



# Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [J-GAAP]

May 13, 2024

**Company Name:** Dai Nippon Printing Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 7912 URL: <https://www.global.dnp/>  
 Representative: Yoshinari Kitajima, President  
 Contact person: Naoki Wakabayashi, General Manager, IR and Public Relations Division  
 Telephone: +81-3-6735-0124  
 General meeting of shareholders: June 27, 2024  
 Dividend payment date: June 28, 2024  
 Securities report issuing date: June 27, 2024  
 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, 2024

(April 1, 2023 – March 31, 2024)

### (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, 2024	1,424,822	3.8	75,450	23.2	98,702	18.0	110,929	29.5
Year ended March 31, 2023	1,373,209	2.2	61,233	(8.3)	83,661	3.0	85,692	(11.8)

Note: Comprehensive income: Year ended March 31, 2024: ¥184,516 million (328.8%)  
 Year ended March 31, 2023: ¥43,032 million (-58.5%)

	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, 2024	443.12	443.06	9.8	5.2	5.3
Year ended March 31, 2023	321.32	321.27	7.9	4.5	4.5

Reference: Equity in earnings of affiliates: Year ended March 31, 2024: ¥17,529 million  
 Year ended March 31, 2023: ¥13,603 million

### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2024	1,955,629	1,236,687	59.6	4,866.18
As of March 31, 2023	1,830,384	1,148,245	59.4	4,158.46

Reference: Stockholders' equity: As of March 31, 2024: ¥1,165,927 million As of March 31, 2023: ¥1,087,504 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, 2024	72,553	18,355	(118,696)	234,569
Year ended March 31, 2023	37,993	(25,021)	(52,435)	258,329

### 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, 2023	–	32.00	–	32.00	64.00	16,903	19.9	1.6
Year ended March 31, 2024	–	32.00	–	32.00	64.00	15,729	14.4	1.4
Year ending March 31, 2025 (Forecast)	–	32.00	–	32.00	64.00		17.0	

### 3. Consolidated earnings forecasts for the year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	1,455,000	2.1	80,000	6.0	100,000	1.3	90,000	(18.9)	375.63

At the Board of Directors meeting held on March 8, 2024, 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, 2024 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: No
  - 4) Restatement of revisions: No

#### (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, 2024	277,240,346 shares	As of March 31, 2023	292,240,346 shares
2) Number of treasury shares at end of each period	As of March 31, 2024	37,642,211 shares	As of March 31, 2023	30,724,570 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2024	250,336,161 shares	Year ended March 31, 2023	266,691,731 shares

## (Reference) Non-consolidated financial results

### Non-consolidated financial results for the year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

#### (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, 2024	959,076	3.3	1,567	–	59,799	5.3	102,312	25.3
Year ended March 31, 2023	928,084	(0.7)	(810)	–	56,813	(8.4)	81,653	(6.2)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2024	408.68	–
Year ended March 31, 2023	306.16	–

#### (2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2024	1,339,549	679,987	50.8	2,837.90
As of March 31, 2023	1,339,813	661,653	49.4	2,529.96

Reference: Stockholders' equity: As of March 31, 2024: ¥679,987 million As of March 31, 2023: ¥661,653 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 5-8.

DNP will hold a briefing (conference call) for institutional investors and analysts on May 15, 2024. Materials used at the briefing will be uploaded to the DNP website at around 10:00 JST the same day.

## Contents

1. Overview of operating results, etc. ....	2
(1) Overview of operating results for the year ended March 31, 2024 .....	2
(2) Overview of financial position for the year ended March 31, 2024 .....	4
(3) Overview of cash flows for the year ended March 31, 2024 .....	5
(4) Forecasts .....	5
(5) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2024 and year ending March 31, 2025.....	8
2. Information on the DNP Group.....	10
3. Management policies .....	14
(1) Core policies .....	14
(2) Medium-term Management Plan .....	14
4. Basic approach to selecting accounting standards.....	18
5. Consolidated financial statements and key notes.....	19
(1) Consolidated balance sheets .....	19
(2) Consolidated statements of income and comprehensive income .....	21
(3) Consolidated statements of changes in net assets.....	23
(4) Consolidated statements of cash flows .....	25
(5) Notes regarding consolidated financial statements.....	27
[Notes on premise of a going concern].....	27
[Basis of presenting consolidated financial statements] .....	27
[Consolidated balance sheets].....	30
[Consolidated statements of income] .....	30
[Consolidated statements of changes in net assets] .....	32
[Segment information, etc.].....	34
[Per share information].....	38
[Significant subsequent events] .....	38
6. Non-consolidated financial statements and key notes.....	39
(1) Non-consolidated balance sheets .....	39
(2) Non-consolidated statements of income.....	41
(3) Non-consolidated statements of changes in net assets.....	42
(4) Notes regarding non-consolidated financial statements.....	43
[Notes on premise of a going concern].....	43

## **1. Overview of operating results, etc.**

### **(1) Overview of operating results for the year ended March 31, 2024**

Business conditions surrounding the DNP Group during the fiscal year ended March 2024 were marked by a gradual recovery in the economy due to factors such as improvements in domestic employment and average incomes, and a recovery in inbound tourism demand. On the other hand, the outlook remains uncertain due to factors such as prolonged geopolitical risks, the impact of monetary policies around the world, rising domestic prices and labor shortages. There are also continuing concerns about the effects of climate change, with UN Secretary-General António Guterres describing global warming as having reached the era of “global boiling,” as well as the effects of natural disasters like Japan’s Noto Peninsula earthquake.

Even amid such rapid environmental, social and economic changes, the DNP Group doesn’t merely respond to changes and risks, but initiates its own reforms from a long-term perspective and develops business activities aimed at creating “a better future.” By combining DNP’s unique ‘P&I’ (printing and information) strengths and by deepening cooperation with diverse partners, we are working to expand the scope of our business.

DNP is currently implementing a Medium-term Management Plan that covers the three-year period from fiscal 2023 to fiscal 2025. Through specific measures based on business strategies, financial strategies, and non-financial strategies, we are focusing on sustainable creation of corporate value and shareholder value. In relation to business strategies, we are building a business portfolio that can exhibit strength in the medium to long term, while accelerating the creation of new value, particularly in our focus business areas. Concerning financial strategies, we appropriately allocate the cash that we generate by investing in further business growth and providing returns to shareholders. By focusing on expanding investment in people, strengthening intellectual capital, and environmental initiatives as our main non-financial strategies, we work to strengthen the management foundation that supports sustainable growth. More details about these three strategies can be found in Section 3. Management policies, (2) Medium-term Management Plan, 2) Three types of strategies.

In addition, the entire DNP Group continuously implements a variety of comprehensive business continuity management (BCM) measures in order to be ready for natural disasters and other unpredictable events.

As a result, the DNP Group’s net sales for the fiscal year ended March 2024 were ¥1,424.8 billion (up 3.8% from the previous year), operating income was ¥75.4 billion (up 23.2%), and ordinary income was ¥98.7 billion (up 18.0%). Net income attributable to parent company shareholders amounted to ¥ 110.9 billion (up 29.5%), partly due to an extraordinary gain on the sale of investment securities.

As of the fiscal year ended March 2024, the name of the Information Communication business segment was changed to Smart Communication, while the name of the Lifestyle & Industrial Supplies segment was changed to Life & Healthcare. The Beverages segment was transferred to Life & Healthcare. Comparisons with the previous fiscal year and related analyses are based on the new classifications.

#### **· Smart Communication**

In the Imaging Communication business, sales of photo-printing materials were strong, particularly in the European and Asian markets.

The information security sector benefited from large-scale business process outsourcing (BPO) projects, while the smart card business enjoyed especially strong sales of dual-interface cards that

support contact and contactless standards using a single IC chip.

In our marketing business, we worked hard to provide value by combining DNP's strengths in digital technologies with our expertise and track record in creating marketing initiatives for companies and other clients, but net sales still fell below the previous year's level due to the contraction of paper media such as catalogs and brochures.

In Publishing, we saw solid performances by our book distribution and sales business, which consists of a hybrid mix of physical bookstores and online sales, and our library management services, where more libraries made DNP their designated administrators. Overall, however, net sales in Publishing were in line with the previous year's due to the shrinking market for magazines and similar printed publications.

Regarding content and XR (extended reality) communication, we worked to strengthen our XR communication business, which enhances the value of people's experiences by fusing real and virtual spaces. As part of these efforts, we are focusing on the creation of new businesses, for example by increasing collaboration with Hacosco Inc., which has strengths in XR businesses and "braintech" that fuses neuroscience with IT.

In education, DNP, together with Lenovo Japan LLC, was selected by the Tokyo Metropolitan Government to support the construction and operation of Tokyo's "virtual learning platform" (VLP) project. Going forward, DNP will continue to support the activities of local governments and educational institutions throughout Japan as the nation works to provide diverse educational opportunities under its "No one left behind" policy.

As a result of the above, overall segment sales decreased by 0.1% year on year, to ¥719.4 billion. Operating income declined by 2.1% from the previous term to ¥26.1 billion, due to the impact of lower revenue, mainly from paper media, despite increased information security-related sales and progress in structural reforms including the reallocation of human capital.

#### · Life & Healthcare

In the mobility and industrial high-performance materials sector, sales of battery pouches for lithium-ion batteries for automotive applications were affected by stagnant demand for electric vehicles (EVs) in the second half of the year, but demand recovered in the IT sector, thanks to increased adoption of DNP products in new smartphone models. Overall, battery pouch sales remained firm. Concerning photovoltaic cell-related business, sales of encapsulants were especially strong amid rising demand worldwide for solar cells. Sales of decorative films for automotive applications remained solid. In addition to films for interior use, films for exterior use found favor for their high degree of aesthetic appeal as well as their ability to shorten painting processes and reduce environmental impact.

Although DNP's Packaging business was affected by consumers' reluctance to buy things amid price hikes mainly due to higher raw materials costs, overall sales were little changed from the previous year thanks to increased sales of formed plastic products. In addition to focusing on the development and sale of functional packaging materials, such as environmentally friendly DNP GREEN PACKAGING®, the Group took steps to strengthen this sector structurally, for example by reorganizing its manufacturing bases.

The Living Spaces business enjoyed solid sales, both in Japan and overseas, of ARTTEC®, an exterior material that combines high durability with good design. However, sales of interior-use residential materials sagged due to a decrease in new housing starts in Japan, resulting in an overall drop in sales relative to a year earlier.

In Beverages, sales volumes increased as people resumed going out in the aftermath of the Corona pandemic. Sales were also helped by prolonged hot summer weather and price revisions, resulting in a year-on-year increase.

In the Medical and Healthcare field, CMIC CMO Co., Ltd. became a consolidated subsidiary of the DNP Group during the fiscal year through March 2024. Since June 2023, the Company has been collaborating with the CMIC Group on activities including the integrated manufacture of pharmaceuticals from active pharmaceutical ingredients as well as the development of value-added pharmaceuticals.

As a result, overall segment sales amounted to ¥472.3 billion, up 4.6% from a year earlier. Thanks to a slowing of price increases for raw materials and energy, and better success at passing price increases on to customers, operating income grew by 67.2% from a year earlier to ¥13.3 billion.

#### · **Electronics**

DNP's digital interfaces 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. Optical films also saw an uptick in demand due both to the winding down of inventory adjustments in the previous year that resulted from overall supply chain problems, and due to orders of larger-sized products, mainly due to growth in the size of TV displays. Overall net sales in this sector increased.

In semiconductors, sales of photomasks used for making chips remained stable relative to a year earlier thanks to demand related to client companies' product development, but due to a slowdown in the semiconductor market as a whole, there was a decline in sales of lead frames and other semiconductor package components, resulting in lower overall sales compared to the previous year.

As a result of the above, overall segment sales grew 15.6% year on year to ¥235.3 billion. Despite a decline in semiconductor-related sales and the impact of higher raw material prices and other costs, operating income grew 23.9% from a year earlier to ¥58.1 billion, thanks to strong sales of digital interfaces products.

## **(2) Overview of financial position for the year ended March 31, 2024**

Total assets (assets, liabilities and net assets) at the end of the fiscal year increased by 125.2 billion yen from the end of the previous fiscal year to ¥1,955.6 billion due to increases in investment securities and net defined benefit asset.

Total liabilities increased by ¥36.8 billion from the end of the previous fiscal year to ¥718.9 billion due mainly to an increase in deferred tax liabilities.

Net assets increased by ¥88.4 billion from the end of the previous fiscal year to ¥1,236.6 billion, due to such factors as increases in net income, the valuation difference on available-for-sale securities, and the remeasurement of defined benefit plans, and decreases in the purchase of treasury stock and the payment of dividends from surplus.

### (3) Overview of cash flows for the year ended March 31, 2024

Cash and cash equivalents at the end of the current fiscal year decreased by ¥23.7 billion from the end of the previous fiscal year to ¥234.5 billion.

Cash flow provided by operating activities totaled ¥72.5 billion (¥37.9 billion in the previous fiscal year), due mainly to ¥143.0 billion in income before income taxes and non-controlling interests and ¥55.9 billion in depreciation.

Cash flow provided by investing activities totaled ¥18.3 billion (versus used in ¥25.0 billion in the previous fiscal year), due mainly to ¥59.4 billion in payments for purchases of property, plant and equipment and ¥81.6 billion in the sale of investment securities.

Cash flow used in financing activities totaled ¥118.6 billion (¥52.4 billion in the previous fiscal year), due mainly to ¥88.5 billion in payments for purchase of treasury stock and ¥16.4 billion in dividends paid.

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

	Year ended March 2020	Year ended March 2021	Year ended March 2022	Year ended March 2023	Year ended March 2024
Equity ratio (%)	53.2	57.2	58.2	59.4	59.6
Market value-based equity ratio (%)	37.5	35.7	41.3	52.9	57.2
Debt-to-cash flow ratio (year)	2.3	2.6	1.9	3.9	2.3
Interest coverage ratio (times)	59.8	42.6	111.7	54.4	81.6

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

Gradual economic recovery is expected in the near term, thanks in part to the effects of various policies, including some that will improve employment and income conditions in Japan. At the same time, there are also concerns about the possibility of a global economic downturn in light of worldwide monetary tightening and concerns about the future of the Chinese economy.

Given these circumstances, the DNP Group will accelerate implementation of its Medium-term Management Plan in order to create its own "better future" based on a long-term perspective and in line with the Group's Basic Management Policy.

Our consolidated earnings forecast, earnings forecasts by segment, and initiatives for each segment for the fiscal year ending March 31, 2025 is as follows.



**<Consolidated earnings forecasts>**

(Million yen)

	Fiscal year ending March 31, 2025	
		Year-on-year change
Net Sales	1,455,000	2.1%
Operating Income	80,000	6.0%
Ordinary Income	100,000	1.3%
Net Income Attributable to Parent Company Shareholders	90,000	(18.9)%

**<Earnings forecasts by segment>**

(Million yen)

	Fiscal year ending March 31, 2025			
	Net Sales		Operating Income	
		Year-on-year change		Year-on-year change
Smart Communication	720,000	0.1%	30,000	14.7%
Life & Healthcare	500,000	5.9%	18,000	34.9%
Electronics	240,000	2.0%	54,000	(7.1)%
Total	1,460,000	2.3%	102,000	4.4%
Adjustment	(5,000)	–	(22,000)	–
Total	1,455,000	2.1%	80,000	6.0%

**< Initiatives for each segment >****Smart Communication**

In the field of imaging communication, DNP holds the world's top share in the market for dye-sublimation thermal transfer materials, which use precision coating and other precision application technologies. Strengthened by related products used for photo printing and by the ability to provide all types of related services, DNP is developing its photo imaging business in an era when people's ways of enjoying photography change along with the times. In recent years, largely as a result of increased use of smartphones and social networking services, there is greater demand from consumers for experiential value from photographs as opposed to just material value. In response, DNP provides a wide range of services, including photography, processing, print sales and cloud-based image sales, all while protecting personal information with the use of high-security infrastructure and systems.

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 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.

DNP brings to the content and XR communication arenas its network of diverse intellectual property (IP) holders and creators in Japan and overseas, its archiving business, high-definition image processing technologies, and its track record and reputation in copyright handling. In addition to distributing large volumes of data, both real and digital, while securely authenticating individuals and key information, we bring to bear other strengths such as the integration and optimization of business processes. With these strengths as our starting point, we intend to contribute to the further evolution of an information society by securely and seamlessly linking the real and the digital.

In the fields of publishing and education, the DNP Group will further promote its "honto" hybrid bookstore network, electronic library service, and educational ICT (information and communications

technology) businesses. Also, in the face of continuing decline in demand for printed paper media, our publishing business will keep working on structural reforms including reviewing production systems and reallocating resources.

### **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 anticipation of greater uptake of electric vehicles. We will also focus on expanding other businesses related to the mobility and high-performance industrial materials, and work toward rapid commercialization of products and services that support safe and comfortable next-generation mobility.

The medical and healthcare businesses are new for DNP. Through collaboration with Group companies and external partners, we intend to accelerate growth in pharmaceutical support businesses including the production of active pharmaceutical ingredients, drug formulation, formulation changes, and medicine package manufacturing, as well as smart healthcare businesses such as 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, or 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 easier on the environment, and materials like encapsulants that help improve the durability of solar cells.

At the same time, we will strive to build a robust business portfolio by accelerating our shift from businesses with low market growth potential, low appeal, and low profitability to highly profitable businesses with high growth potential and high appeal, and we will reorganize business bases and optimize resources to increase the DNP Group's profitability.

### **Electronics**

DNP will accelerate the expansion of each of its businesses by means of aggressive capital investment. We will also expand our businesses by developing cutting-edge products that leverage DNP's unique strengths, and by developing services in collaboration with corporate partners in Japan and abroad.

Regarding digital interfaces, the DNP Group already controls the world's top share of metal masks used in the manufacture of organic light-emitting diode (OLED) displays. In anticipation of increasing adoption of OLED displays by manufacturers of smartphones, tablets and laptop computers, etc., DNP plans to build a new, large-scale metal mask production line at its Kurosaki Plant in Fukuoka Prefecture. Scheduled to start operations in the first half of the fiscal year ending March 2025, the new line will more than double existing production capacity, allowing DNP to capture future demand growth and achieve stable growth. In optical films as well, the DNP Group has become the world's top supplier of products such as anti-reflection surface films. The Group plans to add an ultra-wide production line at its Mihara Plant in Hiroshima Prefecture in order to increase sales volume and expand market share even further by expanding our capacity in response to the market trend toward larger television displays. The start of operation is scheduled for the first half of the fiscal year ending March 2026.

Regarding photomasks used in semiconductor manufacturing, medium- to long-term demand for semiconductors in cloud environments and data centers is expected to expand with the spread of generative AI (artificial intelligence), etc. We plan to expand production capacity by investing in additional multi-beam mask writers and in machinery that will boost production capacity for

middle-end products, with new equipment scheduled to come online from fiscal 2023 to fiscal 2025. By the fiscal year ending March 2026, we aim to increase sales by 15% compared to the year through March 2023. In addition, regarding the production of photomasks compatible with extreme ultra-violet (EUV) lithography, a state-of-the-art manufacturing process for logic semiconductors and other cutting-edge products, DNP will supply production processes and assurance-related technologies as a subcontractor to Rapidus Corporation, which is participating in the Research and Development Project of the Enhanced Infrastructures for Post 5G Information and Communication Systems that was initiated by the New Energy and Industrial Technology Development Organization (NEDO). DNP plans to complete the development of photomask manufacturing processes for 2-nanometer line width generation by the fiscal year ending March 2026 and establish production technologies with a view to starting mass production in the fiscal term through March 2028.

In December 2023, the DNP Group announced its investment in a special purpose company for the purpose of acquiring shares in SHINKO ELECTRIC INDUSTRIES CO., LTD. The DNP Group is developing key components for next-generation semiconductor packages, including organic interposers and TGV glass core substrates. The DNP Group is also strengthening alliances with external partners and expanding the value it provides to the semiconductor supply chain, for example by developing businesses that respond to next-generation technologies such as optoelectronic integration. In recent years, major semiconductor manufacturers have announced the adoption of glass core substrates, and next-generation semiconductor technologies such as chiplets are attracting attention. DNP intends to speed up its provision of new value to meet these kinds of market needs.

In these three business segments, the DNP Group will work harder than ever to realize a better future by combining its unique strengths in P&I (printing and information) and by strengthening cooperation with our partners. DNP's hybrid strengths encompass both poles of various spectrums—for example real and virtual, analog and digital, manufacturing and services. By combining these strengths, DNP can express the “All DNP” synergy that is our unique differentiating factor. We endeavor to take maximum advantage of these strengths as we take inspiration from technological innovations like XR, metaverses, AI and autonomous driving, and we see business opportunities in the solution of social issues in areas like information security, aging populations, environment and energy and in our responses to megatrends as we develop new value to provide to consumers in Japan and around the world.

#### **(5) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2024 and year ending March 31, 2025**

In addition to achieving long-term growth by realizing a better and more sustainable society and enriching people's lives, the DNP Group positions as one of its key management policies its commitment to meet the expectations of shareholders and other stakeholders by providing stable returns of profits.

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 2024 will be 14.4%.

For the fiscal year ending March 31, 2025, 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, 143 subsidiaries, and 26 affiliated companies. The Group's business activities are related to Smart Communication, Life & Healthcare and Electronics.

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

### <<Smart 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., Services using generative AI, Dye-sublimation thermal transfer materials (color ink ribbons, receiver paper, and dye-sublimation photo printer), 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. 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., Hacosco Inc. 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, DNP Photo Imaging Spain S.L.U.  
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.

### <<Life & Healthcare>>

Lithium-ion batteries components, photovoltaic module components, materials for transporting electronic components, multifunctional insulation box, and other industrial high-performance materials, 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, contract manufacturing of bulk pharmaceutical intermediates, pharmaceutical contract formulation, carbonated drinks, coffee beverage, tea beverage, fruit juice, functional beverage, mineral water, alcoholic beverage, etc.

#### [Major companies]

- |                        |  |
|------------------------|--|
| (Production)           | DNP Technopack Co., Ltd., N-TECH corporation<br>Tomoe Resin Co., Ltd., Sagami Yoki Co., Ltd., DNP Ellio Co., Ltd.<br>DNP Advanced Materials Co., Ltd., DNP Living Space Co., Ltd.<br>DNP Hosono Co., Ltd.  |
| (Production and sales) | Hokkaido Coca-Cola Bottling Co., Ltd., CMIC CMO Co., Ltd.<br>DNP Tamura Plastic Co., Ltd., Aseptic Systems Co., Ltd.<br>DNP Fine Chemicals Utsunomiya Co., Ltd.<br>PT DNP Indonesia, DNP Vietnam Co., Ltd. |
| (Sales and services)   | DNP Lifestyle Materials Marketing Co., Ltd.<br>LIFESCAPE MARKETING CORPORATION<br>DNP • SIG Combibloc Co., Ltd.  |

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

### <<Electronics>>

Optical films for displays, metal masks for organic EL displays, large photomasks for liquid crystal displays, photomasks for semiconductor products, lead frames, LSI design, hard disk suspensions, camera module components for smartphones, etc.

#### [Major companies]

- |                        |   |
|------------------------|---|
| (Production)           | DNP LSI Design Co., Ltd., DNP Fine Optronics Co., Ltd.  |
| (Production and sales) | DT Fine Electronics Co., Ltd., DNP Photomask Europe S.p.A.<br>* Photronics DNP Mask Corporation<br>Photronics DNP Mask Corporation Xiamen |
| (Sales)                | DNP Taiwan Co., Ltd.  |

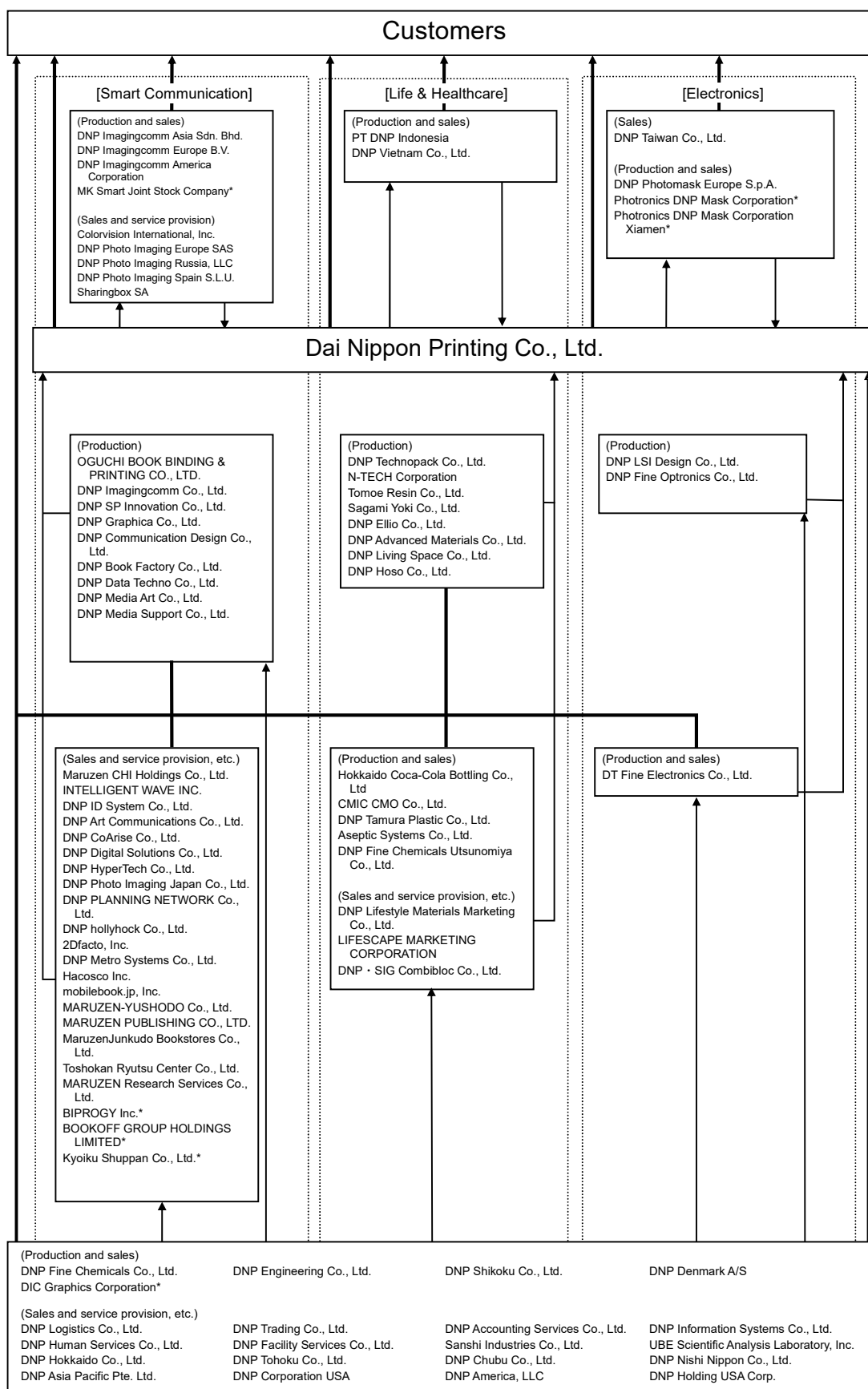
**<Companies with multiple types of businesses>**

- (Production and sales) DNP Fine Chemicals Co., Ltd., DNP Engineering Co., Ltd.  
DNP Shikoku Co., Ltd., DNP Denmark A/S  
\* 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., UBE Scientific Analysis Laboratory, Inc.  
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

\* 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 connects individuals and society, and provides new value.” In order to realize a better and more sustainable society and more fulfilling lifestyles based on this idea, our core management policy is to maintain a long-term view as we endeavor to develop business activities that will enable us to create a better future through our own efforts.

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 that people find indispensable, DNP strives to make itself an indispensable company. This aspiration is expressed in our brand statement as, “Today’s Innovation is Tomorrow’s Basic.”

Through initiatives aligned with our core management policies, we continually generate corporate value and shareholder value. We use ROE and PBR as indicators for evaluating our business activities and for assessing our progress toward increasing value.

In March 2024, the DNP Group identified the materiality (key issues) that concretize what it should do and what kind of value it should create for the four interrelated societies that it aims to create as a “better future.”

#### **< DNP’s Materiality >**

- A society in which people can live safe, secure, healthy and fulfilling lives  
By generating its own changes and responding flexibly to change, the DNP Group will enhance the sustainability of the environment, society, and the economy.
- A society in which pleasant communication is possible  
By connecting the real and the digital, the DNP Group will enhance the quality of the experiential value that people can gain, and will expand opportunities for people to engage in activities.
- A society in which people respect each other  
The DNP Group will create a place where everyone can play a vital and active role by deepening mutual understanding and acknowledging each other.
- A society in which economic growth coexists with the global environment  
By working to conserve the environment and reduce the environmental impact of its activities, the DNP Group realizes a nature-positive value chain.

#### **(2) Medium-term Management Plan**

##### **1) Plan overview**

In line with our basic management policies, in April 2023 the DNP Group has begun implementing its 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 strategies**

###### **[1-1] The thinking behind DNP’s medium- to long-term business portfolio**

DNP’s Business Strategy clearly defines the medium- to long-term business portfolio we should aim for, based on market growth potential, appeal, and profitability. Growth-driving businesses

(\*1) and new businesses (\*2) with high market growth potential and appeal are positioned as “focus businesses.” By concentrating investment of resources in the five focus businesses and adequately developing the structures and systems that they require, we spur them to generate more profits more quickly. In addition to developing and mining DNP’s own unique strengths, we will also strategically pursue the No. 1 position in various markets by co-creating with the diverse partners who constitute DNP’s own brand of social and relationship assets, including collaborative activities and M&As with companies whose strengths differ from those of DNP.

\*1 Growth-driving businesses: digital interfaces, semiconductors, mobility and industrial high-performance materials

\*2 New businesses: content and XR communication, medical and healthcare

At the same time, among stable businesses (\*3), where market growth potential and attractiveness are low but profitability is high, the Group will work to improve business efficiency and take other steps to generate a stable cash flow. Among businesses for reforming (\*4), which currently have low market growth potential and struggle to turn profits, the Group will promote optimization, which may include downsizing or withdrawal of production capacity and/or operating locations, as well as structural reforms that may include reallocation of resources to focus businesses or strengthening individual products or services within these businesses that have unique strengths.

\*3 Stable businesses: imaging communication, information security

\*4 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 unique strengths and pursue collaborative operations and development of services with companies in Japan and abroad. Concerning our paper media printing business, 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 metaverses 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; our archiving businesses; high-definition image processing technologies; 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 will promote the global expansion of the world's top share of battery pouches for lithium-ion batteries for EVs through aggressive capital investment. Primarily through these battery pouches and a wide variety of interior and exterior decorative materials for vehicular use, we will work to help realize extended cruising distances for EVs, automated driving, and pleasant mobile spaces over the next few decades.

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 people's healthy life expectancy.

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 expand our unique products like DNP transparent vapor deposition IB (Innovative Barrier) -Film® and eco-friendly packaging materials.

Specific measures include considering the investment in 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 partners.

## ○ **Electronics**

In addition to actively promoting capital investment, this segment will accelerate business expansion by developing new products that leverage DNP's unique strengths and by expanding the value that it provides to the semiconductor supply chain through alliances with external partners.

In digital interfaces, one of this segment's focus businesses, we will continue to create new value that links the real with the virtual and the analog with the digital by staying ahead of the curve in technological innovation, and by focusing on products for which we hold the world's top market share, such as metal masks for manufacturing OLED displays and optical films for display surfaces.

Another of the Electronics segment's focus businesses is semiconductors. As the volume of data being distributed around the world increases dramatically with increasing use of automated driving, distance education, telemedicine, cloud environments and expanding data centers, DNP will develop and provide fine devices that are indispensable to the entire semiconductor supply chain.

## **[2] Financial strategies**

In order to continuously generate corporate value and shareholder value, we need to build and maintain a stable financial base from which we allocate cash both for investment in growth and for appropriate returns to shareholders.

### ○ **Cash allocation strategies**

The Group will actively invest in focus business areas and improve the efficiency of each business to generate a stable operating cash flow that will be used to fund investment in growth. In order to improve asset efficiency, we are accelerating sales of strategic share holdings and steadily

reducing underused real estate holdings. We will also strive to maximize funding efficiency by considering various appropriate funding methods, including the use of interest-bearing debt.

The cash that we generate will be allocated for concentrated investment in focus business areas, as well as for investment aimed at building our management base. In order to promote corporate activities over the long term and to continue to provide value to society and individuals, we will also actively allocate cash for shareholder returns while taking into account the balance between investing in growth and returning profits to shareholders.

### **[3] Non-financial strategies**

#### **○ Strengthening human capital**

As part of the DNP Group's active promotion of investment in people, in 2022 we formulated our Human Capital Policy. In order to more clearly link investment in people with the enhancement of corporate value and to significantly increase "human creativity" (added value productivity) on a global basis, we are implementing the following measures.

In order to support our employees' career autonomy and strengthen organizational capabilities so as to create more value, we have developed compensation and related policies that are more closely founded on a job-oriented perspective. Issues covered by these policies include multi-track post-based compensation, investment in people aimed at supporting employees' career autonomy, maintaining and securing highly competitive compensation levels and systems, and the enhancement of organizational development.

In addition, in order to implement management reform and make DNP function as a more powerful team by drawing out the strengths of its diverse individuals in line with the DNP Group Declaration on Health, we are promoting health and productivity management that increases the happiness of employees by making DNP Value Objectives an integral part of our system and by developing measures aimed at increasing organizational engagement.

We will take steps to get the right people into the right positions based on business strategies. These steps include using a talent management system to make it easy to see the skill levels of ICT and DX personnel, use of a human resources portfolio as a basis for hiring and training, and enhancement of any retraining needed for the redeployment of personnel.

The DNP Group believes that making the most of a diverse workforce and combining the strengths of each individual are essential for value creation and therefore considers promotion of diversity and inclusion (D&I) as an important management issue. The DNP Group will continue to promote measures aimed at realizing its basic policy of promoting D&I, i.e. the development of diverse human resources, the institution of diverse working styles, and the cultivation of a culture that enables active participation by diverse personnel.

#### **○ 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 strive to strengthen overseas business development, particularly related to the Life & Healthcare segment, and to bolster overseas marketing and research and development. We will create new value in both existing businesses and new

businesses by developing new products and services that use existing intellectual capital such as patents that 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, or 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 CO<sub>2</sub> 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 and especially of plastics, 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. It plans to consider adopting IFRS going forward 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, 2023 (As of March 31, 2023)	Year ended March 31, 2024 (As of March 31, 2024)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	246,438	228,765
Notes receivables	46,780	48,590
Trade receivables	282,560	299,193
Contract assets	421	646
Marketable securities	22,800	7,500
Merchandise and finished products	85,026	88,301
Work in progress	33,890	36,607
Raw materials and supplies	35,946	39,588
Other	49,819	50,789
Allowance for doubtful accounts	(688)	(664)
<b>Total current assets</b>	<b>802,995</b>	<b>799,318</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures	555,484	572,978
Accumulated depreciation	(373,274)	(394,367)
Buildings and structures, net	182,209	178,611
Machinery and equipment	678,617	710,091
Accumulated depreciation	(612,663)	(633,477)
Machinery and equipment, net	65,954	76,614
Land	139,907	142,404
Construction in progress	20,284	23,751
Other	129,957	141,859
Accumulated depreciation	(101,883)	(110,100)
Other, net	28,073	31,758
<b>Total property, plant and equipment</b>	<b>436,429</b>	<b>453,139</b>
Intangible fixed assets		
Goodwill	2,423	4,101
Software	26,109	23,738
Other	1,827	2,856
<b>Total intangible fixed assets</b>	<b>30,360</b>	<b>30,697</b>
Investments and other assets		
Investment securities	341,215	374,659
Net defined benefit asset	174,781	248,389
Deferred income taxes	7,749	8,718
Other	38,882	43,592
Allowance for doubtful accounts	(2,029)	(2,885)
<b>Total investments and other assets</b>	<b>560,598</b>	<b>672,474</b>
<b>Total fixed assets</b>	<b>1,027,389</b>	<b>1,156,310</b>
<b>TOTAL ASSETS</b>	<b>1,830,384</b>	<b>1,955,629</b>

(Million yen)

	Year ended March 31, 2023 (As of March 31, 2023)	Year ended March 31, 2024 (As of March 31, 2024)
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payables	224,418	223,873
Short-term bank loans	30,301	38,261
Current portion of long-term debt	1,243	4,478
Income taxes payable	10,492	11,642
Reserve for bonuses	20,433	21,290
Repair reserve	17,549	7,157
Other	94,131	102,224
Total current liabilities	398,571	408,928
Long-term liabilities		
Bonds	100,000	100,000
Long-term debt	13,772	23,403
Repair reserve	9,506	–
Net defined benefit liability	54,740	56,190
Deferred tax liabilities	84,659	111,654
Other	20,888	18,765
Total long-term liabilities	283,567	310,013
<b>TOTAL LIABILITIES</b>	<b>682,139</b>	<b>718,941</b>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,112	145,118
Retained earnings	737,699	782,000
Treasury stock	(88,212)	(126,367)
Total stockholders' equity	909,064	915,215
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	138,781	161,863
Net deferred gains (losses) on hedges	(21)	26
Foreign currency translation adjustments	14,143	20,850
Remeasurements of defined benefit plans	25,535	67,971
Total accumulated other comprehensive income	178,439	250,711
Non-controlling interests	60,741	70,760
<b>TOTAL NET ASSETS</b>	<b>1,148,245</b>	<b>1,236,687</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,830,384</b>	<b>1,955,629</b>

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

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net sales	1,373,209	1,424,822
Cost of sales	1,081,284	1,111,129
Gross profit	291,924	313,692
Selling, general and administrative expenses	230,691	238,242
Operating income	61,233	75,450
Non-operating income		
Interest and dividends income	9,016	6,410
Equipment rental	754	1,005
Equity in earnings of affiliates	13,603	17,529
Other	3,321	3,488
Total non-operating income	26,695	28,434
Non-operating expenses		
Interest expense	700	894
Contributions	1,179	1,041
Equipment rental expenses	473	646
Other	1,913	2,600
Total non-operating expenses	4,267	5,182
Ordinary income	83,661	98,702
Extraordinary gains		
Gain on sale of fixed assets	17,426	277
Gain on sale of investment securities	12,871	69,931
Gain on reversal of repair reserve	11,388	15,647
Other	2,788	46
Total extraordinary gains	44,474	85,903
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,313	1,894
Impairment loss	6,286	38,263
Other	802	1,436
Total extraordinary losses	8,402	41,593
Income before income taxes and non-controlling interests	119,733	143,012
Current income taxes	20,377	31,474
Deferred income taxes	9,650	84
Total income taxes	30,028	31,558
Net income	89,704	111,454
Net income attributable to non-controlling shareholders	4,011	524
Net income attributable to parent company shareholders	85,692	110,929



**Consolidated statements of comprehensive income**

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net income	89,704	111,454
Other comprehensive income		
Valuation difference on available-for-sale securities	(54,184)	23,027
Net deferred gains (losses) on hedges	(74)	63
Foreign currency translation adjustments	7,457	6,214
Remeasurements of defined benefit plans	(2,895)	42,852
Share of other comprehensive income of associates accounted for using equity method	3,025	904
Total other comprehensive income	(46,672)	73,062
Comprehensive income	43,032	184,516
Attributable to:		
Parent company shareholders	38,938	183,201
Non-controlling shareholders	4,093	1,315

**(3) Consolidated statements of changes in net assets**  
**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

**The year ended March 31, 2024 (April 1, 2023 – March 31, 2024)**

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	145,112	737,699	(88,212)	909,064
Changes of items during the period					
Cash dividends paid			(16,430)		(16,430)
Net income attributable to parent company shareholders			110,929		110,929
Change in ownership interest of parent arising from transactions with non-controlling shareholders		5			5
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method				0	0
Purchases of treasury stock				(88,564)	(88,564)
Disposal of treasury stock			55	156	211
Retirement of treasury stock			(50,253)	50,253	–
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	5	44,301	(38,155)	6,151
Balance at the end of current period	114,464	145,118	782,000	(126,367)	915,215

	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	138,781	(21)	14,143	25,535	178,439	60,741	1,148,245
Changes of items during the period							
Cash dividends paid							(16,430)
Net income attributable to parent company shareholders							110,929
Change in ownership interest of parent arising from transactions with non-controlling shareholders							5
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method							0
Purchases of treasury stock							(88,564)
Disposal of treasury stock							211
Retirement of treasury stock							–
Net changes in items other than stockholders' equity	23,081	47	6,706	42,436	72,271	10,019	82,291
Total changes of items during the period	23,081	47	6,706	42,436	72,271	10,019	88,442
Balance at the end of current period	161,863	26	20,850	67,971	250,711	70,760	1,236,687

**(4) Consolidated statements of cash flows**

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	119,733	143,012
Depreciation	51,769	55,990
Impairment loss	6,286	38,263
Increase of doubtful receivables, net	38	747
Increase of net defined benefit asset	(16,958)	(17,656)
Increase of net defined benefit liability	3,641	4,748
Equity in gains of affiliates	(13,603)	(17,529)
Amortization of consolidation goodwill, net	512	735
Interest and dividend income	(9,016)	(6,410)
Interest expense	700	894
Net gain on sale of investment securities	(12,810)	(69,913)
Net loss on devaluation of investment securities	337	685
Net (gain) loss on sale or disposal of fixed assets	(16,080)	1,649
Increase in trade receivables	(1,599)	(12,844)
Increase in inventories	(11,085)	(2,598)
Decrease in trade payables	(13,404)	(3,452)
Increase on reversal of repair reserve	(11,388)	(15,647)
Other	(8,197)	1,732
Sub-total	68,875	102,403
Payments for repair costs	(6,844)	(4,251)
Payments for extra retirement payments	(141)	(89)
Payment of income taxes	(23,895)	(25,508)
Net cash provided by operating activities	37,993	72,553
<b>Cash flows from investing activities</b>		
Net (increase) decrease in time deposits	1,492	(703)
Net decrease in marketable securities	–	10,300
Payments for purchases of property, plant and equipment	(50,321)	(59,428)
Proceeds from sales of property, plant and equipment	19,813	1,782
Payments for purchases of investment securities	(1,038)	(1,470)
Proceeds from sales of investment securities	14,903	81,614
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	(1,743)	(9,282)
Payments for purchase of intangible fixed assets	(11,804)	(15,325)
Interest and dividends received	6,740	12,632
Other	(3,063)	(1,763)
Net cash provided by (used in) investing activities	(25,021)	18,355

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term bank loans	(3,693)	7,953
Proceeds from long-term debt	3,100	4,619
Repayments of long-term debt	(2,652)	(11,146)
Payments for redemption of bonds	(1,050)	(2,500)
Expenditure for acquisition of subsidiary shares without change in scope of consolidation	–	(169)
Income from the sale of shares of a subsidiary without a change in the scope of consolidation	41	982
Payments for purchases of treasury stock	(25,864)	(88,564)
Change in money held in trust for purchase of treasury stock	(127)	(5,462)
Payments for purchases of treasury stock of subsidiaries	(0)	(100)
Interest paid	(698)	(889)
Dividends paid	(17,142)	(16,431)
Dividends paid to non-controlling interests	(592)	(1,651)
Other	(3,754)	(5,337)
<b>Net cash used in financing activities</b>	<b>(52,435)</b>	<b>(118,696)</b>
Effect of exchange rate changes on cash and cash equivalents	4,430	3,983
<b>Net decrease in cash and cash equivalents</b>	<b>(35,032)</b>	<b>(23,804)</b>
Cash and cash equivalents at beginning of year	293,361	258,329
<b>Net increase in cash and cash equivalents resulting from merger of non-consolidated subsidiaries</b>	<b>–</b>	<b>45</b>
Cash and cash equivalents at end of year	258,329	234,569

## **(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: 111**

Major companies: Maruzen CHI Holdings Co., Ltd.  
Hokkaido Coca-Cola Bottling Co., Ltd., INTELLIGENT WAVE INC.  
CMIC CMO Co., Ltd., 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, CMIC CMO Co., Ltd. and six other companies have been newly included in the scope of consolidation in accordance with the acquisition of shares. In addition, three 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, two companies have been newly included in the scope of application of the equity method in accordance with the acquisition of shares. In addition, two companies have been excluded from the scope of application of the equity method due to the completion of liquidation, etc.

#### **3) Matters concerning the fiscal years of consolidated subsidiaries**

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 33 others have fiscal years that end on December 31, while Maruzen CHI Holdings Co., Ltd. and 18 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, CMIC CMO Co., Ltd. and four others have fiscal years that end on September 30, DNP Tamura Plastic Co., Ltd. and one other company have fiscal years that end 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	
Held-to-maturity debt	Amortized cost method (straight-line method)
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 equal depreciation. 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	<u>Lease assets with transfer of ownership</u> These lease assets are depreciated using the same depreciation method used for owned fixed assets. <u>Lease assets with no transfer of ownership</u> 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**

- 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.
- 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.
- 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 Smart Communication, Life & Healthcare, and Electronics. 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

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 (Smart 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

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.

### (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.

#### [Consolidated balance sheets]

	Year ended March 31, 2023	Year ended March 31, 2024
1. Discounts on notes receivables	¥85 million	¥89 million
2. Contract liabilities (Current liabilities and other in long-term liabilities)	¥16,655 million	¥25,518 million

#### [Consolidated statements of income]

	Year ended March 31, 2023	Year ended March 31, 2024
1. Research and development expenses (Selling, general and administrative expenses)	¥32,480 million	¥35,236 million

#### 2. Reversal of repair reserve

Although more than 90% of all estimated repair quantities were completed by the end of the current fiscal year, the actual payment amount differed from the estimate due to price fluctuations in labor and material costs and the occurrence of defects, etc. Therefore, a reversal of repair reserve was recorded.

### 3. Impairment losses

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

Location	Application	Category
Shinjuku Ward (Tokyo), Tochigi City (Tochigi), other	Information Innovation business assets	Buildings and structures, machinery and equipment, land, construction in progress, software, other
Indonesia	Packaging business assets	Buildings and structures, machinery and equipment, construction in progress, software, other
Kuki (Saitama), Shiraoka (Saitama), other	Publishing business assets	Buildings and structures, machinery and equipment, construction in progress, software, other
Kashiwa City (Chiba), other	System assets	Software, other
United States of America	Imaging Communication business assets	Buildings and structures, machinery and equipment, construction in progress, goodwill, software, other
Other	Business assets other than above	Buildings and structures, machinery and equipment, construction in progress, goodwill, software, other
Other	Idle assets	Land

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 ¥38,263 million.

The impairment loss breaks down into buildings and structures at ¥15,669 million, machinery and equipment at ¥3,901 million, land at ¥3,091 million, construction in progress at ¥818 million, goodwill at ¥1,157 million, software at ¥9,963 million, and other at ¥3,660 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 real estate appraisals, etc. 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 the planned sale price, 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, 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

**The year ended March 31, 2024 (April 1, 2023 – March 31, 2024)**

**1. Types and number of shares outstanding and treasury stock**

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2024	Increase in number of shares during the year ended March 2024	Decrease in number of shares during the year ended March 2024	Number of shares at the end of the year ended March 2024
Outstanding shares	Common stock	292,240,346	–	15,000,000	277,240,346
Treasury stock	Common stock	30,724,570	21,968,902	15,051,261	37,642,211

- Notes:
1. The number of outstanding shares of common stock declined by 15,000,000 shares due to the retirement of 15,000,000 shares of treasury stock.
  2. The number of treasury shares of common stock increased by 21,968,902 shares due to the repurchase of 21,954,700 shares decided on by the Board of Directors, by 10,509 shares due to free acquisition of treasury stock under the restricted stock compensation, and by 3,693 shares due to the repurchase of odd-lot shares.
  3. The number of treasury shares of common stock declined by 15,051,261 shares due to the retirement of 15,000,000 shares, the disposal of 51,242 treasury shares as restricted stock compensation, by 14 shares due to 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, 2023	Common stock	8,368	32	March 31, 2023	June 30, 2023
Board of Directors' meeting on November 10, 2023	Common stock	8,061	32	September 30, 2023	December 8, 2023

**(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 27, 2024	Common stock	7,667	Retained earnings	32	March 31, 2024	June 28, 2024

**[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 three reporting segments are Smart Communication, Life & Healthcare, and Electronics.

**(2) Products and services in each reporting segment**

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

**(3) Matters related to changes in reporting segments**

In order to clarify the business domains and strategies of each of our reporting segments, and in order to accelerate the execution of concrete measures, as of the fiscal year through March 2024, we changed the name of the Information Communication segment to Smart Communication, and we renamed the Lifestyle and Industrial Supplies segment to Life & Healthcare. At the same time, in order to contribute even further to comfortable lives for people, we transferred our Beverages business to Life & Healthcare, to which it is closely related and the Beverage segment has been eliminated.

Segment information for the previous fiscal year is presented based on the new name and classification method and listed in "3. Information on sales, income/loss, assets, and other items by reporting segment and income analysis information" on the previous fiscal year's financial results.

**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, 2023 (April 1, 2022 – March 31, 2023)

(Million yen)

	Reporting segment				Adjustment Note 1	Amounts reported on consolidated financial statements Note 2
	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales Note 3						
Outside customers	718,413	451,221	203,573	1,373,209	–	1,373,209
Inter-segment	1,880	152	–	2,033	(2,033)	–
Total	720,293	451,374	203,573	1,375,242	(2,033)	1,373,209
Segment income	26,731	7,981	46,936	81,649	(20,415)	61,233
Segment assets	817,776	501,140	242,478	1,561,395	268,989	1,830,384
Other items						
Depreciation and amortization	20,156	20,519	9,481	50,157	1,611	51,769
Amortization of goodwill	495	16	0	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	25,870	13,522	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.

**The year ended March 31, 2024 (April 1, 2023 – March 31, 2024)**

(Million yen)

	Reporting segment				Adjustment Note 1	Amounts reported on consolidated financial statements <sup>Note 2</sup>
	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales <sup>Note 3</sup>						
Outside customers	717,279	472,240	235,303	1,424,822	–	1,424,822
Inter-segment	2,152	120	–	2,272	(2,272)	–
Total	719,431	472,360	235,303	1,427,094	(2,272)	1,424,822
Segment income	26,162	13,347	58,152	97,662	(22,211)	75,450
Segment assets	814,558	547,931	290,109	1,652,599	303,029	1,955,629
Other items						
Depreciation and amortization	20,524	22,926	10,945	54,396	1,593	55,990
Amortization of goodwill	586	152	2	741	–	741
Impairment loss	34,283	3,502	13	37,799	463	38,263
Investments in equity-method affiliates	4,917	160	46,447	51,525	48,949	100,474
Increase in property, plant and equipment and in intangible fixed assets	24,539	18,204	24,674	67,418	950	68,368

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, 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.

**The year ended March 31, 2024 (April 1, 2023 – March 31, 2024)**

## 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
1,089,075	246,023	89,723	1,424,822

- 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.



**[Per share information]**

	Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Net assets per share	¥4,158.46	¥4,866.18
Net income per share	¥321.32	¥443.12
Diluted net income per share	¥321.27	¥443.06

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

		Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	Year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
(1) Net income per share			
Net income attributable to parent company shareholders	(Million yen)	85,692	110,929
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income attributable to parent company common shareholders	(Million yen)	85,692	110,929
Average number of common shares outstanding during the fiscal year	(Thousand shares)	266,691	250,336
(2) Diluted net income per share			
Adjustments to net income attributable to parent company shareholders	(Million yen)	(13)	(16)
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates	(Million yen)	(13)	(16)
Increase in common stock	(Thousand shares)	–	–

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

		Year ended March 31, 2023 (As of March 31, 2023)	Year ended March 31, 2024 (As of March 31, 2024)
Total net assets	(Million yen)	1,148,245	1,236,687
Amount excluded from total net assets	(Million yen)	60,741	70,760
Of which, non-controlling interests	(Million yen)	60,741	70,760
Net assets at fiscal year-end pertaining to common stock	(Million yen)	1,087,504	1,165,927
Number of common shares outstanding	(Thousand shares)	292,240	277,240
Number of common treasury shares	(Thousand shares)	30,724	37,642
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	261,515	239,598

**[Significant subsequent events]**

(Sales of investment securities)

The Company sold one listed holding security on April 15, 2024 in order to improve the efficiency of its asset holdings.

As a result of the above, the 58.6 billion-yen profit from the sale of investment securities will be recorded as extraordinary gains in the fiscal year ending March 2025.

## 6. Non-consolidated financial statements and key notes

### (1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2023 (As of March 31, 2023)	Year ended March 31, 2024 (As of March 31, 2024)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	137,967	111,255
Notes receivable	9,451	9,894
Electronically recorded monetary claims	29,865	31,081
Trade receivable	219,098	232,970
Contract asset	4	38
Merchandise and finished goods	3,927	8,794
Work in progress	11,736	16,310
Raw materials and supplies	2,121	7,347
Other	57,825	37,747
Allowance for doubtful accounts	(340)	(276)
<b>Total current assets</b>	<b>471,656</b>	<b>455,162</b>
Fixed assets		
Property, plant and equipment		
Buildings	430,631	422,721
Accumulated depreciation	(283,887)	(291,200)
Buildings, net	146,743	131,520
Structures	31,126	31,039
Accumulated depreciation	(25,018)	(25,384)
Structures, net	6,108	5,654
Machinery	511,306	512,299
Accumulated depreciation	(465,168)	(464,789)
Machinery, net	46,137	47,510
Vehicles	1,564	1,624
Accumulated depreciation	(1,409)	(1,455)
Vehicles, net	154	168
Equipment	49,978	48,347
Accumulated depreciation	(41,428)	(41,560)
Equipment, net	8,549	6,787
Land	116,641	113,151
Lease assets	3,076	2,446
Accumulated depreciation	(1,215)	(1,009)
Lease assets, net	1,861	1,437
Construction in progress	13,912	16,403
<b>Total property, plant and equipment</b>	<b>340,110</b>	<b>322,633</b>
Intangible fixed assets		
Software	18,282	13,015
Other	1,183	1,019
<b>Total intangible fixed assets</b>	<b>19,466</b>	<b>14,034</b>
Investments and other assets		
Investment securities	262,615	282,809
Investments in securities in affiliates	139,435	151,791
Investments in capital of affiliates	1,524	1,500
Prepaid pension costs	95,220	102,831
Other	12,573	12,054
Allowance for doubtful accounts	(2,788)	(3,269)
<b>Total investments and other assets</b>	<b>508,581</b>	<b>547,719</b>
<b>Total fixed assets</b>	<b>868,157</b>	<b>884,387</b>
<b>TOTAL ASSETS</b>	<b>1,339,813</b>	<b>1,339,549</b>

(Million yen)

	Year ended March 31, 2023 (As of March 31, 2023)	Year ended March 31, 2024 (As of March 31, 2024)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable	10,806	8,644
Trade payable	200,699	206,069
Lease obligations	522	513
Accounts payable - other	42,927	36,151
Accrued expenses	16,125	16,842
Contract liability	3,031	2,282
Advances received	13	5
Deposits payable	182,228	184,863
Reserve for bonuses	8,502	8,494
Reserve for bonuses to directors	261	189
Repair reserve	17,549	7,157
Notes payable for facilities	845	569
Other	276	748
Total current liabilities	483,789	472,531
Long-term liabilities		
Bonds	100,000	100,000
Lease obligations	1,429	1,189
Asset retirement obligations	1,136	1,146
Long-term accounts payable	5,370	46
Provision for retirement benefits	12,403	12,986
Repair reserve	9,506	-
Deferred tax liabilities	64,500	71,637
Other	25	24
Total long-term liabilities	194,370	187,030
<b>TOTAL LIABILITIES</b>	<b>678,159</b>	<b>659,562</b>
<b>NET ASSETS</b>		
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	16	15
Other reserves	232,780	132,780
Retained earnings brought forward	98,086	232,100
Total retained earnings	354,183	388,196
Treasury stock	(88,182)	(126,337)
Total stockholders' equity	525,363	521,221
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	136,289	158,766
Total valuation and translation adjustments	136,289	158,766
<b>TOTAL NET ASSETS</b>	<b>661,653</b>	<b>679,987</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,339,813</b>	<b>1,339,549</b>

**(2) Non-consolidated statements of income**

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net sales	928,084	959,076
Cost of sales	796,836	822,210
Gross profit	131,247	136,866
Selling, general and administrative expenses	132,058	135,298
Operating income (loss)	(810)	1,567
Non-operating income		
Interest income	91	138
Dividend income	50,227	49,692
Equipment rental	31,273	31,184
Other	3,081	4,597
Total non-operating income	84,675	85,613
Non-operating expenses		
Interest expense	368	368
Equipment rental expense	24,664	24,255
Other	2,017	2,758
Total non-operating expenses	27,051	27,381
Ordinary income	56,813	59,799
Extraordinary gains		
Gain on sale of fixed assets	13,841	149
Gain on sale of investment securities	12,869	69,640
Gain on reversal of repair reserve	11,388	15,647
Other	192	363
Total extraordinary gains	38,292	85,801
Extraordinary losses		
Loss on sale or disposal of fixed assets	1,090	1,464
Impairment loss	4,116	33,080
Other	564	584
Total extraordinary losses	5,770	35,129
Income before income taxes	89,334	110,471
Current income taxes	860	10,330
Deferred income taxes	6,820	(2,170)
Total income taxes	7,680	8,159
Net income	81,653	102,312

**(3) Non-consolidated statements of changes in net assets**  
**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

The year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	16	232,780	98,086	354,183
Changes of items during the period								
Reversal of reserve for depreciation reduction of fixed assets					(0)		0	–
Reversal of other reserve						(100,000)	100,000	–
Cash dividends paid							(16,430)	(16,430)
Net income							102,312	102,312
Purchases of treasury stock								
Disposal of treasury stock							55	55
Retirement of treasury stock							(50,253)	(50,253)
Decrease due to company split							(1,670)	(1,670)
Net changes in items other than stockholders' equity								
Total changes of items during the period	–	–	–	–	(0)	(100,000)	134,014	34,013
Balance at the end of current period	114,464	144,898	144,898	23,300	15	132,780	232,100	388,196

	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	(88,182)	525,363	136,289	136,289	661,653
Changes of items during the period					
Reversal of reserve for depreciation reduction of fixed assets		–			–
Reversal of other reserve		–			–
Cash dividends paid		(16,430)			(16,430)
Net income		102,312			102,312
Purchases of treasury stock	(88,564)	(88,564)			(88,564)
Disposal of treasury stock	156	211			211
Retirement of treasury stock	50,253	–			–
Decrease due to company split		(1,670)			(1,670)
Net changes in items other than stockholders' equity			22,476	22,476	22,476
Total changes of items during the period	(38,155)	(4,142)	22,476	22,476	18,333
Balance at the end of current period	(126,337)	521,221	158,766	158,766	679,987

(4) Notes regarding non-consolidated financial statements

[Notes on premise of a going concern]

None