



Overview of Financial Results for First Three Months of Fiscal Year 2020 (ending March 31, 2021)

Briefing materials

August 7, 2020

Dai Nippon Printing, Co., Ltd.

DNP

1. Overview of Consolidated Results for First Three Months of Fiscal Year 2020: Earnings Summary

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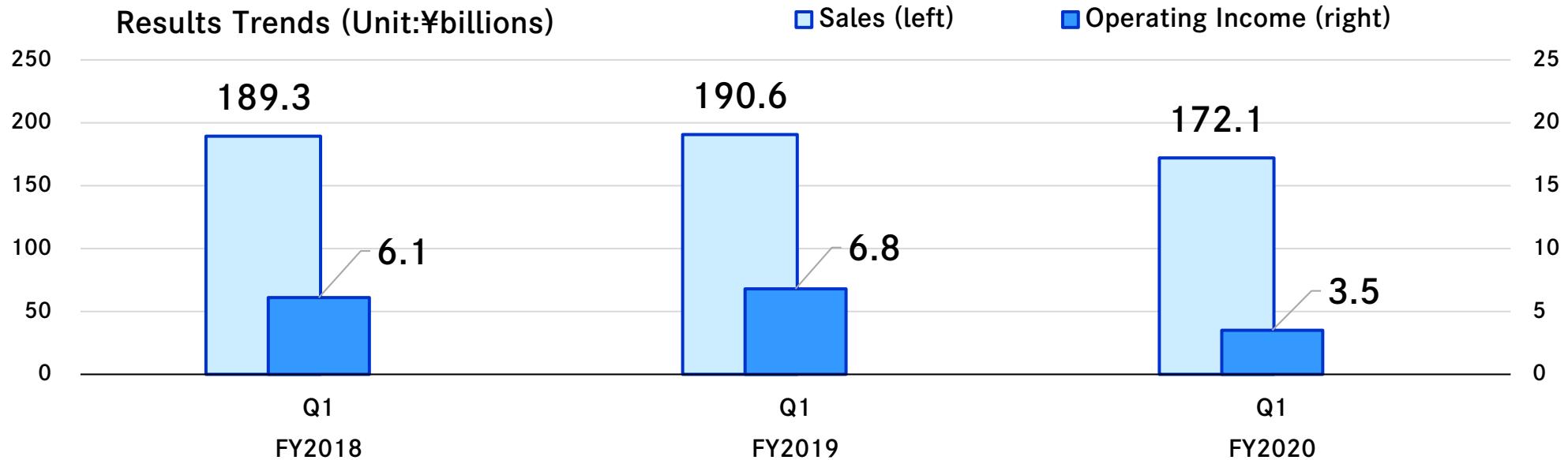
(Unit: ¥ billions)

	First Three Months FY2019	First Three Months FY2020	Year-on-year Change
Sales	344.5	323.5	▲6.1%
Operating Income	13.8	9.6	▲30.2%
Ordinary Income	17.0	13.5	▲20.3%
Net Income Attributable to Parent Company Shareholders	18.0	7.4	▲58.9%

- Sales and profits declined due to global movement restrictions and a sudden economic downturn caused by the novel coronavirus (COVID-19).
- Amid these significant economic, social, and environmental changes, the DNP Group worked to build a strong business portfolio by optimizing the allocation of management resources and restructuring to enhance competitiveness, primarily in focus areas such as the Internet of Things (IoT), next-generation communications, and environment-related businesses. It also worked to strengthen the infrastructure needed to support sustainable growth by stepping up its initiatives in areas including the environment, human capital, and human rights.

1. Overview of Consolidated Results for First Three Months of Fiscal Year 2020: Segment Earnings [Information Communication]

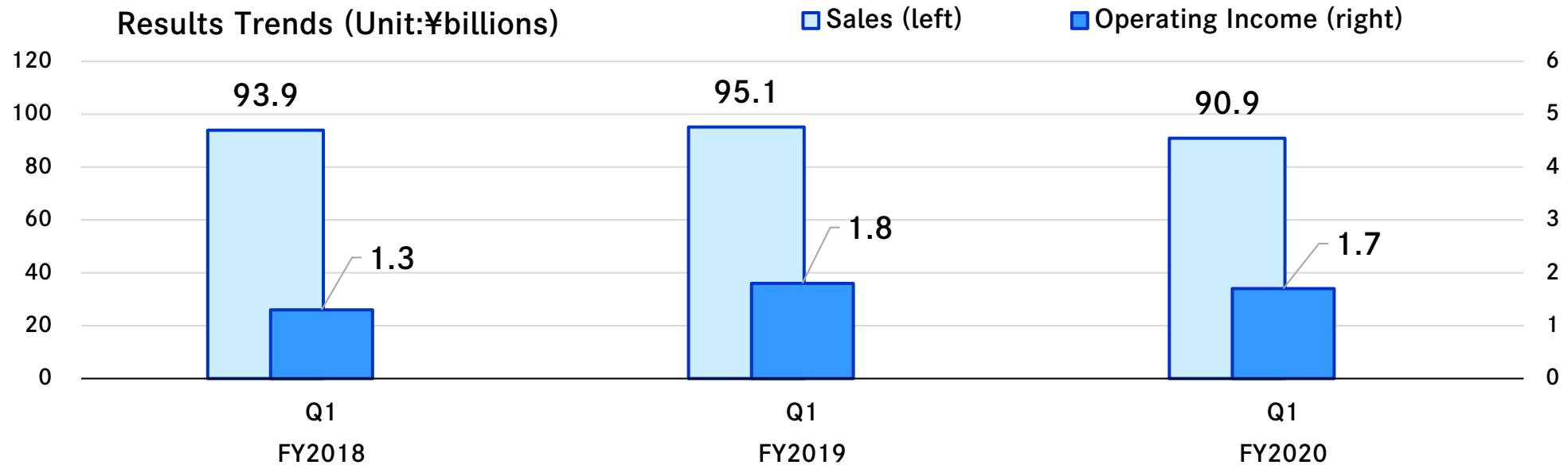
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In the Information Innovation business, areas such as ID cards (mainly Japan's social security and tax number ("My Number") cards) and Business Process Outsourcing (BPO, which handles business processes on behalf of companies) saw steady growth. However, sales declined in the Information Innovation business due to the cancellation of events throughout Japan, which reduced demand for promotional campaigns and other advertising, depressing sales of pamphlets, catalogs, and other printed media, in the Imaging Communication business as opportunities to shoot and print photos decreased due to government stay-at-home requests, reducing sales of related products and services, and in the Publishing business due to the impact of physical bookstores' reduced business hours, continued contraction in the print publication market, and a decline in print orders for books and magazines. As a result, overall segment sales and profits declined.

1. Overview of Consolidated Results for First Three Months of Fiscal Year 2020: Segment Earnings [Lifestyle and Industrial Supplies]

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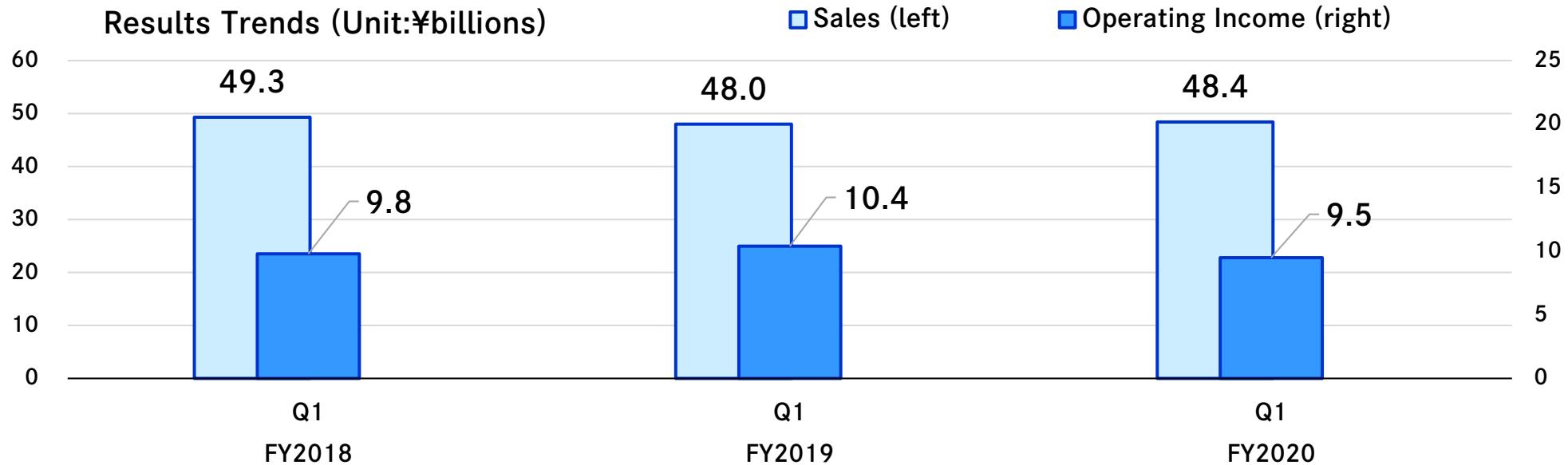


In the High-Performance Industrial Supplies business, sales rose for battery pouches used in automotive lithium-ion batteries due to greater uptake of electric vehicles, and for products used in tablets and smartphones due mainly to an increase in teleworking. In the Packaging business, demand increased for packaging for pharmaceuticals and sanitary materials and for household food items.

However, demand for commercial packaging materials for beverages, souvenirs, and restaurant use in the Packaging business declined due to government stay-at-home requests, and the Living Spaces business faced an increase in delays and suspensions of domestic housing construction and remodeling work due to the impact of COVID-19. As a result, overall segment sales and profits declined.

1. Overview of Consolidated Results for First Three Months of Fiscal Year 2020: Segment Earnings [Electronics]

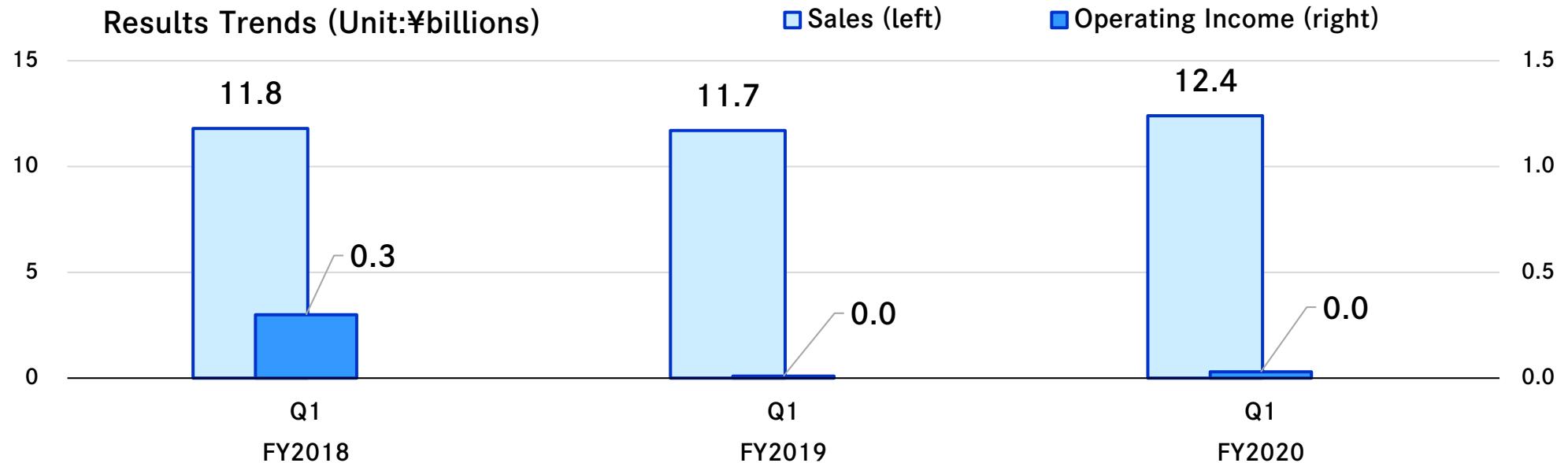
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In the Display Components business, sales increased for optical films used in organic light-emitting diode (OLED) displays, and for products used in LCD displays for tablets and monitors due to rising household demand driven by teleworking and other factors. Sales of metal masks used in the production of OLED displays also remained stable due to greater uptake of smartphones with OLED displays. In the Electronic Devices business, semiconductor photomask sales decreased due to product development delays in the semiconductor market. As a result, overall segment sales rose but profits declined.

1. Overview of Consolidated Results for First Three Months of Fiscal Year 2020: Segment Earnings [Beverages]

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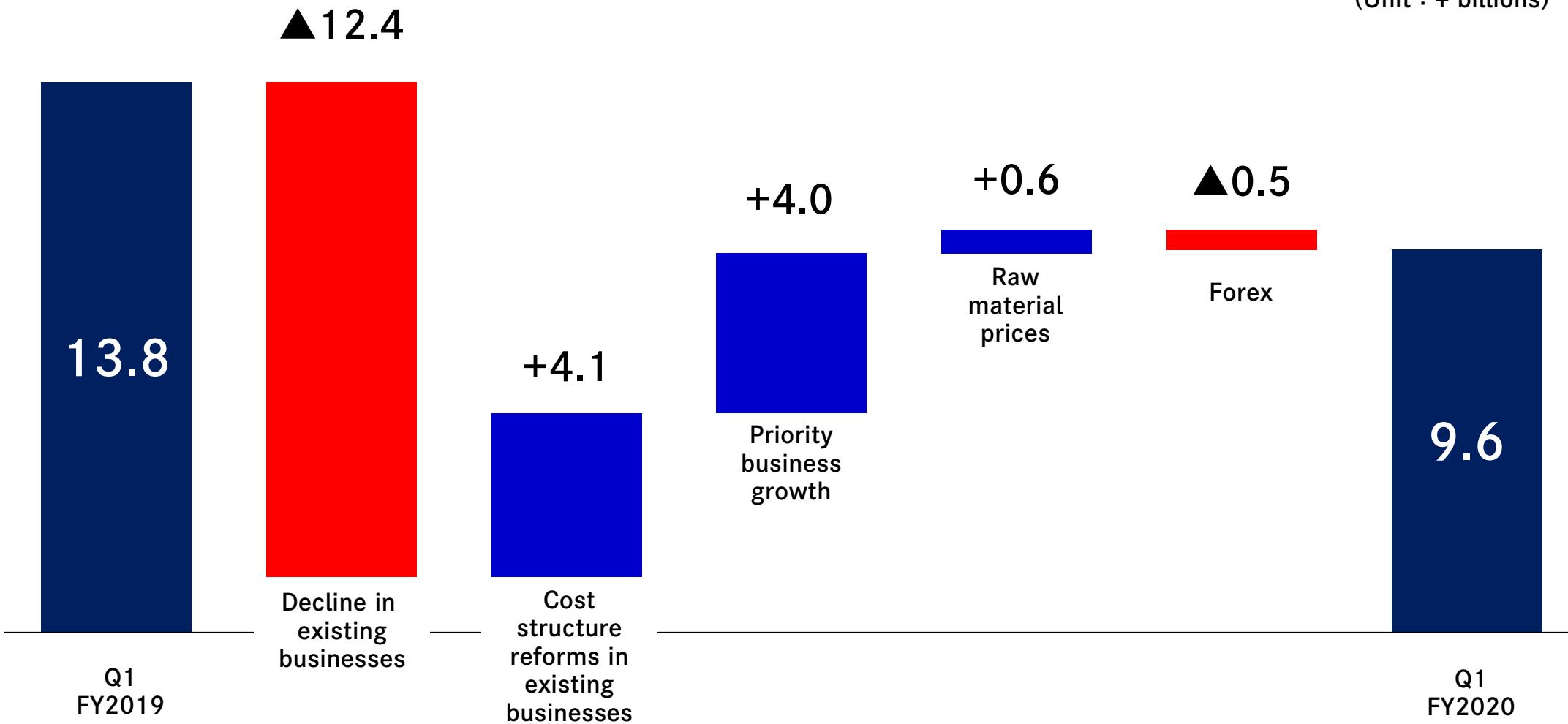
The DNP Group worked to increase its share in existing markets and acquire new customers amid a decline in demand from tourist destinations and restaurants due to government stay-at-home requests by releasing new products in core brands and stepping up sales promotion in the vending machine business and to mass merchandisers.

Overall segment sales and profits rose due to factors such as an increase in sales of small PET plastic bottle products and the new Lemondo line of alcoholic beverages, and an increase in sales to bottlers in regions other than Hokkaido.

1. Overview of Consolidated Results for First Three Months of Fiscal Year 2020: Analysis of Factors Affecting Operating Income

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(Unit : ¥ billions)



2. Earnings Forecasts for Fiscal Year ending March 2021

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(Unit: ¥ billions)

	Fiscal Year ended March 2020	Fiscal Year ending March 2021	Year-on-year Change (Difference)
Sales	1,401.8	1,340.0	▲4.4%
Operating Income	56.2	40.0	▲28.9%
Ordinary Income	63.7	48.0	▲24.7%
Net Income Attributable to Parent Company Shareholders	69.4	21.0	▲69.8%
Annual Dividends (Yen/Share)	64.00	64.00	± 0.00

- The DNP Group had opted not to announce consolidated earnings forecasts for the fiscal year ending March 2021 due to the lack of visibility on the impact of COVID-19 and the consequent lack of a reasonable and appropriate basis on which to forecast earnings.
- The DNP Group now expects the economy to recover moderately in the second half of the fiscal year ending March 2021 due to the gradual resumption of domestic and overseas economic activity and support from government fiscal and monetary policies. On the assumption that further social restrictions will not be imposed, the DNP Group has now opted to announce full-year forecasts due to its judgment that currently available information constitutes a reasonable basis for estimating COVID-19's impact.
- The DNP Group intends to pay an annual dividend of ¥64 per share based on its consolidated earnings forecasts for the fiscal year ending March 2021.
- The DNP Group positions returning profits to its shareholders and other stakeholders as a key tenet of management policy. It intends to distribute profits based on the payment of a stable dividend to shareholders while considering earnings and dividend payout ratio. It also intends to secure retained earnings and strengthen its business infrastructure in preparation for future business development.

3. Business impact from COVID-19 (1)

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<Information Innovation Business>

- The pandemic has resulted in the cancellation of events throughout Japan (including the postponement of the Tokyo Olympics and Paralympics) and a decline in demand for promotional campaigns and other advertising that are depressing sales of pamphlets, catalogs, and other printed media.
- There are prospects for an increase in online sales and other usage to increase demand for digital marketing and settlement-related services, and enquiries regarding business process outsourcing (BPO) are also increasing as a means of handling corporate business continuity planning (BCP).

<Imaging Communication Business>

- A decrease in opportunities to shoot and print photos are depressing sales of related products and services.

<Publishing Business>

- Bookstore sales fell sharply due to reduced business hours and closures, and print orders are declining due to publication delays for books and magazines.
- More time spent at home due to government stay-at-home requests and school closures are driving favorable e-book sales trends in the “honto” hybrid bookstore network, which combines physical bookstores, online bookstores, and e-book services.

3. Business impact from COVID-19 (2)

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< Packaging Business >

- Demand for commercial packaging materials for beverages, souvenirs, and restaurant use are declining due to government stay-at-home requests.
- Demand is increasing for packaging for pharmaceuticals and sanitary materials and for household food items.

< Living Spaces Business >

- Demand for interior and exterior materials for housing are declining as domestic housing construction and remodeling work is increasingly delayed or suspended.

< High-Performance Industrial Supplies Business >

- Demand is declining for products such as interior decorative materials due to the global suspension of operations in the automobile industry.
- Demand for battery pouches for lithium-ion batteries used in tablets and smartphones is increasing due to factors such as broader adoption of teleworking.

3. Business impact from COVID-19 (3)

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< Display Components Business >

- A shift from LCD to OLED displays is progressing **despite an impact** from client companies' reduced operating **hours**, and demand is increasing for metal masks used in the production of OLED displays as client companies move to secure material supplies.
- **Sales are increasing for optical films used in OLED displays, and for products used in LCD displays for tablets and monitors due to an increase in household demand driven by teleworking and other factors.**

< Electronic Devices Business >

- In the Electronic Devices business, the outlook for semiconductor market conditions is uncertain, but there are prospects for demand growth driven by broader uptake of 5G and IoT due to factors such as an increase in teleworking.

■ Changes versus June 1 briefing are shown in orange

3. Business impact from COVID-19 (4)

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< Beverages >

■ Changes versus June 1 briefing are shown in orange

- Despite the impact of a decline in demand from tourism destinations and restaurants as consumers remain at home, there are prospects for an increase in sales of the new Lemondo range of alcoholic beverages due to greater demand from consumers drinking at home.

Today's Innovation is "Tomorrow's Basic."



Disclaimer

The earnings forecasts, medium-term management targets, and other forward-looking statements contained in these materials represent DNP's judgement of the current outlook based on information available at the time of preparation, and involve potential risks and uncertainties. Actual performance may therefore differ materially from these forward-looking statements due to changes in the various assumptions on which they are based.