

Integrated Report 2021

DNP



Today's Innovation is “Tomorrow's Basic”

DNP will continue to create “Tomorrow's Basic” by making unceasing strides toward realizing a sustainable, better society and more enjoyable lifestyles.

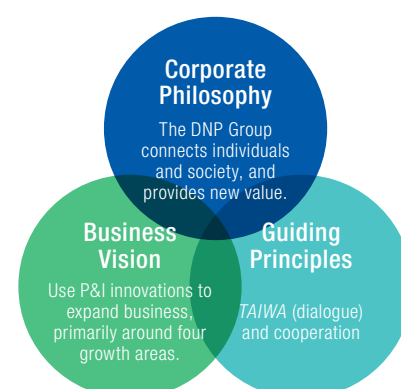
The DNP Group connects individuals and society, and provides new value.

DNP will continue to create “Tomorrow's Basic” by making unceasing strides toward realizing a sustainable and better society and more comfortable lives for people. DNP will make itself an “indispensable company” for society and people by creating value that meets people's expectations and making this value exist as “basics” while solving social issues. Breathing this desire into the corporate statement *Today's Innovation is “Tomorrow's Basic,”* DNP recognizes it has a mission of creating a better future.

DNP will fulfill this mission with passion by synergizing its unique strengths in P&I (Printing & Information) and deepening cooperation with partners. Looking toward the long term, DNP will make its utmost efforts to realize a sustainable, better society and more enjoyable lifestyles while constantly thinking about co-existence between its business activities and the global environment.

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 has to fulfill 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.

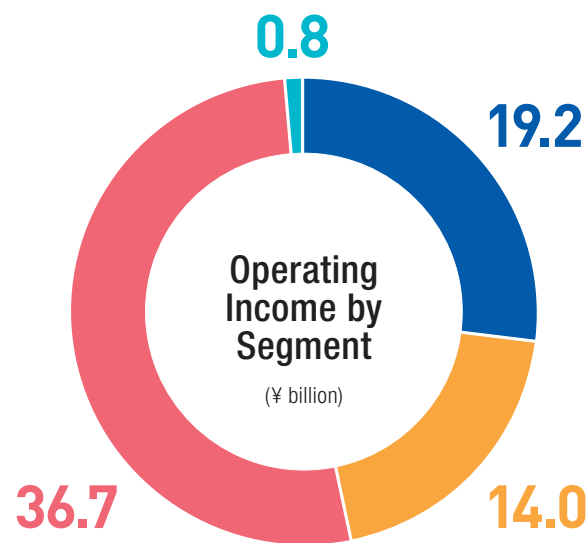
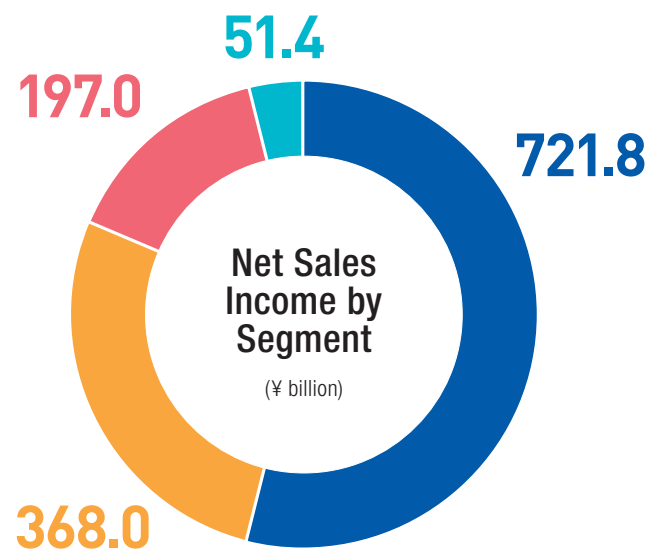
3. Transparency (Accountability)

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.



DNP's Business Portfolio That Creates

Net Sales/Operating Income by Segment



- Information Communication
- Lifestyle & Industrial Supplies
- Electronics
- Beverages

Creation of Strong Products and Services



Information Communication

- Publishing Business**
(Publishing & media services, publications distribution)
- Information Innovation Business**
(Marketing, BPO, 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 High-performance Materials 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
- Battery 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.)

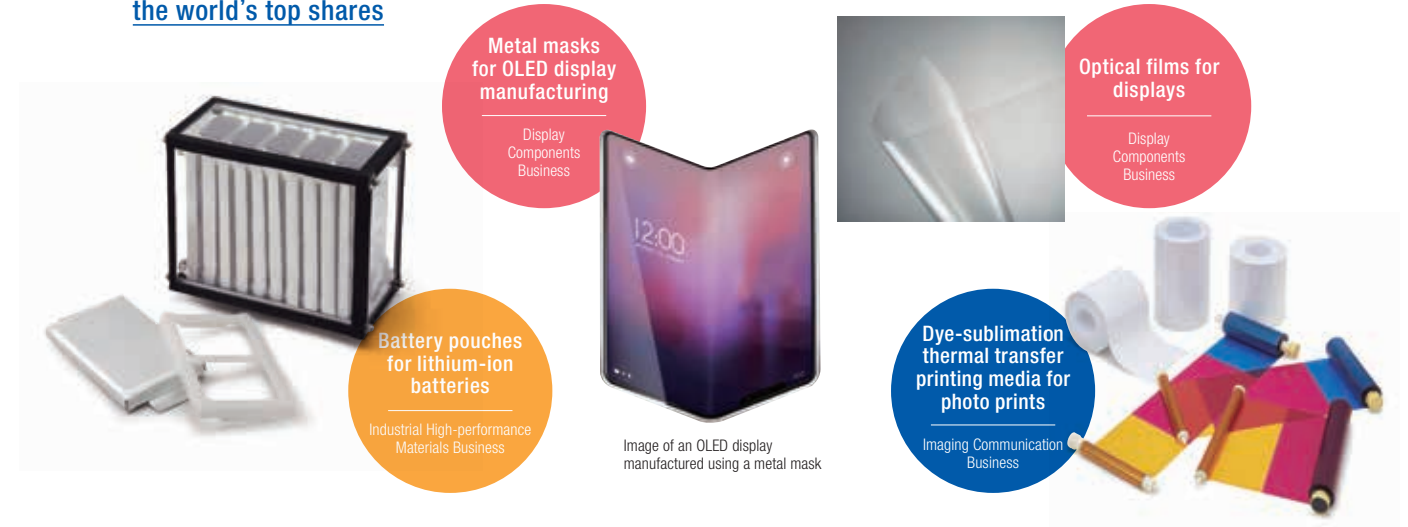
- Beverages Business**

"Tomorrow's Basic"

Products and Services with Top Shares in Japan and Overseas

Domestic and overseas market-leading products and services created by synergizing DNP's unique "P&I" strengths

Products and services with the world's top shares

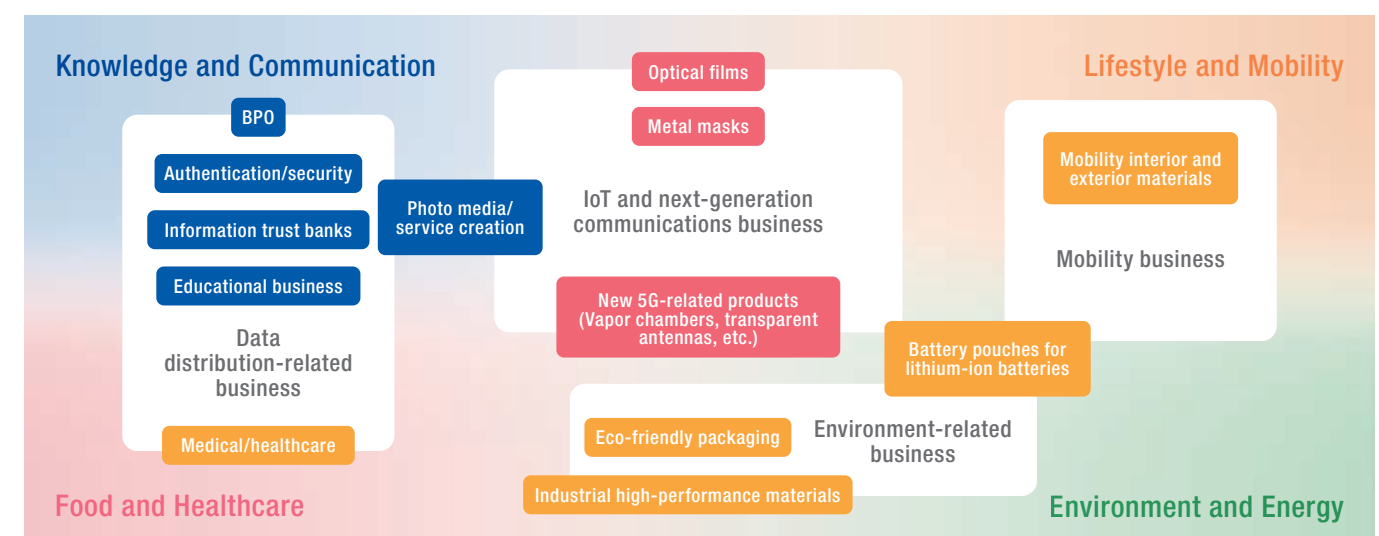


Products and services with top shares in Japan



Creation of Value Centered on Growth Areas in the Medium-term Management Plan

Focus businesses in four growth areas



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About the Cover Design

Based on the concept of “connect to the future,” we use DNP’s new graphic elements that symbolize our Corporate Philosophy, “The DNP Group connects individuals and society, and provides new value.” The graphic elements were supervised by art director Haruka Misawa.

Haruka Misawa, Art Director

Haruka Misawa heads the Misawa Design Institute, Nippon Design Center, Inc. Misawa Design Institute continuously uses an experimental approach, attempting to observe the principles that lie deeply within things and visualize the unknown possibilities to be found there. Her major projects include waterscape, which redesigned an underwater environment into new aquatic landscapes, and visual identity for KITTE and TOKYO BIG SIGHT, projects notable for exploring logo versatility.

Awards: JAGDA New Designer Award (2017), ADC Award (2019), JAGDA Award (2020), 2019 Mainichi Design Award (2020)

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 *Yuho* securities report, shareholders’ report and environmental report as well as through various opportunities for various dialogue.

◇ Period covered by this report: April 1, 2020 to March 31, 2021
However, reporting is not confined to this period regarding some contents.

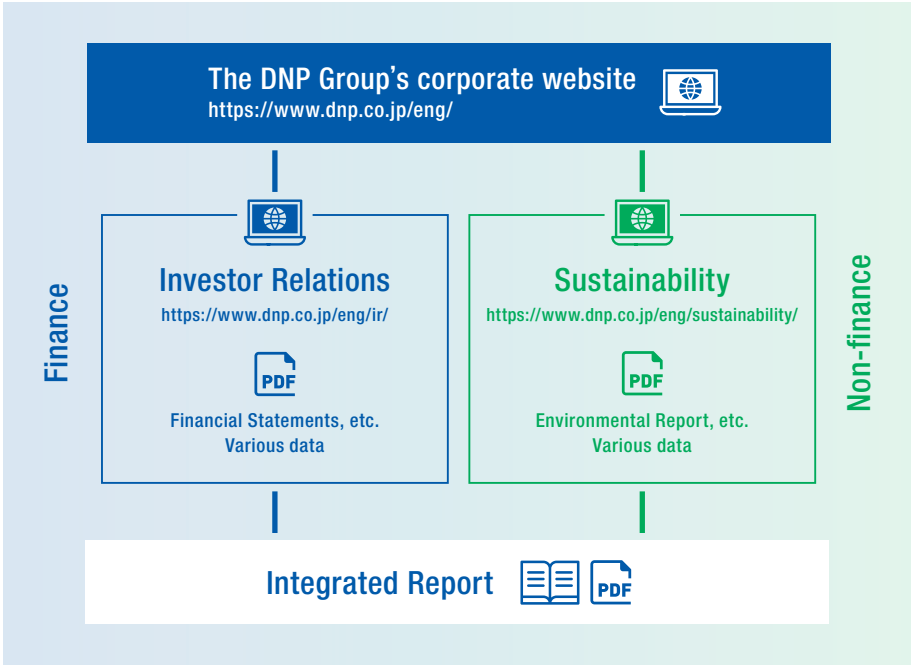
◇ Scope of report: All companies and divisions of the DNP Group
In this report, “DNP” refers to the entire DNP Group, and “we” refers to DNP or the DNP management team. (In the section on Corporate Governance (pages 73-83), “DNP” refers to Dai Nippon Printing Co., Ltd.)

◇ Issued: October 2021 (Next scheduled issue: October 2022)

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.

* Trademarks mentioned in this report in connection with DNP products or services are registered in Japan.

DNP Group’s Information Disclosure



 
Integrated Report
DNP publishes an integrated report each year covering its growth strategies and business activities that make use of financial and non-financial capital in an integrated manner for sustainable value creation.


“Investor Relations” website
The “Investor Relations” website has been established on the corporate website for shareholders and investors for the timely and appropriate disclosure of information.


“Sustainability” website
The “Sustainability” website has been established on the corporate website to communicate non-financial information in detail for the timely and appropriate disclosure of sustainability information.


Environmental Report
With regard to environmental management, environmental activities are summarized in PDF format each fiscal year, and DNP publishes “The DNP Group Environmental Report.”

Cautionary Note Regarding Forward-Looking Statements

This report contains statements regarding the future outlook of the DNP Group. These statements are outlooks determined by DNP based on currently available information. Actual results may differ materially from our outlook due to changes in various factors such as latent risks and uncertainties.

Bring innovative value for a better tomorrow while taking a long-term perspective and steadily building on its achievements!

Yoshinari Kitajima
President



TOP MESSAGE

VALUE CREATION AT DNP

Value creation process	Medium-term Management Plan	Initiatives for value creation
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BUSINESS RESULTS (FINANCIAL AND NON-FINANCIAL INFORMATION)

INITIATIVES FOR SUSTAINABILITY

DATA

Over the past year and a half, the world has been profoundly affected by the novel coronavirus (COVID-19). Even amid such circumstances, the DNP Group has focused on a variety of initiatives to provide further value to society and people while placing top priority on assuring the health and safety of its customers, business partners, employees and their families.

Although vaccination rates are increasing in Japan and overseas as of summer 2021, an array of risks such as new infectious diseases could emerge in the future. DNP will firmly identify these variable factors (risks) not just to curb their negative impacts but to also create new value that is ahead of the times to contribute to “realizing a sustainable, better society and more enjoyable lifestyles.”

DNP has prescribed its Corporate Philosophy as “The DNP Group connects individuals and society, and provides new value.” DNP works to prevent disconnections within society that have become apparent due to COVID-19 while pushing ahead with initiatives to further create “connections between people and society.” We have also communicated both internally and outside the company our Business Vision “use P&I Innovations to expand business, primarily around four growth areas” and will create new value that is indispensable to society and consumers by synergizing our unique strengths in P&I (Printing & Information) cultivated independently and deepening collaboration with numerous partners.

For example, DNP creates value that connects “people and medical care,” “people and education” and “people and clothing, food and housing.” DNP also provides mechanisms for people to safety and security connect with family, friends and colleagues.

Besides these, there is a need to connect those of us living today with people of the next generation. To make this connection, we must raise sustainability such as by reducing impacts on the global environment and preserving biodiversity. In addressing rapidly evolving environmental, social and economic conditions as well, DNP will provide products and services that continuously connect people and society not only by addressing these changes but also by constantly promoting changes ourselves.

We will strive to ensure that DNP’s products and services continuously exist as “indispensable value” in the daily life of each and every consumer and are communicating our brand statement *Today’s Innovation is “Tomorrow’s Basic.”* In advocating this, we believe our ongoing mission is to take the initiative in creating a “better future.”

Specifically, we will draw the shape of the “future” we seek to create in each business growth area (see the figure below). In working to realize this envisioned shape, we will formulate and set long-term strategies and intermediate targets and concentrate management resources on effective initiatives.



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

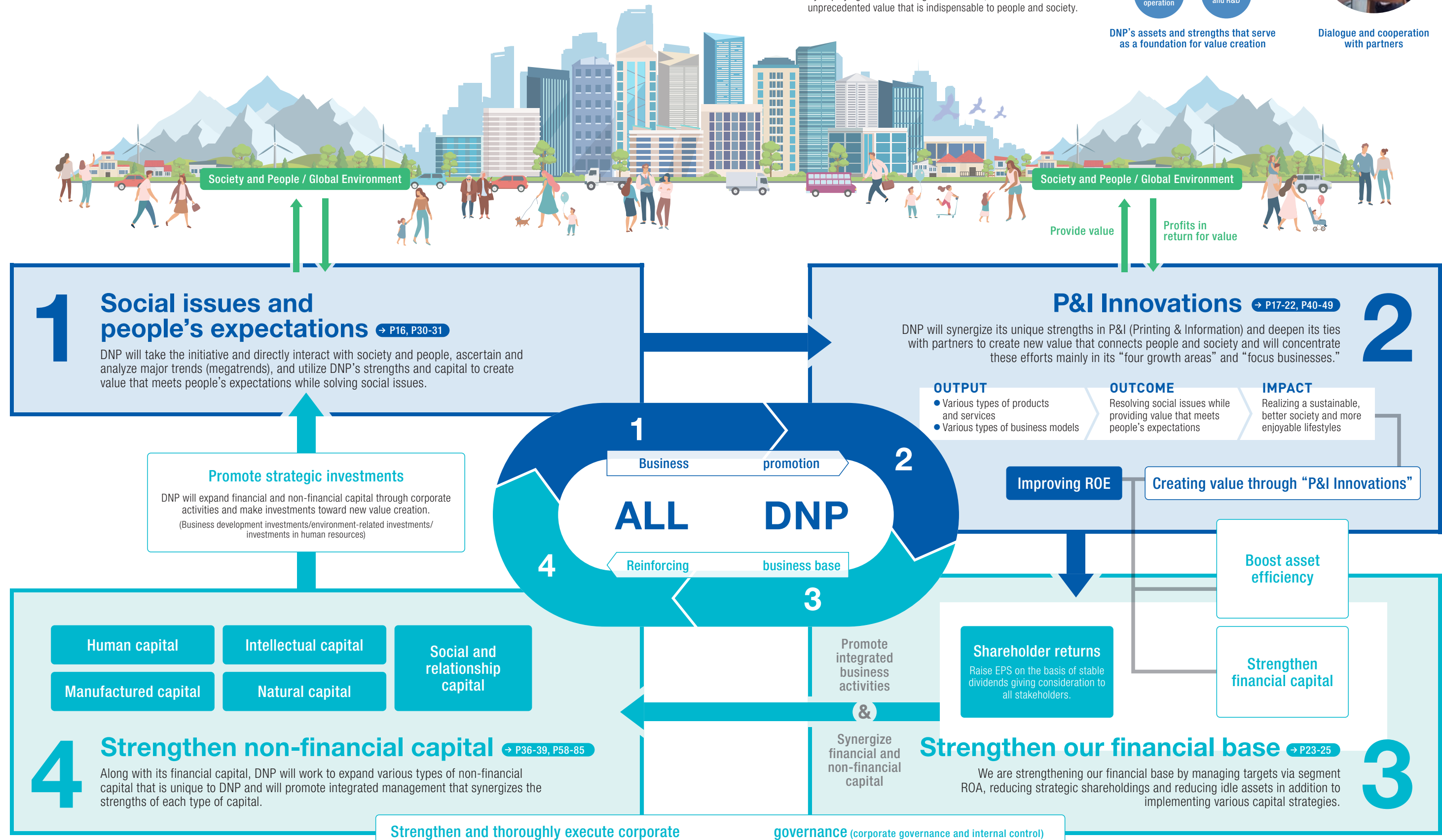
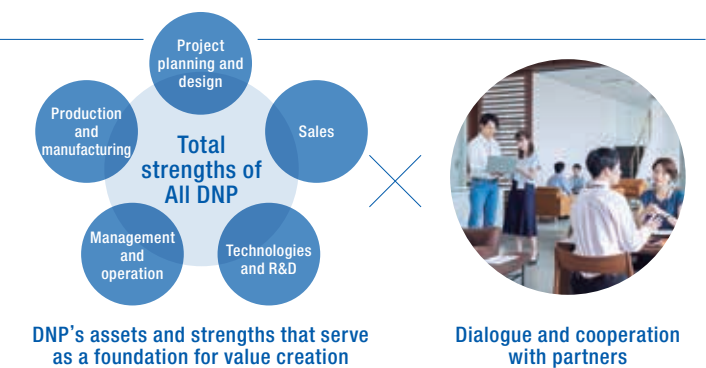
DNP will accelerate the development of diverse products and services toward the realization of a sustainable society that achieves compatibility between economic development and protection of the global environment. We will combine strengths such as our highly functional films that control light and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

DNP's Value Creation Process

DNP's value creation process involves realizing a sustainable, better society and more enjoyable lifestyles through a virtuous cycle that entails ascertaining and analyzing social issues and people's expectations, specifically: (1) developing and providing value unique to DNP through "P&I innovation" and (2) strengthening its financial base and non-financial capital for the creation of further value (3 and 4).

P&I Innovations

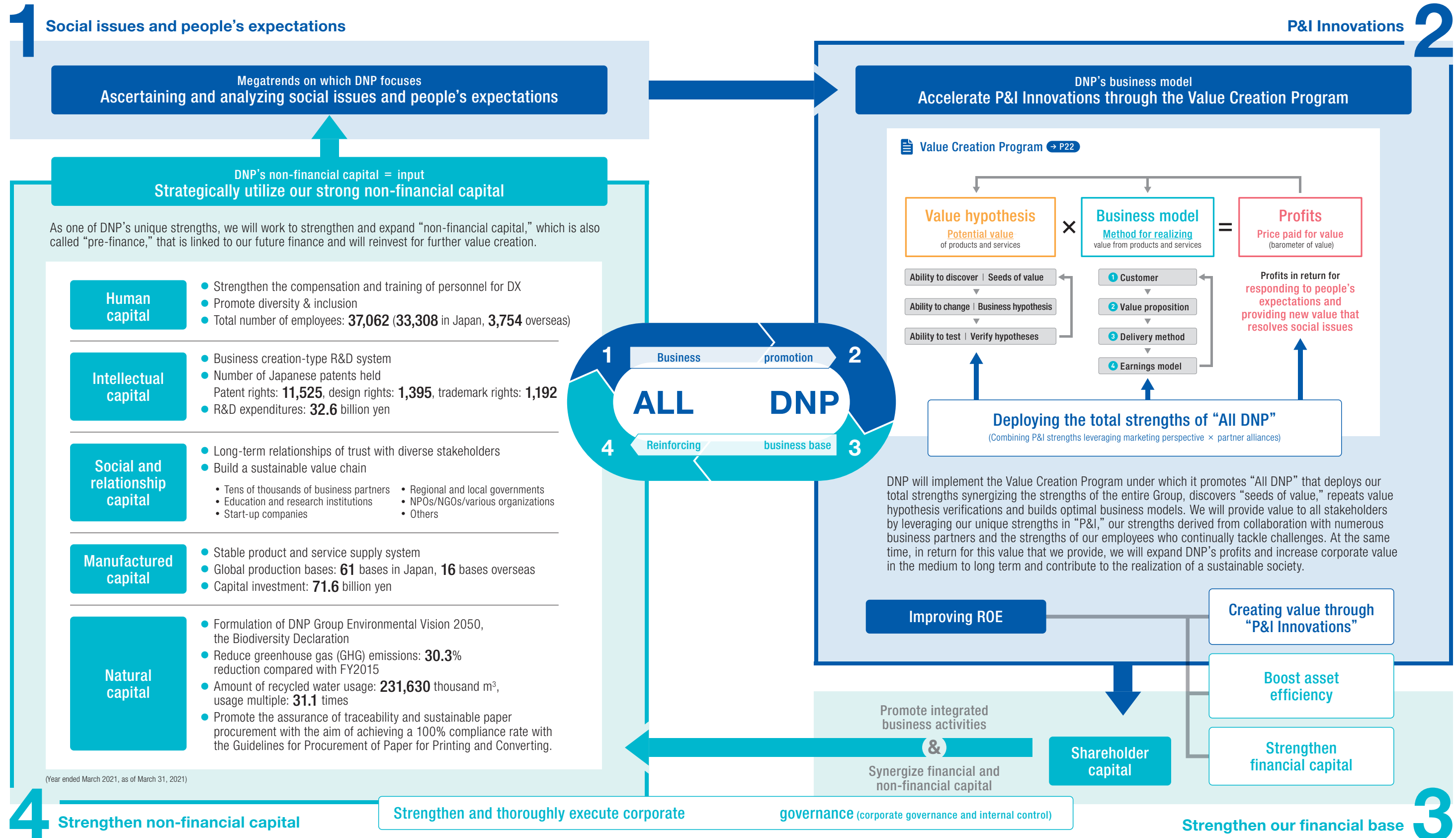
DNP will spur innovation through the integrated use of the leading-edge technologies it has continually advanced and its diverse know-how in sales, planning and production as well as the strengths of its partners. DNP's unique strengths that it has advanced in both P&I are unmatched by any other company. By deploying the total strengths of All DNP, we will create unprecedented value that is indispensable to people and society.



DNP's Value Creation Process | Input and Business Model

Accelerate P&I Innovations by Strategically Utilizing Financial and Non-financial Capital

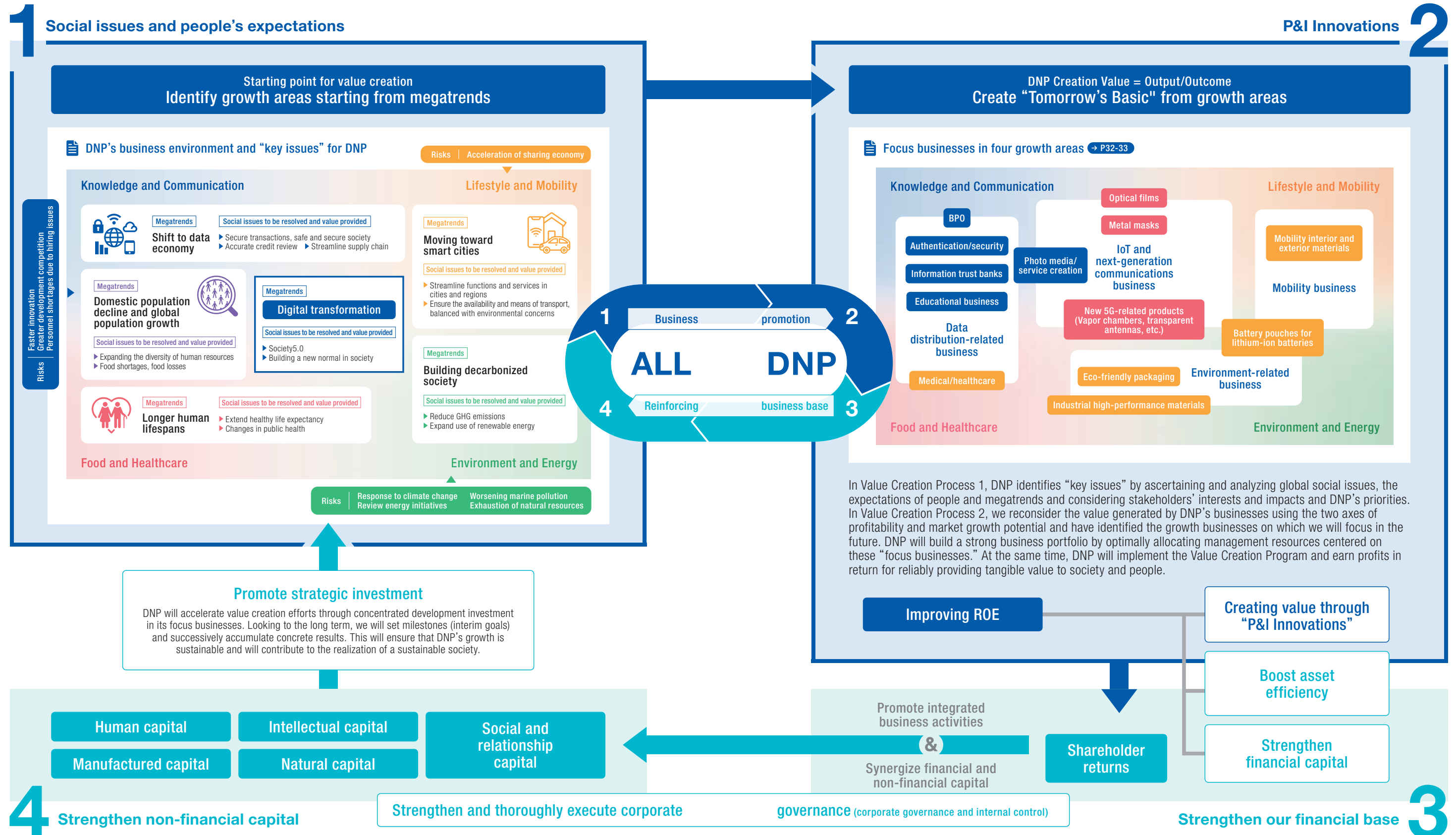
DNP works toward a sustainable expansion of corporate value by promoting its Value Creation Program that involves making integrated use of its financial capital and non-financial capital, which are its strengths, verifying value hypotheses, building business models and creating profits in return for these efforts.



DNP's Value Creation Process | Megatrends ~ Outputs and Outcomes

Respond to Social Issues and People's Expectations with "Tomorrow's Basic"

DNP will accurately grasp domestic and overseas megatrends and economic, social and environmental issues, and clarify the value created by each business on the two axes of market growth and profitability and will concentrate its management resources on "focus businesses" that can achieve high effects that only DNP can attain.



BUSINESS STRATEGIES

Medium-term Management Plan



By taking a long-term view and continuing to create new value, we will make DNP an essential part of society and people's lives.

Hirofumi Hashimoto
Managing Director

At DNP, we embrace our corporate philosophy of “connecting individuals and society, and providing new value,” and strive to achieve a sustainable, better society and more enjoyable lifestyles through our business activities. We see “new value” as innovative things that have never been done before that solve issues while exciting people. Instead of the conventional focus on receiving orders, we will focus on making DNP itself an essential part of society into the future by reaching out to society and consumers directly to lead change and create the value where it is needed.

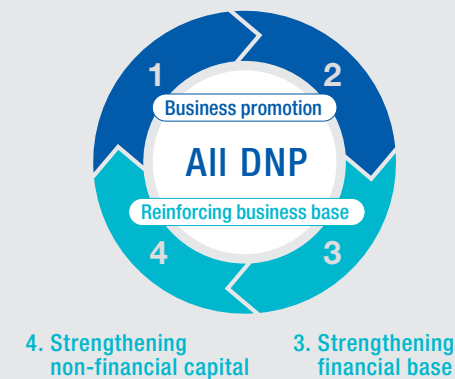
To achieve this, DNP will take a long-term view in setting specific interim goals (milestones) detailing what it will do, to what extent, and by when, and steadily build upon those accomplishments one step at a time. Having established management goals for FY2024, we are currently promoting a three-year medium-term management plan running from FY2020 to FY2022.

We are implementing a wide range of measures in keeping with two basic strategies under the plan, to create value through P&I Innovations, and to strengthen business infrastructure to support growth (see pages 19 to 22 for more details). In terms of FY2024 targets, we plan to achieve net sales of 1.44 trillion yen, operating income of 75 billion yen and an operating income margin of 5.2%, while maintaining an ROE of 5.0% or higher. This is predicated on the economy gradually recovering due to the global spread of COVID-19 vaccinations. Additionally, to achieve these management targets we will gradually increase the percentage of sales from our focus businesses, which have been set based on market growth potential and profitability, expanding these businesses from 35% in FY2019 to 45% in FY2024 while also raising their contribution to operating income from 61% to 72%.

DNP employees are all professionals, each with their own unique strengths. By pursuing more in-depth dialogue with internal and external partners while proactively collaborating and combining our strengths, we will continue to create entirely new and innovative products, services and business models.

Basic Strategies of the Medium-term Management Plan

1. Social issues and people's expectations
2. P&I Innovations



Basic Strategy 1

Create value through “P&I Innovations”

- 1 - ① **Create value primarily in growth areas**
Re-evaluate the value created by businesses and establish “focus businesses” from the perspective of “four growth areas” using the two axes of “profitability and market growth potential.”
- 1 - ② **Provide value optimized to each country and region**
Provide value that is optimized not only to Japan but also to individual countries and regions and that is fine-tuned to address public expectations and social issues.
- 1 - ③ **Increase value using all available restructuring approaches**
Improve profitability by optimizing management resources through the selection and focus of businesses according to the value created by each business.

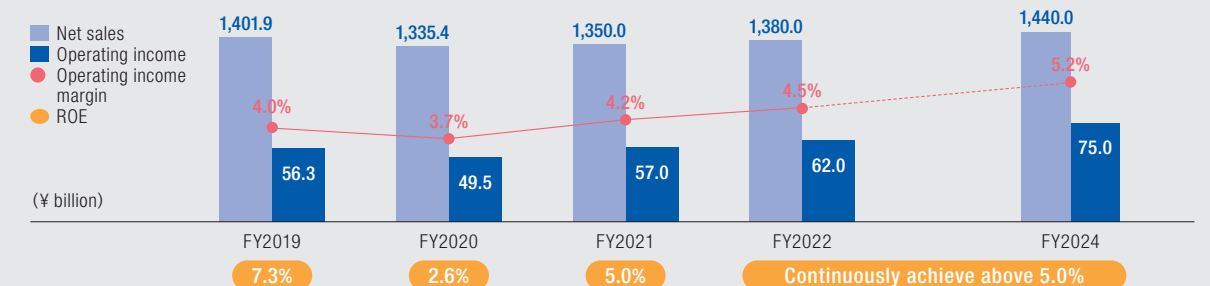
Basic Strategy 2

Strengthen business infrastructure to support growth

- 2 - ① **Strengthen financial and non-financial capital**
Pursue capital strategy aimed at strengthening financial capital and combine financial capital/non-financial capital to promote integrated management.
- 2 - ② **Strengthen corporate governance**
Build robust corporate governance system and structures to increase corporate value.

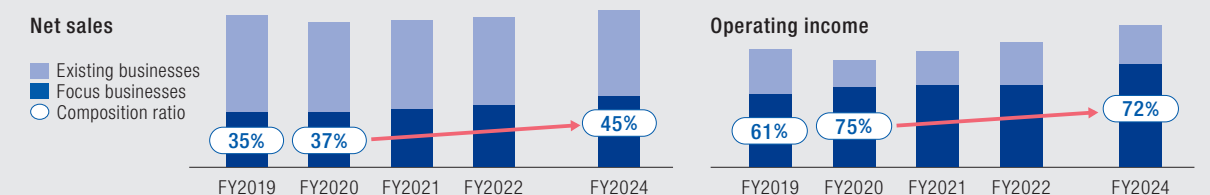
Management Targets for the Year Ending March 31, 2025

Management targets (Net sales / operating income / ROE)



New revenue recognition standard will reduce sales by around ¥30 billion from FY2021.

Composition of focus businesses



Basic strategies for each segment of the printing business

<Segment>	<Basic Strategy>
Information Communication	<ul style="list-style-type: none"> Pursue digital transformation (DX) aimed at adding value to customer experience Downsize paper media production bases
Lifestyle and Industrial Supplies	<ul style="list-style-type: none"> Leverage converting technology to strengthen new product development and sales Push ahead with review of low value-added products
Electronics	<ul style="list-style-type: none"> Develop and supply key components that contribute to sophisticated integration of real and digital Rebuild businesses where competitiveness has declined

BUSINESS STRATEGIES | Medium-term Management Plan

Basic Strategy 1 Create value through “P&I Innovations”

1-① Create value primarily in growth areas

DNP has examined the many issues to be solved amid the drastic changes to the environment, society and the economy, selected those through which we can provide value by leveraging our unique strengths in P&I and positioned them as business growth areas. Across the four growth areas of knowledge and communication, food and healthcare, lifestyle and mobility and environment and energy, we will provide entirely new and essential value, solving social issues while living up to people’s expectations.

We have also analyzed megatrends with a long-term view to set key issues in consideration of stakeholder interest and impact as well as the degree of importance to DNP. In addition, we have reconsidered the value generated by DNP’s businesses using the two axes of profitability and market growth potential, and have identified the growth businesses we will focus on expanding in the future. We aim to build a strong business portfolio by optimally allocating management resources to concentrate on these focus businesses.

For example, we see digital transformation (DX) as one of these megatrends. DNP is endeavoring to create value that other companies cannot imitate by utilizing the digital technologies and expertise we have been working on since the 1970s, and by combining digital and analog, real and virtual and the strengths of manufacturing and services. We believe that P&I innovation itself will drive DX at DNP.

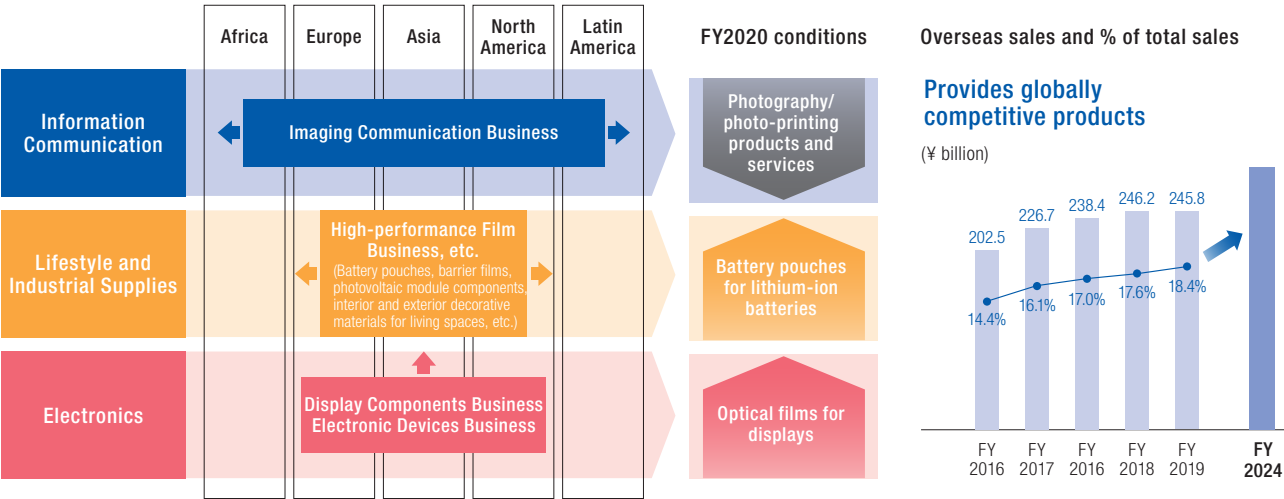
* Please refer to pages 42-49 for specific examples of our focus businesses.

1-② Provide value optimized to each country and region

As the COVID-19 pandemic has clearly shown, value chains and information networks currently span the globe and are closely connected. Under these conditions, DNP will leverage the strengths of its products and services that have captured world-leading market shares and respond carefully to the characteristics and needs of each country and region by providing individually optimized value.

Approximately one out of every eight Group employees works at an overseas site, and we are promoting our overseas businesses centering on those shown in the chart below. In the fiscal year ended March 2021, overseas sales accounted for 18.4% of the Group’s total sales. We will make further efforts to strengthen our structure, such as by having a global marketing department explore overseas markets and acquire cutting-edge technologies, and will make every effort to provide further value by enhancing synergies in Japan and overseas.

Main businesses undertaken in the global market

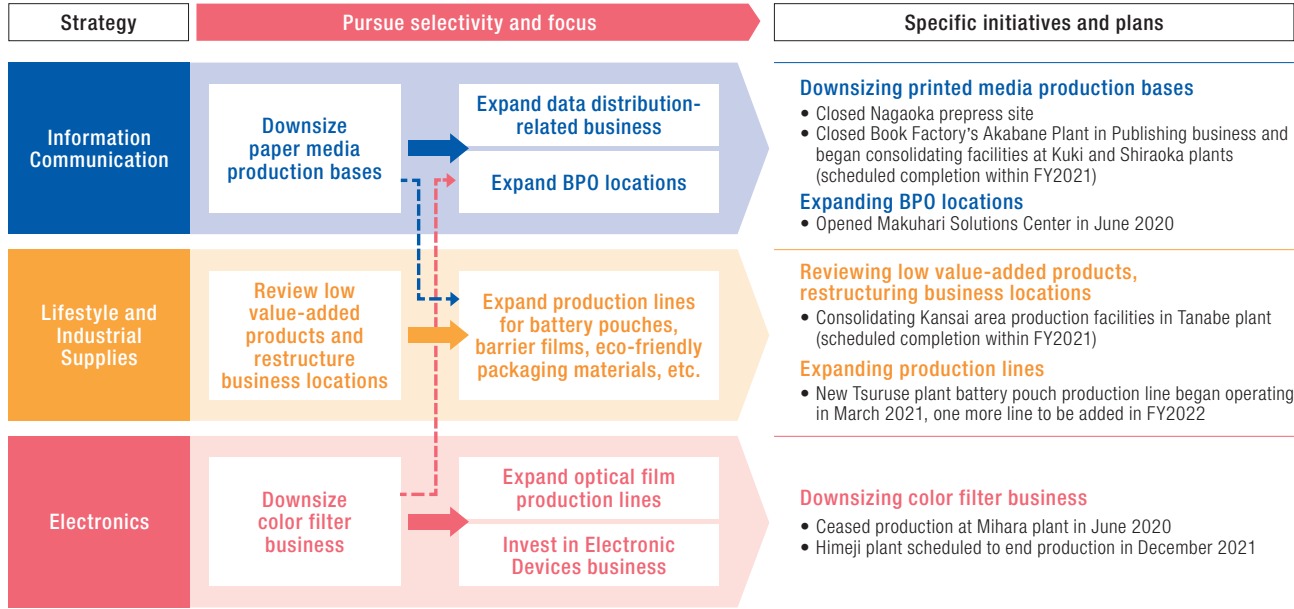


1-③ Increase value using all available restructuring approaches

DNP will promote various Group-wide structural reforms to build a robust business portfolio and increase profitability with the value created by each business as one evaluation criterion.

We will strive to transform and strengthen the business structure and further expand value by downsizing and restructuring businesses that cannot avoid a decline in demand, and by intensively allocating human capital, R&D investment and management resources such as land and equipment to focus businesses with high market growth potential and profitability.

Examples of principal structural reforms in each business segment



Basic Strategy 2 Strengthen business infrastructure to support growth

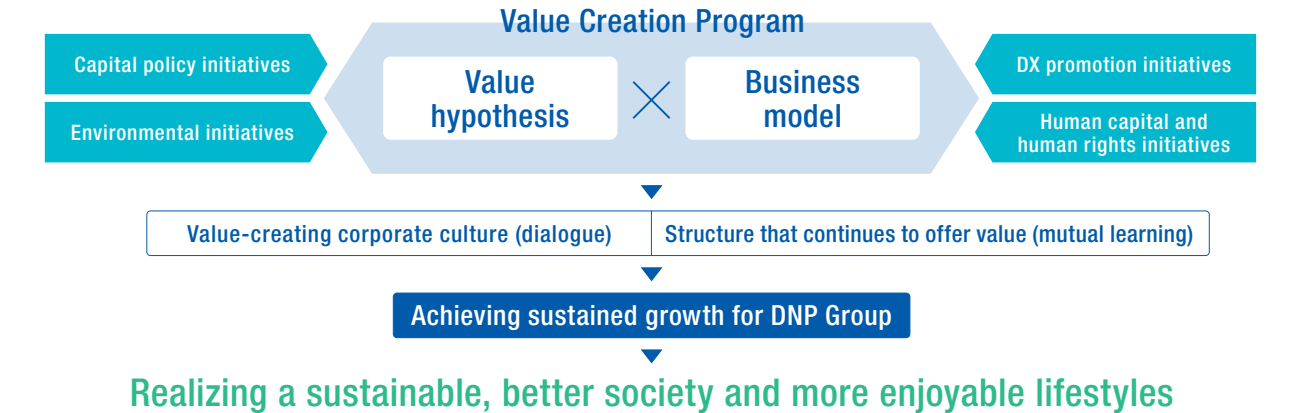
2-① Strengthen financial and non-financial capital

DNP will strengthen its management foundations that support medium-to-long-term growth by utilizing financial and non-financial capital in an integrated manner. We will strengthen non-financial capital classified into five types, namely human capital, intellectual capital, manufactured capital, natural capital and social/relationship capital, and boost synergistic effects by combining it with financial capital. In particular, we will strengthen initiatives related to capital policy and efforts related to the environment, human capital, human rights and DX promotion, while formulating and executing concrete action plans.

Through these measures, we will nurture an organizational culture of continuing to take on the challenge of innovations toward the creation of value and build a foundation that supports the sustainable growth of the DNP Group.

In addition, as a part of capital policy initiatives, we will pursue investment in focus businesses and plan to make annual investments on the scale of 100 billion yen during the three-year Medium-term Management Plan up to FY2022. As sources of capital for these business investments, DNP will use both its own funds and third-party capital to fund growth investments and will also reduce idle assets. Furthermore, we will comprehensively consider various capital policies such as improving capital efficiency, stabilizing our financial base and promoting shareholder returns.

* Please refer to pages 23-25 for financial strategies, pages 62-67 for environmental initiatives, pages 68-72 regarding human capital and human rights, and pages 40-41 for more on DX promotion.



BUSINESS STRATEGIES | Medium-term Management Plan

2-② Strengthen corporate governance

DNP works to strengthen corporate governance as one of its crucial management issues. DNP has built and operated a strong structure for quick and accurate management decision-making and business execution and for auditing and monitoring these functions. At the same time, DNP is accelerating initiatives in conjunction with various measures such as thoroughgoing employee training and education.

At the General Meeting of Shareholders in June 2021, a resolution was approved for the election of 12 Directors, one of whom is a female Director, and of which four, or a third of the board, are Outside Directors. An analysis and evaluation of the effectiveness of the Board of Directors is implemented

once a year, and the analysis results are discussed by Outside Directors and shared with the Board of Directors.

DNP also actively promotes environmental, social and governance (ESG) initiatives and these efforts have earned high acclaim from outside the company. For example, DNP has been selected for 21 consecutive years for the FTSE4Good Global Index, a global socially responsible investing (SRI) index, and has also been selected as a constituent of the ESG indices adopted by Japan's Government Pension Investment Fund (GPIF) (as of July 2021).

* Please refer to pages 73-85 for details on corporate governance.

FINANCIAL STRATEGIES

Through the optimal allocation of management capital, we will enhance our cash generating capability and asset efficiency to maximize corporate value.

Masafumi Kuroyanagi
Managing Director

To continue to create value over the long term, the DNP Group needs to establish solid management foundations. We strive to practice integrated management that combines the strengths of financial and non-financial capital, and I would like to explain about financial strategy focused on capital policy initiatives.

DNP currently implements capital policy initiatives based on the two broad themes of improving ROE and shareholder returns. Looking to the long term, we want DNP to play a central role in expanding business activities and enhance corporate value in a stable fashion while providing the results of those efforts to shareholders and all our stakeholders in the form of value that has grown even larger.

On the theme of improving ROE, we are pursuing the following three initiatives to become a company able to continually achieve an ROE of at least 5.0% toward FY2024. First, we will expand value and boost earnings by making targeting investments in focus businesses across four growth areas. Next, we will promote improved asset efficiency. We will undertake a broad review of the assets we hold domestically and overseas, reducing any idle assets while continuing efforts to decrease strategic shareholdings. We will also promote the strengthening of financial capital. In addition to making every effort to enhance a stable financial position backed by retained earnings, we will use both our own and low-interest third-party capital while trying hard to reduce capital costs.

On the other theme of shareholder returns, working within our basic policy of stable dividends, we will issue dividends that take into account factors such as earnings and will also consider share buybacks depending on circumstances.

We will strive to maximize corporate value in a way that contributes to a sustainable, better society and more enjoyable lifestyles through these capital policy initiatives, and will link this to the sustainable growth of the DNP Group.

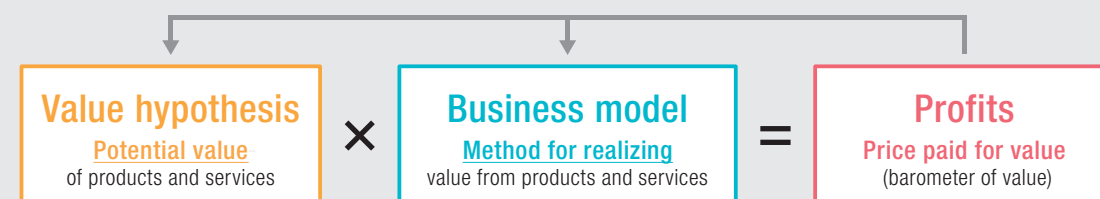


TOPICS

Strengthening the Effectiveness of the Medium-term Management Plan: DNP Awards Initiative

With regard to the value that DNP creates, it is necessary to thoroughly formulate and verify hypotheses, design and build the findings as business models, acquire consideration in the form of profits and expand the business. As part of the improvements with this in mind, in FY2020 we significantly revised our award system and established the "DNP Awards." The DNP Awards will accelerate the Value Creation Program (refer to page 15) and objectively review the ability to form value hypotheses (ability to discover, ability to change, ability to test) and the ability to build business models (based on customer, value proposition, delivery method and earnings model). Excellent value-based initiatives will be selected and commended, with the award-winning efforts shared beyond divisional boundaries as "All DNP" to ensure that we can learn from each other's wisdom and ingenuity, and actively spread that insight across the organization. Through these activities, we will promote further improvements to our organizational culture and continue to create new value as a company that is always taking on the challenge of change.

Value Creation Program



Initiatives to advance Value Creation Program: New DNP Awards

President's Prize (previous award system)



DNP Awards program



Results Foster organizational culture readily creates value through dialogue = major synergies

FINANCIAL STRATEGIES

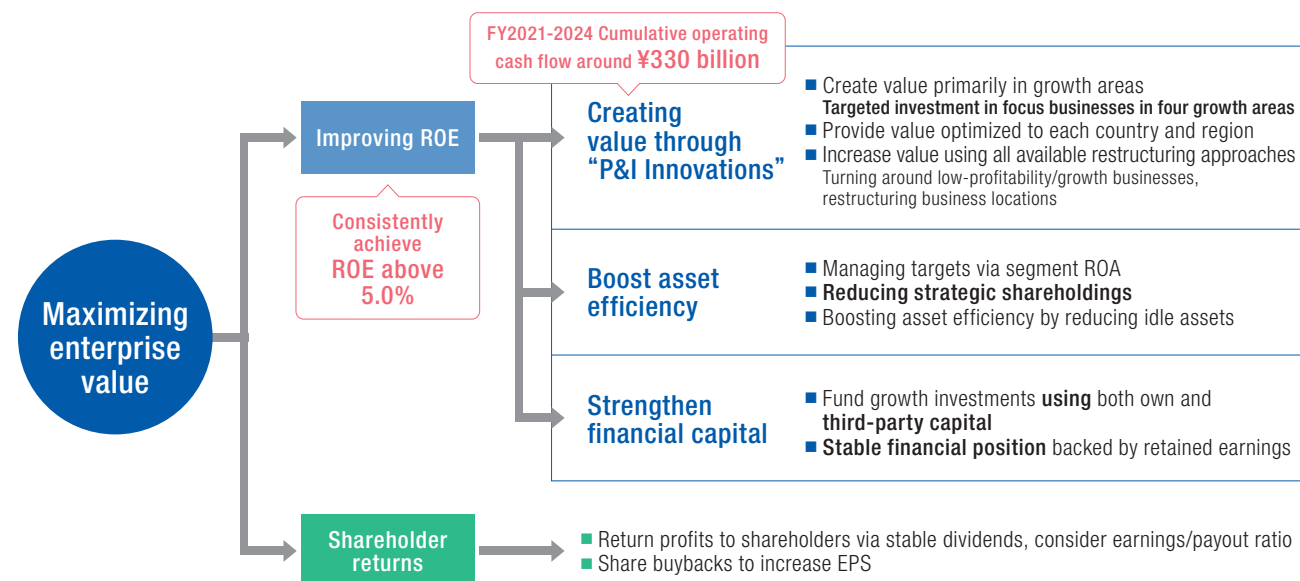
Capital Policy Initiatives to Maximize Corporate Value

Strengthening initiatives based on the themes of improving ROE and shareholder returns

As part of efforts to promote its Medium-term Management Plan aimed at maximizing corporate value, DNP has now formulated and implemented capital policy initiatives based on the two themes of improving ROE and shareholder returns.

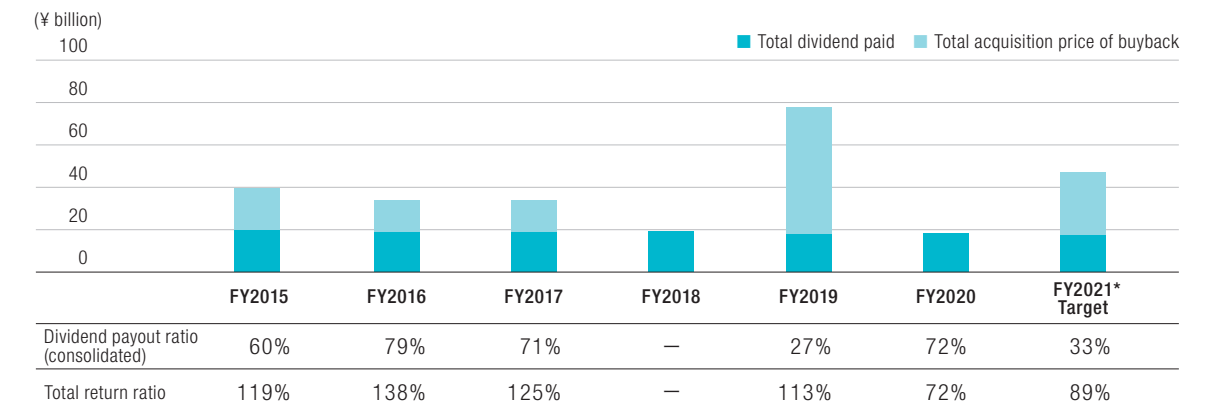
Particularly with regard to value creation, we expect to generate cumulative operating cash flow of around 330 billion

yen between FY2021 and FY2024, in part through targeted investment in focus businesses. In addition, regarding efforts to boost asset efficiency and strengthen financial capital, we will work to minimize risk and maximize results by flexibly combining a range of measures while keeping abreast of conditions in Japan and abroad.



In terms of shareholder returns, we regard the return of profits to shareholders as one of our key management policies, and will return profits to shareholders based on our basic policy of stable dividends while considering earnings, dividend payout ratio and other factors. We will also look closely at the management environment and business

investment to make appropriate decisions regarding the buyback and retirement of treasury stock. For FY2021, we have announced the buyback of 30 billion yen in treasury stock and the retirement of 7 million shares.



Shareholder return policy	Return profits to shareholders via stable dividends, consider earnings/other factors
Dividends	Factor in payout ratio based on earnings
Buyback	Appropriate judgement based on business conditions and business investments
Retirement	Retire treasury stock based on ratio of treasury stock held

* Details of buyback

- Stock to be acquired: Common stock
- Number of shares: Up to 17 million shares, equivalent to 6.05% of shares outstanding excluding treasury stock
- Total acquisition price: Up to ¥30 billion
- Purchase period: May 14, 2021-December 20, 2021

* Details of treasury stock retirement

- Number of shares to be retired: 7 million shares (2.16% of shares outstanding prior to retirement)
- Retirement date: May 24, 2021

Generating cash through value creation, and optimum allocation for growth investment and

DNP will work to generate cash by increasing operating cash flow through value creation and improving capital efficiency.

By pursuing specific measures such as utilizing third-party capital, reducing capital costs and optimizing shareholders'

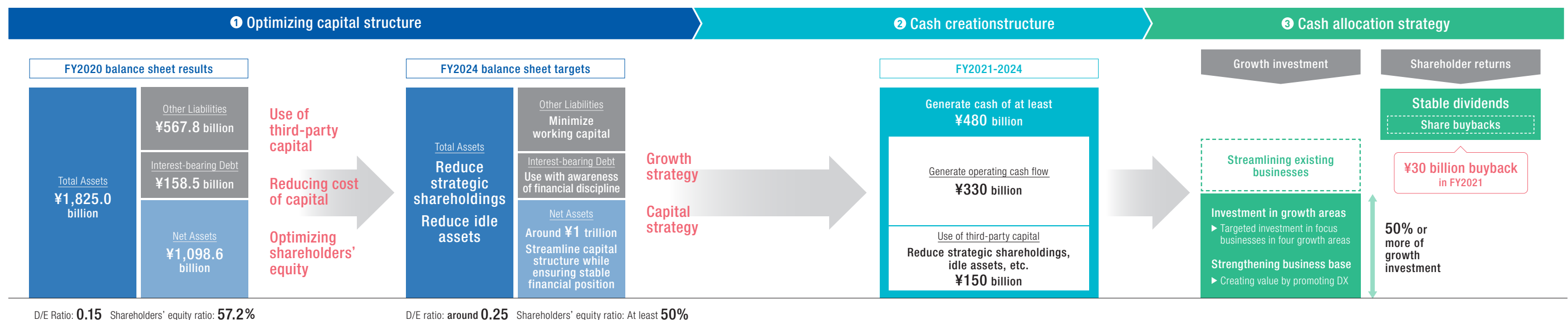
equity, we will aim to reach our FY2024 numerical targets of net assets around 1 trillion yen and a D/E ratio of around 0.25.

We have also established a cash allocation strategy which promotes the optimum allocation toward growth investment

shareholder returns

and shareholder returns, and are pursuing a number of initiatives in this area. From FY2021 to FY2024, we aim to generate cash of at least 480 billion yen, and plan to allocate 50% or more for growth investment, including investment in

focus businesses across four growth areas and efforts to strengthen our management foundations.



D/E Ratio: 0.15 Shareholders' equity ratio: 57.2%

D/E ratio: around 0.25 Shareholders' equity ratio: At least 50%

Growth Trajectory: Corporate History—Long-term Vision

1876

1907

1935

1951

1973

1987

2001

2015

● 1868: Meiji Restoration~Civilization and enlightenment

● 1945: End of war~Toward a period of rapid economic growth

● 1991: Bursting of the bubble economy~Toward the "lost decade"

● 2008: Collapse of Lehman Brothers
● 2011 (March): Great East Japan Earthquake● 1876: Founding of Shueisha,
DNP's predecessor

● 1907: Founding of Nisshin Printing

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

● 1951: Start of five-year reconstruction plan

● 1973: Surpassed U.S.-based R.R. Donnelley & Sons Company to
become the world's largest comprehensive printing company

● 1987: Began transforming toward information processing business

● 2001: Announced "DNP Group Vision for the 21st Century"

Publication Printing Business

Comprehensive Printing Business

Information Processing Business — Information Communication Business

P&I Solutions

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

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.

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

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.

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

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.

1958

Succeeded in the
trial production
of shadow masks
for color TVs
→ Advance into
the Display
Components
Business

1959

Successfully developed photomasks
for semiconductors → Advance into
Electronic Devices Business

"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 battery pouches for lithium-ion
batteries in 1999

2004

Successful formation of
capillary patterns

2014

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

2009 Starting work style reform activities

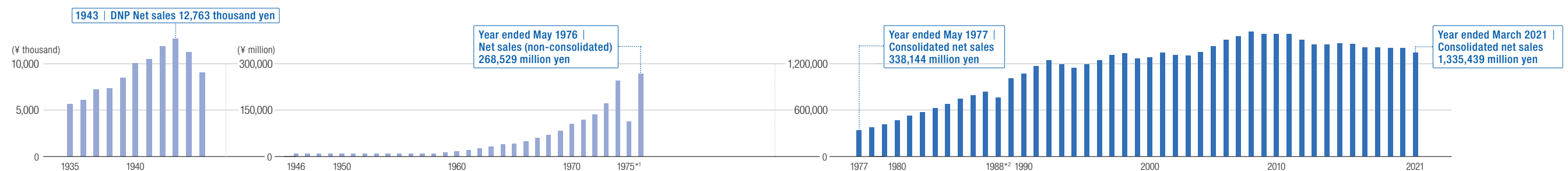
We commenced work style reform activities in three-year increments and initially aimed for a thorough reduction in working hours. After achieving certain results, from the second phase that began in 2012, we are advancing these activities to raising job motivation and the added value of our work. During 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.

Founding

Second Corporate Founding

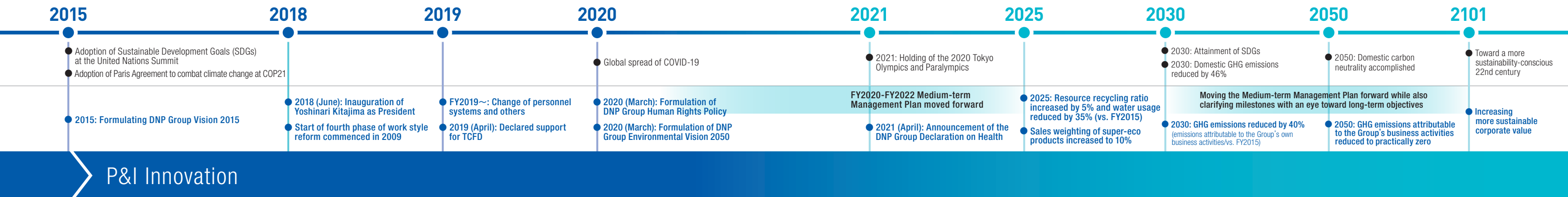
Net sales trends and history

■ DNP (non-consolidated)
■ DNP (consolidated)
(Year ended May 1977~)



(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.

Growth Trajectory: Corporate History—Long-term Vision



Corporate Philosophy

The DNP Group connects individuals and society, and provides new value.

Brand Statement

Today's Innovation is "Tomorrow's Basic"

DNP will continue to create "Tomorrow's Basic" by making unceasing strides toward realizing a sustainable, better society and more enjoyable lifestyles.

Creating new value that evolves into
"Tomorrow's Basic"

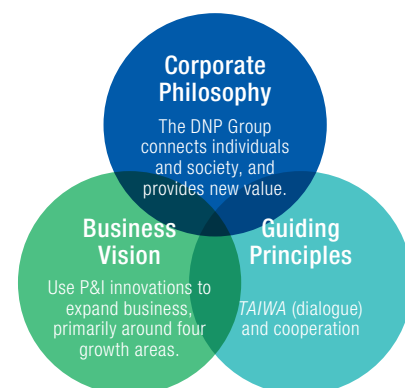
Growing as a company
Solving social issues and meeting people's expectations

Realizing a sustainable,
better society and more
enjoyable lifestyles

* Refer to pages 30 to 33.

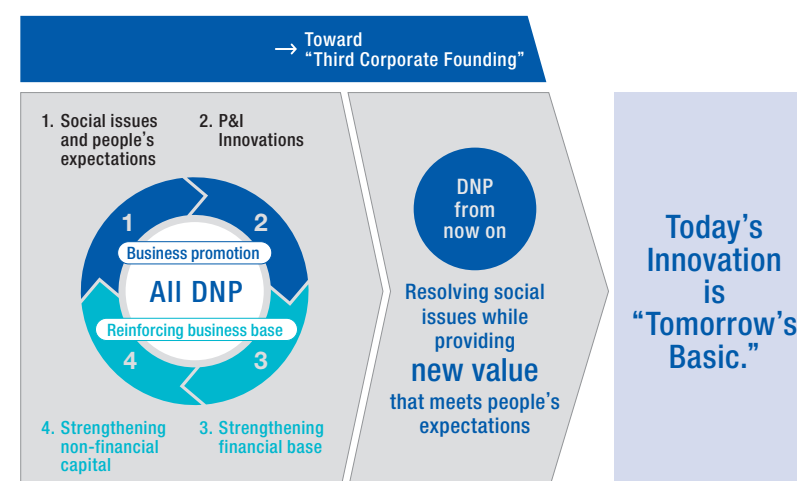
DNP Group Vision 2015

Following the establishment of its Vision in 2001, DNP established a new 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."



For Realizing Our "Third Corporate Founding"

DNP will now synergize its unrivalled and unique strengths in P&I (Printing & Information) as well as deepen cooperation with its 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.

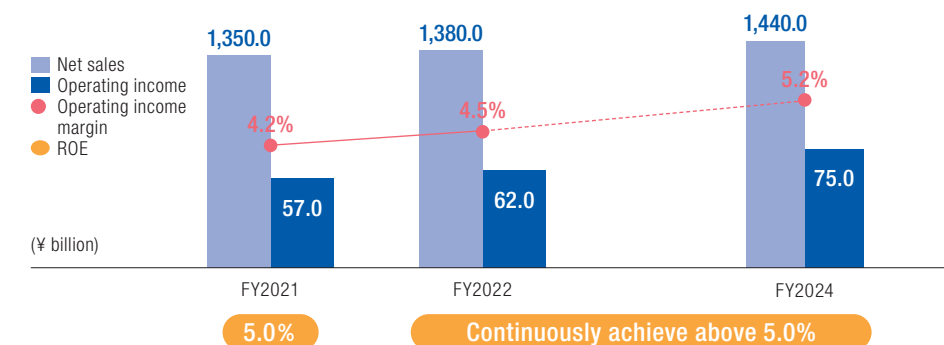


DNP's
unvarying
strengths

"Culture of continuously taking on the challenge of promoting change"
"Desire to provide indispensable value to society and people."
"Synergies from P&I strengths"
"Sincere approach and high transparency"

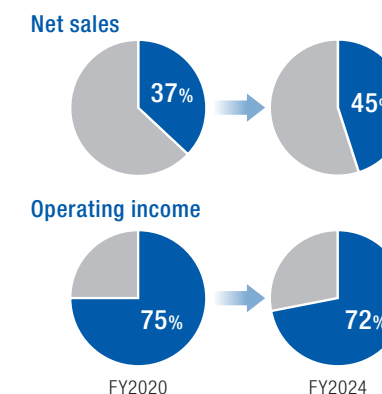
Management targets (Net sales / operating income / ROE)

New revenue recognition standard will reduce sales by around ¥30 billion from FY2021



Composition of focus businesses

Allocating management resources optimally to the focus businesses of "IoT and Next-Generation Communications," "Data Distribution," "Mobility" and "Environment" to build a robust portfolio



Mid- to long-term objectives in the DNP Group Environmental Vision 2050

- Decarbonized society**
Reducing GHG emissions by 2030, versus FY2015
40% reduction
Super-eco products to account for 10% of 2025 sales
- Recycling-oriented society**
Increase 2025 resource recycling ratio by 5% versus FY2015
Reduce 2025 water usage by 35% versus FY2015
- Society in harmony with nature**
Guidelines for Procurement of Paper for Printing and Converting 100% of purchased products are compliant



Knowledge and Communication

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

Providing Concrete Value in Four Growth Areas

The DNP Group will seek to drive businesses to leverage DNP's unique strengths and provide society and people with new value in four growth areas. By clarifying target markets and business commercialization themes, it will continue to take concrete steps forward with a view toward the realization of a sustainable, better society and more enjoyable lifestyles.

Four Growth Areas and Business Commercialization Themes

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)

¥77.3 trillion

► Next-generation telecommunications-related businesses
Creating hardware and software value for 5G
* Outlook for 5G Market Global Demand in 2025 (Japan Electronics and Information Technology Industries Association)

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



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.)

¥126 trillion

► Payment services-related businesses
Toward a safe and secure cashless society

* FY2023 cashless payment market in Japan (Yano Research Institute Ltd.)

¥17.6 trillion

► Smart city-related businesses
Realization of more-comfortable and functional living spaces
* 2022 smart city-related global market (IDC Japan)

Lifestyle and Mobility

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



¥2.7 trillion

► Education and human resources development-related businesses
Advancement of STEAM education/ICT/lifelong learning
* Total market size of the domestic education industry (Forecasts in FY2020) (Yano Research Institute Ltd.) (STEAM=Science, Technology, Engineering, Art, Mathematics)

¥1.9 trillion

► Data distribution-related business
Achieving safe, secure data distribution platform
* 2024 domestic Big Data Analytics (BDA) market (IDC Japan)

¥180.6 billion

► Sharing economy-related businesses
Lead the social change from "owning to using"
* FY2024 cashless payment market in Japan (Yano Research Institute Ltd.)

¥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.)

¥33 trillion

► Medical/healthcare-related businesses
Extend healthy lifespans and raise quality of life
* Industry group of non-public insurance services that support public insurance in 2025 (Ministry of Economy, Trade and Industry (METI)-commissioned project)

¥5.2 trillion

► Life science-related businesses
Advance of regenerative medicine/telemedicine, etc.
* 2030 domestic and overseas regenerative medicine peripheral industry markets (Ministry of Economy, Trade and Industry (METI))

0 persons
8.5 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 8.5 billion (United Nations estimate)

50% reduction

► Manufacturing ~ logistics' supply chain-related businesses
Provide stable supplies of food and reduce food loss through *monozukuri* (manufacturing) and ICT
* Food loss reduction target by 2030 (Ministry of the Environment)

¥3 trillion

► Various businesses for the realization of a recycling-oriented society
Resources and plastics recycling that also contribute to ecosystem conservation
* Global bioplastics market in 2025 (MarketsandMarkets)

¥163 trillion

► Businesses related to measures for carbon neutrality
Toward the realization of a decarbonized society
* Global renewable energy market in 2025 (Allied Market Research)

¥495 trillion

► Environment-related business
Creating value to reduce environmental impact and achieve a recycling-oriented society
Economic output generated by circular economy by 2030 (2016 Accenture survey report)



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



Providing Concrete Value in Four Growth Areas

DNP specifically seeks to develop and provide the following products and services, with a focus on “Knowledge and Communication,” “Food and Healthcare,” “Lifestyle and Mobility” and “Environment and Energy,” or business segments that DNP positions as growth areas. By doing so, it will solve social issues while creating new value that meets the expectations of people.

Examples of Focused Businesses in the Four Growth Areas

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.



Knowledge and Communication

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



Data distribution-related business



Identification services



ICT-based learning support system



Online healthcare

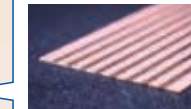


Photo-related services and solutions

IoT and next-generation communications business



Production of high resolution VR content that supports 8K (VR video of the inner sanctuary of the Ninna-ji Temple)



Ultra-thin heat-dissipating components for 5G-compatible smartphones (vapor chambers)

Lifestyle and Mobility

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



Virtual experience (virtual model rooms)

Mobility business



Next-generation decorative panels that realize advanced seamless designs



Battery pouches for lithium-ion batteries

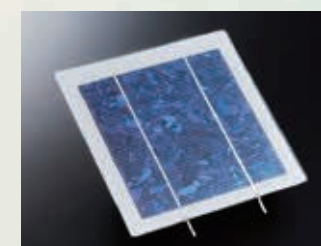


Sheet-type wireless EV charging coil

Environment-related business



Eco-friendly packaging



Photovoltaic module component (back sheets and encapsulants)



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



Management That Turns Risk into Opportunity

In recent years, environmental, social and economic risks (variables) have become increasingly volatile and diverse, and the extent of their impact has also spread around the world. DNP identifies and analyzes these risks, seeks to minimize their adverse impacts and at the same time treats change as a tailwind and strives to expand new business opportunities by effecting change on its own. To expand an opportunity, we look closely at the cause and

impact of fluctuations, concentrate on discovering social issues and people's expectations as a result and direct those findings into developing business models that materialize value that is unique to DNP. We promote Group-wide integrated risk management initiatives with value creation and improvements to the infrastructure that supports it working in tandem.

Identifying and analyzing risks (variables) closely associated with DNP's value creation

Management that minimizes the negative impact of fluctuations and turns them into positive business opportunities

Economic risks

Accelerating changes to the way we work and live

- Acceleration of digital transformation (DX)
- Accelerating changes to people's workstyle and lifestyles
- Accelerating fusion of digital and analog, reality and virtual reality in education, learning, healthcare and nursing care

Major changes in economic conditions, consumption trends, exchange rate and other factors in Japan and overseas

- Growing needs to newly establish and upgrade information infrastructure and social infrastructure
- Acceleration of changes to the building and operating environments of the global supply chain
- Changes in supply-demand balance in terms of raw materials procurement

Expanding impact of faster and more diverse technological innovations, and intensifying development competition

- Growing risk of intellectual property and personal information leaks or infringements due to cyber attacks and other threats
- Sudden drops in the business performance, ratings or other qualities of corporate clients and business partners (other)

Social risks

Expanding issues and needs faced when fulfilling corporate social responsibility (CSR)

- Increased risks to a company's reputation due to compliance-related issues, unauthorized use of data, product or service quality issues and so on

Increasingly broad challenges and needs associated with enhancing human capital

- Expanding challenges and needs associated with promoting diversity & inclusion and securing and enhancing human capital
- Expanding challenges and needs regarding employees' mental/physical health and safety

Vast and rapid changes in domestic and overseas megatrends

- Changing role of society due to the global spread of various infectious diseases
- Increase of country risks
- Major changes in population demographics
- Growing disparities on various fronts (other)

Environmental risks

Growing challenges and needs toward realizing a decarbonized, recycling-oriented society in harmony with nature

- Changing requirements (strengthened regulations, climate change mitigation and adaptation measures, etc.) related to global environment issues and climate change action
- Increase in the frequency of abnormal weather events and natural disasters, and the damage they cause
- Accelerating demands to reduce greenhouse gas emissions
- Revisions to Japan's energy policy, expansion of renewable energy, sharp fluctuations in energy prices
- Marine pollution due to waste plastic, worsening soil pollution, increased water risks
- Loss of biodiversity, degradation of ecosystems, depletion of natural resources (other)

- Changes to how people work and live in Japan and overseas have changed traditional business frameworks. DNP will stay a step ahead of change to expand business opportunities by creating value utilizing its unique strengths.
- With regard to our business base, we are working to build and maintain a resilience that can stand up to unexpected changes, by developing stable business activities with tens of thousands of client companies without focusing on any particular industries or companies, and engaging in responsible procurement based on CSR procurement guidelines with several business partners.

- We are focusing on promoting diversity & inclusion (D&I) to provide value to the wide range of people living in a diverse society. We are making renewed efforts to respect human rights, while enhancing and thoroughly implementing D&I, such as with the establishment of the DNP Group Human Rights Policy in March 2020 and the DNP Diversity Declaration in July.
- DNP endeavors to permeate and rigorously uphold corporate ethics throughout the Group. We strive to earn the trust of society and people not only by ensuring that DNP and our employees comply with laws and regulations but also by always remaining fair and equitable and acting under high ethical standards to strengthen the foundation for value creation.

- DNP continuously strives for coexistence between our business activities and the global environment, and in March 2020 we formulated the DNP Group Environmental Vision 2050. By ensuring that all employees are strongly aware of their relationship with the environment, we have accelerated initiatives to achieve a decarbonized, recycling-oriented society in harmony with nature.
- To address risks such as increasingly severe natural disasters and new infectious diseases, we promote business continuity management (BCM). We will also give top priority to the health and safety of employees as we undertake corporate activities based on the DNP Group Safety and Health Charter and the DNP Group Declaration on Health.

Value Creation

Expanding business opportunities

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

DNP will expand business opportunities based on the recognition that risks (variables) are directly linked to social issues and people's needs. We will solve social issues and fulfill people's expectations through our business activities in the four growth areas.



Knowledge and Communication



Food and Healthcare



Lifestyle and Mobility



Environment and Energy

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.

Fair Operating Practices

Human Rights and Labor

Environment

Responsible Procurement

Product Safety and Quality

Information Security

Corporate Citizenship

(Refer to pages 60-61)

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 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 data.

Technologies cultivated through this printing process



DNP plans and designs a production process suited to the desired layout. 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. DNP is raising its know-how for safely and properly handling large volumes of data as it expands into various types of important information processing and analysis and security technologies.



Process 2

Film Making and Platemaking

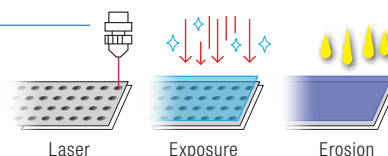
Color separation of printing data is produced and then output onto film (film making) followed by the creation of a plate (platemaking) that is set to a printing machine. We are also promoting the spread of Computer to Plate (CTP), a method that outputs different plates for each printing method directly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

Technologies cultivated through 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.



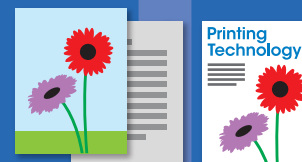
Basic

Printing Processes

Examples of printing such as publication printing and commercial printing

1 Editing, Manuscript Submission and Layout

This includes such processes as planning printed products, selecting materials and printing methods, designing processes up to delivery, managing and operating the manuscript, inputting and processing text and image data, and creating layout data.



2

Film Making and Platemaking

Film making: Print data is color separated into the four colors of CMYK* (cyan, magenta, yellow, black) and output on film.

* C (cyan=blue-green), M (magenta=red-purple), Y (yellow), K (black)

Platemaking: Data is transcribed from a film made into a plate to a metal sheet to produce the printing plate.



4

Binding and Post-Processing

Printed paper is stacked and bound to create the shape of a book. Box making and three-dimensional processing such as for confectionary packages are also undertaken.



3

Printing

A printing plate with the necessary number of colors is wound around a roll, ink is applied and high-speed and high-precision printing on paper or other items is carried out.



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. This is a crucial process for stabilizing product quality and improving productivity, while providing the functions needed according to the application.



Technologies cultivated through this printing process

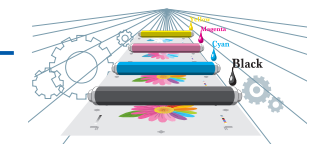


Post-processing technologies are derived from various processes that follow printing, such as bookbinding. These technologies are applied to make printed products easy to use and suitable for the purpose of the finished product and are also outstanding for use in three-dimensional processing such as die cutting and assembly. These technologies 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 through this printing process



Precision coating is a technology that forms a coating film on 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.

Coating technologies for applying a thin, uniform layer of ink and other materials



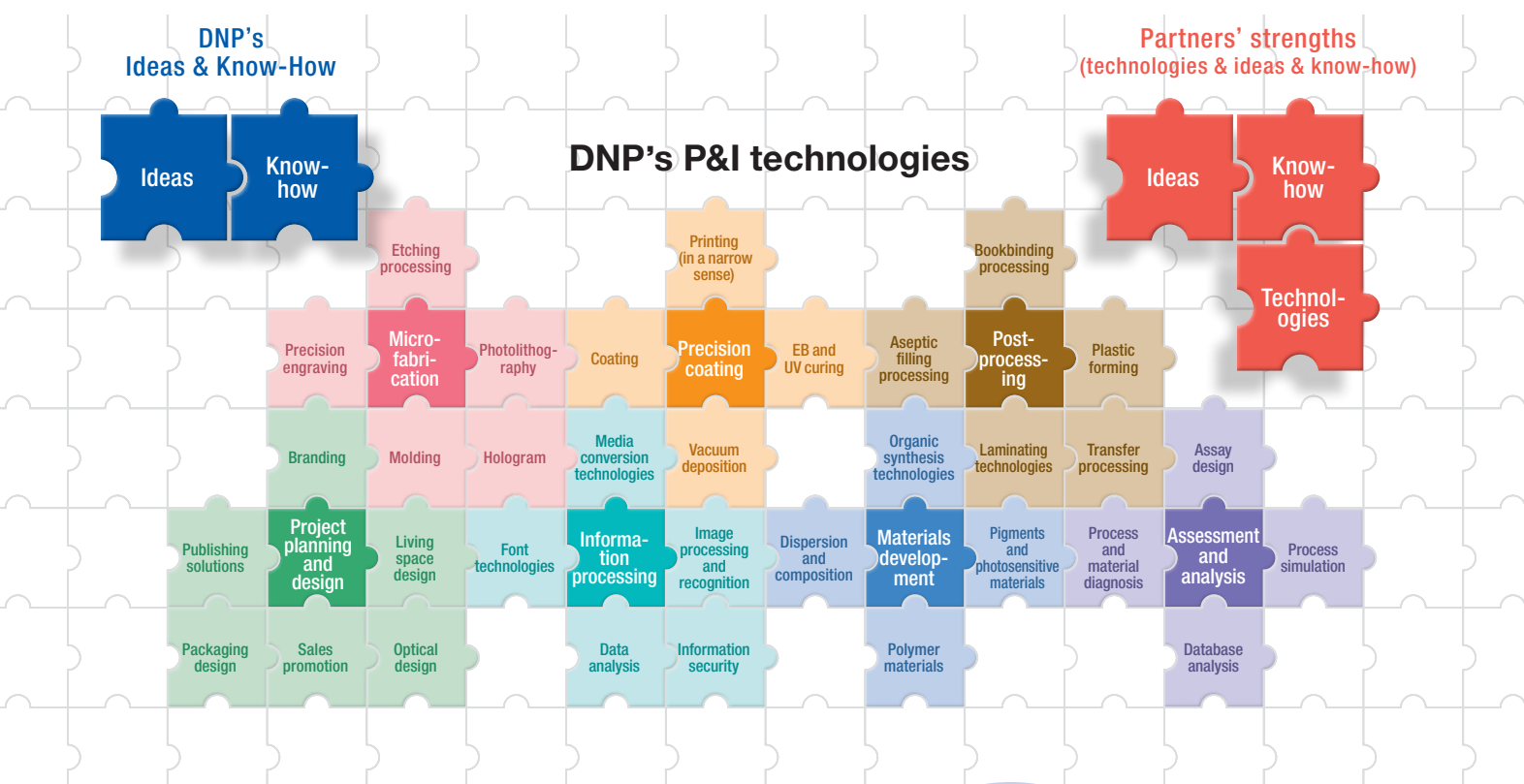
Expanding DNP's Business Areas by Applying and Developing Technologies

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

DNP has cultivated new business domains by applying and advancing technologies cultivated through diverse printing processes. DNP established the Central Research Institute in 1961 and started system development for computerized typesetting in the early 1970s. We have been ahead of digital transformation (DX), a current megatrend.

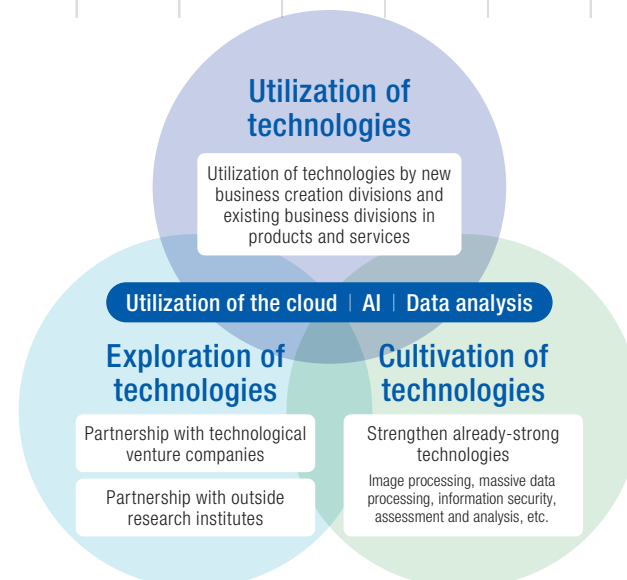
We are constantly refining our most advanced technologies such as microfabrication, precision coating and post-processing, which is the basis of manufacturing, as well as planning and

design, information processing, materials development and assessment and analysis. These in turn create synergies with our know-how in sales, planning, manufacturing and other practices, as well with our partners' strengths to create new value. As DX accelerates, we will leverage DNP's hybrid strengths in both digital and analog technology, reality and virtual reality, manufacturing and service. Further, we will build a business model based on the ideas for realizing a better, sustainable society and more enjoyable lifestyles.



Exploration, Cultivation and Utilization of Technologies Leveraging DX Trends

In collaboration with venture companies and research institutes, we explore and acquire the most advanced technologies and stay focused on the development and cultivation of leading-edge technologies unique to DNP. We leverage DX trends and utilize AI-based data analysis and cloud environments to enhance the value of our existing businesses and to create value from our new businesses.



Provide XR Communication Spaces Combining Real and Virtual



DNP started the extended reality (XR) communication business to develop virtual towns and facilities in parallel with real towns, which is officially authorized by municipal governments and by facility managers. By using virtual reality (VR), augmented reality (AR), mixed reality (MR) and other technologies, we promote PARALLEL CITY, a community- and XR-based co-creation of cities to augment the value and function of real communities and facilities, provide citizens with new value of experience and lead it to regional creation.

We are planning to open an authorized XR communication space in a total of 30 areas within a five-year period following the opening of Sapporo City's Kita 3-jo Plaza in Hokkaido and Shibuya Ward's Miyashita Park in Tokyo in 2021.



Actual Sapporo City's Kita 3-jo Plaza (top) and virtualized PARALLEL SAPPORO KITA3JO (bottom) lead to seamlessness.

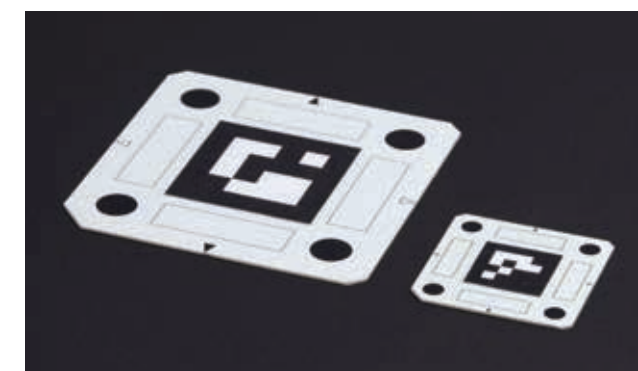
Key points of the XR communication business

- 1: Regionally co-created XR spaces that are safe and secure
- 2: Creation of new cultural value through augmentation of expressions and dissemination of good-quality content
- 3: Creation of new communication and economic activities

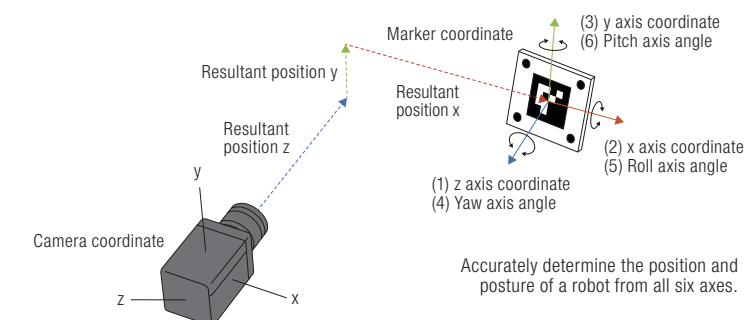
Development of "DX Marker" to Accurately Detect Positions of Goods and Other Objects in Pursuit of a Smart Factory

In May 2020, DNP developed "DX Marker," which involves the use of image processing software and a camera to accurately control the movements of an automatic conveyance robot for logistics and any other moving object and is capable of performing sensing to an accuracy of a ± 1 degree angle or less. The product is a 0.7-millimeter-thick glass substrate, 40 mm or 80 mm on a side. It is placed on a pallet, a warehouse shelf, a building door, a corner post, an automatic conveyance system or an unmanned moving object and the camera reads a marker to accurately detect its position.

We pursue improvements in productivity by developing and offering these products and services and promoting digital transformation at our manufacturing sites.



DX Marker (left: 80 mm angle, right: 40 mm angle)



Accurately determine the position and posture of a robot from all six axes.

DNP's Unique Commitment to Digital Transformation (DX)

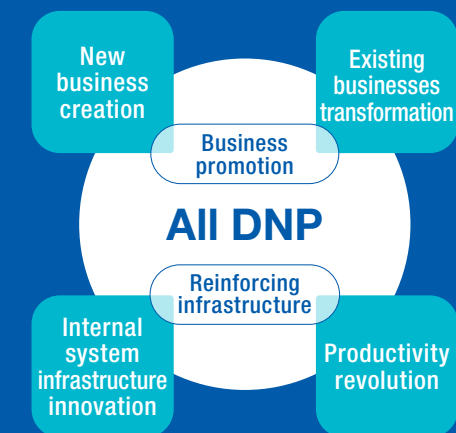
DNP calls for "P&I Innovation" in our business vision. This represents our attitude of creating value indispensable for society and people by combining our unique strengths in printing and information to bring about change. Since our founding in 1876, DNP has earned a great deal of trust by keeping large quantities of important, undisclosed and confidential information, including personal information, and by deploying many different media. We were also among the first to embark on the shift to digitalization and networks. Early in the 1970s, DNP began developing computerized typesetting systems and, in 1985, successfully created the world's first CD-ROM dictionary. These achievements link directly to the current digital transformation (DX). Keeping deeply updated on the DX megatrends, DNP harnesses our

technologies and know-how in the opposing aspects of "digital and analog," "service and manufacturing" and "virtual and real." In this way, we promote what we call "hybrid DX" as no other company can do.

Digital networks spread all over the world in the quarter-century after 1995, when commercial use of the Internet got fully underway. In the current COVID-19 pandemic, DX has played a significant role in facilitating effective communication among people and preventing the many disruptions. Staying true to its Corporate Philosophy, "the DNP Group connects individuals and society, and provides new value," as well as strives to create value to connect "people and education," "people and medical care" and "people and clothing, food and housing" by leveraging

the momentum of DX. As workstyles and lifestyles change, the scope of use of digital technologies is expanding. DNP seeks to invest in areas such as improving ICT personnel and focuses on displaying the comprehensive strengths of "All DNP" through the development of optimal systems. In particular, we analyze different data to facilitate rapid decision-making and pursue the structuring of a stronger business portfolio on the basis of market potential and profitability. Moreover, DNP is building a safe and secure internal system infrastructure and promoting the shift to smart factories with the use of its innovative production system. These initiatives will lead to dramatic improvements in our productivity.

DX-driven value creation

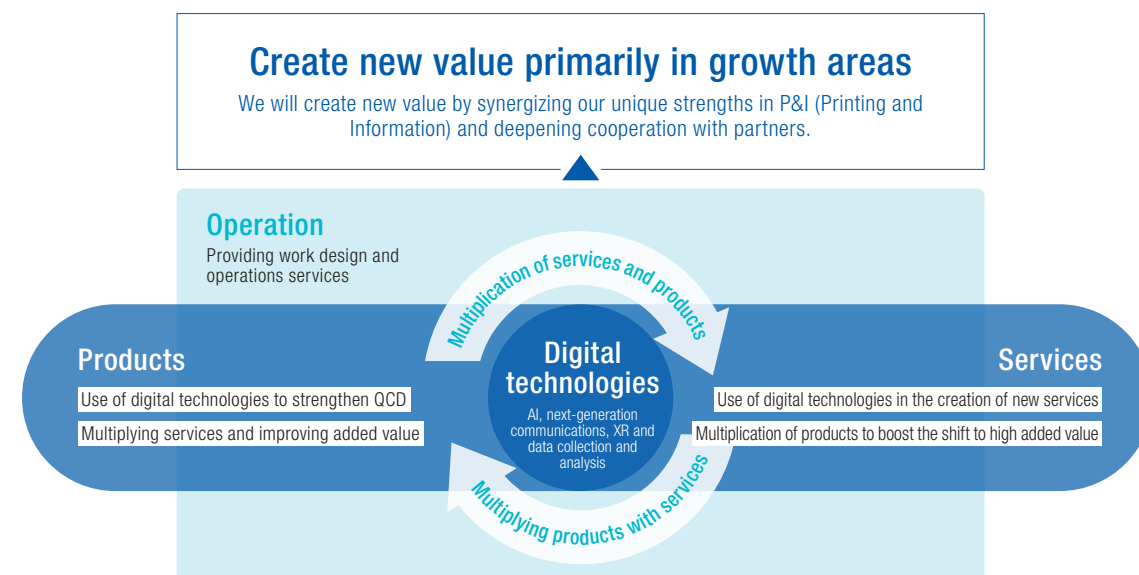


Utilizing DX in Promoting Businesses

"Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility" and "Environment and Energy" are growth areas for DNP's business operations. Excelling in any of these growth areas requires a combination of digital and virtual ICT services with the advantages of, for example, analog and actual practices of manufacturing. It is important to hone our cutting-edge technologies and to pursue products

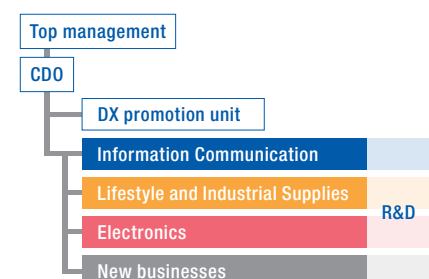
and services that diverse individuals can feel comfortable using.

Today, DX has the potential to change how an industrial structure or an organization exists and how people live. Accurately sensing trends, DNP combines them with the strengths unique to P&I. In doing so, we enhance the value of our existing businesses and act to create new businesses.



Structuring and Operating the DX Promotion System

Under the President's leadership, the Chief Digital Officer (CDO) supervises company-wide efforts relating to DX. Under the CDO's leadership, the head office and business divisions cooperate with one another to develop and operate systems for using DX to revitalize different corporate activities. In 2014, we set up an organization specializing in the creation of new businesses with the use of our strengths in digital technologies. In this way, DNP seeks to create value from a medium- to long-term perspective.



Strengthening the Foundation for the Promotion of DX

Changing the in-house system infrastructure

Aiming to ensure quick and data-based decision making, DNP is developing an information system to visualize management situations and to collect and use information that supports business activities. The development of our system infrastructure is aimed at continuously raising our efficiency, our capability to handle technological innovation and our security levels in accordance with the principle of cloud-by-default*1.

As telecommuting becomes increasingly common, we develop a zero-trust security**2 model with the aim of reacting effectively to changes in our network environment on the assumption that no access will be trusted. We also restructure our infrastructure environment so that it is commonly available at our overseas sites in order to strengthen our security and governance.

*1 A principle for pursuing improvements in efficiency, security levels, capability to handle technological innovation and availability, which considers the use of cloud service as the first candidate

**2 A concept of information security that can be achieved by defining what should be protected as "data" and not trusting any access to data

Improving human resources to support the promotion of DX

DNP clarifies the definition of digital and ICT personnel, regularly updates itself on the situations and leads it to the creation of value with the maximization of DX. We

systematically pursue a number of different initiatives to strengthen our human resources.

Understanding of ICT personnel	Analysis	Improving ICT personnel	
Definition of ICT personnel <ul style="list-style-type: none"> Skills improvements in accordance with ITSS*3 Understanding of ICT personnel <ul style="list-style-type: none"> Centralized management of skills in our possession and work experience through talent management 	Analyzing gaps between current facts about ICT personnel and future demand for human resources	Maximizing internal capabilities <ul style="list-style-type: none"> Introduction of an ICT professional system to secure and appropriately compensate ICT personnel Building and implementing systematic training programs based on ICT personnel's skill maps 	Leveraging external capabilities <ul style="list-style-type: none"> Introducing fixed-term contracts for high-quality external hires with superior knowledge/skills Use of external consultants/project managers Collaborative innovation with leading tech firms to accelerate business development and offer greater value Improving project development quality via personnel exchanges with Nihon Unisys
		Building systems and groundwork <ul style="list-style-type: none"> Strengthen cross-divisional collaboration using technologies (AI, 5G, XR, agile development, etc.) Educating all employees to build their IT literacy 	

*3 An index of skills and careers required of IT personnel, clarifying and systematizing individuals' IT-related skills by job type and by area of specialization

Efforts to dramatically improve productivity

To date, we have achieved significant success in the shift to automation and energy saving with the use of IT and the introduction of robots in our production processes. In addition, we are structuring a system in which, with the use of IoT devices, we can gather an enormous volume of data

generated from manufacturing and use that data for purposes such as improving our product quality and predicting device failures. Currently, we are conducting inspections in advance at our domestic key plants and will roll them out to other plants.

Focus Businesses ① IoT and Next-Generation Communications Business

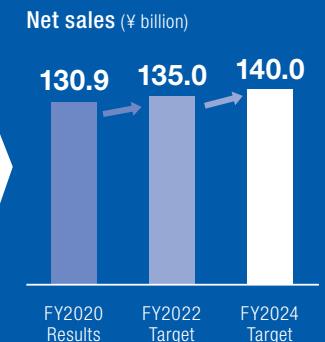
Developing Key Components and New Services to Facilitate a Digital Transformation in Society

As evidenced by the popularization of the 5th generation (5G) technology and progress in preparations for the 6th generation (6G) international telecommunication standards, changes are underway that will create a society in which everything is connected to the Internet, driven by rising transmission speeds in the telecommunications environment. DNP's business involves semiconductors that realize ultra-high-speed, low latency and multiple interconnections in telecommunications, displays that connect reality with virtual reality and other products. The Company is developing a wide range of products and services to enhance the value of people's lives. These products include vapor chambers, or slimmer

heat-dissipating components that increase flexibility in the design of information devices, and 5G-compatible products such as transparent antenna films that can be attached to various types of displays, interior walls and ceilings, buildings and automobile glazing. In addition, by enhancing and combining its unique strengths in printing and information (P&I), DNP seeks to develop materials that offer new value. Among these are metal masks used for the manufacture of OLED displays, which are being incorporated into glass-type telecommunication terminal devices, or smart glasses, and optical films that offer an array of functions for better, more eye-friendly displays.

DNP's business model (products and services)

- “Vapor chambers,” ultra-thin heat dissipating components
- Transparent antenna films
- Broad array of optical films, etc.



PRODUCT / SERVICE

Optical films

► Upbeat performance driven by stay-at-home/teleworking demand due

to COVID-19

Social issues/megatrends

- Larger, slimmer and more energy efficient displays
- Diversification of display design

Solutions leveraging DNP's unique P&I technologies and the strengths of its partners



DNP developed **world-first** components and materials for displays, which are evolving to include flexible LCDs, OLEDs and e-paper

Films that **prevent reflection, scratches and dirt** on displays



New ultra-wide 2,500mm line at the Mihara plant enables consistent high quality and productivity irrespective of display size, enabling DNP to meet customers' quality/supply requirements

Social impact

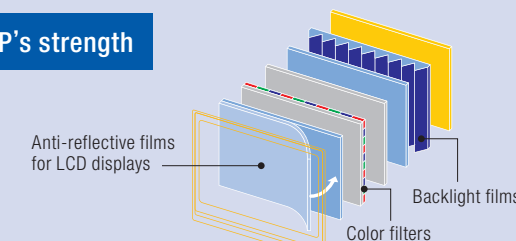
- Achieves high contrast, superior color reproduction for all display types in all situations
- High transmittance reduces power consumption

Future initiatives

- Securing market share in China with the ultra-wide line
- Expanding sales of high value-added optical films for OLED applications
- Improving the competitiveness of products

► FY2024 targets
Sales:
¥100 billion

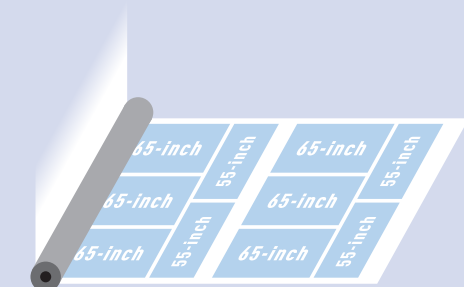
DNP's strength



DNP products used in LCD displays



Anti-reflective films



Ultra-wide lines (conceptual image)



Mihara plant (Hiroshima Prefecture)

DNP's strengths honed over many years

DNP creates value by harnessing key technologies, expertise and patents such as a coating technology that applies and attaches polymer materials to films thinly and uniformly; an optical design technology that controls the transmission, reflection and diffusion of light by combining materials that have specific optical characteristics and surface profiles; and a patterning and shaping technology that creates an uneven texture on the surface of base materials with the use of metal-based molds.

High-level production capacity utilizing equipment capable of coating wider areas

DNP has improved the productivity of films for large-screen television sets with the world's first 2,500 millimeter-wide line for coating installed in the Mihara plant in 2018 to produce optically functional films.

Rich product ranges and high global market shares

We enjoy high market shares in a range of optically functional films, such as those that remove reflections from the surface of displays, expand the viewing angle of displays or control the transmission or cut-off level of light.

Focus Businesses ② Data Distribution-Related Business

Building Various Types of Platforms for Advanced Information Security, Thereby Providing Value Indispensable to New Workstyles and Lifestyles

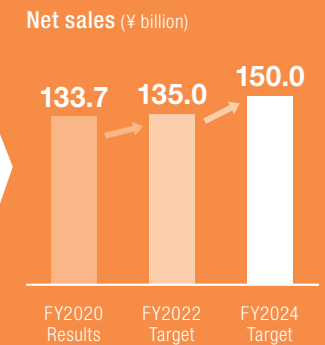
Triggered by the COVID-19 pandemic, a further acceleration in the pace of change is taking place in human communication, which had been advancing through digitization and networking. A digital transformation (DX) is underway across society, reflecting a range of measures such as telecommuting, online shopping, online education, online medical consultation and the holding of events in virtual spaces, all implemented in a short span of time to reduce human contact.

DNP has been working for many years to establish advanced security technologies and system platforms, while simultaneously operating a range of businesses that retain important corporate and personal

information. It started to work on digitization in the 1970s and has been strengthening cyber security in recent years. By leveraging these technologies and know-how, it provides new educational ICT schemes, engages in the authentication and security business, such as the DNP Secure Communication Service whose applications include secure telecommuting and an eKYC (electronic Know Your Customer) identification service, and operates showrooms and model rooms that feature the adoption of virtual reality (VR) and augmented reality (AR) technologies, as well as the PARALLEL CITY in which the fusion of reality and virtual reality is created, with a view to creating value pertaining to safe and secure data distribution.

DNP's business model (products and services)

- BPO
- Information trust banks
- Educational ICT
- Smart medical examinations etc.



PRODUCT / SERVICE

Educational business

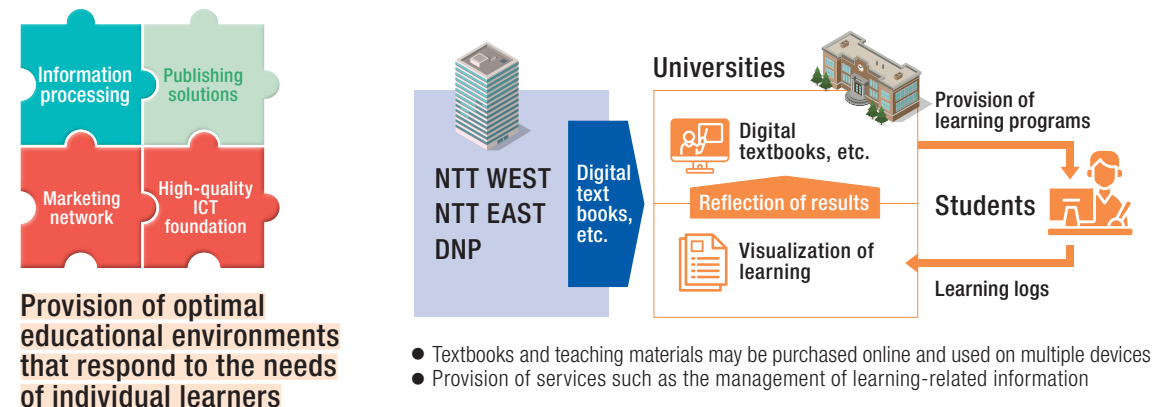
▶ Strengthening collaboration with NTT West and NTT East to

promote educational ICT platforms for universities jointly nationwide.

Social issues/megatrends

- ▶ Shift to student-centric education, guidance optimized to individual students
- ▶ Recommends hybrid education combining face-to-face and remote learning that helps to prevent infection
- ▶ Establishment of a remote environment to ensure that progress in classes and attendance of students can be monitored.

Solutions leveraging DNP's unique P&I technologies and the strengths of its partners



Social impact

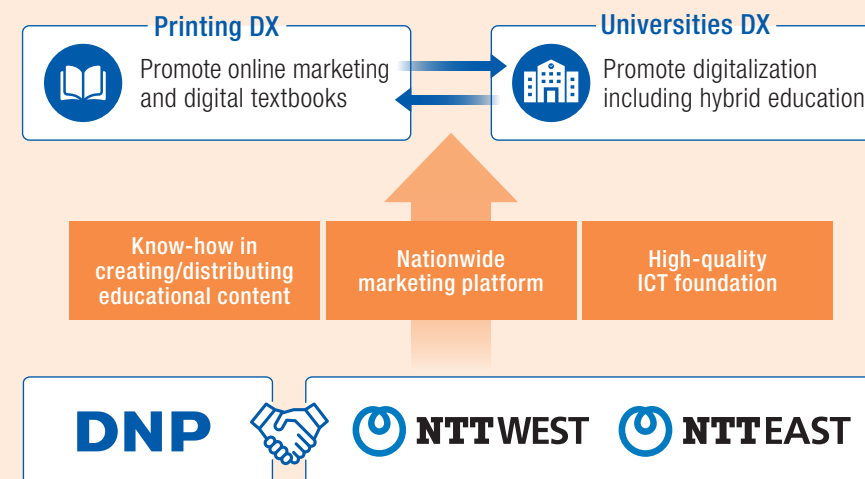
- ▶ Creation of a new education scheme featuring a mix of the advantages of digital and analog technologies to improve usability, raise education quality and provide equal opportunities
- ▶ Promotion of services nationwide through collaboration among the DNP Group, NTT West and NTT East

Future initiatives

- ▶ Promoting DX in universities and DX in publication to facilitate DX, namely, digital technology-leveraged initiatives for change, thereby contributing to the enhancement of university education

▶ FY2024 targets
Sales: more than
¥10 billion

DNP's strength



Demonstration of the total strengths of "All DNP"

The DNP Group is combining its strengths to create value, for instance, in the provision of a digital textbook and teaching material distribution system (co-development with Nihon Unisys, Ltd.), operation of digital agency services (MobileBook.jp Inc.) and production of video and audio-based teaching materials (Maruzen Yushodo Co., Ltd. and DNP Media Art Co., Ltd.).

DX in publication: Provision of ICT-leveraged comprehensive services to publishing companies

DNP is introducing services by establishing a large network of publishing companies, universities and textbook sales companies and bookstores to ensure that teachers can select books and register syllabuses easily when deciding on textbooks and teaching materials at universities or vocational schools.

DX in universities: Support for the enhancement of value in education through digitization

DNP supports efforts to analyze and improve the content of education and classes by visualizing progress in classes through digitization.

Focus Businesses ③
Mobility BusinessToward the Realization of a
Next-Generation Mobility Society—Provision of Security, Safety,
Comfort and Environmental
Consciousness, Which are
Essential Values That are
Needed at All Times

The mobility market is currently undergoing a major shift. As a company that has been providing a range of products and services for vehicles and railway cars for many years, DNP seeks to build on its achievements and provide new value indispensable to the realization of a next-generation mobility society.

DNP currently operates mobility-related businesses such as battery pouches for lithium-ion batteries, optical films for displays and decorative films for interior-use. Going forward, it will expand into the areas of CASE*¹ and MaaS*² to facilitate global businesses, taking into consideration the fact that values like security, safety, comfort and environmental consciousness are required all over the world.

With an eye on the popularization of electric vehicles (EV) and progress in self-driving vehicles, DNP will seek to develop and provide value that helps solve issues and enrich people's lives, such as the protection of privacy, improvement of the design and functionality of interior and exterior settings, and development of products and services that raise comfort levels, by combining manufacturing technologies and the advantage of information services in collaboration with automobile manufacturers and partner companies.

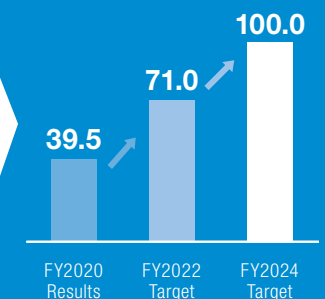
*1 CASE: The abbreviation of Connected, Autonomous/Automated, Shared and Electric and a key word that shows the direction of the automotive industry's businesses.

*2 MaaS: The abbreviation of Mobility as a Service and a concept in which movement through the means of transportation is considered to be a service with the use of ICT.

DNP's business model (products and services)

- Battery pouches for lithium-ion batteries (only those for in-vehicle use are included)
- Decorative films/panels
- Side visor
- Resin glazing (plastic resin glass)
- Security solutions, etc.

Net sales (¥ billion)



PRODUCT / SERVICE

Battery pouches for lithium-ion batteries

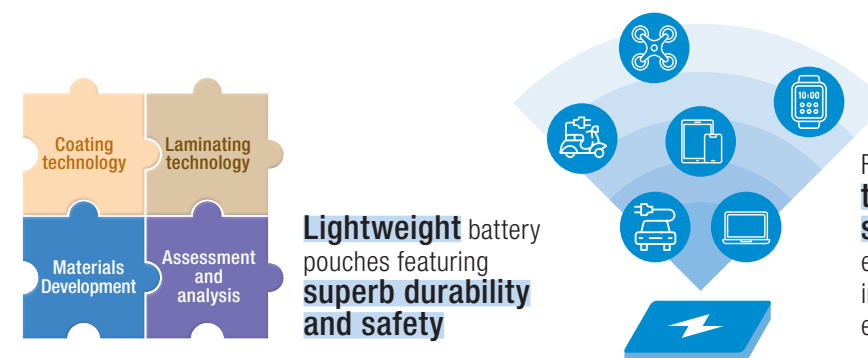
► Strong performance in

line with green recovery (shift to electric vehicles) and 5G-related demand growth

Social issues/megatrends

- Building decarbonized society (shift to electric vehicles)
- Uptake of next generation communications
- Reducing lithium-ion batteries' weight/thickness

Solutions leveraging DNP's unique P&I technologies and the strengths of its partners



Firmly maintaining the **top global market share** through the establishment of de facto industry standards and the expansion of applications

Social impact

- Provision of solutions to issues related to mileage and installation spaces through further weight reductions and increased flexibility in shaping
- Contribution to the realization of a decarbonized society and measures against climate change

Future initiatives

- Planning to expand manufacturing lines at the Tsuruse plant (Saitama prefecture) in 2022

► FY2024 targets

Sales: **¥100 billion**

(Battery pouches overall, including those for IT applications)

DNP's strength

DNP has been driving the market as the leader in battery pouches.



Global standards

DNP's battery pouches earn high marks as the standard model in the battery industry in Japan and abroad.

Stable quality achieved in pouches for large-size battery applications

Our battery pouches have been installed in more than two million electric vehicles (approximately 400 million cells) and this achievement in the market is highly rated.

Top global market share

Reflecting favorable evaluations for high quality, long-standing achievements, DNP's battery pouches have been maintaining the leading market share in the global market and include products for use in smartphones and other IT devices and in-vehicle applications.

Acquisition of IATF16949 certification for quality management system for the automotive industry

Our products are manufactured in a clean room to meet the high management level required by the automotive industry.

Focus Businesses ④ Environment-Related Business

Toward the Realization of a Sustainable, Better Society

Providing Value That is Friendly to the Global Environment and Indispensable to Daily Lives

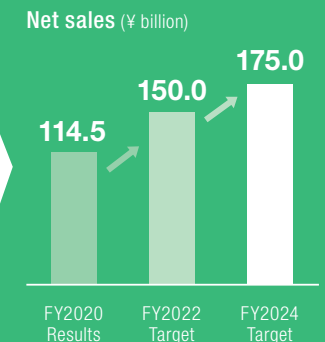
DNP has been striving to realize a sustainable, better society, taking into consideration the necessity of operating business activities in an eco-friendly manner, for example, developing environmentally friendly products and services and reducing the environmental footprint at facilities in Japan and overseas. It developed the DNP Group Environmental Vision 2050 in March 2020, and under this Vision, it has been taking steps to ensure that all employees strive to realize a decarbonized society, a recycling-oriented society and a society that is in harmony with nature, while maintaining a strong awareness of the impact of their businesses on the environment.

Specifically, DNP has been stepping up efforts to

make plant-based packaging materials the de facto standards for a range of applications, including those for food products, daily goods and pharmaceutical and medical products. In addition, it has been advancing the development of photovoltaic module components with an eye toward the expansion of renewable energy and the DNP Multifunctional Insulation Box that maintains a certain temperature for many hours without using electric power. DNP seeks to provide value that is indispensable to comfortable lifestyles for people and business processes for companies, and that are ecological, by combining its outstanding manufacturing technology and the advantages of information services.

DNP's business model (products and services)

- Eco-friendly packaging
- Encapsulants and back sheets for photovoltaic cells
- DNP Multifunctional Insulation Box, etc.



PRODUCT / SERVICE

Eco-friendly packaging materials

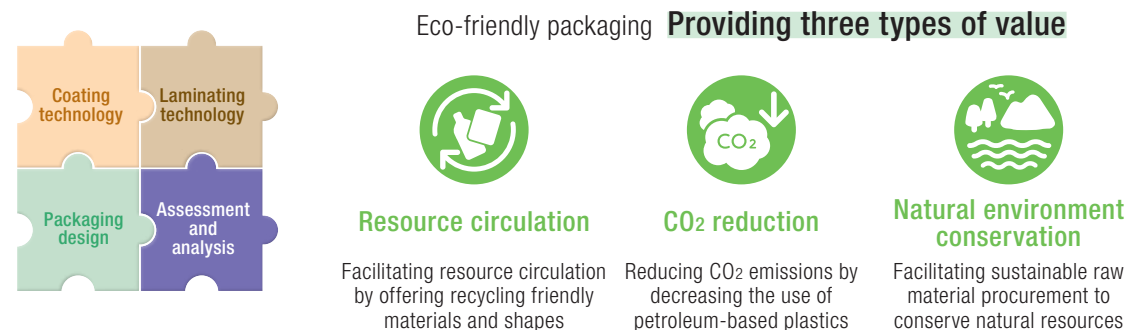
- ▶ Increase in demand for eco-friendly

products and services, reflecting growing awareness of the need to reduce the burden on the global environment

Social issues/megatrends

- ▶ Building a decarbonized society
- ▶ Reducing greenhouse gas emissions
- ▶ Increasing the use of renewable energy

Solutions leveraging DNP's unique P&I technologies and the strengths of its partners



Social impact

- ▶ Providing three types of value, namely, the circulation of resources, reduction of CO₂ and conservation of the natural environment
- ▶ Reducing 3,300 tons of CO₂ in FY2020 by offering plant-based packaging materials
- ▶ Advancing initiatives overseas to provide mono-material packaging materials

Future initiatives

- ▶ Expanding the lineup of the Biomatech materials and paper-based packaging materials to contribute to reductions in CO₂
- ▶ Expanding the lineup of recycling-friendly products such as mono-material packaging materials
- ▶ Building an ecosystem (recycling value chain)

DNP's strength

Eco-friendly packaging

地球をまもる
GREEN PACKAGING

With the keywords of “3R” (reduce, reuse, recycle) and “renewable” (sustainable resources), DNP reduces the environmental load in packaging-related businesses and, in addition, seeks to provide three types of value, namely, resource circulation, CO₂ reduction and conservation of the natural environment by offering its original products and services with the aim of realizing a sustainable society.



DNP plant-based packaging materials



DNP mono-material packaging materials

DNP plant-based packaging materials

DNP is reducing CO₂ emissions at least 10% throughout the product lifecycle compared to petroleum-based plastics by switching part of the raw materials for plastics from petroleum-based to plant-based materials. We are contributing to the realization of a decarbonized society by enhancing the lineup of products in the series.

DNP mono-material packaging materials

DNP is improving recyclability by making packages with a single material (mono-material). We offer a lineup of products that are adaptable to diverse shapes and contents, with functions such as the preservability and sturdiness realized by our original converting technology, despite the use of single materials (mono-materials).

Replacing packaging gravure ink with biomass ink

We are facilitating the replacement of gravure ink with biomass ink, which makes partial use of plant-based raw materials. We are moving forward with the replacement at all plants nationwide in soft packaging for film printing, anticipating a CO₂ reduction of at least 800 tons a year.

Our Products and Services



Information Communication

Publishing Business

- Publishing & Media Services
 - 1 Books and magazines
 - 2 Hybrid bookstore network "honto"
- Publications Distribution
 - 3 Maruzen & Junkudo Bookstore in Shibuya (Tokyo)

Information Innovation Business

- Marketing
 - 4 Flyers and catalogs
 - 5 LINE flyer
- BPO (Business Process Outsourcing)
 - 6 BPO
- 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 Identity verification service
 - 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 Photo-related services and solutions



Lifestyle & Industrial Supplies

Packaging Business

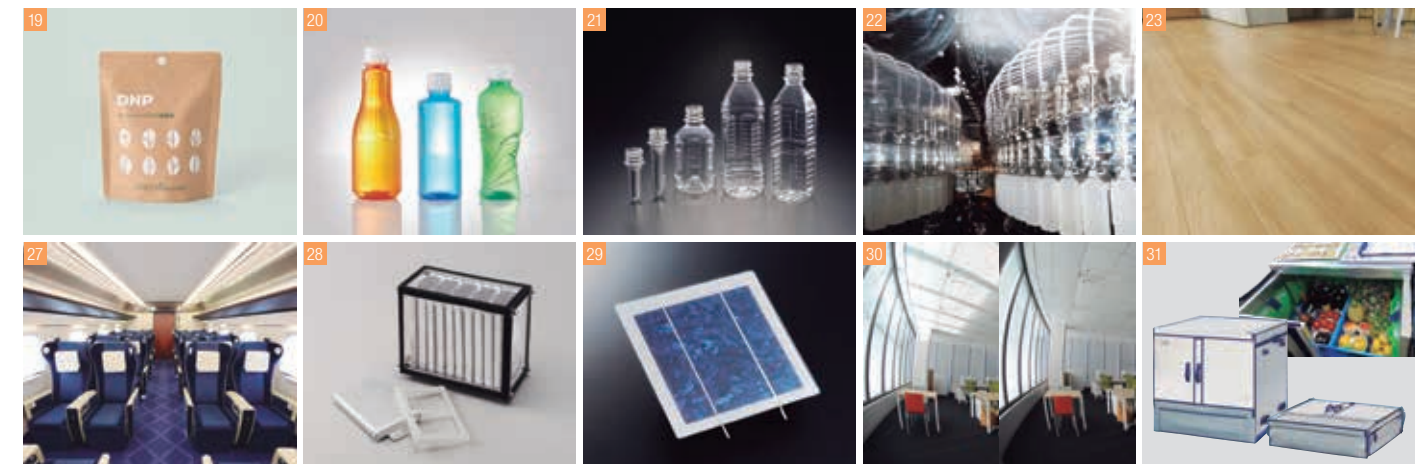
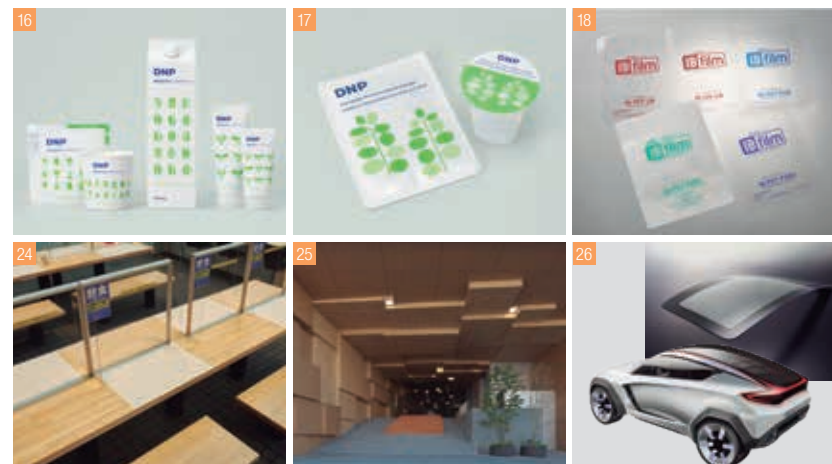
- 16 Plant-based packaging materials
- 17 Mono-material packaging materials
- 18 Transparent vapor deposition film "IB-Film"
- 19 Super high-barrier paper packaging materials
- 20 Functional film complex PET bottle "COMPLEX BOTTLE"
- 21 PET plastic bottles
- 22 Aseptic filling systems for PET plastic bottles

Living Spaces Business

- 23 Olefin-based sheets for flooring
- 24 Antibacterial and antiviral products
- 25 Exterior materials for buildings
- 26 Curved resin glazing
- 27 Interior coverings for railway cars (Hokuriku Shinkansen)

Industrial High-performance Materials Business

- 28 Battery pouch for lithium-ion batteries
- 29 Photovoltaic module components
- 30 Lighting film (left: with film, room brighter)
- 31 Multifunctional insulation box



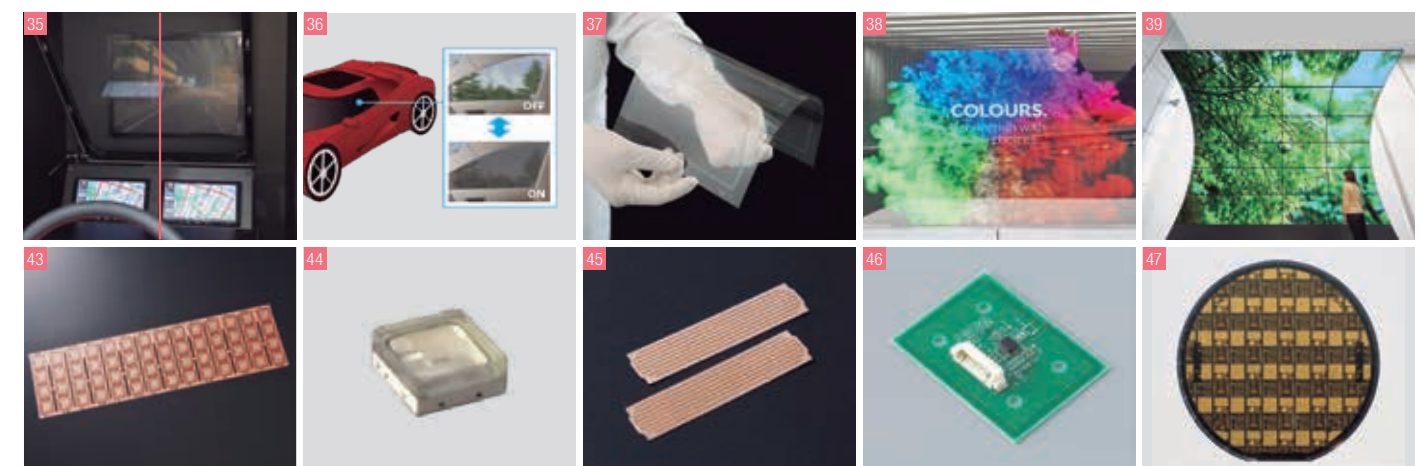
Electronics

Display Components Business

- 32 Optical films used for displays
- 33 OLED display-related products
- 34 Color filter for LED display
- 35 Viewing angle control film for in-vehicle displays (right: with film, no background reflection)
- 36 Electronic shade
- 37 Electrode film for capacitive touch panels
- 38 Transparent screen
- 39 Large scale curved OLED display-driven digital signage

Electronic Devices Business

- 40 Photomask (left: for semiconductors, right: for large displays, etc.)
- 41 Master template for nanoimprinting
- 42 Hard disk drive suspension
- 43 Lead frame for compact semiconductor package
- 44 Diffractive optical element (DOE)
- 45 Vapor chamber
- 46 Near field communication (NFC) module
- 47 Micro electro mechanical systems (MEMS) products



Financial Highlights and Business Strategies



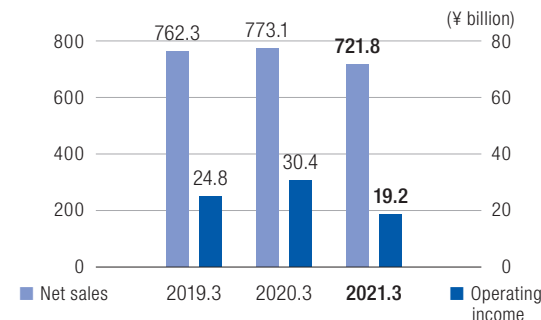
Information Communication



FY2020 Financial Highlights

Sales and Operating Income Fell due to Stay-at-Home Policies and the Cancellation of Events and Promotional Campaigns

	Net Sales			Operating Income		
	-6.6%			-36.9%		
	2019.3			2020.3		
	2021.3					
Net sales	762.3	773.1	721.8			
Operating income	24.8	30.4	19.2			
Operating income margin	3.3 %	3.9 %	2.7 %			



[Net Sales]

Sales related to ID cards such as individual number cards and the business process outsourcing (BPO) business increased, as did sales of e-books and library-related services. However, sales declined in the area of printed media, including publication printing and commercial printing, as well as in the Imaging Communication Business. Overall, net sales declined 6.6% year on year, or 51,265 million yen.

[Operating Income]

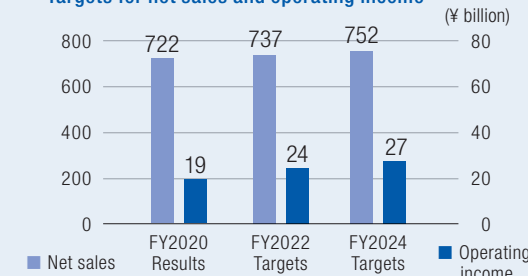
While we worked to reduce costs and improve the terms of received orders, in part due to a decline in sales from the high-margin Imaging Communication Business, there was a decrease of 36.9% year on year, or 11,231 million yen. As such, our operating income margin decreased 1.2 percentage points year on year, from 3.9% to 2.7%.

Impact on the segment from the COVID-19 pandemic

Information Communication	Business conditions key words	Government stay-at-home requests	Economic stimulus measures	Events and promotional campaigns	Remote
		Negative		On track	
Information Innovation Business	Pamphlets, catalogs and other printed media			Digital marketing Business Process Outsourcing (BPO)	
Imaging Communication Business	Photo shooting and printing services				
Publishing Business	Printing orders for magazines and books			E-book sales in the "honto" hybrid bookstore network	

Medium-term Management Plan

Targets for net sales and operating income



Basic policy

- Promote digital transformation aimed at adding value to the customer experience (CX)
- Downsize paper media production cases etc.

Strengths

- Maintaining a publishing value chain from printing and manufacturing to distribution and sales
- Advanced security environment and management system
- Expansion of hybrid business combining real and digital etc.

Risks and opportunities

- Developing new ways to work and live, rapid changes in economic activities
- Outflow or infringement of intellectual property, personal information leaks, increase in cyber attacks
- Deteriorating human resource retention due to rapid changes in the employment situation etc.

Business Strategies and Main Initiatives toward Achieving Medium-term Goals

① Create value primarily in growth areas

- Supporting the knowledge of consumers and contributing to the development of publishing culture

We will enhance the business of our "honto" hybrid bookstore network that links an e-commerce website where customers can buy e-books and paper books with the brick-and-mortar stores operated by Maruzen Junkudo Bookstores Co., Ltd. In addition, we will support consumers' knowledge through a variety of channels, including the consigned operation of libraries and the provision of electronic library services.

- Maximizing the value of the customer experience (CX) through hybrid marketing

We will seamlessly connect real with digital and advance corporate marketing methods in Japan and overseas. From developing marketing measures to providing systems to operate them smoothly, we will broadly support hybrid marketing in order to energize communication between companies and consumers and maximize the value of the customer experience (CX).

- Efficiently solving company's business issues with BPO

We use advanced security environments, expertise in business design and information management and the latest technologies including AI and RPA* to efficiently solve the myriad of business issues that companies face, from labor shortages and work style reforms to business continuity plans (BCP) in anticipation of emergencies.

* Robotic Process Automation (RPA): Business automation using robots (software) that utilize AI

- Providing a wide range of settlement options to support a cashless society

In the field of increasingly diverse cashless payments that adapt to the needs of customers, including smart cards, smartphones and 2D barcodes, we will facilitate the expansion of the cashless society by providing a secure payment infrastructure and multi-payment terminals in addition to card manufacturing and app development.

- Promoting digital transformation and accelerating the rollout of new photo services

Utilizing approximately 7,000 networked "Ki-Re-I" ID photo printing machines across Japan, we will support electronic application procedures for official certificates and various qualification certificates while promoting even more usage applications. In addition, we will make use of the technologies and other aspects enhanced through M&A and provide consumers in Japan and abroad with a range of services that enhance the experience value of photography at theme parks and events.

- Provide value optimized to each country and region

In the field of smart cards, we will work with our business/capital alliance partners among major card manufacturers in Vietnam and Indonesia to strengthen our business for financial institutions and ID card businesses, primarily in the Southeast Asia region.

In Imaging Communication, we will further enhance our overseas manufacturing, sales and service systems, continue to develop markets with a focus on developing countries and roll out the latest technologies in photographing, image processing and authentication on a global scale.

- Maximize corporate value through all manner of structural reforms

We will enhance marketing that uses data from bricks-and-mortar bookstores, and utilize the publishing value chain we maintain to drive reforms to our manufacturing and distribution systems to provide books in a timely fashion. In addition, we will optimize our manufacturing system as demand for paper media shrinks, including in publication printing and commercial printing. In the BPO business, we will strive to improve productivity and quality by introducing artificial intelligence (AI) and robotic process automation (RPA) while introducing digital workflow and supporting corporate activities with the optimum systems unrestricted by personnel or location by utilizing domestic and overseas sites efficiently.

Financial Highlights and Business Strategies



Lifestyle & Industrial Supplies



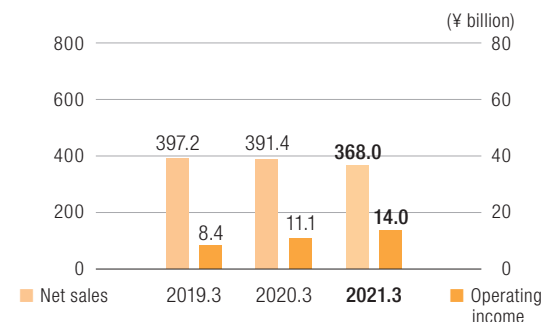
FY2020 Financial Highlights

We Sought to be Selective in Our Business Focus,
Successfully Increasing Income despite a Decline in Sales

	¥ billion		
	2019.3	2020.3	2021.3
Net sales	397.2	391.4	368.0
Operating income	8.4	11.1	14.0
Operating income margin	2.1 %	2.8 %	3.8 %

Net Sales
-6.0%

Operating Income
+25.3%



[Net Sales]

Sales of battery pouches for lithium-ion batteries increased for notebook PCs, tablet devices and smartphones in addition to electric vehicles. However, due to factors including stay-at-home policies under COVID-19, commercial packaging materials for souvenirs and restaurants, interior and exterior furnishings for homes and cars and photovoltaic module components saw declines in sales. Overall, sales fell 6.0% year on year, or 23,351 million yen.

[Operating Income]

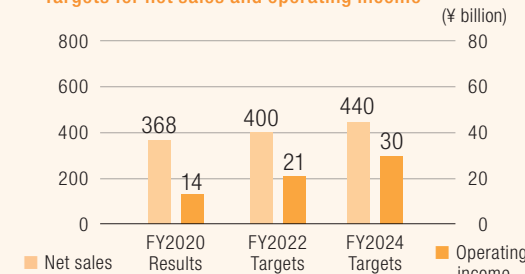
In part due to growth in battery pouches for lithium-ion batteries and falling raw material prices, operating income rose 25.3% year on year, or 2,821 million yen. As such, our operating margin increased 1.0 percentage point year on year, from 2.8% to 3.8%.

Impact on the segment due to the COVID-19 pandemic

Lifestyle & Industrial Supplies	Business conditions key words	Government stay-at-home requests	Housing starts	Automotive industry	Telecommuting
		Negative	On track		
Packaging Business	Commercial packaging materials for beverages, souvenirs and restaurant use		Packaging for pharmaceuticals and sanitary materials		
Living Spaces Business	Interior and exterior decorative materials for housing and automotive applications				
Industrial High-performance Materials Business		Battery pouches for lithium-ion batteries used in mobile handsets and automotive applications			

Medium-term Management Plan

Targets for net sales and operating income



Basic policy

- Leverage converting technology to strengthen new product development and sales
- Push ahead with review of low value-added products etc.

Strengths

- Maintaining unique converting technologies such as coating and laminating
- Development technologies for high value-added products including environmentally conscious products and barrier films
- Leading global share in battery pouches for lithium-ion batteries etc.

Risks and opportunities

- Shift to a decarbonized society, response to climate change, conservation of biodiversity
- Tackling food loss, ensuring that food is safe and secure
- Dealing with various infectious diseases through anti-bacterial and anti-viral products etc.

Business Strategies and Main Initiatives toward Achieving Medium-term Goals

① Create value primarily in growth areas

- Striving to realize a decarbonized society, recycling-oriented society and society in harmony with nature through "All DNP"

By enhancing products and services and promoting the development of mechanisms for eco-friendly packaging, including plant-based packaging materials and mono-material packaging materials, we provide three forms of value, namely resource circulation, CO₂ reduction and preservation of the natural environment. In addition, as demand for clean energy grows, we will develop and provide products and services that reduce our environmental burden, such as back sheets and encapsulants for solar cells with excellent power generation efficiency and long life.

• Providing high value-added products

Seeing not only homes and commercial facilities but also vehicles and rail cars as living spaces that require comfort, we will strive to expand our market share of high value-added products utilizing DNP's proprietary electron beam (EB) coating technology. We will also enhance our lineup of anti-bacterial and anti-viral products (construction materials for home and non-home use, home renovation products, etc.) expected to grow in demand to prevent COVID-19 and other infections.

• Developing products and services for a next-generation mobility society

We will continue to provide high value-added products and services to realize a next-generation mobility society. These mainly include battery pouches for lithium-ion batteries, which are enjoying growing demand for use in electric vehicles, as well as decorative films and panels for interior use that feature excellent design and functionality, new products such as curved resin glazing that helps reduce the weight of vehicle bodies, sheet-type coils for wireless power supply that can charge without contact and Mobility as a Service (MaaS).

② Provide value optimized to each country and region

With the aim of expanding our market share in Southeast Asia, our Packaging Business will expand sales in Indonesia and Vietnam, where our production bases are located, as well as to neighboring countries such as Thailand and Myanmar. This is part of our efforts to expand our share to global companies.

Our Living Spaces Business is utilizing our global sales network to expand our market share in Europe, the United States and emerging countries for metal panels and interior and exterior materials for automobiles with excellent design.

Our Industrial High-performance Materials Business will accelerate our expanding share in the global market for battery pouches for lithium-ion batteries, photovoltaic module components and industrial barrier films.

③ Maximize corporate value through all manner of structural reforms

In the Packaging Business, we plan to consolidate multiple facilities in the Kansai region at the Tanabe Plant (Kyoto Prefecture) within FY2021 as part of a review of low value-added products and site reorganization. In addition, in the Industrial High-performance Materials Business, we established a new production line for lithium-ion battery pouches at the Tsuruse Plant (Saitama Prefecture), which entered operation in March 2021, and plan to add another line in FY2022.

Looking ahead, we will review our business portfolio from a value perspective and promote enhanced productivity, improved profitability and other advancements.

Financial Highlights and Business Strategies



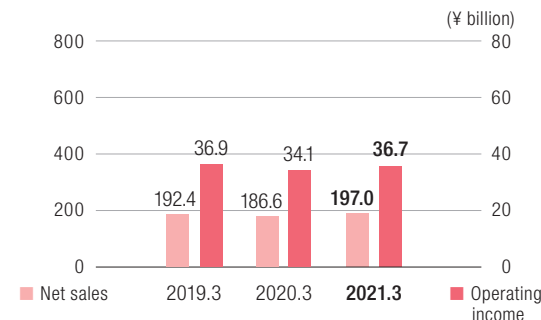
Electronics



FY2020 Financial Highlights

Business Performance Expanded in a Stable Manner,
in Part due to Growing Demand for Information Terminals

	Net Sales			Operating Income		
	+5.6%			+7.5%		
	2019.3			2020.3		
	2021.3			2021.3		
Net sales	192.4	186.6	197.0	36.9	34.1	36.7
Operating income	19.2 %	18.3 %	18.6 %			
Operating income margin						



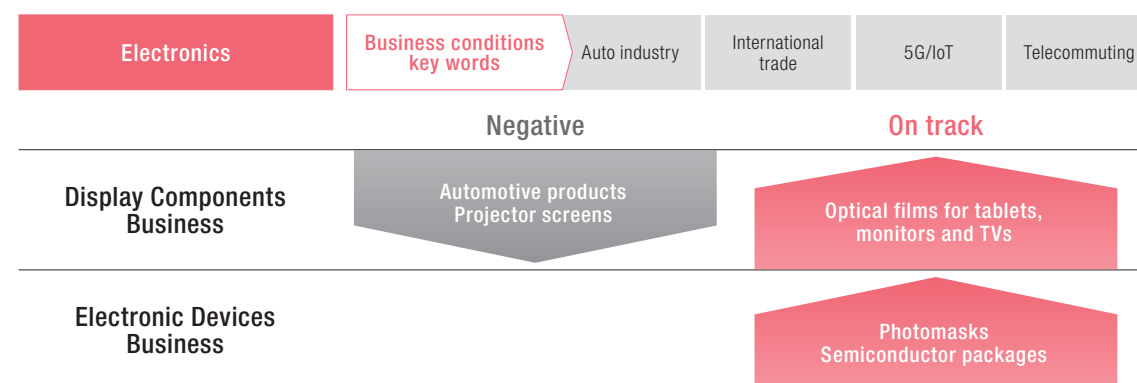
[Net Sales]

With people spending more time at home due to telecommuting and other circumstances, optical films for tablet devices, monitors and televisions performed strongly. In addition, we saw stable sales of metal masks used in the manufacturing of OLED displays for smartphones and other devices. Various products in the Electronic Devices Business also had a solid showing. As a result, sales increased 5.6% year on year, or 10,418 million yen.

[Operating Income]

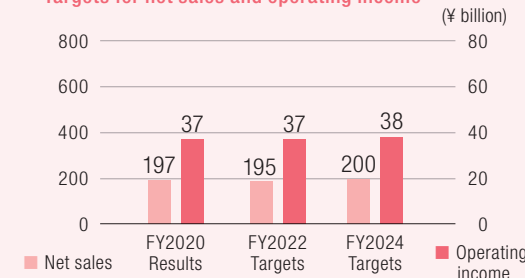
Due to higher net sales and the results of business structural reforms, operating income rose 7.5% year on year, or 2,555 million yen. As such, our operating income margin rose 0.3 percentage point from 18.3% to 18.6%.

Impact on the segment due to the COVID-19 pandemic



Medium-term Management Plan

Targets for net sales and operating income



Basic policy

- Develop and supply key components that contribute to sophisticated integration of real and digital
- Rebuild businesses where competitiveness has declined etc.

Strengths

- Top global market share in optical films leveraging our strength in coating technologies
- Top global share in metal masks utilizing etching technologies and patents
- Photo masks based on cutting-edge photolithography-related technologies etc.

Risks and opportunities

- Initiatives to develop new ways to work and live
- Responses to acceleration and diversification of technological innovations, and intensifying development competition
- Changes in economic conditions, consumption trends in Japan and overseas, currency fluctuations and others etc.

Business Strategies and Main Initiatives toward Achieving Medium-term Goals

① Create value primarily in growth areas

- Developing and providing 5G compatible communications devices and other new products with enhanced added value

Using the etching surface processing technologies it has accumulated through the manufacturing of high-precision semiconductor components and other activities, DNP has developed products just 0.25 millimeters thick that are around 30% thinner than previously using vapor chamber heat dissipating components that prevent the overheating of 5G-compatible devices and allow them to be made thinner. We have also developed transparent antenna film, a product that receives radio waves by forming an invisible thin metal wire on transparent film, then attaching it to the interior displays, walls, windows, ceilings and glass of the car body. We will also work to develop and provide new products like these, and create value in the form of miniaturization and higher functionality of information terminals for 5G/6G communication environments.

• Strengthen development of products for OLED displays

In anticipation of growing demand for small and medium-sized OLED displays for smartphones and tablet devices, we will increase production capacity for metal masks used in manufacturing OLED displays, 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.

For example, we will develop “Blue Shift Control Film” that improves the blue shift phenomenon in which a screen appears blue when the OLED display of a smartphone, tablet or PC is viewed from an angle. We will mainly provide the film to display panel manufacturers.

• Refine and commercialize next-generation photolithography-related technology

We will provide EUV masks for cutting-edge semiconductors used in extreme ultraviolet (EUV) lithography, a high-performance semiconductor manufacturing technology that is essential for an advanced information society. DNP was the first dedicated photomask manufacturer in the world to introduce multi-beam

mask writing (MBMW) tools. We have not only boosted the productivity of next-generation photomasks for semiconductors, but also build proprietary manufacturing processes, making DNP the first dedicated photomask manufacturer to develop 5nm* process node EUV masks. In the future, we will provide cutting-edge EUV masks to semiconductor manufacturers, research institutions and device manufacturers in Japan and around the world. In addition, with the semiconductor industry needing to further reduce energy consumption to achieve a decarbonized society by the year 2050, DNP is focusing on the development of master templates for semiconductor nanoimprint lithography (NIL), a decarbonization technology that dramatically reduces energy consumption during semiconductor manufacturing. As the world's only manufacturer of master templates for semiconductor NIL, we will contribute to the formation of a decarbonized society through the supply of micro-sized products for next-generation semiconductors.

② Provide value optimized to each country and region

We will utilize our semiconductor photomask bases established in Taiwan and China as a joint venture with Photronics, Inc., (USA) to develop products that incorporate our strengths. We will also pursue cooperation on the technical side to launch even smaller photomasks in East Asian and Western markets. In addition, we will keep close watch on global trade issues and country risks, monitor the social issues and needs of people in each country and region, and strive to provide the value they need.

③ Maximize corporate value through all manner of structural reforms

We will continue to promote the transformation of our business portfolio with consideration for market growth and profitability. As part of this transformation, we will continue the shift away from products such as color filters for LED displays, which suffer from declining competitiveness due to market changes, to high value-added products related to OLED displays. We will also advance the shift to products that support digital society such as IoT and 5G to boost earnings strength. In particular, in our overseas business, we will respond more flexibly to fluctuations in exchange rates and raw material prices in order to minimize the impact on business results.

*nm: nanometer (10⁻⁹ meter)









INITIATIVES FOR SUSTAINABILITY

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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	Indicators prioritized in an effort to achieve medium- to long-term vision	Medium- to long-term targets	FY2020 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.		(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.) (2) Ratio of Super Eco-Products* in total sales * Excellent eco-conscious products and services designated through DNP's original certification system	(1) Achieve sales of 600 billion yen by FY2020. (2) Achieve 10% by 2025. (1) 578.1 billion yen (2) 87.1 billion yen (6.5%)	
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.		(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) or more. (2) Achieve 100% (covering all applicable bases). (1) Once a month (14 times) (2) 98.1% (105 bases) * Training not held at two bases outside Japan as these locations were in a lockdown due to COVID-19	
	Human Rights and Labor	We place human dignity first and foremost and respect diversity unique to all persons that includes their culture, nationality, race, ethnicity, language, religion, values, gender, age, gender identity, and sexual orientation or whether they have disabilities. We accordingly respect working styles suited to the diversity of our employees and make efforts to create a safe, healthy and vibrant working environment based on the assumption of acting with discipline.		(1) Ratio of female managers (2) Number of female managers and leaders (3) Ratio of employees with disabilities (4) Rate of annual paid leave taken (5) Frequency rate of lost workday injuries	(1) Achieve ratio of female managers (section manager or above) of 7% or more by the end of March 2022. (2) Double the number of female managers and leaders by the end of March 2022 compared with the number (430) in February 2016. (3) Achieve the ratio not lower than 2.2%. (4) Achieve an increase over the previous fiscal year (54.7%). (5) Keep the rate not more than 0.2. (1) 6.6% (2) Over 2.0 times the number (873) (3) 2.5% (4) 55.4% (5) 0.29	
	Environment	DNP targets the realization of a decarbonized society, a recycling-oriented society and a society in harmony with nature by creating new value through Printing and Information (P&I) innovation designed to achieve the emergence of a sustainable society. (Refer to pages 62-67.)		➡ For details, see the "Environmental Vision/Natural Capital (pages 62-63) and the Initiatives for Climate Change (pages 64-67). ➡ For details, see page 16 of the DNP Group Environmental Report 2021 for Environmental Activity Targets and Results List.		
	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 more.		(1) Average score of DNP Group CSR Procurement Guidelines survey on key suppliers (2) Percentage of key suppliers that have obtained the conformance certificate of DNP Group Guidelines for Procurement of Paper for Printing and Converting	(1) Achieve the average score of 90 points or more by FY2030. (2) Achieve 100% by FY2030. (1) 86 points in Japan, 84 points overseas (2) 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.		(1) Number of serious accidents* caused by our products * 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) (2) Percentage of newly developed products undergoing product safety and risk assessment	(1) Achieve zero accidents. (2) Achieve 100%. (1) Zero accidents (2) 100% (350 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.		(1) Rate of information security compliance assessments conducted (2) Rate of inspections and instructions by executive officer in charge of divisions implementing priority measures for personal information protection, etc. (3) Participation rate of information security education and training (4) Rate of security vulnerability tests for publicly open websites	(1) Achieve 100% (covering all business units and Group companies). (2) Achieve 100% (covering all applicable divisions). (3) Achieve 100% (covering all business units and Group companies). (4) Achieve 100% (covering all applicable websites). (1) 100% (87 units and companies) (2) 100% (82 times) (3) 100% (Approx. 41,000 persons) (4) 100% (425 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.		(1) Number of external participants in social contribution activity programs (2) Number of employee participants in social contribution activity programs (3) Number of fair trade-related products consumed in-house (4) Number of dishes served in company cafeterias to support disaster areas and groups engaging in future generations development	(1) Achieve an accumulated total of 10,000 persons (2,000 per year) from FY2020 to FY2024. (2) Achieve an accumulated total of 6,000 persons (1,200 per year) from FY2020 to FY2024. (3) Achieve an accumulated total of 250,000 items (50,000 per year) from FY2020 to FY2024. (4) Achieve an accumulated total of 70,000 dishes (14,000 per year) from FY2020 to FY2024. (1) 1,293 persons (2) 674 persons (3) 39,190 items (4) 4,516 dishes		

* Those without a target fiscal year are the target values for each fiscal year.

ENVIRONMENTAL VISION/ NATURAL CAPITAL

We are taking on the challenge of creating new value towards realizing our Environmental Vision for a sustainable future.

Satoru Inoue
Managing Director

DNP is working to create value that people and society want, always having our business activities coexist with the natural environment as we have done in the past. In recent years, however, violent storms, flooding and other abnormal weather phenomenon have occurred frequently, and there are concerns of new contagious diseases spreading. There is an increasing need to think about what kind of value to offer and in what order to offer it.

Initiatives toward becoming carbon neutral are accelerating both in Japan and abroad, and a green recovery is needed, aimed at economic revitalization from the COVID-19 pandemic while also controlling climate change and preserving ecosystems. As a part of this, DNP established the DNP Group Environmental Vision 2050 in March 2020, aiming to speed up its specific activities in realizing a decarbonized society, a recycling-oriented society and a society in harmony with nature. We plan to achieve effectively net-zero greenhouse gas (GHG) emissions from business activities at our own sites by FY2050, aiming to create a decarbonized society.

In the Medium-term Management Plan, we established environment-related businesses as a focus business and will develop products and services with high added value and low environmental burden, utilizing our unique strengths in P&I (Printing and Information) and our diverse partnerships. In addition to expanding our battery pouches for lithium-ion batteries, which we hold the top market share globally, to electric vehicles and next-generation solid-state batteries, we will develop photovoltaic module components for renewable energy and packaging that replaces some of the petroleum-derived materials with plant-based materials. We will also develop information services that lead to improvements in traceability, recycling of resources and thorough temperature regulation in transportation, and will work to reduce our environmental footprint over the entire value chain.

We have set environmental conservation and the realization of a sustainable society as one part of our Code of Conduct for all employees, and in addition to establishing the DNP Group Environmental Policy, we are moving forward with corporate activities that are deeply cognizant of the environment, not to mention complying with laws and regulations. We will focus even further on providing diverse values to realize a sustainable, better society and more enjoyable lifestyles.

DNP Group Environmental Vision 2050

In March 2020, DNP formulated the DNP Group Environmental Vision 2050 and defined what we expect to accomplish toward the year 2050. We will continue to step up our efforts to create value with a view toward realizing a decarbonized society, a recycling-oriented society and a society in harmony with nature.

A Decarbonized Society through Climate Change Mitigation and Adaptation

- We aim to achieve effective net-zero greenhouse gas (GHG) emissions from business activities at our own sites.
- We will contribute to create a decarbonized society through our products and services.

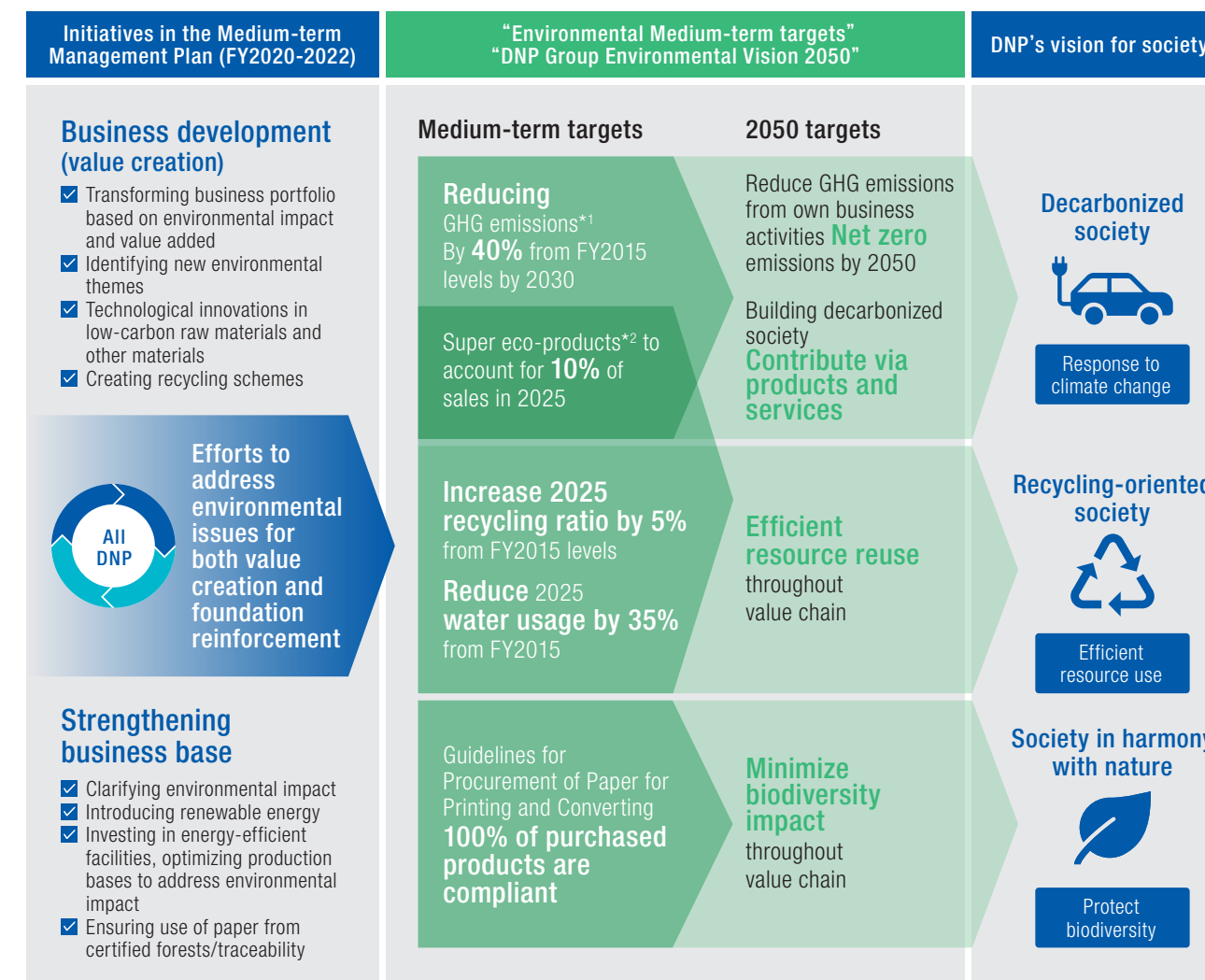
A Recycling-Oriented Society through the Efficient use of Resources

- We will provide maximum value through the efficient use and recycling of resources throughout the value chain.

A Society in Harmony with Nature via the Conservation of Biodiversity

- We aim to minimize the impact on biodiversity throughout the entire value chain and achieve harmony with regional ecosystems.

► SDGs to which our initiatives correspond



*1 In July 2018, DNP received certification from the SBT (Scientific Based Targets) initiative for its longer-term goal of a 25% reduction in GHG emissions by 2030 compared to FY2015, and again received SBT certification after revising this goal to net zero emissions in 2050.

*2 Super eco-products are products and services that DNP deems to be exceptionally environmentally conscious based on its proprietary assessment criteria.

Initiatives for Climate Change



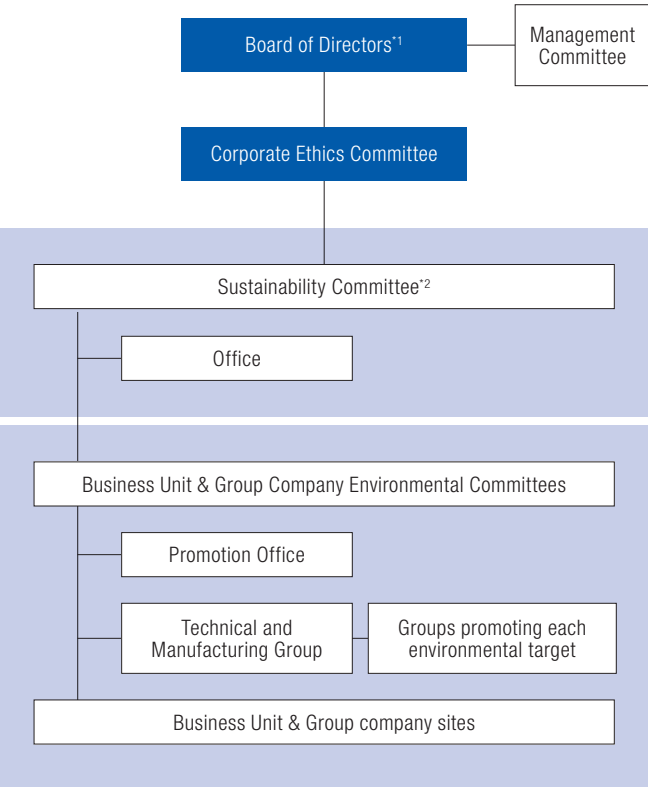
The effects of climate change have become increasingly serious every year, having a large impact on the environment, society and the economy. There has also been an acceleration in action toward a green recovery that tackles environmental issues in conjunction with pandemic and post-pandemic policies, and in Japan, becoming carbon neutral and achieving net zero greenhouse gas (GHG) emissions by 2050 was given as a goal. This has attached greater importance to the roles companies should fulfill.

By working to resolve climate change and other environmental issues, DNP intends to make people’s daily lives sustainable, safe and secure, while at the same time creating value that is unique to DNP and meets people’s expectations. We will also proactively engage in dialogue with stakeholders about these initiatives by disclosing information on our relevant efforts through the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), and will work to reduce GHG emissions across the entire supply chain.

Governance

DNP positions its response to environmental issues including climate change as a key management challenge. Under the management and supervision of the Board of Directors, the Corporate Ethics Committee overseeing internal control and the Sustainability Committee, a committee of specialists in sustainability, play a coordinating role in environmental matters.

The Sustainability Committee, which is chaired by a director in charge of environmental issues, consists of directors and corporate officers with assigned duties at the Head Office. This Committee, which meets twice a year and more if needed, discusses and decides policies, objectives and plans regarding group-wide sustainability, while also monitoring the progress of the plans and the status of the achievement of those objectives. The Board of Directors discusses and makes decisions on the important matters discussed by the Committee along with management policies, management strategies and other important issues.



Roles of each organization

*1 Deliberate and decide on important matters related to our response to climate change
*2 Assess climate change-related risks and opportunities, deliberate and decide on basic policies, targets, and plans and oversee progress

TOPICS

Establishment of a Reduction Target for Industrial Waste Using Resource Recycling Ratios*

Creating a recycling-oriented society is given as an urgent issue alongside climate change. DNP revised its longer-term targets towards the realization of a recycling-oriented society through the efficient use of resources, as stated in the DNP Group Environmental Vision 2050.

In the new targets, an improvement of 5 points by 2025 compared to FY2015 levels for resource recycle ratios through material and chemical recycling for all unneeded materials (industrial waste and valuable), excluding paper valuables that are already 100% recyclable. Use of materials in energy recovery is not included, and we will focus on initiatives to use resources more effectively.

*The amount of resources recycled divided by the amount of unneeded materials, excluding paper

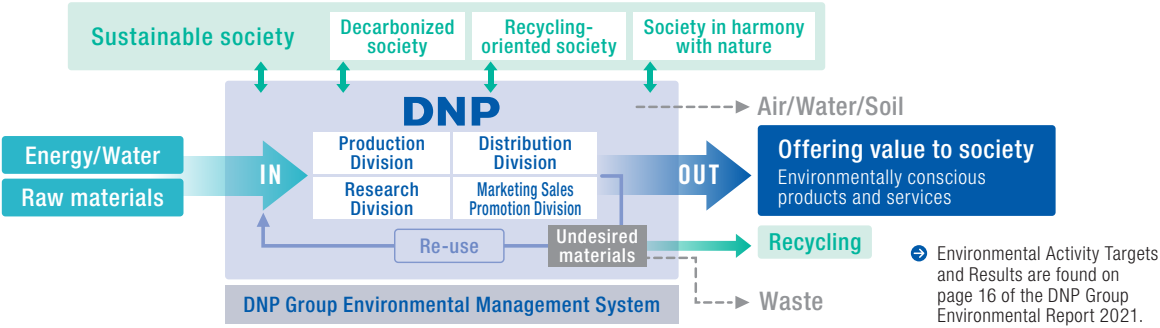
TOP MESSAGE	VALUE CREATION AT DNP			BUSINESS RESULTS (FINANCIAL AND NON-FINANCIAL INFORMATION)	INITIATIVES FOR SUSTAINABILITY	DATA
	Value creation process	Medium-term Management Plan	Initiatives for value creation			

Risk Management

DNP is in the process of facilitating integrated risk management initiatives to minimize the negative impact of social issues and variable factors (risks). The Sustainability Committee identifies climate change-related risks in particular based on business plans at least once a year from the perspectives of the interests of stakeholders, degree of impact and probability of the occurrence of such an impact

and assesses and manages them.

For risks and opportunities that have been recognized as particularly important as a result of assessments, they are discussed by the Board of Directors after discussion among the Sustainability Committee. Activities are prioritized, targets are established, and they are then reflected in management.



Strategy

Climate change-related risks and opportunities include those related to the shift toward building a decarbonized society, such as the enforcement of more stringent legal regulations for the creation of a decarbonized society and growing demand for and market interest in low-carbon technologies, and those related to physical effects resulting from rising temperatures.

As an effort to identify risks caused by climate change in the promotion of businesses and to examine strategies to prepare for long-term risks, DNP performs scenario analysis to assess the financial impact and duration during which we will be exposed to the impact (scenarios used: RCP 8.5 scenario in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), the Sustainable Development Scenario in the World Energy Outlook (WEO) from the International Energy Agency (IEA) and Net Zero Emissions 2050 (NZE2050)).

Based on the scenario analysis results, DNP recognizes that to build a decarbonized society, more stringent regulations on GHG emissions and the introduction of a carbon tax are likely and that a rise in operational costs is expected, and we are strengthening our business base through the visualization of the environmental impact and transforming our business portfolio based on environmental impact and value added. We also established targets for 2030 and are moving forward with further strengthening our energy-saving activities and the introduction of renewable energy toward net-zero GHG emissions from business activities at our own sites by 2050.

The demand and market for low-carbon products and services, on the other hand, will grow further, pushing up the need for accelerated technology development and mergers and acquisitions (M&A). To address such changes, DNP is working on value creation by combining P&I's strengths and deepening its collaboration with external partners.

Our Medium-term Management Plan identifies “Environment and Energy” as one of the growth areas and specifies environment-related, mobility and other businesses as focus businesses from the perspectives of profitability and market growth potential. We expect future business expansion for low-carbon products, such as those related to renewable energy and battery pouches for lithium-ion batteries, and for security solutions for the sharing economy. Moreover, we have been increasing the lineup of eco-friendly packaging, which is both environmentally conscious and convenient, and have been joining collaborative efforts with the entire supply chain to establish a recycling system and develop new recycling technologies. We are also channeling management resources and promoting strategic investments to create value in these focus businesses.

At the same time, in dealing with the impact of short-term physical risks, we have set up a business continuity management structure and have been reinforcing our response to disasters caused by climate change and enhancing supply chain management.

IPPC RCP scenarios	IEA WEO scenarios	
Future scenarios of the representative concentration pathway shown in the Fifth Assessment Report (announced in 2014). Its RCP 8.5 scenario, which assumes the sharpest temperature rise, projects a 2.6°C - 4.8°C increase in temperatures by 2100.	Sustainable Development Scenario Scenario in which clean energy policies and investments are increased and sustainable energy targets get on track to be achieved by 2070. It projects that solar, wind and other forms of renewable energy will greatly contribute toward an increase in power demand.	Net Zero Emissions by 2050, NZE2050 Shows measures that will be required in the next 10 years to expand the analysis of sustainable development scenarios and stay on track toward having global GHG emissions reach net zero by 2050. It also mentions major improvements in electrification and energy efficiency and a rapid realization of behavior changes in addition to the contributions of renewable energy.

INITIATIVES FOR SUSTAINABILITY

Main Risks, Initiatives and Opportunities in Response to Risks Associated with Climate Change

① Scenario where migration to a decarbonized society advances
(scenario where rise in average temperature is limited to less than 2°C or 1.5°C)

	Migration scenario	Affected period	Risks to DNP	DNP's initiatives and opportunities
Policies, laws and regulations	Regulations related to carbon pricing	Medium to long term	<ul style="list-style-type: none"> Enforcement of a carbon tax or an emissions trading system Increase in operational costs due to the introduction of renewable energy, etc. Increased investment in energy-saving facilities 	<ul style="list-style-type: none"> Transformation of business portfolio (selection and concentration of businesses) Upgrade to highly efficient equipment and optimization of production bases Promotion of product and service designs that consider the life cycle assessment Promotion of the use of decarbonized and low-carbon energy
	Regulations on plastics	Medium term	<ul style="list-style-type: none"> Tax on products that use fossil-based materials Rise in costs to switch to alternative materials 	<ul style="list-style-type: none"> Expansion of sales of DNP plant-based packaging materials Development and expansion of sales of highly recyclable products (shift to single materials, paper, etc.) Creation of recycling schemes
	Introduction of water intake restrictions	Medium term	<ul style="list-style-type: none"> Shutdown of operations at manufacturing bases 	<ul style="list-style-type: none"> Reduction in loss through visualization and review of process, as well as reduction in amount used and recycling Implementing a water risk survey for all bases, including those abroad
Market	Changes in market values and consumer behavior	Medium to long term	<ul style="list-style-type: none"> Reduction in products and services that are not low-carbon or environmentally conscious 	<ul style="list-style-type: none"> Development and market expansion of products aimed at realizing a decarbonized society (battery pouches for lithium-ion batteries, DNP eco-friendly packaging, etc.) Development of products aimed at promoting the switch to recyclable resources (paper, etc.) Active use of certified materials (FSC®-certified paper, etc.)
	Rise in energy costs	Medium term	<ul style="list-style-type: none"> Increase in operating costs Decrease in competitiveness 	<ul style="list-style-type: none"> Promotion of energy saving activities, such as saving power and using higher efficiency equipment
	Rise in costs of raw materials	Medium term	<ul style="list-style-type: none"> Increase in procurement costs for printing paper Increase in procurement costs for fossil-based materials 	<ul style="list-style-type: none"> Promotion of zero emissions (reduction in materials used, effective use of resources through improvements in product specifications and the manufacturing process)
Evaluation	Evaluation of working on climate change issues	Medium term	<ul style="list-style-type: none"> Effects if initiatives are deemed to be insufficient (worsening of corporate image, decline in stock price, reduction in capital due to being excluded from investments, etc.) 	<ul style="list-style-type: none"> Expanded disclosure of information and engagement Monitoring of market trends Initiatives toward reducing GHG emissions to achieve long-term environmental vision

② Scenario where the physical effects of climate change become tangible
(scenario where average temperature rises 4°C)

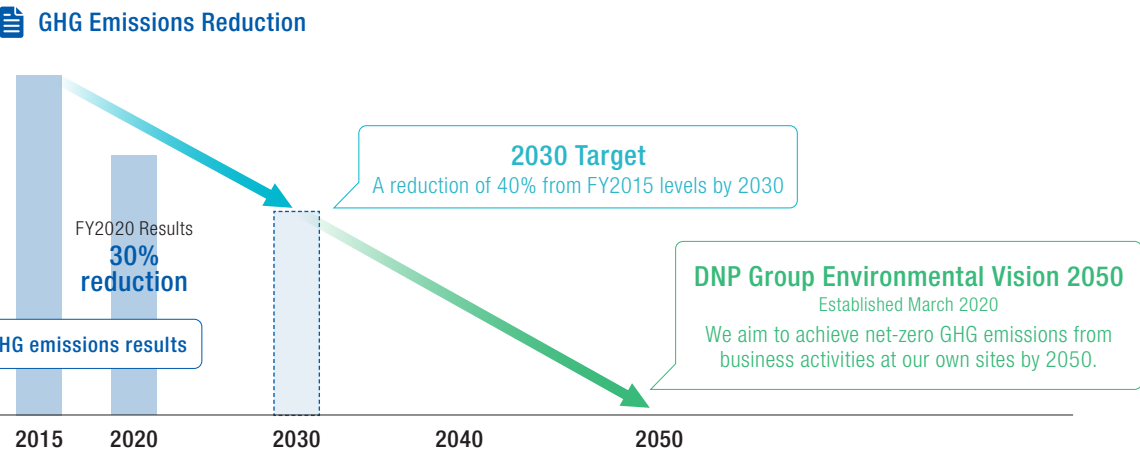
	Physical scenario	Affected period	Risks to DNP	DNP's initiatives and opportunities
Urgency	Increase in wind and flood damage from heavy rainfall, flooding, typhoons, etc.	Short term	<ul style="list-style-type: none"> Shutdown of operations or disruption of supply chain due to natural disasters 	<ul style="list-style-type: none"> Natural disaster risk measures at production bases Enhancement of production backup systems with multiple production bases Diversification of suppliers Enhancement of compensation and support systems for employees
Chronic	Rise in temperature	Medium term	<ul style="list-style-type: none"> Hindrance to operations through increased occurrence of heat stroke Increase in air conditioning costs 	<ul style="list-style-type: none"> Visualization and reminders about the risks of heat stroke in production bases Energy saving measures through the introduction of highly efficient equipment
	Changes in water demand and supply	Medium term	<ul style="list-style-type: none"> Increase in the cost of water usage and materials 	<ul style="list-style-type: none"> Reduction in loss through visualization and review of process, as well as reduction in amount of water used and recycling
	Water-related risks in coastal areas	Medium term	<ul style="list-style-type: none"> Shutdown of operations at coastal bases 	<ul style="list-style-type: none"> Implementing a water risk survey for all bases, including those abroad Flooding measures in locations with high flood risk

Targets and Indicators

DNP has defined the following targets for maximizing opportunities and minimizing risks resulting from climate change. To minimize risk, we have monitored Scope 1 to 3 across the DNP Group, and are in the process of developing strategies based on the collected data. Regarding GHG emissions resulting from business activities undertaken at

DNP’s own facilities (Scopes 1 and 2), we are moving forward with reduction activities to meet the mid-term targets set for the period up to 2030 to become carbon neutral by 2050. For Scope 3, which accounts for 80% of our GHG emissions, we are conducting a survey on the status of the management of GHG emissions exercised by our suppliers.

Value creation	Foundation of business activities
Under the Medium-term Management Plan, we will work to expand our focus businesses and contribute to the creation of a decarbonized society through our products and services.	We will reduce GHG emissions from business activities at our own sites.
Sales for environment-related businesses <small>(refer to pages 48-49)</small> FY2020 Results 114.5 billion yen → Projection for FY2024 175.0 billion yen	Medium-term reduction target To achieve a reduction of 40% from FY2015 levels by 2030 <small>(Acquisition of SBTi approvals)</small>
Sales for mobility businesses <small>(refer to pages 46-47)</small> FY2020 Results 39.5 billion yen → Projection for FY2024 100.0 billion yen	Long-term Environmental Vision To achieve net-zero GHG emissions by 2050



Topics
New Medium-term Target for Reductions in GHG Emissions Receives Updated Approval from the Science Based Targets (SBT) Initiative

DNP established a new target to reduce group-wide GHG emissions by 40% from FY2015 levels, up 15 points from the previously established target set for FY2030. The original target received approval from the Science Based Targets (SBT) initiative for achieving the Paris Agreement’s goal to keep global warming below 2°C and for being a scientifically based standard. The newly established target was recognized for meeting the stricter well-below 2°C target (a target standard to keep global warming well-below 2°C), and this new target received updated approval from the initiative.



INITIATIVES FOR SUSTAINABILITY

HUMAN RESOURCES STRATEGY

About DNP's Diversity and Inclusion as a management strategy focused on rebuilding the personnel system to accelerate value creation



Creating an organization that integrates diverse human resources to create value for “Tomorrow’s Basic”

Kenji Miya
Senior Managing Director

DNP has been working to intensively rebuild its personnel system since FY2019 and is expanding on a third round of measures starting in April 2021. What is required to create indispensable value that constantly exists close to people is personnel who can create new business ideas from global, unprecedented perspectives and a more flexible organization that can utilize these personnel. Recently, social changes have been rapid, and employment has become fluid, meaning our conventional system cannot respond adequately with only a partial revision. DNP has pursued a rebuilding of its personnel system from scratch based on current and future social issues and the management environment we are facing.

For example, we have drawn up a personnel portfolio that is connected to our business portfolio and have established a hybrid personnel system combining the merits of job-based and membership-based systems. We also established a new system to enhance our ICT personnel in order to create value utilizing digital transformation, one of the current mega trends. (For details, refer to page 41.)

We also believe it is important to create psychological team safety and make the workplace easy to work for employees to actively take action on their own and build “Tomorrow’s Basic.” We will positively evaluate free speech and action among the team members to enable them to demonstrate their diverse strengths and will promote the creation of new value by combining these strengths.

DNP is working on major reform through the rebuilding of its personnel system, and we will build an organization that allows all employees to demonstrate their skills not just to respond to the changes of the times but also to create change itself. We will continue to foster a “culture of continuously taking on the challenge of promoting change” and will continue to offer new value to society and to consumers.



Promoting diversity is a significant business challenge. Cultivating a sense of involvement is key.

Minako Miyama
Director

Having worked to promote active female participation early on, DNP established the Diversity Promotion Department in 2018 and is accelerating its value creation initiatives that utilize diversity. Since 2019, we have particularly supported more active roles not only of women, but also of employees with disabilities, LGBTQ+ employees, employees of different nationalities and senior employees, and our focus has been placed on matching and synergizing the strengths of each employee.

In July 2020, our president announced the DNP Diversity Declaration, announcing both internally and externally that we would be working on diversity & inclusion (D&I) as a significant business challenge. Based on the concept that cultivating a sense of involvement is essential, this Declaration laid out that each employee with diverse strengths is a member that helps build DNP's D&I and that each employee is an involved member.

We held Diversity Week, an internal event, for the first time in February 2021 as a specific part of our D&I activities. We held 18 programs that would allow participants to experience each person's differences and foster their awareness of being someone involved in D&I themselves. More than 7,000 employees participated, and in the survey, about 70% of employees said that a new change in their awareness and realizations had occurred. It is a good response to mean that many employees not just gained knowledge but truly appreciated and accepted that differences could be made into strengths. We will continue to make efforts to ensure employees themselves establish issues as involved members, consider the promotion of D&I and connect these activities with real action.

DNP will continue to promote and enhance initiatives to respect the differences of each of our employees, accept these differences mutually and utilize diversity as a strength of the organization in order to create new value.

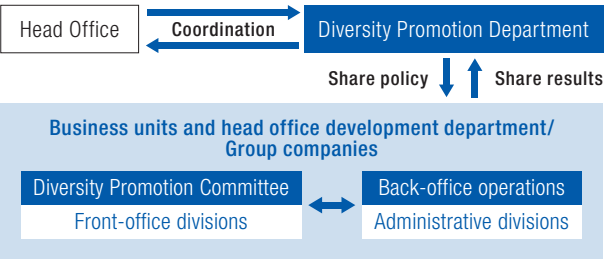
Initiatives for Human Resources and Human Rights

For DNP to accelerate “Tomorrow’s Basic,” an organizational culture that respects the differences of each employee, accepts these differences mutually and utilizes this diversity is essential. We have made the mental and physical health and safety of our employees a foundation and are moving forward with a variety of policies, including enhancements to personnel development and the rebuilding of our personnel system. We are aware that protecting the rights of all people involved in the DNP value creation process is a responsibility that we as a member of society should fulfill, and we are working to enhance our human rights initiatives through dialogue with many stakeholders.

Initiatives for Human Resources

Management

DNP believes that diversity & inclusion (D&I) is important for the creation of new value, and we have established a Diversity Promotion Department that is under the direct control of the Head Office and led by the supervising Senior Managing Director. This Department was established as a system to spread and establish D&I across the entire Group. We are accelerating our activities in coordination with the Diversity Promotion Committee established in each business segment and Group company.



Strategies and Measures

In July 2020, DNP declared the DNP Diversity Declaration as management’s commitment to promoting even greater diversity & inclusion (D&I). Specifically, we have declared that the President will spearhead our efforts to promote D&I and that we will transform awareness of those in managerial positions and make ourselves a company where each and every employee can actively take on challenges and create new value. While working to intensively rebuild our personnel system since FY2019, DNP is mainly focused on the revision of our systems for young employees, ICT personnel and our human resources with diverse careers that they have worked to develop inside and outside the company. We are also working on other initiatives, including the introduction of a flexible retirement system where senior employees can choose from a variety of working styles, revision to our system in response to the concept of equal pay for equal work and promotion of new working styles and management that combines online with

offline. For programs related to diversity, we have expanded programs related to spouses to include same sex and common law partners, and have also expanded programs to support career/life balance and programs offering shorter working hours for nursing/child care, etc.

DNP Diversity Declaration

- We will take the lead in working to promote diversity and inclusion.**
- We will transform the awareness of managers into a "Dialogue style" that utilizes the differences of each and every person as strengths.**
- We will make ourselves a company where each and every employee can actively take on challenges and create new value.**

July 17, 2020
Yoshinari Kitajima, President


KPI / Targets

DNP has established the following targets (KPIs) to increase the effects of enhanced management toward the promotion of D&I, and we are working to meet these targets.



Principal Measures in FY2020

We focused on the following measures based on our three basic strategies.

Basic policies on diversity	Principal measures in FY2020
Developing diverse human resources	<ul style="list-style-type: none">• Introduction of DNP’s own value objective system, DVO (DNP Value Objectives), that incorporates elements from the OKR (Objectives & Key Results) into the current MBO (Management By Objectives) system*• Introduction of a dual-ladder career system for middle-ranking executives to autonomously choose a managerial track or specialist track* and the expansion of a specialist work system targeting mid-level employees* interlocked with the system• Introduction of an in-house dual job system in which employees can simultaneously work for another department within the DNP Group if they voluntarily wish to do so*• Revising working conditions of employees stationed overseas*
Fostering a corporate culture to encourage the active participation of diverse human resources	<ul style="list-style-type: none">• Hosting internal Diversity Week event• Support for The Valuable 500, a network of managers working to promote more active roles of persons with disabilities• Holding LGBTQ+ themed online video training <div><p>Top page of the internal Diversity Week website</p></div>
Realizing diverse work styles	<ul style="list-style-type: none">• Introduction of systems to normalize and establish telecommuting (working from home/ remote work)*• Joining the Male 100% Childcare Leave Declaration promoted by Work-Life Balance Co., Ltd.• Holding a seminar called “Kangaroo Club” to support balancing work with childcare online, expanding participation to soon-to-be fathers and mothers• Expanding support for LGBTQ+ employees, including newly applying some of programs related to spouses to same sex and common law partners• Expanding programs to support career/life balance* Support of balance between work and hospital visit/treatment (infertility treatments, cancer treatments, etc.) and higher education/commuting to school (training meant to improve skills)

The measures marked with * will be introduced in FY2021 as part of the rebuilding of the personnel system.

DNP Group Declaration on Health

DNP has always promoted corporate activities that prioritize the health and safety of employees, and has accelerated initiatives aimed at ensuring safety with the formulation of the DNP Group Safety and Health Charter in 2019. In 2020, we again acknowledged the importance of good physical and mental health of employees and their families partly motivated by the COVID-19 outbreak. We announced the DNP Group Declaration on Health internally and externally to aim for DNP’s unique health and productivity management and health-driven measures. According to the declaration, we will reinforce our efforts in three fields, namely, maintaining and improving physical and mental health, developing psychological capital, or a positive mind of each employee, and building psychological safety based on the relationships of trust in individual workplaces and teams. The goal is to boost employees’ level of happiness and enhance our corporate value.

Initiatives for Human Rights

Policies and Structure / Governance

Greater consideration of human rights by corporations is strongly needed due to the globalization and sophistication of the supply chain. After deliberations of the Board of Directors, DNP established the DNP Group Human Rights Policy in 2020 based on the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other international rules. In line with this, each department at the head office, including the Personnel & Employee Relations Division, Diversity Promotion Department, Sustainability Promotion Department, Purchasing Division, Strategic Business Planning & Development Division and Legal and Compliance Department, is working together to promote initiatives for human rights.

Human Rights Due Diligence

DNP has been engaged in responsible procurement initiatives since 2006 to evaluate and improve the effects its own business activities have on the international and local communities. We revised the DNP Group CSR Procurement Guidelines in both 2017 and 2020 based on the international situation, expanding the scope of application for management 1) from domestic to global, 2) from suppliers to outsourcing contractors and human resource agents, and 3) from suppliers of the first tier to suppliers of the second and third tiers. We are working to ascertain and reduce major risks including human rights through surveys on the status of supplier initiatives and interview guidance, which are conducted annually. We are also moving forward with evaluations of human rights risks in our business segments, and in 2019, DNP conducted a survey and evaluation of nine Group companies doing business in Southeast Asia, Europe and the United States by using the Human Rights Compliance Assessment Quick Check of the Danish Institute for Human Rights.

	Internal initiatives	Supply chain initiatives
FY2020 topics	<ul style="list-style-type: none">✓ Making preparations to ascertain talent risks, although no major problems that needed urgent response were identified by nine overseas Group companies✓ Revamping of our internal information website and improving access to employee consultation hotline✓ Preparing training related to business and human rights for all employees (training to launch in FY2021)	<ul style="list-style-type: none">✓ Full revision of the DNP Group CSR Procurement Guidelines. Expanding management for suppliers of the second and third tiers while also revising content on human rights and labor as well as safety and health✓ Preparing the description of DNP Group CSR Procurement Guidelines (Japanese and English version) to promote understanding among suppliers
Relief system	<p>Including building a grievance mechanism, DNP is making group-wide efforts globally to establish an environment where employees and suppliers can more easily report and consult on compliance-related issues and the Company is able to understand and identify any infringements on rights. DNP protects the confidentiality of reported information as well as the anonymity of the whistleblower and operates the system in a manner that ensures the whistleblower does not suffer any disadvantages.</p> <p>Internal contact</p> <ul style="list-style-type: none">• Open Door Room• Global Internal Whistle-blowing System• Consultation office	<p>Supplier contact</p> <ul style="list-style-type: none">• Supplier Hotline
Education and permeation	<p>Activities to raise awareness and training in lecture and e-learning formats based on the DNP Group Human Rights Policy</p> <p>Human rights training held for employees and suppliers alike as part of our CSR procurement activities</p> <ul style="list-style-type: none">• Training on diversity and harassment for all employees• Special training for staff involved with management	<ul style="list-style-type: none">• Internal study groups for staff dealing with procurement• Study groups for major suppliers• Survey of the status of initiatives based on the DNP Group CSR Procurement Guidelines, feedback on the evaluation sheet and interview guidance

Corporate Governance

DNP regards enhancement of corporate governance as a top management priority in order to contribute to sustainable development of society, increase enterprise value and win the trust of our various stakeholders. The Company endeavors to establish and operate systems that enable proper managerial decision-making, prompt and appropriate business execution based on these decisions, and supervision and auditing of processes of the proper managerial decision-making and prompt and appropriate business execution.

Overview of DNP's Corporate Governance

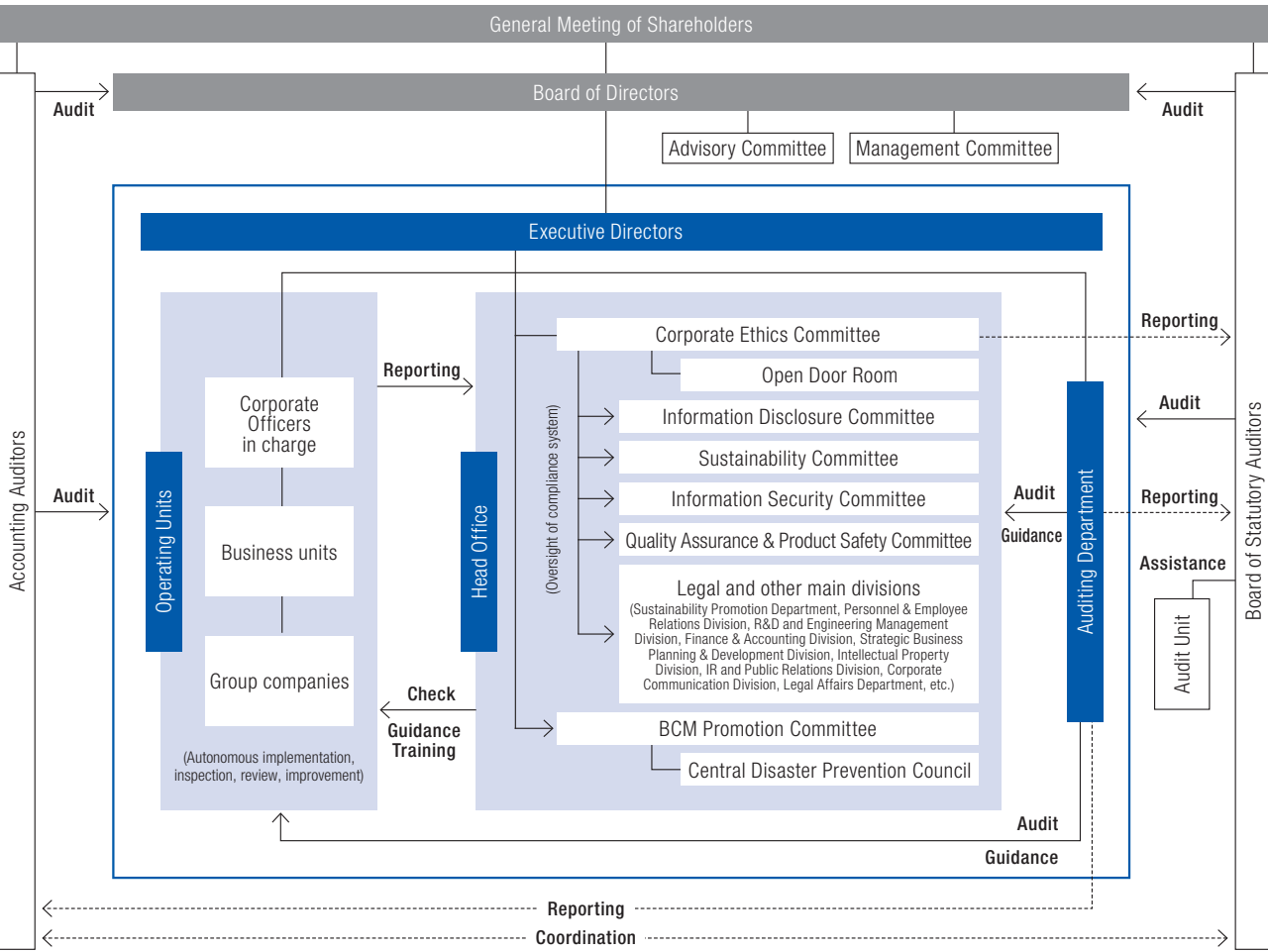
The DNP Group's corporate philosophy is to "connect people and society, and provide new value." Based on this philosophy, we believe it is important to always be aware of our social responsibilities as a company in order to ensure stable business expansion over the medium to long term, and we endeavor to fulfill our three corporate responsibilities: "value creation," "integrity of conduct" and "transparency (accountability)."

We believe that being able to boldly take on various business opportunities based on a sound entrepreneurial spirit and gaining the trust of our various stakeholders is essential for improving business competitiveness going into the future, and that enhancement of corporate governance, including internal control systems, is an important management issue.

We have established and are operating a system that enables accurate decision-making in management, appropriate and swift business execution based on that decision-making and the supervision and auditing of such decision-making. Moreover, we provide thorough training and education to raise the compliance awareness of each individual.

Based on this basic concept, we ensure the Board of Directors' appropriateness, agility, flexibility and diversity by adopting the organizational structure of a company with a Board of Statutory Auditors, by introducing outside directors and corporate officer system and by establishing and operating discretionary committees. We believe this will allow the Company to sustain growth and increase enterprise value over the medium to long term.

Structural Diagram of DNP's Corporate Governance and Internal Control System



Roles and Responsibilities of the Board of Directors

- The Company's Board of Directors is structured to enable Directors with specialized knowledge and experience in a wide range of business fields to participate in management decision-making aimed at realizing our corporate philosophy, to carry out their duties with responsibility and authority and to supervise the execution of duties by other Directors.
In principle, the Board of Directors meets once a month, with Corporate Officers attending as rapporteurs when necessary, to deliberate and decide on important management issues. The criteria for agenda items to be submitted to the Board of Directors are clarified in the Board of Directors Regulations, which were established in compliance with laws and ordinances and the Articles of Incorporation. In terms of other decision-making and business execution, the Company strives to improve efficiency by delegating appropriate authority from the Executive Directors to the Corporate Officers in charge of each basic unit or the head of each unit, in accordance with the organizational rules, etc.
- The Company is a company with a Board of Statutory Auditors, which consists of five (5) members, including one (1) Statutory Auditor who has considerable knowledge of finance and accounting. Each Statutory Auditor conducts audits of the execution of duties by Directors in accordance with the auditing standards and assignments determined by the Board of Statutory Auditors, and requests reports on the execution of duties from Directors, Corporate Officers and others as necessary. Each Statutory Auditor attends all meetings of the Board of Directors and makes necessary comments on agenda items.
- The Company has four (4) Outside Directors and three (3) Outside Statutory Auditors, all of whom are Independent

Directors or Statutory Auditors who meet the "independence standards" stipulated by the Tokyo Stock Exchange and the Company. We believe that Independent Directors and Statutory Auditors ensure transparency of management and protect the interests of general shareholders by speaking out on agenda items at meetings of the Board of Directors from a standpoint independent of management, based on their various specialized knowledge and experience.

Management Committee

In order to enhance the speed and efficiency of management activities, the Company has established a Management Committee consisting of Executive Directors to review and deliberate on matters such as management policies, management strategies and important management matters.

Advisory Committee

As part of our efforts to strengthen the supervisory function of the Board of Directors, the Company has established an Advisory Committee consisting of Independent Outside Directors and Outside Statutory Auditors to ensure the transparency and objectivity of procedures related to decisions such as on the nomination and remuneration of the Company's Directors and Corporate Officers. In the fiscal year under review, the Advisory Committee consisted of three (3) outside commissioners (Director Miyajima, Director Sasajima and Statutory Auditor Ishii) and deliberated on the policy and amount of remuneration for Directors and Corporate Officers as well as the skills of candidates for Directors to supervise the management of the Company.

Evaluation of the Effectiveness of the Board of Directors Overall

The Company has evaluated the overall effectiveness of the Board of Directors around April each year since Japan's Corporate Governance Code became applicable in June 2015. The aim is to improve the functioning of the Board of Directors as a whole through an ongoing process of questionnaires to Directors and Statutory Auditors and by taking appropriate measures such as improving the issues identified and enhancing the strengths of the Board of Directors.

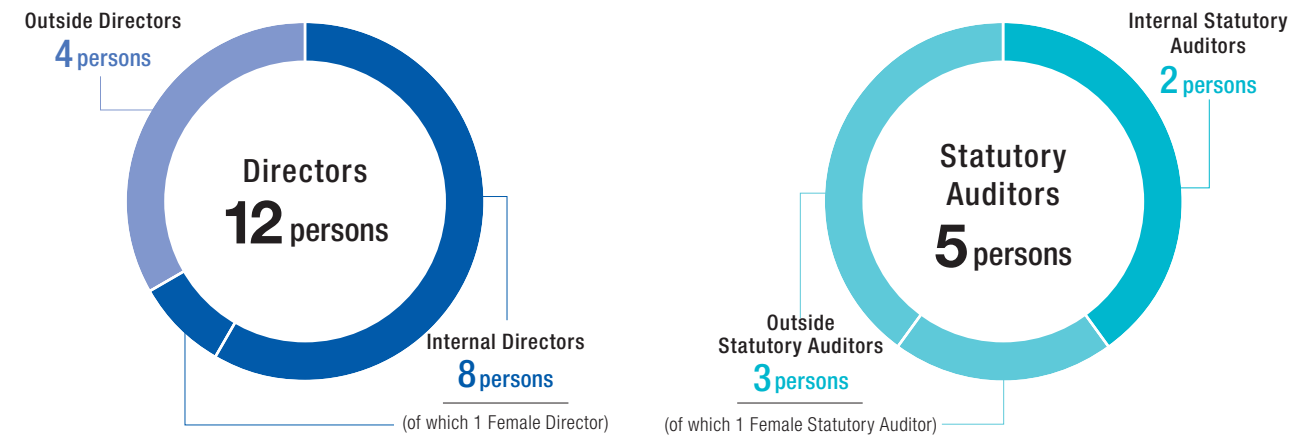
In the questionnaire conducted in March last year (2020), based on the advice of a third-party institution, and including efforts for themes considering social situations as a target for assessment, the Board of Directors was assessed as having no issues with its effectiveness. However, one of the issues to be addressed is the need to continue to improve and deepen internal discussions from the "perspective of the Group as a whole" in the preparation of Board of Directors' proposals.

In response to the results of last year's evaluation of the

Board of Directors, in the fiscal year under review, we took steps to enhance the reporting of summaries of the internal discussions from the "perspective of the Group as a whole" in the context of the Medium-term Management Plan and business investment proposals. A questionnaire survey focused on items to measure progress on last year's improvement issues was then carried out, and the results of the analysis confirmed that improvements had been made overall.

At the same time, social changes, such as the new normal and growing environmental awareness at a global level, require the Board of Directors to further enhance discussions on business risks and other issues across all Group companies, and at the meeting of the Board of Directors in May 2021, all Directors and Statutory Auditors shared the view that the Board of Directors would focus on further addressing these issues.

Composition of the Company's Board of Directors (As of June 29, 2021)



Skills and Experiences of the Company's Directors and Statutory Auditors

		Corporate Management, Business Strategy	ESG, Diversity	Financial/Management Accounting, Capital Policy Initiatives	HR/Labor, Human Resource Development	Legal Affairs, Compliance, Risk Management	Overseas Business	IT DX	R&D, New Business
Directors	Yoshitoshi Kitajima	●					●		
	Yoshinari Kitajima	●					●		
	Kenji Miya	●	●		●	●	●		●
	Masato Yamaguchi	●					●	●	●
	Satoru Inoue	●	●			●		●	●
	Hirofumi Hashimoto	●		●		●	●		●
	Masafumi Kuroyanagi	●		●					
	Minako Miyama		●		●			●	●
	Tsukasa Miyajima					●			
	Ryuichi Tomizawa	●					●		
Statutory Auditors	Kazuyuki Sasajima								●
	Ikuo Morita		●						●
	Naoki Hoshino			●			●		
	Toshio Sano			●		●			
	Kazuhisa Morigayama	●		●	●				
	Makoto Matsuura					●			
	Taeko Ishii				●	●			

Board of Directors

Yoshitoshi Kitajima

Chairman
(Aug. 25, 1933)



| Brief personal history, title, responsibilities and status of important concurrent offices

May 1963 Joined the Company
Jul. 1967 Director of the Company
Jul. 1970 Managing Director of the Company
Jan. 1972 Senior Managing Director of the Company
Aug. 1975 Director, Vice President of the Company
Dec. 1979 President of the Company
Jun. 2018 Chairman of the Company

| Reasons for nomination as a candidate for Director

Mr. Yoshitoshi Kitajima is nominated as a candidate for Director as it is expected that he will work to appropriately oversee the entire Group, based on his extensive knowledge as well as his considerable experience and achievements regarding general management acquired in the course of having led the DNP Group toward improvement of business performance during his term as President since 1979.

Yoshinari Kitajima

President
(Sep. 18, 1964)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1987 Joined The Fuji Bank Ltd.
Mar. 1995 Joined the Company
Jun. 2001 Director of the Company
Jun. 2003 Managing Director of the Company
Jun. 2005 Senior Managing Director of the Company
Jun. 2009 Executive Vice President of the Company
Jun. 2018 President of the Company

| Reasons for nomination as a candidate for Director

Mr. Yoshinari Kitajima is nominated as a candidate for Director as it is expected that he will work to realize the Company's group strategy towards business growth and improvement of business performance, and also appropriately oversee the entire Group, based on his considerable experience as a management executive in the DNP Group.

Kenji Miya

Senior Managing Director
(Jun. 11, 1954)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1978 Joined the Company
Jul. 2003 General Manager of Personnel Dept. of the Company
Jun. 2010 Corporate Officer (Yakuin), General Manager of Personnel Dept. of the Company
Jun. 2018 Managing Director of the Company
Jun. 2020 Senior Managing Director, in charge of Personnel & Employee Relations Div., IR and Public Relations Div., Recruiting and Training Dept., Diversity Promotion Dept. and Corporate Administration Dept., Chairman of BCM Promotion Committee of the Company

| Reasons for nomination as a candidate for Director

Mr. Kenji Miya is nominated as a candidate for Director as it is expected that he will work to realize the human resources and labor strategy, etc., for business growth and improvement of business performance, and also appropriately oversee the entire Group, based on his considerable experience as a management executive in the DNP Group.

Masato Yamaguchi

Senior Managing Director
(Sep. 10, 1952)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1975 Joined the Company
Dec. 1994 General Manager of R&D 1st Dept., General Production Research Center of the Company
Jun. 2008 Corporate Officer (Yakuin), Deputy General Manager of Display Components Operations of the Company
Jun. 2012 Senior Corporate Officer, General Manager of Fine Electronics Operations of the Company
Jun. 2017 Senior Executive Corporate Officer, in charge of Living Spaces Operations, Mobility Operations and High-Performance Materials Operations of the Company
Apr. 2021 Senior Executive Corporate Officer, in charge of R&D and Engineering Management segment, Lifestyle and Industrial Supplies segment and Electronics segment (General) of the Company
Jun. 2021 Senior Managing Director of the Company

| Reasons for nomination as a candidate for Director

Mr. Masato Yamaguchi is nominated as a candidate for Director as it is expected that he will work to realize business development, etc., for business growth and improvement of business performance, and also appropriately oversee the entire Group, having considerable management experience in the DNP Group based on his experience as a person responsible for technology, research and development, and manufacturing of display products, etc., as well as new business development using ICT.

Satoru Inoue

Managing Director
(Jan. 14, 1955)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1978 Joined the Company
Oct. 2008 General Manager of Technology Development Center of the Company
Jun. 2013 Director, in charge of Technical & Engineering Div., Technology Development Center, Environment & Product Liability Dept. of the Company
Jun. 2015 Managing Director of the Company
Apr. 2021 Managing Director, in charge of R&D and Engineering Management Div. and Technology Development Center, Chairman of Sustainability Committee of the Company

| Reasons for nomination as a candidate for Director

Mr. Satoru Inoue is nominated as a candidate for Director as it is expected that he will work to realize the technical development strategy, etc., and proactively use digital transformation (DX) technologies for business growth and improvement of business performance, and also appropriately oversee the entire Group, based on his considerable experience as a management executive in the DNP Group.

Hirofumi Hashimoto

Managing Director
(Jul. 8, 1957)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1981 Joined the Company
Jun. 2015 Corporate Officer (Yakuin), General Manager of Strategic Business Planning Dept. of the Company
Apr. 2016 Director of Maruzen CHI Holdings Co., Ltd.
Jun. 2018 Senior Corporate Officer, in charge of Strategic Business Planning & Development Div. of the Company
Statutory Auditor of Nihon Unisys, Ltd. (current)
Jun. 2020 Managing Director, in charge of Strategic Business Planning & Development Div. and Value Creation & Promotion Div. of the Company

| Reasons for nomination as a candidate for Director

Mr. Hirofumi Hashimoto is nominated as a candidate for Director as it is expected that he will work to realize the management strategy and capital policy, etc., for business growth and improvement of business performance, and also appropriately oversee the entire Group, based on his considerable management experience in the DNP Group and his achievements in the business planning department of the Company.

Masafumi Kuroyanagi

Managing Director
(May 4, 1960)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1983 Joined the Company
Apr. 2004 General Manager of Finance & Accounting 1st Dept., Finance & Accounting Division of the Company
Jun. 2010 President and Representative Director of DNP Total Process Warabi Co., Ltd.
Jun. 2015 Corporate Officer (Yakuin), in charge of Finance & Accounting Division of the Company
Apr. 2019 Senior Corporate Officer, in charge of Finance & Accounting Division of the Company
Jun. 2021 Managing Director of the Company

| Reasons for nomination as a candidate for Director

Mr. Masafumi Kuroyanagi is nominated as a candidate for Director as it is expected that he will work to realize financial strategies and capital policy, etc., for business growth and improvement of business performance, and also appropriately oversee the entire Group, based on his considerable management experience in the DNP Group and knowledge of all aspects of financial accounting, including account settlement and taxation.

Minako Miyama

Director
(Jan. 15, 1962)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 2005 General Manager of VR Planning and Development Office, DB Division, C&I Operations of the Company
Jul. 2014 General Manager of Recruiting and Training Dept. of the Company
Jun. 2018 Corporate Officer, General Manager of Recruiting and Training Dept., and Diversity Promotion Dept. of the Company
Oct. 2019 Corporate Officer, in charge of Recruiting and Training Dept., and Diversity Promotion Dept. of the Company
Jun. 2021 Director of the Company

| Reasons for nomination as a candidate for Director

Ms. Minako Miyama is nominated as a candidate for Director as it is expected that she will work to realize human resources development strategies, etc., for business growth and improvement of business performance, and also appropriately oversee the entire Group, since she has a proven track record as the Company's first female Corporate Officer, leading the way in developing human resources and ensuring diversity, in addition to experience in the research, planning and development segments.

Tsukasa Miyajima

Director
(Aug. 23, 1950)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1990 Professor of Keio University, Faculty of Law
Apr. 2003 Registered as an attorney at law at the Daini Tokyo Bar Association (current)
Jun. 2014 Director of the Company
Apr. 2016 Emeritus Professor of Keio University
Professor of Asahi University, Faculty of Law and Graduate School of Law (currently serving)

| Reasons for nomination as a candidate for Outside Director and expected role

Mr. Tsukasa Miyajima is nominated as a candidate for Outside Director as it is expected that he will provide advice and supervision over the Company's management from an objective perspective independent from the management executing the business, based on, among other things, his high level of insight and extensive experiences as a legal expert.

Ryuichi Tomizawa

Director
(Aug. 21, 1941)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1965 Joined Mitsubishi Kasei Kogyo Corporation
Jun. 2002 President of Mitsubishi Chemical Corporation
Jun. 2004 Chairman of Mitsubishi Pharma Corporation
Oct. 2005 President of Mitsubishi Chemical Holdings Corporation
Apr. 2007 Chairman of Mitsubishi Chemical Holdings Corporation
Jun. 2011 Outside Director of Tokyo Gas Co., Ltd.
Jun. 2012 Senior Corporate Advisor of Mitsubishi Chemical Holdings Corporation (currently serving)
Jun. 2019 Director of the Company

| Reasons for nomination as a candidate for Outside Director and expected role

Mr. Ryuichi Tomizawa is nominated as a candidate for Outside Director as it is expected that he will provide advice and supervision over the Company's management from an objective perspective independent from the management executing the business, since he has many years' experience and extensive knowledge as a management executive.

Board of Directors

Kazuyuki Sasajima

Director
(Aug. 8, 1953)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1982	Joined Tokyo Shibaura Electric Co., Ltd. (Manufacturing Engineering Research Center)	Apr. 2016	Professor of Tokyo Institute of Technology, School of Engineering, Department of Systems and Control Engineering
Apr. 1989	Associate Professor of Saitama University, Faculty of Engineering	Mar. 2019	Emeritus Professor of Tokyo Institute of Technology
Dec. 1999	Professor of Tokyo Institute of Technology, Graduate School of Information Science and Engineering	Jun. 2020	Director of the Company

| Reasons for nomination as a candidate for Outside Director and expected role

Mr. Kazuyuki Sasajima is nominated as a candidate for Outside Director as it is expected that he will provide advice and supervision over the Company's management from an objective perspective independent from the management executing the business, based on, among other things, his high level of insight and extensive experience as an academic expert in information science and engineering and systems and control engineering in addition to his experience as a researcher in a company.

Ikuo Morita

Director
(Mar. 18, 1950)



| Brief personal history, title, responsibilities and status of important concurrent offices

Apr. 1975	Joined the Department of Pharmacology, The Tokyo Metropolitan Institute of Gerontology (TMIG) (current Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology (TMGHIG))	Apr. 2015	Emeritus Professor of Tokyo Medical and Dental University
		Jun. 2021	Director of the Company
Apr. 2009	Trustee and vice-president at Tokyo Medical and Dental University		

| Reasons for nomination as a candidate for Outside Director and expected role

Mr. Ikuo Morita is nominated as a candidate for Outside Director as it is expected that he will provide advice and supervision over the Company's management from an objective perspective independent from the management executing the business, based on his achievements from many years of research in the field of pharmacology and high level insight from his experience as a trustee of an administrative university of the Tokyo Block of the All Nippon Diversity Network Organization.

Statutory Auditors and Corporate Officers

Standing Statutory Auditor
Naoki Hoshino

Standing Statutory Auditor
Toshio Sano

Standing Statutory Auditor
Kazuhisa Morigayama*¹

Statutory Auditor
Makoto Matsuura*¹

Statutory Auditor
Taeko Ishii*¹

Senior Executive Corporate Officers
Sakae Hikita
Motoharu Kitajima
Ryuji Minemura
Morihiro Muramoto

Senior Corporate Officers
Toshiki Sugimoto
Naohiko Sugimoto
Kiyotaka Nakagawa
Nobuyuki Asaba
Mitsuru Tsuchiya
Kazuhiko Sugita
Yoshiki Numano
Osamu Nakamura
Toru Miyake
Mitsuru Iida

Corporate Officers
Ryota Chiba
Kazuhisa Kobayashi
Takahito Kanazawa
Go Miyazaki
Naohiro Nishizawa
Kazuo Murakami
Hiroyuki Matsumura
Takuya Goto
Minoru Nakanishi
Hiroyuki Sone

*¹ Outside Statutory Auditors

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

The policy for deciding the details of the compensation for each individual Director is as follows: Compensation for directors is calculated within the compensation amount limit approved at the General Meeting of Shareholders.

Date for Resolution	Details of Resolution	Number of Members
June 9, 2016	Compensation for board 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).	12
June 28, 2007	Compensation for statutory auditors shall be within an annual amount of 180 million yen.	5

To determine a policy for deciding the details of compensation for each director, including the amount thereof, the Board of Directors established standards by referring to objective compensation market data. The Advisory Committee, which consists of independent outside directors (two outside directors and one outside statutory auditor), then went through a process of deliberation and examination. The Company took the details of this deliberation into consideration and passed a resolution on a policy for deciding the details of compensation for the fiscal year ended March 31, 2021 at a meeting of the Board of Directors held on April 20, 2020.

In the fiscal year ended March 31, 2021, the Board of Directors decided to entrust Yoshinari Kitajima, President and Representative Director, with the task of deciding a specific amount of compensation for each director, and Mr. Kitajima, who accepted the task, decided each amount. The Board of Directors entrusted him with this authority because the president and representative director is best positioned to conduct the evaluation of duties each director is responsible for while simultaneously looking at results from broad perspectives.

At DNP, the Advisory Committee conducts an assessment from many perspectives, including consistency with a decided policy to make sure that the president and representative director exercises the entrusted authority appropriately, and the president and representative director then decides the details of compensation for each director, taking into consideration the results of such assessment.

The amount of compensation for each director was decided, as mentioned above, after the Advisory Committee conducted an assessment from multiple perspectives including consistency with the determined policy. Therefore, the Company considers that the details of compensation for each director for the fiscal year ended March 31, 2021 are consistent with the policy.

[Executive directors' compensation]

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. Fixed compensation and performance-based compensation account for 70% and 30%, respectively, in terms of the composition of remuneration. 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 (10% in principle) 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. Taking these factors into consideration, for the fiscal year ended March 31, 2021, fixed compensation and performance-based compensation accounted for 65% and 35%, respectively, in terms of the composition of remuneration. Going forward, the ratio of performance-based compensation will be raised.

The indicators for performance-based compensation are consolidated operating income, net income attributable to parent company shareholders and return on equity (ROE). These indicators were selected because it clearly reflects consolidated business results for the fiscal year in performance-based compensation. The targets for the indicators for performance-based compensation in the fiscal year (year ended March 31, 2021) were 40.0 billion yen for consolidated operating income, 21.0 billion yen for net income attributable to parent company shareholders and 2.3% for ROE, and the actual results were 49.5 billion yen, 25.0 billion yen and 2.6%, respectively.

[Compensation for outside directors and statutory auditors]

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

INITIATIVES FOR SUSTAINABILITY

(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	Fixed compensation	
Directors (excluding outside directors)	772	562	210	–	7
Statutory auditors (excluding outside auditors)	57	57	–	–	2
Outside directors and auditors	146	146	–	–	7

Notes:
1. Amounts of performance-based compensation are provisions for bonuses for directors and statutory auditors for the fiscal year ended March 31, 2021.
2. There were six internal directors, two internal statutory auditors and six outside directors as of the end of the fiscal year ended March 31, 2021.

(3) Company directors and total compensation

Name	Total compensation (¥ million)	Director type	Company	Total compensation by type (¥ million)		
				Fixed compensation	Performance-based compensation	Non-monetary compensation, etc.
Yoshitoshi Kitajima	356	Director	Dai Nippon Printing Co., Ltd.	276	80	–
Yoshinari Kitajima	195	Director	Dai Nippon Printing Co., Ltd.	138	57	–

Note:
1. Total compensation is shown only for those with compensation of at least 100 million yen.

Compensation Paid to Accounting Auditors

(1) Compensation paid to accounting auditors

Category	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	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.	122	3	122	0
Consolidated subsidiaries	133	–	146	0
Total	252	3	268	0

(2) Compensation paid to individual member firms affiliated with the same network, to which auditors belong

(excluding the compensation paid to KRESTON International (1))
None

(3) Other material compensation details

None

(4) Details of services other than auditing work provided by the accounting auditor to the submitting company

Services other than auditing provided by the accounting auditor to the Company are formalities-related work.

(5) Determination of compensation for audit services

The Company’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.

(6) 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, 2021, the number of individual stocks held by the Company decreased by 61 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	113	5,127
Stocks other than non-listed stocks	150	351,850

(Stocks for which number of shares increased in the fiscal year ended March 31, 2021)

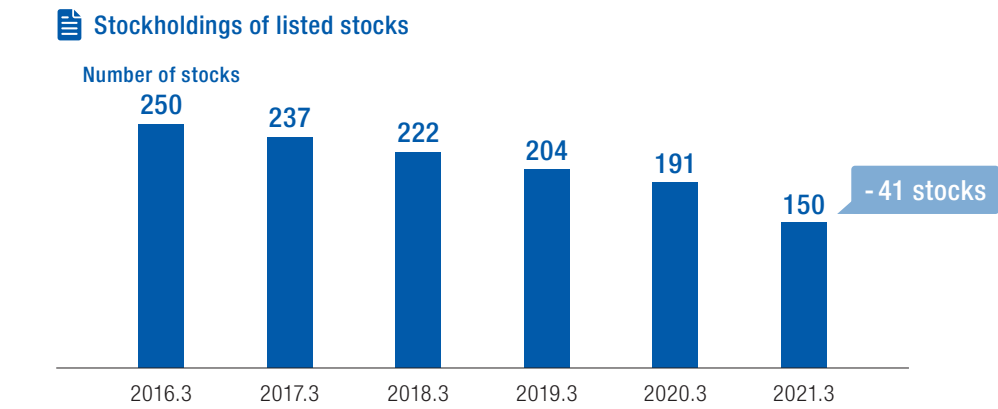
	Number of companies (Stocks)	Total amount of acquisition cost pertaining to the increase in number of shares (¥ million)	Reason for increase in number of shares
Non-listed stocks	7	454	For strengthening our business alliance
Stocks other than non-listed stocks	11	75	For enhancing our business relationship

(Stocks for which the number of shares decreased in the fiscal year ended March 31, 2021)

	Number of companies (Stocks)	Total amount of sale value pertaining to the decrease in number of shares (¥ million)
Non-listed stocks	7	505
Stocks other than non-listed stocks	54	4,854

Reduction of strategic shareholdings

As a result of efforts for strategic shareholding reductions in the fiscal year ended March 31, 2021, the Company decreased the number of listed stocks by 41 and moved forward with the improvement of capital efficiency.



INITIATIVES FOR SUSTAINABILITY

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, 2021	Fiscal year ended March 31, 2020	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.	40,100,000	40,100,000	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.
	216,580	112,119		
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.
	12,565	8,558		
Ezaki Glico Co., Ltd.	1,617,783	1,617,062	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, 2021, the number of shares increased because of the enhancement of our business relationship.
	7,191	7,341		
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.
	6,780	7,264		
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 the significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	5,912	2,181		
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.
	5,162	4,004		
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.
	4,945	4,599		
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.
	4,507	3,730		
Mizuho Financial Group, Inc.	2,713,431	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.
	4,338	3,353		
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.
	4,018	4,334		
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.
	3,696	4,149		
AI inside Inc.	100,000	100,000	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.
	3,555	1,610		
Kobayashi Pharmaceutical Co., Ltd.	318,272	317,645	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, 2021, the number of shares increased because of the enhancement of our business relationship.
	3,287	3,176		
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.
	3,173	1,874		
YAMATO HOLDINGS CO., LTD.	830,300	830,300	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.
	2,519	1,409		
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.
	2,312	1,616		
Asahi Group Holdings, Ltd.	480,029	480,029	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.
	2,239	1,684		
YAKULT HONSHA CO., LTD..	350,500	350,500	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.
	1,962	2,239		
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.
	1,808	972		
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.
	1,741	1,513		
S&B FOODS INC.	344,400	344,400	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.
	1,673	1,413		

Company name	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	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)		
MORINAGA & CO., LTD.	393,000	393,000	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.
	1,554	1,737		
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.
	1,429	1,268		
TOKYO OHKA KOGYO CO., LTD.	206,000	206,000	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.
	1,425	853		
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.
	1,419	967		
Gakken Holdings Co., Ltd.	947,500	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.
	1,382	1,749		
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.
	1,357	1,141		
Unicharm Corporation	290,700	290,700	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.
	1,350	1,177		
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.
	1,318	1,065		
KADOKAWA CORPORATION	292,000	292,000	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.
	1,254	397		

Note:

1. Stocks held for reasons other than pure investment purposes 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.

2. 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.

3. 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.

4. Mizuho Financial Group, Inc. consolidated every ten shares of its ordinary shares into one share on October 1, 2020.

5. Gakken Holdings Co., Ltd. split its ordinary shares four-to-one on April 1, 2020.

6. 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, 2021	Fiscal year ended March 31, 2020	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	7,722,000	Y	We hold voting instruction rights for shares in retirement benefit trusts.
	30,880	28,725		
TV Asahi Holdings Corporation	4,030,000	4,030,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	8,386	6,576		
Astellas Pharma Inc.	2,284,000	2,284,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	3,887	3,816		
Japan Tobacco Inc.	1,000,000	1,000,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	2,125	1,996		
KADOKAWA CORPORATION	266,304	266,304	Y	We hold voting instruction rights for shares in retirement benefit trusts.
	1,143	362		
TAKARA HOLDINGS INC.	500,000	500,000	Y	We hold voting instruction rights for shares in retirement benefit trusts.
	753	405		

Note:

1. Stocks held for reasons other than pure investment purposes 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.

2. 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

Reflecting on the End of a Big Role at DNP
 A corporate culture allowing outside directors to function

Tadao Tsukada
 Outside Director*

(Professor Emeritus, Tokyo Institute of Technology)



* Outside Director Tsukada retired when his term expired at the 127th Ordinary General Meeting of Shareholders on June 29, 2021.

— We look back on the activities of Mr. Tadao Tsukada at DNP, after he stepped down as outside director at the Ordinary General Meeting of Shareholders held in June 2021. First, thank you for your service.

The environment surrounding the company has undergone considerable change, and the fact that I was able to take part in meetings of the Board of Directors making decisions to take on new challenges toward sustainable growth and could freely express my views is thanks to the shareholders and investors of DNP, as well as the employees who supported an outside director who was unfamiliar with the internal workings of the company. Just how much I was able to contribute to the growth of the Company during my term is something for those who come after me to determine, but I am grateful for the privilege of leading a life as a researcher.

— I heard you attended almost every Board of Directors meeting.

When I underwent clip surgery for a cerebral aneurysm and

told the administrative office that I intended to attend a Board of Directors meeting a few days afterward, I was told to rest up and encouraged not to attend. Apart from that, I managed to attend every one. Yasuharu Suematsu, a Professor Emeritus from the Tokyo Institute of Technology who was awarded the Order of Culture, said to me at the party celebrating the award, “Hey Tsukada, do you know why I got this?” When I didn’t understand and failed to answer, he provided the answer: “It’s because I’ve lived a long, healthy and energetic life.” To borrow this quote from Professor Suematsu, I can say that “I was able to fulfill a big role at DNP because above all, I could work in a healthy and energetic way.”

— Where does that energy come from? What is the driving force behind it?

After I finished my master’s degree, I went to work on cutting tool design at Nachi-Fujikoshi Corporation. I even operated machines that use cutting tools and became covered in oil. I later transferred to the School of Engineering at the Tokyo

Institute of Technology and took on the challenge of measurement and information, which was not my specialty. It was through this experience that I developed the habit of “thinking while running” in research, pursuing curiosity as a “jack-of-all-trades” instead of sticking within the confines of a single area of specialty. Also, out of a desire to learn about the manufacturing industry in the field, I asked the production innovation consultant Minoru Nagaya and was able to take part in guidance meetings for production innovation activities at the plants of companies like Hitachi and Sony around once every two or three months. This went on for around 10 years. Each time, after the guidance meetings had ended, it was tough having to offer critique, but it was also a valuable learning experience. At DNP, I was asked for by members of the General Production Research Center (now the Technology Development Center), and sometimes we would discuss technical issues like how to proceed with production technologies or how to make use of personal contacts outside the company. It was at those times that my experience in attending the production innovation activities I mentioned above came in handy. When it comes to technological development, it is important to be able to “act from the neck down,” which is to put an idea you have thought up into immediate action, because that gives you the chance of serendipity – making some lucky discovery. I explained that you need to think flexibly to accomplish this and discussed the technical issues DNP was facing. Having said that, since my specialty is so different from DNP, I looked over academic journals from Japan and overseas and a bunch of technical and business materials so that they would take me seriously. These kinds of things became the driving force that kept me running and were the basis for my comments at Board of Directors meetings.

— I think the role of an outside director is to communicate objective opinions from an outside perspective to top management when they are making management decisions. How did you find the Board of Directors meetings at DNP?

In 2002, when I first served as an outside director of DNP, there were 35 directors. Around this time, the DNP Group Vision for the 21st Century had been announced the previous year, and the whole company was making concerted efforts to make that vision a reality. The fact that an engineering researcher like myself was able to freely communicate my views to the Board of Directors as one of the people responsible for steering the management of the company is testament to the broad-minded corporate culture that has formed at DNP.

The DNP Board of Directors made efforts to slim down and improve efficiency, such as introducing an executive officer system (2005) and increasing the number of outside directors (2014 onwards), and in June 2020 there were 10 directors on the board (6 of whom were internal directors, and 4 of whom were outside directors). Under this structure, I was able to engage in free and open discussion, but I felt even more nervous. At the time, the Board of Directors would decide on between 20 and 30 agenda items in the space of around two hours, but now the board deliberates over less than 10 items over two hours. What’s more, we receive information and briefings on the agenda items in advance, and remote meeting systems can now be utilized. In this way,



Scene from a meeting after touring the Kamifukuoka Plant (December 2018). Mr. Tsukada is pictured third from the right.

a lot of progress has been made with the environment enabling outside officers to discuss management strategy at Board of Directors meetings. Since 2015 when the Corporate Governance Code was adopted, I was appointed to chair the Advisory Committee made up of outside officers, and in that capacity I delivered recommendations to the Company on matters such as the constituent members of the Board of Directors. During my tenure, the environment has changed, including the composition of the DNP Board of Directors, but I feel that DNP’s corporate culture, which allows a jack-of-all-trades researcher such as myself to freely express themselves, has not been lost, and is evolving in the direction of accepting diversity.

— Please give some brief comments directed at the future of DNP.

For DNP to continue to deliver innovation as it aims for “Tomorrow’s Basic” through the P&I business, it is crucial that it does not become preoccupied with academic expertise or past successes. I have never been top of my class in school. Perhaps that is why I have been able to learn whatever I want outside my area of expertise, without pride being an issue, and how I have managed to avoid falling prey to blind spots in my thinking that hinder development. I think it is also preferable for company management to embrace wide-ranging dialogue instead of a know-it-all attitude, and this is also true for the roles fulfilled by outside directors on the Board of Directors. During my time on the board of DNP, I think I have been able to continue to speak freely while taking care not to be a “know-it-all.”

DNP has a corporate culture that respects diverse opinions and addresses adversity with sincerity. I believe that going forward, as long as the Board of Directors continues to challenge unknown possibilities without pretending to know everything, it can create “Tomorrow’s Basic.”

— Thank you very much.

DATA

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Summary of Financial Results

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

	2021	2020	2019	U.S. dollars in thousands except per share amounts 2021	Change 2021 / 2020
Statements of Operations (¥ million)				(\$ thousand)	
Net sales	1,335,440	1,401,894	1,401,506	12,030,991	-4.7%
Operating income	49,529	56,274	49,898	446,207	-12.0%
Ordinary income	59,907	63,786	58,259	539,703	-6.1%
Income (loss) before income taxes	46,401	102,719	(18,685)	418,027	-54.8%
Net income (loss) attributable to parent company shareholders	25,088	69,498	(35,669)	226,018	-63.9%
Balance Sheets (¥ million)				(\$ thousand)	
Total net assets	1,098,614	968,575	1,046,622	9,897,424	13.4%
Interest-bearing debt	158,555	211,646	166,350	1,428,423	-25.1%
Stockholders' equity	1,043,977	915,779	996,162	9,405,198	14.0%
Total assets	1,825,019	1,721,724	1,775,023	16,441,613	6.0%
Cash Flow Statements (¥ million)				(\$ thousand)	
Cash flows from operating activities	61,682	93,937	68,972	555,694	-34.3%
Cash flows from investing activities	(56,284)	191,057	(146,909)	(507,063)	—
Cash flows from financing activities	(78,269)	(41,281)	(32,197)	(705,126)	—
Free cash flow *	5,398	284,994	(77,937)	48,631	-98.1%
Per Share Data (¥)				(\$)	
Net income (loss) - primary	89.32	235.18	(118.22)	0.80	-62.0%
Net assets	3,716.85	3,260.38	3,300.52	33.49	14.0%
Cash dividend	64	64	64	0.58	—
As a Percentage of Net Sales (%)					
Operating income	3.71	4.01	3.56	3.71	-0.30
EBITDA margin	7.38	11.32	3.03	7.38	-3.94
Net income (loss)	1.88	4.96	(2.54)	1.88	-3.08
Financial Ratios					
ROE (%)	2.56	7.27	(3.48)	2.56	-4.71
ROA (%)	1.41	3.97	(2.00)	1.41	-2.56
Equity ratio (%)	57.20	53.19	56.12	57.20	4.01
Valuations (against share price on March 31)					
PER (times)	25.97	9.78	(22.39)	25.97	—
PBR (times)	0.62	0.71	0.80	0.62	—
EV/EBITDA (times)	4.97	2.94	16.07	4.97	—
PCFR (times)	8.57	5.21	34.12	8.57	—
Dividend yield (%)	2.76	2.78	2.42	2.76	-0.02
Returns to Shareholders				(\$ thousand)	
Values of shares repurchased (¥ million)**	—	59,999	—	—	—
Dividend payout ratio (%)	71.66	27.21	—	71.66	—
Total return ratio (%)	71.7	113.1	—	71.7	—
Others					
Long-term credit rating (R&I)	AA-	AA-	AA-	AA-	—
Foreign ownership (%)	23.64	24.14	24.85	23.64	-0.50

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, 2021.

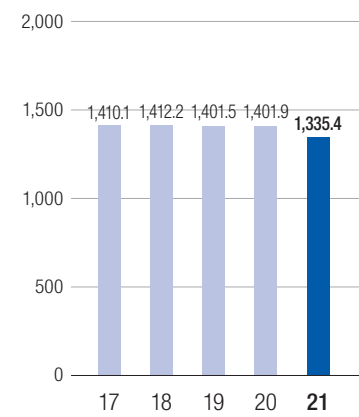
* Free cash flow = net cash from operating activities + net cash from investing activities

** Treasury share acquired through requests for the purchase of odd-lot shares is not included.

Financial and Non-financial Data

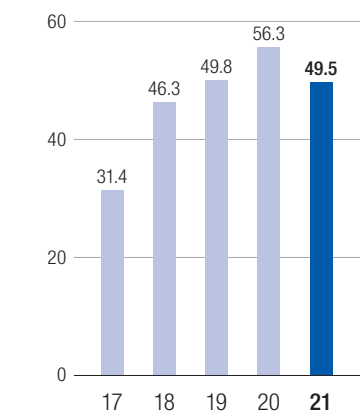
Net Sales

(¥ billion)



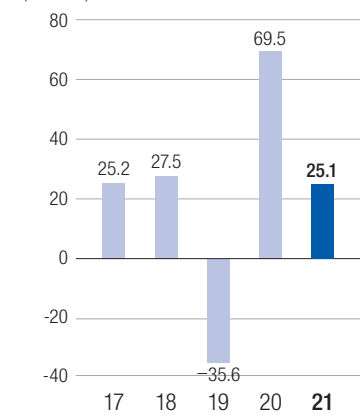
Operating Income

(¥ billion)



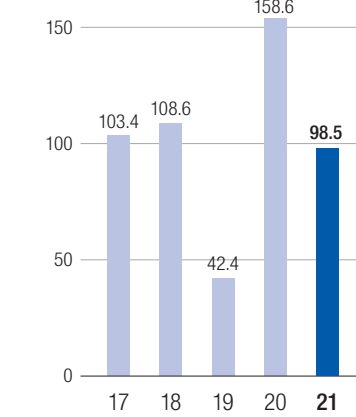
Net Income (Loss) Attributable to Parent Company Shareholders

(¥ billion)



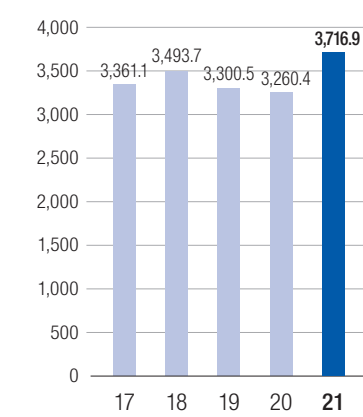
EBITDA

(¥ billion)



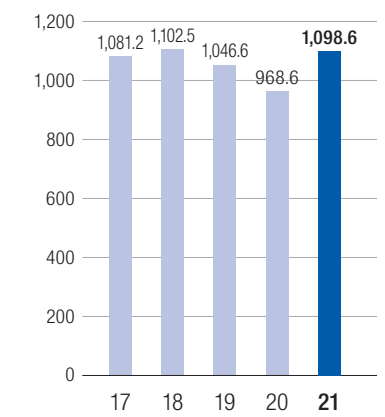
Book Value per Share

(¥)



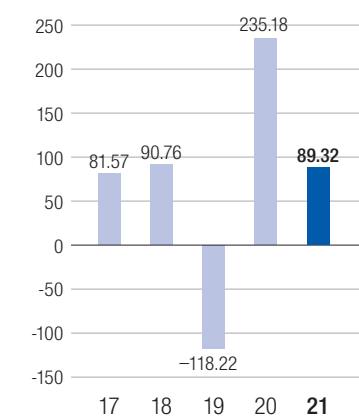
Total Net Assets

(¥ billion)



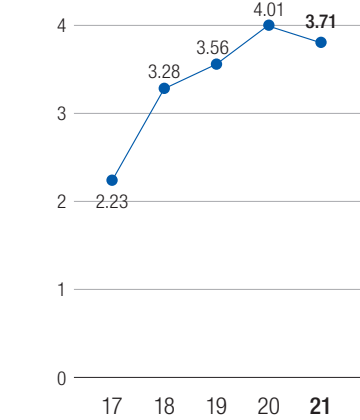
Earnings (Loss) per Share

(¥)



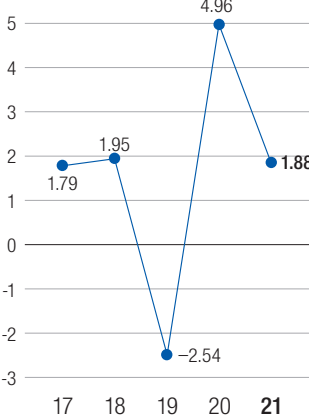
Operating Income to Net Sales

(%)



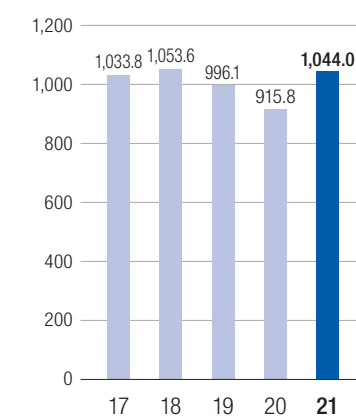
Net Income to Net Sales

(%)



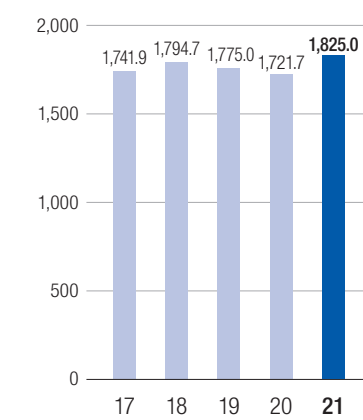
Stockholders' Equity

(¥ billion)



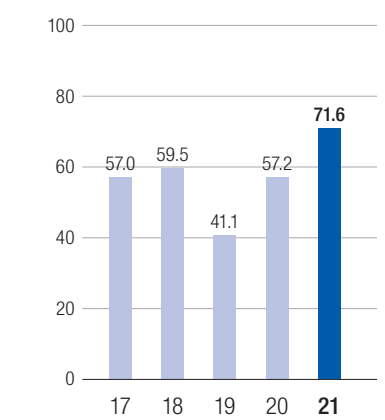
Total Assets

(¥ billion)



Capital Expenditures*

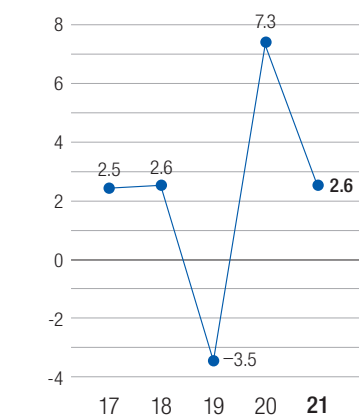
(¥ billion)



* Figures include capital expenditures for intangible fixed assets.

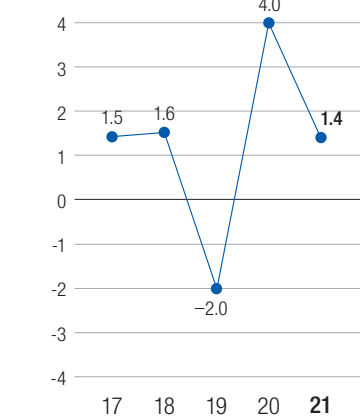
ROE

(%)



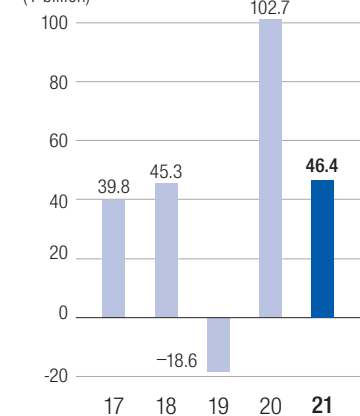
ROA

(%)



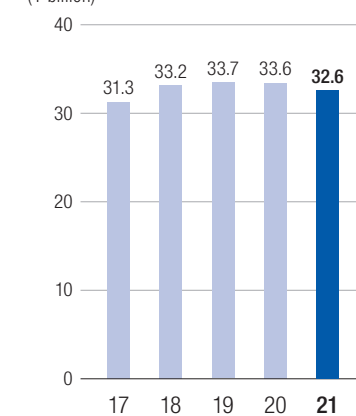
Income (Loss) before Income Taxes and Non-controlling Interests

(¥ billion)



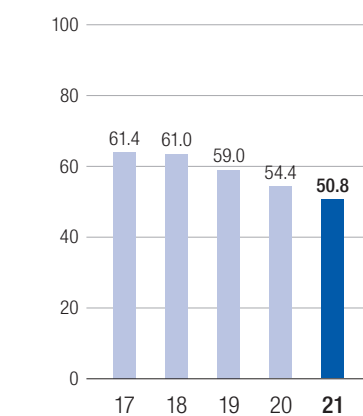
Research and Development Expenditures

(¥ billion)



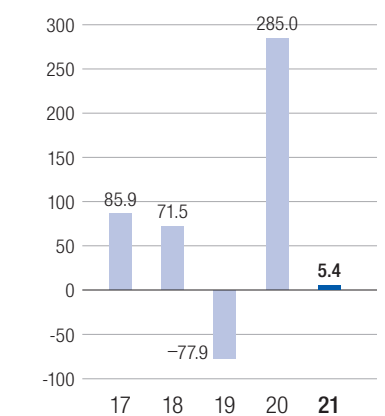
Depreciation Expense

(¥ billion)



Free Cash Flow*

(¥ billion)

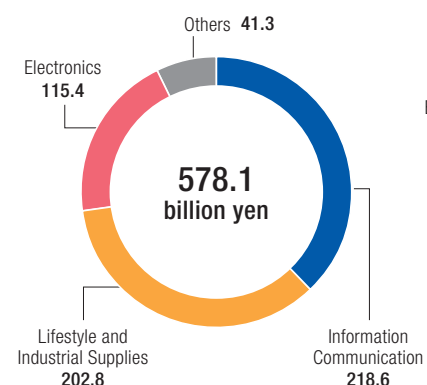


* Free cash flow = net cash from operating activities + net cash from investing activities

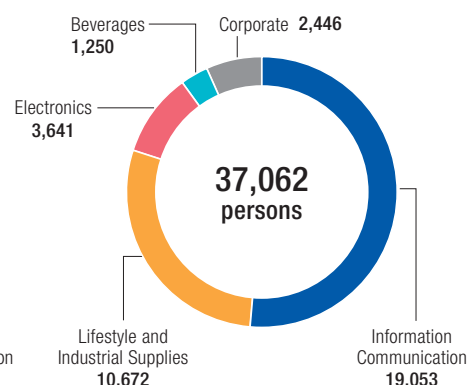
Financial and Non-financial Data

Sales of Environmentally Conscious
Products and Services (by Segment)

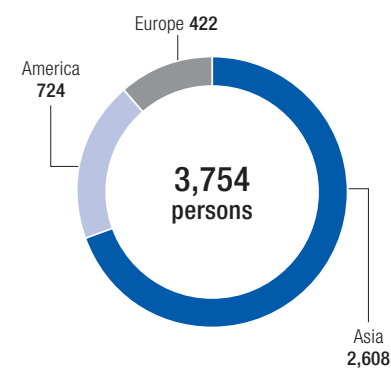
(¥ billion) (As of March 31, 2021)

Total Number of Employees
(by Segment)

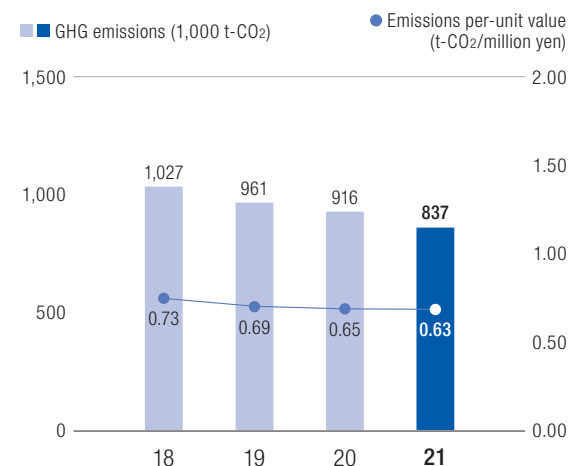
(persons) (As of March 31, 2021)

Number of Overseas Group Company
Employees (by Area)

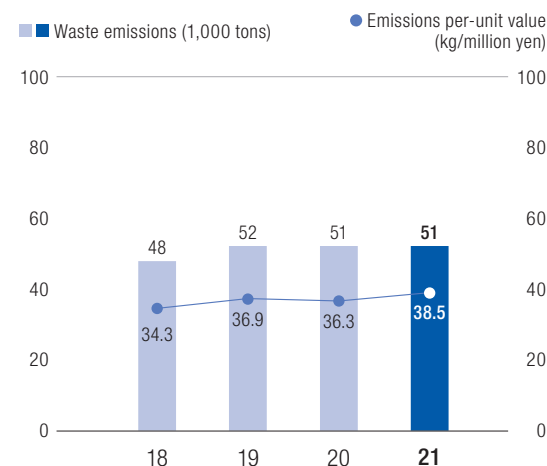
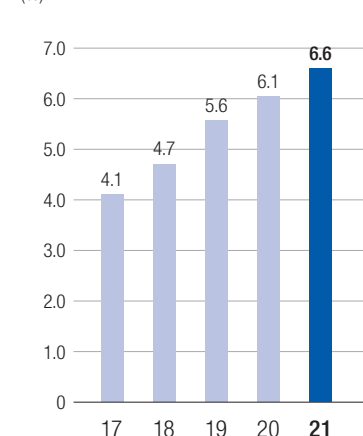
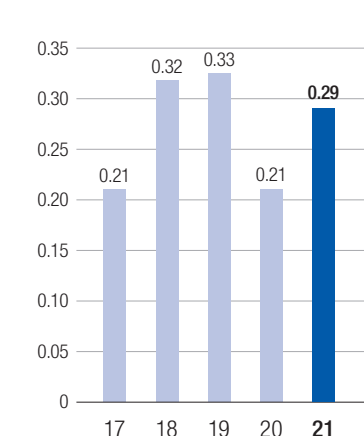
(persons) (As of March 31, 2021)



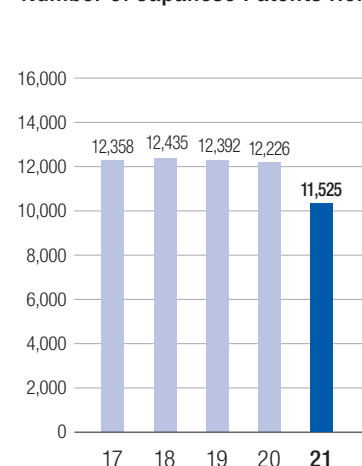
GHG Emissions (Including International Operations)



Waste Emissions (Including International Operations)

Percentage of Female Managers
(%)Lost Time Work Accident
Occurrence Rate

Number of Japanese Patents Held

Management's Discussion
and Analysis

CONSOLIDATED

Business Environment and Overview of Operating Results for
the Fiscal Year Ended March 2021

The environment surrounding the DNP Group during the fiscal year under review was harsh, with restrictions on the movements of people and goods and a significant impact on individual consumption and corporate activities due to the COVID-19 pandemic. Although economic activity began to gradually resume in various countries and regions from around summer 2020, a further increase in infections was seen globally from autumn through to winter. In 2021, state of emergency declarations in Japan added to the uncertainty over the end of the pandemic.

Under these conditions, the DNP Group strived to solve social issues and create new value to meet people's expectations in order to achieve a better, sustainable society and contribute to more comfortable lives. We combined our unique strengths in P&I (Printing and Information), deepened coordination with many partners and optimized the allocation of management resources in our focus businesses related to data distribution, IoT and next-generation communications, mobility and the environment, which are especially promising in terms of high profitability and market growth. We also tackled structural reforms to enhance competitiveness and promoted the development of a strong business portfolio.

While demand for printed materials and similar products fell due to people and organizations refraining from engaging in events, exhibitions and various promotional activities, there were advances in telecommuting, an expansion of online education and online medical consultations and an accelerated uptake of various internet services which led to growth in other areas, such as information services utilizing DNP's advanced information security infrastructure and IT equipment-related products. Additionally, amid a growing global awareness of the need to reduce the impact on the environment, the demand for environmentally conscious products and services also expanded.

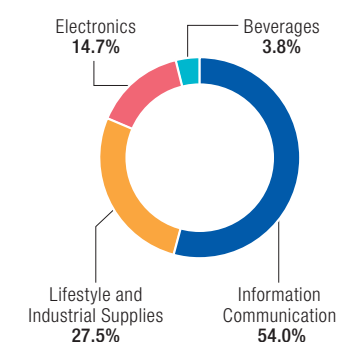
Additionally, to strengthen management foundations supporting the overall long-term growth of the DNP Group, we recognized major trends (megatrends) such as digital transformation (DX) and endeavored to accelerate initiatives to improve productivity by utilizing ICT, enhance our internal information systems infrastructure and address the environment, human resources and human rights.

	2021.3	2020.3	2019.3
Net sales (¥ million)	1,335,440	1,401,894	1,401,506
Gross profit margin	20.7 %	20.9 %	20.1 %
Operating income margin	3.7 %	4.0 %	3.6 %
Ordinary income margin	4.5 %	4.5 %	4.2 %
Net income margin	1.9 %	5.0 %	-2.5 %

Overseas sales for the DNP Group as a whole were ¥245,830 million, on par with the previous fiscal year. Due to the decline in domestic sales, overseas sales accounted for 18.4% of total sales, a 0.8 percentage point rise from 17.6% in the previous fiscal year. By region, including Indonesia and Taiwan, sales in Asia increased by 8.4% compared to the previous fiscal year, to ¥183,929 million. In other regions including the United States and Europe, sales decreased 19.1% to ¥61,901 million.

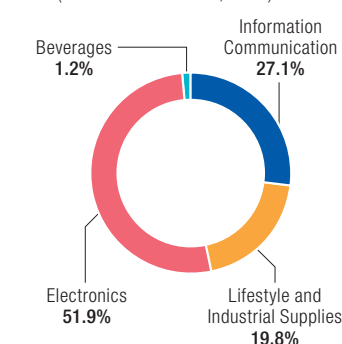
Net Sales by Segment

(Year ended March 31, 2021)



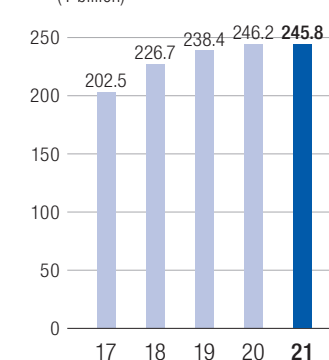
Operating Income by Segment

(Year ended March 31, 2021)



DNP's Overseas Sales

(¥ billion)





Information Communication

- Net Sales: ¥721,814 million (down 6.6% YoY)
- Operating Income: ¥19,185 million (down 36.9% YoY)
- Operating Income Margin: 2.7% (down 1.2 percentage points)

Publishing Business

Market Publication sales in Japan’s publishing industry in the fiscal year ended March 2021 were ¥1,240.1 billion (up 1.5% year on year). As a result of positive effects that increased time spent reading due to the COVID-19 pandemic, sales of magazines rose 2.1% year on year to ¥567.2 billion, while book sales also rose 1.0% year on year to ¥672.8 billion, according to Japan’s Research Institute for Publications.

The number of bookstores declined from a peak of about 22,000 in 1999 to around 11,100 in 2020, according to Almedia. In contrast, the market size for electronic books increased 20.1% year on year to ¥375.0 billion in the fiscal year ended March 2020, and is expected to grow 1.5 times the 2020 level to ¥566.9 billion by the fiscal year ending March 2025, according to Impress Corporation.

DNP DNP has worked to reduce costs by improving the terms of orders involving integrated production and sales, cutting costs and promoting in-house production, but we were unable to absorb negative factors associated with the COVID-19 pandemic such as the decline in advertising pages, and printing orders decreased for magazines and other publications. However, revenue has increased from our “honto” hybrid bookstore network, which comprises bookstores, e-commerce and e-book sales, and membership has grown to 6.38 million members. Our library support business has also grown, with more contracted libraries (1,676 libraries as of January 31, 2021, up 187 year on year), and sales also exceeded the previous year.

Information Innovation Business: Marketing

Market Domestic advertising demand for the fiscal year ended March 2021 declined significantly by 12.8% overall, with newspapers, magazines, television, radio and direct mail advertising all down from the previous year, according to Japan’s Ministry of Economy, Trade and Industry.

DNP Sales of paper media such as leaflets and catalogs declined significantly, mainly in the distribution and travel industries due to COVID-19. The sales promotion field including events and campaigns was also hit hard. Although software services increased due to the rapid advancement of digital transformation including increased non-face-to-face and online interactions, overall sales fell short of the previous fiscal year.

Information Innovation Business: Information Security

Market The individual number card point program was launched to popularize the adoption of individual number cards, and Business Process Outsourcing (BPO) demand also grew in connection with government-led economic measures.

DNP While revenue related to ID cards such as individual number cards and the BPO business increased, direct mail and form-related sales declined, resulting in an overall decline in revenue.

Imaging Communication Business

Market Demand for photo printing declined significantly in connection with COVID-19 due to people voluntarily remaining at home, the cancellation or postponement of events and curbs on the use of amusement facilities.

DNP Demand for thermal transfer printing media for photo printers and photography-related services fell, resulting in a decline in revenue.



Lifestyle and Industrial Supplies

- Net Sales: ¥368,006 million (down 6.0% YoY)
- Operating Income: ¥13,965 million (up 25.3 % YoY)
- Operating Income Margin: 3.8% (up 1.0 percentage point)

Packaging Business

Market Demand for packaging materials for pharmaceuticals and hygiene goods increased, but there was a decline in demand for commercial packaging for souvenirs and restaurants due to people voluntarily remaining at home in connection with COVID-19.

DNP We have worked to develop and sell eco-friendly packaging and also made progress with structural reforms including the streamlining of manufacturing and business operations; however, there was a decline in sales of commercial packaging due to COVID-19-related stay-at-home policies, and sales of our aseptic filling systems for PET bottles also fell short of the previous year, resulting in a decline in revenue overall.

Living Spaces Business

Market Domestic new housing starts decreased by 8.1% year on year to approximately 810,000 in the fiscal year ended March 2021. Among these, owner-occupied houses decreased 7.1%, apartments and other rental housing decreased 9.4% and condominiums decreased 7.9% year on year, respectively, according to Japan’s Ministry of Land, Infrastructure, Transport and Tourism.

DNP In addition to highly functional environmentally conscious products using our proprietary Electron Beam (EB) coating technology, we also expanded our lineup of products with antibacterial and antiviral features to combat the spread of COVID-19. However, overall sales were down from the previous year, in part due to the postponement or pause of home construction and renovations up to the second quarter.

Industrial High-performance Materials Business

Market Worldwide demand for lithium-ion batteries for use in electric vehicles has expanded in response to increasingly strict environmental regulations aimed at reducing CO2 emissions. In the fiscal year ended March 2021, the global market for lithium-ion batteries for use in electric vehicles increased 22% year on year on a shipped capacity basis, according to Yano Research Institute Ltd. Demand for battery pouches used in electric vehicles grew, while there was also higher demand for battery pouches for tablet and smartphone devices, in part due to the growth in telecommuting.

DNP There was significant growth in pouches for lithium-ion batteries for tablet and smartphone devices in addition to electric vehicles. As a result, sales increased year on year.

Management's Discussion and Analysis



Electronics

- Net Sales: ¥197,020 million (up 5.6% YoY)
- Operating Income: ¥36,690 million (up 7.5% YoY)
- Operating Income Margin: 18.6% (up 0.3 percentage point)

Display Components Business

Market Performance in the 2020 display market was strong, with an increase in general demand for notebook PCs, tablet devices, monitors and televisions due to the spread of telecommuting and online classes, and people spending longer periods at home. Demand for polarizing plates, a key component in display panels, also expanded, with worldwide production volume increasing 4.7% year on year to 573.9 million m², according to Yano Research Institute Ltd.

DNP There was steady performance in metal masks for the manufacturing of OLED displays overall despite demand for smartphone development declining temporarily due to U.S.-China trade friction. In optical film-related products, we increased sales of our mainstay surface films for LCD polarizing plates for tablet devices, monitors and televisions, driving an increase in revenue for the business overall.

Electronics Devices Business

Market Global semiconductor sales for 2020 increased by 6.8% year on year to US\$440.3 billion, according to the World Semiconductor Trade Statistics. Looking at each field, semiconductor memory shipments were up 12.2% from the previous year.

DNP Sales of lead frames and similar products increased significantly and semiconductor photomask sales were also strong, resulting in increased revenue for the business overall.



Beverages

- Net Sales: ¥51,443 million (down 7.0% YoY)
- Operating Income: ¥840 million (down 59.0% YoY)
- Operating Income Margin: 1.6% (down 2.1 percentage points)

Market Demand for beverages fell due to stay-at-home policies, a decline in tourists and closures in related industries, primarily hotels and restaurants.

DNP Despite an increase in sales of the alcoholic beverage *Lemondo*, net sales declined due to reduced demand for beverages in connection with stay-at-home policies, fewer tourists and closures of businesses including hotels, Japanese-style inns and restaurants.

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

The cost of sales totaled ¥1,058,526 million, down 4.6%, or ¥50,526 million from the previous fiscal year. The gross profit margin was 20.7%, down 0.2 percentage point from the previous year.

Among our primary raw materials, prices for domestic naphtha (crude gasoline) used as the main ingredient in petrochemical products remained on an upward trend throughout the fiscal year, while the procurement cost of synthetic resins decreased during the period due to sluggish demand for polyethylene and polypropylene. In contrast, printing paper has long been in short supply, and since the price rose in January 2019, it has remained high ever since.

Selling, general and administrative expenses totaled ¥227,385 million in the fiscal year under review, down ¥9,184 million, or 3.9%, from the previous fiscal year. Selling, general and administrative expenses were 17.0% of net sales, up 0.1 percentage point from the previous fiscal year.

As a result, operating income totaled ¥49,529 million in the fiscal year under review, down ¥6,745 million, or 12.0%, from the previous fiscal year. The operating income margin was 3.7%, down 0.3 percentage point from the previous fiscal year.

Non-operating Income (Expenses) and Income (Loss) before Income Taxes and Non-controlling Interests

Non-operating income totaled ¥15,623 million in the fiscal year under review, down ¥39 million, or 0.2%, from the previous fiscal year. Non-operating expenses totaled ¥5,245 million, down ¥2,905 million, or 35.6%, from the previous fiscal year. As a result, net non-operating income came to ¥10,378 million, up from ¥7,512 million in the previous year.

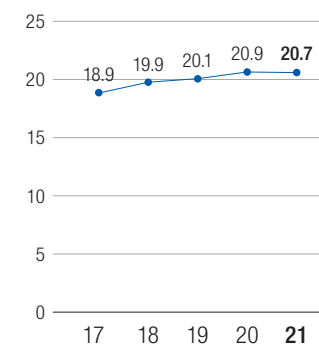
Ordinary income totaled ¥59,907 million, down ¥3,879 million, or 6.1%, from the previous year.

As a result, income before income taxes and non-controlling interests totaled ¥46,401 million, down ¥56,319 million, or 54.8%, from the previous fiscal year.

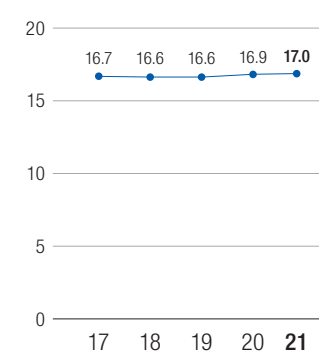
Net Income Attributable to Parent Company Shareholders

Net income attributable to parent company shareholders totaled ¥25,088 million, down ¥44,409 million, or 63.9%, from the previous fiscal year. Net income per share was ¥89.32 (compared to net income per share of ¥235.18 in the previous year).

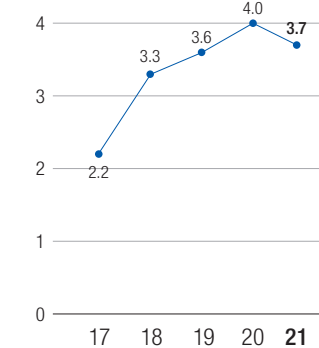
Gross Profit Margin (%)



SGA Expenses to Net Sales (%)



Operating Income Margin (%)



Liquidity and Capital Resources

Cash Flow

	2021.3	2020.3	2019.3
Cash flow from operating activities (¥ million)	61,682	93,937	68,972
Cash flow from investing activities (¥ million)	−56,284	191,057	−146,909
Free cash flow (¥ million)	5,398	284,994	−77,937

Regarding consolidated cash flow in the fiscal year ended March 2021, net cash provided by operating activities totaled ¥61,682 million, due mainly to ¥46,401 million in income before income taxes and non-controlling interests and ¥50,893 million in depreciation.

Net cash used in investing activities amounted to ¥56,284 million, mainly due to payments of ¥50,992 million for purchases of property, plant and equipment and payments of ¥10,992 million for purchases of intangible fixed assets.

Net cash used in financing activities amounted to ¥78,269 million, mainly due to ¥52,490 million from the redemption of bonds and ¥18,527 million in dividend payments.

As a result of these activities, cash and cash equivalents at the end of the fiscal year in the consolidated cash flow statement totaled ¥304,223 million.

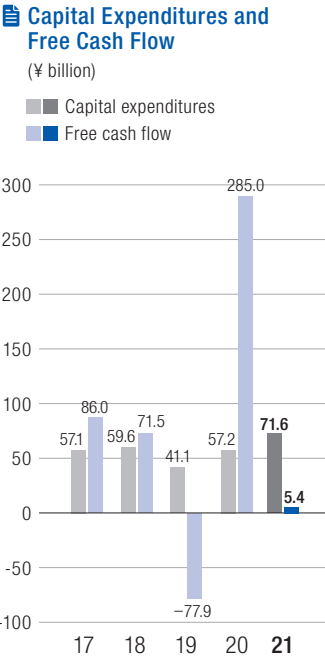
Free cash flow in the current fiscal year, which is the sum of cash flow from operating activities and cash flow from investing activities, amounted to revenue of ¥5,398 million.

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

Capital expenditures in the fiscal year ended March 2021, which were mainly focused on the establishment of new battery pouch manufacturing equipment, totaled ¥71,649 million, up ¥14,487 million, or 25.3%, from the previous fiscal year. By segment, capital expenditures in the Information Communication segment were ¥26,067 million, up ¥6,058 million from the previous year and accounting for 36% of total capital expenditures. The Lifestyle and Industrial Supplies segment was ¥30,025 million, up ¥8,760 million and accounting for 42%. The Electronics segment was ¥11,988 million, up ¥186 million and accounting for 17%. The Beverages segment was ¥1,931 million, down ¥736 million and accounting for 3%. Adjustment was ¥1,638 million, up ¥219 million and accounting for 2%. Necessary capital for the above investment was covered by funds on hand.

Depreciation in the fiscal year ended March 2021 was ¥50,893 million, down ¥3,582 million, or 6.6%, from the previous fiscal year. By segment, depreciation in the Information Communication segment was ¥20,101 million, down ¥3,446 million from the previous fiscal year and accounting for 39% of total depreciation. The Lifestyle and Industrial Supplies segment was ¥16,518 million, up ¥495 million and accounting for 32%. The Electronics segment was ¥9,416 million, down ¥239 million and accounting for 19%. The Beverages segment was ¥2,891 million, up ¥102 million and accounting for 6%. Adjustment was ¥1,967 million, down ¥494 million and accounting for 4%.

In addition, research and development expenditures for the fiscal year ended March 2021 totaled ¥32,623 million, falling ¥980 million short of the total ¥33,603 million in the previous fiscal year.



Balance Sheet

	2021.3	2020.3	2019.3
Total assets (¥ million)	1,825,019	1,721,724	1,775,022
Interest-bearing debt (¥ million)	158,555	211,646	166,350
Stockholders' equity (¥ million)	1,043,977	915,779	996,162
Book value per share (¥)	3,716.85	3,260.38	3,300.52

DNP’s total assets at the end of this fiscal year amounted to ¥1,825,019 million, up ¥103,295 million, or 6.0%, from the previous fiscal year.

Among current assets, cash and cash equivalents totaled ¥301,162 million, down ¥71,851 million, or 19.3%, from the previous fiscal year. Trade receivables totaled ¥324,625 million, down ¥6,173 million, or 1.9%. Inventories of merchandise and finished products, work in process, raw materials and supplies totaled ¥126,771 million, down ¥7,509 million, or 5.6%. As a result, current assets totaled ¥805,818 million, down ¥78,193 million, or 8.8%.

Among fixed assets, net property, plant and equipment totaled ¥420,030 million, up ¥10,662 million, or 2.6%, from the previous fiscal year. Intangible fixed assets totaled ¥25,207 million, up ¥2,491 million, or 11.0%. Investments and other assets totaled ¥573,964 million, up ¥168,335 million, or 41.5%. As a result, fixed assets totaled ¥1,019,201 million, up ¥181,488 million, or 21.7%.

Current liabilities totaled ¥408,125 million, down ¥72,526 million, or 15.1%, from the previous fiscal year. Long-term liabilities totaled ¥318,280 million, up ¥45,782 million, or 16.8%. As a result, total liabilities amounted to ¥726,405 million, down ¥26,744 million, or 3.6%.

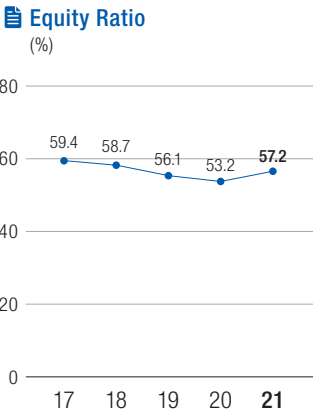
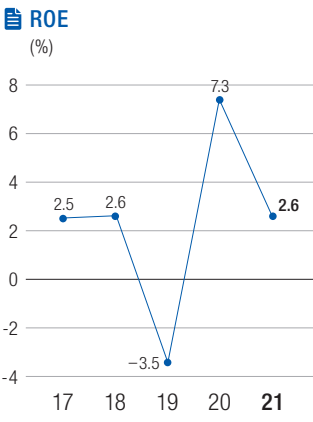
As of March 31, 2021, net assets totaled ¥1,098,614 million, up ¥130,039 million, or 13.4%, compared with the end of the previous fiscal year. This was due mainly to an increase of ¥91,966 million, or 83.6%, in the valuation difference on available-for-sale securities.

As a result, the equity ratio in the fiscal year under review was 57.2%, an increase of 4.0 percentage points from the previous fiscal year.

As of March 31, 2021, a total of 324,240,346 shares of common stock have been issued, of which 43,363,670 shares, or 13.37%, are held as treasury stock. The total number of shares in treasury stock increased by 4,326 from the previous year.

	Type of shares	Shares at beginning of fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Shares at end of fiscal year
Shares Issued	Common Stock	324,240,346	–	–	324,240,346
Treasury Stock	Common Stock	43,359,344	4,444	118	43,363,670

Notes
1. The increase of 4,444 shares of common stock in treasury stock is due to the purchase of shares less than one unit.
2. The decrease of 118 shares of common stock in treasury stock is due to the sale of shares less than one unit.



Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Assets			
Current assets:			
Cash and cash equivalents (Notes 4, 7 and 16)	¥ 304,223	¥ 377,367	\$ 2,740,748
Time deposits (Note 16)	5,939	3,646	53,505
Trade receivables (Notes 10 and 16)	324,625	330,799	2,924,550
Allowance for doubtful receivables	(716)	(1,362)	(6,450)
Inventories (Note 6)	126,771	134,280	1,142,081
Prepaid expenses and other current assets (Notes 5, 10 and 16)	44,976	39,280	405,188
Total current assets	805,818	884,010	7,259,622
Investments and advances:			
Non-consolidated subsidiaries and associated companies (Notes 10 and 16)	68,559	64,108	617,649
Investment securities (Notes 5, 7 and 16)	362,780	241,246	3,268,288
Other	624	485	5,621
Total investments and advances	431,963	305,839	3,891,558
Property, plant and equipment, at cost (Notes 7, 14 and 15):			
Land	141,808	141,423	1,277,550
Buildings and structures	533,513	520,308	4,806,423
Machinery and equipment	811,669	808,678	7,312,333
Leased assets and right-of-use assets	16,965	19,446	152,838
Construction in progress	13,239	16,429	119,270
Total	1,517,194	1,506,284	13,668,414
Accumulated depreciation	(1,097,164)	(1,096,916)	(9,884,360)
Net property, plant and equipment	420,030	409,368	3,784,054
Other assets			
Net defined benefit asset (Note 8)	111,933	64,689	1,008,406
Other (Note 13)	55,275	57,818	497,973
Total other assets	167,208	122,507	1,506,379
Total assets	¥ 1,825,019	¥ 1,721,724	\$ 16,441,613

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Liabilities and Net Assets			
Current liabilities:			
Short-term bank loans (Notes 7 and 16)	¥ 37,321	¥ 39,052	\$ 336,225
Current portion of long-term debt (Notes 7 and 16)	6,115	59,498	55,090
Trade payables (Notes 10 and 16)	226,607	238,066	2,041,505
Accrued expenses (Note 10)	44,379	43,553	399,811
Income taxes payable (Note 13)	7,124	16,622	64,180
Reserve for repairs	17,688	20,636	159,351
Other current liabilities (Notes 7 and 10)	68,891	63,224	620,640
Total current liabilities	408,125	480,651	3,676,802
Long-term liabilities:			
Long-term debt (Notes 7 and 16)	115,119	113,098	1,037,108
Net defined benefit liability (Note 8)	35,175	35,687	316,892
Other long-term liabilities (Notes 7, 10 and 13)	167,986	123,713	1,513,387
Total long-term liabilities	318,280	272,498	2,867,387
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)	145,025	145,024	1,306,532
Retained earnings (Note 9)	683,784	676,346	6,160,216
Treasury stock, at cost 43,363,670 shares in 2021 and 43,359,344 shares in 2020 (Note 9)	(122,920)	(122,911)	(1,107,387)
Total stockholders' equity	820,353	812,923	7,390,568
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 5)	202,018	110,052	1,819,983
Net deferred gains (losses) on hedges (Note 17)	12	6	108
Foreign currency translation adjustments	(5,083)	(3,449)	(45,793)
Remeasurements of defined benefit plans (Note 8)	26,678	(3,752)	240,342
Total accumulated other comprehensive income	223,625	102,857	2,014,640
Non-controlling interests	54,636	52,795	492,216
Total net assets	1,098,614	968,575	9,897,424
Total liabilities and net assets	¥ 1,825,019	¥ 1,721,724	\$ 16,441,613

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

CONSOLIDATED STATEMENTS OF INCOME

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Net sales (Note 19)	¥ 1,335,440	¥ 1,401,894	\$ 12,030,991
Cost of sales	1,058,526	1,109,052	9,536,270
Gross profit	276,914	292,842	2,494,721
Selling, general and administrative expenses (Note 11)	227,385	236,568	2,048,514
Operating income (Note 19)	49,529	56,274	446,207
Other income (expenses) (Note 12):			
Interest and dividends income	4,342	5,587	39,117
Interest expenses	(1,256)	(1,466)	(11,315)
Equity in earnings of affiliates	6,742	6,051	60,739
Foreign exchange translation gain (loss)	466	(800)	4,198
Net gain (loss) on sales or disposal of property, plant and equipment	(2,330)	24,427	(20,991)
Net gain (loss) on sales of investment securities	(3,004)	50,087	(27,063)
Loss on devaluation of investment securities	(2,905)	(7,233)	(26,171)
Impairment loss on fixed assets (Note 14)	(4,102)	(26,517)	(36,955)
Compensation income	365	—	3,288
Other	(1,446)	(3,691)	(13,027)
	(3,128)	46,445	(28,180)
Income before income taxes and non-controlling interests	46,401	102,719	418,027
Income taxes (Note 13):			
Current	14,875	26,063	134,008
Deferred	3,753	4,561	33,815
	18,628	30,624	167,823
Net income	27,773	72,095	250,204
Net income attributable to non-controlling shareholders	2,685	2,597	24,186
Net income attributable to parent company shareholders	¥ 25,088	¥ 69,498	\$ 226,018

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, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Net income	¥ 27,773	¥ 72,095	\$ 250,204
Other comprehensive income (loss)			
Valuation difference on available-for-sale securities	91,947	(60,054)	828,354
Net deferred gains on hedges	9	10	79
Foreign currency translation adjustments	(2,325)	(446)	(20,942)
Remeasurements of defined benefit plans	31,272	(8,894)	281,731
Share of other comprehensive income (loss) in associates accounted for using the equity method	(448)	(174)	(4,039)
Total other comprehensive income (loss)	120,455	(69,558)	1,085,183
Comprehensive income	¥ 148,228	¥ 2,537	\$ 1,335,387
Attributable to:			
Parent company shareholders	¥ 145,856	¥ (528)	\$ 1,314,019
Non-controlling shareholders	2,372	3,064	21,368

	Yen		U.S. dollars (Note 3)
	2021	2020	2021
Per share information:			
Net assets	¥ 3,716.85	¥ 3,260.38	\$ 33.49
Net income	89.32	235.18	0.80
Diluted net income	89.28	235.08	0.80

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, 2021 and 2020

Millions of yen

	Number of shares issued (in thousands)	Stockholders' equity			Accumulated other comprehensive income						Non-controlling interests	Total net assets
		Common stock	Capital surplus		Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans		
Balance at April 1, 2019	324,240	¥ 114,464	¥ 144,766		¥ 626,949	¥ (62,898)	¥ 170,073	¥ (1)	¥ (2,399)	¥ 5,209	¥ 50,459	¥ 1,046,622
Cumulative effects of changes in accounting policies	-	-	-		(821)	-	(54)	-	-	-	-	(875)
Adjusted balance at April 1, 2019	324,240	114,464	144,766		626,128	(62,898)	170,019	(1)	(2,399)	5,209	50,459	1,045,747
Changes of items during the period												
Cash dividends paid	-	-	-		(19,280)	-	-	-	-	-	-	(19,280)
Net loss attributable to parent company shareholders	-	-	-		69,498	-	-	-	-	-	-	69,498
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	258		-	-	-	-	-	-	-	258
Change in treasury stock arising from change in equity in entities accounted for using equity method	-	-	-		-	0	-	-	-	-	-	0
Purchases of treasury stock	-	-	-		-	(60,013)	-	-	-	-	-	(60,013)
Disposal of treasury stock	-	-	0		-	0	-	-	-	-	-	0
Changes in valuation difference on available-for-sale securities	-	-	-		-	-	(59,967)	-	-	-	-	(59,967)
Changes in deferred gains (losses) on hedges	-	-	-		-	-	-	7	-	-	-	7
Changes in foreign currency translation adjustments	-	-	-		-	-	-	-	(1,050)	-	-	(1,050)
Changes in remeasurements of defined benefit plans	-	-	-		-	-	-	-	-	(8,961)	-	(8,961)
Changes in non-controlling interests	-	-	-		-	-	-	-	-	-	2,336	2,336
Total changes of items during the period	-	-	258		50,218	(60,013)	(59,967)	7	(1,050)	(8,961)	2,336	(77,172)
Balance at March 31, 2020	324,240	114,464	145,024		676,346	(122,911)	110,052	6	(3,449)	(3,752)	52,795	968,575
Balance at April 1, 2020	324,240	114,464	145,024		676,346	(122,911)	110,052	6	(3,449)	(3,752)	52,795	968,575
Changes of items during the period												
Cash dividends paid	-	-	-		(17,977)	-	-	-	-	-	-	(17,977)
Net income attributable to parent company shareholders	-	-	-		25,088	-	-	-	-	-	-	25,088
Change of scope of consolidation	-	-	-		327	-	-	-	-	-	-	327
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	1		-	-	-	-	-	-	-	1
Purchases of treasury stock	-	-	-		-	(9)	-	-	-	-	-	(9)
Disposal of treasury stock	-	-	(0)		(0)	0	-	-	-	-	-	0
Changes in valuation difference on available-for-sale securities	-	-	-		-	-	91,966	-	-	-	-	91,966
Changes in deferred gains (losses) on hedges	-	-	-		-	-	-	6	-	-	-	6
Changes in foreign currency translation adjustments	-	-	-		-	-	-	-	(1,634)	-	-	(1,634)
Changes in remeasurements of defined benefit plans	-	-	-		-	-	-	-	-	30,430	-	30,430
Changes in non-controlling interests	-	-	-		-	-	-	-	-	-	1,841	1,841
Total changes of items during the period	-	-	1		7,438	(9)	91,966	6	(1,634)	30,430	1,841	130,039
Balance at March 31, 2021	324,240	¥ 114,464	¥ 145,025		¥ 683,784	¥ (122,920)	¥ 202,018	¥ 12	¥ (5,083)	¥ 26,678	¥ 54,636	¥ 1,098,614

Thousands of U.S. dollars (Note 3)

	Number of shares issued (in thousands)	Stockholders' equity			Accumulated other comprehensive income						Non-controlling interests	Total net assets
		Common stock	Capital surplus		Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans		
Balance at April 1, 2020	324,240	\$ 1,031,207	\$ 1,306,523		\$ 6,093,207	\$ (1,107,306)	\$ 991,459	\$ 54	\$ (31,072)	\$ (33,802)	\$ 475,631	\$ 8,725,901
Changes of items during the period												
Cash dividends paid	-	-	-		(161,955)	-	-	-	-	-	-	(161,955)
Net income attributable to parent company shareholders	-	-	-		226,018	-	-	-	-	-	-	226,018
Change of scope of consolidation	-	-	-		2,946	-	-	-	-	-	-	2,946
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	9		-	-	-	-	-	-	-	9
Purchases of treasury stock	-	-	-		-	(81)	-	-	-	-	-	(81)
Disposal of treasury stock	-	-	(0)		(0)	0	-	-	-	-	-	0
Changes in valuation difference on available-for-sale securities	-	-	-		-	-	828,524	-	-	-	-	828,524
Changes in deferred gains (losses) on hedges	-	-	-		-	-	-	54	-	-	-	54
Changes in foreign currency translation adjustments	-	-	-		-	-	-	-	(14,721)	-	-	(14,721)
Changes in remeasurements of defined benefit plans	-	-	-		-	-	-	-	-	274,144	-	274,144
Changes in non-controlling interests	-	-	-		-	-	-	-	-	-	16,585	16,585
Total changes of items during the period	-	-	9		67,009	(81)	828,524	54	(14,721)	274,144	16,585	1,171,523
Balance at March 31, 2021	324,240	\$ 1,031,207	\$ 1,306,532		\$ 6,160,216	\$ (1,107,387)	\$ 1,819,983	\$ 108	\$ (45,793)	\$ 240,342	\$ 492,216	\$ 9,897,424

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, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes and non-controlling interests	¥ 46,401	¥ 102,719	\$ 418,027
Adjustments to reconcile income before income taxes and non-controlling interests to net cash provided by operating activities:			
Depreciation	50,893	54,475	458,495
Impairment loss on fixed assets	4,102	26,517	36,955
Allowance for doubtful receivables	(235)	(186)	(2,117)
Net defined benefit asset	(3,381)	(7,441)	(30,459)
Net defined benefit liability	363	2,170	3,270
Equity in earnings of affiliates	(6,742)	(6,051)	(60,739)
Amortization of goodwill	994	1,659	8,955
Interest and dividends income	(4,342)	(5,587)	(39,117)
Interest expenses	1,256	1,466	11,315
Net loss (gain) on sales of investment securities	3,004	(50,087)	27,063
Loss on devaluation of investment securities	2,905	7,233	26,171
Net loss (gain) on sale or disposal of property, plant and equipment	2,411	(24,368)	21,721
Changes in assets and liabilities			
Trade receivables	6,253	22,195	56,333
Inventories	7,066	(1,286)	63,658
Trade payables	(11,531)	(9,011)	(103,883)
Other assets and liabilities	(111)	10,236	(999)
Sub-total	99,306	124,653	894,649
Payments for repair costs	(8,116)	(14,077)	(73,117)
Extra retirement payments	(450)	(336)	(4,054)
Payments of income taxes	(29,058)	(16,303)	(261,784)
Net cash provided by operating activities	61,682	93,937	555,694
Cash flows from investing activities:			
Net decrease (increase) in time deposits	(2,255)	135,777	(20,315)
Payments for purchases of property, plant and equipment	(50,993)	(39,932)	(459,396)
Proceeds from sales of property, plant and equipment	2,025	46,104	18,243
Payments for purchases of investment securities	(945)	(1,028)	(8,514)
Proceeds from sales of investment securities	5,504	58,112	49,586
Payments for purchases of stock in subsidiaries resulting in a change in the scope of consolidation	(2,552)	(1,155)	(22,991)
Proceeds from purchases of stock in subsidiaries resulting in a change in the scope of consolidation	21	39	189
Payments for purchases of intangible assets	(10,992)	(9,775)	(99,027)
Interest and dividends received	8,260	9,197	74,414
Other investing activities	(4,357)	(6,282)	(39,252)
Net cash provided by (used in) investing activities	(56,284)	191,057	(507,063)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Cash flows from financing activities:			
Net decrease in short-term bank loans	(1,929)	(3,424)	(17,378)
Proceeds from long-term debt	4,295	2,700	38,694
Repayments of long-term debt	(3,404)	(2,521)	(30,667)
Proceeds from issuance of debentures	-	99,496	-
Payments for redemption of debentures	(52,490)	(51,490)	(472,883)
Payments for purchases of treasury stocks	(11)	(60,212)	(99)
Interest paid	(1,448)	(1,570)	(13,045)
Dividends paid	(17,976)	(19,283)	(161,946)
Dividends paid to non-controlling shareholders	(552)	(510)	(4,973)
Other financing activities	(4,754)	(4,467)	(42,829)
Net cash used in financing activities	(78,269)	(41,281)	(705,126)
Effect of exchange rate changes on cash and cash equivalents	(416)	(118)	(3,748)
Net increase (decrease) in cash and cash equivalents	(73,287)	243,595	(660,243)
Cash and cash equivalents at beginning of year	377,367	133,772	3,399,703
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	143	-	1,288
Cash and cash equivalents at end of year (Note 4)	¥ 304,223	¥ 377,367	\$ 2,740,748

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, 2021 and 2020

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"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards("IFRS"). And its foreign subsidiaries maintain their books of account and prepare their financial statements in conformity with either IFRS or accounting principles generally accepted in the United States of America ("US GAAP"), with adjustments for the specified five items required by the Practical Issues Task Force No.18, issued by the Accounting Standards Board of Japan ("ASBJ"), as applicable.

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 2020 financial statements to conform with current year presentations. In addition, the notes to the consolidated financial statements include additional information that 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 119 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 of mainly 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 (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 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" as reported in a separate component of accumulated other comprehensive income and "non-controlling interests" 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 an insignificant risk of changes in value.

Inventories
Inventories are stated at cost that 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, the carrying amount of investment securities is 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 is 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
Leased assets with transfer of ownership are depreciated using the same depreciation method applied to owned fixed assets.

Finance leases that 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.

Right-of-use assets
Depreciation for right-of-use 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 is 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 exceeded 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. The 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 six 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 nine 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, to manage the risk arising from fluctuation in foreign currency exchange 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 qualify for the "alternative method" of hedge accounting as described below.

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 meet certain hedging criteria, the hedged items are stated by the contracted rates ("alternative method").

Per share information
Net assets per share were computed based on the number of shares outstanding after deducting treasury stock at March 31, 2021 and 2020, respectively.

Net income 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 to the net income or the number of shares for diluted net income per share in order to reflect dilutive effects.

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

Significant Accounting Estimates
1. Reserve for repairs
(1) The reserve for repairs as of March 31, 2021 was ¥67,179 million.
(2) Other information
The Company has recognized the reserve for repairs.

The reserve for repairs is provided based on a reasonable estimate of the amount of repair costs that will be required in the future, by conducting scientific testing and analysis of defects for certain wallpaper products.

The reasonable estimate is calculated based on the unit repair costs and the quantity of repairs. The unit repair costs are based on the past repair costs and include fluctuation risks of the future payroll costs and the material costs. And the quantity of repairs is estimated based on the quantity of the production of the product that may be subject to repair in the future.

Therefore, the amount of the reserve for repairs may be affected by fluctuations in the payroll costs and the material costs, etc. and by the conditions of defects occurrence, etc.

If the amount of actual payments differs from the estimates, it may have a significant impact on the amount of the reserve for repairs recognized in the consolidated financial statements of the next fiscal year.

2. Deferred tax assets
(1) Deferred tax assets as of March 31, 2021 were ¥41,118 million.
(2) Other information
Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards and tax credits carryforward to the extent that is expected to be recoverable by future taxable income based on business plans, etc. The timing of recovering and the amount of deferred tax assets are reasonably estimated and calculated.

When the company calculates deferred tax assets, the estimate is based on the business plans approved by the Board of Directors. While it is not possible to accurately predict when the COVID-19 pandemic will settle down and its effect on the business environment, accounting estimates are based on the assumption that the effect of COVID-19 on the business will continue for a certain period.

If the main assumption that is used to calculate the amount recognized in the consolidated financial statements of the current fiscal year changes, it may have a significant impact on the amount recognized in the consolidated financial statements of the next fiscal year.

Standards and guidance not yet adopted

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)

1. Overview

The above standard and guidance provide comprehensive accounting principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying the following five steps:

- Step 1: Identify contract(s) with customers.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the separate performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

2. Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

3. Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of the standard and guidance on the consolidated financial statements.

Application of "Accounting Standard for Disclosure of Accounting Estimates"

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) was applied starting at the fiscal year ended March 31, 2021 and the significant accounting estimates were reported in the consolidated financial statement.

However, the significant accounting estimates of the fiscal year ended March 31, 2020 were not reported in accordance with transitional treatment set forth in the proviso of Paragraph 11 of "Accounting Standard for Disclosure of Accounting Estimates."

Additional information

(Accounting estimates on the effect of Coronavirus Disease ("COVID-19"))

The Company and its consolidated subsidiaries estimate the possibility of realization of deferred tax assets, etc. reasonably based on the available information as of the time of preparing the consolidated financial statements.

Accounting estimates are based on the assumption that the effect of COVID-19 on the business will continue for a certain period.

Actual results may differ from those estimates due to uncertainties in estimation.

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, 2021. 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, 2021 and 2020 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Cash and deposits (excluding time deposits and short-term investments (securities) with a maturity over three months)	¥ 304,223	¥ 377,367	\$ 2,740,748

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, 2021 and 2020 were as follows:

	Millions of yen		
	Carrying amount	Fair value	Difference
March 31, 2021			
Others	¥ 301	¥ 300	¥ (1)
	Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Difference
March 31, 2021			
Others	\$ 2,712	\$ 2,703	\$ (9)
	Millions of yen		
	Carrying amount	Fair value	Difference
March 31, 2020			
Others	¥ 302	¥ 300	¥ (2)

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, 2021 and 2020 were as follows:

	Millions of yen			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2021				
Stocks	¥ 72,981	¥ 290,047	¥ 931	¥ 362,097
Others	10,363	19	-	10,382
Total	¥ 83,344	¥ 290,066	¥ 931	¥ 372,479

	Thousands of U.S. dollars (Note 3)			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2021				
Stocks	\$ 657,486	\$ 2,613,036	\$ 8,387	\$ 3,262,135
Others	93,361	171	-	93,532
Total	\$ 750,847	\$ 2,613,207	\$ 8,387	\$ 3,355,667

	Millions of yen			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2020				
Stocks	¥ 83,321	¥ 161,399	¥ 4,077	¥ 240,643
Others	10,293	8	-	10,301
Total	¥ 93,614	¥ 161,407	¥ 4,077	¥ 250,944

The proceeds from sales of available-for-sale securities for the years ended March 31, 2021 and 2020 were ¥5,423 million (\$48,856 thousand) and ¥55,730 million, respectively. The gross realized gains on these sales for the years ended March 31, 2021 and 2020 were ¥1,874 million (\$16,883 thousand) and ¥51,450 million, respectively, and the gross realized losses on these sales for the years ended March 31, 2021 and 2020 were ¥4,878 million (\$43,946 thousand) and ¥1,363 million, respectively.

The acquisition cost is the amount after recognizing a loss on devaluation of investment securities. Loss on devaluation of investment securities for the years ended March 31, 2021 and 2020 was ¥2,905 million (\$26,171 thousand) and ¥7,082 million, respectively.

If the market value of the security declines by 50% or more from its acquisition cost as of the end of the fiscal year, a loss on devaluation of investment securities is recorded for the difference between the market value and the acquisition cost as an impairment loss. If the decline ranges between about 30% and 50%, a loss on devaluation of investment securities for the amount deemed necessary is recorded considering its recoverability, etc.

The redemption schedules for securities with maturities at March 31, 2021 and 2020 were as follows:

	Millions of yen		
	Due in one year or less	Due after one year through five years	Over five years
March 31, 2021			
Corporate bonds	¥ -	¥ 331	¥ -
Others	10,000	-	-
	¥ 10,000	¥ 331	¥ -

	Thousands of U.S. dollars (Note 3)		
	Due in one year or less	Due after one year through five years	Over five years
March 31, 2021			
Corporate bonds	\$ -	\$ 2,982	\$ -
Others	90,090	-	-
	\$ 90,090	\$ 2,982	\$ -

	Millions of yen		
	Due in one year or less	Due after one year through five years	Over five years
March 31, 2020			
Corporate bonds	¥ -	¥ 332	¥ -
Others	10,000	-	-
	¥ 10,000	¥ 332	¥ -

6. Inventories

Inventories at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Merchandise and finished products	¥ 75,540	¥ 78,199	\$ 680,541
Work in process	27,810	32,232	250,541
Raw materials and supplies	23,421	23,849	210,999
	¥ 126,771	¥ 134,280	\$ 1,142,081

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

Short-term bank loans at March 31, 2021 and 2020 were represented by bank loans and bank overdrafts, etc., bearing interest at an average rate of 0.48% per annum for 2021 and 0.46% per annum for 2020.

Long-term debt at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Unsecured debentures			
0.270~0.580% due 2027 and thereafter	¥ 100,000	¥ 100,000	\$ 900,901
0.180~0.290% due 2024	2,500	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	-
Collateralized loans, maturing 2022~2027	2,608	1,964	23,495
Unsecured loans, maturing 2022~2027	11,506	11,022	103,658
	121,234	172,596	1,092,198
Current portion of long-term debt	(6,115)	(59,498)	(55,090)
	¥ 115,119	¥ 113,098	\$ 1,037,108

Finance lease obligations at March 31, 2021 and 2020 that are included in other long-term liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Finance lease obligations	¥ 8,928	¥ 9,961	\$ 80,432
Current portion of lease obligations	(3,059)	(3,390)	(27,559)
	¥ 5,869	¥ 6,571	\$ 52,873

The assets pledged as collateral for the Company and its consolidated subsidiaries' indebtedness, such as property, plant and equipment and other assets, were ¥7,194 million (\$64,811 thousand) and ¥6,129 million at March 31, 2021 and 2020, respectively.

Interest rates on collateralized loans ranged from 0.15% to 0.84% per annum for 2021 and from 0.15% to 0.84% per annum for 2020, while interest rates on unsecured loans ranged from 0.00% to 4.75% per annum for 2021 and from 0.40% to 1.85% per annum for 2020.

The aggregate annual maturities of long-term debt after March 31, 2021 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2022	¥ 6,115	\$ 55,090
2023	2,200	19,820
2024	7,364	66,342
2025	1,628	14,667
2026	3,800	34,234
2027 and thereafter	100,127	902,045
	¥ 121,234	\$ 1,092,198

The aggregate annual maturities of finance lease obligations after March 31, 2021 were as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2022	¥ 3,059	\$ 27,559
2023	2,542	22,901
2024	1,246	11,224
2025	892	8,036
2026	617	5,559
2027 and thereafter	572	5,153
	¥ 8,928	\$ 80,432

8. Retirement Benefits

The Company and its domestic consolidated subsidiaries have a lump-sum retirement plan, defined benefit corporate pension plan and defined contribution pension plan. In some cases, additional retirement benefits were paid when an employee retired. In addition, certain foreign subsidiaries have a defined benefit 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 established new defined benefit pension plans on March 1, 2005 under which most of the retirement benefit liability of the Company and some of its subsidiaries is covered by the employees' pension fund. In addition, the Company established retirement benefit trusts.

Of consolidated subsidiaries, 48 adopt a defined benefit corporate pension plan, 7 adopt a defined contribution pension plan, and 53 adopt a lump-sum retirement plan. Certain consolidated subsidiaries apply the simplified method for the calculation of net defined benefit liability and retirement benefit costs.

Reconciliation of the beginning and ending balance of the projected benefit obligation at March 31, 2021 and 2020 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Change in projected benefit obligation:			
Balance at the beginning of year	¥ 272,576	¥ 268,929	\$ 2,455,640
Service cost	13,496	13,656	121,585
Interest cost	1,318	1,075	11,874
Actuarial gain/loss	901	(930)	8,117
Benefits paid	(11,195)	(10,378)	(100,856)
Change in scope of consolidation	1	121	9
Other	(240)	103	(2,162)
Balance at the end of year	¥ 276,857	¥ 272,576	\$ 2,494,207

Reconciliation of the beginning and ending balance of the plan assets at March 31, 2021 and 2020 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Change in plan assets:			
Balance at the beginning of year	¥ 301,578	¥ 305,576	\$ 2,716,919
Expected return on plan assets	7,700	7,807	69,369
Actuarial gain/loss	43,948	(12,307)	395,928
Contributions by the employer	9,176	9,252	82,667
Benefits paid	(8,699)	(8,813)	(78,369)
Other	(87)	63	(784)
Balance at the end of year	¥ 353,616	¥ 301,578	\$ 3,185,730

Reconciliation of the projected benefit obligation and plan assets to net defined benefit liability and asset recognized in the consolidated balance sheets as of March 31, 2021 and 2020 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Funded projected benefit obligation	¥ 241,787	¥ 237,051	\$ 2,178,261
Plan assets	(353,616)	(301,578)	(3,185,730)
	(111,829)	(64,527)	(1,007,469)
Unfunded projected benefit obligation	35,070	35,525	315,946
Net amount of liabilities and assets recognized in consolidated balance sheets	¥ (76,759)	¥ (29,002)	\$ (691,523)
Net defined benefit liability	35,175	35,687	316,892
Net defined benefit asset	(111,933)	(64,689)	(1,008,406)
Net amount of liabilities and assets recognized in consolidated balance sheets	¥ (76,758)	¥ (29,002)	\$ (691,514)

The components of net periodic benefit costs for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Service cost ^(*) (⁽²⁾)	¥ 13,475	¥ 13,636	\$ 121,396
Interest cost	1,318	1,075	11,874
Expected return on plan assets	(7,700)	(7,807)	(69,369)
Actuarial gain/loss	1,155	(1,842)	10,405
Amortization of prior service cost	458	459	4,126
Net periodic benefit costs of the defined benefit plan	¥ 8,706	¥ 5,521	\$ 78,432

(*)1) Employees' contribution to the corporate pension fund is deducted from "Service cost."

(*)2) Retirement benefit expenses booked by consolidated subsidiaries applying the simplified method are included in "Service cost."

(*)3) In addition to the retirement benefit costs listed above, additional retirement benefits were recognized as other expenses in the amount of ¥523 million for the year ended March 31, 2021.

Remeasurements of defined benefit plans, before income-tax effect, recorded under other comprehensive income (loss) for the years ended March 31, 2021 and 2020 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Actuarial gain/loss	¥ 44,266	¥ (13,241)	\$ 398,793
Prior service cost	459	459	4,135
Total	¥ 44,725	¥ (12,782)	\$ 402,928

Remeasurements of defined benefit plans, before income-tax effect, recorded under accumulated other comprehensive income at March 31, 2021 and 2020 consisted of:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Unrecognized actuarial gain/loss	¥ 38,090	¥ (6,176)	\$ 343,153
Unrecognized prior service cost	9	(449)	81
Total	¥ 38,099	¥ (6,625)	\$ 343,234

The major categories of plan assets as of March 31, 2021 and 2020 were as follows:

	2021	2020
Bonds	15%	18%
Stocks	37%	36%
Alternative investments	33%	36%
Other	15%	10%
Total	100%	100%

(*)1) The main plan assets in "Alternative investments" are hedge funds, multi-asset management, infrastructure funds, and investment in real estate.

(*)2) The total amount of plan assets includes the retirement benefit trusts for a corporate pension fund representing 15% and 15% for the years ended March 31, 2021 and 2020, respectively.

Assumptions used for the years ended March 31, 2021 and 2020 were set forth as follows:

	2021	2020
Discount rate	0.7%	0.7%
Long-term expected rate of return on plan assets	mainly 2.5%	mainly 2.5%

* The discount rates are presented based on the weighted-average of multiple discount rates.

The amounts of required contribution to defined contribution plans for the consolidated subsidiaries were ¥371 million (\$3,342 thousand) and ¥279 million for the years ended March 31, 2021 and 2020, respectively.

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 a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of directors is prescribed as one year rather than two years of normal term in its articles of incorporation, and 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, ¥8,988 million (\$80,973 thousand) in aggregate, were approved at the general stockholders' meeting held on June 29, 2021 with respect to the year ended March 31, 2021.

(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 that is determined by a specific formula.

Treasury stock increased by 4,326 shares, and this is comprised of an increase of 4,444 shares due to purchase of odd shares, and decrease of 118 shares due to sales of odd shares for the year ended March 31, 2021.

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, 2021 and 2020 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Trade receivables	¥ 7,834	¥ 6,989	\$ 70,577
Other current assets	339	346	3,054
Investment securities	60,019	57,649	540,712
Long-term loans receivable	1,464	140	13,189
Other investments	7,076	6,319	63,748
Trade payables	3,415	3,588	30,766
Accrued expenses	320	322	2,883
Other current liabilities	1,233	1,053	11,108
Other long-term liabilities	10	-	90

11.Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Salaries and allowances	¥ 66,443	¥ 68,461	\$ 598,586
Accrued bonuses	7,145	6,599	64,369
Provision for retirement benefits	1,839	927	16,568
Depreciation	11,347	13,089	102,225
Research and development expenses	32,623	33,603	293,901
Others	107,988	113,889	972,865
	¥ 227,385	¥ 236,568	\$ 2,048,514

12. Other Income (Expenses)

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Contributions	¥ 7	¥ -	\$ 63
Interest expense	0	-	0
Interest and dividends income	7	353	63
Rent income on facilities	53	54	477

13. Income Taxes

The Company and its 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.

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.

The following is a reconciliation of the difference between the normal effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2021, although no reconciliation for 2020 was shown because the difference was not more than five percent of the statutory tax rate.

	2021	2020
Normal effective statutory tax rate	30.6%	-
Expenses not deductible for income tax purposes	2.1	-
Amortization of consolidation goodwill	0.3	-
Change in valuation allowance	8.7	-
Equity in earnings of affiliates	(4.4)	-
Per capita inhabitants' taxes	1.2	-
Tax credit	(0.8)	-
Tax rate differences in consolidated subsidiaries	1.1	-
Undistributed earnings of subsidiaries	0.5	-
The effective income tax rate change of subsidiaries	0.6	-
Other	0.2	-
Actual effective tax rate	40.1%	-

Significant components of deferred tax assets and liabilities at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2021	2020	2021
Deferred tax assets:			
Repair reserve provisions	¥ 20,557	¥ 23,041	\$ 185,198
Impairment loss on fixed assets	16,542	18,451	149,027
Tax loss carryforwards	22,349	18,027	201,342
Net defined benefit liability	14,052	13,986	126,595
Accrued bonuses	5,914	5,777	53,279
Loss on devaluation of investment securities	3,661	4,207	32,982
Accrued enterprise tax	413	1,647	3,721
Loss on write-down of inventories	1,378	1,223	12,414
Excess provision for doubtful receivables	647	714	5,829
Other	16,312	16,070	146,955
Total deferred tax assets	101,825	103,143	917,342
Valuation allowance for tax loss carryforwards ^(*)	(21,327)	(17,528)	(192,135)
Valuation allowance for deductible temporary differences	(39,380)	(41,820)	(354,775)
Total valuation allowance ^(*)	(60,707)	(59,348)	(546,910)
Total	¥ 41,118	¥ 43,795	\$ 370,432
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (87,766)	¥ (47,969)	\$ (790,685)
Net defined benefit asset	(34,252)	(19,795)	(308,576)
Undistributed earnings of subsidiaries	(3,503)	(3,251)	(31,559)
Reserve for special depreciation	(22)	(19)	(198)
Other	(1,595)	(1,694)	(14,369)
Total	¥ (127,138)	¥ (72,728)	\$ (1,145,387)
Net deferred tax assets (liabilities):	¥ (86,020)	¥ (28,933)	\$ (774,955)

(*) Valuation allowance increased by ¥1,359 million (\$12,243 thousand). The main factor causing a change for tax loss carryforwards is the increase in tax loss which is expected to be non-recoverable. The main factor causing a change for temporary differences is the decrease in valuation allowance caused by reversal of a part of deductible temporary differences related to impairment loss on fixed assets.

(*)2 The amounts by the expiration period of tax loss carryforwards, related valuation allowance and the resulting deferred tax assets as of March 31, 2021 and 2020 were as follows:

	Millions of yen		
	Tax loss carryforwards ^(*)	Valuation allowance	Deferred tax assets
March 31, 2021			
2022	¥ 336	¥ (297)	¥ 39
2023	1,903	(1,881)	22
2024	1,689	(1,673)	16
2025	1,985	(1,939)	46
2026	1,402	(1,340)	62
2027 and thereafter	15,034	(14,197)	837
Total	¥ 22,349	¥ (21,327)	(*)2 ¥ 1,022

	Thousands of U.S. dollars (Note 3)		
	Tax loss carryforwards ^(*)	Valuation allowance	Deferred tax assets
March 31, 2021			
2022	\$ 3,027	\$ (2,676)	\$ 351
2023	17,144	(16,946)	198
2024	15,216	(15,072)	144
2025	17,883	(17,469)	414
2026	12,631	(12,072)	559
2027 and thereafter	135,441	(127,900)	7,541
Total	\$ 201,342	\$ (192,135)	(*)2 \$ 9,207

(*)1 Tax loss carryforwards are the amounts obtained by multiplying by the normal effective statutory tax rate.

(*)2 For the tax loss carryforwards of ¥22,349 million (\$201,342 thousand) (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥1,022 million (\$9,207 thousand). Deferred tax assets of ¥1,022 million (\$9,207 thousand) above are recognized mainly because part of the tax loss carryforwards recorded by the Company is expected to be recoverable as a result of estimated taxable income in the future.

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, 2021 and 2020 were as follows:

	Millions of yen		
March 31, 2021	Carrying amounts	Fair value	Differences
(1) Cash and deposits	¥ 310,162	¥ 310,162	¥ -
(2) Trade receivables	324,625	324,625	-
(3) Short-term and long-term investment securities	394,382	439,958	45,576
Assets	¥ 1,029,169	¥ 1,074,745	¥ 45,576
(1) Trade payables	¥ 226,607	¥ 226,607	¥ -
(2) Short-term bank loans	37,321	37,321	-
(3) Long-term debts	121,234	120,145	(1,089)
Liabilities	¥ 385,162	¥ 384,073	¥ (1,089)
Derivatives ^(*)			
[1] Hedge accounting is not applied	¥ (844)	¥ (844)	¥ -
[2] Hedge accounting is applied	14	14	-
Total	¥ (830)	¥ (830)	¥ -

	Thousands of U.S. dollars (Note 3)		
March 31, 2021	Carrying amounts	Fair value	Differences
(1) Cash and deposits	\$ 2,794,253	\$ 2,794,253	\$ -
(2) Trade receivables	2,924,550	2,924,550	-
(3) Short-term and long-term investment securities	3,552,990	3,963,584	410,594
Assets	\$ 9,271,793	\$ 9,682,387	\$ 410,594
(1) Trade payables	\$ 2,041,505	\$ 2,041,505	\$ -
(2) Short-term bank loans	336,225	336,225	-
(3) Long-term debts	1,092,198	1,082,387	(9,811)
Liabilities	\$ 3,469,928	\$ 3,460,117	\$ (9,811)
Derivatives ^(*)			
[1] Hedge accounting is not applied	\$ (7,604)	\$ (7,604)	\$ -
[2] Hedge accounting is applied	126	126	-
Total	\$ (7,478)	\$ (7,478)	\$ -

	Millions of yen		
March 31, 2020	Carrying amounts	Fair value	Differences
(1) Cash and deposits	¥ 381,013	¥ 381,013	¥ -
(2) Trade receivables	330,799	330,799	-
(3) Short-term and long-term investment securities	264,669	300,191	35,522
Assets	¥ 976,481	¥ 1,012,003	¥ 35,522
(1) Trade payables	¥ 238,066	¥ 238,066	¥ -
(2) Short-term bank loans	39,052	39,052	-
(3) Long-term debts	172,596	171,788	(808)
Liabilities	¥ 449,714	¥ 448,906	¥ (808)
Derivatives ^(*)			
[1] Hedge accounting is not applied	¥ (78)	(78)	¥ -
[2] Hedge accounting is applied	0	0	-
Total	¥ (78)	¥ (78)	¥ -

(*) Derivative assets and liabilities are presented on a net basis.

	Millions of yen		
March 31, 2020	Tax loss carryforwards ^(*)	Valuation allowance	Deferred tax assets
2021	¥ 2,211	¥ (1,862)	¥ 349
2022	846	(846)	-
2023	1,793	(1,786)	7
2024	1,639	(1,592)	47
2025	1,865	(1,865)	-
2026 and thereafter	9,673	(9,577)	96
Total	¥ 18,027	¥ (17,528)	^(*) ¥ 499

(*) Tax loss carryforwards are the amounts obtained by multiplying by normal the effective statutory tax rate.
(*) For the tax loss carryforwards of ¥18,027 million (the amount multiplied by the normal effective statutory tax rate), the Company recognized deferred tax assets of ¥499 million.
Deferred tax assets of ¥499 million above are recognized mainly because part of the tax loss carryforwards recorded by Maruzen CHI Holdings Co., Ltd., a consolidated subsidiary of the Company, is expected to be recoverable as a result of estimated taxable income in the future.

14. Impairment Loss on Fixed Assets

Impairment loss on fixed assets for the year ended March 31, 2021 were as follows:

March 31, 2021				
Location	Purpose of use	Category	Millions of yen	Thousands of U.S. dollars (Note 3)
Kashiwa City, Chiba and others	Information system-related assets	Software and others	¥ 2,312	\$ 20,829
Kuki City, Saitama, Shiraoka City, Saitama and others	Publishing business related assets	Buildings and structures, machinery, software and others	1,497	13,486
Others	Business assets	Buildings and structures, machinery, goodwill and others	293	2,640

The Company and its consolidated subsidiaries reviewed the fixed assets for impairment for the year ended March 31, 2021. Fixed assets were, in principle, grouped at the business unit for impairment testing purposes. Idle assets were grouped in each asset.
As a result, the difference between book values and recoverable amounts was recorded as “Impairment loss on fixed assets” in the amount of ¥4,102 million (\$36,955 thousand), which is comprised of buildings and structures of ¥168 million (\$1,514 thousand), machinery of ¥615 million (\$5,540 thousand), goodwill of ¥155 million (\$1,396 thousand), software of¥2,609 million (\$23,505 thousand), and others of ¥555 million (\$5,000 thousand), for the year ended March 31, 2021.
The recoverable amount of information system-related assets and publishing business-related assets has been measured at the value in use. And the amount was assessed at zero because future operating cash flows cannot be generated.
The recoverable amount of other business assets has been measured at the value in use or the net selling value. The amount of assets which was measured at the value in use was assessed at zero because future operating cash flows cannot be generated. The amount of assets which was measured at the net selling value was calculated based on the estimated selling value, etc.

15. Leases

Finance Leases

Information concerning finance lease transactions has been omitted, due to the insignificance of such disclosure.

Operating Leases

The amounts of outstanding future payments under non-cancelable operating leases as of March 31, 2021 and 2020 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Future lease payments:	2021	2020	2021
One year or less	¥ 4,917	¥ 4,510	\$ 44,297
More than one year	6,994	8,328	63,009
	¥ 11,911	¥ 12,838	\$ 107,306

16. Financial Instruments

1. Management policy

The Company and its consolidated subsidiaries manage surplus funds 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 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 rules for customer credit management.
Long-term investments are mainly equity securities. Market prices and the financial condition of issuers (business counterparties) of such investments are obtained on a regular basis.

Note A: Fair value measurement 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, 2021	Carrying amounts	Carrying amounts
Unlisted equity securities	¥ 38,100	\$ 343,243
Others	318	2,865
	Millions of yen	
March 31, 2020	Carrying amounts	
Unlisted equity securities	¥ 43,977	
Others	249	

The above instruments 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 to manage the risk arising from fluctuation in foreign currency exchange rates. Derivatives related to currency are utilized to hedge foreign exchange risks associated with certain trade receivables, trade payables and other debts, including forecasted transactions, denominated in foreign currencies. 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, 2021 and 2020 were as follows:

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

	Millions of yen		
March 31, 2021	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥ 15,696	¥ (800)	¥ (800)
Euro	1,808	(44)	(44)
Payables:			
U.S. dollars	4	0	0
	¥ 17,508	¥ (844)	¥ (844)

	Thousands of U.S. dollars (Note 3)		
March 31, 2021	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	\$ 141,405	\$ (7,207)	\$ (7,207)
Euro	16,289	(397)	(397)
Payables:			
U.S. dollars	36	0	0
	\$ 157,730	\$ (7,604)	\$ (7,604)

	Millions of yen		
March 31, 2020	Contracted amount	Fair value	Unrealized gain (loss)
Foreign currency forward contracts			
Receivables:			
U.S. dollars	¥ 16,085	¥ (86)	¥ (86)
Euro	2,103	8	8
Payables:			
U.S. dollars	0	(0)	(0)
	¥ 18,188	¥ (78)	¥ (78)

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

	Millions of yen		
March 31, 2021	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	¥ 144	¥ (4)
U.S. dollars	Trade receivables	387	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	952	15
U.S. dollars	Trade payables	492	-
Euro	Forecasted foreign currency transactions	149	2
Euro	Trade payables	2	-
Swiss franc	Forecasted foreign currency transactions	3	(0)
Swiss franc	Trade payables	2	-
Sterling pound	Forecasted foreign currency transactions	52	1
		¥ 2,183	¥ 14

	Thousands of U.S. dollars (Note 3)		
March 31, 2021	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	\$ 1,297	\$ (36)
U.S. dollars	Trade receivables	3,486	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	8,578	135
U.S. dollars	Trade payables	4,432	-
Euro	Forecasted foreign currency transactions	1,343	18
Euro	Trade payables	18	-
Swiss franc	Forecasted foreign currency transactions	27	(0)
Swiss franc	Trade payables	18	-
Sterling pound	Forecasted foreign currency transactions	468	9
		\$ 19,667	\$ 126

	Millions of yen		
March 31, 2020	Hedged items	Contracted amount	Fair value
Foreign currency forward contracts			
Receivables:			
U.S. dollars	Forecasted foreign currency transactions	¥ 178	¥ 0
U.S. dollars	Trade receivables	356	-
Payables:			
U.S. dollars	Forecasted foreign currency transactions	1,085	1
U.S. dollars	Trade payables	385	-
Euro	Forecasted foreign currency transactions	136	(1)
Euro	Trade payables	1	-
Sterling pound	Forecasted foreign currency transactions	97	(0)
		¥ 2,238	¥ 0

The fair values of foreign currency forward contracts subject to the alternative method are included in the fair values of trade receivables and trade payables as hedged items.
The 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, 2021 and 2020, the Company and its consolidated subsidiaries were contingently liable on trade notes discounted in the amount of ¥387 million (\$3,486 thousand) and ¥534 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 Communication" involves production and sale of publication printing, commercial printing, business forms, photo materials, and education and publications distribution business. "Lifestyle & Industrial Supplies" involves production and sale of packaging materials, exterior materials for buildings and industrial supplies. "Electronics" involves production and sale of precision electronic components. "Beverages" involves production and sale of carbonated drink and mineral water.

Accounting policies and methods used at reportable segments are the same as those described in Note 2 Significant Accounting Policies. Profit or loss of reportable segments is equal to operating income on the consolidated statement of income. Intersegment sales and transfers are based on third-party transaction prices.

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

	Millions of yen						
	Reportable segment						
For 2021:	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Adjustments ^(*)	Consolidated ^(*)
Net sales and operating income							
Net sales							
Outside customers	¥ 719,476	¥ 367,518	¥ 197,021	¥ 51,425	¥ 1,335,440	¥ -	¥ 1,335,440
Intersegment	2,339	489	-	18	2,846	(2,846)	-
Total	721,815	368,007	197,021	51,443	1,338,286	(2,846)	1,335,440
Segment income	19,186	13,965	36,690	840	70,681	(21,152)	49,529
Segment assets	¥ 898,781	¥ 443,376	¥ 212,456	¥ 49,013	¥ 1,603,626	¥ 221,393	¥ 1,825,019
Others							
Depreciation and amortization	¥ 20,101	¥ 16,518	¥ 9,416	¥ 2,891	¥ 48,926	¥ 1,967	¥ 50,893
Amortization of goodwill	382	607	-	5	994	-	994
Impairment loss	3,811	-	-	-	3,811	291	4,102
Investments in equity method affiliates	1,376	562	16,947	-	18,885	44,091	62,976
Increase in property, plant and equipment and intangible assets	26,067	30,025	11,988	1,931	70,011	1,638	71,649

	Thousands of U.S. dollars (Note 3)						
	Reportable segment						
For 2021 :	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Adjustments ^(*)	Consolidated ^(*)
Net sales and operating income							
Net sales							
Outside customers	\$ 6,481,766	\$ 3,310,973	\$ 1,774,964	\$ 63,288	\$ 12,030,991	\$ -	\$ 12,030,991
Intersegment	21,073	4,405	-	162	25,640	(25,640)	-
Total	6,502,839	3,315,378	1,774,964	463,450	12,056,631	(25,640)	12,030,991
Segment income	172,847	125,810	330,541	7,568	636,766	(190,559)	446,207
Segment assets	\$ 8,097,126	\$ 3,994,378	\$ 1,914,018	\$ 441,559	\$ 14,447,081	\$ 1,994,532	\$ 16,441,613
Others							
Depreciation and amortization	\$ 181,090	\$ 148,811	\$ 84,829	\$ 26,045	\$ 440,775	\$ 17,720	\$ 458,495
Amortization of goodwill	3,442	5,468	-	45	8,955	-	8,955
Impairment loss	34,333	-	-	-	34,333	2,622	36,955
Investments in equity method affiliates	12,396	5,063	152,676	-	170,135	397,216	567,351
Increase in property, plant and equipment and intangible assets	234,839	270,495	108,000	17,396	630,730	14,756	645,486

(*)1) Adjustments represent as follows.
(1) Adjustment of segment income consists of basic research expenses not attributable to reportable segments and research expenses shared by each reportable segment.
(2) Adjustment of segment assets consists of corporate assets not allocated to reportable segments and intersegment eliminations.
(3) Adjustment of impairment loss consists of impairment loss for corporate assets not allocated to reportable segments.
(4) Adjustment of investments in equity method affiliates consists of the investments in equity method affiliates not attributable to reportable segments.
(5) Adjustment of increases in property, plant and equipment and in intangible assets consists of capital investments mainly for the head office building.
(*)2) Segment income is reconciled to operating income in the consolidated financial statements.

	Millions of yen						
	Reportable segment						
For 2020:	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total	Adjustments ^(*)	Consolidated ^(*)
Net sales and operating income							
Net sales							
Outside customers	¥ 769,749	¥ 390,272	¥ 186,602	¥ 55,271	¥ 1,401,894	¥ -	¥ 1,401,894
Intersegment	3,330	1,086	-	21	4,437	(4,437)	-
Total	773,079	391,358	186,602	55,292	1,406,331	(4,437)	1,401,894
Segment income	30,416	11,144	34,135	2,047	77,742	(21,468)	56,274
Segment assets	¥ 796,797	¥ 423,907	¥ 208,397	¥ 49,955	¥ 1,479,056	¥ 242,668	¥ 1,721,724
Others							
Depreciation and amortization	¥ 23,547	¥ 16,023	¥ 9,655	¥ 2,789	52,014	¥ 2,461	¥ 54,475
Amortization of goodwill	446	1,213	-	-	1,659	-	1,659
Impairment loss	16,188	2,546	5,206	1	23,941	2,576	26,517
Investments in equity method affiliates	1,679	653	16,162	-	18,494	41,471	59,965
Increase in property, plant and equipment and intangible assets	20,009	21,265	11,802	2,667	55,743	1,419	57,162

(*)1) Adjustments represent as follows.
(1) Adjustment of segment income consists of basic research expenses not attributable to reportable segments and research expenses shared by each reportable segment.
(2) Adjustment of segment assets consists of corporate assets not allocated to reportable segments and intersegment eliminations.
(3) Adjustment of impairment loss consists of impairment loss for corporate assets not allocated to reportable segments.
(4) Adjustment of investments in equity method affiliates consists of the investments in equity method affiliates not attributable to reportable segments.
(5) Adjustment of increases in property, plant and equipment and in intangible assets consists of capital investments mainly for the head office building.
(*)2) Segment income is reconciled to operating income in the consolidated financial statements.

Related information

Information by geographic area				
Millions of yen				
For 2021:	Japan	Asia	Other region	Total
Net sales	¥ 1,089,609	¥ 183,929	¥ 61,902	¥ 1,335,440
Thousands of U.S. dollars (Note 3)				
For 2021:	Japan	Asia	Other region	Total
Net sales	\$ 9,816,297	\$ 1,657,018	\$ 557,676	\$ 12,030,991
Millions of yen				
For 2020:	Japan	Asia	Other region	Total
Net sales	¥ 1,155,716	¥ 169,659	¥ 76,519	¥ 1,401,894

Information about goodwill by reportable segments					
Millions of yen					
For 2021:	Reportable segments				Total
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	
Unamortized balance of goodwill	¥ 2,415	¥ -	¥ 11	¥ -	¥ 2,426
Thousands of U.S. dollars (Note 3)					
For 2021:	Reportable segments				Total
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	
Unamortized balance of goodwill	\$ 21,757	\$ -	\$ 99	\$ -	\$ 21,856
Millions of yen					
For 2020:	Reportable segments				Total
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	
Unamortized balance of goodwill	¥ 581	¥ 606	¥ -	¥ -	¥ 1,187

(*) The amount of amortization of goodwill is omitted as it is disclosed in "Segment Information".

Independent Auditor’s Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dai Nippon Printing Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of estimate of reserve for repairs	
Key audit matter and the basis of our determination	How the matter was addressed in the audit
The Company recorded a reserve for repairs of 67,179 million yen in the consolidated balance sheets for the current fiscal year, and disclosures related to this reserve are made in Note 2 (Significant accounting estimates). The reserve for repairs is provided based on a reasonable estimate of the amount of repair costs that will be required in the future, by conducting scientific testing and analysis of defects for certain wallpaper products. The reasonable estimate is calculated based on the unit repair costs and the quantity of repairs. However, as a premise for the estimate calculation, the unit repair costs are subject to uncertainty in the accounting estimate because the repair amount varies depending on the	The primary procedures we performed to assess the reasonableness of the estimate of reserve for repairs included the following: (1) Internal control testing We tested the design and operating effectiveness of internal controls relevant to the assumption of the estimate and underlying data. (2) Assessment of the reasonableness of the assumption of the estimate of reserve for repairs. • We assessed the consistency of the prior period reserve for repairs with recent historical trends of repair costs, and determining the implications on the current

<p>construction status of the product, the type of residence, and other factors, as well as the labor and material costs associated with negotiating the estimate with the repair contractor. Moreover, the estimate of the quantity of repairs is also subject to uncertainty because the prediction of future defects involves important decisions by management in addition to the fact that it is difficult to specify the timing and quantity of repairs individually and concretely due to the commercial distribution of the products to be repaired, etc. Therefore, we determined that the reasonableness of the estimate of reserve for repairs was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>year assumptions.</p> <ul style="list-style-type: none"> We inquired of management about whether there were any new items that should be covered by reserve for repairs, and verified from the actual repair results whether there were any repair results for manufacturing lots that were not covered by reserve for repairs. We assessed the reasonableness of the assumptions used by management by discussing with management the unit repair costs and quantity of repairs that form the basis for estimating the reserve for repairs, and by reviewing the consistency of the estimates with the evidence and repair data.
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Reasonableness of management's judgement of recoverability of deferred tax assets	
Key audit matter and the basis of our determination	How the matter was addressed in the audit
<p>The Company recorded deferred tax assets of 9,977 million yen, and deferred tax liabilities of 95,997 million yen in the consolidated balance sheets for the current fiscal year. As described in Note 13 (Income Taxes), the amount of deferred tax assets before offsetting deferred tax liabilities is 41,118 million yen, which is the total amount of deferred tax assets related to future deductible temporary differences and tax loss carryforwards of 101,825 million yen less valuation allowance of 60,707 million yen, and the amount recorded in Dai Nippon Printing Co., Ltd., which accounts for the majority of deferred tax assets before offsetting, is particularly significant.</p> <p>The recoverability of deferred tax assets depends on the appropriateness of the classification of companies, the sufficiency of future taxable income, and the scheduling of the years in which future deductible temporary differences are expected to be reversed, as indicated in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26), and these factors involve estimates in the form of management's forecasts and judgment.</p> <p>Therefore, we determined that the reasonableness of the management's judgement of valuation of deferred tax assets was one of the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the reasonableness of the management's estimate and judgement of recoverability of deferred tax assets included the following:</p> <p>(1) Internal control testing We tested the design and operating effectiveness of internal controls relevant to the judgement of recoverability of deferred tax assets, including assumptions about earnings forecasts.</p> <p>(2) Assessment of the reasonableness of the assumption of the recoverability of deferred tax assets</p> <ul style="list-style-type: none"> We assessed the appropriateness of the classification of companies based on the "Implementation Guidance on Recoverability of Deferred Tax Assets." We assessed consistency of the forecast, which was the premise for estimating future taxable income, with the future business plan approved by the board of directors. We evaluated the degree of accuracy of estimation for the business plan prepared by the Company by comparing the business plans of prior periods with historical results. We evaluated the degree of accuracy of the estimates by comparing the estimated future taxable income of prior periods with the historical results. We discussed with management the projected values of the business plan, and

	<p>confirmed their consistency with available market trends and order forecasts.</p> <ul style="list-style-type: none"> We assessed the reasonableness of the key assumptions used in the scheduling of future years in which the future deductible temporary differences are expected to be reversed by reviewing and cross-referencing relevant internal company documents and by asking questions.
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Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the appropriateness of using the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan as applicable.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing directors' execution of duties with regard to design and operation of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, select and perform the audit procedures based on the auditor's judgement and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when performing risk assessment procedures, while the objective of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation as well as whether overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

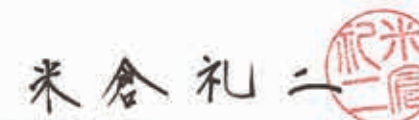
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 3 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of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

Interest required to be disclosed by the Certified Public Accountants Act of Japan

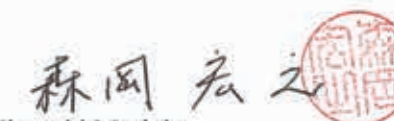
Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Norikazu Shibuya
Designated Engagement Partner
Certified Public Accountant



Reiji Yonekura
Designated Engagement Partner
Certified Public Accountant



Hiroyuki Morioka
Designated Engagement Partner
Certified Public Accountant

ARK LLC
Tokyo, Japan
June 29, 2021

Major Subsidiaries and Affiliates

(As of March 31, 2021)

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)
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.	Prepress and media production	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
Oguchi Book Binding & Printing Co., Ltd.	Bookbinding	49	100.0 (15.1)
Tien Wah Press (Pte.) Ltd.	Film making, printing and bookbinding	(\$\$1,000)	100.0
		4,600	
Information Innovation			
INTELLIGENT WAVE INC.	Development and maintenance of software	843	50.7
DNP Art Communications Co., Ltd.	Planning, production and sale of artistic images and videos	300	100.0
DNP Graphica Co., Ltd.	Offset 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 Solutions Co., Ltd.	Planning and production of promotional materials	80	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 Plannning Network Co., Ltd.	Planning and production of printed materials	50	95.0
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 government-affiliated smart card identification equipment and materials	60	100.0
DNP hollyhock Co., LTD.	Operation of photo studio and related equipment services	90	100.0 (100.0)
K Photo Image Co., Ltd.	ID photo printing machine business	10	100.0 (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)
DNP Photo Imaging Europe SAS	Sale of photo-related products	(Euro 1,000)	100.0
		2,408	
DNP Photo Imaging Russia, LLC	Sales of photo-related products	(RUB1,000)	100.0
		7,622	(100.0)
Sharingbox SA	Providing functional photo booths for event business	(Euro 1,000)	100.0
		3,588	(100.0)
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
Mobility Business			
DNP Tamura Plastic Co., Ltd.	Manufacturing and sale of automotive accessories	60	100.0
NTEC Co., Ltd.	Manufacturing of molds	5	89.0 (89.0)

TOP MESSAGE	VALUE CREATION AT DNP			BUSINESS RESULTS (FINANCIAL AND NON-FINANCIAL INFORMATION)	INITIATIVES FOR SUSTAINABILITY	DATA
	Value creation process	Medium-term Management Plan	Initiatives for value creation			

		Capital (¥ million)	Ownership ratio of voting rights (%)
Industrial Supplies			
DNP High-performance Materials Co., Ltd.	Production of lithium-ion battery components	200	100.0
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
Photronics DNP Mask Corporation	Production and sale of semiconductor photomasks	(NT\$1,000)	49.9
		2,198,185	
Photronics DNP Mask Corporation Xiamen	Production and sale of semiconductor photomasks	(US\$1,000)	49.9
		130,000	49.9
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 chemical materials, pharmaceutical ingredients, etc.	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	30.9
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\$1,00)	100.0
		8,780	
DNP Asia Pacific Pte. Ltd.	Coordination of DNP business operations in the Southeast Asia/Oceania region	(S\$1,000)	100.0
		2,000	
		(US\$1,000)	
		65,439	
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
DNP 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 businesses	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, etc.	(CNY1,000)	100.0
		39,301	(100.0)
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	(S\$1,000)	100.0
		350	
DNP Europa GmbH*	Sale of printed matter and decorative materials	(Euro 1,000)	100.0
		92	
DNP Living Space & Mobility (Shanghai) Co., Ltd.*	Sale of printed matter (Products and services of Living Space and Mobility business)	(CNY1,000)	100.0
		10,000	(100.0)
DNP Imaging Communication (Shanghai) Co., Ltd.*	Sale of printed matter (Products and services of the Imaging Communication business)	(CNY1,000)	100.0
		24,000	(100.0)

Beverages

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

Notes: 1. Voting rights ownership ratios (in parentheses) 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, 2021)

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): 37,062

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):
29,085

Stock Exchange Listing: Tokyo Stock Exchange

Major Shareholders:

	Shares (thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,249	11.84
Custody Bank of Japan, Ltd. (Trust Account)	13,659	4.86
The Dai-ichi Life Insurance Co., Ltd	9,264	3.30
Employees' Shareholding Association	7,967	2.84
Custody Bank of Japan, Ltd. (Trust Account 7)	5,957	2.12
Mizuho Bank, Ltd.	5,706	2.03
Nippon Life Insurance Company	4,735	1.69
STATE STREET BANK WEST CLIENT - TREATY 50234	4,089	1.46
GOVERNMENT OF NORWAY	3,730	1.33
Custody Bank of Japan, Ltd. (Trust Account 5)	3,704	1.32

Notes:
1. The ownership stakes are based on the total number of shares outstanding less treasury shares (280,887,788).
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, 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
101 Barclay Street, 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/>

Fiscal Year-end:
March 31

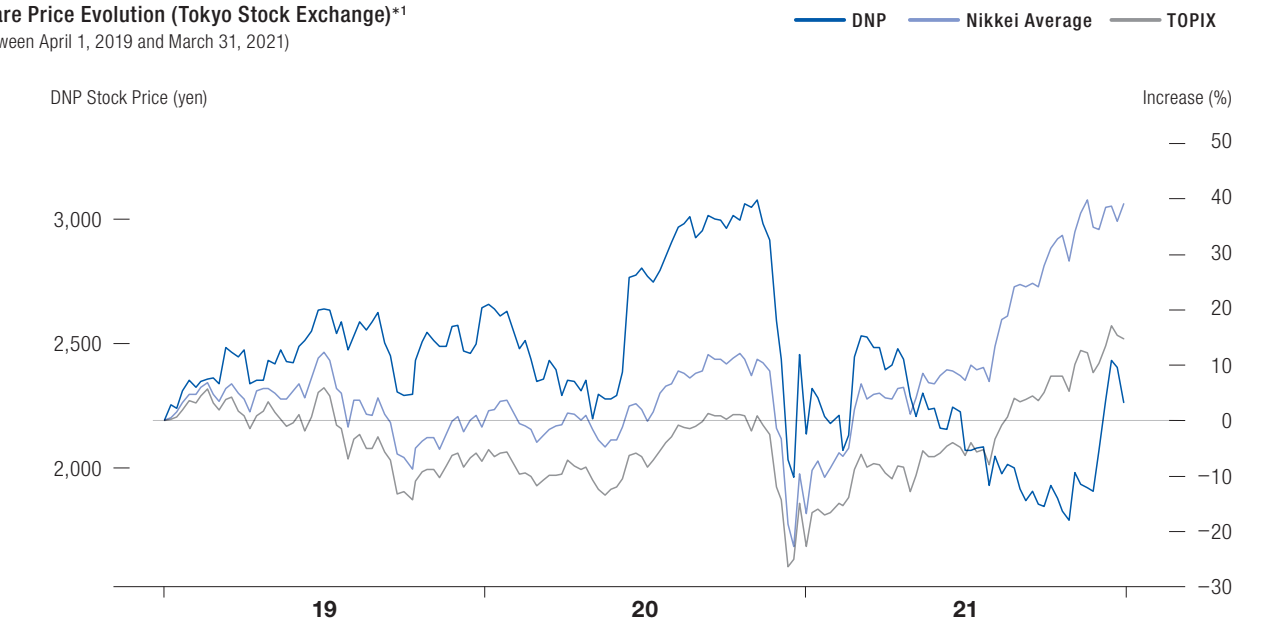
Independent Auditor:
ARK LLC

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.
IR and Public Relations 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/>

Share Price Evolution (Tokyo Stock Exchange)*1
(between April 1, 2019 and March 31, 2021)



*1 Index 100 = March 31, 2018

Total Shareholder Return *2 (TSR)

Fiscal year ended	2017.3	2018.3	2019.3	2020.3	2021.3
DNP (%)	123.20	116.30	141.95	127.85	131.95
TOPIX (%)	(114.69)	(132.89)	(126.20)	(114.20)	(162.32)

*2 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, 2021 ÷ the stock price at the end of the fiscal year ended March 31, 2016.)

Voting Rights (as of March 31, 2021)

Type		Number of Stocks (stocks)	Number of Voting Rights (rights)
Stocks with no voting rights		—	—
Stocks with limited voting rights (treasury stocks, etc.)		—	—
Stocks with limited voting rights (other)		—	—
Stocks with voting rights (treasury held stocks)	Common stocks	43,352,500	—
Stocks with voting rights (other)	Common stocks	280,623,300	2,806,233
Stocks with less than trading units	Common stocks	264,546	—
Outstanding shares		324,240,346	—
Total voting rights of stockholders		—	2,806,233

Treasury Stocks (as of March 31, 2021)

Holder	No. of Stocks Held	Percentage of Holding to No. of Outstanding Shares
Dai Nippon Printing Co., Ltd.	43,352,558	13.37
Total	43,352,558	13.37

Recognition from Society (As of June 30, 2021)

DNP has been highly evaluated by ESG evaluation agencies throughout the world and has been selected for inclusion in socially responsible investment (SRI) indices in Japan and overseas. DNP has been selected for the FTSE4Good Global Index for the 21st consecutive year since 2001 and for the MSCI ESG Leaders indexes for the 5th consecutive year since 2017. In June 2021, DNP was selected for the Euronext Vigeo Eiris World Index 120 for the first time in seven years since June 2014. In addition, we were selected for the second consecutive year by the CDP, an international non-profit organization that provides environmental information disclosure systems, as the highest rated the Supplier Engagement Leader Board in the Supplier Engagement Rating.

SRI indices



Supplier Engagement Rating



Dai Nippon Printing Co., Ltd.

1-1, Ichigaya Kagacho 1-chome, Shinjuku-ku,
Tokyo 162-8001, Japan
TEL: +81-3-3266-2111
URL: <https://www.dnp.co.jp/eng/>
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