



# TOSOH CORPORATION

## NEWS RELEASE

*August 3, 2021*

### **Tosoh Reports First-Quarter Consolidated Results for Fiscal 2022**

**Tokyo, Japan**—Tosoh Corporation is pleased to announce its consolidated results for the first quarter of fiscal 2022, from April 1, 2021, to June 30, 2021. The company's consolidated net sales totaled ¥201.2 billion (US\$1.8 billion), up ¥44.7 billion, or 28.5%, compared with consolidated net sales in the first quarter of fiscal 2021. The increase was attributable to higher selling prices due to increases in prices of raw materials and fuels such as naphtha and to improved conditions in overseas markets.

Operating income also increased, ¥31.0 billion, compared with operating income in the same period the preceding year, to a surplus of ¥30.1 billion (US\$274.9 million). The increase resulted from improved terms of trade as the impact of higher raw material and fuel costs was outweighed by higher selling prices. A decrease in foreign exchange losses resulting from a weaker yen led to an increase in ordinary income of ¥32.6 billion compared with the first quarter of fiscal 2021, to a total of ¥32.1 billion (US\$293.2 million). And net profit attributable to owners of the parent company increased ¥23.7 billion, resulting in a surplus of ¥21.7 billion (US\$198.2 million).

During the first quarter of the current fiscal year (April 1, 2021, to June 30, 2021), expectations for the normalization of economic activities in Japan heightened with the progress of vaccinations against coronavirus infections. The future of the Japanese economy remains uncertain, though, due to the recent spread of infections caused by coronavirus variants. And although economic activities on a global scale are on a recovery track, especially in developed countries where vaccination is progressing, there are regional differences in the recovery of demand due to the relaxation of restrictions on economic activities and economic measures. As a result, the future outlook is difficult to forecast.

### **Results by business segment**

#### **Petrochemical Group**

Petrochemical Group net sales rose ¥18.1 billion, or 77.3%, to ¥41.5 billion (US\$379.0 million), compared with group net sales in the first quarter of fiscal 2021. Operating income likewise increased, ¥7.8 billion, resulting in a surplus of ¥4.7 billion (US\$42.9 million). This increase was driven by an increase in shipments of a wide range of products, improved terms of trade primarily for olefin products, and an improvement in the difference between product receipts and payments due to higher prices for raw materials such as naphtha.

Shipments of olefin products, such as ethylene and propylene, increased due to a rise in production volume in line with this not being a scheduled maintenance year. Moreover, product prices rose, driven by higher prices for raw materials and fuels such as naphtha and improved terms of trade in overseas markets.



Shipments of polyethylene resin increased to both domestic and overseas markets, and exports of chloroprene rubber—particularly to Asia—increased, buoyed by a recovery in demand following the decline caused by the spread of the coronavirus.

## **Chlor-alkali Group**

The Chlor-alkali Group's first-quarter 2022 net sales increased ¥16.5 billion, or 28.6%, to ¥74.0 billion (US\$675.8 million). The group's operating income also rose, ¥16.6 billion, resulting in a surplus of ¥11.7 billion (US\$106.8 million). The increase in operating income was attributable to improved terms of trade for polyvinyl chloride (PVC) products and urethane raw materials.

Shipments of caustic soda, vinyl chloride monomer (VCM), and PVC resin fell due to a decrease in production volume. And PVC product prices increased, reflecting rising naphtha prices and improved terms of trade in overseas markets.

Domestic shipments of cement were steady, while exports decreased.

Domestic and export shipments of methylene diphenyl diisocyanate (MDI) increased in line with a recovery in demand following the decline caused by the spread of the coronavirus. Furthermore, product prices increased, reflecting the rise in overseas market prices. Both domestic and export shipments of hexamethylene diisocyanate (HDI), which is used primarily in urethane coatings, increased due to the recovery in demand which had been suppressed by the spread of the coronavirus.

## **Specialty Group**

First-quarter fiscal 2022 net sales by the Specialty Group increased ¥8.6 billion, or 19.3%, to ¥53.3 billion (US\$486.8 million), compared with group net sales in the same period of the previous fiscal year. The group's operating income likewise rose, ¥6.5 billion, or 129.9%, to ¥11.4 billion (US\$104.1 million), driven by increased sales volume due to the recovery in demand.

Both domestic and export shipments of ethyleneamines increased in line with the recovery in demand which had been sluggish due to the spread of the coronavirus. Moreover, export prices rose, driven by higher product prices due to improved terms of trade in overseas markets.

Shipments primarily to the United States of separation-related packing materials for liquid chromatography increased. With regard to diagnostic-related products, a recovery in demand which had been suppressed by the spread of the coronavirus drove an increase in shipments—mainly domestically and to China—of in vitro diagnostic reagents.

Exports of high-silica zeolites (HSZ), primarily used in automotive exhaust catalysts, increased because of the recovery in demand which had been sluggish due to the spread of the coronavirus. Shipments of zirconia remained essentially the same as the corresponding period in fiscal 2021. Shipments of quartz glass, buoyed by a solid semiconductor market, also remained largely unchanged from the same period in the previous fiscal year. And exports of electrolytic manganese dioxide, used mainly for dry-cell batteries, increased.

## **Engineering Group**

Engineering Group net sales for the first quarter of fiscal 2022 increased ¥2.4 billion, or 11.7%, to ¥23.4 billion (US\$213.7 million). Operating income likewise increased, ¥200 million, or 13.1%, to ¥1.8 billion (US\$16.4 million).



The Engineering Group's water treatment business saw an increase in net sales during the period under review. The increase was attributable to significant construction progress made on large-scale electronics industry projects for which orders had been received during the previous fiscal year, and to an increase in orders received overseas.

Sales, however, by the group's construction subsidiaries decreased.

## Ancillary

Ancillary net sales fell ¥1.0 billion, or 9.5%, to ¥9.0 billion (US\$82.2 million). Ancillary operating income also decreased, ¥2.2 million (0.4%), to ¥600 million (US\$5.5 million). Net sales of other operating companies such as trading companies decreased.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥109.5 = US\$1, the average exchange rate during the period under review.

## Summary of Financial Results

In light of recent trends in business performance, Tosoh Corporation has revised the fiscal year 2022 consolidated financial results it forecasted on May 11, 2021.

### Revised first-half consolidated financial results for fiscal year 2022 (April 1, 2021, to September 30, 2021)

|   | Net Sales    | Operating Income | Ordinary Income | Profit Attributable to Owners of the Parent Company | Earnings per Share (yen) |
|---|--------------|------------------|-----------------|---|--------------------------|
| Previous forecast (A)   | ¥400 billion | ¥47 billion      | ¥45 billion     | ¥29 billion   | 91.15                    |
| Revised forecast (B)  | ¥420 billion | ¥60 billion      | ¥62 billion     | ¥40 billion   | 125.73                   |
| Difference (B – A)  | ¥20 billion  | ¥13 billion      | ¥17 billion     | ¥11 billion   |                          |
| % Difference  | 5.0          | 27.7             | 37.8            | 37.9  |                          |
| Reference: FY 2021 first-half performance (first half of year ended March 2021) | ¥328 billion | ¥18 billion      | ¥18 billion     | ¥12 billion   | 36.48                    |

### Revised full-year consolidated financial results for fiscal year 2022 (April 1, 2021, to March 31, 2022)

|  | Net Sales    | Operating Income | Ordinary Income | Profit Attributable to Owners of the Parent Company | Earnings per Share (yen) |
|--|--------------|------------------|-----------------|---|--------------------------|
| Previous forecast (A)                                  | ¥800 billion | ¥93 billion      | ¥92 billion     | ¥60 billion   | 188.59                   |
| Revised forecast (B)                                   | ¥820 billion | ¥106 billion     | ¥109 billion    | ¥71 billion   | 223.17                   |
| Difference (B – A)                                     | ¥20 billion  | ¥13 billion      | ¥17 billion     | ¥11 billion   |                          |
| % Difference   | 2.5          | 14.0             | 18.5            | 18.3  |                          |
| Reference: FY 2021 performance (Year ended March 2021) | ¥733 billion | ¥88 billion      | ¥95 billion     | ¥63 billion   | 197.89                   |

For more details, please refer to the "Tosoh's Revised Fiscal 2022 Consolidated Results Forecast" news release dated August 3, 2021.



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### **Who We Are**

Tosoh Corporation is the parent of the Tosoh Group, which comprises over 100 companies worldwide and a multiethnic workforce of over 12,000 people and generated net sales of ¥732.9 billion (US\$6.9 billion at the average rate of ¥106.1 to the US dollar) in fiscal 2021, ended March 31, 2021.

### **What We Do**

Tosoh is one of the largest chlor-alkali manufacturers in Asia. The company supplies the plastic resins and an array of the basic chemicals that support modern life. Tosoh's petrochemical operations supply ethylene, polyethylene, and functional polymers, while its advanced materials business serves the global semiconductor, display, and solar industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the monitoring of life-threatening diseases. In addition, Tosoh demonstrates its commitment to a sustainable future in part by manufacturing a variety of eco-products.

Stock Exchange Ticker Symbol: 4042

### **DISCLAIMER**

This document may contain forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. Forward-looking statements are identified through the use of the word anticipates and other words of similar meaning. Actual results may differ significantly from the results expressed in forward-looking statements.