



TOSOH CORPORATION

NEWS RELEASE

November 1, 2022

Tosoh Reports on its First-Half Consolidated Results for Fiscal 2023

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for the first half of fiscal 2023, from April 1, 2022, to September 30, 2022.

The company's consolidated net sales increased ¥98.1 billion (22.9%) year-on-year to ¥526.6 billion (US\$3.9 billion). The increase was attributable to higher selling prices resulting from higher costs of raw materials and fuels such as naphtha and the progressively weaker yen.

Operating income decreased ¥20.3 billion (31.1%) year-on-year to ¥45.0 billion (US\$335.8 million) due to worsening terms of trade as the impact of higher raw materials and fuel prices, such as naphtha and coal, exceeded the impact of higher selling prices.

Ordinary income was ¥64.7 billion (US\$482.8 million), a decrease of ¥4.3 billion (6.2%) from the same period a year earlier due to an improvement in non-operating income/loss resulting from foreign exchange gains from the progressively weaker yen. Profit attributable to owners of the parent company was ¥42.0 billion (US\$313.4 million), a decrease of ¥4.0 billion (8.7%) from the same period last year.

During the first half of the current fiscal year (April 1, 2022, to September 30, 2022), the global economy was recovering as countries took both measures to prevent new COVID-19 infections and promote economic activity. Amid concerns about the protracted war in Ukraine and the prolonged implementation of China's zero-COVID policy, however, disruptions in the global supply chain, soaring resource prices, sharp inflation, and monetary tightening have put downward pressure on the economy, and the future outlook remains uncertain.

Results by business segment

Petrochemical Group

Petrochemical Group net sales increased ¥18.5 billion (21.1%) year-on-year to ¥106.2 billion (US\$792.5 million). Operating income, meanwhile, decreased ¥2.2 billion (25.9%) year-on-year to ¥6.4 billion (US\$47.8 million). A decrease in shipments of olefin products such as ethylene, propylene, and cumene, as well as polyethylene resin, and deteriorating terms of trade resulting from higher raw material and fuel prices, including naphtha, contributed to the decrease.

Shipments of ethylene, propylene and cumene decreased owing to a decline in production volume due to this being a scheduled maintenance year. Moreover, product prices of ethylene and propylene increased due to higher naphtha prices. Product prices of cumene rose on the

3-8-2, Shiba, Minato-ku, Tokyo 105-8623, Japan

Tel: +81 (3) 5427 5118 Fax: +81 (3) 5427 5198

www.tosoh.com



TOSOH CORPORATION

back of higher overseas market prices and other factors.

Shipments of polyethylene resin decreased in both domestic and export markets, but product prices increased, reflecting higher naphtha prices and overseas market conditions. Domestic shipments and exports of chloroprene rubber remained at the same level as in the same period of the previous year. In addition, product prices rose against the backdrop of tight supply-demand conditions and soaring raw material prices.

Chlor-alkali Group

The Chlor-alkali Group's net sales increased ¥46.3 billion (29.0%) year on year to ¥206.4 billion (US\$1.5 billion), while operating income decreased ¥28.0 billion (99.5%) year on year to ¥0.1 billion (US\$0.7 million) due to worsening trade conditions resulting from higher prices of raw materials and fuels such as naphtha and coal.

Shipments of caustic soda increased due to an increase in production volume. Product prices increased due to domestic price revisions and the rise in overseas market conditions. Shipments of vinyl chloride monomer increased due to an increase in production volume. Shipments of PVC resin decreased, but product prices rose due to domestic price revisions.

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

Shipments of methylene diphenyl diisocyanate (MDI) rose both in Japan and overseas on the back of increased production. Product prices of hexamethylene diisocyanate (HDI) hardeners increased, reflecting rising overseas market prices.

Specialty Group

Specialty Group net sales increased ¥20.8 billion (18.9%) year-on-year to ¥130.9 billion (US\$976.9 million). The group's operating income also increased ¥7.2 billion (32.2%) year-on-year to ¥29.3 billion (US\$218.7 million), primarily attributable to increased shipments of silica glass materials, improved terms of trade due to foreign exchange, and an improvement in the inventory receipt/payment.

Shipments of ethyleneamines decreased due to the lockdown in Shanghai, China, but higher overseas market prices pushed product prices upward.

In separation-related products, shipments of packing materials for liquid chromatography remained strong. Looking at diagnostic-related products, shipments of in vitro diagnostic reagents to China declined due to the spread of COVID-19 infections, but shipments of genetic COVID-19 test kits for Japan increased.

Shipments of high-silica zeolites were on par with the same period of the previous year. Shipments of zirconia increased, mainly for use in dental materials to Europe. Silica glass shipments increased in line with the growing demand for semiconductors. Shipments of electrolytic manganese dioxide decreased due to the easing of supply and demand in the United States, but domestic and overseas product prices rose due to price revisions.

Engineering Group

Engineering Group net sales increased ¥9.6 billion (18.2%) year on year to ¥62.4 billion (US\$465.7 million). Operating income also increased ¥2.9 billion (57.3%) year on year to ¥7.9 billion (US\$59.0 million).



TOSOH CORPORATION

Sales in the Engineering Group's water treatment business increased due to a high volume of construction projects for the electronics industry, with firm orders for large-scale projects in Japan and overseas, and also due to strong sales of maintenance and other service solutions.

Sales by the Engineering Group's construction subsidiaries decreased.

Ancillary

Ancillary net sales increased ¥2.8 billion (15.6%) year on year to ¥20.8 billion (US\$155.2 million), but operating income decreased ¥0.1 billion (7.9%) year on year to ¥1.3 billion (US\$9.7 million).

Sales at trading and other companies rose during the period under review.

Summary of financial results

Total assets increased ¥85.3 billion from the end of the previous period to ¥1,173.0 billion (US\$8.8 billion), mainly due to an increase in notes and accounts receivable-trade and contract assets.

Liabilities increased by ¥44.6 billion from the end of the previous period to ¥372.6 billion (US\$2.8 billion), mainly due to an increase in short-term bank loans.

Net assets amounted to ¥800.4 billion (US\$6.0 billion), up ¥40.7 billion from the end of the previous fiscal year, mainly due to the recording of profit attributable to owners of the parent company.

Explanation concerning forecast information such as consolidated performance forecast

The future business environment poses risks to business performance, such as shrinking demand due to the global economic slowdown and fluctuating raw material and fuel prices, overseas product market conditions, and exchange rate trends, which are influenced by a host of factors. Tosoh will implement measures to secure earnings, including maintaining and expanding sales volume, reducing costs, and ensuring stable operation of manufacturing facilities, while responding quickly and flexibly to changes in the environment.

Tosoh Corporation has revised its full-year earnings forecast announced on August 2, 2022. Assumptions for the second half of the fiscal year are based on a domestic naphtha price of ¥68,500/kiloliter and an exchange rate of ¥142/US\$.



TOSOH CORPORATION

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)	¥1,130 billion	¥101 billion	¥111 billion	¥74 billion	232.55
Revised forecast (B)	¥1,110 billion	¥83 billion	¥102 billion	¥66 billion	207.38
Difference (B – A)	¥-20 billion	¥-18 billion	¥-9 billion	¥-8 billion	
% Difference	-1.8	-17.8	-8.1	-10.8	
(Reference) FY 2022 performance (year ended March 2022)	¥919 billion	¥144 billion	¥160 billion	¥108 billion	339.23

For details, please refer to the "Tosoh Revises Fiscal 2023 Consolidated Results Forecast," release on the same day as this release.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥134.0=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 13,800 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.

Summary of First-Half Consolidated Business Results for Fiscal Year 2023
(April 1, 2022–September 30, 2022)

November 1, 2022

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	FY 2022 1H (04.01.21–09.30.21) (Actual)	FY 2023 1H (04.01.22–09.30.22) (Actual)	Difference	FY 2022 (04.01.21–03.31.22) (Actual)	FY 2023 (04.01.22–03.31.23) (Forecast)	Difference
Net sales	428.5	526.6	98.1	918.6	1,110.0	191.4
Operating income	65.3	45.0	(20.3)	144.0	83.0	(61.0)
Ordinary income	69.0	64.7	(4.3)	160.5	102.0	(58.5)
Profit attributable to owners of the parent	46.0	42.0	(4.0)	107.9	66.0	(41.9)
Earnings per share (¥)	144.68	132.10	(12.58)	339.23	207.38	(131.85)

(b) Business and Financial Fundamentals

(¥ Billions)

	FY 2022 1H (04.01.21–09.30.21) (Actual)	FY 2023 1H (04.01.22–09.30.22) (Actual)	Difference	FY 2022 (04.01.21–03.31.22) (Actual)	FY 2023 (04.01.22–03.31.23) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	109.8	134.0	24.2	112.4	138.0	25.6
Exchange rate (¥/EUR) Average TTM	130.9	138.8	7.9	130.6	139.4	8.8
Domestic standard naphtha price (¥/kl)	50,600	83,150	32,550	56,625	75,825	19,200
Capital expenditures	23.5	30.7	7.2	48.0	77.0	29.0
Depreciation and amortization	18.0	19.4	1.4	37.6	41.0	3.4
R&D expenses	9.9	10.2	0.3	19.9	23.0	3.1
Interest-bearing liabilities	122.5	124.7	2.4	91.9	179.0	87.1
Net financing expenses	0.8	1.0	0.2	1.0	1.4	0.4
Equity ratio (%)	64.2	63.6	(0.6)	65.2	62.0	(3.2)
Number of employees	14,068	14,223	155	13,858	14,400	542

Topics

- Winter FY2023 (planned) Production capacity increase for bromine
- Summer 2024 (planned) Production capacity increase for separation and purification media
- Summer 2025 (planned) Production capacity increase for sputtering targets
- Spring 2026 (planned) New biomass power plant

(c) Net Sales and Operating Income by Business Segment

(¥ Billions)

		FY 2022 1H (04.01.21–09.30.21) (Actual)	FY 2023 1H (04.01.22–09.30.22) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	87.7	106.2	18.5	(14.6)	33.1	-
	Operating income	8.6	6.4	(2.2)	(1.7)	(3.7)	3.2
Chlor-alkali Group	Net sales	160.1	206.4	46.3	4.4	41.9	-
	Operating income	28.1	0.1	(28.0)	5.4	(34.3)	1.0
Specialty Group	Net sales	110.0	130.9	20.9	(0.8)	21.7	-
	Operating income	22.2	29.3	7.1	1.2	2.3	3.6
Engineering Group	Net sales	52.8	62.4	9.6	7.1	2.5	-
	Operating income	5.0	7.9	2.9	2.9	0.0	0.0
Ancillary	Net sales	18.0	20.8	2.8	1.0	1.8	-
	Operating income	1.4	1.3	(0.1)	(0.1)	0.0	(0.0)
Total	Net sales	428.5	526.6	98.1	(2.8)	100.9	-
	Operating income	65.3	45.0	(20.3)	7.6	(35.7)	7.8

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

(¥ Billions)

		FY 2022 (Actual)	FY 2023 (Forecast)	Difference	FY 2023 (Forecast)	
					04.01.22-09.30.22	10.01.22-03.31.23
Petrochemical Group	Net sales	177.2	221.8	44.6	106.2	115.6
	Operating income	15.7	15.1	(0.6)	6.4	8.7
Chlor-alkali Group	Net sales	361.6	422.5	60.9	206.4	216.1
	Operating income	69.5	(5.8)	(75.3)	0.1	(5.9)
Specialty Group	Net sales	226.2	275.9	49.7	130.9	145.0
	Operating income	43.5	54.1	10.6	29.3	24.8
Engineering Group	Net sales	116.3	146.0	29.7	62.4	83.6
	Operating income	12.3	17.1	4.8	7.9	9.2
Ancillary	Net sales	37.3	43.7	6.4	20.8	22.9
	Operating income	3.1	2.5	(0.6)	1.3	1.2
Total	Net sales	918.6	1,110.0	191.4	526.6	583.4
	Operating income	144.0	83.0	(61.0)	45.0	38.0

2. Consolidated Financial Position

(¥ Billions)

	FY 2022 03.31.2022	FY 2023 1H 09.30.2022	Difference
Total assets	1,087.7	1,173.0	85.3
Net assets	759.7	800.4	40.7
Interest-bearing liabilities	91.9	124.7	32.8
Equity ratio (%)	65.2	63.6	(1.6)

3. Cash Flows

(¥ Billions)

	FY 2022 1H (04.01.21–09.30.21) (Actual)	FY 2023 1H (04.01.22–09.30.22) (Actual)	Difference
Cash flows from operating activities	27.6	(34.9)	(62.5)
Cash flows from investment activities	(27.3)	(29.8)	(2.5)
Cash flows from financing activities	(15.5)	13.0	28.5
Others	2.3	6.0	3.7
Net increase (decrease) in cash and cash equivalents	(12.8)	(45.7)	(32.9)
Cash and cash equivalents at end of period	135.9	115.1	(20.8)

4. Dividends

	Annual dividends per share (¥)		
	Interim (Q2)	Year-end (Q4)	Total
FY 2022 (Actual)	30.00	50.00	80.00
FY 2023 (Forecast)	40.00(actual)	40.00(forecast)	80.00(forecast)