

January 31, 2018

For immediate release

Company Name:	Dai Nippon Printing Co., Ltd.
Stock Code:	7912 (TSE1)
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Subsidiary INTELLIGENT WAVE INC.'s Revisions of Earnings Forecasts

Dai Nippon Printing Co., Ltd. (DNP) subsidiary INTELLIGENT WAVE INC. today announced revisions of its earnings forecasts originally published on August 2, 2017 in light of recent earnings trends. Please see the attachment.

The impact on DNP's consolidated and non-consolidated financial performance in the fiscal year ending March 2018 is likely to be minimal.



January 31, 2018

For immediate release

Company Name: INTELLIGENT WAVE INC.
 Stock Code: JASDAQ 4847
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Revisions of Earnings Forecasts

INTELLIGENT WAVE INC. today announced revisions of its earnings forecasts originally published on August 2, 2017 based on the latest earnings trends, as outlined below.

Revisions of non-consolidated earnings forecasts for the first six months of the fiscal year ending June 30, 2018 (July 1, 2017–December 31, 2017)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Latest forecast (A)	4,200	250	260	180	6.84
Revised forecast (B)	4,692	190	197	129	4.92
Change (B–A)	492	(60)	(63)	(51)	
Change (%)	11.7	(24.0)	(24.2)	(28.3)	
(Reference) Previous 2Q result (first six months ended December 31, 2016)	3,793	247	274	191	7.27

Revisions of non-consolidated earnings forecasts for the fiscal year ending June 30, 2018 (July 1, 2017–June 30, 2018)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Latest forecast (A)	9,000	850	870	600	22.80
Revised forecast (B)	9,700	480	500	340	12.92
Change (B–A)	700	(370)	(370)	(260)	
Change (%)	7.8	(43.5)	(42.5)	(43.3)	
(Reference) Previous year result (fiscal year ended June 30, 2017)	8,469	702	766	547	20.78

Reasons for the revisions

(1) Earnings forecasts for the first six months of the fiscal year ending June 30, 2018

The financial services and credit card industries are main business domains for INTELLIGENT WAVE, and business negotiations related to new capital expenditures have remained firm as a result of changes in the social environment in terms of the advance of a cashless society and diversification of payment methods. Accordingly, the business environment remains favorable for INTELLIGENT WAVE.

In the financial systems solutions segment, business negotiations have been especially brisk for the development of payment-related systems, mainly at existing customers, and sales have increased for the development of systems used mainly for credit card and smartphone payments.

In the product solutions segment, hardware sales have increased in conjunction with sales of cyber security-related products from other companies. As a result, we expect sales to surpass our initial forecast.

We expect net sales to surpass our initial forecast, but because we expect operating income, ordinary income, and net income to fall short of our initial forecasts, we revise the earnings forecasts published in the summary of financial results for the fiscal year ended June 2017 (FY2017), released on August 2, 2017.

In the financial systems solutions segment, we plan to record sales for large-scale development projects in 3Q FY2018 (January 1–March 31, 2018), but because we expect some processes for these projects to become unprofitable, we recorded ¥143 million in provisions for order losses under production costs in 2Q. We expect some systems under development to incur costs as a result of additional labor-hours for testing and development.

As a result, we expect 2Q operating income, ordinary income, and net income to be lower than our initial forecasts.

(2) Earnings forecasts for the fiscal year ending June 30, 2018

We revise our full-year FY2018 forecasts in line with revisions of our 2Q forecasts.

We raise our net sales forecast in consideration of current trends in business negotiations and other factors for each project. We lower our 2H operating income forecast as a result of factoring in the impact of specific development projects for which we plan to record sales in 3Q, as noted above, turning unprofitable.

At this time, we expect the negative impact of these projects turning unprofitable to be limited to 3Q, but due to the loss of initially expected profits from these projects, we lower our 2H profit forecasts.

As a result, we lower our FY2018 forecasts for operating income, ordinary income, and net income.

Note: The forecasts listed above are based on information available at the present time and contain many uncertainties. Actual results may differ from these forecasts due to changes in business conditions and other factors.

(Reference) Net sales and operating income by segment for the fiscal year ending June 30, 2018

(Million yen)

Segment	Net Sales	Latest forecast
Financial Systems Solutions	8,500	7,700
Product Solutions	1,200	1,300
Total	9,700	9,000

Segment	Operating Income	Latest forecast
Financial Systems Solutions	470	780
Product Solutions	10	70
Total	480	850