

# TOKYO OHKA KOGYO CO., LTD. Business Results

-The 1<sup>st</sup> half of Fiscal Year ending Dec. 2024-

August 7, 2024

TOKYO OHKA KOGYO CO., LTD.



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# Summary for 1H of FY2024

## FY2024 1H Results

- Revised upward the 1H earnings forecasts (July 26, 2024).
- Net sales were up 17.0 billion yen or 22.0% YoY to 94.7 billion yen, a significant increase due to a recovery of the semiconductor market backed by increased demand for generative AI and for the Chinese market, and the impact of exchange rate changes.
- Operating income was up 2.5 billion yen or 23.3% YoY to 13.4 billion yen, a significant increase due to increased sales and the impact of exchange rate changes.

## FY2024 Consolidated Forecasts

- Revised upward the full-year earnings forecasts (July 26, 2024).
- Assumptions:  
Expect an increase in demand for our products due to widespread penetration of generative AI and an increase in demand for the Chinese market.
- 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 customers' new plants.  
Net sales: 193.4 billion yen (up 19.2%),  
Operating income: 29.3 billion yen (up 29.0%)

## Shareholder Returns

- Under the dividend policy targeting 4.0% of a consolidated dividend on equity ratio, DOE, the interim dividend is 29 yen. The annual dividend is forecast to be 58 yen.
- Maintain the forecast of dividend growth of consecutive 7 years.



(Note) The Company conducted a 3-for-1 stock split for common shares on January 1, 2024.  
Dividend forecasts for FY2024 reflect the effect of the stock split.

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# Summary(FY2024 1H)

(Millions of yen,%)

	FY2023 1H	FY2024 1H				
			Change	%	Initial Forecast	Progress (%)
Net sales	77,674	94,736	+17,062	+22.0	83,100	114.0
Electronic functional materials	41,848	51,360	+9,511	+22.7	45,600	112.6
High purity chemicals	34,865	42,475	+7,609	+21.8	36,500	116.4
Other	959	900	(58)	(6.1)	1,000	90.1
Operating income	10,904	13,443	+2,538	+23.3	11,100	121.1
Ordinary income	11,806	14,110	+2,303	+19.5	11,600	121.6
Profit attributable to owners of parent	5,355	9,143	+3,788	+70.7	6,800	134.5
EBITDA	14,691	17,570	+2,879	+19.6	15,100	116.4

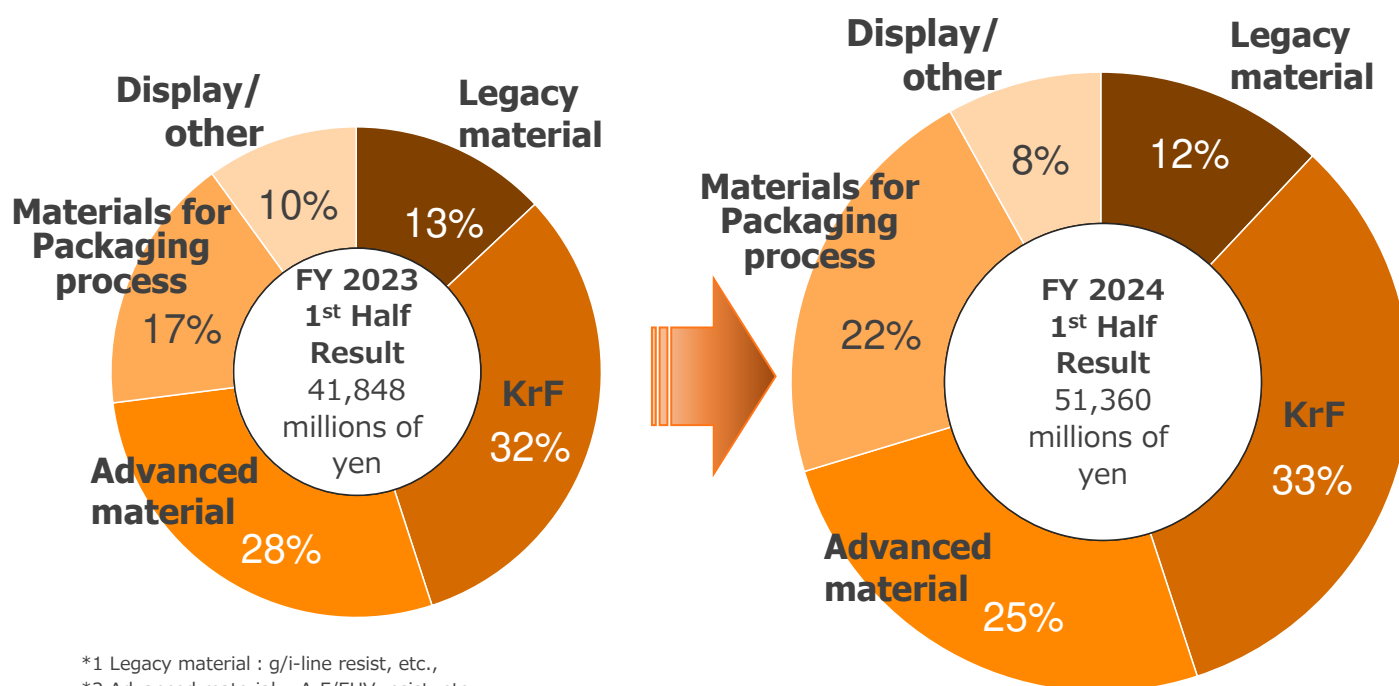
Average exchange rate (US\$) : ¥134.2/\$ (FY2023 1H) ⇒ ¥151.5/\$ (FY2024 1H)

- Net sales: Up 22.0% YoY due to a recovery of the semiconductor market backed by increased demand for generative AI and growth of Chinese market, and the impact of exchange rate changes.
- Operating income: Up 23.3% YoY due to increased sales and the impact of exchange rate changes.
- Profit attributable to owners of parent: Up 70.7% YoY due to increased operating income and an absence of business restructuring costs recorded last year.



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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

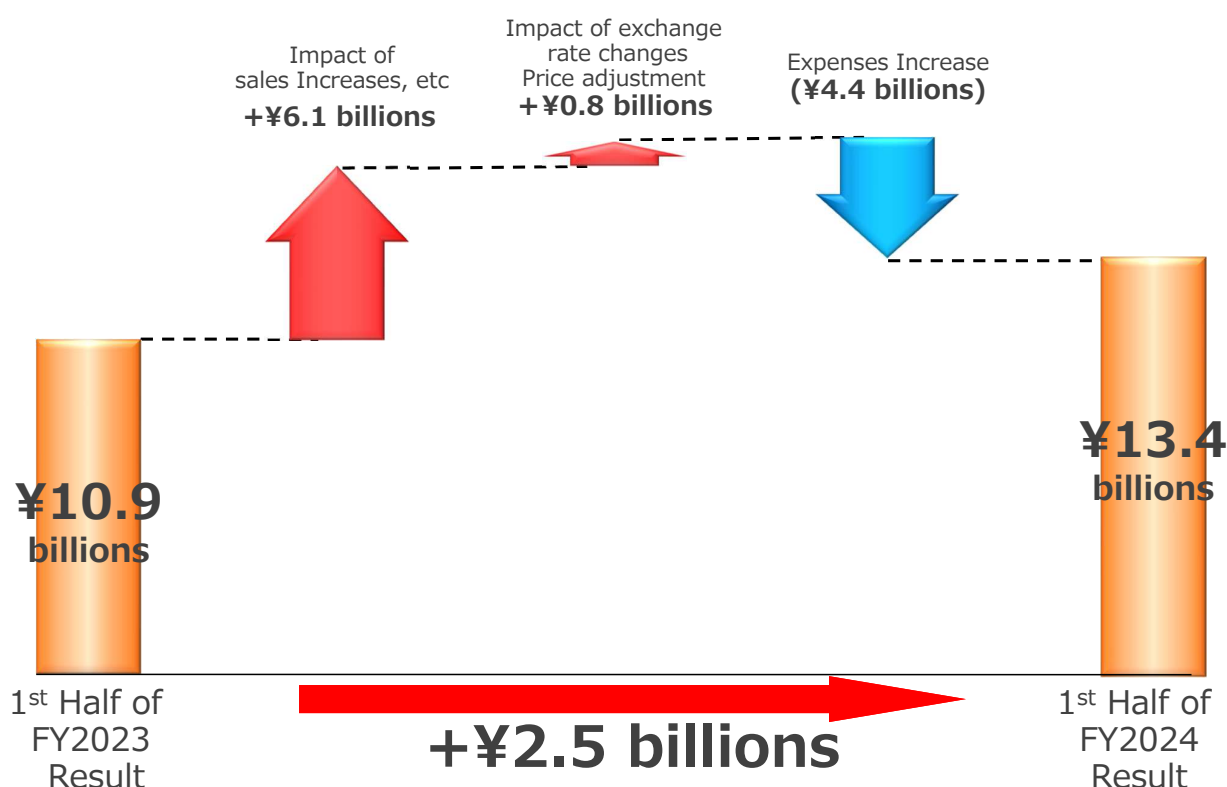
: Resist for Package • MEMS material • WHS\* related material



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## Breakdown of the Change in operating Income

### 1st Half of FY2023 Result vs. 1st Half of FY2024 Result



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

(Millions of yen)

	1H FY2023	1H FY2024	Change
<b>Non operating Expenses or Income</b>	<b>+902</b>	<b>+666</b>	<b>(235)</b>
Interest and divided income	+433	+474	+40
(Foreign exchange related losses/gains)	+302	+23	(279)
(Loss) gain on valuation of derivatives	+370	+73	(296)
Derivatives	(67)	(50)	+16
<b>Extraordinary Losses or Income</b>	<b>(1,504)</b>	<b>+682</b>	<b>+2,187</b>
Gain on change in equity	-	+185	+185
Gain on sale of non-current assets	+219	+12	(206)
Gain on sale of investment securities	-	+508	+508
Loss on retirement of non- current assets	(47)	(23)	+23
Loss on sale of businesses	(1,720)	-	+1,720



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## Consolidated Performance Forecasts for FY2024 (2024.1-2024.12)



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# Earnings Forecasts (Full-year)

(Millions of yen,%)

	FY2023	FY2024				
		Revisions of Forecasts	Change	%	Initial forecast	Progress (vs. initial forecast)
<b>Net Sales</b>	<b>162,270</b>	<b>193,400</b>	<b>+31,129</b>	<b>+19.2</b>	<b>179,200</b>	<b>+7.9</b>
Electronic functional materials	87,799	105,500	+17,700	+20.2	97,900	+7.8
High purity chemicals	71,992	86,100	+14,107	+19.6	79,300	+8.6
Others	2,477	1,800	(677)	(27.3)	2,000	(10.0)
<b>Operating income</b>	<b>22,706</b>	<b>29,300</b>	<b>+6,593</b>	<b>+29.0</b>	<b>26,800</b>	<b>+9.3</b>
<b>Ordinary income</b>	<b>24,260</b>	<b>30,400</b>	<b>+6,139</b>	<b>+25.3</b>	<b>27,700</b>	<b>+9.7</b>
<b>Profit attributable to owners of parent</b>	<b>12,712</b>	<b>19,800</b>	<b>+7,087</b>	<b>+55.8</b>	<b>17,600</b>	<b>+12.5</b>
<b>EBITDA</b>	<b>30,420</b>	<b>37,700</b>	<b>+7,279</b>	<b>+23.9</b>	<b>35,100</b>	<b>+7.4</b>
<b>ROE</b>	<b>7.2</b>	<b>10.3</b>	<b>+3.1</b>	<b>—</b>	<b>9.3</b>	<b>—</b>

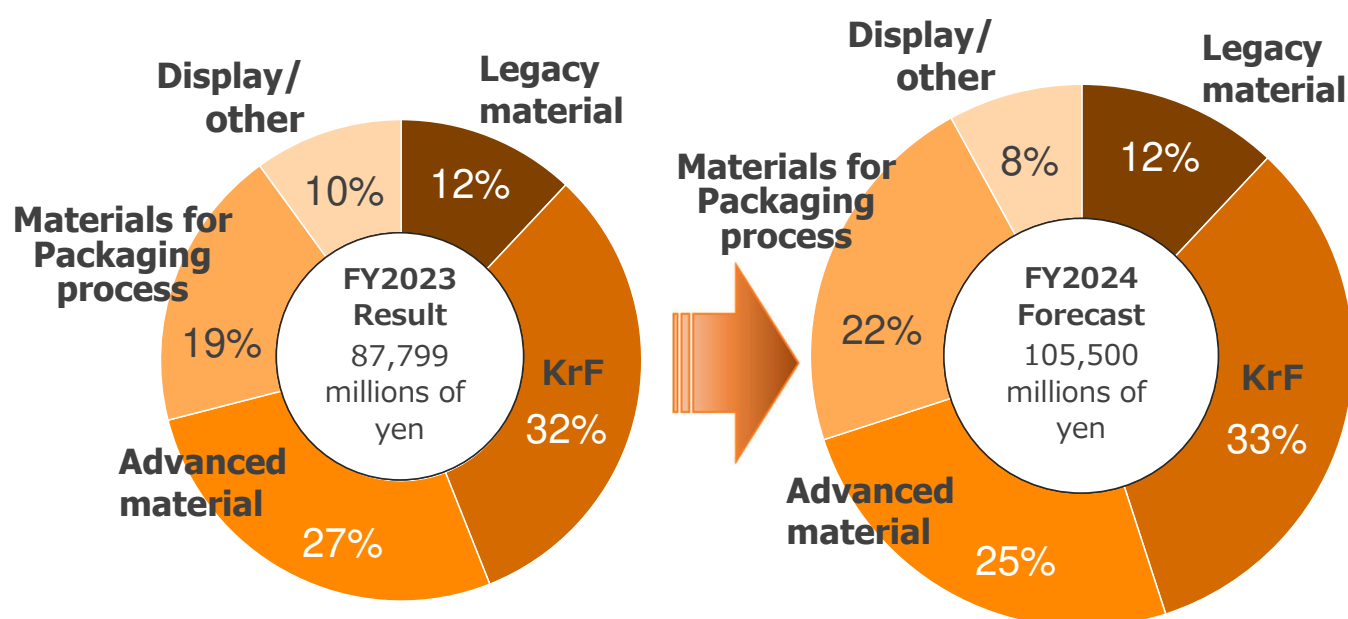
Average exchange rate (US\$) : ¥140.3/\$ (FY2023) ⇒ ¥145.0/\$ (FY2024)

- Net sales: Forecast to increase 19.2% YoY due to a recovery of the semiconductor market backed by increasing demand for generative AI and growth of Chinese market, and the impact of exchange rate changes.
  - Operating income: Forecast to increase 29.0% YoY due to an increase in sales and the impact of exchange rate changes.
  - Profit attributable to owners of parent: Forecast to increase 55.8% YoY due to an increase in operating income.
- Net sales and net income are expected to reach record highs.

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## Electronic Functional Materials Division



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\*3 Materials for Packaging process

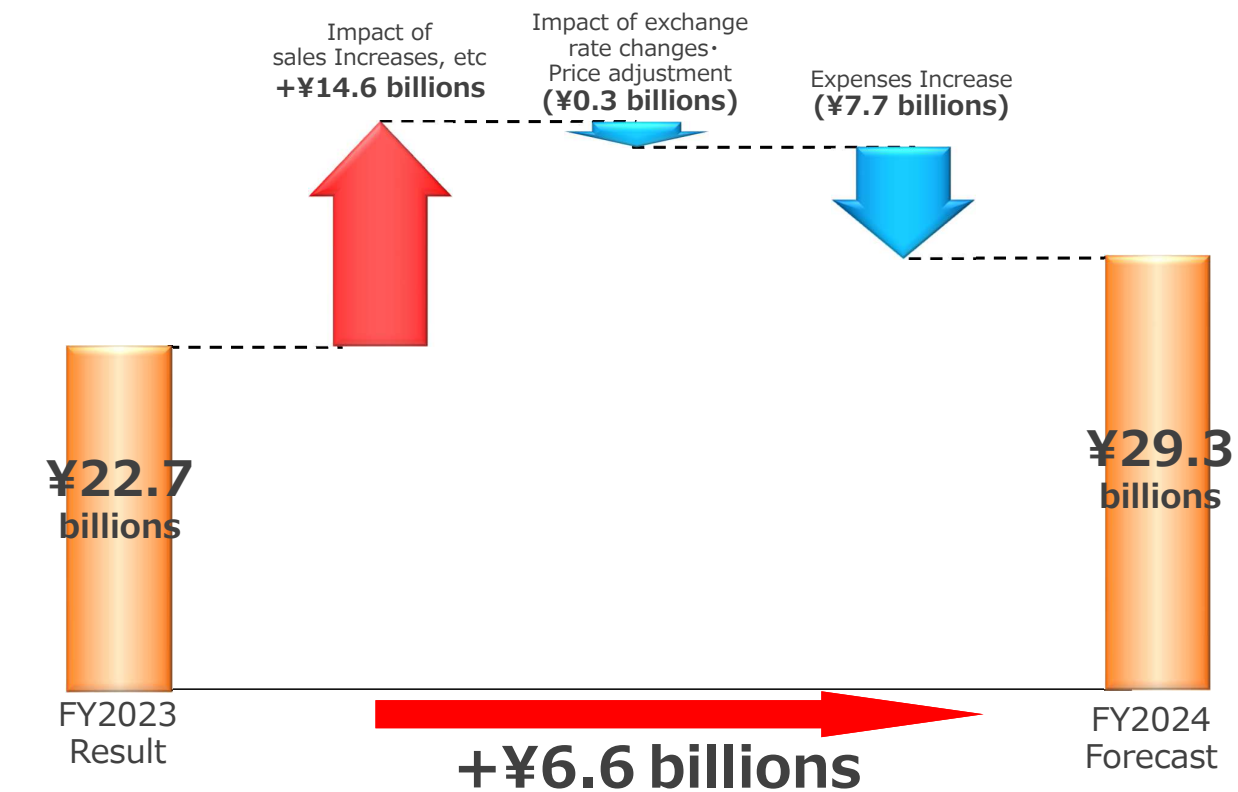
: Resist for Package · MEMS material · WHS\* related material

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# Breakdown of the Change in Operating Income

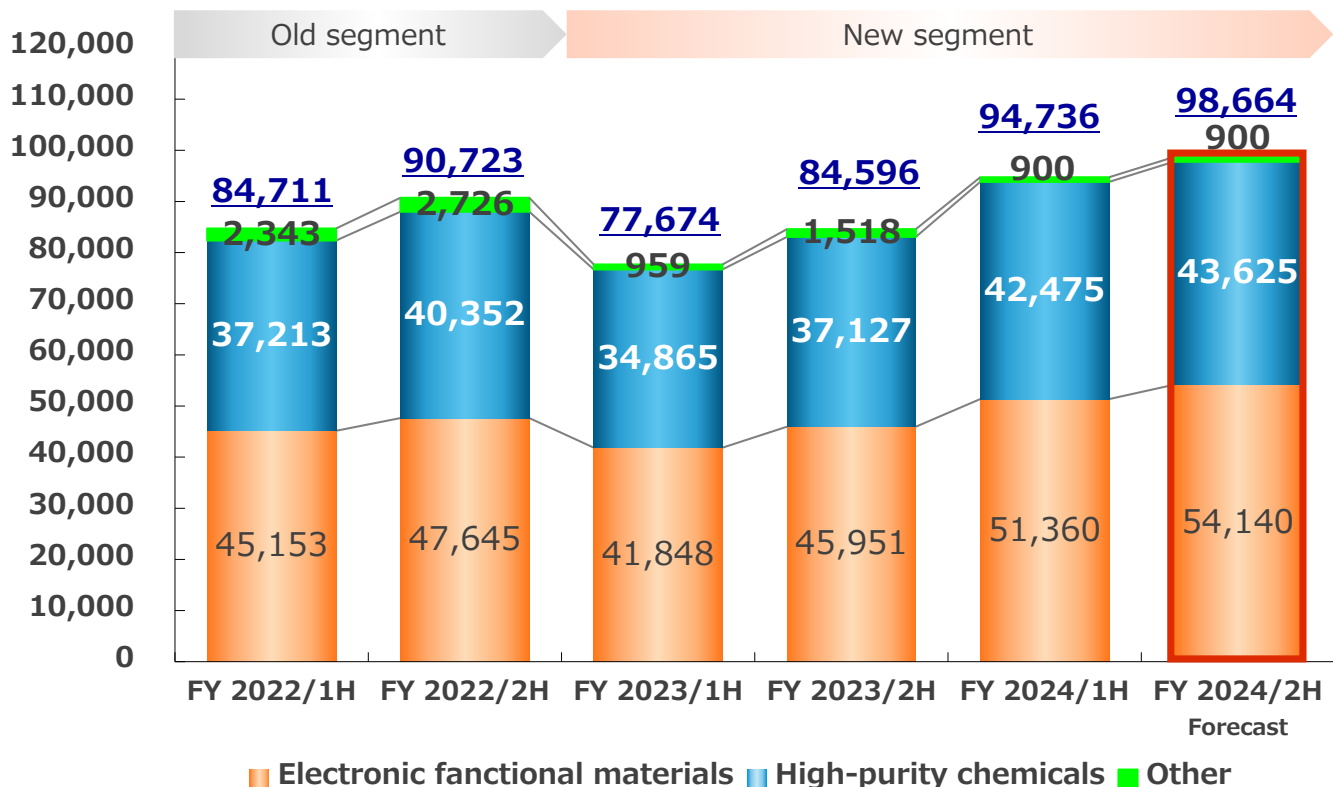
## FY2023 Result vs. FY2024 Forecast



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# Sales Breakdown(Forecast)

Net sales  
(Millions of yen)



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# Capital Investments/Depreciation/R&D

(Millions of yen,%)

	1H FY2023	1H FY2024	Progress (vs. initial forecast)	FY2023	FY2024		
	Result	Result		Result	Revised Forecast	Change	Initial Forecast
Capital Investments	6,380	11,220	41.1	15,052	27,400	+12,347	27,300
Depreciation	3,786	4,127	49.7	7,713	8,300	+586	8,300
R&D	6,038	7,537	52.0	12,658	15,000	+2,341	14,500

- Capital Investments: Expect to be in line with the plan.
- Depreciation: Expect to be in line with the plan.
- R&D: The plan has been revised taking into account research and development expenses in 1H.



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## Initiatives in TOK Medium Term Plan 2024



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# TOK Vision 2030

## Qualitative

- Provide new innovations that inspires customers
- Earn trust from stakeholders worldwide
- Continue developing high technological capabilities and show international presence
- Enhance corporate value sustainably with an aim to contribute to SDGs
- All employees can work lively with pride

## Quantitative Aspects

	FY2020	tok Medium-Term Plan 2024		FY2030
		FY2024 Targets		
• Net sales (billion yen)	117.5	Over 180.0		350.0
• EBITDA (billion yen)	22.3	Over 35.0		77.0
• ROE	6.7%	Over 8.0%		13%



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

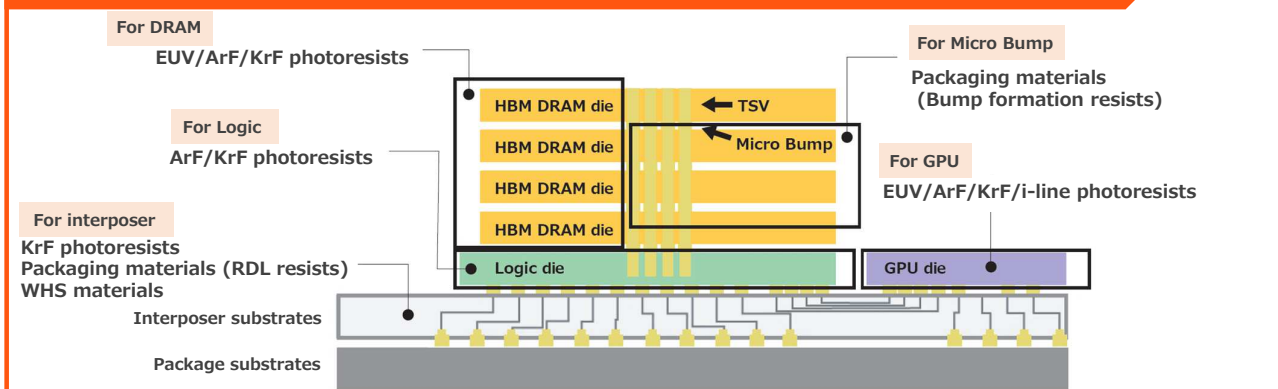
Segments	Medium-Term Plan	Progress
Photoresist for semiconductor	Expand sales with a full lineup of products to meet <b>growing demand for semiconductors</b>	<ul style="list-style-type: none"> <li>■ <b>Advanced materials</b> The market share of our products is rising <b>in the cutting-edge field including for generative AI.</b></li> <li>■ <b>KrF</b> The market share of our products <b>for semiconductors of new and older generations</b> is rising, contributing in all four growth areas.</li> <li>■ <b>Legacy materials</b> Sales are steadily growing in the "Sensing &amp; IoT" field such as <b>for automotive semiconductors</b> and "Green Energy" field.</li> </ul>
Materials for Packaging process	Rapidly develop products for the <b>cutting-edge packaging technologies</b>	<ul style="list-style-type: none"> <li>■ <b>Packaging materials:</b> Demand for photoresist for cutting-edge packaging is increasing <b>with the rise of generative AI.</b> Our products' share is rising.</li> <li>■ <b>MEMS materials:</b> Sales show steady growth.</li> <li>■ <b>WHS-related materials</b> Expand sales by a <b>new M&amp;E strategy.</b></li> </ul>
High-Purity Chemicals	Expand sales in Asia and North America in response to the <b>sophistication of semiconductor process</b> and <b>demand increase</b>	<ul style="list-style-type: none"> <li>■ <b>Thinners</b> <b>Sales are expanding in Taiwan, China, and Japan.</b> Update global supply.</li> <li>■ <b>Clean Solutions</b> <b>The market share of our products for cutting-edge field is rising.</b> Accelerate new product development.</li> </ul>



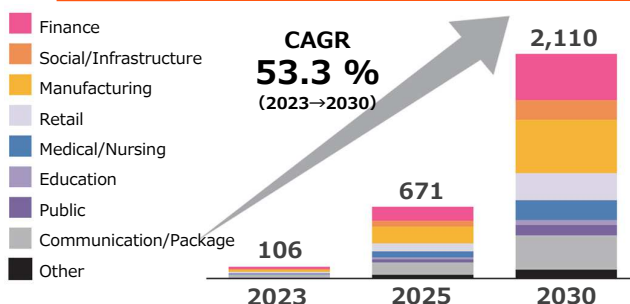
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## Growth prospects for TOK products due to increasing demand for generative AI

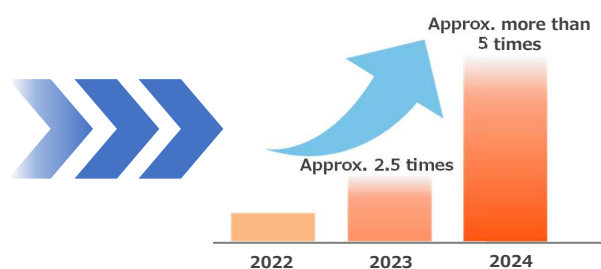
### Examples of use of GPU for generative AI and TOK products



### Growth projection of generative AI market (\$100M)



### Bump formation resists for HBM Sales growth forecasts (vs. 2022)



Source: "PRODUCTION FORECASTS FOR THE GLOBAL ELECTRONICS AND INFORMATION TECHNOLOGY INDUSTRIES" published by Japan Electronics and Information Technology Industries Association in December 2023



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## 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**
- Started 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)

- Constructed **a new production plant for high-purity chemicals**
- Plan to supply our products to customers in Western Japan including Kumamoto
- Completed construction in July 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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## Increasing production facilities in preparation for future demand growth

### Koriyama Plant

A new production building is under construction  
(scheduled to start operation in 2H of 2026)

- Total construction costs: Approx. 20.0 billion yen
- Production item: Photoresists



### Aso Kumamoto Site

A new production building was completed  
(scheduled to start operation in 1H of 2025)

- Total construction costs: Approx. 13.0 billion yen
- Production item: High-purity chemicals



### "Employee-friendly" smart factory

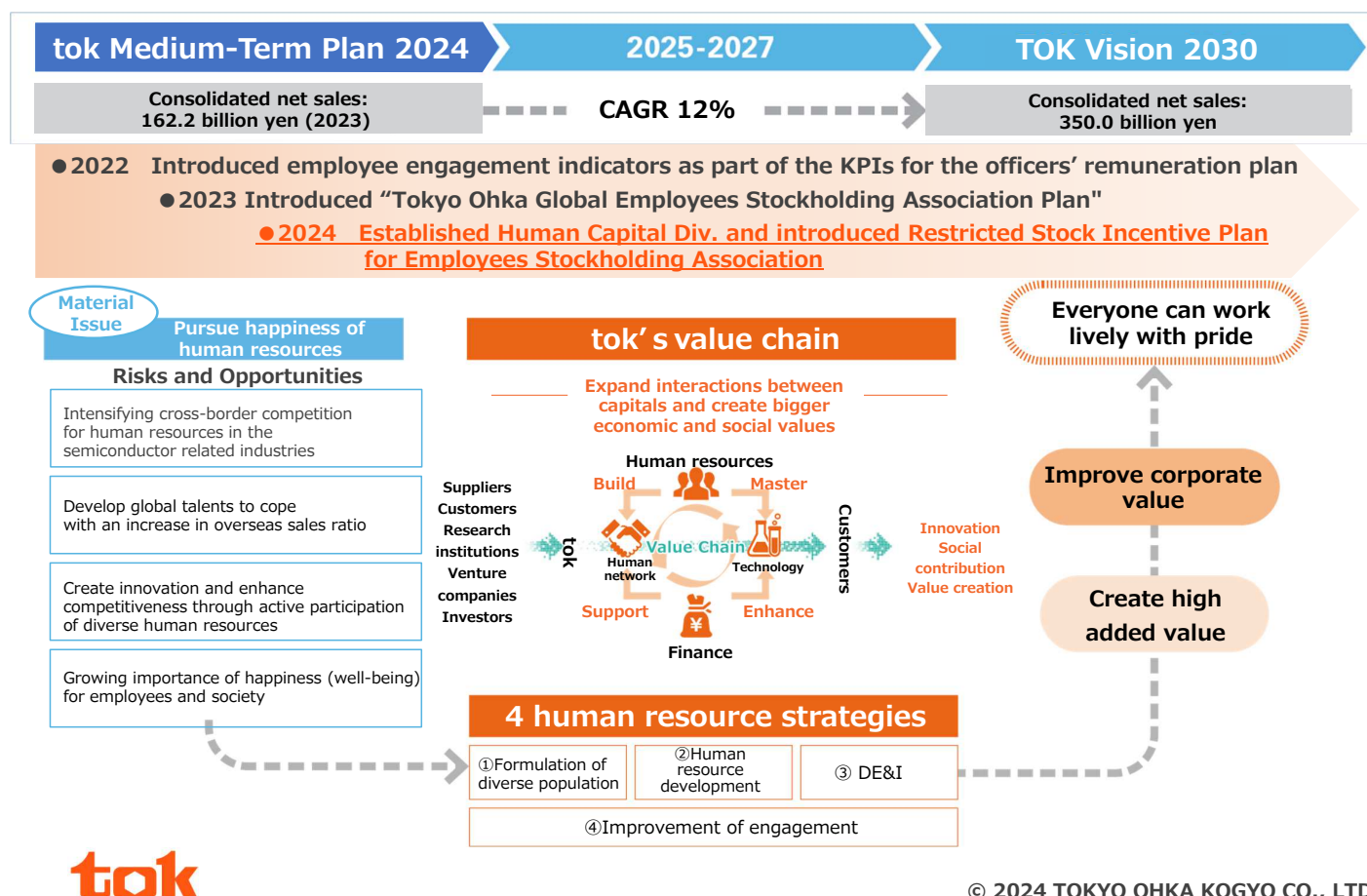
—Improving both production capacity and work environment—

Automation/digitalization  
of production process

Improve production capacity  
Improve production efficiency  
Stabilize/improve quality



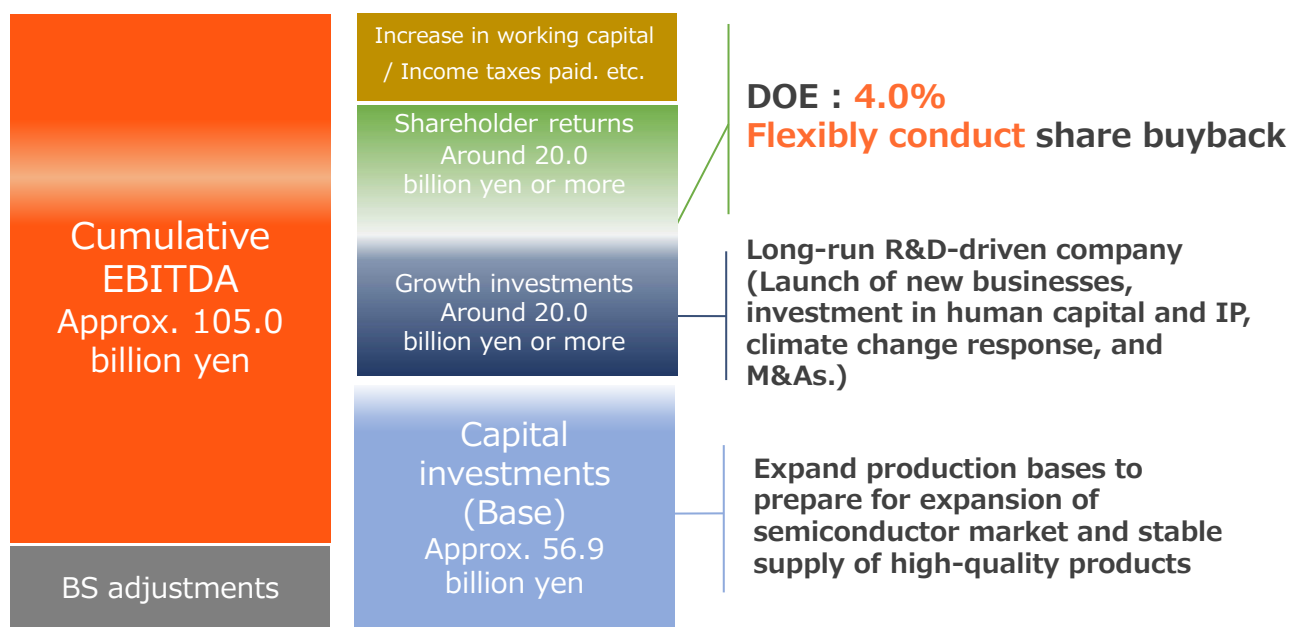
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## Promotion of BS management <Build sound and efficient management foundation>

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

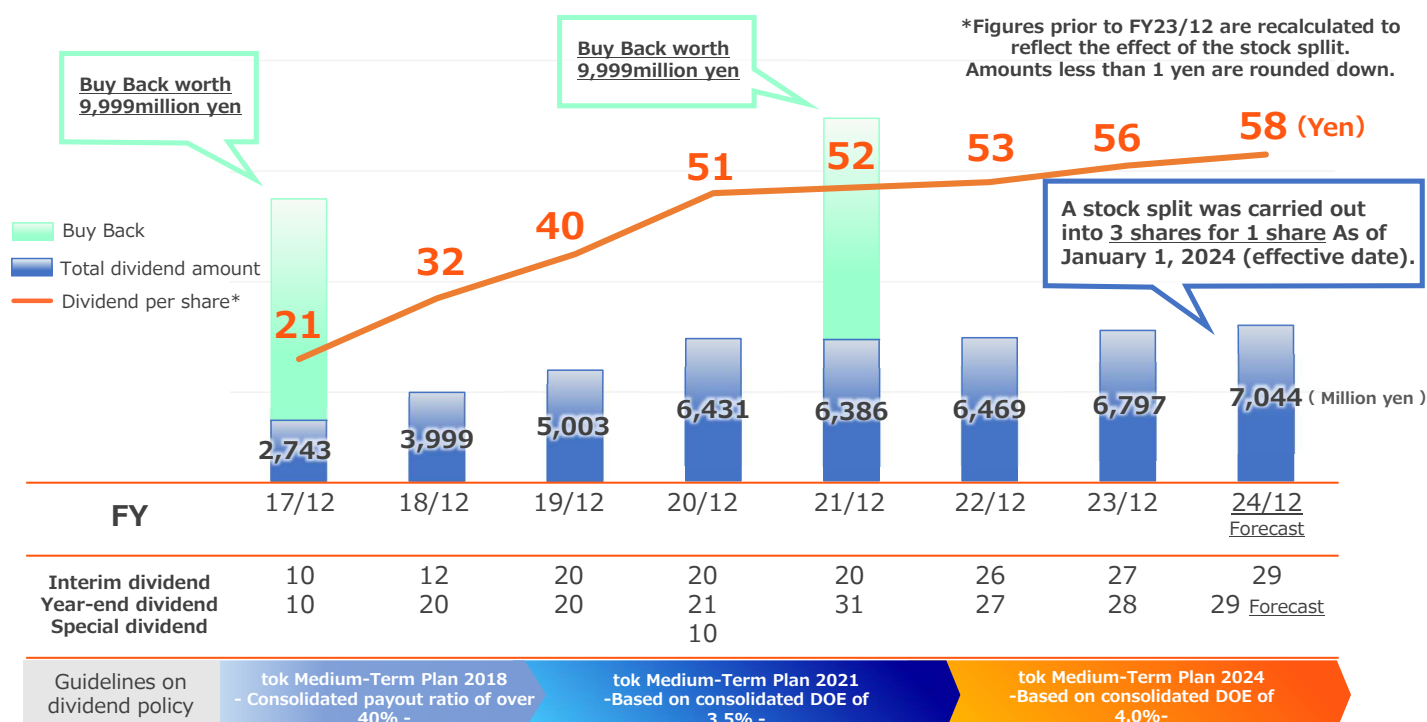
### 3-year cash flow plan (Landing zone image FY24/12)



# Trends in Shareholder Returns and Dividends

## <Build sound and efficient management foundation>

- 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.



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contributing to a sustainable future through Chemistry

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# Appendix



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## Balance Sheets

(Millions of yen)

	As of June 30, 2024	vs. December 31, 2023
<b>Current Assets</b>	<b>148,420</b>	<b>+14,092</b>
Cash and deposits	62,093	+5,276
Notes and accounts receivable	41,385	+7,486
Inventories	34,916	+1,833
<b>Property, plant and equipment</b>	<b>82,163</b>	<b>+8,928</b>
<b>Intangible assets</b>	<b>1,668</b>	<b>+279</b>
<b>Investments and other assets</b>	<b>40,836</b>	<b>(2,075)</b>
<b>Current Liabilities</b>	<b>53,462</b>	<b>+14,835</b>
Notes and accounts payable	25,898	+5,567
<b>Long-Term Liabilities</b>	<b>14,167</b>	<b>(3,589)</b>
<b>Total net asset</b>	<b>205,457</b>	<b>+9,977</b>
<b>Total asset</b>	<b>273,088</b>	<b>+21,223</b>

Buildings and structures +433  
Machinery, equipment and vehicles (592)  
Tools, furniture and fixtures +469  
Land +359  
Construction in progress +8,208

Investment securities +1,183  
Long-term time deposits (6,000)  
Long-term deposits +1,443  
Long-term prepaid expenses +809

Notes and accounts payable +5,567  
Short-term borrowings +3,965  
Income taxes payable +2,219  
Accounts payable - facilities +1,991

Long-term borrowings (3,900)  
Long-term unearned revenue +358

Retained earnings +5,664  
Treasury stock +168  
Valuation difference on available-for-sale  
securities +1,127  
Foreign currency translation adjustment  
account +4,035



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# Cash Flows

(Millions of yen)

	2023/6	2024/6
Cash flows from operating activities	+8,987	+13,543
Income before income taxes and minority interests	+10,302	+14,793
Depreciation	+3,786	+4,127
Decrease (increase) in trade notes and accounts receivable	+4,127	(5,848)
Decrease (increase) in inventories	(5,608)	(275)
Decrease (increase) in trade notes and accounts payable	(2,329)	+4,579
Increase (decrease) in advances received	+1,034	(7)
Income taxes paid	(4,102)	(2,099)
Cash flows from investing activities	(5,481)	(2,080)
Cash flows from financing activities	(3,998)	(7,006)
Translation adjustments	+1,780	+2,120
Net increase (decrease) in cash and cash equivalents	+1,288	+6,577

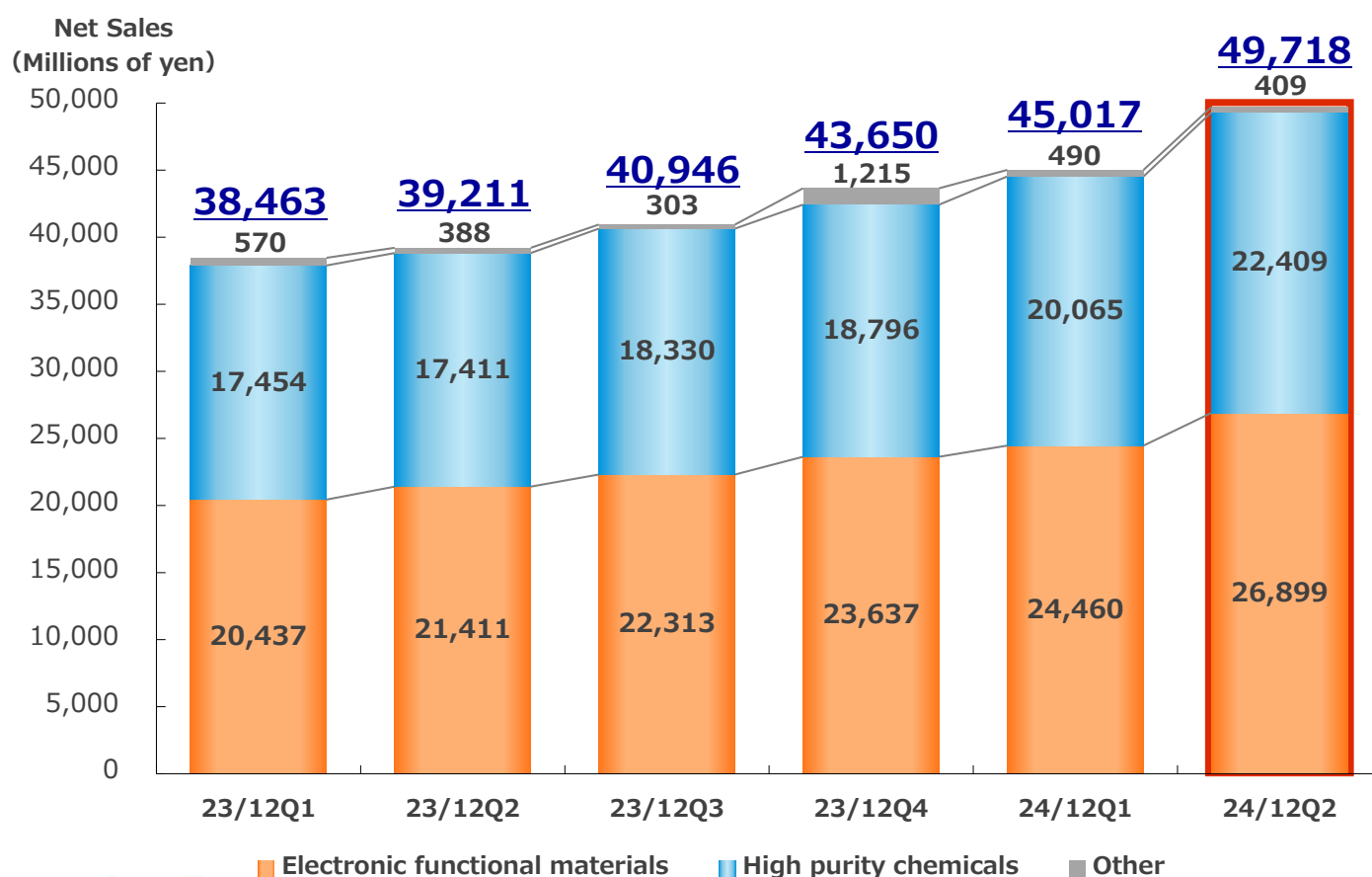
Major breakdown  
Purchase of property, plant and equipment (8,578)  
Increase (Decrease) in Long-Term Deposits +6,000  
Proceeds from transfer of business –

Major breakdown  
Dividends paid (incl. minority shareholders) (7,167)



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# Sales Breakdown



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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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