

# TOKYO OHKA KOGYO CO., LTD.

## Business Results

— The 1st Half of Fiscal Year ending Dec. 2022 —

Aug. 5, 2022

TOKYO OHKA KOGYO CO., LTD.

**tok**

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# Consolidated Business Results for 1<sup>st</sup> Half FY2022 (2022.1-2022.6)

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## Summary

03

(Millions of yen)

	FY2021/12 1H	FY2022/12 1H		
			Change	%
Net sales	64,808	84,711	+19,903	+30.7
Operating income	9,574	14,810	+5,236	+54.7
Ordinary income	10,052	15,353	+5,301	+52.7
Profit attributable to owners of parent	6,399	9,723	+3,324	+51.9
EBITDA	12,797	17,963	+5,166	+40.4

Average exchange rate (US\$) : ¥106.8/\$ (FY2021/12 1H) ⇒ ¥122.2/\$ (FY2022/12 1H)

- Net Sales : Increased 30.7% YoY due to increased sales of the material business segment bolstered by brisk semiconductor demand and foreign exchange gains.
- Operating income  
: Increased 54.7% YoY due to not only increased sales of high value-added products but also adjusted selling prices, foreign exchange gains.
- Profit attributable to owners of parent  
: Increased 51.9% YoY due to increased operating income.

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# Non-operating Expenses or Income/ Extraordinary Losses or Income

04

(Millions of yen)

	FY2021/12 1H	FY2022/12 1H	YoY
<b>Non-operating Expenses or Income</b>	<b>+477</b>	<b>+543</b>	<b>+66</b>
Interest and dividend income	+265	+315	+50
(Foreign exchange related losses/gains)	+194	+225	+31
Foreign exchange (loss) gain	+368	+553	+185
(Loss) gain on valuation of derivatives	(173)	(328)	(155)
<b>Extraordinary Losses or Income</b>	<b>(266)</b>	<b>(89)</b>	<b>+177</b>
Loss on sales and retirement of noncurrent assets	(67)	(89)	(22)
Environmental expenses	(200)	—	+200

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# Results by Business Segment

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(Millions of yen)

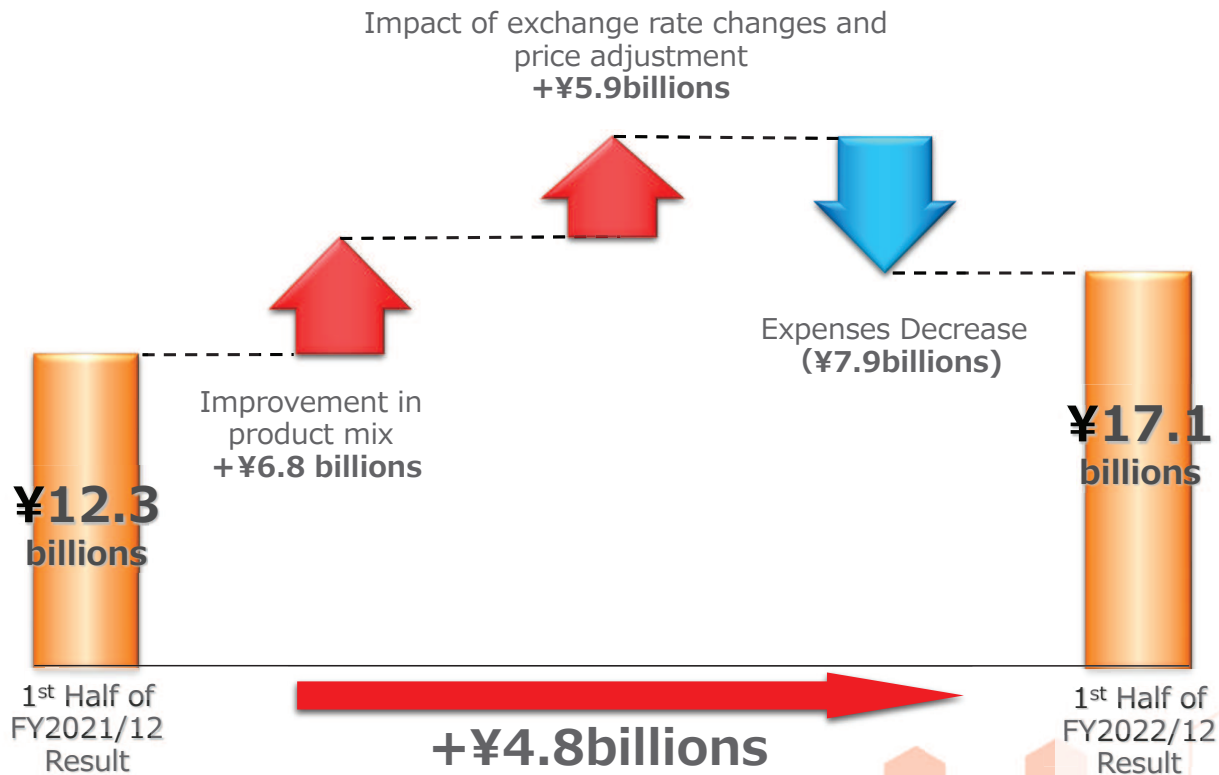
	FY2021/12 1H	FY2022/12 1H		
			Change	%
<b>Net sales</b>	<b>64,808</b>	<b>84,711</b>	<b>+19,903</b>	<b>+30.7</b>
Material business	63,937	82,256	+18,319	+28.7
Electronic functional materials	37,569	44,716	+7,147	+19.0
High purity chemicals	26,253	37,162	+10,909	+41.6
Other	114	378	+264	+231.4
Equipment business	870	2,454	+1,584	+182.0
<b>Operating income</b>	<b>9,574</b>	<b>14,810</b>	<b>+5,236</b>	<b>+54.7</b>
Material business	12,313	17,121	+4,808	+39.0
Equipment business	(225)	219	+444	—
Eliminations and corporate	(2,513)	(2,530)	(17)	—

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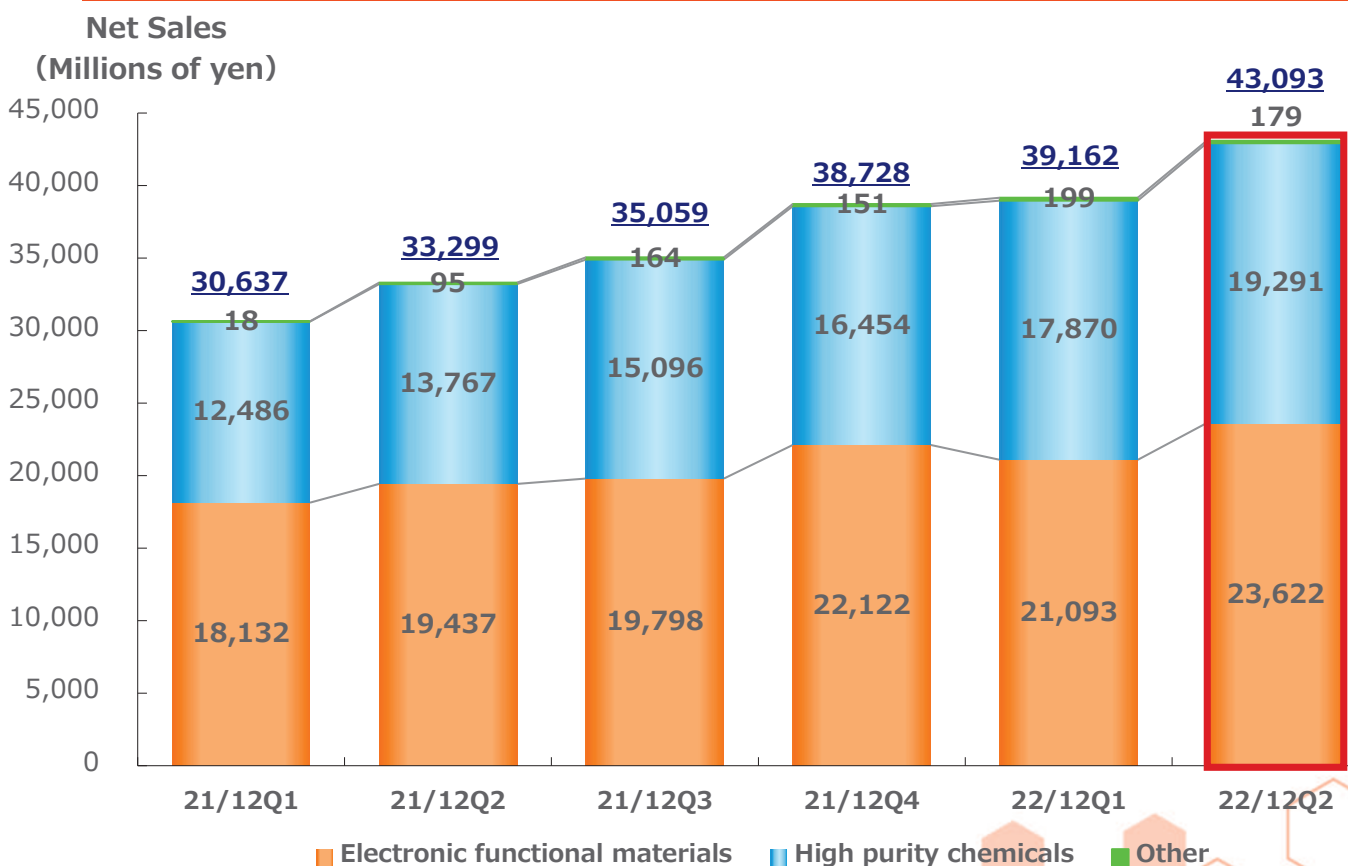
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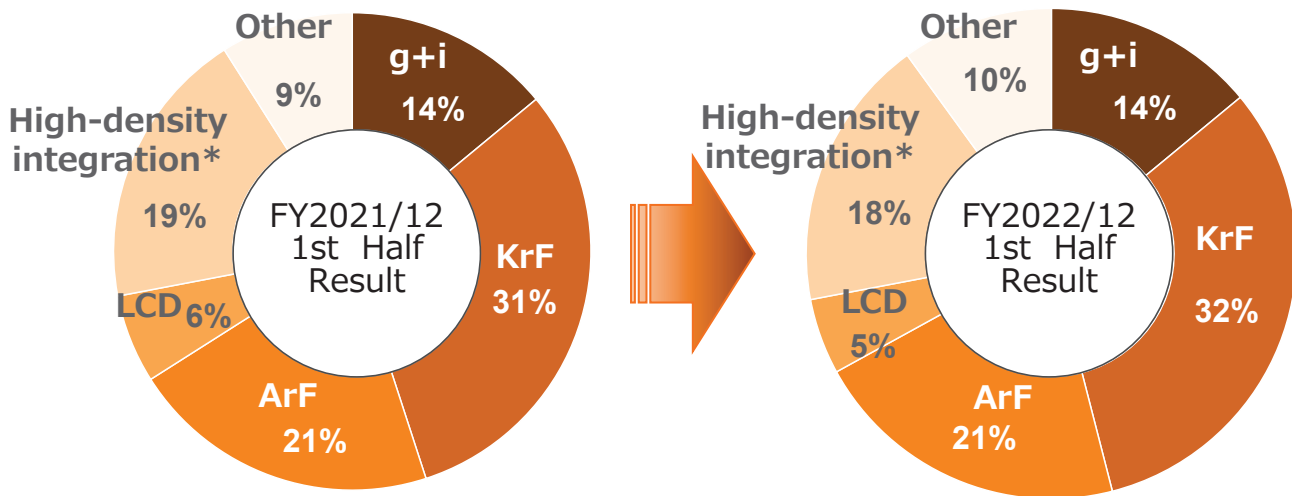
# Breakdown of the Change in Operating Income (Material Business)

## 1<sup>st</sup> Half of FY2021/12 Result v.s. 1<sup>st</sup> Half of FY2022/12 Result



# Sales Breakdown of Material Business





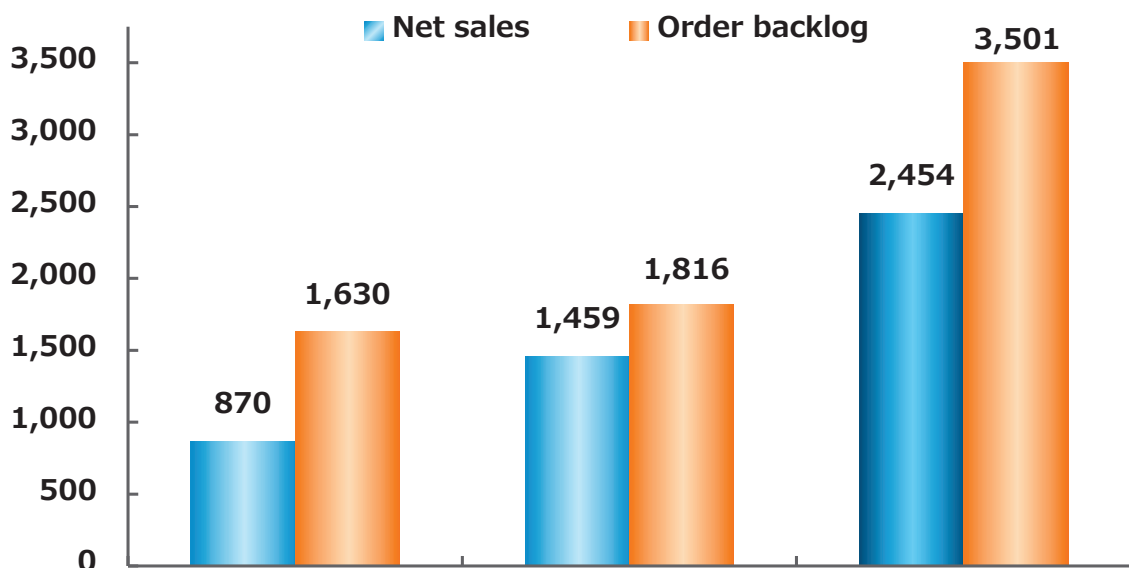
\* EUV is included in "Other".

\* High-density integration : Resist for Packaging, MEMS Materials



## Equipment Business

Net sales/Order backlog  
(Millions of yen)



(Millions of yen)	2021/12 1H	2021/12 2H	2022/12 1H
Year-end order backlog	1,535	2,331	3,900



(Millions of yen)

	FY2021/12 1H	FY2022/12 H	
		Change	%
Capital Investments	5,098	6,809	+1,711 +33.6
Depreciation	3,223	3,152	(71) (2.2)
R&D	4,768	5,217	+448 +9.4

\* Including intangible assets and other assets from FY2022.

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## Balance Sheets

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(Millions of yen)

	As of June 30, 2022	v.s. December 31, 2021	
<b>Current Assets</b>	<b>128,712</b>	<b>+9,829</b>	Buildings and structures +947 Machinery, equipment and vehicles (223) Tools, furniture and fixtures (20) Land +1,879 Construction in progress +3,190
Cash and deposits	58,310	+1,475	
Notes and accounts receivable	37,589	+3,694	
Inventories	25,484	+4,134	Investment securities (1,932)
Property, plant and equipment	62,763	+5,831	Short-term debt (3,900)
Intangible assets	1,103	+266	Long-term debt +3,706
Investments and other assets	38,715	(1,895)	
<b>Current Liabilities</b>	<b>39,867</b>	<b>+210</b>	Retained earnings +5,929 Treasury shares +427 Valuation difference on available-for-sale securities (1,315) Foreign currency translation adjustment +4,875
Notes and accounts payable	22,316	+3,066	
Long-Term Liabilities	16,165	+3,749	
<b>Total net asset</b>	<b>175,262</b>	<b>+10,072</b>	
<b>Total asset</b>	<b>231,295</b>	<b>+14,031</b>	

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(Millions of yen)

	FY2021/12 1H	FY2022/12 1H
Cash flows from operating activities	+7,959	+9,187
Income before income taxes and minority interests	+9,785	+15,264
Depreciation	+3,223	+3,152
Decrease (increase) in trade notes and accounts receivable	(2,663)	(1,516)
Decrease (increase) in inventories	(899)	(2,509)
Decrease (increase) in trade notes and accounts payable	+1,618	+1,921
Increase (decrease) in advances received	+15	+64
Income taxes paid	(2,805)	(4,726)
Cash flows from investing activities	(4,814)	(788)
Cash flows from financing activities	(5,125)	(5,664)
Translation adjustments	+1,040	+2,498
Net increase (decrease) in cash and cash equivalents	(939)	+5,232

Major breakdown  
Purchase of property, plant and equipment (4,304)  
Proceeds from withdrawal of time deposits +3,000

Major breakdown  
Dividends paid (incl. minority shareholders) (5,949)



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## Consolidated Performance Forecasts for FY2022 (2022.1-2022.12)



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# Earnings Forecasts (Full-year)

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(Millions of yen)

	FY2021/12	FY2022/12 Forecasts		
			Change	%
Net sales	140,055	171,800	+31,745	+22.7
Operating income	20,707	30,000	+9,293	+44.9
Ordinary income	21,664	31,000	+9,336	+43.1
Profit attributable to owners of parent	17,748	20,400	+2,652	+14.9
EBITDA	27,138	36,900	+9,762	+36.0
ROE	11.5%	12.4%	+0.9	-

Average exchange rate (US\$) : ¥109.0/\$ (FY2021/12) ⇒ ¥125.0/\$ (FY2022/12)

- Net Sales :Forecast to increase 22.7% YoY anticipating a drop in formula-based prices.
- Operating income
  - : Forecast to increase 44.9% YoY with a continued upward trend in profit in the second half of the FY despite the impact of increased raw material prices.
- Profit attributable to owners of parent
  - : Forecast to increase 14.9% YoY due to an increase in operating income despite a decrease in extraordinary income.

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# Performance Forecasts by Business Segment

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(Millions of yen)

	FY2021/12	FY2022/12 Forecasts		
			Change	%
Net sales	140,055	171,800	+31,745	+22.7
Material business	137,725	166,500	+28,775	+20.9
Electronic functional materials	79,491	92,700	+13,209	+16.6
High purity chemicals	57,804	72,700	+14,896	+25.8
Equipment business	2,329	5,300	+2,971	+127.5
Operating income	20,707	30,000	+9,293	+44.9
Material business	26,438	34,700	+8,262	+31.2
Equipment business	(290)	700	+990	-
Eliminations and corporate	(5,440)	(5,400)	+40	-



(Millions of yen)

	FY2021/12	FY2022 Forecasts		
			Change	%
Capital Investments*	8,488	18,500	+10,012	+117.9
Depreciation	6,430	6,900	+470	+7.3
R&D	9,800	11,200	+1,400	+14.3

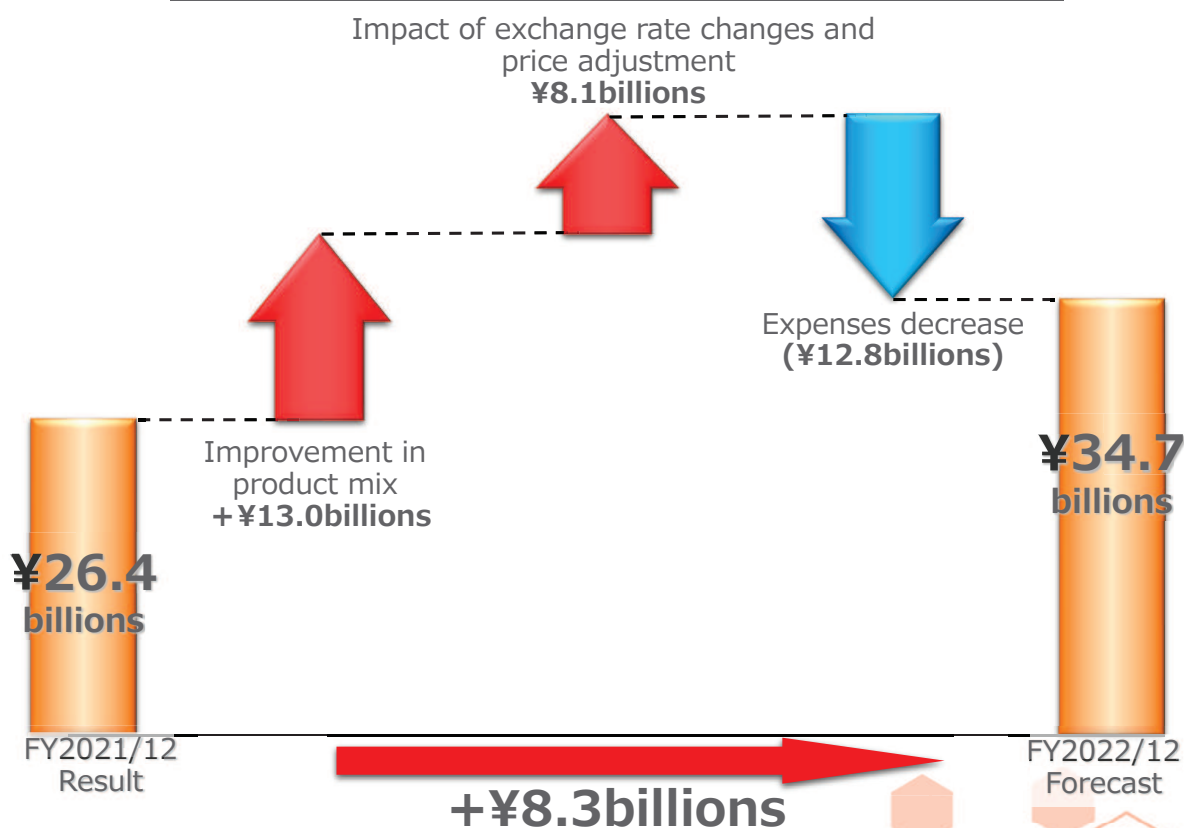
\* Including intangible assets and other assets from FY2022.



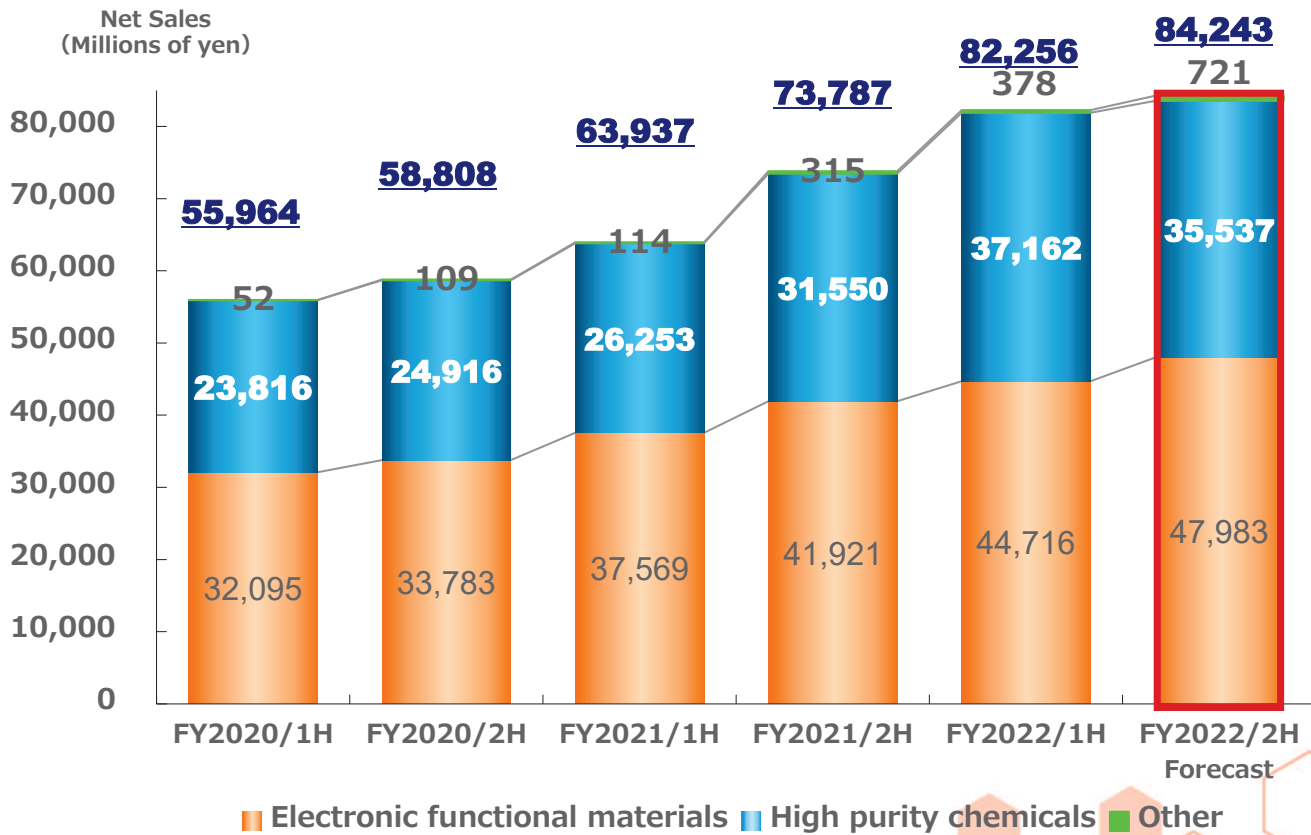
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## Breakdown of the Change in Operating Income (Material Business)

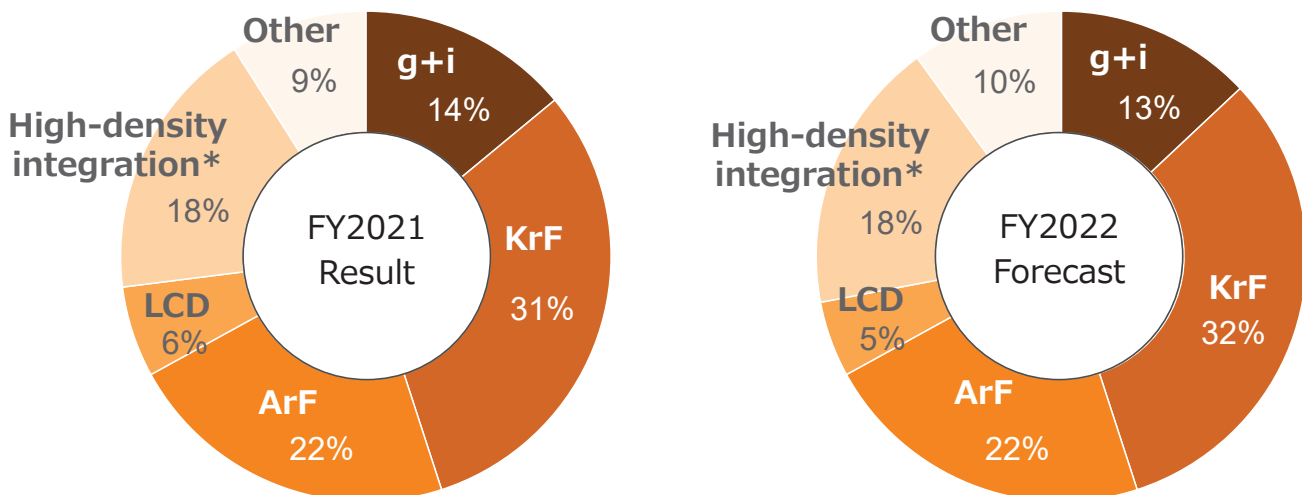
### FY2021/12 Result v.s. FY2022/12 Forecast



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# Electronic Functional Materials Division



\* EUV is included in "Other".

\* High-density integration : Resist for Packaging, MEMS Materials



# Initiatives in tok Medium-Term Plan 2024



## Features of the tok Medium-Term Plan 2024

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### “Boost up TOK!!” towards 2030

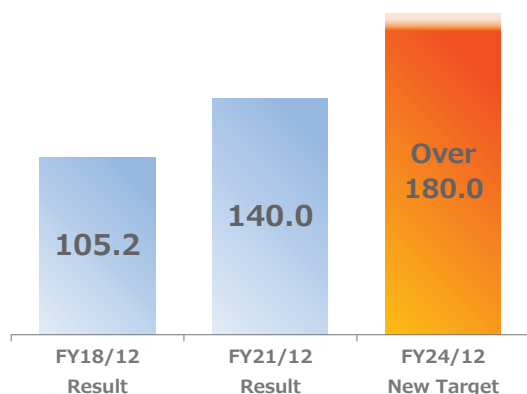
#### Performance Targets (FY24/12)

Net Sales	Over 180.0 billion yen
Operating Income	Over 27.0 billion yen
EBITDA	Over 35.0 billion yen
ROE	Over 8.0%

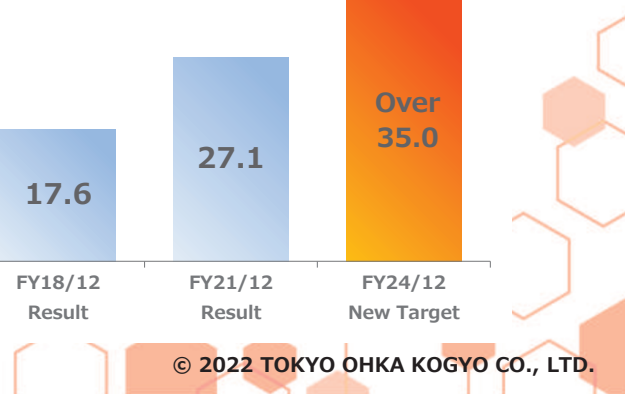
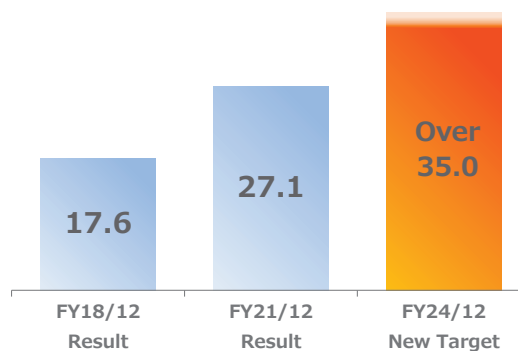
#### Management Vision (TOK Vision 2030)

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

Net sales (Billion yen)



EBITDA (Billion yen)



Progress as planned in addition to **accelerating decarbonization**



## 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



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

	Medium-Term Plan	Progress
<b>Semiconductor Photoresists</b>	Expand sales with a full lineup of products to meet <b>growing demand for semiconductors</b>	ArF/EUV: <b>Obtained good evaluations</b> for adopting new products KrF: <b>Sales do well</b> in cutting edge semi/ 3D-NAND and legacy semi g/i: <b>Sales remain strong</b> for legacy semi and other use
<b>High-density Integration Materials</b>	Rapidly develop products for the <b>cutting-edge packaging technologies</b>	<b>Packaging materials :</b> <b>Accelerate R&amp;D to establish a de facto standard</b> <b>MEMS materials :</b> Promote to <b>increase sales channels</b>
<b>High-Purity Chemicals</b>	Expand sales in Asia and North America in response to <b>the sophistication of semiconductor process</b> and <b>demand increase</b>	<b>Thinner: Introduced formula-based prices</b> <b>Clean Solution: Perform well</b>
<b>Equipment Business</b>	Aim for <b>sales expansion</b> by rapidly meeting market needs	<b>Order backlog: Progress as planned</b> <b>Materials related to WHS: Increase volume of sales</b>

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

Make aggressive capital investments as an **essential company in the semiconductor industry**

## Land purchase for new material business in Kumamoto

Plan a new production site for high purity chemicals

- KIKUCHI techno-park
- The surface area : 12.8ha



## Koriyama Plant

- Promote smart manufacturing
- Increase productive capacity
- Enhance quality control



## Gotemba Plant

- Promote smart manufacturing
- Increase productive capacity



## Sagami Operation Center

- Cutting-edge R&D facilities
- Enhance quality control
- Net zero carbon investments



## Aso Plant

- Promote smart manufacturing
- Increase productive capacity





## Enhance sustainable corporate value

Personnel system reform

Human resource development

Work-style reform

Improve employee engagement

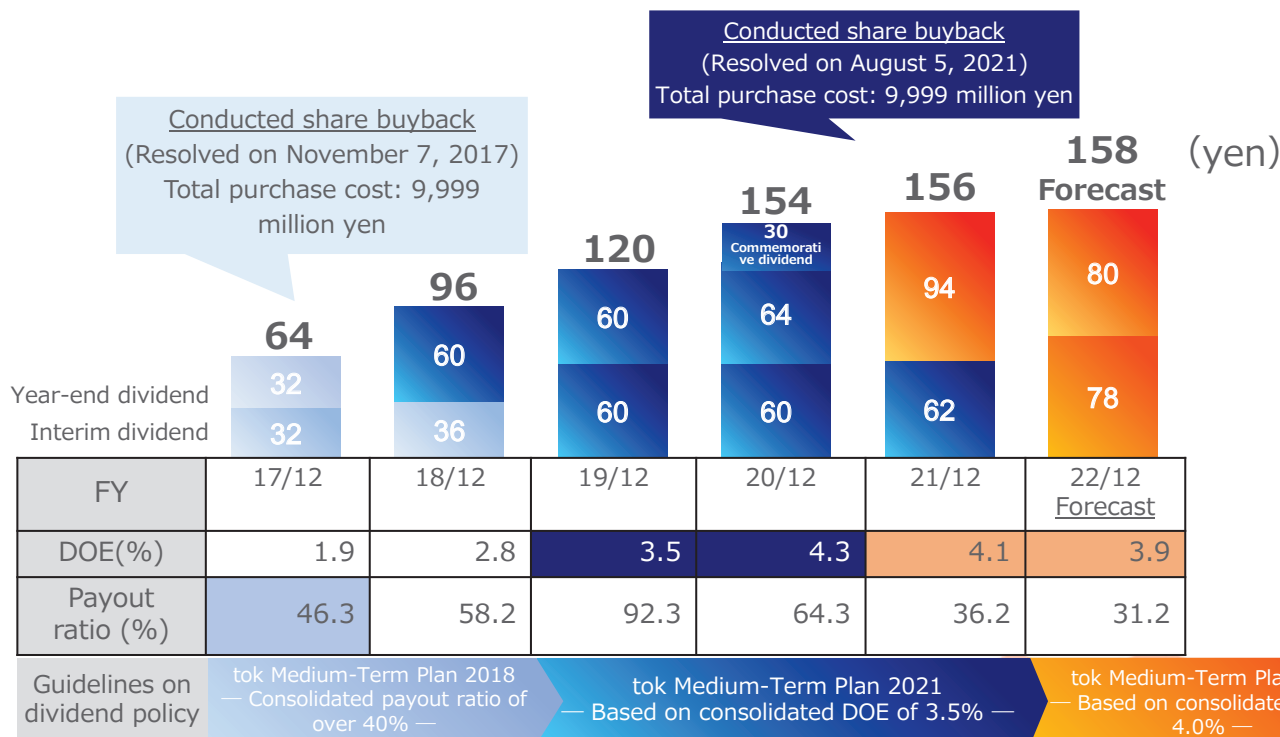
## Health and Productivity Management



# Build sound and efficient management foundation

## <Trends in Shareholder Returns and Dividends>

- Updated the dividend policy with the objective of steadily and continuously returning profits to shareholders ⇒ New dividend policy: Aim for **DOE of around 4.0%** (from FY21/12)
- **Flexibly conduct** share buyback as a means of returning profits to shareholders



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

# Boost up TOK!!

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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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EBITDA generated by a growth in semiconductor materials will be used for capital investment to prepare for demand growth in the semiconductor market and also flexibly allocate to shareholder returns after making sufficient growth investments.

## 3-year cash flow plan (image)

