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May 11, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 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/>
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 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file annual securities report: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	72,849	8.8	3,946	24.0	4,316	24.6	3,458	70.2
March 31, 2022	66,948	6.0	3,183	12.5	3,465	6.0	2,031	3.2

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥4,040 million [113.1%]
 For the fiscal year ended March 31, 2022: ¥1,895 million [(73.0)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	121.78	120.92	6.8	4.8	5.4
March 31, 2022	71.74	71.10	4.2	4.0	4.8

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥1 million
 For the fiscal year ended March 31, 2022: ¥(2) million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	92,805	55,210	56.1	1,829.75
March 31, 2022	87,705	51,991	55.9	1,730.00

Reference: Equity
 As of March 31, 2023: ¥52,033 million
 As of March 31, 2022: ¥49,015 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	1,282	(1,449)	(473)	6,340
March 31, 2022	3,364	(966)	(2,841)	6,479

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2022	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	–	0.00	–	25.00	25.00	708	34.8	1.5
Fiscal year ended March 31, 2023	–	0.00	–	25.00	25.00	710	20.5	1.4
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	30.00	30.00		25.1	

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

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of March 31, 2023	29,710,678 shares
As of March 31, 2022	29,710,678 shares

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

As of March 31, 2023	1,273,139 shares
As of March 31, 2022	1,377,931 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	28,395,186 shares
Fiscal year ended March 31, 2022	28,322,840 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	43,269	8.6	893	8.2	2,396	15.1	2,464	63.8
March 31, 2022	39,849	5.9	825	8.5	2,082	(19.1)	1,504	(26.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	86.80	86.19
March 31, 2022	53.13	52.66

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	70,985	35,396	49.6	1,238.93
March 31, 2022	67,196	33,326	49.2	1,167.66

Reference: Equity

As of March 31, 2023: ¥35,232 million
As of March 31, 2022: ¥33,083 million

* Financial results reports are exempt from audit 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. Summary of Business Results, Etc., (4) Future Prospects” on page 4 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. Summary of Business Results, Etc.

(1) Summary of Business Results for Current Fiscal Year

In the fiscal year under review, the Japanese economy progressively achieved a balance between preventing the spread of the novel coronavirus infection and maintaining economic activities. However, the outlook remained uncertain due to factors such as not only the rise in raw material prices and energy prices triggered by the prolonged situation in Ukraine, but the downturn in overseas economies and sharp fluctuations in exchange rates brought about by global monetary tightening.

As for the Group's business results, net sales were ¥72,849 million (an 8.8% year-on-year increase) due to the effort for price adjustments in each segment. On the profit side, operating profit was ¥3,946 million (a ¥762 million year-on-year increase) and ordinary profit was ¥4,316 million (an ¥850 million year-on-year increase) due to a strong performance of the lighting business. Profit attributable to owners of parent was ¥3,458 million (a ¥1,426 million year-on-year increase) due to gain on sale of non-current assets in the fourth quarter.

The business results by segment were as follows.

[Domestic coatings business]

In the general-use sector, the market for coatings for structures remained strong, but in the industrial-use sector, demand declined, particularly for coatings for building materials. In this segment, net sales exceeded year on year due to the effort for price adjustments to respond to the rise in raw material prices. Profits were in line with the previous fiscal year as a result of working on measures to reduce costs, such as the increase of production efficiency and the review of raw materials and paint formulation.

As a result, net sales were ¥53,250 million (a 7.3% year-on-year increase), and operating profit was ¥1,986 million (a ¥3 million year-on-year decrease).

[Overseas coatings business]

In Southeast Asia, demand for coatings for automotive parts remained sluggish in Thailand due to the shortage of semiconductors and other materials, while demand for coatings for building materials and baking applications increased in Singapore and Malaysia. In North and Central America, demand for coatings for automotive parts decreased due to a decline in production by major customers. In China, while demand for baking coatings increased, demand for coatings for automotive parts decreased due to the impact of COVID-19 Zero policy (policy of no newly infected patients). In this segment, net sales were higher year on year due to the effect of foreign currency translation resulting from the yen's depreciation. Profits were lower than in the previous fiscal year due to higher raw material prices and lower demand in Thailand and Mexico, as well as a valuation loss on inventories recorded in the China business.

As a result, net sales were ¥8,066 million (a 16.2% year-on-year increase), and operating profit was ¥203 million (a ¥32 million year-on-year decrease).

[Lighting business]

In the commercial LED lighting field, demand for lighting for commercial facilities and construction recovered, and price adjustment measures were carried out to respond to the rise in raw material prices. As a result, net sales in this segment were higher year on year. As for profits, they exceeded year on year due to increased sales as well as efforts to control costs.

As a result, net sales were ¥8,557 million (an 11.8% year-on-year increase), and operating profit was ¥1,285 million (a ¥708 million year-on-year increase).

[Fluorescent color material business]

In the processed products segment, demand recovered due to the development of the market for safety applications and the resumption of various events, etc. However, in the pigments segment, domestic and overseas market conditions were sluggish, and net sales in this segment fell year on year. Profits exceeded year on year due to increased sales in the high value-added processed products segment and cost reductions.

As a result, net sales were ¥1,154 million (a 5.7% year-on-year decrease), and operating profit was ¥71 million (a ¥24 million year-on-year increase).

[Other businesses]

In the logistics business, transportation sales fell year on year due to a decrease in the volume of cargo handled. In the painting business, demand recovered mainly in the Tokyo metropolitan area, and net sales increased year on year.

As a result, net sales were ¥1,820 million (a 20.8% year-on-year increase), and operating profit was ¥159 million (a ¥44 million year-on-year increase).

(2) Summary of Financial Position for Current Fiscal Year

Total assets at the end of the current fiscal year were ¥92,805 million, an increase of ¥5,099 million from the end of the previous fiscal year. Current assets increased by ¥3,830 million to ¥38,604 million from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts receivable - trade, and contract assets of ¥976 million, an increase in electronically recorded monetary claims - operating of ¥1,905 million, and an increase in inventories of ¥912 million. Non-current assets totaled ¥54,200 million, an increase of ¥1,268 million from the end of the previous fiscal year, mainly due to a ¥1,244 million increase in investments and other assets.

Liabilities totaled ¥37,594 million, an increase of ¥1,880 million from the end of the previous fiscal year. Current liabilities were ¥28,240 million, an increase of ¥2,449 million from the end of the previous fiscal year. An increase of ¥929 million in notes and accounts payable - trade, an increase in short-term borrowings of ¥1,250 million, an increase in income taxes payable of ¥291 million, a decrease in provision for product warranties of ¥154 million, and an increase in lease liabilities of ¥193 million were the main factors in this. Non-current liabilities were ¥9,354 million, a decrease from the end of the previous fiscal year of ¥568 million. The main factors in this were a decrease in long-term borrowings of ¥500 million, a decrease in deferred tax liabilities for land revaluation of ¥114 million, a decrease in lease liabilities of ¥309 million, and an increase in deferred tax liabilities of ¥289 million.

Net assets were ¥55,210 million, an increase from the end of the previous fiscal year of ¥3,218 million. The main factors in this were an increase in retained earnings of ¥2,889 million, a decrease of ¥120 million in treasury shares, an increase of ¥331 million in valuation difference on available-for-sale securities, a decrease of ¥165 million in revaluation reserve for land, an increase in foreign currency translation adjustment of ¥793 million, a decrease in remeasurements of defined benefit plans of ¥952 million, and an increase in non-controlling interests of ¥280 million.

(3) Summary of Cash Flows for Current Fiscal Year

During the current fiscal year, cash and cash equivalents (hereinafter, "cash") decreased from the end of the previous fiscal year by ¥138 million to ¥6,340 million.

The status of each cash flow during the current fiscal year and their contributing factors are as follows.

(Cash flows from operating activities)

Cash provided by operating activities in the current fiscal year totaled ¥1,282 million (compared to ¥3,364 million gained in the previous fiscal year). This is mainly due to income from an increase in trade payables, and expenditures such as an increase in trade receivables, an increase in net defined benefit asset, and income taxes paid, based on profit before income taxes and depreciation.

(Cash flows from investing activities)

Cash used in investing activities during the current fiscal year amounted to ¥1,449 million (compared to ¥966 million expended in the previous fiscal year). The main factors in this are income such as proceeds from sale of property, plant and equipment, and expenditures including the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash used in financing activities in the current fiscal year amounted to ¥473 million (compared to ¥2,841 million expended in the previous fiscal year). The main factors in this are income such as proceeds from short-term borrowings, and expenditures including dividends paid, repayments of long-term borrowings, and repayments of lease liabilities.

(4) Future Prospects

The Japanese economy is expected to pick up in the next fiscal year (ending March 31, 2024) as the normalization of economic activity thanks to Living With COVID makes further progress. However, the outlook remains uncertain due to the prolonged situation in Ukraine, rising geopolitical risks such as the conflict between the U.S. and China, and global inflation, which remain as downside risks to the economy.

Under these circumstances, we will respond to changes in the structure of society by strengthening its product and technology development system to create new added value, focusing on markets where we can show our strengths such as structural coatings and LED lighting in Japan and coatings and fluorescent pigments for automotive parts overseas. Through these efforts, we will expand our share of the existing market and cultivate new markets, thereby increasing earnings. At the same time, we will continue our efforts to reduce manufacturing costs by improving line productivity and production automation, and to reduce raw material costs by reexamining raw materials and coating formulations to stabilize our business performance and achieve higher profitability in the future.

As for the business environment in the next fiscal year, in the domestic coatings market, which is our main market, the demand environment in the general-purpose coatings field is expected to remain firm. However, in the industrial coatings sector, a gradual recovery in demand is expected against the backdrop of a recovery in economic activity. Meanwhile, fuel costs are expected to rise in line with higher energy prices, and trends in raw material prices remain uncertain. It is important to focus on the manufacturing cost reduction measures mentioned above and to implement an elastic pricing strategy.

Our consolidated earnings forecast for the next fiscal year is net sales of ¥75,000 million, operating profit of ¥5,000 million, ordinary profit of ¥5,200 million, and profit attributable to owners of parent of ¥3,400 million.

This forecast for the next fiscal year is calculated based on the information available at this time, but actual results may differ due to a variety of factors, including changes in economic and business conditions and raw materials price trends.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company regards the determination of the amount of dividends to be paid to shareholders as one of its most important management issues. Our basic policy is to continue to pay stable dividends

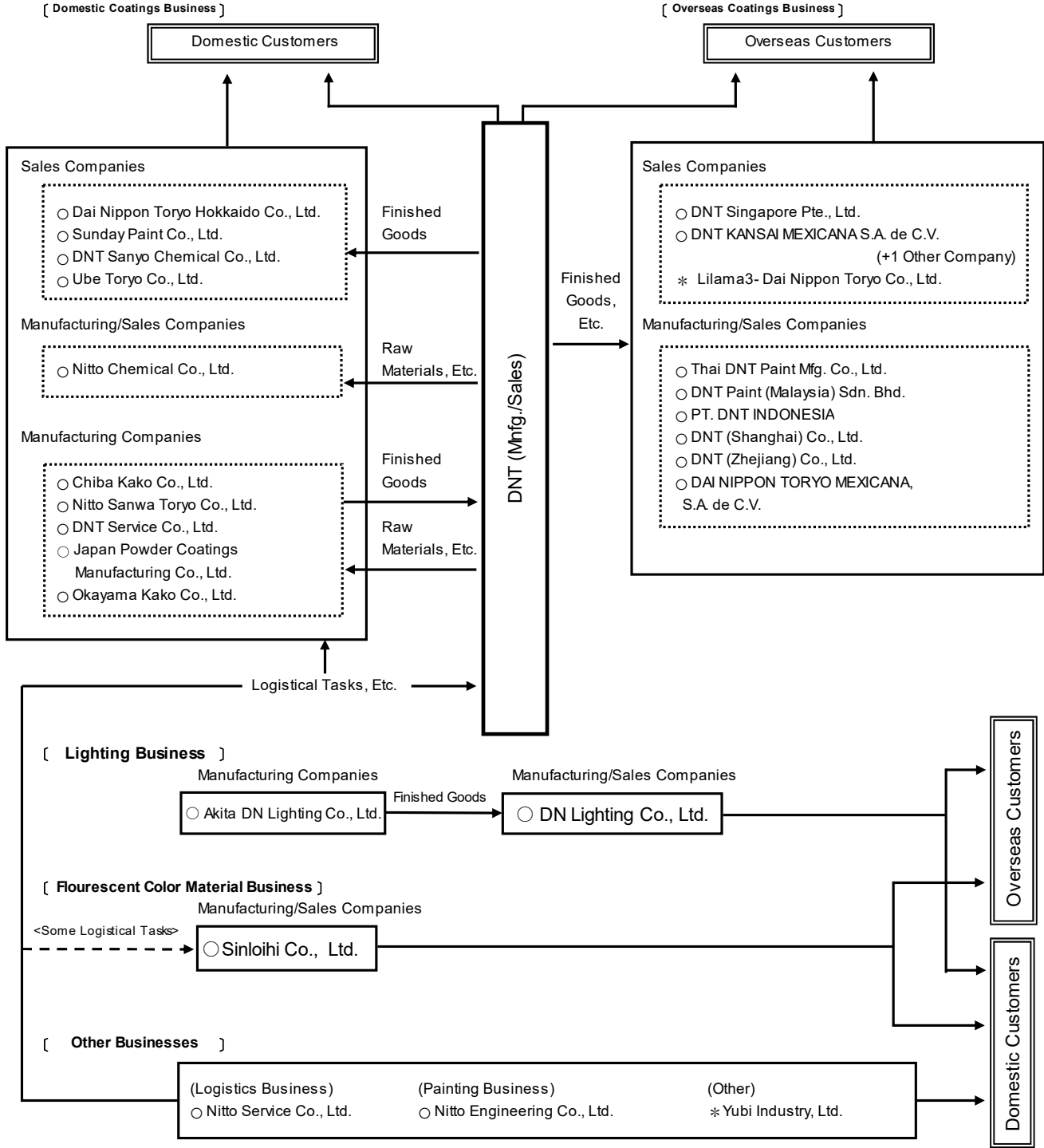
commensurate with our business performance, while at the same time striving to strengthen our corporate constitution and maintain financial soundness.

Regarding dividends at the end of the current fiscal year, as announced in the timely disclosure dated May 11, 2022, the Company plans to pay a dividend of ¥25 per share.

Regarding the next fiscal year, we plan to pay an annual dividend of ¥30 per share. As a result, the consolidated dividend payout ratio is expected to be 25.1%. To continue to pay stable dividends, we will continue to make efforts to strengthen the soundness of our financial constitution.

2. Status of the Corporate Group

The following is a diagram of the Company's operations.



- (Notes) 1. A circle (○) denotes a consolidated subsidiary.
 2. An asterisk (*) denotes an equity method affiliate.

3. Basic Approach to the Selection of Accounting Standards

The Company's policy is to prepare for the future application of IFRS by preparing internal manuals, guidelines, etc., and by also considering the timing of application.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,777	6,864
Notes and accounts receivable - trade, and contract assets	13,145	14,121
Electronically recorded monetary claims - operating	3,266	5,171
Merchandise and finished goods	5,603	5,934
Work in process	905	997
Raw materials and supplies	3,720	4,209
Other	1,386	1,324
Allowance for doubtful accounts	(31)	(19)
Total current assets	34,773	38,604
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,323	23,145
Accumulated depreciation	(14,449)	(15,148)
Buildings and structures, net	7,873	7,996
Machinery, equipment and vehicles	23,441	24,164
Accumulated depreciation	(19,669)	(20,374)
Machinery, equipment and vehicles, net	3,772	3,790
Land	11,498	11,400
Leased assets	1,902	1,598
Accumulated depreciation	(1,001)	(964)
Leased assets, net	900	634
Construction in progress	209	144
Other	6,820	7,403
Accumulated depreciation	(5,483)	(5,822)
Other, net	1,336	1,580
Total property, plant and equipment	25,591	25,545
Intangible assets		
Leased assets	120	74
Other	254	370
Total intangible assets	374	445
Investments and other assets		
Investment securities	7,324	7,728
Deferred tax assets	1,794	1,909
Retirement benefit asset	17,264	18,061
Other	608	532
Allowance for doubtful accounts	(25)	(23)
Total investments and other assets	26,965	28,210
Total non-current assets	52,932	54,200
Total assets	87,705	92,805

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,340	17,270
Short-term borrowings	3,050	4,300
Lease liabilities	312	505
Income taxes payable	429	721
Provision for bonuses for directors (and other officers)	56	55
Provision for product warranties	370	215
Other	5,230	5,172
Total current liabilities	25,790	28,240
Non-current liabilities		
Long-term borrowings	1,200	700
Lease liabilities	981	672
Deferred tax liabilities	5,436	5,726
Deferred tax liabilities for land revaluation	1,303	1,189
Retirement benefit liability	938	1,016
Provision for environmental measures	8	–
Other	54	49
Total non-current liabilities	9,923	9,354
Total liabilities	35,713	37,594
Net assets		
Shareholders' equity		
Share capital	8,827	8,827
Capital surplus	2,440	2,440
Retained earnings	29,417	32,307
Treasury shares	(1,582)	(1,462)
Total shareholders' equity	39,101	42,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,027	3,359
Revaluation reserve for land	1,882	1,717
Foreign currency translation adjustment	(2)	790
Remeasurements of defined benefit plans	5,006	4,053
Total accumulated other comprehensive income	9,913	9,921
Share acquisition rights	243	164
Non-controlling interests	2,732	3,012
Total net assets	51,991	55,210
Total liabilities and net assets	87,705	92,805

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	66,948	72,849
Cost of sales	47,290	52,233
Gross profit	19,658	20,616
Selling, general and administrative expenses	16,474	16,670
Operating profit	3,183	3,946
Non-operating income		
Interest income	17	15
Dividend income	210	229
Foreign exchange gains	148	28
Gain on sale of goods	94	92
Other	202	220
Total non-operating income	673	586
Non-operating expenses		
Interest expenses	65	71
Loss on sale of trade receivables	33	25
Compensation expenses	135	4
Provision for product warranties	109	40
Other	48	74
Total non-operating expenses	391	216
Ordinary profit	3,465	4,316
Extraordinary income		
Gain on sale of non-current assets	240	746
Gain on sale of investment securities	82	16
Total extraordinary income	323	762
Extraordinary losses		
Loss on disposal of non-current assets	116	59
Impairment losses	17	71
Business restructuring expenses	30	-
Company funeral expenses	-	24
Other	14	10
Total extraordinary losses	177	166
Profit before income taxes	3,611	4,912
Income taxes - current	595	947
Income taxes - deferred	732	348
Total income taxes	1,328	1,295
Profit	2,283	3,617
Profit attributable to non-controlling interests	251	159
Profit attributable to owners of parent	2,031	3,458

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,283	3,617
Other comprehensive income		
Valuation difference on available-for-sale securities	84	331
Foreign currency translation adjustment	418	1,043
Remeasurements of defined benefit plans, net of tax	(890)	(952)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	(387)	422
Comprehensive income	1,895	4,040
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,631	3,630
Comprehensive income attributable to non-controlling interests	264	409

(3) Consolidated statement of changes in equity

Previous fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,827	2,440	28,101	(1,614)	37,754
Changes during period					
Dividends of surplus			(707)		(707)
Profit attributable to owners of parent			2,031		2,031
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(7)		31	23
Transfer of loss on disposal of treasury shares		7	(7)		-
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	1,316	31	1,347
Balance at end of period	8,827	2,440	29,417	(1,582)	39,101

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,943	1,882	(407)	5,896	10,314	241	2,554	50,865
Changes during period								
Dividends of surplus								(707)
Profit attributable to owners of parent								2,031
Purchase of treasury shares								(0)
Disposal of treasury shares								23
Transfer of loss on disposal of treasury shares								-
Purchase of shares of consolidated subsidiaries								(0)
Net changes in items other than shareholders' equity	84		404	(889)	(400)	2	177	(220)
Total changes during period	84	-	404	(889)	(400)	2	177	1,126
Balance at end of period	3,027	1,882	(2)	5,006	9,913	243	2,732	51,991

Current fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,827	2,440	29,417	(1,582)	39,101
Changes during period					
Dividends of surplus			(708)		(708)
Profit attributable to owners of parent			3,458		3,458
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(24)		120	95
Transfer of loss on disposal of treasury shares		24	(24)		-
Reversal of revaluation reserve for land			165		165
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,889	120	3,010
Balance at end of period	8,827	2,440	32,307	(1,462)	42,112

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,027	1,882	(2)	5,006	9,913	243	2,732	51,991
Changes during period								
Dividends of surplus								(708)
Profit attributable to owners of parent								3,458
Purchase of treasury shares								(0)
Disposal of treasury shares								95
Transfer of loss on disposal of treasury shares								-
Reversal of revaluation reserve for land		(165)			(165)			-
Net changes in items other than shareholders' equity	331		793	(952)	172	(79)	280	373
Total changes during period	331	(165)	793	(952)	7	(79)	280	3,218
Balance at end of period	3,359	1,717	790	4,053	9,921	164	3,012	55,210

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,611	4,912
Depreciation	2,545	2,395
Business restructuring expenses	30	–
Increase (decrease) in provision for bonuses for directors (and other officers)	12	(1)
Increase/decrease in net defined benefit asset/liability	(2,054)	(2,094)
Increase (decrease) in provision for product warranties	1	(154)
Increase (decrease) in provision for environmental measures	–	(8)
Increase (decrease) in allowance for doubtful accounts	(36)	(15)
Interest and dividend income	(227)	(245)
Interest expenses	65	71
Foreign exchange losses (gains)	(107)	(8)
Share of loss (profit) of entities accounted for using equity method	2	(1)
Loss (gain) on sale of non-current assets	(240)	(738)
Loss (gain) on disposal of non-current assets	116	59
Loss (gain) on sale of investment securities	(82)	(16)
Impairment losses	17	71
Company funeral expenses	–	24
Decrease (increase) in trade receivables	(593)	(2,693)
Decrease (increase) in inventories	(1,191)	(660)
Increase (decrease) in trade payables	1,608	684
Other, net	94	179
Subtotal	3,567	1,761
Interest and dividends received	229	245
Interest paid	(65)	(71)
Payments of business restructuring expenses	(45)	(24)
Payments of company funeral expenses	–	(24)
Income taxes refund	337	190
Income taxes paid	(659)	(793)
Net cash provided by (used in) operating activities	3,364	1,282
Cash flows from investing activities		
Payments into time deposits	(328)	(513)
Proceeds from withdrawal of time deposits	294	328
Purchase of property, plant and equipment	(1,302)	(2,926)
Proceeds from sale of property, plant and equipment	298	1,802
Payments for retirement of property, plant and equipment	(125)	(41)
Purchase of intangible assets	(65)	(195)
Purchase of investment securities	(13)	(11)
Proceeds from sale of investment securities	265	102
Other, net	10	6
Net cash provided by (used in) investing activities	(966)	(1,449)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,050)	1,250
Proceeds from long-term borrowings	–	100
Repayments of long-term borrowings	(600)	(600)
Purchase of treasury shares	(0)	(0)
Repayments of lease liabilities	(394)	(386)
Dividends paid	(707)	(708)
Dividends paid to non-controlling interests	(74)	(129)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(13)	–
Other, net	–	0
Net cash provided by (used in) financing activities	(2,841)	(473)
Effect of exchange rate change on cash and cash equivalents	186	502
Net increase (decrease) in cash and cash equivalents	(257)	(138)
Cash and cash equivalents at beginning of period	6,736	6,479
Cash and cash equivalents at end of period	6,479	6,340

(5) Notes on consolidated financial statements
(Notes on the premise of a going concern)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and for which the Board of Directors conducts periodic review to determine the allocation of management resources and evaluate operating results.

The Company has established a domestic coatings business division and an Overseas Operations Division at its head office. Each formulates comprehensive strategies and develops business activities regarding the products and services of the domestic and overseas coatings business companies, respectively. In addition, domestic consolidated subsidiaries are engaged in the lighting business and the fluorescent color material business.

Therefore, the Group has four reportable segments: the domestic coatings business, the overseas coatings business, the lighting business, and the fluorescent color material business.

The domestic coatings business manufactures and sells coatings in Japan. The overseas coatings business manufactures and sells coatings mainly in Asia and North and Central America. The lighting business includes the manufacture and sale of various types of lighting equipment as well as store construction. The fluorescent color material business manufactures and sells fluorescent pigments and special coating materials.

2. Calculation methods of net sales, profit or loss, assets, and other items by reportable segment

The accounting treatment of our reported business segments is in accordance with the accounting principles and procedures employed in the preparation of our consolidated financial statements.

Profit by reportable segment is based on operating profit.

Intersegment transactions are between consolidated companies, and are based on market prices and other factors.

3. Information on net sales, profits or losses, and other items by reportable segment

Previous fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments				
	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Total
Net sales					
Net sales to external customers	49,622	6,939	7,656	1,223	65,441
Intersegment internal net sales or transfers	1,028	1	84	87	1,202
Total	50,650	6,940	7,740	1,311	66,643
Segment profit	1,990	236	577	46	2,850
Segment assets	68,220	11,870	13,069	1,242	94,403
Other items					
Depreciation	1,850	364	239	61	2,516
Amount of investment in equity method affiliate	–	0	–	–	0
Increase in property, plant and equipment and intangible assets	1,159	522	199	35	1,917

	Other ¹	Total	Amount of adjustment ^{2, 4}	Amount recorded in consolidated financial statements ³
Net sales				
Net sales to external customers	1,507	66,948	–	66,948
Intersegment internal net sales or transfers	2,374	3,577	(3,577)	–
Total	3,881	70,525	(3,577)	66,948
Segment profit	114	2,965	218	3,183
Segment assets	2,580	96,984	(9,278)	87,705
Other items				
Depreciation	28	2,545	–	2,545
Amount of investment in equity method affiliate	31	32	–	32
Increase in property, plant and equipment and intangible assets	55	1,972	–	1,972

- (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 ¥218 million refers to the elimination of intersegment transactions.
3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.
4. The adjustment of segment assets of minus ¥9,278 million refers to the elimination of intersegment transactions.

Current fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments				
	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Total
Net sales					
Net sales to external customers	53,250	8,066	8,557	1,154	71,028
Intersegment internal net sales or transfers	1,255	6	69	110	1,443
Total	54,506	8,072	8,627	1,264	72,471
Segment profit	1,986	203	1,285	71	3,547
Segment assets	70,852	12,659	14,080	1,283	98,875
Other items					
Depreciation	1,592	464	262	49	2,368
Amount of investment in equity method affiliate	–	1	–	–	1
Increase in property, plant and equipment and intangible assets	1,666	153	1,069	52	2,941

	Other ¹	Total	Amount of adjustment ^{2, 4}	Amount recorded in consolidated financial statements ³
Net sales				
Net sales to external customers	1,820	72,849	–	72,849
Intersegment internal net sales or transfers	2,354	3,798	(3,798)	–
Total	4,175	76,647	(3,798)	72,849
Segment profit	159	3,707	238	3,946
Segment assets	2,682	101,558	(8,753)	92,805
Other items				
Depreciation	27	2,395	–	2,395
Amount of investment in equity method affiliate	32	34	–	34
Increase in property, plant and equipment and intangible assets	20	2,961	–	2,961

- (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 ¥238 million refers to the elimination of intersegment transactions.
3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.
4. The adjustment of segment assets of minus ¥8,753 million refers to the elimination of intersegment transactions.

[Related information]

Previous fiscal year (April 1, 2021 to March 31, 2022)

1. Information by product and service

This information has been omitted because the segmentation of products and services is the same as the reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Other	Total
59,483	7,465	66,948

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
21,679	3,911	25,591

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Name of related segment(s)
Mitsubishi Shoji Chemical Corporation	12,726	Domestic coatings Fluorescent color materials Other

Current fiscal year (April 1, 2022 to March 31, 2023)

1. Information by product and service

This information has been omitted because the segmentation of products and services is the same as the reportable segments.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Other	Total
64,036	8,812	72,849

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
21,368	4,177	25,545

3. Information by major customer

Information by a major customer is omitted because among net sales to external customers, net sales to a certain customer account for less than 10% of net sales in the consolidated statements of income.

[Information on impairment losses of non-current assets by reportable segment]

Previous fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Other	Corporate/Elimination	Total
Impairment losses	17	–	–	–	–	–	17

Current fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Domestic coatings	Overseas coatings	Lighting	Fluorescent color materials	Other	Corporate/Elimination	Total
Impairment losses	71	–	–	–	–	–	71

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous fiscal year (April 1, 2021 to March 31, 2022)

Not applicable.

Current fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

[Information on gain on negative goodwill by reportable segment]

Previous fiscal year (April 1, 2021 to March 31, 2022)

Not applicable.

Current fiscal year (April 1, 2022 to March 31, 2023)

Not applicable.

(Changes in important subsidiaries during the period)

During the first quarter of the fiscal year ended March 31, 2023, Nitto Chemical Co., Ltd. and BO Chemical Co., Ltd., consolidated subsidiaries of the Company, conducted an absorption-type merger on April 1, 2022, with Nitto Chemical Co., Ltd. as the surviving company and BO Chemical Co., Ltd. as the dissolving company, and the Company excluded the dissolved company BO Chemical Co., Ltd. from the scope of consolidation.

(Per share information)

(Yen)

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Net assets per share	1,730.00	1,829.75
Earnings per share	71.74	121.78
Diluted earnings per share	71.10	120.92

(Note) The basis for calculating earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (April 1, 2021 to March 31, 2022)	Current fiscal year (April 1, 2022 to March 31, 2023)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	2,031	3,458
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	2,031	3,458
Average number of common shares during the period (thousands of shares)	28,322	28,395
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Increase in common shares (thousands of shares)	252	202
(execution of share acquisition rights [thousands of shares])	(252)	(202)
Summary of latent shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	—	—

(Significant subsequent events)

Not applicable.

5. Non-consolidated Financial Statements and Major Notes

(1) Balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	341	277
Notes receivable - trade	3,331	5,483
Accounts receivable - trade	6,337	6,420
Merchandise and finished goods	2,671	2,748
Work in process	419	458
Raw materials and supplies	1,082	1,137
Short-term loans receivable	1,073	1,311
Accounts receivable - other	3,602	3,903
Other	294	313
Allowance for doubtful accounts	(4)	(3)
Total current assets	19,149	22,050
Non-current assets		
Property, plant and equipment		
Buildings	3,292	3,283
Structures	329	257
Machinery and equipment	1,131	968
Vehicles	3	2
Tools, furniture and fixtures	602	637
Land	8,872	7,786
Leased assets	837	612
Construction in progress	13	58
Total property, plant and equipment	15,084	13,605
Intangible assets		
Leasehold interests in land	64	64
Software	85	61
Leased assets	119	74
Other	44	167
Total intangible assets	313	367
Investments and other assets		
Investment securities	7,043	7,390
Shares of subsidiaries and associates	13,080	13,080
Long-term loans receivable	2,482	2,561
Prepaid pension costs	9,773	11,706
Other	282	232
Allowance for doubtful accounts	(12)	(9)
Total investments and other assets	32,649	34,962
Total non-current assets	48,047	48,934
Total assets	67,196	70,985

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	2,031	2,279
Accounts payable - trade	11,945	12,757
Short-term borrowings	2,450	3,700
Current portion of long-term borrowings	600	600
Lease liabilities	258	253
Accounts payable - other	750	920
Accrued expenses	684	678
Income taxes payable	83	133
Deposits received	7,873	7,456
Provision for bonuses for directors (and other officers)	19	12
Provision for product warranties	366	175
Other	113	164
Total current liabilities	27,177	29,132
Non-current liabilities		
Long-term borrowings	1,200	700
Lease liabilities	859	605
Deferred tax liabilities	3,211	3,858
Deferred tax liabilities for land revaluation	1,303	1,189
Provision for retirement benefits	98	84
Other	20	17
Total non-current liabilities	6,693	6,456
Total liabilities	33,870	35,588
Net assets		
Shareholders' equity		
Share capital	8,827	8,827
Capital surplus		
Legal capital surplus	2,443	2,443
Total capital surplus	2,443	2,443
Retained earnings		
Legal retained earnings	780	780
Other retained earnings		
Reserve for contribution to society	106	104
Retained earnings brought forward	17,633	19,532
Total retained earnings	18,520	20,417
Treasury shares	(1,582)	(1,462)
Total shareholders' equity	28,208	30,225
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,991	3,288
Revaluation reserve for land	1,882	1,717
Total valuation and translation adjustments	4,874	5,006
Share acquisition rights	243	164
Total net assets	33,326	35,396
Total liabilities and net assets	67,196	70,985

(2) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	39,849	43,269
Cost of sales	29,288	32,747
Gross profit	10,561	10,521
Selling, general and administrative expenses	9,735	9,628
Operating profit	825	893
Non-operating income		
Interest income	45	55
Dividend income	712	932
Rental income from real estate	234	235
Outsourcing service income	296	270
Other	272	174
Total non-operating income	1,561	1,669
Non-operating expenses		
Interest expenses	86	85
Loss on sale of trade receivables	32	25
Provision for product warranties	105	–
Other	81	53
Total non-operating expenses	305	165
Ordinary profit	2,082	2,396
Extraordinary income		
Gain on sale of non-current assets	100	743
Gain on sale of investment securities	30	16
Other	4	–
Total extraordinary income	135	759
Extraordinary losses		
Loss on disposal of non-current assets	76	39
Impairment losses	0	71
Company funeral expenses	–	24
Other	0	0
Total extraordinary losses	77	136
Profit before income taxes	2,140	3,020
Income taxes - current	21	153
Income taxes - deferred	614	402
Total income taxes	635	555
Profit	1,504	2,464

(3) Statement of changes in equity

Previous fiscal year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for contribution to society	Retained earnings brought forward			
Balance at beginning of period	8,827	2,443	–	2,443	780	109	16,841	17,731	(1,614)	27,388
Changes during period										
Reversal of reserve for contribution to society						(2)	2	–		–
Dividends of surplus							(707)	(707)		(707)
Profit							1,504	1,504		1,504
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			(7)	(7)					31	23
Transfer of loss on disposal of treasury shares			7	7			(7)	(7)		–
Net changes in items other than shareholders' equity										
Total changes during period	–	–	–	–	–	(2)	791	789	31	820
Balance at end of period	8,827	2,443	–	2,443	780	106	17,633	18,520	(1,582)	28,208

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	2,863	1,882	4,746	241	32,375
Changes during period					
Reversal of reserve for contribution to society					–
Dividends of surplus					(707)
Profit					1,504
Purchase of treasury shares					(0)
Disposal of treasury shares					23
Transfer of loss on disposal of treasury shares					–
Net changes in items other than shareholders' equity	128		128	2	130
Total changes during period	128	–	128	2	951
Balance at end of period	2,991	1,882	4,874	243	33,326

Current fiscal year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Reserve for contribution to society	Retained earnings brought forward			
Balance at beginning of period	8,827	2,443	–	2,443	780	106	17,633	18,520	(1,582)	28,208
Changes during period										
Reversal of reserve for contribution to society						(2)	2	–		–
Dividends of surplus							(708)	(708)		(708)
Profit							2,464	2,464		2,464
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			(24)	(24)					120	95
Transfer of loss on disposal of treasury shares			24	24			(24)	(24)		–
Reversal of revaluation reserve for land							165	165		165
Net changes in items other than shareholders' equity										
Total changes during period	–	–	–	–	–	(2)	1,898	1,896	120	2,017
Balance at end of period	8,827	2,443	–	2,443	780	104	19,532	20,417	(1,462)	30,225

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	2,991	1,882	4,874	243	33,326
Changes during period					
Reversal of reserve for contribution to society					–
Dividends of surplus					(708)
Profit					2,464
Purchase of treasury shares					(0)
Disposal of treasury shares					95
Transfer of loss on disposal of treasury shares					–
Reversal of revaluation reserve for land		(165)	(165)		–
Net changes in items other than shareholders' equity	296		296	(79)	217
Total changes during period	296	(165)	131	(79)	2,069
Balance at end of period	3,288	1,717	5,006	164	35,396

6. Other

Change of Officers (Effective June 29, 2023)

[Change of representative]

Not applicable.

[Change of other officers]

Candidates for New Directors

Director Akihiro Miyake

[Current Executive Officer, General
Manager of Production Division]