



Financial Results for 1H FY2024

(April 1, 2023 – September 30, 2023)

TOSOH CORPORATION

November 2, 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.

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- Summer 2024 (planned)

Production capacity increase for separation and purification media

- Autumn 2024 (planned)

Installation of a CO2 recovery and feedstock conversion equipment

- Spring 2026 (planned)

Construction of a biomass-fired power plant

- Autumn 2026 (planned)

Construction of a new crude MDI splitter in Vietnam

- Winter 2026 (planned)

Production capacity increase for sputtering targets

1H FY2024 Financial Results

Financial Highlights

(Billion yen)

		FY2023 1Q-2Q	FY2024 1Q-2Q	Change
Net sales		526.6	485.7	-41.0
Operating income		45.0	32.1	-12.9
Ordinary income		64.7	44.4	-20.3
Profit attributable to owners of parent		42.0	26.7	-15.3
Exchange rate	(¥/US\$)	134.0	141.1	7.0
[Average TTM]	(¥/EUR)	138.8	153.5	14.7
Domestic naphtha price	(¥/KL)	83,750	65,650	-18,100
Benzene	(US\$/ton)	1,111	877	-234
P V C	(US\$/ton)	1,122	793	-329
V C M	(US\$/ton)	988	660	-328
Caustic soda	(US\$/ton)	690	400	-290
M D I (Monomeric)	(US\$/ton)	2,469	1,964	-505
M D I (Polymeric)	(US\$/ton)	2,247	1,660	-587

Scope of Consolidation

(Number of companies)

	FY2023 1Q-2Q	FY2024 1Q-2Q	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)

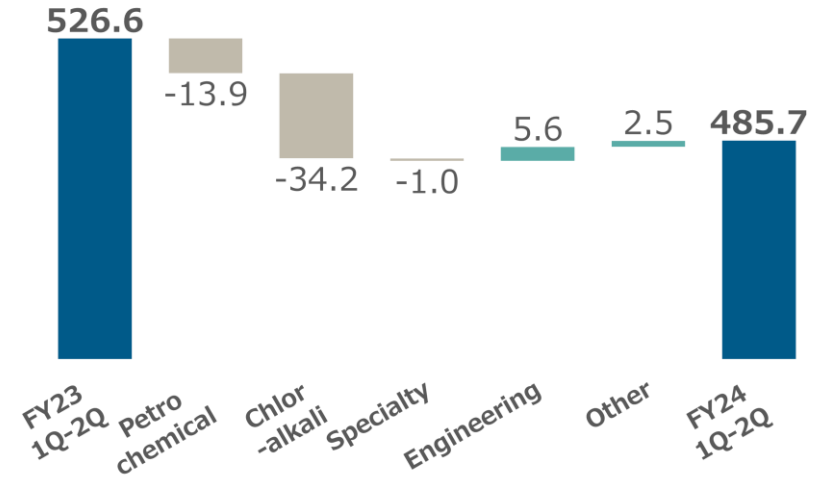
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change
Capital expenditures	30.7	32.2	1.5
Depreciation and amortization	19.4	20.6	1.2
R&D expenses	10.2	11.0	0.8
Interest-bearing liabilities	124.7	180.3	55.6
Net Financial income/expenses	1.0	0.4	-0.6
Equity ratio (%)	63.6	61.9	-1.7
Number of employees	14,223	14,517	294



Net sales and Operating income by Business Segment

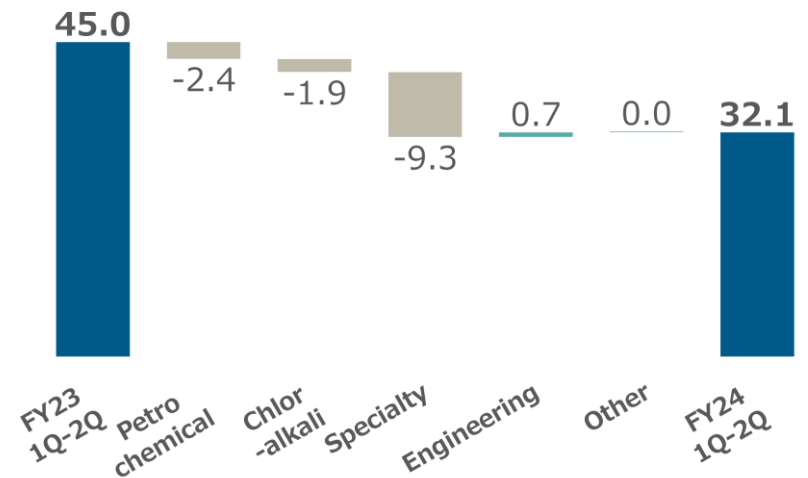
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Price	FOREX rate
Petrochemical	106.2	92.3	-13.9	-2.4	-11.5	2.0
Chlor-alkali	206.4	172.2	-34.2	-12.6	-21.6	5.4
Specialty	130.9	129.9	-1.0	-9.0	8.0	6.9
Engineering	62.4	68.0	5.6	4.9	0.7	0.7
Other	20.8	23.3	2.5	0.7	1.8	0.0
Total	526.6	485.7	-41.0	-18.4	-22.6	14.9



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	6.4	3.9	-2.4	-1.7	9.3	-10.0
Chlor-alkali	0.1	-1.8	-1.9	-0.9	13.8	-14.9
Specialty	29.3	20.1	-9.3	-5.4	7.4	-11.3
Engineering	7.9	8.6	0.7	0.7	0.0	0.0
Other	1.3	1.3	0.0	-0.1	0.0	0.0
Total	45.0	32.1	-12.9	-7.3	30.5	-36.2



Business Performance - Petrochemical

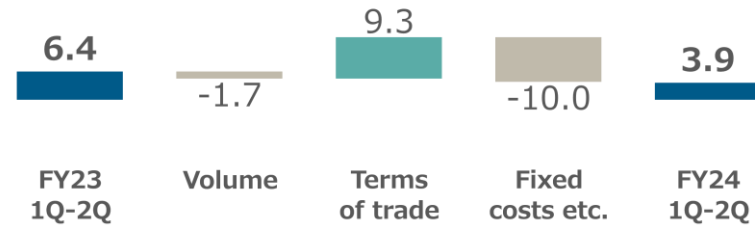
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Price	FOREX rate
Olefins	65.2	53.1	-12.1	-0.4	-11.6	1.3
Polymers	41.0	39.2	-1.8	-2.0	0.2	0.7
Total	106.2	92.3	-13.9	-2.4	-11.5	2.0



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	6.4	3.9	-2.4	-1.7	9.3	-10.0



<Olefins>

- Shipments of ethylene decreased due to lower industrial demand and reduced production volume caused by the Yokkaichi Complex plant troubles.
- Shipments of propylene increased due to higher industrial demand outpaced the reduced production volume caused by the plant troubles.
- Shipments of cumene increased alongside increased production volume at the Yokkaichi Complex in a year without scheduled maintenance.
- Selling prices for ethylene and propylene declined on falling naphtha prices.
- Selling prices for cumene dipped due to the decline in overseas markets.

<Polymers>

- Polyethylene resin demand remains sluggish in various industries, most notably causing reduced domestic shipments, and export selling prices declined amid the decline in overseas markets, especially for EVA resins.
- Shipments of chloroprene rubber declined due to sluggish demand in domestic and export markets, but selling prices rose in both markets due to the progressively weaker yen and soaring raw material prices.

<Operating Income>

- Operating income decreased due to deterioration in the difference between inventory receipts and payments and a decline in sales volume, despite terms of trade for polyethylene resin and other products improving due to lower prices in naphtha and other raw materials and fuels.

Business Performance - Chlor-alkali

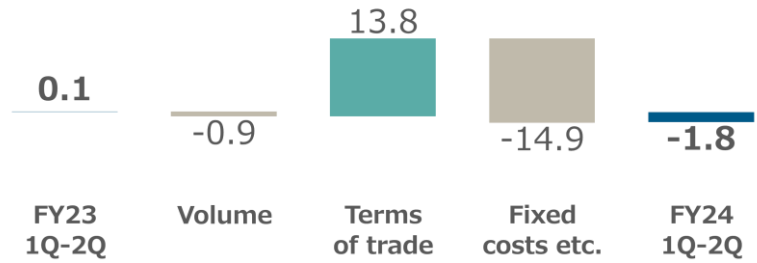
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Price	FOREX rate
Chlor-alkali	127.4	100.3	-27.1	-11.0	-16.1	3.2
Urethane	73.2	65.7	-7.5	-0.7	-6.8	2.1
Cement	5.8	6.2	0.4	-0.9	1.3	0.1
Total	206.4	172.2	-34.2	-12.6	-21.6	5.4



(Billion yen)

	Operating income (loss)			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Terms of trade	Fixed costs, etc.
Chlor-alkali	0.1	-1.8	-1.9	-0.9	13.8	-14.9



<Chlor-alkali>

- Shipments of caustic soda declined, coinciding with a dip in production volume caused by scheduled maintenance and other factors. Domestic prices increased due to price corrections, while export prices fell amid the decline in overseas markets.
- Shipments of vinyl chloride monomer (VCM) declined, coinciding with a dip in production volume caused by scheduled maintenance and other factors. Shipments of polyvinyl chloride (PVC) resin increased in overseas. Overseas selling prices of VCM and PVC declined, reflecting the fall in overseas markets.

<Urethane>

- Shipments of methylene diphenyl diisocyanate (MDI) remained level year-on-year, but selling prices fell due to the decline in overseas markets.
- Selling prices for hexamethylene diisocyanate (HDI) hardeners decreased amid worsening market conditions fueled by sluggish global demand, including for construction and civil engineering applications in China.
- Shipments of tolylene diisocyanate (TDI) decreased due to the product discontinuation.

<Cement>

- Domestic shipments of cement decreased due to sluggish demand, but domestic selling prices increased.

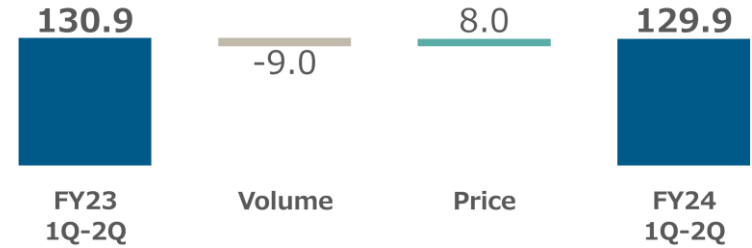
<Operating Income>

- Operating income decreased due to deterioration in the difference between inventory receipts and payments despite terms of trade improving due to lower prices in naphtha, coal, and other raw materials and fuels.

Business Performance - Specialty

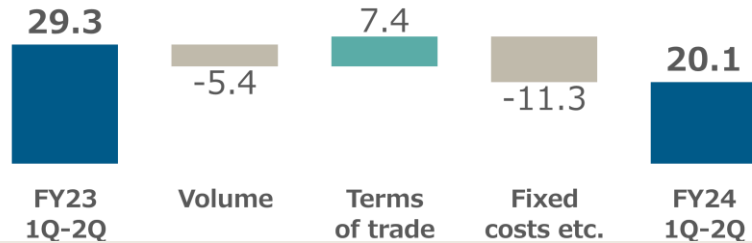
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Price	FOREX rate
Organic Chemicals	34.7	36.2	1.5	0.0	1.5	1.9
Bioscience	29.3	28.9	-0.5	-1.9	1.4	1.6
Advanced Materials	66.9	64.8	-2.0	-7.1	5.0	3.4
Total	130.9	129.9	-1.0	-9.0	8.0	6.9



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Terms of trade	Fixed costs, etc.
Specialty	29.3	20.1	-9.3	-5.4	7.4	-11.3



<Organic Chemicals>

- Shipments of ethyleneamines decreased due to lower demand caused by worsening global business confidence, but selling prices increased due to price corrections in the previous year and the progressively weaker yen.
- Shipments of Bromine increased due to expanded sales in line with bolstered production capacity, but selling prices declined due to the decline in overseas markets.

<Bioscience>

- In separation-related products, shipments of packing materials for liquid chromatography decreased to the West and China.
- Diagnostic products saw automated hemoglobin analyzers and related reagent shipments increase domestically and overseas, but shipments of genetic testing reagents to the domestic market decreased.

<Advanced Materials>

- Shipments of High-silica zeolite increased, mainly for automotive applications, due to a recovery in demand, and selling prices increased with the progressively weaker yen.
- Shipments of zirconia for decorative and dental applications decreased, but selling prices rose due to the progressively weaker yen and price corrections.
- Quartz glass shipments declined due to a slowdown in semiconductor demand, but selling prices rose due to the progressively weaker yen and price corrections.
- Shipments of electrolytic manganese dioxide increased in Europe and Asia, selling prices rose due to the progressively weaker yen and price corrections.

<Operating Income>

- Operating income decreased due to deterioration in the difference between inventory receipts and payments and reduced shipments of quartz glass and zirconia, despite terms of trade improving thanks to foreign exchange effects and lower prices in coal and other raw materials and fuels.

Business Performance - Engineering/Other

(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Price	FOREX rate
Engineering	62.4	68.0	5.6	4.9	0.7	0.7
Other	20.8	23.3	2.5	0.7	1.8	0.0
Total	83.2	91.3	8.1	5.6	2.5	0.7



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-2Q	FY2024 1Q-2Q	Change	Volume	Terms of trade	Fixed costs, etc.
Engineering	7.9	8.6	0.7	0.7	0.0	0.0
Other	1.3	1.3	0.0	-0.1	0.0	0.0
Total	9.2	9.9	0.7	0.7	0.0	0.0



<Engineering>

- In the water treatment engineering business, net sales increased due to steady progress in domestic and overseas large-scale construction projects for the electronics industry, as well as robust solution service sales, including maintenance and equipment-ownership services.
- Net sales increased at the Group's construction subsidiaries.

<Other>

- Net sales increased for other operating companies, including transportation/warehousing, testing/analysis, and information processing.

<Operating Income>

- Operating income increased due to increased sales in the water treatment engineering business, as well as robust solution service sales, including maintenance and equipment-ownership services.

Non-operating income/expenses, Extraordinary income/losses

	FY2023 1Q-2Q	FY2024 1Q-2Q	Change
Operating income	45.0	32.1	-12.9
Net Financial income/expenses	1.0	0.4	-0.5
Foreign exchange gains/losses	14.7	9.7	-5.1
Equity in earnings of affiliates	1.3	0.8	-0.5
Other, net	2.6	1.4	-1.2
Non-operating income/expenses	19.6	12.3	-7.3
Ordinary income	64.7	44.4	-20.3
Gain on sales of property, plant and equipment	1.0	0.1	-0.9
Gain on sales of investment securities	0.1	0.0	0.0
Loss on sales of property, plant and equipment	0.0	-0.1	-0.1
Loss on disposal of property, plant and equipment	-1.4	-0.9	0.5
Impairment loss	0.0	-	0.0
Head office relocation expenses	-	-0.2	-0.2
Extraordinary income/losses	-0.4	-1.1	-0.7
Income taxes	-19.7	-13.6	6.1
Profit attributable to non-controlling interests	-2.5	-3.0	-0.6
Profit attributable to owners of parent	42.0	26.7	-15.3

(Billion yen)

Consolidated Balance Sheets

(Billion yen)

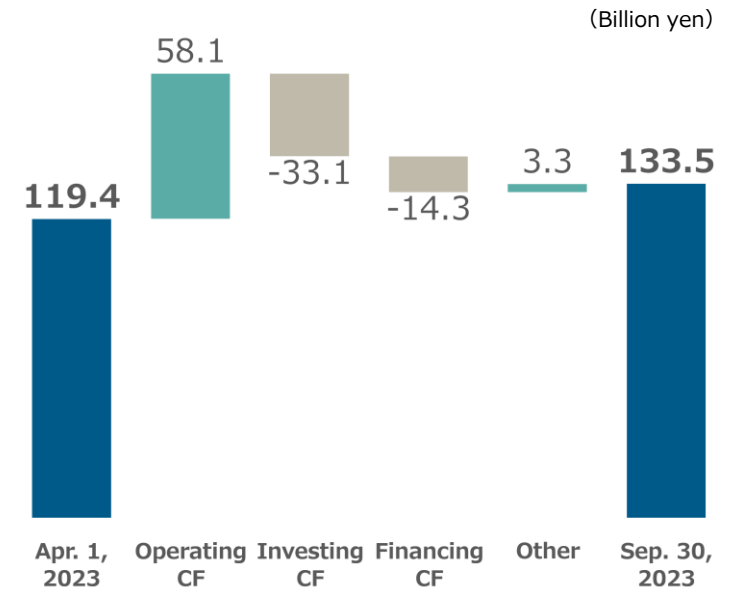
	Mar. 31, 2023	Sep. 30, 2023	Change
Assets	1,194.3	1,238.6	44.3
Cash and deposits	120.2	134.3	14.1
Notes and accounts receivable, etc.	292.1	285.5	-6.5
Inventories	257.1	245.0	-12.1
Other current assets	38.3	58.4	20.2
Tangible and intangible fixed assets	368.4	384.7	16.3
Investment securities	57.7	66.4	8.7
Other non-current assets	60.5	64.1	3.6
Total assets	1,194.3	1,238.6	44.3

	Mar. 31, 2023	Sep. 30, 2023	Change
Liabilities	400.1	413.0	13.0
Notes and accounts payable, etc.	122.9	115.3	-7.6
Interest-bearing liabilities	176.7	180.3	3.5
Provisions, etc.	100.4	117.5	17.1
Net assets	794.2	825.5	31.3
Common stock	55.2	55.2	-
Capital surplus	44.3	44.3	0.0
Retained earnings, etc.	639.4	667.3	27.9
Non-controlling interests	55.3	58.7	3.4
Total liabilities and net assets	1,194.3	1,238.6	44.3

Consolidated Statements of Cash Flows

(Billion yen)

		FY2023 1Q-2Q	FY2024 1Q-2Q	Change
Operating CF	Income before income taxes	64.2	43.3	-20.9
	Depreciation and amortization	20.9	21.3	0.4
	Income taxes paid	-34.3	-8.9	25.4
	Other, net	-85.8	2.3	88.1
	Total	-34.9	58.1	93.1
Investing CF		-29.8	-33.1	-3.3
Free cash flows		-64.7	25.0	89.8
Financing CF	Interest-bearing liabilities	29.6	-0.3	-29.9
	Dividends paid	-15.9	-12.7	3.2
	Other, net	-0.7	-1.3	-0.6
	Total	13.0	-14.3	-27.3
Effect of exchange rate change, etc.		6.0	3.3	-2.7
Net increase (decrease)		-45.7	14.1	59.7
Cash and cash equivalents at beginning of period		160.8	119.4	-41.4
Cash and cash equivalents at end of period		115.1	133.5	18.3



FY2024 Forecasts

Financial Highlights

(Billion yen)

<Appendix>

		FY2023	FY2024 (Forecast)	Change	FY2024 (Previous forecast※)
Net sales		1,064.4	1,040.0	-24.4	1,080.0
Operating income		74.6	86.0	11.4	95.0
Ordinary income		90.0	98.0	8.0	95.0
Profit attributable to owners of parent		50.3	59.0	8.7	60.0
Exchange rate	(¥/US\$)	135.5	143.0	7.5	130.0
[Average TTM]	(¥/EUR)	141.0	154.2	13.2	141.0
Domestic naphtha price	(¥/KL)	76,625	70,075	-6,550	67,000
Benzene	(US\$/ton)	994	800~1,000	-	850~1,000
P V C	(US\$/ton)	965	750~900	-	750~900
V C M	(US\$/ton)	835	600~750	-	600~750
Caustic soda	(US\$/ton)	636	300~500	-	350~550
M D I (Monomeric)	(US\$/ton)	2,260	1,950~2,150	-	2,100~2,300
M D I (Polymeric)	(US\$/ton)	2,074	1,650~1,850	-	1,900~2,100

※Forecasts announced on May 12, 2023

Key Indicators

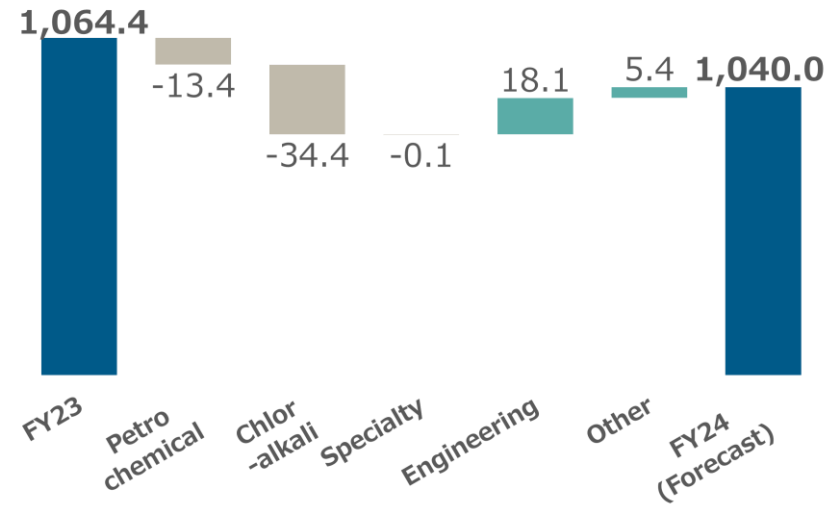
(Billion yen)

	FY2023	FY2024 (Forecast)	Change
Capital expenditures	79.2	72.0	-7.2
Depreciation and amortization	40.6	43.0	2.4
R&D expenses	21.4	23.0	1.6
Interest-bearing liabilities	176.7	179.0	2.3
Net Financial income/expenses	1.2	0.4	-0.8
Equity ratio (%)	61.9	61.0	-0.9
Number of employees	14,266	14,550	284

Net sales and Operating income by Business Segment

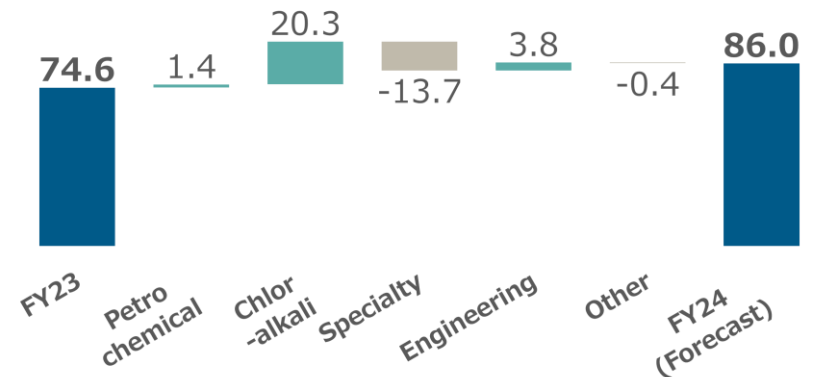
(Billion yen)

	Net sales		
	FY2023	FY2024 (Forecast)	Change
Petrochemical	206.1	192.7	-13.4
Chlor-alkali	406.4	372.0	-34.4
Specialty	270.8	270.7	-0.1
Engineering	138.1	156.2	18.1
Other	43.0	48.4	5.4
Total	1,064.4	1,040.0	-24.4



(Billion yen)

	Operating income		
	FY2023	FY2024 (Forecast)	Change
Petrochemical	12.1	13.6	1.4
Chlor-alkali	-10.7	9.6	20.3
Specialty	52.3	38.6	-13.7
Engineering	18.0	21.8	3.8
Other	2.9	2.5	-0.4
Total	74.6	86.0	11.4



Non-operating income/expenses, Extraordinary income/losses

(Billion yen)

	FY2023	FY2024 (Forecast)	Change
Operating income	74.6	86.0	11.4
Net Financial income/expenses	1.2	0.4	-0.8
Foreign exchange gains / losses	7.0	7.5	0.5
Equity in earnings of affiliates	2.5	2.1	-0.4
Other, net	4.7	2.0	-2.7
Non-operating income/expenses	15.4	12.0	-3.4
Ordinary income	90.0	98.0	8.0
Gain on sales of investment securities	1.3	0.1	-1.2
Gain on sales of property, plant and equipment	1.0	0.1	-0.9
Loss on sales of property, plant and equipment	-0.3	-0.1	0.2
Loss on disposal of property, plant and equipment	-2.0	-2.1	-0.2
Impairment loss	-8.3	-	8.3
Head office relocation expenses	-	-0.4	-0.4
Other, net	-0.1	-	0.1
Extraordinary income/losses	-8.4	-2.4	5.9
Income taxes	-25.3	-28.5	-3.2
Profit attributable to non-controlling interests	-6.0	-8.1	-2.1
Profit attributable to owners of parent	50.3	59.0	8.7

Dividends

		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
Basic earnings per share (Yen)		339.23	158.14	185.35

Appendix

Financial Highlights (since FY2020)

(Billion yen)

		FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
Net sales		786.1	732.9	918.6	1,064.4	1,040.0
Operating income		81.7	87.8	144.0	74.6	86.0
Ordinary income		86.0	95.1	160.5	90.0	98.0
Profit attributable to owners of parent		55.6	63.3	107.9	50.3	59.0
Exchange rate	(¥/US\$)	108.7	106.1	112.4	135.5	143.0
[Average TTM]	(¥/EUR)	120.8	123.8	130.6	141.0	154.2
Domestic naphtha price	(¥/KL)	42,925	31,300	56,625	76,625	70,075
Benzene	(US\$/ton)	649	520	994	994	800~1,000
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	300~500
M D I (Monomeric)	(US\$/ton)	1,891	1,925	2,585	2,260	1,950~2,150
M D I (Polymeric)	(US\$/ton)	1,355	1,537	2,466	2,074	1,650~1,850

Consolidated Companies·Key Indicators (since FY2020)

Scope of Consolidation

(Number of companies)

	FY2020	FY2021	FY2022	FY2023
Consolidated subsidiaries	93	92	95	95
Equity-method affiliates	14	14	14	14
Total	107	106	109	109

Key Indicators

(Billion yen)

	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
Capital expenditures	61.1	50.6	48.0	79.2	72.0
Depreciation and amortization	32.1	37.5	37.6	40.6	43.0
R&D expenses	18.2	19.5	19.9	21.4	23.0
Interest-bearing liabilities	95.9	126.5	91.9	176.7	179.0
Finance income/expenses	0.8	0.4	1.0	1.2	0.4
Equity ratio (%)	64.0	62.6	65.2	61.9	61.0
Number of employees	13,336	13,631	13,858	14,266	14,550

Net sales and Operating income by Business Segment

Net sales

(Billion yen)

	FY2023				FY2024 (Forecast)	
	1Q	2Q	3Q	4Q	1H	2H
Petrochemical	48.7	57.5	53.8	46.1	92.3	100.4
Chlor-alkali	102.0	104.4	98.8	101.2	172.2	199.8
Specialty	62.7	68.2	69.9	70.0	129.9	140.8
Engineering	28.6	33.8	34.2	41.5	68.0	88.2
Other	10.3	10.4	11.3	10.9	23.3	25.1
Total	252.3	274.3	267.9	269.8	485.7	554.3

Operating income

(Billion yen)

	FY2023				FY2024 (Forecast)	
	1Q	2Q	3Q	4Q	1H	2H
Petrochemical	2.7	3.7	4.2	1.6	3.9	9.6
Chlor-alkali	9.7	-9.5	-9.0	-1.8	-1.8	11.4
Specialty	14.1	15.2	14.2	8.7	20.1	18.5
Engineering	3.3	4.6	3.8	6.3	8.6	13.2
Other	0.5	0.8	0.6	0.9	1.3	1.2
Total	30.3	14.7	13.9	15.7	32.1	53.9