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February 14, 2023

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 [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

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Scheduled date to submit the Quarterly Securities Report: February 14, 2023

Availability of supplementary briefing material on quarterly results: Yes

Holding of Quarterly Results Briefing Session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

(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	%
Nine months ended December 31, 2022	92,806	1.6	2,487	(60.8)	3,216	(54.1)	2,432	(54.0)
Nine months ended December 31, 2021	91,319	-	6,343	127.6	7,008	101.7	5,286	51.1

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥7,372 million [16.9%]

Nine months ended December 31, 2021: ¥6,308 million [29.7%]

(Note) Since “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. have been applied from the first quarter of the fiscal year ended March 31, 2022, the above amounts of consolidated financial results reflect the application of the accounting standard, etc. Therefore, the change from the previous corresponding term for “Net sales” for the nine months ended December 31, 2021 is not shown.

	Profit per share		Fully diluted profit per share	
	Yen		Yen	
Nine months ended December 31, 2022	131.58		-	
Nine months ended December 31, 2021	286.12		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2022	202,164		116,330		56.4	
As of March 31, 2022	196,709		110,487		55.1	

(Reference) Equity: As of December 31, 2022: ¥113,924 million

As of March 31, 2022: ¥108,447 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, 2022	–	40.00	–	40.00	80.00
Year ending March 31, 2023	–	40.00	–		
Year ending March 31, 2023 (Forecast)				40.00	80.00

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

3. Earnings Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(% 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	121,000	(0.8)	2,400	(67.8)	3,100	(62.7)	3,100	(49.7)	167.65

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

* Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022 (changes in specific subsidiaries involving changes in the scope of consolidation): Not applicable
- (2) Adoption of specific accounting treatments to the preparation of quarterly 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
- (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 December 31, 2022	18,613,110 shares	As of March 31, 2022	18,613,110 shares
2) Total number of treasury shares at the end of the period:	As of December 31, 2022	122,030 shares	As of March 31, 2022	133,494 shares
3) Average number of shares during the period (cumulative):	Nine months ended December 31, 2022	18,487,247 shares	Nine months ended December 31, 2021	18,477,612 shares

* These quarterly consolidated financial results are outside the scope of quarterly 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.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	26,346	22,384
Notes and accounts receivable - trade	51,539	55,261
Inventories	31,714	36,556
Other	1,823	2,536
Allowance for doubtful accounts	(80)	(89)
Total current assets	111,343	116,649
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,452	22,117
Land	14,013	13,876
Other, net	16,882	16,721
Total property, plant and equipment	52,348	52,715
Intangible assets		
Other	1,911	1,528
Total intangible assets	1,911	1,528
Investments and other assets		
Investment securities	18,568	18,513
Retirement benefit asset	9,414	9,722
Other	3,144	3,052
Allowance for doubtful accounts	(21)	(17)
Total investments and other assets	31,106	31,271
Total non-current assets	85,366	85,515
Total assets	196,709	202,164
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,939	32,771
Short-term borrowings	11,460	12,597
Current portion of long-term borrowings	6,918	6,046
Income taxes payable	1,495	441
Provision for bonuses	2,047	1,108
Provision for loss on liquidation of subsidiaries and associates	8	—
Provision for environmental measures	31	13
Other	5,551	5,846
Total current liabilities	59,452	58,827
Non-current liabilities		
Long-term borrowings	13,882	13,369
Provision for environmental measures	2,981	2,970
Retirement benefit liability	8,281	8,518
Other	1,624	2,148
Total non-current liabilities	26,769	27,006
Total liabilities	86,222	85,834

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	10,039	10,039
Capital surplus	9,773	9,768
Retained earnings	81,265	82,216
Treasury shares	(315)	(287)
Total shareholders' equity	100,763	101,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,435	6,337
Foreign currency translation adjustment	592	5,160
Remeasurements of defined benefit plans	656	688
Total accumulated other comprehensive income	7,684	12,186
Non-controlling interests	2,039	2,406
Total net assets	110,487	116,330
Total liabilities and net assets	196,709	202,164

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	91,319	92,806
Cost of sales	71,387	76,205
Gross profit	19,932	16,601
Selling, general and administrative expenses	13,588	14,114
Operating profit	6,343	2,487
Non-operating income		
Interest income	64	99
Dividend income	322	380
Share of profit of entities accounted for using equity method	123	–
Foreign exchange gains	3	138
Other	512	500
Total non-operating income	1,027	1,119
Non-operating expenses		
Interest expenses	263	215
Share of loss of entities accounted for using equity method	–	22
Other	98	152
Total non-operating expenses	362	389
Ordinary profit	7,008	3,216
Extraordinary income		
Gain on sale of non-current assets	31	45
Gain on sale of investment securities	216	542
Other	3	–
Total extraordinary income	251	588
Extraordinary losses		
Loss on retirement of non-current assets	103	94
Loss on valuation of investment securities	–	10
Loss on COVID-19	–	115
Other	21	12
Total extraordinary losses	124	232
Profit before income taxes	7,135	3,573
Income taxes - current	1,745	421
Income taxes - deferred	(50)	639
Total income taxes	1,695	1,061
Profit	5,440	2,511
Profit attributable to non-controlling interests	153	79
Profit attributable to owners of parent	5,286	2,432

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	5,440	2,511
Other comprehensive income		
Valuation difference on available-for-sale securities	(969)	(98)
Foreign currency translation adjustment	1,546	4,729
Remeasurements of defined benefit plans, net of tax	200	31
Share of other comprehensive income of entities accounted for using equity method	91	196
Total other comprehensive income	868	4,860
Comprehensive income	6,308	7,372
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,035	6,935
Comprehensive income attributable to non-controlling interests	273	436