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

November 6, 2026

# Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)

Company name: Dai Nippon Toryo Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4611
URL: https://www.dnt.co.jp/english/
Representative: Takayuki Sato, Representative Director and President
Inquiries: Tatsuhiko Nagano, Director, Managing Executive Officer
General Manager, Administrative Division
Telephone: +81-6-6266-3102

Scheduled date to file semi-annual securities report: November 9, 2026
Scheduled date to commence dividend payments: –
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 six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Six months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 2026 | 51,362 | 11.7 | 4,516 | 148.4 | 4,861 | 128.9 | 3,432 | 144.2 |
| September 30, 2025 | 45,965 | 27.2 | 1,817 | (28.0) | 2,124 | (23.2) | 1,405 | (48.3) |

Note: Comprehensive income For the six months ended September 30, 2026: ¥3,607 million [824.7%]
For the six months ended September 30, 2025: ¥390 million [(84.3)%]

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Six months ended | Yen | Yen |
| September 30, 2026 | 120.11 | 119.59 |
| September 30, 2025 | 49.29 | 49.05 |

### (2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|---|---|---|---|
| As of | Millions of yen | Millions of yen | % |
| September 30, 2026 | 141,624 | 78,431 | 48.4 |
| March 31, 2026 | 137,490 | 76,676 | 48.6 |

Reference: Equity
As of September 30, 2026: ¥68,488 million
As of March 31, 2026: ¥66,773 million

## 2. Cash dividends

| | Annual dividends per share | | | | |
|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2026 | – | 0.00 | – | 58.00 | 58.00 |
| Fiscal year ending March 31, 2027 | – | 0.00 | | | |
| Fiscal year ending March 31, 2027 (Forecast) | | | – | 58.00 | 58.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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 |
| Fiscal year ending March 31, 2027 | 100,000 | 6.7 | 8,000 | 107.6 | 8,500 | 89.7 | 5,800 | 243.5 | 202.90 |

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (DNT (Shanghai) Trading Co., Ltd.)
Excluded: 1 company (DNT (Zhejiang) Co., Ltd.)

Note: For details, see "2. Semi-annual Consolidated Financial Statements and Major Notes, (4) Notes on semi-annual consolidated financial statements (Significant changes in the scope of consolidation during the period)" on page 14 of the attached materials.

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)
(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|---|---|
| As of September 30, 2026 | 29,710,678 shares |
| As of March 31, 2026 | 29,710,678 shares |

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

| | |
|---|---|
| As of September 30, 2026 | 1,116,646 shares |
| As of March 31, 2026 | 1,148,145 shares |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|---|---|
| Six months ended September 30, 2026 | 28,575,879 shares |
| Six months ended September 30, 2025 | 28,520,776 shares |

* Semi-annual financial results reports are exempt from review 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., (3) Explanation of forward-looking information such as consolidated earnings forecasts" on page 4 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

○ Table of Contents of Attached Materials

## Index


1. Summary of Business Results, Etc. 2
(1) Summary of business results for current period 2
(2) Summary of financial position for current period 3
(3) Explanation of forward-looking information such as consolidated earnings forecasts 4
2. Semi-annual Consolidated Financial Statements and Major Notes 5
(1) Semi-annual consolidated balance sheet 5
(2) Semi-annual consolidated statement of income and consolidated statement of comprehensive income 7
Semi-annual consolidated statement of income 7
Semi-annual consolidated statement of comprehensive income 8
(3) Semi-annual consolidated statement of cash flows 9
(4) Notes on semi-annual consolidated financial statements 11
(Business combinations) 11
(Notes on segment information, etc.) 12
(Note when there is a significant change in the amount of shareholders' equity) 14
(Notes on the premise of a going concern) 14
(Significant changes in the scope of consolidation during the period) 14
(Significant subsequent events) 14

# 1. Summary of Business Results, Etc.

## (1) Summary of business results for current period

In the first six months of the fiscal year ending March 31, 2027, the Japanese economy showed a gradual recovery trend, but the recovery remained moderate due to factors such as sluggish growth in real wages caused by rising prices, which led to a lack of strength in personal consumption. In addition, the escalating tensions in the Middle East led to supply constraints and price surges for crude oil and naphtha-derived raw materials, drastically altering the procurement environment. This had repercussions on the demand environment, causing disruption to economic activity as a whole. Furthermore, uncertainty surrounding trade and financial policies in the U.S. and other countries is increasing, making it extremely difficult to predict the future of the economy and business environment.

Under these circumstances, as for the Group's business results, net sales were ¥51,362 million (an 11.7% year-on-year increase), operating profit was ¥4,516 million (a 148.4% year-on-year increase), ordinary profit was ¥4,861 million (a 128.9% year-on-year increase), and profit attributable to owners of parent was ¥3,432 million (a 144.2% year-on-year increase).

Net sales increased year on year due to an increase in demand, particularly for structural coatings, following the mitigation of the impact of quality issues in the domestic coatings business, as well as the implementation of revised sales prices in response to rising raw material costs. In terms of profitability, the growth in sales volume in the domestic coatings business and the resulting improvement in profitability contributed to a significant increase in operating profit, ordinary profit, and profit attributable to owners of parent compared to the same period of the previous fiscal year.

The business results by segment were as follows.

**[Domestic coatings business]**

Net sales were ¥40,321 million (a 13.7% year-on-year increase), and operating profit was ¥3,215 million (a 492.9% year-on-year increase).

In the general-use field, net sales have recovered, particularly for structural coatings, due to the lifting of the temporary suspension of JIS mark display in the previous fiscal year and the progress made in implementing measures to prevent recurrence. In the industrial-use field, demand for coatings for building materials decreased due to factors such as a decline in housing starts, but demand for other applications remained strong. In the ink and dispersion technology field, demand decreased due to the impact of inventory adjustments by major customers. In SHINTO PAINT group, net sales decreased year on year mainly due to decreased sales for work in the infrastructure field, despite strong sales of powder coatings and corrosion prevention coatings. Furthermore, as a result of revising sales prices across the domestic coatings business to address rising raw material costs, overall net sales for this segment increased year on year.

Operating profit significantly increased year on year, driven by increased sales volume, particularly in the general-use field, as well as improved profitability resulting from improved production efficiency.

**[Overseas coatings business]**

Net sales were ¥4,693 million (a 12.9% year-on-year increase), and operating profit was ¥216 million (a 9.8% year-on-year decrease).

In Southeast Asia, although demand for automotive parts within the region remained sluggish, increased export sales, along with the progress in revising sales prices in response to rising raw material costs, resulted in an increase in net sales year on year. In Mexico, net sales decreased year on year due to reduced production at major customers. In China, while dealing with business partners following the withdrawal of operations, we captured demand with a view to the

restructuring, resulting in increased net sales year on year. As a result, net sales for the segment as a whole increased year on year.

Operating profit decreased year on year as improved profitability in Southeast Asia, due to factors such as price revisions, was not enough to offset the impact of decreased sales in Mexico.

**[Lighting business]**

Net sales were ¥4,988 million (a 2.3% year-on-year increase), and operating profit was ¥851 million (a 0.8% year-on-year increase).

In the LED lighting field, net sales increased year on year. While demand from commercial facilities and luxury brand stores decreased, demand from offices and hotels, as well as demand for converting fluorescent lamps to LED lighting, increased. In the UV lamp field, net sales increased year on year as demand for sterilization applications remained steady, particularly among major customers. On the other hand, in the fluorescent lamp field, demand decreased due to market contraction, and net sales decreased year on year. In addition to these factors, we implemented price revisions in each field, resulting in an increase in net sales year on year for this segment.

Operating profit increased year on year, due to improved profitability as a result of factors such as price revisions, even though advertising expenses and personnel expenses associated with sales promotion activities increased.

**[Fluorescent color material business]**

Net sales were ¥539 million (a 0.1% year-on-year increase), and operating profit was ¥34 million (an 88.3% year-on-year increase).

As for fluorescent pigments, net sales decreased year on year due to a decline in demand in overseas markets, including the EU region. On the other hand, net sales of fluorescent coatings increased year on year due to increased sales for special applications such as helmets in the domestic market. As a result, net sales for the segment as a whole slightly increased year on year.

Operating profit increased year on year due to an improvement in the cost of sales ratio and cost reductions.

**[Other businesses]**

Net sales were ¥820 million (an 11.4% year-on-year decrease), and operating profit was ¥22 million (a 22.2% year-on-year decrease).

In the logistics business, net sales increased year on year due to an increase in the volume of cargo handled and adjustments to transaction prices. In the painting business, net sales decreased year on year as orders for work declined.

Operating profit decreased year on year, despite increased revenue from the logistics business, as it was not enough to offset the impact of decreased revenue from the painting business.

**(2) Summary of financial position for current period**

Total assets at the end of the current period were ¥141,624 million, an increase of ¥4,134 million from the end of the previous fiscal year. Current assets totaled ¥54,474 million, an increase of ¥3,215 million from the end of the previous fiscal year, mainly due to an increase in electronically recorded monetary claims - operating and an increase in inventories. Non-current assets totaled ¥87,149 million, an increase of ¥918 million from the end of the previous fiscal year, mainly due to an increase in investments and other assets.

Liabilities totaled ¥63,193 million, an increase of ¥2,379 million from the end of the previous fiscal year. Current liabilities totaled ¥38,986 million, an increase of ¥1,488 million from the end of the previous fiscal year, mainly due to an increase in notes and accounts payable - trade. Non-current

liabilities were ¥24,206 million, an increase of ¥891 million from the end of the previous fiscal year, mainly due to an increase in deferred tax liabilities.

Net assets were ¥78,431 million, an increase of ¥1,754 million from the end of the previous fiscal year. The main reasons for this were an increase in retained earnings and an increase in valuation difference on available-for-sale securities.

### (3) Explanation of forward-looking information such as consolidated earnings forecasts

The consolidated earnings forecast for the full year is unchanged from the forecast provided in the "Notice Regarding Revisions to Earnings Forecast" announced on October 27, 2026.

## 2. Semi-annual Consolidated Financial Statements and Major Notes

### (1) Semi-annual consolidated balance sheet

(Millions of yen)

| | As of March 31, 2026 | As of September 30, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,332 | 10,945 |
| Notes and accounts receivable - trade, and contract assets | 14,312 | 13,714 |
| Electronically recorded monetary claims - operating | 8,868 | 10,475 |
| Merchandise and finished goods | 8,474 | 9,824 |
| Work in process | 945 | 1,135 |
| Raw materials and supplies | 5,542 | 5,972 |
| Other | 1,891 | 2,502 |
| Allowance for doubtful accounts | (108) | (96) |
| Total current assets | 51,258 | 54,474 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 41,741 | 41,025 |
| Accumulated depreciation | (28,988) | (28,743) |
| Buildings and structures, net | 12,753 | 12,281 |
| Machinery, equipment and vehicles | 40,725 | 40,710 |
| Accumulated depreciation | (35,577) | (35,811) |
| Machinery, equipment and vehicles, net | 5,147 | 4,898 |
| Land | 27,266 | 27,257 |
| Leased assets | 878 | 680 |
| Accumulated depreciation | (852) | (657) |
| Leased assets, net | 26 | 23 |
| Construction in progress | 1,033 | 1,834 |
| Other | 10,983 | 10,876 |
| Accumulated depreciation | (8,941) | (9,083) |
| Other, net | 2,042 | 1,793 |
| Total property, plant and equipment | 48,270 | 48,089 |
| Intangible assets | | |
| Goodwill | 333 | 298 |
| Leased assets | 0 | – |
| Other | 1,159 | 1,112 |
| Total intangible assets | 1,492 | 1,410 |
| Investments and other assets | | |
| Investment securities | 8,822 | 9,809 |
| Deferred tax assets | 1,487 | 1,447 |
| Retirement benefit asset | 25,189 | 25,457 |
| Other | 987 | 953 |
| Allowance for doubtful accounts | (18) | (18) |
| Total investments and other assets | 36,468 | 37,650 |
| Total non-current assets | 86,231 | 87,149 |
| Total assets | 137,490 | 141,624 |

(Millions of yen)

| | As of March 31, 2026 | As of September 30, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 15,491 | 17,641 |
| Electronically recorded obligations - operating | 3,628 | 4,050 |
| Short-term borrowings | 8,668 | 8,320 |
| Lease liabilities | 126 | 100 |
| Income taxes payable | 802 | 890 |
| Provision for bonuses | 248 | 249 |
| Provision for bonuses for directors (and other officers) | 72 | – |
| Provision for product warranties | 156 | 146 |
| Provision for loss related to quality | 254 | 425 |
| Provision for loss on discontinuation of development | 66 | – |
| Provision for loss on liquidation of subsidiaries and associates | 988 | 22 |
| Other | 6,993 | 7,139 |
| Total current liabilities | 37,498 | 38,986 |
| Non-current liabilities | | |
| Long-term borrowings | 5,831 | 5,626 |
| Lease liabilities | 506 | 451 |
| Deferred tax liabilities | 12,644 | 12,932 |
| Deferred tax liabilities for land revaluation | 1,215 | 1,215 |
| Retirement benefit liability | 2,336 | 2,390 |
| Provision for retirement benefits for directors (and other officers) | 13 | 12 |
| Provision incurred from business combination | 659 | 659 |
| Other | 107 | 916 |
| Total non-current liabilities | 23,315 | 24,206 |
| Total liabilities | 60,813 | 63,193 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,827 | 8,827 |
| Capital surplus | 2,440 | 2,444 |
| Retained earnings | 44,934 | 46,710 |
| Treasury shares | (1,318) | (1,282) |
| Total shareholders' equity | 54,883 | 56,698 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,015 | 3,550 |
| Revaluation reserve for land | 1,669 | 1,669 |
| Foreign currency translation adjustment | 2,422 | 2,240 |
| Remeasurements of defined benefit plans | 4,782 | 4,330 |
| Total accumulated other comprehensive income | 11,889 | 11,789 |
| Share acquisition rights | 120 | 118 |
| Non-controlling interests | 9,782 | 9,823 |
| Total net assets | 76,676 | 78,431 |
| Total liabilities and net assets | 137,490 | 141,624 |

## (2) Semi-annual consolidated statement of income and consolidated statement of comprehensive income

### Semi-annual consolidated statement of income

(Millions of yen)

| | Six months ended September 30, 2025 | Six months ended September 30, 2026 |
|---|---|---|
| Net sales | 45,965 | 51,362 |
| Cost of sales | 33,338 | 35,284 |
| Gross profit | 12,626 | 16,077 |
| Selling, general and administrative expenses | 10,808 | 11,561 |
| Operating profit | 1,817 | 4,516 |
| Non-operating income | | |
| Interest income | 38 | 24 |
| Dividend income | 165 | 125 |
| Share of profit of entities accounted for using equity method | 136 | 230 |
| Other | 244 | 230 |
| Total non-operating income | 584 | 611 |
| Non-operating expenses | | |
| Interest expenses | 108 | 149 |
| Foreign exchange losses | 86 | 36 |
| Other | 83 | 81 |
| Total non-operating expenses | 278 | 266 |
| Ordinary profit | 2,124 | 4,861 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 155 | 7 |
| Gain on sale of investment securities | 602 | – |
| Gain on sale of shares of subsidiaries and associates | – | 415 |
| Total extraordinary income | 757 | 423 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 37 | 132 |
| Loss related to quality | 152 | 229 |
| Other | – | 85 |
| Total extraordinary losses | 190 | 446 |
| Profit before income taxes | 2,691 | 4,838 |
| Income taxes - current | 700 | 798 |
| Income taxes - deferred | 389 | 295 |
| Total income taxes | 1,089 | 1,094 |
| Profit | 1,601 | 3,744 |
| Profit attributable to non-controlling interests | 196 | 312 |
| Profit attributable to owners of parent | 1,405 | 3,432 |

**Semi-annual consolidated statement of comprehensive income**

(Millions of yen)

| | Six months ended September 30, 2025 | Six months ended September 30, 2026 |
|---|---|---|
| Profit | 1,601 | 3,744 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (44) | 531 |
| Foreign currency translation adjustment | (801) | (203) |
| Remeasurements of defined benefit plans, net of tax | (334) | (454) |
| Share of other comprehensive income of entities accounted for using equity method | (30) | (10) |
| Total other comprehensive income | (1,211) | (136) |
| Comprehensive income | 390 | 3,607 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 389 | 3,332 |
| Comprehensive income attributable to non-controlling interests | 0 | 275 |

### (3) Semi-annual consolidated statement of cash flows

(Millions of yen)

| | Six months ended September 30, 2025 | Six months ended September 30, 2026 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,691 | 4,838 |
| Depreciation | 1,468 | 1,679 |
| Increase (decrease) in provision for bonuses | (1) | 1 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (81) | (72) |
| Increase/decrease in net defined benefit asset/liability | (798) | (873) |
| Increase (decrease) in amends for product | (66) | (9) |
| Increase (decrease) in provision for quality related loss | 47 | 170 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 1 | (0) |
| Increase (decrease) in provision for loss on discontinuation of development | – | (66) |
| Increase (decrease) in allowance for doubtful accounts | 11 | (11) |
| Interest and dividend income | (203) | (150) |
| Interest expenses | 108 | 149 |
| Share of loss (profit) of entities accounted for using equity method | (136) | (230) |
| Loss (gain) on sale of non-current assets | (155) | (7) |
| Loss (gain) on disposal of non-current assets | 37 | 132 |
| Loss related to quality | 152 | 229 |
| Loss (gain) on sale of investment securities | (602) | – |
| Loss (gain) on sale of shares of subsidiaries and associates | – | (415) |
| Decrease (increase) in trade receivables | 189 | (1,272) |
| Decrease (increase) in inventories | (375) | (2,003) |
| Increase (decrease) in trade payables | (54) | 2,719 |
| Other, net | (39) | 348 |
| Subtotal | 2,194 | 5,153 |
| Interest and dividends received | 367 | 218 |
| Interest paid | (107) | (148) |
| Payments of loss related to quality | (158) | (58) |
| Settlement paid | (70) | – |
| Income taxes refund | 64 | 171 |
| Income taxes paid | (897) | (877) |
| Net cash provided by (used in) operating activities | 1,393 | 4,459 |
| Cash flows from investing activities | | |
| Payments into time deposits | (471) | (1,799) |
| Proceeds from withdrawal of time deposits | 295 | 1,042 |
| Purchase of property, plant and equipment | (2,199) | (2,095) |
| Proceeds from sale of property, plant and equipment | 221 | 7 |
| Payments for retirement of property, plant and equipment | (41) | (113) |
| Purchase of intangible assets | (47) | (121) |
| Purchase of investment securities | (2) | (1) |
| Proceeds from sale of investment securities | 745 | – |
| Payments for sale of shares of subsidiaries resulting in change in scope of consolidation | – | (207) |
| Other, net | (16) | 33 |
| Net cash provided by (used in) investing activities | (1,517) | (3,256) |

(Millions of yen)

| | Six months ended September 30, 2025 | Six months ended September 30, 2026 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (350) | (550) |
| Proceeds from long-term borrowings | 2,200 | – |
| Repayments of long-term borrowings | – | (3) |
| Repayments of lease liabilities | (116) | (81) |
| Dividends paid | (1,396) | (1,656) |
| Dividends paid to non-controlling interests | (166) | (241) |
| Purchase of treasury shares | (0) | – |
| Net cash provided by (used in) financing activities | 170 | (2,532) |
| Effect of exchange rate change on cash and cash equivalents | (297) | 105 |
| Net increase (decrease) in cash and cash equivalents | (251) | (1,224) |
| Cash and cash equivalents at beginning of period | 11,469 | 10,913 |
| Cash and cash equivalents at end of period | 11,218 | 9,688 |

**(4) Notes on semi-annual consolidated financial statements**

**(Business combinations)**

(Transfer of equity interest in a subsidiary)
The transfer of rights and obligations of DNT (Zhejiang) Co., Ltd., a consolidated subsidiary of the Company, was completed as of July 31, 2026; accordingly, said company has been excluded from the scope of consolidation as of the end of the first six months of the fiscal year ending March 31, 2027.

1. Outline of share transfer

(1) Name of the counterparty to the share transfer
CHUGOKU MARINE PAINTS (HONG KONG), LIMITED

(2) Name and business descriptions of the transferred subsidiary

| | |
|---|---|
| Name of subsidiary | DNT (Zhejiang) Co., Ltd. |
| Business description | Manufacturing and sales of coatings |

(3) Main reasons for the share transfer
The Group has been operating a coatings business in the People's Republic of China (hereinafter "China") since 2002, focusing primarily on automotive parts and other industrial applications, and has supplied coatings to numerous customers to date. In 2018, the Company established DNT (Zhejiang) Co., Ltd. (hereinafter the "Subsidiary") to comply with increasingly strict local environmental and safety regulations and to secure a new manufacturing base for solvent-based, water-based, and powder coatings, with the aim of further expanding its business. However, due to the rapidly deteriorating demand environment following the global spread of COVID-19 beginning in 2020 and the subsequent slowdown in the Chinese economy, the China business has continued to experience sluggish performance in recent years. In light of these circumstances, the Company has been conducting a fundamental review of its China business and implementing structural reforms in stages, including the closure of the former Shanghai plant in March 2024. In the current Medium-Term Management Plan 2026 (FY2024–FY2026), the restructuring of the China business has been positioned as one of the Group's top priorities, and the Company has conducted repeated reviews while considering all possible options. As a result, the Company has determined that the transfer of its equity interest in the Subsidiary would help optimize management resources across the entire Group and strengthen its financial position. Accordingly, the Company reached an agreement with CHUGOKU MARINE PAINTS, LTD., which is seeking to expand its production capacity in China, regarding the transfer of its equity interest in the Subsidiary to CHUGOKU MARINE PAINTS (HONG KONG), LIMITED, its consolidated subsidiary.

(4) Date of the transfer of rights and obligations
July 31, 2026

(5) Other details regarding the transaction, including legal form
Transfer of equity interests with cash as consideration

2. Overview of accounting treatment adopted

(1) Amount of gain or loss on transfer

Gain on sale of shares of subsidiaries and associates ¥415 million

The gain mainly resulted from the reversal of foreign currency translation adjustments associated with the exclusion of DNT (Zhejiang) Co., Ltd., a consolidated subsidiary of the Company, from the scope of consolidation.

With respect to the loss related to the transfer of shares of the subsidiary, a provision for loss on liquidation of subsidiaries and associates of ¥966 million had been recognized in the previous fiscal year. Accordingly, there was no material impact on the results of operations for the current interim consolidated accounting period.

(2) Appropriate book value of assets and liabilities related to the transferred business and main breakdown

| | (Millions of yen) |
|---|---|
| Current assets | 568 |
| Non-current assets | 1,733 |
| Total assets | 2,302 |
| Current liabilities | 1,116 |
| Non-current liabilities | – |
| Total liabilities | 1,116 |

(3) Accounting treatment

The amount calculated by deducting the provision for loss on liquidation of subsidiaries and associates recorded in the previous fiscal year from the difference between the sale price and the amount obtained by adjusting the consolidated book value of the shares in question for foreign currency translation adjustments is recorded as "Gain on sale of shares of subsidiaries and associates" under extraordinary income.

3. Reportable segment in which transferred subsidiaries were included

Overseas coatings business

4. Estimated amount of profit or loss related to the separated subsidiary recorded in the consolidated statement of income for the current fiscal year

| | (Millions of yen) |
|---|---|
| Net sales | 606 |
| Operating loss | (66) |

**(Notes on segment information, etc.)**

[Segment information]

I First six months of the fiscal year ended March 31, 2026 (April 1, 2025 to September 30, 2025)

1. Information on net sales and the amount of profit or loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | |
|---|---|---|---|---|---|
| | Domestic coatings | Overseas coatings | Lighting | Fluorescent color materials | Total |
| Net sales | | | | | |
| Net sales to external customers | 35,466 | 4,155 | 4,877 | 539 | 45,038 |
| Intersegment internal net sales or transfers | 463 | 3 | 35 | 60 | 562 |
| Total | 35,930 | 4,159 | 4,912 | 599 | 45,601 |
| Segment profit | 542 | 239 | 844 | 18 | 1,645 |

| | Other[1] | Total | Amount of adjustment[2] | Semi-annual consolidated statement of income[3] |
|---|---|---|---|---|
| Net sales | | | | |
| Net sales to external customers | 926 | 45,965 | – | 45,965 |
| Intersegment internal net sales or transfers | 1,187 | 1,750 | (1,750) | – |
| Total | 2,113 | 47,715 | (1,750) | 45,965 |
| Segment profit | 28 | 1,673 | 144 | 1,817 |

(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 ¥144 million refers to the elimination of intersegment transactions.
3. Segment profit is adjusted to be consistent with operating profit shown on the semi-annual consolidated statement of income.

2. Information on impairment losses or goodwill, etc. of non-current assets for each reportable segment

During the first six months of the fiscal year ended March 31, 2026, there is no recognition of significant impairment losses on non-current assets, significant fluctuations in the amount of goodwill, or significant gain on bargain purchase.

II First six months of the fiscal year ending March 31, 2027 (April 1, 2026 to September 30, 2026)

1. Information on net sales and the amount of profit or loss by reportable segment

(Millions of yen)

| | Reportable segments | | | | |
|---|---|---|---|---|---|
| | Domestic coatings | Overseas coatings | Lighting | Fluorescent color materials | Total |
| Net sales | | | | | |
| Net sales to external customers | 40,321 | 4,693 | 4,988 | 539 | 50,541 |
| Intersegment internal net sales or transfers | 529 | 2 | 7 | 57 | 596 |
| Total | 40,850 | 4,695 | 4,995 | 596 | 51,138 |
| Segment profit | 3,215 | 216 | 851 | 34 | 4,318 |

| | Other[1] | Total | Amount of adjustment[2] | Semi-annual consolidated statement of income[3] |
|---|---|---|---|---|
| Net sales | | | | |
| Net sales to external customers | 820 | 51,362 | – | 51,362 |
| Intersegment internal net sales or transfers | 1,282 | 1,878 | (1,878) | – |
| Total | 2,102 | 53,241 | (1,878) | 51,362 |
| Segment profit | 22 | 4,340 | 176 | 4,516 |

(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 ¥176 million refers to the elimination of intersegment transactions.
3. Segment profit is adjusted to be consistent with operating profit shown on the semi-annual consolidated statement of income.

2. Information on impairment losses or goodwill, etc. of non-current assets for each reportable segment

During the first six months of the fiscal year ending March 31, 2027, there is no recognition of significant impairment losses on non-current assets, significant fluctuations in the amount of goodwill, or significant gain on bargain purchase.

**(Note when there is a significant change in the amount of shareholders' equity)**

The Company has disposed of 29,099 of its own treasury shares as restricted stock compensation, based on the resolution passed at the Board of Directors meeting held on June 24, 2026. Additionally, the Company has disposed of 2,400 of its own treasury shares in conjunction with the exercise of stock options. As a result, during the first six months of the fiscal year ending March 31, 2027, treasury shares decreased by ¥36 million to ¥1,282 million as of September 30, 2026.

**(Notes on the premise of a going concern)**

Not applicable.

**(Significant changes in the scope of consolidation during the period)**

During the first six months of the fiscal year ending March 31, 2027, the Company newly established DNT (Shanghai) Trading Co., Ltd. and included in the scope of consolidation. Furthermore, DNT (Zhejiang) Co., Ltd., which was a consolidated subsidiary of the Company, has been excluded from the scope of consolidation because we have transferred all of the Company's shares in it.

**(Significant subsequent events)**

(Acquisition of Full Ownership of Shinto Paint Co., Ltd. through Share Exchange)

At a meeting of the Board of Directors held on November 6, 2026, the Company resolved to conduct a share exchange (the "Share Exchange") whereby the Company will become the wholly owning parent company and its consolidated subsidiary, Shinto Paint Co., Ltd. (Securities Code: 4615, listed on the Standard Market of the Tokyo Stock Exchange; hereinafter referred to as the "Target Company"), will become a wholly owned subsidiary. On the same date, the Company entered into a share exchange agreement with the Target Company.

The Share Exchange will be carried out by the Company through the simplified share exchange procedures pursuant to Article 796, Paragraph 2 of the Companies Act, without obtaining approval at a shareholders' meeting. The Target Company plans to implement the Share Exchange subject to approval at an extraordinary shareholders' meeting scheduled for January 15, 2027. The effective date of the Share Exchange is scheduled for February 25, 2027. The common shares of the Target Company are scheduled to be delisted on February 22, 2027 (with the last trading day being February 19, 2027), prior to the effective date of the Share Exchange**.**

The details of the Share Exchange are as follows.

1. Purpose and Background of the Share Exchange

In its Mid-Term Management Plan 2026 (FY2024-FY2026), announced on May 16, 2024, the Company established a policy of expanding its coating business platform through both organic growth and the acquisition and utilization of external resources. Under this policy, the Company made the Target Company a consolidated subsidiary through a tender offer commenced on February 7, 2025 and the subscription of a third-party allotment completed on March 18, 2025, and has since promoted business collaboration between the two companies.

However, maintaining a parent-subsidiary listed structure requires substantial time and administrative efforts for conflict-of-interest management and decision-making processes designed to protect minority shareholders. In addition, duplicate costs arise from maintaining internal control, audit, and disclosure systems at both listed companies. Furthermore, amid the maturity of the domestic paint market and continued increases in raw material costs, the Target Company's earnings recovery remains in progress, and there are limitations on its ability to independently undertake capital expenditures and R&D investments.

By making the Target Company a wholly owned subsidiary, the Company aims to optimize the allocation of management resources and accelerate decision-making. The Company intends to improve

profitability through the optimization of production systems and capital investments, joint procurement, logistics efficiency improvements, inventory optimization, and streamlining of administrative functions. Additionally, with respect to industrial coatings (electrodeposition and powder coatings), in which the Target Company has strengths, the Company seeks to enhance competitiveness and profitability by leveraging the products, technologies, sales channels, and customer bases of both companies, while also expanding overseas operations and growth investments. Accordingly, the Company has decided to implement the Share Exchange.

2. Overview of the Company to Become a Wholly Owned Subsidiary

| **Item** | **Details** |
|---|---|
| Company Name | Shinto Paint Co., Ltd. |
| Head Office | 6-10-73 Minamitsukaguchi-cho, Amagasaki-shi, Hyogo, Japan |
| Representative | Ichiro Kosaka, Representative Director, President & Executive Officer |
| Business Activities | Manufacture, processing and sale of paints, adhesives, pigments, synthetic resins and other chemical products; design, construction and management of painting and other construction works |
| Capital | ¥2,449 million |
| Established | April 17, 1933 |
| Shares Outstanding | 34,060,000 shares |
| Capital Relationship | The Company owns 17,052,700 shares (50.10% of outstanding shares excluding treasury stock), and the Target Company is a consolidated subsidiary of the Company. |

Note: Capital and the number of shares outstanding are as of March 31, 2026.

3. Overview of the Share Exchange

(1) Schedule of the Share Exchange

| **Item** | **Date** |
|---|---|
| Board resolution approving share exchange agreement (both companies) | November 6, 2026 |
| Execution of share exchange agreement | November 6, 2026 |
| Extraordinary shareholders' meeting of Target Company | January 15, 2027 (planned) |
| Last trading day of Target Company shares | February 19, 2027 (planned) |
| Delisting date | February 22, 2027 (planned) |
| Effective date of share exchange | February 25, 2027 (planned) |

Note: The above schedule is subject to change upon mutual agreement between the parties if required for procedural or other reasons.

(2) Structure of the Share Exchange

The Share Exchange will be implemented with the Company as the wholly owning parent company and the Target Company as the wholly owned subsidiary. The Company intends to conduct the Share Exchange through the simplified share exchange procedures pursuant to Article 796, Paragraph 2 of the Companies Act, while the Target Company intends to implement the Share Exchange subject to approval of the Share Exchange Agreement at its extraordinary general meeting of shareholders.

(3) Share Exchange Ratio and Details of Share Allocation

| tem | Company (Wholly Owning Parent Company) | Target Company (Wholly Owned Subsidiary) |
|---|---|---|
| Share exchange ratio | 1 | 0.0824 |

Number of shares of the Company's common stock to be delivered through the Share Exchange: 1,399,514 shares (planned)

Notes:

1. For each common share of the Target Company, 0.0824 shares of the Company's common stock will be allotted and delivered. No shares will be allotted with respect to the shares of the Target Company already owned by the Company immediately prior to the time when the Company acquires all issued shares of the Target Company (excluding treasury shares held by the Company) through the Share Exchange (the "Reference Time"). The share exchange ratio may be revised upon mutual agreement between the parties if any material change occurs in the assumptions underlying the calculation.

2. The Company intends to use treasury shares currently held and treasury shares to be acquired in the future to satisfy part of the share consideration. To the extent that such shares are insufficient, the Company intends to issue new common shares corresponding to the shortfall.

3. The Target Company intends to cancel all treasury shares held by it immediately prior to the Reference Time, including treasury shares acquired as a result of dissenting shareholders' appraisal rights. Accordingly, the number of shares to be delivered may be adjusted due to the acquisition and cancellation of treasury shares.

4. Shareholders who will hold less than one trading unit (fewer than 100 shares) of the Company's shares as a result of the Share Exchange may request the Company to purchase such fractional unit shares after the effective date of the Share Exchange. Fractions of less than one share will be handled in accordance with Article 234 of the Companies Act and other applicable laws and regulations, and the proceeds from the sale of aggregated fractional shares will be distributed proportionately.

(4) Basis for Calculation of the Share Exchange Ratio

To ensure the fairness and appropriateness of the Share Exchange Ratio, the Company and the Target Company each appointed an independent third-party valuation advisor. The Company engaged the Financial Development Office, Corporate Information Division of MUFG Bank, Ltd., while the Target Company engaged Japan Blue M&A Advisory Co., Ltd..

After taking into account the valuation results prepared by their respective advisors, the results of due diligence conducted on the counterparty, as well as the financial condition, asset condition and future business prospects of both companies, the parties engaged in discussions and negotiations and ultimately determined the Share Exchange Ratio.

The Financial Development Office, Corporate Information Division of MUFG Bank, Ltd. adopted the market price method for the valuation of the Company and both the market price method and discounted cash flow (DCF) method for the valuation of the Target Company.

Japan Blue M&A Advisory Co., Ltd. adopted the market price method for the valuation of the Company and both the market price method and DCF method for the valuation of the Target Company.

(5) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

The Target Company has not issued any stock acquisition rights or bonds with stock acquisition rights. Accordingly, there are no matters to be addressed in this regard.

4. Overview of the Wholly Owning Parent Company after the Share Exchange

There will be no changes to the Company's name, address, title and name of representative, business activities, capital or fiscal year-end as a result of the Share Exchange. The Company's net assets and total assets after the Share Exchange have not yet been determined.

5. Accounting Treatment

The Share Exchange is expected to be accounted for as a transaction with non-controlling shareholders under transactions under common control in accordance with the Accounting Standard for Business Combinations and the related implementation guidance.

6. Impact on Financial Results

The impact of the Share Exchange on the Company's consolidated financial results is currently under review. The Company will promptly disclose any matters requiring revision of its earnings forecasts or any other material information as and when such matters arise.