



Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [J-GAAP]

February 12, 2025

Company name: Tokyo Ohka Kogyo Co., Ltd.

Listing: Tokyo Stock Exchange (Prime Market)

Securities Code: 4186

URL: <https://www.tok.co.jp/eng>

Representative: Noriaki Taneichi, President and Chief Executive Officer

Inquiries: Daisuke Matsuyama, General Manager, Accounting Department TEL: +81-44-435-3000

Scheduled date of ordinary general meeting of shareholders: March 28, 2025

Scheduled date to commence dividend payments: March 31, 2025

Scheduled date to file annual securities report: March 28, 2025

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 Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	200,966	23.8	33,090	45.7	34,554	42.4	22,683	78.4
December 31, 2023	162,270	(7.5)	22,706	(24.8)	24,260	(21.7)	12,712	(35.4)

(Note) Comprehensive income: FY2024: ¥33,259 million [37.3%] FY2023: ¥24,218 million [0.6%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
December 31, 2024	187.29	187.10	11.8	12.9	16.5
December 31, 2023	105.10	104.97	7.2	9.9	14.0

(Reference) Share of profit of investments accounted for using equity method: FY2024: ¥(116) million FY2023: ¥6 million

(Note) The Company conducted a 3-for-1 stock split for common shares on January 1, 2024. "Basic earnings per share," "Diluted earnings per share," and "Net assets per share" in (2) Consolidated Financial Position below are calculated assuming that the stock split had been conducted on January 1, 2023.

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2024	281,930	213,473	71.1	1,671.82
December 31, 2023	251,864	195,480	72.9	1,516.99

(Reference) Equity: As of December 31, 2024: ¥200,533 million As of December 31, 2023: ¥183,654 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	30,146	(2,733)	(15,424)	56,361
December 31, 2023	17,210	(9,378)	(7,376)	42,788

2. Cash Dividends

Fiscal year ended	Annual dividends per share					Total cash dividends	Payout ratio	Dividend on equity ratio
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Total			
December 31, 2023	—	82.00	—	86.00	168.00	6,797	53.3	3.8
December 31, 2024	—	29.00	—	34.00	63.00	7,599	33.5	4.0
FY2025 (Forecast)	—	35.00	—	35.00	70.00		34.0	

(Note) Annual dividends per share for FY2023 are on a pre-split basis.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(% 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
First half	106,600	12.5	17,500	30.2	17,900	26.9	11,400	24.7	95.19
Full year	222,000	10.5	37,300	12.7	38,200	10.5	24,600	8.4	205.95

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 2024	7,851,327 shares
As of December 31, 2023	6,735,402 shares

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

Fiscal year ended December 31, 2024	121,108,160 shares
Fiscal year ended December 31, 2023	120,955,808 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 period” are calculated assuming that the stock split had been conducted on January 1, 2023.

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Non-Consolidated Operating Results

(% indicates year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	113,707	24.5	15,189	79.5	24,686	85.1	20,987	103.8
December 31, 2023	91,349	(8.3)	8,462	(46.1)	13,335	(34.5)	10,297	(34.9)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2024	173.29	173.11
December 31, 2023	85.13	85.03

(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 that the stock split had been conducted on January 1, 2023.

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2024	196,093	154,907	78.9	1,290.43
December 31, 2023	181,967	145,750	80.0	1,202.74

(Reference) Equity: As of December 31, 2024: ¥154,786 million As of December 31, 2023: ¥145,609 million

* The Financial Results report is outside the scope of an audit 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 are 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. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year Ended December 31, 2024

(i) Operating results for the fiscal year ended December 31, 2024

For the fiscal year ended December 31, 2024, the electronics market, which is the main customers for the Group's products, saw an increase in demand in the cutting-edge semiconductor market driven by generative AI and for the Chinese market. The Company has been making active investments in anticipation of a future increase in demand for semiconductors, and in Japan, we completed construction of a new plant in Kikuchi city, Kumamoto prefecture, and started construction of a new photoresist manufacturing building at the Koriyama Plant, and in overseas, we are constructing a new inspection building in Korea.

In addition, as part of the Group's all-out effort to achieve our long-term vision "TOK Vision 2030," we are promoting the management that makes the most of human capital, and as a measure to enhance our welfare program, we have introduced the Restricted Stock Incentive Plan using the employees stockholding association in both Japan and overseas to further encourage our employees to share values with our shareholders.

As a result, sales of both electronic functional materials and high-purity chemicals increased significantly, and for the fiscal year ended December 31, 2024, the Group posted net sales of ¥200,966 million (up 23.8% year-on-year). Also due to the effects of the weaker yen, and the Group recorded operating income of ¥33,090 million (up 45.7% year-on-year), ordinary income of ¥34,554 million (up 42.4% year-on-year), and profit attributable to owners of parent of ¥22,683 million (up 78.4% year-on-year). Both net sales and profits have hit a record high.

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

Net sales in the Electronic Functional Materials Division amounted to ¥107,515 million (up 22.5% year-on-year), net sales in the High-Purity Chemicals Division amounted to ¥91,476 million (up 27.1% year-on-year), and net sales in Other amounted to ¥1,974 million (down 20.3% year-on-year).

(2) Overview of Financial Position as of December 31, 2024

(Assets)

Total assets as of December 31, 2024 increased by ¥30,065 million from December 31, 2023 to ¥281,930 million.

Total current assets increased by ¥17,441 million from December 31, 2023 to ¥151,770 million mainly due to increases in accounts receivable - trade of ¥8,862 million and in inventories of ¥3,803 million.

Total non-current assets increased by ¥12,623 million from December 31, 2023 to ¥130,160 million mainly due to an increase of ¥16,707 million in property, plant and equipment associated with capital investments.

(Liabilities)

Total liabilities as of December 31, 2024 increased by ¥12,072 million from December 31, 2023 to ¥68,456 million mainly due to increases in notes and accounts payable – trade of ¥6,538 million, in income taxes payable of ¥3,628 million, and in deferred tax liabilities of ¥1,317 million.

(Net assets)

Total net assets as of December 31, 2024 increased by ¥17,993 million from December 31, 2023 to ¥213,473 million mainly due to increases in retained earnings of ¥15,682 million and in remeasurements of defined benefit plans of ¥3,959 million.

As a result, the equity ratio as of December 31, 2024 stood at 71.1%.

(3) Overview of Cash Flows for the Fiscal Year Ended December 31, 2024

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year ended December 31, 2024 increased by ¥12,936 million from a year earlier to ¥30,146 million mainly because cash inflow increased due to an increase in profit before income taxes despite an increase in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,733 million, a decrease of ¥6,644 million from a year earlier, mainly because cash inflow increased due to decreases in time deposits, despite an increase in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities increased by ¥8,048 million from a year earlier to ¥15,424 million mainly due to dividends paid and purchase of treasury shares.

As a result, cash and cash equivalents increased by ¥13,572 million from December 31, 2023 to ¥56,361 million.

(Reference) Cash flow indicators

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity ratio (%)	75.3	71.7	71.3	72.9	71.1
Equity ratio at market value (%)	149.6	125.7	101.3	149.6	150.3
Interest-bearing debt to cash flow ratio (%)	49.9	58.4	59.2	64.5	36.8
Interest coverage ratio (times)	377.0	272.3	258.8	210.1	348.4

Equity ratio: Equity/Total assets

Equity ratio at market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payment

(Note 1) All ratios are calculated based on the financial figures on a consolidated basis.

(Note 2) Market capitalization is calculated based on the number of shares issued and outstanding excluding treasury shares.

(Note 3) Cash flow is derived from cash flows from operating activities.

(Note 4) Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet that are subject to interest payment.

(4) Future Outlook

Under the management vision to become “The e-Material Global Company™” contributing to a sustainable future through chemistry, the Group will promote its business activities and accelerate the growth, with FY2025 as the first year of a new medium-term management plan “tok Medium-Term Plan 2027.” The Electronic Functional Materials Division will continue to aim at increasing market share of photoresists used in front-end processes of semiconductor manufacturing including excimer laser photoresists and Extreme Ultraviolet (EUV) photoresists as well as expanding sales of high value-added products including materials used in back-end processes of semiconductor manufacturing such as packaging photoresists. The High-Purity Chemicals Division will focus on further improvement of quality and stable supply of photoresist-related chemicals to meet growing demand for semiconductors.

The foreign exchange rate is assumed to be \$1= ¥145.

	Fiscal year ended December 31, 2024 (Results)	Fiscal year ending December 31, 2025 (Forecast)	<Reference> (Millions of yen, %) Year-on-year
Net sales	200,966	222,000	10.5
Operating income	33,090	37,300	12.7
Ordinary income	34,554	38,200	10.5
Profit attributable to owners of parent	22,683	24,600	8.4

2. Basic Policy for Selection of Accounting Standards

The Group has adopted Japanese GAAP.

The Group is currently examining the potential application of International Financial Reporting Standards (IFRS) in light of the trend in convergence of Japanese GAAP and revisions to IFRS by taking into account the impact of the transition to IFRS and the response thereto on the management.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY12/23 (As of December 31, 2023)	FY12/24 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	56,816	59,047
Notes receivable - trade	916	1,001
Accounts receivable - trade	32,982	41,845
Securities	3,999	3,999
Merchandise and finished goods	11,060	12,602
Work in process	7,397	9,539
Raw materials and supplies	14,624	14,744
Other	6,604	9,079
Allowance for doubtful accounts	(74)	(90)
Total current assets	134,328	151,770
Non-current assets		
Property, plant and equipment		
Buildings and structures	90,161	92,964
Accumulated depreciation	(49,496)	(52,696)
Buildings and structures, net	40,665	40,267
Machinery, equipment and vehicles	69,382	70,271
Accumulated depreciation	(59,462)	(61,680)
Machinery, equipment and vehicles, net	9,920	8,591
Tools, furniture and fixtures	26,669	28,949
Accumulated depreciation	(20,803)	(21,959)
Tools, furniture and fixtures, net	5,866	6,989
Right-of-use assets	759	915
Accumulated depreciation	(316)	(480)
Right-of-use assets, net	442	434
Land	10,687	10,890
Construction in progress	5,653	22,769
Total property, plant and equipment	73,235	89,942
Intangible assets	1,389	1,811
Investments and other assets		
Investment securities	22,774	22,146
Investments in capital	88	84
Long-term loans receivable	13	34
Retirement benefit asset	4,267	9,404
Deferred tax assets	1,299	1,333
Long-term time deposits	12,000	-
Other	2,476	5,408
Allowance for doubtful accounts	(7)	(5)
Total investments and other assets	42,912	38,406
Total non-current assets	117,536	130,160
Total assets	251,864	281,930

(Millions of yen)

	FY12/23 (As of December 31, 2023)	FY12/24 (As of December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,331	26,869
Short-term borrowings	486	4,442
Accounts payable - other	8,004	7,929
Income taxes payable	1,391	5,020
Advances received	193	150
Provision for bonuses	2,537	3,479
Provision for bonuses for directors (and other officers)	195	501
Other	5,487	5,709
Total current liabilities	38,627	54,104
Non-current liabilities		
Long-term borrowings	10,000	6,100
Deferred tax liabilities	3,704	5,021
Retirement benefit liability	809	280
Asset retirement obligations	81	82
Other	3,161	2,868
Total non-current liabilities	17,756	14,352
Total liabilities	56,384	68,456
Net assets		
Shareholders' equity		
Share capital	14,640	14,640
Capital surplus	15,315	15,612
Retained earnings	143,630	159,313
Treasury shares	(10,940)	(15,796)
Total shareholders' equity	162,646	173,769
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,759	9,509
Foreign currency translation adjustment	11,603	13,649
Remeasurements of defined benefit plans	(354)	3,605
Total accumulated other comprehensive income	21,007	26,764
Share acquisition rights	140	121
Non-controlling interests	11,684	12,818
Total net assets	195,480	213,473
Total liabilities and net assets	251,864	281,930

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Millions of yen)

	FY 12/23 (January 1, 2023 – December 31, 2023)	FY 12/24 (January 1, 2024 – December 31, 2024)
Net sales	162,270	200,966
Cost of sales	*1, *3 104,319	*1, *3 127,521
Gross profit	57,950	73,444
Selling, general and administrative expenses	*2, *3 35,243	*2, *3 40,353
Operating income	22,706	33,090
Non-operating income		
Interest income	353	397
Dividend income	599	580
Share of profit of investments accounted for using equity method	6	—
Foreign exchange gains	198	—
Subsidy income	—	328
Other	615	589
Total non-operating income	1,772	1,895
Non-operating expenses		
Interest expenses	81	86
Share of loss of investments accounted for using equity method	—	116
Loss on valuation of derivatives	69	35
Foreign exchange losses	—	98
Other	66	93
Total non-operating expenses	218	431
Ordinary income	24,260	34,554
Extraordinary income		
Gain on change in equity	—	198
Gain on sale of non-current assets	220	22
Gain on sale of investment securities	103	508
Other	39	—
Total extraordinary income	363	730
Extraordinary losses		
Loss on retirement of non-current assets	147	122
Loss on sale of shares of subsidiaries and associates	837	—
Loss on sale of businesses	1,720	—
Other	1	4
Total extraordinary losses	2,706	126
Profit before income taxes	21,918	35,158
Income taxes - current	5,332	8,343
Income taxes - deferred	532	(237)
Total income taxes	5,865	8,105
Profit	16,053	27,052
Profit attributable to non-controlling interests	3,340	4,369
Profit attributable to owners of parent	12,712	22,683

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY 12/23 (January 1, 2023 – December 31, 2023)	FY 12/24 (January 1, 2024 – December 31, 2024)
Profit	16,053	27,052
Other comprehensive income		
Valuation difference on available-for-sale securities	4,479	(249)
Foreign currency translation adjustment	3,410	2,495
Remeasurements of defined benefit plans	276	3,959
Other comprehensive income	8,165	6,206
Comprehensive income	24,218	33,259
Comprehensive income attributable to:		
Owners of parent	20,193	28,440
Non-controlling interests	4,024	4,818

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2023 (January 1, 2023 – December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,640	15,303	137,551	(11,276)	156,219
Changes during period					
Dividends of surplus			(6,633)		(6,633)
Profit attributable to owners of parent			12,712		12,712
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		12		338	350
Net changes in items other than shareholders' equity					
Total changes during period	—	12	6,079	335	6,427
Balance at end of period	14,640	15,315	143,630	(10,940)	162,646

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,280	8,877	(630)	13,526	174	11,039	180,960
Changes during period							
Dividends of surplus							(6,633)
Profit attributable to owners of parent							12,712
Purchase of treasury shares							(2)
Disposal of treasury shares					(34)		316
Net changes in items other than shareholders' equity	4,479	2,726	276	7,481	—	645	8,126
Total changes during period	4,479	2,726	276	7,481	(34)	645	14,520
Balance at end of period	9,759	11,603	(354)	21,007	140	11,684	195,480

For the fiscal year ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,640	15,315	143,630	(10,940)	162,646
Changes during period					
Dividends of surplus			(7,001)		(7,001)
Profit attributable to owners of parent			22,683		22,683
Purchase of treasury shares				(5,507)	(5,507)
Disposal of treasury shares				650	947
Net changes in items other than shareholders' equity					
Total changes during period	—	296	15,682	(4,856)	11,122
Balance at end of period	14,640	15,612	159,313	(15,796)	173,769

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	9,759	11,603	(354)	21,007	140	11,684	195,480
Changes during period							
Dividends of surplus							(7,001)
Profit attributable to owners of parent							22,683
Purchase of treasury shares							(5,507)
Disposal of treasury shares					(19)		927
Net changes in items other than shareholders' equity	(249)	2,046	3,959	5,756	—	1,133	6,890
Total changes during period	(249)	2,046	3,959	5,756	(19)	1,133	17,993
Balance at end of period	9,509	13,649	3,605	26,764	121	12,818	213,473

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY 12/23 (January 1, 2023 – December 31, 2023)	FY 12/24 (January 1, 2024 – December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	21,918	35,158
Depreciation	7,713	8,333
Decrease in allowance for doubtful accounts	(10)	14
(Decrease) increase in provision for bonuses	(557)	930
(Decrease) increase in provision for bonuses for directors (and other officers)	(18)	306
Increase in retirement benefit asset	(170)	(73)
(Decrease) increase in retirement benefit liability	(74)	85
Interest and dividend income	(952)	(977)
Interest expenses	81	86
Foreign exchange gains	(725)	(658)
Loss on valuation of derivatives	69	35
Share of (profit) loss of investments accounted for using equity method	(6)	116
Gain on sale of non-current assets	(218)	(22)
Loss on retirement of non-current assets	147	122
Gain on sale of investment securities	(103)	(508)
Loss on sale of shares of subsidiaries and associates	837	—
Gain on change in equity	—	(198)
Loss on sale of businesses	1,720	—
Increase in trade receivables	(262)	(7,842)
Increase in inventories	(4,887)	(3,115)
Increase in trade payables	140	5,874
Increase (decrease) in advances received	752	(53)
Other	(1,493)	(3,970)
Subtotal	23,898	33,642
Interest and dividends received	951	1,008
Interest paid	(81)	(86)
Income taxes paid	(7,558)	(4,418)
Net cash provided by operating activities	17,210	30,146
Cash flows from investing activities		
Purchase of securities	(12,000)	(12,000)
Proceeds from redemption of securities	12,000	12,000
Purchase of property, plant and equipment	(14,712)	(24,570)
Proceeds from sale of property, plant and equipment	238	56
Purchase of intangible assets	(516)	(936)
Purchase of investment securities	(372)	(107)
Proceeds from sale of investment securities	133	921
Net decrease in time deposits	595	11,516
Payments into long-term time deposits	(6,000)	—
Proceeds from withdrawal of long-term time deposits	12,000	12,000
Proceeds from sale of businesses	682	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(2,012)	—
Other	586	(1,614)
Net cash used in investing activities	(9,378)	(2,733)

(Millions of yen)

	FY 12/23 (January 1, 2023 – December 31, 2023)	FY 12/24 (January 1, 2024 – December 31, 2024)
Cash flows from financing activities		
Proceeds from short-term borrowings	482	520
Repayments of short-term borrowings	—	(520)
Repayments of long-term borrowings	(222)	—
Proceeds from sale of treasury shares	316	927
Purchase of treasury shares	(2)	(5,520)
Dividends paid	(6,628)	(6,996)
Dividends paid to non-controlling interests	(1,163)	(3,685)
Other	(159)	(150)
Net cash used in financing activities	(7,376)	(15,424)
Effect of exchange rate change on cash and cash equivalents	1,475	1,585
Net increase in cash and cash equivalents	1,931	13,572
Cash and cash equivalents at beginning of period	40,856	42,788
Cash and cash equivalents at end of period	* 42,788	* 56,361

(5) Notes to Consolidated Financial Statements
(Notes Concerning Going Concern Assumption)

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 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 Employees 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.

The Plan ended on September 27, 2024, the expiration date of the trust period specified at the time of introduction of the Plan.

(Notes to Consolidated Statement of Income)

*1 Inventories as of December 31 are stated at written-down value to reflect a decline in profitability, and the following loss on valuation of inventories (gain on reversal of loss) is included in cost of sales.

	FY12/23 (January 1, 2023 - December 31, 2023)	FY12/24 (January 1, 2024 - December 31, 2024)
Loss on valuation of inventories	¥278 million	¥152 million

*2 Major components and amounts of selling, general and administrative expenses are as follows.

	FY12/23 (January 1, 2023 - December 31, 2023)	FY12/24 (January 1, 2024 - December 31, 2024)
Storage and transportation costs	¥4,268 million	¥4,222 million
Salaries and allowances	8,602	9,536
Provision for bonuses	1,289	1,837
Retirement benefit expenses	279	442
Research supplies expense	5,062	5,493
Depreciation	2,622	3,187

*3 R&D costs included in general and administrative expenses and manufacturing costs are as follows.

	FY12/23 (January 1, 2023 - December 31, 2023)	FY12/24 (January 1, 2024 - December 31, 2024)
General and administrative expenses	¥12,495 million	¥14,379 million
Manufacturing costs	162	140
Total R&D costs	12,658	14,519

(Notes to Consolidated Statement of Cash Flows)

* Reconciliation between the ending balance of cash and cash equivalents and the balance in the consolidated balance sheet

	FY12/23 (January 1, 2023 - December 31, 2023)	FY12/24 (January 1, 2024 - December 31, 2024)
Cash and deposits	¥56,816 million	¥59,047 million
Securities	999	999
Term deposits with maturities over three months	(15,027)	(3,686)
Cash and cash equivalents	42,788	56,361

(Notes to Segment Information, Etc.)

[Segment Information]

The Group segments its business based on products and services, with each business unit developing the comprehensive strategy on their respective products and services in Japan and overseas and conducting business activities.

The Group engages in manufacturing and sales of mainly electronic functional materials and high-purity chemicals.

[Related Information]

Fiscal year ended December 31, 2023 (January 1, 2023 - December 31, 2023)

1. Information by product and service

The disclosure is omitted as the corresponding information is disclosed in Segment Information.

2. Information by geographic region

(1) Net sales

(Millions of yen)

Japan	Taiwan	South Korea	The U.S.	China	Other	Total
28,295	57,112	21,989	14,178	30,574	10,119	162,270

Fiscal year ended December 31, 2024 (January 1, 2024 - December 31, 2024)

1. Information by product and service

The disclosure is omitted as the corresponding information is disclosed in Segment Information.

2. Information by geographic region

(1) Net sales

(Millions of yen)

Japan	Taiwan	South Korea	The U.S.	China	Other	Total
32,539	68,623	26,314	19,567	42,770	11,150	200,966

(Per Share Information)

	FY12/23 (January 1, 2023 – December 31, 2023)	FY12/24 (January 1, 2024 – December 31, 2024)
Net assets per share	¥1,516.99	¥1,671.82
Basic earnings per share	¥105.10	¥187.29
Diluted earnings per share	¥104.97	¥187.10

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

2. Basis for calculation of net assets per share is as follows.

	FY12/23 (As of December 31, 2023)	FY12/24 (As of December 31, 2024)
Total net assets (millions of yen)	195,480	213,473
Amount deducted from net assets (millions of yen)	11,825	12,939
(of which, share acquisition rights) (millions of yen)	(140)	(121)
(of which non-controlling interest) (millions of yen)	(11,684)	(12,818)
Net assets as of year-end related to common shares (millions of yen)	183,654	200,533
Number of common shares issued and outstanding (thousand shares)	127,800	127,800
Number of treasury shares out of common shares (thousand shares)	6,735	7,851
Number of common shares at year-end used to calculate net assets per share (thousand shares)	121,064	119,948

(Note) The Company’s shares owned by “Tokyo Ohka Employees Stockholding Association Trust” are included in treasury shares which is excluded from the number of shares issued and outstanding at year-end in calculating “Net assets per share.” (315 thousand shares and - thousand shares as of December 31, 2023 and 2024, respectively).

3. Basis for calculation of basic and diluted earnings per share is as follows.

	FY12/23 (January 1, 2023 – December 31, 2023)	FY12/24 (January 1, 2024 – December 31, 2024)
(1) Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	12,712	22,683
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	12,712	22,683
Average number of common shares during the period (thousand shares)	120,955	121,108
(2) Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Increase in number of common shares (thousand shares)	149	126
(of which, share acquisition rights) (thousand shares)	(149)	(126)
Dilutive shares not included in the calculation of diluted earnings per share because of their anti-dilutive effect	—	—

(Note) The Company’s shares owned by “Tokyo Ohka Employees Stockholding Association Trust” are included in treasury shares which is excluded in the calculation of the average number of shares during the period to calculate “Earnings per share” and “Diluted earnings per share.” (400 thousand shares and 211 thousand shares for the fiscal years ended December 31, 2023 and 2024, respectively).