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Company name:	TOSOH CORPORATION
Representative:	Mamoru Kuwada Representative Director, President (Code number:4042)
Contact:	Masashige Sakata Vice President, General Manager of Corporate Control & Accounting
Tel:	[+81](0)3-6636-3713

Notice Regarding Recognition of Impairment Loss (Consolidated) and Loss on Valuation of Shares of Subsidiaries and Associates (Non-Consolidated) and Revision of Consolidated Financial Results Forecast for the Six Months Ending September 30, 2025

Tosoh Corporation (hereinafter, "the Company") expects to record an impairment loss in its consolidated financial statements and a loss on valuation of shares of subsidiaries and associates in its non-consolidated financial statements for the second quarter of the fiscal year ending March 2026 (from July 1, 2025 to September 30, 2025). In line with this, the Company has revised the consolidated financial results forecast for the first six months of the fiscal year ending March 2026, which was originally disclosed on May 13, 2025, as outlined below.

１. Recognition of Impairment Loss (Consolidated) and Loss on Valuation of Shares of Subsidiaries and Associates (Non-Consolidated)

An impairment loss related to the fixed assets of Tosoh SMD, Inc. (hereinafter, "TSMD"), which manufactures and sells sputtering targets in the United States, is expected to be recorded, and a loss on valuation of shares of subsidiaries and associates is expected to be recorded as a special loss in the non-consolidated financial statements.

（1）Recognition of impairment loss on TSMD's fixed assets (consolidated)

TSMD, the Company's consolidated subsidiary, has recorded an operating loss due to a decrease in shipments resulting from the delayed recovery of the U.S. semiconductor market. Most recently, the outlook for the U.S. semiconductor market has become even more uncertain, and the timing of demand recovery remains unclear. Consequently, sales have continued to fall short of projections, and due to these factors, indications of impairment were identified, prompting us to conduct a recoverability test. As a result, the Company expects to record an impairment loss of 19.1 billion yen* on TSMD's fixed assets as a special loss.

*Premised on exchange rate of 148.4 yen per USD.

（2）Recognition of loss on valuation of shares of subsidiaries and associates (Non-Consolidated)

Due to the deterioration in TSMD’s business performance and the recording of impairment losses, the substantial value of the shares of Tosoh America, Inc., TSMD’s holding company, held by the Company is expected to decline significantly. As a result, the Company anticipate recording a loss on valuation of shares of subsidiaries and associates of 9.6 billion yen as a special loss in the second quarter of the fiscal year ending March 2026. This loss on valuation of shares of subsidiaries and associates will be offset in the consolidated financial statements and will not affect consolidated profit and loss.

２． Revision of Consolidated Financial Results Forecast

（1）Revision of Consolidated Financial Results Forecast for the Second Quarter of the Fiscal Year Ending March 2026

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 510,000	Million yen 42,000	Million yen 39,000	Million yen 22,000	Yen 69.07
Revised forecast (B)	499,000	44,000	45,000	7,000	22.02
Change (B-A)	(11,000)	2,000	6,000	(15,000)	
Rate of change (%)	(2.2)	4.8	15.4	(68.2)	
Reference: Results for the previous fiscal year (first six months of the fiscal year ending March 2025)	527,623	47,387	45,106	24,941	78.32

(2) Reasons for the Revisions

Although factors such as the progressively weaker yen, rising naphtha prices, and increased sales in the Engineering Group are expected to contribute to higher revenue, sales are projected to fall below the previous forecast due to lower-than-expected sales volumes and overseas market conditions for VCM and PVC and other Chlor-alkali Group’s products, mainly due to sluggish demand. Although operating income is expected to deteriorate for Chlor-alkali Group’s products and Petrochemical Group’s products due to decreased sales and rising prices of raw materials such as naphtha, it is projected to exceed the previous forecast owing to increased sales in the Engineering Group and improved terms of trade for the Speciality Group owing to progressively weaker yen. Ordinary income is expected to exceed the previous forecast due to improved non-operating income resulting from the improvement in foreign exchange gains and losses associated with the progressively weaker yen. Interim net income attributable to owners of parent is expected to fall below the previous forecast due to the recording of the impairment loss.

An annual financial results forecast is currently under review and will be announced in conjunction with the Company’s disclosure of the first half consolidated results scheduled for November 4.

**Forecasts are based on information available to the Company as of the press release date. Actual results may differ due to unforeseeable factors.*