



**Consolidated Financial Results**  
**for the First Six Months of the Fiscal Year Ending March 31, 2020 [J-GAAP]**

November 12, 2019

**Company Name:** Dai Nippon Printing Co., Ltd.  
**Stock exchange listing:** Tokyo  
**Stock code:** 7912 URL: <https://www.dnp.co.jp/>  
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**Securities report issuing date:** November 13, 2019  
**Dividend payment date:** December 10, 2019  
**Preparation of quarterly earnings presentation material:** Yes  
**Holding of quarterly results briefing:** Yes  
 (for institutional investors and analysts)

(Amounts under one million yen have been rounded down.)

**1. Consolidated financial results for the first six months ended September 30, 2019**  
**(April 1, 2019 – September 30, 2019)**

**(1) Consolidated financial results**

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2019	694,150	1.3	25,689	12.5	29,420	13.8	75,495	345.9
Six months ended September 30, 2018	685,563	(0.3)	22,832	34.7	25,848	35.3	16,932	—

Note: Comprehensive income: For the first six months ended September 30, 2019: ¥33,679 million (-52.9%)  
 For the first six months ended September 30, 2018: ¥71,539 million (392.0%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2019	250.28	250.26
Six months ended September 30, 2018	56.14	56.12

**(2) Consolidated financial position**

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2019	1,760,412	1,066,943	57.7
As of March 31, 2019	1,775,022	1,046,622	56.1

Note: Stockholders' equity: As of September 30, 2019: ¥1,015,307 million As of March 31, 2019: ¥996,162 million

## 2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2019	–	32.00	–	32.00	64.00
Year ending March 31, 2020	–	32.00			
Year ending March 31, 2020 (Forecasts)			–	32.00	64.00

Note: Revisions to the most recently announced dividend forecasts during the second quarter: No

## 3. Consolidated earnings forecasts for the year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,416,000	1.0	51,000	2.2	58,500	0.4	51,000	–	169.33

Note: Revisions to the most recently announced earnings forecasts during the second quarter: No

### Other information

(1) Changes in significant subsidiaries during the second quarter (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

- |  |     |
|--|-----|
| 1) Changes in accounting policies with revision of accounting standards: | Yes |
| 2) Changes in accounting policies other than the 1) above:               | No  |
| 3) Changes in accounting estimates:                                      | No  |
| 4) Restatement of revisions:   | No  |

Note: For further details, see the section titled, “2. Quarterly consolidated financial statements and key notes, (4) Notes regarding quarterly consolidated financial statements [Changes in accounting policies]” on page 11.

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of September 30, 2019	324,240,346 shares	As of March 31, 2019	324,240,346 shares
2) Number of treasury shares at end of each period	As of September 30, 2019	23,605,443 shares	As of March 31, 2019	22,420,745 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Six months ended September 30, 2019	301,649,646 shares	Six months ended September 30, 2018	301,625,513 shares

\* These financial results are exempt from auditing by a certified public accountant or an auditing company.

\* Explanation regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was published. Actual results may differ significantly due to a variety of factors.

For information about earnings forecasts, see the section titled, “1. Qualitative information on the consolidated results for the second quarter (3) Explanation of the consolidated earnings forecasts,” on page 4.

The DNP Group will hold a results briefing for institutional investors and analysts on November 27, 2019. Materials used at the briefing will be uploaded to the DNP website as soon as possible after its conclusion.

## Contents

<b>1. Qualitative information on the consolidated results for the second quarter .....</b>	<b>2</b>
<b>(1) Explanation of the consolidated financial results.....</b>	<b>2</b>
<b>(2) Explanation of the consolidated financial position .....</b>	<b>3</b>
<b>(3) Explanation of the consolidated earnings forecasts .....</b>	<b>4</b>
<b>2. Quarterly consolidated financial statements and key notes.....</b>	<b>5</b>
<b>(1) Quarterly consolidated balance sheets .....</b>	<b>5</b>
<b>(2) Quarterly consolidated statements of income and quarterly consolidated</b>	
<b>statements of comprehensive income.....</b>	<b>7</b>
<b>Quarterly consolidated statements of income</b>	
<b>First six months of the fiscal years.....</b>	<b>7</b>
<b>Quarterly consolidated statements of comprehensive income</b>	
<b>First six months of the fiscal years.....</b>	<b>8</b>
<b>(3) Quarterly consolidated statements of cash flows .....</b>	<b>9</b>
<b>(4) Notes regarding quarterly consolidated financial statements.....</b>	<b>11</b>
<b>[Notes on premise of a going concern].....</b>	<b>11</b>
<b>[Significant changes in shareholders' equity].....</b>	<b>11</b>
<b>[Changes in accounting policies].....</b>	<b>11</b>
<b>[Segment information, etc.].....</b>	<b>11</b>

## 1. Qualitative information on the consolidated results for the second quarter

### (1) Explanation of the consolidated financial results

Business conditions surrounding the DNP Group during the first six months of the fiscal year ending March 2020 reflected market growth for e-books and online advertising, and stronger consumer-specific digital marketing activities driven by advances in digital technologies such as artificial intelligence (AI) and the Internet of Things (IoT). Joint efforts by industry, the government, and academia to promote cashless payments are gathering pace as the Tokyo 2020 Olympic and Paralympic Games approach. Rising global demand for environmentally conscious products and services and growing moves to develop businesses targeting a next-generation automotive society have also allowed the DNP Group to capture new growth opportunities.

In this environment, the DNP Group sought to strengthen its core businesses, focusing on products and services such as its globally competitive smart cards, battery pouches for lithium-ion batteries, in which it has a leading global market share, metal masks used in the production of organic light-emitting diode (OLED) displays, thermal transfer printing media for photo printers, and optical film for displays. The DNP Group is also pursuing “P&I innovations” that combine its strengths in Printing & Information (P&I) to create new value based on its growth areas of Knowledge and Communication, Food and Healthcare, Lifestyle and Mobility, and Environment and Energy. The DNP Group continued to pursue these value-creation initiatives during the second quarter while working to build a strong business portfolio through selection and concentration.

As a result of these efforts, the DNP Group’s profitability improved, with a 0.4 percentage point year-on-year increase in the ratio of operating income to net sales for the first half of the fiscal year ending March 2020 to 3.7%.

In addition to reviewing its asset holdings, the DNP Group also began on September 12, 2019 to repurchase up to 30.0 million shares (to a maximum value of ¥60.0 billion), with the aim of improving capital efficiency and returning value to its shareholders.

As a result of the above, consolidated net sales for the first six months grew 1.3% year on year to ¥694.1 billion, consolidated operating income grew 12.5% to ¥25.6 billion, consolidated ordinary income grew 13.8% to ¥29.4 billion, and net income attributable to parent company shareholders grew 345.9% to ¥75.4 billion.

Business segment results are presented below.

#### **[PRINTING]**

##### **Information Communication**

In the Publishing business, the DNP Group worked to help solve problems within the publishing industry, drawing on its strengths as the sole corporate group spanning the entire industry supply chain, from planning and advertising through manufacturing, distribution, and sales. In the Publications Distribution, e-book sales trends in the “honto” hybrid bookstore network that combines physical bookstores, online bookstores, and e-book services were favorable, and the number of libraries outsourcing operations increased. As a result, the Publications Distribution sales remained flat year on year. However, sales of both books and magazines declined in the Publishing & Media Services due to publishing market weakness. As a result, overall sales in the Publishing business decreased.

In the Information Innovation business, sales of printed media such as advertising flyers, pamphlets, and catalogs decreased. However, overall sales increased on greater demand for smart cards in line with the shift toward cashless payments and steady growth in priority businesses such as Business Process Outsourcing (BPO). These services handle business processes on behalf of companies seeking to respond to labor shortages and work-style reforms.

In the Imaging Communication business, overall sales increased as sales of thermal transfer printing media for photo printing grew in all global regions, and the DNP Group promoted “value creation” business to enhance people’s experiences through photographs.

Operating income in the Information Communication segment rose due to growth in the Information Innovation and Imaging Communication businesses.

As a result of the above, overall segment sales grew 2.1% year on year to ¥378.9 billion, and operating income grew 18.7% to ¥12.7 billion.

## **Lifestyle and Industrial Supplies**

In the Packaging business, the DNP Group worked to develop and sell environmentally friendly packaging with the aim of contributing to a recycling-based society and reducing environmental impact based on three value propositions: sustainably sourced raw materials, lower CO2 emissions, and resource reuse. Sales decreased for paper and film packaging and plastic molded products but increased for PET plastic bottle aseptic filling systems. As a result, overall sales in the Packaging business increased.

Amid slower growth for housing starts in Japan, the DNP Group worked in its Living Spaces business on selling high-performance, environmentally conscious products that combine high-quality design driven by sophisticated image processing and printing technology with functionality derived from its proprietary electron beam (EB) coating technology. As a result, sales in the Living Spaces business remained flat year on year.

In the Industrial Supplies business, sales rose sharply for battery pouches used in automotive lithium-ion batteries due to the shift toward electric vehicles, and sales of photovoltaic module components also increased year on year. As a result, overall sales in the Industrial Supplies business increased.

Operating income in the Lifestyle and Industrial Supplies segment increased due to factors including sales growth and lower raw material prices in the Industrial Supplies business.

As a result of the above, overall segment sales grew 2.1% year on year to ¥197.1 billion and operating income grew 45.7% to ¥4.9 billion.

## **Electronics**

In the Display Components business, sales declined for LCD color filters, but increased for metal masks used in the production of OLED displays due to steady progress with the switch from LCD displays to OLED displays for smartphones. Similar trends were seen in optical films, with a decline in sales of products used in LCD TVs but an increase in sales of products used in OLED displays. As a result, overall sales in the Display Components business increased.

In the Electronic Devices business, semiconductor photomask sales declined due to a decline in semiconductor market conditions. As a result, sales in the Electronic Devices business declined.

Operating income in the Electronics segment decreased due to the decline in sales.

As a result of the above, overall segment sales fell 3.8% year on year to ¥94.5 billion and operating income fell 5.1% to ¥18.0 billion.

## **[BEVERAGES]**

### **Beverages**

The DNP Group worked to increase its share in existing markets and acquire new customers by releasing new products in core brands such as Coca-Cola and Aquarius, expanding the vending machine business, and stepping up sales promotion to mass merchandisers.

However, overall segment sales fell 1.8% year on year to ¥25.7 billion due to an overall decline in sales volume, and operating income decreased 34.0% to ¥0.6 billion due to higher sales promotion expenses and other factors.

## **(2) Explanation of the consolidated financial position**

Total assets at the end of the second quarter decreased by ¥14.6 billion from the end of the previous fiscal year to ¥1,760.4 billion, due mainly to a decrease in investment securities.

Total liabilities decreased by ¥34.9 billion from the end of the previous fiscal year to ¥693.4 billion, due mainly to a decrease in notes and trade payables.

Net assets increased by ¥20.3 billion from the end of the previous fiscal year to ¥1,066.9 billion, due mainly to an increase in retained earnings.

Cash and cash equivalents at the end of the second quarter increased by ¥232.5 billion from the end of the previous fiscal year to ¥366.3 billion.

Cash flow provided by operating activities totaled ¥54.1 billion (¥40.6 billion in the second quarter of the previous fiscal year), due mainly to ¥109.2 billion in income before income taxes and non-controlling interests and ¥51.3 billion in gains on the sale of investment securities.

Cash flow provided by investing activities totaled ¥207.6 billion (cash used of ¥142.7 billion in the second quarter of the previous fiscal year), due mainly to a ¥133.9 billion net decrease in time deposits and ¥56.1 billion in proceeds from sales of investment securities.

Cash flow used in financing activities totaled ¥28.0 billion (¥26.4 billion in the second quarter of the previous fiscal year), due mainly to a ¥9.2 billion net decrease in short-term bank loans and ¥9.6 billion in dividends paid.

### **(3) Explanation of the consolidated earnings forecasts**

Our earnings forecasts for the fiscal year ending March 2020 are unchanged from the forecasts announced on May 14, 2019.

**2. Quarterly consolidated financial statements and key notes**  
**(1) Quarterly consolidated balance sheets**

(Million yen)

	As of March 31, 2019	As of September 30, 2019
<b>ASSETS</b>		
Current assets		
Cash and time deposits	268,046	366,635
Notes and trade receivables	351,450	318,151
Merchandise and finished products	79,809	80,800
Work in progress	30,074	30,662
Raw materials and supplies	23,187	24,621
Other	48,226	36,783
Allowance for doubtful accounts	(1,515)	(1,321)
Total current assets	799,280	856,331
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	183,878	169,658
Machinery and equipment, net	67,514	65,974
Land	147,924	146,546
Construction in progress	11,760	15,583
Other, net	30,042	28,910
Total property, plant and equipment	441,120	426,673
Intangible fixed assets		
Other	28,914	28,565
Total intangible fixed assets	28,914	28,565
Investments and other assets		
Investment securities	393,104	334,826
Other	114,918	116,272
Allowance for doubtful accounts	(2,315)	(2,256)
Total investments and other assets	505,707	448,842
Total fixed assets	975,742	904,080
<b>TOTAL ASSETS</b>	<b>1,775,022</b>	<b>1,760,412</b>

(Million yen)

	As of March 31, 2019	As of September 30, 2019
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payables	246,138	229,646
Short-term bank loans	42,474	33,258
Bonds redeemable within 1 year	51,490	1,490
Accrued corporate tax	7,448	18,894
Reserve for bonuses	18,145	18,336
Repair reserve	19,162	19,972
Other	82,796	76,281
Total current liabilities	467,655	397,880
Long-term liabilities		
Bonds	59,610	109,465
Long-term debt	10,045	9,129
Repair reserve	70,211	61,144
Net defined benefit liability	34,733	35,175
Deferred tax liabilities	65,300	60,373
Other	20,845	20,299
Total long-term liabilities	260,745	295,587
<b>TOTAL LIABILITIES</b>	<b>728,400</b>	<b>693,468</b>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,765	144,766
Retained earnings	626,949	692,784
Treasury stock	(62,898)	(66,175)
Total stockholders' equity	823,281	885,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	170,073	129,462
Net deferred gains (losses) on hedges	(1)	4
Foreign currency translation adjustments	(2,398)	(4,786)
Remeasurements of defined benefit plans	5,208	4,786
Total accumulated other comprehensive income	172,881	129,467
Non-controlling interests	50,459	51,635
<b>TOTAL NET ASSETS</b>	<b>1,046,622</b>	<b>1,066,943</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,775,022</b>	<b>1,760,412</b>

**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**

**Quarterly consolidated statements of income**  
**First six months of the fiscal years**

(Million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	685,563	694,150
Cost of sales	547,973	549,711
Gross profit	137,590	144,439
Selling, general and administrative expenses	114,758	118,749
Operating income	22,832	25,689
Non-operating income		
Interest and dividend income	2,811	3,029
Equity in earnings of affiliates	1,375	2,994
Other	2,834	2,396
Total non-operating income	7,021	8,420
Non-operating expense		
Interest expense	1,058	863
Contributions	902	1,340
Other	2,044	2,486
Total non-operating expenses	4,005	4,690
Ordinary income	25,848	29,420
Extraordinary gains		
Gain on sale of fixed assets	441	29,963
Gain on sale of investment securities	79	51,340
Gain on sale of stock in affiliates	2,023	–
Other	7	29
Total extraordinary gains	2,552	81,333
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,383	923
Loss on devaluation of investment securities	431	469
Other	136	109
Total extraordinary losses	1,952	1,502
Income before income taxes and non-controlling interests	26,449	109,250
Current income taxes	6,662	18,893
Deferred income taxes	1,106	13,208
Total income taxes	7,768	32,102
Net income	18,680	77,148
Net income attributable to non-controlling shareholders	1,747	1,652
Net income attributable to parent company shareholders	16,932	75,495

**Quarterly consolidated statements of comprehensive income**  
**First six months of the fiscal years**

(Million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net income	18,680	77,148
Other comprehensive income		
Valuation difference on available-for-sale securities	56,010	(40,606)
Net deferred gains on hedges	15	9
Foreign currency translation adjustments	(3,070)	(2,168)
Remeasurements of defined benefit plans	(23)	(624)
Share of other comprehensive income of affiliates accounted for using equity method	(73)	(78)
Total other comprehensive income (loss)	52,858	(43,468)
Comprehensive income	71,539	33,679
Attributable to:		
Parent company shareholders	70,065	32,081
Non-controlling shareholders	1,473	1,598

**(3) Quarterly consolidated statements of cash flows**

(Million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	26,449	109,250
Depreciation	29,084	26,711
Decrease of doubtful accounts	(308)	(208)
Increase of net defined benefit asset	(3,418)	(3,283)
Increase of net defined benefit liability	347	626
Equity in gains of affiliates	(1,375)	(2,994)
Amortization of consolidation goodwill, net	881	834
Interest and dividend income	(2,811)	(3,029)
Interest expense	1,058	863
Net gains on sales of investment securities	(2,103)	(51,336)
Net losses on devaluation of investment securities	449	471
Net (gains) losses on sales or disposal of fixed assets	952	(29,003)
Decrease in trade receivables	22,550	33,085
Increase in inventories	(1,831)	(4,658)
Decrease in trade payables	(14,848)	(13,734)
Other	6,408	6,318
Sub-total	61,485	69,913
Payments for repair costs	(13,030)	(8,255)
Payments for extra retirement payments	(149)	(335)
Payment of income taxes	(7,668)	(7,125)
Net cash provided by operating activities	40,637	54,196
<b>Cash flows from investing activities</b>		
Net (increase) decrease in time deposits	(126,035)	133,990
Payments for purchases of property, plant and equipment	(20,494)	(21,547)
Proceeds from sales of property, plant and equipment	1,475	42,486
Payments for purchases of investment securities	(732)	(400)
Proceeds from sales of investment securities	2,819	56,197
Payments for purchase of intangible fixed assets	(4,703)	(4,785)
Proceeds from purchase of stock in subsidiaries resulting in change in scope of consolidation	–	38
Interest and dividends received	4,411	3,720
Other	548	(2,043)
Net cash provided by (used in) investing activities	(142,710)	207,657

(Million yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net decrease in short-term bank loans	(11,821)	(9,209)
Proceeds from long-term debt	2,000	1,100
Repayments of long-term debt	(2,231)	(1,368)
Proceeds from issue of bonds	1,953	49,785
Payments for redemption of bonds	(2,145)	(50,145)
Proceeds from payments from non-controlling interests	75	–
Payments for purchases of treasury stock	(8)	(3,278)
Payments for purchases of treasury stock of subsidiaries	(1)	(0)
Interest paid	(1,062)	(984)
Dividends paid	(9,663)	(9,659)
Dividends paid to non-controlling interests	(372)	(422)
Payments for purchase of stock in subsidiaries not resulting in change in scope of consolidation	(89)	–
Other	(3,062)	(3,846)
Net cash used in financing activities	(26,430)	(28,029)
Effect of exchange rate changes on cash and cash equivalents	(706)	(1,289)
Net increase (decrease) in cash and cash equivalents	(129,210)	232,535
Cash and cash equivalents at beginning of year	244,936	133,771
Cash and cash equivalents at end of period	115,726	366,306

#### (4) Notes regarding quarterly consolidated financial statements

##### [Notes on premise of a going concern]

None

##### [Significant changes in shareholders' equity]

The value of treasury stock increased by ¥3,277 million in the first six months of this fiscal year due to factors including the repurchase of DNP stock decided on by the Board of Directors at a meeting on September 11, 2019.

##### [Changes in accounting policies]

The DNP Group's IFRS-applied subsidiaries have applied IFRS 16 (leases) as of the first quarter of this fiscal year. Accordingly, for lessee's lease transactions, in principle the Company recognizes all right-of-use assets and lease obligations and book depreciation expenses from right-of-use assets and interest expenses from lease obligations.

Of note, the application of the said accounting standards has limited impact on the Company's quarterly financial statements.

##### [Segment information, etc.]

###### I. First six months of previous fiscal year (April 1, 2018 – September 30, 2018)

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	368,823	192,267	98,285	26,186	685,563	–	685,563
Inter-segment	2,287	913	–	6	3,207	(3,207)	–
Total	371,111	193,181	98,285	26,193	688,771	(3,207)	685,563
Segment income	10,780	3,391	19,064	960	34,197	(11,364)	22,832

- Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.  
2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

###### II. First six months of current fiscal year (April 1, 2019 – September 30, 2019)

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	377,345	196,530	94,572	25,701	694,150	–	694,150
Inter-segment	1,654	634	–	9	2,298	(2,298)	–
Total	378,999	197,165	94,572	25,711	696,449	(2,298)	694,150
Segment income	12,798	4,941	18,089	633	36,462	(10,772)	25,689

- Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.  
2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.