

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

**May 17, 2021**

**Dai Nippon Printing, Co., Ltd.**

**DNP**

# 1. Results Overview

# Overview of Consolidated Results for Fiscal Year 2020: Earnings Summary

**DNP**

(Unit: ¥ billions)

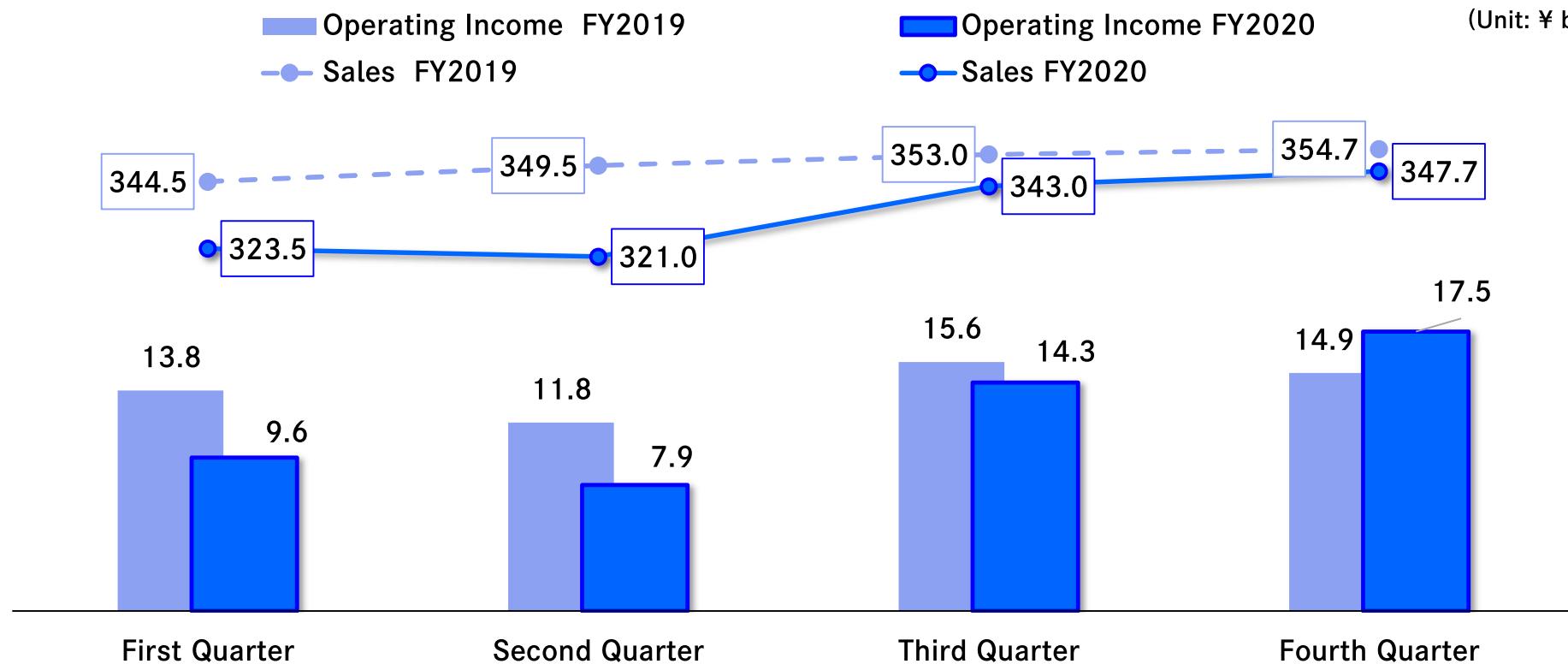
	FY2019	FY2020	Year-on-year Change
Sales	1,401.8	1,335.4	▲4.7%
Operating Income	56.2	49.5	▲12.0%
Operating Income Ratio	4.0%	3.7%	▲0.3%
Ordinary Income	63.7	59.9	▲6.1%
Net Income Attributable to Parent Company Shareholders	69.4	25.0	▲63.9%
ROE	7.3%	2.6%	▲4.7%
Capital Expenditures	57.1	71.6	+25.3%
R&D Expenditures	33.6	32.6	▲2.9%

- Sales and operating income fell year on year due to impact of COVID-19.
- Continued with reforms to create robust business structure by managing business portfolio. Business investments focus businesses in four growth areas, restructuring aimed at boosting competitiveness.

# Overview of Consolidated Results for Fiscal Year 2020: Quarterly Trends of Sales and Operating Income

DNP

(Unit: ¥ billions)



First and second quarters were affected by COVID-19 pandemic, mainly in Information Communication/Lifestyle and Industrial Supplies segments. Succeeded in limiting pandemic impact from 3Q, achieved profit growth in 4Q, partly via restructuring in existing businesses, steady progress with focus business initiatives.

# Overview of Consolidated Results for Fiscal Year 2020: Segment Earnings

DNP

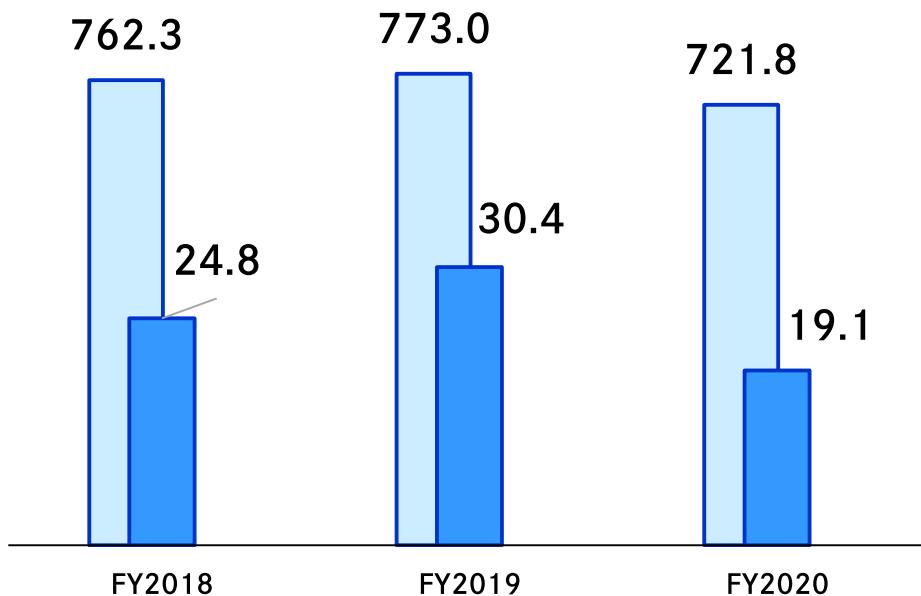
## Information Communication

### 【Results Trends】

(Unit: ¥ billions)

□ Sales (left)

■ Operating Income (right)



### 【Overview】

Sales and profits down on substantial COVID-19 impact

#### ⟨Information Innovation⟩

- Steady growth in ID cards and BPO businesses, partly on demand boost from government stimulus
- Sales of pamphlets and catalogs down sharply due to cancellations/downscaling of events and promotional campaigns

#### ⟨Imaging Communication⟩

- Demand fell sharply due to event cancellations and amusement facility closures

#### ⟨Publishing⟩

- E-book sales steady
- Printing orders declined due to books and magazines suspending/discontinuing publication

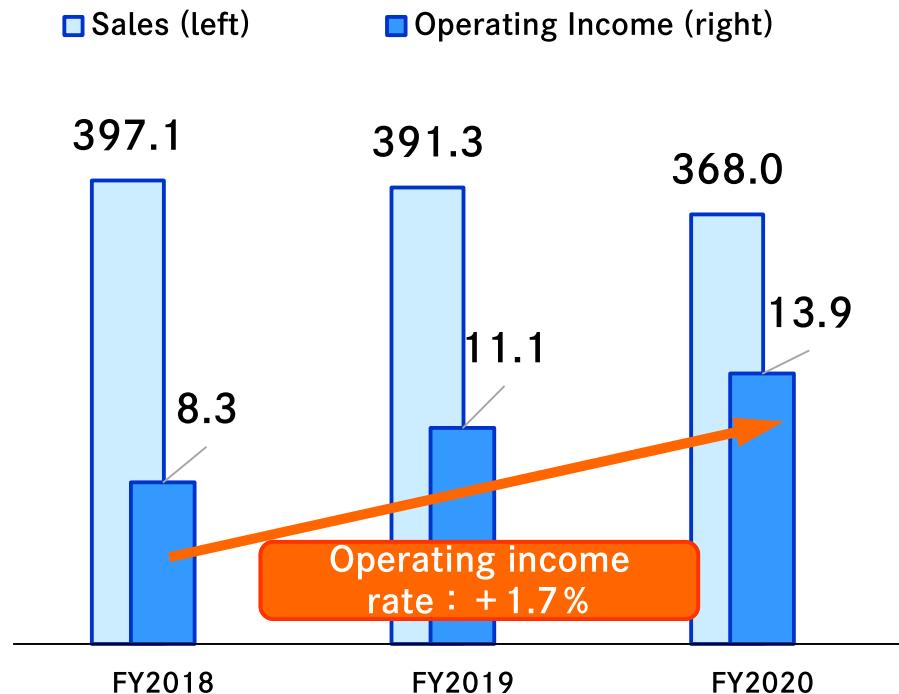
# Overview of Consolidated Results for Fiscal Year 2020: Segment Earnings

DNP

## Lifestyle and Industrial Supplies

### 【Results Trends】

(Unit: ¥ billions)



### 【Overview】

Temporary dip in demand mainly in first half due to COVID-19; achieved profit growth despite falling sales by pursuing selectivity and focus

#### ⟨Packaging⟩

- Decline in commercial packaging materials for souvenirs/restaurants

#### ⟨Living Spaces⟩

- Major impact from decline in housing construction/remodeling and auto market demand in first half
- Expanded lineup of products with antibacterial and antiviral functionality

#### ⟨High-Performance Industrial Supplies⟩

- Considerable growth in battery pouches for lithium-ion batteries

# Overview of Consolidated Results for Fiscal Year 2020: Segment Earnings

DNP

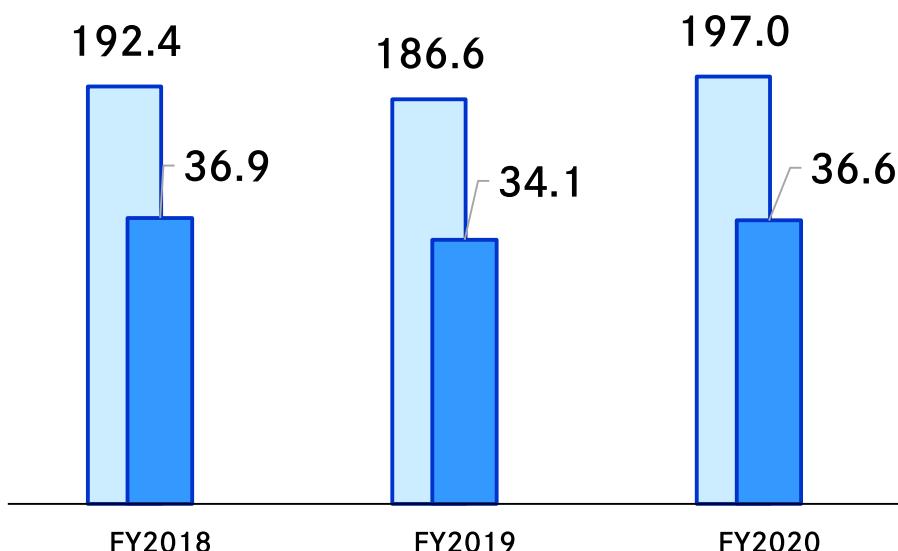
## Electronics

### 【Results Trends】

(Unit: ¥ billions)

□ Sales (left)

□ Operating Income (right)



### 【Overview】

Achieved stable sales and operating income despite COVID-19

#### ⟨Display Components⟩

- Optical films for tablets and TVs upbeat due to increase in teleworking/online demand, more time spent at home
- Sales of metal masks used in production of organic light-emitting diode (OLED) displays also remained stable due to greater demand for smartphone OLED displays
- Pursued business streamlining in color filters for LCD displays

#### ⟨Electronic Devices⟩

- Overall demand increased due to greater use of teleworking, online services, start of 5G services

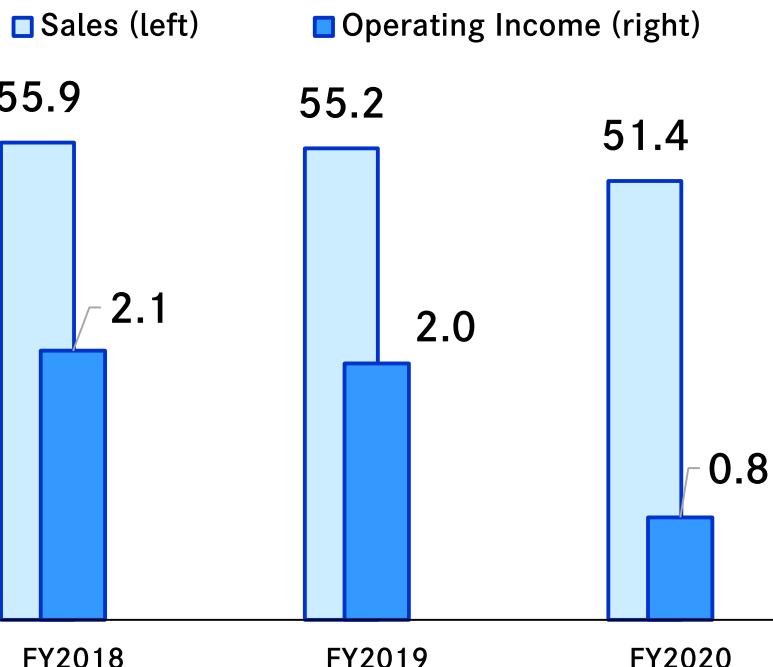
# Overview of Consolidated Results for Fiscal Year 2020: Segment Earnings

DNP

## Beverages

### 【Results Trends】

(Unit: ¥ billions)

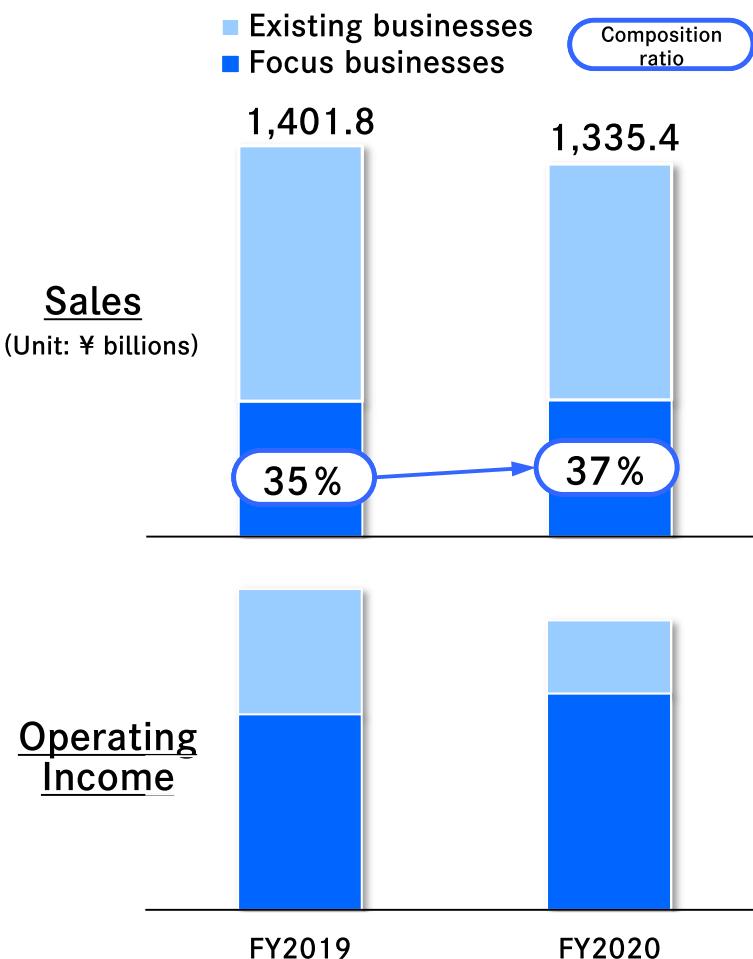


### 【Overview】

- Decline in demand from tourist destinations, restaurants due to stay-at-home requests
- Increased demand from consumers drinking at home boosted sales of Lemondo alcohol beverages
- Worked to respond to lifestyle changes caused by COVID-19, including increase in restaurant take-out demand

# Overview of Consolidated Results for Fiscal Year 2020: Focus businesses

**DNP**

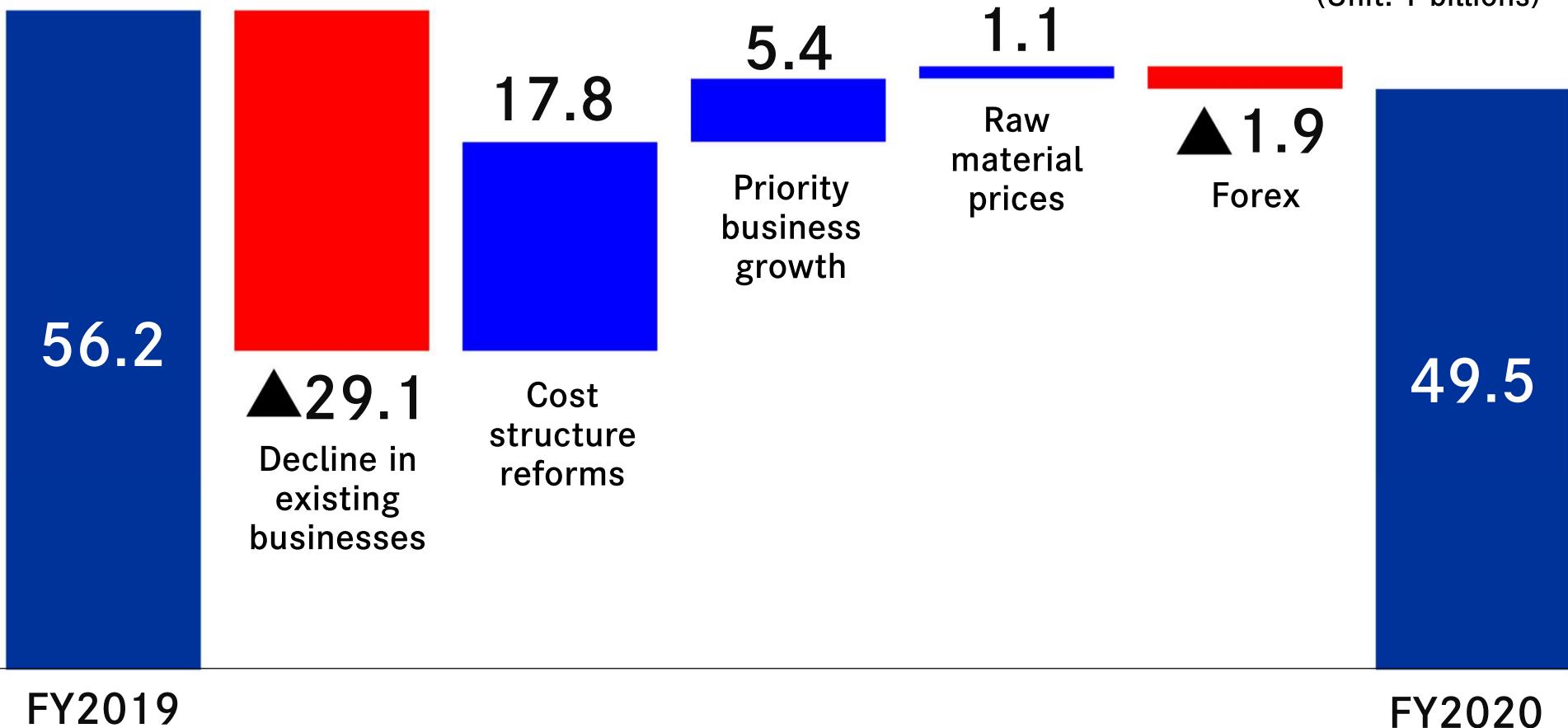


Focus businesses	Sales Year-on-year change	Overview
IoT/next-generation communications	↑	Growth in optical film and other electronics materials due to greater time spent at home
Mobility	↑	Growth in battery pouches for lithium-ion batteries
Environment	↓	Decline in commercial packaging materials for souvenirs/restaurants due to stay-at-home requests
Data distribution	→	<ul style="list-style-type: none"> <li>Growth in BPO related to government economic stimulus measures</li> <li>Demand for imaging products and services fell sharply due to event cancellations, amusement facility closures</li> </ul>

# Overview of Consolidated Results for Fiscal Year 2020: Analysis of Factors Affecting Operating Income

DNP

(Unit: ¥ billions)



# Earnings Forecasts for Fiscal Year 2021

(Unit: ¥ billions)



	FY2020	FY2021	Year-on year Change
Sales	1,335.4	1,350.0	+1.1%
Operating Income	49.5	57.0	+15.1%
Operating Income Ratio	3.7%	4.2%	+0.5%
Ordinary Income	59.9	65.0	+8.5%
Net Income Attributable to Parent Company Shareholders	25.0	53.0	+111.3%
ROE	2.6%	5.0%	+2.4%
Capital Expenditures	71.6	65.0	▲9.3%
R&D Expenditures	32.6	33.0	+1.2%

		FY2020	FY2021	Year-on year Change
Information Communication	Sales	721.8	728.0	+0.9%
	Operating Income	19.1	23.0	+19.9%
Lifestyle and Industrial Supplies	Sales	368.0	380.0	+3.3%
	Operating Income	13.9	17.0	+21.7%
Electronics	Sales	197.0	194.0	▲ 1.5%
	Operating Income	36.6	37.0	+0.8%
Beverages	Sales	51.4	51.5	+0.1%
	Operating Income	0.8	0.8	+1.2%
Adjustment	Sales	▲ 2.8	▲ 3.5	
	Operating Income	▲ 21.1	▲ 20.8	

- Expect gradual recovery in Japan and overseas markets due mainly to vaccine rollout, despite lingering impact of COVID-19
- Target sales/profit growth, with operating income above FY2019 (¥56.2 billion)
- Forecast extraordinary profits on sale of real estate/other assets, changes in retirement benefit system. Forecast ROE of 5.0%

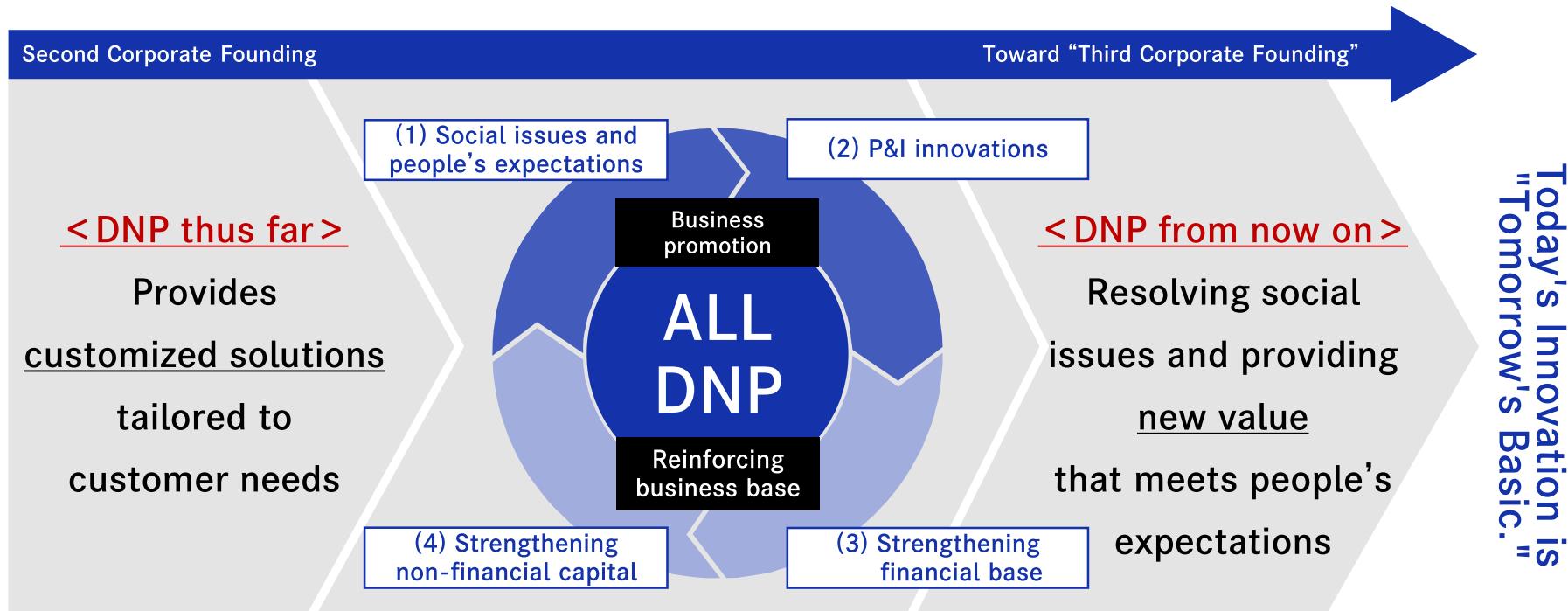
Note: New revenue recognition standard will reduce sales by around ¥30 billion

## **2. Progress with Medium-term Management Plan**

# What the DNP Group Aims To Be

Corporate Philosophy

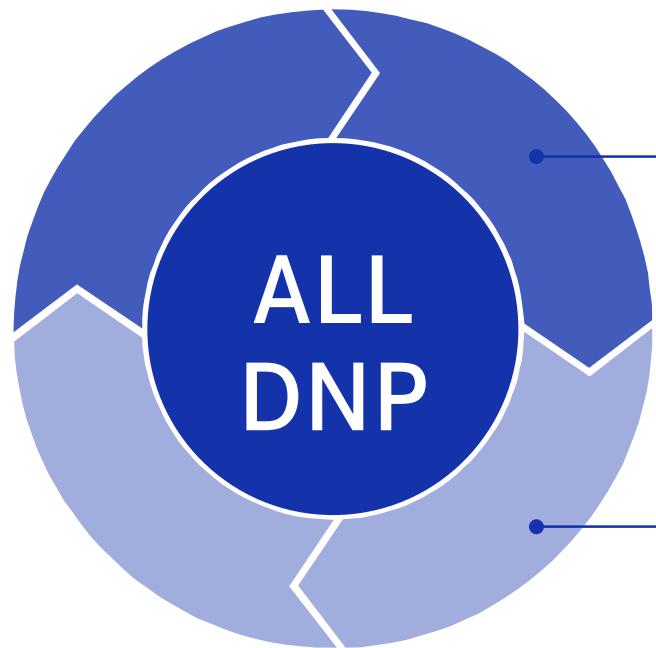
The DNP Group connects individuals and society, and provides new value.



## [DNP's unvarying strengths]

"Culture of continual innovation" "Drive to create value that resolves social issues"

"Synergies from P&I strengths" "Sincerity and transparency"



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

~Build a strong business portfolio~

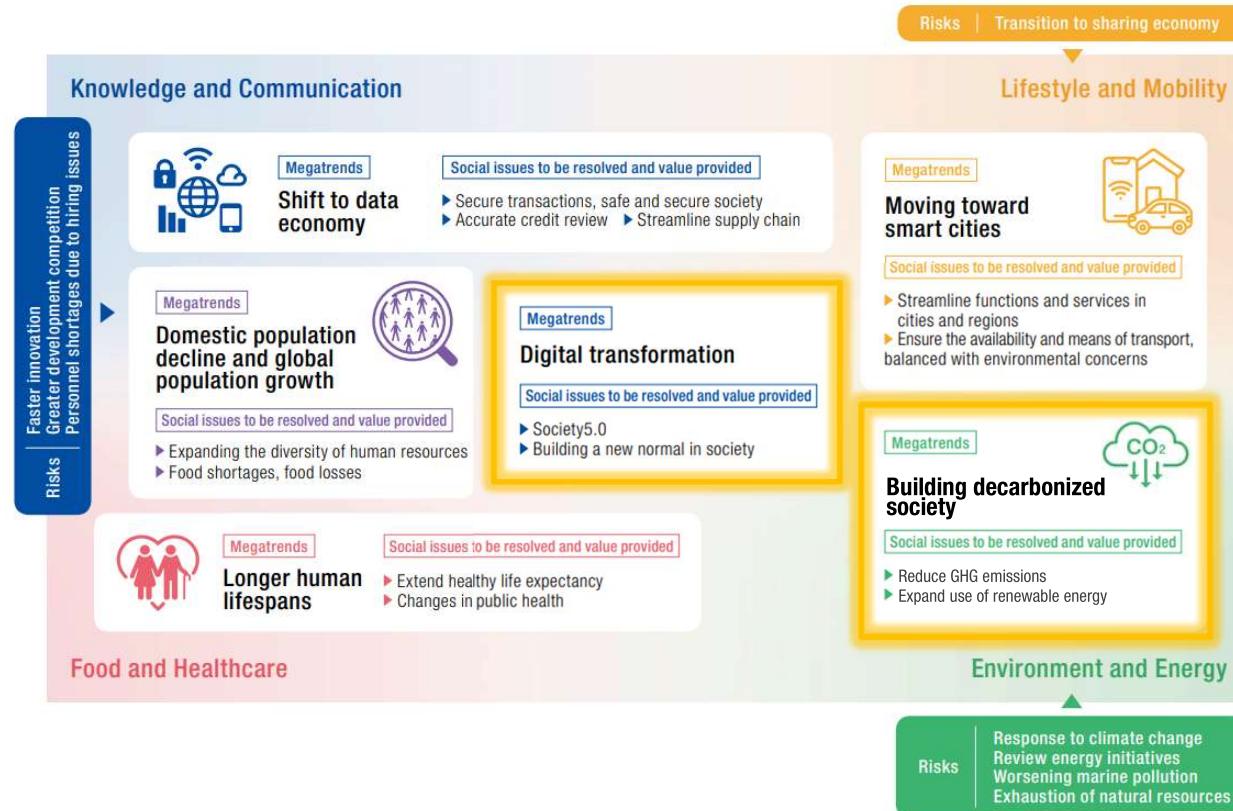
1. Create value primarily in growth areas
2. Provide value optimized to each country and region
3. Increase value using all available restructuring approaches

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

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

# Business conditions and key issues

No major change in megatrends that DNP identifies as business opportunities, despite drastic changes in external environment caused by COVID-19

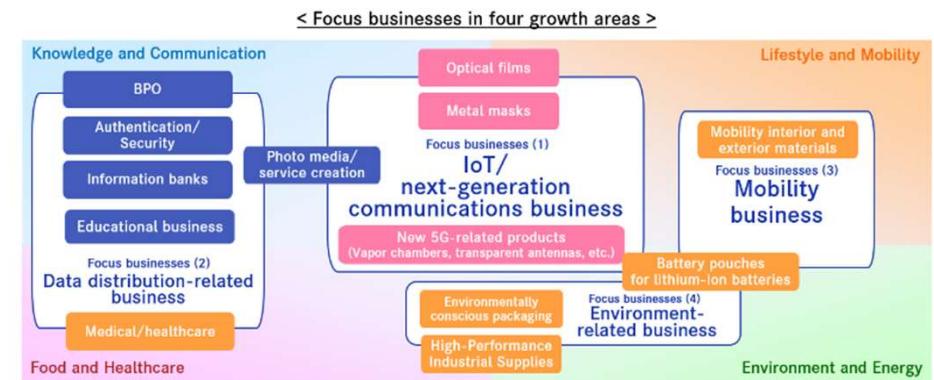
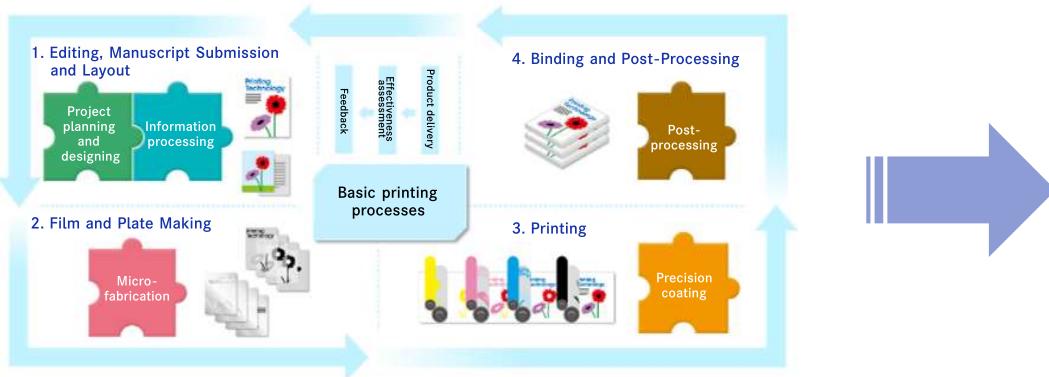


Seek to provide value amid “new normal,” focusing on accelerating digital transformation (DX), green transition

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



## Main initiatives ~Strategic direction~



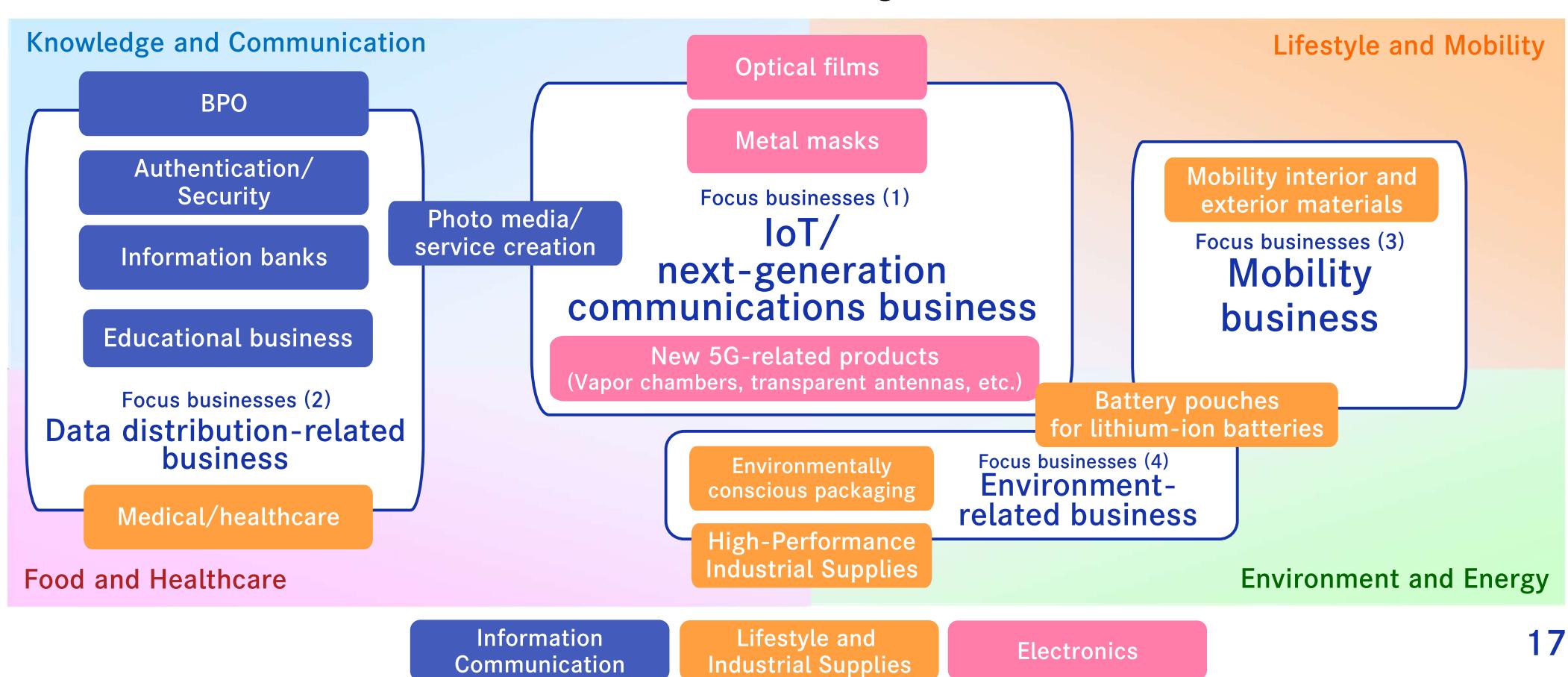
Developing technologies accrued via printing processes, combining with external partners' strengths to provide products/services in global markets that address social issues/respond to people's expectations

Building strong business portfolio by reducing printed media production bases in Information Communication segment, steady progress with review of low value-added products/restructuring of business locations in Lifestyle and Industrial Supplies segment to strengthen earnings structure

# 1 – 1. Create value primarily in growth areas



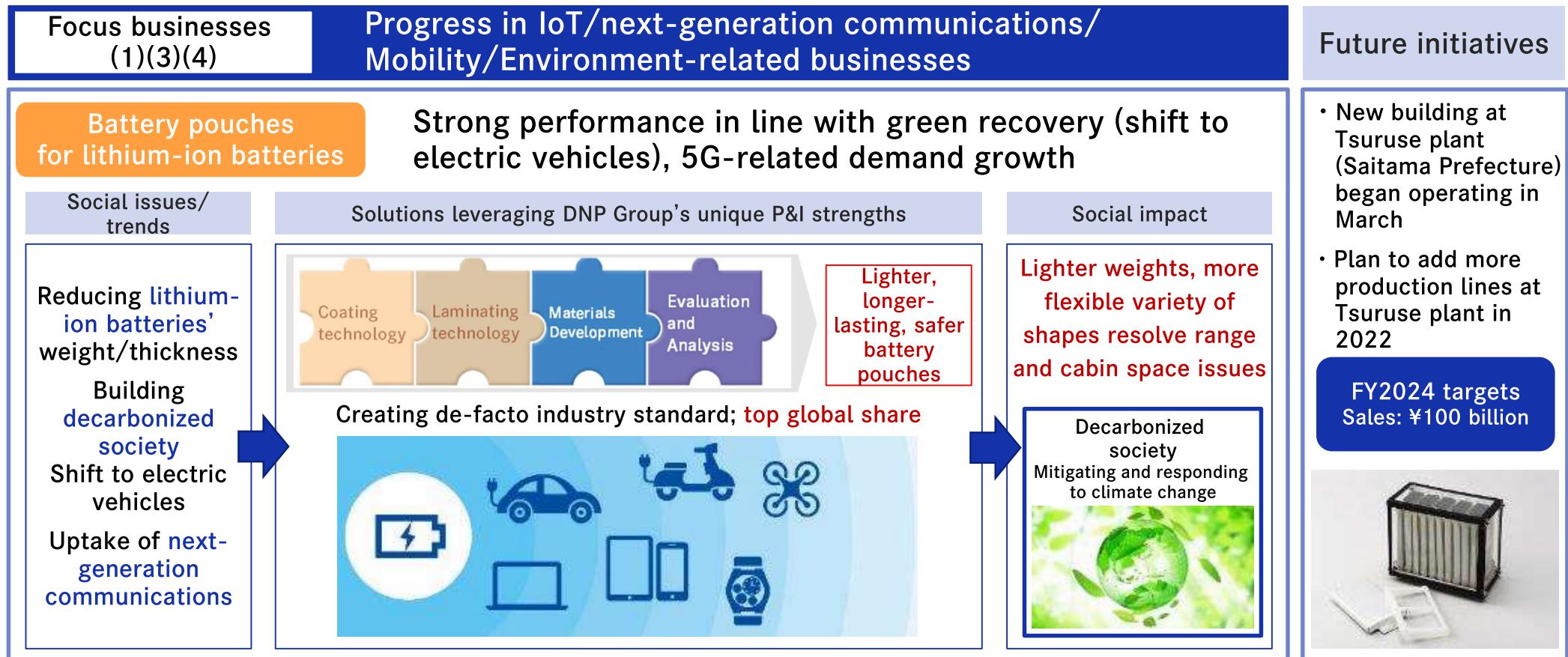
## < Focus businesses in four growth areas >



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

1 Create value through  
“P&I Innovations”

**DNP**



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

1 Create value through  
“P&I Innovations”



### Focus businesses (1)

### Progress in IoT/next-generation communications business

#### Optical films

##### Social issues/ trends

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

Upbeat performance driven by stay-at-home/teleworking demand due to COVID-19

##### Solutions leveraging DNP Group's unique P&I strengths



Prevents reflection, scratches, dirt

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



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

##### Social impact

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

#### Future initiatives

- Leveraged Mihara plant's ultra-wide line to win China market share
- Expanding sales in value-added OLED application
- Responding to product commoditization

FY2024 targets  
Sales: ¥100 billion



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

1 Create value through  
“P&I Innovations”

DNP

Focus businesses (2)

### Progress in data distribution-related business

#### Educational business

Social issues/  
trends

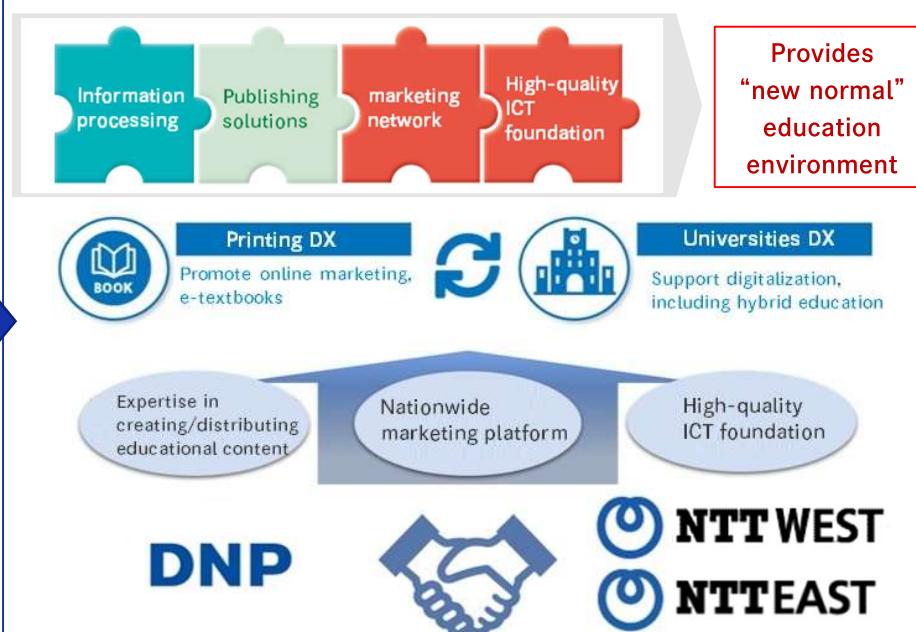
Shift to student-centric education, guidance optimized to individual students

Recommends hybrid education combining face-to-face and remote learning to prevent infection

Building out remote learning environment for schools that tracks lessons and students study progress

Strengthening collaboration with NTT West and NTT East targeting nationwide rollout of educational ICT platform for universities

Solutions that combine partners' strengths with all-DNP strengths



Social impact

Building new educational framework that leverages digital technologies to offer

- greater convenience
- balanced educational opportunities
- better quality education

Nationwide service rollout via alliance between DNP, NTT West, NTT East

Future initiatives

Pursuing DX in universities/printing to help enhance university education through digital technologies

FY2024 targets  
Sales: more than  
¥100 billion



# 1 – 1. Create value primarily in growth areas

1 Create value through  
“P&I Innovations”



Focus businesses (2)

## Progress in data distribution-related business

Progress in data distribution-related business		
<p><b>XR Communication</b></p> <p>Social issues/ trends</p> <p>New normal and digital transformation (DX)  Change in communication tools</p> <p>Sharp decline in points of contact between companies and consumers</p> <p>Development of communications environment</p>	<p>Provide XR communication spaces combining real and virtual</p> <p>Solutions that combine partners' strengths with all-DNP strengths</p> <p>Providing safe, secure rich communication spaces</p> <p>Uses CG to virtualize (right) real-world cities (left)</p>	<p>Social impact</p> <p>Opportunities to perform irrespective of time, location, disability, gender Provide enjoyable spaces  Connecting regional resources to a global audience to invigorate regional areas</p> <p>New corporate promotion initiatives, including events and festivals</p> <p>Changes in consumer leisure and lifestyles</p>

Future initiatives

XR Communication  
business

FY2025 targets  
Sales: ¥100 billion

**【Business development】**  
Following Shibuya Ward's  
Miyashita Park and Sapporo  
City's Kita 3-jo Plaza, targets  
total of 30 officially approved  
spaces within five years

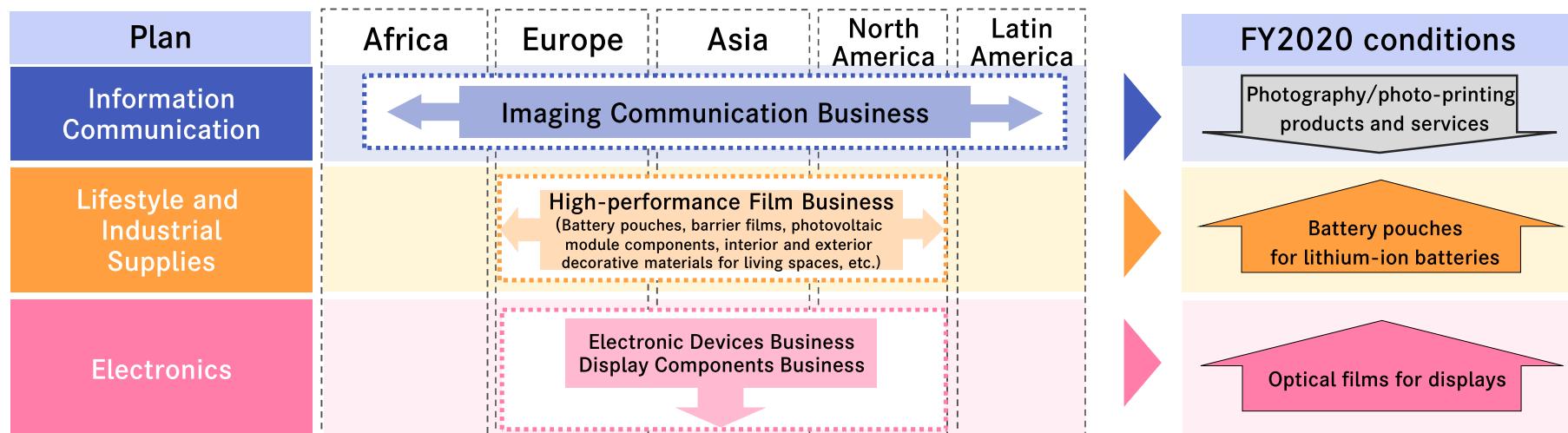
Virtual anime centers, virtual  
bookstores; company plant  
tours, PR events, trade shows,  
showrooms, and other  
marketing activities

## 1 – 2. Provide value optimized to each country and region

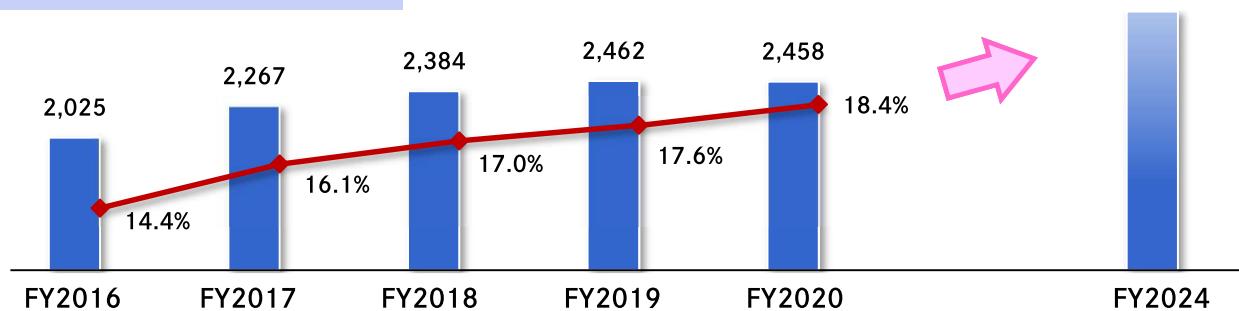
1 Create value through  
“P&I Innovations”



Provide optimal value through fine-grained response to people's expectations and social issues both in Japan and overseas markets



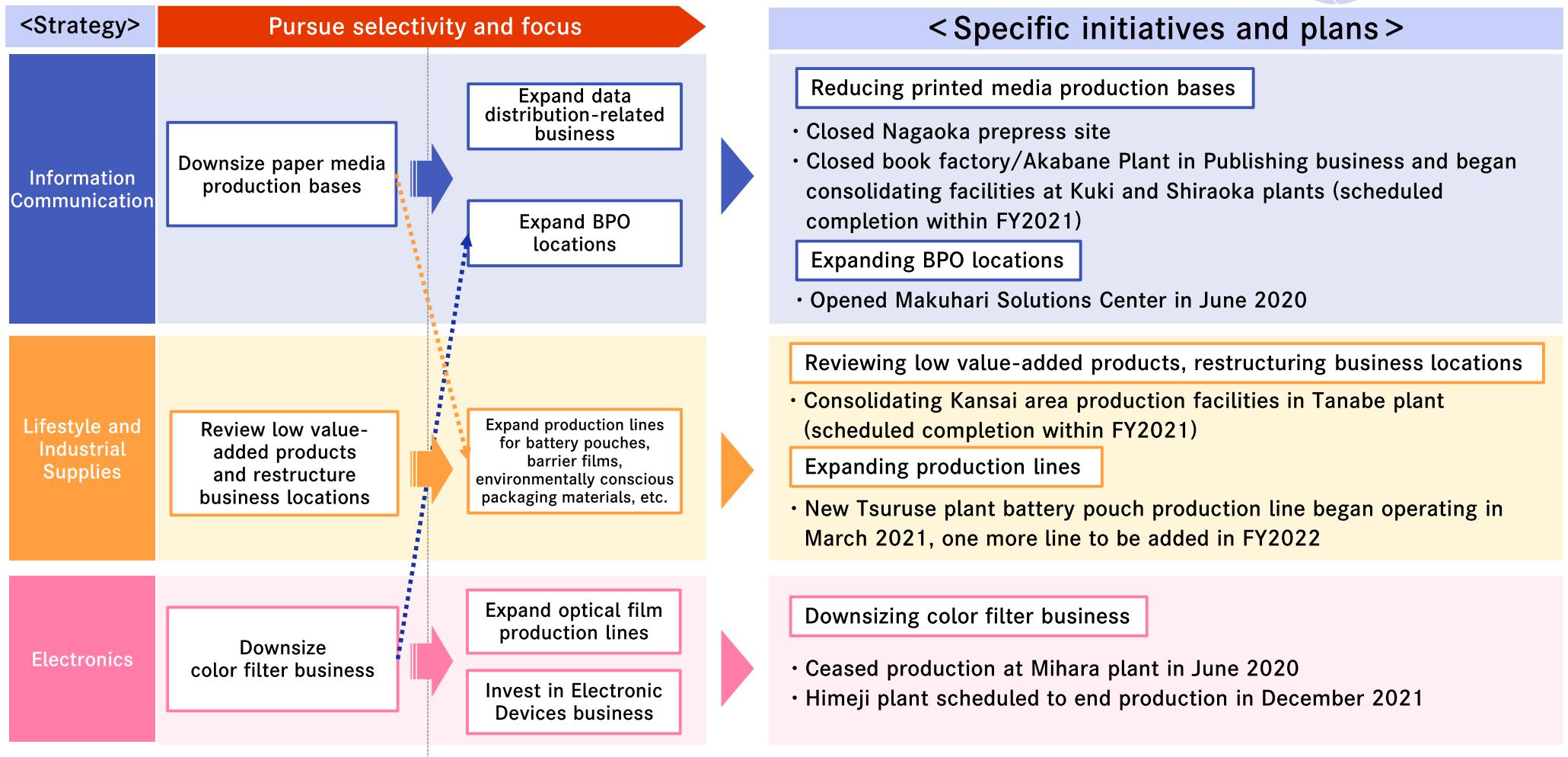
Overseas sales and % of total sales (Unit: ¥ billions)



Provides globally competitive products

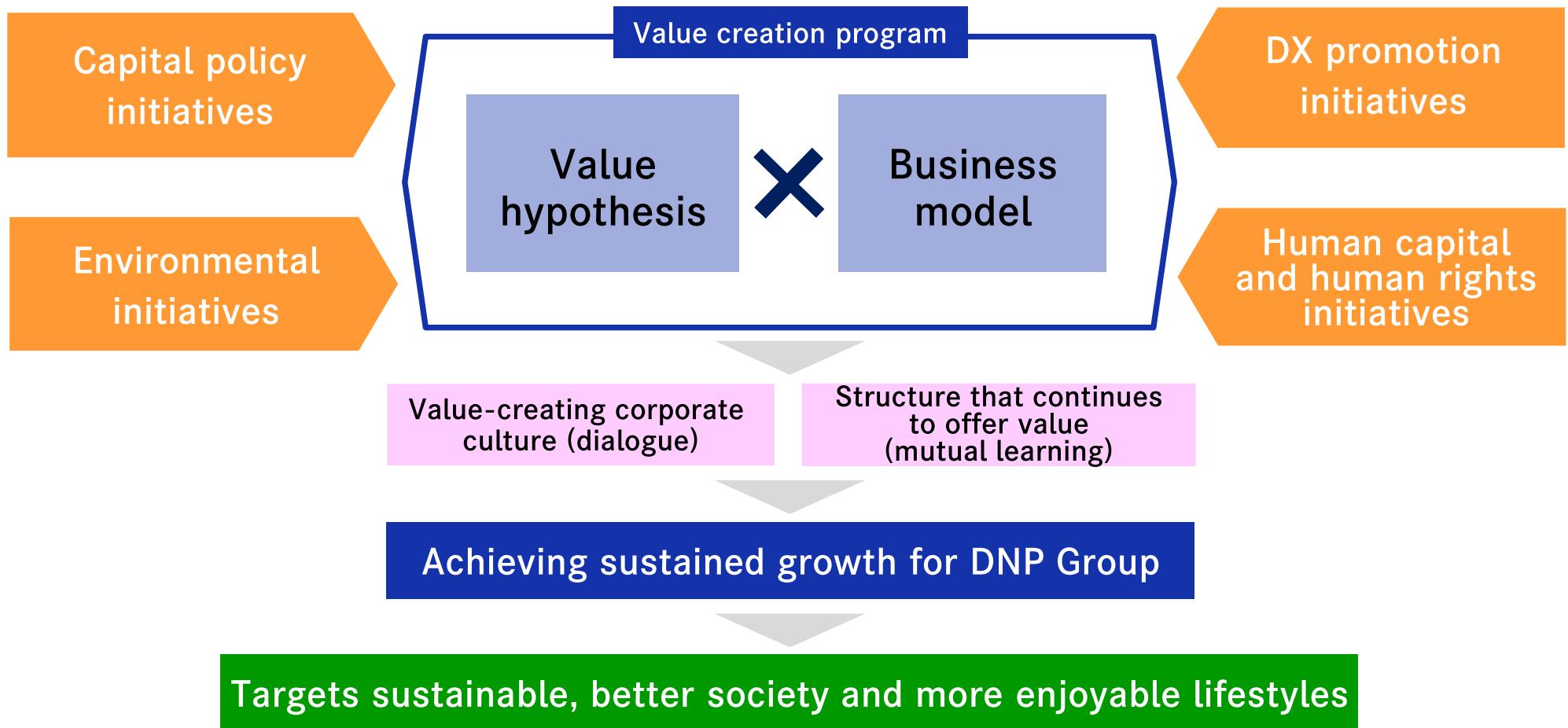
# 1 – 3. Increase value using all available restructuring approaches

1 Create value through  
“P&I Innovations”





## Basic Strategy 2 : Strengthen business infrastructure to support growth



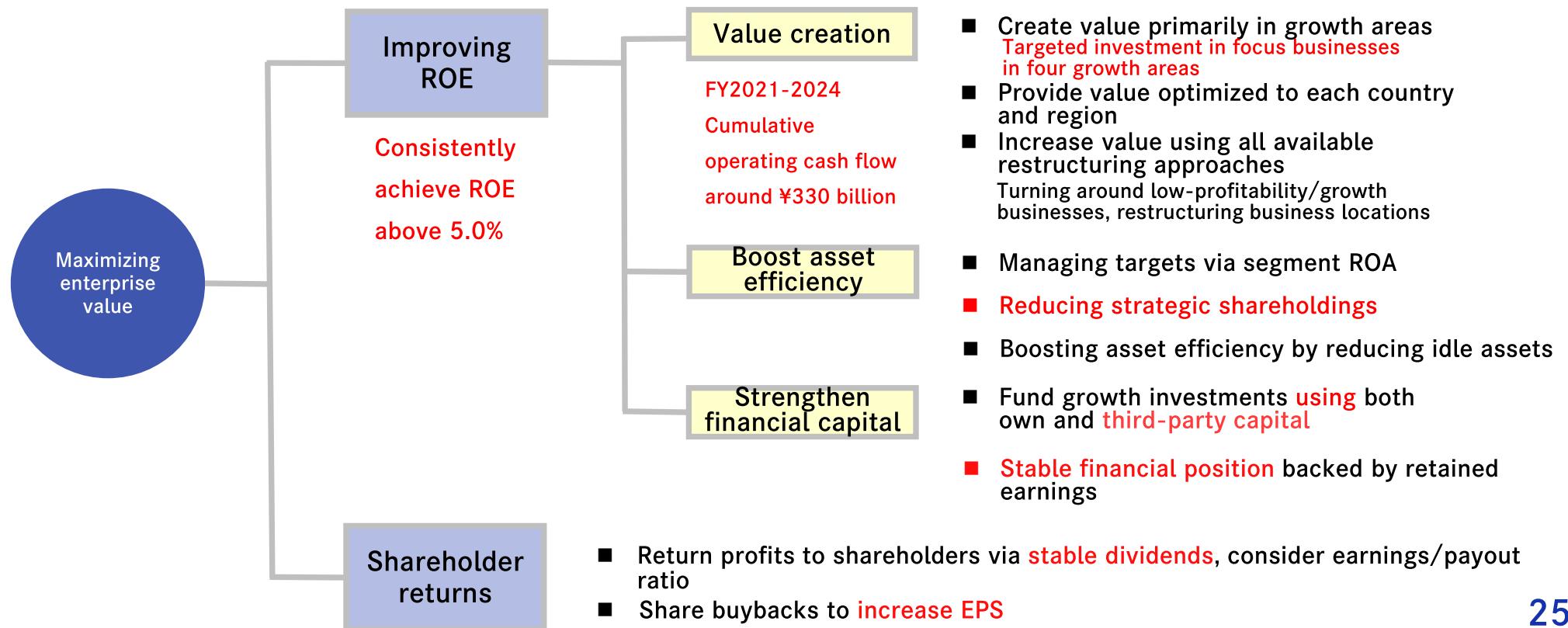
## 2 – 1 . Strengthen financial and non-financial capital



### Capital policy initiatives

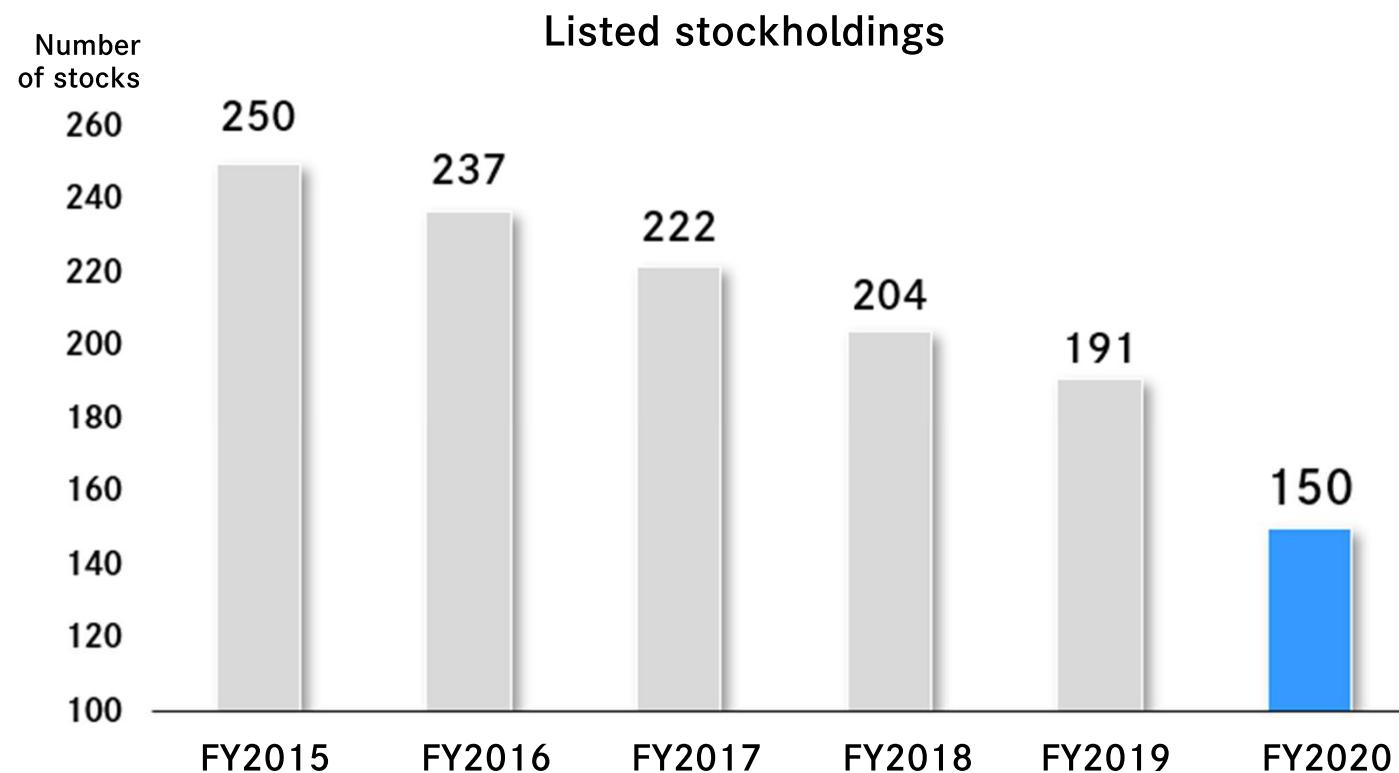
#### (1) Measures to maximize enterprise value (through FY2024)

Creating value through “P&I Innovations,” strengthening business infrastructure to support growth, enhancing enterprise value



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

Capital policy initiatives



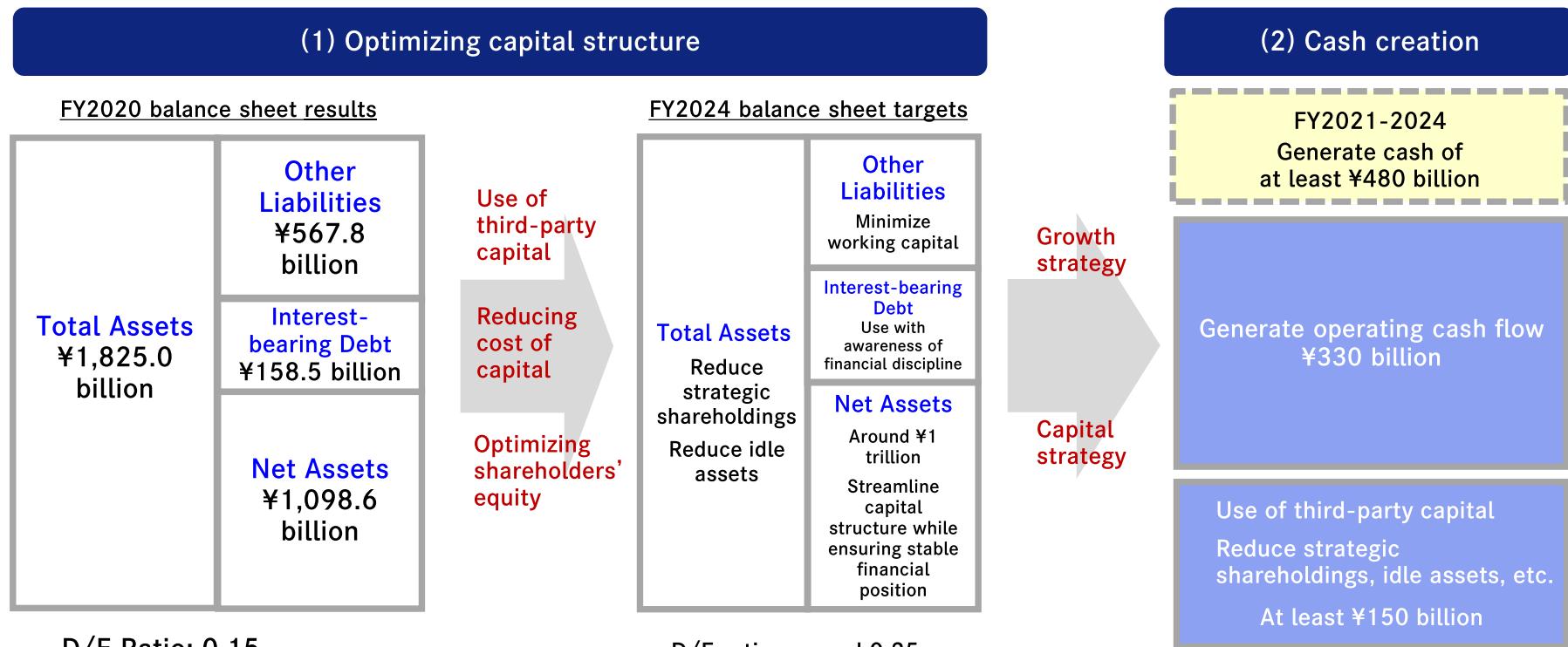
## 2 – 1 . Strengthen financial and non-financial capital



### Capital policy initiatives

#### (2) Capital strategy approach (optimal capital structure/cash creation)

Increase operating cash flow through value creation, improve capital efficiency to generate cash



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



### Capital policy initiatives

#### (2) Capital strategy approach (cash allocation)

Optimizing cash allocation to achieve further business growth, appropriate shareholder returns

##### (2) Cash creation

FY2021-2024  
Generate cash of  
at least ¥480 billion

Generate operating cash flow  
¥330 billion

Use of third-party capital  
Reduce strategic shareholdings,  
idle assets, etc.  
At least ¥150 billion

##### (3) Cash allocation strategy

Growth  
investment

Streamlining existing  
businesses

Investment in growth  
areas  
➤ Targeted investment  
in focus businesses in  
four growth areas  
Strengthening business  
base  
➤ Creating value by  
promoting DX

Shareholder returns

Stable dividends

Share buybacks

¥30 billion buyback  
in FY2021

50% or more of  
growth investment

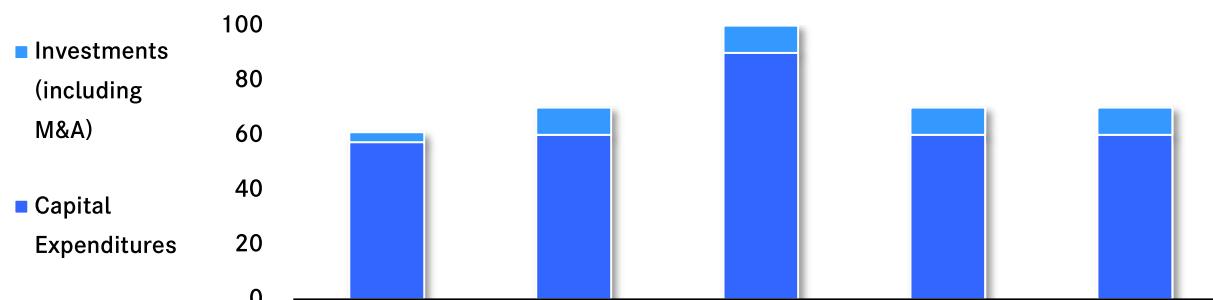
## 2 – 1 . Strengthen financial and non-financial capital

### Capital policy initiatives

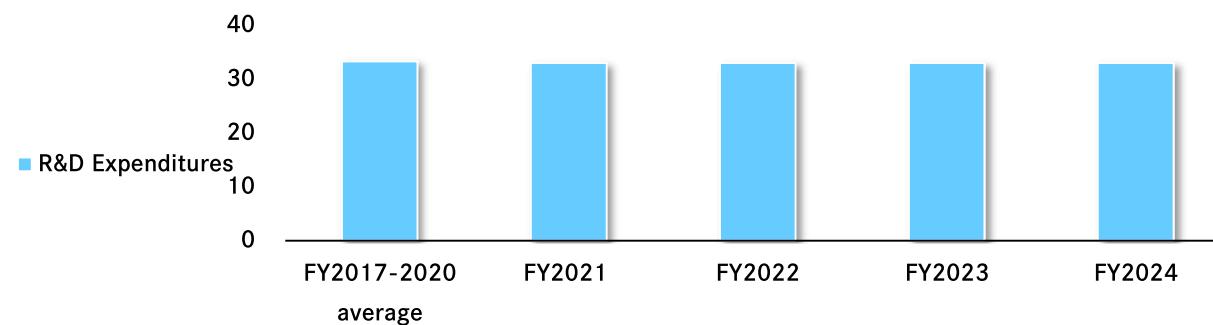


Business investment and R&D expenditures Targets (Unit: ¥ billions/FY)

#### <Business investment>



#### <R&D expenditures>



- FY2021-2024 targets
  - Business investment: At least ¥300 billion (up at least 20% versus FY2017-2020)
  - R&D expenditures: At least ¥120 billion
- At least 50% to be used for growth business investment, strengthening business base

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

Capital policy initiatives



### (3) Shareholder returns

#### ¥30 billion buyback and retirement of treasury stock

##### ■ Details of buyback

(1) Stock to be acquired	Common stock
(2) Number of shares	Up to 17 million shares, equivalent to 6.05% of shares outstanding excluding treasury stock
(3) Total acquisition price	Up to ¥30 billion
(4) Purchase period	May 14, 2021–December 20, 2021

##### ■ Details of treasury stock retirement

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

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

### Capital policy initiatives



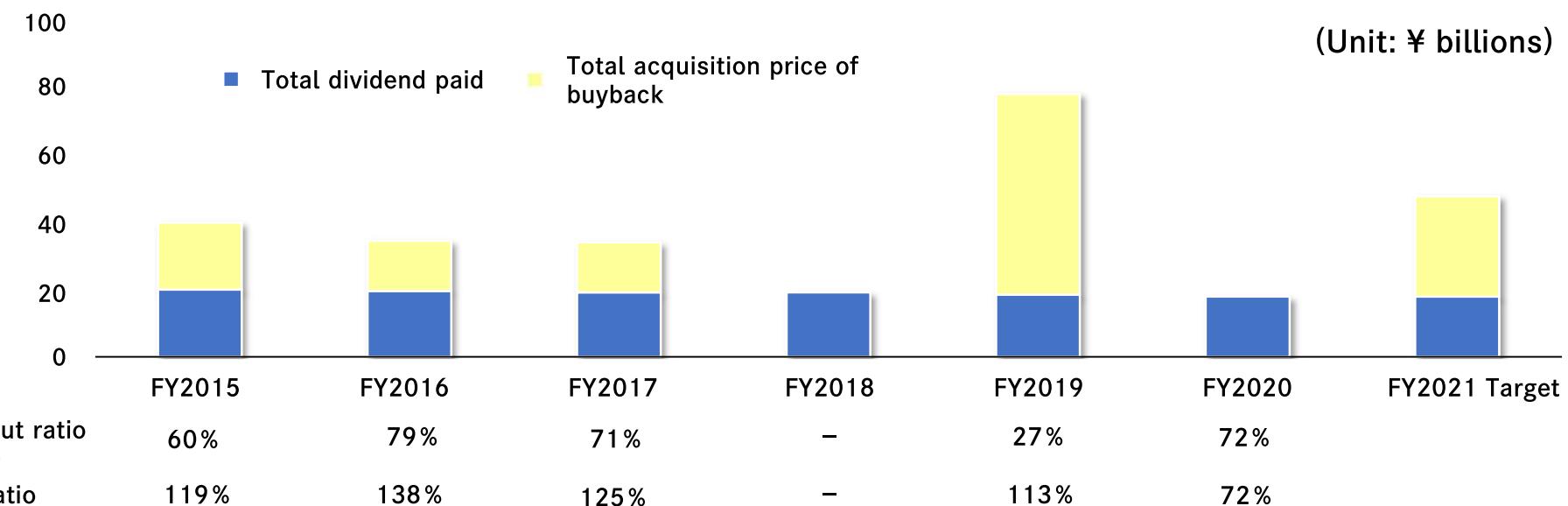
#### (4) Shareholder return policy

Shareholder return policy: Return profits to shareholders via stable dividends, consider earnings/other factors

Dividends: Factor in payout ratio, other factors based on earnings

Buyback: Appropriate judgement based on business conditions and business investments

Retirement: Retire treasury stock based on ratio of treasury stock held



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



### DX promotion initiatives

Strengthening human capital base		Strengthening DX personnel	Creating value through DX
Building systems and groundwork	Maximizing internal capabilities	Leveraging external capabilities	
Stepping up efforts	<ul style="list-style-type: none"> <li>Introduced ICT professional system to secure and appropriately compensate ICT personnel, for example by providing new allowance for project managers</li> <li>Visibility of ICT personnel skills, building systematic training programs based on skill maps</li> </ul>	<ul style="list-style-type: none"> <li>Introducing fixed-term contracts for high-quality external hires with superior knowledge/skills</li> <li>Use of external consultants/project managers</li> </ul>	<p><b>Business</b> Personnel to create digital services and products</p> <p style="text-align: center;">✖</p> <p><b>ICT</b> Personnel to translate optimal ICT solutions into reality</p>
	<ul style="list-style-type: none"> <li>Strengthen cross-divisional collaboration using AI, 5G, XR, agile development, and cloud technologies to accelerate DX</li> <li>Leveraging communities that enable friendly rivalry via free and open engagement with internal social media</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative innovation with leading tech firms to accelerate business development and offer greater value</li> <li>Improving project development quality via personnel exchanges with Nihon Unisys</li> </ul>	<p><b>Business execution</b></p> <ul style="list-style-type: none"> <li>✓ Creating new businesses</li> <li>✓ Revamping existing businesses</li> </ul> <p style="text-align: center;">All DNP</p> <p><b>Strengthening business base</b></p> <ul style="list-style-type: none"> <li>✓ Dramatic improvement in productivity</li> <li>✓ Revamping internal system infrastructure</li> </ul>

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

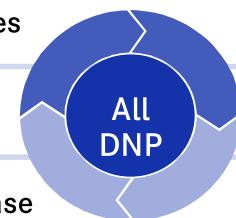


### Environmental initiatives

#### Medium-term plan initiatives

- Business development (value creation)
  - ✓ Transforming business portfolio based on environmental impact and value added
  - ✓ Identifying new environmental themes
  - ✓ Technological innovations in low-carbon raw materials and other materials
  - ✓ Creating recycling schemes

Efforts to address environmental issues on both business and infrastructure fronts



- Strengthening business base
  - ✓ Clarifying environmental impact
  - ✓ Introducing renewable energy
  - ✓ Investing in energy-efficient facilities, optimizing production bases to address environmental impact
  - ✓ Ensuring use of paper from certified forests/traceability

#### "DNP Group Environmental Vision 2050" "Environmental Longer-term targets"

##### Longer-term targets

##### 2050 targets

Reducing GHG emissions  
\*By 2030, vs. FY2015  
**40% cut (revised up)**

**Super-eco products\***  
to account for 10% of  
2025 sales (new target)

Increase 2025  
resource recycling ratio  
by 5% versus FY2015 (new target)

Reduce 2025  
water usage by 35%  
versus FY2015

"Printing and converting paper  
procurement guidelines"  
100% of purchased products  
are compliant

Reduce GHG emissions  
from own business activities  
**Net zero emissions by 2050**

Building decarbonized society  
**Contribute**  
via products and services

**Efficient resource reuse**  
throughout value chain

**Minimize**  
biodiversity impact  
throughout value chain

#### DNP's vision for society

Decarbonized society

Response to climate change

Recycling-oriented society

Efficient resource use

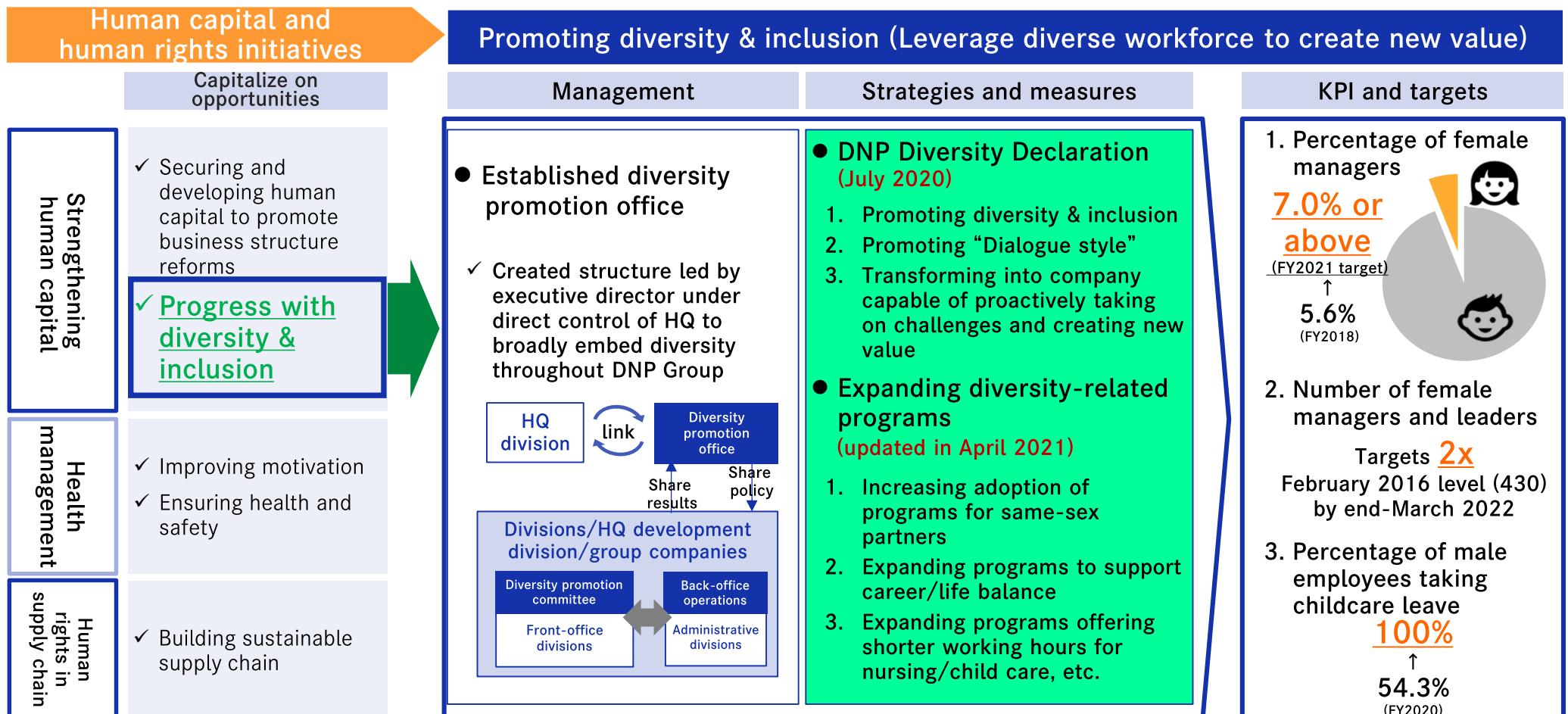
Society in harmony with nature

Protect biodiversity

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

Note: Super eco products are products and services that DNP deems to be exceptionally environmentally conscious based on its proprietary assessment criteria

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



## 2 – 2. Strengthen corporate governance



Expertise (skills) and experience of directors and auditors to be appointed following approval at next general shareholders' meeting

	Name	Corporate management/ business strategy	ESG/ diversity	Financial/ management accounting, capital strategy	HR/labor, employee development	Legal/ compliance/ risk management	Overseas business	IT DX	R&D/ new business
NEW	Yoshitoshi Kitajima	●					●		
NEW	Yoshinari Kitajima	●					●		
NEW	Kenji Miya	●	●		●	●	●		●
NEW	Masato Yamaguchi	●					●	●	●
NEW	Satoru Inoue	●	●			●		●	●
NEW	Hirofumi Hashimoto	●		●		●	●		●
NEW	Masafumi Kuroyanagi	●		●					
NEW	Minako Miyama		●		●			●	●
NEW	Tsukasa Miyajima					●			
NEW	Ryuichi Tomizawa	●					●		
NEW	Kazuyuki Sasajima								●
NEW	Ikuo Morita		●						●
NEW	Naoki Hoshino			●			●		
NEW	Toshio Sano			●		●			
NEW	Kazuhsia Morigayama	●		●	●				
NEW	Makoto Matsuura						●		
NEW	Taeko Ishii				●		●		

Robust corporate governance structure and frameworks aimed at increasing corporate value

### ■ Board of Directors' independence and diversity

- Strengthen board of directors' transparency and oversight function: At least 1/3 of director candidates to be independent outside directors
- Present female director/outside auditor candidates

### ■ Structure after approval at next general shareholders' meeting

- Eight internal directors (four representative directors)
- Four outside directors
- Internal auditors (two full-time)
- Outside auditors (one full-time, two part-time)

### ■ Evaluating board's overall effectiveness

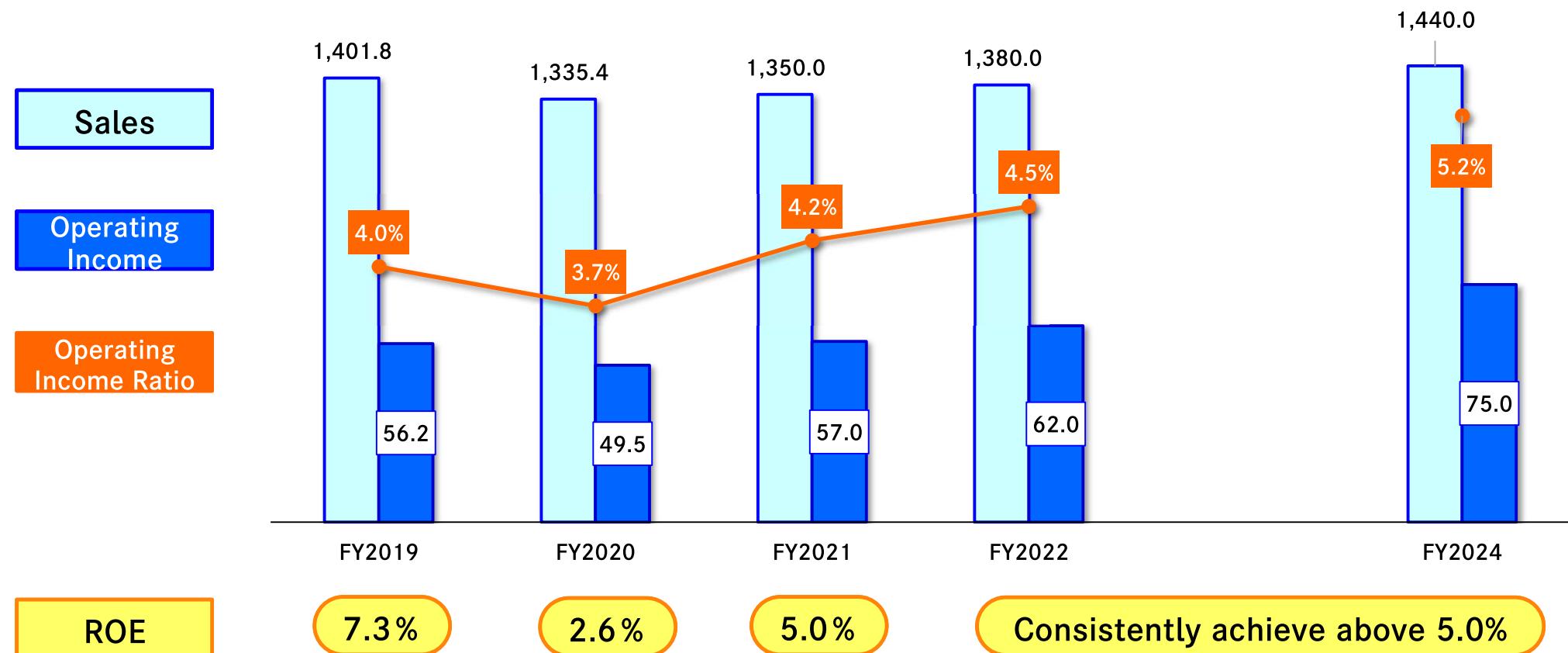
- Yearly analysis and evaluation of board's effectiveness
- Results of analysis discussed by outside directors, shared with board

### ■ Rightsizing strategic shareholdings

- Sell strategic shareholdings based on periodic examination of significance and purpose

## Management Targets

(Unit: ¥ billions)

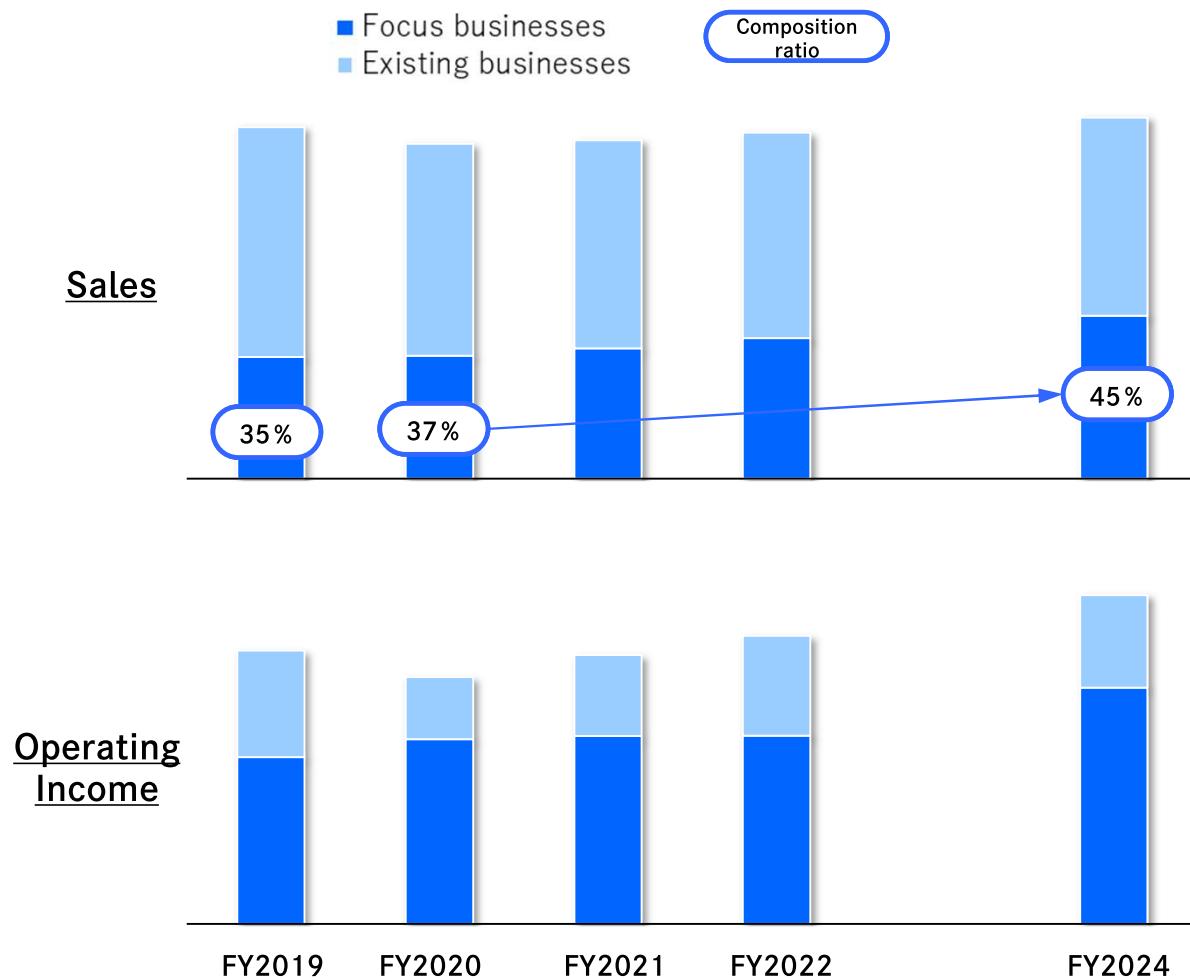


Note: New revenue recognition standard will reduce sales by around ¥30 billion from FY2021

## Management Targets

## Focus/Existing businesses Composition

**DNP**



### Key issues

#### < Existing businesses >

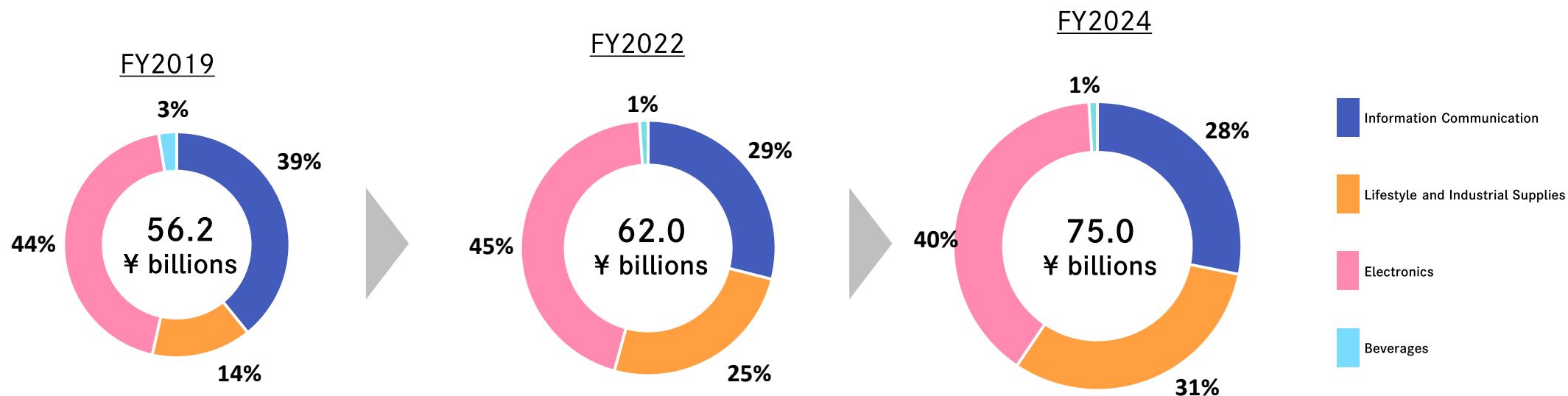
- Printed media business sales to decline in Information Communication segment
- Pursuing earnings improvement via selectivity and focus in Packaging business

#### < Focus businesses >

- Growth drivers in medium-term plan Battery pouches (Lifestyle and Industrial Supplies segment)
- Focusing investment in new businesses after confirming return on investment (ROI)

## Management targets Operating income by Segment

**DNP**



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

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



## 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.