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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 9, 2025

Company name: Nihon Tokushu Toryo Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4619
 URL: <https://www.nttoryo.co.jp>
 Representative: Hiroshi Onda, President, COO
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 Telephone: +81-3-3913-6136
 Scheduled date of annual general meeting of shareholders: June 24, 2025
 Scheduled date to commence dividend payments: June 25, 2025
 Scheduled date to file annual securities report: June 19, 2025
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|-----|------------------|-------|-----------------|------|---|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2025 | 66,060 | 2.1 | 4,456 | 14.1 | 6,709 | 12.5 | 4,942 | 25.2 |
| March 31, 2024 | 64,693 | 6.5 | 3,905 | 139.4 | 5,963 | 89.8 | 3,947 | 87.7 |

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 6,062 million [(32.5)%]
 Fiscal year ended March 31, 2024: ¥ 8,985 million [138.8%]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2025 | 227.24 | - | 8.9 | 7.8 | 6.7 |
| March 31, 2024 | 181.57 | - | 7.9 | 7.0 | 6.0 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ 1,715 million
 Fiscal year ended March 31, 2024: ¥ 1,371 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2025 | 85,243 | 64,114 | 67.4 | 2,641.54 |
| March 31, 2024 | 87,456 | 59,565 | 61.1 | 2,455.58 |

(Reference) Equity: As of March 31, 2025: ¥ 57,458 million
 As of March 31, 2024: ¥ 53,397 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 the end of period |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended March 31, 2025 | 3,119 | (1,237) | (2,037) | 16,024 |
| March 31, 2024 | 9,317 | 533 | (5,092) | 15,876 |

2. Dividends

| | Annual dividends per share | | | | | Total cash dividends (total) | Payout ratio (consolidated) | Ratio of Dividends to net assets (consolidated) |
|--|----------------------------|-----------------|-----------------|----------|--------|------------------------------|-----------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| March 31, 2024 | - | 21.00 | - | 25.00 | 46.00 | 1,004 | 25.3 | 2.0 |
| March 31, 2025 | - | 22.00 | - | 68.00 | 90.00 | 1,966 | 39.6 | 3.5 |
| Fiscal year ending March 31, 2026 (Forecast) | - | 50.00 | - | 60.00 | 110.00 | | 59.8 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate changes from the previous corresponding period)

| | 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, 2025 | 30,600 | (6.0) | 1,000 | (47.8) | 2,250 | (24.5) | 2,000 | (5.4) | 91.94 |
| Full year | 63,000 | (4.6) | 2,700 | (39.4) | 5,100 | (24.0) | 4,000 | (19.1) | 183.85 |

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 23,611,200 shares

March 31, 2024: 23,611,200 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 1,859,522 shares

March 31, 2024: 1,865,799 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 21,749,553 shares

Fiscal Year ended March 31, 2024: 21,742,830 shares

(Reference) Overview of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)****(1) Non-consolidated Operating Results**

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|-------------------|-----------------|-------|------------------|-----|-----------------|-------|-----------------|------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2025 | 48,127 | (1.4) | 2,408 | 5.6 | 4,770 | (0.9) | 4,155 | 6.7 |
| March 31, 2024 | 48,832 | 13.4 | 2,280 | - | 4,815 | 143.2 | 3,894 | 74.0 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2025 | 190.18 | - |
| March 31, 2024 | 178.32 | - |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2025 | 55,326 | 40,113 | 72.5 | 1,835.56 |
| March 31, 2024 | 60,889 | 38,827 | 63.8 | 1,777.44 |

(Reference) Equity: As of March 31, 2025: ¥ 40,113 million
As of March 31, 2024: ¥ 38,827 million

* These consolidated financial results are exempt from audit conducted by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements in this document, including the financial results forecast, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and the Company does not promise that it will achieve such results. Actual results may differ significantly due to various factors. Please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 3 of the attached materials for the assumptions used in forecasting financial results and precautionary statements regarding the use of financial results forecasts.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year ended March 31, 2025 (the “fiscal year under review”), the Japanese economy was on a moderate recovery underpinned by improvement in employment, income environment, and others. However, the outlook for the economy remained uncertain primarily due to many causes for concern, including sustained high prices of raw materials and energy, exchange rate fluctuations, global instability, and economic slowdown in China.

Under these circumstances, NIHON TOKUSHU TORYO CO., LTD. (the “Company”) and its subsidiaries (collectively, the “Group”) have been striving to enhance its corporate value through continuous focuses on strengthening its revenue base, developing new technologies and products, and promoting sustainability management, as set forth in the basic strategies of the medium-term management plan.

As a result, in the fiscal year under review, net sales totaled 66,060 million yen (up 2.1% year on year), mainly due to a sales increase in the paints & coatings-related business.

On the profit front, operating profit was 4,456 million yen (up 14.1% year on year). This is mainly attributable to an increase in net sales thanks to the markup of products, along with the continuous initiatives to reduce costs and expenses. Ordinary profit totaled 6,709 million yen (up 12.5% year on year) due to the increased share of profit of entities accounted for using equity method, and profit attributable to owners of parent totaled 4,942 million yen (up 25.2% year on year) mainly due to posting the proceeds from sale of investment securities.

Performance by reportable segment is as follows.

Paints & coatings-related business

Net sales for the paints & coatings-related segment totaled 23,722 million yen (up 15.1% year on year). This is mainly due to solid sales of paints for buildings and structures, especially our mainstay waterproofing materials, and an increase of 30.0% year on year in the sales related to large-scale renovation and repair work for condominiums, which largely contributed to the net sales.

On the profit front, segment profit totaled 953 million yen (up 108.7% year on year) because of the successful cost and expense reduction initiatives, in addition to the markup of products and increased work-related sales.

Automotive products-related business

Net sales for the automotive products-related segment totaled 42,321 million yen (down 4.0% year on year). This is mainly due to reduced production by the Company’s major customers, automobile manufacturers, resulting from lower sales in Japan and overseas amid the growing EV market in China.

On the profit front, segment profit totaled 3,493 million yen (up 1.6% year on year), led by the markup of products and continuous initiatives to reduce costs and expenses.

Other business

Net sales of the insurance agency business totaled 15 million yen (up 3.9% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets

The Company's total assets as of the end of the fiscal year under review decreased by 2,212 million yen year on year to 85,243 million yen. This was primarily due to a decrease in accounts receivable - trade of 729 million yen, an increase in work in process of 490 million yen, a decrease in property, plant and equipment of 1,023 million yen, and a decrease in investment securities of 1,111 million yen.

Liabilities

Total liabilities decreased by 6,761 million yen year on year to 21,129 million yen. This was primarily due to decreases in notes and accounts payable - trade of 2,018 million yen, electronically recorded obligations - operating of 2,103 million yen, borrowings of 435 million yen, retirement benefit liability of 424 million yen, and deferred tax liabilities of 691 million yen.

Net assets

Net assets increased by 4,548 million yen year on year to 64,114 million yen. This was primarily due to an increase in retained earnings of 3,915 million yen, a decrease in valuation difference on available-for-sale securities of 1,864 million yen, and an increase in foreign currency translation adjustment of 1,791 million yen. The equity ratio increased by 6.3% to 67.4%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review increased by 147 million yen to 16,024 million yen.

Funds from operating activities resulted in an inflow of 3,119 million yen (compared with an inflow of 9,317 million yen in the previous fiscal year). This was primarily due to the recording of profit before income taxes of 6,921 million yen, decreases in trade receivables of 1,110 million yen and trade payables of 4,173 million yen, interest and dividends received of 1,885 million yen, and the income taxes paid of 1,685 million yen.

Funds from investing activities resulted in an outflow of 1,237 million yen (compared with an inflow of 533 million yen in the previous fiscal year). This was primarily due to purchase of property, plant and equipment and intangible assets of 1,400 million yen.

Funds from financing activities resulted in an outflow of 2,037 million yen (compared with an outflow of 5,092 million yen in the previous fiscal year). This was primarily due to repayments of long-term borrowings of 898 million yen and dividends paid of 1,025 million yen.

(4) Future Outlook

With regard to the outlook for the future, despite an expected gradual economic recovery underpinned by an improved employment and income environment, we expect a challenging business condition to continue due to many causes for concern, including changes in the U.S. tariff policy, exchange rate fluctuations, concerns over China's economic outlook, and persistent geopolitical risks.

Furthermore, in the mid to long term, we will face worsening labor shortages, increased demand for reducing environmental impact, rapid advancement of digital technologies, and the issues we confront are becoming even more diverse and complicated.

Based on the above, the Company has announced today that it has established the new medium-term management plan toward the 100th anniversary of its establishment.

Under the theme of "Innovation and Challenge" set forth in the new medium-term management plan, we will thoroughly implement four business strategies (Optimization of product portfolio; Maximization of sales opportunities; Drastic improvement in productivity; Driving technological innovation), the new financial and capital strategy (With a stronger focus on performance-based distribution during the period of the new medium-term management plan), and the management foundation strategy (Enhancement in the management foundation to support the growth strategy). As such, we will strive to achieve sustainable growth and enhance corporate value, with a focus on developing new business for the next era, while expanding our business fields and actively addressing new issues.

For the details of the medium-term management plan, please refer to the "Notice Concerning the Formulation of the Medium-Term Management Plan (Japanese only)", which was announced separately today.

Based on the above, the performance targets in the final fiscal year of the new medium-term management

plan (fiscal year ending March 31, 2030), and the consolidated financial results forecast for the fiscal year ending March 31, 2026, based on the recent external environment, are as follows:

(Million yen)

| | Fiscal year ended March 31, 2025 (Actual) | Fiscal year ending March 31, 2026 (Forecast) | Fiscal year ending March 31, 2030 (Final fiscal year of the Plan) Performance targets |
|--|---|--|---|
| Net sales | 66,060 | 63,000 | 80,000 |
| Operating profit | 4,456 | 2,700 | 6,100 |
| Ordinary profit | 6,709 | 5,100 | 8,000 |
| Profit attributable to owners of parent | 4,942 | 4,000 | 6,500 |
| Basic earnings per share | 227.24 yen | 183.85 yen | 304.18 yen |
| ROE | 8.9% | | 10.0% or more |

The outlook for business performance for the fiscal year ending March 31, 2026, by reportable segment is as follows.

(Million yen)

| | Net sales | | Segment profit | |
|---|-----------|------------|----------------|------------|
| | | YoY change | | YoY change |
| Paints & coatings-related business | 21,000 | △11.5% | 550 | △42.3% |
| Automotive products-related business | 42,000 | △0.8% | 2,150 | △38.5% |

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

We pursue the substantial return of profit to our shareholders by strengthening profitability and maintaining a sound financial condition, focused on cash flow, which has been positioned as an important management task of the Company.

On the other hand, the business environment surrounding the Group is rapidly changing, and we are also required to address diverse and complicated social issues. Under such an environment, in order to maintain competitiveness and improve profitability in the future, we must continue investing in R&D, tangible and intangible assets, and human resources who will support the Group's sustainable growth.

Accordingly, the distribution of profits is decided in comprehensive consideration of factors such as financial condition, profit levels, and the payout ratio set forth in the medium- to long-term management plan and under the performance-based distribution policy.

Based on the above policy, we plan to pay a year-end dividend of 68 yen per share for the fiscal year under review, which is an increase of 30 yen from the previous forecast of 38 yen per share. As a result, the annual dividend per share, including an interim dividend of 22 yen, will be 90 yen per share, which is an increase of 30 yen from the previous forecast of 60 yen per share.

Furthermore, as outlined in the "Notice Concerning the Formulation of the Medium-Term Management Plan" which was announced separately today, during the period of the new medium-term management plan, we aim to achieve appropriate financial condition based on the profit levels and the ROE target of 10% or more, and set the total payout ratio of 70.0%, placing a more focus on performance-based distribution as the basic shareholder return policy.

For the fiscal year ending March 31, 2026, we expect to pay an annual dividend of 110 yen per share, including an interim dividend of 50 yen per share and a year-end dividend of 60 yen.

2. Basic Policy on Selection of Accounting Standards

The Group intends to prepare consolidated financial statements based on Japanese accounting standards for the time being to facilitate comparability between periods and with other companies. However, going forward, the Company will consider applying international accounting standards depending on various circumstances inside and outside Japan.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 15,894 | 16,235 |
| Notes receivable - trade | 606 | 454 |
| Electronically recorded monetary claims - operating | 3,876 | 3,845 |
| Accounts receivable - trade | 11,023 | 10,294 |
| Contract assets | 1,812 | 1,731 |
| Merchandise and finished goods | 1,768 | 1,814 |
| Work in process | 1,123 | 1,613 |
| Raw materials and supplies | 1,623 | 1,582 |
| Income taxes refund receivable | 1 | 8 |
| Other | 827 | 749 |
| Allowance for doubtful accounts | (2) | (1) |
| Total current assets | 38,555 | 38,327 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 9,792 | 9,514 |
| Machinery, equipment and vehicles, net | 6,730 | 5,559 |
| Land | 4,679 | 4,863 |
| Construction in progress | 242 | 537 |
| Other, net | 977 | 923 |
| Total property, plant and equipment | 22,422 | 21,399 |
| Intangible assets | | |
| Other | 1,236 | 1,292 |
| Total intangible assets | 1,236 | 1,292 |
| Investments and other assets | | |
| Investment securities | 23,167 | 22,055 |
| Long-term loans receivable | 127 | 102 |
| Deferred tax assets | 102 | 158 |
| Other | 1,902 | 1,972 |
| Allowance for doubtful accounts | (58) | (65) |
| Total investments and other assets | 25,241 | 24,224 |
| Total non-current assets | 48,900 | 46,916 |
| Total assets | 87,456 | 85,243 |

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 9,896 | 7,877 |
| Electronically recorded obligations - operating | 3,469 | 1,365 |
| Short-term borrowings | 2,794 | 2,706 |
| Lease liabilities | 11 | 10 |
| Income taxes payable | 1,007 | 773 |
| Provision for bonuses for directors (and other officers) | 61 | 66 |
| Other | 4,165 | 3,323 |
| Total current liabilities | 21,405 | 16,122 |
| Non-current liabilities | | |
| Long-term borrowings | 1,151 | 804 |
| Lease liabilities | 19 | 11 |
| Retirement benefit liability | 2,895 | 2,471 |
| Deferred tax liabilities | 2,303 | 1,612 |
| Other | 115 | 106 |
| Total non-current liabilities | 6,485 | 5,006 |
| Total liabilities | 27,890 | 21,129 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,753 | 4,753 |
| Capital surplus | 4,212 | 4,217 |
| Retained earnings | 34,742 | 38,658 |
| Treasury shares | (1,099) | (1,097) |
| Total shareholders' equity | 42,608 | 46,531 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,166 | 5,302 |
| Foreign currency translation adjustment | 3,220 | 5,011 |
| Remeasurements of defined benefit plans | 401 | 612 |
| Total accumulated other comprehensive income | 10,789 | 10,926 |
| Non-controlling interests | 6,168 | 6,656 |
| Total net assets | 59,565 | 64,114 |
| Total liabilities and net assets | 87,456 | 85,243 |

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

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Net sales | 64,693 | 66,060 |
| Cost of sales | 50,698 | 51,587 |
| Gross profit | 13,994 | 14,473 |
| Selling, general and administrative expenses | 10,089 | 10,016 |
| Operating profit | 3,905 | 4,456 |
| Non-operating income | | |
| Interest income | 117 | 93 |
| Dividend income | 225 | 301 |
| Foreign exchange gains | 221 | 18 |
| Rental income from real estate | 52 | 51 |
| Share of profit of entities accounted for using equity method | 1,371 | 1,715 |
| Other | 157 | 170 |
| Total non-operating income | 2,145 | 2,349 |
| Non-operating expenses | | |
| Interest expenses | 41 | 32 |
| Compensation expense | 8 | 29 |
| Other | 37 | 34 |
| Total non-operating expenses | 87 | 97 |
| Ordinary profit | 5,963 | 6,709 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 11 | 3 |
| Insurance claim income | 23 | 3 |
| Gain on sale of investment securities | 28 | 263 |
| Total extraordinary income | 63 | 269 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 24 | 37 |
| Loss on sale of investment securities | 7 | 2 |
| Settlement payments | 11 | 16 |
| Removal cancel loss | 16 | 0 |
| Total extraordinary losses | 59 | 57 |
| Profit before income taxes | 5,966 | 6,921 |
| Income taxes - current | 1,374 | 1,437 |
| Income taxes - deferred | 71 | (22) |
| Income taxes - refund | (1) | (16) |
| Total income taxes | 1,444 | 1,397 |
| Profit | 4,522 | 5,524 |
| Profit attributable to non-controlling interests | 574 | 581 |
| Profit attributable to owners of parent | 3,947 | 4,942 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Profit | 4,522 | 5,524 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,868 | (1,851) |
| Foreign currency translation adjustment | 551 | 824 |
| Remeasurements of defined benefit plans, net of tax | 258 | 210 |
| Share of other comprehensive income of entities accounted for using equity method | 784 | 1,355 |
| Total other comprehensive income | 4,463 | 538 |
| Comprehensive income | 8,985 | 6,062 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 8,135 | 5,079 |
| Comprehensive income attributable to non-controlling interests | 850 | 983 |

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,753 | 4,207 | 31,734 | (1,102) | 39,592 |
| Changes during period | | | | | |
| Dividends of surplus | | | (939) | | (939) |
| Profit attributable to owners of parent | | | 3,947 | | 3,947 |
| Purchase of treasury shares | | | | (3) | (3) |
| Disposal of treasury shares | | 4 | | 5 | 10 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | 4 | 3,008 | 2 | 3,016 |
| Balance at end of period | 4,753 | 4,212 | 34,742 | (1,099) | 42,608 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 4,273 | 2,180 | 147 | 6,601 | 6,017 | 52,211 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | - | | (939) |
| Profit attributable to owners of parent | | | | - | | 3,947 |
| Purchase of treasury shares | | | | - | | (3) |
| Disposal of treasury shares | | | | - | | 10 |
| Net changes in items other than shareholders' equity | 2,893 | 1,040 | 253 | 4,187 | 150 | 4,338 |
| Total changes during period | 2,893 | 1,040 | 253 | 4,187 | 150 | 7,354 |
| Balance at end of period | 7,166 | 3,220 | 401 | 10,789 | 6,168 | 59,565 |

For the fiscal year ended March 31, 2025

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,753 | 4,212 | 34,742 | (1,099) | 42,608 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,026) | | (1,026) |
| Profit attributable to owners of parent | | | 4,942 | | 4,942 |
| Purchase of treasury shares | | | | (3) | (3) |
| Disposal of treasury shares | | 5 | | 5 | 11 |
| Net changes in items other than shareholders' equity | | | | | - |
| Total changes during period | - | 5 | 3,915 | 2 | 3,923 |
| Balance at end of period | 4,753 | 4,217 | 38,658 | (1,097) | 46,531 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 7,166 | 3,220 | 401 | 10,789 | 6,168 | 59,565 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | - | | (1,026) |
| Profit attributable to owners of parent | | | | - | | 4,942 |
| Purchase of treasury shares | | | | - | | (3) |
| Disposal of treasury shares | | | | - | | 11 |
| Net changes in items other than shareholders' equity | (1,864) | 1,791 | 210 | 137 | 488 | 625 |
| Total changes during period | (1,864) | 1,791 | 210 | 137 | 488 | 4,548 |
| Balance at end of period | 5,302 | 5,011 | 612 | 10,926 | 6,656 | 64,114 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,966 | 6,921 |
| Depreciation | 3,090 | 2,953 |
| Increase (decrease) in retirement benefit liability | 52 | (122) |
| Increase (decrease) in allowance for doubtful accounts | 1 | 6 |
| Interest and dividend income | (342) | (394) |
| Interest expenses | 41 | 32 |
| Share of loss (profit) of entities accounted for using equity method | (1,371) | (1,715) |
| Loss (gain) on sale of non-current assets | (2) | (1) |
| Loss (gain) on disposal of non-current assets | 16 | 35 |
| Loss (gain) on sale of investment securities | (20) | (260) |
| Insurance claim income | (23) | (3) |
| Decrease (increase) in trade receivables | 1,260 | 1,110 |
| Decrease (increase) in inventories | (347) | (470) |
| Increase (decrease) in trade payables | (471) | (4,173) |
| Other, net | 512 | (975) |
| Subtotal | 8,361 | 2,943 |
| Interest and dividends received | 1,814 | 1,885 |
| Interest paid | (42) | (34) |
| Proceeds from insurance income | 23 | 3 |
| Income taxes paid | (876) | (1,685) |
| Income taxes refund | 37 | 6 |
| Net cash provided by (used in) operating activities | 9,317 | 3,119 |
| Cash flows from investing activities | | |
| Payments into time deposits | - | (200) |
| Proceeds from withdrawal of time deposits | - | 7 |
| Purchase of property, plant and equipment and intangible assets | (1,244) | (1,400) |
| Proceeds from sale of property, plant and equipment and intangible assets | 34 | 15 |
| Purchase of investment securities | (11) | (13) |
| Proceeds from sale of investment securities | 145 | 349 |
| Loan advances | - | (7) |
| Proceeds from collection of loans receivable | 1,560 | 39 |
| Other, net | 47 | (27) |
| Net cash provided by (used in) investing activities | 533 | (1,237) |

(Millions of yen)

| | For the fiscal year ended March 31, 2024 | For the fiscal year ended March 31, 2025 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (2,250) | 250 |
| Proceeds from long-term borrowings | - | 213 |
| Repayments of long-term borrowings | (1,163) | (898) |
| Purchase of treasury shares | (0) | - |
| Dividends paid | (935) | (1,025) |
| Dividends paid to non-controlling interests | (733) | (565) |
| Other, net | (8) | (11) |
| Net cash provided by (used in) financing activities | (5,092) | (2,037) |
| Effect of exchange rate change on cash and cash equivalents | 265 | 303 |
| Net increase (decrease) in cash and cash equivalents | 5,023 | 147 |
| Cash and cash equivalents at beginning of period | 10,853 | 15,876 |
| Cash and cash equivalents at end of period | 15,876 | 16,024 |

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”) etc. from the beginning of the fiscal year ended March 31, 2025. With respect to the revised classification of income taxes (taxation on other comprehensive income), the Company has applied the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022, and this change in accounting policies has no impact on the consolidated financial statements.

(Changes in the presentation method)

(Consolidated Statements of Income)

“Compensation expenses” included in “Other” under “Non-operating expenses” in the previous fiscal year are presented separately from the fiscal year under review due to its increased monetary importance. To reflect this change in presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, 45 million yen that was presented in “Other” under “Non-operating expenses” in the Consolidated Statements of Income for the previous fiscal year has been reclassified as “Compensation expenses” of 8 million yen and “Other” of 37 million yen.

(Segment information)

1. Overview of reportable segments

The Company’s reportable segments are components of the Company for which segregated financial information is available, and are subject to regular review by the Board of Directors to determine how to allocate management resources and evaluate performance.

The Company has established the Paints & Coatings Group and the Automotive Products Group at its head office, and formulates comprehensive domestic and overseas strategies for the products and services it handles, with the two groups operating business activities in cooperation with subsidiaries and affiliates in their respective business domains.

As such, the Company comprises individual product and service segments based on each group, and has two reportable segments, the paints & coatings-related business and the automotive products-related business.

The paints & coatings-related business covers primarily the manufacture and sale of paints and coatings, as well as contract construction work. The automotive products-related business focuses largely on the manufacture and sales of automotive parts, such as soundproofing materials and anti-corrosive coatings for automobiles.

2. Method for calculating the monetary totals for net sales, profit or loss, assets or liabilities, and other items by reportable segment

The accounting method used for reportable business segments is generally the same as those used in the preparation of the consolidated financial statements.

Segment profit is based on operating profit. Inter-segment net sales and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets or liabilities and other items by reportable segment

Fiscal year ended March 31, 2024

(Million yen)

| | Reportable segment | | | Other (Note 1) | Total | Adjustment (Note 2) | Consolidation (Note 3) |
|---|------------------------------|--------------------------------|--------|-------------------|--------|------------------------|---------------------------|
| | Paints & coatings-related | Automotive products-related | Total | | | | |
| Net sales | | | | | | | |
| Net sales to outside customers | 20,612 | 44,066 | 64,678 | 15 | 64,693 | – | 64,693 |
| Inter-segment net sales or transfers | 3 | – | 3 | – | 3 | (3) | – |
| Total | 20,615 | 44,066 | 64,682 | 15 | 64,697 | (3) | 64,693 |
| Segment profit | 456 | 3,439 | 3,896 | 9 | 3,905 | – | 3,905 |
| Segment assets | 13,126 | 49,964 | 63,091 | 85 | 63,177 | 24,279 | 87,456 |
| Other items | | | | | | | |
| Depreciation | 249 | 2,839 | 3,088 | – | 3,088 | – | 3,088 |
| Share of profit of entities accounted for using equity method | 26 | 1,344 | 1,371 | – | 1,371 | – | 1,371 |
| Investment in entities accounted for using equity method | 379 | 11,853 | 12,232 | – | 12,232 | – | 12,232 |
| Increase in property, plant and equipment and intangible assets | 77 | 744 | 822 | – | 822 | 48 | 870 |

- Notes:
1. “Other” represents businesses not included in reportable segments, namely, the insurance agency business.
 2. “Adjustment” consists of the following.
Adjustment of segment assets of 24,279 million yen and the increase in property, plant and equipment and intangible assets of 48 million yen comprise company-wide assets not allocated to individual reportable segments. Company-wide assets consist mainly of the Company’s surplus funds (cash and cash equivalents, etc.), funds for longer-term investments and loans (investment securities, etc.) and assets relating to the Company’s management departments.
 3. Segment profit is adjusted with operating profit on the consolidated financial statements.

Fiscal year ended March 31, 2025

(Million yen)

| | Reportable segment | | | Other (Note 1) | Total | Adjustment (Note 2) | Consolidation (Note 3) |
|---|------------------------------|--------------------------------|--------|-------------------|--------|------------------------|---------------------------|
| | Paints & coatings-related | Automotive products-related | Total | | | | |
| Net sales | | | | | | | |
| Net sales to outside customers | 23,722 | 42,321 | 66,044 | 15 | 66,060 | — | 66,060 |
| Inter-segment net sales or transfers | 3 | — | 3 | — | 3 | (3) | — |
| Total | 23,726 | 42,321 | 66,047 | 15 | 66,063 | (3) | 66,060 |
| Segment profit | 953 | 3,493 | 4,446 | 9 | 4,456 | — | 4,456 |
| Segment assets | 13,900 | 50,179 | 64,080 | 92 | 64,173 | 21,070 | 85,243 |
| Other items | | | | | | | |
| Depreciation | 230 | 2,717 | 2,948 | — | 2,948 | — | 2,948 |
| Share of profit of entities accounted for using equity method | 30 | 1,685 | 1,715 | — | 1,715 | — | 1,715 |
| Investment in entities accounted for using equity method | 404 | 13,513 | 13,918 | — | 13,918 | — | 13,918 |
| Increase in property, plant and equipment and intangible assets | 278 | 909 | 1,188 | — | 1,188 | 246 | 1,434 |

- Notes:
1. “Other” represents businesses not included in reportable segments, namely, the insurance agency business.
 2. “Adjustment” consists of the following.
Adjustment of segment assets of 21,070 million yen and the increase in property, plant and equipment and intangible assets of 246 million yen comprise company-wide assets not allocated to individual reportable segments. Company-wide assets consist mainly of the Company’s surplus funds (cash and cash equivalents, etc.), funds for longer-term investments and loans (investment securities, etc.) and assets relating to the Company’s management departments.
 3. Segment profit is adjusted with operating profit on the consolidated financial statements.

(Per share information)

| Fiscal year ended March 31, 2024 | | Fiscal year ended March 31, 2025 | |
|---|----------|---|----------|
| Net assets per share (Yen) | 2,455.58 | Net assets per share (Yen) | 2,641.54 |
| Basic earnings per share (Yen) | 181.57 | Basic earnings per share (Yen) | 227.24 |
| Diluted earnings per share is not presented because there were no potential shares. | | Diluted earnings per share is not presented because there were no potential shares. | |

Note: Basis of calculation

1. The basis for calculating net assets per share is as follows.

| | As of March 31, 2024 | As of March 31, 2025 |
|--|----------------------|----------------------|
| Total of net assets section (Million yen) | 59,565 | 64,114 |
| Amount deducted from the total of net assets (Million yen) | 6,168 | 6,656 |
| [of which, share acquisition rights] | — | — |
| [of which, amount attributable to non-controlling shareholders] | [6,168] | [6,656] |
| Net assets pertaining to common shares (Million yen) | 53,397 | 57,458 |
| Number of common shares used to calculate net assets per share (Thousand shares) | 21,745 | 21,751 |

2. The basis for calculating earnings per share is as follows.

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|---|-------------------------------------|-------------------------------------|
| Basic earnings per share (Yen) | | |
| Profit attributable to owners of parent (Million yen) | 3,947 | 4,942 |
| Amount not attributable to common shareholders (Million yen) | — | — |
| Profit attributable to owners of parent relating to common shares (Million yen) | 3,947 | 4,942 |
| Average number of common shares during the period (Thousand shares) | 21,742 | 21,749 |
| | | |
| Diluted earnings per share (Yen) | — | — |

(Significant subsequent events)

Not applicable.