



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

February 9, 2023

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7912 URL: <https://www.dnp.co.jp/eng/>
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 Dividend payment date: —
 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 nine months ended December 31, 2022
(April 1, 2022 – December 31, 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	%
Nine months ended December 31, 2022	1,023,560	2.2	44,583	(9.5)	57,675	(2.2)	64,445	(7.3)
Nine months ended December 31, 2021	1,001,660	1.4	49,258	54.1	58,962	48.9	69,551	188.5

Note: Comprehensive income: For the first nine months ended December 31, 2022: ¥40,720 million (-62.9%)
 For the first nine months ended December 31, 2021: ¥109,884 million (35.3%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2022	241.00	240.96
Nine months ended December 31, 2021	253.54	253.50

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2022	1,845,357	1,161,837	59.7
As of March 31, 2022	1,876,647	1,148,413	58.2

Note: Stockholders' equity as of December 31, 2022: ¥1,100,990 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	–	32.00	–		
Year ending March 31, 2023 (Forecasts)				32.00	64.00

Note: Revisions to the most recently announced dividend forecasts during the third 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)	250.92

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

Other information

(1) Changes in significant subsidiaries during the third 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 December 31, 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 December 31, 2022	51,510,444 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)	Nine months ended December 31, 2022	267,401,804 shares	Nine months ended December 31, 2021	274,316,961 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 third quarter (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 third quarter

(1) Explanation of the consolidated financial results

Conditions surrounding the DNP Group during the first nine months of the fiscal year ending March 2023 were marked by progress in pursuing economic activity alongside measures to prevent the spread of the novel coronavirus (COVID-19). The domestic economy displayed a mild recovery trend. On the other hand, business confidence continued to decline due to factors such as rising costs of materials, energy, and logistics. Moreover, many areas outside Japan were also affected by inflation and ensuing monetary tightening, causing their economies to show signs of slowdown. Due to these and other factors, the business environment in Japan and the rest of the world became harsher. The outlook for the future remains uncertain due to such concerns as inflation and currency exchange fluctuations, geopolitical risks posed by the situation in Ukraine, and the ongoing COVID-19 pandemic.

In addition to responding quickly and flexibly to these changes, the DNP Group has been striving to realize a better, more sustainable society and more fulfilling lifestyles by taking the initiative to institute change. In line with DNP's "P&I Innovation" business vision, we resolve social issues by combining our unique strengths in printing and information (P&I) technologies and by forming deeper alliances with our many partners. At the same time, we work at generating new value. In particular, we designated businesses related to four areas where we anticipate high profitability and strong market growth the Internet of Things (IoT) and next-generation communications, data distribution, mobility, and the environment as "focus businesses" in which we concentrate and optimally allocate management resources, both financial capital and non-financial capital including human resources and intellectual property. We also continue to work on structural reforms aimed at enhancing our competitiveness, and on building a strong business portfolio. In addition, we are actively and specifically investing in people, primarily through the Human Capital Policy that we adopted during this fiscal year, and we are working to strengthen the human capital that serves as the linchpin of value creation.

As a result of these efforts, consolidated net sales for the first nine months grew 2.2% year on year to ¥1,023.5 billion, consolidated operating income fell 9.5% to ¥44.5 billion, consolidated ordinary income fell 2.2% to ¥57.6 billion, and net income attributable to parent company shareholders fell 7.3% to ¥64.4 billion.

Business segment results are presented below.

[PRINTING]

Information Communication

Although the Information Innovation business saw a decrease in sales of paper media such as commercial printing and business forms, sales of smart cards for financial institutions and of Japanese government-issued ID ("My Number") smart cards increased, as did sales from Business Process Outsourcing. As a result, overall sales in the Information Innovation business grew.

In Imaging Communications, sales rose thanks to solid demand for photo shooting and printing materials and services, in Europe and Asia as well as in the U.S., which is the core market for this business.

In Publishing, the decline in printing orders for magazines and other paper media was exacerbated by other factors. For example, even DNP's "honto" hybrid bookstore network, which handles both paper and electronic media, experienced a decline relative to the previous year's surge in stay-at-home demand, and overall Publishing sales declined.

As a result of the above, overall segment sales rose 2.8% from a year earlier to ¥533.0 billion. Operating income was ¥17.9 billion, up 0.6% year on year despite increased costs of materials, energy and logistics, thanks to increased sales in focus businesses and the contribution of currency exchange rates.

Lifestyle and Industrial Supplies

In the Packaging business, we made the most of the strengths we have gained from developing

packaging for everyday products like foods and household goods, and increased our efforts at designing more comfortable lives for people. Also, as a result of our work in areas like the development and sales of environmentally friendly “DNP GREEN PACKAGING” products, we enjoyed strong sales of film packaging products, and overall sales grew.

The Living Spaces business saw a decline in sales of decorative materials for residential interiors and exteriors in Europe and the United States, but domestic sales increased. In addition, there were stronger sales of decorative films for automobile interiors and increased sales of printed aluminum panels for interior and exterior use in the in North American market. Overall, we achieved Living Spaces sales that were roughly in line with the previous year’s results.

In the Industrial High-Performance Materials business, there was increased demand for battery pouches for lithium-ion automotive batteries as auto manufacturers began to reverse the production cuts they had instituted in response to a global shortage of semiconductors. However, sales of battery pouches for IT applications such as smartphones and laptop computers suffered from inflationary pressure and from the resulting inventory adjustments by client companies. Due to this and other factors, overall sales of Industrial High-Performance Materials decreased.

As a result of the above, segment sales amounted to ¥300.1 billion, up 3.3% from the previous year. However, despite efforts to reflect higher raw material and energy costs in sale prices, the time lag between cost increases and price increases, along with a series of further cost increases and sluggish sales in the highly profitable focus businesses, resulted in operating income dropping 51.8% year on year to ¥5.6 billion.

Electronics

The Display Components business enjoyed strong sales of metal masks used in the production of organic light-emitting diode (OLED) displays as they were adopted for use in an increasing share of smartphones. However, sales of optical films shrank due to a sense of the winding down of stay-at-home demand as well as inventory adjustments in the overall supply chain in line with a worldwide slowdown in consumption. As a whole, Display Components sales fell.

The Electronic Devices business suffered from a slowdown in expansion of the semiconductor market, and demand for lead frames, which are a component of semiconductor packages, was affected by inventory adjustments in some places. On the other hand, there was strong demand for semiconductor photomasks needed for product development by our client companies, resulting in an overall increase in sales of Electronic Devices.

As a result of the above, overall segment sales fell 2.4% from a year earlier, to ¥153.2 billion. Nevertheless, operating income grew 1.6% year on year to ¥36.0 billion as income from businesses like photomasks made up for the decline in focus businesses, and also thanks to help from favorable exchange rates.

[BEVERAGES]

Beverages

In response to soaring raw material prices and other cost increases, we revised prices for products shipped in large PET plastic bottles. We focused on providing products that respond to consumer needs. For example, as consumers become increasingly aware of the United Nations Sustainable Development Goals, we have been developing eco-friendly, label-free products, and in order to boost milk consumption, we built dedicated sales corners for products that use milk produced in Hokkaido.

Overall segment sales reached ¥38.8 billion yen, up 3.8% year on year, thanks to a recovery in convenience store sales on top of increased sales volumes at restaurants and online. Despite efforts to improve profitability by cutting costs and improving productivity, operating income declined 32.5% from the previous year, to ¥0.5 billion, largely due to the heavy weight of soaring raw material and energy prices.

The DNP Group has long believed that respecting employees leads to the respected employees driving corporate growth and enhancing society. In the fiscal year ending March 2023, we positioned this belief as our “universal and basic approach to human resource” and established it as our Human Capital Policy. We assigned this policy priority over the various statements that we have formulated as we concentrated on reconstructing our personnel systems over the past

several years, including the DNP Group Declaration on Health, the DNP Group Diversity Declaration and the DNP Group Safety and Health Charter. Our employees are our most important asset as we create new value, and we intend to continue building our human capital through active and specific investment in people.

(2) Explanation of the consolidated financial position

Total assets at the end of the third quarter decreased by ¥31.2 billion from the end of the previous fiscal year to ¥1,845.3 billion, due mainly to a decrease in investment securities.

Total liabilities decreased by ¥44.7 billion from the end of the previous fiscal year to ¥683.5 billion, due mainly to a decrease in deferred tax liabilities.

Net assets increased by ¥13.4 billion from the end of the previous fiscal year to ¥1,161.8 billion, due mainly to an increase in retained earnings.

(3) Explanation of the consolidated earnings forecasts

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

(4) Announcement of “DNP Group’s Basic Management Policy”

On February 9, 2023, we announced the “DNP Group’s Basic Management Policy.”

For details, please refer to the “Announcement of ‘DNP Group’s Basic Management Policy’ Aimed at Formulation of New Medium-term Management Plan” that we released on February 9, 2023.

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

(Million yen)

	As of March 31, 2022	As of December 31, 2022
ASSETS		
Current assets		
Cash and time deposits	287,334	245,108
Notes, trade receivables, and contract assets	324,846	342,868
Marketable securities	17,900	22,800
Merchandise and finished products	80,385	86,160
Work in progress	30,980	34,893
Raw materials and supplies	30,255	36,134
Other	33,804	31,932
Allowance for doubtful accounts	(693)	(601)
Total current assets	804,813	799,295
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	160,506	160,440
Machinery and equipment, net	70,830	68,822
Land	139,573	140,566
Construction in progress	25,640	43,380
Other, net	25,325	24,966
Total property, plant and equipment	421,875	438,176
Intangible fixed assets		
Other	27,747	30,897
Total intangible fixed assets	27,747	30,897
Investments and other assets		
Investment securities	410,266	359,911
Other	213,902	219,138
Allowance for doubtful accounts	(1,957)	(2,061)
Total investments and other assets	622,210	576,987
Total fixed assets	1,071,834	1,046,062
TOTAL ASSETS	1,876,647	1,845,357

(Million yen)

	As of March 31, 2022	As of December 31, 2022
LIABILITIES		
Current liabilities		
Notes and trade payables	236,188	233,041
Short-term bank loans	33,990	23,498
Reserve for bonuses	20,367	8,167
Repair reserve	17,252	18,070
Other	98,308	101,227
Total current liabilities	406,108	384,005
Long-term liabilities		
Bonds	102,500	100,000
Long-term debt	14,254	13,925
Repair reserve	28,036	21,894
Net defined benefit liability	55,888	56,964
Deferred tax liabilities	102,275	88,701
Other	19,170	18,028
Total long-term liabilities	322,125	299,515
TOTAL LIABILITIES	728,233	683,520
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,143	145,156
Retained earnings	740,183	787,017
Treasury stock	(133,123)	(142,935)
Total stockholders' equity	866,667	903,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192,994	153,918
Net deferred gains (losses) on hedges	45	(53)
Foreign currency translation adjustments	4,220	19,988
Remeasurements of defined benefit plans	27,932	23,434
Total accumulated other comprehensive income	225,193	197,287
Non-controlling interests	56,552	60,846
TOTAL NET ASSETS	1,148,413	1,161,837
TOTAL LIABILITIES AND NET ASSETS	1,876,647	1,845,357

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

Quarterly consolidated statements of income
First nine months of the fiscal years

(Million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	1,001,660	1,023,560
Cost of sales	783,112	806,582
Gross profit	218,548	216,977
Selling, general and administrative expenses	169,289	172,393
Operating income	49,258	44,583
Non-operating income		
Interest and dividend income	3,727	4,084
Equity in earnings of affiliates	6,642	9,896
Other	3,337	3,225
Total non-operating income	13,707	17,206
Non-operating expense		
Interest expense	548	521
Contributions	829	944
Other	2,624	2,648
Total non-operating expenses	4,003	4,114
Ordinary income	58,962	57,675
Extraordinary gains		
Gain on sale of fixed assets	5,962	17,369
Gain on sale of investment securities	11,284	11,056
Retirement benefit plan revision gains	18,534	–
Other	1,876	2,687
Total extraordinary gains	37,658	31,113
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,074	724
Loss on devaluation of investment securities	461	269
Other	305	537
Total extraordinary losses	1,841	1,531
Income before income taxes and non-controlling interests	94,779	87,256
Current income taxes	11,056	12,473
Deferred income taxes	12,512	7,142
Total income taxes	23,569	19,616
Net income	71,209	67,640
Net income attributable to non-controlling shareholders	1,658	3,195
Net income attributable to parent company shareholders	69,551	64,445

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

(Million yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income	71,209	67,640
Other comprehensive income		
Valuation difference on available-for-sale securities	35,859	(38,888)
Net deferred gains (losses) on hedges	10	(88)
Foreign currency translation adjustments	5,034	13,460
Remeasurements of defined benefit plans	(4,546)	(4,813)
Share of other comprehensive income of affiliates accounted for using equity method	2,317	3,409
Total other comprehensive income	38,675	(26,920)
Comprehensive income	109,884	40,720
Attributable to:		
Parent company shareholders	107,792	36,539
Non-controlling shareholders	2,092	4,181

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

Treasury stock increased by ¥9,811 million during the first nine 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 nine months of previous fiscal year (April 1, 2021 – December 31, 2021)

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							
Outside customers	516,979	290,238	156,991	37,450	1,001,660	–	1,001,660
Inter-segment	1,629	354	–	5	1,989	(1,989)	–
Total	518,609	290,593	156,991	37,455	1,003,650	(1,989)	1,001,660
Segment income	17,828	11,639	35,446	833	65,748	(16,489)	49,258

- 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.

II. First nine months of current fiscal year (April 1, 2022 – December 31, 2022)

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	531,597	299,802	153,267	38,892	1,023,560	–	1,023,560
Inter-segment	1,460	319	–	4	1,784	(1,784)	–
Total	533,058	300,121	153,267	38,897	1,025,344	(1,784)	1,023,560
Segment income	17,932	5,608	36,018	562	60,122	(15,538)	44,583

- 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.