



NEWS RELEASE

February 2, 2020

Tosoh Reports Its Consolidated Results for the First Nine Months of Fiscal 2021

Tokyo, Japan— Tosoh Corporation is pleased to announce its cumulative consolidated results for the first three quarters of its 2021 fiscal year, from April 1, 2020, to December 31, 2020.

The company's consolidated net sales for the nine-month period under review were ¥516.6 billion (US\$4.9 billion), down ¥75.1 billion, or 12.7%, from the same period of fiscal 2020. The drop in net sales was attributable to a global-scale contraction in demand caused by the spread of the coronavirus and the resulting sharp decline in naphtha and overseas market conditions.

Operating income likewise decreased, ¥15.2 billion, or 23.1%, to ¥50.6 billion (US\$476.9 million), from the same period one year earlier. This decrease was due to a decrease in sales volume, and a deterioration in the difference between product receipt and payment due to falling prices for raw materials and fuel.

Ordinary income decreased, ¥18.9 billion, or 26.9%, compared with the same period in fiscal 2020, to ¥51.2 billion (US\$482.6 million). A decrease in insurance income was the main factor behind the drop in ordinary income. Profit attributable to owners of the parent company, in turn, fell ¥11.7 billion, or 25.4%, to ¥34.5 billion (US\$325.2 million).

During the first nine months of Tosoh's 2021 fiscal year, the Japanese economy experienced a rapid decline in demand domestically and overseas. This was caused by restrictions on economic and social activity brought about by the spread of the coronavirus. Although there were indications of a gradual upturn in economic activity from summer onward, the outlook for the economy remained uncertain, as the number of people newly infected with the coronavirus rose rapidly in various parts of Japan from the end of 2020. Turning to the global economy, the momentum of coronavirus infection shows no signs of abating, with highly infectious variants having been identified mainly in Europe. The coronavirus continues to cause considerable damage to the societies and economies of countries around the world, giving rise to concerns of a prolonged economic downturn.

Results by Business Segment

Petrochemical Group

Petrochemical Group net sales fell ¥34.1 billion, or 27.2%, to ¥91.0 billion (US\$857.7 million), compared with the first three quarters of fiscal year 2020. The group's operating income likewise decreased, ¥6.3 billion, or 68.2%, to ¥2.9 billion (US\$27.3 million). Decreasing product shipments, the decline in olefin product sales prices exceeding the impact of lower raw material prices that resulted in worsening trade conditions, and the decrease in prices of naphtha and other raw materials leading to a deterioration in the difference between product receipt and payment contributed to the decrease in operating income.

Shipments of propylene and cumene decreased due to fiscal 2021 being a scheduled maintenance year. Moreover, product prices were driven downward by a decline in the prices of raw materials and fuels such as naphtha and in overseas product conditions.



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Shipments of polyethylene resin both domestically and overseas decreased due to a decline in demand caused by the spread of the coronavirus. Product prices likewise fell, reflecting the decline in naphtha prices. Shipments of chloroprene rubber remained essentially at the same level as in the previous fiscal year.

Chlor-alkali Group

The Chlor-alkali Group's net sales amounted to ¥190.7 billion (US\$1.8 billion), a decrease of ¥33.0 billion, or 14.7%, compared with the same nine-month period in fiscal 2020. Group operating income also decreased, ¥1.3 billion, or 5.9%, to ¥20.5 billion (US\$193.2 million), due to decreased shipments of urethane raw materials and vinyl chloride resin, and a deterioration in the difference between product receipts and payments caused by falling prices of raw materials such as naphtha.

Shipments of caustic soda, primarily for export, were essentially the same as during the corresponding period a year earlier, but product prices fell to reflect the decline in overseas market conditions. Shipments of vinyl chloride monomer (VCM) increased due to increased production volume, while poor market conditions abroad contributed to driving VCM product prices down. Domestic and export shipments of PVC resin decreased due to demand being suppressed by the spread of the coronavirus.

Domestic and export shipments of cement fell due to sluggish demand.

Shipments of methylene diphenyl diisocyanate (MDI), both domestically and overseas, decreased due to the spread of the coronavirus driving demand downward. And product prices fell to reflect a decline in overseas market conditions.

Specialty Group

Net sales by the Specialty Group decreased ¥6.7 billion, or 4.8%, to ¥132.8 billion (US\$1.2 billion), compared with the first three quarters of the previous fiscal year. Specialty Group operating income decreased to ¥18.0 billion (US\$169.6 million), a decline of ¥5.0 billion, or 21.6%. The decrease was attributable largely to the impact caused by the spread of the coronavirus.

Shipments of ethyleneamine decreased both domestically and overseas because of the spread of the coronavirus suppressing demand.

Among the group's separation-related products, shipments of liquid chromatography packing materials, primarily to Europe and the United States, increased. Meanwhile, the group's diagnostic-related products saw a decline in shipments of in vitro diagnostic reagents, to Europe, the United States, and China.

High-silica zeolite shipments, too, decreased, mainly for automotive exhaust gas catalysts. This was the result of sluggish demand caused by the spread of the coronavirus. Shipments of zirconia for decorative applications increased, as did shipments of silica glass, the latter driven by robust demand from the semiconductor market. Domestic and export shipments of electrolytic manganese dioxide for dry cells increased.

Engineering Group

Engineering Group net sales rose to ¥72.6 billion (US\$684.2 million), an increase of ¥1.4 billion, or 1.9%, compared with fiscal 2020's first three quarters. But the group's operating income decreased, ¥3.0 billion, or 30.3%, to ¥6.9 billion (US\$65.0 million), due to more profitable projects being implemented in the first three quarters of fiscal year 2020.

The Engineering Group's water treatment business increased its sales in spite of capital investment being reduced or postponed due to the spread of the coronavirus, primarily in general industry. The rise in sales was driven by growth in semiconductor-related projects in the electronics industry overseas, and by a strong performance in service solutions such as maintenance.

Sales by the group's construction subsidiaries also increased.

Ancillary



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Ancillary net sales for the first three quarters of fiscal 2020 decreased ¥2.8 billion, or 8.7%, to ¥29.5 billion (US\$278.0 million), compared with the same period a year earlier. Operating income, however, rose ¥300.0 million, or 14.8%, to ¥2.3 billion (US\$21.7 million).

Sales by ancillary trading companies and other operations decreased during the period under review.

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 ¥786.1 billion (US\$7.2 billion at the average rate of ¥108.7 to the US dollar) in fiscal 2020, ended March 31, 2020.

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 Nine-Month Consolidated Business Results for Fiscal Year 2021
(April 1, 2020 - December 31, 2020)

February 2, 2021

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	9 months of FY 2020 (04.01.19-12.31.19) (Actual)	9 months of FY 2021 (04.01.20-12.31.20) (Actual)	Variance	FY 2020 (04.01.19-03.31.20) (Actual)	FY 2021 (04.01.20-03.31.21) (Forecast)	Variance
Net sales	591.8	516.6	(75.1)	786.1	720.0	(66.1)
Operating income	65.8	50.6	(15.2)	81.7	78.0	(3.7)
Ordinary income	70.1	51.2	(18.9)	86.0	79.0	(7.0)
Profit attributable to owners of the parent	46.2	34.5	(11.7)	55.6	50.0	(5.6)
Net income per share (¥)	142.36	107.70	(34.66)	171.03	156.37	(14.66)

(b) Business and Financial Fundamentals

	9 months of FY 2020 (04.01.19-12.31.19) (Actual)	9 months of FY 2021 (04.01.20-12.31.20) (Actual)	Variance	FY 2020 (04.01.19-03.31.20) (Actual)	FY 2021 (04.01.20-03.31.21) (Forecast)	Variance
Exchange rate (¥/US\$) Average TTM	108.7	106.1	(2.5)	108.7	105.3	(3.4)
Exchange rate (¥/EUR) Average TTM	121.0	122.4	1.4	120.8	123.3	2.5
Domestic standard naphtha price (¥/kl)	42,300	28,867	(13,433)	42,925	30,400	(12,525)

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

(¥ Billions)

		9 months of FY 2020 (04.01.20–12.31.20) (Actual)	9 months of FY 2021 (04.01.20–12.31.20) (Actual)	Variance	Breakdown of variance		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	125.1	91.0	(34.1)	(9.7)	(24.4)	-
	Operating income	9.2	2.9	(6.3)	(1.4)	(1.5)	(3.4)
Chlor-alkali Group	Net sales	223.7	190.7	(33.0)	(12.2)	(20.7)	-
	Operating income (loss)	21.8	20.5	(1.3)	(3.2)	4.0	(2.0)
Specialty Group	Net sales	139.5	132.8	(6.7)	(3.0)	(3.6)	-
	Operating income	23.0	18.0	(5.0)	(1.9)	(0.8)	(2.4)
Engineering Group	Net sales	71.2	72.6	1.4	1.2	0.1	-
	Operating income (loss)	9.8	6.9	(3.0)	(3.0)	0.0	0.0
Ancillary	Net sales	32.3	29.5	(2.8)	(2.1)	(0.7)	-
	Operating income	2.0	2.3	0.3	0.3	0.0	0.0
Total	Net sales	591.8	516.6	(75.1)	(25.8)	(49.3)	-
	Operating income	65.8	50.6	(15.2)	(9.2)	1.8	(7.8)

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



2. Consolidated Financial Position

(¥ Billions)

	FY 2020 03.31.2020	FY 2021 12.31.2020	Variance
Total assets	886.6	946.5	59.9
Net assets	609.7	622.0	12.3
Interest-bearing liabilities	95.9	160.4	64.6
Equity ratio (%)	64.0	61.1	(2.9)

3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2020 (Actual)	28.00	28.00	56.00
FY 2021 (Forecast)	28.00 (actual)	28.00 (forecast)	56.00 (forecast)