

DNP

Integrated Report 2019



**DNP will promote
“P&I innovation” to help solve
social issues while creating
new value that meets
the expectations of people and
contributing to the realization
of a sustainable society.**

Employees who have worked to create new value both at their jobs and in their private lives
(Photographs introduced in the fiscal 2018 Group in-house magazine)



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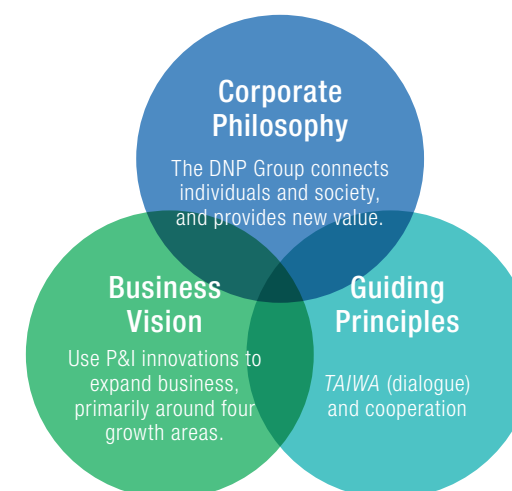
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DNP Group Vision 2015

The DNP Group's basic management policies announced in October 2015. The vision is comprised of three main elements, the first of which is central: Corporate Philosophy, Business Vision and Guiding Principles.



The DNP Group Code of Conduct

A set of codes underlying all types of activities aimed at achieving our Group Vision. All DNP employees must adhere to these codes.

- 1. Contributing to the development of society
- 1. Social contribution as a good corporate citizen
- 1. Compliance with the law and social ethics
- 1. Respect for human dignity and diversity
- 1. Environmental conservation and realization of a sustainable society
- 1. Realization of a “universal society”
- 1. Ensuring the safety and quality of our products and services
- 1. Ensuring information security
- 1. Proper disclosure of information
- 1. Realization of a safe and vibrant workplace

Three Corporate Responsibilities

Three important obligations DNP have to fulfil to remain a company that can always be fully trusted by its various stakeholders

1. Value Creation

The first and most fundamental responsibility of a company to society is “providing new value to society.” We are working to link the offering of products and services necessary to the sustainable development of society to the growth of the company. Through our Business Vision, we will continue to provide new value which contributes to the solution of social issues and meets people's expectations.

2. Integrity in Conduct

The second responsibility is “practicing fairness and impartiality in value creation processes.” No matter how superior or useful to society the value produced is, value is compromised if, for example, environmental damage occurs or laws are broken during the value creation process. Therefore, DNP seeks to fulfill this responsibility by ensuring that all employees always conduct business with integrity in accordance with the DNP Group Code of Conduct.

3. Transparency (Accountability)

Finally, the third vital corporate responsibility is “being a company that is accountable and highly transparent.” DNP achieves accountability by encouraging all employees, during the course of their regular duties, to engage in *TAIWA* with stakeholders, listen to their opinions and provide correct information themselves.

Editorial Policy

To realize our business vision and raise corporate value over the medium and long term, DNP is undertaking integrated business activities through swift and accurate decision-making based on the concept of utilizing financial and non-financial capital in an integrated manner. Moreover, to ensure this leads to gaining the understanding and empathy of our stakeholders, we are working to disclose appropriate information in a timely manner. This report is an annual report that provides multifaceted and

integrated coverage not only of financial information but also of DNP's overall business activities, including environmental, social and governance (ESG) criteria. DNP will fulfill our accountability and deepen communications with stakeholders through this report in addition to the DNP website and such publications as the *Yuko* securities report, shareholders' report, CSR report and environmental report as well as through various opportunities for various dialogue.

◇ Period covered by this report: April 1, 2018 to March 31, 2019

However, reporting is not confined to this period regarding some contents.

◇ Scope of report: All companies and divisions of the DNP Group

In this report, “DNP” refers to the entire DNP Group, and “we” refers to DNP or the DNP management team. (In the section on Corporate Governance (pages 46-51), “DNP” refers to Dai Nippon Printing Co., Ltd.)

◇ Issued: October 2019 (Next scheduled issue: October 2020)

Note: This report is aimed at providing information about DNP's businesses, management vision and business results. Opinions and forecasts contained in the report were based on the best judgment of management at the time the report was prepared, so we cannot guarantee that all information contained in the report is completely infallible.



Top Interview

Challenge for Transformation: Striving for Our Third Corporate Founding

Yoshinari Kitajima, President

We aim to ensure that DNP's products and services exist in the daily life of each and every consumer as "basics" that help solve people's problems and also even exceed their expectations. Breathing this desire into the corporate statement "Today's Innovation is *Tomorrow's Basic*," DNP will undertake a variety of businesses.

— What are your thoughts regarding the past one year since assuming the duties of president in June 2018?

I continuously gave serious consideration to what is the value that we at DNP can provide and moved into action.

As Japan embarked on the new *Reiwa* Imperial Era in May 2019, economic, social and environmental circumstances in Japan and overseas have been undergoing unprecedented major and dramatic changes in recent years. While anticipating such shifts, DNP will provide new value by proactively taking on the challenge of promoting change.

With information and logistics networks now extending across the globe, DNP is building safe and secure communications foundations leveraging our strengths in content production and information security cultivated to the present. Furthermore, DNP has worked to develop products and services that combine our strengths in *monozukuri* (manufacturing) and IT to respond to issues such as securing stable supplies of food and reducing food loss.

Today we face numerous social issues that include addressing climate change, expanding the use of renewable energy, responding to ocean pollution and preserving biodiversity. Under these conditions, DNP is working to ensure we hand down to the next generation an even better society where people enjoy pleasant conversations, enhance their food, clothing and housing, and color their memories with photographs and videos. We at DNP continually give serious consideration to what is the value we can provide to make

people's lives even more comfortable. All employees will make their utmost efforts to provide new value to people and society through our products and services so that this value leads to an expansion of DNP's profits and perpetual development.

Since assuming the duties of president, I accelerated efforts for "taking on the challenge of promoting change," with DNP itself playing the main role, toward the realization of our "Third Corporate Founding." That said, the tasks I was able to accomplish were limited within the short span of just one year. Going forward, while taking account of a medium- and long-term timeframe and a global perspective, I will focus on what must be done at the present.

— What are your aims in the "Third Corporate Founding"?

Our "Third Corporate Founding" aims at nothing less than taking on the challenge of generating new value that solves social issues and meets the expectations of people.

Dai Nippon Printing Co., Ltd. was formed in 1935 through a merger between Shueisha, founded in 1876, and Nisshin Printing Co., Ltd., established in 1907. Although Dai Nippon Printing including its two predecessors had carried out business centered on publishing printing during the first approximately 75 years of operations, the Company subsequently faced crisis conditions that shook its business operations in the tumultuous post-war period.



In response, the Company formulated the “five-year reconstruction plan” in 1951, and based on the concept of “expansion printing” to broaden business domains through the application and advance of printing technologies, it realized its “Second Corporate Founding,” which was a truly new founding leading to the current DNP. The Company expanded printed materials from paper to films, metals and others and began producing items such as packaging, decorative materials and electronics components and devices, and subsequently transformed into one of the world’s leading comprehensive printing companies. In the 1970s, DNP acted early to engage in the digitization of information, and since has utilized its printing technologies and information technologies to carry out such businesses as its smart card-related business, e-books and network services while also expanding its business domains into such areas as energy and life science.

As I mentioned previously, major changes are currently unfolding in Japan and overseas. Until now, we could achieve growth in business results merely by addressing issues facing our corporate customers. In contrast, today DNP must play a leading role in identifying the issues faced by society and the expectations of customers and make efforts to

ensure we respond appropriately.

In our “Third Corporate Founding” we need to synergize DNP’s unique strengths of P&I (printing and information) while deepening collaboration with partners possessing strengths different from our own as we take on the challenge of creating new value for solving social issues and meeting the expectations of customers. In working to realize this objective, we will accelerate various initiatives such as synergizing the technologies and assets possessed by each department to deploy the total strengths of “All-DNP.”

— What measures are you actually implementing to realize your “Third Corporate Founding”?

The Group is working in unison to implement three measures for “generating, providing and expanding value.”

The Group is presently working as one to promote the following “Three Priority Measures.” The first is “Generate value primarily in growth areas.” In keeping with our business vision of “P&I innovations” for creating innovative value leveraging our strength of “P&I,” we are striving to achieve growth in the four domains of Knowledge and Communication, Food and Healthcare, Lifestyle and Mobility, and Environment and Energy. There are numerous issues throughout the world that still remain unsolved, as evidenced by the Sustainable Development Goals (SDGs) adopted at the United Nations Sustainable Development Summit 2015. As I explained previously, we are working to solve these problems by further fortifying efforts to combine the strengths of DNP and our partners.

DNP’s four growth areas each have different characteristics and there are also variances in the speed of initiatives. Therefore, it is important to achieve well-balanced growth while considering priorities in allocating resources.

The second priority policy is “Provide value to the global market.” Value chains and information networks currently span the globe and are closely connected, and therefore, DNP will also undertake business with an eye toward the entire world. In doing so, we will accurately identify the characteristics, issues and needs of each region overseas and will determine whether DNP’s products and services would be of value there.

DNP has been carrying out business overseas since 1964. Today, approximately 5,000 local DNP employees work at business sites outside Japan. In the future, I would like to further raise the synergies between our businesses in Japan and overseas.

The third is “Expand corporate value by means of all kinds of structural reforms.” Remuneration for the value we provide comes in the form of profits. For this reason, we cannot achieve growth as a company without firmly raising value.

Moreover, even newly created value can also gradually lose its appeal with the passing of time or when other companies catch up. To maintain and strengthen our business competitiveness and maximize profits, we will therefore continually re-evaluate our strategies, tactics and markets from the perspective of “value” while working to optimize internal systems and rules.

To the present, we have integrated and reorganized business departments and Group companies. We will continue to implement every type of structural reform as we aim to build an optimal business portfolio while taking both top-down and bottom-up approaches.

— Could you explain your specific business results for the fiscal year ended March 31, 2019?

DNP achieved growth in operating income by concentrating on development and sales of strong products and services.

In the fiscal year ended March 31, 2019, the DNP Group achieved a 7.6% increase in consolidated operating income from the previous fiscal year to 49.8 billion yen. We attained this increase by concentrating on the development and sales of strong products that can secure top shares in Japan and overseas. Additionally, the DNP Group will build a robust business portfolio by proactively investing in priority businesses and undertaking restructuring to bolster competitiveness, including through the reorganization of business departments and group companies.

Looking at main priority businesses, in the Information Communication business, we will expand the smart card business and payment services-related business amid the shift to cashless payments as well as the Business Processing Outsourcing (BPO) business to handle business processes on behalf of companies in response to labor shortages and work style reforms. We will also pursue the global expansion of “*kotozukuri*,” experience-based value creation, business that appeals to the joy of photography by leveraging our strengths in photoprint materials, which command the world’s largest market share.

Regarding the Lifestyle and Industrial Supplies business, in the packaging and decor materials fields, we will work to develop high-added-value products and services. We will also expand our business for battery pouches for lithium-ion batteries amid high growth in automotive applications with the advance of vehicle electrification. In the Mobility-related business, we will intensively undertake the development of highly functional, high-quality products and services such as curved resin glass that contributes to lighter vehicle weights and decorative films that combine design with functionality.

One typical product that synergizes our strengths in “P&I (Printing and Information)” is the DNP Multifunctional

Insulation Box. This product utilizes our *monozukuri* such as vacuum insulation panels that deploy our strengths in “printing” to maintain a certain internal temperature inside the box for a long time without using a power source. In addition, the insulation box uses simulation software independently developed utilizing our strengths in “information” to calculate the optimal amount of refrigerant in accordance with the transportation distance. Furthermore, we will combine IC tags and sensors to contribute to the building of cold chains, a logistics format for appropriate temperature control with little environmental impact.

In the Electronics business, we are expanding our business for metal masks and optical films used in the production of organic light-emitting diode (OLED) displays in gearing up for the switch from liquid crystal displays (LCD) to OLED displays. Additionally, we will provide total solutions that utilize DNP’s nanoimprinting technologies in a diversity of fields requiring microfabrication.

— What are your specific initiatives for raising the competitiveness of your businesses?

We will allocate management resources in an optimal manner and maximize their use.

First, we aim to achieve further growth in net sales and operating income by building a strong business portfolio with a focus on businesses with high competitiveness in Japan and overseas. To raise the effectiveness of these efforts, we will optimally allocate and maximize management resources to build a strong management foundation.

Moreover, to accelerate new business development centering on growth areas, we will take such steps as making R&D investments and capital investments and pursue M&A. Meanwhile, in responding to major changes in the business environment, we must build a strong financial structure and realize a balance between undertaking proactive investments and maintaining internal reserves.

In the fiscal year ended March 31, 2019, as an initiative for improving profitability and efficiency of capital, we recorded a 16.6 billion yen impairment of fixed assets targeting idle assets not expected to be used in the future and business-use assets with diminished profitability. As another example of measures for effectively using assets, we continuously re-evaluate our stock holdings. In line with these efforts, in the fiscal year ended March 31, 2019, we sold stocks that we no longer had any significant reason for holding and thus recorded an 18.0 billion yen gain on sale of investment securities.

We are also pushing ahead with the streamlining of business sites in Japan and overseas. To this end, we are selling fixed assets such as real estate deemed to no longer have further use and are involved in redevelopment in the Ichigaya district

of Shinjuku ward, the location of our Head Office. Besides groupwide efforts to promote the optimal allocation of human resources and other management resources, over the next several years we plan to relocate functions from our DNP Gotanda Building (Shinagawa ward, Tokyo) to the Ichigaya district. In the fiscal year ending March 31, 2020, DNP plans to sell the DNP Gotanda Building and to record a corresponding extraordinary gain of approximately 20.0 billion yen.

Reflecting the favorable evaluation of our initiatives for building a strong management foundation and improving profitability, in June 2019 DNP once again received an AA- rating from Rating and Investment Information, Inc. (R&I).

On a different front, DNP implemented measures for repairing defects in some of the wallpaper products manufactured by the Company between February 2011 and February 2014. These defects make surface designs susceptible to falling off as the wallpaper surface becomes brittle after installation due to changes over time. DNP has also confirmed through testing by several specialized agencies that the wallpaper with these defects has no problems in terms of safety. New scientific testing and analysis has been carried out based on the data obtained to the present through these repair measures and as a result DNP again made a rational estimate of the largest potential future impact. Accordingly, in the fiscal year ended March 31, 2019, DNP recorded a 75.0 billion yen provision for additional repair costs. By doing so, we will curb any increased impact of past wallpaper products on our future business results and move forward with our concentration on priority businesses, as well as make efforts to further increase corporate value.

— Can you explain DNP’s approach to corporate governance?

Strengthening corporate governance is a crucial management issue for improving corporate value and becoming a company that earns the trust of all stakeholders.

DNP considers strengthening corporate governance to be a crucial management issue for contributing to the sustainable development of society, improving our own corporate value and becoming a company that earns the trust of all stakeholders. DNP has built and operated a strong structure for management decision-making and business execution and for auditing and monitoring these functions. At the same time, DNP works to enhance integrated corporate governance such as by implementing thoroughgoing employee training and education.

At the General Meeting of Shareholders in June 2019, a resolution was approved for the election of nine Directors, of which three, or one third of the Board, are Outside Directors. In June 2018, DNP selected one female Corporate Officer and

will continue to consider measures for raising the diversity of board members. At venues such as the Board of Directors as well, deliberations on medium- and long-term business plans and specific discussions for attaining the plans are deepening.

DNP is actively promoting environmental, social and governance (ESG) initiatives that encompass improving governance, as it works to achieve sustainable growth, and these initiatives have earned high acclaim from outside the company. For example, DNP has been selected for many indices of global socially responsible investments (SRI), most notably the FTSE4Good Global Index and MSCI Global Sustainability Indexes. Additionally, as of July 2019, DNP was the only company in Japan’s printing industry to be selected as a constituent of all four ESG indices adopted by Japan’s Government Pension Investment Fund (GPIF).

DNP’s environmental and social initiatives have also earned recognition. In May 2019, DNP was ranked fourth among companies in the domestic manufacturing industry in the Nikkei “22nd Environmental Management Survey” company ranking. Furthermore, the previously mentioned DNP Multifunctional Insulation Box won the “Grand Prize,” the highest award at the 28th Annual Global Environment Awards sponsored by the Fujisankei Group.

— What initiatives are you undertaking for further exerting the abilities of employees?

We are progressing with the design and rebuilding of personnel systems to realize more work-friendly environments and to make it easier to create value.

The approximately 40,000 employees comprising the DNP Group are above all valuable assets with unique strengths that we can synergize to create unlimited potentials. Also, we must even more vigorously promote collaboration with outside partners that possess strengths that differ from those of DNP.

To do so, while focusing on society as a whole as it undergoes rapid changes, we will work toward designing and rebuilding our personnel systems to create a more open and free organization, realize even friendlier work environments and make it easier to create value.

We have already promoted a variety of reforms to the present. In April 2019, we revised our personnel systems to mainly target people from both inside and outside the company who have diverse careers as well as young employees.

For example, we enhanced our employment-related system to actively incorporate perspectives from outside the company. To spur employee innovation, we took such measures as introducing fixed-term employment in certain specialized fields and a return-to-work system and began allowing some side jobs and dual employment.

We are also revising employee benefit-related systems.

Specifically, we will significantly raise bonuses and wage levels for young employees and support investments and education that enable young employees to refine their own sensibilities. Additionally, we are taking measures such as setting up an ICT professional system, rebuilding our wage system and benefit system by job type and region, reviewing the evaluation system and introducing a human resources development management framework.

Promoting flexible work styles that make effective use of time and places is also important. Therefore, we will create workplaces that raise efficiency by introducing telecommuting and promoting work style reforms for management positions.

— Finally, what is your message to stakeholders?

DNP aims for a presence that is always close to people based on Today’s Innovation is “Tomorrow’s Basic.”

We at the DNP Group have a corporate culture of continually taking on the challenge of promoting change. Following WWII in particular, we have raised corporate value as times shifted dramatically by focusing efforts on “taking on the challenge of promoting change” by undertaking “expansion printing” to

significantly broaden our business domains. Today’s changes are larger and becoming even more drastic than in the past and this means we will have to take on further challenges.

The 2020 Tokyo Olympics and Paralympics are finally approaching. The DNP Group intends to widely communicate the appeal and potentials of sports and hopes to connect these activities to its future business.

We will strive to anticipate social issues and people’s expectations by taking a global perspective as well as a medium- and long-term perspective looking 10 years into the future and even as far ahead to 2050. In doing so, we will anticipate the type of value being demanded and provide optimal products and services by synergizing our strengths in “P&I” with those of our partners.

We will ensure that DNP’s products and services exist as “basics” that naturally not only solve social issues in the daily life of each and every consumer but also exceed people’s expectations. DNP has breathed this desire into the corporate statement “Today’s Innovation is *Tomorrow’s Basic*” as we undertake a variety of businesses.

DNP will of course continue to maintain transparency and fairness, deepen *TAIWA* (dialogue) with numerous stakeholders that include shareholders as well as achieve sustainable growth and improve corporate value. In the future, I ask for your further support as we work to achieve our objectives.





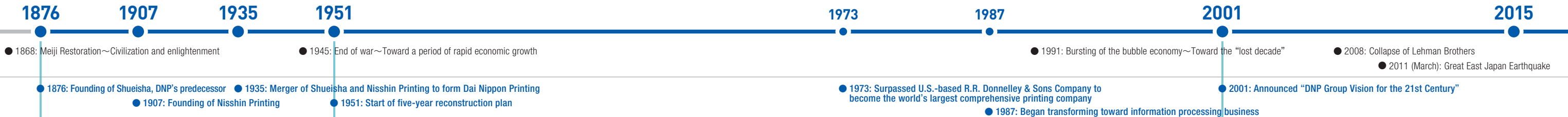
SECTION I

INITIATIVES FOR VALUE CREATION

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Sustainable Growth of DNP



Publication Printing Business

Starting from a "Civilized Business"

Dai Nippon Printing Co., Ltd. was formed in 1935 through a merger between Shueisha, founded in 1876, and Nisshin Printing Co., Ltd., established in 1907. Starting with Shueisha, which prescribed "running a business that contributes to civilization" in its company prospectus, the Company carried out business centered on publication printing for approximately 75 years up to the postwar period.

1876 Founding of Shueisha



1907 Founding of Nisshin Printing



1935 Merger of Shueisha and Nisshin Printing to form Dai Nippon Printing

Comprehensive Printing Business

Broadening Business Domains through Expansion Printing

Amid the dramatic changes in the postwar period, based on the thinking that "our company can no longer prosper by relying only on business fields to the present," the Company strived to expand its business in anticipation of the ways of life of people in the future. Accordingly, the Company promoted "expansion printing" aimed at diversifying its businesses, especially by means of applying and advancing its printing technologies in addition to stabilizing labor-management relations, cultivating customers by strengthening sales capabilities and improving production efficiency and quality. DNP significantly broadened its business domains by expanding its business, which until this time was centered on publication printing, to commercial and securities printing as well as printing for packaging, building materials and electronics products. DNP believes that its growth strategy of expanding business by continually honing such technologies as information processing, microfabrication, precision coating and post-processing technologies to ensure these remain at the cutting edge will allow DNP to realize its current business vision "P&I Innovation."

Information Communication

Since its founding, DNP has continued to create a diversity of products and services by safely and reliably handling the valuable information of companies and people. The Company also anticipates trends in digitization and networking and undertakes a variety of businesses by synergizing paper printed materials and information services that are protected by sophisticated security.

Lifestyle and Industrial Supplies

We are expanding our business to such domains as packaging and building (decorative) materials by broadening our printed items to films, metals and other items as well as forming items after printing. We are providing packaging for foods, daily-use items and other items, interior and exterior materials for buildings, automobiles and others, and battery materials and life science-related materials, thereby providing value that is indispensable in people's lives and in company business processes.

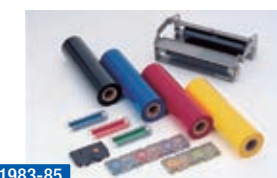
Electronics

DNP is further expanding its business domains by sophisticated technologies such as its etching technologies that form fine patterns on metals. Since contributing to the birth of Japan's first domestically produced color TV, DNP has been developing and providing materials for use in various types of higher-definition, higher-quality displays and electronics devices that respond even to nanometer miniaturization.

Information Processing Business — Information Communication Business



1983
Development of smart cards → Expansion to today's cash cards, credit cards, transportation cards and accreditation (ID) cards



1983-85
Development of thermal mass and dye-sublimation thermal transfer printing media → Expansion to Imaging Communication business



1951
Full-scale entry into paper container and soft packaging field → Expansion into packaging business



1951
Began development of decorative paper for buildings → Expansion into Living Spaces business



1958
Succeeded in the trial production of shadow masks for color TVs → Advance into the display products business

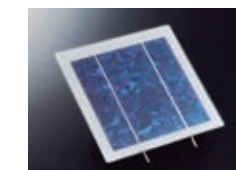


1959
Successfully developed photomasks for semiconductors → Advance into electronics devices business

P&I Solutions

"DNP Group Vision for the 21st Century"

On the occasion of its 125th anniversary, DNP announced its Vision that expresses the direction of DNP's growth. This Vision prescribes our business philosophy as "contribute to the development of a society based on emergent evolution in the 21st century," while designating "P&I Solution DNP," which will solve various issues by combining our strengths in printing (P) and information (I), as the concept watchwords for the entire Vision. In addition, the initials "DNP," which we had used from the past, will serve as the brand for the entire Group and we accelerated efforts to raise the value of this brand.



2003
Development of photovoltaic module components → Expansion into energy-related businesses along with the commercialization of pouches for lithium-ion rechargeable batteries in 1999



2004
Successful formation of capillary patterns

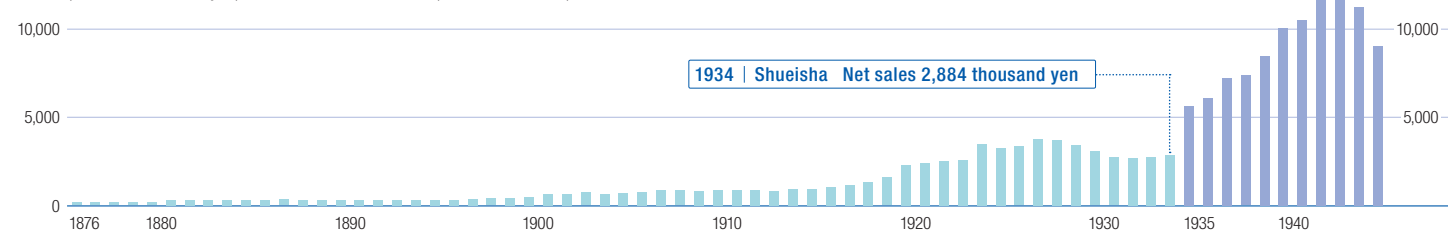
2009 Starting work style reform activities

We commenced work style reform activities in three-year increments and initially aimed for a thorough reduction in working hours. After achieving certain results, from the second phase that began in 2012, we are advancing these activities to raising job motivation and the added value of our work. During the fourth phase that began in 2018 as well, we are promoting the creation of workplaces that can fully deploy the abilities of each and every employee by effectively utilizing time resources.

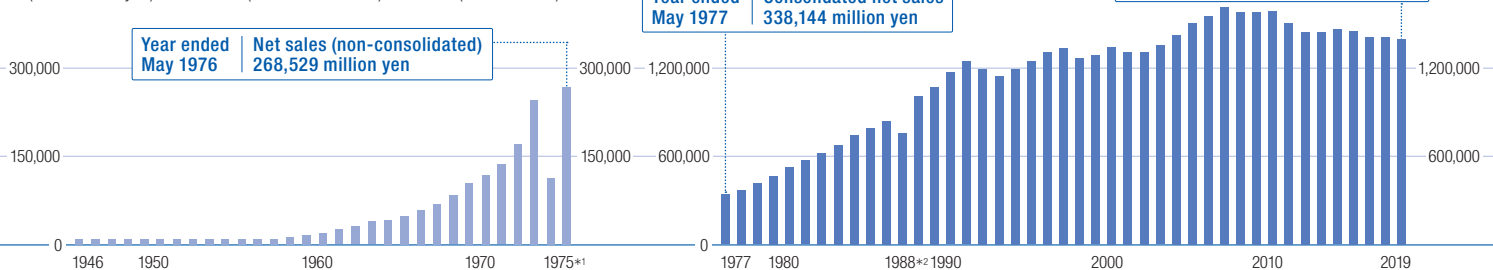
2014 Business and capital tie-up with PSP, a major player in medical imaging management systems → Expansion toward life science-related businesses

Net Sales Trends and History

(Unit: thousands of yen) ■ Shueisha ■ DNP (non-consolidated)



(Unit: million yen) ■ DNP (non-consolidated) ■ DNP (consolidated)



(Notes) *1 The May 1975 fiscal year was a six-month settlement period due to the transition to a May fiscal year-end.
*2 The March 1988 fiscal year was a ten-month settlement period due to the transition to a March fiscal year-end.

Sustainable Growth of DNP

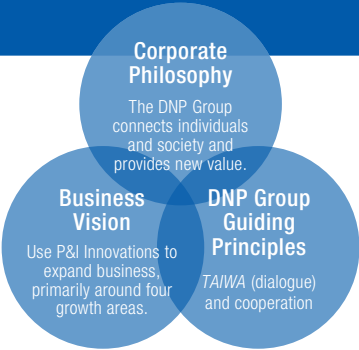


P&I Innovation

DNP Group Vision 2015

Following the establishment of its Vision in 2001, DNP newly established a Group Vision amid an increasingly severe business environment after the Lehman Brothers bankruptcy and the Great East Japan Earthquake. With its Corporate Philosophy of “The DNP Group connects individuals and society and provides new value,” DNP clarified the social issues that it is uniquely capable of solving as well as the expectations of people and expressed the four business themes it must address as “four growth areas.”

● Brand Statement: “Today’s Innovation is Tomorrow’s Basic”



Four Growth Areas

Knowledge and Communication

A future where people worldwide can expand opportunities for safe and secure communications and share and inherit knowledge

DNP will provide value for nurturing culture and supporting people’s lives through comfortable communications. By producing information media services and content and enhancing services protected by information security, DNP will provide people with the information they want when they need it in an optimal format and will convey knowledge from generation to generation.

Lifestyle and Mobility

A future that safely and securely protects all living spaces where people worldwide are mobile and lead their lives

DNP will provide value in the form of high levels of safety and comfort in all spaces where people lead their daily lives, including at home, stores, offices and hospitals, as well as in cars and railway cars. We will add functions that create comfortable spaces and develop superbly designed products and combine these with the Internet of Things (IoT) to contribute to the realization of a smart society.

Food and Healthcare

A future where people around the world no longer have anxieties about their own lives and can lead lifelong safe, secure and high-quality lives

Amid a shift in global demographics and the ongoing decline in birthrates and aging of society in Japan, DNP will create value that supports safe and high-quality lives and helps people maintain their health throughout their lives. DNP will support the food value chain through its functional and hygienic packaging while also taking on the challenge of extending healthy lifespans through its life science-related businesses.

Environment and Energy

A sustainable future that reduces environmental impacts and enables people worldwide to co-exist harmoniously with the earth

DNP will accelerate the development of diverse products and services toward the realization of a sustainable society that achieves compatibility between economic development and protection of the global environment. We will combine strengths such as our highly functional films that control light and heat with our information technologies to provide value that enables resource and energy savings and helps preserve biodiversity.

Toward our “Third Corporate Founding”

For Realizing our “Third Corporate Founding”

DNP will now synergize its unrivalled and unique strengths in P&I (printing & information) as well as carry out wide-ranging cooperation with our numerous partners and solve social issues while focusing on the creation of new value that meets the expectations of people. DNP, which has continued to “Take on the challenge of promoting change” in any era, will deploy the total strengths of “All DNP” with the entire Group working as one to attain its “Third Corporate Founding” and ensure this leads to sustainable growth both for DNP and society.

Three Key Measures for Realizing Our “Third Corporate Founding”

>> **Generate value primarily in growth areas**

As reflected by the SDGs, there are still numerous issues throughout the world that remain unsolved. DNP will create unprecedented “new value” by developing and providing products and services that help solve social problems and exceed people’s assumptions and expectations.

>> **Provide value to the global market**

With value chains now extending across the globe, DNP will carry out its business from a global perspective that looks beyond Japan. As of March 2019, DNP operated 15 production bases and 27 sales bases overseas and will widely provide “new value” in Japan and overseas.

>> **Increase corporate value by means of all kinds of structural reforms**

We will continually re-evaluate markets and business models and promote business structure reforms and cost structure reforms that include integrating and reorganizing business departments and bases from the perspective of value. We will also work to expand value through the integrated utilization of such non-financial capital as human capital and intellectual capital and financial capital.

Sustainable Development Goals

In September 2015, the 2030 Agenda for Sustainable Development was adopted by all United Nations member states (193 countries). The Agenda sets Sustainable Development Goals (SDGs) as an action plan and strives to realize a world where “No One is Left Behind” through initiatives for attaining 17 goals and 169 targets. We will utilize the SDGs as a “yardstick for creating an even better society” and will fulfill our corporate social responsibility toward the realization of a prosperous and sustainable society.

[Reference: Pages 16-19, 24-25, 40-41]



TOPICS

Promoting Fundamental Reforms of Personnel Systems for Creating, Providing and Expanding New Value through Innovation

While focusing on society as a whole as it undergoes rapid changes, DNP is designing and rebuilding personnel systems for creating medium- and long-term value. We have already promoted a variety of reforms to the present and in the fiscal year ended March 31, 2019, we started revising our personnel systems that mainly target people from both inside and outside the company who have diverse careers as well as young employees.

- 1 **Employment-related systems to actively incorporate perspectives from outside the Company:** Introduce fixed-term employment formats, newly establish a job-return system, allow some side jobs and dual employment, etc.
- 2 **Revision of employee benefit-related systems:** Extensively raise bonuses and wage levels for young employees, set up an ICT professional system, rebuild wage system and benefit system by job type and region, review the evaluation system and promote dialogue-based human resources development management, etc.
- 3 **Promotion and support of flexible work styles that make effective use of time and places:** Introduce telecommuting, promote work style reforms, etc.

Risks and Opportunities

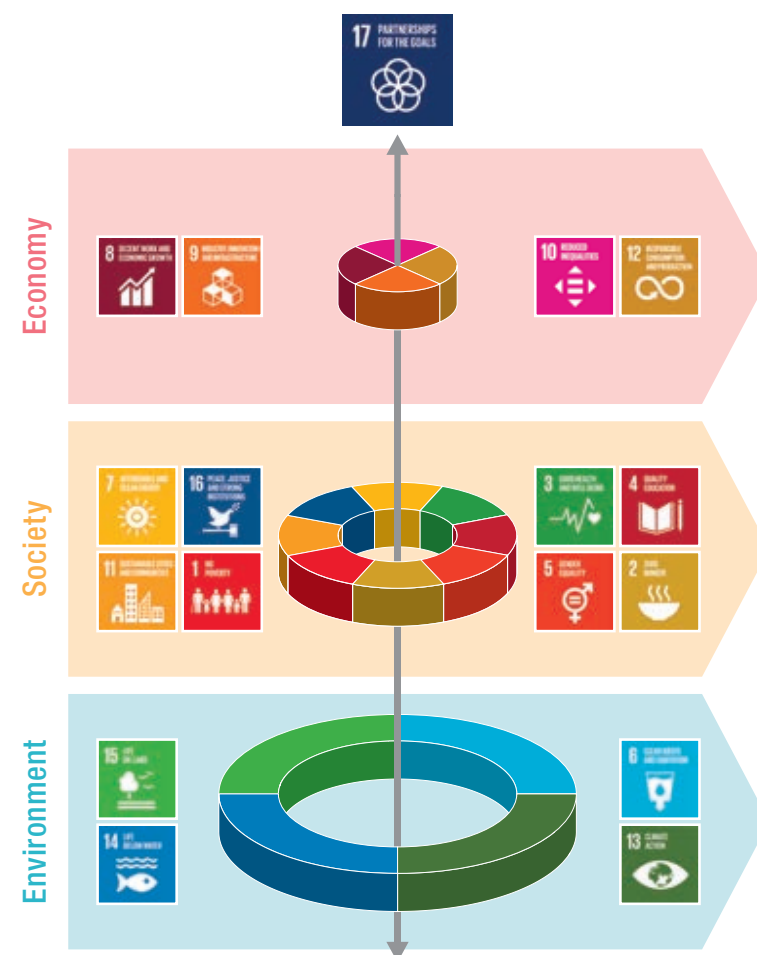
Based on its corporate philosophy, DNP aims to resolve social issues and continues to provide new value that meets people's expectations. In doing so, we will correctly recognize economic, social and environmental issues and risks and respond to rapid changes in the business environment through activities directly linked to "value creation" and those serving as a "foundation to support value creation."

Identification of Risks

We analyze global social issues and environmental, social and governance (ESG)* trends and broadly identify economic, social and environmental issues that represent risks. We then prioritize activities and define targets based on the interests of stakeholders and the impact on them as well as the degree of importance to DNP.

* Including the Sustainable Development Goals (SDGs), Global Reporting Initiative (GRI) Guidelines, the UN Global Compact, ISO 26000, Dow Jones Sustainability Indices (DJSI), FTSE4Good Global Index and MSCI Global Sustainability Indexes

Business Risks Assumed from the Perspective of the SDGs



Value Creation

Expanding business opportunities

– Turning risks into opportunities and contributing to the achievement of the SDGs

DNP is promoting activities to expand business opportunities while regarding the recognized risks as the needs of society. DNP aims to solve society's challenges through business activities in the following four growth areas.



Knowledge and Communication

A future where people worldwide can expand opportunities for safe and secure communications and pass on and develop knowledge



Food and Healthcare

A future where people around the world no longer have anxieties about their own lives and can lead lifelong safe, secure, comfortable and high-quality lives



Lifestyle and Mobility

A future that safely and securely protects all living spaces where people worldwide are mobile and lead their lives



Environment and Energy

A sustainable future that reduces environmental impacts and enables people worldwide to co-exist harmoniously with the earth

Foundation to Support Value Creation

Measures for minimizing the impact of assumed risks

For activities to serve as a "foundation to support value creation," DNP has selected the following seven Principal Themes (representing material issues). Based on these themes, we have been promoting initiatives for integrated risk management and rotating the plan-do-check-act (PDCA) cycle.



For details, see pages 40-41.

DNP's Value Creation Process

INITIATIVES FOR VALUE CREATION

DNP will utilize its financial capital and such non-financial capital as human resources and intellectual property in an integrated manner while strengthening partnerships with stakeholders as it creates new value, which will help enable the realization of a sustainable society and raise its corporate value.

RISKS & OPPORTUNITIES

Expanding Business Opportunities –Transform Risks into Opportunities and Contribute to the Attainment of SDGs–

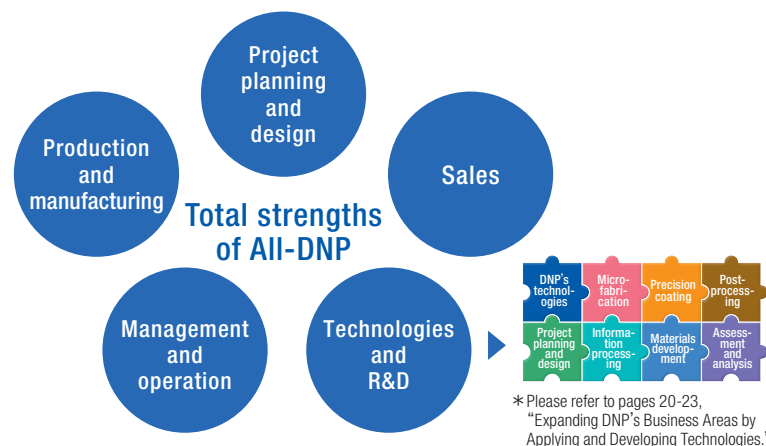
OUTPUTS

Create strong products and services

OUTCOMES & IMPACTS

Solve social issues while creating, providing and expanding value that exceeds people's expectations

DNP's assets and strengths that serve as a foundation for value creation



RESOURCES & INPUTS

Based on strong relationships of trust and a sophisticated security infrastructure, we engage in businesses involving various types of content (text, image, video, voice), confidential information and critical information.

Dialogue and cooperation with partners

Financial capital (consolidated)

- Net sales: **1,401.5 billion yen** (down 0.8% YoY)
- Operating income: **49.9 billion yen** (up 7.6% YoY)
- Total assets: **1,775.0 billion yen**

Human capital (consolidated)

- Total number of employees: **38,051** (33,351 in Japan, 4,700 overseas)
- Promote the reform of personnel systems and other areas and raise the value of human resources

Manufactured capital

- Number of production bases: **61 in Japan, 15 overseas**
- Number of sales bases: **37 in Japan, 27 overseas**
- Capital investment: **41.1 billion yen**

Intellectual capital

- Number of Japanese patents held: **12,392**
- R&D outlays: **33.8 billion yen**

Natural capital

- Thorough implementation of CSR Procurement Guidelines, Green Procurement Guidelines, etc.
- Reduce environmental impacts by developing and providing environmentally conscious products and services
- Co-existence with the global environment through various types of environmental activities and the Biodiversity Declaration

Social and Relationship Capital



Collaboration with a diversity of partners

- Approximately 30,000 client companies
- Global companies & companies deeply rooted in local communities
- Start-up companies
- Various types of education and research institutions
- Regional and local governments
- NPOs, NGOs and various organizations
- Others

Collaboration with diverse human resources

- Generate value that utilizes people's diversity
- Highly specialized human resources such as in ICT, security and creative fields
- Others

Information Communication

- Publishing Business**
(Publishing & Media Services, Education and Publications Distribution)
- Information Innovation Business**
(Marketing, Information Security)
- Imaging Communication Business**

Products and services with top shares

- Smart cards: Top share overall in Japan and top share in domestic financial markets
- Dye-sublimation thermal transfer printing media for photo prints: World top share

Lifestyle and Industrial Supplies

- Packaging Business**
- Living Spaces Business**
- Industrial Supplies Business**

Products and services with top shares

- Aseptic filling systems for PET bottles: Top share in Japan for manufacturing volume of filling systems for PET plastic bottles for beverages
- Building decorative materials: Top share of domestic market for floor coverings and steel plates
- Pouches for lithium-ion batteries: World top share

Electronics

- Display Components Business**
(Color filters for liquid crystal displays, optical films, metal masks for organic light-emitting diode (OLED) displays, others)
- Electronic Devices Business**
(Photomasks for semiconductors, others)

Products and services with top shares

- Optical films for displays: World top share
- Metal masks for OLED display manufacturing: World top share

Beverages

- Hokkaido Coca-Cola Bottling Co., Ltd.**
- Beverages Business**

Corporate Governance

DNP recognizes that corporate governance is an important management issue and therefore builds and operates systems for accurate and integrated management decision making and fair and quick execution of business as well as for supervising and auditing these functions.

Generate value in "four growth areas"



Knowledge and Communication



Food and Healthcare



Lifestyle and Mobility



Environment and Energy

Realizing an "even better future" through DNP's businesses

- Work styles that maximize the strengths of individuals and increase synergies
- "Hard" and "soft" value creation toward the implementation of 5G
- Inherit and advance knowledge and deploy experiential value globally
- Advancement of STEAM education/ICT/lifelong learning
- Extend healthy lifespans and raise Quality of Life
- Expand the value of regenerative medicine/telemedicine
- Digital transformation that raises the experiential value of "shopping"
- Toward a safe and secure cashless society
- Information platforms protected by cyber security
- Lead social change "from ownership to access"
- Inclusive design/universal designs that leave nobody behind
- Provide stable supplies of food and reduce food loss through *monozukuri* (manufacturing) and ICT
- Preserve ecosystems and realize efficient resource circulation
- Toward the realization of more comfortable and functional living spaces
- Realize a smart mobility society with no mobility-impaired people
- Provide solutions that curb global warming
- Provide value that contributes to reducing environmental impacts and expanding sustainability

Please refer to pages 24-25, "Promoting Business Commercialization in Growth Areas."

(Year ended March 2019, as of March 31, 2019)

Expanding DNP's Business Areas by Applying and Developing Technologies

DNP's strength is derived from combining a variety of technologies in printing and information. With technologies created from basic printing processes as a base, we continually refine these into cutting-edge technologies and apply and advance these technologies to create a diversity of businesses.



Process 1

Editing, Manuscript Submission and Layout

We design the most effective information media in accordance with the content and target user, select the number of colors, format and type of paper and printing methods, as well as perform design and layout. At this stage, we consider the most efficient production processes in addition to undertaking such work as preparing the necessary manuscript and materials and processing a variety of data.

Technologies cultivated from this printing process



In basic printing processes, the planning and designing of a production process suited to the desired layout is crucial. DNP continuously handles large volumes of text, still images, videos, voice and other data and arranges data formats and color tones, and also undertakes processing and storage. By doing so, DNP has accumulated know-how in handling large volumes of data and expanded into big data processing and analysis and security technologies.



Process 2

Film Making and Platemaking

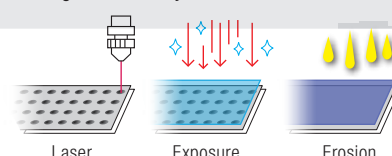
Color separation of printing data is produced and then output onto film (film making) followed by the creation of a plate (platemaking) that is set to a printing machine. We are also promoting the spread of Computer to Plate (CTP), a method that outputs different plates for each printing method directly from data without film output.

Technologies cultivated from this printing process



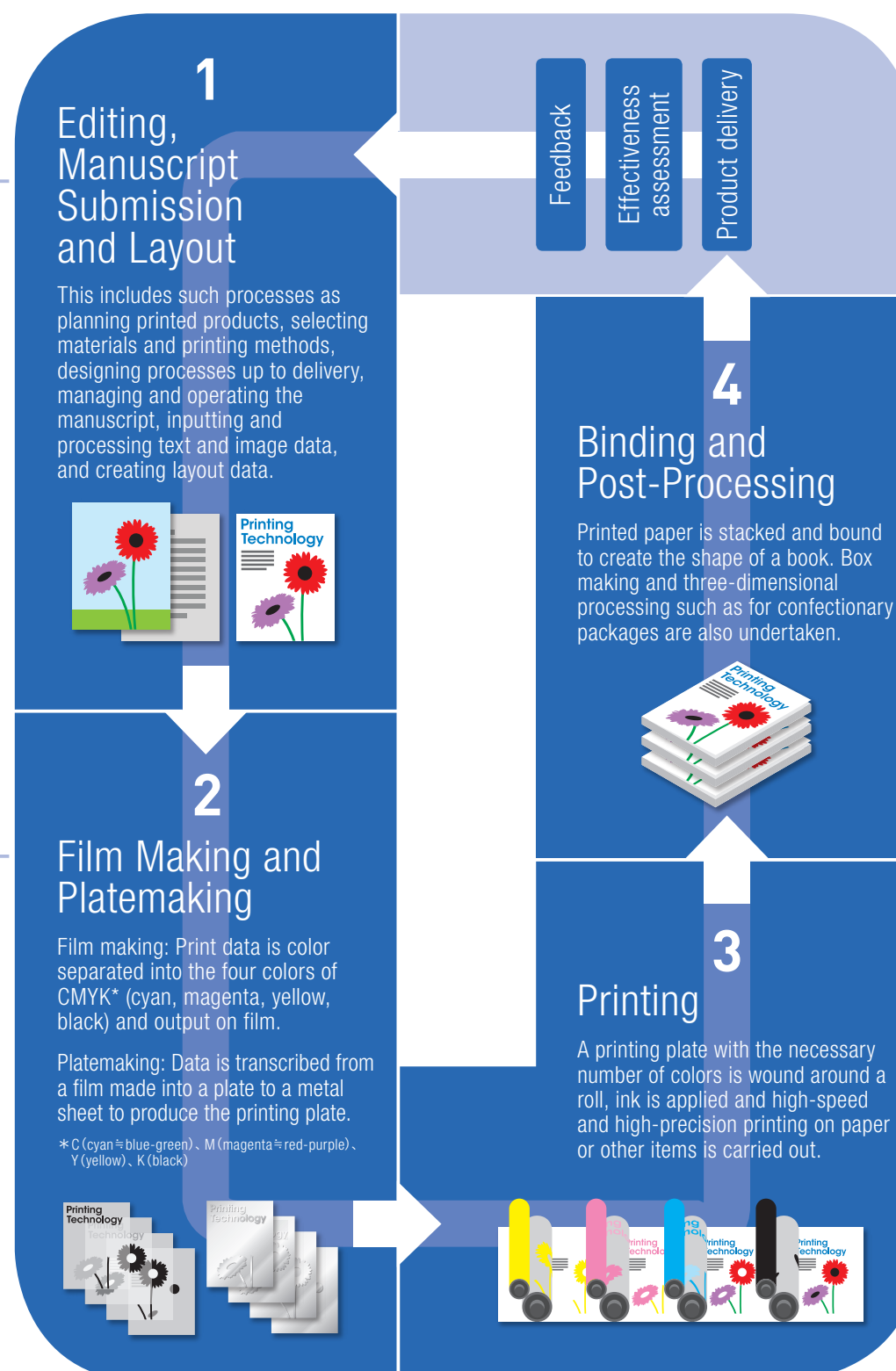
In the printing process, extremely minute processing is performed to ensure that halftone dots of printed ink are difficult to discern with the naked eye. We have further advanced this technology to enable microfabrication for such substrates as metals, glass and plastics. This technology is being applied in numerous leading-edge electronics products and in such fields as hologram anti-counterfeiting and security.

Fine patterns are formed to create a seal.



Basic printing processes

Examples of printing such as publication printing and commercial printing



Process 4

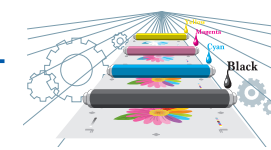
Binding and Post-Processing

Multiple pages of a book are printed on large sheets of paper that are folded to ensure pages are in order and layered for binding. Subsequently, the edges of the pages are trimmed down to the final shape. Pages are processed into a shape with needed functions matching the application. This is a crucial process for stabilizing product quality and improving productivity.

Technologies cultivated from this printing process



Post-processing technologies are derived from various processes that follow printing, such as bookbinding. These technologies are applied to make books and other printed products easy to read and use and suitable for the use and purpose of the finished product. Moreover, these technologies are also outstanding for use in three-dimensional processing such as die cutting and assembly and have enabled the creation of packaging for such items as foods, beverages and daily necessities; the development of systems for the aseptic filling of contents; and the inspection, measurement and analysis of various products.

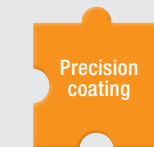


Process 3

Printing

Ink is put onto the printing plate and applied thinly and uniformly to paper and films. Printing methods include letterpress printing, lithographic printing (offset printing), intaglio printing (gravure printing), stencil printing (silk printing) and digital printing (direct output). Each of these methods requires a different printing plate.

Technologies cultivated from this printing process



Precision coating is a technology that forms a coating film on a materials with a variety of features, in either single or multilayers, in a homogenous and uniform manner on the surface of substrates such as paper as well as plastic film, metal and glass. A variety of functions that include optical and barrier properties, and heat resistance can be added, giving this technology widespread applications in such areas as packaging and building materials, photographic print materials, battery materials and optical films.

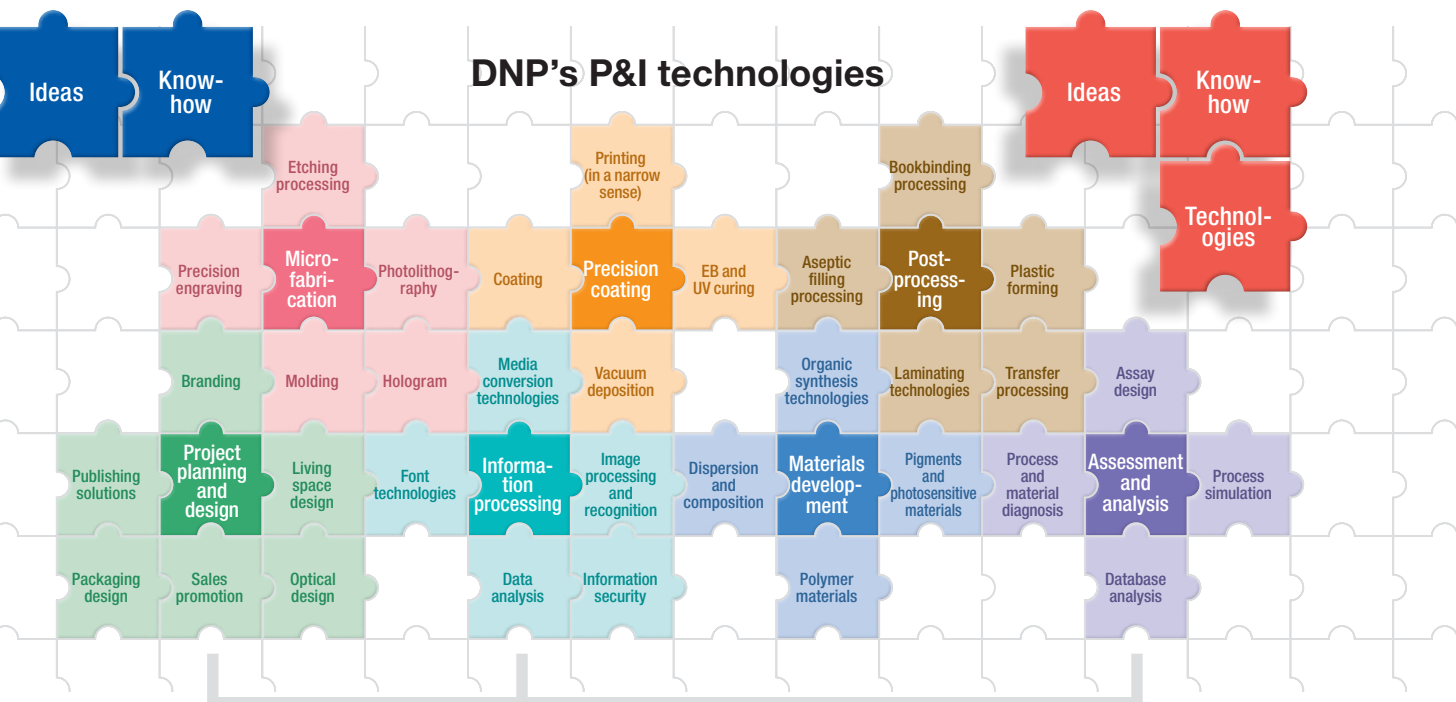
A thin, uniform layer of ink and other materials is applied.

Creating New Value by Combining Technologies, Ideas and Know-How

DNP has cultivated business domains by applying and advancing technologies cultivated through diverse printing processes. While continually taking on the challenge of cultivating leading-edge technologies, DNP will develop and provide new value by combining technologies. Further, we

are continuously progressing toward enhanced ease of use; ideas derived from the viewpoints of consumers and society; diverse know-how in sales, planning and production; and the strengths of our partners.

DNP's Ideas & Know-How

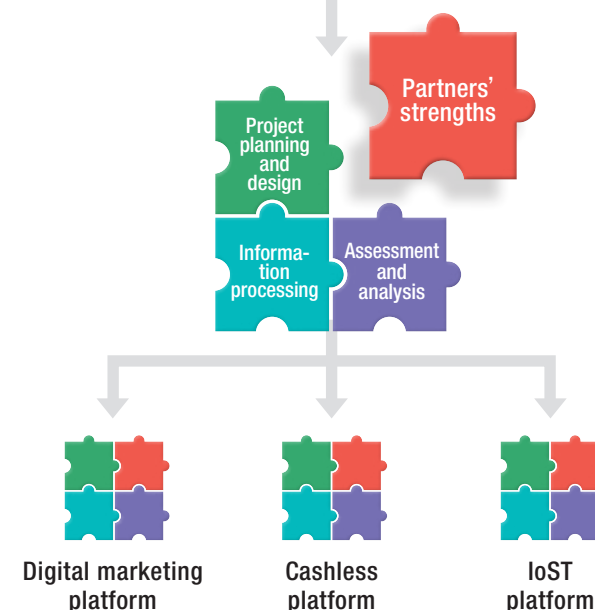


Toward the Building of Platforms That Support Global & Personal Communication

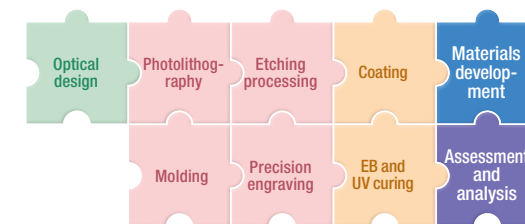
DNP will combine its technologies in project planning and design, information processing, assessment and analysis with the strengths of its partners to build platforms that are indispensable in society where digital networks are spreading and the sharing economy has emerged.

DNP will build a "digital marketing platform" that raises the effectiveness of corporate economic activities by collecting and analyzing big data; a "cashless platform" that supports safe and secure settlements; and DNP's unique "IoT*" platform that securely maintains the IoT, which connects all things to networks. By doing so, DNP will ensure diverse communications.

*IoT: Internet of Secure Things

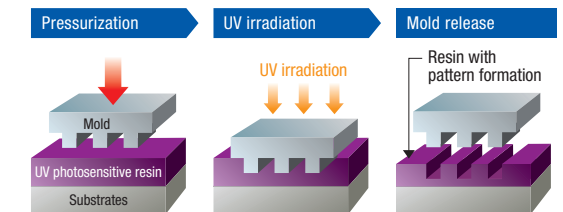


DNP Nanoimprint Solutions



DNP's nanoimprint solutions are an optimal service for companies requiring nano-level microfabrication in fields such as sensing, which is indispensable for the automation of various types of equipment and IoT. Nanoimprinting is a microfabrication technology used for reliably transferring patterns with line widths measured in microns ($\mu\text{m} = 1$ millionth of a meter) or nanometers ($\text{nm} = 1$ billionth of a meter) by pressing templates onto resin-coated substrates or other surfaces. DNP provides total solutions, from design to trial production, validation and

Nanoimprint manufacturing process



production, in accordance with client needs based on its molding technologies as well as the supporting configuration designing and mold processing and its materials and evaluation technologies.

DNP also possess high-precision optical design, pattern design and tuning technologies and can consistently respond to a series of processes, and this enables verification results to be fed back smoothly into the design.

Pouches for Lithium-ion Batteries



Lithium-ion batteries are seeing a growing range of applications such as for mobile equipment and in-vehicle applications. DNP is utilizing its precision coating technologies to provide film-based battery pouches as an exterior material that contributes to the realization of thinner and lighter batteries.

- Outstanding in terms of electrolytic solution resistance laminate strength and assures long-term reliability and preservability
- Lighter than conventional metal cases and has a high degree of free-forming
- Non-battery application development also possible in areas where content physical properties resistance and long-term durability are also required



Stretchable Electronics



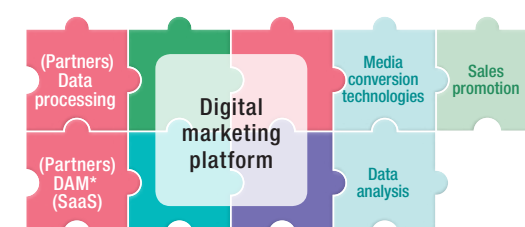
DNP has developed a sensor system that features a skin sensor to show electrocardiogram and other medical data on a thin, lightweight and freely deformable skin display that attaches to the skin. We will develop a variety of applications for this product.

- Consists of a 16 x 24 array of micro LEDs and stretchable wiring mounted on a rubber sheet.
- Maintains electrical and mechanical properties even with repeated stretching.
- Does not impede a person's movement even when directly attached to the skin and significantly reduces the burden when wearing.



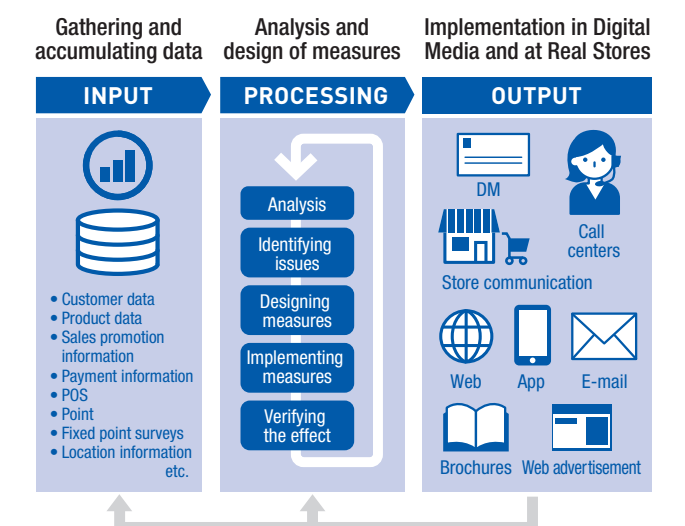
Displaying an ECG waveform

DNP Digital Marketing



To contribute to medium-term marketing strategies of companies and other entities, DNP is promoting its digital marketing business that optimizes a series of processes such as obtaining and analyzing various types of data, planning hypotheses and implementing and validating communication measures.

*DAM: Digital Asset Management
SaaS: Software as a Service



Promoting Business Commercialization in Growth Areas

Through its businesses, DNP is currently focusing efforts on solving social issues that are having a growing impact in Japan and overseas. By leveraging our strengths in P&I (Printing and Information), we will reinforce our *monozukuri* (manufacturing) foundation and ICT foundation as well as select business commercialization themes unique to DNP and generate new value.

Four Growth Areas and Business Commercialization Themes

▶ = Business commercialization themes undertaken by DNP * = Related markets and targets

Business commercialization themes related to all growth areas

¥3.3 trillion

▶ Work style reform-related businesses

Work styles that maximize the strengths of individuals and raise synergies

*2022 domestic work style reform ICT market (IDC Japan)

¥3.8 trillion

▶ Next-generation telecommunications-related businesses

“Hard” & “soft” value generation for 5G
–Sophisticating and synergizing “ICT foundation” and *monozukuri* foundation–

*FY2023 domestic telecommunication equipment demand (Communications and Information network Association of Japan (CIAJ))



Knowledge and Communication

A future where people worldwide can expand opportunities for safe and secure communications and share and inherit knowledge

US\$ 64.0 billion

▶ Contents business-related businesses

Inherit and advance knowledge and deploy experiential value globally

*2022 Japanese market for music, broadcast, publishing, game, and virtual reality (VR)
(Ministry of Economy, Trade and Industry (METI) Study Group for the Content Business Era Report)

¥76 trillion

▶ Digital marketing-related businesses

Digital transformation that raises the experiential value of “shopping”

*FY2024 omni-channel commerce market (Nomura Research Institute, Ltd.)

Approximately 40%

▶ Payment services-related businesses

Toward a safe and secure cashless society

*Percentage of cashless payments in 10 years (Cabinet Office “Growth Strategy”)

Lifestyle and Mobility

A future that safely and securely protects all living spaces where people worldwide are mobile and lead their lives



¥17.6 trillion

▶ Smart city-related businesses

Realization of more-comfortable and functional living spaces

*2022 smart city-related global market (IDC Japan)

¥6.4 trillion

▶ Next-next generation smart mobility

Realize a smart mobility society with no mobility-impaired people

*2030 domestic MaaS market (Yano Research Institute Ltd.)

1.5°C

▶ Climate change response-related businesses

Provide solutions that curb global warming

*Target for curbing the rise in global temperatures under the Paris Agreement

US\$ 4.3 trillion

▶ Environmental-related businesses

Provide value that contributes to reducing environmental impacts and expanding sustainability

*Business value through energy and material economic systems (The Business & Sustainable Development Commission)



¥25 trillion

▶ Education and human resources development-related businesses

Advancement of STEAM education/ICT/lifelong learning

*Japan's education industry market (2016 – 2017) (Ministry of Education, Culture, Sports, Science and Technology)
(STEAM = Science, Technology, Engineering, Art, Mathematics)

¥1.3 trillion

▶ Information security-related businesses

Information platforms protected by cybersecurity

*FY2023 Forecast of size of Japan's information security market (IDC Japan)

¥138.6 billion

▶ Sharing economy-related businesses

Lead the social change from “owning to using”

*FY2022 sharing economy market in Japan (Yano Research Institute Ltd.)



0 persons
8.6 billion persons

▶ Inclusive design/universal design-related businesses

Development and provision of products and services that are easy to use by numerous people

* Aim to realize a society where no one is left behind by 2030 under the Sustainable Development Goals (SDGs) adopted by the United Nations
*2030 world population of 8.6 billion (United Nations estimate)

50% reduction

▶ Manufacturing ~ logistics' supply chain-related businesses

Provide stable supplies of food and reduce food loss through *monozukuri* and ICT

*Food loss reduction target by 2030 (Ministry of the Environment)

0

▶ Various businesses for the realization of a recycling-oriented society

Resources and plastics recycling that also contribute to ecosystem conservation

*Reduce additional pollution by marine plastic litter to zero by 2050 (June 2019, G20 Osaka Summit “Osaka Blue Ocean Vision”)



Food and Healthcare

A future where people around the world no longer have anxieties about their own lives and can lead lifelong safe, secure and high-quality lives



Environment and Energy

A sustainable future that reduces environmental impacts and enables people worldwide to co-exist harmoniously with the earth



Contributing to the Innovation of Customer Companies by Supporting Work Style Reform and Business Reform through Cutting-Edge Technology

Business Process Outsourcing (BPO) is where business operations are consigned to external companies, thereby improving operations and creating value. DNP has undertaken BPO business since the 1980s, making use of its strengths in information security, information processing and manufacturing to resolve issues at many companies and organizations. DNP will continue supporting initiatives to generate value at its clients through the utilization of advanced technologies such as AI and RPA*.

* Artificial Intelligence (AI) and Robotic Process Automation (RPA) are used to automate operations based on software.

Leveraging Cutting-Edge Technologies to Resolve Business Challenges

DNP handles a wide range of BPO business that makes use of our advantages in sophisticated information technology. This includes from back office operations such as the acceptance and screening of documents in such industries as finance, manufacturing, logistics, education and social infrastructure to front office operations to help with response to consumers such as call centers. We analyze the business challenges of a client and provide consulting aimed at resolution. We also introduce advanced technology such as AI and RPA that enables the creation and execution of effective business processes.

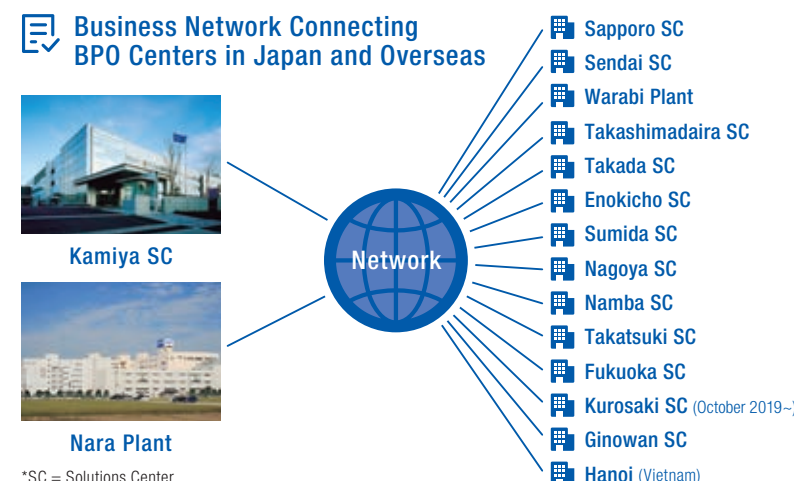
In response to a decline in the working population, which is becoming a major social issue in Japan, DNP is dedicated to contributing to work style reform so that companies can concentrate on key tasks, for example, through total BPO services covering all business processes.

Using Digital Networks to Improve Quality and Productivity and Enable a BCP

DNP connects BPO sites in Japan and overseas on a network and creates digital workflows enabling a business continuity plan (BCP) for when a disaster strikes as well as dispersed operations. To give an example, in the large-scale acceptance of applications forms, we manage and share digital data of scanned paper forms on a server and handle operations for the forms at multiple locations, eliminating overburden at a single site and providing for the flexible utilization of human resources. In January 2018, we concluded a capital and business alliance with AI inside Inc., thereby permitting data entry using optical character recognition (OCR) technology utilizing AI, aimed at increasing the accuracy of converting handwritten characters into digital text. In addition, we are working to improve the level of service through such means as building a system for 24-hour sorting and screening operations for documents and handling operations with fluctuations between busy times and off-times.



Yasuyuki Tani
General Manager of BPO Center
Information Innovation
Operations



DNP Business Commercialization Themes and Target Markets

¥3.3 trillion

► Work style reform related business
Working styles that maximize individual strengths and heighten synergistic effects
*2022 outlook of work style reform in the ICT market (IDC Japan)

¥1.3 trillion

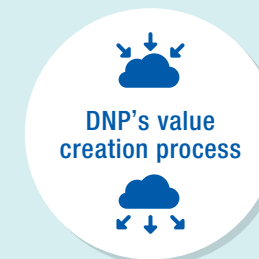
► Information security related business
Information platform protected by cyber security
Forecast of size of Japan's information security market (IDC Japan)

RISKS & OPPORTUNITIES



- Declining working population and labor shortage
- Problem of overtime work
- Sophisticated security demanded for information management/operation
- Overconcentration of labor in urban centers

RESOURCES & INPUTS



OUTPUTS (Products & Services)

DNP's BPO Business Process Outsourcing

- | | |
|---------------------|--|
| Reliable | <ul style="list-style-type: none"> System operates 24-hours a day, 365 days of the year at 15 sites nationwide Proven record of installation at around 2,500 companies Advanced information security system |
| High quality | <ul style="list-style-type: none"> Design of operations by around 300 professionals Introduction of cutting-edge technology such as AI and RPA |
| Responsive | <ul style="list-style-type: none"> Flexible response measures in line with business content and volume BCP response in the event of a disaster |



Partners



OUTCOMES & IMPACTS

- A society in which diverse human resources can engage in motivating work
- Realization of diverse working styles not bound by time and place
- Health risk reduction through reasonable work hours
- Creation of a social information platform based on exceptional reliability

GREEN PACKAGING

Toward the Realization of a Sustainable Society DNP's Environmentally Friendly Packaging

Amid the rising need to tackle environmental issues throughout society, there are growing calls for consideration of the environment in the packaging people use every day as well. As part of our efforts to realize a circulating society, DNP is offering for a series of products that are more environmentally friendly, thereby reducing the burden on the environment.

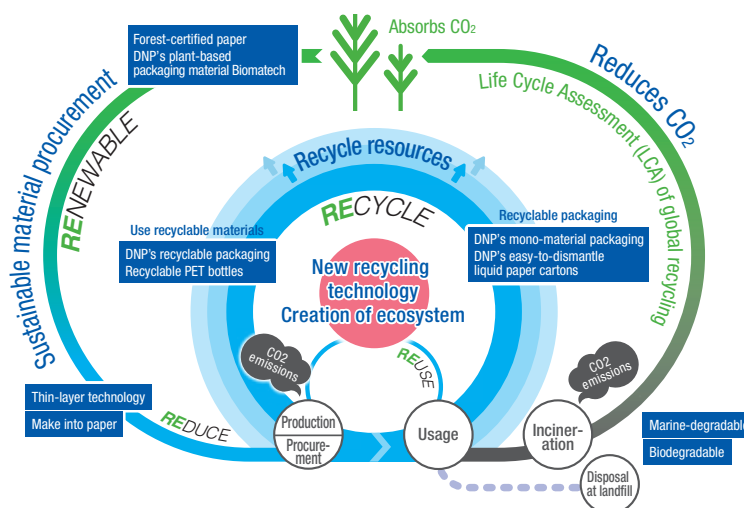
Environmentally Friendly Packaging with Consideration of the Entire Product Life Cycle

An example of environmentally friendly packaging can be seen in our plant-based packaging series. The partial use of sustainable plant-based raw materials, such as the byproduct of sugarcane when sugar is made (molasses), helps reduce consumption of petroleum resources. Plants can offset the CO₂ emissions generated when packaging is incinerated after disposal, since they absorb CO₂ via photosynthesis during the growth phase (carbon neutrality).

In addition, DNP developed flexible packaging that is made of a single material (mono-material) in 2018 to further promote recycling. Many conventional products are difficult to recycle because they are made in combination of different types of polymers. DNP leverages its advanced converting technology to add functions of oxygen barrier properties, heat-resisting properties and enhanced strength in mono-materials, thus realizing packaging that is suitable for recycling. The flexible packaging can be coupled with our plant-based packaging series, to provide value toward the realization of a circulating society.



Realizing a Circulating Society and Providing Three Kinds of Value



Ayumi Shibata
Packaging Operations
Marketing Strategy
Headquarters

DNP Business Commercialization Themes and Target Markets

0 Circular economy related business

Preservation of ecosystem and efficient resource recycling

*Aiming for zero new contamination caused by marine plastic pollution by 2050 (Osaka Blue Ocean Vision shared at the G20 Osaka Summit in June 2019)

US\$
4.3
trillion

Environment related business

Provision of value through contribution to reduction in environmental burden and expansion of sustainability

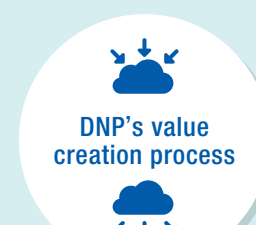
* Business value through an economic system for energy and raw materials (The Business & Sustainable Development Commission)

RISKS & OPPORTUNITIES



- Response to climate change
- Problem of marine plastic pollution and destruction of the marine ecosystem
- Sustainable management and effective use of natural resources
- Loss of biodiversity
- Further promotion of the effective use, reuse and recycling of resources
- Improvement in processing and packaging technologies to maintain the quality of packaged objects

RESOURCES & INPUTS



Reduction of greenhouse gas emissions

Use of sustainable resources

Resource circulation

&

OUTPUTS (Products & Services)

Partners



OUTCOMES & IMPACTS

- Minimizing of damage caused by climate change and impact on ecosystems
- A society with rich and diverse peoples, biology and ecosystems
- A recycling-oriented society in which all resources are recycled
- Preservation of biodiversity
- A society in which no user feels stress
- Realization of both environmental friendliness and usability

2,500t

Reduction of more than 2,500t of CO₂ when compared with the use of petroleum-derived materials based on shipments of DNP's plant-derived packaging material Biomatech in the fiscal year ended March 31, 2019 (DNP research)

Sheet-Type Wireless EV Charging Coil Capable of High Power Transmission

Wireless technology enabling the wireless charging of electric vehicles (EVs) has been in the spotlight in recent years for reducing the burden when charging, thereby supporting eco-friendly cars. DNP has developed a coil for EV wireless charging that utilizes our photolithography technology accumulated over many years.

Greatly Simplifying EV Charging Process and One of Key Elements for Autonomous Driving EVs

Wireless EV charging technology is expected to become widespread because it can greatly simplify the EV charging process and can be very fit for autonomous driving. DNP will try to supply the sheet-type wireless EV charging coils mainly to automobile manufacturers and infrastructure industries worldwide and then DNP aims to secure annual sales of 5.0 billion yen by 2025, on the back of a projected proliferation of EVs. DNP also seeks to further develop the coil technology to expand its application into areas such as charging-while-driving drones.

*1 In case of a receiver coil compliant with the J2954 WPT2/Z2SAE standard issued by SAE (Society of Automotive Engineers) International (A non-profit organization in the United States of around 127,000 technical experts in the mobility field who develop automotive and aerospace related standards)

*2 DNP research

Developing through the Use of Photolithography Technology

The sheet-type coil recently developed by DNP comprises a coil sheet and ferrite sheet, applicable for both the power supply (the Ground Assembly unit) and power receiving sides (the Vehicle Assembly unit). The coil containing the ferrite sheet has a maximum thickness of approximately 3mm and weight of around 1kg*1. Compared with coils containing ferrite of identical specification that use ordinary Litz wire measure roughly 12mm in thickness and at least 4kg in weight*2, DNP has achieved significant size reduction.

In addition, by optimizing the coil pattern and applying photolithography technology, DNP has developed a structure in which the magnetic field tends to stay within the bounds of the coil. This reduces magnetic-field leakage which affects the human body and equipment such as cardiac pacemakers when charging, thereby also enabling high power transmission.

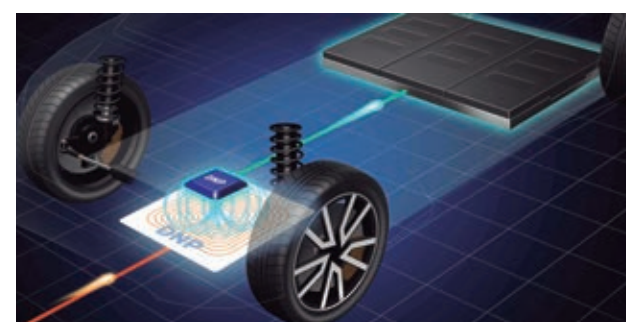


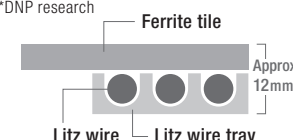
Image of wireless charging using DNP coils
(The EV is charged through wireless power transfer units equipped with thin coil sheets implemented on both the road surface and bottom of the car.)

Realized Thinner and Lighter Weight

Standard type

•Weight: 4kg~

*DNP research



DNP-made

•Weight: Approx. 1kg



*Compared with power receiving coil (included in the Vehicle Assembly unit) of SAE International standard J2954 WPT2/Z2 specification

DNP Business Commercialization Themes and Target Markets

¥6.4 trillion

Next-generation mobility related business

Realize a smart mobility society with no mobility-impaired persons

*Mobility as a Service (MaaS) market in Japan in 2030 (Yano Research Institute Ltd.)

¥138.6 billion

Sharing economy related business

Lead social change from possession to utilization

*Japan's sharing economy market in FY2022 (Yano Research Institute Ltd.)

RISKS & OPPORTUNITIES



Social issues
DNP is tackling
and people's
expectations

- Response to climate change
- Enhancement of the energy efficiency of electric vehicles
- Reduction in car weight to save energy and decarbonize
- Provision of more advanced sensing in order to understand the relationship between vehicle conditions and surroundings
- Ensuring of advanced information security
- Establishment of a social environment for the spread of the sharing economy

RESOURCES & INPUTS



DNP's value
creation process

OUTPUTS (Products & Services)

DNP's P&I (Printing & Information)

- Pouches for lithium-ion batteries that are lighter and easier to process than metal containers
- Curved resin glass that helps reduce vehicle body weight
- Optical film that suppresses light reflections and enhances safety when driving
- Various interior materials that realize a more comfortable space
- Security solutions that enhance the safety of IT utilization such as in autonomous driving
- Sheet-type coils for wireless EV charging that contribute to the spread of electric vehicles
- Mobility services that lead to the resolution of issues such as traffic congestion and regional depopulation



Partners



Expected effects
and impact of
DNP's business

OUTCOMES & IMPACTS

- Minimal damage caused by climate change and impact on ecosystems
- Alleviation of traffic congestion
- Comfortable mobility
- Better quality of life through effective use of traveling time
- More people can enjoy the benefits of mobility society



Masato Okabe

AB Center First Division
Mobility Development Unit

TOPICS
1

Providing Value Targeting All Kinds of Living Spaces

In seeking to realize more comfortable and functional living spaces as one of our business commercialization themes, DNP handles a wide array of products and services that help form different spaces that include housing, commercial facilities, railroad vehicles, and car interior and exterior materials. Leveraging our advanced image processing and

printing technologies, we are promoting the development of products with exceptional design and functionality. We are also working to create a framework for encouraging personal communication with the view that space is a medium for conveying thoughts and ideas, and to implement living space designs based on Kansei (sensitivity) engineering.

1-1 First Exhibition at Milan Design Week 2019

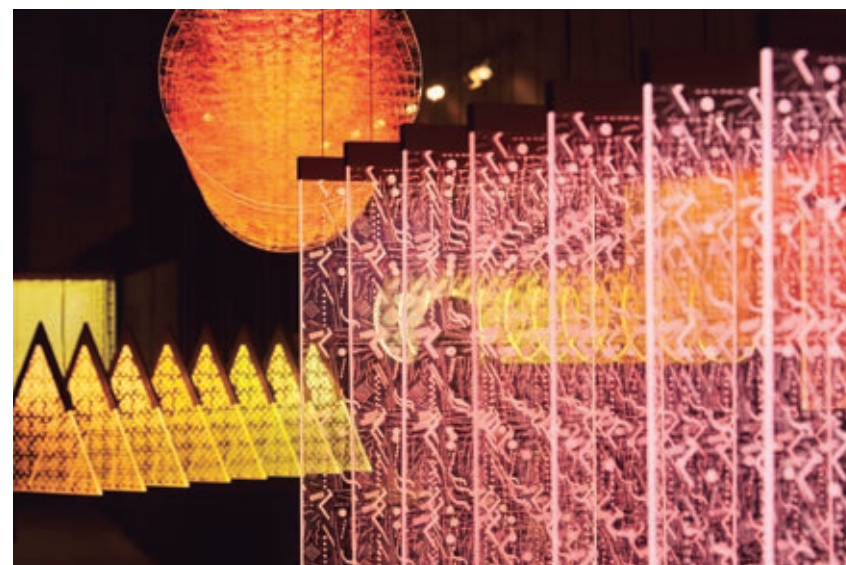
Design that stimulates people's awareness and behavior is starting to play an increasingly important role in our business development. DNP's building material related business got underway in 1951, in which we have endeavored to enhance such functions as durability and ease of maintenance, and have developed a number of products with design optimized to application.

In April 2019, DNP exhibited for the first time at Milan Design Week, the world's largest design festival held every year in Milan, Italy, in order to show our accumulated design expertise to the global market. The concept of our display was "Patterns as Time." Our installation was developed

together with energetic creators and expresses the different flow of time in a single space based on different patterns found on the earth such as with living creatures, natural resources and cultural artifacts. The exhibit showcased DNP's "MiDCiD" concept of recreating traditional Japanese colors and patterns such as those found in Edo-Komon (the patterns that covered the Samurai kimonos in the Edo period). It also makes use of electronic paper and IT to represent the essence of patterns found in living creatures. The exhibition was picked up by numerous media such as a local television station and design-related media, and received plaudits from visitors.



Installation of a chair made with electronic paper



"MiDCiD" design reinterpreting traditional Japanese patterns in a contemporary way and old-style Edo-Komon patterns were processed on acrylic plates to create the conceptual space.

1-2 Developing Next-Generation Stealth Spaces Stimulating Natural Behavior

DNP released "next-generation stealth spaces" at JAPAN SHOP 2019 held at Tokyo Big Sight in March 2019.

Recent evolution in sensors enables us to grasp information in real time on such things as indoor temperature and humidity and carbon dioxide concentration as well as people's movements, the content of a conversation and whether or not communication is lively or not. DNP has developed "next-generation stealth spaces" that stimulate people's natural behavior by integrating devices that produce

light and sound into the walls and ceiling, hidden from view, and altering the color of the light and generating sound in accordance with information on the indoor space gathered from the sensors.

The DNP booth at the exhibition linked the data sensing platform "NAONA" developed by Murata Manufacturing Co., Ltd., which visualizes the status of communication in a meeting room, and full-color LED lighting-integrated wall materials developed jointly by Nikken Sekkei Ltd. and DNP,

to alter light based on conditions. The lighting is changed in real time to a color deemed effective in stimulating discussion or producing a calming effect by checking the frequency of conversation, temperature, humidity and carbon dioxide concentration.

DNP plans to provide "next-generation stealth spaces" as a package of hardware combining building materials and

sensors that can change color and sound, and software for system regulation and operation. The packages are aimed at application in such places as offices, hotels, residences, shops, educational facilities, medical institutes and nursing facilities. Going forward, we will develop a business that includes consulting based on the usage history of these structures.

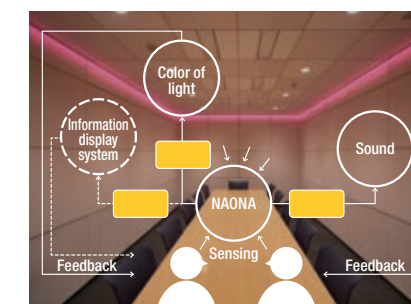
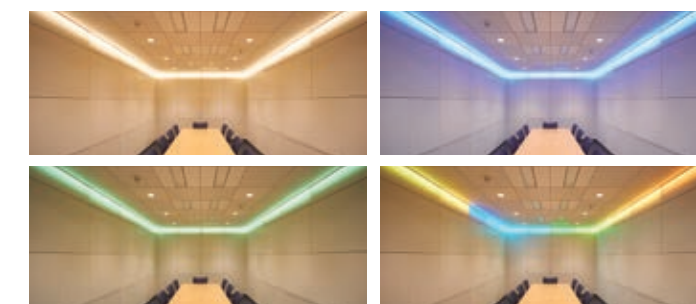


Image of a "next-generation stealth space"



TOPICS
2

DNP Multifunctional Insulation Box Wins Top Prize at Global Environment Awards

In April 2019, DNP took home the top prize at the 28th Global Environment Awards sponsored by the Fujisankei Communications Group in recognition of our multifunctional insulation box, which serves to improve transportation efficiency and reduce environmental burden.

The insulation box employs vacuum insulation panels using film with superior barrier features effective in blocking oxygen, water vapor and other elements. This helps realize outstanding insulation that surpasses conventional heat insulating materials and makes it possible to maintain internal temperature within a certain range for a long period even without electricity.

In addition, DNP's uniquely developed simulation software increases the effectiveness of the insulation box when transporting temperature-sensitive cargo for long periods by optimizing the amount of refrigerant in accordance with distance and content. It also helps reduce food waste when reshipping cargo in midsummer and when transporting with normal-temperature vehicles that don't have cold storage

functionality since it can maintain the cold chain (a logistical method of transporting temperature-sensitive goods from producer to consumer at a low temperature).

Also, the boxes are foldable and reusable, thereby saving space and reducing the use of materials. Meanwhile, replacing dry ice with refrigerant contributes to a reduction in greenhouse gas emissions. The boxes improve transportation efficiency by enabling mixed loads of goods at ordinary temperatures and cold or frozen items, and reduce the use of disposable resources through reuse.

Moving ahead, DNP will team up with Yusen Logistics Co., Ltd., the general logistics operator for the NYK Group, to propose optimal logistics solutions to individual customers and develop new transportation services. DNP will provide the multifunctional insulation box to companies and logistics firms for transportation of foods and beverages, medicines and pharmaceuticals, fine chemicals, semiconductor components and other items requiring temperature control.



TOPICS
3

Realizing Advanced Design for Vehicle Interiors with Next-Generation Decorative Panel

DNP provides a variety of decorative panels for automobiles with diverse top-quality designs that are printed, for instance, with a woody grain or geometric pattern. In May 2019, we developed next-generation decorative panels that integrate optical functionality for the display, operating switch and other areas as required into the sophisticated design of the panels to realize a comfortable vehicle interior.

The number of displays and gauges has been increasing in recent years as automobiles become more multi-functional. Also, with progress in autonomous driving, we expect demand to grow for a more comfortable space to spend time in since people will be free from driving. For these reasons, there are calls for the development of functions in interior materials that

ensure a comfortable space which the growing number of devices displaying information do not compromise overall design quality.

Only the surface design of DNP's next-generation decorative panel is visible when it isn't show any information. The display shows up only when necessary. In addition to enabling vivid imagery, it is also possible to use car navigation and operate switches by assigning touch panel functionality.

DNP intends to market this new product to automobile manufacturers worldwide as well as to the construction industry for housing and commercial facilities, and consumer electronics makers, among others. DNP tries to achieve annual sales of 5.0 billion yen by 2025.

Conceptual Image of Decorative Panel

(Display showing on the front part of the driver's seat)

Information
display
OFF



Information
display
ON



Touching the woody grain designed panel brings up the operating screen for car navigation (left) or car audio (right).

TOPICS
4

Simple and Strong Bonding of Different Materials Using DNP's New Adhesive Film

In May 2019, DNP developed new adhesive film that can bond different materials such as metal and plastic through a curing reaction that occurs when two pieces of tape each coated with a different substance are joined together.

In recent times, there have been an increasing number of examples in which certain metal materials have been replaced by plastic or carbon fiber, for instance, as needs grow for a reduction in environmental burden in the

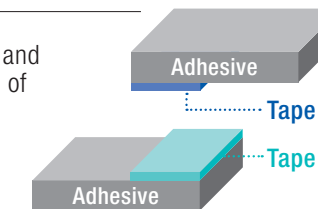
automobile industry by reducing vehicle weight. In such cases, it is necessary to strongly adhere different materials together. Conventional paste-type adhesives, however, bring various challenges such as dripping liquid during application and inaccurate mixing of adhesive ingredients.

DNP's new adhesive film boasts the features shown on the next page such as minimizing burden during usage and ensuring a strong bond. Simply sticking together the two

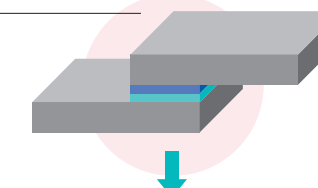
types of tape realizes appropriate mixing and if left for around a day at room temperature will display exceptional practical adhesive strength. DNP aims to apply this product to such areas as mobility, construction and electronics where needs are high for the adhesion of different materials. We are aiming to achieve annual sales of 1.0 billion yen by the fiscal year ending March 2022.

Example of Usage Method

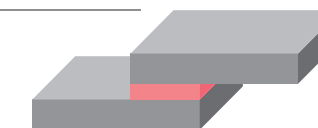
1 Decide positioning and stick the two types of tape together



2 Cure (reaction at 5°C or above)



3 Strongly bonded



Features of DNP's New Adhesive Film

- Simply sticking together the two pieces of tape coated with different substances of suitable amount realizes optimal bonding. The ratio of the ingredients has been carefully controlled to prevent errors in mixing.
- Since liquid adhesive is not used, there is no dripping or jutting out of the liquid during application.
- The film is tape-shaped to minimize the risk of the materials slipping out of position, thus raising efficiency.
- Different materials can be strongly bonded together, such as plastic, carbon fiber and metal.
- The adhesive film has heat-resisting properties and gripping properties (minimal shifting due to aging) and resistance to shearing (strong adhesive ability on bonding surface) at levels enabling use in structures requiring exceptional strength and durability.
- Long-term storage of the two types of tape is possible (approximately six months at 23°C).

TOPICS
5

Developed Material for 5G Antennas That Does Not Hinder Screen Visibility

In order to respond to the rapid expansion of data volume exchanged over networks, efforts are being made globally to develop a 5G (fifth generation mobile communications system) environment and compatible devices that can transmit and receive large amounts of data. Since smartphones and other 5G-compatible devices require both advanced sophistication and miniaturization, a key challenge is to secure space to store an antenna for 5G in the device.

In May 2019, DNP developed a "conductive film with ultrafine mesh" for use as a highly sensitive antenna for communication, in which metal mesh measuring one micron (one micrometer, which equals 10⁻⁶ meters) in width is shaped into film. With the product, which incorporates photolithography technology, a strength of DNP, wires are embedded in transparent film, enabling it to function as an antenna without compromising visibility even if it is stuck on the display screen. This eliminates the need to store the antenna inside the device and contributes to the device's enhanced functionality and miniaturization.

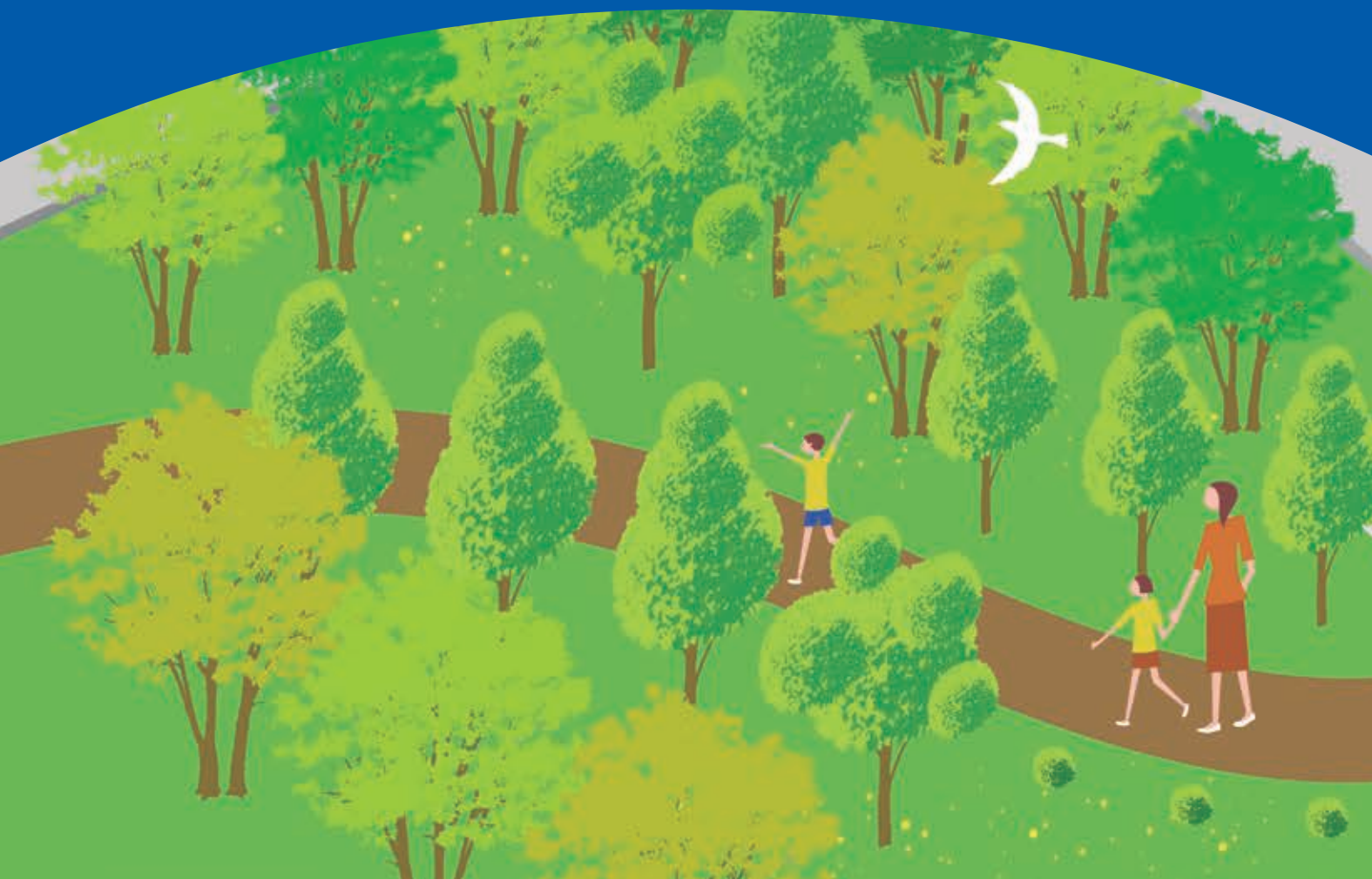
DNP will provide the product to smartphone manufacturers in the 5G market, where growth is expected.



TOWARD SUSTAINABLE GROWTH

—DNP'S ESG INITIATIVES—

37	Dialogue: Yoshinari Kitajima, President × Minako Miyama, Corporate Officer
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Top Management's Dialogue

Focus on Further Promoting Diversity to Create Diverse New Value

Minako Miyama
Corporate Officer

Yoshinari Kitajima
President



DNP has been taking steps to empower women at work since the early 2000s and accelerated the initiatives to create value that leverages diversity by establishing the Diversity Promotion Department in June 2018. Here, we look at DNP's diversity strategy that pursues further results.

Diversity is an important theme that all employees need to tackle.

Kitajima: We are currently making efforts to create new value that resolves social issues and meets people's expectations. Society is indeed a melting pot of different peoples and DNP's products and services must be able to cater to everyone. As we work to create diverse value in business, it is an essential and critical theme to reflect

diversity in management.

Miyama: That's true. Enhancing diversity is a great way to increase the kinds of value we provide, while innovation is really important to make sure people feel that the value we generate is in fact "new." By matching and synergizing diverse strengths, we can heighten the effects of innovation.

Kitajima: DNP is already promoting the diversification of human resources. As an example, non-Japanese employees

working at overseas sites make up around one-eighth of our total workforce of about 40,000 employees. This enables us to closely and accurately grasp the characteristics, issues and needs of different parts of the world so that DNP's products and services can provide the value to resolve particular social issues.

Respecting one another's culture leads to value creation.

Kitajima: The role required differs depending on career stage or age, and life involves dealing with a variety of situations that include child care and nursing care. As a company, we have to make sure our employees can maximize their potential no matter the circumstances. We have established the systems and support mechanisms to make this possible and will look to further enhance them while keeping an eye on social trends.

In addition, each of us also needs to place an importance on our own culture in order to properly promote diversity. Recognizing the importance of one's own culture can lead to the realization that others also have a culture that they value. Having a mutual respect of one another's culture enables us to connect with diverse people in a respectful way.

Miyama: It's important to be interested in and understand individual differences to raise the effectiveness of diversity. Deepening our understanding of the diverse values around us can in itself lead to the creation of diverse values.

Kitajima: Rather than being resistant to things that are different, we can increase value by respecting these differences and combining them as strengths. DNP's business is intrinsically and richly diverse, extending well beyond printing on paper to include business domains that range from smart cards and information services to



packaging, decorative materials, electronics-related products, energy and life sciences. I believe this is the result of taking on challenges by accepting employees' enthusiastic and interesting proposals and bringing together the diverse strengths of employees from multiple departments.

DNP has been supporting the role of women and responding to greater diversity for 20 years.

Miyama: Our initiatives to make effective use of diversity started around the year 2000 with efforts to promote women in the workplace. At that time, we first expanded our training and systems with the aim of preventing women from leaving their jobs. We took such measures as holding seminars concerning support for work-life balance and helping with the career development of short-time regular employees. Although traditionally only a few women work in the printing industry, the ratio of women employed in the DNP Group currently exceeds 40% of the total with no discernible difference in the retention rate of females and males. The proportion of female managers is also gradually increasing.

Kitajima: You are DNP's first female Corporate Officer and this trend of diversity in management is likely to continue. It's great to have role models that people can aspire to.

Miyama: In 2015, DNP was selected for the Diversity Management Selection 100 issued by the Ministry of Economy, Trade and Industry (METI), and in 2019 we were designated as a Semi-Nadeshiko Brand issued jointly by METI and the Tokyo Stock Exchange for encouraging women's success in the workplace. In the Bloomberg Gender Equality Index (GEI) for 2019, DNP was selected as one of 14 Japanese companies, reflecting the high regard of society.

Currently, DNP is undertaking initiatives to promote diverse work styles so that all employees, not only females, can demonstrate their full potential. In a fact-finding survey we conducted, it was discovered that people want to know more about the things troubling those around them and what sort of inconveniences they have to deal with, not just for women, but also for persons with disabilities, senior citizens, non-Japanese and the LGBT (Lesbian, Gay, Bisexual, Transgender) demographics. Getting to know one another through dialogue is a definite way to achieve this.

Kitajima: In February 2019, we established the Group company DNP Business Partners Co., Ltd. to expand work opportunities for persons with disabilities and further promote the employment of diverse human resources. Based on the philosophy of normalization, the company aims to acquire certification as a Special Subsidiary that provides an environment in which persons with disabilities can work safely and with peace of mind.

Diversity is essential for raising corporate value.

Kitajima: In the development of our products and services, we endeavor to enhance value by actively incorporating an element of diversity. In 2008, we instituted the DNP Group



Universal Design Declaration and started focusing on products and services that are easy to use for more people. In particular, we introduced a universal color design to make colors easier for persons with an impaired sense of color to recognize, an initiative only made possible because we can utilize our expertise as a printing company. We are also implementing Inclusive Design, where persons with disabilities and the elderly, among others, take part from the early stages of product design. Packaging that is easy to open with one hand is one example of this.

Miyama: Activities encouraging diverse dialogue are also effective, such as a sign language course that anyone can take, discussion on career plans between a supervisor and worker and a mentoring program to nurture young employees. Organizations that only have the same type of persons will find it difficult to generate anything but very similar values. I believe that diversity in human resources is essential to provide optimal value to society and people.

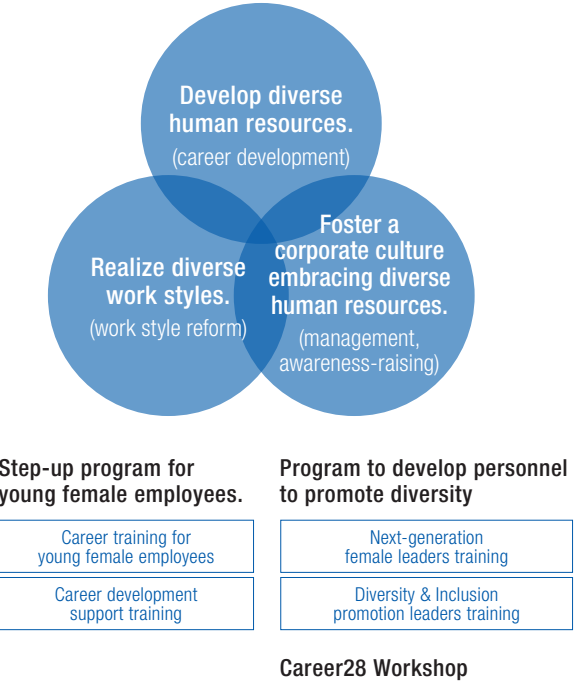
Kitajima: As I said before, DNP is striving to create new value that resolves social issues and meets people's expectations. It is the public who will decide whether or not our products and services are of value. The world is full of diversity, with men and women, LGBT, able-bodied and persons with disabilities, from kids to adults, as well as people from different countries and regions, to name but a few. All of these people are valuable stakeholders of DNP, so promoting even greater levels of diversity is a vital management challenge necessary to increase corporate value.

* Please refer to pages 44-45 for "Initiatives for Human Resources Fundamental to Value Creation."

DNP's History of Promoting Diversity











Training to Support Career Path



CSR Management

DNP has set principal themes to be addressed as part of CSR management. In addition to identifying themes that we deem important and a priority based primarily on our management strategy and business fields, we also include themes that the international community views as critical, starting with the United Nations Global Compact Ten Principles and the Sustainable Development Goals (SDGs), and comprehensively analyze them.

	Principal themes	Medium- to Long-Term Vision	Performance indicators to monitor the progress in achieving the Vision	Targets	FY2018 results
Value creation	Business to Contribute to SDGs Achievement	We create new value through products and services, which will contribute to the achievement of the SDGs, and help society grow in a sustainable manner. <div></div>	(1) Sales of environmentally conscious products and services (DNP contributes to achieving the SDGs through all its business activities. DNP set the above as one of the clear indicators to monitor progress.)	(1) Achieve sales of 600 billion yen by FY2020.	(1) 603.2 billion yen
Foundation to support value creation	Fair Operating Practices	We help to maintain and develop orderly, free and competitive markets based on laws and social ethics and by always remaining fair and equitable. <div></div>	(1) Number of meetings of the Corporate Ethics Committee (2) Bases holding Autonomous Corporate Ethics Training	(1) Hold meeting once a month (12 times a year). (2) Achieve 100% (covering all applicable bases).	(1) Once a month (12 times) (2) 100% (105 bases)
	Human Rights and Labor	We place human dignity first and foremost and respect diversity in the culture, nationality, creed, race, ethnicity, language, religion, gender, gender identity, sexual orientation, age and ways of thinking of all persons. We accordingly respect working styles suited to the diversity of our employees and make efforts to create a safe, healthy and vibrant working environment. <div></div>	(1) Number of women in managerial positions (2) Ratio of employees with disabilities (3) Annual paid leave taken (4) Frequency rate of lost workday injuries <small>* In FY2019, we will consider the establishment of a system concerning human rights due diligence.</small>	(1) Double the number of women in managerial positions by the end of March 2019 compared with the number (96) in February 2016. (2) Achieve the ratio above 2.0% in FY2017 and above 2.2% in FY2018 onwards. (3) Achieve an increase over the previous fiscal year. (4) Keep the rate below 0.2.	(1) 2.05 times the number (196) (2) 2.17% (3) 52.4% (50.8% in FY2017) (4) 0.33
	Environment	To create a sustainable society with the Earth's limited natural resources, we reduce environmental impact and conserve biodiversity while ensuring compliance with environmental laws and regulations and by recognizing our relationship with the environment in all business activities. <div></div>	▶ For details, see page 43, "Environmental Activity Targets and Results"		
	Responsible Procurement	For creating excellent value and cultivating strong compliance awareness at the same time, we work jointly with our supply chain stakeholders and conduct procurement that gives due consideration to human rights, the environment and other factors. <div></div>	(1) Average score of DNP Group CSR Procurement Guidelines survey on key suppliers (2) Percentage of overseas business locations conducting DNP Group CSR Procurement Guidelines surveys (3) Percentage of key suppliers conforming to DNP Group Guidelines for Procurement of Paper for Printing and Converting	(1) Achieve average score of 90 points by FY2030. (2) Achieve 100% (covering all overseas business locations). (3) Achieve 100% by FY2030.	(1) 85 points in Japan and 81 points overseas (2) 100% (3) 92%
	Product Safety and Quality	We seek to gain the trust of society by prioritizing the safety and quality of our products and services as part of our responsibility as a company that supplies these to society. <div></div>	(1) Number of serious accidents* caused by our products <small>*Including cases where a defect in our products jeopardizes the user's life, causes serious bodily harm or inflicts serious damage on the user's property (other than the product itself)</small> (2) Percentage of newly developed products undergoing product safety and risk assessment	(1) Achieve zero accidents. (2) Achieve 100%.	(1) Zero accidents (2) 100% (184 products)
	Information Security	We ensure the exceptional security of personal information and all other information assets through management and protection as part of the social responsibility of a company handling such information assets. <div></div>	(1) Number of information security compliance assessments conducted (2) Number of inspections and instructions on divisions implementing priority measures for personal information security performed by executive officers in charge (3) Participation rate of information security education and training (4) Number of security vulnerability tests for publicly open websites	(1) Achieve 100% (covering all business departments and group companies) (2) Achieve 100% (covering all applicable bases) (3) Achieve 100% (covering all applicable divisions) (4) Achieve 100% (covering all applicable websites)	(1) 100% (85 departments and companies) (2) 100% (63 bases) (3) 100% (Approx. 41,000 persons) (4) 100% (260 systems tested)
	Corporate Citizenship	We contribute to society by resolving social issues, conducting volunteer activities and through cultural activities as we look to deepen our relationship with society as a good corporate citizen that coexists with society. <div></div>	(1) Number of external participants for DNP's original future generations development programs (2) Number of local volunteer activities held each year to support reconstruction of disaster-stricken regions, including Tohoku and Kumamoto	(1) Achieve an accumulated total of 7,500 persons from FY2015 to FY2019. (2) Constantly conduct activities three times a year until FY2019.	(1) Accumulated total: 6,435 persons (2) Three times (twice in Tohoku and once in Kumamoto)

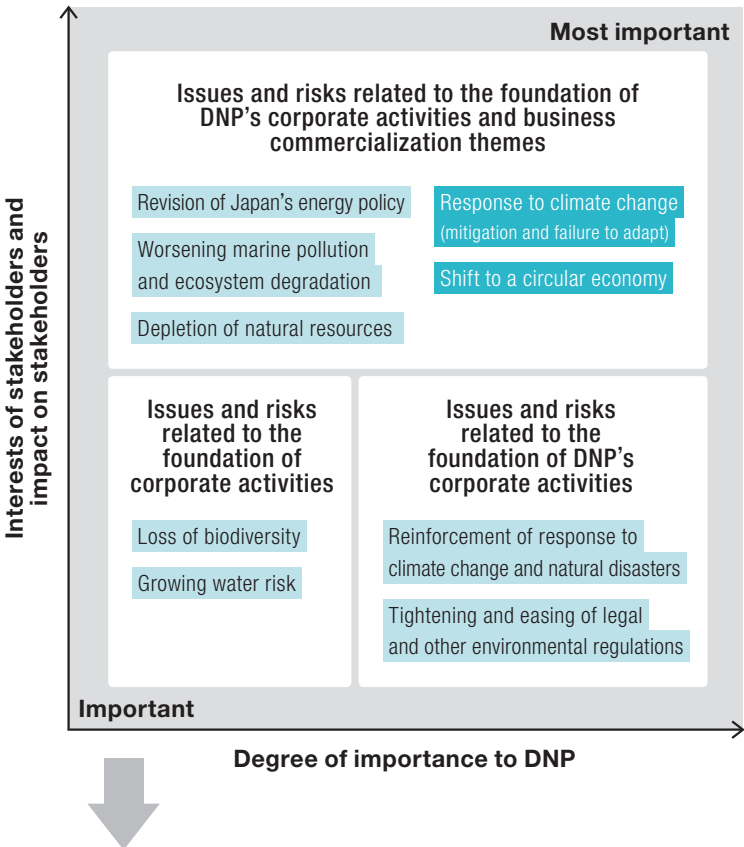
Initiatives for the Environment

DNP has always believed in the importance of coexistence between its business activities and the natural environment to help realize a sustainable society, and we have set “Environmental conservation and the realization of a sustainable society” as one part of our Code of Conduct. We also formulated the DNP Group Environmental Policy to clarify our activities and are implementing environmental activities such as the reduction of environmental burden in consideration of the relationship between business activities and the environment in addition to compliance with environmental laws and regulations.

Identification of Risks

We broadly identify economic, social and environmental issues, analyze their importance based on the potential impact on stakeholders and DNP, and then prioritize activities and define targets (for details, see pages 16-17).

As a result of this risk assessment, we are cognizant of the need to respond to climate change and create a recycling-oriented society to combat environmental related risks. We are implementing focused activities to help achieve these objectives.

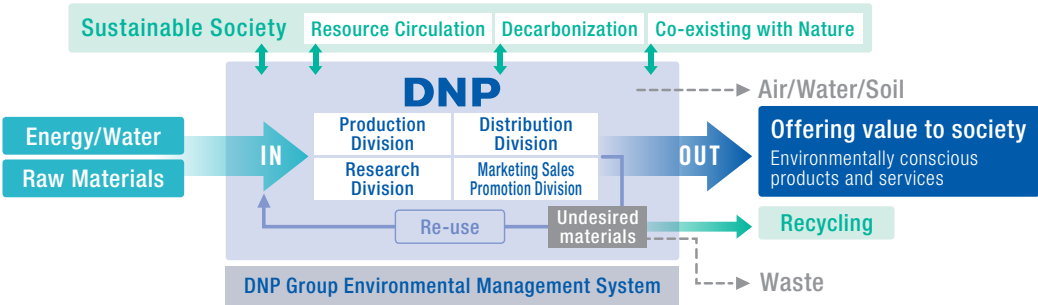


Issues identified	Risks	DNP response	
		Defensive	Proactive
Response to climate change	<ul style="list-style-type: none">• Stricter laws and regulations worldwide related to greenhouse gas (GHG) emissions• Rise in carbon prices• Shift to low-emission technology• Change in consumer/market awareness• Increase in incidence and scale of abnormal weather	<ul style="list-style-type: none">• Reduce GHG emissions throughout the supply chain• Expand use of renewable energy• Introduce BCP measures at production sites	<ul style="list-style-type: none">• Develop eco-friendly products and services that contribute to a reduction in GHG throughout the supply chain• Use renewable energy• Procure sustainable raw materials, etc.
Efforts toward a recycling-oriented society	<ul style="list-style-type: none">• Stricter resource constraints in line with population increase• Strengthening of laws and regulations worldwide• Shift to a circular economy• Change in consumer/market awareness• Issue of marine plastic	<ul style="list-style-type: none">• Reduce waste emissions• Use recyclable resources	<ul style="list-style-type: none">• Tie-up with companies, develop technology and participate in government-industry collaborations and international initiatives aimed at plastic recycling• Create a system for the use of recyclable resources

Environmental Management Activities

DNP has established a CSR-Environment Committee chaired by the director in charge of CSR and the environment as the structure presiding over the entire Group’s environmental activities. The committee is comprised of directors and executive officers in charge of each area at the Head Office.

In addition, Environment committees have been set up in each business and Group company to promote environmental activities based on the decisions of the CSR-Environment Committee and the attributes of the business domains.



Environmental Activity Targets and Results

Topic	Targets through FY2020	* GHG emissions reduction target is a FY2030 target	FY2018 Results	Evaluation
Development and sales of environmentally conscious products and services	Development and sales of environmentally conscious products and services totaling 600 billion yen		Sales of 570.8 billion yen in FY2015 Sales of 603.2 billion yen in FY2018	5.7% increase from FY2015 ◎
Reduction of GHG emissions	Reduction of 25% in GHG emissions by FY2030 relative to FY2015 levels (including overseas)		Emissions in FY2015: 1.201 million tons Emissions in FY2018: 0.961 million tons	20.0% decrease from FY2015 ◎
Reduction of environmental impact incurred during transport	To reduce per-unit fuel use for transport (fuel use/amount of sales) by 1% per annum and 10% compared with FY2010		Per unit in FY2010: 16.1 kJ/billion yen Per unit in FY2018: 14.9 kJ/billion yen	7.8% decrease from FY2010 △
Reduction of Volatile Organic Compounds (VOC) emissions	To reduce emissions of VOCs (except for methane) by 35% compared with FY2010 Overseas, based on local laws and regulations, we plan to reduce atmospheric emissions of VOCs to the greatest extent possible through the introduction of technologies and other measures		Emissions in FY2010: 6,729 tons Emissions in FY2018: 4,040 tons Continue operation of VOC recovery equipment at DNP Indonesia's Karawang Plant	40.0% decrease from FY2010 ◎
Reduction of industrial waste	To reduce per-unit waste emissions (waste emissions/amount of sales) by 20% compared with FY2010 (includes overseas locations) To maintain zero emissions for the entire DNP Group		Per unit in FY2010: 42.4 tons/billion yen Per unit in FY2018: 36.9 tons/billion yen Landfill waste rate in FY2015: 0.06% Landfill waste rate in FY2018: 0.04%	13% decrease from FY2010 Maintained zero emissions △ ◎
Reduction of water usage	To reduce per-unit water use by 25% compared with FY2010 (includes overseas locations)		Per unit in FY2010: 10.8 m³/million yen Per unit in FY2018: 6.2 m³/million yen	43% decrease from FY2010 ◎
Environmental conservation	To keep the maximum concentration of air emissions subject to emissions regulations at 70% of the required standard or less To keep the maximum concentration of water emissions subject to wastewater regulations at 70% of the required standard or less To keep the maximum concentration of odors at our site perimeters at 70% of the required standard or less To keep the maximum level of noise at our site perimeters at 70% of the required standard or less To keep the maximum level of vibration at our site perimeters at 70% of the required standard or less		99% achievement rate of targets for FY2018 (voluntary target) 98% achievement rate of targets for FY2018 (voluntary target) 99% achievement rate of targets for FY2018 (voluntary target) 98% achievement rate of targets for FY2018 (voluntary target) 100% achievement rate of targets for FY2018 (voluntary target)	◎ ◎ ◎ ◎ ◎
Office environment	To increase the rate of the fractional recovery of waste paper to 70% of that for general waste		81.8% recovery of waste paper in FY2018	◎

Evaluation criteria ◎: Target exceeded by a wide margin ○: Target achieved or making steady progress toward target
△: Making active efforts but target not achieved ×: Efforts insufficient

GHG Emissions Reduction Target of the DNP Group Recognized by the Science Based Targets (SBT) Initiative

DNP acquired approval from the international Science Based Targets (SBT) initiative in July 2018, recognizing the aforementioned GHG emissions reduction target as “science-based” in helping to achieve the goal of the Paris Agreement, which is to keep global warming below two degrees Celsius. Going forward, DNP will continue to augment its GHG emissions reduction activities by saving energy and introducing energy-saving facilities. Dai Nippon Printing commits to reduce Scope 1 and 2 GHG emissions 25% by FY2030 from a FY2015 base-year. The company also commits to engage with key suppliers representing 90% of purchase value to ensure these will have SBTs in place by FY2025.



Initiatives for Human Resources Fundamental to Value Creation

DNP is making efforts to support the active role of employees as irreplaceable assets that have helped us achieve innovation since our earliest days. We respect individual differences such as nationality, religious values, culture, background, gender, gender identity, sexual orientation, presence or absence of disability, age and experience, and combine these differences as strengths to create new value.

Personnel and Labor Related Measures

Reform of Personnel Systems

In April 2019, DNP undertook fundamental reform of its personnel system aimed at supporting employees who we view as the leaders of value creation. Through the reform, we will design or rebuild various systems related to recruitment, development and promotion of excellent human resources in order to optimize and maximize our human capital while remaining aware of overall trends in society.

〈Features of the Reform〉

As a first step, we carried out a system reform mainly targeting young employees and people with varying careers both within and outside the Group.

1 Employment-related systems to proactively incorporate outside perspectives

- Introduction of fixed-term employment
- Establishment of return-to-work system
- Starting to permit certain side jobs or dual employment

2 Revising promotion-related systems for the creation of new value

- Drastic increase in young employees' bonus and wage levels
- Establishment of an ICT professional system
- Rebuilding wage and promotion systems by job type and region
- Revision to a personnel evaluation system and promotion of TAIWA-based human resources development management

3 Promoting and supporting flexible work styles for effective time and space utilization

- Introduction of telecommuting
- Promotion of work style reform

For detail See pages 15-16, the "Human Rights and Labor" section of the DNP Group CSR Report 2019.

Promoting Diversity (Employment of Persons with Disabilities)

At DNP, respective business divisions and Group companies have worked individually to recruit and retain persons with disabilities and support their active roles. With an eye to further facilitating their active participation and promoting employment of diverse human resources, we established DNP Business Partners Co., Ltd., a wholly owned subsidiary, on February 1, 2019.

Going ahead, in addition to recruitment by individual business divisions and Group companies, we intend to create opportunities for active participation by many more persons with disabilities by promoting related cross-sectional operations within the Group as a business of the new company.



For detail See page 18, the "Human Rights and Labor" section of the DNP Group CSR Report 2019.

Ensuring Occupational Health and Safety

DNP has promoted Group-wide safety and health activities under the policy that safety takes precedence over everything else. Ensuring the safety of manufacturing sites, in particular, requires an overarching approach encompassing all business activities from sales and planning to general affairs and employee relations. Under this belief and toward the realization of a safe and healthy workplace culture, we formulated the DNP Group Safety and Health Charter in April 2019. In concrete terms, we formulated seven items to be addressed by all employees under the guidance of the president.



For detail See page 19, the "Human Rights and Labor" section of the DNP Group CSR Report 2019.

Human Resources Development

Promoting Diversity (Career Training for Female Employees)

DNP formulated an action plan based on the Women's Participation Promotion Act, creating a framework and providing systematic training to increase the number of actively engaged female employees at each job level and continuously nurture females who will assume leadership roles and take part in organizational decision-making.



Female participant (left) receiving advice from an executive-level employee during training

〈Action Plan〉

- First phase (April 2016 to March 2019) target:
Achieved (the number of women in managerial positions)
- Second phase (April 2019 to March 2022) targets:
1. Achieve the ratio of women in managerial positions (section chief or above) of 7.0%.
 2. Double the number of women in managerial positions and leader-level positions compared with the number at the end of February 2016 (from 430 to 860).

For detail See page 17, the "Human Rights and Labor" section of the DNP Group CSR Report 2019.

Response to Risk (Employee Education)

Fair Operating Practices

It is our belief that in carrying out business activities, we need to do more than just ensuring DNP's and its employees' compliance with laws and regulations but always remain fair and equitable, acting under high ethical standards that respond to the expectations of society. To achieve this, DNP provided training and educational programs for employees on compliance in such areas as bribery prevention and response to antisocial forces to ensure that all business activities are carried out fairly.

Autonomous corporate ethics training:
Implementation rate: 100% (105 bases)/FY2018
e-learning (bribery prevention):
Number of employees who took lessons: 18,028/FY2018

For detail See pages 11-13, the "Fair Operating Practices" section of the DNP Group CSR Report 2019.

Product Safety and Quality

DNP recognizes that placing safety and quality first and foremost is a responsibility of a company providing products and services to society. We are working to enhance e-learning and training sessions at the divisional level and across the organization in order to comply with the standards, laws and regulations required of our products and services; ensure that the level of quality and safety exceeds the needs and expectations of customer companies and consumers; and fulfill our social responsibility as a company.

For detail See pages 27-29, the "Product Safety and Quality" section of the DNP Group CSR Report 2019.

Employee Volunteer Program

DNP believes that participating as volunteers in social contribution activities provides each employee with the opportunity to gain a deeper insight into social issues and serves to foster a broad outlook and diverse values.

In FY2018, 354 DNP Group employees took part in various volunteer programs, thereby heightening sensitivity to social issues.



Employees who volunteered in recovery efforts following the Great East Japan Earthquake

〈Examples of volunteer programs participated in FY2018〉

- Workshop for developing the next generation (46 employees)
- Local disaster relief support (62 employees)
- Donation of translated picture books (136 employees), etc.

For detail See pages 35-41, the "Corporate Citizenship" section of the DNP Group CSR Report 2019.

Responsible Procurement

With advancing globalization, the supply chain has become increasingly complex, prompting greater demand on companies to respond to risks associated with such areas as human rights, labor, the environment, pollution and corruption. In December 2018, DNP conducted an internal study session on CSR procurement for managers of divisions in charge of placing orders for subcontracting in each business division and Group company in Japan.



Approximately 220 employees from business divisions and Group companies nationwide took part in the study session.

For detail See pages 23-26, the "Responsible Procurement" section of the DNP Group CSR Report 2019.

Information Security

DNP implements physical and technical measures internally to ensure cyber security, an area that has become increasingly important in recent years. We are also combatting growing cyber security risks by strengthening organizational measures and personnel measures.

Information security education and training:
Participation rate: 100% (approx. 41,000 employees)/FY2018

For detail See pages 30-34, the "Information Security" section of the DNP Group CSR Report 2019.

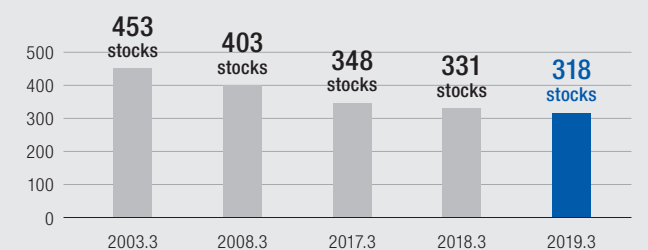
TOWARD SUSTAINABLE GROWTH

The Specific Initiatives for Enhancement of Corporate Governance

Members of Directors and Statutory Auditors



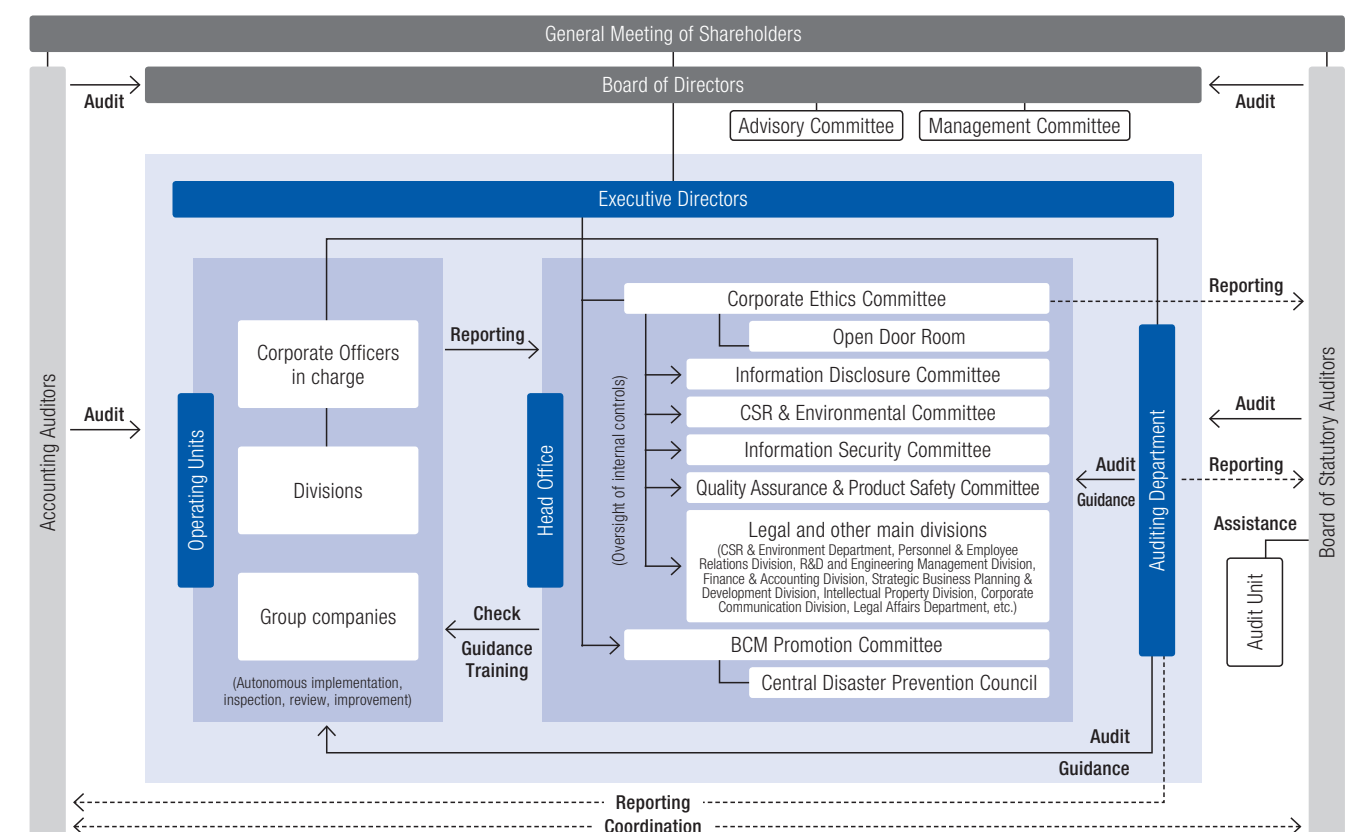
Transition in Corporate Governance



DNP took an independent third party's view into the annual process of analyzing and evaluating the effectiveness of the Board of Directors. The Board of Directors is aware of objective results of the analysis through such process and endeavors to enhance effectiveness of the Board of Directors.

Regarding the fiscal year ended March 2019, the Company conducted interviews with all outside directors and outside statutory auditors through an independent third party in April 2019, and at the meeting of the Board of Directors held in May 2019, the Board of Directors received the results of the analysis. The Board of Directors reconfirmed that it would pursue further improvement of the effectiveness of the overall Board of Directors and examine the status of improvement based on the previous results of the evaluation.

 Corporate Governance Structure



Compensation paid to directors and statutory auditors

(1) Matters concerning policies regarding the amounts and calculation methods for determining compensation for directors and statutory auditors

Compensation for directors is calculated within the compensation amount limit approved at the General Meeting of Shareholders. The date for resolution of compensation for directors at the General Meeting of Shareholders was June 29, 2016 and the resolution prescribes that “Compensation for directors shall be within an annual amount of 1.4 billion yen (compensation for outside directors shall be within an annual amount of 80 million yen),” with 12 directors receiving compensation in accordance with this prescribed resolution.

Executive directors’ compensation consists of fixed compensation and performance-based compensation. Fixed compensation is basically based on position and is determined taking into consideration such factors as job duties handled and responsibilities. Performance-based compensation is primarily determined taking into consideration consolidated business results for the fiscal year and the degree of contribution.

Additionally, to ensure this remuneration system is truly linked to medium- to long-term corporate growth and to shareholder value improvement, a portion of fixed remuneration for executive directors is contributed to the Company’s directors’ shareholding association every month for the purchase of treasury stock and these shares shall be held for the duration of the term of office.

Regarding outside directors, from the perspective of maintaining their independence, no performance-based compensation shall be provided and only fixed compensation shall be provided.

In determining directors’ compensation, the Advisory Committee with membership consisting of outside directors (two outside directors and one outside statutory auditor) with independence shall be convened. This shall then be reviewed and discussed by the Management Committee based on the advice and suggestions of the Advisory Committee and subsequently deliberated and decided on by the Board of Directors.

The Board of Directors possesses the authority to determine policies regarding the amount of compensation for DNP’s directors and the calculation method and the content of this authority and scope of discretion shall be for deliberating on and determining fixed compensation and performance-based compensation. Moreover, the Board of Directors can entrust the President with determining the amount of compensation for each director.

The indicator for performance-based compensation is consolidated operating income. This indicator was selected because it clearly reflects consolidated business results for the fiscal year in performance-based compensation.

The target for the indicator for performance-based compensation in the fiscal year was 47.0 billion yen and the actual result was 49.8 billion yen.

The date for resolution of compensation for statutory auditors at the General Meeting of Shareholders was June 28, 2007 and the resolution prescribes that “Compensation for statutory auditors shall be within an annual amount of 180 million yen,” with five statutory auditors receiving compensation in accordance with this prescribed resolution.

Compensation for statutory auditors is calculated within the compensation amount limit approved at the General Meeting of Shareholders and compensation for statutory auditors is determined based on discussions by the statutory auditors.

(2) Total compensation paid by category of director/statutory auditor, total compensation by type and the number of directors and statutory auditors covered

Category of director/ statutory auditor	Total compensation (¥ million)	Total compensation by type (¥ million)		Number of directors and statutory auditors covered
		Fixed compensation	Performance-based compensation	
Directors (excluding outside directors)	1,000	824	176	11
Statutory auditors (excluding outside auditors)	62	62	–	2
Outside directors and auditors	118	118	–	5

Notes:
1. Amounts of performance-based compensation are provisions for bonuses for directors and statutory auditors for the fiscal year ended March 2019.
2. There were nine internal directors, two internal statutory auditors and five outside directors as of the end of the fiscal year ended March 2019.

(3) Company directors and total compensation

Name	Total compensation (¥ million)	Director type	Company	Total compensation by type (¥ million)	
				Fixed compensation	Performance-based compensation
Yoshitoshi Kitajima	340	Director	Dai Nippon Printing Co., Ltd.	289	51
Yoshinari Kitajima	149	Director	Dai Nippon Printing Co., Ltd.	122	27
Koichi Takanami	130	Director	Dai Nippon Printing Co., Ltd.	107	23
Masayoshi Yamada	130	Director	Dai Nippon Printing Co., Ltd.	107	23

Notes:
1. Total compensation is shown only for those with compensation of at least 100 million yen.
2. Amounts of performance-based compensation are the amounts expected to be paid as bonuses for the fiscal year ended March 2019.

Compensation Paid to Accounting Auditors

(1) Compensation paid to accounting auditors

Category	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019	
	Compensation for audit certification (¥ million)	Compensation for other services (¥ million)	Compensation for audit certification (¥ million)	Compensation for other services (¥ million)
Dai Nippon Printing Co., Ltd.	96	–	96	–
Consolidated subsidiaries	122	–	126	–
Total	218	–	222	–

(2) Other material compensation details

None

(3) Compensation paid to accounting auditors for services other than auditing work provided to the submitting company

None

(4) Determination of compensation for audit services

DNP’s compensation for auditing services is determined based on a variety of factors, including the number of expected days for the audit and the company size.

(5) Reason Board of Statutory Auditors consented to compensation for the accounting auditor

The Company’s Board of Statutory Auditors considers such areas as details of the accounting auditor’s audit plan, the state of job execution in the previous fiscal year, and the calculation basis of estimates of compensation by obtaining necessary materials from and listening to reports from directors, relevant internal departments and accounting auditors. As a result, the Board of Statutory Auditors consented with the amount of compensation for the accounting auditor submitted by the Company.

Stockholdings

(1) Basis of classification of investment securities and rationale

The Company does not possess investment securities for pure investment purposes aimed at obtaining profits through fluctuations in stock prices or by receiving dividends. The investment stocks acquired by the Company are for the purpose of strengthening relationships with customers in implementing sales strategies and strengthening collaborative relationships with partners for the co-development of new technologies and new products and these are classified as stocks held for reasons other than for pure investment purposes.

(2) Stocks held for reasons other than for pure investment purposes

1. Stockholding policy, method for validating rationale for stockholdings and details of validation at Board of Directors concerning the propriety of individual stockholdings

The Company specifically closely examines individual stocks based on trends in the status of business transactions with the company issuing the stock, trends in business results of that company, the Company’s own business conditions and medium- to long-term economic rationality and future prospects, and the Company periodically verifies the significance and purpose of holding a stock. As a result, the Company sells stocks it determines have diminished significance. In the fiscal year ended March 31, 2019, the number of individual stocks held by the Company decreased by 36 stocks as listed on the right.

2. Number of stocks and amounts recorded on balance sheets

	Number of companies (Stocks)	Total amounts recorded on balance sheets (¥ million)
Non-listed stocks	114	19,035
Stocks other than non-listed stocks	204	315,218

(Stocks for which number of shares increased in the fiscal year ended March 31, 2019)

	Number of companies (Stocks)	Total amount of acquisition cost pertaining to the increase in number of shares (¥ million)	Reason for increase in number of shares
Non-listed stocks	9	1,167	For strengthening our business alliance
Stocks other than non-listed stocks	11	19	For enhancing our business relationship

(Stocks for which the number of shares decreased in the fiscal year ended March 31, 2019)

	Number of companies (Stocks)	Total amount of sale value pertaining to the decrease in number of shares (¥ million)
Non-listed stocks	3	29
Stocks other than non-listed stocks	33	26,194

3. Holding category, company name, number of shares, amount recorded on the balance sheet and holding purpose of stocks held for reasons other than for pure investment purposes

Stocks held for reasons other than pure investment purposes

Company name	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Company's ownership of DNP shares (Y/N)	Holding purpose, quantitative effect of ownership and the reason for increase of number of shares
	Number of shares	Number of shares		
	Amount recorded on balance sheet (¥ million)	Amount recorded on balance sheet (¥ million)		
Recruit Holdings Co., Ltd.	58,100,000	58,100,000	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	183,654	153,645		
The Dai-ichi Life Insurance Co., Ltd.	6,606,600	6,606,600	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	10,160	12,833		
Ezaki Glico Co., Ltd.	1,616,286	1,615,709	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company. In the fiscal year ended March 31, 2019, the number of shares increased because of the enhancement of our business relationship.
	9,406	8,999		
Lion Corporation	3,140,665	3,140,665	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	7,317	6,730		
Taisho Pharmaceutical Holdings Co., Ltd.	692,700	692,700	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	7,307	7,245		
Meiji Holdings Co., Ltd.	564,400	564,400	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	5,073	4,571		
Aica Kogyo Co., Ltd.	1,293,743	1,293,743	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	4,773	5,097		
Mizuho Financial Group, Inc.	27,134,319	27,134,319	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	4,648	5,193		
FUJIFILM Holdings Corporation	685,965	685,965	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	3,453	2,911		
Toyo Suisan Kaisha, Ltd.	794,980	794,980	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	3,350	3,279		
Hakuhodo DY Holdings Inc.	1,720,000	1,720,000	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	3,058	2,516		
Kobayashi Pharmaceutical Co., Ltd.	316,915	316,182	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company. In the fiscal year ended March 31, 2019, the number of shares increased because of the enhancement of our business relationship.
	2,959	2,428		
YAKULT HONSHA CO., LTD..	350,500	701,000	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	2,712	5,516		
YAMATO HOLDINGS CO., LTD.	830,300	1,660,600	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	2,373	4,431		
Asahi Group Holdings, Ltd.	480,029	960,029	N	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	2,366	5,440		
Dexerials Corporation	3,125,000	3,125,000	N	We hold the company's shares aiming to strengthen our business alliance. While the quantitative effect of ownership is not stated, we have verified significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	2,293	3,453		
Kikkoman Corporation	350,940	350,940	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,905	1,502		
MORINAGA & CO., LTD.	393,000	593,000	N	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,888	2,778		
Sapporo Holdings Limited	759,277	759,277	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,835	2,353		
TAKARA HOLDINGS INC.	1,200,000	1,200,000	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,570	1,417		

Company name	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Company's ownership of DNP shares (Y/N)	Holding purpose, quantitative effect of ownership and the reason for increase of number of shares
	Number of shares	Number of shares		
	Amount recorded on balance sheet (¥ million)	Amount recorded on balance sheet (¥ million)		
S&B FOODS INC.	344,400	172,200	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company. In the fiscal year ended March 31, 2019, the number of shares increased because of a stock split.
	1,434	1,990		
Mitsubishi Chemical Holdings Corporation	1,799,790	1,799,790	Y	We hold the company's shares aiming to strengthen our business alliance. While the quantitative effect of ownership is not stated, we have verified significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,402	1,854		
HOUSE FOODS GROUP INC.	309,297	309,297	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,376	1,093		
Mitsubishi UFJ Financial Group, Inc.	2,399,760	2,399,760	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,319	1,672		
Oji Holdings Corporation	1,840,800	1,840,800	Y	We hold the company's shares aiming to strengthen our business alliance. While the quantitative effect of ownership is not stated, we have verified significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,264	1,259		
Gakken Holdings Co., Ltd.	236,875	236,875	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,217	1,135		
Hulic Co., Ltd.	1,040,000	1,040,000	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,129	1,207		
Ajinomoto Co., Inc.	630,931	630,931	N	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,116	1,214		
Unicharm Corporation	290,700	290,700	N	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,064	880		
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	518,064	518,064	Y	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of our shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,049	1,169		

- Notes:
- Specified stocks and stocks held in trust with voting rights are not added together when selecting stocks with the largest amounts as recorded in the balance sheet.
 - The quantitative effect of ownership is not stated because of matters concerning business agreements with the business partner. In terms of the rationality of the holding, we have periodically verified the significance and purpose of shareholding through close investigation of the transaction status with the company, financial results of the company, business status of DNP, the medium- to long-term economical rationality and the prospects.
 - In the company's ownership of DNP shares, in case that the company is a holding company, the holding status of the parent company and its major subsidiaries is stated.
 - Among stocks held for reasons other than pure investment purposes, the 30 stocks with the largest amounts as recorded in the balance sheet are listed.

Stocks held in trust or other legal entity while retaining voting rights or voting instruction rights

Company name	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Company's ownership of DNP shares (Y/N)	Holding purpose, quantitative effect of ownership and the reason for increase of number of shares
	Number of shares	Number of shares		
	Amount recorded on balance sheet (¥ million)	Amount recorded on balance sheet (¥ million)		
Terumo Corporation	7,722,000	3,861,000	Y	We hold voting instruction rights for shares in retirement benefit trusts. In the fiscal year ended March 31, 2019, the number of shares increased because of a stock split.
	26,100	21,582		
TV Asahi Holdings Corporation	4,030,000	4,030,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	7,826	9,353		
Astellas Pharma Inc.	2,284,000	2,284,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	3,788	3,686		
Japan Tobacco Inc.	1,000,000	1,000,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	2,745	3,066		
TAKARA HOLDINGS INC.	500,000	500,000	Y	We hold voting instruction rights for shares in retirement benefit trusts.
	654	590		

- Notes:
- Specified stocks and stocks held in trust with voting rights are not added together when selecting stocks with the largest amounts as recorded in the balance sheet.
 - In the company's ownership of DNP shares, in case that the company is a holding company, the holding status of the parent company and its major subsidiaries is stated.

(3) Stocks held for pure investment purposes

None

Board of Directors, Statutory Auditors and Corporate Officers

(As of June 27, 2019)



Masahiko Wada

Yoshinari Kitajima

Yoshitoshi Kitajima

Tetsuji Morino

Chairman Yoshitoshi Kitajima	Director Tadao Tsukada* ¹	Senior Executive Corporate Officers Sakae Hikita Masato Koike Masato Yamaguchi Motoharu Kitajima Takashi Saito Ryuji Minemura Morihiro Muramoto	Senior Corporate Officers Toshiki Sugimoto Naohiko Sugimoto Kiyotaka Nakagawa Daiji Suzuki Nobuyuki Asaba Mitsuru Tsuchiya Hirofumi Hashimoto Kazuhiko Sugita Masafumi Kuroyanagi	Corporate Officers Kazuhiko Takada Ryota Chiba Souichiro Nishitani Yoshiki Numano Osamu Nakamura Kazuhisa Kobayashi Toru Miyake Mitsuru Iida Minako Miyama Takahito Kanazawa Go Miyazaki Naohiro Nishizawa
President Yoshinari Kitajima	Director Tsukasa Miyajima* ¹			
Senior Managing Director Tetsuji Morino	Director Ryuichi Tomizawa* ¹			
Senior Managing Director Masahiko Wada	Standing Statutory Auditor Naoki Hoshino			
	Standing Statutory Auditor Toshio Sano			
Managing Director Satoru Inoue	Standing Statutory Auditor Kazuhisa Morigayama* ²			
Managing Director Kenji Miya	Statutory Auditor Makoto Matsuura* ²			
	Statutory Auditor Kuniaki Nomura* ²			

* 1 Outside directors
* 2 Outside statutory auditors

Stakeholder Dialogue

TOWARD SUSTAINABLE GROWTH

In June 2019, DNP held a stakeholder dialogue with CSR Review Forum-Japan.

DNP has continuously held stakeholder dialogues with external stakeholders since 2015 with the aim of raising shareholder value by communicating DNP's thinking and initiatives to stakeholders while gathering information on social trends and expectations of DNP.

The recent dialogue was based on the theme "How will DNP create value in five years, 10 years and beyond?" There

was a lively exchange of opinions about this theme with reviewers from a variety of standpoints regarding 1) How will DNP solve social issues?; 2) What impact is the transition to a new management structure having on corporate culture?; and 3) Communication with stakeholders. We intend to reflect these opinions and expectations in our future business activities and report on these in our Integrated Report.

Participants

CSR Review Forum-Japan

- < Reviewers >
- Tomohiko Yamaguchi,
Joint Representative,
CSR Review Forum-Japan
 - Li Yanyan,
Professor, Komazawa University,
Faculty of Letters,
Department of Sociology
- < Guest Reviewer >
- Minoru Matsubara,
Chief Manager,
Asset Management Division,
Responsible Investment Group,
Resona Bank
 - Hiroki Sawashima
Senior Stewardship Officer,
Stewardship Development Department,
Sumitomo Mitsui Trust
Asset Management Co., Ltd.
 - Arisa Kishigami,
Sustainability Specialist,
Head of ESG, En-CycleS

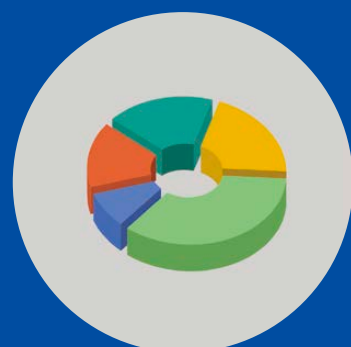
DNP

- Senior Corporate Officer
Hirofumi Hashimoto
(In charge of Business
Promotion Division)
- Senior Corporate Officer
Kazuhiko Sugita
(Corporate Communications Division,
CSR/Environment Department)
- Corporate Officer
Yoshiki Numano
(General Manager of
Information Innovation Operations)
- Corporate Officer
(General Manager of Purchasing Division)
Toru Miyake
- Corporate Officer
General Manager of
High-performance Materials Operations
Mitsuru Iida
- Corporate Officer
(In charge of Diversity Promotion Department,
Recruiting and Training Department)
Minako Miyama

【Main opinions and expectations】

- **How will DNP solve social issues?**
 - I would like to see DNP first of all closely consider what is your own core upon defining social issues that must be addressed.
 - Independent actions by each person are extremely important after identifying social issues and linking these to businesses. On the other hand, company systems and structures that encourage and evaluate autonomy are also essential.
 - Frameworks that evaluate both sides (business and personnel aspects) of the degree of contributions to profitability results and solving social issues are also needed in the same manner.
- **What impact is the transition to a new management structure having on corporate culture?**
 - For the recent dialogue, every person expressed their thoughts as they wished and I truly sensed there is free and open communication inside the company since adopting the new structure.
 - I could feel the determination to transform the company encompassing initiatives and new systems for personnel and I have expectations for the future.
- **Communication with stakeholders**
 - DNP's communication method is superficial like that of an honor student in areas such as arranging and collecting information and direct self-expression. However, as a company that makes its living from communication, I would like to see DNP break away from this type of superficial communication.
 - There is room for devising a more-creative means for communication such as for explaining how the long-term sustainability of business and ESG are interconnected.





SECTION 3

BUSINESS RESULTS

(FINANCIAL AND NON-FINANCIAL INFORMATION)

55	Summary of Financial Results
56	DNP's Business Portfolio
58	Our Products and Services
60	Business Strategies and Business Overview
66	Financial and Non-financial Data
69	Management's Discussion and Analysis
76	Selected Financial Data (unaudited)
78	Consolidated Financial Statements
101	Independent Auditor's Report

Summary of Financial Results

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	2019	2018	2017	U.S.dollars in thousands except per share amounts 2019	Change 2019/2018
Statements of Operations (¥ million)					
				(\$ thousand)	
Net sales	¥ 1,401,506	¥ 1,412,252	¥ 1,410,173	\$ 12,626,180	-0.8 %
Operating income	49,898	46,372	31,411	449,532	7.6 %
Ordinary income	58,259	50,971	36,740	524,856	14.3 %
Income (loss) before income taxes	(18,685)	45,396	39,831	(168,333)	—
Net income (loss) attributable to parent company shareholders	(35,669)	27,501	25,226	(321,343)	—
Balance Sheets (¥ million)					
				(\$ thousand)	
Total net assets	¥ 1,046,622	¥ 1,102,551	¥ 1,081,286	\$ 9,429,027	-5.1 %
Interest-bearing debt	166,350	170,105	169,135	1,498,649	-2.2 %
Stockholders' equity	996,162	1,053,600	1,033,864	8,974,432	-5.5 %
Total assets	1,775,023	1,794,764	1,741,904	15,991,198	-1.1 %
Cash Flow Statements (¥ million)					
Cash flow from operating activities	¥ 68,972	¥ 48,457	¥ 71,945	\$ 621,369	42.3 %
Cash flow from investing activities	(146,909)	23,074	14,012	(1,323,505)	—
Cash flow from financing activities	(32,197)	(42,771)	(45,223)	(290,063)	—
Free cash flow*1	(77,937)	71,531	85,957	(702,136)	—
Per Share Data (¥)*2, 3					
				(\$)	
Net income (loss) - primary	¥ (118.22)	¥ 90.77	¥ 81.57	\$ 1.07	—
Net assets	3,300.52	3,493.79	3,361.10	29.73	-5.5 %
Cash dividend	64	48	32	0.58	—
As a Percentage of Net Sales (%)					
Operating income	3.56	3.28	2.23	—	0.28
EBITDA margin	3.03	7.70	7.34	—	-4.67
Net income (loss)	(2.54)	1.95	1.79	—	-4.49
Financial Ratios					
ROE (%)	(3.48)	2.63	2.46	—	-6.12
ROA (%)	(2.00)	1.55	1.46	—	-3.55
Equity ratio (%)	56.12	58.70	59.35	—	-2.6
Valuations (against share price on March 31)					
PER (times)	(22.39)	24.22	29.43	—	—
PBR (times)	0.80	0.63	0.71	—	—
EV/EBITDA (times)	16.07	5.30	6.69	—	—
PCFR (times)	34.12	7.48	8.52	—	—
Dividend yield (%)	2.42	2.18	2.67	—	0.23
Returns to shareholders					
Values of shares repurchased (¥ million)	—	14,998	14,999	—	—
Dividend payout ratio (%)	—	70.50	78.50	—	—
Total return ratio (%)	—	124.8	137.6	—	—
Others					
Long-term credit rating (R&I)	AA-	AA-	AA-	—	—
Foreign ownership (%)	24.85	24.58	23.91	—	—

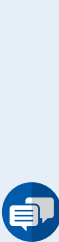
U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥111=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2019.

*1. Free cash flow = net cash from operating activities + net cash from investing activities

*2. DNP implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, DNP has estimated net income per share and diluted net income per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

*3. Cash dividends per share of ¥48.00 for the fiscal year through March 2018 is the combined total of interim cash dividends per share of ¥16.00 and year-end cash dividends per share of ¥32.00.

Our Products and Services



Information Communication

Publishing Business

• Publishing & Media Services

1 Books and magazines 2 Hybrid bookstore network “honto”

• Education and Publications Distribution

3 Maruzen & Junkudo Bookstore in Shibuya (Tokyo)

Information Innovation Business

• Marketing

4 Flyers and catalogs

5 Household book-keeping application “receipt!”

• BPO (Business Process Outsourcing)

6 Business Process Outsourcing Center

• Information Security

7 Solar-powered outdoor LCD digital signage / universally designed touch screen multilingual signage Activation™

8 Virtual reality 9 Business forms

10 Smart cards and magnetic cards

11 Cloud-based mobile payment services for smart devices

12 Transparent hologram ribbon

Imaging Communication Business

13 Dye-sublimation thermal transfer printing media and thermal mass transfer printing media 14 Dye-sublimation photo printer

15 Self-service photo printing systems



Lifestyle & Industrial Supplies

Publishing

16 Packaging

17 Functional film complex PET bottle “Complex Bottle”

18 Transparent vapor deposition film “IB-Film”

19 Biobased packaging materials “Biomatech™”

20 Mono-material packaging materials

21 Aseptic filling systems for PET plastic bottles

22 Comprehensive packaging evaluation services “Human Research®”

23 Film medium for microorganism testing “Medi・Ca®” (Dry medium for microbial counting)

24 Residential interior materials (floor coverings)

25 Exterior materials for buildings

26 Curved resin glass

27 Interior coverings for railway cars (Hokuriku Shinkansen)

Living Spaces Business

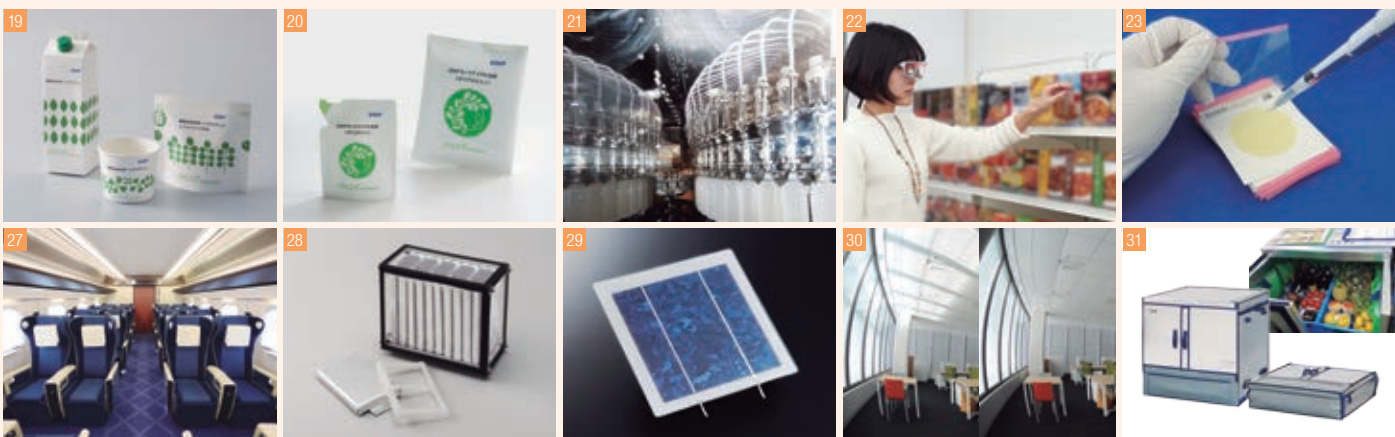
28 Lithium-ion battery components

29 Photovoltaic module components

30 Lighting film (left: with film, right: without film)

31 Multifunctional insulation box

Industrial Supplies Business



Electronics

Display Components Business

32 Color filter for liquid crystal display

33 Large-scale photomask

34 Touch panel sensor

35 Optical films used for displays

36 Electrode film for capacitive touch panels

37 Digital shelves

38 Viewing angle control film for in-vehicle displays (right: with film, no background reflection)

39 Transparent screen

40 Large scale curved DELD display-driven digital signage

Electronic Devices Business

41 Semiconductor photomask

42 Master template for nanoimprinting

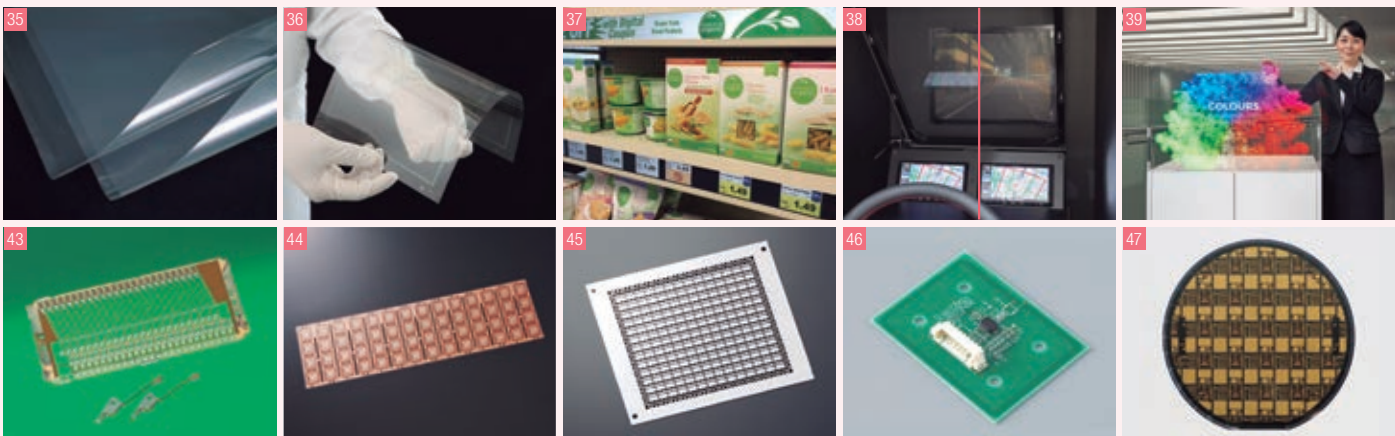
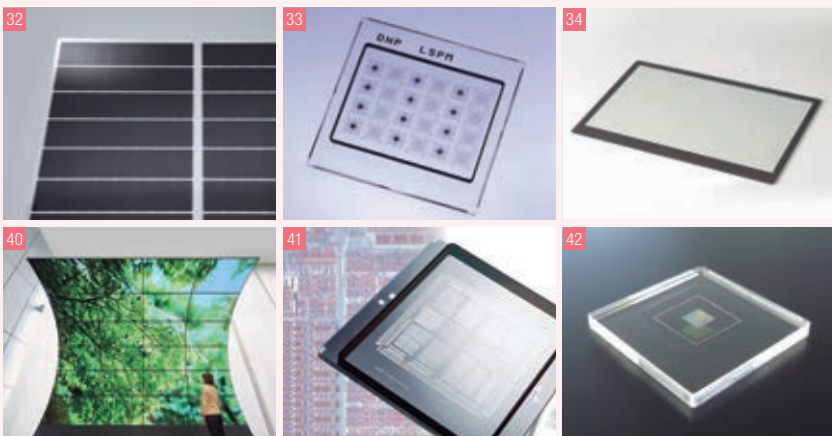
43 Hard disk drive suspension

44 Lead frame for compact semiconductor package

45 Metal substrate for LED light

46 NFC (near field communication) module

47 MEMS (micro electro mechanical systems) products





Information Communication

Delivering the information people want when they want it, with the optimal information media

Business Strategies

Various information devices including smartphones are spreading at a lightning pace, and information media and communication services continue to evolve along with the expansion of global networks. As consumer values and lifestyles change dramatically, DNP will utilize its strengths in P&I (printing and information) to propel the unique evolution of a “digital transformation” aimed at transforming organizations and businesses through information and communication technology. In addition, DNP will provide new value that helps to solve issues in corporations and offers inspiring experiences and greater convenience to consumers.

The Information Communication segment consists of Publishing Business responsible for publishing media and education/publishing logistics, Information Innovation Business responsible for marketing and information security and Imaging Communication Business that creates “products and experience” including photo prints. In addition to focusing on the promotion of digital marketing and the spread of cashless payment businesses including smart cards, this segment accelerates BPO (Business Process Outsourcing) in which DNP handles the business of a growing number of companies that must respond to labor shortages and work style reforms. In order to further increase profits, this division will also promote structural reforms such as rebuilding our manufacturing system in Japan.

Main Policies

1. Generate value primarily in growth areas

Create new value in our publishing business

Enhance the business of our “honto” hybrid bookstore network that links the “honto” website where customers can buy e-books and paper books with the brick-and-mortar stores operated by MaruzenJunkudo Bookstores Co., Ltd., as a way to expand the publishing market and give people opportunities to discover books that will enrich their lives.

Promote digital marketing

By conducting customer analysis, scenario planning and verification of benefits using the browsing behavior logs and payment data on our website, develop optimized campaign plans for each individual customer and solve marketing issues faced by companies.

Promote various businesses utilizing a strong foundation of information security

*Please check pages 26 to 27 for DNP’s BPO business utilizing data centers.

Promote the “Photo Imaging Business”

Focus on expanding our business, including the “DNP Marketing Photo Booth Sharingbox PRIME,” which uses a photography experience for corporate marketing. In both the Japanese and overseas photo print markets, we will discover new value and prove new products and services that make people find to be fun, joyful, entertaining, simple or convenient.

2. Provide value to the global market

Expand our publishing business globally, using Japanese contents and magazine brands that we count among our strengths. In the field of smart cards, work with business/capital alliance partners among major card manufacturers in Vietnam and Indonesia to make our business more competitive with a focus on Southeast Asia. In Imaging Communications, further enhance our global manufacturing, sales and service systems, and expand not only print media such as ink ribbons, but for all aspects of imaging.

3. Increase corporate value by means of all kinds of structural reforms

Penetrate with marketing that uses data from brick-and-mortar bookstores where we have direct contact with consumers, and make structural reforms related to publishing and distribution from more flexible productions of books all the way to logistics, distribution, and sales. In addition, by combining the strengths of information technology and our BPO business, and introducing AI (artificial intelligence) and RPA*, work to improve productivity and quality, and promote operational efficiency by connecting Japanese and overseas production bases.

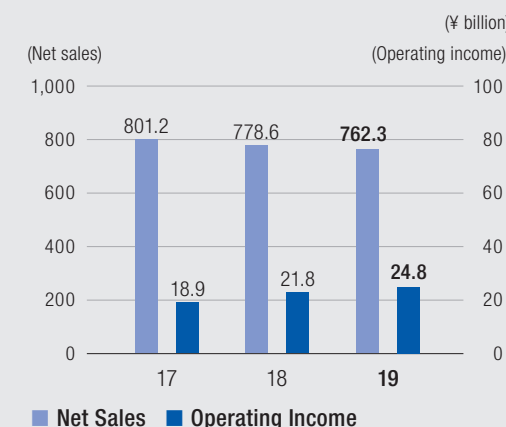
* RPA (Robotic Process Automation): Initiatives to automate business processes using AI controlled robots (software)

Financial Highlights

Net Sales	Operating Income
-2.1%	+14.2%

(¥ billion, %)

	2017.3	2018.3	2019.3
Net sales	¥ 801.2	¥ 778.6	¥ 762.3
Operating income	18.9	21.8	24.8
Operating income margin	2.4 %	2.8 %	3.3 %



[Net Sales]

Our smart card and payment service businesses, which have growing demand due to the transition to cashless transactions, as well as our BPO business, which contracts work from corporations in response to labor shortages and work style reforms, are expanding steadily. In contrast, paper media such as magazines, books, catalogs and business forms declined, along with the impact of transferring all shares held of SHUFUNOTOMO Co., Ltd., and as a result, sales decreased by 2.1% or about 16.326 billion yen compared with the previous fiscal year.

[Operating Income]

Due to the “honto” hybrid bookstore network becoming profitable and the expansion of the BPO business, as well as the results of cost structure reforms including revision of our production system, operating income increased by 14.2% or 3.086 billion yen compared to the previous fiscal year. Operating income margin increased 0.5 percentage points, from 2.8% in the previous fiscal year to 3.3% in the fiscal year under review.



Lifestyle & Industrial Supplies

Making products and services that play a big role in people’s lives and our corporate activities

Business Strategies

The Lifestyle and Industrial Supplies segment consists of three business divisions: Packaging, Living Spaces and Industrial Supplies. The segment mainly provides many familiar products and services that play important roles in the daily lives of consumers both in Japan and abroad, and is deeply involved in corporate manufacturing processes. Our Packaging business creates many of the packages that consumers use in daily life, including packaging for foods, beverages and household items. Living Spaces business mainly handles a wide range of products that shape various spaces where people live into comfortable, functional spaces. The business works on both materials for residential use and non-residential use, as well as interior and exterior furnishings for automobiles and railway cars. Industrial Supplies business provides components used in photovoltaic cells and lithium-ion rechargeable batteries, as well as highly functional films that control light, heat or fluids.

DNP develops and provides products and services that are indispensable for a comfortable life, easy to use for many people and provide safety and security. In addition to manufacturing in factories designed to save energy, have zero emissions, and use clean energy, we strive to reduce our environmental impact and preserve biodiversity throughout product and service lifecycles. This segment anticipates the diverse needs of consumers and companies in Japan and abroad in order to generate new value and enrich people’s lives.

Main Policies

1. Generate value primarily in growth areas

Actively develop environmentally conscious products and services that minimize stress on the environment and help conserve biodiversity

Further focus on developing environmentally conscious products and services, such as single material packages that are easier to recycle, as well as paper containers for liquids that are easier to sort for disposal. For example, expand our lineup of “DNP biomass packaging materials Biomatech” that contribute to a recycling-oriented society by reducing CO₂ with the use of plant-based materials for some packaging. In addition, provide new value in the logistics field using “DNP multifunctional insulation boxes,” which contribute to construction of cold chains with high thermal insulation.

Develop products and services that are comfortable and easy to use for many different people

Respect diversity factors, including age, gender, language and ability differences as individuality, and promote inclusive design from the early stages of product and service development. Analyze awareness and actual usage of daily necessities, foods and beverages, and promote spatial design based on sensitivity engineering. At the same time, develop products with advanced design and functionality through advanced image processing and printing technology.

Provide new value for the automotive and other markets

Develop decorative films for automobile interiors, “DNP ultra-weather-resistant hard-coat transfer film” for resin glass that contributes to making lighter vehicles and “DNP adhesive film” that forms a strong bond between different materials such as resin and metal. Also promote development of new applications of pouches for lithium-ion batteries of which we hold the global top share, including mobile devices, electric vehicles and drones.

2. Provide value to the global market

In Packaging, strengthen production bases in Indonesia and Vietnam with the aim of addressing environmental issues and social issues, such as food loss in Southeast Asia. In Living Spaces, use our global network to expand our market share in Europe, the United States and emerging markets. In Industrial Supplies, accelerate business development in the global market for materials for lithium-ion batteries and photovoltaic cells, which have growing demand worldwide.

3. Increase corporate value by means of all kinds of structural reforms

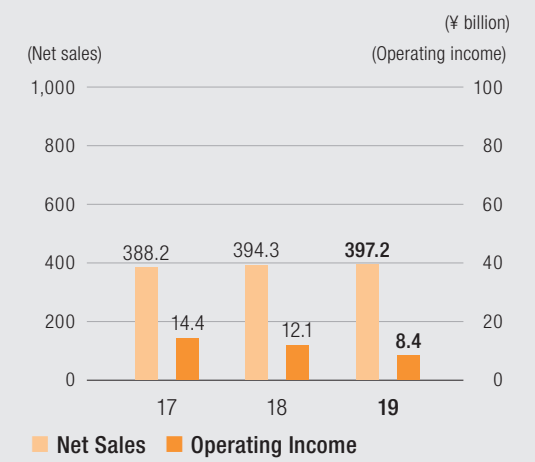
Review the DNP Group’s business portfolio from the standpoint of value, and improve production efficiency and profitability. Especially in overseas business, respond more flexibly to fluctuations in exchange rates and raw materials prices in order to minimize the impact on business results.

Financial Highlights

Net Sales	Operating Income
+0.7%	-30.9%

(¥ billion, %)

	2017.3	2018.3	2019.3
Net sales	¥ 388.2	¥ 394.3	¥ 397.2
Operating income	14.4	12.1	8.4
Operating income margin	3.7 %	3.1 %	2.1 %



[Net Sales]

Our Packaging business saw a decline in sales of paper packages and aseptic systems for filling PET plastic bottles, as well as interior and exterior materials for housing, but Industrial Supplies saw increased sales of pouches for lithium-ion rechargeable batteries. In addition, business structural reforms and cost structural reforms resulted in an overall sales increase of 0.7%, or 2.862 billion yen, compared to the previous year.

[Operating Income]

Operating income for the entire segment declined by 30.9% or 3.749 billion yen compared to the previous fiscal year due to higher costs caused by rising prices of plastic films, resins and other raw materials, as well as delays in price transfer. Operating income margin declined 1.0 percentage point from 3.1% in the previous fiscal year to 2.1%.



Electronics

Developing and providing innovative products and services with superb functionality

Business Strategies

The worldwide launch of the next generation communications standard 5G is expected to accelerate the spread of IoT, AI and autonomous vehicles, and lead to the appearance of new products and services that further enrich people’s lives. 5G will realize ultra-high-speed, low-latency, multi-connection communications, which is predicted to further increase demand in the smartphone and automotive industries for organic light-emitting diode (OLED) displays that offer high resolution, freedom of design, light weight and low power consumption.

The Electronics segment has developed display related products and electronic device businesses both in Japan and abroad, and will anticipate the changing needs of corporations and people in order to provide new products and services with superb functionality. In doing so, we will refine and combine core technologies owned by DNP including micromachining and coating, as well as focus on collaboration with business partners and partner companies that have specialized strengths in order to accelerate commercialization of our products and services. We will also actively develop alliances with other companies, such as through technology grants. We will strive to increase profitability and continue working on the selection and concentration of product lineups, increasing efficiency and thoroughly reducing costs.

Main Policies

1. Generate value primarily in growth areas

Refining and commercializing nanoimprint lithography (NIL) technology

As the only supplier of master templates for semiconductor NIL in the world, we will build a mass production system for 3D structured NAND flash memory. In addition, we will provide total solutions that utilize NIL technology in fields that require micromachining, such as sensor related technology essential to the automation of various machinery and IoT.

Strengthen development of products for OLED displays

In anticipation of the increased demand for small and medium-sized OLED displays for smartphones and the like, we will increase production capacity for metal masks used in manufacturing OLED panels, for which we hold the top share in the world market. We will also focus on developing products which meet various needs, including foldable displays and rollable displays.

Pioneer new fields including on-board devices using our strengths in core technology

With the progress of electronic control of automobiles, on-board displays are expected to become larger and more precise and electronic side mirrors are expected to be installed. DNP will follow diverse needs for automotive applications, and focus on developing products such as viewing angle control films for automotive displays.

2. Provide value to the global market

DNP works to always monitor and minimize the impact of global trade issues and country risks in markets including East Asia, Europe, and America. In April 2019, in order to respond to growing demand for photomasks in China, we commenced operations at a production base built locally as a joint venture with Photronics, Inc. (USA). We will continue to develop our business in the global market while monitoring the situation in Japan and abroad.

3. Increase corporate value by means of all kinds of structural reforms

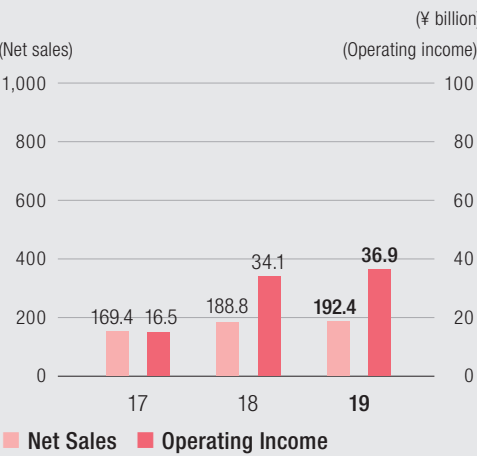
In October 2019, we plan to start mass production of optical film for large screen TVs with a 2,500 mm ultra-wide base film. This will greatly improve productivity and increase production capacity.

Despite the challenge posed by a longer pattern drawing process caused by miniaturization of semiconductor products, DNP will use its multi-electron beam mask drawing system to significantly reduce writing time. We will strive to achieve high productivity and develop a production system for next-generation photomasks.

Financial Highlights

Net Sales Operating Income
+2.0% **+8.2%**

	(¥ billion, %)		
	2017.3	2018.3	2019.3
Net sales	¥ 169.4	¥ 188.8	¥ 192.4
Operating income	16.5	34.1	36.9
Operating income margin	9.7 %	18.1 %	19.2 %



[Net Sales]

As the transition from LCD to OLED displays for smartphones and other such devices progresses, sales of metal masks for OLED panel production have increased steadily. In addition, sales of optical films have been strong due to the growing size of LCD TV screens, while sales of viewing angle control films for in-vehicle displays also increased significantly. As a result, sales increased by 2.0%, or 3,682 million yen, compared to the previous fiscal year.

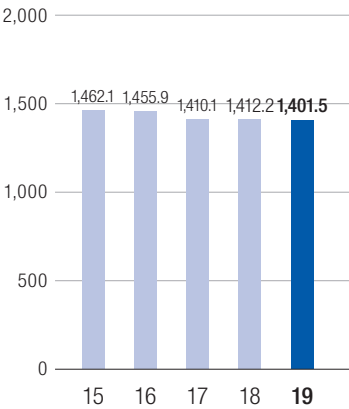
[Operating Income]

Operating income increased by 8.2%, or 2,812 million yen, compared to the previous fiscal year, due to increased sales volume of our core products: optical films and metal masks. Operating margin increased by 1.1 percentage points from 18.1% in the previous fiscal year to 19.2% in the current fiscal year.

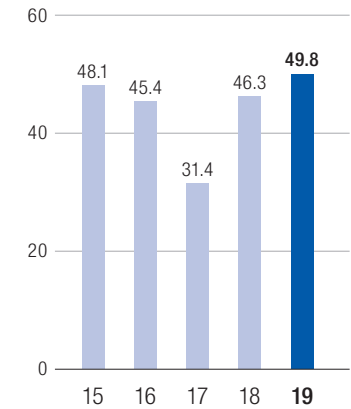
Financial and Non-financial Data

BUSINESS RESULTS (FINANCIAL AND NON-FINANCIAL INFORMATION)

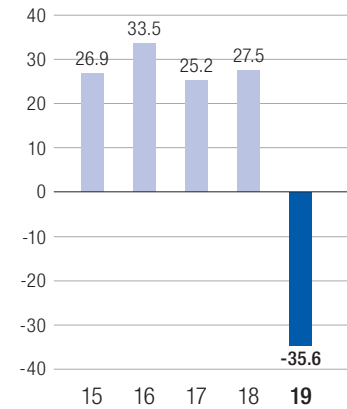
Net Sales
(¥ billion)



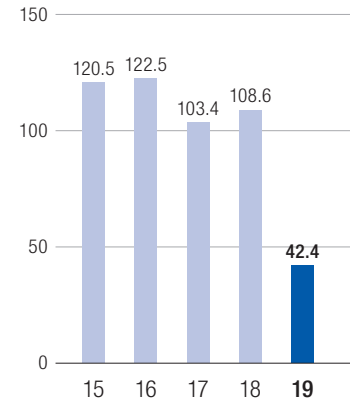
Operating Income
(¥ billion)



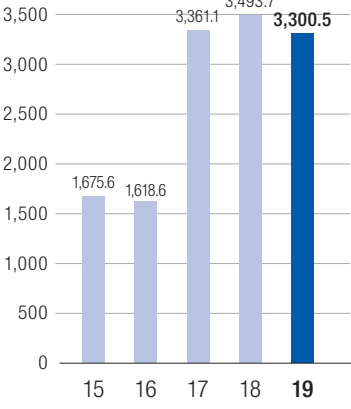
Net Income (Loss) Attributable to Parent Company Shareholders
(¥ billion)



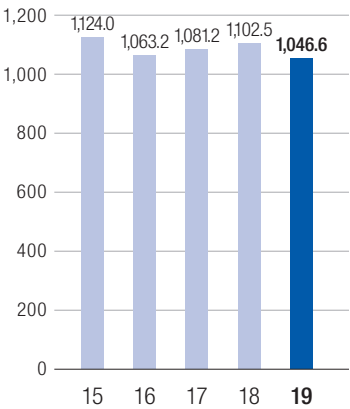
EBITDA
(¥ billion)



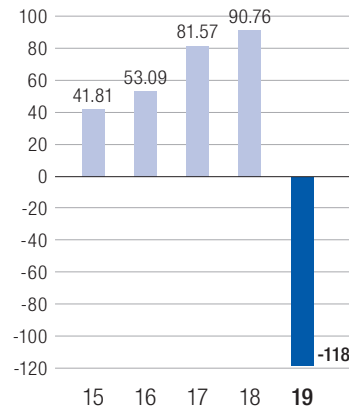
Book Value per Share
(¥)



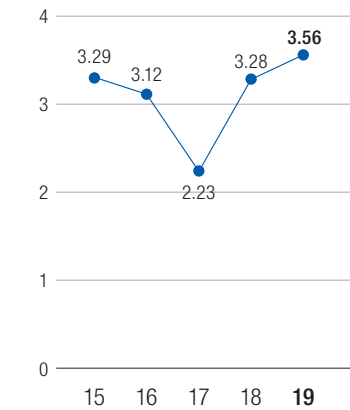
Total Net Assets
(¥ billion)



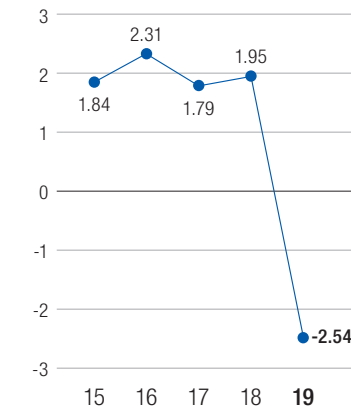
Earnings (Loss) per Share
(¥)



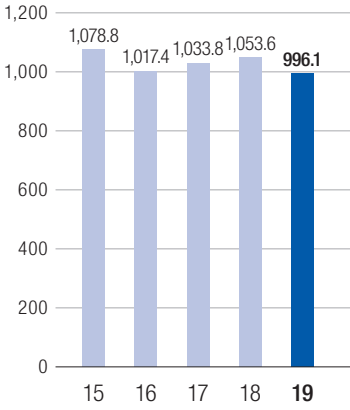
Operating Income to Net Sales
(%)



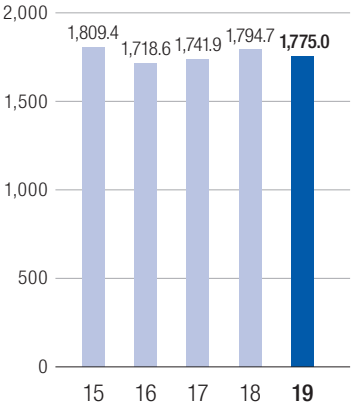
Net Income to Net Sales
(%)



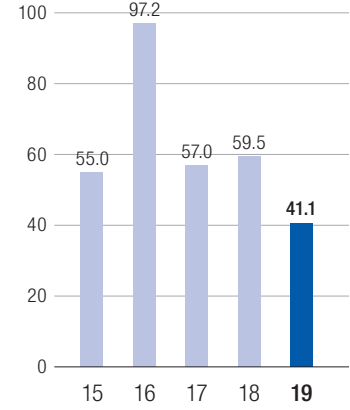
Stockholders' Equity
(¥ billion)



Total Assets
(¥ billion)

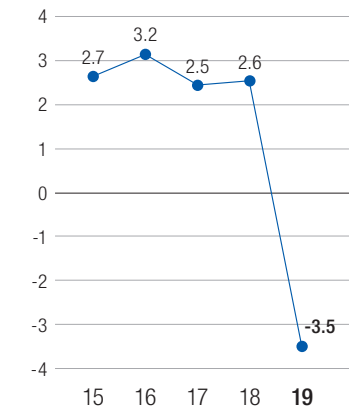


Capital Expenditures*
(¥ billion)

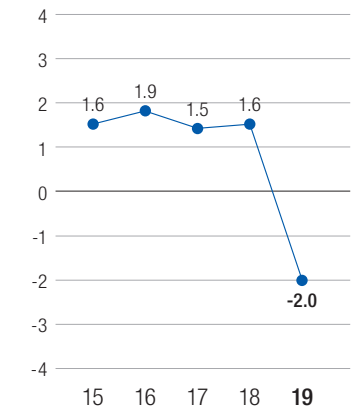


* Figures include capital expenditures for intangible fixed assets.

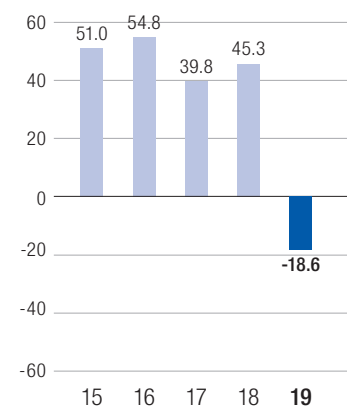
ROE
(%)



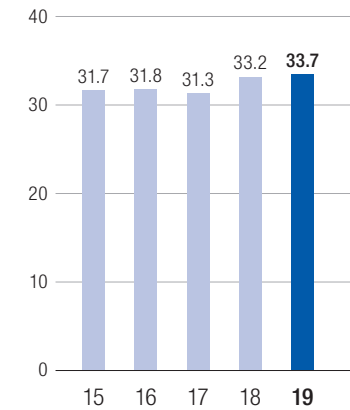
ROA
(%)



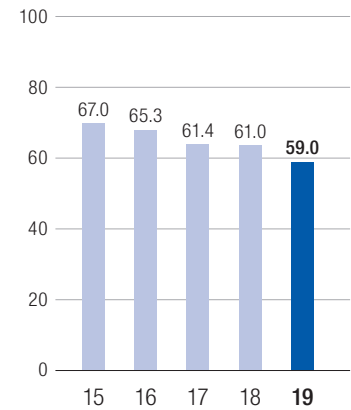
Income (Loss) before Income Taxes and Non-controlling Interests
(¥ billion)



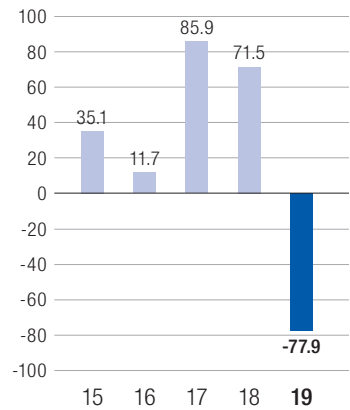
Research and Development Expenditures
(¥ billion)



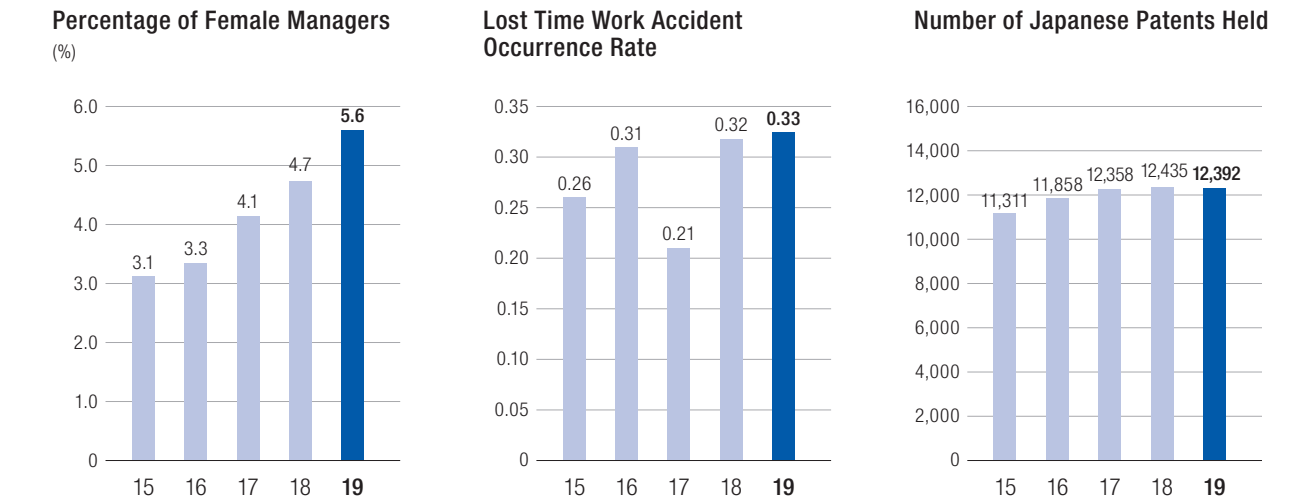
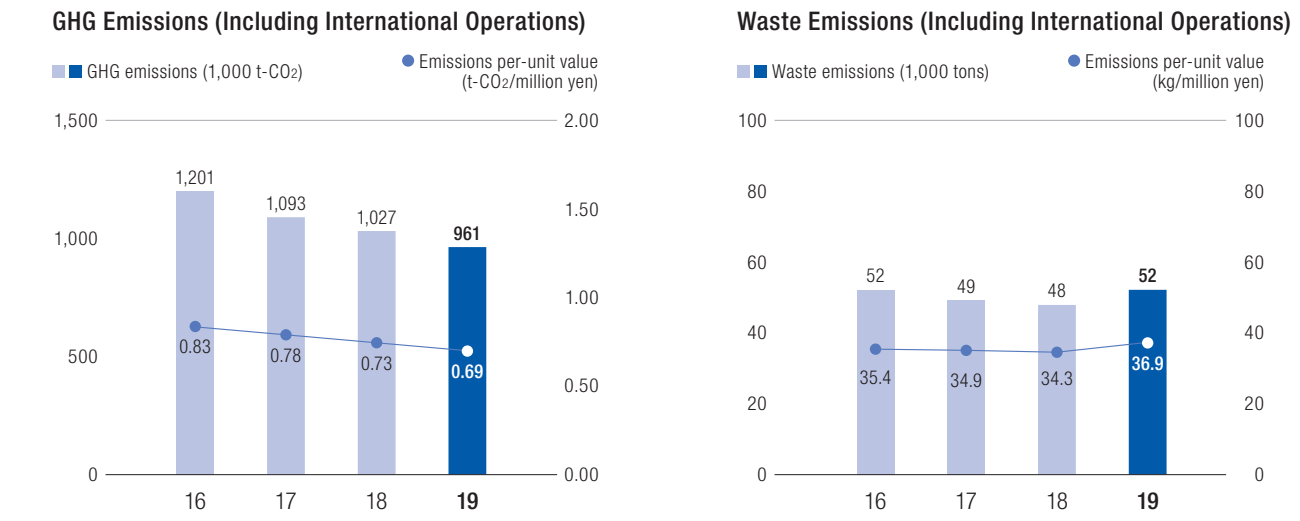
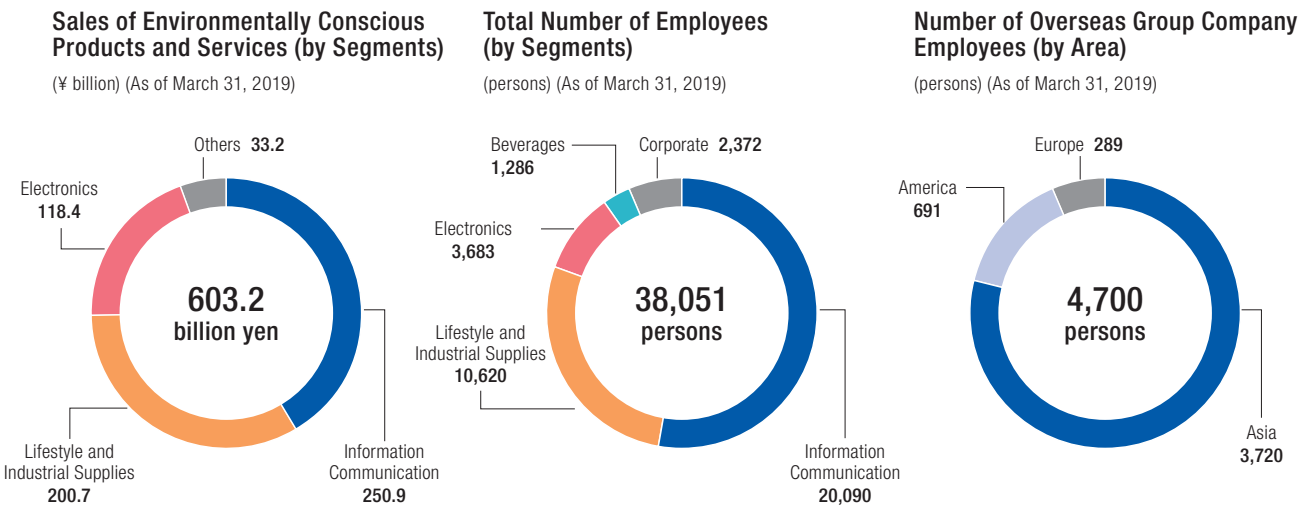
Depreciation Expense
(¥ billion)



Free Cash Flow*
(¥ billion)



* Free cash flow = net cash from operating activities + net cash from investing activities



Management’s Discussion
and Analysis

CONSOLIDATED

Business Environment and Overview of Operating Results
for the Fiscal Year Ended March 2019

Japan’s economy showed improvement in employment conditions and the income environment during the fiscal year ended March 2019, but the economic outlook is increasingly uncertain, given the lack of strength in consumer spending, natural disasters and global trade issues. The printing industry continued to face a tough business environment, affected by lower demand for printed media and an accompanying increase in competition resulting from growth in the e-book and online advertising markets.

The DNP Group stated “P&I Innovation” as its business vision, combining its strengths in printing and information with the strengths of its partners to focus on generating value. The DNP Group has set “Knowledge and Communication,” “Food and Healthcare,” “Lifestyle and Mobility” and “Environment and Energy” as growth areas, and is now developing businesses that create new value that solves social issues and meets people’s expectations.

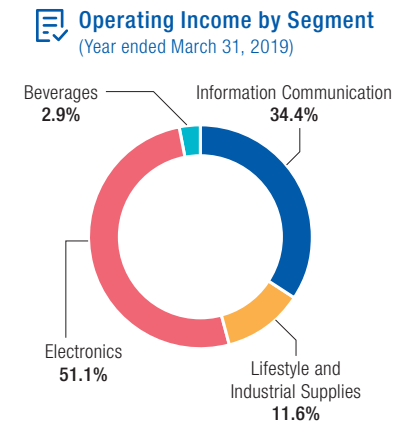
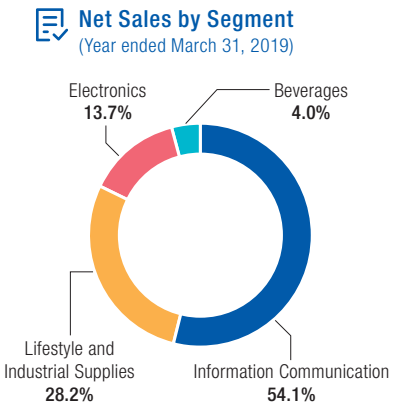
In particular, the Group will focus on priority business as it builds a robust business portfolio, including thermal transfer printing media for photo printers, pouches for lithium-ion batteries, optical film for displays and metal masks used in the production of organic light-emitting diode (OLED) displays, for which we hold the top share globally, as well as smart cards, for which we hold the top share in Japan.

In addition to aggressive investment in these priority businesses, we are also promoting structural reforms to enhance our competitiveness, such as reorganizing business divisions and group companies. During the fiscal year ended March 2019, we declared an impairment of ¥16,600 million for business assets with declining profitability and idle assets that we do not expect to use. As part of maximizing capital efficiency with awareness of capital cost, we are continuously reviewing our stock holdings. During the current fiscal year, we sold 30 listed stocks and 1 unlisted stock, recording a special profit of ¥18,000 million.

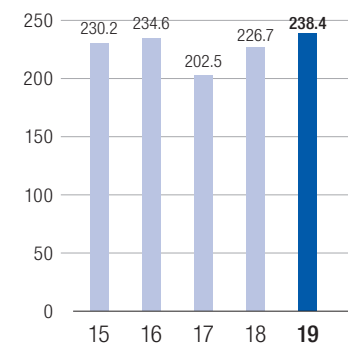
The DNP Group has implemented a repair program for defects that occurred in some wallpaper products manufactured from February 2011 to February 2014, such as the surface becoming brittle with change in time and the surface easily peeling off. We confirmed that there is no issue with the safety of wallpaper that has this defect, as a result of tests by an expert institution. We recorded additional repair costs of ¥75,000 million as an extraordinary loss, and reviewed our repair program after making another rational estimate of the largest potential future impact in light of the results of new scientific testing and analysis based on data obtained to date in relation to actual repair site samples and usage conditions.

By taking these measures, we will strive to reduce the spread of impact on future business results, further promote concentration on priority businesses and further increase corporate value.

	2019.3	2018.3	2017.3
Net sales (¥ million)	¥ 1,401,506	¥ 1,412,252	¥ 1,410,173
Gross profit margin (%)	20.1 %	19.9 %	18.9 %
Operating income margin (%)	3.6 %	3.3 %	2.2 %
Ordinary income margin (%)	4.2 %	3.6 %	2.6 %
Net income margin (%)	-2.5 %	1.9 %	1.8 %



DNP's Overseas Sales
(¥ billion)



Overseas sales for the Group as a whole increased by ¥11,687 million, or 5.2% from the previous fiscal year, to ¥238,377 million. The percentage of total sales increased by 0.9 percentage points to 17.0%. In Asia, including Indonesia and Taiwan, sales increased by 7.4% compared to the previous fiscal year, to ¥162,056 million. In other regions including the United States and France, sales increased 0.5% to ¥76,321 million.

Information Communication

Net Sales: ¥762,310 million (down 2.1% YoY)
Operating Income: ¥24,843 million (up 14.2% YoY)
Operating Income Margin: 3.3% (up 0.5 percentage point)

Publishing Business: Publishing & Media Services

Market Estimated publication sales in Japan's publication industry decreased to ¥1,274.800 billion (down 4.7% year on year) through March 2019. Among these publications, magazine sales decreased 7.1% year on year to ¥586.6 billion, as discontinued publications continue to exceed newly launched publications, due to the impact of flat-rate unlimited reading services for electronic magazines. Books also recorded a large decline in sales of paperbacks, with a decrease of 2.7% year on year to ¥688.2 billion according to Japan's Research Institute for Publications.

DNP In the Publishing business, the DNP Group worked to help solve problems within the publishing industry, including by advancing the accuracy of demand forecasting by using artificial intelligence. However, sales in the Publishing & Media Services business decreased for both books and magazines.

Publishing Business: Education and Publications Distribution

Market The number of bookstores, which stood at approximately 12,000 as of 2018, has declined from its peak of approximately 22,000 in 1999 according to statistics from Almedia. Meanwhile, the domestic e-book market expanded by 11.9% from the previous fiscal year to ¥247.9 billion in the 12 months from January to December 2018 according to Japan's Research Institute for Publications.

DNP DNP's "honto" hybrid bookstore network that combines physical bookstores, online bookstores and e-books posted increased sales, with members rising above 5 million. Sales in library operations outsourcing increased year on year despite growth in the number of outsourcing libraries remaining flat (1,365 as of the end of January 2019), due to the transition to relatively large-scale libraries. Overall sales in the Publishing business decreased from the previous year, affected by the transfer of all stock in our subsidiary SHUFUNOTOMO Co., Ltd. in December 2017.

Information Innovation Business: Marketing

Market Despite Internet advertisement expanding, newspapers, magazines, television, radio and DM advertising all decreased from last year, so domestic advertising demand in the fiscal year ended March 2019 decreased 0.6% according to Japan's Ministry of Economy, Trade and Industry.

DNP Although promotional materials including premium goods increased, overall sales decreased due to a decline in demand for printed media, including advertising flyers and catalogs.

Information Innovation Business: Information Security

Market Credit card companies will promote the addition of IC chips to all credit cards distributed in Japan by the end of March 2020. CLO (Card Linked Offers), a measure to promote sales based on credit card payment trends and user attributes, have increased.

DNP Our smart card business focused on credit cards and sales of Business Process Outsourcing (BPO) services increased in response to labor shortages and work style reforms in corporations, but performance fell short of the previous year overall due to the effect of the transition to paperless transactions.

Imaging Communication Business

Market Although the volume of photo printing is declining worldwide, the market for dye-sublimation thermal transfer printing media continues to perform strongly as a result of demand shifting from silver halide printing. In particular, there is rising demand for uses such as printing of certificates and photo printing at events and sightseeing spots in Southeast Asia, the Middle East and China.

DNP The DNP Group promoted "value creation" business to enhance people's experiential value through photographs. This included launching a service to print photographs taken with a smartphone on the ID photo printing machine "Ki-Re-i", as well as launching the sharingbox PRIME service as a DNP marketing photo booth that takes and prints photographs at sporting events, event venues, tourism sites and other locations. However, overall sales in the Imaging Communication business decreased as a result of lower sales of thermal transfer printing media for photo printers in Europe, although sales increased in North America and Southeast Asia.

Lifestyle and Industrial Supplies

Net Sales: ¥397,169 million (up 0.7% YoY)
Operating Income: ¥8,378 million (down 30.9 % YoY)
Operating Income Margin: 2.1 % (down 1.0 percentage point)

Packaging business

Market Production value in the domestic package printing industry increased 0.1% year on year in the fiscal year ended March 2019 according to Japan's Ministry of Economy, Trade and Industry. The standard of the consumer mindset as seen from the "Consumer Attitude Index" shows continued weak movement due to rising food and service prices and the slowdown in overseas economies (seasonally adjusted values according to Japan's Cabinet Office).

DNP In the Packaging business, the DNP Group worked to develop and sell environmentally conscious products, such as by using plant-based materials for part of packaging or using mono-material packaging (made from a single material) that is easier to recycle. Sales were favorable for film packaging, but decreased for paper packaging and aseptic filling systems. As a result, overall sales in the Packaging business decreased.

Living Spaces Business

Market Domestic new housing starts decreased by 2.3% year on year to approximately 940,000 in 2019. Among these, condominiums remained on par with the previous year, while owner-occupied houses decreased 0.4% and apartments and other rental housing decreased 5.5% according to Japan's Ministry of Land, Infrastructure, Transport and Tourism.

DNP In the Living Space business, the DNP Group focused on sales of environmentally conscious products that use its propriety electronic beam (EB) coating technology, as well as Arttec interior and exterior aluminum panels that reproduce textures such as wood and stone. While sales to overseas remained strong, overall sales in the Living Space business decreased, due to sluggish sales of domestic building materials and automotive interior materials.

Industrial Supplies Business

Market Global demand continues to expand for lithium-ion batteries along with the introduction and expansion of renewable energy and the spread of vehicle electrification

DNP In the Industrial Supplies Business, DNP’s pouches for lithium-ion batteries have captured the top global market share by leveraging technologies for laminates that combine multiple film sheets and precision processing. Sales of these products were favorable for both mobile and automotive applications. Sales in Japan and overseas of photovoltaic module components declined. However, barrier films for packaging of retort pouch foods were strong, and demand for vacuum insulation materials for refrigerators and other products increased due to the summer heat in 2018, so overall sales increased year on year.

Electronics

Net Sales: ¥192,436 million (up 2.0% YoY)
Operating Income: ¥36,912 million (up 8.2% YoY)
Operating Income Margin: 19.2% (up 1.1 percentage points)

Display Components Business

Market In year ended March 2019, the smartphone market matured. Although demand for small and medium-sized organic light-emitting diode (OLED) panels slowed down and capital investment was reduced, we expect next generation flexible OLED panels to continue to spread, including both mobile and automotive applications. Also, since the fall of 2018, the price of LCD panels for TVs has fallen significantly due to excess supply, but demand for polarizers that control images on LCD panels has increased due to the growing screen size of TVs.

DNP In the Display Components business, due to the growing demand for large TVs in North America and China, we enjoyed favorable sales of polarizers surface films, for which we hold the top share in the world. In addition, sales of screens for ultra-short throw projectors and viewing angle control film for in-vehicle displays also increased. In addition, demand increased for metal masks for manufacturing small and medium OLED panels, so overall sales increased year on year.

Electronics Devices Business

Market In 2018, global semiconductor sales increased 13.7% year on year to \$468.7 billion due to increased shipments of semiconductor memory for data centers. Sales of semiconductor photomasks for manufacturing increased 8% year on year to \$4 billion. However, in the second half of 2018, there was greater impact from the trade friction between the United States and China.

DNP In the Electronic Devices business, semiconductor photomask sales increased, supported by increased capacity of built-in memory of smartphones and other devices, as well as the spread of IoT equipment, so sales increased for the business overall.

Beverages Business

Net Sales: ¥55,997 million (down 0.1% YoY)
Operating Income: ¥2,121 million (down 5.5% YoY)
Operating Income Margin: 3.8% (down 0.2 percentage point)

Market The soft drink industry continued to face a tough market environment as competition for market share among beverage makers intensified through sales promotions and price competition.

DNP The DNP Group worked to increase market share and acquire customers by releasing new products in core brands and stepping up sales activities based on area marketing, as well as sales promotion to mass merchandisers in the vending machine business. However, overall segment sales declined from the previous year as a result of lower sales due to poor summer weather and the impact of the Hokkaido Eastern Iburi Earthquake.

Cost of Sales/Selling, General and Administrative Expenses/Operating Income

The cost of sales totaled ¥1,119,390 million, down 1.1% or ¥12,272 million from the previous fiscal year. The gross profit margin was 20.1%, up 0.2 percentage point from the previous year.

The Domestic Standard Trading Price for naphtha (crude gasoline), a basic raw material for synthetic resins including plastic, increased significantly, reflecting continued high crude oil prices until October 2018. This was accompanied by greatly increased prices for films and other petrochemical products, while the price of printing paper also rose due to soaring raw material prices and logistics costs. As a result of these factors, the impact of higher raw materials prices was ¥7,500 million, surpassing ¥3,400 million in the previous year. Although DNP negotiated with customers to pass on the impact of higher raw materials prices, the price pass through ratio during the fiscal year was limited to just around 40%.

Selling, general and administrative expenses totaled ¥232,216 million in the fiscal year under review, down ¥2,001 million, or 0.9%, from the previous fiscal year. Selling, general and administrative expenses equated to 16.6% of net sales, the same as the previous year.

As a result, operating income totaled ¥49,898 million in the fiscal year under review, up ¥3,526 million, or 7.6%, from the previous fiscal year. The operating income margin was 3.6%, up 0.3 percentage point from the previous fiscal year.

Nonoperating Income (Expenses) and Extraordinary Income (Losses)

Nonoperating income totaled ¥15,194 million in the fiscal year under review, up ¥1,369 million, or 9.9%, from the previous fiscal year. Nonoperating expenses totaled ¥6,832 million, down ¥2,394 million, or 25.9%, from the previous fiscal year. As a result, net nonoperating income totaled ¥8,362 million, up from ¥4,599 million in the previous year.

Ordinary income totaled ¥58,259 million, up ¥7,288 million, or 14.3%, from the previous year.

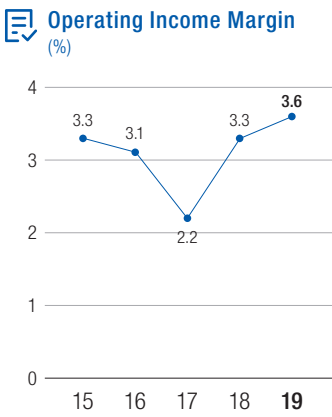
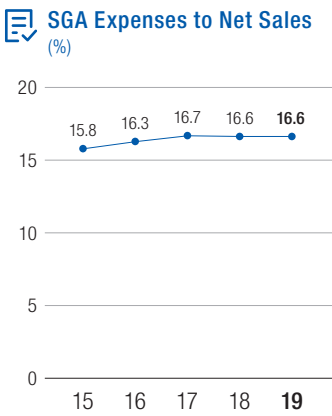
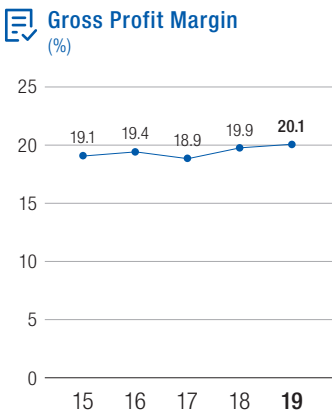
Extraordinary income totaled ¥23,089 million, down ¥36,223 million compared to the previous fiscal year, in large part due to gross gains on sales of available-for-sale securities declining to ¥18,025 million from ¥44,964 million in the previous fiscal year. Extraordinary losses totaled ¥100,035 million, up ¥35,148 million in the previous fiscal year due to provisions for reserve for repairs increasing to ¥75,000 million from ¥53,500 million. As a result net extraordinary loss totaled a loss of ¥76,946 million, compared to a loss of ¥5,575 million in the previous fiscal year.

As a result of the above, loss before income taxes and non-controlling interests totaled ¥18,685 million, compared to income before income taxes and non-controlling interests of ¥45,396 million in the previous fiscal year.

Net Income (Loss) Attributable to Parent Company Shareholders

Net income attributable to parent company shareholders totaled ¥35,668 million in the fiscal year under review (compared to ¥27,501 million in the previous fiscal year). Net loss per share was ¥118.22 (compared to net income per share of ¥90.77 in the previous year).

* DNP implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, DNP has estimated net income per share and diluted net income per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.



Liquidity and Capital Resources

Cash Flow

	2019.3	2018.3	2017.3
Cash flow from operating activities (¥ million)	¥ 68,971	¥ 48,457	¥ 71,945
Cash flow from investing activities (¥ million)	¥ -146,909	¥ 23,075	¥ 14,012
Free cash flow (¥ million)	¥ -77,937	¥ 71,532	¥ 85,957

Regarding consolidated cash flow in the current fiscal year, net cash provided by operating activities totaled ¥68,971 million, due mainly to ¥18,685 million in income before income taxes and non-controlling interests and ¥59,080 million in depreciation.

Net cash used in investing activities totaled ¥146,909 million, due mainly to ¥37,578 million spent on purchasing property, plants and equipment, ¥26,785 million in proceeds from sales of investment securities, and a ¥136,981 million net increase in time deposits with deposit periods exceeding 3 months.

Net cash used in financing activities totaled ¥32,196 million, due mainly to ¥19,783 million in dividends paid and a ¥3,924 million net decrease in short-term loans payable.

As a result of these activities, cash and cash equivalents at the end of the fiscal year in the consolidated cash flow statement totaled ¥133,771 million.

Cash and cash deposits at the end of the current fiscal year in the consolidated balance sheets were ¥268,046 million. This difference was mainly due to ¥139,275 million in time deposits with deposit periods exceeding 3 months not included in cash and cash equivalents in the consolidated cash flow statement.

Free cash flow in the current fiscal year, which is the sum of cash flow from operating activities and cash flow from investing activities, amounted to an expenditure of ¥77,938 million. Excluding time deposits with deposit periods exceeding 3 months, free cash flow amounted to income of ¥59,043 million.

Capital Expenditures, Depreciation, Research and Development Expenditures, etc.

Capital expenditures this fiscal year consisted mainly of streamlining investment and totaled ¥41,100 million, down ¥18,400 million, or 31.0%, from the previous fiscal year. By segment, capital expenditures in the Information Communication segment were ¥19,600 million, down ¥7,500 million from the previous year and accounting for 48% of total capital expenditures. The Lifestyle and Industrial Supplies segment was ¥12,700 million, down ¥2,900 million and accounting for 31%. The Electronics segment was ¥4,600 million, down ¥5,900 million and accounting for 11%. The Beverages segment was ¥1,900 million, down ¥300 million and accounting for 5%. Adjustment was ¥2,000 million, down ¥1,500 million and accounting for 5%. Necessary capital for the above capital investment was covered by funds on hand.

Depreciation totaled ¥59,000 million, down ¥2,000 million, or 3.3%, from the previous fiscal year. By segment, depreciation in the Information Communication segment were ¥25,600 million, down ¥1,200 million from the previous year and accounting for 43% of total depreciation. The Lifestyle and Industrial Supplies segment was ¥16,300 million, down ¥100 million and accounting for 28%. The Electronics segment was ¥11,500 million, down ¥600 million and accounting for 20%. The Beverages segment was ¥2,700 million, up ¥100 million and accounting for 4%. Adjustment was ¥2,700 million, on par with the previous year

and accounting for 5%.

Research and development expenditures totaled ¥33,700 million, surpassing by 1.7% the number of ¥33,200 million in the previous fiscal year.

Balance Sheet

	2019.3	2018.3	2017.3
Total assets (¥ million)	¥ 1,775,023	¥ 1,794,764	¥ 1,741,904
Stockholders' equity (¥ million)	¥ 996,162	¥ 1,053,600	¥ 1,033,864
Interest-bearing debt (¥ million)	¥ 166,350	¥ 170,103	¥ 169,133
Book value per share (¥)	¥ 3,300.52	¥ 3,493.79	¥ 3,361.10

DNP's total assets at the end of this fiscal year amounted to ¥1,775,022 million, down ¥19,742 million, or 1.1%, from the previous fiscal year.

Among current assets, cash and cash equivalents totaled ¥268,046 million, up ¥25,265 million, or 10.4%, from the previous fiscal year. Trade receivables totaled ¥351,450 million, down ¥2,791 million, or 0.8%. Inventories of merchandise and finished products, work in process, raw materials and supplies totaled ¥133,070 million, down ¥4,477 million, or 3.3%. As a result, current assets totaled ¥799,280 million, up ¥19,241 million, or 2.5%.

Among fixed assets, net property, plants and equipment totaled ¥441,120 million, down ¥33,277 million, or 7.0%, from the previous fiscal year. Intangible fixed assets totaled ¥28,914 million, down ¥3,939 million, or 12.0%. Investments and other assets totaled ¥505,707 million, down ¥1,765 million, or 0.3%. As a result, fixed assets totaled ¥975,742 million, down ¥38,982 million, or 3.8%.

Current liabilities totaled ¥467,655 million, up ¥29,107 million, or 6.6%, from the previous fiscal year. Long-term liabilities totaled ¥260,745 million, up ¥7,081 million, or 2.8%. As a result, total liabilities amounted to ¥728,400 million, up ¥36,187 million, or 5.2%, from the previous fiscal year.

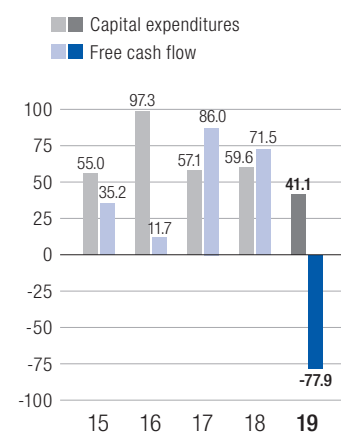
As of March 31, 2019, net assets totaled ¥1,046,622 million, down ¥55,928 million, or 5.1%, from the previous fiscal year. This was due mainly to net loss attributable to parent company shareholders of ¥35,668 million and dividends of surplus totaling ¥19,317 million.

As a result of this, the equity ratio in the fiscal year under review was 56.1%, a decrease of 2.6 percentage points from the previous fiscal year.

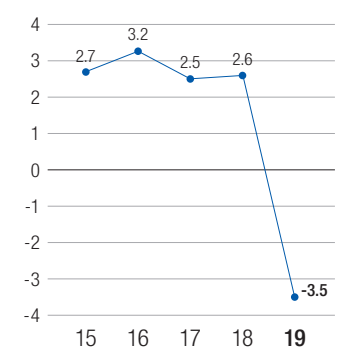
Even after the announcement of financial results for the fiscal year ended March 2019, we have maintained a high AA- rating from Rating and Investment Information, Inc. (R&I) in recognition of our strong financial base and business profitability.

(Announced June 27, 2019)

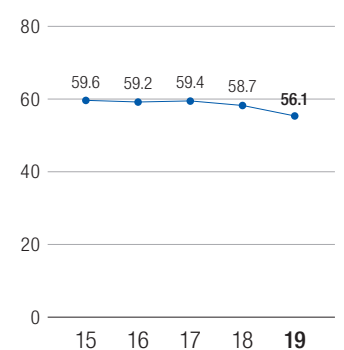
Capital Expenditures and Free Cash Flow
(¥ billion)



ROE
(%)



Equity Ratio
(%)



Selected Financial Data (unaudited)

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

BUSINESS RESULTS
(FINANCIAL AND NON-FINANCIAL INFORMATION)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statements of Operations Data (¥ million)										
Net sales	¥ 1,401,506	¥ 1,412,252	¥ 1,410,173	¥ 1,455,916	¥ 1,462,118	¥ 1,448,550	¥ 1,446,607	¥ 1,507,228	¥ 1,589,373	¥ 1,583,383
Cost of sales	1,119,391	1,131,662	1,143,164	1,173,203	1,182,954	1,176,077	1,186,558	1,246,878	1,287,581	1,286,682
Gross profit	282,115	280,590	267,009	282,713	279,164	272,473	260,049	260,350	301,792	296,701
Selling, general and administrative expenses	232,217	234,218	235,598	237,241	230,990	222,374	224,269	226,335	233,973	230,187
Operating income	49,898	46,372	31,411	45,472	48,174	50,099	35,780	34,015	67,819	66,514
Ordinary income	58,259	50,971	36,740	52,651	53,759	53,285	40,318	36,843	62,786	68,841
Income (loss) before income taxes and non-controlling interests	(18,685)	45,396	39,831	54,841	51,062	48,608	35,152	2,673	52,696	49,496
Net income (loss) attributable to parent company shareholders	(35,669)	27,501	25,226	33,588	26,924	25,642	19,218	(16,356)	25,033	23,278
Balance Sheet Data (¥ million)										
Total assets	¥ 1,775,023	¥ 1,794,764	¥ 1,741,904	¥ 1,718,636	¥ 1,809,462	¥ 1,574,754	¥ 1,578,976	¥ 1,608,806	¥ 1,649,784	¥ 1,618,854
Stockholders' equity	996,162	1,053,600	1,033,864	1,017,425	1,078,828	932,329	893,124	871,229	908,521	916,324
Interest-bearing debt	166,350	170,103	169,133	189,820	187,946	182,596	227,209	229,664	229,140	166,751
Total net assets	1,046,622	1,102,551	1,081,286	1,063,241	1,124,093	976,386	937,055	914,213	952,440	956,863
Cash Flow Statements Data (¥ million)										
Cash flows from operating activities	¥ 68,971	¥ 48,457	¥ 71,945	¥ 72,629	¥ 85,731	¥ 120,109	¥ 100,498	¥ 108,603	¥ 140,053	¥ 140,574
Cash flows from investing activities	(146,909)	23,075	14,012	(60,883)	(50,540)	(58,371)	(72,588)	(80,126)	(82,562)	(120,683)
Cash flows from financing activities	(32,197)	(42,771)	(45,223)	(47,166)	(23,865)	(80,038)	(36,236)	(32,833)	15,186	13,126
Free cash flow	(77,937)	71,532	85,957	11,746	35,191	61,738	27,910	28,477	57,491	19,890
Other Selected Data (¥ million)										
Capital expenditures	¥ 41,103	¥ 59,558	¥ 57,085	¥ 97,265	¥ 55,024	¥ 63,465	¥ 88,315	¥ 98,189	¥ 102,173	¥ 119,063
Depreciation expenses	59,080	61,071	61,461	65,310	67,034	73,459	80,200	95,829	97,977	91,695
R&D expenditures	33,786	33,210	31,376	31,827	31,749	30,820	30,820	31,690	33,147	33,850
Common Share Data (¥, shares)										
Earnings (loss) per share—primary	¥ (118.22)	¥ 90.77	¥ 81.57	¥ 53.10	¥ 41.82	¥ 39.82	¥ 29.84	¥ (25.39)	¥ 38.86	¥ 36.13
Dividends paid per share	64.00	48.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00
Book value per share	3,300.52	3,493.79	3,361.10	1,618.66	1,675.63	1,447.96	1,386.86	1,352.71	1,410.44	1,422.34
No. of common shares outstanding (exc. treasury shares)	301,830,719	301,563,746	307,596,791	628,561,116	643,833,079	643,893,863	643,990,364	644,062,928	644,142,530	644,238,930
Financial Ratios (%)										
As a percentage of net sales:										
Gross profit	20.13%	19.87%	18.93%	19.42%	19.09%	18.81%	17.98%	17.27%	18.99%	18.74%
Selling, general and administrative expenses	16.57	16.58	16.71	16.29	15.80	15.35	15.50	15.02	14.72	14.54
Operating income	3.56	3.28	2.23	3.12	3.29	3.46	2.47	2.26	4.27	4.20
Income (loss) before income taxes and non-controlling interests	(1.33)	3.21	2.82	3.77	3.49	3.36	2.43	0.18	3.32	3.13
Net income (loss) attributable to parent company shareholders	(2.54)	1.95	1.79	2.31	1.84	1.77	1.33	(1.09)	1.57	1.47
Return on equity	(3.48)	2.63	2.46	3.20	2.67	2.81	2.18	(1.84)	2.74	2.57
Return on assets	(2.00)	1.55	1.46	1.90	1.59	1.63	1.21	(1.00)	1.53	1.48
Return to Shareholders (%)										
Dividend payout ratio	—	70.5	78.5	60.3	76.5	80.4	107.2	—	82.3	88.6
Total return ratio	—	124.8	137.6	119.5	76.5	80.4	107.2	—	82.3	88.6

Note:
*1. DNP implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, DNP has estimated net income per share and diluted net income per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

*2. Cash dividends per share of ¥48.00 for the fiscal year through March 2018 is the combined total of interim cash dividends per share of ¥16.00 and year-end cash dividends per share of ¥32.00. Because DNP implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017, interim cash dividends per share of ¥16.00 is the amount prior to the share consolidation and year-end cash dividends per share of ¥32.00 is the amount after the share consolidation.

Consolidated Financial Statements

BUSINESS RESULTS
(FINANCIAL AND NON-FINANCIAL INFORMATION)

CONSOLIDATED BALANCE SHEETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Assets			
Current assets:			
Cash and cash equivalents (Notes 4 and 16)	¥ 133,772	¥ 244,937	\$ 1,205,153
Time deposits (Note 16)	139,275	2,445	1,254,730
Trade receivables (Notes 10 and 16)	351,450	354,241	3,166,216
Allowance for doubtful receivables	(1,516)	(1,691)	(13,658)
Inventories (Note 6)	133,072	137,548	1,198,847
Prepaid expenses and other current assets (Notes 5 and 10)	43,227	42,560	389,433
Total current assets	799,280	780,040	7,200,721
Investments and advances:			
Non-consolidated subsidiaries and associated companies (Notes 10 and 16)	60,268	58,916	542,955
Investment securities (Notes 5 and 16)	338,941	344,956	3,053,523
Other (Note 16)	516	486	4,649
Total investments and advances	399,725	404,358	3,601,127
Property, plant and equipment, at cost (Notes 7 and 14):			
Land	147,924	151,521	1,332,649
Buildings and structures	549,252	566,446	4,948,216
Machinery and equipment	820,763	849,993	7,394,261
Leased assets	25,828	26,968	232,685
Construction in progress	11,761	7,160	105,955
Total	1,555,528	1,602,088	14,013,766
Accumulated depreciation	(1,114,408)	(1,127,690)	(10,039,712)
Net property, plant and equipment	441,120	474,398	3,974,054
Other assets			
Net defined benefit asset (Note 8)	71,381	67,839	643,072
Other (Notes 7 and 13)	63,517	68,129	572,224
Total other assets	134,898	135,968	1,215,296
Total assets	¥ 1,775,023	¥ 1,794,764	\$ 15,991,198

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Liabilities and Net Assets			
Current liabilities:			
Short-term bank loans (Notes 7 and 16)	¥ 42,474	¥ 44,795	\$ 382,649
Current portion of long-term debt (Notes 7 and 16)	54,222	6,583	488,486
Trade payables (Notes 10 and 16)	246,138	248,993	2,217,459
Accrued expenses (Note 10)	40,722	39,713	366,865
Income taxes payable (Note 13)	7,448	10,042	67,099
Reserve for repairs	19,162	29,580	172,631
Other current liabilities (Notes 7 and 10)	57,489	58,843	517,919
Total current liabilities	467,655	438,549	4,213,108
Long-term liabilities:			
Long-term debt (Notes 7 and 16)	69,655	118,727	627,523
Net defined benefit liability (Note 8)	34,734	35,217	312,919
Other long-term liabilities (Notes 7, 10 and 13)	156,357	99,720	1,408,621
Total long-term liabilities	260,746	253,664	2,349,063
Contingent liabilities (Note 18)			
Net assets			
Stockholders' equity			
Common stock -			
Authorized: 745,000,000 shares;			
Issued: 324,240,346 shares;	114,464	114,464	1,031,207
Capital surplus (Note 9)	144,766	144,264	1,304,198
Retained earnings (Note 9)	626,949	681,977	5,648,189
Treasury stock, at cost 22,420,745 shares in 2019 and 22,676,600 shares in 2018 (Note 9)	(62,898)	(62,908)	(566,648)
Total stockholders' equity	823,281	877,797	7,416,946
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 5)	170,073	168,156	1,532,189
Net deferred losses on hedges	(1)	(4)	(9)
Foreign currency translation adjustments (Note 17)	(2,399)	1,410	(21,613)
Remeasurements of defined benefit plans (Note 8)	5,209	6,242	46,928
Total accumulated other comprehensive income	172,882	175,804	1,557,495
Non-controlling interests	50,459	48,950	454,586
Total net assets	1,046,622	1,102,551	9,429,027
Total liabilities and net assets	¥ 1,775,023	¥ 1,794,764	\$ 15,991,198

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Net sales (Note 19)	¥ 1,401,506	¥ 1,412,252	\$ 12,626,180
Cost of sales	1,119,391	1,131,662	10,084,603
Gross profit	282,115	280,590	2,541,577
Selling, general and administrative expenses (Note 11)	232,217	234,218	2,092,045
Operating income (Note 19)	49,898	46,372	449,532
Other income (expenses) (Note 12):			
Interest and dividends income	5,256	5,841	47,351
Interest expenses	(2,068)	(2,212)	(18,631)
Equity in earnings of affiliates	4,161	3,007	37,486
Foreign exchange translation gain (loss)	242	(1,416)	2,181
Net gain on sales or disposal of property, plant and equipment	95	9,353	856
Net gain on sales of investment securities	20,008	45,687	180,252
Loss on devaluation of investment securities	(4,323)	(758)	(38,946)
Impairment loss on fixed assets (Note 14)	(16,685)	(5,952)	(150,315)
Provisions for reserve for repairs	(75,000)	(53,500)	(675,676)
Other	(269)	(1,026)	(2,423)
	(68,583)	(976)	(617,865)
Income (loss) before income taxes and non-controlling interests	(18,685)	45,396	(168,333)
Income taxes (Note 13):			
Current	15,199	15,739	136,928
Deferred	(936)	187	(8,432)
	14,263	15,926	128,496
Net income (loss)	(32,948)	29,470	(296,829)
Net income attributable to non-controlling shareholders	2,721	1,969	24,514
Net income (loss) attributable to parent company shareholders	¥ (35,669)	¥ 27,501	\$ (321,343)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Net income (loss)	¥ (32,948)	¥ 29,470	\$ (296,829)
Other comprehensive income (loss)			
Valuation difference on available-for-sale securities	2,047	18,291	18,441
Net deferred gains on hedges	3	3	27
Foreign currency translation adjustments	(3,978)	1,912	(35,838)
Remeasurements of defined benefit plans	(1,404)	4,115	(12,649)
Share of other comprehensive income (loss) in associates accounted for using the equity method	(414)	2,613	(3,729)
Total other comprehensive income (loss)	(3,746)	26,934	(33,748)
Comprehensive income (loss)	¥ (36,694)	¥ 56,404	\$ (330,577)
Attributable to:			
Parent company shareholders	¥ (38,590)	¥ 54,269	\$ (347,658)
Non-controlling shareholders	1,896	2,135	17,081

	Yen		U.S. dollars (Note 3)
	2019	2018	2019
Per share information:			
Net assets	¥ 3,300.52	¥ 3,493.79	\$ 29.73
Net income (loss)	(118.22)	90.77	(1.07)
Diluted net income	-	90.71	-

(Notes)

1. The Company consolidated its common shares at a ratio of two shares to one share on the effective date of October 1, 2017. Accordingly, Net assets per share, Net income (loss) per share and Diluted net income per share are calculated on the assumption that the consolidation of shares is conducted at April 1, 2017.
2. Diluted net income per share is not presented for the year ended March 31, 2019 because, although there are potential dilutive shares in the current fiscal year, the Company incurred a net loss per share.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 and 2018

	Number of shares issued (in thousands)	Millions of yen										
		Stockholders' equity			Accumulated other comprehensive income							Total net assets
		Common stock	Capital surplus		Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	
Balance at April 1, 2017	663,480	¥ 114,464	¥ 144,280		¥ 695,721	¥ (69,636)	¥ 149,575	¥ (3)	¥ (2,220)	¥ 1,683	¥ 47,422	¥ 1,081,286
Changes of items during the period												
Net income attributable to parent company shareholders	-	-	-		27,501	-	-	-	-	-	-	27,501
Cash dividends paid	-	-	-		(19,511)	-	-	-	-	-	-	(19,511)
Change of scope of consolidation	-	-	-		30	-	-	-	-	-	-	30
Purchases of treasury stock	-	-	-		-	(15,037)	-	-	-	-	-	(15,037)
Disposal of treasury stock	-	-	-		(0)	1	-	-	-	-	-	1
Retirement of treasury stock	(15,000)	-	-		(21,764)	21,764	-	-	-	-	-	-
Changes in valuation difference on available-for-sale securities	-	-	-		-	-	18,581	-	-	-	-	18,581
Changes in deferred gains (losses) on hedges	-	-	-		-	-	-	(1)	-	-	-	(1)
Changes in foreign currency translation adjustments	-	-	-		-	-	-	-	3,630	-	-	3,630
Changes in remeasurements of defined benefit plans	-	-	-		-	-	-	-	-	4,559	-	4,559
Changes in share acquisition rights	-	-	-		-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	(16)		-	-	-	-	-	-	1,528	1,512
Decrease due to a share consolidation	(324,240)	-	-		-	-	-	-	-	-	-	-
Total changes of items during the period	(339,240)	-	(16)		(13,744)	6,728	18,581	(1)	3,630	4,559	1,528	21,265
Balance at March 31, 2018	324,240	114,464	144,264		681,977	(62,908)	168,156	(4)	1,410	6,242	48,950	1,102,551
Changes of items during the period												
Net loss attributable to parent company shareholders	-	-	-		(35,669)	-	-	-	-	-	-	(35,669)
Cash dividends paid	-	-	-		(19,318)	-	-	-	-	-	-	(19,318)
Changes of scope of equity method	-	-	-		(41)	-	-	-	-	-	-	(41)
Purchases of treasury stock	-	-	-		-	(16)	-	-	-	-	-	(16)
Disposal of treasury stock	-	-	592		(0)	26	-	-	-	-	-	618
Changes in valuation difference on available-for-sale securities	-	-	-		-	-	1,917	-	-	-	-	1,917
Changes in deferred gains (losses) on hedges	-	-	-		-	-	-	3	-	-	-	3
Changes in foreign currency translation adjustments	-	-	-		-	-	-	-	(3,809)	-	-	(3,809)
Changes in remeasurements of defined benefit plans	-	-	-		-	-	-	-	-	(1,033)	-	(1,033)
Changes in non-controlling interests	-	-	(90)		-	-	-	-	-	-	1,509	1,419
Total changes of items during the period	-	-	502		(55,028)	10	1,917	3	(3,809)	(1,033)	1,509	(55,929)
Balance at March 31, 2019	324,240	¥ 114,464	¥ 144,766		¥ 626,949	¥ (62,898)	¥ 170,073	¥ (1)	¥ (2,399)	¥ 5,209	¥ 50,459	¥ 1,046,622

	Number of shares issued (in thousands)	Thousands of U.S. dollars (Note 3)										
		Stockholders' equity			Accumulated other comprehensive income							Total net assets
		Common stock	Capital surplus		Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	
Balance at March 31, 2018	324,240	\$ 1,031,207	\$ 1,299,676		\$ 6,143,937	\$ (566,739)	\$ 1,514,919	\$ (36)	\$ 12,703	\$ 56,234	\$ 440,991	\$ 9,932,892
Changes of items during the period												
Net loss attributable to parent company shareholders	-	-	-		(321,343)	-	-	-	-	-	-	(321,343)
Cash dividends paid	-	-	-		(174,036)	-	-	-	-	-	-	(174,036)
Changes of scope of equity method	-	-	-		(369)	-	-	-	-	-	-	(369)
Purchases of treasury stock	-	-	-		-	(143)	-	-	-	-	-	(143)
Disposal of treasury stock	-	-	5,333		(0)	234	-	-	-	-	-	5,567
Changes in valuation difference on available-for-sale securities	-	-	-		-	-	17,270	-	-	-	-	17,270
Changes in deferred gains (losses) on hedges	-	-	-		-	-	-	27	-	-	-	27
Changes in foreign currency translation adjustments	-	-	-		-	-	-	-	(34,316)	-	-	(34,316)
Changes in remeasurements of defined benefit plans	-	-	-		-	-	-	-	-	(9,306)	-	(9,306)
Changes in non-controlling interests	-	-	(811)		-	-	-	-	-	-	13,595	12,784
Total changes of items during the period	-	-	4,522		(495,748)	91	17,270	27	(34,316)	(9,306)	13,595	(503,865)
Balance at March 31, 2019	324,240	\$ 1,031,207	\$ 1,304,198		\$ 5,648,189	\$ (566,648)	\$ 1,532,189	\$ (9)	\$ (21,613)	\$ 46,928	\$ 454,586	\$ 9,429,027

Note: The Company consolidated its common stock at the ratio of two shares to one share on the effective date of October 1, 2017. Accordingly, the number of shares issued is presented on the assumption that the consolidation was conducted at April 1, 2017.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Cash flows from operating activities:			
Income (loss) before income taxes and non-controlling interests	¥ (18,685)	¥ 45,396	\$ (168,333)
Adjustments to reconcile income (loss) before income taxes and non-controlling interests to net cash provided by operating activities:			
Depreciation	59,080	61,070	532,252
Impairment loss on fixed assets	16,685	5,952	150,315
Allowance for doubtful receivables	(389)	(302)	(3,505)
Net defined benefit asset	(5,682)	(5,781)	(51,189)
Net defined benefit liability	(292)	2,005	(2,631)
Equity in earnings of affiliates	(4,161)	(3,007)	(37,486)
Amortization of goodwill	1,752	2,306	15,784
Interest and dividends income	(5,256)	(5,841)	(47,351)
Interest expenses	2,068	2,212	18,631
Net loss (gain) on sales of investment securities	(20,008)	(45,687)	(180,252)
Loss on devaluation of investment securities	4,323	758	38,946
Net loss (gain) on sale or disposal of property, plant and equipment	(67)	(9,302)	(604)
Provisions for reserve for repairs	75,000	53,500	675,676
Changes in assets and liabilities			
Trade receivables	2,099	(17,606)	18,910
Inventories	1,998	(875)	18,000
Trade payables	(1,912)	5,899	(17,225)
Other assets and liabilities	2,323	6,050	20,927
Sub-total	108,876	96,747	980,865
Payments for repair costs	(22,750)	(35,056)	(204,955)
Extra retirement payments	(767)	(49)	(6,910)
Payments of income taxes	(16,387)	(13,185)	(147,631)
Net cash provided by operating activities	68,972	48,457	621,369
Cash flows from investing activities:			
Net decrease (increase) in time deposits	(136,981)	(1,547)	(1,234,063)
Payments for purchases of property, plant and equipment	(37,579)	(32,501)	(338,550)
Proceeds from sales of property, plant and equipment	6,942	19,644	62,541
Payments for purchases of investment securities	(2,405)	(1,234)	(21,667)
Proceeds from sales of investment securities	26,786	54,617	241,315
Payments for purchases of intangible assets	(9,800)	(10,483)	(88,288)
Payments for sales of subsidiaries' shares, resulting in consolidation scope change	-	(855)	-
Interest and dividends received	10,516	8,256	94,739
Other investing activities	(4,388)	(12,822)	(39,532)
Net cash provided by (used in) investing activities	(146,909)	23,075	(1,323,505)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	(2,283)	2,258	(20,568)
Proceeds from long-term debt	2,500	2,690	22,523
Repayments of long-term debt	(4,143)	(4,077)	(37,324)
Proceeds from stock issuance to non-controlling shareholders	75	-	676
Proceeds from issuance of debentures	2,443	1,225	22,009
Payments for redemption of debentures	(2,290)	(240)	(20,631)
Interest paid	(2,066)	(2,213)	(18,613)
Dividends paid	(19,324)	(19,524)	(174,090)
Dividends paid to non-controlling shareholders	(459)	(393)	(4,135)
Payments for purchases of treasury stocks	(18)	(15,168)	(162)
Payments for purchase of stock in subsidiaries not resulting in a change in the scope of consolidation	(90)	(226)	(811)
Other financing activities	(6,542)	(7,103)	(58,937)
Net cash used in financing activities	(32,197)	(42,771)	(290,063)
Effect of exchange rate changes on cash and cash equivalents	(1,031)	1,428	(9,288)
Net increase (decrease) in cash and cash equivalents	(111,165)	30,189	(1,001,487)
Cash and cash equivalents at beginning of year	244,937	214,564	2,206,640
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	184	-
Cash and cash equivalents at end of year (Note 4)	¥ 133,772	¥ 244,937	\$ 1,205,153

The accompanying notes are an integral part of these consolidated financial statements.

Notes To Consolidated Financial Statements

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
March 31, 2019 and 2018

1. Basis of Presenting the Consolidated Financial Statements

Dai Nippon Printing Co., Ltd. (hereinafter referred to as the "Company") and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), and its foreign subsidiaries in conformity with the Company's group accounting policies based on International Financial Reporting Standards ("IFRS") or accounting principles generally accepted in the United States of America ("US GAAP").

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency of Japan as required by the Financial Instruments and Exchange Act of Japan. Certain reclassifications of accounts and modifications have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan. Certain reclassifications have also been made in the 2018 financial statements to conform with current year presentations. In addition, the notes to the consolidated financial statements include additional information which is not required for disclosure under Japanese GAAP.

2. Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant majority-owned subsidiaries. All significant intercompany accounts and intercompany transactions have been eliminated in consolidation.

Consolidated financial statements include the accounts of the Company and 107 consolidated subsidiaries. Some subsidiaries are consolidated with their fiscal year ends that differ from that of the Company. Significant transactions that took place between their fiscal year ends and the Company's fiscal year end are reflected in the consolidated financial statements.

Investments in non-consolidated subsidiaries are stated at cost and, for valuation of such investments, the equity method has not been applied since these investments are considered immaterial in the aggregate. However, investments are devalued if the decline in value is judged to be other than temporary.

Investments in 20% to 50% associated companies are principally accounted for by the equity method.

The differences between costs and underlying net assets at the date of investment in consolidated subsidiaries are included in other assets and are amortized over a period mainly for five years.

Translation of foreign currency accounts

Monetary assets and liabilities denominated in foreign currencies of the Company and its domestic subsidiaries are translated into Japanese yen at the exchange rates at the balance sheet date. Revenues and expenses denominated in foreign currencies are translated at the exchange rates prevailing during the year. The resulting translation gains (or losses) are included in other income (or expenses).

The translation of foreign currency financial statements of foreign consolidated subsidiaries into Japanese yen has been made for consolidation purposes in accordance with the translation method prescribed in the accounting standard for foreign currency transactions. The balance sheet accounts of the foreign consolidated subsidiaries are translated at the exchange rates in effect at the balance sheet date, except for common stock and capital surplus, which are translated at historical rates. Revenue and expense accounts are translated at the average exchange rates prevailing during the year. The resulting translation adjustments are presented as "foreign currency translation adjustments" and "non-controlling interests" as reported in a separate component of accumulated other comprehensive income in the consolidated balance sheets.

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturities that they present insignificant risk of changes in value because of changes in interest rates.

Inventories

Inventories are stated at cost which is determined substantially by the average method being written-down to reflect the decline of profitability.

Marketable securities and investment securities

Debt securities that are held to maturity with positive intent and ability ("held-to-maturity debt securities") are stated at amortized cost. Available-for-sale securities with available fair market values are stated at fair value. Unrealized gains and losses on available-for-sale securities, net of applicable taxes, are reported in a separate component of accumulated other comprehensive income in the consolidated balance sheets.

Non-marketable securities are stated at cost determined by the average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Property, plant and equipment and depreciation

The Company and its domestic consolidated subsidiaries mainly use the declining-balance method. However, depreciation of buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and of facilities attached to buildings and structures acquired on or after April 1, 2016 are computed by the straight-line method.

Assets with an acquisition cost of ¥100,000 (\$901) or more but less than ¥200,000 (\$1,802) are depreciated equally over three years. Foreign consolidated subsidiaries mainly use the straight-line method.

The estimated useful lives are summarized as follows:

Buildings and structures	2 to 60 years
Machinery and equipment	2 to 17 years

Leased assets

Lease assets with transfer of ownership are depreciated using the same depreciation method applied to owned fixed assets.

Finance leases which do not transfer ownership are capitalized. Depreciation for leased assets is computed on a straight-line basis over the lease period with a residual value of zero.

Intangible assets

Intangible assets included in other assets are carried at cost less accumulated amortization calculated by the straight-line method over their estimated useful lives. Software for internal use included in intangible assets are amortized by the straight-line method over five years.

Impairment loss on fixed assets

The Company and its subsidiaries review fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Employees' retirement benefits

The Company and domestic significant consolidated subsidiaries applied the accounting standard for employees' retirement benefits. Under the accounting standard, accrued pension and liability for employees' retirement benefits has been provided based on the estimated amounts of projected pension and severance obligation and fair value of plan assets at the end of the fiscal year. Benefit formula basis is applied for the method of attributing expected retirement benefits to periods. Prior service cost is being amortized as incurred by the straight-line method over the period within the average remaining service periods (primarily 6 years) of the eligible employees. Actuarial gains and losses have been amortized from the following fiscal year by the declining-balance method over the periods within the average remaining service periods (primarily 9 years) of the eligible employees.

Research and development expenses

Research and development expenses are charged to income as incurred.

Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Derivatives and hedging activities

The Company and certain consolidated subsidiaries use derivative financial instruments ("derivatives") for foreign currency forward contracts, interest rate swaps and currency swaps to manage the risk arising from fluctuation in foreign currency exchange rates and interest rates. The Company and its subsidiaries do not enter into derivatives contracts for speculative purposes.

Derivatives are carried at fair value and changes in fair value are recognized as gains or losses, unless the derivatives are used for hedging purposes.

If derivatives meet certain hedging criteria, recognition of gains or losses resulting from changes in the fair value of derivatives is deferred until the related gains or losses on hedged items are recognized.

In cases where foreign currency forward contracts or currency swap contracts meet certain hedging criteria, the hedged items are stated by the contracted rates ("alternative method"). In addition, if interest rate swap contracts meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contracts is added to or deducted from interest on the assets or liabilities for which the interest rate swap contracts were executed ("exceptional accrual method").

Per share information

Net assets per share were computed based on the number of shares outstanding after deducting treasury stock at March 31, 2019 and 2018, respectively.

Net income (loss) per share was computed based on the average number of shares of common stock outstanding after deducting treasury stocks during each year. Necessary adjustments were made on the net income or the number of shares for diluted net income per share in order to reflect dilutive effects.

Reserve for repairs

(Basis for recording significant allowances)

The reserve for repairs is provided based on a rational estimate of the amount of repair costs that will be required in the future to repair defects for certain products.

(Changes in accounting estimates)

During the current fiscal year, the Company conducted new scientific testing and analysis because additional defects had been identified for these products that were outside the range of products covered by reserves. As a result, the Company decided to provide the reserve in a rational estimate of the maximum amount of future expected repair costs considering that the occurrence of these defects was related to new factors for the fiscal year ended March 31, 2019.

As a result, loss before income taxes and non-controlling interests increased by ¥75,000 million (\$675,676 thousand) for the fiscal year ended March 31, 2019.

Changes in presentation methods

(Changes from applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan ("ASBJ") Statement No. 28, February 16, 2018 (hereinafter referred to as the "Statement No. 28")) from the beginning of the current fiscal year.

As a result, deferred tax assets under current assets decreased by ¥19,714 million and deferred tax assets under other assets increased by ¥3,979 million as of March 31, 2018. In addition, due to the effect of offsetting deferred tax assets and deferred tax liabilities by the same taxable entity, deferred tax liabilities in long-term liabilities decreased by ¥15,735 million as of March 31, 2018.

Certain information is added to Note 13. Income Taxes as described in note 8 (excluding total amount of valuation allowance) and note 9 of explanatory notes to the "Accounting Standard for Tax Effect Accounting" as prescribed in Paragraphs 3 through 5 of the Statement No. 28. However, information for the year ended March 31, 2018 is not presented in accordance with the transitional treatment prescribed in Paragraph 7 of the Statement No. 28.

3. Basis of Translating Financial Statements

The consolidated financial statements are expressed in Japanese yen in accordance with Japanese GAAP. The Japanese yen amounts have been translated into U.S. dollar amounts, solely for the convenience of the readers, at the rate of ¥111=U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market at March 31, 2019. Such translations should not be construed as representations that the Japanese yen at that or any other rate could be converted into U.S. dollars.

4. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2019 and 2018 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Cash and deposits (excluding time deposits with a maturity over three months)	¥ 133,772	¥ 244,937	\$ 1,205,153

5. Marketable Securities and Investment Securities

The carrying amount and aggregate fair value of marketable and investment securities classified as held-to-maturity debt securities as of March 31, 2019 and 2018 were as follows:

	Millions of yen		
March 31, 2019	Carrying amount	Fair value	Difference
Others	¥ 202	¥ 201	¥ (1)

	Thousands of U.S. dollars (Note 3)		
March 31, 2019	Carrying amount	Fair value	Difference
Others	\$ 1,820	\$ 1,811	\$ (9)

	Millions of yen		
March 31, 2018	Carrying amount	Fair value	Difference
Others	¥ 200	¥ 200	¥ 0

The acquisition cost and aggregate fair value of marketable and investment securities classified as available-for-sale securities including those with no fair value as of March 31, 2019 and 2018 were as follows:

	Millions of yen			
March 31, 2019	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	¥ 95,815	¥ 244,307	¥ 1,496	¥ 338,626
Others	10,106	11	4	10,113
Total	¥ 105,921	¥ 244,318	¥ 1,500	¥ 348,739

	Thousands of U.S. dollars (Note 3)			
March 31, 2019	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	\$ 863,198	\$ 2,200,964	\$ 13,477	\$ 3,050,685
Others	91,045	99	36	91,108
Total	\$ 954,243	\$ 2,201,063	\$ 13,513	\$ 3,141,793

	Millions of yen			
March 31, 2018	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
Stocks	¥ 105,321	¥ 241,999	¥ 2,736	¥ 344,584
Others	10,157	15	-	10,172
Total	¥ 115,478	¥ 242,014	¥ 2,736	¥ 354,756

The proceeds from sales of available-for-sale securities for the years ended March 31, 2019 and 2018 were ¥26,229 million (\$236,297 thousand) and ¥53,180 million, respectively. The gross realized gains on these sales for the years ended March 31, 2019 and 2018 were ¥18,026 million (\$162,396 thousand) and ¥44,964 million, respectively, and the gross realized losses on these sales for the years ended March 31, 2019 and 2018 were ¥42 million (\$378 thousand) and ¥68 million, respectively.

The redemption schedules for securities with maturities at March 31, 2019 and 2018 were as follows:

	Millions of yen		
March 31, 2019	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	¥ -	¥ 202	¥ 30
Others	10,000	-	-
	¥ 10,000	¥ 202	¥ 30

	Thousands of U.S. dollars (Note 3)		
March 31, 2019	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	\$ -	\$ 1,820	\$ 270
Others	90,090	-	-
	\$ 90,090	\$ 1,820	\$ 270

	Millions of yen		
March 31, 2018	Due in one year or less	Due after one year through five years	Over five years
Corporate bonds	¥ -	¥ 200	¥ 80
Others	10,000	-	-
	¥ 10,000	¥ 200	¥ 80

6. Inventories

Inventories at March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Merchandise and finished products	¥ 79,809	¥ 82,698	\$ 719,000
Work in process	30,075	31,672	270,946
Raw materials and supplies	23,188	23,178	208,901
	¥ 133,072	¥ 137,548	\$ 1,198,847

7. Short-term Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2019 and 2018 were represented by bank loans and bank overdrafts, etc., bearing interest at an average rate of 0.47% per annum for 2019 and 0.46% per annum for 2018.

Long-term debt at March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Unsecured debentures			
0.180~0.290% due 2024	¥ 2,500	¥ -	\$ 22,523
0.160~0.180% due 2023	1,050	1,050	9,459
0.100~0.376% due 2022	3,570	3,570	32,162
0.150~1.358% due 2021	52,490	52,490	472,883
0.100~1.705% due 2020	51,490	51,490	463,874
0.150~0.460% due 2019	-	2,290	-
Mortgage loans, maturing 2020~2023	2,119	3,268	19,090
Unsecured loans, maturing 2020~2024	10,658	11,152	96,018
	123,877	125,310	1,116,009
Current portion of long-term debt	(54,222)	(6,583)	(488,486)
	¥ 69,655	¥ 118,727	\$ 627,523

Finance lease obligations at March 31, 2019 and 2018 which are included in other long-term liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Finance lease obligations	¥ 10,954	¥ 15,337	\$ 98,685
Current portion of lease obligations	(5,324)	(5,937)	(47,964)
	¥ 5,630	¥ 9,400	\$ 50,721

The assets pledged as collateral for the Company and its consolidated subsidiaries' indebtedness, such as property, plant and equipment and other assets, were ¥7,275 million (\$65,541 thousand) and ¥7,542 million at March 31, 2019 and 2018, respectively.

Interest rates on mortgage loans ranged from 0.15% to 0.83% per annum for 2019 and from 0.15% to 1.98% per annum for 2018, while interest rates on unsecured loans ranged from 0.40% to 0.98% per annum for 2019 and from 0.36% to 1.15% per annum for 2018.

The aggregate annual maturities of long-term debt after March 31, 2019 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2020	¥ 54,222	\$ 488,486
2021	58,452	526,596
2022	6,019	54,225
2023	2,034	18,324
2024	3,150	28,378
2025 and thereafter	-	-
	¥ 123,877	\$ 1,116,009

The aggregate annual maturities of finance lease obligations after March 31, 2019 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2020	¥ 5,324	\$ 47,964
2021	1,980	17,838
2022	1,135	10,225
2023	833	7,505
2024	598	5,387
2025 and thereafter	1,084	9,766
	¥ 10,954	\$ 98,685

8. Retirement Benefits

The Company and its subsidiaries have several retirement plans covering all of their employees, i.e. defined benefit corporate pension plan, a governmental welfare contributory pension plan, lump-sum retirement plan and defined contribution pension plan. Upon retirement or termination of employment for reasons other than the cause of dismissal, employees are entitled to lump-sum payments based on the current rate of pay, length of services and accumulated number of points determined based on the employment services.

Under the Defined Benefit Pension Plan Law, the Company has established new defined benefit pension plans on March 1, 2005 under which most of the retirement benefit liability of the Company and its subsidiaries is covered by the employees' pension fund.

The reconciliation of beginning and ending balance of the projected benefit obligation at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Change in projected benefit obligation:			
Balance at the beginning of year	¥ 264,922	¥ 253,782	\$ 2,386,685
Service cost	13,691	13,665	123,342
Interest cost	1,252	1,259	11,279
Actuarial gain/loss	(686)	5,996	(6,180)
Benefits paid	(9,897)	(8,453)	(89,162)
Change of scope of consolidation	-	(1,241)	-
Other	(353)	(86)	(3,180)
Balance at the end of year	¥ 268,929	¥ 264,922	\$ 2,422,784

The reconciliation of beginning and ending balance of the plan assets at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Change in plan assets:			
Balance at the beginning of year	¥ 297,544	¥ 275,722	\$ 2,680,577
Expected return on plan assets	7,590	7,050	68,378
Actuarial gain/loss	(637)	12,389	(5,739)
Contributions by the employer	9,410	9,442	84,775
Benefits paid	(8,216)	(7,068)	(74,018)
Other	(115)	9	(1,036)
Balance at the end of year	¥ 305,576	¥ 297,544	\$ 2,752,937

The reconciliation of projected benefit obligation and plan assets to net defined benefit liability and asset recognized in the consolidated balance sheets as of March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Funded projected benefit obligation	¥ 234,403	¥ 230,351	\$ 2,111,739
Plan assets	(305,576)	(297,544)	(2,752,937)
	(71,173)	(67,193)	(641,198)
Unfunded projected benefit obligation	34,526	34,571	311,045
Net amount of liabilities and assets recognized in consolidated balance sheets	¥ (36,647)	¥ (32,622)	\$ (330,153)
Net defined benefit liability	34,734	35,217	312,919
Net defined benefit asset	(71,381)	(67,839)	(643,072)
Net amount of liabilities and assets recognized in consolidated balance sheets	¥ (36,647)	¥ (32,622)	\$ (330,153)

The components of net periodic benefit costs for the years ended March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Service cost	¥ 13,671	¥ 13,645	\$ 123,162
Interest cost	1,252	1,259	11,279
Expected return on plan assets	(7,590)	(7,050)	(68,378)
Actuarial gain/loss	(2,535)	(1,344)	(22,838)
Amortization of prior service cost	476	580	4,288
Net periodic benefit costs of the defined benefit plan	¥ 5,274	¥ 7,090	\$ 47,513

Remeasurements of defined benefit plans, before income-tax effect, recorded under accumulated other comprehensive income at March 31, 2019 and 2018 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Unrecognized actuarial gain/loss	¥ 7,064	¥ 9,398	\$ 63,639
Unrecognized prior service cost	(908)	(1,385)	(8,180)
Total	¥ 6,156	¥ 8,013	\$ 55,459

The major categories of plan assets as of March 31, 2019 and 2018 were as follows:

	2019	2018
Bonds	20%	20%
Stocks	39%	40%
Alternative	36%	33%
Other	5%	7%
Total	100%	100%

Assumptions used for the years ended March 31, 2019 and 2018 were set forth as follows:

	2019	2018
Discount rate	0.6%	0.7%
Long-term expected rate of return on plan assets	mainly 2.5%	mainly 2.5%

9. Net Assets

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below;

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria. However, its articles of incorporation have not stipulated that the Board of Directors may declare dividends at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

Cash dividends of ¥32.00 (\$0.29) per share, aggregating ¥9,659 million (\$87,018 thousand), were approved at the general stockholders' meeting held in June 27, 2019 with respect to the year ended March 31, 2019.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of net assets.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights. At present, the Company has not issued such stock acquisition rights.

10. Accounts with Non-consolidated Subsidiaries and Associated Companies

Account balances with non-consolidated subsidiaries and associated companies as of March 31, 2019 and 2018 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Trade receivables	¥ 6,882	¥ 5,438	\$ 62,000
Other current assets	289	225	2,604
Investment securities	54,164	56,458	487,964
Long-term loan receivables	30	150	270
Other investments	6,074	2,308	54,721
Trade payables	5,028	5,310	45,297
Accrued expenses	269	254	2,423
Other current liabilities	943	1,046	8,495
Other long-term liabilities	10	10	90

11. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2019 and 2018 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Salaries and allowances	¥ 67,790	¥ 66,627	\$ 610,721
Accrued bonuses	6,623	6,078	59,667
Provision for retirement benefits	578	1,441	5,207
Depreciation	14,375	15,452	129,505
Research and development expenses	33,787	33,210	304,387
Other	109,064	111,410	982,558
	¥ 232,217	¥ 234,218	\$ 2,092,045

12. Other Income (Expenses)

The following types of income (expenses) from non-consolidated subsidiaries and associated companies were included in other income.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Interest and dividends income	¥ 11	¥ 16	\$ 99
Rent income on facilities	99	125	892
Rent expense	(29)	(28)	(261)

13. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to a number of different taxes based on income, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% and 30.9% for the years ended March 31, 2019 and 2018, respectively.

The actual effective tax rate reflected in the accompanying consolidated statements of income differs from the normal effective statutory tax rate primarily due to the effect of permanently non-deductible expenses, current operating losses and different tax rates applicable to foreign subsidiaries, etc.

No reconciliation of the differences between the normal effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2019 was shown because loss before income taxes and non-controlling interests was recorded, although the difference for 2018 was shown as follows.

BUSINESS RESULTS
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	2019	2018
Normal effective statutory tax rate	-	30.9%
Expenses not deductible for income tax purposes	-	0.8
Amortization of consolidation goodwill	-	1.4
Change in valuation allowance	-	0.8
Equity in earnings of affiliates	-	(2.0)
Per capita inhabitants' taxes	-	1.3
Tax credit	-	(0.8)
Tax rate differences in consolidated subsidiaries	-	1.3
Other	-	1.4
Actual effective tax rate	-	35.1%

Significant components of deferred tax assets and liabilities at March 31, 2019 and 2018 were as follows :

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Deferred tax assets:			
Tax loss carryforwards	¥ 31,057	¥ 26,417	\$ 279,793
Repair reserve provisions	27,348	11,360	246,378
Net defined benefit liability	13,500	13,426	121,622
Impairment loss on fixed assets	13,358	10,653	120,342
Accrued bonuses	5,526	5,200	49,784
Loss on devaluation of investment securities	2,115	2,277	19,054
Loss on write-down of inventories	1,241	1,221	11,180
Excess provision for doubtful receivables	1,028	1,183	9,261
Other	14,510	16,843	130,721
Total deferred tax assets	109,683	88,580	988,135
Valuation allowance for deductible temporary difference	(36,128)	-	(325,477)
Valuation allowance for tax loss carryforwards	(30,497)	-	(274,748)
Total valuation allowance	(66,625)	(47,568)	(600,225)
Total	¥ 43,058	¥ 41,012	\$ 387,910
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (73,320)	¥ (71,890)	\$ (660,541)
Net defined benefit asset	(21,843)	(20,759)	(196,784)
Undistributed earnings of subsidiaries	(720)	(795)	(6,486)
Reserve for special depreciation	(33)	(51)	(297)
Other	(1,373)	(1,586)	(12,369)
Total	¥ (97,289)	¥ (95,081)	\$ (876,477)
Net deferred tax assets (liabilities):	¥ (54,231)	¥ (54,069)	\$ (488,567)

The amounts by the expiration period of tax loss carryforwards, related valuation allowance and the resulting deferred tax assets as of March 31, 2019 were as follows:

	Millions of yen		
	Tax loss carryforwad	Valuation allowance	Deferred tax assets
2020	¥ 5,327	¥ (4,987)	¥ 340
2021	7,654	(7,646)	8
2022	1,351	(1,287)	64
2023	2,560	(2,552)	8
2024	1,652	(1,646)	6
2025 and thereafter	12,513	(12,379)	134
Total	¥ 31,057	¥ (30,497)	¥ 560

	Thousands of U.S. dollars (Note 3)		
	Tax loss carryforwad	Valuation allowance	Deferred tax assets
2020	\$ 47,991	\$ (44,928)	\$ 3,063
2021	68,955	(68,883)	72
2022	12,171	(11,595)	576
2023	23,063	(22,991)	72
2024	14,883	(14,829)	54
2025 and thereafter	112,730	(111,522)	1,208
Total	\$ 279,793	\$ (274,748)	\$ 5,045

14. Impairment Loss on Fixed Assets

The Company and its consolidated subsidiaries reviewed the fixed assets for impairment for the years ended March 31, 2019. Fixed assets were, in principle, grouped at the business unit for impairment testing purposes. Idle assets and assets for rent were grouped in each asset. Loss on impairment of fixed assets for the years ended March 31, 2019 was recognized in the amount of ¥16,685 million (\$150,315 thousand), which is comprised of buildings and structures of ¥6,301 million (\$56,766 thousand), machinery of ¥4,270 million (\$38,468 thousand), land of ¥2,919 million (\$26,297 thousand), software of ¥2,345 million (\$21,126 thousand) and others of ¥850 million (\$7,658 thousand).

15. Leases

Operating Leases

The amounts of outstanding future payments under non-cancelable operating leases as of March 31, 2019 and 2018 were also summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2018	2019
Future lease payments:			
One year or less	¥ 5,284	¥ 5,663	\$ 47,604
More than one year	11,316	12,159	101,946
	¥ 16,600	¥ 17,822	\$ 149,550

16. Financial Instruments

1. Management policy

The Company and its consolidated subsidiaries manage fund surpluses through financial assets that have high levels of safety, and raise funds through bank loans and bond issuances. The Company and its subsidiaries also utilize derivative financial instruments to hedge the risk of exchange rate and interest rate fluctuations and do not enter into derivatives for trading or speculative purposes.

The trade receivables are exposed to credit risk of customers and the Company and its subsidiaries minimize the credit risk in accordance with internal customer credit management rules.

Long-term investments are mainly equity securities. Listed stocks are stated at fair value based on market prices quarterly.

2. Fair value of financial instruments

Fair value and differences compared to the carrying amounts reported in the consolidated balance sheets as of March 31, 2019 and 2018 were as follows:

	Millions of yen		
March 31, 2019	Carrying amounts	Fair value	Differences
(1) Cash and deposits	¥ 273,047	¥ 273,047	¥ -
(2) Trade receivables	351,450	351,450	-
(3) Short-term and long-term investment securities	353,502	392,824	39,322
Assets	¥ 977,999	¥ 1,017,321	¥ 39,322
(1) Trade payables	¥ 246,138	¥ 246,138	¥ -
(2) Short-term bank loans	42,474	42,474	-
(3) Long-term debts	123,878	125,219	1,341
Liabilities	¥ 412,490	¥ 413,831	¥ 1,341
Derivatives*1			
[1] Hedge accounting is not applied	¥ (56)	¥ (56)	¥ -
[2] Hedge accounting is applied	(15)	(15)	-
Total	¥ (71)	¥ (71)	¥ -

	Thousands of U.S.dollars (Note 3)		
March 31, 2019	Carrying amounts	Fair value	Differences
(1) Cash and deposits	\$ 2,459,883	\$ 2,459,883	\$ -
(2) Trade receivables	3,166,216	3,166,216	-
(3) Short-term and long-term investment securities	3,184,703	3,538,955	354,252
Assets	\$ 8,810,802	\$ 9,165,054	\$ 354,252
(1) Trade payables	\$ 2,217,459	\$ 2,217,459	\$ -
(2) Short-term bank loans	382,649	382,649	-
(3) Long-term debts	1,116,018	1,128,099	12,081
Liabilities	\$ 3,716,126	\$ 3,728,207	\$ 12,081
Derivatives*1			
[1] Hedge accounting is not applied	\$ (505)	\$ (505)	\$ -
[2] Hedge accounting is applied	(135)	(135)	-
Total	\$ (640)	\$ (640)	\$ -

	Millions of yen		
March 31, 2018	Carrying amounts	Fair value	Differences
(1) Cash and deposits	¥ 247,382	¥ 247,282	¥ -
(2) Trade receivables	354,241	354,241	-
(3) Short-term and long-term investment securities	360,612	392,099	31,487
Assets	¥ 962,235	¥ 993,622	¥ 31,487
(1) Trade payables	¥ 248,993	¥ 248,993	¥ -
(2) Short-term bank loans	44,795	44,795	-
(3) Long-term debts	125,310	127,963	2,653
Liabilities	¥ 419,098	¥ 421,751	¥ 2,653
Derivatives*1			
[1] Hedge accounting is not applied	¥ 501	¥ 501	¥ -
[2] Hedge accounting is applied	(20)	(20)	-
Total	¥ 481	¥ 481	¥ -

*1. Derivative assets and liabilities are on a net basis.

Note A: Fair value of financial instruments, marketable securities and derivatives

Assets

(1) Cash and deposits and (2) Trade receivables

The carrying amounts approximate fair value because of the short maturities of these instruments.

(3) Marketable and investment securities

The fair values of equity securities are measured at the quoted market price of the stock exchange and the fair values of debt securities are measured at the quoted price provided by financial institutions.

Liabilities

(1) Trade payables and (2) Short-term bank loans

The carrying amounts approximate fair value because of the short maturities of these instruments.

(3) Long-term debts

The fair values of bonds issued by the Company and its subsidiaries are measured based on market price, if available. The fair values of bonds without market price are measured at the present value of total principal and interest discounted by using a rate which reflects its remaining period and credit risk.

The fair values of long-term debts are based on the present value of total principal and interest discounted by using the current borrowing rate for similar debt.

Derivatives

Information about the fair value for derivatives is included in Note 17.

Note B: Financial instruments whose fair value is extremely difficult to measure

	Millions of yen	Thousands of U.S. dollars (Note 3)
March 31, 2019	Carrying amounts	Carrying amounts
Unlisted equity securities	¥ 49,550	\$ 446,396
Others	53	477

	Millions of yen
March 31, 2018	Carrying amounts
Unlisted equity securities	¥ 50,697
Other	105

The above are not included in "(3) Marketable and investment securities" because there is no market value and it is extremely difficult to measure the fair value.

17. Derivative Financial Instruments

Nature of derivative financial instruments:

The Company and certain consolidated subsidiaries enter into derivatives for foreign currency forward contracts and interest rate swaps to manage the risk arising from fluctuation in foreign currency exchange rates and interest rates. Derivatives related to currency are utilized to hedge foreign exchange risks associated with certain accounts receivable, accounts payable and other debts, including forecasted transactions, denominated in foreign currencies. Interest rate swaps are utilized to hedge interest rate risks on interest-bearing debts. The Company and its subsidiaries do not hold derivatives for speculative purposes.

Derivatives are subject to market risks and credit risks. Because the counterparties to those derivatives are limited to major international financial institutions, the Company and its subsidiaries do not anticipate any losses arising from credit risks. The Accounting Department controls and executes derivatives based on the internal policies of the Company.

Fair value of derivatives:

The contracted amount and fair value of derivatives at March 31, 2019 and 2018 were as follows:

Derivative transactions to which the Company and its subsidiaries did not apply hedge accounting

	Millions of yen		
March 31, 2019	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥ 15,910	¥ (81)	¥ (81)
Euro	2,333	25	25
Payables:			
U.S. dollars	40	(0)	(0)
	¥ 18,283	¥ (56)	¥ (56)

	Thousands of U.S. dollars (Note 3)		
March 31, 2019	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	\$ 143,334	\$ (730)	\$ (730)
Euro	21,018	225	225
Payables:			
U.S. dollars	360	(0)	(0)
	\$ 164,712	\$ (505)	\$ (505)

	Millions of yen		
March 31, 2018	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥ 15,258	¥ 462	¥ 462
Euro	2,130	40	40
Payables:			
U.S. dollars	26	(1)	(1)
	¥ 17,414	¥ 501	¥ 501

Derivative transactions to which the Company and its subsidiaries applied hedge accounting

Millions of yen			
March 31, 2019	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	¥ 225	¥ (1)
U.S. dollars	Trade receivables	430	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	1,257	(11)
U.S. dollars	Trade payables	714	-
Euro	Forecasted foreign currency transactions	141	(4)
Euro	Trade payables	0	-
Sterling pound	Forecasted foreign currency transactions	129	1
		¥ 2,896	¥ (15)

Thousands of U.S. dollars (Note 3)			
March 31, 2019	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	\$ 2,027	\$ (9)
U.S. dollars	Trade receivables	3,874	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	11,325	(99)
U.S. dollars	Trade payables	6,432	-
Euro	Forecasted foreign currency transactions	1,270	(36)
Euro	Trade payables	0	-
Sterling pound	Forecasted foreign currency transactions	1,162	9
		\$ 26,090	\$ (135)

Millions of yen			
March 31, 2018	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Trade receivables	¥ 39	¥ -
Payables:			
U.S. dollars	Trade payables	1,345	(24)
Euro	Trade payables	111	2
Sterling pound	Trade payables	110	2
		¥ 1,605	¥ (20)
Interest rate swaps			
Receive floating and pay fixed	Long-term loan payables	¥ 20	¥ -

The fair values of foreign currency forward contracts subject to alternative method are included in trade receivables, trade payables and long-term loan payables as hedged items. The fair values of interest rate swap contracts subject to exceptional accrual method are included in long-term loan payables as hedged items.

Fair value of derivatives is determined based on forward exchange rates or information provided by financial institutions at the end of the fiscal year.

18. Contingent Liabilities

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of trade accounts receivable and to subsequently discount such notes at banks. At March 31, 2019 and 2018, the Company and its consolidated subsidiaries were contingently liable on trade notes discounted in the amount of ¥488 million (\$4,396 thousand) and ¥665 million, respectively.

19. Segment Information

Outline of reportable segments:

The Company and its consolidated subsidiaries' reportable segments are components of the group whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available. The group's reportable segments consist of Information Communication, Lifestyle and Industrial Supplies, Electronics and Beverages, based on a classification by commonality in manufacturing and marketing method of products.

Information on sales and operating income, identifiable assets and other items by reportable segment

Millions of yen							
For 2019:	Reportable segment					Adjustment	Consolidated
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales and operating income							
Net sales							
Outside customers	¥ 757,902	¥ 395,182	¥ 192,437	¥ 55,985	¥ 1,401,506	¥ -	¥ 1,401,506
Intersegment	4,409	1,987	-	13	6,409	(6,409)	-
Total	762,311	397,169	192,437	55,998	1,407,915	(6,409)	1,401,506
Segment income	24,844	8,379	36,912	2,121	72,256	(22,358)	49,898
Segment assets	¥ 893,825	¥ 445,329	¥ 225,058	¥ 48,466	¥ 1,612,678	¥ 162,345	¥ 1,775,023

Others							
Depreciation and amortization	¥ 25,694	¥ 16,384	¥ 11,578	¥ 2,709	¥ 56,365	¥ 2,716	¥ 59,081
Amortization of goodwill	539	1,213	-	-	1,752	-	1,752
Impairment loss	4,066	1,503	4,551	28	10,148	6,537	16,685
Investments in equity method affiliates	1,739	493	17,076	-	19,308	37,450	56,758
Increase in property, plant and equipment and intangible assets	19,698	12,778	4,613	1,927	39,016	2,087	41,103

Thousands of U.S. dollars (Note 3)							
For 2019:	Reportable segment					Adjustment	Consolidated
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales and operating income							
Net sales							
Outside customers	\$ 6,827,946	\$ 3,560,198	\$ 1,733,667	\$ 504,369	\$ 12,626,180	\$ -	\$12,626,180
Intersegment	39,721	17,901	-	117	57,739	(57,739)	-
Total	6,867,667	3,578,099	1,733,667	504,486	12,683,919	(57,739)	12,626,180
Segment income	223,820	75,486	332,541	19,108	650,955	(201,423)	449,532
Segment assets	\$ 8,052,477	\$ 4,011,973	\$ 2,027,550	\$ 436,631	\$ 14,528,631	\$ 1,462,567	\$15,991,198

Others							
Depreciation and amortization	\$ 231,478	\$ 147,604	\$ 104,306	\$ 24,405	\$ 507,793	\$ 24,468	\$ 532,261
Amortization of goodwill	4,856	10,928	-	-	15,784	-	15,784
Impairment loss	36,630	13,541	41,000	252	91,423	58,892	150,315
Investments in equity method affiliates	15,667	4,441	153,838	-	173,946	337,387	511,333
Increase in property, plant and equipment and intangible assets	177,459	115,117	41,559	17,360	351,495	18,802	370,297

Independent Auditor’s Report

To the Board of Directors of Dai Nippon Printing Co., Ltd.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Dai Nippon Printing Co., Ltd. and consolidated subsidiaries as of March 31, 2019 and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (all expressed in Japanese yen).

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dai Nippon Printing Co., Ltd. and consolidated subsidiaries as of March 31, 2019, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 2. “Reserve for repairs (Changes in accounting estimates)”, the Company has changed estimate for reserve for repair to cover the expected required repair costs for defects in some products in the fiscal year ended March 31, 2019. Our opinion is not modified in respect of this matter.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Ark Meiji Audit & Co.
ARK MEIJI AUDIT & CO.

Tokyo, Japan
June 27, 2019

	Millions of yen						
	Reportable segment						
For 2018:	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Adjustment	Consolidated
Net sales and operating income							
Net sales							
Outside customers	¥ 774,998	¥ 392,459	¥ 188,746	¥ 56,049	¥ 1,412,252	¥ -	¥ 1,412,252
Intersegment	3,639	1,849	9	11	5,508	(5,508)	-
Total	778,637	394,308	188,755	56,060	1,417,760	(5,508)	1,412,252
Segment income	21,758	12,127	34,100	2,244	70,229	(23,857)	46,372
Segment assets	¥ 902,702	¥ 454,065	¥ 234,153	¥ 48,212	¥ 1,639,132	¥ 155,632	¥ 1,794,764
Others							
Depreciation and amortization	¥ 26,968	¥ 16,509	¥ 12,234	¥ 2,608	¥ 58,319	¥ 2,752	¥ 61,071
Amortization of goodwill	1,093	1,213	-	-	2,306	-	2,306
Impairment loss	1,979	-	-	21	2,000	3,952	5,952
Investments in equity method affiliates	1,895	464	16,110	-	18,469	36,182	54,651
Increase in property, plant and equipment and intangible assets	27,286	15,725	10,600	2,327	55,938	3,620	59,558

[Related information]
Information by geographic area

	Millions of yen			
For 2019:	Japan	Asia	Other region	Total
Net sales	¥ 1,163,128	¥ 162,056	¥ 76,322	¥ 1,401,506

	Thousands of U.S. dollars (Note 3)			
For 2019:	Japan	Asia	Other region	Total
Net sales	\$ 10,478,630	\$ 1,459,964	\$ 687,586	\$ 12,626,180

	Millions of yen			
For 2018:	Japan	Asia	Other region	Total
Net sales	¥ 1,185,561	¥ 150,794	¥ 75,897	¥ 1,412,252

Major Subsidiaries and Affiliates

(As of March 31, 2019)

Printing

		Capital (¥ million)	Ownership ratio of voting rights (%)
DNP Hokkaido Co., Ltd.	General affairs, accounting work and other business services	100	100.0
DNP Tohoku Co., Ltd.	General affairs, accounting work and other business services	100	100.0
DNP Chubu Co., Ltd.	General affairs, accounting work and other business services	100	100.0
DNP Nishi Nippon Co., Ltd.	General affairs, accounting work and other business services	100	100.0
DNP Shikoku Co., Ltd	Film making, printing, bookbinding; production and sale of packaging	50	97.0
Information Communication			
Publishing			
Maruzen CHI Holdings Co., Ltd.	Investment in operating companies	3,000	53.5
TRC Library Service Inc.	Sale of books, creation of data, library operation support and consulting	266	53.5 (53.5)
MARUZEN-YUSHODO Company, Limited	Education and academic businesses; retail stores; publishing; commercial facility/store interiors, etc.	100	53.5 (53.5)
MARUZEN PUBLISHING CO., LTD.	Publishing	50	53.5 (53.5)
MaruzenJunkudo Bookstores Co., Ltd.	Sale of books, magazines and stationery	50	53.5 (53.5)
BOOKOFF GROUP HOLDINGS LIMITED	Management of group companies and related businesss	100	18.4 (11.0)
Bunkyo-do Group Holdings Co., Ltd.	Investment in operating companies	2,035	23.7
2Dfacto, Inc.	Operation of hybrid bookstore services	100	100.0
VISUALJAPAN Inc.*	Development, sale and maintenance of computer software	50	87.0
DNP Book Factory Co., Ltd.	Offset printing and bookbinding	200	100.0
DNP Media Art Co., Ltd.	Film making	180	100.0
MobileBook.jp Inc.	Electronic publishing and distribution platform services; e-book distribution service	100	63.8
Kyoiku Shuppan Co., Ltd.	Editing and sale of textbooks and educational materials	60	48.2
Publishing Marketing Innovation Japan Co., Ltd.	Research and policy planning aimed at activating Japan's publications distribution markets	50	50.0
Oguchi Book Binding & Printing Co., Ltd.	Printing and bookbinding	49	100.0 (15.1)
Tien Wah Press (Pte.) Ltd.	Film making, printing and bookbinding	(\$S1,000)	100.0
		4,600	
Information Innovation			
INTELLIGENT WAVE INC.	Development and maintenance of software	843	50.6
DNP Art Communications Co., Ltd.	Planning, production and sale of artistic images and videos	300	100.0
DNP Graphica Co., Ltd.	Printing and bookbinding	100	100.0
DNP Communication Design Co., Ltd.	Planning, production, film making and plate making	100	100.0
DNP Data Techno Co., Ltd.	Production and sale of business forms and plastic cards, and business process outsourcing service	100	100.0
DNP Digital Solutions Co., Ltd.	Planning, design, maintenance and operation of information systems	100	100.0
DNP SP Tech Co., Ltd.	Planning and production of promotional materials	80	100.0
DNP Multi Print Co., Ltd	Film making, printing and bookbinding	100	100.0
DNP HyperTech Co., Ltd.	Production and sale of computers and peripheral devices; development, production and sale of software	40	100.0
NBC Co., Ltd.*	Mailing of printed matter, etc.	20	100.0 (100.0)
DNP Social Links Co., Ltd.	Planning, development and operation of online advertising and computer systems, etc.	10	100.0
DNP Media Support Co., Ltd.	Production and sale of all types of printed matter	10	95.0
MK Smart Joint Stock Company	Production and sale of plastic cards and business forms	(VND 1,000,000)	36.3
		100,000	
PT. Wahyu DNP Bureau	Card-issuing services	(US\$1,000)	45.0
		2,000	
Imaging Communication			
DNP Imaging Comm Co., Ltd.	Production and processing of thermal mass transfer media and dye-sublimation media	100	100.0
DNP Photo Imaging Japan Co., Ltd.	Sale of photo-related products; operation of ID photo booths and automated commemorative photo booths	100	100.0
DNP ID System Co., Ltd.	Sale of equipment and media for making driver licences	60	100.0
DNP Imagingcomm Asia Sdn. Bhd.	Production, processing and sale of thermal mass transfer media and dye-sublimation media; sale of photo-related products	(RM 1,000)	100.0
		190,000	
DNP Imagingcomm America Corporation	Production, processing and sale of thermal mass transfer media and dye-sublimation media; sale of photo-related products	(US\$1,000)	100.0
		71,980	(100.0)
Foto Fantasy, Inc.	Development, production and operation of automated commemorative photo booths	(US\$1,000)	100.0
		10	(100.0)
DNP Photo Imaging Europe SAS	Sale of photo-related products	(Euro 1,000)	100.0
		2,408	
DNP Imagingcomm Europe B.V.	Processing and sale of thermal mass transfer media and dye-sublimation media	(Euro 1,000)	100.0
		1,000	
Lifestyle and Industrial Supplies			
Packaging			
Lifescape Marketing Co., Ltd.	Research, compilation and provision of various kinds of information about purchasing and consumption of foods and beverages	430	84.0
DNP Technopack Co., Ltd	Production, printing and processing of packaging materials	300	100.0
Sagami Yoki Co., Ltd.	Production of plastic tubes	200	90.0
Aseptic Systems Co., Ltd.	Manufacturing and sale of aseptic filling systems, and related consulting	100	100.0
DNP Hoso Co., Ltd	Filling and processing of packages	80	100.0
DNP Field Eyes Co., Ltd.	Marketing research and consulting	50	100.0
DNP-SIG Combibloc Co., Ltd.	Sale of sterile paper containers and filling equipment for beverages and liquid foods	75	50.0
Dai Nippon Printing (Thailand) Co., Ltd.*	Sale of packaging materials	(THB 1,000)	100.0
		200,000	
DNP Vietnam Co., Ltd.	Production and sale of packaging materials	(US\$1,000)	100.0
		31,500	(20.0)
PT DNP Indonesia	Production and sale of packaging materials	(US\$1,000)	51.0
		26,000	
Living Spaces			
DNP Lifestyle Materials Marketing Co., Ltd.	Sale of decorative products	300	100.0
DNP Ellio Co., Ltd.	Printing and processing of steel, aluminum and other metals	300	50.0
DNP Living Space Co., Ltd.	Production, printing and processing of decorative products	200	100.0
DNP Tamura Plastic Co., Ltd.	Manufacturing and sale of automotive accessories	60	100.0
Industrial Supplies			
DNP High-performance Materials Co., Ltd.	Production of lithium-ion battery components	200	100.0

		Capital (¥ million)	Ownership ratio of voting rights (%)
Electronics			
Display Components			
DNP Precision Devices Himeji Co., Ltd.	Production of display-related components	400	100.0
DNP Denmark A/S	Production and sale of precision electronic components	(DKr1,000)	100.0
		135,000	
Electronic Devices			
DT Fine Electronics Co., Ltd.	Production and sale of precision electronic components	490	65.0
DNP Fine Optronics Co., Ltd.	Production of precision electronic components	300	100.0
DNP LSI Design Co., Ltd.	Design and production of drawings used in semiconductor production	100	100.0
Photonics DNP Mask Corporation*	Production and sale of semiconductor photomasks	(NT1,000)	49.9
		2,198,185	
DNP Photomask Europe S.p.A.	Production and sale of semiconductor photomasks	(Euro 1,000)	80.5
		47,200	
Other			
Nihon Unisys, Ltd.	Development and sale of software; computer system support services	5,483	20.6
DNP Fine Chemicals Co., Ltd.	Production and sale of chemical products	2,000	100.0
DNP Fine Chemicals Utsunomiya Co., Ltd.	Manufacturing and sale of pharmaceutical products	100	100.0 (100.0)
DNP Logistics Co., Ltd.	Packing, shipping, freight forwarding and warehousing operations	626	100.0
DIC Graphics Corporation	Production and sale of printing ink	500	33.4
PSP Corporation	Planning, research, development, sales and maintenance of internal information systems for hospitals and clinics	379	31.0
DNP Engineering Co., Ltd.	Manufacturing, repair and sale of printing equipment and other machinery	100	100.0
DNP Trading Co., Ltd.	Buying and selling of printing paper and various other types of merchandise	100	94.3
CYBER KNOWLEDGE ACADEMY Co., Ltd.	Operation of academy for training and developing personnel to defend against targeted cyber attacks	70	100.0
CP Design Consulting Co., Ltd.*	Personal information protection and risk management consulting	40	92.5
CAFI Corporation*	Remote diagnostic imaging service	32	51.1
At Table Co., Ltd.*	Research, consulting and planning related to production and sales promotions for supermarkets and other retailers	30	66.7
DNP Dexerials Consulting Co., Ltd.	Business planning and proposals	10	50.0
DNP Corporation USA	Investment in operating companies	(US\$1,000)	100.0
		62,164	(7.1)
DNP Holding USA Corporation	Investment in operating companies	(US\$1,000)	100.0
		100	(100.0)
DNP Business Consulting (Shanghai) Co., Ltd.*	Study of Chinese market and business feasibility	(US\$1,000)	100.0
		420	
DNP Asia Pacific Pte. Ltd.	Coordination of DNP business operations in the Southeast Asia/Oceania region	(\$S1,000)	100.0
		2,000	
		(US\$1,000)	
		47,842	
Personal Welfare, Facility Service and Others			
DNP Facility Services Co., Ltd.	Building maintenance, cleaning and security; operation of sports and welfare facilities	350	100.0
DNP Information Systems Co., Ltd.	Design, development and maintenance of information systems; production and sale of software	100	100.0
Metro Systems Co., Ltd.	Planning, design, development, maintenance and support operations for information systems	100	100.0 (90.0)
DNP Human Services Co., Ltd.	Planning and management related to personnel plans	90	100.0
DNP Accounting Services Co., Ltd.	Accounting agency and consulting services	30	100.0
DNP Techno Research Co., Ltd.*	Studies related to patents; preparation of contracts	20	100.0
DNP Business Partners Co., Ltd.*	Office support businesss	10	100.0
Overseas Sales			
DNP Korea Co., Ltd.*	Sale of precision electronic components	(Krw 1,000)	100.0
		800,000	
DNP Taiwan Co., Ltd.	Sale of precision electronic components	(NT 1,000)	100.0
		10,000	
DNP International Trading (Shanghai) Co., Ltd.*	Sale of printed matter and photo-related products, etc.	(US\$1,000)	100.0
		5,400	
DNP America, LLC	Sale of printed matter, precision electronic components and decorative materials	(US\$1,000)	100.0
		100	(100.0)
DNP Singapore Pte. Ltd.*	Sale of precision electronic components and decorative materials	(\$S1,000)	100.0
		350	
DNP Europa GmbH*	Sale of printed matter and decorative materials	(Euro 1,000)	100.0
		92	
Dai Nippon Printing Co. (Australia) Pty. Ltd.*	Sale of printed matter	(A\$1,000)	100.0
		70	

Beverages

Beverages			
Hokkaido Coca-Cola Bottling Co., Ltd.	Production and sale of soft drinks	2,935	59.9 (6.4)

Notes: 1. Voting rights ownership ratios (in brackets) indicate the percentage of shares owned through DNP's subsidiaries or affiliates.
2. Companies with an asterisk are neither consolidated nor accounted for by the equity method.

Investor Information

(As of March 31, 2019)

Dai Nippon Printing Co., Ltd.

Head Office:
1-1, Ichigaya-Kagacho 1-chome, Shinjuku-ku, Tokyo 162-8001, Japan

Established: 1876

Number of Employees (consolidated): 38,051

Paid-in Capital: ¥114,464 million

Number of Common Stocks:
Authorized: 745,000,000 shares
Issued: 324,240,346 shares

Number of Trading Unit Shareholders (own 100 or more shares):
27,126

Stock Exchange Listing: Tokyo Stock Exchange

Major Shareholders:

	Shares (thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,559	9.79
Japan Trustee Services Bank, Ltd. (Trust Account)	19,500	6.46
The Dai-ichi Life Insurance Co., Ltd.	9,264	3.07
Employees' Shareholding Association	7,821	2.59
Mizuho Bank, Ltd.	7,456	2.47
Japan Trustee Services Bank, Ltd. (Trust Account 9)	6,465	2.14
Japan Trustee Services Bank, Ltd. (Trust Account 5)	5,528	1.83
Nippon Life Insurance Company	4,735	1.57
JP Morgan Chase Bank 385151	4,625	1.53
The Bank of New York Mellon as Depository Bank for Depository receipt holders	4,199	1.39

- Notes:
1. The ownership stakes are based on the total number of shares outstanding less treasury shares (301,830,719).
 2. The number of treasury shares is excluded from the figures above.

Stock Code: 7912

Administrator of Shareholder Register:
Mizuho Trust & Banking Co., Ltd.
Stock Transfer Agency Department
2-1, Yaesu 1-chome, Chuo-ku,
Tokyo 103-8670, Japan

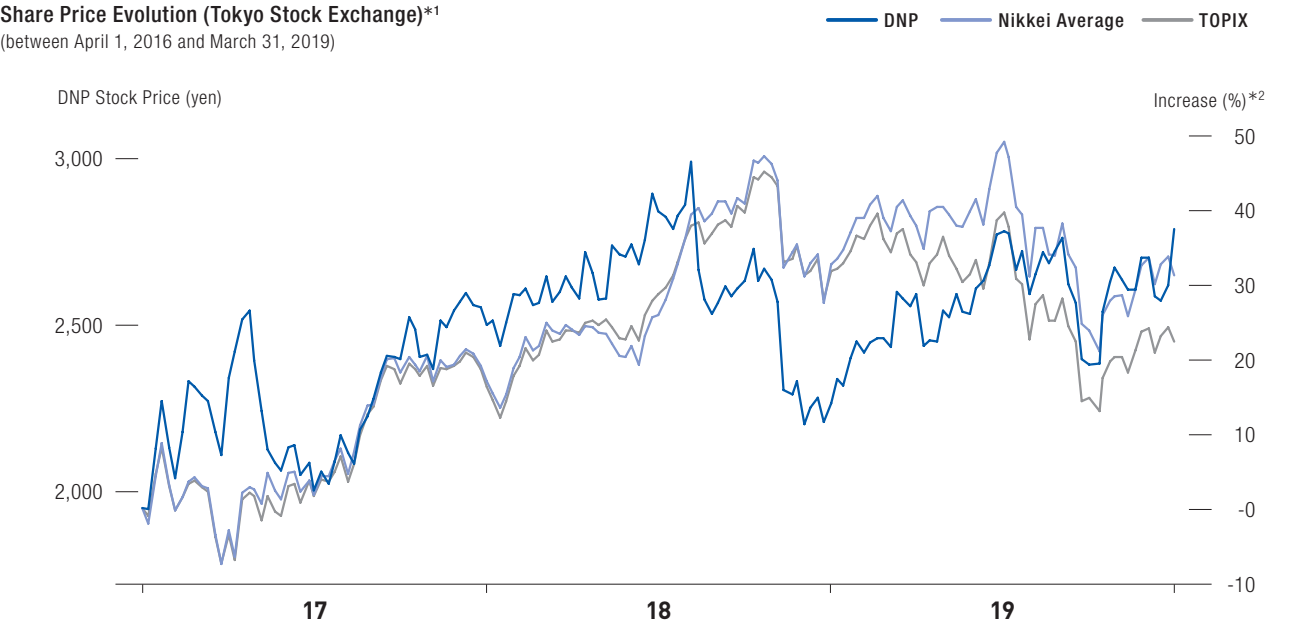
American Depositary Receipts:
Ratio (ADR:ORD): 2:1
Exchange: OTC (Over-the-Counter)
Symbol: DNPLY
CUSIP: 233806306
Depository:
The Bank of New York Mellon
240 Greenwich Street, 22 West,
New York, NY 10286, U.S.A.
Telephone: (201) 680-6825
U.S. toll free: 888-269-2377 (888-BNY-ADRS)

URL: <http://www.adrbnymellon.com/>

Annual Meeting of Shareholders:
The annual meeting of shareholders of DNP is normally held in June each year in Tokyo, Japan.

Investor Relations:
Dai Nippon Printing Co., Ltd.
Corporate Communication Division
Investor Relations Office
1-1, Ichigaya-Kagacho 1-chome, Shinjuku-ku,
Tokyo 162-8001, Japan
Tel: +81-3-6735-0124
Fax: +81-3-5225-8239

Web Site:
<https://www.dnp.co.jp/eng/>



*1 Index 100 = March 31, 2016
*2 On October 1, 2017 DNP changed the number of shares per share unit from 1,000 shares to 100 shares and every two shares were consolidated into one share.
The stock prices above are based on after the share consolidation.

Total Shareholder Return*3 (TSR)					
Fiscal year ended	2015.3	2016.3	2017.3	2018.3	2019.3
DNP (%)	121.33	107.58	131.04	124.06	150.00
TOPIX (%)	(130.69)	(116.55)	(133.67)	(154.88)	(147.08)

*3 Represents total investment return to shareholders, combining capital gains and dividends. The TSR calculation method is as follows: (Stock price at the end of each fiscal year + the total amount of dividends per share up to each fiscal year starting from four fiscal years prior to the fiscal year ended March 31, 2019 ÷ the stock price at the end of the fiscal year ended March 31, 2014.)

Voting Rights (as of March 31, 2019)				Number of Stocks (stocks)	Number of Voting Rights (rights)
Type					
Stocks with no voting rights				—	—
Stocks with limited voting rights (treasury stocks, etc.)				—	—
Stocks with limited voting rights (other)				—	—
Stocks with voting rights (treasury stocks, etc.)	(Treasury held stocks)	Common stocks	22,409,600		—
Stocks with voting rights (other)				Common stocks	301,555,400
Stocks with less than trading units				Common stocks	275,346
Outstanding shares				324,240,346	—
Total voting rights of stockholders				—	3,015,549

Treasury Stocks (as of March 31, 2019)			No. of Stocks Held	Percentage of Holding to No. of Outstanding Shares
Holder				
Dai Nippon Printing Co., Ltd.			22,409,600	6.91
Total			22,409,600	6.91

Recognition from Society (As of March 31, 2019)

DNP has been selected for the following indices of global socially responsible investments (SRI). Additionally, DNP was selected for inclusion in all four of the ESG indices employed by Japan's Government Pension Investment Fund (GPIF), FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women (WIN) Select Index and S&P/JPX Carbon Efficient Index, the only company in the printing industry with such a distinction. In the fiscal year ended March 2019, DNP was newly selected for inclusion in two other indices.

FTSE4Good
Global Index

MSCI ESG Leaders indexes

2018 Constituent
MSCI ESG
Leaders Indexes

THE INCLUSION OF Dai Nippon Printing IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Dai Nippon Printing BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

ETHIBEL
Investment Register

Morningstar Socially
Responsible Investment Index

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