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February 26, 2026

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**Notice of Revision to FY2026 Consolidated Earnings Forecasts Following Equity Transfer and
Extraordinary Loss on Group Restructuring**

Dai Nippon Toryo Co., Ltd. (the “Company”) hereby announces that on February 26, 2026, it resolved to sign an equity transfer agreement involving a change in a specified subsidiary as follows.

1. Reasons for the Equity Transfer

Since 2002, our group has been operating a coatings business in the People’s Republic of China (“China”) primarily for automobile parts and various industrial purposes, delivering coatings for a large number of customers.

In 2018, it addressed tightening of local environmental and safety regulations, secured a new base for manufacturing solvent, water-based, and powder coatings, and established DNT (Zhejiang) Co., Ltd. (the “Subsidiary”) to further expand its business. The business performance in China, however, remained sluggish due to a sudden downturn in demand resulting from the global coronavirus pandemic in 2020 and the slowing down of the Chinese economy that followed.

This led the Company to fundamentally review its business in China. It implemented gradual structural reform by, for example, closing the former Shanghai Factory in March 2024. It also set reviving of the Chinese business as one of the most important tasks in the current Medium-Term Management Plan 2026 (2024 - 2026) and examined the matter over time while taking into consideration all possibilities.

The Company then concluded that a transfer of equity of the Subsidiary will contribute to optimization of the management resources as well as improvement of financial soundness for the whole group and therefore agreed with Chugoku Marine Paints, Ltd., who aims to increase its production capacity in China, on an equity transfer to its consolidated subsidiary, Chugoku Marine Paints (Hong Kong), Limited.

With this agreement marking the conclusion of the group’s effort to revive the Chinese business over the last few years, the Company will move forward with redistribution of resources into the group’s profitability improvement and growth areas.

2. Overview of the Subsidiary

(1) Name	DNT (Zhejiang) Co., Ltd.		
(2) Address	No.1511 Jigang Road, Dushangang Town, Pinghu City, Jiaxing City, Zhejiang Province, 314204, P.R.China		
(3) Representative's name and title	Wataru Fujie, President		
(4) Business description	Manufacturing and sales of coatings		
(5) Capital	USD 15 million (as of February 26, 2026)		
(6) Establishment	February 9, 2018		
(7) Investor and ownership ratio	Dai Nippon Toryo Co., Ltd.; 100%		
(8) Relationship between the listed company and the Subsidiary	Capital	The Company wholly owns the Subsidiary.	
	Personnel	An employee of the Company has been transferred to the Subsidiary and is serving as its representative.	
	Business	The Company provides some raw materials to the Subsidiary.	
(9) Operating results and financial position of the Subsidiary for the last three years			
Accounting period	Fiscal year ended December 2022	Fiscal year ended December 2023	Fiscal year ended December 2024
Net assets	RMB 167 million	RMB 140 million	RMB 109 million
Total assets	RMB 71 million	RMB 57 million	RMB 25 million
Net sales	RMB 62 million	RMB 49 million	RMB 46 million
Operating profit	(RMB 13 million)	(RMB 14 million)	(RMB 19 million)
Ordinary profit	(RMB 13 million)	(RMB 13 million)	(RMB 19 million)
Profit	(RMB 13 million)	(RMB 13 million)	(RMB 32 million)

3. Overview of the Transferee of the Equity Transfer

(1) Name	Chugoku Marine Paints (Hong Kong), Limited		
(2) Address	Room 01, 22nd Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong		
(3) Representative's name and title	Daigo Furumoto, Director		
(4) Business description	Sales of coatings		
(5) Capital	USD 66 million		
(6) Establishment	October 1973		
(7) Major shareholder and shareholding ratio	Chugoku Marine Paints, Ltd.; 100%		
(8) Relationship between the listed company and the Subsidiary	Capital	None.	
	Personnel	None.	
	Business	None.	
	Applicability as related parties	None.	

(Note) Net and total assets of the transferee are undisclosed at the request thereof.

4. State of Investment Equity Before and After the Equity Transfer

(1) Before the transfer	The Company: 100%
(2) After the transfer	Chugoku Marine Paints (Hong Kong), Limited: 100%

(Note) The equity transfer price is undisclosed upon mutual agreement of the parties. Note that a fair and appropriate price has been agreed through consultation between the parties.

5. Equity Transfer Schedule

(1) Date of signing the agreement	February 26, 2026
(2) Date of transfer of rights and obligations	June 30, 2026 (scheduled)
(3) Date of equity transfer	End of July, 2026 (scheduled)

(Note) Execution of the equity transfer is premised on acquisition of permission from the authorities concerned.

6. Impact on Earnings and Future Forecasts

(1) Impact on earnings

Signing of the equity transfer agreement due to the matter described above will result in recording of extraordinary losses of approximately ¥1,200 million in the consolidated financial results and approximately ¥1,340 million in the non-consolidated financial results, in each case as a loss on liquidation of subsidiaries and associates, in the fourth quarter of the fiscal year ending March 2026. The said amounts are estimates calculated at this time and are subject to change upon further review.

(2) Future forecasts

Transfer of rights and obligations of the Subsidiary is scheduled for June 30, 2026. Accordingly, the Subsidiary will be excluded from the Company's scope of consolidation in the fiscal year ending March 2027. This will eliminate the operating loss of the group's Chinese business, and the Company believes it will contribute to raising of the profit level and improve profitability in the fiscal year ending March 2027 and onward. For the future, the Company will implement measures including redistribution of management resources to overseas bases, primarily in South East Asia, to expand and improve the profitability of the group's overseas business.

7. Revisions to Full-Year Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2026

(1) Revisions to consolidated earnings forecasts for the fiscal year ending March 31, 2026 (April 1, 2025 – March 31, 2026)

	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
Previous forecasts (A)	92,000	4,100	4,300	2,900	101.75
Revised forecasts (B)	92,000	4,100	4,300	1,700	59.64
Change in amount (B-A)	-	-	-	(1,200)	
Percentage of change (%)	-	-	-	(41.4)	
(Reference) Results for the previous year (Fiscal year ended March 2025)	72,511	4,716	5,199	9,437	331.40

(2) Reasons for the revisions

As described above, the Company will record a loss on liquidation of subsidiaries and associates in extraordinary losses resulting from the equity transfer due to the matter described above. This will result in lower profit attributable to owners of parent from the previous forecast. There is no change to the dividend forecast.

(Note) Statements in this document including the forecasts shown above were prepared based on information available as of the date of release of this document. Actual earnings and results may differ from the forecasts. Revisions to earnings forecasts will be promptly disclosed if they become necessary.