



# Semi-annual Financial Results for FY2024

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# **Semi-annual Results for FY2024**

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## Business Environment

- There were significant fluctuations represented by further weakening of yen, rising stock prices, soaring general prices, and high-interest rate policies in the U.S. and Europe.
- Inexpensive commodity chemicals manufactured in China continued to be brought into the market due to economic slowdown in China.
- The operating efficiency of production equipment for basic materials such as ethylene has remained low.
- Automobile production is down, and some semiconductor demand recovery is delayed.
- Despite inflation in Japan, the U.S., Europe, and other regions, the economy is relatively strong.

## Overview of Semi-annual Financial Results for FY2024

- There was an increase in products whose shipment volume recovered, including commodity chemicals and products for electronic components.
- Net sales, operating income, ordinary income and net income attributable to owners of parent significantly for 1H FY2024 all significantly increased year on year.
- We have decided to increase an annual dividend for FY2024 by 7 yen from 53 yen per share a year ago to 60 yen per share, consisting of the interim dividend of 30 yen (up from 20 yen) and the year-end dividend of 30 yen (down from 33 yen).

# Overview of Semi-annual Financial Results for FY2024

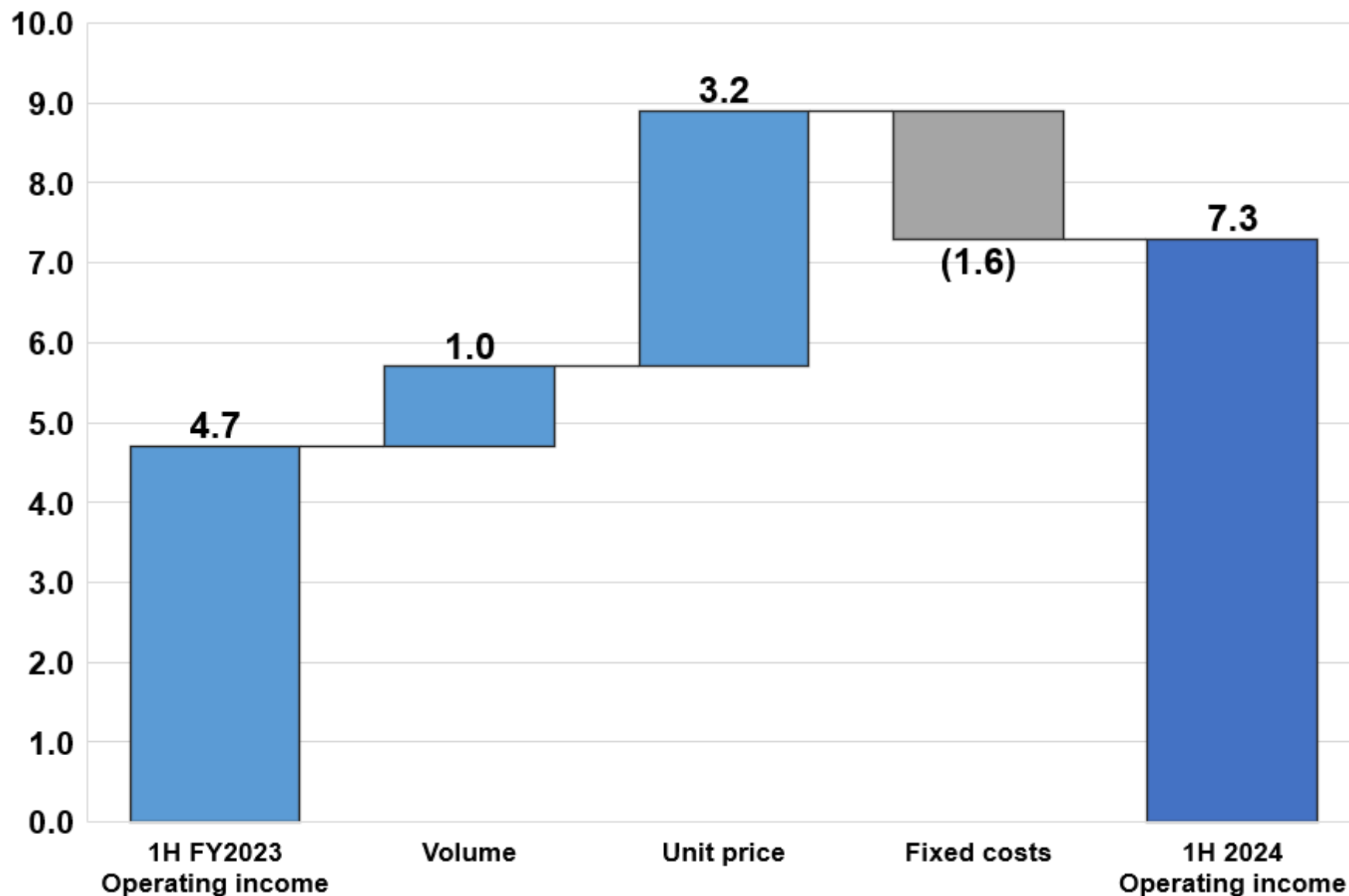


		1H FY2023	1H FY2024	Change	Rate of Change
<b>Net sales</b>	(Millions of yen)	<b>76,947</b>	<b>81,571</b>	<b>4,623</b>	<b>+6.0%</b>
<b>Operating income</b>	(Millions of yen)	<b>4,746</b>	<b>7,323</b>	<b>2,577</b>	<b>+54.3%</b>
<b>Operating income ratio</b>		<b>6.2%</b>	<b>9.0%</b>	<b>2.8P</b>	<b>—</b>
<b>Ordinary income</b>	(Millions of yen)	<b>6,172</b>	<b>8,758</b>	<b>2,586</b>	<b>+41.9%</b>
<b>Net income attributable to owners of parent</b>	(Millions of yen)	<b>5,469</b>	<b>7,041</b>	<b>1,571</b>	<b>+28.7%</b>
<b>Net income per share</b>	(Yen)	<b>45.71</b>	<b>61.52</b>	<b>15.8</b>	<b>+34.6%</b>
<b>Interim dividend [annual dividend]</b> (The figure for FY2024 is a forecast)	(Yen)	<b>20.0</b> <b>[53.0]</b>	<b>30.0</b> <b>[60.0]</b>	<b>10</b> <b>[7]</b>	<b>+50.0%</b> <b>[+13.2%]</b>

**Note:** We have changed our scope of consolidation. We added Toagosei Vietnam Co., Ltd. from 2Q FY2024 (20 consolidated subsidiaries and 2 equity-method affiliates).

# Analysis of Changes in Operating Income

(Billions of yen)



# Consolidated Results (by Segment)

(Millions of yen)

Net sales	1H FY2023 A	1H FY2024 B	Volume	Unit price	Change B-A
Commodity Chemicals	35,102	38,374	2,134	1,137	3,272
Polymer & Oligomer	16,425	17,246	563	257	821
Adhesive Material	5,608	6,591	512	469	983
Performance Chemicals	5,285	5,080	(201)	(3)	(204)
Plastics	13,589	13,301	(547)	259	(287)
Other/adjustments	936	975	39	0	39
<b>Total</b>	<b>76,947</b>	<b>81,571</b>	<b>2,500</b>	<b>2,122</b>	<b>4,623</b>

Operating income	1H FY2023		1H FY2024		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	2,205	6.3 %	4,192	10.9 %	1,987
Polymer & Oligomer	1,339	8.2 %	2,123	12.3 %	784
Adhesive Material	(161)	(2.9) %	232	3.5 %	394
Performance Chemicals	959	18.1 %	586	11.5 %	(372)
Plastics	669	4.9 %	647	4.9 %	(21)
Other/adjustments	(264)	—	(459)	—	(194)
<b>Total</b>	<b>4,746</b>	<b>6.2 %</b>	<b>7,323</b>	<b>9.0 %</b>	<b>2,577</b>

# Overview of Major Consolidated Subsidiaries

## (Results for 1H FY2024)



(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income		Net income (loss) attributable to owners of parent	
			1H FY2023	1H FY2024	1H FY2023	1H FY2024	1H FY2023	1H FY2024
1 Toa Techno Gas	Commodity Chemicals	100	2,013	2,306	81	446	71	322
2 Toagosei Singapore	↓	100	1,793	1,847	(149)	(247)	(77)	(153)
3 MT AquaPolymer	Polymer & Oligomer	90	6,381	6,150	110	287	75	215
4 Taiwan Toagosei	↓	100	1,087	1,065	133	131	111	113
5 Toa Jet Chemical	↓	51	890	935	64	89	46	59
6 Toagosei (Zhangjiagang)	↓	100	787	903	46	69	29	58
7 Toagosei (Shanghai)	↓	100	-	325	0	(115)	(3)	(142)
8 Toagosei (Thailand)	Adhesive Material	100	1,237	1,618	25	274	(4)	240
9 Toagosei America	Polymer & Oligomer	100	919	1,275	(112)	(99)	12	4*
10 Toagosei Hong Kong	↓	100	141	132	10	2	10	3
11 Toagosei (Zhuhai)	↓	100	429	286	(22)	(47)	(20)	(49)
12 Aronkasei	Plastics	100	12,882	12,500	787	705	458	477
13 Aronkasei Thailand	↓	100	269	392	(122)	(57)	(132)	(88)
14 TG Corporation	Other	100	692	740	199	227	140	160

Figures for each company above represent those before consolidation adjustment.

\* Toagosei America recognized 95 million yen of equity in earnings of affiliates under non-operating income for 1H FY2024 (137 million yen for 1H FY2023).



# Consolidated Statement of Income

## (Non-operating Income/Expenses and Extraordinary Income/Losses)



(Millions of yen)

Non-operating income/expenses	1H FY2023	1H FY2024	Change
Interest and dividend income	747	1,056	308
Equity in earnings of affiliates	174	125	(48)
Foreign currency exchange gains	345	382	36
Rent income on non-current assets	89	58	(30)
Other income	256	67	(189)
Interest expenses	(63)	(73)	(9)
Environment readiness fee	(43)	(118)	(75)
Inactive facilities expenses	(6)	(6)	0
Other expenses	(73)	(56)	18
<b>Total</b>	<b>1,425</b>	<b>1,435</b>	<b>9</b>

Naphtha price	Average for Jan. to Jun. 2023	Average for Jan. to Jun. 2024
Yen/kl	67,000	75,750

(Millions of yen)

Extraordinary income/losses	1H FY2023	1H FY2024	Change
Gain on sale of non-current assets	—	7	7
Gain on sales of investment securities	1,452	1,465	12
Subsidy income	79	71	(7)
Loss on disposal of non-current assets	(103)	(607)	(503)
Loss on disaster (*)	—	(43)	(43)
Loss on valuation of investment securities	(3)	—	3
<b>Total</b>	<b>1,423</b>	<b>892</b>	<b>(530)</b>

\* Cost of recovery from the Noto Peninsula Earthquake

Exchange rate	Jun. 30, 2023	Dec. 31, 2023	Jun. 30, 2024
Yen/USD	144.99	141.83	161.07
Yen/THB	4.07	4.13	4.36

# Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2023	Jun. 30, 2024	Change
<b>Current assets</b>	<b>134,860</b>	<b>129,895</b>	<b>(4,964)</b>
Cash and deposits and securities (1)	56,108	51,038	(5,070)
Notes and accounts receivable	51,102	50,135	(966)
Inventories	24,792	25,591	799
Other current assets	2,904	3,180	276
Allowance for doubtful receivables	(47)	(50)	(3)
<b>Fixed assets</b>	<b>137,425</b>	<b>151,043</b>	<b>13,618</b>
Property, plant and equipment (2)	96,532	103,193	6,660
Intangible fixed assets	1,579	1,660	81
Investment securities (3)	32,912	39,506	6,594
Other fixed assets	6,401	6,682	281
<b>Total assets</b>	<b>272,285</b>	<b>280,939</b>	<b>8,653</b>

	Dec. 31, 2023	Jun. 30, 2024	Change
<b>Total liabilities</b>	<b>59,767</b>	<b>63,947</b>	<b>4,180</b>
Notes and accounts payable	19,091	19,284	193
Bank loans	11,095	11,151	56
Accrued income taxes	2,281	2,692	410
Other liabilities (4)	27,298	30,819	3,520
<b>Total net assets</b>	<b>212,518</b>	<b>216,991</b>	<b>4,473</b>
Shareholders' equity	193,828	192,403	(1,425)
Accumulated other comprehensive income	17,681	23,524	5,843
Non-controlling interests	1,008	1,063	54
<b>Total liabilities and net assets</b>	<b>272,285</b>	<b>280,939</b>	<b>8,653</b>

- (1) Decreased due to capital expenditures, acquisition of treasury stock, etc. (securities are negotiable certificates of deposit)  
 (2) Increased due to capital expenditures  
 (3) Increased due to rise in market value of shares held  
 (4) Increase in deferred tax liabilities

<b>Net worth ratio</b>	<b>77.7%</b>	<b>76.9%</b>	<b>(0.8) P</b>
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# Consolidated Cash Flow Statement

(Millions of yen)

		1H FY2023	1H FY2024	Change
Cash flows from operating activities	A	13,607	14,255	647
Cash flows from investment activities	B	(4,454)	(10,062)	(5,607)
Free cash flow	C=A+B	9,153	4,192	(4,960)
Cash flows from financial activities	D	(13,172)	(8,990)	4,182
Effect of exchange rate change on cash and cash equivalents	E	268	836	567
Net increase or decrease in cash and cash equivalents	F=C+D+E	(3,749)	(3,961)	(211)
Cash and cash equivalents at end of the period	G	41,089	43,675	2,585

# Full-year Results Forecast for FY2024

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## Business Environment

- The supply chain structure is changing due to the power struggle between the U.S. and China.
- The outlook is highly uncertain in terms of exchange rates, interest rates, stock prices, resource prices, geopolitical risks, and political developments in various countries.
- The Japanese economy is expected to continue its gradual recovery, boosted by factors such as significant wage increases, recovery of delayed automotive production, and recovery of the semiconductor cycle, with continued strong inbound tourism demand.

## Challenges in the 2nd Half of FY2024

- Watching trends in policies, supply chains, new technologies, consumer behavior, etc. in each country, we will strive to expand business through R&D and capital investment activities with an eye to the future.
- We will endeavor to ensure profitability while paying attention to trends in interest rates, exchange rates, market conditions, and raw material and fuel prices.

### ■ Shareholder return and capital policy

We will aim for consolidated total shareholder returns of 100% during the period to enhance capital efficiency.

We will increase an annual dividend for FY2024 by 7 yen to 60 yen per share.

We will also increase a share repurchase limit by 1 billion yen to 7 billion yen (5.8 million shares).

# Full-year Consolidated Results Forecast for FY2024

(Year-on-year Comparison)

(Millions of yen)

	FY2023 Results			FY2024 Forecast (Announced on Jul. 31, 2024)			Change (B-A)
	1H	2H	Annual (A)	1H Results	2H Forecast	Annual (B)	
Net sales	76,947	82,424	159,371	81,571	88,429	170,000	10,629
Operating income	4,746	7,753	12,499	7,323	8,177	15,500	3,001
Operating income ratio	6.2%	9.4%	7.8%	9.0%	9.2%	9.1%	1.3P
Non-operating income/expenses	1,425	577	2,003	1,435	564	2,000	(3)
Ordinary income	6,172	8,331	14,503	8,758	8,742	17,500	2,997
Extraordinary Income (loss)	1,423	1,167	2,590	892	(1,116)	(224)	(2,814)
Net income attributable to owners of parent	5,469	6,709	12,179	7,041	5,758	12,800	621
Dividend (Yen)	20	33	53	30	30	60	7

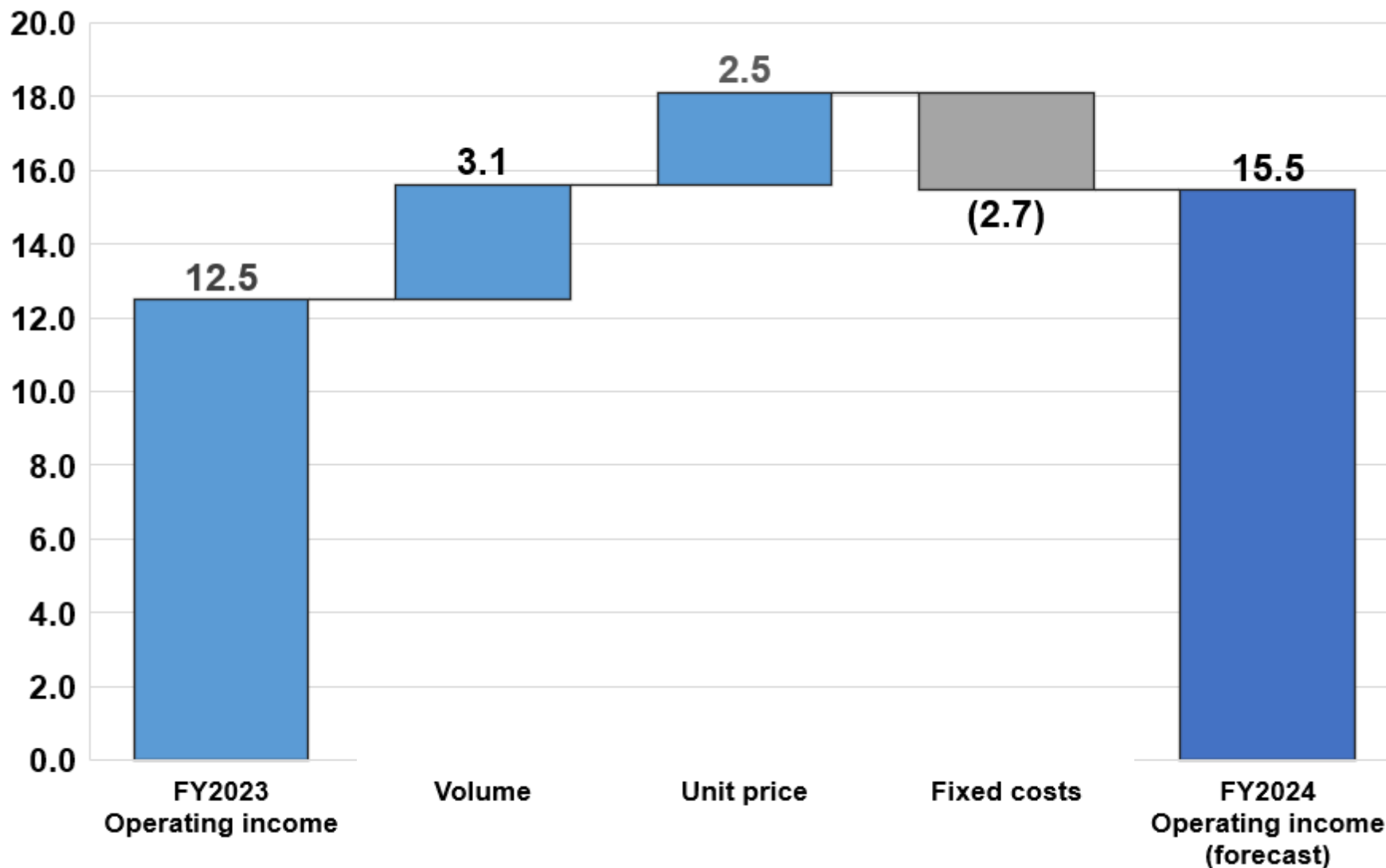
## <Reference>

		FY2023 Results	FY2024 Forecast (Announced on Jul. 31, 2024)
Average exchange rate	(Yen/USD)	139.74	152.00
Naphtha price	(Yen/kl)	67,600	75,800

Change of 1,000 yen in naphtha price per kl will have an impact of  $\pm 300$  million yen on the Company's performance.  
 Depreciation of yen by 1 yen/USD will have an impact of -110 million yen on the Company's performance.

# FY2024 Operating Income Analysis Forecast

(Billions of yen)



# Full-year Consolidated Results Forecast for FY2024

## (Year-on-year Comparison by Segment)



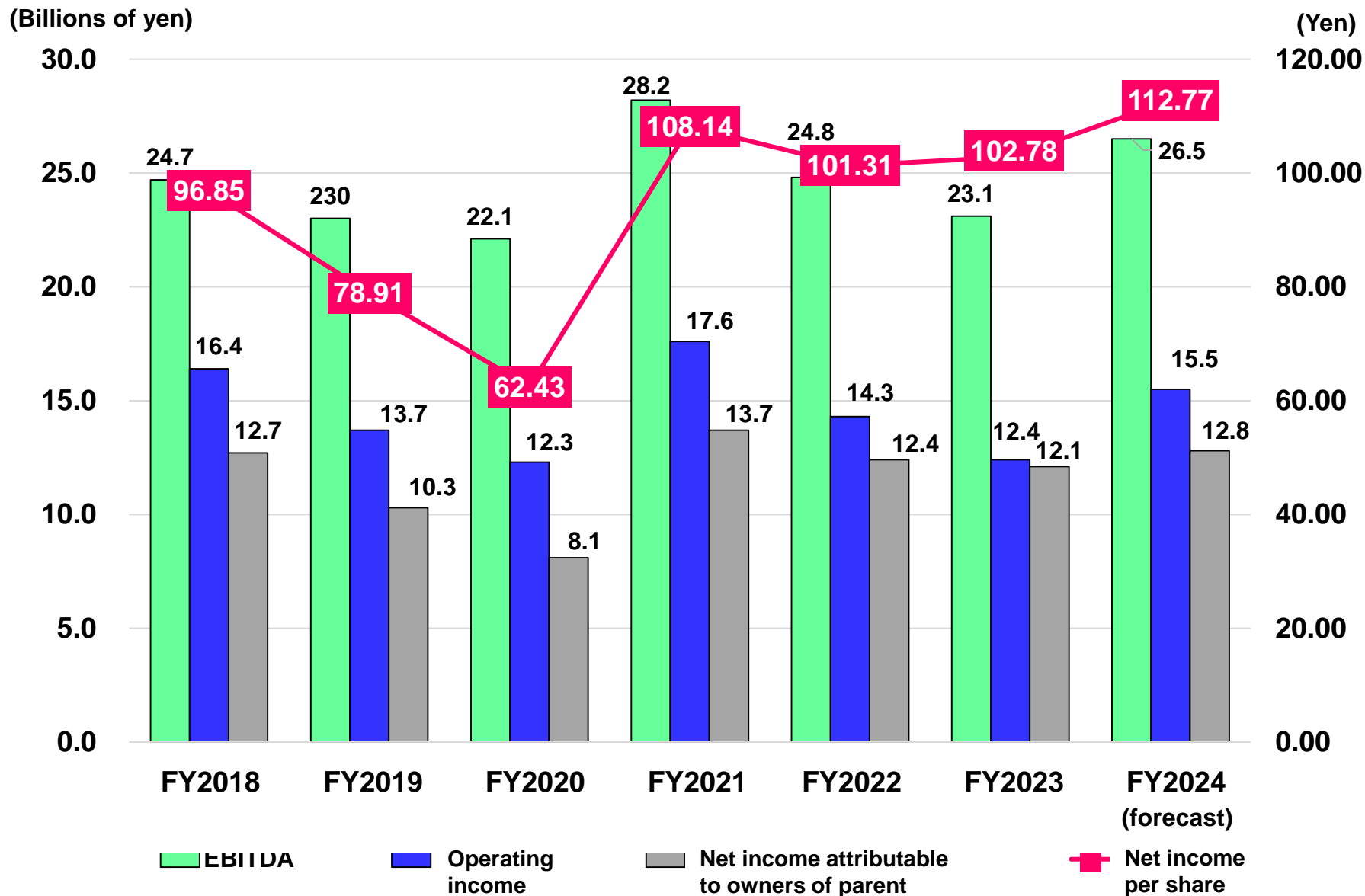
(Millions of yen)

Net sales	FY2023 Results			FY2024 Forecast (Announced on Jul. 31, 2024)			Change
	1H	2H	Annual	1H	2H	Annual	
Commodity Chemicals	35,102	38,386	73,488	38,374	41,425	79,800	6,312
Polymer & Oligomer	16,425	17,340	33,765	17,246	18,753	36,000	2,235
Adhesive Material	5,608	6,801	12,410	6,591	6,908	13,500	1,090
Performance Chemicals	5,285	4,658	9,943	5,080	5,319	10,400	457
Plastics	13,589	14,277	27,867	13,301	14,898	28,200	333
Other/adjustments	936	960	1,896	975	1,124	2,100	204
<b>Total</b>	<b>76,947</b>	<b>82,424</b>	<b>159,371</b>	<b>81,571</b>	<b>88,428</b>	<b>170,000</b>	<b>10,629</b>

Operating income	FY2023 Results				FY2024 Forecast (Announced on Jul. 31, 2024)				Change
	1H	2H	Annual	Rate	1H	2H	Annual	Rate	
Commodity Chemicals	2,205	4,564	6,769	9.2%	4,192	4,407	8,600	10.8%	1,831
Polymer & Oligomer	1,339	1,842	3,182	9.4%	2,123	2,176	4,300	11.9%	1,118
Adhesive Material	(161)	523	361	2.9%	232	167	400	3.0%	39
Performance Chemicals	959	588	1,547	15.6%	586	913	1,500	14.4%	(47)
Plastics	669	804	1,473	5.3%	647	1,302	1,950	6.9%	477
Other/adjustments	(264)	(569)	(834)	—	(459)	(790)	(1,250)	—	(416)
<b>Total</b>	<b>4,746</b>	<b>7,753</b>	<b>12,499</b>	<b>7.8%</b>	<b>7,323</b>	<b>8,176</b>	<b>15,500</b>	<b>9.1%</b>	<b>3,001</b>



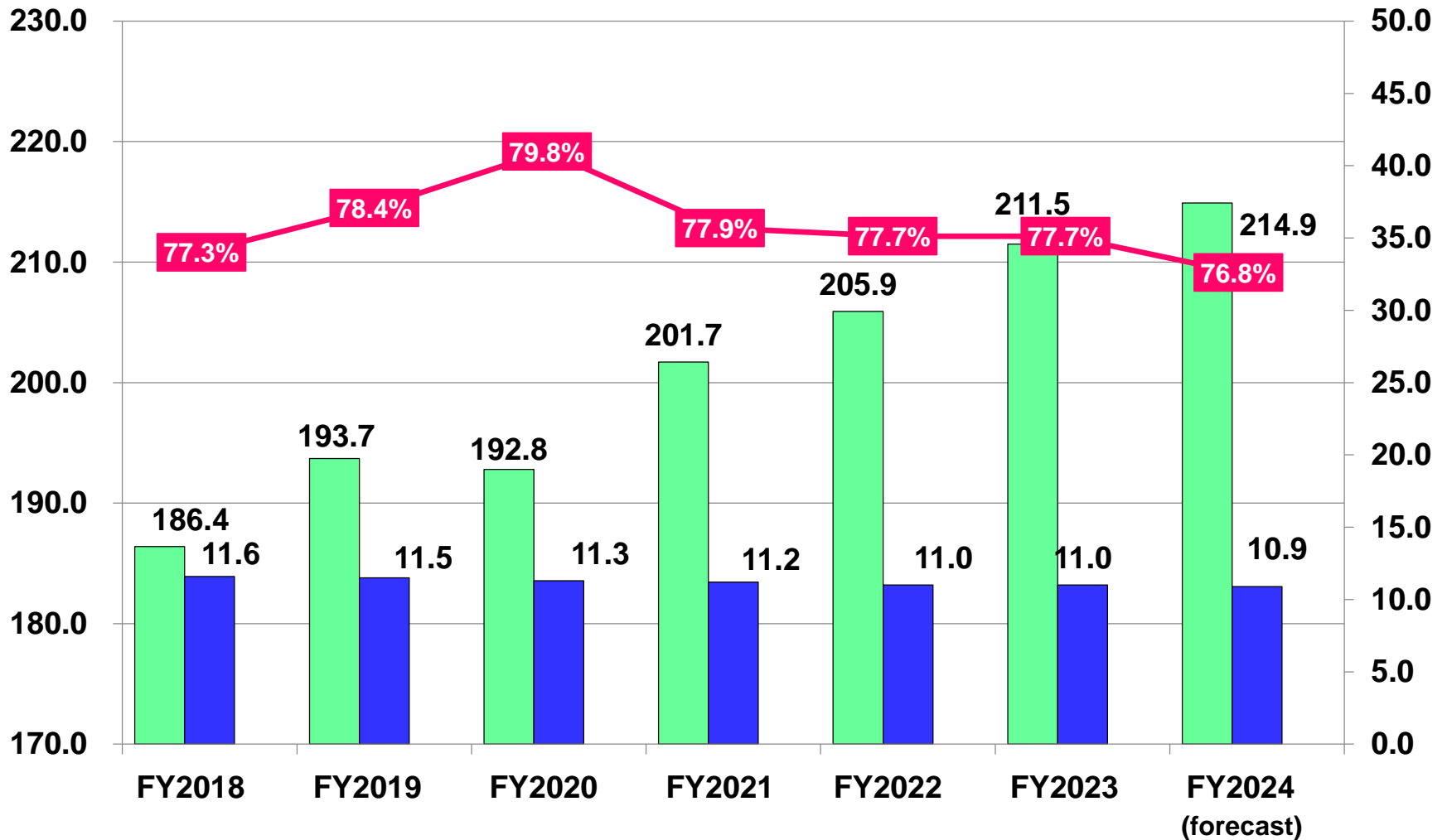
# Trends in Consolidated Results



# Reference Trends for Consolidated Performance

(Shareholders' equity: Billions of yen)

(Interest-bearing debt: Billions of yen)



Shareholders' equity (left scale)

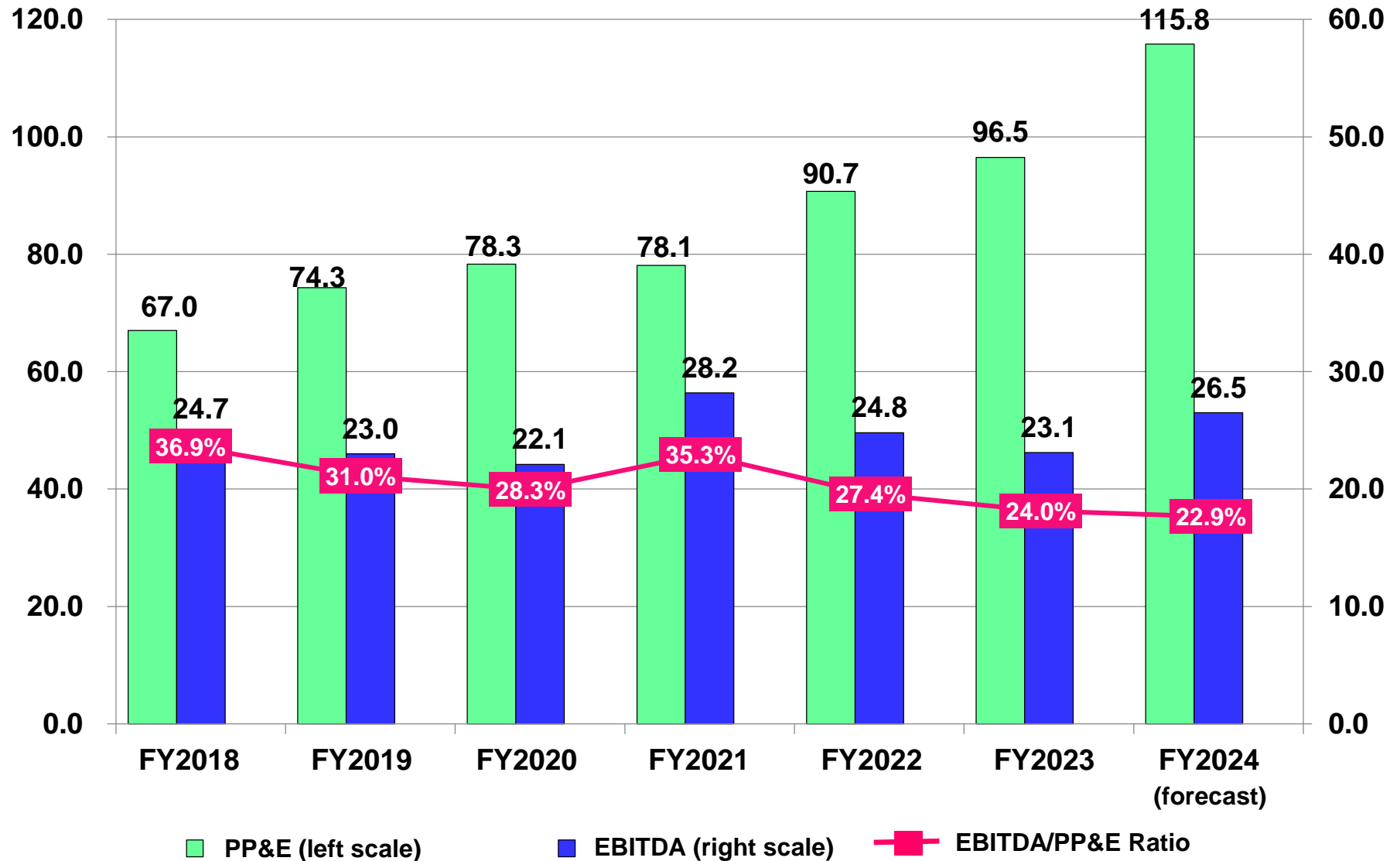
Interest-bearing debt (right scale)

Shareholders' equity ratio

# EBITDA/PP&E Ratio Trends

(PP&E: Billions of yen)

(EBITDA: Billions of yen)

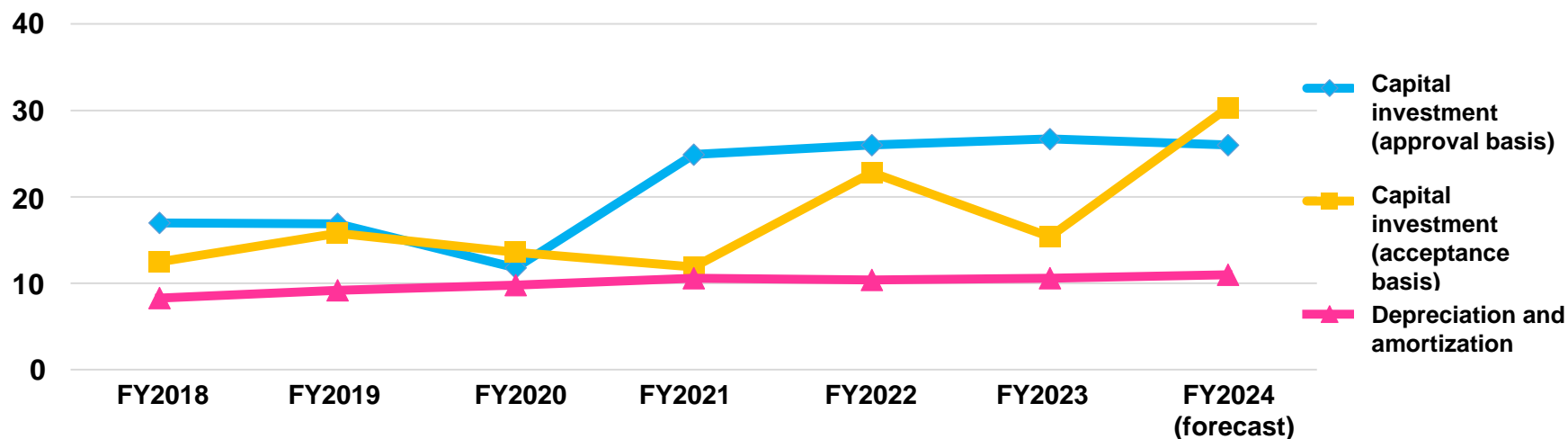


# Reference for Consolidated Performance

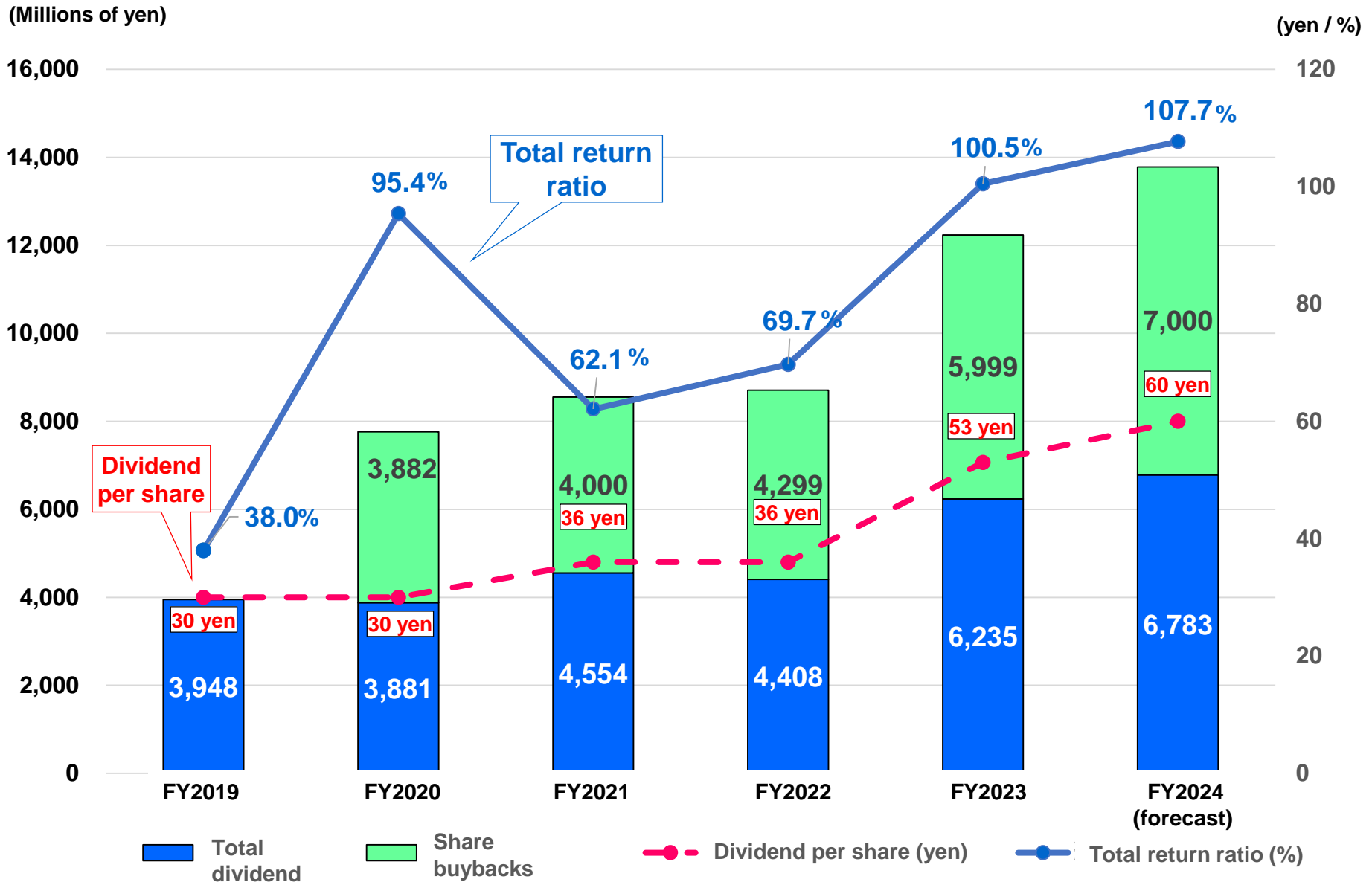
(Billions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (forecast)
Capital investment (acceptance basis)	12.5	15.8	13.6	11.9	22.8	15.4	30.3
Capital investment (approval basis)	17.0	16.9	11.8	24.9	26.0	26.7	26.0
Depreciation and amortization	8.3	9.2	9.8	10.6	10.4	10.6	11.0
Research and development expenses	3.6	3.7	4.0	4.3	4.7	5.0	5.9
Overseas net sales	24.5	22.6	22.1	29.0	31.0	26.6	30.0
Overseas sales ratio (%)	16.4	15.6	16.6	18.6	19.3	16.7	17.6
Interest bearing debt	11.6	11.5	11.3	11.2	11.0	11.0	10.9

(Billions of yen)



# Shareholder Return Trends



## E (Environment)

## S (Society)

Aug. 2021	Participated in the Riko Challenge (science and technology challenge) organized by the Cabinet Office, Ministry of Education, Culture, Sports, Science and Technology (MEXT), and the Japan Business Federation (Keidanren)
Dec. 2021	Set a target of “2050: carbon neutrality” <ul style="list-style-type: none"> <li>• By 2030: Greenhouse gas (GHG) emissions 50% of 2013 level (215,000 tons)</li> <li>• By 2050: Carbon neutrality</li> </ul>
Mar. 2022	Entered into a Memorandum of Understanding for an Investigation into the Feasibility of Effectively Using Waste Incinerator Heat with Yokohama City and started a joint survey
Apr. 2022	Opened Toagosei Hydrogen Station Tokushima
Jul. 2022	Held the Summer Vacation Crafts School event to commemorate the 50th anniversary of the launch of Aron Alpha
Oct. 2022	Formulated the Toagosei Group Human Rights Policy and the Toagosei Group Sustainable Procurement Guidelines
Dec. 2022	Endorsed the Partnership Building Declaration promoted by the Cabinet Office and the Small and Medium Enterprise Agency
Jan. 2023	Introduced the Employee Stock Compensation Plan and raised wages 4.0%
Apr. 2023	Contributed to the 2023 Turkey Syria Earthquake Relief Fund
	Established the Signal Peptidome Research social collaboration course at the University of Tokyo
	Started participating in the GX League (Endorsed in October 2022)
Dec. 2023	Donated to the Children’s Future Support Fund and the Ashinaga Foundation (continued on from 2021)
Jan. 2024	Raised wages 6.1%  Donated to the areas affected by the Noto Peninsula Earthquake with support by providing products by our group companies. * Attachments for toilets manufactured by Aron Kasei Co., Ltd. (Received a letter of appreciation from the METI in June 2024)
Mar. 2024	Certified as a Health and Productivity Management Organization 2024 (6 years in a row)
May 2024	Donated to the 2024 Eastern Taiwan Earthquake Relief Fund
Jun. 2024	Participated in the feasibility study for the Aichi Prefecture Low Carbon Hydrogen Model Town project
Aug. 2024	Participated in the Summer Vacation Chemical Experiment Show for Children 2024 (continued)

<b>G</b> <b>(Governance)</b>	Mar. 2020	Introduced a restricted share remuneration system for directors
	Oct. 2021	Revised the Toagosei Group Basic Policy on Corporate Governance <ul style="list-style-type: none"> <li>• Aim for the amount recorded on the balance sheet of cross shareholdings to be about 10% of consolidated net assets</li> <li>• Promote disclosures in English: Disclosed the full text of financial statements (from FY2021)</li> </ul>
	Mar. 2022	Secured a Board of Directors with outside directors accounting for the majority of the members for the first time (six internal directors and seven outside directors)
	Apr. 2022	Transitioned to the Prime market on the Tokyo Stock Exchange
	Aug. 2022	Promoted disclosures in English: Disclosed the full text of our corporate governance report
	Aug. 2023	Announced “Toagosei’s Initiatives to Improve Our Price to Book Ratio (PBR)” <ul style="list-style-type: none"> <li>• Aim to achieve an ROE of 8% and a PBR of 1x or more by 2027</li> <li>• Realize consolidated total shareholder returns of 100% (2023 to 2025)</li> </ul>
	Dec. 2023	Amount of cross shareholdings recorded on the balance sheet Current as of the end of December 2023: 13.7% (shareholding balance: 29,212 million yen) (record of sales in 2021: 19 stocks sold with a sale value of 2,910 million yen) (record of sales in 2022: 9 stocks sold with a sale value of 3,058 million yen) (record of sales in 2023: 13 stocks sold with a sale value of 5,228 million yen)

## Initiatives to Promote Sports



We support the table tennis T.LEAGUE.



We support IWAKI FC

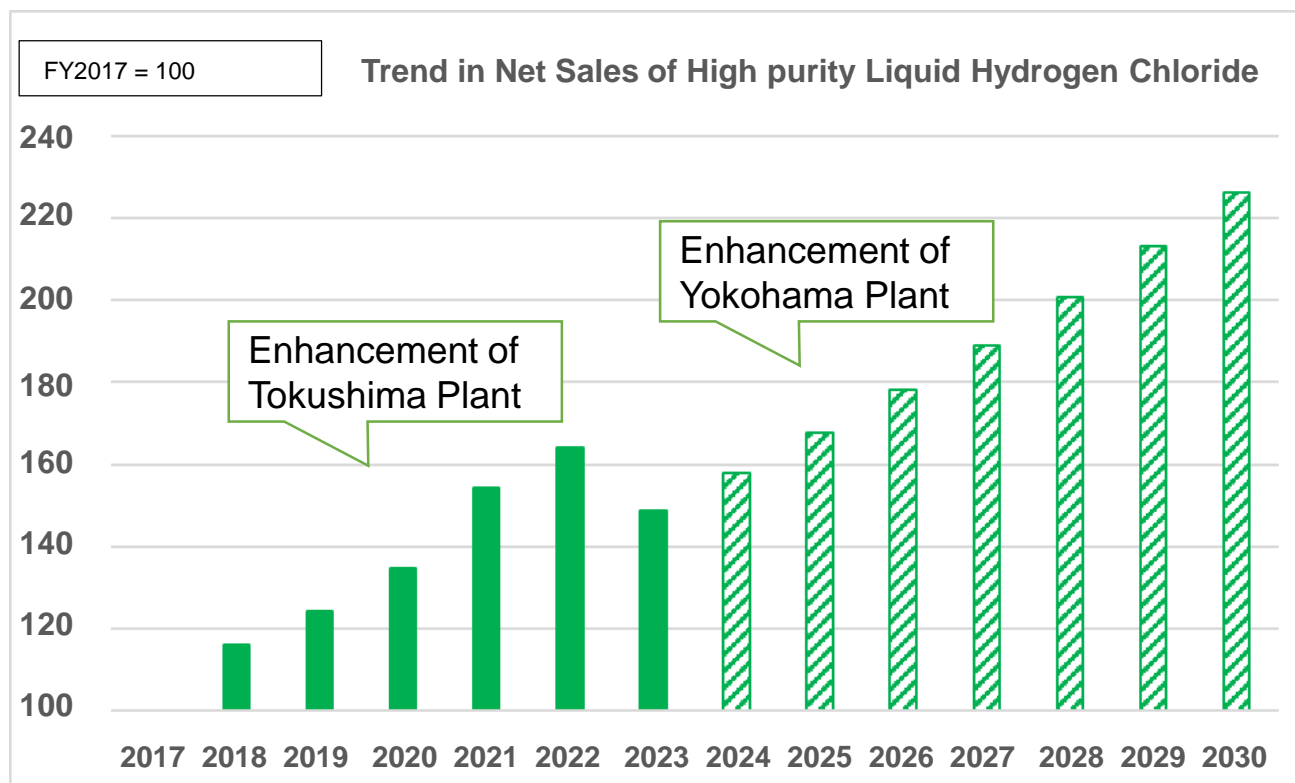
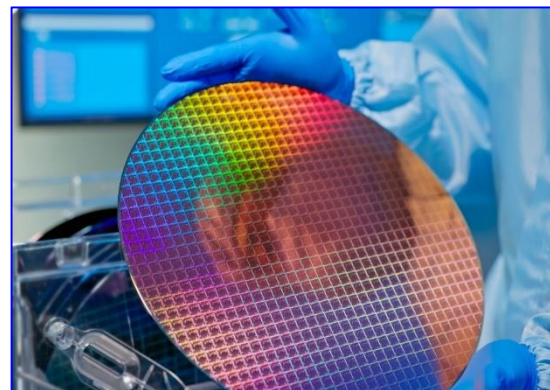
# Progress of Medium-Term Management Plan

- **Growth Drivers**
  - (1) Semiconductor material-related
  - (2) Automotive battery-related
- **Enhancement of Development Capabilities for New Products and Technologies**
  - (1) Launch of new medical care products
  - (2) Expansion of research facilities



- High purity liquid hydrogen chloride
- High purity caustic potash
- Acrylic polymers for high performance chemical mechanical polishing (CMP)

**Applications: Cleaning and polishing etc. during semiconductor manufacturing**



## Adhesives for Automotive Batteries (Hybrid and Fuel Cell)

Our adhesives are currently being adopted in more and more new hybrid vehicles equipped with bipolar nickel metal hydride batteries and fuel cell vehicles.

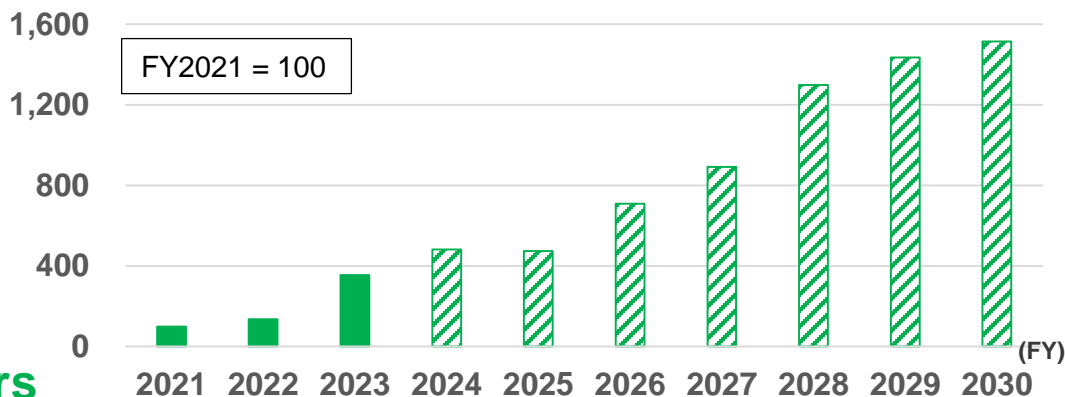
### Vehicles Using Our Adhesives

- MIRAI
- Aqua
- Crown
- LEXUS RX
- Alphard
- Vellfire
- And more!



Crown (Sports)

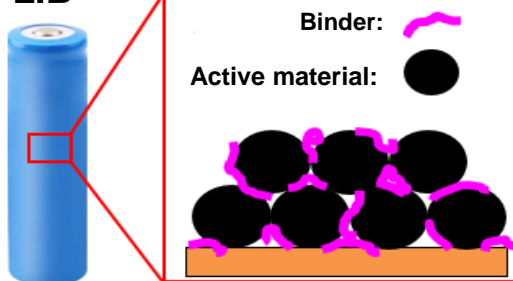
Net Sales of Adhesives for Automotive Batteries



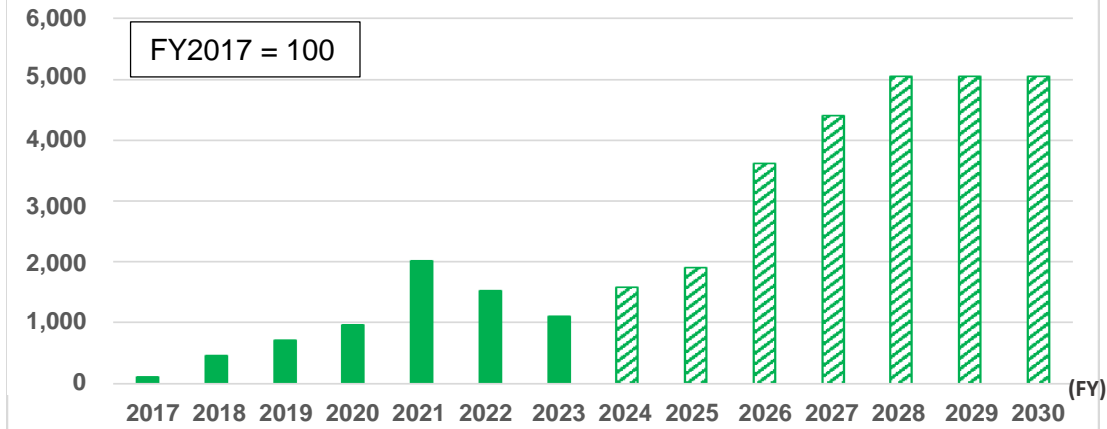
## Lithium Ion Battery (LIB) Binders

- LIB binders suppress the expansion of the negative electrode to lead to a longer battery life.
- We are also considering investing in production facilities overseas for stable supply and new customers.

### LIB



Trend in Net Sales of LB Polymer



## ■ “Aron cure Dental” (To be released in September 2024)

**New :** A new concept hemostatic agent for bleeding after tooth extraction

(A polymer sponge becomes a hydrogel to adhere to the affected area and stops bleeding.)

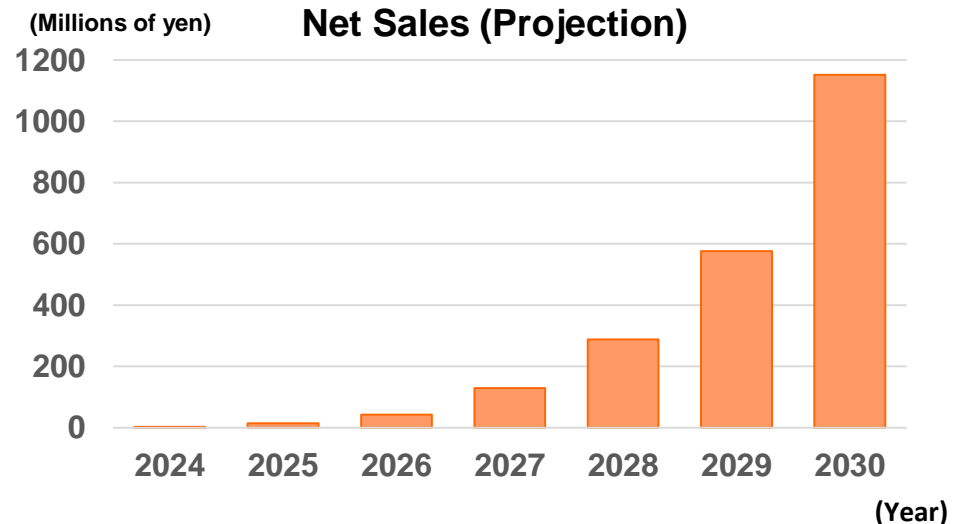
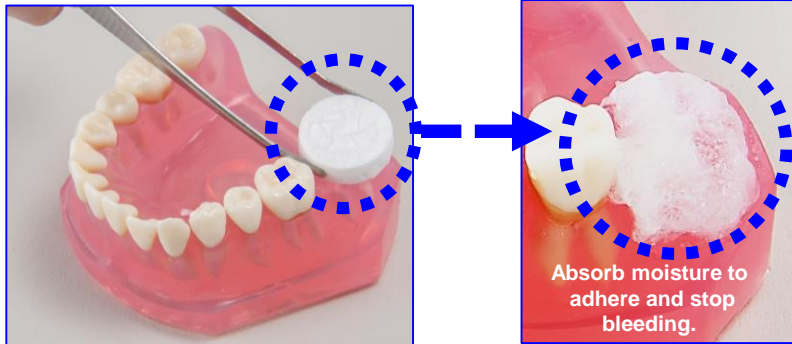
**Feature :** High adhesion to the living body with shortened hemostatic treatment time

(The product requires no compression and removal treatment, which can reduce the burden on medical staff compared to conventional gauze hemostasis)

(Blood clots are retained, which are expected to contribute to full restoration of gingiva.)

**Risk category :** Medical Device Class III (\*) (General designation: Secondary Healing Hydrogel Wound Dressing/Protective Material)

### [Use example]



### Future development

This material can be easily processed into film, sponge, and powder. We are considering developing this material for medical and cosmetic use.

(\*) Specially-controlled medical devices (Class III):

Medical devices that are considered to pose a relatively high risk to the human body in the event of a malfunction.

## ■ Opened Kawasaki Frontience R&D Center

We will, together with our customers, advance science and technology by venturing into uncharted territory with innovative approaches and exceptional expertise to create new products that open the way to the future.



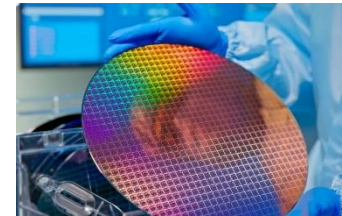
Established in King Sky Front, Tonomachi International Strategic Base

**Venture into uncharted territory**

**Create new growth drivers**

**Expand business areas**

**R&D of next-generation materials**



Customers

TOAGOSEI



Organically integrate advanced technologies and knowledge

Integrate research, sales, and development functions (research solution)



地球はつづく、  
化学でつなぐ!



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- The earnings forecasts include forecasts based on information available as of the date of the publication of this document. Actual results may differ to the figures contained herein due to various factors which may change in the future.
  - This document is not intended to solicit investment. Please make investment decisions based on your own judgment.