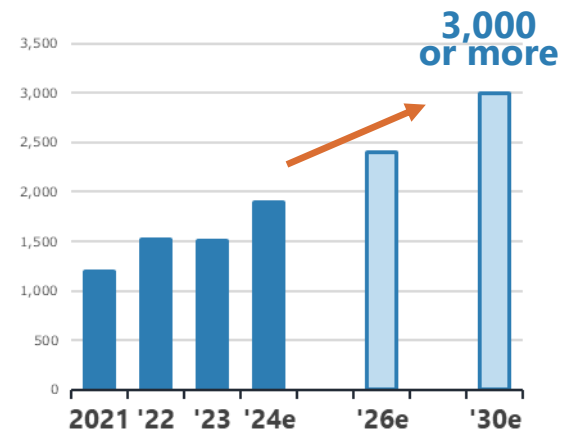
Electrolyte polymer for fuel cells



Fluoropolymer resin for on-site coatings

Performance chemicals*4 sales trend

(unit : 100 million JPY)



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

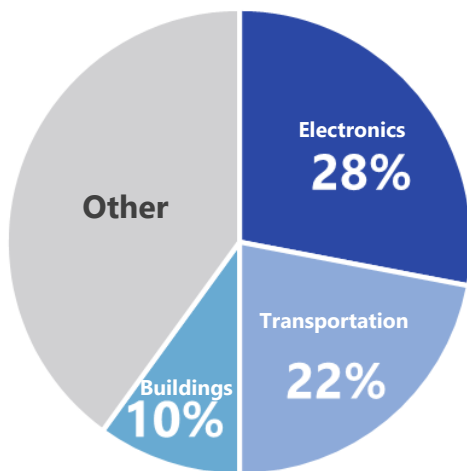
*3: AGC's estimate as of Jan 2024

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.



Electronics



Transportation

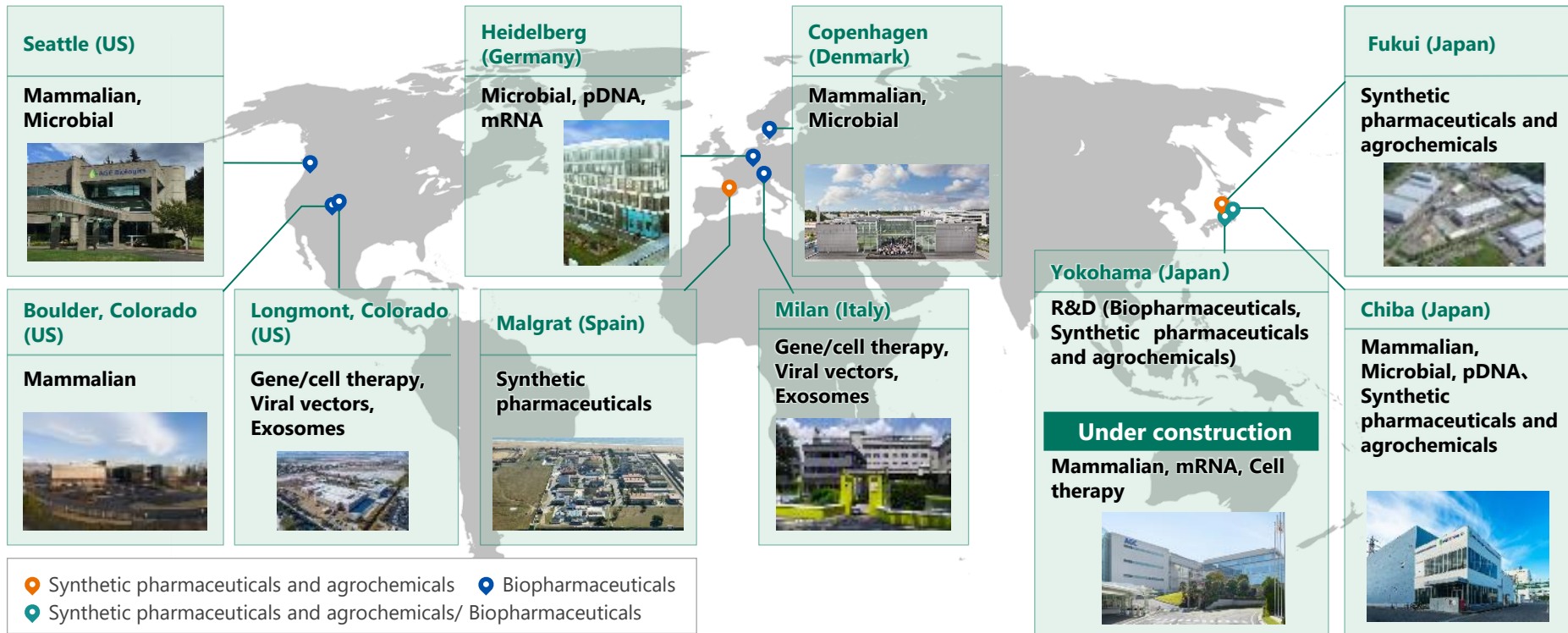


Buildings



Life Science Overview(1)

- We have established a highly integrated **cGMP system with 10 bases** in Japan, the U.S., and Europe, and provide the same **high standard of development and manufacturing services** in a **wide range of fields** from any of these regions.



Life Science Overview(2)

- **Addresses a wide range of production scale needs that change as development progresses**

-Small molecule pharmaceuticals: We have kilo-lab pilot facilities suitable for small volume production in early-stage development and large-scale reactors for commercial use.

-Biopharmaceuticals: Ahead of other companies, we introduced **SUBs***, which are strong in the flexible production from small to medium scale of mammalian cells, the current mainstream. **Currently, our SUB production capacity is the global No. 2**.**

In 2020, **large-scale SUS***** bioreactors were introduced to meet the needs for large commercial products such as blockbuster drugs.

- **On the strength of our SUB's abundant capacity and track record, we are building up contracts for early-stage development projects and working with customers to nurture them into late-stage development and commercialization that are expected to generate long-term contract, resulting in continued growth over the medium to long term.**

Scope of AGC's services in the biopharmaceutical business



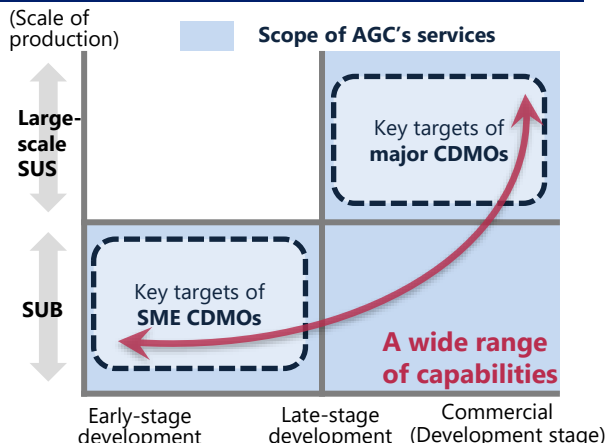
***Large-scale SUS:

Large stainless steel bioreactors. Suitable for large scale commercial pharmaceutical production.

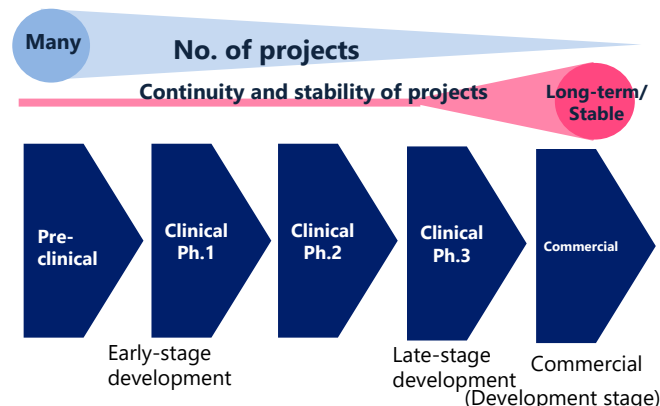


*SUB:

A bioreactor that uses single-use bags, which are disposable containers. Since no washing of the bioreactor is required, it is highly efficient and suitable for small- to medium-scale multi-product production.



Changes in the nature of contracted projects as development progresses



Life Science Overview(3)

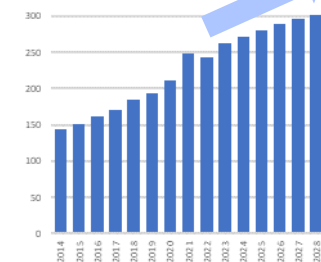
- Advanced quality and manufacturing control systems and strict inspections by regulators are essential for Commercial and/or Late-stage development projects
- To ensure the early launch of pipelines for which significant development investment has been made, **Customers (pharmaceutical companies) tend to seek outsourcing to trusted and proven CDMOs**
- Through many years of experience as a CDMO, **AGC has gained a wealth of manufacturing and inspection track record, as well as customer trust**. The number of commercial pharmaceutical contracts has increased as a result.

Creating a virtuous cycle where the more projects we complete, the more projects we obtain.

Pharmaceutical R&D Expenses*

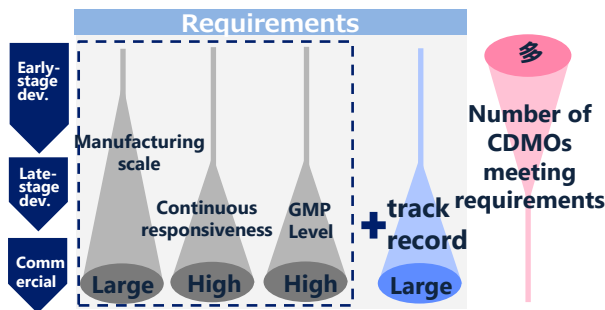
CAGR 2022-28
+3.6%

(BUSD)



R&D expenses increase year by year. Return on investment by early and reliable launch of new drugs is essential.

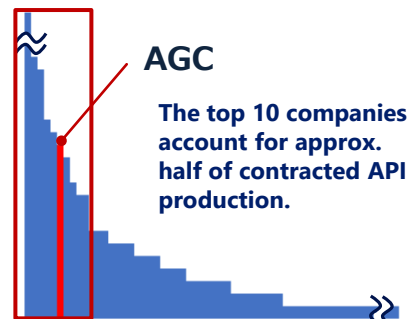
Changes in the level of requirements for CDMOs as development progresses



Due to the risk of lost opportunities caused by delayed launch schedules, "track record" is an important requirement for CDMO selection, especially for late-stage development and commercial projects, as it is a proof of capability.

Limited number of CDMOs with an extensive track record in late-stage development and commercial projects.

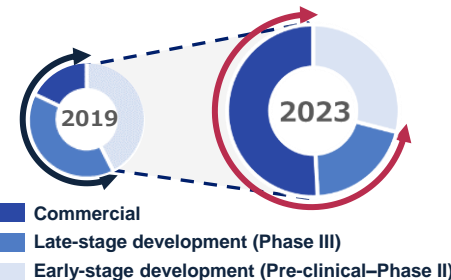
Comparison of biopharmaceutical API contracts**



Projects are concentrated in some CDMOs, including AGC. The track record gained from such projects will become a strength, leading to a virtuous cycle that will increase the number of further contracts.

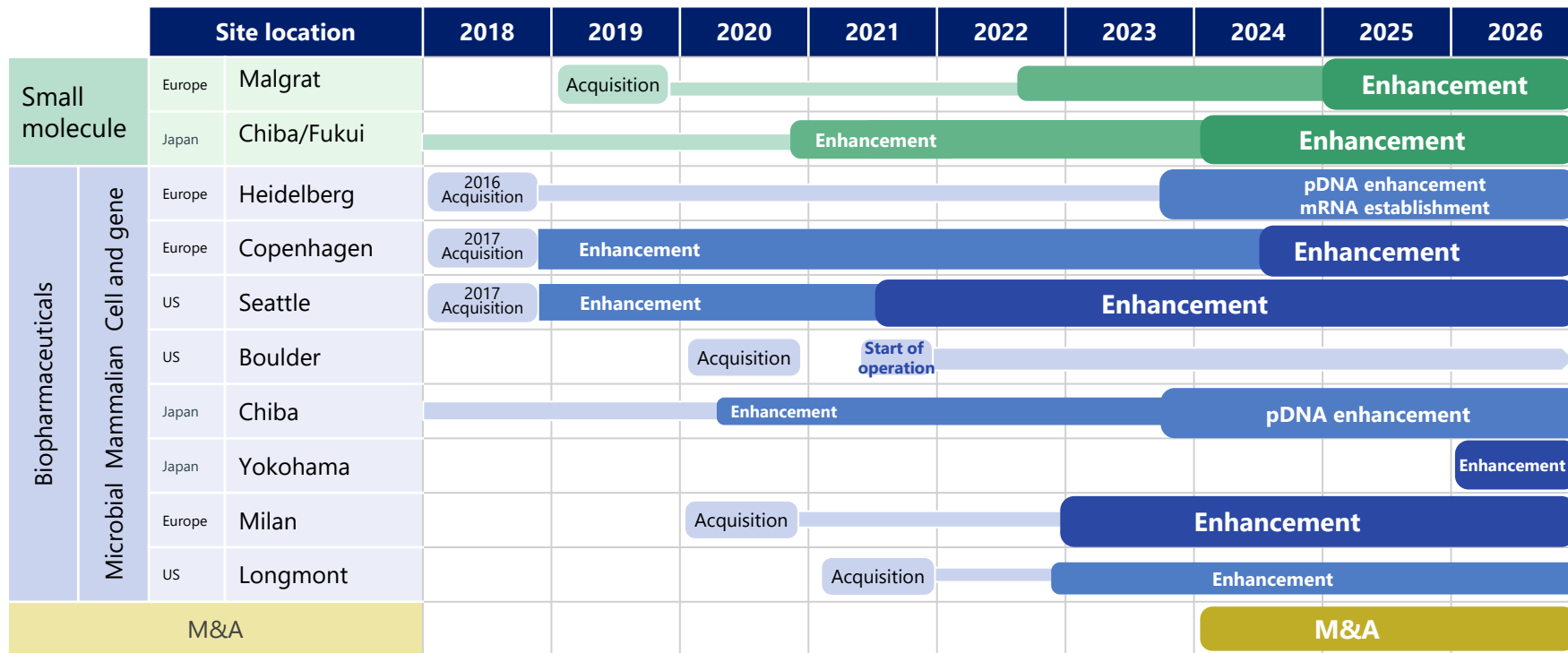
Percentage of biopharmaceutical CDMO contracts (value)

(Microbial/mammalian cell domain)



Ratio of commercial projects increased. Continued mid- to long-term growth in commercial products due to the prospect of long-term, continuous contracts.

Life Science Overview(4)

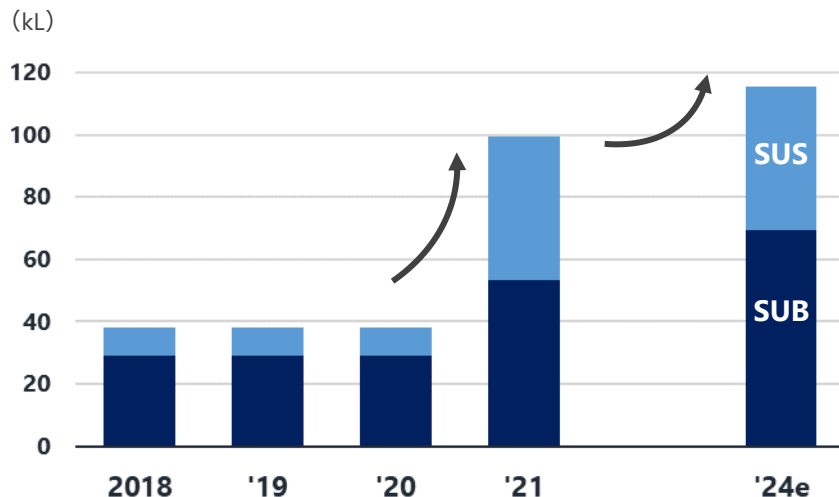


(The expressions are based on the start of operation)

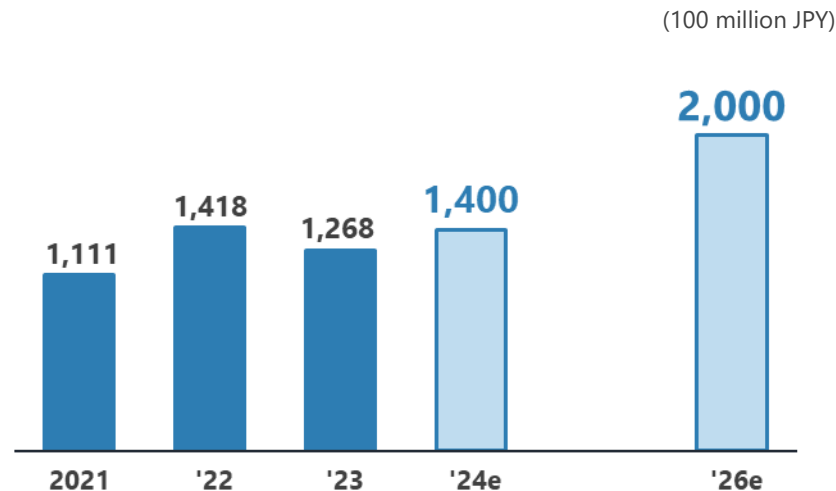
Life Science Overview(5)

- Supplement the growth of the bio CDMO industry and further expand business through timely capacity expansion.
- Aiming to exceed **200 billion yen** in sales by 2026.

**Biopharmaceuticals CDMO Production Capacity
(Mammalian only)**



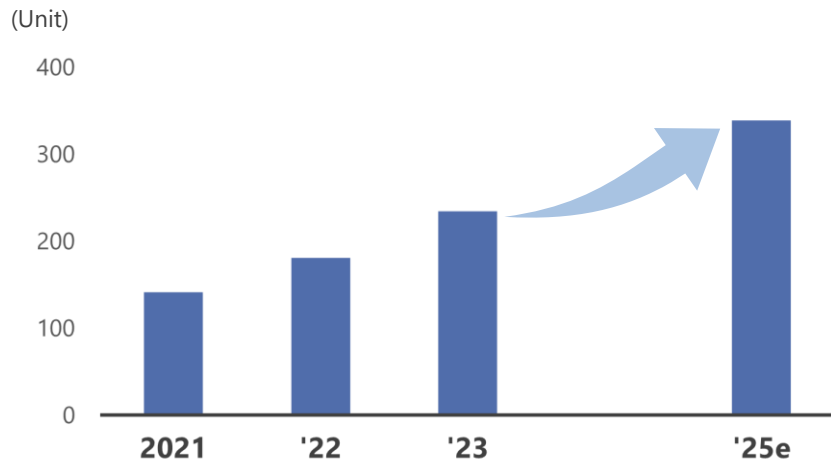
Life Science Net Sales



Electronics Overview(1)

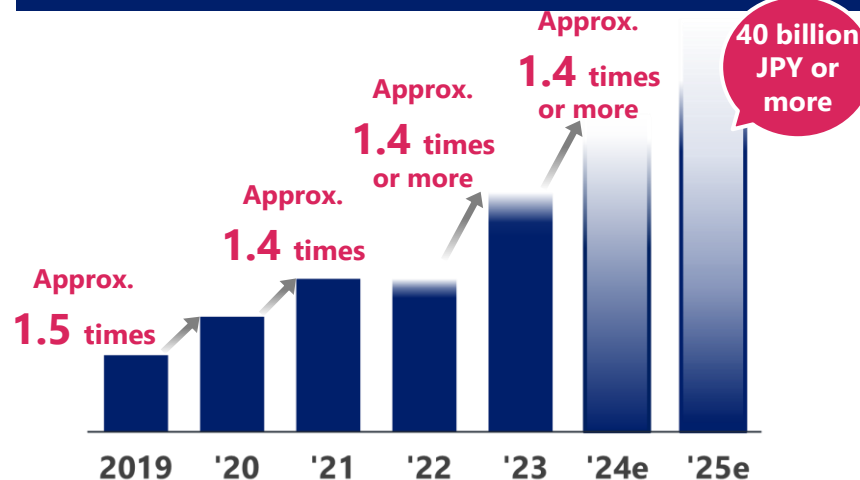
- Applications of AGC's EUV mask blanks are expanding to include memory, in addition to logic.
- According to EUV lithography system shipment forecasts, future demand growth is expected.
- We will continue to invest aggressively in line with market growth.

Cumulative number of EUV lithography equipment shipments*



* Based on estimates by ASML

AGC Group's EUV Mask Blanks Net Sales



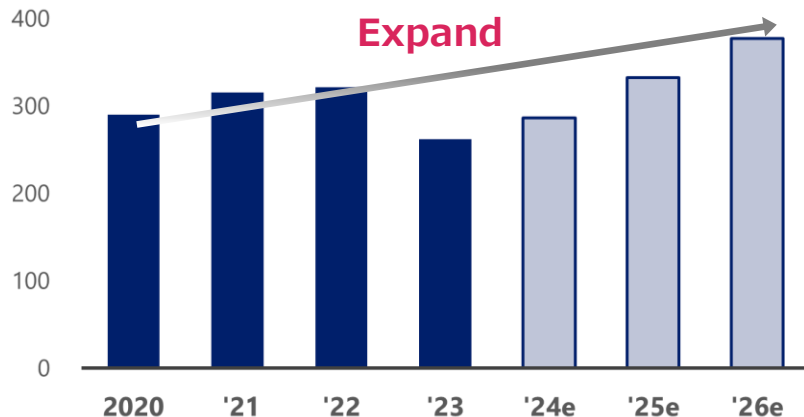


CMP Slurry

Despite stagnation in 2023, the ceria slurry market will expand in the medium to long term due to aggressive investment in current nodes in addition to advanced nodes.

Ceria slurry market

[million USD]

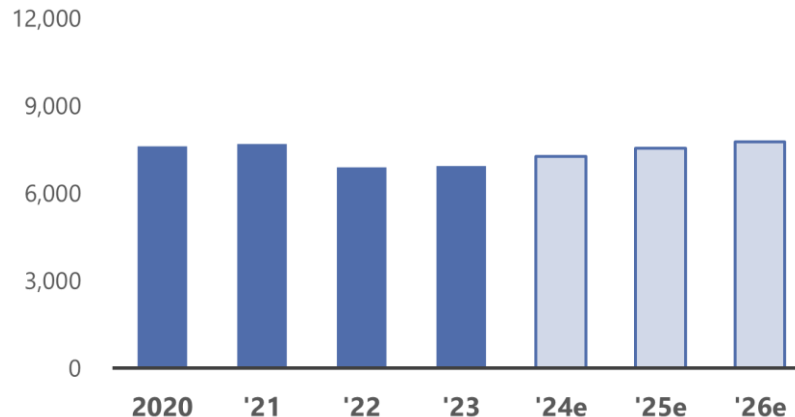


Optoelectronics materials

Although the growth rate is sluggish recently due to the stagnant smartphone market, the total number of cameras installed will increase due to market recovery in the medium to long term.

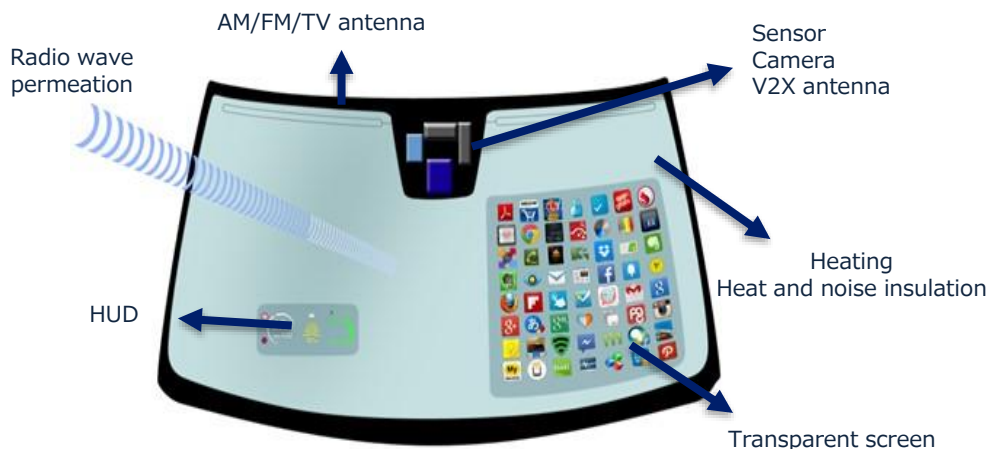
Image sensor for cameras

[million unit]



- 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

Greater Diversity/Human Resources Development

■ Establish and improve the personnel system for greater diversity HR development

2020				
Directors / Officers				
2002- <ul style="list-style-type: none"> Executive officer with foreign nationality started (9% as of January 2022) 		2014- <ul style="list-style-type: none"> Female outside director appointed 	2020- <ul style="list-style-type: none"> Female executive officer appointed 	-2030 <ul style="list-style-type: none"> Ratio of female executives 30% (18% at the end of 2021) Ratio of female executive officers 20% (5.4% at the end of January 2023)
HR development / utilization				
2003- <ul style="list-style-type: none"> "Global management talent development program" started 2005- <ul style="list-style-type: none"> Global job grade system 		2010- <ul style="list-style-type: none"> Skill mapping 2011- <ul style="list-style-type: none"> CNA activities 2011- <ul style="list-style-type: none"> Formulating recruitment policy* <ul style="list-style-type: none"> -Ratio of new female graduates hired for career-track positions -Increased foreign nationals 	2019- <ul style="list-style-type: none"> Data scientist development program started 	-2030 <ul style="list-style-type: none"> Ratio of female management positions approx. 8%* (Approx. 4.8% at the end of 2022)
HR Programs*				
1989- <ul style="list-style-type: none"> Flexible work hours (with no core time) 2003- <ul style="list-style-type: none"> Childcare leave program (no gender restriction) 		2011- <ul style="list-style-type: none"> Registration of reemployment requests for resigned employees 2012- <ul style="list-style-type: none"> Teleworking to support childcare and nursing-care (No reason required from 2017) 	2017- <ul style="list-style-type: none"> Spouse transfer leave program Set the Secretariat for women's activities 	

1

Improve and stabilize ROE

(First, to the 8% level during the term of the new medium-term management plan)

1. Accelerate portfolio transformation through "ambidextrous strategy"
2. Carefully select investments and implement structural reforms at an early stage
3. Continuously improve asset efficiency, including the sale of cross-shareholdings

2

Improve PER

(Realize growth expectations through portfolio transformation)

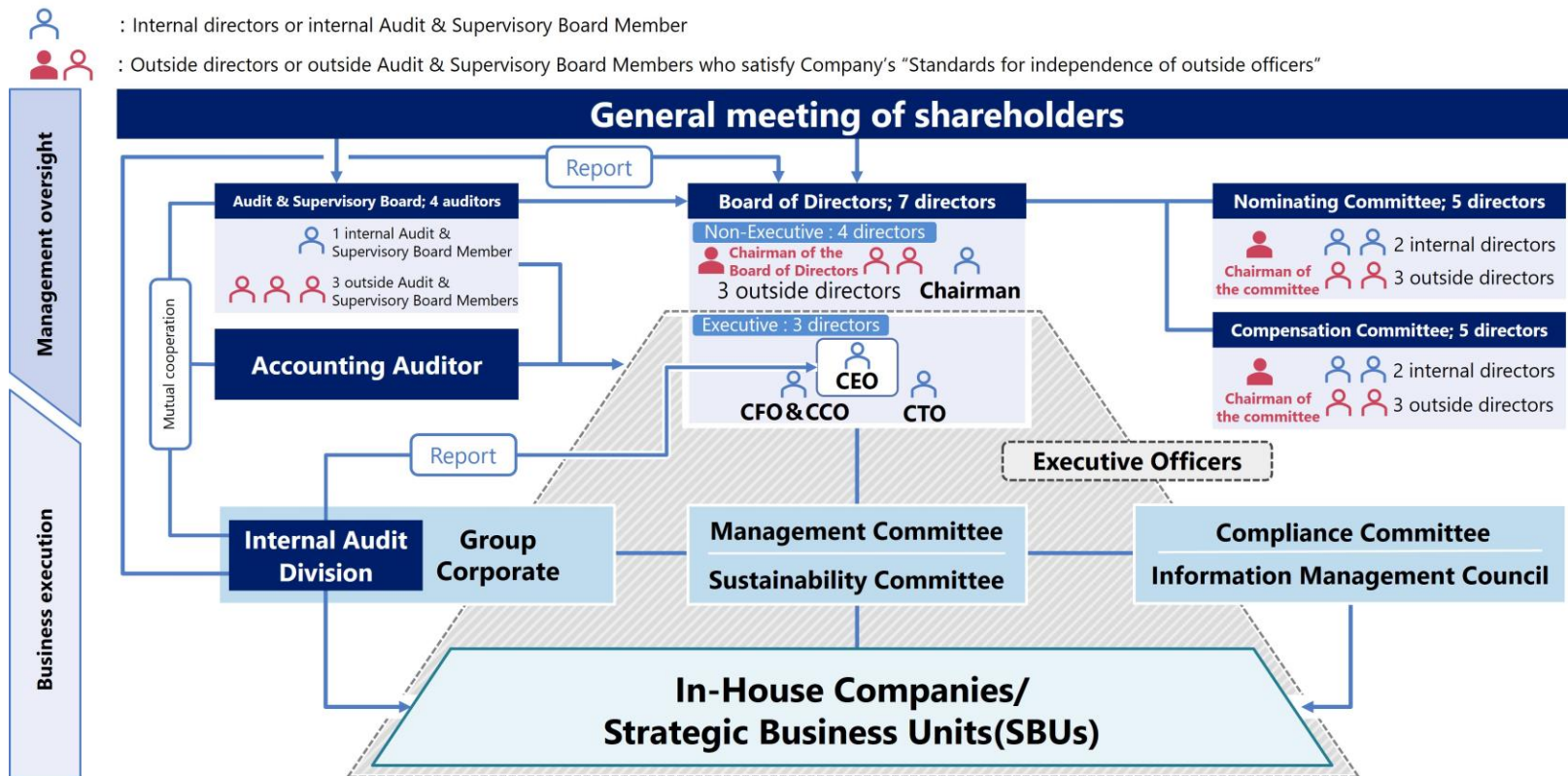
1. Achieve steady growth in strategic businesses
2. Accelerate structural reforms in core businesses

3

Strengthen the management foundation to support transformation and approach to capital markets

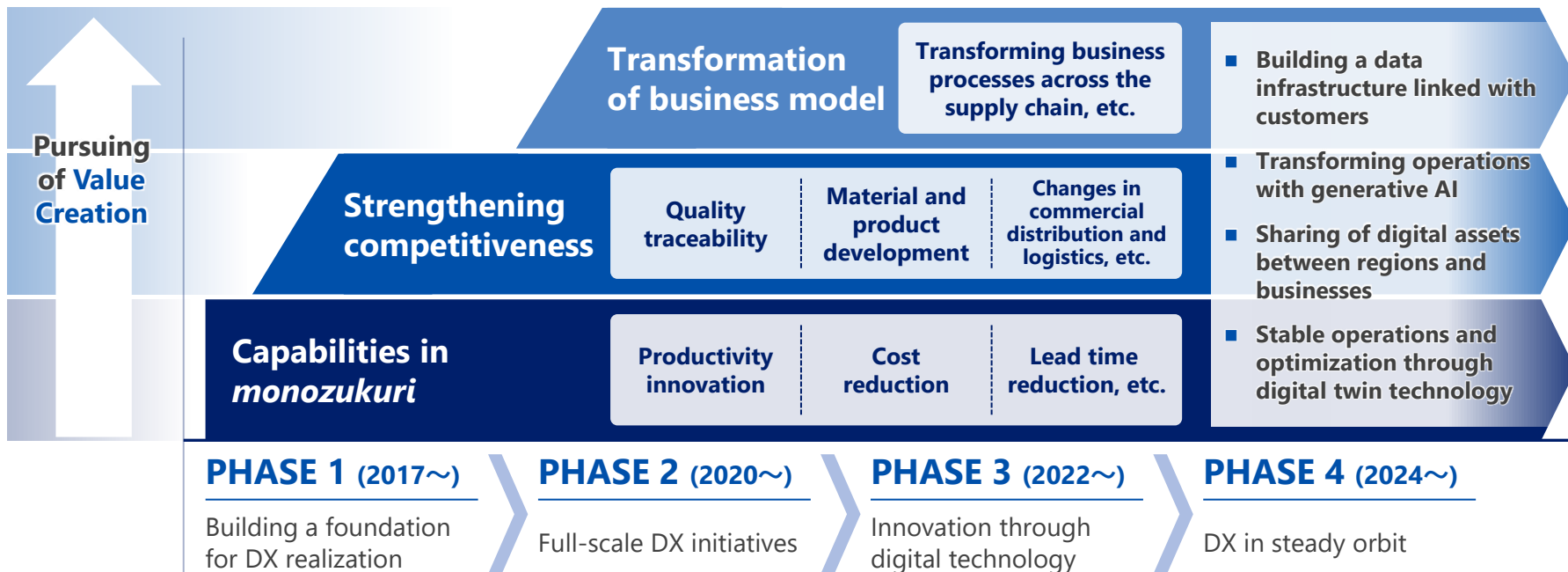
1. Strengthen governance and further pursue sustainability management
2. Implement appropriate shareholder return measures

AGC's Corporate Governance Structure













Pursuit of value creation DX

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



External evaluations

 FTSE4Good	FTSE4Good Index Series		4 stars awarded in the 7th Nikkei "Smart Work Management" survey
 FTSE Blossom Japan Index	FTSE Blossom Japan Index		"White 500" Company in recognition of initiatives to promote strategic health management for its employees
	S&P/JPX Carbon Efficient Index		EcoVadis Supplier Evaluations PLATINUM rated for the Kashima plant and AGC Pharma Chemicals Europe Highly rated in several other domestic and international locations
	CDP Climate Change Report 2023 "A-"		Clarivate Top 100 Global Innovator 2023
	SBTi "WB2°C" GHG Reduction Target		DX Brand 2023 in recognition of digital transformation efforts


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

A silhouette of two people climbing a steep, rocky mountain peak. One person is higher up, pulling the other up by a rope. The scene is set against a vibrant sunset sky with orange and yellow hues. The overall image conveys a sense of challenge, teamwork, and achievement.

END

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Your Dreams, Our Challenge