



Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [J-GAAP]

May 12, 2023

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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 General meeting of shareholders: June 29, 2023
 Dividend payment date: June 30, 2023
 Securities report issuing date: June 29, 2023
 Preparation of earnings presentation material: Yes
 Holding of earnings announcement: Yes (for institutional investors and analysts)

*Amounts under one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	%
Year ended March 31, 2023	1,373,209	2.2	61,233	(8.3)	83,661	3.0	85,692	(11.8)
Year ended March 31, 2022	1,344,147	0.7	66,788	34.8	81,249	35.6	97,182	287.4

Note: Comprehensive income: Year ended March 31, 2023: ¥43,032 million (-58.5%)
 Year ended March 31, 2022: ¥103,770 million (-30.0%)

	Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	321.32	321.27	7.9	4.5	4.5
Year ended March 31, 2022	355.84	355.79	9.1	4.4	5.0

Reference: Equity in earnings of affiliates: Year ended March 31, 2023: ¥13,603 million
 Year ended March 31, 2022: ¥8,686 million

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2023	1,830,384	1,148,245	59.4	4,158.46
As of March 31, 2022	1,876,647	1,148,413	58.2	4,057.98

Reference: Stockholders' equity: As of March 31, 2023: ¥1,087,504 million As of March 31, 2022: ¥1,091,861 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2023	37,993	(25,021)	(52,435)	258,329
Year ended March 31, 2022	82,028	(39,208)	(57,751)	293,361

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends to Net Assets Ratio (Consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2022	–	32.00	–	32.00	64.00	17,265	18.0	1.6
Year ended March 31, 2023	–	32.00	–	32.00	64.00	16,903	19.9	1.6
Year ending March 31, 2024 (Forecast)	–	32.00	–	32.00	64.00		25.4	

3. Consolidated earnings forecasts for the year ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	1,410,000	2.7	67,000	9.4	78,000	(6.8)	66,000	(23.0)	252.37

At the Board of Directors meeting held on March 9, 2023, the Company resolved to acquire treasury stock.

The calculation of “net income per share” in the consolidated earnings forecast does not take into consideration the impact of the acquisition of treasury stock after April 1, 2023 based on this resolution.

* Notes

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

(2) 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: Yes

4) Restatement of revisions: No

Note: For more information, see the section titled, “5. Consolidated financial statements and key notes (5) Notes regarding consolidated financial statements [Changes in accounting estimates],” on page 30.

(3) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of March 31, 2023	292,240,346 shares	As of March 31, 2022	317,240,346 shares
2) Number of treasury shares at end of each period	As of March 31, 2023	30,724,570 shares	As of March 31, 2022	48,175,114 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2023	266,691,731 shares	Year ended March 31, 2022	273,105,088 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-consolidated financial results

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

	Net Sales		Operating Income (Loss)		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2023	928,084	(0.7)	(810)	–	56,813	(8.4)	81,653	(6.2)
Year ended March 31, 2022	934,186	1.0	6,693	–	61,999	123.7	87,029	588.3

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2023	306.16	–
Year ended March 31, 2022	318.65	–

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2023	1,339,813	661,653	49.4	2,529.96
As of March 31, 2022	1,420,458	676,890	47.7	2,515.61

Reference: Stockholders' equity: As of March 31, 2023: ¥661,653 million As of March 31, 2022: ¥676,890 million

* 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. Overview of operating results, etc., (4) Forecasts," on pages 5-7.

DNP will hold a briefing (conference call) for institutional investors and analysts regarding its financial results on May 17, 2023. Materials used at the briefing will be uploaded to the DNP website at around 14:00 JST the same day.

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1. Overview of operating results, etc.

(1) Overview of operating results for the year ended March 31, 2023

Business conditions surrounding the DNP Group during the fiscal year ended March 2023 were marked by gradual progress in efforts to change people's working styles and lifestyles, in addition to recovery from the effects of the COVID-19 pandemic on social and economic activities. Domestically, in particular, there were signs of gradual economic recovery with increasing demand for inbound tourism, especially since travel restrictions were eased after the start of 2023.

On the other hand, factors like geopolitical risks and decreased stability in global supply chains continued to push up prices of raw materials and energy, and logistics costs. The business environment in Japan and elsewhere has become more severe, with economic slowdowns being seen in many regions overseas due to inflation and monetary tightening.

Amid these conditions, the DNP Group strongly promoted initiatives aimed at realizing a better, more sustainable society and enabling more comfortable lifestyles. In line with DNP's "P&I Innovation" business vision that combines DNP's unique strengths in "P&I" (printing and information), we deepened cooperation with our many partners and strove to create new value that solves social issues and meets people's expectations.

In the fiscal year through March 2023, we designated four "focus businesses" where we anticipate strong market growth and high profitability: the Internet of Things (IoT)/next-generation communications, data distribution, mobility, and environment. We focused and optimized management resource allocation in these areas, including both financial capital and non-financial capital such as human resources and intellectual properties. Doing so led to many positive results.

Regarding IoT/next-generation communication, DNP developed a film-type antenna that supports the Sub6 waveband of fifth-generation mobile communication systems (5G) with its excellent design, weather resistance, and flexibility. By combining DNP's proprietary technologies with other technologies, we intend to build a coherent production system handling everything from pattern design to processing, and to promote rapid commercialization.

Concerning data distribution, in October 2022 we began providing a face authentication system that uses photo data from facial photos taken with DNP's Ki-Re-i ID photo machines. The system offers contactless control of room entry and exit while simultaneously measuring body temperature, making it possible to reduce security risks and prevent infections with a single device. In December of the same year, we formed a business tie-up with The Yomiuri Shimbun Tokyo Headquarters and SMN Corporation. By compiling behavioral data related to consumers that come into contact with newspapers, magazines, and television shows owned by each company, we began offering "Media X," a platform for distributing advertisements more effectively.

In the mobility sector, the DNP Group worked to develop products and services for a society that will use next-generation transportation, which demands reduced environmental impact, higher energy efficiency, greater information security, and high degrees of safety and comfort. In order to improve the efficiency of delivery management, etc. as part of this effort, in February 2023, we used Mobility as a Service (MaaS) in the Republic of the Philippines to demonstrate the viability of a "last mile logistics" business that delivers goods from final logistics bases into consumers' hands.

To protect the environment, in October 2022, we combined DNP's diverse technologies and expertise to launch a cross-departmental environmentally conscious design team called DNP GREEN PARTNER whose mission is to help solve corporations' environmental issues. Aiming for long-term coexistence between a healthy environment and business, we intend to provide companies with services aimed at resolving various related issues.

In addition to these "focus businesses," the entire group has been working on structural reforms aimed at boosting DNP's competitiveness, and has promoted the construction of a stronger

business portfolio. In order to strengthen our business base so that it can support long-term growth, we have accelerated the promotion of digital transformation (DX) aimed at productivity improvements, the upgrading of our information infrastructure, and initiatives related to the environment, human resources, and human rights.

The DNP Group will continue to respond not just to changes in the environment, society, and economy, but also to take the lead in initiating various changes in order to create a better future.

As a result of the above, consolidated net sales for the year ended March 31, 2023 increased 2.2% year on year to ¥1,373.2 billion, consolidated operating income fell 8.3% to ¥61.2 billion, and consolidated ordinary income grew by 3.0% to ¥83.6 billion. Net income attributable to parent company shareholders fell 11.8% over the previous year to ¥85.6 billion. ROE, which the DNP Group has adopted as a profitability indicator, was 7.9%.

Business segment results for the year ended March 31, 2023 are presented below.

[PRINTING]

Information Communication

In Information Innovation, there was a decline in demand for paper media such as point-of-purchase (POP sales promotion tools), commercial printing, and business forms. However, overall segment sales rose thanks to increases in smart cards for financial institutions and My Number (Japanese citizen ID) cards, and business process outsourcing (BPO) projects related to governmental economic support measures.

In the Imaging Communications business, there was brisk demand for materials and services related to taking and printing photographs in the European and Asian markets in addition to the main US market, resulting in increased sales.

In Publishing, on top of shrinkage in printing orders due to contraction of the market for magazines and other paper media, there was also a decline in sales from DNP's "honto" hybrid bookstore network, which handles both paper and electronic media, in comparison with the previous term's high stay-at-home demand. Total sector sales dropped.

As a result of the above, overall segment sales increased by 3.0% year on year, to ¥720.2 billion. Despite increased sales from focus businesses and a tailwind from changes in currency markets, operating income declined by 3.2% from the previous term to ¥26.7 billion, due to lower sales from Publishing and higher costs of raw materials, energy, and logistics.

Lifestyle and Industrial Supplies

Our Packaging business bolstered efforts to design products that enrich people's lives by leveraging the strengths that we have acquired through more than 70 years of developing packaging for products are an integral part of consumers' lives, such as foods and household necessities. In response to a growing awareness of environmental concerns, we also worked at developing and selling DNP GREEN PACKAGING. As a result, although the number of film packaging products that we sold was little changed from the previous year, thanks to progress in passing on cost increases to customers, and to increased sales of formed plastic products, overall Packaging sales increased.

The Living Spaces business was affected by a decline in new housing starts in Japan and the resulting decrease in sales of interior and exterior materials for housing. Export sales also sagged, especially in the European and North American markets, as inflation stifled economic activity. However, because we worked at passing on cost increases to customers, sales ended on par with the previous year.

In the High-Performance Industrial Supplies business, demand for products like smartphones and

notebook PCs remained sluggish against the backdrop of international inflation, and sales of battery pouches for lithium-ion batteries used in IT applications decreased. However, sales of battery pouches for automotive use picked up along with a recovery in automobile production, and sales of encapsulants for solar cells also increased due to expanding global demand. Overall sales were similar to the previous year's level.

As a result, overall segment sales amounted to ¥400.2 billion, up 3.4% from a year earlier. Because of a time lag in passing on increased costs of raw material and energy, etc., as well as sluggish growth in highly profitable focus businesses, operating income declined by 45.8% from a year earlier, to ¥7.3 billion.

Electronics

The Display Components business enjoyed solid demand for metal masks used in the production of organic light-emitting diode (OLED) displays, as these displays are increasingly used for smartphones. On the other hand, sales of optical films decreased relative to the previous year's surge in COVID-related stay-at-home demand in Japan, along with the impact of inventory adjustments throughout the supply chain due to a worldwide slump in consumption. Overall sales from this business decreased.

The Electronic Devices business was affected by a slowdown in expansion of the semiconductor market, leading to a decline in sales of lead frames and other semiconductor package components in the latter half of the fiscal year due to the impact of inventory adjustments by some client companies. Nevertheless, sales for the whole year grew relative to the previous term. In addition, 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 3.6% year on year to ¥203.5 billion. Operating income grew 1.0% from a year earlier to ¥46.9 billion, due to growth in businesses like metal masks and photomasks, and also thanks to help from favorable exchange rates.

[BEVERAGES]

Beverages

In response to rising raw material prices and logistics costs, we revised our prices for large PET plastic bottle products and small packaging products. In addition, we focused on initiatives like bulk selling plans that respond to consumers' desire to save money amid soaring prices, and the development of eco-friendly, label-free products amid growing awareness of the United Nations Sustainable Development Goals.

As a result, segment sales increased by 3.8% over the previous year to ¥51.6 billion, thanks to a recovery in convenience store sales on top of increased sales to restaurants and online. Despite efforts to revise prices and reduce costs, operating income declined by 12.9% year on year to ¥0.6 billion, mainly due to the impact of sharply higher raw material and energy costs.

(2) Overview of financial position for the year ended March 31, 2023

Total assets (assets, liabilities and net assets) at the end of the fiscal year had decreased by 46.2 billion yen from the end of the previous fiscal year to ¥1,830.3 billion due to factors including a decrease in investment securities.

Total liabilities decreased by ¥46.0 billion from the end of the previous fiscal year to ¥682.1 billion due mainly to decreases in repair reserves and deferred tax liabilities.

Net assets declined by ¥0.1 billion from the end of the previous fiscal year to ¥1,148.2 billion, due to factors including increased net income, the purchase of treasury stock, payment of dividends from surplus, and a decrease in the valuation difference on available-for-sale securities.

(3) Overview of cash flows for the year ended March 31, 2023

Cash and cash equivalents at the end of the current fiscal year decreased by ¥35.0 billion from the end of the previous fiscal year to ¥258.3 billion.

Cash flow provided by operating activities totaled ¥37.9 billion (¥82.0 billion in the previous fiscal year), due mainly to ¥119.7 billion in income before income taxes and non-controlling interests and ¥51.7 billion in depreciation.

Cash flow used in investing activities totaled ¥25.0 billion (¥39.2 billion in the previous fiscal year), due mainly to a ¥50.3 billion in payments for purchases of property, plant and equipment.

Cash flow used in financing activities totaled ¥52.4 billion (¥57.7 billion in the previous fiscal year), due mainly to ¥25.8 billion in payments for purchase of treasury stock and ¥17.1 billion in dividends paid.

The trends in the DNP Group's cash flow indicators are shown below.

	Year ended March 2019	Year ended March 2020	Year ended March 2021	Year ended March 2022	Year ended March 2023
Equity ratio (%)	56.1	53.2	57.2	58.2	59.4
Market value-based equity ratio (%)	45.0	37.5	35.7	41.3	52.9
Debt-to-cash flow ratio (year)	2.4	2.3	2.6	1.9	3.9
Interest coverage ratio (times)	33.4	59.8	42.6	111.7	54.4

Notes: Equity ratio: Total stockholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Debt-to-cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest paid

* The above indicators are calculated based on consolidated financial figures.

* Market capitalization is calculated as: Fiscal year-end share price × fiscal year-end number of shares outstanding (excluding treasury stock)

* Cash flow: Cash flow provided by/used in operating activities on the consolidated statements of cash flows

Interest-bearing debt: All liabilities on the consolidated balance sheet that accrue interest charges

Interest paid: Interest paid on the consolidated statements of cash flows

(4) Forecasts

In the near term, the business environment is expected to benefit from further recovery in economic activity and expansion of inbound travel demand due to the easing of restrictions aimed at stopping the spread of COVID-19. On the other hand, there are concerns about soaring food and energy prices around the world, and fears of global recession in light of monetary tightening in Europe and the United States.

In order to create a better future for itself amid these circumstances, the DNP Group will take a long-term view as it promotes its Medium-term Management Plan. As part of this effort, in order to further clarify our business areas and their strategies and in order to accelerate the implementation of specific measures, we will change the names of some of our segments as of the fiscal year through March 2024. The Information Communication segment will be called "Smart Communication," and Lifestyle and Industrial Supplies will become "Life & Healthcare." At the same time, in order to further contribute to making people's lives more comfortable, the closely related Beverages segment will be transferred to Life & Healthcare, and the Beverages segment will be dissolved.

Taking into account these changes, our consolidated earnings forecast for the fiscal year ending March 31, 2024 is as follows.

	Fiscal year ending March 31, 2024	
		Year-on-year change
Net Sales	1,410,000	2.7%
Operating Income	67,000	9.4%
Ordinary Income	78,000	(6.8)%
Net Income Attributable to Parent Company Shareholders	66,000	(23.0)%

	Fiscal year ending March 31, 2024			
	Net Sales		Operating Income	
		Year-on-year change		Year-on-year change
Smart Communication	721,000	0.1%	28,000	4.7%
Life & Healthcare	495,000	9.7%	18,000	125.5%
Electronics	197,000	(3.2)%	42,000	(10.5)%
Total	1,413,000	2.7%	88,000	7.8%
Adjustment	(3000)	-	(21,000)	-
Total	1,410,000	2.7%	67,000	9.4%

< Initiatives for each segment >

Smart Communication

Concerning information security, we will strive to expand our BPO business against a backdrop of demand from companies and organizations that want to streamline operations, reduce labor costs, and boost cost competitiveness. In April 2023, we will consolidate BPO-related organizations and human resources to establish DNP CoArise Co., Ltd., which will develop and provide one-stop services with greater added value. In addition, we will leverage the unique strengths that DNP has cultivated as Japan's top provider of smart cards in order to safely and reliably provide the authentication services and diverse payment methods that are essential to a global information society.

Regarding content and XR (eXtended Reality) communication, we will continue to realize next-generation communication by building and operating metaverses such as PARALLEL CITY, which fuses real and virtual spaces to enhance the experience value enjoyed by consumers regardless of time or place.

In the fields of publishing and education, the DNP Group will promote its "honto" hybrid bookstore network, which links bookstores, online shopping, and e-book sales, as well as its digital library and educational information and communications technology (ICT) businesses. Also, our Publishing business will continue to work on structural reforms including reviewing production systems and reallocating resources in response to the continued decline in demand for printed media.

Life & Healthcare

The DNP Group already holds the top share of the world market for battery pouches for lithium-ion batteries, and aims to increase its capacity for producing pouches for automotive batteries in order to respond to greater uptake of electric vehicles. We will focus on expanding mobility and high-performance industrial materials, and work toward rapid commercialization of products and services connected to safe and comfortable next-generation mobility.

The medical and healthcare businesses are new for DNP. Through collaboration with external partners, we intend to accelerate growth in the production of active pharmaceutical ingredients, drug formulation, formulation changes, medicine package manufacturing, and other pharmaceutical support businesses, as well as smart healthcare businesses like diagnostic imaging and online diagnostics.

In addition, we intend to focus on developing and providing a wide range of high-value-added products, including living space-related products with enhanced functionalities like bacteria or virus resistance, superior design, and weather resistance; all types of packaging products that enhance people's lifestyles by protecting package contents by more effectively shutting out oxygen and water vapor while also being easy on the environment, and materials like encapsulants that contribute to improving the performance of solar cells. At the same time, we will accelerate our shift from businesses with low market growth potential, low appeal, and low profitability to highly profitable businesses, and we will reorganize business bases and optimize resources to increase the DNP Group's profitability.

Electronics

In addition to developing industry-leading products that leverage DNP's core values, DNP also actively collaborates with external partners in order to expand its business.

Regarding digital interfaces, the DNP Group has responded to the increasing adoption of organic light-emitting diode (OLED) displays in smartphones, tablets and laptop computers, etc. by becoming the world's top investor in equipment for making metal masks used in the manufacture of OLED displays, allowing DNP to achieve stable growth in this area. In optical films as well, the DNP Group has secured leading global shares of products such as anti-reflection surface films. The Group is taking advantage of its ultra-wide production lines to increase sales volume and expand market share in response to the market trend toward larger television displays.

Demand for semiconductors is expected to grow in the medium and long terms due to such trends as expansion of the cloud environment and data centers. In addition to proactively investing in the development of photomasks, lead frames, and other products for the semiconductor market, and in facilities for producing them, the DNP Group will form alliances with external partners to increase the value that it brings to the overall semiconductor supply chain.

In these three new business segments, the DNP Group will work to realize a better future by combining its unique strengths and strengthening cooperation with partners. Driven by technological innovations like XR, metaverses, and the development of autonomous driving, we see business opportunities in the solution of social issues related to topics such as information security, aging populations, environment and energy. We intend to develop new value that connects the real with the virtual, the analog with the digital, and manufacturing with services, and to provide that new value to consumers in Japan and around the world.

(5) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2023 and year ending March 31, 2024

The DNP Group positions as one of its key management policies its goal of achieving long-term growth and steadily returning profits to shareholders by meeting the expectations of shareholders and other stakeholders, realizing a better and more sustainable society and enriching people's lives.

Our basic policy is to distribute profits to shareholders in a stable and continuous manner. Based on a medium- to long-term management perspective, we seek to maintain the stability of our financial base, balance investments in growth businesses with the return of profits to investors, and implement payments based on comprehensive consideration of such factors as business performance and dividend payout ratio.

The DNP Group also intends to secure an appropriate level of retained earnings and strengthen its business base in preparation for future business development. It invests retained earnings in the development of new products, new services, and new technologies, in capital investment for new business development, strategic alliances and M&As, and human resources that support these various endeavors. At the same time, the Group keeps an eye on its capital requirements and market trends, and acquires treasury stock in an appropriate and timely manner with the aim of returning profits to shareholders and optimizing capitalization.

We believe that these policies will contribute to increasing profits, which can then be returned to shareholders in the future.

Based on this policy, the DNP Group will pay a year-end dividend of ¥32 per share. Together with the interim dividend of ¥32 per share, it plans to pay a full-year dividend of ¥64 per share. As a result, the consolidated dividend payout ratio for the fiscal year through March 2023 will be 19.9%.

For the fiscal year ending March 31, 2024, the DNP Group forecasts payment of an interim dividend of ¥32 and a year-end dividend of ¥32, resulting in an annual dividend of ¥64.

2. Information on the DNP Group

The DNP Group includes the Company, 141 subsidiaries, and 23 affiliated companies. Its two main businesses are Printing and Beverages. The former encompasses Information Communication, Lifestyle and Industrial Supplies, and Electronics.

The businesses and segments of the DNP Group are broadly outlined below. The four business segments cited below are the same as the reporting segment categories.

[PRINTING]

Information Communication

Books including standard books, dictionaries, commemorative and memorial editions, all types of magazines including weekly, monthly and quarterly, corporate PR magazines, textbooks, e-books

Digital marketing support, from sales promotions to customer analysis

BPR consulting and BPO services related to corporate business processes and sales processes

Contact center business, IPS, smart cards, payment-related services, card-related equipment

Authentication and security services and related products, IC tags, holograms, business forms

Catalogs, leaflets, brochures, calendars, point-of-purchase (POP) materials, digital (electronic) signage

Planning/development/production/construction/operations related to events/stores/products/ contents, etc.

Dye-sublimation thermal transfer materials, (color ink ribbons and receiver paper), thermal resin-type transfer printing media (monochrome ink ribbons)

ID photo business, portrait photograph and ID solutions, entertainment and amusement solutions

E-book distribution and sales, book sales, library management, etc.

Major companies

Production	OGUCHI BOOK BINDING & PRINTING CO., LTD. DNP Imagingcomm Co., Ltd., DNP SP Innovation Co., Ltd. DNP Graphica Co., Ltd., DNP Communication Design Co., Ltd. DNP Book Factory Co., Ltd., DNP Data Techno Co., Ltd. DNP Media Art Co., Ltd., DNP Media Support Co., Ltd.
Production and sales	DNP Imagingcomm Asia Sdn. Bhd., DNP Imagingcomm Europe B.V. DNP Imagingcomm America Corporation *MK Smart Joint Stock Company
Sales and services	Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC. CYBER KNOWLEDGE ACADEMY Co., Ltd. DNP ID System Co., Ltd., DNP Art Communications Co., Ltd. DNP CoArise Co., Ltd., DNP Digital Solutions Co., Ltd. DNP HyperTech Co., Ltd., DNP Photo Imaging Japan Co., Ltd. DNP PLANNING NETWORK Co., Ltd., DNP hollyhock Co., Ltd. 2Dfacto, Inc., DNP Metro Systems Co., Ltd., MobileBook.jp Inc. MARUZEN-YUSHODO Co., Ltd., MARUZEN PUBLISHING CO., LTD. MaruzenJunkudo Bookstores Co., Ltd. Toshokan Ryutsu Center Co., Ltd. MARUZEN Research Services Co., Ltd. Colorvision International, Inc., DNP Photo Imaging Europe SAS DNP Photo Imaging Russia, LLC, Sharingbox SA * BIPROGY Inc., BOOKOFF GROUP HOLDINGS LIMITED

Kyoiku Shuppan Co., Ltd.

The shares of Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC., BIPROGY Inc. and BOOKOFF GROUP HOLDINGS LIMITED are traded on the Tokyo Stock Exchange.

Lifestyle and Industrial Supplies

Various types of packaging materials for products such as foods, beverages, snacks, household items and medical supplies; cups, plastic bottles, laminated tubes, molded plastic containers, aseptic filling systems

Interior and exterior materials for homes, stores, offices, vehicles, home appliances, and furniture, etc; molded plastic parts for automobiles, metallic veneers

Battery pouch for lithium-ion batteries, photovoltaic module components, materials for transporting electronic components, multifunctional insulation box, etc.

Major companies

Production	DNP Technopack Co., Ltd., N-TE Corporation Sagami Yoki Co., Ltd., DNP Ellio Co., Ltd. DNP Advanced Materials Co., Ltd. DNP Living Space Co., Ltd., DNP Hosono Co., Ltd.
Production and sales	DNP Tamura Plastic Co., Ltd., Aseptic Systems Co., Ltd. DNP Fine Chemicals Utsunomiya Co., Ltd. PT DNP Indonesia, DNP Vietnam Co., Ltd.
Sales and services	DNP Lifestyle Materials Marketing Co., Ltd. Lifescape Marketing Co., Ltd. DNP-SIG Combibloc Co., Ltd.

Electronics

Optical film for displays, projection screens, metal masks used in the manufacturing organic EL displays, large photomasks for making liquid crystal displays

Photomasks for semiconductor products, lead frames, LSI design, hard disk suspensions, MEMS (micro electro mechanical systems) products, etc.

Major companies

Production	DNP LSI Design Co., Ltd., DNP Fine Optronics Co., Ltd. DNP Precision Devices Himeji Co., Ltd.
Production and sales	DT Fine Electronics Co., Ltd. DNP Denmark A/S, DNP Photomask Europe S.p.A. * Photonics DNP Mask Corporation Photonics DNP Mask Corporation Xiamen
Sales	DNP Taiwan Co., Ltd.

Companies with multiple types of businesses

Production and sales	DNP Fine Chemicals Co., Ltd., DNP Engineering Co., Ltd. DNP Shikoku Co., Ltd. * DIC Graphics Corporation
Sales and services	DNP Logistics Co., Ltd., DNP Trading Co., Ltd.

DNP Accounting Services Co., Ltd.
DNP Information Systems Co., Ltd.
DNP Human Services Co., Ltd., DNP Facility Services Co., Ltd.
Sanshi Industries Co., Ltd., DNP Hokkaido Co., Ltd.
DNP Tohoku Co., Ltd., DNP Chubu Co., Ltd.
DNP Nishi Nippon Co., Ltd.
DNP Asia Pacific Pte. Ltd., DNP Corporation USA
DNP America, LLC, DNP Holding USA Corporation

[BEVERAGES]

Beverages

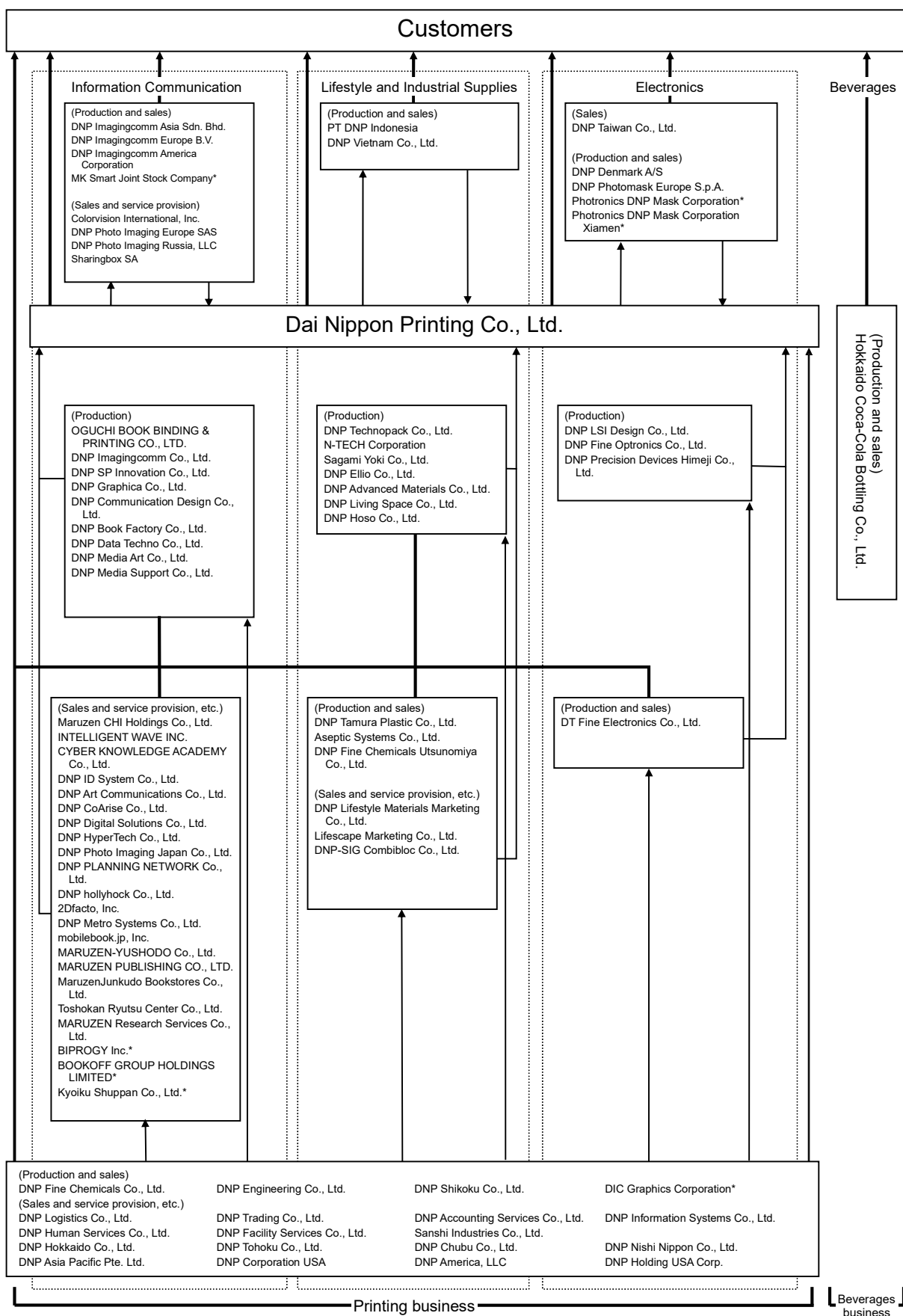
Manufacture and sale of carbonated beverages, coffee, tea and fruit juice beverages, functional beverages, mineral water, alcoholic beverages, etc., primarily through Hokkaido Coca-Cola Bottling Co., Ltd.

The shares of Hokkaido Coca-Cola Bottling Co., Ltd. are traded on the Tokyo Stock Exchange and Sapporo Securities Exchange.

* Equity-method affiliated companies

Organizational chart

The businesses noted above are shown in the organizational chart below.



Notes: * : Equity-method affiliated companies (Otherwise, subsidiaries)
 ← : Flow of products, materials and services

3. Management policies

(1) Core policies

The DNP Group aims to realize a sustainable society, and expresses its corporate philosophy as “DNP Group connects individuals and society, and provides new value.” Based on this idea, we keep our eye on the long term and endeavor to develop business activities that will enable us to create a better future, in order to realize a better and more sustainable society and more enriching lifestyles.

Through our various activities, we solve social issues and, at the same time, create new value that meets people’s expectations. We strive to make that new value such an integral part of people’s everyday lives that they come to take it for granted. By continually generating value people find indispensable, DNP strives to make itself an indispensable company. This aspiration is expressed in our brand statement: “Today’s Innovation is Tomorrow’s Basic.”

Through initiatives aligned with our basic management policies, we continually generate business value and shareholder value. We use ROE and PBR as indicators for evaluating our business activities and for evaluating progress toward improving the value of our business.

(2) New medium-term management plan

1) Plan overview

In line with our basic management policies, in April 2023 the DNP Group will begin implementing its new three-year Medium-term Management Plan, whose final year is the fiscal year ending March 31, 2026. According to this plan, we will implement concrete measures—mainly “business strategies”—aimed at continual value creation. At the same time, we will promote “financial strategies” and “non-financial strategies” to strengthen the management capital that supports those measures, and we will increase corporate value and shareholder value.

2) Three types of strategies

[1] Business strategy

[1-1] The thinking behind DNP’s Medium- to Long-term Business Portfolio

In line with DNP’s new “business strategy,” we have clearly indicated the medium- to long-term business portfolio we should aim for based on “appeal of market growth potential” and “business profitability.” We are positioning “growth-driving businesses” and “new businesses” with high “appeal of market growth potential” as “Focus Business Areas.” We will intensively invest management resources in the five Focus Business Areas and fully develop any organizations and/or systems necessary for further accelerating and expanding profit generation. In addition, we will pursue a strategy of becoming No.1 by such means as evolution and deep cultivation of our core values, forming M&As with companies that have unique strengths, and co-creation with diverse partners that constitute DNP’s unique social and relationship capital.

* Growth-driving businesses: digital interfaces, semiconductors, mobility and industrial high-performance materials

* New businesses: content and XR communication; medical and healthcare

Meanwhile, concerning “stable businesses”—those which are profitable despite having relatively low potential for growth in market size or appeal—we will improve business efficiency and generate stable cash flow. Concerning “businesses for reforming,” which have low market growth potential and struggle to generate profits, we will work toward optimization, including downsizing or eliminating production capacity and business bases. We will pursue structural reform by reallocating resources into the Focus Business Areas and, even within these areas, by further strengthening particularly strong products and services.

* Stable businesses: imaging communication, secure information

* Businesses for reforming: existing printing business, beverages business

[1-2] Strategies for each segment

○ Smart Communication

In the Smart Communication segment, we intend to invest efficiently and effectively while keeping our eye on the balance between invested capital and cash generation. We will leverage DNP's core values and pursue collaborative operations and development of services with companies in Japan and abroad. Concerning our paper media printing business, in which belongs the category of "businesses for reforming," we will promote rationalization and optimization as appropriate for the scale of the market.

This segment's Focus Business Area is Content and XR communication, which realize worlds where people can seamlessly and securely move between real and virtual spaces, and we expand the value of people's experiences. We will leverage DNP's unique strengths, including our network of diverse intellectual property holders and creators not only in Japan but around the world; high-definition image processing technologies that we cultivated through our archiving and information security businesses; DNP's track record and reputation as a trusted copyright processor; our ability to securely authenticate individuals and information while distributing massive amounts of data; and our ability to integrate and optimize complex business processes. In addition, as stable businesses that steadily accumulate earnings, we have Imaging Communication, which offers photo printing and diverse other products and services worldwide; our Business Process Outsourcing (BPO) business which designs optimal business processes for companies and organizations who then outsource some of those processes to DNP; the smart card business in which the DNP Group is the top provider in Japan; and information security businesses including various types of authentication services.

As specific measures, in addition to investing in global expansion of Imaging Communication and information security businesses, we will also work to expand our BPO business, which seeks to boost the efficiency of companies and local governments and assist them with DX. Regarding Content and XR communication, we will create new markets by deepening cooperation with DNP's many partners in Japan and elsewhere.

○ Life & Healthcare

One of this segment's Focus Business Areas is Mobility and industrial high-performance materials. DNP holds the top share of the world market for battery pouches for lithium-ion batteries, and plans to expand its ability to supply pouches for the global EV market through aggressive capital investment. Starting with these battery pouches and various decorative materials for automotive interiors and exteriors, we are working to help realize pleasant transportation spaces by 2040 or 2050, by extending the driving range of EVs and by making autonomous driving a reality. The segment's other Focus Business Area is Medical and Healthcare. By combining various technologies that we cultivated through businesses like publishing, packaging, and semiconductors, such as image processing and color management technologies, aseptic/anoxic filling technologies, micro/nano modeling technologies, and fine organic synthesis, we intend to develop pharmaceutical support businesses such as production of active pharmaceutical ingredients, drug formulation, formulation changes, and medicine package manufacturing. In addition, we will strive to expand smart healthcare businesses like diagnostic imaging and online diagnostics in order to extend human life expectancies .

Meanwhile, in our Packaging business, where competition is fierce, we will work to improve profitability through measures like reorganization of production bases, and we will promote

structural reform by expanding unique products like DNP-IB (Innovative Barrier) film and eco-friendly packaging materials.

Specific measures include considering the establishment of a lithium-ion battery pouch production base in the United States and expanding our global supply capacity for products like barrier films and eco-friendly packaging materials. In the medical and healthcare field, we will work to maximize synergies with external partners.

○ **Electronics**

In addition to aggressively promoting capital investment in Electronics, we will seek to expand this segment through such means as the development of new products that leverage DNP's core values and the provision of greater value to the semiconductor supply chain as a result of alliances with external partners.

One segment's Focus Business Areas is digital interfaces, where we intend to take advantage of the tide of technological innovation, especially concerning products where the DNP Group holds the top global market share, such as metal masks for manufacturing organic light-emitting diode (OLED) displays and optical films used on displays. We will create new value by connecting the real and the virtual, as well as analog and digital. Another Electronics segment's Focus Business Areas is semiconductors. Given that the amount of data being distributed worldwide is increasing dramatically due to advances in autonomous driving, remote education and remote medical care, cloud environments and data centers, the DNP Group will continue to develop and provide fine devices that are essential to the entire semiconductor supply chain.

[2] Financial strategies

In order to create continuous business value and shareholder value, we will maintain financial stability as we allocate cash to growth investments and allocate returns to shareholders in an appropriate manner.

○ **Cash allocation strategies**

By actively investing in Focus Business Areas and improving the efficiency of existing businesses, we will generate stable operating cash flow that will serve as a source of funds for growth investment. In order to improve asset efficiency, we will accelerate the sale of strategically held shares and steadily reduce holdings of idle real estate. In addition, we will strive to maximize capital efficiency by considering appropriate funding methods, including the use of interest-bearing debt.

The cash that we generate will be invested intensively in Focus Business Areas and will also be allocated to investments aimed at building DNP's business base. In order to promote corporate activities over the long term and provide value to society and individuals, we will also proactively allocate funds to return to shareholders, based on consideration for the balance between promoting growth investment and returning profits to shareholders.

[3] Non-financial strategies

○ **Strengthening human capital**

In 2022, the DNP Group announced its Human Capital Policy. In order to more clearly connect the investment in people that we actively promote based on this policy with improvement in corporate value, we aim to dramatically increase our global human creativity (value-added productivity), by promoting the following initiatives.

In order to support employee career autonomy leading to value creation, and to increase our organizational strength, we are developing DNP's own version of "more job-oriented compensation and related measures." We are offering, among other things, dual-ladder career

paths, investment in human resources that supports career autonomy, securing and maintenance of highly competitive remuneration levels and systems, and we are working on enhancing organizational development.

Furthermore, based on the DNP Group Declaration on Health we are developing measures to more fully integrate the DNP Value Objectives (DVO) system and increase organizational engagement, with the aim of empowering teams to bring out the strengths of diverse individual members and reform our management to promote health management and increase employee happiness.

When looking for the right person to assign to the right position for implementing our business strategies, we will use a talent management system to get a visual picture of the skill levels of ICT and DX human resources, and we will reinforce any retraining that we find necessary when recruiting, training, or reassigning personnel based on our human resource portfolio.

Because the DNP Group believes that combining the strengths of each individual in order to leverage the diversity of its employees is essential to creating value, the Group works to promote diversity and inclusion (D&I). We will continue to promote measures aimed at realizing our basic policies for D&I promotion, which are: “cultivate diverse human resources,” “realize diverse working styles,” and “cultivate a corporate culture in which diverse human resources can play an active role.”

○ **Enhancing intellectual capital**

We will enhance our intellectual capital by taking advantage of DNP’s own unique strengths as well as collaboration with external partners.

Our policy for research and development is to create a picture of a “better future” that DNP wants to create. Then, in order to realize a “future scenario” based on that picture, we hone our proprietary technologies and connect them to the development and provision of new products and services. We will promote the creation of new themes centered around our Focus Business Areas, enhancement of core technologies, development of new products, acquisition of strategic technologies through open innovation, and the commercialization of those products and technologies. Additionally, we will work hard to accelerate overseas expansion, particularly related to the Life and Healthcare field, and to bolster overseas marketing and research and development. We will create new value in both existing and new businesses by developing new products and services using existing intellectual capital such as patents the DNP Group has acquired through its various businesses, and by building an organizational culture that actively combines strengths from both inside and outside the company.

The DNP Group positions DX as something that creates its own unique business model and value by fusing two opposing extremes, such as analog and digital, real and virtual, manufacturing and services. In line with this basic policy, we will create new businesses, transform existing businesses, dramatically improve productivity, and reform our internal information infrastructure.

○ **Environmental protection initiatives**

The DNP Group always considers the coexistence of its business activities with the global environment, and views responsiveness to environmental problems as one of its most important management issues. By approaching environmental issues from the dual perspective of value creation (business promotion) and foundation strengthening, we contribute to the realization of a decarbonized society that is recycling-oriented and in harmony with nature.

Regarding value creation (business promotion), we are working on transitioning to a business portfolio that simultaneously achieves reductions in environmental impact while increasing the

added value of our businesses. We also work toward such goals as creating new businesses with environmental themes, developing and using low-carbon materials, calculating and reducing CO₂ emissions per product unit, building recycling schemes to support a recycling-oriented society, and promoting the use of recycled materials.

In terms of foundation strengthening, we will keep working to make environmental effects visible, introduce renewable energy, invest in energy-saving equipment that lightens the burden on the environment, optimize production bases, make efficient use of resources (plastics particularly), achieve traceability of raw materials, and reduce the burden on ecosystems, etc.

[4] Governance

The DNP Group assesses risks that could have a major impact on management, such as sudden changes in the environment, society, or the economy, and reflects them in medium- to long-term management strategies. We are also working on enhancing the processes by which we transform these risks into business opportunities.

In order to further accelerate these efforts, in April 2022, we launched the Sustainability Committee, which is chaired by the DNP Group's president.

In the process of implementing our Medium-term Management Plan, the Sustainability Committee assesses sudden changes in the environment, society, and economy, and reports and makes recommendations to the Executive Committee and Board of Directors in order to appropriately reflect those changes in management strategies.

4. Basic approach to selecting accounting standards

The DNP Group uses Japanese GAAP in preparing consolidated financial statements. Going forward, it plans to consider adopting IFRS and respond appropriately based on domestic and overseas circumstances.

5. Consolidated financial statements and key notes

(1) Consolidated balance sheets

(Million yen)

	Year ended March 31, 2022 (As of March 31, 2022)	Year ended March 31, 2023 (As of March 31, 2023)
ASSETS		
Current assets		
Cash and time deposits	287,334	246,438
Notes receivables	46,635	46,780
Trade receivables	277,912	282,560
Contract assets	298	421
Marketable securities	17,900	22,800
Merchandise and finished products	80,385	85,026
Work in progress	30,980	33,890
Raw materials and supplies	30,255	35,946
Other	33,804	49,819
Allowance for doubtful accounts	(693)	(688)
Total current assets	804,813	802,995
Fixed assets		
Property, plant and equipment		
Buildings and structures	529,948	555,484
Accumulated depreciation	(369,441)	(373,274)
Buildings and structures, net	160,506	182,209
Machinery and equipment	684,070	678,617
Accumulated depreciation	(613,240)	(612,663)
Machinery and equipment, net	70,830	65,954
Land	139,573	139,907
Construction in progress	25,640	20,284
Other	128,372	129,957
Accumulated depreciation	(103,046)	(101,883)
Other, net	25,325	28,073
Total property, plant and equipment	421,875	436,429
Intangible fixed assets		
Goodwill	2,317	2,423
Software	23,556	26,109
Other	1,873	1,827
Total intangible fixed assets	27,747	30,360
Investments and other assets		
Investment securities	410,266	341,215
Net defined benefit asset	166,130	174,781
Deferred income taxes	11,770	7,749
Other	36,002	38,882
Allowance for doubtful accounts	(1,957)	(2,029)
Total investments and other assets	622,210	560,598
Total fixed assets	1,071,834	1,027,389
TOTAL ASSETS	1,876,647	1,830,384

(Million yen)

	Year ended March 31, 2022 (As of March 31, 2022)	Year ended March 31, 2023 (As of March 31, 2023)
LIABILITIES		
Current liabilities		
Notes and trade payables	236,188	224,418
Short-term bank loans	33,990	30,301
Current portion of long-term debt	2,567	1,243
Income taxes payable	10,051	10,492
Reserve for bonuses	20,367	20,433
Repair reserve	17,252	17,549
Other	85,689	94,131
Total current liabilities	406,108	398,571
Long-term liabilities		
Bonds	102,500	100,000
Long-term debt	14,254	13,772
Repair reserve	28,036	9,506
Net defined benefit liability	55,888	54,740
Deferred tax liabilities	102,275	84,659
Other	19,170	20,888
Total long-term liabilities	322,125	283,567
TOTAL LIABILITIES	728,233	682,139
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,143	145,112
Retained earnings	740,183	737,699
Treasury stock	(133,123)	(88,212)
Total stockholders' equity	866,667	909,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192,994	138,781
Net deferred gains (losses) on hedges	45	(21)
Foreign currency translation adjustments	4,220	14,143
Remeasurements of defined benefit plans	27,932	25,535
Total accumulated other comprehensive income	225,193	178,439
Non-controlling interests	56,552	60,741
TOTAL NET ASSETS	1,148,413	1,148,245
TOTAL LIABILITIES AND NET ASSETS	1,876,647	1,830,384

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Million yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	1,344,147	1,373,209
Cost of sales	1,051,218	1,081,284
Gross profit	292,928	291,924
Selling, general and administrative expenses	226,140	230,691
Operating income	66,788	61,233
Non-operating income		
Interest and dividends income	4,114	9,016
Equity in earnings of affiliates	8,686	13,603
Other	5,751	4,076
Total non-operating income	18,552	26,695
Non-operating expenses		
Interest expense	735	700
Contributions	1,078	1,179
Other	2,277	2,387
Total non-operating expenses	4,091	4,267
Ordinary income	81,249	83,661
Extraordinary gains		
Gain on sale of fixed assets	7,133	17,426
Gain on sale of investment securities	12,118	12,871
Gain on retirement benefit system changes	18,534	-
Gain on reversal of repair reserve	14,674	11,388
Other	2,118	2,788
Total extraordinary gains	54,579	44,474
Extraordinary losses		
Loss on sale or disposal of fixed assets	3,918	1,313
Impairment loss	3,506	6,286
Other	1,513	802
Total extraordinary losses	8,938	8,402
Income before income taxes and non-controlling interests	126,890	119,733
Current income taxes	17,998	20,377
Deferred income taxes	8,391	9,650
Total income taxes	26,389	30,028
Net income	100,501	89,704
Net income attributable to non-controlling shareholders	3,319	4,011
Net income attributable to parent company shareholders	97,182	85,692

Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net income	100,501	89,704
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,044)	(54,184)
Net deferred gains (losses) on hedges	34	(74)
Foreign currency translation adjustments	7,552	7,457
Remeasurements of defined benefit plans	1,568	(2,895)
Share of other comprehensive income of associates accounted for using equity method	3,157	3,025
Total other comprehensive income	3,269	(46,672)
Comprehensive income	103,770	43,032
Attributable to:		
Parent company shareholders	99,514	38,938
Non-controlling shareholders	4,255	4,093

(3) Consolidated statements of changes in net assets
The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	145,024	683,784	(122,920)	820,352
Cumulative impact of accounting changes			25		25
Cumulative impact of changes in accounting policies at equity-method affiliates			(3,355)		(3,355)
Balance at the beginning of current period reflecting accounting changes	114,464	145,024	680,454	(122,920)	817,022
Changes of items during the period					
Cash dividends paid			(17,643)		(17,643)
Net income attributable to parent company shareholders			97,182		97,182
Change in ownership interest of parent arising from transactions with non-controlling shareholders		118			118
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method				0	0
Purchases of treasury stock				(30,012)	(30,012)
Disposal of treasury stock			(0)	0	0
Retirement of treasury stock			(19,809)	19,809	–
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	118	59,728	(10,202)	49,644
Balance at the end of current period	114,464	145,143	740,183	(133,123)	866,667

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	202,017	11	(5,082)	26,678	223,624	54,636	1,098,613
Cumulative impact of accounting changes							25
Cumulative impact of changes in accounting policies at equity-method affiliates	(296)	(0)	3	(470)	(763)		(4,118)
Balance at the beginning of current period reflecting accounting changes	201,720	11	(5,078)	26,207	222,861	54,636	1,094,521
Changes of items during the period							
Cash dividends paid							(17,643)
Net income attributable to parent company shareholders							97,182
Change in ownership interest of parent arising from transactions with non-controlling shareholders							118
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method							0
Purchases of treasury stock							(30,012)
Disposal of treasury stock							0
Retirement of treasury stock							–
Net changes in items other than stockholders' equity	(8,726)	33	9,299	1,725	2,332	1,916	4,248
Total changes of items during the period	(8,726)	33	9,299	1,725	2,332	1,916	53,892
Balance at the end of current period	192,994	45	4,220	27,932	225,193	56,552	1,148,413

The year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	145,143	740,183	(133,123)	866,667
Changes of items during the period					
Cash dividends paid			(17,145)		(17,145)
Net income attributable to parent company shareholders			85,692		85,692
Change of application of equity method			(465)		(465)
Change in ownership interest of parent arising from transactions with non-controlling shareholders		(30)			(30)
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method				0	0
Purchases of treasury stock				(25,864)	(25,864)
Disposal of treasury stock			15	194	210
Retirement of treasury stock			(70,581)	70,581	–
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	(30)	(2,484)	44,911	42,397
Balance at the end of current period	114,464	145,112	737,699	(88,212)	909,064

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	192,994	45	4,220	27,932	225,193	56,552	1,148,413
Changes of items during the period							
Cash dividends paid							(17,145)
Net income attributable to parent company shareholders							85,692
Change of application of equity method							(465)
Change in ownership interest of parent arising from transactions with non-controlling shareholders							(30)
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method							0
Purchases of treasury stock							(25,864)
Disposal of treasury stock							210
Retirement of treasury stock							–
Net changes in items other than stockholders' equity	(54,212)	(66)	9,922	(2,397)	(46,754)	4,188	(42,565)
Total changes of items during the period	(54,212)	(66)	9,922	(2,397)	(46,754)	4,188	(168)
Balance at the end of current period	138,781	(21)	14,143	25,535	178,439	60,741	1,148,245

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes and non-controlling interests	126,890	119,733
Depreciation	51,154	51,769
Impairment loss	3,506	6,286
Increase (Decrease) of doubtful receivables, net	(853)	38
Increase of net defined benefit asset	(35,003)	(16,958)
Increase of net defined benefit liability	3,851	3,641
Equity in gains of affiliates	(8,686)	(13,603)
Amortization of consolidation goodwill, net	521	512
Interest and dividend income	(4,114)	(9,016)
Interest expense	735	700
Net gain on sale of investment securities	(11,942)	(12,810)
Net loss on devaluation of investment securities	742	337
Net gain on sale or disposal of fixed assets	(3,168)	(16,080)
(Increase) Decrease in trade receivables	2,461	(1,599)
Increase in inventories	(13,355)	(11,085)
Increase (Decrease) in trade payables	7,882	(13,404)
Increase on reversal of repair reserve	(14,674)	(11,388)
Other	(2,970)	(8,197)
Sub-total	102,977	68,875
Payments for repair costs	(7,215)	(6,844)
Payments for extra retirement payments	(197)	(141)
Payment of income taxes	(13,535)	(23,895)
Net cash provided by operating activities	82,028	37,993
Cash flows from investing activities		
Net decrease in time deposits	4,502	1,492
Payments for purchases of property, plant and equipment	(53,614)	(50,321)
Proceeds from sales of property, plant and equipment	8,120	19,813
Payments for purchases of investment securities	(1,571)	(1,038)
Proceeds from sales of investment securities	14,747	14,903
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	(50)	(1,743)
Payments for purchase of intangible fixed assets	(12,206)	(11,804)
Interest and dividends received	6,980	6,740
Other	(6,117)	(3,063)
Net cash used in investing activities	(39,208)	(25,021)

(Million yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from financing activities		
Net decrease in short-term bank loans	(3,350)	(3,693)
Proceeds from long-term debt	4,790	3,100
Repayments of long-term debt	(2,009)	(2,652)
Payments for redemption of bonds	(3,570)	(1,050)
Expenditure for acquisition of subsidiary shares without change in scope of consolidation	(878)	–
Income from the sale of shares of a subsidiary without a change in the scope of consolidation	10	41
Payments for purchases of treasury stock	(30,012)	(25,864)
Payments for purchases of treasury stock of subsidiaries	(847)	(0)
Interest paid	(734)	(698)
Dividends paid	(17,642)	(17,142)
Dividends paid to non-controlling interests	(509)	(592)
Other	(2,997)	(3,882)
Net cash used in financing activities	(57,751)	(52,435)
Effect of exchange rate changes on cash and cash equivalents	4,054	4,430
Net decrease in cash and cash equivalents	(10,877)	(35,032)
Cash and cash equivalents at beginning of year	304,223	293,361
Net increase in cash and cash equivalents resulting from merger of non-consolidated subsidiaries	15	–
Cash and cash equivalents at end of year	293,361	258,329

(5) Notes regarding consolidated financial statements
[Notes on premise of a going concern]

None

[Basis of presenting consolidated financial statements]

1) Scope of consolidation and application of the equity method of accounting

Number of consolidated subsidiaries: 107

Major companies: Maruzen CHI Holdings Co., Ltd.
Hokkaido Coca-Cola Bottling Co., Ltd., INTELLIGENT WAVE INC.
DNP Fine Chemicals Co., Ltd., DNP Logistics Co., Ltd.

Number of equity-method affiliated companies: 19

Major companies: BIPROGY Inc., BOOKOFF GROUP HOLDINGS LIMITED
Kyoiku Shuppan Co., Ltd., DIC Graphics Corporation
Photronics DNP Mask Corporation
MK Smart Joint Stock Company
Photronics DNP Mask Corporation Xiamen

2) Changes in scope of consolidation and application of the equity method of accounting
(Scope of consolidation)

As of the current fiscal period, three companies have been newly included in the scope of consolidation for reasons such as the establishment of new companies. In addition, 12 companies have been removed from the scope of consolidation due to dissolution related to mergers, etc.

(Application of equity method)

From the current fiscal period, one company has been newly included in the scope of application of the equity method due to its increased importance. In addition, two companies have been excluded from the scope of application of the equity method due to the sale of shares, etc.

3) Matters concerning the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 32 others have fiscal years that end on December 31, while Maruzen CHI Holdings Co., Ltd. and 19 others have fiscal years that end on January 31. Their financial statements as of the same date are used in the preparation of these consolidated financial statements.

Additionally, INTELLIGENT WAVE INC.'s fiscal year ends on June 30, MobileBook.jp Inc., Inc. and one other company have fiscal years that end on September 30, DNP Tamura Plastic Co., Ltd.'s fiscal year ends on October 31, and DNP-SIG Combibloc Co., Ltd.'s fiscal year ends on December 31. Consequently, financial statements based on provisional account settlements are used.

Any material transactions during the time between the foregoing settlement dates or provisional settlement dates and the consolidated settlement date are adjusted for on a consolidated basis.

4) Summary of significant accounting policies

(a) Criteria and methods for valuing significant assets

- Marketable securities

- Other securities

- Non-stock instruments that do not have a market price

- Fair market value

- (The related valuation differences are directly included in net assets and cost of sales is computed mainly by the moving-average method.)

- Stock instruments that do not have a market price

- Mainly cost based on the moving-average method

- Derivatives

- Mainly fair market value

- Inventories

- For figures shown on the balance sheet, the book value write-down method based on the decrease in profitability is used.

- Merchandise

- Mainly cost based on the specific identification method

- Finished products, work in progress

- Mainly cost based on the retail inventory cost method

- Raw materials

- Mainly cost based on the moving-average method

- Supplies

- Mainly cost based on the most recent purchase method

(b) Depreciation and amortization of significant assets

- Property, plant and equipment (except for lease assets and right-of-use assets)

- The Company and its domestic consolidated subsidiaries mainly use the declining balance method.

- However, depreciation of buildings (excluding building fixtures) acquired after April 1, 1998 and of building fixtures and structures acquired after April 1, 2016 are computed by the straight-line method.

- Assets with an acquisition cost of at least ¥100,000 and less than ¥200,000 are depreciated mainly over three years by the straight-line method.

- Foreign consolidated subsidiaries mainly use the straight-line method.

- Intangible fixed assets (except for lease assets and right-of-use assets)

- Mainly the straight-line method

- Software used internally is amortized mainly using the straight-line method over the Company's estimate of the useful life of the assets (five years).

- Lease assets

- Lease assets with transfer of ownership

- These lease assets are depreciated using the same depreciation method used for owned fixed assets.

- Lease assets with no transfer of ownership

- These lease assets are depreciated over the lease period using the straight-line method with no residual value.

- Right-of-use assets

- These right-of-use assets are depreciated over the lease period using the straight-line method with no residual value.

(c) Basis for recording significant allowances

- | | |
|---|---|
| <ul style="list-style-type: none">• Allowance for doubtful accounts | To cover possible losses on doubtful accounts, including trade receivables and loans, the allowance for doubtful accounts is based on historical default rates for general accounts and on estimates of the amounts that may not be recoverable based on examinations of the recoverability of specific accounts including accounts at risk of default. |
| <ul style="list-style-type: none">• Reserve for bonuses | To cover payments of employee bonuses in the following fiscal year, the reserve for bonus is based on the estimated amount that is attributable to the current fiscal year. |
| <ul style="list-style-type: none">• Repair reserve | The repair reserve is based on a rational estimate of the amount of repair costs that will be required in the future to repair defects for some products. |

(d) Revenue and expense reporting standards

Details of the major performance obligations in our major businesses related to revenue generated from contracts with customers of the Company or its consolidated subsidiary, and normal times for satisfying those performance obligations (normal times for revenue recognition) are as follows:

- Details of major performance obligations in major businesses

The main performance obligations of the Company and its consolidated subsidiaries are the sale of products or merchandise or the provision of services, etc. by its business segments, which are Information and Communication, Lifestyle and Industrial Supplies, Electronics, and Beverages. Specific products offered by each business segment are listed in “2. Information on the DNP Group.”

- Normal times for fulfilling performance obligations (normal times for recognizing revenue)

- (1) Sale of products or merchandise (Information and Communication, Lifestyle and Industrial Supplies, and Electronics segments)

Regarding the domestic sale of products or merchandise, we mainly apply the alternative treatment stipulated in Section 98 of the Guidelines for Applying Accounting Standards for Revenue Recognition. When the amount of time that elapses from shipment until control of the products or merchandise is passed to the customer is a normal period, we recognize revenue based on shipment. With regard to export sales of products or merchandise, we regard the customer as having taken control of the products or merchandise when the burden of risks related to those products or merchandise has transferred to the customer based on the terms of trade established in the contract with the customer. Therefore, at that point we are considered to have fulfilled our performance obligation and at that time we recognize revenue. In addition, regarding merchandise sales that take place at stores operated by some of our consolidated subsidiaries (Information Communication business segment), we consider the customer to have taken control of the merchandise at the point when it is delivered to the customer, so at that point we consider our performance obligation to have been satisfied and we recognize revenue.

(2) Provision of services (Information and Communication, Lifestyle and Industrial Supplies, and Electronics segments)

Concerning the provision of services, in cases where the performance obligation is fulfilled at a single point in time, the performance obligation is considered to have been fulfilled when the customer accepts the service provision, and we recognize revenue at that point. In cases where the contract with the customer stipulates that the performance obligation be satisfied for the duration of a certain period of time covered by the contract, the performance obligation is considered to have been satisfied with the passage of time, and the revenue is recognized as being evenly apportioned over the contract period.

(3) Sale of beverages (Beverages segment)

Regarding the sale of beverages, since the customer generally takes control of the product at the time when it is delivered, it is determined that at that time the performance obligation has been satisfied and we recognize revenue.

(e) Accounting treatment of retirement benefits

- Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, a benefit formula is used to allocate expected retirement benefit payments in the period until the end of the current fiscal year.

- Method of amortizing actuarial gains/losses and prior service costs

Actuarial gains/losses are amortized starting in the next fiscal year after they are incurred using the declining balance method over a certain number of years that is equal to or less than the average future service period of eligible employees in the fiscal year the actuarial gains/losses are incurred (generally nine years).

Prior service costs are amortized using the straight-line method over a certain number of years that is equal to or less than the average future service period of eligible employees at the time the costs are incurred (generally six years).

(f) Amortization of goodwill

Goodwill is amortized using the straight-line method for an effective period not more than 20 years.

(g) Scope of funds in the consolidated statements of cash flows

Cash and cash equivalents comprise cash on hand, immediately withdrawable funds, and short-term investments that can be easily converted to cash, have insignificant risk of changes in value, and have maturities within three months of the purchase date.

[Changes in accounting estimates]

(Repair reserve)

As of the end of the fiscal year ended March 2023, construction work related to more than 80% of the anticipated repairs had been completed. Based on historical data showing the actual cost of labor, materials, etc. incurred at repair sites to date, we reviewed the unit price and prepared a revised estimate of the cost of repairs expected to be needed in the future.

As a result, the difference between the previous estimate and the new estimate was recorded as an extraordinary gain under "reversal of repair reserve." As a result, income before income taxes and non-controlling interests for the fiscal year through March 2023 increased by ¥11,388 million.

[Consolidated balance sheets]

	Year ended March 31, 2022	Year ended March 31, 2023
1. Discounts on notes receivables	¥317 million	¥85 million
2. Contract liabilities (Current liabilities and other in long-term liabilities)	¥13,287 million	¥16,655 million

[Consolidated statements of income]

	Year ended March 31, 2022	Year ended March 31, 2023
1. Research and development expenses (Selling, general and administrative expenses)	¥33,147 million	¥32,480 million

2. Impairment losses

The DNP Group recorded impairment losses for the following asset groups in the current consolidated fiscal year.

Location	Application	Category
Itabashi Ward (Tokyo), other	Information Innovation business assets	Buildings and structures, machinery and equipment, other
Kashiwa City (Chiba), other	System assets	Buildings and structures, software, other
Kuki City (Saitama), Shiraoka City (Saitama), other	Publishing business assets	Buildings and structures, machinery and equipment, software, other
Other	Business assets other than above	Buildings and structures, machinery and equipment, land, goodwill, software, other
Other	Idle assets	Buildings and structures, other

In calculating impairment losses, the DNP Group combines assets based mainly on the business groups that serve as profit/loss units. It also considers impairment losses for each individual item for idle assets.

As a result, regarding a group of assets used by businesses with reduced profitability and idle assets that are not expected to be used, the book value was reduced to the recoverable value and that reduced value was recorded as an extraordinary impairment loss of ¥6,286 million.

The impairment loss breaks down into buildings and structures at ¥2,273 million, machinery and equipment at ¥966 million, land at ¥118 million, goodwill ¥194 million, software at ¥1,495 million, and other at ¥1,239 million.

The recoverable value of assets whose profitability has declined is measured by the value in use or the net salable value. Assets that are measured by their usage value are generally assigned a value of zero because no future cash flows can be expected from operating activities. Assets that are measured based on net salable value are calculated according to the planned sale price. Regarding sites that the Company plans to close or relocate, the book value of assets that will become unnecessary at the time of site closure or relocation is reduced. The recoverable value of idle assets is measured according to the net selling price, which is calculated based on real estate appraisals, etc., but when it is difficult to calculate the selling price of idle assets, book value is reduced to the memorandum value.

[Consolidated statements of changes in net assets]**The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)****1. Types and number of shares outstanding and treasury stock**

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2022	Increase in number of shares during the year ended March 2022	Decrease in number of shares during the year ended March 2022	Number of shares at the end of the year ended March 2022
Outstanding shares	Common stock	324,240,346	–	7,000,000	317,240,346
Treasury stock	Common stock	43,363,670	11,811,597	7,000,153	48,175,114

- Notes:
1. The number of outstanding shares of common stock declined by 7,000,000 shares due to the retirement of 7,000,000 shares of treasury stock.
 2. The number of treasury shares of common stock increased by 11,811,597 shares due to the repurchase of 11,806,600 shares decided on by the Board of Directors, and by 4,997 shares due to the repurchase of odd-lot shares.
 3. The number of treasury shares of common stock declined by 7,000,153 shares due to the retirement of 7,000,000 shares, a decrease of 148 shares resulting from the sale of odd-lot shares and by five shares due to a change in the DNP Group's ownership stake in an equity-method affiliate.

2. Detailed information regarding dividends**(1) Dividends paid**

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2021	Common stock	8,988	32	March 31, 2021	June 30, 2021
Board of Directors' meeting on November 12, 2021	Common stock	8,655	32	September 30, 2021	December 10, 2021

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2022	Common stock	8,610	Retained earnings	32	March 31, 2022	June 30, 2022

The year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2023	Increase in number of shares during the year ended March 2023	Decrease in number of shares during the year ended March 2023	Number of shares at the end of the year ended March 2023
Outstanding shares	Common stock	317,240,346	–	25,000,000	292,240,346
Treasury stock	Common stock	48,175,114	7,619,932	25,070,476	30,724,570

- Notes:
1. The number of outstanding shares of common stock declined by 25,000,000 shares due to the retirement of 25,000,000 shares of treasury stock.
 2. The number of treasury shares of common stock increased by 7,619,932 shares due to the repurchase of 7,616,500 shares decided on by the Board of Directors, and by 3,432 shares due to the repurchase of odd-lot shares.
 3. The number of treasury shares of common stock declined by 25,070,476 shares due to the retirement of 25,000,000 shares, the disposal of 70,470 treasury shares as restricted stock compensation, and by six shares due to a change in the DNP Group's ownership stake in an equity-method affiliate.

2. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2022	Common stock	8,610	32	March 31, 2022	June 30, 2022
Board of Directors' meeting on November 11, 2022	Common stock	8,534	32	September 30, 2022	December 9, 2022

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2023	Common stock	8,368	Retained earnings	32	March 31, 2023	June 30, 2023

[Segment information, etc.]

(Segment information)

1. Overview of the reporting segments

(1) Method of determining reporting segments

DNP's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of business resources and evaluate business results.

The DNP Group bases its business divisions on the products and services provided and develops its business activities based on a comprehensive domestic and overseas strategy for each business division. The four reporting segments are Information Communication, Lifestyle and Industrial Supplies, Electronics, and Beverages.

(2) Products and services in each reporting segment

Each business segment's specific products are listed under "2. Information on the DNP Group."

2. Method of calculating sales, income/loss, assets, and other items by reporting segment

The accounting method used for reporting business segments is generally the same as stated in "Basis of presenting consolidated financial statements."

Reporting segment income figures are based on operating income. Inter-segment sales and transfers are based on third-party transaction prices.

3. Information on sales, income/loss, assets, and other items by reporting segment and income analysis information

The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales ^{Note 3}							
Outside customers	696,910	386,447	211,094	49,694	1,344,147	–	1,344,147
Inter-segment	2,087	582	–	6	2,676	(2,676)	–
Total	698,998	387,030	211,094	49,700	1,346,823	(2,676)	1,344,147
Segment income	27,616	13,625	46,480	690	88,413	(21,624)	66,788
Segment assets	883,220	458,681	235,514	49,036	1,626,453	250,194	1,876,647
Other items							
Depreciation and amortization	20,013	18,442	8,694	2,087	49,237	1,916	51,154
Amortization of goodwill	488	–	22	10	521	–	521
Impairment loss	3,087	158	–	2	3,248	258	3,506
Investments in equity-method affiliates	2,579	620	24,081	–	27,282	43,192	70,474
Increase in property, plant and equipment and in intangible fixed assets	19,067	21,568	5,503	2,153	48,293	2,405	50,699

Notes: 1. Figures are adjusted as follows.

- (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 assets are adjusted for companywide assets not allocated to reporting segments and the elimination of inter-segment transactions.
 - (3) Impairment loss adjustments are related to companywide assets not allocated to reporting segments.
 - (4) Investments in equity-method affiliates are adjusted for investments not allocated to reporting segments.
 - (5) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.
2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.
 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.

The year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales Note 3							
Outside customers	718,413	399,626	203,573	51,595	1,373,209	–	1,373,209
Inter-segment	1,880	609	–	9	2,500	(2,500)	–
Total	720,293	400,235	203,573	51,605	1,375,709	(2,500)	1,373,209
Segment income	26,731	7,380	46,936	601	81,649	(20,415)	61,233
Segment assets	817,776	453,303	242,478	48,111	1,561,670	268,713	1,830,384
Other items							
Depreciation and amortization	20,156	18,416	9,481	2,103	50,157	1,611	51,769
Amortization of goodwill	495	1	0	14	512	–	512
Impairment loss	5,169	768	198	–	6,135	151	6,286
Investments in equity-method affiliates	3,768	630	34,669	–	39,068	44,719	83,787
Increase in property, plant and equipment and in intangible fixed assets	36,793	23,517	13,522	2,353	76,186	1,895	78,082

Notes: 1. Figures are adjusted as follows.

- (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 assets are adjusted for companywide assets not allocated to reporting segments and the elimination of inter-segment transactions.
 - (3) Impairment loss adjustments are related to companywide assets not allocated to reporting segments.
 - (4) Investments in equity-method affiliates are adjusted for investments not allocated to reporting segments.
 - (5) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.
2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.
 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.

(Related information)**The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)**

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

Japan	Asia	Other regions	Total
1,053,912	218,894	71,339	1,344,147

- Notes:
1. Sales are classified by country or region, based on the location of customers.
 2. Country and regional segments are based on geographic proximity.
 3. Main countries and regions included in each segment:
 Asia: China, South Korea, Taiwan, Indonesia
 Other: United States, Germany, France, United Kingdom

(2) Property, plant and equipment

Omitted because the value of property, plant and equipment located in Japan is over 90% of the value of property, plant and equipment as reported in the consolidated balance sheets.

3. Information on major customers

Not described because sales to specific outside customers are less than 10% of sales as reported in the consolidated statements of income.

The year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

Japan	Asia	Other regions	Total
1,057,410	225,900	89,897	1,373,209

- Notes:
1. Sales are classified by country or region, based on the location of customers.
 2. Country and regional segments are based on geographic proximity.
 3. Main countries and regions included in each segment:
 Asia: China, South Korea, Indonesia, Taiwan
 Other: United States, France, Germany, United Kingdom

(2) Property, plant and equipment

Omitted because the value of property, plant and equipment located in Japan is over 90% of the value of property, plant and equipment as reported in the consolidated balance sheets.

3. Information on major customers

Not described because sales to specific outside customers are less than 10% of sales as reported in the consolidated statements of income.

[Per share information]

	Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Net assets per share	¥4,057.98	¥4,158.46
Net income per share	¥355.84	¥321.32
Diluted net income per share	¥355.79	¥321.27

Notes: 1. The basis for calculating net income per share and diluted net income per share is as follows.

		Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
(1) Net income per share			
Net income attributable to parent company shareholders	(Million yen)	97,182	85,692
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income attributable to parent company common shareholders	(Million yen)	97,182	85,692
Average number of common shares outstanding during the fiscal year	(Thousand shares)	273,105	266,691
(2) Diluted net income per share			
Adjustments to net income attributable to parent company shareholders	(Million yen)	(14)	(13)
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates	(Million yen)	(14)	(13)
Increase in common stock	(Thousand shares)	–	–

2. The basis for calculating net assets per share is as follows.

		Year ended March 31, 2022 (As of March 31, 2022)	Year ended March 31, 2023 (As of March 31, 2023)
Total net assets	(Million yen)	1,148,413	1,148,245
Amount excluded from total net assets	(Million yen)	56,552	60,741
Of which, non-controlling interests	(Million yen)	56,552	60,741
Net assets at fiscal year-end pertaining to common stock	(Million yen)	1,091,861	1,087,504
Number of common shares outstanding	(Thousand shares)	317,240	292,240
Number of common treasury shares	(Thousand shares)	48,175	30,724
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	269,065	261,515

[Significant subsequent events]

None

6. Non-consolidated financial statements and key notes

(1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2022 (As of March 31, 2022)	Year ended March 31, 2023 (As of March 31, 2023)
ASSETS		
Current assets		
Cash and time deposits	185,780	137,967
Notes receivable	10,227	9,451
Electronically recorded monetary claims	28,572	29,865
Trade receivable	219,261	219,098
Contract asset	7	4
Merchandise and finished goods	4,291	3,927
Work in progress	8,853	11,736
Raw materials and supplies	1,543	2,121
Other	41,075	57,825
Allowance for doubtful accounts	(356)	(340)
Total current assets	499,255	471,656
Fixed assets		
Property, plant and equipment		
Buildings	402,894	430,631
Accumulated depreciation	(281,017)	(283,887)
Buildings, net	121,876	146,743
Structures	30,650	31,126
Accumulated depreciation	(24,857)	(25,018)
Structures, net	5,792	6,108
Machinery	519,704	511,306
Accumulated depreciation	(470,715)	(465,168)
Machinery, net	48,988	46,137
Vehicles	1,539	1,564
Accumulated depreciation	(1,336)	(1,409)
Vehicles, net	203	154
Equipment	50,572	49,978
Accumulated depreciation	(43,135)	(41,428)
Equipment, net	7,436	8,549
Land	117,079	116,641
Lease assets	2,006	3,076
Accumulated depreciation	(1,171)	(1,215)
Lease assets, net	835	1,861
Construction in progress	21,610	13,912
Total property, plant and equipment	323,822	340,110
Intangible fixed assets		
Software	16,602	18,282
Other	1,225	1,183
Total intangible fixed assets	17,828	19,466
Investments and other assets		
Investment securities	342,041	262,615
Investments in securities in affiliates	139,809	139,435
Investments in capital of affiliates	1,578	1,524
Prepaid pension costs	84,785	95,220
Other	18,285	12,573
Allowance for doubtful accounts	(6,949)	(2,788)
Total investments and other assets	579,551	508,581
Total fixed assets	921,202	868,157
TOTAL ASSETS	1,420,458	1,339,813

(Million yen)

	Year ended March 31, 2022 (As of March 31, 2022)	Year ended March 31, 2023 (As of March 31, 2023)
LIABILITIES		
Current liabilities		
Notes payable	12,404	10,806
Trade payable	196,380	200,699
Lease obligations	308	522
Accounts payable - other	41,466	42,927
Accrued expenses	17,118	16,125
Contract liability	2,848	3,031
Advances received	22	13
Deposits payable	217,801	182,228
Reserve for bonuses	8,906	8,502
Reserve for bonuses to directors	258	261
Repair reserve	17,252	17,549
Notes payable for facilities	526	845
Other	1,778	276
Total current liabilities	517,074	483,789
Long-term liabilities		
Bonds	100,000	100,000
Lease obligations	536	1,429
Asset retirement obligations	-	1,136
Long-term accounts payable	5,370	5,370
Provision for retirement benefits	10,568	12,403
Repair reserve	28,036	9,506
Deferred tax liabilities	81,922	64,500
Other	60	25
Total long-term liabilities	226,493	194,370
TOTAL LIABILITIES	743,567	678,159
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus		
Capital reserve	144,898	144,898
Total capital surplus	144,898	144,898
Retained earnings		
Legal reserve	23,300	23,300
Other retained earnings		
Reserve for depreciation reduction of fixed assets	17	16
Other reserves	232,780	232,780
Retained earnings brought forward	104,142	98,086
Total retained earnings	360,240	354,183
Treasury stock	(133,093)	(88,182)
Total stockholders' equity	486,509	525,363
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	190,381	136,289
Total valuation and translation adjustments	190,381	136,289
TOTAL NET ASSETS	676,890	661,653
TOTAL LIABILITIES AND NET ASSETS	1,420,458	1,339,813

(2) Non-consolidated statements of income

(Million yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	934,186	928,084
Cost of sales	797,877	796,836
Gross profit	136,308	131,247
Selling, general and administrative expenses	129,615	132,058
Operating income (loss)	6,693	(810)
Non-operating income		
Interest income	96	91
Dividend income	43,861	50,227
Equipment rental	30,492	31,273
Other	6,880	3,081
Total non-operating income	81,331	84,675
Non-operating expenses		
Interest expense	374	368
Equipment rental expense	23,768	24,664
Other	1,883	2,017
Total non-operating expenses	26,025	27,051
Ordinary income	61,999	56,813
Extraordinary gains		
Gain on sale of fixed assets	6,251	13,841
Gain on sale of investment securities	12,117	12,869
Gain on retirement benefit system changes	9,545	—
Gain on reversal of repair reserve	14,674	11,388
Other	2,101	192
Total extraordinary gains	44,691	38,292
Extraordinary losses		
Loss on sale or disposal of fixed assets	3,605	1,090
Impairment loss	2,769	4,116
Affiliated company stock valuation	5,600	—
Other	790	564
Total extraordinary losses	12,765	5,770
Income before income taxes	93,925	89,334
Current income taxes	880	860
Deferred income taxes	6,016	6,820
Total income taxes	6,896	7,680
Net income	87,029	81,653

(3) Non-consolidated statements of changes in net assets
The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Million yen)

	Stockholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings			
					Reserve for depreciation reduction of fixed assets	Other reserve	Retained earnings brought forward	
Balance at the beginning of current period	114,464	144,898	144,898	23,300	18	232,780	54,597	310,695
Cumulative impact of accounting changes							(31)	(31)
Balance at the beginning of current period reflecting accounting changes	114,464	144,898	144,898	23,300	18	232,780	54,566	310,664
Changes of items during the period								
Reversal of reserve for depreciation reduction of fixed assets					(1)		1	–
Cash dividends paid							(17,643)	(17,643)
Net income							87,029	87,029
Purchases of treasury stock								
Disposal of treasury stock							(0)	(0)
Retirement of treasury stock							(19,809)	(19,809)
Net changes in items other than stockholders' equity								
Total changes of items during the period	–	–	–	–	(1)	–	49,576	49,575
Balance at the end of current period	114,464	144,898	144,898	23,300	17	232,780	104,142	360,240

	Stockholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(122,890)	447,167	199,445	199,445	646,612
Cumulative impact of accounting changes		(31)			(31)
Balance at the beginning of current period reflecting accounting changes	(122,890)	447,136	199,445	199,445	646,581
Changes of items during the period					
Reversal of reserve for depreciation reduction of fixed assets		–			–
Cash dividends paid		(17,643)			(17,643)
Net income		87,029			87,029
Purchases of treasury stock	(30,012)	(30,012)			(30,012)
Disposal of treasury stock	0	0			0
Retirement of treasury stock	19,809	–			–
Net changes in items other than stockholders' equity		–	(9,063)	(9,063)	(9,063)
Total changes of items during the period	(10,202)	39,372	(9,063)	(9,063)	30,308
Balance at the end of current period	(133,093)	486,509	190,381	190,381	676,890

The year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Million yen)

	Stockholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings			
					Reserve for depreciation reduction of fixed assets	Other reserve	Retained earnings brought forward	
Balance at the beginning of current period	114,464	144,898	144,898	23,300	17	232,780	104,142	360,240
Changes of items during the period								
Reversal of reserve for depreciation reduction of fixed assets					(1)		1	–
Cash dividends paid							(17,145)	(17,145)
Net income							81,653	81,653
Purchases of treasury stock								
Disposal of treasury stock							15	15
Retirement of treasury stock							(70,581)	(70,581)
Net changes in items other than stockholders' equity								
Total changes of items during the period	–	–	–	–	(1)	–	(6,056)	(6,057)
Balance at the end of current period	114,464	144,898	144,898	23,300	16	232,780	98,086	354,183

	Stockholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(133,093)	486,509	190,381	190,381	676,890
Changes of items during the period					
Reversal of reserve for depreciation reduction of fixed assets		–			–
Cash dividends paid		(17,145)			(17,145)
Net income		81,653			81,653
Purchases of treasury stock	(25,864)	(25,864)			(25,864)
Disposal of treasury stock	194	210			210
Retirement of treasury stock	70,581	–			–
Net changes in items other than stockholders' equity			(54,091)	(54,091)	(54,091)
Total changes of items during the period	44,911	38,854	(54,091)	(54,091)	(15,237)
Balance at the end of current period	(88,182)	525,363	136,289	136,289	661,653

(4) Notes regarding non-consolidated financial statements
[Notes on premise of a going concern]

None