



# TOSOH CORPORATION

## NEWS RELEASE

*November 2, 2021*

### **Tosoh Reports on its First-Half Consolidated Results for Fiscal 2022**

**Tokyo, Japan**—Tosoh Corporation is pleased to announce its consolidated results for the first half of fiscal 2022, from April 1, 2021, to September 30, 2021.

The company's consolidated net sales totaled ¥428.5 billion (US\$3.9 billion), an increase of ¥100.0 billion (30.5%) from the same period a year earlier. The increase was attributable to a rise in selling prices resulting from higher costs of raw materials and fuels such as naphtha and rising overseas product markets, and an increase in sales volume resulting from a recovery in demand.

Operating income was ¥65.3 billion (US\$594.7 million), an increase of ¥47.7 billion (270.2%) from the same period the preceding year. Higher selling prices exceeding the impact of higher raw material and fuel prices resulted in improved terms of trade, contributing to the increase.

Ordinary income was ¥69.0 billion (US\$628.4 million), an increase of ¥51.0 billion (283.6%) compared with the same period the preceding year. Profit attributable to owners of the parent company totaled ¥46.0 billion (US\$418.9 million), an increase of ¥34.3 billion (293.0%) over the same term the previous year.

During the period under review, the Japanese economy continued to be severely impacted by the spread of the coronavirus. The outlook remained uncertain as signs of economic recovery continued in the background of increased exports and capital investment on the one hand, meanwhile, social and economic activities were restricted due to concerns about the re-emergence of infections even as vaccination progressed. As for the global economy, restrictions on economic activities have been gradually eased—especially in developed countries where vaccination is progressing—and demand is showing signs of recovering. However, the waves of the coronavirus infections have been intermittent and it remains difficult to predict when economic activities may resume full scale.

### **Results by Business Segment**

#### **Petrochemical Group**

Petrochemical Group net sales increased 58.2%, or ¥32.3 billion, to ¥87.7 billion (US\$798.7 million) compared with the same period the preceding year. The group's operating income increased ¥9.1 billion to ¥8.6 billion (US\$78.3 million). Increased shipments of a wide range of products and an improvement in the difference between product receipt and payment due to higher prices for naphtha and other raw materials contributed to the increase in operating income.



Shipments of propylene and cumene increased on the back of increased production volume due to this being a non-maintenance year. In addition, higher prices for raw materials and fuels such as naphtha and higher prices in overseas markets led to the increase in product prices.

Shipments of polyethylene resin increased in both domestic and export markets due to a recovery in demand. Moreover, product prices increased, reflecting the rise in naphtha prices and improved overseas market conditions. Exports of chloroprene rubber, primarily to Asia, increased in line with the recovery in demand.

## **Chlor-alkali Group**

The Chlor-alkali Group's net sales increased 34.5%, or ¥41.1 billion, to ¥160.1 billion (US\$1.5 billion). The group's operating income likewise increased, ¥27.2 billion, to ¥28.1 billion (US\$255.9 million) due to improved trading conditions for PVC products and urethane raw materials.

A decline in production volume due to 2021 being a planned maintenance year\* led to a decrease in shipments of caustic soda. Meanwhile, product prices increased, reflecting the rise in overseas market prices. Shipments of vinyl chloride monomer (VCM) and PVC resin both decreased in line with a decrease in production volume. However, product prices for vinyl chloride products increased, reflecting the rise in naphtha prices and product prices in overseas markets.

Both domestic and export shipments of cement remained strong.

Shipments of methylene diphenyl diisocyanate (MDI) increased in domestic and export markets due to a recovery in demand and stable operations at production subsidiaries in China. Moreover, product prices increased, reflecting the rise in overseas market prices. Shipments of hexamethylene diisocyanate (HDI) hardeners increased in Japan and overseas due to a recovery in demand. And product prices likewise increased, reflecting the rise in overseas market prices.

## **Specialty Group**

Compared with the same period the preceding year, Specialty Group net sales increased 26.8%, or ¥23.3 billion, to ¥110.0 billion (US\$1.0 billion). The group's operating income also increased, 96.5%, or ¥10.9 billion, to ¥22.2 billion (US\$202.2 million). The increases in net sales and operating income resulted mainly from increased sales volume driven by the recovery in demand.

The recovery in demand led to an increase in ethyleneamines domestic and export shipments. And higher prices in overseas markets resulted in increased product prices.

Among the Specialty Group's separation media-related products, shipments of packing materials for liquid chromatography increased to Europe, the United States, and China. Diagnostic-related product shipments of in vitro diagnostic products increased in Japan, Europe, the U.S., and Asia due to a recovery in demand.

Shipments of high-silica zeolites—mainly for use in automobile exhaust gas catalyst applications—and shipments of zirconia for use in dental applications both increased due to a recovery in demand. The expansion of demand in the semiconductor market led to increased



shipments of quartz glass. And shipments of electrolytic manganese dioxide, mainly for dry-cell applications, increased.

## **Engineering Group**

Engineering Group net sales increased ¥4.9 billion, or 10.3%, to ¥52.8 billion (US\$480.9 million) compared with the same period the preceding year. Operating income also increased by ¥500 million, or 11.8%, to ¥5.0 billion (US\$45.5 million).

Sales in the water treatment business grew due to steady progress in large-scale project construction in Japan and overseas, primarily for the electronics industry.

Sales by the Engineering Group's construction subsidiaries increased.

## **Ancillary**

Ancillary net sales fell ¥1.4 billion, or 7.5%, to ¥18.0 billion (US\$163.9 million) compared with the same period a year earlier, while operating income increased by ¥20 million, or 1.4%, to ¥1.4 billion (US\$12.8 million).

Sales at trading and other companies declined during the period under review.

## **Summary of Financial Position**

Explanation concerning forecast information such as consolidated performance forecast

Domestic and overseas economies, which had been stagnant due to the effects of the coronavirus, are expected to enter a full-fledged recovery phase. Progress in vaccination and the associated easing of economic and social activities restrictions are seen contributing to this recovery. Meanwhile, the future of the economy remains uncertain, as there are concerns about headwinds to the economic recovery, such as disruptions in the global supply chain including semiconductors, soaring prices of crude oil, coal, and other resources, and the economic slowdown in China.

Amidst these circumstances, Tosoh will strive to secure profits by responding quickly and flexibly to changes in the business environment, paying attention to trends in raw material and fuel prices, overseas product markets, and exchange rates—which fluctuate due to various factors—while also monitoring the normalization of the coronavirus situation in Japan and overseas.

Tosoh Corporation has revised its full-year forecasts announced on August 3, 2021. Assumptions for the second half of the fiscal year are based on a domestic naphtha price of ¥60,000/kiloliter and an exchange rate of ¥110/US\$.



	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of the Parent Company	Earnings Per Share (yen)
Previous forecast (A)	¥820 billion	¥106 billion	¥109 billion	¥71 billion	223.17
Revised forecast (B)	¥890 billion	¥116 billion	¥121 billion	¥80 billion	251.44
Difference (B – A)	¥70 billion	¥10 billion	¥12 billion	¥9 billion	
% difference	8.5%	9.4%	11.0%	12.7%	
Reference: FY 2021 performance (year ended March 2021)	¥733 billion	¥88 billion	¥95 billion	¥63 billion	197.89

For details, please refer to “Tosoh Revises Fiscal 2022 Consolidated Results Forecast,” released on the same day as this release.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥109.8=US\$1, the average exchange rate during the period under review.

*\*Each year, one of Tosoh’s Nanyo and Yokkaichi Complexes shut down temporarily for cleaning and maintenance with 2021 being a planned maintenance year for Nanyo Complex’s chlor-alkali related plants which will be followed next year by Yokkaichi Complex’s petrochemical related plants.*

## TOSOH CORPORATION

### 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. It 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



**TOSOH CORPORATION**

## 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.

**Summary of First-Half Consolidated Business Results for Fiscal Year 2022**  
**(April 1, 2021–September 30, 2021)**

November 2, 2021

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	FY 2021 1H (04.01.20–09.30.20) (Actual)	FY 2022 1H (04.01.21–09.30.21) (Actual)	Difference	FY 2021 (04.01.20–03.31.21) (Actual)	FY 2022 (04.01.21–03.31.22) (Forecast)	Difference
Net sales	328.5	428.5	100.0	732.9	890.0	157.1
Operating income	17.6	65.3	47.7	87.8	116.0	28.2
Ordinary income	18.0	69.0	51.0	95.1	121.0	25.9
Profit attributable to owners of the parent	11.7	46.0	34.3	63.3	80.0	16.7
Earnings per share (¥)	36.48	144.68	108.20	197.89	251.44	53.55

(b) Business and Financial Fundamentals

(¥ Billions)

	FY 2021 1H (04.01.20–09.30.20) (Actual)	FY 2022 1H (04.01.21–09.30.21) (Actual)	Difference	FY 2021 (04.01.20–03.31.21) (Actual)	FY 2022 (04.01.21–03.31.22) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	106.9	109.8	2.9	106.1	109.9	3.8
Exchange rate (¥/EUR) Average TTM	121.3	130.9	9.6	123.8	130.4	6.6
Domestic standard naphtha price (¥/kl)	27,550	50,550	23,000	31,300	55,275	23,975
Capital expenditures	27.1	23.5	(3.6)	50.6	51.0	0.4
Depreciation and amortization	18.5	18.0	(0.5)	37.5	38.0	0.5
R&D expenses	9.6	9.9	0.3	19.5	20.0	0.5
Interest-bearing liabilities	156.9	122.5	(34.4)	126.5	89.0	(37.5)
Net financing expenses	0.4	0.8	0.4	0.4	0.8	0.4
Equity ratio ( % )	61.0	64.2	3.2	62.6	65.0	2.4
Number of employees	13,656	14,068	412	13,631	14,100	469

Topics

June 2021

Increased production capacity of chloroprene rubber (CR)

Winter FY2023

Increase production capacity of Bromine

## (c) Net Sales and Operating Income by Business Segment

(¥ Billions)

		FY 2021 1H (04.01.20–09.30.20) (Actual)	FY 2022 1H (04.01.21–09.30.21) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	55.4	87.7	32.3	0.3	32.0	-
	Operating income	(0.5)	8.6	9.1	3.8	(1.3)	6.6
Chlor-alkali Group	Net sales	119.0	160.1	41.1	0.7	40.4	-
	Operating income	0.9	28.1	27.2	0.3	18.4	8.5
Specialty Group	Net sales	86.7	110.0	23.3	18.4	4.9	-
	Operating income	11.3	22.2	10.9	9.6	3.7	(2.4)
Engineering Group	Net sales	47.9	52.8	4.9	4.0	0.9	-
	Operating income	4.5	5.0	0.5	0.5	0.0	0.0
Other	Net sales	19.4	18.0	(1.4)	(1.8)	0.4	-
	Operating income	1.4	1.4	0.0	0.0	0.0	0.0
Total	Net sales	328.5	428.5	100.0	21.7	78.3	-
	Operating income	17.6	65.3	47.7	14.3	20.7	12.7

\*Price effect of operating income includes sale and purchase variances.

(¥ Billions)

		FY 2021 (Actual)	FY 2022 (Forecast)	Difference
Petrochemical Group	Net sales	131.4	175.9	44.5
	Operating income	7.7	13.2	5.5
Chlor-alkali Group	Net sales	274.9	343.2	68.3
	Operating income	41.5	51.8	10.3
Specialty Group	Net sales	180.6	218.7	38.1
	Operating income	23.5	36.3	12.8
Engineering Group	Net sales	106.2	117.1	10.9
	Operating income	12.0	12.0	0.0
Other	Net sales	39.8	35.2	(4.6)
	Operating income	3.1	2.6	(0.5)
Total	Net sales	732.9	890.0	157.1
	Operating income	87.8	116.0	28.2

FY 2022 (Forecast)	
04.01.21-09.30.21	10.01.21-03.31.22
87.7	88.2
8.6	4.6
160.1	183.1
28.1	23.7
110.0	108.7
22.2	14.1
52.8	64.3
5.0	7.0
18.0	17.2
1.4	1.2
428.5	461.5
65.3	50.7

## 2. Consolidated Financial Position

(¥ Billions)

	FY 2021 03.31.2021	FY 2022 1H 09.30.2021	Difference
Total assets	982.8	1,021.4	38.6
Net assets	661.7	704.0	42.4
Interest-bearing liabilities	126.5	122.5	(4.1)
Equity ratio (%)	62.6	64.2	1.6

## 3. Cash Flows

(¥ Billions)

	FY 2021 1H (04.01.20–09.30.20) (Actual)	FY 2022 1H (04.01.21–09.30.21) (Actual)	Difference
Cash flows from operating activities	22.7	27.6	4.9
Cash flows from investment activities	(23.8)	(27.3)	(3.5)
Cash flows from financing activities	42.1	(15.5)	(57.6)
Others	(0.8)	2.3	3.1
Net increase (decrease) in cash and cash equivalents	40.2	(12.8)	(53.0)
Cash and cash equivalents at end of period	137.4	135.9	(1.5)

## 4. Dividends

	Annual dividends per share (¥)		
	Interim (Q2)	Year-end (Q4)	Total
FY 2020 (Actual)	28.00	32.00	60.00
FY 2021 (Forecast)	30.00(actual)	30.00(forecast)	60.00(forecast)