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化学でつなぐ!

 **TOAGOSEI**

Financial Results for 2Q FY2023

 **TOAGOSEI**

August 9, 2023

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Results for 2Q FY2023

Business Environment

- Interest rates were raised to combat inflation in Europe and the U.S. Meanwhile, monetary easing continued in Japan to ease inflation. The pace of recovery in the Chinese economy slowed.
- It became possible to see a movement to reorganize supply chains due to decoupling because of the power struggle between the U.S. and China.
- The sense of an economic slowdown in the manufacturing industry is also becoming more intense in Europe and the U.S. Against this background, the operating efficiency of production equipment for basic materials such as ethylene has remained low over a long period of time.

Overview of Financial Results for 2Q FY2023

- Commodity chemicals and other segments located upstream of a wide range of fields were greatly affected by the Japanese and overseas economies. That led to overall decline in shipment volume.
- Sales increased for developed products including products for automotive batteries and medical care products.
- Net sales, operating income, ordinary income and net income attributable to owners of parent declined in 2Q FY2023 in a year-on-year comparison.

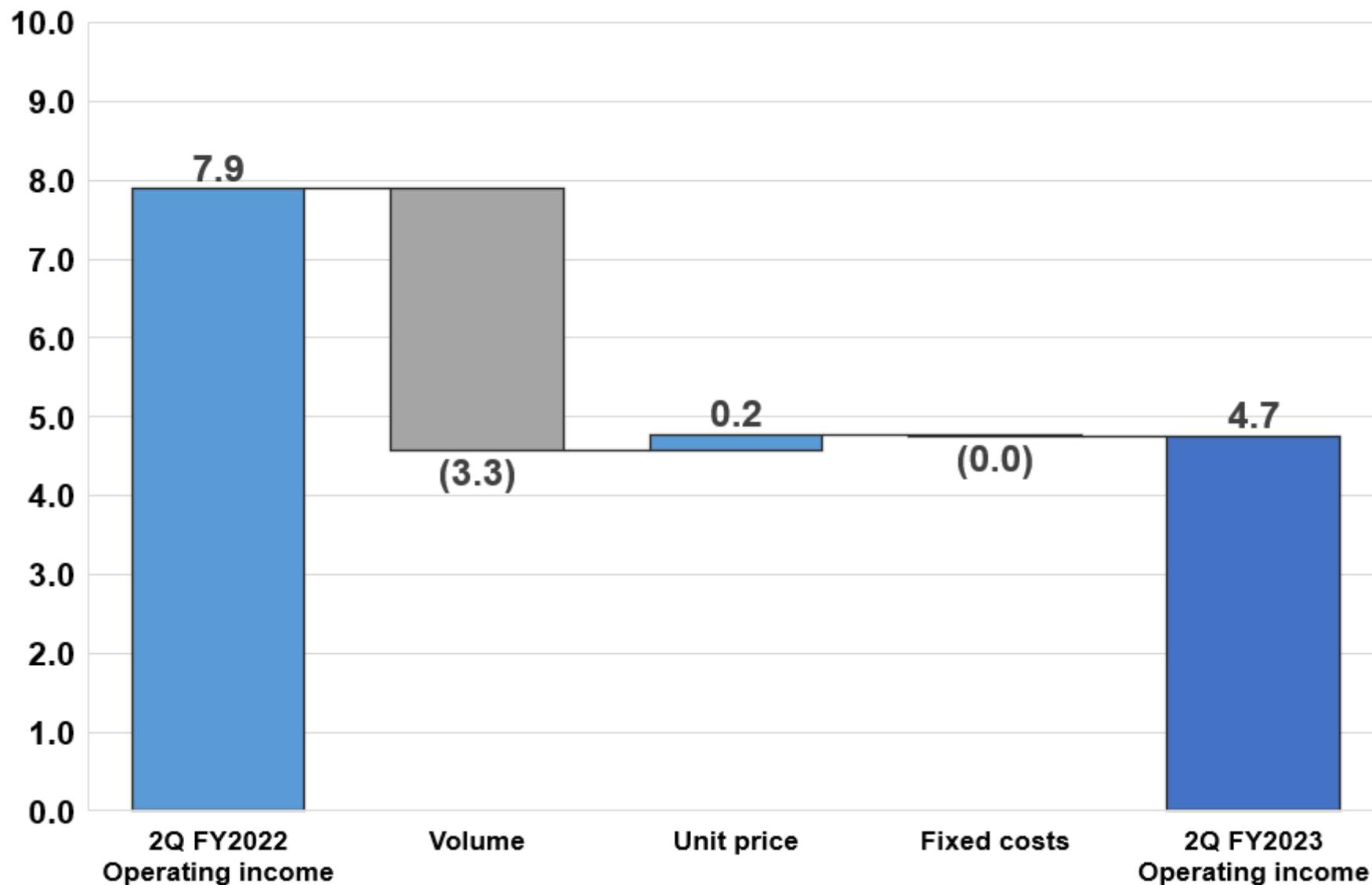
Overview of Results for 2Q FY2023

		2Q FY2022	2Q FY2023	Change	Rate of Change
Net sales	(Millions of yen)	77,977	76,947	(1,030)	(1.3%)
Operating income	(Millions of yen)	7,891	4,746	(3,145)	(39.9%)
Operating income ratio		10.1%	6.2%	(4.0P)	—
Ordinary income	(Millions of yen)	9,387	6,172	(3,214)	(34.2%)
Net income attributable to owners of parent	(Millions of yen)	7,391	5,469	(1,921)	(26.0%)
Net income per share	(Yen)	59.36	45.71	(13.65)	(23.0%)
Interim dividend [annual dividend] (the values for 2023 are a forecast)	(Yen)	18.0 [36.0]	20.0 [40.0]	2 [4]	+11.1% [+11.1%]

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	2Q FY2022 A	2Q FY2023 B	Volume	Unit price	Change B – A
Commodity Chemicals	35,020	35,102	(3,375)	3,456	81
Polymer & Oligomer	18,000	16,425	(2,700)	1,125	(1,574)
Adhesive Material	5,430	5,608	(141)	319	178
Performance Chemicals	4,983	5,285	(161)	463	301
Plastics	13,708	13,589	(1,270)	1,150	(119)
Other/adjustments	833	936	102	0	102
Total	77,977	76,947	(7,546)	6,515	(1,030)

Operating income	2Q FY2022		2Q FY2023		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	3,863	11.0 %	2,205	6.3 %	(1,658)
Polymer & Oligomer	2,300	12.8 %	1,339	8.2 %	(961)
Adhesive Material	59	1.1 %	(161)	(2.9) %	(221)
Performance Chemicals	1,145	23.0 %	959	18.1 %	(185)
Plastics	812	5.9 %	669	4.9 %	(143)
Other/adjustments	(289)	—	(264)	—	24
Total	7,891	10.1 %	4,746	6.2 %	(3,145)

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

Overview of Consolidated Subsidiaries (Results for 2Q FY2023)

(Millions of yen)

	Company name	Segment	Ownership (%)	Net sales		Operating income		Net income (loss) attributable to owners of parent	
				2Q FY2022	2Q FY2023	2Q FY2022	2Q FY2023	2Q FY2022	2Q FY2023
1	Toa Techno Gas	Commodity Chemicals	100	1,718	2,013	63	81	80	71
2	Toagosei Singapore	↓	100	2,847	1,793	903	(149)	911	(77)
3	(MT Ethylene Carbonate)	↓	90	369	230	4	1	4	1
4	MT AquaPolymer	Polymer & Oligomer	90	6,992	6,381	282	110	250	75
5	Taiwan Toagosei	↓	100	1,001	1,087	118	133	106	111
6	Toa Jet Chemical	↓	51	1,245	890	33	64	13	46
7	Toagosei (Zhangjiagang) New Technology	↓	100	1,049	787	10	46	(6)	29
8	Toagosei (Thailand)	↓	100	1,089	1,237	(8)	25	(17)	(4)
9	Toagosei America	Adhesive Material	100	907	919	(13)	(112)	57	12
10	(Aron Packaging)	↓	100	130	119	3	0	2	0
11	Toagosei Hong Kong	↓	100	135	141	10	10	10	10
12	Toagosei (Zhuhai)	↓	100	304	429	(34)	(22)	(28)	(20)
13	Aronkasei	Plastics	100	12,760	12,882	890	787	512	458
14	Aronkasei Thailand	↓	100	285	269	(92)	(122)	(98)	(132)
15	TOA Kogyo	Other	100	558	564	(10)	20	(10)	16
16	Toa Business Associe	↓	100	1,028	1,045	(26)	35	(27)	23
17	TG Corporation	↓	100	629	692	175	199	124	140
18	(Toa Logistics)	↓	100	282	278	9	6	6	4
	Simple aggregation			33,328	31,756	2,317	1,112	1,889	763

Note: Companies in paratheses = Almost all transactions are with our company

Consolidated Statement of Income

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



(Millions of yen)

Non-operating income/expenses	2Q FY2022	2Q FY2023	Change
Interest and dividend income	625	747	122
Equity in earnings of affiliates	136	174	37
Foreign currency exchange gains	769	345	(424)
Rent income on non-current assets	108	89	(18)
Miscellaneous income	109	256	146
Interest expenses	(41)	(63)	(21)
Inactive facilities expenses	(12)	(6)	6
Environment readiness fee	(166)	(43)	122
Miscellaneous Expenses	(32)	(73)	(41)
Total	1,495	1,425	(69)

(Millions of yen)

Extraordinary income/losses	2Q FY2022	2Q FY2023	Change
Gain on sales of investment securities	1,000	1,452	451
Subsidy income	283	79	(203)
Loss on disposal of non-current assets	(380)	(103)	276
Loss on valuation of investment securities	(112)	(3)	108
Total	791	1,423	631

Exchange rate	Jun. 30, 2022	Dec. 31, 2022	Jun. 30, 2023
Yen/USD	136.68	133.94	144.99
Yen/THB	3.85	3.87	4.07

Naphtha price	Average for Jan. to Jun. 2022	Average for Jan. to Jun. 2023
Yen/kl	75,650	66,800

Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2022	Jun. 30, 2023	Change
Current assets	138,985	133,097	(5,888)
Cash and deposits	40,366	36,871	(3,495)
Notes and accounts receivable	49,848	47,002	(2,846)
Securities	18,000	17,000	(1,000)
Inventories	25,511	26,947	1,436
Other current assets	5,258	5,275	16
Fixed assets	126,150	132,981	6,831
Property, plant and Equipment	90,774	92,186	1,411
Intangible fixed assets	1,592	1,597	4
Investment Securities (1)	28,472	33,774	5,302
Other fixed assets	5,310	5,423	112
Total assets	265,135	266,078	943

	Dec. 31, 2022	Jun. 30, 2023	Change
Total liabilities	54,328	55,367	1,039
Notes and accounts payable	19,653	18,492	(1,161)
Bank loans	11,065	10,994	(70)
Accrued income taxes	2,176	1,629	(546)
Other liabilities	21,432	24,250	2,817

Total net assets	210,807	210,711	(95)
Shareholders' equity	193,053	192,349	(704)
Accumulated other comprehensive income (1)	12,915	17,381	4,465
Non controlling interests (2)	4,837	979	(3,857)
Total liabilities and net assets	265,135	266,078	943

- (1) Increased due to the rise in stock prices of the securities we hold
- (2) Decreased due to the increased ratio of investment in our consolidated subsidiary MT AquaPolymer, Inc. (51% → 90%)

Net worth ratio	77.7%	78.8%	+1.1 P
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Consolidated Cash Flow Statements

(Millions of yen)

		2Q FY2022	2Q FY2023	Change
Cash flows from operating activities	A	11,190	13,607	2,417
Cash flows from investment activities	B	(9,270)	(4,454)	4,816
Free cash flow	C=A+B	1,919	9,153	7,233
Cash flows from financial activities	D	(6,147)	(13,172)	(7,025)
Other	E	703	268	(434)
Net increase or decrease in cash and cash equivalents	F=C+D+E	(3,523)	(3,749)	(225)
Cash and cash equivalents at end of the period	G	42,980	41,089	(1,890)

Results Forecast for FY2023

Business Environment

- Expectations for an economic recovery are rising in Japan. For example, there has been a recovery in the production volume of automobiles, a normalization of economic activities with the end of the COVID-19 pandemic and significant wage increases.
- There is uncertainty about the future with the Ukraine situation, inflation trends in the U.S., economic conditions in Europe and China, and reorganization of supply chains due to the power struggle between the U.S. and China.

Challenges in the 2nd Half of FY2023

- We will expand business and secure profits by flexibly responding while paying attention to supply chain, market condition, raw fuel price and other trends.
- We will place a focus on R&D and accelerate the pace at which we turn the products we develop into a success.
- We will deepen our capital policy. We will aim for consolidated total shareholder returns of 100% during the period of the Medium-Term Management Plan 2025. We plan to increase our annual dividend by 4 yen in 2023. We intend to increase our interim dividend from 18 yen to 20 yen and our year-end dividend from 18 yen to 20 yen for a total of 40 yen. We will continue to acquire treasury stock within our acquisition limit of 6 billion yen.

Consolidated Results Forecast for FY2023

(Year-on-year Comparison)

(Millions of yen)

	FY2022 Results			2023 Forecast (Announced on Jul. 31, 2023)			Change (B-A)
	1H	2H	Annual (A)	1H Results	2H Forecast	Annual (B)	
Net sales	77,977	82,848	160,825	76,947	85,453	162,400	1,575
Operating income	7,891	6,491	14,382	4,746	5,754	10,500	(3,882)
Operating income ratio	10.1%	7.8%	8.9%	6.2%	6.7%	6.5%	(2.5P)
Non-operating income/expenses	1,495	567	2,063	1,425	74	1,500	(563)
Ordinary income	9,387	7,059	16,446	6,172	5,828	12,000	(4,446)
Extraordinary Income (loss)	791	77	868	1,423	876	2,300	1,431
Net income attributable to owners of parent	7,391	5,103	12,494	5,469	4,831	10,300	(2,194)
Dividend (Yen)	18	18	36	20	20	40	4

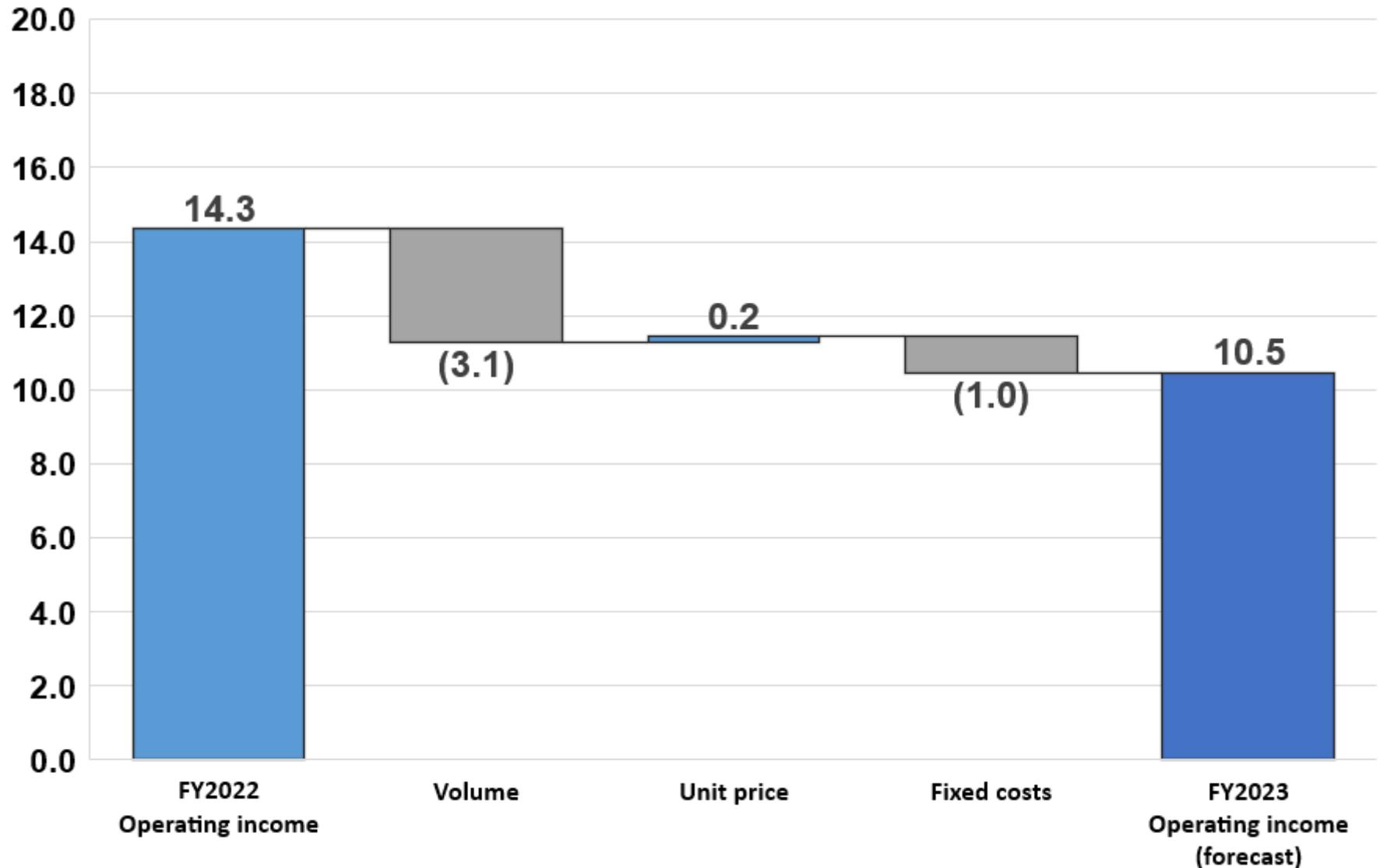
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	FY2022 Results	FY2023 Forecast (Announced on Jul. 31, 2023)
Average exchange rate (Yen/USD)	129.67	140.00
Naphtha price (Yen/kl)	76,150	60,000

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 -130 million yen on the Company's performance.

FY2023 Operating Income Analysis Forecast

(Billions of yen)



FY2023 Consolidated Results Forecast

(Year-on-year Comparison by Segment)



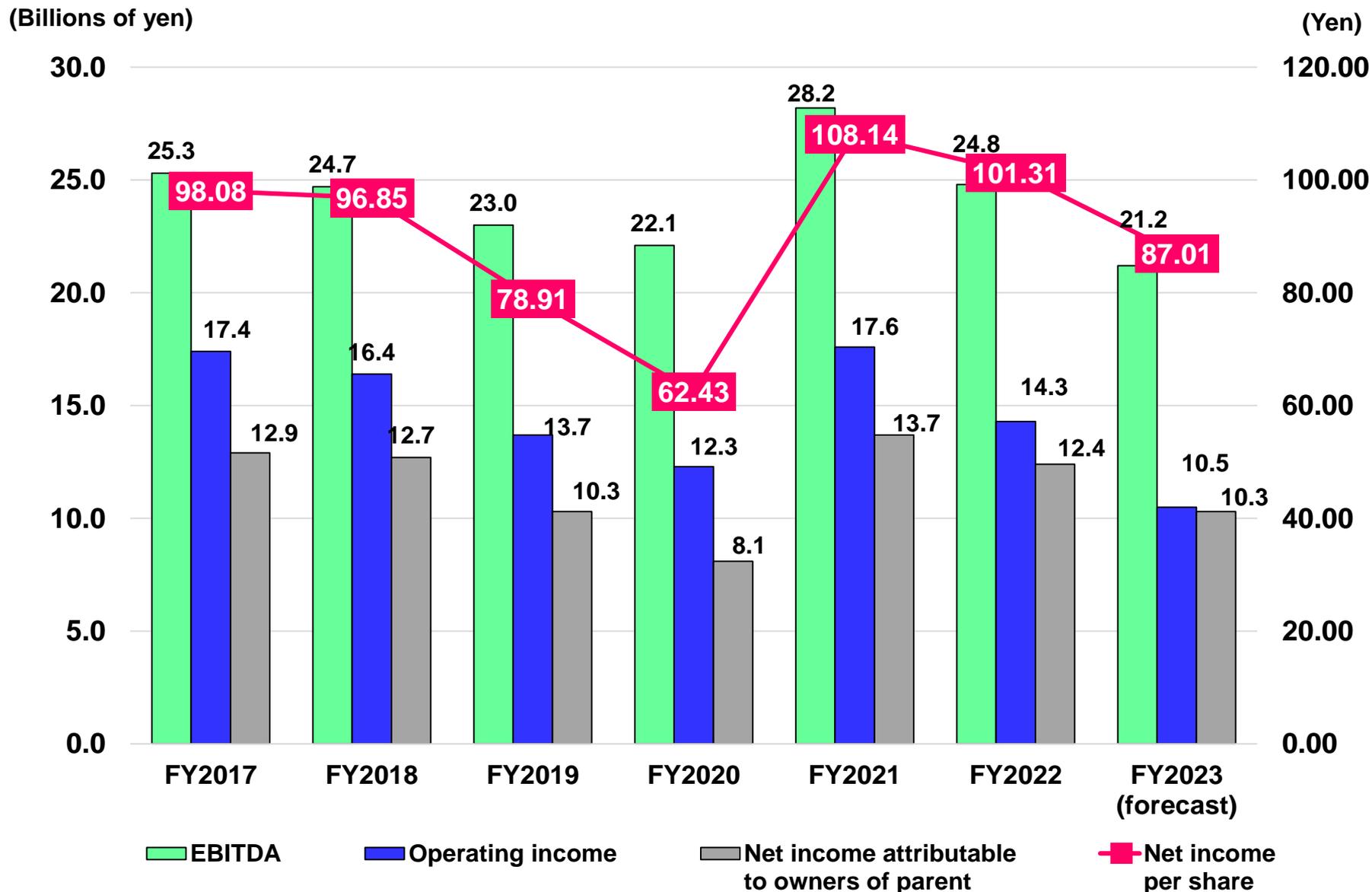
(Millions of yen)

Net sales	FY2022 Results			FY2023 Forecast (Announced on Jul. 31, 2023)			Change
	1H	2H	Annual	1H	2H	Annual	
Commodity Chemicals	35,020	38,908	73,929	35,102	39,098	74,200	270
Polymer & Oligomer	18,000	17,808	35,809	16,425	18,675	35,100	(709)
Adhesive Material	5,430	5,701	11,132	5,608	6,392	12,000	867
Performance Chemicals	4,983	5,483	10,466	5,285	5,115	10,400	(66)
Plastics	13,708	14,045	27,754	13,589	15,511	29,100	1,345
Other/adjustments	833	899	1,732	936	664	1,600	(132)
Total	77,977	82,847	160,825	76,947	85,453	162,400	1,574

Operating income	FY2022 Results				FY2023 Forecast (Announced on Jul. 31, 2023)				Change
	1H	2H	Annual	Rate	1H	2H	Annual	Rate	
Commodity Chemicals	3,863	2,943	6,807	9.2%	2,205	3,295	5,500	7.4%	(1,307)
Polymer & Oligomer	2,278	1,931	4,209	11.8%	1,339	1,561	2,900	8.3%	(1,309)
Adhesive Material	81	(288)	(207)	—	(161)	261	100	0.8%	307
Performance Chemicals	1,145	1,216	2,361	22.6%	959	541	1,500	14.4%	(861)
Plastics	812	946	1,759	6.3%	669	731	1,400	4.8%	(359)
Other/adjustments	(289)	(258)	(547)	—	(264)	(636)	(900)	—	(353)
Total	7,891	6,491	14,382	8.9%	4,746	5,754	10,500	6.5%	(3,882)

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

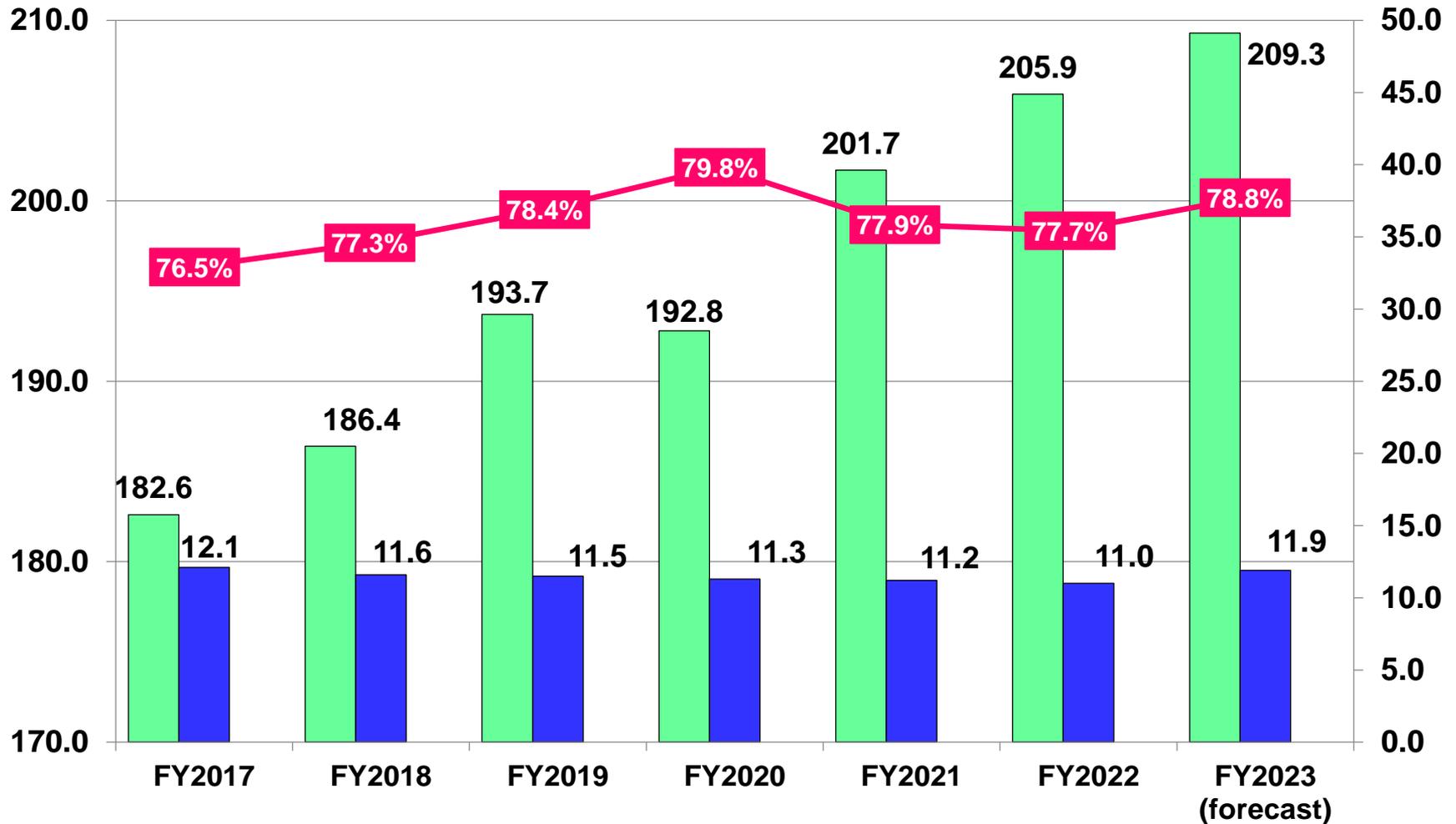
Trends in Consolidated Results



Reference Trends for Consolidated Performance

(Shareholders' equity : Billions of yen)

(Interest-bearing debt: Billions of yen)



■ Shareholders' equity (left scale)

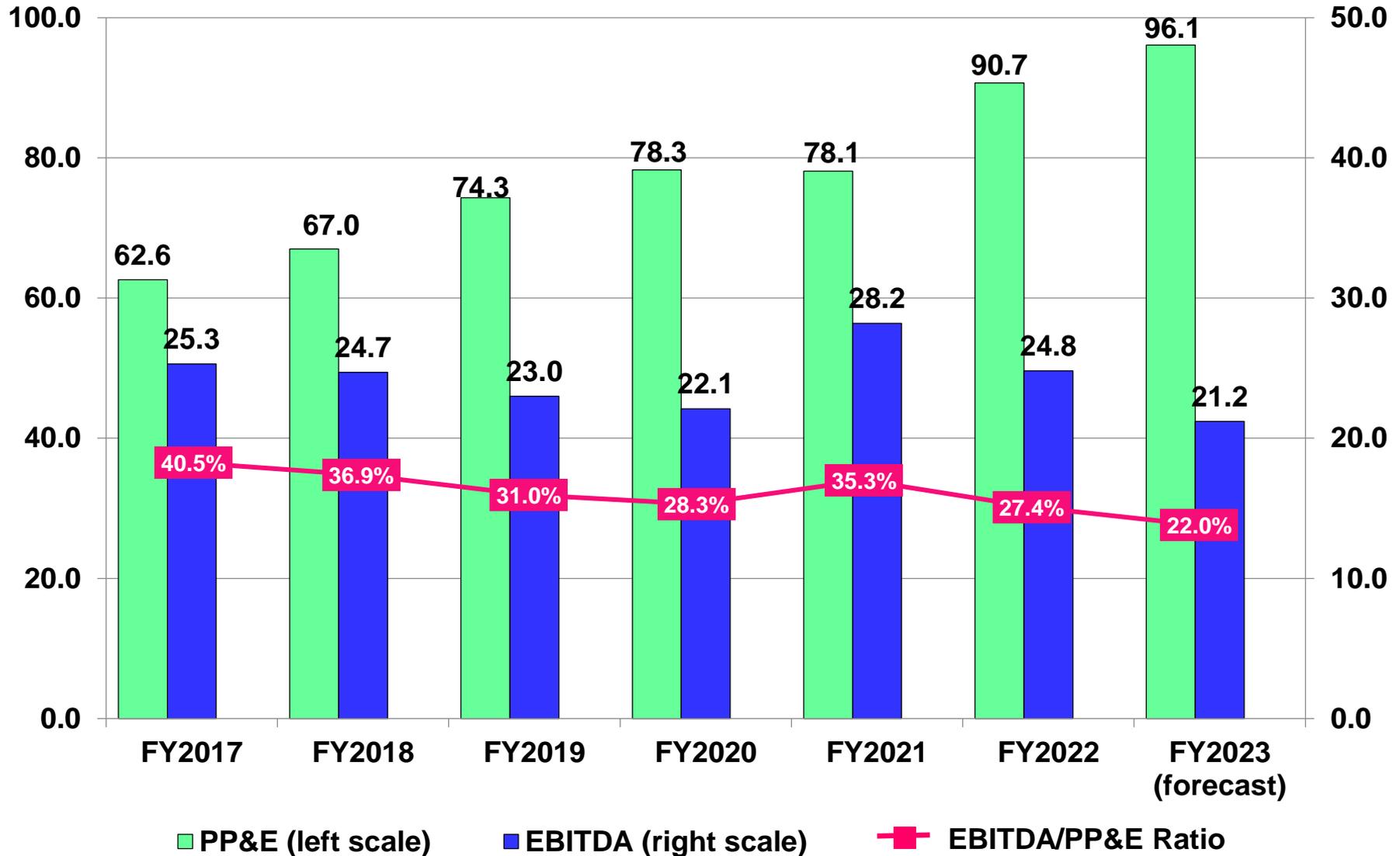
■ Interest-bearing debt (right scale)

■ Shareholders' equity ratio

EBITDA/PP&E Ratio Trends

(Property, plant and equipment: Billions of yen)

(EBITDA : Billions of yen)

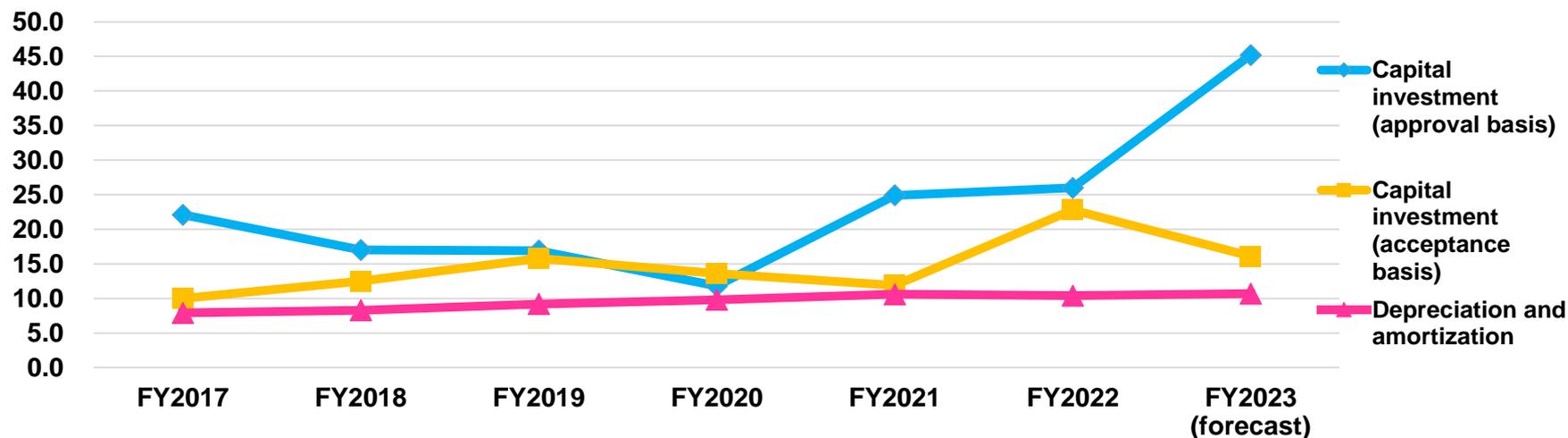


Reference for Consolidated Performance

(Billions of yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (forecast)
Capital investment (acceptance basis)	10.0	12.5	15.8	13.6	11.9	22.8	16.1
Capital investment (approval basis)	22.1	17.0	16.9	11.8	24.9	26.0	45.2
Depreciation and amortization	7.9	8.3	9.2	9.8	10.6	10.4	10.7
Research and Development expenses	3.7	3.6	3.7	4.0	4.3	4.7	5.2
Overseas net sales	24.2	24.5	22.6	22.1	29.0	31.0	28.6
Overseas sales ratio (%)	16.7	16.4	15.6	16.6	18.6	19.3	17.6
Interest bearing debt	12.1	11.6	11.5	11.3	11.2	11.0	11.9

(Billions of yen)

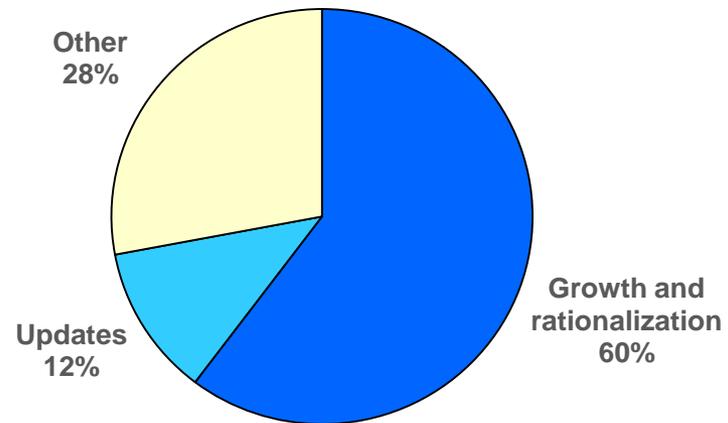


(Billions of yen)

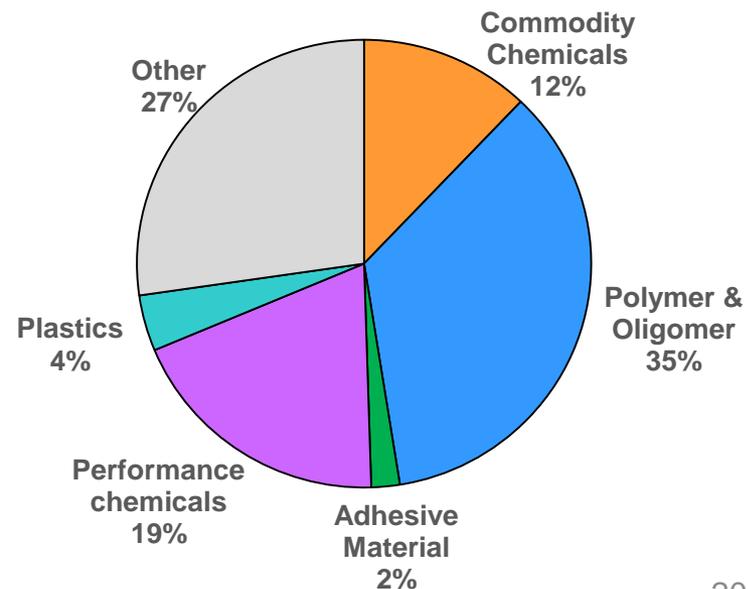
By Category	Total	Ratio
Growth and rationalization	41.0	60%
Updates	8.0	12%
Other	19.0	28%
Total	68.0	100%

By Segment	Total	Ratio
Commodity Chemicals	8.0	12%
Polymer & Oligomer	24.0	35%
Adhesive Material	1.5	2%
Performance Chemicals	13.0	19%
Plastics	3.0	4%
Other	18.5	27%
Total	68.0	100%

By Category



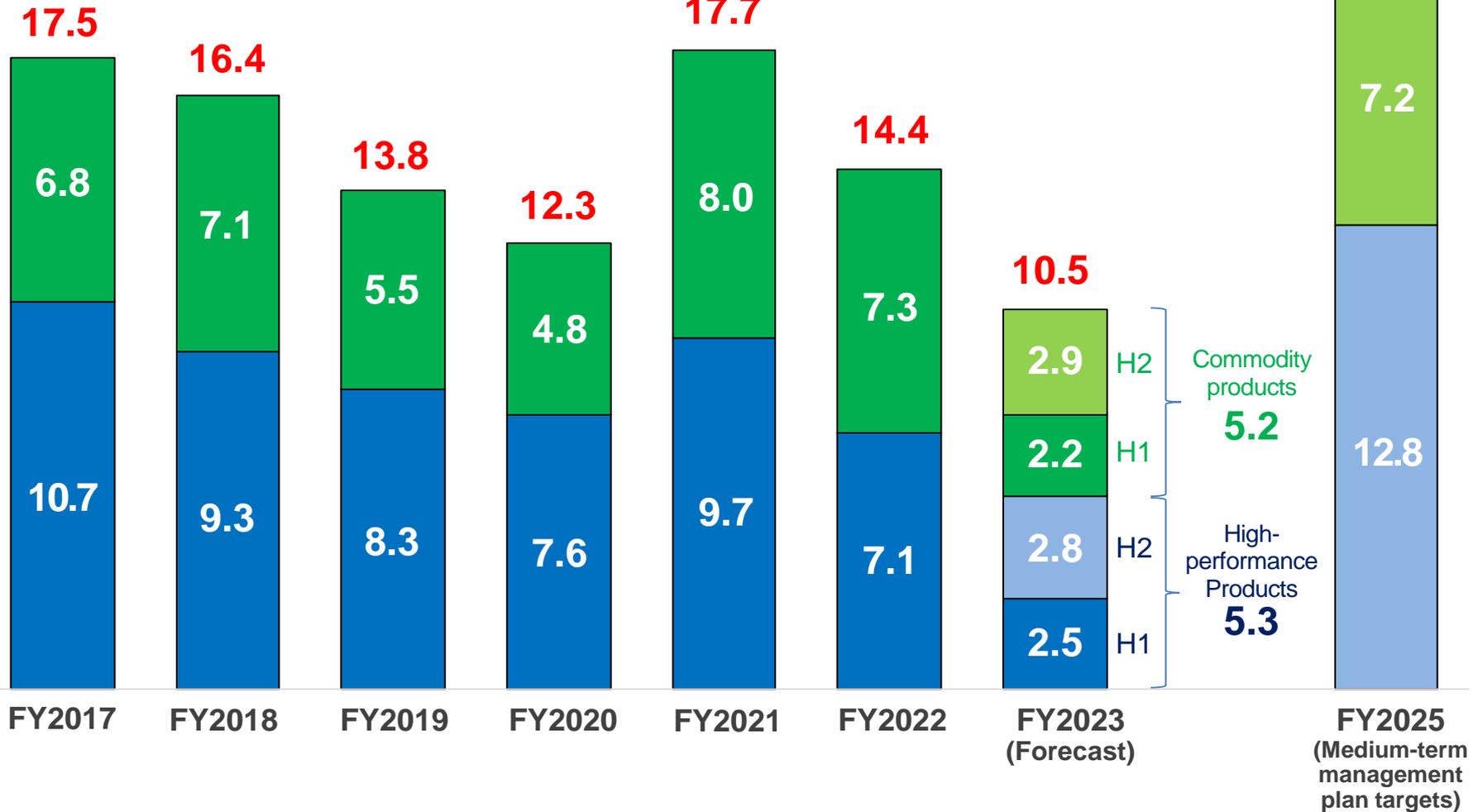
By Segment



Operating Income Trends

(Billions of yen)

■ High-performance Products
 ■ Commodity products



Topics

(1) Strengthening of New Product and New Technology Development Capabilities

- Preparations to establish Kawasaki Research Laboratory
- Medical care business



(2) Increase in Overseas Net Sales

- Establishment of a new company in China
- Global expansion of Aron Alpha



(3) Contribution to the Realization of a Sustainable Society

- Initiatives toward carbon neutrality



Preparations to Establish Kawasaki Research Laboratory

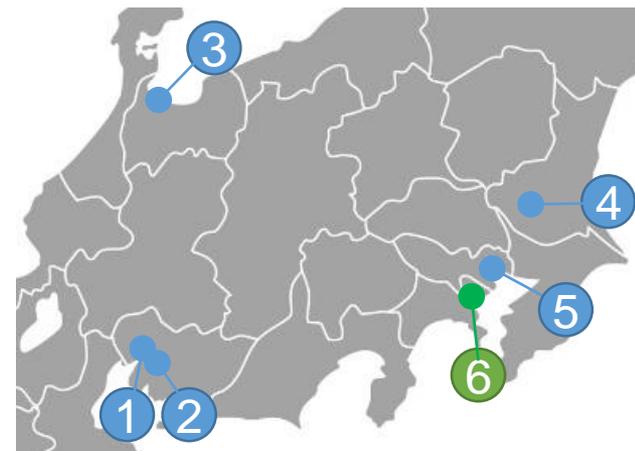
We plan to open Kawasaki Research Laboratory in 2024 as a new research base in the Toagosei Group.

Purposes of Establishing Kawasaki research Laboratory

- To create new businesses (fourth pillar)
- To expand business areas with existing product groups
- To develop products in collaboration with customers and external research institutes in the Tokyo metropolitan area

Medical Care Business

- We will commercialize NUCLEROLARON cellular membrane permeable peptides suitable for drug delivery systems (DDS).
- We are developing a hemostatic agent using Hydrogel.



TOAGOSEI Group's Research Bases

- (1) General Center of Research and Development
- (2) Monozukuri Center
- (3) Takaoka Creation Laboratory
- (4) Institute for Advanced Sciences
- (5) Tokyo Technology Laboratory
- (6) **Kawasaki Research Laboratory**

Establishment of a New Company in China

- We established Toagosei (Shanghai) Management Co., Ltd. in May as a central base for our sales, development and management operations in China.
- This will accelerate the pace of our development of the Chinese market in the batteries field.



Toagosei (Shanghai) Management Co., Ltd.

Global Expansion of Aron Alpha

- U.S.: We will increase sales of new products for consumers. We will consider restructuring plans.
- China: We will strengthen e-commerce sales.
- Thailand: We will expand the number of places where we deliver Aron Alpha.
- Southeast Asia: We plan to gradually increase the number of countries where we sell Aron Alpha, starting from the Philippines.



We have trademarked Aron Alpha in various countries.

Initiatives toward Carbon Neutrality

**Target: Reduce greenhouse gas emissions by 50% by 2030
(compared to the level in 2013)**

○ Consider in-house possession of renewable energy power generation

- Solar power: We are considering the introduction of mega-solar facilities in our factory premises in the future.
- Small hydropower: We plan to build a small hydropower facility in Nagano Prefecture (to be completed in 2026).

○ Participate in the Ministry of Economy, Trade and Industry's GX League

- We have endorsed initiatives to reform society toward carbon neutrality and to create new markets.

○ Start sales of GRiNABLE environmentally-friendly elastomers

- These are styrene-based elastomers made using plant-derived biomass materials. It is a product with both high performance in terms of tensile strength and reduced environmental impact.



Color Sheets Made with GRiNABLE

Adhesive Materials Business

Automotive Battery Adhesives

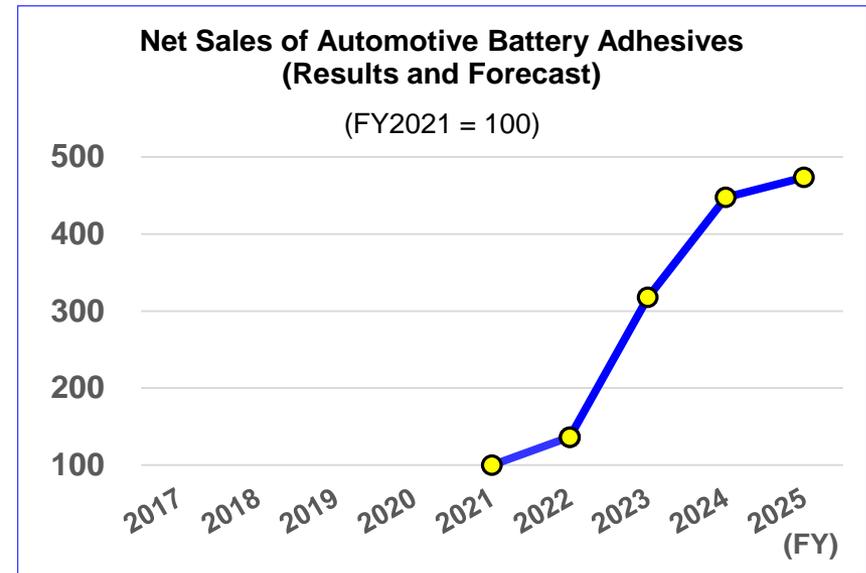
Our adhesives are currently being adopted one after another in new hybrid vehicles equipped with bipolar nickel-metal hydride batteries

Vehicles Equipped with Our Adhesives

- Aqua
- Crown
- LEXUS RX
- New Alphard
- New Vellfire



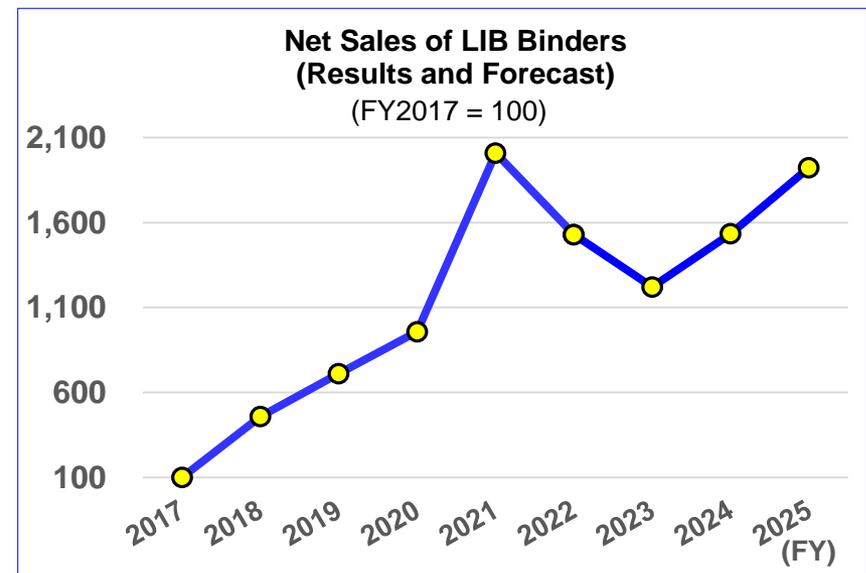
New Vellfire



Polymer and Oligomer Business

Lithium Ion Battery (LIB) Binders

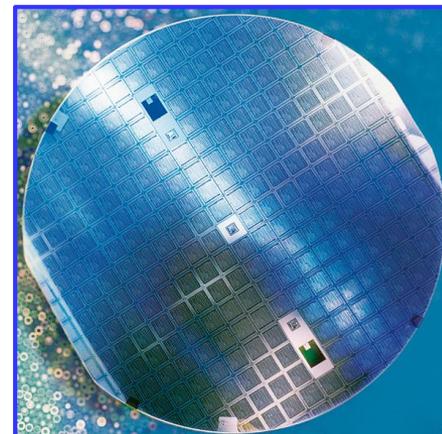
Longer life of batteries by suppressing swelling
Lower resistance in batteries with high ion conductivity



Performance Chemicals Business

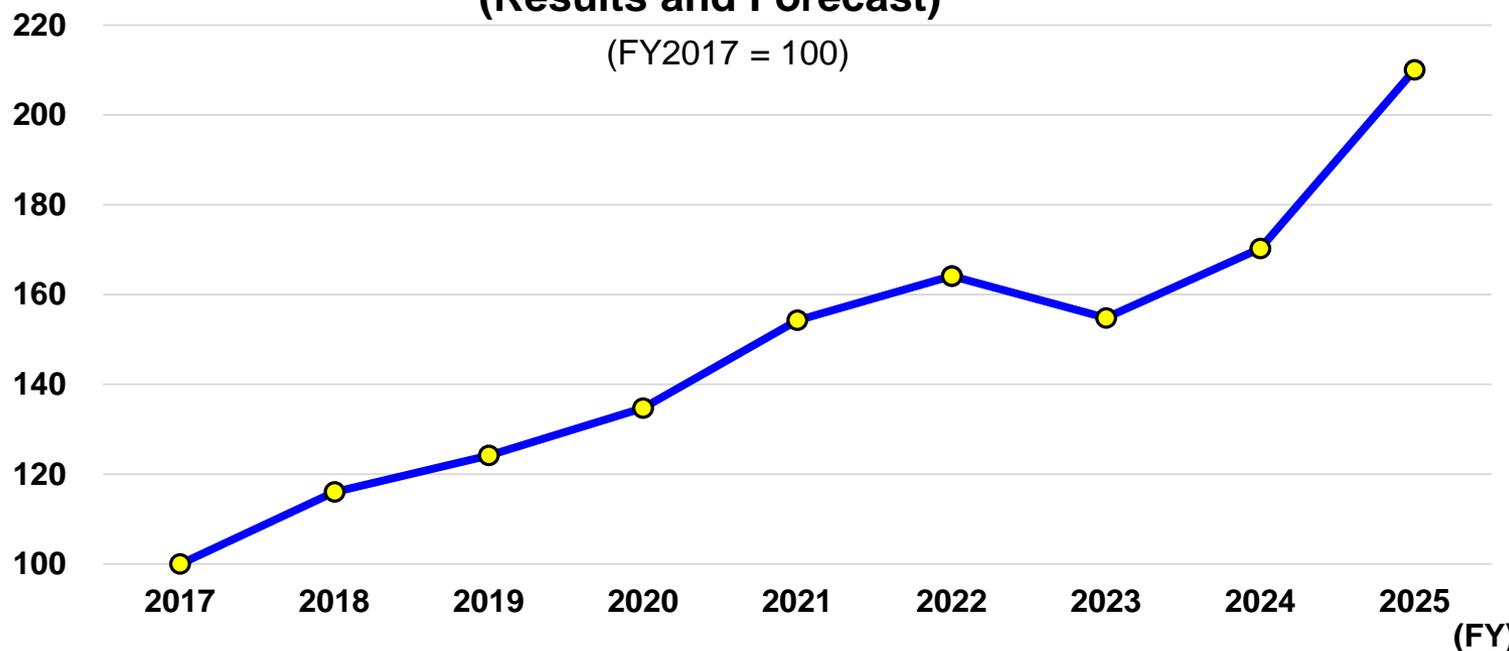
- High-purity liquefied hydrogen chloride
- High-purity caustic potash
- High-purity acrylic polymers

Applications: Washing and polishing when manufacturing semiconductor devices



Net Sales of High-purity Liquid Hydrogen Chloride (Results and Forecast)

(FY2017 = 100)

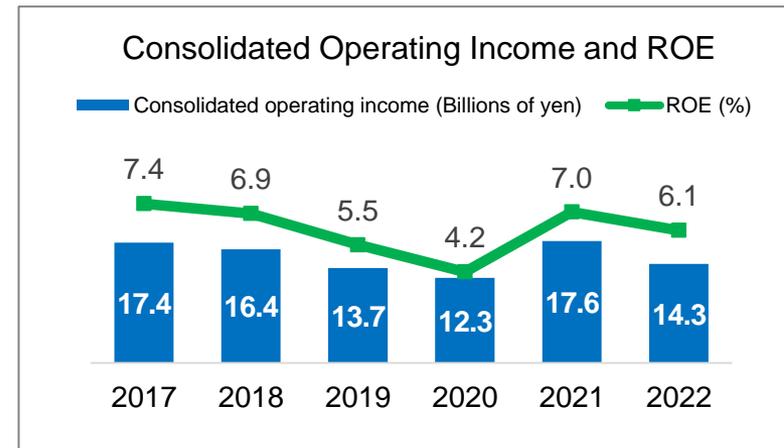
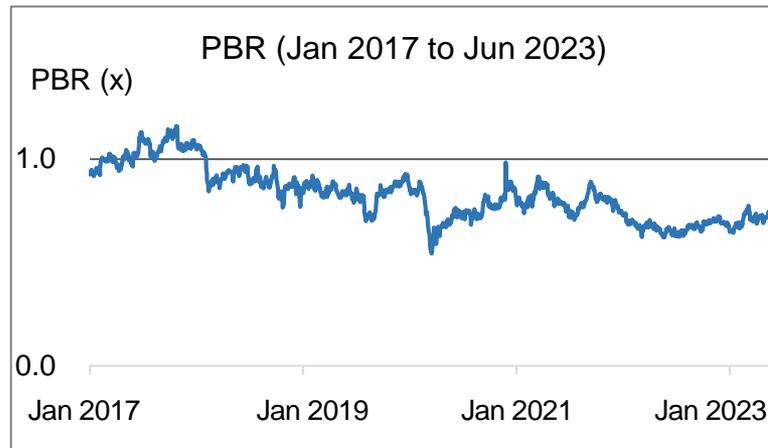


Toagosei Group's Initiatives to Improve Our Price-to-Book Ratio (PBR)

Our Current Situation

We have continued to have a price-to-book ratio (PBR) of less than 1x according to the market valuation of our group since 2018.

- The slump in our return on equity (ROE) due to an imbalance between our operating income and net worth is the reason why our PBR is less than 1x.
- (i) We have been promoting proactive capital investment in high-performance products. However, it takes time to monetize that investment.
 - (ii) The imbalance between the increase in our net worth and the growth in our profits is affecting our capital profitability.



Initiatives to Improve Our PBR

- (i) We need to take measures to further increase our highly profitable high-performance products. Therefore, we are proactively promoting the strengthening of our research and development (R&D) capabilities and our expansion into overseas markets.
- (ii) We will control our net worth to improve our capital efficiency.

→ We will aim to realize a PBR of 1x or more upon achieving an operating income of 24.0 billion yen and an ROE of 8% by 2027.

We will aim to achieve a PBR of 1x or more upon achieving an ROE of 8% by 2027.

<p>Growth strategy</p>	<p>(1) Strengthening of Profitability Consolidated operating income target: 20.0 billion yen by 2025 24.0 billion yen by 2027</p>	<p>Strengthen development capabilities and expand overseas in the mobility, semiconductor and medical care fields</p> <ul style="list-style-type: none"> • Increase the pace of the development of high-performance products by strengthening our R&D capabilities (strengthen our development capabilities in the mobility, semiconductor and medical care fields by newly establishing Kawasaki Research Laboratory) • Increase overseas sales by expanding our overseas sales bases and production bases (establish a development base in Shanghai (China), an automotive battery polymer production base in North America, and sales promotion bases for flocculants and adhesives in Southeast Asia and the Middle East) • Monetize the growth investment in the period of our previous medium-term management plan (enhance the robustness of our automotive battery polymer and semiconductor product supply structure)
<p>Financial strategy</p>	<p>(2) Improvement in Capital Efficiency</p>	<p>Net worth control</p> <ul style="list-style-type: none"> • Strengthen shareholder returns (aim for a consolidated total shareholder returns of 100% during the period of the Medium-Term Management Plan 2025) • Sell cross-shareholdings (reduce to less than 10% of our net assets by the end of 2025)
<p>Non-financial strategy</p>	<p>(3) Contribution to a Sustainable Society</p>	<p>Development of human resources who will support sustainable growth and realization of sustainability</p> <ul style="list-style-type: none"> • Promote the active participation of diverse human resources (proactively recruit specialist human resources and promote a global personnel strategy) • Reduce greenhouse gas (GHG) emissions (35% reduction compared to the level in 2013 by 2025)

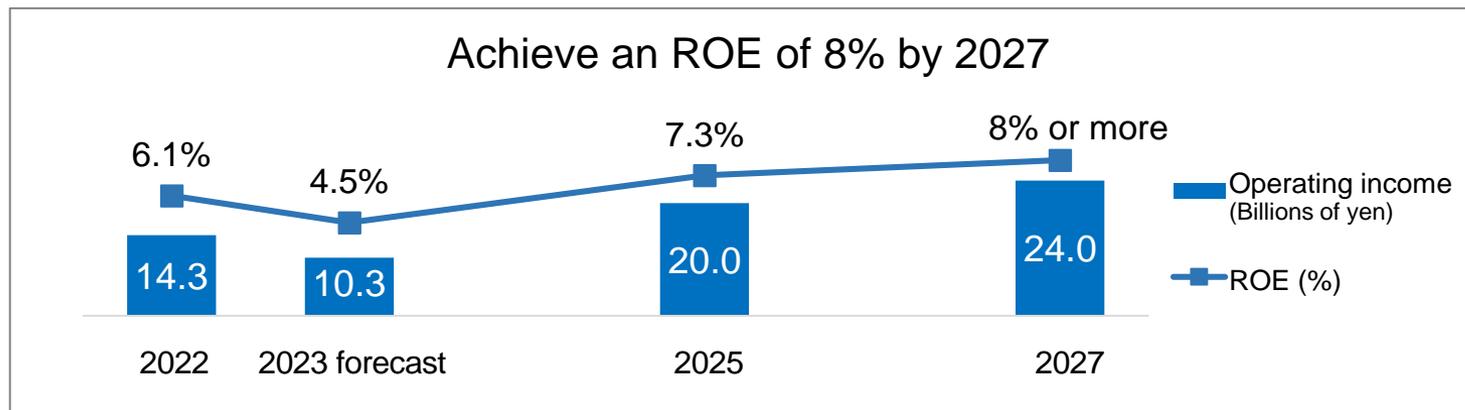
Numerical Targets until Achieving an ROE of 8%

Growth strategy		2022	2025	2027
	Net sales	160.8 billion yen	183.0 billion yen	205.0 billion yen
	Operating income	14.3 billion yen	20.0 billion yen	24.0 billion yen
	EBITDA	25.0 billion yen	32.0 billion yen	38.0 billion yen
	ROE	6.1%	7.3%	8% or more

Financial strategy		2022	2023 to 2025	2026 to 2028
	Payout ratio	35.5%	Aim for consolidated total shareholder returns of 100% during this period	We will determine this in our next medium-term management plan
	Total shareholder returns	69.7%		

We will determine our shareholder returns policy for 2026 and beyond after judging the situation of our investment plans in our next medium-term management plan

Non-financial strategy		2022	2025	2030
	GHG emissions (compared to 2013)		(24%)	(35%)



Growth Strategy: Priority Items by Segment

Growth drivers	Mobility and semiconductor fields
Fourth pillar	Cellulose nanofibers and medical care
Strengthening of competitiveness	Commodity chemicals and plastics



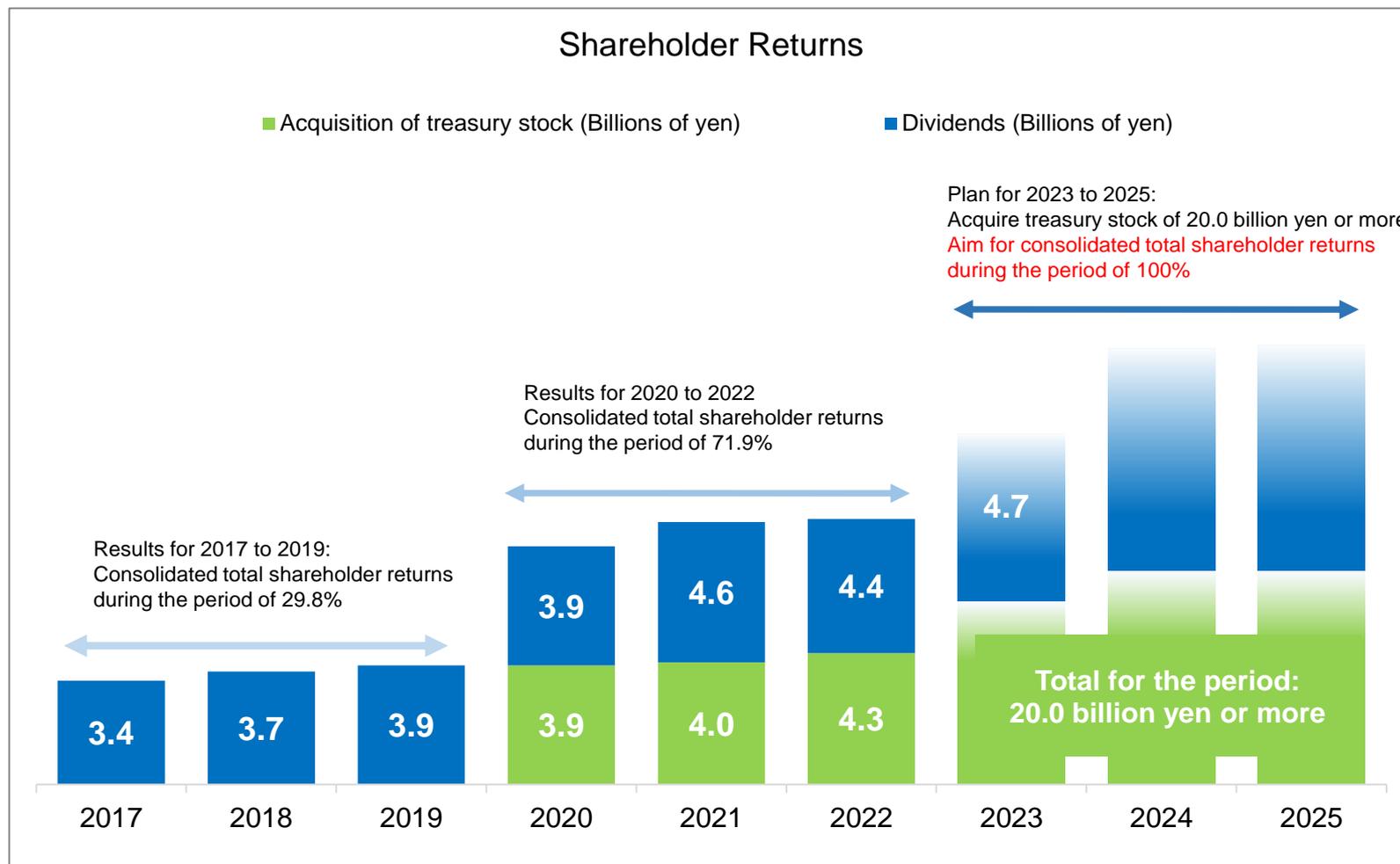
Consolidated Operating Income Targets
20.0 billion yen by 2025
24.0 billion yen by 2027

(Billions of yen)

Segment	2023 to 2025	2025 Operating Income	2026 to 2027	2027 Operating Income
	Priority Items		Priority Items	
Commodity chemicals	Update energy-saving electrolysis equipment	7.5	Update energy-saving electrolysis equipment	6.0
Polymers and oligomers	Automotive battery and semiconductor material polymers	6.5	Next-generation battery polymers	7.0
Adhesive materials	Expansion of Aron Alpha in Southeast Asia Automotive battery adhesives	1.0	Next-generation battery adhesives for the mobility field	2.5
Performance chemicals	High-purity inorganic chemicals for semiconductors Cellulose nanofibers	3.0	High-purity inorganic chemicals for semiconductors Medical care products	6.0
Plastics	Expansion of our elastomer business in Thailand	3.0	Launch of biomass and biodegradable products	3.0
Other	Future business and infrastructure	(1.0)	Future business and infrastructure	(0.5)
Total		20.0		24.0

We will strengthen shareholder returns and control the size of our net worth.

- We will strengthen shareholder returns aiming for consolidated total shareholder returns of 100% during the period of our current medium-term management plan (2023 to 2025).
- We will determine our shareholder returns policy for 2026 and beyond after judging the situation of our investment plans in our next medium-term management plan.



Human Capital Strategy to Support Our Growth Strategy

1. Proactive Recruitment of Specialist Human Resources and Utilization of External Resources

- Proactively recruit specialist human resources (medical care and next-generation batteries) who will bear responsibility for our fourth pillar
- Explore new themes and develop researchers with investment in venture capital companies
- Conduct joint research with the Faculty of Agriculture in the University of Tokyo on signal peptidomes

2. Improvement in Engagement

- Realize a virtuous cycle of growth and distribution by giving incentives such as improving the level of remuneration and retirement money
- Promote an improvement in the working environment and work-life balance measures with a focus on diversity
- Reform work styles both in terms of systems and people's minds

3. Promotion of a Global Personnel Strategy and the Utilization of Diverse Human Resources

- Utilize and develop overseas human resources by visualizing human resource information and developing integrated management mechanisms for overseas subsidiaries
- Provide education to local overseas staff members on our corporate philosophy
- Achieve our target for our ratio of female managers (5% by 2025)

Appendix

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” <ul style="list-style-type: none"> • By 2030: Greenhouse gas (GHG) emissions 50% of 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 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)
Apr. 2023	Started participating in the GX League
Jun. 2023	Won the Green Sustainable Chemistry Incentive Award (Cellulose nanofiber manufacturing method)

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 • 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	<p>Promotion of disclosures in English: Disclosed the full text of our corporate governance report</p>
Dec. 2022	<p>Amount of cross shareholdings recorded on the balance sheet Current as of the end of December 2022: 12.0% (shareholding balance: 25,219 million)</p>

Initiatives to Promote Sports



We support the table tennis T.LEAGUE.



We support IWAKI FC

Sub-segment Year on Year Comparison of Net Sales ①

Commodity Chemicals Business	Year-on-year Comparison	Reason for the Change
	2Q FY2023 Cumulative Total	
Inorganic chemicals	119%	Sales volume decreased, but net sales increased due to price revisions from the previous year
Acrylic monomers	85%	Net sales decreased due to a decrease in sales volume and worsening overseas market conditions
Industrial gas	115%	Sales volume decreased, but net sales increased due to price revisions

Polymer and Oligomer Business	Year-on-year Comparison	Reason for the Change
	2Q FY2023 Cumulative Total	
Polymers	100%	Sales volume decreased, but net sales were on a par with the previous fiscal year due to price revisions from the previous year
Oligomers	81%	Net sales decreased due to a decrease in sales volume for electronic materials
Flocculants	91%	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
	2Q FY2023 Cumulative Total	
Instant glue	95%	<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	110%	Net sales increased due to an increase in sales volume for automotive batteries

Performance Chemicals Business	Year-on-year Comparison	Reason for the Change
	2Q FY2023 Cumulative Total	
Inorganic functional materials	97%	Net sales decreased due to a decrease in sales volume in ion-trapping agents for electronic components
High-purity inorganic chemicals	100%	Although sales volume decreased, 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
	2Q FY2023 Cumulative Total	
Piping equipment	92%	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	107%	Net sales increased due to sales of new products and price revisions
Elastomer compounds	122%	Net sales increased due to an increase in sales of sealing materials for drinks etc.

Quarterly Net Sales by Segment

(Millions of yen)

	FY2022					FY2023			
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	2H (forecast)	Full-year (forecast)
Commodity Chemicals	15,941	19,079	19,315	19,594	73,929	17,243	17,859	39,098	74,200
Polymer and Oligomer	9,116	8,884	8,921	8,886	35,807	8,525	7,900	18,675	35,100
Adhesive Material	2,758	2,672	2,812	2,892	11,134	2,680	2,928	6,392	12,000
Performance Chemicals	2,470	2,513	2,443	3,040	10,466	2,517	2,768	5,115	10,400
Plastics	7,013	6,695	6,794	7,252	27,754	6,775	6,814	15,511	29,100
Other/ adjustments	450	383	454	445	1,732	455	481	664	1,600
Total	37,750	40,227	40,740	42,108	160,825	38,198	38,749	85,455	162,400

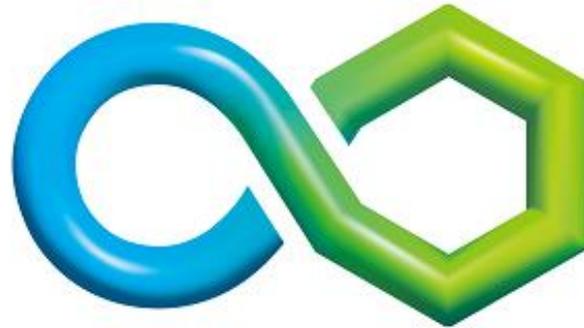
Note: The values for 2022 reflect the changes in segments in 2023

Quarterly Operating Income by Segment

(Millions of yen)

	FY2022					FY2023			
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	2H (forecast)	Full-year (forecast)
Commodity Chemicals	1,769	2,094	2,154	790	6,807	1,165	1,040	3,295	5,500
Polymer and Oligomer	1,317	983	1,069	889	4,258	809	530	1,561	2,900
Adhesive Material	77	(18)	(26)	(288)	(255)	(116)	(45)	261	100
Performance Chemicals	578	567	531	685	2,361	478	481	541	1,500
Plastics	474	338	586	361	1,759	283	386	731	1,400
Other/ adjustments	(108)	(182)	(152)	(106)	(547)	(34)	(231)	(635)	(900)
Total	4,109	3,782	4,163	2,328	14,382	2,587	2,159	5,754	10,500

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



地球はつづく、
化学でつなぐ!

 **TOAGOSEI**

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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.