



# TOSOH CORPORATION

## NEWS RELEASE

*May 12, 2022*

### **Tosoh Reports Its Consolidated Results for Fiscal 2022**

**Tokyo, Japan**—Tosoh presents its full-year consolidated results for its 2022 fiscal year, from April 1, 2021, to March 31, 2022. The company's consolidated net sales were ¥918.6 billion (US\$8.2 billion), up ¥185.7 billion, or 25.3%, from fiscal 2021. The increase resulted from higher sales prices on the back of increased prices for raw materials and fuels such as naphtha, and of improved trade conditions overseas.

Operating income for fiscal 2022 was ¥144.0 billion (US\$1.3 billion), an increase of ¥56.2 billion, or 64.0%. This increase was primarily due to improved international trade conditions as higher selling prices exceeded the impact of higher raw material and fuel prices. Ordinary income rose ¥65.4 billion, or 68.7%, to ¥160.5 billion (US\$1.4 billion), while profit attributable to owners of the parent was up ¥44.6 billion, or 70.6%, to ¥107.9 billion (US\$960.0 million).

During the period under review, the Japanese economy continued to recover from the lingering effects of the COVID-19 pandemic, driven by progress in vaccination and recovery in overseas demand. The situation remained unstable, though, as restrictions on social and economic activities were repeatedly imposed and eased as the number of infections oscillated. Concerning the global economy, while demand is on the road to recovery as restrictions on economic activities are being eased—particularly in developed countries—the outlook remains unclear, given the current downward pressures resulting from Russia's invasion of Ukraine and the lockdown in Shanghai, China. Other economic slowdown factors such as the continued intermittent spread of COVID-19, surging resource prices, rising and prolonged inflation pressures, and disruptions in global supply chains are contributing to the uncertainty.

### **Results by business segment**

#### **Petrochemical Group**

Petrochemical Group net sales rose ¥45.8 billion, or 34.9%, to ¥177.2 billion (US\$1.6 billion), compared with fiscal 2021. The group's operating income likewise increased, ¥8.0 billion, or 103.2%, to ¥15.7 billion (US\$139.7 million). The increases were attributable to increased

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shipments of a broad range of products and to rising prices for raw materials and fuels such as naphtha which positively impacted the difference between product receipts and payments.

Shipments of propylene and cumene increased on the back of a recovery in demand and elevated production volumes. Moreover, higher prices for raw materials and fuels such as naphtha and improved conditions in markets overseas led to an increase in product prices.

Shipments of polyethylene resin increased both in Japan and exports as demand rebounded. In addition, polyethylene resin prices rose, reflecting higher naphtha prices and overseas market conditions. Shipment of chloroprene rubber increased in both domestic and export markets due to recovery in demand. And product prices rose, bolstered by firm overseas demand.

## **Chlor-alkali Group**

The Chlor-alkali Group's net sales rose ¥86.8 billion, or 31.6%, to ¥361.6 billion (US\$3.2 billion), and operating income was up ¥28.0 billion yen, or 67.4%, to ¥69.5 billion (US\$618.3 million) due to improved terms of trade for polyvinyl chloride (PVC) products and urethane raw materials.

Shipment of caustic soda decreased, mainly in exports, but product prices rose to reflect higher overseas market prices. Vinyl chloride monomer and vinyl chloride resin shipments both decreased as production volume declined, but vinyl chloride product prices rose, reflecting higher naphtha prices and improved terms of trade overseas.

Domestic and overseas shipments of cement remained strong.

Methylene diphenyl diisocyanate (MDI) increased both in Japan and overseas due to the steady operation of a production subsidiary in China, which had suspended operations in the previous fiscal year due to the spread of COVID-19, and a rebound in demand. In addition, product prices rose, reflecting improvement in overseas market conditions.

## **Specialty Group**

Net sales by the Specialty Group increased ¥45.6 billion, or 25.3% to ¥226.2 billion (US\$2.0 billion). Operating income was up ¥20.0 billion, or 85.0%, to ¥43.5 billion (US\$387.0 million), primarily due to the recovery in demand driving an increase in sales volume.

Domestic and overseas ethyleneamines product shipments increased as demand recovered. And product prices increased due to improved overseas market conditions.



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Separation-related products saw an increase in shipments of packing materials for liquid chromatography, to Europe, the United States, and China. Domestic in vitro diagnostic reagent shipments, as well as those to Europe, the United States, and Asia, rose on the back of the recovery in demand.

Shipments of high-silica zeolite increased both in Japan and overseas, primarily for automotive exhaust gas catalysts, as demand recovered. Increased demand also pushed export shipments of zirconia for dental applications upward. Silica glass shipments were up, buoyed by a strong semiconductor market. Shipments of electrolytic manganese dioxide for dry cell and rechargeable battery applications increased on the back of stronger demand.

## Engineering Group

Engineering Group net sales increased ¥10.1 billion, or 9.5%, to ¥116.3 billion (US\$1.0 billion). Operating income rose ¥0.3 billion yen, or 2.4%, to ¥12.3 billion (US\$109.4 million).

The water treatment business saw increased sales attributable to steady progress in construction of large-scale projects in Japan and overseas, for which orders were received primarily in the electronics industry.

Sales in the Engineering Group's construction subsidiaries increased.

## Ancillary

Ancillary net sales decreased ¥2.5 billion, or 6.4% to ¥37.3 billion (US\$331.9 million). Operating income likewise decreased ¥17 million, or 0.6%, to ¥3.1 billion (US\$27.6 million).

Sales of other operating companies such as trading companies decreased.

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

Total assets increased ¥104.9 billion, to ¥1,087.7 billion yen (US\$9.7 billion), primarily due to an increase in contract assets.

Because of an increase in notes and accounts payable, total liabilities rose ¥6.8 billion yen, to ¥327.9 billion yen (US\$2.9 billion).



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Net assets increased ¥98.0 billion, to ¥759.7 billion (US\$6.8 billion). The increase owed itself to the recording of current net profit attributable to owners of the parent company.

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

Cash and cash equivalents were up ¥12.4 billion, to ¥160.8 billion (US\$1.4 billion).

Net cash provided by operating activities amounted to ¥108.6 billion (US\$966.1 million), up ¥13.5 billion from a year earlier. This increase was due to an increase in income before income taxes.

Net cash used in investing activities was ¥43.5 billion (US\$387.0 million), a decrease of ¥2.8 billion caused by decreased expenditures used in the acquisition of fixed assets.

As a result, free cash flow rose ¥16.3 billion, to ¥65.1 billion (US\$579.2 million).

Net cash used in financing activities was ¥57.9 billion (US\$515.1 million), an increase of ¥59.4 billion yen from a year earlier because of a net increase in short-term loans payable.

## Outlook for the fiscal year ending March 31, 2023

Social and economic activities that have been constrained by the impact of COVID-19 are expected to begin normalizing in many of the world's major regions, backed by progress in vaccination. However, Russia's invasion of Ukraine and prolonged economic sanctions have amplified downside risks to the global economy through soaring resource prices and other factors. As such, uncertainty in the outlook for economic conditions domestically and abroad is expected to persist.

Under these circumstances, the Group will remain vigilant with regard to business risks and changes in the business environment, such as the situation in Ukraine and the status of normalization of the pandemic in Japan and overseas. Other factors include the deterioration of the supply-demand environment due to various uncertainties, volatility in raw material and fuel prices and trade conditions abroad, exchange rates fluctuations, and supply chain disruptions. Tosoh will strive to secure earnings by responding quickly and flexibly as situations evolve.

As for fiscal year 2023, the deteriorating situation in Ukraine will greatly intensify the volatility of prices of major raw materials and fuels such as naphtha and coal, which will significantly impact trade conditions and the difference between inventory receipts and payments, as well as the rapid depreciation of the yen against other currencies.



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Since there are many uncertainties at this time and it is difficult to present a reasonable earnings forecast, Tosoh will release its forecast as soon as it deems the situation has stabilized sufficiently.

## **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).

*Note:* For reference purpose only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥112.4=US\$1, the average exchange rate during the period under review.

## **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 13,600 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 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 2022**  
**(April 1, 2021–March 31, 2022)**

May 12, 2022

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	FY 2021 (Actual)	FY 2022 (Actual)	Difference
Net sales	732.9	918.6	185.7
Operating income	87.8	144.0	56.2
Ordinary income	95.1	160.5	65.4
Profit attributable to owners of the parent	63.3	107.9	44.6
Earnings per share (¥)	197.89	339.23	141.34

(b) Business and Financial Fundamentals

	FY 2021 (Actual)	FY 2022 (Actual)	Difference
Exchange rate (¥/US\$) Average TTM	106.1	112.4	6.3
Exchange rate (¥/EUR) Average TTM	123.8	130.6	6.8
Domestic standard naphtha price (¥/kl)	31,300	56,875	25,575
Capital expenditures	50.6	48.0	(2.6)
Depreciation and amortization	37.5	37.6	0.1
R&D expenses	19.5	19.9	0.4
Interest-bearing liabilities	126.5	91.9	(34.6)
Net financing expenses	0.4	1.0	0.6
Equity ratio ( % )	62.6	65.2	2.6
Number of employees	13,631	13,858	227

**Topics**

June 2021

Increased production capacity of chloroprene rubber (CR)

Winter 2023

Increase production capacity of Bromine

Autumn 2023

Mabuhay Vinyl Corporation to boost production capacity of its electrolysis plant

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

(¥ Billions)

		FY 2021 (Actual)	FY 2022 (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	131.4	177.2	45.8	(16.5)	62.3	-
	Operating income	7.7	15.7	8.0	1.9	(2.8)	8.9
Chlor-alkali Group	Net sales	274.9	361.6	86.7	(6.9)	93.6	-
	Operating income	41.5	69.5	28.0	3.2	13.8	11.0
Specialty Group	Net sales	180.6	226.2	45.6	29.9	15.7	-
	Operating income	23.5	43.5	20.0	11.7	6.5	1.8
Engineering Group	Net sales	106.2	116.3	10.1	7.4	2.7	-
	Operating income	12.0	12.3	0.3	0.3	0.0	0.0
Ancillary	Net sales	39.8	37.3	(2.5)	(4.3)	1.8	-
	Operating income	3.1	3.1	0.2	0.2	0.0	0.0
Total	Net sales	732.9	918.6	185.7	9.6	176.1	-
	Operating income	87.8	144.0	56.2	17.1	17.5	21.6

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

## 2. Consolidated Financial Position

(¥ Billions)

	FY 2020 03.31.2021	FY 2021 03.31.2022	Difference
Total assets	982.8	1,087.7	104.9
Net assets	661.7	759.7	98.0
Interest-bearing liabilities	126.5	91.9	(34.6)
Equity ratio (%)	62.6	65.2	2.6
Net assets per share (¥)	1,934.86	2,227.84	292.98

## 3. Cash flows

(¥ Billions)

	FY 2020 (Actual) 03.31.2021	FY 2021 (Actual) 03.31.2022	Difference
Cash flows from operating activities	95.1	108.6	13.5
Cash flows from investment activities	(46.4)	(43.5)	2.9
Cash flows from financing activities	1.6	(57.9)	(59.5)
Others	0.8	5.2	4.4
Net increase (decrease) in cash and cash equivalents	51.2	12.1	(39.1)
Cash and cash equivalents at end of period	148.4	160.8	12.4

## 4. Dividends

	Annual dividends per share (¥)			Total amount of annual dividends (¥ Millions)	Dividend payout ratio (%)
	Interim	Year-end	Total		
FY 2020	28.00	32.00	60.00	19,091	30.3
FY 2021	30.00	50.00	80.00	25,459	23.6
FY 2022(Forecast)	40.00	40.00	80.00	—	—