



Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2024 [J-GAAP]

February 9, 2024

Company Name: Dai Nippon Printing Co., Ltd.
Stock exchange listing: Tokyo
Stock code: 7912 URL: <https://www.dnp.co.jp/eng/>
Representative: Yoshinari Kitajima, President
Contact person: Naoki Wakabayashi,
General Manager, IR and Public Relations Division
Telephone: +81-3-6735-0124
Securities report issuing date: February 9, 2024
Dividend payment date: –
Preparation of quarterly earnings presentation material: Yes
Holding of quarterly results briefing: No

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

1. Consolidated financial results for the first nine months ended December 31, 2023
(April 1, 2023 – December 31, 2023)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	1,061,252	3.7	52,002	16.6	68,277	18.4	98,559	52.9
Nine months ended December 31, 2022	1,023,560	2.2	44,583	(9.5)	57,675	(2.2)	64,445	(7.3)

Note: Comprehensive income: For the first nine months ended December 31, 2023: ¥107,433 million (163.8%)
For the first nine months ended December 31, 2022: ¥40,720 million (-62.9%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2023	389.37	389.32
Nine months ended December 31, 2022	241.00	240.96

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2023	1,887,922	1,181,155	58.8
As of March 31, 2023	1,830,384	1,148,245	59.4

Note: Stockholders' equity as of December 31, 2023: ¥1,109,604 million As of March 31, 2023: ¥1,087,504million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2023	–	32.00	–	32.00	64.00
Year ending March 31, 2024	–	32.00	–		
Year ending March 31, 2024 (Forecasts)				32.00	64.00

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

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

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,410,000	2.7	67,000	9.4	78,000	(6.8)	88,000	2.7	350.41

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

At a meeting of the Board of Directors held on March 9, 2023, the Company resolved to repurchase its own shares. In the calculation of "net income per share" in the consolidated earnings forecast, the impact of the share repurchase after January 1, 2024 based on this resolution is not taken into account.

Other information

(1) Changes in significant subsidiaries during the first nine months (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

- 1) Changes in accounting policies with revision of accounting standards: No
- 2) Changes in accounting policies other than the 1) above: No
- 3) Changes in accounting estimates: No
- 4) Restatement of revisions: No

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of December 31, 2023	292,240,346 shares	As of March 31, 2023	292,240,346 shares
2) Number of treasury shares at end of each period	As of December 31, 2023	47,728,946 shares	As of March 31, 2023	30,724,570 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Nine months ended December 31, 2023	253,123,575 shares	Nine months ended December 31, 2022	267,401,804 shares

* These financial results are exempt from auditing by a certified public accountant or an auditing company.

* Explanation regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was published. Actual results may differ significantly due to a variety of factors.

For information about earnings forecasts, see the section titled, "1. Qualitative information on the consolidated results for the third quarter (3) Explanation of the consolidated earnings forecasts and other projections," on page 5.

Quarterly earnings presentation material will be uploaded to the DNP website.

Contents

1. Qualitative information on the consolidated results for the third quarter	2
(1) Explanation of the consolidated financial results	2
(2) Explanation of the consolidated financial position	4
(3) Explanation of the consolidated earnings forecasts and other projections	5
2. Quarterly consolidated financial statements and key notes	6
(1) Quarterly consolidated balance sheets	6
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income	8
(3) Notes regarding quarterly consolidated financial statements	10
[Notes on premise of a going concern]	10
[Significant changes in shareholders' equity]	10
[Segment information]	10

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

(1) Explanation of the consolidated financial results

The environment surrounding the DNP Group during the first nine months of the fiscal year ending March 31, 2024 showed signs of gradual economic recovery, including normalization of domestic economic activities and improvements in employment and income levels, thanks partly to the effects of various government policies. On the other hand, the future remains difficult to predict amid factors like prolonged geopolitical risks and fears that financial policies in various regions around the world may lead to economic recession. In addition, worries persist regarding climate change, which United Nations Secretary-General Antonio Guterres described as having reached the era of “global boiling,” and the effects of natural disasters like the recent Noto Peninsula earthquake.

Despite these types of major changes in environment, society, and economies, the DNP Group is keeping its eye on the long term as it combines its unique strengths in “P&I” (printing and information), increases collaboration with diverse external partners, and expands its fields of business in order to create a better future based on its own ideas. Currently, we are implementing a three-year Medium-term Management Plan that covers the three fiscal terms from the year ending March 2024 to the year ending March 2026. Through concrete initiatives based on business strategies, financial strategies, and non-financial strategies, DNP will focus on sustained creation of business value and shareholder value.

In terms of business strategies, we are accelerating the creation of new value, primarily in focus business areas, while we work to build a robust business portfolio over the medium to long term. Regarding financial strategies, we will continue to appropriately allocate the cash that we generate to investments in further business growth and shareholder returns. As for non-financial strategies, we will work to strengthen the management foundation that supports DNP’s long-term growth, mainly by enhancing our human capital, enhancing our intellectual capital, and addressing environmental concerns. We will also prepare for natural disasters and other unpredictable situations by thoroughly implementing business continuity management (BCM) and working Group-wide to promote various corporate activities on an ongoing basis.

As a result of these efforts, consolidated net sales for the first nine months grew 3.7% year on year to ¥1,061.2 billion, consolidated operating income grew 16.6% to ¥52.0 billion, consolidated ordinary income grew 18.4% to ¥68.2 billion, and net income attributable to parent company shareholders grew 52.9% to ¥98.5 billion due mainly to the recording of extraordinary gains on the sale of investment securities.

As of the first quarter of the fiscal year ending March 2024, we changed the name of the Information Communication segment to Smart Communication, we renamed the Lifestyle and Industrial Supplies segment to Life & Healthcare, and we transferred our Beverages business to Life & Healthcare. Comparisons and analyses pertaining to the first nine months of the fiscal year ending March 2024 are based on this new classification.

Smart Communication

In Imaging Communications, photo printing materials performed well, primarily in the European and Asian markets.

Regarding information security, in addition to solid sales of large-scale business process outsourcing (BPO) projects, DNP enjoyed continued strong performance by smart cards, especially dual-interface cards that feature both contact and contactless standards on a single IC chip.

In marketing, we strove to provide value by combining the expertise and knowledge of marketing techniques that we have cultivated over the course of many years with our strength in digital technologies. However, due to continued shrinkage in the market for paper media, sales declined compared to the same period of the previous fiscal year.

Our publishing business enjoyed growth in sales of library management services in addition to solid results from our hybrid distribution and sales business that combines brick-and-mortar stores with online sales. However, overall Publishing sales were similar to a year earlier, largely due to contraction of the market for magazines and other paper media.

Concerning Content and XR (extended reality) Communication, we worked to strengthen our XR communication business, which increases the value of people's experiences mainly by integrating real and virtual spaces. As part of that effort, we focused on creating new businesses related to this field, for example by pursuing collaboration with Hacosco Inc., a company that has developed strengths in "brain tech" and XR businesses primarily by combining neuroscience with IT.

In the education field, 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 classrooms throughout Japan as they work to provide a variety of educational opportunities under the nation's "No one left behind" policy.

As a result of the above, overall segment sales sagged 0.2% year on year to ¥532.1 billion. Although operating income was supported by positive factors including increased information security sales, promotion of structural reforms, and success in boosting operational efficiency, it was pressured by lower sales (especially of paper media) and increases in raw material and logistics costs, resulting in operating income of ¥15.9 billion yen, down 11.2% from the same period last year.

Life & Healthcare

Helped by a recovery in automobile production, the Mobility and High-Performance Industrial Supplies businesses enjoyed strong performance of battery pouches for lithium-ion batteries, for use in both automotive applications and IT devices. In photovoltaic cell-related business, rising global demand led to strong sales of encapsulants, but sales of backsheets decreased due to production adjustments by client companies. Concerning decorative films for automotive use, in addition to products for interior use, we enjoyed solid sales of exterior-use films that feature highly aesthetic designs, shorten the time required for painting, and reduce negative environmental impact.

Our Packaging business was affected by consumers' tendency to limit purchases of food products and household goods due to soaring prices. However, sales still exceeded the previous-year level, thanks notably to increased sales of formed plastic products. In addition to focusing on development and sales of functional packaging materials, such as DNP's eco-friendly GREEN PACKAGING®, we made progress toward reorganizing production bases and worked to strengthen our business structure.

The Living Spaces business saw solid sales, in Japan and overseas, of DNP's ARTTECH® residential exterior materials that offer both durability and attractive designs. However, sales of products for residential interior use decreased due to a decline in domestic housing starts (of owner-occupied homes), and overall Living Spaces sales declined from the same period of the previous fiscal year.

The volume of sales recorded by DNP's Beverages business was boosted by factors like a recovery in social interaction and persistent high temperatures, and price revisions also helped to boost sales above the previous year's level.

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

As a result of the above, segment sales amounted to ¥356.5 billion, up 5.2% from the previous year. Operating income soared by 71.2% over the same period last year to 10.5 billion yen as the pace of increase in raw material and energy costs stabilized, and the impact of insufficient price pass-through was mitigated.

Electronics

In our Digital Interface business, sales of metal masks used for manufacturing organic EL displays remained strong thanks to increasing adoption of organic EL displays for use in smartphones. In addition, sales of optical films started to grow as the effects of the previous year's inventory adjustments across the supply chain ran their course. Sales for this business as a whole rose compared to the the same period of the previous fiscal year.

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

As a result of the above, overall segment sales grew 13.8% year on year to ¥174.4 billion. Despite a downturn in semiconductor-related sales and the impact of higher costs of raw materials and other costs, operating income grew 17.6% year on year to 42.3 billion yen, due to strong sales related to digital interfaces.

In December 2023, DNP issued its "Announcement of Investment in Special Purpose Company Established for the Purpose of Acquiring the Shares of Shinko Electric Industries, Co., Ltd."

The DNP Group has been developing important components of next-generation semiconductor packages, including organic interposers and TGV glass core substrates. In addition, DNP aims to expand the value it provides to the semiconductor supply chain by developing businesses that support next-generation technologies, such as optoelectronic integration. Recently, 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 the provision of new value in order to meet these types of market demands.

Furthermore, as stated in the "Announcement Regarding Planned Commencement of Tender Offer for Shinko Electric Industries Co., Ltd. (Stock Code 6967)," which is mentioned in the special purpose company press release, commencement of the tender offer is subject to compliance with domestic and international laws that regulate competition and foreign investments, so a certain amount of time will be required for handling necessary procedures and responses related to said compliance. Therefore, although the Tender Offeror aims to start in late August 2024, the timing may be affected by the amount of processing time required by overseas authorities with jurisdiction over competition and investment laws and regulations.

(2) Explanation of the consolidated financial position

Total assets at the end of the third quarter increased by ¥57.5 billion from the end of the previous fiscal year to ¥1,887.9 billion, due mainly to an increase in property, plant and equipment and

notes, trade receivables, and contract assets.

Total liabilities increased by ¥24.6 billion from the end of the previous fiscal year to ¥706.7 billion, due mainly to an increase in notes and trade payables and long-term debt.

Net assets increased by ¥32.9 billion from the end of the previous fiscal year to ¥1,181.1 billion, due mainly to an increase in net income and a decrease in dividends of surplus and repurchase of treasury stock.

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

Our earnings forecasts for the fiscal year ending March 2024 are unchanged from the forecasts announced on May 17, 2023.

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

(Million yen)

	As of March 31, 2023	As of December 31, 2023
ASSETS		
Current assets		
Cash and time deposits	246,438	234,018
Notes, trade receivables, and contract assets	329,762	340,656
Marketable securities	22,800	7,500
Merchandise and finished products	85,026	90,435
Work in progress	33,890	42,295
Raw materials and supplies	35,946	41,989
Other	49,819	43,128
Allowance for doubtful accounts	(688)	(664)
Total current assets	802,995	799,360
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	182,209	195,025
Machinery and equipment, net	65,954	73,580
Land	139,907	145,584
Construction in progress	20,284	25,500
Other, net	28,073	34,801
Total property, plant and equipment	436,429	474,491
Intangible fixed assets		
Other	30,360	39,084
Total intangible fixed assets	30,360	39,084
Investments and other assets		
Investment securities	341,215	347,395
Other	221,412	229,671
Allowance for doubtful accounts	(2,029)	(2,081)
Total investments and other assets	560,598	574,985
Total fixed assets	1,027,389	1,088,562
TOTAL ASSETS	1,830,384	1,887,922

(Million yen)

	As of March 31, 2023	As of December 31, 2023
LIABILITIES		
Current liabilities		
Notes and trade payables	224,418	236,853
Short-term bank loans	30,301	30,124
Reserve for bonuses	20,433	8,749
Repair reserve	17,549	23,297
Other	105,868	110,387
Total current liabilities	398,571	409,411
Long-term liabilities		
Bonds	100,000	100,000
Long-term debt	13,772	24,622
Repair reserve	9,506	-
Net defined benefit liability	54,740	58,329
Deferred tax liabilities	84,659	89,840
Other	20,888	24,563
Total long-term liabilities	283,567	297,355
TOTAL LIABILITIES	682,139	706,767
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,112	145,125
Retained earnings	737,699	819,827
Treasury stock	(88,212)	(155,259)
Total stockholders' equity	909,064	924,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	138,781	140,815
Net deferred losses on hedges	(21)	(16)
Foreign currency translation adjustments	14,143	23,740
Remeasurements of defined benefit plans	25,535	20,907
Total accumulated other comprehensive income	178,439	185,445
Non-controlling interests	60,741	71,551
TOTAL NET ASSETS	1,148,245	1,181,155
TOTAL LIABILITIES AND NET ASSETS	1,830,384	1,887,922

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

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

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	1,023,560	1,061,252
Cost of sales	806,582	830,998
Gross profit	216,977	230,254
Selling, general and administrative expenses	172,393	178,251
Operating income	44,583	52,002
Non-operating income		
Interest and dividend income	4,084	4,676
Equity in earnings of affiliates	9,896	13,084
Other	3,225	2,835
Total non-operating income	17,206	20,596
Non-operating expense		
Interest expense	521	660
Contributions	944	785
Other	2,648	2,875
Total non-operating expenses	4,114	4,322
Ordinary income	57,675	68,277
Extraordinary gains		
Gain on sale of fixed assets	17,369	204
Gain on sale of investment securities	11,056	61,222
Other	2,687	7
Total extraordinary gains	31,113	61,434
Extraordinary losses		
Loss on sale or disposal of fixed assets	724	1,337
Impairment loss	258	665
Loss on devaluation of investment securities	269	623
Other	278	242
Total extraordinary losses	1,531	2,869
Income before income taxes and non-controlling interests	87,256	126,842
Current income taxes	12,473	18,637
Deferred income taxes	7,142	8,256
Total income taxes	19,616	26,893
Net income	67,640	99,948
Net income attributable to non-controlling shareholders	3,195	1,389
Net income attributable to parent company shareholders	64,445	98,559

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

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	67,640	99,948
Other comprehensive income		
Valuation difference on available-for-sale securities	(38,888)	1,931
Net deferred gains (losses) on hedges	(88)	16
Foreign currency translation adjustments	13,460	9,224
Remeasurements of defined benefit plans	(4,813)	(4,522)
Share of other comprehensive income of affiliates accounted for using equity method	3,409	834
Total other comprehensive income	(26,920)	7,484
Comprehensive income	40,720	107,433
Attributable to:		
Parent company shareholders	36,539	105,565
Non-controlling shareholders	4,181	1,868

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

Treasury stock increased by ¥67,047 million during the first nine months of the fiscal year ending March 2024, due mainly to share repurchases based on a resolution passed by the Board of Directors on March 9, 2023.

[Segment information]

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

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

(Million yen)

	Reporting segment				Adjustment Note 1	Amounts reported on quarterly consolidated statements of income ^{Note 2}
	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales ^{Note 3}						
Outside customers	531,597	338,695	153,267	1,023,560	–	1,023,560
Inter-segment	1,460	108	–	1,569	(1,569)	–
Total	533,058	338,803	153,267	1,025,129	(1,569)	1,023,560
Segment income	17,932	6,171	36,018	60,122	(15,538)	44,583

- Notes:
1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
 2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.
 3. Sales include revenues generated from contracts with customers as well as other revenues, but because almost all revenues are generated from contracts with customers, the other revenues are insignificant and are therefore not displayed separately.

II. First nine months of current fiscal year (April 1, 2023 – December 31, 2023)

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

(Million yen)

	Reporting segment				Adjustment Note 1	Amounts reported on quarterly consolidated statements of income ^{Note 2}
	Smart Communication	Life & Healthcare	Electronics	Total		
Net sales ^{Note 3}						
Outside customers	530,427	356,422	174,402	1,061,252	–	1,061,252
Inter-segment	1,683	98	–	1,782	(1,782)	–
Total	532,111	356,520	174,402	1,063,034	(1,782)	1,061,252
Segment income	15,929	10,567	42,369	68,866	(16,864)	52,002

- Notes:
1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
 2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.
 3. 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.

2. Matters related to changes in reporting segments, etc.

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 first quarter of the fiscal year ending 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 we eliminated the Beverage segment.

Segment information for the first nine months of the previous fiscal year is presented based on the new name and classification method.