

**Overview of Financial Results
for First Six Months of Fiscal Year 2020 (ending March 31, 2021)
and Progress with Medium-term Management Plan
Briefing materials**

DNP

November 12, 2020

Dai Nippon Printing, Co., Ltd.

1. Results Overview

1. Overview of Consolidated Results for First Six Months of Fiscal Year 2020: Earnings Summary



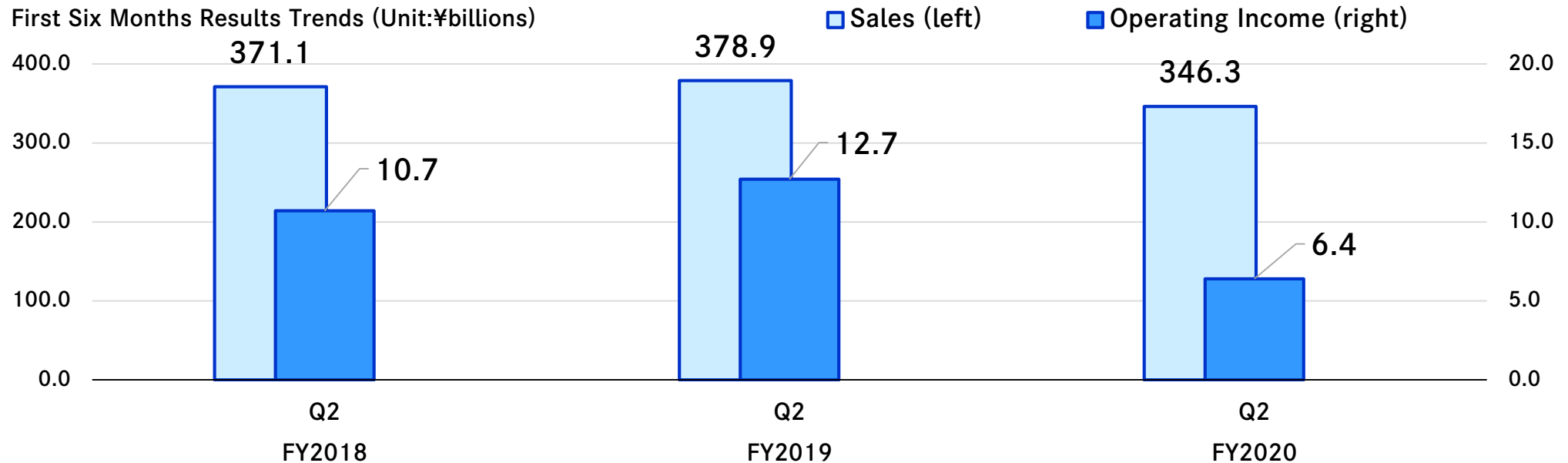
(Unit: ¥ billions)

	First Six Months FY2019	First Six Months FY2020	Year-on-year Change
Sales	694.1	644.6	▲7.1%
Operating Income	25.6	17.5	▲31.6%
Ordinary Income	29.4	21.7	▲25.9%
Net Income Attributable to Parent Company Shareholders	75.4	11.4	▲84.9%

- Sales and profits declined as the COVID-19 pandemic led to curbs on consumer spending and corporate activity and lower demand for printed materials.
- Amid significant changes in business conditions caused by COVID-19, the DNP Group worked to build a strong business portfolio by optimizing the allocation of management resources and restructuring to enhance competitiveness, primarily in focus areas such as the Internet of Things (IoT)/next-generation communications, data distribution, environment, and mobility. It also worked to strengthen the business base needed to support sustainable growth for the entire DNP Group by stepping up its initiatives in areas such as human capital, and human rights.

1. Overview of Consolidated Results for First Six Months of Fiscal Year 2020: Segment Earnings

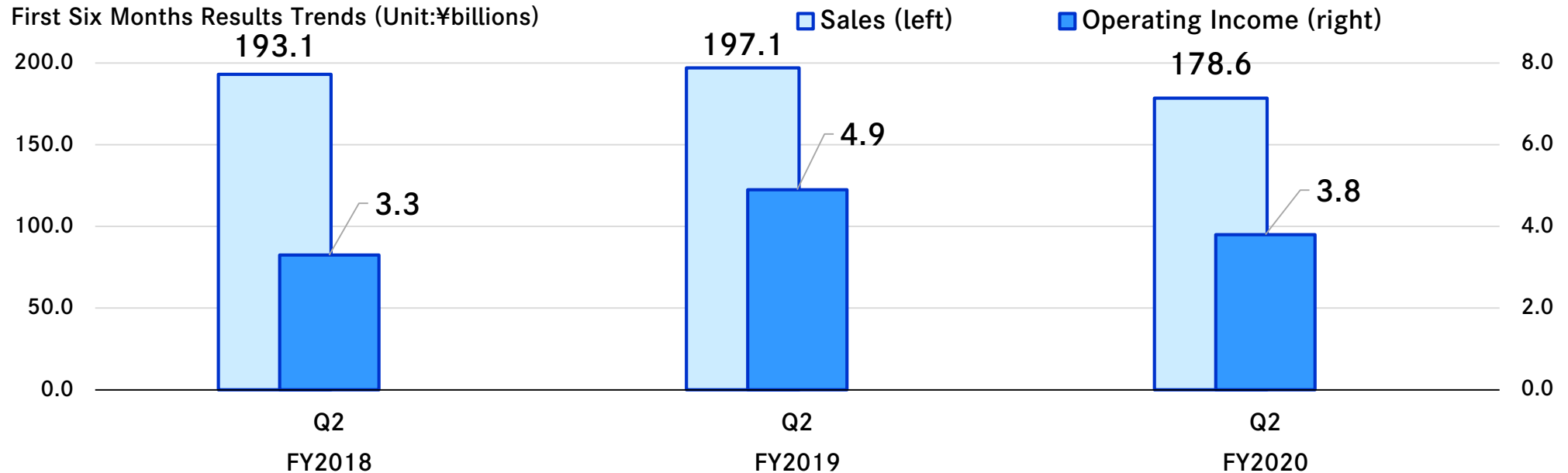
【Information Communication】



In the Information Innovation business, areas such as ID cards (mainly Japan’s social security and tax number (“My Number”) cards) and Business Process Outsourcing (BPO, which handles business processes on behalf of companies) saw steady growth, partly reflecting an increase in demand driven by government stimulus measures.

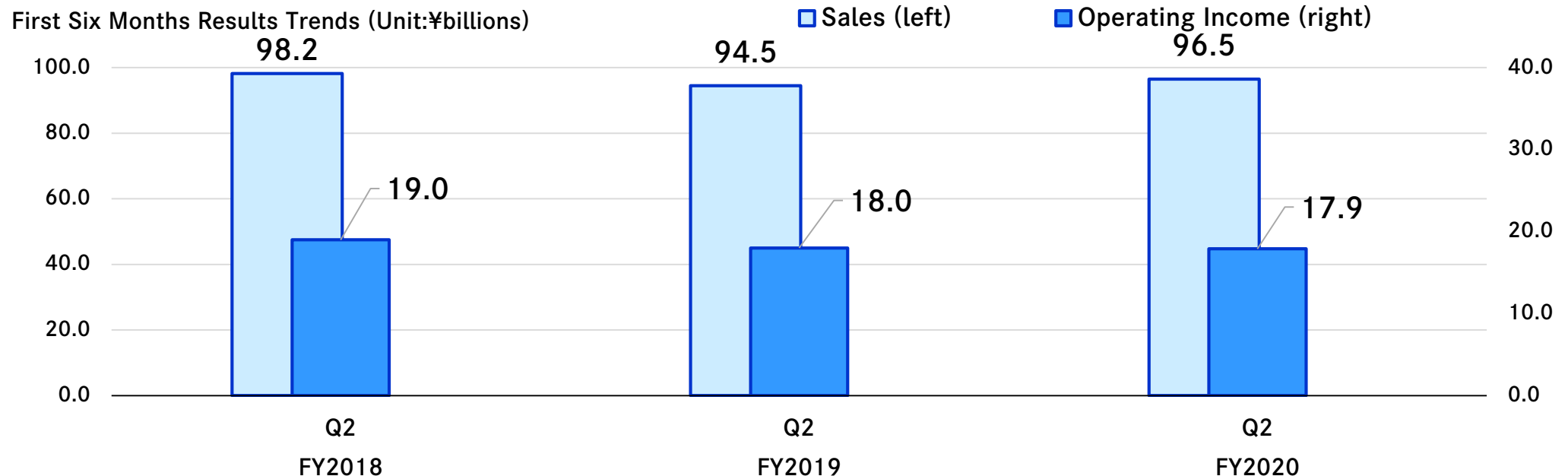
However, also in the Information Innovation business, the cancellation of events throughout Japan reduced demand for promotional campaigns and other advertising and depressed sales of pamphlets, catalogs and other printed media. In the Imaging Communication business, fewer opportunities to shoot and print photos due to government stay-at-home requests reduced sales of related products and services. In the Publishing business, the print publication market continued to contract and printing orders for books and magazines decreased. As a result, overall segment sales and profits declined.

1. Overview of Consolidated Results for First Six Months of Fiscal Year 2020: Segment Earnings 【Lifestyle and Industrial Supplies】



In the High-Performance Industrial Supplies business, sales rose for battery pouches used in automotive lithium-ion batteries due to greater uptake of electric vehicles, and for products used in tablets and smartphones due mainly to an increase in teleworking. In the Packaging business, demand increased for packaging for pharmaceuticals and sanitary materials. However, also in the High-Performance Industrial Supplies business, demand for commercial packaging materials for beverages, souvenirs, and restaurant use declined due to government stay-at-home requests in response to COVID-19. In addition, the Living Spaces business faced an increase in delays and suspensions of domestic housing construction and remodeling work. As a result, overall segment sales and profits declined.

1. Overview of Consolidated Results for First Six Months of Fiscal Year 2020: Segment Earnings 【Electronics】

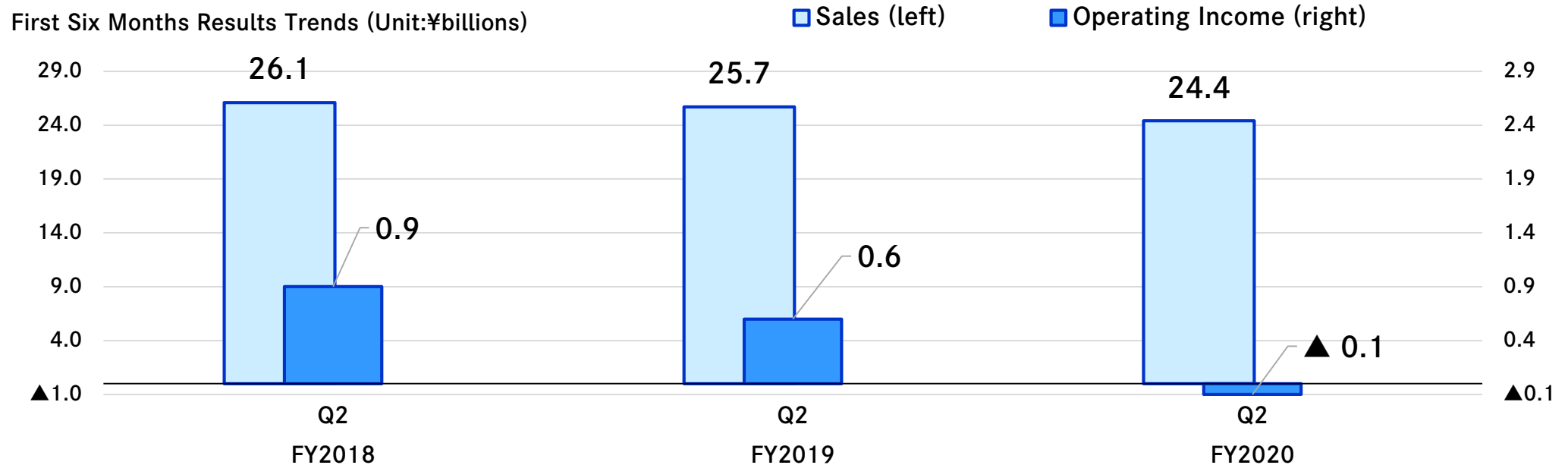


In the Display Components business, sales of automotive products decreased due to the impact of COVID-19. In optical films, sales of products such as projector screens declined, but sales of products used in tablets and monitors increased due to an increase in household demand driven by teleworking and other factors, and sales of products used in TVs were also strong. Sales of metal masks used in the production of organic light-emitting diode (OLED) displays also remained stable due to greater uptake of OLED displays in smartphones. As a result, overall sales in the Display Components business increased.

Sales in the Electronic Devices business rose due to growth in overall demand driven by an increase in teleworking and greater uptake of IoT equipment.

Overall segment sales rose but operating income fell due to a decline in sales of high value-added display products caused by COVID-19.

1. Overview of Consolidated Results for First Six Months of Fiscal Year 2020: Segment Earnings [Beverages]

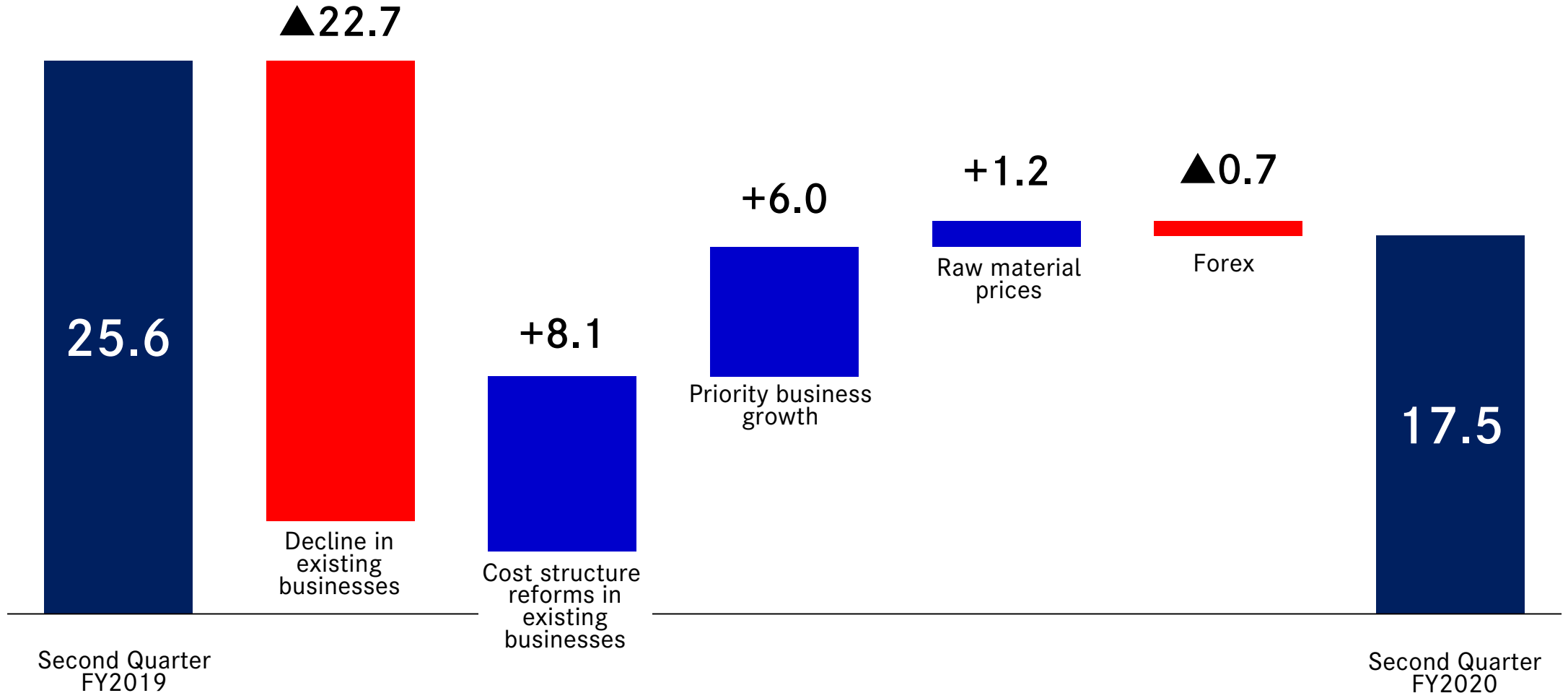


Amid a decline in demand from tourist destinations and restaurants due to government stay-at-home requests, sales of the Lemondo line of alcoholic beverages increased due to greater demand from consumers drinking at home, and the DNP Group also made efforts to propose products that address growing restaurant take-out demand. As a result, overall segment sales fell as growth in Lemondo sales was offset by factors including the impact of government stay-at-home requests, a decrease in tourists and hotel guests, and a decline in beverage demand due to the temporary closure of restaurants and other businesses. Operating income declined to a loss of ¥0.1 billion due to factors such as a decline in sales volume.

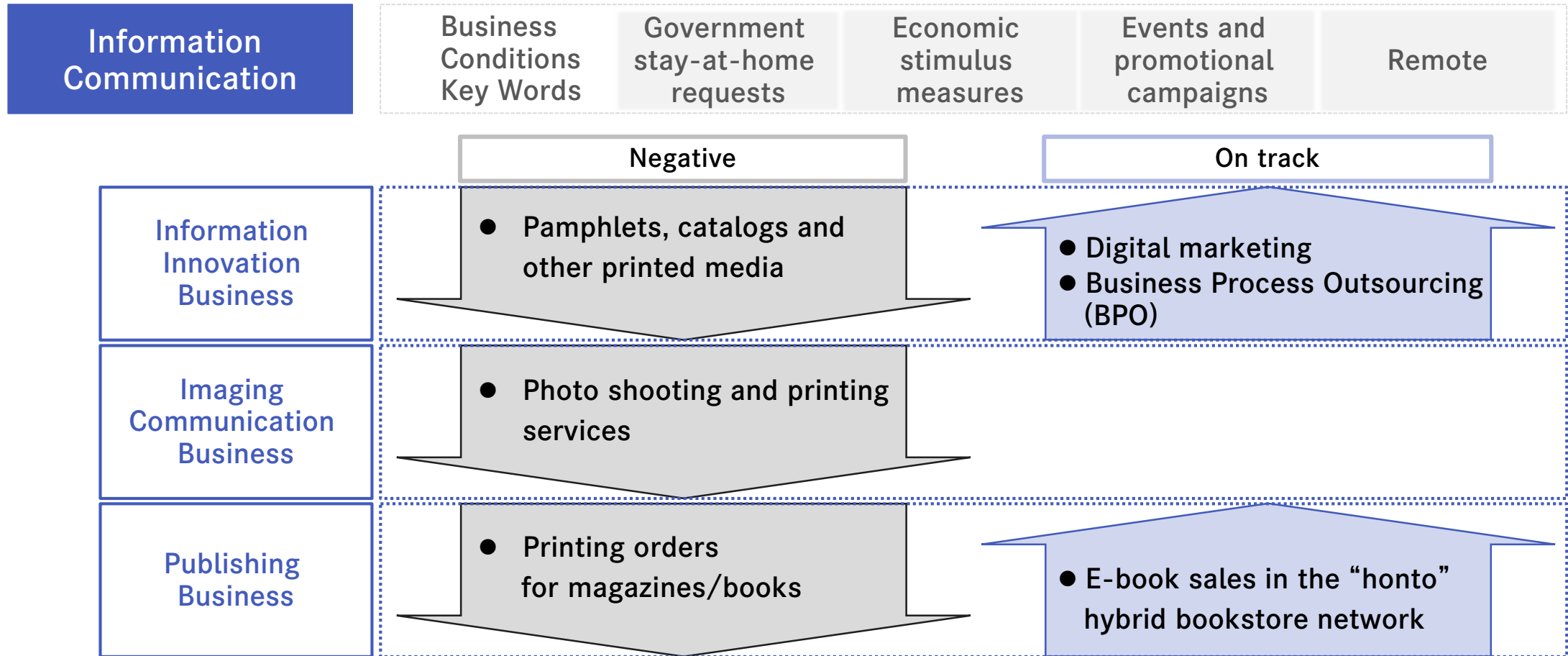
1. Overview of Consolidated Results for First Six Months of Fiscal Year 2020: Analysis of Factors Affecting Operating Income



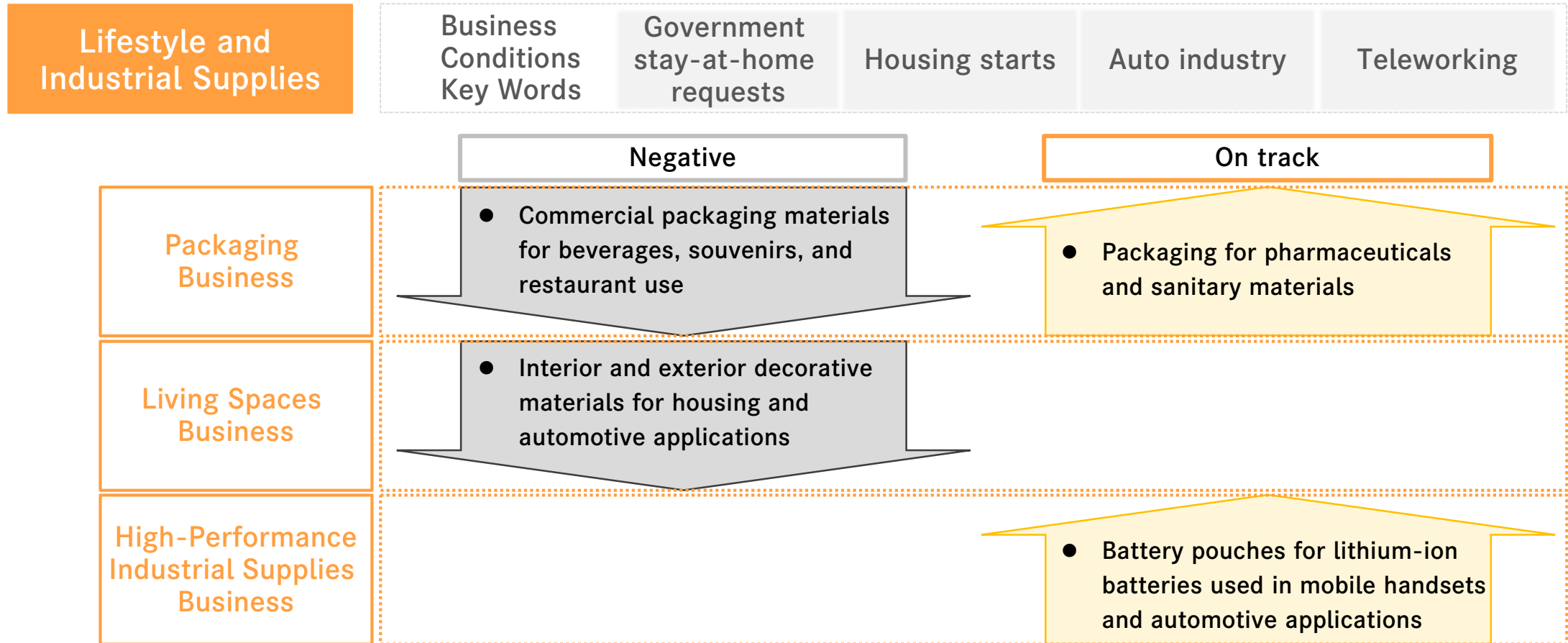
(Unit : ¥ billions)



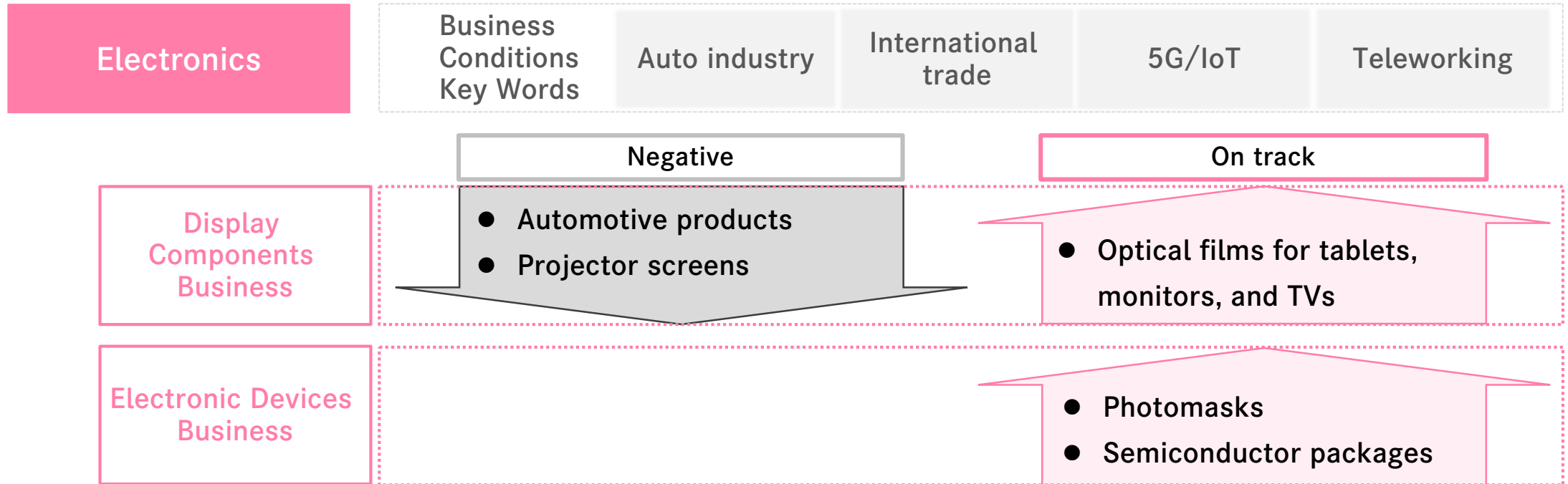
2. Business impact from COVID-19 (1)



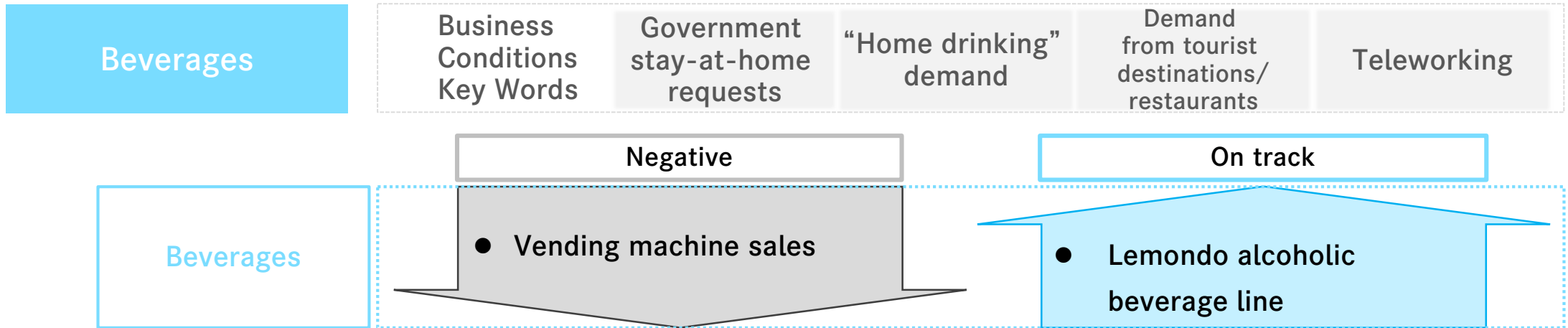
2. Business impact from COVID-19 (2)



2. Business impact from COVID-19 (3)



2. Business impact from COVID-19 (4)



3. Consolidated Earnings Forecasts for Fiscal Year ending March 2021



(Unit : ¥ billions)

Consolidated results

	Results FY2019	Forecasts FY2020	Year-on- year Change
Sales	1,401.8	1,340.0	▲4.4%
Operating Income	56.2	40.0	▲28.9%
Ordinary Income	63.7	48.0	▲24.7%
Net Income Attributable to Parent Company Shareholders	69.4	21.0	▲69.8%

Capital Expenditures	57.1	60.0	+ 5.1%
Depreciation Expences	54.4	53.0	▲2.6%
R&D Expenditures	33.6	33.0	▲1.8%

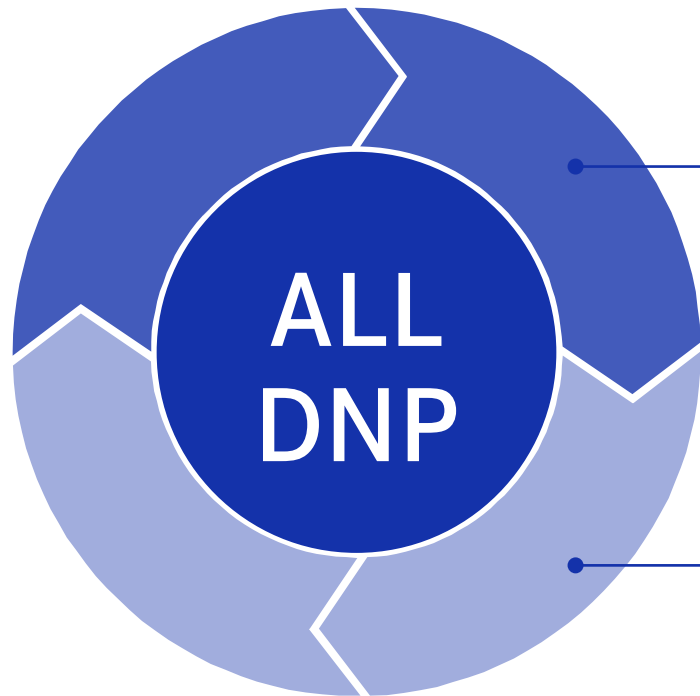
By segment

		Results FY2019	Forecasts FY2020	Year-on-year Change
Total	Sales	1,401.8	1,340.0	▲ 4.4%
	Operating Income	56.2	40.0	▲ 28.9%
Information Communication	Sales	773.0	734.0	▲ 5.1%
	Operating Income	30.4	18.0	▲ 40.8%
Lifestyle and Industrial Supplies	Sales	391.3	372.0	▲ 4.9%
	Operating Income	11.1	10.0	▲ 10.3%
Electronics	Sales	186.6	186.0	▲ 0.3%
	Operating Income	34.1	33.0	▲ 3.3%
Beverages	Sales	55.2	50.7	▲ 8.3%
	Operating Income	2.0	0.6	▲ 70.7%
Adjustment	Sales	▲ 4.4	▲ 2.7	
	Operating Income	▲ 21.4	▲ 21.6	

2. Progress with Medium-term Management Plan

Note: This plan does not currently factor in the impact of COVID-19.

1. Basic strategy



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

~Build a strong business portfolio~

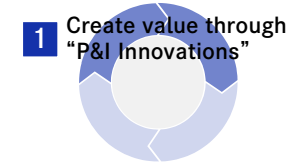
1. Create value primarily in growth areas
2. Provide value optimized to each country and region
3. Increase value using all available restructuring approaches

Basic Strategy **2** Strengthen business infrastructure to support growth

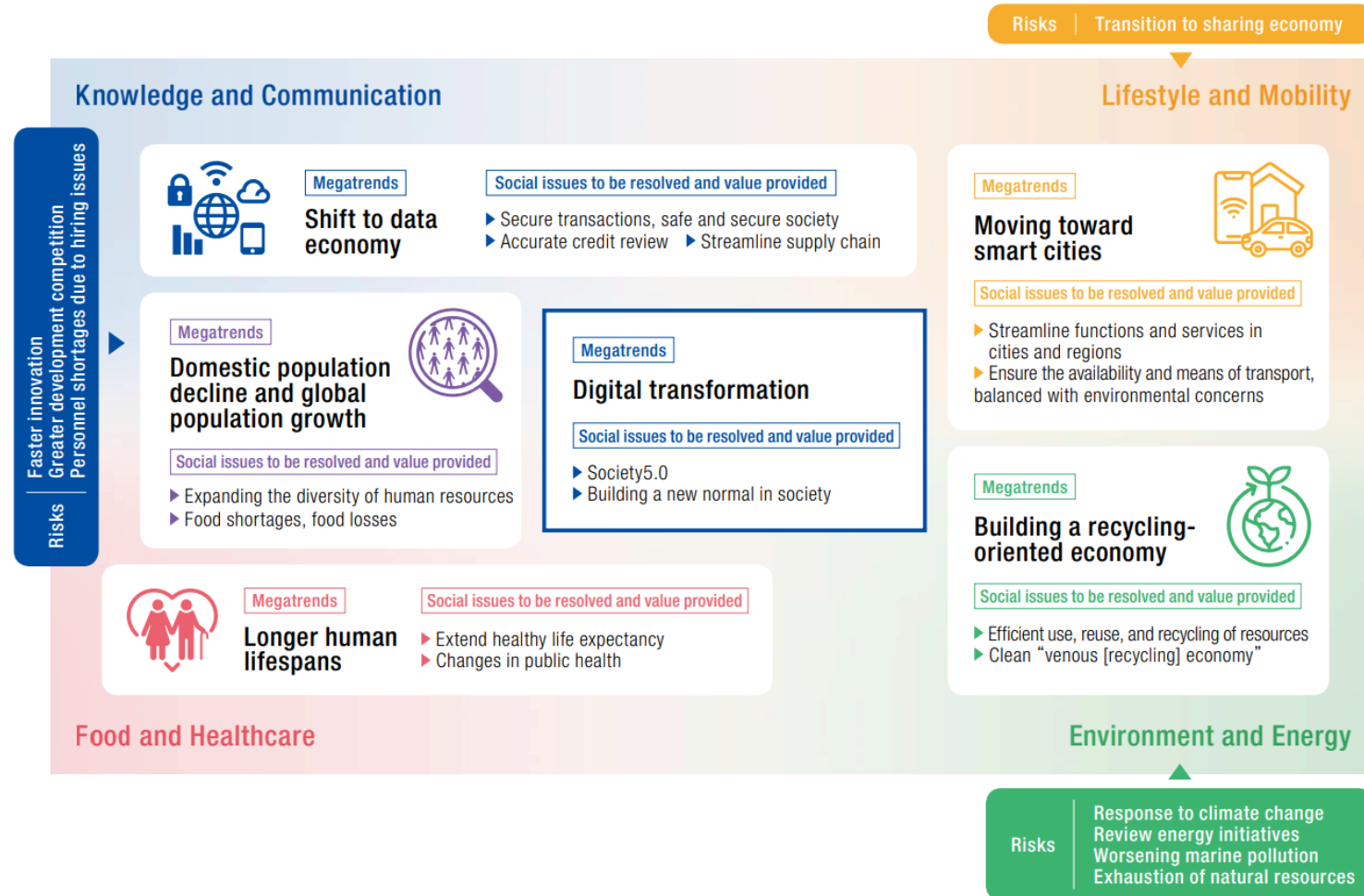
1. Strengthen financial and non-financial capital
2. Strengthen corporate governance

2. Business conditions and key issues

Megatrends the DNP Group identifies as business opportunities largely unchanged despite drastic change in conditions caused by pandemic. Moves to foster digital transformation (DX) in particular are accelerating.



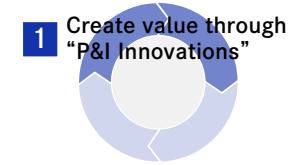
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Faster innovation
Greater development competition
Personnel shortages due to hiring issues

Risks

2. Business conditions and key issues



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**DNP Group's focus
megatrends during pandemic**

Megatrends

Digital transformation

Social issues to be resolved and value provided

- ▶ Society5.0
- ▶ Building a new normal in society

Megatrends

**Building a recycling-
oriented economy**



Social issues to be resolved and value provided

- ▶ Efficient use, reuse, and recycling of resources
- ▶ Clean "venous [recycling] economy"

Changes in conditions

Government stay-at-home requests



Japanese government initiatives to promote DX



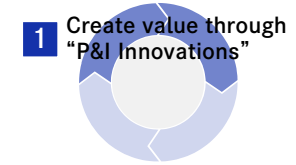
"Green recovery" policy proposals mainly in Europe



**Providing
value in
"new normal"**

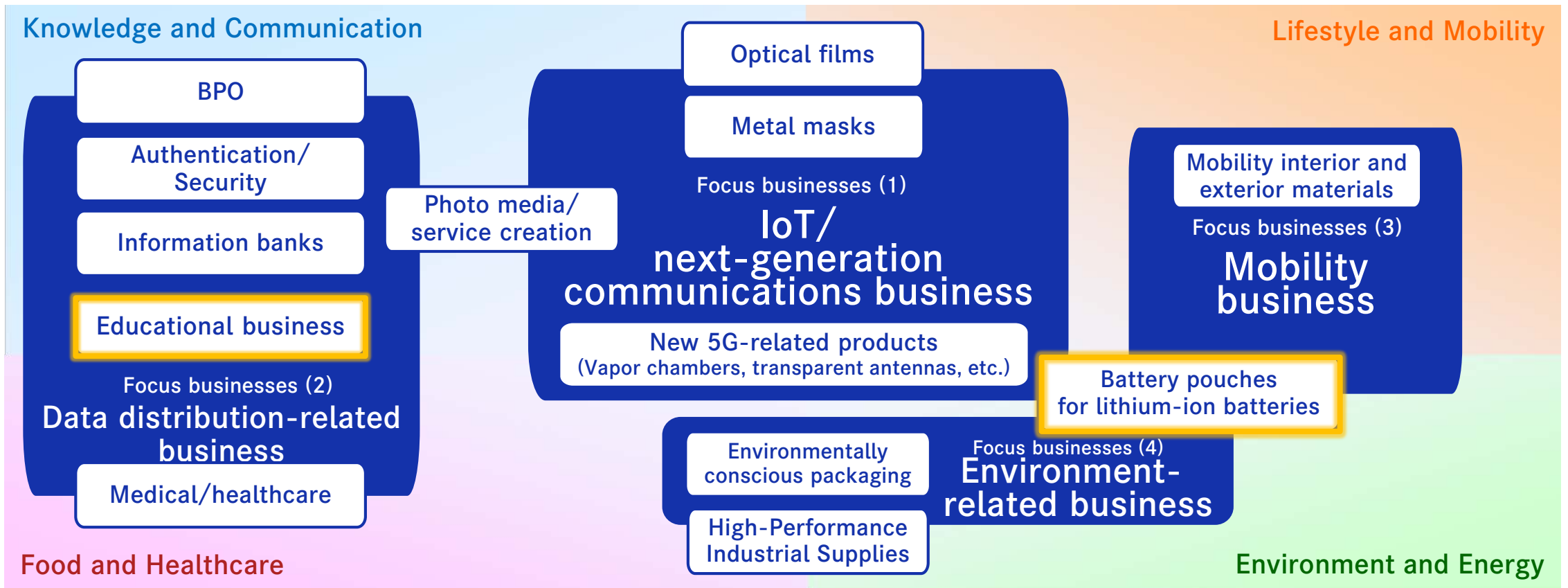
3. Main initiatives

1 – 1. Create value primarily in growth areas



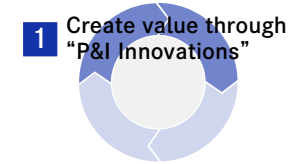
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< Focus businesses in four growth areas >



3. Main initiatives

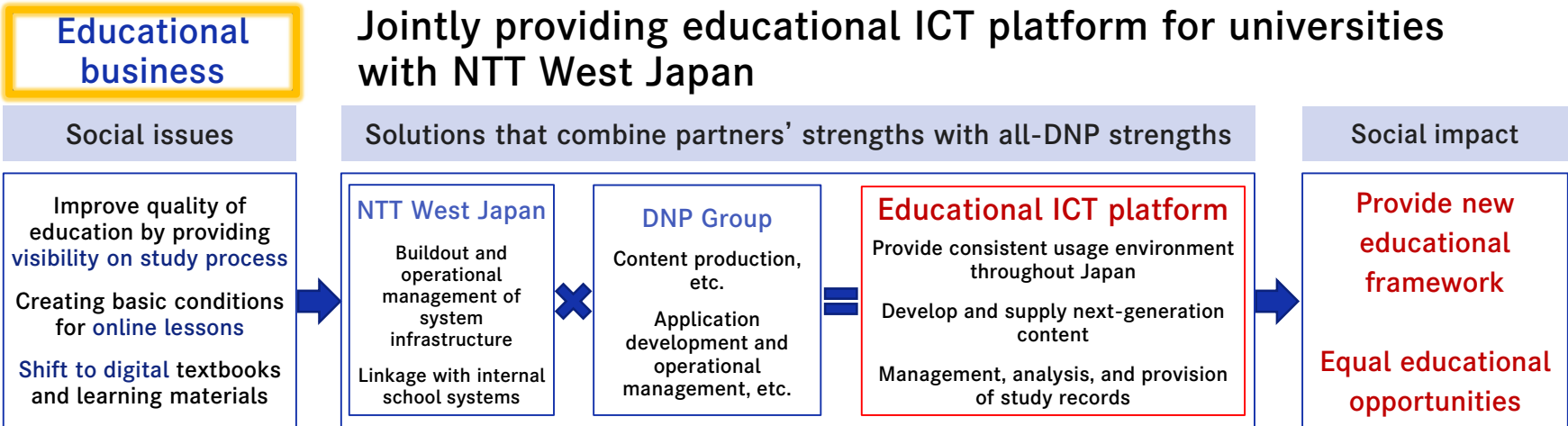
1 - 1. Create value primarily in growth areas



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Focus businesses (2) Progress in data distribution-related business

Future initiatives

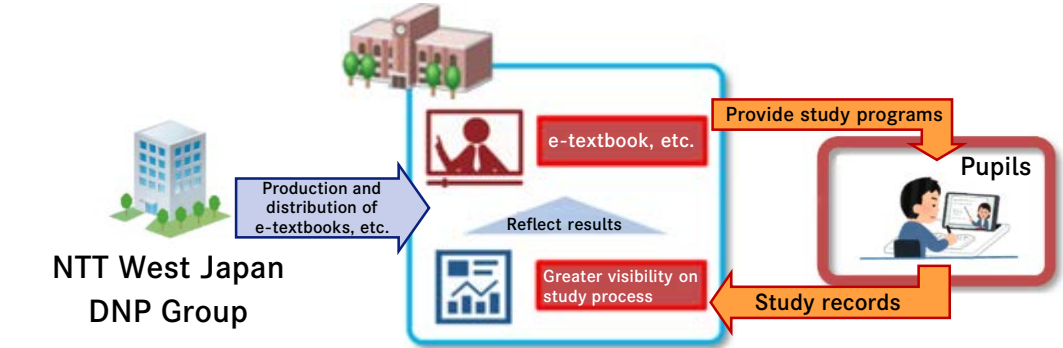


Partnership with NTT East Japan to jointly provide educational ICT platform for universities

↓

Expanding provision to universities throughout Japan

Contributing to digital transformation (DX) of education

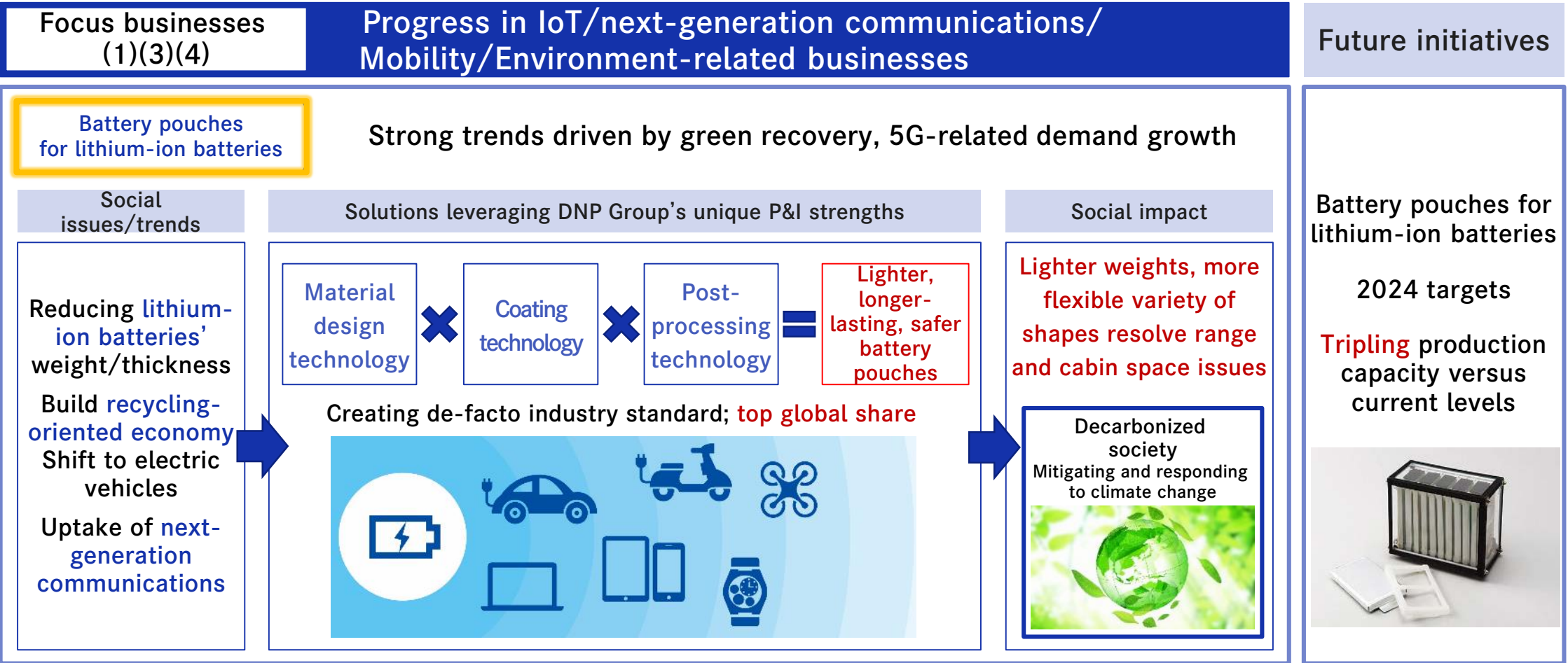


- Educational ICT platform functions**
- ✓ Provide textbooks and learning materials to multiple devices, enable online purchasing/viewing
 - ✓ Provide management and other services for study data



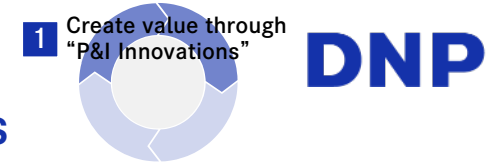
3. Main initiatives

1 – 1. Create value primarily in growth areas



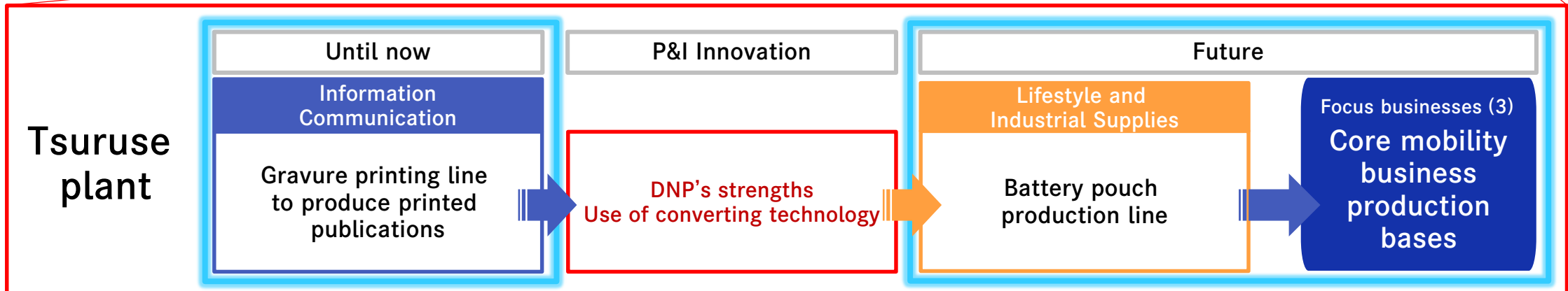
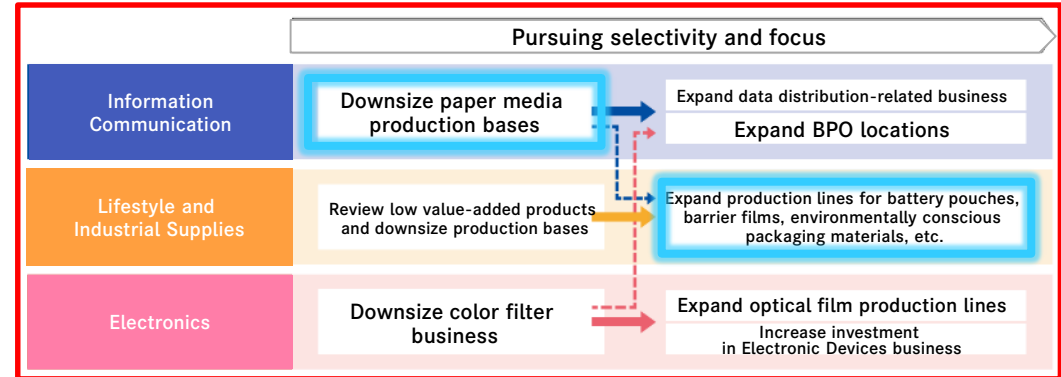
3. Main initiatives

1 – 3. Increase value using all available restructuring approaches



Shifting to high-value businesses to boost profitability

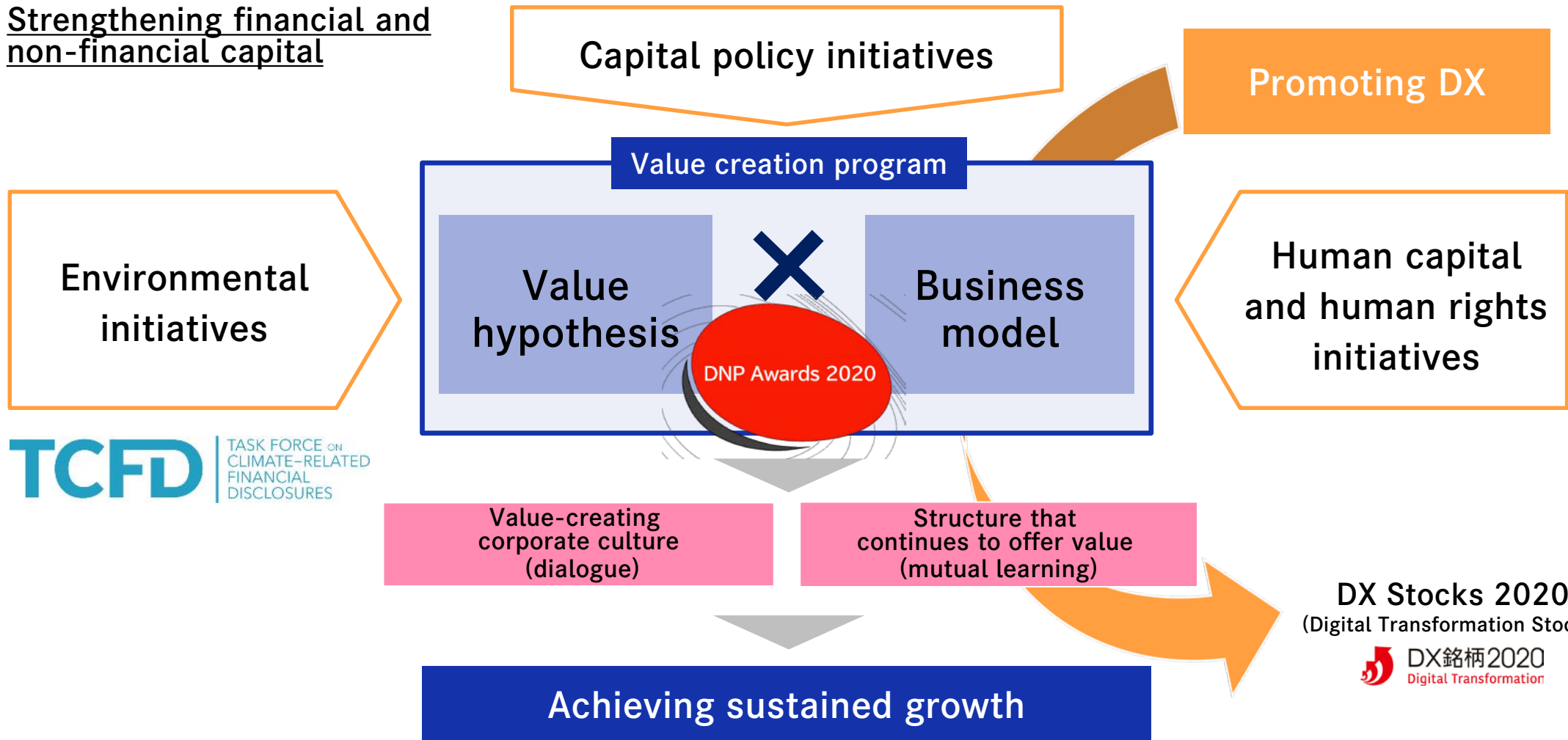
→ Reducing printed media production lines at Tsuruse plant, adding battery pouch lines



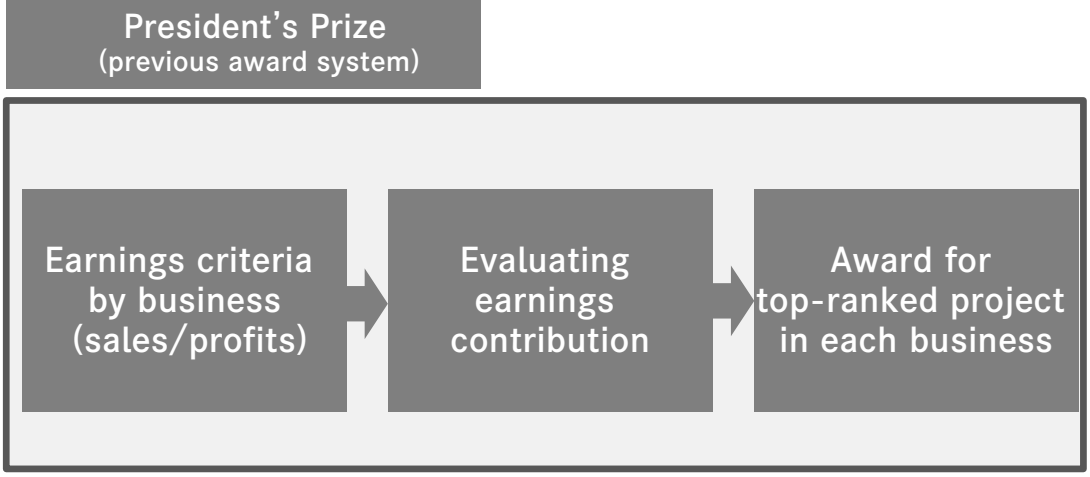
3. Main initiatives

2 – 1. Strengthen financial and non-financial capital

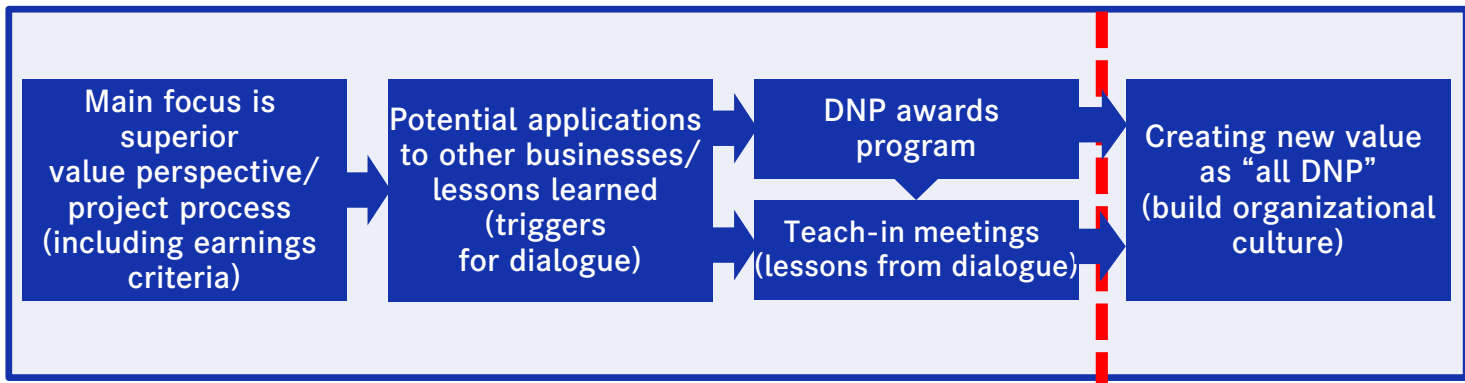
■ Strengthening financial and non-financial capital



Initiatives to advance value creation program: New DNP Awards

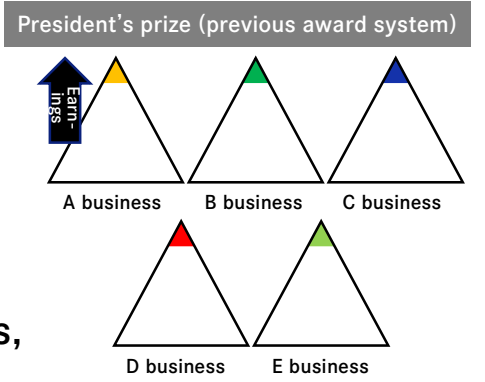


DNP Awards program



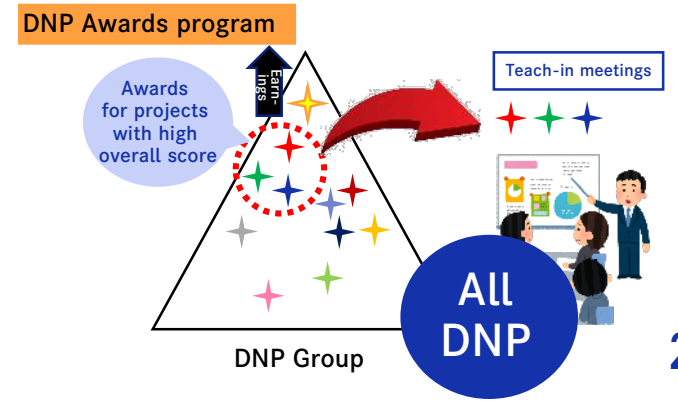
【Challenges】

- ✓ Results-focused, process not shared
- ✓ Siloed organization results in little interest except by award winners, limited synergy effects



【Results】

- ✓ Readily creates value through dialogue
- ✓ Create organizational culture = major synergies



3. Main initiatives

2 – 1. Strengthen financial and non-financial capital

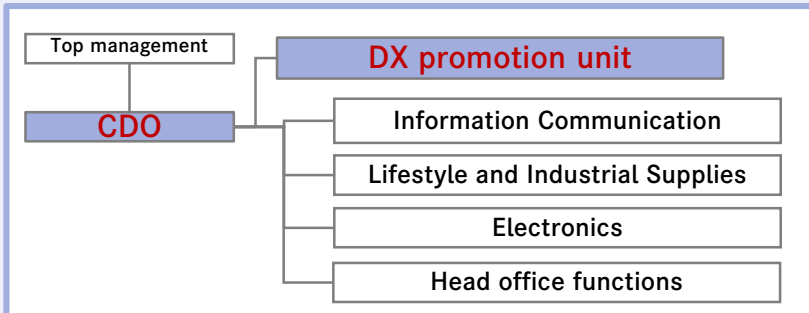


DX initiatives

DX at DNP

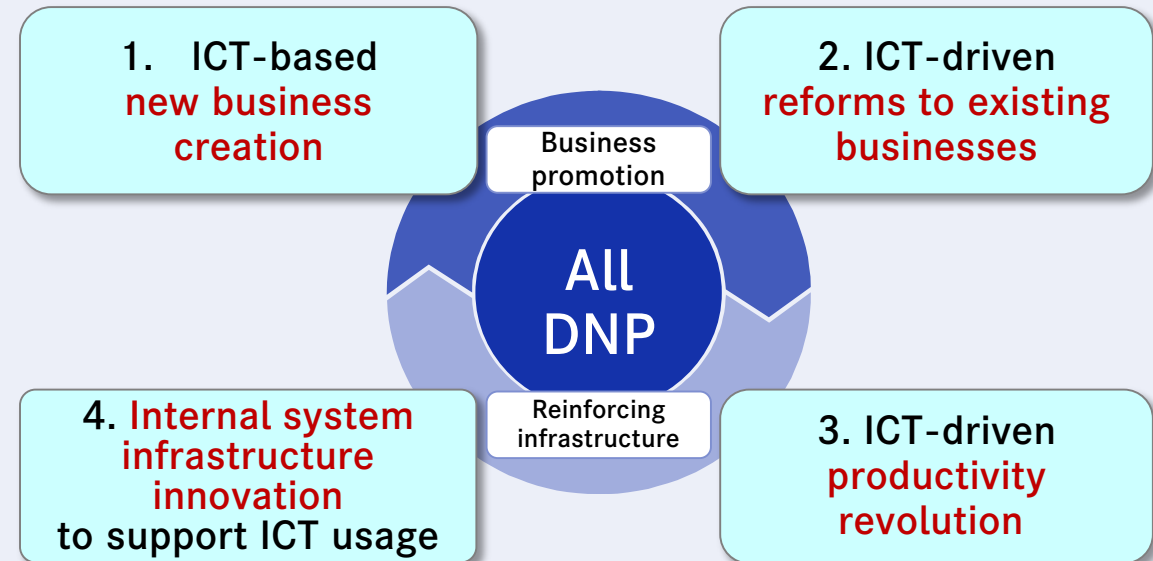
Structure to promote DX

- ✓ Chief Digital Officer (CDO) oversees companywide DX
- ✓ DNP Group has set up a DX promotion unit at its head office to create stronger DX partnerships between the head office and business units and between business units and promote stronger, more dynamic interaction between units.



- ✓ Create and expand systems and development programs to further strengthen more than 2,000-strong ICT workforce

DX-driven value creation

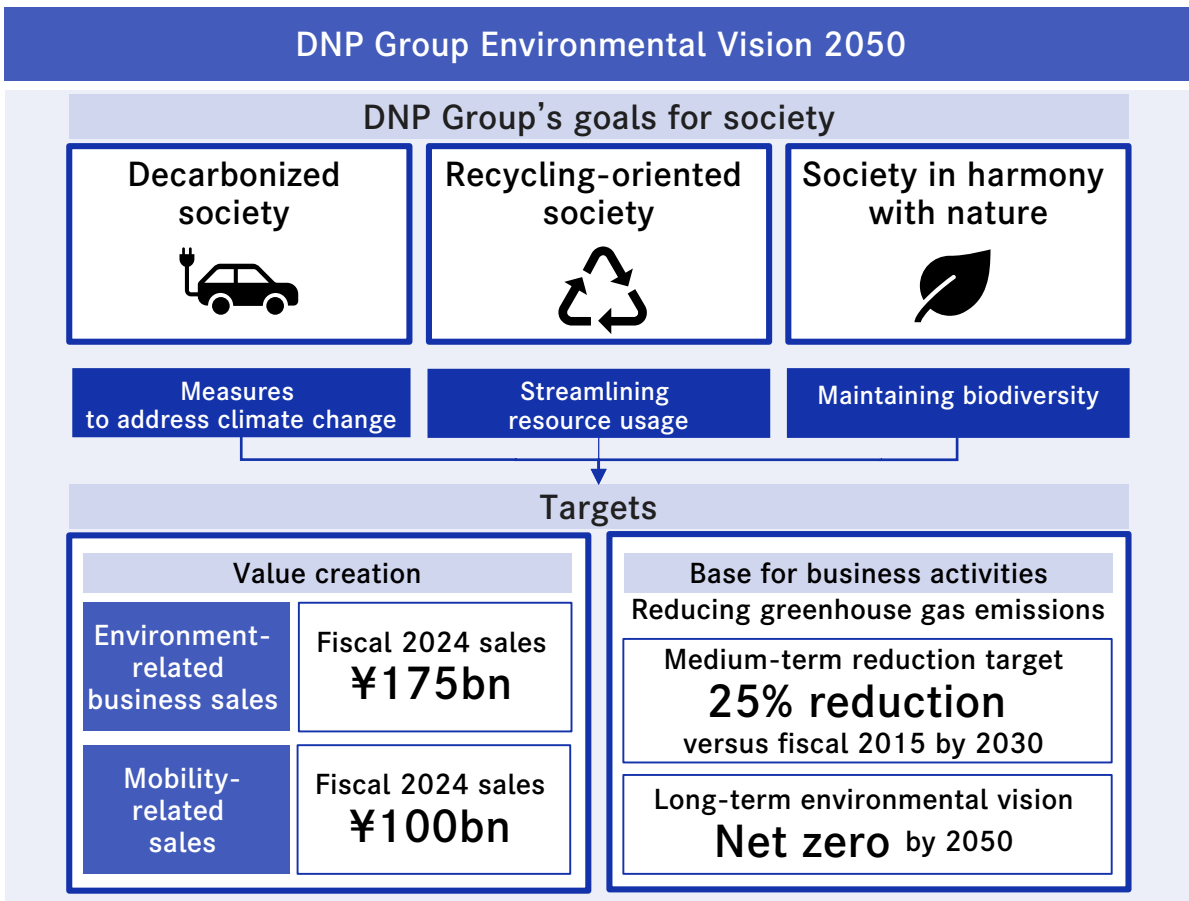


3. Main initiatives

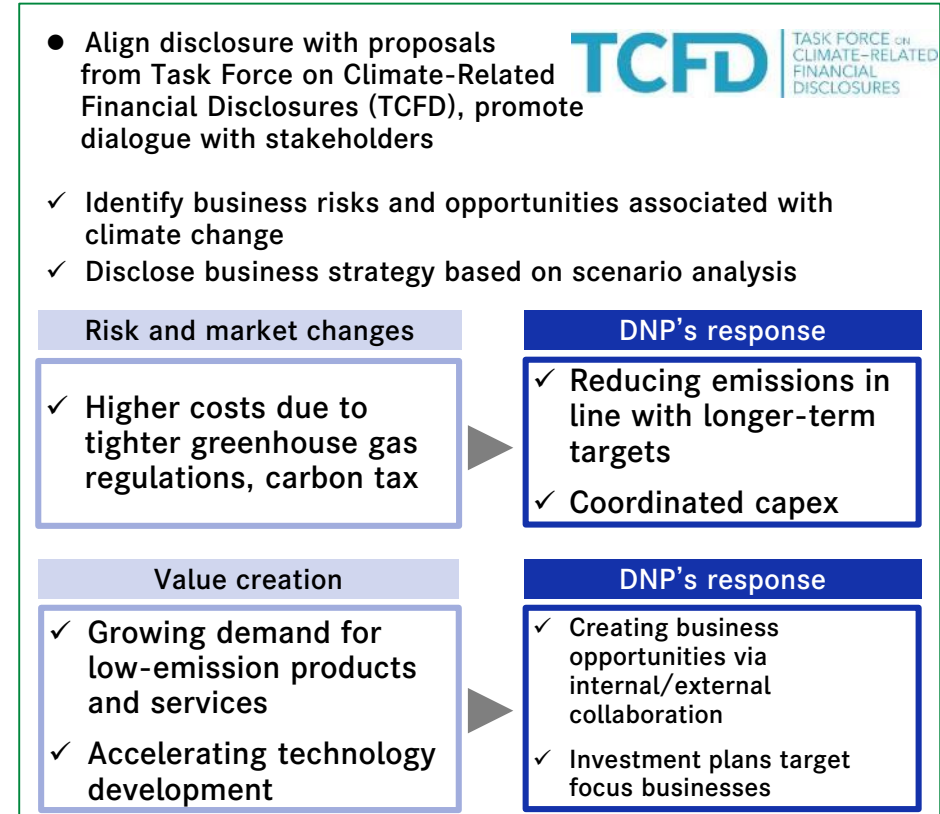
2 – 1. Strengthen financial and non-financial capital



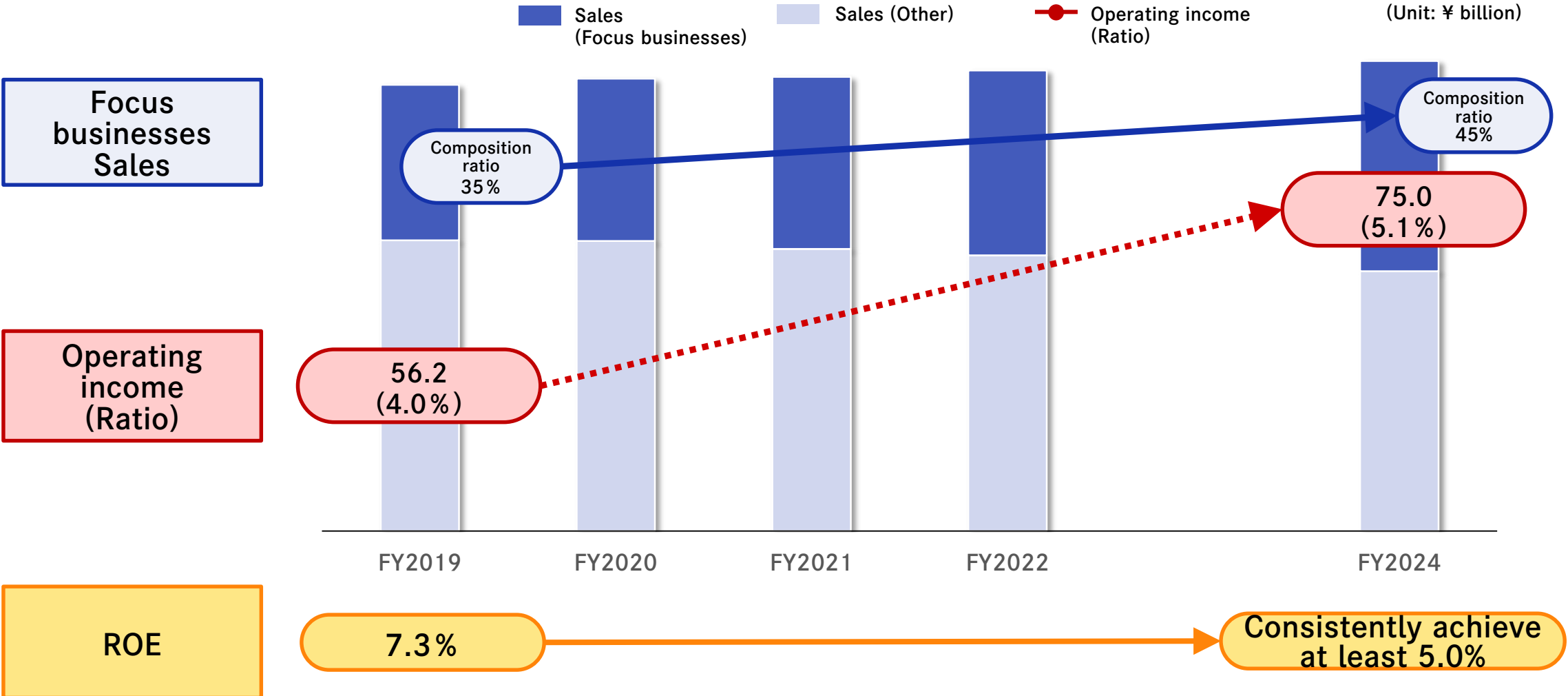
Environmental initiatives



Initiatives



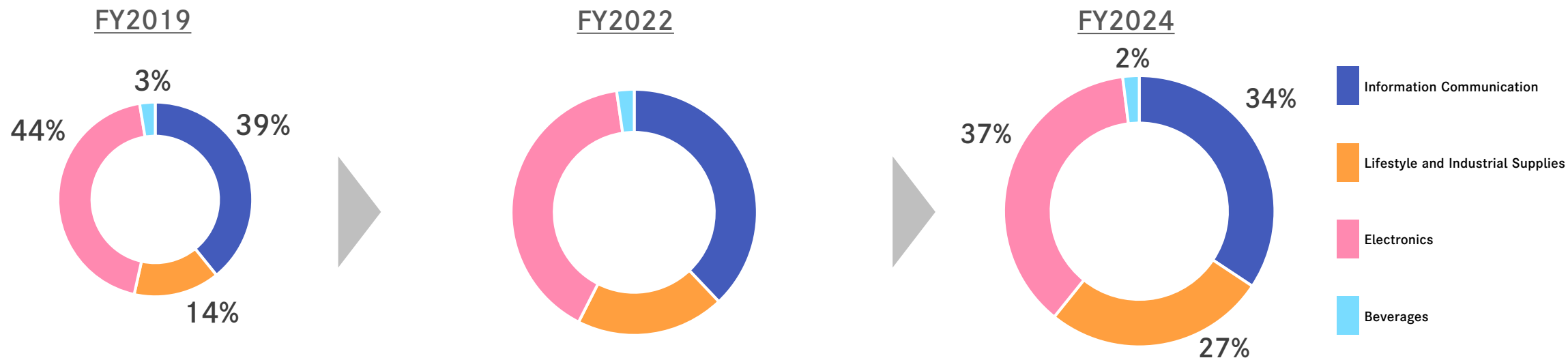
4. Management targets



Note: This plan does not factor in the impact of COVID-19. DNP will review them as needed to reflect the impact of COVID-19.

4. Management targets

■ Operating income by Segment



Note: This plan does not factor in the impact of COVID-19. DNP will review them as needed to reflect the impact of COVID-19.

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

Today's Innovation is "Tomorrow's Basic."

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Disclaimer

The earnings forecasts, medium-term management targets, and other forward-looking statements contained in these materials represent DNP's judgement of the current outlook based on information available at the time of preparation, and involve potential risks and uncertainties. Actual performance may therefore differ materially from these forward-looking statements due to changes in the various assumptions on which they are based.