

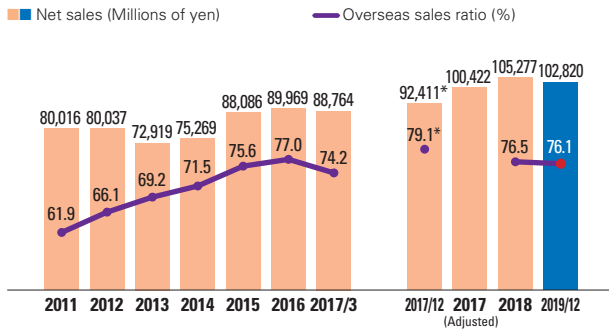


Trends of Key Data and Analysis

10-Year Financial Highlights

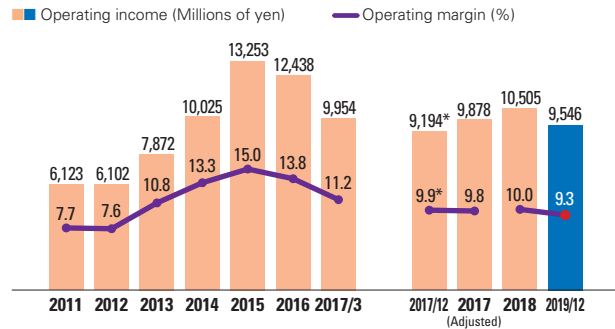
Net sales/Overseas sales ratio*

¥102,820 million **76.1%**



Operating income*/Operating margin

¥9,546 million **9.3%**

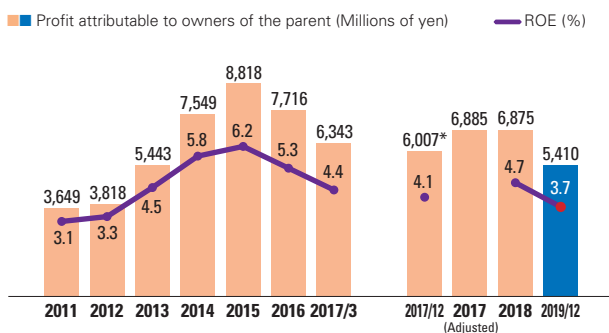


As a result of sales growth in core products for overseas customers, the overseas sales ratio held steady at around 75%. Although TOK recorded its first operating loss since going public soon after the collapse of Lehman Brothers, the Company has maintained a certain level of profits since the fiscal year ended March 31, 2011. In the fiscal year ended March 31, 2015, TOK achieved record-high operating income as a result of making large-scale strategic investments, concentrating on growth in cutting-edge materials for semiconductors, and reshaping its business portfolio under the "TOK Medium-Term Plan 2015" that started in the fiscal year ended March 31, 2013. Under the "TOK Medium-Term Plan 2018" that started in the fiscal year ended March 31, 2017, net sales expanded in tandem with growth in the semiconductor market, but profit growth stalled due in part to an increase in depreciation and amortization that reflected heavy investments. Under the "TOK Medium-Term Plan 2021," which started in the fiscal year ended December 31, 2019, TOK is keen to record a new record high in profits by concentrating on strengthening business portfolio reforms and returning to a growth trajectory, despite a recent decrease in profits due to the impact of the U.S.-China trade friction, etc.

* Due to a change in fiscal year-end, the fiscal year ended December 31, 2017 was an irregular nine-month period in Japan, and 12 months overseas.

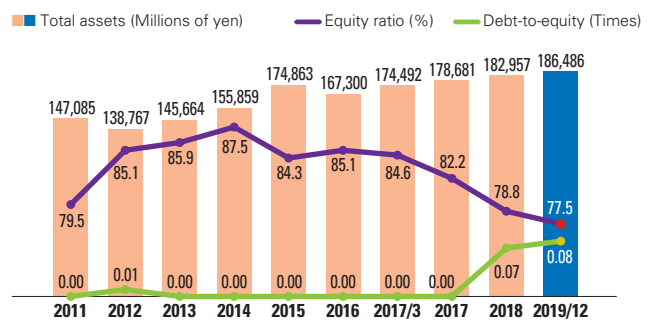
Profit attributable to owners of the parent*/ROE

¥5,410 million **3.7%**



Total assets/Equity ratio/Debt-to-equity

¥186,486 million **77.5%** **0.08 times**

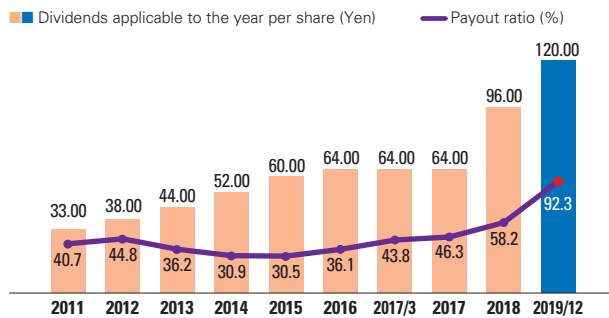


Under the "TOK Medium-Term Plan 2018," we have set a numerical target for ROE and are working to increase it by capturing high-quality profits through business portfolio reforms, attaining top-line expansion and a higher total asset turnover ratio, as well as considering review of the D/E ratio. In addition, under the "TOK Medium-Term Plan 2021" the Company targets ROE of 8% or higher with profit growth continuing to be a driver, while enhancing its responsiveness to changes in the increasingly challenging business, investment, and financial environments.

As a long-run R&D-driven company that continues to target niche top markets, TOK's basic policy is to maintain sufficient cash reserves to compete in development with larger rivals and facilitate agile investments. The equity ratio has stayed at around 85%, but should gradually start to decline as a consequence of long-term debt financing, better shareholder returns, and one of the largest share buybacks the Company has undertaken, under balance sheet management that began during the "TOK Medium-Term Plan 2018."

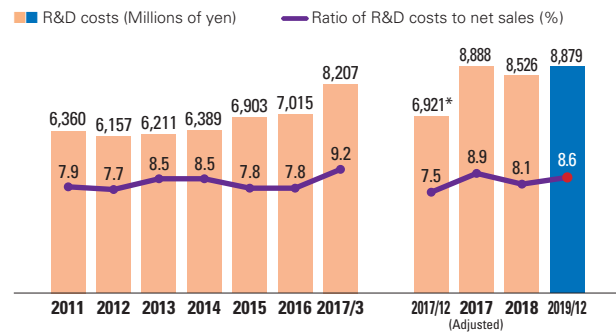
* Due to a change in fiscal year-end, the fiscal year ended December 31, 2017 was an irregular nine-month period in Japan, and 12 months overseas.

Dividends applicable to the year per share/Payout ratio
¥120.00 **92.3%**



Until the fiscal year ended March 31, 2016, our basic policy targeted a consolidated dividend payout ratio of at least 30%. In the fiscal year ended March 31, 2017, we changed to a policy that targets a sustained dividend at a consolidated payout ratio of at least 40% while taking current levels into account. TOK has introduced a new dividend policy that targets DOE of 3.5%, beginning with year-end dividends in the fiscal year ended December 31, 2018, in order to respond more clearly to the expectations of long-run investors (see pages 48–51 “Message from the CFO”).

R&D costs*/Ratio of R&D costs to net sales
¥8,879 million **8.6%**

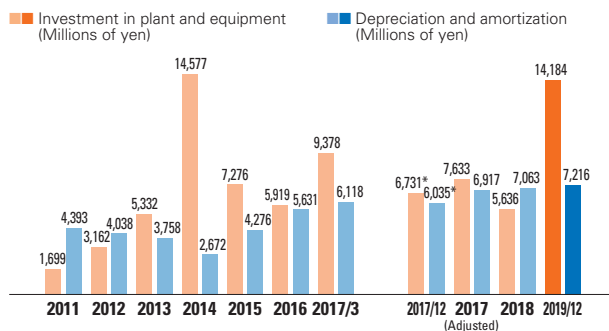


TOK’s spending on R&D is equivalent to roughly 8% of net sales. The Company intends to increase development efficiency by improving intellectual productivity, etc., even while R&D costs are on the rise for the development of high value-added materials and production technologies, and increase in the supply of samples for cutting-edge semiconductor fields (see pages 56–57 “Message from the Director in Charge of Research and Development”).

* Due to a change in fiscal year-end, the fiscal year ended December 31, 2017 was an irregular nine-month period in Japan, and 12 months overseas.

Investment in plant and equipment/ Depreciation and amortization

¥14,184 million **¥7,216 million**



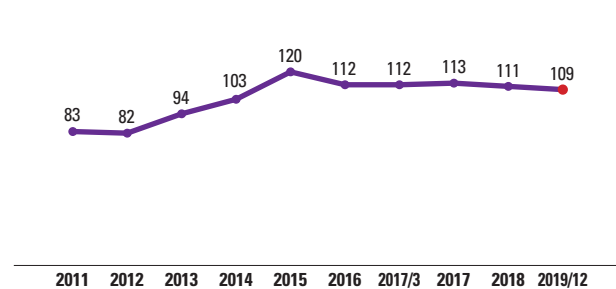
Depreciation and amortization increased as a result of large-scale investments during the “TOK Medium-Term Plan 2015” and the “TOK Medium-Term Plan 2018,” but under the “TOK Medium-Term Plan 2021,” the Company plans to invest in production equipment with long depreciation periods, so depreciation and amortization should increase at a more moderate pace.

* Due to a change in fiscal year-end, the fiscal year ended December 31, 2017 was an irregular nine-month period in Japan, and 12 months overseas.

Exchange rate

¥109

(Yen/U.S. dollars, As of March 31)

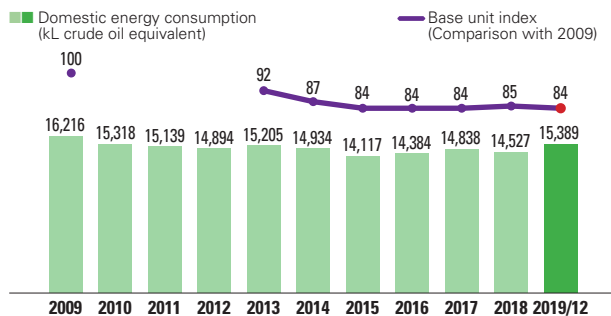


As the global economy enters a major turning point, the Company intends to advance global cash management, including adjusting the balance of cash positions among overseas sites, as a part of balance sheet management. We are thus enhancing financial risk controls for fluctuations in exchange rates and market liquidity.

10-Year Non-Financial Highlights

Domestic energy consumption*

15,389kL crude oil equivalent **84** Base unit index

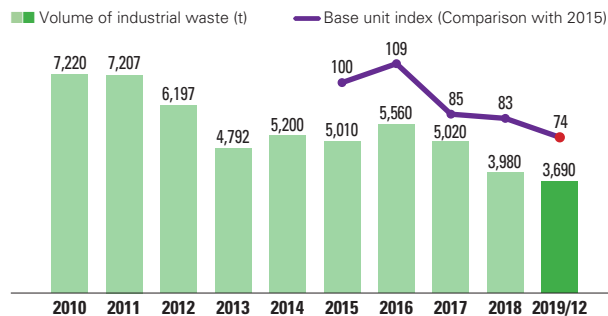


We achieved our medium-term target of reducing energy consumption per base unit by 10 points by 2019 compared with 2009, reducing energy consumption per base unit by 16 points in 2019. The Company will carry on with efforts to reduce its environmental impact by improving production processes, increasing work efficiency, and reviewing equipment and their operational methods.

* Due to a change in fiscal year-end, totals for 2009, the reference year for medium-term targets, and 2013 onward are from January to December. Totals for 2010 to 2012 are from April to March. Since the Company has been working on medium-term targets with 2009 as the reference year, this indicator is uniquely an 11-year highlight.

Volume of industrial waste*1

3,690t **74** Base unit index



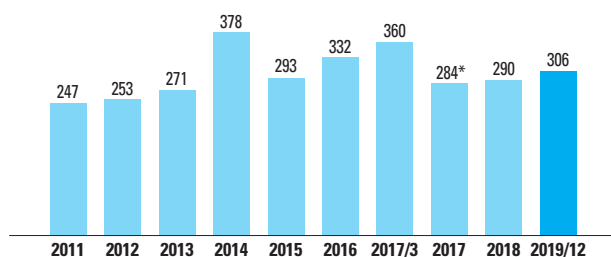
TOK has achieved zero emissions**2 for six consecutive years, as the volume of its industrial waste headed to landfill disposal via intermediate treatment has remained below 1% of the total. TOK targets a reduction of 5 points in total industrial waste by 2020 compared with the base unit indexed to 2015. The Company continues various activities to refine and reuse process effluents, as well as internally process and recover effluents while turning them into items of value.

*1 Total sum of general industrial waste and specially controlled industrial waste. Due to a change in fiscal year-end, totals for 2013 onward are from January through December.

*2 Definition of zero emissions: Landfill disposal volume (direct or after intermediate treatment) of less than 1% of industrial waste discharged by business activities.

Number of patents

306

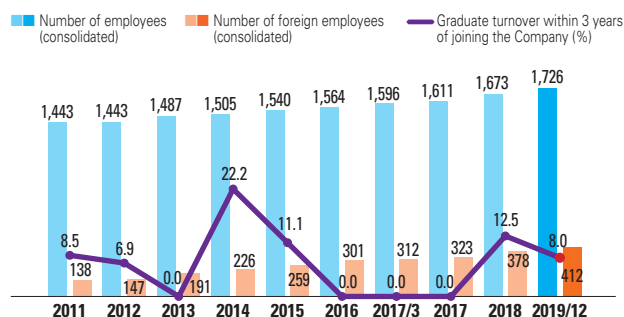


Our number of patent registrations in the cutting-edge semiconductor fields has started increasing again alongside advances in miniaturization, etc., while patent registrations have also been rising steadily for new businesses and new materials. Going forward, we will aim for the stable pursuit of business development through new and promising technologies, while building barriers to entry through patent acquisition. We will form a patent portfolio that supports corporate value enhancement more effectively by discerning whether to employ open or closed strategies on a case-by-case basis.

* Due to a change in fiscal year-end, results for the fiscal year ended December 31, 2017 are for nine months only.

Number of employees/Number of foreign employees/ Graduate turnover within 3 years of joining the Company

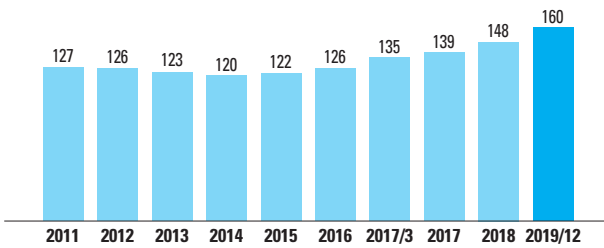
1,726 **412** **8.0%**



At TOK, the number of foreign employees has been increasing as a result of an increase in the number of overseas development/production sites and emphasis on merit-based hiring of new graduates regardless of their nationality. Based on the spirit of a frank and open-minded business culture, one of our management principles, and the basic philosophy that human resources are a company asset, we have expanded our personnel systems and training programs. As a result, the ratio of new graduate hires who quit within three years of joining the Company has stayed at zero percent for a majority of years. In February 2020, TOK was recognized in the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program for a third consecutive year.

Number of female employees*

160



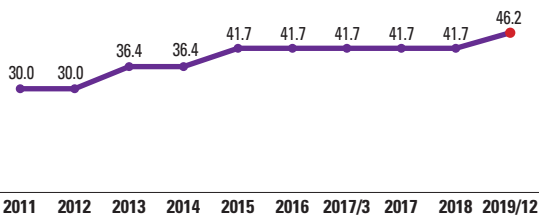
The ratio of female new graduate hires has held steady at about 40%, and the number of female employees has been increasing as a result of better supportive measures to retain and promote women. In recognition of our initiatives such as offering flexible work styles, support with career formation plans, and support for childrearing, TOK was again selected as a constituent stock in 2020 for the MSCI Japan Empowering Women Index. Although the ratio of women in management positions is steadily rising, we will concentrate on initiatives to further increase it.

* Non-consolidated basis (employees exclude those seconded from TOK to other companies and contract workers, and include people seconded from other companies to TOK)

Ratio of outside officers in the Board of Directors

46.2%

(%)

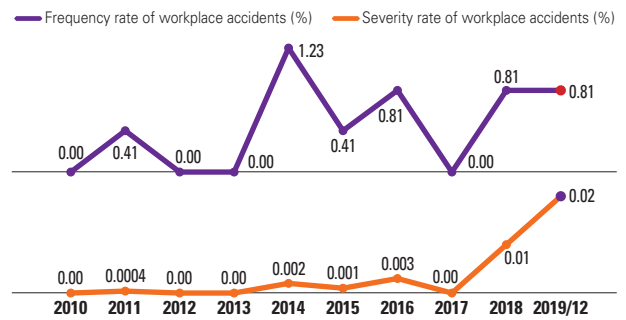


TOK increased the number of outside auditors by one to three in 2013, and increased the number of outside directors by one in 2015 and 2020, respectively, to three. The ratio of outside officers on the Board of Directors is now 46.2%.

**Frequency rate of workplace accidents/
Severity rate of workplace accidents**

0.81%

0.02%



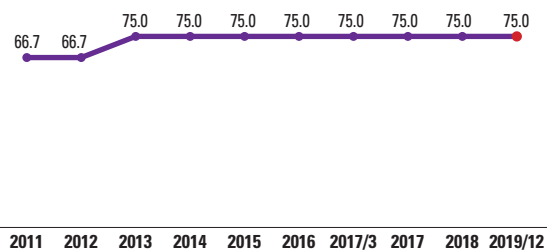
In the fiscal year ended December 31, 2019, the frequency rate of workplace accidents was lower than the averages* for the chemical and manufacturing industries, but was not lower than the previous fiscal year. The severity rate of workplace accidents increased due to two injuries resulting in lost workdays. We will continue to conduct training and drills by the Safety and Health Committee, hold meetings of the Safety and Health Liaison Unit, and reinforce emergency response measures for when accidents occur to prevent accidents from recurring. In addition, by expanding the scope for acquisition of ISO 45001, we will make concerted, Company-wide efforts to prevent workplace accidents, to achieve our goals of “zero accidents” as well as “zero accident risks.”

* Source: Ministry of Health, Labour and Welfare’s Survey on Industrial Accidents

Ratio of outside auditors among corporate auditors

75.0%

(%)



The ratio of outside auditors on the Board of Auditors has been 75.0% ever since the number of outside auditors was increased by one to three in 2013.

Changes in Medium-Term Plans and 10-Year Key Data

Rebirth of TOK

Direction:

- Enhance marketing capabilities on a global basis
- Further speed up technology development
- Launch new business promptly
- Accelerate global strategy and expand worldwide market share

Fiscal years ended March 31 until 2017 and
fiscal years ended December 31 after 2017

| | 2011/3 | 2012/3 | 2013/3 | 2014/3 |
|---|-----------|-----------|-----------|-----------|
| Results of operation: | | | | |
| Net sales..... | 80,016 | 80,037 | 72,919 | 75,269 |
| Material Business | 71,456 | 66,644 | 67,697 | 72,866 |
| Equipment Business | 8,533 | 13,392 | 5,222 | 2,402 |
| Operating income | 6,123 | 6,102 | 7,872 | 10,025 |
| Income before income taxes..... | 6,427 | 6,577 | 8,031 | 11,666 |
| Profit attributable to owners of the parent | 3,649 | 3,818 | 5,443 | 7,549 |
| Free cash flow | 12,435 | (6,641) | 12,363 | (2,610) |
| Investment in plant and equipment..... | 1,699 | 3,162 | 5,332 | 14,577 |
| Depreciation and amortization | 4,393 | 4,038 | 3,758 | 2,672 |
| R&D costs..... | 6,360 | 6,157 | 6,211 | 6,389 |
| Per share data (Yen/U.S. dollars): | | | | |
| Basic profit..... | 81.08 | 84.86 | 121.69 | 168.54 |
| Cash dividends applicable to the year..... | 33.00 | 38.00 | 44.00 | 52.00 |
| Net assets..... | 2,597.72 | 2,641.28 | 2,796.37 | 3,044.24 |
| At the year-end: | | | | |
| Total assets..... | 147,085 | 138,767 | 145,664 | 155,859 |
| Total long-term liabilities | 2,105 | 2,613 | 2,811 | 1,518 |
| Interest-bearing debt | 0 | 610 | 488 | 366 |
| Net assets..... | 118,567 | 119,590 | 127,838 | 139,962 |
| Key performance indicators (%): | | | | |
| Operating margin | 7.7 | 7.6 | 10.8 | 13.3 |
| ROE | 3.1 | 3.3 | 4.5 | 5.8 |
| Ratio of R&D costs to net sales..... | 7.9 | 7.7 | 8.5 | 8.5 |
| Equity ratio..... | 79.5 | 85.1 | 85.9 | 87.5 |
| Debt-to-equity (Times) | 0.00 | 0.01 | 0.00 | 0.00 |
| Payout ratio..... | 40.7 | 44.8 | 36.2 | 30.9 |
| DOE | 1.3 | 1.5 | 1.6 | 1.8 |
| Industry trend: | | | | |
| Worldwide semiconductor market (Millions of U.S. dollars)*1, (Year)..... | 299,521 | 291,562 | 305,584 | 335,843 |
| Worldwide photoresists sales (Thousands of U.S. dollars)*2..... | 1,220,078 | 1,279,706 | 1,152,306 | 1,288,713 |
| Exchange rate (¥/\$)*4..... | 83 | 82 | 94 | 103 |

*1 Source: World Semiconductor Trade Statistics *2 Source: SEMI (Total sales of ArF and KrF excimer laser and g- and i-Line photoresists) *3 Forecast-based amount for 2020

*4 As of the end of each fiscal year *5 Due to a change in fiscal year-end, the fiscal year ended December 31, 2017 was an irregular nine-month period in Japan, and 12 months overseas.

TOK Medium-Term Plan 2015

Objectives:

- Surpass record-high earnings
- Enhance business foundations that support sustainable growth

Strategies:

- Build close relationships with regional users
- Reform business portfolios
- Develop global personnel

Shifted our focus to new business growth
→ Achieved record-high operating income
in the fiscal year ended March 31, 2015

TOK Medium-Term Plan 2018

Long-term management vision for fiscal 2020:

Aim to be a globally trusted corporate group by inspiring customers with high value-added products

Strategies:

- Reform business portfolios
- Evolve strategy of building close relationships with customers
- Develop global personnel
- Strengthen management foundation

TOK Medium-Term Plan 2021

Long-term management vision for fiscal 2020:

Aim to be a globally trusted corporate group by inspiring customers with high value-added products

Features:

- Strengthen business portfolio reforms
- Return to a growth trajectory
- Strengthen balance sheet management and introduce a new dividend policy

Material Business:
Segment net sales achieved
a record high

| | 2015/3 | 2016/3 | 2017/3 | 2017/12*5 | 2018/12 | Millions of yen 2019/12 | Thousands of U.S. dollars 2019/12 |
|---|-----------|-----------|-----------|-----------|-----------|----------------------------|---|
| Operating income | 88,086 | 89,969 | 88,764 | 92,411 | 105,277 | 102,820 | 943,307 |
| Operating profit | 84,611 | 87,280 | 86,558 | 90,531 | 102,621 | 98,986 | 908,134 |
| Income tax expense | 3,475 | 2,689 | 2,205 | 1,880 | 2,655 | 3,833 | 35,172 |
| Net income | 13,253 | 12,438 | 9,954 | 9,194 | 10,505 | 9,546 | 87,582 |
| Net income attributable to shareholders | 14,301 | 11,777 | 9,220 | 9,492 | 9,814 | 8,657 | 79,428 |
| Minority interest | 8,818 | 7,716 | 6,343 | 6,007 | 6,875 | 5,410 | 49,633 |
| Equity ratio | 3,380 | 7,517 | (926) | 4,169 | 6,298 | (4,543) | (41,678) |
| Operating profit margin | 7,276 | 5,919 | 9,378 | 6,731 | 5,636 | 14,184 | 130,128 |
| Operating profit margin ratio | 4,276 | 5,631 | 6,118 | 6,035 | 7,063 | 7,216 | 66,203 |
| Operating profit margin ratio | 6,903 | 7,015 | 8,207 | 6,921 | 8,526 | 8,879 | 81,467 |
| Operating profit margin ratio | 196.61 | 177.30 | 146.18 | 138.31 | 164.92 | 130.02 | 1.19 |
| Operating profit margin ratio | 60.00 | 64.00 | 64.00 | 64.00 | 96.00 | 120.00 | 1.10 |
| Operating profit margin ratio | 3,285.81 | 3,298.00 | 3,384.14 | 3,490.97 | 3,459.37 | 3,491.23 | 32.02 |
| Operating profit margin ratio | 174,863 | 167,300 | 174,492 | 178,681 | 182,957 | 186,486 | 1,710,885 |
| Operating profit margin ratio | 3,569 | 2,899 | 2,024 | 3,421 | 10,723 | 14,437 | 132,449 |
| Operating profit margin ratio | 814 | 534 | 135 | — | 10,000 | 11,272 | 103,415 |
| Operating profit margin ratio | 151,999 | 147,270 | 152,931 | 153,517 | 150,857 | 151,733 | 1,392,050 |
| Equity ratio | 15.0 | 13.8 | 11.2 | 9.9 | 10.0 | 9.3 | |
| Equity ratio | 6.2 | 5.3 | 4.4 | 4.1 | 4.7 | 3.7 | |
| Equity ratio | 7.8 | 7.8 | 9.2 | 7.5 | 8.1 | 8.6 | |
| Equity ratio | 84.3 | 85.1 | 84.6 | 82.2 | 78.8 | 77.5 | |
| Equity ratio | 0.00 | 0.00 | 0.00 | 0.00 | 0.07 | 0.08 | |
| Equity ratio | 30.5 | 36.1 | 43.8 | 46.3 | 58.2 | 92.3 | |
| Equity ratio | 1.9 | 1.9 | 1.9 | 1.9 | 2.8 | 3.5 | |
| Operating profit margin ratio | 335,168 | 338,931 | 412,221 | 468,778 | 412,307 | 425,966*3 | |
| Operating profit margin ratio | 1,230,022 | 1,358,009 | 1,504,224 | 1,631,851 | 1,679,654 | | |
| Operating profit margin ratio | 120 | 112 | 112 | 113 | 111 | 109 | |

Equity ratio:

The equity ratio has stayed at around 85% for a long time, but the Company is continuing to pursue the optimal balance, which may be decreasing as a result of stronger balance sheet management. (See pages 48-51 "Message from the CFO")

FY2019/12 Market Trends, Results of Operations, Financial Position, and FY2020/12 Performance Outlook

Change to Accounting Standard

The Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 26, 2018), etc. from the start of the fiscal year under review (the fiscal year ended December 31, 2019). Major management indicators pertaining to the previous fiscal year have been presented with this accounting standard, etc. applied retrospectively.

In addition, an overseas consolidated subsidiary adopting US GAAP applied ASC 606 “Revenue from Contracts with Customers” effective January 1, 2019. Under this standard, earnings are recognized upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying this accounting standard, in accordance with transitional treatments, the Company has adopted the method of recognizing the cumulative impact amount from application of this standard on the starting date of application by adjusting the balance of retained earnings at the start of the fiscal year under review. As a result, the balance of retained earnings at the start of the fiscal year under review decreased ¥332 million. Furthermore, net sales decreased ¥861 million and income before income taxes and non-controlling interests also decreased ¥861 million.

Business Environment

In the fiscal year under review (the fiscal year ended December 31, 2019), the global economy maintained a gradual recovery trend overall, despite weakening in certain areas of Asia due to the emergence of protectionist economic policies accompanied by trade friction. Meanwhile, the Japanese economy maintained a moderate recovery trend overall, as the employment and income conditions continued to improve against a backdrop

of strong corporate earnings, and consumer spending and corporate capital investments followed a firm trend, despite weakness in production.

In the foreign exchange market for the U.S. dollar and the yen, between January and April the yen continued to depreciate as the U.S. dollar strengthened due to an increase in the U.S. policy interest rate. From May to August, the yen appreciated against a backdrop of intensifying trade friction between the U.S. and China and other factors, before resuming its downward trend as the U.S. dollar strengthened following a further U.S. policy interest rate hike, etc. On average for the year, the yen was about ¥1 stronger compared with the same period in the previous year.

Net Sales and Operating Income

In the fiscal year ended December 31, 2019, consolidated net sales decreased ¥2,457 million, or 2.3%, from the previous fiscal year to ¥102,820 million. Net sales in the first half decreased ¥1,815 million, or 3.6%, to ¥48,932 million. Net sales in the second half decreased ¥642 million, or 1.2%, to ¥53,887 million.

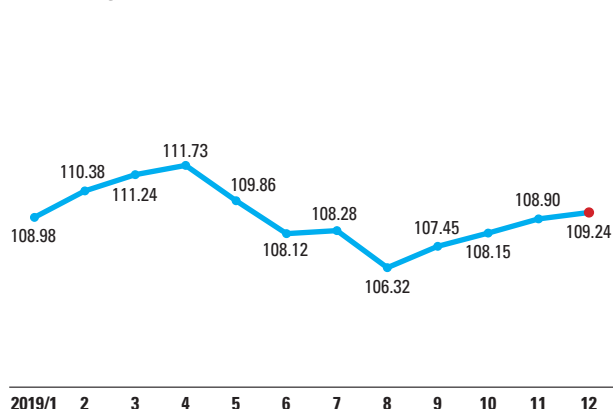
The main source of demand for the Company’s products is the electronics market, such as semiconductors and displays. The electronics market contracted year on year, mainly reflecting a drop-off in demand for data servers and smartphones, etc.

Cost of sales decreased ¥2,292 million, or 3.3%, from the previous fiscal year to ¥69,604 million, following a decrease in raw material costs and costs for consumables used in research, etc. The cost of sales ratio dropped 0.6 percentage points to 67.7%. As a result, gross profit decreased ¥165 million, or 0.5%, to ¥33,215 million.

Selling, general and administrative (SG&A) expenses increased ¥794 million, or 3.5%, from the previous fiscal year to ¥23,669 million.

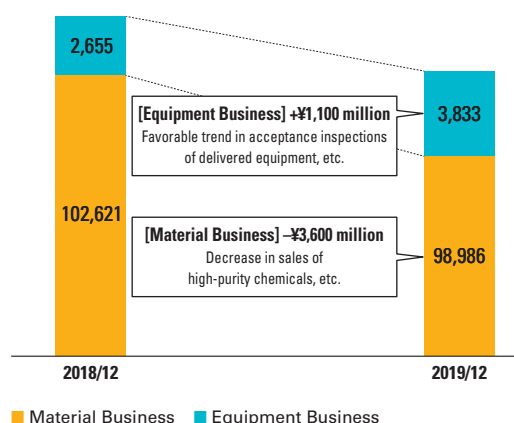
Operating income decreased ¥959 million, or 9.1%, from the previous fiscal year to ¥9,546 million, mainly due to the decrease in net sales, along with an increase in expenses

■ Exchange Rate (Yen/U.S. dollars, Monthly average)



Source: Mitsubishi UFJ Research and Consulting Co., Ltd.

■ Net Sales by Segment Year-on-Year Comparison (Millions of yen)



arising from increases in personnel, etc. associated with preparation for mass production of products used in cutting-edge semiconductor manufacturing processes.

Performance by Segment

Effective January 1, 2019, TOK changed the cost allocation method to evaluate and manage financial results by business more appropriately, and part of corporate expenses was allocated to the Material Business. Following this change, year-on-year comparison below is conducted using the figures reclassified under the new allocation method.

Material Business Segment

Sales in the Material Business, excluding internal transactions, decreased ¥3,635 million, or 3.5%, from the previous fiscal year to ¥98,986 million. Operating income decreased ¥1,303 million, or 8.8%, to ¥13,462 million. This mainly reflected a year-on-year decrease in sales in the high-purity chemicals division, although sales remained at the same level in the electronic functional materials division.

Electronic Functional Materials Division

In the electronic functional materials division, sales decreased ¥544 million, or 0.9%, from the previous fiscal year to ¥58,249 million. This mainly reflected a decrease in sales of photoresists for displays due to the impact of a slump in demand for small- and medium-sized LCD panels.

On the other hand, sales of semiconductor photoresists increased from the previous fiscal year on the back of brisk sales of extreme ultraviolet (EUV) photoresists and growth in sales of excimer laser photoresists following successful sales expansion efforts to date. In addition, sales of high-density integration materials grew thanks to successful R&D and sales activities that precisely reflect user needs, and higher sales of photoresists for MEMS (microelectromechanical systems).

High-Purity Chemicals Division

Sales in the high-purity chemicals division decreased ¥3,059 million, or 7.0%, from the previous fiscal year to ¥40,674 million. This was mainly attributable to a decrease in sales in Taiwan of photoresists-related chemicals used to manufacture cutting-edge semiconductors. In addition, sales of photoresists-related chemicals used to manufacture displays also decreased as sales weakened in the contracting display market.

Equipment Business Segment

Process Equipment Division

Sales in the process equipment division, excluding internal transactions, increased ¥1,178 million, or 44.4%, from the previous fiscal year to ¥3,833 million. Operating loss improved by ¥596 million to ¥286 million. This result was due to strong performance in acceptance inspections of delivered equipment, such as Zero Newton wafer handling systems used for the through-silicon-via (TSV) process for realizing high function, high-performance semiconductors.

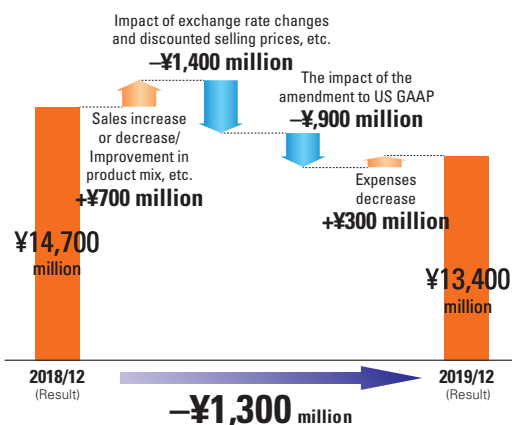
Financial Condition

Total assets as of December 31, 2019 increased ¥3,529 million from the previous fiscal year-end to ¥186,486 million.

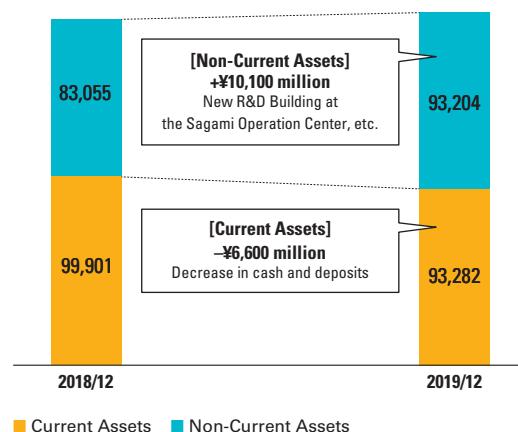
Total current assets decreased ¥6,619 million from the previous fiscal year-end to ¥93,282 million. This mainly reflected a decrease of ¥9,687 million in cash and deposits partly offset by an increase of ¥1,347 million in trade notes and accounts.

Non-current assets increased ¥10,148 million from the previous fiscal year-end to ¥93,204 million. This mainly reflected an increase of ¥6,698 million in property, plant and equipment due to the capital investment in the new R&D Building and related facilities, etc. at the Sagami Operation Center. In addition, under investments and other assets, there were increases of ¥1,904 million in investment securities and ¥1,138 million in net defined benefit asset.

Breakdown of Change in Material Business Segment Operating Income



Total Assets Year-on-Year Comparison (Millions of yen)



Total liabilities as of December 31, 2019 increased ¥2,653 million from the previous fiscal year-end to ¥34,753 million. This mainly reflected an increase of ¥1,272 million in long-term loans payable, despite a decrease of ¥1,036 million in trade notes and accounts.

Total equity as of December 31, 2019 increased ¥875 million from the previous fiscal year-end to ¥151,733 million. This mainly reflected recording profit attributable to owners of the parent of ¥5,410 million and an increase in accumulated other comprehensive income of ¥1,494 million, despite cash dividends paid of ¥6,875 million and purchase of treasury stock of ¥1,153 million.

As a result, the equity ratio stood at 77.5% at the end of the fiscal year.

Cash Flows

Net cash provided by operating activities during the fiscal year under review came to ¥12,743 million, a decrease of ¥1,567 million from the previous fiscal year. This mainly reflected decreases of ¥1,382 million in inventories and ¥2,036 million in trade notes and accounts payable.

Net cash used in investing activities was ¥17,286 million, an increase of ¥9,272 million from the previous fiscal year. This mainly reflected an increase of ¥8,282 million in purchases of property, plant and equipment.

Net cash used in financing activities was ¥5,789 million, an increase of ¥10,122 million from the previous fiscal year. This mainly reflected a decrease of ¥8,628 million in proceeds of long-term loans payable, and an increase of ¥2,147 million in dividends paid.

As a result, cash and cash equivalents on December 31, 2019 decreased ¥10,621 million to ¥29,229 million from ¥39,851 million at the previous fiscal year-end.

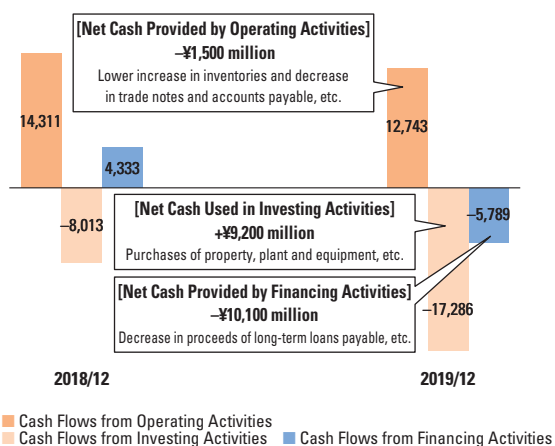
FY2020/12 Performance Outlook

Net sales in the fiscal year ending December 31, 2020 are forecast to increase 4.1% year on year to ¥107,000 million on the expectation that the Material Business will transition to a growth stage in conjunction with a recovery trend in the semiconductor industry.

Operating income is forecast to increase by 18.4% to ¥11,300 million, mainly reflecting an increase in profit in the Material Business, despite an increase in corporate expenses, with profit attributable to owners of the parent forecast to increase by 46.0% to ¥7,900 million, partly due to a rebound after a decline in the previous fiscal year.

* Figures announced on February 13, 2020.

■ Cash Flows Comparison (Millions of yen)



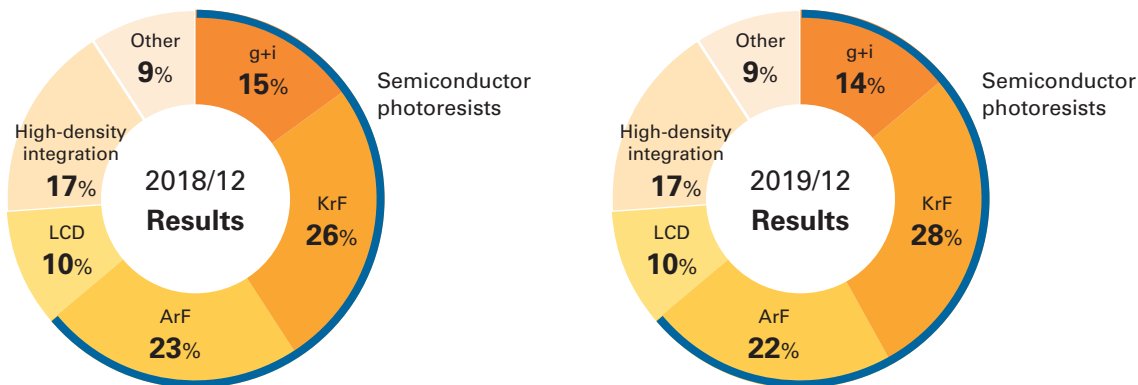
■ Earnings Forecasts*

| | FY2019/12 | FY2020/12 Forecast | |
|---|-----------|--------------------|-------|
| | | Change | % |
| Net sales | 102,820 | 107,000 | +4.1 |
| Operating income | 9,546 | 11,300 | +18.4 |
| Profit attributable to owners of the parent | 5,410 | 7,900 | +46.0 |

* Figures announced on February 13, 2020.

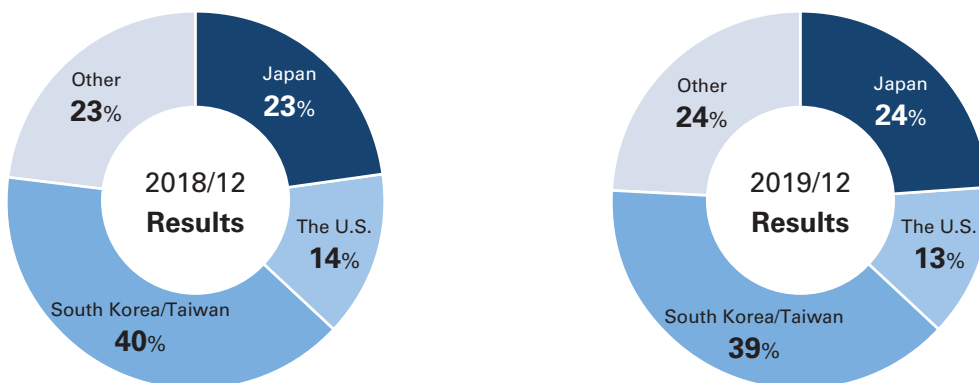
Reference: Information Related to Electronic Functional Materials & Semiconductor Photoresists

Sales Composition of Electric Functional Materials by Type and Year-on-Year Comparison







Notes: 1. EUV photoresists are classified under "Other"
 2. High-density integration: Packaging materials and MEMS materials

Sales Composition of Semiconductor Photoresists by Region and Year-on-Year Comparison



Notes: 1. Regional classification has changed from the TOK Medium-Term Plan 2021. "Others" comprises Europe and Asia including China but excluding South Korea and Taiwan
 2. Sales composition of semiconductor photoresists by region includes EUV photoresists.

TOK's photoresists are compatible with various line widths along the semiconductor miniaturization spectrum

| | i-Line photoresists | KrF excimer laser photoresists | ArF excimer laser photoresists | EUV photoresists |
|--|---|---|---|---|
| |  |  |  |  |
| Light source for lithography | i-Line | KrF (krypton fluoride) excimer laser | ArF (argon fluoride) excimer laser | EUV (extreme ultraviolet) |
| Wavelength of light source | 365nm (i-Line) Long | 248nm | 193nm | 13.5nm Short |
| Line width of semiconductors* | 350nm > ~≥250nm Wide | 250nm > ~≥130nm | 130nm > ~≥10nm | 10nm > ~ Narrow |
| Main applications and end products, etc. | Automotive power semiconductors Sensors LEDs, etc. | Mass-market smartphones High-performance servers Game consoles, etc. | Cutting-edge smartphones Wearable devices High-performance servers, etc. | Next-generation servers Next-generation supercomputers Next-generation communications systems, etc. |

* Only rounded figures of primary ranges are shown.



Consolidated Financial Statements

Consolidated Balance Sheets

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
December 31, 2019 and 2018

| ASSETS | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|------------------|------------------------------|
| | 2019 | 2018 | 2019 |
| CURRENT ASSETS: | | | |
| Cash and deposits..... | ¥ 28,230 | ¥ 37,851 | \$ 258,990 |
| Time deposits | 18,175 | 18,241 | 166,751 |
| Receivables: | | | |
| Trade notes and accounts | 23,887 | 22,539 | 219,149 |
| Securities..... | 2,999 | 2,000 | 27,522 |
| Other | 557 | 493 | 5,115 |
| Allowance for doubtful accounts..... | (95) | (48) | (878) |
| Inventories | 17,439 | 17,245 | 159,998 |
| Prepaid expenses and other current assets..... | 2,087 | 1,577 | 19,151 |
| Total current assets | 93,282 | 99,901 | 855,801 |
| PROPERTY, PLANT AND EQUIPMENT: | | | |
| Land | 8,880 | 8,996 | 81,475 |
| Buildings and structures | 69,871 | 63,330 | 641,024 |
| Machinery and equipment | 45,601 | 57,203 | 418,363 |
| Furniture and fixtures..... | 21,271 | 20,712 | 195,151 |
| Right-of-use assets | 514 | — | 4,723 |
| Construction in progress..... | 6,618 | 3,393 | 60,721 |
| Total | 152,759 | 153,636 | 1,401,459 |
| Accumulated depreciation | (97,701) | (105,277) | (896,348) |
| Net property, plant and equipment | 55,057 | 48,358 | 505,110 |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investment securities | 14,815 | 12,910 | 135,917 |
| Investments in and advanced to an unconsolidated subsidiary and associated companies..... | 7 | 7 | 68 |
| Investment in capital..... | 100 | 220 | 917 |
| Net defined benefit asset | 3,204 | 2,065 | 29,401 |
| Long-term time deposits..... | 18,000 | 18,000 | 165,137 |
| Deferred tax assets..... | 395 | 400 | 3,632 |
| Other assets | 1,624 | 1,091 | 14,899 |
| Total investments and other assets..... | 38,147 | 34,696 | 349,974 |
| TOTAL..... | ¥186,486 | ¥ 182,957 | \$1,710,885 |

| LIABILITIES AND EQUITY | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | 2019 | 2018 | 2019 |
| CURRENT LIABILITIES: | | | |
| Payables: | | | |
| Trade notes and accounts | ¥ 10,345 | ¥ 11,381 | \$ 94,911 |
| Construction and other | 4,351 | 3,834 | 39,926 |
| Income taxes payable | 700 | 1,130 | 6,428 |
| Accrued expenses | 3,871 | 3,983 | 35,514 |
| Advances from customers | 50 | 88 | 464 |
| Other current liabilities | 996 | 957 | 9,139 |
| Total current liabilities | 20,316 | 21,375 | 186,385 |
| LONG-TERM LIABILITIES: | | | |
| Long-term loans payable | 11,272 | 10,000 | 103,415 |
| Deferred tax liabilities | 887 | 98 | 8,144 |
| Net defined benefit liability | 436 | 306 | 4,007 |
| Other long-term liabilities | 1,840 | 318 | 16,882 |
| Total long-term liabilities | 14,437 | 10,723 | 132,449 |
| EQUITY: | | | |
| Common stock—authorized, 197,000,000 shares in 2019 authorized, 197,000,000 shares in 2018 issued, 45,100,000 shares in 2019 issued, 45,100,000 shares in 2018..... | 14,640 | 14,640 | 134,316 |
| Capital surplus..... | 15,207 | 15,207 | 139,522 |
| Retained earnings | 120,908 | 120,885 | 1,109,253 |
| Treasury stock—at cost, 3,711,937 shares in 2019 and 3,436,262 shares in 2018..... | (14,969) | (13,816) | (137,334) |
| Accumulated other comprehensive income: | | | |
| Unrealized gain on available-for-sale securities | 5,695 | 4,315 | 52,254 |
| Foreign currency translation adjustments | 2,866 | 3,137 | 26,298 |
| Remeasurements of defined benefit plans | 145 | (239) | 1,333 |
| Total | 144,495 | 144,130 | 1,325,644 |
| Stock acquisition rights | 379 | 310 | 3,481 |
| Non-controlling interests | 6,858 | 6,416 | 62,924 |
| Total equity | 151,733 | 150,857 | 1,392,050 |
| TOTAL | ¥186,486 | ¥182,957 | \$1,710,885 |

Consolidated Statements of Income

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2019 and 2018

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------------|------------------------------|
| | 2019 | 2018 | 2019 |
| NET SALES..... | ¥102,820 | ¥105,277 | \$943,307 |
| COST OF SALES | 69,604 | 71,896 | 638,574 |
| Gross profit | 33,215 | 33,380 | 304,732 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES..... | 23,669 | 22,875 | 217,149 |
| Operating income | 9,546 | 10,505 | 87,582 |
| OTHER INCOME (EXPENSES): | | | |
| Interest and dividend income..... | 447 | 392 | 4,102 |
| Foreign exchange loss—net | (410) | (580) | (3,767) |
| Gain on valuation of derivatives | 95 | 306 | 876 |
| Loss on impairment of long-lived assets | (477) | (860) | (4,382) |
| Loss on valuation of investments in capital | (540) | — | (4,959) |
| Other—net | (2) | 50 | (23) |
| Other (expenses) income—net..... | (888) | (691) | (8,154) |
| INCOME BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS .. | 8,657 | 9,814 | 79,428 |
| INCOME TAXES: | | | |
| Current | 1,972 | 2,141 | 18,097 |
| Deferred..... | 49 | (187) | 452 |
| Total income taxes..... | 2,021 | 1,953 | 18,550 |
| NET INCOME BEFORE NON-CONTROLLING INTERESTS | 6,635 | 7,860 | 60,878 |
| NON-CONTROLLING INTERESTS IN NET INCOME..... | 1,225 | 984 | 11,244 |
| PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT..... | ¥ 5,410 | ¥ 6,875 | \$ 49,633 |

| PER SHARE OF COMMON STOCK: | Yen | | U.S. dollars |
|---|---------|---------|--------------|
| | 2019 | 2018 | 2019 |
| Basic profit..... | ¥130.02 | ¥164.92 | \$1.19 |
| Diluted profit..... | 129.62 | 164.44 | 1.18 |
| Cash dividends applicable to the year | 120.00 | 96.00 | 1.10 |

Consolidated Statements of Comprehensive Income

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2019 and 2018

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|----------------|------------------------------|
| | 2019 | 2018 | 2019 |
| NET INCOME BEFORE NON-CONTROLLING INTERESTS | ¥6,635 | ¥ 7,860 | \$60,878 |
| OTHER COMPREHENSIVE INCOME: | | | |
| Unrealized (loss) gain on available-for-sale securities | 1,380 | (2,578) | 12,666 |
| Foreign currency translation adjustments..... | (284) | (1,751) | (2,606) |
| Remeasurements of defined benefit plans..... | 385 | (575) | 3,532 |
| Share of other comprehensive income in an associate | — | (113) | — |
| Total other comprehensive income | 1,481 | (5,018) | 13,592 |
| COMPREHENSIVE INCOME | ¥8,117 | ¥ 2,841 | \$74,470 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| Owners of the parent..... | ¥6,904 | ¥ 2,213 | \$63,344 |
| Non-controlling interests..... | 1,212 | 628 | 11,126 |

Consolidated Statements of Changes in Equity

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2019 and 2018

| | Thousands | | Millions of yen | | | | | | | | | |
|---|--|--------------|-----------------|-------------------|----------------|---|--|---|----------|-------------------------------|---------------------------|--------------|
| | Number of shares of common stock outstanding | Common stock | Capital surplus | Retained earnings | Treasury stock | Accumulated other comprehensive income (loss) | | | Total | Subscription rights to shares | Non-controlling interests | Total equity |
| | | | | | | Unrealized (loss) gain on available-for-sale securities | Foreign currency translation adjustments | Remeasurements of defined benefit plans | | | | |
| BALANCE, JANUARY 1, 2018 | 42,078 | ¥14,640 | ¥15,207 | ¥116,904 | ¥(11,732) | ¥ 6,893 | ¥ 4,646 | ¥ 335 | ¥146,896 | ¥247 | ¥6,373 | ¥153,517 |
| Profit attributable to owners of the parent | — | — | — | 6,875 | — | — | — | — | 6,875 | — | — | 6,875 |
| Cash dividends paid: | | | | | | | | | | | | |
| Final for prior year, ¥32.0 per share | — | — | — | (1,346) | — | — | — | — | (1,346) | — | — | (1,346) |
| Interim for current year, ¥36.0 per share | — | — | — | (1,499) | — | — | — | — | (1,499) | — | — | (1,499) |
| Purchase of treasury stock | (442) | — | — | — | (2,194) | — | — | — | (2,194) | — | — | (2,194) |
| Disposal of treasury stock | 27 | — | — | (49) | 110 | — | — | — | 61 | (17) | — | 43 |
| Net change in the year | — | — | — | — | — | (2,578) | (1,508) | (575) | (4,662) | 80 | 43 | (4,538) |
| BALANCE, DECEMBER 31, 2018 | 41,663 | 14,640 | 15,207 | 120,885 | (13,816) | 4,315 | 3,137 | (239) | 144,130 | 310 | 6,416 | 150,857 |
| Cumulative effect of changes in accounting policy | — | — | — | (332) | — | — | — | — | (332) | — | — | (332) |
| Restated balance | 41,663 | 14,640 | 15,207 | 120,552 | (13,816) | 4,315 | 3,137 | (239) | 143,797 | 310 | 6,416 | 150,525 |
| Profit attributable to owners of the parent | — | — | — | 5,410 | — | — | — | — | 5,410 | — | — | 5,410 |
| Cash dividends paid: | | | | | | | | | | | | |
| Final for prior year, ¥60.0 per share | — | — | — | (2,499) | — | — | — | — | (2,499) | — | — | (2,499) |
| Interim for current year, ¥60.0 per share | — | — | — | (2,501) | — | — | — | — | (2,501) | — | — | (2,501) |
| Purchase of treasury stock | (442) | — | — | — | (1,371) | — | — | — | (1,371) | — | — | (1,371) |
| Disposal of treasury stock | 27 | — | — | (53) | 218 | — | — | — | 165 | (12) | — | 153 |
| Net change in the year | — | — | — | 0 | — | 1,380 | (271) | 385 | 1,495 | 81 | 441 | 2,018 |
| BALANCE, DECEMBER 31, 2019 | 41,248 | ¥14,640 | ¥15,207 | ¥120,908 | ¥(14,969) | ¥ 5,695 | ¥ 2,866 | ¥ 145 | ¥144,495 | ¥379 | ¥6,858 | ¥151,733 |

| | Thousands of U.S. dollars | | | | | | | | | | |
|---|---------------------------|-----------------|-------------------|----------------|---|--|---|-------------|-------------------------------|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Accumulated other comprehensive income (loss) | | | Total | Subscription rights to shares | Non-controlling interests | Total equity |
| | | | | | Unrealized (loss) gain on available-for-sale securities | Foreign currency translation adjustments | Remeasurements of defined benefit plans | | | | |
| BALANCE, DECEMBER 31, 2018 | \$134,316 | \$139,522 | \$1,109,037 | \$(126,754) | \$39,588 | \$28,786 | \$(2,199) | \$1,322,296 | \$2,849 | \$58,869 | \$1,384,015 |
| Cumulative effect of changes in accounting policy | — | — | (3,049) | — | — | — | — | (3,049) | — | — | (3,049) |
| Restated balance | 134,316 | 139,522 | 1,105,987 | (126,754) | 39,588 | 28,786 | (2,199) | 1,319,247 | 2,849 | 58,869 | 1,380,966 |
| Profit attributable to owners of the parent | — | — | 49,633 | — | — | — | — | 49,633 | — | — | 49,633 |
| Cash dividends paid: | | | | | | | | | | | |
| Final for prior year, \$0.55 per share | — | — | (22,934) | — | — | — | — | (22,934) | — | — | (22,934) |
| Interim for current year, \$0.55 per share | — | — | (22,949) | — | — | — | — | (22,949) | — | — | (22,949) |
| Purchase of treasury stock | — | — | — | (12,586) | — | — | — | (12,586) | — | — | (12,586) |
| Disposal of treasury stock | — | — | (490) | 2,006 | — | — | — | 1,515 | (110) | — | 1,404 |
| Net change in the year | — | — | 7 | — | 12,666 | (2,487) | 3,532 | 13,718 | 743 | 4,054 | 18,517 |
| BALANCE, DECEMBER 31, 2019 | \$134,316 | \$139,522 | \$1,109,253 | \$(137,334) | \$52,254 | \$26,298 | \$ 1,333 | \$1,325,644 | \$3,481 | \$62,924 | \$1,392,050 |

Consolidated Statements of Cash Flows

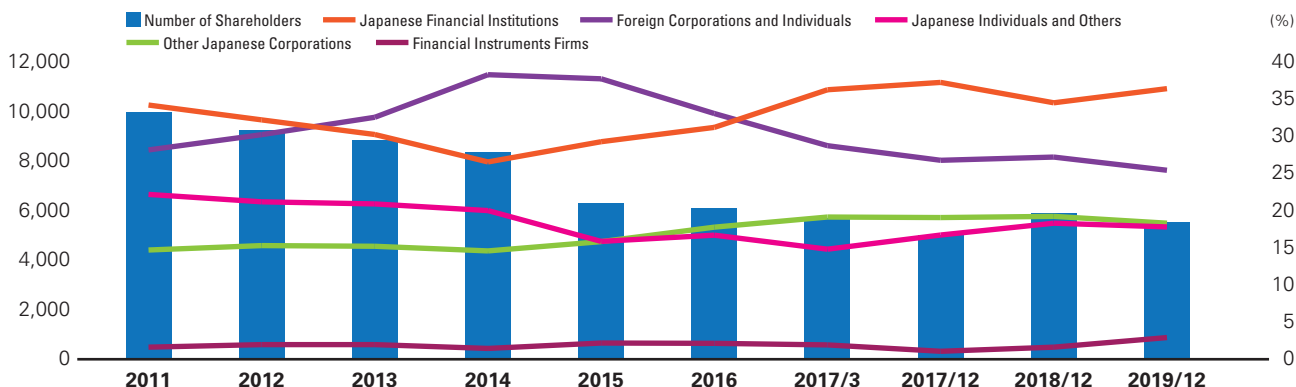
TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2019 and 2018

| | Millions of yen | | Thousands of U.S. dollars |
|---|-----------------|-----------------|------------------------------|
| | 2019 | 2018 | 2019 |
| OPERATING ACTIVITIES: | | | |
| Income before income taxes and non-controlling interests..... | ¥ 8,657 | ¥ 9,814 | \$ 79,428 |
| Adjustments for: | | | |
| Depreciation and amortization..... | 7,216 | 7,063 | 66,203 |
| Loss on impairment of long-lived assets..... | 477 | 860 | 4,382 |
| Provision for doubtful accounts..... | (56) | (244) | (519) |
| Provision for bonuses..... | (56) | 52 | (518) |
| Increase in net defined benefit asset..... | (289) | (455) | (2,651) |
| Decrease in net defined benefit liability..... | (154) | (37) | (1,416) |
| Interest and dividend income..... | (447) | (392) | (4,102) |
| Interest expenses..... | 62 | 36 | 569 |
| Foreign exchange loss—net..... | 580 | 983 | 5,324 |
| Gain on valuation of derivatives..... | (95) | (306) | (876) |
| Gain on sales of non-current assets..... | (118) | (5) | (1,091) |
| Loss on retirement of non-current assets..... | 127 | 124 | 1,166 |
| Loss on valuation of investments in capital..... | 540 | — | 4,959 |
| Increase in trade notes and accounts receivable..... | (1,367) | (420) | (12,541) |
| Increase in inventories..... | (388) | (1,770) | (3,561) |
| (Decrease) increase in trade notes and accounts payable..... | (943) | 1,092 | (8,655) |
| Decrease in advances received..... | (37) | (147) | (346) |
| Interest and dividend received..... | 441 | 392 | 4,050 |
| Income taxes paid..... | (2,302) | (2,221) | (21,127) |
| Other—net..... | 898 | (106) | 8,239 |
| Net cash provided by operating activities..... | 12,743 | 14,311 | 116,917 |
| INVESTING ACTIVITIES: | | | |
| Deposit for time deposits—net..... | 47 | (2,150) | 434 |
| Purchase of securities..... | (6,000) | — | (55,045) |
| Proceeds from redemption of securities..... | 4,000 | — | 36,697 |
| Purchases of property, plant and equipment..... | (14,774) | (6,491) | (135,541) |
| Purchases of intangible assets..... | (145) | (234) | (1,334) |
| Payments into long-term time deposits..... | (14,000) | (14,000) | (128,440) |
| Withdrawal of long-term time deposits..... | 14,000 | 14,000 | 128,440 |
| Purchases of investment securities..... | (430) | (210) | (3,949) |
| Proceeds from sales of investment securities..... | — | 1,081 | — |
| Other—net..... | 16 | (8) | 150 |
| Net cash used in investing activities..... | (17,286) | (8,013) | (158,589) |
| FINANCING ACTIVITIES: | | | |
| Proceeds of long-term loans payable..... | 1,372 | 10,000 | 12,587 |
| Repayments of long-term loans payable..... | (99) | — | (914) |
| Dividends paid..... | (4,989) | (2,841) | (45,773) |
| Dividends paid for non-controlling interests..... | (770) | (584) | (7,065) |
| Purchases of treasury stock..... | (1,371) | (2,212) | (12,586) |
| Other—net..... | 69 | (27) | 638 |
| Net cash (used in) provided by financing activities..... | (5,789) | 4,333 | (53,115) |
| FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS..... | (289) | (741) | (2,659) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS..... | (10,621) | 9,889 | (97,446) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR..... | 39,851 | 29,961 | 365,611 |
| CASH AND CASH EQUIVALENTS, END OF YEAR..... | ¥ 29,229 | ¥ 39,851 | \$ 268,164 |

Stock Information

10-Year Trends of Shareholder Composition

Changes in number and composition (shareholding ratio) of shareholders



(Note) Treasury stock is included in "Japanese Individuals and Others."

Major Shareholders

(As of December 31, 2019)

| Name | Number of shares held (Thousands) | Ratio of shareholding (%) |
|---|-----------------------------------|---------------------------|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 3,333 | 8.00 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 2,680 | 6.43 |
| Meiji Yasuda Life Insurance Company | 1,826 | 4.38 |
| MLPFS CUSTODY ACCOUNT | 1,469 | 3.52 |
| MUFG Bank, Ltd. | 1,207 | 2.90 |
| Hitachi Chemical Company, Ltd. | 1,069 | 2.57 |
| The Bank of Yokohama, Ltd. | 1,026 | 2.46 |
| Tokyo Ohka Foundation for The Promotion of Science and Technology | 984 | 2.36 |
| Mitsubishi UFJ Trust and Banking Corporation | 953 | 2.29 |
| Mitsubishi UFJ Capital Co., Ltd. | 860 | 2.06 |

Notes: 1. The Company owns 3,407 thousand shares of treasury stock which are excluded from the above major shareholders.
 2. The ratio of shareholding is calculated based on the number of shares (41,692,263 shares) obtained by subtracting the number of shares of treasury stock from the total number of shares issued.

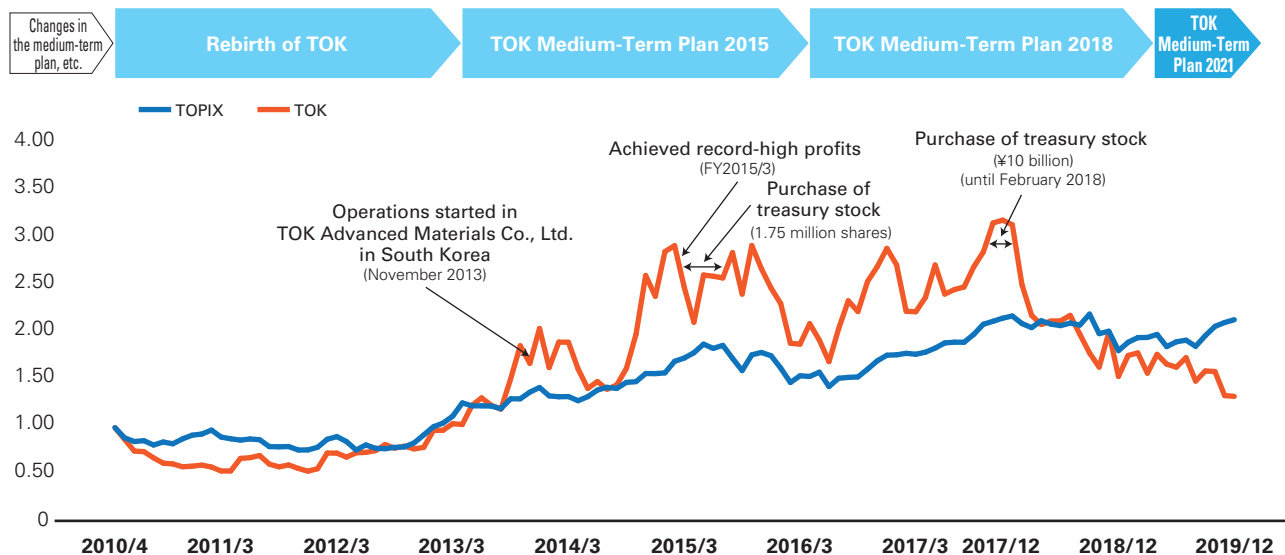
Stock Information

| | |
|-----------------------------------|--|
| Stock listing | First Section of Tokyo Stock Exchange, Inc. |
| Category of industry | Chemicals |
| Securities code | 4186 |
| Share unit number | 100 |
| Accounting period | January 1 to December 31* |
| Dividend record date (Year-end) | December 31 |
| Dividend record date (Interim) | June 30 |
| Total number of shares authorized | 197,000,000 shares (As of December 31, 2019) |
| Number of shares issued | 45,100,000 shares (As of December 31, 2019) |

* The Company changed its fiscal year-end from March 31 to December 31 effective from fiscal 2017.

10-Year Trends of TOK's TSR

Relative comparison with April 2010 being 1 (monthly, closing price basis)





TOKYO OHKA KOGYO CO., LTD.

- 1** Headquarters
Sagami Operation Center (including Sagami Plant)
Shonan Operation Center
Koriyama Plant
Utsunomiya Plant
Kumagaya Plant
Gotemba Plant
Aso Plant
- 2** Shanghai Representative Office
- 3** Singapore Office

TOKYO OHKA KOGYO AMERICA, INC.

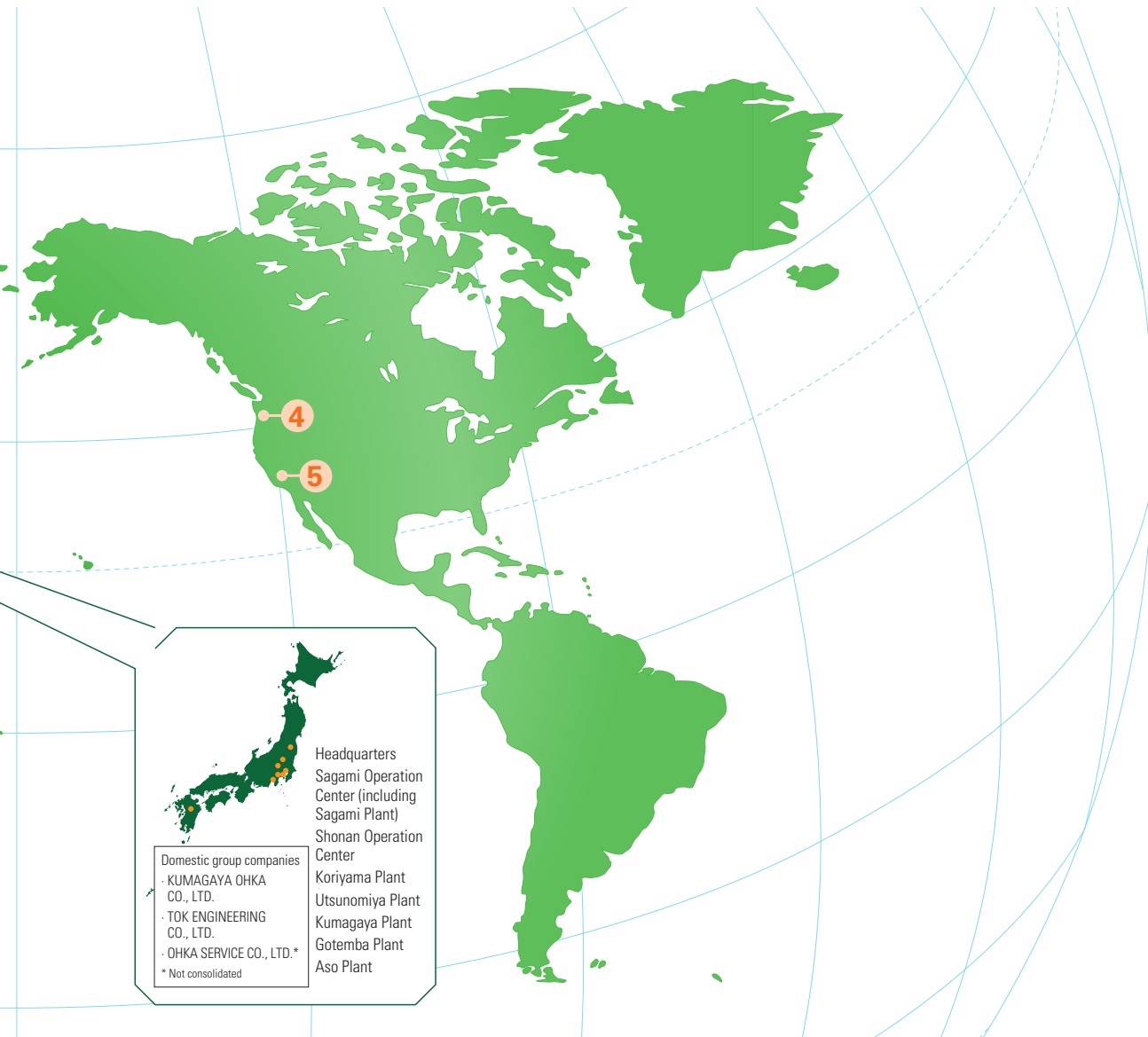
Established: April 1989
Business: Manufacture and sales of photoresists, and development, manufacture and sales of photoresists-related chemicals

- 4** Headquarters/Oregon Plant
- 5** Sales Office (California)

TOK TAIWAN CO., LTD.

Established: January 1998
Business: Manufacture and sales of photoresists, and development, manufacture and sales of photoresists-related chemicals

- 6** Headquarters (Hsinchu City)
Miaoli Plant (Miaoli City)
Tongluo Plant (Miaoli County)



CHANG CHUN TOK (CHANGSHU) CO., LTD.

Established: October 2004
 Business: Manufacture and sales of photoresists-related chemicals

7 Headquarters/Changshu Plant (China)

Tokyo Ohka Kogyo Europe B.V.

Established: December 2005
 Business: Sales of photoresists and related chemicals

8 Headquarters (The Netherlands)

TOK Advanced Materials Co., Ltd.

Established: August 2012
 Business: Development, manufacture, and sales of photoresists and related chemicals

9 Headquarters/Incheon Plant (South Korea)



Corporate Information/External Evaluation

Corporate Information

(As of December 31, 2019)



Headquarters

| | |
|----------------------------|--|
| Corporate Name | TOKYO OHKA KOGYO CO., LTD. |
| Established | October 25, 1940 |
| Headquarters | 150 Nakamaruko, Nakahara-ku, Kawasaki-shi, Kanagawa 211-0012, JAPAN |
| Number of Employees | 1,726 (Consolidated) |
| Paid-In Capital | ¥14,640,448,000 |
| Website | https://www.tok.co.jp/eng |
| Stock Listing | Tokyo |
| Investor Relations Contact | Public Relations Division 150 Nakamaruko, Nakahara-ku, Kawasaki-shi, Kanagawa 211-0012, JAPAN TEL. +81-44-435-3000 FAX. +81-44-435-3020 |

External Evaluation

Selected or recognized for ESG-related indices, etc.

- SNAM Sustainability Index (Constituent stock in fiscal 2020, selected for nine consecutive years)



- MSCI Japan Empowering Women Index (2020, 2019, and 2017)



- MSCI Japan ESG Select Leaders Index (Selected for two consecutive years in 2020)



- 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Selected for three consecutive years in 2020)



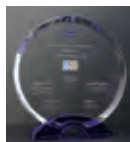
(Note) THE INCLUSION OF TOKYO OHKA KOGYO CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF TOKYO OHKA KOGYO CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

- S&P/JPX Carbon Efficient Index (As of June 22, 2020)

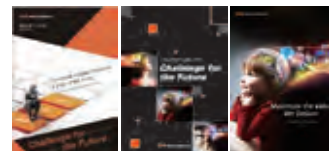


Evaluations and commendations for various activities

- Intel Corporation Preferred Quality Supplier (PQS) Award (2020, 2018, and 2016)



- Nikkei Annual Report Awards Special Award (2020) Award for Excellence (2018, 2016)



- Texas Instruments Inc. Supplier Excellence Award (2018)



- Nikkei Science Advertising Awards Grand Prize (2016) First Prize (2015)



- Taiwan Semiconductor Manufacturing Company Limited 2017 Excellent Performance in Lithography Material (2017) IMQR Award (2016)

- Global Niche Top Companies Selection 100 (Ministry of Economy, Trade and Industry) (2020, 2014)





Third-Party Verification Report



Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

To: Noriaki Taneichi
President & Chief Executive Officer
TOKYO OHKA KOGYO CO., LTD.

Integrated Report 2019 Third-Party Verification Report

July 17, 2020

■ Purpose of Verification

The purpose of this verification is to express the opinions of chemical industry experts with respect to the following matters, covering "Integrated Report 2019" prepared by "TOKYO OHKA KOGYO CO., LTD." (hereinafter the "Report" and the "Company" respectively). The scope of verification excludes financial information.

- 1) Rationality of methods for calculating and compiling performance indicators (numerical figures) and the accuracy of these numerical figures
- 2) Accuracy of non-numerical information in the Report
- 3) Responsible Care® and CSR activities
- 4) Distinctive characteristics of the Report

■ Verification Procedure

- At the Sagami Operation Center (hereinafter the "Sagami"), we inspected the rationality of the methods used for compiling the numerical data reported from each site (office, plant) and checked the accuracy of non-numerical information. The inspection was performed by asking questions about the Report to people responsible for relevant operations and people responsible for preparing the Report, as well as receiving materials and explanations.
- At the Utsunomiya Plant, we inspected the rationality of the methods used to calculate the figures reported to the Sagami, as well as the accuracy of non-numerical information. The inspection was performed by asking questions to people responsible for relevant operations and people responsible for preparing the Report, receiving materials and explanations, and cross-checking them against evidences.
- We applied the sampling method for investigating numerical figures and stated information.

■ Opinions

- 1) Rationality of the methods for calculating and compiling performance indicators (numerical figures) and the accuracy of these numerical figures
 - We confirmed that performance figures have been reasonably and correctly calculated and tabulated at the Sagami Operation Center and the Utsunomiya Plant.
- 2) Accuracy of non-numerical information in the Report
 - We confirmed that the data included in the report are accurate. We pointed out a few issues regarding appropriateness of expressions and readability in the draft stage, but all of these issues are edited in the current report, and we do not find any significant matters requiring correction.
- 3) Responsible Care and CSR activities
 - We commend the Company's identification of six material issues and determination of specific issues and targets (over 60 items), implementation of activities, and accurate evaluation of its performance.
 - We commend the Company's creation of a Group risk management table and its systematic efforts to reduce overall risk, including new risks. We also commend its risk assessment of several thousand chemical substances and implementation of chemical substance management at its plants based on this risk assessment.
 - We commend the Company's identification of human resource development as an R&D-driven company, its Global Practical Training for Selected Members, job challenge system, performance-based reward system, and "mission grade system" based on employee engagement surveys.
 - In efforts for waste reduction, we commend the Company's thorough follow-up implementation of the 3Rs for organic solvent effluents, which it uses in large quantities, and its continued achievement of zero emissions.

- At the Utsunomiya Plant, the Company has continuously achieved zero accidents for five years, including cases without lost workdays. We commend the Company for emphasizing education and skill training for human resource development (production meister, QC certification, and experiential safety training, etc.), and for holding "awareness activities (identifying phenomena that differ from the usual or feeling something is not right) to increase the sense of ownership, which has resulted in improved levels in employees.
- 4) Distinctive characteristics of the Report
 - This report has been edited for ease of reading and understanding. It clearly presents the Company's development of cutting-edge businesses, corporate status, and initiatives.
 - The report provides wide-ranging disclosure including negative topics (internal reporting, pollution prevention, and work accidents, etc.)

Shigeki Nagamatsu

NAGAMATSU Shigeki
Chief Director, Responsible Care Verification Center
Japan Chemical Industry Association

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