

Financial Results for 1Q FY2022



May 23, 2022

Overview of Results for 1Q FY2022

Scope of consolidation

Number of consolidated subsidiaries: 18

Number of equity-method affiliates: 2

		1Q FY2021	1Q FY2022	Change	
Net sales	(Millions of yen)	35,953	37,750 [41,195]	1,796 [5,241]	5.0% [14.6%]
Operating income	(Millions of yen)	4,687	4,109 [4,136]	(578) [(551)]	(12.3%) [(11.8%)]
Operating income ratio		13.0%	10.9% [10.0%]	(2.1) [(3.0)]	-
Ordinary profit	(Millions of yen)	5,182	4,654	(527)	(10.2%)
Net income attributable to owners of parent	(Millions of yen)	3,656	4,015	359	9.8%
Net income per share	(Yen)	28.54	32.17	3.63	-

*The figures underneath in parentheses [] are those before the application of the revenue recognition standards.

Consolidated Results (by Segment)




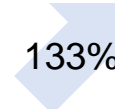
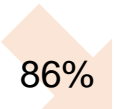
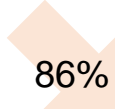
(Millions of yen)







Net sales (by consolidated segment)	1Q FY2021	1Q FY2022	Net Sales When Not Applied	Volume	Unit price	Change (2)-(1)	Change When Not Applied (3)-(1)
	(1)	(2)	(3)				
Commodity Chemicals	15,590	16,018	16,388	(487)	859	427	798
Polymer & Oligomer	8,081	9,116	9,870	708	234	1,034	1,789
Adhesive Material	2,771	2,758	2,902	(29)	(40)	(12)	131
High Performance Materials	2,249	2,470	2,494	172	48	220	245
Plastics	6,382	7,013	7,208	620	10	631	826
Other/adjustments	878	373	973	(504)	0	(504)	95
Total	35,953	37,750	39,839	478	1,112	1,796	3,886

*We are applying the revenue recognition standards from FY2022 (includes changes in the accounting method).

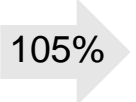



(Millions of yen)

Operating income (by consolidated segment)	1Q FY2021		1Q FY2022		Change
	Operating income	Operating income Ratio	Operating income	Operating income ratio	
Commodity Chemicals	1,850	11.9%	1,770	11.1%	(80)
Polymer & Oligomer	1,348	16.7%	1,317	14.5%	(31)
Adhesive Material	335	12.1%	77	2.8%	(258)
High Performance Materials	608	27.1%	578	23.4%	(30)
Plastics	562	8.8%	474	6.8%	(87)
Other/adjustments	(18)	-	(108)	-	(90)
Total	4,687	13.0%	4,109	10.9%	(578)

Commodity Chemicals Business	Year-on-year Comparison		Reason for the Change
	1Q	1Q-1Q (Cumulative Total)	
Inorganic chemicals	101% 	101% 	Sales of electrolysis products were on a par with the previous fiscal year
Acrylic monomers	133% 	133% 	Sales volume declined due to the impact of product adjustments in the automobile industry in Japan while market conditions remained strong overseas
Industrial gas	86% 	86% 	Shipments were on a par with the previous fiscal year (sales decreased with the application of the revenue recognition standards)

Polymer and Oligomer Business	Year-on-year Comparison		Reason for the Change
	1Q	1Q-1Q (Cumulative Total)	
Polymers	90% 	90% 	Sales volume declined due to the impact of product adjustments in the automobile industry
Oligomers	107% 	107% 	Shipments for electronic materials remained strong
Flocculants	147% 	147% 	Sales business was taken over from other companies and there was an increase in sales

Adhesive Materials Business	Year-on-year Comparison		Reason for the Change
	1Q	1Q-1Q (Cumulative Total)	
Instant glue	101%	101%	The number of in-store customers decreased due to bad weather in Japan while sales volume declined due to the impact of the COVID-19 pandemic overseas (sales slightly increased due to a difference in the foreign exchange rates)
Functional adhesives	98%	98%	Sales volume declined for electronic devices while it increased for automotive batteries

High Performance Materials Business	Year-on-year Comparison		Reason for the Change
	1Q	1Q-1Q (Cumulative Total)	
Inorganic functional materials	105% 	105% 	Shipments of deodorants and antimicrobial agents were strong
High-purity inorganic chemicals	113% 	113% 	Shipments for semiconductors were favorable

Net Sales Growth Rate (Plastics Business)



Plastics Business	Year-on-year Comparison		Reason for the Change
	1Q	1Q-1Q (Cumulative Total)	
Piping equipment	118%	118%	Demand for inventory increased
Nursing care products	102%	102%	Shipments were on a par with the previous year
Elastomer compounds	100%	100%	Shipments for overseas home appliances slumped due to the impact of the shortage of semiconductors, but sales were on a par with the previous year

Overview of Consolidated Subsidiaries (Results for 1Q FY2022)

(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
				1Q FY2021	1Q FY2022	1Q FY2021	1Q FY2022	1Q FY2021	1Q FY2022
1	Toa Techno-Gas	Commodity Chemicals	100	1,141	905	179	110	127	78
2	Toagosei Singapore	↓	100	999	1,264	76	403	65	406
3	(MT Ethylene Carbonate)	↓	90	137	182	1	2	1	2
4	MT AquaPolymer	Polymer & Oligomer	51	2,517	3,668	72	218	60	168
5	Taiwan Toagosei	↓	100	361	513	26	60	24	48
6	Toa-Jet Chemical	↓	51	409	573	30	27	14	23
7	TOA-DIC Zhangjiagang Chemical	↓	90	559	511	72	4	54	(3)
8	Toagosei (Thailand)	↓	100	683	478	21	(2)	(1)	0
9	Toagosei America	Adhesive Material	100	397	411	13	(12)	62	38
10	(Aron Packaging)	↓	100	62	65	2	2	1	1
11	Toagosei Hong Kong	↓	100	75	61	7	3	7	3
12	Toagosei (Zhuhai)	↓	100	120	144	0	(17)	0	(19)
13	Aronkasei	Plastics	100	6,417	6,543	640	509	382	355
14	Aronkasei (Thailand)	↓	100	16	147	(81)	(43)	(83)	(47)
15	TOA Kogyo	Other	100	251	277	(9)	(7)	(8)	(7)
16	Toa Business Associe	↓	100	615	508	32	0	22	0
17	TG Corporation	↓	100	2,862	325	97	95	68	67
18	(Toa Logistics)	↓	100	134	141	6	4	4	2
	Simple aggregation			17,755	16,716	1,184	1,356	799	1,115

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

Consolidated Statement of Income

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



[Non-operating income/expenses]

(Millions of yen)

	1Q FY2021	1Q FY2022	Change
Interest and dividend income	176	67	(108)
Equity in earnings of affiliates	88	86	(1)
Foreign currency exchange gains	202	398	195
Rent income on non-current assets	77	83	6
Miscellaneous income	32	20	(11)
Interest expenses	(23)	(20)	2
Inactive facilities expenses	(6)	(9)	(2)
Environment readiness fee	(24)	(64)	(39)
Miscellaneous Expenses	(27)	(15)	11
Total	494	545	50

[Extraordinary income/losses]

(Millions of yen)

	2021年1Q	1Q FY2022	Change
Gain on sales of investment securities	-	1,000	1,000
Subsidy income	26	280	254
Loss on disposal of non-current assets	(26)	(238)	(211)
Loss on valuation of investment securities	-	(104)	(104)
Total	0	938	939

•Equity in earnings of affiliates (Breakdown) (Millions of yen)

	1Q FY2021	1Q FY2022	Difference
Elmer's & Toagosei	78	75	(3)
Chubu Liquid Oxygen	10	11	1
Total	88	86	(1)

•Exchange rate

	Mar. 31, 2021	Dec. 31, 2021	Mar. 31, 2022
Yen/USD	110.71	114.95	122.39
Yen/THB	3.54	3.44	3.68

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2021	Mar. 31, 2022	Change
Current assets	145,168	132,824	(12,343)
Cash and deposits	52,457	42,443	(10,013)
Notes and accounts receivable	48,456	46,495	(1,961)
Securities	23,000	20,000	(3,000)
Inventories	19,387	20,996	1,609
Other current assets	1,867	2,888	1,021
Fixed assets	113,787	125,818	12,031
Property, plant and equipment	78,193	89,161	10,967
Investment securities	28,722	29,064	341
Other fixed assets	6,870	7,592	721
Total assets	258,955	258,643	(312)

	Dec. 31, 2021	Mar. 31, 2022	Change
Total liabilities	52,343	50,064	(2,279)
Notes and accounts payable	18,391	17,726	(665)
Bank loans	11,207	11,208	0
Accrued income taxes	3,728	1,296	(2,431)
Other liabilities	19,015	19,833	818

Total net assets	206,612	208,579	1,966
Shareholders' equity	189,396	190,361	965
Accumulated other comprehensive income	12,367	13,335	967
Non-controlling interests	4,848	4,882	33
Total liabilities and net assets	258,955	258,643	(312)

Net worth ratio	77.9%	78.8%	+0.9P
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	1Q FY2022 Results	Progress Rate	FY2022 MTP Targets
Net sales	37.7 billion yen (41.1 billion yen)	23.1% (25.2%)	163.0 billion yen
Operating income (operating income ratio)	4.1 billion yen [10.9%]	24.1%	17.0 billion yen [10.4%]
EBITDA	6.6 billion yen	24.4%	27.0 billion yen
High-value-added products sales ratio	46.5%	-	47%
Capital investment (approval basis)	FY2020: 11.8 billion yen FY2021: 24.9 billion yen	Target for 2022: 19.1 billion yen	(MTP cumulative) 44.0 billion yen
Overseas net sales (as percentage of net sales)	7.2 billion yen [19.2%]	22.2%	32.5 billion yen [20%]
Earnings per share (EPS)	32.17 yen	-	106 yen
Return on assets (ROA)	1.8%	-	7.0%

*The figures underneath in parentheses are those before the application of the revenue recognition standards.

<p style="text-align: center;">E (Environment)</p> <p style="text-align: center;">S (Society)</p>	Jul 2021	Issued the Toagosei Group Report
	Aug 2021	Held an event for 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	<p>Set a target of “2050: carbon neutrality”</p> <ul style="list-style-type: none"> • By 2030: Greenhouse gas (GHG) emissions 50% of 2013 level (205,000 tons) • By 2050: Carbon neutrality <p>(1) Items Started</p> <ul style="list-style-type: none"> • Started considering the introduction of biomass gasification power generation • Started a feasibility study to utilize carbon neutral steam from Yokohama waste incinerators • Started a survey to consider introducing small hydropower <p>(2) Future Plans</p> <ul style="list-style-type: none"> • Survey solar power generation installable areas and size in each business establishment • Consider measures to utilize hydrogen
	Jan 2022	Acquired the platinum rating in the 2022 EcoVadis Sustainability Assessment
	Mar 2022	Certified as a Health and Productivity Management Organization 2022 “White 500”
	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
	Mar 2022	Donated to the Children’s Future Support Fund and Ashinaga Foundation
	Apr 2022	Opened Toagosei Hydrogen Station Tokushima

G (Governance)

Mar 2019	Abolished anti-takeover measures
Mar 2019	Elected a female director for the first time
Mar 2020	Introduced a restricted share remuneration system for directors
Oct 2021	<p>Revised the Toagosei Group Basic Policy on Corporate Governance</p> <ul style="list-style-type: none"> <p>Aim to improve shareholder return with the target of a consolidated payout ratio of about 30% and a consolidated total shareholder returns of about 50%</p> <p><u>Full FY2021 Record</u></p> <p>Consolidated payout ratio: 33.3%</p> <p>Consolidated total shareholder returns: 62.1%</p> <p>Aim for the amount recorded on the balance sheet of cross-shareholdings to be about 10% of consolidated net assets</p> <p><u>Sale Record</u></p> <p>Full FY2021: Sale amount of ¥2,910 million and profit on sales of ¥1,706 million</p> <p>1Q FY2022: Sale amount of ¥1,111 million and profit on sales of ¥1,000 million</p> <p>Promotion of disclosures in English:</p> <p>Disclosed the full text of financial statements (from FY2021)</p>
Apr 2022	Transitioned to the Prime market on the Tokyo Stock Exchange

Reference Materials

(Forecast for the Full FY2022)

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	

Note1: 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.

Note2: We are applying the revenue recognition standards from FY2022 (includes changes in the accounting method).

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)

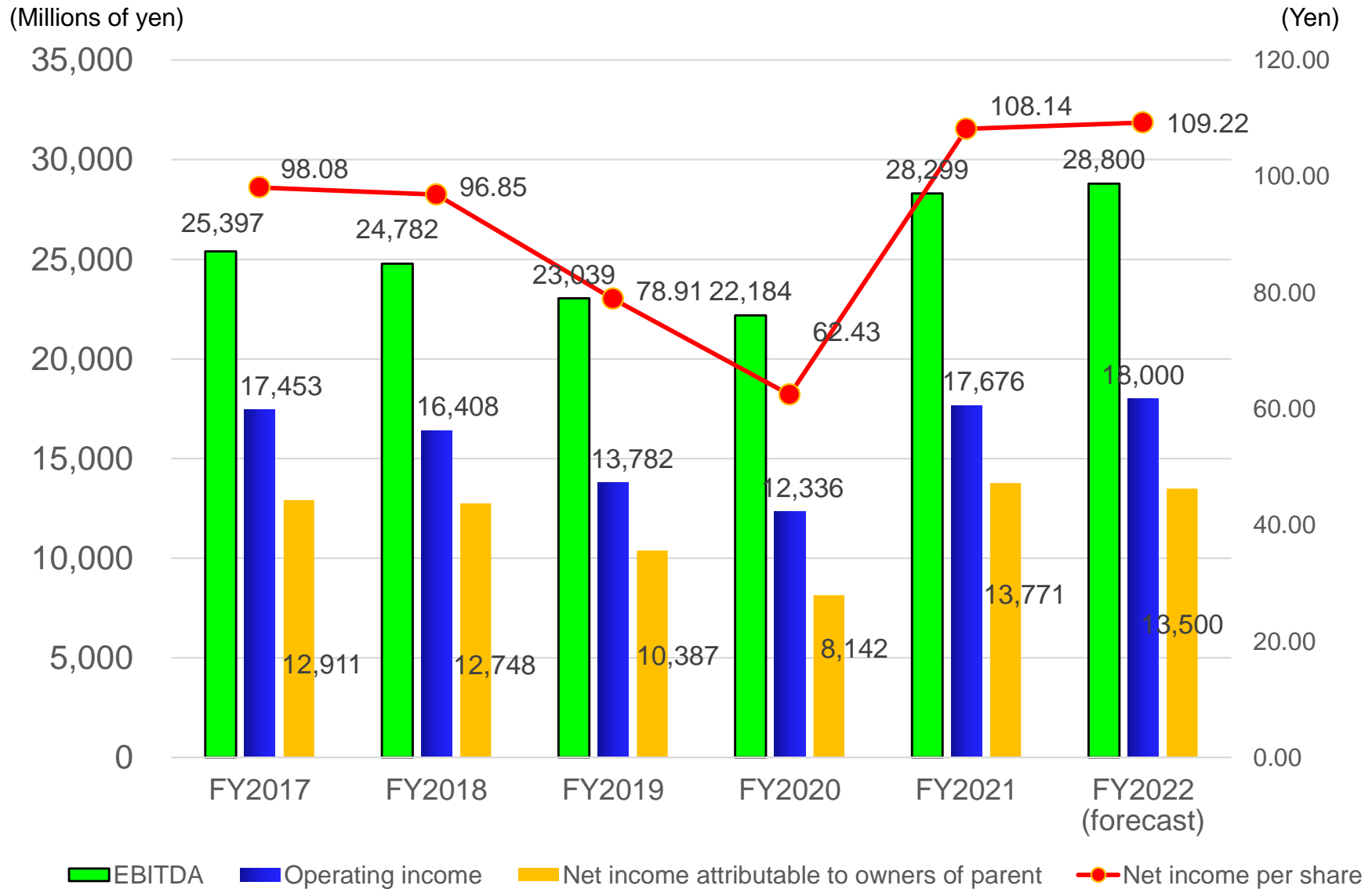


(Millions of yen)

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

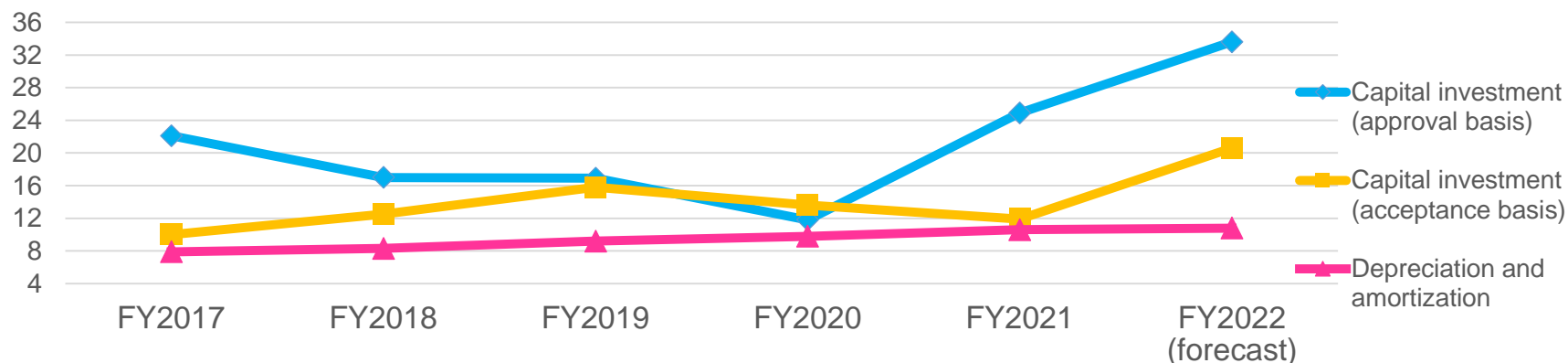


Reference for Consolidated Performance

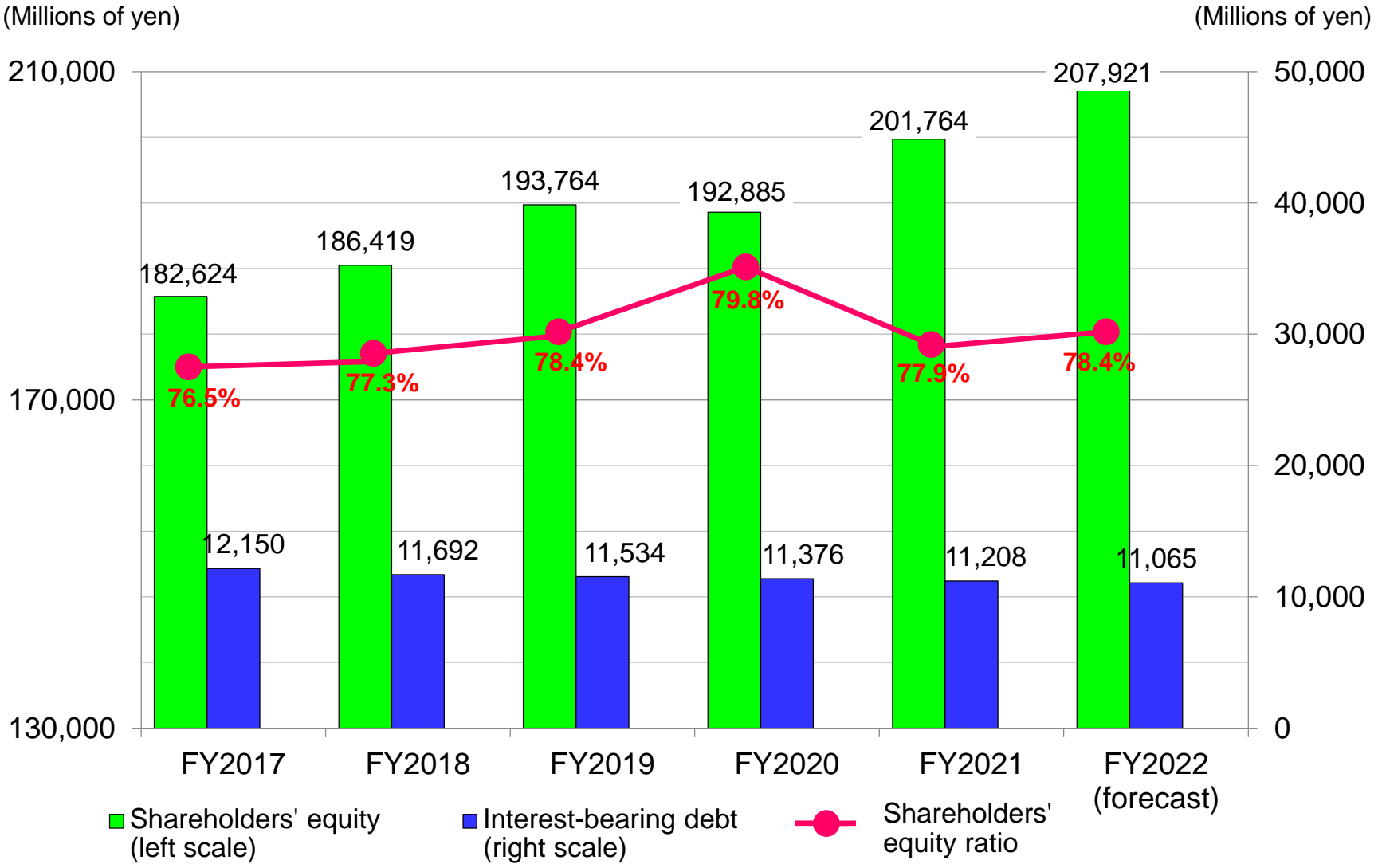
(Billions of yen)

	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

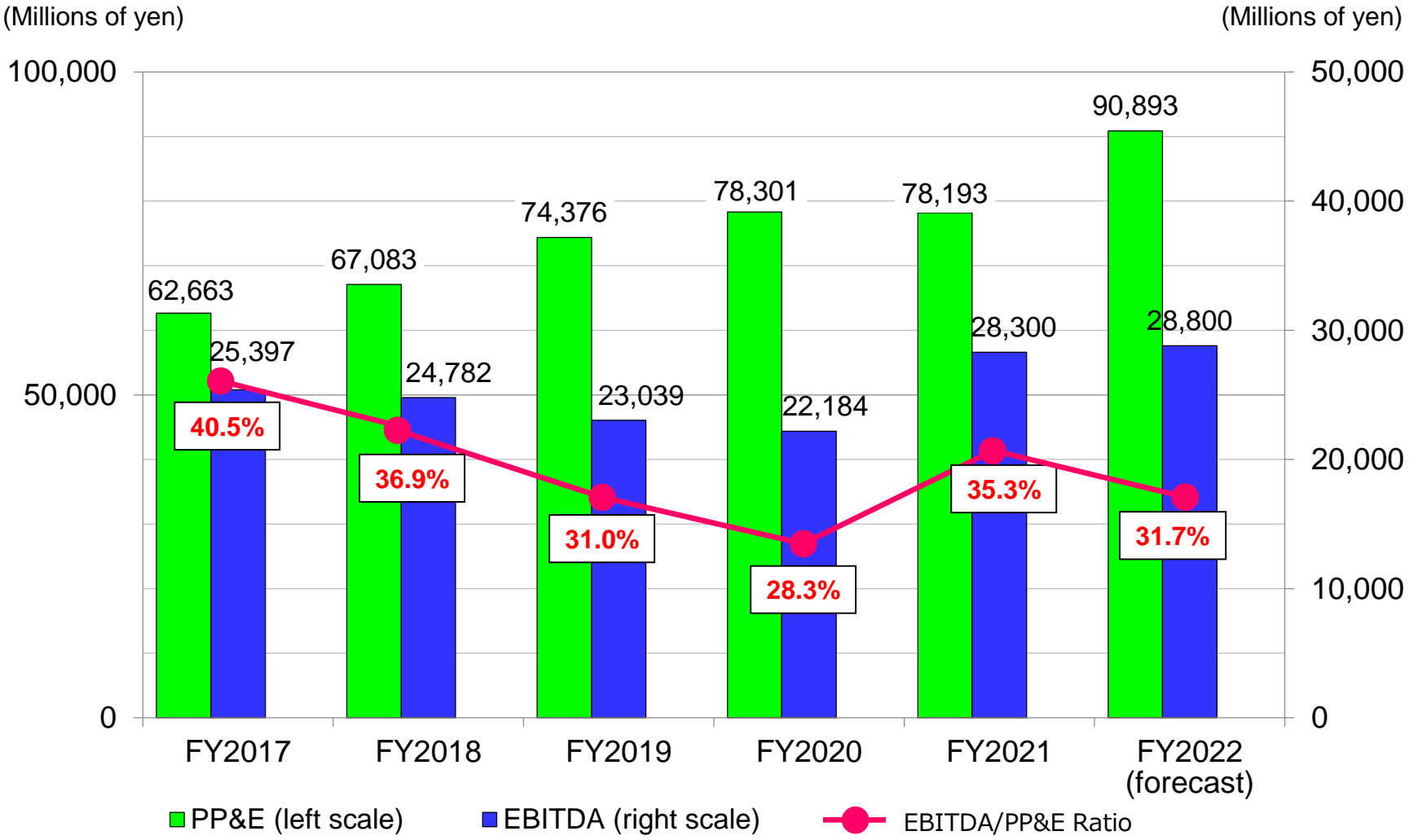
(Billions of yen)



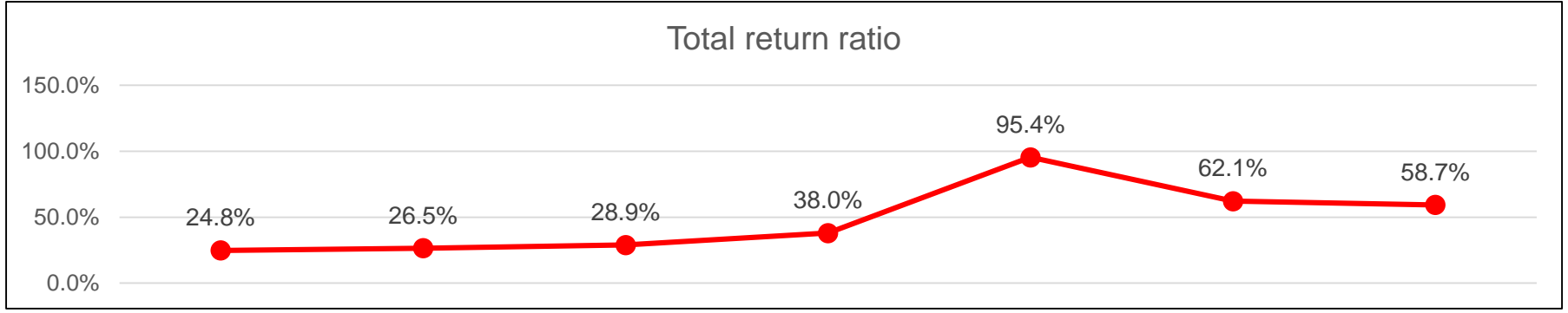
Consolidated Performance Reference Figure Trends



EBITDA/PP&E Ratio Trends



Shareholder Return Trends



(Millions of yen)

(Yen)

