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Report for the 126th Fiscal Year

(from April 1, 2024 to March 31, 2025)

Tosoh Corporation

Business Report

(from April 1, 2024 to March 31, 2025)

1. Matters concerning the current state of the corporate group

(1) Business progress and results

In the fiscal year under review, the global economy grew steadily, supported by a recovery in real income as inflation in the US economy stabilized. The outlook, however, remains uncertain given concerns over an economic slowdown caused by extended stagnation in China's real estate market, prolonged and intensifying hostilities in the Middle East and Ukraine, and political instability in some major European countries. In Japan, personal consumption continues lackluster despite wage increases amid rising prices. Every facet of Tosoh Corporation and the Tosoh Group is united in pursuing the key management issues of growth and decarbonization.

The Company's consolidated net sales increased ¥57.7 billion (5.7%) year-on-year to ¥1,063.4 billion (US$7.0 billion). The increase was attributable to improved sales as a result of more demand. The resolution of the previous year's plant troubles at the Yokkaichi Complex, the rise in production volume because of the protracted time spans between scheduled maintenance at the Nanyo Complex in the year under review, the depreciated yen, and an increase in naphtha prices that led to higher selling prices also contributed. Operating income increased ¥19.1 billion (23.9%) year-on-year to ¥98.9 billion (US$648.1 million), owing to the increase in sales volume and the expansion of sales in the Engineering Group. Non-operating income decreased ¥12.0 billion year-on-year to ¥4.1 billion (US$26.9 million) due to the deterioration in foreign exchange gains and losses. Ordinary income increased ¥7.1 billion (7.4%) year-on-year to ¥103.0 billion (US$675.0 million). Income attributable to owners of parent increased ¥0.7 billion (1.2%) year-on-year to ¥58.0 billion (US$380.1 million).

	FY2024 (125th fiscal year)	FY2025 (126th fiscal year)	Change	
	Amount (billions of yen)	Amount (billions of yen)	Amount (billions of yen)	Percentage (%)
Net sales	1,005.6	1,063.4	57.7	5.7
Operating income	79.8	98.9	19.1	23.9
Ordinary income	95.9	103.0	7.1	7.4
Profit attributable to owners of parent	57.3	58.0	0.7	1.2

Note: Unless otherwise noted, figures shown are in billions of yen rounded to the nearest 100 million yen.

The following is an overview of each business segment for FY2025:

Petrochemical Group

Main products

Olefin products such as ethylene and propylene, low-density polyethylene, high-density polyethylene, processed resin products, functional polymers, etc.

Number of employees

1,221 (a decrease of 22 employees from the previous fiscal year)

Main initiatives

The Company's Petrochemical Group is working to stabilize its operations and supply and to differentiate and bolster its number of high-value-added products. It is also committed to environmental initiatives. In producing olefins, the group prioritizes the safe, stable operation of Japan's sole naphtha cracker in the Chukyo region, while maintaining high operating rates and enhancing the added value of each fraction. It endeavors, moreover, to realize the Company's greenhouse gas (GHG) emission targets by mitigating CO2 emissions through energy efficiency. The group is also considering the utilization of CO2-free fuels. The Petrochemical Group's polymer products are in broad demand for automobiles, semiconductors, medical equipment, and food products. Nevertheless, intensifying competition from new and expanded polymer operations in China and elsewhere in Asia compels the group to emphasize its specialization strategy and boost the added value of its products and their derivatives and of its lineup of environmentally friendly products for the sustainability of its business. The Petrochemical Group is also considering raising its chloroprene rubber production capacity to capitalize on prospects for the medium to long-term growth of this product category.

Overview

- Ethylene production and shipments increased because of the resolution of the previous year's plant troubles at the Yokkaichi Complex.
  Naphtha prices, too, rose and pushed up the selling prices of ethylene and propylene. Cumene shipments rose, and improved market conditions overseas and favorable exchange rates raised the selling prices for cumene.
- Domestic polyethylene resin demand remained essentially unchanged from the corresponding period of the previous year. Polyethylene resin selling prices rose, however, because of rising naphtha feedstock prices. Exports particularly of ethylene vinyl acetate (EVA) resin fell amid deteriorating market conditions overseas. Conversely, demand for chloroprene rubber began to recover, resulting in increased shipments, albeit at varying rates depending on the region.
- The Petrochemical Group net sales increased ¥21.1 billion (11.5%) year-on-year to ¥204.8 billion (US$1.3 billion). Operating income increased ¥3.6 billion (33.1%) year-on-year to ¥14.3 billion (US$93.6 million). Sales of chloroprene rubber and ethylene grew, and terms of trade for polyethylene resin improved.

Chlor-alkali Group

Major products

Caustic soda, vinyl chloride monomer, vinyl chloride resin, inorganic chemicals, organic chemicals, cement, polyurethane raw materials, etc.

Number of employees

3,214 (an increase of 45 employees from the previous fiscal year)

Main initiatives

In the Chlor-alkali Group's business, the decline in demand in China is impacting Asia as a whole, resulting in a stagnant market. The group's challenges include securing decarbonized fuels and coping with rising costs. Increased demand for its products is forecasted, meanwhile, in India and Southeast Asia. Since the group's chemical products are energy-intensive, the group is promoting energy diversification and conservation while working to lower its CO2 emissions. A biomass-fired power plant is under construction at the Nanyo Complex scheduled for operation in 2026. Demand is on the rise in Southeast Asia especially for methylene diphenyl diisocyanate (MDI), and the Group has established Tosoh Vietnam Polyurethane Co., Ltd and is constructing a new crude MDI splitter there to meet the region's rising calls for MDI. Additionally, in November 2024, CO2 recovery and feedstock conversion facility constructed for CO2

reduction and effective utilization began operations at the Nanyo Complex. CO2 captured by this facility will reduce CO2 emissions and be converted as raw material feedstock for MDI and other products. Demand, meanwhile, is also rising for hexamethylene diisocyanate (HDI) derivatives. So, the Chlor-alkali Group has decided to expand its HDI derivative production capacity. This will ensure stable supply and help to expand the group business and improve its profitability.

Overview

- Protracted time spans between scheduled maintenance at the Nanyo Complex resulted in increased production volume for caustic soda, which in turn drove upward caustic soda shipments, and caustic soda export prices rose because of higher overseas market prices and a weakened yen. Although shipments of vinyl chloride monomer (VCM) increased in line with a production volume increase occurred amid protracted time spans between scheduled maintenance at the Nanyo Complex, selling prices decreased due to worsened conditions in overseas markets. Domestic shipments of polyvinyl chloride (PVC) resin fell. Despite worsened conditions in overseas markets, PVC selling prices increased due to the weakened yen.
- Cement shipments decreased on weak demand.
- MDI shipments increased and selling prices rose amid the recovery of overseas market conditions and the weakening of the yen. HDI hardeners faced weak demand globally and deteriorating market conditions, such that their sales volume and prices declined.
- The Chlor-alkali Group net sales increased ¥13.9 billion (3.9%) year-on-year to ¥373.4 billion (US$2.4 billion). Operating income increased ¥5.9 billion (163.7%) year-on-year to ¥9.5 billion (US$62.1 million), on improved terms of trade for caustic soda and MDI, namely, heightened market prices and favorable exchange rates.

Specialty Group

Major products

Inorganic and organic fine products, measurement and diagnostic products, high-silica zeolite, zirconia, electronic materials (silica glass, sputtering targets), etc.

Number of employees

5,019 (an increase of 195 employees from the previous fiscal year)

Main initiatives

The Specialty Group is investing in capacity enhancement for products in growth sectors with a competitive advantage, while also nurturing new businesses to expand our revenue base. In the ethyleneamine business, the group is focused in on high molecular weight amine products, for which supply is expected to remain tight. The group is therefore considering establishing manufacturing facilities for high molecular weight amines that use low molecular weight amines as raw materials. In line with worldwide demand, the Specialty Group is also deliberating further production capacity for bromine after expanding its bromine production capacity in 2023. In 2022, the group decided to expand its separation and purification media production capacity at the Nanyo Complex. To meet growing demand for biopharmaceuticals, construction of additional separation and purification media manufacturing capacity is underway at the Yokkaichi Complex. Expanded production capacity and new construction underpin the group's aims of increasing its separation and purification media business and of ensuring a stable supply of these products. The group is also boosting its production capacity for silica glass used in semiconductor manufacturing equipment and thin film materials for semiconductor stacking in anticipation of semiconductor market growth and profits therefrom. In addition, the Specialty Group has broadened its activities in thin film materials with the launch of gallium nitride (GaN) sputtering targets for the semiconductors used in LED lighting and compact rapid chargers.

Overview

- Demand for ethyleneamine—particularly in Asia—resulted in increased ethyleneamine shipments. But the decline in overseas market conditions caused ethyleneamine selling prices to decline.
- Among separation-related products, shipments of liquid chromatography packing media for the United States and China increased. In diagnostic-related products, shipments of automated hemoglobin analyzer reagents increased domestically and abroad.
- High-silica zeolite (HSZ) shipments, primarily for automotive applications, were down, as were selling

prices because of such factors as changes in the product mix. Shipments of zirconia for decorative and dental applications likewise were down, but the depreciated yen raised zirconia selling prices. Weak semiconductor demand contributed to decreased silica glass shipments, but the depreciated yen and price corrections elevated silica glass selling prices. Shipments rose of electrolytic manganese dioxide (EMD) domestically and to Asia.

- The Specialty Group net sales increased ¥10.8 billion (4.2%) year-on-year to ¥270.5 billion (US$1.8 billion), and operating income increased ¥0.7 billion (1.9%) year-on-year to ¥38.6 billion (US$253.1 million). Despite rising fixed costs, this is attributed to the increase in the sales volume of separation-related products and ethyleneamine, as well as the influence of exchange rates.

Engineering Group

Major products and businesses
Water treatment equipment, construction, etc.

Number of employees
3,118 (an increase of 161 employees from the previous fiscal year)

Main initiatives
In the Engineering Group, while expansion of demand is anticipated for water treatment equipment amid expansion in the semiconductor market, Organo Corporation, which plays a central role in this segment, is actively securing and delivering large-scale projects both in Japan and overseas. In addition to making investments aimed at further strengthening plant engineering process efficiency through digital transformation (DX), the company is also promoting global personnel development and utilization measures and enhancing production and delivery capacity. Furthermore, efforts are being made to expand research and development activities aimed at creating next-generation technologies and cultivating future businesses.

Overview

- The group's water treatment business increased its net sales as a result of steady progress in the construction of large-scale projects, mainly in the electronics industry. Favorable sales of service solutions, such as equipment ownership and maintenance services, likewise contributed to the group's net sales.
- Sales at the Engineering Group's construction subsidiaries were essentially unchanged from the previous year.
- The Engineering Group net sales increased ¥12.3 billion (7.9%) year-on-year to ¥169.3 billion (US$1.1 billion), and operating income increased ¥8.9 billion (36.1%) year-on-year to ¥33.6 billion (US$220.4 million).

Ancillary

Main businesses
Transportation and warehousing, inspection and analysis, information processing, etc.

Number of employees
2,241 (an increase of 40 employees from the previous fiscal year)

Overview

- Sales decreased at various operating companies, including transportation and warehousing, inspection and analysis, and information processing.
- Other net sales decreased ¥0.5 billion (1.1%) year-on-year to ¥45.4 billion (US$297.5 million). Operating income likewise decreased ¥0 billion (0.3%) year-on-year to ¥2.9 billion (US$18.9 million).

(2) Financing status

We did not raise any significant funds during the period.
The capital investment for the fiscal year under review is mainly funded by own funds and borrowings.

(3) Status of capital investment

The total amount of capital investment made during the period under review is ¥81,200 million, the main items of which are as follows:

(i) Major facilities acquired during the period under review

None

(ii) New construction and expansion of major equipment continuing in the period under review

Tosoh Corporation

New establishment of a bioscience research building and Customer Support Center (Specialty Group) at our Tokyo Research Center

Construction of a biomass-fired power plant (Petrochemical Group, Chlor-alkali Group, and Specialty Group) at the Nanyo Complex

Production capacity increase for separation and purification media (Specialty Group) at the Nanyo Complex

Production capacity increase for separation and purification media (Specialty Group) at the Yokkaichi Complex

ERP system renewal (Petrochemical Group, Chlor-alkali Group, and Specialty Group)

Subsidiaries

Capacity increase for sputtering target manufacturing facility (Specialty Group) at Tosoh SMD, Inc.

Installation of crude methylene diphenyl diisocyanate (MDI) splitter (Chlor-alkali Group) at Tosoh (Vietnam) Polyurethane Co., Ltd

(4) Status of significant corporate restructuring, etc.

None.

(5) Issues to be addressed

Review of medium-term business plan for FY2023–2025
Fiscal 2025 is the final year of the three-year medium-term business plan that began in fiscal 2023. The Group failed to achieve the numerical targets set forth in the plan.

This is mainly due to a larger-than-expected decline in overseas markets for our main products in the Chlor-alkali Group caused by the real estate market slump in China, and a drop in demand for electronic materials in the Specialty Group due to negative growth in the semiconductor market, excluding cutting-edge fields.

(billions of yen)

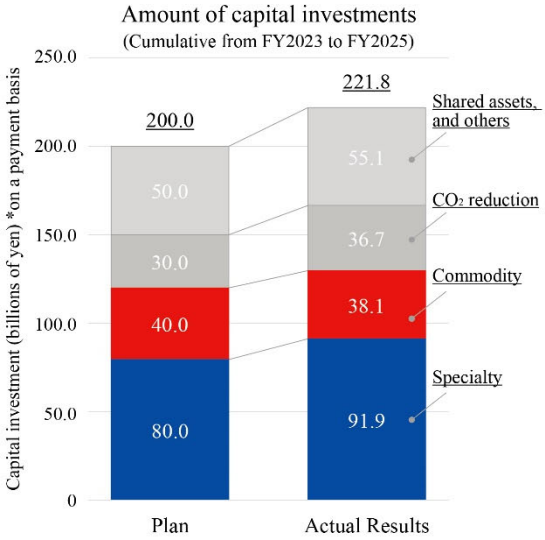
	FY2025		
	Target	Result	Difference
Net sales	1,160.0	1,063.4	(96.6)
Operating income	150.0	98.9	(51.1)
Operating profit margin	Over 10%	9.3%	–
ROE	Over 10%	7.2%	–

<Results by segment>

(billions of yen)

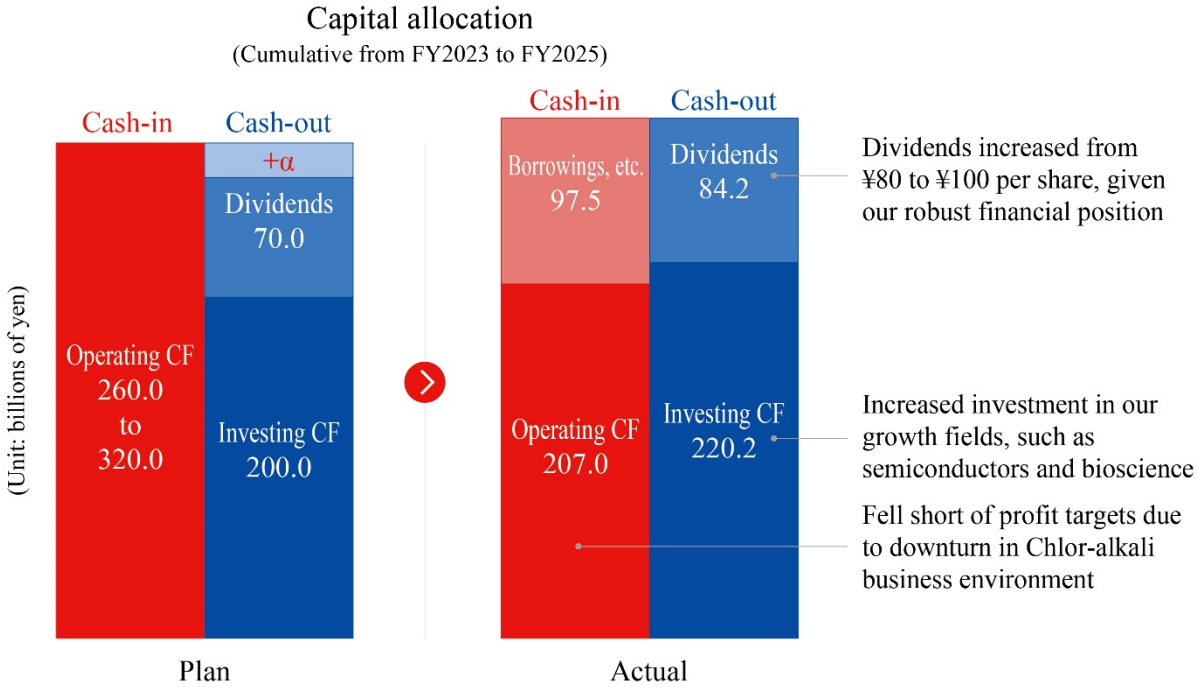
	FY2025					
	Net sales			Operating income		
	Target	Result	Difference	Target	Result	Difference
Petrochemical	235.0	204.8	(30.2)	15.0	14.3	(0.7)
Chlor-alkali	440.0	373.4	(66.6)	55.0	9.5	(45.5)
Specialty	300.0	270.5	(29.5)	61.0	38.6	(22.4)
Engineering and Ancillary	185.0	214.7	29.7	19.0	36.5	17.5
Total	1,160.0	1,063.4	(96.6)	150.0	98.9	(51.1)

Total capital investments for cumulative 3-year period amounted to ¥221.8 billion, surpassing the initial plan of ¥200.0 billion, due to additional investments in growth fields such as production capacity increases for electronic materials for use in semiconductors and separation and purification media for use in biopharmaceuticals.



Major capital investments	Location	Notes
CO_2 reduction		
• Installed a circulating fluidized bed boiler	Nanyo	Also serves as renewal of aging facility; operation to begin in April 2026
• Improved biomass co-firing capacity	Nanyo	
• Installed CO_2 recovery and feedstock conversion equipment	Nanyo	Commenced commercial operations in Nov. 2024. Converted 40,000 tons of CO_2 into raw materials.
Commodity		
• Construct new crude MDI splitter	Vietnam	Commercial operation to commence April 2027
• Enhanced electrolysis capacity	Philippines	
Specialty		
• Increase production capacity of thin film materials	U.S.	Total investment of ¥20.7 billion
• Increase the production capacity of silica glass materials and fabricated quartzware	U.S./Japan	Capacity increase in phases
• Construct the fourth separation and purification media production line	Nanyo	Commercial operation to commence Nov. 2025. Total investment of ¥16.0 billion.
• Construct the fifth separation and purification media production line	Yokkaichi	Commercial operation to commence June 2027. Total investment of ¥14.0 billion.
• Construct the third hexamethylene diisocyanate (HDI) derivatives production line	Nanyo	Commercial operation to commence Aug.2026. Total investment of ¥6.0 billion.

Despite falling short of profit targets and recording negative free cash flow due to capital investment that exceeded plans, in line with future profit forecasts and internal reserves, we increased dividends to enhance shareholder returns.



Medium-term business plan for FY2026–2028
In May 2025, the Company announced a three-year medium-term business plan with fiscal 2028 as the final year, outlined as follows.

1. Business portfolio

   To accurately reflect our business structure and strategy, we have redefined our operations under two categories:

   (i) Chemical Chain Business

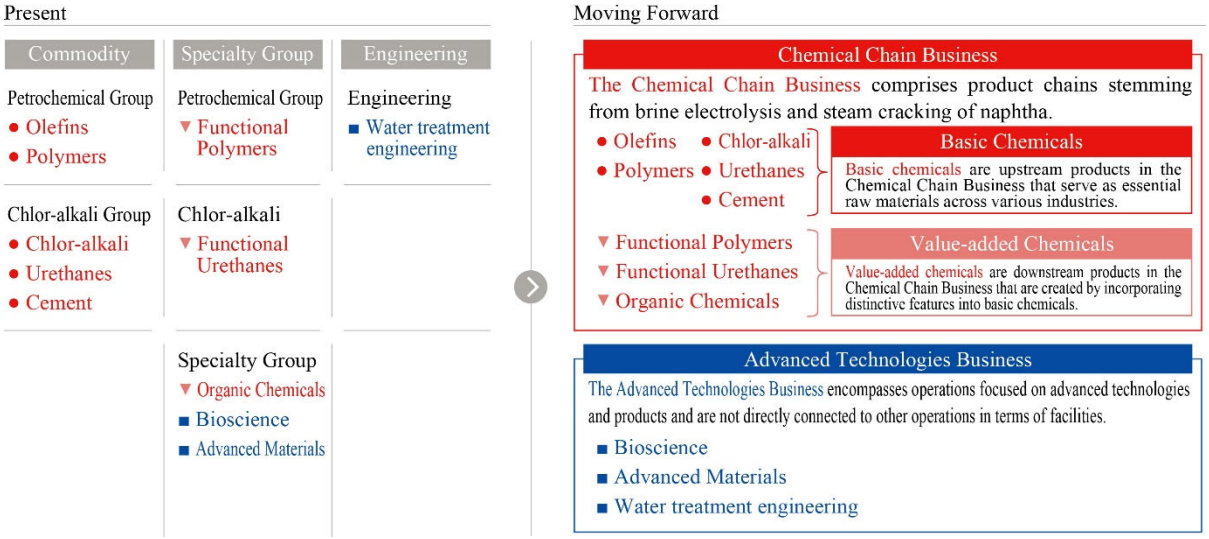
   Overview: An array of operations structured as a product chain and starting from salt electrolysis and naphtha cracking.

   Strengths: Highly integrated and efficient product chains with numerous unique derivative products based on chlorine as a raw material and thus with high barriers to entry.

   (ii) Advanced Technologies Business

   Overview: Operations focused on advanced technologies and products and not directly connected to other operations in terms of facilities.

   Strengths: Strong positions in growth markets, such as pharmaceuticals and semiconductors, and improved profitability, particularly by using Chemical Chain Business infrastructure and raw materials.



Business Portfolio Strategy

		Revenue model	Objective	Positioning	Investment policy
Chemical Chain Business	Basic Chemicals Value-added Chemicals	• Increase the ratio of high value-added derivatives and improve profitability of the entire chain	• Generate cash that serves as the basis for business operations • Back-end support for Advanced Technologies Business	Business foundation	• Make investments necessary for business continuity • Consider increasing capacity for products such as chloroprene rubber that increase the profitability of the entire chain
Advanced Technologies Business	Bioscience Advanced Materials Water treatment engineering	• Target niche areas in growing markets • Highly profitable because of high functionality of products and technologies	• Expand company-wide profit • Expand business areas	Growth drivers	• Capture market growth through aggressive capital investment • Consider expansion of business areas through M&A

2. Medium- to long-term management issues and targets for FY2031

(i) Management issues

- Balancing growth and decarbonization

  - Adopt a structure capable of expanding earnings and reducing CO_2 emissions.

- Chemical Chain Business: Expand earnings by increasing value-added chlorine-based derivatives
- Advanced Technologies Business: Expand earnings by developing large-scale new businesses

(ii) Numerical targets for FY2031

- Operating income of ¥170.0 billion
- CO_2 emissions reduced by 30%, compared with fiscal 2019 level

3. Medium-term business plan for FY2026–2028

(i) Basic management policy

- Chemical Chain Business: Respond to trends in decarbonization and the global economy, and restructure to achieve sustainable operations
- Advanced Technologies Business: Fully capitalize on prior investments in the previous medium-term plan and seek out new investment opportunities for the next medium-term plan
- Decarbonization: Promote and implement various decarbonization measures while considering economic rationality
- Safety: Place the highest priority on plant safety measures, while strengthening safety management and deepening the safety culture

(ii) Numerical targets

(billions of yen)

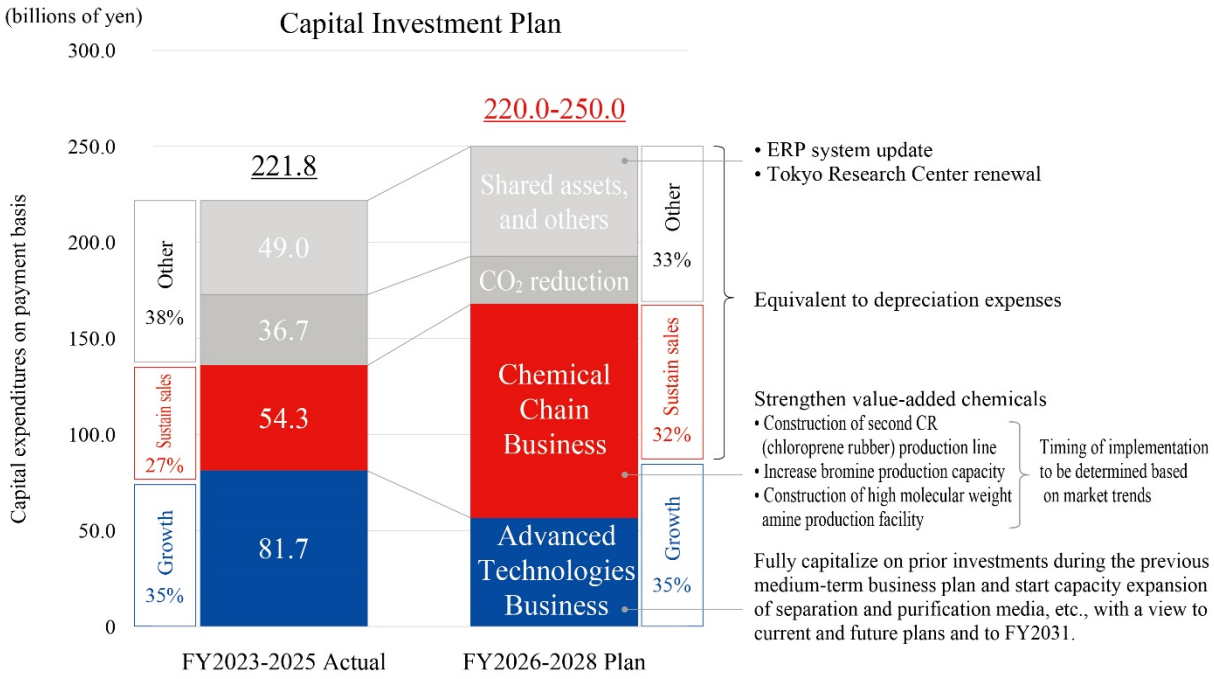
	FY2025 result	FY2028 target	Difference
Net sales	1,063.4	1,183.0	119.6
Operating income	98.9	140.0	41.1
ROE	7.2%	Over 10%	–

<Performance targets by business>

(billions of yen)		Net sales			Operating income		
		FY2025 result	FY2028 target	Difference	FY2025 result	FY2028 target	Difference
Chem. Chain	Basic Chemicals	520.5	520.0	(0.5)	14.1	23.0	8.9
	Value-added Chemicals	132.0	144.0	12.0	21.8	32.0	10.2
	Subtotal	652.5	664.0	11.5	35.8	55.0	19.2
Advanced Tech.	Bioscience	68.9	83.0	14.1	21.2	23.5	2.3
	Advanced Materials	127.2	156.0	28.8	5.3	20.5	5.2
	Water Treatment Engineering	162.2	224.0	61.8	31.1	36.8	5.7
	Subtotal	358.3	463.0	104.7	57.7	80.8	23.1
Ancillary		52.5	56.0	3.5	5.4	4.2	(1.2)
Total		1,063.4	1,183.0	119.6	98.9	140.0	41.1

(iii) Capital investment plan

We plan to implement capital investments totaling between ¥220.0 billion and ¥250.0 billion (payment basis) for FY2026–FY2028 as a cumulative total for the three years. During this medium-term business plan, we will focus the allocation of funds on the reinforcement of chain businesses.



(iv) Shareholder returns

During this medium-term business plan, we will increase shareholder returns to improve capital efficiency.

Shareholder Return Policy

Previous medium-term business plan period	Current medium-term business plan period
● Maintaining stable dividends is our basic policy, and we will strive to improve capital efficiency through share buybacks. ● Our target is a dividend payout ratio of 30%. ● We will flexibly implement share buybacks taking into account our level of free cash flow and other factors.	● Based on a total return ratio of 50% Annual dividend of ¥100 per share (minimum), and if the dividend payout ratio is less than 50%, the total return ratio will be increased to 50% through share buybacks ● ¥50.0 billion in share buybacks over three years as additional shareholder returns

For details on the medium-term business plan for FY2026–2028, please see the briefing materials on our website.

Precautions

The plans in this document are forecasts based on information available at the present time. Accordingly, actual results may differ significantly from the planned performance due to future economic conditions in Japan and overseas, unpredictable factors, and other factors.

(6) Changes in assets and profits and losses

Classification	122nd fiscal year (FY2021)	123rd fiscal year (FY2022)	124th fiscal year (FY2023)	125th fiscal year (FY2024)	126th fiscal year (FY2025)
Net sales (billions of yen)	732.9	918.6	1,064.4	1,005.6	**1,063.4**
Operating income (billions of yen)	87.8	144.0	74.6	79.8	**98.9**
Ordinary income (billions of yen)	95.1	160.5	90.0	95.9	**103.0**
Profit attributable to owners of parent (billions of yen)	63.3	107.9	50.3	57.3	**58.0**
Earnings per share (yen)	197.89	339.23	158.14	180.07	**182.13**
ROE (%)	10.7	16.3	7.0	7.5	**7.2**
Net D/E ratio (times)	(0.04)	(0.10)	0.08	0.04	**0.05**
Equity ratio (%)	62.6	65.2	61.9	61.6	**62.3**
Net assets (billions of yen)	661.7	759.7	794.2	858.8	**902.4**
Total assets (billions of yen)	982.8	1,087.7	1,194.3	1,289.9	**1,327.3**
PBR (times)	1.09	0.81	0.77	0.83	**0.79**

(Notes) 1. EPS (earnings per share) is calculated based on the average number of shares outstanding during the period (after deducting treasury stock).
2. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of fiscal 2022. For the status of assets and profits and losses for fiscal 2022 and beyond, the figures after applying the said accounting standards, etc. are stated.

(7) Status of material subsidiaries

Company name	Capital stock	Tosoh ownership (%)	Major line of business
Organo Corporation	Millions of yen 8,225	*44.1	Manufacture and sale of water treatment equipment, pure water equipment, ion exchange resins, etc.
Taiyo Vinyl Corporation	Millions of yen 6,000	84.0	Manufacture and sale of vinyl chloride resin
Tohoku Tosoh Chemical Co., Ltd.	Millions of yen 2,000	100.0	Manufacture and sale of soda industry products, electronic materials, etc.
Tosoh SGM Corporation	Millions of yen 1,600	*100.0	Manufacture of silica glass materials, quartz glass for optics, and quartz tubes
Tosoh Hyuga Corporation	Millions of yen 1,500	100.0	Production of electrolytic manganese dioxide and ferrite raw materials
Hokuetsu Kasei Co., Ltd.	Millions of yen 1,500	100.0	Manufacture and sale of polyethylene films, etc.
Taihei Chemicals Limited	Millions of yen 1,222	*74.6	Manufacture and sale of rigid PVC films and sheets, color chips, etc.
Tosoh Logistics Corporation	Millions of yen 1,200	100.0	Transportation, cargo handling, insurance agency
Plas-Tech Corporation	Millions of yen 870	*65.1	Manufacture and sale of vinyl chloride compounds and various plastic products
Tosoh Speciality Materials Corporation	Millions of yen 800	100.0	Manufacture of sputtering targets
Tosoh Finechem Corporation	Millions of yen 500	100.0	Manufacture and sale of catalysts, organic electronic materials, various organic fluorine and bromine compounds, etc.
Tosoh America, Inc.	Thousands of U.S. dollars 28,119	100.0	Investment in Tosoh USA, Inc. and other subsidiaries and affiliates in North America
Philippine Resins Industries, Inc.	Thousands of Philippine pesos 1,504,000	80.0	Manufacture and sale of vinyl chloride resin
Tosoh China Holdings Co., Ltd.	Thousands of Chinese yuan 323,086	100.0	Investment in Tosoh (Guangzhou) Chemical Industries, Inc. and other subsidiaries and affiliated companies in China
Tosoh Guangzhou Chemical Industries, Inc.	Thousands of Chinese yuan 206,912	*67.0	Manufacture and sale of vinyl chloride resin
Tosoh Europe N.V.	Thousands of euros 16,391	*100.0	Sale of clinical diagnostic equipment and reagents
Tosoh Hellas Single Member S.A.	Thousands of euros 12,745	100.0	Manufacture and sale of electrolytic manganese dioxide
PT. Standard Toyo Polymer	Thousands of U.S. dollars 14,000	60.0	Manufacture and sale of vinyl chloride resin
Tosoh Advanced Materials Sdn. Bhd.	Thousands of Malaysian ringgit 60,000	100.0	Manufacture of high-silica zeolite
Tosoh (Ruian) Polyurethane Co., Ltd.	Thousands of Chinese yuan 149,811	*100.0	Manufacture and sale of urethane raw materials
Mabuhay Vinyl Corporation	Thousands of Philippine pesos 661,309	88.0	Manufacture and sale of soda industrial products
Tosoh SMD, Inc.	Thousands of U.S. dollars 10,000	*100.0	Manufacture and sale of sputtering targets

Company name	Capital stock	Tosoh ownership (%)	Major line of business
Tosoh Polyvin Corporation	Thousands of U.S. dollars 7,532	*100.0	Manufacture and sale of vinyl chloride compounds
Tosoh (Shanghai) Polyurethane Co., Ltd.	Thousands of Chinese yuan 53,678	*100.0	Manufacture and sale of polyurethane, paints and adhesives
Tosoh Quartz Co., Ltd.	Thousands of Taiwan dollars 150,000	*100.0	Manufacture and sale of quartz glass processed products
Tosoh Quartz, Inc.	Thousands of U.S. dollars 4,270	*100.0	Manufacture and sale of quartz glass processed products

(Note) An asterisk (*) indicates the ratio including ownership through subsidiaries.

(8) Major line of business (as of March 31, 2025)

The Group's businesses and major products are as follows:

Business segment	Major products
Petrochemical Group	Olefin products such as ethylene and propylene, low-density polyethylene, high-density polyethylene, processed resin products, functional polymers, etc.
Chlor-alkali Group	Caustic soda, vinyl chloride monomer, vinyl chloride resin, inorganic chemicals, organic chemicals, cement, polyurethane raw materials, etc.
Specialty Group	Inorganic and organic fine products, measurement and diagnostic products, high-silica zeolite, zirconia, electronic materials (silica glass, sputtering targets), etc.
Engineering Group	Water treatment equipment, construction, etc.
Ancillary	Transportation and warehousing, inspection and analysis, information processing, etc.

(9) Major offices, factories, etc. (as of March 31, 2025)

(i) Tosoh Corporation

Sales offices	Head office (Tokyo), Osaka Branch, Nagoya Branch, Fukuoka Branch, Sendai Branch	
Production bases	Nanyo Complex (Yamaguchi Pref.), and Yokkaichi Complex (Mie Pref.)	
Research bases	Advanced Integration Research Center (Kanagawa Pref.)	Advanced Materials Research Laboratory, Life Science Research Laboratory
	Petrochemical and Polymer Research Center (Mie Pref.)	Polymer Materials Research Laboratory, Polyurethane Research Laboratory
	Functional Material Research Center (Yamaguchi Pref.)	Organic Materials Research Laboratory, Inorganic Materials Research Laboratory
	MI Center (Kanagawa Pref.)	
	Technology Center (Yamaguchi Pref.)	

(ii) Subsidiaries

Organo Corporation	Sales offices	Head office (Tokyo)
	Production bases	Tsukuba Factory (Ibaraki Pref.), and Iwaki Factory (Fukushima Pref.)
	Research bases	R&D center (Kanagawa Pref.)
Taiyo Vinyl Corporation	Sales offices	Head office (Tokyo)
	Production bases	Chiba Plant, and Yokkaichi Plant (Mie Pref.)
Tosoh (Guangzhou) Chemical Industries, Inc.	Sales offices and production bases	Head office and plant (China)
Tosoh Europe N.V.	Sales offices	Head office (Belgium)
Philippine Resins Industries, Inc.	Sales offices and production bases	Head office and plant (Philippines)
PT. Standard Toyo Polymer	Sales offices and production bases	Head office and plant (Indonesia)
Tosoh Advanced Materials Sdn. Bhd.	Production bases	Head office and plant (Malaysia)

(10) Status of employees (as of March 31, 2025)

(i) Tosoh Group

Number of employees	Comparison with the previous term
14,813	Increase of 419

A breakdown of the number of employees by segment is as follows:

Petrochemical	Chlor-alkali	Specialty	Engineering	Others	Total
1,221	3,214	5,019	3,118	2,241	14,813

(ii) Tosoh Corporation

Number of employees	Comparison with the previous term	Average age	Average years of service
3,954	Increase of 79	38.5 years old	13.5 years

(Notes) The number of employees is that of full-time employees.

A breakdown of the number of employees by segment is as follows:

Petrochemical	Chlor-alkali	Specialty	Total
1,002	1,544	1,408	3,954

A breakdown of the number of employees by gender is as follows:

Male	Female	Total
3,507	447	3,954

(11) Major lenders and the borrowing amount (as of March 31, 2025)

The Company's major lenders and the borrowing amount are as follows:

(Millions of yen)

Lender	Outstanding borrowing amount
Mizuho Bank, Ltd.	12,500
Sumitomo Mitsui Trust Bank, Limited	10,500
The Norinchukin Bank	8,800
The Yamaguchi Bank, Ltd.	8,700
MUFG Bank, Ltd.	1,800

(12) Other important matters regarding the current state of the corporate group

There are no applicable matters.

2. Matters related to shares of the company (as of March 31, 2025)

(1) Total number of authorized shares 900,000,000

(2) Total number of issued shares 325,080,956 (including 6,539,132 treasury shares)

(3) Number of shareholders 121,342

(4) Status of major shareholders (top 10)

Shareholder's name	Status of investment in the Company	
	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	51,404	16.14
Custody Bank of Japan, Ltd. (Trust Account)	21,504	6.75
NORTHERN TRUST CO, (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	9,936	3.12
Mizuho Bank, Ltd.	7,046	2.21
Sumitomo Mitsui Trust Bank, Limited	6,702	2.10
Nippon Life Insurance Company	6,683	2.10
Tosoh Employee Shareholding Association	5,593	1.76
NORTHERN TRUST CO, (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	5,500	1.73
Mitsui Sumitomo Insurance Company, Limited	5,486	1.72
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	5,130	1.61

(Notes) 1. The Company holds 6,539 thousand treasury shares, but is excluded from the above major shareholders.
2. Shareholding ratio is calculated excluding the treasury shares.

(5) Shares delivered to corporate officers as compensation for the execution of their duties during the fiscal year under review.

The Company has adopted a stock compensation system for delivering restricted shares, and at the Board of Directors meeting held on July 12, 2024, it resolved to dispose of treasury shares for restricted share compensation. As a result, 97,943 shares of the Company's common stock were disposed of on August 2, 2024 for a total amount of 203,378,640 yen.

Total shares delivered to directors and other officers by category

Classification	Number of shares	Number of recipients
Directors (excluding external directors)	29,426 shares	5
Executive officers	68,517 shares	23

(Reference) Changes in dividends and dividend payout ratio

	122nd fiscal year (FY2021)	123rd fiscal year (FY2022)	124th fiscal year (FY2023)	125th fiscal year (FY2024)	126th fiscal year (FY2025)
Interim dividend	28 yen	30 yen	40 yen	40 yen	50 yen
Year-end dividend	32 yen	50 yen	40 yen	45 yen	50 yen
Total	60 yen	80 yen	80 yen	85 yen	100 yen
Dividend payout ratio (consolidated)	30.3%	23.6%	50.6%	47.2%	54.9%

3. Matters related to share acquisition rights of the Company

Outline of contents of share acquisition rights held by the Company's officers

(As of March 31, 2025)

	Number of share acquisition rights	Number of holders/ Company's directors	Type and number of the share that is the object of share acquisition rights	Issue price of share acquisition rights (per share)	Exercise price (per share)	Exercise period of share acquisition rights
Eighth share acquisition rights (Issued on July 12, 2013)	5,118	1	Common share of the Company 2,559 shares	676 yen	1 yen	From July 14, 2013 to July 13, 2038
Ninth share acquisition rights (Issued on July 11, 2014)	4,071	1	Common share of the Company 2,035 shares	850 yen	1 yen	From July 13, 2014 to July 12, 2039
Tenth share acquisition rights (Issued on July 17, 2015)	2,888	1	Common share of the Company 1,444 shares	1,198 yen	1 yen	From July 19, 2015 to July 18, 2040
Eleventh share acquisition rights (Issued on July 15, 2016)	8,028	2	Common share of the Company 4,014 shares	862 yen	1 yen	From July 17, 2016 to July 16, 2041
Twelfth share acquisition rights (Issued on July 14, 2017)	6,274	4	Common share of the Company 3,137 shares	2,276 yen	1 yen	From July 16, 2017 to July 15, 2042
Thirteenth share acquisition rights (Issued on July 13, 2018)	10,400	4	Common share of the Company 5,200 shares	1,373 yen	1 yen	From July 15, 2018 to July 14, 2043
Fourteenth share acquisition rights (Issued on July 12, 2019)	15,266	5	Common share of the Company 7,633 shares	1,191 yen	1 yen	From July 14, 2019 to July 13, 2044

(Notes) 1. The above number of holders includes only directors (excluding external directors), and the Company does not issue share acquisition rights to external directors and corporate auditors.

2. Main conditions for exercising share acquisition rights
   - The holder of share acquisition rights may exercise the share acquisition rights within the period of exercising the share acquisition rights only from the day following the day when the position of director of the Company is lost to the day when 10 days have passed.
   - If a share acquisition rights holder waives his/her share acquisition rights, such share acquisition rights may not be exercised.

4. Matters related to officers of the Company

(1) Names, etc. of directors and corporate auditors

Name	Position and responsibility	Status of significant concurrent positions
Mamoru Kuwada	Representative director, president	
Toru Adachi	Representative director, senior executive vice president Responsible for Corporate Strategy Involved in Corporate Control & Accounting	President of Taiyo Vinyl Corporation
Toru Doi	Director, executive vice president Senior general manager of Research Division Responsible for Environment, Safety & Quality Control, CSR Promotion, and Yamagata Office Involved in Legal & Patents and Tokyo Research Center	
Akihiro Yoshimizu	Director, executive vice president Senior general manager of Nanyo Complex and president of Engineering Group Involved in Technology Center and Yokkaichi Complex	
Takahiko Kamezaki	Director, executive vice president President of Petrochemical Group Responsible for General Affairs, Corporate Communications & Investor Relations, Corporate Secretariat, Auditing, Osaka Branch, Nagoya Branch, Fukuoka Branch, Sendai Branch, and Yamaguchi Sales Office Involved in International Corporate Development, China Operations, TVP Project Team, Human Resources, IT Strategy & Supervisory, and Purchasing & Logistics	
Yoshihiro Hombo	External director	Director and vice chairman of Valqua, Ltd. Outside director of Mitsubishi Pencil Company, Limited
Mariko Hidaka	External director	Representative of Hidaka CPA Office External director (Audit and Supervisory Committee member) of Kyokuto Boeki Kaisha, Ltd. Outside Audit and Supervisory Board member of SBI Sumishin Net Bank, Ltd.
Yukimasa Nakano	External director	
Yukiko Hashitera	External director	CEO of Phoenixi Co Ltd. Independent outside director of the board, Nissha Co., Ltd.
Satoru Yonezawa	Corporate auditor	External director (Audit and Supervisory Member) of Lonseal Corporation
Makoto Okayama	Corporate auditor (external)	Outside director (Audit & Supervisory Committee Member) of WOWOW Inc.
Tetsuya Teramoto	Corporate auditor (external)	
Tsuneyasu Ozaki	Corporate auditor (external)	Lawyer at Ozaki Business Law Office External director (Audit and Supervisory Committee member) of CellSource Co., Ltd.

(Notes) 1. The position and responsibilities are as of March 31, 2025.
2. Four of the directors, Mr. Yoshihiro Hombo, Ms. Mariko Hidaka, Mr. Yukimasa Nakano, and Ms. Yukiko Hashitera

are external directors as stipulated in Article 2, Item 15 of the Companies Act, and are designated as independent officers based on the provisions of Tokyo Stock Exchange, Inc. and reported to the exchange as such.

3. Of the corporate auditors, Mr. Makoto Okayama, Mr. Tetsuya Teramoto, and Mr. Tsuneyasu Ozaki are external corporate auditors as stipulated in Article 2, Item 16 of the Companies Act, and are designated as independent officers based on the stipulations of Tokyo Stock Exchange, Inc. and reported to the exchange as such.
4. Mr. Satoru Yonezawa, a corporate auditor, has been in charge of the financial accounting business in the Company for many years, and Mr. Makoto Okayama, a corporate auditor, has many years of experience in financial practice at a financial institution and has considerable knowledge of finance and accounting.
5. All directors were re-elected at the 125th Ordinary General Meeting of Shareholders held on June 21, 2024, as their terms of office expired.

(Reference) Names, etc. of executive officers excluding those concurrently serving as director

Name	Position and responsibility
Nobukatsu Ohmichi	Executive vice president President of Specialty Group and senior general manager of Advanced Materials Division Responsible for Toyama Office
Yutaka Murata	Senior vice president Senior general manager of Yokkaichi Complex
Teruhiko Ide	Senior vice president General manager of Advanced Integration Research Center, general manager of Life Science Research Laboratory, and general manager of Tokyo Research Center
Yasuhiro Kojima	Senior vice president Deputy senior general manager of Nanyo Complex and general manager of Planning & Coordination, Nanyo Complex
Takafumi Kiuchi	Senior vice president President of Chlor-alkali Group, senior general manager of Urethane Division, chief of China Operations, and team leader of TVP Project Team
Tatsuji Kushimoto	Senior vice president Senior general manager of Bioscience Division
Sousuke Matsushima	Vice president General manager of Production and Technology Planning
Akira Takano	Vice president General manager of Human Resources
Takayuki Mine	Vice president General manager of Purchasing & Logistics
Nobuya Fujii	Vice president Senior general manager of Polymers Division and general manager of Planning & Coordination
Hiroshi Ogawa	Vice president General manager of Legal & Patents
Yutaka Shiokawa	Vice president General manager of CO_2 Reduction & Utilization Strategy
Eiji Okanari	Vice president General manager of Technology Center
Masashige Sakata	Vice president General manager of Corporate Control & Accounting
Hisashi Murata	Vice president Senior general manager of Chlor-alkali Division
Seiya Chuurei	Vice president Deputy senior general manager of Yokkaichi Complex, general manager of Planning & Coordination, Yokkaichi Complex, team leader of CO_2 Reduction and Utilization Strategy Task Force Yokkaichi, Yokkaichi Complex, and team leader of GT-5 Project Team
Yoshinori Matsumura	Vice president Deputy senior general manager of Nanyo Complex, and team leader of CO_2 Reduction and Utilization Strategy Task Force Nanyo, Nanyo Complex
Hideaki Imoto	Vice president Senior general manager of Organic Chemicals Division and general manager of Planning & Business Development, Organic Chemicals Division

Name	Position and responsibility
Mitsuhiro Nishimura	Vice president General manager of IT Strategy & Supervisory and team leader of ERP Renewal Project Team
Kiyofumi Fukuda	Vice president Deputy senior general manager of Advanced Materials Division and general manager of Electronic Materials, Advanced Materials Division
Kazutoyo Kawahara	Vice president General manager of International Corporate Development
Akira Hashimoto	Vice president Senior general manager of Olefins Division
Seiji Matsumoto	Vice president General manager of Petrochemical and Polymer Research Center and general manager of Polyurethane Research Laboratory

(Note) The position and responsibility are as of March 31, 2025.

(2) Outline of contents of the limitation of liability contract

The Company and its directors (excluding those who are executive directors, etc.) and corporate auditors have entered into a contract to limit their liability for damages under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the Companies Act and the Company's Articles of Incorporation.

The liability for damages under the contract is limited to the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act.

(3) Outline of the directors and officers liability insurance contract

The Company has concluded a liability insurance contract for officers, etc. as prescribed in Article 430-3, paragraph 1 of the Companies Act with an insurance company, whereby the insured parties will be covered for the amount of damages and litigation expenses in cases where they receive a claim for damages arising from their actions in the execution of their duties. However, damages caused by acts performed by the insured while recognizing that they violate the law or criminal acts by the insured will not be covered.

Directors, corporate auditors, executive officers, and associate directors of the Company and its registered subsidiaries are insured parties under said insurance contract, and insurance premiums are fully paid by the Company and its registered subsidiaries according to the affiliation of the insured.

(4) Amount of compensation, etc. for directors and corporate auditors

Classification	Total amount of compensation, etc.	Total amount of compensation, etc. by type			Number of eligible officers
		Fixed compensation	Performance-based compensation, etc.	Non-monetary compensation, etc.	
Directors (Of which, external directors)	434 million yen (58 million yen)	248 million yen (58 million yen)	124 million yen (–)	61 million yen (–)	10 (5)
Corporate auditors (Of which, external corporate auditors)	80 million yen (51 million yen)	80 million yen (51 million yen)	–	–	4 (3)

(i) Matters related to performance-based compensation, etc.
These are as described in "2) Outline of the decision policy (2)" in "(iv) Policy for determining details of individual compensation, etc. for directors."

(ii) Details of non-monetary compensation, etc.
These are as described in "2) Outline of the decision policy (3)" in "(iv) Policy for determining details of individual compensation, etc. for directors."

(iii) Matters related to resolutions of the general meeting of shareholders regarding compensation, etc. of directors and corporate auditors

The date of the resolution of the general meeting of shareholders regarding the compensation, etc. of directors of the Company is June 21, 2024, and the content of the resolution is that the total amount of compensation, etc. of directors shall be within 670 million yen per year (this amount is broken down as follows: (1) the cash compensation portion is 590 million yen (of which, 80 million yen or less for external directors), and (2) the stock-based compensation portion for directors excluding external directors is 80 million yen, not including salaries and bonuses for officers who also serve as employees). The number of directors at the end of this general meeting of shareholders is nine (including four external directors).

The date of the resolution of the General Meeting of Shareholders regarding the compensation, etc. of corporate auditors of the Company is June 21, 2024, and the content of the resolution is that the total amount of compensation of corporate auditors shall be within 120 million yen per year. The number of corporate auditors at the end of this General Meeting of Shareholders is four (including three external corporate auditors).

(iv) Policy for determining details of individual compensation, etc. for directors

1) How to decide the policy for determining details of individual compensation, etc. for directors

The policy for determining details of individual compensation, etc. for directors (hereinafter the "Decision Policy"), which is resolved at the meeting of the Board of Directors, based on the report of the Nomination and Compensation Advisory Board, is described as follows.

2) Outline of the decision policy

Our basic policy is to create a compensation system aimed at continuously improving corporate performance and enterprise value, and securing excellent human resources. Specific details based on the basic policy are as follows:

(1) Policy on determining how to calculate the amount of fixed compensation

Fixed compensation is regarded as consideration for the position, and is determined for each position in consideration of the compensation level in the survey results of the management compensation compiled by an external organization.

(2) Policy on determining the content of performance indicators related to performance-based compensation and the method of calculating the amount of performance-based compensation

The performance-based compensation comprises performance-based compensation that uses the consolidated ordinary income of the previous fiscal year (95.9 billion yen), which shows the results of the entire business, including both ordinary operating activities and financial activities, as a performance indicator; performance-based compensation calculated by using an annual dividend per share based on the financial results of the previous fiscal year (85 yen), as a performance indicator showing shareholder returns; and performance-based compensation based on the achievement level of KPI of the Company's CSR key issues for the previous fiscal year (56%), as a performance indicator for promoting contribution to a sustainable society. Each amount will be determined for each position based on the ratio to the fixed compensation and the performance-based range, in consideration of the compensation level, etc. in the survey results of management compensation compiled by external organizations.

(Specific target indicators are not decided for determination of the compensation amount.)

(3) Policy on determining the content of non-monetary compensation (stock-based compensation) and the method of calculating the amount of non-monetary compensation

The allotment of restricted shares, which is non-monetary compensation, will be decided for each position by comprehensively considering various matters such as the degree of contribution.

(4) Policy on determining the ratio of the amount of fixed compensation, performance-based compensation, and non-monetary compensation to the amount of individual compensation, etc. for directors

The ratio of fixed compensation, performance-based compensation, and non-monetary compensation (stock-based compensation) to the amount of individual compensation, etc. shall be determined for each position, in consideration of the compensation level in the survey results of the management compensation compiled by an external organization.

Moreover, external directors shall receive only fixed compensation from the perspective of their role and independence.

(5) Policy on determining the timing or conditions for giving compensation, etc. to directors
Fixed compensation and performance-based compensation are paid monthly. Fixed compensation based on the position of the current fiscal year and performance-based compensation based on the performance and results of the previous fiscal year are paid monthly as the compensation for the current fiscal year. As for the restricted share compensation, which is a non-monetary compensation, restricted shares are allotted annually in accordance with the allotment agreement, and the transfer restriction will be removed upon retirement.

(6) How to determine the content of individual compensation, etc. for directors other than the above
Individual compensation, etc. for directors will be decided by the Board of Directors based on a report of the Nomination and Compensation Advisory Board, the majority of whose members are independent external directors.

3) Reasons why the Board of Directors has determined that the details of individual compensation, etc. for directors for the current fiscal year are in line with the decision policy
When deciding the content of individual compensation, etc. for directors, the Nomination and Compensation Advisory Board confirms the consistency with the decision policy and reports to the Board of Directors on individual compensation, etc. for Directors, and the Board of Directors determines that the content is in line with the decision policy.

(v) Matters related to delegation in determining the individual compensation, etc. for directors
The individual compensation, etc. for directors is determined by the Board of Directors based on a report of the Nomination and Compensation Advisory Board and is not delegated to any other party.

(5) Matters related to external officers

(i) The status of significant concurrent positions held at other companies, etc. and the relationship between the Company and the other companies, etc.

- The Company has no business relationship with Valqua, Ltd. or Mitsubishi Pencil Company, Limited, where Mr. Yoshihiro Hombo, a director, concurrently serves.
- The Company has a business relationship with Kyokuto Boeki Co., Ltd., where Ms. Mariko Hidaka, a director, has a concurrent assignment, but has no special relationship with it. In addition, the Company has no business relationship with Hidaka Certified Public Accountant Office, which she represents, or SBI Sumishin Net Bank, Ltd., where she holds a concurrent position.
- The Company has no business relationship with Phoenixi Co Ltd., where Ms. Yukiko Hashitera, a director, serves as CEO, or Nissha Co., Ltd., where she holds a concurrent position.
- The Company has no business relationship with WOWOW Inc., where Mr. Makoto Okayama, a corporate auditor, holds a concurrent position.
- The Company has no business relationship with Ozaki Business Law Office or CellSource Co., Ltd., where Mr. Tsuneyasu Ozaki, a corporate auditor, concurrently serves.

(ii) Major activities during the period under review

Classification	Name	Main activities
Director	Yoshihiro Hombo	Attended all 15 meetings of the Board of Directors held during the current period. At the meetings he attends, based on his wealth of experience and sophisticated insight in sales and marketing, overseas, business management, corporate management, etc., he views the Group from an objective perspective and makes comments as appropriate that contribute to management supervision and enhancement of the enterprise value. In addition, he appropriately fulfills his responsibilities as chairperson of the Nomination and Compensation Advisory Board by asking questions and providing opinions as appropriate, and reporting to the Board of Directors on the deliberations of the board.

Classification	Name	Main activities
Director	Mariko Hidaka	Attended all 15 meetings of the Board of Directors held during the current period. At the meetings she attends, based on her wealth of experience and sophisticated insight in accounting, auditing, corporate management support, etc., she views the Group from an objective perspective and makes comments as appropriate that contribute to management supervision and enhancement of the enterprise value. In addition, as a member of the Nomination and Compensation Advisory Board, she appropriately fulfills her responsibilities by asking questions and providing opinions as appropriate.
Director	Yukimasa Nakano	Attended all 15 meetings of the Board of Directors held during the current period. At the meetings he attends, based on his wealth of experience and sophisticated insight in accounting, sales and marketing, business management, corporate management, etc., he views the Group from an objective perspective and makes comments as appropriate that contribute to management supervision and enhancement of the enterprise value. In addition, as a member of the Nomination and Compensation Advisory Board, he appropriately fulfills his responsibilities by asking questions and providing opinions as appropriate.
Director	Yukiko Hashitera	Attended all 12 meetings of the Board of Directors held after she was appointed director on June 21, 2024. At the meetings she attends, based on her wealth of experience and sophisticated insight in R&D, quality control, human resource development, etc., she views the Group from an objective perspective and makes comments as appropriate that contribute to management supervision and enhancement of the enterprise value. In addition, as a member of the Nomination and Compensation Advisory Board, she appropriately fulfills her responsibilities by asking questions and providing opinions as appropriate.
Corporate auditor (external)	Makoto Okayama	Attended all 15 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the current period under review. Based on his extensive experience and sophisticated insight into finance and corporate management, etc., he speaks from an objective and professional viewpoint and appropriately performs auditing from a neutral and fair standpoint.
Corporate auditor (external)	Tetsuya Teramoto	Attended all 15 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the current period under review. Based on his extensive experience and sophisticated insight into corporate management, etc., he speaks from an objective and professional viewpoint and appropriately performs auditing from a neutral and fair standpoint.
Corporate auditor (external)	Tsuneyasu Ozaki	Attended all 15 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the current period under review. Based on his extensive experience and sophisticated insight as a lawyer, he speaks from an objective and professional viewpoint and appropriately performs auditing from a neutral and fair standpoint.

5. Status of independent auditor

(1) Name of independent auditor

KPMG AZSA LLC

(2) Amount of compensation, etc. for independent auditor for the period under review

(i) Amount of compensation, etc. as independent auditor for the period under review 87 million yen

(ii) Total of money and other property benefits that the Company and subsidiaries should pay to the independent auditor 266 million yen

(Notes)
1. In the audit contract between the Company and the accounting auditor, audit fees for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act are not distinguished and cannot be substantially divided, so the total amount of these is described.
2. The Audit & Supervisory Board agreed with the amount of compensation, etc. paid to the independent auditor after reviewing the details of the audit plan of the independent auditor, the status of performance of accounting audit duties, and changes in compensation for the auditing, as well as the appropriateness of the audit time and amount of compensation for each audit item for the current period.
3. Of the Company's significant subsidiaries, Tosoh America, Inc. and 16 other companies are audited (limited to those under the provisions of the Companies Act or the Financial Instruments and Exchange Act (including foreign laws and regulations equivalent to these laws)) by certified public accountants or an auditing firm (including those who have qualifications equivalent to these qualifications in foreign countries) other than the Company's independent auditor.

(3) Details of non-auditing services

The Company pays consideration to KPMG AZSA LLC for outsourcing operations, etc. concerning responses to CSRD and ESRS.

(4) Policy on determining dismissal or non-reappointment

If an independent auditor is deemed to fall under any of the items of Article 340, paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the independent auditor with the consent of all Audit & Supervisory Board members.

Further, if there is any obstacle to the performance of the independent auditor's duties, etc., the Audit & Supervisory Board comprehensively considers the independence and reliability of the independent auditor and other factors related to the performance of his or her duties, and decides on the content of a proposal to be submitted to the general meeting of shareholders regarding the dismissal or non-reappointment of the independent auditor.

6. Structure and policy of the Company

(1) System to ensure the appropriateness of business activities

We believe that the construction of an internal control system is essential in order for corporate governance to function effectively. The basic policy on the development of the internal control system resolved by the Board of Directors is as follows:

(i) Systems to ensure that execution of the duties by directors and employees complies with laws and regulations and the articles of incorporation
- We will establish rules related to compliance, establish a code of conduct that will serve as norms for directors and employees, and establish a compliance committee to thoroughly implement them, and carry out company-wide efforts including in-house training.
- We will establish a whistleblower system and always strive to ensure its effectiveness.
- Auditing performs audits on compliance practices.

(ii) System for storing and managing information related to the execution of duties by directors
- Documents and other information related to the execution of duties by directors shall be appropriately stored and managed in accordance with internal rules.
- Directors and corporate auditors may access these documents at any time.

(iii) Regulations and other systems for managing the risk of losses
- We shall institute regulations and develop risk management systems in order to address each kind of risk relating to the performance of production and sales activities.
- Each department, under the supervision of a responsible director, shall autonomously manage risks in the course of day-to-day business activities.

(iv) System to ensure that duties by directors are executed efficiently
- For important matters pertaining to business operations, the Board of Directors shall, after deliberation by the executive board meeting, make executive decisions in accordance with internal rules.
- At the management liaison meeting, which is composed of directors, corporate auditors, senior general managers of business divisions, general managers of related departments, etc., the business practices of each division are reported, prior explanations of approvals are given, and other important matters are communicated.

(v) System to ensure the appropriateness of business in the corporate group
- Enact regulations regarding the management and operation of subsidiaries and apply them properly.
- Request its subsidiaries to report their business operations on a regular or appropriate basis.
- A responsible department is set for each subsidiary to manage the business operations of the subsidiary, and directors and corporate auditors are dispatched to subsidiaries to provide advice and guidance for risk management and efficient business execution at subsidiaries.
- Establish and disseminate a code of conduct related to compliance as the Tosoh Group.
- Perform cross-group compliance activities and Responsible Care (RC) activities by departments involved in general affairs and legal affairs
- Auditing conducts audits on subsidiaries.

(vi) Matters concerning the employee when corporate auditors request the appointment of an employee to assist with their duties, and matters concerning the independence of the employee from directors and ensuring the effectiveness of the instructions given by corporate auditors to the employee
- In order to support the work of corporate auditors, establish an Audit & Supervisory Board Secretariat under the Audit & Supervisory Board and assign full-time employees to the unit.
- The employees shall be placed under the direct command of corporate auditors.
- The personnel affairs of the employees shall be discussed with the Audit & Supervisory Board in advance to obtain the approval of the board members.

(vii) System for directors and employees to report to corporate auditors and other systems for reporting to corporate auditors
- Directors and employees shall report how their duties are executed in a timely and appropriate manner to corporate auditors through significant meetings including the Board of Directors meetings.
- Important approval documents and minutes of meetings shall be circulated to corporate auditors.
- Directors and employees shall provide necessary reports in response to requests by corporate auditors periodically or appropriately.
- Details of reports received by the whistleblowing desk shall be reported to corporate auditors.
- Corporate auditors shall be designated as one of the contact points for the whistleblowing system.
- Enact regulations to prevent whistleblowers under the whistleblowing system from being treated unfavorably because of their whistleblowing.

(viii) System for directors, corporate auditors, and employees of subsidiaries or persons who received reports from them to report to corporate auditors
- Report on business operations received from subsidiaries to corporate auditors as appropriate.
- Request directors, etc. of subsidiaries to report to corporate auditors of the Company as appropriate.
- The whistleblowing system shall also accept reports related to and from subsidiaries.

(ix) Matters about procedures for advance payment or reimbursement of expenses that arise from the execution of the duties of corporate auditors, as well as about policies on processing of expenses or obligations that arise from the execution of their duties
- Corporate auditors may charge the Company for the settlement of expenses or debts considered necessary for the execution of their duties.

(x) Other systems to ensure that audits by corporate auditors are performed effectively
- Meetings of corporate auditors and representative director(s) shall be held periodically for the exchange of opinions on all aspects of management.
- Corporate auditors and Auditing shall exchange information periodically to promote mutual cooperation.

(2) Overview of the operational status of the systems to ensure the appropriateness of business activities

Based on the above policy, the Company strives to develop the internal control system and operate it appropriately. The operational status of the internal control system during the current period under review is as follows:

(i) System to ensure that execution of the duties by directors and employees complies with laws and regulations and the articles of incorporation
- In addition to establishing compliance rules and other regulations related to compliance, the Company has also established the Tosoh Group Code of Conduct for all the officers and employees of the Tosoh Group.
- The Company has established a compliance committee to promote compliance practices.
- We have established a whistleblowing system and have stipulated the operational standards, etc. to prevent whistleblowers from being treated unfavorably because of their whistleblowing, and we will respond in good faith to any received report.
- Auditing conducts audits on the status of compliance practices.

(ii) System for storing and managing information related to the execution of duties by the directors
- We have established basic documentation rules and other rules, and strive to properly store and manage documents and information, and directors and corporate auditors may access these documents at any time.

(iii) Regulations and other systems for managing the risk of losses

- We have established environmental safety management regulations related to the execution of production activities, disaster countermeasure regulations, quality management regulations, purchasing management regulations, sales management regulations related to the execution of sales activities, derivative transaction management regulations, regulations on handling of personal information, and compliance-related regulations to deal with various risks.
- Countermeasures against each kind of risk are discussed at the Board of Directors meetings and other meetings.

(iv) System to ensure that duties by directors are executed efficiently

- In principle, the Board of Directors meeting is held monthly, the executive board meeting is held weekly, and the management liaison meeting is held twice a month to ensure that directors perform their duties efficiently.

(v) System to ensure the appropriateness of business in the corporate group

- We have established rules for the operations of subsidiaries and affiliates and have designated a responsible division for each subsidiary to manage its business operations. Directors and corporate auditors are dispatched to a subsidiary and attend meetings of the subsidiary's Board of Directors.
- The Company receives reports on business operations from subsidiaries in writing and at meetings.
- In addition to establishing the Tosoh Group Code of Conduct for all officers and employees of Tosoh Group, General Affairs, Legal & Patents, Human Resources, Corporate Control & Accounting, Environment, Safety & Quality Control, etc. carry out cross-group compliance activities and Responsible Care (RC) activities.
- Auditing conducts audits on the subsidiaries.

(vi) Matters concerning the employees when corporate auditors request the appointment of employees to assist with their duties, and matters concerning the independence of the employees from directors and ensuring the effectiveness of the instructions given by corporate auditors to the employees

- The Audit & Supervisory Board Secretariat has been established and full-time employees are assigned to it. The personnel affairs of the employees are discussed with and approved by the Audit & Supervisory Board in advance, and the employees receive direct commands and orders from corporate auditors.

(vii) System for directors and employees to report to corporate auditors and other systems for reporting to corporate auditors

- Directors and employees report how their duties are executed to corporate auditors through important meetings including the Board of Directors meetings, and upon request from corporate auditors.
- Important approval documents and minutes of meetings are circulated to corporate auditors.
- Under the whistleblowing system, corporate auditors are designated as one of the contact points for the whistleblowing system, and the details of reports received by other desks are reported to corporate auditors. In addition, the Company has established operating standards for the whistleblowing system to prevent whistleblowers under the whistleblowing system from being treated unfavorably because of their whistleblowing.

(viii) System for directors, corporate auditors, and employees of subsidiaries or persons who receive reports from them to report the fact to corporate auditors

- Reports received from subsidiaries in relation to their business operations are circulated to corporate auditors as appropriate. In addition, directors, etc. of subsidiaries report to the Company's corporate auditors as appropriate.
- The whistleblowing system shall also accept reports related to and from subsidiaries, and details of such reporting are reported directly or through the reception desk to corporate auditors.

(ix) Matters about procedures for advance payment or reimbursement of expenses that arise from the execution of the duties of corporate auditors, as well as about policies on processing of expenses or obligations that arise from the execution of their duties

- The Company budgets expenses necessary for the execution of duties by corporate auditors.

- We accept advance payment or reimbursement of expenses charged by corporate auditors.

(x) Other systems to ensure that audits by corporate auditors are performed effectively
- Meetings of corporate auditors and representative directors are held periodically to exchange opinions on all aspects of management.
- Corporate auditors and Auditing exchange information periodically.

(3) Basic policy on elimination of antisocial forces

(i) Basic approach for eliminating antisocial forces
We have instituted the Tosoh Group Code of Conduct, which is distributed to all employees. The Code states that we resolutely respond to antisocial forces and will not engage with them, and if we receive an improper demand from such forces, we will not resolve the situation by paying them money or the like.

(ii) How the system is developed to eliminate antisocial forces
As to the elimination of antisocial forces, the department in charge is designated as General Affairs, and we have a system in which we cooperate with external specialized institutions such as lawyers and the police to take concrete measures. We also gather information regarding antisocial forces from these specialized external organizations, and convey it, as necessary, to the associated departments and the subsidiaries and affiliated companies.

(4) Basic policy regarding determination of surplus dividends, etc.

The Company recognizes that its most important management issue is to enhance its long-term enterprise value by improving profitability and continuation of its solid financial foundation.
Regarding dividends, we position the return of profits to shareholders as one of our important capital policies and make it a basic policy to pay continuous and stable dividends.
With regard to retained earnings, we aim to meet shareholder expectations by effectively utilizing them for investments and R&D activities that support our management priorities of balancing growth and decarbonization, thereby enhancing our long-term enterprise value.
We declared a year-end dividend of ¥50 per share for the current period, which, together with the interim dividend of ¥50 per share, makes a total annual dividend of ¥100 per share.

[Reference] Diagram of corporate governance system of the Company

