

Overview of Financial Results
for First Six Months of Fiscal Year 2024 (Ending March 31, 2025)
Briefing Materials

DNP

未来のあたりまえをつくる。

November 13, 2024

Dai Nippon Printing, Co., Ltd.

1. Overview of Financial Results

for First Six Months of Fiscal Year 2024 (Ending March 31, 2025)

Overview of Financial Results for First Six Months of FY2024 (Unit: ¥billions)



	First Six Months FY2023	First Six Months FY2024	Year-on-year Change	Earnings forecast for FY2024	Rate of Progress
Sales	693.7	708.3	+2.1%	1,455.0	48.7%
Operating Income	27.5	38.1	+38.6%	80.0	47.7%
Ordinary Income	37.4	50.0	+33.5%	100.0	50.0%
Net Income Attributable to Parent Company Shareholders	76.2	89.7	+17.7%	90.0	99.7%

Capital Expenditures	29.2	31.3	+7.2%	74.0	42.4%
R&D Expenditures	17.7	18.4	+3.7%	36.0	51.2%
Depreciation	26.2	26.0	(1.1%)	56.0	46.4%

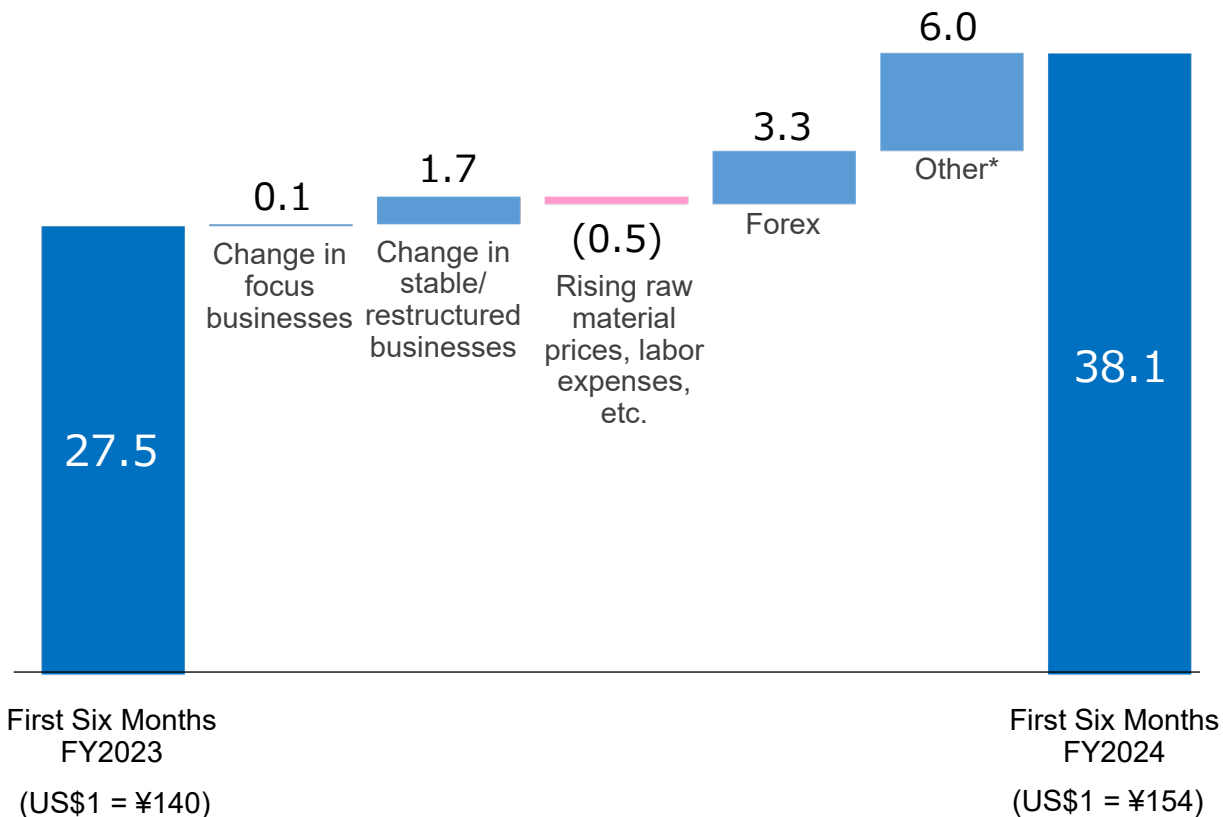
Overview

- ✓ We accelerated creation of new value, primarily in focus business areas, resulting in net sales growing year on year.
- ✓ The expansion of focused businesses, particularly in Digital Interfaces, along with the improved earnings from restructured businesses, contributed to our success in increasing operating income compared to the previous year.
- ✓ In addition to strong performance at equity-method affiliates, gains on sales of strategic shareholdings also contributed to increases in ordinary income and net income from the previous year.

Overview of Financial Results for First Six Months of FY2024 (Unit: ¥billions)



Change in Operating Income



Overview

- ✓ Automotive battery pouches were affected by stagnant demand for EVs, but businesses related to photovoltaic modules and digital interfaces increased.
- ✓ While materials for printing photographs and demands for IC cards were steady, BPO decreased due to the absence of large projects from the previous year.
- ✓ Strong demand for packaging-related products and the promotion of passing on costs and reducing fixed costs contributed to growth.

* Includes decrease in retirement benefit expenses (+7.7), development expenses for a new metal mask line (-1.0) and adjustments not contained in other segments

Overview of Financial Results for First Six Months of FY2024 (Unit: ¥billions) **DNP**

Overview of Focus and Stable Businesses

		First Six Months FY2023	First Six Months FY2024	Overview (Arrow indicates sales relative to previous year)	
Smart Communication	Segment sales	350.5	346.6		Imaging communication Strong performance from materials for printing photographs, primarily in European, U.S., and Asian markets
	Segment operating income	8.5	12.6		Information Security Dual-interface cards* grew due to the shift to cashless transactions, but BPO declined due to the absence of large projects from the previous year
					Content & XR communication We opened the first Tokyo Anime Center outside Japan in San Francisco, U.S.A., due to the increasing demand for Japanese content.
Life and Healthcare	Segment sales	231.7	242.9		Industrial high-performance materials Battery pouches for IT applications increased, but those for automotive applications decreased due to the impact of stagnant market conditions
	Segment operating income	5.1	9.0		Mobility Concluded a capital and business alliance with Micware with the aim of accelerating business expansion through the promotion of DX
					Medical & healthcare Announced technical collaboration with South Korea-based NEXEL on cardiomyocyte culture to support drug discovery and development
Electronics	Segment sales	112.6	119.7		Optical films Grew due to factors such as an increase in display area shipped resulting from larger panel sizes for televisions
	Segment operating income	25.0	27.8		Metal masks used for manufacturing OLED displays Grew as planned with the expanded adoption of OLEDs for smartphones.
					Semiconductors Photomasks for semiconductor production performed well in line with the recovery of the market

* Cards with two interfaces on one chip (contact and contactless)

Overview of Financial Results for First Six Months of FY2024 (Unit: ¥billions)

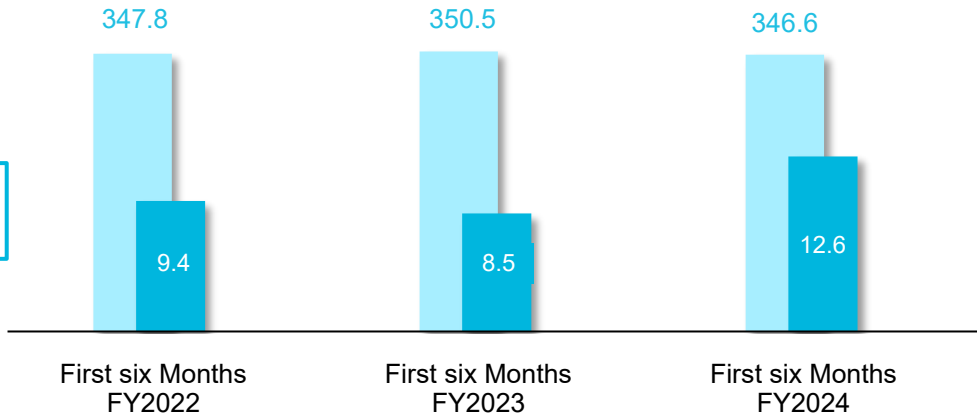


Results by Segment

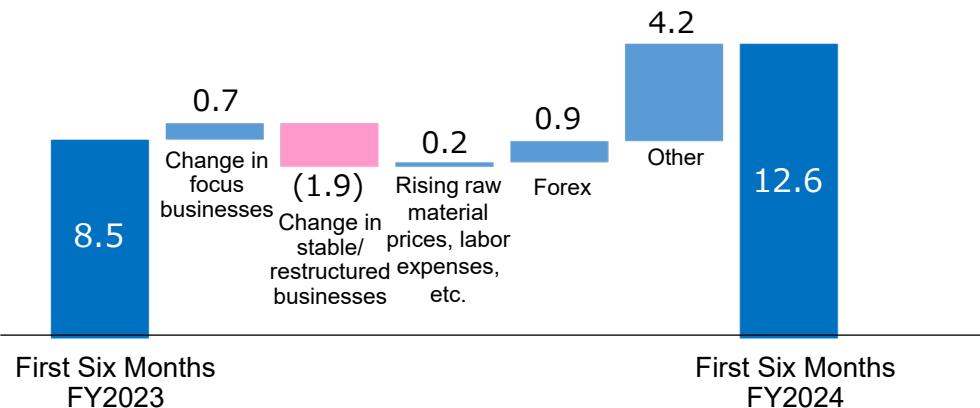
Smart Communication

■ Sales (left) ■ Operating income (right)

Results



Change in operating income



Overview

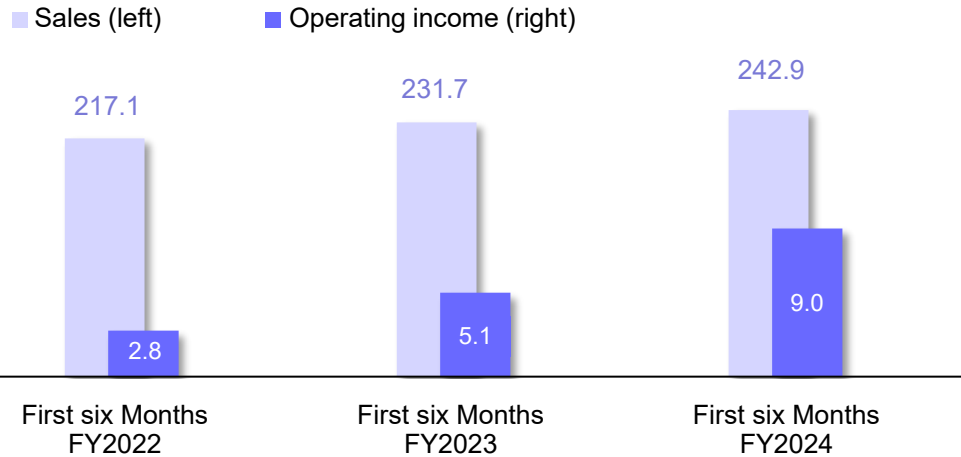
- ✓ In Information Security, sales of IC cards remained strong, but BPO sales declined due to the absence of the large projects of the previous year.
- ✓ In imaging communication, materials for printing photographs performed well, and photo-related services in Japan increased.
- ✓ The market for paper media such as magazines and commercial printing continued to contract.

Overview of Financial Results for First Six Months of FY2024 (Unit: ¥billions)

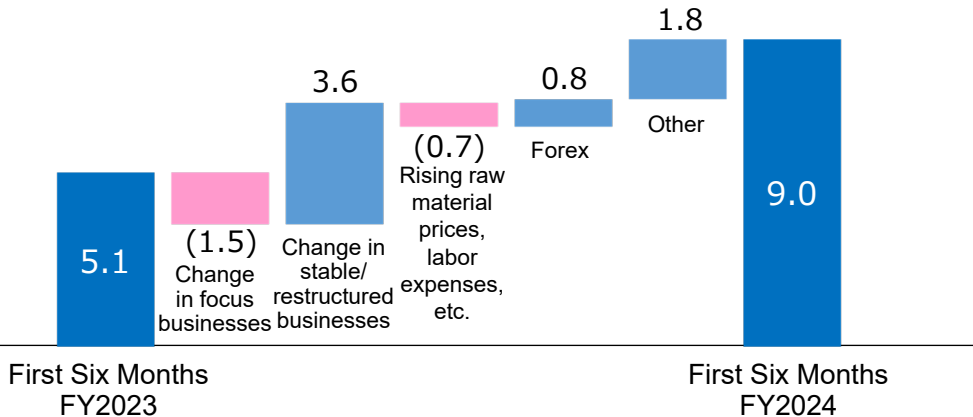


Results by Segment

Life and Healthcare



Results



Change in operating income

Overview

- ✓ Battery pouches for IT applications increased due to wider adoption in new smartphone and tablet models. In contrast, those for automotive applications declined because of stagnant EV demand.
- ✓ The demand for snack and daily necessity packaging was strong, and efforts to pass on costs while reducing fixed expenses contributed to growth.

Overview of Financial Results for First Six Months of FY2024 (Unit: ¥billions)

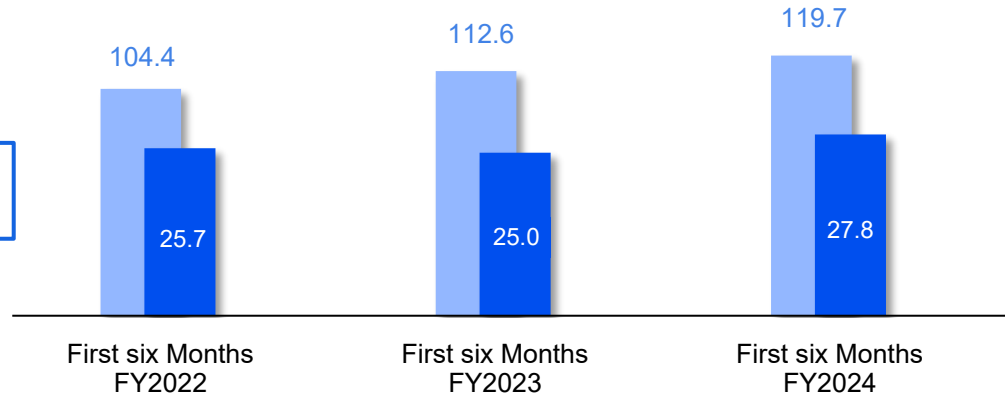


Results by Segment

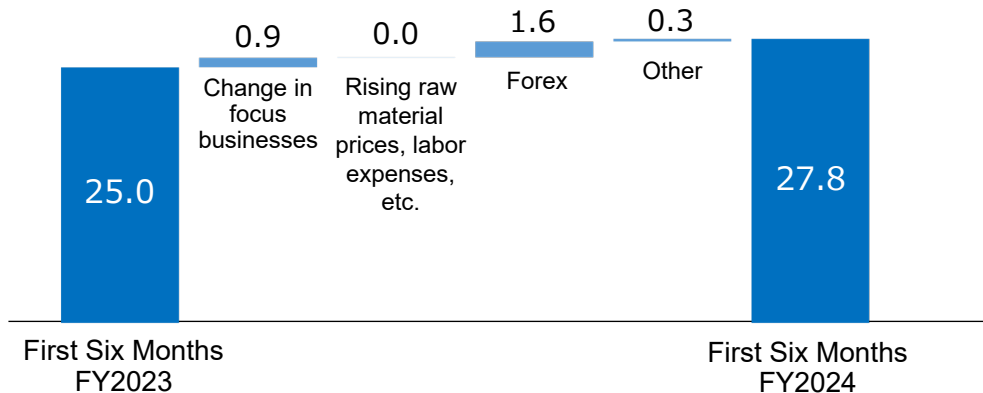
Electronics

■ Sales (left) ■ Operating income (right)

Results



Change in operating income



Overview

- ✓ Sales of optical films remained firm with the growing trend towards larger panel sizes for televisions.
- ✓ Metal masks for manufacturing OLED displays grew as planned, reflecting the growing adoption of OLED in smartphones.
- ✓ Photomasks for semiconductor production performed well due to the recovery of the semiconductor market.

Earnings Forecast for FY2024

(Unit: ¥billions) **DNP**

No change to our full-year earnings forecast at this time

Company-wide	FY2023 results	Earnings Forecast for FY2024	Year-on-year Change (Difference)
Sales	1,424.8	1,455.0	+2.1%
Operating Income	75.4	80.0	+6.0%
Operating Income Ratio	5.3%	5.5%	+0.2%
Ordinary Income	98.7	100.0	+1.3%
Net Income Attributable to Parent Company Shareholders	110.9	90.0	(18.9%)
ROE	9.8%	8.0%	(1.8%)

Capital Expenditures	68.3	74.0	+8.2%
R&D Expenditures	35.2	36.0	+2.2%
Depreciation	55.9	56.0	+0.0%

By Segment		FY2023 Result	Earnings Forecast for FY2024	Year-on-year Change (Difference)	Reference: Medium-term Management Plan
Smart Communication	Sales	719.4	720.0	+0.1%	723.0
	Operating Income	26.1	30.0	+14.7%	29.0
Life and Healthcare	Sales	472.3	500.0	+5.9%	524.0
	Operating Income	13.3	18.0	+34.9%	21.0
Electronics	Sales	235.3	240.0	+2.0%	212.0
	Operating Income	58.1	54.0	(7.1%)	47.0
Adjustment	Sales	(2.2)	(5.0)	-	(4.0)
	Operating Income	(22.2)	(22.0)	-	(22.0)
Total	Sales	1,424.8	1,455.0	+2.1%	1,455.0
	Operating Income	75.4	80.0	+6.0%	75.0

2. Progress with Medium-term Management Plan

Progress with Medium-term Management Plan: Investment in Focus Business Areas, Etc.

Growth investment and infrastructure development investment:

390 billion yen or more (cumulative amount for FY2023-FY2027)

FY2023 to 2027

FY2023 to
FY2024 1H

390 billion yen

260 billion yen
or more

Investment in
establishment of
infrastructure,
etc.
130 billion yen
or more

Rate of progress
of plan over 1.5 years:
30.0%

117 billion
yen



Main Investments in the Medium-term Management Plan

Investments Fiscal year	Overview of Investments
2023	CMIC CMO has become a subsidiary
2023	Installed a new large metal mask production line at the Kurosaki Plant (Fukuoka Prefecture)
2024	Increased the production capacity for sealant for photovoltaic cells at the Izumizaki Plant (Fukushima Prefecture)
2024	Established a new line for optical film at the Mihara West Plant (Hiroshima Prefecture)
2024	Expanded the photomask production facilities at the Kamifukuoka Plant (Saitama Prefecture)

Business Structure Reform Initiatives

Outline in Medium-term Plan

Smart
Communication

Rationalization of
paper media business

Life and
Healthcare

Reviewing low value-added
products and restructuring
business locations

Reorganization of facilities in
packaging-related business



Main Structural Reform Measures

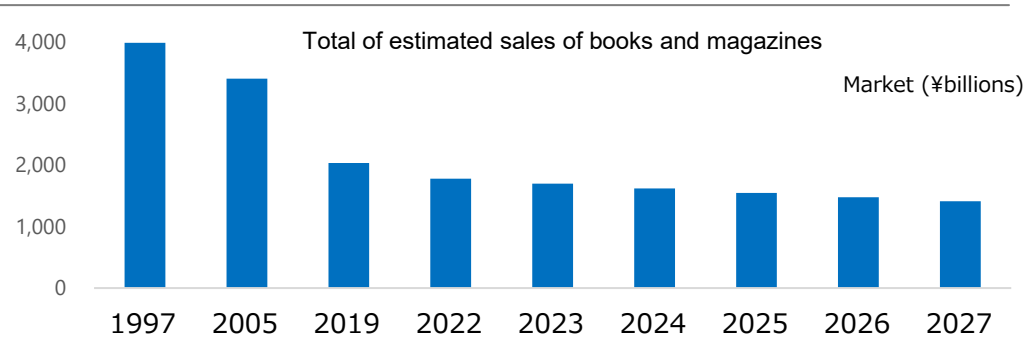
- ✓ Reorganization of publishing printing division (announced establishment of DNP Publication Products)
- ✓ Closure and reorganization of manufacturing sites for the commercial printing division (Kanto area)
- ✓ Optimization of fixed costs

- ✓ Closed manufacturing facilities in the packaging-related business (Chubu area)
- ✓ Optimization of fixed costs

Publishing Printing Business Structural Reform Initiatives

In order to respond to further contraction of paper media caused by the spread of digital media and changes in consumer needs, we will continue to contribute to the continuous development of publishing culture by further streamlining production and implementing structural reforms and reorganization that integrate sales, plate-making, and manufacturing functions for publishing printing division.

Paper Book and Magazine Printing Market



Source: The Research Institute for Publications, "The Annual Report on the Publication Market" * DNP estimates from 2023

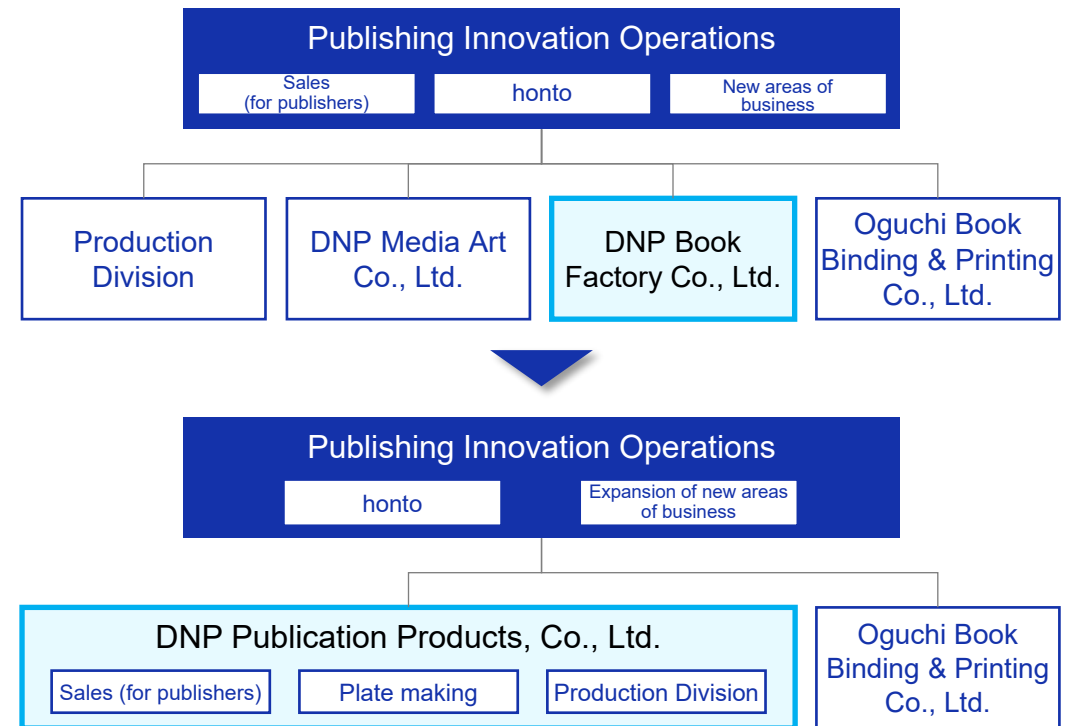
Structural Reform Initiatives

- ✓ Optimization of fixed costs
- ✓ Passing on costs due to rising raw material, labor and logistics costs, and reviewing low profit products
- ✓ Transition to a business system that integrates production and sales

Effects of Structural Reform: **Approx. 2.0 billion yen**

Reorganization of Publishing Printing Division

Reorganizing into DNP Publication Products, which integrates sales, plate-making, and manufacturing, with DNP Book Factory as the successor company.



Progress with Medium-term Management Plan: Cash Allocation

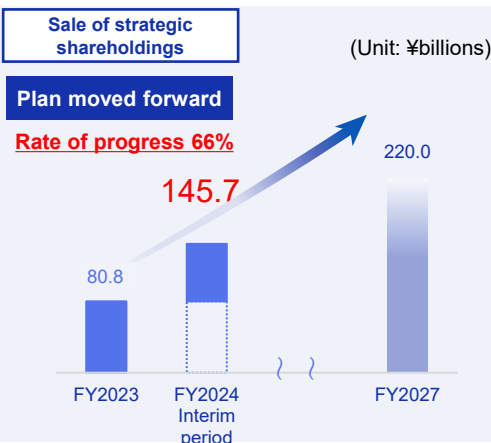
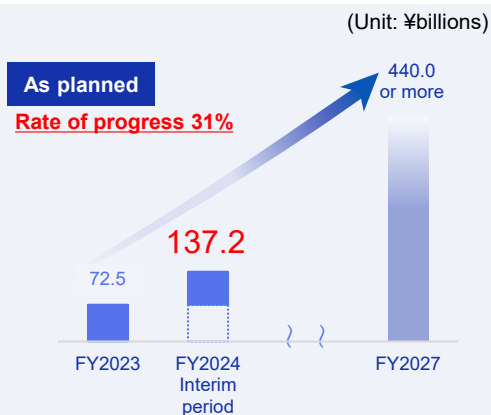
5 years from FY2023 to FY 2027* We will appropriately allocate the cash generated to further business growth and shareholder returns

Cash Generation

Generation of 750 billion yen or more in cash

Generation of operating CF:
440 billion yen or more

- Sale of strategic shareholdings: **220 billion yen** (reduction to less than 10% of net assets)
- Reduction of idle assets, utilization of interest-bearing debt, maximization of cash efficiency: **90 billion yen or more**

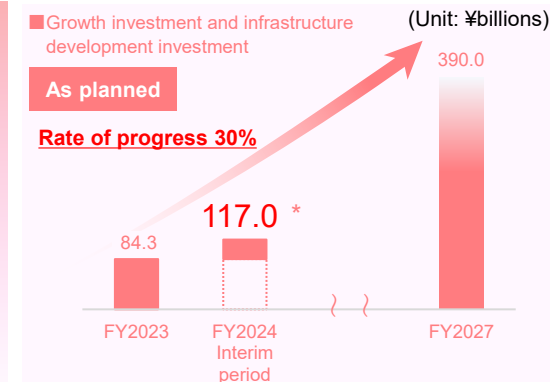


Cash Allocation Strategy

Business investment

Growth investment and infrastructure development investment
390 billion yen or more

Of which investment into focus business areas:
260 billion yen or more



* For details, please refer to "Investment in Focus Business Areas, Etc." on page 10.

Shareholder returns

Plan to acquire around **300 billion yen** in treasury shares

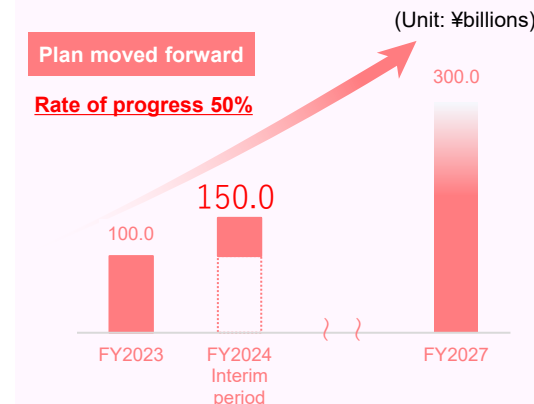
Dividend policy conscious of EPS and DPS

(First round)

Completed acquisition of **100 billion yen** in treasury shares
(Acquisition period: March 10 2023 to February 22, 2024)

(Second round)

Completed acquisition of **50 billion yen** in treasury shares
(Acquisition period: March 11 to September 20, 2024)



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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.