

TRANSLATION FOR REFERENCE PURPOSES ONLY

This is a translation of the Notice to Convene the 97th Ordinary General Meeting of Shareholders, dated March 7, 2022, and is prepared for reference purposes only. In the event of any discrepancy between the original Japanese text and this translated English text, the original Japanese text shall prevail.

Notice to Convene the 97th Ordinary General Meeting of Shareholders

AGC Inc.

(Security Code: 5201)

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* The contents of the Audit & Supervisory Board’s audit report regarding the Consolidated Financial Statements are included in the Audit & Supervisory Board’s Audit Report (page 98).

March 7, 2022

Yoshinori Hirai
Representative Director
AGC Inc.
1-5-1, Marunouchi, Chiyoda-ku, Tokyo

Dear Shareholders:

Notice to Convene the 97th Ordinary General Meeting of Shareholders

Notice is served that the 97th Ordinary General Meeting of Shareholders of AGC Inc. (“Company”) is to be held as below. The scene on the day of the General Meeting of Shareholders may be viewed by relayed live Internet streaming as well. (For how to view, please see the enclosed appendix “Guide to the Live Relay of the General Meeting of Shareholders.”)

In case you do not attend in person on the day, you may exercise your voting rights in writing (through postal mail) or via the Internet in advance. So please exercise your voting rights by no later than 5:00 p.m. on Tuesday, March 29, 2022, (local time) after reviewing the attached Reference Documents for the General Meeting of Shareholders.

1. Date and Time: Wednesday, March 30, 2022, at 10:00 a.m. (Reception begins at 9:00 a.m.)

2. Place: Rose, 3rd Floor, Tokyo Kaikan
3-2-1, Marunouchi, Chiyoda-ku, Tokyo

3. Meeting Agenda:

Items to be Reported:

- (1) The Business Report, Consolidated Financial Statements, and Accounting Auditors’ and Audit & Supervisory Board’s Audit Reports of the Consolidated Financial Statements for the 97th Fiscal Year (from January 1, 2021, to December 31, 2021)
- (2) The Non-Consolidated Financial Statements for the 97th Fiscal Year (from January 1, 2021, to December 31, 2021)

Items to be Resolved:

- Item No. 1: Appropriation of Retained Earnings**
- Item No. 2: Partial Amendment to the Articles of Incorporation**
- Item No. 3: Election of Seven Directors**
- Item No. 4: Election of One Audit & Supervisory Board Member**
- Item No. 5: Revision of the Amount of Compensation, etc. for Monthly Compensation and Bonuses for Directors**
- Item No. 6: Revision of the Upper Limits on Contribution Amount and Number of Shares to be Delivered, etc. in the Stock Compensation Plan for Directors, etc.**

4. Exercise of Voting Rights

In case the voting rights are exercised both by sending the voting form through postal mail and via the Internet, the voting rights exercised via the Internet will be considered as valid. In addition, in case the voting rights are exercised multiple times via the Internet, the last exercise of the voting rights will be considered as valid.

END

■ Information on Exercising Voting Rights



If exercised in writing (through postal mail)

Deadline to exercise

Voting forms must arrive by no later than 5:00 p.m. on Tuesday, March 29, 2022 (local time)

Please indicate your approval or disapproval of each proposal on the enclosed voting form and return it through postal mail so that it is received by the deadline.



If exercised via the Internet

Deadline to exercise

Acceptable until 5:00 p.m. on Tuesday, March 29, 2022 (local time)

Please access the voting website (<https://evote.tr.mufg.jp/>) and enter your approval or disapproval of each proposal by no later than the deadline. For “Information on Exercising Voting Rights via the Internet,” please refer to page 3.



If attending the General Meeting of Shareholders in person

Open Date and Time

Wednesday, March 30, 2022 at 10:00 a.m. (Reception begins at 9:00 a.m.) (local time)

Please submit the enclosed voting form to the reception desk.

■ On Disclosure via the Internet

© If any correction to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements is made, it will be posted on the Company’s website.

(Company’s website: <https://www.agc.com/en/ir/index.html>)

Information on Exercising Voting Rights via the Internet

By scanning the QR code*

The voting website can be logged in without entering the login ID and password.

1. Please scan the QR code provided at the lower right of the voting form with a smartphone.
2. Thereafter, please input for or against by following the instructions on the screen.

* “QR Code” is the registered trademark of DENSO WAVE INCORPORATED.

By entering the login ID and password

Voting website: <https://evote.tr.mufg.jp/>

1. Please access the above voting website from a computer or smartphone.
2. Please enter the login ID and temporary password stated on the voting form.
3. Please change the temporary password to a new password.
4. Thereafter, please input for or against by following the instructions on the screen.

The above way to exercise the voting rights using the QR code is available only once.

To re-exercise the voting rights, or to exercise the voting rights without using the QR code, please check “By entering the login ID and password” stated on the right.

Contact information concerning exercise of voting rights via the Internet:

Securities Agency Division (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation
Telephone: **0120-173-027** (toll free in Japan)
Operating hours: 9:00 a.m. - 9:00 p.m. (local time)

Institutional investors may use the “Electronic Voting Platform for Foreign and Institutional Investors” operated by ICJ, Inc.

- * Treatment of exercising voting rights will be suspended from 2:00 a.m. to 5:00 a.m. daily (local time).
- * Please note that the shareholder needs to bear the Internet connection fees, communication fees, etc. incurred upon access to the voting website.

Reference Documents for the General Meeting of Shareholders

Agenda Items and Reference Items

Item No. 1: Appropriation of Retained Earnings

The AGC Group will, while maintaining financial soundness, prioritize the use of cash generated from core businesses for capital investment in strategic businesses and other areas necessary for future growth, M&A, R&D, etc.

On shareholder return, the Company will maintain stable dividends with a target consolidated dividend payout ratio of 40% while comprehensively taking account of the consolidated business performance in the fiscal year under review, future demand for funds, etc. In addition, the policy is to implement flexible acquisition of treasury shares as a shareholder return measure that contributes to enhancing capital efficiency.

On the appropriation of retained earnings for the fiscal year under review, the proposal is made under this basic policy as follows:

Matters concerning year-end dividends

On the year-end dividends for the fiscal year under review, they are proposed to be 130 yen per share, including special dividends of 50 yen per share corresponding to the one-off gain from the transfer of architectural glass business in North America.

- (1) Matters concerning the allocation of dividend property for shareholders and their total amount
130 yen (ordinary dividend: 80 yen; special dividend: 50 yen) per ordinary share of the Company
Total amount: 28,850,088,020 yen
- (2) Effective date of payment of dividends
March 31, 2022

If this Item is approved and adopted as proposed, the annual dividends per share for the fiscal year under review, including the interim dividends, will be 210 yen per share, which is an increase of 90 yen per share compared to the previous fiscal year (of which the ordinary dividends will be 160 yen, which is an increase of 40 yen compared to the previous fiscal year).

Item No. 2: Partial Amendment to the Articles of Incorporation

1. Purpose of the Amendment

- (1) Change to description of the business purposes

Article 2 in the proposed amendment will change the description of the business purposes in line with the current status of the Company’s businesses.

- (2) Introduction of a system to electronically provide materials for the General Meeting of Shareholders

The revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) are due to come into effect on September 1, 2022. Accordingly, in order to prepare for the introduction of a system to electronically provide materials for the General Meeting of Shareholders, the Company’s Articles of Incorporation will be changed as below:












- (i) Article 15 in the proposed amendment stipulates that measures to provide electronically will be taken on the information that is the contents of reference documents, etc. for the General Meeting of Shareholders and that the scope of matters to be stated in documents delivered to shareholders who request the delivery of documents will be limited.
- (ii) As Article 15 in the current Articles of Incorporation (Internet Disclosure of Reference Documents, Etc. for General Meeting of Shareholders) will become unnecessary, it will be deleted.
- (iii) With the above additions and deletion, a supplementary provision concerning the effective date, etc. will be provided.

2. Contents of the Amendment

Contents of the amendment are as follows:

(Underlined texts are to be amended)

Current Articles of Incorporation	Proposed Amendments
Article 2. (Purpose) The purpose of the Company shall be to engage in the following businesses: 1 . Manufacture, processing, sale and purchase of the following products and composite products: (1) Flat glass, fabricated glass, flat panel display glass and other glass products. (2) Refractories, refractory materials and other ceramic products.	Article 2. (Purpose) The purpose of the Company shall be to engage in the following businesses: 1 . Manufacture, processing, sale and purchase of the following products and composite products: (1) Flat glass, fabricated glass, flat panel display glass and other glass products. (2) Refractories, refractory materials and other ceramic products.

Current Articles of Incorporation	Proposed Amendments
<p>(3) Inorganic and organic industrial chemicals, synthetic resins, medical and pharmaceutical products <u>and other chemical products.</u></p>	<p>(3) Inorganic and organic industrial chemicals, synthetic resins, medical and pharmaceutical products, <u>regenerative medicine products, and other chemical and biotechnological products.</u></p>
<p>(4) Medical treatment implements, physical and chemical appliances, other precision instruments, electric and electronic appliances, and parts and materials therefor.</p>	<p>(4) Medical treatment implements, physical and chemical appliances, other precision instruments, electric and electronic appliances, and parts and materials therefor.</p>
<p>(5) Materials for civil engineering and architecture.</p>	<p>(5) Materials for civil engineering and architecture.</p>
<p>(6) Anti-pollution equipment and facilities.</p>	<p>(6) Anti-pollution equipment and facilities.</p>
<p>2. Manufacture, sale and purchase of equipment and units relating to the products enumerated in the preceding subparagraph.</p>	<p>2. </p>
<p>3. Manufacture, sale and purchase of equipment and units relating to the products enumerated in the preceding subparagraph.</p>	<p>3. </p>
<p>4. Design, supervision and execution of civil engineering and architectural works.</p>	<p>4. </p>
<p>5. Design, supervision and execution of civil engineering and architectural works.</p>	<p>5. </p>
<p>6. Sale, purchase, lease, brokering and maintenance of real estate.</p>	<p>6. </p>
<p>7. Loan, guarantee of debt and factoring.</p>	<p>7. </p>
<p>8. Sale, purchase, holding and investment in securities.</p>	<p>8. </p>
<p>9. Freightage by land, sea and air, and warehousing of such freight.</p>	<p>9. </p>
<p>10. Supply of electric power.</p>	<p>10. </p>
<p>11. Casualty insurance agency and life insurance solicitation-related activities.</p>	<p>11. </p>
<p>12. Other businesses relating to any of the preceding subparagraphs.</p>	<p>12. </p>

(No amendments)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="240 309 785 405"><u>Article 15. (Internet Disclosure of Reference Documents, Etc. for General Meeting of Shareholders)</u></p> <p data-bbox="280 407 785 801"><u>In convening a General Meeting of Shareholders, the Company shall be deemed to have provided to shareholders information concerning matters required to be described or presented in General Meeting of Shareholders reference documents, business reports, financial statements and consolidated financial statements, by disclosing such information over the Internet in a manner set forth in the ministerial ordinances of the Ministry of Justice.</u></p> <p data-bbox="475 869 552 898">(New)</p> <p data-bbox="475 1462 552 1491">(New)</p>	<p data-bbox="1034 309 1129 338">(Delete)</p> <p data-bbox="810 869 1356 965"><u>Article 15. (Provision of Documents for General Meeting of Shareholders in Electronic Format, etc.)</u></p> <p data-bbox="850 967 1356 1400"><u>On convening a General Meeting of Shareholders, the Company shall provide the contents of the reference documents, etc. for the General Meeting of Shareholders in an electronic format. Among the contents provided in an electronic format, the Company may exclude all or part of matters prescribed by the ministerial ordinances of the Ministry of Justice from documents that will be delivered to shareholders who requested the delivery of such documents by the record date for voting rights.</u></p> <p data-bbox="927 1462 1238 1491"><u>Supplementary Provisions</u></p> <p data-bbox="810 1509 1356 1973"><u>1. The deletion of Article 15 of the current Articles of Incorporation (Internet Disclosure of Reference Documents, Etc. for General Meeting of Shareholders) and the establishment of Article 15 in the amended Articles of Incorporation (Provision of Documents for General Meeting of Shareholders in Electronic Format, etc.) shall be effective from the date of enforcement provided for in the proviso to Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No.70 of 2019) (hereinafter, “Date of Enforcement”).</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="810 311 1356 539">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation shall remain effective regarding any General Meeting of Shareholders held on a date within six months from the Date of Enforcement.</u></p> <p data-bbox="810 560 1356 757">3. <u>These Supplementary Provisions shall be deleted on the date when six months have passed from the Date of Enforcement or three months have passed from the date of the General Meeting of Shareholders in the preceding paragraph, whichever is later.</u></p>


Item No.3: Election of Seven Directors


As the tenures of all (seven) Directors will expire at the conclusion of this General Meeting of Shareholders, seven Directors are proposed for election.


The Director candidates are as follows:


Candidate No.	Name	Posts and Responsibilities at the Company	Participation in Board of Directors Meetings
1	Takuya Shimamura Reappointment	Director & Chairman	100% (14 out of 14 times)
2	Yoshinori Hirai Reappointment	Director President & CEO	100% (14 out of 14 times)
3	Shinji Miyaji Reappointment	Director Senior Executive Vice President, CFO, CCO and GM of Corporate Planning General Division	100% (14 out of 14 times)
4	Hideyuki Kurata Reappointment	Director Executive Vice President, CTO and GM of Technology General Division	100% (11 out of 11 times)
5	Hiroyuki Yanagi Reappointment Outside Independent	Director	93% (13 out of 14 times)
6	Keiko Honda Reappointment Outside Independent	Director	100% (14 out of 14 times)
7	Isao Teshirogi New Appointment Outside Independent	—	—


Note: Since Mr. Hideyuki Kurata assumed the position of Director on March 30, 2021, the number of Board of Directors meetings that he was able to attend differs from that of other Directors.


No.	Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
1	 Takuya Shimamura (Born on Dec. 25, 1956) Reappointment	Apr. 1980 Joined the Company Jan. 2009 Executive Officer and GM of Planning & Coordination Office, Chemicals Company Jan. 2010 Executive Officer and President of Chemicals Company Jan. 2013 Senior Executive Officer and President of Electronics Company Jan. 2015 President & CEO Mar. 2015 Director and President & CEO Jan. 2021 Director & Chairman (incumbent)	26,300
<p>【Reasons for the nomination as Director candidate】</p> <ul style="list-style-type: none"> Mr. Takuya Shimamura, who has considerable experience in sales at the Chemicals Division, has served as, among others, the President of one of the Company's overseas subsidiaries, President of Chemicals Company, and President of Electronics Company. He served as the Director and President & CEO from March 2015 following his appointment as the President & CEO in January 2015. Since January 2021, he has served as the Director & Chairman. Therefore, he has extensive experience with the AGC Group's businesses and corporate management. Applying this experience, he is expected to fully perform his directorship role through decision-making on key matters of the AGC Group and by overseeing its management execution. Accordingly, he is nominated as a Director candidate. <p>【Participation in Board of Directors meetings (The fiscal year under review)】 14 out of 14 times</p>			


No.	Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
2	 Yoshinori Hirai (Born on Aug. 19, 1959) Reappointment	Apr. 1987 Joined the Company Jan. 2012 Executive Officer and GM of Business Development Office Jan. 2014 Senior Executive Officer and GM of Technology General Division Mar. 2014 Director, Senior Executive Officer and GM of Technology General Division Jan. 2016 Director, Senior Executive Officer, CTO and GM of Technology General Division Jan. 2018 Director, Executive Vice President, CTO and GM of Technology General Division Jan. 2019 Director, Executive Vice President and CTO Jan. 2021 Director and President & CEO (incumbent)	12,700
<p>【Reasons for the nomination as Director candidate】</p> <ul style="list-style-type: none"> • Dr. Yoshinori Hirai has considerable experience at the R&D Division in areas including liquid crystal devices. He has served as, among others, the Senior Executive Vice President of one of the Company's subsidiaries, General Manager of the Business Planning Office of Electronics Company, General Manager of the Business Development Office, General Manager of Technology General Division, and Director, Executive Vice President and CTO. He has served as the Director and President & CEO since January 2021. Therefore, he has extensive experience with the AGC Group's businesses and corporate management. Applying this experience, he is expected to fully perform his directorship roles through decision-making on key matters of the AGC Group and by overseeing its management execution. Accordingly, he is nominated as a Director candidate. <p>【Participation in Board of Directors meetings (The fiscal year under review)】 14 out of 14 times</p>			

No.	Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
3	 <p>Shinji Miyaji (Born on Nov. 4, 1958)</p> <p>Reappointment</p>	<p>Aug. 1990 Joined the Company</p> <p>Jan. 2010 Executive Officer and Group Leader of Corporate Planning Group, Office of the President</p> <p>Nov. 2012 Executive Officer; Senior Vice President, AGC Flat Glass North America, Inc.</p> <p>Feb. 2013 Executive Officer and Regional President of North America, Glass Company</p> <p>Oct. 2013 Executive Officer and GM of Strategy Office, Glass Company</p> <p>Jan. 2014 Executive Officer and GM of Electronics General Division, Electronics Company</p> <p>Jan. 2015 Senior Executive Officer and GM of Office of the President</p> <p>Mar. 2015 Director, Senior Executive Officer and GM of Office of the President</p> <p>Jan. 2016 Director, Senior Executive Officer, CFO and GM of Corporate Planning Division</p> <p>Jan. 2018 Director, Executive Vice President, CFO and CCO</p> <p>Oct. 2019 Director, Executive Vice President, CFO, CCO and GM of Corporate Planning General Division</p> <p>Mar. 2020 Director, Senior Executive Vice President, CFO, CCO and GM of Corporate Planning General Division (incumbent)</p>	9,800
<p>【Reasons for the nomination as Director candidate】</p> <ul style="list-style-type: none"> Mr. Shinji Miyaji has served in the Information Systems Division and as the President of one of the Company's subsidiaries. He has been active in, among others, the New Business Promotion Division and the Corporate Planning Division and served as the General Manager of the Glass and Electronics Divisions. Currently, he serves as the Director, Senior Executive Vice President, CFO, CCO and General Manager of Corporate Planning General Division. Therefore, he has extensive experience with the AGC Group's businesses and corporate management. Applying this experience, he is expected to fully perform his directorship roles through decision-making on key matters of the AGC Group and by overseeing its management execution. Accordingly, he is nominated as a Director candidate. <p>【Participation in Board of Directors meetings (The fiscal year under review)】 14 out of 14 times</p>			

No.	Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
4	 <p>Hideyuki Kurata (Born on Nov. 11, 1961)</p> <p>Reappointment</p>	<p>Apr. 1987 Joined the Company</p> <p>Jan. 2018 Executive Officer and GM of Life Science General Division, Chemicals Company</p> <p>Jan. 2019 Senior Executive Officer and GM of Technology General Division</p> <p>Jan. 2021 Senior Executive Officer, CTO and GM of Technology General Division</p> <p>Mar. 2021 Director, Senior Executive Officer, CTO and GM of Technology General Division</p> <p>Jan. 2022 Director, Executive Vice President, CTO and GM of Technology General Division (incumbent)</p>	4,300
<p>【Reasons for the nomination as Director candidate】</p> <ul style="list-style-type: none"> Mr. Hideyuki Kurata has considerable experience in the areas of production and new business promotion at the Chemicals Division. He has served as, among others, the President of one of the Company's overseas subsidiaries, General Manager of Business Development Office, General Manager of Strategy Planning Office of the Chemicals Company, and General Manager of Life Science General Division of the Chemicals Company. Currently, he serves as the Executive Vice President, CTO and General Manager of Technology General Division. Therefore, he has extensive experience with the AGC Group's businesses and corporate management. Applying this experience, he is expected to fully perform his directorship roles through decision-making on key matters of the AGC Group and by overseeing its management execution. Accordingly, he is nominated as a Director candidate. <p>【Participation in Board of Directors meetings (The fiscal year under review)】 11 out of 11 times (since the assumption of office on March 30, 2021)</p>			

No.	Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
5	 <p>Hiroyuki Yanagi (Born on Nov. 20, 1954)</p> <div style="border: 1px solid black; padding: 2px;"> Reappointment Candidate for Outside Director Independent Officer </div>	<p>Apr. 1978 Joined Yamaha Motor Co., Ltd. Mar. 2007 Executive Officer, said company Mar. 2009 Senior Executive Officer, said company Mar. 2010 President and Director, said company Jan. 2018 Chairman and Director, said company Mar. 2019 Director of the Company (incumbent) Jan. 2022 Director, Yamaha Motor Co., Ltd. (incumbent)</p> <p>[Important concurrent positions] Director, Yamaha Motor Co., Ltd. Outside Director, Kirin Holdings Co., Ltd. Outside Director, Japan Airlines Co., Ltd.</p>	2,600
<p>【Reasons for the nomination as Outside Director candidate and expected roles, etc.】</p> <ul style="list-style-type: none"> Mr. Hiroyuki Yanagi has served as the President and Director, and Chairman and Director, of Yamaha Motor Co., Ltd. and has extensive experience in overall corporate management, including branding strategies and the use of digital technology, at the company which vigorously promotes global operations. Applying this experience, he is expected to strengthen the corporate governance of the Company by overseeing and monitoring the management of the Company from an independent standpoint and by making proposals on the overall management of the Company, including the strengthening of the global development of its businesses. Accordingly, he is nominated as an Outside Director candidate. <p>【Matters concerning independency】</p> <ul style="list-style-type: none"> Mr. Hiroyuki Yanagi meets the Company's standards for independence of outside officers (page 21). The Company has reported him to Tokyo Stock Exchange, Inc. as an independent officer. If his election is approved and adopted in terms of this Item, he will remain appointed as an independent officer. <p>【Tenure of office of Outside Director from the time of assumption of office】</p> <ul style="list-style-type: none"> 3 years (at the conclusion of this General Meeting of Shareholders) <p>【Participation in Board of Directors meetings (The fiscal year under review)】 13 out of 14 times</p>			

No.	Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
	 <p>Keiko Honda (Born on Sep. 27, 1961)</p> <p>Reappointment Candidate for Outside Director Independent Officer</p>	<p>Apr. 1984 Joined Bain & Company Japan, Incorporated May 1986 Joined Shearson Lehman Brothers Securities Co., Ltd. Jul. 1989 Joined McKinsey & Company, Inc. Japan Jul. 1999 Partner, said company Jul. 2007 Director (Senior Partner), said company Jul. 2013 Executive Vice President & CEO, Multilateral Investment Guarantee Agency (World Bank Group) Oct. 2019 Retired from said agency Mar. 2020 Director of the Company (incumbent)</p> <p>[Important concurrent positions] Adjunct Professor, Columbia University Outside Director, Mitsubishi UFJ Financial Group, Inc.</p>	0
6	<p>【Reasons for the nomination as Outside Director candidate and expected roles, etc.】</p> <ul style="list-style-type: none"> Ms. Keiko Honda has been engaged in consulting services for many years and has experience in providing advice on management and financial strategies, M&A, alliances, etc. She has also served as the representative of a multinational organization; based on this experience, she has taught ESG investment at universities and has extensive knowledge of management and sustainability of enterprises and global organizations. Applying these experiences, she is expected to strengthen the corporate governance of the Company by overseeing and monitoring the management of the Company from an independent standpoint and by making proposals on the overall management of the Company from her professional viewpoint. Accordingly, she is nominated as an Outside Director candidate. While she has not been directly involved in corporate management other than by being an outside director in the past, by the above reasons, it is judged that she is capable of properly executing her duties as the Outside Director. <p>【Matters concerning independency】</p> <ul style="list-style-type: none"> Ms. Keiko Honda meets the Company's standards for independence of outside officers (page 21). The Company has reported her to Tokyo Stock Exchange, Inc. as an independent officer. If her election is approved and adopted in terms of this Item, she will remain appointed as an independent officer. <p>【Tenure of office of Outside Director from the time of assumption of office】</p> <ul style="list-style-type: none"> 2 years (at the conclusion of this General Meeting of Shareholders) <p>【Participation in Board of Directors meetings (The fiscal year under review)】 14 out of 14 times</p>		

No.	Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
7	 <p>Isao Teshirogi (Born on Dec. 12, 1959)</p> <div data-bbox="304 651 496 842" style="border: 1px solid black; padding: 2px;"> <p>New Appointment Candidate for Outside Director Independent Officer</p> </div>	<p>Apr. 1982 Joined Shionogi & Co., Ltd. Jun. 2002 Director, said company Apr. 2004 Director and Executive Officer, said company Apr. 2006 Director and Senior Executive Officer, said company Apr. 2008 Director, President and CEO, said company (incumbent)</p> <p>[Important concurrent positions] Director, President and CEO, Shionogi & Co., Ltd. Outside Director, Sumitomo Mitsui Banking Corporation</p>	0
<p>【Reasons for the nomination as Outside Director candidate and expected roles, etc.】</p> <ul style="list-style-type: none"> • Dr. Isao Teshirogi serves as the Director, President and CEO of Shionogi & Co., Ltd. and has extensive experience in overall corporate management, including overseas business operations, at the company which is promoting high value-added business as a drug discovery-oriented pharmaceutical company. Applying this experience, he is expected to strengthen the corporate governance of the Company by overseeing and monitoring the management of the Company from an independent standpoint and by making proposals on the overall management of the Company, including the development of the Company's strategic businesses. Accordingly, he is nominated as an Outside Director candidate. <p>【Matters concerning independency】</p> <ul style="list-style-type: none"> • Dr. Isao Teshirogi meets the Company's standards for independence of outside officers (page 21). If his election is approved and adopted in terms of this Item, he will be appointed as an independent officer as prescribed by Tokyo Stock Exchange, Inc. • The Company has a business relationship in connection with pharmaceutical intermediates with Shionogi & Co., Ltd., where Dr. Teshirogi serves as a business executing person; however, the transaction amount accounts for less than 0.1 percent of the Company's net sales. 			

Notes:

1. While Dr. Isao Teshirogi serves as the Director, President and CEO (Representative Director) of Shionogi & Co., Ltd., there are no special conflicts of interest between the Company and him that should be stated other than the matters stated in the matters concerning independency. There are no special conflicts of interest between the Company and other Director candidates.
2. Outline of the liability limitation contract
 - (1) The Company has executed a contract with each of Mr. Hiroyuki Yanagi and Ms. Keiko Honda to limit their liability arising under Article 423, Paragraph 1, of the Companies Act, to the sum of the amounts prescribed in each Item of Article 425, Paragraph 1, of the Companies Act. If their election is approved and adopted in terms of this Item, the Company will continue those contracts.
 - (2) If the election of Dr. Isao Teshirogi is approved and adopted in terms of this Item, the Company will execute a similar contract as above with him.
3. Outline of the directors' and officers' liability insurance contracts


The Company has executed a liability insurance contract (an insurance contract stipulated in Article 430-3, Paragraph 1, of the Companies Act) with an insurance company naming the Company's Directors, Audit & Supervisory Board Members, and Executive Officers as insureds, which covers liabilities borne by the insureds, including the Company's Directors, concerning the execution of their duties or from claims received regarding the pursuit of such liabilities. Insurance premiums are fully borne by the Company. If this Item is approved and adopted and each candidate is elected as a Director and assumes office, each candidate will become an insured under such insurance policy. Furthermore, the policy is scheduled to be renewed in April 2022 under the same terms.

Item No. 4: Election of One Audit & Supervisory Board Member

As the tenure of Mr. Akio Sakumiya, Audit & Supervisory Board Member, will expire at the conclusion of this General Meeting of Shareholders, one Audit & Supervisory Board Member is proposed for election.

The Audit & Supervisory Board has consented to this Item.

The Audit & Supervisory Board Member candidate is as follows:

Name (Date of Birth)	Career Profile, Posts, Responsibilities and Important Concurrent Positions	Number of the Company's Shares Owned
 <p>Tatsuro Ishizuka (Born on Dec. 23, 1955)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;"> <p style="background-color: #0070C0; color: white; padding: 2px;">New Appointment</p> <p style="background-color: #808080; color: white; padding: 2px;">Candidate for Outside Audit & Supervisory Board Member</p> <p style="background-color: #FFFFFF; padding: 2px;">Independent Officer</p> </div>	<p>Apr. 1978 Joined Hitachi, Ltd. Apr. 2011 Vice President and Executive Officer, said company Apr. 2013 Senior Vice President and Executive Officer, said company Apr. 2014 Executive Vice President and Executive Officer, said company Apr. 2015 Director and Deputy Chairman, Hitachi Europe Ltd. Jul. 2016 Director and Chairman, Hitachi Research Institute Apr. 2017 Executive Officer and Chairman, Hitachi Construction Machinery Co., Ltd. Jun. 2017 Director, Executive Officer and Chairman, said company Apr. 2019 Director, said company Jun. 2019 Retired from said company President, The Hitachi Global Foundation (incumbent)</p> <hr/> <p>[Important Concurrent Positions] President, The Hitachi Global Foundation Advisor to CEO, Hitachi, Ltd. Outside Director, Astellas Pharma Inc. Outside Director, K&O Energy Group Inc. Outside Director, Tadano Ltd.</p>	0
<p>【Reasons for the nomination of the Corporate Auditor】</p> <ul style="list-style-type: none"> • Mr. Tatsuro Ishizuka has served as the Executive Vice President and Executive Officer of Hitachi, Ltd. and Director and Chairman of Hitachi Construction Machinery Co., Ltd. He has extensive experience in overall corporate management at the Hitachi Group, which is vigorously promoting global business development. Applying this experience, he is expected to strengthen the Company's audit program. Accordingly, he is nominated as an Outside Audit & Supervisory Board Member candidate. <p>【Matters concerning independency】</p> <ul style="list-style-type: none"> • Mr. Tatsuro Ishizuka meets the Company's standards for independence of outside officers (page 21). If his election is approved and adopted in terms of this Item, he will be appointed as an independent officer as prescribed by Tokyo Stock Exchange, Inc. • The Company has a business relationship, such as system development and maintenance, with Hitachi, Ltd., where Mr. Ishizuka was a business executing person in the past and serves currently as the Advisor to CEO as well; however, the transaction amount accounts for less than 0.1 percent of the said company's net sales. • He serves as an outside director of K&O Energy Group Inc., which competes in a business area with Ise Chemical Corporation, one of the Company's subsidiaries, but he is not a business executing person of said company; thus, he meets the Company's standards for independence of outside officers. 		

Notes:

1. There are no special conflicts of interest between the Company and the Audit & Supervisory Board Member candidate.
2. Outline of the liability limitation contract
If this Item is approved and adopted as proposed, the Company will execute a contract with Mr. Tatsuro Ishizuka to limit his liability arising under Article 423, Paragraph 1, of the Companies Act, to the sum of the amounts prescribed in each Item of Article 425, Paragraph 1, of the Companies Act.
3. Outline of the directors' and officers' liability insurance contracts
The Company has executed a liability insurance contract (an insurance contract stipulated in Article 430-3, Paragraph 1, of the Companies Act) with an insurance company naming the Company's Directors, Audit & Supervisory Board Members, and Executive Officers as insureds, which covers liabilities borne by the insureds, including the Company's Audit & Supervisory Board Members, concerning the execution of their duties or from claims received regarding the pursuit of such liabilities. Insurance premiums are fully borne by the Company. If this Item is approved and adopted and the candidate Mr. Tatsuro Ishizuka is elected as an Audit & Supervisory Board Member and assumes office, he will become an insured under such insurance policy. Furthermore, the policy is scheduled to be renewed in April 2022 under the same terms.

Reference: Composition of the Board of Directors and Audit & Supervisory Board
 If Items No. 3 and No.4 are approved and adopted as proposed, the composition of the Board of Directors and Audit & Supervisory Board will be as follows:

- Board of Directors

Name	Posts and Responsibilities at the Company	Representative Director	Outside Director	Independent Officer	Nominating Committee	Compensation Committee
Takuya Shimamura	Director & Chairman				✓	✓
Yoshinori Hirai	Director and President & CEO	✓			✓	✓
Shinji Miyaji	Director, Senior Executive Vice President, CFO, CCO and GM of Corporate Planning General Division	✓				
Hideyuki Kurata	Director, Executive Vice President, CTO and GM of Technology General Division	✓				
Hiroyuki Yanagi	Director		✓ (Chairperson of the Board of Directors)	✓	✓	✓
Keiko Honda	Director		✓	✓	✓ (Chairperson)	✓
Isao Teshirogi	Director		✓	✓	✓	✓ (Chairperson)

Note: The Company, classified as a corporation with an audit & supervisory board, maintains a Nominating Committee and a Compensation Committee as voluntary advisory committees to the Board of Directors.

- Audit & Supervisory Board

Name	Posts at the Company	Full-time Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member	Independent Officer
Yoshiyuki Morimoto	Audit & Supervisory Board Member	✓	✓	✓
Tetsuo Tatsuno	Audit & Supervisory Board Member	✓		
Yaeko Takeoka	Audit & Supervisory Board Member		✓	✓
Tatsuro Ishizuka	Audit & Supervisory Board Member		✓	✓

Reference: Policy and Procedures for Deciding Candidates for Officers and Standards for Independence of Outside Officers

1. Policy and Procedures for Deciding Candidates for Officers

With regards to the appointment of candidates for Directors, the Nominating Committee shall deliberate on and nominate, and the Board of Directors shall decide, the candidates.

The candidates shall be individuals having sufficient track records, experience and knowledge, etc. for carrying out the approval of material matters of the Company's management execution and for conducting monitoring of the Company's management execution and shall be deliberated on and decided by also taking into consideration balance and diversity of expertise on the Board of Directors. In addition, with respect to candidates for Outside Directors, the candidates shall be individuals who also satisfy the "Standards for independence of outside officers"

With regards to the appointment of candidates for Audit & Supervisory Board Members, the Nominating Committee shall deliberate on and, with the consent of the Audit & Supervisory Board, nominate, and the Board of Directors shall decide, the candidates.

The candidates shall be individuals having sufficient track records, experience and knowledge, etc. for conducting audits of the Company. In addition, with respect to candidates for Outside Audit & Supervisory Board Members, the candidates shall be individuals who also satisfy the "Standards for independence of outside officers". One or more Audit & Supervisory Board Member(s) shall be an individual or individuals having a considerable degree of financial and accounting knowledge.

2. Standards for Independence of Outside Officers

The Company has set the following standards to ensure the Independence of outside officers.

- (1) An outside officer shall not be a business executing person (referring to a director except an outside director, an executive officer or an employee; hereinafter the same) of any company of a group of consolidated companies (a "consolidated corporate group", which consists of a parent company and its subsidiaries, excluding the AGC Group) to which a company competing with the AGC Group in the AGC Group's key business areas belongs. In addition, an outside officer shall not hold 10% or more of the voting rights of a company belonging to such consolidated corporate group and shall not be a business executing person of a company which holds 10% or more of voting rights of a company belonging to such consolidated corporate group.
- (2) An outside officer shall not have received 10.0 million yen or more per year, except for officers' remuneration*, from the AGC Group in the past three years.
* Officers' remuneration refers to, with respect to outside directors, directors' remuneration and, with respect to outside Audit & Supervisory Board Members, Audit & Supervisory Board Members' remuneration.
- (3) An outside officer shall not have been a business executing person of a company belonging to a consolidated corporate group which has the AGC Group as a major business counterparty, in the past three years. A consolidated corporate group which has the AGC Group as a major business counterparty shall be one with sales to the AGC Group exceeding 2% of consolidated net sales of the said consolidated corporate group for its most recent fiscal year.
- (4) An outside officer shall not have been a business executing person of a company belonging to a consolidated corporate group which is a major business counterparty of the AGC Group, in the past three years. A consolidated corporate group which is a major business counterparty of the AGC Group shall be one with sales of the AGC Group to such consolidated corporate group exceeding 2% of the AGC Group's consolidated net sales for the most recent fiscal year.
- (5) An outside officer shall not have been an employee of auditing firms that conduct audits on the AGC Group in the past three years.
- (6) An outside officer shall not be a major shareholder of the Company (who owns 10% or more of the voting rights in the Company) nor a business executing person of any of the major shareholders.
- (7) In addition to above, the absence of serious conflicts of interest between the Company and an outside officer, or any matter between the Company and an outside officer that may damage his or her independence.

Reference: Skill Matrix

The AGC Group’s approach concerning the balance, diversity and size of the Board of Directors, as a whole, which are necessary for its sustainable growth and enhancement of corporate value over the medium to long term, is as stated in the “Policy and Procedures for Deciding Candidates for Officers” (previous page). Given this policy, the Company endeavors to ensure diversity and provide good balance of the Directors and Audit & Supervisory Board Members with skills in light of the skill matrix which clarifies the skills that the Board of Directors and Audit & Supervisory Board should possess.

On the skills, they are identified from the viewpoint of the functions required in the Board of Directors and Audit & Supervisory Board, consistency with management strategies, and business characteristics. For each skill, its definition and the guidance to judge its possession are set. Upon judging the presence of each skill, particularly high track record, abundant experience, advanced insight, etc. are used as the guidance.

If Items No. 3 and No. 4 are approved and adopted as proposed, the skills of each Director and each Audit & Supervisory Board Member will be as follows:

Name	Posts	Global Business Management	Legal & Internal Control	Finance & Accounting	Sales & Marketing	Manufacturing & R&D	IT, DX	Sustainability	Business Development
Takuya Shimamura	Director & Chairman	✓			✓			✓	
Yoshinori Hirai	Director and CEO	✓			✓	✓	✓	✓	✓
Shinji Miyaji	Director, CFO and CCO	✓	✓	✓			✓	✓	✓
Hideyuki Kurata	Director and CTO	✓			✓	✓	✓		✓
Hiroyuki Yanagi	Outside Director	✓			✓	✓	✓	✓	
Keiko Honda	Outside Director	✓		✓				✓	
Isao Teshirogi	Outside Director	✓			✓	✓		✓	✓
Yoshiyuki Morimoto	Full-time Audit & Supervisory Board Member	✓	✓			✓		✓	
Tetsuo Tatsuno	Full-time Audit & Supervisory Board Member	✓	✓	✓					
Yaeko Takeoka	Audit & Supervisory Board Member		✓						✓
Tatsuro Ishizuka	Audit & Supervisory Board Member	✓				✓	✓	✓	

Item No. 5: Revision of the Amount of Compensation, etc. for Monthly Compensation and Bonuses for Directors

1. Contents of the Revision

The amount of compensation, etc. for monthly compensation and bonuses, among the amount of compensation and other emoluments, for Directors of the Company is proposed to be 750 million yen or less per year (including 67 million yen or less per year for Outside Directors).

The number of Directors eligible for this plan will be seven (of which three are Outside Directors) if Item No. 3 is approved and adopted as proposed.

2. Reasons for the Revision

At the 82nd Ordinary General Meeting of Shareholders (held on March 29, 2007) and the 86th Ordinary General Meeting of Shareholders (held on March 30, 2011), the amount of monetary compensation for Directors of the Company has been approved as 500 million yen or less per year (including 65 million yen or less per year for Outside Directors).

In response to the recent demand to strengthen corporate governance, the Company has established the “Policy for Determining Compensation and Other Emoluments for Officers” (stated on page 48), which sets forth, as a compensation principle, the basic stance and approach involving overall compensation for officers.

Given this compensation principle, the Company regularly reviews the level of compensation based on a certain standard while observing the compensation trends of other companies in order to maintain the appropriate level of compensation for Directors.

In light of the recent rise in the level of compensation for officers in general and the current business performance trend of the Company, a review of the compensation level and a revision of the upper limit of the amount of compensation, etc. for monthly compensation and bonuses for Directors have been requested in order to continue also in the future to secure diverse and talented personnel and to provide proper motivation toward sustainable enhancement of corporate value.

3. Reasons for the Appropriateness of the Revision

This revision is in accordance with the Company’s “Policy for Determining Compensation and Other Emoluments for Officers” (stated on page 48); the compensation level is not only necessary and proper to secure diverse and talented personnel and to provide proper motivation but also reasonable in comparison with market trends, the levels of other companies, etc.; and the Board of Directors has passed the resolution upon receipt of a report to that effect from the Compensation Committee, which is chaired by an Outside Director and the majority of the members of which are made up by Outside Directors.

Item No. 6: Revision of the Upper Limits on Contribution Amount and Number of Shares to be Delivered, etc. in the Stock Compensation Plan for Directors, etc.

1. Contents of the Revision

On the Stock Compensation Plan (“Plan”) under which the Company shall deliver and provide (“Deliver, etc.”) shares of the Company and the amount of cash equivalent to the conversion value of the shares of the Company (“Shares, etc.”) to Directors and Executive Officers of the Company (excluding non-residents of Japan; “Directors, etc.”), the revision proposes that the upper limit of money that will be contributed by the Company will be 2 billion 250 million yen (including 25 million yen for Outside Directors) for three fiscal years each and the upper limit of the number of the Shares, etc. that will be Delivered, etc. to the Directors, etc. will be 495,000 shares (including 6,000 shares for Outside Directors) for three fiscal years each.

This revision is not accompanied by any amendment to the Company’s “Policy for Determining Compensation and Other Emoluments for Officers” (stated on page 48), nor does it make any change to the Plan except for the two points mentioned above. For the current covered period, which is the three fiscal years from the fiscal year that ends on December 31, 2021, to the fiscal year that ends on December 31, 2023, the Company plans, after this Item is approved, to make an additional contribution of trust money up to the difference between the upper limit of money to be contributed after the revision and the amount of trust money already contributed and to additionally acquire the shares of the Company from the stock market using the additional contribution as the source of funds.

The Plan grants to Deliver, etc. the Shares, etc. to the Directors, etc. separately from the amount of compensation, etc. for the Company’s Directors for which approval is requested in Item No. 5 (750 million yen or less per year, including 67 million yen or less for Outside Directors).

The number of Directors eligible for the Plan will be six (including two Outside Directors) if Item No. 3 is approved and adopted as proposed. In addition, since there is a possibility that the Executive Officers eligible for the Plan may be newly appointed as Directors during the covered period, this Item includes the compensation for the Executive Officers. (At the conclusion of this General Meeting of Shareholders, there will be 25 Executive Officers who do not concurrently serve as Directors eligible for the Plan.)

2. Reasons for the Revision

At the 93rd Ordinary General Meeting of Shareholders (held on March 29, 2018), the Company obtained approval for the Plan with the upper limit of money to be contributed by the Company to the Plan as 1.5 billion yen for three fiscal years each (including 25 million yen for Outside Directors) and the upper limit of the number of Shares, etc. to be Delivered, etc. to the Directors,

etc. as 372,000 shares for three fiscal years each (including 6,000 shares for Outside Directors) and to date has contributed money within such limits.

The Company resolved to continue the Plan at the Board of Directors meeting held on February 5, 2021, with the purpose of increasing the motivation of the Directors, etc. to contribute to the enhancement of the corporate value over the medium to long term, sharing interests with shareholders, and increasing the motivation of the Directors, etc. to achieve the performance targets in the medium-term management plan **AGC plus-2023**.

At the time of the continuation of the Plan, taking into account the uncertain future business outlook as well as other factors, the Company decided to acquire additional shares of the Company within the upper limit of money to be contributed by the Company and the upper limit of the number of Shares, etc. to be Delivered, etc., as approved at the 93rd Ordinary General Meeting of Shareholders (held on March 29, 2018) and did not revise such upper limits.

Given the heightened likelihood of an increase in the number of the Shares, etc. required to be Delivered, etc. due to the expansion of the Company's business results, the increase in the number of Executive Officers eligible for the Plan, and the fact that we have not been able to secure a sufficient number of Shares, etc. due to the rise in the Company's share price after the continuation of the Plan and other factors, we request to revise the upper limits on the money to be contributed by the Company and on the number of Shares, etc. to be Delivered, etc. for the contribution of additional trust money.

In addition, on the upper limit on money to be newly set, it is based on the reasonable amounts required for the acquisition of additional shares.

3. Reasons for the Appropriateness of the Revision

This revision is in accordance with the Company's "Policy for Determining Compensation and Other Emoluments for Officers" (stated on page 48); the compensation level is not only necessary and proper to secure diverse and talented personnel and to provide proper motivation but also reasonable in comparison with market trends, the levels of other companies, etc.; and the Board of Directors has passed the resolution upon receipt of a report to that effect from the Compensation Committee, which is chaired by an Outside Director and the majority of the members of which are made up by Outside Directors.

Reference: Contents of Stock Compensation Plan

If Item No. 6 is approved and adopted as proposed, the contents of the stock compensation plan will be as follows:

(Underlined texts are to be amended)

Outline	<ul style="list-style-type: none"> The Plan is a stock compensation plan under which the Company’s shares will be acquired through a trust using money contributed by the Company and Delivered, etc. to Directors, etc. through said trust. Compensation under the Plan will consist of a performance-linked component whereby the Shares, etc. will be Delivered, etc. in accordance with the position, the level of achievement of performance targets and other factors, and a fixed component in accordance with the position whereby the Shares, etc. will be Delivered, etc. without being linked to performance. 									
Persons eligible for the Delivery, etc. of the Company’s Shares, etc. subject to this Plan	<table border="1" data-bbox="528 757 1348 1014"> <thead> <tr> <th></th> <th>Performance-linked Component</th> <th>Fixed Component</th> </tr> </thead> <tbody> <tr> <td>Directors who serve concurrently as Executive Officers; and Executive Officers</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Directors who do not serve concurrently as Executive Officers (including Outside Directors)</td> <td></td> <td style="text-align: center;">✓</td> </tr> </tbody> </table> <p>Note: The ratio of the performance-linked component and the fixed component of compensation for Directors who serve concurrently as Executive Officers and for Executive Officers will be 50 percent each. Directors who do not serve concurrently as Executive Officers will only be eligible to receive the fixed component of compensation.</p>		Performance-linked Component	Fixed Component	Directors who serve concurrently as Executive Officers; and Executive Officers	✓	✓	Directors who do not serve concurrently as Executive Officers (including Outside Directors)		✓
	Performance-linked Component	Fixed Component								
Directors who serve concurrently as Executive Officers; and Executive Officers	✓	✓								
Directors who do not serve concurrently as Executive Officers (including Outside Directors)		✓								
Covered period	<ul style="list-style-type: none"> Three fiscal years covered by the medium-term management plan set out by the Company. <p>Note: The current covered period is the three fiscal years from the fiscal year ending December 31, 2021, to the fiscal year ending December 31, 2024.</p>									
Upper limit of money to be contributed by the Company	<ul style="list-style-type: none"> Total of <u>2 billion 250 million yen</u> (including an upper limit of 25 million yen for Outside Directors) for each covered period <p>Note: The amount of trust money will include the funds for the Trust to acquire the Company’s shares, trust fees and trust expenses during the trust period.</p>									
Upper limit of the Company’s shares (including shares subject to conversion into cash) to be Delivered, etc. to Directors, etc.	<ul style="list-style-type: none"> Total of <u>495,000 shares</u> (including an upper limit of 6,000 shares for Outside Directors) for each covered period <p>Note: The average number of the Company’s shares to be Delivered, etc. to Directors, etc. for each single fiscal year will be 165,000 shares, which accounts for approximately 0.07% of the number of outstanding shares of the Company (as at December 31, 2021, after deducting treasury shares).</p> <ul style="list-style-type: none"> There will be no dilution effect on the Company’s shares as the Company’s shares are planned to be acquired from the stock market. 									

<p>Calculation formula of the Shares, etc. to be Delivered, etc. to Directors, etc.</p>	<ul style="list-style-type: none"> • The number of the Company’s shares (including shares subject to conversion into cash) to be Delivered, etc. to Directors, etc. will be determined by the number of “share delivery points.” • Share delivery points will be calculated based on the base points to be granted to Directors, etc. in accordance with their positions for each fiscal year during the covered period. The base points to be granted to Directors who serve concurrently as Executive Officers and to Executive Officers consist of a performance-linked component and a fixed component, while the base points to be granted to Directors who do not serve concurrently as Executive Officers consist solely of a fixed component. One share of the Company will be delivered for one share delivery point, and fractions of less than one point will be disregarded. However, in cases where the Company conducts a share split or share consolidation, etc. for its shares during the trust period, the number of the share delivery points and the upper limit of the number of Shares, etc. to be Delivered, etc. will be adjusted according to the share split ratio or share consolidation ratio, etc. <p>(i) Performance-linked component</p> <p>Share delivery points with respect to the performance-linked component to be granted to Directors who serve concurrently as Executive Officers and to Executive Officers will be calculated by cumulating the points equivalent to 50% of the base points to be granted for each fiscal year during the covered period and multiplying such cumulative total by the performance-linked coefficient, after the end of the covered period, as follows:</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0; text-align: center;"> <p>Cumulative total of 50% of the base points to be granted in each fiscal year × Performance-linked coefficient*</p> </div> <p>* Please refer to the “Details of performance achievement conditions with respect to the performance-linked component” below.</p> <p>(ii) Fixed component</p> <p>Share delivery points with respect to the fixed component to be granted to Directors who serve concurrently as Executive Officers, to Executive Officers and to Directors who do not serve concurrently as Executive Officers, respectively, will be calculated as follows:</p> <p>(Directors who serve concurrently as Executive Officers and Executive Officers)</p> <p style="padding-left: 40px;">Cumulative total of 50% of the base points to be granted for each fiscal year</p> <p>(Directors who do not serve concurrently as Executive Officers)</p> <p style="padding-left: 40px;">Cumulative total of the base points to be granted for each fiscal year</p> <p>(iii) Share delivery points</p> <p>Based on (i) and (ii) above, the share delivery points to be granted to Directors who serve concurrently as Executive Officers, to Executive Officers, and to Directors who do not serve concurrently as Executive Officers, respectively, will be calculated as follows:</p> <p>(Directors who serve concurrently as Executive Officers and Executive Officers)</p> <p style="padding-left: 40px;">Points with respect to the performance-linked component as</p>
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	<p>specified in (i) above + Points with respect to the fixed component as specified in (ii) above</p> <p>(Directors who do not serve concurrently as Executive Officers)</p> <p>Points with respect to the fixed component as specified in (ii) above</p>
Details of performance achievement conditions with respect to the performance-linked component	<ul style="list-style-type: none"> • Performance-linked coefficient will vary between 0% and 200% depending on the level of achievement of performance targets in the medium-term management plan and other factors. • The indicators for evaluating the level of achievement, etc. of performance targets will be Return (Business Profit) on Capital Employed and EBITDA (earnings before interest, tax, depreciation and amortization), etc.
Timing to Deliver, etc. the Shares, etc. to Directors, etc.	<ul style="list-style-type: none"> • Directors, etc. who meet the beneficiary requirements will receive the delivery of the Company's shares in the number equivalent to 50% of the share delivery points (shares constituting less than one share unit will be rounded down) after the end of the covered period and receive cash equivalent to the Company's shares corresponding to the number of remaining share delivery points that are converted into cash in the trust. • Directors, etc. will continue to hold the Company's shares acquired through the plan until they retire from office. • If a Director, etc. who meets the beneficiary requirements were to die during the trust period, the Company's shares that correspond to the share delivery points at the time of his/her death will be converted entirely into cash in the trust, and the heir of said Director, etc. will receive such cash.
Voting rights pertaining to the Company's shares under the trust	Voting rights pertaining to the Company's shares under the trust will not be exercised during the trust period in order to ensure the neutrality of the Company's management.
Other details of the Plan	Other details of the Plan will be determined by the Board of Directors each time a trust is established, the trust agreement is amended and additional contributions to the Trust are made.

The trust may be continued by modifying the trust agreement and entrusting additional money at the expiry of the trust period in lieu of creating a new trust. In such case, the trust period will be extended further for a period of three years, and the Company will make additional contributions of trust money within the limit of **2 billion 250 million yen** in total, and continue to grant points and Deliver, etc. the Shares, etc. to Directors, etc. for the extended trust period; provided, however, that in cases where such additional contributions are to be made, where there are Company's shares (excluding the Company's shares equivalent to points granted to Directors, etc. that are yet to be Delivered, etc.) and cash remaining in the trust property (hereinafter referred to as the "Residual Shares, etc.") as of the last day of the trust period prior to the extension, the sum of the amount of the Residual Shares, etc. and additional trust money to be contributed will be within the upper limit of **2 billion 250 million yen**.

END

(Attached Documents)

Business Report (From January 1, 2021, to December 31, 2021)

1. Matters Concerning the Current Status of the AGC Group

(1) Process and Results of Business

During the consolidated fiscal year under review, the global economy surrounding the AGC Group (the Company and its subsidiaries) was affected by the COVID-19 pandemic. From around July, supply chains were impacted due to the resurgence of infections in some regions, such as Southeast Asia, but there were signs of recovery overall from around November. Nevertheless, the global economic growth rate slowed to the second half of 2021 due to the resurgence of infections caused by new variants of the virus, the impact of shortages in the supply of semiconductors and other components on supply chains and other factors, and rising prices of raw materials and fuel, such as natural gas and crude oil.

Under this environment, among core businesses of the AGC Group, in the chlor-alkali & urethane business, sales prices of vinyl chloride resin and other products increased in Southeast Asia. In the architectural glass business, despite the impact from rising natural gas prices, sales prices increased, mainly in Europe, and shipments also increased. In the automotive glass business, despite the impact from semiconductor shortages and other factors, shipments increased as compared with the previous fiscal year, when they fell significantly due to the impact from the COVID-19 pandemic. In strategic businesses, shipments of life science products, optoelectronics materials, and semiconductor-related products increased.

As a result of above, for the consolidated fiscal year under review, net sales increased compared to the previous fiscal year by 285.1 billion yen (20.2%) to 1,697.4 billion yen; operating profit increased compared to the previous fiscal year by 130.4 billion yen (172.1%) to 206.2 billion yen; while the AGC Group posted impairment losses on fixed assets regarding the automotive glass business in Europe and the printed circuit board materials business, the AGC Group posted gains on the transfer of the architectural glass business in North America, etc. in addition to the increase in operating profit; thus, profit before tax increased compared to the previous fiscal year by 152.9 billion yen (267.7%) to 210.0 billion yen; and profit for the year attributable to owners of the parent increased compared to the previous fiscal year by 91.1 billion yen (278.5%) to 123.8 billion yen.

(Consolidated business results for the fiscal year under review)

Net sales:	1,697.4 billion yen	(up 20.2% from the previous fiscal year)
Operating profit:	206.2 billion yen	(up 172.1% from the previous fiscal year)
Profit before tax:	210.0 billion yen	(up 267.7% from the previous fiscal year)
Profit for the year attributable to owners of the parent:	123.8 billion yen	(up 278.5% from the previous fiscal year)

Below is the report of the overview by segment for the consolidated fiscal year under review.

Glass

In architectural glass business, shipments increased due to the trend of recovery from the impact from the COVID-19 pandemic mainly in Europe and Indonesia. In addition, sales prices increased significantly in Europe and South America. Although the architectural glass business in North America was transferred in August 2021, the foregoing factors underlying the increase in sales amount exceeded the decrease in sales amount due to the business transfer, and sales increased from the previous fiscal year. In the automotive glass business, despite the impact from shortages in the supply of components, including semiconductors, on automotive production volume, sales increased from the previous fiscal year when shipments fell significantly due to the impact from the COVID-19 pandemic.

As a result of above, for the consolidated fiscal year under review, net sales of the Glass segment increased compared to the previous fiscal year by 83.3 billion yen (12.8%) to 734.3 billion yen owing to the foregoing factors underlying the increase in sales with the addition of the effect of appreciation in the value of euros; operating profit increased compared to the previous fiscal year by 44.3 billion yen to 27.7 billion yen owing to the decrease in manufacturing costs due to the reduction of fixed cost associated with the structural reform in Europe and improvements in the operation ratio at production facilities in addition to the foregoing factors underlying the increase in sales while affected by the rise in natural gas price in Europe.

Electronics

In the display business, although shipments of LCD glass substrates decreased, shipments of specialty glass for display applications increased; thus, sales increased from the previous fiscal year. In electronic materials business, while shipments of printed circuit board materials decreased primarily owing to the impact of the US-China trade friction, shipments of semiconductor-related products, such as EUV lithography photomask blanks, and optoelectronics materials increased; thus, sales increased from the previous fiscal year.

As a result of above, for the consolidated fiscal year under review, net sales of the Electronics segment increased compared to the previous fiscal year by 22.7 billion yen (7.8%) to 312.0 billion yen; despite the foregoing factors underlying the increase in sales, operating profit decreased compared to the previous fiscal year by 1.4 billion yen (3.8%) to 36.4 billion yen primarily owing to the increase in depreciation associated with the start-up of new facilities for LCD glass substrates and semiconductor-related products and the influence of foreign exchange rate.

Chemicals

In chlor-alkali & urethane business, sales increased from the previous fiscal year owing to the increase in sales prices for vinyl chloride resin and caustic soda. In fluorochemicals and specialty business, sales increased from the previous fiscal year owing to the recovery in shipments of fluorine-related products for use in automobiles and other products, which had been sluggish due to the COVID-19 pandemic, and the signs of a trend of recovery in shipments of fluorine-related products for aircrafts from the third quarter of the fiscal year under review. In life science business, sales increased from the previous fiscal year owing to the increase in the number of contracts for biopharmaceuticals, including COVID-19-related products, in addition to the increase in the number of contracts for synthetic agrochemicals and pharmaceuticals.

As a result of above, for the consolidated fiscal year under review, net sales of the Chemicals segment increased compared to the previous fiscal year by 179.6 billion yen (39.8%) to 630.8 billion yen; operating profit increased compared to the previous fiscal year by 88.3 billion yen (174.9%) to 138.8 billion yen.

Ceramics/Others

On ceramics products and others, for the consolidated fiscal year under review, net sales decreased compared to the previous fiscal year by 1.7 billion yen (2.1%) to 79.4 billion yen; operating profit decreased compared to the previous fiscal year by 0.7 billion yen (17.3%) to 3.5 billion yen.

(Net sales and operating profit by segment)

(Unit: billions of yen)

Segment	Net Sales	Comparison with the Previous Fiscal Year	Operating Profit	Comparison with the Previous Fiscal Year
Glass	734.3	+12.8%	27.7	
Electronics	312.0	+7.8%	36.4	-3.8%
Chemicals	630.8	+39.8%	138.8	+174.9%
Ceramics/Others	79.4	-2.1%	3.5	-17.3%
(Adjustments)	▲59.1		▲0.2	
Total (Consolidated Basis)	1,697.4	+20.2%	206.2	+172.1%

Note: Adjustments include the eliminations of net sales and operating profit regarding intersegment transactions.

(2) Status of Capital Investment

During the consolidated fiscal year under review, the AGC Group made capital investments totaling 216.5 billion yen, including the expansion of LCD glass substrate manufacturing facilities in China, the expansion of EUV lithography photomask blanks manufacturing facilities in Japan (Electronics), the expansion of biopharmaceutical manufacturing facilities in Europe and the US, and the acquisition of a plant for gene therapy drugs in the US (Chemicals).

(3) Status of Funding

In the consolidated fiscal year under review, the AGC Group financed its necessary fund by using its own capital, through bank borrowings and by issuing commercial paper.

(4) Status of Corporate Reorganizations, etc.

As of August 2, 2021, the Company transferred the architectural glass business in North America to Cardinal Glass Industries, Inc. in the US.

(5) Trends in the Status of Property and Profits and Losses

(Unit: billions of yen except per share amounts)

	IFRSs			
	94 th Fiscal Year (January 2018 through December 2018)	95 th Fiscal Year (January 2019 through December 2019)	96 th Fiscal Year (January 2020 through December 2020)	97 th Fiscal Year (the fiscal year under review) (January 2021 through December 2021)
Net Sales	1,522.9	1,518.0	1,412.3	1,697.4
Operating Profit	120.6	101.6	75.8	206.2
Profit Before Tax	128.4	76.2	57.1	210.0
Profit for the Year Attributable to Owners of the Parent	89.6	44.4	32.7	123.8
Basic Earnings Per Share (yen)	399.51	200.85	147.84	559.11
Equity Attributable to Owners of the Parent	1,137.2	1,157.1	1,115.1	1,314.2
Equity Attributable to Owners of the Parent per Share (yen)	5,141.43	5,229.58	5,038.52	5,930.27
Total Assets	2,235.8	2,335.4	2,534.5	2,666.0

Note: Pursuant to the provisions of Article 120, Paragraph 1, of the Ordinance on Companies Accounting, the Consolidated Financial Statements are prepared based on the IFRSs.

(6) Tasks to be Addressed

<Progress Status of the medium-term management plan **AGC plus-2023**>

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

In fiscal 2021, the first fiscal year of the medium-term management plan **AGC plus-2023**, the AGC Group worked on the main tasks set for each of its strategic and core businesses. In strategic businesses, the AGC Group made aggressive investments, mainly in the electronics and life science businesses. In core businesses, the AGC Group further strengthened the foundations of the chlor-alkali business and worked on to expand earnings while implementing structural reforms, such as the transfer of the architectural glass business in North America and the consolidation of production lines for automotive glass.

As a result of such efforts, in the fiscal year 2021, the AGC Group has achieved many of the financial targets in **AGC plus-2023** ahead of schedule; thus, we have revised the financial targets for the fiscal year 2023 upward.

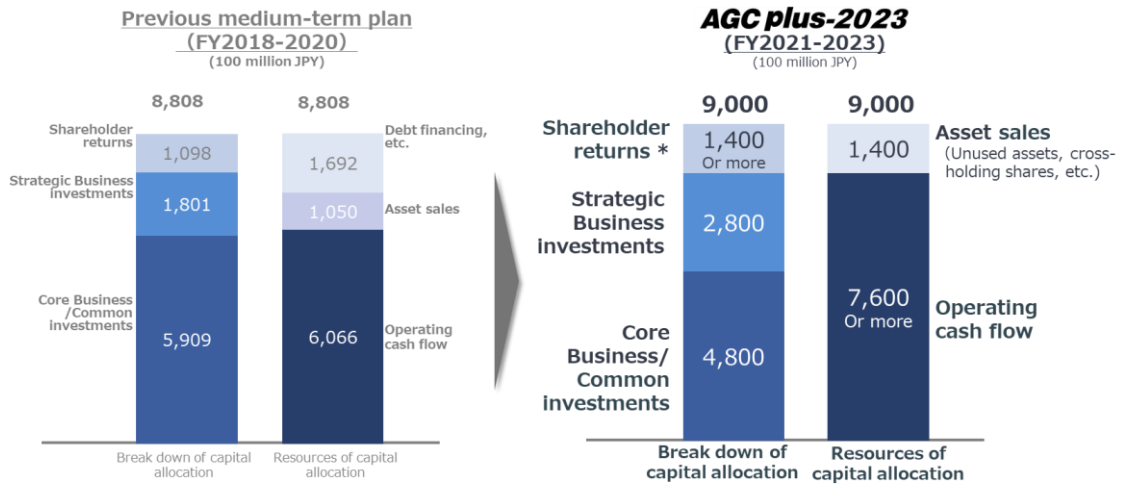
	Fiscal 2021 Results	Fiscal 2023 Target (upon initial formulation)	Fiscal 2023 Target (after upward revision)
Operating Profit	206.2 billion yen	160.0 billion yen	230.0 billion yen
ROE	10%	8%	10%
Operating Profit of Strategic Businesses	53.8 billion yen	70.0 billion yen	80.0 billion yen
D/E Ratio	0.41	0.5 or less	0.5 or less

Under **AGC plus-2023**, we aim to continuously achieve a Group-wide ROCE (return on capital employed) of 10% or higher and EBITDA (calculated simply by adding operating profit and depreciation and amortization) of 433.0 billion yen in the fiscal year 2023 by continuing to strengthen investment in strategic businesses, working on improvement of asset efficiency in each business and transforming the business portfolio.

In addition, we will accelerate the sale of assets, such as cross-held stocks, and the generated cash will be allocated heavily to strategic businesses and other businesses with high asset efficiency.

On shareholder return, the basic policy is to maintain stable dividends with a target consolidated payout ratio of 40% while flexibly implementing acquisition of treasury shares. Following this policy, we plan to implement dividend payments and acquisition of treasury shares while securing investment opportunities in growth businesses and maintaining medium- to long-term financial soundness.

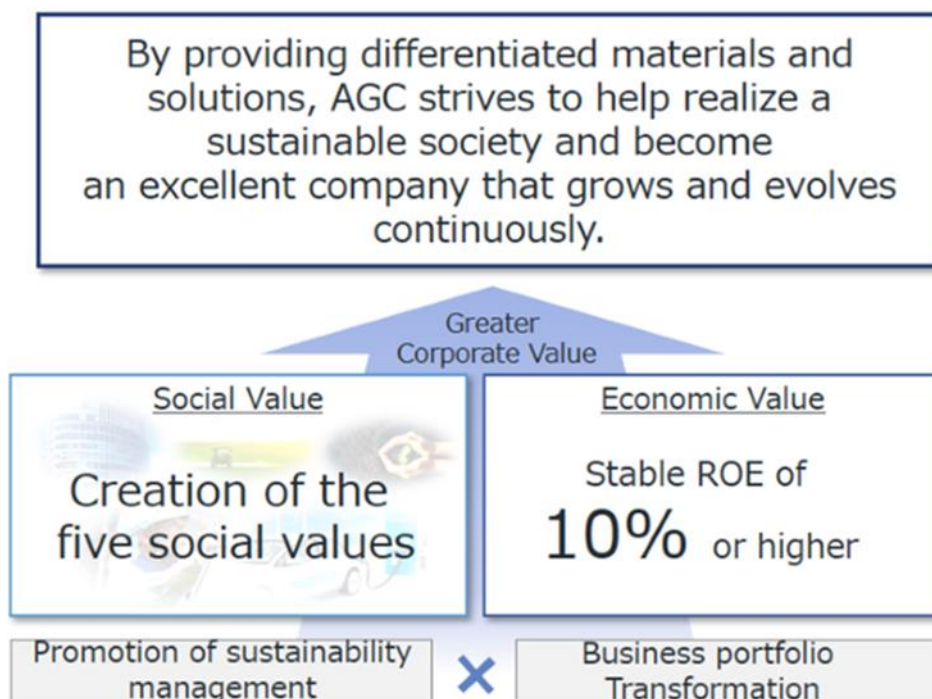
The capital allocation plan for **AGC plus-2023** based on the foregoing is as follows:



<Toward realization of “Vision 2030”>

Based on the long-term management strategy “Vision 2030,” the AGC Group aims to continuously create social value and economic value by working on its business portfolio transformation and promotion of sustainability management.

Long-term Management Strategy “Vision 2030”



- * The “five social values” are (i) Realization of safe and comfortable urban infrastructure, (ii) Realization of secure and healthy lifestyles, (iii) Maintenance of sound and secure society, (iv) Creation of fair and safe workplaces, and (v) Realization of a sustainable global environment.

On the financial targets under “Vison 2030,” in light of the current business environment and other factors, we have revised them upward for 2025 and set a new operating profit target of 300 billion yen for 2030 and aim to generate the majority of it from strategic businesses.

	Fiscal 2021 Results	2023 Target	2025 Target	2030 Target	
Economic Value	Operating Profit	206.2 billion yen	230.0 billion yen	250.0 billion yen	300.0 billion yen
	Operating Profit of Strategic Businesses	53.8 billion yen	80.0 billion yen	100.0 billion yen	150.0 billion yen
	EBITDA	372.9 billion yen	433.0 billion yen	490.0 billion yen	—
	ROE	10%	Stably 10% or higher		
	D/E Ratio	0.41	0.5 or less		

(i) Business portfolio transformation

Through the practice of “ambidextrous management” by deepening core businesses and exploring strategic businesses, we aim to build a business portfolio that is resilient to market fluctuations and has high asset efficiency, growth potential and carbon efficiency.

Based on this policy, we will continue to invest intensively in the strategic businesses of electronics, life science, and mobility, where high growth is expected, in the chlor-alkali business in Southeast Asia, and in the fluorochemicals & specialty business. In addition, in the three glass businesses (architectural glass, automotive glass and display glass), we will continue to promote measures toward improving asset efficiency and increase the ratio of high value-added products. By these efforts, we aim to achieve the Group-wide operating profit of 300.0 billion yen in 2030, with the strategic businesses accounting for the majority of it, by making the core businesses a long-term, stable revenue base and the strategic businesses continue to grow.

(ii) Promotion of sustainability management

a) Addressing climate change

In response to the increasing demand to companies for the realization of a sustainable society in recent years, we are accelerating the development of technologies and business development in the environmental and energy fields in both of the core and strategic businesses, such as the development of energy-saving glass manufacturing technology and the sale of eco-friendly products, such as vacuum insulated glass. We will continue to contribute to the realization of a sustainable society by expanding our strategic businesses with high carbon efficiency and asset efficiency and by working on enhancing the carbon efficiency and asset efficiency of our core businesses.

Furthermore, internal carbon pricing (ICP), which has already been introduced in our European glass business, is fully introduced to all Group companies from February 2022 to accelerate our internal efforts toward reduction of GHG (Greenhouse Gas).

Through these efforts, we aim, toward the realization of a sustainable global environment, at carbon net zero in 2050 and, as its milestone, 30% reduction in GHG emissions and 50% reduction in GHG emissions per unit of sales* in 2030 (both in comparison with 2019).

(*GHG emissions per unit of sales = GHG emissions/net sales)

b) AGC People: the driver of our growth!

Under “AGC People: the driver of our growth!” initiative, the AGC Group aims at a situation where each and every employee exert the talent and skills they have to the maximum extent, the combination of individuals creates a strong organization, the business strategy and organizational goals are realized, and the growth of the Company and the individuals is generated.

On human resources system, based on the principles of “promoting diversity,” “strengthening the individual” and “enhancing engagement,” we have steered measures, such as cross-divisional network activities, data scientist training programs, work-from-home programs, and the promotion of foreign nationals and women to executive ranks.

To further promote these efforts, we have set new numerical targets for 2030: 30% ratio of female Officers (Directors and Audit & Supervisory Board Members) and 20% ratio of female Executive Officers. In addition, we aim to realize a ratio of female managers of around 8% by 2030 and will work on further high performance of human capital.

c) Accelerating open innovation

Since its foundation, the AGC Group has responded to the demands of the times and worked on to solve social issues by taking on the challenges of R&D and commercialization from a long-term perspective based on its unique materials and solutions that combine organic and inorganic material technologies, biotechnology, and common core technology and on its trusted relationship with customers in a wide range of industries.

We will continue, with the new R&D site “AGC Yokohama Technical Center” as the base, to contribute to the transformation and development of the society and realize continuous growth by the efforts to create values with client companies that have foreseen the future and by the creation of solutions by the search and acquisition of complementary and innovative technologies with universities, research institutions, venture companies and external partners.

The AGC Group will realize the “Vision 2030” by the pursuit of portfolio transformation and sustainability management and add various values to all stakeholders, including the society, customers, business partners, employees, investors, and future generations, through the creation of social value and economic value.

(7) Major Businesses (as of December 31, 2021)

Segment	Main Products
Glass	Float flat glass, figured glass, polished wired glass, Low-E (Low-Emissive) glass, decorative glass, fabricated glass for architectural use (heat insulating/shielding glass, disaster-resistant/security glass, fire-resistant glass, etc.), automotive glass, cover glass for car-mounted displays, etc.
Electronics	LCD glass substrates, glass substrates for OLED displays, specialty glass for display applications, display related materials, glass for solar power system, fabricated glass for industrial use, semiconductor process materials, optoelectronic materials, printed circuit board materials, lighting glass products, laboratory use ware, etc.
Chemicals	Polyvinyl chloride, vinyl chloride monomer, caustic soda, urethane raw materials, fluorinated resins, water and oil repellents, gases, solvents, pharmaceutical and agrochemical intermediates and active ingredients, iodine products, etc.
Ceramics/Others	Ceramic products, etc.

(8) Major Places of Business (as of December 31, 2021)

The Company's major places of business are as follows. On the Company's subsidiaries, they are as stated in "(9) Important Subsidiaries."

Name	Location	Name	Location
Head Office	Tokyo Prefecture	Chiba Plant	Chiba Prefecture
Kansai Plant	Amagasaki Factory	Aichi Plant	Aichi Prefecture
	Takasago Factory	Kashima Plant	Ibaraki Prefecture
AGC Yokohama Technical Center	Kanagawa Prefecture	Sagami Plant	Kanagawa Prefecture

(9) Important Subsidiaries (as of December 31, 2021)

Subsidiary Name	Location	Capital	Voting Rights Held by the Company	Main Businesses
Glass				
AGC Glass Kenzai Co., Ltd.	Tokyo, Japan	JPY 450 million	100.0%	Production, construction and sales of flat glass, fabricated glass for architectural use and building materials
AGC Glass Products Co., Ltd.	Tokyo, Japan	JPY 1,287 million	70.0%	Production and sales of fabricated glass for architectural use, and cutting and sales of flat glass
AGC Automotive (Suzhou) Inc.	China	USD 236 million	100.0%	Production and sales of automotive glass
PT Asahimas Flat Glass Tbk	Indonesia	IDR 217.0 billion	44.5%	Production and sales of flat glass, automotive glass and fabricated glass for industrial use
AGC Flat Glass North America, Inc.	U.S.A.	USD 250 million	(*) 100.0%	Production and sales of automotive glass
AGC Automotive Europe	Belgium	EUR 148 million	(*) 100.0%	Production and sales of automotive glass
AGC Glass Europe	Belgium	EUR 346 million	100.0%	Production and sales of flat glass
Electronics				
AGC Techno Glass Co., Ltd.	Shizuoka, Japan	JPY 300 million	100.0%	Production and sales of glass products for illumination, industrial use, laboratory and other medical uses, and production of optical membrane
AGC Display Glass Taiwan, Inc.	Taiwan	NTD 3,120 million	(*) 100.0%	Production and sales of glass for electronics
AGC Display Glass (Shenzhen), Inc.	China	JPY 14,200 million	100.0%	Production and sales of glass for electronics
AGC Display Glass (Huizhou) Co., Ltd.	China	JPY 45,800 million	100.0%	Production and sales of glass for electronics
AGC Advanced Electronics Display Glass (Shenzhen) Co., Ltd.	China	JPY 33,700 million	70.0%	Production and sales of glass for electronics
AGC Fine Techno Korea Co., Ltd.	South Korea	KRW 227,000 million	(*) 100.0%	Production and sales of glass for electronics

Subsidiary Name	Location	Capital	Voting Rights Held by the Company	Main Businesses
Chemicals				
Ise Chemicals Corporation	Tokyo, Japan	JPY 3,599 million	53.2%	Production and sales of iodine products and metallic compounds and extraction and sales of natural gas
PT Asahimas Chemical	Indonesia	USD 84 million	52.5%	Production and sales of polyvinyl chloride, vinyl chloride monomer and caustic soda
Vinythai Public Company Limited	Thailand	THB 7,111 million	(*) 58.8%	Production and sales of polyvinyl chloride, vinyl chloride monomer and caustic soda
AGC Biologics Inc.	U.S.A.	USD 130 million	(*) 100.0%	Contracted development and manufacturing of active biopharmaceutical ingredients
AGC Biologics A/S	Denmark	DKK 42 million	100.0%	Contracted development and manufacturing of active biopharmaceutical ingredients
Ceramics/Others				
AGC Ceramics Co., Ltd.	Tokyo, Japan	JPY 3,500 million	100.0%	Production and sales of various ceramic products
AGC Singapore Services Pte. Ltd.	Singapore	USD 88 million	100.0%	Procurement of funds and provision of financing for affiliates in Asia, and holding of shares in affiliates
AGC America, Inc.	U.S.A.	USD 725 million	100.0%	Holding of shares in affiliates in North America, and information collection

Note: (*) indicates that the ratio includes investment through subsidiaries.

(10) Status of Employees (as of December 31, 2021)

Segment	Number of Employees
Glass	31,205
Electronics	12,281
Chemicals	8,852
Ceramics/Others	3,661
Total (Consolidated basis)	55,999

Note: Number of employees of the Company is 7,223.

(11) Major Lenders (as of December 31, 2021)

(Unit: billions of yen)

Lenders	Outstanding Balance of Debt
MUFG Bank, Ltd.	97.6
Mizuho Bank, Ltd.	88.1
The Norinchukin Bank	45.9

2. Matters Concerning the Company Shares (as of December 31, 2021)

(1) Total Number of Authorized Shares: 400,000,000 shares

(2) Total Number of Issued Shares: 227,441,381 shares (including 5,517,627 shares of treasury shares)

(3) Total Number of Shareholders: 79,917

(4) Large Shareholders (Top 10)

Shareholder Name	Number of Shares Held (unit: 1,000 shares)	Percentage of Shares Held (unit: %)
The Master Trust Bank of Japan, Ltd. (Trust account)	32,811	14.79
Custody Bank of Japan, Ltd. (Trust account)	15,987	7.20
Meiji Yasuda Life Insurance Company	8,654	3.90
The Asahi Glass Foundation	6,141	2.77
Barclays Securities Japan Limited	6,064	2.73
Asahi Glass Business Partner Shareholding Association	4,446	2.00
Japan Securities Finance Co., Ltd.	3,926	1.77
Mitsubishi Estate Co., Ltd.	3,703	1.67
Nippon Life Insurance Company	3,662	1.65
SMBC Nikko Securities Inc.	3,594	1.62

Notes:

- In addition to the above, there are 5,517,627 shares of treasury shares.
- Percentage of shares held is calculated by excluding treasury shares and rounding to the nearest two decimal places.

(5) Status of Shares Delivered to Company Officers During the Fiscal Year Under Review as Compensation for the Execution of their Duties

Category	Number of Shares	Number of Eligible Persons
Directors (excluding Outside Directors)	28,900 shares	4
Outside Directors	600 shares	2
Audit & Supervisory Board Members	—	—

Note:

- The above includes the status of shares delivered to the Director who has resigned.
- The above number of shares is the number of shares actually delivered to the Directors.
- In addition to the above, the total of (a) the number of shares for which cash equivalent to the value of the shares was paid after they were converted in the trust and (b) the number of shares corresponding to the cash paid to the Outside Director who is a non-resident of Japan in lieu of delivery of the shares is 29,077 shares for four Directors (excluding Outside Directors) and 1,140 shares for three Outside Directors.
- On the contents of the Company's Stock Compensation Plan, they are as stated in the "Policy for Determining Compensation and Other Emoluments for Officers" on page 48. Audit & Supervisory Board Members are not eligible for the Stock Compensation Plan.

3. Matters Concerning Stock Acquisition Rights of the Company

(1) Outline of Stock Acquisition Rights Held by Company Officers (as of December 31, 2021)

Outline of the stock acquisition rights held by officers is as follows:

Date of Issue	Issue Price per Share	Exercise Price per Share	Term to Exercise Rights	Status of Rights Held by Officers	Type and Number of Shares to be Granted upon Exercise of Rights
July 1, 2009 (Stock Compensation-type Stock Option)	¥2,435	¥1	July 2, 2009 through July 1, 2039	Director: 18 for 1 person; Audit & Supervisory Board Member: 13 for 1 person	Company's ordinary shares: 6,200 shares
July 1, 2010 (Stock Compensation-type Stock Option)	¥3,100	¥1	July 2, 2010 through July 1, 2040	Directors: 25 for 2 persons	Company's ordinary shares: 5,000 shares
July 1, 2011 (Stock Compensation-type Stock Option)	¥3,100	¥1	July 2, 2011 through July 1, 2041	Directors: 30 for 2 persons	Company's ordinary shares: 6,000 shares
July 2, 2012 (Stock Compensation-type Stock Option)	¥1,265	¥1	July 3, 2012 through July 2, 2042	Directors: 110 for 3 persons	Company's ordinary shares: 22,000 shares
March 26, 2013 (Stock Compensation-type Stock Option)	¥1,770	¥1	March 27, 2013 through March 26, 2043	Audit & Supervisory Board Member: 64 for 1 person	Company's ordinary shares: 12,800 shares
July 1, 2013 (Stock Compensation-type Stock Option)	¥1,775	¥1	July 2, 2013 through July 1, 2043	Directors: 65 for 3 persons; Audit & Supervisory Board Member: 22 for 1 person	Company's ordinary shares: 17,400 shares
July 1, 2014 (Stock Compensation-type Stock Option)	¥1,940	¥1	July 2, 2014 through July 1, 2044	Directors: 73 for 3 persons; Audit & Supervisory Board Member: 24 for 1 person	Company's ordinary shares: 19,400 shares
July 1, 2015 (Stock Compensation-type Stock Option)	¥2,590	¥1	July 2, 2015 through July 1, 2045	Directors: 97 for 3 persons; Audit & Supervisory Board Member: 15 for 1 person;	Company's ordinary shares: 22,400 shares
July 1, 2015 (Ordinary-type Stock Option)	¥710	¥4,000	July 1, 2018 through June 30, 2024	Director: 5 for 1 person	Company's ordinary shares: 1,000 shares
July 1, 2016 (Stock Compensation-type Stock Option)	¥1,710	¥1	July 2, 2016 through July 1, 2046	Directors: 137 for 3 persons; Audit & Supervisory Board Member: 22 for 1 person	Company's ordinary shares: 31,800 shares
July 3, 2017 (Stock Compensation-type Stock Option)	¥3,555	¥1	July 4, 2017 through July 3, 2047	Directors: 102 for 3 persons	Company's ordinary shares: 20,400 shares

Notes:

1. Outside Directors are not included as Directors in the table above because Outside Directors do not hold stock acquisition rights issued by the Company.
2. All of the stock acquisition rights held by the Audit & Supervisory Board Member were granted to him when he was an Executive Officer.

(2) Total Number of Stock Acquisition Rights, etc. (as of December 31, 2021)

The total number of stock acquisition rights, etc. at the end of the fiscal year under review is as follows:

- a. Total number of stock acquisition rights: 4,070
- b. Type and number of shares to be granted upon exercise of stock acquisition rights:
Company's ordinary shares: 814,000 shares

4. Matters Concerning the Company Officers

(1) Status of Directors and Audit & Supervisory Board Members (as of December 31, 2021)

Posts	Name	Responsibilities and Important Concurrent Positions
Director & Chairman	Takuya Shimamura	
*Director (President & CEO)	Yoshinori Hirai	
*Director (Senior Executive Vice President)	Shinji Miyaji	CFO, CCO and GM of Corporate Planning General Division
*Director (Senior Executive Officer)	Hideyuki Kurata	CTO and GM of Technology General Division
Director 〈Outside Director〉	Yasuchika Hasegawa	
Director 〈Outside Director〉	Hiroyuki Yanagi	Chairman and Director, Yamaha Motor Co., Ltd. Outside Director, Kirin Holdings Co., Ltd. Outside Director, Japan Airlines Co., Ltd.
Director 〈Outside Director〉	Keiko Honda	Adjunct Professor, Columbia University Outside Director, Mitsubishi UFJ Financial Group, Inc.
Full-time Audit & Supervisory Board Member 〈Outside Audit & Supervisory Board Member〉	Yoshiyuki Morimoto	
Full-time Audit & Supervisory Board Member	Tetsuo Tatsuno	
Audit & Supervisory Board Member 〈Outside Audit & Supervisory Board Member〉	Akio Sakumiya	Outside Director, UACJ Corporation
Audit & Supervisory Board Member 〈Outside Audit & Supervisory Board Member〉	Yaeko Takeoka	Attorney at KOHWA SOHGOH Law Offices Outside Director, Mitsubishi Motors Corporation

Notes:

- * denotes a Representative Director of the Company.
- As of March 30, 2021, Mr. Takuya Shimamura, Director, became Director & Chairman without representative rights.
- As of March 30, 2021, Mr. Hideyuki Kurata, Director, newly assumed the position.
- As of March 30, 2021, Mr. Kazuhiko Ishimura retired from his position as Director.
- As of January 1, 2022, Mr. Hideyuki Kurata, Director, was promoted from Senior Executive Officer to Executive Vice President.
- As of March 30, 2022, Mr. Hideyuki Kurata, Director, will assume the position of Representative Director.
- Mr. Tetsuo Tatsuno, Audit & Supervisory Board Member, has considerable knowledge of finance and accounting through his extensive experience in the accounting sector of the Company.
- The Company has reported Directors Mr. Yasuchika Hasegawa, Mr. Hiroyuki Yanagi and Ms. Keiko Honda as well as Audit & Supervisory Board Members Mr. Yoshiyuki Morimoto, Mr. Akio Sakumiya and Ms. Yaeko Takeoka to Tokyo Stock Exchange, Inc. as independent officers. All outside officers meet the Company's standards for independence of outside officers. On these standards, please refer to page 21.

Reference: Status of Executive Officers (as of January 1, 2022)

Posts	Name	Responsibilities
* President & CEO	Yoshinori Hirai	
* Senior Executive Vice President	Shinji Miyaji	CFO, CCO and GM of Corporate Planning General Division
Executive Vice President	Masao Nemoto	President of Chemicals Company
Executive Vice President	Yoshinori Kobayashi	Assistant to CEO
Executive Vice President	Kenzo Moriyama	President of Electronics Company
* Executive Vice President	Hideyuki Kurata	CTO and GM of Technology General Division
Senior Executive Officer	Jean-François Heris	Assistant to CEO
Senior Executive Officer	Takashi Misu	Assistant to CEO
Senior Executive Officer	Shigekuni Inoue	GM of EHSQ General Division and GM of AGC Yokohama Technical Center
Senior Executive Officer	Toshiro Kasuya	GM of Finance & Control Division
Senior Executive Officer	Yoshio Takegawa	President of Automotive Company
Senior Executive Officer	Junichi Kobayashi	GM of Human Resources Division
Executive Officer	Seigo Washinoue	GM of Display Glass General Division, Electronics Company
Executive Officer	Kazuaki Koga	Managing Director, Vinythai Public Company Limited
Executive Officer	Masahiro Takeda	Assistant to CEO
Executive Officer	Tatsuo Sugiyama	GM of Technology Office, Automotive Company
Executive Officer	Jean-Marc Meunier	Regional President for Europe, Automotive Company
Executive Officer	Naoki Sugimoto	GM of Materials Integration Laboratories, Technology General Division
Executive Officer	Tadashi Hiraoka	Assistant to CEO
Executive Officer	Philippe Bastien	Regional President for Europe, Architectural Glass Europe & Americas Company
Executive Officer	Toshihiro Ueda	Chief Representative of AGC Group for China
Executive Officer	Atsushi Ichikawa	Senior Vice President of Architectural Glass Europe & Americas Company
Executive Officer	Satoshi Takada	GM of Business Development Division and GM of Multi-Material General Division, Electronics Company
Executive Officer	Hiroyoshi Kitagawa	Assistant to CEO
Executive Officer	Nobuyuki Suzuki	GM of Electronic Materials General Division, Electronics Company
Executive Officer	Hiroki Kamiya	GM of Innovative Technology Laboratories, Technology General Division
Executive Officer	Shinya Mine	GM of Production Technology Division, Technology General Division
Executive Officer	Naoko Araki	GM of Internal Audit Division
Executive Officer	Tadashi Murano	GM of Strategy & Planning Division, Corporate Planning General Division
Executive Officer	Masaru Ohta	President, AGC Ceramics Co., Ltd.
Executive Officer	Noriyuki Komuro	GM of Life Science General Division, Chemicals Company
Executive Officer	Takashi Narushima	GM of Global OEM Management Office, Automotive Company
Executive Officer	Davide Cappellino	President of Architectural Glass Europe & Americas Company
Executive Officer	Hiroyuki Ohtani	Regional President for Asia, Automotive Company
Executive Officer	Shigeki Yoshiba	President of Architectural Glass Asia Pacific Company
Executive Officer	Shunsuke Yokotsuka	GM of Planning Division, Technology General Division
Executive Officer	Seigo Iwakura	GM of Purchase & Logistics Division
Executive Officer	Tatsuo Momii	GM of Performance Chemicals General Division, Chemicals Company
Executive Officer	Yasuyuki Ueda	GM of Technology Management General Division, Chemicals Company
Executive Officer	Yoshihisa Horibe	GM of Essential Chemicals General Division, Chemicals Company

Note: Executive Officers marked with an asterisk serve concurrently as Directors.

(2) Outline of Liability Limitation Contracts

The Company has executed a contract with each of the Outside Directors and the Audit & Supervisory Board Members to limit their liability arising under Article 423, Paragraph 1, of the Companies Act to the sum of the amounts prescribed in each Item of Article 425, Paragraph 1, of the Companies Act.

(3) Outline of Directors' and Officers' Liability Insurance Contracts

The Company has executed a liability insurance contract (an insurance contract stipulated in Article 430-3, Paragraph 1, of the Companies Act) with an insurance company naming the Company's Directors, Audit & Supervisory Board Members, and Executive Officers as insureds that covers liabilities borne by the insureds concerning the execution of their duties or from claims received regarding the pursuit of such liabilities. Insurance premiums are fully borne by the Company.

(4) Matters Concerning Outside Officers

a. Status of important concurrent positions held by outside officers in other companies and the relationships between these companies and the Company (as of December 31, 2021)

Category	Name	Important Concurrent Positions
Outside Director	Hiroyuki Yanagi	Chairman and Director, Yamaha Motor Co., Ltd. Outside Director, Kirin Holdings Co., Ltd. Outside Director, Japan Airlines Co., Ltd.
	Keiko Honda	Adjunct Professor, Columbia University Outside Director, Mitsubishi UFJ Financial Group, Inc.
Outside Audit & Supervisory Board Member	Akio Sakumiya	Outside Director, UACJ Corporation
	Yaeko Takeoka	Attorney at KOHWA SOHGOH Law Offices Outside Director, Mitsubishi Motors Corporation

Notes:

1. Mr. Yasuchika Hasegawa, Outside Director, holds no important concurrent positions.
2. Mr. Yoshiyuki Morimoto, Outside Audit & Supervisory Board Member, holds no important concurrent positions.
3. Among the companies in which outside officers hold important concurrent positions, the Company holds 700 thousand shares of ordinary shares (approximately 0.05% of the issued shares) of Mitsubishi Motors Corporation, where Ms. Yaeko Takeoka serves as an outside director, and has business transactions related to sales, etc. of automotive glass with Mitsubishi Motors Corporation.
4. Other than the company described above in note 3, the Company has no special relationship with the companies in which outside officers hold concurrent positions.

b. Main activities in the fiscal year under review

(i) Outside Directors

Name	Participation in Board of Directors Meetings	Activities
Yasuchika Hasegawa	14 out of 14 times	By applying abundant experience on overall corporate management concerning proactive globalization of management, etc. and experience as the Chairman of the Japan Association of Corporate Executives, Mr. Hasegawa proactively provided recommendations from his professional viewpoint and duly fulfilled his management oversight function. In addition, he served as the chairperson of the Board of Directors and contributed to strengthening the Company's corporate governance by making proactive comments at the Board of Directors meetings.
Hiroyuki Yanagi	13 out of 14 times	By applying abundant experience in overall corporate management, starting with branding strategies and the use of digital technology, Mr. Yanagi proactively asked questions and provided recommendations from his professional viewpoint at the Board of Directors meetings. Thus, he duly fulfilled his management oversight function. In addition, he served as the chairperson of the Nominating Committee and contributed to strengthening the Company's corporate governance by, among others, enhancing objectivity concerning the appointment of Directors, Audit & Supervisory Board Members, and Executive Officers.
Keiko Honda	14 out of 14 times	By applying abundant experience concerning management and sustainability of enterprises and global organizations, Ms. Honda proactively asked questions and provided recommendations from her professional viewpoint at the Board of Directors meetings. Thus, she duly fulfilled her management oversight function. In addition, she served as the chairperson of the Compensation Committee and contributed to strengthening the Company's corporate governance by, among others, enhancing objectivity concerning the compensation of Directors and Executive Officers.

Note: The number of written resolutions is excluded.

(ii) Outside Audit & Supervisory Board Members

Name	Participation in Board of Directors Meetings	Participation in Audit & Supervisory Board Meetings	Activities
Yoshiyuki Morimoto	14 out of 14 times	14 out of 14 times	By applying abundant experience on corporate management at a global manufacturer promoting global business development, Mr. Morimoto made comments, when necessary, at the Board of Directors meetings and Audit & Supervisory Board meetings. He also conducted audits of the Company's divisions and offices, as well as inspections of subsidiaries, according to the audit policy formulated by the Audit & Supervisory Board. As a full-time Audit & Supervisory Board Member, he duly performed his audit functions.
Akio Sakumiya	14 out of 14 times	14 out of 14 times	By applying abundant experience on corporate management and experience in promoting corporate governance, Mr. Sakumiya made comments, when necessary, at the Board of Directors meetings and Audit & Supervisory Board meetings. He also conducted audits of the Company's divisions according to the audit policy formulated by the Audit & Supervisory Board. Thus, he duly performed his audit functions.
Yaeko Takeoka	14 out of 14 times	14 out of 14 times	By applying abundant experience in the legal community, as well as extensive knowledge of laws and compliance, Ms. Takeoka made comments, when necessary, at the Board of Directors meetings and Audit & Supervisory Board meetings. She also conducted audits of the Company's divisions according to the audit policy formulated by the Audit & Supervisory Board. Thus, she duly performed her audit functions.

Note: The number of written resolutions is excluded.

(5) Compensation and Other Emoluments for Directors and Audit & Supervisory Board Members

a. Policy for Determining Compensation and Other Emoluments for Officers

(i) Compensation policy

At the Board of Directors meeting held on February 5, 2021, the Company established the policy concerning the determination of compensation and other emoluments for individual Directors and Audit & Supervisory Board Members as follows:

i. Basic Approach to Compensation System

The Company sets out, as its compensation principles, its basic stances and approach to overall compensation for officers as follows.

- The compensation system shall be the one that enables the Company to attract, secure and reward diverse and talented personnel in order to establish and enhance competitive advantage.
- The compensation system shall be the one that promotes continued enhancement of corporate value, in a way which allows shareholders and management to share gains.
- The compensation system shall be the one that motivates the achievement of management strategic performance goals aiming at AGC Group's sustainable development.
- The decision-making process of determining compensations shall be objective and highly transparent.

ii. Composition of Compensation

(1) Compensation for the Company's officers consists of "Monthly compensation" as fixed compensation and "Bonuses" and "Stock compensation" (※1) as variable compensation. The Company's officers are eligible for the following compensation according to their positions.

Category	Fixed Compensation	Variable Compensation		
	Monthly Compensation	Bonus	Performance-linked Component	Fixed Component (※2)
Directors who also serve as Executive Officers, and Executive Officers	✓	✓	✓	✓
Directors (including Outside Directors) who do not serve as Executive Officers	✓			✓
Audit & Supervisory Board Members	✓			

※1 If a person eligible for stock compensation is a non-resident of Japan, the Company may, instead of delivering shares, pay the equivalent amount in cash as a bonus.

※2 The fixed component of stock compensation is not linked to the Company's business performance but linked only to the Company's share price.

(2) On the Directors, the proportion of each component in the total compensation based on the standard payment amount shall be approximately as follows and is determined by reflecting details of “iii. Scheme of Variable Compensation” below.

Category (※3)	Fixed Compensation	Variable Compensation (※4)	
	Monthly Compensation	Bonus	Stock Compensation
Director and President & CEO	40	: 30	: 30
Directors who serve as Executive Officers (excluding President & CEO)	50	: 25	: 25
Directors who do not serve as Executive Officers (Director & Chairman)	60	: 0	: 40
Outside Directors	90	: 0	: 10

※3 If none of the above applies, it shall be deliberated by the Compensation Committee and resolved by the Board of Directors.

※4 Variable compensation shall be the total of bonuses and amount of stock compensation for a single fiscal year.

iii. Scheme of Variable Compensation

Variable compensation takes into account a balance among each of the short-, medium- and long-term periods, to allow management functions to be carried out from a well-balanced perspective in each of such terms, in order to realize sustainable development and enhance the corporate value of the AGC Group.

(1) Bonuses

- An amount according to each officer’s position is adjusted in accordance with the consolidated performance indicators for a single fiscal year in order to further enhance the motivation to achieve performance goals for a single fiscal year.
- Return (Operating Profit) on Capital Employed (※5) and Cash Flow are adopted as indicators of performance because of the importance to generate cash as well as to improve business profitability and asset efficiency.
- The amount will vary depending on the level of achievement against the target for “Return (Operating Profit) on Capital Employed” and level of improvement of “Cash Flow” compared to the previous fiscal year. In addition, the amount will vary in principle between 0% and 200% of the standard payment amount after the status of strengthening of non-financial capital, progress on portfolio shift, etc. are also taken into account together with individual performance. The amount shall be determined by a resolution of the Board of Directors after deliberation by the Compensation Committee.

- Bonuses cover the period from the first day of the fiscal year to the final day of the fiscal year, and Bonuses corresponding to such period are paid after the end of the Ordinary General Meeting of Shareholders immediately after such period ends.

※5 $\text{Return (Operating Profit) on Capital Employed} = \text{Operating Profit} / \text{Operating Assets}$

(2) Stock Compensation

- The Stock compensation plan (the “Plan”) is intended to improve the motivation to contribute toward medium- to long-term enhancement of the corporate value, promote a sharing of interests with shareholders, and further improve the motivation to achieve the performance goals in the medium-term management plan (the “mid-term plan”).
- The Plan consists of a “performance-linked component,” whereby the Company’s shares, etc. to be delivered will vary depending on the position and the level of achievement of targeted consolidated performance indicators for the mid-term plan, and a “fixed component,” whereby a fixed number of the Company’s shares, etc. shall be delivered in accordance with the position.
- “Return (Business Profit) on Capital Employed” (*6) is adopted as an indicator of performance because of the importance to increase asset efficiency as a materials manufacturer in order to achieve ROE, which is one of its important performance target of the period of the mid-term plan. In addition, “EBITDA” is adopted because of the importance to achieve efficiency enhancement while realizing sustainable growth of the enterprise.
- The “performance-linked component” is calculated as a weighted average with prescribed ratios (*7) of the level of achievement of the targets for these indicators in each fiscal year during the mid-term plan period. In principle, the amount will vary between 0% and 200% of the standard payment amount, and the amount shall be determined by a resolution of the Board of Directors after deliberation by the Compensation Committee.
- Officers shall continue to hold the Company’s shares acquired through the Plan after the end of the mid-term plan period until they retire from office.

※6 $\text{Return (Business Profit) on Capital Employed} = \text{Business Profit} / \text{Operating Assets}$

※7 25% for the first fiscal year, 25% for the next fiscal year, and 50% for the final fiscal year

iv. Compensation Level

On the compensation level, the Compensation Committee verifies it by analyzing and comparing compensation data of major manufacturing companies obtained from the data compiled by a third-party organization.

(ii) Compensation Determination Method

The compensation system and the level of compensation of Directors and Executive Officers are deliberated and proposed by the Compensation Committee, which is a voluntary advisory committee chaired by an Outside Director and has the majority of its members as Outside Directors, based on “i. Basic Approach to Compensation System,” and the Board of Directors resolves on the compensation for Directors within the maximum amount of compensation (total amount) approved in advance at the General Meeting of Shareholders. The Compensation Committee also checks on the results of compensation payments. Likewise, compensation for Audit & Supervisory Board Members are to be determined through discussions among Audit & Supervisory Board Members within the maximum amount of compensation (total amount) approved in advance at the General Meeting of Shareholders. Through such procedures the objectivity and the transparency of the compensation determination process are enhanced.

(iii) The Policy Determination Method

This Policy is deliberated and proposed in the Compensation Committee and resolved by the Board of Directors.

b. Amount of compensation and other emoluments for Directors and Audit & Supervisory Board Members regarding the fiscal year under review

	Number of Eligible Persons and Total Amount of Compensation, etc.		Breakdown					
			Fixed Compensation		Variable Compensation			
			Monthly Compensation		Bonus		Stock Compensation (non-monetary compensation, etc.)	
	Number of Persons	Amount of Money	Number of Persons	Amount of Money	Number of Persons	Amount of Money	Number of Persons	Amount of Money
Directors	persons	¥million	persons	¥million	persons	¥million	persons	¥million
	8	764	8	327	3	165	7	271
Including Outside Directors	3	56	3	50	-	-	3	6
Audit & Supervisory Board Members	4	100	4	100	-	-	-	-
Including Outside Audit & Supervisory Board Members	3	64	3	64	-	-	-	-

Notes:

1. “Number of Eligible Persons and Total Amount of Compensation, etc.” and “Monthly Compensation” include compensation for one Director who retired from his position as of March 30, 2021.
2. The contents of “Stock Compensation” are as stated in the “Policy for Determining Compensation and Other Emoluments for Officers” on page 48. Stock compensation (fixed component) to be delivered or provided to Outside Directors and the cash equivalent thereto (4 million yen for two persons and 2 million yen for one person, respectively) are not linked to the Company’s business performance. The amount of money of “Stock Compensation” is the amount posted for the fiscal year under review.

3. The amount of “Bonus” and “Stock Compensation (performance-linked component),” which are performance-linked compensation, etc. for three Directors is 278 million yen. Outside Directors and Audit & Supervisory Board Members are not eligible for performance-linked compensation, etc.
4. The calculation method of “Bonus” and “Stock Compensation (performance-linked component),” which are performance-linked compensation, etc., as well as the performance indicators used as the basis for the calculation and the reasons for the selection of such performance indicators are as stated in the “Policy for Determining Compensation and Other Emoluments for Officers” on page 48. The results of each indicator for the fiscal year under review are as follows:

Bonus	<ul style="list-style-type: none"> • Return (Operating Profit) on Capital Employed: 10.9% • Cash flow indicator increased significantly compared to the previous year.
Stock Compensation (performance-linked component)	<ul style="list-style-type: none"> • Return (Business Profit) on Capital Employed: 11.1% • EBITDA: 372.9 billion yen

5. The maximum amount, and the composition, of compensation and other emoluments for Directors and Audit & Supervisory Board Members is as follows:
 - (1) At the 82nd Ordinary General Meeting of Shareholders held on March 29, 2007, it was resolved to set the amount of compensation, etc. for Directors’ monthly compensation and bonuses at 500 million yen or less per year (including 45 million yen or less per year for Outside Directors). Subsequently, at the 86th Ordinary General Meeting of Shareholders held on March 30, 2011, it was resolved to change the amount of compensation for Outside Directors to 65 million yen or less per year while maintaining the annual amount of 500 million yen or less for Directors. As of the conclusion of the 82nd Ordinary General Meeting of Shareholders and 86th Ordinary General Meeting of Shareholders, the number of Directors eligible for the monthly compensation and bonuses were both seven (including three Outside Directors).
 - (2) Stock compensation for Directors and Executive Officers (excluding non-residents of Japan) was resolved at the 93rd Ordinary General Meeting of Shareholders held on March 29, 2018, that for each period covered by the medium-term management plan (i.e., three fiscal years), the Company will contribute money to a trust with the upper limit at 1.5 billion yen in total (including 25 million yen in total for Outside Directors), and the upper limit of the number of the Company’s shares (including the Company’s shares subject to conversion into cash) to be delivered or provided through such trust to be 372,000 shares (including 6,000 shares in total for Outside Directors). As of the conclusion of the 93rd Ordinary General Meeting of Shareholders, the number of persons eligible for the Plan was 25, of which seven were Directors (including three Outside Directors).
 - (3) Audit & Supervisory Board Members are eligible only for monthly compensation, and it was resolved to set the amount of compensation and other emoluments for Audit & Supervisory Board Members at 120 million yen or less per year at the 93rd Ordinary General Meeting of Shareholders held on March 29, 2018. As of the conclusion of the 93rd Ordinary General Meeting of Shareholders, the number of Audit & Supervisory Board Members eligible for the monthly compensation was four (including three outside Audit & Supervisory Board Members).

c. Reasons for determining that the contents of the compensation, etc. of each of the Directors regarding the fiscal year under review are in line with the policies resolved by the Board of Directors

On the compensation, etc. of each of the Directors, the Compensation Committee, which is chaired by an Outside Director and the majority of the members of which are made up by Outside Directors, deliberates and proposes, given the “Policy for Determining Compensation and Other Emoluments for Officers” on page 48, and the Board of Directors resolves following the report of the Compensation Committee; thus, its contents are judged to be in line with this policy.

5. Matters Concerning Accounting Auditors

(1) Name

KPMG AZSA LLC

(2) Amount of Compensation, etc.

Amount of compensation, etc. as the Accounting Auditor regarding the fiscal year under review	¥125 million
(including the amount of compensation, etc. for services that do not fall within Article 2, Paragraph 1, of the Certified Public Accountants Act)	(¥1 million)
Total amount of monetary or other economic benefit to be paid by the Company and its subsidiaries to the Accounting Auditor	¥193 million

Notes:

1. The Audit & Supervisory Board examines the Accounting Auditor's audit plan, its performance of duties, and the basis of calculating compensation estimates etc., and after examining these matters in a comprehensive manner, gives consent to the Accounting Auditor's compensation, etc. in accordance with Article 399, Paragraph 1, of the Companies Act.
2. In the audit agreement between the Company and the Accounting Auditor, the amount for audit in accordance with the Companies Act and audit in accordance with the Financial Instruments and Exchange Act are not separated; thus, the above amount contains compensation and other remuneration for audit under the Financial Instruments and Exchange Act.
3. The Company pays compensation to the Accounting Auditor for services that have been entrusted and agreed upon as services other than those under Article 2, Paragraph 1, of the Certified Public Accountants Act (i.e., non-audit services).
4. Out of the important subsidiaries of the Company, AGC America Inc., AGC Glass Europe and 14 other companies undergo audits by auditing firms other than the Company's Accounting Auditor.

(3) Policy on Decisions to Dismiss or not Reappoint the Accounting Auditors

The Audit & Supervisory Board, by unanimous agreement, will dismiss the Accounting Auditor if it is affirmed that the Accounting Auditor falls under the grounds stipulated in Items of Article 340, Paragraph 1, of the Companies Act and merits dismissal.

In addition, the Audit & Supervisory Board will, after comprehensively taking account of the Accounting Auditor's independence, performance of its duties and various circumstances, determine the contents of an agenda concerning the removal or non-reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders (when judged necessary).

6. Basic Policy Concerning Internal Control and Operational Status of Internal Control

The Company has resolved and established on the basic policy concerning internal control by the Board of Directors. The contents of the Company's Board of Directors' resolution of the basic policy concerning internal control and the outline of the operational status of internal control are as follows:

【Basic Policy Concerning Internal Control】

The AGC Group positions, in the Group Vision "Look Beyond," the four values of "Innovation & Operational Excellence," "Diversity," "Environment" and "Integrity" as the most important values that should be shared in the whole AGC Group as the basis of every conduct.

In addition, as the norm to properly lead the pursuit of the Group Vision "Look Beyond," the social responsibilities of the enterprise to be undertaken are established as the "AGC Group Charter of Corporate Behavior."

The systems to ensure the properness of operations are as follows:

(1) System to Ensure that the Execution of the Duties by Directors, Employees and other Relevant Personnel of the AGC Group Complies with the Laws and Regulations and the Articles of Incorporation (Compliance Program)

The AGC Group sets out, in its Group Vision "Look Beyond," "Integrity" as one of the most important values to be shared by the whole Group and works on to develop and strengthen the compliance program.

More specifically, the AGC Group establishes the position of CCO (Chief Compliance Officer) who controls the development of the AGC Group's compliance system and promotes it as the person in charge, which is assumed by an Executive Officer to whom the President & CEO of the Company (hereinafter referred to as the "President & CEO") delegates its authority. Furthermore, the AGC Group establishes the position of the Global Compliance Leader and Compliance Committee under the CCO as the specialized organization for legal and ethical compliance, which plans and implements compliance measures in the AGC Group. In addition, in order to ensure that business is conducted in line with the laws and regulations and the corporate ethics, the Company establishes global common compliance rules and country/region specific rules in the Code of Conduct (AGG Group Code of Conduct), develops the compliance program of the AGC Group, and intends to launch educational and training operations, etc.

In order to handle whistleblowing and consultation on compliance, the AGC Group sets up contact points (helpline). Further, all employees of the Company and executives of subsidiaries are

obligated to submit a pledge to comply with the Code of Conduct.

Compliance status of compliance and operational status of whistleblowing and consultation system involving compliance of the AGC Group are reported to the Board of Directors of the Company (hereinafter referred to as the “Board of Directors”) regularly.

In addition, the Company builds a legal management system of the AGC Group, comprehends information on important legal issues, and reports them to the Board of Directors regularly.

On internal audit of the AGC Group, the Internal Audit Division and the internal audit staff deployed in each region perform internal audits, based on the annual auditing plan, concerning the development status of managerial and operational systems as well as the legality, rationality, etc. of the status of the business execution, and the audits results are timely reported to the President & CEO and regularly reported to the Board of Directors.

In accordance with “Financial Instruments and Exchange Act,” the AGC Group establishes the “AGC Group Internal Control over Financial Reporting Implementation Regulations” and form the compliance system for financial reporting.

(2) System Concerning Retention and Management of Information Regarding the Execution of the Duties by the Directors of the AGC Group (Information Retention/Management System)

The AGC Group retains and manages important documents and information in accordance with the laws and regulations and the internal rules.

On maintaining confidentiality of important documents and information, the basic policy concerning information security is announced internally, and it is implemented pursuant to certain procedures.

(3) Rules and Other System Concerning Risk Management of Loss of the AGC Group (Risk Management System)

The AGC Group establishes the “AGC Group Enterprise Risk Management Basic Policies” and develops the risk management and crisis response system.

On the risk management, the AGC Group specifies important risk factors for the AGC Group in accordance with internal rules, and the status of risk management is discussed and monitored regularly by the Management Committee of the Company (hereinafter referred to as the “Management Committee”) and the Board of Directors. In addition, on the individual risks associated with the business operations of the AGC Group, the Corporate Division, In-House Company and SBU (Strategic Business Unit) analyze the risks of each operations and projects and study countermeasures, and, if necessary, the Management Committee and the Board of Directors deliberate on such matters.

On the risk concerning compliance, environment, disaster, quality, etc. of the AGC Group, each of the Company's division in charge provides and announces guidelines, etc. and conducts training, audits, etc. as appropriate.

On the crisis response, in accordance with the internal rules and in preparation of the occurrence of unforeseen events that could seriously affect the management results and financial status of the AGC Group, the AGC Group establishes a crisis response report line in order to swiftly and surely report information to the President & CEO and share it and establishes a system that enables, by the President & CEO's judgment, to immediately set up the Group Taskforce Headquarters and to take initial response swiftly and appropriately.

**(4) System to Ensure Efficient Execution of the Duties by the Directors of the AGC Group
(System for Efficient Execution of Duties)**

As the basic policy of corporate governance structure, the Company clearly distinguishes management oversight function and management execution function, strengthens the management oversight function, and intends to swiftly make decisions in the management execution.

On the management oversight, in terms of the Company, the Board of Directors meeting, which is composed of Directors, including Outside Directors, is held to make decisions of important matters and conduct oversight of the operation execution status of the AGC Group. In addition, the voluntary Nominating Committee and Compensation Committee are established to warrant the objectivity concerning evaluation/nomination and compensation of the Directors and Executive Officers of the Company.

On the management execution, in terms of the Company, the responsibility and authority of execution are delegated to each In-House Company and SBU under a certain standard by the In-House Company system and the Executive Officer system. These business operations are managed and evaluated under a specific performance management index on the consolidated basis that is in line with the AGC Group's management policy and performance target.

Execution of duties in the AGC Group are conducted in accordance with the decision-making rules based on the authority matrix and organizational segregation of duties, and their operational status is verified by internal audit regularly.

(5) System Concerning the Report to the Company on Matters Regarding the Execution of the Duties by the Directors of Subsidiaries (System for Reports to the Company from the Subsidiaries)

Subsidiaries report certain matters concerning business operations, etc. to the Company. On important matters out of them, reports are made to the Management Committee and the Board of

Directors.

Under the compliance system and legal management system of the AGC Group, subsidiaries promptly report to the Company important issues concerning compliance, important legal issues, etc. that occurred in the subsidiaries. On these matters, reports are made to the Board of Directors regularly.

On the results of the internal audit conducted for subsidiaries, the internal audit division, timely, reports to the President & CEO and reports to the Board of Directors regularly.

(6) Matters Concerning the Audit System of the Audit & Supervisory Board Members

a. Matters concerning staff to support the duties of the Audit & Supervisory Board Members in case placing such staff is requested

The Company establishes the Staff Office of the Audit & Supervisory Board as the organization to support the Audit & Supervisory Board Members in their duties.

b. Matters concerning independence of said staff from Directors

On the personnel change, appraisal, etc. of staff members of the Staff Office of the Audit & Supervisory Board, the consent of the Audit & Supervisory Board is required.

c. Matters concerning ensuring the effectiveness of the Audit & Supervisory Board Member's directions to said staff

Staff members of the Staff Office of the Audit & Supervisory Board do not concurrently serve as employees of other divisions, exclusively perform duties concerning the Audit & Supervisory Board and follow the directions of the Audit & Supervisory Board Members.

d. System to report to the Company's Audit & Supervisory Board Members from the Directors, employees and other relevant personnel of the Company; directors, employees and other relevant personnel of subsidiaries; or those who received reports from them

The Directors, employees and other relevant personnel of the Company report to the Audit & Supervisory Board Members any event that may violate the laws and regulations or the Articles of Incorporation, any event that could cause significant damage to the Company, and any other event that is provided in the internal rules.

Subsidiaries report to the Company on the events that may violate the laws and regulations or its articles of incorporation, events that could cause significant damage to it, etc. On these events, the divisions that received a report promptly reports to the Audit & Supervisory Board Members of the Company.

e. System to ensure that those who made the preceding reports shall not receive disadvantageous treatments on the ground that they made such reports

The AGC Group prohibits disadvantageous treatments and retaliatory actions against those who made reports concerning the violation of the Code of Conduct, etc. in the AGC Group Code of

Conduct and announces and familiarizes the employees of the AGC Group with it.

f. Matters concerning the policy regarding procedures, etc. for reimbursement of expenses incurred on the execution of duties by the Audit & Supervisory Board Members

On the expenses paid by the Audit & Supervisory Board Members, the Company promptly handles them except in case where such expenses are affirmed to be unnecessary for the execution of duties by the Audit & Supervisory Board Members.

g. Other systems to ensure that the audits are conducted effectively by the Audit & Supervisory Board Members

The Audit & Supervisory Board Members attend important meetings, such as the Management Committee, the Mid-Term Plan & Budget Council, and the Business Performance Monitoring Meeting, etc., and hold meetings with the Representative Directors regularly.

Meetings between the Audit & Supervisory Board Members and Internal Audit Division, etc. that has the internal audit function are held regularly, so there is a system where the Audit & Supervisory Board Members may get information of the internal audit process conducted, its results, etc. Furthermore, the system is developed where the Audit & Supervisory Board Members may coordinate to raise the effectiveness of audits through exchange of views and reports from the Internal Audit Division, Accounting Auditors, etc.

【Outline of the Operational Status of Internal Control】

The outline of the operational status of internal control is as follows:

(1) System to Ensure that the Execution of the Duties by Directors, Employees and other Relevant Personnel of the AGC Group Complies with the Laws and Regulations and the Articles of Incorporation (Compliance Program)

- On the development and promotion of the AGC Group's compliance system, the position of CCO (Chief Compliance Officer) who controls it and to whom the President & CEO delegates the authority is established, and the CCO reports on its execution of duties to the President & CEO.
- "AGG Group Code of Conduct" is established and all employees of the Company and executives of subsidiaries are obligated to submit a pledge to comply with the Code of Conduct so as to ensure that their conduct is in line with the laws and regulations and the corporate ethics. In addition, compliance education is provided regularly so that the Code of Conduct is familiarized.
- A helpline is set up as the contact point concerning compliance, and the prevention and early detection of misconduct is endeavored.
- On the compliance status of compliance, operational status of the helpline, important legal issues, etc. in the AGC Group, reports are made to the Board of Directors regularly.

- Internal audit of the Company and subsidiaries is conducted based on the annual auditing plan, etc., and reports on the audit results are made to the Board of Directors regularly.
- The “AGC Group Internal Control over Financial Reporting Implementation Regulations” are established, and internal control regarding financial reporting is developed, operated and evaluated.

(2) System Concerning Retention and Management of Information Regarding the Execution of the Duties by the Directors of the AGC Group (Information Retention/Management System)

- The “AGC Group Common Information Security Policy” is established, and important documents and information are retained and managed.
- Aiming to ensure information management, self-inspection, education for employees and other measures concerning information security are conducted regularly.

(3) Rules and Other System Concerning Risk Management of Damage of the AGC Group (Risk Management System)

- In accordance with the “AGC Group Enterprise Risk Management Basic Policies,” the risk factors that could seriously affect the management of the AGC Group are specified, and it is aimed that the management level to suppress the emergence of risks and the level to deal with risks upon their emergence are enhanced and improved.
- In preparation of the occurrence of large-scale accidents, disasters, etc., a business continuity plan (BCP) is established. In addition, earthquake drills, etc. are conducted, and it is aimed that the BCP is announced, familiarized and enhanced of its effectiveness.

(4) System to Ensure Efficient Execution of the Duties by the Directors of the AGC Group (System for Efficient Execution of Duties)

- The Board of Directors consists of 7 members, including 3 Outside Directors, and is chaired by an Outside Director. The Board of Directors held 14 meetings in total in the fiscal year under review and made decisions on important matters and conducted oversight of the operation execution status of the AGC Group.
- The Nominating Committee and Compensation Committee are voluntarily established as advisory committees to the Board of Directors, the majority of the members of each of which are composed of Outside Directors and the chairperson of each of which is assumed by an Outside Director. During the fiscal year under review, the Nominating Committee held 11 meetings and the Compensation Committee held 8 meetings, which have raised the objectivity concerning the evaluation, nomination and compensation of the Directors and Executive

Officers of the Company.

- The effectiveness of the Board of Directors is analyzed and evaluated in the Board of Directors meetings.
- On the management execution, the authority is broadly delegated to Executive Officers starting from the President & CEO with the aim to expedite decision making.

(5) System Concerning the Report to the Company on Matters Regarding the Execution of the Duties by the Directors of Subsidiaries (System for Reports to the Company from the Subsidiaries)

- A system to report to the Company from subsidiaries is developed, through which important matters concerning the subsidiaries (certain matters concerning business operations, etc., issues concerning compliance, legal issues, etc.) are reported to the Company.
- Based on the annual auditing plan, internal audits of the subsidiaries are conducted, the results of which are timely reported to the President & CEO and regularly reported to the Board of Directors.

(6) Matters Concerning the Audit System of the Audit & Supervisory Board Members

a. Matters concerning staff to support the duties of the Audit & Supervisory Board Members in case placing such staff is requested

The Staff Office of the Audit & Supervisory Board has been set up, which supports the Audit & Supervisory Board Members in their duties.

b. Matters concerning independence of said staff from Directors

On the personnel change, appraisal, etc. of staff members of the Staff Office of the Audit & Supervisory Board, the consent of the Audit & Supervisory Board is required by internal rules.

c. Matters concerning ensuring the effectiveness of the Audit & Supervisory Board Member's directions to said staff

Staff members of the Staff Office of the Audit & Supervisory Board are assigned exclusively for and perform duties following the directions of the Audit & Supervisory Board Members.

d. System to report to the Company's Audit & Supervisory Board Members from the Directors, employees and other relevant personnel of the Company; the directors, employees and other relevant personnel of subsidiaries; or those who received reports from them

Reports are made to the Audit & Supervisory Board Members in accordance with the internal rules.

e. System to ensure that those who made the preceding reports shall not receive disadvantageous treatments on the ground that they made such reports

In the “AGC Group Code of Conduct,” disadvantageous treatments and retaliatory actions against whistleblowers are prohibited, which is announced to the employees.

f. Matters concerning the policy regarding procedures, etc. for reimbursement of expenses incurred on the execution of duties by the Audit & Supervisory Board Members

On the expenses paid by the Audit & Supervisory Board Members for their duties, handling is prompt.

g. Other systems to ensure that the audits are conducted effectively by the Audit & Supervisory Board Members

- The Audit & Supervisory Board Members attend the Board of Directors meetings and other important internal meetings, such as the Management Committee, where they state opinions when necessary.
- In order to raise the effectiveness of audits, the Audit & Supervisory Board Members hold regular meetings etc. with the Representative Directors, internal audit divisions, etc. and exchange opinions.

Reference: Status of Corporate Governance

(1) Outline of the Company's Corporate Governance Structure

The Company clearly separates the management oversight function and management execution function, strengthens the management oversight function, and, on the management execution function, clearly separates corporate functions and business operation functions and intends to swiftly make decisions in the management execution as its basic policy on the development of corporate governance structure.

The management oversight function is mainly assumed by the Board of Directors, which is the “body that approves basic policies and oversees the management execution of the AGC Group.” The Company enhances the objectivity and transparency of management and strengthens the corporate governance structure by appointing 3 Outside Directors out of 7 Directors and by an Outside Director assuming the chairperson of the Board of Directors. In addition, in order to further strengthen the management oversight function, the Company establishes the Nominating Committee and Compensation Committee, as voluntary advisory committees to the Board of Directors, which raises the objectivity concerning the evaluation, nomination and compensation for Directors and Executive Officers, etc. by composing the majority of each member with Outside Directors and by an Outside Director assuming each chairperson. Furthermore, the Company also adopts the Audit & Supervisory Board Member system, and the Audit & Supervisory Board consists of 4 Audit & Supervisory Board Members, including 3 Outside Audit & Supervisory Board Members.

The management execution function is assumed by the President & CEO and other Executive Officers. The Company establishes the Management Committee as an advisory committee for the President & CEO, which deliberates on decision making for the management execution and oversight of the business management. In terms of business execution, the Company introduces the In-House Company system (*quasi* internal spin-off), adopts a globally consolidated management system, and delegates significant responsibility and authority for business execution to the In-House Company and SBU (Strategic Business Unit).

(2) “AGC Group Corporate Governance Basic Policy”

In order to realize AGC Group's sustainable growth and enhancement of corporate value over the medium to long term, the Company has formulated the “AGC Group Corporate Governance Basic Policy,” which sets forth the basic approach and policies concerning corporate governance, with the aim of strengthening and further enriching the Company's corporate governance.

For details, please visit the following website of the Company.

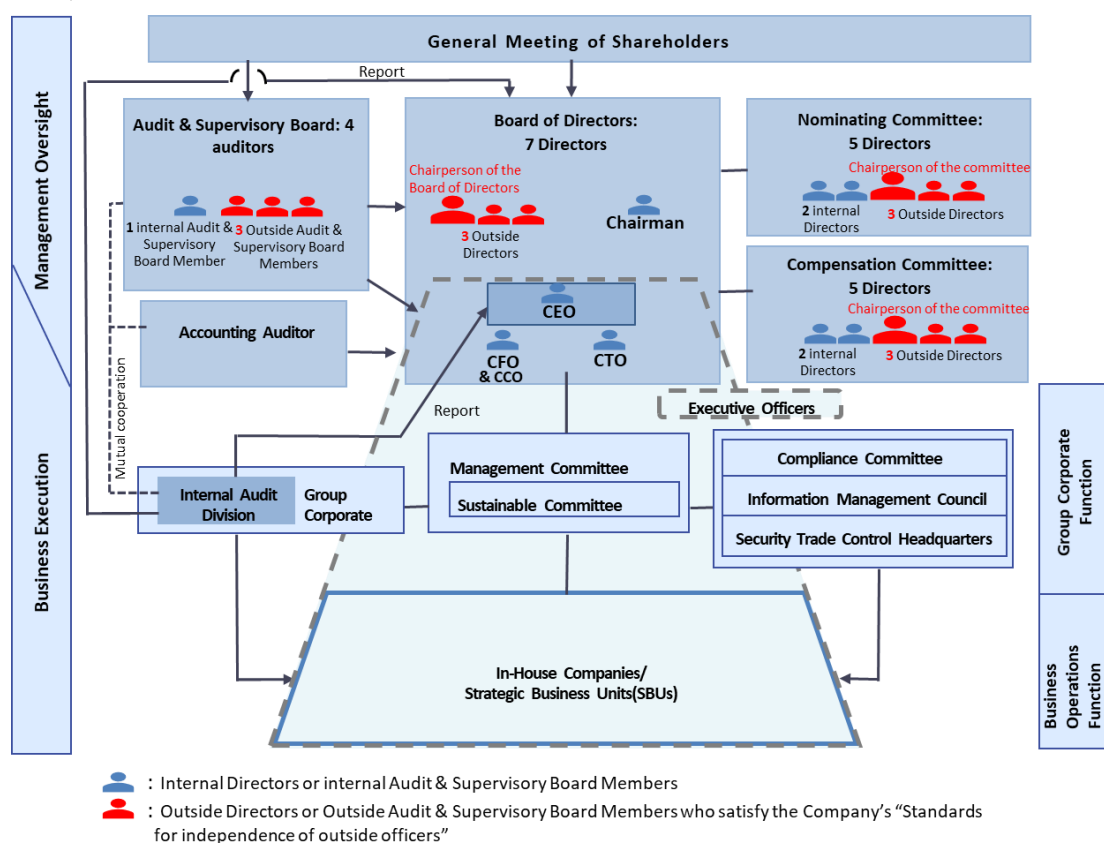
<https://www.agc.com/en/company/governance/index.html>

(3) Evaluation of Effectiveness of Board of Directors

In order to realize sustainable growth and enhancement of corporate value over the medium to long term, the Company believes that it is important to continuously strengthen and further enrich corporate governance. As part of this effort, in order to enhance the Board of Director’s effectiveness and raise more confidence of stakeholders in the corporate governance of the Company, the Board of Directors analyzes and evaluates its effectiveness annually based on the “AGC Group Corporate Governance Basic Policy.”

More specifically, the Board of Directors evaluates its effectiveness based on the responses to questionnaires by all Directors and Audit & Supervisory Board Members and the responses through individual interviews with each Director and each Audit & Supervisory Board Member. Following this, the Board of Directors reviews the evaluation results and discusses measures to enhance its effectiveness.

(4) Outline Figure of the Company’s Corporate Governance Structure (as of December 31, 2021)



* In this Business Report, amounts less than 100 million yen are rounded to the nearest 100 million yen when they are indicated by the unit of a billion yen, and amounts less than 1 million yen are discarded when they are indicated by the unit of a million yen.

Consolidated Statements of Financial Position

(Unit: millions of yen)

	97th Fiscal Year (as of Dec. 31, 2021)	(Reference) 96th Fiscal Year (as of Dec. 31, 2020)
Assets	2,666,031	2,534,458
Current Assets	915,271	860,962
Cash and cash equivalents	195,830	236,124
Trade receivables	295,161	266,177
Inventories	330,101	274,835
Other receivables	65,472	62,468
Income tax receivables	3,518	5,169
Other current assets	25,186	16,186
Non-Current Assets	1,750,759	1,673,495
Property, plant and equipment	1,323,868	1,246,885
Goodwill	112,916	118,063
Intangible assets	69,913	72,660
Investments in associates and joint ventures accounted for using equity method	31,197	32,014
Other financial assets	116,624	130,919
Deferred tax assets	27,611	25,944
Other non-current assets	68,628	47,008
Total Assets	2,666,031	2,534,458
Liabilities	1,184,650	1,291,418
Current Liabilities	599,408	563,898
Trade payables	196,435	151,874
Short-term interest-bearing debt	36,820	106,884
Long-term interest-bearing debt due within one year	88,599	87,163
Other payables	199,169	186,310
Income tax payables	42,411	12,426
Provisions	1,207	1,563
Other current liabilities	34,764	17,676
Non-Current Liabilities	585,241	727,519
Long-term interest-bearing debt	477,774	593,912
Deferred tax liabilities	35,814	35,153
Post-employment benefit liabilities	53,805	64,736
Provisions	12,064	12,353
Other non-current liabilities	5,782	21,363
Total Liabilities	1,184,650	1,291,418
Equity	1,481,380	1,243,039
Total Equity Attributable to Owners of the Parent	1,314,161	1,115,142
Share capital	90,873	90,873
Capital surplus	81,621	83,501
Retained earnings	927,830	818,701
Treasury shares	(26,933)	(28,170)
Other components of equity	240,769	150,236
Non-Controlling Interests	167,219	127,897
Total Equity	1,481,380	1,243,039
Total Liabilities and Equity	2,666,031	2,534,458

Consolidated Statements of Profit or Loss

(Unit: millions of yen)

	97th Fiscal Year (from Jan. 1 to Dec. 31, 2021)	(Reference) 96th Fiscal Year (from Jan. 1 to Dec. 31, 2020)
Net Sales	1,697,383	1,412,306
Cost of sales	(1,184,383)	(1,053,243)
Gross Profit	512,999	359,062
Selling, general and administrative expenses	(309,123)	(283,867)
Share of profit (loss) of associates and joint ventures accounted for using equity method	2,292	584
Operating Profit	206,168	75,780
Other income	56,672	6,743
Other expenses	(52,592)	(22,812)
Business Profit	210,247	59,711
Finance income	6,533	5,903
Finance costs	(6,735)	(8,492)
Net finance costs	(202)	(2,589)
Profit before Tax	210,045	57,121
Income tax expenses	(50,982)	(15,957)
Profit for the year	159,062	41,164
Attributable to:		
Owners of the parent	123,840	32,715
Non-controlling interests	35,222	8,448

Consolidated Statements of Changes in Equity

97th Fiscal Year (from January 1, 2021 to December 31, 2021)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurement of net defined benefit liability (asset)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)
Balance at beginning of year	90,873	83,501	818,701	(28,170)	(31,203)	51,397
Changes in equity						
Comprehensive income						
Profit for the year	—	—	123,840	—	—	—
Other comprehensive income	—	—	—	—	24,276	9,370
Total comprehensive income for the year	—	—	123,840	—	24,276	9,370
Transactions with owners						
Dividends	—	—	(31,045)	—	—	—
Acquisition of treasury shares	—	—	—	(586)	—	—
Disposal of treasury shares	—	—	(537)	1,823	—	—
Changes in ownership interests in subsidiaries without loss of control	—	1,242	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	16,870	—	—	(16,870)
Share-based payment transactions	—	(655)	—	—	—	—
Others (business combinations and others)	—	(2,467)	—	—	—	—
Total transactions with owners	—	(1,879)	(14,712)	1,237	—	(16,870)
Balance at end of year	90,873	81,621	927,830	(26,933)	(6,927)	43,896

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity					
	Net gain (loss) in fair value of cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance at beginning of year	439	129,602	150,236	1,115,142	127,897	1,243,039
Changes in equity						
Comprehensive income						
Profit for the year	—	—	—	123,840	35,222	159,062
Other comprehensive income	4,513	69,245	107,404	107,404	8,934	116,338
Total comprehensive income for the year	4,513	69,245	107,404	231,244	44,156	275,401
Transactions with owners						
Dividends	—	—	—	(31,045)	(3,821)	(34,867)
Acquisition of treasury shares	—	—	—	(586)	—	(586)
Disposal of treasury shares	—	—	—	1,285	—	1,285
Changes in ownership interests in subsidiaries without loss of control	—	—	—	1,242	(1,012)	230
Transfer from other components of equity to retained earnings	—	—	(16,870)	—	—	—
Share-based payment transactions	—	—	—	(655)	—	(655)
Others (business combinations and others)	—	—	—	(2,467)	—	(2,467)
Total transactions with owners	—	—	(16,870)	(32,226)	(4,834)	(37,060)
Balance at end of year	4,952	198,847	240,769	1,314,161	167,219	1,481,380

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(Reference) 96th Fiscal Year (from January 1, 2020 to December 31, 2020)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurement of net defined benefit liability (asset)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)
Balance at beginning of year	90,873	92,593	811,589	(28,468)	(31,445)	55,786
Changes in equity						
Comprehensive income						
Profit for the year	—	—	32,715	—	—	—
Other comprehensive income	—	—	—	—	241	(3,257)
Total comprehensive income for the year	—	—	32,715	—	241	(3,257)
Transactions with owners						
Dividends	—	—	(26,591)	—	—	—
Acquisition of treasury shares	—	—	—	(13)	—	—
Disposal of treasury shares	—	—	(143)	311	—	—
Changes in ownership interests in subsidiaries without loss of control	—	(1,442)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	1,131	—	—	(1,131)
Share-based payment transactions	—	(218)	—	—	—	—
Others (business combinations and others)	—	(7,431)	—	—	—	—
Total transactions with owners	—	(9,091)	(25,603)	297	—	(1,131)
Balance at end of year	90,873	83,501	818,701	(28,170)	(31,203)	51,397

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity					
	Net gain (loss) in fair value of cash flow hedges	Exchange differences on translation of foreign operations	Total			
Balance at beginning of year	(665)	166,833	190,510	1,157,097	125,538	1,282,636
Changes in equity						
Comprehensive income						
Profit for the year	—	—	—	32,715	8,448	41,164
Other comprehensive income	1,104	(37,231)	(39,142)	(39,142)	(5,336)	(44,478)
Total comprehensive income for the year	1,104	(37,231)	(39,142)	(6,426)	3,111	(3,314)
Transactions with owners						
Dividends	—	—	—	(26,591)	(4,291)	(30,883)
Acquisition of treasury shares	—	—	—	(13)	—	(13)
Disposal of treasury shares	—	—	—	167	—	167
Changes in ownership interests in subsidiaries without loss of control	—	—	—	(1,442)	(559)	(2,001)
Transfer from other components of equity to retained earnings	—	—	(1,131)	—	—	—
Share-based payment transactions	—	—	—	(218)	—	(218)
Others (business combinations and others)	—	—	—	(7,431)	4,098	(3,332)
Total transactions with owners	—	—	(1,131)	(35,528)	(753)	(36,281)
Balance at end of year	439	129,602	150,236	1,115,142	127,897	1,243,039

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

Notes to the Consolidated Financial Statements

I. Significant Accounting Policies

1. Accounting standards of consolidated financial statements

The consolidated financial statements of AGC Inc. ("the Company") and its consolidated subsidiaries (the "AGC Group" or the "Group"), which comprise the consolidated statements of financial position, the consolidated statements of profit or loss and the consolidated statements of changes in equity, have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and in compliance with Article 120-1 of the Ordinance of Company Accounting. The latter part of Article 120-1 of the Ordinance of Company Accounting prescribes the omission of certain disclosures required by IFRSs.

2. Scope of consolidation

Number of consolidated subsidiaries: 206

Major subsidiaries:

AGC Techno Glass Co., Ltd., Ise Chemicals Corporation, AGC Glass Europe S.A. and AGC Flat Glass North America, Inc.

2 companies were newly consolidated in the fiscal year ended December 31, 2021. Due to selling shares and other events, 13 companies were excluded from the scope of consolidation from the fiscal year ended December 31, 2021.

3. Application of equity method

Number of companies using equity method: 27

Major investments in associates and joint ventures accounted for using equity method:

Asahi Tostem Exterior Building Materials Co., Ltd. and Schott-Flat Glass B.V.

4. Accounting standards

(1) Changes in Accounting Policies

The following are the accounting standards applied by the Group from the fiscal year 2021, in compliance with each transitional provision. The effect of the application of the following standards on the Group's consolidated financial statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IFRS 16 (amended in May 2020)	Lease	Covid-19-Related Rent Concessions

(2) Valuation of non-derivative financial assets

1) Financial assets measured at amortized cost:

Financial assets are classified as financial assets measured at amortized cost if the following two conditions are met:

- The foregoing financial assets are held within a Group business model whose objective is to hold the assets in order to collect contractual cash flows from the assets; and
- The contractual terms of the foregoing financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

outstanding.

2) Financial assets measured at fair value through other comprehensive income:

The Group designates equity instruments as financial assets measured at fair value through other comprehensive income when an irrevocable election has been made on initial recognition to measure the gains and losses arising from change in the fair value of such instruments in other comprehensive income, and when such instruments are not classified as financial assets measured at amortized cost.

When the foregoing financial assets measured at fair value through other comprehensive income are derecognized from transactions such as sales, the cumulative gains or losses are reclassified from other components of equity to retained earnings.

3) Financial assets measured at fair value through profit or loss:

The Group measures financial assets at fair value and recognizes any changes in the fair value of such assets as profit or loss, unless the foregoing financial assets are classified as financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income.

(3) Valuation of non-derivative financial liabilities

The Group recognizes the following as non-derivative financial liabilities: trade payables, other payables, and interest-bearing debt (borrowings, commercial paper, corporate bonds, bonds with subscription rights to shares (excluding share subscription rights)), among other items.

The foregoing financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest method.

The Group derecognizes financial liabilities when the obligation specified in the contract is exempted, cancelled or expired.

(4) Valuation of derivative financial instruments

The AGC Group holds derivative financial instruments to hedge foreign exchange risk, interest risk and commodity price risk.

The Group initially recognizes derivative financial instruments at fair value, with the related transaction costs recognized in profit or loss when incurred. After initial recognition, derivative financial instruments are measured at fair value, with changes in fair value accounted for as follows, depending on whether or not derivatives qualify for hedge accounting:

- Derivatives not qualifying for hedge accounting

Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in profit or loss.

- Derivatives qualifying for hedge accounting

The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income. The amounts recognized in other comprehensive income are reclassified to profit or loss in the reporting periods when the cash flows of the hedged

items affect profit or loss. The ineffective portion of changes in the fair value of hedging instruments is recognized in profit or loss.

(5) Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is measured based on the moving average method and includes costs of purchase and costs of conversion (including fixed and variable manufacturing overheads). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) Depreciation and amortization of assets

1) Property, plant and equipment (including Right-of-use assets):

Depreciation of property, plant and equipment is computed by the straight-line method.

2) Intangible assets (including Right-of-use assets):

Amortization of intangible assets is computed by the straight-line method.

(7) Basis for recognizing provisions

A provision is recognized when the AGC Group has a reasonably estimable legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the estimated future cash flows are discounted to the present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(8) Employment benefits

Post-employment benefit plans comprise defined benefit plans and defined contribution plans.

1) Defined benefit plans

The obligations for defined benefit plans are recognized as the present value of defined benefit obligations less the fair value of any plan assets.

The present value of defined benefit obligations is calculated annually by qualified actuaries using the projected unit credit method. The discount rates are based on the market yields of high quality corporate bonds at the end of each reporting period that have terms consistent with the discount period, which is established as the estimated term of the post-employment benefit obligations through to the estimated dates for payments of future benefits in every fiscal year.

Actuarial gains and losses are recognized immediately in other comprehensive income when incurred, while past service costs and gains or losses on settlement are recognized in profit or loss.

2) Defined contribution plans

Expenses related to post-employment benefits for defined contribution plans are recognized as an expense at the time of contribution.

(9) Revenue

The Group adopts IFRS 15 “*Revenue from Contracts with Customers*”, and revenue is recognized based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group sells a range of products including architectural glass, automotive glass, glass substrates for displays, electronic materials, chlor-alkali & urethane, fluorochemicals & specialty chemicals, and life science products. For the sales of these products, revenue is recognized upon delivery of these products as its performance obligation is satisfied when customers obtain control over these products at the time of delivery. For revenue associated with construction works such as the installation of architectural glass and contract development and manufacturing services for biological active pharmaceutical ingredient (API), revenue is recognized according to the progress toward completion of the performance obligation. Progress toward completion is measured in the input method based on the costs incurred, etc. Also, revenue is measured at the consideration promised in contracts with customers, less discounts, rebates, returned products, and other items.

(10) Operating profit and Business profit

"Operating profit" in the Group's consolidated statements of profit or loss is an indicator that facilitates continuous comparisons and evaluations of the Group's business performance. Main items of "other income" and "other expenses" are foreign exchange gains and losses, gains on sale of non-current assets, losses on disposal of non-current assets, impairment losses and expenses for restructuring programs. "Business profit" includes all income and expenses before finance income, finance costs and income tax expenses.

(11) Translation into Japanese yen of foreign currency denominated assets or liabilities

Foreign currency transactions are translated into the respective functional currencies by applying the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rates at the reporting date. Exchange differences are recognized as profit or loss. Exchange differences for any gains or losses on the assets and liabilities recognized in other comprehensive income are recognized in other comprehensive income.

Non-monetary assets and liabilities are translated at the exchange rate at the date of the transaction.

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated into Japanese yen at the exchange rates prevailing at the reporting date. Income and expenses of foreign operations are translated into Japanese yen at the average exchange rate for the period.

(12) Hedge accounting method

1) Hedge accounting method:

Cash flow hedges

2) Hedging instruments and hedged items:

Hedging instruments: commodity swap contracts, forward exchange contracts

Hedged items: Raw materials and fuel, foreign currency transaction etc.

3) Basic rules and policies for hedging:

The Group uses derivative financial instruments to reduce their exposure to market risks from fluctuation in commodity prices and in foreign exchange rates that may occur in the ordinary course of business.

4) Assessment of hedge effectiveness:

In applying cash flow hedges, the Group evaluates at the inception whether the hedge will be effective. After that, the Group also evaluates continuously whether the derivative will be highly effective in offsetting the effects of changes in future cash flows of the hedged item.

(13) Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment test of goodwill is performed annually, regardless of any indication of impairment. Impairment loss for goodwill is not reversed in subsequent periods.

(14) Others

1) Accounting for consumption tax

Consumption tax is not included in the amounts of respective income and cost or expense items.

2) Application of consolidated taxation system

The Company has adopted the consolidated tax return system for the calculation of income taxes.

3) Amounts concerning financial statements

Amounts below one million yen are rounded down.

II. Notes to accounting estimates

The following is a list of items for which the amount was recorded in the consolidated financial statements for the fiscal year under review based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year.

1. Impairment losses on non-financial assets

Property, plant and equipment	1,323,868 million yen
Goodwill	112,916 million yen
Intangible fixed assets	69,913 million yen

For non-financial assets other than inventories and deferred tax assets, the AGC Group assesses at the end of each fiscal year whether there is any indication of impairment for each asset or the cash-generating unit to which the asset belongs. An impairment test is performed if there is any

indication of impairment. Goodwill is tested for impairment once a year, regardless of whether there is any indication of impairment. The recoverable amount of an asset or cash-generating unit is calculated based on the higher of its value in use or its fair value less costs of disposal. In calculating the value in use, the estimated future cash flows are discounted to the present value using a pre-tax rate that reflects the time value of money and the risks specific to the asset. If the recoverable amount of property, plant and equipment, goodwill, and intangible assets recorded in the Group's consolidated statement of financial position falls below the book value due to a decline in profitability or other reasons, an impairment loss may be recognized, which may have a significant impact on the amount of property, plant and equipment, goodwill, and intangible assets in the Group's consolidated financial statements for the following fiscal year.

2. Estimates of the useful lives and residual values of property, plant and equipment and intangible assets

Property, plant and equipment	1,323,868 million yen
Intangible assets	69,913 million yen

Property, plant and equipment, except for land and other non-depreciable tangible fixed assets, are depreciated using the straight-line method over their estimated useful lives, based on the maximum depreciable amount, which is the acquisition cost minus the residual value. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. Estimated useful lives and residual values are reviewed at the end of each fiscal year and revised as necessary. Due to changes in the business environment and other factors, it may be necessary to revise useful lives and residual values, which may have a significant impact on the amounts of property, plant and equipment and intangible assets in the consolidated financial statements for the next fiscal year.

3. Recoverability of deferred tax assets

Deferred tax assets	27,611 million yen
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Deferred tax assets are recognized for all deductible temporary differences, tax loss carryforwards and tax credit carryforwards to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized, and are reviewed at the end of each fiscal period to determine whether deferred tax assets are recognized only to the extent that it is probable that tax benefits will be realized. The recoverability of such assets is determined by taking into account future taxable income plan and tax planning. Estimates of future taxable income may be affected by a decline in profitability and other factors, which may have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

4. Actuarial assumptions for defined benefit plans

Prepaid pension cost (Note)	60,191 million yen
Liabilities for retirement benefits	53,805 million yen

(Note) Prepaid pension cost is included in "Other non-current assets" in the consolidated

statement of financial position.

The amount of obligation for defined benefit pension plans is recognized as the present value of the defined benefit obligation less the plan assets. The present value of the defined benefit obligation and service cost, etc. are calculated based on actuarial assumptions. Actuarial assumptions require estimates and judgments about various variables such as discount rates. Actuarial assumptions may be affected by consequences of uncertain economic conditions changes in the future or by the revision or promulgation of related laws and regulations. If a review becomes necessary, it may have a significant impact on the amount of defined benefit obligations in the consolidated financial statements for the following fiscal year.

III. Notes to the Consolidated Statements of Financial Position

1. Assets pledged as collaterals	
Property, plant and equipment:	5,108 million yen
Obligation secured by collateral:	61 million yen
2. Allowance for doubtful accounts directly deducted from assets:	
Trade receivables:	2,549 million yen
Other financial assets:	5,131 million yen
3. Accumulated depreciation and impairment losses on property, plant and equipment:	2,328,420 million yen
4. Guaranteed obligation:	48 million yen

IV. Notes to the Consolidated Statements of Profit or Loss

1. Other Income

	(Unit: millions of yen)
Foreign exchange gains	10,955
Gains on sale of non-current assets	2,361
Gains on sale of shares of subsidiaries	1,431
Gains on transfer of business	28,010
Gain on reclassification of foreign currency translation adjustments for foreign operations due to liquidation	7,504
Others	6,410
Total	<u>56,672</u>

2. Other Expenses

	(Unit: millions of yen)
Losses on disposal of non-current assets	(6,685)
Impairment losses	(34,450)
Expenses for restructuring programs	(5,159)
Others	(6,296)
Total	<u>(52,592)</u>

(Note) In the consolidated fiscal year under review, due to changes in the business environment such as the decrease in automotive production, the Group recognized an impairment loss of 18,668 million yen mainly on property, plant and equipment related to the automotive glass business in Europe, which is included in the Glass segment, as a result of comparing the book value with the recoverable amount, as there were indications of impairment such as a significant

decline in profitability. In addition, indications of impairment such as a significant decline in profitability were recognized for some property, plant and equipment, goodwill, and intangible assets related to printed circuit board materials operations, which is included in the Electronics segment, given the decline in demand in the Chinese market due to the impact of U.S.-China trade friction, and the Group also recognized an impairment loss of 14,761 million yen as a result of comparing the book value with the recoverable amount of these assets. The recoverable amount is based on the value in use.

V. Notes to the Consolidated Statements of Changes in Equity

1. Type and number of outstanding shares

Number of outstanding shares as of December 31, 2021:

Ordinary share: 227,441,381 shares

2. Dividends

(1) Dividend payments

Date of approval	Type of shares	Total amount of dividends	Dividends per share	Record date	Effective date
March 30, 2021 Ordinary General Meeting of Shareholders	Ordinary shares	¥13,297 million	¥60.00	December 31, 2020	March 31, 2021
August 2, 2021 Board of Directors meeting	Ordinary shares	¥17,747 million	¥80.00	June 30, 2021	September 8, 2021

*The year-end dividend includes dividend payment of ¥18 million paid for the shares held by the Board Incentive Plan (BIP) Trust.

*The interim dividend includes dividend payment of ¥25 million paid for the shares held by the BIP Trust.

(2) Dividends whose record date is attributable to the year ended December 31, 2021 but to be effective after the said year

An agenda will be submitted, as follows, concerning the year-end dividends in the appropriation of retained earnings for approval at the Ordinary General Meeting of Shareholders to be held on March 30, 2022. Total amount of dividends includes dividend payment of ¥41 million paid for the shares held by the BIP Trust.

Total amount of dividends: 28,850 million yen

Resource of dividends: Retained earnings

Dividends per share: 130.00 yen

Record date: December 31, 2021

Effective date: March 31, 2022

3. Share subscription rights

(1) Share subscription rights are presented as a part of capital surplus.

(2) Number of shares subject to the share subscription rights

Category	Share subscription rights issued	Type of shares	Number of shares as of December 31, 2021
The Company	Share subscription rights issued in July 2007 (Compensation-Type Stock Option)	Ordinary shares	3,600 shares
	Share subscription rights issued in July 2008 (Compensation-Type Stock Option)	Ordinary shares	6,200 shares

Share subscription rights issued in July 2009 (Compensation-Type Stock Option)	Ordinary shares	21,800 shares
Share subscription rights issued in July 2010 (Compensation-Type Stock Option)	Ordinary shares	27,800 shares
Share subscription rights issued in July 2011 (Compensation-Type Stock Option)	Ordinary shares	33,600 shares
Share subscription rights issued in July 2012 (Compensation-Type Stock Option)	Ordinary shares	100,000 shares
Share subscription rights issued in March 2013 (Compensation-Type Stock Option)	Ordinary shares	30,400 shares
Share subscription rights issued in July 2013 (Compensation-Type Stock Option)	Ordinary shares	68,600 shares
Share subscription rights issued in July 2013 (Ordinary-Type Stock Option)	Ordinary shares	35,000 shares
Share subscription rights issued in July 2014 (Compensation-Type Stock Option)	Ordinary shares	81,600 shares
Share subscription rights issued in July 2014 (Ordinary-Type Stock Option)	Ordinary shares	27,200 shares
Share subscription rights issued in January 2015 (Compensation-Type Stock Option)	Ordinary shares	4,800 shares
Share subscription rights issued in July 2015 (Compensation-Type Stock Option)	Ordinary shares	73,400 shares
Share subscription rights issued in July 2015 (Ordinary-Type Stock Option)	Ordinary shares	56,400 shares
Share subscription rights issued in February 2016 (Compensation-Type Stock Option)	Ordinary shares	12,200 shares
Share subscription rights issued in July 2016 (Compensation-Type Stock Option)	Ordinary shares	110,800 shares
Share subscription rights issued in July 2016 (Ordinary-Type Stock Option)	Ordinary shares	47,400 shares
Share subscription rights issued in March 2017 (Compensation-Type Stock Option)	Ordinary shares	24,200 shares
Share subscription rights issued in July 2017 (Compensation-Type Stock Option)	Ordinary shares	49,000 shares

*The shares are calculated based on the number of shares after the share consolidation effective from July 1, 2017.

VI. Notes to Financial Instruments

1. Status of financial instruments

(1) Policy for financial instruments

The AGC Group manages funds using only safe financial assets with high liquidity and implements stable and low-cost fund procurement by utilizing the capital market such as taking out borrowings from financial institutions or issuing corporate bonds. The Group uses derivative transactions only to evade risks accompanying its business activities, including exchange-rate fluctuation risks, interest-rate fluctuation risks and product price fluctuation risks, and does not enter into derivative transactions for speculative purposes.

(2) Details of financial instruments, their risks and their risk management system

Trade notes and accounts receivable, which are operating receivables, are exposed to the credit risks of customers. To manage these risks, the Group performs due date controls and balance controls for each customer and identifies and mitigates risks regarding the collection of receivables caused by factors such as deterioration of financial conditions at an early stage, in accordance with credit management rules. Other receivables are accounts receivable, etc. Among other financial assets, equity instruments, which are financial assets measured at fair value through other comprehensive income, and debt instruments, which are financial assets measured at fair value through profit or loss, are mainly shares of companies with which the Group has business relationships, and are exposed to the risk of market price fluctuations. The

Group exams trend of market values and business needs as appropriate.

Most of the Group's trade notes and accounts payable, which are operating payables, are due within one year.

Other payables are other miscellaneous payables and others.

Borrowings, corporate bonds and the other interest-bearing debts are exposed to liquidity risks. The Group manages these risks by diversifying fund procurement methods, establishing commitment lines with various financial institutions, and keeping an appropriate balance between direct and indirect fund procurements and a proper mixture of short-term and long-term borrowings and corporate bonds. Floating-interest rate borrowings are exposed to interest-rate fluctuation risks.

For some long-term floating-rate borrowings, the Group uses interest rate swap transactions to avoid the interest-rate fluctuation risks and convert the floating rates into fixed rates.

Moreover, the AGC Group operates businesses globally, and is therefore exposed to currency risks associated with transactions undertaken in currencies other than individual functional currency. To manage currency risk, the Group hedges currency risk with forward exchange contracts and currency swap agreements.

Derivative transactions are executed and managed in accordance with the internal rules that stipulate the authority of transactions. Outstanding derivatives and the position of gain or loss on derivatives are regularly reported to the top management. In those derivative transactions, the Group uses only creditworthy financial institutions to reduce credit risks.

(3) Supplementary explanation about fair values of financial instruments

The fair values of financial instruments include values based on market prices and reasonably calculated values if market prices are unavailable. As variable assumptions are incorporated into the calculation of said values, they may vary if different assumptions are used.

2. Fair values of financial instruments

The carrying amounts and fair values of financial instruments as of December 31, 2021 are as follows:

(Unit: millions of yen)

	Carrying amount	Fair value
Cash and cash equivalents	195,830	195,830
Trade receivables	295,161	295,161
Other receivables	32,093	32,093
Other financial assets		
Financial assets measured at fair value through other comprehensive income	102,452	102,452
Financial assets measured at fair value through profit or loss	4,000	4,000
Others	6,841	6,841
Trade payables	196,435	196,435
Other payables	122,047	122,047
Interest-bearing debts (short-term, long-term)		

Borrowings	470,662	474,210
Corporate bonds	59,910	60,472
Derivatives(*)	10,502	10,502
Other current liabilities	19,134	19,134
Other non-current liabilities	2,058	2,058

(*) Receivables and payables arising from derivative transactions are presented in net values. Amount in parentheses indicate payables.

(Note) Calculation method for the fair values of financial instruments

i. Financial assets and liabilities measured at fair value.

The fair value of financial assets and financial liabilities is determined as follows.

(Derivatives)

Foreign exchange contracts are mainly based on forward exchange rates and prices quoted by financial institutions with which contracts are concluded. Interest rate contracts are mainly based on prices quoted by financial institutions with which contracts are concluded. Commodity contracts are mainly based on prices quoted by counterparties with whom contracts are concluded.

(Financial assets measured at fair value through other comprehensive income)

When market values are available, such values are used as fair values of the financial instruments. The fair values whose market values are unavailable are measured by using the method of discounted future cash flows, by third party appraisals, or by other appropriate measurement techniques.

(Financial assets measured at fair value through profit or loss)

When market values are available, such values are used as fair values of the financial instruments. The fair values whose market values are unavailable are measured by using the method of discounted future cash flows, by third party appraisals, or by other appropriate measurement techniques.

ii. Financial assets and liabilities measured at amortized cost

The fair value of financial assets and liabilities measured at amortized cost is determined as follows.

(Financial assets measured at amortized cost)

Each receivable is categorized by period, and its fair value is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(Loans payable)

As short-term loans payable are settled on a short-term basis, their fair values

approximate their carrying amounts.

The fair values of long-term loans payable are calculated by the total sum of the principal and interest discounted by the interest rates that would apply if similar borrowings were conducted anew. For long-term loans payable at floating interest rates, however, the fair values approximate the carrying amounts because the interest rates are adjusted regularly at fixed intervals.

(Corporate bonds)

Fair values of corporate bonds are calculated based on market prices.

(Financial liabilities measured at amortized cost other than the above)

Each payable is categorized by period, and its fair value is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

VII. Notes to Per Share Information

1. Equity attributable to owners of the parent per share	5,930.27 yen
2. Basic earnings per share	559.11 yen

VIII. Notes on Business Combinations

Acquisition of shares of Molecular Medicine S.p.A. (now AGC Biologics S.p.A.)

The AGC Group has acquired 93.23% of the common shares of Molecular Medicine S.p.A., which operates in the field of gene and cell therapy, on July 31, 2020.

Although a provisional accounting treatment had been applied in the previous fiscal year, the accounting treatment was finalized in the fiscal year ended December 31, 2021.

As a result, primarily tangible assets increased. The provisional calculation of goodwill amounted to 13,394 million yen, which decreased by 50 million yen and resulted in the amount of 13,344 million yen.

Accounting Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report

February 4, 2022

To the Board of Directors of AGC Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Atsuji Maeno
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tsutomu Ogawa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Kajiwara
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of AGC Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at December 31, 2021 and for the year from January 1, 2021 to December 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Ordinance of Company Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board and its Members for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Company Accounting that prescribes some omissions of disclosure items required by International Financial Reporting

Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120-1 of the Ordinance of Company Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards. Audit & Supervisory Board and its members are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the latter part of Article 120-1 of the Ordinance of Company Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board and its members regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Note to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

- (*) The contents of the Audit & Supervisory Board's audit report regarding the Consolidated Financial Statements are included in the Audit & Supervisory Board's Audit Report (page 98).

Balance Sheets

(Unit: millions of yen)

	97th Fiscal Year (as of Dec. 31, 2021)	(Reference) 96th Fiscal Year (as of Dec. 31, 2020)
Assets	1,363,848	1,452,293
Current Assets	349,598	401,115
Cash on hand and in banks	28,704	100,487
Trade notes receivable	5,099	5,708
Trade accounts receivable	136,973	119,840
Finished goods	38,214	32,501
Work in process	38,163	31,002
Raw materials and supplies	28,160	25,108
Prepaid expenses	3,516	3,579
Short-term loans receivable	36,822	48,116
Other accounts receivable	22,007	22,822
Other current assets	11,936	11,948
Non-current Assets	1,014,249	1,051,178
Tangible Fixed Assets	306,917	286,740
Buildings	77,069	78,261
Structures	19,978	19,046
Machinery and equipment	142,675	112,516
Vehicle and other transportation equipment	130	143
Tools, furniture and fixtures	8,893	8,565
Land	26,969	26,814
Leased assets	324	466
Construction in progress	30,874	40,926
Intangible Fixed Assets	9,513	7,881
Software	8,316	6,379
Other intangible fixed assets	1,197	1,501
Investments and Other Assets	697,818	756,556
Investments in securities	91,990	114,041
Investments in subsidiaries and affiliates (stock)	367,039	380,366
Investments in subsidiaries and affiliates (others)	191,096	193,508
Long-term loans receivable	35,964	53,624
Long-term receivables, overdue	3,876	4,024
Long-term prepaid expenses	2,520	3,130
Prepaid pension cost	7,741	12,491
Others	5,192	2,592
Allowance for doubtful debts	(7,604)	(7,222)
Total Assets	1,363,848	1,452,293

Balance Sheets

(Unit: millions of yen)

	97th Fiscal Year (as of Dec. 31, 2021)	(Reference) 96th Fiscal Year (as of Dec. 31, 2020)
Liabilities	605,955	770,973
Current Liabilities	311,919	366,629
Trade accounts payable	108,897	89,499
Short-term borrowings	99,395	177,275
Other accounts payable	35,007	45,751
Accrued expenses	4,211	4,348
Income taxes payable	18,818	-
Advances received	1,429	802
Deposits received	33,179	38,699
Accrued bonuses to employees	5,064	4,778
Accrued bonuses to directors	165	97
Reserve for scheduled repairs	3,998	2,905
Reserve for restructuring programs	-	231
Other current liabilities	1,751	2,240
Non-current Liabilities	294,035	404,344
Bonds	60,000	60,000
Long-term borrowings	226,517	330,002
Deferred tax liabilities	519	6,476
Accrued retirement benefits for employees	4,199	3,767
Reserve for loss on debt guarantees	28	37
Other non-current liabilities	2,771	4,060
Total Liabilities	605,955	770,973
Net Assets	757,892	681,320
Shareholders' Equity	717,786	630,886
Share capital	90,873	90,873
Capital surplus	91,164	91,164
Additional paid-in capital	91,164	91,164
Retained earnings	562,682	477,019
Legal reserve	22,618	22,618
Other retained earnings	540,064	454,401
Special depreciation reserve	123	247
Reserve for advanced depreciation of tangible fixed assets	8,814	8,488
General reserve	393,000	393,000
Retained earnings carried forward	138,125	52,664
Treasury shares, at cost	(26,933)	(28,170)
Valuation and Translation Adjustments	38,574	48,340
Unrealized gains on securities, net of tax	38,574	48,340
Share Subscription Rights	1,532	2,092
Total Net Assets	757,892	681,320
Total Liabilities and Net Assets	1,363,848	1,452,293

Statements of Operation

(Unit: millions of yen)

	97th Fiscal Year (from Jan. 1, to Dec. 31, 2021)	(Reference) 96th Fiscal Year (from Jan. 1, to Dec. 31, 2020)
Net Sales	566,777	505,041
Cost of sales	410,797	384,425
Gross Profit	155,979	120,616
Selling, general and administrative expenses	129,423	120,737
Operating (Loss)Income	26,555	(120)
Non-operating Income	99,906	44,875
Interest income	802	1,131
Dividend income	93,772	40,923
Others	5,331	2,821
Non-operating Expenses	2,456	3,409
Interest expenses	2,029	2,592
Others	427	817
Ordinary Income	124,006	41,345
Extraordinary Gains	29,340	1,726
Gain on sale of properties	4,110	-
Gain on sale of investments in securities	22,109	1,522
Gain on sale of investments in subsidiaries and affiliates	1,623	50
Reversal of reserve for loss on debt guarantees	-	3
Reversal of reserve for restructuring programs	75	150
Compensation for expropriation	1,420	-
Extraordinary Loss	18,362	82,892
Loss on sale of properties	-	0
Loss on disposal of properties	3,563	3,667
Loss on valuation of investments in securities	156	1,480
Loss on valuation of investments in subsidiaries and affiliates	13,489	76,983
Reserve for loss on debt guarantees	3	-
Expenses for allowance for doubtful debts	532	496
Expenses for special environmental protection measures	617	263
(Loss) Income before Income Taxes	134,984	(39,820)
Income taxes		
Current	19,377	762
Deferred	(1,639)	(833)
Net (Loss) Income	117,246	(39,748)

Statements of Changes in Net Assets

97th Fiscal Year (from January 1, 2021 to December 31, 2021)

(Unit: millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings				
		Additional paid-in capital	Other capital surplus	Legal reserve	Other retained earnings			
					Special depreciation reserve	Reserve for advanced depreciation of tangible fixed assets	General reserve	Retained earnings carried forward
Balance at beginning of year	90,873	91,164	-	22,618	247	8,488	393,000	52,664
Changes during the current period								
Reversal of special depreciation reserve	-	-	-	-	(123)	-	-	123
Provision of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-	1,376	-	(1,376)
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-	(1,050)	-	1,050
Dividends declared	-	-	-	-	-	-	-	(31,045)
Net income	-	-	-	-	-	-	-	117,246
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	(537)
Net changes other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during the current period	-	-	-	-	(123)	326	-	85,460
Balance at end of year	90,873	91,164	-	22,618	123	8,814	393,000	138,125

	Shareholders' equity		Valuation and translation adjustments	Share subscription rights	Total net assets
	Treasury shares, at cost	Total shareholders' Equity	Unrealized gains on securities, net of tax		
Balance at beginning of year	(28,170)	630,886	48,340	2,092	681,320
Changes during the current period					
Reversal of special depreciation reserve	-	-	-	-	-
Provision of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-
Dividends declared	-	(31,045)	-	-	(31,045)
Net income	-	117,246	-	-	117,246
Acquisition of treasury shares	(586)	(586)	-	-	(586)
Disposal of treasury shares	1,823	1,285	-	-	1,285
Net changes other than shareholders' equity	-	-	(9,766)	(560)	(10,327)
Total changes during the current period	1,237	86,900	(9,766)	(560)	76,572
Balance at end of year	(26,933)	717,786	38,574	1,532	757,892

(Reference) 96th Fiscal Year (from January 1, 2020 to December 31, 2020)

(Unit: millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal reserve	Retained earnings			
		Additional paid-in capital	Other capital surplus		Other retained earnings			
				Special depreciation reserve	Reserve for advanced depreciation of tangible fixed assets	General reserve	Retained earnings carried forward	
Balance at beginning of year	90,873	91,164	-	22,618	522	9,169	293,000	218,192
Changes during the current period								
Reversal of special depreciation reserve	-	-	-	-	(274)	-	-	274
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-	(680)	-	680
Provision of general reserve	-	-	-	-	-	-	100,000	(100,000)
Dividends declared	-	-	-	-	-	-	-	(26,591)
Net loss	-	-	-	-	-	-	-	(39,748)
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	(143)
Net changes other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during the current period	-	-	-	-	(274)	(680)	100,000	(165,527)
Balance at end of year	90,873	91,164	-	22,618	247	8,488	393,000	52,664

	Shareholders' equity		Valuation and translation adjustments	Share subscription rights	Total net assets
	Treasury shares, at cost	Total shareholders' equity	Unrealized gains on securities, net of tax		
Balance at beginning of year	(28,468)	697,071	52,723	2,271	752,067
Changes during the current period					
Reversal of special depreciation reserve	-	-	-	-	-
Reversal of reserve for tax purpose reduction entry of non-current assets	-	-	-	-	-
Provision of general reserve	-	-	-	-	-
Dividends declared	-	(26,591)	-	-	(26,591)
Net loss	-	(39,748)	-	-	(39,748)
Acquisition of treasury shares	(13)	(13)	-	-	(13)
Disposal of treasury shares	311	167	-	-	167
Net changes other than shareholders' equity	-	-	(4,382)	(178)	(4,561)
Total changes during the current period	297	(66,185)	(4,382)	(178)	(70,747)
Balance at end of year	(28,170)	630,886	48,340	2,092	681,320

Notes to the Non-Consolidated Financial Statements

The accompanying financial statements of the Company have been prepared in accordance with the provisions set forth in the Corporation Law and its related accounting regulations, and in conformity with the accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

I. Significant Accounting Policies

1. Valuation of assets

(1) Valuation of securities

Investments in subsidiaries and affiliates:

Investments in subsidiaries and affiliates are stated at cost based on the moving average method. Valuation losses are recognized when the real value of subsidiaries and affiliates that do not have a market price has declined significantly.

Other securities:

Securities with market value:

Securities with market value are stated at the quoted market prices prevailing at the end of the fiscal year. Differences between market value and acquisition costs are recorded as “Unrealized gains on securities, net of tax” in Net Assets. The cost of securities sold is calculated by the moving average method.

Securities without market value:

Securities without market value are mainly stated at cost determined by the moving average method.

(2) Valuation of derivative financial instruments

Derivatives are stated at fair value.

(3) Valuation of inventories

Inventories are mainly carried at cost calculated using the moving average method. They are written down to their net realizable value if their profitability declines.

2. Depreciation and amortization of fixed assets

(1) Tangible fixed assets

Depreciation is computed by the straight-line method.

(2) Intangible fixed assets

Amortization of intangible assets is computed by the straight-line method.

(3) Leased assets related to finance lease transactions not involving the transfer of ownership

Depreciation of leased assets related to finance lease transactions not involving the transfer of ownership is calculated by the straight-line method over the lease periods, which are deemed as the useful lives, assuming no residual value.

3. Basis for recognizing certain reserves and accrued expense items

(1) Allowance for doubtful debts

“Allowance for doubtful debts” is provided at an amount sufficient to cover possible losses on the collection of receivables by taking the historical receivables loss ratio. For certain doubtful receivables, the uncollectible amounts are estimated based on the collectability of individual receivables.

(2) Accrued bonuses to employees

“Accrued bonuses to employees” is provided based on the estimated amount to be paid to employees after the balance sheet date for their services rendered during the current period.

(3) Accrued bonuses to directors

“Accrued bonuses to directors” is provided based on the estimated amount to be paid to directors after the balance sheet date for their services rendered during the current period.

(4) Reserve for scheduled repairs

“Reserve for scheduled repairs” is provided based on the estimated amount to be paid for the next periodic inspection of the facilities and estimated costs for repair work considering the service period until the next periodic inspection.

(5) Accrued retirement benefits for employees

Recognition of accrued retirement benefits for employees is based on actuarial valuation of projected benefit obligations and pension assets.

Past service cost is amortized on a straight-line basis over the average remaining service period of employees (13 years), from the year when it is incurred.

Actuarial gain/loss is amortized on a straight-line basis over the average remaining service period of employees (13 years), starting from the following year after incurred.

(6) Reserve for loss on debt guarantees

“Reserve for loss on debt guarantees” is provided based on the estimated value of losses that would accrue from a possible execution of loan guarantees for the Company’s subsidiaries and affiliates.

(7) Reserve for restructuring programs

“Reserve for restructuring programs” is reasonably estimated based on costs arising mainly from additional severance compensation program related to restructuring and restructuring of certain businesses.

4. Other significant matters regarding the preparation of financial statements

(1) Accounting for consumption tax

Consumption tax is not included in the amounts of respective income and cost or expense items.

(2) Application of consolidated taxation system

The Company adopts the consolidated tax return system for the calculation of income taxes.

(3) Application of tax effect accounting for the transition from the consolidated tax payment system to the group taxation system

Having regard to paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No.39, March 31, 2020), the Company did not follow paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group taxation system and related amendments of tax laws for transitioning to the single tax payment system.

(4) Amounts presented in financial statements

Amounts below one million yen are rounded down.

(5) Accounting for retirement benefits for employees

Accounting methods for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differ from those applied in the consolidated financial statements.

II. Notes to Change in Presentation Method

(Accounting estimates)

The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) was applied to the financial statements for the end of fiscal year under review, and notes regarding significant accounting estimates were included in the financial statements.

III. Notes to accounting estimates

Items for which the amount was recorded in the financial statements for the fiscal year under review based on accounting estimates, and which may have a significant impact on the financial statements for the following fiscal year, are as follows.

(1) Valuation of investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates (stock) 367,039 million yen

Investments in subsidiaries and affiliates (others) 191,096 million yen

The Company recognizes valuation losses on shares and investments in affiliates that do not have a market price when the real value has declined significantly. In the event of a deterioration in the business performance of an affiliate, the real value of the company may decline significantly, and a valuation loss may be incurred, which may have a significant impact on the amount of investments in subsidiaries and affiliated companies in the Company's financial statements for the following fiscal year.

(2) Impairment losses on tangible fixed assets

Tangible fixed assets 306,917 million yen

Information on the content of accounting estimates is omitted, as the same content is provided in the notes to the consolidated financial statements.

IV. Notes to the Balance Sheet

1. Accumulated depreciation on tangible fixed assets:	677,473 million yen
2. Commitments and contingent liabilities	
Guarantee of loans:	127,875 million yen
3. Monetary receivables from/payables to subsidiaries and affiliates	
Short-term receivables from subsidiaries and affiliates:	97,571 million yen
Long-term receivables from subsidiaries and affiliates:	39,605 million yen
Short-term payables to subsidiaries and affiliates:	90,658 million yen
Long-term payables to subsidiaries and affiliates:	327 million yen

V. Notes to the Statement of Operation

1. Transaction with subsidiaries and affiliates

Sales to subsidiaries and affiliates:	175,436 million yen
Purchases from subsidiaries and affiliates:	247,636 million yen
Non-operating transactions with subsidiaries and affiliates:	93,421 million yen

2. Loss on valuation of investments in subsidiaries and affiliates

The Company recorded loss on valuation of investments in subsidiaries and affiliates mainly due to a significant decline in the real value of shares of certain consolidated subsidiaries engaged in the printed circuit board business in accordance with deterioration in business performance.

VI. Notes to the Statement of Changes in Net Assets

Type and number of treasury shares as of December 31, 2021:

Common stock:	5,839,236 shares
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Note: The number of treasury shares at the end of the period includes 321,609 shares owned by the Board Incentive Plan (BIP) Trust.

VII. Notes to Tax Effect Accounting

Major components of deferred tax assets include loss on devaluation of investments in subsidiaries and affiliates and accrued retirement benefits for employees. The major components of deferred tax liabilities are unrealized gains on securities and gains on establishment of trust for retirement benefits.

VIII. Notes to Fixed Assets used under Lease Contracts

In addition to the leased assets recorded in the Balance Sheet, office equipment such as computers are accounted for using the same method as operating lease transactions.

IX. Related Party Transactions

(Unit: millions of yen)

Attribute	Company name	Voting right ratio held	Relationship with related party	Transaction	Transaction amount	Account item	Year-end balance
Subsidiary	AGC Europe Glass	Possession; Directly 100%	Production and sales of flat glass	Lending (Note)	(12,012)	Sort-term loans Long-term loans	24,013
Subsidiary	AGC Electronics Co., Ltd.	Possession; Directly 100%	Manufacturing and sales of semiconductor processing materials and Optoelectronic materials	Lending (Note)	26,203	Long-term loans	22,098

The Company uses deposits held by its subsidiaries at financial institutions as the Company's operating funds through the cash management services offered by financial institutions. The average balance is 35,568 million yen, and year-end balance is 21,663 million yen.

Notes:

Interest rates on loans are determined based on the market interest rates at the time of financing.

X. Notes to Per Share Information

1. Net assets per share 3,413.15yen

Note: Upon calculating net assets per share, the number of treasury shares subtracted from the total number of issued shares at the end of the period includes the Company's stock owned by the BIP Trust (number of shares at the end of period: 321,609).

2. Net income per share 529.34 yen

Note: Upon calculating earnings per share, the number of treasury shares subtracted in computing the average number of shares outstanding includes the Company's stock owned by the BIP Trust (the average number of issued shares outstanding during the period: 300,922).

Accounting Auditor's Report on Non-Consolidated Financial Statements

Independent Auditor's Report

February 4, 2022

To the Board of Directors of AGC Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Atsuji Maeno
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tsutomu Ogawa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Kajiwara
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of operation, the statement of changes in net assets and the related notes, and the supplementary schedules of AGC Inc. ("the Company") as at December 31, 2021 and for the year from January 1, 2021 to December 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board and its Members for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of

financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board and its members are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board and its members regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Note to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit & Supervisory Board's Audit Report

Audit & Supervisory Board's Audit Report

Concerning the execution of duties by the Directors for the 97th fiscal year (from January 1, 2021, to December 31, 2021), the Audit & Supervisory Board has prepared this audit report upon deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows.

1. Methods and details of audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board formulated an audit policy, audit plan, and other relevant matters, received reports from each Audit & Supervisory Board Member on the implementation and results of audits, as well as reports from the Directors, Accounting Auditor, employees and other relevant personnel on the status of execution of their duties, and requested explanations from them as necessary.
- (2) In accordance with the Standards for Auditing established by the Audit & Supervisory Board, the audit policy, audit plan, and other relevant matters, each Audit & Supervisory Board Member communicated well with the Directors, internal audit divisions, and other relevant personnel; endeavored to gather information and to maintain and improve the audit environment; and implemented audit through the following methods.
 - (i) Each Audit & Supervisory Board Member attended the Board of Directors meetings and other important meetings; received reports from the Directors, employees and other relevant personnel on the status of execution of their duties; requested explanations as necessary; reviewed significant approval documents and relevant documents; and inspected the status of operations and assets at the Company's head office and other principal offices. In addition, on subsidiaries, each Audit & Supervisory Board Member endeavored to communicate well and exchange information with the Directors and Audit & Supervisory Board Members of the subsidiaries, received reports from the subsidiaries on their business as necessary, and conducted inspections at some subsidiaries.
 - (ii) On the contents of the resolution of the Board of Directors concerning the establishment of the system to ensure that the execution of duties by the Directors complies with the laws and regulations and the Articles of Incorporation, and other systems necessary to ensure the appropriateness of operations of the corporate group comprising the Company and its subsidiaries and the systems that are maintained based on such resolution (Internal Control Systems), each Audit & Supervisory Board Member received reports on the status of their establishment and operation from the Directors, employees and other relevant personnel on a regular basis and verified such status of establishment and operation. On internal control over financial reporting, we received reports from the Directors, etc. and KPMG AZSA LLC on the evaluation and audit status of the said internal control as well as requested explanations as necessary.
 - (iii) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, received reports from the Accounting Auditor on the status of execution of its duties, and requested explanations as necessary. We also received notification from the Accounting Auditor stating that it has established the "Systems to Ensure the Appropriate Execution of Duties by the Accounting Auditor" (Article 131 of the Ordinance of Companies Accounting), and we requested explanations as necessary.

Through these methods, we reviewed on the business report and its supplementary schedules, non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in net assets and notes) and their supplementary schedules, and the consolidated financial statements (the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes in accordance with the latter part

of Article 120, Paragraph 1, of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards) for the fiscal year under review.

2. Result of the audit

(1) Audit result of the business report, etc.

(i) We acknowledge that the business report and its supplementary schedules present the situation of the Company correctly in accordance with the laws and regulations and the Articles of Incorporation.

(ii) We acknowledge that there was no wrongful act or material fact of violation of the laws or regulations or the Articles of Incorporation concerning the execution of duties by the Directors.

(iii) We acknowledge that the contents of the resolution of the Board of Directors concerning the internal control system is appropriate. Furthermore, we also acknowledge that nothing needs to be pointed out on the stated contents of the business report concerning such internal control system and the execution of duties by the Directors concerning such internal control system.

We received reports from the Directors, etc. and KPMG AZSA LLC stating that on internal control over financial reporting, it is effective at the time of preparing this Audit & Supervisory Board's audit report.

(2) Audit result of the non-consolidated financial statements and their supplementary schedules

We acknowledge that the methods and the results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

(3) Audit result of the consolidated financial statements

We acknowledge that the methods and the results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

February 7, 2022

Audit & Supervisory Board
AGC Inc.

Yoshiyuki Morimoto
Full-time Audit & Supervisory Board
Member

Tetsuo Tatsuno
Full-time Audit & Supervisory Board
Member

Akio Sakumiya
Audit & Supervisory Board Member

Yaeko Takeoka
Audit & Supervisory Board Member

Note: Audit & Supervisory Board Members, Yoshiyuki Morimoto, Akio Sakumiya and Yaeko Takeoka are outside Audit & Supervisory Board Members prescribed in Article 2-16 and Article 335, Paragraph 3, of the Companies Act.

Note: The Audit & Supervisory Board's Audit Report herein is the English translation of the original report issued in the Japanese language.

Reference (Overview of Consolidated Statements of Cash Flows)

(Unit: millions of yen)

	97 th Fiscal Year (From Jan. 1, 2021) (To Dec. 31, 2021)	96 th Fiscal Year (From Jan. 1, 2020) (To Dec. 31, 2020)
Cash Flows from Operating Activities	326,713	225,392
Cash Flows from Investing Activities	(123,787)	(230,248)
Cash Flows from Financing Activities	(252,259)	128,443
Effect of Exchange Rate Changes on Cash and Cash Equivalents	9,039	(1,246)
Net Increase (Decrease) in Cash and Cash Equivalents	(40,294)	122,340
Cash and Cash Equivalents at Beginning of Year	236,124	113,784
Cash and Cash Equivalents at End of Year	195,830	236,124

On the brand statement “Your Dreams, Our Challenge”

The AGC Group introduced the brand statement “Your Dreams, Our Challenge” toward fulfilling “Our Mission” presented in the Group Vision “Look Beyond.” The corporate stance of the AGC Group to keep challenging in all ages in order to enrich the lives of people has been inherited since its foundation. With all employees as one team, we will endeavor to further enhance our corporate value.

- 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.

Built on these founding spirits, AGC has been supporting top runners of the era with unique materials and solutions while building solid trusted relationship with our customers.

We will combine the knowledge and technology of each other and continue challenging to realize dreams beyond people’s beliefs.

Your Dreams, Our Challenge