



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2024 [J-GAAP]

May 13, 2024

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 Listing: Tokyo Stock Exchange (Prime Market)
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 Scheduled date to file quarterly securities report: May 14, 2024
 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 First Quarter of the Fiscal Year Ending December 31, 2024 (January 1, 2024 to March 31, 2024)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months ended								
March 31, 2024	45,017	17.0	5,793	7.4	6,039	4.8	3,599	66.9
March 31, 2023	38,463	(2.9)	5,392	(22.3)	5,762	(20.3)	2,157	(56.6)

(Note) Comprehensive income: First three months ended March 31, 2024 ¥8,249 million [84.2%]
 First three months ended March 31, 2023 ¥4,479 million [-40.0%]

	Basic earnings per share	Diluted earnings per share
First three months ended	Yen	Yen
March 31, 2024	29.72	29.69
March 31, 2023	17.85	17.82

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	261,044	196,580	71.8	1,547.53
December 31, 2023	251,864	195,480	72.9	1,516.99

(Reference) Equity: As of March 31, 2024: ¥187,374 million As of December 31, 2023: ¥183,654 million

2. Cash Dividends

	Annual dividends per share				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	82.00	—	86.00	168.00
Fiscal year ending December 31, 2024	—				
Fiscal year ending December 31, 2024 (Forecast)		29.00	—	29.00	58.00

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

(Note) In light of the above stock split, the amounts for the fiscal year ended December 31, 2023 are on a pre-split basis and for the fiscal year ending December 31, 2024 (forecast) reflect the effect of the stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates the rate of increase/decrease 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	83,100	7.0	11,100	1.8	11,600	(1.8)	6,800	27.0	56.11
Full year	179,200	10.4	26,800	18.0	27,700	14.2	17,600	38.4	145.19

(Note) Revisions to the most recently disclosed financial results forecast: None

There has been no change in the financial results forecast announced on February 13, 2024.

*** 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: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of March 31, 2024	127,800,000 shares
As of December 31, 2023	127,800,000 shares

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

As of March 31, 2024	6,721,033 shares
As of December 31, 2023	6,735,402 shares

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

First three months ended March 31, 2024	121,070,694 shares
First three months ended March 31, 2023	120,843,923 shares

(Note): In light of the above stock split, “Total number of issued shares at the end of the period (including treasury shares),” “Number of treasury shares at the end of the period,” and “Average number of shares outstanding during the period” are calculated assuming the stock split had been conducted on January 1, 2023.

* 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 financial results forecast and other special notes

The financial results forecast stated in this report is based on the information available as of the date of the release of this report, and actual results may differ from the forecast due to a variety of factors.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. Qualitative Information on Consolidated Financial Results for the First Three Months of the Fiscal Year Ending December 31, 2024

(1) Explanation about Operating Results

During the three months ended March 31, 2024, the electronics market, which is the main customers for the Group's products, saw a gradual recovery in demand for PCs and smartphones, resulting in a year-on-year increase in demand for semiconductors.

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

As a result, for the three months ended March 31, 2024, the Group recorded net sales of ¥45,017 million (up 17.0% year-on-year), operating income of ¥5,793 million (up 7.4% year-on-year), ordinary income of ¥6,039 million (up 4.8% year-on-year), and profit attributable to owners of parent of ¥3,599 million (up 66.9% year-on-year).

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

Net sales in the Electronic Functional Materials Division amounted to ¥24,460 million (up 19.7% year-on-year), in the High-Purity Chemicals Division amounted to ¥20,065 million (up 15.0% year-on-year) and in other divisions amounted to ¥490 million (down 14.0% year-on-year).

(2) Explanation about Financial Position

(Assets)

Total assets as of March 31, 2024 increased by ¥9,179 million from December 31, 2023 to ¥261,044 million.

Total current assets increased by ¥9,497 million mainly due to an increase in cash and deposits of ¥9,598 million.

Total non-current assets decreased by ¥317 million mainly because investments and other assets decreased by ¥1,996 million mainly due to withdrawal of long-term time deposits despite an increase in property, plant and equipment of ¥1,478 million associated with capital investments.

(Liabilities)

Total liabilities as of March 31, 2024 increased by ¥8,079 million from December 31, 2023 to ¥64,464 million mainly due to increases in notes and accounts payable - trade of ¥2,226 million and in income taxes payable of ¥1,522 million.

(Net assets)

Total net assets as of March 31, 2024 increased by ¥1,100 million from December 31, 2023 to ¥196,580 million mainly due to an increase in foreign currency translation adjustment of ¥1,823 million associated with the weakening yen.

As a result, the equity ratio as of March 31, 2024 stood at 71.8%.

(3) Explanation about Future Forecast Information Including Consolidated Financial Results Forecast

There has been no change in the financial results forecast announced on February 13, 2024.

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)

	FY12/23 (As of December 31, 2023)	First quarter of FY12/24 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	56,816	66,414
Notes and accounts receivable - trade	33,898	35,579
Securities	3,999	3,999
Merchandise and finished goods	11,060	12,070
Work in process	7,397	7,837
Raw materials and supplies	14,624	13,411
Other	6,604	4,588
Allowance for doubtful accounts	(74)	(77)
Total current assets	134,328	143,825
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,665	40,617
Other, net	32,569	34,095
Total property, plant and equipment	73,235	74,713
Intangible assets	1,389	1,589
Investments and other assets		
Retirement benefit asset	4,267	4,297
Long-term time deposits	12,000	6,000
Other	26,652	30,624
Allowance for doubtful accounts	(7)	(6)
Total investments and other assets	42,912	40,915
Total non-current assets	117,536	117,218
Total assets	251,864	261,044

(Millions of yen)

	FY12/23 (As of December 31, 2023)	First quarter of FY12/24 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,331	22,557
Short-term borrowings	486	519
Income taxes payable	1,391	2,913
Provision for bonuses	2,537	3,574
Other	13,881	16,050
Total current liabilities	38,627	45,615
Non-current liabilities		
Long-term borrowings	10,000	10,000
Retirement benefit liability	809	836
Other	6,947	8,012
Total non-current liabilities	17,756	18,848
Total liabilities	56,384	64,464
Net assets		
Shareholders' equity		
Share capital	14,640	14,640
Capital surplus	15,315	15,315
Retained earnings	143,630	143,750
Treasury shares	(10,940)	(10,925)
Total shareholders' equity	162,646	162,781
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,759	11,493
Foreign currency translation adjustment	11,603	13,426
Remeasurements of defined benefit plans	(354)	(327)
Total accumulated other comprehensive income	21,007	24,592
Share acquisition rights	140	140
Non-controlling interests	11,684	9,065
Total net assets	195,480	196,580
Total liabilities and net assets	251,864	261,044

(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 Three Months)

(Millions of yen)

	First three months of FY 12/23 (January 1, 2023 – March 31, 2023)	First three months of FY 12/24 (January 1, 2024 – March 31, 2024)
Net sales	38,463	45,017
Cost of sales	24,403	29,276
Gross profit	14,059	15,741
Selling, general and administrative expenses	8,667	9,947
Operating income	5,392	5,793
Non-operating income		
Interest income	63	83
Dividend income	57	76
Foreign exchange gains	261	103
Other	89	79
Total non-operating income	472	344
Non-operating expenses		
Interest expenses	17	21
Share of loss of investments accounted for using equity method	—	26
Loss on investments in investment partnerships	13	23
Loss on valuation of derivatives	59	10
Other	11	16
Total non-operating expenses	102	98
Ordinary income	5,762	6,039
Extraordinary income		
Gain on change in equity	—	155
Gain on sale of non-current assets	217	—
Other	53	—
Total extraordinary income	271	155
Extraordinary losses		
Loss on retirement of non-current assets	28	17
Loss on sale of businesses	1,716	—
Other	—	0
Total extraordinary losses	1,745	17
Profit before income taxes	4,287	6,176
Income taxes - current	1,083	1,867
Income taxes - deferred	171	(50)
Total income taxes	1,255	1,816
Profit	3,032	4,360
Profit attributable to non-controlling interests	875	761
Profit attributable to owners of parent	2,157	3,599

(Quarterly Consolidated Statement of Comprehensive Income)

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

(Millions of yen)

	First three months of FY 12/23 (January 1, 2023 – March 31, 2023)	First three months of FY 12/24 (January 1, 2024 – March 31, 2024)
Profit	3,032	4,360
Other comprehensive income		
Valuation difference on available-for-sale securities	1,432	1,734
Foreign currency translation adjustment	33	2,128
Remeasurements of defined benefit plans	(17)	27
Other comprehensive income	1,447	3,889
Comprehensive income	4,479	8,249
Comprehensive income attributable to:		
Owners of parent	3,518	7,183
Non-controlling interests	961	1,065

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Concerning Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Additional Information)

(Transaction to grant the Company's shares to employees, etc. through a trust)

Based on the resolution at the Board of Directors meeting held on August 7, 2019, the Company 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, 2023 and March 31, 2024 were ¥437 million and 315 thousand shares and ¥415 million and 298 thousand shares, respectively.

(Note) The Company conducted a 3-for-1 stock split for common shares on January 1, 2024. The number of shares above reflects the effect of the stock split.

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

Not applicable.

(Revenue Recognition)

Information on the breakdown of revenue arising from contracts with customers

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

(Millions of yen)

	First three months of FY 12/23 (January 1, 2023 - March 31, 2023)	First three months of FY 12/24 (January 1, 2024 - March 31, 2024)
Electronic functional materials	20,437	24,460
High-purity chemicals	17,454	20,065
Other	570	490
Revenue from contracts with customers	38,463	45,017
Other revenue	—	—
Net sales to customers	38,463	45,017

(Segment Information)

I First three months of the fiscal year ended December 31, 2023 (January 1, 2023 – March 31, 2023)

1. Information about net sales and income or loss by reportable segment

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

II First three months of the fiscal year ending December 31, 2024 (January 1, 2024 – March 31, 2024)

1. Information about net sales and income or loss by reportable segment

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