



Financial Results for 1Q FY2024

(April 1, 2023 – June 30, 2023)

TOSOH CORPORATION

August 3, 2023

«Note»

This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

The forward-looking statements, including financial results forecasts, contained in these materials are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and may be substantially different from the actual performance because of various factors that may arise from now on.

Tosoh Corporation's 2024 fiscal year covers the period from April 1, 2023, to March 31, 2024.

■ 1Q FY2024 Financial Results

Financial Highlights	5
Scope of Consolidation • Key Indicators	6
Net sales and Operating income by Business Segment	7
Business Performance	8
Non-operating income/expenses, Extraordinary income/losses	12
Consolidated Balance Sheets	13
Consolidated Statements of Cash Flows	14

■ FY2024 Forecasts

Financial Highlights	16
Financial Highlights (since FY2020)	17
Dividends	18

1Q FY2024 Financial Results

Financial Highlights

(Billion yen)

		FY2023 1Q	FY2024 1Q	Change
Net sales		252.3	240.6	-11.7
Operating income		30.3	13.6	-16.7
Ordinary income		43.6	22.2	-21.4
Profit attributable to owners of parent		28.4	13.2	-15.2
Exchange rate	(¥/US\$)	129.7	137.5	7.8
[Average TTM]	(¥/EUR)	138.3	149.6	11.3
Domestic naphtha price	(¥/KL)	86,100	67,000	-19,100
Benzene	(US\$/ton)	1,231	870	-361
P V C	(US\$/ton)	1,313	793	-520
V C M	(US\$/ton)	1,172	654	-518
Caustic soda	(US\$/ton)	752	408	-344
M D I (Monomeric)	(US\$/ton)	2,597	1,979	-618
M D I (Polymeric)	(US\$/ton)	2,319	1,654	-665

Scope of Consolidation

(Number of companies)

	FY2023 1Q	FY2024 1Q	Change	
Consolidated subsidiaries	95	94	-1	+ : Kyoei Mercantile Co.,Ltd. (OTH) - : Tosoh Bioscience Latin America SpA (SP) Tosoh Bioscience Wisconsin,Inc. (SP)
Equity-method affiliates	14	14	-	
Total	109	108	-1	

OTH : Other Group SP : Specialty Group

Key Indicators

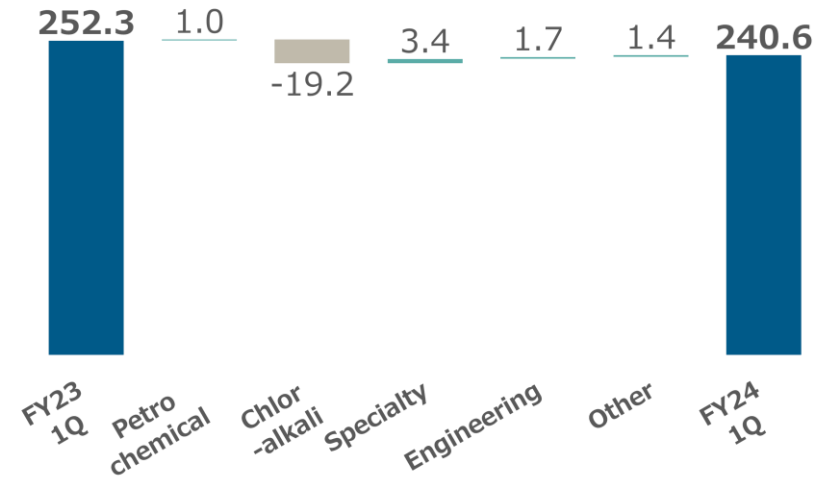
(Billion yen)

	FY2023 1Q	FY2024 1Q	Change
Capital expenditures	14.5	16.5	2.0
Depreciation and amortization	9.2	10.1	0.9
R&D expenses	5.0	5.7	0.7
Interest-bearing liabilities	117.8	181.5	63.7
Net Financial income/expenses	1.0	0.6	-0.5
Equity ratio (%)	64.0	61.6	-2.4
Number of employees	14,298	14,533	235

Net sales and Operating income by Business Segment

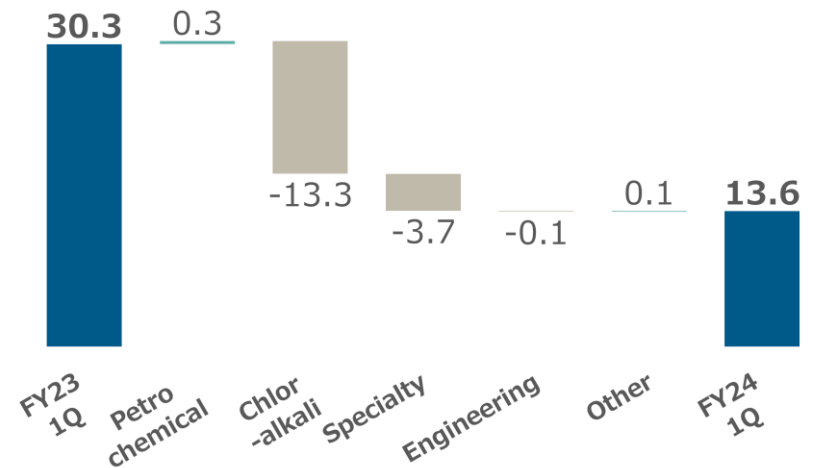
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Price	FOREX rate
Petrochemical	48.7	49.7	1.0	6.1	-5.1	1.2
Chlor-alkali	102.0	82.8	-19.2	-13.1	-6.2	3.4
Specialty	62.7	66.0	3.4	-3.5	6.9	4.5
Engineering	28.6	30.4	1.7	1.3	0.5	0.5
Other	10.3	11.8	1.4	0.2	1.2	0.0
Total	252.3	240.6	-11.7	-9.0	-2.7	9.5



(Billion yen)

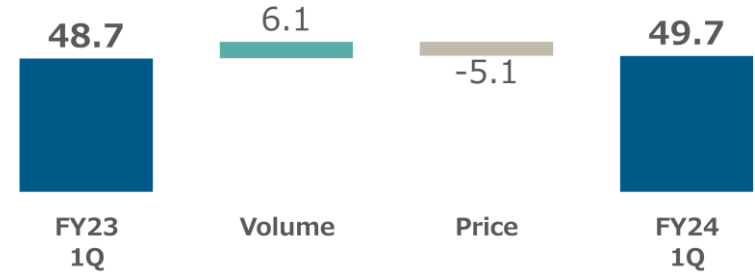
	Operating income			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	2.7	2.9	0.3	-0.1	4.9	-4.5
Chlor-alkali	9.7	-3.6	-13.3	-3.4	2.3	-12.2
Specialty	14.1	10.5	-3.7	-2.0	4.1	-5.8
Engineering	3.3	3.2	-0.1	0.4	0.0	-0.5
Other	0.5	0.6	0.1	0.1	0.0	0.0
Total	30.3	13.6	-16.7	-5.1	11.4	-23.0



Business Performance - Petrochemical

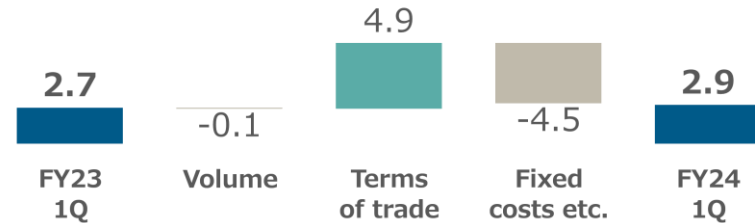
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Price	FOREX rate
Olefins	29.3	30.1	0.8	7.5	-6.7	0.8
Polymers	19.3	19.6	0.2	-1.4	1.7	0.4
Total	48.7	49.7	1.0	6.1	-5.1	1.2



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	2.7	2.9	0.3	-0.1	4.9	-4.5



<Olefins>

- Shipments of ethylene, propylene, and cumene increased due to increased production in line with the non-scheduled maintenance year at the Yokkaichi Complex, including ethylene plant.
- Selling prices for ethylene and propylene declined on decreased naphtha prices.
- Selling prices for cumene declined due to deteriorating market conditions overseas.

<Polymers>

- Polyethylene resin shipments declined in domestic and overseas markets as demand was sluggish in various industries, but selling prices did rise on price corrections and other factors.
- Shipments both domestically and overseas of chloroprene rubber were down on stagnation in demand, but selling prices rose amidst the progressively weaker yen and soaring raw material prices.

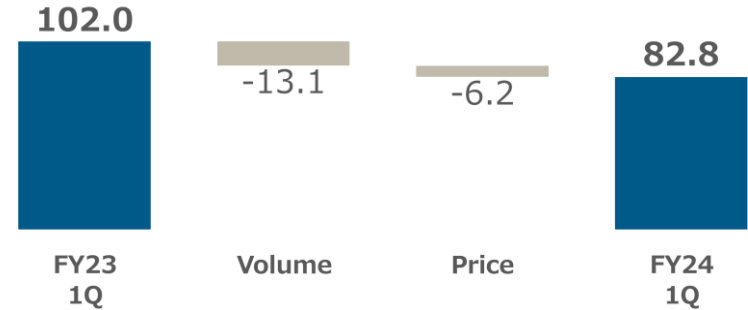
<Operating Income>

- Operating income increased owing to improved terms of trade for products such as polyethylene resins, while the difference between inventory receipts and payments worsened as prices of raw materials and fuel such as naphtha fell.

Business Performance - Chlor-alkali

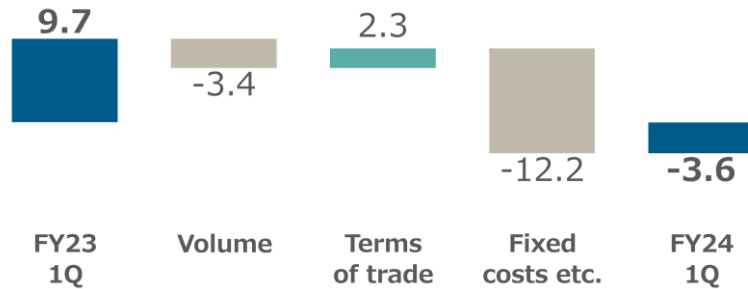
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Price	FOREX rate
Chlor-alkali	63.0	46.1	-16.9	-12.7	-4.2	1.7
Urethane	36.2	33.0	-3.2	-0.6	-2.6	1.6
Cement	2.7	3.6	0.9	0.2	0.7	0.1
Total	102.0	82.8	-19.2	-13.1	-6.2	3.4



(Billion yen)

	Operating income (loss)			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Chlor-alkali	9.7	-3.6	-13.3	-3.4	2.3	-12.2



<Chlor-alkali>

- Shipments of caustic soda decreased due to a decline in production volume caused by factors such as scheduled maintenance. Domestic prices rose on price corrections while declining market conditions overseas pushed export prices downward.
- Shipments of vinyl chloride monomer (VCM) also decreased due to a decline in production volume caused by scheduled maintenance and other factors. Shipments of polyvinyl chloride (PVC) resin decreased both domestically and overseas. Overseas selling prices of VCM and PVC declined, reflecting the worsening of overseas market conditions.

<Urethane>

- Shipments of methylene diphenyl diisocyanate (MDI) were essentially unchanged from the same period of the previous year, but selling prices fell as overseas market conditions worsened.
- Shipments of tolylene diisocyanate (TDI) decreased due to the product discontinuation.

<Cement>

- Domestic shipments of cement were steady, and selling prices rose domestically.

<Operating Income>

- Operating income decreased. Improved terms of trade owing to lower prices of raw materials and fuels such as naphtha and coal was offsets by deterioration in the difference between inventory receipts and payments.

Business Performance - Specialty

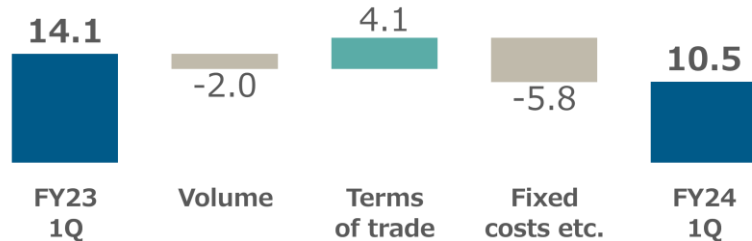
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Price	FOREX rate
Organic Chemicals	15.6	17.8	2.3	-0.8	3.0	1.2
Bioscience	14.1	13.8	-0.3	-1.2	1.0	1.0
Advanced Materials	33.0	34.4	1.4	-1.6	2.9	2.3
Total	62.7	66.0	3.4	-3.5	6.9	4.5



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Specialty	14.1	10.5	-3.7	-2.0	4.1	-5.8



<Organic Chemicals>

- Shipments of ethyleneamines decreased, attributable partially to a decline in demand caused by deteriorating global business confidence, but selling prices rose due to price corrections in the previous fiscal year and the progressively weaker yen.

<Bioscience>

- In separation-related products, shipments of packing materials for liquid chromatography decreased in Europe, the U.S., and China.
- Shipments of diagnostic-related products such as automated hemoglobin analyzers and related reagents were up domestically and overseas, but shipments of genetic test reagents for the domestic market were down.

<Advanced Materials>

- A recovery in demand drove shipments of high-silica zeolite upward—mainly for automotive applications—and selling prices rose on the progressively weaker yen.
- Shipments of zirconia for decorative and dental applications declined, the progressively weaker yen and price correction pushed selling prices upward.
- Silica glass shipments declined in line with a slowdown in semiconductor demand, but selling prices rose on the progressively weaker yen and price correction.
- Shipments of electrolytic manganese dioxide were up, and the progressively weaker yen and price correction resulted in higher selling prices.

<Operating Income>

- Operating income was down due to deterioration in the difference between inventory receipts and payments, increased fixed costs, and decreased shipments of zirconia and silica glass, despite improvement in trade conditions driven by foreign exchange effects and reduced prices of raw materials and fuel, including coal.

Business Performance - Engineering/Other

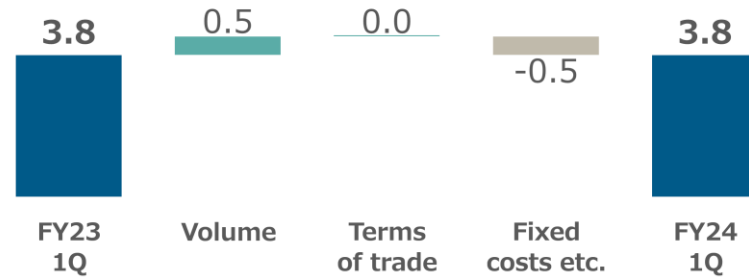
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Price	FOREX rate
Engineering	28.6	30.4	1.7	1.3	0.5	0.5
Other	10.3	11.8	1.4	0.2	1.2	0.0
Total	39.0	42.1	3.2	1.5	1.6	0.5



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q	FY2024 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Engineering	3.3	3.2	-0.1	0.4	0.0	-0.5
Other	0.5	0.6	0.1	0.1	0.0	0.0
Total	3.8	3.8	-0.1	0.5	0.0	-0.5



<Engineering>

- Water treatment engineering business saw an increase in net sales due to steady progress in the construction of large-scale electronics industry projects in Japan and overseas, as well as favorable results in maintenance and other service solutions.
- Sales by the Group's construction subsidiaries decreased.

<Other>

- Net sales of other operating companies such as transportation and warehousing, inspection and analysis, and information processing increased.

<Operating Income>

- Operating income declined due to reduced profit margins at the Group's construction subsidiaries.

Non-operating income/expenses, Extraordinary income/losses

(Billion yen)

	FY2023 1Q	FY2024 1Q	Change
Operating income	30.3	13.6	-16.7
Net Financial income/expenses	1.0	0.6	-0.5
Foreign exchange gains/losses	10.5	7.0	-3.4
Equity in earnings of affiliates	0.6	0.5	-0.1
Other, net	1.2	0.5	-0.7
Non-operating income/expenses	13.3	8.6	-4.7
Ordinary income	43.6	22.2	-21.4
Loss on sales of property, plant and equipment	-1.0	-0.6	0.4
Other, net	0.0	-0.1	-0.1
Extraordinary income/losses	-1.0	-0.6	0.4
Income taxes	-13.5	-7.4	6.0
Profit attributable to non-controlling interests	-0.7	-0.9	-0.2
Profit attributable to owners of parent	28.4	13.2	-15.2

Consolidated Balance Sheets

(Billion yen)

	Mar. 31, 2023	Jun. 30, 2023	Change
Assets	1,194.3	1,207.0	12.8
Cash and deposits	120.2	131.7	11.5
Notes and accounts receivable, etc.	292.1	279.7	-12.4
Inventories	257.1	242.0	-15.1
Other current assets	38.3	56.0	17.7
Tangible and intangible fixed assets	368.4	375.3	6.9
Investment securities	57.7	61.8	4.0
Other non-current assets	60.5	60.5	0.1
Total assets	1,194.3	1,207.0	12.8

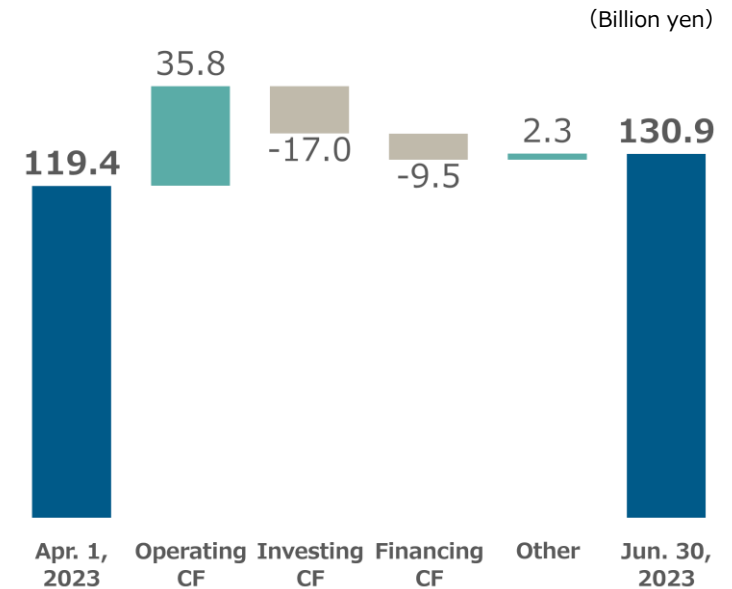
(Billion yen)

	Mar. 31, 2023	Jun. 30, 2023	Change
Liabilities	400.1	407.6	7.6
Notes and accounts payable, etc.	122.9	110.0	-13.0
Interest-bearing liabilities	176.7	181.5	4.8
Provisions, etc.	100.4	116.2	15.8
Net assets	794.2	799.4	5.2
Common stock	55.2	55.2	-
Capital surplus	44.3	44.3	0.0
Retained earnings, etc.	639.4	644.2	4.8
Non-controlling interests	55.3	55.7	0.4
Total liabilities and net assets	1,194.3	1,207.0	12.8

Consolidated Statements of Cash Flows

(Billion yen)

		FY2023 1Q	FY2024 1Q	Change
Operating CF	Income before income taxes	42.6	21.6	-21.0
	Depreciation and amortization	9.9	10.6	0.8
	Income taxes paid	-33.3	-6.6	26.7
	Other, net	-34.7	10.1	44.8
	Total	-15.5	35.8	51.2
Investing CF		-13.6	-17.0	-3.5
Free cash flows		-29.0	18.7	47.8
Financing CF	Interest-bearing liabilities	24.4	4.3	-20.1
	Dividends paid	-15.9	-12.7	3.2
	Other, net	-0.7	-1.1	-0.3
	Total	7.7	-9.5	-17.2
Effect of exchange rate change, etc.		3.7	2.3	-1.4
Net increase (decrease)		-17.6	11.5	29.1
Cash and cash equivalents at beginning of period		160.8	119.4	-41.4
Cash and cash equivalents at end of period		143.2	130.9	-12.3



FY2024 Forecasts

Financial Highlights

※Forecasts announced on May 12, 2023 remains unchanged

(Billion yen)

	FY2023	FY2024 (Forecast)	Change	FY2024 (1st half Forecast)
Net sales	1,064.4	1,080.0	15.6	520.0
Operating income	74.6	95.0	20.4	33.0
Ordinary income	90.0	95.0	5.0	32.0
Profit attributable to owners of parent	50.3	60.0	9.7	19.0

Financial Highlights (since FY2020)

(Billion yen)

		FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
Net sales		786.1	732.9	918.6	1,064.4	1,080.0
Operating income		81.7	87.8	144.0	74.6	95.0
Ordinary income		86.0	95.1	160.5	90.0	95.0
Profit attributable to owners of parent		55.6	63.3	107.9	50.3	60.0
Exchange rate	(¥/US\$)	108.7	106.1	112.4	135.5	130.0
[Average TTM]	(¥/EUR)	120.8	123.8	130.6	141.0	141.0
Domestic naphtha price	(¥/KL)	42,925	31,225	56,625	76,625	67,000
Benzene	(US\$/ton)	649	520	994	994	850~1,000
P V C	(US\$/ton)	835	905	1,373	965	750~900
V C M	(US\$/ton)	715	768	1,208	835	600~750
Caustic soda	(US\$/ton)	325	254	515	636	350~550
M D I (Monomeric)	(US\$/ton)	1,891	1,925	2,585	2,260	2,100~2,300
M D I (Polymeric)	(US\$/ton)	1,355	1,537	2,466	2,074	1,900~2,100

Dividends

※Forecasts announced on May 12, 2023 remains unchanged

		FY2022	FY2023	FY2024 (Forecast)
Dividends (Yen)	1st half-end	30.00	40.00	40.00
	2nd half-end	50.00	40.00	40.00
	Total Dividends	80.00	80.00	80.00