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## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2023 [J-GAAP]

November 10, 2023

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: November 13, 2023  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: No

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

### 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 2023 (January 1, 2023 to September 30, 2023)

#### (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 nine months ended September 30, 2023	118,620	(9.1)	15,446	(31.9)	16,589	(29.6)	7,520	(50.6)
September 30, 2022	130,463	29.8	22,665	50.2	23,572	50.2	15,215	47.0

(Note) Comprehensive income: First nine months ended September 30, 2023 ¥17,360 million [-17.1%]  
 First nine months ended September 30, 2022 ¥20,930 million [32.7%]

	Basic earnings per share	Diluted earnings per share
First nine months ended	Yen	Yen
September 30, 2023	186.57	186.33
September 30, 2022	378.37	377.77

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2023	245,164	188,548	72.4	4,400.89
December 31, 2022	238,075	180,960	71.3	4,214.27

(Reference) Equity: As of September 30, 2023: ¥177,518 million As of December 31, 2022: ¥169,745 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, 2022	-	78.00	-	82.00	160.00
Fiscal year ending December 31, 2023	-	82.00	-		
Fiscal year ending December 31, 2023 (Forecast)				82.00	164.00

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

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 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
Full year	164,000	(6.5)	23,500	(22.1)	25,000	(19.3)	13,500	(31.5)	334.74

(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, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 7.

(4) Number of issued shares (common shares)

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

As of September 30, 2023	42,600,000 shares
As of December 31, 2022	42,600,000 shares

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

As of September 30, 2023	2,263,125 shares
As of December 31, 2022	2,321,258 shares

(iii) Average number of shares outstanding during the period

First nine months ended September 30, 2023	40,310,065 shares
First nine months ended September 30, 2022	40,213,660 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 Nine Months of the Fiscal Year Ending December 2023**

### **(1) Explanation about Operating Results**

During the nine months ended September 30, 2023, the global economy was on a gradual recovery trend overall, despite factors such as prolonged U.S.-China trade friction and the situation in Russia and Ukraine.

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

In the Group’s business, while demand for PCs and smartphones is showing signs of recovery, net sales decreased year on year as the semiconductor market continues to face challenging conditions, resulting in a decline in sales of electronic functional materials and high-purity chemicals.

As a result, for the nine months ended September 30, 2023, the Group recorded net sales of ¥118,620 million (down 9.1% year-on-year), operating income of ¥15,446 million (down 31.9% year-on-year), ordinary income of ¥16,589 million (down 29.6% year-on-year) and profit attributable to owners of parent of ¥7,520 million (down 50.6% year-on-year).

Following the transfer of the Equipment Business (excluding certain parts) to AIMECHATEC, Ltd., we operate the Material Business as a single business segment from the three months ended March 31, 2023. Accordingly, operating results by business segment is not disclosed, but net sales by division are as follows.

Net sales in the Electronic Functional Materials Division amounted to ¥64,162 million (down 6.8% year-on-year), in the High-Purity Chemicals Division amounted to ¥53,195 million (down 7.8% year-on-year) and in other divisions amounted to ¥1,262 million (down 67.7% year-on-year).

### **(2) Explanation about Financial Position**

(Assets)

Total assets as of September 30, 2023 increased by ¥7,089 million from December 31, 2022 to ¥245,164 million.

Total current assets increased by ¥2,222 million mainly due to an increase in inventories of ¥2,998 million.

Total non-current assets increased by ¥4,867 million mainly because property, plant and equipment increased by ¥5,164 million due to capital investments.

(Liabilities)

Total liabilities as of September 30, 2023 decreased by ¥498 million from December 31, 2022 to ¥56,616 million mainly due to a decrease in income taxes payable of ¥2,009 million despite an increase in other non-current liabilities of ¥1,010 million due to an increase in deferred tax liabilities.

(Net assets)

Total net assets as of September 30, 2023 increased by ¥7,588 million from December 31, 2022 to ¥188,548 million mainly because valuation difference on available-for-sale securities increased by ¥2,989 million due to mark-to-market and foreign currency translation adjustment increased by ¥3,675 million due to a weak yen.

As a result, the equity ratio as of September 30, 2023 stood at 72.4%.

### **(3) Explanation about Future Forecast Information Including Consolidated Earnings Forecasts**

There has been no change in the earnings forecasts announced in “Notice on Revisions of Forecasts” dated July 28, 2023. The foreign exchange rate is assumed to be \$1=¥135.

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

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY12/22 (As of December 31, 2022)	Third quarter of FY12/23 (As of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	55,371	56,326
Notes and accounts receivable - trade	35,812	33,227
Securities	3,999	3,999
Merchandise and finished goods	11,084	10,311
Work in process	7,000	7,789
Raw materials and supplies	11,920	14,902
Other	5,535	6,369
Allowance for doubtful accounts	(89)	(70)
<b>Total current assets</b>	<b>130,636</b>	<b>132,858</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,502	39,015
Other, net	29,507	32,159
<b>Total property, plant and equipment</b>	<b>66,010</b>	<b>71,174</b>
Intangible assets	1,295	1,417
Investments and other assets		
Retirement benefit asset	3,682	3,753
Long-term time deposits	18,000	12,000
Other	18,457	23,968
Allowance for doubtful accounts	(6)	(7)
<b>Total investments and other assets</b>	<b>40,133</b>	<b>39,714</b>
<b>Total non-current assets</b>	<b>107,439</b>	<b>112,306</b>
<b>Total assets</b>	<b>238,075</b>	<b>245,164</b>

(Millions of yen)

	FY12/22 (As of December 31, 2022)	Third quarter of FY12/23 (As of September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,617	19,905
Short-term borrowings	—	513
Income taxes payable	3,308	1,299
Provision for bonuses	3,090	3,756
Other	12,765	14,005
Total current liabilities	40,781	39,479
Non-current liabilities		
Long-term borrowings	10,222	10,018
Retirement benefit liability	853	850
Other	5,257	6,267
Total non-current liabilities	16,333	17,136
Total liabilities	57,115	56,616
<b>Net assets</b>		
Shareholders' equity		
Share capital	14,640	14,640
Capital surplus	15,303	15,315
Retained earnings	137,551	138,439
Treasury shares	(11,276)	(11,014)
Total shareholders' equity	156,219	157,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,280	8,269
Foreign currency translation adjustment	8,877	12,552
Remeasurements of defined benefit plans	(630)	(684)
Total accumulated other comprehensive income	13,526	20,137
Share acquisition rights	174	140
Non-controlling interests	11,039	10,889
Total net assets	180,960	188,548
Total liabilities and net assets	238,075	245,164

**(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 Nine Months)**

(Millions of yen)

	First nine months of FY 12/22 (January 1, 2022 – September 30, 2022)	First nine months of FY 12/23 (January 1, 2023 – September 30, 2023)
Net sales	130,463	118,620
Cost of sales	83,468	77,030
Gross profit	46,995	41,589
Selling, general and administrative expenses	24,330	26,143
Operating income	22,665	15,446
Non-operating income		
Interest income	92	210
Dividend income	316	387
Foreign exchange gains	782	399
Other	196	339
Total non-operating income	1,388	1,336
Non-operating expenses		
Interest expenses	55	60
Loss on valuation of derivatives	323	76
Other	102	57
Total non-operating expenses	481	193
Ordinary income	23,572	16,589
Extraordinary income		
Gain on sale of non-current assets	14	220
Gain on sale of investment securities	243	103
Other	—	45
Total extraordinary income	258	369
Extraordinary losses		
Loss on retirement of non-current assets	205	79
Loss on sale of shares of subsidiaries and associates	—	837
Loss on sale of businesses	—	1,720
Other	—	1
Total extraordinary losses	205	2,638
Profit before income taxes	23,626	14,319
Income taxes - current	5,872	4,427
Income taxes - deferred	189	(64)
Total income taxes	6,061	4,362
Profit attributable to	17,564	9,957
Profit attributable to non-controlling interests	2,348	2,436
Profit attributable to owners of parent	15,215	7,520

**(Quarterly Consolidated Statement of Comprehensive Income)**

**(Quarterly Consolidated Statement of Comprehensive Income for the First Nine Months)**

(Millions of yen)

	First nine months of FY 12/22 (January 1, 2022 – September 30, 2022)	First nine months of FY 12/23 (January 1, 2023 – September 30, 2023)
Profit attributable to	17,564	9,957
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,159)	2,989
Foreign currency translation adjustment	5,660	4,467
Remeasurements of defined benefit plans	(135)	(53)
Other comprehensive income	3,365	7,403
Comprehensive income	20,930	17,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,765	14,131
Comprehensive income attributable to non-controlling interests	3,165	3,229



### **(3) 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 Implementation Guidance on Accounting Standard for Fair Value Measurement)**

The Company applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No.31, June 17, 2021, "Implementation Guidance on Accounting Standard for Fair Value Measurement"), from January 1, 2023, and the new accounting policies stipulated in the "Implementation Guidance on Accounting Standard for Fair Value Measurement" are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 27-2 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement."

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, 2022 and September 30, 2023 were ¥643 million and 154 thousand shares and ¥513 million and 123 thousand shares, respectively.

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

FY12/22	¥222 million
First nine months of FY12/23	¥18 million

**(Segment Information)**

I First nine months of the fiscal year ended December 2022 (January 1, 2022 – September 30, 2022)

1. Information about net sales, income/loss for each reportable segment

Please refer to “II First nine months of the fiscal year ending December 2023, 2. Changes, etc. in reportable segments.”

II First nine months of the fiscal year ending December 2023 (January 1, 2023 – September 30, 2023)

1. Information about net sales, income/loss for each reportable segment

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

2. Changes, etc. in reportable segments

Previously, the Group had two reportable segments of “Material Business” and “Equipment Business,” but it operates the Material Business as a single business segment from the three months ended March 31, 2023.

The change was made based on the review of the segmentation conducted after the Company’s Equipment Business (excluding certain parts) was succeeded to our wholly owned subsidiary Process Equipment Business Split Preparatory Co., Ltd. (“Split Preparatory Company”) through an absorption-type company split and the shares of the Split Preparatory Company were transferred to AIMECHATEC, Ltd. effective March 1, 2023.

As a result of this change, the disclosure of segment information for the nine months ended September 30, 2022 and 2023 is omitted.

**(Revenue Recognition)**

Information on the breakdown of revenue arising from contracts with customers

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

Previously, the information on the breakdown of revenue arising from contracts with customers was classified into two reportable segments of “Material Business” and “Equipment Business,” but we have changed the classification as follows from the three months ended March 31, 2023 following the transfer of “Equipment Business” (excluding certain parts).

As a result of this change, the information on the breakdown of revenue arising from contracts with customers for the nine months ended September 30, 2022 was also shown under the new classification.

(Millions of yen)

	First nine months of FY 12/22 (January 1, 2022 - September 30, 2022)	First nine months of FY 12/23 (January 1, 2023 - September 30, 2023)
Electronic functional materials	68,853	64,162
High-purity chemicals	57,705	53,195
Other	3,905	1,262
Revenue from contracts with customers	130,463	118,620
Other revenue	—	—
Net sales to customers	130,463	118,620

## **(Significant Subsequent Events)**

### **(Stock split)**

The Company resolved at the Board of Directors meeting held on October 6, 2023 to undertake a stock split as detailed below.

#### 1. Purpose of the stock split

By undertaking the stock split to lower the price of share-trading units, we intend to make shares more affordable for investors, with a view to improving the liquidity of the Company's stock and expanding its shareholder base.

#### 2. Outline of the stock split

##### (1) Method of the stock split

With December 31, 2023 as the record date of the stock split (since this day falls on a non-business day of the shareholder registry administrator, the record date in substance will be December 29, 2023), each share of common stock owned by a shareholder whose name appears or is recorded in the shareholder registry as of the end of the record date will be split into three shares.

##### (2) Increase in the number of shares as a result of the stock split

Total number of issued shares before the stock split:	42,600,000 shares
Increase in the number of shares as a result of the stock split:	85,200,000 shares
Total number of issued shares after the stock split:	127,800,000 shares
Total number of authorized shares after the stock split:	500,000,000 shares

##### (3) Schedule of the stock split

Date of public notice of the record date:	December 15, 2023 (plan)
Record date:	December 31, 2023
Effective date:	January 1, 2024

Please refer to "Notice Regarding Stock Split and Partial Amendment of Articles of Incorporation" released on October 6, 2023 for details.