

Financial Results for 3Q FY2022



November 28, 2022

Overview of Results for 3Q FY2022

		3Q FY2021	3Q FY2022	Change	
Net sales	(Millions of yen)	113,395	118,717 [124,638]	5,322 [11,243]	4.7% [9.9%]
Operating income	(Millions of yen)	13,611	12,054 [12,100]	(1,556) [(1,510)]	(11.4%) [(11.1%)]
Operating income ratio		12.0%	10.2% [9.7%]	(1.8P) [(2.3P)]	-
Ordinary income	(Millions of yen)	14,426	13,773	(653)	(4.5%)
Net income attributable to owners of parent	(Millions of yen)	10,661	10,294	(367)	(3.4%)
Net income per share	(Yen)	83.35	83.05	(0.3)	-

* 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)

Consolidated Results (by Segment)

(Millions of yen)

Net sales	3Q FY2021	3Q FY2022	Before applying the revenue recognition standards	Volume	Unit price	Change	
	A	B	C			3Q FY2022 B-A	Before applying the revenue recognition standards C-A
Commodity Chemicals	50,464	54,567	56,234	(2,128)	6,231	4,103	5,770
Polymer & Oligomer	25,403	26,921	28,513	43	1,473	1,518	3,110
Adhesive Material	8,409	8,242	8,535	(404)	238	(167)	126
Performance Chemicals	7,167	7,426	7,442	38	221	259	275
Plastics	19,080	20,502	21,007	(23)	1,445	1,422	1,927
Other/adjustments	2,870	1,056	2,901	(1,813)	0	(1,813)	31
Total	113,395	118,717	124,638	(4,288)	9,611	5,322	11,243

* We are applying the revenue recognition standards from FY2022.

(Millions of yen)

Operating income	3Q FY2021		3Q FY2022		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	5,872	11.6%	5,947	10.9%	75
Polymer & Oligomer	4,088	16.1%	3,369	12.5%	(718)
Adhesive Material	849	10.1%	33	0.4%	(815)
Performance Chemicals	1,880	26.3%	1,676	22.6%	(203)
Plastics	1,095	5.7%	1,398	6.8%	302
Other/adjustments	(174)	-	(372)	-	(197)
Total	13,611	12.0%	12,054	10.2%	(1,556)

* Figures after applying the revenue recognition standards.

Overview of Consolidated Subsidiaries (Results for 3Q)

(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss) attributable to owners of parent	
				3Q FY2021	3Q FY2022	3Q FY2021	3Q FY2022	3Q FY2021	3Q FY2022
1	Toa Techno-Gas	Commodity Chemicals	100	3,467	2,587	438	42	313	41
2	Toagosei Singapore	↓	100	3,444	4,099	946	1,195	942	1,210
3	(MT Ethylene Carbonate)	↓	90	455	565	5	6	4	6
4	MT AquaPolymer	Polymer & Oligomer	51	8,835	10,731	450	561	320	462
5	Taiwan Toagosei	↓	100	1,228	1,502	105	187	92	167
6	Toa-jet Chemical	↓	51	1,499	1,733	92	56	53	24
7	TOA-DIC Zhangjiagang Chemical	↓	90	1,582	1,577	88	47	68	23
8	Toagosei (Thailand)	↓	100	1,918	1,744	173	2	84	(33)
9	Toagosei America	Adhesive Material	100	1,166	1,436	(1)	(21)	86	60
10	(Aron Packaging)	↓	100	182	190	0	5	0	3
11	Toagosei Hong Kong	↓	100	222	208	25	17	23	17
12	Toagosei (Zhuhai)	↓	100	406	484	(9)	(37)	(11)	(24)
13	Aronkasei	Plastics	100	19,239	19,030	1,308	1,527	676	858
14	Aronkasei (Thailand)	↓	100	103	389	(226)	(141)	(233)	(148)
15	Toa Kogyo	Other	100	774	832	(26)	(15)	(23)	(14)
16	Toa Business Associe	↓	100	1,837	1,550	62	(12)	42	(14)
17	TG Corporation	↓	100	9,226	971	310	274	217	193
18	(Toa Logistics)	↓	100	401	424	12	17	8	11
	Simple aggregation			55,984	50,052	3,752	3,710	2,661	2,842

* We have given the figures for FY2021 before applying the revenue recognition standards and the figures for FY2022 after applying them.

* 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)

	3Q FY2021	3Q FY2022	Change
Interest and dividend income	671	713	41
Equity in earnings of affiliates	138	163	24
Foreign currency exchange gains	-	822	822
Rent income on non-current assets	198	145	(52)
Miscellaneous income	233	206	(27)
Interest expenses	(71)	(69)	1
Foreign currency exchange losses	(152)	-	152
Inactive facilities expenses	(25)	(19)	6
Environment readiness fee	(65)	(199)	(134)
Miscellaneous Expenses	(112)	(42)	69
Total	815	1,719	903

• Equity in earnings of affiliates (Breakdown)

(Millions of yen)

	3Q FY2021	3Q FY2022	Difference
Elmer's & Toagosei	148	143	(5)
Chubu Liquid Oxygen	(10)	19	29
Total	138	163	24

[Extraordinary income/losses]

(Millions of yen)

	3Q FY2021	3Q FY2022	Change
Gain on sales of investment securities	690	1,003	312
Subsidy income	26	283	256
Loss on disposal of non-current assets	(303)	(417)	(114)
Loss on valuation of investment securities	-	(109)	(109)
Expenses of soil pollution measures	-	(358)	(358)
Total	412	400	(11)

• Exchange rate

	Mar. 31, 2022	Jun. 30, 2022	Sept. 30, 2022
Yen/USD	122.39	136.68	144.81
Yen/THB	3.68	3.85	3.81

Consolidated Balance Sheet



(Millions of yen)

	Dec. 31, 2021	Sept. 30, 2022	Change
Current assets	145,168	136,604	(8,564)
Cash and deposits	52,457	39,711	(12,746)
Notes and accounts receivable	48,456	49,190	733
Securities	23,000	19,000	(4,000)
Inventories	19,387	25,280	5,892
Other current assets	1,913	3,471	1,557
Allowance for doubtful receivables	(46)	(48)	(2)
Fixed assets	113,787	126,743	12,956
Property, plant and Equipment	78,193	91,519	13,325
Investment securities	28,722	27,758	(964)
Other fixed assets	6,870	7,465	594
Total assets	258,955	263,348	4,392

	Dec. 31, 2021	Sept. 30, 2022	Change
Total liabilities	52,343	52,733	390
Notes and accounts Payable	18,391	18,990	598
Bank loans	11,207	11,135	(72)
Accrued income taxes	3,728	737	(2,990)
Other liabilities	19,015	21,870	2,855

Total net assets	206,612	210,614	4,001
Shareholders' equity	189,396	191,785	2,389
Accumulated other Comprehensive income	12,367	13,778	1,410
Non-controlling interests	4,848	5,050	202
Total liabilities and net assets	258,955	263,348	4,392

Net worth ratio	77.9%	78.1%	+0.2P
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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
Jul. 2022	Held the Summer Vacation Crafts School to commemorate the 50th anniversary of the launch of Aron Alpha

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"> • 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)
Mar. 2022	Secured a Board of Directors with outside directors accounting for the majority of the members (six internal directors and seven outside directors)
Apr. 2022	Transitioned to the Prime market on the Tokyo Stock Exchange
Aug. 2022	<ul style="list-style-type: none"> • Promotion of disclosures in English: Disclosed the full text of our corporate governance report

Initiatives to Promote Sports



Toagosei supports the table tennis T.LEAGUE.



We support IWAKI FC.

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
	FY2022 3Q	FY2022 1Q to 3Q (Cumulative Total)	
Inorganic chemicals	118%	111%	Sales volume decreased and there were price revisions due to an increase in raw fuel prices
Acrylic monomers	128%	133%	Sales volume decreased and there were price revisions due to an increase in raw fuel prices
Industrial gas	75%	79%	Sales volume decreased

* Figures after applying the revenue recognition standards.

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

Polymer and Oligomer Business	Year-on-year Comparison		Reason for the Change
	FY2022 3Q	FY2022 1Q to 3Q (Cumulative Total)	
Polymers	97%	95%	Sales volume decreased
Oligomers	86%	101%	Sales volume decreased, but net sales were on a par with the previous year partly due to the difference in the exchange rate because of the depreciation in the yen
Flocculants	114%	122%	Demand increased due to a recovery in consumption activities

* Figures after applying the revenue recognition standards.

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

Adhesive Materials Business	Year-on-year Comparison		Reason for the Change
	FY2022 3Q	FY2022 1Q to 3Q (Cumulative Total)	
Instant glue	107%	105%	Shipments were on a par with the previous year and net sales increased partly due to the depreciation of the yen
Functional adhesives	88%	93%	Sales volume decreased

* 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
	FY2022 3Q	FY2022 1Q to 3Q (Cumulative Total)	
Inorganic functional materials	107%	103%	Sales volume of ion-trapping agents decreased, but shipments of deodorants were strong and net sales were on a par with the previous year
High-purity inorganic chemicals	100%	104%	Sales volume increased

* 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
	FY2022 3Q	FY2022 1Q to 3Q (Cumulative Total)	
Piping equipment	99%	108%	There were price revisions
Nursing care products	117%	107%	Launched new products
Elastomer compounds	120%	110%	Sales volume increased in Thailand

* Figures after applying the revenue recognition standards.