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

August 4, 2022

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 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) |
|---------------------------------------|--------------------------------------|--|
| Assets | | |
| 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) |
| Total current assets | 118,883 | 128,712 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 31,251 | 32,198 |
| Other, net | 25,680 | 30,565 |
| Total property, plant and equipment | 56,932 | 62,763 |
| 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) |
| Total investments and other assets | 40,610 | 38,715 |
| Total non-current assets | 98,380 | 102,583 |
| Total assets | 217,264 | 231,295 |

(Millions of yen)

| | FY12/21 (As of December 31, 2021) | Second quarter of FY12/22 (As of June 30, 2022) |
|---|--------------------------------------|--|
| Liabilities | | |
| 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 |
| Net assets | | |
| 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) |
|---|--|--|
| Cash flows from operating activities | | |
| 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 |
| Cash flows from investing activities | | |
| 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) |
| Cash flows from financing activities | | |
| 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) | — |
| Total | 82,256 | 2,500 | 84,757 | (46) | 84,711 |
| Segment income | 17,121 | 219 | 17,340 | (2,530) | 14,810 |

(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.