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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

May 10, 2023

Company name: NIHON TOKUSHU TORYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4619

URL: <https://www.nttoryo.co.jp>

Representative: Hiroshi Onda, President, COO

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Scheduled date of ordinary general shareholders meeting: June 22, 2023

Scheduled date of commencing dividend payments: June 23, 2023

Scheduled date of filing annual securities report: June 22, 2023

Availability of supplementary explanatory materials on annual financial results: No

Schedule of annual financial results briefing session: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	60,738	10.9	1,631	10.0	3,141	19.7	2,103	61.7
March 31, 2022	54,779	14.1	1,482	72.6	2,625	9.2	1,300	(0.1)

Note: Comprehensive income Fiscal year ended March 31, 2023: ¥3,762 million [4.1%]

Fiscal year ended March 31, 2022: ¥3,614 million [6.4%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	96.77	–	4.6	3.9	2.7
March 31, 2022	59.90	–	3.0	3.4	2.7

Reference: Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2023: ¥983 million

Fiscal year ended March 31, 2022: ¥369 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	82,033	52,211	56.3	2,125.01
As of March 31, 2022	79,792	49,725	55.5	2,038.07

Reference: Equity As of March 31, 2023: ¥46,193 million

As of March 31, 2022: ¥44,266 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	6,198	(1,588)	(2,818)	10,853
March 31, 2022	5,019	(1,266)	(1,699)	8,931

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	–	18.00	–	22.00	40.00	872	66.8	2.0
March 31, 2023	–	20.00	–	22.00	42.00	917	43.4	2.0
March 31, 2024 (forecast)	–	21.00	–	23.00	44.00		43.5	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	30,300	8.5	600	–	1,300	33.7	850	150.4	39.10
Full year	62,500	2.9	2,000	22.6	3,450	9.8	2,200	4.6	101.17

* Notes:

(1) Changes in significant subsidiaries during the period under review: No

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: – (Company name: –)

Excluded: – (Company name: –)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

March 31, 2023:	23,611,200 shares
March 31, 2022:	23,611,200 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023:	1,873,135 shares
March 31, 2022:	1,891,100 shares

3) Average number of shares during the period:

Year ended March 31, 2023:	21,731,534 shares
Year ended March 31, 2022:	21,714,840 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	43,073	12.7	(405)	—	1,979	12.5	2,238	30.1
March 31, 2022	38,217	3.8	(481)	—	1,759	32.4	1,720	25.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	102.57	—
March 31, 2022	78.89	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	56,274	32,996	58.6	1,511.21
March 31, 2022	55,642	32,373	58.2	1,484.15

(Reference) Equity: As of March 31, 2023: ¥32,996 million

As of March 31, 2022: ¥32,373 million

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements in this document, including the financial results forecast, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and the Company does not promise that it will achieve such results. Actual results may differ significantly due to various factors. Please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 3 of the attached materials for the assumptions used in forecasting financial results and precautionary statements regarding the use of financial results forecasts.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year ended March 31, 2023 (the “fiscal year under review”), the Japanese economy showed signs of the normalization of economic activities due to the progress in measures to prevent the spread of COVID-19. However, the outlook for the economy remained uncertain primarily due to soaring prices of raw materials and energy caused by the lingering situation in Ukraine, concerns about economic slowdown resulting from global monetary tightening, and rapid foreign exchange fluctuations.

Under these circumstances, NIHON TOKUSHU TORYO CO., LTD. (the “Company”) and its subsidiaries (collectively, the “Group”) have been striving to enhance its corporate value by focusing on strengthening its revenue base, developing new technologies and products, and promoting sustainability management, as set forth in the basic strategies of the new medium-term management plan, while taking thorough measures to prevent the spread of COVID-19.

As a result, in the fiscal year under review, net sales totaled 60,738 million yen (up 10.9% year on year), a steady increase from the previous year.

On the profit front, operating profit was 1,631 million yen (up 10.0% year on year) due to the recovery in net sales, despite the impact of soaring prices of raw materials and energy and other factors. Ordinary profit totaled 3,141 million yen (up 19.7% year on year) due to the impact of share of profit of entities accounted for using equity method and foreign exchange fluctuations, and profit attributable to owners of parent totaled 2,103 million yen (up 61.7% year on year).

Performance by reportable segment is as follows (sales for each segment exclude inter-segment net sales).

Paints & coatings-related business

With domestic demand on the road to recovery, sales of paints for buildings and structures, especially waterproofing materials and floor coatings, our main product line, remained steady. In addition, construction-related sales, such as large-scale renovation work for condominiums, increased by 6.1% year on year, continuing business expansion. Accordingly, net sales for the paints & coatings-related segment totaled 20,565 million yen (up 6.3% year on year).

On the profit front, the Company has been reviewing sales prices for certain products such as paints for buildings and structures while continuously making multifaceted efforts to lower cost prices, but the impact of soaring prices of raw materials and energy exceeded these efforts. Accordingly, segment loss totaled 113 million yen (segment profit of 373 million yen in the previous fiscal year).

Automotive products-related business

Sales for this segment increased mainly in sound-absorbing, sound-insulation materials, and paints such as anti-corrosive paints due to certain recovery of automobile production volume at the Company’s major customers, despite remaining impacts such as global shortage of semiconductors and supply chain stagnation. Accordingly, net sales for the automotive products-related segment totaled 40,157 million yen (up 13.4% year on year).

On the profit front, this segment was also impacted by soaring prices of raw materials and energy and other factors, but backed by a recovery in net sales, segment profit totaled 1,737 million yen (up 57.8% year on year).

Other business

Net sales of the insurance agency business totaled 15 million yen (down 0.4% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets

The Company's total assets as of the end of the fiscal year under review increased by 2,241 million yen year on year to 82,033 million yen. This was primarily due to increases in cash and deposits of 1,922 million yen and accounts receivable - trade of 1,318 million yen and a decrease in long-term loans receivable of 1,348 million yen.

Liabilities

Total liabilities decreased by 244 million yen year on year to 29,822 million yen. This was primarily due to an increase in notes and accounts payable - trade of 1,232 million yen and a decrease in borrowings of 1,466 million yen.

Net assets

Net assets increased by 2,486 million yen year on year to 52,211 million yen. This was primarily due to an increase in retained earnings of 1,186 million yen, a decrease in valuation difference on available-for-sale securities of 716 million yen, and an increase in foreign currency translation adjustment of 1,477 million yen. The equity ratio increased by 0.8% to 56.3%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review increased by 1,922 million yen to 10,853 million yen.

Funds from operating activities resulted in an inflow of 6,198 million yen (up 1,178 million yen year on year). This was primarily due to the recording of profit before income taxes of 3,694 million yen, an increase in trade receivables of 1,619 million yen, an increase in trade payables of 1,747 million yen, interest and dividends received of 1,504 million yen, and income taxes paid of 1,118 million yen.

Funds from investing activities resulted in an outflow of 1,588 million yen (down 322 million yen year on year). This was primarily due to purchase of property, plant and equipment and intangible assets of 2,286 million yen and proceeds from sale of investment securities of 574 million yen.

Funds from financing activities resulted in an outflow of 2,818 million yen (down 1,119 million yen year on year). This was primarily due to repayments of long-term borrowings of 1,456 million yen and dividends paid of 912 million yen.

(4) Future Outlook

With regard to the outlook for the future, while there are expectations for the normalization of social and economic activities and a self-sustaining recovery of the economy amid the limited impact of COVID-19, the outlook will remain uncertain due to sustained high prices of raw materials and energy caused by the situation in Ukraine, etc. and concerns about economic slowdown resulting from monetary tightening.

With such circumstances continuing, the Company's paints & coatings-related business will increase its earning power by promoting the development and sales expansions of high-value-added products while continuously focusing on reviewing sales prices of paints for buildings and structures, etc. and lowering cost prices.

In the automotive products-related business, although the future outlook remains uncertain, as a recovery trend for automobile production is expected to continue mainly in the Japanese market, the Company will strengthen its capability to address cost-increasing factors such as soaring costs of raw materials and energy, and strive to strengthen and stabilize the supply chain to enhance productivity and profitability.

In addition, in recent years, there has been a strong demand in both businesses to place greater emphasis on sustainable growth, including addressing environmental challenges to become carbon neutral.

In view of this business environment, based on the basic strategies set forth in the new medium-term management plan, the Group will strive to build a stable revenue base that can withstand changes in the external environment and establish an efficient business structure that can respond appropriately to changes.

In addition, the Company will further enhance the management foundation for sustainable growth by promoting sustainability management focusing on "sustainability," including strengthening the development of new technologies and new products focusing on functionality, weight reduction, and environmental responsiveness, which are the Company's strengths.

The Company's performance forecasts for the fiscal year ending March 31, 2024 estimate that net sales will reach 62,500 million yen (up 2.9% year on year) based on demand forecasts for each business segment. On the profit front, the Company takes into account developments in prices of raw materials and energy, foreign exchange trends, and progress of various initiatives designed to improve profitability and productivity, and currently forecasts operating profit of 2,000 million yen (up 22.6% year on year), ordinary profit of 3,450 million yen (up 9.8% year on year), and profit attributable to owners of parent of 2,200 million yen (up 4.6% year on year).

The outlook for business performance by reportable segment is as follows.

(Million yen)

	Net sales		Segment profit	
		YoY change		YoY change
Paints & coatings-related business	18,300	(11.0)%	250	–
Automotive products-related business	44,200	10.1%	1,750	0.7%

With respect to the revision of market classification on Tokyo Stock Exchange, Inc. in April 2022, the Company has chosen to list its shares on the Prime Market. As of the transition reference date (June 30, 2021), the Company did not meet the criteria for “tradable shares market capitalization” on the Prime Market, so the Company has set the period through the fiscal year ending March 31, 2025 as the planning period, and is promoting various efforts to improve market capitalization and the ratio of tradable shares.

The Company will focus on achieving the goals of the medium-term management plan, which ends in the fiscal year ending March 31, 2025, and will continuously strive to enhance the Company's corporate value sustainably.

(5) Basic Policy on Profit Allocation and Dividends for the Current and Following Fiscal Years

We pursue the substantial return of profit to our shareholders by strengthening profitability and maintaining a sound financial condition focused on cash flow, which has been positioned as an important management task of the Company.

On the other hand, the management environment surrounding the business of the Group is experiencing further intensifying development competition for catering to the needs of customers and the age amid rapidly advancing worldwide technological innovation including information and telecommunications technology. The Group is also required to address various and complicated issues such as carbon neutrality and human rights.

Under such environment, in order to maintain competitiveness and improve profitability in the future, we must continue to develop high-value-added technology and products through aggressive R&D investments, invest in tangible and intangible assets for enhancing productivity in consideration of their environmental impacts, etc., and furthermore, invest in human resources who will underpin the Group's sustainable growth.

Accordingly, based on the medium- to long-term management plan, with a focus placed on maintaining stable dividends and increasing internal funds for strategic investment described above, the distribution of profits is decided in comprehensive consideration of factors such as financial condition, profit levels, and the payout ratio as the Company's basic policy.

Based on the above policy, we plan to pay a year-end dividend of 22 yen per share for the fiscal year under review. As a result, the annual dividend per share, including an interim dividend of 20 yen, will be 42 yen per share.

For the fiscal year ending March 31, 2024, we expect to pay an annual dividend of 44 yen per share, including an interim dividend of 21 yen per share and a year-end dividend of 23 yen.

2. Basic Policy on Selection of Accounting Standards

The Group intends to prepare consolidated financial statements based on Japanese accounting standards for the time being to facilitate comparability between periods and with other companies. However, going forward, the Company will consider applying international accounting standards depending on various circumstances inside and outside Japan.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	8,948	10,870
Notes receivable - trade	792	694
Electronically recorded monetary claims - operating	2,987	3,362
Accounts receivable - trade	10,662	11,980
Contract assets	2,347	2,456
Merchandise and finished goods	1,824	1,670
Work in process	1,409	888
Raw materials and supplies	1,431	1,583
Income taxes refund receivable	-	37
Other	1,456	2,470
Allowance for doubtful accounts	(3)	(2)
Total current assets	31,857	36,013
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,028	10,234
Machinery, equipment and vehicles, net	8,481	7,732
Land	4,703	4,679
Construction in progress	483	466
Other, net	1,374	1,187
Total property, plant and equipment	25,071	24,299
Intangible assets		
Other	1,265	1,247
Total intangible assets	1,265	1,247
Investments and other assets		
Investment securities	18,255	18,423
Long-term loans receivable	1,504	156
Deferred tax assets	99	88
Other	1,793	1,863
Allowance for doubtful accounts	(55)	(57)
Total investments and other assets	21,597	20,473
Total non-current assets	47,934	46,020
Total assets	79,792	82,033

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,649	9,882
Electronically recorded obligations - operating	3,376	3,921
Short-term borrowings	5,617	5,314
Lease liabilities	6	7
Income taxes payable	601	469
Provision for bonuses for directors (and other officers)	72	75
Other	3,949	3,924
Total current liabilities	22,273	23,595
Non-current liabilities		
Long-term borrowings	3,209	2,045
Lease liabilities	17	17
Retirement benefit liability	3,313	3,213
Deferred tax liabilities	1,147	842
Other	105	107
Total non-current liabilities	7,792	6,226
Total liabilities	30,066	29,822
Net assets		
Shareholders' equity		
Share capital	4,753	4,753
Capital surplus	4,194	4,207
Retained earnings	30,547	31,734
Treasury shares	(1,112)	(1,102)
Total shareholders' equity	38,383	39,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,989	4,273
Foreign currency translation adjustment	702	2,180
Remeasurements of defined benefit plans	191	147
Total accumulated other comprehensive income	5,883	6,601
Non-controlling interests	5,458	6,017
Total net assets	49,725	52,211
Total liabilities and net assets	79,792	82,033

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

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	54,779	60,738
Cost of sales	44,298	49,652
Gross profit	10,480	11,085
Selling, general and administrative expenses	8,998	9,454
Operating profit	1,482	1,631
Non-operating income		
Interest income	88	101
Dividend income	206	220
Foreign exchange gains	285	103
Rental income from real estate	53	52
Share of profit of entities accounted for using equity method	369	983
Other	218	156
Total non-operating income	1,222	1,618
Non-operating expenses		
Interest expenses	56	64
Other	23	43
Total non-operating expenses	79	108
Ordinary profit	2,625	3,141
Extraordinary income		
Gain on sale of non-current assets	294	68
Insurance claim income	14	–
Gain on sale of investment securities	239	529
Compensation income	–	44
Total extraordinary income	547	642
Extraordinary losses		
Loss on disposal of non-current assets	98	88
Total extraordinary losses	98	88
Profit before income taxes	3,074	3,694
Income taxes - current	1,133	953
Income taxes - deferred	(45)	41
Income taxes - refund	–	(128)
Total income taxes	1,088	866
Profit	1,986	2,828
Profit attributable to non-controlling interests	685	725
Profit attributable to owners of parent	1,300	2,103

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,986	2,828
Other comprehensive income		
Valuation difference on available-for-sale securities	(159)	(725)
Foreign currency translation adjustment	849	459
Remeasurements of defined benefit plans, net of tax	22	(42)
Share of other comprehensive income of entities accounted for using equity method	915	1,242
Total other comprehensive income	1,627	933
Comprehensive income	3,614	3,762
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,506	2,820
Comprehensive income attributable to non-controlling interests	1,107	941

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

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,753	4,190	30,064	(1,119)	37,888
Cumulative effects of changes in accounting policies			32		32
Restated balance	4,753	4,190	30,097	(1,119)	37,921
Changes during period					
Dividends of surplus			(850)		(850)
Profit attributable to owners of parent			1,300		1,300
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		3		10	14
Net changes in items other than shareholders' equity					-
Total changes during period	-	3	450	7	461
Balance at end of period	4,753	4,194	30,547	(1,112)	38,383

	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	5,149	(636)	165	4,677	4,588	47,154
Cumulative effects of changes in accounting policies						32
Restated balance	5,149	(636)	165	4,677	4,588	47,186
Changes during period						
Dividends of surplus				-		(850)
Profit attributable to owners of parent				-		1,300
Purchase of treasury shares				-		(2)
Disposal of treasury shares				-		14
Net changes in items other than shareholders' equity	(160)	1,339	26	1,206	870	2,076
Total changes during period	(160)	1,339	26	1,206	870	2,538
Balance at end of period	4,989	702	191	5,883	5,458	49,725

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,753	4,194	30,547	(1,112)	38,383
Cumulative effects of changes in accounting policies					–
Restated balance	4,753	4,194	30,547	(1,112)	38,383
Changes during period					
Dividends of surplus			(916)		(916)
Profit attributable to owners of parent			2,103		2,103
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		12		12	25
Net changes in items other than shareholders' equity					–
Total changes during period	–	12	1,186	9	1,209
Balance at end of period	4,753	4,207	31,734	(1,102)	39,592

	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	4,989	702	191	5,883	5,458	49,725
Cumulative effects of changes in accounting policies						–
Restated balance	4,989	702	191	5,883	5,458	49,725
Changes during period						
Dividends of surplus				–		(916)
Profit attributable to owners of parent				–		2,103
Purchase of treasury shares				–		(2)
Disposal of treasury shares				–		25
Net changes in items other than shareholders' equity	(716)	1,477	(43)	717	559	1,277
Total changes during period	(716)	1,477	(43)	717	559	2,486
Balance at end of period	4,273	2,180	147	6,601	6,017	52,211

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,074	3,694
Depreciation	3,198	3,179
Increase (decrease) in retirement benefit liability	(166)	(162)
Increase (decrease) in allowance for doubtful accounts	4	0
Interest and dividend income	(294)	(322)
Interest expenses	56	64
Share of loss (profit) of entities accounted for using equity method	(369)	(983)
Loss (gain) on sale of non-current assets	(293)	(67)
Loss (gain) on disposal of non-current assets	97	87
Loss (gain) on sale of investment securities	(239)	(529)
Insurance claim income	(14)	–
Decrease (increase) in trade receivables	(1,505)	(1,619)
Decrease (increase) in inventories	(615)	551
Increase (decrease) in trade payables	1,296	1,747
Other, net	35	106
Subtotal	4,265	5,748
Interest and dividends received	1,426	1,504
Interest paid	(54)	(64)
Proceeds from insurance income	14	–
Income taxes paid	(800)	(1,118)
Income taxes refund	168	128
Net cash provided by (used in) operating activities	5,019	6,198
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,240)	(2,286)
Proceeds from sale of property, plant and equipment and intangible assets	311	93
Purchase of investment securities	(9)	(10)
Proceeds from sale of investment securities	533	574
Loan advances	(5)	(7)
Proceeds from collection of loans receivable	43	29
Other, net	100	18
Net cash provided by (used in) investing activities	(1,266)	(1,588)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	29	(11)
Proceeds from long-term borrowings	1,000	–
Repayments of long-term borrowings	(1,552)	(1,456)
Purchase of treasury shares	(0)	–
Dividends paid	(847)	(912)
Dividends paid to non-controlling interests	(325)	(435)
Other, net	(2)	(2)
Net cash provided by (used in) financing activities	(1,699)	(2,818)
Effect of exchange rate change on cash and cash equivalents	358	130
Net increase (decrease) in cash and cash equivalents	2,412	1,922
Cash and cash equivalents at beginning of period	6,518	8,931
Cash and cash equivalents at end of period	8,931	10,853

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which segregated financial information is available, and are subject to regular review by the Board of Directors to determine how to allocate management resources and evaluate performance.

The Company has established the Paints & Coatings Group and the Automotive Products Group at its head office, and formulates comprehensive domestic and overseas strategies for the products and services it handles with the two groups operating business activities in cooperation with subsidiaries and affiliates in their respective business domains.

As such, the Company comprises individual product and service segments based on each group, and has two reportable segments, the paints & coatings-related business and the automotive products-related business.

The paints & coatings-related business covers primarily the manufacture and sale of paints and coatings, as well as contract construction work. The automotive products-related business focuses largely on the manufacture and sales of automotive parts, such as soundproofing materials and anti-corrosive coatings for automobiles.

2. Method for calculating the monetary totals for net sales, profit or loss, assets or liabilities, and other items by reportable segment

The accounting method used for reportable business segments is generally the same as those used in the preparation of the consolidated financial statements.

Segment profit is based on operating profit. Inter-segment net sales and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets or liabilities and other items by reportable segment
Fiscal year ended March 31, 2022

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidation (Note 3)
	Paints & coatings-related	Automotive products-related	Total				
Net sales							
Net sales to outside customers	19,351	35,412	54,763	15	54,779	–	54,779
Inter-segment net sales or transfers	3	–	3	–	3	(3)	–
Total	19,355	35,412	54,767	15	54,782	(3)	54,779
Segment profit	373	1,100	1,474	7	1,482	–	1,482
Segment assets	12,713	50,836	63,550	61	63,611	16,180	79,792
Other items							
Depreciation	272	2,923	3,196	–	3,196	–	3,196
Share of profit of entities accounted for using equity method	57	312	369	–	369	–	369
Investment in entities accounted for using equity method	318	9,783	10,101	–	10,101	–	10,101
Increase in property, plant and equipment and intangible assets	473	1,811	2,284	–	2,284	16	2,301

- Notes:
1. “Other” represents businesses not included in reportable segments, namely, the insurance agency business.
 2. “Adjustment” consists of the following.
Adjustment of segment assets of 16,180 million yen and the increase in property, plant and equipment and intangible assets of 16 million yen comprise company-wide assets not allocated to individual reportable segments. Company-wide assets consist mainly of the Company’s surplus funds (cash and cash equivalents, etc.), funds for longer-term investments and loans (investment securities, etc.) and assets relating to the Company’s management departments.
 3. Segment profit is adjusted with operating profit on the consolidated statements of income.

Fiscal year ended March 31, 2023

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidation (Note 3)
	Paints & coatings-related	Automotive products-related	Total				
Net sales							
Net sales to outside customers	20,565	40,157	60,723	15	60,738	–	60,738
Inter-segment net sales or transfers	3	–	3	–	3	(3)	–
Total	20,569	40,157	60,726	15	60,741	(3)	60,738
Segment profit (loss)	(113)	1,737	1,623	7	1,631	–	1,631
Segment assets	13,176	52,568	65,744	74	65,819	16,214	82,033
Other items							
Depreciation	260	2,916	3,176	–	3,176	–	3,176
Share of profit of entities accounted for using equity method	36	947	983	–	983	–	983
Investment in entities accounted for using equity method	353	11,066	11,419	–	11,419	–	11,419
Increase in property, plant and equipment and intangible assets	126	2,067	2,193	–	2,193	23	2,217

- Notes:
1. “Other” represents businesses not included in reportable segments, namely, the insurance agency business.
 2. “Adjustment” consists of the following.
Adjustment of segment assets of 16,214 million yen and the increase in property, plant and equipment and intangible assets of 23 million yen comprise company-wide assets not allocated to individual reportable segments. Company-wide assets consist mainly of the Company’s surplus funds (cash and cash equivalents, etc.), funds for longer-term investments and loans (investment securities, etc.) and assets relating to the Company’s management departments.
 3. Segment profit (loss) is adjusted with operating profit on the consolidated statements of income.

(Per share information)

Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Net assets per share (Yen)	2,038.07	Net assets per share (Yen)	2,125.01
Basic earnings per share (Yen)	59.90	Basic earnings per share (Yen)	96.77
Diluted earnings per share is not presented because there were no potential shares.		Diluted earnings per share is not presented because there were no potential shares.	

Note: Basis of calculation

1. The basis for calculating net assets per share is as follows.

	As of March 31, 2022	As of March 31, 2023
Total of net assets section (Million yen)	49,725	52,211
Amount deducted from the total of net assets (Million yen)	5,458	6,017
[of which, share acquisition rights]	—	—
[of which, amount attributable to non-controlling shareholders]	[5,458]	[6,017]
Net assets pertaining to common shares (Million yen)	44,266	46,193
Number of common shares used to calculate net assets per share (Thousand shares)	21,720	21,738

2. The basis for calculating earnings per share is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic earnings per share (Yen)		
Profit attributable to owners of parent (Million yen)	1,300	2,103
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	1,300	2,103
Average number of common shares during the period (Thousand shares)	21,714	21,731
Diluted earnings per share (Yen)	—	—

(Significant subsequent events)

Not applicable.