



Financial Results for 3Q FY2024

(April 1, 2023 – December 31, 2023)

TOSOH CORPORATION

February 5, 2024

«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.

■ 3Q FY2024 Financial Results

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3Q FY2024 Financial Results

Financial Highlights

(Billion yen)

		FY2023 1Q-3Q	FY2024 1Q-3Q	Change
Net sales		794.6	747.9	-46.7
Operating income		58.9	59.6	0.7
Ordinary income		72.3	68.7	-3.6
Profit attributable to owners of parent		46.3	41.4	-4.9
Exchange rate	(¥/US\$)	136.5	143.3	6.8
[Average TTM]	(¥/EUR)	140.6	155.3	14.7
Domestic naphtha price	(¥/KL)	80,000	68,033	-11,967
Benzene	(US\$/ton)	1,016	881	-134
P V C	(US\$/ton)	1,002	785	-217
V C M	(US\$/ton)	872	654	-218
Caustic soda	(US\$/ton)	684	407	-276
M D I (Monomeric)	(US\$/ton)	2,307	2,005	-302
M D I (Polymeric)	(US\$/ton)	2,103	1,666	-437

Scope of Consolidation · Key Indicators

Scope of Consolidation

(Number of companies)

	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	
Consolidated subsidiaries	95	93	-2	+ : Kyoei Mercantile Co.,Ltd. (OTH) - : Tosoh Bioscience Latin America SpA (SP) Tosoh Bioscience Wisconsin,Inc. (SP) Taihei (Shanghai) Co., Ltd. (CA)
Equity-method affiliates	14	14	-	
Total	109	107	-2	

OTH : Other Group SP : Specialty Group
CA : Chlor-alkali Group

Key Indicators

(Billion yen)

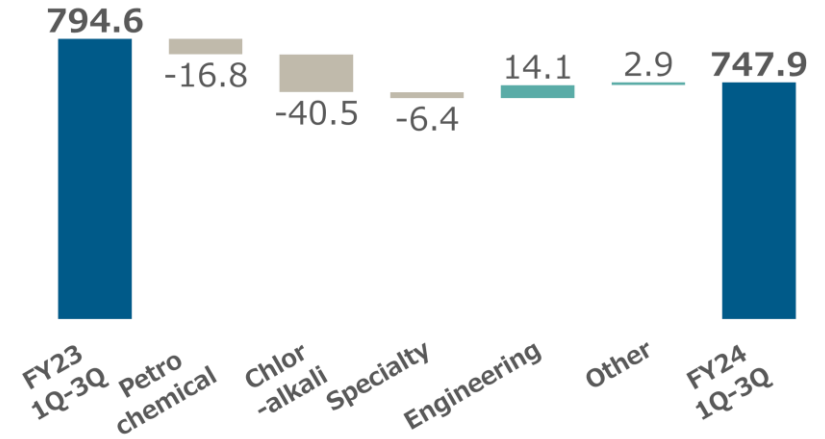
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change
Capital expenditures	63.8	44.3	-19.5
Depreciation and amortization	29.8	31.4	1.6
R&D expenses	15.4	16.3	0.9
Interest-bearing liabilities	183.8	186.9	3.1
Net Financial income/expenses	1.2	0.5	-0.7
Equity ratio (%)	61.1	60.8	-0.3
Number of employees	14,264	14,457	193



Net sales and Operating income by Business Segment

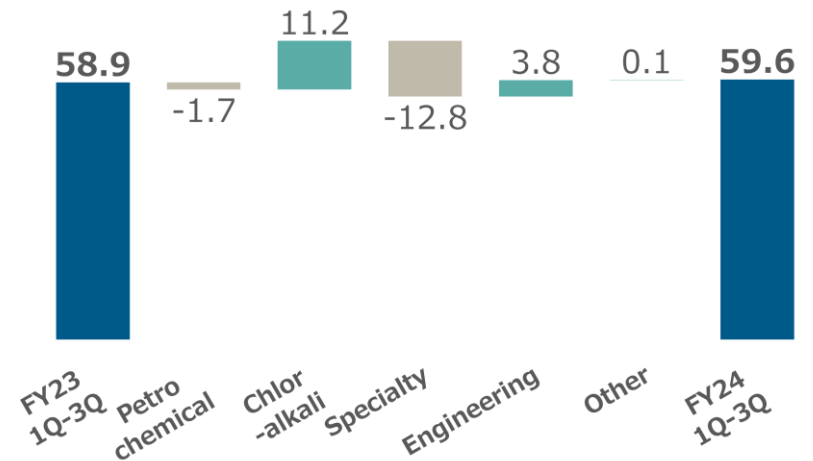
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Price	FOREX rate
Petrochemical	160.0	143.2	-16.8	-4.5	-12.3	2.5
Chlor-alkali	305.2	264.6	-40.5	-10.8	-29.8	6.4
Specialty	200.8	194.4	-6.4	-11.3	4.9	9.4
Engineering	96.7	110.7	14.1	13.3	0.8	0.8
Other	32.1	35.0	2.9	0.8	2.1	0.0
Total	794.6	747.9	-46.7	-12.5	-34.2	19.1



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	10.6	8.9	-1.7	-3.3	10.5	-8.9
Chlor-alkali	-8.8	2.4	11.2	-2.9	25.5	-11.3
Specialty	43.6	30.8	-12.8	-6.6	8.8	-15.0
Engineering	11.7	15.5	3.8	3.8	0.0	0.0
Other	1.9	2.0	0.1	0.1	0.0	0.0
Total	58.9	59.6	0.7	-8.9	44.8	-35.3



Business Performance - Petrochemical

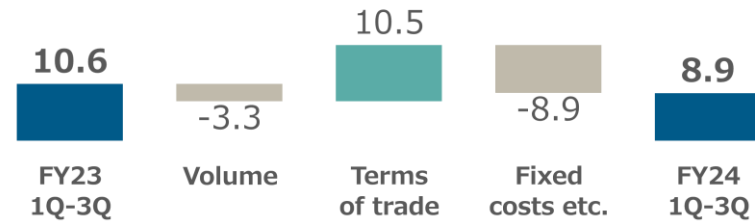
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Price	FOREX rate
Olefins	96.0	85.5	-10.5	0.5	-11.0	1.6
Polymers	63.9	57.7	-6.3	-5.0	-1.2	0.9
Total	160.0	143.2	-16.8	-4.5	-12.3	2.5



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	10.6	8.9	-1.7	-3.3	10.5	-8.9



<Olefins>

- Shipments of ethylene decreased because of a reduction in production volume caused by plant troubles at the Yokkaichi Complex.
- Shipments of propylene increased as the complex demand outpaced the decline in production volume resulting from the plant troubles.
- Shipments of cumene increased in tandem with increased production volume during a year without scheduled maintenance at the Yokkaichi Complex.
- Selling prices for ethylene and propylene declined on falling naphtha prices.
- Selling prices for cumene dipped as a result of the decline in overseas markets.

<Polymers>

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

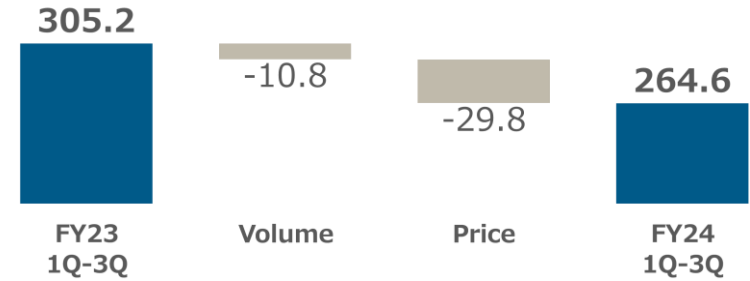
<Operating Income>

- 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

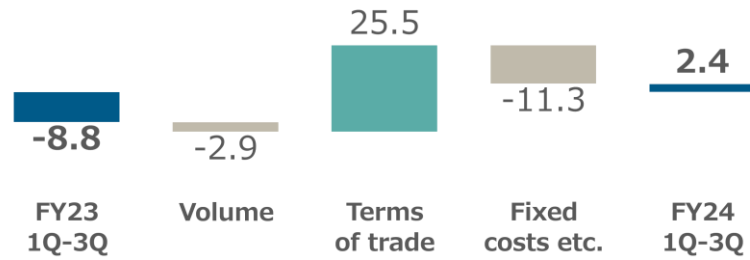
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Price	FOREX rate
Chlor-alkali	189.2	157.2	-32.0	-10.6	-21.4	3.9
Urethane	108.2	99.0	-9.1	0.3	-9.5	2.4
Cement	7.8	8.4	0.6	-0.5	1.2	0.1
Total	305.2	264.6	-40.5	-10.8	-29.8	6.4



(Billion yen)

	Operating income (loss)			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Terms of trade	Fixed costs, etc.
Chlor-alkali	-8.8	2.4	11.2	-2.9	25.5	-11.3



<Chlor-alkali>

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

<Urethane>

- Shipments of methylene diphenyl diisocyanate (MDI) remained consistent from a year earlier, but selling prices 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 decreased, the result of worsening market conditions fueled by slow global demand, especially in construction and civil engineering applications in China.
- Shipments of tolylene diisocyanate (TDI) decreased due to the product discontinuation.

<Cement>

- Shipments of cement decreased domestically and abroad because of sluggish demand, but domestic selling prices increased.

<Operating Income>

- Operating income increased due to 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.

Business Performance - Specialty

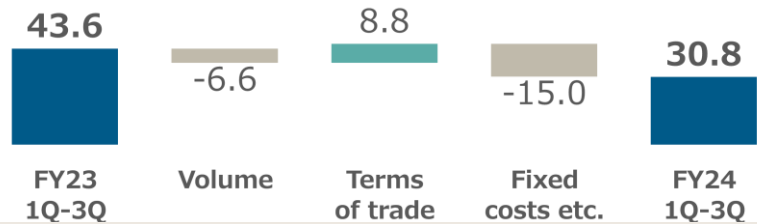
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Price	FOREX rate
Organic Chemicals	57.8	54.4	-3.4	-1.3	-2.0	2.3
Bioscience	43.5	44.1	0.6	-1.5	2.0	2.2
Advanced Materials	99.5	95.9	-3.6	-8.5	4.9	4.9
Total	200.8	194.4	-6.4	-11.3	4.9	9.4



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Terms of trade	Fixed costs, etc.
Specialty	43.6	30.8	-12.8	-6.6	8.8	-15.0



<Organic Chemicals>

- Shipments of ethyleneamine declined as deteriorating global business confidence reduced demand, and selling prices also decreased, reflecting worsening market conditions overseas.
- Shipments of Bromine increased, chiefly because of expanded sales overseas in line with increased production capacity, but selling prices declined as a consequence of the downturn in overseas market conditions.

<Bioscience>

- 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 increased domestically and internationally.
- Shipments of genetic testing reagents for the domestic market decreased.

<Advanced Materials>

- Shipments of High-silica zeolite, predominantly for automotive applications, rose owing to a recovery in demand, and selling prices also rose, in response to the progressively weaker yen.
- Shipments of zirconia for decorative and dental applications decreased.
- Shipments of silica glass declined in line with a slowdown in semiconductor demand.
- Shipments of electrolytic manganese dioxide (EMD) rose to Europe and Asia.
- Selling prices for zirconia, silica glass and EMD rose due to the progressively weaker yen and price corrections.

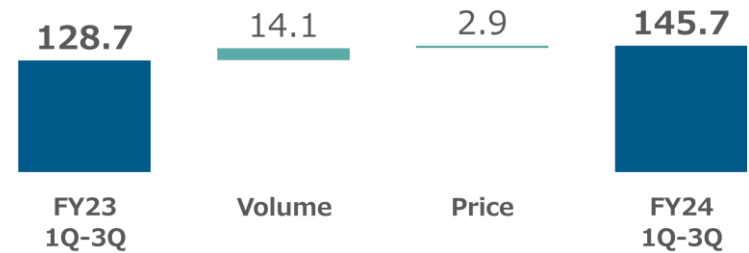
<Operating Income>

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

Business Performance - Engineering/Other

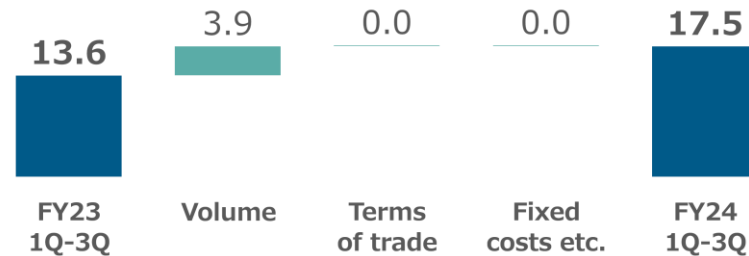
(Billion yen)

	Net sales			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Price	FOREX rate
Engineering	96.7	110.7	14.1	13.3	0.8	0.8
Other	32.1	35.0	2.9	0.8	2.1	0.0
Total	128.7	145.7	17.0	14.1	2.9	0.8



(Billion yen)

	Operating income			Breakdown of change		
	FY2023 1Q-3Q	FY2024 1Q-3Q	Change	Volume	Terms of trade	Fixed costs, etc.
Engineering	11.7	15.5	3.8	3.8	0.0	0.0
Other	1.9	2.0	0.1	0.1	0.0	0.0
Total	13.6	17.5	3.9	3.9	0.0	0.0



<Engineering>

- 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.
- 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

(Billion yen)

	FY2023 1Q-3Q	FY2024 1Q-3Q	Change
Operating income	58.9	59.6	0.7
Net Financial income/expenses	1.2	0.5	-0.7
Foreign exchange gains/losses	6.7	5.4	-1.2
Equity in earnings of affiliates	2.0	1.3	-0.7
Other, net	3.5	1.8	-1.6
Non-operating income/expenses	13.4	9.1	-4.3
Ordinary income	72.3	68.7	-3.6
Gain on sales of property, plant and equipment	1.0	0.1	-0.9
Gain on sales of investment securities	0.8	0.2	-0.6
Loss on disposal of property, plant and equipment	-1.7	-1.3	0.4
Head office relocation expenses	-	-0.3	-0.3
Other, net	-0.2	-0.1	0.1
Extraordinary income/losses	0	-1.4	-1.3
Income taxes	-22.3	-20.2	2.1
Profit attributable to non-controlling interests	-3.6	-5.7	-2.1
Profit attributable to owners of parent	46.3	41.4	-4.9

Consolidated Balance Sheets

(Billion yen)

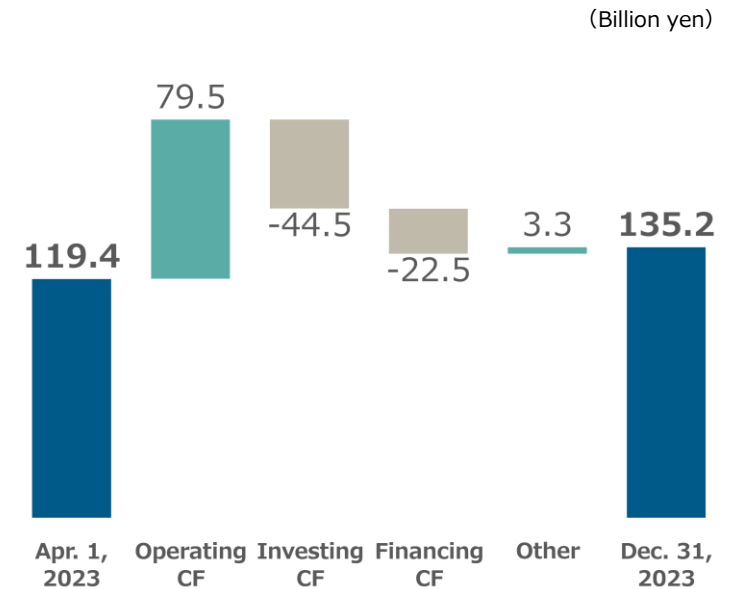
	Mar. 31, 2023	Dec. 31, 2023	Change
Assets	1,194.3	1,263.6	69.3
Cash and deposits	120.2	136.1	16.0
Notes and accounts receivable, etc.	292.1	297.9	5.9
Inventories	257.1	255.9	-1.3
Other current assets	38.3	58.5	20.2
Tangible and intangible fixed assets	368.4	387.3	18.9
Investment securities	57.7	64.8	7.1
Other non-current assets	60.5	63.0	2.5
Total assets	1,194.3	1,263.6	69.3

	Mar. 31, 2023	Dec. 31, 2023	Change
Liabilities	400.1	434.2	34.2
Notes and accounts payable, etc.	122.9	136.4	13.5
Interest-bearing liabilities	176.7	186.9	10.2
Provisions, etc.	100.4	110.9	10.5
Net assets	794.2	829.3	35.1
Common stock	55.2	55.2	-
Capital surplus	44.3	44.4	0.0
Retained earnings, etc.	639.4	669.4	30.0
Non-controlling interests	55.3	60.5	5.1
Total liabilities and net assets	1,194.3	1,263.6	69.3

Consolidated Statements of Cash Flows

(Billion yen)

		FY2023 1Q-3Q	FY2024 1Q-3Q	Change
Operating CF	Income before income taxes	72.3	67.3	-5.0
	Depreciation and amortization	31.8	32.6	0.8
	Income taxes paid	-46.7	-18.0	28.7
	Other, net	-97.4	-2.5	94.9
	Total	-40.0	79.5	119.5
Investing CF		-62.9	-44.5	18.5
Free cash flows		-102.9	35.0	137.9
Financing CF	Interest-bearing liabilities	88.0	5.4	-82.5
	Dividends paid	-28.6	-25.5	3.2
	Other, net	-3.0	-2.5	0.5
	Total	56.3	-22.5	-78.9
Effect of exchange rate change, etc.		4.9	3.3	-1.6
Net increase (decrease)		-41.7	15.8	57.5
Cash and cash equivalents at beginning of period		160.8	119.4	-41.4
Cash and cash equivalents at end of period		119.1	135.2	16.1



FY2024 Forecasts

Financial Highlights

※Forecasts announced on November 2, 2023 remains unchanged

(Billion yen)

		FY2023	FY2024 (Forecast)	Change	FY2024 1Q-3Q
Net sales		1,064.4	1,040.0	-24.4	747.9
Operating income		74.6	86.0	11.4	59.6
Ordinary income		90.0	98.0	8.0	68.7
Profit attributable to owners of parent		50.3	59.0	8.7	41.4
Exchange rate	(¥/US\$)	135.5	143.0	7.5	143.3
[Average TTM]	(¥/EUR)	141.0	154.2	13.2	155.3
Domestic naphtha price	(¥/KL)	76,625	70,075	-6,550	68,033
Benzene	(US\$/ton)	994	800~1,000	-	881
P V C	(US\$/ton)	965	750~900	-	785
V C M	(US\$/ton)	835	600~750	-	654
Caustic soda	(US\$/ton)	636	300~500	-	407
M D I (Monomeric)	(US\$/ton)	2,260	1,950~2,150	-	2,005
M D I (Polymeric)	(US\$/ton)	2,074	1,650~1,850	-	1,666

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 [Average TTM]	(¥/US\$)	108.7	106.1	112.4	135.5	143.0
	(¥/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

※Forecasts announced on November 2, 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
Basic earnings per share (Yen)		339.23	158.14	185.35