



Consolidated Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending December 31, 2024 [J-GAAP]

August 6, 2024

Company name: Tokyo Ohka Kogyo Co., Ltd.
 Listing: Tokyo Stock Exchange (Prime Market)
 Securities Code: 4186 URL: <https://www.tok.co.jp/eng>
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 Scheduled date to file semi-annual securities report: August 7, 2024
 Scheduled date to commence dividend payments: September 6, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For institutional investors and analysts)

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

1. Consolidated Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending December 31, 2024 (January 1, 2024 to June 30, 2024)

(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, 2024 | 94,736 | 22.0 | 13,443 | 23.3 | 14,110 | 19.5 | 9,143 | 70.7 |
| June 30, 2023 | 77,674 | (8.3) | 10,904 | (26.4) | 11,806 | (23.1) | 5,355 | (44.9) |

(Note) Comprehensive income: First six months ended June 30, 2024 ¥14,360 million [23.8%]
 First six months ended June 30, 2023 ¥14,033 million [-9.7%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| First six months ended June 30, 2024 | 75.50 | 75.41 |
| June 30, 2023 | 44.29 | 44.23 |

(Note) The Company conducted a 3-for-1 stock split for common shares on January 1, 2024. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming the stock split had been conducted on January 1, 2023.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|---------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of June 30, 2024 | 273,088 | 205,457 | 71.3 |
| December 31, 2023 | 251,864 | 195,480 | 72.9 |

(Reference) Equity: As of June 30, 2024: ¥194,798 million As of December 31, 2023: ¥183,654 million

2. Cash Dividends

| | Annual dividends per share | | | | |
|---|----------------------------|-------------------------|-------------------------|----------|--------|
| | 1 st quarter | 2 nd quarter | 3 rd quarter | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2023 | — | 82.00 | — | 86.00 | 168.00 |
| Fiscal year ending December 31, 2024 | — | 29.00 | — | — | — |
| Fiscal year ending December 31, 2024 (Forecast) | — | — | — | 29.00 | 58.00 |

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

(Note) In light of the above stock split, the amounts for the fiscal year ended December 31, 2023 are on a pre-split basis and for the fiscal year ending December 31, 2024 (forecast) reflect the effect of the stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates the rate of increase/decrease year-on-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 | 193,400 | 19.2 | 29,300 | 29.0 | 30,400 | 25.3 | 19,800 | 55.8 | 163.24 |

(Note) Revisions to the most recently disclosed financial results forecast: None

There has been no change in the financial results forecast announced on July 26, 2024.

*** Notes**

- (1) Significant changes in the scope of consolidation during the interim period: None
- (2) Application of special accounting treatment in preparing the interim 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: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(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, 2024 | 127,800,000 shares |
| As of December 31, 2023 | 127,800,000 shares |

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

| | |
|-------------------------|------------------|
| As of June 30, 2024 | 6,620,507 shares |
| As of December 31, 2023 | 6,735,402 shares |

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

| | |
|--------------------------------------|--------------------|
| First six months ended June 30, 2024 | 121,104,937 shares |
| First six months ended June 30, 2023 | 120,894,698 shares |

(Note): In light of the above stock split, “Total number of issued shares at the end of the period (including treasury shares),” “Number of treasury shares at the end of the period,” and “Average number of shares outstanding during the interim period” are calculated assuming the stock split had been conducted on January 1, 2023.

* The Financial Results report for the second quarter (interim) is outside the scope of a review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other special notes

The financial results forecast stated in this report is based on the information available as of the date of the release of this report, and actual results may differ from the forecast due to a variety of factors.

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|---|
| Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. |
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○Table of contents of the attached document

| | |
|---|----|
| 1. Qualitative Information on Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 31, 2024 | 2 |
| (1) Explanation about Operating Results | 2 |
| (2) Explanation about Financial Position | 2 |
| (3) Explanation about Future Forecast Information Including Consolidated Financial Results Forecast | 2 |
| 2. Interim Consolidated Financial Statements and Major Notes | 3 |
| (1) Interim Consolidated Balance Sheet | 3 |
| (2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income | 5 |
| Interim Consolidated Statement of Income | |
| First Six Months Ended June 30, 2023 and 2024 | 5 |
| Interim Consolidated Statement of Comprehensive Income | |
| First Six Months Ended June 30, 2023 and 2024 | 6 |
| (3) Interim Consolidated Statement of Cash Flows | 7 |
| (4) Notes to the Interim Consolidated Financial Statements | 9 |
| (Notes Concerning Going Concern Assumption) | 9 |
| (Significant Changes in Shareholders' Equity) | 9 |
| (Additional Information) | 9 |
| (Revenue Recognition) | 10 |
| (Segment Information, etc.) | 10 |

1. Qualitative Information on Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 31, 2024

(1) Explanation about Operating Results

During the six months ended June 30, 2024, the electronics market, which is the main customers for the Group's products, saw a year-on-year increase in demand for semiconductors due to a recovery in the PC and smartphone markets and an expansion of the generative AI market.

Under these circumstances, the Group has made an all-out effort to promote the company-wide strategies set out in the "tok Medium-Term Plan 2024," a three-year medium-term plan with FY2024 as the final year.

As a result, for the six months ended June 30, 2024, the Group recorded net sales of ¥94,736 million (up 22.0% year-on-year), operating income of ¥13,443 million (up 23.3% year-on-year), ordinary income of ¥14,110 million (up 19.5% year-on-year), and profit attributable to owners of parent of ¥9,143 million (up 70.7% year-on-year).

Operating results by business segment is not disclosed, but net sales by division are as follows.

Net sales in the Electronic Functional Materials Division amounted to ¥51,360 million (up 22.7% year-on-year), in the High-Purity Chemicals Division amounted to ¥42,475 million (up 21.8% year-on-year) and in other divisions amounted to ¥900 million (down 6.1% year-on-year).

(2) Explanation about Financial Position

(Assets)

Total assets as of June 30, 2024 increased by ¥21,223 million from December 31, 2023 to ¥273,088 million.

Total current assets increased by ¥14,092 million mainly due to increases in cash and deposits of ¥5,276 million and in notes and accounts receivable - trade of ¥7,486 million.

Total non-current assets increased by ¥7,131 million mainly due to an increase in property, plant and equipment of ¥8,928 million associated with capital investments.

(Liabilities)

Total liabilities as of June 30, 2024 increased by ¥11,245 million from December 31, 2023 to ¥67,630 million mainly due to increases in notes and accounts payable - trade of ¥5,567 million and in income taxes payable of ¥2,219 million.

(Net assets)

Total net assets as of June 30, 2024 increased by ¥9,977 million from December 31, 2023 to ¥205,457 million mainly due to securing of profit attributable to owners of parent of ¥9,143 million and an increase in foreign currency translation adjustment of ¥4,035 million associated with the weakening yen despite payments of year-end dividends of ¥3,315 million.

As a result, the equity ratio as of June 30, 2024 stood at 71.3%.

(3) Explanation about Future Forecast Information Including Consolidated Financial Results Forecast

There has been no change in the financial results forecast announced in "Notice on Revisions of Forecasts" dated July 26, 2024. The foreign exchange rate is assumed to be \$1=¥145.

In the event that we need to revise, we will disclose promptly.

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheet

(Millions of yen)

| | FY12/23 (As of December 31, 2023) | First six months of FY12/24 (As of June 30, 2024) |
|--|--------------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 56,816 | 62,093 |
| Notes and accounts receivable - trade | 33,898 | 41,385 |
| Securities | 3,999 | 3,999 |
| Merchandise and finished goods | 11,060 | 12,444 |
| Work in process | 7,397 | 8,671 |
| Raw materials and supplies | 14,624 | 13,800 |
| Other | 6,604 | 6,109 |
| Allowance for doubtful accounts | (74) | (85) |
| Total current assets | 134,328 | 148,420 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 40,665 | 41,099 |
| Other, net | 32,569 | 41,064 |
| Total property, plant and equipment | 73,235 | 82,163 |
| Intangible assets | 1,389 | 1,668 |
| Investments and other assets | | |
| Retirement benefit asset | 4,267 | 4,333 |
| Long-term time deposits | 12,000 | 6,000 |
| Other | 26,652 | 30,509 |
| Allowance for doubtful accounts | (7) | (6) |
| Total investments and other assets | 42,912 | 40,836 |
| Total non-current assets | 117,536 | 124,667 |
| Total assets | 251,864 | 273,088 |

(Millions of yen)

| | FY12/23 (As of December 31, 2023) | First six months of FY12/24 (As of June 30, 2024) |
|---|--------------------------------------|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 20,331 | 25,898 |
| Short-term borrowings | 486 | 4,452 |
| Income taxes payable | 1,391 | 3,610 |
| Provision for bonuses | 2,537 | 2,857 |
| Other | 13,881 | 16,643 |
| Total current liabilities | 38,627 | 53,462 |
| Non-current liabilities | | |
| Long-term borrowings | 10,000 | 6,100 |
| Retirement benefit liability | 809 | 862 |
| Other | 6,947 | 7,205 |
| Total non-current liabilities | 17,756 | 14,167 |
| Total liabilities | 56,384 | 67,630 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,640 | 14,640 |
| Capital surplus | 15,315 | 15,410 |
| Retained earnings | 143,630 | 149,294 |
| Treasury shares | (10,940) | (10,771) |
| Total shareholders' equity | 162,646 | 168,573 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 9,759 | 10,886 |
| Foreign currency translation adjustment | 11,603 | 15,638 |
| Remeasurements of defined benefit plans | (354) | (300) |
| Total accumulated other comprehensive income | 21,007 | 26,224 |
| Share acquisition rights | 140 | 121 |
| Non-controlling interests | 11,684 | 10,537 |
| Total net assets | 195,480 | 205,457 |
| Total liabilities and net assets | 251,864 | 273,088 |

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income
(Interim Consolidated Statement of Income)
(First Six Months Ended June 30, 2023 and 2024)

(Millions of yen)

| | First six months of FY 12/23 (January 1, 2023 – June 30, 2023) | First six months of FY 12/24 (January 1, 2024 – June 30, 2024) |
|--|--|--|
| Net sales | 77,674 | 94,736 |
| Cost of sales | 49,431 | 61,303 |
| Gross profit | 28,242 | 33,432 |
| Selling, general and administrative expenses | 17,338 | 19,989 |
| Operating income | 10,904 | 13,443 |
| Non-operating income | | |
| Interest income | 151 | 170 |
| Dividend income | 282 | 303 |
| Share of profit of investments accounted for using equity method | — | 44 |
| Foreign exchange gains | 370 | 73 |
| Other | 236 | 232 |
| Total non-operating income | 1,040 | 824 |
| Non-operating expenses | | |
| Interest expenses | 38 | 42 |
| Loss on valuation of derivatives | 67 | 50 |
| Other | 32 | 64 |
| Total non-operating expenses | 138 | 157 |
| Ordinary income | 11,806 | 14,110 |
| Extraordinary income | | |
| Gain on change in equity | — | 185 |
| Gain on sale of non-current assets | 219 | 12 |
| Gain on sale of investment securities | — | 508 |
| Other | 44 | — |
| Total extraordinary income | 264 | 707 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 47 | 23 |
| Loss on sale of businesses | 1,720 | — |
| Other | 1 | 0 |
| Total extraordinary losses | 1,768 | 24 |
| Profit before income taxes | 10,302 | 14,793 |
| Income taxes - current | 2,733 | 4,464 |
| Income taxes - deferred | 492 | (619) |
| Total income taxes | 3,225 | 3,844 |
| Profit | 7,076 | 10,948 |
| Profit attributable to non-controlling interests | 1,721 | 1,804 |
| Profit attributable to owners of parent | 5,355 | 9,143 |

(Interim Consolidated Statement of Comprehensive Income)
(First Six Months Ended June 30, 2023 and 2024)

(Millions of yen)

| | First six months of FY 12/23 (January 1, 2023 – June 30, 2023) | First six months of FY 12/24 (January 1, 2024 – June 30, 2024) |
|---|--|--|
| Profit | 7,076 | 10,948 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,249 | 1,127 |
| Foreign currency translation adjustment | 3,743 | 4,768 |
| Remeasurements of defined benefit plans | (35) | 54 |
| Other comprehensive income | 6,957 | 5,950 |
| Comprehensive income | 14,033 | 16,899 |
| Comprehensive income attributable to: | | |
| Owners of parent | 11,602 | 14,360 |
| Non-controlling interests | 2,431 | 2,538 |

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

| | First six months of FY 12/23 (January 1, 2023 – June 30, 2023) | First six months of FY 12/24 (January 1, 2024 – June 30, 2024) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 10,302 | 14,793 |
| Depreciation | 3,786 | 4,127 |
| (Decrease) increase in provision for bonuses | (520) | 307 |
| (Decrease) increase in provision for bonuses for directors (and other officers) | (81) | 114 |
| Increase in retirement benefit asset | (58) | (25) |
| (Decrease) increase in retirement benefit liability | (48) | 73 |
| Interest and dividend income | (433) | (474) |
| Interest expenses | 38 | 42 |
| Foreign exchange losses (gains) | 761 | (1,222) |
| Loss on valuation of derivatives | 67 | 50 |
| Share of profit of investments accounted for using equity method | — | (44) |
| Gain on sale of non-current assets | (218) | (12) |
| Gain on sale of investment securities | — | (508) |
| Gain on change of equity | — | (185) |
| Loss on sale of businesses | 1,720 | — |
| Decrease (increase) in trade receivables | 4,127 | (5,848) |
| Increase in inventories | (5,608) | (275) |
| (Decrease) increase in trade payables | (2,329) | 4,579 |
| Increase (decrease) in advances received | 1,034 | (7) |
| Other | 156 | (273) |
| Subtotal | 12,695 | 15,211 |
| Interest and dividends received | 432 | 473 |
| Interest paid | (38) | (42) |
| Income taxes paid | (4,102) | (2,099) |
| Net cash provided by operating activities | 8,987 | 13,543 |
| Cash flows from investing activities | | |
| Purchase of securities | (6,000) | (6,000) |
| Proceeds from redemption of securities | 6,000 | 6,000 |
| Purchase of property, plant and equipment | (7,452) | (8,578) |
| Proceeds from sale of property, plant and equipment | 237 | 31 |
| Purchase of investment securities | (153) | — |
| Proceeds from sale of investment securities | — | 921 |
| Purchase of intangible assets | (274) | (492) |
| Net (increase) decrease in time deposits | (214) | 1,522 |
| Payments into long-term time deposits | (6,000) | — |
| Proceeds from withdrawal of long-term time deposits | 7,000 | 6,000 |
| Proceeds from sale of businesses | 682 | — |
| Other | 693 | (1,484) |
| Net cash used in investing activities | (5,481) | (2,080) |

(Millions of yen)

| | First six months of FY 12/23 (January 1, 2023 – June 30, 2023) | First six months of FY 12/24 (January 1, 2024 – June 30, 2024) |
|---|--|--|
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 463 | 522 |
| Repayments of short-term borrowings | — | (522) |
| Repayments of long-term borrowings | (203) | — |
| Proceeds from sale of treasury shares | 314 | 251 |
| Dividends paid | (3,323) | (3,482) |
| Dividends paid to non-controlling interests | (1,163) | (3,685) |
| Other | (86) | (89) |
| Net cash used in financing activities | (3,998) | (7,006) |
| Effect of exchange rate change on cash and cash equivalents | 1,780 | 2,120 |
| Net increase in cash and cash equivalents | 1,288 | 6,577 |
| Cash and cash equivalents at beginning of period | 40,856 | 42,788 |
| Cash and cash equivalents at end of period | 42,145 | 49,365 |

(4) Notes to Interim Consolidated Financial Statements
(Notes Concerning Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(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 resolved to introduce "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, 2023 and June 30, 2024 were ¥437 million and 315 thousand shares and ¥354 million and 254 thousand shares, respectively.

(Note) The Company conducted a 3-for-1 stock split for common shares on January 1, 2024. The number of shares above reflects the effect of the stock split.

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

Not applicable.

(Revenue Recognition)

Information on the breakdown of revenue arising from contracts with customers

The Group operates a single business segment, and the information on the breakdown of revenue arising from contracts with customers is as follows.

(Millions of yen)

| | First six months of FY 12/23 (January 1, 2023 - June 30, 2023) | First six months of FY 12/24 (January 1, 2024 - June 30, 2024) |
|---------------------------------------|--|--|
| Electronic functional materials | 41,848 | 51,360 |
| High-purity chemicals | 34,865 | 42,475 |
| Other | 959 | 900 |
| Revenue from contracts with customers | 77,674 | 94,736 |
| Other revenue | — | — |
| Net sales to customers | 77,674 | 94,736 |

(Segment Information, etc.)

[Segment information]

I First six months of the fiscal year ended December 31, 2023 (January 1, 2023 – June 30, 2023)

1. Information about net sales and income or loss by reportable segment

The disclosure is omitted as the Group operates a single business segment.

II First six months of the fiscal year ending December 31, 2024 (January 1, 2024 – June 30, 2024)

1. Information about net sales and income or loss by reportable segment

The disclosure is omitted as the Group operates a single business segment.