

# Integrated Report 2022



**DNP**

Creating future standards



# OUR PURPOSE/MISSION



## Creating future standards

The DNP Group will strive to realize a sustainable, better society and well-being lives by connecting individuals and society and creating new value.

The DNP Group continuously maintains its aspiration to contribute to society and enrich people's lives and incorporates this aspiration into its Corporate Statement "Creating future standards." Driven by this aspiration, all DNP Group employees fulfill their mission of creating an even better future.

The DNP Group will synergize its unique strengths in P&I (Printing & Information) and fortify cooperation with its diverse array of partners to solve social issues and create new value that meets people's expectations. DNP will make itself an "indispensable company" by enhancing and making this value continually exist as "basics" that are indispensable in people's daily lives.

DNP will draw the shape of the "future" we seek to create in each business growth area and will create new value through All DNP efforts to realize this envisioned shape.



### 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 comfortable 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.



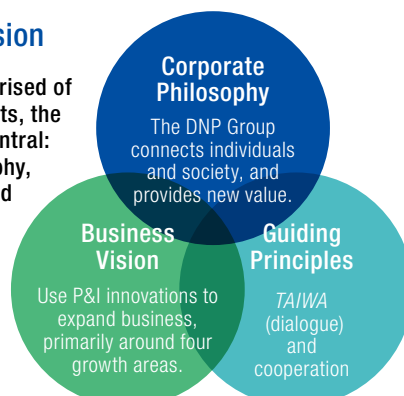
### Environment and Energy

**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 Group Vision

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.

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

2. Integrity in Conduct

3. Transparency (Accountability)

### DNP Group Environmental Vision 2050

Decarbonized society  
Recycling-oriented society  
Society in harmony with nature

We will accelerate efforts to realize these societies.

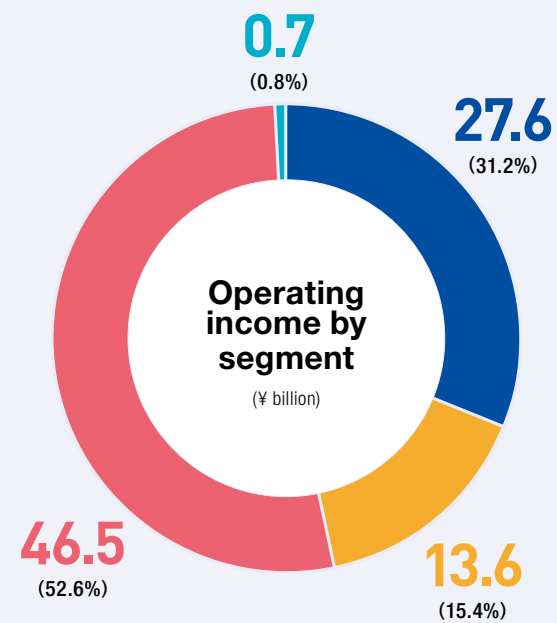
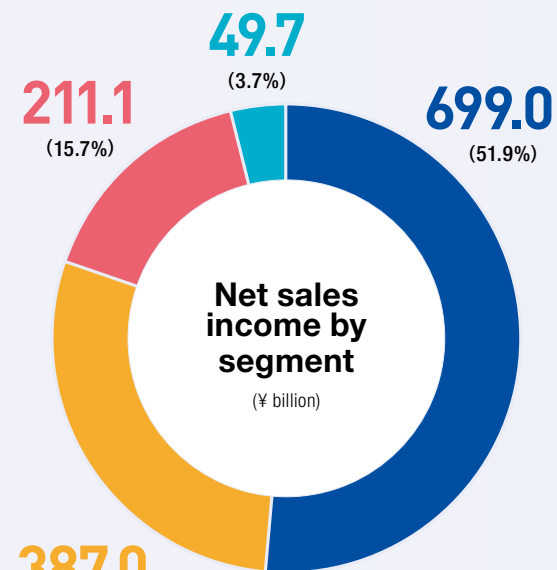
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# OUR PORTFOLIO

## Overview of DNP's Business —Toward Building a Stronger Business Portfolio

### 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 in unit sales of PET bottle filling systems (number of units in operation)
- 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 and 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



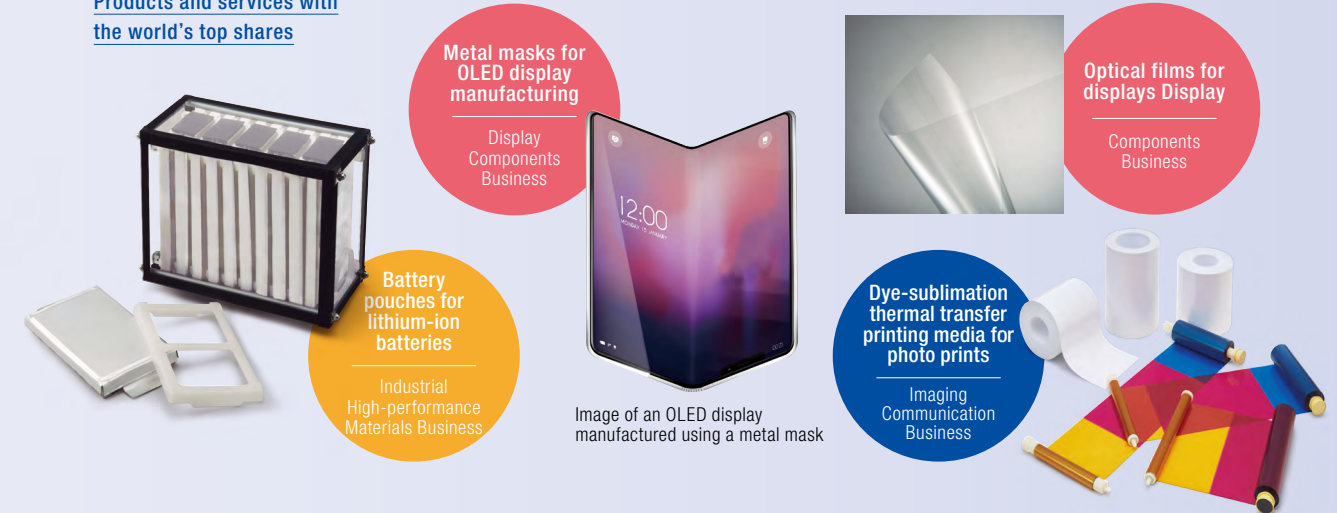
#### Beverages (Hokkaido Coca-Cola Bottling Co., Ltd.)

- **Beverages Business**

### 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

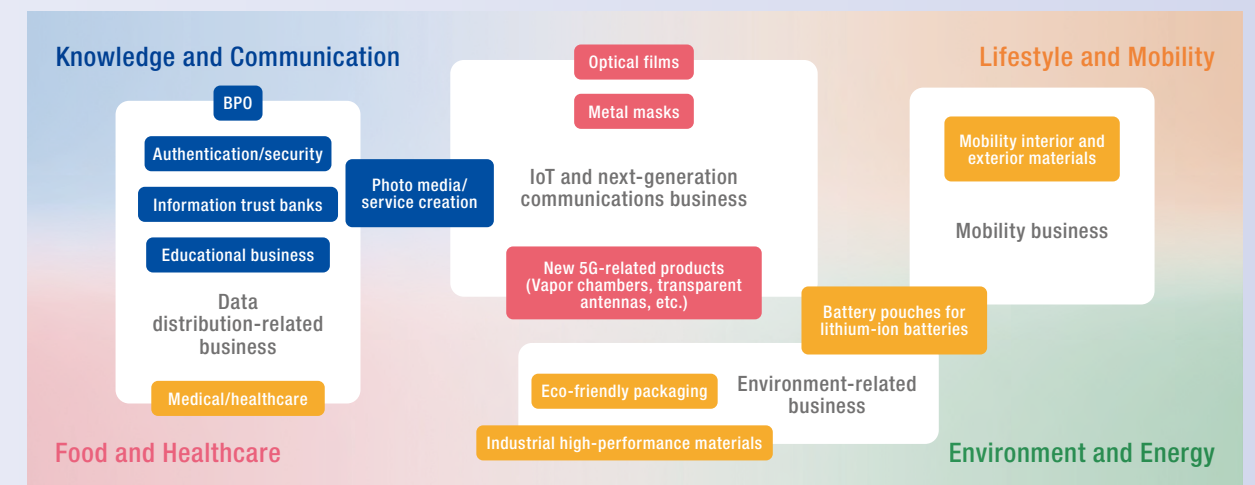


#### Products and services with top shares in Japan

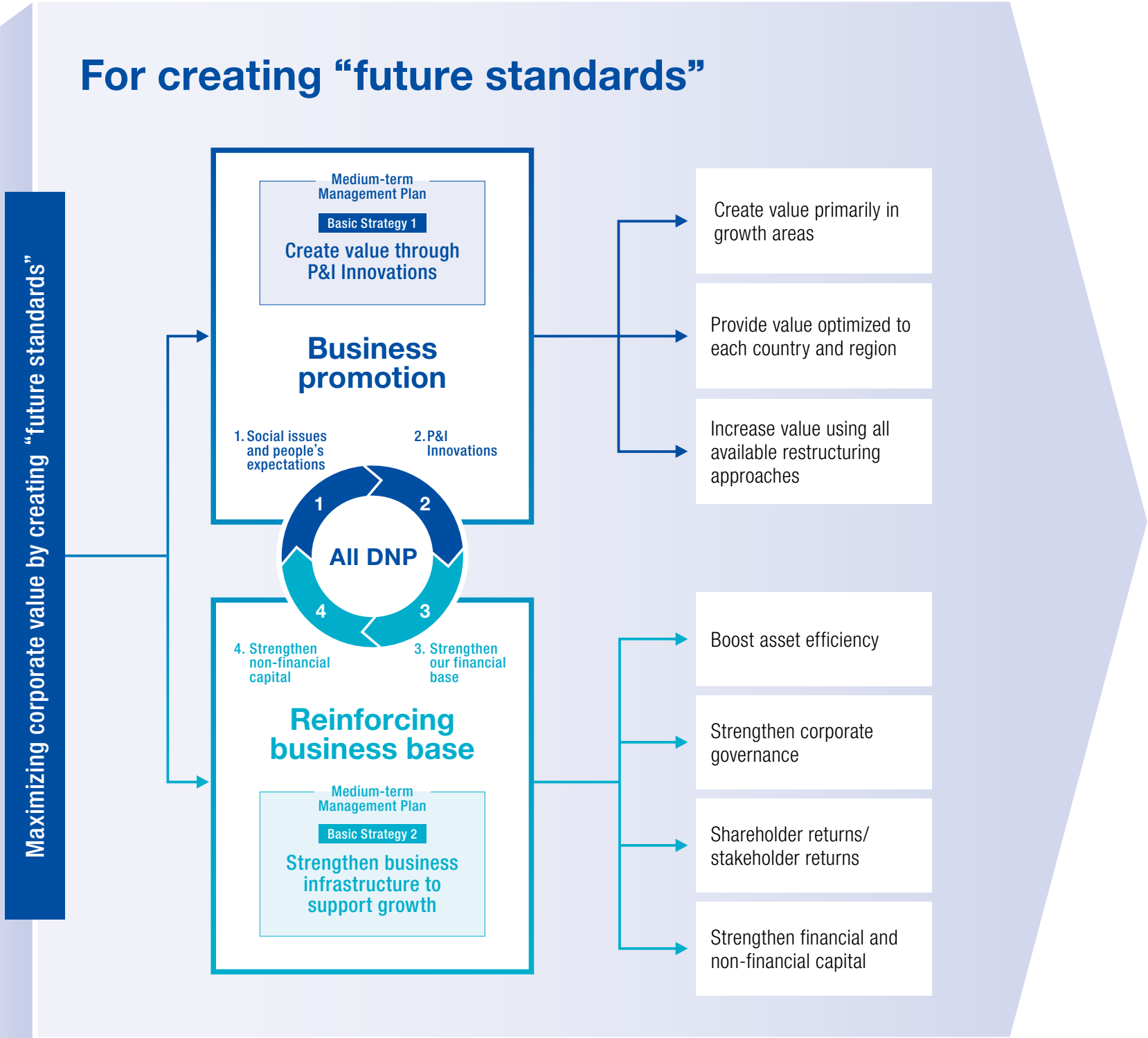


### Creation of Value Centered on Growth Areas in the Medium-term Management Plan

#### Focus businesses in four growth areas



# OUR VALUE CREATION



## 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.

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.

- ◇ Period covered by this report: April 1, 2021 to March 31, 2022  
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 74-85), "DNP" refers to Dai Nippon Printing Co., Ltd.)
- ◇ Issued: October 2022 (Next scheduled issue: October 2023)

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# TOP MESSAGE

## DNP will create a better future driven by its aspiration to contribute to society and enrich people's lives.

**Yoshinari Kitajima**  
President



### 1. Creation of new value that realizes a sustainable, better society and more-spiritually enriched lives

The DNP Group continuously maintains its aspiration to contribute to society and enrich people's lives and incorporates this aspiration into its brand statement "Creating future standards." Imbued with this aspiration, all DNP Group employees fulfil their mission of creating an even better future.

On top of this, we work to ensure that DNP's products and services provide "indispensable value" to people as a familiar and basic existence for their lives. Besides providing products and services as output, I believe it is also important that people worldwide feel that our products and services are indispensable in their lives and accept these as a type of value (outcome). By repeatedly building on these efforts, DNP will demonstrate its reason for existence while ensuring this has the positive impact of "realizing a sustainable, better society and well-being lives."

We also believe that a healthy society and economy and comfortable and well-being lives can only be achieved on a sustainable planet. Recent years have especially witnessed accelerating changes in the environment, society and the economy as well as the manifestation of infectious disease risk and geopolitical risk and these are having a tremendous impact on each country and region.

As underscored by these shifts, we live in an age where abrupt changes are becoming the norm, making it imperative

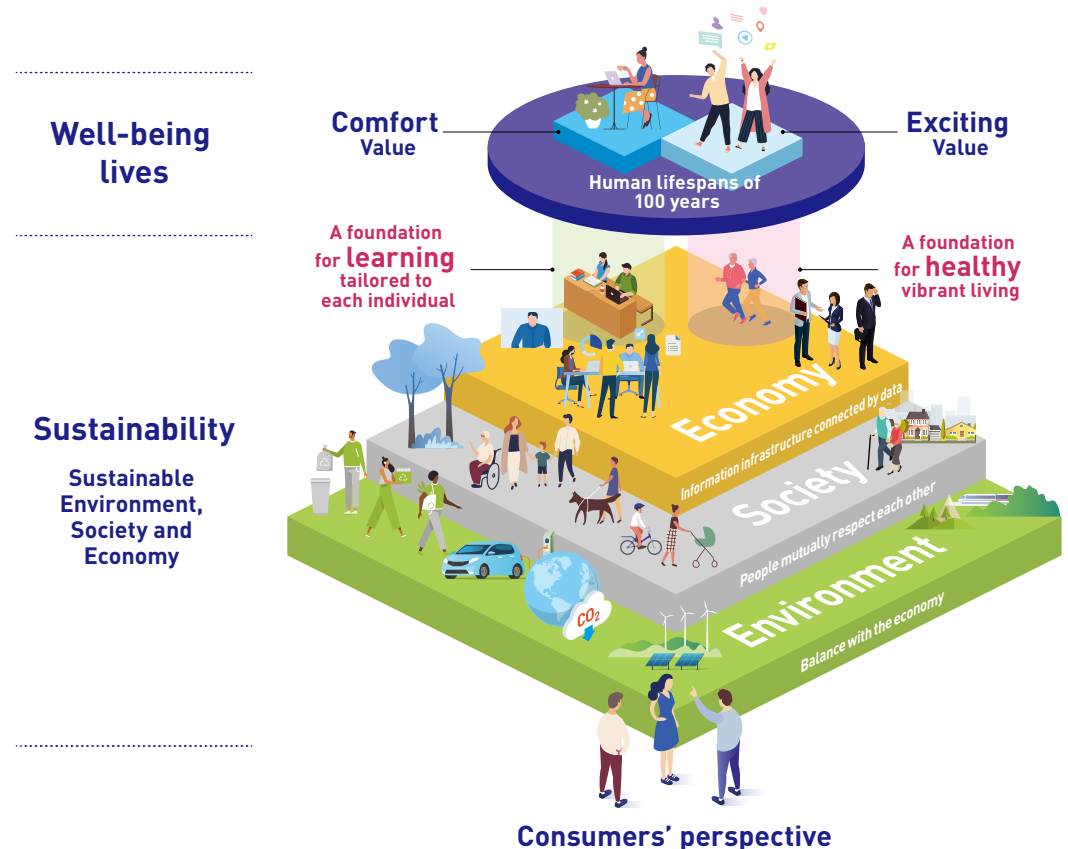
that we ourselves take the lead in reorienting the environment, society and the economy toward a better direction rather than reacting to individual changes after these occur.

For this purpose as well, in April 2022 we restructured our Sustainability Committee, for which I serve as chairperson, based on our recognition that we need to adequately ascertain, analyze and manage risks as variable factors and to strengthen our initiatives in this area. This committee collaborates with the Corporate Ethics Committee and the BCM Promotion Committee to manage company-wide risks and reduce negative impacts under medium-to-long-term corporate activities that emphasize the environment, society and governance (ESG).

Of course, DNP also simultaneously regards these variable factors as huge opportunities for expanding its business. By synergizing our unique strengths of P&I (printing and information) and deepening collaboration with our diverse array of partners, another of DNP's distinctive strengths, we will solve various social issues and create new value that exceeds people's expectations.

The DNP Group will continuously tackle new challenges and take the lead in creating a better future by giving shape to each and every value that people desire.

 Image of the environmental, social and economic foundations that DNP values and the value that DNP creates





## TOP MESSAGE

## 2. Continue “Creating future standards” through the “value creation process” of business promotion and reinforcing our business base



DNP prescribes its Corporate Philosophy as “The DNP Group connects individuals and society, and provides new value” and expresses its Business Vision as “use P&I Innovations to expand business, primarily around four growth areas.” In realizing these, we are currently deploying a business process for “creating future standards” by both promoting business and reinforcing our business base.

Under this “value creation process,” we first ascertain and analyze global social issues, people’s expectations and megatrends, consider stakeholder interests and impacts, and the degree of importance for DNP, and set “key issues” for DNP. Next, we measure the value generated by DNP’s businesses, with a focus on profitability and market growth potential and prescribe the businesses on which we will focus and develop. We will build a resilient business portfolio by optimally allocating management resources centered on these “focus businesses.”

We are currently seizing megatrends such as digital transformation (DX), longer human lifespans, the move toward smart cities and the building of a circular economy and we are concentrating our resources on focus businesses related to IoT and next-generation communications business, data distribution-related business, mobility business and environment-related businesses.

In promoting business, it is important to utilize both financial capital and non-financial capital (human, intellectual, manufacturing, natural, social and relationship capital) in an integrated manner. Besides targeting business development investments and environment-related investments, these capitals will be reinvested in corporate activities from the next fiscal year onward as “investments in human resources,” which I consider to be of paramount importance. (\*See pages 12-21 for the value creation process.)

These value creation initiatives are long term and look 50 and 100 years into the future. In getting there, we have set specific interim goals (milestones) and by achieving each and every goal we will create an even better future. Most recently, upon setting concrete goals for attainment by fiscal 2024, we are promoting a three-year Medium-term Management Plan that runs from fiscal 2020 to fiscal 2022.

Let me next briefly touch upon our “Third Corporate Founding” as shown in the diagram “What the DNP Group Wants To Be.” DNP’s two predecessors, Shueisha and Nisshin Printing, founded in 1876 and 1907, respectively, merged in 1935 to form Dai Nippon Printing Co., Ltd. The company temporarily faced harsh business management conditions after the war but responded to these circumstances by formulating a five-year reconstruction plan. As part of this plan, the company promoted Expansion Printing that involved applying and advancing our printing technologies to broaden

our business domains and this led to the birth of the current three segments comprising our printing business. We call this transformation our Second Corporate Founding.

During this phase, we provided individual products and services mainly to respond to the needs of corporate clients. At present, however, circumstances in Japan and abroad are evolving dramatically and this means that DNP needs to observe and address the needs of society and consumers on

our own. I believe we can realize “Creating future standards” only when DNP takes the lead in accurately grasping social issues and people’s expectations. We are currently taking a giant step away from “solving customer issues” and moving toward “We will realize a better, more sustainable society and more well-being lives.” We regard this major transformation as our Third Corporate Founding and we are working to successfully attain this transformation.

## 3. We will continue taking on the challenge of creating a better future by strengthening “investment in human resources.”

The DNP Group’s greatest strength in creating new value is the existence of each and every employee. All employees both in Japan and overseas are valuable human resources and serve as the driving force for our sustainable growth as a company. In recognition of this, we will proactively and concretely execute investments in human resources as well as strengthen our human capital.

Over the past several years, we have formulated such policies as the DNP Group Declaration on Health, DNP Group Diversity Declaration and DNP Group Safety and Health Charter to enable all employees to fully deploy their capabilities. Additionally, we also concentrated on rebuilding various personnel systems with the aim of enhancing our appeal as a company from both internal and external perspectives. These measures are based on a belief that respecting employees leads to the respected employees driving corporate growth and enriching society. In fiscal 2022, we positioned this belief as our “universal and basic approach to human resources” and set this as our Human Capital Policy.

Regarding human rights and labor, which have become increasingly important in recent years, the DNP Group Code of Conduct advocates “Respect for human dignity and diversity” and calls for respecting the inherent diversity of all kinds of people and stipulates that all employees conduct themselves in

a disciplined manner. In 2020, we formulated the DNP Group Human Rights Policy based on documents such as the International Bill of Human Rights and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. Going forward, we will strengthen initiatives for respecting human rights throughout the DNP Group, both in Japan and overseas.

Needless to say, every society throughout the world is full of diversity and has indispensable people, each with their own unique characteristics. To continuously provide value as a “basic” to these societies and people, DNP itself first thoroughly promotes “diversity and inclusion.” For example, while closing any gender gaps, we will synergize the strengths of all employees regardless of whether they have disabilities to raise the total strengths of All DNP.

The DNP Group has a corporate culture of continuously taking on challenges. In the future as well, we will continue to take on the challenge of realizing a better future from a long-term perspective.

To do so, I would like to deepen *TAIWA* (dialogue) with numerous stakeholders that include shareholders. Going forward, I ask for your further support as we work to achieve our objectives.

## What the DNP Group Wants To Be

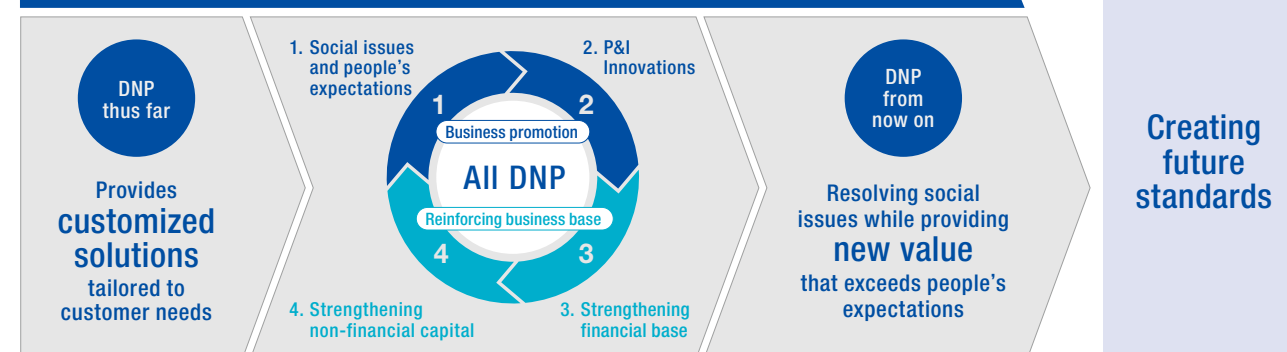
Corporate Philosophy | The DNP Group connects individuals and society, and provides new value.

1950s

21st Century

Second Corporate Founding →

→ Toward “Third Corporate Founding”



DNP’s unvarying strengths

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

DNP will synergize its unique strengths and together with its numerous partners will provide indispensable value to society and people.





## THE DNP GROUP'S VALUE CREATION STORY

## DNP's Value Creation Process

DNP recognizes it has a mission of creating a better future in keeping with its corporate statement "Creating future standards." To fulfill this mission, DNP will accurately identify and analyze changes and issues in the environment, society and economy, draw the shape of the future hoped for by people throughout the world and then continuously create indispensable value that exists as future standards.

The DNP Group operates a business model that utilizes inputs such as diverse management resources and appropriate and important information entrusted by domestic and overseas companies, organizations, and consumers and delivers the value (outcome) that is created by the output of products and services to the most-suitable partners. By building on the achievements of this model and ensuring these continuously have a positive impact on the environment, society and economy, we will realize a sustainable, better society and well-being lives.

Risks & business opportunities/  
input/management resources

## Business model

## Output: Products and services

## Outcome: Value for people

Impact: Impact on the environment,  
society and economyRISKS &  
OPPORTUNITIES

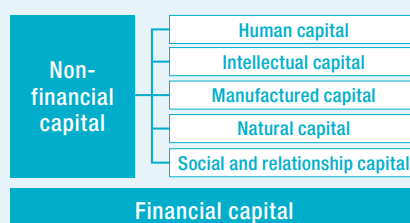
- Identify and analyze environmental, social and economic changes and issues
  - Clarify the expectations of people around the world
- Minimize the adverse impacts of risks (variables) and ensure this leads to maximizing business opportunities

## INPUT

- Utilize various types of content (text, images, video, audio) and confidential information and important information backed by the strong relationships of trust built with companies, organizations and consumers in Japan and overseas and our highly advanced information security infrastructure.

RESOURCES /  
CAPITALS

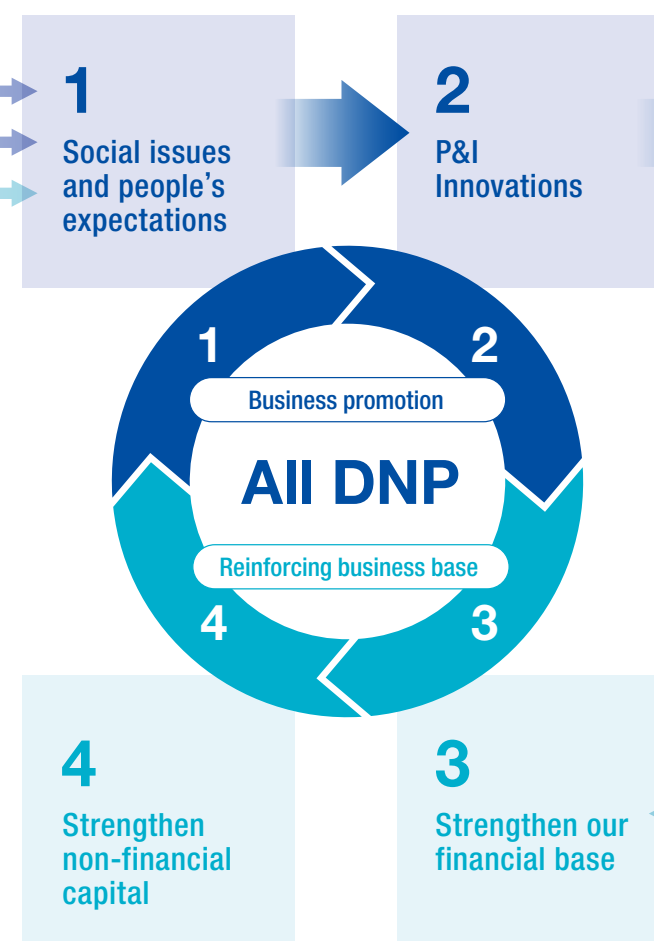
- DNP's assets and strengths that serve as a foundation for value creation
- Promote corporate activities through the integrated usage of financial capital and non-financial capital
- Expand various types of management resources through corporate activities and reinvest these in the next fiscal year



## BUSINESS MODELS

“Creating future standards”  
through “P&I Innovations”

Increase future cash flow by minimizing the negative impact of risks and turning these into positive business opportunities



## OUTPUT

Create new value that evolves into “future standards” indispensable for people in the future by developing new products and services and enhancing existing businesses

## Information Communication

- Publishing Business
- Information Innovation Business
- Imaging Communication Business

- 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

- Aseptic filling systems for PET bottles: Top share in Japan in unit sales of PET bottle filling systems (number of units in operation)
- Building decorative materials: Top share of domestic market for floor coverings
- Battery pouches for lithium-ion batteries: World top share

## Electronics

- Display Components Business
- Electronic Devices Business

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

## Beverages

- Beverages Business
- (Hokkaido Coca-Cola Bottling Co., Ltd.)

## OUTCOME

- Safe and secure communications through highly advanced information security
- Assure the safety of economic and social activities such as the sharing economy and cashless society
- Pass down to and advance knowledge for the next generation
- Provide lifelong educational opportunities
- Expand people's experiential values by making use of photos and various types of content
- Cultivation and development of diverse cultures, etc.

- Provide stable supplies of food and reduce food loss by synergizing *monozukuri* (manufacturing) and ICT
- Reduce environmental impacts across the entire supply chain
- Realize resource and plastic recycling that leads to ecosystem conservation and a decarbonized society
- Extend healthy lifespans and raise quality of life (QoL)
- Realization of comfortable and functional living spaces
- Realize a mobility society with no mobility-impaired people
- Advance of regenerative medicine/telemedicine, etc.

- Improvements in the usability of various devices and protection of the global environment through high functionality, low power consumption and miniaturization
- Contribute to a smart society by manufacturing leading-edge semiconductor products
- Achieve superior color reproduction and high-resolution image expression
- Improve people's experiential value with a product lineup realized through flexible processing
- Reduce the environmental impact of manufacturing processes, etc.

- Contribute to people's healthy lifestyles by providing safe and secure beverages anytime, anywhere and to anyone

## IMPACT

Make a sustainable and better society and well-being lives as “future standards”

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 comfortable 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

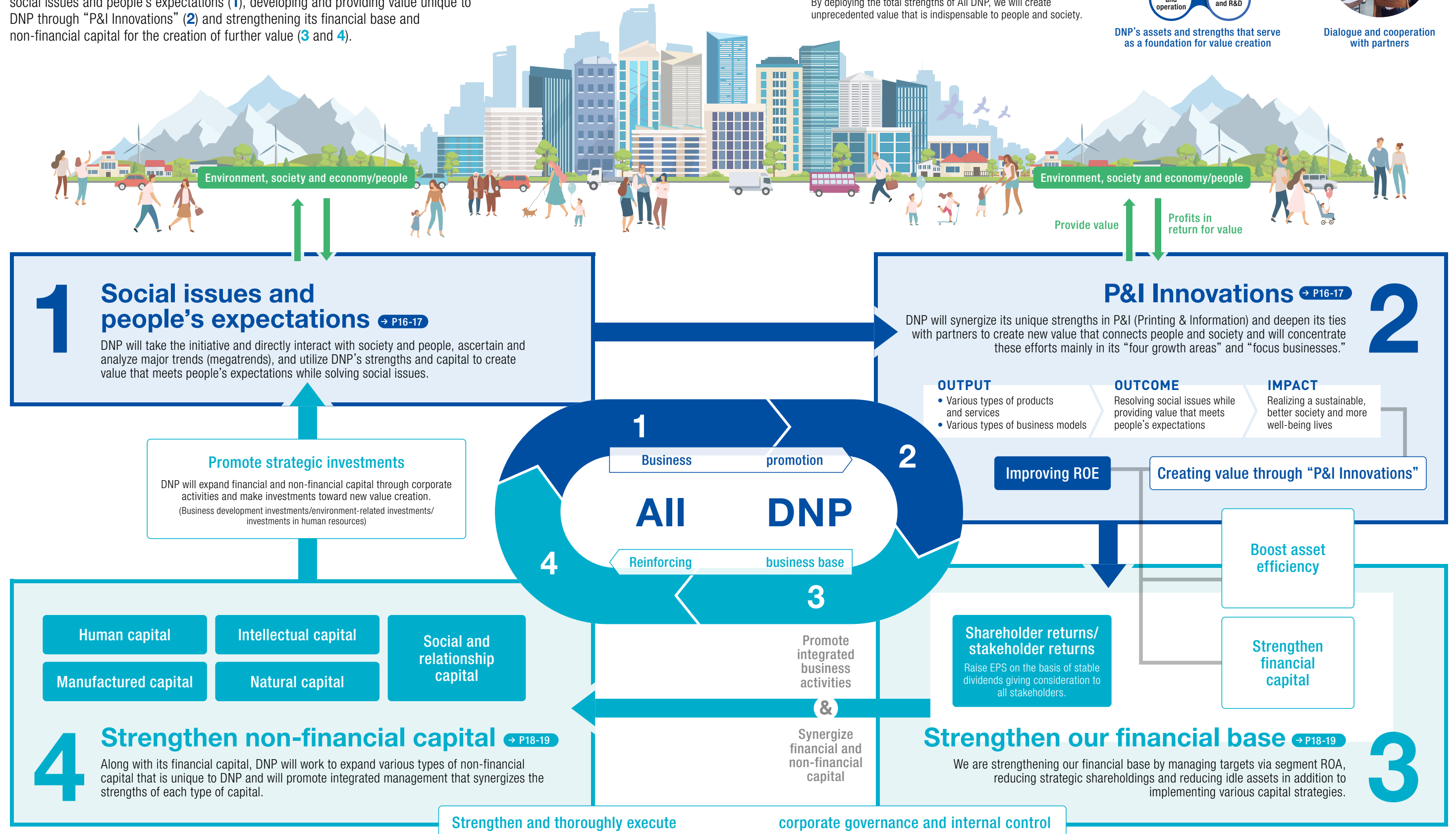
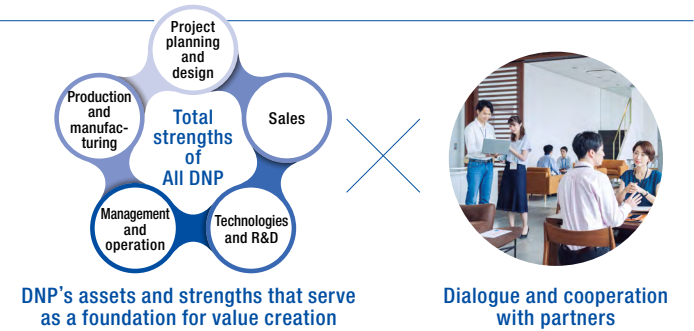
## DNP'S VALUE CREATION PROCESS

## “Creating future standards” through the continuation of business promotion and reinforcing our business base

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

## P&amp;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 (Printing & Information) 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

## 1 &amp; 2: Business promotion

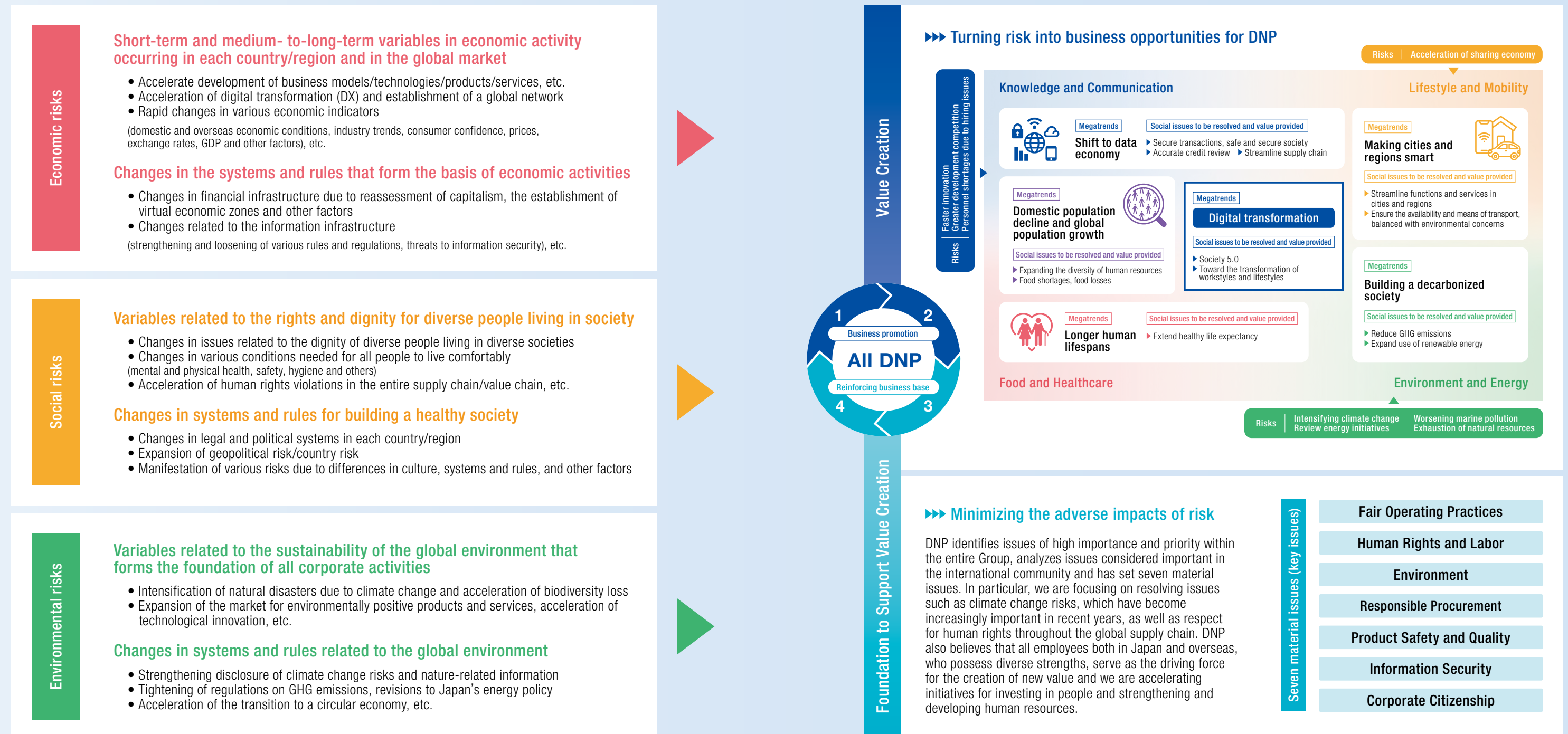
## —Turning risks into business opportunities

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.

In April 2022, we restructured the Sustainability Committee, which is chaired by the President, and are accelerating these activities. DNP promotes group-wide integrated risk management and through the value creation process, DNP will create new value demanded by people and strengthen the foundation that supports this.

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

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



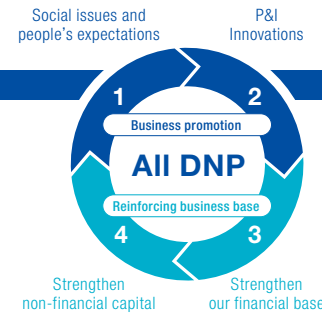
## DNP'S VALUE CREATION PROCESS

## 3 &amp; 4: Reinforcing business base

—Expanding and comprehensively utilizing financial and non-financial capital

1 Social issues and  
people's expectationsIdentifying and analyzing risks (variables) closely associated  
with DNP's value creation

- Turn risks into business opportunities for DNP and minimize the negative impact of risks
- Toward creating value that meets and exceeds people's expectations



## 2 P&amp;I Innovations

Accelerate creation of value through  
“P&I Innovations” under the  
Value Creation Program (see page 26)

- We will take the initiative to create a better future by synergizing the “value hypothesis” with the “business model” and maximizing “profits” as the price paid for value.

Improving ROE

Creating value  
through  
“P&I Innovations”Boost asset  
efficiencyStrengthen  
financial  
capital3 | 4 3. Strengthen our financial base and  
4. Strengthen non-financial capital  
as the “source of value creation”

Increase and strengthen “internal strengths” and invest in new value creation

Human  
capital

- Promote synergizing the strengths of all employees, which is the driving force behind creating “future standards”
- Enhance “human capital” based on the “Human Capital Policy”
- Promote diversity & inclusion
- Develop human resources to create new value (DX personnel, ICT personnel, Meister system, Chief Specialist system and others)

- Total number of employees: **36,542** (consolidated) (32,784 in Japan, 3,758 overseas)
- Employee diversity and inclusion perception level: **78%**
- Ratio of male employees taking childcare leave: **82.4%**

Intellectual  
capital

- Intellectual property strategy that assures value will become “future standards”
- Create, apply, develop and synergize unique strengths in P&I (Printing and Information)
- Linking of business growth strategy, intellectual property strategy and technology and R&D strategy
- Utilization of the cloud environment and AI data analysis leveraging DX trends as part of exploration, cultivation and utilization of technologies

- Number of Japanese patents held: **11,726**, Design rights: **1,374**, Trademark rights: **1,288**
- R&D expenditures: **33.1 billion yen** (FY2021) → **33.0 billion yen** (FY2022 plan)

Manufactured  
capital

- Optimization of tangible assets that manufacture and operate products and services that will become the “future standards”
- Establishment of bases in Japan and overseas to realize coexistence between our business activities and the global environment
- Creation of bases and systems (business continuity management (BCM), business continuity plans (BCP), etc.) that enable strong business continuity in response to natural disasters and other risks
- Advanced security environment that achieves safe, secure information distribution platforms

- Global production bases: **57** bases in Japan, **16** bases overseas
- Global sales bases: **34** bases in Japan, **24** bases overseas
- Capital investment: **50.6 billion yen** (FY2021) → **95.0 billion yen** (FY2022 plan)

Natural  
capital

- Reduction of environmental footprint over the value chain for “future standards” (appropriate operation of CSR Procurement Guidelines and Guidelines for Procurement of Paper for Printing and Converting)
- Promote specific measures to realize a decarbonized society, a recycling-oriented society and a society in harmony with nature based on the DNP Group Environmental Vision 2050, Biodiversity Declaration and others
- Assure appropriate traceability, promote sustainable raw material procurement, others

- Reduce greenhouse gas (GHG) emissions: **33.3%** reduction compared with FY2015
- Amount of recycled water usage: **213,560** thousand m<sup>3</sup>, usage multiple: **29.8** times
- A target of a **100%** compliance rate with the Guidelines for Procurement of Paper for Printing and Converting

\*As of March 31, 2022 (FY2021)

Synergies with “external strengths”

Social and relationship  
capital

- Build and expand diverse partnerships that enable us to accelerate the creation of “future standards” and expand possibilities
- Foster long-term relationships of trust with all our diverse stakeholders
- Promote innovation by synergizing the strengths of DNP and each of its partners
- Quickly and appropriately reflect in value creation the “feedback” obtained through diverse connections



- Tens of thousands of business partners (global companies, locally rooted companies and consumers as customers)
- Stakeholders across the value chain, including domestic and overseas suppliers
- Various types of education and research institutions/students
- Start-up companies and venture companies
- Regional and local governments and public institutions
- NPOs, NGOs and various organizations
- Shareholders, individual investors, institutional investors and analysts
- Media, SNS, news organizations and others

Financial  
capital

- To continue creating “future standards,” we will strengthen our financial base while promoting the Medium-term Management Plan that looks to the long term
- Boost asset efficiency by reducing strategic shareholdings and reducing idle assets
- Fund growth investments using both own and third-party capital
- Value all stakeholders and return profits to shareholders on the basis of stable dividends, giving consideration to such factors as performance and payout ratio

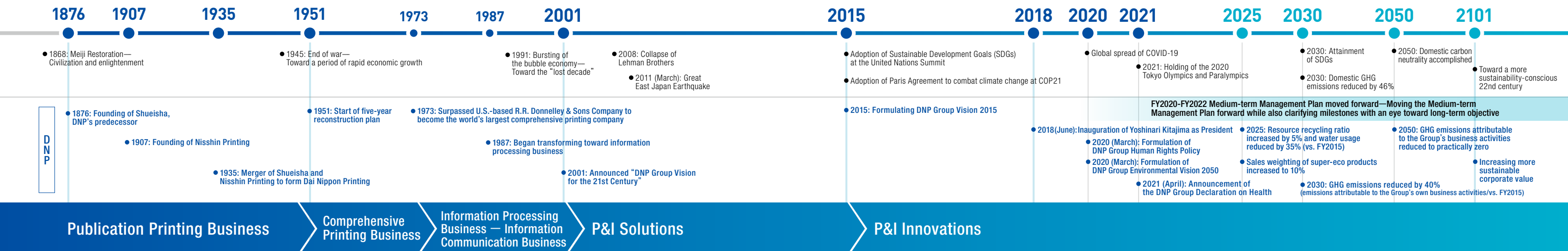


- Consistently achieve **ROE 5.0% or above**
- FY2021-2024 Cumulative operating cash flow around **330 billion yen**
- Sale of strategic shareholdings in FY2021: **14.7 billion yen** (gain on sale 11.9 billion yen)
- Plan to acquire **10 billion yen** in treasury stock in FY2022 (carry out 30 billion yen buyback in FY2021) others



## DNP'S VALUE CREATION PROCESS

## Growth trajectory: Corporate history—Long-term Vision

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 PrintingBroadening 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 Innovations."

Information Communication

Lifestyle and Industrial Supplies

Electronics

2001

Announcement of  
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.

Corporate Philosophy

Brand Statement

**The DNP Group connects individuals and society,  
and provides new value.  
Creating future standards**

DNP will continue to create "future standards" by making unceasing strides toward realizing a sustainable, better society and more well-being lives for people.

2015

Formulation of  
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."

Toward Our "Third Corporate Founding"

## For Realizing Our "Third Corporate Founding"

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

Knowledge and  
Communication

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



Lifestyle and Mobility

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



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

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

Realizing a sustainable,  
better society and more  
well-being lives

## PROGRESS WITH MEDIUM-TERM MANAGEMENT PLAN

### Business Strategy

– Medium-term Management Plan –



### Taking the long-term perspective, building on the achievements of the Medium-term Management Plan and continuing to provide essential value to society and people

**Hirofumi Hashimoto**  
Managing Director

At DNP, we embrace our corporate philosophy of connecting individuals and society, and providing new value, and through our business activities are working to achieve a sustainable, better society and more well-being lives. These value creation efforts are long term in nature, and we believe it is important for we ourselves to steadily build upon accomplishments to create a better future.

Most recently, we are pursuing a three-year medium-term management plan from fiscal 2020 to fiscal 2022. 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 the business infrastructure to support growth.

With respect to value creation, we are closely examining the value created by each business based on profitability and market growth potential, and allocating our management resources to concentrate on focused businesses related to IoT and next-generation communications, data distribution, mobility and the environment. We are also working on all available structural reforms to create greater value, including in existing businesses, to build a strong business portfolio for the entire Group.

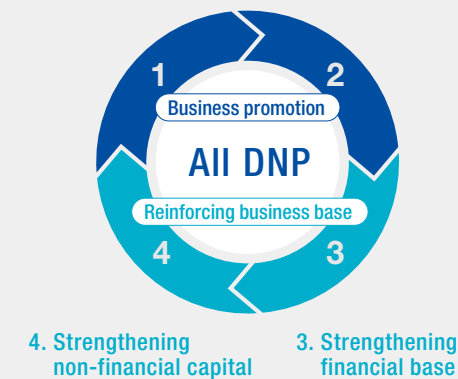
As an example of management indicators, in terms of fiscal

2024 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. To achieve these targets, we plan to gradually increase the percentage of sales from our focused businesses in order to expand earnings, so that compared to fiscal 2019, in fiscal 2024 net sales increases from 35% to 45%, and operating income increases from 61% to 72%.

To strengthen our management foundations, there will be a particular focus on investment in human resources as we utilize financial and non-financial capital in an integrated manner. DNP employees are all professionals, each with their own unique strengths, forming an irreplaceable asset. By pursuing more in-depth dialogue with external partners while proactively combining our strengths, in line with one of our guiding principles of dialogue and cooperation, we will continue to create entirely new and innovative products, services and business models. We will also continue strongly to promote ESG (Environmental, Social and Governance) initiatives and strive to strengthen and fully implement corporate governance for appropriate and prompt management decisions. (See Guiding Principles on page 2.)

### 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 in terms 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.

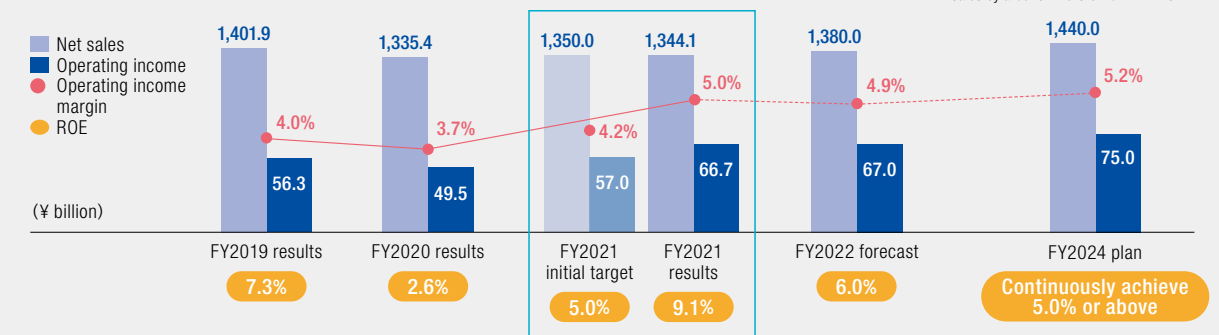
#### Basic Strategy 2

#### Strengthen business infrastructure to support growth

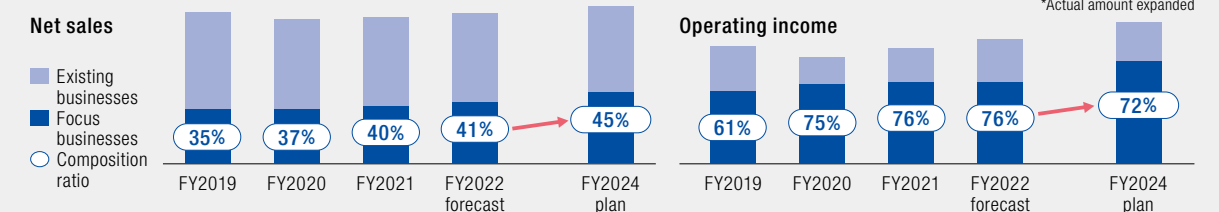
- 2 - ① Strengthen financial and non-financial capital**  
Pursue capital strategy aimed at strengthening financial capital and combine financial capital/non-financial capital to promote integrated management.
- 2 - ② Strengthen corporate governance**  
Build robust corporate governance system and structures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

### Management targets for the year ending March 31, 2025

#### Management targets (Net sales / operating income / ROE)



#### Composition of focus businesses



#### Basic strategies for each segment of the printing business

<Segment>	<Basic Strategy>
Information Communication	<b>1 Growth strategy:</b> Pursue digital transformation (DX) aimed at adding value to customer experience <b>2 Restructuring:</b> Downsize paper media production bases
Lifestyle and Industrial Supplies	<b>1 Growth strategy:</b> Leverage converting technology to strengthen new product development and sales <b>2 Restructuring:</b> Push ahead with review of low value-added products
Electronics	<b>1 Growth strategy:</b> Develop and supply key components that contribute to sophisticated integration of real and digital <b>2 Restructuring:</b> Rebuild businesses where competitiveness has declined



PROGRESS WITH MEDIUM-TERM MANAGEMENT PLAN

Basic Strategy 1

Create value through P&I Innovations

1-① Create value primarily in growth areas

DNP established focused businesses that are promising in terms of high profitability and market growth, and is accelerating related business expansion through a focused and optimal allocation of management resources. The following were the main related initiatives in fiscal 2021.

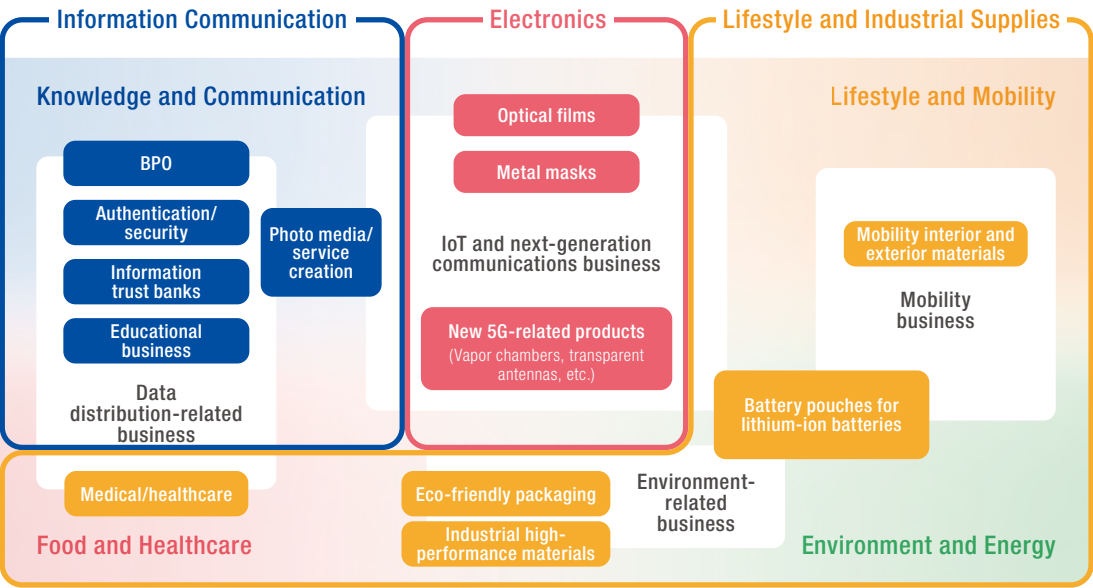
In the IoT and next-generation communications business, we advanced the development and supply of next-generation semiconductor products manufactured using nanoimprint lithography, for fifth-generation mobile communications system (5G) applications. Nanoimprint lithography cuts costs and the amount of energy consumed during semiconductor production using it is much less than that used by the conventional method, thereby contributing to the achievement of a decarbonized society.

In the data distribution-related business, we established NTT EDX Co., Ltd. in October 2021 as a joint investor with NTT West and NTT East with the aim of advancing higher education. With a focus on electronic textbooks and other teaching materials, we provide various services and support the digitization and streamlining of publisher and bookstore operations. We also use our “Ki-Rei-i” ID photo printing machine to provide an electronic application service for obtaining Japanese government “My Number” ID cards. In addition, we promote digital transformation (DX) governmental services.

In the mobility business, we developed products and services for the next-generation mobility society, which requires reduced environmental impact, improved energy efficiency, higher information security and comfort. In addition to battery pouches for lithium-ion batteries used in electric vehicles (EVs), we expanded our business in decorative films and panels for enhancing the design and function of interior and exterior materials.

In the environment-related business, DNP strengthened the development of mono-material packaging materials, which are made of a single material for enhanced recyclability, and developed polypropylene (PP) film packaging with improved oxygen and water vapor barrier properties and metallic designs using DNP's proprietary technology. The new product was adopted by a global consumer goods manufacturer in June 2021 and launched in the Southeast Asian market.

Focus businesses in four growth areas



1-② Provide value optimized to each country and region

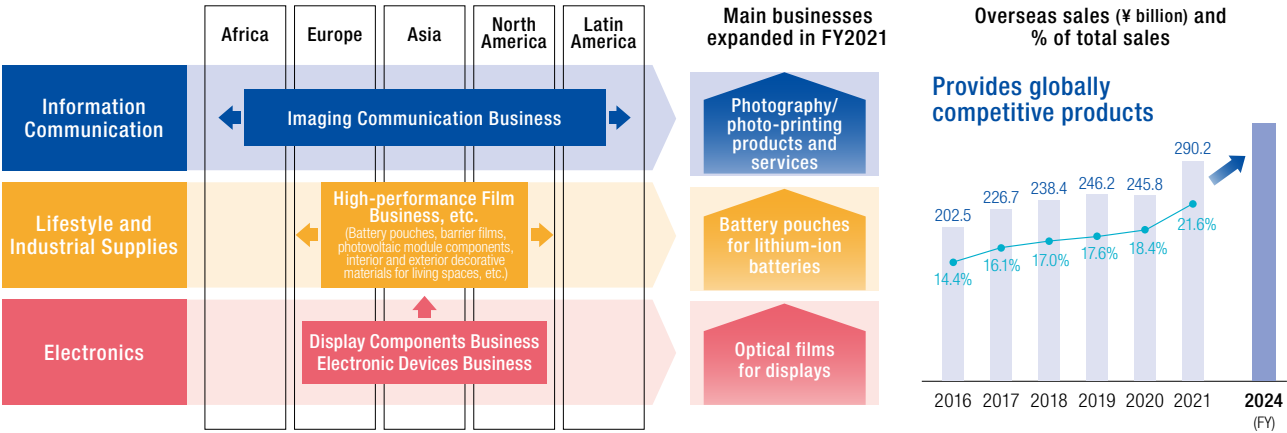
DNP is developing its business globally in a manner that accurately ascertains the characteristics of each country and region and the issues and needs of the people living there, and provides individually optimized products and services. Approximately one-eighth of the Group's employees are promoting diverse businesses at overseas locations, and the

ratio of overseas sales to total sales for the fiscal year ended March 31, 2022 was 21.6%, up 3.2% from the preceding year. As well as working to further expand businesses in which we hold the world's top market share, such as battery pouches for lithium-ion batteries, metal masks for manufacturing OLED displays, optical films for displays and

dye-sublimation thermal transfer printing media for photo prints, we will focus on creating new businesses to provide essential basic value to people the world over.

Our Sustainability Committee, which reports directly to the president, analyzes and manages the environmental, social and economic risks that have emerged in recent years around the world to ensure proper management. In addition to giving consideration to human rights and providing an appropriate labor environment, we will continue to fulfill our social responsibilities in Japan and overseas, which will lead to our long-term development. At the same time, taking change as an opportunity, we will make further efforts to strengthen our structure, such as by exploring overseas markets and acquiring cutting-edge technologies, and make every effort to provide further value by enhancing synergies.

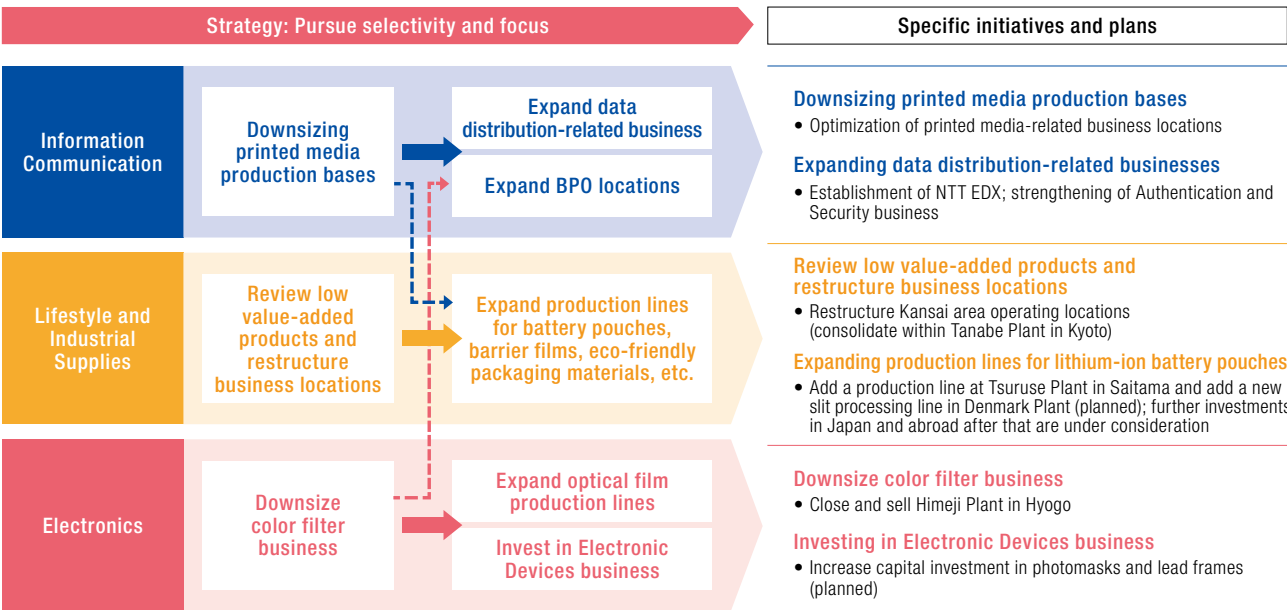
Main businesses undertaken in the global market



1-③ Increase value using all available restructuring approaches

A wide range of structural reforms will be promoted throughout the Group with the aim of building a strong business portfolio and improving profitability. For example, in the Information Communication segment, paper media production bases will be downsized, in the Lifestyle and Industrial Supplies segment, low value-added products will be reviewed and bases reorganized, and in the Electronics segment, productivity will be significantly improved through the use of data analysis, robots and AI. By allocating the human capital, R&D investment, land, equipment and other management resources generated through these efforts to focus businesses having high market growth potential and profitability, we will transform our business structure and further enhance our business competitiveness.

Examples of principal structural reforms in each business segment



## PROGRESS WITH MEDIUM-TERM MANAGEMENT PLAN

### Basic Strategy 2

### Strengthen business infrastructure to support growth

#### 2-① Strengthen financial and non-financial capital

DNP will strengthen its business infrastructure by comprehensively utilizing financial and non-financial capital for medium- and long-term growth. In addition to promoting capital policies that support business growth, we will focus on strengthening and expanding five types of non-financial capital, namely human capital, intellectual capital, manufactured capital, natural capital and social/relationship capital, and formulate and implement specific action plans.

In terms of capital policy, we will pursue investment in focused businesses in conjunction with Basic Policy 1. During our medium-term management plan for the three years up to fiscal 2022, we plan to make annual investments on the order of 100 billion yen. DNP will finance this by using both

its own funds and third-party capital, reducing idle assets and selling strategic shareholdings. We will also take a comprehensive approach to improving capital efficiency, stabilizing our financial base and returning profits to shareholders.

With regard to non-financial capital, we will strengthen our investment in our most important human resources. In addition, we will expand intellectual capital, including technology, R&D and patents, and strengthen environment-related initiatives aimed at further coexistence between business activities and the global environment. We will use these measures to foster an organizational culture that continues to take on the challenge of value creation.

#### 2-② Strengthen corporate governance

DNP works to strengthen corporate governance as one of its crucial management issues. We have built and are operating a robust system for prompt and accurate management decision-making and business execution, as well as for monitoring and auditing these functions. It is also important to increase the diversity of the management team. At the General Meeting of Shareholders in June 2022, as in the previous year, 12 directors, including one woman, were elected, of which four were outside directors who meet the criteria for independence. The effectiveness of the Board of Directors is also analyzed and evaluated once a year, and the results of the analysis are discussed by outside directors and shared with the Board of Directors.

To ensure that each and every employee fulfills his or her social responsibilities, we promote behavior based on the DNP Group Code of Conduct and foster compliance awareness through training and other means. In April 2022, in order to enhance environmental, social and economic sustainability and

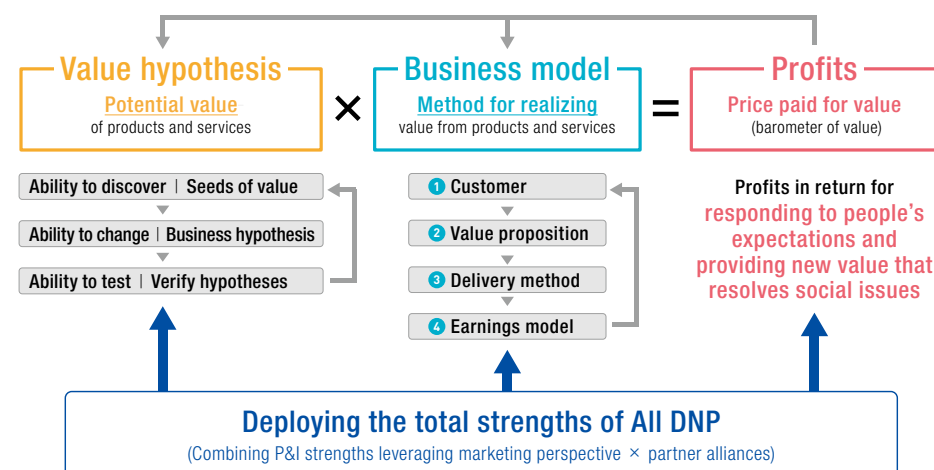
promote DNP's sustainable growth, we reorganized the structure of the Sustainability Committee, which is composed of the company president (chairman), the Senior Managing Director (vice-chairman) and directors and corporate officers with assigned duties at the Head Office. Based on the recognition that variable factors identified as risks are at the same time opportunities for business expansion, we will link them to the creation of new value that will also contribute to the achievement of the SDGs.

DNP's efforts in these areas of ESG (Environmental, Social and Governance) are highly regarded outside the company, as shown, for example, by DNP's selection for the FTSE4Good Global Index, a global socially responsible investment (SRI) index, for 22 consecutive years. In addition, DNP is the only company in the printing industry to be selected as a component of all five ESG indices managed by the General Pension Investment Fund (GPIF) (as of July 2022).

### TOPIC

#### Promote value creation programs that accelerate P&I Innovations

DNP will implement the Value Creation Program in which it promotes the All-DNP initiative that deploys our total strengths synergizing the strengths of the entire Group, discovers "seeds of value," repeats value hypothesis verifications and builds optimal business models. It is also important to expand profits, which is the price paid for value, and by promoting this program, we will increase corporate value over the medium to long term.



## Financial Strategy



**Through the optimal allocation of management capital, we will accelerate the expansion of business and 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 continuously strengthen its management foundations. We strive to practice integrated management that combines the strengths of financial and non-financial capital, and here I would like to explain in particular about our financial strategy focused on capital policy initiatives.

We are currently implementing a capital policy based on two pillars consisting of "improving ROE" and "shareholder returns." We will increase corporate value by undertaking business activities that take a long-term perspective while returning these results to all stakeholders, including our shareholders.

As part of efforts toward "improving ROE," we will invest in focus businesses with high profitability and market growth potential and work to create new value to expand operating cash flow. In fiscal 2021, due also to the recording of extraordinary gains that included gain on revision of retirement benefit plan and gain on sale of investment securities, net income attributable to parent company shareholders increased 287.4% from the previous year to 97.1 billion yen and ROE was 9.1%. We aim to consistently achieve ROE of at least 5.0% in the run-up to fiscal 2024.

Furthermore, we will manage targets via segment ROA and undertake a broad review of the assets we hold domestically and overseas and reduce any idle assets. We will also continue efforts to decrease strategic shareholdings, for which we have achieved significant progress in recent years, as we further improve asset efficiency. Moreover, we will focus efforts on 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 working to reduce capital costs.

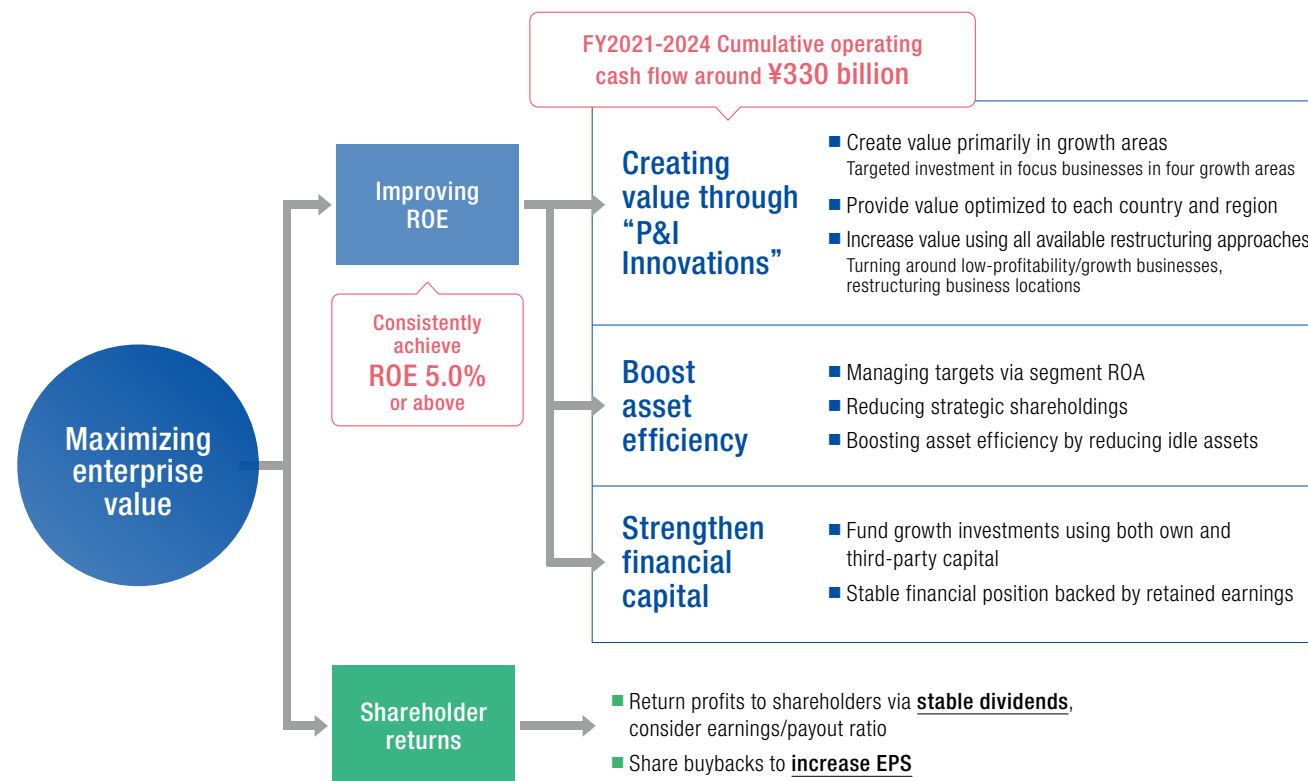
Regarding "shareholder returns," which is another important pillar, under our basic policy of stable dividends we will issue dividends that take into account factors such as earnings and dividend payout ratio. We will also consider share buybacks depending on the business environment and other factors.

Through these capital policy initiatives, DNP will strive to maximize corporate value in a way that contributes to the realization of a sustainable, better society and well-being lives for people.



## Financial Strategy

### Capital policy initiatives to maximize corporate value (~FY2024)



### Strengthening initiatives for "improving ROE"

In promoting our medium-term management plan, DNP formulates and implements a capital policy based on "improving ROE" and "returning profits to shareholders." In particular, for increasing the ROE numerator, we will promote Basic Strategy 1, Create value through "P&I Innovations." Through targeted investment in focus businesses such as IoT and next-generation communications business, data distribution-related business, mobility business and

environment-related business, we plan for cumulative operating cash flow of around 330 billion yen from fiscal 2021 to fiscal 2024. With regard to "boost asset efficiency" and "strengthen financial capital," DNP will minimize the negative impact of risks while turning these into business opportunities by anticipating rapidly changing domestic and international circumstances and flexibly combining various measures.

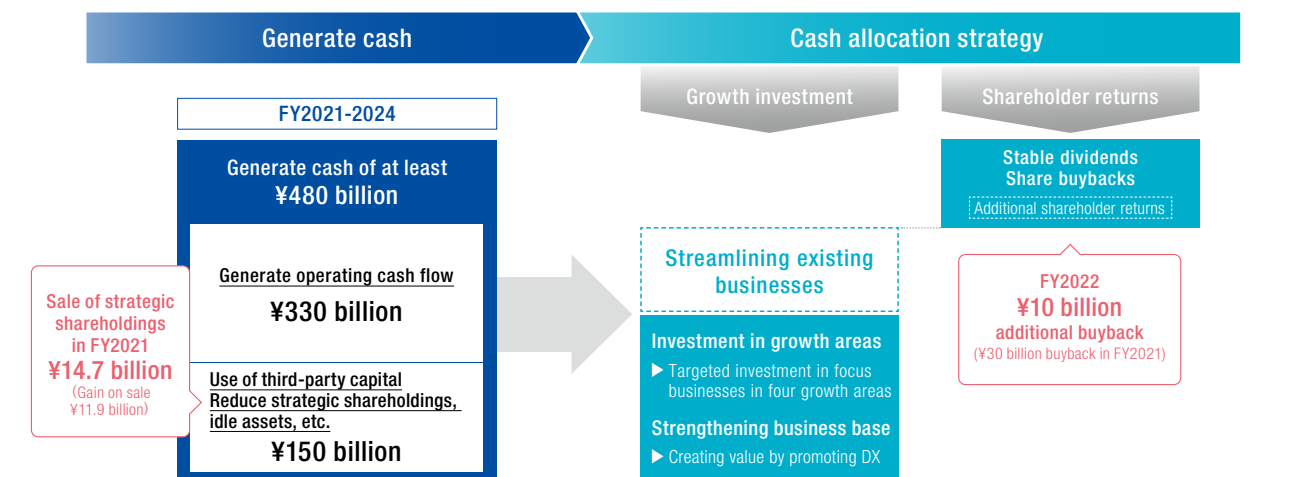
### Generating cash and optimum allocation for growth investment and shareholder returns

DNP will work to generate cash by increasing operating cash flow through value creation and improving capital efficiency. By utilizing third-party capital in addition to our own equity capital, we will concretely progress with reducing capital costs and optimizing shareholders' equity.

We have also established a cash allocation strategy which

promotes the optimum allocation toward growth investment and shareholder returns, and are pursuing a number of initiatives in this area. From fiscal 2021 to fiscal 2024, we aim to generate cash of at least 480 billion yen, and plan to allocate this for investment in focus businesses in four growth areas and efforts to strengthen our management foundations.

### Executing optimal cash allocation



### Returning value to all stakeholders

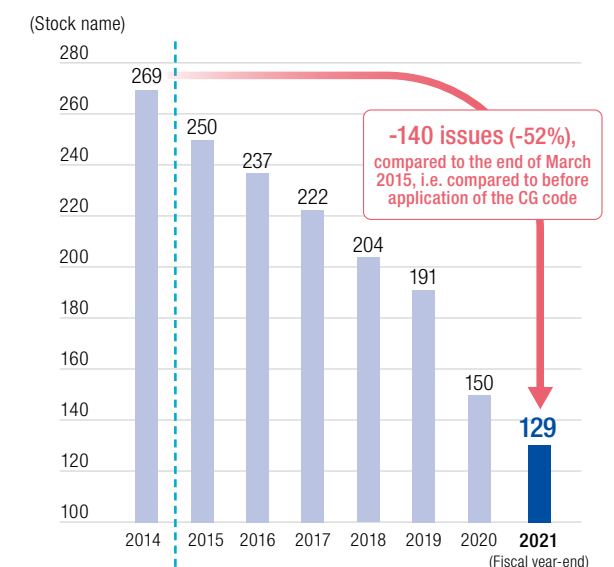
DNP constantly works to strengthen relationships with and return value to all stakeholders, including shareholders, employees and their families, client companies and consumers, business partners and local communities.

In doing so, we especially 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

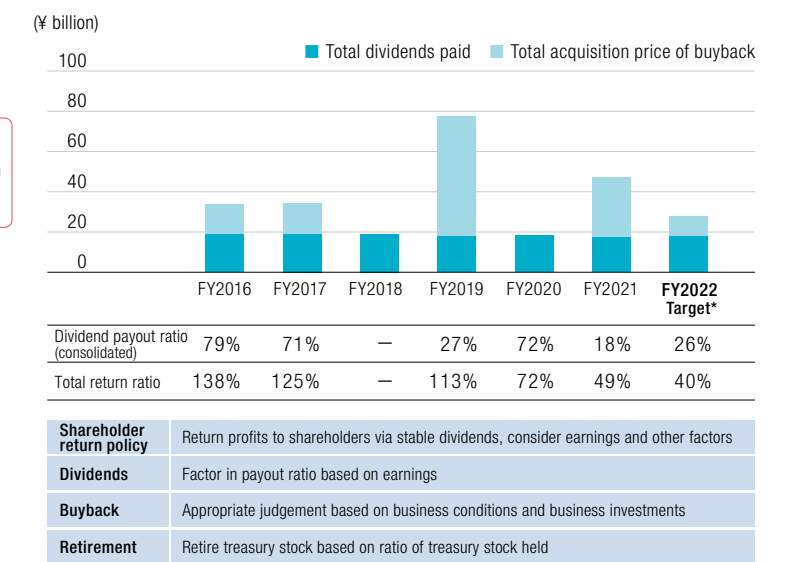
management environment and business investment to make appropriate decisions regarding the buyback and retirement of treasury stock. For fiscal 2022, we have announced the buyback of treasury stock with an upper limit of 10 billion yen.

In addition, we continuously undertake reviews to optimize our strategic shareholdings. The number of listed issues held by DNP has been reduced by 140 issues (-52%) to 129 issues from 269 issues held during the seven years from the end of fiscal 2014.

### Trends in listed stockholdings



### Shareholder return policy and trend in results



\* Details of buyback (FY2022 Target)

• Stock to be acquired: Common stock  
• Number of shares: Up to 6 million shares, equivalent to 2.23% of shares outstanding excluding treasury stock  
• Total acquisition price: Up to ¥10 billion  
• Purchase period: May 16, 2022-December 20, 2022

## Human Capital Strategy



**Improve corporate value by accelerating investments in human resources in line with our Human Capital Policy.**

**Kenji Miya**  
Senior Managing Director

Each and every employee is a key base for the DNP Group to create new value toward a sustainable and better future. To support these employees and help them change their awareness and behavior, we are working to create a personnel system that is attractive from both internal and external perspectives, keeping in mind the changes in society as a whole.

For three years since fiscal 2019, we have particularly concentrated on reforming our personnel systems. As the first step in fiscal 2019, we enhanced our promotion systems mainly targeting young employees and human resources with varying careers both within and outside the Group and carried out a system reform to permit certain side jobs or dual employment. The second step in fiscal 2020 involved facilitating a reform of our organizational culture, including revisions of our award systems, as well as updating a system to respond to the concept of equal pay for equal work and one to support the work styles of senior employees. In fiscal 2021, which marked the third year of our efforts, we again analyzed our work and management styles and implemented diverse and specific personnel systems that will accelerate new value creation, such as a dual-ladder career system for middle-ranking executives.

DNP has been accelerating investments in human resources that encompasses the creation of such appropriate systems to focus on initiatives for reinforcing our human capital. We have conducted these initiatives based on a belief that respecting employees leads to the respected employees driving corporate growth and enhancing society. In fiscal 2022, we established this belief, which represents the DNP Group's universal and basic approach to human capital, in the form of our Human Capital Policy.

We also give first priority to respecting our employees because we are determined to strengthen our human capital so that each and every one of our employees will develop their strengths and grow further in their roles both within and outside the company. We will organize our policies, visions and declarations related to people while placing this policy at the top and endeavor to reinforce and maximize our human capital in a strategic, integrated manner for enhancing corporate value. The DNP Group will continue cultivating a better corporate culture and effectively invest in people to help promote diverse individuals and human resources.

### Human Capital Policy

**Respecting employees leads to the respected employees driving corporate growth and enhancing society**

Nurturing human capital who can be active in society (both within and outside DNP)

Labor and  
Management  
Joint  
Declaration

Human Capital Operational Mission

DNP Group Diversity Declaration

Human Resources Development Vision

DNP Group Safety and Health Charter

DNP Group Declaration on Health

DNP Group Welfare Vision

DNP Group  
Human Rights  
Policy

\*Including stakeholders  
other than employees

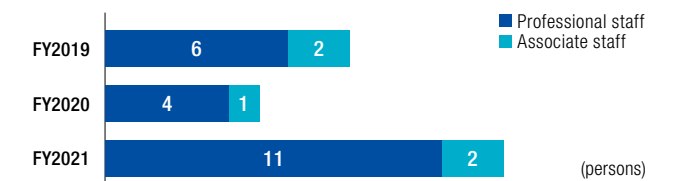
### Key issues 1

**Strengthen human resources and organizations to promote value creation through P&I innovations**

### Utilizing human resources to realize P&I Innovations of our business vision

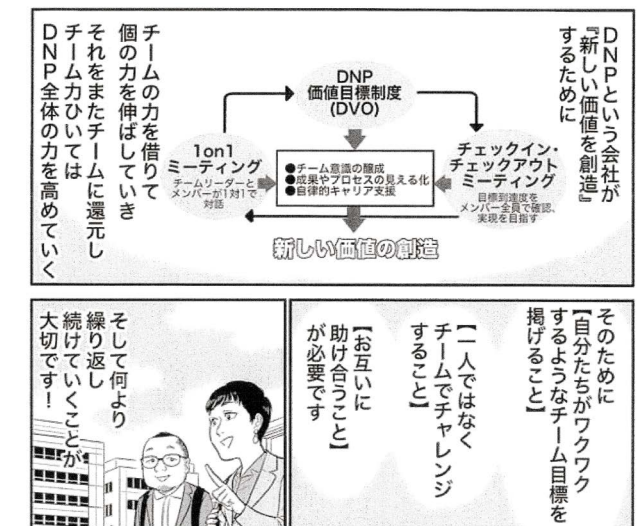
DNP is building a strong business portfolio by optimally allocating management resources to its focused businesses of IoT and next-generation communications, data distribution, mobility and the environment. To enhance the effectiveness of these efforts, we have introduced employment-related systems that proactively incorporate company outsiders' perspectives. We will accelerate the creation of new value by having the right people in the right positions with a diversity of personalities, skills and know-how, including highly specialized personnel, management personnel and personnel skilled in launching new businesses.

- Professional staff system: This was introduced in April 2019 and treats personnel with specific expertise and highly advanced knowledge and skills based on standards and frameworks that differ from the current system, with the aim of recruiting high-quality external human resources.
- Associate staff system: A system to determine the appropriate treatment to be applied for a set period when hiring personnel who exceed the current standards and frameworks for mid-career hires.



### Change to new management style

DNP has always emphasized management that makes the most of individuality and the enhancements of team capabilities. In April 2021, we introduced the DNP Value Objectives (DVO) system to respond to drastic changes in the business environment. In addition to the usual individual MBO (Management by Objectives & Self Control) system, we have incorporated the elements of OKR (Objectives & Key Results) in which teams work together to solve problems. Team goals are set in a bottom-up manner to visualize results and processes and foster team awareness. We are striving to strengthen team management, build relationships of trust and create new value through meetings at the start and end of work and small-group 1-on-1 meetings. From fiscal 2022, we are promoting the DVO Penetration Program to spread this system throughout the company and establish a new management style.



A training text that uses Manga to explain the DVO system

### Human resources development that brings out individual strengths

DNP established a Human Resources Development Vision for ensuring that each employee acquires specialized knowledge and skills as an independent individual, achieves business visions, and strives for personal growth and self-actualization. We are focused on building better environments, structures and organizations that enable employees to maximize their capabilities, and have developed a range of training and

learning programs that include level-specific, selective and elective training, as well as a learning environment based on a learning management system. As an initiative to develop future management candidates, we are also conducting strategic succession training, such as by using ELM (Executive Leadership & Management) programs.



## Human Capital Strategy

### Key issues 2

### Promoting diversity and inclusion essential for creating value diversity

#### Promoting D&I as a driving force for growth

With DNP providing value to diverse people living in diverse societies in Japan and abroad, promoting DNP's own diversity and inclusion (D&I) initiatives is an essential management issue. Reflecting DNP's constant awareness of the importance of D&I in the conduct of its business, in 2020 it issued the DNP Group Diversity Declaration as a commitment from top management in order to strongly convey this stance both inside and outside the company. In addition, we are accelerating D&I initiatives throughout the Group, including by operating a D&I Promotion Committee consisting of top executives from each department and Group company.

Formerly we provided products and services to client companies by utilizing the individual strengths within each organization. Today, however, we are working to resolve social issues and create value that meets people's expectations by combining the diverse strengths that exist within the Group. The possibilities for such combinations are endless, and we will use the total strengths of All DNP as a driving force for growth.

For more on D&I, refer to the message on pages 66-67 by board director Minako Miyama.

#### Result

#### Employee D&I perception level

Improved from 56.3% in FY2019 to **78%** in FY2021

#### DNP Group Diversity Declaration

1. We will take the lead in working to promote diversity and inclusion.
2. We will transform the awareness of managers into a "Dialogue style" that utilizes the differences of each and every person as strengths.
3. 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



#### Investing diverse capabilities in focus businesses

To create new value, it is becoming increasingly important to optimally allocate human capital mainly in focus businesses in four growth areas. We are also promoting the In-House Recruiting System that maximizes the strengths of diverse employees by aiming for optimal matching between human resources and work operations. Under this system, over 400 employees have been transferred in the past 10 years, and more than 150 in the past 3 years. The system provides an opportunity for employees to become aware of their own experience and capabilities, and to learn new things, leading to autonomous career development as the business expands.

We are also focusing on attracting outside human resources to increase the pace and effectiveness of value creation. At the same time, in fiscal 2021 we began

recruiting employees who wish to be transferred to companies outside the DNP Group, providing an opportunity for them to gain experience, skills and a broader perspective that cannot be obtained solely within the Group. For DNP, it also strengthens partnerships with the external companies concerned.

#### Result

#### Utilization of In-House Recruiting System

**152** employees transferred in the last 3 years, and **419** employees over the past 10 years

### Key issues 3

### Promotion of health management and health measures to increase employee happiness

#### Increasing health management and health measures

In April 2021, we formulated and disseminated the DNP Group Declaration on Health as a top commitment. In accordance with this declaration, we will focus not only on physical and mental health, but also on efforts that include developing a positive mind and building psychological safety in employees. As one of our important management strategies, investing in the health of our employees will not only maintain and improve their health, but will also improve their vitality, creativity and productivity, thereby revitalizing the organization. By building a vibrant team, we will improve corporate value and link this to the happiness of each and every employee.

#### DNP Group Declaration on Health

The DNP Group aims to embody the DNP Group Safety and Health Charter by promoting the health management and health-driven measures that boost the happiness of our employees, based on the following three perspectives:

1. Maintaining and improving the physical and mental health of our employees and their families.
2. Developing the psychological capital, or positive mind of diverse individuals or human resources.
3. Building psychological safety, or trust-based relationships in our individual workplaces and teams.

With this declaration in mind we aim to achieve improved corporate value.

April 1, 2021  
Yoshinari Kitajima, President

#### TOPIC

DNP has been recognized as a Certified Health & Productivity Management Outstanding Organization (White 500) (sponsored by Nippon Kenko Kaigi\*), which certifies corporations that strategically address employee health from a managerial perspective. DNP has been highly evaluated for providing healthy menus in employee cafeterias nationwide and holding regular in-house sporting events and seminars on health measurements and food and health, and promoting a health education model that includes the use of sports facilities.

\* Nippon Kenko Kaigi: An association consisting of leaders in the business & medical sector and local municipalities



#### Increasing engagement

DNP has been promoting initiatives to increase employee engagement, which represents each employee's willingness to contribute to a company, organization or work. By doing so, we intend to improve labor productivity, create diverse value, cultivate employees' awareness that they help society and people through their work and encourage them to take action in this regard.

In fiscal 2021, in conjunction with the DNP Group

Declaration on Health, we launched an engagement survey to visualize the state of individual engagement and the state of teams. We will also utilize the survey to visualize issues and other factors in each organization, promote employees' self-understanding and mutual understanding through dialogue to increase their motivation and encourage teams to achieve their expected results.

#### TOPIC

DNP started using Atrac, Inc.'s survey tool, Wevox, in June 2021, and in November expanded the survey target to cover the entire Group. Each month all employees answer a survey (a simple questionnaire) on the Atrac website. Even in workplaces where survey responders don't use a computer as part of their jobs, responses can be made by BYOD (Bring Your Own Device), utilizing shared devices or personal terminals. This allows visualization and verification of team and workplace conditions, as well as relationships between companies, organizations and teams.



## Intellectual Capital Strategy



### Realizing a better future with many partners by leveraging our strengths in technology, R&D and intellectual property

**Masato Yamaguchi**  
Senior Managing Director

At DNP we have continually refined our unique P&I (printing and information) strengths and developed new technologies and know-how, while creating a wide variety of products and services together with many partners. By accumulating such value-creating efforts, we will create a better future in which diverse issues are resolved and people's expectations are fulfilled.

Currently, we are strengthening our technology, R&D and commercialization efforts in the four focus business areas of IoT and next-generation communications, data distribution, mobility and environment-related. We are enhancing our competitiveness by combining advanced technologies such as, for example, operational efficiency using AI (artificial intelligence) technology, innovative production systems that utilize manufacturing equipment we develop ourselves and material development using MI (Materials Informatics)\*.

We are promoting digital transformation (DX) by advancing development that combines the strengths of analog and digital, real and virtual and manufacturing and services. We are developing businesses in many fields which include our "honto" hybrid bookstore network that handles both paper and digital books and a payment platform that utilizes information security technology we have cultivated in our smart card business.

We believe that the potential arising from synergizing P&I strengths is unique to DNP and cannot be imitated by any other company and leads to endless possibilities. We are

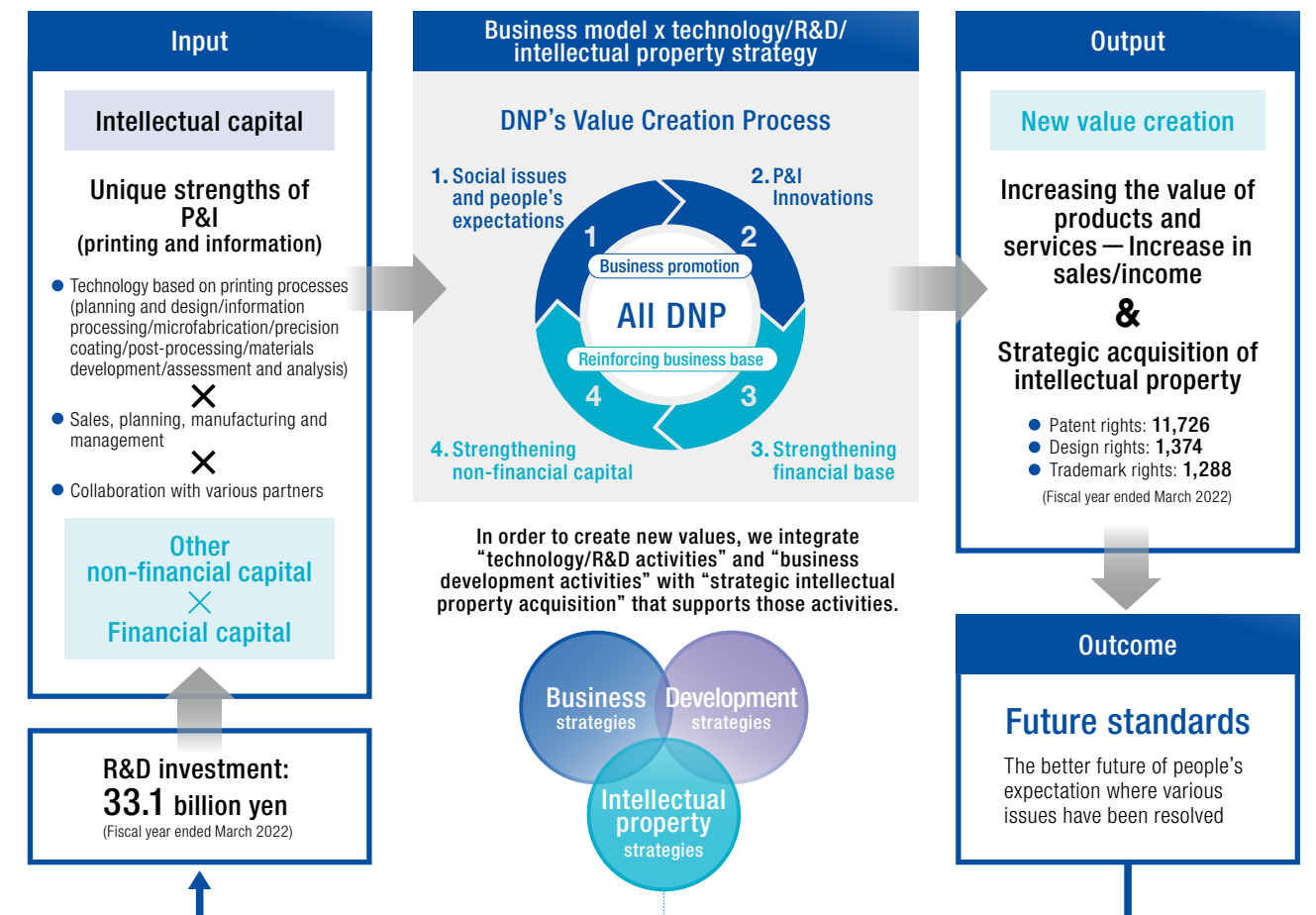
promoting open innovation with partners in Japan and abroad to further expand the variations in the combinations of our strengths.

It is an important management task to strategically acquire intellectual property for maximizing the value we create and for making our business competitive, sustainable and resilient. For example, we have acquired many patents for not only core technologies but also for peripheral technologies in businesses where we have acquired the world's top market share, such as battery pouches for lithium-ion batteries, metal masks for manufacturing OLED displays, optical films and dye-sublimation thermal transfer printing media for photo prints. DNP has been contributing to solving social issues, for example, by opening for license some of its patents relating to the Biomatech series of eco-friendly packaging materials which partially use plant-based raw materials instead of petroleum-derived materials.

DNP is continually taking on the challenge of innovation in order to create new value. We have a corporate culture that fully supports human resources who are willing to stand on the front lines and have the courage and determination to carve out the future themselves. Failure is the food of success, and by constantly taking on challenges in uncharted territory, we will provide essential value to people the world over and create future standards.

\*MI (Materials Informatics): A materials development method utilizing AI and other information sciences

### Long-term value creation by strengthening and expanding intellectual capital (technology, R&D/intellectual property-related)



### For strategic acquisition of intellectual property

- Understanding the intellectual property that underpins products and services that gain top market share**  
DNP views intellectual property as one of the essential assets for value creation. Especially for products and services that have gained top market share in Japan and internationally, our patent network of core and peripheral technologies has a significant effect on business development.
- Setting focus businesses and strategic acquisition of intellectual property**  
We will strategically build a stronger business portfolio by setting focused businesses with high profitability and market growth potential. To this end, we are promoting open innovation and focusing on the strategic acquisition of intellectual property to ensure the superiority of our position.
- Integrating three strategies to create value**  
We will establish business models exploiting intellectual property for our focused businesses through the value creation process by integrating business strategy, development strategy and intellectual property strategy. We plan scenarios for creating value in the long term and strengthen internal and external collaboration.
- Concentrate resources and developing human resources**  
Our various resources, including intellectual property, will be concentrated on focus businesses. We will endeavor to develop human resources who are well versed in business, technologies, R&D and intellectual property, and we will encourage a culture of managing risk and respecting the rights of others.
- Strengthen governance and implement strategies**  
Intellectual property policies and the state of progress will be shared with management and other personnel having different responsibilities and utilized in management decision-making while ensuring effective governance. At the same time, there will be a further strengthening of cooperation between each business unit and the intellectual property department to accelerate the expansion of focus businesses.



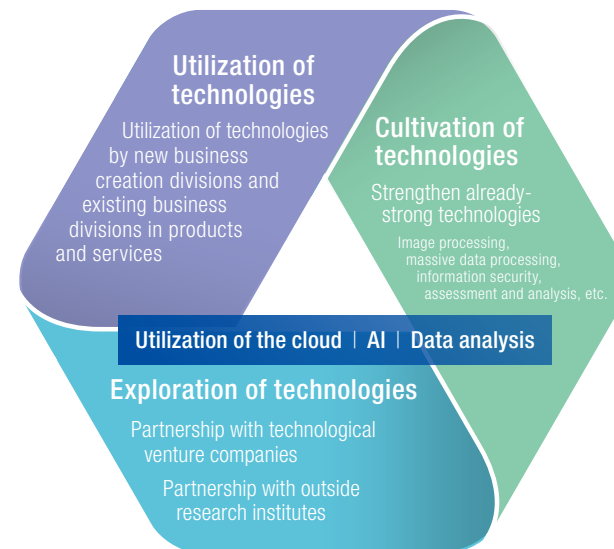
## Intellectual Capital Strategy

### Basic policies and structures for technologies and R&D

For DNP, which has expanded its business domains by applying and developing technologies cultivated in the printing process, strengthening technology and R&D is a crucial management issue. We will always take the consumer's point of view as we accurately understand environmental, social and economic issues, and create optimal solutions.

DNP will further strengthen and deepen the already-strong technologies that we have cultivated to handle, in a safe and secure manner, important information entrusted to us by companies, organizations and consumers, and will also accelerate development by promoting collaboration with various partners, including venture companies, start-ups, students and research institutions, and by exploring new technologies. Also, we will combine our internal and external technological strengths to solve various problems and create new value that excites people.

As a base for such cultivation, exploration and utilization of technologies, we will strengthen AI-based data analysis and the use of cloud environments, taking advantage of the major trends in DX.



### Technologies and R&D structures

DNP's technology and R&D divisions are developing proprietary technologies to solve diverse issues in a wide range of business fields, with the focus on the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility" and "Environment and Energy." We are building and operating robust structures that create new value in existing and new businesses by promoting the combining of technologies and collaboration with external partners.

Controlled by Head Office			
Sales division/ field	Business unit (Development headquarters)	Head office research and development framework	Super- vision
Information Communication	Publishing and Media Services	Technology Development Center Research and Business Development Center Advanced Business Center	R&D and Engineering Management Division
	Information Innovation		
	Imaging Communication		
Lifestyle and Industrial Supplies	Life Design (Packaging)		
	Living Spaces		
	Mobility		
	High-performance Materials		
Electronics	Fine Optonics		
New businesses field			
Short-term development			
Medium- and long-term development			

### Technology and R&D Expenditures

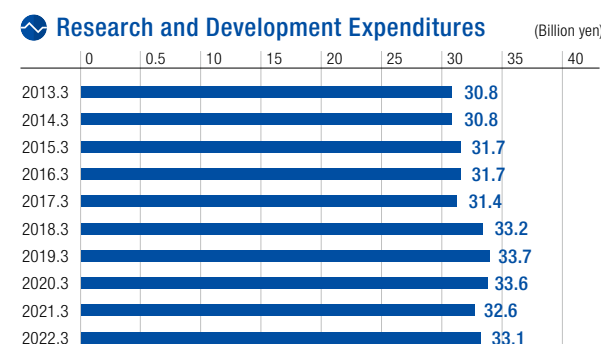
DNP continues to invest over 30 billion yen annually in technology and R&D, with the amount reaching 33.1 billion yen in the fiscal year ended March 31, 2022, and 33 billion yen planned for the current fiscal year ending March 31, 2023. In recent years, in order to solve increasingly diverse and complex problems and create a better future for ourselves, we have been increasing the expenditures of the R&D department at the headquarters based on the All DNP concept, which combines the strengths of the entire Group. The breakdown of each division is as follows.

Head office development department:  
**21,927 million yen**

Business segment total:  
**11,219 million yen**

Information Communication: **2,215 million yen**  
Lifestyle and Industrial Supplies: **1,842 million yen**  
Electronics: **7,162 million yen**

(As of March 2022)



### Expanding patent portfolio related to focus businesses

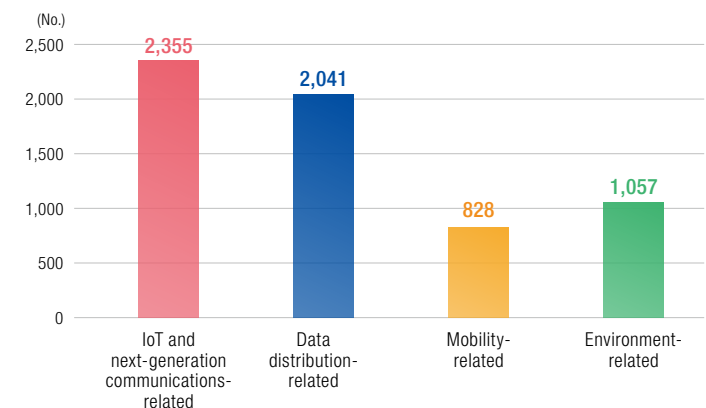
The DNP Group sets its focus businesses by carefully examining the environmental, social and economic value that each business generates based on the growth potential and profitability of domestic and overseas markets. In the current Mid-term Management Plan underway, we are concentrating

management resources on businesses related to IoT and next-generation communications, data distribution, mobility and environment. With regard to the acquisition and expansion of intellectual property, we will further strengthen our patent portfolio in these four focus businesses.

Patents held: **11,726**

Patents related to focus businesses:  
**6,281**

IoT and next-generation  
communications-related: **2,355**  
Data distribution-related: **2,041**  
Mobility-related: **828**  
Environment-related: **1,057**  
(As of March 2022)



### COLUMN

### Potential of DNP functional films — Toward the realization of a sustainable society

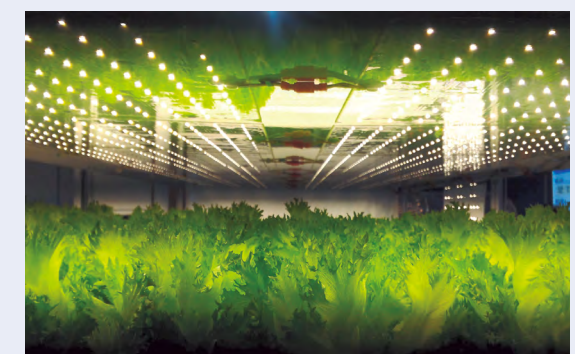
As business areas become borderless on a global scale, including the convergence of the automotive industry with the fields of IT and electronics, the potential of DNP's functional films is expanding. DNP has created products with a wide range of functions by combining thin-film formation, microfabrication, lamination and other technologies developed in the printing business. In addition, DNP will leverage its proprietary technologies for controlling light, heat, gases, liquids and other substances to create value by reducing environmental burdens and food loss and resolving labor shortages.

We have developed eco-friendly products using plant-derived materials and packaging with enhanced recyclability by using a single material (mono-material). In addition, by using film instead of conventional metal for packaging lithium-ion batteries, we have reduced the weight and improved fuel efficiency for automobiles. DNP has also made it possible to add designs such as wood grain patterns and geometric patterns to automobile interiors while taking advantage of their functionality.

At the same time as we are improving and strengthening existing technologies, we are contributing to the realization of a sustainable and better society and spiritually enriched lives by working on development that looks 10, 50, even 100 years down the road.



Next-generation decorative panels for advanced seamless designs of automobile interiors



DNP's Flexible LED Sheet is also expected to be used for growing plants.

## Intellectual Capital Strategy

### Creating new value by combining diverse strengths

We are constantly refining our most advanced technologies, such as microfabrication, precision coating and post-processing, based on printing processes, 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.

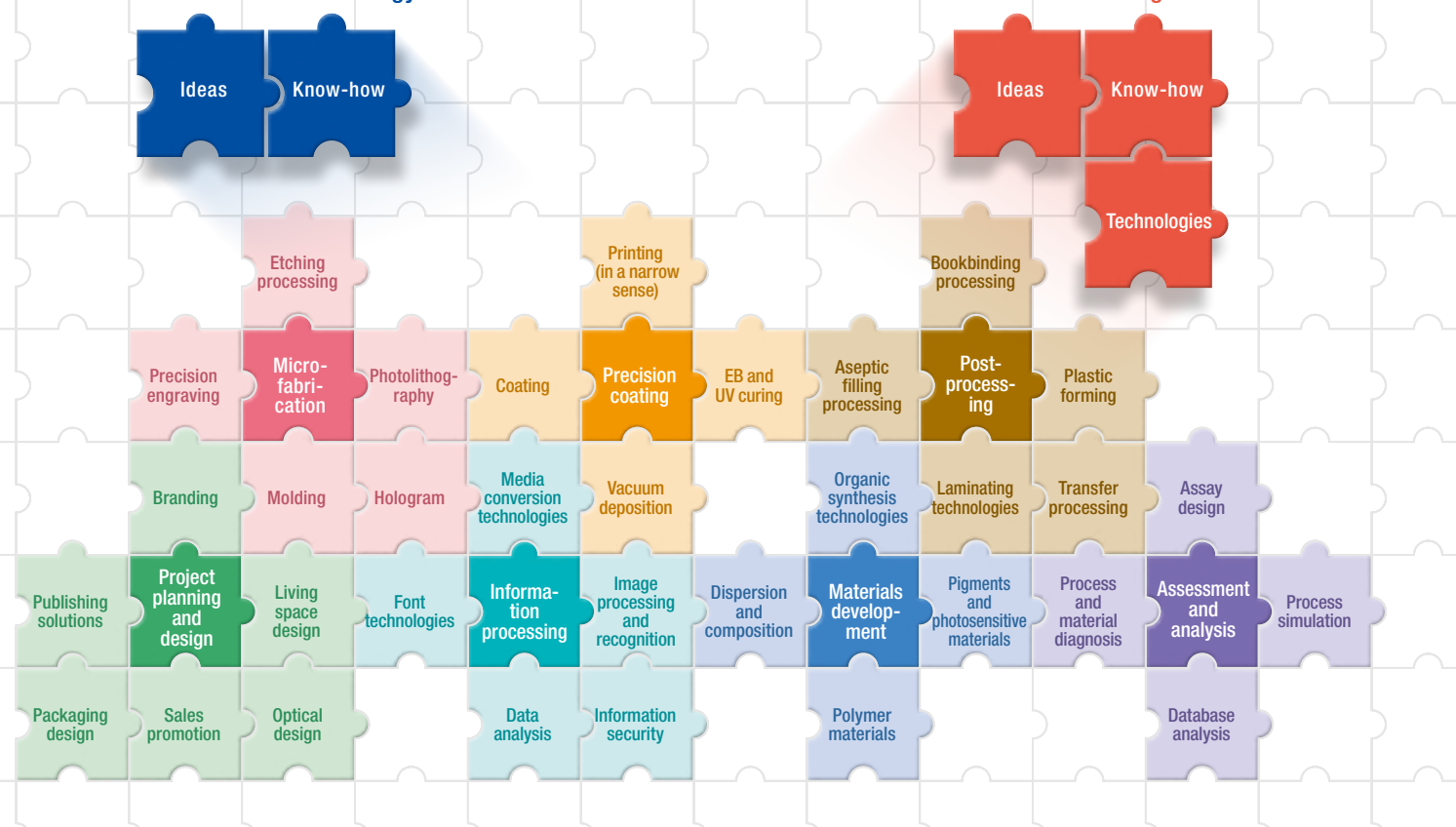
Especially for the promotion of DX, we will leverage DNP's hybrid strengths in both digital and analog technology, reality and virtual reality, manufacturing and services. (See pages 40 and 41.)

We are also strengthening collaboration with diverse external partners to speed up value creation. There are endless such ways in which our strengths can be combined, and we will continue to pursue the many possibilities to achieving a better future.

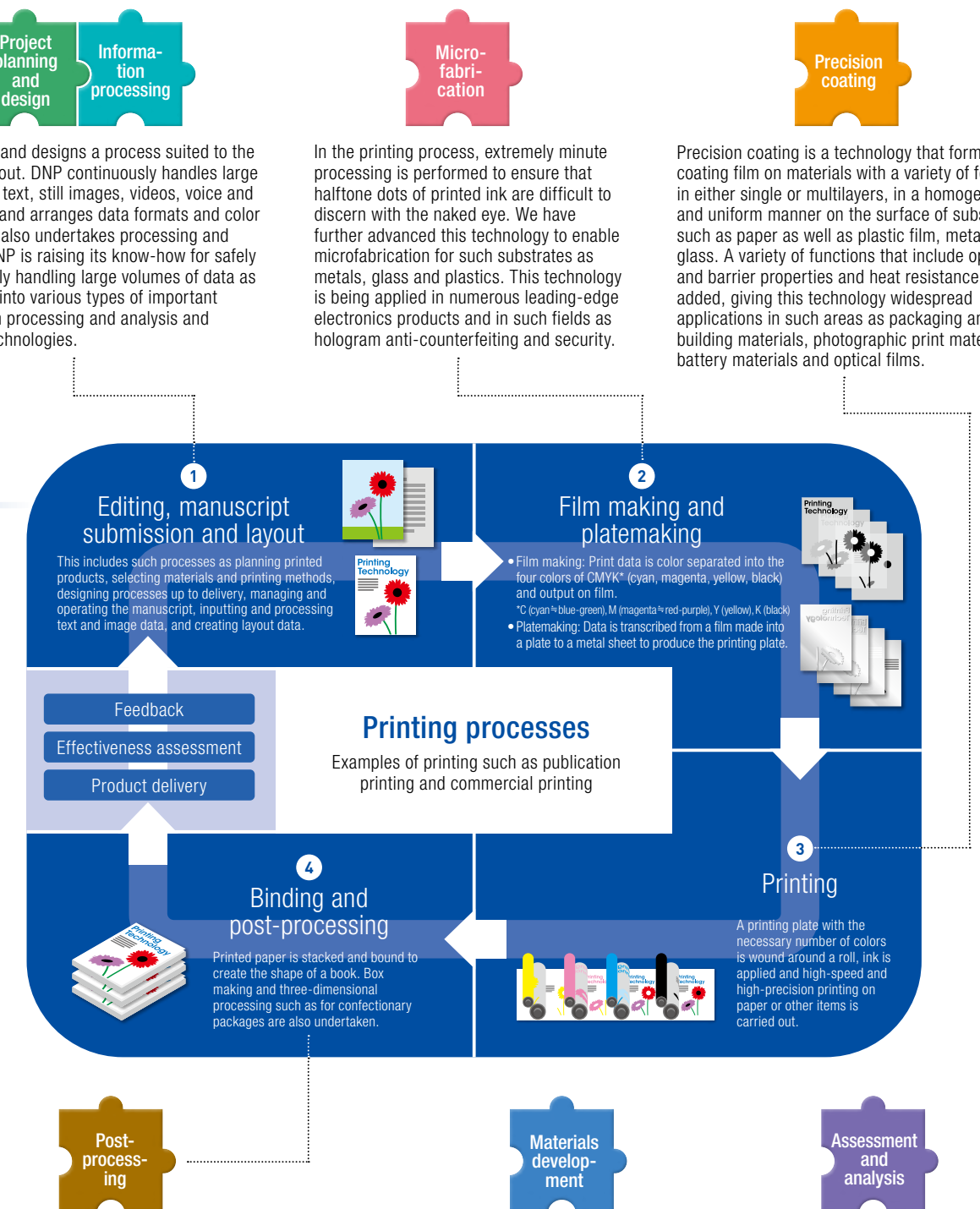


### DNP's P&I technologies

#### Combining DNP's diverse ideas and know-how with technology



#### Combining partners' strengths (technology & ideas & know-how) with DNP's strengths



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.

This technology, which works to synthesize, disperse and mix materials, is applied in the design and manufacture of materials such as ink, adhesives, photosensitive materials, coatings, etc. In order to maximize performance as the printing accuracy becomes sophisticated and products become highly functional and diversified, the development process begins with materials.

Through analysis of the manufacturing process, this technology boosts productivity, consistency of product quality, improvement of the work environment and more. Incorporating elements of theory in the latest sensing technology, we find mechanisms to identify the materials and processes impacting product quality, as well as to realize functionality and performance.

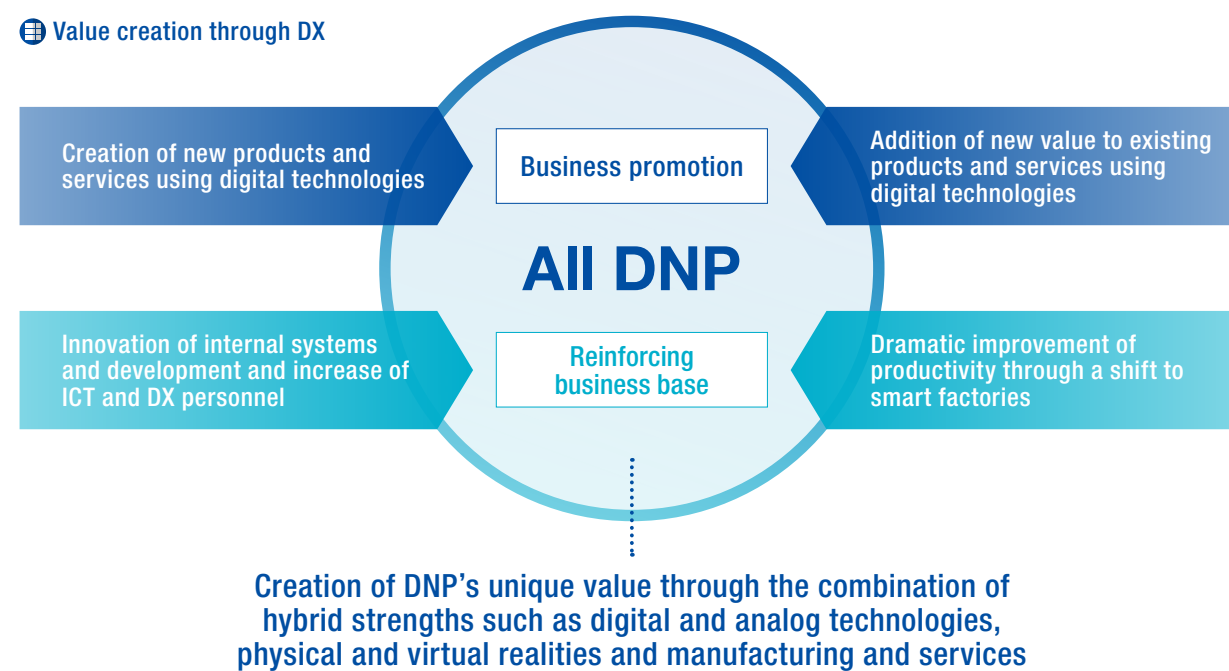


# Value Creation through Digital Transformation (DX)

DNP's DX is positioned as "value creation through P&I Innovations," which combines digital technologies and DNP's strengths. We will build our unique new business model in which people, goods and experiences are linked together by combining the hybrid strengths of complete opposites, such as digital and analog technologies, physical and virtual realities and manufacturing and services. Every single employee will take the initiative and contribute to the total strength of All DNP, promptly gather and analyze the needs of the diverse companies, other groups and consumers in Japan and abroad, and develop and provide new value beyond expectations.

## Basic policy for DX

### Value creation through DX



## Development of a range of businesses related to DX

We are developing a range of businesses in the four growth areas using core technologies such as media conversion, image processing and recognition, information security, data analysis and other information processing technologies developed in the printing process.

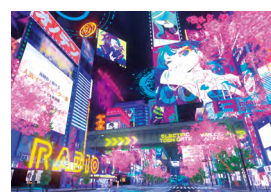
In addition to the data distribution-related business in the Knowledge and Communication area, we are promoting specific business themes in the Food and Healthcare, Lifestyle and Mobility and Environment and Energy areas.



Hybrid bookstore network "honto"



Authentication, security related solutions



PARALLEL CITY combines physical and virtual spaces



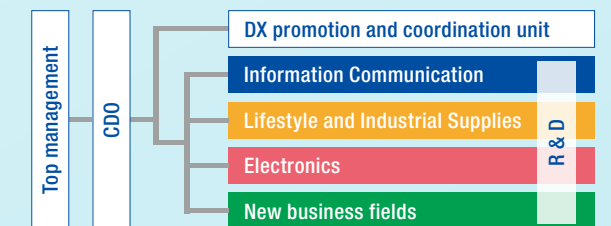
Regional creation and community development (smart city-related businesses, etc.)



Online healthcare (diagnostic imaging, etc.)

## DX promotion system

The Chief Digital Officer (CDO) appointed by the President supervises company-wide efforts relating to DX. We have established a full-time DX promotion and coordination unit at the head office and will strengthen each business unit and the alliances between the sections in charge of new businesses development, R&D, information systems and other relevant divisions within the business unit and implement a range of measures across the entire company leveraging the megatrend of digital transformation.



## Strengthening the base for the promotion of DX

### Internal system infrastructure innovation

We are reforming our internal ICT foundation to improve the processes for a range of business operations and working styles and accelerate value creation with All DNP. This base uses a highly flexible, agile cloud service with security levels that are capable of promptly and flexibly responding to changes in the business environment or individual operations. Further, we are improving our base as a foundation for data integration that management can use in decision-making.

Moreover, DNP is working to improve measures for telecommuting, which has become increasingly entrenched

as one of many diverse working styles, and its business continuity plans (BCP) assume the occurrence of wide-area disasters. To use a safe and secure cloud service at any time and from anywhere, we are also focusing on zero-trust networks which do not assume matters such as that access from inside the organization is safe. We will accelerate infrastructure development to strengthen ICT governance not only in Japan but at overseas bases, with an eye on the recent international situation, geopolitical risks and other factors.

### Improving human resources to support the promotion of DX

We will improve our ability to create DX-related value across the entire DNP Group by clearly defining ICT personnel and DX personnel, etc., and by supporting career development from the perspectives of both the individual and the

organization. We will improve investments in human resources and continuously develop and increase professional personnel to follow technological innovation, predict the future and constantly lead other companies.

### Understanding ICT personnel and DX personnel

### Improving ICT personnel and DX personnel

#### Definition of ICT personnel

##### ICT personnel

Human resources who plan, design, develop, operate and maintain service systems using ICT and digital technologies

##### DX personnel

Human resources who reform businesses, services, operations, organizations and corporate culture using ICT and digital technologies

#### Understanding of ICT personnel

- Use of IT skill standard and IT skill visualization service
- Centralized management of skills and operational experience using a talent management system that visualizes the strengths of each employee

#### Enhancement of human resource development

- Education of all employees to increase their computer literacy for DX
- Improvement of educational programs on subjects such as agile development, cloud-native development and AI, which will provide important skills for DX and encourage the acquisition of qualifications
- Education of all employees regarding security to increase their awareness of cyber attacks (development of Plus Security Personnel who use ICT while performing their primary duties)

#### Development of systems

- Introduction of an ICT professional system to secure and appropriately compensate ICT personnel
- Adoption of a fixed-term employment system to secure skilled human resources from outside the company who have exceptionally advanced knowledge and skills in a specific area of expertise

#### Indicators of human resources development

	End of FY2021	End of FY2022
ICT personnel/DX personnel	5,000	7,500
Of the above, individuals that are capable of autonomously performing duties	650	1,900

## BUSINESS PROMOTION



### Information Communication

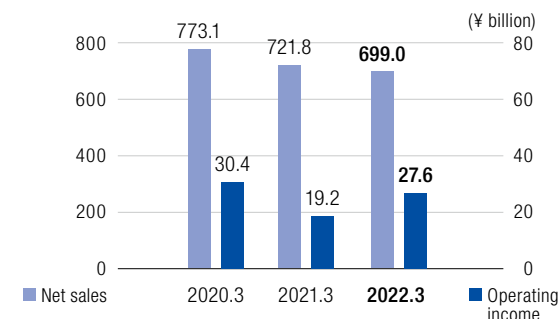
### Financial Highlights and Business Strategies



#### FY2021 Financial Highlights

**Although sales decreased, operating income increased thanks to a recovery in Imaging Communication and the effect of cost structure reforms.**

Net Sales	FY2021		
	2020.3	2021.3	2022.3
Net sales	773.1	721.8	699.0
Operating income	30.4	19.2	27.6
Operating income margin	3.9 %	2.7 %	4.0 %



#### [Net Sales]

Although sales of e-books and library-related services remained strong and the Imaging Communication Business recovered steadily after a sharp decline the previous year, overall sales decreased year on year by 3.2%, or 22,816 million yen, due in part to declines in BPO as well as in the area of printed media, including publication printing and commercial printing.

#### [Operating Income]

Operating income increased 43.9%, or 8,431 million yen compared to the previous fiscal year due to a significant recovery in the Imaging Communication Business, cost reductions and progress in business structural reforms. The operating income ratio rose 1.3 percentage points to 4.0%, from 2.7% the previous fiscal year.

#### FY2021: Impact on business units due to changes in business environment

	COVID pandemic	Exchange rate fluctuations	Surges in prices of raw materials	Semiconductor shortages
Information Innovation Business	↑ Although the impact continued, there was a gradual resumption of economic activity and a recovery in demand due to the spread of vaccines and other factors			↓ Sales growth slowed by difficulties in procuring IC chips, photo printers and other equipment
Imaging Communication Business		↑ Depreciation of the yen increases the yen-equivalent value of foreign currency denominated sales and profits, and boosts export competitiveness	↑ Higher prices for printing paper, IC chips and other products	
Publishing Business			↓	

#### TOP MESSAGE

#### 1 THE DNP GROUP'S VALUE CREATION STORY

#### 2 PROGRESS WITH MEDIUM-TERM MANAGEMENT PLAN

#### 3 BUSINESS PROMOTION

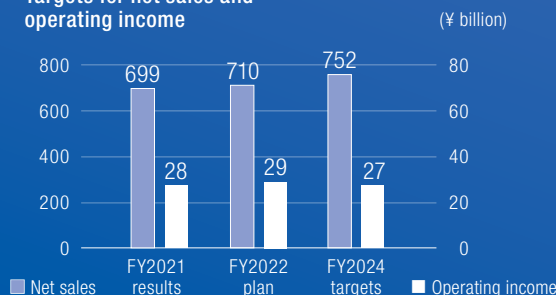
#### 4 REINFORCING BUSINESS BASE

#### 5 MANAGEMENT STRUCTURE

#### 6 BUSINESS RESULTS/ CORPORATE PROFILE

#### Medium-term Management Plan

##### Targets for net sales and operating income



Basic policies	<ul style="list-style-type: none"> <li>DX for CX: Promote digital transformation aimed at adding value to the customer experience (CX)</li> <li>Downsize paper media production bases etc.</li> </ul>
Strengths	<ul style="list-style-type: none"> <li>Maintaining a publishing value chain from information processing to printing, and manufacturing to distribution and sales</li> <li>Advanced security environment and management system</li> <li>Expansion of hybrid business combining real and digital etc.</li> </ul>
Risks and opportunities	<ul style="list-style-type: none"> <li>Developing new ways to work and live, rapid changes in economic activities</li> <li>Outflow or infringement of intellectual property, personal information leaks, increase in cyber attacks</li> <li>Increasing burden of human resource retention due to rapid changes in the employment situation</li> <li>Difficulties in procuring materials due to soaring prices of raw materials and supply chain disruptions etc.</li> </ul>

#### Business Strategies and Main Initiatives toward Achieving Medium-term Goals

##### ① Create value primarily in growth areas

##### ● Supporting people's knowledge 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.

##### ● Expand the scale of business by promoting hybrid marketing

Utilizing consumer information from both real and digital sales channels, we will provide the most appropriate information to each individual using the most appropriate channels and timing. We will also participate in the overall marketing of client companies, from planning to production and operation, to design optimal communication measures between companies and consumers to maximize the value of the customer experience.

##### ● Efficiently solving and improving 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. We also provide new value through consultation for optimizing business design and making operational improvements.

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

##### ● Provide unique value and build presence in the authentication and security business

For a range of industries, we will provide a robust security environment that combines information-related and physical aspects, focusing on services that use digital keys to authenticate objects and facial recognition for personal authentication. We will build our presence in the authentication and security market by leveraging our core technologies and

service development strengths, together with our substantial experience in collaborating and consulting with partners.

##### ● Promoting digital transformation and accelerating the rollout of new photo services

Utilizing the approximately 7,400 (as of April 2022) networked "Ki-Re-i" ID photo printing machines installed across Japan, we will support electronic application procedures for official certificates and various qualification certification. In addition, we will expand the use of the "Ki-Re-i" system to provide services, such as by collecting on the network photos to create employee ID cards. We will also provide consumers in Japan and abroad with a range of services that enhance the experience value of photography at theme parks and events.

##### ② 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 ID cards and financial institutions cards, primarily in the Southeast Asia region. In the area of photo printing, we will continue to focus on capturing crossover demand from other printing methods to our dye-sublimation thermal transfer printing media for photo prints, mainly in emerging markets, and will continue to promote production in optimal locations on a global scale.

##### ③ Enhance corporate value through all manner of structural reforms

By using marketing that utilizes bookstore data, leveraging our publishing value chain and improving logistics through collaboration with partners, we will promote manufacturing and distribution reforms to provide books in a timely manner. In publication printing and commercial printing, we will optimize our production system to meet the needs of the shrinking paper media market. In BPO-related services, in which various operations are outsourced, we will strive to improve productivity and quality by utilizing AI, robotic process automation and digital workflows, and by effectively utilizing our domestic and overseas bases we will provide services through an optimal system that is not limited by personnel or location.





## Driving digital transformation (DX) and providing customer experience value (CX) that is essential to new ways of working and living

DNP has been entrusted with important corporate and personal information for many years and has been involved in the digitization of the printing process since the 1970s as part of our diverse range of business activities. We are also independently developing technologies for information security, image processing and recognition, media conversion

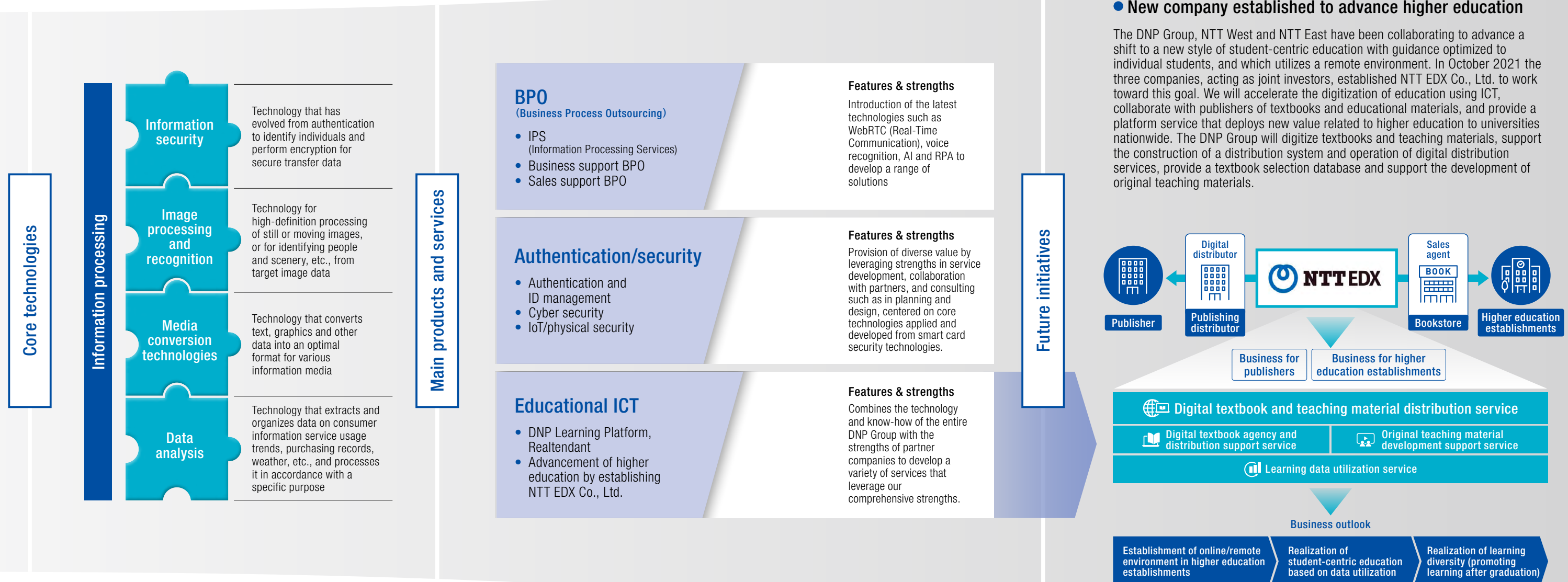
and data analysis. In recent years, as the nature of communication has changed and new workstyles and lifestyles have emerged, we have been promoting DX in ways that only DNP can offer, by combining technologies we have cultivated in the printing process with our expertise in sales, planning and manufacturing, and with the strengths of its partners.

For example, in the business process outsourcing (BPO) business, in addition to 24-hour/365-day support at domestic and overseas locations, we are helping companies and organizations to solve their business issues with speed and efficiency by deploying the latest technologies including AI and RPA to tackle growing social issues from labor shortages and work style reforms to business continuity plans (BCP) in anticipation of emergencies.

We also build and operate a variety of advanced security-related technologies and system infrastructures, leveraging the strength of our smart card business, which has the largest market share in Japan. We also provide physical security for offices and factories, such as security

gates and surveillance cameras, and train personnel to be able to respond to cyber attacks. In addition, we are expanding our authentication and security business such as by authenticating objects with digital key systems and using facial recognition for personal authentication.

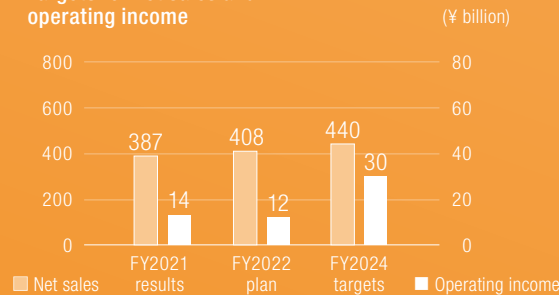
In the field of education, we provide a distribution system for digital textbooks and other materials, and produce educational materials using video, audio and other media. In addition, we provide a network service developed to ease the process of textbook and teaching material selection by connecting many publishers, universities, textbook sales companies and bookstores.





## Medium-term Management Plan

## Targets for net sales and operating income



## Basic policies

- 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 eco-friendly products and barrier films
- Leading global share in battery pouches for lithium-ion batteries etc.

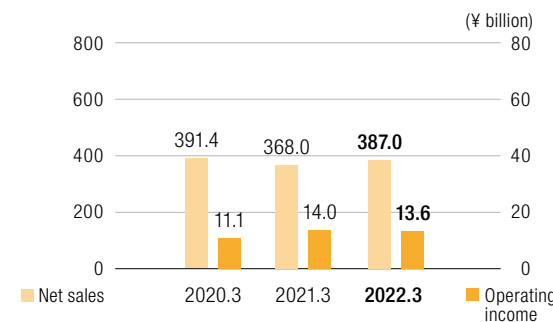
## Risks and opportunities

- 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.
- Changes in the business environment, such as soaring prices of raw materials etc.

## FY2021 Financial Highlights

Although sales rose as focus businesses expanded, income decreased slightly due to higher materials costs.

Net Sales	2020.3 2021.3 2022.3		
+5.2%	391.4	368.0	387.0
Operating Income	11.1 14.0 13.6		
-2.4%	2.8 %	3.8 %	3.5 %



## [Net Sales]

Sales of battery pouches for lithium-ion batteries for electric vehicles increased due to expanding global demand, and there was also a recovery in demand in the housing and automobile markets, boosting sales of various interior and exterior materials. Overall, sales increased by 19,023 million yen, or 5.2%, compared to the previous fiscal year.

## [Operating Income]

Operating income decreased by 2.4%, or 340 million yen, compared to the previous fiscal year, largely due to a sharp rise in raw material prices. Operating income margin declined 0.3 point from 3.8% the previous fiscal year, to 3.5%.

## FY2021: Impact on business units due to changes in business environment

	COVID pandemic	Surges in prices of raw materials	Semiconductor shortages
Packaging Business	Continued restrictions on peoples movements in Japan and abroad		
Living Spaces Business	Gradual resumption of economic activity and recovery in demand	Increased procurement costs for petrochemicals and aluminum	
Industrial High-performance Materials Business	Auto supply chains impacted by disruptions in international distribution networks		Sales growth slowed due to reduced automobile production

## 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, CO<sub>2</sub> 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 and function, 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 further expand our lineup of high-function, high value-added products, such as anti-bacterial and anti-viral products for interior applications and products for exteriors, for which demand is expected to grow.

## ● 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. We will further concentrate on expanding the business of battery pouches for lithium-ion batteries, which are in growing demand for use in electric vehicles. We will also provide high value-added products and services such as films and formed products for interior and exterior 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 construct a new slit processing line for lithium-ion battery pouches at the Denmark Plant that is scheduled to start operation in the latter half of fiscal 2022, as we accelerate our expanding share in the global market for battery pouches for lithium-ion batteries, photovoltaic module components and industrial barrier films.

## ③ Enhance corporate value through all manner of structural reforms

In the Packaging Business, we consolidated facilities in the Kansai region at the Tanabe Plant (Kyoto Prefecture) within fiscal 2021 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) in fiscal 2022. Looking ahead, we will continue to review our business portfolio and promote enhanced productivity, improved profitability and other advancements.



## Providing the essential values of safety, security, health, comfort and environmental consciousness with functional films that utilize converting technology

DNP develops and provides a wide variety of functional film products, leveraging its strengths in converting technology, a unique material processing technology that includes coating, lamination, bag manufacturing and forming. For example, the function of barrier films to protect contents is required not only in conventional food packaging but is also being sought

in many other fields. To meet these needs and anticipate further expectations, we are working to improve film characteristics, such as gas barrier properties against water vapor and oxygen and shaping flexibility.

In the Packaging Business, DNP has expanded its Innovative Barrier (IB-FILM) series of deposition films, which combine gas

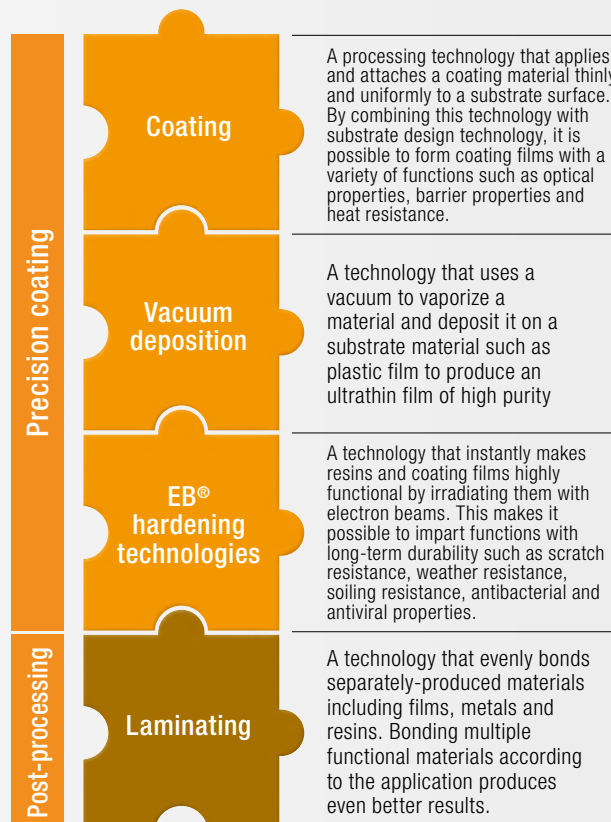
barrier properties with transparency. It is also working to expand its share of the market for environmentally conscious products such as with its series of plant-based packaging materials, which is a blend with plant-based materials.

In the Industrial High-performance Materials Business, demand for safe, secure pouches for lithium-ion batteries used in information terminals and vehicles is increasing. We will also expand the market for high-performance products such as the DNP Multifunctional Insulation Box, which can maintain a constant temperature for an extended period of time without a power source, and containers for the transfer and storage of vaccines and other medicinal solutions.

We will also be further advancing the use of DNP's

proprietary EB hardening technology, which instantly improves the performance of resins and films by electron beam radiation. In addition to providing functions such as weather resistance, soiling resistance and scratch resistance, this technology also imparts greater freedom of form such as in bending and folding. It also contributes to environmental burden reduction and health through energy-saving production processes, CO<sub>2</sub> reduction and the use of solvent-free coating, etc. In the Living Spaces Business, we will apply this technology to interior and exterior materials for residential and non-residential use and expand the use of mobility resin materials, providing further value in the areas of safety, security, health and the environment.

### Core technologies



### Main products and services

#### Eco-friendly packaging materials

- DNP plant-based packaging materials
- Transparent vapor deposition film "IB-Film"
- DNP mono-material packaging materials

#### Features & strengths

We develop functional materials that reduce the environmental burden, improve the protection and preservability of contents and support simple cooking using microwave ovens, providing users with greater usability.

#### Mobility-related products

- Lithium-ion battery components
  - Battery pouches (exterior film wrap)
  - Battery contact tab foil
- Decorative panels that feature excellent functionality and design
- Resin products that contribute to automotive weight reduction

#### Features & strengths

Future initiatives product lines that make use of technologies such as coating and lamination. We develop various products that make rechargeable batteries lighter, thinner, longer and safer, and resin molded products with enhanced surface resistance and functionality.

#### Industrial high-performance materials

- Encapsulants and back sheets for photovoltaic cells
- Medical and industrial components
- DNP Multifunctional Insulation Box

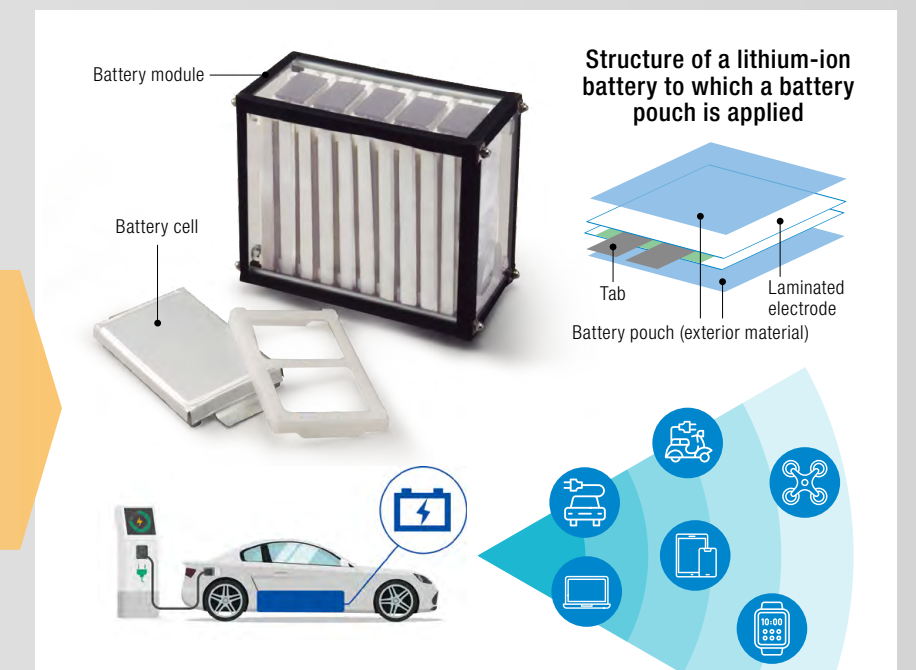
#### Features & strengths

With a proven record of stable quality as our strength, we provide new value in products such as solar cell materials for the expansion of renewable energy and products for medical, pharmaceutical, industrial applications.

### Future initiatives

#### Expanding the lithium-ion battery pouch business

- DNP will maintain and strengthen its global market share leadership by leveraging its strengths in converting technology and other areas to establish de facto standards in the industry and further expand applications.



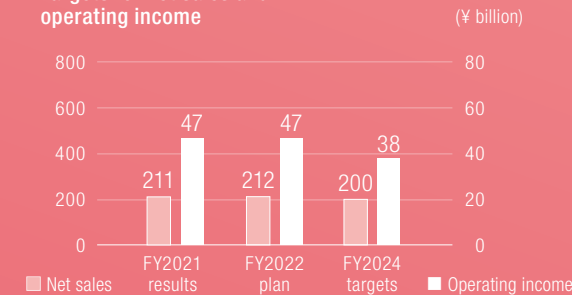
- Establishment of new production bases to enable further capacity expansion beyond fiscal 2023

For lithium-ion battery pouches overall  
**sales of ¥100 billion** in fiscal 2024



## Medium-term Management Plan

## Targets for net sales and operating income



## Basic policies

- 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.

## FY2021 Financial Highlights

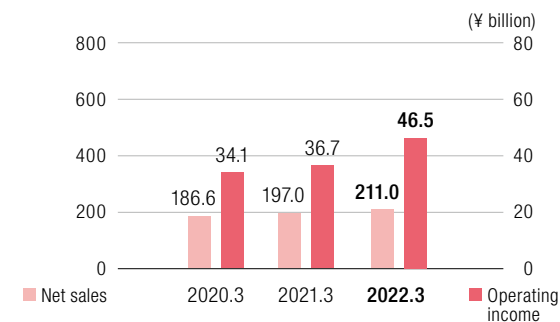
## Sales and operating income rose due in part to growing demand for information terminals.

Net Sales	FY2021		
	2020.3	2021.3	2022.3
Net sales	186.6	197.0	211.0
Operating income	34.1	36.7	46.5
Operating income margin	18.3 %	18.6 %	22.0 %

+7.1%

## Operating Income

+26.7%



## [Net Sales]

Optical film sales increased overall, although some products were affected by domestic stay-at-home demand coming to an end. Sales of metal masks for manufacturing OLED displays rose, driven by robust smartphone demand for such displays. With various other products in the Electronic Devices Business also performing well, overall segment sales increased 7.1%, or 14,073 million yen, compared to the previous fiscal year.

## [Operating Income]

Due to higher net sales and the results of business structural reforms, operating income rose 26.7% year on year, or 9,791 million yen. Operating income margin rose 3.4 percentage points from 18.6% to 22.0%.

## FY2021: Impact on business units due to changes in business environment

	COVID pandemic	Exchange rate fluctuations	Surges in prices of raw materials	Semiconductor shortages
Display Components Business	↑ Optical film business remained firm due to the spread of teleworking and online classes	↑ Due to the depreciation of the yen, in yen terms sales and profits denominated in foreign currencies increased, improving export competitiveness		
Electronic Devices Business				↑ Increased demand for photomasks for manufacturing semiconductors for telecommunications, automotive and data centers

## Business Strategies and Main Initiatives toward Achieving Medium-term Goals

## ① Create value primarily in growth areas

## ● 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.

As one example, we will develop flexible functional film that combines excellent transparency, hardness and bending resistance, which will be supplied mainly to panel manufacturers.

## ● Developing and providing new products that enhance the added value of 5G next-generation communications

Using etching technology honed through the development of high-precision photomasks used for manufacturing semiconductor devices, DNP has developed vapor chambers, which are thin heat-dissipating components that suppress overheating in 5G-compatible devices. We have reduced the thickness of these components to just 0.2 mm, and they are currently being evaluated by manufacturers of smartphones and other devices. We are also working on the mass production of transparent antenna film comprising transparent film on which invisible thin metal wiring is formed to receive 5G radio waves. In addition to displays, this film can be affixed to walls, windows and ceilings of buildings, car glass and utility poles, etc., thereby contributing to the realization of 5G communications that integrate into daily lives. Through the development and provision of these new products, we will continue to create value in the form of information terminals that are smaller and have more advanced functionality for the 5G communication environment and beyond.

## ● 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 have also built proprietary manufacturing processes, making DNP the first dedicated photomask manufacturer to develop 5nm\* process node EUV masks. Looking ahead, 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.

\* nm: nanometer (10<sup>-9</sup> meter)

## 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 provide various products that incorporate our unique strengths. We will also pursue cooperation on the technical side to launch even finer photomasks in East Asian and Western markets. In addition, we will keep close watch on global supply chain issues and country risks, monitor and analyze the social issues and needs of people in each country and region and strive to provide the value they need.

## ③ Enhance corporate value through all manner of structural reforms

We will continue to promote the transformation of our business portfolio with consideration for profitability and market growth. As part of this transformation, in November 2021 we shut down the business of color filters for LCD displays, which had suffered from declining competitiveness due to market changes, to shift to high value-added products related to OLED displays. We will also advance the shift to products that support a 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.



## Developing and providing key components that highly integrate real and digital, such as optical films utilizing clean converting technology

In a society where everything is connected to the Internet, DNP is leveraging its unique strengths to develop a variety of products and services that enhance the value of people's lives in the display-related and electronic device business domains which form the interfaces between the real and

virtual worlds. These developments are made possible by our clean converting technology, which combines optical technologies with precision thin-film coating and precision molding.

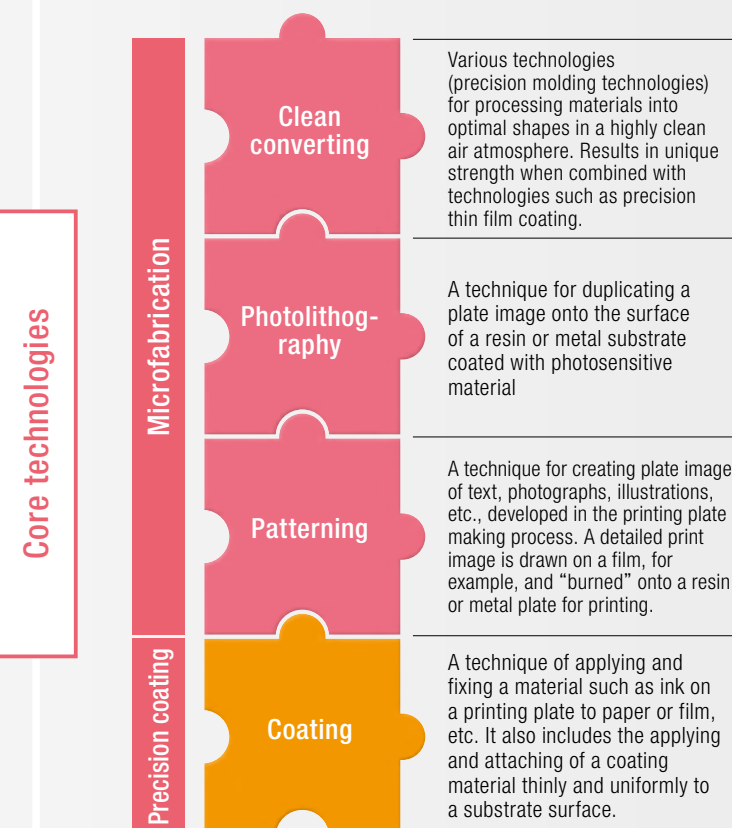
For example, we have developed a wide variety of optical

films that include anti-reflection films which make displays easier to see by reducing light reflection, and which continue to gain a high market share. We will continue to work on higher-definition, multi-functional and energy-saving displays, providing a wide range of products unique to DNP and our mastery of the characteristics of light.

We have the top share of the world market for the metal masks which are an indispensable component in the production of OLED displays, which are becoming increasingly popular in smartphones and other devices. We will continue to use our unique photolithography and etching technologies to develop OLED displays that are thinner,

lighter and higher-definition.

In addition, DNP has developed thinner vapor chambers, a heat-dissipating component that by preventing information devices from overheating, increases the degree of freedom in designing smartphones and other devices. We are also developing 5G-compatible products such as transparent antenna films that can be affixed to displays, walls, windows, ceilings, automotive glass, utility poles, etc. DNP will continue to develop and provide new value by further enhancing its unique P&I (Printing and Information) strengths and utilizing the synergies derived from combining those strengths.



### Main products and services

#### Optical films

- Anti-reflection film
- Retardation film
- Viewing angle control film

#### Features & strengths

We are the world's pioneer in the development of various components and materials for advancing displays, such as flexible LCDs, OLEDs and electronic paper.

#### OLED display manufacturing components

- Metal masks

#### Features & strengths

Developed metal masks for manufacturing high-precision OLED displays with the world's top market share. Our development of cutting-edge products is based on our strengths in technology accumulated over 65 years, starting with the development of shadow masks for cathode ray tubes at the dawn of the emergence of domestic color televisions.

#### 5G-related

- Photomasks for semiconductors
- Vapor chambers (metallic heat-dissipation component)
- Transparent antennas film

#### Features & strengths

With its strength in various microfabrication technologies, circuit formation and electronic component mounting technologies, the company provides components for 5G-related precision equipment and antennas for "5G communications that integrate into our daily lives."

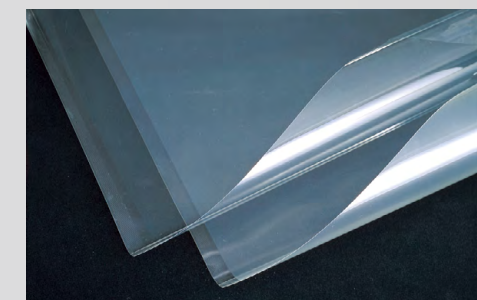
### Future initiatives

#### Expansion of optical film-related business

- Securing market share in China with the ultra-wide line at the Mihara plant in Hiroshima Prefecture

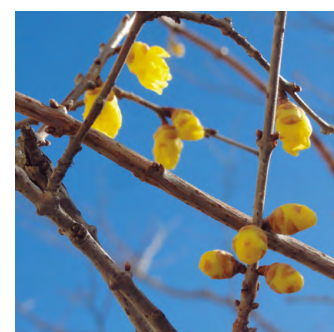
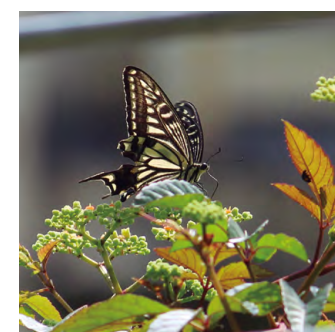
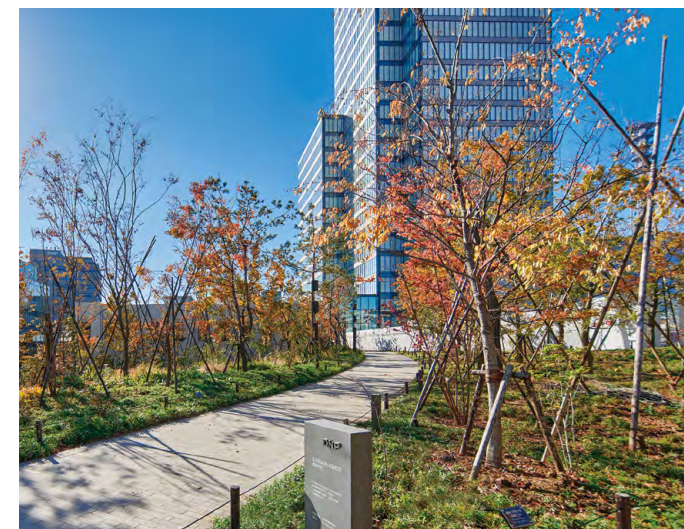
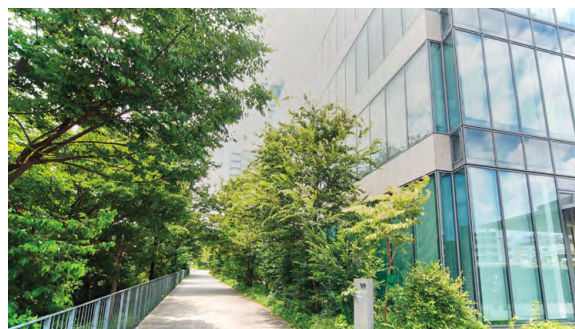


- Improving the competitiveness of products



- Expanding sales of optical film products for OLED displays, which require further added value













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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		Priority indicators for achieving medium- to long-term vision	Medium- to long-term targets*	FY2021 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) Ratio of Super Eco-Products* in total sales * Excellent eco-conscious products and services designated through DNP's original certification system	(1) Achieve 10% by 2025.	(1) 10.0% (134.8 billion yen)
	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) Ratio of Autonomous Corporate Ethics Training conducted	(1) Hold meeting once a month (12 times a year) or more. (2) Achieve 100% (covering all organizations concerned).	(1) Once a month (12 times) (2) 100% (109 organizations)
Foundation to support value creation	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, sexual orientation and 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) Ratio 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 2.3%. (4) Achieve an increase over the previous fiscal year (56.4%). (5) Keep the rate not more than 0.2.	(1) 7.4% (2) Over 2.2 times the number (938) (3) 2.43% (4) 57.5% (5) 0.19
	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) Innovations designed to achieve the emergence of a sustainable society. (Refer to pages 62-67.)		▶ For details, see page 59 of the DNP Group Integrated Report 2022 for the DNP Group Environmental Vision 2050 and “Environmental Medium-term Targets.” ▶ For details, see page 17 of the DNP Group Environmental Report 2022 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 an average score of 90 points or more by FY2030. (2) Achieve 100% by FY2030.	(1) 87 points in Japan (2) 94%
	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% (394 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 the 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 organizations concerned). (3) Achieve 100% (covering all organizations concerned). (4) Achieve 100% (covering all websites concerned).	(1) 100% (90 units and companies) (2) 100% (86 times) (3) 100% (Approx. 41,000 persons) (4) 100% (487 web systems)
	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) Accumulated total: 2,693 (1,400 in FY2021) (2) Accumulated total: 1,383 (709 in FY2021) (3) Accumulated total: 59,048 (19,858 in FY2021) (4) Accumulated total: 35,151 (30,635 in FY2021)

\* Target values without a target fiscal year set are for each fiscal year.



We aim to solve social issues throughout the entire supply chain to realize a sustainable, better society.

Satoru Inoue  
Managing Director

We at DNP strive to reduce the negative impact of the entire supply chain and provide positive value with the goal of creating a sustainable, better society.

The recent acceleration of climate change, increase in marine pollution, loss of biodiversity, etc., have caused concerns about the sustainability of the Earth itself. The progress in globalization requires even greater respect for human rights.

DNP continuously strives for coexistence between our business activities and the global environment and positions responses to environmental problems as one of our important business issues. The DNP Group Environmental Policy established in March 2000 was revised in March 2022 to increase the environmental awareness of every employee and to carry out activities with a focus on the environment throughout the entire supply chain, in addition to legal compliance. We also established the DNP Group Environmental Vision 2050 in March 2020 as our goal for the creation of a sustainable society and are accelerating our efforts to achieve a decarbonized, recycling-oriented society in harmony with nature.

To establish a decarbonized society, our goal is to achieve net-zero greenhouse gas (GHG) emissions from our business activities at our bases by 2050. We are improving our conventional energy conservation activities, transforming our business portfolio to low-environmental load, high value-added alternatives, introducing renewable energy and engaging in other initiatives.

In response to the aggravation of the global increase in the

amount of plastic and other waste materials, DNP is implementing measures to efficiently use resources and achieve a recycling-oriented society. Our activities focus particularly on plastic waste, and we are working to increase the resource circulation rate, which is the percentage of waste generated by the company that undergoes material or chemical recycling. We are also increasing the more sustainable use of plastic products and developing products that use alternative materials such as biomass plastic and recycled materials.

In addition, we are implementing raw material purchasing that considers biodiversity, afforestation that considers regional ecosystems and other projects to build a society that is in harmony with nature. Paper has particularly high dependency and impact on ecosystems. In our procurement of paper in our business activities, we prioritize paper from certified forests and ensure the traceability of products.

In the Medium-term Management Plan, we established environment-related businesses as one of a focus and will develop new products and services that will improve people's lives and increase the sustainability of society by leveraging our unique strengths in P&I (Printing and Information) and our diverse partnerships. For instance, we have successfully reduced power consumption during semiconductor manufacturing to approximately one-tenth of the conventional method through energy-saving processing technology for ultrafine semiconductors using nanoimprint lithography (NIL)

developed by leveraging our original micromachining technology. We will also support the rapidly evolving and expanding IoT society in the aspect of energy conservation. Further, we are working to reduce environmental load beginning in the design stage by promoting the quantitative evaluation of environmental load throughout the entire lifecycle of products and services. We are doing this in the development of products, some of whose raw materials have shifted from petroleum-derived materials to plant-based materials; products that increase transportation efficiency; easily recyclable products, products with long usable lifespans; and other products.

We also believe that the issue of business and human rights is an important aspect and are promoting procurement that

considers human rights and fulfills our responsibilities throughout the entire supply chain. More specifically, we are working with many stakeholders to implement a range of activities, including human rights risk assessments and the establishment of traceability based on the DNP Group CSR Procurement Guidelines. In March 2020, we established the DNP Group Human Rights Policy and have been working to increase employees' awareness and strengthen management throughout the entire supply chain.

We will earnestly interact with a diverse community and the people living within it, continue to grow as a company and voluntarily act to create a better future in which many issues have been resolved.

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 to realize 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 sites.
- We will contribute to creating 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

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Initiatives in the Medium-term Management Plan (FY2020-2022)	Environmental Medium-term Targets DNP Group Environmental Vision 2050		DNP's vision for society
<p><b>Business promotion (value creation)</b></p> <ul style="list-style-type: none"><li>Transforming business portfolio based on environmental impact and added value</li><li>Identifying new environmental themes</li><li>Technological innovations in low-carbon raw materials and other materials</li><li>Creating recycling schemes</li></ul> <p><b>Efforts to address environmental issues for both value creation and foundation reinforcement</b></p> <p><b>Reinforcing business base</b></p> <ul style="list-style-type: none"><li>Clarifying environmental impact</li><li>Introducing renewable energy</li><li>Investing in energy-efficient facilities, optimizing production bases to address environmental impact</li><li>Ensuring the use of paper from certified forests/traceability</li></ul>	<p><b>Medium-term targets</b></p> <p>Reducing GHG emissions By <b>40%</b> from FY2015 levels by 2030</p> <p>Sales of super eco-products* to account for <b>10% of gross sales</b> in 2025</p> <p>Increase 2025 recycling ratio by 5% from FY2015 levels</p> <p>Reduce 2025 water usage by 35% from FY2015</p> <p>Guidelines for Procurement of Paper for Printing and Converting <b>100% of purchased products are compliant</b></p>	<p><b>2050 targets</b></p> <p>Reduce GHG emissions from own business activities <b>Net zero</b> emissions by 2050</p> <p>Building decarbonized society <b>Contribute via products and services</b></p> <p><b>Efficient resource reuse</b> throughout the value chain</p> <p><b>Minimize biodiversity impact</b> throughout the value chain</p>	<p><b>Decarbonized society</b></p> <p>Mitigation of and adaptation to climate change</p> <p><b>Recycling-oriented society</b></p> <p>Efficient resource use</p> <p><b>Society in harmony with nature</b></p> <p>Protect biodiversity</p>

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



# Initiatives for Climate Change

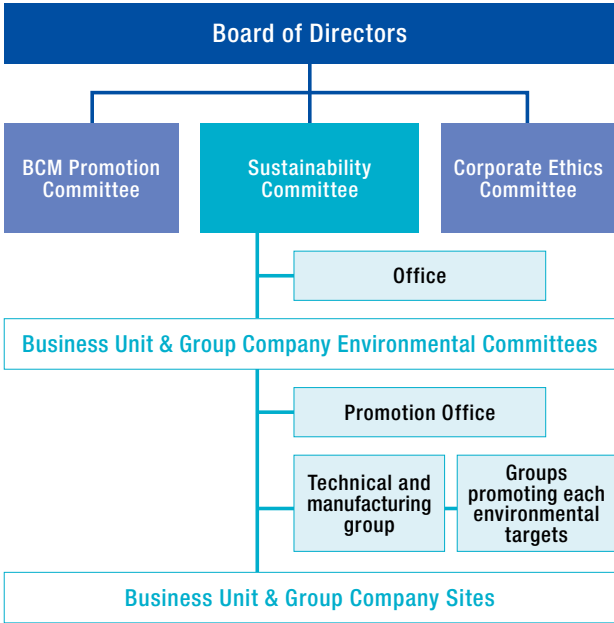


The effects of climate change have become increasingly serious every year and have a large impact on the environment, society and the economy. Many countries and regions in the world have set the target of achieving carbon neutrality, i.e., net-zero emissions of GHG, and the importance of the roles to be played by companies is always increasing.

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 are also proactively engaging 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 are working to reduce GHG emissions across the entire supply chain.

## Governance

DNP positions its response to environmental issues, including climate change, as one of its key management challenges. Under the management and supervision of the Board of Directors, an expert committee was established to lead activities related to sustainability. In April 2022, the Sustainability Committee headed by the president was reorganized to increase the sustainability of the environment, society and the economy and further promote the sustainable growth of DNP itself. This committee works with the Corporate Ethics Committee and the BCM Promotion Committee, analyzes and manages company-wide risks in medium- to long-term corporate activities focusing on the environment, society and governance (ESG), understands business opportunities and applies the results of its efforts to business strategies. The Committee meets twice a year or more if needed to discuss and decide policies, objectives and plans regarding group-wide sustainability and monitor 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.



## 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.

Risks and opportunities that have been recognized as particularly important are discussed by the Board of Directors after discussion in the Sustainability Committee. Activities are prioritized, targets are established, and they are then reflected

in management.

An environmental committee has been established in each business unit and Group company as an organization that coordinates domestic and overseas activities in each business domain, plans activities and sets targets in light of business characteristics. The progress of activities is managed quarterly by the secretariat of the Sustainability Committee, which semi-annually summarizes the progress toward the achievement of targets across the entire Group, reports this progress to top management and provides feedback to each business unit and Group company to elevate the activities.

## Strategy

Climate change-related risks include transition risks such as the tightening of regulations for the establishment of a decarbonized society, demand for low-carbon technologies, an increase in market demand and physical impacts resulting from rising temperatures.

To identify the risks caused by climate change in its business activities and examine strategies to prepare for long-term risks, DNP assesses and analyses the qualitative and quantitative financial impact and the impact period using multiple scenarios\* published by international institutions.

Transition risks include the likeliness of the increase in the use of renewable energy, the introduction of emissions trading (cap and trade), the introduction of a carbon tax, etc, due to the tightening of GHG emissions regulations as a part of efforts to build a decarbonized society. We expect this to increase operating costs. In response, we are transforming our business portfolio based on environmental impact and added value. We are striving to achieve net-zero GHG emissions from the business activities at our establishments by 2050 and aim for the creation of a decarbonized society as targeted in our Environmental Vision 2050. We have set medium-term targets for 2030 and are improving our energy conservation activities, replacing equipment with high-efficiency equipment using internal carbon pricing and systematically introducing renewable energy. From 2030, we will increase the purchase of renewable energy and use of the green power (non-fossil fuel) certificate. From 2040, we will aim to achieve net-zero GHG emissions by shifting power sources to next-generation energy, such as hydrogen.

Meanwhile, we expect that demand and market for low-carbon products and services will further grow, requiring the accelerated shift to and development of low-carbon technologies. In response to such a change, DNP is working to create value by enhancing our alliances with external partners by combining our strengths in P&I (Printing and Information). In these efforts, we have set the environment-related businesses and mobility businesses as

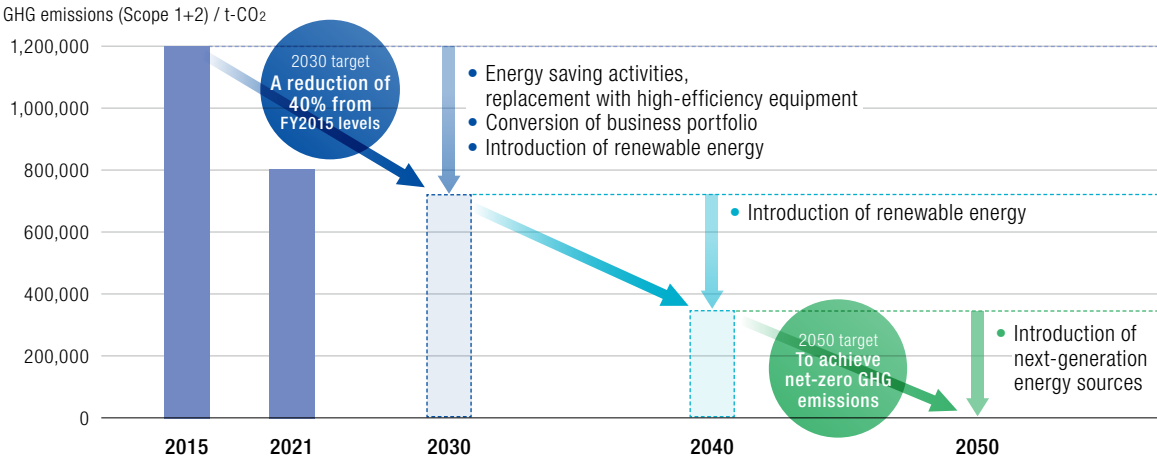
the focus of the Medium-term Management Plan in view of the profitability and market growth potential in Environment and Energy, which is one of a growth area. In addition to low-carbon products such as renewable energy-related products and battery pouches for lithium-ion batteries, we expect business growth in security solutions for the sharing economy. Moreover, we are promoting the sales of DNP’s eco-friendly GREEN PACKAGING, which achieves both environmental conservation and convenience, and the reduction of CO<sub>2</sub> emissions across the entire supply chain using the DNP Life Cycle CO<sub>2</sub> Certification System. To strengthen these focal businesses, we are intensively investing management resources and implementing strategic investments.

Physical risks in the short term are assumed to be frequent and aggravated damage from torrential rains, which may cause the suspension of operations, disrupt the supply chain, etc. In the medium and long term, an increase in costs, the interruption of operations, etc., caused by a rise in average temperatures and a change in demand for water may be assumed. In preparation for these risks, we have organized a system for managing business continuity, including risk analysis and measures at each manufacturing facility. More specifically, for several years, we have been implementing disaster control measures such as raising outdoor facilities and preventing indoor flooding to minimize the impact of disasters associated with climate change. We have also been working to enhance our supply chain management by building production systems at multiple plants, diversifying suppliers, etc.

Based on the results of scenario analyses, DNP will flexibly and strategically respond to foreseeable climate risks and increase the resilience of our business activities for all scenarios over the medium to long term.

\*Scenarios used: RCP 8.5 scenario in the Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) and Net Zero Emissions 2050 and the Sustainable Development Scenario in World Energy Outlook published by the International Energy Agency (IEA)

## Roadmap for achieving carbon neutrality by 2050



Initiatives for Climate Change

Climate change-related risks

1. Risks related to the shift to a decarbonized society  
(risks in a scenario in which a rise in average temperature is limited to less than 2°C or 1.5°C)

Type	Risks related to climate		Impact on financial affairs, etc. of DNP					
			Negative	Level of impact	Likelihood	Positive	Level of impact	Likelihood
Policies, laws and regulations	Tightening GHG emissions regulations	Raising emission reduction targets becomes mandatory	<b>Medium term</b> <ul style="list-style-type: none"><li>Increased capital expenditures to raise energy efficiency<ul style="list-style-type: none"><li>Systematic capital expenditures based on internal carbon pricing</li></ul></li></ul>	Medium	High	—	—	—
		Introduction of renewable energy becomes mandatory	<b>Medium term</b> <ul style="list-style-type: none"><li>Increased capital expenditures for the introduction of renewable energy</li><li>Increased expenses for purchasing Non-Fossil Certificate<ul style="list-style-type: none"><li>Estimate for additional expenses as of 2030 due to the tightening of GHG emissions regulations to limit the temperature increase to 1.5°C level: Approx. 600 million yen/year</li></ul></li></ul>	Low	High	<b>Short to medium term</b> <ul style="list-style-type: none"><li>Growth of sales of products related to solar power generation<ul style="list-style-type: none"><li>Growth of sales in environment-related businesses</li></ul></li></ul> Projection for FY2024: 175 billion yen (FY2020 result: 114.5 billion yen)	Medium	High
		Introduction of an emissions trading system	<b>Medium term</b> <ul style="list-style-type: none"><li>Increase in expenses for purchasing emissions rights<ul style="list-style-type: none"><li>Estimated additional expenses as of 2030 due to the tightening of GHG emissions regulations to limit the temperature increase to 1.5°C level: Approx. 400 to 800 million yen/year</li></ul></li></ul>	Low	Medium	<b>Medium term</b> <ul style="list-style-type: none"><li>Gain on sale of emissions rights due to reduction of emissions</li></ul>	Low	Medium
		Introduction of a carbon tax	<b>Long term</b> <ul style="list-style-type: none"><li>Increase in operating cost due to imposition of a carbon tax on GHG emissions<ul style="list-style-type: none"><li>Estimate for expenses as of 2030, assuming 100 to 120 US dollars/ t-CO<sub>2</sub> of carbon tax using the scenario of the International Energy Agency (IEA): approx. 8.8-10.5 billion yen/year</li></ul></li></ul>	High	Low	—	—	—
		Acceleration of the carbon neutrality of the supply chain	<b>Medium term</b> <ul style="list-style-type: none"><li>Increased demand from major clients, etc., for the reduction of emissions</li><li>Business contracts impacted</li><li>Suppliers passing on the prices of raw materials</li></ul>	Medium-High	High	<b>Medium term</b> <ul style="list-style-type: none"><li>Secure an advantage by calculating CO<sub>2</sub> emissions from products' entire lifecycle, developing the calculation business</li></ul>	Medium	High
Technology	Shift to low-carbon technologies	Accelerating technological innovation to achieve carbon neutrality	<b>Short to medium term</b> <ul style="list-style-type: none"><li>Increased investment in the development of new technologies</li><li>Loss of markets due to delays in development and decreased profit</li></ul>	Medium-High	Medium	<b>Medium term</b> <ul style="list-style-type: none"><li>Increased market share through early development</li><li>The promotion of development for the use of next-generation fuels such as hydrogen and ammonia</li></ul> <b>Short term</b> <ul style="list-style-type: none"><li>Increased demand for battery pouches for lithium-ion batteries and mobility materials due to an increase in the use of EVs<ul style="list-style-type: none"><li>Growth of sales in mobility-related businesses</li></ul></li></ul> Projection for FY2024: 100 billion yen (FY2020 result: 39.5 billion yen)	High	High
Market/evaluation	Changes in customer behavior	Reduction in products and services that are not low-carbon or environmentally conscious	<b>Medium term</b> <ul style="list-style-type: none"><li>Loss of market and decrease in revenue due to a lack of carbon reduction</li><li>Acceleration of the shift to non-petrochemical products, a negative impression of plastic products penetrates markets</li><li>Growing demand for the replacement of non-environmentally conscious materials with alternative materials</li></ul>	High	Medium	<b>Medium term</b> <ul style="list-style-type: none"><li>Promotion of the development of and the growing market for low-carbon products and services</li></ul> <b>Short term</b> <ul style="list-style-type: none"><li>Enable the market for recycled materials, biomass materials and paper, etc., to grow as replacements for existing plastic products</li><li>Secure an advantage by calculating CO<sub>2</sub> emissions from products' entire lifecycle<ul style="list-style-type: none"><li>Growth of sales in environment-related businesses</li></ul></li></ul> Projection for FY2024: 175 billion yen (FY2020 result: 114.5 billion yen)	High	High
	Increase in concerns of stakeholders	Worsening of the corporate image, a decline in stock price and exclusion from investments	<b>Short to medium term</b> <ul style="list-style-type: none"><li>Loss of market due to a lack of carbon reduction and a decrease in revenue due to a decrease in transactions</li><li>Outflow of human resources and an increase in hiring costs</li></ul>	Medium	Medium	<b>Medium term</b> <ul style="list-style-type: none"><li>Increased information disclosure and improvement of engagement</li><li>Secure advantages and human resources as a company leading the way in sustainability</li></ul>	Medium	Medium

**Degree of impact** We have determined the degree of impact on the interests of stakeholders and the business considering business plans, identified risks related to the environment given their likelihood and categorized the risks that are predicted to have a long-term effect or a financial impact of 10 billion yen or more as having a high degree of impact. Risks with an impact lasting several years or a financial impact of several hundred million yen were categorized as having a low degree of impact.

**Degree of financial impact:** **High:** approx. 10 billion yen **Medium:** 1 to 10 billion yen **Low:** less than 1 billion yen

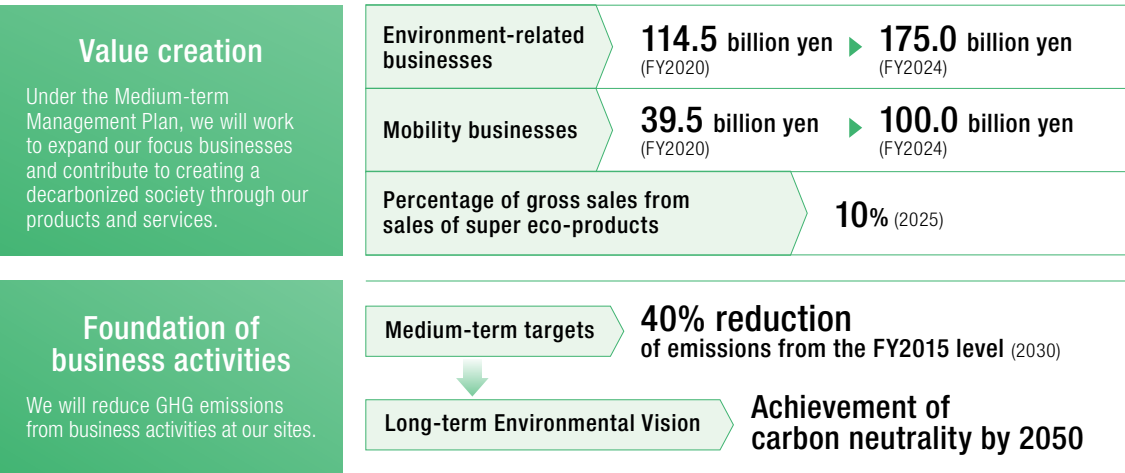
2. Risks caused by the emergence of the physical impact of climate change  
(risks in a scenario in which the average temperature rises 4°C)

Type	Risks related to climate		Impact on financial affairs, etc. of DNP					
			Negative	Level of impact	Likelihood	Positive	Level of impact	Likelihood
Urgency	Increase in wind and flood damage from heavy rainfall, flooding, etc.	Suspension of operations in the event of a disaster	<b>Short term</b> <ul style="list-style-type: none"><li>Decreased revenue due to delayed manufacturing</li><li>Increased cost of disaster control measures</li></ul> Disaster control measures for production facilities and bases, development of production systems in multiple locations, etc.	Medium	High	—	—	—
		Disruption of supply chains	<b>Short term</b> <ul style="list-style-type: none"><li>Decreased revenue due to delayed manufacturing and shipping</li><li>Increased cost of purchasing raw materials and interruption of supply</li></ul>	Medium	High	—	—	—
Chronic	Increase in temperature and long-term heat waves	Hindrance to operations through the increased occurrence of heat stroke, etc.	<b>Medium term</b> <ul style="list-style-type: none"><li>Decreased revenue due to delayed manufacturing</li></ul>	Medium	High	—	—	—
		Increase in costs due to growing demand for cooling	<b>Medium term</b> <ul style="list-style-type: none"><li>Increased energy expenses</li><li>Increased capital expenditures</li></ul>	Medium	High	—	—	—
	Water-related risks in river basins	Suspension of operations in locations susceptible to flooding such as river basins	<b>Medium term</b> <ul style="list-style-type: none"><li>Decreased revenue due to delayed manufacturing</li><li>Increased cost of disaster control measures</li></ul> Disaster control measures for production facilities and bases, development of production systems in multiple locations, etc.	Medium	High	—	—	—

Targets and indicators

To minimize the risks associated with climate change, DNP calculates the GHG emissions of the entire Group (Scopes 1, 2 and 3) and develops strategies based on the results of its calculations. We have set the goal of reducing GHG emissions (Scopes 1 and 2) from business activities at our establishments by 40% by 2030, compared with the emissions in fiscal 2015, intending to achieve carbon neutrality by 2050. In addition, we are investigating the status of our suppliers' targets for controlling and reducing their GHG emissions to control our Scope 3 emissions which

are more than 80% of our total GHG emissions. We will expand our focus businesses based on the Medium-term Management Plan to maximize business opportunities. We have set the goal of raising the percentage of gross sales from sales of super eco-products, which are specified products and services that are particularly friendly to the environment based on our criteria, to 10% by 2025 and are focusing on increasing the number of products and services that contribute to the creation of a decarbonized society.





# Efforts for the Efficient Use of Resources



The increase of plastic and other waste is becoming a bigger problem globally, and there is a global trend toward the shift from one-way socioeconomic activities to a circular economy in which resources are used sustainably. DNP is promoting the efficient use of resources for creating a recycling-oriented society, which is a goal in the DNP Group Environmental Vision 2050.

In fiscal 2021, we set the goal of increasing the recycling ratio, which is the percentage of waste generated by the company that undergoes material or chemical recycling, 5% from the level in fiscal 2015 and have been working to achieve this by fiscal 2025. We are reducing energy recovery and promoting the efficient use of resources by specifying waste disposal methods to increase resource circulation.

## Recycling Meets Design Project

In 2020, DNP launched the Recycling Meets Design Project, a co-creation project with designers to promote the recycling of plastic packaging. Designers, engineers and others with diverse, specialized strengths are participating in the project whose goal is to increase the added value and expand the use of recycled plastic using the power of design.

More than 20 ideas and value creation stories have been presented over the last two years. We will continue to enable ideas to become real and share the stories generated by the project in coordination with partners and associations to solve environmental issues.



Pellets recycled from plastic bags (granules in the bottle on the left)



MailLOOP, a reusable packaging material



# Efforts for the Conservation of Biodiversity



DNP recognizes that its business activities affect biodiversity and believes that maintaining DNP's coexistence with nature is essential for the company's sustainable growth. We strive to minimize impact on biodiversity and maintain harmony with regional ecosystems throughout the entire value chain to establish a society that is in harmony with nature.

We examine the relationship that our business activities have with biodiversity, prioritize the procurement of raw materials and the creation of greenery areas on the company premises, both of which depend on ecosystem services and greatly impact biodiversity, and implement specific activities.

## Raw material procurement

We established the DNP Group Guidelines for Procurement of Paper for Printing and Converting in 2012 for the procurement of paper, which, in DNP's business activities, significantly relies on and impacts ecosystems, to maintain sustainable forest resources. The Guidelines specify the criteria for selecting suppliers and the types of paper to purchase, and we are strengthening our relationships with suppliers and verifying the legitimacy of raw materials. At present, we are promoting the active use of paper products with forest certification and the assurance of traceability to achieve 100% compliance with the Guidelines.



## Creation of greenery areas at business sites

DNP is redeveloping the Ichigaya district in Tokyo, home to our head office, as the center of new value creation. We are growing "Ichigaya-no-Mori" (The Ichigaya forest), a greenery area replicating the Musashino thicket that had previously existed. Creating a new forest in an urban area as part of this city planning project achieves both the development of a business base and contribution to the environment.

"Ichigaya-no-Mori" is a natural forest with great diversity, containing deciduous broad-leaved trees and other evergreens and other vegetation, including varieties native to the neighboring prefectures in Kanto.

Together with the growth of the entire "Ichigaya-no-Mori," we will work to create new value originating in the Ichigaya district.

# Efforts to Ensure Respect for Human Rights in the Entire Supply Chain

Legislation regarding human rights due diligence has been increasing, particularly in the United States and Europe, and the awareness of respecting human rights is increasing in and outside Japan. Companies are required to control risks in their entire supply chain and reduce the negative impact of their supply chain. DNP established the DNP Group Human Rights Policy in March 2020 to strengthen its management of its respect for human rights. We specify that the respect for human rights throughout the entire supply chain is a material issue and are carrying out a range of activities to address it.

## Efforts based on the DNP Group CSR Procurement Guidelines

In 2006, DNP began engaging in responsible procurement in cooperation with suppliers. In 2020, we fully revised the DNP Group CSR Procurement Guidelines in view of the supply chains in Japan and abroad. To increase the effectiveness of the Guidelines, we periodically survey the activities of suppliers and outsourcing contractors based on the Guidelines, provide relevant parties with the results as

feedback and make necessary improvements. In fiscal 2021, 164 companies returned responses, and the average total score was 87. The scores for all 10 themes, including recommendations, increased from the previous year. We also provided specific guidance for improvement to 18 suppliers that failed to meet the standards specified by DNP.

Average score by theme of a fact-finding survey of initiatives of DNP Group CSR Procurement Guidelines (Out of 100 points)

Average score	Overall average Excluding the recommended theme	Establishing a management system	Legal compliance and respecting international norms	Human rights and labor	Health and safety	Environment	Fair trade and ethics	Product safety and quality	Information security	Business continuity plan	Social contribution Recommended theme
FY2021 (164 companies)	87	85	89	92	91	80	87	89	91	82	81
FY2020 (353 companies)	85	80	88	89	88	78	85	88	89	80	79

\* Survey on: Key suppliers (suppliers accounting for 90% of our annual purchases in the previous fiscal year)  
\* Numerical target: Overall average score of 90 points or more by FY2030

## Addressing human rights issues and conflict minerals

In fiscal 2021, we conducted the Fact-finding Survey of Suppliers Regarding Human Rights Issues and Conflict Minerals Issues on key suppliers, to which 186 companies responded. Regarding human rights, we surveyed their involvement or non-involvement in forced labor and other human rights infringements, which have become an international issue, and are taking measures to address potential risks in supply chains. As for conflict minerals, we used the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI) to identify 391 smelters/refiners of tin, tantalum, tungsten, gold, and cobalt.

We checked them against the Conflict-Affected and High-Risk Areas (CAHRAs) list and identified 22 smelters/refiners that were particularly high risk. We will conduct additional surveys of suppliers doing business with the 22 smelters/refiners and demand a change to lower-risk smelters/refiners. We plan to make changes according to social conditions, including changes regarding the minerals subject to investigation, and conduct the same surveys in fiscal 2022. Through these activities, we will increase the transparency of our supply chain and further promote responsible mineral procurement.

## Results of conflict minerals survey

Number of responding companies	Number of smelters/refiners identified	Smelters/refiners that are either "Conformant" or "Active" in the RMAP audit or are not located within CAHRAs
186	391	369

\*As of January 2022

## Diversity and Inclusion Efforts



### From a homogeneous, uniform organization to an organization full of diversity

**Minako Miyama**  
Director

The source of the strengths of the DNP Group is undoubtedly the presence of every employee. We seek to maximize the capacity of the organization and create new value by respecting every difference among all employees, accepting one another and multiplying the strengths derived from such diversity.

Our basic policies for promoting diversity and inclusion (D&I) include “developing diverse human resources,” “realizing

diverse working styles” and “fostering a corporate culture to encourage the active participation of diverse human resources,” and we are accelerating our efforts to achieve these goals. In fiscal 2021, we worked on “diversifying decision-makers,” “reforming employees’ awareness” and “fostering a corporate culture to encourage the active participation of diverse human resources.”



The first goal, diversifying decision-makers, was to create opportunities for diverse employees to exert their skills, which would help the organization develop strength in legal compliance and risk management. The largest internal population possessing particular knowledge and experiences is women. Since the Diversity Promotion Department became a fundamental organization in 2016, the recruitment of women (women comprised 42% of new employees in fiscal 2021), promotion of women to managerial positions and the number of years of continuous service by women have all increased. However, women still account for only about 3% of department managers, and we have yet to start the diversification of decision-makers. As the Director in charge of D&I, I incorporate the perspective of D&I in the Board of Directors, institutional revisions and other activities at all times. In parallel with work

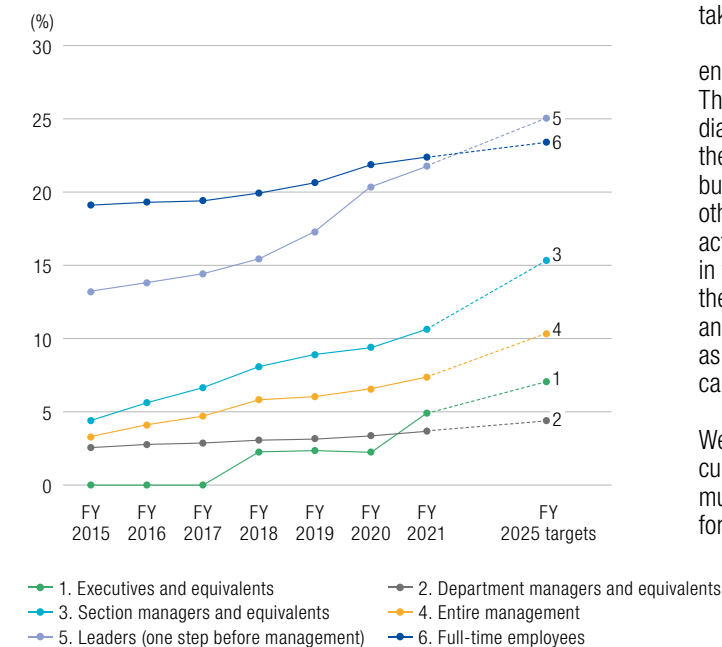
style reform and management reform throughout the organization, we are focusing on the career development of female employees and the creation of pipelines through training for developing next-generation leaders and a Sponsorship Program (see Topic) for developing senior management positions to eliminate all gender gaps.

The second policy is reforming employees’ awareness. Society has experienced particularly significant changes in the last few years, and the impact will likely persist into the future. In this environment, the voluntary effort of self-motivated learning is indispensable. DNP not only responds to changes that have already occurred but encourages every employee to take the initiative in making positive social changes. We have been holding an internal event, Diversity Week, since 2021, encouraging male employees to take childcare leave and managers to take paid leave and make other efforts to achieve work-life balance with the continued adoption of awareness reform. These efforts resulted in the ratio of male employees taking childcare leave reaching 82.4% in fiscal 2021.

The third basic policy is fostering a corporate culture that encourages the active participation of diverse human resources. The Group as a whole is promoting the penetration of D&I and dialogues in an organization with high psychological safety. In the Diversity & Inclusion Promotion Committee, consisting of business unit managers, presidents of Group companies and other members, the President emphasizes that the words and actions of leaders are important in ensuring psychological safety in the workplace. Moreover, we are working to raise the level of the entire organization by sharing information about many cases and issues in line with the conditions of various divisions, such as planning, systems and manufacturing in each area and carrying out activities in the entire Group.

We will take the initiative in implementing D&I to develop a culture that brings out the abilities of every employee and multiplies the skills of various employees to create a driving force for DNP’s growth.

#### Ratio of females at each level



#### TOPIC

##### Launch of Sponsorship Program



In July 2021, we launched the Sponsorship Program, which facilitates the promotion of female employees to upper managerial positions to foster an organizational culture of harnessing differences among individual employees as strengths and creating new value by increasing the diversity of decision-makers. Female division and section managers, who are trainees in the program, are sponsored by the management of other divisions, who help the female managers develop the skills required for higher positions in cooperation with the managers of the trainees’ respective business units. In fiscal 2021, 10 women participated in the program as candidates for high managerial positions in the future.

The efforts of DNP, aiming to create new value by promoting D&I, are also highly recognized outside the company.



DNP was selected as a Nadeshiko Brand given to a company promoting active participation of women by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE).



DNP received the highest Gold rating in the PRIDE Index, which promotes the creation of a workplace welcoming to LGBTQ+ employees established by working with Pride, a voluntary association.



DNP received BEST WORKPLACE for Diversity & Inclusion, the highest-level certification in the D&I Award 2021 Program that certifies companies that promote D&I, which was established by JobRainbow Co., Ltd.



# Diversity and Inclusion Efforts

For DNP to accelerate “Creating future standards,” 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.

## Efforts to create value with D&I (diversity and inclusion) as a strength

Management

DNP believes that diversity and inclusion (D&I) is important for creating new value, and we have established a Diversity & Inclusion Promotion Department under the direct control of the Head Office. 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 & Inclusion Promotion Committee established in each business unit and Group company.

The key to DNP's D&I is a sense of involvement. Every employee promotes D&I as the subject of diversity and inclusion.

Regardless of age, jobs, region and language, sexual orientation and having or not having disabilities, or being an executive, manager or employee, every person has a sense of involvement, demonstrates the total strength of All DNP and creates new value.

**A sense of involvement**

## 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.

Ratio of female managers

5.6% (FY2018)
→
7.0% or above (FY2021 target)

Result in FY2021: 7.4%

Number of female managers and leaders

Target: double February 2016 level (430) by end-March 2022

Result in FY2021: 2.2 times

Ratio of male employees taking childcare leave

54.3% (FY2020)
→
100%

Result in FY2021: 82.4%

## Principal measures in FY2021

Basic policies on diversity & inclusion	Major initiatives
Developing diverse human resources	<ul style="list-style-type: none"> <li>Start the process of recruitment to managerial positions</li> <li>Implement Sponsorship Program (see page 67)</li> <li>Increase business skill seminars</li> <li>Hold Career Design Week that leads to employees' career development plans</li> </ul>
Fostering a corporate culture to encourage the active participation of diverse human resources	<ul style="list-style-type: none"> <li>DNP Group Declaration on Health</li> <li>Start an engagement survey (see page 33)</li> <li>Support Tokyo 2020 D&amp;I Actions of the Tokyo Organising Committee of the Olympic and Paralympic Games</li> <li>Hold value creation seminars to learn knowledge of inside and outside the company</li> <li>Hold internal events to promote employees' awareness and actions for D&amp;I</li> <li>Hold the 2nd Diversity Week event</li> <li>Implement organizational reform project (team reform workshop, inter-sectoral coaching, etc.)</li> </ul>
Realizing diverse work styles	<ul style="list-style-type: none"> <li>Establish telecommuting and introduce Bring Your Own Device (BYOD)</li> <li>Introduce the Workation system</li> <li>Hold online DNP Family Friendly Days for employees' families to see the workplace</li> <li>Hold Kangaroo Club, a seminar to support balancing work and childcare</li> </ul>

## COLUMN

### Programs of DNP to reform employee awareness and action

We are building flexible working systems and programs that consider the characteristics and careers of each employee.

- Telecommuting
- Flexible work systems
- Discretionary work system
- Short-time work system
- Annual paid leave (up to 20 days/year, use on an hourly basis is available)
- Childcare leave
- Nursing care
- Life support special leave (expired paid leave available depending on the purpose such as nursing care, study, etc.)
- Workation
- Double-track career system (select managerial or specialist position)
- Reemployment of retired employees (Return-to-Work System)
- Side jobs and dual jobs outside the company
- Public offering of jobs
- Voluntary application system
- Harassment Measures

## TOPIC

### 2nd Diversity Week event held in February 2022

Like in 2021, we held an internal event to promote D&I among the employees of Group companies. We held 22 types of programs, including online programs to allow participation even during the COVID-19 pandemic and those allowing participation from five minutes to facilitate the participation of various employees working in different environments. Responses to a questionnaire included “I found changes in my awareness or noticed something new (93%)” and “I began to understand the meaning of inclusion (90%).”



Inclusion in the “different me” VR experience: A program allowing participants to experience by simulation the daily life of dementia and ADHD patients, working fathers and mothers and LGBTQ people. The participants developed the skill to remove their conviction or bias, imagine themselves in that situation, and thus view it from the other person's perspective. (Image provided by SILVER WOOD Co., Ltd.)

## MANAGEMENT STRUCTURE

## 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	Aug. 1975	Director, Vice President of the Company
Jul. 1967	Director of the Company	Dec. 1979	President of the Company
Jul. 1970	Managing Director of the Company	Jun. 2018	Chairman of the Company
Jan. 1972	Senior Managing Director 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.	Jun. 2009	Executive Vice President of the Company
Mar. 1995	Joined the Company	Jun. 2018	President of the Company
Jun. 2001	Director of the Company	Apr. 2022	President, Chairman of Sustainability Committee of the Company
Jun. 2003	Managing Director of the Company		
Jun. 2005	Senior Managing Director 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 toward 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	Jun. 2021	Senior Managing Director (Daihyo Torishimariyaku Senmu) of the Company
Jul. 2003	General Manager of Personnel Dept. of the Company		
Apr. 2010	Corporate Officer (Yakuin) of the Company		
Jun. 2014	Managing Director of the Company		
Jun. 2018	Managing Director of the Company	Apr. 2022	Senior Managing Director (Daihyo Torishimariyaku Senmu), managing Human Capital Sector, Information and Communications Sector of the Company, and in charge of IR and Public Relations Div. and Corporate Administration Dept. 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	Jun. 2017	Senior Executive Corporate Officer, in charge of Living Spaces Operations, Mobility Operations and High Performance Materials Operations of 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. 2021	Senior Managing Director (Daihyo Torishimariyaku Senmu), managing R&D and Engineering Management Sector, Lifestyle and Industrial Supplies Sector and Electronics Sector, Chairman of Corporate Ethics Committee of the Company
Jun. 2012	Senior Corporate Officer, General Manager of Fine Electronics Operations 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	Jun. 2015	Managing Director of the Company
Oct. 2008	General Manager of Technology Development Center of the Company	Apr. 2021	Managing Director, in charge of R&D and Engineering Management Div. and Technology Development Center, Sustainability Promotion Dept. of the Company
Jun. 2013	Director, in charge of Technical & Engineering Div., Technology Development Center, Environment & Product Liability Dept. 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. 2018	Senior Corporate Officer, in charge of Strategic Business Planning & Development Div. of the Company
Jun. 2015	Corporate Officer (Yakuin), General Manager of Strategic Business Planning Dept. of the Company		Statutory Auditor of Nihon Unisys, Ltd. (current)
Apr. 2016	Director of Maruzen CHI Holdings Co., Ltd.	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	Jun. 2015	Corporate Officer (Yakuin), in charge of Finance & Accounting Division of the Company
Apr. 2004	General Manager of Finance & Accounting 1st Dept., Finance & Accounting Division of the Company	Apr. 2019	Senior Corporate Officer, in charge of Finance & Accounting Division of the Company
Jun. 2010	President and Representative Director of DNP Total Process Warabi Co., Ltd.	Jun. 2021	Managing Director, in charge of Finance & Accounting Division 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. 1986	Joined the Company	Oct. 2019	Corporate Officer, in charge of Recruiting and Training Dept., and Diversity Promotion Dept. of the Company
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. 2021	Director of the Company
Jun. 2018	Corporate Officer, General Manager of Recruiting and Training Dept., and Diversity Promotion Dept. of the Company	Oct. 2021	Director, in charge of Recruiting and Training Dept. and Diversity & Inclusion Promotion Dept. of the Company
		Jun. 2022	Director of TOKAI RIKKA CO., LTD.

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

## ■ 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.

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.



Board of Directors

Yoshiaki Tamura

Director  
(Oct. 3, 1954)



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

Apr. 1979 Joined Asahi Glass Co., Ltd. (currently AGC Inc.)  
Mar. 2013 Representative Director, Executive Vice President, Overall business management, GM of Technology General Division, Deputy leader of AGC Group Improvement Activities of Asahi Glass Co., Ltd.  
Mar. 2014 Executive Vice President, President of Glass Company of Asahi Glass Co., Ltd.  
Mar. 2017 Executive Fellow of Asahi Glass Co., Ltd. (retired in Mar. 2019)  
Mar. 2018 Outside Director of DIC Corporation (current)  
Jun. 2018 Outside Director of Kawasaki Heavy Industries, Ltd.  
Jun. 2022 Director of the Company

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

Mr. Yoshiaki Tamura is nominated as a candidate for Outside Director as it is expected that he will provide the Company's management with advice and supervision from an objective perspective independent of the management executing the business, using his high level of insight based on his management experience and expertise in the manufacturing of glass and other materials acquired at AGC Inc. and through his activities as an outside director of other listed companies.

Hiroshi Shirakawa

Director  
(Dec. 22, 1954)



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

Apr. 1979 Joined TAISEI CORPORATION  
Apr. 2011 Trustee, General Manager, Corporate Planning Department, Corporate Planning Office of TAISEI CORPORATION  
Apr. 2012 Executive Officer, Deputy Chief of Corporate Planning Office, General Manager, Corporate Planning Department of TAISEI CORPORATION  
Apr. 2015 Managing Executive Officer, Chief of Yokohama Branch of TAISEI CORPORATION  
Jun. 2019 Senior Managing Executive Officer, Member of the Board, Chief of Marketing & Sales (Building Construction) Division II of TAISEI CORPORATION  
Jun. 2021 Advisor of TAISEI CORPORATION  
Jun. 2022 Director of the Company

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

Mr. Hiroshi Shirakawa is nominated as a candidate for Outside Director as it is expected that he will provide the Company's management with advice and supervision from an objective perspective independent from the management executing the business, based on his extensive and high level of insight into overall business management developed through his long experience as a member of the management of Taisei Corporation and various important posts held using his extensive experience after assuming the position of Executive Officer of that corporation.

Statutory Auditors and Corporate Officers

Standing Statutory Auditor

Naoki Hoshino  
Toshio Sano  
Kazuhisa Morigayama\*1

Statutory Auditor

Makoto Matsuura\*1  
Taeko Ishii\*1

Senior Executive Corporate Officers

Sakae Hikita  
Motoharu Kitajima  
Ryuji Minemura  
Morihiro Muramoto  
Mitsuru Tsuchiya

Senior Corporate Officers

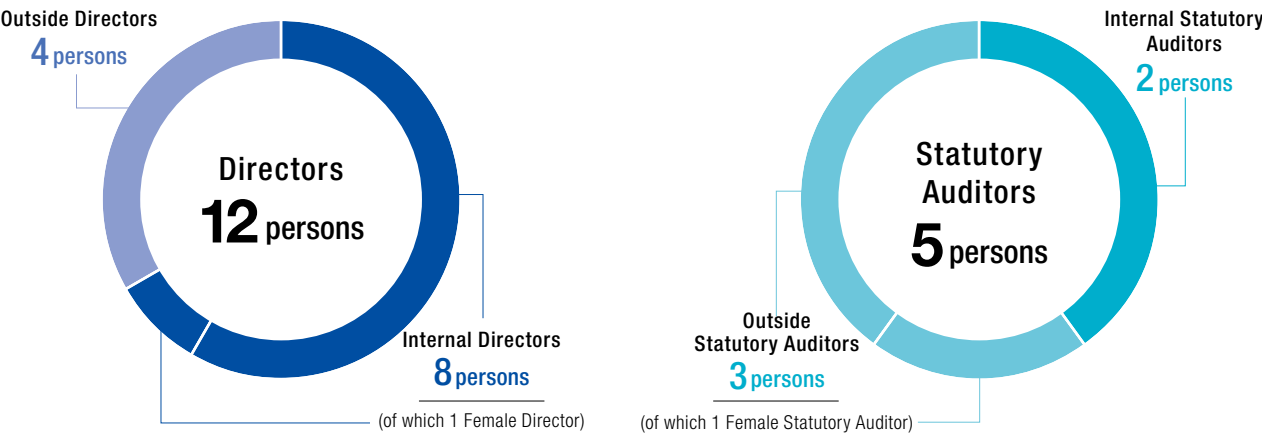
Toshiki Sugimoto  
Kiyotaka Nakagawa  
Nobuyuki Asaba  
Kazuhiko Sugita  
Yoshiki Numano  
Osamu Nakamura  
Toru Miyake  
Mitsuru Iida  
Takahito Kanazawa

Corporate Officers

Ryota Chiba  
Kazuhisa Kobayashi  
Go Miyazaki  
Naohiro Nishizawa  
Kazuo Murakami  
Hiroyuki Matsumura  
Takuya Goto  
Minoru Nakanishi  
Hiroyuki Sone  
Yasuyuki Tani  
Ariyoshi Matsumura

\*1 Outside Statutory Auditors

Composition of the Company's Board of Directors (As of June 29, 2022)



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					●			
	Kazuyuki Sasajima								●
Statutory Auditors	Outside	Yoshiaki Tamura	●				●		●
		Hiroshi Shirakawa	●			●			
		Naoki Hoshino					●		
		Toshio Sano				●			
	Outside	Kazuhisa Morigayama	●		●				
		Makoto Matsuura				●			
		Taeko Ishii			●	●			

# Corporate Governance

DNP focuses on the enhancement of corporate governance, an important management issue, in order to contribute to the sustainable development of society, increase its corporate value and earn the trust of all stakeholders. We continue to increase accuracy in decision-making, maintain appropriate and prompt performance of duties based on decisions made and build and operate a system of overseeing and auditing the performance.

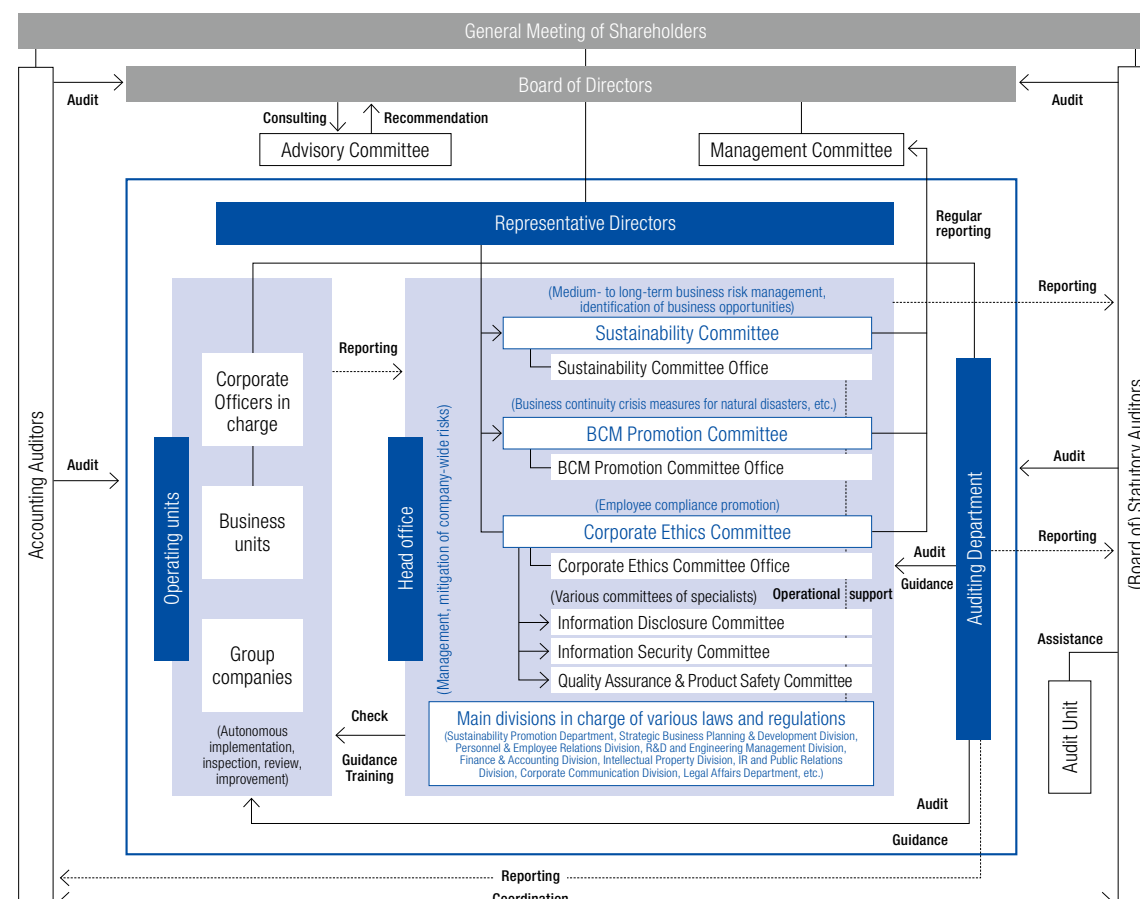
## Overview of DNP's Corporate Governance

DNP courageously takes on the challenge of seizing various business opportunities through sound entrepreneurship to steadily grow its businesses over the medium and long term based on its corporate philosophy, "Connect people and society and provide new value." We continue to believe that earning the trust of all stakeholders is essential and work to improve corporate governance, including our internal control systems. We strive to make accurate management decisions, appropriately and promptly perform duties, build and operate a system overseeing and auditing our performance of our duties and provide thorough training and education to increase employee awareness regarding legal compliance.

In recent years in particular, risks (factors contributing to change, including the rapid change of the environment and socioeconomic conditions) which may affect our business are becoming increasingly diverse. In response, we are working to strengthen the process for appropriately assessing risks

that affect the entire Group, applying our assessments in our medium- to long-term management strategies and converting the risks into business opportunities. In April 2022, the Sustainability Committee headed by the president was reorganized to accelerate these efforts to voluntarily create a sustainable, better future. This organization will lead medium- to long-term risk management, the survey of business opportunities, the inclusion of risks and opportunities in our management strategies, etc. We have a system led by three cooperating committees that comprehensively address company-wide risks and appropriately respond to any issue, including the BCM Promotion Committee, which ensures the safety of employees in emergencies such as natural disasters, and the Corporate Ethics Committee, which reduces risks by increasing employee awareness regarding legal compliance.

### 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.

## Status of Board of Directors meetings held

In the fiscal year under review (fiscal year ended March 2022), primarily the following proposals were discussed.

<b>Management strategy</b>	<ul style="list-style-type: none"> <li>Verification of the progress of operations in line with the Medium-term Management Plan</li> <li>Implementation of capital policy</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Concept of ESG management</li> <li>Efforts toward DNP Group Environmental Vision 2050</li> <li>Improvement of the company-wide risk management system</li> </ul>
<b>Shareholder returns and dialogue with shareholders</b>	<ul style="list-style-type: none"> <li>Interim and year-end dividends</li> <li>Share buybacks and retirement of treasury stock</li> <li>ESG briefing and overview of the results of financial result briefing</li> <li>Publication of the integrated report</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Evaluation of the effectiveness of the Board of Directors</li> <li>Appointment of advisory committee members</li> <li>Status of responses to the corporate governance code (revised in June 2021)</li> <li>Overview of the results of compliance questionnaires taken by employees</li> </ul>



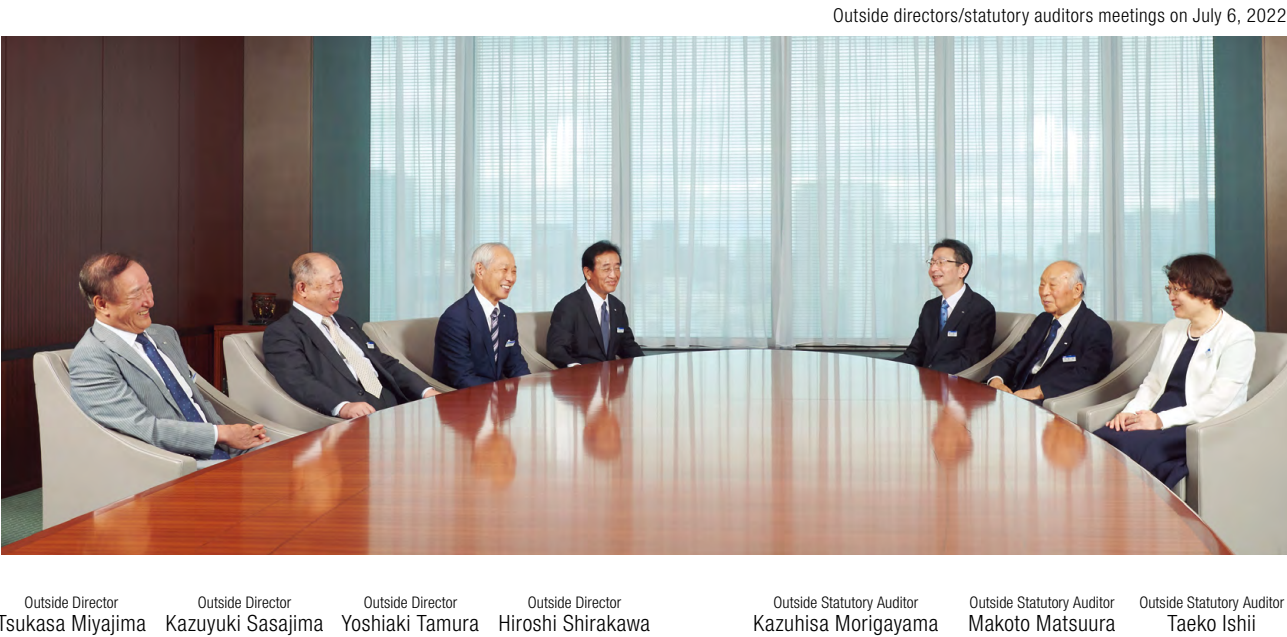
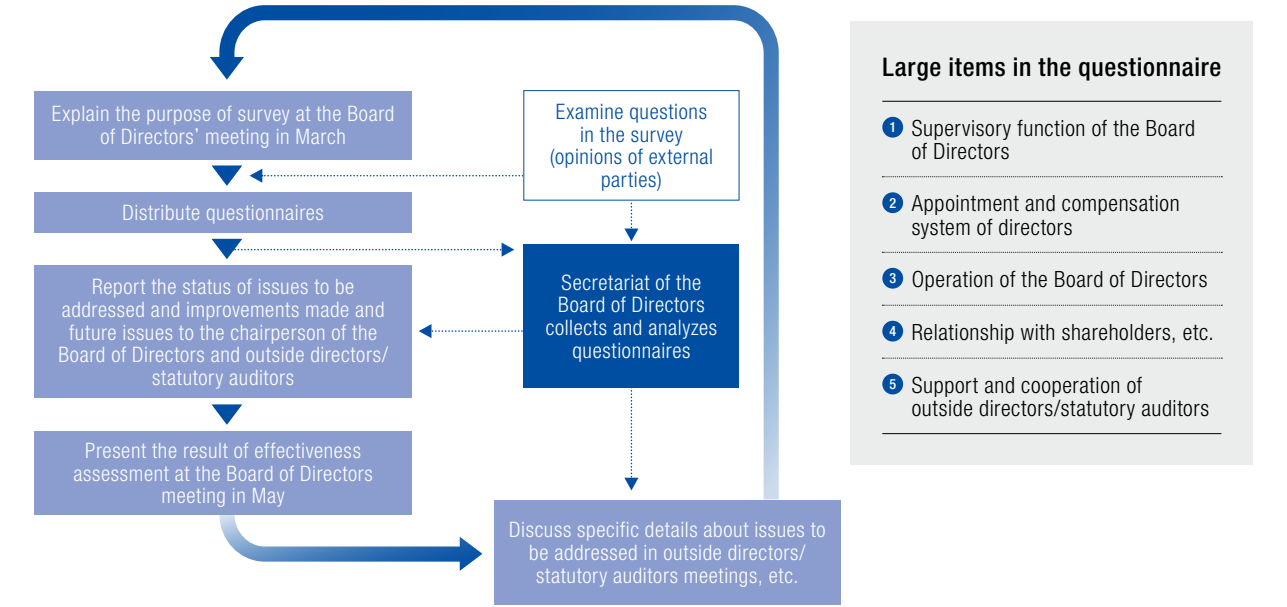
Corporate Governance

Evaluation of the effectiveness of the Board of Directors overall

We have been evaluating the overall effectiveness of the Board of Directors around April each year since the enforcement of Japan's Corporate Governance Code in 2015 as an opportunity to receive frank opinions from the Board members about the activities of the Board of Directors. We conduct a questionnaire survey consisting of several dozen questions on the following large items (on a 1-to-3 scale and open-ended questions) which all directors and auditors answer, analyze the result and present the issues to be addressed at a meeting of the Board of Directors based on

the outside directors' opinions regarding the results of the analysis.

The survey considers the opinions of external organizations to ensure objectivity. The survey is revised as appropriate, taking into account social trends. In addition, we interview the executives of external organizations as appropriate to further examine the survey results. We are improving all of the functions of the Board of Directors, including its supervisory function, through the ongoing series of steps in this process.



Efforts to revitalize the Board of Directors

The following table shows an overview of key activities for improving the Board of Directors based on the effectiveness assessments conducted seven times in the past.

Large questionnaire items	1Supervisory function of the Board of Directors	2Appointment and compensation system of directors	3Operation of the Board of Directors	4Relationship with shareholders, etc.	5Support and cooperation of outside directors/statutory auditors
1st survey - Mar. 2016		• Establishment of Advisory Committee			• Distribution in advance of materials concerning agenda items submitted to the Board of Directors to outside directors/statutory auditors
2nd survey - Mar. 2017			• Establishment of the secretariat of the Board of Directors • Organization of proposals to be submitted	• Results of the exercise of voting rights at the Annual General Meeting of Shareholders and the status of SR activities are reported annually to the Board of Directors.	
3rd survey - Mar. 2018		• Addition of Advisory Committee members (2→3)			• Regular meetings of outside directors/statutory auditors • Factory visits by outside directors/statutory auditors
4th survey - Mar. 2019	• Establishment of Business Council				
5th survey - Mar. 2020	• Addition of outside directors (2→3)			• Financial results presentation and feedback to the Board of Directors	
6th survey - Mar. 2021	• Addition of outside directors (3→4)		• Advance briefings for outside directors/statutory auditors on the agenda of the Board of Directors (online)		
7th survey - Mar. 2022	• Appointment of a female internal director and a female outside statutory auditor • Revision of Group governance system (revision of regulations for affiliated company management rules) • Revision of company-wide risk management system (reorganization of Sustainability Committee)	• Development and announcement of skill matrix		• First ESG briefing and feedback to the Board of Directors	
Issues to address from April onwards	• Further efforts on risk management			• Feedback of opinions from shareholders, etc., including daily IR activities	• Enhancement of communication between outside directors/statutory auditors

In the seventh effectiveness assessment conducted this year (2022), we reconfirmed the problems that had been addressed in the past and selected areas in which the effectiveness of the Board could be increased. We reflected on the deliberations of the Board of Directors held between April 2021 to March 2022 (12 meetings in total), and the

secretariat of the Board of Directors analyzed the effectiveness of questionnaires taken by all directors and auditors. Following the analysis performed by the outside directors/statutory auditors, we confirmed that the following issues will be addressed as a result of the assessment by the Board of Directors in May.

- 1

Maintenance and operational improvement of the risk management system for all DNP Group companies  
(Regular risk management and survey of business opportunities led by the Sustainability Committee)
- 2

Strengthening of the system for collecting the opinions of shareholders and institutional investors through daily IR activities and making proposals to management (IR and Public Relations Division)
- 3

Resumption of activities for providing information that had been suspended due to COVID-19, such as factory tours for outside directors/statutory auditors to enable an understanding of DNP's activities.



## Outside Director Message

# I will fulfill my responsibilities to enhance DNP's corporate value.



**Tsukasa  
Miyajima**

Outside Director

Professor Emeritus at Keio University and lawyer. Mr. Miyajima was appointed as an outside director in June 2014 and is currently in his ninth year in office. He has served as a member of the Advisory Committee, which was established in 2015 as a voluntary advisory body for important management matters such as the nomination and remuneration of directors/statutory auditors.

I assumed the duties of outside director of DNP in June 2014. Subsequently, Japan's Corporate Governance Code ("Code") was adopted in 2015 and so since then I have been responsible for an assortment of initiatives aimed at improving DNP's governance from the standpoint of an outside director through my participation in each evaluation of the effectiveness of the Board of Directors, which have been implemented seven times to date. Responding to the Code often tends to be somewhat of a formality. However, DNP has devised numerous innovations for making the evaluation questionnaire even more meaningful. These steps include commissioning an external organization to undertake interviews with outside directors/statutory auditors, arranging the wording of questions in accordance with the external organization's review, sharing details written in the free commentary column among all outside directors and then discussing countermeasures. By taking these measures, the content of the evaluation is quite complete and even goes beyond the intention of the Code. Through my participation in meetings of the DNP Board of Directors, Advisory Committee and regularly held meetings of outside directors/statutory auditors, I have also provided my advice and recommendations to the management team regarding urgent issues that we have identified and analyzed through these

evaluations of the effectiveness of the Board of Directors.

At DNP's Board of Directors meetings, besides management issues that must be addressed on a daily basis, agenda items covering various themes such as how to improve corporate value while contributing to society are brought up for discussion from a medium-to-long-term perspective. Every director, whether an internal or outside director, is a board member and is responsible for making quick and accurate decisions concerning management after careful discussion based on their respective knowledge and experience cultivated to date. At the same time, directors must always be mindful of reliably monitoring and supervising DNP's corporate activities. That said, the world is undergoing profound changes, which makes predicting the future even more challenging. Within this evolving business environment, it is not always easy for outside directors like me who are not professional corporate managers to make appropriate decisions taking into account DNP's overall business portfolio that spans a diverse range of business fields while also considering risks upon incorporating long-term outlooks such as for climate change and forecasting market trends several years in advance.

Even so, I believe the most important task for each and every outside director/statutory auditor is to continuously



focus on understanding DNP's business fields. DNP's outside directors/statutory auditors have diverse backgrounds, including those with management experience at other companies, technical academic experts and lawyers. These outside directors/statutory auditors routinely provide perspectives that differ from those of internal directors and executive officers and their knowledge gained from their own professional experiences allows even deeper discussions. As such, I believe that the role of outside directors/statutory auditors in raising corporate value is being adequately fulfilled. In that sense, I will draw on my knowledge as a legal scholar and my experience as an outside director at other companies to maintain a healthy sense of tension with the management team. (I believe that length of tenure has little connection with whether relationships with the management become too cozy and that maintaining this tension depends on the mindsets of outside directors/statutory auditors.) I consider it my duty to continuously voice appropriate opinions that strengthen the decision-making process of the Board of Directors and deliberations at the Advisory Committee.

Meanwhile, the skill matrix used by the Advisory Committee as part of our response to the Code is also published in this integrated report. This matrix plots the skills of each officer against the skill categories that form the basis for improving corporate value over the medium to long term in DNP's wide-ranging business fields and also catalogs the Board's balance and diversity. Rather than list the know-how needed for growing specific businesses as a "skill" category, this matrix was designed based on our belief in the importance of continuously considering whether the Board of Directors, as the decision-making body entrusted with management by the shareholders, is composed of persons capable of discussions that will lead to the realization of DNP's vision. However,

these types of human resources do not naturally appear from out of the blue either inside or outside the company. With this in mind, it is also crucial to develop a system for cultivating employees who actively take on the challenge of promoting reform as well to design incentives that help raise corporate value. Besides a wide variety of level-specific, selective and elective training, as a training system for employees to take on the challenge of reform, we also established a special "next-generation management leader" system for eligible employees based on our belief that experience in multiple business divisions is essential for becoming a manager. As discussed at the Advisory Committee, during fiscal 2022 DNP will introduce a restricted stock compensation system (for executive directors and executive officers) that reflects our intention to adopt a system that provides incentives for improving corporate value.

Going forward the management team will emphasize corporate culture for taking on challenges while continually listening carefully to internal and external opinions to enhance discussions on ways of improving corporate value over the medium to long term as well as continually advising management and fulfilling my supervisory responsibilities with the aim of further enhancing the effectiveness of DNP's Board of Directors as a whole.





Corporate Governance

Compensation paid to directors and statutory auditors

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 for the fiscal year under review (ended March 31, 2022) is as follows:

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

Matters concerning the policy for deciding the details of compensation for each individual director

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, 2022 at a meeting of the Board of Directors held on April 19, 2021.

In the fiscal year ended March 31, 2022, the Board of Directors decided to entrust Yoshinari Kitajima, President 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 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 exercises the entrusted authority appropriately, and the president 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, 2022 are consistent with the policy.

(1) 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 approximately 70% and 30%, respectively, in terms of the composition of remuneration. Additionally, to ensure this

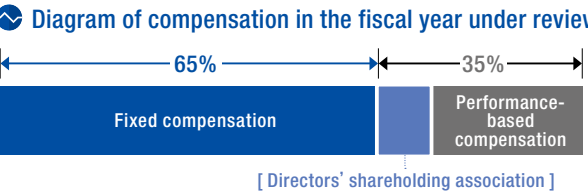
remuneration system is truly linked to medium- to long-term corporate growth and to shareholder value improvement, a portion of fixed remuneration for executive directors (10% in principle) is contributed to the Company's directors' shareholding association every month for the purchase of treasury stock 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, 2022, 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).

(2) Matters concerning performance-based compensation, etc.

Indicators of performance and the calculation method used for performance-based compensation, etc., are described in section 1 of "Matters concerning the policy for deciding the details of compensation for each individual director" above. Targets for consolidated operating income, net income attributable to parent company shareholders and ROE for the fiscal year under review were 57 billion yen, 65 billion yen and 5.0%, respectively. The results were 66.7 billion yen, 97.1 billion yen and 9.1%, respectively.

These indicators were selected to clearly apply the consolidated results in a business year to performance-based compensation.



(3) 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.

\* DNP adopted a system of stock compensation at the meeting of the Board of Directors held on May 13, 2022, which was approved at the 128th General Meeting of Shareholders held on June 29, 2022. The following provides an overview of the policy for the decision.

i. Executive directors' compensation

Executive directors' compensation consists of 1. fixed compensation, 2. a performance-based bonus and 3. stock compensation.

The percentages of the whole that are (a) fixed compensation and (b) the performance-based bonus and stock compensation are, as a guide, (a) 55% and (b) 45%.

The standard percentage of total compensation that is stock compensation is 12%. These percentages represent the case in which the targets for performance-based compensation have been achieved.

The policy for determining the amount of fixed compensation, performance-based bonuses and stock compensation is described below.

1. Fixed compensation: The amount of fixed compensation is determined based on the position or title of the director using objective market data about compensation as a reference and taking into account factors such as the duties and responsibilities of the director. Fixed compensation is paid every month.

2. Performance-based bonus: The amount of the performance-based bonus is determined by considering the level of contribution of the director in the fiscal year under review using consolidated operating income, net income attributable to parent company shareholders and ROE as indicators. The performance-based bonus is paid after calculation based on the financial results for the fiscal year under review after the end of each fiscal year.

3. Stock compensation: DNP has adopted a restricted stock compensation system to increase the incentive for the medium- to long-term increase of corporate value and for directors to hold shares, thereby sharing profit with shareholders.

The transfer of shares allotted to executive directors is restricted until their retirement. The method of calculating the number of shares whose restriction to transfer is lifted will be determined (a) for the portion that requires the continuous service of the director at DNP for a certain period of time (condition of term of office) and (b) for the portion that requires the achievement of target indicators (currently consolidated operating income and ROE) (performance condition) set as goals in the Medium-term Management Plan to be an incentive for the achievement of the medium-term management goals. In the future, DNP will consider introducing non-financial indicators such as

environmental indicators in addition to consolidated operating income and ROE.

ii. Compensation for outside directors and statutory auditors

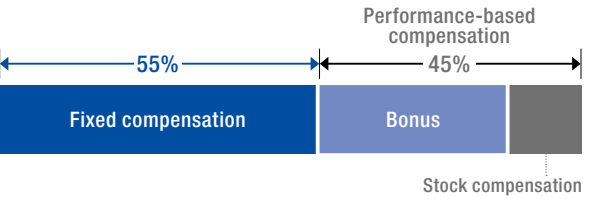
Compensation for outside directors and statutory auditors consists only of fixed compensation and is not linked to performance in view of ensuring the independence of the outside directors from DNP's business operations. The amount of compensation for statutory auditors is determined through consultation with statutory auditors within a range resolved at the General Meeting of Shareholders.

iii. Delegation of decisions regarding details of compensation, etc., for each director

Decisions on specific details regarding the amount of compensation for each director are delegated to the President at the Board of Directors' meeting.

The Advisory Committee conducts assessments from many perspectives, including consistency with decision policy to ensure that the President exercises the delegated authority appropriately. The President then decides the details of compensation for each director, taking into consideration the results of such assessments.

Diagram of compensation after the introduction of stock compensation plan



Corporate Governance

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)	835	577	258	–	9
Statutory auditors (excluding outside auditors)	57	57	–	–	2
Outside directors and auditors	137	137	–	–	9

Notes:  
1. Amounts of performance-based compensation are provisions for bonuses for directors and statutory auditors for the fiscal year ended March 31, 2022.  
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, 2022.

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	364	Director	Dai Nippon Printing Co., Ltd.	274	90	–
Yoshinari Kitajima	209	Director	Dai Nippon Printing Co., Ltd.	141	68	–

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, 2021		Fiscal year ended March 31, 2022	
	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	0	122	0
Consolidated subsidiaries	146	0	135	0
Total	268	0	257	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, 2022, the number of shares of 35 stocks held by the Company decreased 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	111	5,455
Stocks other than non-listed stocks	129	335,987

(Stocks for which number of shares increased in the fiscal year ended March 31, 2022)

	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	5	845	For strengthening our business alliance
Stocks other than non-listed stocks	7	20	For enhancing our business relationship

(Stocks for which the number of shares decreased in the fiscal year ended March 31, 2022)

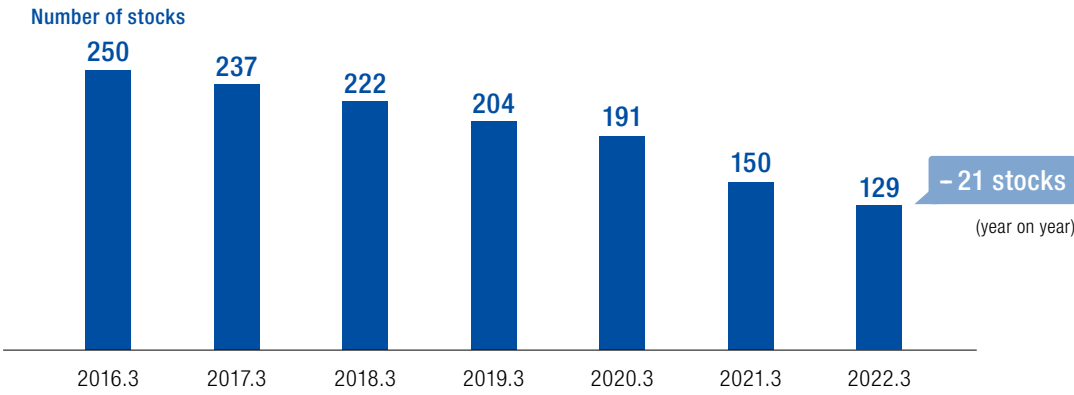
	Number of companies (Stocks)	Total amount of sale value pertaining to the decrease in number of shares (¥ million)
Non-listed stocks	5	361
Stocks other than non-listed stocks	30	14,367

(To next page)

Reduction of strategic shareholdings

As a result of efforts for strategic shareholding reductions in the fiscal year ended March 31, 2022, the Company decreased the number of listed stocks by 21 and moved forward with the improvement of capital efficiency.

📈 Stockholdings of listed stocks





## Corporate Governance

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, 2022	Fiscal year ended March 31, 2021	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.	38,600,000	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. After reviewing the significance and purpose of the shareholding, we have sold a part of our shareholding in the fiscal year ended March 31, 2022.
	208,980	216,580		
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.
	16,509	12,565		
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.
	10,453	5,912		
Ezaki Glico Co., Ltd.	1,618,647	1,617,783	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 shareholding through close investigation of the transaction status and the prospects of businesses with the company. In the fiscal year ended March 31, 2022, the number of shares increased because of the enhancement of our business relationship.
	6,021	7,191		
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.
	5,146	4,507		
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.
	4,277	6,780		
Mizuho Financial Group, Inc.	2,713,431	2,713,431	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.
	4,251	4,338		
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.
	3,934	4,945		
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.
	3,866	5,162		
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.
	3,730	4,018		
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.
	3,474	3,696		
Kobayashi Pharmaceutical Co., Ltd.	319,000	318,272	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 shareholding through close investigation of the transaction status and the prospects of businesses with the company. In the fiscal year ended March 31, 2022, the number of shares increased because of the enhancement of our business relationship.
	3,132	3,287		
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.
	2,853	2,312		
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.
	2,657	3,173		
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.
	2,285	1,962		
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.
	2,192	1,429		
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.
	2,141	2,239		
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.
	1,903	2,519		
KADOKAWA CORPORATION	584,000	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.
	1,880	1,254		
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.
	1,824	1,419		
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.
	1,751	1,741		

Company name	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	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)		
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 the significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,516	1,425		
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.
	1,497	1,554		
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.
	1,321	1,808		
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.
	1,267	1,673		
Unicharm Corporation	290,700	290,700	N	We hold the company's shares aiming to enhance our business relationship. While the quantitative effect of ownership is not stated, we have verified the significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,267	1,350		
Aflac Incorporated	149,600	149,600	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.
	1,179	847		
PILOT CORPORATION	223,100	223,100	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.
	1,173	787		
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.
	1,145	1,357		
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 the significance and purpose of shareholding through close investigation of the transaction status and the prospects of businesses with the company.
	1,117	1,318		

Note:

- 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.
- The quantitative effect of ownership is not stated because of matters concerning business agreements with the business partner. In terms of the rationality of the holding, we have periodically verified the significance and purpose of shareholding through close investigation of the transaction status with the company, financial results of the company, business status of DNP, the medium- to long-term economical rationality and the prospects.
- In the company's ownership of DNP shares, in case that the company is a holding company, the holding status of the parent company and its major subsidiaries is stated.
- KADOKAWA CORPORATION split its ordinary shares 2-for-1 on January 1, 2022.
- 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, 2022	Fiscal year ended March 31, 2021	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.
	28,756	30,880		
TV Asahi Holdings Corporation	4,030,000	4,030,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	6,077	8,386		
Astellas Pharma Inc.	2,284,000	2,284,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	4,364	3,887		
Japan Tobacco Inc.	1,000,000	1,000,000	N	We hold voting instruction rights for shares in retirement benefit trusts.
	2,087	2,125		
KADOKAWA CORPORATION	532,608	266,304	Y	We hold voting instruction rights for shares in retirement benefit trusts.
	1,714	1,143		
TAKARA HOLDINGS INC.	500,000	500,000	Y	We hold voting instruction rights for shares in retirement benefit trusts.
	550	753		

Note:

- 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.
- 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.
- KADOKAWA CORPORATION split its ordinary shares 2-for-1 on January 1, 2022.

### (3) Stocks held for pure investment purposes

None

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## Summary of Financial Results

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

	2022	2021	2020	U.S. dollars in thousands except per share amounts	Change 2022 / 2021
<b>Statements of Operations</b> (¥ million)				(\$ thousand)	
Net sales	1,344,147	1,335,440	1,401,894	11,017,598	0.7%
Operating income	66,789	49,529	56,274	547,451	34.8%
Ordinary income	81,249	59,907	63,786	665,975	35.6%
Income before income taxes	126,891	46,401	102,719	1,040,090	173.5%
Net income attributable to parent company shareholders	97,182	25,088	69,498	796,574	287.4%
<b>Balance Sheets</b> (¥ million)					
Total net assets	1,148,413	1,098,614	968,575	9,413,221	4.5%
Interest-bearing debt	154,362	158,555	211,646	1,265,262	-2.6%
Stockholders' equity	1,091,861	1,043,977	915,779	8,949,680	4.6%
Total assets	1,876,647	1,825,019	1,721,724	15,382,352	2.8%
<b>Cash Flow Statements</b> (¥ million)					
Cash flows from operating activities	82,029	61,682	93,937	672,369	33.0%
Cash flows from investing activities	(39,209)	(56,284)	191,057	(321,385)	—
Cash flows from financing activities	(57,752)	(78,269)	(41,281)	(473,377)	—
Free cash flow *	42,820	5,398	284,994	350,984	693.3%
<b>Per Share Data</b> (¥)					
Net income - primary	355.84	89.32	235.18	2.92	298.4%
Net assets	4,057.98	3,716.85	3,260.38	33.26	9.2%
Cash dividend	64.00	64.00	64.00	0.52	—
<b>As a Percentage of Net Sales</b> (%)					
Operating income	4.97	3.71	4.01	4.97	1.26
EBITDA margin	13.30	7.38	11.32	13.30	5.92
Net income	7.23	1.88	4.96	7.23	5.35
<b>Financial Ratios</b>					
ROE (%)	9.10	2.56	7.27	9.10	6.54
ROA (%)	5.25	1.41	3.97	5.25	3.84
Equity ratio (%)	58.18	57.20	53.19	58.18	0.98
<b>Valuations</b> (against share price on March 31)					
PER (times)	8.09	25.97	9.78	8.09	—
PBR (times)	0.71	0.62	0.71	0.71	—
EV/EBITDA (times)	3.49	4.97	2.94	3.49	—
PCFR (times)	5.22	8.57	5.21	5.22	—
Dividend yield (%)	2.22	2.76	2.78	2.22	-0.54
<b>Returns to Shareholders</b>				(\$ thousand)	
Values of shares repurchased (¥ million)**	29,999	—	59,999	245,893	—
Dividend payout ratio (%)	17.99	71.66	27.21	17.99	—
Total return ratio (%)	48.64	71.66	113.11	48.64	—
<b>Others</b>					
Long-term credit rating (R&I)	AA-	AA-	AA-	AA-	—
Foreign ownership (%)	23.16	23.64	24.14	23.16	-0.48

U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥122=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2022.

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

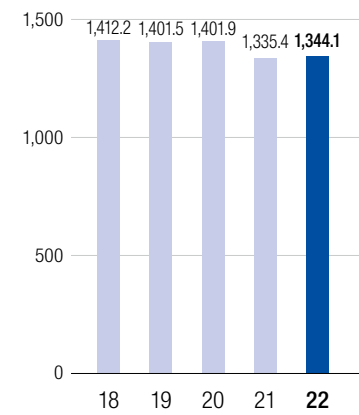
\*\* Treasury stock acquired through requests for the purchase of odd-lot shares is not included.



# Financial and Non-financial Data

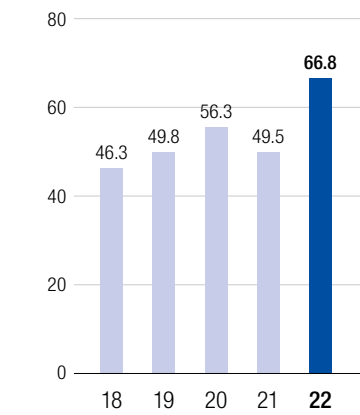
## Net Sales

(¥ billion)



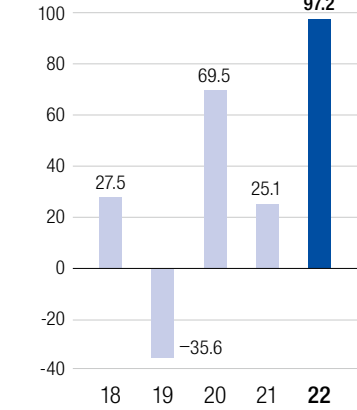
## Operating Income

(¥ billion)



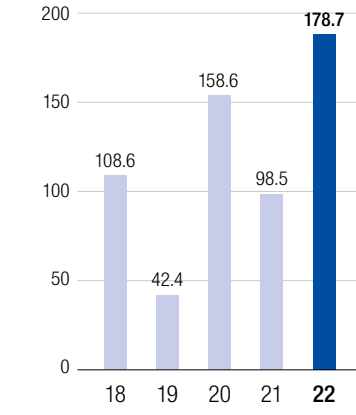
## Net Income (Loss) Attributable to Parent Company Shareholders

(¥ billion)



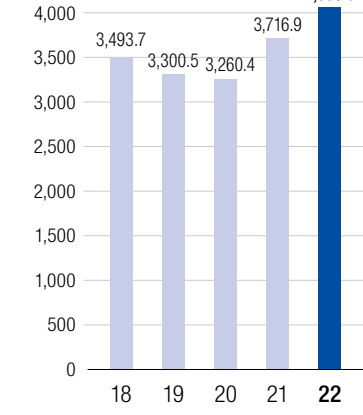
## EBITDA

(¥ billion)



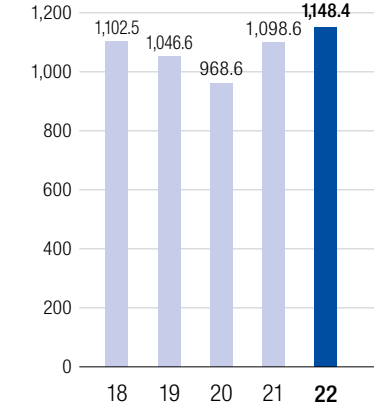
## Book Value per Share

(¥)



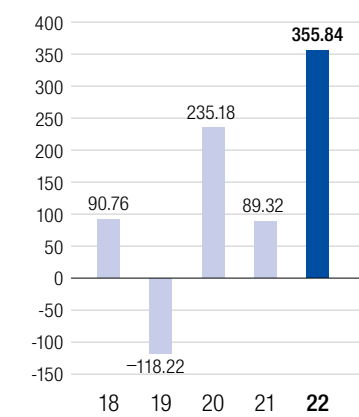
## Total Net Assets

(¥ billion)



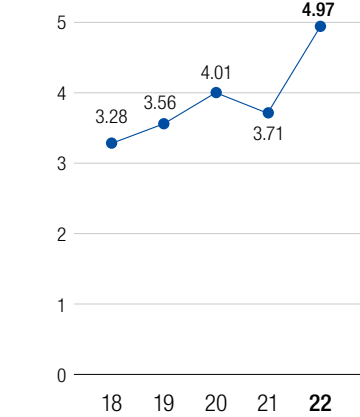
## Earnings (Loss) per Share

(¥)



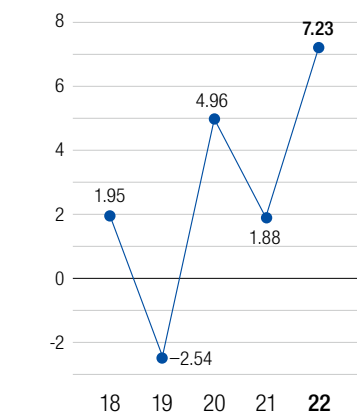
## Operating Income to Net Sales

(%)



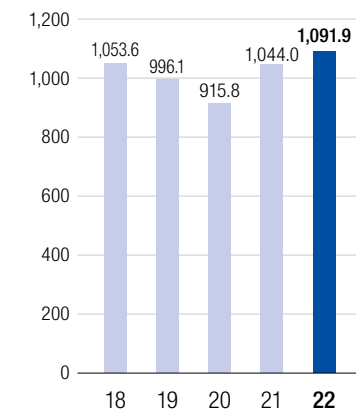
## Net Income (Loss) to Net Sales

(%)



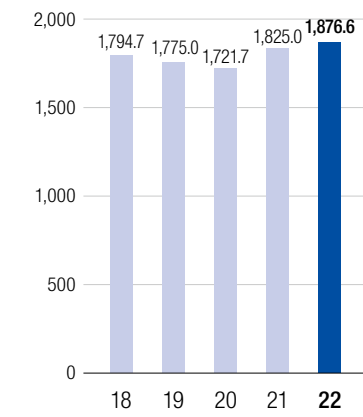
## Stockholders' Equity

(¥ billion)



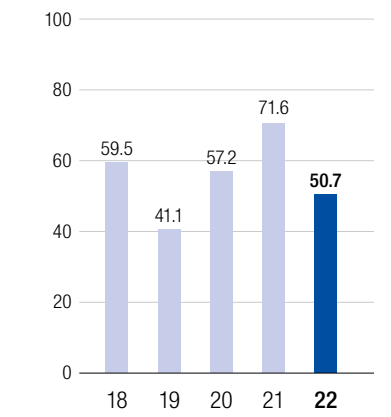
## Total Assets

(¥ billion)



## Capital Expenditures\*

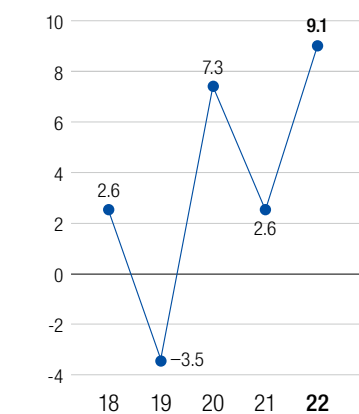
(¥ billion)



\* Figures include capital expenditures for intangible fixed assets.

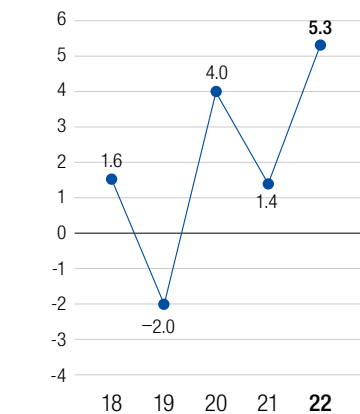
## ROE

(%)



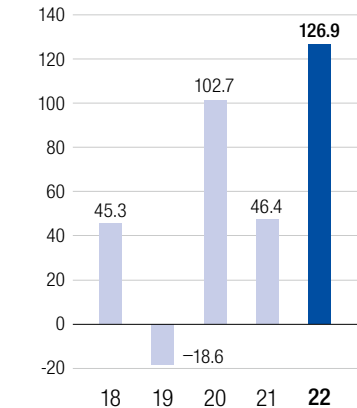
## ROA

(%)



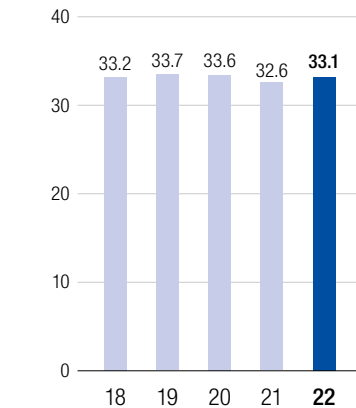
## Income (Loss) before Income Taxes and Non-controlling Interests

(¥ billion)



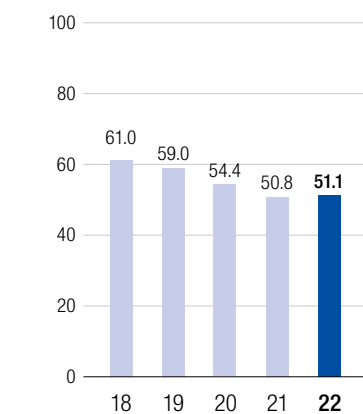
## Research and Development Expenditures

(¥ billion)



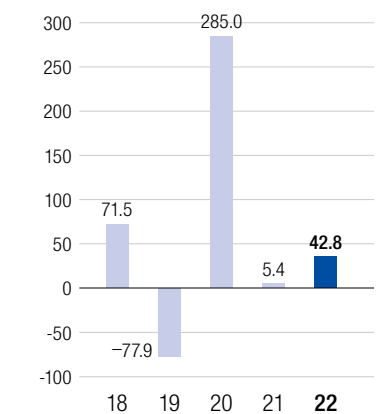
## Depreciation Expense

(¥ billion)



## Free Cash Flow\*

(¥ billion)

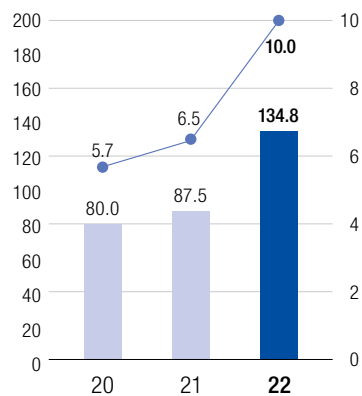


\* Free cash flow = net cash from operating activities + net cash from investing activities

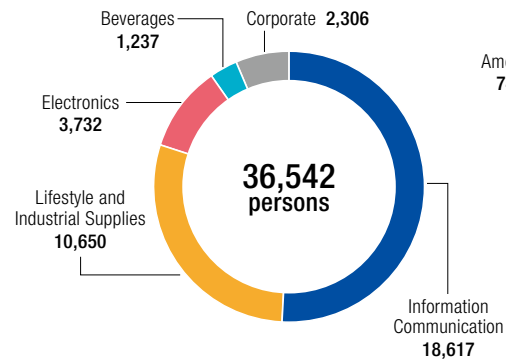
## Financial and Non-financial Data

Eco-friendly Products and Services  
Super Eco-Products

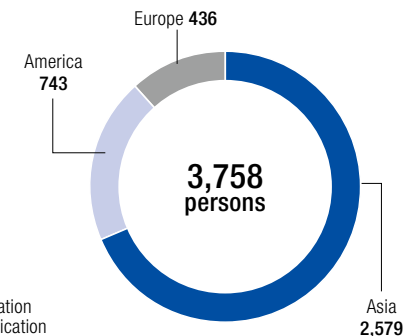
■ Total sales (¥ billion)  
● Ratio of total sales (%)

Total Number of Employees  
(by Segment)

(persons) (As of March 31, 2022)

Number of Overseas Group Company  
Employees (by Area)

(persons) (As of March 31, 2022)

Management's Discussion  
and Analysis

## Consolidated

Business Environment and Overview of Operating Results for  
the Fiscal Year Ended March 2022

While COVID-19 continued to have an impact on the environment surrounding the DNP Group during the fiscal year under review, economic activity gradually resumed, partly due to progress in vaccination. In Japan, changes in working and living styles continued, and demand for products and services related to online education, online medical consultations and fifth-generation mobile communication systems (5G) grew. In response to the global popularization of efforts to prevent global warming and reduce environmental load, the need for environmentally friendly products and services that can contribute to building a decarbonized society and a circular economy increased. At the same time, the impact of events related to geopolitical risks, such as the Ukraine conflict, the continued increase of raw materials prices and the prolonged semiconductor shortage intensified in the latter half of the fiscal year under review.

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 well-being lives.

In the fiscal year under review, we prioritized businesses in which high profitability and market growth potential were expected, with businesses related to IoT and next-generation communications, data distribution, mobility and environment as focus businesses for the optimal distribution of management resources.

In the IoT and next-generation communications business, we developed and supplied next-generation semiconductor products based on nanoimprint lithography for 5G. This technology helps reduce the power consumption and cost of semiconductor manufacturing, thereby contributing to the achievement of a decarbonized society.

In data distribution-related business, we established NTT EDX Co., Ltd. in October 2021 as a joint investment with Nippon Telegraph and Telephone West Corporation (NTT West) and Nippon Telegraph and Telephone East Corporation (NTT East) to advance higher education. With a focus on the electronic textbook and other teaching materials business, we worked to provide a range of services to solve problems in higher education and support the digitization and streamlining of publisher and bookstore operations. In addition, we used our "Ki-Re-i" photo printing machines to provide an online application service for the acquisition of the My Number ID cards issued by the Japanese government and promoted the digital transformation (DX) of government services to enable people to apply for these services without contact and accommodate people's new lifestyles.

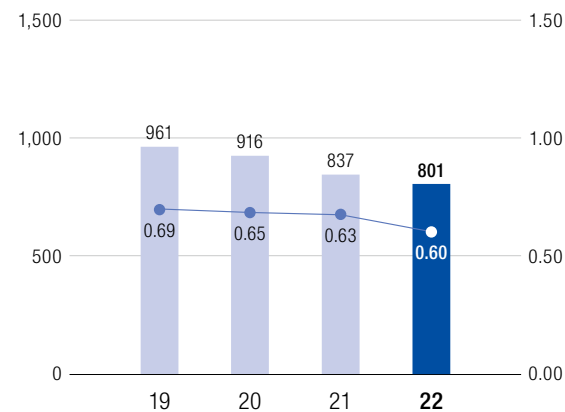
In the mobility business, we worked to develop products and services for the next-generation mobility society, which would require the reduction of environmental load, the increase of energy efficiency, safety and comfort and greater information security. For instance, we developed and supplied battery pouches for lithium-ion batteries used in electric vehicles and other products and decorative films and panels to improve both the design and function of interior and exterior materials.

In environment-related business, we improved our development of mono-material packaging materials to increase recyclability by using plastic as the only material used (mono-material). We created designs with a metallic appearance in addition to their high performance as a barrier to oxygen and steam using the DNP Group's innovative technologies and developed polypropylene (PP) film packaging capable of wrapping liquid content. Selected by a global consumer goods manufacturer in June 2021, this product was launched in the Southeast Asian market.

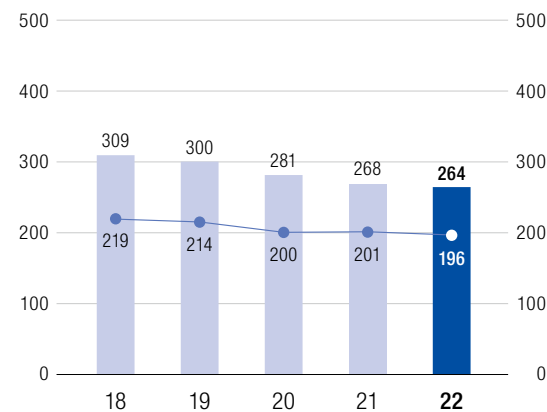
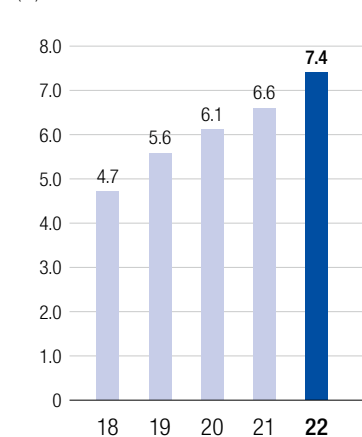
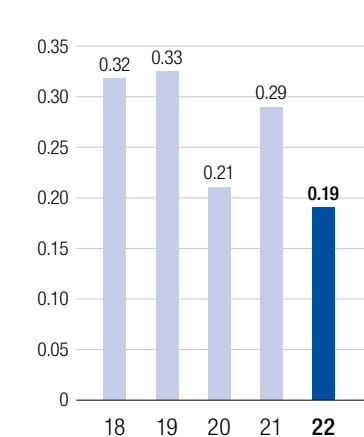
Additionally, we are implementing structural reforms to increase our competitiveness and develop a strong business portfolio. To strengthen the

GHG Emissions  
(Including International Operations)

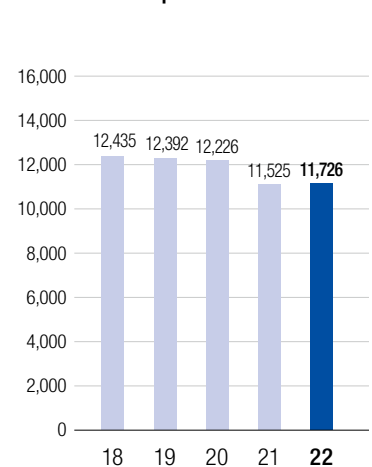
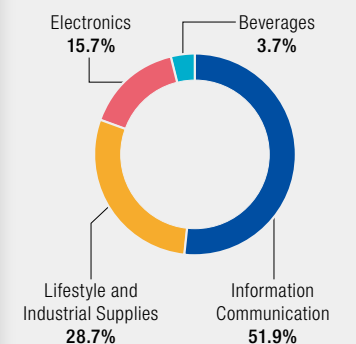
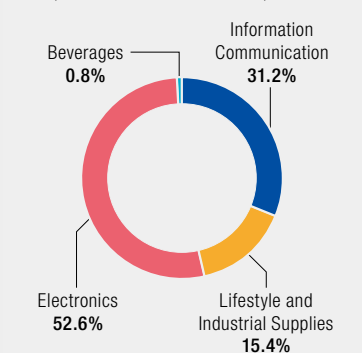
■ GHG emissions (1,000 t-CO<sub>2</sub>)  
● Emissions per-unit value (t-CO<sub>2</sub>/million yen)

Total Undesired Materials Emissions  
(Including International Operations)

■ Undesired materials emissions (1,000 tons)  
● Emissions per-unit value (t/billion yen)

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

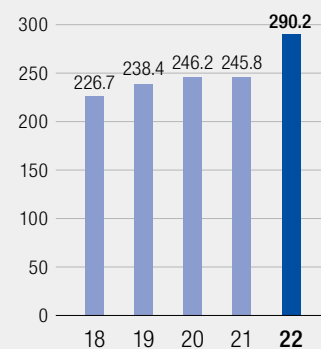
## Number of Japanese Patents Held

Net Sales by Segment  
(Year ended March 31, 2022)Operating Income by Segment  
(Year ended March 31, 2022)



## Management's Discussion and Analysis

**DNP's Overseas Sales**  
(¥ billion)



management foundation supporting our long-term growth, we identified major trends (megatrends) such as DX and accelerated efforts to improve productivity through the utilization of ICT, enhance our information infrastructure and address the environment, human resources and human rights.

	2022.3	2021.3	2020.3
Net sales (¥ million)	1,344,147	1,335,440	1,401,894
Gross profit margin	21.8 %	20.7 %	20.9 %
Operating income margin	5.0 %	3.7 %	4.0 %
Ordinary income margin	6.0 %	4.5 %	4.5 %
Net income margin	7.2 %	1.9 %	5.0 %

Overseas sales for the DNP Group as a whole were ¥290,233 million, up 18.1% from the previous fiscal year. Overseas sales accounted for 21.6% of total sales, a 3.2 percentage points rise from 18.4% in the previous fiscal year. By region, sales in Asia, including Indonesia and Taiwan, increased by 19.0% year on year to ¥218,894 million. In other regions, including the United States and Europe, sales increased 15.2% to ¥71,339 million.



### Information Communication

- Net Sales: ¥698,999 million (down 3.2% YoY)
- Operating Income: ¥27,617 million (up 43.9% YoY)
- Operating Income Margin: 4.0% (up 1.3 percentage points)

### Publishing Business

**Market** Sales volume in the publishing industry in the fiscal year ended March 2022 totaled ¥1,181 billion (down 4.8% year on year). Sales of books increased 0.3% to ¥674.7 billion due to an increase in book reading time due to the COVID-19 pandemic, a trend that had continued from the fiscal year ended March 2021. Meanwhile, sales of magazines decreased 10.8% year on year to ¥506.2 billion (surveyed by Japan's Research Institute for Publications). The number of bookstores was 11,959 in the fiscal year ended March 2022, a year-on-year decrease of 3.2%, or 390 stores (surveyed by Japan Publishing Organization for Information Infrastructure Development). The size of the electronic book market in the fiscal year ended March 2022 increased 14.3% year on year to ¥551.0 billion and the market is expected to grow to a size exceeding ¥800 billion by the fiscal year ending March 2027 (surveyed by Impress Corporation).

**DNP** Sales of electronic books remained strong, and the number of members of "honto," a hybrid bookstore network selling both paper and electronic books, rose to 7.7 million (as of March 31, 2022), resulting in sales growth. Our electronic library service and library operations steadily grew. In the library support business, the number of contracted libraries was 1,697 as of January 31, 2022, a year-on-year increase of 21, resulting in year-on-year sales growth. Meanwhile, the growth of magazine printing slowed, and printing orders received decreased.

### Information Innovation Business: Marketing

**Market** Domestic demand for advertising in the fiscal year ended March 2022 increased significantly by 12.8% overall from the fiscal year ended March 2021, in which demand for newspaper, magazine, television, radio and direct mail advertising substantially declined due to COVID-19 (surveyed by the Ministry of Economy, Trade and Industry).

**DNP** While digital marketing remained strong throughout the year, leaflets, catalogs, SP, etc., decreased due in part to major clients reducing their budgets for promotion due to the prolonged impact of the pandemic, resulting in a fall in overall sales.

### Information Innovation Business: Information Security

**Market** Society's demand for business process outsourcing (BPO) continued to increase in response to labor shortages and workstyle reforms. In the smart card segment, the percentage of payments using credit cards remained high amid a rise in cashless payment practices.

**DNP** In the smart card business, large BPO projects decreased despite an increase in contactless credit cards, resulting in a fall in overall sales.

### Imaging Communication Business

**Market** Demand for photograph printing significantly recovered thanks to the easing of activity restrictions in response to progress in vaccination and an increase in COVID-19 preventive measures taken at events, the use of amusement facilities, etc.

**DNP** Demand for parts and materials for photography and printing and demand for services recovered considerably in the mainstay U.S. market, and business in other regions also remained steady, resulting in overall sales growth.



### Lifestyle and Industrial Supplies

- Net Sales: ¥387,030 million (up 5.2% YoY)
- Operating Income: ¥13,625 million (down 2.4% YoY)
- Operating Income Margin: 3.5% (down 0.3 percentage point)

### Packaging Business

**Market** While demand for environmentally friendly packaging materials increased and demand for packaging materials for commodities began to recover, demand for packaging materials for tourism-related souvenirs remained low, largely due to a reduction in tourism because of COVID-19.

**DNP** We worked to develop and sell eco-friendly packaging and implemented structural reforms to streamline the manufacturing process and operations. Sales of plastic molded products and aseptic filling systems for PET bottles increased despite a decrease in film packaging and other products, and total sales increased.

### Living Spaces Business

**Market** Domestic new housing starts increased 6.6% year on year to approximately 870,000 units in the fiscal year ended March 2022. In these new starts, owner-occupied houses increased by 6.9%, apartments and other rental housing increased by 9.2% and condominiums increased by 3.9% year on year (surveyed by the Ministry of Land, Infrastructure, Transport and Tourism).

**DNP** Exterior materials for housing and decorative films for automobile interiors increased and antibacterial and antiviral products effective in preventing infection also grew, resulting in a year-on-year increase in total sales.

Industrial High-performance Materials Business

**Market** Worldwide demand for lithium-ion batteries for use in electric vehicles has expanded in response to increasingly strict global environmental regulations aimed at reducing CO<sub>2</sub> emissions. In the fiscal year ended March 2022, the global market for lithium-ion batteries for use in electric vehicles increased 120.9% year on year on a shipped capacity basis according to Yano Research Institute Ltd. Demand for battery pouches used in electric vehicles grew, while demand for battery pouches for tablet and smartphone devices also remained strong, in part due to increased telecommuting.

**DNP** Sales growth in pouches for lithium-ion batteries for tablet and smartphone devices, in addition to pouches for electric vehicles, resulted in year-on-year growth in net sales despite the impact that temporary production reductions had on supply chains due to the global semiconductor shortage.



Electronics

- Net Sales: ¥211,094 million (up 7.1% YoY)
- Operating Income: ¥46,481 million (up 26.7% YoY)
- Operating Income Margin: 22.0% (up 3.4 percentage points)

Display Components Business

**Market** In 2021, the market for small and medium OLED displays grew 18.0% year on year to ¥2,472.3 billion due to growth in demand for notebook PCs, tablet devices and smartphones with the expansion of remote work and online education. The market for large displays rose 49.5% year on year to ¥422.1 billion due to a recovery of demand for televisions in the first half of the year. The market for large liquid crystal panels is expected to grow 74.8% year on year to ¥11,827.6 billion and the market for small panels is projected to increase 14.0% year on year to ¥2,448.8 billion in response to stay-at-home and telecommuting demand (source: Reality and Future Prospect of Display Related Market 2022, Fuji Chimera Research Institute, Inc.).

**DNP** Total sales of optical film products increased despite market saturation generated by stay-at-home demand. Sales of metal masks for OLED display manufacturing rose due to a steady demand for smartphone displays, resulting in overall sales growth in this segment.

Electronics Devices Business

**Market** Global semiconductor sales for 2021 increased 26.2% year on year to US\$ 555.9 billion, according to the World Semiconductor Trade Statistics. By field, semiconductor memory shipments were up 30.9% year on year, and logic shipments increased 30.8% year on year.

**DNP** Sales of photomasks for manufacturing semiconductor products for communication devices, vehicles and datacenters increased. Sales of various related products, such as lead frames, which are materials for semiconductor packages, also remained strong, resulting in overall sales growth.



Beverages

- Net Sales: ¥49,701 million (down 3.4% YoY)
- Operating Income: ¥690 million (down 17.8% YoY)
- Operating Income Margin: 1.4% (down 0.2 percentage point)

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

**DNP** Overall net sales decreased due to a slowdown in sales growth at restaurants due to consumers’ activity restrictions and tendency to stay at home, despite sales growth at supermarkets and websites, whose main income source is household consumption.

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

Cost of sales decreased ¥7,308 million, or 0.7% year on year, to ¥1,051,218 million and the gross profit margin rose 1.1 percentage points to 21.8%.

Of the major raw materials, the prices of synthetic resin such as film kept rising throughout the year and the price of domestic naphtha (crude gasoline) increased to the level of 65,000 yen/kL in the fourth quarter, resulting in an increase of 45% from the prices as of March 2021. The prices for aluminum, aluminum foil and IC chips also continued to rise. Meanwhile, the cost of sales decreased thanks to successful cost-reduction efforts, in addition to the impact of the application of revenue recognition standards.

Selling, general and administrative expenses amounted to ¥226,140 million in the fiscal period under review, a year-on-year decrease of ¥1,245 million, or 0.5%. The percentage in net sales fell 0.2 percentage point to 16.8%.

As a result, operating income for the fiscal year under review rose ¥17,260 million, or 34.8% year on year, to ¥66,789 million. The operating margin rose 1.3 percentage points to 5.0%.

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

Non-operating income totaled ¥18,552 million in the fiscal year under review, up ¥2,929 million, or 18.7%, from the previous fiscal year. Non-operating expenses totaled ¥4,091 million, down ¥1,154 million, or 22.0%, from the previous fiscal year. As a result, net non-operating income was ¥14,460 million, up from ¥10,378 million in the previous year.

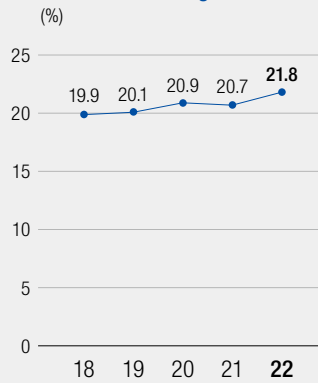
Ordinary income totaled ¥81,249 million, up ¥21,342 million, or 35.6%, from the previous year.

Income before income taxes and non-controlling interests totaled ¥126,891 million, up ¥80,490 million, or 173.5%, from the previous fiscal year due in part to extraordinary income posted for revision of retirement benefit plan, revision of repair reserve and sale of investment securities.

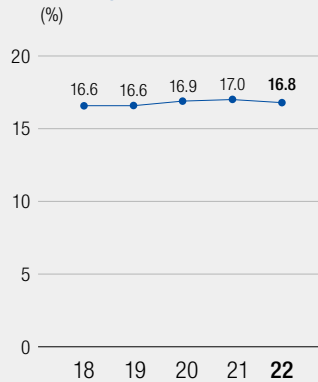
Net Income Attributable to Parent Company Shareholders

Net income attributable to parent company shareholders totaled ¥97,182 million, up ¥72,094 million, or 287.4%, from the previous fiscal year. Net income per share was ¥355.84 (compared to net income per share of ¥89.32 in the previous year).

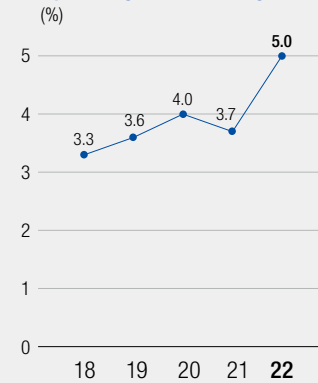
Gross Profit Margin



SGA Expenses to Net Sales



Operating Income Margin





## Management's Discussion and Analysis

## Liquidity and Capital Resources

## Cash Flow

	2022.3	2021.3	2020.3
<b>Cash flow from operating activities</b> (¥ million)	82,029	61,682	93,937
<b>Cash flow from investing activities</b> (¥ million)	− 39,209	− 56,284	191,057
<b>Free cash flow</b> (¥ million)	42,820	5,398	284,994

In the consolidated cash flow in the fiscal year ended March 2022, net cash provided by operating activities totaled ¥82,029 million due mainly to ¥126,891 million in income before income taxes and ¥51,155 million in depreciation.

Net cash used in investing activities amounted to ¥39,209 million, mainly due to payments of ¥53,614 million for the purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥57,752 million, mainly due to ¥30,860 million for the purchase of treasury shares and ¥17,643 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 ¥293,361 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 ¥42,820 million.

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

Capital expenditures in the fiscal year ended March 2022, which mainly focused on the reorganization of production bases in the existing segments and priority investment in strategic businesses, totaled ¥50,699 million, down ¥20,950 million, or 29.2%, from the previous fiscal year. By segment, capital expenditures in the Information Communication segment were ¥19,068 million, down ¥6,999 million from the previous year, and accounted for 38% of total capital expenditures. The Lifestyle and Industrial Supplies segment was ¥21,569 million, down ¥8,456 million, and accounted for 42%. The Electronics segment was ¥5,504 million, down ¥6,484 million, and accounted for 11%. The Beverages segment was ¥2,153 million, up ¥222 million, and accounted for 4%. Capital expenditures for company-wide assets totaled ¥2,405 million, up ¥767 million year, on year and accounted for 5% of total capital expenditures. The necessary capital for the above investment was covered by funds on hand.

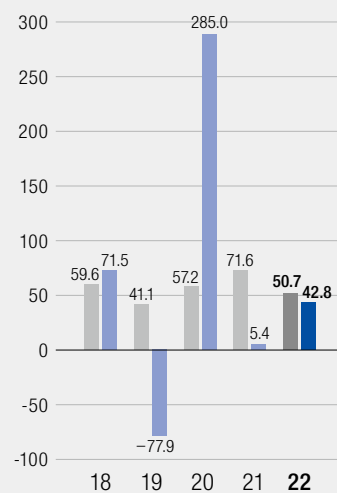
Depreciation in the fiscal year ended March 2022 was ¥51,155 million, up ¥262 million, or 0.5%, from the previous fiscal year. By segment, depreciation in the Information Communication segment was ¥20,014 million, down ¥87 million from the previous year, and accounted for 39% of total depreciation. The Lifestyle and Industrial Supplies segment was ¥18,442 million, up ¥1,924 million, and accounted for 36%. The Electronics segment was ¥8,695 million, down ¥721 million and accounted for 17%. The Beverages segment was ¥2,087 million, down ¥804 million, and accounted for 4%. Depreciation of company-wide assets totaled ¥1,917 million, and accounted for 4% of total capital expenditures.

In addition, research and development expenditures for the fiscal year ended March 2022 totaled ¥33,148 million, exceeding the expenditures of ¥32,623 million in the previous fiscal year by ¥525 million.

## Capital Expenditures and Free Cash Flow

(¥ billion)

■ Capital expenditures  
■ Free cash flow



## Balance Sheet

	2022.3	2021.3	2020.3
<b>Total assets</b> (¥ million)	1,876,647	1,825,019	1,721,724
<b>Interest-bearing debt</b> (¥ million)	154,362	158,555	211,646
<b>Stockholders' equity</b> (¥ million)	1,091,861	1,043,977	915,779
<b>Book value per share</b> (¥)	4,057.98	3,716.85	3,260.38

DNP's total assets at the end of the fiscal year under review amounted to ¥1,876,647 million, up ¥51,628 million, or 2.8%, from the previous fiscal year.

Among current assets, cash and cash equivalents totaled ¥293,361 million, down ¥10,862 million, or 3.6%, from the previous fiscal year. The sum of trade receivables and contract assets came to ¥324,846 million, up ¥221 million, or 0.1%. Inventories of merchandise and finished products, work in process, raw materials and supplies totaled ¥141,621 million, up ¥14,850 million, or 11.7%. As a result, current assets totaled ¥804,813 million, down ¥1,004 million, or 0.1%.

Among fixed assets, net property, plant and equipment totaled ¥421,876 million, up ¥1,846 million, or 0.4%, from the previous fiscal year. Intangible fixed assets totaled ¥27,747 million, up ¥2,540 million, or 10.1%. Investments and other assets totaled ¥ 622,210 million, up ¥48,246 million, or 8.4%. As a result, fixed assets totaled ¥1,071,834 million, up ¥52,633 million, or 5.2%.

Current liabilities totaled ¥406,108 million, down ¥2,017 million, or 0.5%, from the previous fiscal year. Long-term liabilities totaled ¥322,126 million, up ¥3,846 million, or 1.2%. As a result, total liabilities amounted to ¥728,234 million, up ¥1,828 million, or 0.3%.

As of March 31, 2022, net assets totaled ¥1,148,413 million, up ¥49,799 million, or 4.5%, compared with the end of the previous fiscal year primarily due to an increase of ¥56,399 million, or 8.2%, in retained earnings.

As a result, the equity ratio in the fiscal year under review was 58.2%, an increase of 1.0 percentage point from the previous fiscal year.

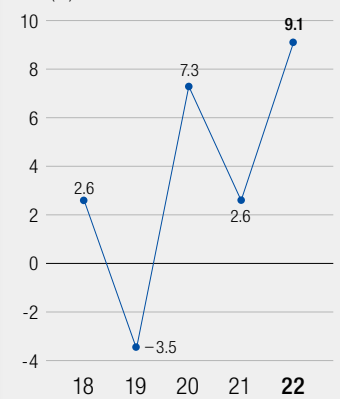
As of March 31, 2022, a total of 317,240,346 shares of common stock had been issued, of which 48,175,114 shares, or 15.19% of the total, were held as treasury stock. The total number of shares of treasury stock increased by 4,811,444 from the previous year.

	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
<b>Shares Issued</b>	Common Stock	324,240,346	—	7,000,000	317,240,346
<b>Treasury Stock</b>	Common Stock	43,363,670	11,811,597	7,000,153	48,175,114

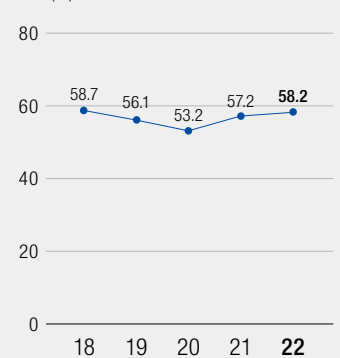
## Notes

- The 7,000,000-share decrease in the number of shares of common stock issued is the result of a cancellation of treasury stock.
- The 11,811,597-share increase in the number of shares of common stock held as treasury stock is the result of an increase of 11,806,600 shares due to a purchase of treasury stock by resolution of the Board of Directors and an increase of 4,997 shares due to a purchase of odd-lot shares.
- The 7,000,153-share decrease in the number of shares of common stock held as treasury stock is the sum of a decrease of 7,000,000 shares due to a cancellation of treasury stock, a decrease of 148 shares through the sale of odd-lot shares and a decrease of 5 shares due to changes in ratios of equity held in equity method affiliates.

## ROE (%)



## Equity Ratio (%)



# Major Subsidiaries and Affiliates

(As of March 31, 2022)

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	55.0
TRC Library Service Inc.	Sale of books, creation of data, library operation support and consulting	266	55.0 (55.0)
MARUZEN-YUSHODO Company, Limited	Education and academic businesses; retail stores; publishing; commercial facility/store interiors, etc.	100	55.0 (55.0)
MARUZEN PUBLISHING CO., LTD.	Publishing	50	55.0 (55.0)
MaruzenJunkudo Bookstores Co., Ltd.	Sale of books, magazines and stationery	50	55.0 (55.0)
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	(SGD1,000)	100.0
		4,600	
Information Innovation			
INTELLIGENT WAVE INC.	Development and maintenance of software	843	50.7
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 BPO 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 Planning 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 cards, and BPO business and DTP business	(VND1,000,000)	36.3
		100,000	
PT. Wahyu DNP Bureau	Card-issuing services	(USD1,000)	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)
DNP Imagingcomm Asia Sdn. Bhd.	Production, processing and sale of thermal mass transfer media and dye-sublimation media; sale of photo-related products	(MYR1,000)	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	(USD1,000)	100.0
		71,980	(100.0)
DNP Photo Imaging Europe SAS	Sale of photo-related products	(EUR1,000)	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	(EUR1,000)	100.0
		3,588	(100.0)
DNP Imagingcomm Europe B.V.	Processing and sale of thermal mass transfer media and dye-sublimation media	(EUR1,000)	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	(THB1,000)	100.0
		200,000	
DNP Vietnam Co., Ltd.	Production and sale of packaging materials	(USD1,000)	100.0
		31,500	(20.0)
PT DNP Indonesia	Production and sale of packaging materials	(USD1,000)	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)

		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	(DKK1,000)	100.0
		135,000	
Electronic Devices			
DT Fine Electronics Co., Ltd.	Production and sale of precision electronic components	490	65.0
DNP Fine Optronics Co., Ltd.	Production of precision electronic components	300	100.0
DNP LSI Design Co., Ltd.	Design and production of drawings used in semiconductor production	100	100.0
Photonics DNP Mask Corporation	Production and sale of semiconductor photomasks	(TWD1,000)	49.9
		2,198,185	
Photonics DNP Mask Corporation Xiamen	Production and sale of semiconductor photomasks	(USD1,000)	49.9
		160,000	(49.9)
DNP Photomask Europe S.p.A.	Production and sale of semiconductor photomasks	(EUR1,000)	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
DNP Art Communications Co., Ltd.	Planning, production and sale of artistic images and videos	300	100.0
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	100.0
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	66.6
DNP Dexerials Consulting Co., Ltd.	Business planning and proposals	10	50.0
DNP Corporation USA	Investment in operating companies	(USD1,000)	100.0
		62,164	(7.1)
DNP Holding USA Corporation	Investment in operating companies	(USD1,000)	100.0
		100	(100.0)
DNP Business Consulting (Shanghai) Co., Ltd.*	Study of Chinese market and business feasibility	(USD1,000)	100.0
		8,780	
DNP Asia Pacific Pte. Ltd.	Coordination of DNP business operations in the Southeast Asia/Oceania region	(SGD1,000)	100.0
		2,000	
		(USD1,000)	
		90,434	
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 businesss	10	100.0
Overseas Sales			
DNP Korea Co., Ltd.*	Sale of precision electronic components	(KRW1,000)	100.0
		800,000	
DNP Taiwan Co., Ltd.	Sale of precision electronic components	(TWD1,000)	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	(USD1,000)	100.0
		100	(100.0)
DNP Singapore Pte. Ltd.*	Sale of printed matter, precision electronic components and decorative materials	(SGD1,000)	100.0
		350	
DNP Europa GmbH*	Sale of printed matter and decorative materials	(EUR1,000)	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	59.8 (2.3)

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.  
3. Nihon Unisys, Ltd. changed its name to BIPROGY Inc. as of April 1, 2022.



# 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 LINE flyer
- BPO (Business Process Outsourcing)
  - 5 BPO
- Information Security
  - 6 Solar-powered outdoor LCD digital signage / universally designed touch screen multilingual signage Activation
  - 7 Extended reality communication
  - 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

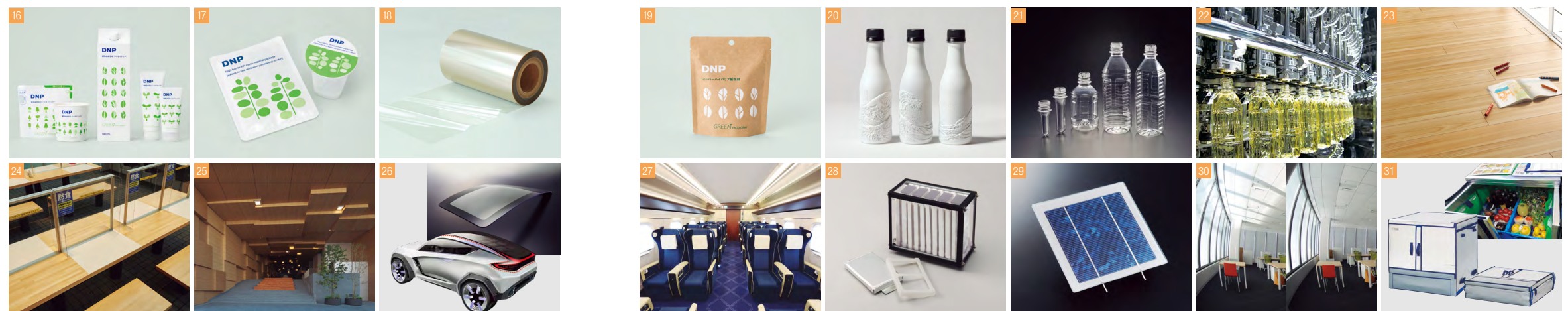
- 16 Plant-based packaging materials
- 17 Mono-material packaging materials
- 18 Transparent vapor deposition film "IB-Film"
- 19 Super high-barrier paper packaging materials
- 20 Functional film complex PET bottle "COMPLEX BOTTLE"
- 21 PET plastic bottles
- 22 Aseptic filling systems for PET plastic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



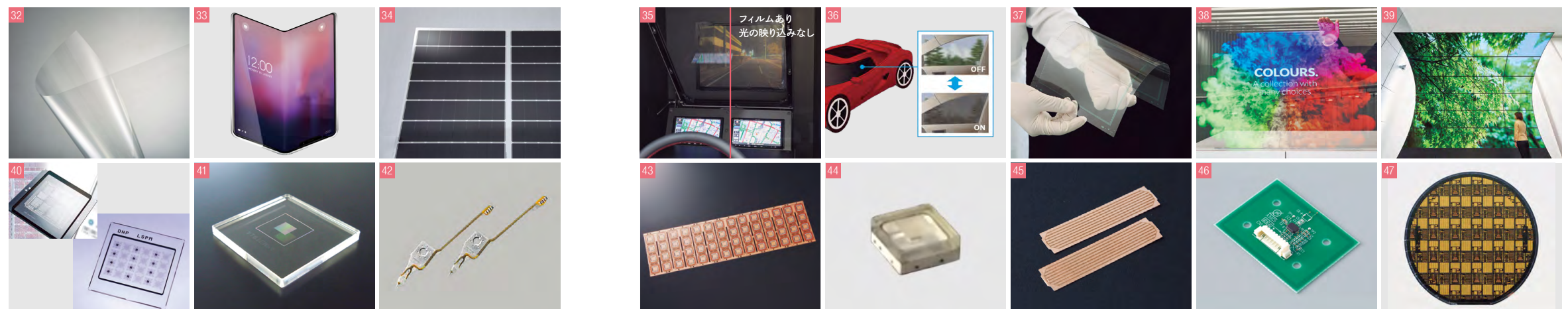
## Electronics

### 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





# Investor Information

(As of March 31, 2022)

## 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):** 36,542**Paid-in Capital:** ¥114,464 million

### Number of Common Stocks:

Authorized: 745,000,000 shares

Issued: 317,240,346 shares

### Number of Trading Unit Shareholders (own 100 or more shares):

24,488

**Stock Exchange Listing:** Tokyo Stock Exchange

### Major Shareholders (as of March 31, 2022):

	Shares (thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	51,903	19.29
Custody Bank of Japan, Ltd. (Trust Account)	17,473	6.49
The Dai-ichi Life Insurance Co., Ltd	9,264	3.44
Employees' Shareholding Association	7,943	2.95
Mizuho Bank, Ltd.	5,706	2.12
Nippon Life Insurance Company	4,735	1.76
STATE STREET BANK WEST CLIENT - TREATY 505234	4,184	1.56
JP MORGAN CHASE BANK 385781	3,436	1.28
GOVERNMENT OF NORWAY	2,945	1.09
STATE STREET BANK AND TRUST COMPANY 505001	2,880	1.07

### Notes:

1. The ownership stakes are based on the total number of shares outstanding less treasury shares (269,076,339).

2. The number of treasury shares is excluded from the figures above.

### Recognition from Society

 (As of June 30, 2022)

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 22nd consecutive year since 2001 and for the MSCI ESG Leaders indexes for the 6th consecutive year since 2017. In addition, we were selected for the third 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

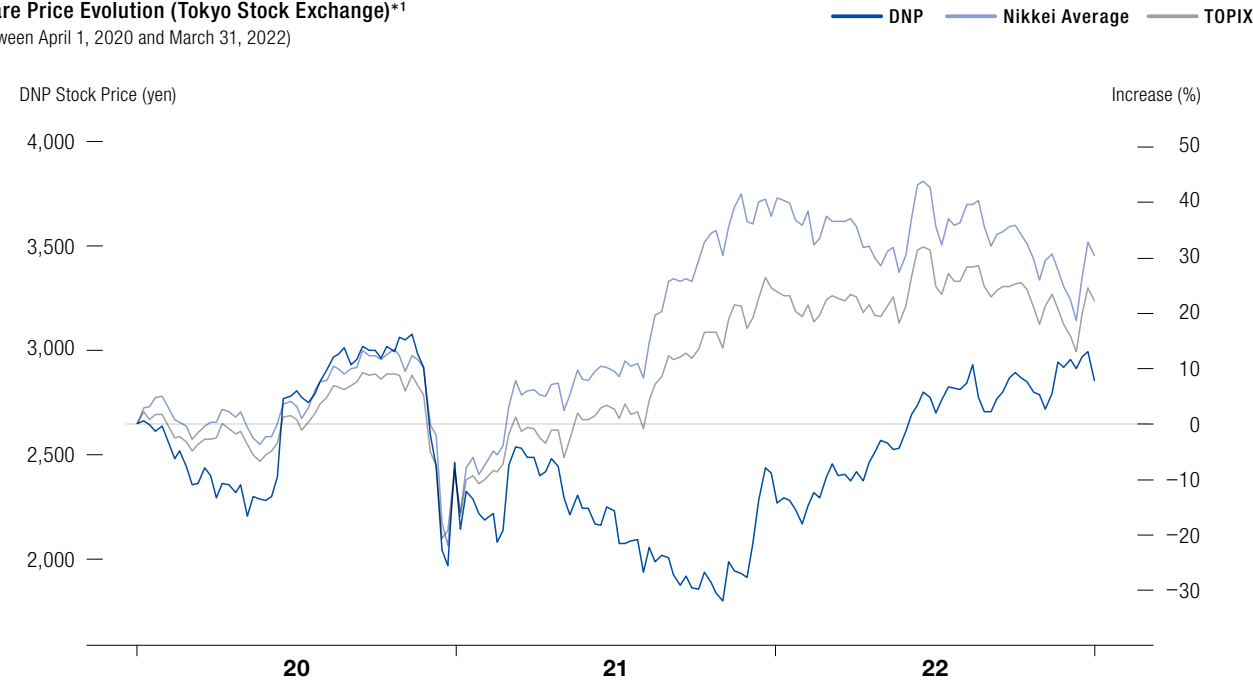


### Supplier Engagement Rating



### Share Price Evolution (Tokyo Stock Exchange)\*1

(between April 1, 2020 and March 31, 2022)



\*1 Index 100 = March 31, 2019

### Total Shareholder Return \*2 (TSR)

Fiscal year ended	2018.3	2019.3	2020.3	2021.3	2022.3
DNP (%)	94.25	115.63	103.88	107.29	133.25
TOPIX (%)	(115.87)	(110.03)	(99.57)	(141.53)	(144.34)

\*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, 2022 ÷ the stock price at the end of the fiscal year ended March 31, 2017.)

### Voting Rights

 (as of March 31, 2022)

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, etc.)	(Treasury held stocks) Common stocks	48,164,000	—
Stocks with voting rights (other)	Common stocks	268,821,400	2,688,214
Stocks with less than trading units	Common stocks	254,946	—
Outstanding shares		317,240,346	—
Total voting rights of stockholders		—	2,688,214

### Treasury Stocks

 (as of March 31, 2022)

Holder	No. of Stocks Held	Percentage of Holding to No. of Outstanding Shares
Dai Nippon Printing Co., Ltd.	48,164,007	15.18
Total	48,164,007	15.18



## **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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