TOKYO OHKA KOGYO CO., LTD.

Supplemental Data of Business Results

— The 1st Half of Fiscal Year ending Dec. 2019—

Aug. 7, 2019

TOKYO OHKA KOGYO CO., LTD.

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Summary

(Millions of yen)

	FY2018/12 1H	FY2019/12 1H		
			Change	%
Net sales	50,748	48,932	(1,815)	(3.6)
Operating income	4,674	4,428	(246)	(5.3)
Ordinary income	4,675	4,407	(268)	(5.7)
Profit attributable to owners of parent	3,210	2,924	(286)	(8.9)

- Average exchange rate (US$) :
  ¥107.6／$ (FY2018/12 1H) ⇒¥109.0／$ (FY2019/12 1H)
- Net sales :
  Decreased year on year due to a downward trend in semiconductor demand.
- Operating income : Decreased 5.3% year on year due to a decrease in sales.
- Profit attributable to owners of parent :
  Decreased 8.9% year on year partly due to a decrease in operating income.

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Results by Business Segment

(Millions of yen)

	FY2018/12 1H	FY2019/12 1H		
			Change	%
Net sales	50,748	48,932	(1,815)	(3.6)
Material business	49,686	47,791	(1,895)	(3.8)
Electronic functional materials	27,814	27,847	+33	+0.1
High purity chemicals	21,818	19,903	(1,914)	(8.8)
Other	53	40	(13)	(24.7)
Equipment business	1,061	1,141	+79	+7.5
Operating income	4,674	4,428	(246)	(5.3)
Material business	6,656	6,423	(233)	(3.5)
Equipment business	(321)	(270)	+50	–
Eliminations and corporate	(1,661)	(1,724)	(63)	–

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

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Balance Sheets

(Million of yen)

	As of June 30, 2019	v.s. December 31, 2018
Current Assets	96,037	(3,863)
Cash and deposits	51,401	(4,692)
Notes and accounts receivable	20,883	(1,656)
Inventories	18,557	+1,312
Property, plant and equipment	53,484	+5,125
Intangible assets	506	(51)
Investments and other assets	34,726	+587
Current Liabilities	23,916	+2540
Notes and accounts payable	9,670	(1,710)
Long-Term Liabilities	10,969	+245
Total net asset	149,869	(988)
Total asset	184,755	+1,798

Buildings and structures (732)
Machinery (1,784)
Furniture and fixtures (302)
Land (141)
Construction in progress +7,625

Retained earnings +374
Treasury stock +115
Unrealized gain on available–for-sale securities +220
Foreign currency translation adjustments (1,221)

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Cash Flows

(Millions of yen)

	FY2018/12 1H	FY2019/12 1H
Cash flows from operating activities	+7,693	+5,205
Income before income taxes and minority interests	+4,611	+4,379
Depreciation	+3,532	+3,546
Decrease (increase) in trade notes and accounts receivable	+829	+1,307
Decrease (increase) in inventories	(496)	(1,707)
Decrease (increase) in trade notes and accounts payable	(321)	(1,648)
Increase (decrease) in advances received	+95	+265
Income taxes paid	(1,014)	(1,158)
Cash flows from investing activities	(4,225)	(5,873)
Cash flows from financing activities	+5,807	(3,247)
Translation adjustments	(686)	(699)
Net increase (decrease) in cash and cash equivalents	+8,587	(4,615)

Major breakdown
Purchases of property, plant and equipment
(4,529)

Major breakdown
Proceeds from sales of treasury stock
+51
Dividends paid
(3,267)
(incl. minority shareholders)

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Earnings Forecasts (Full-year)

(Millions of yen)

	FY2018/12	FY2019/12 Forecasts		
			Change	%
Net sales	105,277	100,500	(4,777)	(4.5)
Operating income	10,505	8,300	(2,205)	(21.0)
Ordinary income	10,734	8,500	(2,234)	(20.8)
Profit attributable to owners of parent	6,875	4,900	(1,975)	(28.7)

- Exchange rate assumptions (US$) :
  ¥109.5／$ (2018/12) ⇒¥105.0 ／$ (2019/12 2H)
- Net sales :
  Will decrease 4.5% year on year based on the 1st half results although Material Business expects a gradual recovery in semiconductor materials.
- Operating in come :
  Will decrease 21.0% year on year due to a decrease in sales of Material Business.
- Profit attributable to owners of parent :
  Will decrease 28.7% year on year due to a decrease in operating income.

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Performance Forecasts by Business Segment

(Millions of yen)

	FY2018/12	FY2019 /12 Forecasts		
			Change	%
Net sales	105,277	100,500	(4,777)	(4.5)
Material business	102,621	96,600	(6,021)	(5.9)
Electronic functional materials	58,793	55,700	(3,093)	(5.3)
High purity chemicals	43,733	40,800	(2,933)	(6.7)
Equipment business	2,655	3,900	+1,244	+46.9
Operating income	10,505	8,300	(2,205)	(21.0)
Material business	14,765	12,200	(2,565)	(17.4)
Equipment business	(883)	(400)	+483	–
Eliminations and corporate	(3,376)	(3,500)	(123)	–

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Capital Investments/Depreciation/R&D

(Millions of yen)

	FY2018/12	FY2019/12 Forecast		
			Change	%
Capital Investments	5,636	16,700	+11,063	+196.3
Depreciation	7,063	7,500	+436	+6.2
R&D	8,526	9,000	+473	+5.6

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(Note)

This presentation material contains forward-looking statements that describe future prospects of TOKYO OHKA KOGYO CO., LTD. (the Company) in terms of business planning, earnings and management strategies. Such statements are based on management's judgement, derived from information available to it at the time such information was prepared. Readers are cautioned not to rely solely on these forward-looking statements, as actual results and strategies may differ substantially according to changes in the Company's business environment.

