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February 14, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 [JGAAP]

Company Name: DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.

Stock Code: 4116

(URL: <https://www.daicolor.co.jp>)

Stock Exchange Listing: Tokyo

Representative: Koji Takahashi, Representative Director and President

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Scheduled date to submit the Quarterly Securities Report: February 14, 2024

Availability of supplementary briefing material on quarterly results: Yes

Holding of Quarterly Results Briefing Session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

(1) Consolidated Results of Operations (cumulative) (% indicates changes from the previous corresponding term)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-------------------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended December 31, 2023 | 90,578 | (2.4) | 3,586 | 44.2 | 3,935 | 22.4 | 3,742 | 53.9 |
| Nine months ended December 31, 2022 | 92,806 | 1.6 | 2,487 | (60.8) | 3,216 | (54.1) | 2,432 | (54.0) |

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥7,336 million [(0.5%)]
Nine months ended December 31, 2022: ¥7,372 million [16.9%]

| | Profit per share | Fully diluted profit per share |
|-------------------------------------|------------------|--------------------------------|
| | Yen | Yen |
| Nine months ended December 31, 2023 | 210.85 | — |
| Nine months ended December 31, 2022 | 131.58 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2023 | 197,241 | 117,264 | 58.2 |
| As of March 31, 2023 | 192,765 | 114,301 | 58.1 |

(Reference) Equity: As of December 31, 2023: ¥114,823 million
As of March 31, 2023: ¥112,058 million

2. Dividends

| | Annual cash dividends per share | | | | |
|---------------------------------------|---------------------------------|-----------|-----------|----------|--------|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2023 | – | 40.00 | – | 40.00 | 80.00 |
| Year ending March 31, 2024 | – | 40.00 | – | | |
| Year ending March 31, 2024 (Forecast) | | | | 40.00 | 80.00 |

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

3. Earnings Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 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 |
| Full year | 120,400 | (1.3) | 4,400 | 66.9 | 4,500 | 33.4 | 4,100 | 104.3 | 238.97 |

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

*** Notes**

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023 (changes in specific subsidiaries involving changes in the scope of consolidation): Not applicable
- (2) Adoption of specific accounting treatments to the preparation of quarterly consolidated financial statements: Not applicable
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
 - 2) Changes in accounting policies other than 1): Not applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable

(4) Total number of issued shares (common stock)

| | | | | |
|--|-------------------------------------|-------------------|-------------------------------------|-------------------|
| 1) Total number of issued shares at the end of the period (including treasury shares): | As of December 31, 2023 | 18,613,110 shares | As of March 31, 2023 | 18,613,110 shares |
| 2) Total number of treasury shares at the end of the period: | As of December 31, 2023 | 1,456,314 shares | As of March 31, 2023 | 122,030 shares |
| 3) Average number of shares during the period (cumulative): | Nine months ended December 31, 2023 | 17,750,883 shares | Nine months ended December 31, 2022 | 18,487,247 shares |

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants and audit corporations.

* Explanation for the appropriate use of performance forecasts and other special notes:

- The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information” on page 3 of this report.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

With regard to the economic environment surrounding the Group in the nine months ended December 31, 2023, while Europe and China economies were stagnant due to declining global demand caused by inflation, the Japanese economy showed a gradual recovery due to strong automobile production and inbound demand.

In this economic environment, sales of products for use in automobiles in the transportation industry, one of the Group's main customers, were on a gentle recovery path due to increased production. On the other hand, there was some weakness in sales of products for use in LCDs in the information-electronics industry due to production adjustments. In addition, sales of products for the packaging materials and building materials industries continued to be sluggish, affected by weak consumption against a backdrop of high prices. Overseas sales were sluggish, affected by the economic stagnation in China. As a result, net sales stood at ¥90,578 million, down by 2.4% compared with the same period of the previous fiscal year, while operating profit was ¥3,586 million, up by 44.2% compared with the same period of the previous fiscal year, mainly due to revisions to sales prices. Ordinary profit was ¥3,935 million, up by 22.4% compared with the same period of the previous fiscal year, while profit attributable to owners of parent increased to ¥3,742 million, up by 53.9% compared with the same period of the previous fiscal year, mainly due to recording a gain on the sale of strategic shareholdings in extraordinary income.

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.

In terms of net sales of pigments and dispersion for the information-electronics industry, LCD applications that were strong from the beginning of the period grew weak toward the end of the period. Sales of compounds and colorants for the transportation industry were on a gentle recovery path due to the rebound in automobile production. Overseas, sales of compounds and colorants for home appliance and OA equipment applications remained sluggish at a local subsidiary in China.

As a result, net sales in the segment stood at ¥49,324 million, down by 3.7% compared with the same period of the previous fiscal year, while operating profit was ¥1,756 million, down by 15.5% 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 for automobiles for the transportation industry were favorable, while sales of thermal-recording coating materials for industrial materials and sales for clothing and accessories were sluggish. Sales of UV coating materials for the information-electronics industry were favorable for products for LCDs.

As a result, net sales in the segment stood at ¥18,322 million, up by 1.9% compared with the same period of the previous fiscal year, while operating profit was ¥2,285 million, up by 56.2% 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 sluggish for flexible packaging applications for food products due to the high price of goods. Sales of offset printing ink were weak due to a decrease in demand.

As a result, net sales in this segment decreased to ¥22,877 million, down by 2.9% compared with the same period of the previous fiscal year, but the operating loss narrowed to ¥454 million (compared with the operating loss of ¥1,074 million for the same period of the previous fiscal year) due to the disappearance of one-time new plant

relocation expenses recorded in the previous fiscal year and improvement in profit and loss due to revisions to sales prices at overseas subsidiaries.

(2) Explanation of Financial Position

(Assets)

Total assets as of December 31, 2023 increased by ¥4,476 million compared with the end of the previous fiscal year to ¥197,241 million. This is mainly due to an increase in “notes and accounts receivable - trade,” despite a decrease in “inventories.”

(Liabilities)

Total liabilities as of December 31, 2023 increased by ¥1,513 million compared with the end of the previous fiscal year to ¥79,977 million. This is mainly due to an increase in “notes and accounts payable - trade.”

(Net assets)

Total net assets as of December 31, 2023 increased by ¥2,962 million compared with the end of the previous fiscal year to ¥117,264 million. This was mainly due to an increase in “retained earnings” resulting from recording “profit attributable to owners of parent” and an increase in “foreign currency translation adjustment,” despite a decrease from the purchase of “treasury shares.”

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

The full-year forecast of consolidated financial results for the fiscal year ending March 31, 2024 is unchanged from the forecast announced on November 9, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 24,756 | 24,983 |
| Notes and accounts receivable - trade | 49,352 | 54,794 |
| Inventories | 33,994 | 32,875 |
| Other | 2,219 | 1,486 |
| Allowance for doubtful accounts | (79) | (91) |
| Total current assets | 110,243 | 114,048 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 21,451 | 21,313 |
| Land | 13,871 | 13,797 |
| Other, net | 14,451 | 15,405 |
| Total property, plant and equipment | 49,774 | 50,516 |
| Intangible assets | | |
| Other | 1,394 | 1,233 |
| Total intangible assets | 1,394 | 1,233 |
| Investments and other assets | | |
| Investment securities | 18,018 | 18,116 |
| Retirement benefit asset | 10,492 | 10,789 |
| Other | 2,857 | 2,581 |
| Allowance for doubtful accounts | (15) | (44) |
| Total investments and other assets | 31,353 | 31,443 |
| Total non-current assets | 82,522 | 83,193 |
| Total assets | 192,765 | 197,241 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 28,771 | 29,882 |
| Short-term borrowings | 12,431 | 14,898 |
| Current portion of long-term borrowings | 5,502 | 4,509 |
| Income taxes payable | 548 | 668 |
| Provision for bonuses | 1,661 | 1,051 |
| Provision for environmental measures | 13 | 2,867 |
| Other | 4,611 | 5,747 |
| Total current liabilities | 53,539 | 59,625 |
| Non-current liabilities | | |
| Long-term borrowings | 12,507 | 9,891 |
| Provision for environmental measures | 2,967 | 98 |
| Retirement benefit liability | 7,619 | 7,843 |
| Other | 1,829 | 2,518 |
| Total non-current liabilities | 24,924 | 20,352 |
| Total liabilities | 78,464 | 79,977 |

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,039 | 10,039 |
| Capital surplus | 9,768 | 9,768 |
| Retained earnings | 81,791 | 84,105 |
| Treasury shares | (287) | (3,130) |
| Total shareholders' equity | 101,312 | 100,784 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,113 | 6,341 |
| Foreign currency translation adjustment | 3,201 | 6,440 |
| Remeasurements of defined benefit plans | 1,431 | 1,257 |
| Total accumulated other comprehensive income | 10,745 | 14,039 |
| Non-controlling interests | 2,243 | 2,441 |
| Total net assets | 114,301 | 117,264 |
| Total liabilities and net assets | 192,765 | 197,241 |

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

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 |
|---|--|--|
| Net sales | 92,806 | 90,578 |
| Cost of sales | 76,205 | 73,707 |
| Gross profit | 16,601 | 16,871 |
| Selling, general and administrative expenses | 14,114 | 13,284 |
| Operating profit | 2,487 | 3,586 |
| Non-operating income | | |
| Interest income | 99 | 176 |
| Dividend income | 380 | 359 |
| Foreign exchange gains | 138 | 173 |
| Other | 500 | 423 |
| Total non-operating income | 1,119 | 1,133 |
| Non-operating expenses | | |
| Interest expenses | 215 | 208 |
| Share of loss of entities accounted for using equity method | 22 | 351 |
| Rental expenses on non-current assets | 42 | 45 |
| Other | 109 | 178 |
| Total non-operating expenses | 389 | 784 |
| Ordinary profit | 3,216 | 3,935 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 45 | 2 |
| Gain on sale of investment securities | 542 | 1,633 |
| Total extraordinary income | 588 | 1,635 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 2 | 40 |
| Loss on retirement of non-current assets | 94 | 92 |
| Loss on valuation of investment securities | 10 | 6 |
| Loss on COVID-19 | 115 | - |
| Other | 10 | 25 |
| Total extraordinary losses | 232 | 165 |
| Profit before income taxes | 3,573 | 5,406 |
| Income taxes - current | 421 | 1,062 |
| Income taxes - deferred | 639 | 519 |
| Total income taxes | 1,061 | 1,581 |
| Profit | 2,511 | 3,824 |
| Profit attributable to non-controlling interests | 79 | 81 |
| Profit attributable to owners of parent | 2,432 | 3,742 |

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

| | Nine months ended December 31, 2022 | Nine months ended December 31, 2023 |
|--|--|--|
| Profit | 2,511 | 3,824 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (98) | 227 |
| Foreign currency translation adjustment | 4,729 | 3,271 |
| Remeasurements of defined benefit plans, net of tax | 31 | (174) |
| Share of other comprehensive income of entities accounted for using equity method | 196 | 187 |
| Total other comprehensive income | 4,860 | 3,512 |
| Comprehensive income | 7,372 | 7,336 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 6,935 | 7,036 |
| Comprehensive income attributable to non-controlling interests | 436 | 300 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

The Company purchased 1,343,000 treasury shares in accordance with a resolution of the Board of Directors held on August 9, 2023. The Company disposed of 9,240 treasury shares as restricted shares compensation in accordance with a resolution of the Board of Directors held on June 29, 2023.

As a result, including the purchase of treasury shares in association with the buyback of shares less than a trading unit, treasury shares increased by ¥2,842 million during the nine months ended December 31, 2023 to ¥3,130 million as of December 31, 2023.

(Segment Information)

I. For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

1. Information regarding net sales and operating profit or loss by the reportable segments

(Millions of yen)

| | Reportable segments | | | | Other | Posted amount to the quarterly consolidated statements of income |
|--|-----------------------------|------------------------------|------------------------------|--------|-------|--|
| | Color & Functional Products | Polymers & Coating Materials | Graphic & Printing Materials | Total | | |
| Net sales | | | | | | |
| (1) Net sales to external customers | 51,228 | 17,973 | 23,548 | 92,749 | 56 | 92,806 |
| (2) Intersegment net sales and transfer | 112 | 353 | – | 466 | (466) | – |
| Total | 51,341 | 18,327 | 23,548 | 93,216 | (409) | 92,806 |
| Segment profit [Operating profit] (loss) | 2,078 | 1,463 | (1,074) | 2,466 | 20 | 2,487 |

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.

2. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

(Millions of yen)

| | Reportable segments | | | | Other | Posted amount to the quarterly consolidated statements of income |
|---------------------------------------|-----------------------------|------------------------------|------------------------------|--------|-------|--|
| | Color & Functional Products | Polymers & Coating Materials | Graphic & Printing Materials | Total | | |
| Japan | 36,824 | 12,969 | 17,348 | 67,141 | 56 | 67,198 |
| Asia (excluding Japan) | 11,350 | 2,746 | 5,741 | 19,838 | – | 19,838 |
| Other | 3,053 | 2,257 | 458 | 5,769 | – | 5,769 |
| Total | 51,228 | 17,973 | 23,548 | 92,749 | 56 | 92,806 |
| Revenue from contracts with customers | 51,228 | 17,973 | 23,548 | 92,749 | 32 | 92,782 |
| Other revenue | – | – | – | – | 24 | 24 |
| Net sales to external customers | 51,228 | 17,973 | 23,548 | 92,749 | 56 | 92,806 |

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

(Millions of yen)

| | Reportable segments | | | | Other | Posted amount to the quarterly consolidated statements of income |
|---|-----------------------------|------------------------------|------------------------------|----------|-------|--|
| | Color & Functional Products | Polymers & Coating Materials | Graphic & Printing Materials | Total | | |
| Gross sales to external customers | 87,150 | 18,018 | 23,552 | 128,721 | 56 | 128,778 |
| Amount of sales offset due to subcontract processing with charged receipt | (35,922) | (45) | (3) | (35,971) | – | (35,971) |
| Net sales to external customers | 51,228 | 17,973 | 23,548 | 92,749 | 56 | 92,806 |

II. For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

1. Information regarding net sales and operating profit or loss by the reportable segments

(Millions of yen)

| | Reportable segments | | | | Other | Posted amount to the quarterly consolidated statements of income |
|--|-----------------------------|------------------------------|------------------------------|--------|-------|--|
| | Color & Functional Products | Polymers & Coating Materials | Graphic & Printing Materials | Total | | |
| Net sales | | | | | | |
| (1) Net sales to external customers | 49,324 | 18,322 | 22,877 | 90,524 | 54 | 90,578 |
| (2) Intersegment net sales and transfer | 92 | 370 | 30 | 493 | (493) | – |
| Total | 49,416 | 18,693 | 22,908 | 91,018 | (439) | 90,578 |
| Segment profit [Operating profit] (loss) | 1,756 | 2,285 | (454) | 3,586 | 0 | 3,586 |

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.

2. Information on disaggregation of revenue from contracts with customers

<By region> <By contract>

(Millions of yen)

| | Reportable segments | | | | Other | Posted amount to the quarterly consolidated statements of income |
|---------------------------------------|-----------------------------|------------------------------|------------------------------|--------|-------|--|
| | Color & Functional Products | Polymers & Coating Materials | Graphic & Printing Materials | Total | | |
| Japan | 38,439 | 12,621 | 16,656 | 67,717 | 54 | 67,771 |
| Asia (excluding Japan) | 8,736 | 3,566 | 5,881 | 18,183 | – | 18,183 |
| Other | 2,149 | 2,134 | 339 | 4,623 | – | 4,623 |
| Total | 49,324 | 18,322 | 22,877 | 90,524 | 54 | 90,578 |
| Revenue from contracts with customers | 49,324 | 18,322 | 22,877 | 90,524 | 31 | 90,556 |
| Other revenue | – | – | – | – | 22 | 22 |
| Net sales to external customers | 49,324 | 18,322 | 22,877 | 90,524 | 54 | 90,578 |

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

(Millions of yen)

| | Reportable segments | | | | Other | Posted amount to the quarterly consolidated statements of income |
|---|-----------------------------|------------------------------|------------------------------|----------|-------|--|
| | Color & Functional Products | Polymers & Coating Materials | Graphic & Printing Materials | Total | | |
| Gross sales to external customers | 79,867 | 18,372 | 22,881 | 121,121 | 54 | 121,175 |
| Amount of sales offset due to subcontract processing with charged receipt | (30,543) | (50) | (4) | (30,597) | – | (30,597) |
| Net sales to external customers | 49,324 | 18,322 | 22,877 | 90,524 | 54 | 90,578 |

(Notes Related to Revenue Recognition)

Information on disaggregation of revenue from contracts with customers is presented in “(3) Notes to Quarterly Consolidated Financial Statements (Segment Information).”

(Significant Subsequent Events)

(Organizational Restructuring)

At a meeting of the Board of Directors held on January 17, 2024, the Company resolved to carry out internal organizational restructuring of the Group (hereinafter, the “Organizational Restructuring”).

1. Goals of the Organizational Restructuring

The Group’s subsidiary D.S.F. Co., Ltd. (hereinafter, “DSF”) conducts real estate leasing, non-life insurance agency businesses, and other insurance intermediary agency businesses. As part of a management overhaul at the Group aimed at optimizing operations, cutting costs, improving capital efficiency, etc., the Company conducted an absorption-type company split (simplified absorption-type company split) whereby DSF’s non-life insurance agency businesses and other insurance intermediary agency businesses will be succeeded to the newly established Dainichiseika Insurance Services Co., Ltd. (hereinafter, “Dainichiseika Insurance Services”), and on the condition that said absorption-type company split become effective, will absorb DSF through an absorption-type merger (short-form merger, simplified merger).

2. Summary of the Organizational Restructuring

<Establishment of subsidiary>

(1) Purpose of the establishment

The subsidiary was established to inherit the non-life insurance agency businesses and other insurance intermediary agency businesses of the Company’s subsidiary DSF.

(2) Summary of the established subsidiary

| | |
|--|--|
| 1) Name | Dainichiseika Insurance Services Co., Ltd. |
| 2) Position and name of representative | Representative Director Akihisa Miura |
| 3) Address | 1-7-6 Nihonbashi Bakuro-cho, Chuo-ku, Tokyo |
| 4) Date of establishment | January 17, 2024 |
| 5) Capital | ¥10,000,000 |
| 6) Number of issued shares | 10,000 shares |
| 7) Fiscal year-end | March 31 |
| 8) Contents of business | Non-life insurance agency businesses, and other insurance intermediary agency businesses, etc. |
| 9) Investment ratio | DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD. 100% |

<Absorption-type company split among consolidated subsidiaries>

(1) Method of the business combination

An absorption-type company split (simplified absorption-type company split) in which the Company's subsidiary DSF is the splitting company and the Company's newly established subsidiary Dainichiseika Insurance Services is the successor company.

(2) Date of the business combination

April 1, 2024 (planned)

(3) Name and contents of business of the combined company

| | Name of the combined company | Contents of business |
|-------------------|----------------------------------|--|
| Splitting company | DSF | Real estate leasing, etc. |
| Successor company | Dainichiseika Insurance Services | Non-life insurance agency businesses, and other insurance intermediary agency businesses, etc. |

(4) Name of the combined company

No change.

<Absorption-type merger of consolidated subsidiaries>

(1) Method of the business combination

An absorption-type merger (short-form merger, simplified merger) in which the Company is the surviving company and its subsidiary DSF is the disappearing company.

(2) Date of the business combination

April 1, 2024 (planned)

(3) Name and contents of business of the combined company

| | Name of the combined company | Contents of business |
|----------------------|--|---|
| Surviving company | DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD. | Manufacturing and sales of various pigments, etc. |
| Disappearing company | DSF | Real estate leasing, etc. |

(4) Name of the combined company

No change.

3. Summary of accounting treatment to be applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company will account for the business combination as a transaction under common control.