

Business Results for the Fiscal Year Ended

March 31, 2024

(April 1, 2023 – March 31, 2024)

May 17, 2024

Thanks to the 70th Anniversary of the Company's Founding

- On September 27, 2024, we will celebrate our 70th anniversary.
- We would like to express our sincere gratitude to all those involved who have supported our business growth to date.



1. Business Results for FY 2023

2. Forecasts for FY2024

3. Future Outlook

Financial Results for FY2023

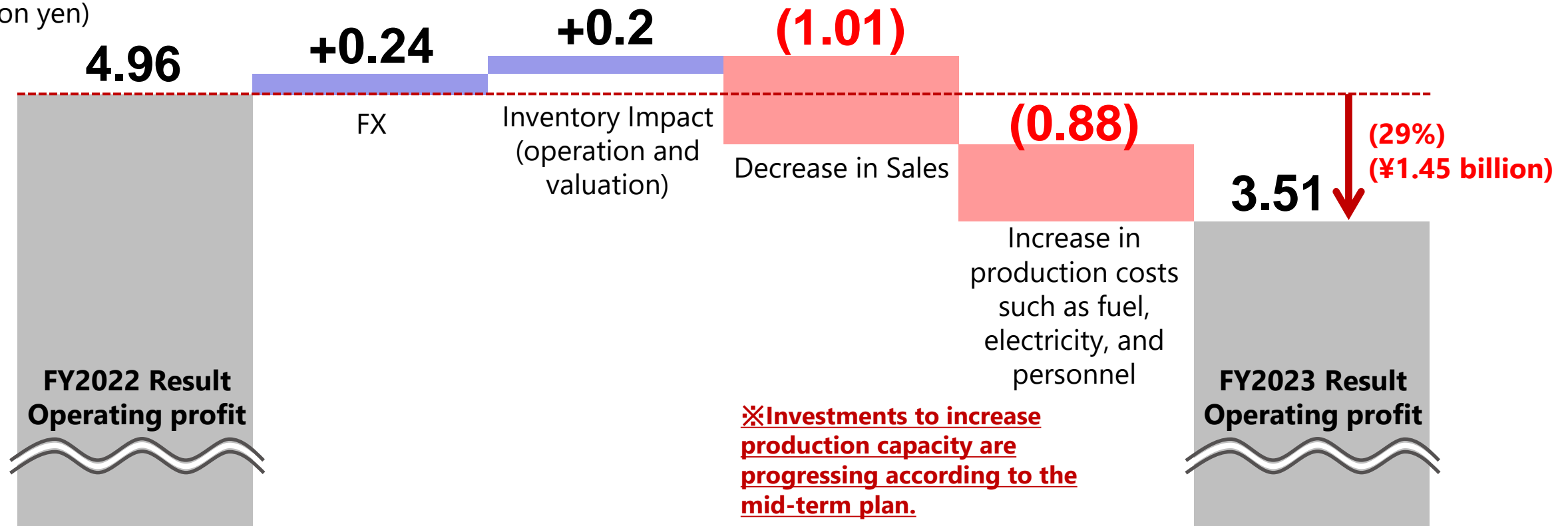
- Sales were 31.95 billion yen (YoY down 6%) due to sluggish demand for semiconductors and inventory adjustments in the supply chain.
- Operating profit was 3.51 billion yen (YoY down 29%) due to efforts to reduce costs in response to demand conditions amid sluggish demand.
- Compared to business forecasts, sales were +3%, operating profit +35%, and net profit +50%, which were revised upwards.

(Million yen)	FY2022 Results	FY2023 Results	YoY		FY2023 Forecasts	Comparison with Forecasts	
			Change	%		Change	YoY
Net sales	34,156	31,956	△ 2,200	△6%	31,000	+956	+3%
Operating profit	4,968	3,512	△ 1,456	△29%	2,600	+912	+35%
Ordinary profit	5,122	3,393	△ 1,728	△34%	2,500	+893	+36%
Profit	3,827	2,396	△ 1,430	△37%	1,600	+796	+50%
EPS	¥482	¥301					
FX Rate (USD)	¥133/\$	¥144/\$					

Variance Analysis: Operating profit (Year-on-Year)

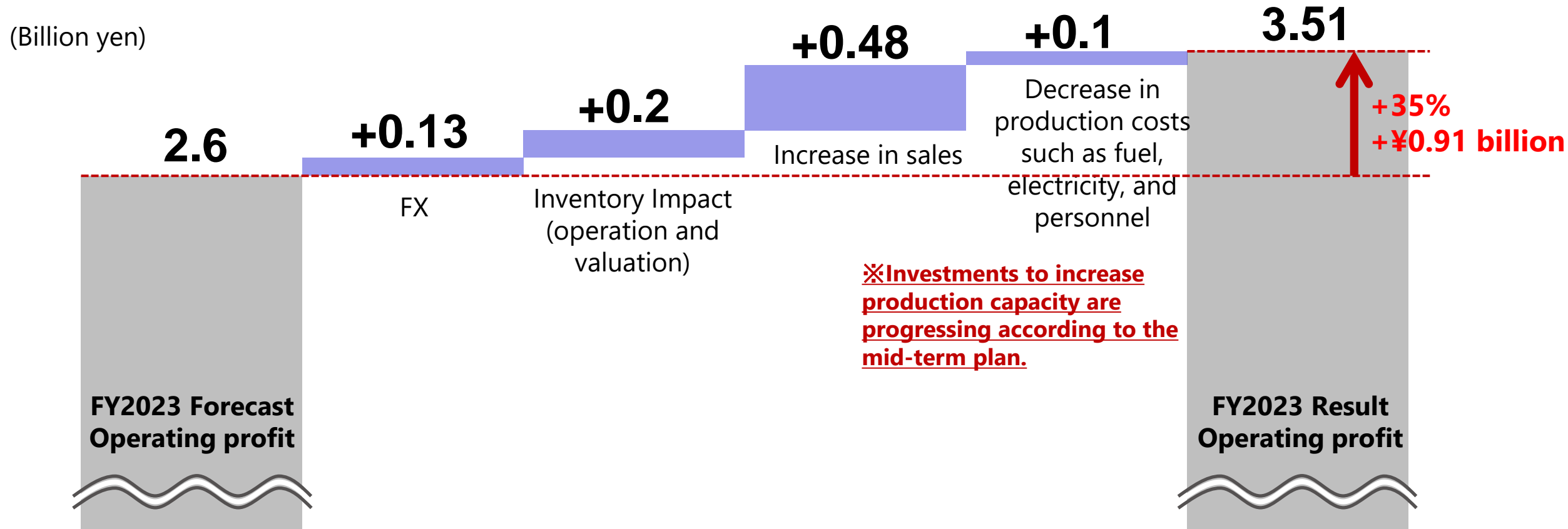
- Due to a 2.2 billion yen decrease in sales (mainly in the first half) from the previous year, higher fuel and electricity costs, and continued investment in production capacity expansion, the full-year cost increase plan was revised and restrained to an increase of 2.5 billion yen from the initial plan to 1.0 billion yen at the interim closing, to 0.88 billion yen in real terms.
- In addition, the impact of yen depreciation, inventory valuation gains, and a recovery in demand contributed to an improvement of 1.45 billion yen in operating profit compared to the initial plan of a 2.6 billion yen decrease in operating profit YoY, resulting in an operating income of 3.51 billion yen.

(Billion yen)



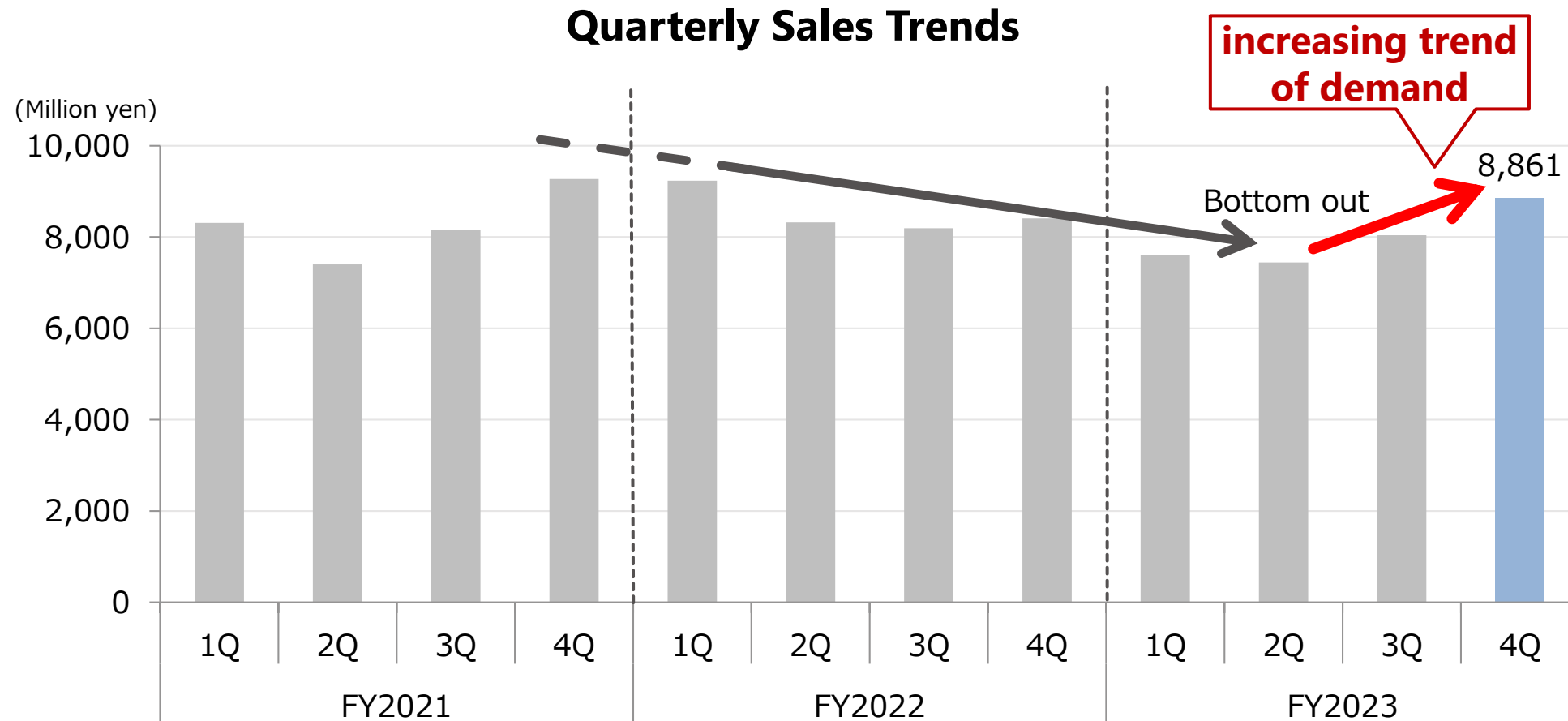
Variance Analysis: Operating profit (Comparison with Forecast)

- Operating income exceeded the forecast of 2.6 billion yen by 910 million yen (increase 35%) to 3.51 billion yen.
- Increase factors: Recovery of demand from the second half of the year +0.48 billion yen, impact of yen depreciation/gain on inventory valuation +0.33 billion yen, cost reductions in response to declining demand +0.1 billion yen.



Quarterly Sales Trends

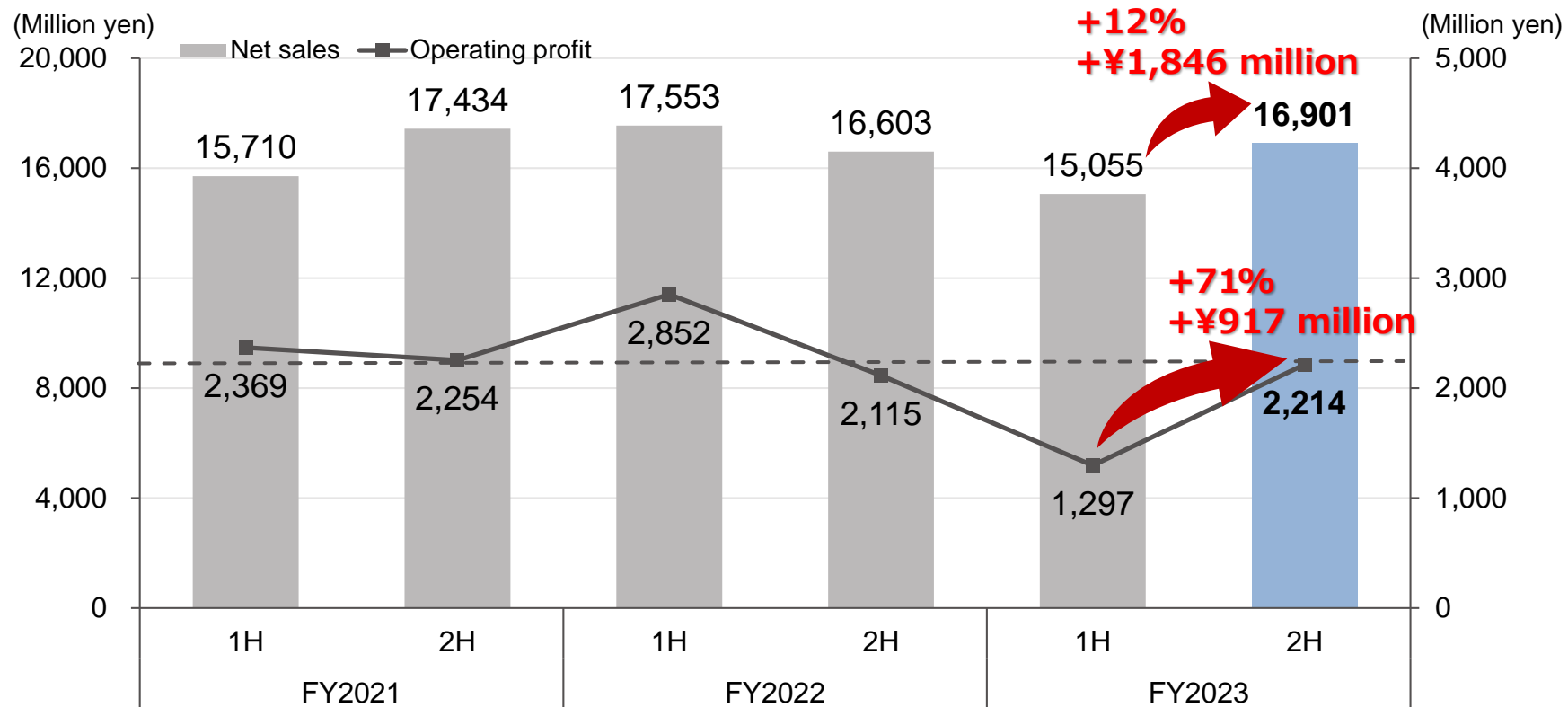
- Demand bottomed out in 2Q and reversed.
Demand is on a gradual recovery trend from the second half of the year.



Semiannual Sales and Operating Profit Trends

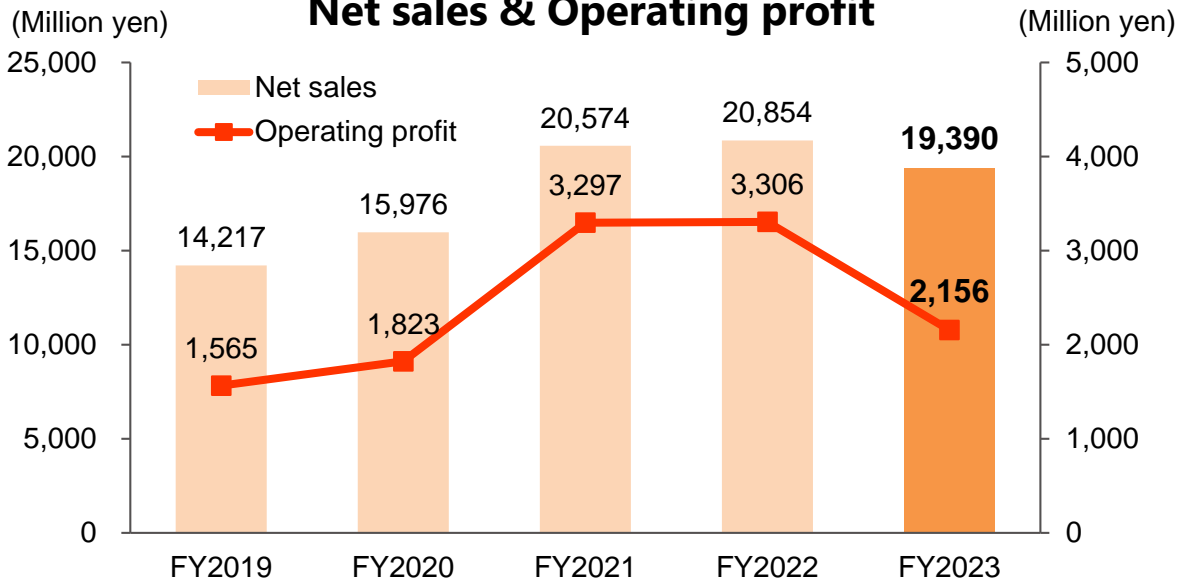
- Both sales and profits recovered from the second half of the year onward.
Sales increased 12% and operating profit increased 71% compared to the first half.
- Absorbed the cost of production capacity expansion and maintained profit level.

Semiannual Sales and Operating Profit Trends



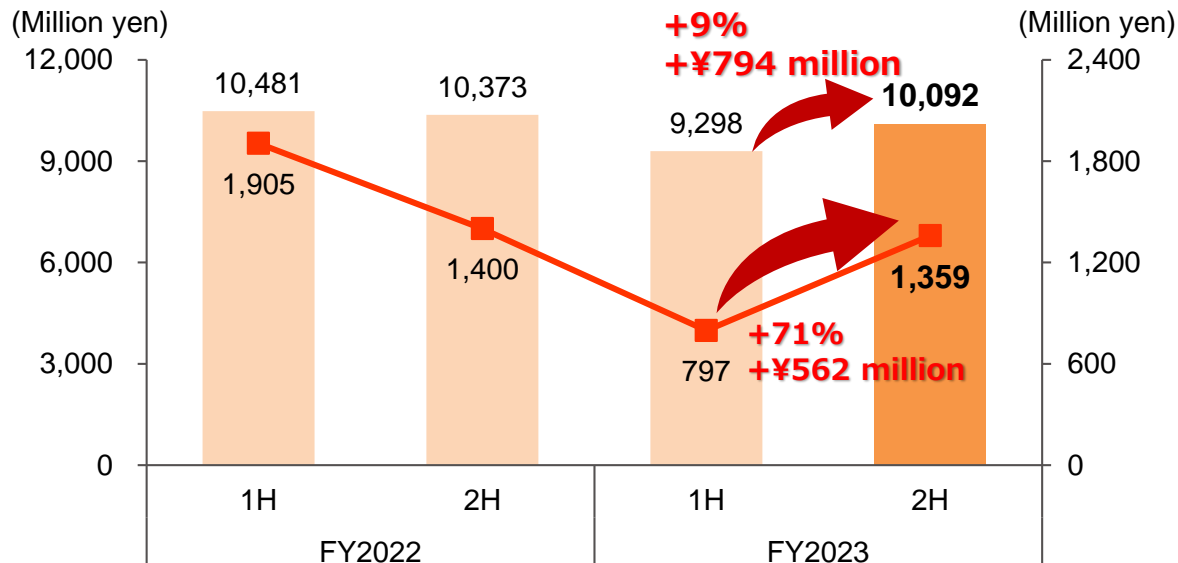
Photosensitive Materials Segment

Net sales & Operating profit



Net sales: ¥19,390 million
(YoY down 7%)

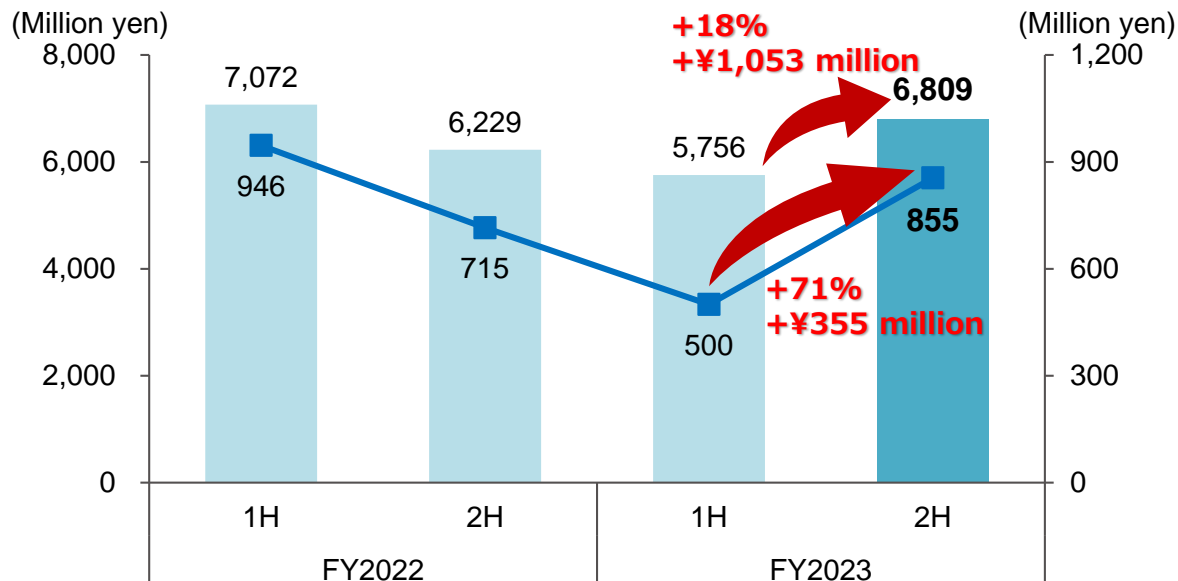
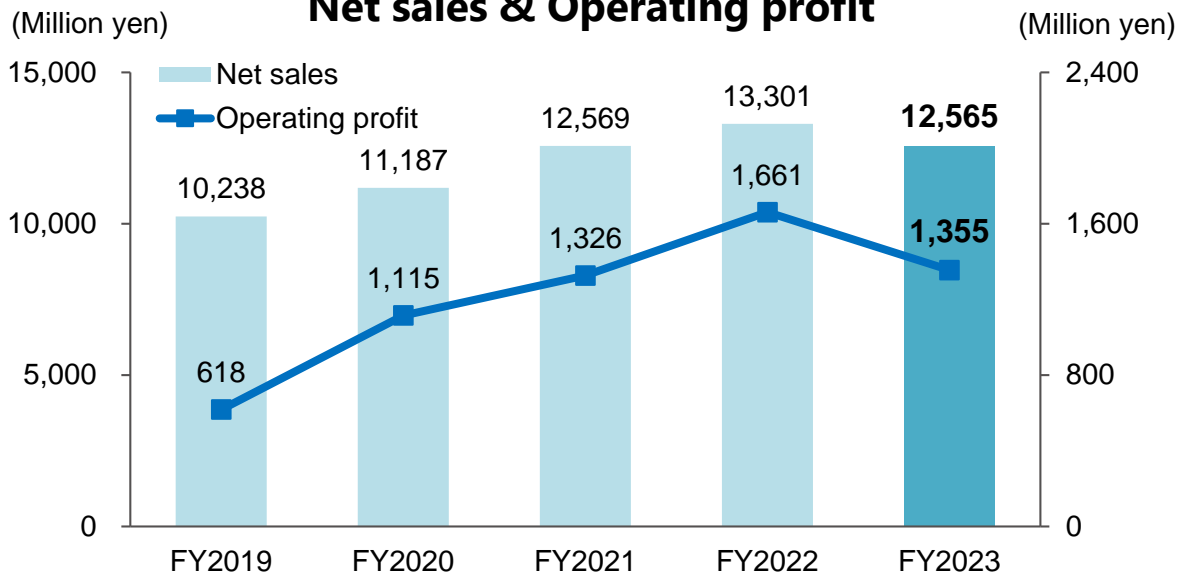
- In the first half, sales declined due to the sluggish electronic device market.
- Demand for display materials remained at a certain level despite softness in large panel production, especially in China.
- In the second half of the year, sales recovered mainly in materials for advanced semiconductors.
Increase of 9% compared to the first half.



Operating profit: ¥2,156 million
(YoY down 35%)

- Profit decreased in the first half due to lower sales.
- In the second half of the year, profit increased by 71% compared to the first half due to recovery in demand.
- Production capacity expansion continues in preparation for future demand growth.

Net sales & Operating profit



Net sales: ¥12,565 million (YoY down 6%)

- Sales of high-purity solvents decreased in the first half. Recovery will continue from the second half.
- Sales of flavor and fragrance materials increased from the previous year thanks to the continued recovery trend from the first half of the year.
- In logistics business, tank contract rates remained high despite sluggish cargo movement.
- In the second half of the year, sales increased by 18% compared to the first half.

Operating profit: ¥1,355 million (YoY down 18%)

- Profit decreased in the first half due to lower sales of electronic materials.
- In the second half of the year, profit increased by 71% compared to the first half due to the recovery in demand.

FY2023 Income Statement

- Net sales were 31.95 billion yen (YoY down 6%).
- Gross profit declined 1.43 billion yen to 7.60 billion yen due to lower sales in the first half and higher costs from lower operations.

(Million yen)	FY2022 Results	FY2023 Results	Change	%	
Net sales	34,156	31,956	(2,200)	△6%	
Cost of sales	25,123	24,355	(767)	△3%	
Gross profit	9,033	7,600	(1,433)	△16%	← Gross profit margin 26.4%→23.8% Down 2.6pt
SG&A expenses	4,065	4,088	+23	+1%	
Operating profit	4,968	3,512	(1,456)	△29%	
Non-operating income	305	207	(97)	△32%	← Transient disposal, etc.
Non-operating expenses	151	325	+174	+115%	
Ordinary profit	5,122	3,393	(1,728)	△34%	
Extraordinary income & losses	(66)	(123)	(57)	+87%	
Profit before income taxes	5,056	3,270	(1,785)	△35%	
Income taxes	1,228	873	(355)	△29%	
Profit	3,827	2,396	(1,430)	△37%	

FY2023 Statement of Cash flows

- Operating CF: ¥4,572 million Despite the decrease in profit, working capital improvement of 1.43 billion yen led to an increase of 910 million yen from the previous year.
- Investment CF: ¥7,593 million Continued investment in production capacity expansion.
- Financial CF: ¥3,596 million Secured funds for capital investment.

(Million yen)	FY2022	FY2023	Change
Cash flows from operating activities	3,659	4,572	+913
Profit before income taxes	5,056	3,270	(1,785)
Depreciation	2,797	2,898	+100
Decrease (increase) in trade receivables (+: decrease)	1,489	(1,310)	(2,799)
Decrease (increase) in inventories (+: decrease)	(3,678)	1,420	+5,098
Increase (decrease) in trade payables (+: increase)	(62)	(934)	(871)
Other	(1,942)	(771)	+1,171
Cash flows from investing activities	(3,274)	(7,593)	(4,319)
FCF	385	(3,020)	(3,405)
Cash flows from financing activities	(406)	3,596	+4,002
Effect of exchange rate change on cash and cash equivalents	4	(182)	(186)
Net increase (decrease) in cash and cash equivalents	(16)	393	+410
Cash and cash equivalents	3,252	3,645	+393

working capital
improvement of 1.43
billion yen

FY2023 Balance sheet

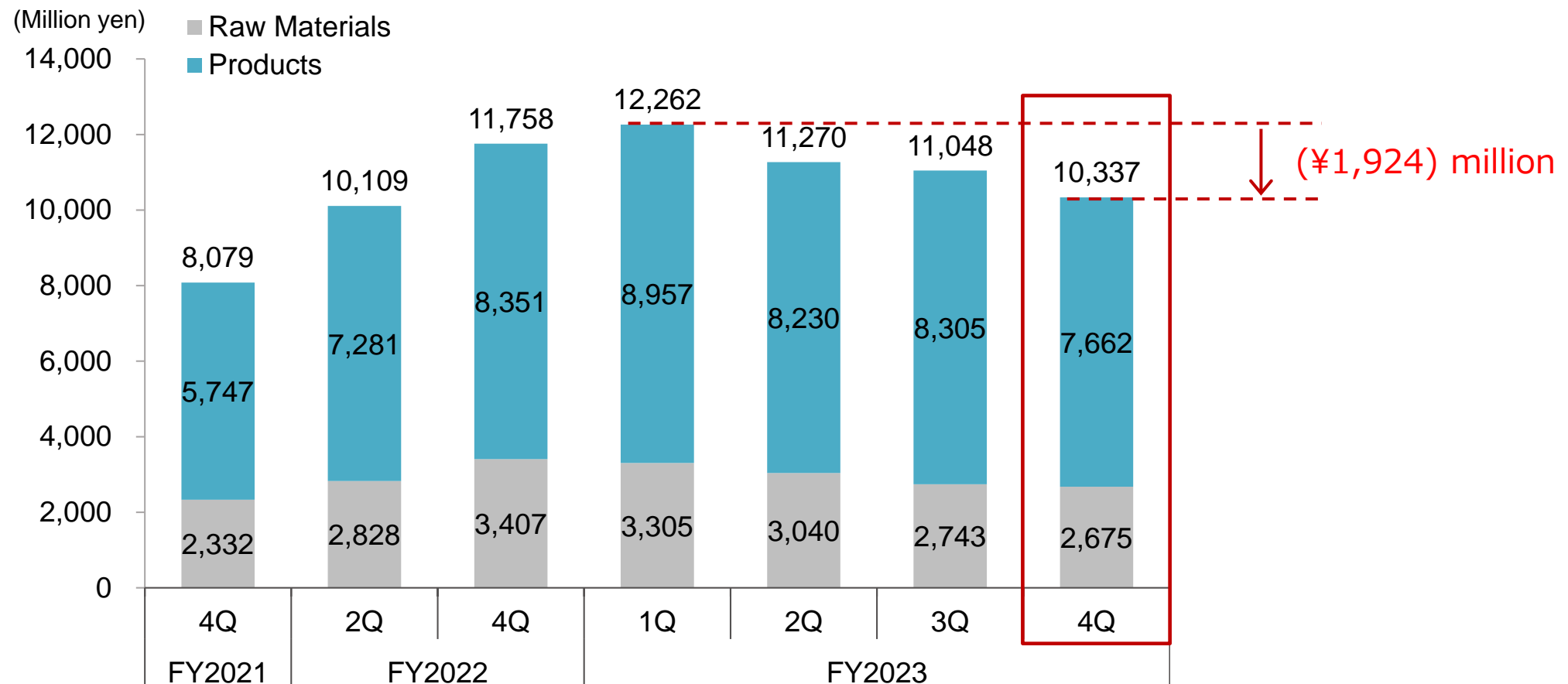
- Trade receivables increased by 1.31 billion yen due to a sharp increase in sales in Q4.
- Inventories were decreased by 1.42 billion yen due to purchase restraint and demand recovery.
- Tangible fixed assets increased 6.22 billion yen due to continued capital investment to increase production capacity.
- Borrowings: +4.11 billion yen due to increased capital investment.
- Shareholders' equity increased 2.07 billion yen due to the increase in net income.

(Million yen)	Mar. 2023 ended	Mar. 2024 ended	Change	(Million yen)	Mar. 2023 ended	Mar. 2024 ended	Change
Current assets	21,685	22,682	+997	Liabilities	31,463	37,691	+6,228
Cash and deposits	3,252	3,645	+393	Notes and accounts payable – trade	4,943	4,009	△ 934
Notes and accounts receivable – trade	5,912	7,222	+1,310	Borrowings	17,893	22,008	+4,114
Inventories	11,758	10,338	△ 1,420	Other	8,625	11,673	+3,047
Other	761	1,475	+714		0	0	+0
Fixed assets	29,420	36,834	+7,414	Net assets	19,641	21,825	+2,183
Property, plant and equipment	27,639	33,862	+6,223	Shareholders' equity	19,556	21,635	+2,078
Intangible assets	607	1,579	+971	Valuation and translation adjustments	85	190	+105
Investments and other assets	1,172	1,393	+220		0	0	+0
Total assets	51,105	59,517	+8,412	Liabilities and net assets	51,105	59,517	+8,412

Status of Inventories

- Reduce inventory in line with declining demand.
- Inventories decreased by 1.4 billion yen from the end of the previous year, down 1.9 billion yen from the peak in the Q1 FY2023.

Inventories Trend



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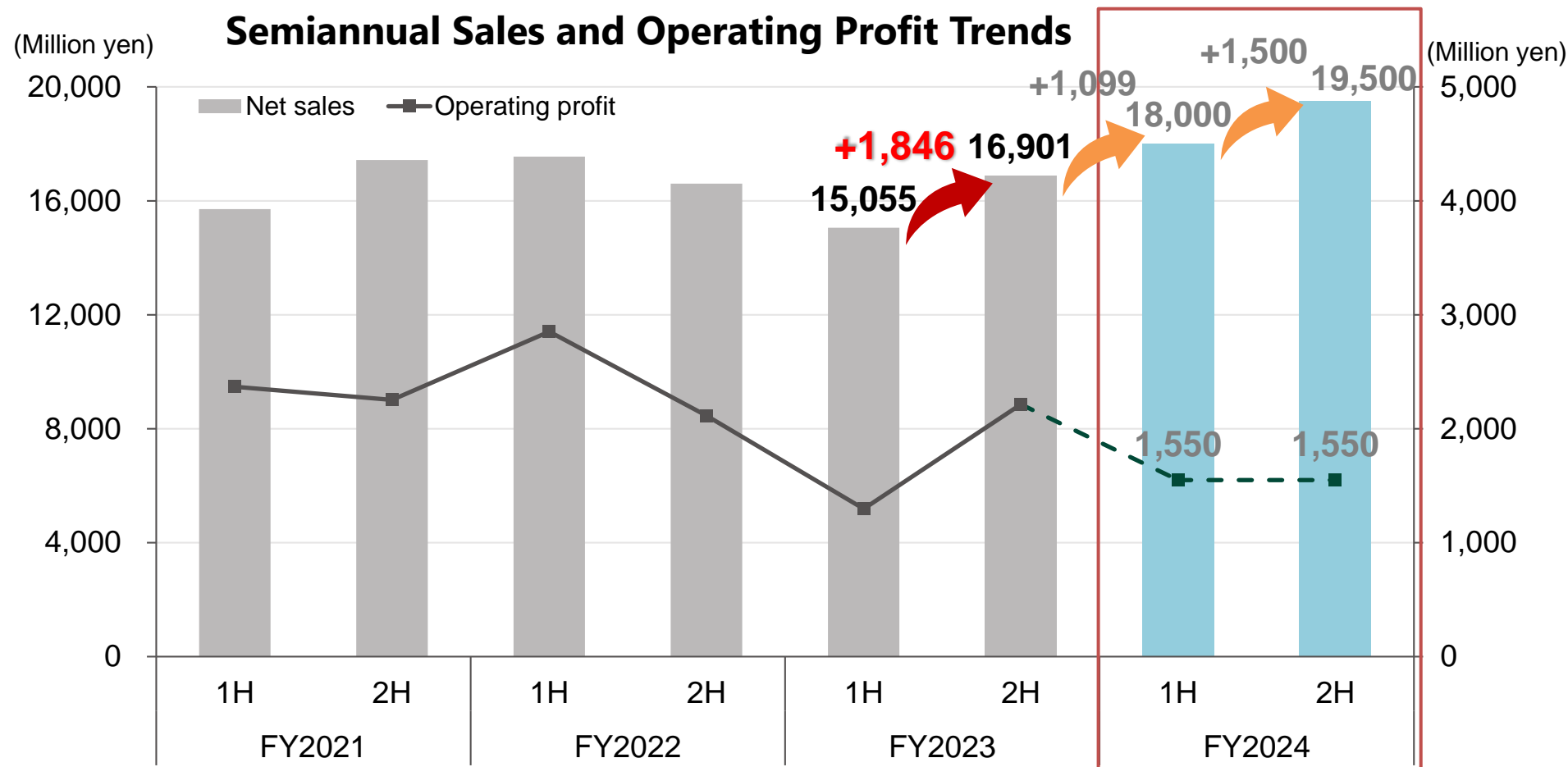
Forecasts for FY2024

- Assuming a medium-term continuation of the trend of increasing demand for electronic materials.
- Demand is expected to recover in the electronic materials market in the FY2024.
Sales are projected to reach a record high of 37.5 billion yen, with sales growth of +5.5 billion yen (+17%).
- Fixed costs are expected to rise with the start of operation of large facilities to increase production capacity.

(Million yen)	FY2023 Results	FY2024 Forecasts	Change	%
Net sales	31,956	37,500	+5,543	+17
Operating profit	3,512	3,100	(412)	(12)
Ordinary profit	3,393	3,000	(393)	(12)
Profit	2,396	2,150	(246)	(10)
FX Rate	¥144/\$	¥148/\$		

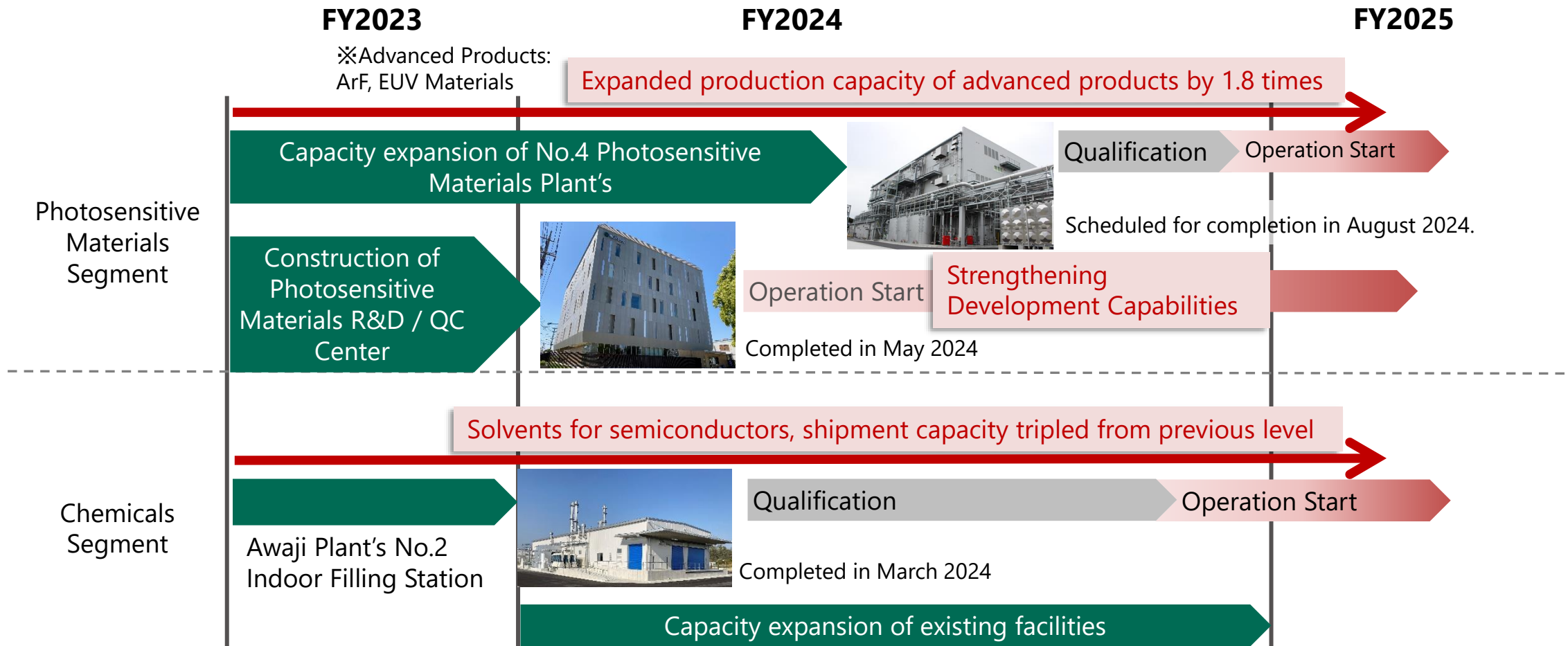
Semiannual Sales and Operating Profit Forecasts

- Sales growth is expected to continue as demand for semiconductors recovery.
- In 1H, we expect the start of operation of the Photosensitive Materials R&D / QC Center and an increase in personnel; in 2H, we expect an increase in expenses for the operation of the fourth photosensitive materials plant.



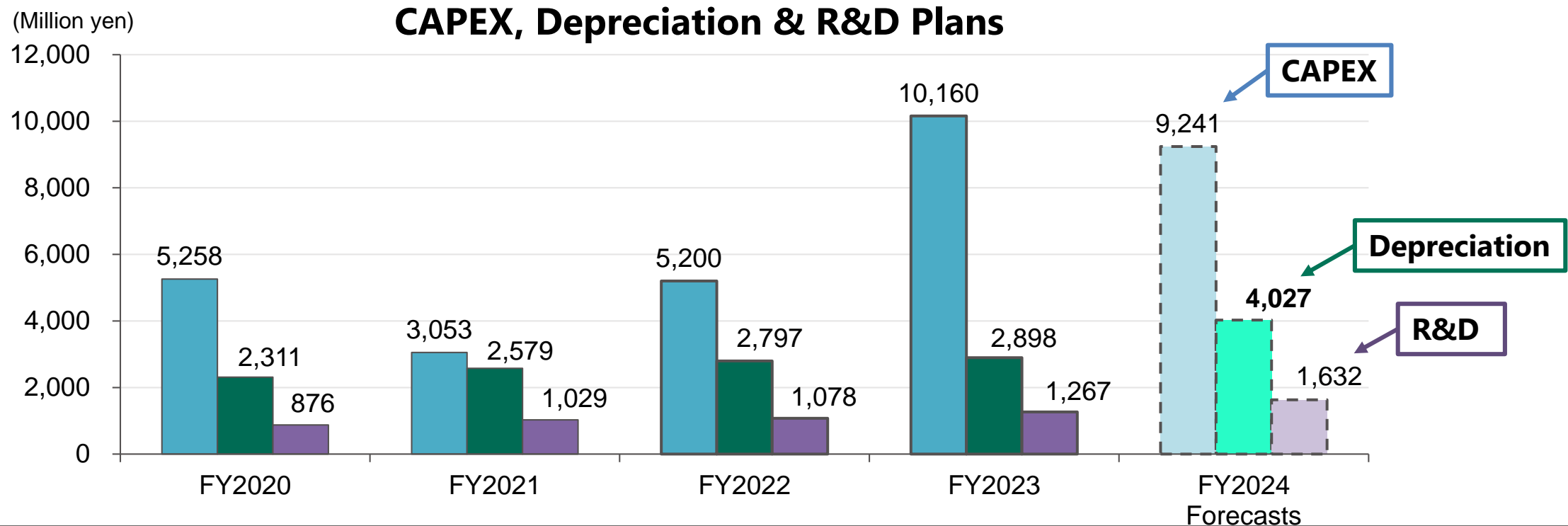
Progress and Plans for Capital Investment

- In FY2024, the Awaji Plant's No.2 Indoor Filling Station, the Photosensitive Materials R&D / QC Center and the No.4 Photosensitive Materials plant's production line for advanced products are scheduled to begin operation.



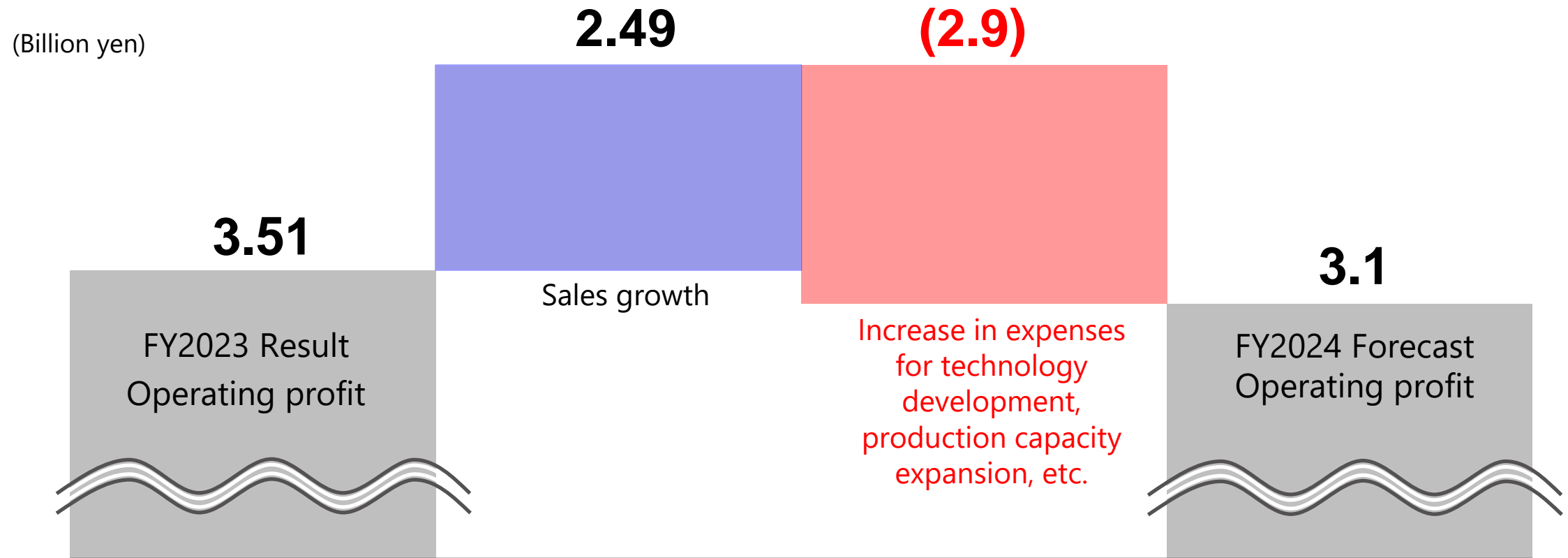
CAPEX, Depreciation & R&D Plans

- In FY2023, the company invested 10.1 billion yen in facilities, including construction to increase the capacity of the No.4 photosensitive materials plant for advanced products and the No.2 indoor filling station at the Awaji Plant (already completed).
- For FY2024, the company plans to invest 9.2 billion yen in facilities (calculated as acceptance inspection base), including a Photosensitive Materials R&D / QC Center (completed in May) and capacity expansion at its No. 4 photosensitive materials plant (to be completed in August). Depreciation is expected to increase due to the completion of large facilities.
- In R&D, in addition to product development, strengthen manufacturing technology capabilities (analysis/analysis, process development) to improve productivity and quality.
- Fiscal discipline is also maintained, including risk management.



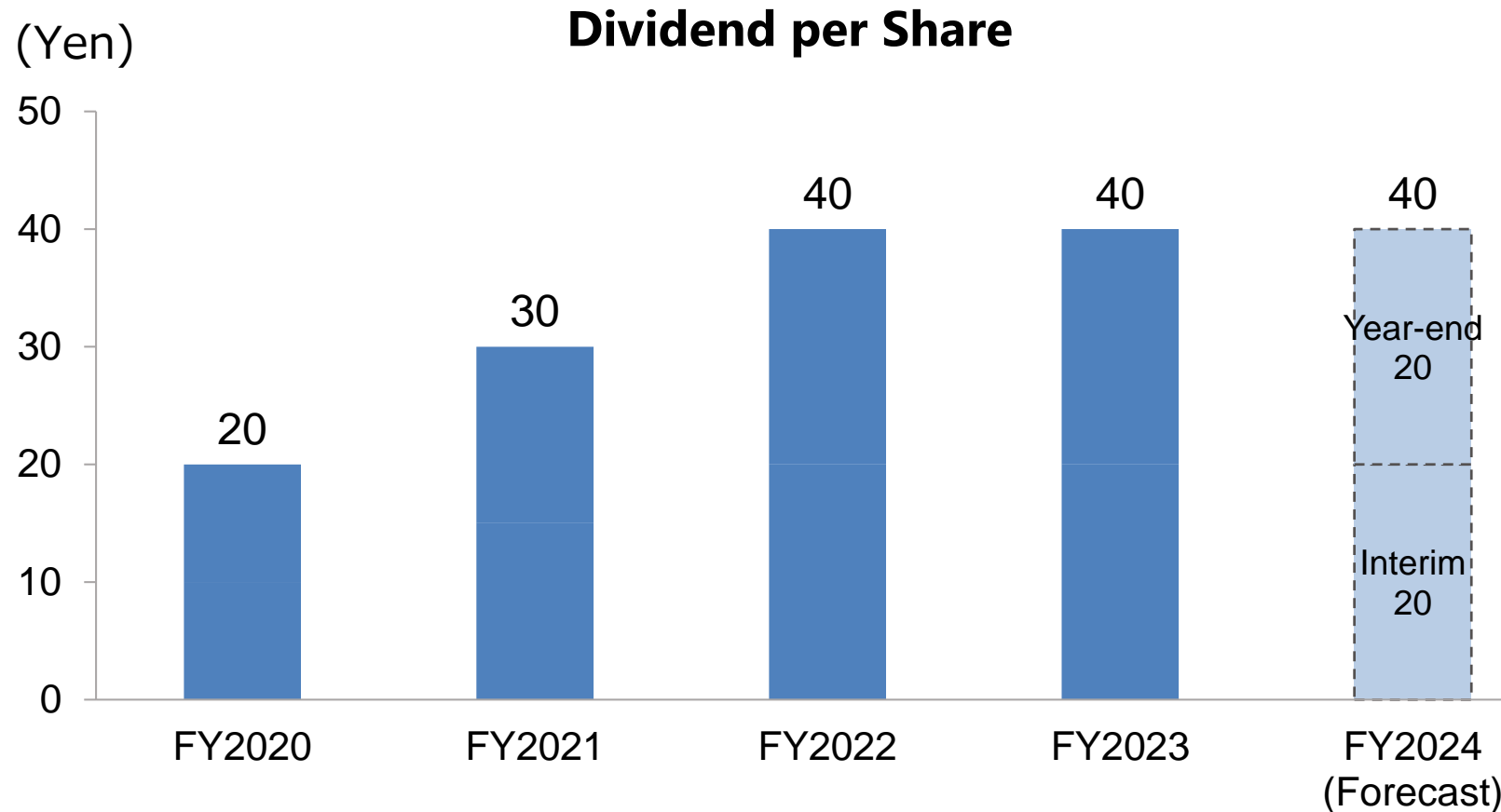
Forecast of Variance Analysis Operating profit

- Operating profit is expected to be 3.1 billion yen, due to an increase in expenses of 2.9 billion yen for production capacity expansion and technology development (photosensitive materials R&D / QC Center, No.4 photosensitive materials plant), while profit is expected to increase by 2.5 billion yen due to sales increase and productivity improvement.



FY2024 Dividend Forecast

- Based on the stable dividend policy, we will continue to pay an annual dividend of 40 yen (interim dividend of 20 yen) in FY2024.



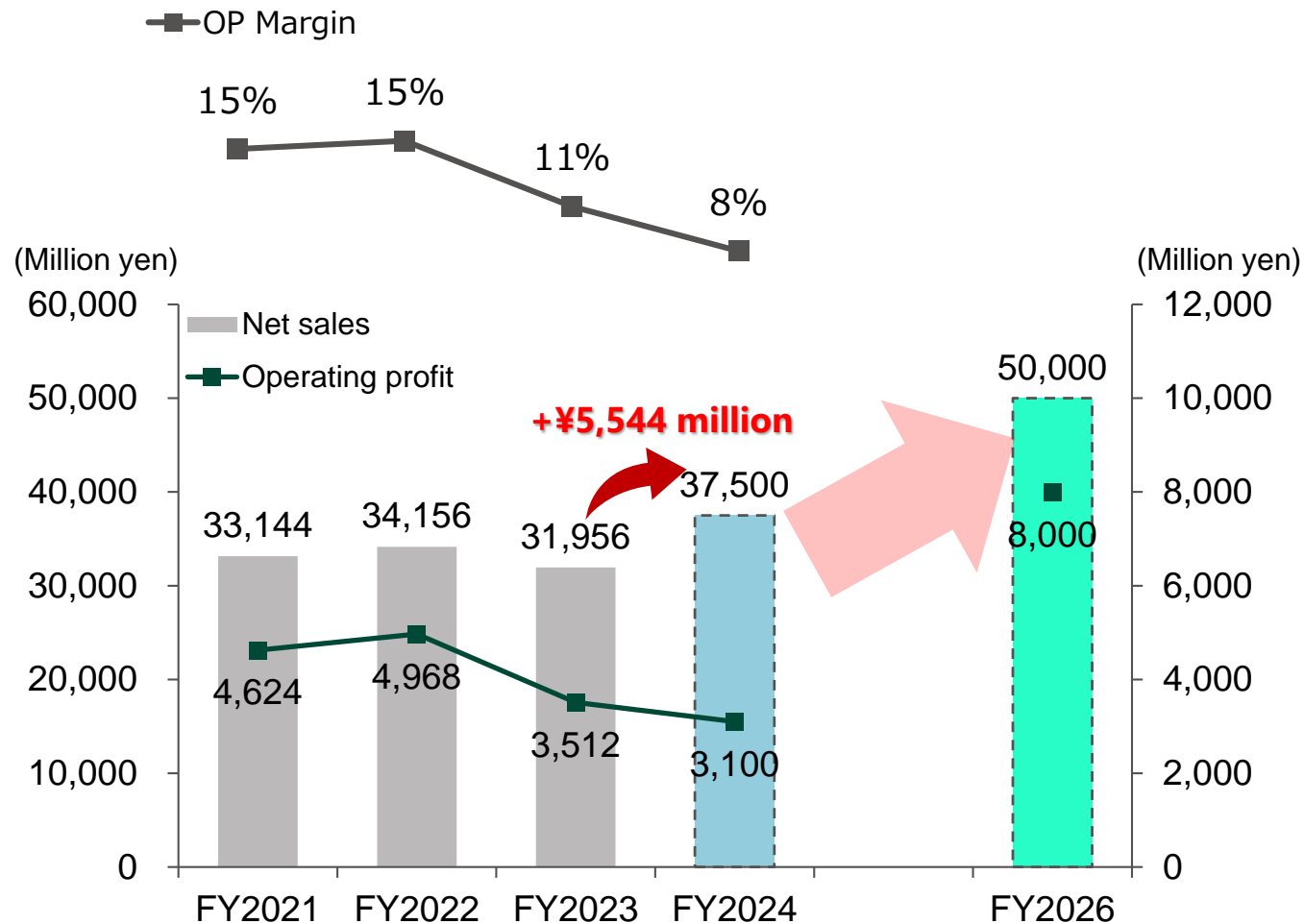
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Progress toward the Medium-Term Management Plan “Beyond 500”

Performance Targets and Progress



Beyond500 (FY2026)

Net sales: ¥50,000 million

**Operating profit: ¥800 million
(OP Margin 16%)**

- The market was sluggish in the FY2023, and the electronic materials market is expected to grow over the medium term.
- Investments to increase production capacity to increase demand will go into operation as planned this fiscal year.
- Human resource development and strengthening of technical strategies are also underway.

Beyond500

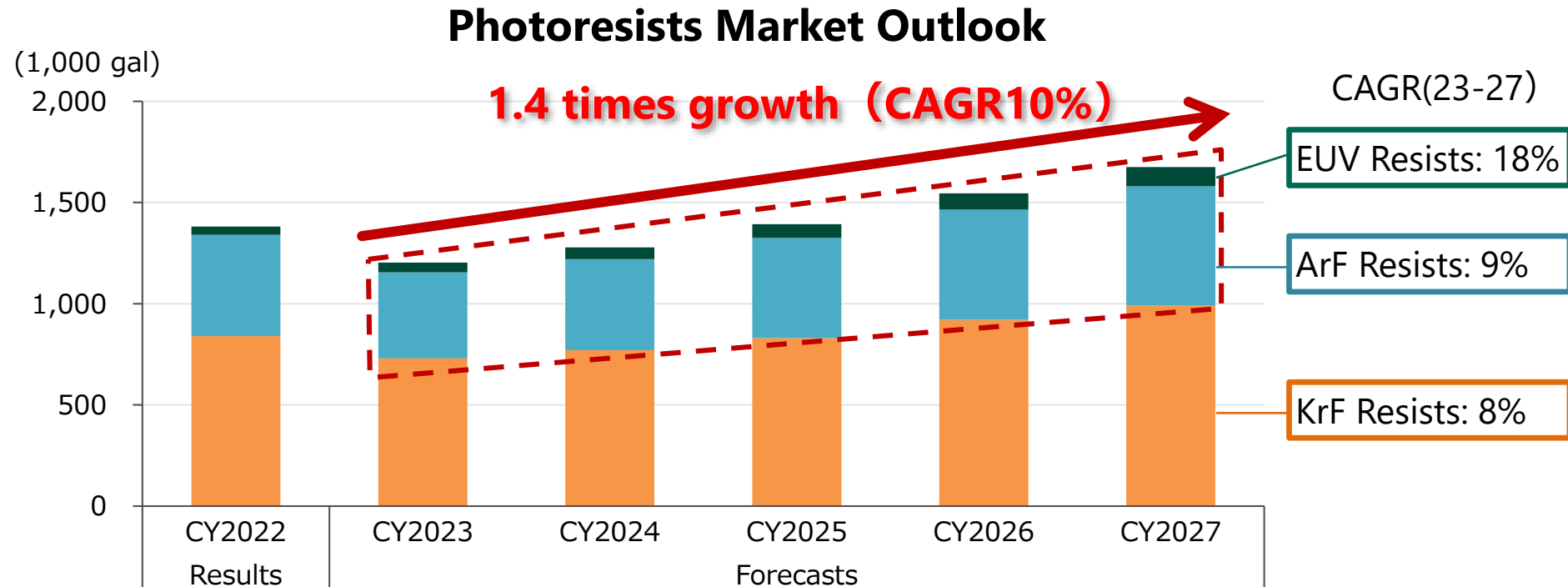
Our Product Lineup for Electronic Materials

- Covers all generations of semiconductors application. As the miniaturization of semiconductors progresses, EUV becomes the center of technological development.
- Continue to improve the quality of all generations of photosensitive materials and further expand the product lineup.

	FPD		Semiconductor									
Light source	g + h + i line	I line (365nm)	g line (436nm)	i line (365nm)	KrF (248nm)	ArF (193nm)	ArF Immersion (193nm)	ArF DP (193nm)	ArF MP	EUV (13.5nm)		
Node	~2,000nm	~1,000nm	~700nm	~200nm	~110nm	~65nm	~45nm	~22nm	~7nm	~5nm	~2nm	~1.4nm
Application	TV, PC	Small & Mid size Panel, Smart phone and etc.	IGBT, LCD driver, LED		DRAM/NAND memory Demand expansion				New generation DRAM Pilot production			
			Back-end process materials and CMOS sensor			Advanced logic LSI Demand expansion			New Generation Logic LSI EUV Production expansion			
Market	Tight supply-demand	Demand expansion	Gradually growth	Gradually growth	Gradually growth	steady	expanding		CAPEX in progress			R&D
Our Products	Photo Active Compound (PAC) High-purity solvents				Photo acid generator (PAG) Polymer Ultra-high purity solvents							

Photoresists Market Outlook

- The global semiconductor market is expected to grow 10-15% in 2024 and continue to grow 10% per year in 2025 and beyond.
- Demand for EUV resists will double at CAGR 18% for 2023-2027.
- Demand for advanced resist (EUV+ArF) is also expected to expand 1.4 times.
- The completion of the fourth photosensitive materials plant capacity expansion at the Chiba Plant's has increased the Company's capacity by 1.8 times.

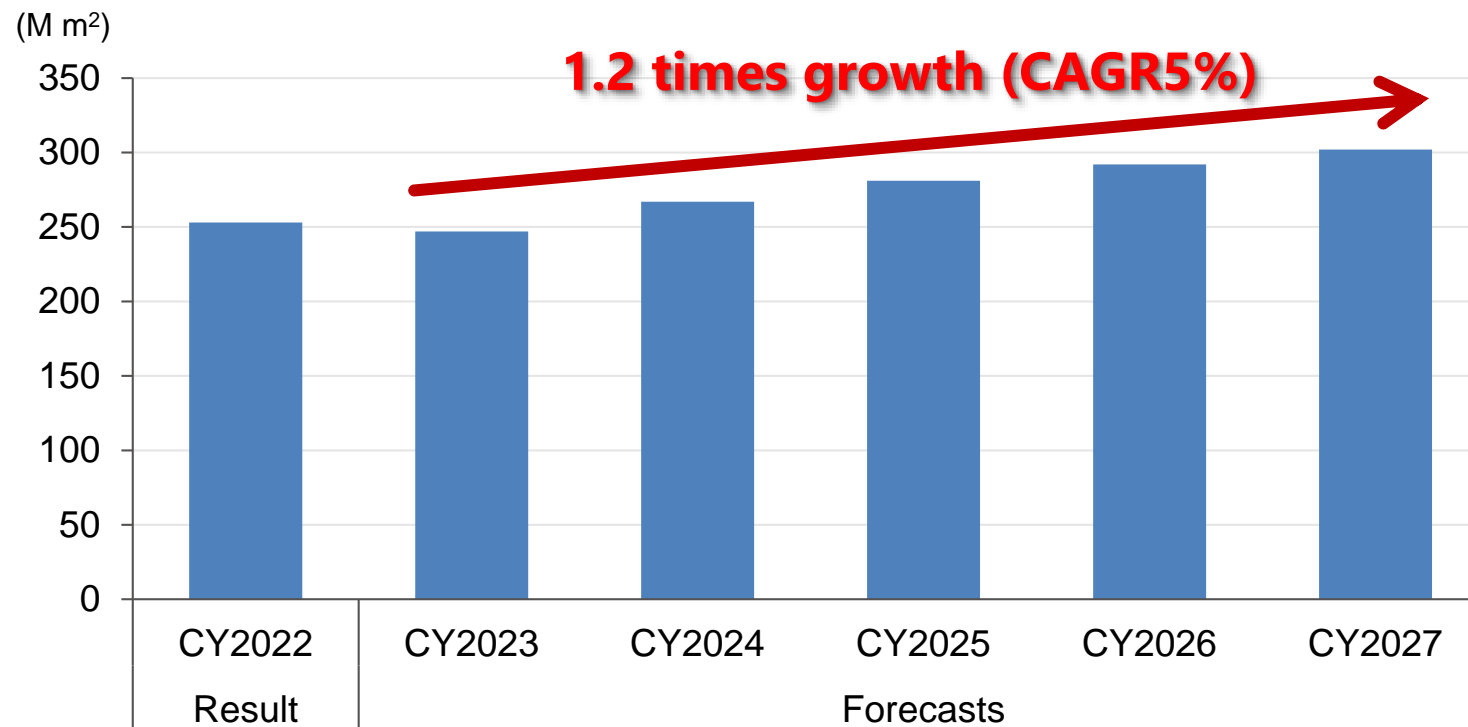


Source: Fuji Chimera Research Institute, Inc

Display Market Outlook

- Moderate growth is expected to continue after 2024.
- Expected to grow 1.2 times from 2023 to 2027.
- Demand for photosensitive materials/high-purity solvents is on the rise as TVs become larger and high-definition products become more popular.

Display Market Outlook (Area)



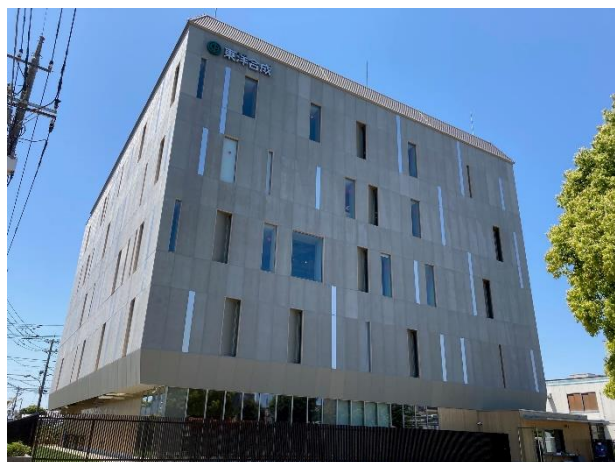
Source: DSCC



Completed of the Administration and Analysis Building at the Aroma Chemical Plant's (August 2023)



Completed of the No.2 indoor filling station at the Awaji Plant's (March 2024)



Completed of the Photosensitive Materials R&D / QC Center at the Chiba Plant's (May 2024)



No.4 Photosensitive Materials Plant Production line for Advanced Products at the Chiba Plant's (Scheduled for completion in August 2024)

- August 2023
Administration and Analysis Building at the Aroma Chemical Plant's
Amount of Investment: Approx. ¥0.3 billion
Improving productivity and creating a comfortable work environment for employees.
- March 2024
No.2 indoor filling station at the Awaji Plant's
Amount of Investment: Approx. ¥1 billion
Solvents for semiconductors, shipment capacity tripled from previous level.
- May 2024
Photosensitive Materials R&D / QC Center at the Chiba Plant's
Amount of Investment: Approx. ¥3 billion
R&D and quality control are integrated, and manufacturing technology and analysis capability are greatly strengthened.
- Scheduled for completion in August 2024.
No.4 Photosensitive Materials Plant Production line for Advanced Products at the Chiba Plant's
Amount of Investment: Approx. ¥12 billion
Expanding production capacity for materials for advanced products by 1.8 times*. ※Comparison with March 2022



The large-scale production capacity expansion facility in Beyond 500 (current mid-term plan) is scheduled to start operation this summer.

- The previously decentralized R&D, process development, and quality control units have been consolidated into a single location, significantly strengthening the analytical system. R&D and manufacturing capabilities for photosensitive materials for advanced semiconductor photoresists strengthened.

~Exterior Concept~

Combining stone (earth), wood grain (nature), and shiny material (crystal), it expresses the company's R&D efforts to advance the technology and quality of advanced semiconductors and its efforts to realize a sustainable society in harmony with the rich greenery and nature of the town of Tohnosho.



The interior is equipped with state-of-the-art experimental and analytical facilities, and open communication areas are set on all floors to promote communication across departmental boundaries and provide a place to generate new discoveries and ideas.



Entrance



Lobby



Laboratory Area

Office Area



Open Communications Area



■ CO₂ reduction targets

Scope1+2

FY2030: 32% reduction (Comparison with FY2013)

Energy saving support

Reduce energy use by 1% per unit of production compared to the previous year

state of progress

Focusing on electricity (approx. 40% of CO₂ emissions), a plan to convert to green electricity has been set up.

In 2023, increase the ratio of green power use from 30% to 50% at the Awaji Plant.

■ External Certification

EcoVadis (Worldwide)
Sustainability Surveys
silver medal

High marks for
"Environment", "Labor and
Human Rights", "Ethics" and
"Sustainable Raw Material
Procurement".

**DBJ BCM
Rating**



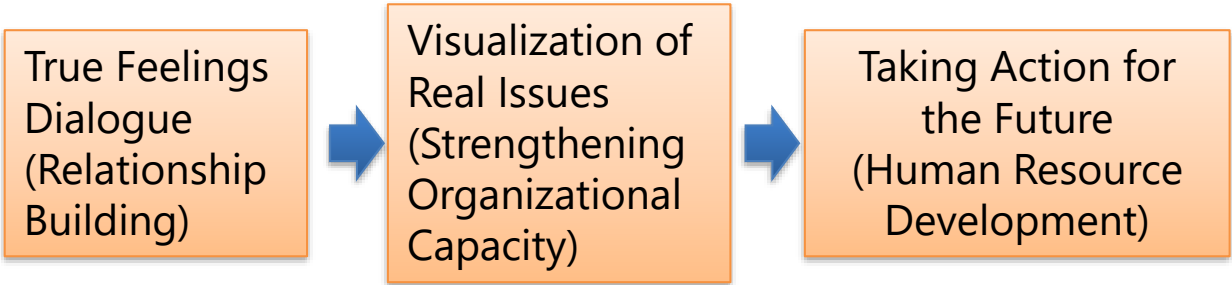
**Business Continuity Planning
ISO22301**

TGC is the second in Japan's chemical industry to acquire this certification. TGC is recognized for its "particularly outstanding business continuity initiatives".

medium-term plan: Investment in a fulfilling work environment and human resource development for long-term sustainable business expansion.



- February 2024: Established "Human Rights Policy"
- Safety culture workshops were held at all plants to realize "safety that can be felt by each and every one of us".
- Effects on reduction of troubles. Continued activities to build a proactive system and realize a good work environment



- Completion of work environment facilities aimed at centralization of development and quality control departments as well as creation of knowledge.



■ Diversity & Inclusion

Targets

state of progress

- ✓ Number of female managers: 10 employees (FY2023)
- ✓ Promotion of Women’s Activities (measures by FY2025)
 - Conducted an internal survey of women to develop a workplace environment in which women can work comfortably, and promoted support for diverse careers and work styles.
- ✓ **Percentage of male employees taking childcare leave: 40% or more**
- ✓ statutory employment rate of persons with disabilities: Achievement of 2.5%

FY2023: 10 employees achieved.

New target set on April 1, 2024.

FY2023: 57.7% achieved.

FY2023: 2.7% achieved.

■ Health & Safety

Certified as 2024 KENKO Investment for Health Outstanding Organizations



Designated 2023 as the “first year of health policy implementation” to raise employee health awareness and promote health.

独創的な視点で世界へ

Individual Development, to the global Chemical



東洋合成工業株式会社

(NB)

The forecasts made in this document contain a variety of uncertain factors since it has been prepared based on judgments from information that is currently available.

Therefore, actual business results may differ from those projected, depending on factors and risk such as the economic status of the market surrounding the company, and do not perform any strict promise and guarantees.