Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending March 31, 2022 [J-GAAP]

November 12, 2021

Company Name: **Dai Nippon Printing Co., Ltd.**
Stock exchange listing: Tokyo
Stock code: 7912 URL: http://www.dnp.co.jp/eng/
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Securities report issuing date: November 12, 2021
Dividend payment date: December 10, 2021
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, 2021 (April 1, 2021 – September 30, 2021)

(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, 2021	657,168	1.9	30,831	75.5	36,423	67.1	33,812	195.7
Six months ended September 30, 2020	644,638	(7.1)	17,563	(31.6)	21,793	(25.9)	11,434	(84.9)

Note: Comprehensive income: For the first six months ended September 30, 2021: ¥80,621 million (40.5%)
For the first six months ended September 30, 2020: ¥57,366 million (70.3%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended September 30, 2021	122.26	122.23
Six months ended September 30, 2020	40.71	40.54

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of September 30, 2021	1,857,856	1,139,513	58.3
As of March 31, 2021	1,825,019	1,098,613	57.2

Note: Stockholders' equity: As of September 30, 2021: ¥1,083,948 million As of March 31, 2021: ¥1,043,977 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2021	–	32.00	–	32.00	64.00
Year ending March 31, 2022	–	32.00			
Year ending March 31, 2022 (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, 2022 (April 1, 2021 – March 31, 2022)

(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	1,350,000	1.1	57,000	15.1	65,000	8.5	53,000	111.3	193.60

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 more information, 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, 2021	317,240,346 shares	As of March 31, 2021	324,240,346 shares
2) Number of treasury shares at end of each period	As of September 30, 2021	46,766,366 shares	As of March 31, 2021	43,363,670 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Six months ended September 30, 2021	276,566,978 shares	Six months ended September 30, 2020	280,880,250 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 and other projections," on page 4.

The DNP Group will hold a results briefing (conference call) for institutional investors and analysts on November 17, 2021. Materials used at the briefing will be uploaded to the DNP website at around 14:00 JST the same day.

Contents

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

(1) Explanation of the consolidated financial results

Conditions surrounding the DNP Group during the second quarter of the fiscal year ending March 2022 were affected by the novel coronavirus (COVID-19), with individuals' lives, society and the economy remaining subject to various restrictions. For example, the state of emergency declared in July and the designation of priority measures for preventing the spread of the disease were extended to the end of September. On the other hand, during the COVID-19 pandemic of the past year and a half, working styles and lifestyles have changed at an accelerated pace, and distance learning and online medical consultations have become more common. Due to these changes and other factors like the introduction of 5th-generation mobile communications (5G), demand for higher performance digital devices has also expanded. In addition, as people around the world are becoming more aware of the need to reduce the burdens that humans place on the global environment, demand for eco-friendly products and services has expanded.

Amid these conditions, the DNP Group worked to create the kind of innovative value that people expect of it, as well as to resolve social issues in order to realize a better, more sustainable society and more comfortable lifestyles. By combining our unique strengths in printing and information (P&I) and forming deeper alliances with our many partners, we worked to build a strong business portfolio. In particular, we designated "focus business" areas where we anticipate strong market growth and high profitability: the Internet of Things (IoT) & next generation communications, data distribution, mobility, and the environment. In addition to prioritizing and optimizing management resources in these focus areas, the DNP Group has taken on structural reforms aimed at boosting competitiveness.

As a result of these efforts, consolidated net sales for the first six months grew 1.9% year on year to ¥657.1 billion, consolidated operating income grew 75.5% to ¥30.8 billion, consolidated ordinary income grew 67.1% to ¥36.4 billion, and net income attributable to parent company shareholders grew 195.7% to ¥33.8 billion.

Business segment results are presented below.

[PRINTING]
Information Communication
In the Information Innovation business, a recovery in areas such as catalogs and direct mail promotions was offset by a decline in large Business Process Outsourcing (BPO) projects and a pause in growth in demand for smart cards, particularly, Japan's social security and tax number ("My Number") cards. As a result, overall sales in the Information Innovation business declined.

In the Imaging Communication business, sales increased due to a recovery in demand for photo shooting and printing materials and services in US, the core market of this business, driven by progress with the COVID-19 vaccine rollout.

In the Publishing business, e-book sales remained firm, and sales increased in the "honto" hybrid bookstore network, which handles both printed and electronic books. Sales also benefited from steady growth in the number of institutions outsourcing digital library services and library operations, and a year-on-year increase in book and other printing orders as the market recovered. As a result, overall sales in the Publishing business increased.

As a result of the above, overall segment sales fell 2.2% year on year to ¥338.8 billion due to such factors as a decline in large BPO projects related to government policies compared to the previous year. Operating income grew 52.8% to ¥9.7 billion, partly helped by effective cost structure reform.

Lifestyle and Industrial Supplies
In the Packaging business, although extended government stay-at-home requests and activity restrictions in response to the COVID-19 pandemic led to a decline in sales of commercial packaging materials for souvenirs at tourist destinations and for restaurant use, overall Packaging sales increased as we worked hard at developing and selling DNP’s eco-friendly packaging products and were also helped by increased sales of aseptic filling systems.

In the Living Spaces business, with the domestic and overseas automobile markets and the domestic housing market on a recovery trend, sales of decorative films for automobile interiors and residential interior and exterior decorative materials increased. In addition, as a result of expanding our lineup of antibacterial and antiviral products as a way of preventing infection, overall Living Spaces sales increased.

In the High-Performance Industrial Supplies business, demand for battery pouches for lithium-ion batteries rose significantly due to worldwide growth in demand for electric vehicles as well as increased demand for tablets and smartphones driven mainly by the spread of teleworking. Overall sales of High-Performance Industrial Supplies increased.

As a result of the above, overall segment sales grew 7.0% year on year to ¥191.1 billion and operating income grew 116.4% year on year to ¥8.2 billion. These improvements were due to growth in the High-Performance Industrial Supplies business and also thanks to cost reductions, some of which resulted from optimization of manufacturing systems undertaken as part of structural reforms.

Electronics
In the Display Components business, sales of optical films for LCD displays used in televisions got a boost from increased “nesting consumption (greater demand for home-use products as people spent more time at home),” and sales of films for notebook PCs and monitors were also solid thanks to factors like the spread of teleworking and online learning. Sales of metal masks used in the production of organic light-emitting diode (OLED) displays were also strong thanks to greater demand for OLED displays for smartphones. Overall, Display Components sales increased.

In the Electronic Devices business, sales increased as the accelerated digital transformation of companies and local governments revved up the semiconductor market, sparking greater demand for semiconductor photomasks and other products used for communications, vehicular components, and data centers.

As a result of the above, overall segment sales grew 9.2% year on year to ¥105.3 billion but operating income grew 32.6% year on year to ¥23.7 billion due to the increase in sales.

[BEVERAGES]
Beverages
We focused on in-store and online sales of beverages in PET plastic bottles free of labels, including product name labels, in order to reduce the burden on the environment, and in response to changes in lifestyle caused by the COVID-19 pandemic. In alcoholic beverages -- a new area for the Company -- we expanded our lineup of “Lemondo” products and launched a new alcoholic beverage called “Nomel’s Hard Lemonade.” However, the segment was hit hard by the extension of the government’s stay-at-home request and activity restrictions and the resulting big drop in sales at tourist destinations and restaurants. As a result, overall segment sales fell 5.6% year on year to ¥23.0 billion . Although advertising and sales promotion expenses increased as we aimed to boost sales, thanks to thorough cost reductions we posted operating income of ¥64 million, compared to an operating loss of ¥100 million in the same period of the previous year.

(2) Explanation of the consolidated financial position

Total assets as of the end of the second quarter increased by ¥32.8 billion from the end of the previous fiscal year to ¥1,857.8 billion, due mainly to an increase in investment securities.

Total liabilities declined by ¥8.0 billion from the end of the previous fiscal year to ¥718.3 billion, mainly due to a decrease in short-term bank loans.

Net assets increased by ¥40.8 billion from the end of the previous fiscal year to ¥1,139.5 billion due to factors including an increase in the valuation difference on available-for-sale securities.

Cash and cash equivalents at the end of the second quarter of the fiscal year decreased by ¥27.8 billion from the end of the previous fiscal year to ¥276.3 billion.

Cash flows from operating activities resulted in income of ¥49.6 billion (versus ¥12.4 billion in the same period of the previous year), mostly due to ¥43 billion in income before income taxes and non-controlling interests and ¥24.8 billion of depreciation.

Cash flows from investing activities resulted in an outlay of ¥30.2 billion (compared to an outlay of ¥41.1 billion in the same period of the previous year), largely due to the expenditure of ¥30.5 billion for the acquisition of property, plant and equipment.

Cash flows from financing activities resulted in an outlay of ¥49.3 billion (compared to an outlay of ¥19.6 billion in the same period of the previous year) due to such factors as a net decrease of ¥10.3 billion in short-term bank loans, the expenditure of ¥26.1 billion for the acquisition of treasury shares, and dividend payments of ¥8.9 billion.

(3) Explanation of the consolidated earnings forecasts and other projections

Our earnings forecasts for the fiscal year ending March 2022 are unchanged from the forecasts announced on May 13, 2021.

2. Quarterly consolidated financial statements and key notes

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2021	As of September 30, 2021
ASSETS		
Current assets		
Cash and time deposits	301,162	275,037
Notes and trade receivables	324,625	–
Notes, trade receivables, and contract assets	–	308,082
Marketable securities	19,000	19,000
Merchandise and finished products	75,540	76,856
Work in progress	27,810	35,788
Raw materials and supplies	23,420	26,839
Other	34,975	24,580
Allowance for doubtful accounts	(716)	(618)
Total current assets	805,817	765,565
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	164,049	163,831
Machinery and equipment, net	73,710	74,258
Land	141,808	141,803
Construction in progress	13,238	18,956
Other, net	27,221	26,908
Total property, plant and equipment	420,029	425,758
Intangible fixed assets		
Other	25,207	27,107
Total intangible fixed assets	25,207	27,107
Investments and other assets		
Investment securities	422,799	484,012
Other	153,905	158,475
Allowance for doubtful accounts	(2,741)	(3,062)
Total investments and other assets	573,964	639,425
Total fixed assets	1,019,201	1,092,290
TOTAL ASSETS	1,825,019	1,857,856

(Million yen)

	As of March 31, 2021	As of September 30, 2021
LIABILITIES		
Current liabilities		
Notes and trade payables	226,606	225,766
Short-term bank loans	37,321	26,976
Reserve for bonuses	19,284	19,219
Repair reserve	17,688	18,130
Other	107,224	99,420
Total current liabilities	408,125	389,512
Long-term liabilities		
Bonds	103,550	103,525
Long-term debt	11,569	11,103
Repair reserve	49,491	45,249
Net defined benefit liability	35,174	35,374
Deferred tax liabilities	95,997	112,840
Other	22,496	20,737
Total long-term liabilities	318,279	328,829
TOTAL LIABILITIES	726,405	718,342
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,024	145,056
Retained earnings	683,784	685,468
Treasury stock	(122,920)	(129,267)
Total stockholders' equity	820,352	815,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	202,017	244,447
Net deferred gains on hedges	11	7
Foreign currency translation adjustments	(5,082)	163
Remeasurements of defined benefit plans	26,678	23,607
Total accumulated other comprehensive income	223,624	268,226
Non-controlling interests	54,636	55,565
TOTAL NET ASSETS	1,098,613	1,139,513
TOTAL LIABILITIES AND NET ASSETS	1,825,019	1,857,856

(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, 2020	Six months ended September 30, 2021
Net sales	644,638	657,168
Cost of sales	513,552	513,517
Gross profit	131,085	143,650
Selling, general and administrative expenses	113,521	112,819
Operating income	17,563	30,831
Non-operating income		
Interest and dividend income	2,666	2,379
Equity in earnings of affiliates	3,195	3,906
Other	1,933	1,996
Total non-operating income	7,795	8,283
Non-operating expenses		
Interest expense	729	369
Contributions	1,161	591
Other	1,674	1,729
Total non-operating expenses	3,564	2,691
Ordinary income	21,793	36,423
Extraordinary gains		
Gain on sale of fixed assets	29	5,711
Gain on sale of investment securities	20	153
Other	–	1,876
Total extraordinary gains	50	7,741
Extraordinary losses		
Loss on sale or disposal of fixed assets	804	800
Loss on devaluation of investment securities	864	149
Other	962	199
Total extraordinary losses	2,631	1,149
Income before income taxes and non-controlling interests	19,212	43,016
Current income taxes	6,951	8,042
Deferred income taxes	49	(14)
Total income taxes	7,000	8,028
Net income	12,212	34,987
Net income attributable to non-controlling shareholders	777	1,175
Net income attributable to parent company shareholders	11,434	33,812

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

(Million yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income	12,212	34,987
Other comprehensive income		
Valuation difference on available-for-sale securities	47,673	42,582
Net deferred gains (losses) on hedges	(0)	(7)
Foreign currency translation adjustments	(1,820)	4,144
Remeasurements of defined benefit plans	532	(2,981)
Share of other comprehensive income of affiliates accounted for using equity method	(1,231)	1,896
Total other comprehensive income	45,154	45,634
Comprehensive income	57,366	80,621
Attributable to:		
Parent company shareholders	56,852	79,176
Non-controlling shareholders	514	1,445

(3) Quarterly consolidated statements of cash flows

(Million yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Income before income taxes and non-controlling interests	19,212	43,016
Depreciation	24,282	24,821
Increase (Decrease) of doubtful accounts	(464)	173
Increase of net defined benefit asset	(2,013)	(7,299)
Increase of net defined benefit liability	86	439
Equity in gains of affiliates	(3,195)	(3,906)
Amortization of consolidation goodwill, net	762	269
Interest and dividend income	(2,666)	(2,379)
Interest expense	729	369
Net gains on sales of investment securities	(18)	(153)
Net losses on devaluation of investment securities	864	149
Net (gains) losses on sales or disposal of fixed assets	820	(4,888)
Decrease in trade receivables	25,016	16,528
Increase in inventories	(2,141)	(11,962)
Decrease in trade payables	(29,612)	(1,797)
Other	2,100	3,708
Sub-total	33,763	57,089
Payments for repair costs	(4,217)	(3,800)
Payments for extra retirement payments	(6)	–
Payment of income taxes	(17,133)	(3,594)
Net cash provided by operating activities	12,404	49,694
Cash flows from investing activities		
Net increase in time deposits	(7,809)	(1,383)
Payments for purchases of property, plant and equipment	(26,650)	(30,587)
Proceeds from sales of property, plant and equipment	467	5,530
Payments for purchases of investment securities	(493)	(1,239)
Proceeds from sales of investment securities	80	402
Payments for purchase of intangible fixed assets	(5,396)	(5,616)
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	(1,975)	(50)
Interest and dividends received	3,633	3,349
Other	(3,011)	(698)
Net cash used in investing activities	(41,154)	(30,294)

(Million yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net decrease in short-term bank loans	(5,622)	(10,349)
Proceeds from long-term debt	1,095	246
Repayments of long-term debt	(2,039)	(1,318)
Payments for redemption of bonds	(145)	(85)
Payments for purchases of treasury stock	(4)	(26,156)
Payments for purchases of treasury stock of subsidiaries	(0)	(61)
Interest paid	(738)	(375)
Dividends paid	(8,990)	(8,986)
Dividends paid to non-controlling interests	(463)	(427)
Other	(2,742)	(1,795)
Net cash used in financing activities	(19,651)	(49,309)
Effect of exchange rate changes on cash and cash equivalents	(948)	2,044
Net decrease in cash and cash equivalents	(49,349)	(27,864)
Cash and cash equivalents at beginning of year	377,367	304,223
Increase in cash and cash equivalents resulting from the merger of non-consolidated subsidiaries	47	15
Cash and cash equivalents at end of period	328,066	276,374

(4) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]
None

[Significant changes in shareholders' equity]
Treasury stock increased by ¥26,156 million during the second quarter of the fiscal year ending March 2022, due mainly to share repurchases based on a resolution passed by the Board of Directors on May 13, 2021.

Additionally, retained earnings decreased by ¥19,809 million and treasury stock decreased by ¥19,809 million during the second quarter of the fiscal year ending March 2022, due to the cancellation of treasury stock on May 24, 2021 based on a resolution passed by the Board of Directors on May 13, 2021.

[Changes in accounting policies]
(Adoption of revenue recognition standard)
The DNP Group applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; hereafter "the revenue recognition standard") from the beginning of the first quarter of the fiscal year ending March 2022. From the time that control over promised goods or services is transferred to a customer, the amount of money expected to be received in exchange for those goods or services will be recognized as revenue. The main changes resulting from the adoption of the revenue recognition standard are as follows:

(1) Recognition of revenue related to paid transactions
DNP and some of its consolidated subsidiaries purchase raw materials, etc. from customers, process those materials, etc., and sell them back to the same customer. DNP previously recognized revenue from these types of transactions (with some exceptions) as the entire amount received for such products, including the amount paid for the purchase of raw materials and other inputs. Now, however, we have changed to a method whereby we recognize net revenue excluding the purchase price of raw materials and other inputs.

(2) Recognition of revenue from transactions in which DNP acts as agent
DNP previously recognized as revenue the entire amount received as payment from customers who purchased books sold by some of its consolidated subsidiaries. However, regarding transactions in which DNP acts as an agent when providing goods or services to customers, it now recognizes as revenue the net amount obtained after subtracting payments to suppliers from amounts received from customers.

In its application of the revenue recognition standard, DNP complies with the transitional measures stipulated in the notes to Section 84 of the standard. It retroactively applied the new standard to the period prior to the first quarter of the fiscal year ending March 2022, and adjusted the first quarter's initial retained earnings by the cumulative impact of that retroactive application, then began applying the new standard starting with the adjusted balance at the beginning of the period. However, using the approach stipulated in Section 86 of the revenue recognition standard, we did not retroactively apply the new standard to contracts where virtually all revenue had been recognized prior to the beginning of the first quarter. In addition, the Company used the approach laid out in Section 86 (1) of the revenue recognition standard regarding contracts that were changed before the beginning of the first quarter: accounting for such contracts was based on contract terms after all contract changes had been reflected, and the amount of cumulative impact was added to or subtracted from retained earnings at the beginning of the first quarter.

As a result, net sales in the second quarter declined by ¥14,592 million, cost of sales by ¥12,125 million, selling, general and administrative expenses by ¥2,081 million, and operating income by ¥385 million, while ordinary income and income before income taxes and non-controlling interests each decreased by ¥279 million. The balance of retained earnings at the beginning of the quarter increased by ¥25 million.

Due to the introduction of the revenue recognition standard, "current assets" amounts that were displayed as "notes and trade receivables" in the consolidated balance sheet for the fiscal year ended March 2021 are now included with "notes, trade receivables, and contract assets" as of the first quarter of the fiscal term ending March 2022. In line with the transitional approach stipulated in Section 89-2 of the revenue recognition standard, the DNP Group has not reclassified figures from the previous fiscal year (through March 2021) according to the new presentation method. Furthermore, in accordance with the transitional approach stipulated in Section 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the DNP Group's income statement does not break down revenue generated by contracts with customers in the second quarter of the previous fiscal year as a separate item.

(Adoption of accounting standard for fair value measurement)
The DNP Group began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereafter, "fair value measurement standard") etc. as of the beginning of the first quarter of the fiscal year ending March 2022. Going forward, we intend to apply the new accounting policy defined by the standard in line with the transitional approach stipulated in Section 19 of said standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The impact of this change on the DNP Group's quarterly consolidated financial statements will be minimal.

[Segment information, etc.]
I. First six months of previous fiscal year (April 1, 2020 – September 30, 2020)
Information on sales and income/loss by reporting segment

(Million yen)

<table>
<tr><th rowspan="2"></th><th colspan="5">Reporting segment</th><th rowspan="2">Adjustment Note 1</th><th rowspan="2">Amounts reported on quarterly consolidated statements of income Note 2</th></tr>
<tr><th>Information Communication</th><th>Lifestyle and Industrial Supplies</th><th>Electronics</th><th>Beverages</th><th>Total</th></tr>
<tr><td>Net sales</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Outside customers</td><td>345,188</td><td>178,537</td><td>96,520</td><td>24,390</td><td>644,638</td><td>–</td><td>644,638</td></tr>
<tr><td>Inter-segment</td><td>1,114</td><td>82</td><td>–</td><td>9</td><td>1,206</td><td>(1,206)</td><td>–</td></tr>
<tr><td>Total</td><td>346,303</td><td>178,620</td><td>96,520</td><td>24,400</td><td>645,844</td><td>(1,206)</td><td>644,638</td></tr>
<tr><td>Segment income (loss)</td><td>6,410</td><td>3,825</td><td>17,902</td><td>(102)</td><td>28,036</td><td>(10,472)</td><td>17,563</td></tr>
</table>

Notes: 1. Segment income (loss) 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 (loss) 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, 2021 – September 30, 2021)

1. Information on sales and income/loss by reporting segment and breakdown of revenue

(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 Note 3							
Outside customers	337,665	191,096	105,376	23,030	657,168	–	657,168
Inter-segment	1,162	80	–	4	1,247	(1,247)	–
Total	338,827	191,177	105,376	23,034	658,416	(1,247)	657,168
Segment income	9,794	8,277	23,741	64	41,877	(11,045)	30,831

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.
3. Net sales include both revenue from contracts with customers and other revenue; these are not displayed as separate categories because the former accounts for almost the entirety of sales and the latter is not significant.

2. Notes concerning changes in reporting segments, etc.

As noted under “Changes in accounting policies,” the DNP Group began applying the revenue recognition accounting standard as of the beginning of the first quarter of the fiscal year ending March 2022 and changed its accounting methodology for recognizing revenue. This resulted in similar changes to its approach to measuring business segment profits and losses.

Compared with the previous standard, this change reduced second-quarter Information Communication segment sales by ¥6,933 million and income by ¥308 million, Lifestyle and Industrial Supplies segment sales by ¥2,608 million and segment income by ¥48 million, Electronics segment sales by ¥3,894 million and income by ¥29 million, and Beverages segment sales by ¥1,155 million.

[Important subsequent events]

(Transition of retirement benefit system)

From October 1, 2021, DNP and some of its consolidated subsidiaries have transitioned a portion of their retirement benefit plans to defined contribution pension plans.

Regarding accounting treatment associated with this change, we plan to apply Accounting Treatment for Transition between Retirement Benefit Plans (ASBJ Implementation Guidance No. 1, December 16, 2016) and Practical Solution on Accounting for Transfer between Retirement Benefit Plans (Practical Issues Task Force No. 2, February 7, 2007).

The impact of this transition is currently under evaluation.