

Financial Results for FY2021



February 17, 2022

Overview of Results for FY2021

Scope of consolidation

Number of consolidated subsidiaries: 18 (1 less than at end of FY2020; Oita Chemical removed)

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

		FY2020	FY2021	Change	
Net sales	(Millions of yen)	133,392	156,313	22,920	17.2%
Operating income	(Millions of yen)	12,336	17,676	5,340	43.4%
Operating income ratio		9.2%	11.3%	2.1%	—
Ordinary profit	(Millions of yen)	13,054	18,983	5,928	45.4%
Net income attributable to owners of parent	(Millions of yen)	8,142	13,771	5,629	69.1%
Net income per share	(Yen)	62.43	108.14	45.71	—
Annual dividend	(Yen)	30.0	36.0	6.0	20.0%

<Business Environment>

- Widespread impacts from parts shortages and supply chain disruptions caused by COVID-19.
- Business environment generally recovering despite factors such as rising prices of commodities and raw materials.
- COVID-19 cases rose at the end of 2021 due to the Omicron variant, causing renewed concerns about impacts on the economy.

<Financial Results for FY2021>

1. Sales volume rose on the economic reopening and restart of production. Market conditions were also strong, resulting in increased sales across all segments.
2. Net income reached record high, while operating income and ordinary income both near record highs.
3. Executed 3.99 billion yen in share buybacks and raised dividend by 6 yen per share
4. Credit rating increased from A- to A in Aug. 2021 by Rating and Investment Information, Inc. (R&I)

Consolidated Results (by Segment)

Net sales (by consolidated segment)

(Millions of yen)

	FY2020	FY2021	Change in net sales		
			Volume	Unit price	Change
Commodity Chemicals	58,495	70,312	5,023	6,793	11,817
Polymer & Oligomer	26,944	34,904	7,497	462	7,960
Adhesive Material	10,054	11,364	1,236	72	1,309
Performance Chemicals	8,980	9,752	630	141	772
Plastics	25,285	26,131	934	(88)	846
Other/adjustments	3,633	3,847	214	0	214
Total	133,392	156,313	15,537	7,382	22,920

Operating income (by consolidated segment)

(Millions of yen)

	FY2020		FY2021		Change
	Operating income	Operating income Ratio	Operating income	Operating income ratio	
Commodity Chemicals	4,550	7.8%	7,992	11.4%	3,442
Polymer & Oligomer	3,141	11.7%	5,276	15.1%	2,135
Adhesive Material	781	7.8%	666	5.9%	(115)
Performance Chemicals	2,690	30.0%	2,627	26.9%	(63)
Plastics	1,188	4.7%	1,433	5.5%	244
Other/adjustments	(16)	—	(319)	—	(303)
Total	12,336	9.2%	17,676	11.3%	5,340

Non-operating Income/Expenses and Extraordinary Income/Loss (Consolidated)

[Non-operating income/expenses]

(Millions of yen)

	FY2020	FY2021	Change
Interest and dividend income	864	995	130
Equity in earnings of affiliates	168	145	(22)
Rent income on non-current assets	278	245	(32)
Foreign currency exchange gain	–	50	50
Miscellaneous income	194	263	68
Interest expenses	(94)	(94)	0
Foreign currency exchange losses	(401)	–	401
Environment readiness fee	(149)	(127)	21
Inactive facilities expenses	(31)	(33)	(1)
Miscellaneous Expenses	(110)	(138)	(28)
Total	718	1,306	588

• Equity in earnings of affiliates

(Millions of yen)

	FY2020	FY2021	Difference
Elmer's & Toagosei	135	139	4
Chubu Liquid Oxygen	110	20	(90)
Total	245	159	(86)

[Extraordinary income/loss]

(Millions of yen)

	FY2020	FY2021	Change
Gain on sales of investment securities	253	1,706	1,453
Subsidy income	–	134	134
Loss on disposal of non-current assets	(434)	(722)	(288)
Impairment loss on property, plant and equipment	(183)	(1,032)	(848)
Loss on valuation of investment securities	(433)	(3)	429
Expenses of soil pollution measures	–	(264)	(264)
Total	(798)	(181)	616

• Exchange rate

	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2021
Yen/USD	103.50	110.58	114.95
Yen/THB	3.44	3.44	3.44

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2020	Dec. 31, 2021	Change
Cash and deposits	48,564	52,457	3,893
Notes and accounts receivable	39,757	48,456	8,699
Securities	25,000	23,000	(2,000)
Inventories	17,094	19,387	2,293
Other current assets	960	1,867	906
Property, plant and equipment	78,301	78,193	(108)
Investment securities	26,844	28,722	1,878
Other non-current assets	5,309	6,870	1,560
Total assets	241,832	258,955	17,122
Notes and accounts payable	12,130	18,391	6,261
Bank loans and debt	11,376	11,207	(168)
Accrued income taxes	1,618	3,728	2,109
Other liabilities	19,061	19,015	(50)
Total liabilities	44,190	52,343	8,152
Total net assets	197,642	206,612	8,970
Total liabilities and net assets	241,832	258,955	17,122

[Balance Sheet]

- (1) Notes and accounts receivable, inventories and notes and accounts payable increased due to the increase in net sales
- (2) Cash and deposits increased due to withdrawal of negotiable certificates of deposit
- (3) Net assets increased due to an increase in profits

Cash Flows

(Millions of yen)

	FY2020	FY2021	Change
Cash flows from operating activities	20,671	21,219	548
Cash flows from investing activities	(11,362)	(10,239)	1,123
Free cash flow	9,309	10,980	1,671

Overview of Consolidated Subsidiaries (Results for FY2021)

(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
				FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
1	Toa Techno-Gas	Commodity Chemicals	100	4,306	4,625	340	557	248	398
2	(Oita Chemical)	↓	—	10,975	—	(33)	—	(43)	—
3	Toagosei Singapore	↓	100	2,591	4,691	21	1,280	(111)	1,285
4	(MT Ethylene Carbonate)	↓	90	517	597	4	5	3	5
5	MT AquaPolymer	Polymer & Oligomer	51	9,577	12,619	478	525	329	363
6	Taiwan Toagosei	↓	100	1,270	1,628	93	150	75	133
7	Toa-Jet Chemical	↓	51	1,430	2,011	128	94	103	44
8	TOA-DIC Zhangjiagang Chemical	↓	90	1,545	2,127	215	87	134	66
9	Toagosei (Thailand)	↓	100	1,676	2,579	(126)	237	(275)	123
10	Toagosei America	Adhesive Material	100	1,465	1,594	(73)	(41)	(9)	36
11	(Aron Packaging)	↓	100	252	250	1	(1)	1	(1)
12	Toagosei Hong Kong	↓	100	283	324	32	27	32	25
13	Toagosei (Zhuhai)	↓	100	422	580	3	(12)	9	(15)
14	Aronkasei	Plastics	100	25,301	26,363	1,504	1,692	259	962
15	Aronkasei (Thailand)	↓	100	74	218	(312)	(275)	(317)	(282)
16	TOA Kogyo	Other	100	974	1,045	6	(49)	11	(31)
17	Toa Business Associe	↓	100	2,359	2,445	72	79	45	47
18	TG Corporation	↓	100	11,402	12,651	368	412	255	286
19	(Toa Logistics)	↓	100	525	537	29	14	39	9
	Simple aggregation			76,944	76,884	2,750	4,781	788	3,453

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

	FY2021 Results	FY2022 MTP Targets
Net sales	156.3 billion yen	163.0 billion yen
Operating income (operating income ratio)	17.6 billion yen (11.3%)	17.0 billion yen (10.4%)
EBITDA	28.2 billion yen	27.0 billion yen
Ratio of high-value-added products (as percentage of net sales)	43.8%	47%
Capital investment (approval basis)	FY2020: 11.8 billion yen FY2021: 24.9 billion yen	(MTP cumulative) 44.0 billion yen
Overseas net sales (as percentage of net sales)	29.0 billion yen (18.6%)	32.5 billion yen (20%)
Earnings per share (EPS)	108.14 yen	106 yen
Return on assets (ROA)	7.6%	7.0%

* Yellow indicates MTP target was achieved

Socioeconomic activities are forecast to become more active despite uncertainties remaining such as parts shortages and rising commodity prices, etc.

With efforts to reduce CO2 and transition to EVs picking up steam, the economic and social structure transformed by COVID-19 will not return to before.



Increase R&D spending in preparation for quickly producing large numbers of high-value-added products suited to future demand situation and industrial structure.

Consolidated Results Forecast for FY2022

(Millions of yen)

	FY2021 (A)	FY2022 1H (forecast)	FY2022 2H (forecast)	FY2022 forecast (B)	Change (B-A)
Net sales	156,313	73,700	80,100	153,800	(2,513)
Operating income	17,676	9,000	9,000	18,000	324
Operating income ratio	11.3%	12.2%	11.2%	11.7%	0.4%
Non-operating income/expenses	1,306	500	500	1,000	(306)
Ordinary income	18,983	9,500	9,500	19,000	17
Extraordinary income (loss)	(181)	(100)	(600)	(700)	(518)
Income before income taxes (a)	18,801	9,400	8,900	18,300	(501)
Income taxes (b)	(4,821)	(2,300)	(2,300)	(4,600)	221
Tax rate (b)/(a)	25.6%	24.5%	25.8%	25.1%	(0.5%)
Net income attributable to non-controlling interests	(208)	(100)	(100)	(200)	8
Net income attributable to owners of parent	13,771	7,000	6,500	13,500	(271)
Dividend (Yen)	36	18	18	36	0
<Reference>					
Average exchange rate (Yen/USD)	¥108.99			¥110.00	
Naphtha price (Yen/kl)	¥50.175			¥55.000	

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 -90 million yen on the Company's performance.

Consolidated Results Forecast for FY2022 (by Segment)

Net sales

	FY2021 results	*FY2022 Forecast	Net sales without accounting standard application	Change	Change without accounting standard application	Factors for change ②-①
	①	②	③	②-①	③-①	
Commodity Chemicals	70,312	67,900	75,000	(2,412)	4,688	[Increase] Acrylic monomer, caustic potash
Polymer & Oligomer	34,904	34,600	36,300	(304)	1,396	[Increase] Acrylic polymer, acrylic oligomer
Adhesive Material	11,364	11,900	12,000	536	636	[Increase] Functional adhesives
Performance Chemicals	9,752	11,000	11,000	1,248	1,248	[Increase] High-purity inorganic chemicals, inorganic functional materials
Plastics	26,131	27,400	27,900	1,269	1,769	[Increase] Nursing care products and elastomer compounds
Other	3,847	1,000	4,100	(2,847)	253	
Total	156,313	153,800	166,300	(2,513)	9,987	

* The accounting standard on revenue recognition has been applied from FY2022 (including changes in recording method).

Operating income

	FY2021 results		FY2022 forecast		Change	Factors for change
Commodity Chemicals	7,992	11.4%	8,300	12.2%	308	[Increase] Acrylic monomer
Polymer & Oligomer	5,276	15.1%	5,100	14.7%	(176)	[Decrease] Acrylic polymer
Adhesive Material	666	5.9%	20	0.2%	(646)	[Decrease] Functional adhesives, instant glues
Performance Chemicals	2,627	26.9%	3,100	28.2%	473	[Increase] High-purity inorganic chemicals
Plastics	1,433	5.5%	1,840	6.7%	407	[Increase] Piping equipment, elastomer compounds
Other	(319)	-	(360)	-	(41)	
Total	17,676	11.3%	18,000	11.7%	324	

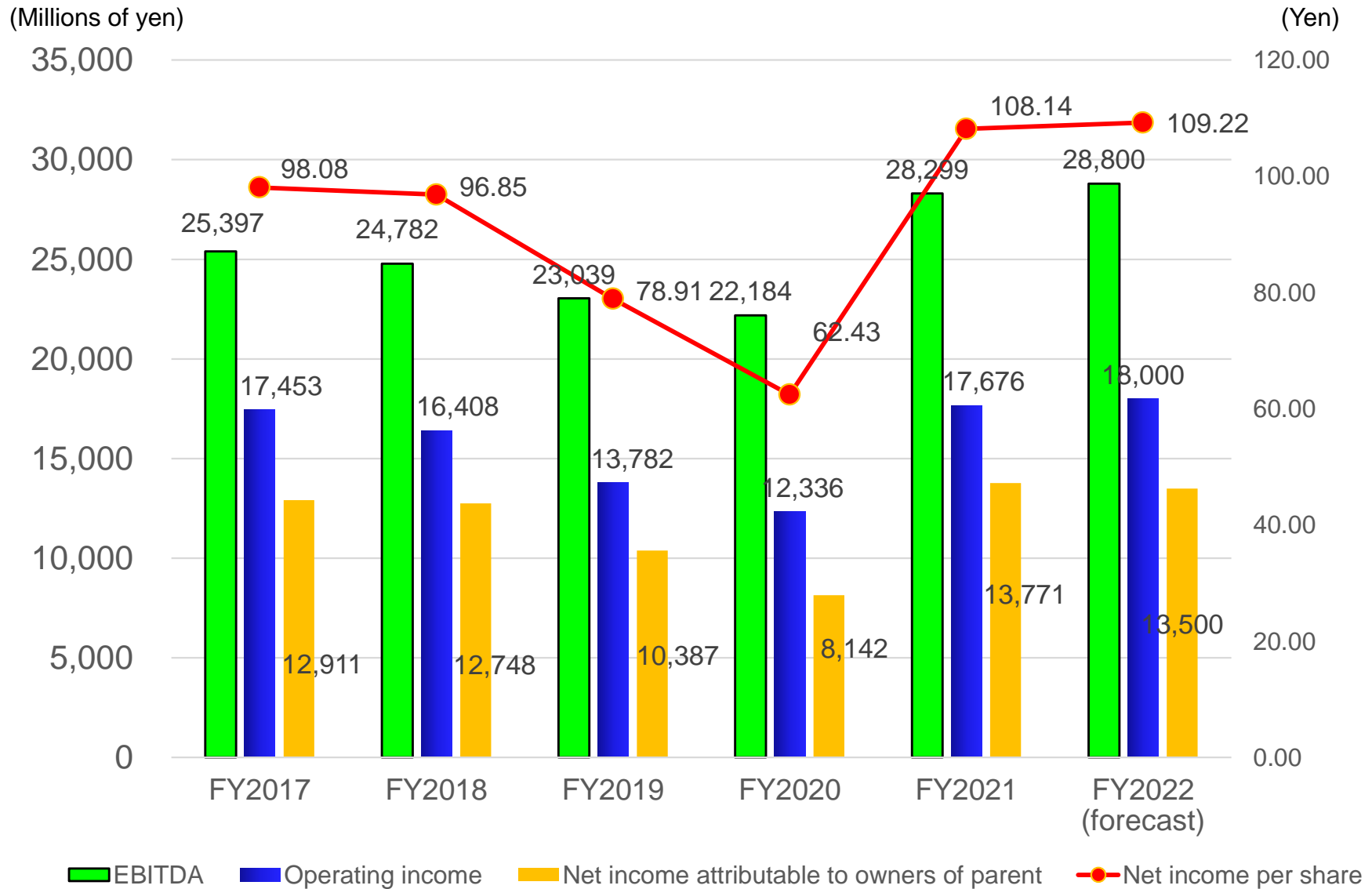
Overview of Consolidated Subsidiaries (FY2022 Forecast)

(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
			FY2021	FY2022 forecast	FY2021	FY2022 forecast	FY2021	FY2022 forecast
1 Toa Techno-Gas	Commodity Chemicals	100	4,625	3,561	557	448	398	337
2 Toagosei Singapore	↓	100	4,691	5,398	1,280	1,320	1,285	1,320
3 (MT Ethylene Carbonate)	↓	90	597	702	5	8	5	8
4 MT AquaPolymer	Polymer & Oligomer	51	12,619	12,160	525	505	363	325
5 Taiwan Toagosei	↓	100	1,628	1,701	150	144	133	116
6 Toa-Jet Chemical	↓	51	2,011	1,882	94	109	44	88
7 TOA-DIC Zhangjiagang Chemical	↓	90	2,127	2,269	87	74	66	55
8 Toagosei (Thailand)	↓	100	2,579	3,411	237	363	123	268
9 Toagosei America	Adhesive Material	100	1,594	1,769	(41)	0	36	69
10 (Aron Packaging)	↓	100	250	273	(1)	7	(1)	5
11 Toagosei Hong Kong	↓	100	324	300	27	23	25	21
12 Toagosei (Zhuhai)	↓	100	580	717	(12)	(51)	(15)	(54)
13 Aronkasei	Plastics	100	26,363	25,699	1,692	1,847	962	1,276
14 Aronkasei (Thailand)	↓	100	218	892	(275)	(22)	(282)	(33)
15 TOA Kogyo	Other	100	1,045	1,107	(49)	1	(31)	4
16 Toa Business Associe	↓	100	2,445	2,035	79	60	47	41
17 TG Corporation	↓	100	12,651	1,265	412	403	286	281
18 (Toa Logistics)	↓	100	537	551	14	34	9	23
Simple aggregation			76,884	65,692	4,781	5,273	3,453	4,150

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

Trends in Consolidated Results

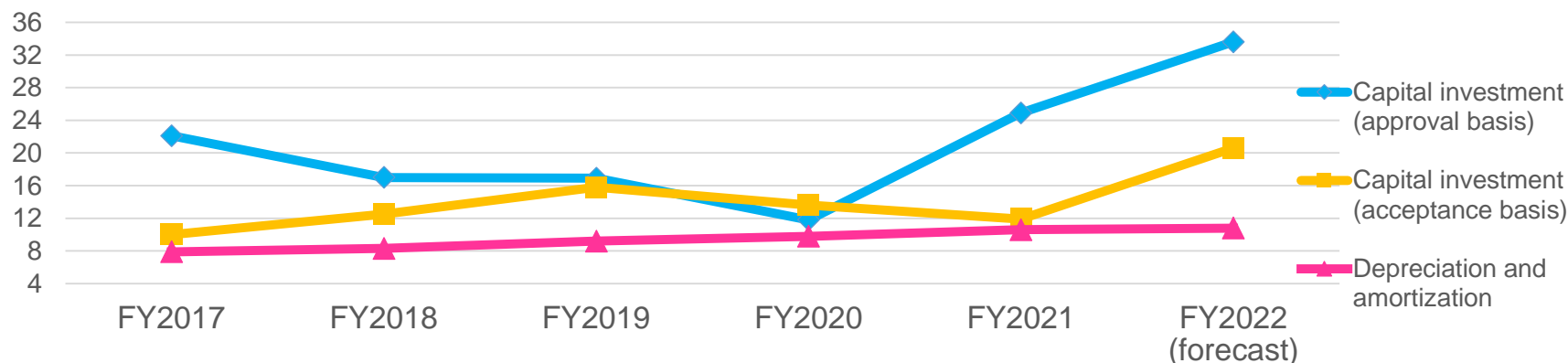


Reference for Consolidated Performance

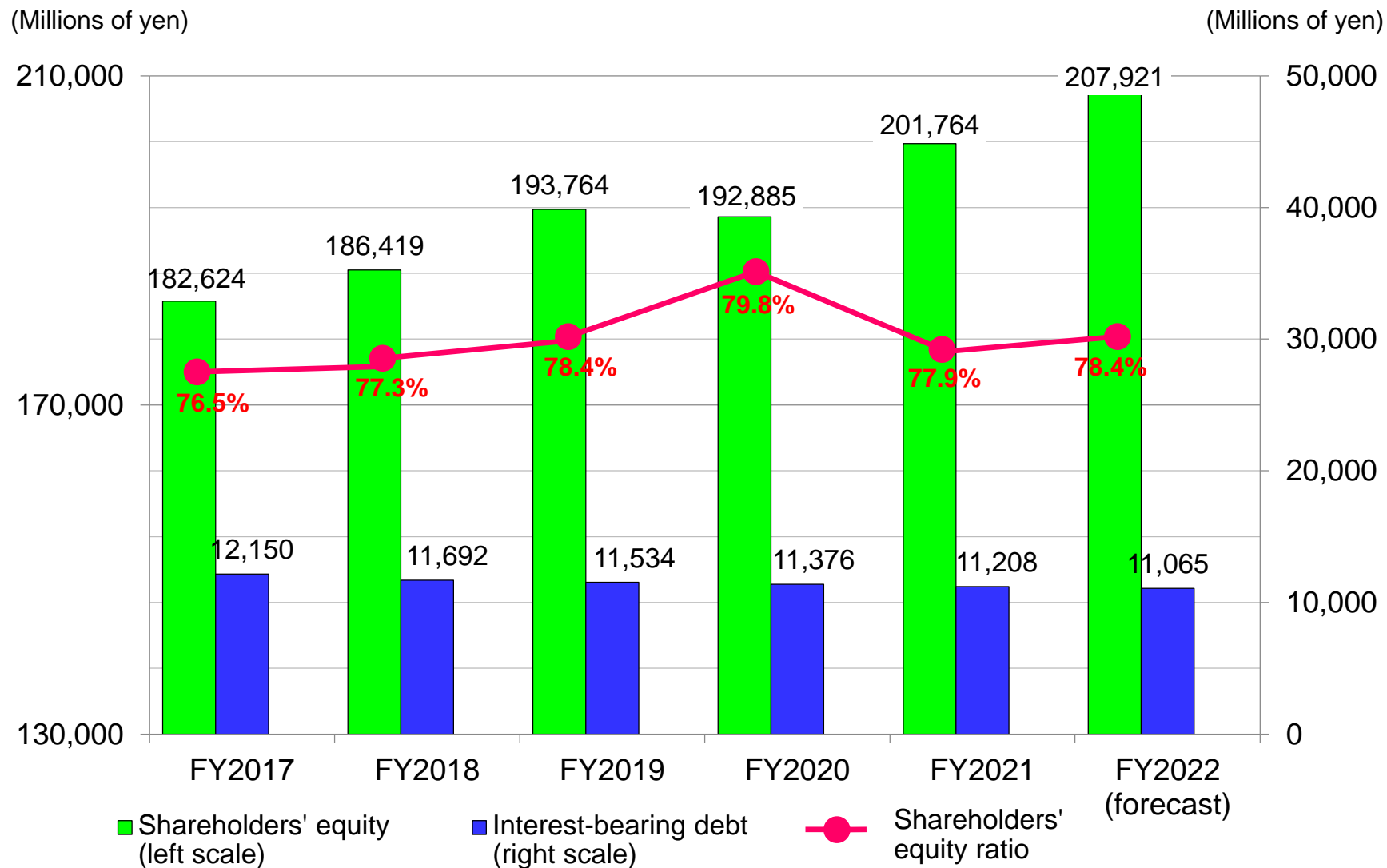
(Billions of yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (forecast)
Capital investment (acceptance basis)	10.0	12.5	15.8	13.6	11.9	20.6
Capital investment (approval basis)	22.1	17.0	16.9	11.8	24.9	33.6
Depreciation and amortization	7.9	8.3	9.2	9.8	10.6	10.8
Research and Development expenses	3.7	3.6	3.7	4.0	4.3	4.8
Overseas sales	24.2	24.5	22.6	22.1	29.0	30.8
Overseas sales ratio (%)	16.7	16.4	15.6	16.6	18.6	20.0
Interest-bearing debt	12.1	11.6	11.5	11.3	11.2	11.0

(Billions of yen)



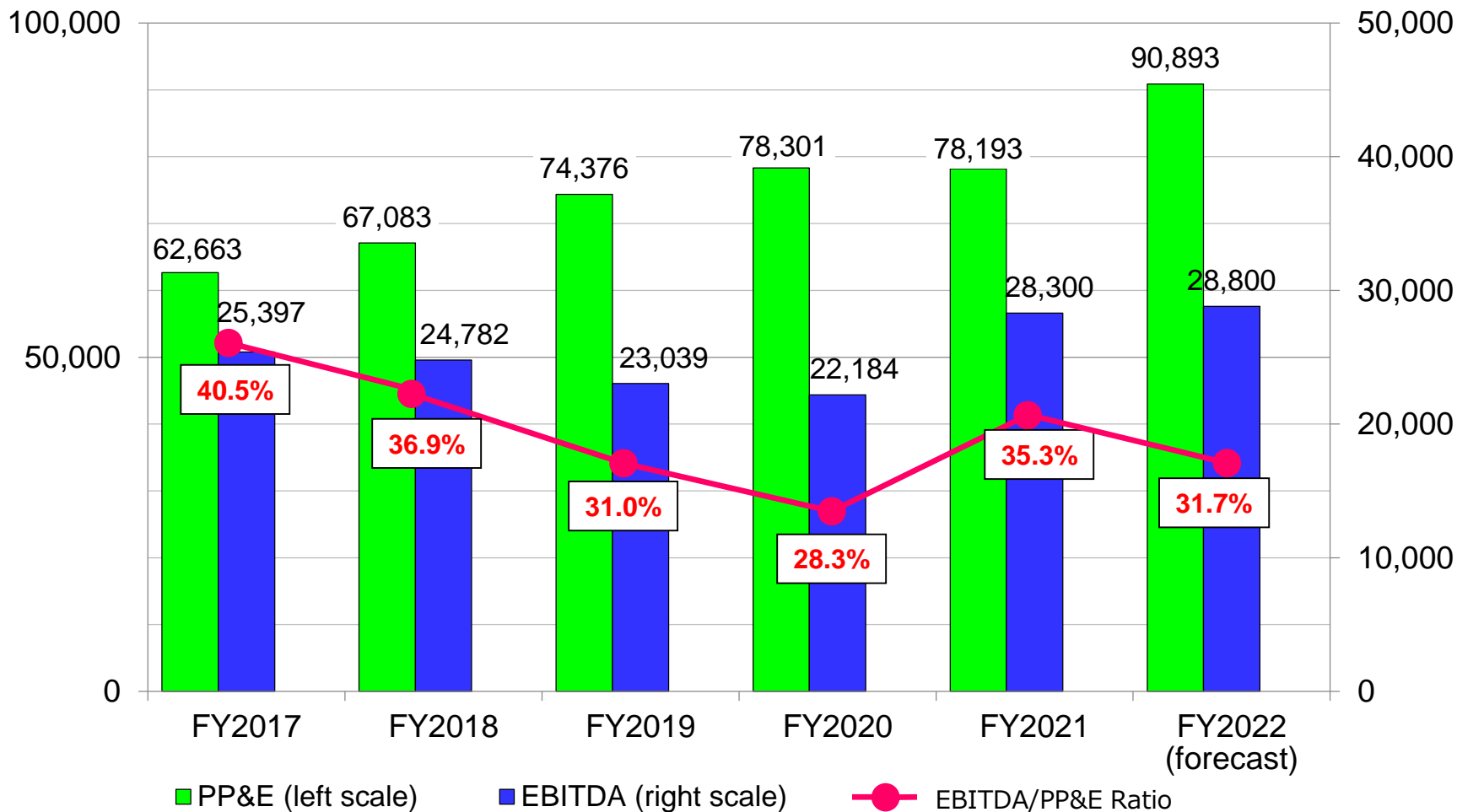
Consolidated Performance Reference Figure Trends



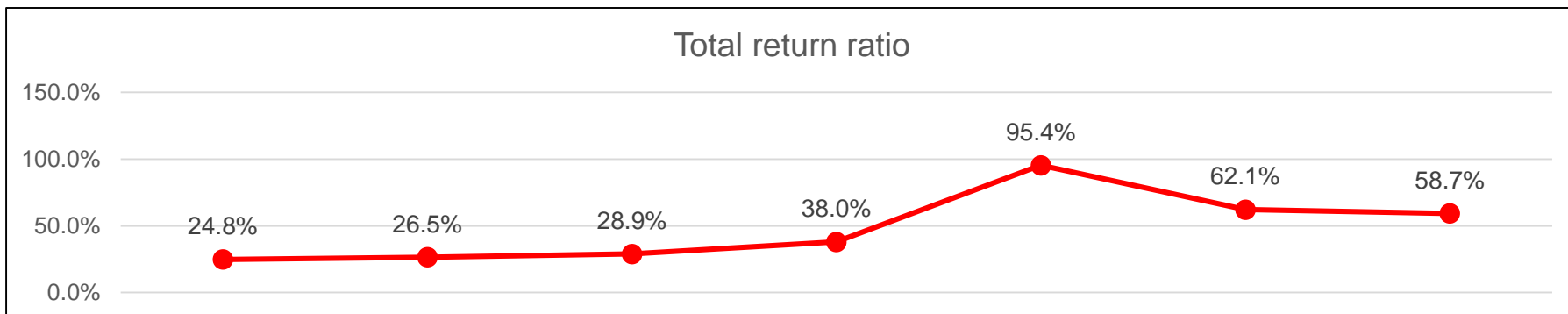
EBITDA/PP&E Ratio Trends

(Millions of yen)

(Millions of yen)

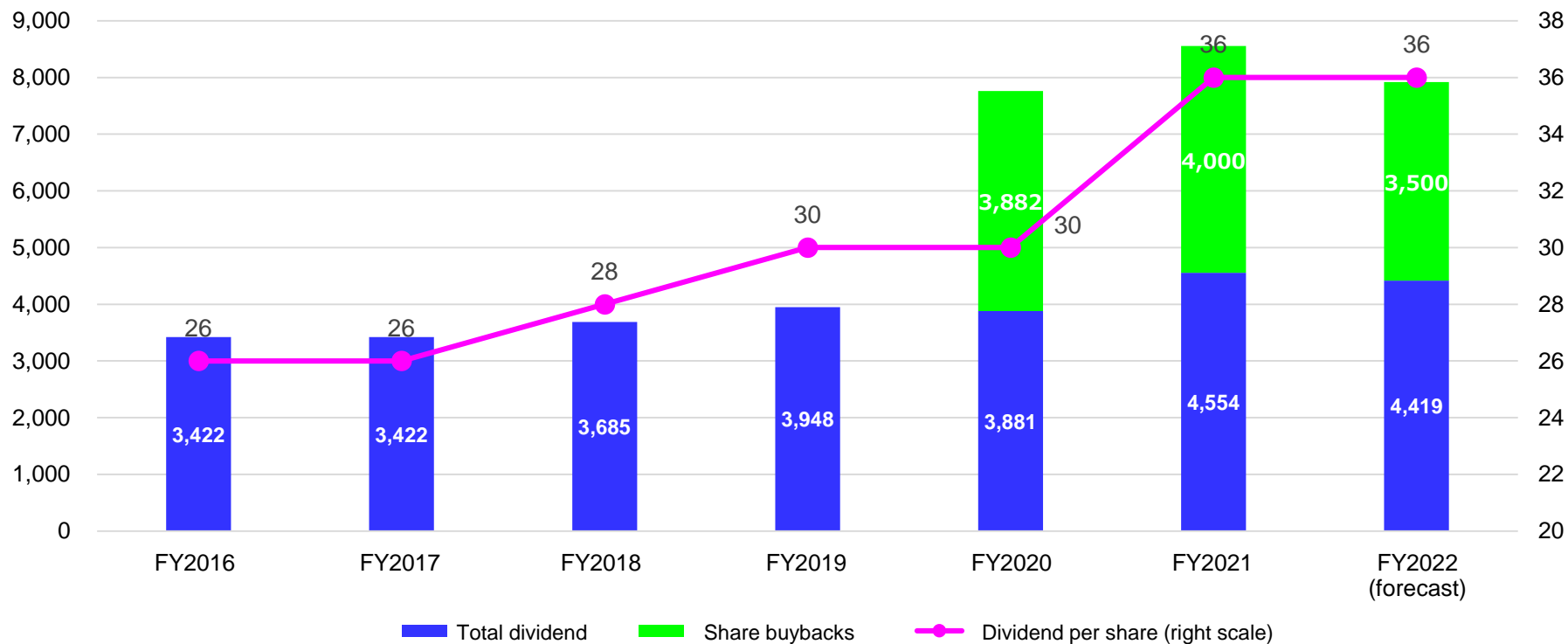


Shareholder Return Trends

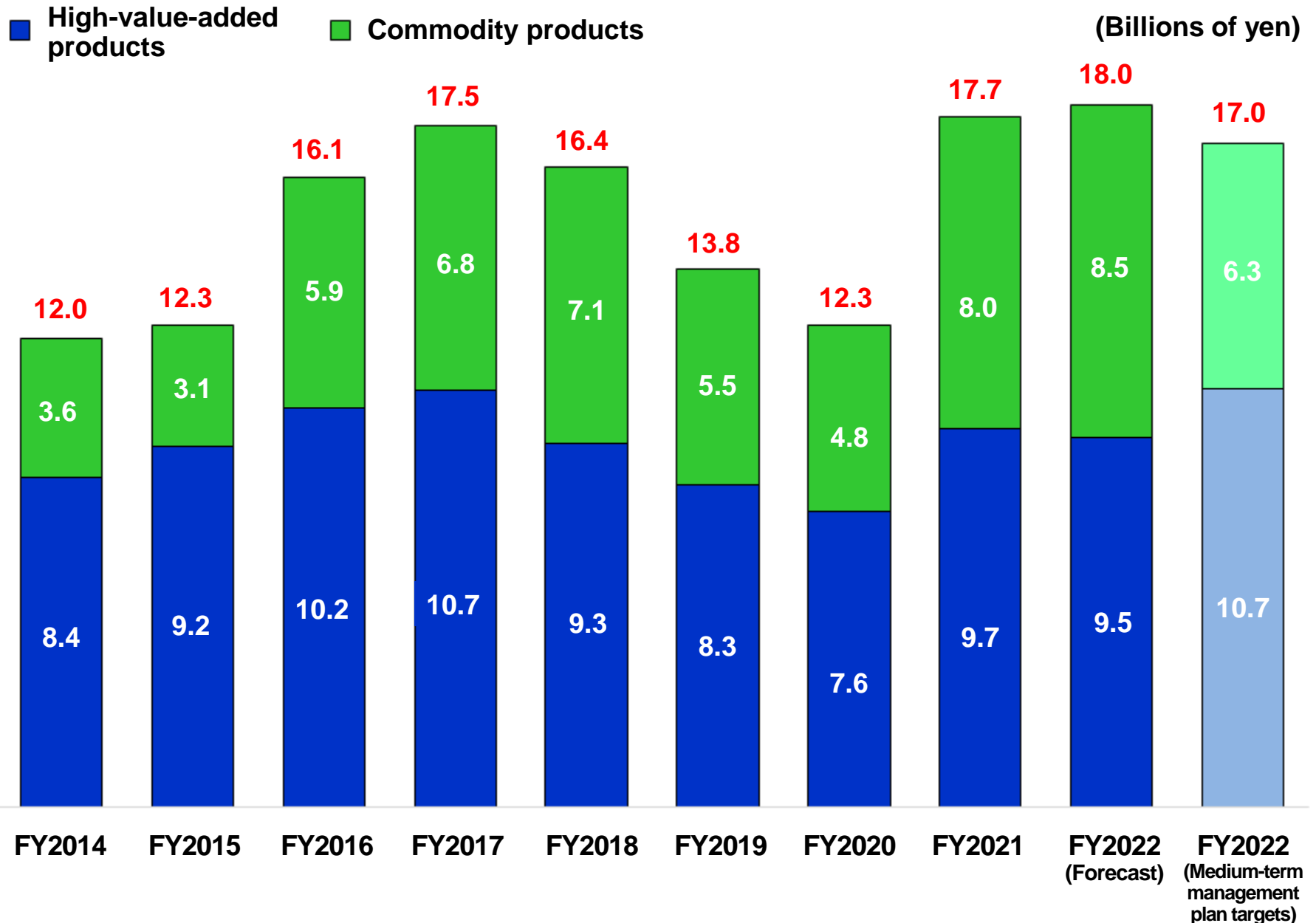


(Millions of yen)

(Yen)

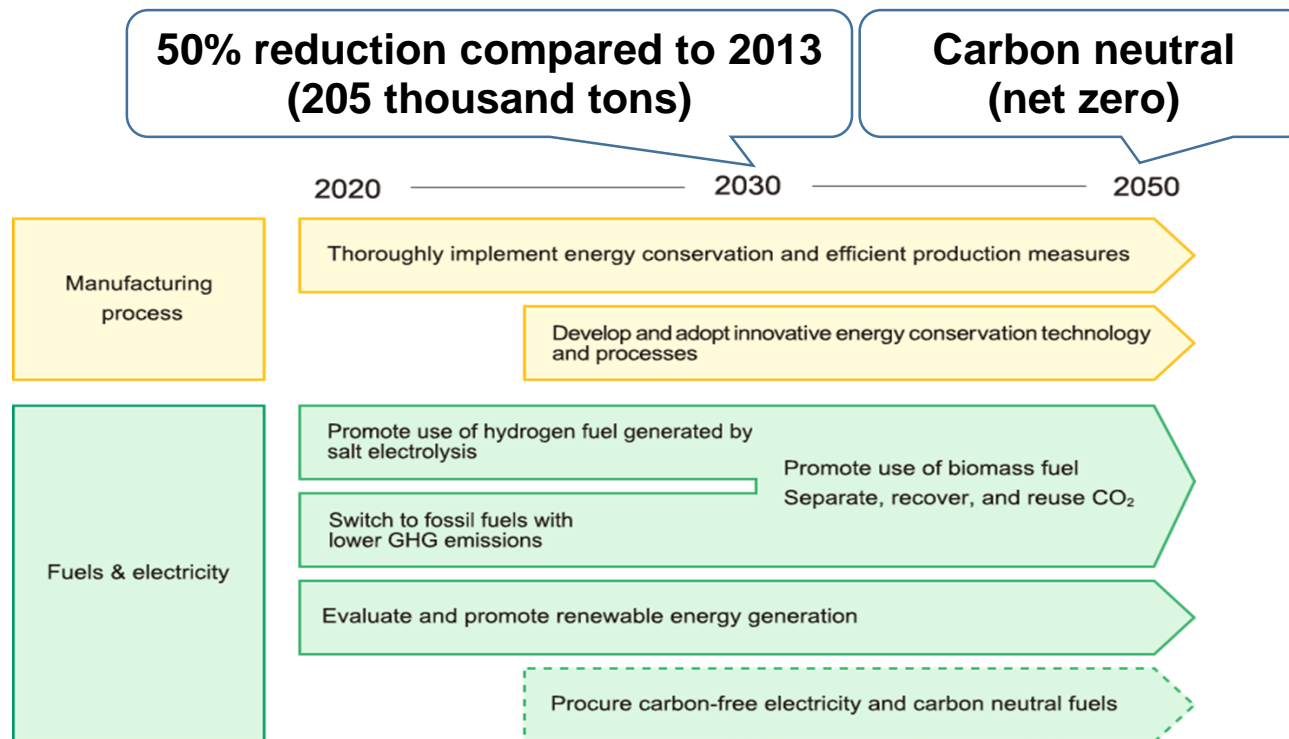


Medium-Term Management Plan “Stage up for the Future”: Operating Income Trends



Energy

Roadmap toward GHG Reduction



Prepared a new roadmap toward GHG reduction.

In 2021, operated hydrogen station and promoted switch to LNG, etc.

Energy (continued)

Hydrogen Station Tokushima

Launched operations at Toagosei Hydrogen Station Tokushima.
Supplying hydrogen to FCV at Shikoku's first stationary and mobile station.



Mobile hydrogen station

Hirono Plant switched to LNG

Switched fuel used by boilers and dryers to LNG with lower CO2 emissions from A Fuel Oil and LPG



LNG facilities at Hirono Plant

Electronics and Healthcare

Caustic potash

Decided to increase production of liquid- and flake-type caustic potash to fulfill our supply side responsibilities given forecasts for growing demand for use in electronics, etc. Facility upgrades are underway with operation slated for spring 2022.

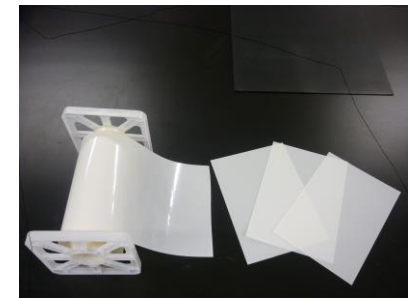


Used in alkaline batteries, etc.

New value creation

Opened Technology Development Laboratory II

Opened a lab with facilities for film processing and evaluating customer products at the General Center of Research and Development. In addition to development of products from chemical feedstock, the lab can also evaluate customer products made from our products.



Developed specialty film for batteries, etc.

New value creation (continued)

Cellulose Nanofiber (CNF)

Newly developed prototypes of dry powder-type products, in addition to aqueous-dispersion liquids, and expanded lineup.

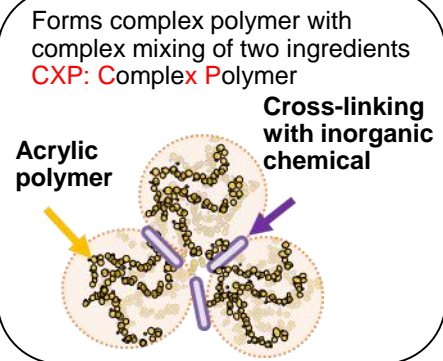
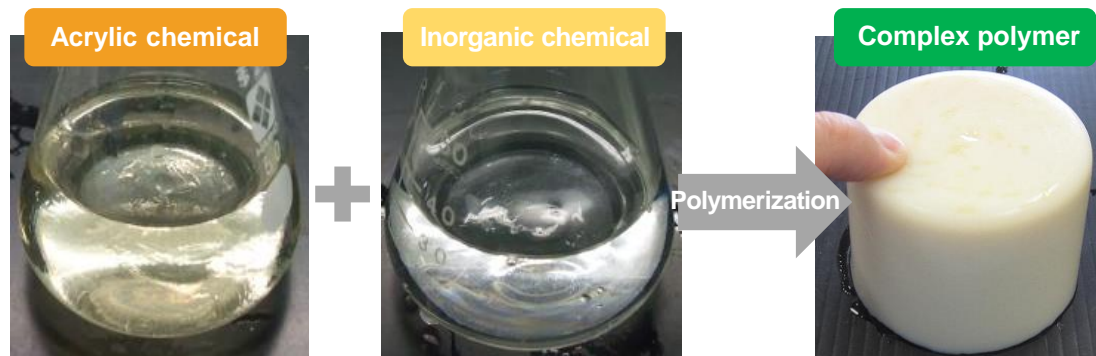
Received many business inquiries at trade fairs, etc.; currently being evaluated by users who were provided samples.



Clear aqueous-dispersion liquid after opening of nano fibers

Liquefaction countermeasure complex polymer (CXP)

Confirmed positive applicability in alkaline base under existing structures after liquefaction countermeasures work using the chemical injection method.



- ◆ **Released Aron Alpha Tough-Power**
Features improved water and heat resistance compared to conventional product and easier-to-use container.
Toagosei's TV commercial featuring Aaron Phillip Wolf, gold medalist at the Tokyo Olympics, has been well received.



- ◆ **Developed ARONIX Sheet NIR**
Developed a resin as a glass alternative for LiDAR (image detection using laser) essential to autonomous driving.
Currently developing products for LiDAR together with various adhesives and pressure-sensitive adhesives.



- ◆ **Released Rollator Ikotto Air M**
Light weight design enables users to easily lift the rollator to move up and down small steps, providing greater confidence during outings.

