

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: TODA KOGYO CORP.
 Stock exchange listing: Tokyo
 Stock code: 4100 URL <https://www.todakogyo.co.jp>
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 Scheduled date of ordinary general meeting of shareholders: June 26, 2024
 Scheduled date to file Securities Report: June 27, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	26,234	(24.9)	117	(91.4)	1,168	(65.1)	(3,581)	–
Year ended March 31, 2023	34,934	(1.1)	1,367	(45.7)	3,349	(20.0)	3,268	4.9

Note: Comprehensive income Year ended March 31, 2024: ¥(1,866) million [–%]
 Year ended March 31, 2023: ¥4,089 million [(15.0)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	(620.00)	–	(24.1)	2.2	0.4
Year ended March 31, 2023	566.50	562.48	23.1	6.5	3.9

Reference: Share of profit of entities accounted for using equity method
 Year ended March 31, 2024: ¥673 million
 Year ended March 31, 2023: ¥1,704 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	53,714	14,525	25.8	2,399.20
As of March 31, 2023	52,016	16,559	30.5	2,744.37

Reference: Equity
 As of March 31, 2024: ¥13,860 million
 As of March 31, 2023: ¥15,842 million

(3) Consolidated cash flows

	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
Year ended March 31, 2024	(634)	(663)	407	7,943
Year ended March 31, 2023	833	(375)	187	8,476

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2024	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2025 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	15,400	21.5	100	–	350	(64.0)	100	(87.5)	17.31
Full year	32,000	22.0	700	497.2	1,100	(5.8)	600	–	103.88

* Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

Yes

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Newly included: 1 company (TODA ISU CORPORATION)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	∣	6,099,192 shares	As of March 31, 2023	∣	6,099,192 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	∣	321,945 shares	As of March 31, 2023	∣	326,475 shares
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Average number of shares during the period

Year ended March 31, 2024	∣	5,775,881 shares	Year ended March 31, 2023	∣	5,770,311 shares
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[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	15,431	(7.2)	(1,552)	–	(75)	–	(5,228)	–
Year ended March 31, 2023	16,636	(2.3)	(168)	–	194	(84.2)	1,319	(17.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2024	(905.30)	–
Year ended March 31, 2023	228.70	227.07

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	37,350	5,910	15.6	1,006.11
As of March 31, 2023	41,446	10,416	24.9	1,789.47

Reference: Equity

As of March 31, 2024:	¥5,812 million
As of March 31, 2023:	¥10,330 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to the section of “(4) Future Outlook” of “1. Summary of Operating Results, Etc.” on page 2-3 of Attached Material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(Method of accessing supplementary material on financial results)

Supplementary material on financial results will be posted on the Company’s website on June 6, 2024.

Attached Material

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1. Summary of Operating Results, Etc.

(1) Summary of Operating Results for Fiscal Year Under Review

In the business environment surrounding the TODA KOGYO Group (the “Group”) during the fiscal year ended March 31, 2024 (the “fiscal year under review”), there was a moderate recovery trend in the economy due to a pickup in personal consumption and improved employment conditions against the backdrop of normalization of socioeconomic activity as a result of the recovery from the COVID-19 pandemic. On the other hand, the economic outlook remains uncertain mainly due to the protracted situation in Ukraine, heightened geopolitical risks surrounding the Middle East, monetary tightening in response to soaring prices in various countries, and the slowdown of the Chinese economy.

Under these circumstances, the Group has been striving to grow and expand each of its businesses to achieve the goals of its medium-term business plan Vision 2023. The Company has also concentrated on measures such as product pricing correction activities, continuous cost reduction activities, and expense reduction as initiatives to improve profitability.

However, net sales and operating profit for the fiscal year under review fell year on year mainly due to fluctuations in demand in the functional pigments segment and electronic materials segment and the transfer of equity in Toda United Industrial (Zhejiang) Co., Ltd. in the previous fiscal year. Toda United Industrial (Zhejiang) Co., Ltd.’s net sales recorded in the consolidated statement of income for the previous fiscal year were ¥5,352 million and its operating profit was ¥470 million.

For non-operating income and expenses, despite the Company having encountered factors with a positive effect on earnings such as a shift in exchange rates to a weakening yen, revenues from associates accounted for using the equity method declined. Moreover, in extraordinary income and losses, in the previous fiscal year the Company recorded gain on sale of investments in capital of subsidiaries and associates of ¥933 million due to the transfer of its shareholding in Toda United Industrial (Zhejiang) Co., Ltd., while in the fiscal year under review, it recorded impairment losses of ¥4,869 million due to impairment of business assets and assets for common use, etc. held by the Company.

As a result of the above, net sales came to ¥26,234 million (down 24.9% year on year), operating profit came to ¥117 million (down 91.4% year on year), ordinary profit came to ¥1,168 million (down 65.1% year on year), and loss attributable to owners of parent came to ¥3,581 million (compared to profit attributable to owners of parent of ¥3,268 million in the previous fiscal year).

The status of each segment is as follows.

Functional pigments

Sales of materials for copiers and printers and materials for catalysts were affected by a delayed recovery in demand in the market. As a result of having transferred equity in Toda United Industrial (Zhejiang) Co., Ltd. in the previous fiscal year and other factors, net sales were ¥8,124 million, a decline of 44.8% year on year, and segment profit was ¥838 million, a decline of 58.1% year on year.

Electronic materials

Demand for both magnet materials and dielectric materials is gradually recovering from the second half of the fiscal year, despite the impact of inventory adjustments in the first half of the fiscal year due to delayed market recovery and other factors. In particular, net sales increased from the previous fiscal year for bonded rare earth magnet material, which possesses world-class magnetic properties, mainly for automotive applications. However, net sales for the segment came to ¥18,569 million, a decrease of 10.1% year on year, mainly affected by fluctuations in demand at the Company’s consolidated subsidiary that manufactures lithium ion battery (LIB) materials. On the other hand, segment profit came to ¥2,560 million, an increase of 7.2% year on year, mainly due to the effects of product pricing correction activities.

(2) Summary of Financial Position for Fiscal Year Under Review

Assets

Assets at the end of the fiscal year under review came to ¥53,714 million, an increase of ¥1,698 million over the end of the previous fiscal year. This was mainly due to increases of ¥1,105 million in notes and accounts receivable - trade, ¥1,064 million in raw materials and supplies, and ¥1,716 million in investments in capital of subsidiaries and associates, despite a decrease of ¥2,655 million in property, plant and equipment.

Liabilities

Liabilities at the end of the fiscal year under review came to ¥39,189 million, an increase of ¥3,733 million over the end of the previous fiscal year. This was mainly due to increases of ¥1,586 million in borrowings and ¥2,216 million in other current assets.

Net assets

Net assets at the end of the fiscal year under review came to ¥14,525 million, a decrease of ¥2,034 million over the end of the previous fiscal year. This was mainly due to recording a loss attributable to owners of parent of ¥3,581 million, despite increases of ¥701 million in valuation difference on available-for-sale securities and ¥648 million in foreign currency translation adjustment.

As a result of the above, net assets per share decreased by ¥345.17 year on year to ¥2,399.20 and the equity ratio decreased by 4.7 points year on year to 25.8%.

(3) Summary of Cash Flow for Fiscal Year Under Review

Cash and cash equivalents (“cash”) at the end of the fiscal year under review came to ¥7,943 million, a decrease of ¥533 million over the end of the previous fiscal year.

The status of each cash flow in the fiscal year under review is as follows.

Cash flows from operating activities

Net cash used in operating activities totaled ¥634 million (compared to ¥833 million provided in the previous fiscal year). This was mainly due to a decrease of ¥819 million in trade payables and income taxes paid of ¥423 million.

Cash flows from investing activities

Net cash used in investing activities came to ¥663 million (compared to ¥375 million used in the previous fiscal year). This was mainly due to a decrease in cash resulting primarily from ¥249 million in payments for investments in shares of subsidiaries and associates and ¥1,381 million in purchase of property, plant and equipment, which exceeded the increase in cash largely resulting from ¥1,020 million in proceeds from collection of loans receivable.

Cash flows from financing activities

Net cash provided by financing activities came to ¥407 million (¥187 million in the previous fiscal year). This was mainly due to an increase in cash largely resulting from ¥4,560 million in proceeds from long-term borrowings and ¥1,852 million in proceeds from other financial liabilities, which exceeded a decrease in cash largely resulting from ¥4,402 million in repayments of long-term loans payable and others and ¥1,542 million in the purchase of shares of subsidiaries not resulting in change in scope of consolidation.

(4) Future Outlook

Regarding the future economic outlook, the uncertain situation is expected to continue for the time being mainly due to the rising geopolitical risks surrounding the situation in Ukraine and the Middle East, the risk of a downturn in overseas economies due to continued monetary tightening in various countries, and the slowdown of the Chinese economy.

To achieve the vision the Group for the fiscal year ending March 31, 2031 (fiscal 2030), set out in its materiality, the Group has formulated a medium-term management plan, Vision2026, covering the period from the fiscal year ending March 31, 2025 (fiscal 2024) to the fiscal year ending March 31, 2027 (fiscal 2026). During this period, the company will strengthen its business portfolio management. It will promote (1) business strategies, (2) financial strategies, and (3) human resource strategies for accelerating selection and concentration aimed at achieving the plan.

Under these conditions, in the fiscal year ending March 31, 2025, despite continued high prices for raw materials and energy, the Company expects to see a gradual recovery in market demand for both the functional pigments segment and the electronic materials segment. The Company also expects the conversion of TODA ISU CORPORATION into a consolidated subsidiary to contribute to increases in net sales and operating profit.

Based on such conditions, for its consolidated operating results forecast for the fiscal year ending March 31, 2025, the Group is forecasting net sales of ¥32,000 million, operating profit of ¥700 million, ordinary profit of ¥1,100 million, and profit attributable to owners of parent of ¥600 million.

2. Basic Approach to Selection of Accounting Standards

Considering the possibility of comparing financial periods and making company-to-company comparisons on consolidated financial statements, the Group's policy for the time being will be to prepare consolidated financial statements based on Japanese standards. Note that the policy of the Group with respect to the application of International Financial Reporting Standards (IFRS) is to comply with them appropriately after taking various domestic and overseas circumstances into consideration.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	8,476	8,164
Notes and accounts receivable - trade	7,607	8,712
Merchandise and finished goods	4,581	4,662
Work in process	2,018	2,476
Raw materials and supplies	3,654	4,718
Other	2,136	1,587
Allowance for doubtful accounts	(9)	(11)
Total current assets	28,465	30,309
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,975	1,583
Machinery, equipment and vehicles, net	1,687	1,686
Land	6,326	4,887
Construction in progress	1,019	210
Other, net	508	492
Total property, plant and equipment	11,515	8,860
Intangible assets		
Goodwill	2,355	2,497
Other	133	13
Total intangible assets	2,489	2,510
Investments and other assets		
Investment securities	2,709	3,290
Investments in capital of subsidiaries and associates	6,300	8,016
Long-term loans receivable	5	4
Retirement benefit asset	369	553
Other	164	170
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	9,545	12,033
Total non-current assets	23,550	23,404
Total assets	52,016	53,714

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,712	3,507
Short-term borrowings	7,686	9,113
Current portion of long-term borrowings	4,012	4,712
Income taxes payable	230	148
Provision for bonuses	345	314
Other	1,616	3,832
Total current liabilities	17,604	21,629
Non-current liabilities		
Long-term borrowings	14,031	13,490
Long-term accounts payable - other	469	112
Retirement benefit liability	1,896	2,342
Deferred tax liabilities	985	1,427
Other	468	186
Total non-current liabilities	17,852	17,559
Total liabilities	35,456	39,189
Net assets		
Shareholders' equity		
Share capital	7,477	7,477
Capital surplus	4,288	4,306
Retained earnings	3,155	(425)
Treasury shares	(1,468)	(1,447)
Total shareholders' equity	13,453	9,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	688	1,389
Foreign currency translation adjustment	1,368	2,016
Remeasurements of defined benefit plans	332	543
Total accumulated other comprehensive income	2,389	3,950
Share acquisition rights	86	97
Non-controlling interests	630	567
Total net assets	16,559	14,525
Total liabilities and net assets	52,016	53,714

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	34,934	26,234
Cost of sales	27,477	20,368
Gross profit	7,457	5,865
Selling, general and administrative expenses		
Freight-out	813	417
Employees' salaries and allowances	1,403	1,338
Provision for bonuses	104	77
Retirement benefit expenses	95	102
Depreciation	150	112
Research and development expenses	1,315	1,514
Other	2,207	2,185
Total selling, general and administrative expenses	6,090	5,748
Operating profit	1,367	117
Non-operating income		
Interest income	45	70
Dividend income	58	64
Rental income	39	40
Foreign exchange gains	224	447
Share of profit of entities accounted for using equity method	1,704	673
Miscellaneous income	200	106
Total non-operating income	2,273	1,403
Non-operating expenses		
Interest expenses	265	321
Miscellaneous losses	25	30
Total non-operating expenses	291	352
Ordinary profit	3,349	1,168
Extraordinary income		
Gain on disposal of non-current assets	4	17
Gain on change in equity	60	–
Gain on sale of investments in capital of subsidiaries and associates	933	–
Gain on liquidation of subsidiaries and associates	52	–
Gain on sale of investment securities	–	76
Gain on step acquisitions	–	475
National subsidies	32	23
Compensation income	54	187
Reversal of provision for environmental measures	74	–
Total extraordinary income	1,212	780

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary losses		
Loss on disposal of non-current assets	95	64
Loss on tax purpose reduction entry of non-current assets	7	–
Impairment losses	35	4,869
Compensation expenses	76	–
Other	–	0
Total extraordinary losses	214	4,934
Profit (loss) before income taxes	4,347	(2,985)
Income taxes - current	546	345
Income taxes - deferred	36	133
Total income taxes	582	479
Profit (loss)	3,765	(3,464)
Profit attributable to non-controlling interests	496	116
Profit (loss) attributable to owners of parent	3,268	(3,581)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	3,765	(3,464)
Other comprehensive income		
Valuation difference on available-for-sale securities	55	701
Foreign currency translation adjustment	122	505
Remeasurements of defined benefit plans, net of tax	73	211
Share of other comprehensive income of entities accounted for using equity method	72	180
Total other comprehensive income	324	1,598
Comprehensive income	4,089	(1,866)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,445	(2,020)
Comprehensive income attributable to non-controlling interests	643	153

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,477	4,358	(112)	(1,507)	10,215
Changes during period					
Profit (loss) attributable to owners of parent			3,268		3,268
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(17)		40	23
Other		(51)			(51)
Net changes in items other than shareholders' equity					
Total changes during period	—	(69)	3,268	38	3,238
Balance at end of period	7,477	4,288	3,155	(1,468)	13,453

	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	633	1,320	258	2,211	88	1,443	13,958
Changes during period							
Profit (loss) attributable to owners of parent							3,268
Purchase of treasury shares							(2)
Disposal of treasury shares							23
Other							(51)
Net changes in items other than shareholders' equity	54	48	73	177	(1)	(812)	(637)
Total changes during period	54	48	73	177	(1)	(812)	2,600
Balance at end of period	688	1,368	332	2,389	86	630	16,559

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,477	4,288	3,155	(1,468)	13,453
Changes during period					
Profit (loss) attributable to owners of parent			(3,581)		(3,581)
Change in ownership interest of parent due to transactions with non-controlling interests		28			28
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(11)		21	10
Net changes in items other than shareholders' equity					
Total changes during period	—	17	(3,581)	20	(3,542)
Balance at end of period	7,477	4,306	(425)	(1,447)	9,910

	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	688	1,368	332	2,389	86	630	16,559
Changes during period							
Profit (loss) attributable to owners of parent							(3,581)
Change in ownership interest of parent due to transactions with non-controlling interests							28
Purchase of treasury shares							(0)
Disposal of treasury shares							10
Net changes in items other than shareholders' equity	701	648	211	1,560	10	(63)	1,508
Total changes during period	701	648	211	1,560	10	(63)	(2,034)
Balance at end of period	1,389	2,016	543	3,950	97	567	14,525

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	4,347	(2,985)
Depreciation	685	802
Impairment losses	35	4,869
Amortization of goodwill	315	383
Increase (decrease) in provision for environmental measures	(74)	–
Increase (decrease) in provision for loss on factory closings	(12)	–
Increase (decrease) in provision and allowance	52	(29)
Decrease (increase) in retirement benefit asset	(11)	10
Increase (decrease) in retirement benefit liability	(119)	(147)
Interest and dividend income	(103)	(135)
Interest expenses	265	321
Loss (gain) on sales of investment in capital of subsidiaries and associates	(933)	–
Foreign exchange losses (gains)	(112)	(364)
Share of loss (profit) of entities accounted for using equity method	(1,704)	(673)
Loss (gain) on change in equity	(60)	–
Loss (gain) on step acquisitions	–	(475)
Loss (gain) on disposal of non-current assets	90	47
Decrease (increase) in trade receivables	1,375	(122)
Decrease (increase) in inventories	(1,547)	(84)
Increase (decrease) in trade payables	(164)	(819)
Subsidy income	(32)	(23)
Compensation expenses	76	–
Gain on liquidation of subsidiaries and associates	(52)	–
Other, net	(876)	(783)
Subtotal	1,438	(210)
Payments of retirement benefits for directors (and other officers)	(7)	–
Income taxes refund (paid)	(597)	(423)
Net cash provided by (used in) operating activities	833	(634)
Cash flows from investing activities		
Interest and dividends received	104	212
Proceeds from the sale of investments in capital of subsidiaries and associates resulting in change in scope of consolidation	731	–
Payments for investments in shares of subsidiaries and associates	–	(249)
Purchase of property, plant and equipment	(1,738)	(1,381)
Proceeds from sale of property, plant and equipment	4	17
Purchase of intangible assets	(32)	(88)
Net decrease (increase) in time deposits	(62)	(219)
Proceeds from collection of loans receivable	681	1,020
Subsidies received	32	23
Proceeds from refund of leasehold and guarantee deposits	2	–
Other, net	(99)	2
Net cash provided by (used in) investing activities	(375)	(663)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(664)	389
Proceeds from long-term borrowings	5,730	4,560
Repayments of long-term loans payable and others	(3,746)	(4,402)
Interest paid	(265)	(321)
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	(2)	(0)
Dividends paid to non-controlling interests	(20)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(814)	(1,542)
Proceeds from other financial liabilities	–	1,852
Repayments of other financial liabilities	–	(80)
Other, net	(29)	(44)
Net cash provided by (used in) financing activities	187	407
Effect of exchange rate change on cash and cash equivalents	303	285
Net increase (decrease) in cash and cash equivalents	949	(604)
Cash and cash equivalents at beginning of period	7,527	8,476
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	71
Cash and cash equivalents at end of period	8,476	7,943

(5) Notes on Consolidated Financial Statements

(Notes on Assumptions of Going Concern)

Not applicable

(Change in Scope of Application of Equity Method and Scope of Consolidation)

Significant changes in scope of consolidation

During the fiscal year ended March 31, 2024, the Company acquired a majority of the total voting rights of TODA ISU CORPORATION, which had been an associate accounted for using the equity method, through the conversion of class shares held by the Company into common shares. As a result, the said company and one of its subsidiaries were included in the scope of consolidation. Since the Group has established December 31, 2023 as the deemed acquisition date, only the said company's balance sheet as of December 31, 2023 is consolidated for the fiscal year ended March 31, 2024, and the said company's operating results are not included in the consolidated statement of income.

These changes in the scope of consolidation are expected to cause material effects to the consolidated financial statements for the following fiscal year. Expected effects include an increase of total assets in the consolidated balance sheet, and an increase of net sales in the consolidated statement of income.

(Segment Information, Etc.)

[Segment information]

1. Summary of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information can be obtained and are subject to examination on a regular basis by the Board of Directors in order to decide on the allocation of management resources and evaluate operating results. The Group categorizes its reportable segments based on product groupings after taking into consideration manufacturing methods and process as well as similarities in the markets of sale. It has therefore categorized its reportable segments into the two segments of "functional pigments" and "electronic materials."

The main products under each reportable segment are as follows.

- (1) Functional pigments: Magnetic powder materials and various coloring materials
- (2) Electronic materials: Ferrite materials, cathode materials for lithium ion batteries, PVC stabilizers, etc.

2. Computation methods for amounts of net sales, profit or losses, assets and other items for each reportable segment

Accounting treatment for reportable segments is the same as that given in The Material Particulars That Serve as the Basis for Preparation of Consolidated Financial Statements.

Figures for profit in reportable segments are on an operating profit basis.

Inter-segment revenues and transfers are based on prevailing market prices.

3. Information regarding amounts of net sales, profit or losses, assets and other items for each reportable segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Amount posted on consolidated financial statements (Note 2)
	Functional pigments	Electronic materials			
Net sales					
Net sales to external customers	14,723	20,210	34,934	–	34,934
Inter-segment net sales or transfers	6	442	448	(448)	–
Total	14,730	20,653	35,383	(448)	34,934
Segment profit	2,001	2,389	4,391	(3,023)	1,367
Segment assets	10,613	19,089	29,703	22,313	52,016
Other items					
Depreciation	244	284	528	156	685
Changes in property, plant and equipment or intangible assets	414	670	1,084	718	1,802

Notes: 1 Adjustments are as follows.

- (1) The adjustment of negative ¥3,023 million to segment profit includes corporate expenses of negative ¥3,023 million not allocated to either reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to the reportable segments.
 - (2) The adjustment to segment assets consists of corporate assets. Corporate assets mainly consist of financial assets of the Group (cash and deposits, investment securities, etc.) and assets pertaining to administrative departments that do not belong to the reportable segments.
 - (3) The adjustment to depreciation consists of depreciation on assets that do not belong to the reportable segments.
 - (4) The adjustment increase in property, plant and equipment and intangible assets consists of increases to assets that do not belong to the reportable segments.
- 2 For segment profit, the Group has adjusted operating profit on its consolidated statement of income.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Amount posted on consolidated financial statements (Note 2)
	Functional pigments	Electronic materials			
Net sales					
Net sales to external customers	8,119	18,115	26,234	–	26,234
Inter-segment net sales or transfers	5	453	459	(459)	–
Total	8,124	18,569	26,694	(459)	26,234
Segment profit	838	2,560	3,398	(3,281)	117
Segment assets	8,368	22,578	30,946	22,767	53,714
Other items					
Depreciation	187	330	517	285	802
Changes in property, plant and equipment or intangible assets	780	751	1,532	287	1,819

Notes: 1 Adjustments are as follows.

- (1) The adjustment of negative ¥3,281 million to segment profit includes corporate expenses of negative ¥3,281 million not allocated to either reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to the reportable segments.
 - (2) The adjustment to segment assets consists of corporate assets. Corporate assets mainly consist of financial assets of the Group (cash and deposits, investment securities, etc.) and assets pertaining to administrative departments that do not belong to the reportable segments.
 - (3) The adjustment to depreciation consists of depreciation on assets that do not belong to the reportable segments.
 - (4) The adjustment increase in property, plant and equipment and intangible assets consists of increases to assets that do not belong to the reportable segments.
- 2 For segment profit, the Group has adjusted operating profit on its consolidated statement of income.

(Per-Share Information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share (Yen)	2,744.37	2,399.20
Earnings (loss) per share (Yen)	566.50	(620.00)
Diluted earnings per share (Yen)	562.48	–

- Notes: 1. Diluted earnings per share for the fiscal year ended March 31, 2024 has not been stated due to constituting net losses per share despite the presence of dilutive shares.
2. The basis of computation for earnings per share or net loss per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	3,268	(3,581)
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit (loss) attributable to owners of parent pertaining to common shares (Millions of yen)	3,268	(3,581)
Average number of common shares during the period (Thousands of shares)	5,770	5,775
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	–	–
Increased number of common shares (Thousands of shares)	41	–
[Number of which are share acquisition rights (Thousands of shares)]	(41)	(–)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to not being potentially dilutive	–	2nd Share Acquisition Rights based on resolution of Board of Directors held on June 26, 2015 Number of share acquisition rights: 142 (common shares: 1,420 shares) 3rd Share Acquisition Rights based on resolution of Board of Directors held on June 29, 2016 Number of share acquisition rights: 173 (common shares: 1,730 shares) 4th Share Acquisition Rights based on resolution of Board of Directors held on June 28, 2017 Number of share acquisition rights: 186 (common shares: 1,860 shares) 5th Share Acquisition Rights based on resolution of Board of Directors held on June 27, 2018 Number of share acquisition rights: 181 (common shares: 1,810 shares) 6th Share Acquisition Rights based on resolution of Board

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
		of Directors held on June 25, 2019 Number of share acquisition rights: 263 (common shares: 2,630 shares) 7th Share Acquisition Rights based on resolution of Board of Directors held on June 25, 2020 Number of share acquisition rights: 895 (common shares: 8,950 shares) 8th Share Acquisition Rights based on resolution of Board of Directors held on June 25, 2021 Number of share acquisition rights: 946 (common shares: 9,460 shares) 9th Share Acquisition Rights based on resolution of Board of Directors held on June 28, 2022 Number of share acquisition rights: 720 (common shares: 7,200 shares) 10th Share Acquisition Rights based on resolution of Board of Directors held on June 28, 2023 Number of share acquisition rights: 981 (common shares: 9,810 shares)

(Significant Subsequent Events)

Not applicable