

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.

Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 [J-GAAP]

February 13, 2023

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 Division TEL: +81-44-435-3000
 Scheduled date of ordinary general meeting of shareholders: March 30, 2023
 Scheduled date to commence dividend payments: March 31, 2023
 Scheduled date to file annual securities report: March 30, 2023
 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, 2022 (January 1, 2022 to December 31, 2022)

(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, 2022	175,434	25.3	30,181	45.8	30,966	42.9	19,693	11.0
December 31, 2021	140,055	19.1	20,707	32.8	21,664	34.3	17,748	78.8

(Note) Comprehensive income: Fiscal year ended December 31, 2022 ¥24,079 million [4.7%]
 Fiscal year ended December 31, 2021 ¥22,998 million [67.0%]

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, 2022	489.56	488.81	12.1	13.6	17.2
December 31, 2021	430.73	429.91	11.5	10.4	14.8

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2022	238,075	180,960	71.3	4,214.27
December 31, 2021	217,264	165,190	71.7	3,880.18

(Reference) Equity: As of December 31, 2022: ¥169,745 million As of December 31, 2021: ¥155,829 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, 2022	18,991	(12,383)	(8,610)	40,856
December 31, 2021	19,758	(4,576)	(18,114)	41,469

2. Cash Dividends

Fiscal year ended	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2021	-	62.00	-	94.00	156.00	6,386	36.2	4.1
December 31, 2022	-	78.00	-	82.00	160.00	6,469	32.7	4.0
December 31, 2023 (Forecast)	-	82.00	-	82.00	164.00		34.2	

3. Consolidated Financial Results Forecast for Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% 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	89,000	5.1	14,800	(0.1)	15,100	(1.7)	7,900	(18.8)	196.01
Full year	187,500	6.9	31,000	2.7	31,600	2.0	19,400	(1.5)	479.86

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
 (Note): Please refer to “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 15.
- (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, 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 December 31, 2022	2,321,258 shares
As of December 31, 2021	2,439,651 shares

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

Fiscal year ended December 31, 2022	40,226,781 shares
Fiscal year ended December 31, 2021	41,205,908 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Non-Consolidated Operating Results

(% indicates year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2022	99,617	18.1	15,709	35.9	20,363	24.2	15,819	(6.9)
December 31, 2021	84,327	17.5	11,561	85.9	16,401	86.4	16,987	159.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2022	393.25	392.65
December 31, 2021	412.25	411.47

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	175,185	137,292	78.3	3,404.22
December 31, 2021	164,548	129,395	78.5	3,216.61

(Reference) Equity: As of December 31, 2022: ¥137,117 million As of December 31, 2021: ¥129,180 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 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.

○Table of contents of the attached document

1. Overview of Operating Results, Etc.	2
(1) Overview of Operating Results for the Fiscal Year Ended December 31, 2022.....	2
(2) Overview of Financial Position as of December 31, 2022.....	3
(3) Overview of Cash Flows for the Fiscal Year Ended December 31, 2022.....	4
(4) Future Outlook	4
2. Basic Policy for Selection of Accounting Standards.....	5
3. Consolidated Financial Statements and Major Notes.....	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements.....	13
(Notes Concerning Going Concern Assumption)	13
(Basis of Preparation of the Consolidated Financial Statements)	13
(Changes in Accounting Policies)	15
(Additional Information).....	16
(Consolidated Balance Sheet)	17
(Consolidated Statement of Income)	17
(Consolidated Statement of Changes in Equity)	19
(Consolidated Statement of Cash Flows)	21
(Segment Information, Etc.).....	21
(Omission of Disclosure).....	24
(Per Share Information)	25
(Significant Subsequent Events)	26
4. Other	26
Change of Officers.....	26

1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year Ended December 31, 2022

(i) Operating results for the fiscal year ended December 31, 2022

For the fiscal year ended December 31, 2022, the global economy continued to be on a gradual recovery trend overall, despite factors such as prolonged U.S.-China trade friction, COVID-19, the situation in Russia and Ukraine, and continued uncertainty in the financial environment due to the rise in policy rates in countries against the backdrop of rapid hike in prices.

In the electronics market including semiconductors and displays which are the main customers for the Group's products, demand for semiconductors grew from a year earlier as increased demand for data servers and the spread of 5G and IoT contributed to the market growth although demand for smartphones and PCs decreased year on year.

Under these circumstances, the Group launched “tok Medium-Term Plan 2024,” a three-year medium-term plan starting from FY2022, under the management vision to become “The e-Material Global Company®” contributing to a sustainable future through chemistry. Under the slogan of the Plan “Boost up TOK!”, we have worked to attain the long-term vision TOK Vision 2030 by 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.

First of all, in FY2022, to establish a system enabling us to quickly respond to diversifying customer needs, we strengthened cooperation between sales and development functions and reorganized the development department. We also promoted initiatives to increase global market share of cutting-edge photoresists and acquire and create core technologies in electronic materials and other new fields.

Next, in anticipation of a future increase in semiconductor demand, we have made human capital investments such as securing and developing human resources, established a supply system at overseas sites, expanded inspection capacity by constructing a new inspection building at the Koriyama Plant, our main production site in Japan, and purchased a site for a plant in Kikuchi city, Kumamoto prefecture, with an aim to further improve the quality of our products and strengthen our global production system. We have also focused on supply chain management to prepare for procurement risk of raw materials and worked to maintain and improve a stable supply system.

Furthermore, as part of our efforts to improve employee engagement, we have established a system that allows employees to perform at their full potential through personnel system reform and work-style reform. We have also promoted people-oriented management by introducing an employee engagement indicator into the evaluation of officers' remuneration to ensure management is strongly aware of employee engagement.

To respond to the rapidly changing management environment, we have enhanced discussions at the management level on the Group's risk management and compliance systems and accelerated our activities to reduce greenhouse gas emissions, one of social issues, by expressing our endorsement for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and declaring our aim to achieve carbon neutrality by 2050. We have also taken various measures to strengthen our management foundation such that we formulated the “Declaration of Health and Productivity Management” and enhanced or expanded/implemented existing initiatives to maintain and improve our employees' health, as well as we established a new organization specializing in improvement of operational efficiency to accelerate the promotion of digital transformation (DX) within the Company.

In addition, we established a solid partnership with AIMECHATEC, Ltd. by transferring the Equipment Business (excluding certain parts) to and acquiring shares of the company, with an aim to further develop our Materials & Equipment (M&E) strategy in collaboration with our Material Business.

Moreover, the Company has shifted to the Prime Market in the new market segment of the Tokyo Stock Exchange.

As a result, for the fiscal year ended December 31, 2022, the Group recorded net sales of ¥175,434 million (up 25.3% year-on-year). In terms of profit, the Group recorded operating income of ¥30,181 million (up 45.8% year-on-year), ordinary income of ¥30,966 million (up 42.9% year-on-year), and profit attributable to owners of parent of ¥19,693 million (up 11.0% year-on-year), with both sales and profits hitting record highs for three consecutive years, mainly due to results of sales activities, increased sales of high value-added products, and effects of the weakening yen despite the impact of soaring raw material prices.

Overview of sales by segment is as follows.

(ii) Overview by segment

(Material Business)

Net sales in the Material Business, excluding internal transactions, were ¥170,329 million (up 23.7% year-on-year), mainly due to strong sales of electronic functional materials and high-purity chemicals.

(Millions of yen, %)				
	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Change	%
Net sales	137,725	170,329	32,604	23.7
Operating income	26,438	34,755	8,317	31.5

Overview by division is as follows.

[Electronic Functional Materials Division]

Net sales in the Electronic Functional Materials Division significantly increased from a year earlier to ¥91,868 million (up 15.6% year-on-year), mainly due to sales increase resulting from strong sales of semiconductor photoresists used in the cutting-edge semiconductor process and high-density integration materials in addition to steady demand for legacy semiconductors.

[High-Purity Chemicals Division]

Net sales in the High-Purity Chemicals Division significantly increased from a year earlier to ¥77,460 million (up 34.0% year-on-year), mainly due to significant increase in sales of chemicals attached to semiconductor photoresists resulting from continued sales efforts and strong demand for those used in the cutting-edge semiconductor process.

(Equipment Business)

[Process Equipment Division]

Net sales in the Process Equipment Division, excluding internal transactions, increased from a year earlier to ¥5,105 million (up 119.1% year-on-year), mainly due to a progress in acceptance inspections of ordered products, such as a wafer handling system Zero Newton®.

(Millions of yen, %)				
	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Change	%
Net sales	2,329	5,105	2,775	119.1
Operating income (loss)	(290)	790	1,081	—

(2) Overview of Financial Position as of December 31, 2022

(Assets)

Total assets as of December 31, 2022 increased by ¥20,811 million from December 31, 2021 to ¥238,075 million.

Total current assets increased by ¥11,752 million from December 31, 2021 to ¥130,636 million, mainly due to increases in raw materials and supplies of ¥4,628 million and accounts receivable - trade of ¥1,815 million.

Total non-current assets increased by ¥9,058 million from December 31, 2021 to ¥107,439 million, mainly due to an increase of ¥9,077 million in property, plant and equipment.

(Liabilities)

Total liabilities as of December 31, 2022 increased by ¥5,041 million from December 31, 2021 to ¥57,115 million, mainly due to increases of ¥2,367 million in notes and accounts payable - trade and ¥2,675 million in accounts payable - other.

(Net assets)

Total net assets as of December 31, 2022 increased by ¥15,769 million from December 31, 2021 to ¥180,960 million, mainly due to an increase of ¥12,745 million in retained earnings.

As a result, the equity ratio as of December 31, 2022 stood at 71.3%.

(3) Overview of Cash Flows for the Fiscal Year Ended December 31, 2022

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year ended December 31, 2022 decreased by ¥766 million from a year earlier to ¥18,991 million, mainly due to an increase in cash outflow due to increases in inventories and income taxes paid despite an increase in cash inflow due to an increase in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was ¥12,383 million, an increase of ¥7,807 million from a year earlier, mainly due to purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities decreased by ¥9,503 million from a year earlier to ¥8,610 million, mainly because there was no purchase of treasury shares during the fiscal year ended December 31, 2022.

As a result, cash and cash equivalents decreased by ¥612 million to ¥40,856 million compared to the previous fiscal year-end.

(Reference) Cash flow indicators

	FY2018	FY2019	FY2020	FY2021	FY2022
Equity ratio (%)	78.8	77.5	75.3	71.7	71.3
Equity ratio at market value (%)	67.2	95.0	149.6	125.7	101.3
Interest-bearing debt to cash flow ratio (%)	69.9	92.4	49.9	58.4	59.2
Interest coverage ratio (times)	392.1	200.2	377.0	272.3	258.8

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. 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 chemicals attached to semiconductor photoresists to meet growing demand for semiconductor.

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

<Reference>
(Millions of yen, %)

	Fiscal year ended December 31, 2022 (Results)	Fiscal year ending December 31, 2023 (Forecasts)	Year-on-year
Net sales	175,434	187,500	6.9
Operating income	30,181	31,000	2.7
Ordinary income	30,966	31,600	2.0
Profit attributable to owners of parent	19,693	19,400	(1.5)

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)

	FY12/21 (As of December 31, 2021)	FY12/22 (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	56,835	55,371
Notes receivable - trade	*1,810	*1,911
Accounts receivable - trade	33,084	34,900
Securities	3,999	3,999
Merchandise and finished goods	9,451	11,084
Work in process	4,606	7,000
Raw materials and supplies	7,292	11,920
Other	2,921	5,535
Allowance for doubtful accounts	(120)	(89)
Total current assets	118,883	130,636
Non-current assets		
Property, plant and equipment		
Buildings and structures	76,095	83,665
Accumulated depreciation	(44,843)	(47,163)
Buildings and structures, net	31,251	36,502
Machinery, equipment and vehicles	64,907	68,318
Accumulated depreciation	(55,674)	(59,327)
Machinery, equipment and vehicles, net	9,232	8,991
Tools, furniture and fixtures	23,429	26,873
Accumulated depreciation	(20,366)	(21,306)
Tools, furniture and fixtures, net	3,063	5,566
Right-of-use assets	984	1,060
Accumulated depreciation	(158)	(246)
Right-of-use assets, net	825	813
Land	8,662	10,570
Construction in progress	3,896	3,565
Total property, plant and equipment	56,932	66,010
Intangible assets	837	1,295
Investments and other assets		
Investment securities	*2 16,513	*2 16,104
Investments in capital	100	100
Long-term loans receivable	12	12
Retirement benefit asset	4,658	3,682
Deferred tax assets	504	1,176
Long-term time deposits	18,000	18,000
Other	828	1,063
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	40,610	40,133
Total non-current assets	98,380	107,439
Total assets	217,264	238,075

(Millions of yen)

	FY12/21 (As of December 31, 2021)	FY12/22 (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,250	21,617
Short-term borrowings	3,900	—
Accounts payable - other	5,058	7,733
Income taxes payable	4,278	3,308
Advances received	31	97
Provision for bonuses	2,488	3,090
Provision for bonuses for directors (and other officers)	616	214
Provision for product warranties	3	17
Other	4,029	4,701
Total current liabilities	39,656	40,781
Non-current liabilities		
Long-term borrowings	6,711	10,222
Deferred tax liabilities	1,614	1,084
Retirement benefit liability	609	853
Asset retirement obligations	81	80
Other	3,399	4,092
Total non-current liabilities	12,416	16,333
Total liabilities	52,073	57,115
Net assets		
Shareholders' equity		
Share capital	14,640	14,640
Capital surplus	15,207	15,303
Retained earnings	124,806	137,551
Treasury shares	(11,818)	(11,276)
Total shareholders' equity	142,836	156,219
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,851	5,280
Foreign currency translation adjustment	5,618	8,877
Remeasurements of defined benefit plans	522	(630)
Total accumulated other comprehensive income	12,993	13,526
Share acquisition rights	215	174
Non-controlling interests	9,146	11,039
Total net assets	165,190	180,960
Total liabilities and net assets	217,264	238,075

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

(Millions of yen)

	FY 12/21 (January 1, 2021 – December 31, 2021)	FY 12/22 (January 1, 2022 – December 31, 2022)
Net sales	140,055	175,434
Cost of sales	*1, *3 90,529	*1, *3 112,319
Gross profit	49,525	63,115
Selling, general and administrative expenses	*2, *3 28,817	*2, *3 32,934
Operating income	20,707	30,181
Non-operating income		
Interest income	115	150
Dividend income	414	494
Foreign exchange gains	477	280
Other	291	370
Total non-operating income	1,299	1,295
Non-operating expenses		
Interest expenses	72	73
Loss on valuation of derivatives	162	326
Commission for purchase of treasury shares	50	—
Other	57	110
Total non-operating expenses	343	510
Ordinary income	21,664	30,966
Extraordinary income		
Gain on sale of non-current assets	0	14
Gain on sale of investment securities	4,820	243
Other	1	—
Total extraordinary income	4,822	258
Extraordinary losses		
Impairment losses	*4 439	*4 195
Loss on retirement of non-current assets	163	239
Environmental expenses	83	—
Other	1	—
Total extraordinary losses	687	435
Profit before income taxes	25,799	30,790
Income taxes - current	6,464	7,537
Income taxes - deferred	(191)	97
Total income taxes	6,273	7,634
Profit attributable to	19,526	23,155
Profit attributable to non-controlling interests	1,777	3,461
Profit attributable to owners of parent	17,748	19,693

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY 12/21 (January 1, 2021 – December 31, 2021)	FY 12/22 (January 1, 2022 – December 31, 2022)
Profit attributable to owners of parent	19,526	23,155
Other comprehensive income		
Valuation difference on available-for-sale securities	(817)	(1,571)
Foreign currency translation adjustment	3,881	3,649
Remeasurements of defined benefit plans	409	(1,153)
Other comprehensive income	3,472	923
Comprehensive income	22,998	24,079
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,352	20,226
Comprehensive income attributable to non-controlling interests	2,646	3,852

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended December 31, 2021 (January 1, 2021 – December 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,640	15,207	125,795	(14,477)	141,166
Changes during period					
Dividends of surplus			(6,517)		(6,517)
Profit attributable to owners of parent			17,748		17,748
Purchase of treasury shares				(10,002)	(10,002)
Disposal of treasury shares		45		395	441
Cancellation of treasury shares		(45)	(12,220)	12,266	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(989)	2,659	1,669
Balance at end of period	14,640	15,207	124,806	(11,818)	142,836

	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	7,669	2,606	113	10,389	304	8,133	159,994
Changes during period							
Dividends of surplus							(6,517)
Profit attributable to owners of parent							17,748
Purchase of treasury shares							(10,002)
Disposal of treasury shares					(89)		352
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	(817)	3,011	409	2,603	—	1,012	3,615
Total changes during period	(817)	3,011	409	2,603	(89)	1,012	5,196
Balance at end of period	6,851	5,618	522	12,993	215	9,146	165,190

For the fiscal year ended December 31, 2022 (January 1, 2022 – December 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,640	15,207	124,806	(11,818)	142,836
Changes during period					
Dividends of surplus			(6,948)		(6,948)
Profit attributable to owners of parent			19,693		19,693
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		95		542	638
Cancellation of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	—	95	12,745	541	13,383
Balance at end of period	14,640	15,303	137,551	(11,276)	156,219

	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	6,851	5,618	522	12,993	215	9,146	165,190
Changes during period							
Dividends of surplus							(6,948)
Profit attributable to owners of parent							19,693
Purchase of treasury shares							(0)
Disposal of treasury shares					(40)		598
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	(1,571)	3,258	(1,153)	533	—	1,893	2,426
Total changes during period	(1,571)	3,258	(1,153)	533	(40)	1,893	15,769
Balance at end of period	5,280	8,877	(630)	13,526	174	11,039	180,960

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY 12/21 (January 1, 2021 – December 31, 2021)	FY 12/22 (January 1, 2022 – December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	25,799	30,790
Depreciation	6,430	6,762
Impairment losses	439	195
Increase (decrease) in allowance for doubtful accounts	16	(31)
Increase (decrease) in provision for bonuses	90	593
Increase (decrease) in provision for bonuses for directors (and other officers)	343	(401)
Decrease (increase) in retirement benefit asset	(273)	(371)
Increase (decrease) in retirement benefit liability	(11)	(77)
Interest and dividend income	(530)	(644)
Interest expenses	72	73
Foreign exchange losses (gains)	(918)	(1,066)
Loss (gain) on valuation of derivatives	162	326
Loss (gain) on sale of non-current assets	(0)	(14)
Loss on retirement of non-current assets	163	239
Loss (gain) on sale of investment securities	(4,820)	(243)
Decrease (increase) in trade receivables	(6,052)	(858)
Decrease (increase) in inventories	(2,830)	(7,510)
Increase (decrease) in trade payables	4,515	1,870
Increase (decrease) in advances received	16	66
Other	1,335	(2,721)
Subtotal	23,948	26,975
Interest and dividends received	532	646
Interest paid	(72)	(73)
Income taxes refund (paid)	(4,650)	(8,557)
Net cash provided by (used in) operating activities	19,758	18,991
Cash flows from investing activities		
Purchase of securities	(13,000)	(12,000)
Proceeds from redemption of securities	12,000	12,000
Purchase of property, plant and equipment	(7,833)	(10,698)
Proceeds from sale of property, plant and equipment	39	10
Purchase of intangible assets	(296)	(752)
Purchase of investment securities	(399)	(2,082)
Proceeds from sale of investment securities	5,008	371
Net decrease (increase) in time deposits	—	982
Payments into long-term time deposits	(4,000)	(14,000)
Proceeds from withdrawal of long-term time deposits	4,000	14,000
Other	(93)	(214)
Net cash provided by (used in) investing activities	(4,576)	(12,383)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	3,900
Repayments of long-term borrowings	(350)	(4,289)
Proceeds from issuance of shares	195	184
Proceeds from sale of treasury shares	469	769
Purchase of treasury shares	(10,053)	(0)
Dividends paid	(6,511)	(6,941)
Dividends paid to non-controlling interests	(1,829)	(2,160)
Other	(34)	(71)
Net cash provided by (used in) financing activities	(18,114)	(8,610)
Effect of exchange rate change on cash and cash equivalents	1,673	1,389
Net increase (decrease) in cash and cash equivalents	(1,258)	(612)
Cash and cash equivalents at beginning of period	42,728	41,469
Cash and cash equivalents at end of period	41,469	40,856

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

Not applicable.

(Basis of Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: nine companies

Name of consolidated subsidiary...Kumagaya Ohka Co., Ltd., TOK Engineering Co., Ltd., Tokyo Ohka Kogyo America, Inc., TOK Taiwan Co., Ltd., Chang Chun TOK (Changshu) Co., Ltd., TOK Advanced Materials Co., Ltd., TOK China Co., Ltd., TOKCCAZ, LLC., Process Equipment Business Split Preparatory Co., Ltd.

TOKCCAZ, LLC., a subsidiary of Tokyo Ohka Kogyo America, Inc., and Process Equipment Business Split Preparatory Co., Ltd were newly established and are included in the scope of consolidation from the fiscal year ended December 31, 2022.

(2) Name of non-consolidated subsidiary

Ohka Service Co., Ltd.

(Reason for excluding from the scope of consolidation)

Total assets, net sales, profit (corresponding to the equity share) and retained earnings (corresponding to the equity share) of the non-consolidated subsidiary have insignificant impact on the consolidated financial statements.

2. Application of the equity method

(1) Name of non-consolidated subsidiaries and affiliates accounted for using the equity method

Not applicable.

(2) Name of non-consolidated subsidiaries and affiliates not accounted for using the equity method

Non-consolidated subsidiary Ohka Service Co., Ltd.

Affiliate Kyushu Solvent Co., Ltd.

(Reason for not applying the equity method)

The non-consolidated subsidiary and affiliate have insignificant impacts on consolidated profit or loss and retained earnings, and they are immaterial as a whole. Investments in these entities are valued at cost without applying the equity method.

3. Fiscal year of consolidated subsidiaries

The fiscal year-end of the consolidated subsidiaries is consistent with the consolidated fiscal year-end.

4. Accounting policies

(1) Valuation criteria and method for major assets

(i) Securities

- Debt securities held to maturity

Stated at cost.

- Other securities

(a) Securities other than stock, etc. without market value

Stated at fair market value. (valuation difference is directly recorded in net assets, and cost of securities sold is calculated using the moving-average method.)

(b) Stock, etc. without market value

Stated at cost based on the moving-average method.

(ii) Derivatives

Stated at fair market value.

(iii) Inventories

(a) Finished goods

Stated by the average cost method (the carrying amount is written down on the balance sheet to reflect a decline in profitability), except for process equipment, which is stated by the specific identification method (the carrying amount is written down on the balance sheet to reflect a decline in profitability).

(b) Merchandise, raw materials, work in process and supplies

Stated by the first-in, first-out method (the carrying amount is written down on the balance sheet to reflect a decline in profitability), except for process equipment, whose raw materials and work in process are stated by the specific identification method (the carrying amount is written down on the balance sheet to reflect a decline in profitability).

(2) Depreciation method for major depreciable assets

(i) Property, plant and equipment (excluding leased assets and right-of-use assets)

Depreciated using the straight-line method.

The useful lives are principally from 10 to 50 years for buildings and structures and from three to eight years for machinery and vehicles, tools, and furniture and fixtures.

(ii) Intangible assets, excluding leased assets and right-of-use assets

Depreciated using the straight-line method.

Computer software for internal use is depreciated over the internal useful life (five years).

(iii) Leased assets

Leased assets under the finance lease arrangements where the ownership is not transferred to lessees:

Depreciated using the straight-line method over the lease term, useful life, with the residual value of zero.

(iv) Right-of-use assets

Depreciated using the straight-line method over the shorter of the useful life or lease term of the assets.

(3) Recognition criteria for material provisions

(i) Allowance for doubtful accounts

To provide for bad debt expenses, allowance for the estimated uncollectible amount is recorded based on the past bad debt ratio for performing receivables and based on individual assessment of collectability for non-performing receivables.

(ii) Provision for bonuses

To provide for bonus payments to employees, provision for the estimated bonus amount is recorded.

(iii) Provision for bonuses for directors (and other officers)

To provide for bonus payments to directors (and other officers), provision for the estimated bonus amount is recorded.

(iv) Provision for product warranties

To provide for expenses related to free-of-charge repair of process equipment sold, provision for the estimated free-of-charge repair cost based on the past experience is recorded.

(4) Accounting for retirement benefits

(i) Attribution of estimated retirement benefits to periods of service

In calculating the retirement benefit obligations, expected retirement benefits are attributed to the period up to the fiscal year ended December 31, 2022 using the benefit formula.

(ii) Actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method from the year in which the costs are recognized over a certain number of years (10 years) within the average remaining service period of employees at the time of recognition.

Actuarial gains and losses are amortized from the year following the year in which they are recognized using the straight-line method over a certain number of years (10 years) within the average remaining service period of employees at the time of recognition.

(iii) Unrecognized actuarial gains and losses and unrecognized prior service costs

Unrecognized actuarial gains and losses and unrecognized prior service costs are recorded, net of tax, in Remeasurements of defined benefit plans in Accumulated other comprehensive income in Net assets.

(5) Major revenue and cost recognition

The Group manufactures and sells finished goods in two segments, the Material Business and the Equipment Business, and recognizes revenue when merchandise or finished goods are delivered to a customer. However, revenue from domestic sales is recognized when the shipment is completed if control of the merchandise or finished goods is transferred to customers within a normal period after the shipment. Revenue from export sales is recognized when the risk is transferred to a customer based on trade terms set mainly by the Incoterms, etc.

Variable consideration included in contracts with customers is included in the transaction price only to the extent that it is probable that a significant decrease in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Revenue from transactions in which the Group is determined to be acting as an agent is recognized at the amount received in exchange for the merchandise provided by another party net of the amount to be paid to another party.

No significant financing component is included in transaction consideration as consideration is generally received within one year after the performance obligation satisfied.

(6) Translation of major foreign currency denominated assets or liabilities to Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen using the spot exchange rates at the end of the reporting period, with the difference arising from the translation recognized in profit or loss. Assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rates at the end of the reporting period, and revenues and expenses are translated using the average exchange rates during the period, with the difference arising from the translation recognized in “Foreign currency translation adjustment” and “Non-controlling interests” in Net assets.

(7) Major hedge accounting

(i) Hedge accounting

Monetary receivables and payables denominated in foreign currencies for which foreign currency forward contracts are executed are accounted for using the allocation method.

(ii) Hedging instruments and hedged items

Hedging instruments: Foreign currency forward contracts, etc.

Hedged items: Monetary receivables and payables denominated in foreign currencies

(iii) Hedging policy

Foreign currency forward contracts are used to hedge foreign exchange risk, and not for speculative purposes.

(iv) Method of hedge effectiveness evaluation

Hedge effectiveness evaluation is omitted for foreign currency forward contracts, etc. as they satisfy the requirements for the allocation method.

(8) Scope of cash in the consolidated statement of cash flows

Cash (cash and cash equivalents) in the consolidated statement of cash flows include cash on hand, demand deposits, and short-term investments with original maturities of three months or less that are readily convertible into cash and exposed to insignificant risk of changes in value.

(9) Other significant matters concerning the preparation of the consolidated financial statements

Accounting treatment for consumption taxes:

Accounting treatment subject to national and local consumption taxes is stated net of consumption taxes.

(Changes in Accounting Policies)

1. 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.

“Notes and accounts receivable - trade,” which was presented in “Current assets” in the consolidated balance sheet as of December 31, 2021, is presented as “Notes receivable - trade” and “Accounts receivable - trade” from the fiscal year ended December 31, 2022.

2. 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 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 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.

(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 December 31, 2022 were ¥862 million and 206 thousand shares and ¥643 million and 154 thousand shares, respectively.

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

FY12/21	¥611 million
FY12/22	¥222 million

(Consolidated Balance Sheet)

*1 Notes maturing at the end of the period

Notes maturing at the end of the period are settled on the clearance date.

As the last day of the fiscal year ended December 31, 2022 was a bank holiday, the following notes are included in the ending balance.

	FY12/21 (As of December 31, 2021)	FY12/22 (As of December 31, 2022)
Notes receivable - trade	¥85 million	¥111 million

*2 Shares of non-consolidated subsidiaries and affiliates

	FY12/21 (As of December 31, 2021)	FY12/22 (As of December 31, 2022)
Investment securities (shares)	¥7 million	¥7 million

(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.

	FY12/21 (January 1, 2021 - December 31, 2021)	FY12/22 (January 1, 2022 - December 31, 2022)
	(¥96 million)	¥8 million

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

	FY12/21 (January 1, 2021 - December 31, 2021)	FY12/22 (January 1, 2022 - December 31, 2022)
Storage and transportation costs	¥3,590 million	¥4,981 million
Salaries and allowances	7,341	8,063
Provision for bonuses	1,235	1,605
Retirement benefit expenses	262	157
Research supplies expense	3,040	3,858
Depreciation	2,461	2,259
Provision for bonuses for directors (and other officers)	200	215

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

	FY12/21 (January 1, 2021 - December 31, 2021)	FY12/22 (January 1, 2022 - December 31, 2022)
General and administrative expenses	¥9,681 million	¥10,920 million
Manufacturing costs	119	118
Total R&D costs	9,800	11,038

*4 The Group recognized impairment losses for the following asset groups.
For the fiscal year ended December 31, 2021 (January 1, 2021 – December 31, 2021)

Location	Use	Type of assets	Impairment losses
Aso city, Kumamoto prefecture	Business assets, etc. for Material Business	Buildings and structures, Machinery, equipment and vehicles, Tools, furniture and fixtures, Construction in progress	¥420 million
Koza-gun, Kanagawa prefecture	Business assets, etc. for Equipment Business	Machinery, equipment and vehicles, Tools, furniture and fixtures	18
Total			439

The Group classifies its assets into groups based on the business units used for management accounting purpose to measure revenues and expenses. Idle properties (including assets that are substantially in the idle state due to a decline in operating rates) are individually evaluated. For the fiscal year ended December 31, 2021, the carrying amounts of the above assets, from which investments are not expected to be recovered, were written down to the respective recoverable amounts, with the reduced amount of ¥439 million recognized as an impairment loss in extraordinary losses. The breakdown is buildings and structures of ¥181 million, machinery, equipment and vehicles of ¥101 million, tools, furniture and fixtures of ¥23 million, and construction in progress of ¥132 million.

The recoverable amount of the assets is measured by net selling price. Net selling price is calculated based on an appraisal value, and assets other than land and buildings are considered to have no real value and evaluated at their memorandum value.

For the fiscal year ended December 31, 2022 (January 1, 2022 – December 31, 2022)

Location	Use	Type of assets	Impairment losses
Aso city, Kumamoto prefecture	Business assets, etc. for Material Business	Machinery, equipment and vehicles, Tools, furniture and fixtures, Construction in progress	¥81 million
Koza-gun, Kanagawa prefecture	Business assets, etc. for Equipment Business	Machinery, equipment and vehicles, Tools, furniture and fixtures Construction in progress, Intangible assets	101
Koza-gun, Kanagawa prefecture	Idle properties	Machinery, equipment and vehicles, Tools, furniture and fixtures	12
Total			195

The Group classifies its assets into groups based on the business units used for management accounting purpose to measure revenues and expenses. Idle properties (including assets that are substantially in the idle state due to a decline in operating rates) are individually evaluated. For the fiscal year ended December 31, 2022, the carrying amounts of the above assets, from which investments are not expected to be recovered, were written down to the respective recoverable amounts, with the reduced amount of ¥195million recognized as an impairment loss in extraordinary losses. The breakdown is machinery, equipment and vehicles of ¥102 million, tools, furniture and fixtures of ¥42 million, construction in progress of ¥48 million, and intangible assets of ¥2 million.

The recoverable amount of the assets is measured by net selling price. Net selling price is calculated based on an appraisal value, and assets other than land and buildings are considered to have no real value and evaluated at their memorandum value.

(Consolidated Statement of Changes in Equity)

For the fiscal year ended December 31, 2021 (January 1, 2021 – December 31, 2021)

1. Class and number of shares issued and outstanding

Class of shares	As of January 1, 2021	Increase	Decrease	As of December 31, 2021
Common shares (shares)	45,100,000	—	2,500,000	42,600,000

(Note)1. Summary of the changes

The decrease consists of the following:

Decrease due to cancellation of treasury shares based on the resolution at the Board of Directors meeting 2,500,000 shares

2. Class and number of treasury shares

Class of shares	As of January 1, 2021	Increase	Decrease	As of December 31, 2021
Common shares (shares)	3,591,418	1,444,953	2,596,720	2,439,651

(Note)1. The number of treasury shares as of December 31, 2021 includes 206,900 shares of the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

2. Summary of the changes

The increase consists of the following:

Increase due to purchase of shares less than one unit 453 shares

Increase due to acquisition of treasury shares based on the resolution at the Board of Directors meeting 1,444,500 shares

The decrease consists of the following:

Decrease due to exercise of stock options 30,200 shares

Decrease due to disposal as restricted share-based remuneration 21,620 shares

Decrease due to sale by Tokyo Ohka Employees Stockholding Association Trust to Tokyo Ohka Employees Stockholding Association 44,900 shares

Decrease due to cancellation of treasury shares based on the resolution at the Board of Directors meeting 2,500,000 shares

3. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on March 30, 2021	Common shares	3,925	94	December 31, 2020	March 31, 2021
Board of Directors meeting on August 5, 2021	Common shares	2,592	62	June 30, 2021	September 8, 2021

(Note) 1. Total dividends based on the resolution at the ordinary general meeting of shareholders on March 30, 2021 include dividends of ¥23 million declared on the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

2. Total dividends based on the resolution at the Board of Directors meeting on August 5, 2021 include dividends of ¥14 million declared on the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

(2) Dividends with the record date in the fiscal year ended December 31, 2021 and the effective date in the following fiscal year

Resolution	Class of shares	Dividend source	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on March 30, 2022	Common shares	Retained earnings	3,794	94	December 31, 2021	March 31, 2022

(Note) Total dividends include dividends of ¥19 million declared on the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

For the fiscal year ended December 31, 2022 (January 1, 2022 – December 31, 2022)

1. Class and number of shares issued and outstanding

Class of shares	As of January 1, 2022	Increase	Decrease	As of December 31, 2022
Common shares (shares)	42,600,000	—	—	42,600,000

2. Class and number of treasury shares

Class of shares	As of January 1, 2022	Increase	Decrease	As of December 31, 2022
Common shares (shares)	2,439,651	146	118,539	2,321,258

(Note) 1. The number of treasury shares as of December 31, 2022 includes 154,400 shares of the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

2. Summary of the changes

The increase consists of the following:

Increase due to purchase of shares less than one unit 146 shares

The decrease consists of the following:

Decrease due to exercise of stock options 13,500 shares

Decrease due to disposal as restricted share-based remuneration 18,639 shares

Decrease due to disposal as performance-linked share-based remuneration 33,900 shares

Decrease due to sale by Tokyo Ohka Employees Stockholding Association Trust to Tokyo Ohka Employees Stockholding Association 52,500 shares

3. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on March 30, 2022	Common shares	3,794	94	December 31, 2021	March 31, 2022
Board of Directors meeting on August 4, 2022	Common shares	3,153	78	June 30, 2022	September 7, 2022

(Note) 1. Total dividends based on the resolution at the ordinary general meeting of shareholders on March 30, 2022 include dividends of ¥19 million declared on the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

2. Total dividends based on the resolution at the Board of Directors meeting on August 4, 2022 include dividends of ¥14 million declared on the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

(2) Dividends with the record date in the fiscal year ended December 31, 2022 and the effective date in the following fiscal year

Resolution	Class of shares	Dividend source	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on March 30, 2023	Common shares	Retained earnings	3,315	82	December 31, 2022	March 31, 2023

(Note) Total dividends include dividends of ¥12 million declared on the Company's shares held by "Tokyo Ohka Employees Stockholding Association Trust."

(Consolidated Statement of Cash Flows)

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

	FY12/21 (January 1, 2021 – December 31, 2021)	FY12/22 (January 1, 2022 – December 31, 2022)
Cash and deposits	¥56,835 million	¥55,371 million
Securities	999	999
Term deposits with maturities over three months (including current portion of long-term deposits)	(16,366)	(15,514)
Cash and cash equivalents	41,469	40,856

(Segment Information, Etc.)

[Segment Information]

1. Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and regular evaluation by the Board of Directors is performed to decide the allocation of management resources and to evaluate performance.

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 consists of two reportable segments based on products and services: the Material Business and the Equipment Business.

The Material Business engages in manufacturing and sales of mainly electronic functional materials and high-purity chemicals, and the Equipment Business engages in manufacturing, sales and maintenance of mainly semiconductor and LCD manufacturing equipment.

2. Calculation of net sales, income or loss, assets and other items by reportable segment

The accounting policies of reportable segments are consistent with those disclosed in "Basis of Preparation of the Consolidated Financial Statements."

Segment income is based on operating income.

Inter-segment sales or transfers are based on market prices.

3. Changes, etc. in reportable segments

As described in Changes in Accounting Policies, etc., 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 segment income or loss was also changed.

The impact of this change on net sales and segment income for the year ended December 31, 2022 was insignificant.

4. Information about net sales, income or loss, assets and other items and breakdown of revenue by reportable segment

Fiscal year ended December 2021 (January 1, 2021 – December 31, 2021)

(Millions of yen)

	Reportable segment			Reconciliations (Note)	Total
	Material Business	Equipment Business	Total		
Net sales					
Net sales to customers	137,725	2,329	140,055	—	140,055
Inter-segment sales or transfers	3	110	113	(113)	—
Total	137,728	2,439	140,168	(113)	140,055
Segment income (loss)	26,438	(290)	26,147	(5,440)	20,707
Segment assets	135,794	3,016	138,811	78,452	217,264
Other items					
Depreciation	6,158	34	6,193	237	6,430
Increase in property, plant and equipment and intangible assets	8,678	40	8,719	601	9,321

(Note) The reconciliations are as follows.

- (1) Reconciliation of segment income (loss) amounting to ¥(5,440) million includes general and administrative expenses of ¥(5,440) million, which are not allocated to reportable segments.
- (2) Reconciliation of segment assets of ¥78,452 million includes working capital (the Company's cash and deposits, securities and long-term time deposits) and long-term investment funds (shares held for long-term holding) of ¥69,955 million, which are not allocated to reportable segments.
- (3) Reconciliation of increase in property, plant and equipment and intangible assets of ¥601 million represents property, plant and equipment and intangible assets, which are not allocated to reportable segments.

Fiscal year ended December 2022 (January 1, 2022 – December 31, 2022)

(Millions of yen)

	Reportable segment			Reconciliations (Note)	Total
	Material Business	Equipment Business	Total		
Net sales					
Electronic functional materials	91,868	—	91,868	—	91,868
High-purity chemicals	77,460	—	77,460	—	77,460
Process equipment	—	5,105	5,105	—	5,105
Other	1,000	—	1,000	—	1,000
Revenue from contracts with customers	170,329	5,105	175,434	—	175,434
Other revenue	—	—	—	—	—
Net sales to customers	170,329	5,105	175,434	—	175,434
Inter-segment sales or transfers	0	155	155	(155)	—
Total	170,329	5,260	175,589	(155)	175,434
Segment income	34,755	790	35,546	(5,364)	30,181
Segment assets	161,813	4,697	166,510	71,564	238,075
Other items					
Depreciation	6,470	40	6,511	250	6,762
Increase in property, plant and equipment and intangible assets	14,155	135	14,291	223	14,514

(Note) The reconciliations are as follows.

- (1) Reconciliation of segment income amounting to ¥(5,364) million includes general and administrative expenses of ¥(5,364) million, which are not allocated to reportable segments.
- (2) Reconciliation of segment assets of ¥71,564 million includes working capital (the Company's cash and deposits, securities and long-term time deposits) and long-term investment funds (shares held for long-term holding) of ¥62,948 million, which are not allocated to reportable segments.
- (3) Reconciliation of increase in property, plant and equipment and intangible assets of ¥223 million represents property, plant and equipment and intangible assets, which are not allocated to reportable segments.

[Related Information]

Fiscal year ended December 2021 (January 1, 2021 – December 31, 2021)

1. Information by product and service

The disclosure is omitted as the relevant information is disclosed in the segment information section.

2. Information by geographic region

(1) Net sales

(Millions of yen)

Japan	Taiwan	South Korea	The U.S.	China	Other	Total
29,681	53,422	16,529	11,082	21,534	7,803	140,055

Fiscal year ended December 2022 (January 1, 2022 - December 31, 2022)

1. Information by product and service

The disclosure is omitted as the relevant information is disclosed in the segment information section.

2. Information by geographic region

(1) Net sales

(Millions of yen)

Japan	Taiwan	South Korea	The U.S.	China	Other	Total
31,214	67,872	21,864	14,617	29,888	9,978	175,434

(Omission of Disclosure)

Disclosure of notes to the consolidated statement of comprehensive income, lease transactions, financial instruments, securities, derivatives, retirement benefits, stock options, etc. deferred tax accounting, asset retirement obligations, revenue recognition, and related party transactions in the Financial Results report is not considered essential, and therefore it is omitted.

(Per Share Information)

	FY12/21 (January 1, 2021 – December 31, 2021)	FY12/22 (January 1, 2022 – December 31, 2022)
Net assets per share	¥3,880.18	¥4,214.27
Basic earnings per share	¥430.73	¥489.56
Diluted earnings per share	¥429.91	¥488.81

(Note) 1. Basis for calculation of net assets per share is as follows.

	FY12/21 (As of December 31, 2021)	FY12/22 (As of December 31, 2022)
Total net assets (millions of yen)	165,190	180,960
Amount deducted from net assets (millions of yen)	9,361	11,214
(of which, share acquisition rights) (millions of yen)	(215)	(174)
(of which non-controlling interest) (millions of yen)	(9,146)	(11,039)
Net assets as of year-end related to common shares (millions of yen)	155,829	169,745
Number of common shares issued and outstanding (thousand shares)	42,600	42,600
Number of treasury shares out of common shares (thousand shares)	2,439	2,321
Number of common shares at year-end used to calculate net assets per share (thousand shares)	40,160	40,278

(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." (206 thousand shares and 154 thousand shares as of December 31, 2021 and December 31, 2022, respectively)

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

	FY12/21 (January 1, 2021 – December 31, 2021)	FY12/22 (January 1, 2022 – December 31, 2022)
(1) Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	17,748	19,693
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	17,748	19,693
Average number of common shares during the period (thousand shares)	41,205	40,226
(2) Diluted earnings per share		
Remeasurements of profit attributable to owners of parent (millions of yen)	—	—
Increase in number of common shares (thousand shares)	78	62
(of which, share acquisition rights) (millions of yen)	(78)	(62)
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." (233 thousand shares and 186 thousand shares for the fiscal year ended December 31, 2021 and December 31, 2022, respectively)

(Significant Subsequent Events)

Not applicable.

4. Other

Change of Officers

Please refer to “Notice Regarding Change of Officers” (Japanese version only) released today.