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## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022 [J-GAAP]

August 4, 2022

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 Listing: Tokyo Stock Exchange (Prime Market)  
 Securities Code: 4186 URL: <https://www.tok.co.jp/eng>  
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 Scheduled date to file quarterly securities report: August 5, 2022  
 Scheduled date to commence dividend payments: September 7, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 2022 (January 1, 2022 to June 30, 2022)

#### (1) Consolidated Operating Results

(% indicates the rate of increase/decrease year-on-year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ended June 30, 2022	84,711	30.7	14,810	54.7	15,353	52.7	9,723	51.9
June 30, 2021	64,808	13.3	9,574	43.7	10,052	48.1	6,399	37.9

(Note) Comprehensive income: First six months ended June 30, 2022 ¥15,545 million [45.2%]  
 First six months ended June 30, 2021 ¥10,703 million [142.8%]

	Basic earnings per share	Diluted earnings per share
First six months ended June 30, 2022	Yen 241.92	Yen 241.52
June 30, 2021	154.05	153.73

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of June 30, 2022	Millions of yen 231,295	Millions of yen 175,262	% 71.7	Yen 4,117.91
December 31, 2021	217,264	165,190	71.7	3,880.18

(Reference) Equity: As of June 30, 2022: ¥165,750 million As of December 31, 2021: ¥155,829 million

### 2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2021	Yen -	Yen 62.00	Yen -	Yen 94.00	Yen 156.00
Fiscal year ending December 31, 2022	-	78.00			
Fiscal year ending December 31, 2022 (Forecast)			-	80.00	158.00

(Note) Revisions to the most recently disclosed dividend forecasts: None

### 3. Consolidated Financial Results Forecast for Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% indicates the rate of increase/decrease against the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	171,800	22.7	30,000	44.9	31,000	43.1	20,400	14.9	506.59

(Note) Revisions to the most recently disclosed earnings forecasts: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(Note): Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 9.

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	42,600,000 shares
As of December 31, 2021	42,600,000 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2022	2,348,963 shares
As of December 31, 2021	2,439,651 shares

- (iii) Average number of shares outstanding during the period

First six months ended June 30, 2022	40,193,516 shares
First six months ended June 30, 2021	41,539,314 shares

\* The Financial Results report is outside the scope of a quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of earnings forecasts and other special notes

The earnings forecasts stated in this report are based on the information available as of the date of the release of this report, and actual results may differ from these forecasts due to a variety of factors.

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# 1. Qualitative Information on Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 2022

## (1) Explanation about Operating Results

During the six months ended June 30, 2022, the global economy continued to show signs of recovery in many regions while the resurgence of COVID-19 weighed on certain Asian economies.

Amid such circumstances, the Group launched “tok Medium-Term Plan 2024,” a three-year medium-term plan ending in FY2024, under the management vision to become “The e-Material Global Company” contributing to a sustainable future through chemistry. With the slogan of “Boost up TOK!,” the Plan aims to attain the long-term vision TOK Vision 2030 by developing and promoting the following five company-wide 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, and (5) Build sound and efficient management foundation.

In the Material Business, net sales significantly increased year on year due to a continued growth in the semiconductor market driven by the spread of 5G and IoT and the growing data server market, etc. as well as the effect of the weakening yen.

In the Equipment Business, net sales increased year on year due to the progress in acceptance inspections of the ordered equipment.

As a result, for the six months ended June 30, 2022, the Group recorded net sales of ¥84,711 million (up 30.7% year-on-year), operating income of ¥14,810 million (up 54.7% year-on-year), ordinary income of ¥15,353 million (up 52.7% year-on-year), and profit attributable to owners of parent of ¥9,723 million (up 51.9% year-on-year).

Effective January 1, 2022, the Group applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020), etc., and its impact was insignificant. Please see “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” for details.

Operating results by segment are as follows:

### 1) Material Business

Net sales in the Material Business segment, excluding internal transactions were ¥82,256 million (up 28.7% year-on-year), and operating income was ¥17,121 million (up 39.0% year-on-year), mainly due to strong sales of electronic functional materials and high-purity chemicals.

	Six months ended June 30, 2021	Six months ended June 30, 2022	Change	(Millions of yen) %
Net sales	63,937	82,256	18,319	28.7%
Operating income	12,313	17,121	4,807	39.0%

Overview by division is as follows.

In the Electronic functional Materials Division, net sales increased to ¥44,716 million (up 19.0% year-on-year). This was mainly due to continued strong sales of semiconductor photoresists, etc., supported by spread of 5G and IoT, etc. and strong semiconductor demand for data servers as well as the effect of the weakening yen although sales of photoresists for display decreased as a result of changes in demand for small- and medium-sized LCDs.

Net sales in the High-Purity Chemicals Division significantly increased to ¥37,162 million (up 41.6% year-on-year) mainly due to sales price adjustments for certain products of chemicals attached to semiconductor photoresists used in the semiconductor production process as well as the effect of foreign exchange rate fluctuations.

### 2) Equipment Business

Net sales in the Equipment Business segment, excluding internal transactions increased to ¥2,454 million (up 182.0% year-on-year), and operating income increased by ¥445 million from a year earlier to ¥219 million. This was mainly due to the progress in acceptance inspections of ordered products, such as a wafer handling system Zero Newton® used for the through-silicon-via (TSV) process for realizing high function, high-performance semiconductors.

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Change	%
Net sales	870	2,454	1,584	182.0%
Operating income (loss)	(225)	219	445	—

## (2) Explanation about Financial Position

### (Assets)

Total assets as of June 30, 2022 increased by ¥14,031 million from December 31, 2021 to ¥231,295 million.

Total current assets increased by ¥9,829 million mainly due to increases in inventories of ¥4,133 million, notes and accounts receivable - trade of ¥3,694 million.

Total non-current assets increased by ¥4,202 million mainly because property, plant and equipment increased by ¥5,830 million due to capital investments although investments and other assets decreased by ¥1,894 million due to a decrease in investment securities caused by a decline in stock price.

### (Liabilities)

Total liabilities as of June 30, 2022 increased by ¥3,959 million from December 31, 2021 to ¥56,032 million mainly because notes and accounts payable – trade increased by ¥3,066 million and other in current liabilities increased by ¥1,703 million due to an increase in equipment-related payables.

### (Net assets)

Total net assets as of June 30, 2022 increased by ¥10,071 million from December 31, 2021 to ¥175,262 million mainly due to recording of profit attributable to owners of parent of ¥9,723 million and an increase in foreign currency translation adjustment of ¥4,874 million due to the weak yen despite payments of year-end dividend of ¥3,794 million.

As a result, the equity ratio as of June 30, 2022 stood at 71.7%.

## (3) Explanation about Future Forecast Information Including Consolidated Earnings Forecasts

There has been no change in the earnings forecasts announced in “Announcement of Revision to Earnings Forecasts” (in Japanese) dated July 29, 2022.

The foreign exchange rate is assumed to be \$1=¥125.

In the event that we need to revise them due to COVID-19, we will disclose promptly.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY12/21 (As of December 31, 2021)	Second quarter of FY12/22 (As of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	56,835	58,310
Notes and accounts receivable - trade	33,895	37,589
Securities	3,999	3,999
Merchandise and finished goods	9,451	10,373
Work in process	4,606	6,706
Raw materials and supplies	7,292	8,404
Other	2,921	3,414
Allowance for doubtful accounts	(120)	(87)
<b>Total current assets</b>	<b>118,883</b>	<b>128,712</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,251	32,198
Other, net	25,680	30,565
<b>Total property, plant and equipment</b>	<b>56,932</b>	<b>62,763</b>
Intangible assets	837	1,103
Investments and other assets		
Retirement benefit asset	4,658	4,739
Long-term time deposits	18,000	18,000
Other	17,957	15,982
Allowance for doubtful accounts	(6)	(6)
<b>Total investments and other assets</b>	<b>40,610</b>	<b>38,715</b>
<b>Total non-current assets</b>	<b>98,380</b>	<b>102,583</b>
<b>Total assets</b>	<b>217,264</b>	<b>231,295</b>

(Millions of yen)

	FY12/21 (As of December 31, 2021)	Second quarter of FY12/22 (As of June 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	19,250	22,316
Short-term borrowings	3,900	-
Income taxes payable	4,278	3,364
Provision for bonuses	2,488	2,741
Other	9,739	11,443
Total current liabilities	39,656	39,867
Non-current liabilities		
long-term borrowings	6,711	10,417
Retirement benefit liability	609	666
Other	5,095	5,081
Total non-current liabilities	12,416	16,165
Total liabilities	52,073	56,032
<b>Net assets</b>		
Shareholders' equity		
Share capital	14,640	14,640
Capital surplus	15,207	15,303
Retained earnings	124,806	130,735
Treasury shares	(11,818)	(11,391)
Total shareholders' equity	142,836	149,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,851	5,536
Foreign currency translation adjustment	5,618	10,493
Remeasurements of defined benefit plans	522	432
Total accumulated other comprehensive income	12,993	16,462
Share acquisition rights	215	174
Non-controlling interests	9,146	9,337
Total net assets	165,190	175,262
Total liabilities and net assets	217,264	231,295

**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**  
**(Quarterly Consolidated Statement of Income)**  
**(Quarterly Consolidated Statement of Income for the First Six Months)**

(Millions of yen)

	First six months of FY 12/21 (January 1, 2021 – June 30, 2021)	First six months of FY 12/22 (January 1, 2022 – June 30, 2022)
Net sales	64,808	84,711
Cost of sales	41,681	54,228
Gross profit	23,126	30,482
Selling, general and administrative expenses	13,552	15,671
Operating income	9,574	14,810
Non-operating income		
Interest income	58	61
Dividend income	206	254
Foreign exchange gains	368	553
Other	81	131
Total non-operating income	715	1,000
Non-operating expenses		
Interest expenses	34	36
Loss on valuation of derivatives	173	328
Other	28	92
Total non-operating expenses	237	457
Ordinary income	10,052	15,353
Extraordinary income		
Other	1	—
Total extraordinary income	1	—
Extraordinary losses		
Loss on retirement of non-current assets	67	89
Environmental expenses	200	—
Other	0	—
Total extraordinary losses	268	89
Profit before income taxes	9,785	15,264
Income taxes - current	2,625	3,702
Income taxes - deferred	(94)	416
Total income taxes	2,531	4,118
Profit attributable to	7,253	11,146
Profit attributable to non-controlling interests	854	1,422
Profit attributable to owners of parent	6,399	9,723



**(Quarterly Consolidated Statement of Comprehensive Income)**

**(Quarterly Consolidated Statement of Comprehensive Income for the First Six Months)**

(Millions of yen)

	First six months of FY 12/21 (January 1, 2021 – June 30, 2021)	First six months of FY 12/22 (January 1, 2022 – June 30, 2022)
Profit attributable to owners of parent	7,253	11,146
Other comprehensive income		
Valuation difference on available-for-sale securities	1,102	(1,314)
Foreign currency translation adjustment	2,364	5,804
Remeasurements of defined benefit plans	(17)	(90)
Other comprehensive income	3,449	4,399
Comprehensive income	10,703	15,545
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,339	13,193
Comprehensive income attributable to non-controlling interests	1,363	2,352

**(3) Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	First six months of FY 12/21 (January 1, 2021 – June 30, 2021)	First six months of FY 12/22 (January 1, 2022 – June 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	9,785	15,264
Depreciation	3,223	3,152
Increase (decrease) in allowance for doubtful accounts	(7)	(35)
Increase (decrease) in provision for bonuses	(135)	235
Decrease (increase) in retirement benefit asset	(201)	(182)
Increase (decrease) in retirement benefit liability	2	3
Interest and dividend income	(265)	(315)
Interest expenses	34	35
Foreign exchange losses (gains)	(665)	(1,441)
Loss (gain) on valuation of derivatives	173	328
Loss on retirement of non-current assets	67	89
Decrease (increase) in trade receivables	(2,663)	(1,516)
Decrease (increase) in inventories	(899)	(2,509)
Increase (decrease) in trade payables	1,618	1,921
Increase (decrease) in advances received	15	64
Other	452	(1,464)
Subtotal	10,534	13,630
Interest and dividends received	265	319
Interest paid	(34)	(35)
Income taxes refund (paid)	(2,805)	(4,726)
Net cash provided by (used in) operating activities	7,959	9,187
<b>Cash flows from investing activities</b>		
Purchase of securities	(7,000)	(6,000)
Proceeds from sale of securities	6,000	6,000
Net decrease (increase) in time deposits	–	956
Purchase of property, plant and equipment	(3,623)	(4,304)
Purchase of intangible assets	(171)	(380)
Payments into long-term time deposits	–	(7,000)
Proceeds from withdrawal of long-term time deposits	–	10,000
Other	(19)	(59)
Net cash provided by (used in) investing activities	(4,814)	(788)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	–	3,900
Repayments of long-term borrowings	(182)	(4,094)
Proceeds from issuance of shares	200	–
Proceeds from sale of treasury shares	260	574
Dividends paid	(3,919)	(3,789)
Dividends paid to non-controlling interests	(1,502)	(2,160)
Other	18	(94)
Net cash provided by (used in) financing activities	(5,125)	(5,664)
Effect of exchange rate change on cash and cash equivalents	1,040	2,498
Net increase (decrease) in cash and cash equivalents	(939)	5,232
Cash and cash equivalents at beginning of period	42,728	41,469
Cash and cash equivalents at end of period	41,789	46,702

#### **(4) Notes to Quarterly Consolidated Financial Statements**

##### **(Notes Concerning Going Concern Assumption)**

Not applicable.

##### **(Significant Changes in Shareholders' Equity)**

Not applicable.

##### **(Changes in Accounting Policies)**

(Application of the accounting standard for revenue recognition)

The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, "Accounting Standard for Revenue Recognition"), etc. from January 1, 2022, and recognizes revenue at an amount that it expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to a customer.

The Group's performance obligation is sales of goods, and we recognize revenue from domestic sales of merchandise and finished goods when the shipment is completed if control of the merchandise or finished goods is transferred to customers within a normal period after the shipment in accordance with the alternative treatment provided for in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Implementation Guidance No.30, March 26, 2021)

We applied the Accounting Standard for Revenue Recognition, etc. from January 1, 2022 pursuant to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, with the cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to January 1, 2022, adjusted to the beginning balance of retained earnings as of January 1, 2022, but there was no impact on the beginning balance. The impact on the quarterly consolidated financial statements is insignificant.

Pursuant to the transitional treatment provided for in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue arising from contracts with customers for the six months ended June 30, 2021 is not presented.

(Application of the accounting standard for fair value measurement)

The Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019, "Accounting Standard for Fair Value Measurement"), etc. from January 1, 2022, and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the quarterly consolidated financial statements.

**(Additional Information)**

(Transaction to grant the Company's shares to employees, etc. through a trust)

Based on the resolution at the Board of Directors meeting held on August 7, 2019, the Company introduced "Trust-Type Employee Stock Ownership Plan" ("Plan") with an aim to enhance the Company's welfare program as well as to improve its medium- to long-term corporate value by providing employees with incentives for an increase in stock prices.

(1) Overview of the transaction

The Plan is an incentive plan for all employees in the "Tokyo Ohka Employees Stockholding Association" ("Stockholding Association"). Under the Plan, the Company sets up the "Tokyo Ohka Employee Stockholding Association Trust" ("Stockholding Trust") at a trust bank, and the Stockholding Trust purchases in advance the number of the Company's shares expected to be purchased by the Stockholding Association over five years from the date the trust is set up and sells the shares to the Stockholding Association every month on a certain date. Any gains on sale of shares accumulated in the trust upon expiry of the Stockholding Trust will be distributed as residual assets to those satisfying the beneficiary eligibility requirements. As the Company provides guarantee for the loans payable made by the Stockholding Trust to purchase the Company's shares, the Company is liable to pay the outstanding balance of the loans payable, equivalent to loss on sale of shares accumulated in the Stockholding Trust due to a decline in stock prices, upon expiry of the Stockholding Trust.

The Plan aims to improve our medium- to long-term corporate value by providing employees with incentives for an increase in stock prices and also to support employees' asset building as a measure to enhance our welfare program by promoting purchase and holding of shares through enhancement of the Stockholding Association.

(2) The Company's shares remaining in the Trust

The Company's shares remaining in the Trust are recorded as Treasury shares in Net assets at the carrying amount at the Trust (excluding ancillary expenses). The carrying amount and number of treasury shares as of December 31, 2021 and June 30, 2022 were ¥862 million and 206 thousand shares and ¥759 million and 182 thousand shares, respectively.

(3) The carrying amount of the loans payable recorded under the gross method

FY12/21	¥611 million
First Six Months of FY12/22	¥417 million

**(Segment Information)**

I First six months of the fiscal year ended December 2021 (January 1, 2021 – June 30, 2021)

## 1. Information about net sales, income/loss for each reportable segment

(Millions of yen)

	Reportable segment			Reconciliations (Note) 1	Consolidated (Note) 2
	Material Business	Equipment Business	Total		
Net sales					
Net sales to customers	63,937	870	64,808	—	64,808
Inter-segment sales or transfers	0	33	34	(34)	—
Total	63,938	903	64,842	(34)	64,808
Segment income (loss)	12,313	(225)	12,087	(2,513)	9,574

(Note) 1. Reconciliation of segment income (loss) amounting to ¥(2,513) million includes general and administrative expenses of ¥(2,513) million, which are not allocated to reportable segments.

2. Segment income (loss) has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

## 2. Information on impairment losses on non-current assets or goodwill by reportable segment

Not applicable.

II First six months of the fiscal year ending December 2022 (January 1, 2022 – June 30, 2022)

1. Information about net sales, income/loss and breakdown of revenue by reportable segment

(Millions of yen)

	Reportable segment			Reconciliations (Note) 1	Consolidated (Note) 2
	Material Business	Equipment Business	Total		
Net sales					
Electronic functional materials	44,716	—	44,716	—	44,716
High-purity chemicals	37,162	—	37,162	—	37,162
Process equipment	—	2,454	2,454	—	2,454
Other	378	—	378	—	378
Revenue from contracts with customers	82,256	2,454	84,711	—	84,711
Other revenue	—	—	—	—	—
Net sales to customers	82,256	2,454	84,711	—	84,711
Inter-segment sales or transfers	—	46	46	(46)	—
<b>Total</b>	<b>82,256</b>	<b>2,500</b>	<b>84,757</b>	<b>(46)</b>	<b>84,711</b>
<b>Segment income</b>	<b>17,121</b>	<b>219</b>	<b>17,340</b>	<b>(2,530)</b>	<b>14,810</b>

(Note) 1. Reconciliation of segment income amounting to ¥(2,530) million includes general and administrative expenses of ¥(2,530) million, which are not allocated to reportable segments.

2. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill by reportable segment

Not applicable.

3. Changes, etc. in reportable segments

As described in Changes in Accounting policies, the Company applied the Accounting Standard for Revenue Recognition from January 1, 2022 and changed the accounting treatment of revenue recognition, and accordingly, the method to calculate profit or loss of business segment was also changed.

The impact of this change on net sales and segment income for the six months ended June 30, 2022 was insignificant.