

**Dai Nippon Printing, Co., Ltd.**  
**Briefing on Financial Results: Q&A Summary**  
**(November 14, 2025)**

**Questioner 1**

**Q: I would like to confirm the current situation. The effects of structural reform have steadily emerged including the first quarter and the first half of FY2025 progressed smoothly. In particular, the Life and Healthcare segment performed well in the first half, leading to the full-year earnings forecast being revised upward, but the second-half projections appear somewhat conservative. Could you explain the specific reasons behind this? Additionally, in the earnings forecast by segment (page 9 of the materials), while Life and Healthcare was revised upward, Adjustment was revised downward, resulting in “no change to our full-year earnings forecast.” Are the factors inflating this Adjustment amount visible, or is it a risk buffer against factors such as tariffs and economic conditions?**

**A:** Operating profit for the first half of FY2025 is projected to be over 120% compared to the same period last year. However, while operating profit is expected to increase slightly in the second half, it is forecast to be approximately 85% of the same period last year, which is a decrease of approximately 8 billion yen. High prices due to the economic climate are having an impact, with food manufacturers particularly holding back on purchases of domestic food packaging materials. Outside the Life and Healthcare segment, the photo business within Imaging Communication saw strong performance in the first half for its new printer supporting large-format, double-sided printing. However, the U.S. economy remains challenging, and as photography is considered part of entertainment rather than a lifeline, demand may decline. Furthermore, negative factors are expected, including the direct impact of approximately 2.2 billion yen and indirect impact of approximately 2.0 billion yen from Trump’s tariffs, in addition to the impact of U.S. regulatory changes on automotive battery pouches, concerns over reduced demand for LCD surface materials due to the end of Chinese subsidies, and foreign exchange effects. At present, we are setting our earnings forecasts based on this information.

**Q: Given the uncertainty including the macroeconomy, some areas have seen decreases in actual orders, but is it correct to understand that you have maintained your current figures?**

A: That's right.

**Q: The Smart Communication and Life and Healthcare segments are performing well, but the Electronics segment saw a decline in profits, with the drop in the second quarter particularly widening compared to the same period last year. Are photomasks the main factor behind this decline in profits?**

A: While photomasks impacted overall results for the first half of FY2025, metal masks also contributed to a decrease of approximately 1.2 billion yen in operating profit for the Electronics segment in the second quarter compared to the first quarter. Metal masks for smartphones are ordered for mass production around the end of the year and beginning of the following year because the OLED array design is determined for the next model based on sales performance of new products released around autumn. As a result of this cycle, volume tends to increase from February to June and decrease from July to September. This is the effect of metal masks. As you pointed out, photomask demand was somewhat weak in the first half of the year, but we expect steady progress in the second half because orders from semiconductor manufacturers are recently recovering. In optical films, we have received strong orders for 65-inch sizes, but television manufacturers appear to be holding back on orders because the overall market outlook remains uncertain. The utilization rate of the new line is expected to increase, but operation of the small-size line may become challenging.

## **Questioner 2**

**Q: Please explain the factors contributing to the increase in profits for the Smart Communication segment in the second quarter compared to the first quarter. Additionally, was there any change in demand for ink ribbons compared to the previous quarter due to factors such as the impact of tariffs? I would also like you to tell me whether the impact of structural reforms in the businesses for reforming also contributed to the profit increase.**

A: In the Smart Communication segment, operating profit increased by approximately 2.9 billion yen when comparing the first quarter to the second quarter. One reason for this was the strong performance of the photo business within Imaging Communication due to the positive impact of introducing a new printer model. Another major positive factor was the securing of large BPO projects, which significantly contributed to the profit increase in the second quarter. The effects of structural reform have been steadily emerging in the first and second quarters.

**Q: Is it correct to understand that the decline in volume in Imaging Communication during the first quarter was due to the impacts of tariffs, and that volume increased in the second quarter as those impacts began to fall away?**

A: As shipments were high until April 9 when tariffs did not yet apply as a countermeasure to Trump's tariffs, there was a decline in volume during the first quarter, but production is progressing smoothly in the second quarter by utilizing inventory. Furthermore, the new printer supports large-area double-sided printing and also supports photo book creation. While it took some time for consumers to recognize the new value, as printing multiple copies increases the printing prices, we believe this recognition has led to growth in the second quarter.

**Q: Are large BPO projects expected to continue in the third quarter and beyond, or is it something temporary that is limited to the second quarter?**

A: Based on current projections, we expect this trend to continue in the third quarter and beyond. Some large BPO projects generate higher sales and profits in the second half of the fiscal year compared to the first half, so we do not expect a decline in the second half.

**Q: Was the reason for the strong performance of battery pouches for automotive lithium-ion batteries in the Life and Healthcare segment in the first half of FY2025 due to the impact of customers' new factories coming online, the overall market, or client-specific factors? Also, please tell me about the situation regarding other consumer products.**

A: We hear that EV sales are strong in China, but they primarily use prismatic cells rather than our pouch-type batteries, and DNP's customer base is largely in the United States. In the first quarter, customer inventory was depleted, leading to an increase in sales of battery pouches, but following the U.S. administration's announcement in September that it would terminate subsidies, purchase volumes of pouches have declined from the second quarter. Conditions in the third and fourth quarters are also expected to be challenging, but production for ESS (Energy Storage System) applications is planned at our new U.S. factory, and shipments have already begun.

**Q: Regarding the shipment plan for ESS, I believe prismatic cells will be used for ESS, but will pouches also be used?**

A: We have a track record of pouch-type batteries being used for ESS applications.

Resonac Packaging Corporation (now DNP High-Performance Materials Hikone Co., Ltd.), which became a consolidated subsidiary in February 2025, possesses extensive experience in ESS-related applications, and we plan to leverage the technological synergies with this subsidiary to expand our ESS offerings as well.

### **Questioner 3**

**Q: Please provide specific figures and a breakdown by segment showing how much better actual operating profit for the first half of FY2025 was compared to your internal projections. Despite the annual plan remaining largely unchanged, operating profit increased by 8.5 billion yen in the first half. Please explain what exceeded expectations.**

A: The first half of FY2025 was better than expected. In particular, we secured more large BPO projects than anticipated, and the new printer in the Imaging Communication segment began to show results, leading to a 22% year-on-year increase to 46.6 billion yen. Despite numerous uncertainties such as exchange rates and Trump's tariffs, operating profit exceeded the projected figure of approximately 40 billion yen, surpassing the previous year's profit of 38.1 billion yen.

**Q: The actual amount reached 46.6 billion yen against the projected 40.0 billion yen, resulting in an upswing of approximately 6.0 billion yen. Was this primarily driven by strong performance of BPO and Imaging Communication in the Smart Communication segment?**

A: The manufacturing business appears to be performing solidly, so I believe the significant growth exceeding expectations was largely driven by BPO and Imaging Communication.

**Q: This fiscal year marks the final year of the Medium-term Management Plan, and the company will enter a new Medium-term Management Plan next fiscal year. However, you have outlined a five-year plan for your financial strategy. Regarding this timeline discrepancy, will the financial strategy be aligned with the new medium-term plan and released as a three-year plan, will it be rolled over to start a new five-year plan, or will the current five-year plan be continued as the fourth year?**

A: In the Medium-term Management Plan announced in May 2023, we set a target of achieving a 10% ROE, and we announced a share buyback program of 300 billion yen over five years to achieve this. We are exploring whether to align the new cash

allocation with the three-year medium-term plan or establish a new five-year plan, and we can only say it is “under consideration” at this time.

**Q: Can we assume that the financial strategy will also be updated at the time of disclosure of the new medium-term plan?**

A: Of course. We also intend to set new targets for strategic shareholdings based on the current level of achievement.

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