

FY2021 Business Results and New Medium-Term Management Plan

(April 1, 2021 – March 31, 2022)

Toyo Gosei Co., Ltd.
May 25, 2022



1. Business Results for the FY 2021

2. Projection for the FY2022

3. Summary of the Medium-Term Management Plan “TGC300” and New Medium-Term Management Plan

Financial Results for the FY2021

- Semiconductor materials continue to be at a high level in all areas, such as demand for 5G-compatible smartphones and PCs, and increased investment in DX, communications, and data centers. In particular, demand for advanced materials increased rapidly.
- Disruptions in global logistics, soaring prices of raw materials and fuels, and tight supply and demand for chemical products have made supply chain risks more prominent.
- By securing raw materials to meet strong demand for electronic materials, responding to soaring prices, and increasing production, we achieved significant increases in sales and profits, with net sales of +22% and ordinary income of +60% compared to the previous fiscal year.
- As a result, the medium-term management plan "TGC300 (sales of 30 billion yen, ordinary income of 3 billion yen or more, ordinary income margin of 10% or more)" was exceeded one year ahead of schedule.

(Million yen)	FY2020 Results	FY2020 Projections	FY2021 Results	YOY		Comparison with projections	
				Change	%	Change	%
Net sales	※27,164	32,000	33,144	※+5,980	※+22.0%	+1,144	103.6%
Operating profit	2,939	4,000	4,624	+1,684	+57.3%	+624	115.6%
Ordinary profit	2,982	4,000	4,794	+1,811	+60.7%	+794	119.9%
Profit	2,345	2,800	3,457	+1,111	+47.4%	+657	123.5%
EPS	¥295.57	¥352.78	¥435.61	※"Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020) has been applied from the beginning of ended term of March, 2022 period. As a result, accounting is different from a total period in the previous fiscal year. The comparison for YOY is reference figure as new standard vs old standard.			
Dividends per Share	¥20.00	¥30.00	¥30.00				
FX Rate (USD)	¥105.8/\$	¥114/\$	¥112.06/\$				

■ Net sales

33,144 million yen (YOY※+5,980 million yen, ※+22%)

- ✓ **Photosensitive materials Segment:** 20,574 million yen (YOY※+4,597 million yen, ※+28%)
Both semiconductor and display application continue keep good sales.
In particular, demand for advanced materials increased rapidly.
- ✓ **Chemical Segment:** 12,569 million yen (YOY※+1,382 million yen, ※+12%)
Sales of high-purity solvents for electronic materials increased, and aroma products also performed steadily.
Reflected in the selling price due to soaring prices of chemicals.
In the Logistics business, the need to secure inventories increased against the backdrop of a recovery in demand for chemical products and tightening, resulting in an increase in cargo movements.

■ Operating profit

4,624 million yen (YOY +1,684 million yen, +57%)

- ✓ Photosensitive materials: 3,297 million yen (YOY +1,473 million yen, +80%),
Chemical: 1,326 million yen (YOY +210 million yen, +18%)
- ✓ By absorbing the increase in raw materials, fuel, logistics costs, and cost increase in production capacity by reflecting the price and increasing the production and sales of high value-added products, then it resulted in increased profits.

■ Operating profit

4,794 million yen (YOY +1,811 million yen, +60%)

- ✓ Foreign exchange gains due to yen depreciation (YOY +¥166 million).

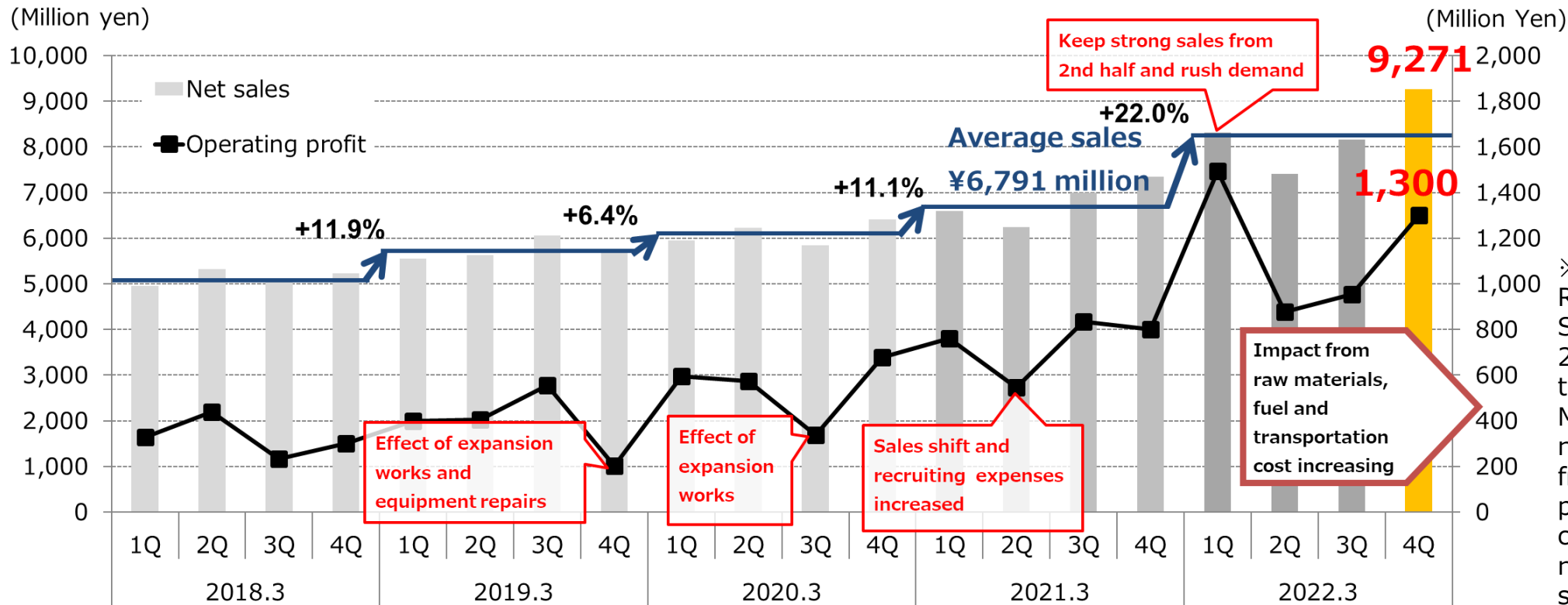
■ Profit

3,457 million yen (YOY +1,111 million yen, +47%)

Quarterly Sales & Operating profit Trend

- Sales continue to exceed the previous year's level throughout the year. In particular, electronic materials are driving, and advanced materials are increasing rapidly.
- Sales in the fourth quarter (January-March) remained at a high level of ¥9,271 million (YOY +¥1,930 million, +26.3%) due to increased sales and price reflections associated with soaring prices of raw materials.
- Operating profit was ¥1,300 million (YOY +¥501 million, +62.7%).

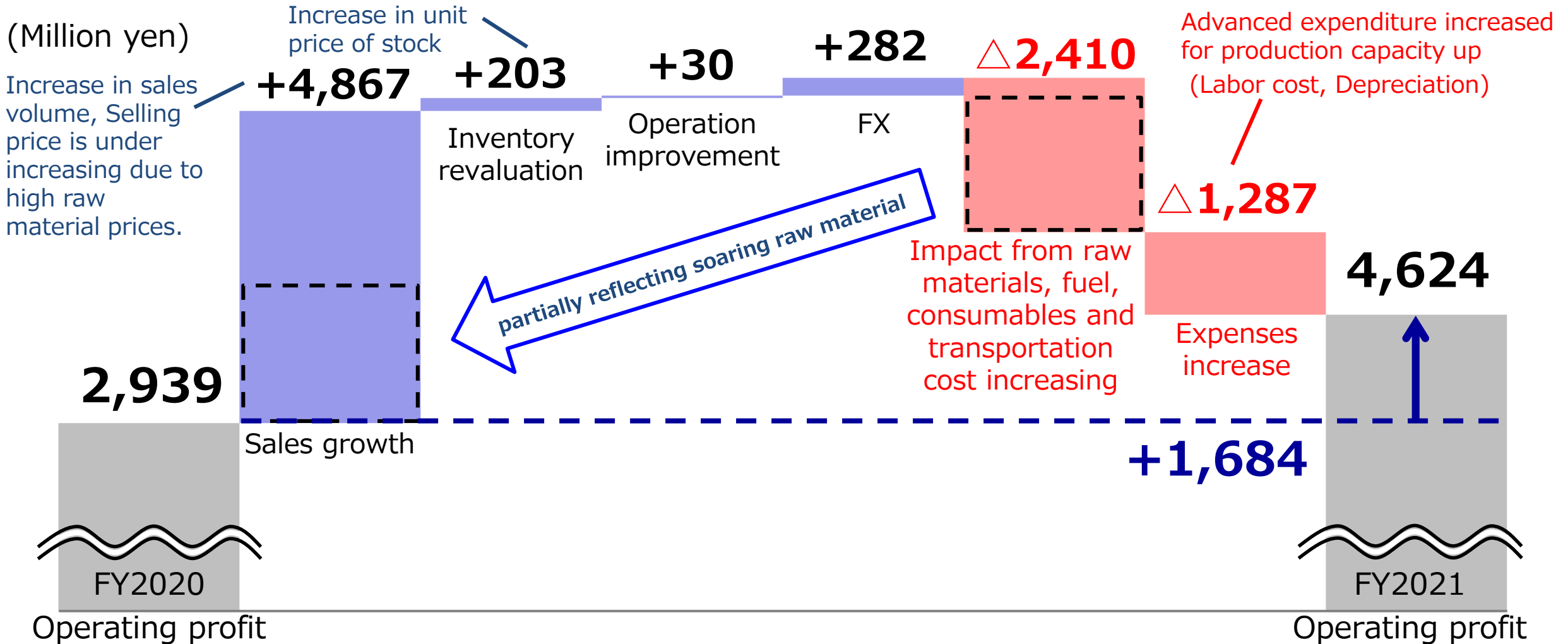
Quarterly Sales & Operating profit Trend



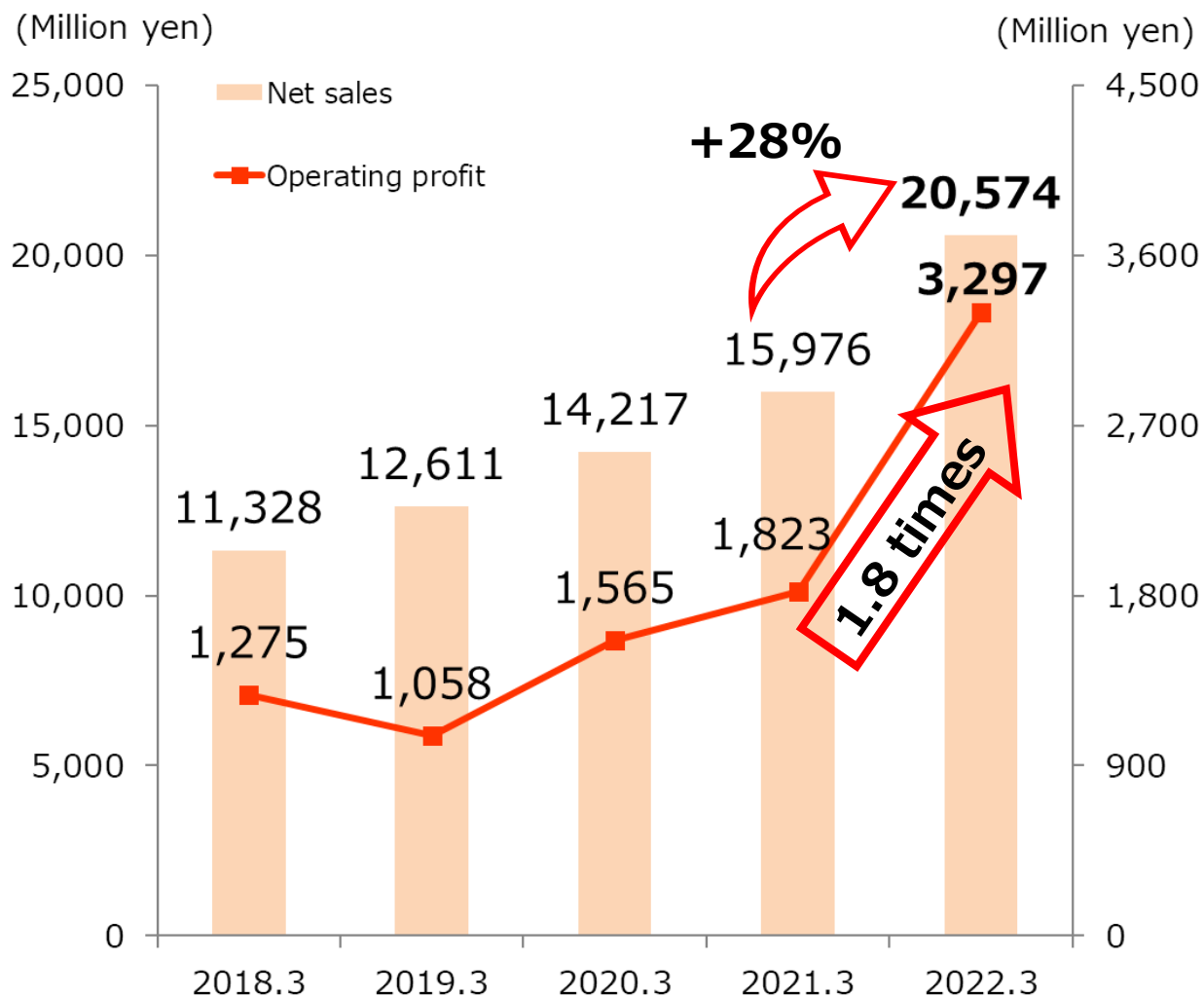
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Change analysis: Operating profit

- By absorbing the increase in raw materials, fuel, logistics costs, and cost increase in production capacity by reflecting the price and increasing the production and sales of high value-added products, then it resulted in increased profits.



Net sales & Operating profit



Net sales: 20,574 million yen

(YOY※ +4,597 million yen, ※+28%)

- Logic semiconductor applications keep strong demand.
- In particular, demand for advanced materials increased rapidly.
- Memory semiconductor remains decent demand.
- Legacy generation semiconductor and display applications keep strong demand.

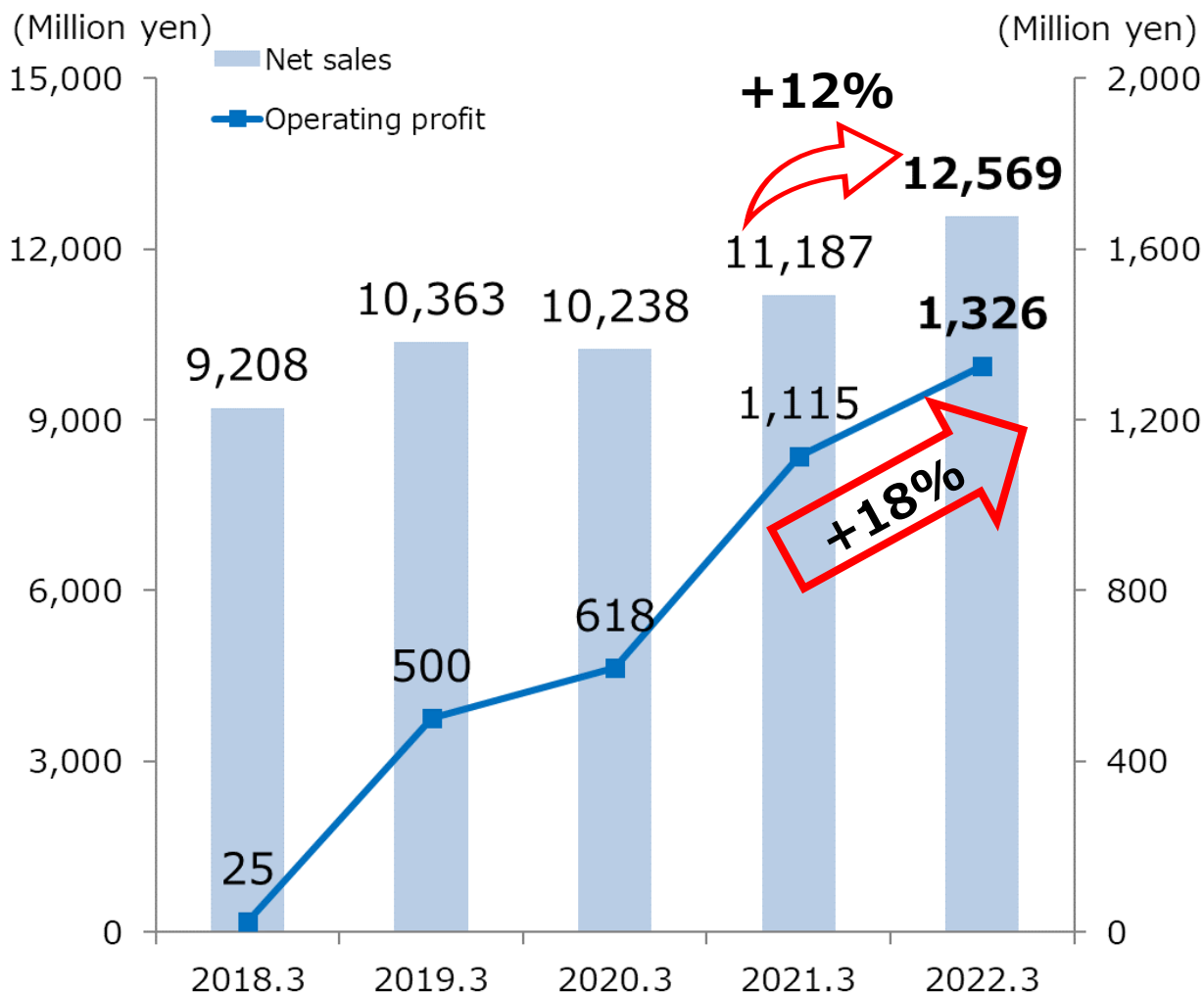
Operating profit: 3,297 million yen

(YOY +1,473 million yen , +80%)

- Increased production in all areas absorbed the increase in costs, then increased profits.

※New accounting standards about the profit recognition has been applied, sales figure decreased by 458 million yen from calculation in old accounting standard. The comparison for YOY is reference figure as new standard vs old standard.

Net sales & Operating profit



Net sales: 12,569 million yen

(YOY※+1,382 million yen, ※+12%)

- Electronic materials business continued to keep good sales.
- Aroma chemicals business kept steady growth.
- In the logistic business, load movement volume increased due to strong demand for chemicals and needs for securing inventories.
- Selling price is under increasing due to high raw material prices.

Operating profit: 1,326 million yen

(YOY +210 million yen, +18%)

- Overcoming the disruption of logistics and increasing profits thanks to expanding demand.

※New accounting standards about the profit recognition has been applied, sales figure decreased by 658 million yen from calculation in old accounting standard. The comparison for YOY is reference figure as new standard vs old standard.

FY2021 Income Statement

- Net sales were 33,144 million yen (YOY※+5,980百万円, ※+22.0%).
- Gross profit margin improved by 2.5pt (22.9% → 25.3%) thanks to increased factory operation and sales in advanced products.
- Selling, general and administrative expenses increased by only +15%, then operating profit was 4,624 million yen (YOY+1,684 million yen, + 57.3%).

(Million yen)	FY2020	FY2021	Change	%
Net sales	※27,164	33,144	※+5,980	※+22.0%
Cost of sales	20,954	24,754	+3,799	+18.1%
Gross profit	6,209	8,390	+2,180	+35.1%
SG&A expenses	3,270	3,766	+495	+15.2%
Operating profit	2,939	4,624	+1,684	+57.3%
Non-operating income	188	323	+135	+71.5%
Non-operating expenses	145	153	+8	+5.6%
Ordinary profit	2,982	4,794	+1,811	+60.7%
Extraordinary income & losses	△36	△57	—	—
Profit before income taxes	2,945	4,736	+1,791	+60.8%
Income taxes	599	1,279	+679	+113.4%
Profit	2,345	3,457	+1,111	+47.4%

Gross profit: +2,180 million yen
Gross profit margin improved by 2.5pt.

Non-operating income:
+135 million yen
Foreign exchange gain of +215 million yen

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FY2021 Statement of Cash flows

- Operating CF: 5,808 million yen Operating CF increased thanks to increased profit. Working capital also increased temporarily due to a surge in sales and a rise in inventory unit prices.
- Investment CF: △3,415 million yen Continued investment to increase production. This fiscal year decreased due to the completion of a new photosensitive materials plant in the previous fiscal year.
- Financial CF: △ 2,563 million yen Borrowing was reduced by improving FCF.

(Million yen)	FY2020	FY2021	Change
Cash flows from operating activities	4,419	5,808	+1,389
Profit before income taxes	2,945	4,736	+1,791
Depreciation	2,311	2,579	+268
Decrease (increase) in trade receivables (+: decrease)	△732	△ 2,015	△1,283
Decrease (increase) in inventories (+: decrease)	36	△ 1,096	△1,132
Increase (decrease) in trade payables (+: increase)	470	1,526	+1,056
Other	△611	77	+689
Cash flows from investing activities	△5,688	△ 3,415	+2,272
FCF	△1,268	2,392	+3,661
Cash flows from financing activities	1,472	△ 2,563	△4,036
Effect of exchange rate change on cash and cash equivalents	7	56	+49
Net increase (decrease) in cash and cash equivalents	211	△ 113	△325
Cash and cash equivalents	3,382	3,269	△113

Rapid increase in sales and impact of higher raw material prices

FY2021 Balance sheet

- Sales receivables and trade payables increased due to increased sales.
- Inventories increased by 1,096 million yen due to strategic securing stable raw materials.
- Interest-bearing debt decreased by ¥2,168 million due to increased profits.
- Shareholders' equity increased by ¥3,256 million thanks to an increase in net income.
- The equity ratio was 34.3% (YOY +4.9pt).

(Million yen)	Mar. 2021 ended	Mar. 2022 ended	Change	(Million yen)	Mar. 2021 ended	Mar. 2022 ended	Change
Current assets	16,998	19,766	+2,768	Liabilities	30,727	30,824	+96
Cash and deposits	3,794	3,681	△113	Notes and accounts payable – trade	3,470	5,010	+1,540
Notes and accounts receivable – trade	5,386	7,402	+2,015	Interest-bearing debt	19,987	17,819	△2,168
Inventories	6,983	8,080	+1,096	Other	7,269	7,993	+724
Other	833	602	△230				
Fixed assets	26,520	27,119	+599	Net assets	12,790	16,061	+3,270
Property, plant and equipment	24,908	25,376	+468	Shareholders' equity	12,750	16,007	+3,256
Intangible assets	523	511	△11	Valuation and translation adjustments	40	54	+14
Investments and other assets	1,088	1,231	+143				
Total assets	43,518	46,886	+3,367	Liabilities and net assets	43,518	46,886	+3,367

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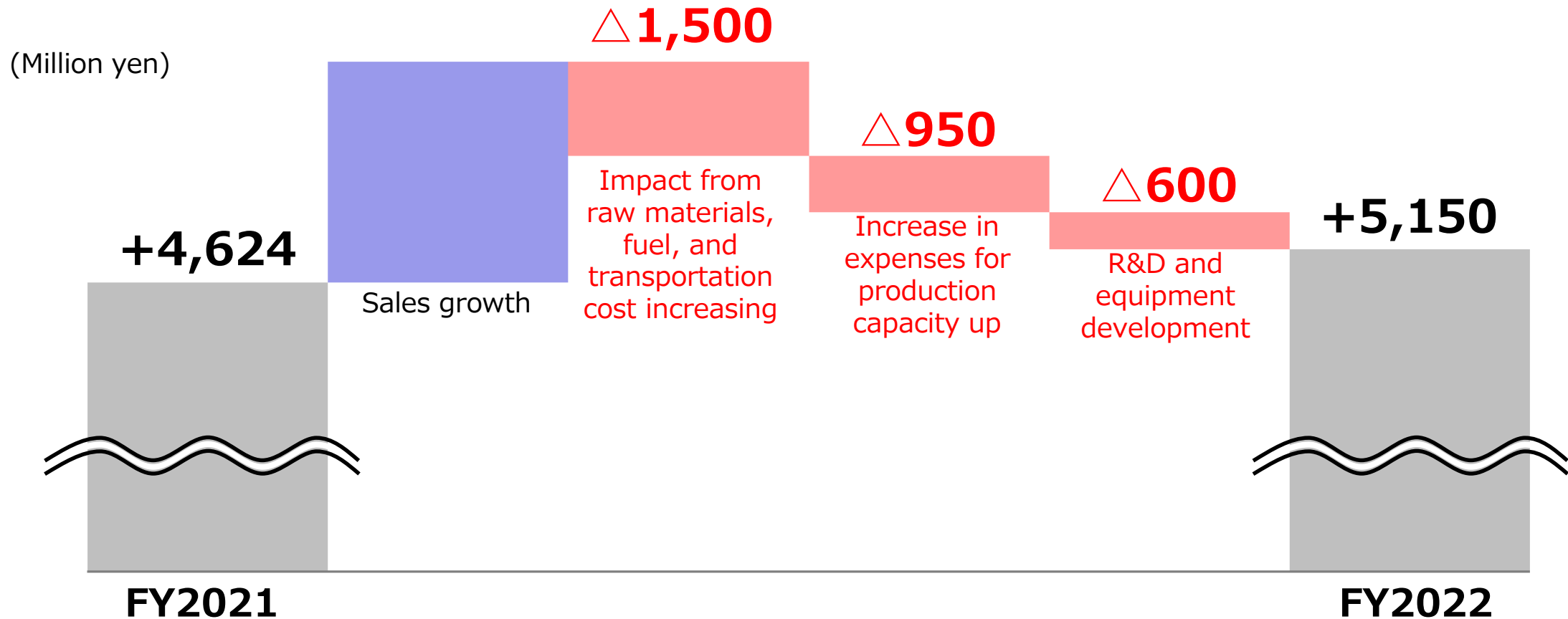
FY 2022 Ending Projection

- While soaring raw materials and fuels, rising prices, interest rate hikes, and depreciation of the yen are accelerating, demand for electronic materials is expected to continue to be strong.
- Both sales and profits are expected to increase in the fiscal year ending March 2023.
- However, it is expected that raw materials and fuels and freight charges will increase by 1,500 million yen, fixed costs for production capacity enhancement will increase by 950 million yen, and R & D as well as engineering process development costs will increase by 600 million yen.

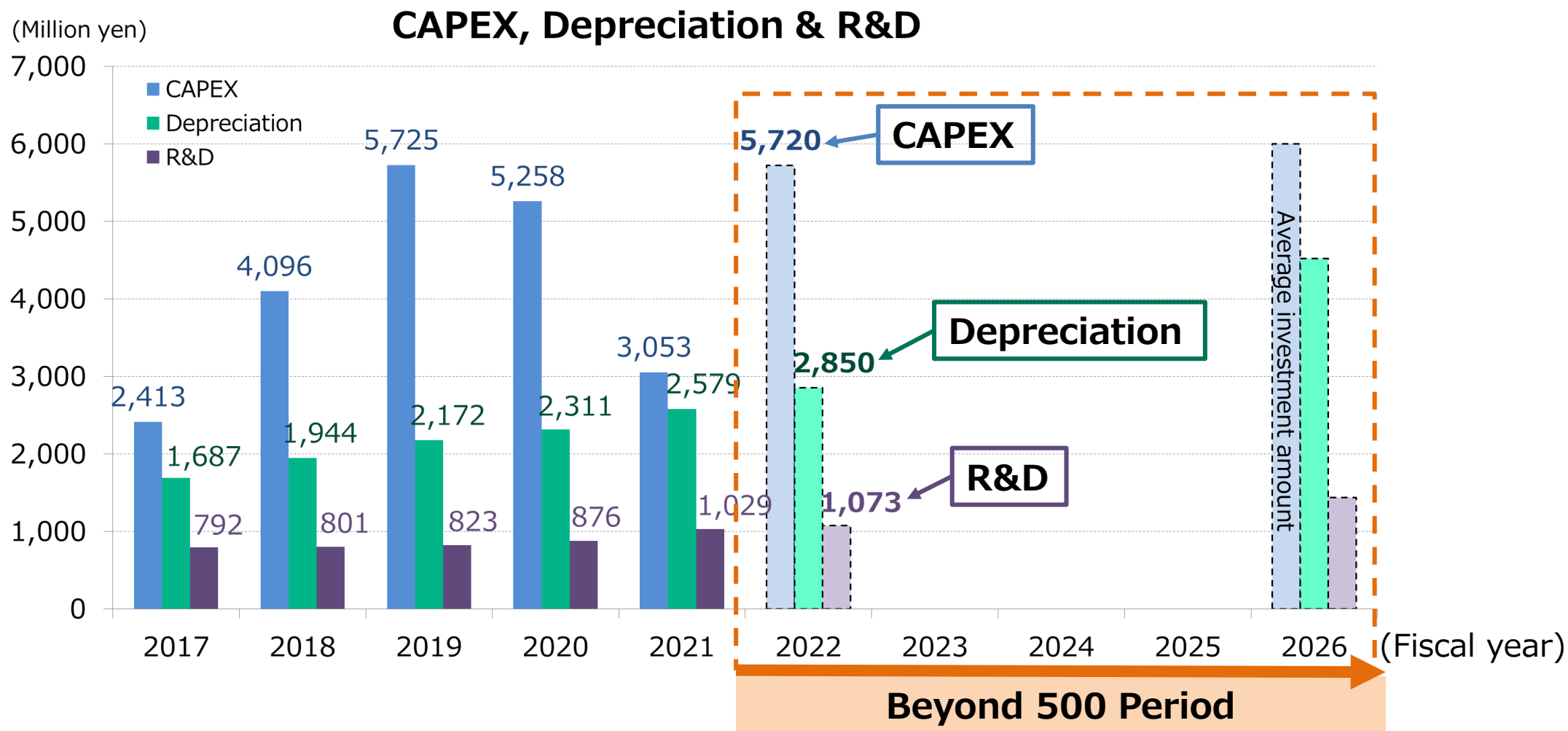
(Million yen)	FY2021 Results	FY2022 Projection	Change	%
Net sales	33,144	40,000	+6,855	+20.7%
Operating profit	4,624	5,150	+525	+11.4%
Ordinary profit	4,794	5,000	+205	+4.3%
Profit	3,457	3,500	+42	+1.2%
EPS	¥435.61	¥440.98	※Foreign Exchange Sensitivity FY2022 Operating profit: 42 million yen depreciation advantage.	
FX Rate	¥112.06/\$	¥125/\$		

Change analysis: Operating profit

- It is expected that raw materials and fuels and freight charges will increase by 1,500 million yen, fixed costs for production capacity enhancement will increase by 950 million yen, and R & D as well as engineering process development costs will increase by 600 million yen.

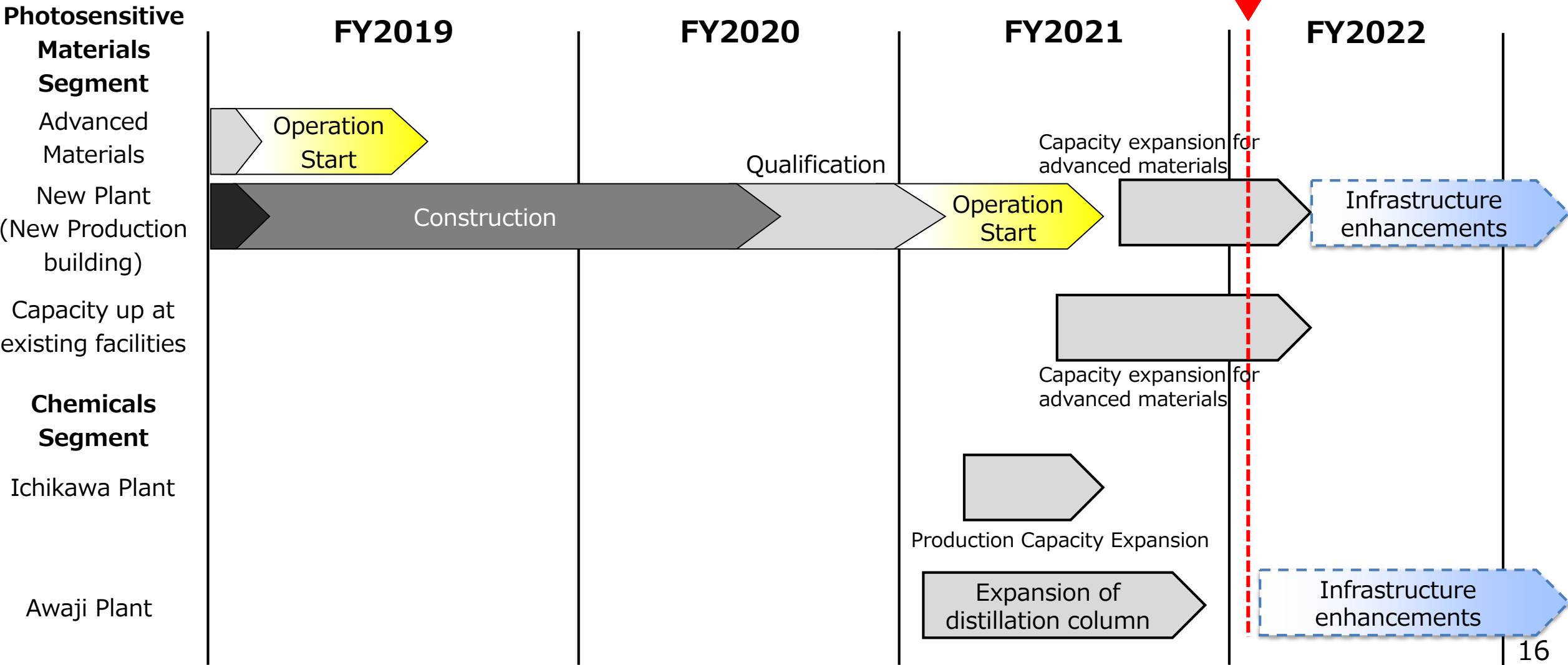


- Capital investment in FY2022 is about 5.7 billion yen as plan.
- In order to respond to the growing demand for electronic materials, the company plans to strengthen its infrastructure.
- R&D continues to strengthen process technology enhancement (Analytical capabilities, Productivity improvement, pilot production capability) to improve productivity and quality.

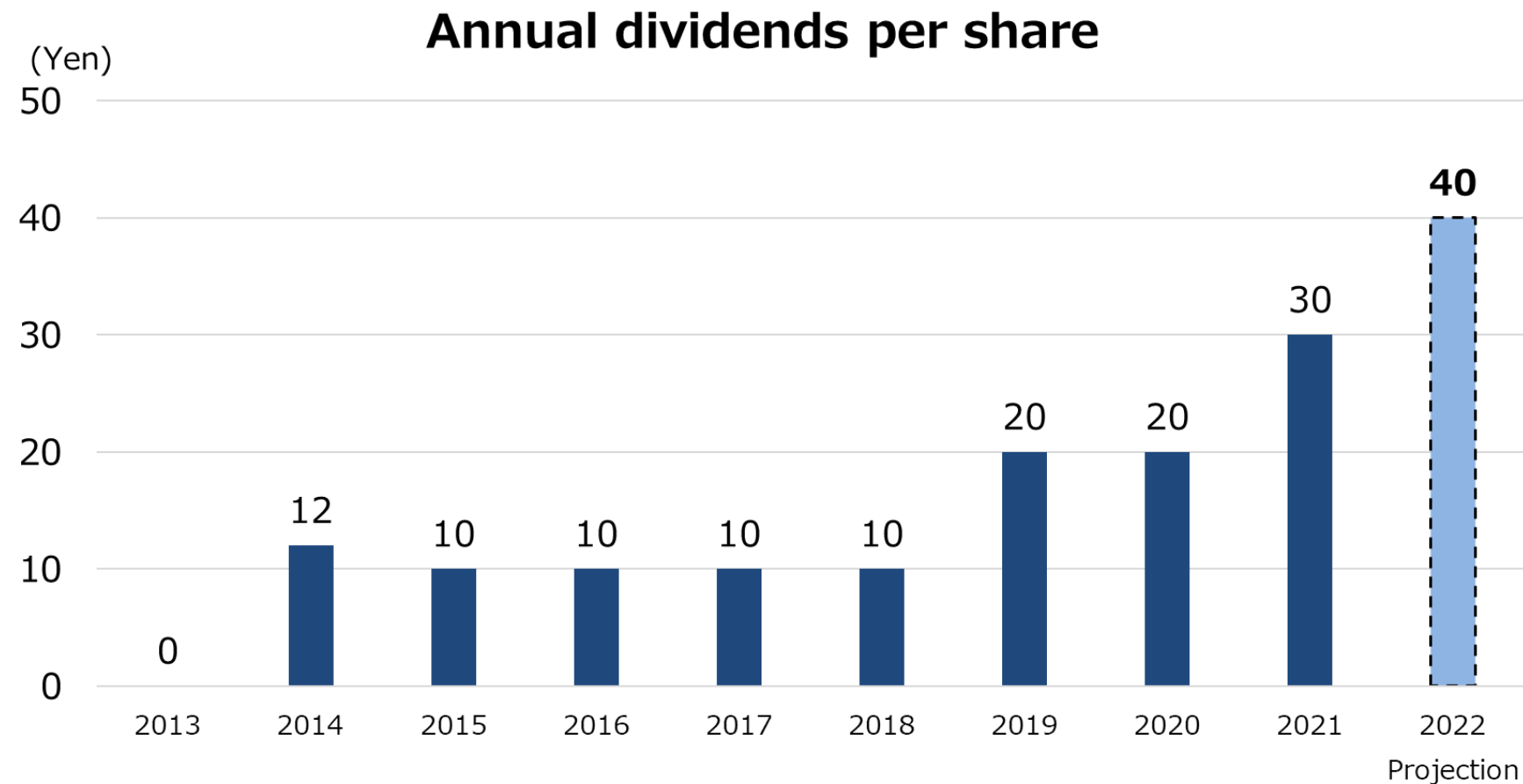


Capacity Up Investment

- In the photosensitive material segment, the facilities for advanced materials have been expanded.
- In the chemical products segment, a new distillation tower was constructed.
- Continue to enhance our facilities and strengthen our stable supply system.



- In FY2022, we plan to increase the annual dividend to 40 yen in line with the plan to increase profits.
- Although it is based on stable dividends, it decides on a shareholder return policy by comprehensively considering growth potential, financial balance, etc.



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Management philosophy

Toyo Gosei Co., Ltd. will conduct business with human resources, creativity and science and technologies at the core to support the growth of human civilization, and grow to increase its contribution.

Guiding principles

1. Make what is needed in the times
2. Making something that other companies cannot make (Global niche top)
3. Research & Development and technology at the core in the business
4. Don't give up, do it simply honestly and sincerely

Management Policy

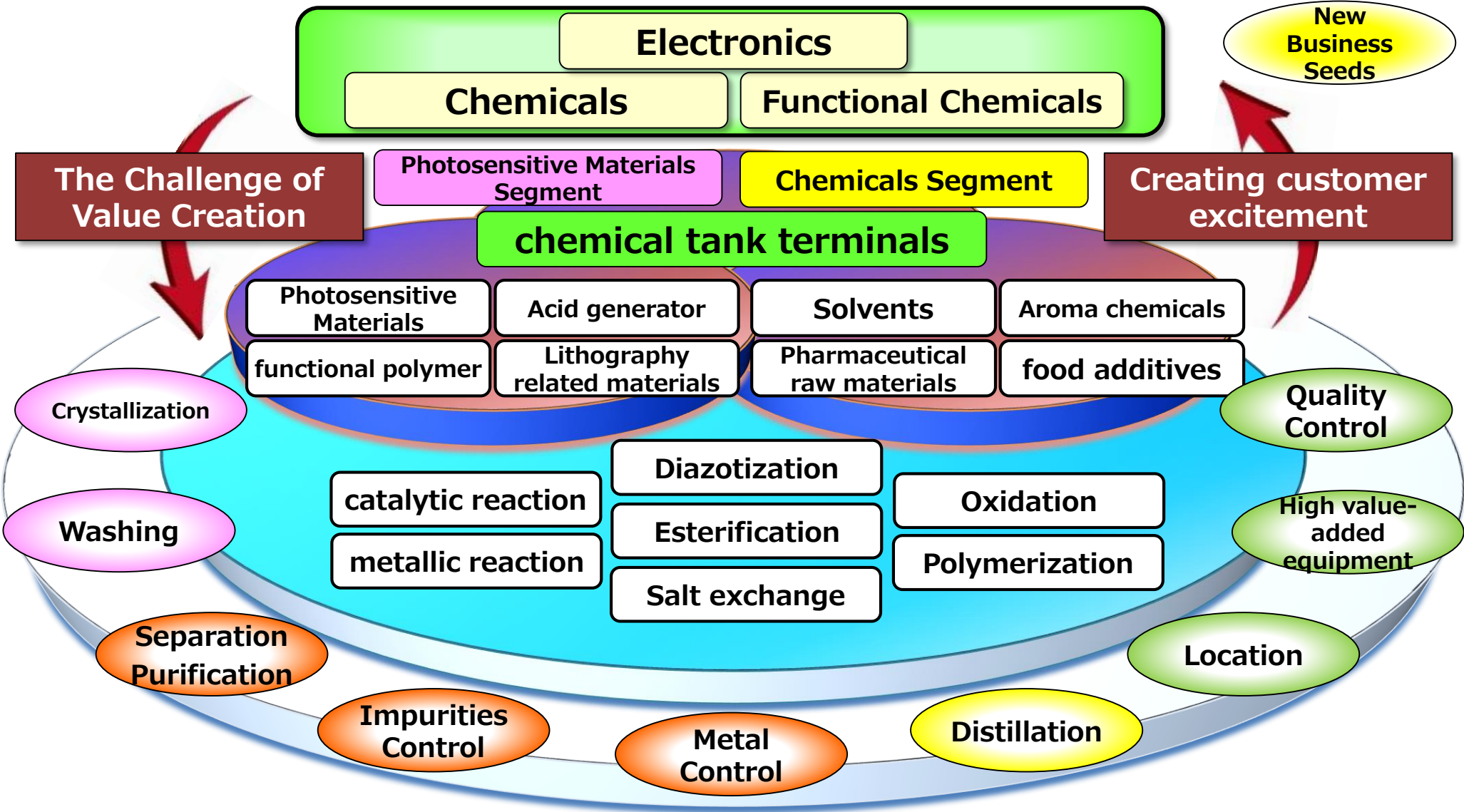
1. Priority is given to safe operation
2. compliance with laws and regulations, honest and fair
3. Provide the world's best materials to the international community
4. Always develop new products, new processes and new services
5. Promote sophistication of production technologies, develop new processes, and win market competition with stable quality
6. Become a leading global company in Japan
7. We will constantly work to develop our abilities throughout the company and demonstrate creativity through personal improvement to contribute to society.

Business definition

- Develop and provide chemicals / services in the fields of IT, medical care, and daily necessities.
- Development of advanced and creative services.
- Strengthen the competitiveness of customers final products

Key to success

- Management for growing people talent
- Business development, customer problem-solving ability
- Proposals centered on research and development
Improve R & D efficiency with marketing and new technologies
- Differentiate with patents, supply chain and production technology
- Fiscal soundness achievement for securing investment capacity for production capacity increase and R & D enhancement



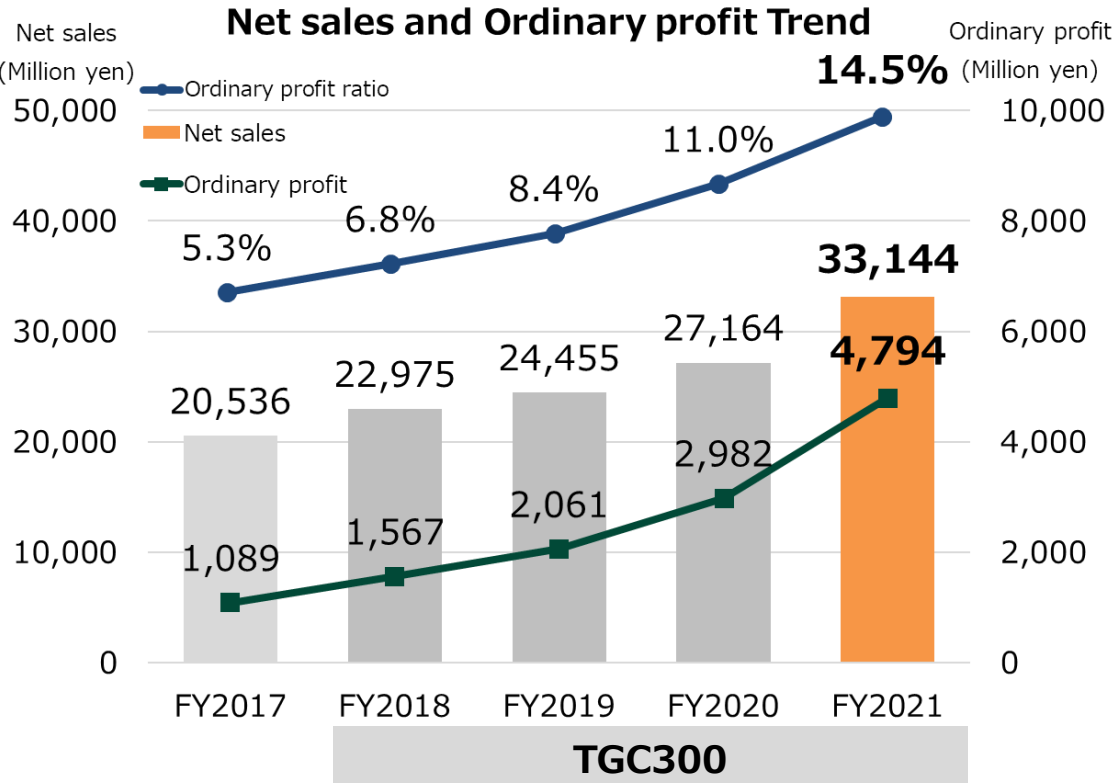
FY2018 - FY2022 Medium-Term Management Plan “TGC300”

Vision

As resolving customer's issues and techincal challeges one by one, TGC become the absolved world No. 1 company with both ultra-high quality and productivity

Numerical Target

Net sales: ¥30 billion or more, Ordinary profit: ¥3 billion or more, Ordinary profit ratio: 10% or more



Progress of measures

Photosensitive Materials Expansion of production capacity

Increased its capacity for advanced photosensitive materials and built a fourth photosensitive materials plant to expand its production capacity.

Chemicals Strengthening Business

- Strengthen the quality and safety supply system of ultra-high purity solvent by adding a new distillation tower.
- Further high added value has been achieved by introducing automation of tank terminals specializing in chemicals.

corporate strategy

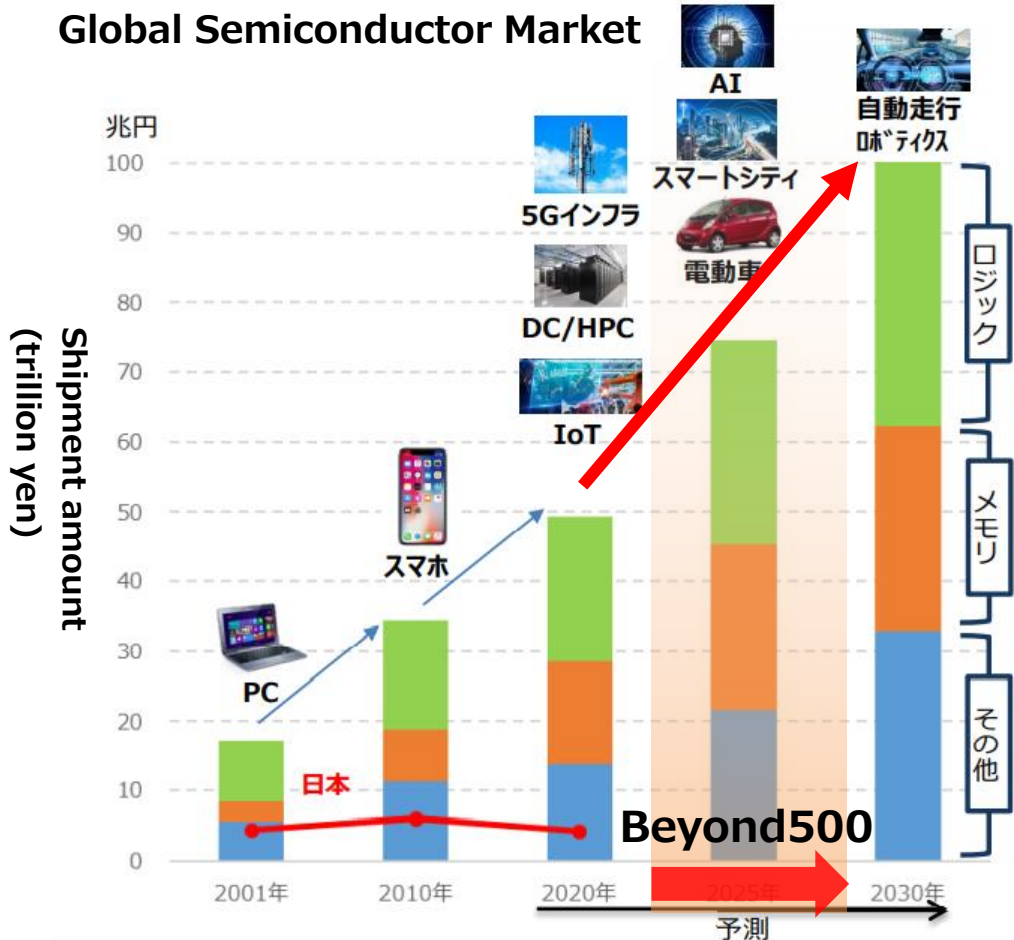
- The strengthening of human resource development and technology strategies is only halfway through due to the impact of the COVID-19.
- Strengthen the governance system in line with the reorganization of the Tokyo Stock Exchange.

➡ Exceeded TGC 300 one year ahead of schedule. The D/E ratio also improved to 1.1.

Market Environment from 2020 to 2030

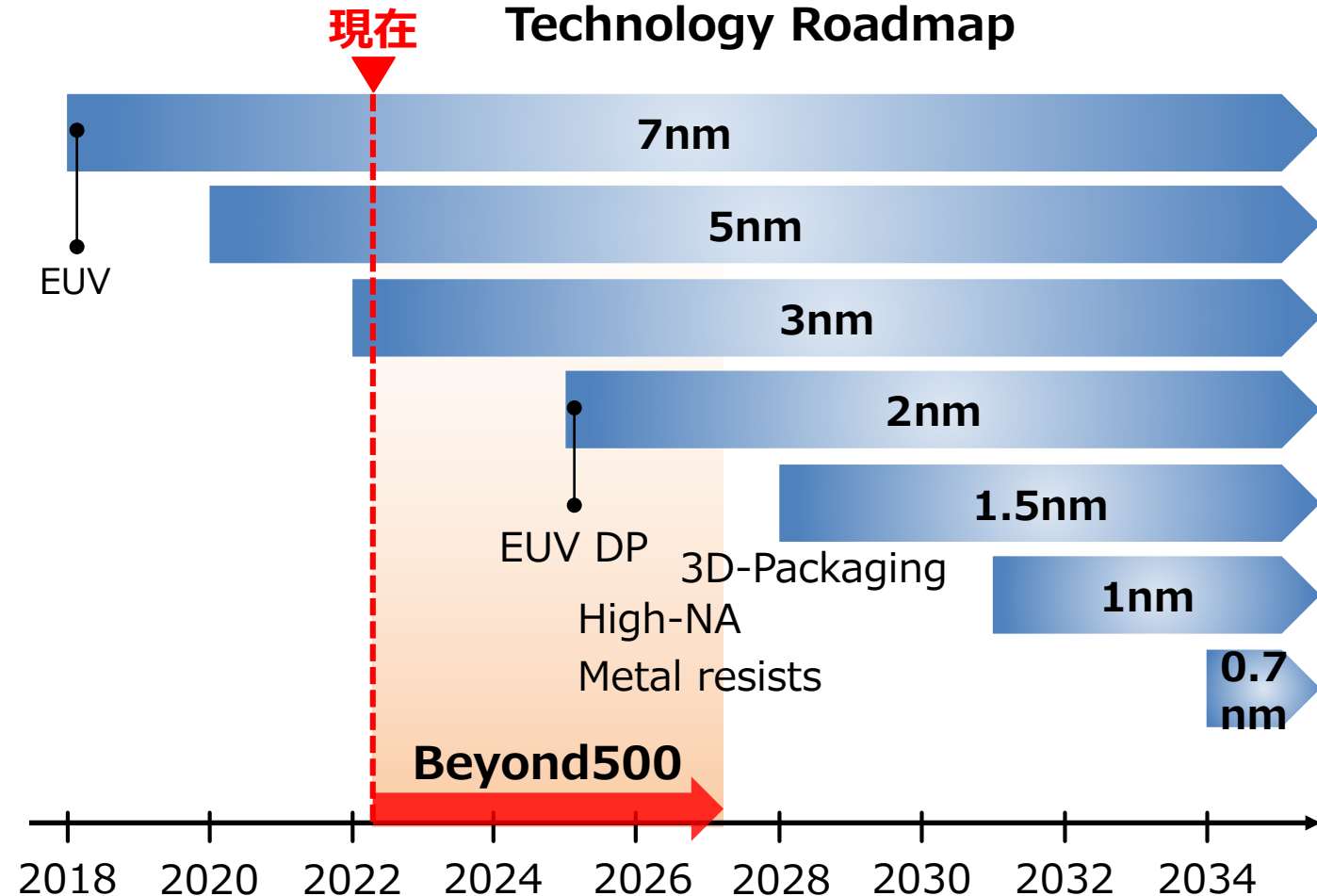
- Semiconductors support the evolution of social infrastructure, and the market is expected to double from 2020 to 2030. Continued growth thereafter.
- With the progress of miniaturization and the spread of new technologies such as next-generation EUV / 3D / metal resist, we will further evolve the solvent / photosensitive material manufacturing technology that we have cultivated for 70 years and support the future evolution of the industry.

Global Semiconductor Market



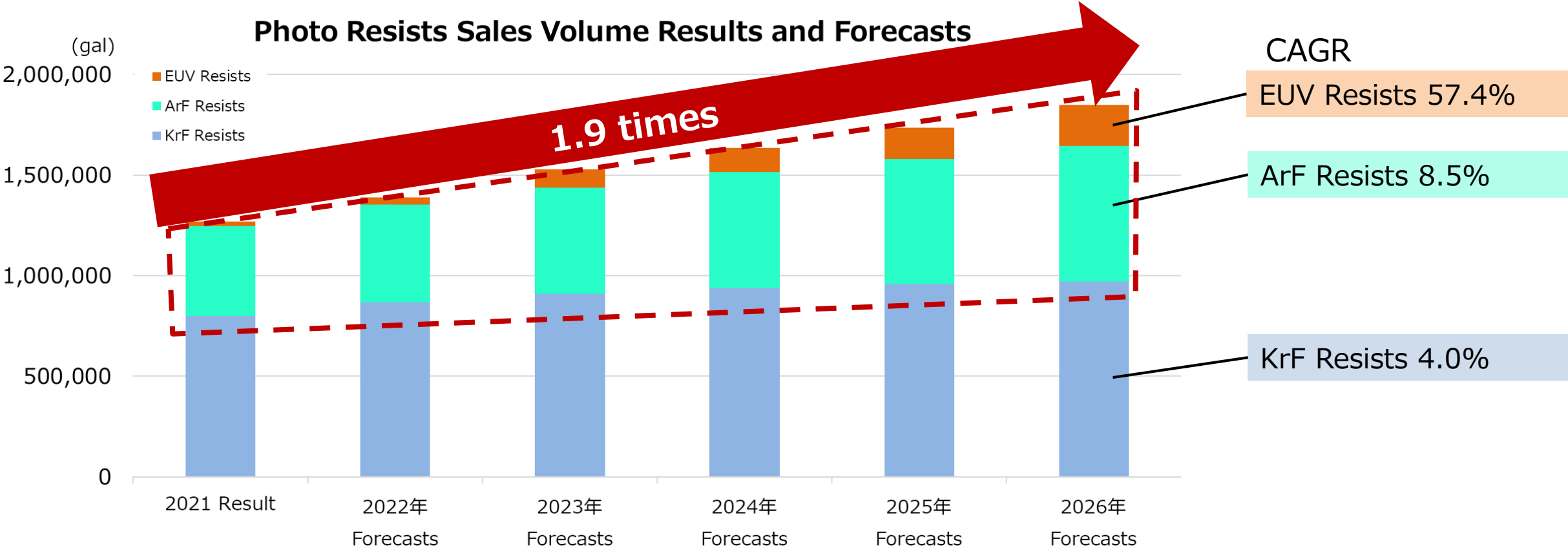
Source: The Ministry of Economy, Trade and Industry (METI)
"Strategy for Semiconductors and the Digital Industry"

Technology Roadmap



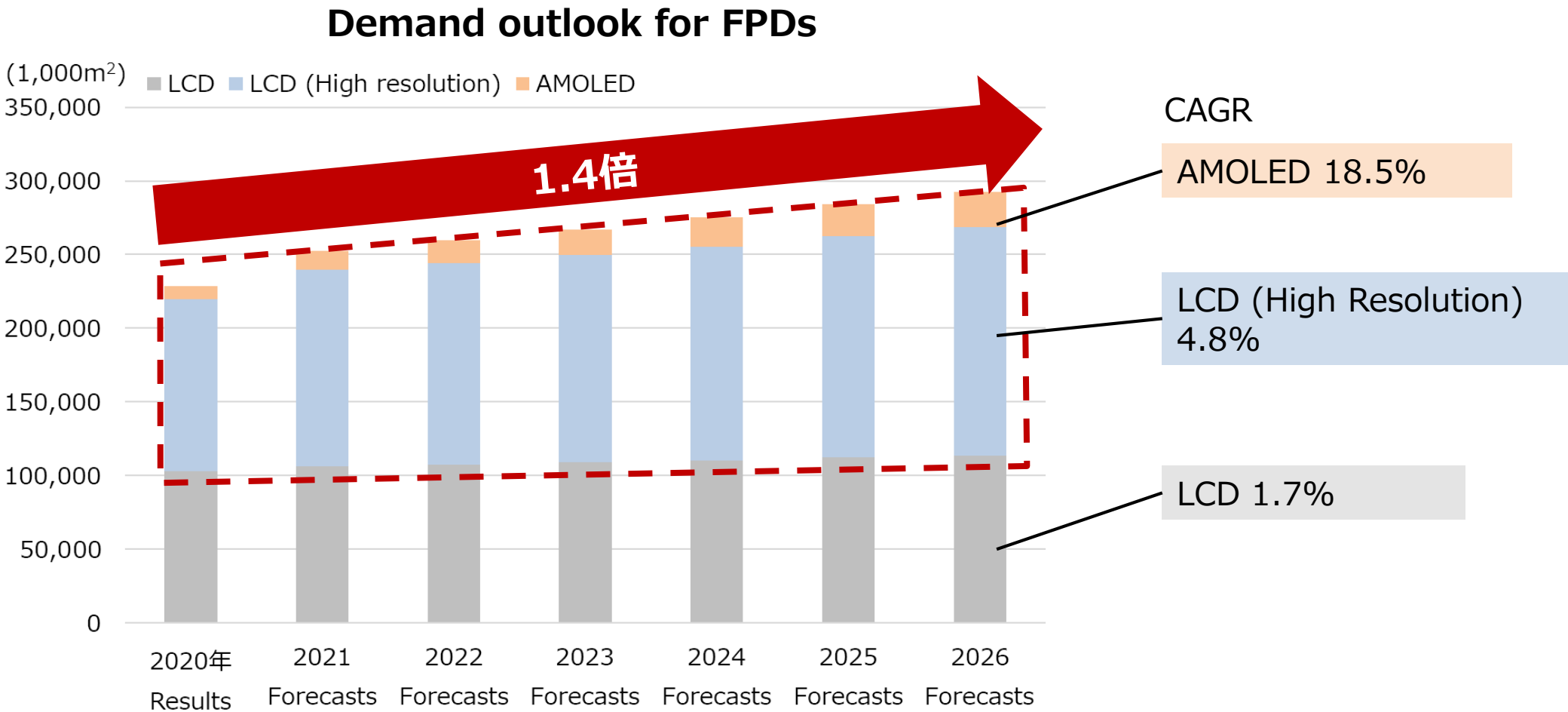
Source: IRDS2020 and Toyo Gosei

- Growth continues in all areas.
- In particular, demand for advanced photoresists (ArF and EUV) is expected to increase 1.9 times from 2021 to 2026.



Source : Fuji Keizai Co., Ltd. and Toyo Gosei

- High resolution display share expansion by large display TV, smart phone with OLED type, 4K&8K TV and etc. contribute demand increase for ultra high purity solvent and photosensitive materials.



Source : Fuji Chimera Research Institute, Inc. and Toyo Gosei

■ Concept

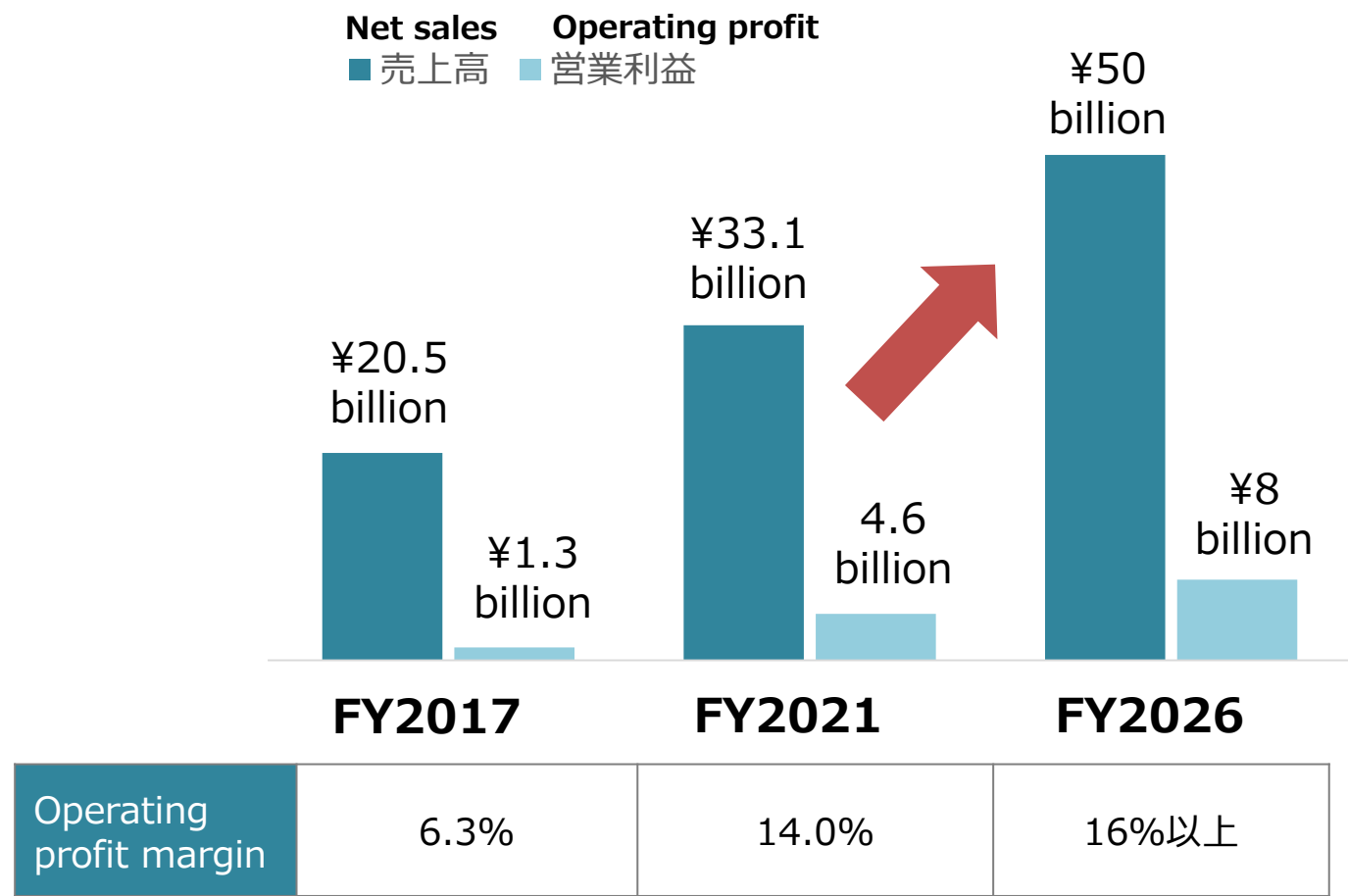
In the field of electronic materials, where demand is expected to grow further in the future, we will further refine the high-purity synthesis that we have cultivated over many years and our refining technology as well as strengthen a stable supply system that meets customer quality, then achieve growth in people, organizations, and businesses. As the result we contribute to the realization of a sustainable decarbonized society as the world's No. 1 DANTOTSU (outstanding) company.

In the future, optimal operation of all devices will be essential for the realization of a sustainable decarbonized society, and it is expected that electronic devices and semiconductors will play a role in future social infrastructure with plans to increase the capacity of real-time networks and utilize AI. Especially in the semiconductor field, market growth is expected to more than double in the next 10 years, strategic investment competition is already accelerating in countries around the world, and supply of many functional materials is expected to expand toward the realization of higher performance electronic devices.

To achieve this, we will further refine the high-purity synthesis and refining technologies that we have cultivated over many years, strengthen the stable supply system that meets the rapidly increasing demand and customer quality, then aim for the three pillars of growth for people, organizations, and businesses.

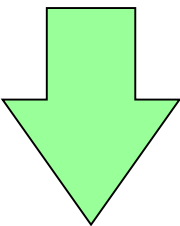
■ Vision

We will create the future by taking each customer issue and technical issue seriously, solving them from an original perspective, then achieving both ultra-high quality as the world's No. 1 DANTOTSU (outstanding) and productivity improvement.



FY2021 Results

- Net sales: ¥30 billion
- Operating profit: ¥4.6 billion (14%)



FY2026 Projection

- Net sales: Over ¥50 billion
- Operating profit: Over ¥8 billion (Over 16%)
- CAPEX: ¥30 billion (Cumulative)

※FX Rate: ¥115/\$

• Strategic business expansion of the photosensitive materials segment

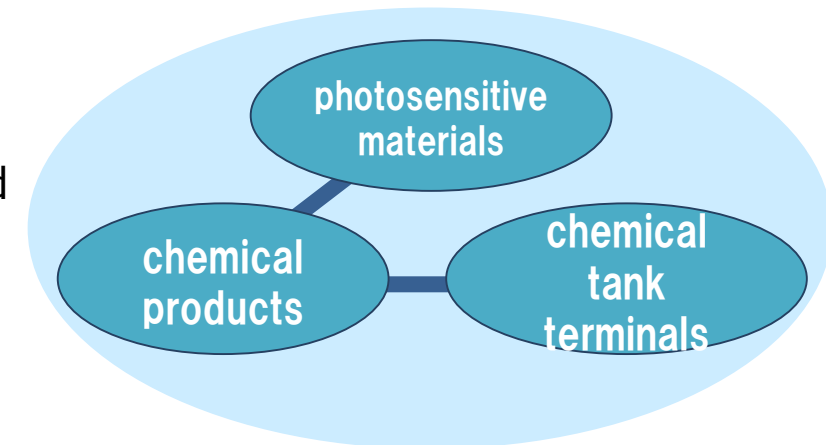
- ✓ Sufficient investment to increase production capacity to meet growing demand.
- ✓ Achieving both ultra-high purity synthesis and productivity improvement that support advanced semiconductors.
- ✓ Strengthen our R & D capabilities to achieve customer quality and contribute to technological innovation in electronic materials.

• Strengthening the business of the chemical products segment

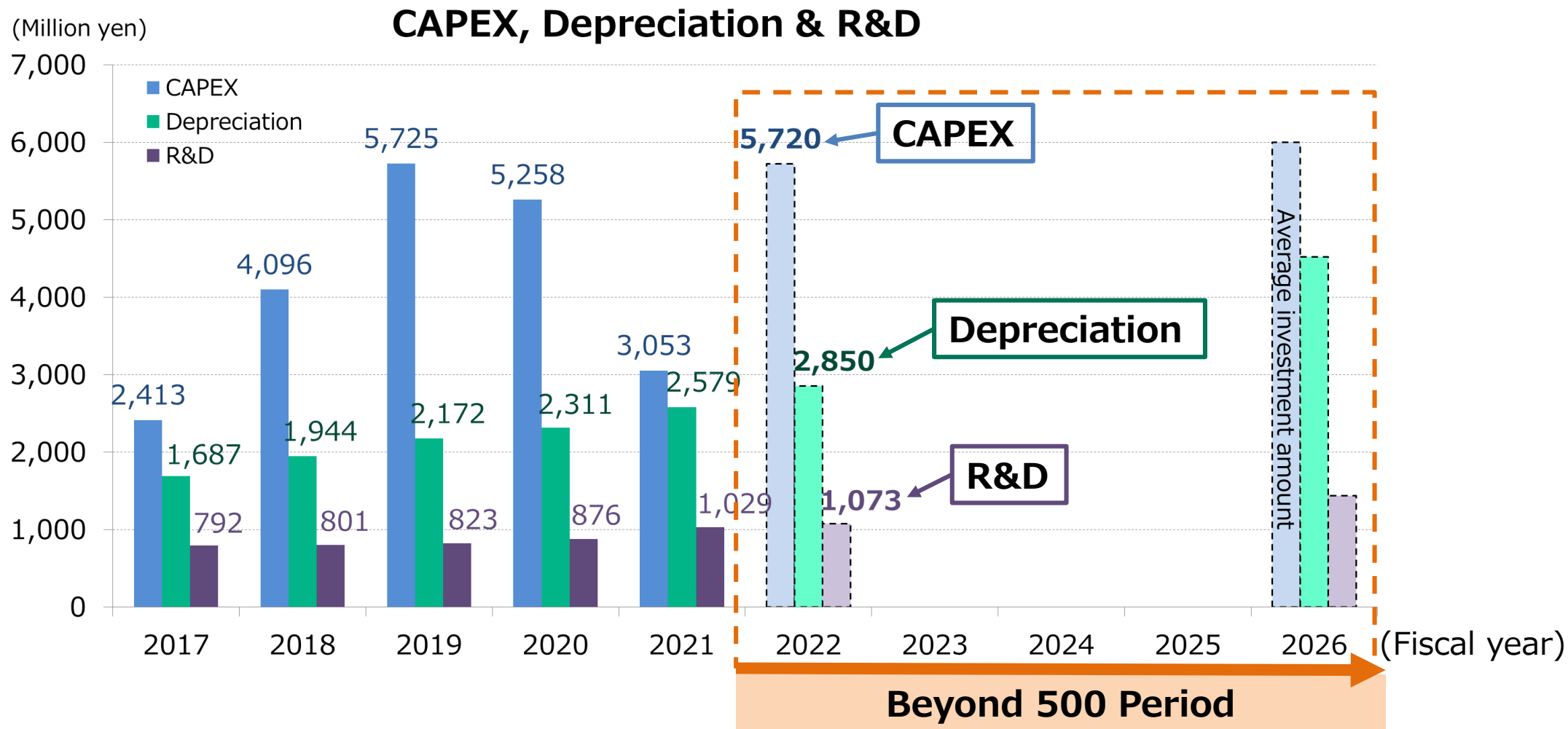
- ✓ Strengthening the quality, development and stable supply system of ultra-high purity solvents for advanced semiconductors.
- ✓ Promote automation at chemical tank terminals and further improve customer satisfaction.

• Strengthening business collaboration

- ✓ In response to the destabilizing supply chain, we strengthen the linkage among the tank terminal business, ultra-high-purity refining capacity and high-purity synthetic capacity to realize a stable supply of functional chemicals and high added value in the supply chain.

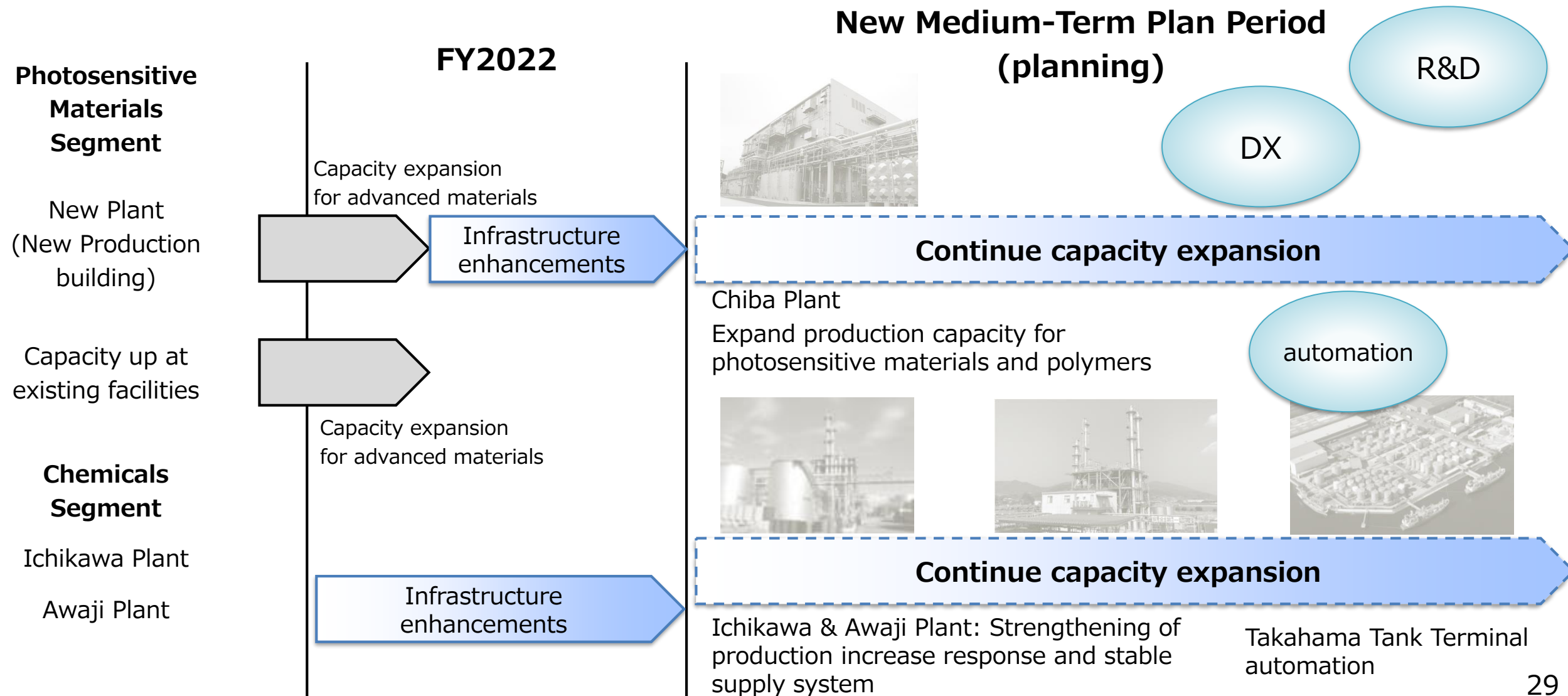


- During the medium-term management plan period, the cumulative amount of capital investment is planned to be 30 billion yen.
- Increased production and capital investment to meet growing demand for semiconductors and electronic materials.
- R&D continues to strengthen process technology enhancement (Analytical capabilities, Productivity improvement, pilot production capability) to improve productivity and quality.



Capacity Up Investment

- In order to meet the growing demand, we will continue to make capital investment and secure a stable supply system.



• Human Resource Development

- ✓ Investment and realization in a fulfilling work environment and human resources development environment for long-term continuous business expansion.
- ✓ Development of organizational functions that enable timely and autonomous decision-making.
- ✓ Fostering next-generation leaders who will lead the business globally.

• Strengthening technology strategy

- ✓ Strengthening and collaborating with R & D and manufacturing technology with the aim of achieving both customer quality and productivity.
- ✓ Real-time visualization of the world's highest-purity manufacturing technology and process control by DX, and improvement of productivity by utilizing it.
- ✓ Exploration of next-generation technologies / development of elemental technologies / enhancement of new business promotion system.

• Strengthening the management base

- ✓ Improvement of safety technology in the supply chain of high-performance materials.
- ✓ Strengthening the financial structure to realize agile capital investment.
- ✓ Realization of environment-friendly energy management and reduction of CO2 intensity.
- ✓ Realization of management that respects regional contribution and diversity.

Individual Development, to the global Chemical



(NB)

The forecasts made in this document contain a variety of uncertain factors since it has been prepared based on judgments from information that is currently available.

Therefore actual business results may differ from those projected, depending on factors and risk such as the economic status of the market surrounding the company, and do not perform any strict promise and guarantee.