



TOSOH CORPORATION

NEWS RELEASE

August 2, 2022

Tosoh Reports First-Quarter Consolidated Results for Fiscal 2023

Tokyo, Japan— Tosoh Corporation is pleased to announce its consolidated results for the first quarter of fiscal 2023, from April 1, 2022, to June 30, 2022. The company's consolidated net sales totaled ¥252.3 billion (US\$1.9 billion), up ¥51.1 billion, or 25.4%, compared with consolidated net sales in the first quarter of fiscal 2022. The increase was attributable to price increases of raw materials and fuels such as naphtha sparking increases in sales prices, and a progressively weakening yen.

Operating income also increased, ¥0.2 billion, or 0.5% compared with operating income in the same period the preceding year, to a surplus of ¥30.3 billion (US\$233.6 million). This was due to an improvement in the gap between product receipts and payments and increased sales volume, while on the other hand, terms of trade deteriorated on account that the higher raw material and fuel costs, such as naphtha and coal, outweighed higher selling prices. A decrease in foreign exchange losses resulting from a weaker yen led to an increase in ordinary income of ¥11.5 billion, or 35.9% compared with the first quarter of fiscal 2022, to a total of ¥43.6 billion (US\$336.2 million). And net profit for the quarter attributable to owners of the parent company increased ¥6.7 billion, or 31.0%, to ¥28.4 billion (US\$219.0 million).

During the first quarter, the global economy generally showed signs of recovery based on an increase in consumption and capital investment, as countries took measures to both prevent COVID-19 infections and promote economic activities. On the other hand, amid concerns about the Ukraine situation and the prolongation of China's zero-COVID policy, soaring resource prices, sharp inflation, and disruptions in the global supply chain all pose risks to the economy, and the outlook for the domestic and overseas economy remains uncertain.

Results by business segment

Petrochemical Group

Petrochemical Group net sales rose ¥7.2 billion, or 17.4%, to ¥48.7 billion (US\$375.5 million), compared with group net sales in the first quarter of fiscal 2021. Operating income decreased, ¥2.0 billion, or 43.5%, to ¥2.7 billion (US\$20.8 million). This decrease was driven by a decline in shipments of olefin products and polyethylene resins, as well as worsening terms of trade caused by higher prices for raw materials and fuel, such as naphtha.

Shipments of olefin products, such as ethylene, propylene, and cumene declined due to a decrease in production volume in line with the scheduled maintenance year. Moreover, product prices for ethylene and propylene rose, driven by higher naphtha prices. Product prices for cumene increased due to higher overseas market prices and other factors.

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TOSOH CORPORATION

Shipments of polyethylene resin decreased in both domestic and overseas markets. Product prices did increase, however, reflecting higher naphtha prices and market conditions overseas. Both shipments and exports of chloroprene rubber remained essentially unchanged from the first quarter of fiscal 2022, and product prices rose due to soaring raw material prices and tight supply and demand.

Chlor-alkali Group

The Chlor-alkali Group's first-quarter 2023 net sales increased ¥28.0 billion, or 37.9%, to ¥102.0 billion (US\$786.4 million). The group's operating income decreased ¥2.0 billion, or 17.4%, to ¥9.7 billion (US\$74.8 million), driven by worsening terms of trade caused by higher prices for raw materials and fuels, such as naphtha and coal.

Shipments of caustic soda rose due to an increase in production volume. And product prices increased owing to a correction of domestic prices and the improvement in overseas market conditions.

Vinyl chloride monomer and vinyl chloride resin shipments both increased as production volume increased, and product prices rose reflecting domestic price revisions.

Domestic shipments of cement declined due to weak demand, while product prices rose in both domestic and overseas markets.

Domestic and export shipments of methylene diphenyl diisocyanate (MDI) rose in line with increased production.

Specialty Group

First-quarter fiscal 2023 net sales by the Specialty Group increased ¥9.4 billion, or 17.5%, to ¥62.7 billion (US\$483.4 million), compared with the same period of the previous fiscal year. The group's operating income increased ¥2.8 billion, or 24.5%, to ¥14.1 billion (US\$108.7 million), mainly due to an improvement in the gap between product receipts and payments resulting from higher raw material and fuel prices, such as coal.

Shipments of ethyleneamines were on par with the same period of the previous fiscal year. Product prices rose, driven by higher product prices in overseas markets.

Shipments of separation-related packing materials for liquid chromatography remained firm. Diagnostic-related products, shipments of in vitro diagnostic products declined, primarily in China.

Shipments of high-silica zeolites remained essentially the same as the corresponding period in fiscal 2022. Shipments of zirconia increased mainly for dental material applications in Europe. Silica glass shipments rose in line with the growing demand for semiconductors. Shipments of electrolytic manganese dioxide were down due to the easing of supply and demand in the U.S., but domestic and overseas product prices rose due to a price correction.

Engineering Group

Engineering Group net sales for the first quarter of fiscal 2022 increased ¥5.2 billion, or 22.2%, to ¥28.6 billion (US\$220.5 million). Operating income likewise increased, ¥1.5 billion, or 84.1%, to ¥3.3 billion (US\$25.4 million).



The Engineering Group's water treatment engineering business saw an increase in net sales during the period under review. The increase was attributable to significant construction progress made on large-scale electronics industry projects for which orders had been received in Japan and overseas.

Sales by the group's construction subsidiaries increased.

Ancillary

Ancillary net sales increased ¥1.3 billion, or 14.8%, to ¥10.3 billion (US\$79.4 million). Ancillary operating income also decreased, ¥ 0.1 billion (8.4%), to ¥0.5 billion (US\$3.9 million). Net sales of other operating companies such as trading companies increased.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥129.7 = US\$1, the average exchange rate during the period under review.

Summary of Financial Results

Consolidated Results Forecast and Related Information

In the "Tosoh Reports Its Consolidated Results for Fiscal 2022" released on May 12, 2022, a reasonable consolidated earnings forecast for the year ending March 31, 2023 was determined to be difficult to present and was not released. However, based on the information currently available, a forecast is put forth as follows.

Revised first-half consolidated financial results for fiscal year 2023 (April 1, 2022, to September 30, 2022)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of the Parent Company	Earnings per Share (yen)
Previous forecast (A)	-	-	-	-	
Revised forecast (B)	¥550 billion	¥54 billion	¥63 billion	¥43 billion	
Difference (B – A)	-	-	-	-	
% Difference	-	-	-	-	
Reference: FY 2022 first-half performance (first half of year ended March 2022)	¥429 billion	¥65 billion	¥69 billion	¥46 billion	144.68



TOSOH CORPORATION

Revised full-year consolidated financial results for fiscal year 2023 (April 1, 2023, to March 31, 2023)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of the Parent Company	Earnings per Share (yen)
Previous forecast (A)	-	-	-	-	
Revised forecast (B)	¥1,130 billion	¥101 billion	¥111 billion	¥74 billion	
Difference (B – A)	-	-	-	-	
% Difference	-	-	-	-	
Reference: FY 2021 performance (Year ended March 2021)	¥919 billion	¥144 billion	¥160 billion	¥108 billion	339.23

For more details, please refer to the “Tosoh’s Revised Fiscal 2023 Consolidated Results Forecast” news release dated August 2, 2022

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

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



TOSOH CORPORATION

use of the word anticipates and other words of similar meaning. Actual results may differ significantly from the results expressed in forward-looking statements.



TOSOH CORPORATION

Summary of First-Quarter Consolidated Business Results for Fiscal Year 2023 (April 1, 2022 - June 30, 2022)

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	1Q of FY 2022 (Actual)	1Q of FY 2023 (Actual)	Difference	FY 2023 (Forecast)
Net sales	201.2	252.3	51.1	1,130.0
Operating income	30.1	30.3	0.2	101.0
Ordinary income	32.1	43.6	11.5	111.0
Profit attributable to owners of the parent	21.7	28.4	6.7	74.0
Earnings per share (¥)	68.24	89.39	21.15	232.55

(b) Business and Financial Fundamentals

(¥ Billions)

	1Q of FY 2022 (Actual)	1Q of FY 2023 (Actual)	Difference	FY 2023 (Forecast)
Exchange rate (¥/US\$) Average TTM	109.5	129.7	20.2	130.9
Exchange rate (¥/EUR) Average TTM	131.9	138.3	6.4	139.5
Domestic standard naphtha price (¥/kl)	47,700	86,100	38,400	80,775

Topics

- Winter 2023 Increase production capacity of bromine
- Summer 2024 Increase production capacity of separation and purification media
- Summer 2025 Production capacity increase for sputtering targets
- Spring 2026 (Planned) New biomass power plant



TOSOH CORPORATION

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

(¥ Billions)

		1Q of FY 2022 (Actual)	1Q of FY 2023 (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	41.5	48.7	7.2	(8.0)	15.2	-
	Operating income	4.7	2.7	(2.0)	(1.3)	(2.9)	2.2
Chlor-alkali Group	Net sales	74.0	102.0	28.0	7.0	21.0	-
	Operating income	11.7	9.7	(2.0)	8.2	(14.1)	3.9
Specialty Group	Net sales	53.3	62.7	9.4	1.3	8.1	-
	Operating income	11.4	14.1	2.8	0.6	(0.9)	3.1
Engineering Group	Net sales	23.4	28.6	5.2	4.3	0.9	-
	Operating income	1.8	3.3	1.5	1.5	0.0	0.0
Other	Net sales	9.0	10.3	1.3	0.1	1.2	-
	Operating income	0.6	0.5	(0.1)	0.0	0.0	(0.1)
Total	Net sales	201.2	252.3	51.1	4.7	46.4	-
	Operating income	30.1	30.3	0.2	9.0	(17.9)	9.1

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

(¥ Billions)

		FY 2022 (Actual)	FY 2023 (Forecast)	Difference
Petrochemical Group	Net sales	177.2	238.5	61.3
	Operating income	15.7	14.9	(0.8)
Chlor-alkali Group	Net sales	361.6	454.8	93.2
	Operating income	69.5	18.2	(51.3)
Specialty Group	Net sales	226.2	266.9	40.6
	Operating income	43.5	51.3	7.8
Engineering Group	Net sales	116.3	132.6	16.3
	Operating income	12.3	14.0	1.7
Other	Net sales	37.3	37.3	0.0
	Operating income	3.1	2.7	(0.4)
Total	Net sales	918.6	1,130.0	211.4
	Operating income	144.0	101.0	(43.0)



TOSOH CORPORATION

2. Consolidated Financial Position

(¥ Billions)

	FY 2022 03.31.2022	FY 2023 06.30.2022	Difference
Total assets	1,087.7	1,133.2	45.5
Net assets	759.7	776.8	17.1
Interest-bearing liabilities	91.9	117.8	25.9
Equity ratio (%)	65.2	64.0	(1.2)

3. Dividends

(¥ Billions)

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2022 (Actual)	30.00	50.00	80.00
FY 2023 (Forecast)	40.00	40.00	80.00