



Financial Results for FY2020

February 17, 2021

Scope of consolidation

Number of consolidated subsidiaries: 19 (2 less than at end of FY2019. Liquidation of two logistics subsidiaries has been completed.)

Number of equity-method affiliates: 2 (no change)

		FY2019	FY2020	Change	
Net sales	(Millions of yen)	144,955	133,392	-11,562	-8.0%
Operating income	(Millions of yen)	13,782	12,336	-1,446	-10.5%
Operating income ratio		9.5%	9.2%	-0.3%	—
Ordinary income	(Millions of yen)	15,230	13,054	-2,175	-14.3%
Net income attributable to owners of parent	(Millions of yen)	10,387	8,142	-2,244	-21.6%
Net income per share	(Yen)	78.91	62.43	-16.48	—
Annual dividend	(Yen)	30.0	30.0	—	—

<Business Environment>

- COVID-19 infections continue to spread and social and economic activity remains stagnant.
- Major differences in timing of recovery among industries and product areas.
- Changes in demand structure with transition to “new normal” have accelerated.

<Financial Results for FY2020>

1. Falling sales prices were offset by lower raw material and fuel prices, but decline in volume put pressure on profit.
2. Necessary investments continued, meanwhile extent of profit decline was compressed through fixed cost reductions, etc.
3. Conducted share buybacks (3.88 billion yen). Total return ratio was 95.4%.

Consolidated Results (by Segment)

Net sales (by consolidated segment)

(Millions of yen)

	FY2019	FY2020	Change in net sales		
			Volume	Unit price	Change
Commodity Chemicals	65,667	58,495	-4,066	-3,106	-7,172
Polymer & Oligomer	29,112	26,944	-1,932	-235	-2,167
Adhesive Material	11,174	10,054	-845	-275	-1,120
Performance Chemicals	8,148	8,980	640	191	831
Plastics	27,079	25,285	-1,710	-84	-1,794
Other	3,772	3,633	-138	0	-138
Total	144,955	133,392	-8,053	-3,509	-11,562

Operating income (by consolidated segment)

(Millions of yen)

	FY2019		FY2020		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	5,442	8.3%	4,550	7.8%	-892
Polymer & Oligomer	3,526	12.1%	3,141	11.7%	-384
Adhesive Material	1,356	12.1%	781	7.8%	-575
Performance Chemicals	2,116	26.0%	2,690	30.0%	574
Plastics	1,233	4.6%	1,188	4.7%	-45
Other/adjustments	106	—	(16)	—	-122
Total	13,782	9.5%	12,336	9.2%	-1,446

Other Income/Expenses and Extraordinary Income/Loss (Consolidated)

[Other income/expenses] (Millions of yen)

	FY2019	FY2020	Change
Interest and dividend income	1,080	864	-215
Equity in earnings of affiliates	164	168	3
Rent income on non-current assets	260	278	18
Miscellaneous income	246	194	-50
Foreign currency exchange gain (loss)	207	* (401)	-608
Interest expense	(95)	(94)	1
Environment readiness fee	(268)	(149)	119
Cost of idle assets	(43)	(31)	11
Miscellaneous expenses	(104)	(110)	-8
Total	1,447	718	-728

* Increase in foreign currency exchange loss due to re-evaluation of THB-denominated loans to a Thai subsidiary

• Equity in earnings of affiliates (Millions of yen)

	FY2019	FY2020	Difference
Elmer's & Toagosei	181	135	-45
Chubu Liquid Oxygen	(57)	110	167
Total	124	245	121

[Extraordinary income/loss] (Millions of yen)

	FY2019	FY2020	Change
Gain on sales of non-current assets	7	—	-7
Gain on sales of investment securities	553	253	-299
Subsidy income	9	—	-9
Loss on disposal of non-current assets	(100)	(434)	-334
Impairment loss	(410)	(183)	227
Loss on valuation of investment securities	—	(433)	-433
Total	60	(798)	-858

FY2020

- Loss on disposal of non-current assets: Increase in retirement of old equipment accompanying replacement investments
- Impairment loss: Recorded impairment loss on assets at Toagosei Singapore Pte Ltd.

• Exchange rate

	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2020
Yen/USD	109.56	107.74	103.50
Yen/THB	3.63	3.49	3.44

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2019	Dec. 31, 2020	Change
Cash and deposits ①	32,989	48,564	15,574
Notes and accounts receivable ②	42,534	39,757	-2,776
Securities ①	44,000	25,000	-19,000
Inventories	18,161	17,094	-1,066
Other current assets	1,275	960	-314
Property, plant and equipment ③	74,376	78,301	3,925
Investment securities ④	28,711	26,844	-1,867
Other non-current assets	5,165	5,309	144
Total assets	247,211	241,832	-5,378
Notes and accounts payable ⑤	14,413	12,130	-2,282
Bank loans and debt	11,534	11,376	-159
Accrued income taxes	2,030	1,618	-411
Other liabilities	20,652	19,061	-1,584
Total liabilities	48,632	44,190	-4,442
Total net assets	198,579	197,642	-936
Total liabilities and net assets	247,211	241,832	-5,378

[Balance Sheet]

- ① Cash and deposits increased due to withdrawal of negotiable certificates of deposit
- ② Notes and accounts receivable - trade decreased
- ③ Non-current assets increased because of active capital investment, among other factors
- ④ Fair value decreased
- ⑤ Notes and accounts payable - trade decreased

Cash Flows

(Millions of yen)

	FY2019	FY2020	Change
Cash flows from operating activities	18,615	20,671	2,056
Cash flows from investing activities	(15,855)	(11,362)	4,493
Free cash flow	2,760	9,309	6,549

Overview of Consolidated Subsidiaries (Results for FY2020)

(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
			FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
1 Toa Techno-Gas	Commodity Chemicals	100	4,577	4,306	313	340	225	248
2 (Oita Chemical)	↓	100	13,512	10,975	(28)	(33)	(52)	(43)
3 Toagosei Singapore	↓	100	3,106	2,591	96	21	(243)	(111)
4 (MT Ethylene Carbonate)	↓	90	599	517	5	4	5	3
5 MT AquaPolymer	Polymer & Oligomer	51	10,252	9,577	646	478	450	329
6 Taiwan Toagosei	↓	100	1,202	1,270	59	93	49	75
7 Toa-Jet Chemical	↓	51	1,568	1,430	77	128	72	103
8 TOA-DIC Zhangjiagang Chemical	↓	90	1,597	1,545	112	215	78	134
9 Toagosei (Thailand)	↓	100	786	1,676	(189)	(126)	(292)	(275)
10 Toagosei America	Adhesive Material	100	1,639	1,465	(48)	(73)	64	(9)
11 (Aron Packaging)	↓	100	264	252	(5)	1	(4)	1
12 Toagosei Hong Kong	↓	100	295	283	34	32	94	32
13 Toagosei (Zhuhai)	↓	100	443	422	35	3	18	9
14 Aronkasei	Plastics	100	27,112	25,301	1,457	1,504	1,085	259
15 Aronkasei (Thailand)	↓	100	11	74	(239)	(312)	(239)	(317)
16 TOA Kogyo	Other	100	985	974	(35)	6	(12)	11
17 Toa Business Associe	↓	100	2,073	2,359	56	72	35	45
18 TG Corporation	↓	100	12,631	11,402	376	368	261	255
19 (Toa Logistics)	↓	100	458	525	15	29	30	39
20 (Shikoku Toa Logistics)	↓	70	824	-	1	-	1	-
21 (Hokuriku Toa Logistics)	↓	90	0	-	0	-	0	-
Simple aggregation			83,934	76,944	3,282	2,750	2,467	788

Company names in parentheses indicate that almost all of their transactions are with the Company.

Despite a strong sense of uncertainty about factors such as when the COVID-19 crisis will subside and the struggle for hegemony between the US and China, economic conditions are on track for recovery both in Japan and overseas.



No change in the policy of high-value-added businesses set forth in the Medium-Term Management Plan “Stage up for the Future”

- **Respond nimbly to changes in demand structure.**
- **Continue with active investment while promptly turning out concrete outcomes.**
- **Strengthen initiatives toward the creation of new businesses and new products that will help us contribute to sustainability.**

Consolidated Results Forecast for FY2021

(Millions of yen)

	FY2020 (A)	FY2021 1H (forecast)	FY2021 2H (forecast)	FY2021 forecast (B)	Change (B-A)
Net sales	133,392	69,000	74,000	143,000	9,608
Operating income	12,336	6,600	7,400	14,000	1,664
Operating income ratio	9.2%	9.6%	10.0%	9.8%	0.6%
Other income/expenses	718	500	300	800	82
Ordinary income	13,054	7,100	7,700	14,800	1,746
Extraordinary income (loss)	(798)	0	100	100	898
Income before income taxes (a)	12,256	7,100	7,800	14,900	2,644
Income taxes (b)	(3,890)	(2,100)	(2,100)	(4,200)	-310
Tax rate (b)/(a)	31.7%	29.6%	26.9%	28.2%	-3.5%
Net income attributable to non-controlling interests	(223)	(100)	(200)	(300)	-77
Net income attributable to owners of parent	8,142	4,900	5,500	10,400	2,258
Dividend (Yen)	30	15	15	30	—
<Reference>					
Average exchange rate (Yen/USD)	¥107.23			¥108.00	
Naphtha price (Yen/kl)	¥32,825			¥35,000	

Note: Change of 1,000 yen in naphtha price per kl will have an impact of ±300 million yen on the Company's performance.

Depreciation of yen by 1 yen/USD will have an impact of -70 million yen on the Company's performance.

Consolidated Results Forecast for FY2021 (by Segment)

Net sales

(Millions of yen)

	FY2020 results	FY2021 forecast	Change	Factors for change
Commodity Chemicals	58,495	61,400	2,905	[Increase] Acrylic monomer, caustic potash
Polymer & Oligomer	26,944	31,300	4,356	[Increase] Polymer flocculant, acrylic polymer
Adhesive Material	10,054	10,700	646	[Increase] Instant glues, functional adhesives
Performance Chemicals	8,980	9,700	720	[Increase] High-purity inorganic chemicals, inorganic functional materials
Plastics	25,285	26,200	915	[Increase] Elastomer compounds, construction and civil engineering products
Other	3,633	3,700	67	
Total	133,392	143,000	9,608	

Operating income

Figures in square brackets are operating income ratio. (Millions of yen)

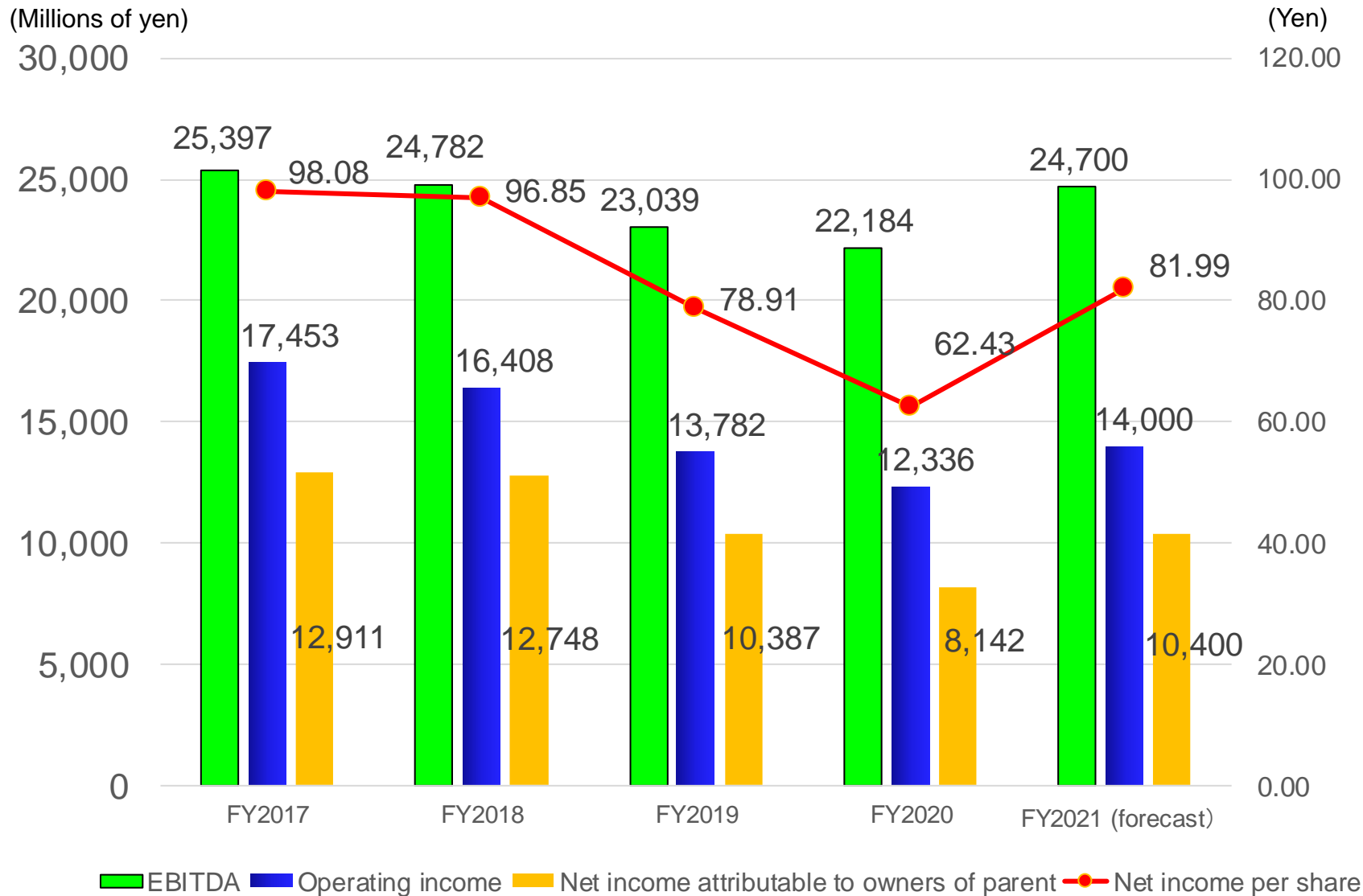
	FY2020 results		FY2021 forecast		Change	Factors for change
Commodity Chemicals	4,550	[7.8%]	5,600	[9.1%]	1,050	[Increase] Caustic potash, sodium hypochlorite
Polymer & Oligomer	3,141	[11.7%]	3,700	[11.8%]	559	[Increase] Polymer flocculant, acrylic polymer
Adhesive Material	781	[7.8%]	700	[6.5%]	-81	[Decrease] Instant glues
Performance Chemicals	2,690	[30.0%]	2,700	[27.8%]	10	[Increase] High-purity inorganic chemicals
Plastics	1,188	[4.7%]	1,500	[5.7%]	312	[Increase] Elastomer compounds, piping equipment
Other	(16)	-	(200)	-	-184	
Total	12,336	[9.2%]	14,000	[9.8%]	1,664	

Overview of Consolidated Subsidiaries (FY2021 Forecast)

(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
			FY2020	FY2021 forecast	FY2020	FY2021 forecast	FY2020	FY2021 forecast
1 Toa Techno-Gas	Commodity Chemicals	100	4,306	4,404	340	347	248	253
2 (Oita Chemical)	↓	100	10,975	-	(33)	-	(43)	-
3 Toagosei Singapore	↓	100	2,591	2,826	21	7	(111)	7
4 (MT Ethylene Carbonate)	↓	90	517	517	4	5	3	5
5 MT AquaPolymer	Polymer & Oligomer	51	9,577	12,219	478	803	329	560
6 Taiwan Toagosei	↓	100	1,270	1,251	93	77	75	62
7 Toa-Jet Chemical	↓	51	1,430	1,451	128	94	103	79
8 TOA-DIC Zhangjiagang Chemical	↓	90	1,545	1,660	215	116	134	87
9 Toagosei (Thailand)	↓	100	1,676	2,416	(126)	75	(275)	(38)
10 Toagosei America	Adhesive Material	100	1,465	1,637	(73)	21	(9)	59
11 (Aron Packaging)	↓	100	252	263	1	7	1	5
12 Toagosei Hong Kong	↓	100	283	284	32	21	32	19
13 Toagosei (Zhuhai)	↓	100	422	578	3	1	9	0
14 Aronkasei	Plastics	100	25,301	25,507	1,504	1,536	259	1,109
15 Aronkasei (Thailand)	↓	100	74	778	(312)	(59)	(317)	(66)
16 TOA Kogyo	Other	100	974	1,006	6	4	11	6
17 Toa Business Associe	↓	100	2,359	2,427	72	53	45	36
18 TG Corporation	↓	100	11,402	12,080	368	373	255	259
19 (Toa Logistics)	↓	100	525	519	29	22	39	15
Simple aggregation			76,944	71,823	2,750	3,503	788	2,457

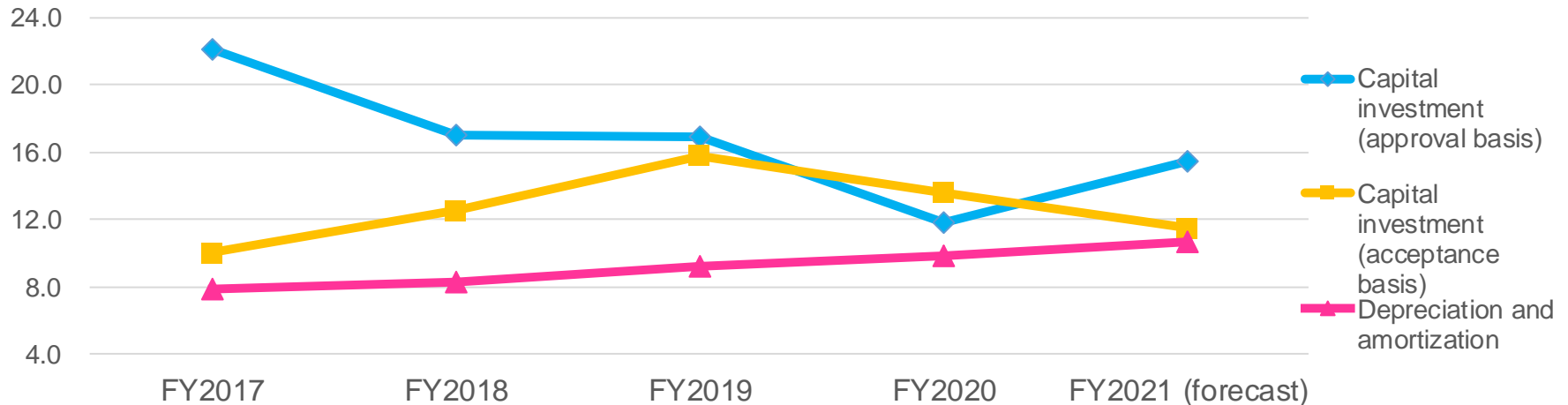
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(Billions of yen)

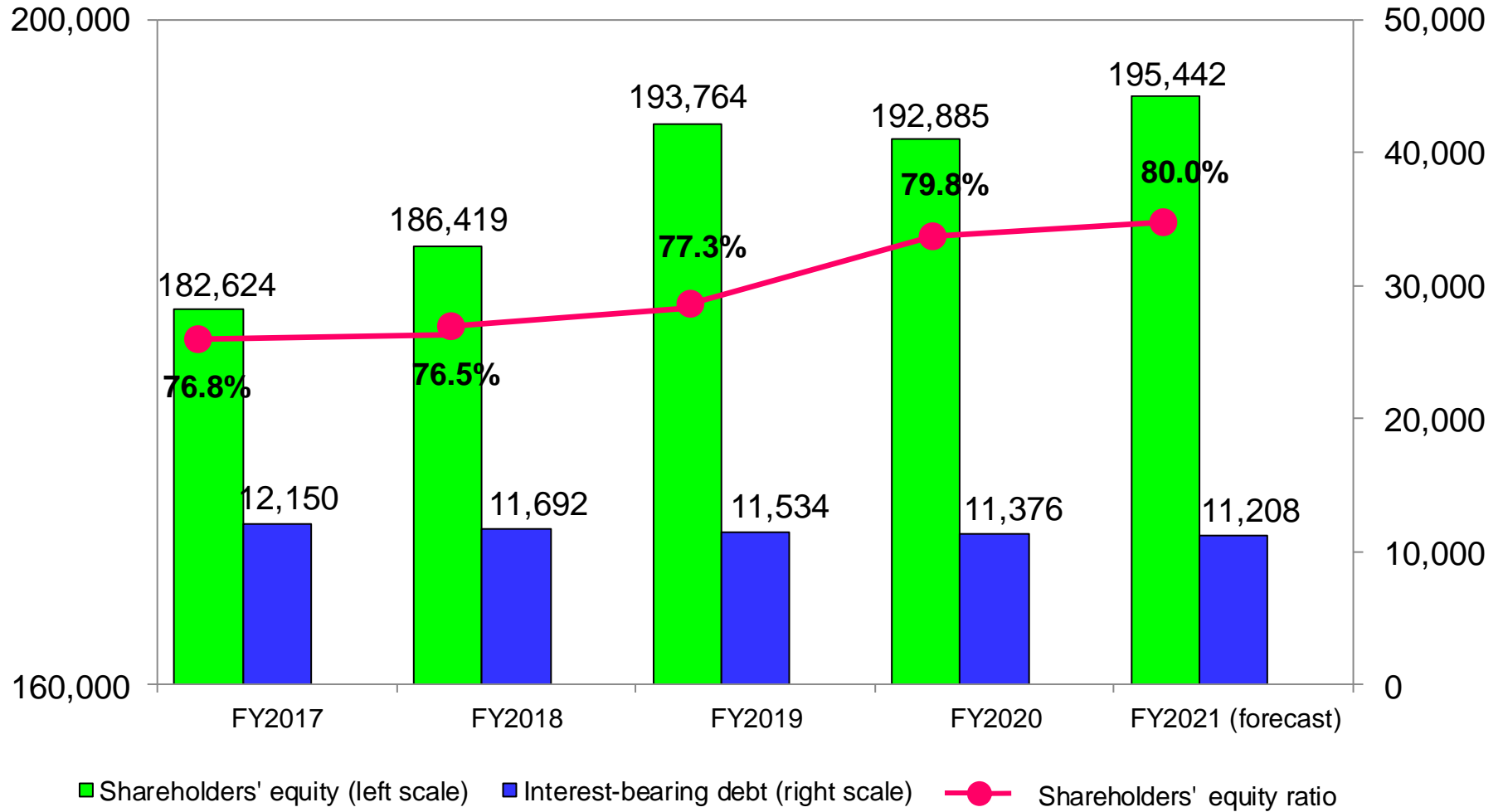
	FY2017	FY2018	FY2019	FY2020	FY2021 forecast
Capital investment (acceptance basis)	10.0	12.5	15.8	13.6	11.5
Capital investment (approval basis)	22.1	17.0	16.9	11.8	15.5
Depreciation and amortization	7.9	8.3	9.2	9.8	10.7
Research and development expenses	3.7	3.6	3.7	4.0	4.2
Overseas sales	24.2	24.5	22.6	22.1	24.9
Overseas sales ratio (%)	16.7	16.4	15.6	16.6	17.4
Interest-bearing debt	12.1	11.6	11.5	11.3	11.2

(Billions of yen)

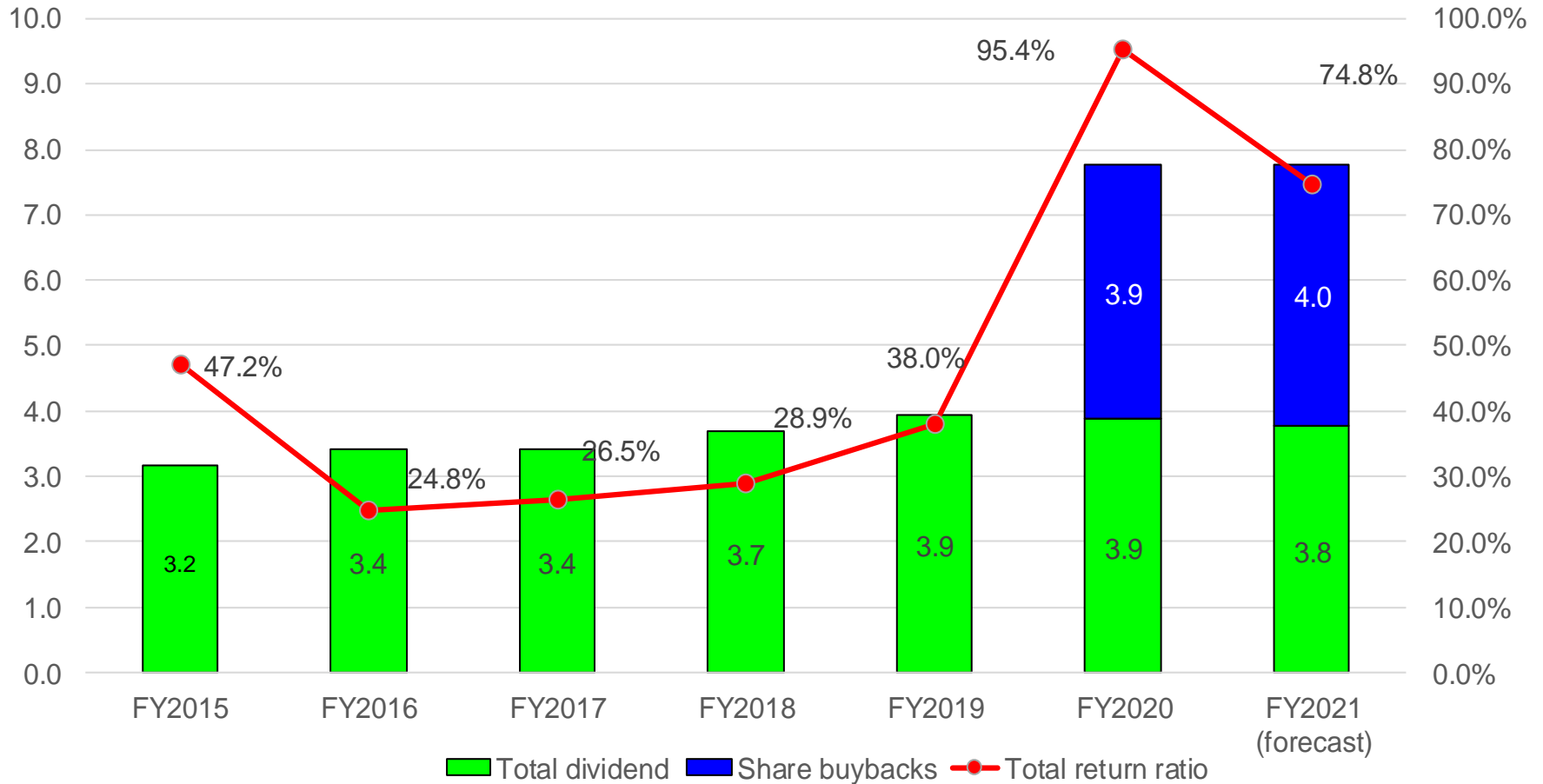


(Millions of yen)

(Millions of yen)

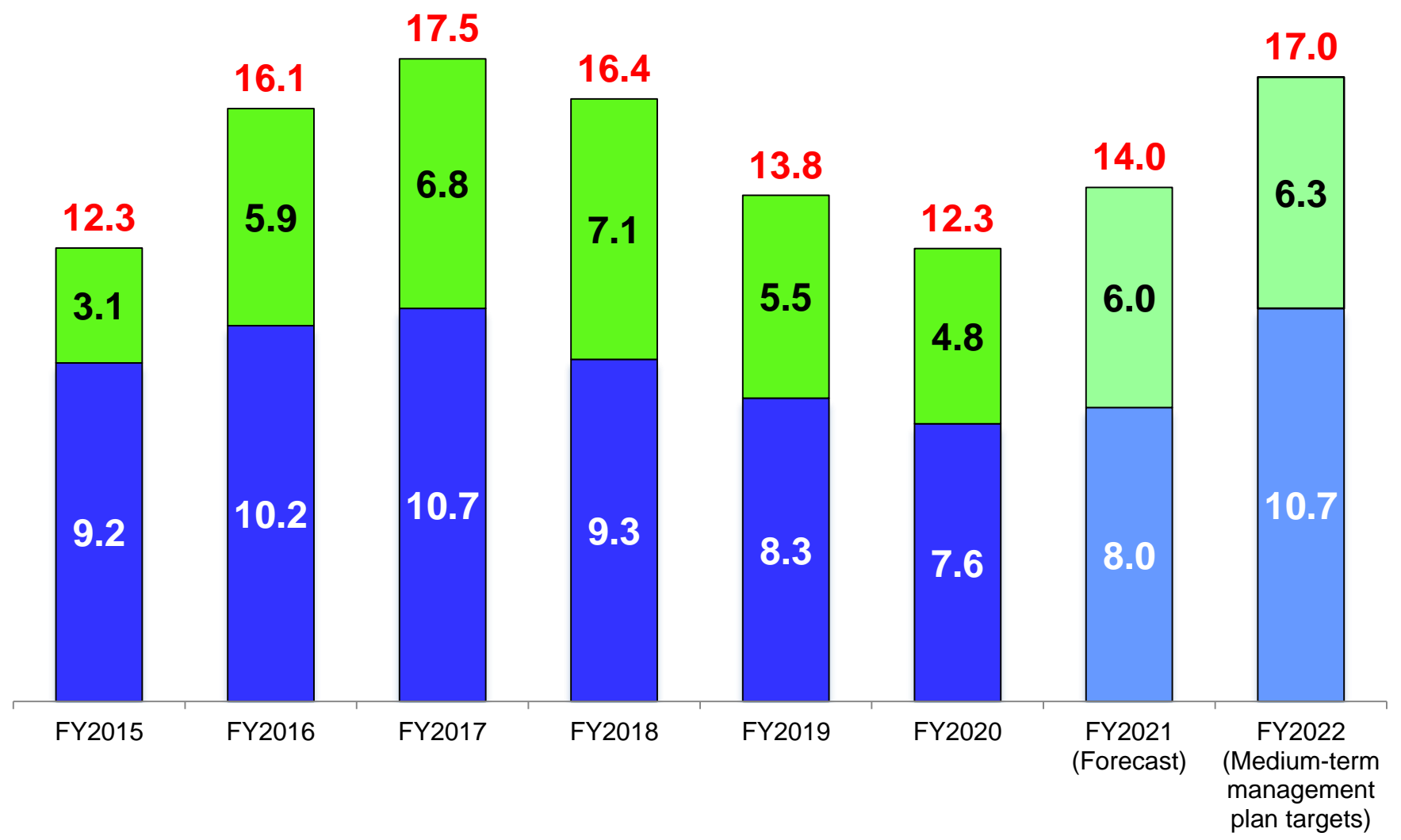


(Billions of yen)



Trends in Operating Income for High-Value-Added Products and Commodity Products

■ Commodity products (Billions of yen)
■ High-value-added products



	Focus Area	Materiality (Key Issues)	Progress/ Outcome (Slide)
Provision of social value through business	Mobility	<ul style="list-style-type: none"> Reduction of environmentally hazardous substances related to automobiles 	17
	Electronics	<ul style="list-style-type: none"> Industrial innovation, development of information infrastructure 	17
	Healthcare	<ul style="list-style-type: none"> Creation of healthy and comfortable everyday living environments Enrichment of everyday lives of the elderly and people requiring nursing care 	18
	Lifelines	<ul style="list-style-type: none"> Stable supply of good-quality water through water and sewerage treatment Prevention and mitigation of damages from natural disasters 	18
	Biodiversity	<ul style="list-style-type: none"> Maintenance of marine biodiversity 	-
	Energy	<ul style="list-style-type: none"> Mitigation of climate change through reduction of CO₂ emissions 	19
	New value creation	<ul style="list-style-type: none"> Creation of new business units, provision of new value through digital transformation (DX) 	19
	CSR Category	Priority Initiatives	Progress/ Outcome (Slide)
Strengthening of foundations for an enduring company	Governance	<ul style="list-style-type: none"> Strengthening of stakeholder-oriented governance 	20
	Environment	<ul style="list-style-type: none"> Enhancement of Responsible Care (RC) activities 	
	Society	<ul style="list-style-type: none"> Respect for human rights and diversity Promotion of activities related to social contributions 	

Mobility area

7 AFFORDABLE AND CLEAN ENERGY



Polymers for LIB

- Expanded production capacity in April 2020 to meet rapidly growing EV demand.

Functional adhesives for fuel cell vehicles

- Toagosei adhesive adopted for the core section of fuel cell for TOYOTA's new MIRAI.

Electronics area

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



High-purity gases for manufacture of semiconductors

- Construction of new filling facility for high-purity liquid hydrogen chloride at Yokohama Plant completed. Established two-facility production framework along with Tokushima Plant.

Functional adhesives for electronic materials

- Full-scale development of market for low-dielectric adhesives for high-frequency substrates. Constructed new plant at Takaoka Plant.

Healthcare area



**Silver-based
antimicrobial/antivirus agent
NOVARON**

**Sodium hypochlorite
Hypochlorous acid solution**

**Inorganic deodorant
KESMON**

- In addition to antivirus product IV1000*¹, developed new IV2000*²
 - *1 Effective against influenza viruses, novel coronaviruses, etc.
 - *2 Effective against noroviruses and rotaviruses
- Supports infrastructure as a disinfectant in water and sewerage. Became more important as sanitizing liquid in COVID-19 crisis.
- Developed new hypochlorous acid solution that can remove bacteria efficiently from everyday living spaces.
- Developed and expanded production framework in anticipation of expansion of deodorizing needs. Accelerated new market development in clothing area.

Lifelines area



Polymer flocculant

- Reached agreement to take over Mitsubishi Chemical's polymer flocculant sales business at MT AquaPolymer (awaiting approval from relevant authorities)

Energy area



Hydrogen station

- Decided to establish a hydrogen station in Tokushima. Endorsed Tokushima Prefecture's "hydrogen grid initiative" and plan to establish a station on a site adjacent to Tokushima Plant to promote the popularization of fuel cell vehicles. (within this year)

New value creation



Cellulose Nanofiber (CNF)

- Developed low-energy, low-cost technology for conversion to cellulose single nanofiber. Aim to establish technology to realize price range of one-fifth of current product, and to fulfill its early commercialization as well.

General-purpose instant glue Aron Alpha

- Started expansion of sales in China's EC market and uncovering of emerging markets in Asia in earnest.
- 50th anniversary of general-purpose Aron Alpha this year

Development of workplace environments in which diverse people can work energetically



Continued use of remote work

Review of annual paid leave scheme

- Major expansion of work-at-home system in anticipation of post-COVID-19 era.
- Support and enhance pleasant work environments for female employees.
- Introduce scheme for granting annual leave on an hourly basis.
Review and change to scheme that will help employees to balance home life (including caring for children and elderly family members) with their work.

Promotion of strategic human resources management



Strengthening of R&D

Streamlining/strengthening of indirect departments

- Currently promoting priority injection of human resources into R&D departments in lead-up to creation of new businesses and products and nurturing of growth strategy businesses.
- Streamlining of the operation of shared services and strengthening of planning operations (DX, legal affairs, etc.)