DAI NIPPON TORYO CO.,LTD.

Financial Results for the Six Months Ended September 30, 2026

Financial Results Briefing Materials

Securities code: 4611 TSE PRIME

November 17, 2026

Notes on Fiscal Year and Terminology in This Material:

1. Fiscal Year Notation:
   In this material, "FY2025" (or "FY25") refers to the fiscal year ended March 31, 2026, and "FY2026" (or "FY26") refers to the fiscal year ending March 31, 2027.
2. Interim Period (H1):
   "FY26 Interim" or "FY26 H1" indicates the six-month period from April 1, 2026 to September 30, 2026.
3. Forecast / Forward-Looking Notation:
   "e" or "e2" denotes management forecasts and revised estimates respectively.
4. Company & Brand Abbreviations:
   - DNT: Dai Nippon Toryo Co., Ltd.
   - SPC: Shinto Paint Co., Ltd. (consolidated in March 2025)
   - BFC: Bonnflon Co., Ltd. (consolidated in December 2025)
   - DNL: DN Lighting Co., Ltd. (a lighting business subsidiary)
   - MTP: Mid-term Management Plan
5. Financial Figures:
   Unless otherwise specified, financial figures are on a consolidated basis. Percentages and year-on-year changes are rounded to the nearest decimal place indicated.

Summary of This Material

FY26 Interim Earnings Highlights

Net sales	51,362 Million yen	vs. Initial Guidance	+8.1%
		vs. FY25	+11.7%
Operating profit	4,516 Million yen	vs. Initial Guidance	+115.1%
		vs. FY25	+148.4%
Profit attributable to owners of parent	3,432 Million yen	vs. Initial Guidance	+174.6%
		vs. FY25	+144.2%

FY26 Full-Year Guidance (Revised)

Net sales	100,000 Million yen	vs. Initial Guidance	+4.2%
		vs. FY25	+6.7%
Operating profit	8,000 Million yen	vs. Initial Guidance	+45.5%
		vs. FY25	+107.6%
Profit attributable to owners of parent	5,800 Million yen	vs. Initial Guidance	+70.6%
		vs. FY25	+243.5%
Forecasted Dividend	¥ 58 Per share	vs. FY25	±¥0

【Interim Results】

Higher sales volumes and price revisions in the coatings business more than offset increases in raw material and other costs, resulting in a significant year-on-year increase in profit. Overseas Coatings remained sluggish, while Lighting progressed largely in line with the plan.

【Full-Year Guidance】

In the “Notice of Revision to Earnings Forecasts” announced on October 27, 2026, the full-year forecasts for both net sales and profits were revised upward. Net sales are expected to exceed the previous forecast, reflecting the mitigation of the impact of quality issues and sales price revisions. Profits are also expected to increase due to improved profitability driven by higher sales volumes.

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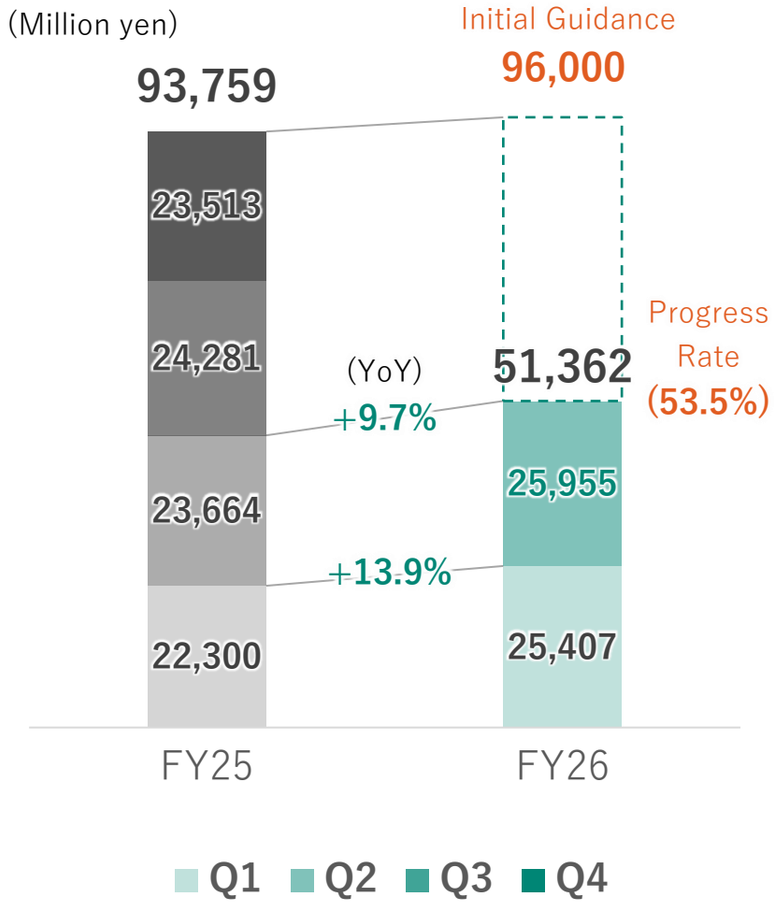
FY26 Interim Consolidated Income Statement

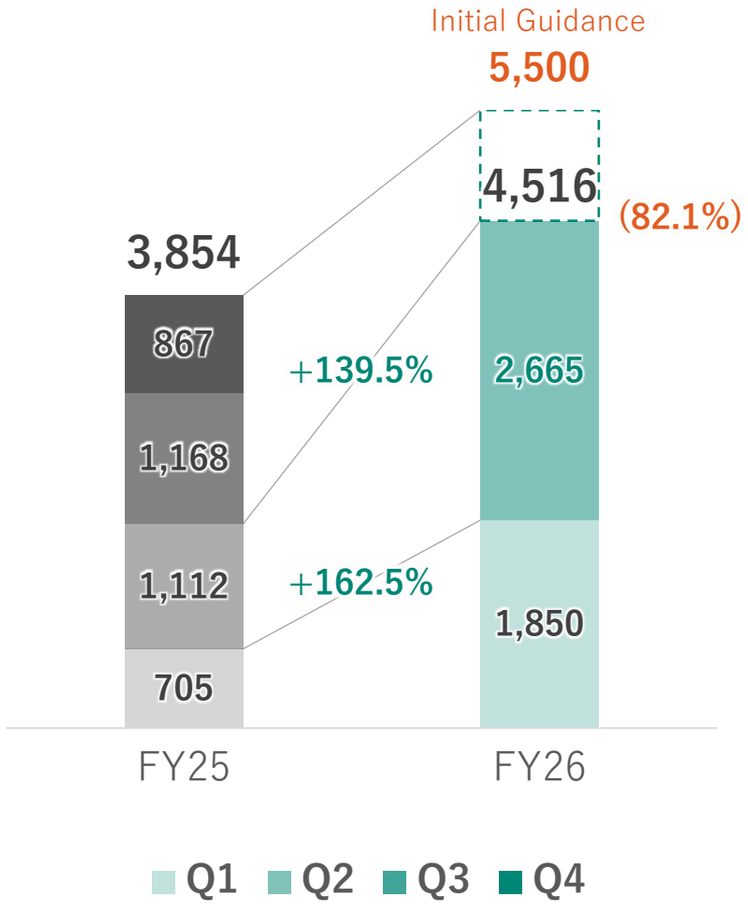
Net sales

- In the Domestic Coatings business, the impact of quality issues eased, and sales recovered significantly, particularly in structural coatings.
- The passing on of rising raw material costs contributed to this.



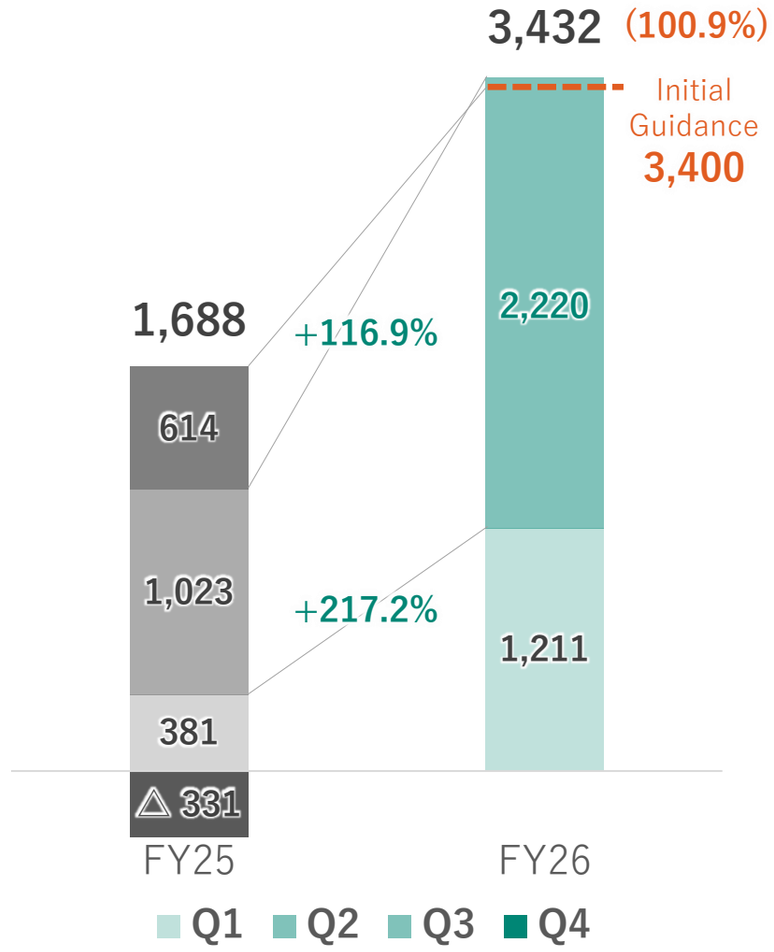
Operating profit

- Operating profit increased due to higher sales volumes in the Domestic Coatings and the resulting improvement in profitability.
- • The recovery in structural coatings, one of our key strengths, also contributed significantly to profit growth.



Profit attributable to owners of parent

- Reflecting the significant increase in operating profit, profit attributable to owners of parent also increased.



FY26 Interim Profit and Loss Status: Domestic Coatings

Sales volume increased due to a recovery in demand following the lifting of the JIS-related suspension. Profits rose significantly YoY, supported by improved production efficiency.

(Million yen)	FY25 H1	**FY26 H1**	YoY Change	YoY % Change	Notes
Net sales	**35,466**	**40,321**	**+ 4,854**	**+ 13.7%**	
General-Use	10,135	13,085	+ 2,949	+ 29.1%	• Sales recovered, particularly for structural coatings, following the lifting of the JIS-related suspension and progress in implementing measures to prevent recurrence.
Industrial-Use	9,027	10,128	+ 1,101	+ 12.2%	• Demand for coatings for building materials decreased due to factors such as a decline in housing starts, while demand for other applications remained strong.
Ink & Dispersion Technologies, Other	2,056	2,058	+ 2	+ 0.1%	• Demand declined due to the impact of inventory adjustments by major customers.
Subsidiaries/Adjustments	3,985	4,831	+ 845	+ 21.2%	• Sales increased due to the strong performance of sales subsidiaries.
SPC	10,262	10,217	△ 44	△ 0.4%	• Sales decreased slightly due to lower sales for work in the infrastructure field, despite strong sales of powder coatings and corrosion prevention coatings.
Operating profit	**542**	**3,215**	**+ 2,673**	**+ 492.9%**	• Operating profit increased significantly YoY, driven by higher sales volume from demand recovery, and improved profitability due to higher production efficiency.
Operating Profit Margin	1.5%	8.0%	+ 6.4p	-	

FY26 Interim Profit and Loss Status: Overseas Coatings

Although export sales volume increased in Southeast Asia, profitability declined YoY due to lower sales volume in Mexico.

- Decided on the equity transfer of the local subsidiary in Feb 2026 as a fundamental structural reform. Deconsolidated at the end of FY26 Q2 (interim period); exiting proprietary manufacturing to accelerate the profitability turnaround of the Overseas Coatings business.

(Million yen)	FY25 H1	**FY26 H1**	YoY Change	YoY % Change	Notes
Net sales	**4,155**	**4,693**	**＋ 537**	**＋ 12.9%**	
Southeast Asia	2,865	3,371	＋ 506	＋ 17.7%	• Demand from automotive parts in the region remained weak, but export sales increased. In addition, selling price revisions in response to higher raw material prices progressed, resulting in higher net sales.
Mexico	885	717	△ 168	△ 19.0%	• Net sales decreased due to the impact of production cuts at major customers.
China	404	603	＋ 199	＋ 49.2%	• Net sales increased as the company captured demand ahead of the transition to a new structure while handling customers affected by the business withdrawal.
Operating profit	**239**	**216**	**△ 23**	**△ 9.8%**	• Profitability improved in Southeast Asia through selling price revisions, etc., but this did not fully offset the impact of lower sales in Mexico, resulting in lower operating profit.
Operating Profit Margin	5.8%	4.6%	△ 1.2p	-	
Operating profit (excluding China)	**359**	**283**	**△ 76**	**△ 21.2%**	
Operating Profit Margin (excluding China)	9.6%	6.9%	△ 2.7p	-	

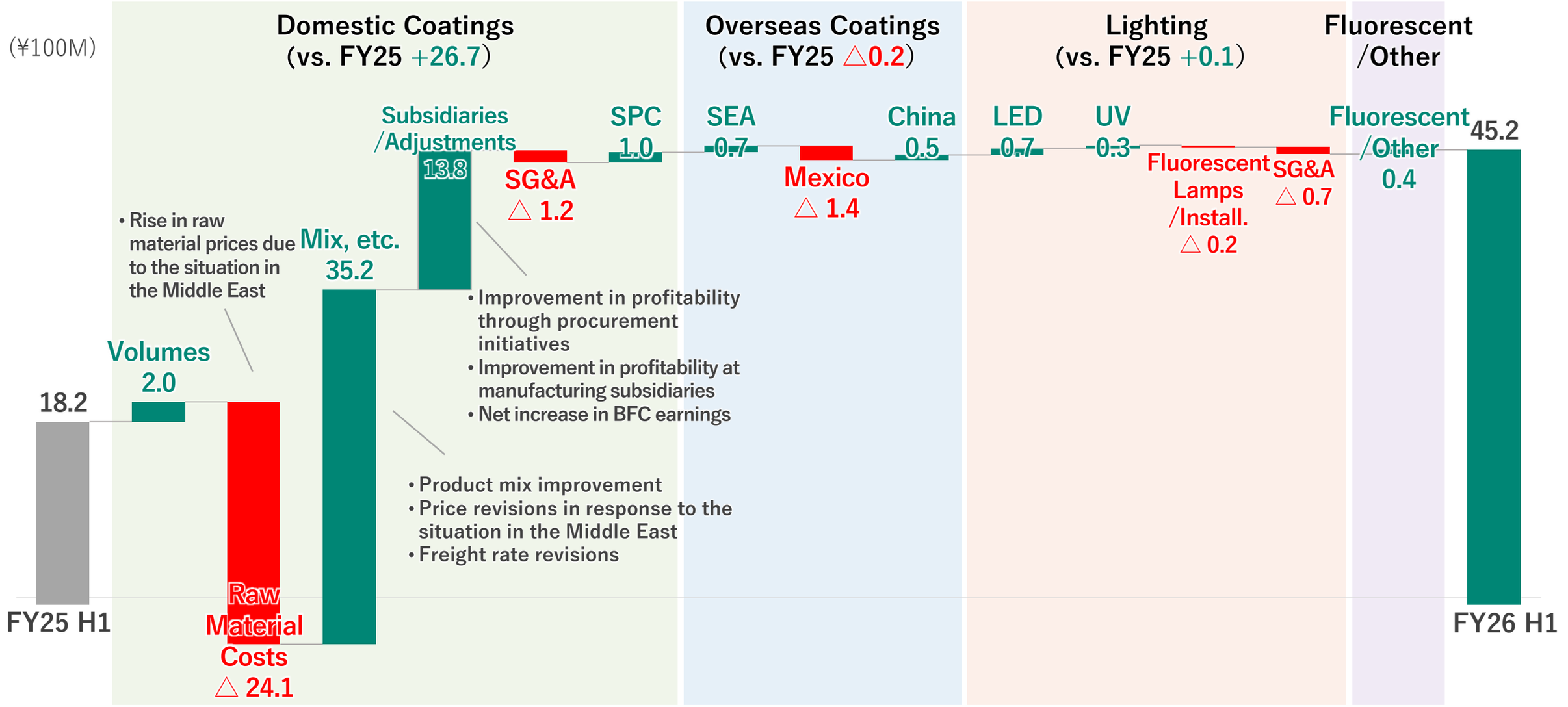
FY26 Interim Profit and Loss Status: Lighting

Operating profit rose YoY as improved product profitability from pricing strategy offset higher costs

(Million yen)	FY25 H1	**FY26 H1**	YoY Change	YoY % Change	Notes
Net sales	**4,877**	**4,988**	**＋ 110**	**＋ 2.3%**	
LED lighting	3,843	3,931	＋ 87	＋ 2.3%	• Demand from commercial facilities and luxury brand stores declined, but net sales increased on higher demand from offices and hotels and demand for LED conversion of fluorescent lamps.
UV lamp	358	407	＋ 48	＋ 13.5%	• Demand for sterilization applications remained solid, mainly among key customers.
Fluorescent Lamps / Installation / Other	674	649	△ 25	△ 3.8%	• Demand decreased due to market contraction, and net sales decreased.
Operating profit	**844**	**851**	**＋ 6**	**＋ 0.8%**	• Operating profit increased as improved profitability from selling price revisions, etc. offset higher advertising and personnel expenses for sales promotion activities.
Operating Profit Margin	17.3%	17.1%	△ 0.2p	-	

Consolidated Operating Profit Variance Analysis: FY26 H1 vs. FY25 H1

Operating profit increased due to a recovery in sales following quality issues in the Domestic Coatings business and improved profitability resulting from higher production efficiency.



Balance Sheet Overview

Working capital moved with sales and raw material prices; financial base strengthened

	As of Mar. 31, 2026	**As of Sep. 30, 2026**	Change	Notes
Total assets	**137,490**	**141,624**	**＋ 4,134**	
Current assets	51,258	54,474	＋ 3,215	• Increase in trade receivables due to higher sales: +1,009 • Increase in inventories due to inventory buildup to ensure stable supply: +1,971
Property, plant and equipment	48,270	48,089	△ 181	
Intangible assets	1,492	1,410	△ 81	
Investments and other assets	36,468	37,650	＋ 1,181	
Total liabilities	**60,813**	**63,193**	**＋ 2,379**	• Increase in trade payables due to higher sales volume and higher raw material prices: +2,571
(Of which, Borrowings)	(14,500)	(13,946)	(△ 553)	
Total net assets	**76,676**	**78,431**	**＋ 1,754**	
(Of which, Shareholders' equity)	(54,883)	(56,698)	(＋ 1,815)	
Total liabilities and net assets	**137,490**	**141,624**	**＋ 4,134**	
Equity (Shareholders' equity + Accumulated other comprehensive income)	66,773	68,488	＋ 1,715	• Retained earnings: +1,775
Equity ratio	48.6%	48.4%	△ 0.2p	

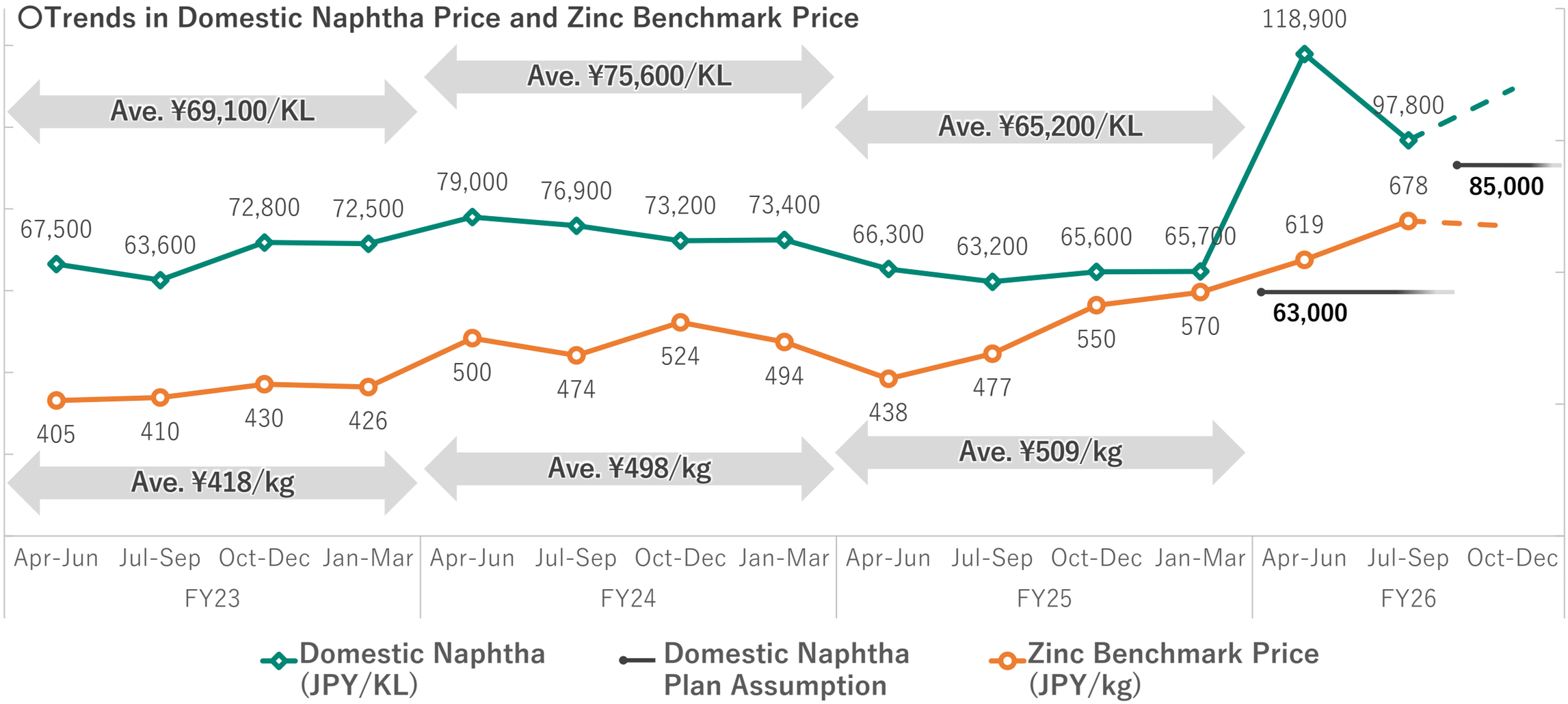
Cash Flow Overview

**Cash generation from core operations improved significantly,
and was actively allocated to growth investments and shareholder returns.**

	FY25 H1	**FY26 H1**	YoY Change	Notes
Cash flows from operating activities	**1,393**	**4,459**	**＋ 3,065**	• Increase in profit due to the recovery in Domestic Coatings sales.
Cash flows from investing activities	**△ 1,517**	**△ 3,256**	**△ 1,738**	• Increase in capital investment. • Decrease in proceeds from the sale of property, plant and equipment and investment securities.
Cash flows from financing activities	**170**	**△ 2,532**	**△ 2,703**	• Decrease in proceeds from borrowings. • Increase in total dividends paid.
Effect of exchange rate change on cash and cash equivalents	△ 297	105	＋ 403	
Net increase (decrease) in cash and cash equivalents	△ 251	△ 1,224	△ 973	
Cash and cash equivalents at beginning of period	11,469	10,913	△ 556	
Cash and cash equivalents at end of period	11,218	9,688	△ 1,529	

Trends in Key Raw Material Prices

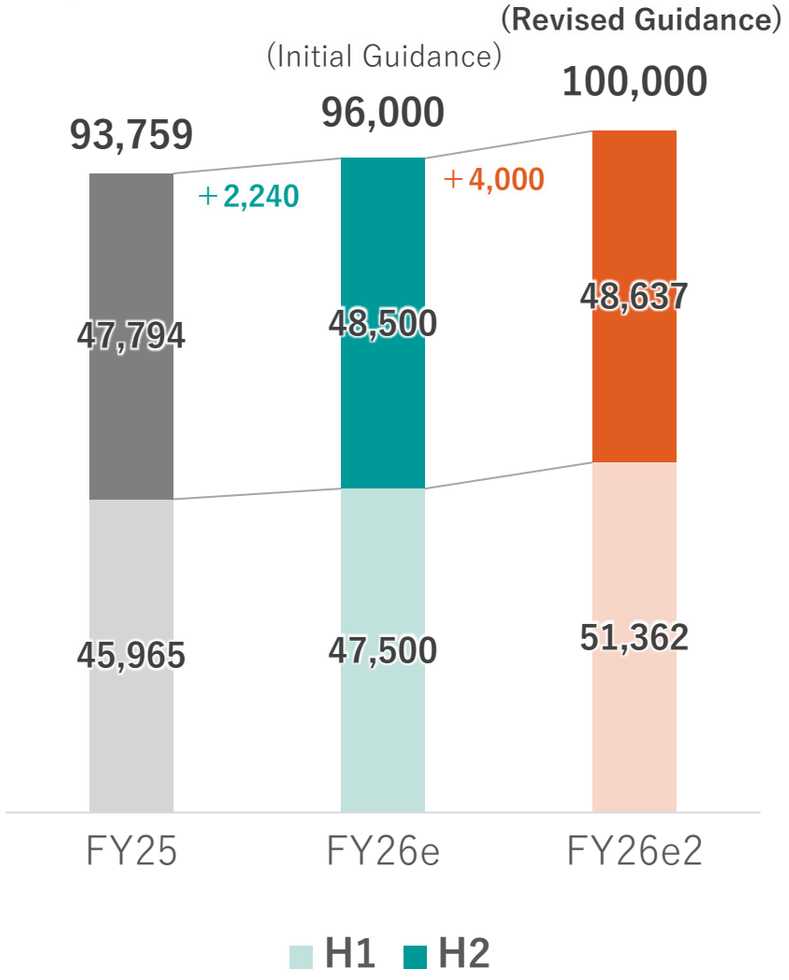
The raw material procurement environment has deteriorated rapidly due to the situation in the Middle East since the end of February 2026. Domestic naphtha prices rose to a record high in Q1 and are expected to remain volatile at elevated levels going forward.



FY26 Full-Year Guidance (Revised)

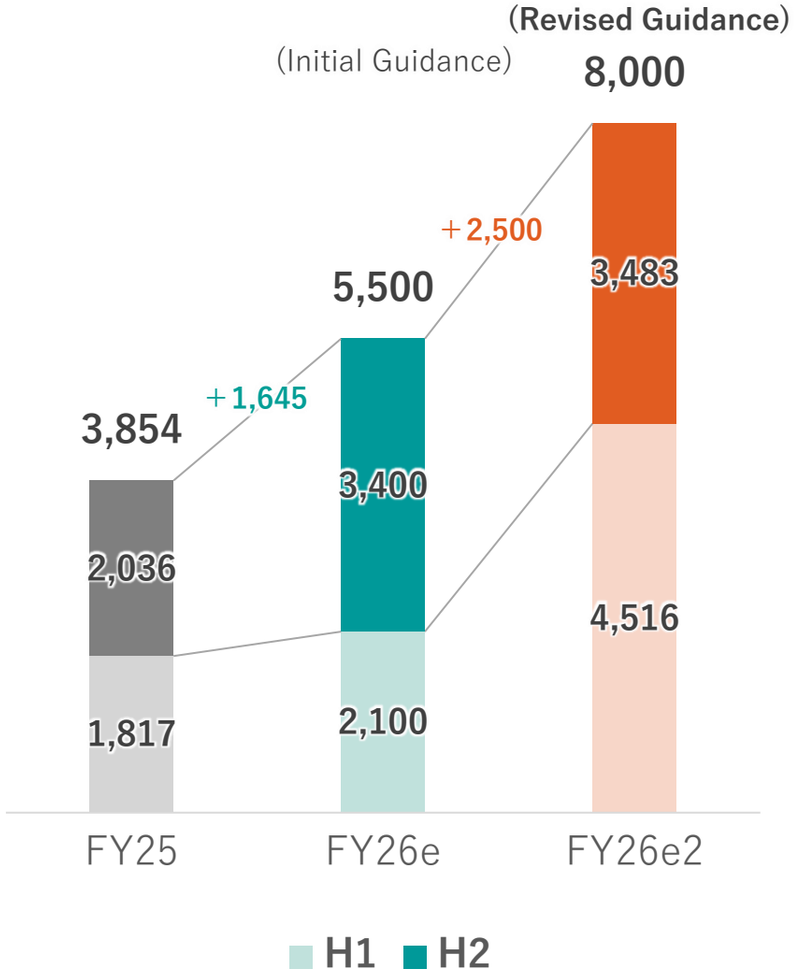
Net sales

- Raised as sales recovery and improved profitability, led by Domestic Coatings, are expected to continue in H2.



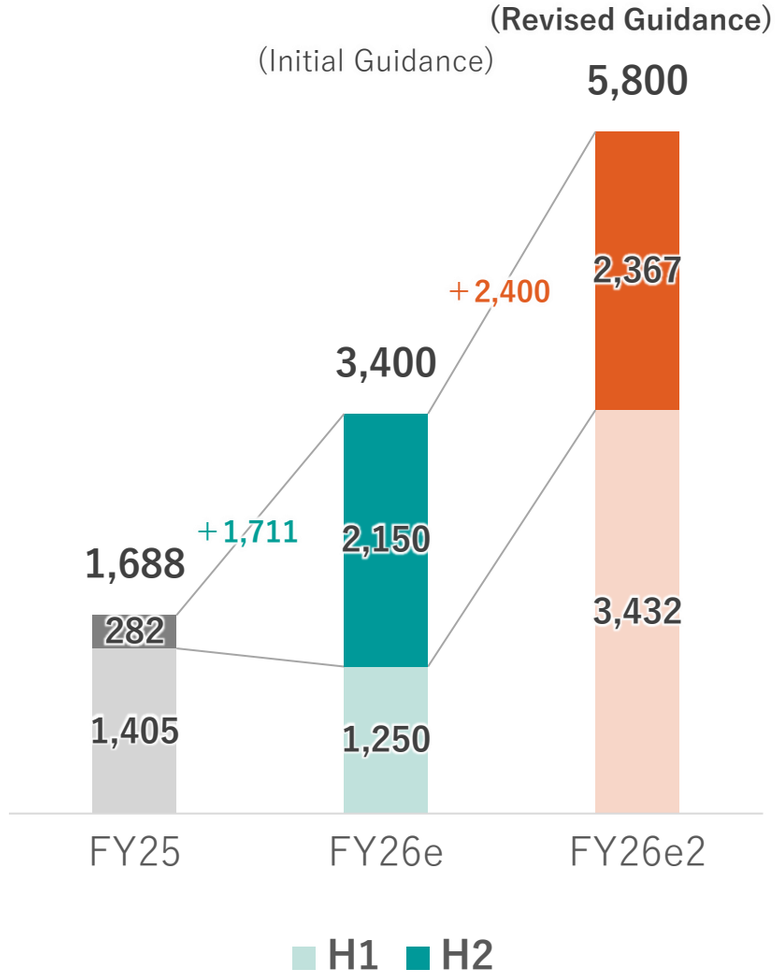
Operating profit

- Raised on expected H2 production efficiency gains from higher sales volume.



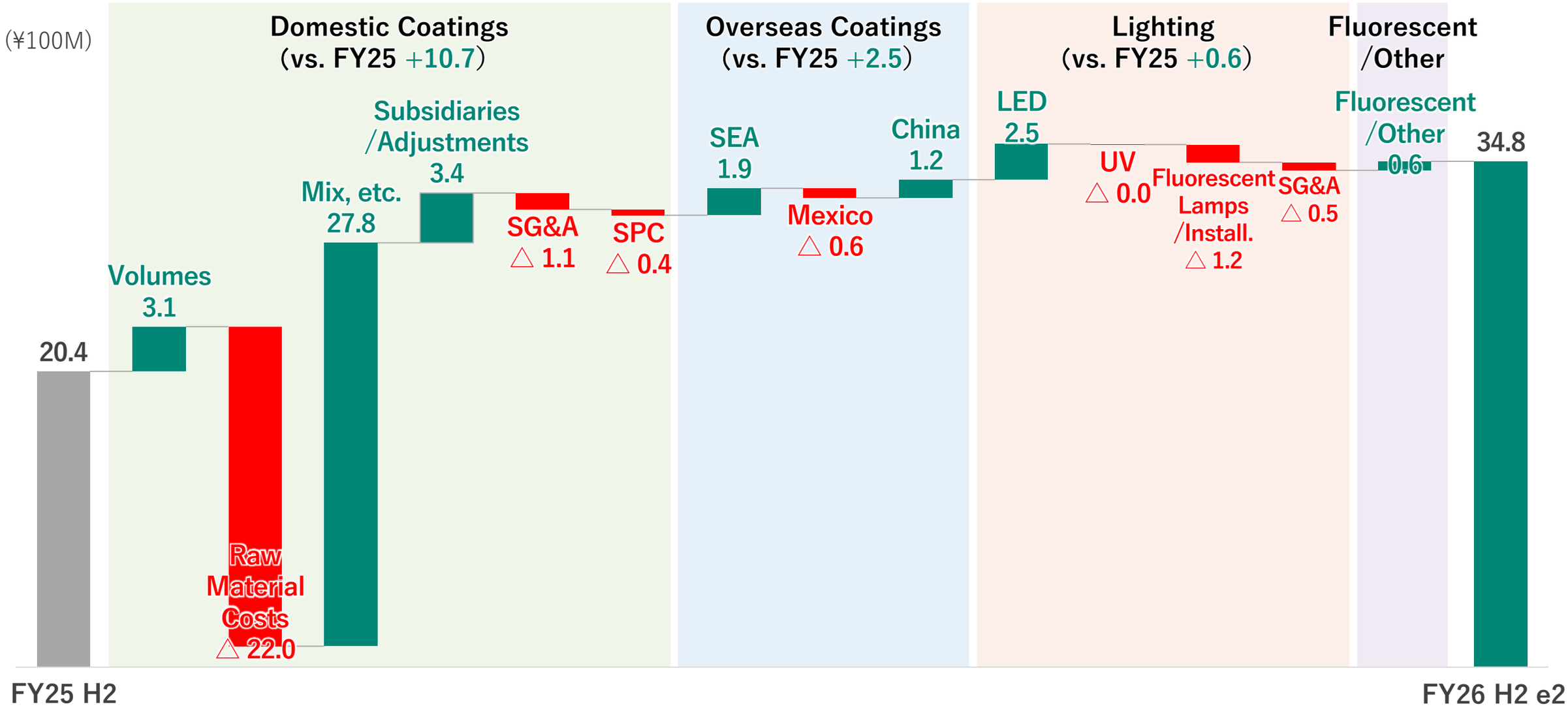
Profit attributable to owners of parent

- Raised in line with the higher operating profit outlook.



Consolidated Operating Profit Variance Analysis: FY26 H2e vs. FY25 H2

Operating profit is forecast to rise from H2 of the previous year, driven by a recovery in Domestic Coatings volumes and price corrections that prioritize stable product supply.



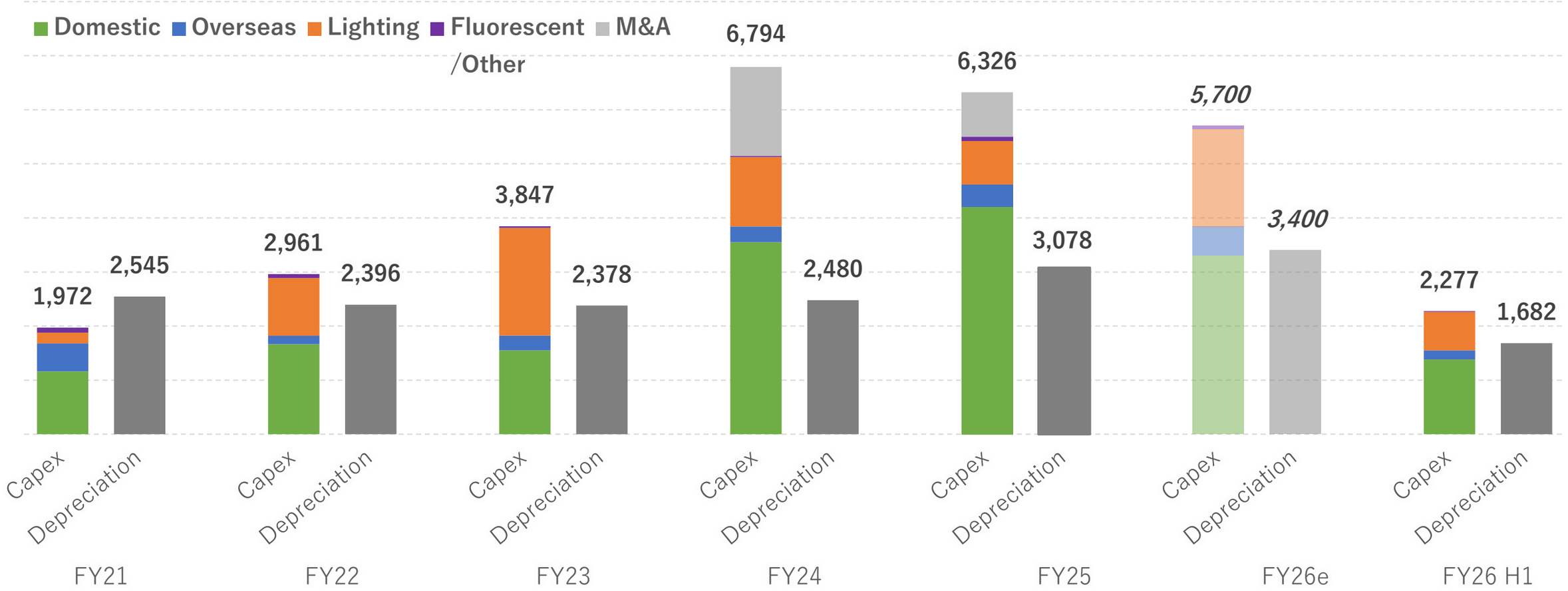
Trends and Progress of Investments (Capex, M&A) and Depreciation

Continue to proactively make capital investments based on our cash allocation policy.

○ Major Investment Plans for FY26

Domestic Head office relocation (Environmental improvement) ¥0.4B, Plants (Efficiency, Capacity expansion, Safety, Renewal) ¥2.4B

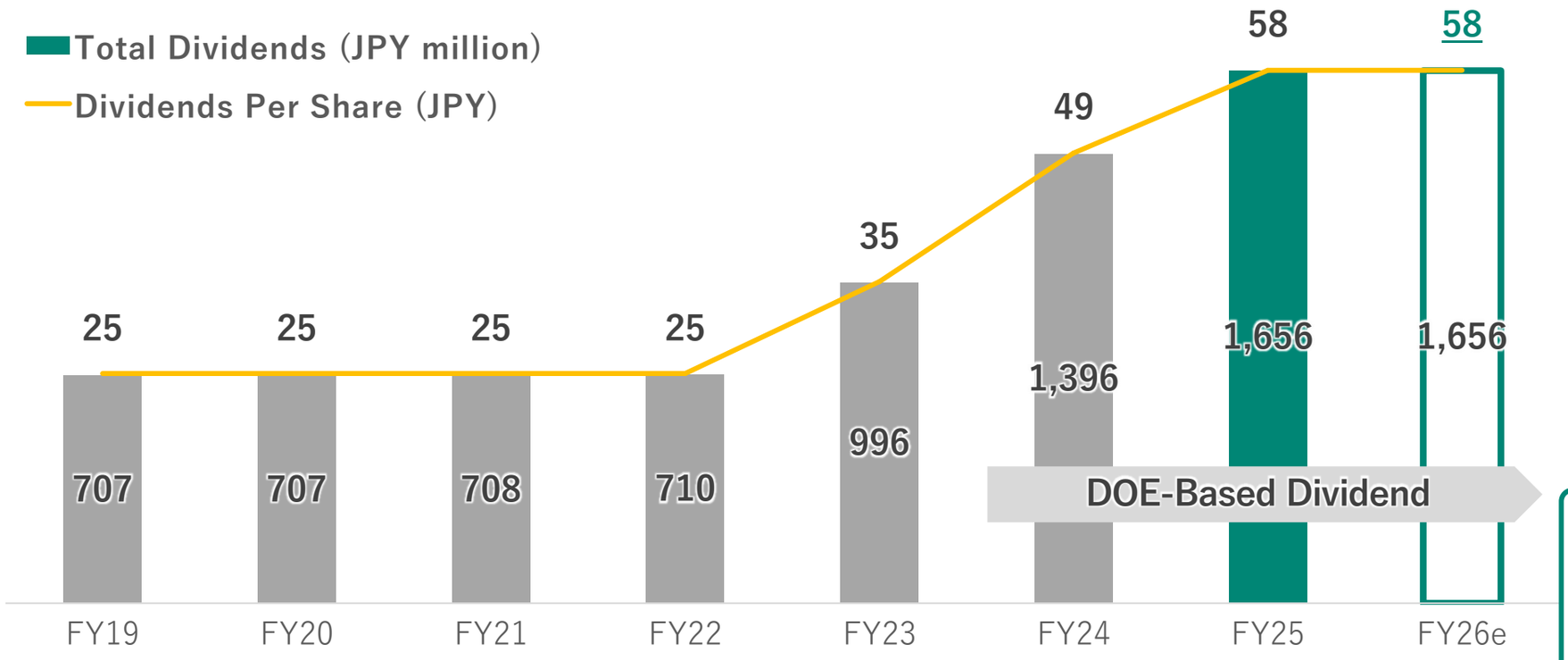
Lighting Factory expansion and renovation (Efficiency & Capacity expansion) ¥1.8B



Shareholder Returns

Re-posted

We plan proactive shareholder returns in FY26, based on a DOE of 3.0%.



FY25 (Proposed)

Dividends per share: **¥58**

vs. FY25 **＋¥9 (＋18%)**

FY26 (Forecast)

Dividends per share: **¥58**

vs. FY25 **±¥0**

Proactive and stable shareholder returns to curb excessive capital accumulation.

Shareholder Return Policy

- Aim for long-term stable dividends, using **DOE (Dividend on Equity)** as a key return metric.
- The FY26 Mid-term Plan (FY25-FY26) is based on a **DOE of 3.0%,** with a goal to reach 5.0% by FY29 (the final year of the next Mid-term Plan). Shareholders' equity is based on the previous fiscal year-end.
- Conduct share repurchases as needed, considering market conditions and capital efficiency.

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Purpose and Overview of Making Shinto Paint a Wholly-Owned Subsidiary

From "Consolidation" to "Integrated Management": Accelerating Synergy Realization and Enhancing Group Profitability

Transition to Integrated Management

- Eliminate constraints from conflict of interest management inherent in parent-subsidiary listings
- Centrally allocate and integrate management resources across the Group

Acceleration of Structural Reforms

- Accelerate managerial decision-making
- Shift toward group-wide optimization

Strengthening Earnings Base

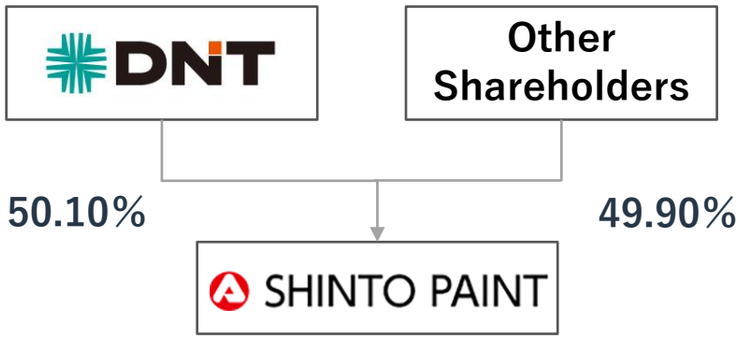
- Enhance competitiveness in the industrial coatings business
- Contribute to the achievement of Vision 2029

✓ The transaction will be executed via a share exchange, making SPC a wholly-owned subsidiary of DNT. Subject to approval at SPC's Extraordinary General Meeting of Shareholders, the effective date is scheduled for February 25, 2027.

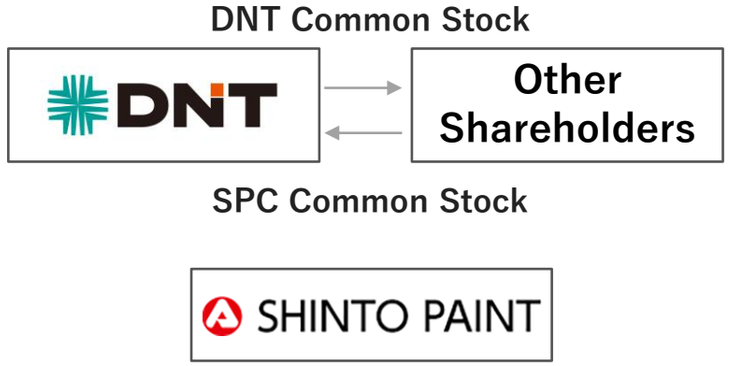
✓ The share exchange ratio is set at 0.0824 DNT shares for each share of SPC common stock. (Please refer to the following page for details regarding the valuation and exchange ratio.)

✓ DNT shares will be allotted to SPC shareholders, enabling them to share in the synergy creation and future business growth of the integrated Group.

Current Structure

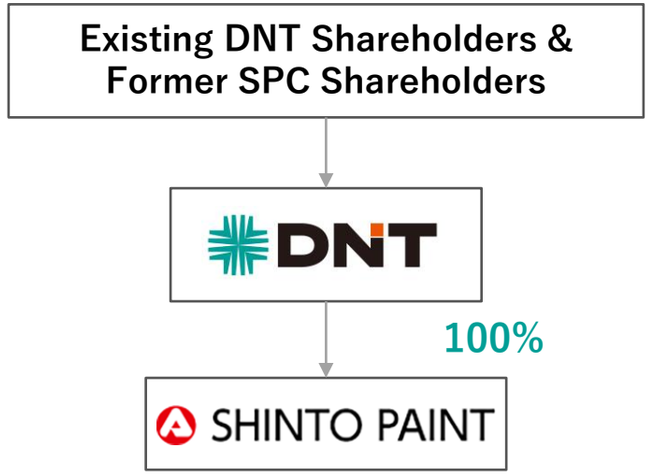


Share Exchange



- Allot DNT common stock to SPC shareholders (other than DNT) based on their shareholdings

Post-Transaction Structure



Rationale for Making SPC a Wholly-Owned Subsidiary via Share Exchange and Share Exchange Ratio

Adopted a share exchange structure to preserve growth investment capacity while maintaining financial soundness, allowing shareholders to share in post-transaction growth

① Rationale for Adopting the Share Exchange Method

1. **Sharing Post-Integration Growth Value**
   Allotting DNT shares to SPC shareholders allows them to participate in future synergy realization and business growth following the transaction.
2. **Preserving Financial Capacity for Growth Investments**
   Minimizing cash outflow allows the Group to secure capital capacity for investments in R&D, capital expenditures, and human resources.
3. **Effective Utilization of Treasury Stock**
   DNT plans to allot treasury stock held by the Company, ensuring efficient utilization of capital resources.

Selected as the optimal structure to enhance the corporate value of both companies while preserving financial soundness

② Calculation and Determination of Exchange Ratio

0.0824 DNT shares for each share of SPC common stock

Within the valuation ranges calculated by third-party valuation institutions for both companies

Valuation Agent	Valuation Method		Valuation Range
	DNT	SPC	
DNT's Third-Party Valuation Institution	Market Price Analysis	Market Price Analysis	0.071～0.099
		DCF Analysis	0.043～0.100
SPC's Third-Party Valuation Institution	Market Price Analysis	Market Price Analysis	0.0789～0.0898
		DCF Analysis	0.0637～0.0912

Independent Valuation and Review Process

- Both companies appointed independent third-party valuation institutions
- Conducted mutual due diligence between both companies
- SPC's Special Committee reviewed transaction terms and procedures, submitting its advisory report

Schedule for Making SPC a Wholly-Owned Subsidiary

Advancing designated procedures toward full subsidiary integration in February 2027 and transitioning to integrated group management

Nov 6, 2026
Execution of Share Exchange Agreement

Jan 15, 2027
SPC Extraordinary General Meeting of Shareholders

Feb 22, 2027
Delisting of SPC Shares (Scheduled)

Feb 25, 2027
Effective Date of Share Exchange

Improving Execution Certainty

- Prioritize segment-specific initiatives
- Establish concrete action plans and KPIs

Defining & Executing Structural Reforms

- Optimize procurement, production, and logistics
- Promote integrated deployment of management resources

Accelerating Growth Investments

- Enhance competitiveness in industrial coatings
- Reinvest in R&D, capital expenditures, and talent
- Preserve and leverage SPC's technologies, brand equity, human capital, and customer base

Positioning the full acquisition not as the final goal, but as the starting point for enhancing corporate value through integrated management

*Note: The last trading day for SPC shares is scheduled to be February 19, 2027.

Current Position: Moving from the 2026 Mid-term Plan to Vision 2029

From "Expansion and Restructuring" of Business Foundations to "Earnings Growth" Driven by Integrated Operations

Progress in PMI Concrete Actions Revealed Inherent Constraints of Parent-Subsidiary Listings

- Following the consolidation of SPC in March 2025, PMI initiatives—such as realizing procurement benefits and mutual product supply—have progressed. Cross-company studies on production, logistics, and IT system integration are also underway.
- However, under the parent-subsidiary listing structure, evaluating and executing specific initiatives required unexpected time and administrative burden, **surfacing challenges regarding speed and depth**.
- Amid a mature domestic coatings market and rising raw material costs, we decided to make SPC a wholly-owned subsidiary to flexibly execute vital growth investments and accelerate initiatives toward Vision 2029.

MTP 2026: Expansion & Restructuring

- Acquire and utilize external resources
- Consolidation of SPC and BFC
- Structural reforms, including China business

This Transaction: Turning Point to Integrated Management

- Eliminate constraints of parent-subsidiary listing
- Centrally manage and deploy management resources
- Execute synergy initiatives in full scale

Vision 2029: Sustainable Profitability

- Enhance competitiveness in industrial coatings
- Accelerate structural reforms and growth investments
- Improve profitability and capital efficiency

FY2026 Guidance

Operating profit ¥8.0B

Contributing to strengthened earnings structure through full subsidiary integration

Vision 2029

Operating profit ¥10.0B

Integrating the Strengths of Both Companies: Developing Industrial Coatings into a Second Earnings Pillar

Sustaining and combining the core strengths of both companies to establish industrial coatings as a primary earnings pillar alongside structural coatings

DNT

- Heavy-duty anti-corrosion technologies, established customer base, and proprietary coating-film database
- Extensive domestic and global sales networks
- Group-wide platforms in procurement, production, logistics, and R&D



×

SHINTO PAINT

- Electrodeposition and powder coating technologies: Coating and curing technologies "tailored to customer needs"
- Solid customer base in industrial coatings
- Operating foundations leveraging brand equity, human capital, and overseas JVs



Deepening Integrated Management Through Full Acquisition
Integrated Deployment of Management Resources × Accelerated Decision-Making & Execution

Short-term: Improving Profitability in Existing Businesses

- Mutual product supply
- Cross-selling across customer bases and sales channels
- Rationalization of procurement, production, and logistics

Application & Customer Expansion / Profitability Enhancement

Mid-to-Long-term: Building New Growth Businesses

- Mutual utilization of technological and R&D foundations
- Combining technologies, insights, and data from both companies to explore new applications in growth sectors

Competitiveness Enhancement in Industrial Coatings / Growth Domain Expansion

Prospects for New Growth Businesses by Combining Technologies of DNT and SPC

Combining the technologies and expertise of DNT and SPC to explore emerging functions and applications required in strategic growth domains

Candidate Growth Domains	Key Target Domains Aligned with Japan's Growth Strategy, etc	Required Functions & Market Challenges
Protecting Social Infrastructure & National Land 	Disaster prevention tech / Offshore wind / Naval vessels, next-generation ships & ship repair	✓ Extending infrastructure lifespan & advancing maintenance assessment ✓ Labor-saving & accelerated work periods for repair / reinforcement ✓ Resilience against natural disasters and disaster mitigation
Supporting Electrification & Energy 	Semiconductors / Data centers & storage batteries / Permanent magnets / Green Transformation (GX) chemicals / Advanced composite materials	✓ Enhancing electrical reliability ✓ Balancing thermal management and electrical insulation ✓ Lightweighting, process simplification, and environmental impact reduction
Supporting Intelligent Mobility & Robotics 	Physical AI / Autonomous driving / Next-generation wireless	✓ Stabilizing recognition and measurement accuracy ✓ Downsizing and flexibility for robotics components ✓ Ensuring stability in communication and sensor functions
Supporting Safe & Resilient Maritime and Aerospace Operations 	eVTOL (Flying cars) / Commercial aircraft / Unmanned maritime vehicles & MDA / Next-generation vessels & ship repair	✓ Reliability of electric propulsion & extreme cold-weather operations ✓ Acoustic and vibration damping control ✓ Reducing maintenance burdens & extending lifespan of marine equipment

Contributing to Environmental Solutions & Circular Economy

Expected Functions through Group-wide Technological Utilization

- Long-term Protection & Durability / Degradation Evaluation
- Formation of Films Controlling Electrical and Thermal Properties (Insulation, etc.)
- Wavelength-Specific Optical Property Design
- Acoustic and Vibration Damping Control

*Note: This slide outlines prospective technological exploratory areas and does not represent confirmed commercialization or earnings commitments.

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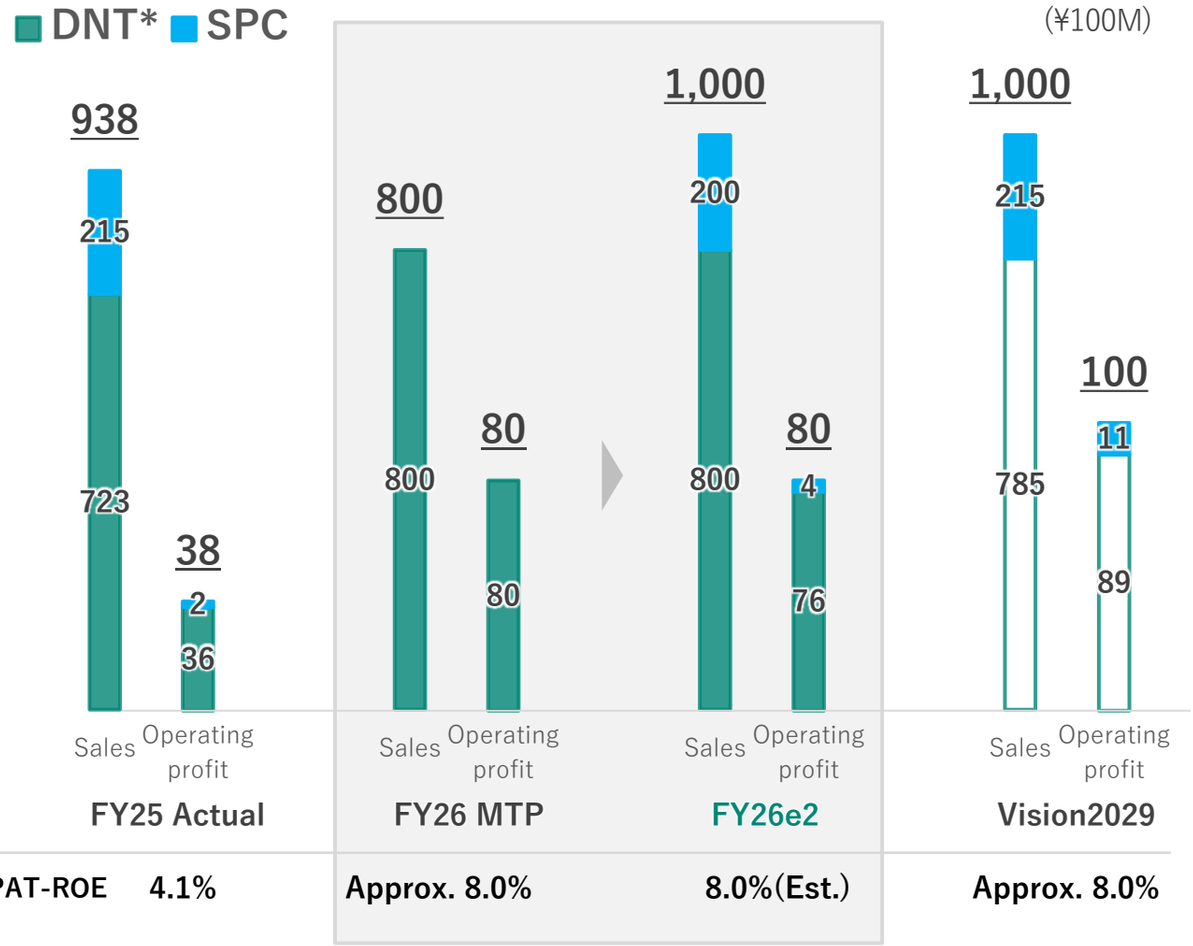
Current Position and Initiatives for Achieving the FY26 Mid-term Plan & Vision 2029 Partially Updated

The M&A assumed for Vision 2029 was executed earlier than expected. Despite ongoing Middle East disruption in FY26, the 2026 Mid-term Plan is within reach. Vision 2029 targets are maintained, with a focus on further profitability gains.



	FY25 Actual	FY26 MTP	FY26e2	Vision2029
NOPAT-ROE	4.1%	Approx. 8.0%	8.0%(Est.)	Approx. 8.0%

*Note: Figures labeled "DNT" exclude SPC from the consolidated total for convenience.

Action Plan and Future Outlook

Scale Expansion

- The ¥100B Vision 2029 net sales target was originally predicated on M&A; successfully executed two acquisitions: SPC (Mar 2025) and BFC (Dec 2025).

→ Optimizing the new Group-wide business portfolio integrating these two companies' domains to focus resources on growth and core profitability segments.

→Resolution to Make SPC a Wholly Owned Subsidiary (Announced on November 6, 2026)

Profitability Improvement

- Promote fundamental business structure improvements and productivity enhancements, including leveraging external resources.

→ Prioritizing production optimization under the new group structure as the top agenda.

→Explore growth areas that could become new revenue pillars for the Group through the integration of DNT and SPC technologies.

Capital Efficiency Improvement

- Curb excessive capital accumulation through proactive shareholder returns, investment in growth areas, and appropriate facility upgrades.

→ Based on the cash allocation policy, continuing active investments, divesting idle assets, and enhancing shareholder returns.
Utilizing debt leverage to maintain equity ratio below 50%
(FY23: 58.6% → FY24: 48.8% → FY25: 48.6%).

Cash Allocation Progress

Partially Updated

DAI NIPPON TORYO

Secured a solid floor for shareholder returns based on DOE. Operating CF improved significantly to 4.45 billion yen in H1, while assets and borrowings were also leveraged flexibly.

Cash-in progress

Operating CF

FY24 Actual：¥3.5 billion
FY25 Actual：¥3.0 billion
FY26 Estimate：Approx. ¥8.0 billion

Profit improvements brought us close to plan; continuing efforts to drive further gains.

Sales of cross-shareholdings

FY24 Actual：¥2.8 billion
FY25 Actual：¥1.5 billion

Utilization of borrowings (amount of increase from the end of the previous period)

FY24 Actual：¥1.5 billion
FY25 Actual：¥2.9 billion

Promote utilization of idle assets and borrowings.

FY24-FY26 Three-Year Cumulative (Plan)

Operating CF

¥15 billion
(¥5 billion/year)

Reduction of cross-shareholdings, etc.

Utilization of borrowings

Efficient utilization of internal and external assets

Cash-out

Shareholder returns:
¥5 billion or above
(¥1.7 billion or above/year)
FY26：DOE3%

Growth investment
Equipment renewal
(Human capital investment and DX)

¥20 billion or above
(¥6.7 billion or above/year)

Cash-out

Cash-out progress

Total dividends

FY24 Actual：¥1.39 billion
FY25 Actual：¥1.65 billion
FY26 Plan：Approx. ¥1.65 billion

Strengthening returns based on DOE

Investment amount

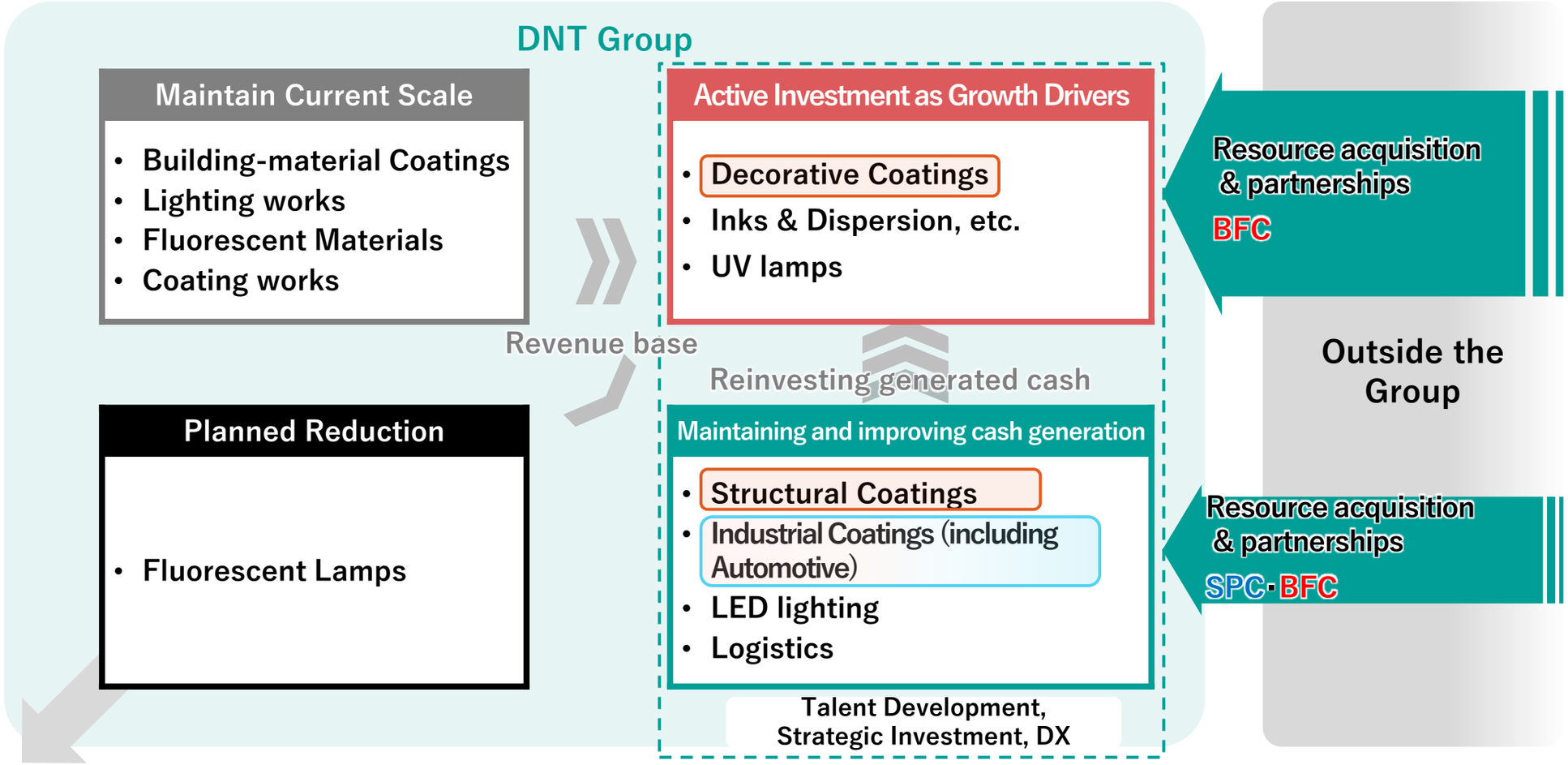
FY24 Actual: ¥6.7 billion
(incl. SPC M&A)
FY25 Actual: ¥6.3 billion
(incl. BFC M&A)
FY26 Plan: ¥5.7 billion

Executed multiple strategic investments, yet controlled vs. plan reflecting soft operating CF.

Business Strategy: Portfolio Optimization (Domestic / Lighting / Fluorescent & Others)

Re-posted

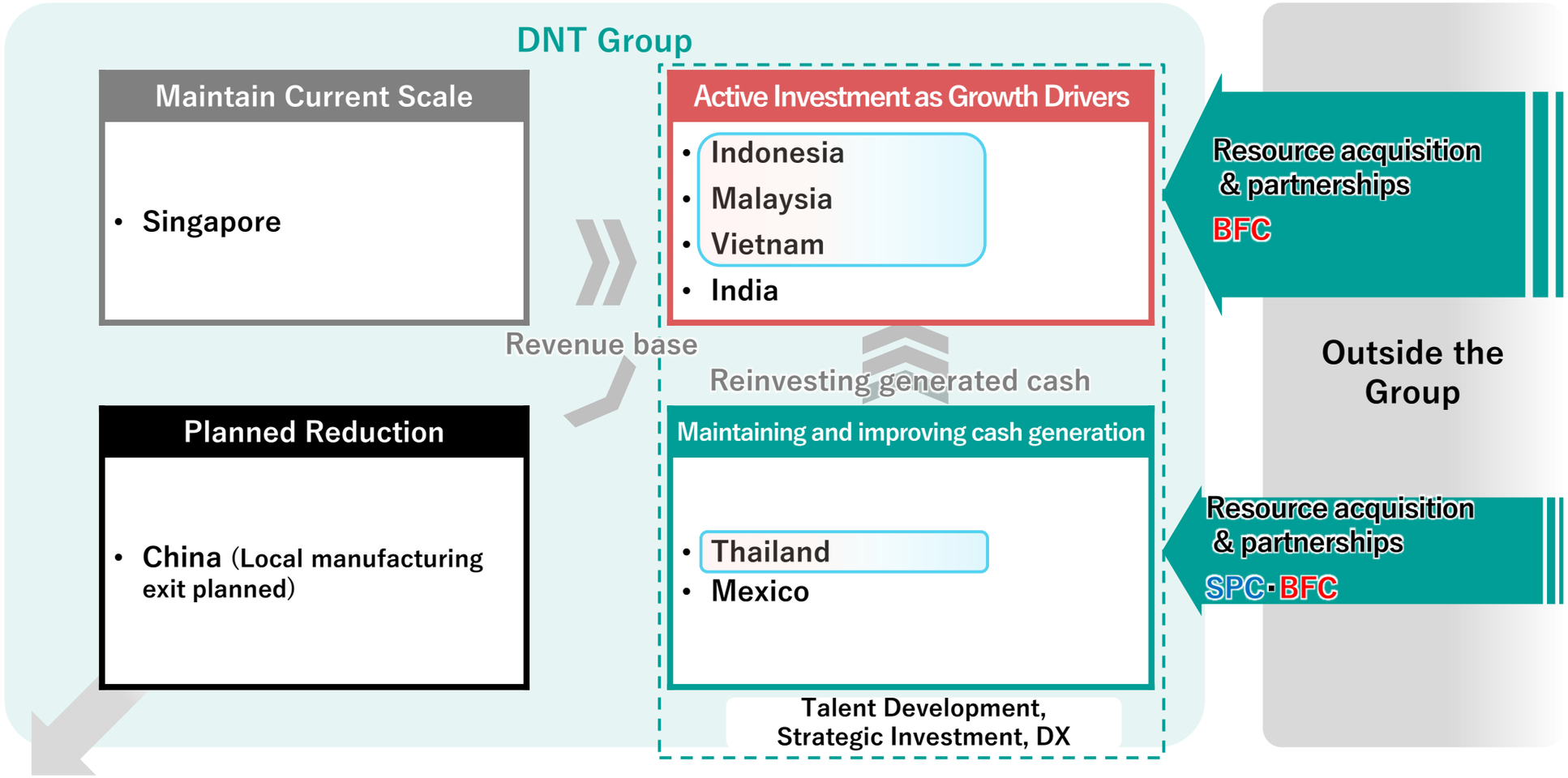
- Reviewed the existing portfolio following the two M&As executed during the MTP 2026 period.
- Concentrating resources on industrial applications, such as powder and electrodeposition coatings, where the consolidation of SPC secures the top domestic market share. Leveraging post-merger synergies to enhance cash-generating capability, establishing this segment as a core pillar alongside structural coatings.



Business Strategy: Portfolio Optimization (Overseas)

Re-posted

- Maintaining the view of overseas markets as growth drivers; classified operations into four regional categories (similar to the domestic approach) following the MTP 2026 divestment of the Chinese subsidiary and consolidation of SPC.
- Expanding business domains while eyeing deeper future collaboration with JV partners who maintain good relationships with SPC.



Progress on Key Initiatives for the FY26 Mid-term Plan (1/2)

Partially Updated

DAI NIPPON TORYO

Key Initiatives		Details
Accelerate our focus on growth markets and pioneering areas to create new business opportunities.	①Business Portfolio Review	• Reviewing China business(Overseas) → **Equity transfer completed (FY26 H1). Following the withdrawal from the production base in China, losses are expected to be eliminated from H2 FY26 onward.** • Strengthening focus on the high-grade residential market(Lighting) → Prioritizing strong demand in existing markets; temporarily suspending expansion into the residential market. • Promoting the conversion of fluorescent lamp manufacturing sites to UV lamp production and transferring operations, with an eye toward the Dec 2027 production end (Lighting) • Initiating business portfolio optimization integrating SPC and BFC (Domestic / Overseas)
	②Execution of Strategic Investments	• Upgrading distillation columns to improve profitability and strengthen BCP for coumarone resin production (Domestic) • Commencement of plant expansion/renovation to enhance production efficiency and capacity in the Lighting business. (Lighting)
	③Enhanced Product Development	• Launched new reagent kit Exorapid-qIC® for extracellular vesicle detection(Domestic) → Jointly developing a quantitative measurement system for test results with TOPPAN; establishing sales channels in the US, Europe, China, and Taiwan to drive global expansion. • Accelerating global expansion to capture the overseas shift in film processing, leveraging proprietary high-transparency /high-refractive-index technology and customization capabilities for nano-coating materials (Domestic) • Established Technology Development Center(Lighting) → **Established technology for flexible LEDs with high waterproof and dustproof performance, with sales launched in September 2026.** • Obtained OEKO-TEX® ECO PASSPORT international certification for dye and chemical safety(Fluorescent)

Progress on Key Initiatives for the FY26 Mid-term Plan (2/2)

Partially Updated

DNT DAI NIPPON TORYO

Key Initiatives		Details
Expand our business foundation by acquiring and utilizing external resources.	④Expansion of Coatings Business Foundation ⑤Fundamental Business Efficiency Improvement	• SPC Consolidation (Mar 2025) → **SPC to Become a Wholly Owned Subsidiary (Announced on November 6, 2026)** • BFC Consolidation (Dec 2025)
Optimize our human resource development and business activities company-wide.	⑥Productivity Improvement through Facility Upgrades and DX	• Reduced raw material procurement costs and strengthened BCP by leveraging a proprietary purchasing system(Domestic) • Improved workplace environment, including Tokyo office renovation and DNL's new HQ construction(Domestic / Lighting) • Introduced large-scale solar power generation system in Thailand, improving energy efficiency →Confirmed approximately 36% CO_2 reduction; planning new introduction in Mexico. • Consolidated group bases and streamlined logistics: Shiga as the new core logistics hub (Other-Logistics) • **Launched the web-based "DN Light Navi" tool, covering product selection through quotation (Lighting)** →Accelerates customers' product selection and quotation, and improves efficiency of sales and order processing
	⑦Company-wide Optimization of People and Organization	• Implemented Talent Management System(Domestic / Lighting) • Introduced 360-degree feedback in performance reviews: Aiming to enhance management capabilities and organizational strength for managers (Domestic) • Revised executive compensation system: Linking evaluation metrics to FY26 Mid-term Plan performance targets
	⑧Strengthening Inter-organizational Collaboration	• Reorganized for strengthening ink and life science domains. (Domestic) • Integrated planning departments for domestic and Overseas Coatings businesses to boost sales, drive global operations, and strengthen cross-divisional synergy (Domestic / Overseas) • Established new organization to enhance planning functions. (Lighting) • **DNT HQ Relocation (Sep 2026)→Consolidating functions onto a single floor to enhance inter-departmental collaboration and communication**

Synergy Creation Initiatives with SPC

Established working groups under the Business Alliance Committee to build a structure that delivers both short- and long-term synergy effects.

	FY25	FY26	FY27	FY28	FY29	Expected	Status of Initiatives
Procure-ment	○		●			Approx. ¥300M	• Shared supplier and raw material item information, aiming for procurement cost reduction in both companies. → Discussing joint procurement for further cost reductions. → **Sharing information on responses to the situation in the Middle East.**
Production		○			●	Approx. ¥700M	• Shared manufacturing results and cost of goods sold structure by product type. • Commenced initial studies toward optimization. • **Continue trial production and technical evaluations for selected products toward the mutual transfer of production.**
Human Resources						Financial impact not factored in	• Commenced review of a succession plan for building a sustainable management structure.
Other	○				●	Approx. ¥500M	• **Continued on-site discussions among DNT, SPC's overseas subsidiaries, and overseas JV partners to expand overseas markets.** • Discussed streamlining analysis and patent management operations. • Began reviewing the standardization of business systems and cost reduction. • Discussed best practices for EHS (Environmental, Health, and Safety), risk assessment, and GHG emission reduction.
Sales/ Logistics						Under review	• Began supplying some products to complement the mutual product lineup. • Discussed conditions for joint delivery, storage, and cargo handling by region. • Commenced studies for streamlining and rationalizing color matching operations. • Launched personnel exchanges between DNT and SPC (Apr 2026) to advance SCM. →**Began concrete discussions to optimize logistics across the Group.**

Estimated effect during DD

○ Target for Initial Benefit Realization ● Target for Maximum Benefit Achievement

Structural Reform of China Business

Updated

Withdraw from in-house manufacturing in China and reallocate management resources to growth regions
Aim to expand overseas business and improve profitability

Changes in the Business Environment

Slowdown of the Chinese Economy

Sharp deterioration in demand driven by the COVID-19 pandemic (since 2020) and the economic slowdown in China.

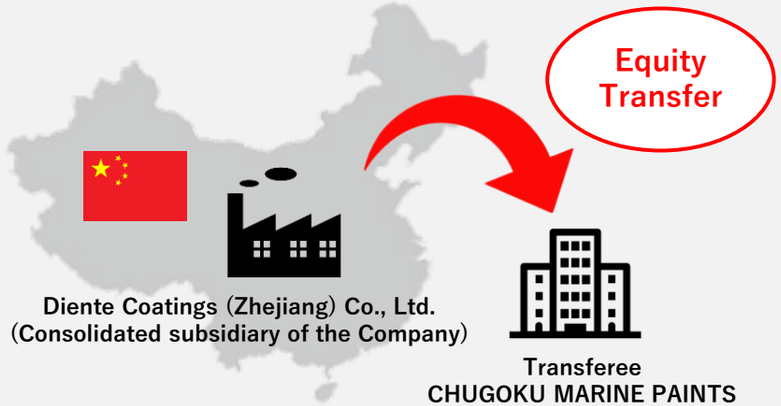
Deteriorating Demand Environment

Changes in the market environment have kept earnings continuously weak

Structural reform implemented, but earnings recovery remains difficult

Although we promoted structural reform, including closing the former Shanghai plant in March 2024, we judged a medium- to long-term earnings recovery to be difficult

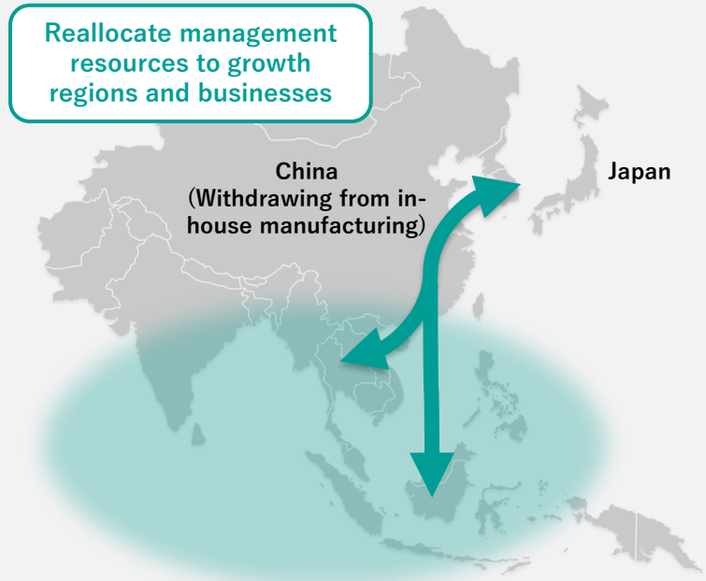
Execution of Structural Reform



- ✓ Equity transfer agreement signed on February 26, 2026
- ✓ Transfer of rights and obligations and change registration for the equity transfer completed (transfer price also finalized)
- ✓ Gain on sale of shares of affiliates of approx. ¥410 million recorded as extraordinary income
- ✓ **Excluded from the scope of consolidation as of the end of H1 FY2026.**

*Note: As overseas subsidiaries have a December fiscal year-end, their P/L will be excluded from consolidation starting in H2 FY2026.

Future Strategy for the Overseas Coatings Business



- With the SPC Group's overseas business in view, reallocate management resources to overseas bases centered on Southeast Asia, India, and Mexico
- **Strive to expand overseas business and improve profitability**

Part Ⅰ. Financial Results and Guidance p. 2

Part Ⅱ. Making Shinto Paint a Wholly Owned Subsidiary p. 15

Part Ⅲ. Progress of Mid-Term Management Plan p. 22

Appendix. Trends in Management Indicators p. 31

Consolidated statement of income（Annual Trend）

(Million yen)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Net sales	**73,005**	**76,388**	**72,789**	**74,119**	**73,743**	**72,709**	**63,160**	**66,948**	**72,849**	**71,940**	**72,511**	**93,759**
YoY % Change	0.5	4.6	△ 4.7	1.8	△ 0.5	△ 1.4	△ 13.1	6.0	8.8	△ 1.2	0.8	29.3
Domestic Coatings	53,045	55,508	53,498	53,374	52,972	51,861	47,232	49,622	53,250	50,551	50,921	71,870
Overseas Coatings	7,464	7,467	7,019	7,960	8,063	7,290	5,486	6,939	8,066	8,529	8,133	8,590
Lighting	9,131	9,694	9,092	9,470	9,377	10,135	7,239	7,656	8,557	9,686	10,418	10,425
Fluorescent color material	1,401	1,432	1,377	1,275	1,287	1,337	1,117	1,223	1,154	1,175	1,158	1,088
Other businesses	1,961	2,284	1,801	2,038	2,041	2,084	2,084	1,507	1,820	1,997	1,879	1,785
Gross profit	20,040	21,906	22,649	22,813	21,833	21,800	19,165	19,658	20,616	21,804	22,463	25,878
Gross Profit Margin （%）	27.5	28.7	31.1	30.8	29.6	30.0	30.3	29.4	28.3	30.3	31.0	27.6
Selling, General and Administrative Expenses	15,612	16,047	16,115	16,225	15,794	16,252	16,336	16,474	16,670	16,902	17,747	22,025
SG&A Ratio (%)	21.4	21.0	22.1	21.9	21.4	22.4	25.9	25.6	22.9	23.5	25.5	23.5
Operating profit	**4,428**	**5,858**	**6,533**	**6,588**	**6,039**	**5,547**	**2,828**	**3,183**	**3,946**	**4,901**	**4,716**	**3,854**
YoY % Change	3.6	32.3	11.5	0.8	△ 8.3	△ 8.1	△ 49.0	12.5	25.0	25.2	△ 3.8	△ 18.3
Operating Profit Margin (%)	6.1	7.7	9.0	8.9	8.2	7.6	4.5	4.8	5.4	6.8	6.5	4.1
Domestic Coatings	2,353	3,785	3,886	3,466	2,934	2,464	1,631	1,990	1,986	2,200	1,968	1,231
Overseas Coatings	763	775	1,186	1,405	1,190	843	221	236	203	416	238	368
Lighting	785	688	931	1,146	1,238	1,639	479	577	1,285	1,890	2,063	1,928
Fluorescent color material	154	171	135	119	74	116	54	46	71	28	59	64
Other businesses	177	202	158	213	315	217	257	114	159	138	79	△ 37
Intersegment Adjustments	194	235	234	236	285	266	183	218	238	227	305	298
Ordinary profit	4,498	5,559	6,600	6,392	6,210	5,786	3,268	3,465	4,316	5,336	5,199	4,479
Profit attributable to owners of parent	2,756	3,614	5,199	4,573	3,604	3,662	1,968	2,031	3,458	4,600	9,437	1,688

* For management indicators since FY20, figures are presented in accordance with Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).

Consolidated statement of income（Quarterly Trend）

(Million yen)	FY23				FY24				FY25				FY26	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	**17,814**	**18,556**	**18,411**	**17,158**	**17,483**	**18,652**	**18,972**	**17,403**	**22,300**	**23,664**	**24,281**	**23,513**	**25,407**	**25,955**
Q/Q % Change	△ 4.9	4.2	△ 0.8	△ 6.8	1.9	6.7	1.7	△ 8.3	28.1	6.1	2.6	△ 3.2	8.1	2.2
Domestic Coatings	12,701	13,233	13,084	11,531	12,404	13,197	13,486	11,832	17,287	18,179	18,682	17,721	20,286	20,035
Overseas Coatings	2,127	2,111	2,176	2,113	1,965	2,156	2,068	1,942	2,034	2,121	2,190	2,244	2,155	2,537
Lighting	2,253	2,425	2,308	2,699	2,366	2,566	2,616	2,868	2,274	2,603	2,655	2,891	2,310	2,677
Fluorescent color material	280	337	278	279	292	267	286	311	279	259	262	286	278	261
Other businesses	451	448	563	534	454	463	513	448	425	501	490	368	377	443
Gross profit	5,471	5,668	5,519	5,145	5,400	5,749	5,981	5,331	6,172	6,454	6,556	6,695	7,645	8,432
Gross Profit Margin (%)	30.7	30.5	30.0	30.0	30.9	30.8	31.5	30.6	27.7	27.3	27.0	28.5	30.1	32.5
Selling, General and Administrative Expenses	4,269	4,154	4,303	4,175	4,309	4,316	4,548	4,573	5,467	5,341	5,388	5,827	5,794	5,766
SG&A Ratio (%)	24.0	22.4	23.4	24.3	24.6	23.1	24.0	26.3	24.5	22.6	22.2	24.8	22.8	22.2
Operating profit	**1,201**	**1,513**	**1,215**	**969**	**1,091**	**1,433**	**1,433**	**758**	**705**	**1,112**	**1,168**	**867**	**1,850**	**2,665**
Q/Q % Change	32.0	26.0	△ 19.7	△ 20.2	12.5	31.3	0.0	△ 47.1	△ 7.0	57.9	5.0	△ 25.8	113.3	44.1
Operating Profit Margin (%)	6.7	8.2	6.6	5.7	6.2	7.7	7.6	4.4	3.2	4.7	4.8	3.7	7.3	10.3
Domestic Coatings	586	765	627	221	436	692	725	114	149	393	490	199	1,334	1,881
Overseas Coatings	105	136	10	163	75	78	103	△ 18	112	127	53	74	75	140
Lighting	423	490	449	526	467	563	474	558	344	500	505	578	331	520
Fluorescent color material	7	6	6	7	13	18	6	20	12	5	22	23	29	5
Other businesses	18	26	64	27	16	0	42	20	18	9	30	△ 96	3	18
Intersegment Adjustments	58	87	57	23	80	81	81	62	67	76	65	88	76	99
Ordinary profit	1,362	1,598	1,310	1,065	1,382	1,382	1,675	759	848	1,276	1,295	1,059	2,194	2,667
Profit attributable to owners of parent	910	1,046	772	1,871	1,162	1,553	996	5,723	381	1,023	614	△ 331	1,211	2,220

Other Consolidated Management Indicators

(Million yen)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Balance Sheet												
Total Assets	69,252	67,732	70,374	76,155	78,880	76,817	85,765	87,705	92,805	101,618	133,344	137,490
Total Liabilities	40,811	37,112	34,055	32,806	33,796	32,138	34,900	35,713	37,594	39,128	57,173	60,813
Total net assets	28,441	30,620	36,319	43,349	45,083	44,679	50,865	51,991	55,210	62,490	76,170	76,676
Shareholders' Equity	20,455	23,382	27,777	31,385	33,868	36,491	37,754	39,101	42,112	46,026	54,515	54,883
Equity (Shareholders' equity + Accumulated other comprehensive income)	26,474	28,647	34,103	40,747	42,275	41,762	48,069	49,015	52,033	59,550	65,027	66,773
Cash Flow												
Operating Activities	4,783	5,785	6,133	5,315	4,358	4,434	3,641	3,364	1,282	3,463	3,570	3,011
Investing Activities	△ 1,838	△ 718	637	△ 398	△ 2,470	△ 4,424	△ 2,325	△ 966	△ 1,449	△ 772	△ 364	△ 3,397
Financing Activities	△ 2,977	△ 4,317	△ 5,808	△ 4,747	△ 351	△ 742	499	△ 2,841	△ 473	△ 1,657	△ 75	△ 189
Cash and Cash Equivalents at End of Period	2,444	3,072	3,953	4,256	5,704	5,064	6,736	6,479	6,340	7,867	11,469	10,913
Other Indicators												
Total number of issued shares at the end of the period	29,710	29,710	29,710	29,710	29,710	29,710	29,710	29,710	29,710	29,710	29,710	29,710
Number of treasury shares at the end of the period	13	310	610	819	1,115	1,408	1,405	1,377	1,273	1,246	1,213	1,148
EPS (Earnings Per Share)	92.83	122.38	178.06	157.70	125.61	128.96	69.55	71.74	121.78	161.70	331.40	59.16
BPS (Book-Value Per Share)	891.46	974.38	1,171.93	1,410.38	1,478.43	1,475.59	1,698.23	1,730.00	1,829.75	2,092.10	2,281.92	2,337.80
Dividend Per Share	15.00	17.50	20.00	25.00	25.00	25.00	25.00	25.00	25.00	35.00	49.00	58.00
Total Dividends	445	514	582	722	714	707	707	708	710	996	1,396	1,656
DOE (Dividend on Equity*)	2.4%	2.5%	2.5%	2.6%	2.3%	2.1%	1.9%	1.9%	1.8%	2.4%	3.0%	3.0%
Equity Ratio	38.2%	42.3%	48.5%	53.3%	53.6%	54.4%	56.0%	55.9%	56.1%	58.6%	48.8%	48.6%
ROE	11.4%	13.1%	16.6%	12.2%	8.7%	8.7%	4.4%	4.2%	6.8%	8.2%	15.2%	2.6%
NOPAT-ROE	12.7%	14.8%	14.5%	12.2%	10.1%	9.2%	4.4%	4.6%	5.4%	6.1%	5.3%	4.1%

*On October 1, 2017, our company conducted a 1-for-5 reverse stock split of its common shares. The figures above for periods prior to the split have been restated to reflect the post-split number of shares.

*Dividend on Equity (DOE) is calculated based on shareholders' equity at the end of the previous fiscal year.

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