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August 8, 2023

## Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: Dai Nippon Toryo Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4611  
 URL: <https://www.dnt.co.jp/english/>  
 Representative: Takayuki Sato, President  
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 Scheduled date to file quarterly securities report: August 9, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2023	17,814	4.2	1,201	71.0	1,362	47.8	910	53.1
June 30, 2022	17,094	2.6	702	(28.0)	922	(18.8)	594	1.0

Note: Comprehensive income For the three months ended June 30, 2023: ¥2,008 million [138.6%]  
 For the three months ended June 30, 2022: ¥841 million [36.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	32.02	31.83
June 30, 2022	20.98	20.80

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2023	93,868	55,907	56.7	1,871.15
March 31, 2023	92,805	55,210	56.1	1,829.75

Reference: Equity

As of June 30, 2023: ¥53,210 million  
 As of March 31, 2023: ¥52,033 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	0.00	–	25.00	25.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		0.00	–	30.00	30.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023 (Cumulative)	37,000	6.2	2,300	29.7	2,400	18.1	1,550	17.1	54.51
Fiscal year ending March 31, 2024	75,000	3.0	5,000	26.7	5,200	20.5	3,400	(1.7)	119.56

Note: Revisions to the consolidated earnings forecasts most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	29,710,678 shares
As of March 31, 2023	29,710,678 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2023	1,273,139 shares
As of March 31, 2023	1,273,139 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	28,437,539 shares
Three months ended June 30, 2022	28,332,737 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements in these materials are based on information currently available to the Company and on certain assumptions deemed reasonable, and the Company does not intend to guarantee their achievement. Furthermore, actual results, etc. may differ significantly due to various factors. Please refer to “1. Qualitative Information on Financial Results for the Quarter, (3) Explanation of forward-looking information such as consolidated earnings forecasts” on page 3 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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## 1. Qualitative Information on Financial Results for the Quarter

### (1) Explanation of operating results

In the first three months of the fiscal year ending March 31, 2024, the Japanese economy was on a gradual recovery trend due to factors such as the recovery of consumer spending and inbound spending because of the lifting of restrictions on movement. On the other hand, the outlook remained uncertain due to the impact of high raw material prices, rising energy prices, the prolonged situation in Ukraine and other factors.

As for the Group's business results, net sales were ¥17,814 million (a 4.2% year-on-year increase) thanks to a strong performance of the lighting business. On the profit side, despite the impact of the prolongation of high raw material prices, progress in price adjustments resulted in an operating profit of ¥1,201 million (a ¥498 million year-on-year increase), ordinary profit of ¥1,362 million (a ¥440 million year-on-year increase), and profit attributable to owners of parent of ¥910 million (a ¥315 million year-on-year increase).

The business results by segment were as follows.

#### [Domestic coatings business]

In the general-use sector, although market conditions were unable to reach full-scale recovery, net sales increased year on year due to the improvement of the product mix and price adjustments carried out in the previous fiscal year. In the industrial-use sector, although demand for coatings for building materials decreased significantly due to the decrease of the number of new housing constructions, net sales increased year on year due to the partial recovery in market conditions and price adjustments. Net sales in this segment were lower year on year due to net sales decreasing by approximately ¥0.8 billion because of the dissolution of the joint venture with the powder producing subsidiary that was implemented at the beginning of the fiscal year. However, operating profit increased year on year as the impact on profits was immaterial.

As a result, net sales were ¥12,701 million (a 0.8% year-on-year decrease), and operating profit was ¥586 million (a ¥243 million year-on-year increase).

#### [Overseas coatings business]

In Southeast Asia, demand remained sluggish in Thailand due to production adjustments at business partners, while demand for coatings for exterior building materials increased in Singapore and Malaysia, resulting in an increase of net sales. In Mexico, although demand increased due to the recovery of automobile production volume, net sales remained at the same level year on year in the local currency due to the impact of foreign currency translation for strong pesos. In China, net sales decreased due to demand decrease because of the impact of decreased production by Japanese automobile manufacturers. In this segment, net sales and operating profit were higher year on year due to the effect of foreign currency translation resulting from the yen's depreciation.

As a result, net sales were ¥2,127 million (a 15.3% year-on-year increase), and operating profit was ¥105 million (a ¥10 million year-on-year increase).

#### [Lighting business]

In the commercial LED lighting field, demand continued to increase from the previous fiscal year, primarily for commercial facilities and construction, against the backdrop of factors such as the recovery of inbound tourist traffic and redevelopment of the Tokyo metropolitan area. In the UV lamp field, demand for UV disinfection applications increased, primarily for semiconductor-related markets. Furthermore, net sales and operating profit increased year on year due to the progression of price adjustments.

As a result, net sales were ¥2,253 million (a 27.4% year-on-year increase), and operating profit was ¥423 million (a ¥254 million year-on-year increase).

#### **[Fluorescent color material business]**

Although demand for film products increased in the processed products segment, net sales in the pigments segment were lower year on year, primarily due to the stagnation of overseas market conditions. Operating profit was lower year on year due to the decrease of sales and increase of costs, such as electricity costs.

As a result, net sales were ¥280 million (a 3.2% year-on-year decrease), and operating profit was ¥7 million (a ¥10 million year-on-year decrease).

#### **[Other businesses]**

In the logistics business, transportation sales and storage sales fell year on year due to a decrease in the volume of cargo handled. In the painting business, net sales increased year on year as market conditions recovered gradually.

As a result, net sales were ¥451 million (a 18.3% year-on-year increase), and operating profit was ¥18 million (a ¥13 million year-on-year decrease).

### **(2) Explanation of financial position**

Total assets at the end of the first quarter of the fiscal year ending March 31, 2024, were ¥93,868 million, an increase of ¥1,063 million from the end of the previous fiscal year. Current assets decreased by ¥248 million to ¥38,355 million from the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts receivable - trade, and contract assets of ¥1,127 million, an increase in inventories of ¥382 million, and an increase in other of 386 million. Non-current assets totaled ¥55,513 million, an increase of ¥1,312 million from the end of the previous fiscal year, mainly due to a decrease in property, plant and equipment of ¥320 million, an increase in intangible assets of ¥131 million, and an increase in investments and other assets of ¥1,500 million.

Liabilities totaled ¥37,961 million, an increase of ¥366 million from the end of the previous fiscal year. Current liabilities totaled ¥28,178 million, a decrease of ¥61 million from the end of the previous fiscal year, mainly due to a decrease of ¥440 million in notes and accounts payable - trade, an increase in short-term borrowings of ¥1,000 million, a decrease in income taxes payable of ¥436 million, and a decrease in other of ¥112 million. Non-current liabilities were ¥9,782 million, an increase of ¥427 million from the end of the previous fiscal year, mainly due to a decrease in retirement benefit liability of ¥107 million and an increase in deferred tax liabilities of ¥628 million.

Net assets were ¥55,907 million, an increase of ¥697 million from the end of the previous fiscal year. The main reasons for this were an increase in retained earnings of ¥199 million, an increase in valuation difference on available-for-sale securities of ¥988 million, an increase in foreign currency translation adjustment of ¥205 million, a decrease in the remeasurements of defined benefit plans of ¥216 million, and a decrease in non-controlling interests of ¥480 million.

### **(3) Explanation of forward-looking information such as consolidated earnings forecasts**

The consolidated earnings forecasts for the first six months of the fiscal year ending March 31, 2024, and the full year are unchanged from the previously announced forecasts (May 11, 2023).

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,864	6,856
Notes and accounts receivable - trade, and contract assets	14,121	12,993
Electronically recorded monetary claims - operating	5,171	5,280
Merchandise and finished goods	5,934	6,271
Work in process	997	954
Raw materials and supplies	4,209	4,297
Other	1,324	1,710
Allowance for doubtful accounts	(19)	(10)
Total current assets	38,604	38,355
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,145	23,247
Accumulated depreciation	(15,148)	(15,339)
Buildings and structures, net	7,996	7,907
Machinery, equipment and vehicles	24,164	23,809
Accumulated depreciation	(20,374)	(20,157)
Machinery, equipment and vehicles, net	3,790	3,652
Land	11,400	11,406
Leased assets	1,598	1,598
Accumulated depreciation	(964)	(1,020)
Leased assets, net	634	577
Construction in progress	144	196
Other	7,403	7,377
Accumulated depreciation	(5,822)	(5,892)
Other, net	1,580	1,484
Total property, plant and equipment	25,545	25,225
Intangible assets		
Leased assets	74	63
Other	370	512
Total intangible assets	445	576
Investments and other assets		
Investment securities	7,728	9,136
Deferred tax assets	1,909	1,796
Retirement benefit asset	18,061	18,285
Other	532	516
Allowance for doubtful accounts	(23)	(24)
Total investments and other assets	28,210	29,710
Total non-current assets	54,200	55,513
Total assets	92,805	93,868

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,270	16,830
Short-term borrowings	4,300	5,300
Lease liabilities	505	504
Income taxes payable	721	284
Provision for bonuses for directors (and other officers)	55	–
Provision for product warranties	215	199
Other	5,172	5,060
Total current liabilities	28,240	28,178
Non-current liabilities		
Long-term borrowings	700	700
Lease liabilities	672	583
Deferred tax liabilities	5,726	6,354
Deferred tax liabilities for land revaluation	1,189	1,189
Retirement benefit liability	1,016	909
Other	49	44
Total non-current liabilities	9,354	9,782
Total liabilities	37,594	37,961
Net assets		
Shareholders' equity		
Share capital	8,827	8,827
Capital surplus	2,440	2,440
Retained earnings	32,307	32,506
Treasury shares	(1,462)	(1,462)
Total shareholders' equity	42,112	42,311
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,359	4,348
Revaluation reserve for land	1,717	1,717
Foreign currency translation adjustment	790	996
Remeasurements of defined benefit plans	4,053	3,836
Total accumulated other comprehensive income	9,921	10,899
Share acquisition rights	164	164
Non-controlling interests	3,012	2,532
Total net assets	55,210	55,907
Total liabilities and net assets	92,805	93,868



**(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income**  
**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	17,094	17,814
Cost of sales	12,261	12,342
Gross profit	4,833	5,471
Selling, general and administrative expenses	4,130	4,269
Operating profit	702	1,201
Non-operating income		
Interest income	3	7
Dividend income	103	124
Foreign exchange gains	82	28
Other	73	50
Total non-operating income	263	210
Non-operating expenses		
Interest expenses	17	22
Other	26	26
Total non-operating expenses	43	48
Ordinary profit	922	1,362
Extraordinary income		
Gain on sale of investment securities	–	173
Total extraordinary income	–	173
Extraordinary losses		
Loss on disposal of non-current assets	4	4
Impairment losses	71	–
Total extraordinary losses	75	4
Profit before income taxes	847	1,531
Income taxes - current	62	174
Income taxes - deferred	138	407
Total income taxes	200	582
Profit	646	949
Profit attributable to non-controlling interests	51	38
Profit attributable to owners of parent	594	910

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	646	949
Other comprehensive income		
Valuation difference on available-for-sale securities	(194)	988
Foreign currency translation adjustment	628	287
Remeasurements of defined benefit plans, net of tax	(238)	(216)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	195	1,059
Comprehensive income	841	2,008
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	628	1,888
Comprehensive income attributable to non-controlling interests	213	120

### (3) Notes on quarterly consolidated financial statements

#### (Notes on the premise of a going concern)

Not applicable.

#### (Note when there is a significant change in the amount of shareholders' equity)

Not applicable.

#### (Changes in important subsidiaries during the period)

During the first quarter of the fiscal year ending March 31, 2024, for Japan Powder Coatings Manufacturing Co., Ltd., which was established in January 2015 as a joint venture for the production of powder coatings between the Company and KUBOKO PAINT CO., Ltd., a consolidated subsidiary of Kansai Paint Co., Ltd., the joint venture was dissolved on April 1, 2023. Furthermore, Japan Powder Coatings Manufacturing Co., Ltd. became a wholly-owned subsidiary of the Company as the Company acquired all shares held by KUBOKO PAINT CO., Ltd. on April 27, 2023.

#### (Segment information, etc.)

[Segment information]

I First three months of the fiscal year ended March 31, 2023 (April 1, 2022 to June 30, 2022)

##### 1. Information on net sales and the amount of profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Total
Net sales					
Net sales to external customers	12,810	1,844	1,768	289	16,713
Intersegment internal net sales or transfers	266	–	7	23	297
Total	13,076	1,844	1,776	313	17,010
Segment profit	343	95	169	18	625

	Other <sup>1</sup>	Total	Amount of adjustment <sup>2</sup>	Quarterly consolidated income statement <sup>3</sup>
Net sales				
Net sales to external customers	381	17,094	–	17,094
Intersegment internal net sales or transfers	596	893	(893)	–
Total	977	17,988	(893)	17,094
Segment profit	32	658	44	702

(Notes) 1. “Other” refers to business segments not included in the reportable segments, such as the painting business and logistics business.

2. The adjustment of segment profit of ¥44 million refers to the elimination of intersegment transactions.

3. Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

##### 2. Information on impairment losses or goodwill, etc. of non-current assets for each reportable segment

(Significant impairment loss on non-current assets)

The amount of impairment losses on non-current assets for each segment during the period under review was ¥71 million for “Domestic coatings.”

In addition, there is no significant fluctuation in the amount of goodwill or recognition of significant gain on bargain purchase.

## II First three months of the fiscal year ending March 31, 2024 (April 1, 2023 to June 30, 2023)

### 1. Information on net sales and the amount of profit or loss by reportable segment

(Millions of yen)

	Reportable segments				
	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Total
Net sales					
Net sales to external customers	12,701	2,127	2,253	280	17,363
Intersegment internal net sales or transfers	280	–	16	24	321
Total	12,982	2,127	2,269	304	17,684
Segment profit	586	105	423	7	1,124

	Other <sup>1</sup>	Total	Amount of adjustment <sup>2</sup>	Quarterly consolidated income statement <sup>3</sup>
Net sales				
Net sales to external customers	451	17,814	–	17,814
Intersegment internal net sales or transfers	574	895	(895)	–
Total	1,025	18,710	(895)	17,814
Segment profit	18	1,142	58	1,201

- (Notes) 1. “Other” refers to business segments not included in the reportable segments, such as the painting business and logistics business.
2. The adjustment of segment profit of ¥58 million refers to the elimination of intersegment transactions.
3. Segment profit is adjusted to be consistent with operating profit shown on the quarterly consolidated statement of income.

### 2. Information on impairment losses or goodwill, etc. of non-current assets for each reportable segment

During the first three months of the fiscal year ending March 31, 2024, there was no recognition of significant impairment losses on non-current assets, no significant fluctuations in the amount of goodwill, and no recognition of significant gain on bargain purchase.

**(Significant subsequent events)**

Disposal of treasury shares as restricted stock compensation

At the Board of Directors meeting held on June 29, 2023, the Company resolved to dispose of its own treasury shares as restricted stock compensation, and the payment procedures were completed as follows on July 20, 2023.

**1. Overview of disposal**

(1) Payment due date	July 20, 2023
(2) Type and number of shares to be disposed	18,328 shares of the Company's common stock
(3) Disposal value	¥929 per share
(4) Total amount of disposal	¥17,026,712
(5) Planned disposal destination	Directors of the Company                      6 persons 15,020 shares (Excludes Outside Directors) Executive Officers of the Company      4 persons 3,308 shares (Excludes those who concurrently serve as Directors)
(6) Other	The Company has submitted the securities notice for the disposal of treasury shares in accordance with the Financial Instruments and Exchange Act.

**2. Purpose and reason for disposal**

The purpose and reason for disposal of treasury shares as restricted stock compensation is to introduce the compensation plan for granting restricted stock to the Company's Directors (excluding Outside Directors) and Executive Officers (excluding those who concurrently serve as Directors) in order to provide an incentive to the Company's Directors (excluding Outside Directors) and Executive Officers (excluding those who concurrently serve as Directors) to sustainably improve its medium- to long-term business performance and corporate value as well as to further share the benefits and risks of stock price fluctuations with shareholders and increase their motivation to contribute to increases in the stock price more than ever.