Financial Results for 1Q FY2025

(April 1, 2024 – June 30, 2024)

TOSOH CORPORATION

August 2, 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 2025 fiscal year covers the period from April 1, 2024, to March 31, 2025.

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1Q FY2025 Financial Results

Financial Highlights

(Billion yen)

		FY2024 1Q	FY2025 1Q	Change
Net sales		240.6	**252.9**	12.2
Operating income		13.6	**19.8**	6.2
Ordinary income		22.2	**27.4**	5.1
Profit attributable to owners of parent		13.2	**16.2**	3.0
Exchange rate [Average TTM]	(¥/US$)	137.5	**155.9**	18.4
	(¥/EUR)	149.6	**167.9**	18.3
Domestic naphtha price	(¥/KL)	67,500	**78,800**	11,300
Benzene	(US$/ton)	870	**1,050**	180
ＰＶＣ	(US$/ton)	793	**773**	-20
ＶＣＭ	(US$/ton)	654	**624**	-30
Caustic soda	(US$/ton)	408	**458**	50
ＭＤＩ（Monomeric)	(US$/ton)	1,979	**2,008**	29
ＭＤＩ（Polymeric)	(US$/ton)	1,654	**1,748**	94

Scope of Consolidation・Key Indicators

Scope of Consolidation

(Number of companies)

	FY2024 1Q	FY2025 1Q	Change	
Consolidated subsidiaries	94	**91**	-3	– : Taihei (Shanghai) Co., Ltd. (CA) Organo Echo Tech Corporation (ENG) Nihon Kaisui Chemical Co., Ltd. (OTH)
Equity-method affiliates	14	**14**	-	
Total	108	**105**	-3	

CA : Chlor-alkali Group ENG : Engineering Group OTH : Other Group

Key Indicators

(Billion yen)

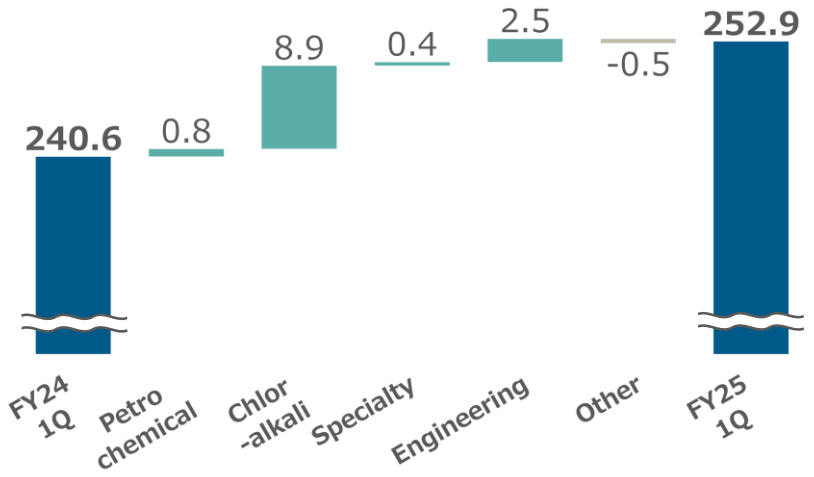
	FY2024 1Q	FY2025 1Q	Change
Capital expenditures	16.5	**23.0**	6.5
Depreciation and amortization	10.1	**10.7**	0.6
R&D expenses	5.7	**5.6**	-0.1
Interest-bearing liabilities	187.6	**199.6**	12.0
Net Financial income/expenses	0.6	**0.2**	-0.3
Equity ratio (%)	61.6	**61.2**	-0.4
Number of employees	14,533	**14,664**	131

(Note) Interest-bearing liabilities includes lease obligations

Net sales and Operating income by Business Segment

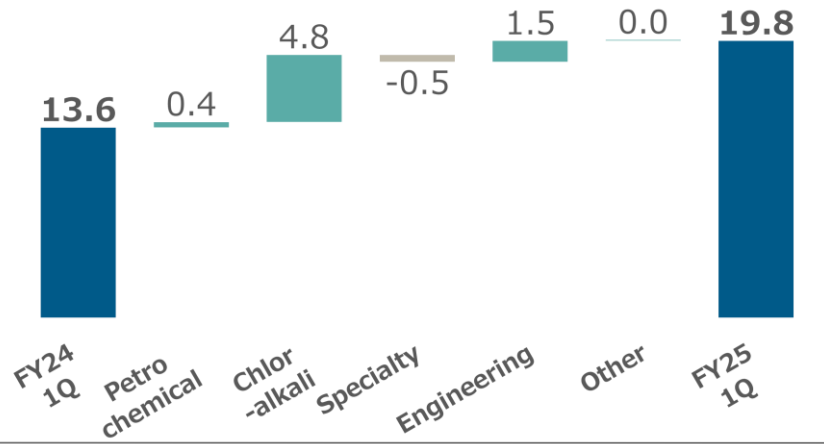
(Billion yen)

	Net sales			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Price	FOREX rate
Petrochemical	49.7	**50.5**	0.8	-3.9	4.8	1.7
Chlor-alkali	82.8	**91.7**	8.9	7.3	1.7	5.3
Specialty	66.0	**66.4**	0.4	0.7	-0.3	5.4
Engineering	30.4	**32.9**	2.5	1.8	0.7	0.7
Other	11.8	**11.3**	-0.5	-0.5	0.0	0.0
Total	240.6	**252.9**	12.2	5.4	6.8	13.1



(Billion yen)

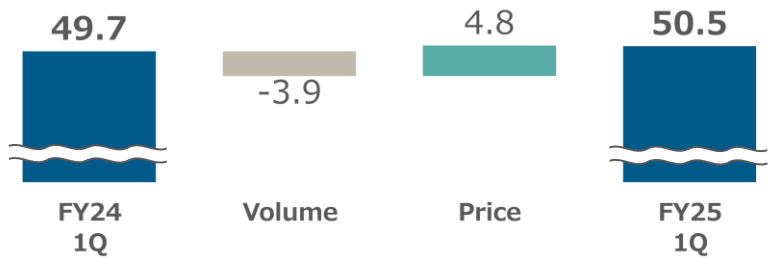
	Operating income			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	2.9	**3.3**	0.4	0.7	-0.1	-0.2
Chlor-alkali	-3.6	**1.3**	4.8	-0.1	0.9	4.0
Specialty	10.5	**10.0**	-0.5	-0.2	2.0	-2.2
Engineering	3.2	**4.7**	1.5	1.5	0.0	0.0
Other	0.6	**0.6**	0.0	-0.1	0.0	0.0
Total	13.6	**19.8**	6.2	1.8	2.8	1.6



Business Performance – Petrochemical

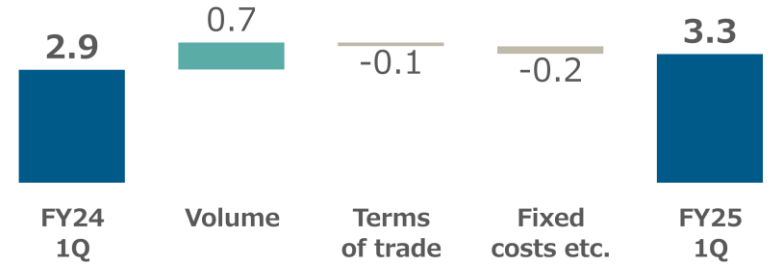
(Billion yen)

	Net sales			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Price	FOREX rate
Olefins	30.1	**30.7**	0.6	-4.4	4.9	1.0
Polymers	19.6	**19.8**	0.3	0.4	-0.2	0.7
Total	49.7	**50.5**	0.8	-3.9	4.8	1.7



(Billion yen)

	Operating income			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Petrochemical	2.9	**3.3**	0.4	0.7	-0.1	-0.2

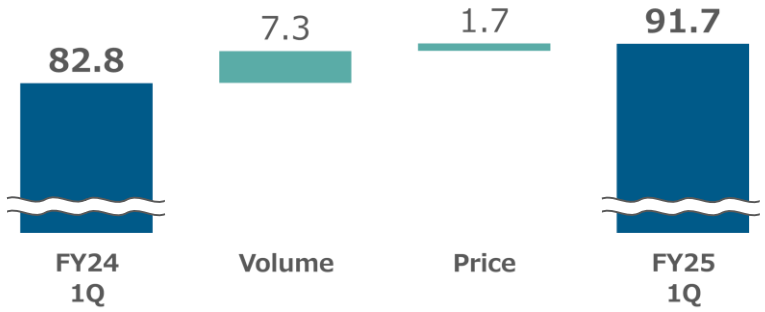


<Olefins>
・Shipments of ethylene, propylene, and cumene fell due to decreased production volume in line with scheduled maintenance at the ethylene plant and other facilities at the Yokkaichi Complex.
・Selling prices for ethylene and propylene increased on higher naphtha prices.
・Selling prices for cumene were up owing to foreign exchange effects and increased market prices overseas.
<Polymers>
・Domestic demand for polyethylene resins began to recover across a broad range of industries and applications, leading to increased shipments.
・Selling prices for polyethylene resin rose as a result of hikes reflecting higher prices for the raw material of naphtha.
・Export shipments declined amid poor market conditions overseas, particularly for ethylene vinyl acetate resin.
・Shipments of chloroprene rubber increased as demand started to recover, but export prices fell amid weak market conditions.
<Operating Income>
・Operating income rose due chiefly to an increase in sales volume for chloroprene rubber.

Business Performance – Chlor-alkali

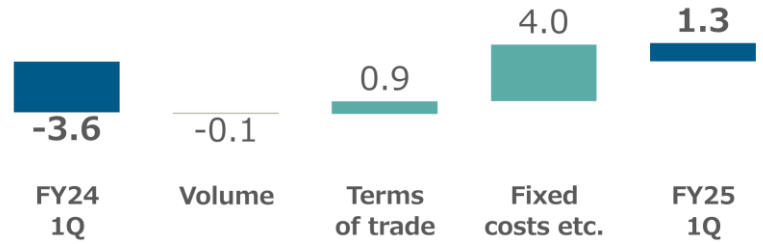
(Billion yen)

	Net sales			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Price	FOREX rate
Chlor-alkali	46.1	**54.1**	7.9	8.3	-0.4	3.0
Urethane	33.0	**34.5**	1.5	-0.5	2.0	2.2
Cement	3.6	**3.2**	-0.5	-0.5	0.0	0.1
Total	82.8	**91.7**	8.9	7.3	1.7	5.3



(Billion yen)

	Operating income (loss)			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Chlor-alkali	-3.6	**1.3**	4.8	-0.1	0.9	4.0

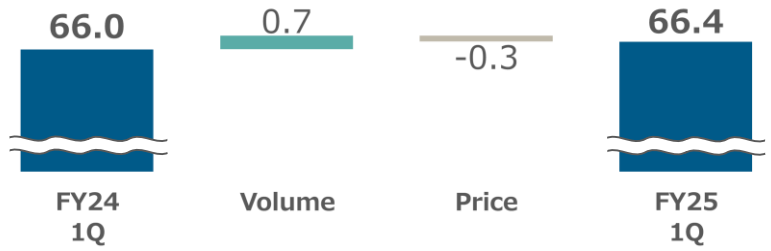


<Chlor-alkali>
・Shipments of caustic soda increased due to a rise in production volume.
・Domestic selling prices for caustic soda fell moderately, although export prices were up, buoyed by higher overseas market prices and the progressively weaker yen.
・Shipments of vinyl chloride monomer increased owing to a rise in production volume.
・International shipments of polyvinyl chloride (PVC) resin were up, while overseas selling prices for PVC products rose on the progressively weaker yen.
<Urethane>
・Shipments of methylene diphenyl diisocyanate (MDI) decreased from the same period the previous year, but selling prices were up due to foreign exchange effects.
・Shipments of hexamethylene diisocyanate (HDI) hardeners rose owing to decreases in market inventories and expanded sales, but weak market conditions amid sluggish global demand drove down selling prices.
<Cement>
・Domestic shipments of cement decreased amid weak demand.
<Operating Income>
・Operating income was up due to improvements in the difference between inventory receipts and payments and improved terms of trade resulting from foreign exchange effects.

Business Performance – Specialty

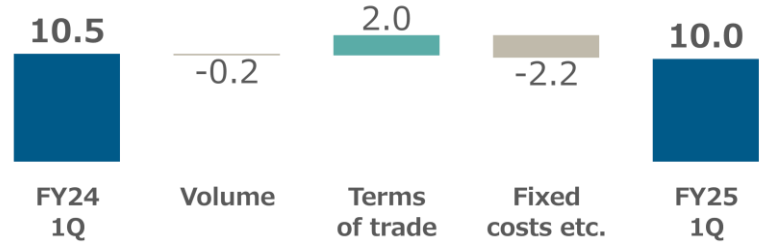
(Billion yen)

	Net sales			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Price	FOREX rate
Organic Chemicals	17.8	**18.2**	0.3	2.1	-1.8	1.4
Bioscience	13.8	**15.5**	1.7	0.4	1.3	1.3
Advanced Materials	34.4	**32.7**	-1.6	-1.8	0.2	2.7
Total	66.0	**66.4**	0.4	0.7	-0.3	5.4



(Billion yen)

	Operating income			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Specialty	10.5	**10.0**	-0.5	-0.2	2.0	-2.2

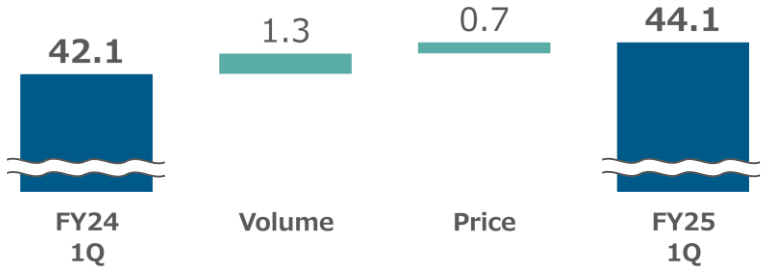


<Organic Chemicals>
・Recovering demand, particularly in the Asian region, pushed up shipments of ethyleneamine.
・Selling prices for ethyleneamine declined owing to lower market prices overseas.
<Bioscience>
・Among separation-related products, shipments of packing materials for liquid chromatography decreased in the United States and increased in Europe.
・Diagnostic-related products saw the rise of shipments of reagents for automated glycohemoglobin analyzers in Japan and overseas.
<Advanced Materials>
・Shipments of high-silica zeolite (HSZ), chiefly for automotive applications, were up as demand recovered, but HSZ sales prices declined due to factors such as differences in composition.
・While shipments of zirconia for decorative and dental applications decreased, selling prices increased due to the progressively weaker yen.
・Weak demand for semiconductors was the key factor in the decline in silica glass shipments, although selling prices rose due to the progressively weaker yen and price corrections.
・Shipments of electrolytic manganese dioxide rose in Japan and other Asian regions, while selling prices increased on the progressively weaker yen.
<Operating Income>
・Operating income fell attributable to increased fixed costs at subsidiaries and a decline in shipments of silica glass, despite improved terms of trade owing to foreign exchange effects.

Business Performance – Engineering/Other

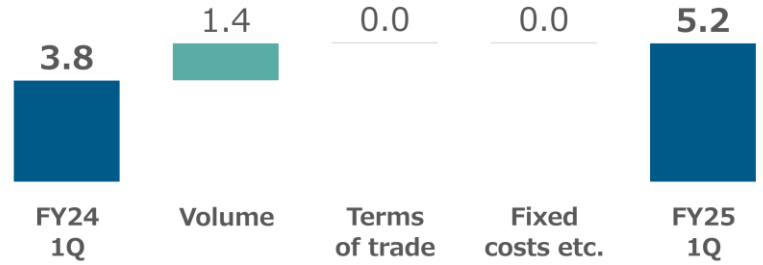
(Billion yen)

	Net sales			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Price	FOREX rate
Engineering	30.4	**32.9**	2.5	1.8	0.7	0.7
Other	11.8	**11.3**	-0.5	-0.5	0.0	0.0
Total	42.1	**44.1**	2.0	1.3	0.7	0.7



(Billion yen)

	Operating income			Breakdown of change		
	FY2024 1Q	FY2025 1Q	Change	Volume	Terms of trade	Fixed costs, etc.
Engineering	3.2	**4.7**	1.5	1.5	0.0	0.0
Other	0.6	**0.6**	0.0	-0.1	0.0	0.0
Total	3.8	**5.2**	1.5	1.4	0.0	0.0



<Engineering>
・The Group's water treatment engineering business sales grew on steady progress in project construction for orders received by the preceding year, primarily in the electronics industry. There were also strong sales of service solutions, including maintenance and equipment ownership service projects.
・Sales by the Engineering Group's construction subsidiaries likewise increased.
<Other>
・Sales dropped at operating companies of ancillary services such as transportation and warehousing, inspection and analysis, and information processing.
<Operating Income>
・Operating income was up due to increased sales in the water treatment engineering business.

Non-operating income/expenses, Extraordinary income/losses

(Billion yen)

	FY2024 1Q	FY2025 1Q	Change
Operating income	13.6	**19.8**	6.2
Net Financial income/expenses	0.6	**0.2**	-0.3
Foreign exchange gains/losses	7.0	**6.3**	-0.8
Equity in earnings of affiliates	0.5	**0.6**	0.1
Other, net	0.5	**0.4**	-0.1
Non-operating income/expenses	8.6	**7.5**	-1.1
Ordinary income	22.2	**27.4**	5.1
Loss on sales of property, plant and equipment	-0.1	**-0.1**	0.0
Loss on disposal of property, plant and equipment	-0.6	**-0.7**	-0.1
Other, net	0.0	**0.0**	0.0
Extraordinary income/losses	-0.6	**-0.7**	-0.1
Income taxes	-7.4	**-9.1**	-1.7
Profit attributable to non-controlling interests	-0.9	**-1.3**	-0.4
Profit attributable to owners of parent	13.2	**16.2**	3.0

Consolidated Balance Sheets

(Billion yen)

	Mar. 31, 2024	Jun. 30, 2024	Change
Assets	1,289.9	**1,313.1**	23.1
Cash and deposits	149.8	**149.9**	0.1
Notes and accounts receivable, etc.	294.8	**302.0**	7.2
Inventories	255.3	**249.3**	-5.9
Other current assets	55.3	**58.1**	2.8
Tangible and intangible fixed assets	390.0	**406.2**	16.2
Investment securities	70.7	**73.5**	2.8
Other non-current assets	74.0	**74.0**	0.0
Total assets	1,289.9	**1,313.1**	23.1

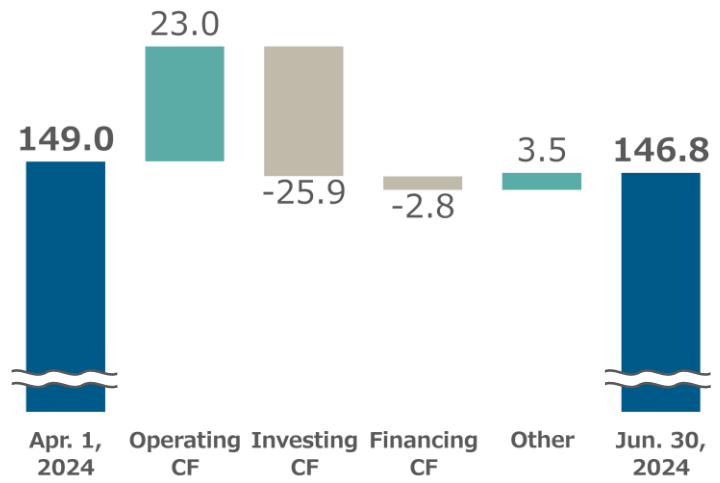
	Mar. 31, 2024	Jun. 30, 2024	Change
Liabilities	431.2	**445.3**	14.1
Notes and accounts payable, etc.	122.1	**131.2**	9.1
Interest-bearing liabilities	183.1	**199.6**	16.5
Provisions, etc.	125.9	**114.5**	-11.5
Net assets	858.8	**867.8**	9.0
Common stock	55.2	**55.2**	–
Capital surplus	44.4	**44.4**	0.0
Retained earnings, etc.	695.0	**703.6**	8.6
Non-controlling interests	64.2	**64.6**	0.4
Total liabilities and net assets	1,289.9	**1,313.1**	23.1

(Note) Interest-bearing liabilities includes lease obligations

Consolidated Statements of Cash Flows

(Billion yen)

		FY2024 1Q	FY2025 1Q	Change
Operating CF	Income before income taxes	21.6	**26.6**	5.0
	Depreciation and amortization	10.6	**11.2**	0.6
	Income taxes paid	-6.7	**-16.1**	-9.4
	Other, net	10.2	**1.3**	-8.9
	Total	35.8	**23.0**	-12.7
Investing CF		-17.0	**-25.9**	-8.9
Free cash flows		18.7	**-2.8**	-21.6
Financing CF	Borrowings	4.3	**13.3**	9.1
	Dividends paid	-12.7	**-14.3**	-1.6
	Other, net	-1.1	**-1.8**	-0.8
	Total	-9.5	**-2.8**	6.7
Effect of exchange rate change, etc.		2.3	**3.5**	1.2
Net increase (decrease)		11.5	**-2.2**	-13.7
Cash and cash equivalents at beginning of period		119.4	**149.0**	29.5
Cash and cash equivalents at end of period		130.9	**146.8**	15.9



FY2025 Forecasts

Financial Highlights

※Forecasts announced on May 13, 2024 remains unchanged

(Billion yen)

		FY2024	FY2025 (Forecast)	Change	FY2025 1Q
Net sales		1,005.6	**1,090.0**	84.4	252.9
Operating income		79.8	**100.0**	20.2	19.8
Ordinary income		95.9	**98.0**	2.1	27.4
Profit attributable to owners of parent		57.3	**59.0**	1.7	16.2
Exchange rate [Average TTM]	(¥/US$)	144.6	**145.0**	0.4	155.9
	(¥/EUR)	156.8	**158.0**	1.2	167.9
Domestic naphtha price	(¥/KL)	69,100	**75,000**	5,900	78,800
Benzene	(US$/ton)	914	**850～1,050**	-	1,050
ＰＶＣ	(US$/ton)	777	**700～900**	-	773
ＶＣＭ	(US$/ton)	643	**550～750**	-	624
Caustic soda	(US$/ton)	412	**300～500**	-	458
ＭＤＩ (Monomeric)	(US$/ton)	2,012	**2,000～2,200**	-	2,008
ＭＤＩ (Polymeric)	(US$/ton)	1,668	**1,600～1,800**	-	1,748

Financial Highlights (since FY2021)

(Billion yen)

		FY2021	FY2022	FY2023	FY2024	FY2025 (Forecast)
Net sales		732.9	918.6	1,064.4	1,005.6	**1,090.0**
Operating income		87.8	144.0	74.6	79.8	**100.0**
Ordinary income		95.1	160.5	90.0	95.9	**98.0**
Profit attributable to owners of parent		63.3	107.9	50.3	57.3	**59.0**
Exchange rate [Average TTM]	(¥/US$)	106.1	112.4	135.5	144.6	**145.0**
	(¥/EUR)	123.8	130.6	141.0	156.8	**158.0**
Domestic naphtha price	(¥/KL)	31,300	56,625	76,625	69,100	**75,000**
Benzene	(US$/ton)	520	994	994	914	**850～1,050**
ＰＶＣ	(US$/ton)	905	1,373	965	777	**700～900**
ＶＣＭ	(US$/ton)	768	1,208	835	643	**550～750**
Caustic soda	(US$/ton)	254	515	636	412	**300～500**
ＭＤＩ（Monomeric)	(US$/ton)	1,925	2,585	2,260	2,012	**2,000～2,200**
ＭＤＩ（Polymeric)	(US$/ton)	1,537	2,466	2,074	1,668	**1,600～1,800**

Dividends

※Forecasts announced on May 13, 2024 remains unchanged

		FY2023	FY2024	FY2025 (Forecast)
Dividends (Yen)	Interim	40.00	40.00	**42.50**
	Year-end	40.00	45.00	**42.50**
	Total Dividends	80.00	85.00	**85.00**
Basic earnings per share (Yen)		158.14	180.07	**185.29**
Payout ratio (%)		50.6	47.2	**45.9**