

# **Business Results for the Second Quarter of Fiscal Year Ending March 31, 2025**

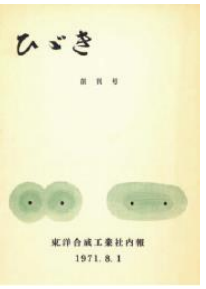
**(April 1, 2024 – September 30, 2024)**

**November 18, 2024**

# 70th Anniversary - Thank you to everyone



- On September 27, 2024, we celebrated our 70th anniversary.
- We would like to express our sincere gratitude to all the people involved who have supported our business growth to date.



# 70 東洋合成

TOYO GOSEI 70th ANNIVERSARY

~70th Anniversary Logo~



70th Anniversary Thanksgiving



## 1. Business Results for the H1 FY2024

## 2. Forecasts for the FY2024

## 3. Future outlook

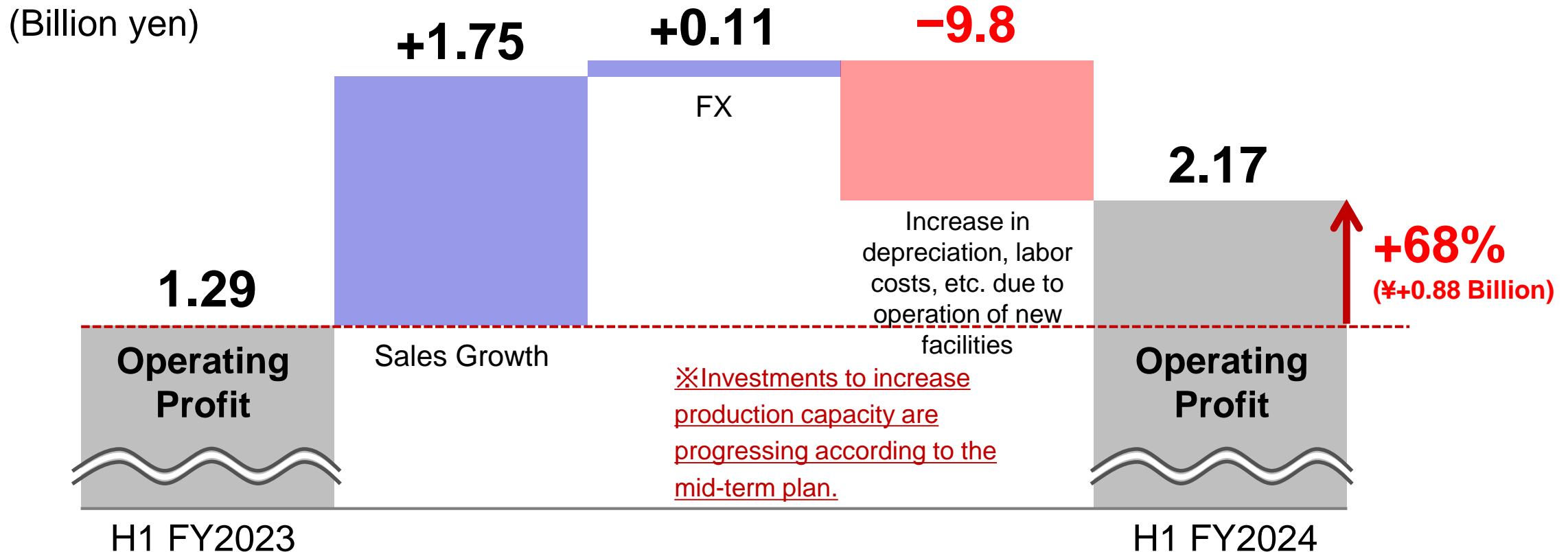
# Financial Results for the H1 FY2024

- Net sales increased 25% YoY to 18,743 million yen, thanks to increased sales of materials for advanced semiconductors, driven by AI-related investments.
- Operating profit was 2,178 million yen, up 68% YoY, thanks to increased sales.
- Compared to the projection, operating profit exceeded +6% and net profit exceeded +3%.

(Million yen)	H1 FY2023 Results	H1 FY2024 Results	YoY		H1 FY2024 Projections	Comparison with Forecasts	
			Change	YoY		Change	YoY
Net sales	15,055	<b>18,743</b>	<b>+3,688</b>	<b>+25%</b>	18,700	+43	+0%
Operating profit	1,297	<b>2,178</b>	<b>+880</b>	<b>+68%</b>	2,050	+128	+6%
Ordinary profit	1,354	<b>2,060</b>	<b>+706</b>	<b>+52%</b>	2,000	+60	+3%
Profit	917	<b>1,391</b>	<b>+474</b>	<b>+52%</b>	1,350	+41	+3%
EPS	¥115	<b>¥175</b>					
Interim Dividends	¥20	<b>¥20</b>					
FX Rate (USD)	¥ 140/\$	<b>¥ 153/\$</b>					

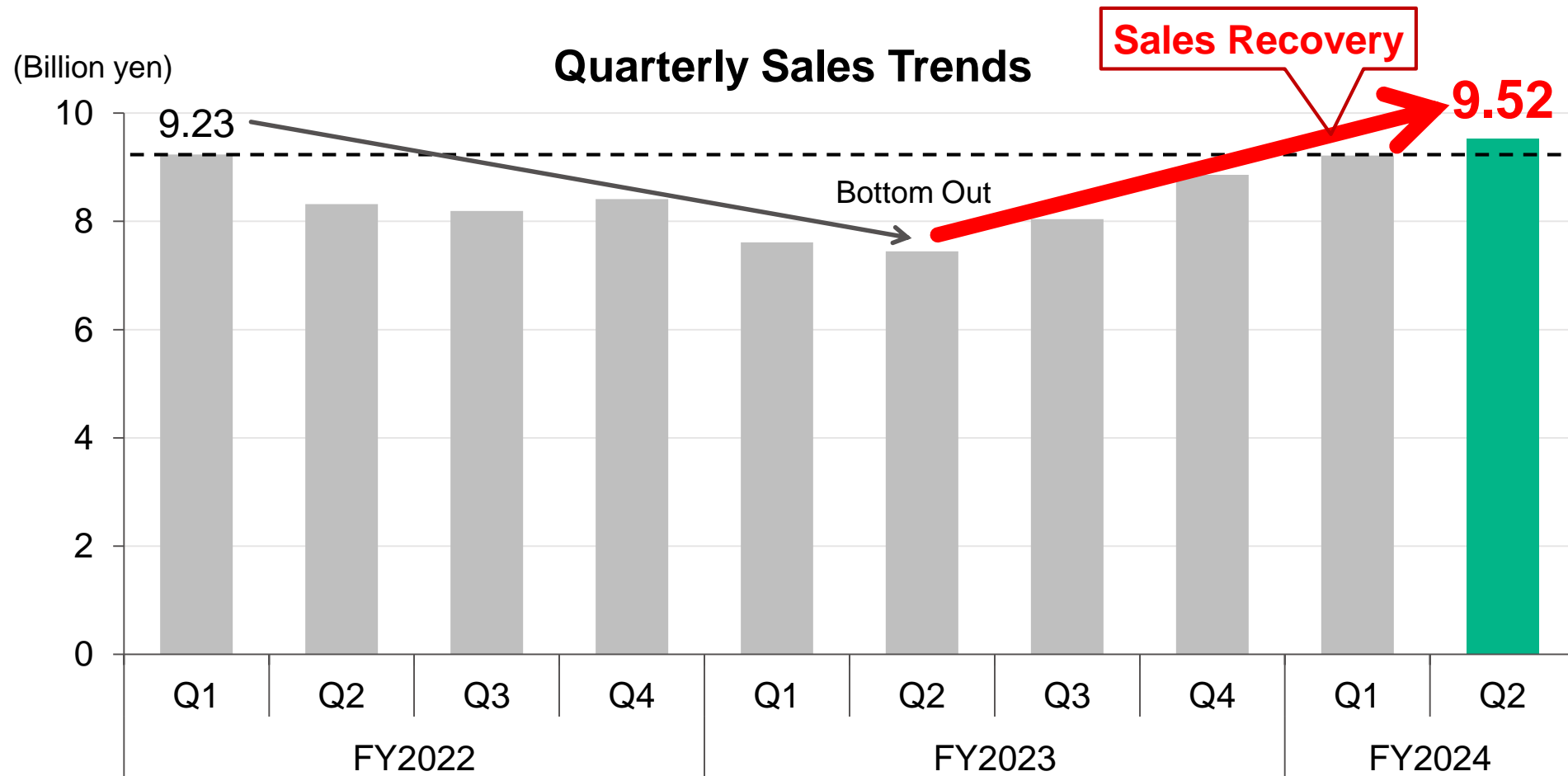
# Variance Analysis: Operating profit

- Increased sales absorbed the increased costs of expanding production capacity, and the weak yen also contributed to operating profit increasing 68% YoY to 2.17 billion yen.



# Quarterly Sales Trends

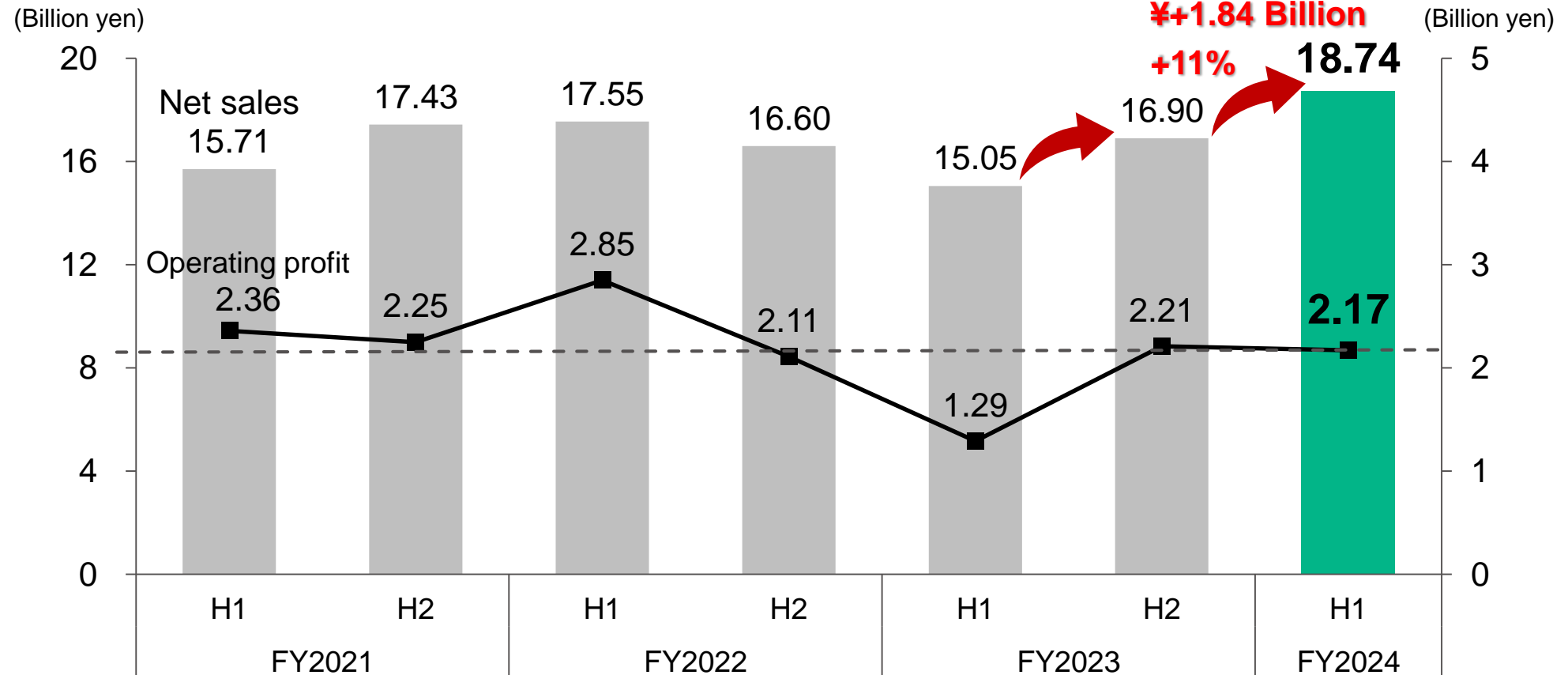
- Quarterly sales reached a record high, mainly thanks to sales expansion of materials for advanced semiconductors.



# H1 FY2024 Net sales & Operating profit Results

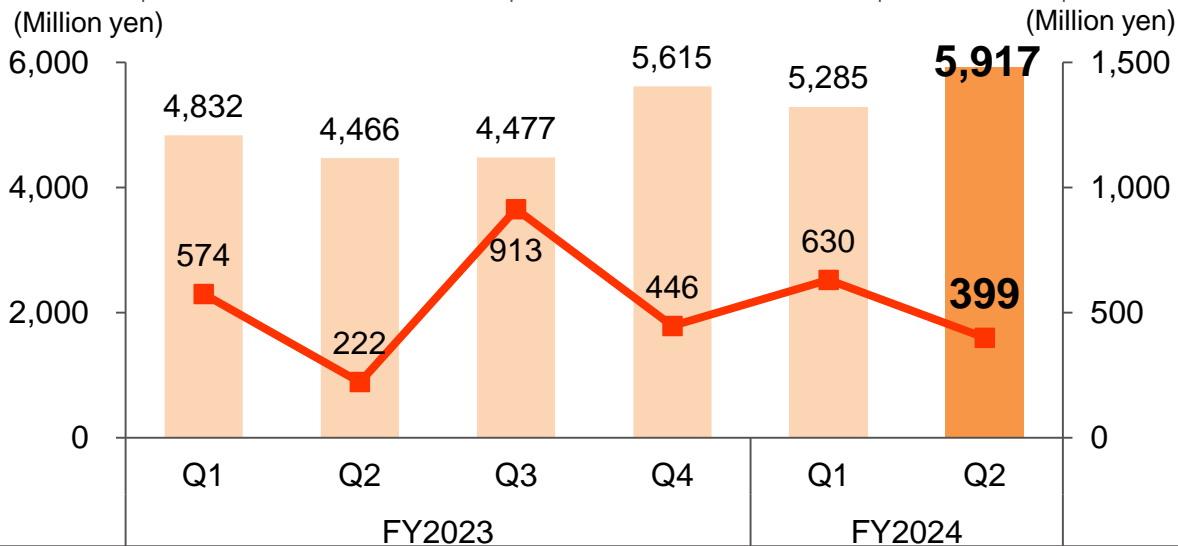
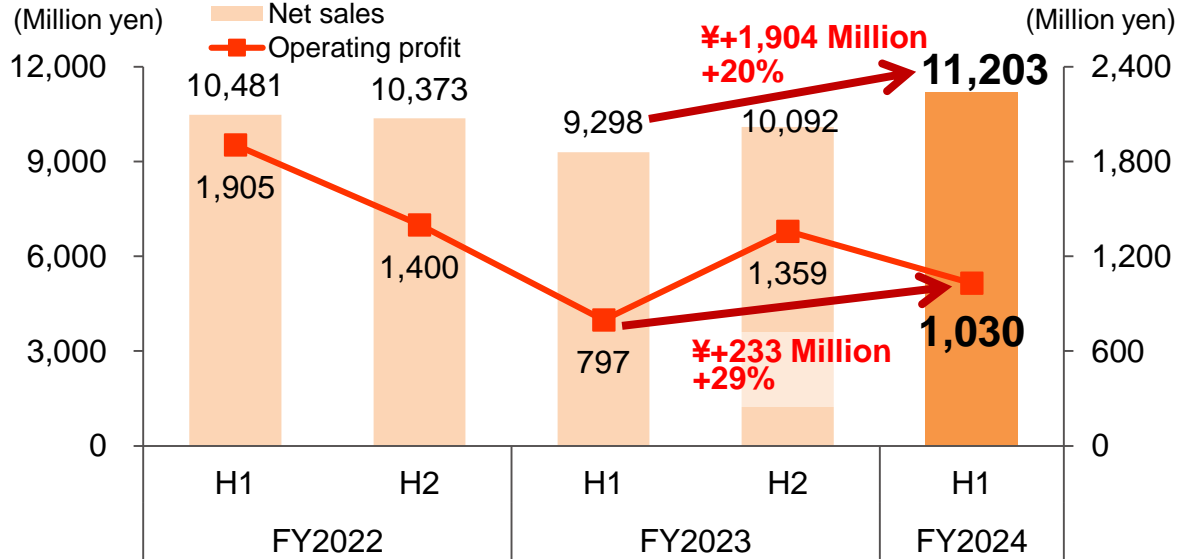
- Both sales and profits have recovered since the second half of the previous year. Sales increased 11% from the previous second half.
- Increased sales absorbed the increased costs associated with increased production capacity and ensure profits.

## Semiannual Net sales & Operating Profit Trends



# Photosensitive Materials Segment

## Net sales & Operating profit



Net sales: ¥11,203 Million

YoY: + ¥1,904 Million, +20%

- Record highs for both the semi-annual and quarterly periods.
- Sales of semiconductor materials expanded thanks to increased demand in cutting-edge fields driven by AI-related investment.
- Regarding display materials, panel production has been maintained at a certain level, mainly in China, and demand for our company has been strong.

Operating profit: ¥1,030 Million

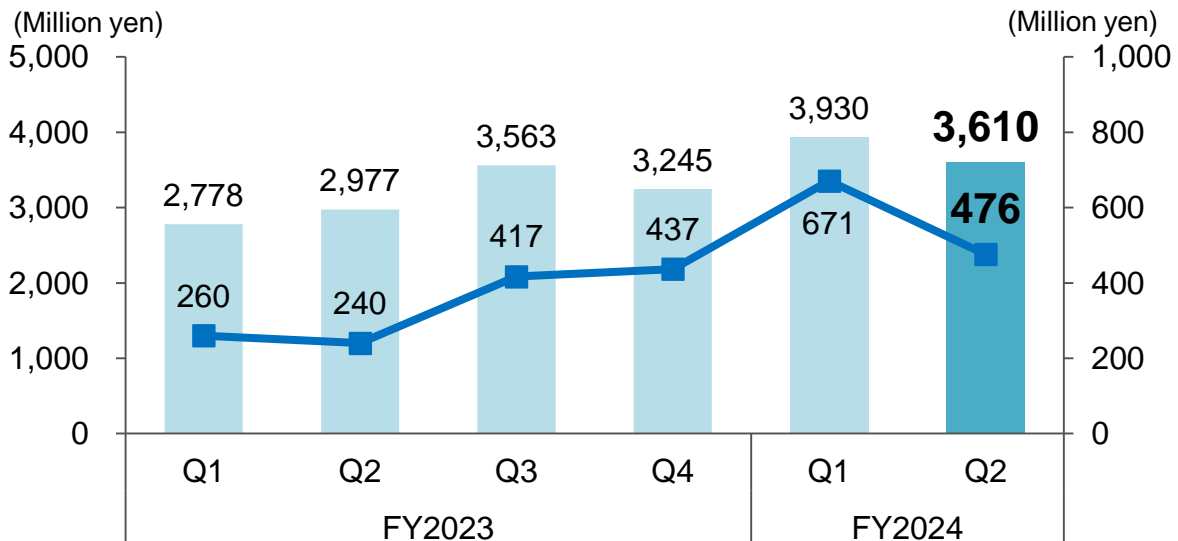
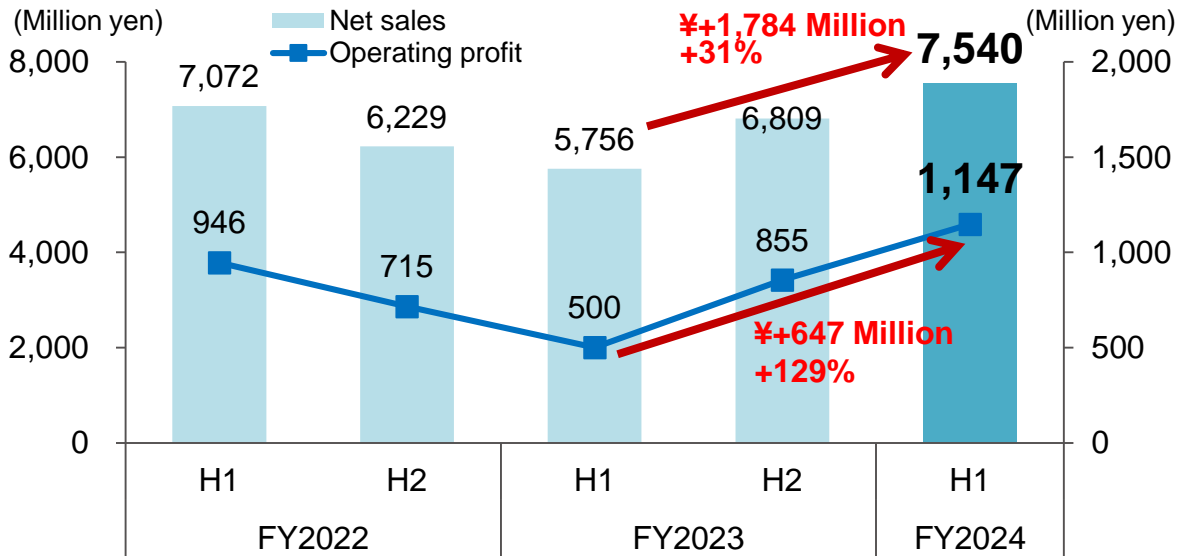
YoY: + ¥233 Million, +29%

- Increased sales absorbed increased costs associated with increased production capacity and secured profits.
- Profit decreased from the previous 2H mainly due to increased costs for new facility operation.



# Chemicals Segment

## Net sales & Operating profit



**Net sales: ¥7,504 Million**

YoY: + ¥1,784 Million, +31%

- Sales of high-purity solvents increased thanks to higher demand for semiconductors and recovery of demand for electronic components.
- Sales of fragrance materials increased thanks to continued recovery in demand.
- Regarding tank terminals, cargo movement is sluggish, but the tank contract rate remains at a high level.

**Operating profit: ¥1,147 Million**

YoY: + ¥647 Million, +129%

- Profits increased significantly due to a temporary change in sales composition.
- Both net sales and operating profit reached record highs for the half year.

# H1 FY2024 Income Statement

- Net sales were 18,743 million yen (YoY +25%).
- Gross profit increased 1,283 million yen and gross profit margin improved by 2.4 points to 24.5%, as sales growth absorbed increased expenses.
- Ordinary profit increased 1.5 times from the previous year to 2,060 million yen.

(Million yen)	H1 FY2023	H1 FY2024	Change	%	
<b>Net sales</b>	15,055	<b>18,743</b>	+3,688	+25%	
Cost of sales	11,728	<b>14,133</b>	+2,405	+21%	
<b>Gross profit</b>	3,326	<b>4,609</b>	+1,283	+39%	← Gross profit Margin 22.1%→24.5% Improved by 2.4 points
SG&A expenses	2,029	<b>2,431</b>	+402	+20%	
<b>Operating profit</b>	1,297	<b>2,178</b>	+880	+68%	
Non-operating income	117	<b>145</b>	+27	+24%	
Non-operating expenses	60	<b>262</b>	+202	+336%	← Exchange rate and interest rate impacts
<b>Ordinary profit</b>	1,354	<b>2,060</b>	+706	+52%	← Ordinary profit Margin 11.0%
Extraordinary income & losses	-18	<b>-50</b>	-32		
Profit before income taxes	1,335	<b>2,009</b>	+674	+50%	
Income taxes	418	<b>618</b>	+200	+48%	
<b>Profit</b>	917	<b>1,391</b>	+474	+52%	

# H1 FY2023 Statement of Cash flows

- Operating CF: ¥3,926 Million Profit increase, working capital improvement.
- Investment CF: ¥5,500 Million Continued investment in production capacity expansion.
- Financial CF: ¥1,651 Million Secured funds for capital investment.

	(Million yen)	H1 FY2023	H1 FY2024	Change
<b>Cash flows from operating activities</b>		1,337	<b>3,926</b>	+2,588
Profit before income taxes		1,335	<b>2,009</b>	+674
Depreciation		1,443	<b>1,576</b>	+132
Decrease (increase) in trade receivables (+: decrease)		446	<b>604</b>	+157
Decrease (increase) in inventories (+: decrease)		488	<b>-717</b>	-1,205
Increase (decrease) in trade payables (+: increase)		-1,981	<b>1,618</b>	+3,599
Other		-394	<b>-1,164</b>	-769
<b>Cash flows from investing activities</b>		-3,798	<b>-5,500</b>	-1,702
<b>FCF</b>		-2,461	<b>-1,574</b>	+886
<b>Cash flows from financing activities</b>		2,913	<b>1,651</b>	-1,261
<b>Effect of exchange rate change on cash and cash equivalents</b>		-90	<b>-61</b>	+28
<b>Net increase (decrease) in cash and cash equivalents</b>		362	<b>16</b>	-346
<b>Cash and cash equivalents</b>		3,614	<b>3,661</b>	+46

Improved working capital:  
+2.54 Billion yen

# H1 FY2024 Balance sheet

- Working capital improved by 1.5 billion yen thanks to sales expansion.
- Due to continued capital investment to increase production capacity, tangible fixed assets increased by 4.36 billion yen and borrowings increased by 1.91 billion yen.
- Thanks to the increase in net profit, shareholders' equity increased by 1.23 billion yen. The equity ratio was 35.5%.

(Million yen)	Mar. 2024 ended	Sep. 2024 ended	Change	(Million yen)	Mar. 2024 ended	Sep. 2024 ended	Change
<b>Current assets</b>	22,682	23,463	+781	<b>Liabilities</b>	37,691	41,799	+4,107
Cash and deposits	3,645	3,661	+16	Notes and accounts payable – trade	4,009	5,627	+1,618
Notes and accounts receivable – trade	7,222	6,618	-604	Borrowings	22,008	23,924	+1,916
Inventories	10,338	11,055	+717	Other	11,673	12,246	+573
Other	1,475	2,127	+652		0	0	+0
<b>Fixed assets</b>	36,834	41,379	+4,544	<b>Net assets</b>	21,825	23,043	+1,217
Property, plant and equipment	33,862	38,222	+4,360	Shareholders' equity	21,635	22,867	+1,232
Intangible assets	1,579	1,711	+132	Valuation and translation adjustments	190	176	-14
Investments and other assets	1,393	1,444	+51		0	0	+0
<b>Total assets</b>	59,517	64,842	+5,325	<b>Liabilities and net assets</b>	59,517	64,842	+5,325

**1. Business Results for the H1 FY2024**

**2. Forecasts for the FY2024**

**3. Future outlook**

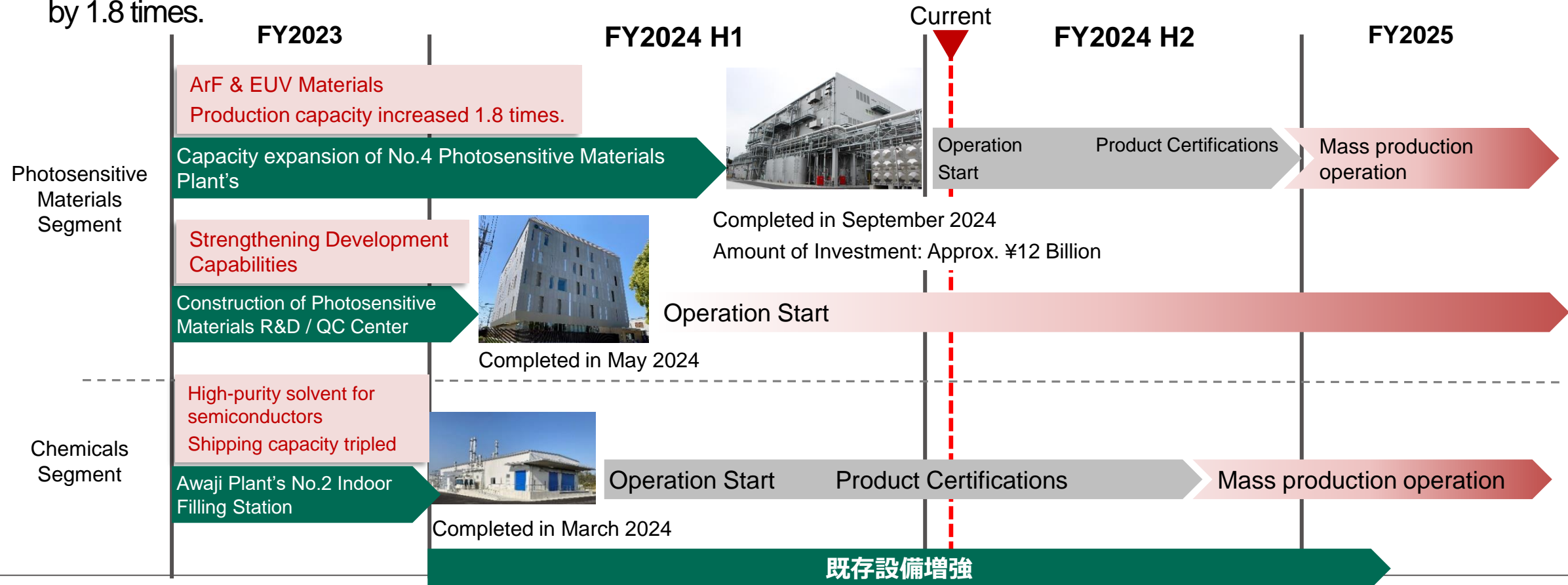
# Progress of Full-Year Earnings Forecasts

- The progress rate for the first half of the year against the full-year forecasts is 49% for sales, 61% for operating profit, 59% for ordinary profit, and 56% for profit.
- Each profit has progressed by more than 50% against the forecasted results

(Million yen)	FY2024 Full-Year Forecasts	H1 FY2024 Results	Progress Ratio
Net sales	38,200	<b>18,743</b>	<b>49%</b>
Operating profit	3,600	<b>2,178</b>	<b>61%</b>
Ordinary profit	3,500	<b>2,060</b>	<b>59%</b>
Profit	2,500	<b>1,391</b>	<b>56%</b>
FX Rate (USD)	¥148/\$	<b>¥154/\$</b>	

# Progress of Capital Investments

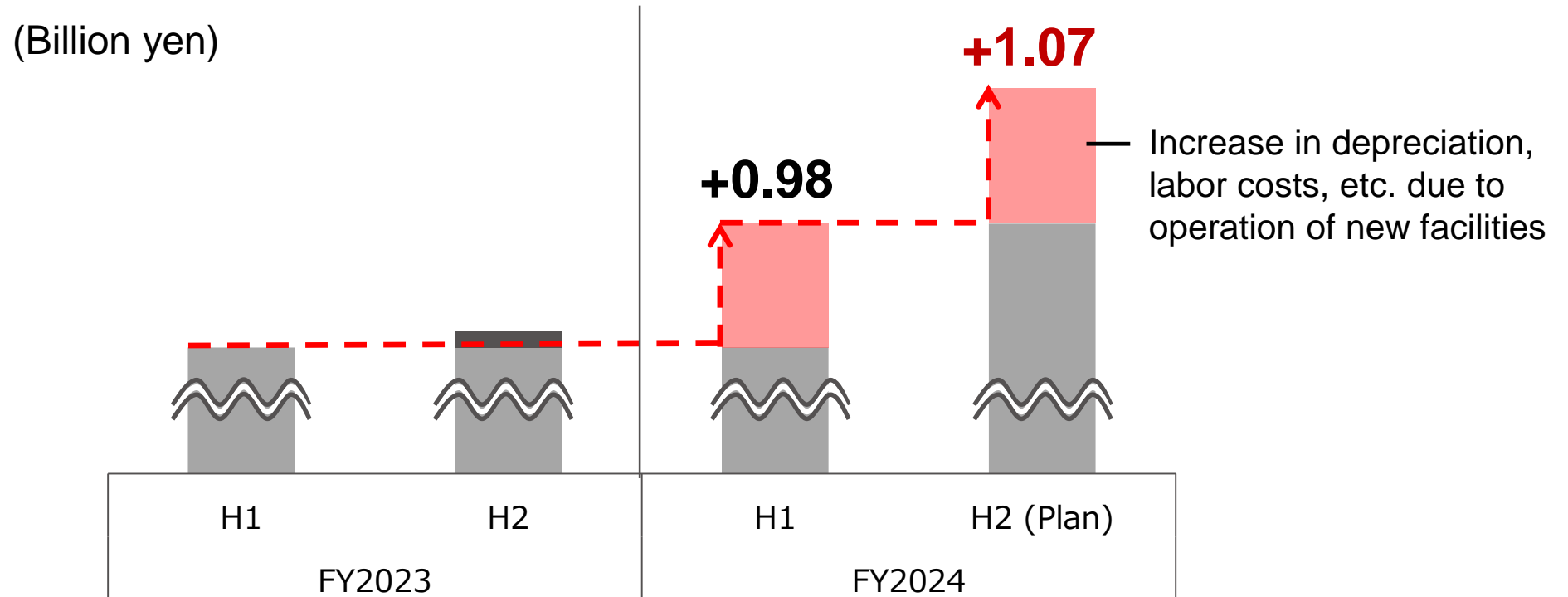
- In September 2024, the Chiba Plant's 4th Photosensitive Material Plant with new additional production lines for ArF and EUV materials completed, then all large-scale investment for increasing production capacity during “Beyond 500” (current mid-term plan) have been completed in the first half of the year.
- From the second half of the year, new facilities will begin operation, increasing production capacity for ArF and EUV materials by 1.8 times.



# FY2024 Increase in Fixed Costs due to Increased Production Capacity

- In the second half of the year, fixed costs are expected to increase by 1.07 billion yen from the first half due to an increase in depreciation and personnel expenses following the start of operation of new facilities.

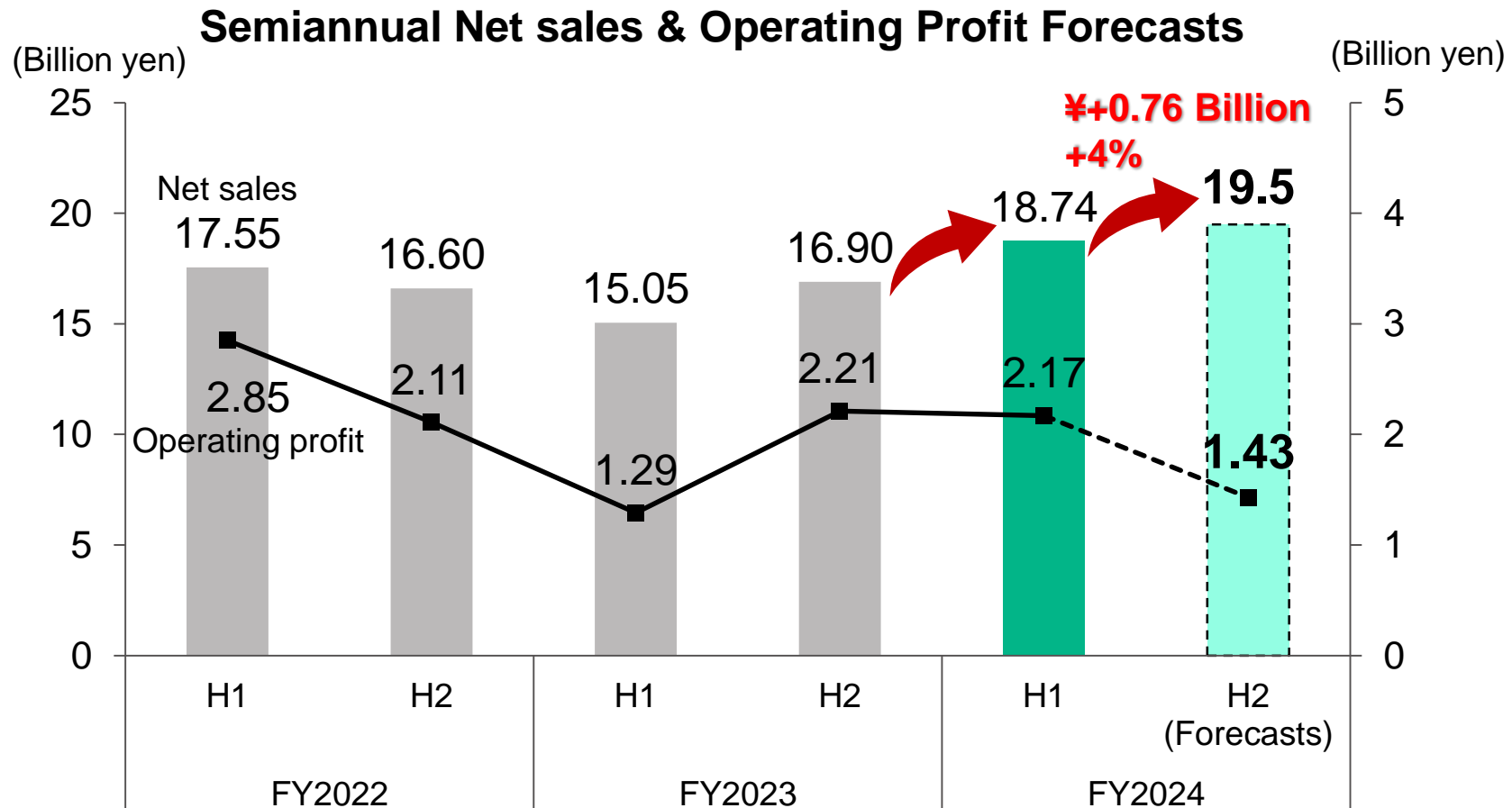
## Increase in Fixed Costs due to Increased Production Capacity





# H2 FY2024 Net sales & Operating Profit Forecasts

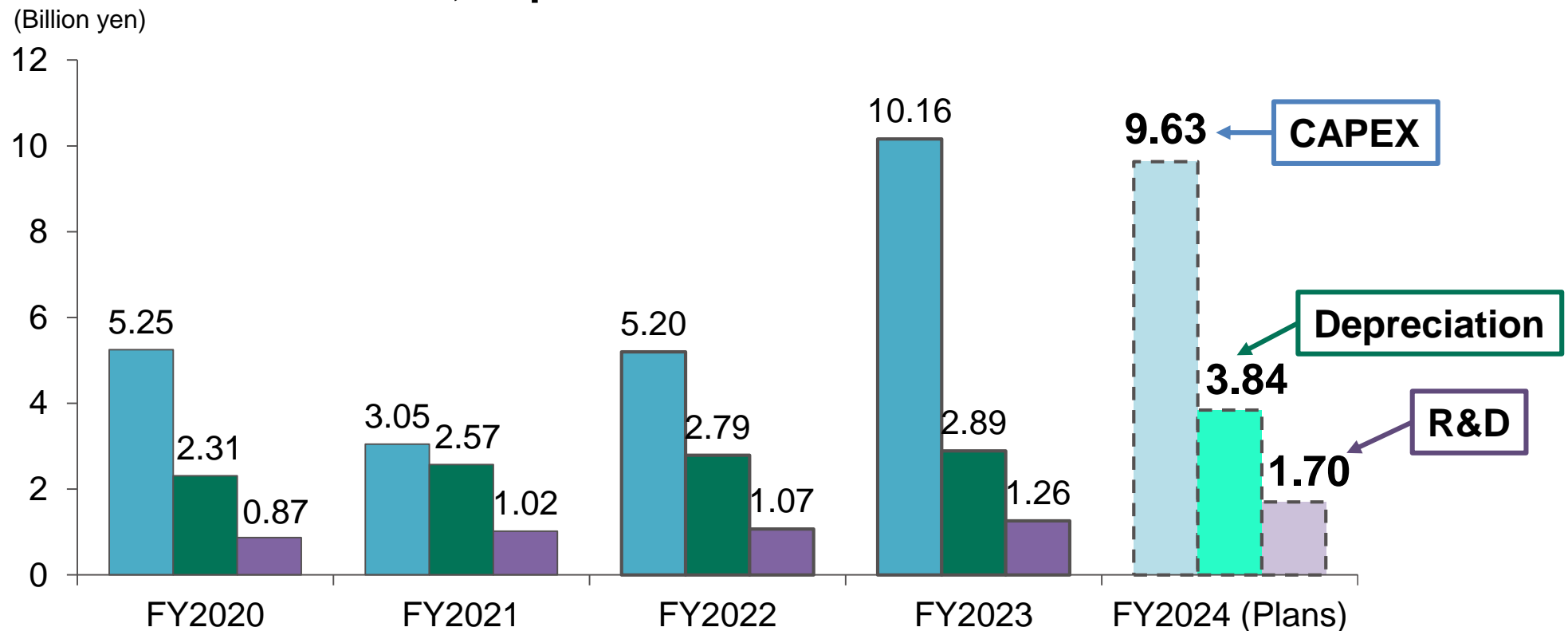
- The sales expansion continues mainly on advanced semiconductor materials for the second half year.
- Profits will temporarily decline in the second half of the fiscal year due to upfront increases in personnel, depreciation and other expenses associated with the operation of new large-scale facilities.



# FY2024 CAPEX, Depreciation & R&D Plans

- Revised annual capital expenditures from 9.24 billion yen to 9.63 billion yen due to higher construction costs for capital expenditures.
- Depreciation have been revised from 4.02 billion yen to 3.84 billion yen due to the start date of depreciation.

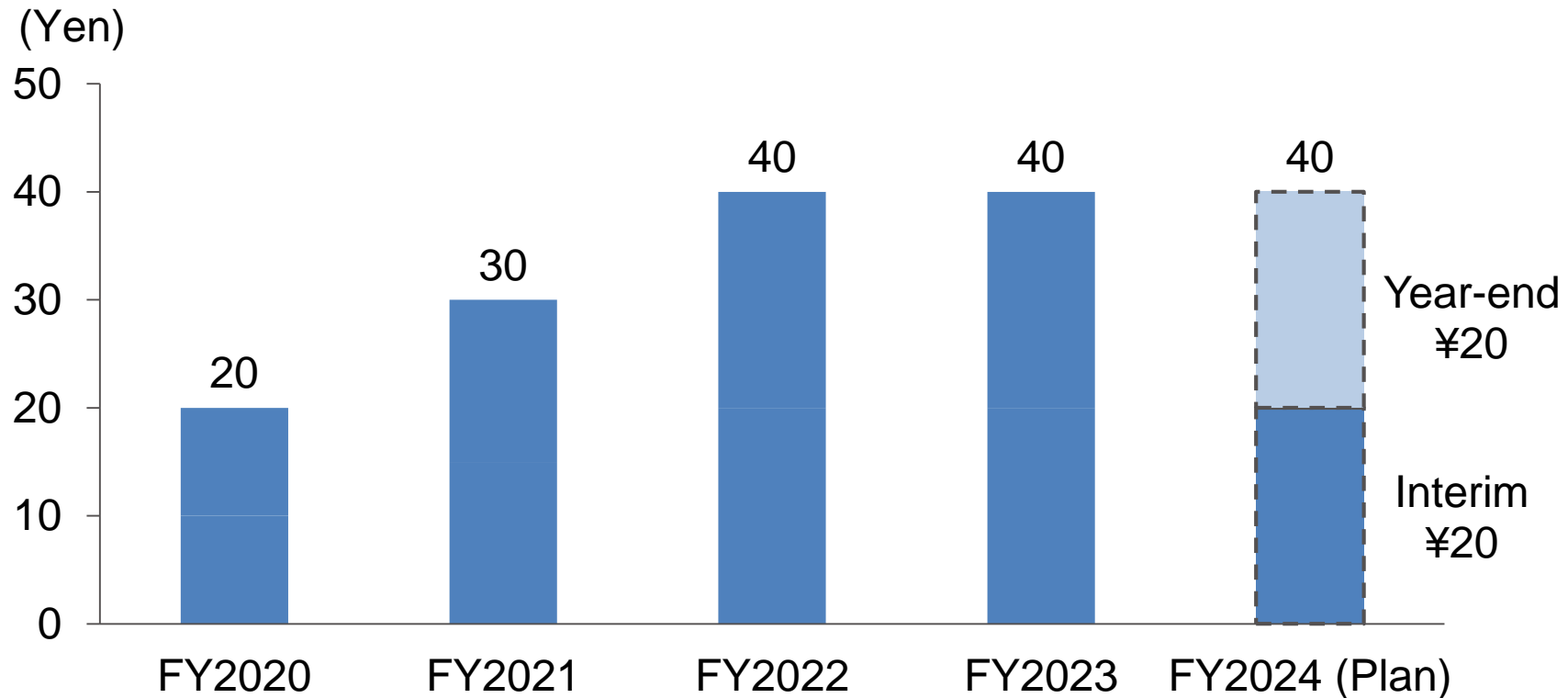
## CAPEX, Depreciation & R&D Plans



# Shareholder Returns

- Based on stable dividends policy, the company plans to maintain an annual dividend of 40 yen (interim dividend of 20 yen) for the fiscal year ending March 2025.

## Dividend Per Share



## 1. Business Results for H1 FY2024

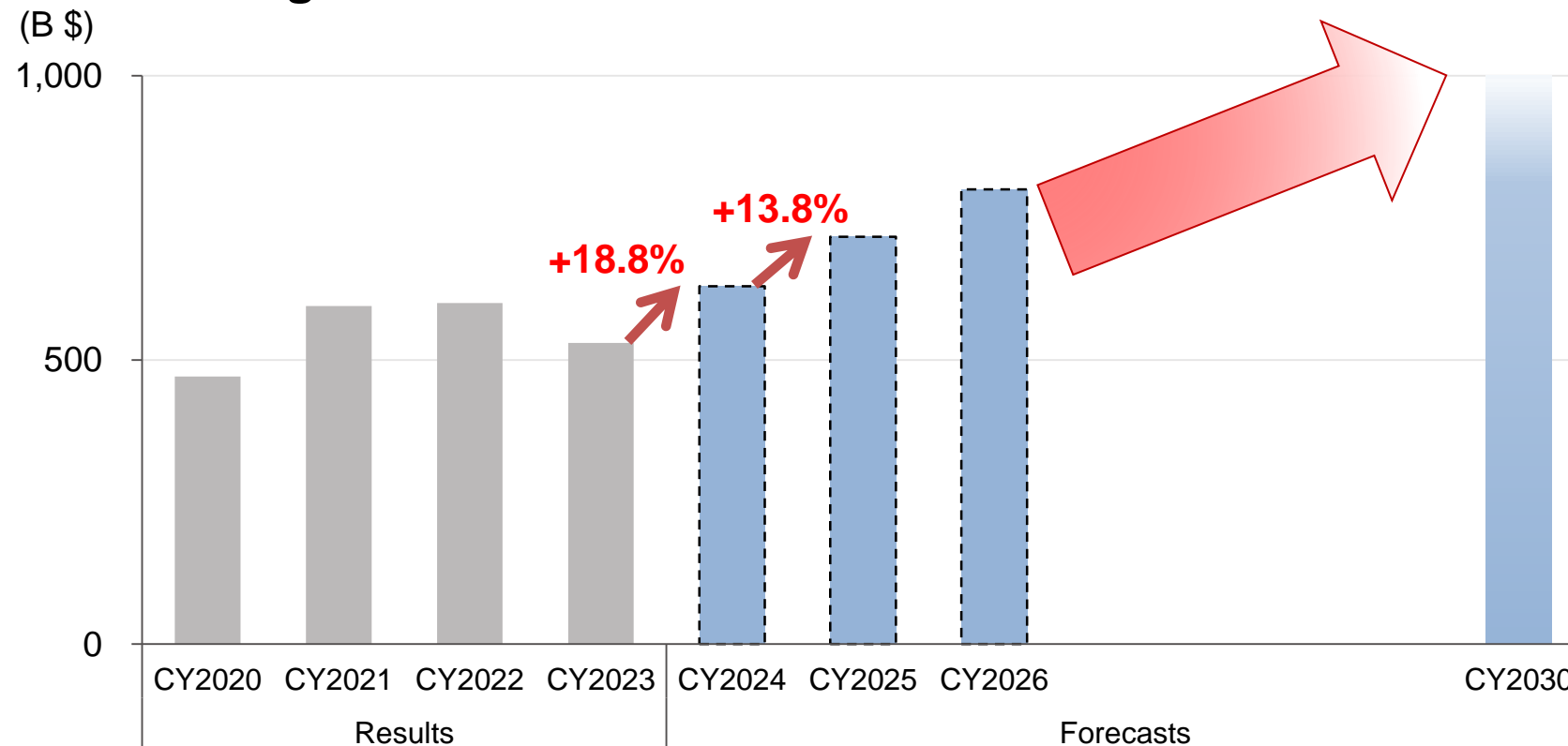
## 2. Forecasts for FY2024

## 3. Future outlook

# Future outlook for the semiconductor market

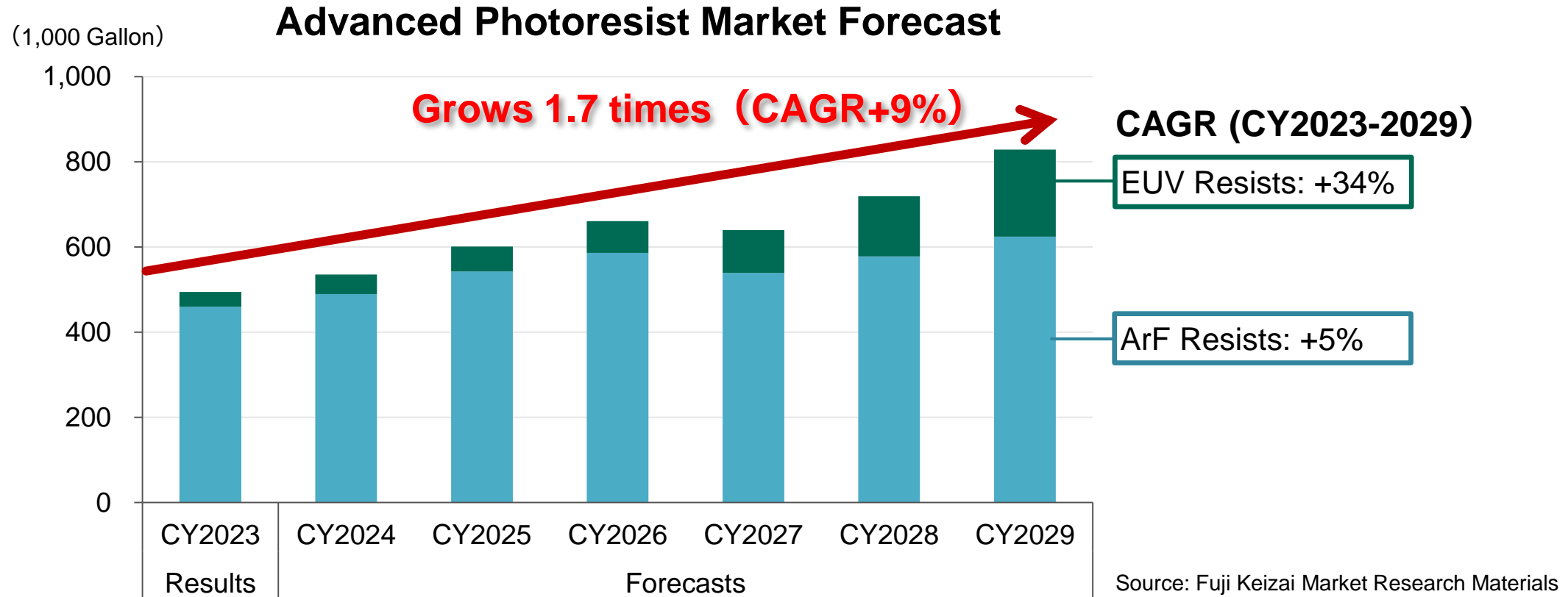
- The global semiconductor market is forecast to grow 18.8% in 2024 and continue to expand 13.8% in 2025.
- It is expected to continue growing after 2026 and reach \$1 trillion by 2030.

## Long-term forecast of the semiconductor market



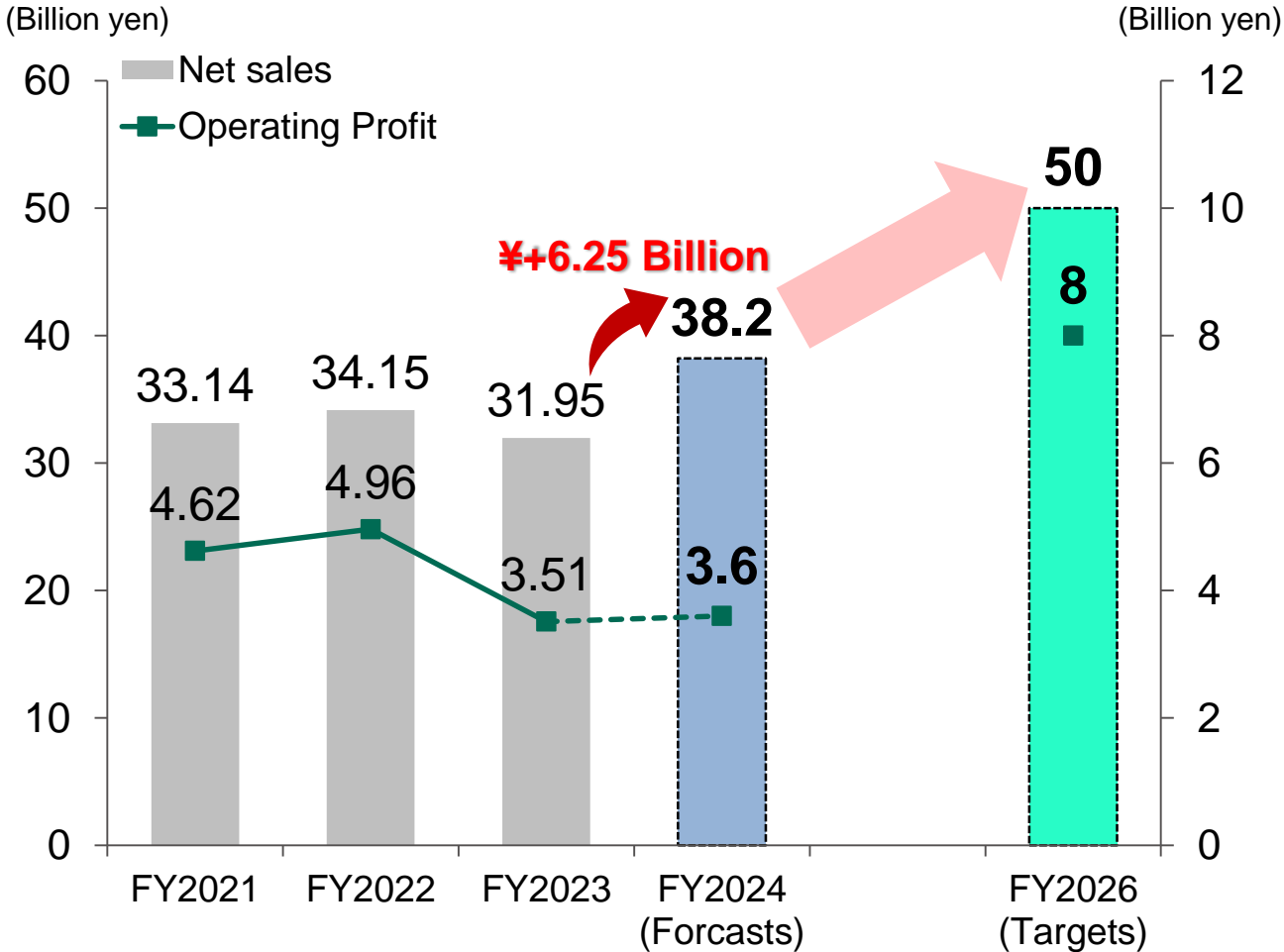
Source : Techcet, Gartner

- CY2023-2029: Demand for EUV resists is expected to grow 5.9 times, at an average annual growth rate of 34%.
- Total demand for EUV and ArF resists is also expected to expand 1.7 times.
- With the completion of the expansion of the 4th Photosensitive Materials Plant, our capacity has increased by 1.8 times.



# Progress of the Mid-term Management Plan "Beyond 500"

## Performance Targets and Progress



### Beyond500 Targets (FY2026)

Net sales: 50 Billion yen

Operating profit: 8 Billion yen

(Operating profit Margin 16%)

- The semiconductor market is expected to continue to grow.
- Investments to increase production capacity to expand supply are expected to be nearly completed in the first half of the fiscal year ending March 2025.
- Profit contribution is expected in the next fiscal year and beyond.
- Human resource development and strengthening of technical strategies are also underway.

**Beyond500**

# Human Resource Development Initiatives

- In 2017, a job-based HR system was introduced for management positions in preparation for mid- to long-term growth.
- September 5, 2024: Selected by the Cabinet Office's Job-based Personnel Promotion Council as a company to take the lead in introducing the system.

## Features of Our Job-type Employment

- Emphasis on "roles" and "practice in business" and define work in an easy-to-understand manner.
- Raising compensation levels according to role and providing fair treatment.
- Expanding the open recruitment system to growth fields.
- Provide reskilling opportunities by creating skill maps and expanding career and ability development programs.
- In the execution of the work, aspire to management that is rooted in the heart and fosters a culture that creates new challenges through relationship building and organizational development, including team building and workshops.

## The Role of Management

- Achieving organizational goals 50% : Achievement of goals through the development and growth of subordinates.
- Development of subordinates 50% : Developing subordinates through work to achieve goals.





# 独創的な視点で世界へ

Individual Development, to the global Chemical

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東洋合成工業株式会社

(Note):

The forecasts made in this document contain a variety of uncertain factors since it has been prepared based on judgments from information that is currently available.

Therefore, actual business results may differ from those projected, depending on factors and risk such as the economic status of the market surrounding the company, and do not perform any strict promise and guarantees.