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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: TOSOH CORPORATION

Stock exchange listing: Tokyo

Code number: 4042

URL: <https://www.tosoh.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of commencing dividend payments: June 2, 2023

Scheduled date of filing annual securities report: June 23, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2023	1,064,376	15.9	74,606	(48.2)	89,983	(43.9)	50,335	(53.4)
March 31, 2022	918,580	25.3	144,045	64.0	160,467	68.7	107,938	70.6

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 66,375 million [(44.5)%]

Fiscal year ended March 31, 2022: ¥ 119,605 million [48.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	158.14	158.09	7.0	7.9	7.0
March 31, 2022	339.23	339.03	16.3	15.5	15.7

(Reference) Equity in earnings (losses) of affiliates : Fiscal year ended March 31, 2023: ¥ 2,479 million

Fiscal year ended March 31, 2022: ¥ 2,343 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	1,194,251	794,198	61.9	2,321.17
March 31, 2022	1,087,667	759,724	65.2	2,227.84

(Reference) Equity: As of March 31, 2023: ¥ 738,803 million

As of March 31, 2022: ¥ 708,916 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2023	(16,239)	(78,729)	50,171	119,421
March 31, 2022	108,615	(43,525)	(57,852)	160,812

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	30.00	-	50.00	80.00	25,459	23.6	3.8
March 31, 2023	-	40.00	-	40.00	80.00	25,469	50.6	3.5
Fiscal year ending March 31, 2024 (Forecast)	-	40.00	-	40.00	80.00		42.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Six months ending September 30, 2023	520,000	(1.3)	33,000	(26.7)	32,000	(50.5)	19,000	(54.8)	59.69
Full year	1,080,000	1.5	95,000	27.3	95,000	5.6	60,000	19.2	188.51

* Notes:

(1) Changes in significant subsidiaries during the period under review

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of treasury shares at the end of the period (including treasury shares):

March 31, 2023: 325,080,956 shares

March 31, 2022: 325,080,956 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 6,791,155 shares

March 31, 2022: 6,873,424 shares

3) Average number of shares outstanding during the period:

Fiscal year ended March 31, 2023: 318,288,792 shares

Fiscal year ended March 31, 2022: 318,187,366 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	746,088	13.2	34,953	(68.8)	54,403	(58.4)	33,495	(64.8)
March 31, 2022	658,988	34.7	111,863	84.0	130,805	83.1	95,053	84.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	105.22	105.19
March 31, 2022	298.70	298.53

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	769,757	563,054	73.1	1,768.29
March 31, 2022	726,798	558,787	76.9	1,755.29

(Reference) Equity: As of March 31, 2023: ¥ 562,965 million
As of March 31, 2022: ¥ 558,608 million

* Quarterly financial results reports are not subject to quarterly review by certified public accountants or an auditing firm.

* Explanations regarding appropriate use of financial results forecasts and other special notes

(Cautionary statement on forward-looking statements)

The forward-looking statements, including financial results forecasts, contained in these materials are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and may be substantially different from the actual performance because of various factors that may arise from now on. Please refer to page 4 of the attached document for further information on the above forecasts.

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1. Overview of Operating Results

(1) Overview of Operating Results

The Company's consolidated net sales increased ¥145.8 billion (15.9%) year-on-year to ¥1,064.4 billion (US\$7.9 billion). The increase resulted from higher sales prices and price revisions caused by increased costs for raw materials and fuels such as naphtha, as well as the progressively weaker yen.

Operating income decreased ¥69.4 billion (48.2%) year-on-year to ¥74.6 billion (US\$550.6 million). This decrease was primarily attributable to deterioration in terms of trade as the impact of higher prices for raw materials and fuels such as naphtha and coal exceeded that of higher sales prices.

Ordinary income totaled ¥90.0 billion (US\$664.2 million), a decrease of ¥70.5 billion (43.9%), from the previous fiscal year, despite foreign exchange gains resulting from the progressively weaker yen. Profit attributable to owners of the parent was down ¥57.6 billion (53.4%), to ¥50.3 billion (US\$371.2 million), partly due to impairment losses on manufacturing facilities and other assets of consolidated subsidiary Tohoku Tosoh Chemical Co., Ltd.

During the fiscal year ended March-31, 2023 (April 1, 2022 to March 31, 2023), the global economy remained uncertain, as supply-side constraints, soaring resource prices, sharp inflation, and monetary tightening put downward pressure on the economy, while China's zero-COVID policy continued through December and the conflict in Ukraine remained unresolved.

Results by business segment are as follows.

Petrochemical

Petrochemical Group net sales increased ¥28.9 billion (16.3%) year-on-year to ¥206.1 billion (US\$1.5 billion). Meanwhile, operating income decreased, ¥3.5 billion (22.6%) year-on-year to ¥12.1 billion (US\$89.3 million) due to a decline in shipments of olefin products such as ethylene and propylene and polyethylene resin and increases in repair expenses and other fixed costs.

Shipments of ethylene, propylene and cumene decreased owing to a decline in production volume. Moreover, selling prices of ethylene and propylene increased due to higher naphtha prices. Selling prices of cumene rose on the progressively weaker yen.

Domestic shipments of polyethylene resin decreased, but selling prices rose, reflecting higher naphtha prices and overseas market conditions. Although shipments of chloroprene rubber decreased in both domestic and export markets, selling prices rose against the backdrop of soaring raw material prices.

Chlor-alkali

The Chlor-alkali Group's net sales increased ¥44.8 billion (12.4%) year-on-year to ¥406.4 billion (US\$3.0 billion), but operating income plummeted ¥80.2 billion year-on-year to an operating loss of ¥10.7 billion (US\$79.0 million) due to worsening terms of trade resulting from higher prices of raw materials and fuels such as naphtha and coal.

Shipments of caustic soda rose on higher production volume. Moreover, domestic price revisions and improved market conditions overseas drove selling prices upward. Shipments of vinyl chloride monomer increased, but export prices declined due to worsening overseas market conditions. Shipments of polyvinyl chloride (PVC) resin were down in both domestic and export markets. In spite of deterioration in overseas market conditions, domestic price revisions and the progressively weaker yen pushed selling prices higher. Domestic and export shipments of cement shipments declined due to weak demand, but selling prices rose in both domestic and export markets.

Shipments of methylene diphenyl diisocyanate (MDI) rose on the back of increased production. Moreover, although overseas market prices fell, domestic price revisions and the progressively weaker yen resulted in higher selling prices. Shipments of hexamethylene diisocyanate (HDI) hardeners declined on flagging demand, but selling prices rose due to higher overseas market prices and the progressively weaker yen.

Specialty

Specialty Group net sales increased ¥44.6 billion (19.7%) year-on-year to ¥270.8 billion (US\$329.2 million). Operating income also rose ¥8.8 billion (20.2%) year-on-year to ¥52.3 billion (US\$386.0 million), primarily attributable to increased shipments of silica glass materials and improved terms of trade due to foreign exchange.

Shipments of ethyleneamines decreased as deteriorating business confidence resulted in a decline in demand, but selling prices rose on higher overseas market prices.

In separation-related products, shipments of packing materials for liquid chromatography remained steady. Looking at diagnostic-related products, shipments of in vitro diagnostic reagents to Europe, the United States, and China declined.

Shipments of high-silica zeolite were on a par with the preceding fiscal year due to a recovery in demand from the second half, mainly for automotive applications, and selling prices rose on the progressively weaker yen. As for zirconia, shipments were generally unchanged from the previous fiscal year, but the progressively weaker yen and price revisions led to increases in selling prices. Silica glass shipments were up, buoyed by demand for semiconductors and increased capacity utilization, and the progressively weaker yen and price revisions pushed selling prices upward. Shipments of electrolytic manganese dioxide decreased due to the relaxation of the supply-demand balance in the United States, but selling prices increased on the progressively weaker yen and price revisions.

Engineering

Engineering Group net sales increased ¥21.8 billion (18.8%) year-on-year to ¥138.1 billion (US\$1.0 billion). Operating income rose ¥5.7 billion (46.3%) year-on-year to ¥18.0 billion (US\$132.8 million).

Sales in the Engineering Group's water treatment business increased due to steady progress in project construction in the electronics industry and robust performance in maintenance and other service solutions.

Sales by the Engineering Group's construction subsidiaries decreased.

Other

Other net sales increased ¥5.7 billion (15.4%) year-on-year to ¥43.0 billion (US\$317.3 million). Operating income, meanwhile, decreased ¥0.2 billion (5.8%) year-on-year to ¥2.9 billion (US\$21.4 million).

Sales increased at other operating companies including transportation and warehousing, inspection and analysis, and information processing.

(2) Overview of Financial Position

Total assets grew ¥106.6 billion from the end of the previous period to ¥1,194.3 billion (US\$8.8 billion), mainly due to an increase in notes and accounts receivable-trade, and merchandise and finished goods, in spite of a decrease in cash and deposits.

Liabilities increased ¥72.1 billion from the end of the previous period to ¥400.1 billion (US\$3.0 billion), owing chiefly to increases in notes and accounts payable-trade and short-term borrowings, despite a decrease in income taxes payable.

Net assets were up ¥34.5 billion from the end of the previous period to ¥794.2 billion (US\$5.9 billion), mainly due to the recording of profit attributable to owners of the parent company and a rise in foreign currency translation adjustments.

(3) Overview of Cash Flows

Cash and cash equivalents were down ¥41.4 billion from the end of the previous period to ¥119.4 billion (US\$881.2 million).

Net cash flow provided by operating activities amounted to an outflow of ¥16.2 billion (US\$119.6 million). The reduction in capital was due to a decrease in income before income taxes, an increase in inventory, and an increase in income taxes paid, resulting in a decrease in income of ¥124.9 billion compared with the previous fiscal year.

Net cash used in investing activities resulted in an outflow of ¥78.7 billion (US\$580.8 million). Due to an increase in expenditure on capital investments, expenditures increased by ¥35.2 billion year on year.

As a result, free cash flow decreased ¥160.1 billion to an outflow of ¥95.0 billion (US\$701.1 million).

Net cash flow used in financing activities resulted in an inflow of ¥50.2 billion (US\$370.5 million). Despite an increase in cash dividends paid, inflow increased by ¥108.0 billion compared to the previous fiscal year, due to an increase in short-term borrowing.

(4) Forecast for the Next Fiscal Year

There are some positive indications concerning economic conditions in Japan and abroad, such as the resumption of economic activity in China. The outlook remains difficult to forecast, however, owing to concerns about the prolonged conflict in Ukraine, tension between the US and China, and the risk of tight monetary policies leading to an economic slowdown.

Under these circumstances, the Group will closely monitor the fluctuating prices of raw material and fuel, conditions in overseas product markets, exchange rates, and the supply-demand balance, all of which are impacted by a multitude of factors. It will strive to secure earnings by responding quickly and flexibly as situations in the business environment evolve.

The Tosoh Group's forecast for the fiscal year ending March 31, 2024, calls for net sales of ¥1,080.0 billion, operating income of ¥95.0 billion, ordinary income of ¥95.0 billion, and net profit attributable to owners of the parent of ¥60.0 billion. These performance forecasts are predicated on domestic naphtha prices of ¥67,000 a kiloliter and an exchange rate of ¥130 to the US dollar.

(5) Basic Policy on Profit Allocation and Dividends for the Current and the Next Fiscal Year

The Company recognizes that its most important management issue is to enhance its long-term enterprise value by improving profitability and further strengthening its financial foundation. Based on this belief, we determine the allocation of dividends and retained earnings by comprehensively taking into consideration factors such as future earnings trends, financial conditions, and the necessary funds for future business development.

Regarding dividends, we position the return of profits to shareholders as one of our important capital policies and make it a basic policy to pay continuous and stable dividends. With regard to retained earnings, we will strive to meet the expectations of our shareholders through helping to improve our long-term enterprise value by investing in specialty and CO2 reduction, and effectively utilizing it for research and development activities. We will acquire treasury shares flexibly, taking into consideration the level of free cash flow.

Based on this policy, we declared a year-end dividend of 40 yen per share for the current period, which, together with the interim dividend of 40 yen per share, makes a total annual dividend of 80 yen per share.

2. Basic Approach to Selection of Accounting Standards

For the time being, the Company will continue to adopt accounting principles generally accepted in Japan (Japanese GAAP). We are preparing and examining the future adoption of International Financial Reporting Standards (IFRS) as appropriate.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	161,516	120,153
Notes receivable - trade	16,412	16,378
Accounts receivable - trade	217,073	243,101
Contract assets	26,145	32,590
Lease investment assets	11,293	9,853
Merchandise and finished goods	119,145	154,143
Work in process	15,535	32,443
Raw materials and supplies	56,983	70,544
Other	18,832	29,114
Allowance for doubtful accounts	(659)	(698)
Total current assets	642,278	707,625
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	98,876	101,763
Machinery, equipment and vehicles, net	114,632	122,585
Land	68,599	68,234
Construction in progress	29,539	47,546
Other, net	15,059	17,813
Total property, plant and equipment	326,706	357,944
Intangible assets	6,945	10,461
Investments and other assets		
Investment securities	59,323	57,737
Long-term loans receivable	756	469
Long-term prepaid expenses	4,991	5,157
Deferred tax assets	7,942	7,623
Assets for retirement benefit	30,251	33,949
Other	9,248	13,761
Allowance for doubtful accounts	(778)	(478)
Total investments and other assets	111,737	118,220
Total non-current assets	445,389	486,625
Total assets	1,087,667	1,194,251

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	113,441	122,903
Short-term borrowings	63,662	149,340
Income taxes payable	34,584	8,442
Provision for bonuses	9,547	9,075
Other provisions	5,761	2,689
Other	42,881	43,860
Total current liabilities	269,878	336,312
Non-current liabilities		
Long-term borrowings	28,243	27,390
Deferred tax liabilities	1,631	4,944
Provision for retirement benefits for directors and corporate audit and supervisory board member	405	380
Provision for losses on dissolution of business	19	20
Other provisions	924	3,459
Liabilities for retirement benefit	20,787	20,411
Other	6,054	7,132
Total non-current liabilities	58,064	63,740
Total liabilities	327,943	400,052
Net assets		
Shareholders' equity		
Common stock	55,173	55,173
Capital surplus	45,327	44,347
Retained earnings	601,344	622,995
Treasury stock	(10,018)	(9,903)
Total shareholders' equity	691,826	712,612
Accumulated other comprehensive income		
Net unrealized gains on securities	10,479	9,960
Deferred gains (losses) on hedges	(25)	3
Foreign currency translation adjustment	759	8,669
Accumulated adjustments for retirement benefit	5,876	7,558
Total accumulated other comprehensive income	17,089	26,191
Stock acquisition rights	178	89
Non-controlling interests	50,629	55,305
Total net assets	759,724	794,198
Total liabilities and net assets	1,087,667	1,194,251

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	918,580	1,064,376
Cost of sales	646,557	845,192
Gross profit	272,023	219,184
Selling, general and administrative expenses	127,978	144,577
Operating income	144,045	74,606
Non-operating income		
Interest income	341	693
Dividend income	1,750	1,908
Foreign exchange gains	10,848	6,995
Equity in earnings of affiliates	2,343	2,479
Rental income from property, plant and equipment	338	370
Other	2,412	5,357
Total non-operating income	18,034	17,805
Non-operating expenses		
Interest expense	1,065	1,428
Plant closure cost	68	-
Other	479	1,000
Total non-operating expenses	1,612	2,429
Ordinary income	160,467	89,983
Extraordinary income		
Gain on sales of property, plant and equipment	584	985
Gain on sales of investment securities	2,773	1,313
Gain on negative goodwill	-	74
Gain on step acquisitions	480	-
Total extraordinary income	3,838	2,372
Extraordinary losses		
Loss on sales of property, plant and equipment	95	264
Loss on disposal of property, plant and equipment	1,883	2,015
Loss on sales of investment securities	1	8
Loss on valuation of investment securities	7	137
Impairment loss	2,647	8,312
Total extraordinary losses	4,634	10,739
Income before income taxes	159,670	81,615
Income taxes - current	47,194	22,140
Income taxes - deferred	(897)	3,150
Total income taxes	46,296	25,291
Net income	113,374	56,323
Profit attributable to non-controlling interests	5,435	5,988
Profit attributable to owners of parent	107,938	50,335

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net income	113,374	56,323
Other comprehensive income		
Net unrealized gains on securities	(2,238)	(497)
Deferred gains (losses) on hedges	(32)	35
Foreign currency translation adjustments	7,525	8,364
Adjustments for retirement benefit	865	1,750
Share of other comprehensive income of affiliates applied for equity method	110	397
Total other comprehensive income	6,231	10,051
Comprehensive income	119,605	66,375
Breakdown of comprehensive income		
Comprehensive income attributable to shareholders of parent	112,962	59,437
Comprehensive income attributable to non-controlling interests	6,642	6,938

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2021	55,173	45,096	513,338	(10,104)	603,504
Cumulative effects of changes in accounting policies			(240)		(240)
Restated balance	55,173	45,096	513,098	(10,104)	603,263
Changes during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		231			231
Cash dividends			(19,729)		(19,729)
Profit attributable to owners of parent			107,938		107,938
Purchase of treasury stock				(11)	(11)
Increase (decrease) of treasury stock due to changes in shareholding ratio				0	0
Disposal of treasury stock			(0)	96	96
Increase in retained earnings due to increase in consolidated subsidiaries			36		36
Net changes in items other than shareholders' equity					
Total changes during period	-	231	88,245	86	88,562
As of March 31, 2022	55,173	45,327	601,344	(10,018)	691,826

For the fiscal year ended March 31, 2022

(Million yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income			
As of March 31, 2021	12,750	-	(5,852)	5,167	12,066	213	45,895	661,679
Cumulative effects of changes in accounting policies							6	(233)
Restated balance	12,750	-	(5,852)	5,167	12,066	213	45,901	661,445
Changes during period								
Change in treasury shares of parent arising from transactions with non-controlling shareholders								231
Cash dividends								(19,729)
Profit attributable to owners of parent								107,938
Purchase of treasury stock								(11)
Increase (decrease) of treasury stock due to changes in shareholding ratio								0
Disposal of treasury stock								96
Increase in retained earnings due to increase in consolidated subsidiaries								36
Net changes in items other than shareholders' equity	(2,271)	(25)	6,611	708	5,023	(35)	4,727	9,715
Total changes during period	(2,271)	(25)	6,611	708	5,023	(35)	4,727	98,278
As of March 31, 2022	10,479	(25)	759	5,876	17,089	178	50,629	759,724

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2022	55,173	45,327	601,344	(10,018)	691,826
Changes during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(979)			(979)
Cash dividends			(28,646)		(28,646)
Profit attributable to owners of parent			50,335		50,335
Purchase of treasury stock				(6)	(6)
Increase (decrease) of treasury stock due to changes in shareholding ratio				0	0
Disposal of treasury stock			(37)	187	150
Increase of treasury shares by increasing of consolidated subsidiary				(66)	(66)
Net changes in items other than shareholders' equity					
Total changes during period	-	(979)	21,651	114	20,785
As of March 31, 2023	55,173	44,347	622,995	(9,903)	712,612

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Accumulated adjustments for retirement benefit	Total accumulated other comprehensive income			
As of March 31, 2022	10,479	(25)	759	5,876	17,089	178	50,629	759,724
Changes during period								
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(979)
Cash dividends								(28,646)
Profit attributable to owners of parent								50,335
Purchase of treasury stock								(6)
Increase (decrease) of treasury stock due to changes in shareholding ratio								0
Disposal of treasury stock								150
Increase of treasury shares by increasing of consolidated subsidiary								(66)
Net changes in items other than shareholders' equity	(519)	29	7,909	1,682	9,101	(88)	4,675	13,688
Total changes during period	(519)	29	7,909	1,682	9,101	(88)	4,675	34,474
As of March 31, 2023	9,960	3	8,669	7,558	26,191	89	55,305	794,198

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	159,670	81,615
Depreciation and amortization	40,663	43,062
Impairment loss	2,647	8,312
Change in assets and liabilities for retirement benefit	(1,454)	(1,663)
Interest and dividend income	(2,091)	(2,601)
Interest expense	1,065	1,428
Foreign exchange losses (gains)	(679)	(238)
Equity in earnings of affiliates	(2,343)	(2,479)
Loss on valuation of investment securities	7	137
Loss (gain) on sales of property, plant and equipment	(489)	(720)
Loss on disposal of property, plant and equipment	1,883	2,015
Loss (gain) on step acquisitions	(480)	-
Gain on negative goodwill	-	(74)
Decrease (increase) in trade receivables and contract assets	(28,207)	(25,575)
Decrease (increase) in inventories	(34,288)	(61,622)
Increase (decrease) in trade payables	16,407	3,094
Other, net	(8,792)	(15,109)
Subtotal	143,518	29,581
Interest and dividends received	2,936	3,058
Interest paid	(1,074)	(1,438)
Income taxes paid	(36,765)	(47,440)
Net cash provided by operating activities	108,615	(16,239)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(44,482)	(79,621)
Proceeds from sales of property, plant and equipment	1,449	1,706
Purchase of investment securities	(479)	(568)
Proceeds from sales and redemption of investment securities	3,954	3,220
Payments for advances of long-term loans receivable	(1,653)	(1,761)
Proceeds from collections of long-term loans receivable	1,595	2,094
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,403)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	150
Other, net	(2,505)	(3,950)
Net cash used in investing activities	(43,525)	(78,729)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(35,263)	84,574
Proceeds from long-term borrowings	10,778	8,691
Repayments of long-term borrowings	(11,535)	(10,322)
Cash dividends paid	(19,700)	(28,595)
Dividends paid to non-controlling interests	(905)	(1,447)
Other, net	(1,226)	(2,728)
Net cash used in financing activities	(57,852)	50,171
Effect of exchange rate changes on cash and cash equivalents	4,861	3,407
Net increase (decrease) in cash and cash equivalents	12,098	(41,390)
Cash and cash equivalents at beginning of year	148,397	160,812
Increase in cash and cash equivalents from newly consolidated subsidiary	316	-
Cash and cash equivalents at end of year	160,812	119,421

(5) Notes to Consolidated Financial Statements

(Notes on Assumption of Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

[Segment Information]

1. Summary of Reported Segments

Our reported segments are defined as individual units, where separate financial information is available and which are subject to regular review by the Board of Directors to evaluate their results and the allocation of management resources.

The Company has business sectors based on products and services at our headquarters, and each business sector develops comprehensive domestic and overseas strategies for the products and services it handles and conducts business activities.

Accordingly, we consist of segments by product and service based on business sector, and have four reported segments, Petrochemicals, Chlor-alkali, Specialty and Engineering.

Operations of the Petrochemical segment include the manufacture and sale of olefin products such as ethylene and propylene, low-density polyethylene, high-density polyethylene, resin processed products, and functional polymers. Operations of the Chlor-alkali segment include the manufacture and sale of caustic soda, vinyl chloride monomer, polyvinyl chloride resin, inorganic and organic chemicals, cement, and urethane raw materials. Operations of the Specialty segment include the manufacture and sale of inorganic and organic fine products, separation and diagnostic products, electronic materials (silica glass, sputtering targets), and functional materials. Operations of the Engineering segment include the manufacture and sale of water treatment systems and businesses of construction and repairs.

2. Calculation method of Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reported Segment

The accounting methods applied for the reported business segment are in accordance with the accounting policies adopted to prepare the consolidated financial statements.

The reported segment income is based on operating income. Inter-segment sales and transfers are mainly based on market prices and manufacturing costs.

3. Information on Net Sales, Income (Loss), Assets, Liabilities and Other Items

I For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Petrochemical	Chlor-alkali	Specialty	Engineering	Other (1)	Total	Adjustments	Figures in consolidated statements (2)
Net sales								
External customers	177,185	361,623	226,219	116,294	37,257	918,580	—	918,580
Inter-segment	115,855	39,775	17,033	14,664	59,121	246,449	(246,449)	—
Total	293,041	401,399	243,252	130,958	96,378	1,165,030	(246,449)	918,580
Segment income	15,655	69,522	43,535	12,280	3,051	144,045	—	144,045
Segment assets	146,295	321,957	283,954	153,503	51,716	957,426	130,240	1,087,667
Depreciation and amortization	5,612	11,728	14,978	1,370	2,819	36,509	1,070	37,579
Amortization of goodwill	—	—	25	—	—	25	—	25
Investment for affiliates	1,040	10,668	5,959	2,768	1,663	22,099	—	22,099
Capital expenditures	7,494	13,989	17,403	3,497	4,126	46,512	1,522	48,034

Notes (1) "Other" is an additional category for service-related business, such as transportation and warehousing, inspection and analysis, and information processing.

(2) Segment income is equal to operating income of consolidated statements of income.

(3) Segment assets are equal to the total assets on the consolidated balance sheets.

(4) Adjustments amount of ¥130.24 billion for segment assets mainly consists of surplus operating funds (cash and deposits), long-term investment funds (investment securities) and assets, etc. related to the administrative divisions of the parent company.

II For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Petrochemical	Chlor-alkali	Specialty	Engineering	Other (1)	Total	Adjustments	Figures in consolidated statements (2)
Net sales								
External customers	206,101	406,388	270,795	138,113	42,977	1,064,376	—	1,064,376
Inter-segment	149,177	55,711	23,649	27,539	63,280	319,356	(319,356)	—
Total	355,278	462,100	294,444	165,652	106,257	1,383,733	(319,356)	1,064,376
Segment income (loss)	12,115	(10,661)	52,316	17,962	2,873	74,606	—	74,606
Segment assets	170,866	329,744	345,945	179,714	55,894	1,082,164	112,086	1,194,251
Depreciation and amortization	6,097	12,271	16,096	1,951	3,129	39,546	1,037	40,583
Amortization of goodwill	—	—	123	—	—	123	—	123
Investment for affiliates	1,075	11,089	7,859	2,807	1,733	24,565	—	24,565
Capital expenditures	6,334	24,160	41,973	1,547	3,749	77,765	1,474	79,239

Notes (1) "Other" is an additional category for service-related business, such as transportation and warehousing, inspection and analysis, and information processing.

(2) Segment income is equal to operating income of consolidated statements of income.

(3) Segment assets are equal to the total assets on the consolidated balance sheets.

(4) Adjustments amount of ¥112.086 billion for segment assets mainly consists of surplus operating funds (cash and deposits), long-term investment funds (investment securities) and assets, etc. related to the administrative divisions of the parent company.

[Related Information]

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

1. Information by Product and Service
This information is omitted because the same information is disclosed in Segment Information.
2. Information by Region

(1) Net sales

(Million yen)

Japan	China	Other Asian countries	Other	Total
477,698	145,663	204,577	120,641	918,580

(Note) Net sales are classified by countries or region based on locations of customers.

(2) Property, plant and equipment

(Million yen)

Japan	Other	Total
287,966	38,739	326,706

3. Information by Major Customer
This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

1. Information by Product and Service
This information is omitted because the same information is disclosed in Segment Information.
2. Information by Region

(1) Net sales

(Million yen)

Japan	China	Other Asian countries	Other	Total
521,260	160,555	226,927	155,632	1,064,376

(Note) Net sales are classified by countries or region based on locations of customers.

(2) Property, plant and equipment

(Million yen)

Japan	Other	Total
306,359	51,585	357,944

3. Information by Major Customer
This information is omitted because there are no external customers that account for 10% or more of net sales in the consolidated statements of income.

[Information about Impairment Loss of Fixed Assets by Reported Segments]

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Petrochemicals	Chlor-alkali	Specialty	Engineering	Other	Total	Adjustments	Figures in consolidated statements
Impairment loss	34	2,228	384	—	—	2,647	—	2,647

For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Petrochemicals	Chlor-alkali	Specialty	Engineering	Other	Total	Adjustments	Figures in consolidated statements
Impairment loss	35	8,038	378	—	—	8,453	(140)	8,312

[Information about Unamortized Balance of Goodwill by Reported Segments]

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Petrochemicals	Chlor-alkali	Specialty	Engineering	Other	Total	Adjustments	Figures in consolidated statements
Unamortized balance of goodwill	—	—	1,053	—	—	1,053	—	1,053

For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Million yen)

	Petrochemicals	Chlor-alkali	Specialty	Engineering	Other	Total	Adjustments	Figures in consolidated statements
Unamortized balance of goodwill	—	—	1,089	—	—	1,089	—	1,089

(Note)The amortization of goodwill is omitted because the same information is disclosed in the segment information.

[Information about Gain on Negative Goodwill by Reported Segments]

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

Not applicable.

For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Information is omitted due to immateriality.

(Per Share Information)

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	
Net assets per share (Yen)	2,227.84	Net assets per share (Yen)	2,321.17
Basic earnings per share (Yen)	339.23	Basic earnings per share (Yen)	158.14
Diluted earnings per share (Yen)	339.03	Diluted earnings per share (Yen)	158.09

(Note) Basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	107,938	50,335
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent related to common stock (Million yen)	107,938	50,335
Average number of common shares outstanding during the period (Thousands of shares)	318,187	318,288
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Million yen)	—	—
Increase in the number of common shares (Thousands of shares)	185	107
(Stock acquisition rights (Thousands of shares))	(185)	(107)
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	—	—

(Material Subsequent Events)

Not applicable.

4. Additional information

Summary of Consolidated Operating Results for the Fiscal Year ended March 31, 2023

May 12, 2023

TOSOH CORPORATION

(1) Operating Results

(Billion yen)

	Fiscal year ended March 31, 2022 (4.1.21-3.31.22) (Actual)	Fiscal year ended March 31, 2023 (4.1.22-3.31.23) (Actual)	Change	Fiscal year ended March 31, 2024 (4.1.23-3.31.24) (Forecast)
Net sales	918.6	1,064.4	145.8	1,080.0
Operating income	144.0	74.6	(69.4)	95.0
Ordinary income	160.5	90.0	(70.5)	95.0
Profit attributable to owners of parent	107.9	50.3	(57.6)	60.0
Basic earnings per share (¥)	339.23	158.14	(181.09)	188.51

(2) Business and Financial Fundamentals

(Billion yen)

	Fiscal year ended March 31, 2022 (4.1.21-3.31.22) (Actual)	Fiscal year ended March 31, 2023 (4.1.22-3.31.23) (Actual)	Change	Fiscal year ended March 31, 2024 (4.1.23-3.31.24) (Forecast)
Exchange rate (¥/US\$) Average TTM	112.4	135.5	23.1	130.0
Exchange rate (¥/EUR) Average TTM	130.6	141.0	10.4	141.0
Domestic standard naphtha price (¥/kl)	56,625	76,600	19,975	67,000
Capital expenditures	48.0	79.2	31.2	73.0
Depreciation and amortization	37.6	40.6	3.0	43.0
R&D expenses	19.9	21.4	1.5	23.0
Interest-bearing liabilities	91.9	176.7	84.8	161.0
Net financial income/expenses	1.0	1.2	0.1	0.9
Equity ratio (%)	65.2	61.9	(3.3)	63.0
Number of employees	13,858	14,266	408	14,800

(Note) Amounts less than 0.1 billion yen are rounded off

(3) Topics

- December 2022 Production capacity increase for bromine
- Summer 2024 (planned) Production capacity increase for separation and purification media
- Autumn 2024 (planned) Installation of a CO2 recovery and feedstock conversion equipment
- Summer 2025 (planned) Production capacity increase for sputtering targets
- Autumn 2026 (planned) Construction of a biomass-fired power plant

(4) Net Sales and Operating Income (Loss) by Business Segment

(Billion yen)

		Fiscal year ended March 31, 2022 (4.1.21-3.31.22) (Actual)	Fiscal year ended March 31, 2023 (4.1.22-3.31.23) (Actual)	Change	Breakdown of change			
					Volume effect	Price effect	Terms of trade	Fixed costs, etc.
Petrochemical	Net sales	177.2	206.1	28.9	(15.7)	44.6	-	-
	Operating income	15.7	12.1	(3.5)	(2.3)	-	1.9	(3.1)
Chlor-alkali	Net sales	361.6	406.4	44.8	(8.8)	53.6	-	-
	Operating income(loss)	69.5	(10.7)	(80.2)	2.0	-	(67.9)	(14.3)
Specialty	Net sales	226.2	270.8	44.6	(4.8)	49.4	-	-
	Operating income	43.5	52.3	8.8	2.6	-	9.1	(2.9)
Engineering	Net sales	116.3	138.1	21.8	16.3	5.5	-	-
	Operating income	12.3	18.0	5.7	5.7	-	0.0	0.0
Other	Net sales	37.3	43.0	5.7	0.4	5.4	-	-
	Operating income	3.1	2.9	(0.2)	(0.2)	-	0.0	0.0
Total	Net sales	918.6	1,064.4	145.8	(12.7)	158.5	-	-
	Operating income	144.0	74.6	(69.4)	7.8	-	(56.9)	(20.3)

(Note) Amounts less than 0.1 billion yen are rounded off

(Billion yen)

		Fiscal year ended March 31, 2023 (4.1.22-3.31.23) (Actual)	Fiscal year ended March 31, 2024 (4.1.23-3.31.24) (Forecast)	Change	Half-yearly	
					First half of fiscal year ended March 31, 2024	Second half of fiscal year ended March 31, 2024
Petrochemical	Net sales	206.1	203.5	(2.6)	103.9	99.6
	Operating income	12.1	15.2	3.1	5.9	9.3
Chlor-alkali	Net sales	406.4	388.7	(17.6)	183.9	204.8
	Operating income(loss)	(10.7)	12.8	23.5	(1.4)	14.2
Specialty	Net sales	270.8	285.5	14.7	137.5	148.0
	Operating income	52.3	45.9	(6.4)	19.8	26.1
Engineering	Net sales	138.1	156.2	18.1	71.9	84.3
	Operating income	18.0	18.3	0.3	7.3	10.9
Other	Net sales	43.0	46.0	3.0	22.7	23.3
	Operating income	2.9	2.9	0.0	1.4	1.5
Total	Net sales	1,064.4	1,080.0	15.6	520.0	560.0
	Operating income	74.6	95.0	20.4	33.0	62.0

(Note) Amounts less than 0.1 billion yen are rounded off