Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 15, 2024

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [JGAAP]

Company Name: DAINICHISEIKA COLOR & CHEMICALS MFG. CO., LTD.
Stock Code: 4116
(URL: https://www.daicolor.co.jp/)
Stock Exchange Listing: Tokyo
Representative: Koji Takahashi, Representative Director and President
Contact: Tatsuhiko Komada, Senior Managing Executive Officer, Chief Financial Officer
Phone: +81-3-3662-1638
Scheduled date of Annual General Meeting of Shareholders: June 27, 2024
Scheduled date to commence dividend payments: June 28, 2024
Scheduled date to submit the Annual Securities Report: June 27, 2024
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, 2024 (From April 1, 2023 to March 31, 2024)

(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, 2024	119,824	(1.8)	4,550	72.7	5,003	48.3	3,660	82.3
Year ended March 31, 2023	122,005	0.1	2,635	(64.6)	3,373	(59.4)	2,007	(67.4)

(Note) Comprehensive income: Year ended March 31, 2024: ¥9,239 million [72.9%]
Year ended March 31, 2023: ¥5,343 million [(34.9)%]

	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, 2024	207.95	–	3.2	2.6	3.8
Year ended March 31, 2023	108.58	–	1.8	1.7	2.2

(Reference) Equity in earnings of affiliated companies: Year ended March 31, 2024: ¥(337) million
Year ended March 31, 2023: ¥(27) 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, 2024	194,852	119,166	59.9	6,804.81
As of March 31, 2023	192,765	114,301	58.1	6,060.11

(Reference) Equity: As of March 31, 2024: ¥116,748 million
As of March 31, 2023: ¥112,058 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, 2024	9,020	(1,445)	(10,209)	21,425
Year ended March 31, 2023	3,002	(2,195)	(3,836)	23,103

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, 2023	–	40.00	–	40.00	80.00	1,479	73.7	1.3
Year ended March 31, 2024	–	40.00	–	70.00	110.00	1,887	52.9	1.7
Year ending March 31, 2025 (Forecast)	–	66.00	–	66.00	132.00		23.3	

(Note) Breakdown of Year-end dividend for Year ended March 31, 2024: Ordinary dividend: ¥40.00; Extraordinary dividend: ¥30.00
Breakdown of interim dividend for Year ended March 31, 2025 (Forecast): Ordinary dividend: ¥51.00; Extraordinary dividend: ¥15.00
Breakdown of Year-end dividend for Year ended March 31, 2025 (Forecast): Ordinary dividend: ¥51.00; Extraordinary dividend: ¥15.00

3. Earnings Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% 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	61,700	3.7	2,700	58.0	3,100	44.6	7,900	210.5	460.46
Full year	123,000	2.6	5,200	14.3	5,800	15.9	9,700	165.0	565.38

*** Notes**

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2024 (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: Not applicable
2) Changes in accounting policies other than 1): Not applicable
3) Changes in accounting estimates: Not applicable
4) Restatements: Not applicable

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

1) Total number of issued shares at the end of the period (including treasury shares):	As of March 31, 2024	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 March 31, 2024	1,456,394 Shares	As of March 31, 2023	122,030 Shares
3) Average number of shares during the period:	Year ended March 31, 2024	17,602,346 shares	Year ended March 31, 2023	18,488,205 shares

(Reference) Summary of the Non-consolidated Financial Results

Overview of the Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(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, 2024	97,466	(0.3)	547	–	2,879	52.7	2,014	6.5
Year ended March 31, 2023	97,726	(1.6)	(1,226)	–	1,886	(62.9)	1,892	(59.2)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Year ended March 31, 2024	114.44	–
Year ended March 31, 2023	102.35	–

(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, 2024	133,622	61,454	46.0	3,581.94
As of March 31, 2023	133,027	63,265	47.6	3,421.40

(Reference) Equity: As of March 31, 2024: ¥61,454 million
As of March 31, 2023: ¥63,265 million

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

* Explanation for the appropriate use of performance forecasts and other special notes:
  - The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

  - The Company plans to hold annual results briefing session and the new Medium-Term Management Plan "TRANSFORMATION for TOMORROW 2027" 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 6, 2024
    Outline: Annual results briefing session and the new Medium-Term Management Plan "TRANSFORMATION for TOMORROW 2027" briefing session for institutional investors and analysts

Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	24,756	23,579
Notes receivable - trade	10,859	11,759
Accounts receivable - trade	38,493	41,464
Merchandise and finished goods	20,740	20,198
Work in process	754	768
Raw materials and supplies	12,499	10,641
Other	2,219	1,300
Allowance for doubtful accounts	(79)	(88)
Total current assets	110,243	109,625
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,819	52,537
Accumulated depreciation	(30,367)	(32,192)
Buildings and structures, net	21,451	20,344
Machinery, equipment and vehicles	58,617	60,338
Accumulated depreciation	(47,406)	(50,143)
Machinery, equipment and vehicles, net	11,210	10,195
Tools, furniture and fixtures	12,173	12,697
Accumulated depreciation	(10,067)	(10,563)
Tools, furniture and fixtures, net	2,105	2,134
Land	13,871	13,745
Leased assets	1,053	577
Accumulated depreciation	(670)	(444)
Leased assets, net	382	133
Construction in progress	752	1,290
Total property, plant and equipment	49,774	47,843
Intangible assets		
Other	1,394	1,175
Total intangible assets	1,394	1,175
Investments and other assets		
Investment securities	18,018	18,778
Investments in capital	283	934
Deferred tax assets	366	366
Retirement benefit asset	10,492	14,100
Other	2,207	2,046
Allowance for doubtful accounts	(15)	(17)
Total investments and other assets	31,353	36,207
Total non-current assets	82,522	85,227
Total assets	192,765	194,852

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,771	28,963
Short-term borrowings	12,431	11,686
Current portion of long-term borrowings	5,502	3,936
Lease liabilities	236	150
Income taxes payable	548	954
Provision for bonuses	1,661	1,799
Provision for environmental measures	13	-
Other	4,375	8,607
Total current liabilities	53,539	56,097
Non-current liabilities		
Long-term borrowings	12,507	9,316
Lease liabilities	321	190
Deferred tax liabilities	963	2,524
Provision for environmental measures	2,967	-
Retirement benefit liability	7,619	7,035
Other	544	520
Total non-current liabilities	24,924	19,587
Total liabilities	78,464	75,685
Net assets		
Shareholders' equity		
Share capital	10,039	10,039
Capital surplus	9,768	9,768
Retained earnings	81,791	84,023
Treasury shares	(287)	(3,130)
Total shareholders' equity	101,312	100,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,113	7,044
Foreign currency translation adjustment	3,201	5,399
Remeasurements of defined benefit plans	1,431	3,601
Total accumulated other comprehensive income	10,745	16,046
Non-controlling interests	2,243	2,418
Total net assets	114,301	119,166
Total liabilities and net assets	192,765	194,852

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	122,005	119,824
Cost of sales	100,697	97,468
Gross profit	21,307	22,356
Selling, general and administrative expenses		
Transportation costs	3,479	3,015
Provision of allowance for doubtful accounts	4	26
Salaries and allowances	5,558	5,549
Provision for bonuses	658	704
Retirement benefit expenses	328	236
Other	8,641	8,273
Total selling, general and administrative expenses	18,671	17,805
Operating profit	2,635	4,550
Non-operating income		
Interest income	147	279
Dividend income	445	420
Foreign exchange gains	33	146
Dividend income of insurance	152	155
Other	478	405
Total non-operating income	1,257	1,408
Non-operating expenses		
Interest expenses	290	278
Share of loss of entities accounted for using equity method	27	337
Rental expenses on non-current assets	55	61
Loss on compensation of claims	49	171
Other	95	106
Total non-operating expenses	519	955
Ordinary profit	3,373	5,003
Extraordinary income		
Gain on sale of non-current assets	46	300
Gain on sale of investment securities	1,629	2,336
Subsidy income	113	-
Other	1	193
Total extraordinary income	1,790	2,831
Extraordinary losses		
Loss on sale of non-current assets	2	50
Impairment losses	1,748	2,255
Loss on retirement of non-current assets	154	114
Loss on COVID-19	115	-
Other	156	72
Total extraordinary losses	2,177	2,493
Profit before income taxes	2,986	5,341
Income taxes - current	819	1,514
Income taxes - deferred	91	35
Total income taxes	910	1,550
Profit	2,076	3,791
Profit attributable to non-controlling interests	68	130
Profit attributable to owners of parent	2,007	3,660

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,076	3,791
Other comprehensive income		
Valuation difference on available-for-sale securities	(315)	926
Foreign currency translation adjustment	2,610	2,207
Remeasurements of defined benefit plans, net of tax	774	2,170
Share of other comprehensive income of entities accounted for using equity method	197	143
Total other comprehensive income	3,266	5,448
Comprehensive income	5,343	9,239
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,069	8,961
Comprehensive income attributable to non-controlling interests	274	278

(3) Consolidated Statements of Changes in Net Assets

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

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,039	9,768	81,791	(287)	101,312
Changes during period					
Dividends of surplus			(1,425)		(1,425)
Profit attributable to owners of parent			3,660		3,660
Purchase of treasury shares				(2,864)	(2,864)
Disposal of treasury shares			(2)	21	19
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,232	(2,842)	(610)
Balance at end of period	10,039	9,768	84,023	(3,130)	100,701

	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	6,113	3,201	1,431	10,745	2,243	114,301
Changes during period						
Dividends of surplus						(1,425)
Profit attributable to owners of parent						3,660
Purchase of treasury shares						(2,864)
Disposal of treasury shares						19
Net changes in items other than shareholders' equity	931	2,198	2,170	5,300	175	5,476
Total changes during period	931	2,198	2,170	5,300	175	4,865
Balance at end of period	7,044	5,399	3,601	16,046	2,418	119,166

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,986	5,341
Depreciation	5,592	5,179
Impairment losses	1,748	2,255
Share-based payment expenses	19	19
Increase (decrease) in provision for bonuses	(391)	134
Increase (decrease) in allowance for doubtful accounts	(11)	1
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(8)	-
Increase (decrease) in retirement benefit liability	(659)	(1,101)
Interest and dividend income	(593)	(700)
Interest expenses	290	278
Foreign exchange losses (gains)	63	58
Share of loss (profit) of entities accounted for using equity method	27	337
Dividends received from entities accounted for using equity method	90	57
Loss (gain) on sale of investment securities	(1,603)	(2,336)
Loss (gain) on sale of non-current assets	(44)	(250)
Loss on retirement of non-current assets	154	114
Decrease (increase) in trade receivables	3,022	(3,211)
Decrease (increase) in inventories	(1,314)	3,087
Increase (decrease) in trade payables	(4,171)	(401)
Other, net	6	166
Subtotal	5,205	9,025
Interest and dividends received	592	700
Interest paid	(301)	(283)
Income taxes paid	(2,494)	(421)
Net cash provided by (used in) operating activities	3,002	9,020
Cash flows from investing activities		
Payments into time deposits	(1,652)	(2,154)
Proceeds from withdrawal of time deposits	1,467	1,652
Purchase of property, plant and equipment	(5,109)	(4,454)
Proceeds from sale of property, plant and equipment	933	1,324
Purchase of intangible assets	(135)	(90)
Purchase of investment securities	(29)	(1,258)
Proceeds from sale of investment securities	2,007	3,336
Loan advances	(19)	(21)
Proceeds from collection of loans receivable	15	26
Other, net	327	192
Net cash provided by (used in) investing activities	(2,195)	(1,445)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	2,543	2,970
Repayments of short-term borrowings	(1,813)	(3,790)
Proceeds from long-term borrowings	4,500	757
Repayments of long-term borrowings	(7,315)	(5,518)
Repayments of lease liabilities	(201)	(234)
Purchase of treasury shares	(0)	(2,864)
Dividends paid	(1,478)	(1,425)
Dividends paid to non-controlling interests	(70)	(102)
Net cash provided by (used in) financing activities	(3,836)	(10,209)
Effect of exchange rate change on cash and cash equivalents	1,254	954
Net increase (decrease) in cash and cash equivalents	(1,775)	(1,678)
Cash and cash equivalents at beginning of period	24,879	23,103
Cash and cash equivalents at end of period	23,103	21,425