



## NEWS RELEASE

August 10, 2022

### Summary of Medium-term Business Plan for FY2023–2025

**Tokyo, Japan**—Tosoh Corporation presents a summary of its medium-term business plan covering the period from FY2023 to FY2025 as follows.

#### 1. Desired profit structure (by FY 2031)

- Establish Commodity as a profitable business while focusing on decarbonization  
Aim to build a profit base of over ¥100 billion in Specialty

#### 2. Basic management policy

- Focus on expanding Specialty earnings while maintaining a dual management strategy based on Commodity and Specialty businesses:

##### *Commodity*

Conduct business through the optimal combination of strengthening operations and reducing CO<sub>2</sub> emissions; maintain stable supply through appropriate cost burden and price pass-through

##### *Specialty*

Invest in businesses that have comparative advantages; allocate management resources to growth areas; expand revenue base by fostering new businesses

- Make a concerted effort to reduce CO<sub>2</sub> emissions and effectively use CO<sub>2</sub>
  - Fulfill corporate responsibility to work toward the realization of a sustainable society by promoting decarbonization strategy from all perspectives
- Invest aggressively based on a solid financial foundation
  - Decarbonization of society will drastically change the business environment, and the Tosoh Group will seize this opportunity to make timely, strategic investments in preparation for the future
- Reinforce safety infrastructure, establish and deepen safety culture
  - Safe plant operation takes precedence over all else; continue efforts to strengthen safety infrastructure, establish and deepen safety culture



### 3. Performance

(Unit: billion yen)

\* Reference: Actual results of previous medium-term business plan (Unit: billion yen)

	FY2022 Actual	FY2025 Target	FY2022 Forecast	Variance
Net sales	¥918.6	¥1,160.0	¥890.0	¥28.6
Operating income	¥144.0	¥150.0	¥110.0	¥34.0
Operating income ratio	15.7%	Over 10%	Over 10%	Achieved
ROE	16.3%	Over 10%	Over 10%	Achieved

Assumptions	USD (¥/\$)	112	125	110	2
	EUR (¥/€)	131	135	125	6
	Naphtha (¥/kl)	56,875	75,000	46,000	10,875

### 4. Investment and financing plan

- Cumulative investment during FY2023–FY2025 = capital expenditures of ¥200 billion + M&A and additional decarbonization support
- Proactive investment centered on Specialty; capital investment includes ¥30 billion for CO<sub>2</sub> reduction
- M&A exploration focused on bio-related fields

### Major capital investment plans

#### Standard investment

- Chloroprene rubber (expansion)
- Bromine and flame retardants (expansion)
- Separation and purification media (expansion)
- Zirconia powder (expansion)
- Methylene diphenyl diisocyanate (MDI) splitter installation overseas
- Sputtering targets (US capacity increase)
- Silica glass materials and fabricated quartzware (expansion)

#### Investment in CO<sub>2</sub> reduction

- Upgrade to circulating fluidized bed boiler
- Installation of additional gas turbine
- Installation of CO<sub>2</sub> feedstock conversion equipment at carbon monoxide (CO) plant

### 5. Research & Development (R&D) objectives

- Concentrate R&D resources in the three priority themes of life sciences, electronic materials, and environment and energy
- Accelerate R&D through effective use of research infrastructure, material design efficiency improvement by leveraging materials informatics technology, promotion of open innovation, and acquisition of cutting-edge technology through funds



# TOSOH CORPORATION

## 6. Shareholder returns

- Strive to improve capital efficiency through share buybacks, while maintaining stable dividends as a basic policy
- Set target for dividend payout ratio of around 30 percent
- Implement share buybacks flexibly, taking into account the level of free cash flow and other factors

## 7. Decarbonization measures (CO<sub>2</sub> reduction targets)

- Implement specific measures to achieve a 30 percent reduction by FY2031 (compared with FY2019)
- Endeavor to achieve 30 percent reduction with current technology through conversion of biomass wood fuel for power generation facilities, and fuel diversification through introduction of a circulating fluidized bed boiler
- CO<sub>2</sub> feedstock conversion being a mission for chemical manufacturers, we are assigning it higher priority and strengthening related initiatives

## 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 13,800 people. It generated net sales of ¥918.6 billion (US\$8.2 billion at the average rate of ¥112.4 to the US dollar) in fiscal 2022, ended March 31, 2022.

### 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

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