

TOKYO OHKA KOGYO CO., LTD. Business Results

— Fiscal Year ended December 2022 —

Feb. 14, 2023

TOKYO OHKA KOGYO CO., LTD.

tok

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Consolidated Business Results for FY2022 (2022.1-2022.12)

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Summary

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(Millions of yen)

	FY2021/12	FY2022/12	FY2022/12	
			Change	%
Net Sales	140,055	175,434	+35,379	+25.3
Operating income	20,707	30,181	+9,474	+45.8
Ordinary income	21,664	30,966	+9,302	+42.9
Profit attributable to Owners of parent	17,748	19,693	+1,945	+11.0
EBITDA	27,138	36,943	+9,805	+36.1
ROE	11.5%	12.1%	+0.6	—

Average exchange rate (US\$) : 109.0円/\$ (FY2021/12) ⇒130.6円/\$ (FY2022/12)

- Net sales : Increased 25.3% YoY due to brisk demand for legacy semiconductors and a sales increase in the material business segment for most advanced processes.
- Operating income : Increased 45.8% YoY due to a sales increase in high value-added products and adjusted selling prices for high purity chemicals and foreign exchange gains.
- Profit attributable to owners of parent : Increased 11.0% YoY due to increased operating profit despite the decline in extraordinary profit.

Marked three consecutive FYs of record earnings.

Non-operating Expenses or Income/ Extraordinary Losses or Income

04

(Millions of yen)

	FY2021/12	FY2022/12	YoY
Non-operating Expenses or Income	956	784	(172)
Interest and dividend income	+530	+644	+114
Foreign exchange related losses/gains	+314	(46)	(360)
Foreign exchange (loss) gain	+477	+280	(197)
(Loss) gain on valuation of derivatives	(162)	(326)	(164)
Extraordinary Losses or Income	4,135	(176)	(4,311)
Proceeds from sale of investment securities	+4,820	+243	(4,577)
Impairment loss	(439)	(195)	+244
Loss on retirement of fixed assets	(163)	(239)	(76)
Environmental expenses	(83)	—	+83



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Results by Business Segment

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(Millions of yen)

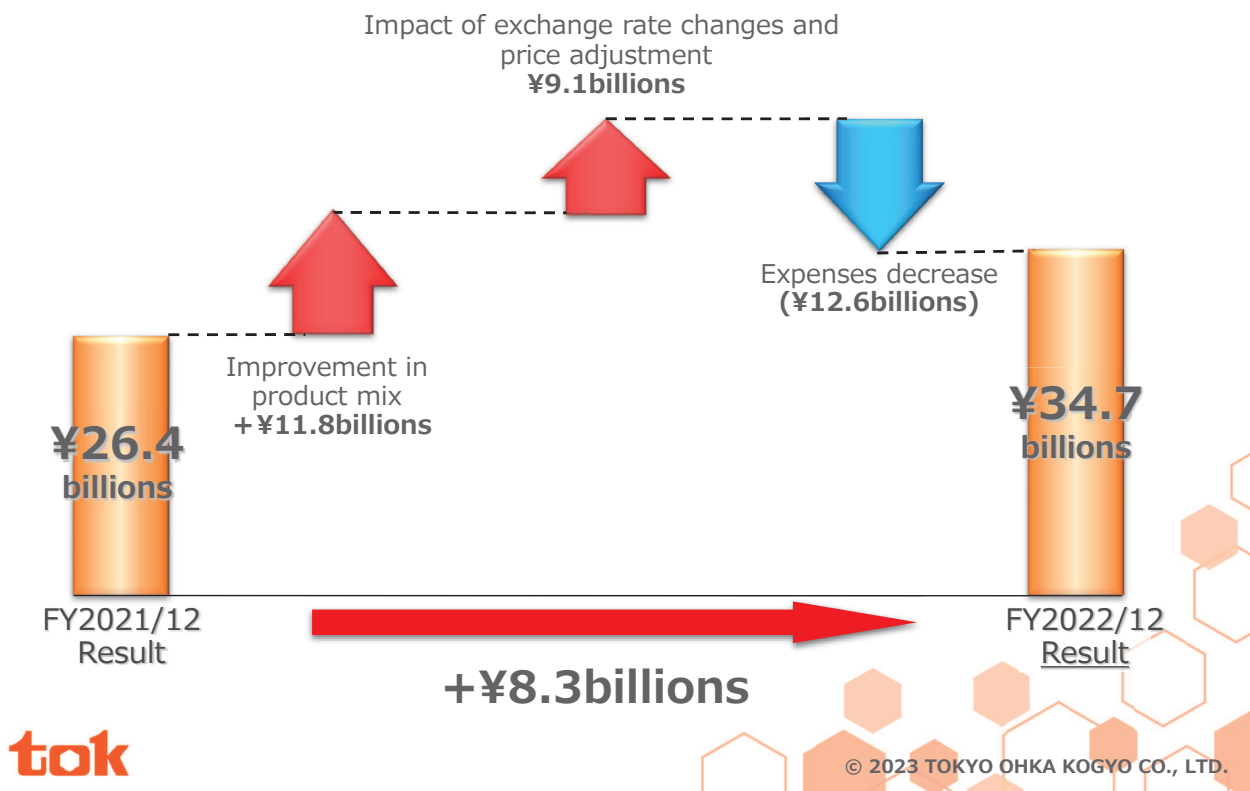
	FY2021/12	FY2022/12		
		Change	%	
Net Sales	140,055	175,434	+35,379	+25.3
Material business	137,725	170,329	+32,604	+23.7
Electronic functional materials	79,491	91,868	+12,377	+15.6
High purity chemicals	57,804	77,460	+19,656	+34.0
Others	430	1,000	+570	+132.8
Equipment business	2,329	5,105	+2,776	+119.1
Operating income	20,707	30,181	+9,474	+45.8
Material business	26,438	34,755	+8,317	+31.5
Equipment business	(290)	790	+1,080	Turned profitable
Eliminations and corporate	(5,440)	(5,364)	+76	—



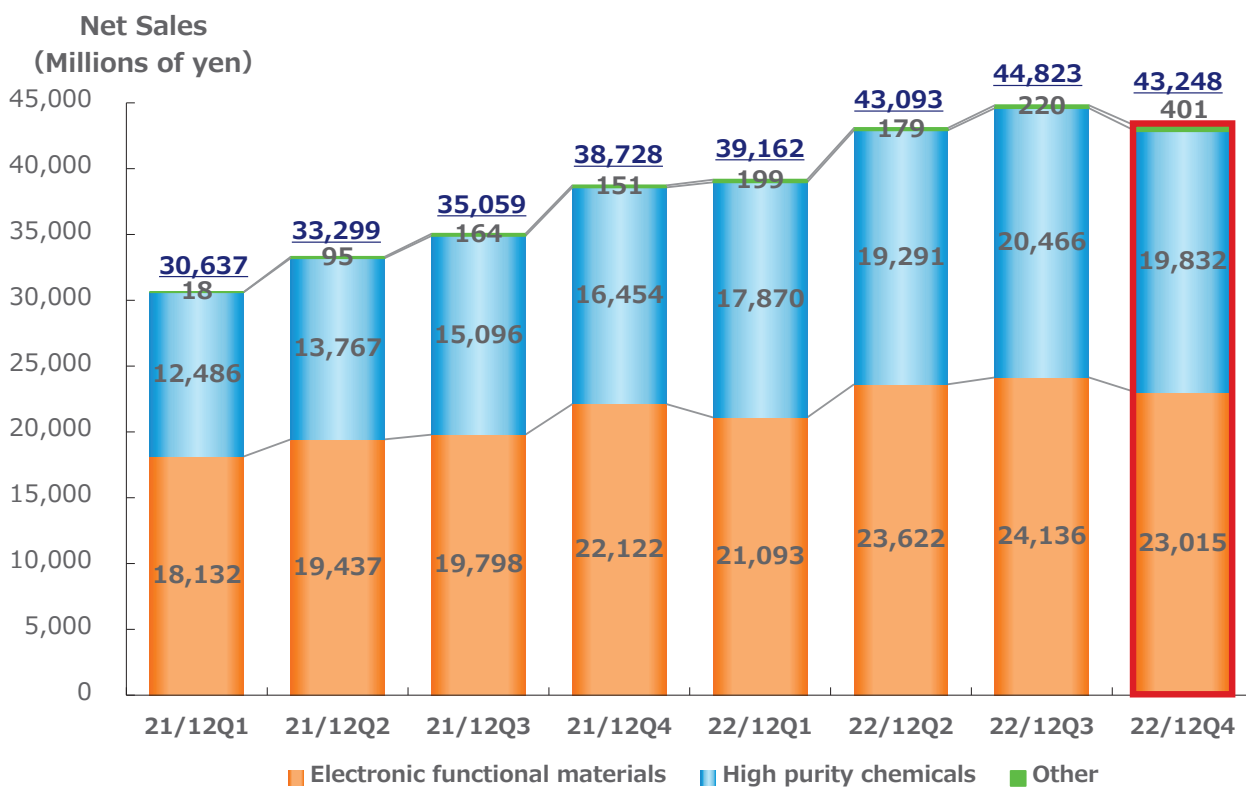
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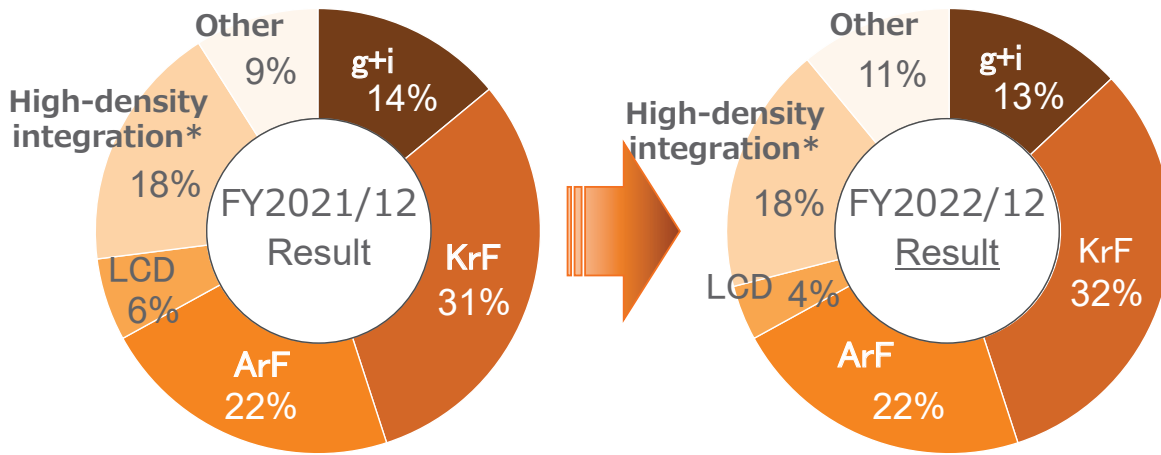
Breakdown of the Change in Operating Income (Material Business)

FY2021/12 Result v.s. FY2022/12 Result



Sales Breakdown of Material Business



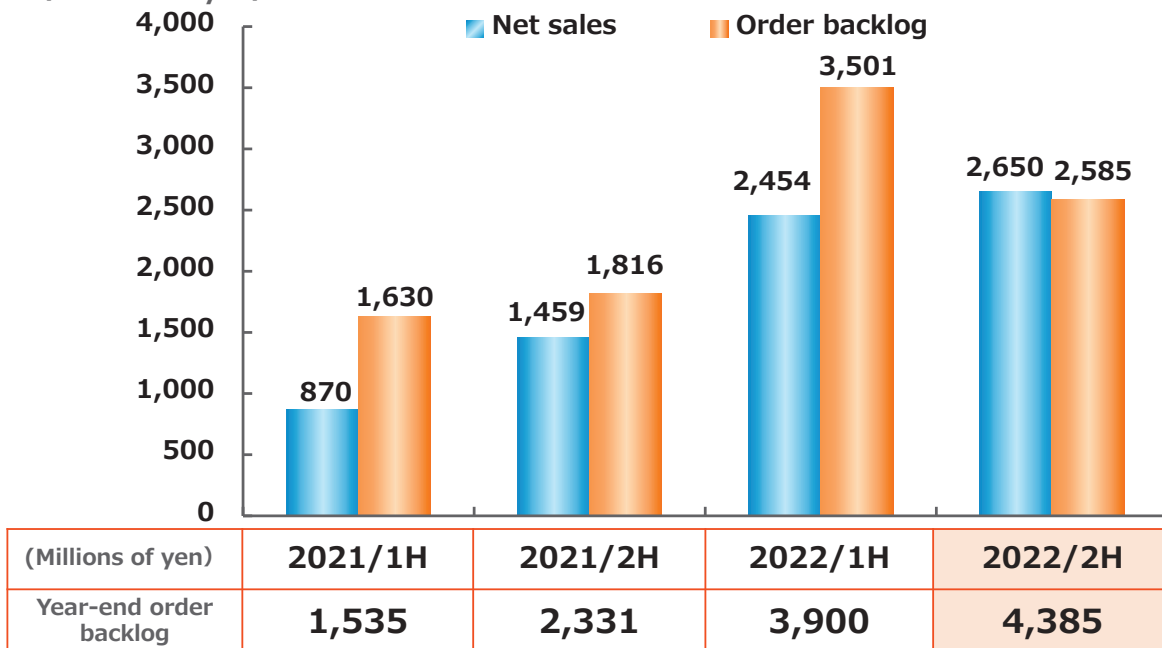


* EUV is included in "Other".
 * High-density integration : Resist for Packaging, MEMS Materials



Equipment Business

Net sales/Order backlog
 (millions of yen)



(Millions of yen)

	FY2021/12	FY2022/12		
			Change	%
Capital Investments	8,488	14,514	+6,026	+71.0
Depreciation	6,430	6,762	+332	+5.1
R&D	9,800	11,038	+1,238	+12.6

* Including intangible assets and other assets from FY2022.



Balance Sheets

(Millions of yen)

	FY2022/12	YoY	
Current Assets	130,636	+11,752	
Cash and deposits	55,371	(1,464)	
Notes and accounts receivable	35,812	+1,916	
Inventories	30,006	8,655	Buildings and structures +5,250 Tools, furniture and fixtures +2,503 Land +1,908 Construction in progress (331)
Property, plant and equipment	66,010	+9,077	
Intangible assets	1,295	+458	Investment securities (408) Retirement benefit asset (975) Deferred tax assets +671
Investments and other assets	40,133	(477)	
Current Liabilities	40,781	+1,125	Repayments of short-term borrowings (3,900) Accrued expenses +2,675
Notes and accounts payable	21,617	+2,367	Proceeds from long-term borrowings +3,510
Long-Term Liabilities	16,333	+3,916	
Total net asset	180,960	+15,769	Retained earnings +12,745 Foreign currency translation adjustment account +3,258
Total asset	238,075	+20,811	

	(Millions of yen)	
	FY2021	FY2022
Cash flows from operating activities	+19,758	+18,991
Income before income taxes and minority interests	+25,799	+30,790
Depreciation	+6,430	+6,762
Decrease (increase) in trade notes and accounts receivable	(6,052)	(858)
Decrease (increase) in inventories	(2,830)	(7,510)
Decrease (increase) in trade notes and accounts payable	+4,515	+1,870
Income taxes paid	(4,650)	(8,557)
Cash flows from investing activities	(4,576)	(12,383)
Cash flows from financing activities	(18,114)	(8,610)
Translation adjustments	+1,673	+1,389
Net increase (decrease) in cash and cash equivalents	(1,258)	(612)

Major breakdown
 Purchase of property, plant and equipment (10,698)
 Purchase of investment securities (2,082)

Major breakdown
 Repayments of long-term borrowings (4,289)
 Dividends paid* (9,102)
 *Including non-controlling interests



Consolidated Performance Forecasts for FY2023 (2023.1-2023.12)



Collaboration with AIMECHATEC

Aim to develop M&E strategy

through collaboration with our new business partner,
AIMECHATEC !



Zero Newton®



◆ Contracts

The Share Transfer Agreement,
The Master Collaboration Agreement: **Concluded.**

◆ Details of Share Acquisition

Date of acquisition: **September 30, 2022**
 Number of shares to be acquired: **1,101,500 shares**
 Ratio of the voting rights of all shareholders: **19.56%***

* Note: The ratio to the voting rights held by all shareholders is calculated using 56,300, the number of voting rights held by all shareholders of AIMECHATEC as of June 30, 2021 as the denominator (rounded off to two decimal places).

◆ Schedule

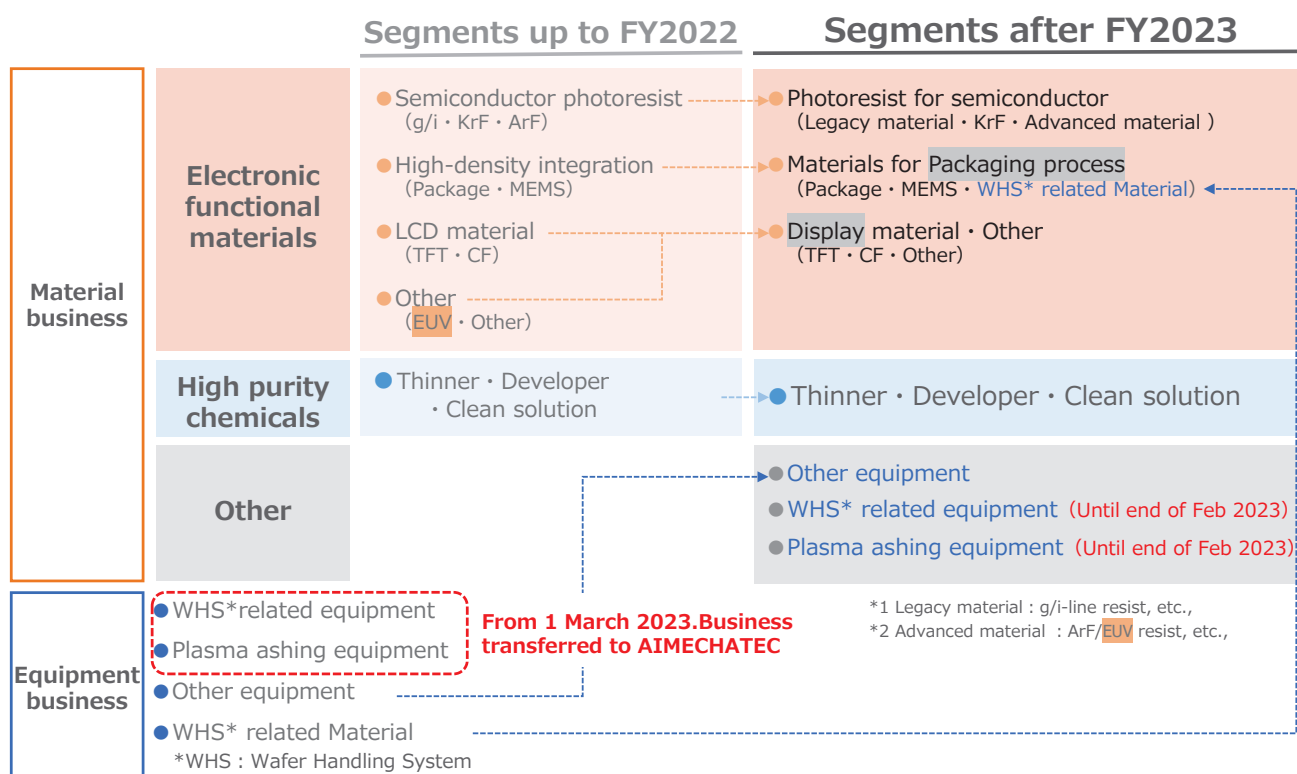
Scheduled date of business transfer: March 1, 2023

Overview of AIMECHATEC

Location: Ryugasaki-shi, Ibaraki, Japan
 Share capital: 450 million yen
 Business description:
Design/manufacture/sales of electronic component manufacturing equipment and peripheral equipment and aftersales service.
 Representative: Isao Abe, President and Representative Director

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Changes to segment disclosures following the transfer of the equipment business



Earnings Forecasts (Full-year)

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(Millions of yen)

	FY2022/12	FY2023/12		
			Change	%
Net sales	175,434	187,500	+12,066	+6.9
Electronic functional materials*	92,799	98,750	+5,951	+6.4
High purity chemicals*	77,565	86,150	+8,585	+11.1
Other*	5,069	2,600	(2,469)	(48.7)
Operating income	30,181	31,000	+819	+2.7
Ordinary income	30,966	31,600	+634	+2.0
Profit attributable to owners of parent	19,693	19,400	(293)	(1.5)
EBITDA	36,943	38,300	+1,357	+3.7
ROE	12.1%	11.0%	(1.1)	-

Average exchange rate (US\$) : ¥130.6/\$ (FY2022/12) ⇒ ¥125.0/\$ (FY2023/12) *Adjusted under the new segmentation for 2022/12.

- Net Sales : Increased 11.0% YoY due to increased operating profit despite the decline in extraordinary profit.
- Operating income : Forecast to increase 2.7% YoY due to an increase in net sales of high value-added products and other reasons.
- Profit attributable to owners of parent : Forecast to decline 1.5% YoY with a view to a record of corporate restructuring cost, despite the increased operating Profit. Forecast to achieve a record high each for net sales, operating profit and ordinary profit for four consecutive periods.

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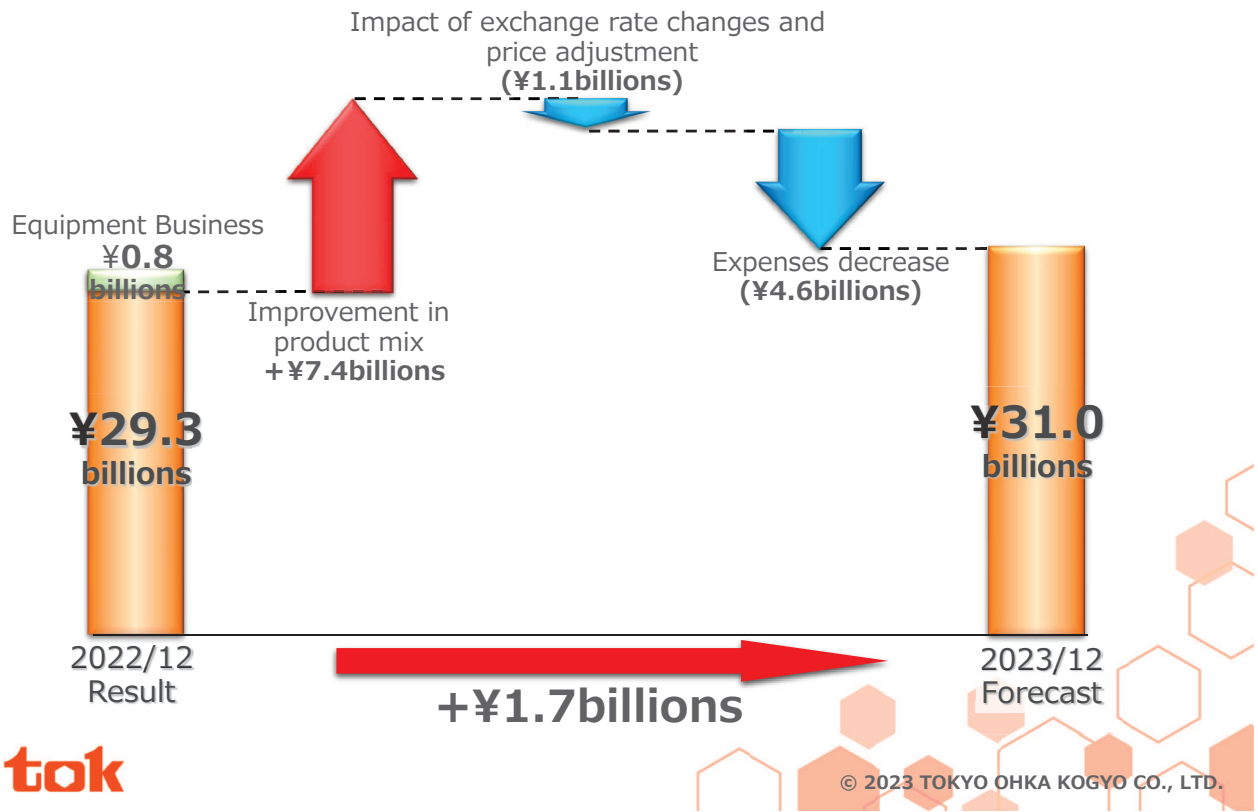
Capital Investments/Depreciation/R&D

17

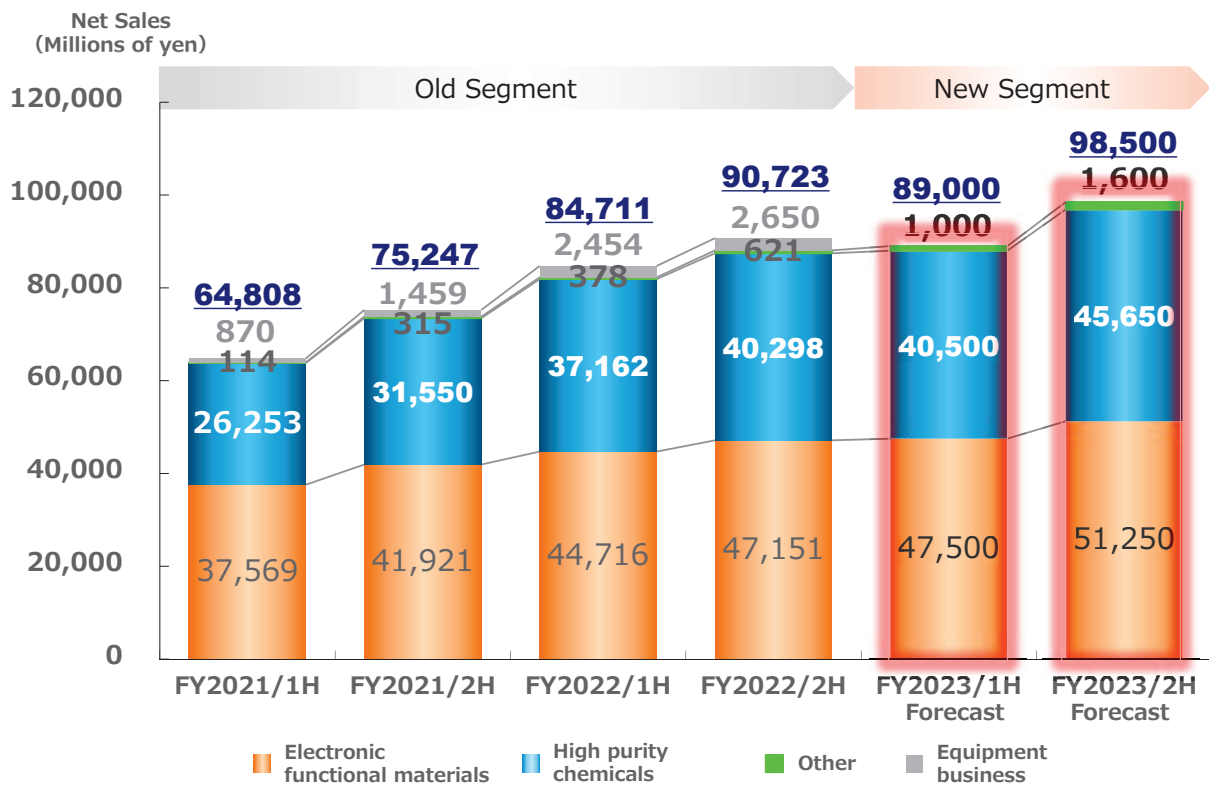
(Millions of yen)

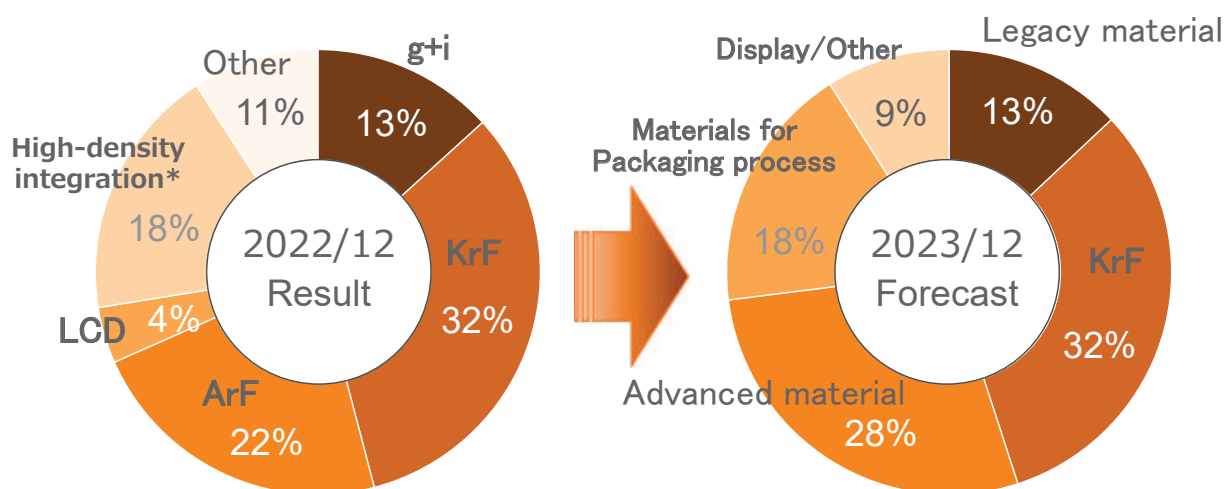
	FY2022/12	FY2023/12 Forecasts		
			Change	%
Capital Investments	14,514	18,600	+4,086	+28.1
Depreciation	6,762	7,300	+538	+8.0
R&D	11,038	12,850	+1,812	+16.4

FY2022/12 Result v.s. FY2023/12 Forecast



Sales Breakdown of Material Business(Forecast)





*1 Calculations for FY2022 are based on the old segments.
 *2 EUV is included in "Other".
 *3 High-density integration : Resist for Packaging, MEMS Materials

*4 Adjusted under the new segmentation for FY2023.
 *5 Legacy material : g/i-line resist, etc.,
 *6 Advanced material : ArF/EUV resist, etc.,
 7 Packaging process related material : Resist for Package · MEMS material · WHS related material
 *8 LCD are classified as display/others.



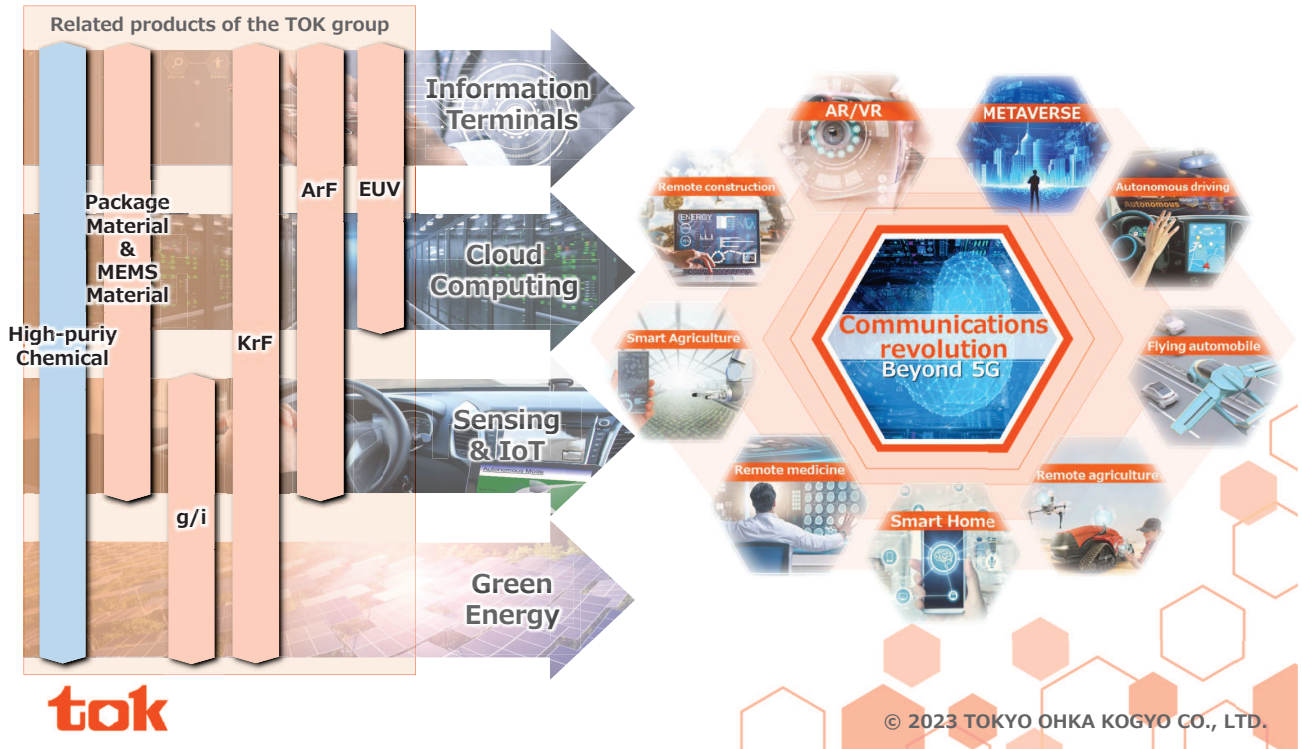
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Initiatives in tok Medium-Term Plan 2024



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Accommodate the anticipated changes in society
in **the four areas Aim** for further growth



Features of the tok Medium-Term Plan 2024

Medium-term plan to attain TOK Vision 2030

Management Vision

“The e-Material Global Company”

contributing to a sustainable future through Chemistry.



Business Strategies

- (1) Increase global market share of cutting-edge photoresists
- (2) Acquire and create core technologies in electronic materials and new fields
- (3) Secure stable supply of high-quality products and establish an optimal production system for the Group
- (4) Improve employee engagement and promote people-oriented management
- (5) Build sound and efficient management foundation



■ Performance

Target	FY2024 Target	FY2022 Result	Fy2023 Forecast
Net sales	Over ¥180.0 billion	¥175.4 billion	¥187.5 billion
	<ul style="list-style-type: none"> Anticipate to achieve the target one year ahead of schedule, allowing for robust semiconductor demand and forex impact of yen depreciation despite reduced semiconductor production and other negative impacts. 		
Operating income	Over ¥27.0 billion	¥30.1 billion	¥31.0 billion
	<ul style="list-style-type: none"> Anticipate to achieve the target two years ahead of schedule, allowing for a sales increase in value added products such as photoresists for front-end semiconductors, selling price adjustment of high purity chemicals and forex gains. 		
EBITDA	Over ¥35.0 billion	¥36.9 billion	¥38.3 billion
	<ul style="list-style-type: none"> Anticipate to improve a cash-generating capability due to an operating profit increase and proactive investments to prepare for future semiconductor demand. 		
ROE	Over 8.0%	12.1%	11.0%
	<ul style="list-style-type: none"> Anticipate to steadily improve due to improved profit, shareholder returns and promotion of BS management. 		



■ The progress of Capital Investments, Depreciation, R&D

(Billions of Yen)	tok Medium-Term Plan2024 the 3-year-cumulative total initially planned	FY2022 Result	FY2023 Forecast
Capital Investments	45.0	14.5	18.6
Depreciation	22.0	6.7	7.3
R&D	33.0	11.0	12.8



Increase global market share of cutting-edge photoresists & Acquire and create core technologies in electronic materials and new fields 26

	Medium-Term Plan	Progress
Photoresist for semiconductor (Former Semiconductor Photoresists)	Expand sales with a full lineup of products to meet growing demand for semiconductors	ArF/EUV : Promote market share expansion activities. KrF : Increased sales in advanced and legacy semiconductors and 3D-NAND. g/i : Robust sales in legacy semiconductors and other products.
Materials for Packaging process (Former High-density Integration Materials)	Rapidly develop products for the cutting-edge packaging technologies	Package : Accelerate R&D for 3DIC and other areas. MEMS : Promote sales expansion activities. WHS : Expand sales by a new M&E strategy.
High-Purity Chemicals	Expand sales in Asia and North America in response to the sophistication of semiconductor process and demand increase	Thinners : Update global supply. Clean Solutions : Accelerate new product development. Expand market share in global.
Equipment Business	Aim for sales expansion by rapidly meeting market needs	Plan to assign it to AIMECHATEC, Ltd. with a view to development of the M&E strategy.




Secure stable supply of high-quality products and establish an optimal production system for the Group① 27

Strengthen production for Electronic functional materials with a view to a future demand increase.


TOK Advanced Materials Co., Ltd. (South Korea)

- Invested in production enhancement with a view to a further demand increase and plan to conduct more capital investments.




Koriyama Plant(Japan)

- Built a new inspection facility and expanded inspection capabilities.



Sagami Operation Center(Japan)

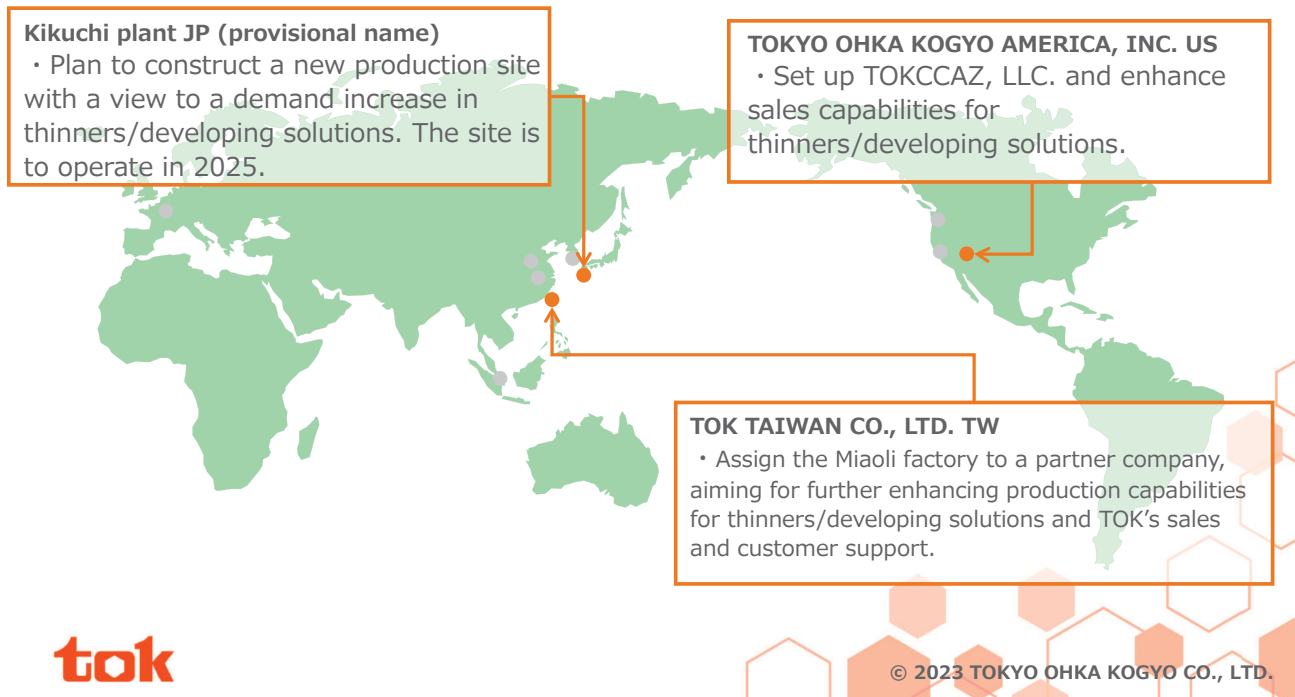
- Continue to invest in leading edge R&D.





Build an optimum supply system for high purity chemicals,

strengthening alignment with partner companies.

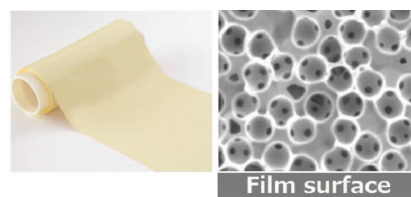


New Business

(High-functional films/Optical materials/Life science-related materials)

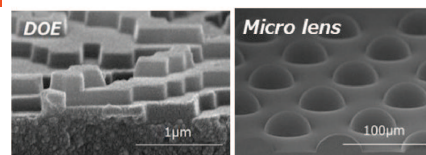
High-functional films

- Developed business in the use of a value-added LiB separator.
- Developed high durability applications.



Optical materials

- Promoted the use of AR/VR and 3D sensors.
- Developed through open innovation.



Life science-related materials

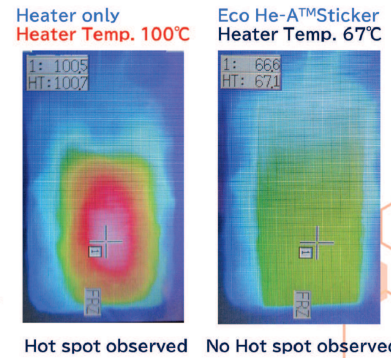
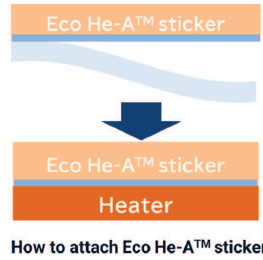
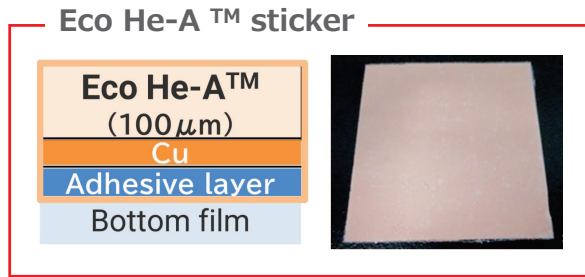
- Continued sales for DNA analysis.
- Strengthen marketing to capture further demand.



Promote commercialization activities

Thermal radiative materials Eco He-A™ series

- Eco He-A™ series are highly efficient at radiation heat transfer. (Energy free)
- Eco He-A™ film is flexible and dissipates heat even in small areas.
- Eco He-A™ series are comprised of sustainable materials.



**Reinforce management foundation
(Improve employee engagement)**



Enhance sustainable corporate value



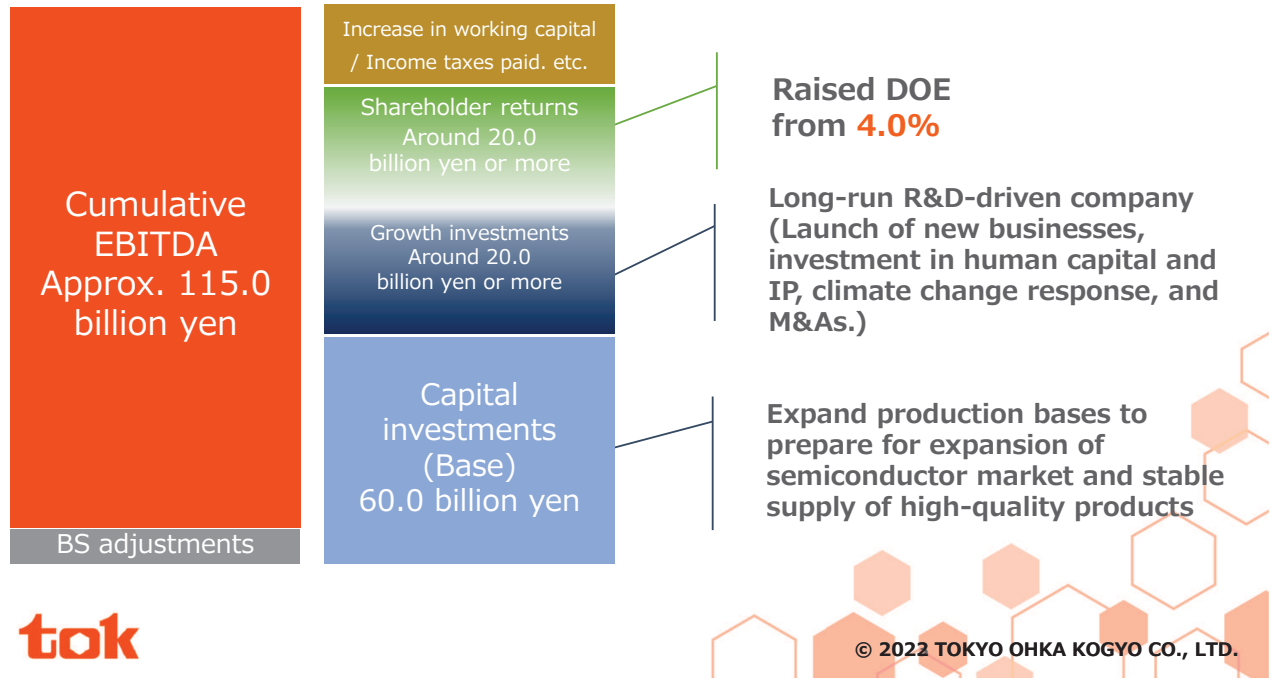
**Incorporated the employment engagement index
into the KPI for the board compensation**



Outlook going forward (promotion of BS management) ³²

Allocate the generated EBITDA to **prioritize capital investments** for future growth and **flexibly return to shareholders.**

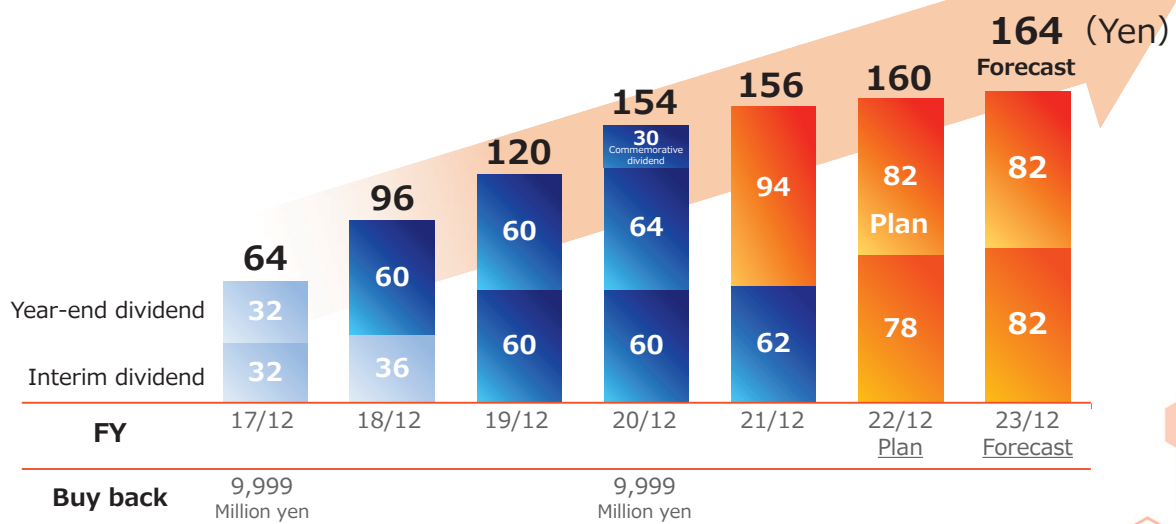
3-year cash flow plan (image)



Build sound and efficient management foundation ³³

<Trends in Shareholder Returns and Dividends >

- Adopts a dividend on equity (DOE) ratio to ensure stable and continuous returns to shareholders. The dividend policy is to aim for a **DOE 4.0%** (from FY2021/12).
- Flexibly conduct** share buyback as a means of returning profits to shareholders.
- Anticipate a **dividend increase for six consecutive periods.**



Guidelines on dividend policy

tok Medium-Term Plan 2018
- Consolidated payout ratio of over 40% -

tok Medium-Term Plan 2021
-Based on consolidated DOE of 3.5% -

tok Medium-Term Plan 2021
-Based on consolidated DOE of 4.0% -

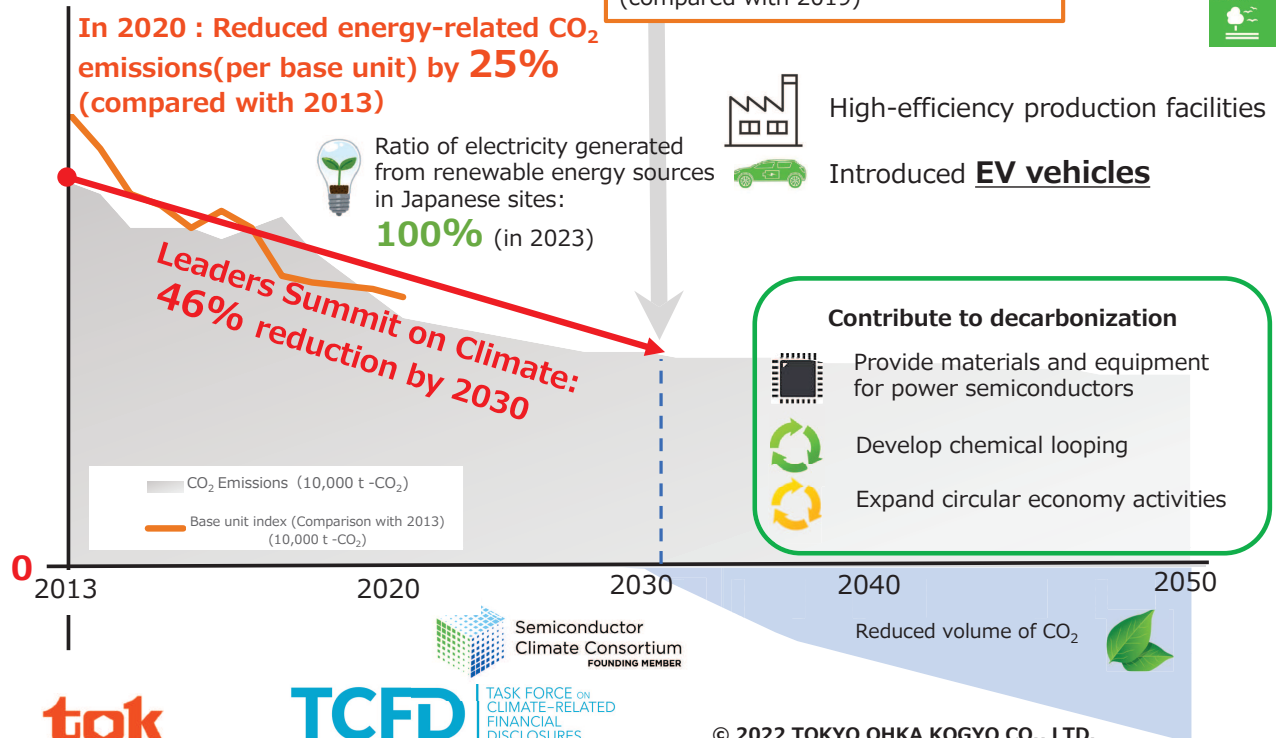
Toward Realization of Carbon Neutrality

~Challenges to achieve "net zero GHG emission" by 2050~



Toward Realization of Carbon Neutrality Challenges to achieve "net zero GHG emission" by 2050

TOK-J
CO₂ emissions
(Scope 1 + 2)



“The e-Material Global Company”
contributing to a sustainable future through Chemistry.

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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.

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