



Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2023 [J-GAAP]

August 10, 2022

Company Name: Dai Nippon Printing Co., Ltd.
Stock exchange listing: Tokyo
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Preparation of quarterly earnings presentation material: No
Holding of quarterly results briefing: No

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

1. Consolidated financial results for the first three months ended June 30, 2022
(April 1, 2022 – June 30, 2022)

(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	%
Three months ended June 30, 2022	334,433	0.8	16,917	2.5	22,628	13.5	15,739	5.8
Three months ended June 30, 2021	331,919	2.6	16,506	71.1	19,929	46.7	14,878	101.0

Note: Comprehensive income: For the first three months ended June 30, 2022: ¥(16,975) million (-%)
 For the first three months ended June 30, 2021: ¥20,158 million (-40.9%)

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
Three months ended June 30, 2022	58.58		58.56	
Three months ended June 30, 2021	53.21		53.20	

(2) Consolidated financial position

	Total Assets		Net Assets		Equity Ratio	
	Million yen		Million yen		%	
As of June 30, 2022	1,816,192		1,118,883		58.4	
As of March 31, 2022	1,876,647		1,148,413		58.2	

Note: Stockholders' equity as of June 30, 2022: ¥1,061,322 million As of March 31, 2022: ¥1,091,861 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2022	–	32.00	–	32.00	64.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecasts)		32.00	–	32.00	64.00

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

3. Consolidated earnings forecasts for the year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	1,380,000	2.7	67,000	0.3	81,500	0.3	67,000	(31.1)	249.84

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

Other information

(1) Changes in significant subsidiaries during the first 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: | No |
| 2) Changes in accounting policies other than the 1) above: | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatement of revisions: | No |

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of June 30, 2022	317,240,346 shares	As of March 31, 2022	317,240,346 shares
2) Number of treasury shares at end of each period	As of June 30, 2022	49,295,504 shares	As of March 31, 2022	48,175,114 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Three months ended June 30, 2022	268,675,013 shares	Three months ended June 30, 2021	279,608,871 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 first three months (3) Explanation of the consolidated earnings forecasts and other projections," on page 4.

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

(1) Explanation of the consolidated financial results

The environment surrounding the DNP Group during the first three months of the fiscal year ending March 31, 2023 showed signs of gradual economic recovery, including progress toward balancing economic activity with measures to prevent the spread of the novel coronavirus (hereafter COVID-19). At the same time, the future has become even more difficult to predict due to factors like the situation in Ukraine and other geopolitical risks, further increases in raw material and energy prices, prolonged semiconductor shortages, and the recent sharp depreciation of the yen.

Amid these conditions, the DNP Group worked to resolve social issues and create new value that meets people's expectations, in order to realize a better, more sustainable society and enable more comfortable lifestyles. In addition to combining its unique strengths in printing and information (P&I) and deepening cooperation with its many partners, the Group has prioritized and optimized allocation of management resources in fields that it designated as "focus businesses" due to expectations of particularly high market growth and profitability: the Internet of things (IoT)/next-generation communications, data distribution, mobility, and environment. We also worked to build a strong business portfolio by restructuring to enhance competitiveness.

As a result of the above, consolidated net sales for the first three months grew 0.8% year on year to ¥334.4 billion, consolidated operating income grew 2.5% to ¥16.9 billion, consolidated ordinary income grew 13.5% to ¥22.6 billion, and net income attributable to parent company shareholders grew 5.8% to ¥15.7 billion.

Business segment results are presented below.

[PRINTING]

Information Communication

In the Information Innovation business, sales of catalogs and pamphlets declined, but demand increased for smart cards used by financial institutions and "My Number" (Japanese government ID) cards, resulting in an overall increase in sales.

In Imaging Communication, sales increased due to strong sales of photographing and printing materials and services in the core US market as well as European and Asian markets.

Our Publishing business enjoyed strong sales from the distribution of e-books and other electronic media, digital library services, and the outsourcing of library management operations. However, orders for printing magazines and other paper media fell below the previous year's level, resulting in an overall decrease in Publishing sales.

As a result of the above, overall segment sales grew 0.3% year on year to ¥173.6 billion, but operating income fell 6.3% to ¥4.7 billion due mainly to higher raw material prices.

Lifestyle and Industrial Supplies

In Packaging, we leveraged the strengths that we acquired through developing packages for everyday consumer products like foods and household goods, and bolstered our efforts to design more comfortable lifestyles for people. In addition, we worked to develop and sell DNP's GREEN PACKAGING series of eco-friendly packaging, and sales of film packaging products remained strong. However, there was a decline in sales of the aseptic filling systems that performed well in the previous fiscal year, resulting in an overall decline in Packaging sales.

In the Living Spaces business, sales of interior and exterior decorative materials for residential use increased due to recovery in demand in the housing market. In addition, sales of decorative

films for automobile interiors and DNP Aluminum Decor Panel for interior and exterior use in the North American market also increased, leading to an increase in overall sales in this business.

The High-Performance Industrial Supplies business was affected by changes in the overall global supply chain, including lockdowns in China and temporary production cutbacks due to global shortages of semiconductors. Sales of lithium-ion battery pouches decreased, both for automotive use and IT use, resulting in a decrease in sales for this business as a whole.

As a result of the above, overall segment sales fell 3.4% year on year to ¥92.7 billion, and operating income fell 67.1% to ¥1.5 billion due to the big impact of soaring prices of raw materials and energy.

Electronics

In the Display Components business, optical film products were affected by production adjustments, mainly for films used in laptop PCs, due to a decline in demand relative to the surge in “nesting demand” from people working and learning at home during the pandemic, but sales of films used for televisions were solid, and overall sales of optical films increased. Sales of metal masks used in the manufacture of organic light-emitting diode (OLED) displays were also strong due to increased demand for smartphone displays, resulting in an increase in sales for this business as a whole.

In the Electronic Devices business, demand for semiconductors expanded due to such factors as increased investment in data centers, wider use of 5G and DX, and measures supporting the transition toward a decarbonized society, and sales of various types of photomasks used in the production of semiconductors increased. Also, sales were brisk for lead frames and other items used in semiconductor packages, contributing to an increase in overall sales for the business.

As a result of the above, overall segment sales grew 9.1% year on year to ¥57.4 billion, and operating income grew 29.8% to ¥16.2 billion due to the increase in sales.

[BEVERAGES]

Beverages

In response to lifestyle changes resulting from the COVID-19 pandemic and the growing need to reduce negative impact on the environment, we focused on online and in-store sales of beverages in label-free (including product name labels) PET plastic bottles. In addition, we actively conducted campaigns through the smartphone app “CokeON” and focused on cultivating new business partners.

Overall segment sales reached ¥11.0 billion (up 3.2% year on year) thanks to growth in sales to mass retailers such as supermarkets and drugstores, as well as increased online sales. The segment’s operating loss was ¥0.4 billion, compared to ¥0.2 billion yen in the same period of the previous fiscal year, due mainly to soaring prices of raw materials and energy.

In the past few years, the DNP Group has formulated policies like the “DNP Group Declaration on Health,” “DNP Group Diversity Declaration,” and “DNP Group Safety and Health Charter,” etc., in order to enable all employees to use their abilities to the maximum extent possible, and we are concentrating on restructuring our various personnel systems. These measures are based on the conviction that when we value our employees, those employees who we valued will cause the company to grow and will make society more prosperous. This fiscal year, we positioned this conviction as our universal and basic approach to human resources, and established it as our “Human Capital Policy.”

Regarding human rights and labor, which have become particularly important in recent years, one of the items in the DNP Group Code of Conduct is “Respect for human dignity and diversity.” We are committed to respecting the diversity of all kinds of people and to conducting ourselves

in a disciplined manner. In 2020, we formulated the DNP Group Human Rights Policy based on documents like the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Going forward, we will continue to work harder at respecting human rights throughout the DNP corporate Group, both in Japan and overseas.

(2) Explanation of the consolidated financial position

Total assets at the end of the first quarter decreased by ¥60.4 billion from the end of the previous fiscal year to ¥1,816.1 billion, due mainly to a decline in investment securities.

Total liabilities decreased by ¥30.9 billion from the end of the previous fiscal year to ¥697.3 billion, due mainly to a decline in deferred tax liabilities.

Net assets decreased by ¥29.5 billion from the end of the previous fiscal year to ¥118.8 billion, due mainly to a decline in valuation difference on available-for-sale securities.

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

Our earnings forecasts for the fiscal year ending March 2023 are unchanged from the forecasts announced on May 13, 2022.

2. Quarterly consolidated financial statements and key notes

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2022	As of June 30, 2022
ASSETS		
Current assets		
Cash and time deposits	287,334	266,466
Notes, trade receivables, and contract assets	324,846	316,583
Marketable securities	17,900	17,900
Merchandise and finished products	80,385	86,702
Work in progress	30,980	32,695
Raw materials and supplies	30,255	32,252
Other	33,804	38,363
Allowance for doubtful accounts	(693)	(643)
Total current assets	804,813	790,320
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	160,506	160,176
Machinery and equipment, net	70,830	70,065
Land	139,573	139,606
Construction in progress	25,640	31,670
Other, net	25,325	24,927
Total property, plant and equipment	421,875	426,446
Intangible fixed assets		
Other	27,747	28,449
Total intangible fixed assets	27,747	28,449
Investments and other assets		
Investment securities	410,266	357,268
Other	213,902	215,582
Allowance for doubtful accounts	(1,957)	(1,873)
Total investments and other assets	622,210	570,976
Total fixed assets	1,071,834	1,025,872
TOTAL ASSETS	1,876,647	1,816,192

(Million yen)

	As of March 31, 2022	As of June 30, 2022
LIABILITIES		
Current liabilities		
Notes and trade payables	236,188	237,852
Short-term bank loans	33,990	25,465
Reserve for bonuses	20,367	7,850
Repair reserve	17,252	17,525
Other	98,308	105,991
Total current liabilities	406,108	394,686
Long-term liabilities		
Bonds	102,500	100,500
Long-term debt	14,254	14,040
Repair reserve	28,036	25,961
Net defined benefit liability	55,888	56,239
Deferred tax liabilities	102,275	87,416
Other	19,170	18,463
Total long-term liabilities	322,125	302,622
TOTAL LIABILITIES	728,233	697,308
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,143	145,141
Retained earnings	740,183	746,846
Treasury stock	(133,123)	(136,394)
Total stockholders' equity	866,667	870,058
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192,994	155,216
Net deferred gains on hedges	45	96
Foreign currency translation adjustments	4,220	9,356
Remeasurements of defined benefit plans	27,932	26,594
Total accumulated other comprehensive income	225,193	191,264
Non-controlling interests	56,552	57,560
TOTAL NET ASSETS	1,148,413	1,118,883
TOTAL LIABILITIES AND NET ASSETS	1,876,647	1,816,192

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

Quarterly consolidated statements of income

First three months of the fiscal years

(Million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	331,919	334,433
Cost of sales	259,389	259,823
Gross profit	72,530	74,609
Selling, general and administrative expenses	56,023	57,691
Operating income	16,506	16,917
Non-operating income		
Interest and dividend income	2,037	2,246
Equity in earnings of affiliates	1,812	2,978
Other	909	1,820
Total non-operating income	4,759	7,045
Non-operating expense		
Interest expense	188	176
Contributions	243	347
Other	904	809
Total non-operating expenses	1,336	1,334
Ordinary income	19,929	22,628
Extraordinary gains		
Gain on sale of fixed assets	449	1,090
Gain on reversal of asset retirement obligations	–	408
Other	–	4
Total extraordinary gains	449	1,504
Extraordinary losses		
Loss on sale or disposal of fixed assets	402	308
Loss on devaluation of investment securities	146	70
Other	102	280
Total extraordinary losses	651	658
Income before income taxes and non-controlling interests	19,728	23,474
Current income taxes	3,192	3,825
Deferred income taxes	640	3,021
Total income taxes	3,833	6,847
Net income	15,894	16,627
Net income attributable to non-controlling shareholders	1,015	887
Net income attributable to parent company shareholders	14,878	15,739

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

(Million yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net income	15,894	16,627
Other comprehensive income		
Valuation difference on available-for-sale securities	200	(37,950)
Net deferred gains (losses) on hedges	(5)	53
Foreign currency translation adjustments	4,296	4,581
Remeasurements of defined benefit plans	(1,397)	(1,562)
Share of other comprehensive income of affiliates accounted for using equity method	1,169	1,275
Total other comprehensive income	4,263	(33,602)
Comprehensive income	20,158	(16,975)
Attributable to:		
Parent company shareholders	18,724	(18,189)
Non-controlling shareholders	1,433	1,214

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

Treasury stock increased by ¥3,270 million during the first three months of the fiscal year ending March 2023, due mainly to share repurchases based on a resolution passed by the Board of Directors on May 13, 2022.

[Segment information]

I. First three months of previous fiscal year (April 1, 2021 – June 30, 2021)

Information on sales and income/loss by reporting segment and income analysis information

(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 ^{Note3}							
Outside customers	172,636	95,938	52,638	10,705	331,919	–	331,919
Inter-segment	431	38	–	3	473	(473)	–
Total	173,068	95,977	52,638	10,708	332,393	(473)	331,919
Segment income (loss)	5,035	4,661	12,498	(272)	21,923	(5,416)	16,506

- 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.
 3. Sales include revenues generated from contracts with customers as well as other revenues, but because almost all revenues are generated from contracts with customers, the other revenues are insignificant and are therefore not displayed separately.

II. First three months of current fiscal year (April 1, 2022 – June 30, 2022)

Information on sales and income/loss by reporting segment and income analysis information

(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 ^{Note3}							
Outside customers	173,283	92,647	57,454	11,049	334,433	–	334,433
Inter-segment	325	64	–	1	391	(391)	–
Total	173,608	92,711	57,454	11,050	334,824	(391)	334,433
Segment income (loss)	4,716	1,531	16,229	(466)	22,010	(5,092)	16,917

- 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.
 3. Sales include revenues generated from contracts with customers as well as other revenues, but because almost all revenues are generated from contracts with customers, the other revenues are insignificant and are therefore not displayed separately.