Tokyo Ohka Kogyo Co., Ltd.

FY2025 Full-Year Financial Results Briefing – Q&A Summary

Date: February 9, 2026 (Mon), 16:00–17:30

Speakers:
- Noriaki Taneichi, Representative Director, President & CEO
- Kosuke Doi, Director, Senior Managing Executive Officer, Division Manager, Marketing Division
- Okikuni Takase, Executive Officer, Division Manager, Accounting and Finance Division

Q1: Please explain your thinking behind the year-on-year outlook for front-end and back-end processes for 2025–2026.

A1: In memory, demand remains firm, led by HBM, with stable growth in ArF and KrF photoresists. From the second half of 2025, EUV photoresists made a full-scale contribution to sales, resulting in approximately +50% year-on-year growth in 2025. For NAND applications, KrF photoresist demand is expected to increase significantly from the second half of 2025 through the first half of 2026 due to higher customer production volumes. In advanced logic, products for major foundry customers are performing well, while growth in legacy segments is limited due to slow utilization recovery.

In the packaging segment, driven by expanding generative AI demand, both packaging materials and WHS materials are growing significantly. Packaging materials play an important role in HBM DRAM stacking and 2.5D/3D logic structures. WHS materials are grown by approximately +40% year-on-year in 2025.

EUV photoresist sales are expected to grow at a double-digit rate year-on-year in 2026. Mass-production applications remain solid for GPUs and smartphones, and preparations are underway for increased production at advanced nodes, creating expectations for further market share expansion of us.

Selection for leading-edge nodes is entering the final stage. Through 2026, the customer will conduct process application evaluations. We expect to achieve a higher share than in the previous generation.

Q2: Do you expect clear market share expansion for EUV photoresists, KrF photoresists, and WHS materials from 2026 to 2027?

A2: KrF photoresists grew significantly in 2023–2024 following the launch of new factories in China, but growth is expected to moderate in 2026 as device yields improve. WHS materials are expected to continue growing due to expanded customers' production capacity.

Q3: Please explain the background of EUV photoresist revenue growth by DRAM and logic segments. At 2025 1H financial result briefing, we heard some customers evaluated some EUV lithography process to replace with ArF multi patterning.

A3: EUV photoresists continue to expand overall. In logic applications, customer utilization was subdued in the first half of 2025 but recovered in the second half. Sales to the customer for whom we command over 50% share doubled year-on-year from 2024 to 2025. HBM using our photoresists has entered the mass-production phase, contributing significantly to revenue, particularly among DRAM manufacturers.

The shift back from EUV to ArF has diminished and customers will introduce more EUV equipment, aggressively. Sales impact due to low market share in a generation will be continued in 2026. But, we had gotten higher market share in next generation. Therefore, this year is patient year.

Q4: High-purity chemicals are expected to show modest growth in 2026, even though it grew 20% in 2025. What is the background?

A4: Demand depends on market conditions and customers' factory utilization. In 2025, spot demand due to flushing for new facility was included. Growth in 2026 is expected to be modest as operations shift to mass production, but future new plant construction should drive renewed growth.

Q5: Are there any changes in pricing for high-purity chemicals?

A5: Some contracts are linked to crude oil prices, and recent declines in raw material prices will lead to lower selling prices, though profitability is maintained.

Q6: Which do you have higher expectations for: negative-tone SMR or positive-tone MOR? Will MOR compete with CAR products?

A6: We expect growth in both. Competitor's MOR is negative-tone and will be used for Line-and-space, while our MOR is positive-tone and it is used for Contact hole. Our MOR has shown favorable evaluation result from DRAM manufacturers, and we aim for adoption over the coming year. Our SMR has three features. 1st one is high EUV photon absorbance, 2nd one is high durability for etching and 3rd one is ability to form thin films with high resistance to pattern collapse. We aim to catch up by negative-tone SMR and positive-tone MOR. Since MOR is next generation of CAR, some process may be replaced by MOR , however, but total merit would be obtained.

Q7: Why is the contribution of sales growth and product mix to operating income so large from 2025 to 2026? How high value added products for Front-end and Back-end photoresist will be linked?

A7: Revenue is expected to increase by ¥24.0 billion from 2025 to 2026. Key factors behind the change in operating income include an impact of +¥16.9 billion from higher sales and an improved product mix, as well as an impact of -¥3.1 billion from foreign exchange fluctuations and pricing adjustments.
Operating expenses are expected to increase mainly due to higher personnel costs and depreciation.
Taking into account an additional ¥2.0 billion impact from inventory recognition, operating profit is forecast to reach ¥52.2 billion.

Q8: What are the factors behind quarterly fluctuations of operating income from 3Q to 4Q in 2025? We assume operating income could be decreased from 2H 2025 to 1H 2026. How do you expect operating income in 1Q and 2Q 2026?

A8: Taking into account inventory recognition, operating income increased by approximately +¥1.4 billion yen from 3Q to 4Q 2025. The increase was driven by a ¥1.6 billion positive impact from changes in sales

growth and product mix, as well as a ¥0.5 billion positive impact from foreign exchange movements, partially offset by a ¥0.7 billion negative impact from higher operating expenses.

Operating income is expected to decline slightly from 2H 2025 to 1H 2026. Exchange rates are roughly flat, but profits will decrease when the currency mix of not only US$ but also TWD, KRW, and RMB is taken into account. Adding in the negative factors of exchange rates, selling price adjustments, increased expenses, and inventory recognition, operating income for 1H 2026 is expected to be ¥24.3 billion. Overall, profits are expected to decline in 1Q due to seasonal factors and recovering in 2Q.

Q9: Operation income and EBITDA margin in 2025 are beyond the original targets of tok mid-term plan 2027. We assume they came from not only market demand, but also earning power of TOK was improved. What initiatives are driving these improvements?
A9: Since original tok mid-term plan adopted ¥135/$ as for exchange rate and it lead lower Sales target. With high value-added products were selected in customers, Sales was grown and cash generation is strengthening. We want to keep on improving ourselves without letting my guard down.

Q10: Is there upside or downside risk to revised targets of operating income and EBITDA?
A10: Depreciation will increase in 2026 as Aso Kumamoto-site will be operated in 2H 2026, new photoresist plant in Koriyama and high purity chemical plant in Pyeongtaek, South Korea will be operated in 2027. We already considered these depreciation costs. For EBITDA, we will gain earning power and EBITDA margin could reach 24.4%. As downside risk, local production in China was proceeded and we would be involved. With appealing TOK's adding value for consistent supply of high quality products, we expressed not using TOK's product could be risk.

Q11: What is the one-time profit from inventory recognition in 4Q 2025?
A11: Recently, R&D-related materials were increased and expense from the material become substantial. We recognized them as inventory and expense it when we consume from 4Q and recorded in BS.

Q12: Were they not sold to customers? Since R&D cost became expensive and it was recorded as inventory and was it recognized as profit?
A12: Yes, the costs were recognized as inventory rather than expensed when it incur.

Q13: What is the proportion of AI-related applications? In recent days, selling price for many products become high, however we heard mainly about price reduction from TOK. Do you have any plan to increase selling prices?
A13: In back-end materials, AI-related applications accounted for 55% and other 45% in 2025 and are expected to reach 60% for AI- related and 40% for others in 2026. For price increase, we made it for some products with some customers due to raw material cost and transportation cost increases.

Q14: How will increased EBITDA be allocated? In the cash allocation chart, cumulative EBITDA has been revised upward by approximately ¥30.0 billion compared with the previous plan. However, shareholder return is increased by only ¥4 billion. How TOK will use increased cash?
A14: Though growth investment said over ¥20 billion, it is temporary number. Priority will be given to growth investments such as R&D and M&A with shareholder returns considered thereafter.

Q15: Why does packaging material growth appear modest, even though major customers showed strong growth? Although TOK has a low share in memory-focused WHS materials, what is driving the outlook for increased WHS material sales?
A15: AIMECHATEC, whom we transferred our Equipment business, released their order backlog ¥45 billion in November 2025. When the equipment is installed and operated, our WHS materials will be used. Since current sales of WHS material is small, its growth rate will be high. Since we have majority share for advanced packaging materials, we expect Sales increase in 2027 as OSAT customers' capacity increase. Sales growth for advanced package in 2026 is expected +44%, but the other package is only +3.6%, therefore, total increase will be expected +15%.

Q16: What is the impact of semiconductor localization in China?
A16: For i-line photoresist, local suppliers already have enough technology, and they are challenging KrF, now. Since yield is crucial for photoresist, we will differentiate through quality and stable supply. Some customers in China increased their orders for adding more inventory from end of 2025. But it will be settled down in 2Q 2026.

Q17: What is the outlook for China-related sales in the second half of 2026?
A17: Though we cannot expect increase such as last year nor two years ago, technology of local suppliers for KrF and ArF photoresist cannot close to Japanese suppliers, we can expect stable increase in sales in China this year. Sales ratio for China will be stable.