

# TOKYO OHKA KOGYO CO., LTD. Business Results

-The Fiscal Year ended Dec. 2023-

Feb. 14, 2024

TOKYO OHKA KOGYO CO., LTD.



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# Summary for FY 2023

## FY2023/12 Results

- **Revised down** the full-year earnings forecasts.
- Net sales were **down 13.1 billion yen or 7.5% YoY** to **162.2 billion yen** due to a sharp downturn in the marketplace.
- Operating income, **down 7.4 billion yen or 24.8% YoY** to **22.7 billion yen**, significantly decreased due to **reduced sales** and **increased expense**.

## FY2024 Consolidated Forecasts

- Assumptions:  
Expect an increase in demand for various end products due to widespread penetration of **generative AI** and a **recovery of the semiconductor market** due to a decline in **the customers' product inventory level**.
- Expect **significant YoY growth in both revenue and profit** based on the current market situation, the usage status of our products and the launch of operation of a customer's new plant.  
**Net sales: 179.2 billion yen (up 10.4%), operating income: 26.8 billion yen (up 18.0%)**

## Shareholder Returns

- Under the dividend policy targeting 4.0% of a consolidated dividend on equity ratio, DOE, **the year-end dividend for FY2023 is 86 yen**. The annual dividend is forecast to be **168 Yen**. Expect **dividend growth of consecutive 6 years**.
- Both interim and year-end dividends for FY2024 are expected to be 29 yen, with the annual dividend of 58 yen. **The total dividend amount is expected to increase.**

\*For details, please see <Trends in Shareholder Returns and Dividends> in this document.



• The majority of the equipment business was transferred to AIMECHATEC, Ltd. on March 1, 2023.

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## Summary (Full-year)

(Millions of yen)

	FY2022/12	FY2023/12				Achievement rate
			Change	%	Revised forecasts	
Net sales	175,434	162,270	(13,164)	(7.5)	164,000	99.0
Electronic functional materials*	92,799	87,799	(4,999)	(5.4)	88,500	99.2
High purity chemicals*	77,565	71,992	(5,572)	(7.2)	73,600	97.8
Other*	5,069	2,477	(2,592)	(51.1)	1,900	130.4
Operating income	30,181	22,706	(7,475)	(24.8)	23,500	96.6
Ordinary income	30,966	24,260	(6,705)	(21.7)	25,000	97.0
Profit attributable to owners of parent	19,693	12,712	(6,981)	(35.4)	13,500	94.2
EBITDA	36,943	30,420	(6,523)	(17.7)	31,300	97.2
ROE	12.1%	7.2	(4.9)	—	7.7	—

\*Adjusted under the new segmentation for 2022/12.

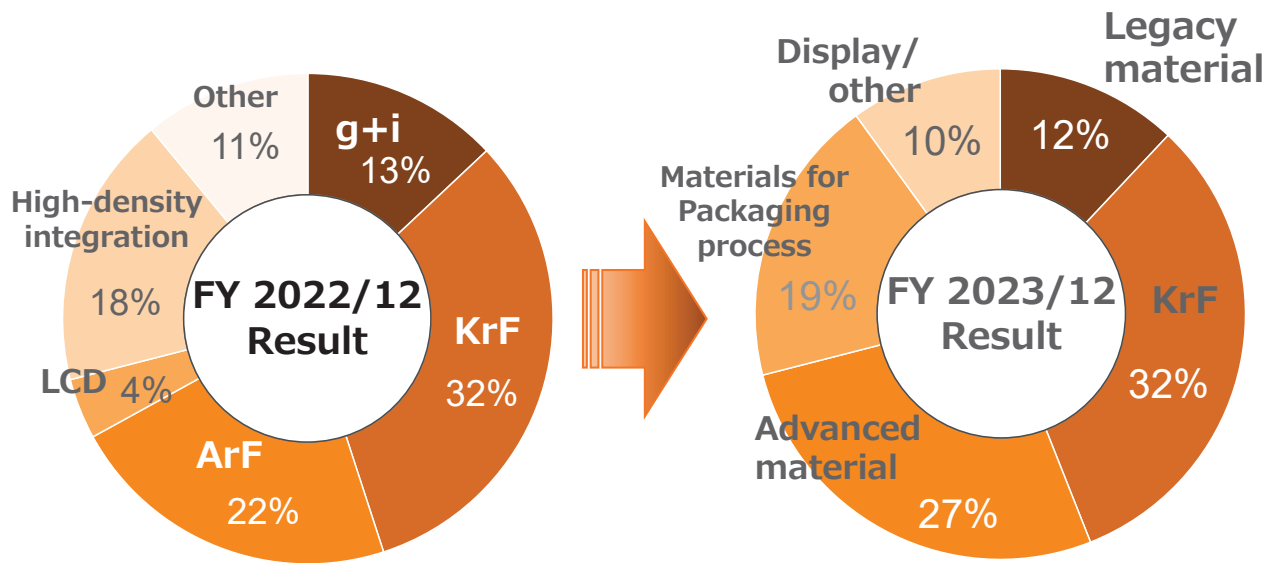
Average exchange rate (US\$) : ¥130.6/\$ (FY2022/12) ⇒ ¥140.3/\$ (FY2023/12)

- **Net sales:** Down 7.5% YoY due to production adjustment of semiconductors.
- **Operating income:** Down 24.8% YoY due to drop in sales and rise in costs.
- **Profit attributable to owners of parent:** Down 35.4% YoY due to business restructuring costs.



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# Electronic Functional Materials Division



\*1 Calculations for FY2022 are based on the old segments.

\*2 EUV resist 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 Materials for Packaging process

: Resist for Package · MEMS material · WHS\* related material

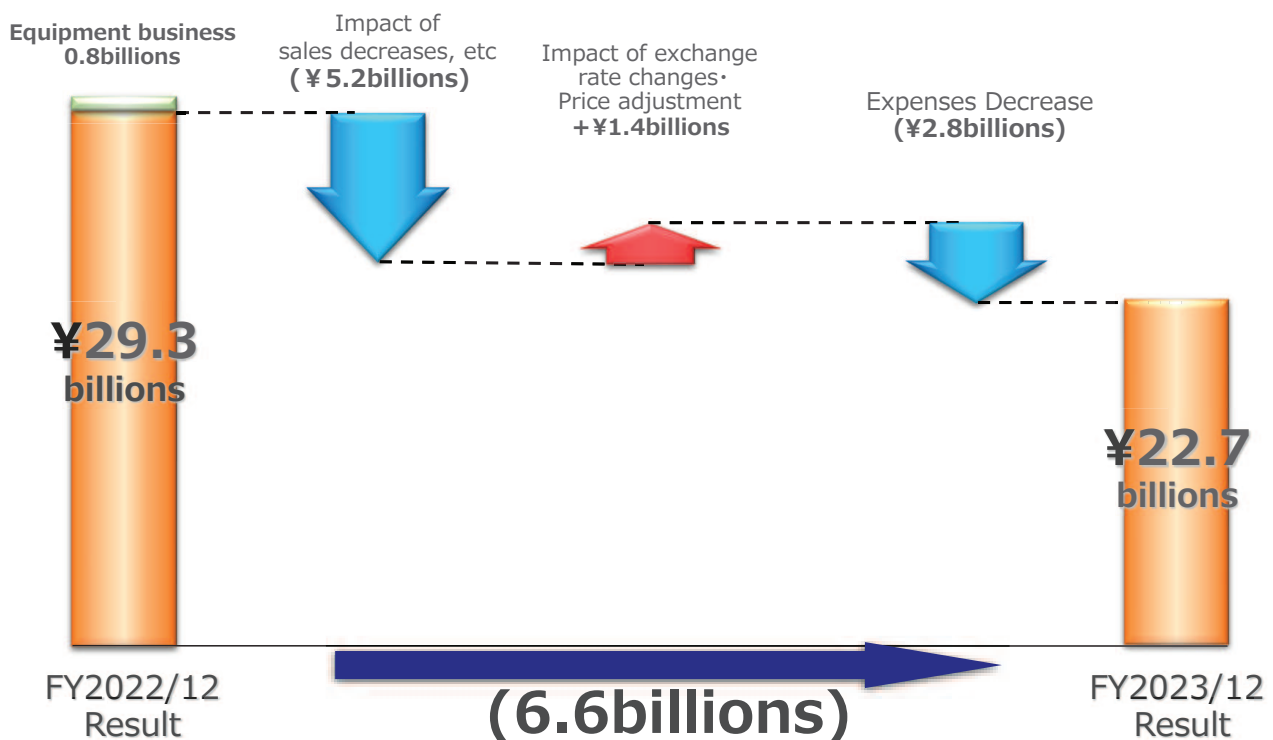
\*8 LCD are classified as display/others.

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## Breakdown of the Change in operating Income

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



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

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(Millions of yen)

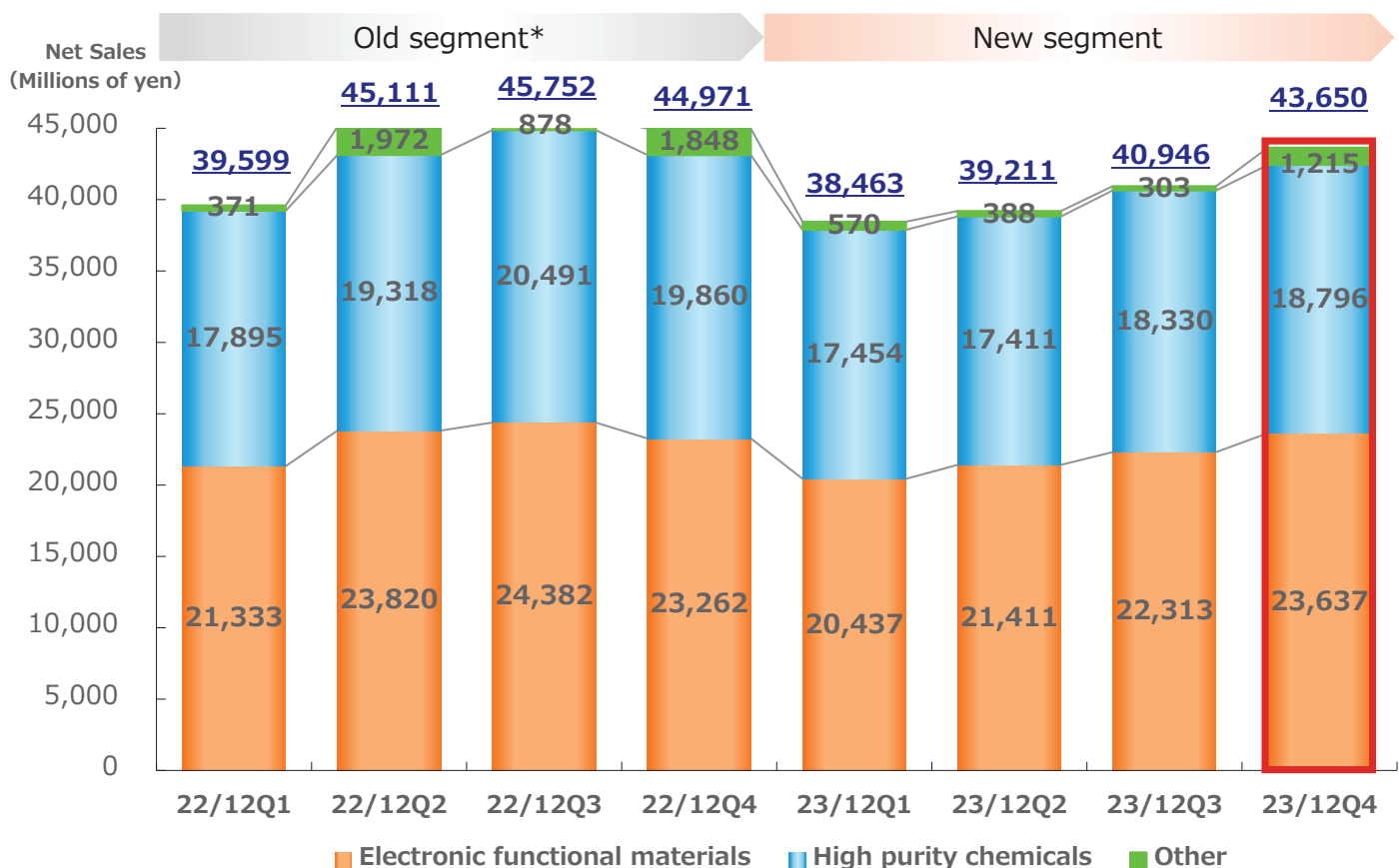
	FY2022/12	FY2023/12	YoY
Non operating Expenses or Income	+784	+1,553	+769
Interest and divided income	+644	+952	+307
(Foreign exchange related losses/gains)	(46)	+128	+175
Foreign exchange (loss) gain	+280	+198	(81)
(Loss) gain on valuation of derivatives	(326)	(69)	+257
Extraordinary Losses or Income	(176)	(2,342)	(2,166)
Gain on sale of non-current assets	+14	+220	+205
Loss on sale of stock of related company	—	(837)	(837)
Loss on sale of businesses	—	(1,720)	(1,720)



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## Sales Breakdown of Material Business

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\* Adjusted under the new segmentation for 2022/12. Other in 2022/12 includes net sales of the equipment business.



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(Millions of yen)				
	FY2022/12		FY2023/12	
			Change	%
Capital Investments	14,514	15,052	+537	+3.7
Depreciation	6,762	7,713	+951	+14.1
R&D	11,038	12,658	+1,619	+14.7

\* Including intangible assets and other assets from FY2022.



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Consolidated Performance  
Forecasts for FY2024  
(2024.1-2024.12)



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# Earnings Forecasts (Full-year)

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(Millions of yen)				
	FY2023/12		FY2024/12	
			Change	%
Net sales	162,270	179,200	+16,929	+10.4
Electronic functional materials*	87,799	97,900	+10,100	+11.5
High purity chemicals*	71,992	79,300	+7,307	+10.1
Other*	2,477	2,000	(477)	(19.3)
Operating income	22,706	26,800	+4,093	+18.0
Ordinary income	24,260	27,700	+3,439	+14.2
Profit attributable to owners of parent	12,712	17,600	+4,887	+38.4
EBITDA	30,420	35,100	+4,679	+15.4
ROE	7.2	9.3	+2.1	—

Average exchange rate (US\$) : ¥140.3/\$ (FY2023/12) ⇒ ¥135.0/\$ (FY2024/12)

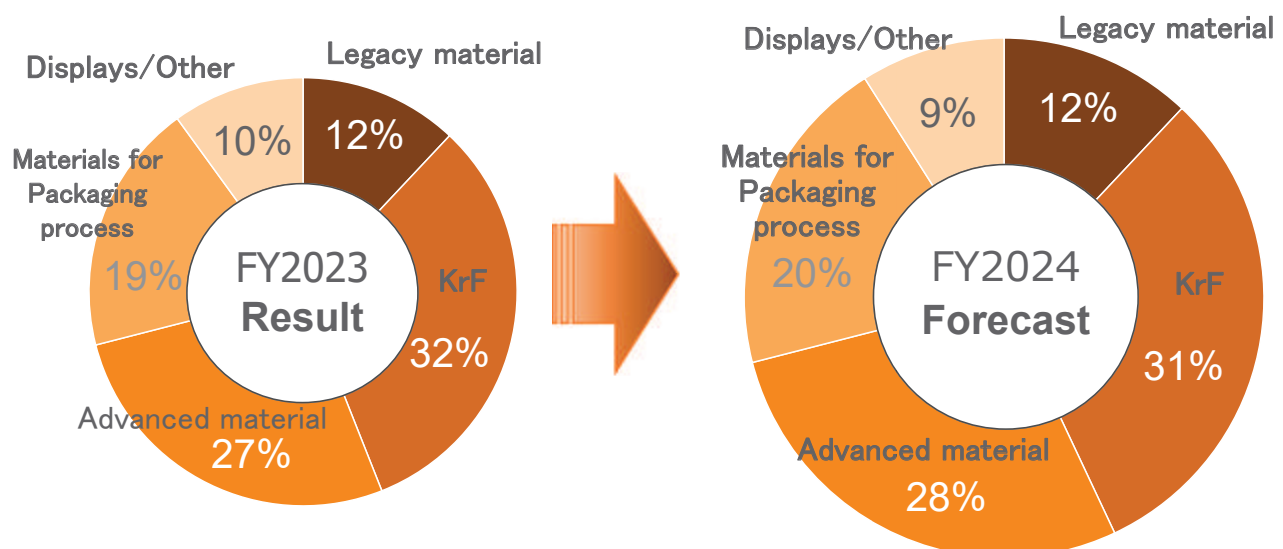
- **Net sales:** Forecast to increase 10.4% YoY in light of the usage status of our products and the recovery of market conditions.
- **Operating income:** Forecast to increase 18.0% YoY due to an increase in sales of high value-added products.
- **Profit attributable to owners of parent:** Forecast to significantly increase 38.4% YoY due to absence of business restructuring costs and an increase in operating income. Forecast to achieve highest net sales and second highest operating income.



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## Electronic Functional Materials Division



\*1 Legacy material : g/i-line resist, etc.,

\*2 Advanced material : ArF/EUV resist, etc.,

\*3 Materials for Packaging process

: Resist for Package • MEMS material • WHS\* related material

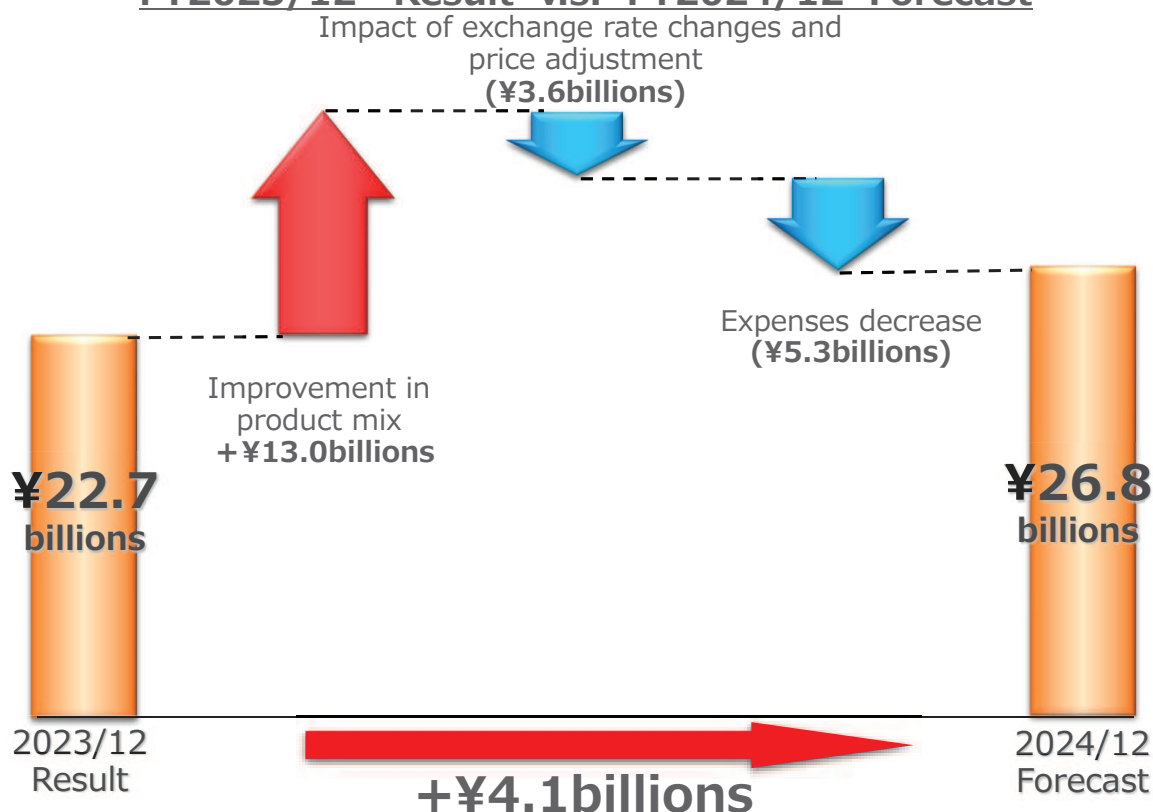


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# Breakdown of the Change in Operating Income

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## FY2023/12 Result v.s. FY2024/12 Forecast

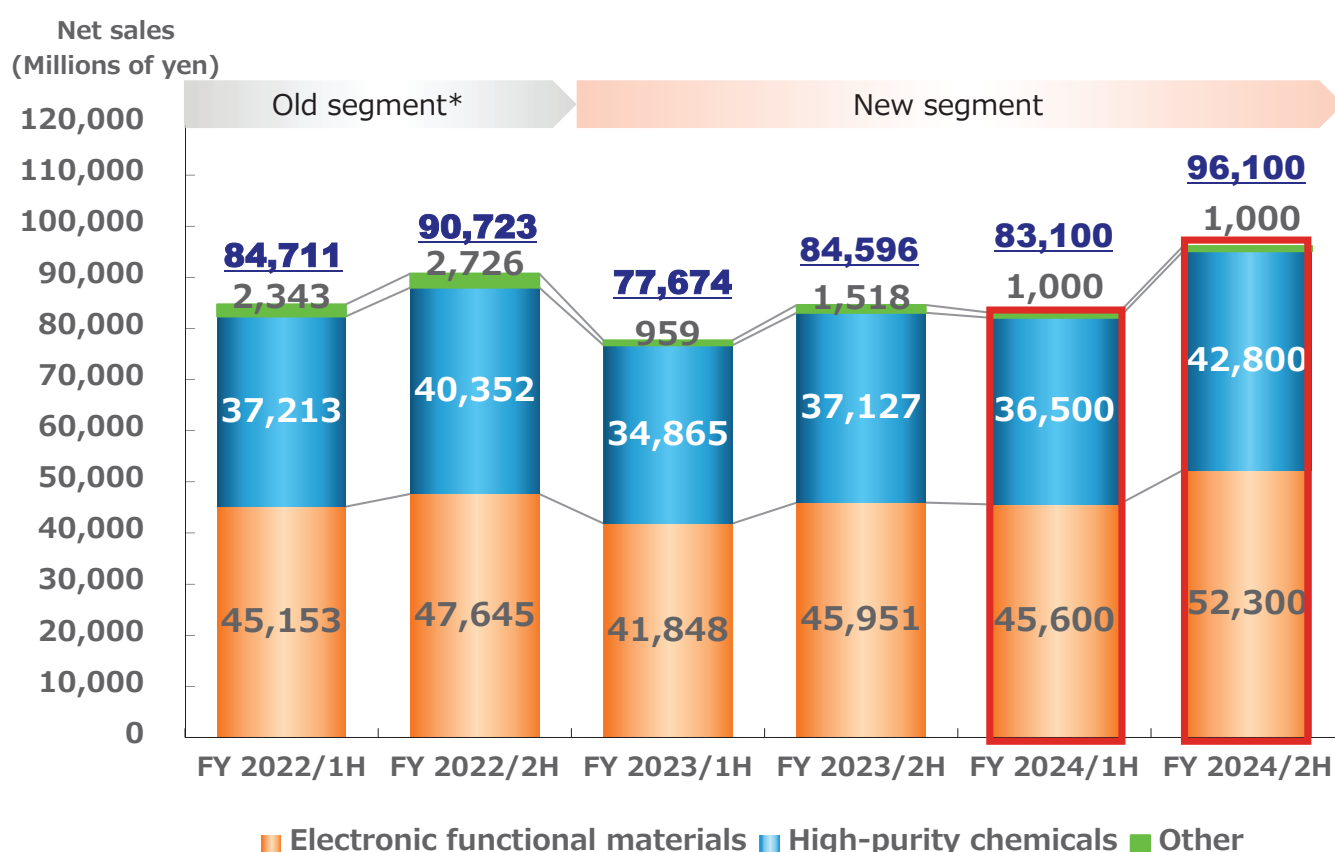


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## Sales Breakdown(Forecast)



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\* Adjusted under the new segmentation for 2022/12. Other in 2022/12 includes net sales of the equipment business.

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(Millions of yen)

		FY2024/12 Forecasts		
			Change	%
	FY2023/12			
Capital Investments	15,052	27,300	+12,247	+81.4
Depreciation	7,713	8,300	+586	+7.6
R&D	12,658	14,500	+1,841	+14.6



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Initiatives in TOK  
Medium Term Plan 2024



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# Society in 2030 ~TOK Vision 2030~

Contribute to a sustainable future **in the 4 areas**  
Aim for further growth



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## 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



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## Progress toward the Medium-Term Plan ① : Result

### ■ Performance Target

	FY2021 Result		FY2024 Target	FY2022 Result	FY2023 Result	FY2024 Forecast
Net sales	¥140.0 billion	➤	Over ¥180.0 billion	¥175.4 billion	¥162.2 billion	¥179.2 billion
Operating income	¥20.7 billion	➤	Over ¥27.0 billion	¥30.1 billion	¥22.7 billion	¥26.8 billion

- Aim to achieve the Medium-Term Plan targets through share expansion and an increase in sales of high value-added products.

EBITDA	¥27.1 billion	➤	Over ¥35.0 billion	¥36.9 billion	¥30.4 billion	¥35.1 billion
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- Make strategic investment with an aim to achieve "TOK Vision 2030." Continue to strengthen cash generating ability.

ROE	11.5%	➤	Over 8.0%	12.1%	7.2%	9.3%
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- Improve steadily through improvement of operating margin and promotion of shareholder returns and BS management.



\*The Medium-Term Plan targets are figures set forth in "tok Medium-Term Plan 2024" released on February 15, 2022, which includes the equipment business.

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## Progress toward the Medium-Term Plan ② : Result

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

(Billions of Yen)	tok Medium-Term Plan2024 the 3-year-cumulative total initially planned	3 years cumulative			
		Outlook	FY2022 Result	FY2023 Result	FY2024 Forecast
Capital Investments	600	568	145	150	273
Depreciation	220	227	67	77	83
R&D	330	381	110	126	145



## Accelerate strategic investment toward achieving "TOK Vision 2030"

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

- Invest to enhance quality control that enables to **increase production capacity**
- Start construction in 2H of 2023
- Scheduled to start operation in 1H of 2026



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

- Acquire a site for a new plant in Pyeongtaek, Gyeonggi Province. Maximize the synergy with the existing plants to prepare for the future business expansion.
- Start construction in 2027
- Scheduled to start operation in 2028



### TOK/Aso Plant, Aso Kumamoto Site (Japan)

- A **production facility for high-purity chemicals** is currently under construction.
- Scheduled to be completed in 1H of 2024
- Scheduled to start operation in 1H of 2025



### TOK/Koriyama Plant (Japan)

- Decided to **construct a new production building for photoresist**, the largest in Japan, that will achieve the world's best quality and highest production efficiency.
- Start construction in 2H of 2024
- Scheduled to start operation in 2H of 2026



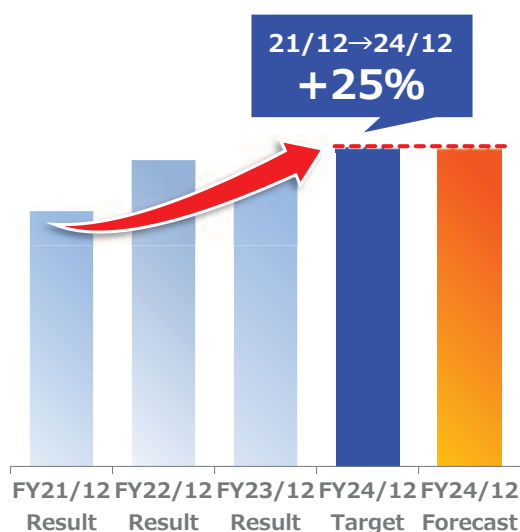
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## Progress toward the Medium-Term Plan ① :

## Electronic functional materials (Photoresist for semiconductor)

### Photoresist for semiconductor

#### Sales Result/Forecast/Target



### Advanced materials

The market share of our products is rising in the cutting-edge field including for generative AI.

### KrF

The market share of our products for semiconductors of new and older generations is rising, contributing in all four growth areas.

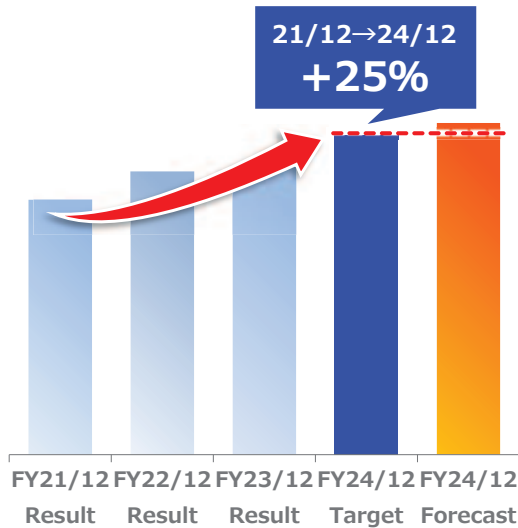
### Legacy materials

Sales are steadily growing in the "Sensing & IoT" field such as for automotive semiconductors and "Green Energy" field.

Note : Target for FY2024/12 are as of February 15, 2022, the date of the announcement of the "tok Medium-Term Plan 2024."



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**Electronic functional materials** (Materials for Packaging process)**Materials for Packaging process****Sales Result/Forecast/Target**■ **Packaging materials**

Demand for photoresist for cutting-edge packaging is increasing with the rise of generative AI. Our products' share is rising.

■ **MEMS materials**

Sales show steady growth.

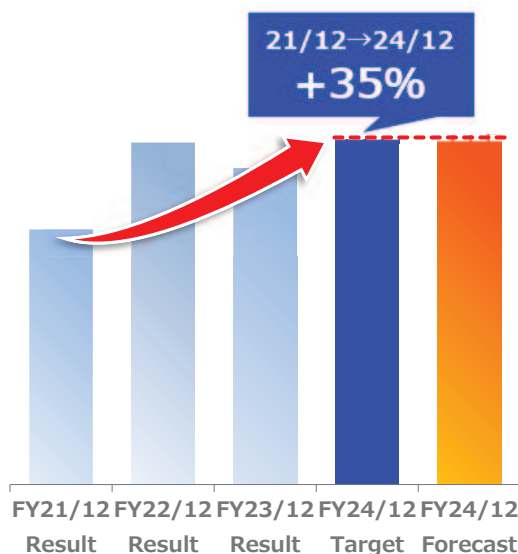
■ **WHS-related materials**

Aim at further growth in line with the growth of the 3D packaging market through the collaboration with AIMECHATEC.

Note : Target for FY2024/12 are as of February 15, 2022, the date of the announcement of the "tok Medium-Term Plan 2024."

21/12 and 22/12 actual results are for the old segment, 23/12 actual and 24/12 forecast are for the new segment.

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**High-purity chemicals****Sales Result/Forecast/Target**■ **Sales are expanding in Taiwan, China, and Japan.**■ **Demand for products for cutting-edge processes is on the rise.**

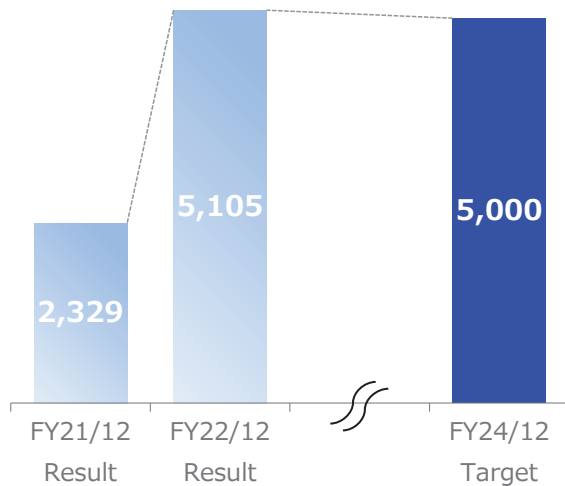
Note : Target for FY2024/12 are as of February 15, 2022, the date of the announcement of the "tok Medium-Term Plan 2024."

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Sales Result/Forecast/Target

(Millions of Yen)



- The majority of the equipment business was transferred to AIMECHATEC, Ltd. on March 1, 2023.

Note : Target for FY2024/12 are as of February 15, 2022, the date of the announcement of the "tok Medium-Term Plan 2024."



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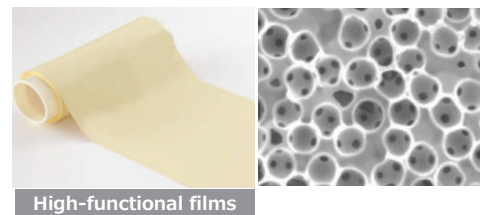
## New Business

25

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

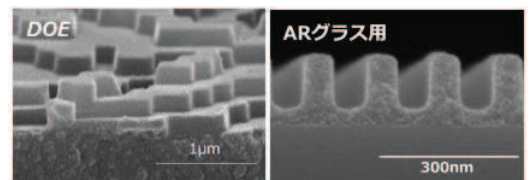
### High-functional materials

- Promoted the development of applications of high-functional films with high durability.
- Accelerated marketing of surface modifiers



### 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.



SIEVEWELL

# Leverage marketing function for rapid business expansion



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## Enhance sustainable corporate value

Personnel system reform

Human resource development

Work-style reform

Improve employee engagement

Introduced "Tokyo Ohka Global Employees Stockholding Association Plan"

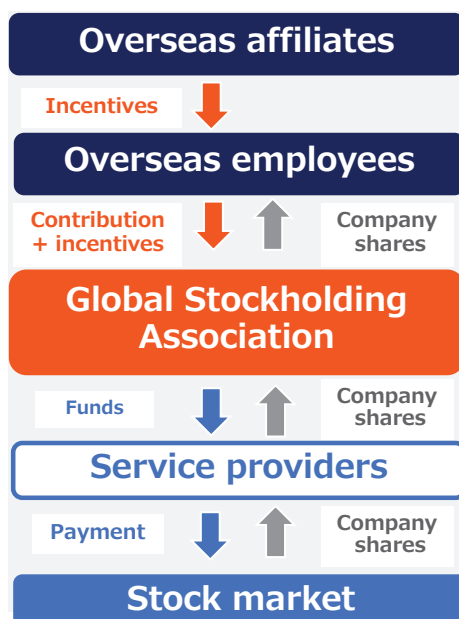


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## Tokyo Ohka Global Employees Stockholding Association Plan

Raise awareness among all TOK Group employees about the Company's shares and increase the incentive to work and participate in management with an aim to improve the Group's medium- to long-term corporate value

### Introducing the advanced Plan



### Expected effects of introduction of the Plan

- Returning the Company's profits to employees from the Group's perspective
- Balancing the TOK Group's welfare program
- Fostering unity as the Group

### Overview of the Plan

- The Tokyo Ohka Global Employees Stockholding Association Plan ("Plan") is a plan to support medium- to long-term asset building of officers and employees at global sites by allowing them to purchase the Company's shares periodically.
- Under the Plan, the Global Stockholding Association purchases the Company's shares by using funds collected from officers and employees at global sites through salary deduction.
- Each global site matches **10%** of the contribution by officers and employees.
- For the operation of the Plan, the Group uses multiple service providers to purchase the Company's shares.
- Sites which introduced or are scheduled to introduce the plan: US, Taiwan, South Korea, China, Singapore, the Netherlands, and France.

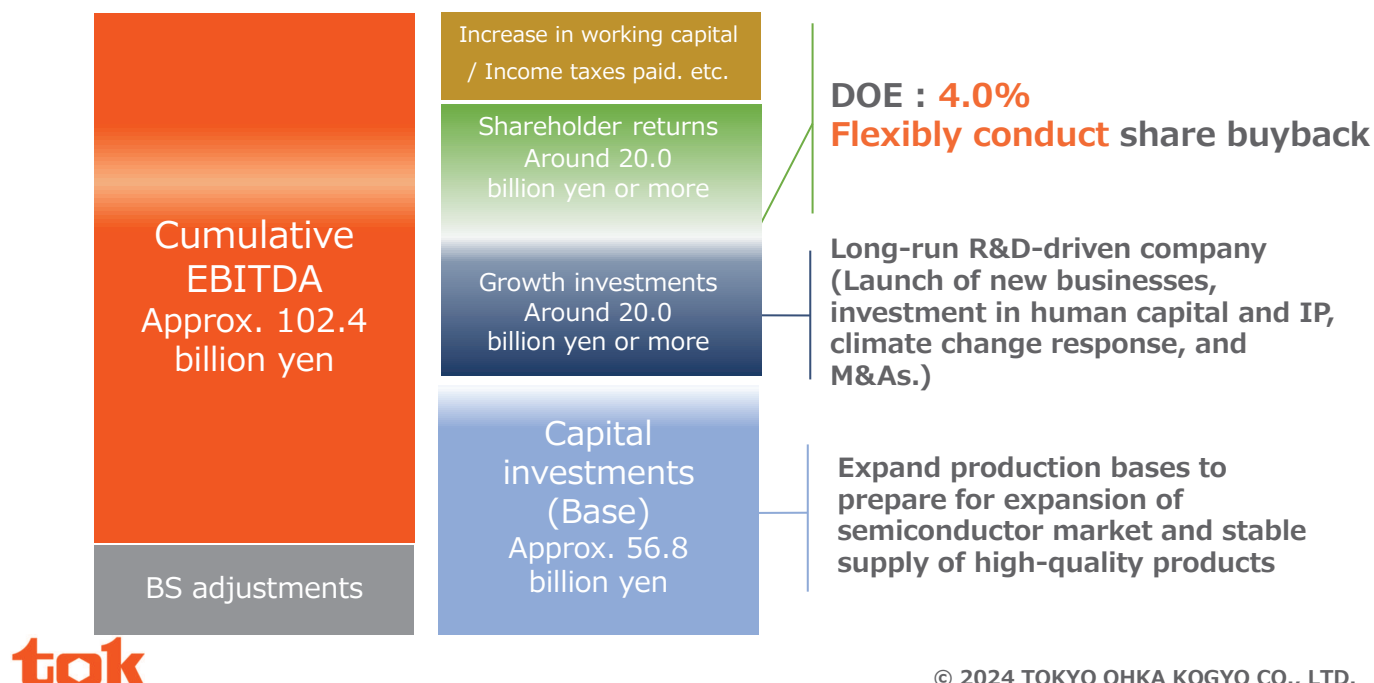


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# Outlook going forward (promotion of BS management)

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

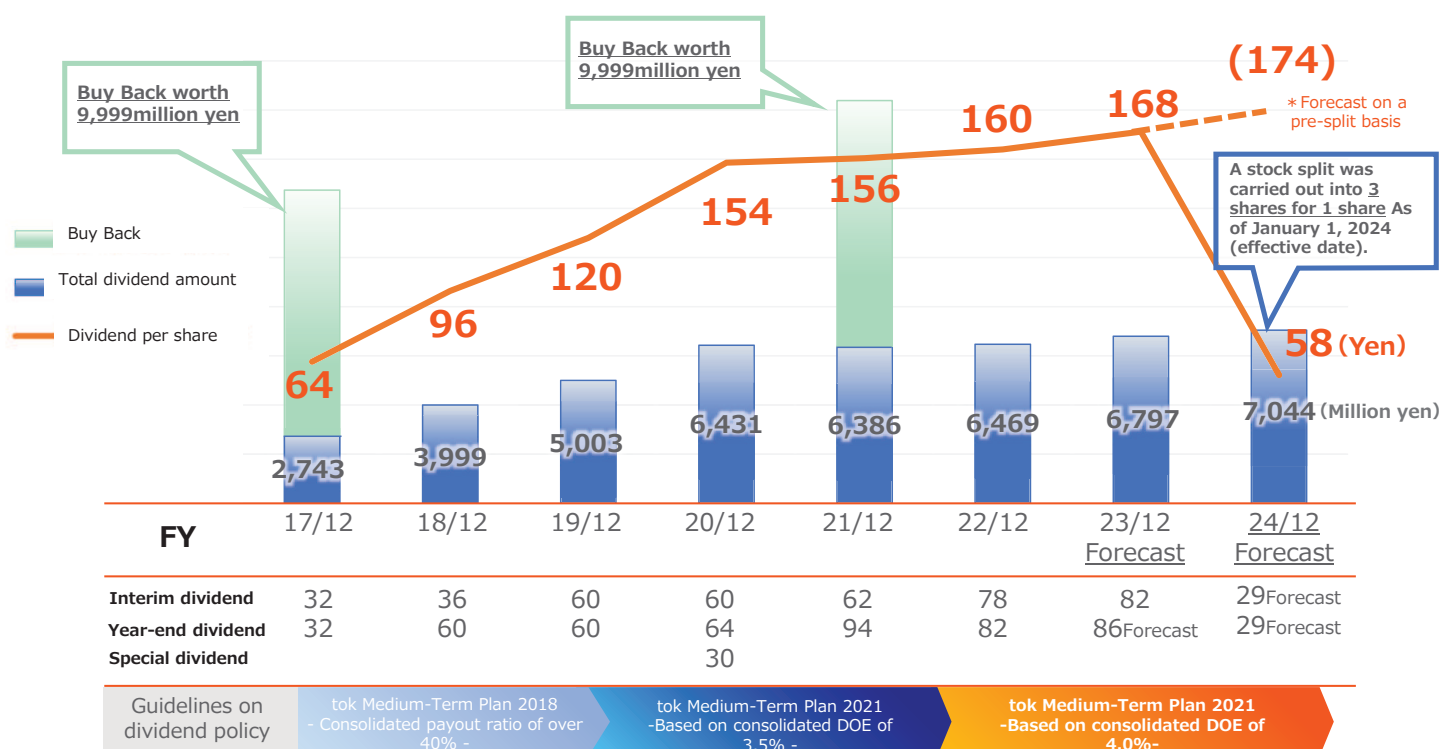
## 3-year cash flow plan (Landing zone image FY24/12)



## Build sound and efficient management foundation

### <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 conducts** share buyback as a means of returning profits to shareholders.



# Toward Realization of Carbon Neutrality

~Challenges to achieve “net zero GHG emission” by 2050~

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## Trends in R&D/ R&D to Sales Ratio

Conduct R&D aimed at capturing seeds toward the realization of a sustainable future

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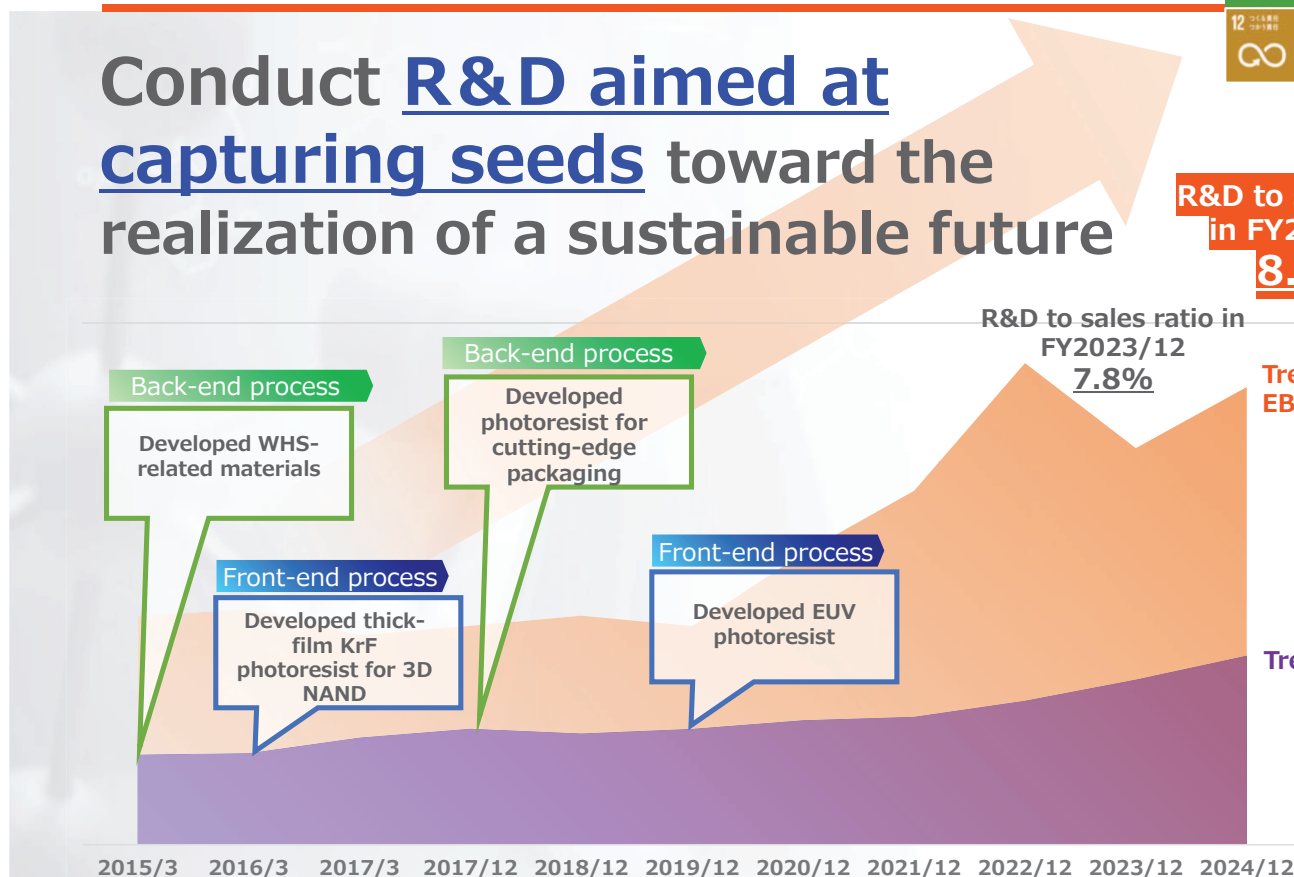


R&D to sales ratio  
in FY2024/12  
**8.1%**

R&D to sales ratio in  
FY2023/12  
**7.8%**

Trends in  
EBITDA

Trends in R&D



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(注) 2017/12は決算期変更により9カ月決算となるが、17/1～17/12（12カ月）暦年補正の数値を使用。

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## Challenges to achieve “net zero GHG emission” by 2050

TOK-J  
CO<sub>2</sub> emissions  
(Scope 1 + 2)

In 2020 : Reduced energy-related CO<sub>2</sub> emissions(per base unit) by **25%** (compared with 2013)

Ratio of electricity generated from renewable energy sources in Japanese sites:  
**100%** (in 2023)



High-efficiency production facilities

Introduced **EV vehicles**



**2030 Aim for reduction of CO<sub>2</sub> emissions**  
**30% reduction** (compared with 2019)

**Leaders Summit on Climate:**  
**46% reduction by 2030**

**Contribute to decarbonization**



Provide materials and equipment for power semiconductors



Develop chemical looping



Expand circular economy activities

0

2013

2020

2030

2040

2050

CO<sub>2</sub> Emissions (10,000 t -CO<sub>2</sub>)

Base unit index (Comparison with 2013)  
(10,000 t -CO<sub>2</sub>)

Reduced volume of CO<sub>2</sub>

CO<sub>2</sub>吸収

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**TCFD**

TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



Semiconductor  
Climate Consortium  
FOUNDING MEMBER

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

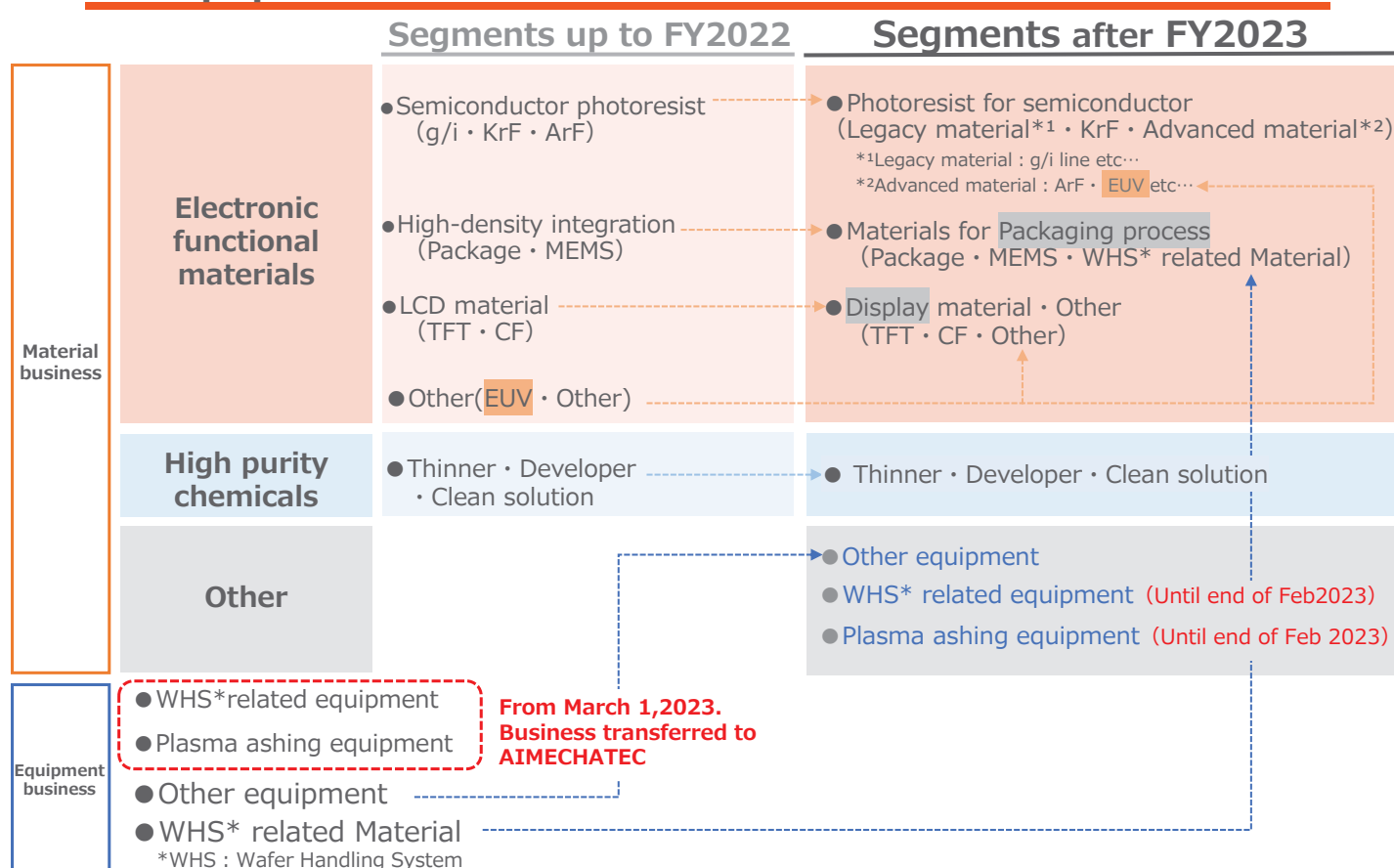
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# Appendix



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## Changes to segment disclosures following the transfer of the equipment business



# Balance Sheets

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(Millions of yen)				
	FY2023/12	YoY		
<b>Current Assets</b>	<b>134,328</b>	<b>+3,692</b>		
Cash and deposits	56,816	+1,445		
Notes and accounts receivable	33,898	(1,913)		
Inventories	33,083	+3,076		
Property, plant and equipment	73,235	+7,224		
Intangible assets	1,389	+93		
Investments and other assets	42,912	+2,778		
<b>Current Liabilities</b>	<b>38,627</b>	<b>(2,153)</b>		
Notes and accounts payable	20,331	(1,286)		
<b>Long-Term Liabilities</b>	<b>17,756</b>	<b>+1,423</b>		
<b>Total net asset</b>	<b>195,480</b>	<b>+14,520</b>		
<b>Total asset</b>	<b>251,864</b>	<b>+13,789</b>		

Buildings and structures +4,162  
Tools, furniture and fixtures +929  
Right-of-use assets (371)  
Construction in progress +2,087

Investment securities +6,669  
Long term deposit (6,000)  
Long term prepaid expenses +1,392

Notes payable and accounts payable (1,286)  
Income taxes payable (1,916)  
Unearned income +832

Long term deposit [received] (421)  
Long term lease obligations (394)  
Deferred tax liabilities +2,620

Retained earnings +6,079  
Valuation difference on available-for-sale securities +4,479  
Foreign currency translation adjustment account +2,726



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# Cash Flows

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(Millions of yen)				
	FY2022	FY2023		
<b>Cash flows from operating activities</b>	<b>+18,991</b>	<b>+17,210</b>		
Income before income taxes and minority interests	+30,790	+21,918		
Depreciation	+6,762	+7,713		
Interest and dividend income	(644)	(952)		
Foreign exchange (gains) losses	(1,066)	(725)		
Loss on sale of businesses	—	1,720		
Income taxes paid	(8,557)	(7,558)		
<b>Cash flows from investing activities</b>	<b>(12,383)</b>	<b>(9,378)</b>		
<b>Cash flows from financing activities</b>	<b>(8,610)</b>	<b>(7,376)</b>		
<b>Translation adjustments</b>	<b>+1,389</b>	<b>+1,475</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(612)</b>	<b>+1,931</b>		

Major breakdown

Purchase of property, plant and equipment (14,712)  
Proceeds from withdrawal of long-term deposits(Net) +6,000  
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation (2,012)

Major breakdown

Proceeds from short-term borrowings +482  
Dividends paid (6,628)  
Dividends paid to non-controlling interests (1,163)



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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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