



TOSOH CORPORATION

NEWS RELEASE

May 11, 2021

Tosoh Reports Its Consolidated Results for Fiscal 2021

Tokyo, Japan— Tosoh presents its full-year consolidated results for its 2021 fiscal year, from April 1, 2020, to March 31, 2021. The company's consolidated net sales were ¥732.9 billion (US\$6.9 billion), down ¥53.2 billion, or 6.8%, from fiscal 2020. The decrease resulted from a decline in product prices due to lower costs for raw materials, such as naphtha, and from worsening trade conditions overseas.

Operating income for fiscal 2021 was ¥87.8 billion (US\$827.5 million), up ¥6.1 billion, or 7.5%. This increase was mainly due to improvements in international trade conditions resulting from the impact of lower prices for naphtha and other raw materials and fuels exceeding the impact of lower product prices. Ordinary income also rose, ¥9.1 billion, or 10.7%, to ¥95.1 billion (US\$896.3 million). And net profit attributable to owners of the parent company was up ¥7.7 billion, or 13.9%, to ¥63.3 billion (US\$596.6 million).

The Japanese economy experienced a rapid decline in domestic and overseas demand caused by restrictions on social and economic activities in response to the spread of COVID-19. And while there have been indications of an economic upturn since summer 2020, the future of the economy remains uncertain, as COVID-19 variants have sparked a resurgence of infections in Japan.

The spread of COVID-19 has caused significant social and economic damage worldwide. Although progress in vaccination primarily in developed countries has led to a recovery in economic activity, the outlook for the global economy remains unclear.

Results by business segment

Petrochemical Group

Petrochemical Group net sales fell ¥27.7 billion, or 17.4%, to ¥131.4 billion (US\$1.2 billion), compared with fiscal 2020. The group's operating income also fell, 2.6 billion, or 25.2%, to ¥7.7 billion (US\$72.5 million). The decreases were attributable to deteriorating terms of trade and falling prices for raw materials and fuels, such as naphtha, which negatively affected the difference between product receipts and payments.

Shipments of propylene and cumene decreased because of reduced production volume. And lower prices for raw materials and fuels, such as naphtha, and a deterioration in overseas markets led to a decrease in product prices.

The group's shipments of polyethylene resin decreased in line with diminished demand both domestically and overseas due to the impact of the COVID-19 pandemic. In addition, polyethylene resin prices decreased, reflecting the decline in the cost of naphtha. Chloroprene



rubber exports, primarily within Asia, rose as demand recovered in the region, although prices fell.

Chlor-alkali Group

The Chlor-alkali Group's net sales fell ¥22.5 billion, or 7.6%, to ¥274.9 billion (US\$2.6 billion), primarily on account of declining trade conditions. The group's operating income, conversely, rose ¥13.3 billion, or 47.2%, to ¥41.5 billion (US\$391.1 million). The increase in operating income was due to improved terms of trade for polyvinyl chloride (PVC) products and urethane raw materials.

Caustic soda product prices decreased, reflecting a decline in market prices overseas.

Vinyl chloride monomer shipments increased on the back of an increase in production volume. Polyvinyl chloride resin shipments decreased domestically and overseas, as the spread of COVID-19 suppressed demand.

Domestic and overseas shipments of cement were also down because of weak demand.

Methylene diphenyl diisocyanate shipments also fell, with demand driven downward by the spread of COVID-19.

Specialty Group

Net sales by the Specialty Group decreased ¥4.4 billion, or 2.4%, to ¥180.6 billion (US\$1.7 billion). Operating income declined ¥4.4 billion, or 15.6%, to ¥23.5 billion (US\$221.5 million). The declines owed themselves to a decline in sales volume and an increase in fixed costs.

Ethyleneamine product shipments remained at essentially the same level as in the previous fiscal year.

Separation-related products saw an increase in shipments of packing materials for liquid chromatography, primarily to Europe. Among diagnostic-related products, in vitro diagnostic reagent shipments to Europe, the United States, and China fell in line with a decrease in demand amid the spread of COVID-19.

Decreased demand because of COVID-19's spread also drove down shipments of high-silica zeolite, mainly for automotive exhaust gas catalysts.

Shipments of zirconia for use in decorative applications and of silica glass rose, with the latter buoyed by a strong semiconductor market. Shipments of electrolytic manganese dioxide, primarily for batteries, were also up, domestically and overseas.

Engineering Group

Engineering Group net sales increased ¥4.7 billion, or 4.6%, to ¥106.2 billion (US\$1.0 billion). Operating income decreased ¥700.0 million, or 5.9%, to ¥12.0 billion (US\$113.1 million). The decline in operating income was caused mainly by a dearth of profitable water treatment engineering projects in the electronics field in the preceding fiscal year.

Tosoh's water treatment business achieved steady progress in large-scale projects in the electronics industry in fiscal year 2021. This, combined with continued large-scale capital investment overseas and ongoing growth in maintenance and other service solutions, resulted in the increase in the group's net sales.

Sales by the Engineering Group's construction subsidiaries increased.

Ancillary

Ancillary net sales decreased ¥3.2 billion, or 7.5%, to ¥39.8 billion (US\$375.1 million). Operating income increased ¥500.0 million, or 21.1%, to ¥3.1 billion (US\$29.2 million).



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Sales by trading companies and other operations decreased during the year in review.

Overview of Tosoh's financial position for the period under review

Increases in cash and deposits and in notes and accounts receivable boosted total assets ¥96.2 billion, to ¥982.8 billion (US\$9.3 billion), from a year earlier.

Because of an increase in short-term loans and taxes payable, total liabilities rose ¥44.2 billion, to ¥321.1 billion (US\$3.0 billion).

Net assets increased ¥52.0 billion, to ¥661.7 billion (US\$6.2 billion). The increase in net assets owed itself to the recording of current net income attributable to owners of the parent company.

Overview of Tosoh's cash flow for the period under review

Cash and cash equivalents were up ¥51.2 billion, to ¥148.4 billion (US\$139.9 million).

Net cash provided by operating activities amounted to ¥95.1 billion (US\$896.3 million), down ¥4.8 billion from a year earlier. This decrease was due to an increase in trade accounts receivable.

Net cash used in investing activities was ¥46.4 billion (US\$437.3 million), a decrease of ¥23.9 billion caused by decreased expenditures used in the acquisition of fixed assets.

Free cash flow rose ¥19.2 billion, to ¥48.8 billion (US\$459.9 million).

Net cash used in financing activities was ¥1.6 billion (US\$15.1 million), down ¥25.6 billion because of a net increase (decrease) in short-term loans payable.

Outlook for the fiscal year ending March 31, 2022

The prevailing view is that the economies in Europe, the United States, and Asia will recover fully during Tosoh's fiscal 2022 year. This view is supported by steady progress in vaccinations against COVID-19 and by recoveries in stock markets and interest rates.

It may, however, take longer than expected to bring COVID-19 under control amid the spread of highly infectious variants in Japan and elsewhere. And with escalating tension between the United States and China and turmoil in overheated financial markets concerns persist regarding an economic slowdown, in Japan and abroad. As such, the economic outlook is difficult to assess.

Tosoh, therefore, must remain vigilant in observing its business environment. It is vital that we continue to pay attention to progress in the normalization of the COVID-19 pandemic in Japan and overseas; to the intensifying friction between the US and China; and to the trends in raw material and fuel prices, overseas product market prices, and exchange rates, all of which fluctuate in accordance with various factors, including international political issues.

The Tosoh Group's forecast for its fiscal year 2022, ending March 31, 2022, calls for net sales of ¥800 billion, for operating income of ¥93 billion, for ordinary income of ¥92 billion, and for net profit attributable to owners of the parent company of ¥60 billion. These performance forecasts are predicated on domestic naphtha prices of ¥45,000 a kiloliter and an exchange rate of ¥105 to the US dollar.

Stance on financial standards

Tosoh will continue to observe Japanese financial standards for the foreseeable future. We are in the meantime proceeding with preparations and considerations for our future application of International Financial Reporting Standards (IFRS).



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Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥106.1= US\$1, the average exchange rate during the period under review.

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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.

Summary of Consolidated Business Results for Fiscal Year 2021
(April 1, 2020–March 31, 2021)

May 11, 2021

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	FY 2020 (Actual)	FY 2021 (Actual)	Difference	FY 2021 (Actual)	FY 2022 (Forecast)	Difference
Net sales	786.1	732.9	(53.2)	732.9	800.0	67.1
Operating income	81.7	87.8	6.1	87.8	93.0	5.2
Ordinary income	86.0	95.1	9.1	95.1	92.0	(3.1)
Profit attributable to owners of the parent	55.6	63.3	7.7	63.3	60.0	(3.3)
Earnings per share (¥)	171.03	197.89	26.86	197.89	188.59	(9.30)

(b) Business and Financial Fundamentals

(¥ Billions)

	FY 2020 (Actual)	FY 2021 (Actual)	Difference	FY 2021 (Actual)	FY 2022 (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	108.7	106.1	(2.6)	106.1	105.0	(1.1)
Exchange rate (¥/EUR) Average TTM	120.8	123.8	3.0	123.8	125.0	1.2
Domestic standard naphtha price (¥/kl)	42,925	31,200	(11,725)	31,200	45,000	13,800
Capital expenditures	61.1	50.6	(10.5)	50.6	41.0	(9.6)
Depreciation and amortization	32.1	37.5	5.4	37.5	39.0	1.5
R&D expenses	18.2	19.5	1.3	19.5	21.0	1.5
Interest-bearing liabilities	95.9	126.5	30.6	126.5	92.0	(34.5)
Net financing expenses	0.8	0.4	(0.4)	0.4	0.4	0.0
Equity ratio (%)	64.0	62.6	(1.4)	62.6	66.0	3.4
Number of employees	13,336	13,631	295	13,631	14,000	369

Topics

July 2020	Increased efficiency for naphtha cracker and installation of gas turbine (the gas turbine became operational in February 2019)
Summer 2021 (tentative)	Debottlenecking of chloroprene rubber (CR) production to increase capacity
Winter 2023 (tentative)	Expansion of bromine production capacity

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

(¥ Billions)

		FY 2020 (Actual)	FY 2021 (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	159.1	131.4	(27.7)	(1.5)	(26.2)	-
	Operating income	10.3	7.7	(2.6)	0.2	(0.5)	(2.3)
Chlor-alkali Group	Net sales	297.4	274.9	(22.5)	(11.0)	(11.5)	-
	Operating income	28.2	41.5	13.3	(2.2)	17.5	(2.0)
Specialty Group	Net sales	185.0	180.6	(4.4)	(0.1)	(4.3)	-
	Operating income	27.9	23.5	(4.4)	(1.1)	1.7	(5.0)
Engineering Group	Net sales	101.5	106.2	4.7	4.5	0.2	-
	Operating income	12.7	12.0	(0.7)	(0.8)	0.0	0.1
Other	Net sales	43.0	39.8	(3.2)	(2.2)	(1.0)	-
	Operating income	2.5	3.1	0.6	0.5	0.1	0.0
Total	Net sales	786.1	732.9	(53.2)	(10.3)	(42.9)	-
	Operating income	81.7	87.8	6.1	(3.3)	18.8	(9.4)

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

(¥ Billions)

		FY 2021 (Actual)	FY 2022 (Forecast)	Difference	FY 2022(Forecast)	
					04.01.21-09.30.21	10.01.21-03.31.22
Petrochemical Group	Net sales	131.4	148.2	16.8	76.4	71.8
	Operating income	7.7	10.3	2.6	5.7	4.6
Chlor-alkali Group	Net sales	274.9	301.5	26.6	151.8	149.7
	Operating income	41.5	41.5	0.0	22.8	18.7
Specialty Group	Net sales	180.6	208.4	27.8	102.5	105.9
	Operating income	23.5	28.7	5.2	13.8	14.9
Engineering Group	Net sales	106.2	108.0	1.8	52.5	55.5
	Operating income	12.0	10.1	(1.9)	3.7	6.4
Other	Net sales	39.8	33.9	(5.9)	16.8	17.1
	Operating income	3.1	2.4	(0.7)	1.1	1.3
Total	Net sales	732.9	800.0	67.1	400.0	400.0
	Operating income	87.8	93.0	5.2	47.0	46.0



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2. Consolidated Financial Position

(¥ Billions)

	FY 2020 03.31.2020	FY 2021 03.31.2021	Difference
Total assets	886.6	982.8	96.2
Net assets	609.7	661.7	52.0
Interest-bearing liabilities	95.9	126.5	30.6
Equity ratio (%)	64.0	62.6	(1.4)
Net assets per share (¥)	1,747.19	1,934.86	187.67

3. Cash flows

(¥ Billions)

	FY 2020 (Actual) 03.31.2020	FY 2021 (Actual) 03.31.2021	Difference
Cash flows from operating activities	99.9	95.1	(4.8)
Cash flows from investment activities	(70.3)	(46.4)	23.9
Cash flows from financing activities	(24.0)	1.6	25.6
Others	(0.5)	0.8	1.3
Net increase (decrease) in cash and cash equivalents	5.1	51.2	46.1
Cash and cash equivalents at end of period	97.2	148.4	51.2

4. Dividends

	Annual dividends per share (¥)			Total amount of annual dividends (¥ Millions)	Dividend payout ratio (%)
	Interim	Year-end	Total		
FY 2019	28.00	28.00	56.00	18,192	32.7
FY 2020	28.00	32.00	60.00	19,091	30.3
FY 2021(Forecast)	30.00	30.00	60.00	—	31.8