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化学でつなぐ!

 **TOAGOSEI**

Financial Results for 1Q FY2023

 **TOAGOSEI**

May 19, 2023

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Results for 1Q FY2023

Overview of Results for 1Q FY2023

		1Q FY2022	1Q FY2023	Change	Rate of Change
Net sales	(Millions of yen)	37,750	38,198	448	1.2%
Operating income	(Millions of yen)	4,109	2,587	(1,522)	(37.0%)
Operating income ratio		10.9%	6.8%	(4.1P)	—
Ordinary profit	(Millions of yen)	4,654	2,974	(1,680)	(36.1%)
Net income attributable to owners of parent	(Millions of yen)	4,015	2,185	(1,829)	(45.6%)
Net income per share	(Yen)	32.17	18.18	(13.99)	(43.5%)

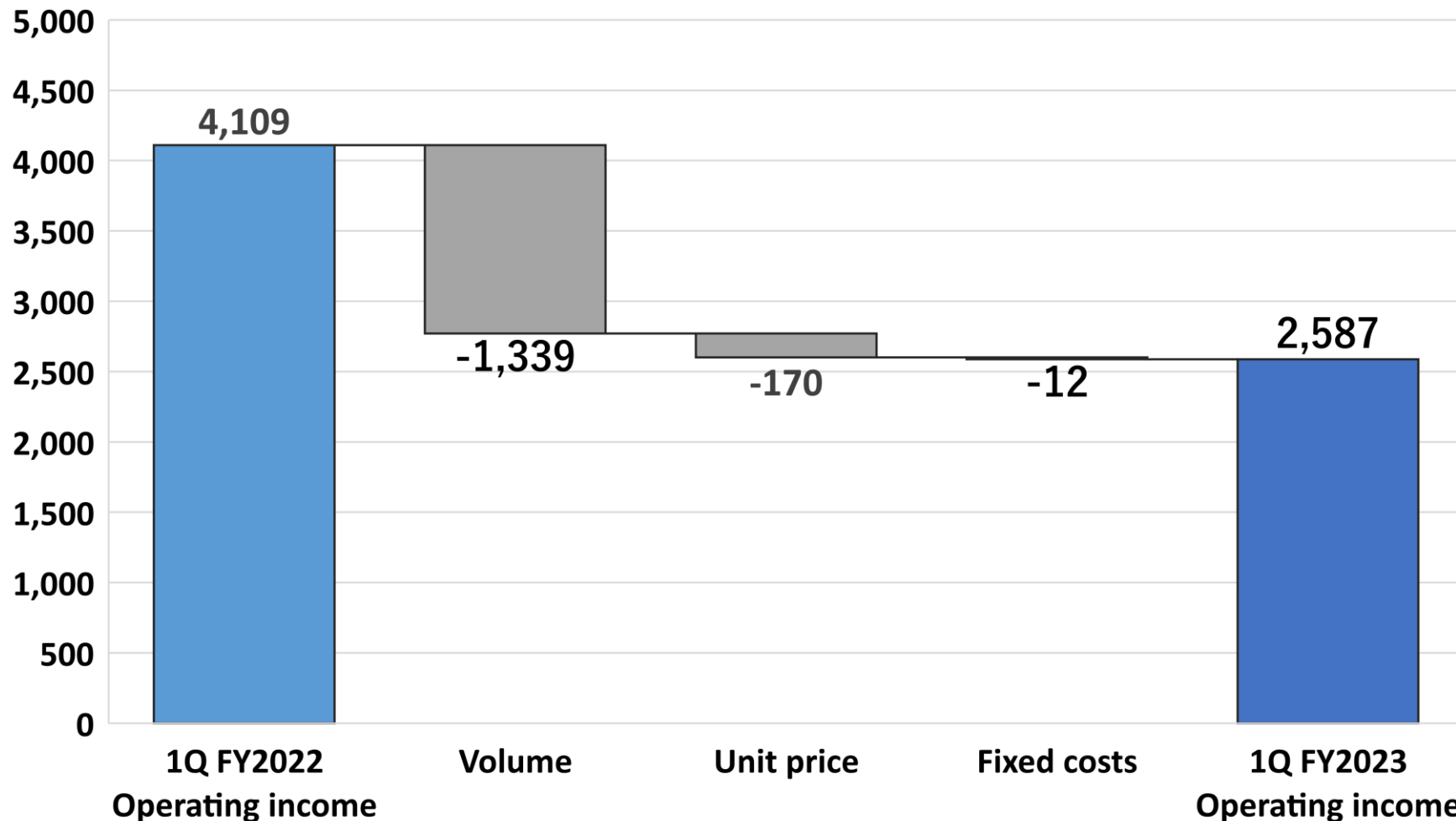
* There has been no change in the scope of consolidation (18 consolidated subsidiaries and 2 equity-method affiliates)

Analysis of Changes in Operating Income

1Q FY2023 2,587 Millions of yen

Year-on-year: -1,522 Millions of yen

(Millions of yen)



Consolidated Results (by Segment)

(Millions of yen)

Net sales	1Q FY2022	1Q FY2023	Volume	Unit price	Change
	A	B			B – A
Commodity Chemicals	15,941	17,243	(1,249)	2,551	1,302
Polymer & Oligomer	9,116	8,525	(1,265)	673	(590)
Adhesive Material	2,758	2,680	(200)	121	(77)
Performance Chemicals	2,470	2,517	(176)	223	46
Plastics	7,013	6,775	(915)	677	(237)
Other/adjustments	450	455	5	0	5
Total	37,750	38,198	(3,800)	4,248	448

(Millions of yen)

Operating income	1Q FY2022		1Q FY2023		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	1,769	11.0 %	1,165	6.8 %	(604)
Polymer & Oligomer	1,317	14.5 %	809	9.5 %	(507)
Adhesive Material	77	2.8 %	(116)	(4.3) %	(193)
Performance Chemicals	578	23.4 %	478	19.0 %	(99)
Plastics	474	6.8 %	283	4.2 %	(191)
Other/adjustments	(108)	—	(34)	—	73
Total	4,109	10.9 %	2,587	6.8 %	(1,522)

Consolidated Statement of Income

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



(Millions of yen)

Non-operating income/expenses	1Q FY2022	1Q FY2023	Change
Interest and dividend Income	67	112	44
Equity in earnings of affiliates	86	81	(4)
Foreign currency exchange gains	398	30	(368)
Rent income on non-current assets	83	49	(33)
Miscellaneous income	20	229	208
Interest expenses	(20)	(32)	(11)
Environment readiness fee	(64)	(25)	38
Inactive facilities expenses	(9)	(3)	6
Miscellaneous Expenses	(15)	(55)	(39)
Total	545	387	(158)

((Millions of yen))

Extraordinary income/losses	1Q FY2022	1Q FY2023	Change
Gain on sales of investment securities	1,000	—	(1,000)
Subsidy income	280	72	(208)
Loss on disposal of non-current assets	(238)	(42)	195
Loss on valuation of investment securities	(104)	—	104
Total	938	29	(909)

Exchange rate	Mar. 31, 2022	Dec. 31, 2022	Mar. 31, 2023
Yen/USD	122.39	133.94	133.53
Yen/THB	3.68	3.87	3.91

Naphtha price	Average for Jan. to Mar. 2022	Average for Jan. to Mar. 2023
Yen/kl	64,600	66,500

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2022	Mar. 31, 2023	Change
Current assets	138,985	128,445	(10,540)
Cash and deposits	40,366	35,472	(4,894)
Notes and accounts receivable	49,848	47,207	(2,641)
Securities	18,000	14,000	(4,000)
Inventories	25,511	25,784	273
Other current assets	5,309	6,030	720
Allowance for doubtful receivables	(50)	(49)	1
Fixed assets	126,150	127,988	1,838
Property, plant and Equipment	90,774	90,501	(272)
Intangible fixed assets	1,592	1,630	37
Investment securities	28,472	30,521	2,049
Other fixed assets	5,310	5,334	24
Total assets	265,135	256,434	(8,701)

	Dec. 31, 2022	Mar. 31, 2023	Change
Total liabilities	54,328	51,495	(2,833)
Notes and accounts Payable	19,653	17,456	(2,197)
Bank loans	11,065	11,065	(0)
Accrued income taxes	2,176	342	(1,834)
Other liabilities	21,432	22,632	1,199

Total net assets	210,807	204,938	(5,868)
Shareholders' equity	193,053	189,724	(3,329)
Accumulated other Comprehensive income	12,915	14,268	1,352
Non-controlling interests	4,837	945	(3,891)
Total liabilities and net assets	265,135	256,434	(8,701)

Net worth ratio	77.7%	79.5%	1.8P
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ESG Initiatives

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>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 • Survey solar power generation installable areas and size in each business establishment • Consider measures to utilize hydrogen
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
Oct. 2022	Formulated the Toagosei Group Human Rights Policy and the Toagosei Group Sustainable Procurement Guidelines
Oct. 2022	Endorsed the GX League
Dec. 2022	Endorsed the Partnership Building Declaration promoted by the Cabinet Office and the Small and Medium Enterprise Agency
Dec. 2022	Donated to the Children’s Future Support Fund and the Ashinaga Foundation (continuing on from 2021)
Jan. 2023	Introduced the Employee Stock Compensation Plan
Mar. 2023	Contributed to the 2023 Turkey-Syria Earthquake Relief Fund and the Global Human Resource Development Community (Tobitate! (Leap for Tomorrow) Study Abroad Initiative)
Mar. 2023	Certified as a Health and Productivity Management Organization 2023 “White 500” (5 years in a row)

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
	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%
Oct. 2021	<ul style="list-style-type: none"> • 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% (shareholding balance: 26,009 million yen) (record of sales in 2021: 19 stocks sold with a sale value of 2,910 million yen) • 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 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	Promotion of disclosures in English: Disclosed the full text of our corporate governance report
Dec. 2022	Amount of cross shareholdings recorded on the balance sheet Current as of the end of December 2022: 12.0% (shareholding balance: 25,219 million yen) (record of sales in 2022: nine stocks sold with a sale value of 3,054 million yen) (reduction on the balance sheet: 2,066 million yen)

Initiatives to Promote Sports



We support the table tennis T.LEAGUE.



We support IWAKI FC

Appendix

Sub-segment Year-on-Year Comparison of Net Sales①

Commodity Chemicals Business	Year-on-year Comparison	Reason for the Change
	1Q FY2023	
Inorganic chemicals	125%	Sales volume decreased, but net sales increased due to price revisions from the previous year
Acrylic monomers	98%	Net sales decreased slightly due to a decrease in sales volume and a slump in overseas market conditions
Industrial gas	104%	Sales volume decreased, but net sales increased slightly due to price revisions
Polymer and Oligomer Business	Year-on-year Comparison	Reason for the Change
	1Q FY2023	
Polymers	110%	Net sales increased due to an increase in sales volume of water-soluble polymers
Oligomers	81%	Net sales decreased due to a decrease in sales volume of products for electronic materials
Flocculants	90%	Net sales decreased due to a decrease in sales volume of export and civil engineering-related products

Sub-segment Year-on-Year Comparison of Net Sales^②



Adhesive Materials Business	Year-on-year Comparison	Reason for the Change
	1Q FY2023	
Instant glue	96%	<p>Net sales decreased slightly due to a decrease in sales volume</p> <p>For consumer use: Decrease in number of visitors to home centers</p> <p>For industrial use: Decrease in sales volume of products for automobiles and in the United States</p>
Functional adhesives	98%	<p>Sales volume of products for automotive batteries increased, but net sales decreased slightly due to a decrease in sales volume of smartphone-related products</p>

Performance Chemicals Business	Year-on-year Comparison	Reason for the Change
	1Q FY2023	
Inorganic functional materials	87%	<p>Net sales decreased due to a decrease in sales volume of ion-trapping agents and deodorants</p>
High-purity inorganic chemicals	104%	<p>Sales volume decreased, but net sales increased due to price revisions</p>

Sub-segment Year-on-Year Comparison of Net Sales^③

Plastics Business	Year-on-year Comparison	Reason for the Change
	1Q FY2023	
Piping equipment	88%	Net sales decreased due to a decrease in sales volume because of little progress in the number of projects starting on home construction
Nursing care products	106%	Net sales increased due to sales of new products
Elastomer compounds	120%	Net sales increased due to shipments of products for medical products



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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.