



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.

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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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.