

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.

May 10, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: Dai Nippon Toryo Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4611
URL: <https://www.dnt.co.jp/english/>
Representative: Takayuki Sato, President
Inquiries: Tatsuhiko Nagano, Director, Managing Executive Officer
General Manager, Administrative Division
Telephone: +81-6-6266-3102
Scheduled date of ordinary general meeting of shareholders: June 27, 2024
Scheduled date to commence dividend payments: June 28, 2024
Scheduled date to file annual securities report: June 27, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	71,940	(1.2)	4,901	24.2	5,336	23.6	4,600	33.0
March 31, 2023	72,849	8.8	3,946	24.0	4,316	24.6	3,458	70.2

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥8,669 million [114.6%]
For the fiscal year ended March 31, 2023: ¥4,040 million [113.1%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2024	161.70	160.76	8.2	5.5	6.8
March 31, 2023	121.78	120.92	6.8	4.8	5.4

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2024: ¥2 million
For the fiscal year ended March 31, 2023: ¥1 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	101,618	62,490	58.6	2,092.10
March 31, 2023	92,805	55,210	56.1	1,829.75

Reference: Equity
As of March 31, 2024: ¥59,550 million
As of March 31, 2023: ¥52,033 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	3,463	(772)	(1,657)	7,867
March 31, 2023	1,282	(1,449)	(473)	6,340

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2023	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	–	0.00	–	25.00	25.00	710	20.5	1.4
Fiscal year ended March 31, 2024	–	0.00	–	35.00	35.00	996	21.6	1.8
Fiscal year ending March 31, 2025 (Forecast)	–	0.00	–	40.00	40.00		30.0	

3. Consolidated earnings forecasts for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024 (Cumulative)	36,000	(1.0)	1,900	(30.0)	2,050	(30.8)	1,800	(8.0)	63.24
Fiscal year ending March 31, 2025	74,000	2.9	4,250	(13.3)	4,500	(15.7)	3,800	(17.4)	133.50

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) 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	29,710,678 shares
As of March 31, 2023	29,710,678 shares

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

As of March 31, 2024	1,246,411 shares
As of March 31, 2023	1,273,139 shares

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

Fiscal year ended March 31, 2024	28,450,857 shares
Fiscal year ended March 31, 2023	28,395,186 shares

[Reference] Overview of non-consolidated financial results

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

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	43,395	0.3	1,115	24.9	2,932	22.3	2,930	18.9
March 31, 2023	43,269	8.6	893	8.2	2,396	15.1	2,464	63.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	103.01	102.41
March 31, 2023	86.80	86.19

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	75,555	39,538	52.1	1,383.57
March 31, 2023	70,985	35,396	49.6	1,238.93

Reference: Equity

As of March 31, 2024: ¥39,382 million
As of March 31, 2023: ¥35,232 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

The earnings forecasts and other forward-looking statements in these materials are based on information currently available to the Company and on certain assumptions deemed reasonable, and the Company does not intend to guarantee their achievement. Furthermore, actual results, etc. may differ significantly due to various factors. Please refer to “1. Summary of Business Results, Etc., (4) Future Prospects” on page 4 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

○ Table of Contents of Attached Materials

Index

1. Summary of Business Results, Etc.	2
(1) Summary of Business Results for Current Fiscal Year.....	2
(2) Summary of Financial Position for Current Fiscal Year.....	3
(3) Summary of Cash Flows for Current Fiscal Year.....	4
(4) Future Prospects	4
(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years	5
2. Status of the Corporate Group	6
3. Basic Approach to the Selection of Accounting Standards.....	6
4. Consolidated Financial Statements and Major Notes	7
(1) Consolidated balance sheet	7
(2) Consolidated statement of income and consolidated statement of comprehensive income	9
(Consolidated statement of income).....	9
(Consolidated statement of comprehensive income).....	10
(3) Consolidated statement of changes in equity	11
(4) Consolidated statement of cash flows	13
(5) Notes on consolidated financial statements.....	15
(Notes on the premise of a going concern).....	15
(Changes in important subsidiaries during the period).....	15
(Segment information, etc.).....	15
(Per share information).....	20
(Significant subsequent events).....	20
5. Non-consolidated Financial Statements and Major Notes.....	21
(1) Balance sheet.....	21
(2) Statement of income	23
(3) Statement of changes in equity.....	24
6. Other	26
Change of Officers (Effective June 27, 2024).....	26

1. Summary of Business Results, Etc.

(1) Summary of Business Results for Current Fiscal Year

In the fiscal year under review, the Japanese economy was on a gradual recovery trend due to factors such as the recovery of consumer spending and inbound spending because of the lifting of restrictions on movement. However, the outlook remains uncertain, with soaring energy and raw material prices due to unstable international conditions and the normalization of yen depreciation leading to a sharp rise in prices.

As for the Group's business results, net sales decreased year on year to ¥71,940 million (a 1.2% year-on-year decrease) due to the impact of the dissolution of the joint venture with the powder producing subsidiary and a slowdown in demand for some products due to the issue of the inappropriate act in the domestic coatings business. On the profit side, operating profit was ¥4,901 million (a ¥955 million year-on-year increase) and ordinary profit was ¥5,336 million (a ¥1,020 million year-on-year increase) due to enhanced profitability and penetration of price adjustments in the lighting business. In addition, the Company recorded extraordinary income due to the reduction of cross-shareholdings and the transfer of non-current assets for the purpose of improving capital efficiency and effectively utilizing Group assets. As a result, profit attributable to owners of parent was ¥4,600 million (a ¥1,142 million year-on-year increase).

The business results by segment were as follows.

[Domestic coatings business]

In the general-use sector, market conditions were unable to reach a full-scale recovery, and demand for some products slowed down due to the issue of the inappropriate act, etc. However, net sales increased year on year due to the full-year contribution of price adjustments carried out in the previous fiscal year and expanded sales of high value-added products. In the industrial-use sector, net sales remained at the previous fiscal year's level as a result of the impact of decreased demand for coatings for building materials due to the decrease of the number of new housing constructions, despite a partial recovery in market conditions.

In this segment, net sales were lower year on year due to net sales decreasing by approximately ¥3.5 billion because of the dissolution of the joint venture with the powder producing subsidiary that was implemented at the beginning of the fiscal year. However, operating profit increased year on year as the impact on profits was immaterial.

As a result, net sales were ¥50,551 million (a 5.1% year-on-year decrease), and operating profit was ¥2,200 million (a ¥214 million year-on-year increase).

As announced in the "Lifting of Temporary Suspension of JIS Mark Display" dated March 7, 2024, the temporary suspension of displaying the JIS Mark due to the above-mentioned issue of the inappropriate act has been lifted as of the same date.

[Overseas coatings business]

In Southeast Asia, although demand for coatings for exterior building materials in Singapore and Malaysia slowed due to the economic downturn in the surrounding areas, net sales increased year on year due to the acquisition of new projects for coatings for automobile-related parts in Thailand and Indonesia. In Mexico, net sales increased year on year as demand increased due to the recovery of automobile production volume. In China, net sales decreased year on year due to continued sluggish sales as a result of the impact of decreased production by Japanese automobile manufacturers.

In this segment, net sales and operating profit were higher year on year due to the effect of foreign currency translation resulting from the yen's depreciation, in addition to the recovering trend in the demand.

As a result, net sales were ¥8,529 million (a 5.7% year-on-year increase), and operating profit was ¥416 million (a ¥212 million year-on-year increase).

The Group had two consolidated subsidiaries in China, but completed the transfer of its equity in one of them in March 2024 as part of its business rationalization efforts.

[Lighting business]

In the commercial LED lighting field, demand continued to increase from the previous fiscal year, primarily for commercial facilities and construction, against the backdrop of factors such as the recovery of inbound tourist traffic and redevelopment of the Tokyo metropolitan area. In the UV lamp field, demand for UV disinfection applications increased, primarily for semiconductor-related markets. Furthermore, the introduction of a new pricing structure implemented in response to soaring raw material prices was successful, and net sales and operating profit in this segment significantly exceeded those of the previous fiscal year.

As a result, net sales were ¥9,686 million (a 13.2% year-on-year increase), and operating profit was ¥1,890 million (a ¥604 million year-on-year increase).

[Fluorescent color material business]

In the pigments segment, although demand from the EU region began to recover toward the end of the fiscal year, overall demand declined due to the impact of changing trendy colors in the fashion and stationery industries. Although net sales in this segment increased year on year due to the acquisition of large orders relating to properties and structures overseas in other areas, operating profit was lower year on year due to a decrease in net sales in the mainstay pigments segment.

As a result, net sales were ¥1,175 million (a 1.8% year-on-year increase), and operating profit was ¥28 million (an ¥42 million year-on-year decrease).

[Other businesses]

In the logistics business, transportation sales and storage sales fell year on year due to a decrease in the volume of cargo handled. In the painting business, net sales increased year on year due to a moderate recovery in market conditions and an increase in orders for high-value-added work.

As a result, net sales were ¥1,997 million (a 9.7% year-on-year increase), and operating profit was ¥138 million (a ¥21 million year-on-year decrease).

(2) Summary of Financial Position for Current Fiscal Year

Total assets at the end of the current fiscal year were ¥101,618 million, an increase of ¥8,813 million from the end of the previous fiscal year. Current assets totaled ¥40,198 million, an increase of ¥1,594 million from the end of the previous fiscal year, mainly due to an increase in cash and deposits of ¥1,564 million, a decrease in notes and accounts receivable - trade, and contract assets of ¥1,983 million, an increase in electronically recorded monetary claims - operating of ¥1,530 million, an increase in inventories of ¥151 million, and other increases of ¥325 million. Non-current assets totaled ¥61,419 million, an increase of ¥7,218 million from the end of the previous fiscal year, due to an increase in property, plant and equipment of ¥775 million, an increase in intangible assets of ¥452 million, and an increase in investments and other assets of ¥5,989 million.

Liabilities totaled ¥39,128 million, an increase of ¥1,533 million from the end of the previous fiscal year. Current liabilities totaled ¥28,693 million, an increase of ¥452 million from the end of the previous fiscal year, mainly due to a decrease of ¥619 million in notes and accounts payable - trade, an increase in short-term borrowings of ¥800 million, an increase in income taxes payable of ¥238 million, and an increase in other of ¥134 million. Non-current liabilities were ¥10,434 million, an increase from the end of the previous fiscal year of ¥1,080 million. The main factors in this were a

decrease of long-term borrowings of ¥700 million, a decrease in lease liabilities of ¥127 million, and an increase in deferred tax liabilities of ¥1,926 million.

Net assets were ¥62,490 million, an increase from the end of the previous fiscal year of ¥7,280 million. The main factors in this were an increase in retained earnings of ¥3,883 million, an increase of ¥1,919 million in valuation difference on available-for-sale securities, an increase in foreign currency translation adjustment of ¥555 million, an increase in remeasurements of defined benefit plans of ¥1,126 million, and a decrease in non-controlling interests of ¥227 million.

(3) Summary of Cash Flows for Current Fiscal Year

During the current fiscal year, cash and cash equivalents (hereinafter, “cash”) increased from the end of the previous fiscal year by ¥1,526 million to ¥7,867 million.

The status of each cash flow during the current fiscal year and their contributing factors are as follows.

(Cash flows from operating activities)

Cash provided by operating activities in the current fiscal year totaled ¥3,463 million (compared to ¥1,282 million gained in the previous fiscal year). This is mainly due to income from the recording of profit before income taxes, depreciation, etc., and expenditures such as an increase in retirement benefit asset, and income taxes paid.

(Cash flows from investing activities)

Cash used in investing activities during the current fiscal year amounted to ¥772 million (compared to ¥1,449 million expended in the previous fiscal year). The main factors in this are income such as proceeds from sale of property, plant and equipment, proceeds from sale of investment securities, and expenditures including the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash used in financing activities in the current fiscal year amounted to ¥1,657 million (compared to ¥473 million expended in the previous fiscal year). The main factors in this are income such as proceeds from short-term borrowings, and expenditures including dividends paid, repayments of long-term borrowings, and purchase of shares of subsidiaries not resulting in change in scope of consolidation.

(4) Future Prospects

In the next fiscal year (ending March 31, 2025), the Japanese economy is expected to show a gradual recovery trend against the backdrop of improved employment and income conditions. However, there are still downside risks to the economy, including soaring energy and raw material prices due to the unstable international conditions and a sharp rise in prices due to the normalization of yen depreciation, and the outlook remains uncertain.

As for the business environment surrounding the Group, the domestic coatings market is expected to see a firm demand environment in the general-use sector. In the industrial-use sector, although there are concerns about the impact of the decrease of the number of new housing constructions, a gradual recovery in demand is forecast for metal products and industrial machinery. Based on the above, the demand environment is generally expected to remain at the same level as in the previous fiscal year. The overseas coatings market is expected to see a recovery in demand from the automobile industry. The lighting market is expected to see firm demand on the back of continued redevelopment projects, particularly in urban areas.

Under these circumstances, the Group believes that the most important task is to do our utmost to regain the trust of all of our stakeholders by thoroughly implementing and strengthening governance with a focus on quality control. In addition, the Company has set medium- to long-term goals of ¥100,000 million in consolidated net sales and ¥10,000 million in consolidated operating profit in fiscal 2029, the 100th anniversary of our founding. Accordingly, in the three-year medium-term management plan 2026 starting in fiscal 2024, the Company will focus on business strategies and the deepening of our business foundation to realize these goals.

Specifically, in order to achieve continuous growth and improvement of corporate value, we will promote organic growth of existing businesses in the domestic coatings business, particularly in the sustainability-related market, while striving to cultivate and strengthen businesses that can become new drivers of growth, such as in the life science field. In the overseas coatings business, we will seek growth by promoting independent management and expanding our business foundation. In the lighting business, we will solidify sustainable growth by pursuing high value-added strategies in LED lighting and expanding the foundation of the UV lamp business, which is expected to grow.

In addition, to support these measures, we will actively strengthen human capital investment, implement capital investment, utilize DX, and make effective use of alliances.

Our consolidated earnings forecast for the next fiscal year is net sales of ¥74,000 million, operating profit of ¥4,250 million, ordinary profit of ¥4,500 million, and profit attributable to owners of parent of ¥3,800 million.

This forecast for the next fiscal year is calculated based on the information available at this time, but actual results may differ due to a variety of factors, including changes in economic and business conditions and raw materials price trends.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

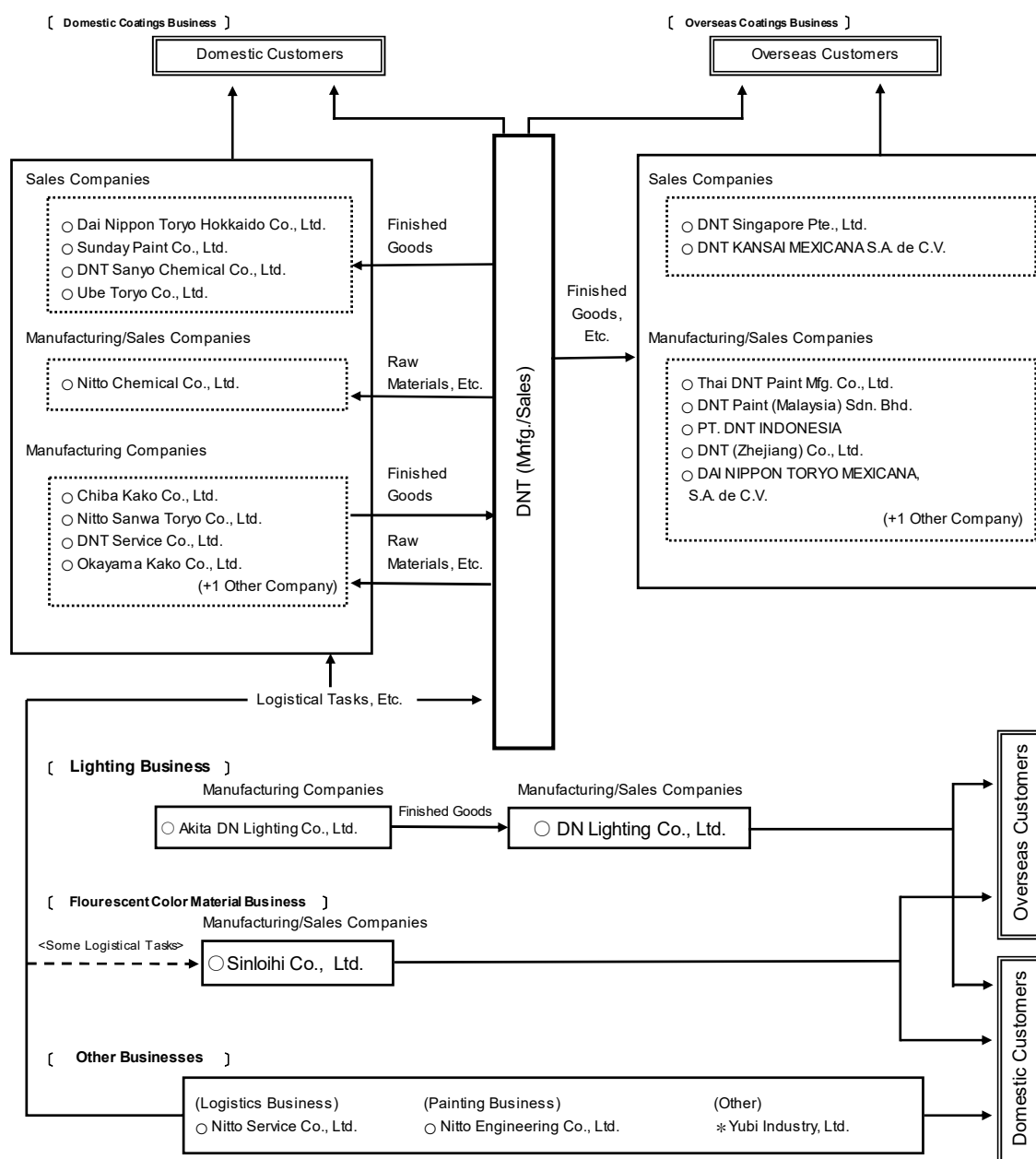
In order to promote management with an awareness of cost of capital and share price, the Company regards the determination of the amount of dividends to be paid to shareholders as one of its most important management issues. Our basic policy is to continue to pay stable dividends commensurate with our business performance, while at the same time striving to strengthen our corporate constitution and maintain financial soundness.

Regarding dividends at the end of the current fiscal year, as announced in the timely disclosure dated March 26, 2024, the Company plans to pay a dividend of ¥35 per share.

Regarding the next fiscal year, we plan to pay an annual dividend of ¥40 per share. As a result, the consolidated dividend payout ratio is expected to be 30.0%. To continue to pay stable dividends, we will continue to make efforts to strengthen the soundness of our financial constitution.

2. Status of the Corporate Group

The following is a diagram of the Company's operations.



- (Notes) 1. A circle (○) denotes a consolidated subsidiary.
 2. An asterisk (*) denotes an equity method affiliate.

3. Basic Approach to the Selection of Accounting Standards

The Company's policy is to prepare for the future application of IFRS by preparing internal manuals, guidelines, etc., and by also considering the timing of application.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,864	8,429
Notes and accounts receivable - trade, and contract assets	14,121	12,137
Electronically recorded monetary claims - operating	5,171	6,701
Merchandise and finished goods	5,934	6,262
Work in process	997	991
Raw materials and supplies	4,209	4,038
Other	1,324	1,649
Allowance for doubtful accounts	(19)	(12)
Total current assets	38,604	40,198
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,145	23,509
Accumulated depreciation	(15,148)	(15,686)
Buildings and structures, net	7,996	7,823
Machinery, equipment and vehicles	24,164	24,302
Accumulated depreciation	(20,374)	(20,668)
Machinery, equipment and vehicles, net	3,790	3,633
Land	11,400	11,100
Leased assets	1,598	1,592
Accumulated depreciation	(964)	(1,183)
Leased assets, net	634	408
Construction in progress	144	1,766
Other	7,403	7,612
Accumulated depreciation	(5,822)	(6,022)
Other, net	1,580	1,589
Total property, plant and equipment	25,545	26,321
Intangible assets		
Leased assets	74	32
Other	370	865
Total intangible assets	445	898
Investments and other assets		
Investment securities	7,728	10,216
Deferred tax assets	1,909	1,549
Retirement benefit asset	18,061	21,798
Other	532	659
Allowance for doubtful accounts	(23)	(24)
Total investments and other assets	28,210	34,200
Total non-current assets	54,200	61,419
Total assets	92,805	101,618

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,270	16,651
Short-term borrowings	4,300	5,100
Lease liabilities	505	452
Income taxes payable	721	959
Provision for bonuses for directors (and other officers)	55	58
Provision for product warranties	215	164
Other	5,172	5,306
Total current liabilities	28,240	28,693
Non-current liabilities		
Long-term borrowings	700	–
Lease liabilities	672	544
Deferred tax liabilities	5,726	7,652
Deferred tax liabilities for land revaluation	1,189	1,189
Retirement benefit liability	1,016	982
Other	49	66
Total non-current liabilities	9,354	10,434
Total liabilities	37,594	39,128
Net assets		
Shareholders' equity		
Share capital	8,827	8,827
Capital surplus	2,440	2,440
Retained earnings	32,307	36,191
Treasury shares	(1,462)	(1,431)
Total shareholders' equity	42,112	46,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,359	5,279
Revaluation reserve for land	1,717	1,717
Foreign currency translation adjustment	790	1,346
Remeasurements of defined benefit plans	4,053	5,179
Total accumulated other comprehensive income	9,921	13,523
Share acquisition rights	164	155
Non-controlling interests	3,012	2,784
Total net assets	55,210	62,490
Total liabilities and net assets	92,805	101,618

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	72,849	71,940
Cost of sales	52,233	50,136
Gross profit	20,616	21,804
Selling, general and administrative expenses	16,670	16,902
Operating profit	3,946	4,901
Non-operating income		
Interest income	15	51
Dividend income	229	278
Gain on sale of goods	92	93
Other	248	187
Total non-operating income	586	611
Non-operating expenses		
Interest expenses	71	72
Loss on sale of trade receivables	25	23
Provision for product warranties	40	4
Other	78	75
Total non-operating expenses	216	175
Ordinary profit	4,316	5,336
Extraordinary income		
Gain on sale of non-current assets	746	1,067
Gain on sale of investment securities	16	1,384
Other	-	3
Total extraordinary income	762	2,455
Extraordinary losses		
Loss on disposal of non-current assets	59	99
Impairment losses	71	60
Loss related to quality	-	336
Company funeral expenses	24	-
Other	10	-
Total extraordinary losses	166	496
Profit before income taxes	4,912	7,295
Income taxes - current	947	1,518
Income taxes - deferred	348	949
Total income taxes	1,295	2,468
Profit	3,617	4,826
Profit attributable to non-controlling interests	159	225
Profit attributable to owners of parent	3,458	4,600

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,617	4,826
Other comprehensive income		
Valuation difference on available-for-sale securities	331	1,919
Foreign currency translation adjustment	1,043	801
Remeasurements of defined benefit plans, net of tax	(952)	1,126
Share of other comprehensive income of entities accounted for using equity method	0	(3)
Total other comprehensive income	422	3,843
Comprehensive income	4,040	8,669
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,630	8,201
Comprehensive income attributable to non-controlling interests	409	467

(3) Consolidated statement of changes in equity

Previous fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,827	2,440	29,417	(1,582)	39,101
Changes during period					
Dividends of surplus			(708)		(708)
Profit attributable to owners of parent			3,458		3,458
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(24)		120	95
Transfer of loss on disposal of treasury shares		24	(24)		-
Reversal of revaluation reserve for land			165		165
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,889	120	3,010
Balance at end of period	8,827	2,440	32,307	(1,462)	42,112

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,027	1,882	(2)	5,006	9,913	243	2,732	51,991
Changes during period								
Dividends of surplus								(708)
Profit attributable to owners of parent								3,458
Purchase of treasury shares								(0)
Disposal of treasury shares								95
Transfer of loss on disposal of treasury shares								-
Reversal of revaluation reserve for land								165
Net changes in items other than shareholders' equity	331	(165)	793	(952)	7	(79)	280	208
Total changes during period	331	(165)	793	(952)	7	(79)	280	3,218
Balance at end of period	3,359	1,717	790	4,053	9,921	164	3,012	55,210

Current fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,827	2,440	32,307	(1,462)	42,112
Changes during period					
Dividends of surplus			(710)		(710)
Profit attributable to owners of parent			4,600		4,600
Disposal of treasury shares		(5)		30	25
Transfer of loss on disposal of treasury shares		5	(5)		-
Reversal of revaluation reserve for land			(0)		(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,883	30	3,914
Balance at end of period	8,827	2,440	36,191	(1,431)	46,026

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,359	1,717	790	4,053	9,921	164	3,012	55,210
Changes during period								
Dividends of surplus								(710)
Profit attributable to owners of parent								4,600
Disposal of treasury shares								25
Transfer of loss on disposal of treasury shares								-
Reversal of revaluation reserve for land								(0)
Net changes in items other than shareholders' equity	1,919	0	555	1,126	3,601	(8)	(227)	3,365
Total changes during period	1,919	0	555	1,126	3,601	(8)	(227)	7,280
Balance at end of period	5,279	1,717	1,346	5,179	13,523	155	2,784	62,490

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,912	7,295
Depreciation	2,395	2,379
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	3
Increase/decrease in net defined benefit asset/liability	(2,094)	(2,039)
Increase (decrease) in provision for product warranties	(154)	(50)
Increase (decrease) in provision for environmental measures	(8)	–
Increase (decrease) in allowance for doubtful accounts	(15)	(5)
Interest and dividend income	(245)	(330)
Interest expenses	71	72
Share of loss (profit) of entities accounted for using equity method	(1)	2
Loss (gain) on sale of non-current assets	(738)	(1,067)
Loss (gain) on disposal of non-current assets	59	99
Loss (gain) on sale of investment securities	(16)	(1,384)
Impairment losses	71	60
Loss related to quality	–	336
Company funeral expenses	24	–
Decrease (increase) in trade receivables	(2,693)	627
Decrease (increase) in inventories	(660)	(328)
Increase (decrease) in trade payables	684	(671)
Other, net	146	(455)
Subtotal	1,736	4,543
Interest and dividends received	245	330
Interest paid	(71)	(72)
Payments of loss related to quality	–	(136)
Payments of company funeral expenses	(24)	–
Income taxes refund	190	90
Income taxes paid	(793)	(1,291)
Net cash provided by (used in) operating activities	1,282	3,463
Cash flows from investing activities		
Payments into time deposits	(513)	(552)
Proceeds from withdrawal of time deposits	328	552
Purchase of property, plant and equipment	(2,926)	(3,566)
Proceeds from sale of property, plant and equipment	1,802	1,427
Payments for retirement of property, plant and equipment	(41)	(71)
Purchase of intangible assets	(195)	(565)
Purchase of investment securities	(11)	(11)
Proceeds from sale of investment securities	102	1,667
Proceeds from sale of businesses	–	349
Other, net	6	(1)
Net cash provided by (used in) investing activities	(1,449)	(772)

(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	1,250	700
Proceeds from long-term borrowings	100	–
Repayments of long-term borrowings	(600)	(600)
Repayments of lease liabilities	(386)	(349)
Dividends paid	(708)	(710)
Dividends paid to non-controlling interests	(129)	(95)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(600)
Other, net	0	–
Net cash provided by (used in) financing activities	(473)	(1,657)
Effect of exchange rate change on cash and cash equivalents	502	492
Net increase (decrease) in cash and cash equivalents	(138)	1,526
Cash and cash equivalents at beginning of period	6,479	6,340
Cash and cash equivalents at end of period	6,340	7,867

(5) Notes on consolidated financial statements

(Notes on the premise of a going concern)

Not applicable.

(Changes in important subsidiaries during the period)

During the first quarter of the fiscal year ended March 31, 2024, for Japan Powder Coatings Manufacturing Co., Ltd., which was established in January 2015 as a joint venture for the production of powder coatings between the Company and KUBOKO PAINT CO., Ltd., a consolidated subsidiary of Kansai Paint Co., Ltd., the joint venture was dissolved on April 1, 2023. Furthermore, Japan Powder Coatings Manufacturing Co., Ltd. became a wholly-owned subsidiary of the Company as the Company acquired all shares held by KUBOKO PAINT CO., Ltd. on April 27, 2023.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and for which the Board of Directors conducts periodic review to determine the allocation of management resources and evaluate operating results.

The Company has established a domestic coatings business division and an Overseas Operations Division at its head office. Each formulates comprehensive strategies and develops business activities regarding the products and services of the domestic and overseas coatings business companies, respectively. In addition, domestic consolidated subsidiaries are engaged in the lighting business and the fluorescent color material business.

Therefore, the Group has four reportable segments: the domestic coatings business, the overseas coatings business, the lighting business, and the fluorescent color material business.

The domestic coatings business manufactures and sells coatings in Japan. The overseas coatings business manufactures and sells coatings mainly in Asia and North and Central America. The lighting business includes the manufacture and sale of various types of lighting equipment as well as store construction. The fluorescent color material business manufactures and sells fluorescent pigments and special coating materials.

2. Calculation methods of net sales, profit or loss, assets, and other items by reportable segment

The accounting treatment of our reported business segments is in accordance with the accounting principles and procedures employed in the preparation of our consolidated financial statements.

Profit by reportable segment is based on operating profit.

Intersegment transactions are between consolidated companies, and are based on market prices and other factors.

3. Information on net sales, profits or losses, and other items by reportable segment

Previous fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				
	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Total
Net sales					
Net sales to external customers	53,250	8,066	8,557	1,154	71,028
Intersegment internal net sales or transfers	1,255	6	69	110	1,443
Total	54,506	8,072	8,627	1,264	72,471
Segment profit	1,986	203	1,285	71	3,547
Segment assets	70,852	12,659	14,080	1,283	98,875
Other items					
Depreciation	1,592	464	262	49	2,368
Amount of investment in equity method affiliate	–	1	–	–	1
Increase in property, plant and equipment and intangible assets	1,666	153	1,069	52	2,941

	Other ¹	Total	Amount of adjustment ^{2, 4}	Amount recorded in consolidated financial statements ³
Net sales				
Net sales to external customers	1,820	72,849	–	72,849
Intersegment internal net sales or transfers	2,354	3,798	(3,798)	–
Total	4,175	76,647	(3,798)	72,849
Segment profit	159	3,707	238	3,946
Segment assets	2,682	101,558	(8,753)	92,805
Other items				
Depreciation	27	2,395	–	2,395
Amount of investment in equity method affiliate	32	34	–	34
Increase in property, plant and equipment and intangible assets	20	2,961	–	2,961

- (Notes) 1. “Other” refers to business segments not included in the reportable segments, such as the painting business and logistics business.
2. The adjustment of segment profit of ¥238 million refers to the elimination of intersegment transactions.
3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.
4. The adjustment of segment assets of minus ¥8,753 million refers to the elimination of intersegment transactions.

Current fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments				
	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Total
Net sales					
Net sales to external customers	50,551	8,529	9,686	1,175	69,942
Intersegment internal net sales or transfers	1,088	6	39	91	1,225
Total	51,640	8,536	9,725	1,266	71,168
Segment profit	2,200	416	1,890	28	4,535
Segment assets	74,905	14,006	15,449	1,352	105,713
Other items					
Depreciation	1,514	504	270	48	2,338
Amount of investment in equity method affiliate	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	1,550	275	1,929	19	3,837

	Other ¹	Total	Amount of adjustment ^{2, 4}	Amount recorded in consolidated financial statements ³
Net sales				
Net sales to external customers	1,997	71,940	–	71,940
Intersegment internal net sales or transfers	2,285	3,511	(3,511)	–
Total	4,283	75,452	(3,511)	71,940
Segment profit	138	4,674	227	4,901
Segment assets	2,145	107,858	(6,240)	101,618
Other items				
Depreciation	29	2,368	–	2,368
Amount of investment in equity method affiliate	30	30	–	30
Increase in property, plant and equipment and intangible assets	9	3,847	–	3,847

- (Notes) 1. “Other” refers to business segments not included in the reportable segments, such as the painting business and logistics business.
2. The adjustment of segment profit of ¥227 million refers to the elimination of intersegment transactions.
3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.
4. The adjustment of segment assets of minus ¥6,240 million refers to the elimination of intersegment transactions.

[Related information]

Previous fiscal year (April 1, 2022 to March 31, 2023)

1. Information by product and service

This information has been omitted because the segmentation of products and services is the same as the reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)		
Japan	Other	Total
64,036	8,812	72,849

(2) Property, plant and equipment

(Millions of yen)		
Japan	Other	Total
21,368	4,177	25,545

3. Information by major customer

Information by a major customer is omitted because among net sales to external customers, net sales to a certain customer account for less than 10% of net sales in the consolidated statements of income.

Current fiscal year (April 1, 2023 to March 31, 2024)

1. Information by product and service

This information has been omitted because the segmentation of products and services is the same as the reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)		
Japan	Other	Total
62,730	9,210	71,940

(2) Property, plant and equipment

(Millions of yen)		
Japan	Other	Total
21,995	4,325	26,321

3. Information by major customer

Information by a major customer is omitted because among net sales to external customers, net sales to a certain customer account for less than 10% of net sales in the consolidated statements of income.

[Information on impairment losses of non-current assets by reportable segment]

Previous fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Other	Corporate/Elimination	Total
Impairment losses	71	–	–	–	–	–	71

Current fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Other	Corporate/Elimination	Total
Impairment losses	60	–	–	–	–	–	60

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

Not applicable.

[Information on gain on negative goodwill by reportable segment]

Previous fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

Current fiscal year (April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

(Yen)

	Previous fiscal year (April 1, 2022 to March 31, 2023)	Current fiscal year (April 1, 2023 to March 31, 2024)
Net assets per share	1,829.75	2,092.10
Earnings per share	121.78	161.70
Diluted earnings per share	120.92	160.76

(Note) The basis for calculating earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (April 1, 2022 to March 31, 2023)	Current fiscal year (April 1, 2023 to March 31, 2024)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	3,458	4,600
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	3,458	4,600
Average number of common shares during the period (thousands of shares)	28,395	28,450
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Increase in common shares (thousands of shares)	202	166
(execution of share acquisition rights [thousands of shares])	(202)	(166)
Summary of latent shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	—	—

(Significant subsequent events)

Not applicable.

5. Non-consolidated Financial Statements and Major Notes

(1) Balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	277	200
Notes receivable - trade	1,999	1,545
Electronically recorded monetary claims - operating	3,484	4,572
Accounts receivable - trade	6,420	5,894
Merchandise and finished goods	2,748	3,031
Work in process	458	571
Raw materials and supplies	1,137	1,361
Short-term loans receivable	1,311	1,754
Accounts receivable - other	3,903	4,359
Other	313	495
Allowance for doubtful accounts	(3)	(2)
Total current assets	22,050	23,783
Non-current assets		
Property, plant and equipment		
Buildings	3,283	3,233
Structures	257	341
Machinery and equipment	968	947
Vehicles	2	2
Tools, furniture and fixtures	637	609
Land	7,786	7,786
Leased assets	612	393
Construction in progress	58	24
Total property, plant and equipment	13,605	13,338
Intangible assets		
Leasehold interests in land	64	64
Software	61	50
Leased assets	74	32
Other	167	624
Total intangible assets	367	771
Investments and other assets		
Investment securities	7,390	9,868
Shares of subsidiaries and associates	13,080	12,922
Long-term loans receivable	2,561	1,032
Prepaid pension costs	11,706	13,547
Other	232	300
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	34,962	37,662
Total non-current assets	48,934	51,772
Total assets	70,985	75,555

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes payable - trade	2,279	2,287
Accounts payable - trade	12,757	13,293
Short-term borrowings	3,700	4,400
Current portion of long-term borrowings	600	700
Lease liabilities	253	207
Accounts payable - other	920	875
Accrued expenses	678	695
Income taxes payable	133	198
Deposits received	7,456	6,206
Provision for bonuses for directors (and other officers)	12	12
Provision for product warranties	175	127
Other	164	132
Total current liabilities	29,132	29,136
Non-current liabilities		
Long-term borrowings	700	–
Lease liabilities	605	398
Deferred tax liabilities	3,858	5,182
Deferred tax liabilities for land revaluation	1,189	1,189
Provision for retirement benefits	84	73
Other	17	36
Total non-current liabilities	6,456	6,880
Total liabilities	35,588	36,017
Net assets		
Shareholders' equity		
Share capital	8,827	8,827
Capital surplus		
Legal capital surplus	2,443	2,443
Total capital surplus	2,443	2,443
Retained earnings		
Legal retained earnings	780	780
Other retained earnings		
Reserve for contribution to society	104	100
Retained earnings brought forward	19,532	21,750
Total retained earnings	20,417	22,631
Treasury shares	(1,462)	(1,431)
Total shareholders' equity	30,225	32,470
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,288	5,194
Revaluation reserve for land	1,717	1,717
Total valuation and translation adjustments	5,006	6,911
Share acquisition rights	164	155
Total net assets	35,396	39,538
Total liabilities and net assets	70,985	75,555

(2) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	43,269	43,395
Cost of sales	32,747	32,662
Gross profit	10,521	10,732
Selling, general and administrative expenses	9,628	9,617
Operating profit	893	1,115
Non-operating income		
Interest income	55	60
Dividend income	932	1,203
Rental income from real estate	235	234
Outsourcing service income	270	240
Other	174	242
Total non-operating income	1,669	1,982
Non-operating expenses		
Interest expenses	85	82
Loss on sale of trade receivables	25	23
Other	53	59
Total non-operating expenses	165	165
Ordinary profit	2,396	2,932
Extraordinary income		
Gain on sale of non-current assets	743	0
Gain on sale of investment securities	16	1,359
Other	–	0
Total extraordinary income	759	1,360
Extraordinary losses		
Loss on disposal of non-current assets	39	73
Impairment losses	71	0
Loss on valuation of shares of subsidiaries and associates	–	157
Loss related to quality	–	277
Company funeral expenses	24	–
Other	0	1
Total extraordinary losses	136	509
Profit before income taxes	3,020	3,782
Income taxes - current	153	364
Income taxes - deferred	402	487
Total income taxes	555	851
Profit	2,464	2,930

(3) Statement of changes in equity

Previous fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for contribution to society	Retained earnings brought forward			
Balance at beginning of period	8,827	2,443	–	2,443	780	106	17,633	18,520	(1,582)	28,208
Changes during period										
Reversal of reserve for contribution to society						(2)	2	–		–
Dividends of surplus							(708)	(708)		(708)
Profit							2,464	2,464		2,464
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			(24)	(24)					120	95
Transfer of loss on disposal of treasury shares			24	24			(24)	(24)		–
Reversal of revaluation reserve for land							165	165		165
Net changes in items other than shareholders' equity										
Total changes during period	–	–	–	–	–	(2)	1,898	1,896	120	2,017
Balance at end of period	8,827	2,443	–	2,443	780	104	19,532	20,417	(1,462)	30,225

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	2,991	1,882	4,874	243	33,326
Changes during period					
Reversal of reserve for contribution to society					–
Dividends of surplus					(708)
Profit					2,464
Purchase of treasury shares					(0)
Disposal of treasury shares					95
Transfer of loss on disposal of treasury shares					–
Reversal of revaluation reserve for land					165
Net changes in items other than shareholders' equity	296	(165)	131	(79)	52
Total changes during period	296	(165)	131	(79)	2,069
Balance at end of period	3,288	1,717	5,006	164	35,396

Current fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for contribution to society	Retained earnings brought forward			
Balance at beginning of period	8,827	2,443	–	2,443	780	104	19,532	20,417	(1,462)	30,225
Changes during period										
Reversal of reserve for contribution to society						(4)	4	–		–
Dividends of surplus							(710)	(710)		(710)
Profit							2,930	2,930		2,930
Disposal of treasury shares			(5)	(5)					30	25
Transfer of loss on disposal of treasury shares			5	5			(5)	(5)		–
Reversal of revaluation reserve for land							(0)	(0)		(0)
Net changes in items other than shareholders' equity										
Total changes during period	–	–	–	–	–	(4)	2,218	2,214	30	2,244
Balance at end of period	8,827	2,443	–	2,443	780	100	21,750	22,631	(1,431)	32,470

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	3,288	1,717	5,006	164	35,396
Changes during period					
Reversal of reserve for contribution to society					–
Dividends of surplus					(710)
Profit					2,930
Disposal of treasury shares					25
Transfer of loss on disposal of treasury shares					–
Reversal of revaluation reserve for land					(0)
Net changes in items other than shareholders' equity	1,905	0	1,905	(8)	1,897
Total changes during period	1,905	0	1,905	(8)	4,142
Balance at end of period	5,194	1,717	6,911	155	39,538

6. Other

Change of Officers (Effective June 27, 2024)

[Change of representative]

Not applicable.

[Change of other officers]

- | | | |
|--------------------------------|----------------|---|
| (i) Candidate for New Director | | |
| Director | Akira Fujiwara | [Current Executive Officer, General Manager of Coating Business Division] |
| (ii) Retiring Director | | |
| Director | Hideyoshi Noda | [Current Director, Assistant to General Manager of Production Division] |