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November 8, 2024

## Consolidated Financial Results for the Six Months Ended September 30, 2024 [JGAAP]

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

Stock Code: 4116

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

Stock Exchange Listing: Tokyo

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Scheduled date of filing semi-annual securities report: November 11, 2024

Scheduled date of commencing dividend payments: December 6, 2024

Availability of supplementary briefing material on results: Yes

Holding of Semi-annual Results Briefing Session: Yes

(Figures are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

(1) Consolidated Results of Operations (cumulative) (% 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 ended September 30, 2024	62,127	4.4	3,475	103.4	3,751	74.9	8,024	215.4
Six months ended September 30, 2023	59,512	(4.1)	1,708	(4.7)	2,144	(12.7)	2,544	57.0

(Note) Comprehensive income: Six months ended September 30, 2024: ¥11,636 million [113.3%]  
Six months ended September 30, 2023: ¥5,454 million [(14.7)%]

	Profit per share	Fully diluted profit per share
	Yen	Yen
Six months ended September 30, 2024	467.67	—
Six months ended September 30, 2023	140.98	—

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	199,127	129,259	63.7
As of March 31, 2024	194,852	119,166	59.9

(Reference) Equity: As of September 30, 2024: ¥126,875 million  
As of March 31, 2024: ¥116,748 million

## 2. Dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	40.00	–	70.00	110.00
Year ending March 31, 2025	–	66.00			
Year ending March 31, 2025 (Forecast)			–	66.00	132.00

(Note) Revisions of dividend forecast from recently announced figures: Not applicable

(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: 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
Full year	124,000	3.5	6,900	51.6	7,500	49.9	10,600	189.6	617.67

(Note) Revisions of forecast of financial results from recently announced figures: Applicable

**\* Notes**

- (1) Significant changes in the scope of consolidation during the six months ended September 30, 2024:  
Applicable  
Included: – (–)  
Excluded: One company DSF CO., LTD.
- (2) Adoption of specific accounting treatments to the preparation of semi-annual consolidated financial statements: Not applicable
- (3) Changes in accounting policies, changes in accounting estimates and restatements  
1) Changes in accounting policies due to the revision of accounting standards: Applicable  
2) Changes in accounting policies other than 1): Not applicable  
3) Changes in accounting estimates: Not applicable  
4) Restatements: Not applicable

(Note) For details, please refer to the “2. Semi-annual Consolidated Financial Statements and Principal Notes (3) Notes to Semi-annual Consolidated Financial Statements” on page 9 of this report.

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):	As of September 30, 2024	18,613,110 shares	As of March 31, 2024	18,613,110 shares
2) Total number of treasury shares at the end of the period:	As of September 30, 2024	1,451,729 shares	As of March 31, 2024	1,456,394 shares
3) Average number of shares during the period (cumulative):	Six months ended September 30, 2024	17,159,042 shares	Six months ended September 30, 2023	18,047,909 shares

\* These semi-annual financial results are outside the scope of review 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. (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information” on page 3 of this report.
- The Company plans to hold a semi-annual results 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, December 5, 2024, 15:00 (JST)

Outline: Semi-annual results briefing session for institutional investors and analysts

Date: Thursday, January 16, 2025, 20:00 (JST)

Outline: Semi-annual results briefing session for individual investors

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## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Six-month Period

Trends among the main customers of the Group in the six months ended September 30, 2024 were as follows.

#### - Transport equipment industry

In compounds, colorants, and polyurethanes for automobiles, domestic sales were weak due to the impacts of declines in production among automobile manufacturers while overseas sales to China were also weak although sales to North America were strong.

#### - Information-electronics industry

Sales of pigments for LCDs were weak for the latter half of the first half of the fiscal year but sales of coatings for LCDs were strong. Meanwhile, sales of pigments and colorants for office equipment were steady.

#### - Packaging materials industry

Sales of gravure printing ink for flexible packaging applications for food products were steady given distribution inventory was liquidated and there were firm sales for PET bottle beverage labels due to seasonal demand.

#### - Building materials industry

Sales of colorants and coatings for new construction demand were sluggish but sales of colorants for use in renovations were steady.

As a result, net sales increased to ¥62,127 million, up by 4.4% compared with the same period of the previous fiscal year. Operating profit increased to ¥3,475 million and ordinary profit increased to ¥3,751 million, up by 103.4% and 74.9% respectively compared with the same period of the previous fiscal year, mainly due to the favorable performance of overseas subsidiaries and the effects of consolidating business bases following the completion of the relocation to the new plant. Profit attributable to owners of parent increased to ¥8,024 million, up by 215.4% compared with the same period of the previous fiscal year, mainly due to recording a ¥7,760 million gain on sale of non-current assets, including the former site of the Kawaguchi Production Plant, in extraordinary income.

#### (Color & Functional Products)

In the Color & Functional Products segment, focused on pigments and related secondary processed products, the Group manufactures and sells pigments, colorants for fabrics, colorants used in plastics, resin compounds, pigment dispersion and functional materials.

While net sales of pigments and dispersion for the information-electronics industry were sluggish for LCD applications, they were steady for OA equipment applications. Domestic sales of compounds and colorants for the transport equipment industry were sluggish due to declines in production among automobile manufacturers. Overseas, sales of compounds and colorants for home appliance and OA equipment applications remained sluggish at a local subsidiary in China, but sales of compounds for food packaging materials and automobiles were strong at local subsidiaries in Thailand and India.

As a result, net sales in the segment stood at ¥33,498 million, up by 3.6% compared with the same period of the previous fiscal year, while operating profit was ¥1,501 million, up by 102.3% compared with the same period of the previous fiscal year.

#### (Polymers & Coating Materials)

In the Polymers & Coating Materials segment, focused on synthetic resins and specialty coatings, the Group manufactures and sells polyurethanes and polymers derived from natural substances, UV and EB coating materials.

Net sales of polyurethanes for the transport equipment industry were strong in North America but weak in China, while sales of thermal-recording coating materials for industrial materials were firm due to the completion of inventory adjustments. Sales of coating materials for the information-electronics industry were favorable.

Overseas, sales of local subsidiaries in China for the clothing and accessories industry as well as sales of local subsidiaries in the U.S. for automobiles were favorable.

As a result, net sales in the segment stood at ¥12,574 million, up by 5.5% compared with the same period of the previous fiscal year, while operating profit was ¥1,684 million, up by 26.8% compared with the same period of the previous fiscal year.

(Graphic & Printing Materials)

In the Graphic & Printing Materials segment, focused on inks for packaging, advertising, and publishing, the Group develops, manufactures, and sells a wide range of gravure, flexographic, and offset printing inks for various applications.

In gravure inks for the packaging materials industry, sales of flexible packaging applications for food products were firm due to the completion of inventory adjustments in the supply chain, and also sales of beverage label applications, in seasonal demand, were firm. Overseas, a local subsidiary in Indonesia 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 increased to ¥16,026 million, up by 5.3% compared with the same period of the previous fiscal year, with an operating profit of ¥291 million (compared with the operating loss of ¥348 million for the same period of the previous fiscal year) due to improvement in profit and loss resulting mainly from the effects of consolidating business bases following the completion of the relocation to the new plant and revisions to sales prices at overseas subsidiaries.

(2) Overview of Financial Position for the Six-month Period

(Assets)

Total assets as of September 30, 2024 increased by ¥4,275 million compared with the end of the previous fiscal year to ¥199,127 million. This is mainly due to an increase in “cash and deposits.”

(Liabilities)

Total liabilities as of September 30, 2024 decreased by ¥5,817 million compared with the end of the previous fiscal year to ¥69,868 million. This is mainly due to a decrease in interest-bearing debt.

(Net assets)

Total net assets as of September 30, 2024 increased by ¥10,092 million compared with the end of the previous fiscal year to ¥129,259 million. This is mainly due to increases in “retained earnings” and “foreign currency translation adjustment.”

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

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 industry  
Sales of compounds, colorants, and polyurethanes for automobiles are expected to recover steadily due to the completion of inventory adjustments in the supply chain.
- Information-electronics industry  
Sales of pigments for LCDs are expected to be weak due to inventory adjustments in the supply chain, but sales of pigments and dispersion liquids for inkjet inks are expected to be firm.
- Packaging materials industry  
Sales of gravure printing ink for flexible packaging applications are expected to remain steady, despite the conclusion of seasonal demand for beverage label inks.
- Building materials industry  
Demand for renovation is projected to be firm, despite the continued slowdown in new construction demand.

The Group has revised the forecast of financial results for the fiscal year ending March 31, 2025 announced on August 7, 2024, in light of the above outlook.

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

	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
Previously announced forecasts (A)	123,300	6,000	6,600	10,600	617.84
Revised forecasts (B)	124,000	6,900	7,500	10,600	617.67
Change (B-A)	700	900	900	-	-
Change (%)	0.6	15.0	13.6	-	-
(Reference) Actual results for the fiscal year ended March 31, 2024	119,824	4,550	5,003	3,660	207.95

## 2. Semi-annual Consolidated Financial Statements and Principal Notes

### (1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	23,579	27,259
Notes and accounts receivable - trade	53,223	51,882
Inventories	31,609	32,059
Other	1,300	1,649
Allowance for doubtful accounts	(88)	(99)
Total current assets	109,625	112,750
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,344	20,150
Land	13,745	13,174
Other, net	13,753	15,245
Total property, plant and equipment	47,843	48,570
Intangible assets		
Other	1,175	1,209
Total intangible assets	1,175	1,209
Investments and other assets		
Investment securities	18,778	19,111
Retirement benefit asset	14,100	14,297
Other	3,346	3,202
Allowance for doubtful accounts	(17)	(14)
Total investments and other assets	36,207	36,596
Total non-current assets	85,227	86,376
Total assets	194,852	199,127
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	28,963	27,435
Short-term borrowings	11,686	10,541
Current portion of long-term borrowings	3,936	3,537
Income taxes payable	954	2,200
Provision for bonuses	1,799	1,957
Other	8,757	5,219
Total current liabilities	56,097	50,890
Non-current liabilities		
Long-term borrowings	9,316	7,557
Retirement benefit liability	7,035	7,207
Deferred tax liabilities	2,524	3,571
Other	710	640
Total non-current liabilities	19,587	18,977
Total liabilities	75,685	69,868



(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	10,039	10,039
Capital surplus	9,768	9,774
Retained earnings	84,023	90,847
Treasury shares	(3,130)	(3,120)
Total shareholders' equity	100,701	107,541
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,044	7,169
Foreign currency translation adjustment	5,399	8,716
Remeasurements of defined benefit plans	3,601	3,447
Total accumulated other comprehensive income	16,046	19,334
Non-controlling interests	2,418	2,384
Total net assets	119,166	129,259
Total liabilities and net assets	194,852	199,127

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income  
(Semi-annual Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	59,512	62,127
Cost of sales	48,988	49,620
Gross profit	10,523	12,507
Selling, general and administrative expenses	8,814	9,032
Operating profit	1,708	3,475
Non-operating income		
Interest income	108	234
Dividend income	213	216
Share of profit of entities accounted for using equity method	–	42
Foreign exchange gains	257	–
Other	340	406
Total non-operating income	921	898
Non-operating expenses		
Interest expenses	138	124
Share of loss of entities accounted for using equity method	257	–
Foreign exchange losses	–	207
Rental expenses on non-current assets	29	32
Loss on compensation of claims	6	196
Other	52	60
Total non-operating expenses	485	622
Ordinary profit	2,144	3,751
Extraordinary income		
Gain on sale of non-current assets	1	7,760
Gain on sale of investment securities	1,559	68
Total extraordinary income	1,561	7,829
Extraordinary losses		
Loss on retirement of non-current assets	37	83
Loss on sale of investment securities	0	29
Loss on closing of plant	–	79
Other	6	1
Total extraordinary losses	44	194
Profit before income taxes	3,661	11,386
Income taxes - current	968	2,245
Income taxes - deferred	100	1,035
Total income taxes	1,068	3,280
Profit	2,593	8,106
Profit attributable to non-controlling interests	49	81
Profit attributable to owners of parent	2,544	8,024

## (Semi-annual Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,593	8,106
Other comprehensive income		
Valuation difference on available-for-sale securities	90	124
Foreign currency translation adjustment	2,723	3,278
Remeasurements of defined benefit plans, net of tax	(116)	(154)
Share of other comprehensive income of entities accounted for using equity method	163	281
Total other comprehensive income	2,860	3,529
Comprehensive income	5,454	11,636
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,238	11,312
Comprehensive income attributable to non-controlling interests	215	324

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes to Change in Accounting Policies)

(Application of the "Accounting Standard for Current Income Taxes" and other relevant ASBJ regulations)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first half of the fiscal year ending March 31, 2025.

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

In addition, regarding the revisions related to revised treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities between consolidated companies, the Company has applied the Revised Guidance of 2022 from the beginning of the first half of the fiscal year ending March 31, 2025. This change in accounting policies has no impact on either the semi-annual consolidated financial statements of the same period of the previous fiscal year or the consolidated financial statements of the previous fiscal year.

(Notes to Segment Information, etc.)

I. For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

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

(Millions of yen)

	Reportable segments				Other	Posted amount to the semi-annual consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Net sales						
(1) Net sales to external customers	32,344	11,919	15,218	59,483	29	59,512
(2) Intersegment net sales and transfer	53	201	–	254	(254)	–
Total	32,398	12,121	15,218	59,737	(225)	59,512
Segment profit [Operating profit] (loss)	742	1,328	(348)	1,721	(13)	1,708

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.

2. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

(Millions of yen)

	Reportable segments				Other	Posted amount to the semi-annual consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Japan	25,315	8,186	11,178	44,680	29	44,710
Asia (excluding Japan)	5,648	2,267	3,824	11,739	–	11,739
Other	1,380	1,465	215	3,062	–	3,062
Total	32,344	11,919	15,218	59,483	29	59,512
Revenue from contracts with customers	32,344	11,919	15,218	59,483	21	59,504
Other revenue	–	–	–	–	8	8
Net sales to external customers	32,344	11,919	15,218	59,483	29	59,512

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

(Millions of yen)

	Reportable segments				Other	Posted amount to the semi-annual consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Gross sales to external customers	52,086	11,953	15,221	79,260	29	79,290
Amount of sales offset due to subcontract processing with charged receipt	(19,741)	(33)	(3)	(19,777)	–	(19,777)
Net sales to external customers	32,344	11,919	15,218	59,483	29	59,512

## II. For the six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

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

(Millions of yen)

	Reportable segments				Other	Posted amount to the semi-annual consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Net sales						
(1) Net sales to external customers	33,498	12,574	16,026	62,099	28	62,127
(2) Intersegment net sales and transfer	52	218	136	408	(408)	–
Total	33,550	12,793	16,163	62,507	(379)	62,127
Segment profit [Operating profit] (loss)	1,501	1,684	291	3,477	(2)	3,475

Note: The “Other” category comprises adjusted amounts and business that is not included in reportable segments, including real estate leasing, non-life insurance agency businesses, and other insurance intermediary agency businesses.

### 2. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

(Millions of yen)

	Reportable segments				Other	Posted amount to the semi-annual consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Japan	25,666	8,189	11,471	45,327	28	45,356
Asia (excluding Japan)	5,949	2,760	4,183	12,893	–	12,893
Other	1,881	1,624	372	3,877	–	3,877
Total	33,498	12,574	16,026	62,099	28	62,127
Revenue from contracts with customers	33,498	12,574	16,026	62,099	20	62,120
Other revenue	–	–	–	–	7	7
Net sales to external customers	33,498	12,574	16,026	62,099	28	62,127

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

(Millions of yen)

	Reportable segments				Other	Posted amount to the semi-annual consolidated statements of income
	Color & Functional Products	Polymers & Coating Materials	Graphic & Printing Materials	Total		
Gross sales to external customers	53,139	12,607	16,028	81,775	28	81,804
Amount of sales offset due to subcontract processing with charged receipt	(19,641)	(32)	(1)	(19,676)	–	(19,676)
Net sales to external customers	33,498	12,574	16,026	62,099	28	62,127

#### (Notes Related to Revenue Recognition)

Information on disaggregation of revenue from contracts with customers is presented in “(3) Notes to Semi-annual Consolidated Financial Statements (Notes to Segment Information, etc.).”