

TOKYO OHKA KOGYO CO., LTD.

Business Results

— The 1st Half of Fiscal Year ending Dec. 2020 —



Aug. 7, 2020

TOKYO OHKA KOGYO CO., LTD.

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Consolidated Business Results for the 1st Half of FY2020

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Summary

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(Millions of yen)

	FY2019/12 1H	FY2020/12 1H		
			Change	%
Net sales	48,932	57,203	+8,271	+16.9
Operating income	4,428	6,664	+2,236	+50.5
Ordinary income	4,407	6,785	+2,378	+54.0
Profit attributable to owners of parent	2,924	4,639	+1,715	+58.7

- Average exchange rate (US\$) :
¥109.0/\$ (FY2019/12 1H) ⇒ ¥107.1/\$ (FY2020/12 1H)
- Net sales: Increased 16.9% year on year mainly due to increased sales of electronic functional materials for Taiwan and South Korea supported by strong demand for semiconductors
- Operating income : Increased 50.5% year on year due to an increase in net sales
- Profit attributable to owners of parent :
Increased 58.7% year on year due to an increase in operating income

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Non-operating Expenses or Income/ Extraordinary Losses or Income

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(Millions of yen)

	FY2019/12 1H	FY2020/12 1H	YoY
Non-operating Expenses or income	(20)	+121	+142
Interest and dividend income	+224	+260	+35
(Foreign exchange related losses/gains)	(186)	(30)	(155)
Foreign exchange (loss) gain	(471)	(281)	+189
Gain(Loss) on valuation of derivatives	+284	+250	(34)
Extraordinary losses or Income	(27)	+138	+166
Gain on sale of fixed assets	+19	+150	+131
Loss on sales and retirement of noncurrent assets	(46)	(10)	+36

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Results by Business Segment

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(Millions of yen)

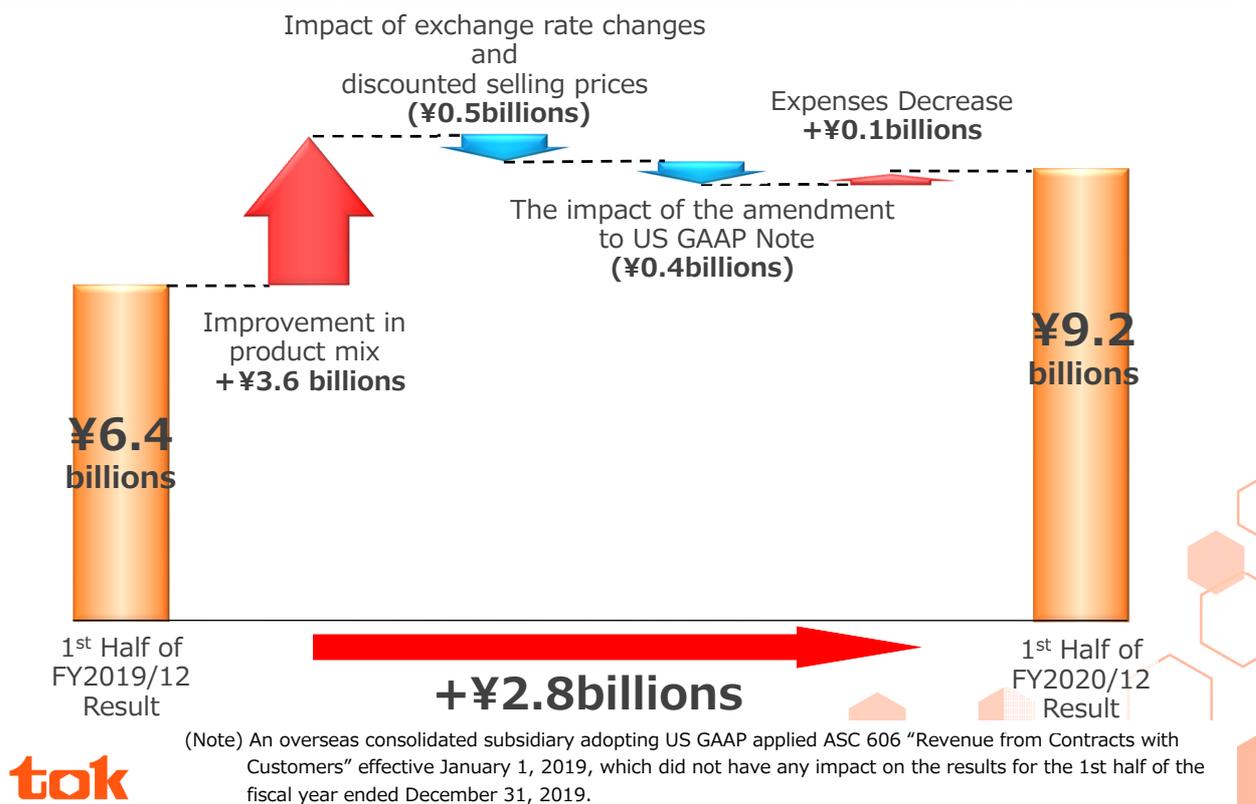
	FY2019/12 1H	FY2020/12 1H		
		Change	%	
Net sales	48,932	57,203	+8,271	+16.9
Material business	47,791	55,964	+8,172	+17.1
Electronic functional materials	27,847	32,095	+4,247	+15.3
High purity chemicals	19,903	23,816	+3,912	+19.7
Other	40	52	+12	+30.1
Equipment business	1,141	1,239	+98	+8.6
Operating income	4,428	6,664	+2,236	+50.5
Material business	6,423	9,190	+2,766	+43.1
Equipment business	(270)	(294)	(23)	-
Eliminations and corporate	(1,724)	(2,231)	(506)	-

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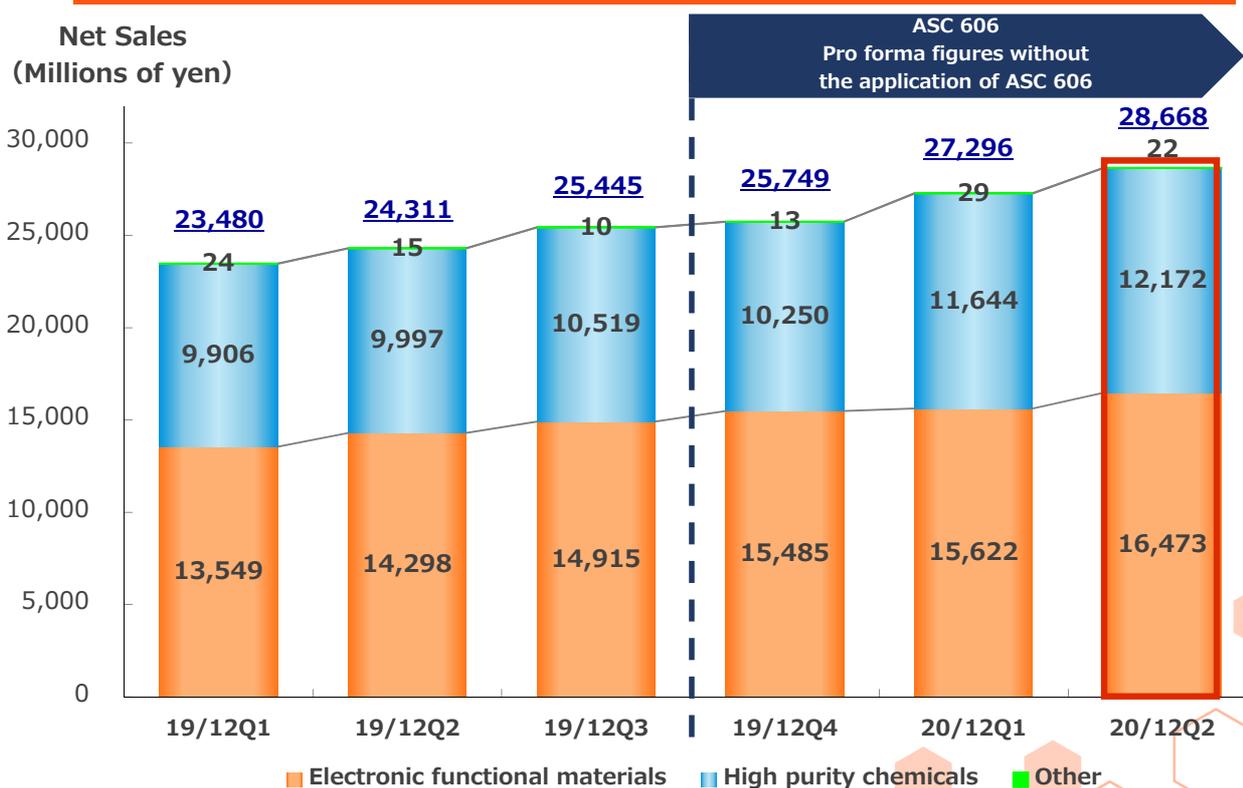
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Breakdown of the Charge in Operating Income (Material Business)

1st Half of FY2019/12 Result v.s. 1st Half of FY2020/12 Result



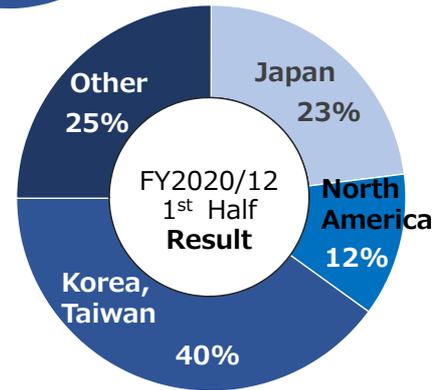
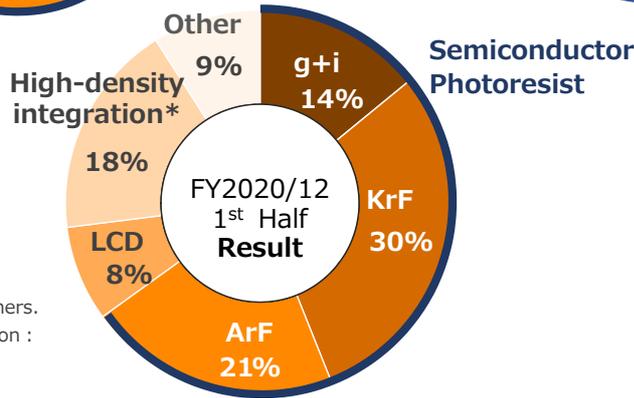
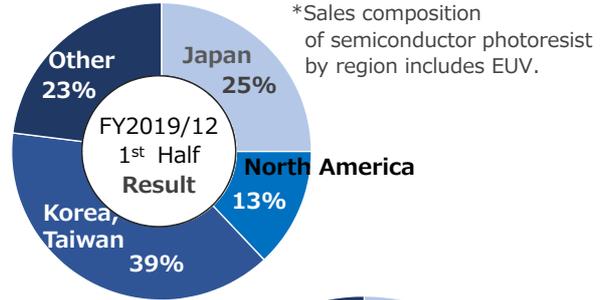
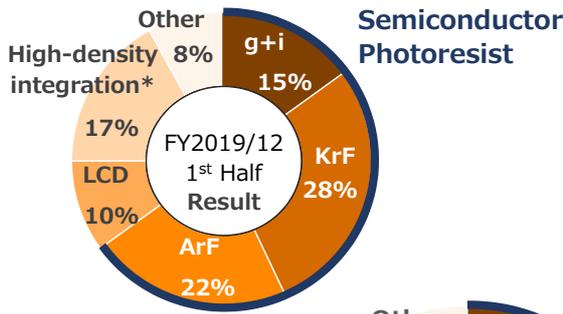
Sales Breakdown of Material Business



Note : An overseas consolidated subsidiary adopting US GAAP applied ASC 606 "Revenue from Contracts with Customers" effective January 1, 2019.

Sales Composition of Electronic Functional Materials by Type

Sales Composition of Semiconductor Photoresist by Region



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

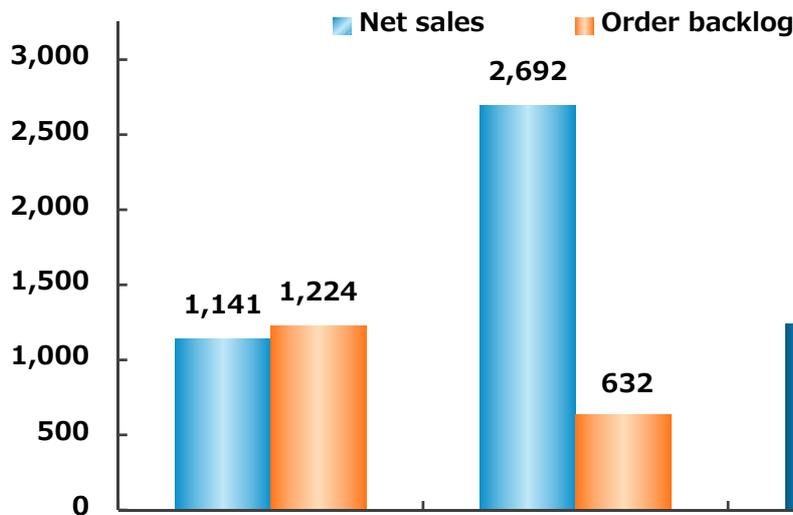


※Regional segmentation has been changed from current term. "Other" comprises Europe and Asia including China but excluding Korea and Taiwan.

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Equipment Business

Net sales/Order backlog
(Millions of yen)



(Millions of yen)	2019/12 1H	2019/12 2H	2019/12 1H
Year-end order backlog	2,757	934	814



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(Millions of yen)

	FY2019/12 1H	FY2020/12 1H		
			Change	%
Capital Investments	9,068	2,662	(6,405)	(70.6)
Depreciation	3,546	3,702	+155	+4.4
R&D	4,383	4,847	+464	+10.6

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Balance Sheets

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(Millions of yen)

	As of June 30, 2020	v.s. December 31, 2019	
Current Assets	97,655	+4,373	
Cash and deposits	51,239	+4,833	
Notes and accounts receivable	23,679	(208)	
Inventories	17,755	+315	
Property, plant and equipment	53,399	(1,657)	Buildings and structures (364) Machinery +840 Furniture and fixtures (362) Land (277) Construction in progress (1,490)
Intangible assets	590	(71)	
Investments and other assets	36,811	(673)	
Current Liabilities	20,846	+530	
Notes and accounts payable	11,493	+1,148	
Long-Term Liabilities	14,562	+125	Long-term debt (152)
Total net asset	153,048	+1,314	Retained earnings +2,106 Treasury stock +399 Unrealized loss on available-for-sale securities (502) Foreign currency translation adjustments (564)
Total asset	188,456	+1,970	

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(Millions of yen)

	FY2019/12 1H	FY2020/12 1H
Cash flows from operating activities	+5,205	+11,461
Income before income taxes and minority interests	+4,379	+6,924
Depreciation	+3,546	+3,702
Decrease (increase) in trade notes and accounts receivable	+1,307	+156
Decrease (increase) in inventories	(1,707)	(485)
Decrease (increase) in trade notes and accounts payable	(1,648)	+1,058
Increase (decrease) in advances received	+265	(33)
Income taxes paid	(1,158)	(781)
Cash flows from investing activities	(5,873)	+11,750
Cash flows from financing activities	(3,247)	(3,414)
Translation adjustments	(699)	(381)
Net increase (decrease) in cash and cash equivalents	(4,615)	+19,415

Major breakdown
Refund of long-term deposits
+14,000
Purchases of property,
plant and equipment
(3,197)

Major breakdown
Proceeds from sales
of treasury stock
+153
Dividends paid
(incl. minority shareholders)
(3,377)

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Consolidated Performance Forecasts for FY2020 (2020.1-2020.12)

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Earnings Forecasts (Full-year)

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(Millions of yen)

	FY2019/12	FY2020/12 Forecasts		
			Change	%
Net sales	102,820	111,700	+8,879	+8.6
Operating income	9,546	13,800	+4,253	+44.6
Ordinary income	9,707	14,100	+4,392	+45.3
Profit attributable to owners of parent	5,410	9,600	+4,189	+77.4

■ Exchange rate assumptions (US\$) :

¥108.1/\$ (2019/12) ⇒ ¥105.0 /\$ (2020/12 2H)

■ Net sales :

Forecast to increase 8.6% year on year while incorporating the slowdown in the semiconductor market

■ Operating income :

Forecast to increase 44.6% year on year with a continued upward trend in profit in 2H despite an increase in corporate expenses

■ Profit attributable to owners of parent :

Forecast to increase 77.4% year on year due to an increase in operating income as well as a rebound from declined profit attributable to owners of the parent in FY2019/12

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Performance Forecasts by Business Segment

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(Millions of yen)

	FY2019/12	FY2020/12 Forecasts		
			Change	%
Net sales	102,820	111,700	+8,879	+8.6
Material business	98,986	108,700	+9,713	+9.8
Electronic functional materials	58,249	62,700	+4,450	+7.6
High purity chemicals	40,674	45,900	+5,225	+12.8
Equipment business	3,833	3,000	(833)	(21.7)
Operating income	9,546	13,800	+4,253	+44.6
Material business	13,462	18,700	+5,237	+38.9
Equipment business	(286)	(300)	(13)	-
Eliminations and corporate	(3,628)	(4,600)	(971)	-

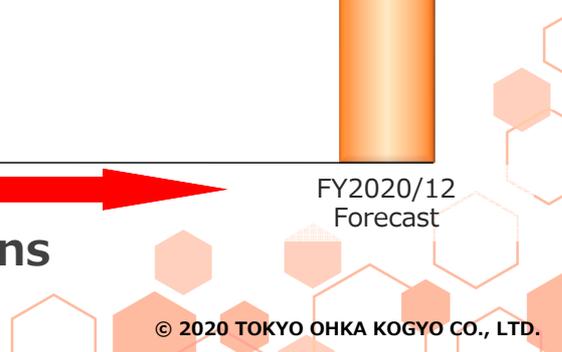
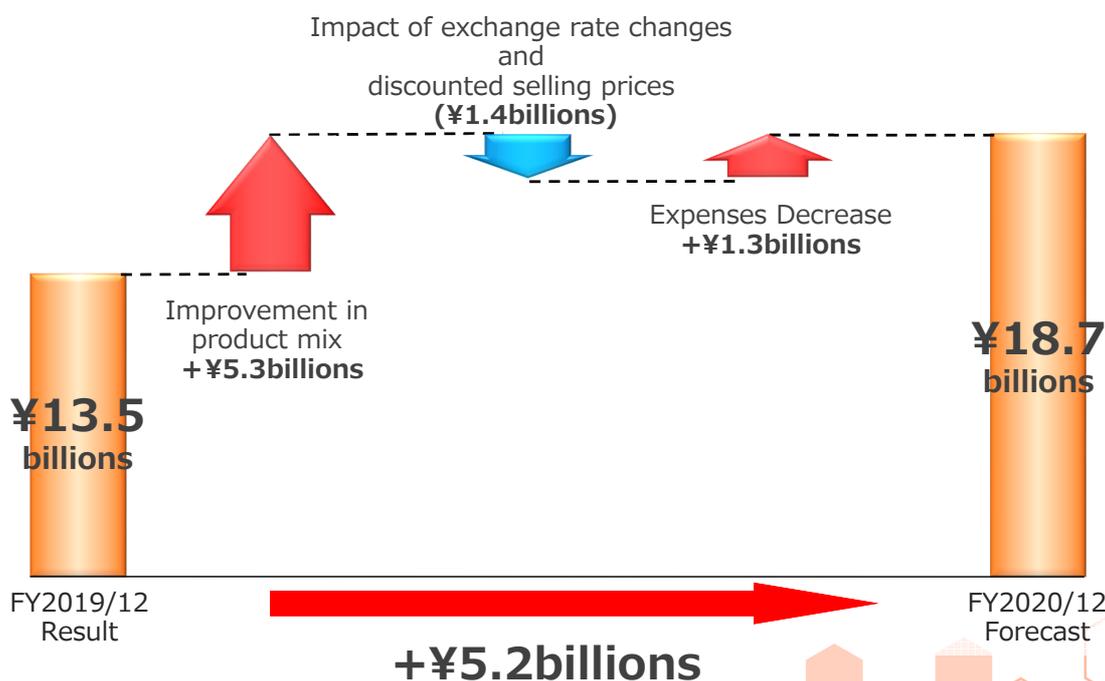
(Millions of yen)

	FY2019/12	FY2020/12 Forecast		
			Change	%
Capital Investments	14,183	6,800	(7,383)	(52.1)
Depreciation	7,216	6,700	(516)	(7.2)
R&D	8,879	9,600	+720	+8.1

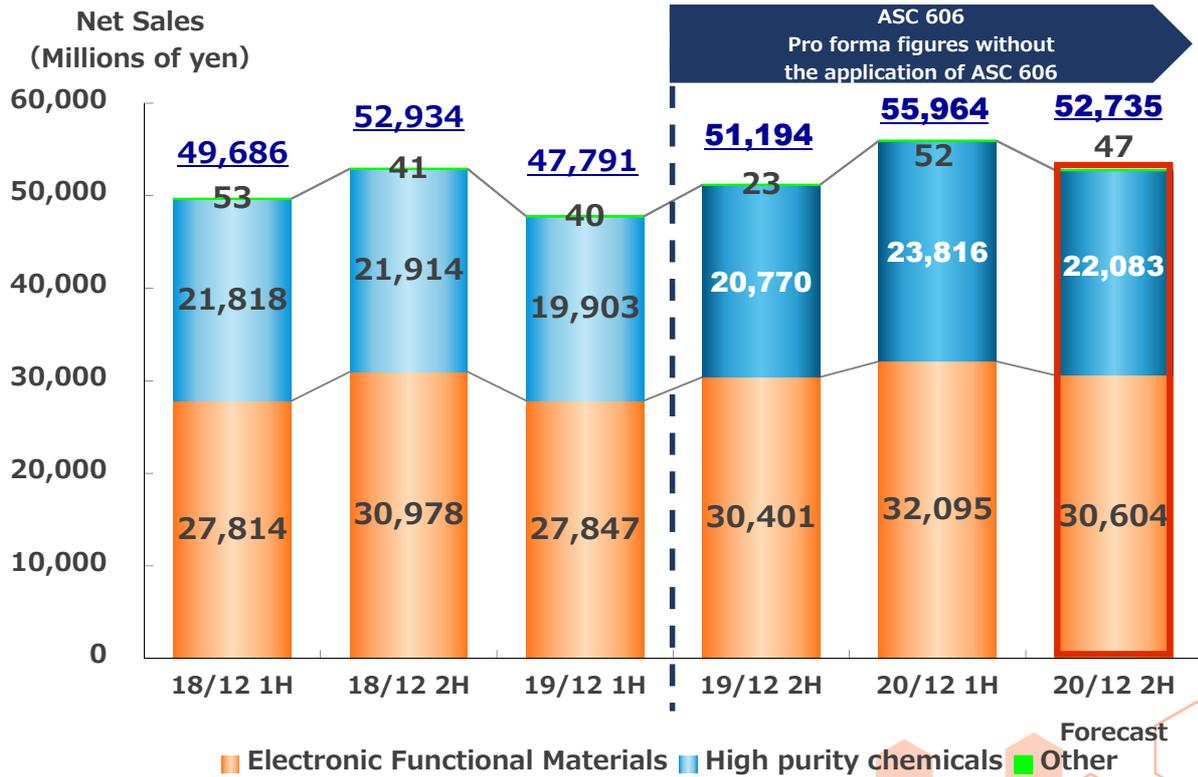


Breakdown of the Charge in Operating Income (Material Business)

FY2019/12 Result v.s. FY2020/12 Forecast



Sales Breakdown of Material Business (Forecast)¹⁸



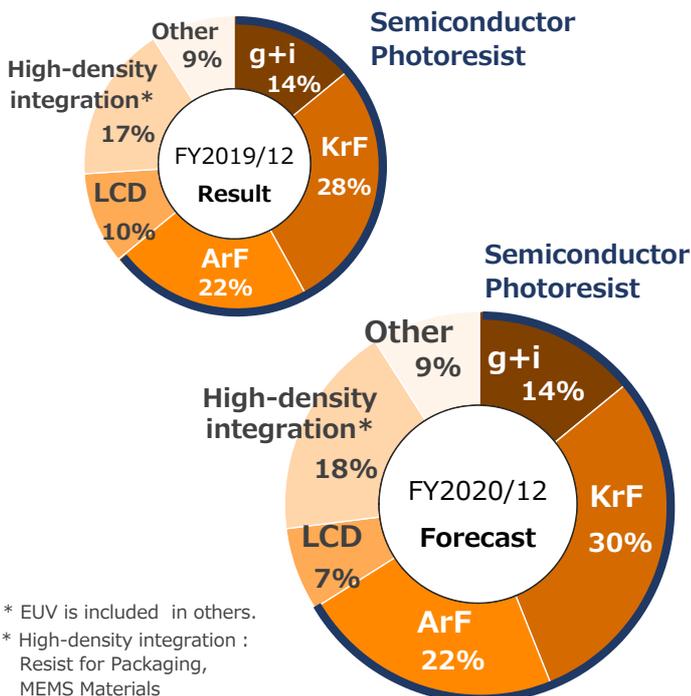
Note : An overseas consolidated subsidiary adopting US GAAP applied ASC 606 "Revenue from Contracts with Customers" effective January 1, 2019.

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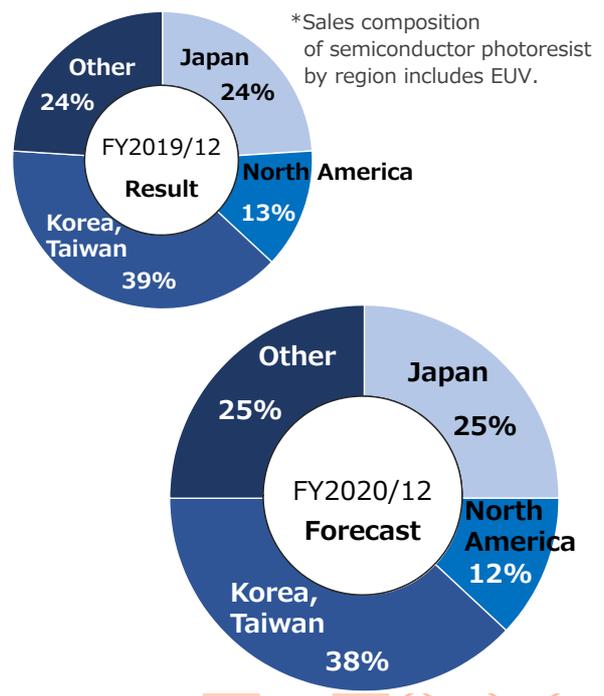
Electronic Functional Materials Division

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Sales Composition of Electronic Functional Materials by Type



Sales Composition of Semiconductor Photoresist by Region



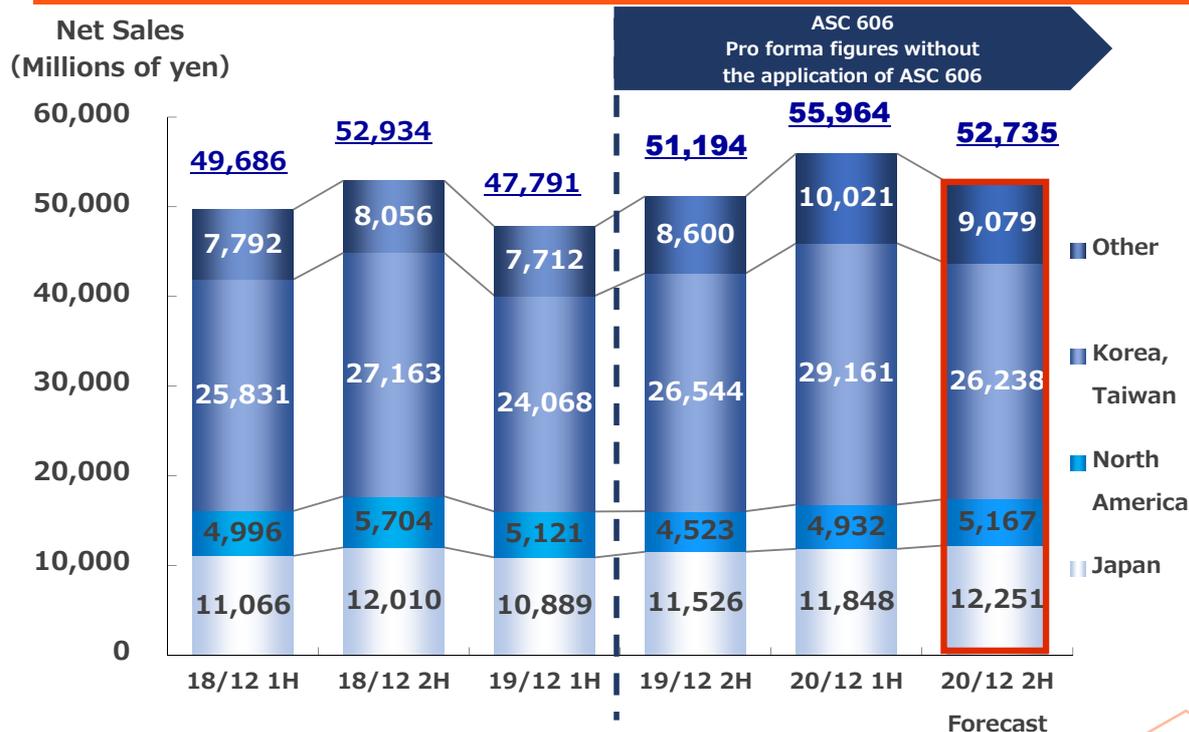
* EUV is included in others.
* High-density integration : Resist for Packaging, MEMS Materials



※Regional segmentation has been changed from current term. "Other" comprises Europe and Asia including China but excluding Korea and Taiwan.

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Appendix : Sales Breakdown of Material Business by Region(Forecast)



Note : An overseas consolidated subsidiary adopting US GAAP applied ASC 606 "Revenue from Contracts with Customers" effective January 1, 2019.



Note : "Other" comprises Europe and Asia including China but excluding Korea and Taiwan.

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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.

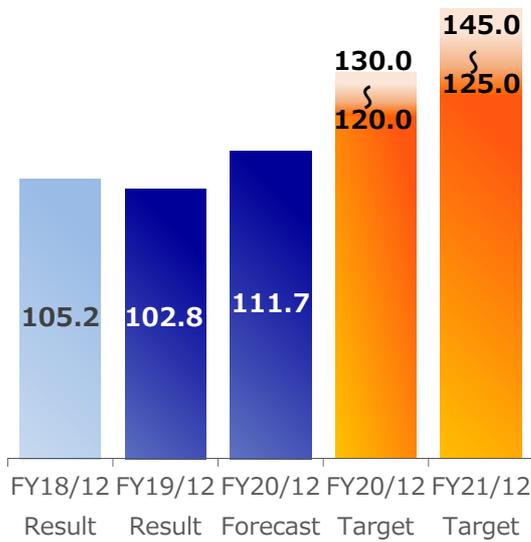


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Appendix① : Progress toward the Medium-Term Plan Targets (Performance Targets)

Net sales

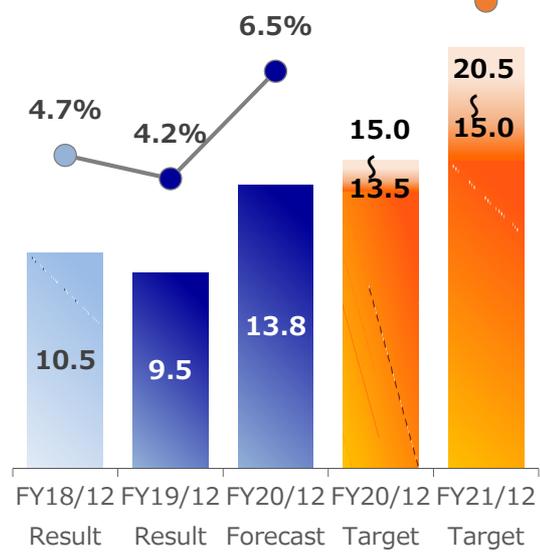
(Billions of yen)



Operating income/ROE

(Billions of yen)

ROE : Over 8.0%



Note : Targets for FY2020/12 and FY2021/12 are as of February 14, 2019, the date of the announcement of the "TOK Medium-Term Plan 2021."

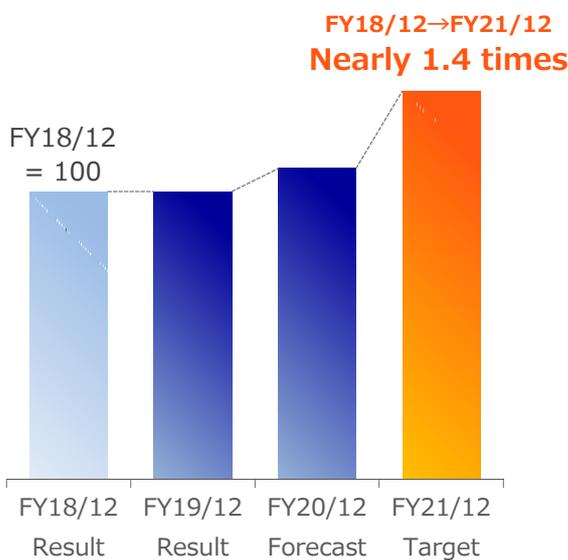
Note : Forecasts for FY2020/12 is as of August 6, 2020, the date of announcement of the financial results for the 1st Half of Fiscal ending December 31, 2020.



Appendix②-1 : Progress toward the Medium-Term Plan Targets (Business Segment)

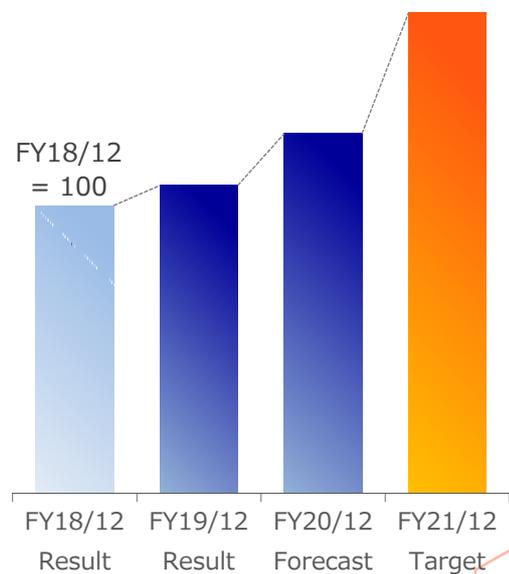
Cutting-edge (EUV/ArF)

(※) Cutting-edge photoresists = EUV+ArF



KrF

FY18/12→FY21/12
Nearly 1.7 times



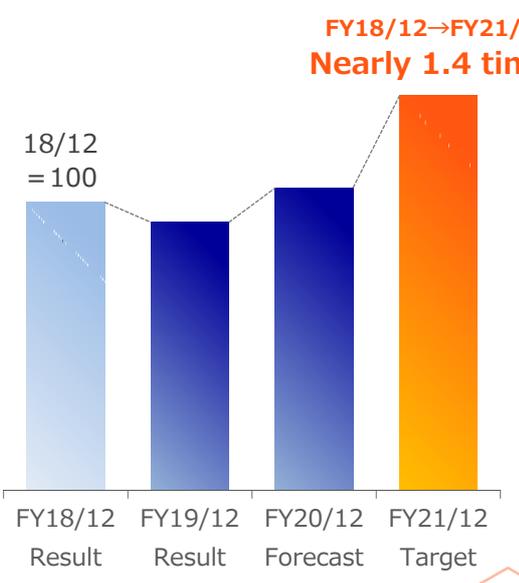
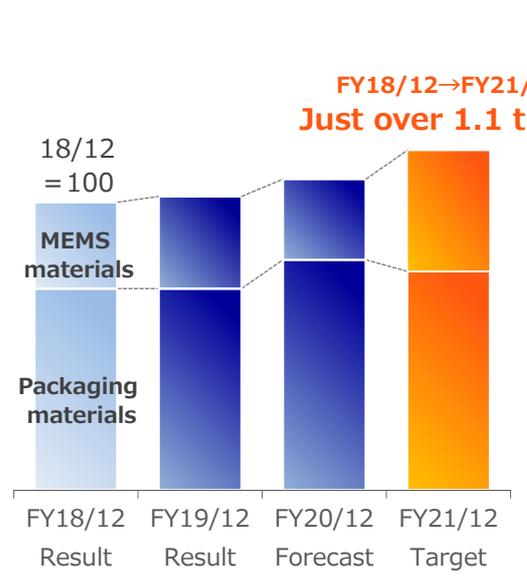
Note : Targets for FY2020/12 and FY2021/12 are as of February 14, 2019, the date of the announcement of the "TOK Medium-Term Plan 2021."

Note : Forecasts for FY2020/12 is as of August 6, 2020, the date of announcement of the financial results for the 1st Half of Fiscal ending December 31, 2020.



High-density Integration Materials

High-purity chemicals



Note : Targets for FY2020/12 and FY2021/12 are as of February 14, 2019, the date of the announcement of the "TOK Medium-Term Plan 2021."
 Note : Forecasts for FY2020/12 is as of August 6, 2020, the date of announcement of the financial results for the 1st Half of Fiscal ending December 31, 2020.

