

Overview of Financial Results  
for First Six Months of Fiscal Year 2022 (ending March 31, 2023)  
Briefing materials

**DNP**

Nov. 16, 2022

Dai Nippon Printing, Co., Ltd.

# Overview of Consolidated Results for First Six Months of Fiscal Year 2022: Earnings Summary

**DNP**

(Unit: ¥ billions)

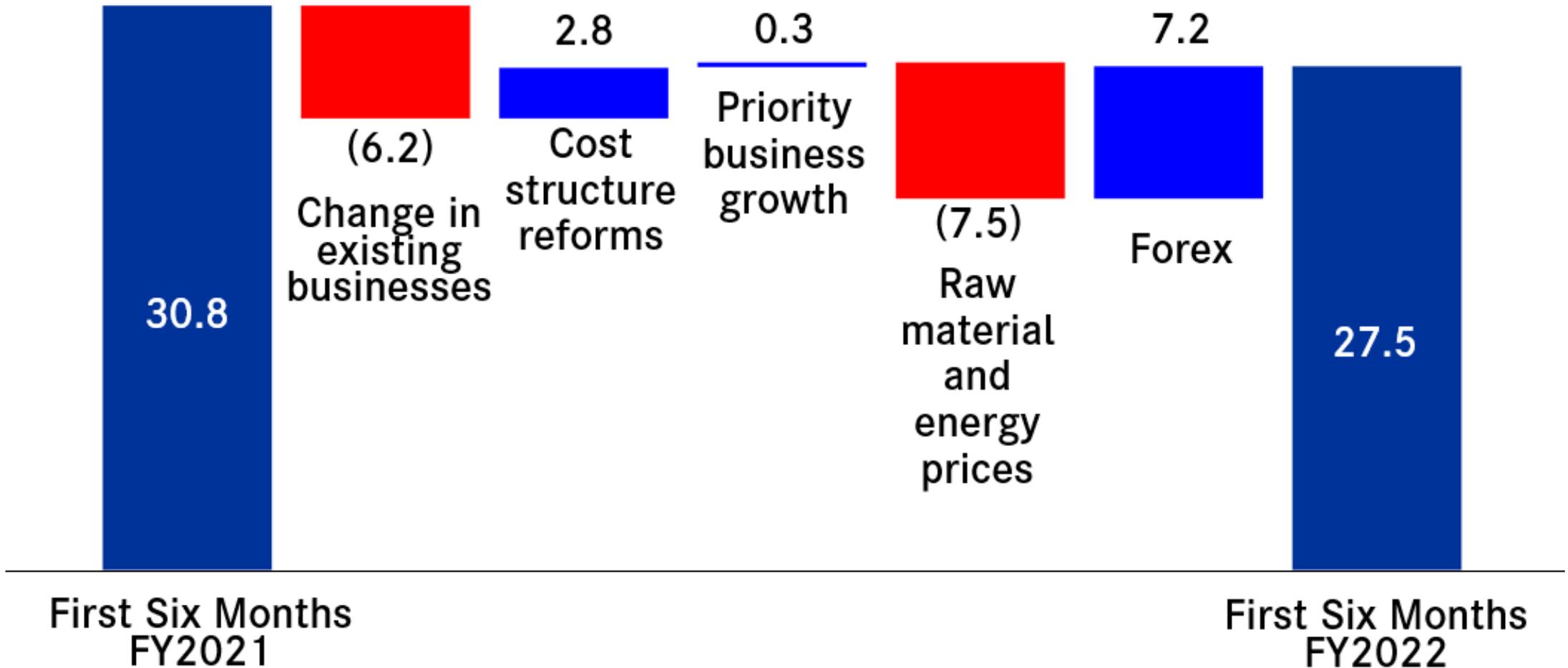
	First Six Months FY2021	First Six Months FY2022	Year-on-year Change	Earnings Forecast for FY2022	Rate of Progress
Sales	657.1	668.4	+1.7%	1,380.0	48.4%
Operating Income	30.8	27.5	(10.5%)	67.0	41.2%
Ordinary Income	36.4	36.7	+0.8%	81.5	45.0%
Net Income Attributable to Parent Company Shareholders	33.8	27.9	(17.4%)	67.0	41.7%
Capital Expenditures	27.3	23.7	(13.3%)	95.0	25.0%
R&D Expenditures	16.4	16.2	(1.1%)	33.0	49.3%
Depreciation	24.8	24.3	(1.9%)	52.0	46.8%

- Amid increasing uncertainty about the future due to geopolitical risks and deteriorating economic sentiment, our efforts to expand DNP's focus businesses resulted in higher net sales, but operating income still declined due to the impact of increased costs for raw materials and energy.
- Ordinary income increased thanks to the contribution of expanded earnings from equity-method affiliates.

# Overview of Consolidated Results for First Six Months of Fiscal Year 2022: Change in Operating Income

**DNP**

(Unit: ¥ billions)

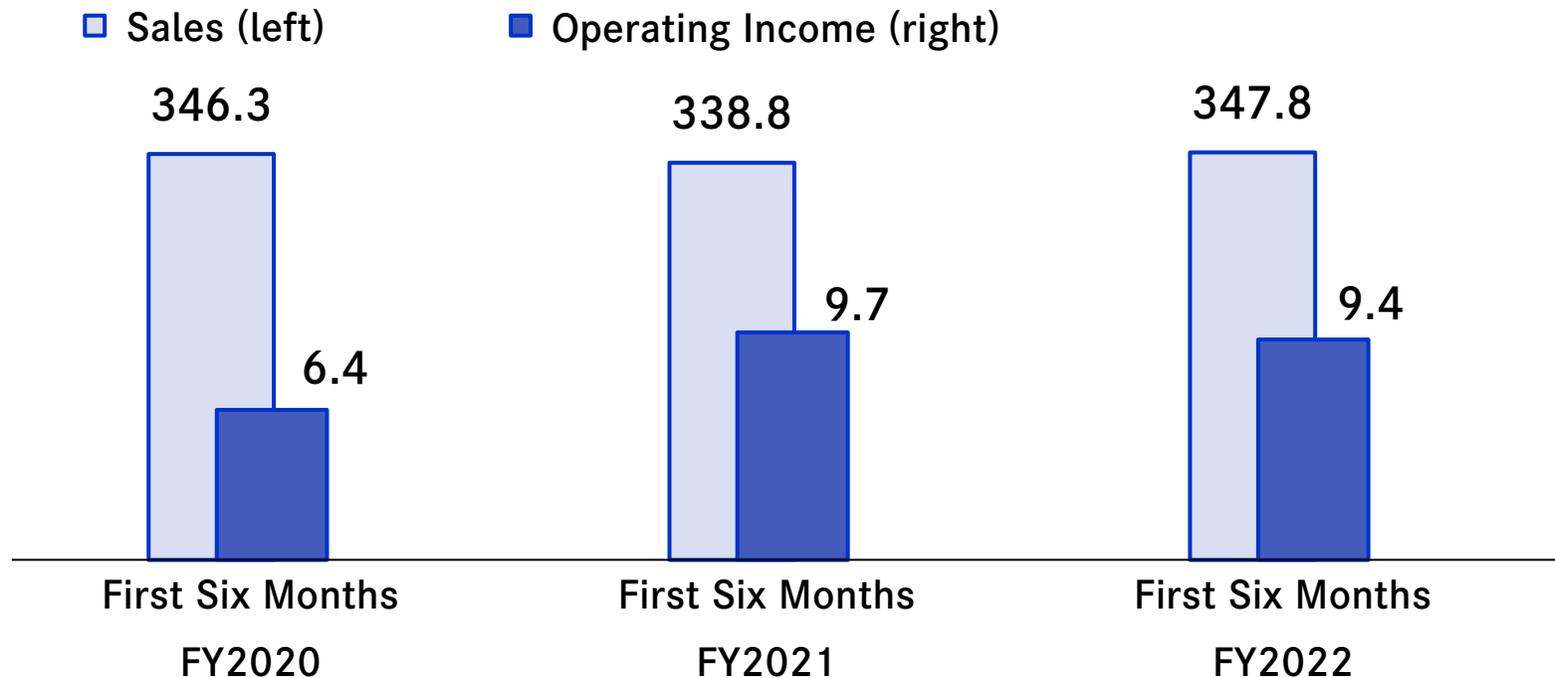


# Overview of Consolidated Results for First Six Months of Fiscal Year 2022: Segment Earnings

## Information Communication

- Photography-related materials and services, performed well and sales increased, but due to the impact of a drop in Publishing businesses relative to the previous year's high stay-at-home demand, overall segment sales declined.

(Unit: ¥ billions)

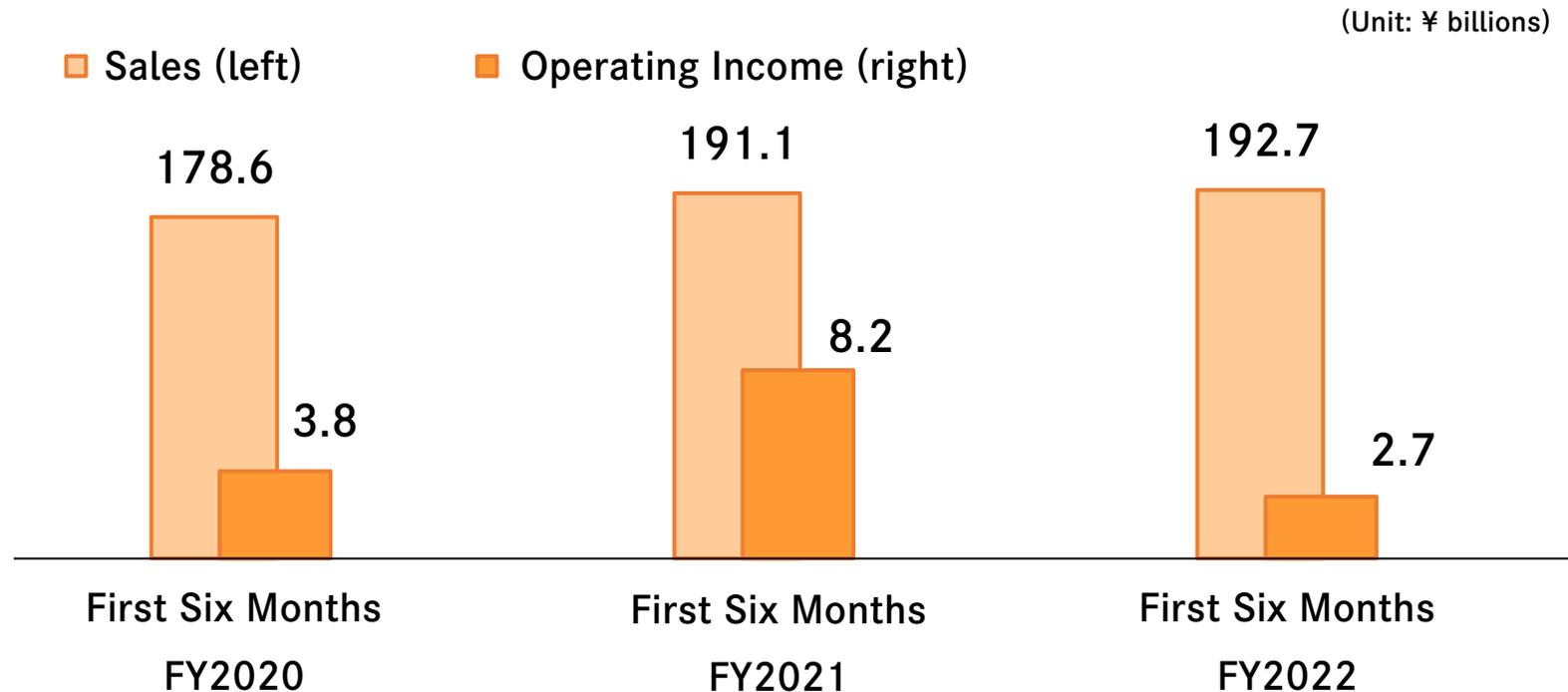


【Information Innovation】 Increased demand for IC cards used by financial institutions and for “My Number” government-issued ID cards  
【Imaging Communication】 Strong sales of photographic materials and services in Europe and Asia, as well as in the mainstay U.S. market  
【Publishing】 In addition to the decrease in orders for paper media, our “honto” hybrid bookstore network was also impacted by the recoil following the previous year’s high demand resulting from stay-at-home policies

# Overview of Consolidated Results for First Six Months of Fiscal Year 2022: Segment Earnings

## Lifestyle and Industrial Supplies

- Sales increased due to growth in interior and exterior decorative materials for automotive and residential use, and in lithium-ion battery pouches for automobiles, but operating income decreased because of higher raw material costs.



【Packaging】 We worked hard at developing and selling DNP’s eco-friendly “GREEN PACKAGING,” resulting in increased sales

【Living Spaces】 Sales increased thanks to the strength of decorative films for car interiors and printed aluminum panels for interior and exterior use in North America

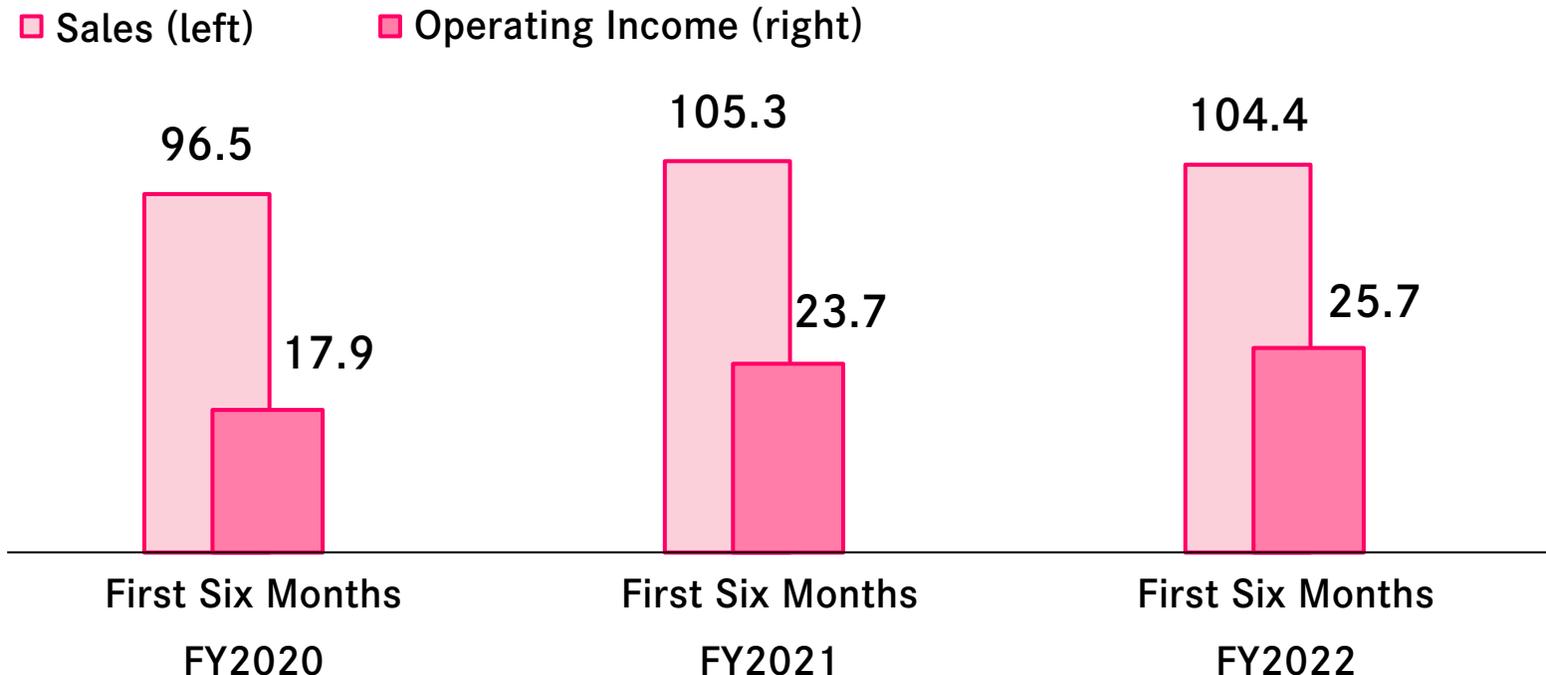
【Industrial High-performance Materials】 Demand for lithium-ion battery pouches for IT applications declined, as did net sales

# Overview of Consolidated Results for First Six Months of Fiscal Year 2022: Segment Earnings

## Electronics

■ The Display Components business was affected by decreased sales of smartphones and notebook PCs, but the Electronic Devices business remained strong. Despite a decline in sales, operating income continued to its upward trend.

(Unit: ¥ billions)



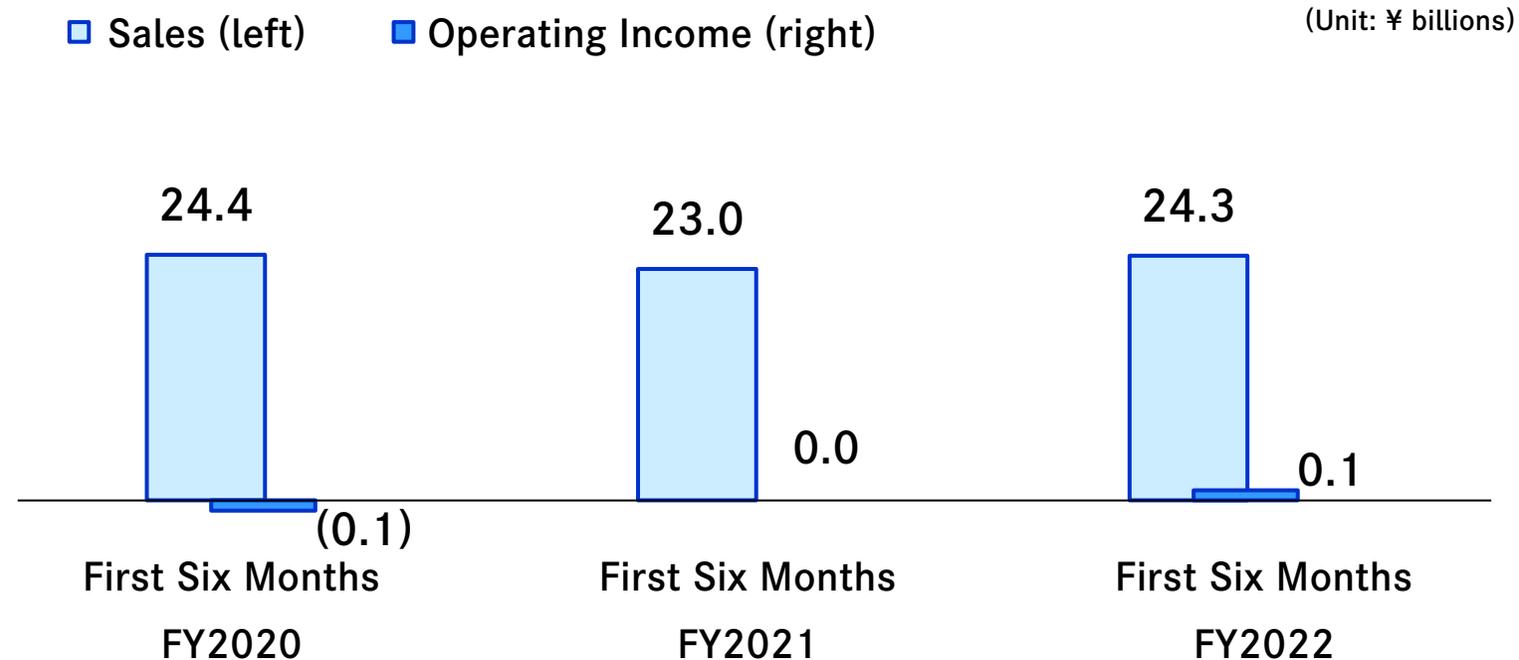
【Display Components】 As a result of the recoil following high stay-at-home demand along with stagnation in consumer spending worldwide due to inflation, there was a decrease in sales of optical films and metal masks used for manufacturing organic EL displays

【Electronic Devices】 Sales of photomasks for making semiconductors remained firm, driven by demand for products that support data centers

# Overview of Consolidated Results for First Six Months of Fiscal Year 2022: Segment Earnings

## Beverages

■ Despite the impact of soaring prices of raw materials and energy, thanks to increased sales and activities aimed at improving profitability, net sales and operating income increased.



- We revised the price of large PET plastic bottles in response to cost increases, including sharply higher raw material prices
- We focused on efforts like Hokkaido-only sales campaigns conducted through the “CokeON” smartphone app

# Fiscal Year 2022 Second Half (through March 2023): Expected Impacts of Business Environment Changes on DNP's Main Businesses



Expectations are that COVID-related restrictions on economic activity will head towards normalization and the automobile markets will recover, but the situation in Ukraine and other geopolitical risks will likely continue to affect business along with higher raw material and energy prices.

	COVID impact	Ukraine	Higher materials prices	Rapid depreciation of yen
Information Communication	<ul style="list-style-type: none"> <li>Recoveries in private travel and inbound tourism</li> </ul>	<ul style="list-style-type: none"> <li>Decline in photography-related demand in Europe</li> </ul>	<ul style="list-style-type: none"> <li>Increased procurement costs of paper, IC chips, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Increased procurement costs of paper, IC chips, etc.</li> <li>Profit boost as result of weaker yen</li> </ul>
Lifestyle and Industrial Supplies	<ul style="list-style-type: none"> <li>Risk of disruptions in international distribution networks</li> </ul>	<ul style="list-style-type: none"> <li>Decline in automobile production</li> </ul>	<ul style="list-style-type: none"> <li>Increased procurement costs for petroleum products and aluminum</li> </ul>	<ul style="list-style-type: none"> <li>Increased procurement costs for petroleum products and aluminum</li> </ul>
Electronics	<ul style="list-style-type: none"> <li>Recoil after “stay-at-home demand”</li> <li>Risk of disruptions in international distribution networks</li> </ul>	<ul style="list-style-type: none"> <li>Disruptions in supply chains due to fears about supplies of scarce gases, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Increased procurement costs for petroleum products</li> </ul>	<ul style="list-style-type: none"> <li>Increased procurement costs for petroleum products</li> <li>Profit boost as result of weaker yen</li> </ul>
Beverages	<ul style="list-style-type: none"> <li>Recoveries in private travel and inbound tourism</li> </ul>		<ul style="list-style-type: none"> <li>Increased material procurement costs</li> </ul>	<ul style="list-style-type: none"> <li>Increased material procurement costs</li> </ul>

# Earnings Forecast for Fiscal Year 2022

(Unit: ¥ billions)

**DNP**

【Consolidated】	FY2021 Result	FY2022 Forecast	Year-on-year Change
Sales	1,344.1	1,380.0	+2.7%
Operating Income	66.7	67.0	+0.3%
Operating Income Ratio	5.0%	4.9%	—
Ordinary Income	81.2	81.5	+0.3%
Net Income Attributable to Parent Company Shareholders	97.1	67.0	(31.1%)
ROE	9.1%	6.0%	—
Capital Investments	50.6	95.0	+87.7%
R&D Expenditures	33.1	33.0	(0.4%)
Depreciation	51.1	52.0	+1.8%

【Segment】		FY2021 Result	FY2022 Forecast	Year-on-year Change
Information Communication	Sales	698.9	710.0	+1.6%
	Operating Income	27.6	29.0	+5.0%
Lifestyle and Industrial Supplies	Sales	387.0	408.0	+5.4%
	Operating Income	13.6	12.0	(11.9%)
Electronics	Sales	211.0	212.0	+0.4%
	Operating Income	46.4	47.0	+1.1%
Beverages	Sales	49.7	52.5	+5.6%
	Operating Income	0.6	0.7	+8.6%
Adjustment	Sales	(2.6)	(2.5)	—
	Operating Income	(21.6)	(21.7)	—

- There is no change to our full-year earnings forecast at this time.
- We will continue to promote the effective use of assets and to improve efficiency, for example, by reviewing our holdings of fixed assets and investment securities.

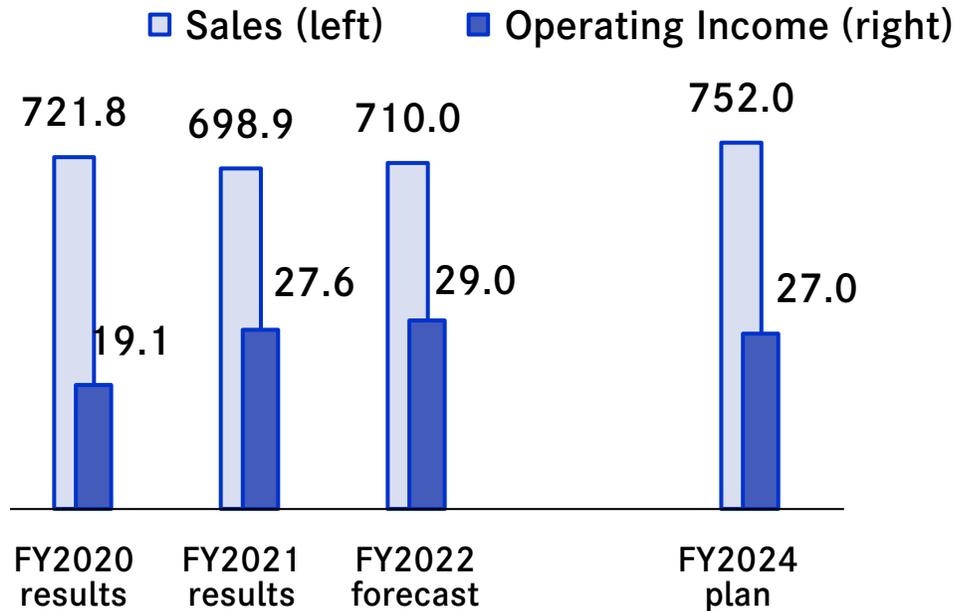
# 【Medium-term Management Plan】 Information Communication



## Information Communication

- ① Growth strategy: Pursue digital transformation (DX) aimed at adding value to customer experience
- ② Structural reform: Downsize paper media production bases

Earnings Forecast (Unit: ¥ billions)



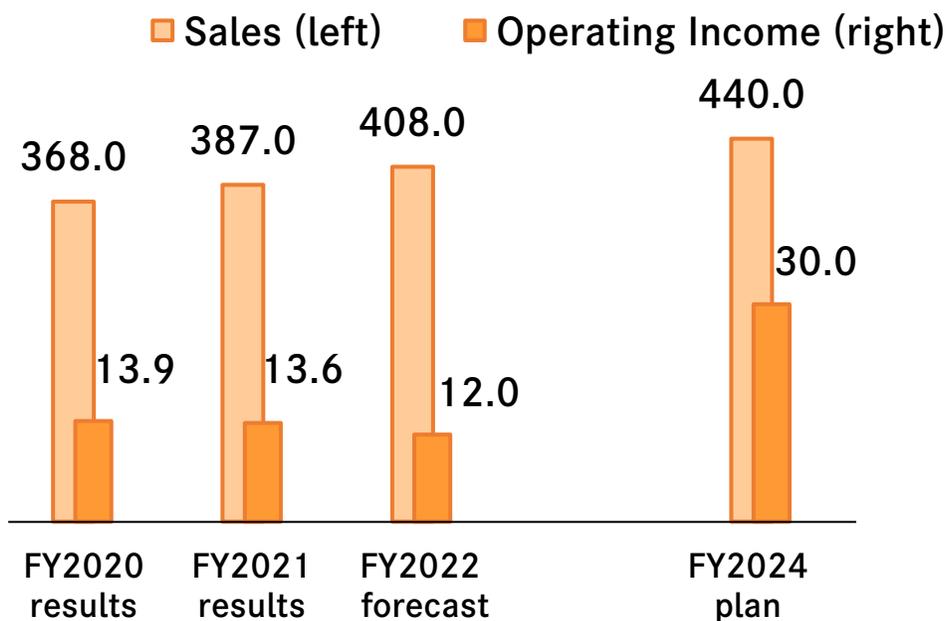
Subsegment	Main focus businesses
Information Innovation	BPO
Imaging Communication	Authentication/security
Publishing	Information trust banks
	Photo media/service creation
	Educational business

# 【Medium-term Management Plan】 Lifestyle and Industrial Supplies **DNP**

## Lifestyle and Industrial Supplies

- ① Growth strategy: Leverage converting technology to strengthen new product development and sales
- ② Structural reform: Push ahead with review of low value-added products

### Earnings Forecast (Unit: ¥ billions)



Subsegment	Main focus businesses
Packaging	Eco-friendly packaging
Living Spaces	Medical/healthcare
	Mobility interior and exterior materials
Industrial High-performance Materials	Industrial high-performance materials
	Battery pouches for lithium-ion batteries

# Create value primarily in growth areas

Battery pouches  
for lithium-ion batteries

Focus businesses

Leverage DNP's strength as a top market share holder in the world market in order to contribute to the achievement of carbon-neutral and next-generation communications

## Social issues/trends

Lighter, thinner  
lithium-ion batteries

Building  
a carbon-free  
society

Shift to electric  
automobiles

Dissemination of  
next-generation  
communications

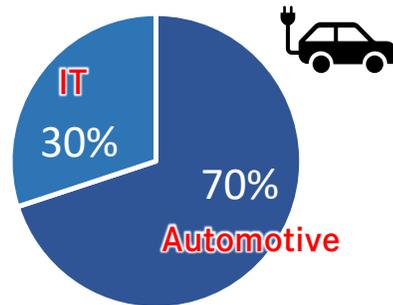
Expansion of plans  
for building new car  
battery factories  
worldwide

## Solutions



Lighter, longer-lasting,  
safer battery pouches

Leverage DNP's strengths in converting technologies to build the industry's de facto standards and expand applications in order to maintain and increase our top share of the global market



## DNP's Strengths

- Global standard
- Stable quality performance even in large-battery applications
- Acquisition of IATF 16949 certification



## Environmental and social impact

Improvements in areas such as weight reduction and freedom to design various shapes; solutions to problems like travel distance and space consumption

Decarbonized society

Mitigating and responding to climate change



# Create value primarily in growth areas

Battery pouches  
for lithium-ion batteries

Focus businesses

## Short- and medium- to long-term trends

Mid- and long-term growth expected along with shift toward electric vehicles

	Short-term		Medium/Long-term
Market trends	<ul style="list-style-type: none"> <li>Major impact from market cooling resulting from drops in consumption due to factors like recoil following the surge in stay-at-home demand and lockdowns in China (IT applications)</li> <li>The impact of cutbacks in automobile production resulting from semiconductor shortages and breaks in the supply chain, etc. is expected to shift to a recovery trend (automotive applications)</li> <li>Impact of sharp increases in prices of raw materials like aluminum and resins (all applications)</li> </ul>		<ul style="list-style-type: none"> <li>We expect the market to remain solid thanks to growing demand for EVs</li> </ul>
Production systems	<ul style="list-style-type: none"> <li>Status of factory expansions                             <ul style="list-style-type: none"> <li>→New production line within Tsuruse Plant scheduled to start operation in October, 2023; New slit processing line to be built at our Denmark factory, with operation scheduled to start early in 2023</li> <li>→We will consider increasing production capacity at other locations in Japan and overseas, including the United States</li> </ul> </li> </ul>		

## Future initiatives



- In response to expanding EV demand beginning with the fiscal year through March 2024, we will also consider increasing production capacity in Japan and other countries, including the United States.

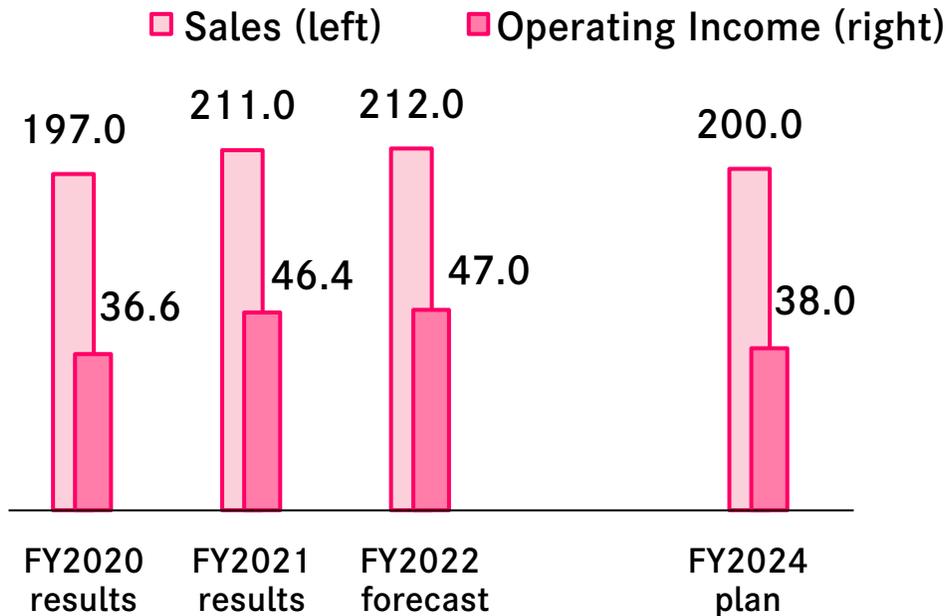
For lithium-ion battery pouches overall  
FY2024: ¥100 billion

# 【Medium-term Management Plan】 Electronics

## Electronics

- ① Growth strategy: Develop and supply key components that contribute to sophisticated integration of real and digital
- ② Structural reform: Rebuild businesses where competitiveness has declined

### Earnings Forecast (Unit: ¥ billions)



Subsegment	Main focus businesses
Display Components	Optical films Metal masks New 5G-related products
Electronic Devices	

# Create value primarily in growth areas

Metal masks  
for manufacturing OLED displays

Focus businesses

Respond to the needs and problems of society and consumers by developing diverse Organic Light-Emitting Diode displays (OLEDs)

### Social issues/trends

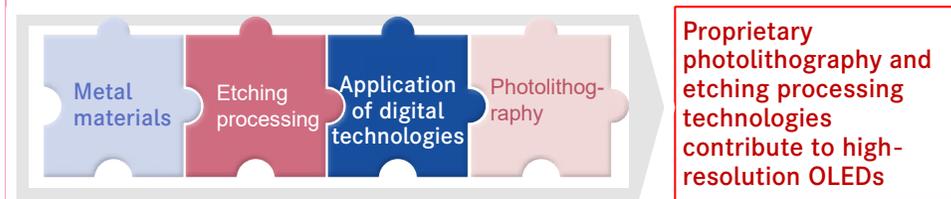
Expanding demand for use of OLEDs in smartphones

- OLED share of smartphone display market projected to exceed 50% in 2025
- Over the next five years, the number of units produced projected to grow by 40%

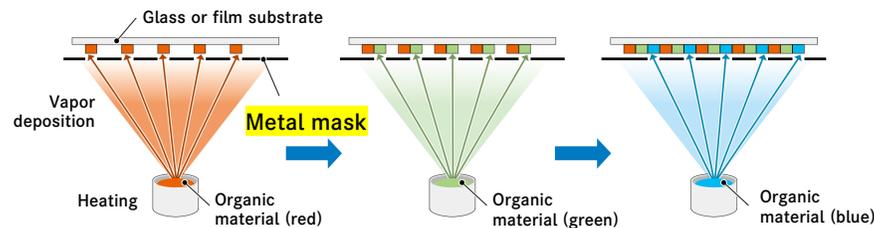
Increasing use of OLEDs in IT products

- Adoption for use in tablets and notebook computers
- Panel manufacturers are moving toward large glass substrates that offer high production efficiency

### Solutions



- Leveraging proprietary technologies to gain a top share of the global smartphone market
- Ever since we developed shadow masks for making cathode ray tubes at the dawn of the domestic color television industry, we have continued developing cutting-edge products based on technological strengths accumulated over some 65 years.



Schematic diagram of manufacturing process using a metal mask

### Social impact

- Contribute toward making displays larger, thinner, lighter, and higher resolution
- Expand possibilities for new applications that take advantage of flexible shapes



※ image

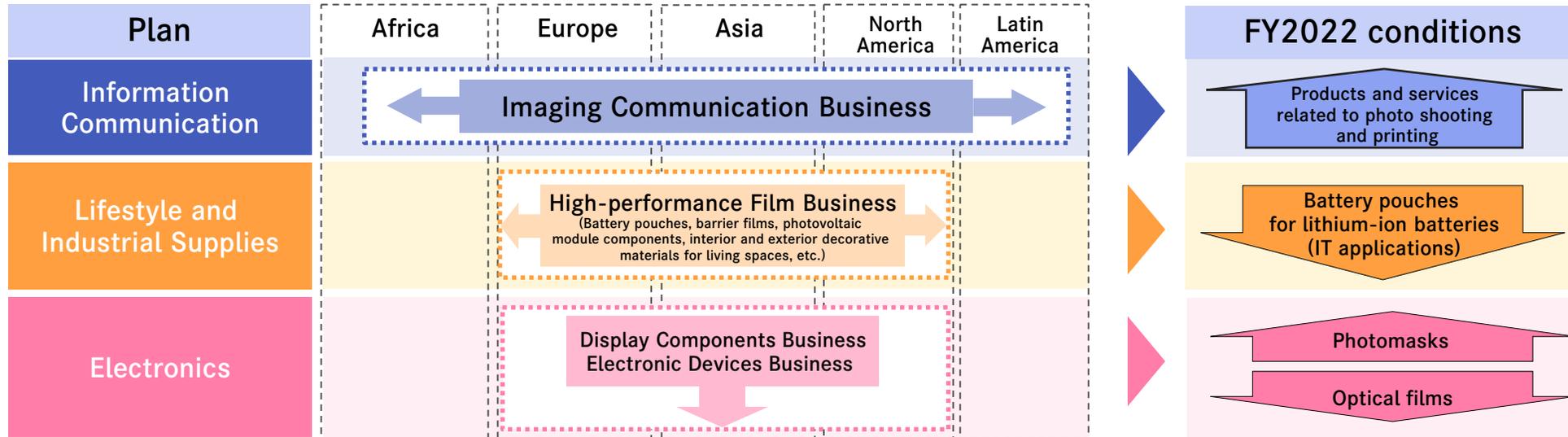
### Future initiatives

- DNP will be the first company to build a production line for large metal masks used for making large-scale (8th-generation) glass substrates. The new facility will be installed at our Kurosaki Plant in Fukuoka Prefecture, with the start of operations planned for the first half of 2024.
- We will strengthen our business continuity plans by making a metal mask production base to back up the existing facility at our Mihara Plant in Hiroshima Prefecture.

We will double our current production capacity.

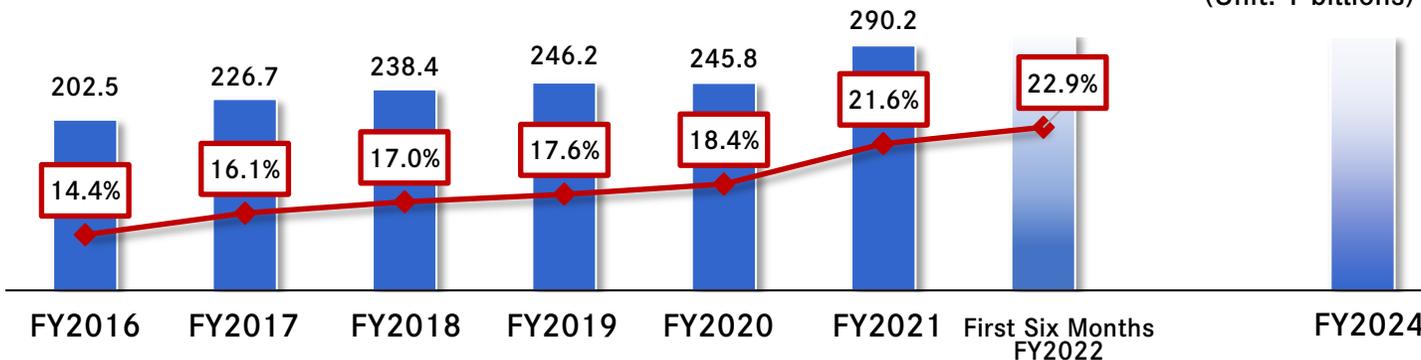
# Provide value optimized to each country and region

Provide optimal value by responding meticulously to social issues and to the expectations of people not only in Japan, but in every country and region



Overseas sales and % of total sales

(Unit: ¥ billions)



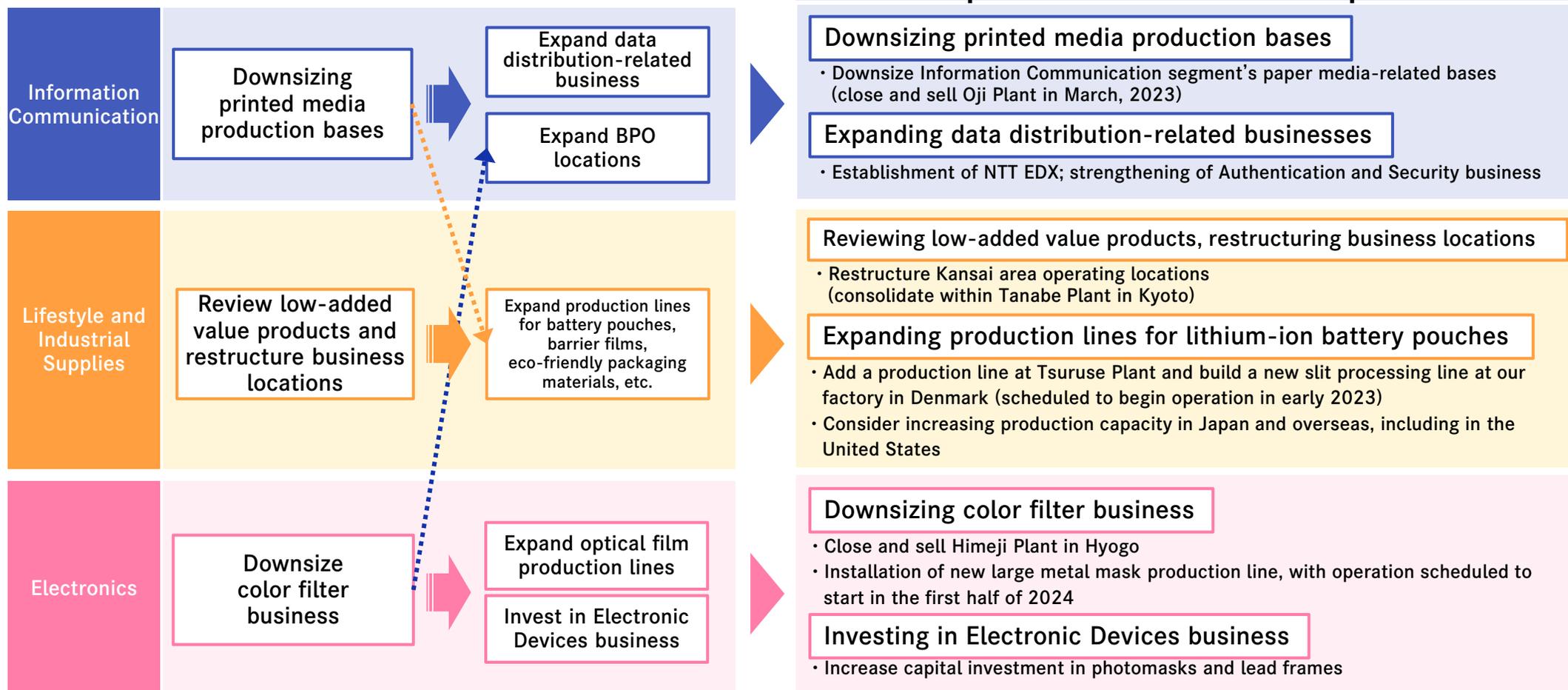
# Increase value using all available restructuring approaches

Reorganization of business bases and downsizing are progressing as planned. We will continue to implement reforms at appropriate times in accordance with demand trends.

<Strategy>

**Pursue selectivity and focus**

**< Specific initiatives and plans >**

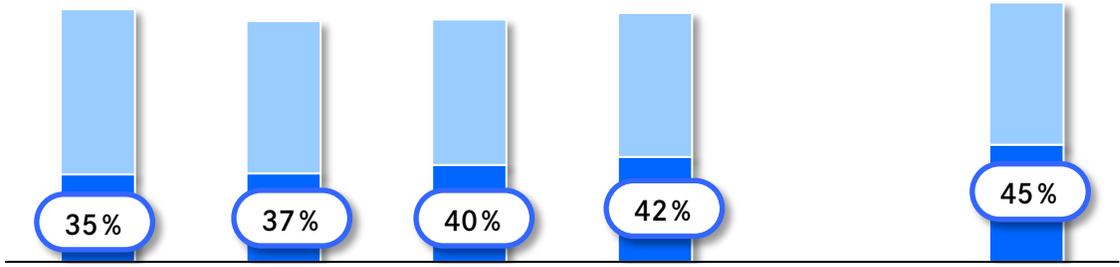


# Management targets: Composition of focus/existing businesses

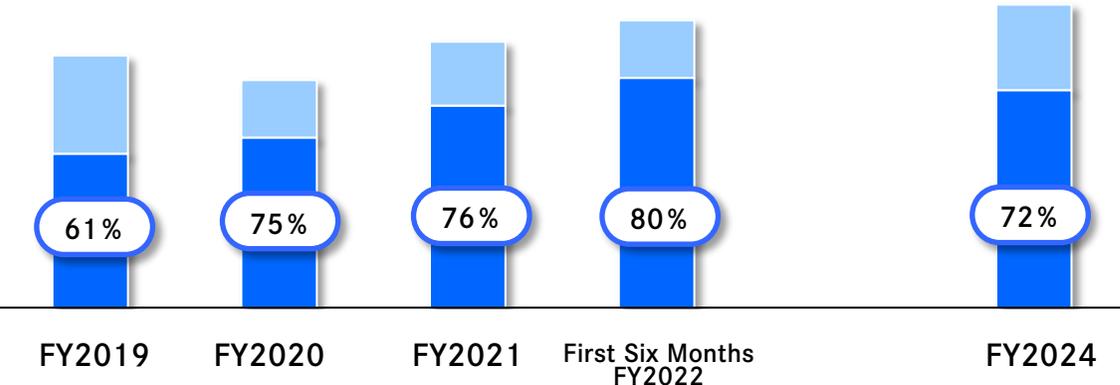
■ Focus businesses  
■ Existing businesses

Composition ratio

Sales



Operating Income



## Key issues

### <Existing businesses>

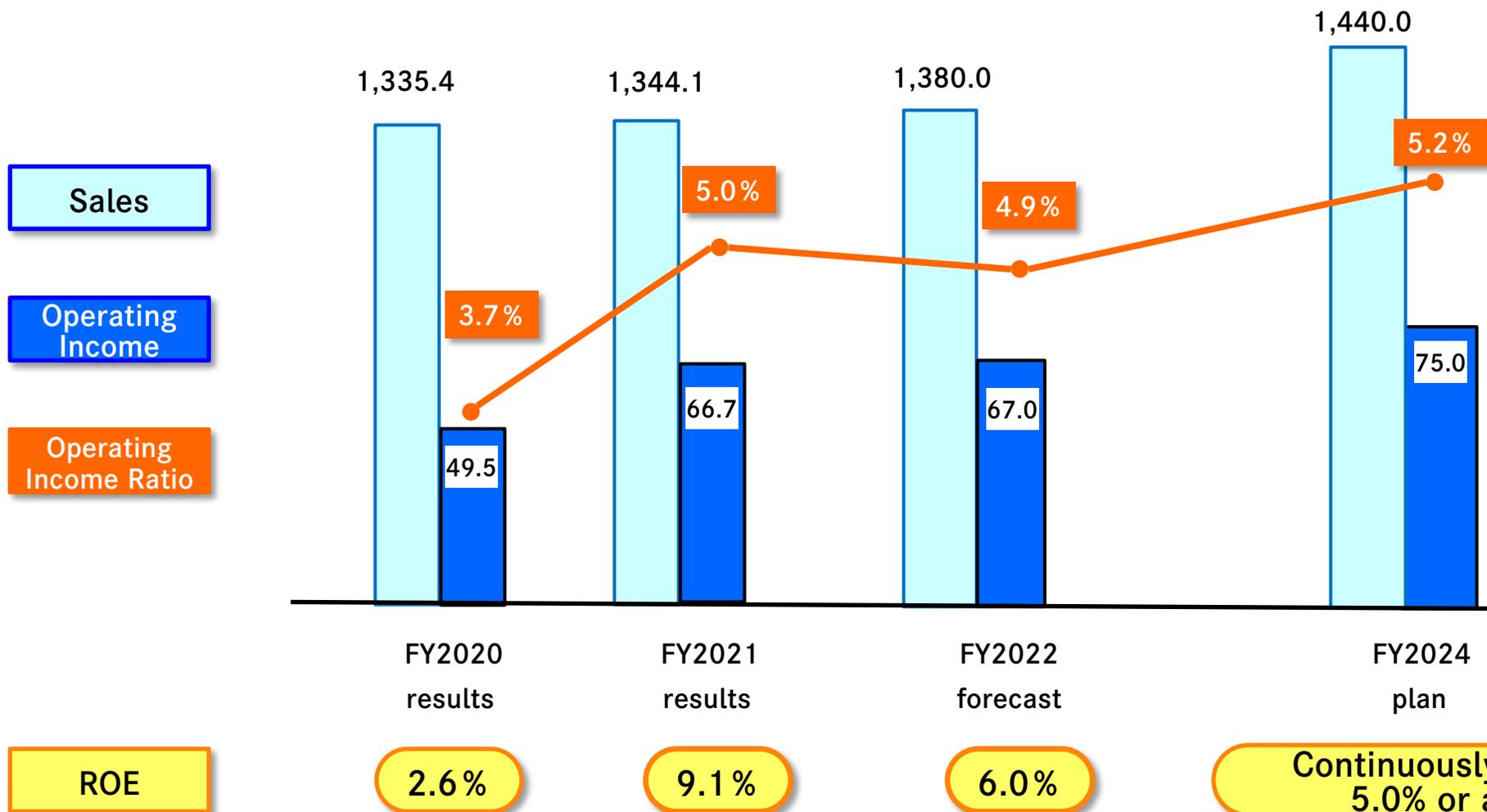
- Information Communication segment's paper media businesses, where sales are expected to decline
- Packaging, where we are working to boost earnings through selectivity and focus

### <Focus businesses>

- Growth driver according to our Medium-Term Plan: battery pouches (Lifestyle and Industrial Supplies segment)
- Concentrate investments in new businesses after confirming likely Return on Investment

# Management targets for FY2022 and FY2024

(Unit: ¥ billions)



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

**DNP**

## 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.