

Financial Results for 2Q FY2022



August 4, 2022

Overview of Results for 2Q FY2022

		2Q FY2021	2Q FY2022	Change	
Net sales	(Millions of yen)	74,164	77,977 [82,030]	3,813 [7,865]	5.1% [10.6%]
Operating income	(Millions of yen)	9,021	7,891 [7,922]	(1,129) [(1,098)]	(12.5%) [(12.2%)]
Operating income ratio		12.2%	10.1% [9.7%]	(2.0) [(2.5)]	—
Ordinary income	(Millions of yen)	9,840	9,387	(453)	(4.6%)
Net income attributable to owners of parent	(Millions of yen)	7,015	7,391	375	5.4%
Net income per share	(Yen)	54.76	59.36	4.6	—
Interim dividend [annual dividend]	(Yen)	17.0[36.0]	18.0[36.0]	1.0[0.0]	5.9%
<u>Reference</u>					
Average exchange rate	(Yen/USD)	¥106.69	¥119.55		
Average naphtha price	(Yen/kl)	¥43,100	¥75,600		

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

* There has been no change in the scope of consolidation (18 consolidated subsidiaries and 2 equity-method affiliates)

<Business Environment>

- **Supply chains were disrupted by the shortage of semiconductors and lockdowns in China. It was possible to see a trend for production adjustments in the automotive industry and electrical/electronic-related industries.**
- **Russia's invasion of Ukraine triggered a rise in raw fuel and resource prices.**

<Financial Results for the 2Q FY2022>

- **The volume of high value-added product shipments fell except for some semiconductor-related products. That was due to the impact of a decrease in production of automobiles and smartphones.**
- **We have been revising prices since last year for commodity products due to soaring raw fuel prices. Raw fuel prices continue to soar. Therefore, we will continue to revise prices to ensure profits.**
- **Sales increased and operating income decreased in the 2Q FY2022. However, we sold investments in securities. Accordingly, quarterly net income attributable to owners of parent increased by 375 million yen.**

Consolidated Results (by Segment)

(Millions of yen)

Net sales	2Q FY2021	2Q FY2022	Net sales when not applied	Volume	Unit price	Change B – A	Change when not applied C – A
	A	B	C				
Commodity Chemicals	32,883	35,178	36,244	(1,197)	3,492	2,294	3,360
Polymer & Oligomer	16,486	18,000	19,197	586	924	1,513	2,710
Adhesive Material	5,491	5,430	5,672	(115)	55	(60)	180
Performance Chemicals	4,750	4,983	4,978	117	115	233	228
Plastics	12,692	13,708	14,064	409	607	1,016	1,372
Other/adjustments	1,859	675	1,872	(1,183)	0	(1,183)	13
Total	74,164	77,977	82,030	(1,383)	5,196	3,813	7,865

* We are applying the revenue recognition standards from FY2022.

(Millions of yen)

Operating income	2Q FY2021		2Q FY2022		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	3,759	11.4%	3,863	11.0%	103
Polymer & Oligomer	2,689	16.3%	2,300	12.8%	(389)
Adhesive Material	699	12.7%	59	1.1%	(640)
Performance Chemicals	1,260	26.6%	1,145	23.0%	(115)
Plastics	706	5.6%	812	5.9%	105
Other/adjustments	(95)	—	(289)	—	(193)
Total	9,021	12.2%	7,891	10.1%	(1,129)

* Figures after applying the revenue recognition standards.

Overview of Consolidated Subsidiaries (Results for 2Q FY2022)



(Millions of yen)

Company name		Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
				2Q FY2021	2Q FY2022	2Q FY2021	2Q FY2022	2Q FY2021	2Q FY2022
1	Toa Techno-Gas	Commodity Chemicals	100	2,257	1,718 [2,265]	296	63	215	80
2	Toagosei Singapore	↓	100	2,246	2,847	548	903	542	911
3	MT Ethylene Carbonate	↓	90	258	369	2	4	2	4
4	MT AquaPolymer	Polymer & Oligomer	51	5,536	6,992 [7,649]	277	282	201	250
5	Taiwan Toagosei	↓	100	744	1,001	61	118	55	106
6	Toa-Jet Chemical	↓	51	929	1,245	57	33	26	13
7	TOA-DIC Zhangjiagang Chemical	↓	90	1,054	1,049	91	10	72	(6)
8	Toagosei (Thailand)	↓	100	1,333	1,089	102	(8)	51	(17)
9	Toagosei America	Adhesive Material	100	762	907	1	(13)	64	57
10	Aron Packaging	↓	100	122	130	(1)	3	(1)	2
11	Toagosei Hong Kong	↓	100	144	135	14	10	13	10
12	Toagosei (Zhuhai)	↓	100	261	304	1	(34)	0	(28)
13	Aronkasei	Plastics	100	12,763	12,760 [13,706]	847	890	435	512
14	Aronkasei (Thailand)	↓	100	57	285	(155)	(92)	(160)	(98)
15	TOA Kogyo	Other	100	511	558	(20)	(10)	(17)	(10)
16	Toa Business Associe	↓	100	1,224	1,028 [1,106]	37	(26)	24	(27)
17	TG Corporation	↓	100	5,965	629 [6,487]	200	175	140	124
18	Toa Logistics	↓	100	271	282	13	9	9	6
Simple aggregation				36,437	33,328	2,371	2,317	1,671	1,889

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

Consolidated Statement of Income

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



[Non-operating income/expenses] (Millions of yen)

	2Q FY2021	2Q FY2022	Change
Interest and dividend income	600	625	24
Equity in earnings of affiliates	117	136	19
Foreign currency exchange gains	30	769	738
Rent income on non-current assets	130	108	(22)
Miscellaneous income	141	109	(32)
Interest expenses	(48)	(41)	6
Inactive facilities expenses	(16)	(12)	3
Environment readiness fee	(47)	(166)	(118)
Miscellaneous Expenses	(89)	(32)	57
Total	819	1,495	676

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

	2Q FY2021	2Q FY2022	Difference
Elmer's & Toagosei	104	116	11
Chubu Liquid Oxygen	13	20	7
Total	117	136	19

[Extraordinary income/losses] (Millions of yen)

	2Q FY2021	2Q FY2022	Change
Gain on sales of investment securities	-	1,000	1,000
Subsidy income	26	283	256
Loss on disposal of non-current assets	(88)	(380)	(291)
Loss on valuation of investment securities	-	(112)	(112)
Total	(62)	791	854

•Exchange rate

	Dec. 31, 2021	Mar. 31, 2022	Jun. 30, 2022
Yen/USD	114.95	122.39	136.68
Yen/THB	3.44	3.68	3.85

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2021	Jun. 30, 2022	Change
Current assets	145,168	143,513	(1,655)
Cash and deposits (1)	52,457	45,912	(6,545)
Notes and accounts receivable	48,456	48,630	173
Securities (1)	23,000	20,000	(3,000)
Inventories (2)	19,387	24,314	4,926
Other current assets	1,867	4,656	2,789
Fixed assets	113,787	124,356	10,569
Property, plant and Equipment (3)	78,193	89,301	11,107
Investment securities	28,722	27,501	(1,221)
Other fixed assets	6,870	7,554	683
Total assets	258,955	267,870	8,914

	Dec. 31, 2021	Jun. 30, 2022	Change
Total liabilities	52,343	56,574	4,231
Notes and accounts payable (2)	18,391	21,459	3,067
Bank loans	11,207	11,135	(72)
Accrued income taxes	3,728	2,510	(1,218)
Other liabilities	19,015	21,469	2,454

Total net assets	206,612	211,296	4,683
Shareholders' equity	189,396	193,080	3,683
Accumulated other comprehensive income	12,367	13,273	905
Non-controlling interests	4,848	4,942	94
Total liabilities and net assets	258,955	267,870	8,914

- (1) Decreased with the purchase of land for Kawasaki Plant (marketable securities: negotiable deposit)
- (2) Increased due to a rise in raw material prices
- (3) Increased with the purchase of land for Kawasaki Plant

Net worth ratio	77.9%	77.0%	(0.9P)
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Consolidated Cash Flow Statements

(Millions of yen)

		2Q FY2021	2Q FY2022	Change
Cash flows from operating activities	A	13,591	11,190	(2,400)
Cash flows from investment activities	B	(13,283)	(9,270)	4,013
Free cash flow	C=A+B	307	1,919	1,612
Cash flows from financial activities	D	(2,276)	(6,147)	(3,870)
Other	E	304	703	398
Net increase or decrease in cash and cash equivalents	F=C+D+E	(1,664)	(3,523)	(1,859)
Cash and cash equivalents at end of the period	G	42,135	42,980	844

A sense of uncertainty about the future remains. That is due to Russia's invasion of Ukraine, supply chain disruptions, and soaring raw fuel and resource prices. Severe conditions are expected to continue.

We will continue proactive activities to secure profits toward achievement of the operating income target in the medium term plan despite concerns about an economic slowdown

- 1. We will strive to secure profits through flexible pricing in view of raw fuel prices and product market conditions**
- 2. We will focus on further sales expansion and profitability improvement for various products with increasing sales for the semiconductor related market**
- 3. We will continue share buybacks in the second half of FY2022**

Forecast for the Full FY2022

Consolidated Results Forecast for FY2022

(Millions of yen)

	FY2021 Results (A)	1H FY2022 Results	2H FY2022 Forecast	Revised FY2022(B)	Change (B-A)
Net sales	156,313	77,977	82,023	160,000	3,687
Operating income	17,676	7,891	9,109	17,000	(676)
Operating income ratio	11.3%	10.1%	11.1%	10.6%	(0.7%)
Non-operating Income/expenses	1,306	1,495	4	1,500	193
Ordinary income	18,983	9,387	9,112	18,500	(483)
Extraordinary income (loss)	(181)	791	(1,691)	(900)	(718)
Income before income taxes (a)	18,801	10,178	7,421	17,600	(1,201)
Income taxes (b)	(4,821)	(2,658)	(1,741)	(4,400)	421
Tax rate (b)/(a)	25.6%	26.1%	23.5%	25.0%	(0.6%)
Net income attributable to non-controlling interests	(208)	(129)	(70)	(200)	8
Net income attributable to owners of parent	13,771	7,391	5,609	13,000	(771)
Dividend (Yen)	36	18	18	36	0
<Reference>					
Average exchange rate (Yen/USD)	¥108.99	¥119.55	¥130.00	¥124.77	
Naphtha price (Yen/kl)	¥50,175	¥75,600	¥80,000	¥77,800	

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 -140 million yen on the Company's performance.

Note2: We are applying the revenue recognition standards from FY2022.

Consolidated Results Forecast for FY2022 (by Segment)



Net sales

(Millions of yen)

	FY2021 Results	FY2022 Forecast		Change	Change without Accounting standard application	Factors for change B-A
		After Applying the Revenue Recognition Standards	Before Applying the Revenue Recognition Standards			
	A	B	C	B-A	C-A	
Commodity Chemicals	70,312	74,200	76,330	3,888	6,018	[Increase] Acrylic monomer, electrolytic products
Polymer & Oligomer	34,904	35,400	37,794	496	2,890	[Increase] Acrylic oligomer, flocculants
Adhesive Material	11,336	11,800	12,282	464	946	[Increase] Instant glues
Performance chemicals	9,779	10,400	10,408	621	629	[Increase] High purity inorganic chemicals
Plastics	26,131	27,200	27,910	1,069	1,779	[Increase] Piping equipment, nursing care products and elastomer compounds
Other	3,847	1,000	3,892	(2,847)	45	
Total	156,313	160,000	168,616	3,687	12,303	

* We are applying the revenue recognition standards from FY2022.

* On July 29, we revised the forecast figures that we announced on February 10.

Operating income

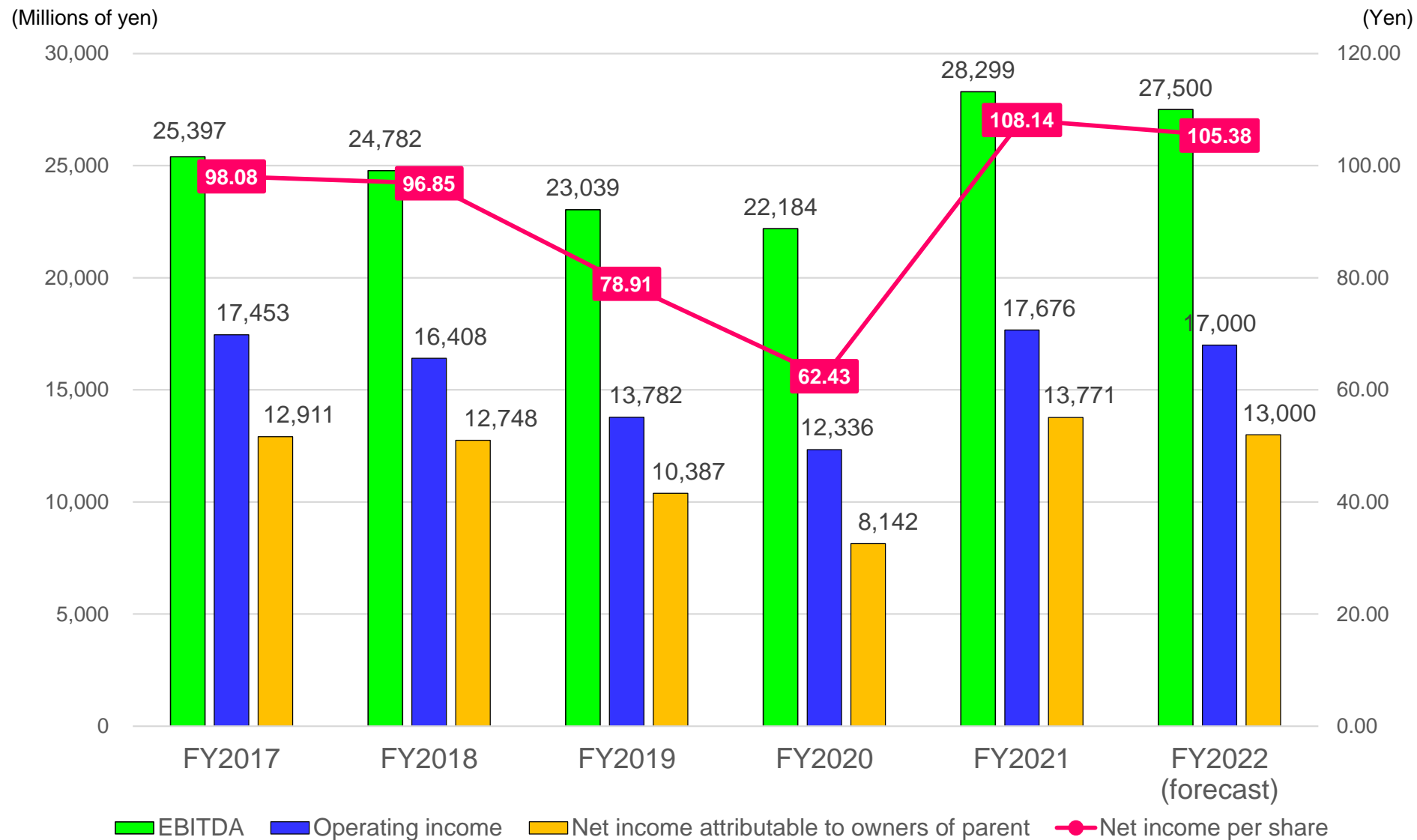
	FY2021 Results		FY2022 Forecast		Change	Factors for change
Commodity Chemicals	7,992	11.4%	8,420	11.3%	428	[Increase] Acrylic monomer
Polymer & Oligomer	5,276	15.1%	5,100	14.4%	(176)	[Decrease] Acrylic polymer
Adhesive Material	845	7.5%	50	0.4%	(795)	[Decrease] Functional adhesives
Performance Chemicals	2,449	25.0%	2,400	23.1%	(49)	[Decrease] High purity inorganic chemicals
Plastics	1,433	5.5%	1,460	5.4%	27	[Increase] Piping equipment
Other	(319)	-	(430)	-	(111)	
Total	17,676	11.3%	17,000	10.6%	(676)	

* Figures after applying the revenue recognition standards.

Comparison with 2022 Medium-Term Management Plan

	2Q FY2022 Results		FY2022 Forecast		FY2022 MTP Targets
	After Applying the Revenue Recognition Standards	Before Applying the Revenue Recognition Standards	After Applying the Revenue Recognition Standards	Before Applying the Revenue Recognition Standards	
Net sales	77.9 billion yen	82.0 billion yen	160.0 billion yen	173.7 billion yen	163.0 billion yen
Operating income (operating income ratio)	7.8 billion yen [10.1%]	7.9 billion yen [9.7%]	17.0 billion yen [10.6%]	17.0 billion yen [9.8%]	17.0 billion yen [10.4%]
EBITDA	13.2 billion yen	-	27.5 billion yen	-	27.0 billion yen
High-value-added products sales ratio	44.7%	44.4%	43.9%	42.4%	47%
Capital investment (approval basis)	FY2020: 11.8 billion yen FY2021: 24.9 billion yen	-	32.3 billion yen	-	(MTP cumulative) 44.0 billion yen
Overseas net sales (as percentage of net sales)	15.4 billion yen [19.8%]	15.9 billion yen [19.4%]	32.2 billion yen [20.1%]	33.2 billion yen [19.7%]	32.5 billion yen [20%]
Earnings per share (EPS)	59.36 yen	-	105.38	-	106 yen
Return on assets (ROA)	3.6%	-	7.08%	-	7.0%

Trends in Consolidated Results



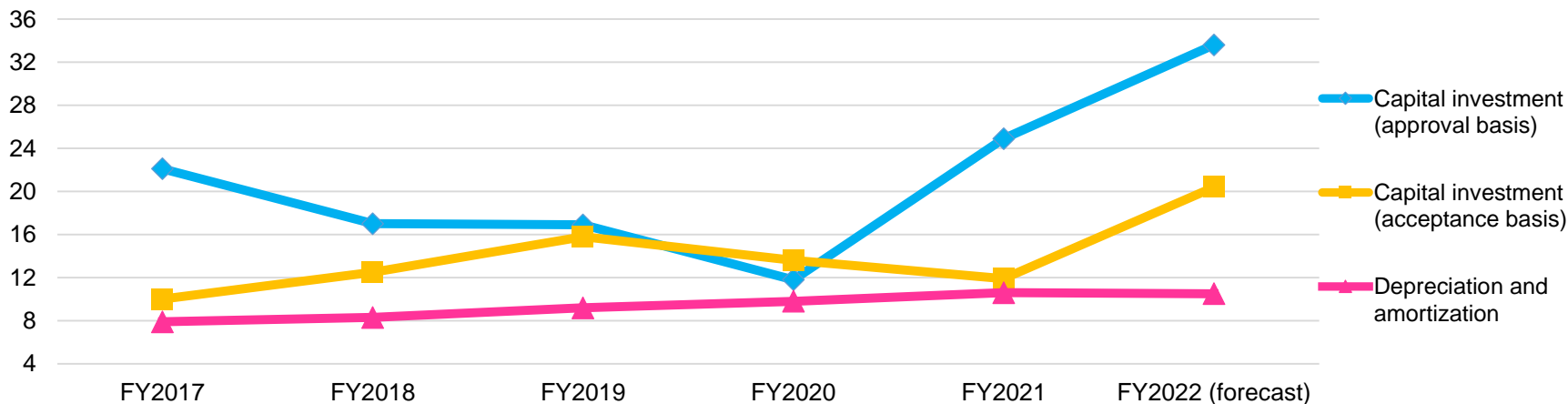
Reference for Consolidated Performance

(Billions of yen)

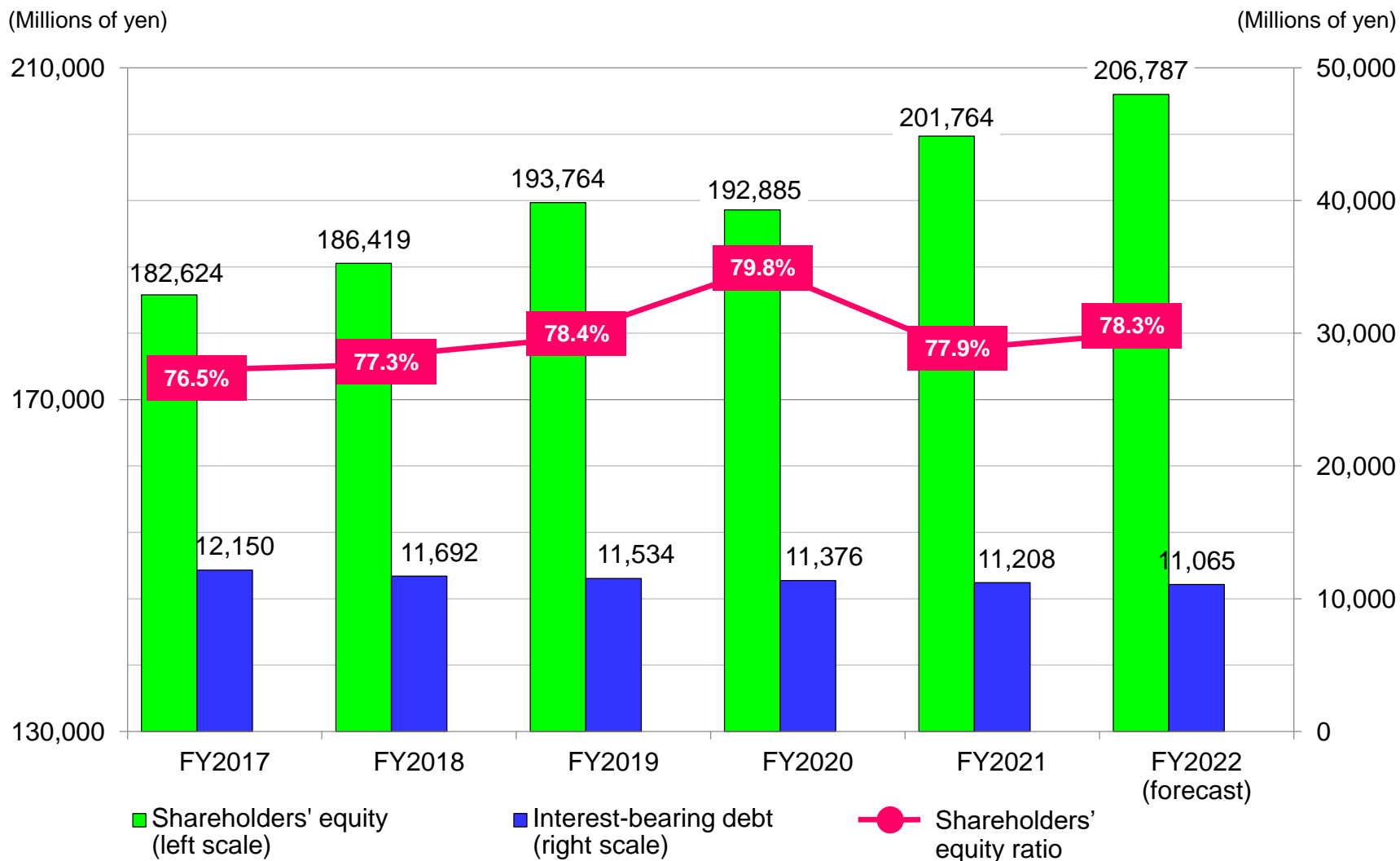
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (forecast)
Capital investment (acceptance basis)	10.0	12.5	15.8	13.6	11.9	20.4
Capital investment (approval basis)	22.1	17.0	16.9	11.8	24.9	32.3
Depreciation and amortization	7.9	8.3	9.2	9.8	10.6	10.5
Research and Development expenses	3.7	3.6	3.7	4.0	4.3	4.8
Overseas sales	24.2	24.5	22.6	22.1	29.0	32.2 [33.2]
Overseas sales ratio (%)	16.7	16.4	15.6	16.6	18.6	20.1 [19.7]
Interest-bearing debt	12.1	11.6	11.5	11.3	11.2	11.0

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

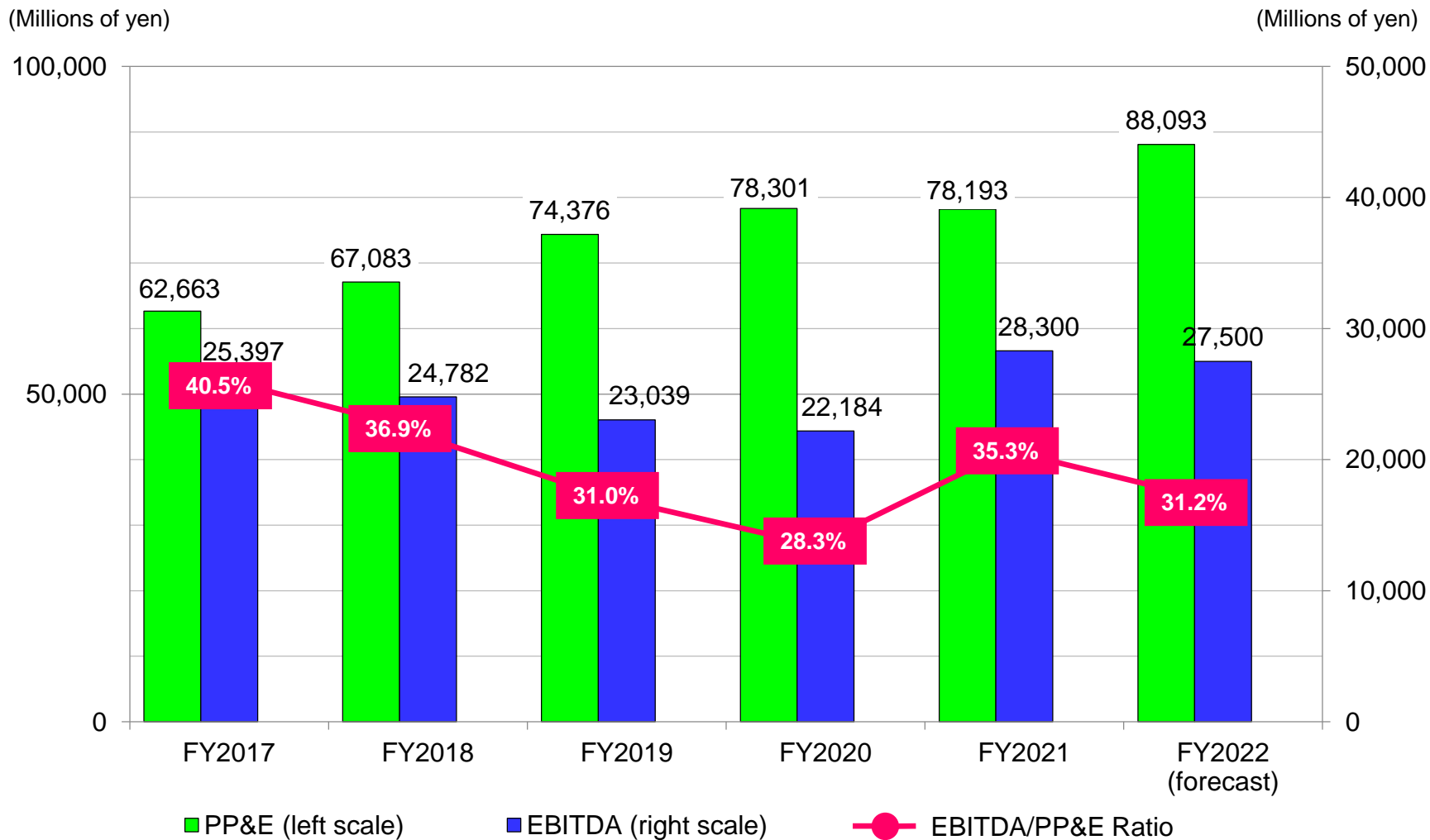
(Billions of yen)



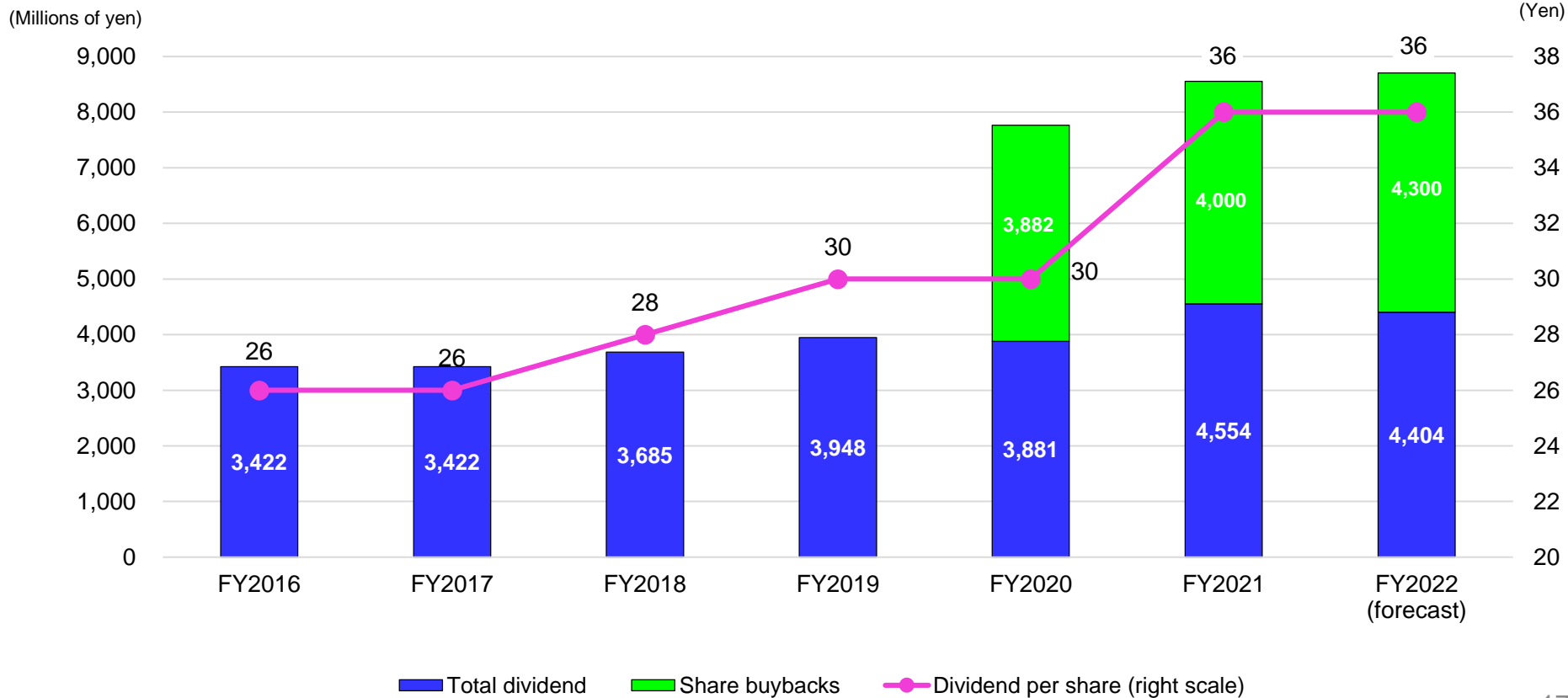
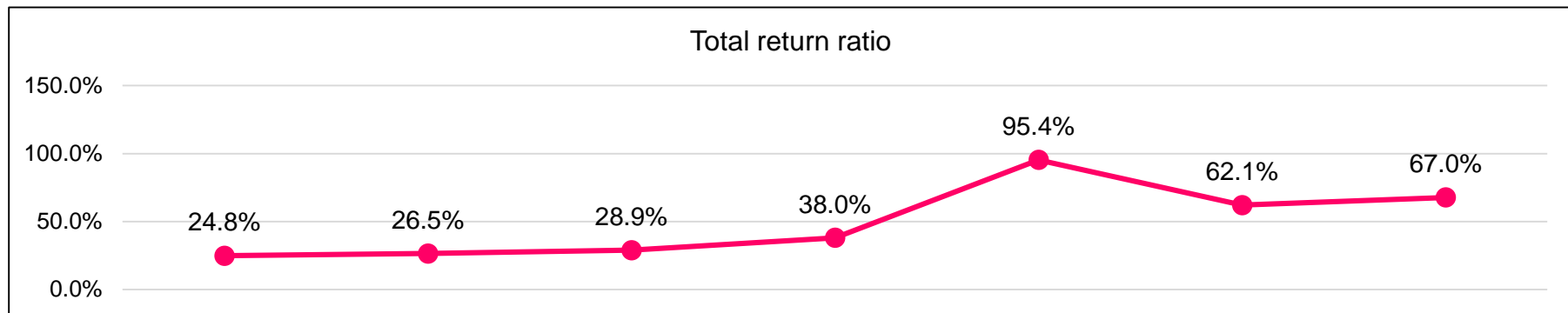
Reference Trends for Consolidated Performance



EBITDA/PP&E Ratio Trends



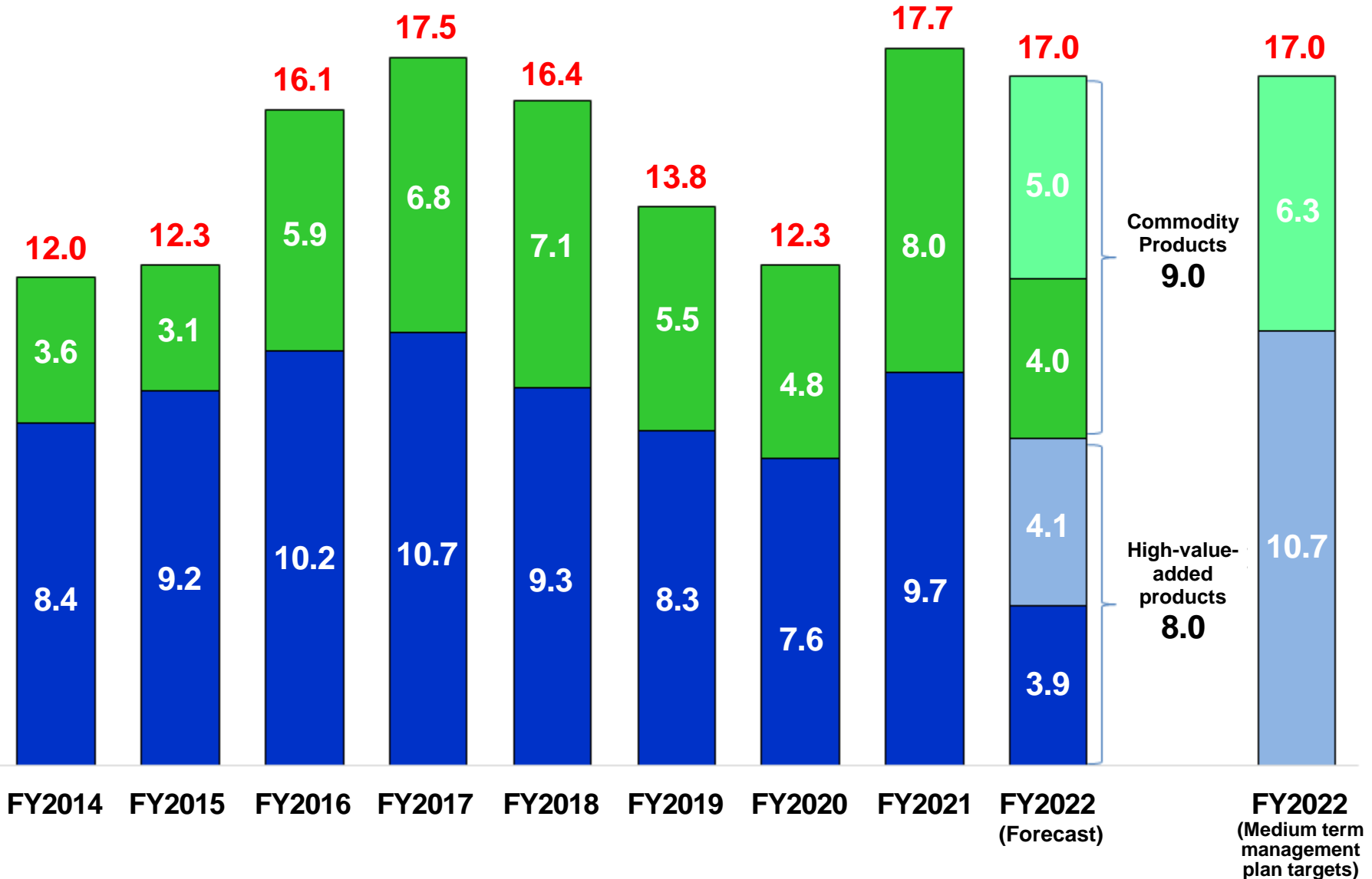
Shareholder Return Trends



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

■ High-value-added products ■ Commodity products

(Billions of yen)



E
(Environment)

S
(Society)

Jun. 2019	Endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
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 (215,000 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 considering utilization of 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
Dec. 2021	Donated to the Children’s Future Support Fund and the Ashinaga Foundation
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
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	Revised the Toagosei Group Basic Policy on Corporate Governance <ul style="list-style-type: none"> • Aim for improved shareholder returns as follows: consolidated payout ratio of about 30% consolidated total shareholder returns of about 50% • Aim for the amount recorded on the balance sheet of cross shareholdings to be about 10% of consolidated net assets Current as of the end of December 2021: 12.6% • Promotion of disclosures in English: Disclosed the full text of financial statements (from FY2021)
	Apr. 2022	Transitioned to the Prime market on the Tokyo Stock Exchange

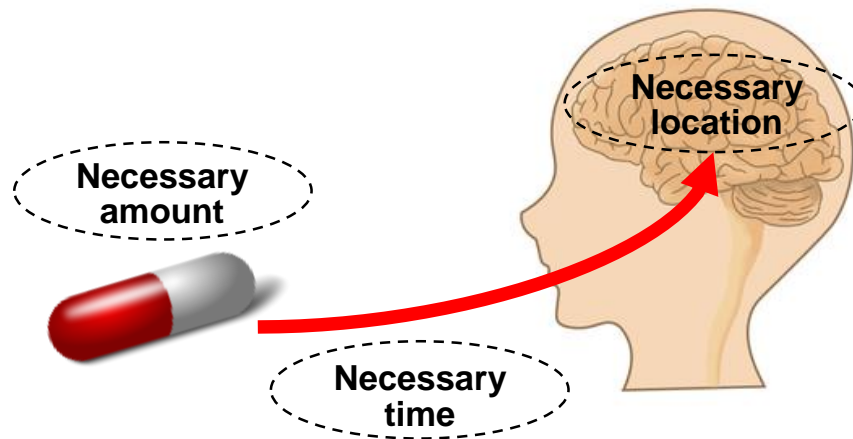
Drug Delivery System (DDS)

We have developed the NUCLEROLARON® cellular membrane permeable peptides suitable for DDS in systems that deliver drugs to targeted cells.

Features

- Can deliver drugs to inside the brain.
- It is cellular membrane permeable. Therefore, it is possible to delivery drugs into the nucleus.

Example: Delivers anticancer drugs and therapeutic agents to brain cells

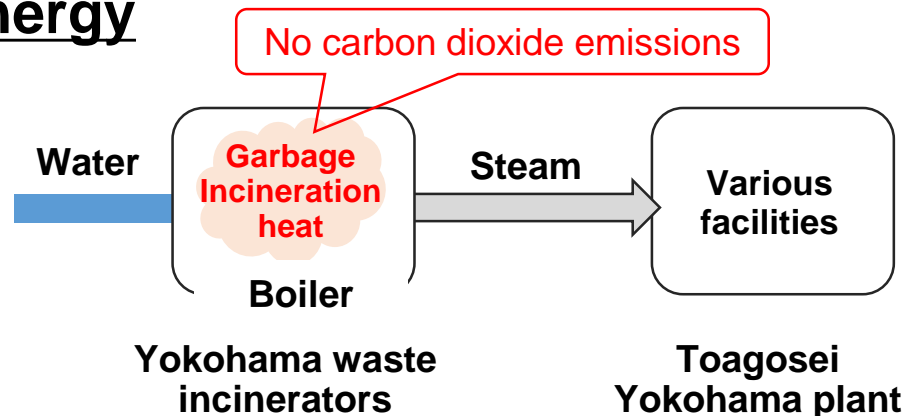


Conceptual Drawing of the DDS

*Drug delivery system:
This refers to drug delivery technology that delivers drugs administered to the body at the necessary time, to the necessary location and at the necessary amount.

Effective Use of Thermal Energy

We have started jointly considering with Yokohama City the effective use of steam in Yokohama Plant generated from garbage incineration heat with no carbon dioxide emissions.



Nagoya Plant Distribution Center

We began construction on a distribution center which we will also rent to external parties in addition to consolidating warehouses used inside and outside of Nagoya Plant. (Construction is scheduled to be completed in 2024.) We will expand profits by obtaining rental income in addition to strengthening our supply chain.



Conceptual Drawing of the Completed Distribution Center

Hydrogen Station Tokushima

We held the opening ceremony on April 15 and officially started operation together with the Toagosei H2 Hydrogen Shuttle mobile hydrogen station. This is hydrogen station with a direct connection to manufacturing and supply that provides hydrogen manufactured in the adjacent Tokushima Plant. This means it is possible to supply hydrogen at low cost.



Hydrogen Station Tokushima



Opening Ceremony



H2 Hydrogen Shuttle

- ◆ **Aron Alpha Tough Power Now on Sale**
We have improved water and heat resistance compared to existing products and made the container easier to use.



Can be used immediately after removing the cap. Open in one step!



We use elastomers to make it easy to control the liquid volume!



The TV commercial featuring the gold medalist Aaron Wolf is also popular.



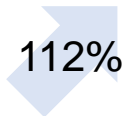
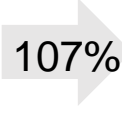

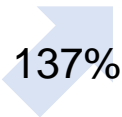
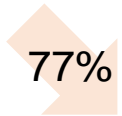
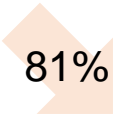
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Reference Materials

Sub-segment Year-on-Year Comparison of Net Sales (Commodity Chemicals Business)

Commodity Chemicals Business	Year-on-year Comparison		Reason for the Change
	2Q	1Q-2Q (Cumulative Total)	
Inorganic chemicals	112% 	107% 	Sales of electrolysis products were on a par with the previous fiscal year. Revenues increased due to price revisions
Acrylic monomers	140% 	137% 	There was an impact from a decrease in automobile production. However, revenues increased due to price revisions.
Industrial gas	77% 	81% 	Sales decreased with the application of the revenue recognition standards

* Figures after applying the revenue recognition standards.

Sub-segment Year-on-Year Comparison of Net Sales (Polymer and Oligomer Business)

Polymer and Oligomer Business	Year-on-year Comparison		Reason for the Change
	2Q	1Q-2Q (Cumulative Total)	
Polymers	99%	95%	Decrease in sales volume for the automobile industry
Oligomers	110%	108%	Shipments of products for ink applications and electronic goods were strong
Flocculants	110%	127%	Sales business was taken over from other companies and there was an increase in sales

* Figures after applying the revenue recognition standards.

Sub-segment Year-on-Year Comparison of Net Sales (Adhesive Materials Business)

Adhesive Materials Business	Year-on-year Comparison		Reason for the Change
	2Q	1Q-2Q (Cumulative Total)	
Instant glue	107%	104%	Revenues decreased in Japan due to a reduction in stay-at-home demand. Revenues were on a par with the previous year in total overseas due to increased sales and a weaker yen.
Functional adhesives	92%	95%	Newly adopted in automotive batteries. Shipments decreased due to the impact of a reduction in smartphones.



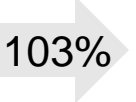



* Figures after applying the revenue recognition standards.

Sub-segment Year-on-Year Comparison of Net Sales (Performance Chemicals Business)

Performance Chemicals Business	Year-on-year Comparison		Reason for the Change
	2Q	1Q-2Q (Cumulative Total)	
Inorganic functional materials	96%	101%	Shipments were on a par with the previous year.
High-purity inorganic chemicals	101%	106%	Shipments for semiconductors were favorable

* Figures after applying the revenue recognition standards.

Sub-segment Year-on-Year Comparison of Net Sales (Plastics Business)

Plastics Business	Year-on-year Comparison		Reason for the Change
	2Q	1Q-2Q (Cumulative Total)	
Piping equipment	107% 	113% 	There were price revisions due to an increase in raw fuel prices.
Nursing care products	103% 	102% 	Shipments were on a par with the previous year
Elastomer compounds	112% 	105% 	Revenues increased due to new adoption in automobile-related products despite the impact of a decrease in production of electronic-related products.

* Figures after applying the revenue recognition standards.