

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

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 28, 2023
 Scheduled date to file Securities Report: June 29, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	34,934	(1.1)	1,367	(45.7)	3,349	(20.0)	3,268	4.9
Year ended March 31, 2022	35,332	–	2,519	–	4,184	–	3,116	–

Note: Comprehensive income Year ended March 31, 2023: ¥4,089 million [(15.0)%]
 Year ended March 31, 2022: ¥4,810 million [–%]

	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, 2023	566.50	562.48	23.1	6.5	3.9
Year ended March 31, 2022	540.59	537.04	30.3	9.0	7.1

Reference: Share of profit of entities accounted for using equity method
 Year ended March 31, 2023: ¥1,704 million
 Year ended March 31, 2022: ¥1,520 million

Note: TODA KOGYO CORP. (the “Company”) has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the previous fiscal year, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage change from the previous fiscal year is not shown for net sales that are significantly impacted by the application of the accounting standard.

(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, 2023	52,016	16,559	30.5	2,744.37
As of March 31, 2022	51,292	13,958	24.2	2,155.82

Reference: Equity
 As of March 31, 2023: ¥15,842 million
 As of March 31, 2022: ¥12,427 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, 2023	833	(375)	187	8,476
Year ended March 31, 2022	903	(1,138)	913	7,527

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, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	15,500	(17.4)	100	(91.4)	800	(65.0)	500	(67.8)	86.65
Full year	32,000	(8.4)	900	(34.2)	2,000	(40.3)	1,400	(57.2)	242.62

* Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

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

No

(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:

Yes

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, 2023	6,099,192 shares	As of March 31, 2022	6,099,192 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	326,475 shares	As of March 31, 2022	334,712 shares
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Average number of shares during the period

Year ended March 31, 2023	5,770,311 shares	Year ended March 31, 2022	5,764,281 shares
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[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	16,636	(2.3)	(168)	–	194	(84.2)	1,319	(17.5)
Year ended March 31, 2022	17,033	–	833	–	1,231	–	1,598	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2023	228.70		227.07	
Year ended March 31, 2022	277.35		275.53	

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the previous fiscal year, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage change from the previous fiscal year is not shown for net sales that are significantly impacted by the application of the accounting standard.

(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, 2023	41,446	10,416	24.9	1,789.47
As of March 31, 2022	38,647	9,022	23.1	1,549.88

Reference: Equity

As of March 31, 2023: ¥10,330 million

As of March 31, 2022: ¥8,934 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 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, 2023.

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, 2023 (the “fiscal year under review”), there were signs of a gradual recovery in economic activity as restrictions on movement due to the novel coronavirus (COVID-19) were relaxed and economic activity moved toward normality. However, because of inflation stemming from increases in raw material and energy prices, supply constraints, the protracted war in Ukraine, and downturn in overseas economies as a result of tighter monetary policy throughout the world, the future continues to be unclear.

Under such conditions, sales fell year on year on account of a semiconductor shortage and weak demand for ICT devices.

Turning to profit, operating profit and ordinary profit fell year on year as a result of the decline in sales and the impact of surging prices for raw materials and energy as well as shipping costs. However, profit attributable to owners of parent for the fiscal year under review increased year on year from the transfer of shareholding in Toda United Industrial (Zhejiang) Co., Ltd., a former consolidated subsidiary.

As a result of the above, net sales came to ¥34,934 million (down 1.1% year on year), operating profit came to ¥1,367 million (down 45.7% year on year), ordinary profit came to ¥3,349 million (down 20.0% year on year), and profit attributable to owners of parent came to ¥3,268 million (up 4.9% year on year).

The status of each segment is as follows.

Functional pigments

During the third quarter, the Company transferred all of its shareholding in the consolidated subsidiary Toda United Industrial (Zhejiang) Co., Ltd., but market demand remained firm as it was in the previous fiscal year, which was particularly true for materials for copiers and printers, materials for coatings, and materials for catalysts. As a result of the above, net sales came to ¥14,730 million, an increase of 8.6% year on year. However, segment profit came to ¥2,001 million, a decrease of 5.8% year on year, as a result of high raw material and energy prices and changes in the composition of sales.

Electronic materials

Net sales increased from the previous fiscal year for bonded rare earth magnet material, which possesses world-class magnetic properties and are mainly for use in car motors. Jiangmen & Partner’s Magnetic Product Co., Ltd., which became a subsidiary on August 13, 2021, contributed to earnings for the full fiscal year (included in the statement of income starting from the third quarter of the previous fiscal year). However, sales of such products as dielectric materials were flat, primarily because of inventory adjustments due to the semiconductor shortage and weak demand for ICT devices. Because of this and high raw material and energy prices, net sales were ¥20,653 million, a decline of 7.1% year on year, and segment profit was ¥2,389 million, a decline of 27.3% year on year.

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

Assets

Assets at the end of the fiscal year under review came to ¥52,016 million, an increase of ¥724 million over the end of the previous fiscal year. This was mainly due to increases of ¥514 million in cash and deposits, ¥631 million in raw materials and supplies, ¥656 million in other current assets, ¥363 million in goodwill, and ¥1,857 million in investments in capital of subsidiaries and associates, despite decreases of ¥2,917 million in notes and accounts receivable - trade and ¥1,022 million in long-term loans receivable.

Liabilities

Liabilities at the end of the fiscal year under review came to ¥35,456 million, a decrease of ¥1,877 million over the end of the previous fiscal year. This was mainly due to decreases of ¥2,002 million in notes and accounts payable - trade, ¥413 million in other current liabilities, and ¥471 million in long-term accounts payable - other, despite an increase of ¥1,068 million in borrowings.

Net assets

Net assets at the end of the fiscal year under review came to ¥16,559 million, an increase of ¥2,601 million over the end of the previous fiscal year. This was mainly due to ¥3,268 million in profit attributable to owners of parent, despite a decrease of ¥813 million in non-controlling interests.

As a result of the above, net assets per share increased by ¥588.55 year on year to ¥2,744.37 and the equity ratio increased by 6.3 points year on year to 30.5%.

(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 ¥8,476 million, an increase of ¥949 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 provided by operating activities totaled ¥833 million (compared to ¥903 million provided in the previous fiscal year). This was mainly due to an increase in cash largely resulting from ¥4,347 million in profit before income taxes, which exceeded the decline in cash largely resulting from an increase in inventories of ¥1,547 million and income taxes paid of ¥597 million.

Cash flows from investing activities

Net cash used in investing activities came to ¥375 million (compared to ¥1,138 million used in the previous fiscal year). This was mainly due to a decrease in cash resulting primarily from ¥1,738 million in purchase of property, plant and equipment, which exceeded the increase in cash largely resulting from ¥731 million in proceeds from sale of investment in capital of subsidiaries and associates resulting in change in scope of consolidation and ¥681 million in proceeds from collection of loans receivable.

Cash flows from financing activities

Net cash provided by financing activities came to ¥187 million (¥913 million in the previous fiscal year). This was mainly due to an increase in cash largely resulting from ¥5,730 million in proceeds from long-term borrowings, which exceeded a decrease in cash largely resulting from ¥664 million in a net decrease in short-term borrowings, ¥3,746 million in repayments of long-term loans payable and others, ¥265 million in interest paid, and ¥814 million in the purchase of shares of subsidiaries not resulting in change in scope of consolidation

(4) Future Outlook

Regarding the future economic outlook, it is expected that continuing high raw material and energy prices and concerns about the risk of a deterioration in overseas economies as monetary policy is tightened throughout the world will cause the situation to remain unclear for the time being.

In the business environment surrounding the Group, it is expected that market demand related to the functional pigments business will remain firm and demand for the electronic materials business will gradually recover. However, consolidated operating results for the fiscal year ending March 31, 2024, are forecast to fall short of those for the fiscal year ended March 31, 2023, because of not only concerns about continuing high raw material and energy prices but also the transfer of the Company’s shareholding in the former consolidated subsidiary Toda United Industrial (Zhejiang) Co., Ltd.

Based on such conditions, for its consolidated operating results forecast for the fiscal year ending March 31, 2024, the Group is forecasting net sales of ¥32,000 million, operating profit of ¥900 million, ordinary profit of ¥2,000 million, and profit attributable to owners of parent of ¥1,400 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,962	8,476
Notes and accounts receivable - trade	10,524	7,607
Merchandise and finished goods	4,423	4,581
Work in process	1,973	2,018
Raw materials and supplies	3,023	3,654
Other	1,480	2,136
Allowance for doubtful accounts	(6)	(9)
Total current assets	29,381	28,465
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,324	1,975
Machinery, equipment and vehicles, net	1,707	1,687
Land	6,320	6,326
Construction in progress	224	1,019
Other, net	783	508
Total property, plant and equipment	11,361	11,515
Intangible assets		
Goodwill	1,992	2,355
Other	154	133
Total intangible assets	2,147	2,489
Investments and other assets		
Investment securities	2,607	2,709
Investments in capital of subsidiaries and associates	4,443	6,300
Long-term loans receivable	1,027	5
Retirement benefit asset	161	369
Other	165	164
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	8,401	9,545
Total non-current assets	21,910	23,550
Total assets	51,292	52,016

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,714	3,712
Short-term borrowings	8,601	7,686
Current portion of long-term borrowings	3,278	4,012
Income taxes payable	278	230
Provision for bonuses	295	345
Provision for environmental measures	67	–
Provision for loss on factory closings	11	–
Other	2,029	1,616
Total current liabilities	20,276	17,604
Non-current liabilities		
Long-term borrowings	12,782	14,031
Long-term accounts payable - other	940	469
Retirement benefit liability	1,912	1,896
Deferred tax liabilities	974	985
Other	446	468
Total non-current liabilities	17,056	17,852
Total liabilities	37,333	35,456
Net assets		
Shareholders' equity		
Share capital	7,477	7,477
Capital surplus	4,358	4,288
Retained earnings	(112)	3,155
Treasury shares	(1,507)	(1,468)
Total shareholders' equity	10,215	13,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	633	688
Foreign currency translation adjustment	1,320	1,368
Remeasurements of defined benefit plans	258	332
Total accumulated other comprehensive income	2,211	2,389
Share acquisition rights	88	86
Non-controlling interests	1,443	630
Total net assets	13,958	16,559
Total liabilities and net assets	51,292	52,016

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	35,332	34,934
Cost of sales	27,328	27,477
Gross profit	8,003	7,457
Selling, general and administrative expenses		
Freight-out	756	813
Employees' salaries and allowances	1,349	1,403
Provision for bonuses	72	104
Retirement benefit expenses	87	95
Depreciation	177	150
Research and development expenses	1,258	1,315
Other	1,783	2,207
Total selling, general and administrative expenses	5,484	6,090
Operating profit	2,519	1,367
Non-operating income		
Interest income	42	45
Dividend income	40	58
Rental income	38	39
Foreign exchange gains	151	224
Share of profit of entities accounted for using equity method	1,520	1,704
Subsidies for employment adjustment	20	–
Miscellaneous income	155	200
Total non-operating income	1,969	2,273
Non-operating expenses		
Interest expenses	206	265
Miscellaneous losses	97	25
Total non-operating expenses	304	291
Ordinary profit	4,184	3,349
Extraordinary income		
Gain on disposal of non-current assets	13	4
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	40	–
National subsidies	20	32
Compensation income	90	54
Reversal of provision for environmental measures	–	74
Total extraordinary income	165	1,212

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary losses		
Loss on disposal of non-current assets	72	95
Loss on tax purpose reduction entry of non-current assets	16	7
Loss on sale of investment securities	4	–
Impairment losses	178	35
Loss on liquidation of subsidiaries	46	–
Compensation expenses	–	76
Total extraordinary losses	318	214
Profit before income taxes	4,031	4,347
Income taxes - current	385	546
Income taxes - deferred	153	36
Total income taxes	538	582
Profit	3,492	3,765
Profit attributable to non-controlling interests	376	496
Profit attributable to owners of parent	3,116	3,268

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,492	3,765
Other comprehensive income		
Valuation difference on available-for-sale securities	(146)	55
Foreign currency translation adjustment	906	122
Remeasurements of defined benefit plans, net of tax	267	73
Share of other comprehensive income of entities accounted for using equity method	290	72
Total other comprehensive income	1,318	324
Comprehensive income	4,810	4,089
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,275	3,445
Comprehensive income attributable to non-controlling interests	534	643

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,477	4,344	(3,224)	(1,513)	7,083
Cumulative effects of changes in accounting policies			(4)		(4)
Restated balance	7,477	4,344	(3,228)	(1,513)	7,079
Changes during period					
Profit attributable to owners of parent			3,116		3,116
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(4)		8	4
Change in ownership interest of parent due to transactions with non-controlling interests		17			17
Net changes in items other than shareholders' equity					
Total changes during period	—	13	3,116	6	3,135
Balance at end of period	7,477	4,358	(112)	(1,507)	10,215

	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	779	281	(9)	1,052	66	1,173	9,375
Cumulative effects of changes in accounting policies							(4)
Restated balance	779	281	(9)	1,052	66	1,173	9,371
Changes during period							
Profit attributable to owners of parent							3,116
Purchase of treasury shares							(2)
Disposal of treasury shares							4
Change in ownership interest of parent due to transactions with non-controlling interests							17
Net changes in items other than shareholders' equity	(146)	1,038	267	1,159	22	269	1,451
Total changes during period	(146)	1,038	267	1,159	22	269	4,587
Balance at end of period	633	1,320	258	2,211	88	1,443	13,958

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 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 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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,031	4,347
Depreciation	687	685
Impairment losses	178	35
Amortization of goodwill	98	315
Increase (decrease) in provision for environmental measures	–	(74)
Increase (decrease) in provision for loss on factory closings	(70)	(12)
Increase (decrease) in provision and allowance	35	52
Decrease (increase) in retirement benefit asset	(166)	(11)
Increase (decrease) in retirement benefit liability	96	(119)
Interest and dividend income	(83)	(103)
Interest expenses	206	265
Loss (gain) on sales of investment in capital of subsidiaries and associates	–	(933)
Foreign exchange losses (gains)	(159)	(112)
Share of loss (profit) of entities accounted for using equity method	(1,520)	(1,704)
Loss (gain) on change in equity	–	(60)
Loss (gain) on disposal of non-current assets	59	90
Decrease (increase) in trade receivables	(1,285)	1,375
Decrease (increase) in inventories	(1,837)	(1,547)
Increase (decrease) in trade payables	881	(164)
Subsidy income	(20)	(32)
Compensation expenses	–	76
Gain on liquidation of subsidiaries and associates	–	(52)
Other, net	103	(876)
Subtotal	1,236	1,438
Payments of retirement benefits for directors (and other officers)	–	(7)
Income taxes refund (paid)	(333)	(597)
Net cash provided by (used in) operating activities	903	833
Cash flows from investing activities		
Interest and dividends received	142	104
Proceeds from sale of investment securities	859	–
Proceeds from the sale of investments in capital of subsidiaries and associates resulting in change in scope of consolidation	–	731
Payments for investments in capital of subsidiaries and associates resulting in change in scope of consolidation	(1,893)	–
Purchase of property, plant and equipment	(719)	(1,738)
Proceeds from sale of property, plant and equipment	16	4
Purchase of intangible assets	(35)	(32)
Net decrease (increase) in time deposits	(262)	(62)
Proceeds from collection of loans receivable	46	681
Subsidies received	20	32
Proceeds from refund of leasehold and guarantee deposits	753	2
Other, net	(66)	(99)
Net cash provided by (used in) investing activities	(1,138)	(375)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(889)	(664)
Proceeds from long-term borrowings	6,333	5,730
Repayments of long-term loans payable and others	(4,145)	(3,746)
Interest paid	(206)	(265)
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	(2)	(2)
Dividends paid to non-controlling interests	(47)	(20)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(105)	(814)
Other, net	(23)	(29)
Net cash provided by (used in) financing activities	913	187
Effect of exchange rate change on cash and cash equivalents	355	303
Net increase (decrease) in cash and cash equivalents	1,034	949
Cash and cash equivalents at beginning of period	6,492	7,527
Cash and cash equivalents at end of period	7,527	8,476

(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

Toda United Industrial (Zhejiang) Co., Ltd., a consolidated subsidiary during the previous fiscal year, has been excluded from the scope of consolidation as the Company completed the transfer of all of its shareholding in the former subsidiary.

Similarly, TODA MAGNET (SHENZHEN) CO., LTD., a consolidated subsidiary during the previous fiscal year, has been excluded from the scope of consolidation as the liquidation of the former subsidiary was completed.

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 a decrease of total assets in the consolidated balance sheet, and a decrease of net sales in the consolidated statement of income.

(Changes in Accounting Policies)

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) (hereinafter, “Fair Value Measurement Accounting Standard Implementation Guidance”) from the beginning of the current fiscal year, and decided to apply new accounting policies set forth in the Fair Value Measurement Accounting Standard Implementation Guidance prospectively in accordance with the transitional treatment provided for in paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance. Note that this has no impact on the consolidated financial statements.

Application of Financial Accounting Standards Board’s Accounting Standards Codification (ASC) No. 842 “Leases”

Overseas consolidated subsidiaries that apply US accounting standards applied ASC 842 “Leases” starting in the current fiscal year. Based on this, lessees generally record all leases as assets and liabilities on their balance sheets. Because this standard is applied retroactively, the cumulative effect of this change in accounting policies is recognized on the day that it is applied. Note that this has a minor impact on the consolidated financial statements for the fiscal year under review.

(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, 2022

(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	13,562	21,770	35,332	–	35,332
Inter-segment net sales or transfers	5	456	461	(461)	–
Total	13,568	22,226	35,794	(461)	35,332
Segment profit	2,124	3,285	5,410	(2,890)	2,519
Segment assets	13,469	18,350	31,820	19,472	51,292
Other items					
Depreciation	270	245	515	172	687
Changes in property, plant and equipment or intangible assets	219	334	553	216	770

Notes: 1 Adjustments are as follows.

- (1) The adjustment of negative ¥2,890 million to segment profit includes corporate expenses of negative ¥2,890 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, 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.

(Per-Share Information)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share (Yen)	2,155.82	2,744.37
Earnings per share (Yen)	540.59	566.50
Diluted earnings per share (Yen)	537.04	562.48

Notes: The basis of computation for earnings per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	3,116	3,268
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	3,116	3,268
Average number of common shares during the period (Thousands of shares)	5,764	5,770
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	–	–
Increased number of common shares (Thousands of shares)	38	41
[Number of which are share acquisition rights (Thousands of shares)]	(38)	(41)
Overview of dilutive shares not included in the calculation of diluted earnings per share due to not being potentially dilutive	–	–

(Significant Subsequent Events)

Not applicable.