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



May 15, 2023

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

(Note) For details, please refer to “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements” on page 13 of this report.

(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. 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 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

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1. Overview of Business Results, etc.

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

For the fiscal year ended March 31, 2023, while economic activity increased due to the easing of restrictions on activities due to the novel coronavirus disease (COVID-19), the outlook for the global economy remained uncertain due to the prolongation of Russia's invasion of Ukraine leading to sustained high prices for raw materials and the progression of inflation.

In this environment, the Group implemented measures such as "Secure a competitive advantage through leading technology," "Promote ESG-focused management that aims to realize a sustainable society," and "Reinforce our business base by expanding overseas business" in accordance with the basic strategies of the medium-term management plan, which was in its second year.

In the transportation industry, which is our main market, products for use in automobiles was weak due to automobile production adjustments, caused by shortages of parts such as semiconductors, as well as the impact of inventory corrections in the supply chain and other factors. In the information-electronics industry, products for use in LCD panels performed sluggishly due to a reactionary drop in demand from people staying at home during the COVID-19 pandemic. On the other hand, inks and colorants for the packaging materials industry saw solid demand as a result of a people moving around more actively. As a result, net sales stood at ¥122,005 million, up by 0.1% compared with the previous fiscal year, partly due to the revision of sales prices.

On the other hand, despite a revision of sales prices, due to a sustained high prices for raw materials, operating profit was ¥2,635 million, down by 64.6% compared with the same period of the previous fiscal year, while ordinary profit was ¥3,373 million, down by 59.4% compared with the same period of the previous fiscal year. Profit attributable to owners of parent was ¥2,007 million, down by 67.4% compared with the same period of the previous fiscal year. This was due to "impairment losses" on non-current assets recorded in extraordinary losses, which more than offset a "gain on sale of investment securities" recorded in extraordinary income resulting from the disposal of strategic shareholdings.

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.

Net sales of pigments and dispersion for the information-electronics industry were sluggish for display applications due to inventory adjustment of LCD panels and due to a decrease in demand from people staying at home, while sales for office equipment applications continued to recover. Net sales of compounds and colorants for the home appliance and OA equipment industry and the automobile industry were sluggish in Japan due to stagnant automobile production caused by the shortage of semiconductors, etc., but were strong overseas mainly in Southeast Asia areas and in India.

As a result, net sales in the segment stood at ¥67,208 million, down by 4.3% compared with the same period of the previous fiscal year, while operating profit was ¥2,005 million, down by 59.3% compared with the same period of the previous fiscal year.

(Polymers & Coating Materials)

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

Net sales of polyurethanes were weak overall due to inventory corrections at main customers in the automobile industry, clothing and accessories industry and other areas. Coating materials for the LCD displays in the information-electronics industry were weak as a result of a decrease in demand from people staying at home, and other factors.

As a result, net sales in the segment stood at ¥23,649 million, up by 0.2% compared with the same period of the previous fiscal year, while operating profit was ¥1,976 million, down by 40.2% 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 solid in Japan mainly for beverage label applications. Overseas, with COVID-19 having been brought under control, the Indonesian subsidiary recorded a significant increase in revenue. Sales of offset printing ink were weak due to a decrease in demand.

As a result, net sales in the segment stood at ¥31,071 million, up by 10.9% compared with the same period of the previous fiscal year, and operating loss was ¥1,362 million (compared with operating loss of ¥825 million for the same period of the previous fiscal year) due to raw material prices remaining high and recording relocation expenses for new plants.

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

(Assets)

Total assets as of March 31, 2023 decreased by ¥3,943 million compared with the end of the previous fiscal year to ¥192,765 million. This is mainly due to decreases in “accounts receivable - trade” and “cash and deposits.”

(Liabilities)

Total liabilities as of March 31, 2023 decreased by ¥7,758 million compared with the end of the previous fiscal year to ¥78,464 million. This is mainly due to decreases in “notes and accounts payable - trade” and “interest-bearing debt.”

(Net assets)

Net assets as of March 31, 2023 increased by ¥3,814 million compared with the end of the previous fiscal year to ¥114,301 million. This is mainly due to an increase in “foreign currency translation adjustment.”

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

Cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the current fiscal year decreased by ¥1,775 million compared with the end of the previous fiscal year to ¥23,103 million.

Net cash provided by (used in) respective activities during the fiscal year ended March 31, 2023 are as follows:

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

Net cash provided by operating activities decreased by 60.4% compared with the previous fiscal year to ¥3,002 million. This was mainly due a decrease in “trade payables” despite the posting of “depreciation” and “profit before income taxes.”

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

Net cash used in investing activities decreased by 67.0% compared with the previous fiscal year to ¥2,195 million. This was mainly due to expenditures as “purchase of property, plant and equipment.”

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

Net cash used in financing activities decreased by 66.4% compared with the previous fiscal year to ¥3,836 million. This was mainly due to expenditures as repayments of borrowings and dividends paid.

(4) Future Outlook

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

With regard to net sales, although close attention must be paid to the impact of production adjustments on the supply chains of the industries to which we sell product, we assume that a full-fledged recovery will begin in the second half of the fiscal year for automobiles, which is our main customer industry, and for LCD displays in the

information-electronics industry. Due to increases in the movement of people and a rise in inbound tourist demand, we expect sales to the packaging materials industry to be solid.

In terms of profit, although raw material prices are calmer than they were, we assume increases in utility expenses such as fuel and electricity. 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 ¥135, JPY/EUR ¥145>

<Assumed naphtha price: ¥72,000>

(% 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, 2023	63,500	2.3	2,400	33.9	2,700	9.9	2,500	54.2
Fiscal year ending March 31, 2024	128,000	4.9	5,200	97.3	5,600	66.0	4,300	114.2

(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 year-end dividend for the fiscal year ended March 31, 2023 will be ¥40.00 per share, and the annual dividend including interim dividend will be ¥80.00 per share.

In addition, the annual dividend for the fiscal year ending March 31, 2024 will be ¥80.00 per share, which includes the interim dividend of ¥40.00 per share and the year-end dividend of ¥40.00 per share.

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, 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

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Change in Accounting Policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023. Furthermore, in accordance with the transitional treatment prescribed in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has prospectively applied the new accounting policy provided in the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the consolidated financial statements.

(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 Segment	Main Products/Services
Color & Functional Products	Pigments, colorants for fabrics, colorants used in plastics, compounds, pigment dispersion and functional materials
Polymers & Coating Materials	UV and EB coating materials, polyurethanes 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, 2022

(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	70,232	23,603	28,016	121,852	80	121,933
(2) Intersegment net sales and transfer	122	406	–	528	(528)	–
Total	70,355	24,010	28,016	122,381	(448)	121,933
Segment profit [Operating profit] (loss)	4,929	3,307	(825)	7,412	34	7,446

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, 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.

4. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

Fiscal year ended March 31, 2022

(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	50,700	17,335	21,570	89,605	80	89,686
Asia (excluding Japan)	14,805	3,568	6,038	24,412	–	24,412
Other	4,727	2,700	407	7,834	–	7,834
Total	70,232	23,603	28,016	121,852	80	121,933
Revenue from contracts with customers	70,232	23,603	28,016	121,852	47	121,900
Other revenue	–	–	–	–	32	32
Net sales to external customers	70,232	23,603	28,016	121,852	80	121,933

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

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

Fiscal year ended March 31, 2022

(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	116,279	23,667	28,021	167,968	80	168,049
Amount of sales offset due to subcontract processing with charged receipt	(46,046)	(64)	(5)	(46,115)	–	(46,115)
Net sales to external customers	70,232	23,603	28,016	121,852	80	121,933

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

5. Information related to impairment losses on non-current assets or goodwill, etc. by the reportable segments

Fiscal year ended March 31, 2022

Descriptions are omitted, as the value is immaterial.

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

(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, 2022		Fiscal year ended March 31, 2023	
Net assets per share	¥5,868.51	Net assets per share	¥6,060.11
Profit per share	¥333.70	Profit per share	¥108.58

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, 2022	As of March 31, 2023
Total net assets	110,487	114,301
Amount deducted from the total net assets	2,039	2,243
(Non-controlling interests included in the above)	(2,039)	(2,243)
Amount of net assets related to common stock as of the end of the fiscal year	108,447	112,058
Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year	18,479 thousand shares	18,491 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, 2022	Fiscal year ended March 31, 2023
Profit attributable to owners of parent	6,166	2,007
Profit not attributable to common shareholders	—	—
Profit related to common stock attributable to owners of parent	6,166	2,007
Average number of shares of common stock outstanding during the fiscal year	18,478 thousand shares	18,488 thousand shares

(Significant Subsequent Events)

Not applicable.