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May 15, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [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 29, 2023

Scheduled date to commence dividend payments: June 30, 2023

Scheduled date to submit the Annual Securities Report: June 29, 2023

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, 2023 (From April 1, 2022 to March 31, 2023)

(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, 2023	122,005	0.1	2,635	(64.6)	3,373	(59.4)	2,007	(67.4)
Year ended March 31, 2022	121,933	–	7,446	51.3	8,315	48.1	6,166	(2.8)

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

Year ended March 31, 2022: ¥8,210 million [(10.4)%]

(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 results of operations reflect the application of the accounting standard, etc. Therefore, the rate of change in “Net sales” compared to the previous fiscal year is not stated.

	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, 2023	108.58	–	1.8	1.7	2.2
Year ended March 31, 2022	333.70	–	5.9	4.2	6.1

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

Year ended March 31, 2022: ¥181 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, 2023	192,765	114,301	58.1	6,060.11
As of March 31, 2022	196,709	110,487	55.1	5,868.51

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

As of March 31, 2022: ¥108,447 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, 2023	3,002	(2,195)	(3,836)	23,103
Year ended March 31, 2022	7,579	(6,643)	(11,424)	24,879

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, 2022	–	40.00	–	40.00	80.00	1,479	24.0	1.4
Year ended March 31, 2023	–	40.00	–	40.00	80.00	1,479	73.7	1.3
Year ending March 31, 2024 (Forecast)	–	40.00	–	40.00	80.00		34.4	

3. Earnings Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% 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	63,500	2.3	2,400	33.9	2,700	9.9	2,500	54.2	135.20
Full year	128,000	4.9	5,200	97.3	5,600	66.0	4,300	114.2	232.54

* Notes

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023 (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: 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, 2023	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 March 31, 2023	122,030 shares	As of March 31, 2022	133,494 shares
3) Average number of shares during the period:	Year ended March 31, 2023	18,488,205 shares	Year ended March 31, 2022	18,478,128 shares

(Reference) Summary of the Non-consolidated Financial Results

Overview of the Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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, 2023	97,726	(1.6)	(1,226)	–	1,886	(62.9)	1,892	(59.2)
Year ended March 31, 2022	99,277	–	1,873	51.2	5,085	70.1	4,637	66.3

(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 non-consolidated results of operations reflect the application of the accounting standard, etc. Therefore, the rate of change in “Net sales” compared to the previous fiscal year is not stated.

	Profit per share		Fully diluted profit per share	
	Yen		Yen	
Year ended March 31, 2023	102.35		–	
Year ended March 31, 2022	250.99		–	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2023	133,027		63,265		47.6		3,421.40	
As of March 31, 2022	137,171		63,039		46.0		3,411.33	

(Reference) Equity: As of March 31, 2023: ¥63,265 million
As of March 31, 2022: ¥63,039 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.
- The Company plans to hold an 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, June 8, 2023

Outline: Annual results briefing session for institutional investors and analysts

Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	26,346	24,756
Notes receivable - trade	10,570	10,859
Accounts receivable - trade	40,968	38,493
Merchandise and finished goods	18,926	20,740
Work in process	843	754
Raw materials and supplies	11,944	12,499
Other	1,823	2,219
Allowance for doubtful accounts	(80)	(79)
Total current assets	111,343	110,243
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,514	51,819
Accumulated depreciation	(29,061)	(30,367)
Buildings and structures, net	21,452	21,451
Machinery, equipment and vehicles	57,749	58,617
Accumulated depreciation	(45,154)	(47,406)
Machinery, equipment and vehicles, net	12,594	11,210
Tools, furniture and fixtures	11,662	12,173
Accumulated depreciation	(9,583)	(10,067)
Tools, furniture and fixtures, net	2,079	2,105
Land	14,013	13,871
Leased assets	1,095	1,053
Accumulated depreciation	(700)	(670)
Leased assets, net	395	382
Construction in progress	1,812	752
Total property, plant and equipment	52,348	49,774
Intangible assets		
Other	1,911	1,394
Total intangible assets	1,911	1,394
Investments and other assets		
Investment securities	18,568	18,018
Investments in capital	486	283
Deferred tax assets	359	366
Retirement benefit asset	9,414	10,492
Other	2,298	2,207
Allowance for doubtful accounts	(21)	(15)
Total investments and other assets	31,106	31,353
Total non-current assets	85,366	82,522
Total assets	196,709	192,765

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,939	28,771
Short-term borrowings	11,460	12,431
Current portion of long-term borrowings	6,918	5,502
Lease liabilities	192	236
Income taxes payable	1,495	548
Provision for bonuses	2,047	1,661
Provision for loss on liquidation of subsidiaries and associates	8	-
Provision for environmental measures	31	13
Other	5,359	4,375
Total current liabilities	59,452	53,539
Non-current liabilities		
Long-term borrowings	13,882	12,507
Lease liabilities	461	321
Deferred tax liabilities	630	963
Provision for environmental measures	2,981	2,967
Retirement benefit liability	8,281	7,619
Other	532	544
Total non-current liabilities	26,769	24,924
Total liabilities	86,222	78,464
Net assets		
Shareholders' equity		
Share capital	10,039	10,039
Capital surplus	9,773	9,768
Retained earnings	81,265	81,791
Treasury shares	(315)	(287)
Total shareholders' equity	100,763	101,312
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,435	6,113
Foreign currency translation adjustment	592	3,201
Remeasurements of defined benefit plans	656	1,431
Total accumulated other comprehensive income	7,684	10,745
Non-controlling interests	2,039	2,243
Total net assets	110,487	114,301
Total liabilities and net assets	196,709	192,765

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	121,933	122,005
Cost of sales	96,271	100,697
Gross profit	25,661	21,307
Selling, general and administrative expenses		
Transportation costs	3,548	3,479
Provision of allowance for doubtful accounts	8	4
Salaries and allowances	5,443	5,558
Provision for bonuses	765	658
Retirement benefit expenses	463	328
Other	7,985	8,641
Total selling, general and administrative expenses	18,214	18,671
Operating profit	7,446	2,635
Non-operating income		
Interest income	88	147
Dividend income	371	445
Share of profit of entities accounted for using equity method	181	-
Dividend income of insurance	132	152
Other	614	511
Total non-operating income	1,388	1,257
Non-operating expenses		
Interest expenses	339	290
Share of loss of entities accounted for using equity method	-	27
Rental expenses on non-current assets	77	55
Other	102	145
Total non-operating expenses	520	519
Ordinary profit	8,315	3,373
Extraordinary income		
Gain on sale of non-current assets	38	46
Gain on sale of investment securities	378	1,629
Subsidy income	-	113
Other	7	1
Total extraordinary income	424	1,790
Extraordinary losses		
Impairment losses	8	1,748
Loss on retirement of non-current assets	143	154
Loss on COVID-19	-	115
Other	19	158
Total extraordinary losses	170	2,177
Profit before income taxes	8,569	2,986
Income taxes - current	2,483	819
Income taxes - deferred	(270)	91
Total income taxes	2,212	910
Profit	6,356	2,076
Profit attributable to non-controlling interests	190	68
Profit attributable to owners of parent	6,166	2,007

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	6,356	2,076
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,596)	(315)
Foreign currency translation adjustment	2,486	2,610
Remeasurements of defined benefit plans, net of tax	806	774
Share of other comprehensive income of entities accounted for using equity method	157	197
Total other comprehensive income	1,853	3,266
Comprehensive income	8,210	5,343
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,826	5,069
Comprehensive income attributable to non-controlling interests	383	274

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,039	9,772	76,392	(330)	95,875
Changes during period					
Dividends of surplus			(1,293)		(1,293)
Profit attributable to owners of parent			6,166		6,166
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		16	16
Net changes in items other than shareholders' equity					
Total changes during period	–	0	4,872	15	4,888
Balance at end of period	10,039	9,773	81,265	(315)	100,763

	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	8,046	(1,875)	(147)	6,023	1,761	103,660
Changes during period						
Dividends of surplus						(1,293)
Profit attributable to owners of parent						6,166
Purchase of treasury shares						(0)
Disposal of treasury shares						16
Net changes in items other than shareholders' equity	(1,610)	2,467	803	1,660	278	1,938
Total changes during period	(1,610)	2,467	803	1,660	278	6,826
Balance at end of period	6,435	592	656	7,684	2,039	110,487

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,569	2,986
Depreciation	5,276	5,592
Impairment losses	8	1,748
Share-based payment expenses	12	19
Increase (decrease) in provision for bonuses	254	(391)
Increase (decrease) in allowance for doubtful accounts	11	(11)
Increase (decrease) in provision for environmental measures	(114)	(31)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(24)	(8)
Increase (decrease) in retirement benefit liability	(157)	(659)
Interest and dividend income	(459)	(593)
Interest expenses	339	290
Foreign exchange losses (gains)	53	63
Share of loss (profit) of entities accounted for using equity method	(181)	27
Dividends received from entities accounted for using equity method	67	90
Loss (gain) on sale of investment securities	(374)	(1,603)
Loss (gain) on sale of property, plant and equipment	(29)	(44)
Loss on retirement of property, plant and equipment	143	154
Decrease (increase) in trade receivables	(3,056)	3,022
Decrease (increase) in inventories	(5,135)	(1,314)
Increase (decrease) in trade payables	4,701	(4,171)
Other, net	(46)	37
Subtotal	9,856	5,205
Interest and dividends received	459	592
Interest paid	(345)	(301)
Income taxes paid	(2,390)	(2,494)
Net cash provided by (used in) operating activities	7,579	3,002
Cash flows from investing activities		
Payments into time deposits	(1,467)	(1,652)
Proceeds from withdrawal of time deposits	2,212	1,467
Purchase of property, plant and equipment	(7,606)	(5,109)
Proceeds from sale of property, plant and equipment	44	933
Purchase of intangible assets	(225)	(135)
Purchase of investment securities	(42)	(29)
Proceeds from sale of investment securities	520	2,007
Loan advances	(6)	(19)
Proceeds from collection of loans receivable	8	15
Other, net	(79)	327
Net cash provided by (used in) investing activities	(6,643)	(2,195)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	2,444	2,543
Repayments of short-term borrowings	(3,751)	(1,813)
Proceeds from long-term borrowings	-	4,500
Repayments of long-term borrowings	(8,451)	(7,315)
Repayments of lease liabilities	(267)	(201)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,293)	(1,478)
Dividends paid to non-controlling interests	(105)	(70)
Net cash provided by (used in) financing activities	(11,424)	(3,836)
Effect of exchange rate change on cash and cash equivalents	929	1,254
Net increase (decrease) in cash and cash equivalents	(9,559)	(1,775)
Cash and cash equivalents at beginning of period	34,438	24,879
Cash and cash equivalents at end of period	24,879	23,103