

**Translation**

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 7, 2024

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 Stock exchange listing: Tokyo  
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 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

#### (1) Consolidated operating results (cumulative)

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	%
Three months ended June 30, 2024	7,307	18.2	(31)	–	176	(75.2)	28	(95.7)
Three months ended June 30, 2023	6,183	(36.3)	(77)	–	711	(39.2)	666	(21.8)

Note: Comprehensive income Three months ended June 30, 2024: ¥1,201 million [(2.0)%]  
 Three months ended June 30, 2023: ¥1,226 million [(28.0)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	5.01	4.97
Three months ended June 30, 2023	115.45	114.66

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	54,497	15,732	27.6
As of March 31, 2024	53,714	14,525	25.8

Reference: Equity  
 As of June 30, 2024: ¥15,019 million  
 As of March 31, 2024: ¥13,860 million

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	0.00	–	0.00	0.00
Year ending March 31, 2025	–				
Year ending March 31, 2025 (Forecast)		0.00	–	0.00	0.00

Note: Revisions to the forecasts of cash dividends most recently announced: No

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

Note: Revisions to the consolidated financial results forecasts most recently announced: No

\* Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2024	6,099,192 shares	As of March 31, 2024	6,099,192 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	322,123 shares	As of March 31, 2024	321,945 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	5,777,135 shares	Three months ended June 30, 2023	5,772,671 shares
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\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: No

\* Proper use of earnings forecasts, and other special matters

The forecast of financial results is based on information available at the current time and include many uncertain factors. Actual financial results and other items may differ from the above forecast for any of various reasons, including changes in business conditions. Please refer to “(3) Explanation of Forecast of Financial Results and Other Forward-looking Statements” of “1. Qualitative Information on Quarterly Financial Results” on page 2 of the attached materials for the items related to the above forecasts.

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# 1. Qualitative Information on Quarterly Financial Results

## (1) Explanation of Business Results

In the business environment surrounding the TODA KOGYO Group (the “Group”) during the three months ended June 30, 2024, there was a moderate recovery trend in the economy with signs of a pickup in consumer spending and corporate earnings. On the other hand, the outlook remains uncertain due to the deteriorating situation in the Middle East, the protracted situation in Ukraine, and the risk of a downturn in overseas economies due to continued high interest rate levels in the U.S. and Europe and the slowdown of the Chinese economy.

Under these circumstances, to achieve the vision of the Group for fiscal 2030 (fiscal year ending March 31, 2031), set out in its materiality, the Group has formulated a medium-term management plan, Vision2026, covering the period from fiscal 2024 (fiscal year ending March 31, 2025) to fiscal 2026 (fiscal year ending March 31, 2027). Under “Vision2026,” we will strengthen our business portfolio management and strive for business growth by accelerating selection and concentration.

During the three months ended June 30, 2024, market demand, particularly for magnet materials and dielectric materials, moved toward recovery, albeit slowly. In addition, net sales rose year on year due to the conversion of TODA ISU CORPORATION into a consolidated subsidiary.

Turning to profit, operating profit rose year on year due to the effects of continuous cost reduction activities and expense reduction, in addition to an increase in net sales. However, for non-operating income and expenses, ordinary profit and profit attributable to owners of parent decreased year on year due to decline in revenues from associates accounted for using the equity method.

As a result of the above, net sales came to ¥7,307 million (up 18.2% year on year), operating loss came to ¥31 million (compared with operating loss of ¥77 million in the same period of the previous fiscal year), ordinary profit came to ¥176 million (down 75.2% year on year), and profit attributable to owners of parent came to ¥28 million (down 95.7% year on year).

The status of each segment is as follows.

### *Functional pigments*

Although overall market demand is on the way to recovery, net sales were ¥2,089 million, a decline of 5.2% year on year, and segment profit was ¥249 million, a decline of 18.9% year on year due to sluggish demand for some products such as materials for copiers and printers and magnetic recording materials.

### *Electronic materials*

The Company’s consolidated subsidiary that manufactures lithium ion battery (LIB) materials, experienced sluggish demand as existing products reached the end of their product life cycle. On the other hand, sales of magnet materials and dielectric materials were strong and increased from the same period of the previous year. In addition, mainly due to the conversion of TODA ISU CORPORATION into a consolidated subsidiary, net sales were ¥5,343 million, an increase of 30.5% year on year, and segment profit was ¥469 million, an increase of 14.3% year on year.

## (2) Explanation of Financial Position

### *Assets*

Assets as of June 30, 2024, came to ¥54,497 million, an increase of ¥783 million over the end of the previous fiscal year. This was mainly due to increases of ¥1,122 million in property, plant and equipment, and ¥708 million in investment securities, despite a decrease of ¥1,113 million in cash and deposits.

### *Liabilities*

Liabilities as of June 30, 2024, came to ¥38,765 million, a decrease of ¥424 million over the end of the previous fiscal year. This was mainly due to decreases of ¥293 million in notes and accounts payable - trade, and ¥192 million in provision for bonuses.

*Net assets*

Net assets as of June 30, 2024, came to ¥15,732 million, an increase of ¥1,207 million over the end of the previous fiscal year. This was mainly due to increases of ¥525 million in valuation difference on available-for-sale securities and ¥592 million in foreign currency translation adjustment.

**(3) Explanation of Forecast of Financial Results and Other Forward-looking Statements**

There is no change to the consolidated earnings forecast for six months ending September 30, 2024 and the full-year announced in the “Summary of Consolidated Financial Results for the Year Ended March 31, 2024” on May 15, 2024.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	8,164	7,051
Notes and accounts receivable - trade	8,712	8,569
Merchandise and finished goods	4,662	4,666
Work in process	2,476	2,305
Raw materials and supplies	4,718	5,095
Other	1,587	1,699
Allowance for doubtful accounts	(11)	(23)
Total current assets	30,309	29,365
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,583	1,745
Machinery, equipment and vehicles, net	1,686	1,767
Land	4,887	5,601
Construction in progress	210	295
Other, net	492	571
Total property, plant and equipment	8,860	9,982
Intangible assets		
Goodwill	2,497	2,521
Other	13	22
Total intangible assets	2,510	2,544
Investments and other assets		
Investment securities	3,290	3,998
Investments in capital of subsidiaries and associates	8,016	7,934
Other	729	675
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	12,033	12,605
Total non-current assets	23,404	25,132
Total assets	53,714	54,497

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,507	3,214
Short-term borrowings	9,113	9,423
Current portion of long-term borrowings	4,712	4,702
Income taxes payable	148	101
Provision for bonuses	314	122
Other	3,832	3,996
Total current liabilities	21,629	21,560
Non-current liabilities		
Long-term borrowings	13,490	13,035
Long-term accounts payable - other	112	–
Retirement benefit liability	2,342	2,276
Other	1,613	1,892
Total non-current liabilities	17,559	17,204
Total liabilities	39,189	38,765
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,477	7,477
Capital surplus	4,306	4,306
Retained earnings	(425)	(396)
Treasury shares	(1,447)	(1,448)
Total shareholders' equity	9,910	9,939
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,389	1,914
Foreign currency translation adjustment	2,016	2,608
Remeasurements of defined benefit plans	543	556
Total accumulated other comprehensive income	3,950	5,080
Share acquisition rights	97	103
Non-controlling interests	567	609
Total net assets	14,525	15,732
<b>Total liabilities and net assets</b>	<b>53,714</b>	<b>54,497</b>

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

**Consolidated Statements of Income (Cumulative)**

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	6,183	7,307
Cost of sales	4,901	5,808
Gross profit	1,281	1,499
Selling, general and administrative expenses		
Employees' salaries	298	365
Provision for bonuses	51	50
Retirement benefit expenses	21	31
Research and development expenses	373	369
Other	614	712
Total selling, general and administrative expenses	1,359	1,530
Operating loss	(77)	(31)
Non-operating income		
Interest income	11	20
Dividend income	35	38
Share of profit of entities accounted for using equity method	401	83
Foreign exchange gains	364	158
Other	42	29
Total non-operating income	855	331
Non-operating expenses		
Interest expenses	62	109
Other	3	14
Total non-operating expenses	66	123
Ordinary profit	711	176
Extraordinary income		
Gain on disposal of non-current assets	7	1
Gain on sale of investment securities	76	–
Compensation income	8	0
Total extraordinary income	92	2
Extraordinary losses		
Loss on disposal of non-current assets	7	1
Loss on sale of investment securities	0	–
Total extraordinary losses	7	1
Profit before income taxes	795	177
Income taxes - current	68	103
Income taxes - deferred	22	33
Total income taxes	91	136
Profit	704	41
Profit attributable to non-controlling interests	38	12
Profit attributable to owners of parent	666	28



## Consolidated Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	704	41
Other comprehensive income		
Valuation difference on available-for-sale securities	197	524
Foreign currency translation adjustment	224	478
Remeasurements of defined benefit plans, net of tax	41	13
Share of other comprehensive income of entities accounted for using equity method	58	143
Total other comprehensive income	522	1,159
Comprehensive income	1,226	1,201
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,172	1,158
Comprehensive income attributable to non-controlling interests	54	42

### (3) Notes to Quarterly Consolidated Financial Statements

#### (Notes on Changes in Accounting Policies)

*Application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations*  
The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2(2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). This change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Guidance of 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. The change in accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. The change in accounting policy has no impact on the quarterly consolidated financial statements of the same period of the previous fiscal year or the consolidated financial statements of the previous fiscal year.

#### (Notes on Assumption of Going Concern)

Not applicable

#### (Notes When There Are Significant Changes in Amounts of Shareholders' Equity)

Not applicable

#### (Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 is not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	188	111
Amortization of goodwill	70	86

(Notes on Segment Information, Etc.)

[Segment information]

I Three months ended June 30, 2023

1. Information regarding amounts of net sales and profit or losses for each reportable segment

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Amount posted on quarterly consolidated statements of income (Note 2)
	Functional pigments	Electronic materials			
Net sales					
Net sales to external customers	2,200	3,983	6,183	–	6,183
Inter-segment net sales or transfers	3	112	115	(115)	–
Total	2,203	4,096	6,299	(115)	6,183
Segment profit (loss)	307	410	718	(795)	(77)

Notes: 1 The adjustment of negative ¥795 million to segment profit (loss) includes corporate expenses of negative ¥795 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 For segment profit (loss), the Group has adjusted operating loss on its quarterly consolidated statements of income.

2. Information regarding impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Significant gain on bargain purchase)

Not applicable

## II Three months ended June 30, 2024

### 1. Information regarding amounts of net sales and profit or losses for each reportable segment

(Millions of yen)

	Reportable segments		Total	Adjustments (Note 1)	Amount posted on quarterly consolidated statements of income (Note 2)
	Functional pigments	Electronic materials			
Net sales					
Net sales to external customers	2,089	5,218	7,307	–	7,307
Inter-segment net sales or transfers	0	125	125	(125)	–
Total	2,089	5,343	7,433	(125)	7,307
Segment profit (loss)	249	469	718	(749)	(31)

Notes: 1 The adjustment of negative ¥749 million to segment profit (loss) includes corporate expenses of negative ¥749 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 For segment profit (loss), the Group has adjusted operating loss on its quarterly consolidated statements of income.

### 2. Information regarding impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Significant gain on bargain purchase)

Not applicable