

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	40.00	-	40.00	80.00
Fiscal year ending March 31, 2024	-	40.00	-		
Fiscal year ending March 31, 2024 (Forecast)				40.00	80.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,040,000	(2.3)	86,000	15.3	98,000	8.9	59,000	17.2	185.34

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 325,080,956 shares

March 31, 2023: 325,080,956 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 6,709,786 shares

March 31, 2023: 6,791,155 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 318,335,574 shares

Nine months ended December 31, 2022: 318,279,851 shares

* Quarterly financial results reports are not subject to quarterly review by certified public accountants or an auditing firm.

* Explanations regarding appropriate use of financial results forecasts and other special notes

(Cautionary statement on forward-looking statements)

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. Please refer to page 5 of the attached document for further information on the above forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation regarding Operating Results

The Company's net sales decreased ¥46.7 billion (5.9%) year-on-year to ¥747.9 billion (US\$5.2 billion). This decrease was due primarily to a decline in selling prices resulting from lower prices in raw materials and fuels, including naphtha, and from a decline in overseas product markets. Another factor was lower sales volume stemming from diminished demand caused by the economic slowdown, scheduled maintenance at the Nanyo Complex, and plant troubles at the Yokkaichi Complex.

Operating income increased ¥0.7 billion (1.1%) year-on-year to ¥59.6 billion (US\$415.5 million), because of improvement in terms of trade that resulted from lower prices in raw materials and fuels, including naphtha and coal. This increase also occurred despite a significant deterioration in the difference between inventory receipts and payments and a decline in sales volume. Ordinary income decreased ¥3.6 billion (5.0%) year-on-year to ¥68.7 billion (US\$479.1 million), despite foreign exchange gains resulting from the progressively weaker yen. And net profit attributable to owners of parent fell ¥4.9 billion (10.7%) year-on-year to ¥41.4 billion (US\$288.6 million).

During the nine months under review, the global economy grappled with persistent inflation, notably in advanced economies across Europe and North America, and ongoing monetary tightening policies. China's anticipated recovery in demand following the Chinese government's rescinding of its zero-COVID policy fell short of expectations, resulting in an economic slowdown in that country, especially in its manufacturing sector. Globally, the economic outlook remains uncertain amid rising inflationary pressures associated with escalating raw material prices and labor costs. The uncertainty is compounded by heightened geopolitical risks, including tensions between the United States and China, the threat of broadened fighting in the Middle East, and the ongoing war in Ukraine.

Results by business segment are as follows.

Petrochemical

Petrochemical Group net sales decreased ¥16.8 billion (10.5%) year-on-year to ¥143.2 billion (US\$998.8 million). The Group's operating income fell ¥1.7 billion (15.8%) year-on-year to ¥8.9 billion (US\$62.0 million), because of the deterioration in the difference between inventory receipts and payments and because of a reduction in sales volume. These challenges persisted despite an improvement in terms of trade for polyethylene resin and other products that was driven by lower prices in raw materials and fuels, including naphtha.

Ethylene shipments decreased because of a reduction in production volume caused by plant troubles at the Yokkaichi Complex. But propylene shipments increased as the complex demand outpaced the decline in production volume resulting from those plant troubles. Cumene shipments likewise rose, in tandem with increased production volume during a year without scheduled maintenance at the Yokkaichi Complex. The decline in naphtha prices contributed to reduced selling prices for ethylene and propylene. Cumene selling prices dipped as a result of the decline in overseas markets.

Demand for polyethylene resin was sluggish across industries, leading to decreased shipments domestically and overseas. Export selling prices for polyethylene resin also declined, influenced by worsening conditions in overseas markets, particularly for ethylene vinyl acetate resins. Subdued demand likewise lowered domestic and export shipments of chloroprene rubber. Domestic and overseas selling prices for chloroprene rubber, though, rose because of surging raw material and fuel costs domestically and, because of the progressively weaker yen and other factors abroad.

Chlor-alkali

Chlor-Alkali Group net sales decreased ¥40.5 billion (13.3%) year-on-year to ¥264.6 billion (US\$1.8 billion). The Group's operating income, however, increased ¥11.2 billion year-on-year to ¥2.4 billion (US\$16.8 million). This was on account of improvement in terms of trade that arose from lowered prices for naphtha, coal, and other raw materials and fuels despite the deterioration in the differences between inventory receipts and payments.

Caustic soda shipments declined coincident with a dip in production volume caused by scheduled maintenance and other factors. Domestic prices for caustic soda increased because of price corrections, while caustic soda export prices fell amid the decline in overseas markets. Vinyl chloride monomer (VCM) shipments also decreased in conjunction with lessened production volume arising from scheduled maintenance and other factors. Polyvinyl chloride (PVC) resin export shipments increased. But VCM and PVC overseas selling prices declined, reflecting the decline in overseas market conditions.

Cement shipments decreased domestically and abroad because of sluggish demand. Domestic selling prices for cement increased.

Methylene diphenyl diisocyanate (MDI) shipments remained consistent from a year earlier. However, selling prices for MDI decreased amid deteriorating conditions in overseas markets that failed to recover. This was caused by reduced market demand stemming from conditions that resulted from China's zero-COVID policy. Selling prices for hexamethylene diisocyanate (HDI) hardeners also decreased, the result of worsening market conditions fueled by slow global demand, especially in construction and civil engineering applications in China.

Specialty

Specialty Group net sales decreased ¥6.4 billion (3.2%), year-on-year to ¥194.4 billion (US\$1.4 billion). Operating income for the Group likewise decreased ¥12.8 billion (29.3%) year-on-year to ¥30.8 billion (US\$214.8 million). The decline in operating income owes itself to the deterioration in the difference between inventory receipts and payments and a reduction in shipments of silica glass and zirconia. It occurred despite improvement in terms of trade influenced by the progressively weaker yen and lower prices for coal and other raw materials and fuels.

Ethyleneamine shipments declined as deteriorating global business confidence reduced demand. Selling prices for ethyleneamine also decreased, reflecting worsening market conditions overseas. Conversely, bromine shipments increased, chiefly because of expanded sales overseas in line with increased production capacity. Bromine selling prices, however, declined as a consequence of the downturn in overseas market conditions. Shipments of separation-related products, and specifically of packing material for liquid chromatography, decreased to the United States and China. Shipments of diagnostic-related products such as automated hemoglobin analyzer and related reagents, though, increased, domestically and internationally. But shipments of genetic testing reagents for the domestic market decreased.

High-silica zeolite (HSZ) shipments, predominantly for automotive applications, rose owing to a recovery in demand. HSZ selling prices also rose, in response to the progressively weaker yen. Zirconia shipments for decorative and dental applications decreased, but zirconia selling prices increased because of the progressively weaker yen and price corrections. Silica glass shipments declined in line with a slowdown in semiconductor demand, but selling prices rose because of the progressively weaker yen and price corrections. Electrolytic manganese dioxide (EMD) shipments rose to Europe and Asia, as did EMD selling prices. The increased selling prices were attributed to the progressively weaker yen and price corrections.

Engineering

Engineering Group net sales increased ¥14.1 billion (14.5%) year-on-year to ¥110.7 billion (US\$772.5 million). The Group's operating income likewise increased, ¥3.8 billion (32.4%) year-on-year to ¥15.5 billion (US\$107.8 million).

Sales by the Group's water treatment engineering business grew on account of ongoing progress in large-scale domestic and international construction projects for the electronics industry. Strong sales of solution services, encompassing maintenance and equipment ownership services, contributed to the increase in the Group's net sales, as did heightened sales by the Group's construction subsidiary.

Other

Other net sales increased ¥2.9 billion (9.1%) year-on-year to ¥35.0 billion (US\$244.0 million), and operating income increased ¥0.1 billion (4.3%) year-on-year to ¥2.0 billion (US\$14.0 million). Sales by other companies, such as those involved in transportation and warehousing, testing and analysis, and information processing, rose.

(2) Explanation regarding Financial Position

Total assets increased ¥69.3 billion from the end of the previous period to ¥1,263.6 billion (US\$8.8 billion), primarily due to increases in cash and deposits, property, plant and equipment, and investment securities.

Liabilities increased ¥34.2 billion from the end of the previous period to ¥434.2 billion (US\$3.0 billion), mainly due to increases in notes and accounts payable—trade and short-term borrowings, despite a decline in provisions.

Net assets were ¥829.3 billion (US\$5.8 billion), up ¥35.1 billion from the end of the previous period, predominantly due to posting profit attributable to owners of parent and increases from foreign currency translation adjustments.

(3) Explanation regarding Consolidated Financial Results Forecast and Other Forward-Looking Statements

There is no change in the full-year earnings forecast for the fiscal year ending March 31, 2024 from the forecast announced on November 2, 2023.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	120,153	136,103
Notes and accounts receivable - trade, and contract assets	292,069	297,949
Merchandise and finished goods	154,143	164,531
Work in process	32,443	20,796
Raw materials and supplies	70,544	70,549
Other	38,968	59,340
Allowance for doubtful accounts	(698)	(821)
Total current assets	707,625	748,448
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	122,585	122,899
Land	68,234	68,251
Other, net	167,123	185,341
Total property, plant and equipment	357,944	376,492
Intangible assets	10,461	10,820
Investments and other assets		
Investment securities	57,737	64,810
Assets for retirement benefit	33,949	34,571
Other	27,011	28,927
Allowance for doubtful accounts	(478)	(489)
Total investments and other assets	118,220	127,819
Total non-current assets	486,625	515,132
Total assets	1,194,251	1,263,581

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	122,903	136,437
Short-term borrowings	149,340	158,740
Income taxes payable	8,442	10,449
Provisions	11,764	10,887
Other	43,860	52,119
Total current liabilities	336,312	368,633
Non-current liabilities		
Long-term borrowings	27,390	28,162
Provisions	3,860	1,271
Liabilities for retirement benefit	20,411	20,335
Other	12,077	15,843
Total non-current liabilities	63,740	65,612
Total liabilities	400,052	434,246
Net assets		
Shareholders' equity		
Common stock	55,173	55,173
Capital surplus	44,347	44,350
Retained earnings	622,995	638,875
Treasury stock	(9,903)	(9,787)
Total shareholders' equity	712,612	728,612
Accumulated other comprehensive income		
Net unrealized gains (losses) on securities	9,960	14,696
Deferred gains (losses) on hedges	3	4
Foreign currency translation adjustments	8,669	18,876
Accumulated adjustments for retirement benefit	7,558	6,647
Total accumulated other comprehensive income	26,191	40,225
Stock acquisition rights	89	42
Non-controlling interests	55,305	60,454
Total net assets	794,198	829,334
Total liabilities and net assets	1,194,251	1,263,581

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	794,586	747,889
Cost of sales	629,260	580,640
Gross profit	165,325	167,249
Selling, general and administrative expenses	106,425	107,697
Operating income	58,900	59,551
Non-operating income		
Interest income	471	671
Dividend income	1,799	1,609
Foreign exchange gains	6,692	5,444
Equity in earnings of affiliates	2,013	1,330
Other	3,956	2,240
Total non-operating income	14,932	11,295
Non-operating expenses		
Interest expense	1,034	1,781
Other	495	393
Total non-operating expenses	1,529	2,174
Ordinary income	72,302	68,672
Extraordinary income		
Gain on sale of property, plant and equipment	979	80
Gain on sales of investment securities	818	211
Total extraordinary income	1,797	292
Extraordinary losses		
Loss on sales of property, plant and equipment	29	82
Loss on disposal of property, plant and equipment	1,666	1,286
Loss on sales of investment securities	1	-
Loss on valuation of investment securities	137	-
Impairment losses	3	-
Head office relocation expenses	-	306
Total extraordinary losses	1,837	1,675
Income before income taxes	72,263	67,289
Income taxes	22,342	20,211
Net income	49,920	47,077
Profit attributable to non-controlling interests	3,606	5,709
Profit attributable to owners of parent	46,314	41,367

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net income	49,920	47,077
Other comprehensive income		
Net unrealized gains (losses) on securities	(1,204)	4,735
Deferred gains (losses) on hedges	(3)	2
Foreign currency translation adjustments	14,630	10,515
Adjustments for retirement benefit	(574)	(926)
Share of other comprehensive income of affiliates applied for equity method	437	800
Total other comprehensive income	13,284	15,128
Comprehensive income	63,205	62,205
Breakdown of comprehensive income		
Comprehensive income attributable to shareholders of parent	58,093	55,402
Comprehensive income attributable to non-controlling interests	5,112	6,803

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Assumption of Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to income before income taxes for the fiscal year including the nine months ended December 31, 2023, and multiplying income before income taxes by this estimated effective tax rate. However, for those companies that would be significantly irrational if tax expenses were calculated using the estimated effective tax rate, the results calculated using the statutory tax rate were recorded.

Income taxes-deferred are included in income taxes.

(Segment Information)

I For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

1. Net Sales and Income (loss) by Segment

(Million yen)

	Petrochemical	Chlor-alkali	Specialty	Engineering	Other (1)	Total	Adjustment	Figures in consolidated statements (2)
Net sales								
External customers	159,952	305,150	200,766	96,660	32,056	794,586	—	794,586
Inter-segment	114,315	43,183	18,860	20,919	47,781	245,060	(245,060)	—
Total	274,267	348,334	219,627	117,580	79,837	1,039,647	(245,060)	794,586
Segment income (loss)	10,559	(8,837)	43,569	11,677	1,930	58,900	—	58,900

Notes (1) "Other" is an additional category for service-related business, such as transportation and warehousing, inspection and analysis, and information processing.

(2) Segment income is equal to operating income of quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by segment

Not applicable.

II For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

1. Net Sales and Income by Segment

(Million yen)

	Petrochemical	Chlor-alkali	Specialty	Engineering	Other (1)	Total	Adjustment	Figures in consolidated statements (2)
Net sales								
External customers	143,159	264,629	194,409	110,720	34,971	747,889	—	747,889
Inter-segment	94,492	35,196	16,400	10,579	48,426	205,095	(205,095)	—
Total	237,652	299,825	210,809	121,300	83,397	952,984	(205,095)	747,889
Segment income	8,888	2,409	30,782	15,458	2,013	59,551	—	59,551

Notes (1) "Other" is an additional category for service-related business, such as transportation and warehousing, inspection and analysis, and information processing.

(2) Segment income is equal to operating income of quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill by segment

Not applicable.

3. Additional information

Summary of Consolidated Operating Results for the Nine Months ended December 31, 2023

February 5, 2024
TOSOH CORPORATION

(1) Operating Results

	Nine months ended December 31, 2022 (4.1.22–12.31.22) (Actual)	Nine months ended December 31, 2023 (4.1.23–12.31.23) (Actual)	Change	Fiscal year ended March 31, 2023 (4.1.22–3.31.23) (Actual)	Fiscal year ended March 31, 2024 (4.1.23–3.31.24) (Forecast)
					(Billion yen)
Net sales	794.6	747.9	(46.7)	1,064.4	1,040.0
Operating income	58.9	59.6	0.7	74.6	86.0
Ordinary income	72.3	68.7	(3.6)	90.0	98.0
Profit attributable to owners of parent	46.3	41.4	(4.9)	50.3	59.0
Basic earnings per share (¥)	145.52	129.95	(15.57)	158.14	185.34

(2) Business and Financial Fundamentals

	Nine months ended December 31, 2022 (4.1.22–12.31.22) (Actual)	Nine months ended December 31, 2023 (4.1.23–12.31.23) (Actual)	Change	Fiscal year ended March 31, 2023 (4.1.22–3.31.23) (Actual)	Fiscal year ended March 31, 2024 (4.1.23–3.31.24) (Forecast)
Exchange rate (¥/US\$) Average TTM	136.5	143.3	6.8	135.5	143.0
Exchange rate (¥/EUR) Average TTM	140.6	155.3	14.7	141.0	154.2
Domestic standard naphtha price (¥/kl)	80,000	68,033	(11,967)	76,625	70,075

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

		Nine months ended December 31, 2022 (4.1.22–12.31.22) (Actual)	Nine months ended December 31, 2023 (4.1.23–12.31.23) (Actual)	Change	Breakdown of change			
					Volume effect	Price effect	Terms of trade	Fixed costs, etc.
Petrochemical	Net sales	160.0	143.2	(16.8)	(4.5)	(12.3)	-	-
	Operating income	10.6	8.9	(1.7)	(3.3)	-	10.5	(8.9)
Chlor-alkali	Net sales	305.2	264.6	(40.5)	(10.8)	(29.8)	-	-
	Operating income(Loss)	(8.8)	2.4	11.2	(2.9)	-	25.5	(11.3)
Specialty	Net sales	200.8	194.4	(6.4)	(11.3)	4.9	-	-
	Operating income	43.6	30.8	(12.8)	(6.6)	-	8.8	(15.0)
Engineering	Net sales	96.7	110.7	14.1	13.3	0.8	-	-
	Operating income	11.7	15.5	3.8	3.8	-	0.0	0.0
Other	Net sales	32.1	35.0	2.9	0.8	2.1	-	-
	Operating income	1.9	2.0	0.1	0.1	-	0.0	0.0
Total	Net sales	794.6	747.9	(46.7)	(12.5)	(34.2)	-	-
	Operating income	58.9	59.6	0.7	(8.9)	-	44.8	(35.3)

(Note) Amounts less than 0.1 billion yen are rounded off