

TOKYO OHKA KOGYO CO., LTD. Supplemental Data of Business Results

-The 1st half of Fiscal Year ending Dec. 2023-

August 8, 2023

TOKYO OHKA KOGYO CO., LTD.

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Summary for 1H of FY 2023

FY2023 2Q Results

- **Revised down** the full-year earnings forecast.
- Net sales were **down 7 billion yen or 8.3% YoY to 77.6 billion yen** due to **a sharp downturn in the marketplace**.
- Operating income, **down 3.9 billion yen or 26.4% YoY to 10.9 billion yen**, significantly decreased due to reduced sales and **increased expense**.

FY2023 Consolidated Forecasts

- Assumptions:
Customers will possibly start full-fledged inventory digestion in the 2H of the year. Also, **some technological areas will recover** with **generative AI and the latest smartphone models** coming into the market.
- Revised down the full-year earnings forecast based on the financial results for the 1H and the current market situation. **Forecast that both revenue and profit will decrease**.
Net sales: **164 billion yen (down 6.5%)**, operation income: **23.5 billion yen (down 22.1%)**

Shareholder Returns

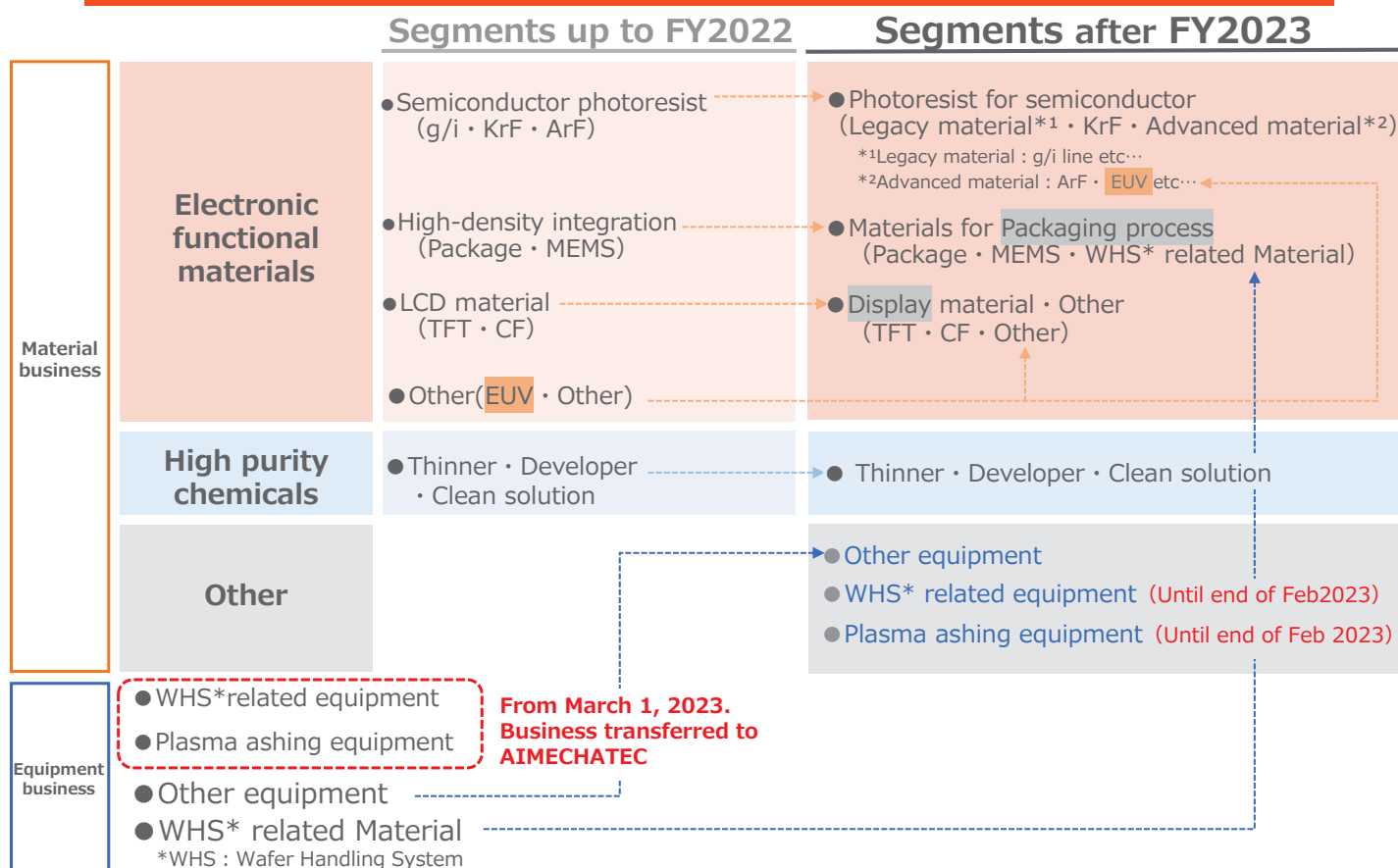
- The interim dividend will be **82 yen** under the dividend policy targeting 4.0% of a consolidated dividend on equity ratio, DOE. The annual dividend will be forecasted to be **164 yen**.
- Firmly maintain **dividend growth of consecutive 6 years**.

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

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Changes to segment disclosures following the transfer of the equipment business



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Summary

(Millions of yen,%)

	FY2022 1H	FY2023 1H	
		Change	%
Net sales	84,711	77,674	(7,037) (8.3)
Operating income	14,810	10,904	(3,906) (26.4)
Ordinary income	15,353	11,806	(3,547) (23.1)
Profit attributable to owners of parent	9,723	5,355	(4,368) (44.9)
EBITDA	17,963	14,691	(3,272) (18.2)

Average exchange rate (US\$) : ¥122.2/\$ (2022/6) ⇒ ¥134.2/\$ (2023/6)

- **Net sales** : Down 8.3% YoY due to a sharp slowdown in semi demand.
- **Operating income** : Down 26.4% YoY due to a decrease in sales and an increase in labor and other costs.
- **Profit attributable to owners of parent** : Down 44.9% YoY due to operating income decline and recognition of restructuring charges.

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Progress (Results)

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(Millions of yen, %)

	FY2022 1H	FY 2023 1H			Initial Forecast	Progress (%)
			Change	%		
Net sales	84,711	77,674	(7,037)	(8.3)	89,000	87.3
Electronic functional materials*	45,153	41,848	(3,305)	(7.3)	47,500	88.1
High purity chemicals*	37,213	34,865	(2,348)	(6.3)	40,500	86.1
Other*	2,343	959	(1,384)	(59.1)	1,000	95.9
Operating income	14,810	10,904	(3,906)	(26.4)	14,800	73.7

Average exchange rate (US\$) : ¥122.2/\$ (2022/6) ⇒ ¥134.2/\$ (2023/6) * Adjusted under the new segmentation for 2022/12.

- Net sales : Progress 87.3% compared to the initial full-year forecast due to a decreased sales both in electronic functional materials and high purity chemicals caused by a sharp slowdown in semi demand.
- Electronic functional materials (Net sales) : Progress 88.1%, performing sluggishly, compared to the initial full-year forecast due to a sharp slowdown in semi demand while **Photoresist for semiconductor and Materials for Packaging process** gained more market share.
- High purity chemicals (Net sales) : Progress 86.1%, performing sluggishly, compared to the initial full-year forecast due to low semi capacity utilization and delay in new plant launch while performing well for the emerging market.
- Operating income : Progress 73.7% compared to the initial full-year forecast due to a decrease in sales and an increase in labor costs and other costs.



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Balance Sheets

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(Millions of yen)

	As of June 30, 2023	v.s. December 31, 2022	
Current Assets	130,434	(201)	
Cash and deposits	55,993	+622	
Notes and accounts receivable	31,435	(4,376)	
Inventories	34,254	+4,248	
Property, plant and equipment	69,599	+3,589	Buildings and structures +2,578 Machinery, equipment and vehicles (605) Tools, furniture and fixtures (456) Land +119 Construction in progress +1,947
Intangible assets	1,380	+84	
Investments and other assets	45,965	+5,832	Investment securities +4,737
Current Liabilities	38,094	(2,686)	Notes and accounts payable (963) Income taxes payable (1,387)
Notes and accounts payable	20,653	(963)	
Long-Term Liabilities	18,553	+2,219	deferred tax liabilities +2,147
Total net asset	190,732	+9,772	Retained earnings +2,039 treasury stock +238 Valuation difference on available-for-sale securities +3,249 Foreign currency translation adjustment account +3,033
Total asset	247,380	+9,304	



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(Millions of yen)

	2022/6	2023/6
Cash flows from operating activities	+9,187	+8,987
Income before income taxes and minority interests	+15,264	+10,302
Depreciation	+3,152	+3,786
Decrease (increase) in trade notes and accounts receivable	(1,516)	+4,127
Decrease (increase) in inventories	(2,509)	(5,608)
Decrease (increase) in trade notes and accounts payable	+1,921	(2,329)
Increase (decrease) in advances received	+64	+1,034
Income taxes paid	(4,726)	(4,102)
Cash flows from investing activities	(788)	(5,481)
Cash flows from financing activities	(5,664)	(3,998)
Translation adjustments	+2,498	+1,780
Net increase (decrease) in cash and cash equivalents	+5,232	+1,288

Major breakdown
Purchase of property, plant and equipment (7,452)
Increase (Decrease) in Long-Term Deposits +1,000
Proceeds from transfer of business +682

Major breakdown
Dividends paid (incl. minority shareholders) (4,486)



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Earnings Forecasts (Full-year)

(Millions of yen,%)

	FY2022/12	FY2023/12				
		Revisions of Forecasts	Change	%	Initial forecast	Progress (v.s. initial forecast)
Net sales	175,434	164,000	(11,434)	(6.5)	187,500	(12.5)
Operating income	30,181	23,500	(6,681)	(22.1)	31,000	(24.2)
Ordinary income	30,966	25,000	(5,966)	(19.3)	31,600	(20.9)
Profit attributable to owners of parent	19,693	13,500	(6,193)	(31.5)	19,400	(30.4)
EBITDA	36,943	31,300	(5,643)	(15.3)	38,300	(18.3)
ROE (%)	12.1	7.7	(4.4)	-	11.0	-

Average exchange rate (US\$) : ¥130.6/\$ (FY2022/12) ⇒ ¥135.0/\$ (FY2023/12)

- Net sales : Forecast to lower by 6.5% YoY affected by the results for the 1H while recovery in some semi segments will be projected.
- Operating income : Forecast to lower by 22.1% YoY due to sales decline and expense increase.
- Profit attributable to owners of parent : Forecast to lower by 31.5% YoY due to operating profit decline and recognition of restructuring charges.



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Performance Forecasts in Detail (Full-year)

(Millions of yen,%)

	2022/12	FY2023/12				
		Revised Forecasts	Change	%	Initial forecast	Progress (v.s. initial forecast)
Net sales	175,454	164,000	(11,434)	(6.5)	187,500	(12.5)
Electronic functional materials*	92,799	88,500	(4,299)	(4.6)	98,750	(10.4)
High purity chemicals*	77,565	73,600	(3,965)	(5.1)	86,150	(14.6)
Other*	5,069	1,900	(3,169)	(62.5)	2,600	(26.9)
Operating income	30,181	23,500	(6,681)	(22.1)	31,000	(24.2)

Average exchange rate (US\$) : ¥130.6/\$ (FY2022/12) ⇒ ¥135.0/\$ (FY2023/12) * Adjusted under the new segmentation for 2022/12.

■ Electronic functional materials (Net sales)

: Forecast to lower by 4.6% YoY, with the assumption that photoresists for front-end semiconductors will recover in the 2H of the year, while sales in front-end semi materials are expected to recover.

■ High purity chemicals (Net sales)

: Forecast to lower by 5.1% YoY, with the assumption that overall recovery will start in the 2H of the year, while capacity utilization for some applications is expected to increase.



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Capital Investments / Depreciation / R&D

(Millions of yen,%)

	1H FY2022	1H FY2023	Progress (v.s. initial forecast)	FY2022/12	FY2023/12		
	Result	Result		Result	Revised Forecast	Change	Initial Forecast
Capital investment	6,809	6,380	34.3	14,514	17,400	+2,885	18,600
Depreciation	3,152	3,786	51.9	6,762	7,800	+1,037	7,300
R&D	5,217	6,038	47.0	11,038	12,600	+1,561	12,850

■ Capital investment : Proceed with the mid-term management plan, despite a few delays.

■ Depreciation : Proceed as scheduled.

■ R&D : Proceed as scheduled.



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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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