

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 15, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [JGAAP]

Company Name: DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.

Stock Code: 4116

(URL: <https://www.daicolor.co.jp/>)

Stock Exchange Listing: Tokyo

Representative: Koji Takahashi, Representative Director and President

Contact: Tatsuhiko Komada, Senior Managing Executive Officer, Chief Financial Officer

Phone: +81-3-3662-1638

Scheduled date of Annual General Meeting of Shareholders: June 27, 2024

Scheduled date to commence dividend payments: June 28, 2024

Scheduled date to submit the Annual Securities Report: June 27, 2024

Availability of supplementary briefing material on annual results: Yes

Holding of Annual Results Briefing Session: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated Results of Operations

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	119,824	(1.8)	4,550	72.7	5,003	48.3	3,660	82.3
Year ended March 31, 2023	122,005	0.1	2,635	(64.6)	3,373	(59.4)	2,007	(67.4)

(Note) Comprehensive income: Year ended March 31, 2024: ¥9,239 million [72.9%]
Year ended March 31, 2023: ¥5,343 million [(34.9)%]

	Profit per share	Fully diluted profit per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	207.95	–	3.2	2.6	3.8
Year ended March 31, 2023	108.58	–	1.8	1.7	2.2

(Reference) Equity in earnings of affiliated companies: Year ended March 31, 2024: ¥(337) million
Year ended March 31, 2023: ¥(27) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	194,852	119,166	59.9	6,804.81
As of March 31, 2023	192,765	114,301	58.1	6,060.11

(Reference) Equity: As of March 31, 2024: ¥116,748 million
As of March 31, 2023: ¥112,058 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	9,020	(1,445)	(10,209)	21,425
Year ended March 31, 2023	3,002	(2,195)	(3,836)	23,103

2. Dividends

	Annual cash dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	40.00	–	40.00	80.00	1,479	73.7	1.3
Year ended March 31, 2024	–	40.00	–	70.00	110.00	1,887	52.9	1.7
Year ending March 31, 2025 (Forecast)	–	66.00	–	66.00	132.00		23.3	

(Note) Breakdown of Year-end dividend for Year ended March 31, 2024: Ordinary dividend: ¥40.00; Extraordinary dividend: ¥30.00

Breakdown of interim dividend for Year ending March 31, 2025 (Forecast): Ordinary dividend: ¥51.00; Extraordinary dividend: ¥15.00

Breakdown of Year-end dividend for Year ending March 31, 2025 (Forecast): Ordinary dividend: ¥51.00; Extraordinary dividend: ¥15.00

3. Earnings Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	61,700	3.7	2,700	58.0	3,100	44.6	7,900	210.5	460.46
Full year	123,000	2.6	5,200	14.3	5,800	15.9	9,700	165.0	565.38

* Notes

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2024 (changes in specific subsidiaries involving changes in the scope of consolidation): Not applicable
- (2) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
 - 2) Changes in accounting policies other than 1): Not applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable
- (3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):	As of March 31, 2024	18,613,110 shares	As of March 31, 2023	18,613,110 shares
2) Total number of treasury shares at the end of the period:	As of March 31, 2024	1,456,394 shares	As of March 31, 2023	122,030 shares
3) Average number of shares during the period:	Year ended March 31, 2024	17,602,346 shares	Year ended March 31, 2023	18,488,205 shares

(Reference) Summary of the Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-consolidated Results of Operations

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	97,466	(0.3)	547	–	2,879	52.7	2,014	6.5
Year ended March 31, 2023	97,726	(1.6)	(1,226)	–	1,886	(62.9)	1,892	(59.2)

	Profit per share		Fully diluted profit per share	
	Yen		Yen	
Year ended March 31, 2024	114.44		–	
Year ended March 31, 2023	102.35		–	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2024	133,622		61,454		46.0		3,581.94	
As of March 31, 2023	133,027		63,265		47.6		3,421.40	

(Reference) Equity: As of March 31, 2024: ¥61,454 million
As of March 31, 2023: ¥63,265 million

* These consolidated financial results are outside the scope of audit by certified public accountants and audit corporations.

* Explanation for the appropriate use of performance forecasts and other special notes:

- The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 4 of this report.
- The Company plans to hold annual results briefing session and the new Medium-Term Management Plan “TRANSFORMATION for TOMORROW 2027” briefing session as follows. We also plan to disclose and publish the documents, etc. to be distributed at this session to the Tokyo Stock Exchange and on the Company’s website by the day before the session.

Date: Thursday, June 6, 2024

Outline: Annual results briefing session and the new Medium-Term Management Plan “TRANSFORMATION for TOMORROW 2027” briefing session for institutional investors and analysts

Table of Contents of Appendix

1. Overview of Business Results, etc.	2
(1) Overview of Business Results for the Current Fiscal Year	2
(2) Overview of Financial Position for the Current Fiscal Year	3
(3) Overview of Cash Flows for the Current Fiscal Year	3
(4) Future Outlook	4
(5) Basic Policy on the Distribution of Profits and Dividend Payment for the Current and Next Fiscal Years	4
2. Basic Approach in Choosing Accounting Standard	5
3. Consolidated Financial Statements and Principal Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(Consolidated Statements of Income)	8
(Consolidated Statements of Comprehensive Income)	9
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Notes to Going Concern Assumption)	14
(Segment Information)	14
(Notes Related to Revenue Recognition)	17
(Per Share Information)	18
(Significant Subsequent Events)	18

1. Overview of Business Results, etc.

(1) Overview of Business Results for the Current Fiscal Year

With regard to the economic environment surrounding the Group in the fiscal year ended March 31, 2024, while European and Chinese economies were stagnant due to declining global demand caused by inflation, the Japanese economy showed a gradual recovery due to strong automobile production and inbound demand.

In this environment, the Group has implemented measures such as “Secure a competitive advantage through leading technology-initiative,” “Promote ESG-focused management that aims to realize a sustainable society,” and “Reinforce our business base by expanding worldwide business” in accordance with the basic strategies of the medium-term management plan, which was in its final fiscal year, as well as management with an emphasis on capital efficiency.

With regard to the sales trends in each of the Group’s main industries, inventory adjustments in the supply chain had virtually come to an end in the transport equipment industry and was recovering from the second half of the fiscal year, but this trend weakened from the beginning of the year due to earthquakes and other factors. Sales for LCDs in the information-electronics industry recovered from the slump in the previous fiscal year, but once again weakened in the second half of the fiscal year. Sales of products for the packaging materials and building materials industries slowed due to weak consumption against a backdrop of high prices. Overseas, sales of a local subsidiary in China were sluggish due to the economic downturn. As a result, net sales decreased to ¥119,824 million, down by 1.8% compared with the same period of the previous fiscal year.

On the other hand, operating profit rose to ¥4,550 million, up by 72.7% compared with the same period of the previous fiscal year, due to progress in the revision of sales prices, despite higher raw material prices. Ordinary profit was ¥5,003 million, up by 48.3% compared with the same period of the previous fiscal year, while profit attributable to owners of parent increased to ¥3,660 million, up by 82.3% compared with the same period of the previous fiscal year, mainly due to recording gain on sale of investment securities from the disposal of strategic shareholdings in extraordinary income and recording the impairment losses on non-current assets in extraordinary losses.

Operating results by reportable segment are as follows:

(Color & Functional Products)

In the Color & Functional Products business, the Group manufactures and sells pigments, colorants for fabrics, colorants used in plastics, compounds, pigment dispersion and functional materials.

In terms of net sales of pigments and dispersion for the information-electronics industry, LCD applications that were strong from the beginning of the period grew weak toward the end of the period. Sales of compounds and colorants for the transport equipment industry recovered with the end of inventory adjustments, but weakened from the beginning of the year due to earthquakes and other factors. Overseas sales of compounds and colorants were strong for automobiles of a local subsidiary in India, but were sluggish for home appliance and OA equipment applications at a local subsidiary in China.

As a result, net sales in the segment stood at ¥65,517 million, down by 2.5% compared with the same period of the previous fiscal year, while operating profit was ¥2,453 million, up by 22.4% compared with the same period of the previous fiscal year, due to progress in the revision of sales prices.

(Polymers & Coating Materials)

In the Polymers & Coating Materials business, the Group manufactures and sells polyurethanes, UV and EB coating materials, and polymers derived from natural substances.

Polyurethanes recovered from the beginning of the period for the transport equipment industry, but weakened from the beginning of the year due to earthquakes and other factors. Sales for the clothing and accessories industry were overall firm, despite some sluggish demand in China. Coating materials for LCD displays in the information-electronics industry were strong from the beginning of the period, but weakened from the fourth quarter due to the slump in the market.

As a result, net sales in the segment stood at ¥23,906 million, up by 1.1% compared with the same period of the

previous fiscal year, while operating profit was ¥2,659 million, up by 34.5% compared with the same period of the previous fiscal year.

(Graphic & Printing Materials)

In the Graphic & Printing Materials business, the Group manufactures and sells gravure printing ink and offset printing ink.

Sales of gravure printing ink for the packaging materials industry were sluggish for flexible packaging applications for food products due to the high price of goods. Overseas, the Indonesian subsidiary recorded an increase in revenue due to progress in the revision of sales prices. Sales of offset printing ink were weak due to a decrease in demand.

As a result, net sales in the segment decreased to ¥30,326 million, down by 2.4% compared with the same period of the previous fiscal year, but the operating loss narrowed to ¥561 million (compared with the operating loss of ¥1,362 million for the same period of the previous fiscal year) due to the new plant relocation expenses recorded in the previous fiscal year and improvement in profit and loss at overseas subsidiaries.

(2) Overview of Financial Position for the Current Fiscal Year

(Assets)

Total assets as of March 31, 2024 increased by ¥2,086 million compared with the end of the previous fiscal year to ¥194,852 million. This is mainly due to increases in “accounts receivable-trade” and “retirement benefit asset,” despite a decrease in “raw materials and supplies.”

(Liabilities)

Total liabilities as of March 31, 2024 decreased by ¥2,778 million compared with the end of the previous fiscal year to ¥75,685 million. This is mainly due to a decrease in “interest bearing debt,” despite an increase in “deferred tax liabilities.”

(Net assets)

Net assets as of March 31, 2024 increased by ¥4,865 million compared with the end of the previous fiscal year to ¥119,166 million. This is mainly due to an increase in “retained earnings” resulting from recording “profit attributable to owners of parent” and increases in “foreign currency translation adjustment” and “remeasurements of defined benefit plans,” despite a decrease from the purchase of “treasury shares.”

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter referred to as “net cash”) as of March 31, 2024 decreased by ¥1,678 million compared with the end of the previous fiscal year to ¥21,425 million.

Net cash provided by (used in) respective activities during the fiscal year ended March 31, 2024 are as follows:

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was ¥9,020 million. This was mainly due to an increase in net cash from the recording of “profit before income taxes” and “depreciation,” despite a decrease in net cash from an increase in trade receivables.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities was ¥1,445 million. This was mainly due to a decrease in net cash from the “purchase of property, plant and equipment,” despite an increase in net cash from the “proceeds from sale of investment securities.”

(Net cash provided by (used in) financing activities)

Net cash used in financing activities was ¥10,209 million. This was mainly due to decreases in net cash from the “purchase of treasury shares” and repayments of borrowings.

(4) Future Outlook

The Group is positioned as a midstream business in the chemical industry that supplies products to the transport equipment, information-electronics, packaging materials, building materials and various other industries.

The Group's projections by industry are as follows.

- Transport equipment
Sales of compounds and colorants for automobiles are expected to be strong due to the forecast increase in the number of automobiles produced.
- Information-electronics
Sales of pigments and coatings for LCDs are expected to rise due to the moderate increase in demand for LCD panels.
- Packaging materials
Sales of gravure printing ink are expected to be flat due to the persistent impact of buying restraint caused by higher prices.
- Building materials
Sales of colorants and coatings are projected to see firm demand for renovation, despite a slowdown in the number of housing starts.

In terms of profit, we expect increased profits due to growth in the sales volume and progress in the revision of sales prices, despite the forecast for higher raw material prices.

In addition, as announced in the "Notice concerning the transfer of non-current assets and recording of extraordinary income" dated March 25, 2024, extraordinary income of about ¥7.7 billion is expected in gain on transfer of the Company's Kawaguchi Production Plant.

Under such business environment, the Group continues to work towards expanding its business, increasing sales of high value-added products and revising sales prices.

We forecast the following consolidated financial results for the next fiscal year.

<Assumed exchange rates: JPY/USD ¥140, JPY/EUR ¥153>

<Assumed naphtha price: ¥67,000>

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2024	61,700	3.7	2,700	58.0	3,100	44.6	7,900	210.5
Fiscal year ending March 31, 2025	123,000	2.6	5,200	14.3	5,800	15.9	9,700	165.0

(5) Basic Policy on the Distribution of Profits and Dividend Payment for the Current and Next Fiscal Years

The Company, based on the perspective of sustainable growth and enhancement of medium- to long-term corporate values, makes it a principle to continuously pursue dividend policy in which the return of profits to shareholders is regarded as an important management priority, yet with broader consideration to matters such as business development in the future, reinforcement of its operation basis, and enrichment of internal reserves.

The dividend policy for the current and next fiscal years is as follows.

- 1) The year-end dividend for the fiscal year ended March 31, 2024
 - The year-end dividend per share ¥70.00 (ordinary dividend ¥40.00 + extraordinary dividend ¥30.00)
*Annual cash dividends per share ¥110.00
As described in "3) Extraordinary dividend," there will be an extraordinary dividend of ¥30.00 per share
- 2) The dividend policy from fiscal 2025 onwards
 - The plan is to provide a total return ratio of 40 to 50% or a minimum of ¥100.00 dividend per share
 - Annual cash dividends per share ¥132.00 (ordinary dividend ¥102.00 + extraordinary dividend ¥30.00)
 - For the fiscal year ending March 31, 2025, the extraordinary income from the transfer of the Company's Kawaguchi Production Plant is excluded from the source of ordinary dividend

3) Extraordinary dividend

- The plan is to record about ¥7.7 billion as extraordinary income in the fiscal year ending March 31, 2025 from the transfer of the Company's Kawaguchi Production Plant
- The return to shareholders from this transfer shall be at the same level as the total return ratio in 2) above, with an amount equivalent to 40% of the gain on transfer after deducting income taxes as an extraordinary dividend of ¥30.00 per share (total amount of approximately ¥2.0 billion) paid each year over four years from fiscal 2024 to fiscal 2027.

For details, please refer to “Notice concerning the shareholder return policy in the new medium-term management plan, payment of extraordinary dividend, and dividends of surplus (increase in dividend)”, released today (May 15, 2024).

2. Basic Approach in Choosing Accounting Standard

With consideration given to comparability of consolidated financial statements among periods and companies, the Group has a policy to apply Japanese GAAP for the preparation of consolidated financial statements for the near fiscal years.

The Group will respond appropriately concerning the application of the International Financial Reporting Standards (IFRS) upon consideration of various factors in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	24,756	23,579
Notes receivable - trade	10,859	11,759
Accounts receivable - trade	38,493	41,464
Merchandise and finished goods	20,740	20,198
Work in process	754	768
Raw materials and supplies	12,499	10,641
Other	2,219	1,300
Allowance for doubtful accounts	(79)	(88)
Total current assets	110,243	109,625
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,819	52,537
Accumulated depreciation	(30,367)	(32,192)
Buildings and structures, net	21,451	20,344
Machinery, equipment and vehicles	58,617	60,338
Accumulated depreciation	(47,406)	(50,143)
Machinery, equipment and vehicles, net	11,210	10,195
Tools, furniture and fixtures	12,173	12,697
Accumulated depreciation	(10,067)	(10,563)
Tools, furniture and fixtures, net	2,105	2,134
Land	13,871	13,745
Leased assets	1,053	577
Accumulated depreciation	(670)	(444)
Leased assets, net	382	133
Construction in progress	752	1,290
Total property, plant and equipment	49,774	47,843
Intangible assets		
Other	1,394	1,175
Total intangible assets	1,394	1,175
Investments and other assets		
Investment securities	18,018	18,778
Investments in capital	283	934
Deferred tax assets	366	366
Retirement benefit asset	10,492	14,100
Other	2,207	2,046
Allowance for doubtful accounts	(15)	(17)
Total investments and other assets	31,353	36,207
Total non-current assets	82,522	85,227
Total assets	192,765	194,852

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,771	28,963
Short-term borrowings	12,431	11,686
Current portion of long-term borrowings	5,502	3,936
Lease liabilities	236	150
Income taxes payable	548	954
Provision for bonuses	1,661	1,799
Provision for environmental measures	13	–
Other	4,375	8,607
Total current liabilities	53,539	56,097
Non-current liabilities		
Long-term borrowings	12,507	9,316
Lease liabilities	321	190
Deferred tax liabilities	963	2,524
Provision for environmental measures	2,967	–
Retirement benefit liability	7,619	7,035
Other	544	520
Total non-current liabilities	24,924	19,587
Total liabilities	78,464	75,685
Net assets		
Shareholders' equity		
Share capital	10,039	10,039
Capital surplus	9,768	9,768
Retained earnings	81,791	84,023
Treasury shares	(287)	(3,130)
Total shareholders' equity	101,312	100,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,113	7,044
Foreign currency translation adjustment	3,201	5,399
Remeasurements of defined benefit plans	1,431	3,601
Total accumulated other comprehensive income	10,745	16,046
Non-controlling interests	2,243	2,418
Total net assets	114,301	119,166
Total liabilities and net assets	192,765	194,852

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	122,005	119,824
Cost of sales	100,697	97,468
Gross profit	21,307	22,356
Selling, general and administrative expenses		
Transportation costs	3,479	3,015
Provision of allowance for doubtful accounts	4	26
Salaries and allowances	5,558	5,549
Provision for bonuses	658	704
Retirement benefit expenses	328	236
Other	8,641	8,273
Total selling, general and administrative expenses	18,671	17,805
Operating profit	2,635	4,550
Non-operating income		
Interest income	147	279
Dividend income	445	420
Foreign exchange gains	33	146
Dividend income of insurance	152	155
Other	478	405
Total non-operating income	1,257	1,408
Non-operating expenses		
Interest expenses	290	278
Share of loss of entities accounted for using equity method	27	337
Rental expenses on non-current assets	55	61
Loss on compensation of claims	49	171
Other	95	106
Total non-operating expenses	519	955
Ordinary profit	3,373	5,003
Extraordinary income		
Gain on sale of non-current assets	46	300
Gain on sale of investment securities	1,629	2,336
Subsidy income	113	–
Other	1	193
Total extraordinary income	1,790	2,831
Extraordinary losses		
Loss on sale of non-current assets	2	50
Impairment losses	1,748	2,255
Loss on retirement of non-current assets	154	114
Loss on COVID-19	115	–
Other	156	72
Total extraordinary losses	2,177	2,493
Profit before income taxes	2,986	5,341
Income taxes - current	819	1,514
Income taxes - deferred	91	35
Total income taxes	910	1,550
Profit	2,076	3,791
Profit attributable to non-controlling interests	68	130
Profit attributable to owners of parent	2,007	3,660

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,076	3,791
Other comprehensive income		
Valuation difference on available-for-sale securities	(315)	926
Foreign currency translation adjustment	2,610	2,207
Remeasurements of defined benefit plans, net of tax	774	2,170
Share of other comprehensive income of entities accounted for using equity method	197	143
Total other comprehensive income	3,266	5,448
Comprehensive income	5,343	9,239
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,069	8,961
Comprehensive income attributable to non-controlling interests	274	278

(3) Consolidated Statements of Changes in Net Assets
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	10,039	9,773	81,265	(315)	100,763
Changes during period					
Dividends of surplus			(1,478)		(1,478)
Profit attributable to owners of parent			2,007		2,007
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(4)	(2)	27	20
Net changes in items other than shareholders' equity					
Total changes during period	–	(4)	525	27	548
Balance at end of period	10,039	9,768	81,791	(287)	101,312

	Accumulated other comprehensive income				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	6,435	592	656	7,684	2,039	110,487
Changes during period						
Dividends of surplus						(1,478)
Profit attributable to owners of parent						2,007
Purchase of treasury shares						(0)
Disposal of treasury shares						20
Net changes in items other than shareholders' equity	(321)	2,608	774	3,061	203	3,265
Total changes during period	(321)	2,608	774	3,061	203	3,814
Balance at end of period	6,113	3,201	1,431	10,745	2,243	114,301

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,039	9,768	81,791	(287)	101,312
Changes during period					
Dividends of surplus			(1,425)		(1,425)
Profit attributable to owners of parent			3,660		3,660
Purchase of treasury shares				(2,864)	(2,864)
Disposal of treasury shares			(2)	21	19
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,232	(2,842)	(610)
Balance at end of period	10,039	9,768	84,023	(3,130)	100,701

	Accumulated other comprehensive income				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	6,113	3,201	1,431	10,745	2,243	114,301
Changes during period						
Dividends of surplus						(1,425)
Profit attributable to owners of parent						3,660
Purchase of treasury shares						(2,864)
Disposal of treasury shares						19
Net changes in items other than shareholders' equity	931	2,198	2,170	5,300	175	5,476
Total changes during period	931	2,198	2,170	5,300	175	4,865
Balance at end of period	7,044	5,399	3,601	16,046	2,418	119,166

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,986	5,341
Depreciation	5,592	5,179
Impairment losses	1,748	2,255
Share-based payment expenses	19	19
Increase (decrease) in provision for bonuses	(391)	134
Increase (decrease) in allowance for doubtful accounts	(11)	1
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(8)	–
Increase (decrease) in retirement benefit liability	(659)	(1,101)
Interest and dividend income	(593)	(700)
Interest expenses	290	278
Foreign exchange losses (gains)	63	58
Share of loss (profit) of entities accounted for using equity method	27	337
Dividends received from entities accounted for using equity method	90	57
Loss (gain) on sale of investment securities	(1,603)	(2,336)
Loss (gain) on sale of non-current assets	(44)	(250)
Loss on retirement of non-current assets	154	114
Decrease (increase) in trade receivables	3,022	(3,211)
Decrease (increase) in inventories	(1,314)	3,087
Increase (decrease) in trade payables	(4,171)	(401)
Other, net	6	166
Subtotal	5,205	9,025
Interest and dividends received	592	700
Interest paid	(301)	(283)
Income taxes paid	(2,494)	(421)
Net cash provided by (used in) operating activities	3,002	9,020
Cash flows from investing activities		
Payments into time deposits	(1,652)	(2,154)
Proceeds from withdrawal of time deposits	1,467	1,652
Purchase of property, plant and equipment	(5,109)	(4,454)
Proceeds from sale of property, plant and equipment	933	1,324
Purchase of intangible assets	(135)	(90)
Purchase of investment securities	(29)	(1,258)
Proceeds from sale of investment securities	2,007	3,336
Loan advances	(19)	(21)
Proceeds from collection of loans receivable	15	26
Other, net	327	192
Net cash provided by (used in) investing activities	(2,195)	(1,445)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	2,543	2,970
Repayments of short-term borrowings	(1,813)	(3,790)
Proceeds from long-term borrowings	4,500	757
Repayments of long-term borrowings	(7,315)	(5,518)
Repayments of lease liabilities	(201)	(234)
Purchase of treasury shares	(0)	(2,864)
Dividends paid	(1,478)	(1,425)
Dividends paid to non-controlling interests	(70)	(102)
Net cash provided by (used in) financing activities	(3,836)	(10,209)
Effect of exchange rate change on cash and cash equivalents	1,254	954
Net increase (decrease) in cash and cash equivalents	(1,775)	(1,678)
Cash and cash equivalents at beginning of period	24,879	23,103
Cash and cash equivalents at end of period	23,103	21,425

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Segment Information)

1. Outline of reportable segments

Reportable segments of the Group are the organizational units for which separated financial information is available, and these segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of business resources and evaluating the operating results.

As a comprehensive high-tech and color science manufacturer, the Group deals in manufacturing and sales of various products related to coloring inside and outside of Japan, as well as conducting business related to coloring.

For this reason, the Group has listed three reportable segments by product types, namely “Color & Functional Products,” “Polymers & Coating Materials,” and “Graphic & Printing Materials.”

The main products/services in each reportable segment are as follows:

Reportable segments	Main Products/Services
Color & Functional Products	Pigments, colorants for fabrics, colorants used in plastics, compounds, pigment dispersion and functional materials
Polymers & Coating Materials	Polyurethane, UV and EB coating materials and polymers derived from natural substances
Graphic & Printing Materials	Gravure printing ink and offset printing ink

2. Calculation method for net sales and operating profit or loss by the reportable segments

The method of accounting treatments for reportable segments is in accordance with the accounting policies adopted for preparation of the Consolidated Financial Statements.

Profit of reportable segments is the amount based on operating profit.

Intersegment net sales and transfer are based on prevailing market prices.

3. Information regarding net sales and operating profit or loss by the reportable segments

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments				Other	Posted amount to the consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Net sales						
(1) Net sales to external customers	67,208	23,649	31,071	121,929	75	122,005
(2) Intersegment net sales and transfer	134	453	–	587	(587)	–
Total	67,342	24,102	31,071	122,516	(511)	122,005
Segment profit [Operating profit] (loss)	2,005	1,976	(1,362)	2,618	16	2,635

Note: The “Other” category comprises adjusted amounts and business that is not included in reportable segments, and includes the company that provides services such as property management for the Group companies.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments				Other	Posted amount to the consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Net sales						
(1) Net sales to external customers	65,517	23,906	30,326	119,750	74	119,824
(2) Intersegment net sales and transfer	119	466	43	628	(628)	–
Total	65,636	24,372	30,369	120,379	(554)	119,824
Segment profit [Operating profit] (loss)	2,453	2,659	(561)	4,550	(0)	4,550

Note: The “Other” category comprises adjusted amounts and business that is not included in reportable segments, and includes the company that provides services such as property management for the Group companies.

4. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments				Other	Posted amount to the consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Japan	48,660	17,273	22,775	88,709	75	88,785
Asia (excluding Japan)	14,835	3,525	7,735	26,096	–	26,096
Other	3,712	2,850	560	7,123	–	7,123
Total	67,208	23,649	31,071	121,929	75	122,005
Revenue from contracts with customers	67,208	23,649	31,071	121,929	44	121,974
Other revenue	–	–	–	–	31	31
Net sales to external customers	67,208	23,649	31,071	121,929	75	122,005

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments				Other	Posted amount to the consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Japan	50,939	17,338	21,936	90,214	74	90,288
Asia (excluding Japan)	11,924	4,811	7,926	24,662	–	24,662
Other	2,654	1,755	463	4,873	0	4,873
Total	65,517	23,906	30,326	119,750	74	119,824
Revenue from contracts with customers	65,517	23,906	30,326	119,750	43	119,794
Other revenue	–	–	–	–	30	30
Net sales to external customers	65,517	23,906	30,326	119,750	74	119,824

<Impact of subcontract processing with charged receipt on net sales>

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments				Other	Posted amount to the consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Gross sales to external customers	114,366	23,710	31,076	169,154	75	169,229
Amount of sales offset due to subcontract processing with charged receipt	(47,158)	(61)	(5)	(47,224)	–	(47,224)
Net sales to external customers	67,208	23,649	31,071	121,929	75	122,005

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments				Other	Posted amount to the consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Gross sales to external customers	106,538	23,974	30,331	160,844	74	160,918
Amount of sales offset due to subcontract processing with charged receipt	(41,020)	(68)	(4)	(41,094)	–	(41,094)
Net sales to external customers	65,517	23,906	30,326	119,750	74	119,824

5. Information related to impairment losses on non-current assets or goodwill, etc. by the reportable segments
Fiscal year ended March 31, 2023

(Millions of yen)

	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Other	Total
Impairment losses	–	7	1,741	–	1,748

Fiscal year ended March 31, 2024

(Millions of yen)

	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Other	Total
Impairment losses	–	7	2,245	1	2,255

(Notes Related to Revenue Recognition)

Information on disaggregation of revenue from contracts with customers is presented in “(5) Notes to Consolidated Financial Statements (Segment Information).”

(Per Share Information)

Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Net assets per share	¥6,060.11	Net assets per share	¥6,804.81
Profit per share	¥108.58	Profit per share	¥207.95

Notes: 1. Fully diluted profit per share is not stated since the Company does not have residual securities.

2. The basis for calculation of net assets per share is as follows:

(Millions of yen unless otherwise stated)

	As of March 31, 2023	As of March 31, 2024
Total net assets	114,301	119,166
Amount deducted from the total net assets	2,243	2,418
(Non-controlling interests included in the above)	(2,243)	(2,418)
Amount of net assets related to common stock as of the end of the fiscal year	112,058	116,748
Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year	18,491 thousand shares	17,156 thousand shares

3. The basis for calculation of profit per share is as follows:

(Millions of yen unless otherwise stated)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent	2,007	3,660
Profit not attributable to common shareholders	—	—
Profit related to common stock attributable to owners of parent	2,007	3,660
Average number of shares of common stock outstanding during the fiscal year	18,488 thousand shares	17,602 thousand shares

(Significant Subsequent Events)

(Organizational Restructuring)

The Company carried out internal organizational restructuring of the Group (hereinafter referred to as, the “Organizational Restructuring”) on April 1, 2024 according to the resolution at the meeting of the Board of Directors held on January 17, 2024.

1. Goals of the Organizational Restructuring

The Group’s subsidiary DSF CO., LTD. (hereinafter referred to as, “DSF”) conducted real estate leasing, non-life insurance agency businesses, and other insurance intermediary agency businesses. As part of a management overhaul at the Group aimed at optimizing operations, cutting costs, improving capital efficiency, etc., the Company conducted an absorption-type company split (simplified absorption-type company split) whereby DSF’s non-life insurance agency businesses, and other insurance intermediary agency businesses would be succeeded to Dainichiseika Insurance Services Co., Ltd. (hereinafter, “Dainichiseika Insurance Services”), which was newly established on January 17, 2024, and on the condition that said absorption-type company split become effective, would absorb DSF through an absorption-type merger (short-form merger, simplified merger).

2. Summary of the Organizational Restructuring

<Absorption-type company split among consolidated subsidiaries>

(1) Method of the business combination

An absorption-type company split (simplified absorption-type company split) in which the Company's subsidiary DSF is the splitting company and the Company's newly established subsidiary Dainichiseika Insurance Services is the successor company.

(2) Date of the business combination

April 1, 2024

(3) Name and contents of business of the combined company

	Name of the combined company	Contents of business
Splitting company	DSF	Real estate leasing, etc.
Successor company	Dainichiseika Insurance Services	Non-life insurance agency businesses, and other insurance intermediary agency businesses, etc.

(4) Name of the combined company

No change.

<Absorption-type merger of consolidated subsidiaries>

(1) Method of the business combination

An absorption-type merger (short-form merger, simplified merger) in which the Company is the surviving company and its subsidiary DSF is the disappearing company.

(2) Date of the business combination

April 1, 2024

(3) Name and contents of business of the combined company

	Name of the combined company	Contents of business
Surviving company	DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.	Manufacturing and sales of various dyes and pigments, etc.
Disappearing company	DSF	Real estate leasing, etc.

(4) Name of the combined company

No change.

3. Summary of accounting treatments to be applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company will account for the business combination as a transaction under common control.