



地球はつづく、
化学でつなぐ!

 **TOAGOSEI**

Financial Results for 3Q FY2023

 **TOAGOSEI**

November 14, 2023

1.	Results for 3Q FY2023	P.3-
2.	ESG Initiatives	P.9-
3.	Appendix (Sub-segment Year on Year Comparison of Net Sales)	P.12-

Results for 3Q FY2023

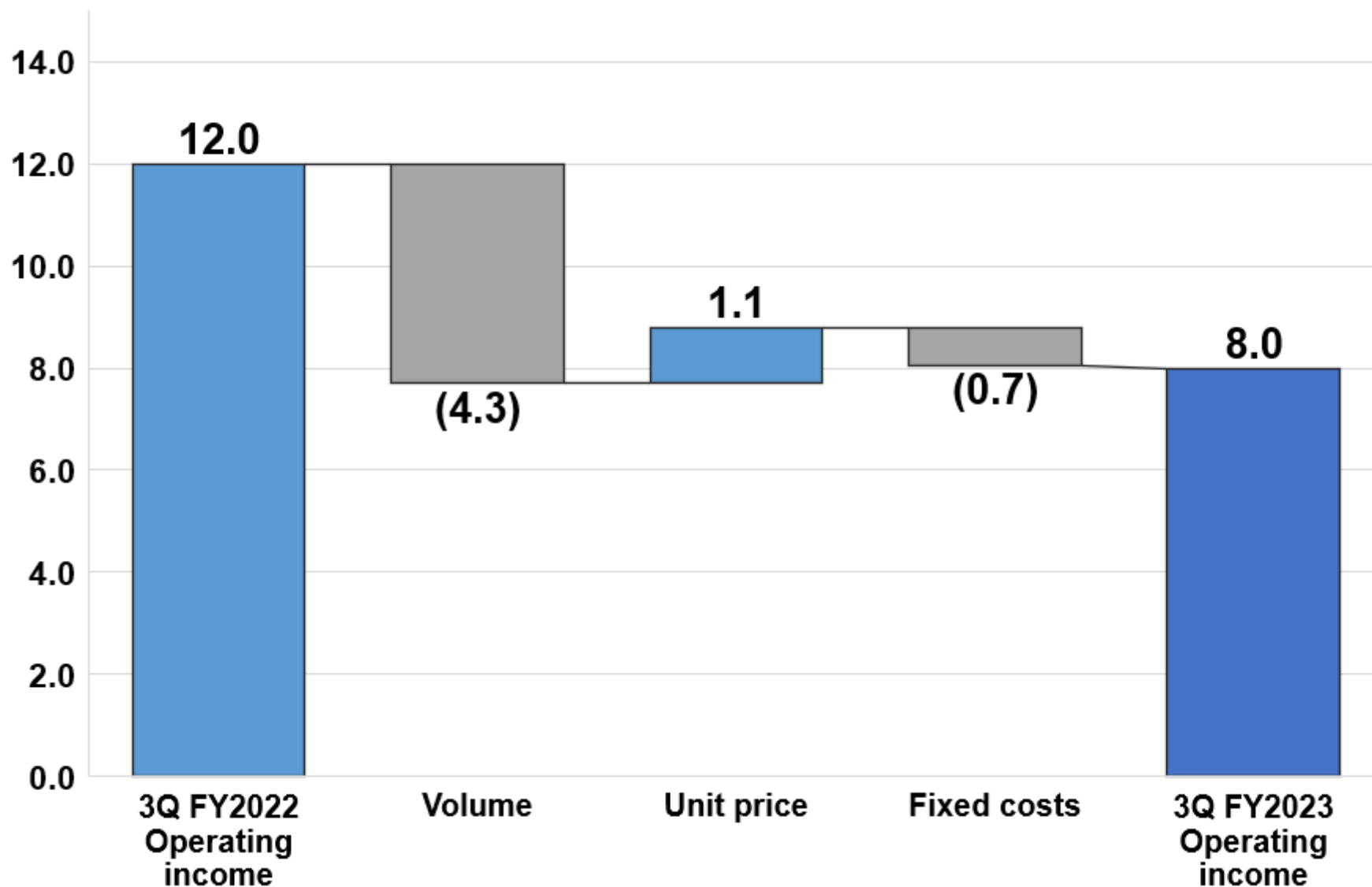
Overview of Results for 3Q FY2023

		3Q FY2022	3Q FY2023	Change	Rate of Change
Net sales	(Millions of yen)	118,717	116,149	(2,568)	(2.2%)
Operating income	(Millions of yen)	12,054	8,088	(3,966)	(32.9%)
Operating income ratio		10.2%	7.0%	(3.2P)	—
Ordinary income	(Millions of yen)	13,773	9,672	(4,101)	(29.8%)
Net income attributable to owners of parent	(Millions of yen)	10,294	8,175	(2,118)	(20.6%)
Net income per share	(Yen)	83.05	68.66	(14.39)	(17.3%)

Note: We have changed our scope of consolidation. We added Toagosei (Shanghai) Management Co., Ltd. from 2Q FY2023 (19 consolidated subsidiaries and 2 equity-method affiliates).

Analysis of Changes in Operating Income

(Billions of yen)



Consolidated Results (by Segment)

(Millions of yen)

Net sales	3Q FY2022 A	3Q FY2023 B	Volume	Unit price	Change B – A
Commodity Chemicals	54,335	53,107	(4,717)	3,488	(1,228)
Polymer & Oligomer	26,921	24,987	(3,419)	1,484	(1,934)
Adhesive Material	8,242	8,863	65	554	620
Performance Chemicals	7,426	7,591	(467)	631	164
Plastics	20,502	20,177	(1,771)	1,446	(325)
Other/adjustments	1,287	1,421	134	—	134
Total	118,717	116,149	(10,176)	7,607	(2,568)

Operating income	3Q FY2022		3Q FY2023		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	6,017	11.0 %	4,110	7.7 %	(1,906)
Polymer & Oligomer	3,369	12.5 %	2,278	9.1 %	(1,091)
Adhesive Material	33	0.4 %	(0)	—	(34)
Performance Chemicals	1,676	22.6 %	1,216	16.0 %	(460)
Plastics	1,398	6.8 %	1,010	5.0 %	(388)
Other/adjustments	(441)	—	(526)		(84)
Total	12,054	10.2 %	8,088	7.0 %	(3,966)

Note: The respective values for 2022 reflect the changes to segments in 2023.

Consolidated Statement of Income

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



(Millions of yen)

Non-operating income/expenses	3Q FY2022	3Q FY2023	Change
Interest and dividend income	713	900	187
Equity in earnings of affiliates	163	151	(12)
Foreign currency exchange gains	822	399	(423)
Rent income on non-current assets	145	136	(8)
Miscellaneous income	206	281	75
Interest expenses	(69)	(96)	(27)
Environment readiness fee	(199)	(63)	135
Inactive facilities expenses	(19)	(9)	9
Miscellaneous expenses	(42)	(114)	(72)
Total	1,719	1,584	(134)

(Millions of yen)

Extraordinary income/losses	3Q FY2022	3Q FY2023	Change
Gain on sales of investment securities	1,003	1,998	995
Subsidy income	283	84	(198)
Loss on disposal of non-current assets	(417)	(168)	248
Loss on valuation of investment securities	(109)	(3)	105
Loss on sales of investment securities	—	(2)	(2)
Expenses of soil pollution measures	(358)	—	358
Total	400	1,907	1,506

Exchange rate	Sept. 30, 2022	Dec. 31, 2022	Sept. 30, 2023
Yen/USD	144.81	133.94	149.58
Yen/THB	3.81	3.87	4.09

Naphtha price	Average for Jan. to Sept. 2022	Average for Jan. to Sept. 2023
Yen/kl	77,367	65,767

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2022	Sept. 30, 2023	Change
Current assets	138,985	128,086	(10,899)
Cash and deposits	40,366	33,747	(6,619)
Notes and accounts receivable	49,848	47,841	(2,007)
Securities	18,000	17,000	(1,000)
Inventories	25,511	25,803	292
Other current assets	5,309	3,741	(1,568)
Allowance for doubtful receivables	(50)	(47)	3
Fixed assets	126,150	136,150	10,000
Property, plant and equipment	90,774	94,285	3,511
Intangible fixed assets	1,592	1,561	(30)
Investment securities (1)	28,472	34,757	6,285
Other fixed assets	5,310	5,544	234
Total assets	265,135	264,236	(898)

(1) Increased due to the rise in stock prices of the securities we hold, etc.

(2) Decreased due to the increased ratio of investment in our consolidated subsidiary MT AquaPolymer, Inc. (51% →90%)

	Dec. 31, 2022	Sept. 30, 2023	Change
Total liabilities	54,328	53,650	(677)
Notes and accounts payable	19,653	17,119	(2,534)
Bank loans	11,065	11,063	(1)
Accrued income taxes	2,176	395	(1,780)
Other liabilities	21,432	25,072	3,639

Total net assets	210,807	210,585	(221)
Shareholders' equity	193,053	190,945	(2,108)
Accumulated other comprehensive Income (1)	12,915	18,631	5,715
Non-controlling Interests (2)	4,837	1,008	(3,828)
Total liabilities and net assets	265,135	264,236	(898)

Net worth ratio	77.7%	79.3%	1.6P
------------------------	--------------	--------------	-------------

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	Set a target of “2050: carbon neutrality” By 2030: Greenhouse gas (GHG) emissions 50% of the 2013 level (215,000 tons) By 2050: Carbon neutrality
Mar. 2022	Entered into a Memorandum of Understanding for an Investigation into the Feasibility of Effectively Using Waste Incinerator Heat with Yokohama City (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)
Apr. 2023	Started participating in the GX League
Jun. 2023	Won the Green Sustainable Chemistry Incentive Award (Cellulose nanofiber manufacturing method)
Aug. 2023	Acquired Kurumin certification as a company which supports child-rearing

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
Feb. 2022	Disclosed the full text of financial statements (from FY2021) as promotion of disclosures in English
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)
Aug. 2023	Disclosed “Announcement of Toagosei’s Initiatives to Improve Our Price-to-Book Ratio (PBR)” Aim to realize an ROE of 8% and a PBR of 1x or more by 2027 <ul style="list-style-type: none"> (1) Strengthening of Profitability <ul style="list-style-type: none"> • Consolidated operating income target: 20.0 billion yen by 2025 and 24.0 billion yen by 2027 (2) Improvement in Capital Efficiency <ul style="list-style-type: none"> • Aim for consolidated total shareholder returns of 100% during the period of the Medium-Term Management Plan 2025 • Reduce cross shareholdings to less than 10% of consolidated net assets by the end of 2025 (3) Contribution to a Sustainable Society <ul style="list-style-type: none"> • Promote the active participation of diverse human resources and reduce greenhouse gas (GHG) emissions (35% reduction compared to the level in 2013 by 2025)

Initiatives to Promote Sports



We support the table tennis T.LEAGUE.



We support IWAKI FC

Appendix

Sub-segment Year on Year Comparison of Net Sales (1)

Commodity Chemicals Business	Year-on-year Comparison		Reason for the Change
	3Q FY2023 Accounting Period	3Q FY2023 Cumulative Total	
Inorganic chemicals	111%	116%	Sales volume decreased, but net sales increased due to price revisions from the previous year
Acrylic monomers	77%	82%	Net sales decreased due to a decrease in sales volume and a slump in market conditions
Industrial gas	131%	120%	Sales volume was on a par with the previous year and net sales increased due to price revisions

Polymer and Oligomer Business	Year-on-year Comparison		Reason for the Change
	3Q FY2023 Accounting Period	3Q FY2023 Cumulative Total	
Polymers	99%	100%	Although sales volume decreased, net sales were on a par with the previous fiscal year due to price revisions
Oligomers	108%	89%	Net sales decreased due to a decrease in sales volume for electronic materials
Flocculants	86%	90%	Net sales decreased due to a decrease in sales volume of products for overseas

Sub-segment Year on Year Comparison of Net Sales (2)

Adhesive Materials Business	Year-on-year Comparison		Reason for the Change
	3Q FY2023 Accounting Period	3Q FY2023 Cumulative Total	
Instant glue	115%	102%	For consumer use: Net sales of products for convenience stores in Japan were strong For industrial use: Automobile-related net sales have been recovering
Functional adhesives	117%	112%	Net sales increased due to an increase in sales volume for automotive batteries

Performance Chemicals Business	Year-on-year Comparison		Reason for the Change
	3Q FY2023 Accounting Period	3Q FY2023 Cumulative Total	
Inorganic functional materials	90%	94%	Net sales decreased due to a decrease in sales volume in antimicrobial agents
High-purity inorganic chemicals	96%	99%	Although the semiconductor market conditions were sluggish, net sales were on a par with the previous fiscal year due to price revisions
Newly developed products	—	—	Net sales increased with the sale of samples for medical care product tests

Sub-segment Year on Year Comparison of Net Sales (3)

Plastics Business	Year-on-year Comparison		Reason for the Change
	3Q FY2023 Accounting Period	3Q FY2023 Cumulative Total	
Piping equipment	100%	93%	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	91%	100%	Although sales volume decreased, net sales were on a par with the previous fiscal year due to price revisions
Elastomer compounds	77%	106%	Net sales increased due to price revisions and strong sales of sealing materials for drinks etc.



地球はつづく、
化学でつなぐ!

 **東亞合成**

-
- 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.