



Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2021 [J-GAAP]

August 5, 2020

Company Name: Dai Nippon Printing Co., Ltd.
Stock exchange listing: Tokyo
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Dividend payment date: –
Preparation of quarterly earnings presentation material: Yes
Holding of quarterly results briefing: Yes
 (for institutional investors and analysts)

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

1. Consolidated financial results for the first three months ended June 30, 2020
(April 1, 2020 – June 30, 2020)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2020	323,551	(6.1)	9,648	(30.2)	13,585	(20.3)	7,401	(58.9)
Three months ended June 30, 2019	344,575	0.5	13,823	15.6	17,040	12.1	18,015	77.7

Note: Comprehensive income: For the first three months ended June 30, 2020: ¥34,089 million (+11.0%)
 For the first three months ended June 30, 2019: ¥30,720 million (+5.7%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2020	26.35	26.21
Three months ended June 30, 2019	59.69	59.68

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2020	1,720,989	993,484	54.7
As of March 31, 2020	1,721,724	968,574	53.2

Note: Stockholders' equity as of June 30, 2020: ¥941,498 million As of March 31, 2020: ¥915,779 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2020	–	32.00	–	32.00	64.00
Year ending March 31, 2021	–				
Year ending March 31, 2021 (Forecasts)		32.00	–	32.00	64.00

Note: Revisions to the most recently announced dividend forecasts during the first quarter: Yes

**3. Consolidated earnings forecasts for the year ending March 31, 2021
(April 1, 2020 – March 31, 2021)**

(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	1,340,000	(4.4)	40,000	(28.9)	48,000	(24.7)	21,000	(69.8)	74.76

Note: Revisions to the most recently announced earnings forecasts during the first quarter: Yes

Other information

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

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

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

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

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of June 30, 2020	324,240,346 shares	As of March 31, 2020	324,240,346 shares
2) Number of treasury shares at end of each period	As of June 30, 2020	43,359,688 shares	As of March 31, 2020	43,359,344 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Three months ended June 30, 2020	280,880,852 shares	Three months ended June 30, 2019	301,819,359 shares

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

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

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

For information about earnings forecasts, see the section titled, "1. Qualitative information on the consolidated results for the first quarter (3) Explanation of the consolidated earnings forecasts," on page 4.

The DNP Group will hold a results briefing (conference call) for institutional investors and analysts on August 7, 2020. Materials used at the briefing will be uploaded to the DNP website at around 15:00 JST the same day.

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

(1) Explanation of the consolidated financial results

Business conditions surrounding the DNP Group during the first three months of the fiscal year ending March 2021 remained severe due to the sudden global economic downturn and decline in demand for various printed materials resulting from government stay-at-home and business suspension requests to prevent the spread of the novel coronavirus infection. However, usage of teleworking (working from home) and online shopping became more widespread, expectations rose for information and communications technology (ICT) in education and online medical consultations, and a global increase in environmental awareness heightened demand for environmentally conscious products and services.

Amid these significant economic, social, and environmental changes, the DNP Group worked to build a strong business portfolio by optimizing the allocation of management resources and restructuring to enhance competitiveness, primarily in focus areas such as the Internet of Things (IoT) and next-generation communications and environment-related businesses, based on the two criteria of profitability and market growth. The DNP Group also worked to strengthen the infrastructure needed to support sustainable growth by stepping up its initiatives in areas including the environment, and human capital and human rights.

As a result of the above, consolidated net sales for the first three months fell 6.1% year on year to ¥323.5 billion, consolidated operating income fell 30.2% to ¥9.6 billion, consolidated ordinary income fell 20.3% to ¥13.5 billion, and net income attributable to parent company shareholders fell 58.9% to ¥7.4 billion.

Business segment results are presented below.

[PRINTING]

Information Communication

In the Information Innovation business, areas such as ID cards (mainly Japan's social security and tax number ("My Number") cards) and Business Process Outsourcing (BPO) saw steady growth. BPO services handle business processes on behalf of companies seeking to respond to labor shortages and work-style reforms. However, overall sales in the Information Innovation business declined due to the cancellation of events throughout Japan, including the postponement of the 2020 Tokyo Olympics and Paralympic Games, a reduction in promotional campaigns and other advertising demand, and a decline in sales of pamphlets, catalogs, and other printed media.

In the Imaging Communication business, sales declined as opportunities to shoot and print photos in outside locations decreased due to government stay-at-home requests, which considerably reduced sales of related products and services.

In the Publishing business, more time spent at home due to government stay-at-home requests and school closures drove favorable e-book sales trends in the "honto" hybrid bookstore network, which combines physical bookstores, online bookstores, and e-book services. However, overall sales in the Publishing business declined as sales in physical book stores fell sharply due to reduced business hours and closures, and printing of both books and magazines decreased due to continued contraction of the print publication market.

Operating income in the Information Communication segment decreased due to the decline in sales.

As a result of the above, overall segment sales fell 9.7% year on year to ¥172.1 billion, and operating income fell 48.0% to ¥3.5 billion.

Lifestyle and Industrial Supplies

In the Packaging business, demand increased for packaging for pharmaceuticals and sanitary materials and for household food items due to the novel coronavirus (COVID-19), but demand for commercial packaging materials for beverages, souvenirs, and restaurant use declined due to government stay-at-home requests. As a result, overall sales in the Packaging business declined.

In the Living Spaces business, sales declined as domestic housing construction and

remodeling work was increasingly delayed or suspended due to the impact of COVID-19.

In the High-Performance Industrial Supplies business, sales rose for battery pouches used in automotive lithium-ion batteries due to greater uptake of electric vehicles, and for products used in tablets and smartphones due mainly to an increase in teleworking. As a result, overall sales in the High-Performance Industrial Supplies business increased.

Operating income in the Lifestyle and Industrial Supplies segment declined due to the considerable impact from a decrease in overall segment sales, despite expansion in the High-Performance Industrial Supplies business and a decline in raw material prices.

As a result of the above, overall segment sales fell 4.3% year on year to ¥90.9 billion, and operating income fell 6.3% to ¥1.7 billion.

Electronics

In the Display Components business, sales of metal masks used in the production of organic light-emitting diode (OLED) displays remained stable due to greater uptake of smartphones with OLED displays, despite the impact of factors such as reduced operating hours at customer firms due to COVID-19. However, sales of color filters for LCD displays declined due to business streamlining in response to a decline in demand. In optical films, sales increased for products used in OLED displays, and for products used in LCD displays for tablets and monitors due to an increase in household demand driven by teleworking and other factors. As a result, overall sales in the Display Components business increased.

In the Electronic Devices business, semiconductor photomask sales decreased due to product development delays in the semiconductor market. As a result, sales in the Electronic Devices business declined.

Overall operating income in the Electronics segment decreased due to the impact of a decline in Electronic Devices business sales and other factors.

As a result of the above, overall segment sales grew 0.8% year on year to ¥48.4 billion, but operating income fell 8.6% to ¥9.5 billion.

[BEVERAGES]

Beverages

The DNP Group worked to increase its share in existing markets and acquire new customers amid a decline in demand from tourist destinations and restaurants due to government stay-at-home requests by releasing new products in core brands such as Ayataka Koi Ryokucha, and stepping up sales promotion in the vending machine business and to mass merchandisers.

Overall segment sales rose 5.3% year on year to ¥12.4 billion due to factors such as an increase in sales of small PET plastic bottle products and the new Lemondo line of alcoholic beverages, and an increase in sales to bottlers in regions other than Hokkaido. Operating income also rose 90.3% year on year to ¥31 million due to an increase in sales and rigorous cost reductions.

(2) Explanation of the consolidated financial position

Total assets at the end of the first quarter decreased by ¥0.7 billion from the end of the previous fiscal year to ¥1,720.9 billion, due mainly to a decline in cash and deposits.

Total liabilities decreased by ¥25.6 billion from the end of the previous fiscal year to ¥727.5 billion, due mainly to a decline in the reserve for bonuses.

Net assets increased by ¥24.9 billion from the end of the previous fiscal year to ¥993.4 billion, due mainly to an increase in the valuation difference on available-for-sale securities.

(3) Explanation of the consolidated earnings forecasts

The DNP Group had opted not to announce forecasts for the fiscal year ending March 2021 due to the lack of a reasonable basis for assessing COVID-19's impact on earnings. On the assumption that further social restrictions will not be imposed, the DNP Group has now opted to announce forecasts due to its judgment that currently available information constitutes a rational basis for estimating COVID-19's impact.

The DNP Group had also not announced a dividend forecast for the fiscal year ending March 2021, but in line with the announcement of its earnings forecasts for the fiscal year, it now forecasts a first-half and second-half dividend of ¥32, resulting in a dividend of ¥64 for the fiscal year (all figures are unchanged versus the previous fiscal year).

For details on the DNP Group's full-year consolidated earnings and dividend forecasts, see the "Announcement of Consolidated Earnings and Dividend Forecasts for Fiscal Year Ending March 2021" published on August 5, 2020.

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

(Million yen)

	As of March 31, 2020	As of June 30, 2020
ASSETS		
Current assets		
Cash and time deposits	373,013	347,431
Notes and trade receivables	330,798	307,672
Marketable securities	18,000	18,000
Merchandise and finished products	78,199	84,442
Work in progress	32,231	31,982
Raw materials and supplies	23,849	23,804
Other	29,279	28,105
Allowance for doubtful accounts	(1,361)	(1,044)
Total current assets	884,010	840,395
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	158,089	156,333
Machinery and equipment, net	65,016	66,767
Land	141,423	141,431
Construction in progress	16,428	14,140
Other, net	28,409	28,266
Total property, plant and equipment	409,367	406,939
Intangible fixed assets		
Other	22,716	23,307
Total intangible fixed assets	22,716	23,307
Investments and other assets		
Investment securities	298,894	342,660
Other	109,021	109,936
Allowance for doubtful accounts	(2,286)	(2,250)
Total investments and other assets	405,629	450,347
Total fixed assets	837,713	880,594
TOTAL ASSETS	1,721,724	1,720,989

	As of March 31, 2020	As of June 30, 2020
LIABILITIES		
Current liabilities		
Notes and trade payables	238,066	229,541
Short-term bank loans	39,051	38,585
Bonds redeemable within 1 year	52,490	52,430
Reserve for bonuses	18,945	7,254
Repair reserve	20,636	20,488
Other	111,461	97,768
Total current liabilities	480,651	446,069
Long-term liabilities		
Bonds	107,120	107,035
Long-term debt	5,977	5,200
Repair reserve	54,660	52,632
Net defined benefit liability	35,687	34,819
Deferred tax liabilities	42,821	56,607
Other	26,230	25,141
Total long-term liabilities	272,497	281,436
TOTAL LIABILITIES	753,149	727,505
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,024	145,024
Retained earnings	676,346	674,758
Treasury stock	(122,911)	(122,912)
Total stockholders' equity	812,923	811,335
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,051	140,525
Net deferred gains on hedges	5	5
Foreign currency translation adjustments	(3,448)	(6,229)
Remeasurements of defined benefit plans	(3,751)	(4,139)
Total accumulated other comprehensive income	102,856	130,162
Non-controlling interests	52,794	51,986
TOTAL NET ASSETS	968,574	993,484
TOTAL LIABILITIES AND NET ASSETS	1,721,724	1,720,989

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

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

(Million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	344,575	323,551
Cost of sales	272,062	257,290
Gross profit	72,512	66,260
Selling, general and administrative expenses	58,689	56,612
Operating income	13,823	9,648
Non-operating income		
Interest and dividend income	2,632	2,278
Equity in earnings of affiliates	1,437	1,728
Other	1,130	1,356
Total non-operating income	5,200	5,363
Non-operating expense		
Interest expense	497	369
Other	1,485	1,057
Total non-operating expenses	1,983	1,426
Ordinary income	17,040	13,585
Extraordinary gains		
Gain on sale of fixed assets	9,368	5
Gain on sale of investment securities	3	15
Other	27	–
Total extraordinary gains	9,399	20
Extraordinary losses		
Loss on sale or disposal of fixed assets	533	389
Loss on devaluation of investment securities	304	688
Other	7	329
Total extraordinary losses	845	1,407
Income before income taxes and non-controlling interests	25,594	12,198
Current income taxes	3,392	2,180
Deferred income taxes	2,818	2,191
Total income taxes	6,210	4,371
Net income	19,383	7,826
Net income attributable to non-controlling shareholders	1,367	425
Net income attributable to parent company shareholders	18,015	7,401

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

(Million yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income	19,383	7,826
Other comprehensive income		
Valuation difference on available-for-sale securities	11,089	30,765
Net deferred gains (losses) on hedges	6	(1)
Foreign currency translation adjustments	369	(3,718)
Remeasurements of defined benefit plans	(246)	383
Share of other comprehensive income of affiliates accounted for using equity method	118	(1,166)
Total other comprehensive income	11,337	26,262
Comprehensive income	30,720	34,089
Attributable to:		
Parent company shareholders	29,176	34,707
Non-controlling shareholders	1,543	(617)

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

None

[Segment information, etc.]

I. First three months of previous fiscal year (April 1, 2019 – June 30, 2019)

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	189,877	94,832	48,085	11,780	344,575	–	344,575
Inter-segment	772	296	–	3	1,072	(1,072)	–
Total	190,650	95,128	48,085	11,783	345,647	(1,072)	344,575
Segment income	6,845	1,828	10,486	16	19,176	(5,353)	13,823

- 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.

II. First three months of current fiscal year (April 1, 2020 – June 30, 2020)

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	171,734	90,942	48,468	12,406	323,551	–	323,551
Inter-segment	459	51	–	5	516	(516)	–
Total	172,194	90,994	48,468	12,411	324,067	(516)	323,551
Segment income	3,561	1,713	9,582	31	14,889	(5,240)	9,648

- 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.