

**Overview of Financial Results
for Fiscal Year 2021 (ended March 31, 2022)
and Progress with Medium-term Management Plan
Briefing materials**



May 17, 2022

Dai Nippon Printing, Co., Ltd.

1. Results Overview

Overview of Consolidated Results for Fiscal Year 2021: Earnings Summary

DNP

(Unit: ¥ billions)	FY2020	FY2021				
	Result	Initial Target	Feb. 10 Revision	Result	Year-on-year Change	Diff. from Revised Figures
Sales	1,335.4	1,350.0	1,350.0	1,344.1	+0.7%	(5.9)
Operating Income	49.5	57.0	63.0	66.7	+34.8%	+3.7
Operating Income Ratio	3.7%	4.2%	4.7%	5.0%	—	+0.3%
Ordinary Income	59.9	65.0	73.0	81.2	+35.6%	+8.2
Net Income Attributable to Parent Company Shareholders	25.0	53.0	70.0	97.1	+287.4%	+27.1
R O E	2.6%	5.0%	6.6%	9.1%	—	+2.5%
Capital Expenditures	71.6	65.0	65.0	50.6	(29.2%)	(22.2%)
R&D Expenditures	32.6	33.0	33.0	33.1	+1.6%	+0.4%

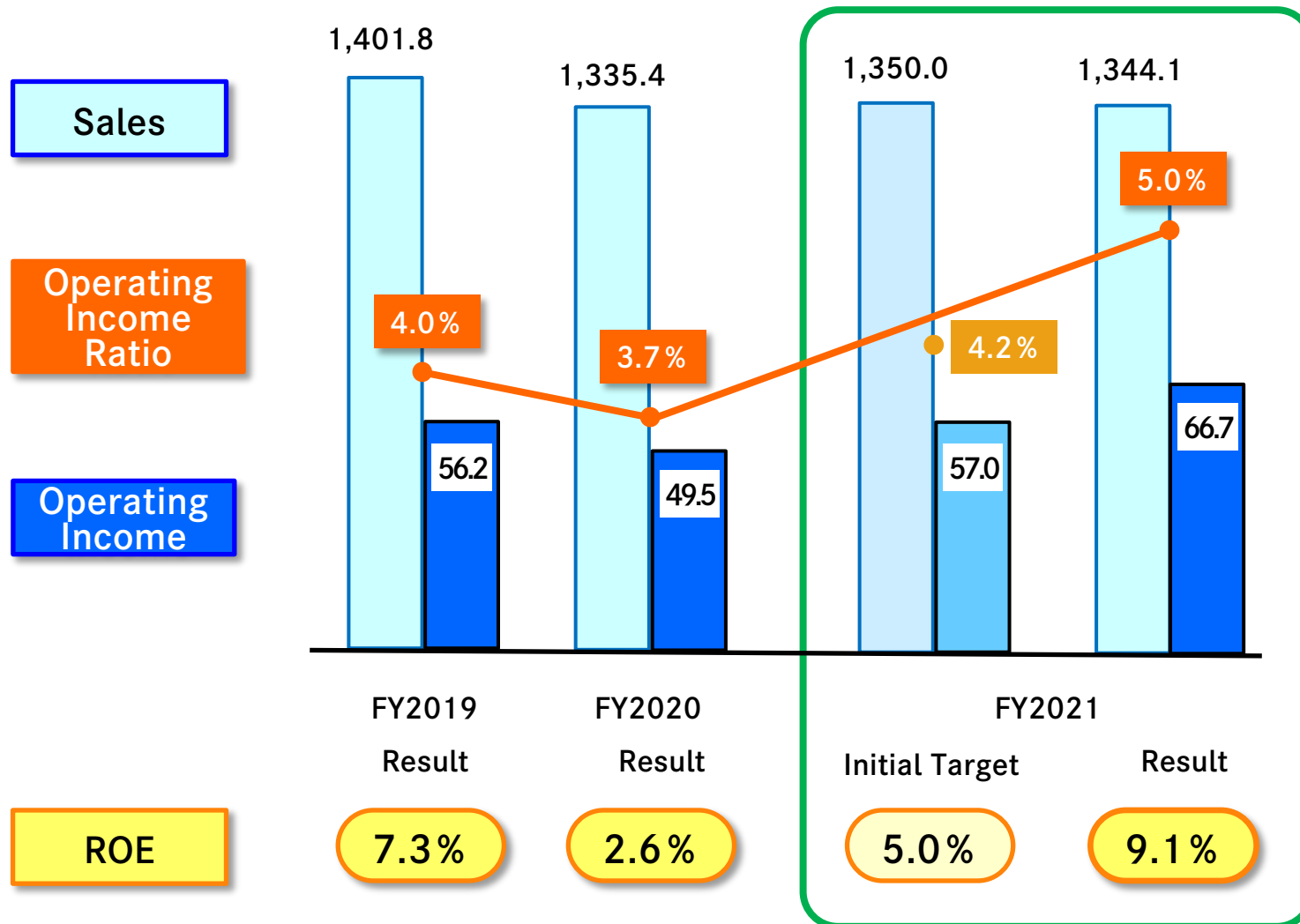
- Achieved higher sales and operating income by further expanding our focus businesses despite the COVID-19 pandemic
- In addition to boosting operating income 34.8% over the previous fiscal year and adding extraordinary gains through pension system reforms and reviewing owned assets, we achieved 9.1% ROE

Overview of Company-wide Results 1

※ DNP applied a new revenue recognition standard for FY 2021 (Impact on sales: (¥ 28.3 billion))

(Unit: ¥ billions)

DNP



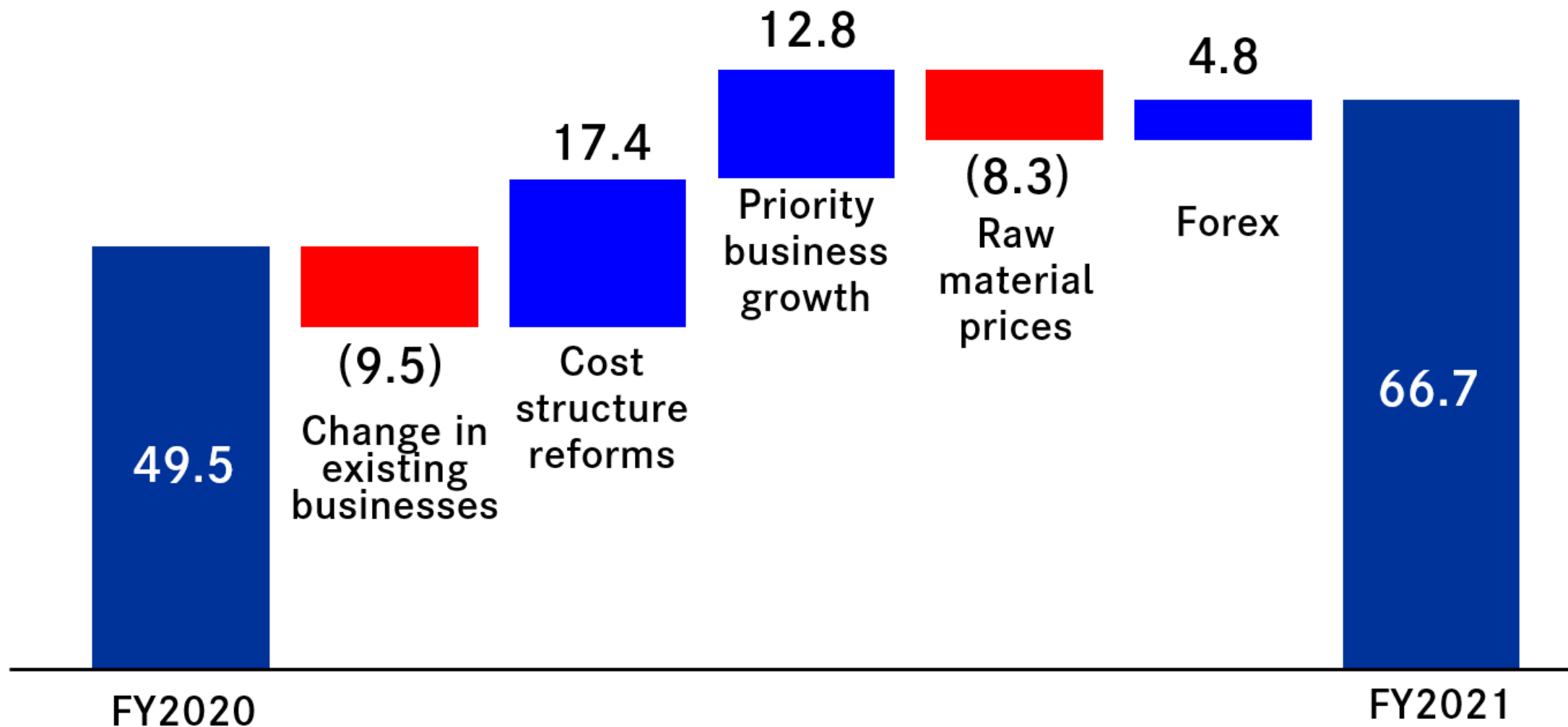
Operating income growth rates

- Year-on-year change : +34.8%
- Change from FY 2019 : +18.7%

Overview of Company-wide Results 2

DNP

(Unit: ¥ billions)



Overview of Company-wide Results 3

DNP

Net Income

Attributable to Parent
Company Shareholders

- Achieved record high net income of ¥ 97.1 billion in fiscal year 2021
(vs ¥69.4 billion yen in FY 2019, two years previous)

Major factors: 1-3 and 5 represent extraordinary gains; 4 was non-operating income

1. Gain on retirement benefit system changes: ¥18.5 billion (pension system reform: partial introduction of DC system)
2. Gain on reversal of reserve for repairs: ¥14.6 billion (reviewed reserve in light of current conditions)
3. Gain on sale of investment securities: ¥12.1 billion (reduced holdings after reviewing shares held)
4. Return on investment by equity method: ¥8.6 billion (due to improved business performance by companies to which equity method is applied)
5. Gain on sale of fixed assets: ¥7.1 billion yen (sale of owned real estate, etc.)

R O E

FY2017	FY2018	FY2019	FY2020	FY2021
2.6%	(3.5%)	7.3%	2.6%	9.1%

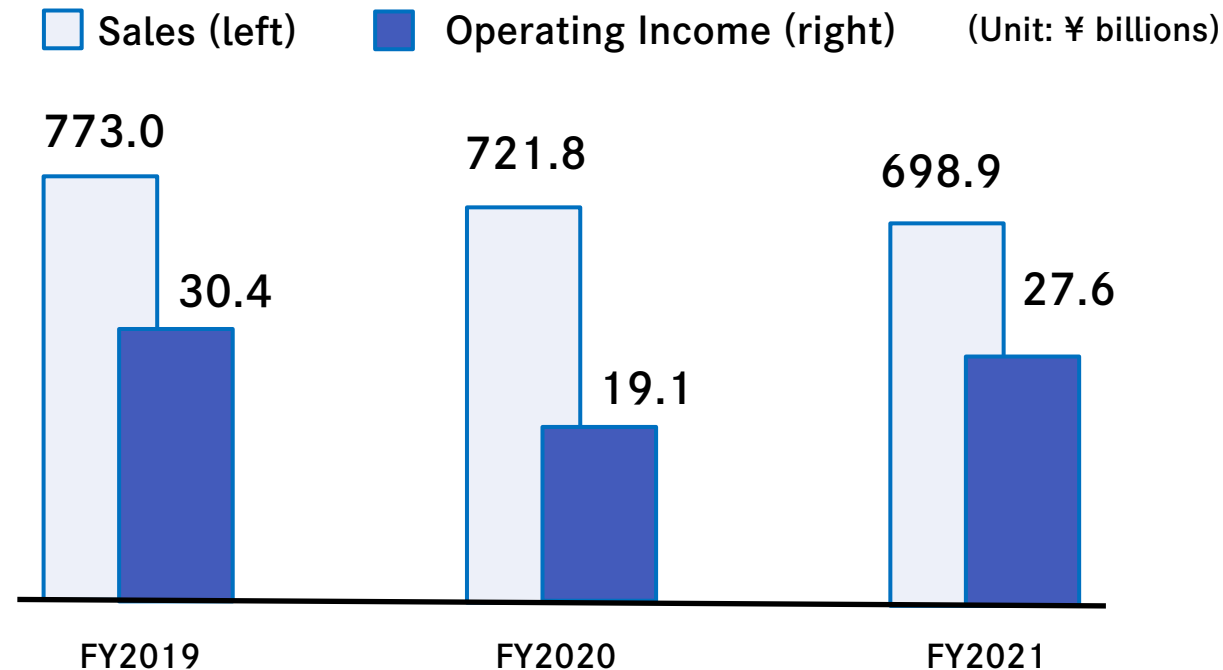
- 3.6% of average of past five fiscal years, 6.3% of average of past three fiscal years

Overview of Consolidated Results for the Fiscal Year 2021: Segment Earnings

DNP

Information Communication

- Although sales decreased due to factors including a drop in large-scale BPO projects, operating income increased thanks to recovery in Imaging Communication and the success of cost structure reforms



Information Innovation: • Sales decreased with the winding down of large-scale projects involving business process outsourcing (BPO) and smart cards

Imaging Communication: • Demand for photographic materials and services recovered in the main US market and in Japan

Publishing: • Sales by DNP's "honto" hybrid bookstore network increased

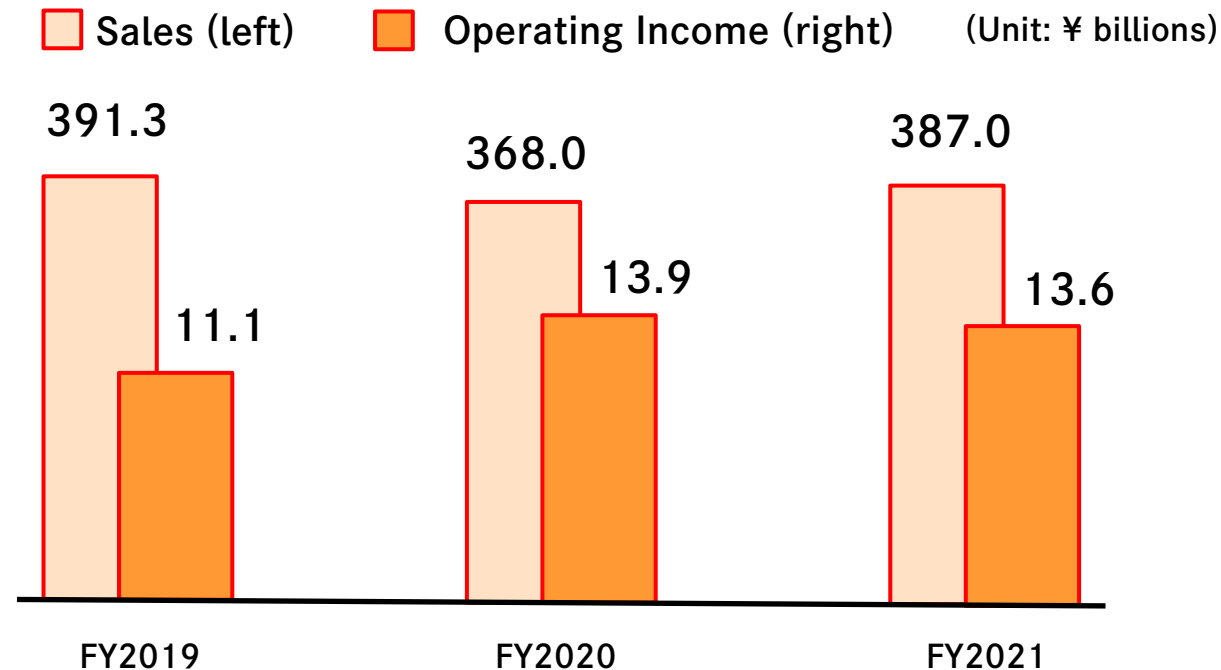
- Digital library services and library management operations performed well

Overview of Consolidated Results for the Fiscal Year 2021: Segment Earnings

DNP

Lifestyle and Industrial Supplies

■ Despite recovery in interior and exterior materials for housing and automobiles as well as increased sales of lithium-ion battery pouches, operating income dropped slightly due to higher materials costs



Packaging: • We worked hard at developing and marketing DNP's eco-friendly "GREEN PACKAGING," and sales of aseptic filling systems increased

Living Spaces: • Recovery trends in the housing and automobile markets led to increased sales of decorative films for automobile interiors and decorative materials for residential interiors and exteriors

• Demand increased for antibacterial and antiviral products that are effective in preventing infection

High-Performance Industrial Supplies: • Sales of lithium-ion battery pouches were strong

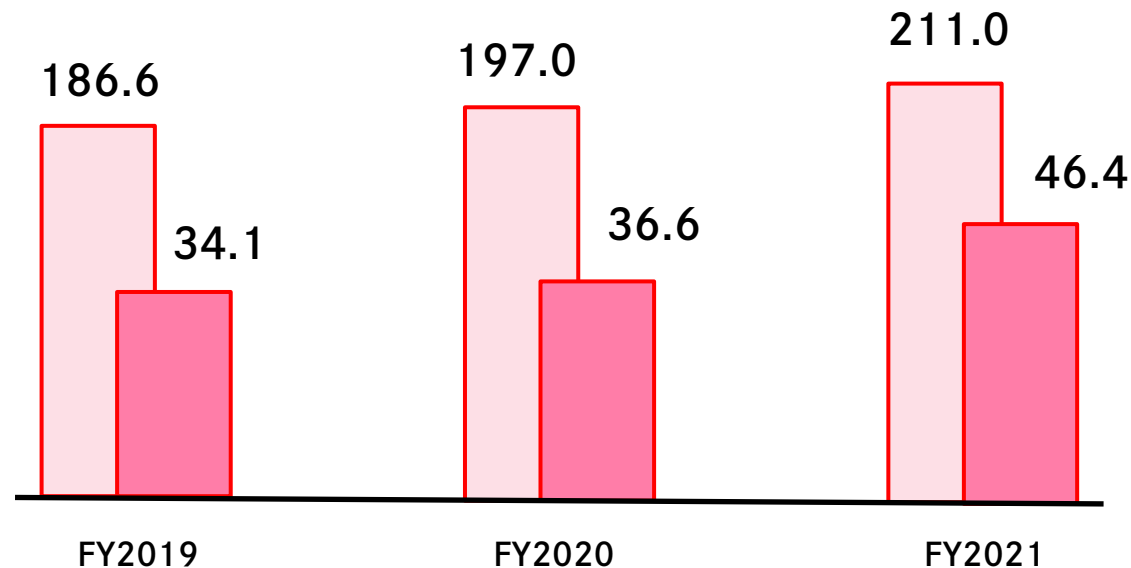
Overview of Consolidated Results for the Fiscal Year 2021: Segment Earnings

DNP

Electronics

■ Sales and operating income grew; achieved record high income due to increased "nesting-related" consumption and the booming semiconductor market

□ Sales (left) ■ Operating Income (right) (Unit: ¥ billions)



Display Components:

- Optical film sales remained strong as people spent more time at home and teleworking and online learning became more prevalent
- Metal masks used for making manufacturing organic light-emitting diode (OLED) displays also gave a steady performance due to greater demand for this type of display for use in smartphones

Electronic Devices:

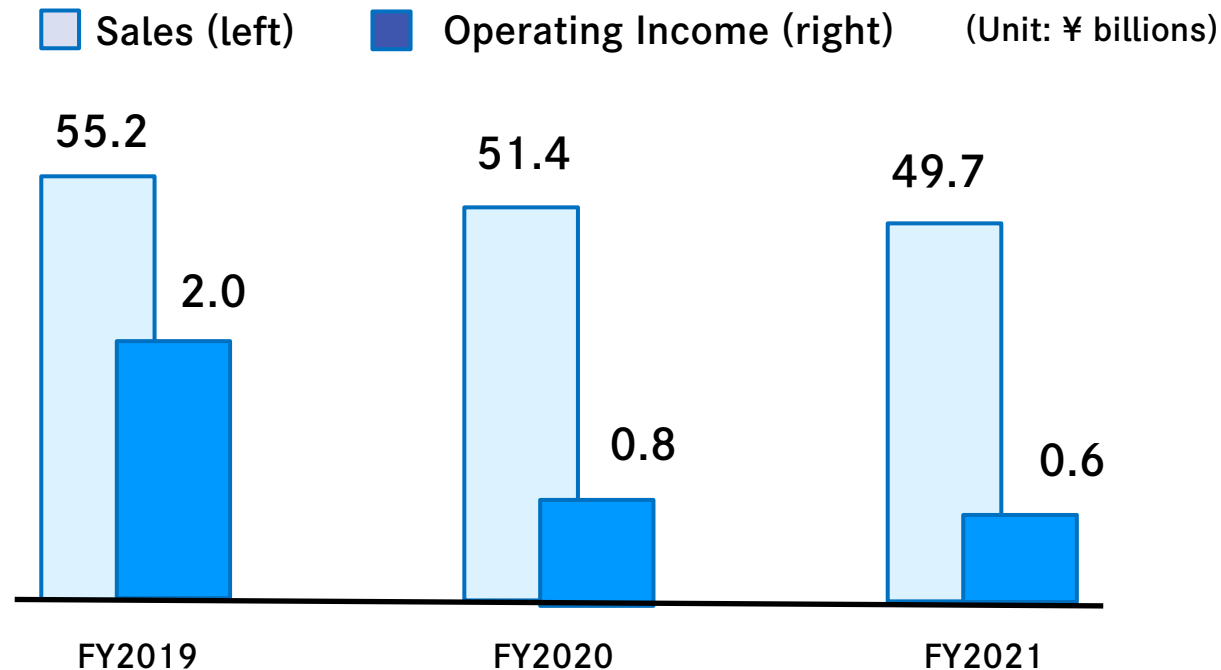
- In light of the booming semiconductor market, demand grew for semiconductor photomasks and other products used in telecommunications, automotive applications, and data centers

Overview of Consolidated Results for the Fiscal Year 2021: Segment Earnings

DNP

Beverages

- Decreased demand from tourist destinations and restaurants due to the extension of stay-at-home requests and activity restrictions



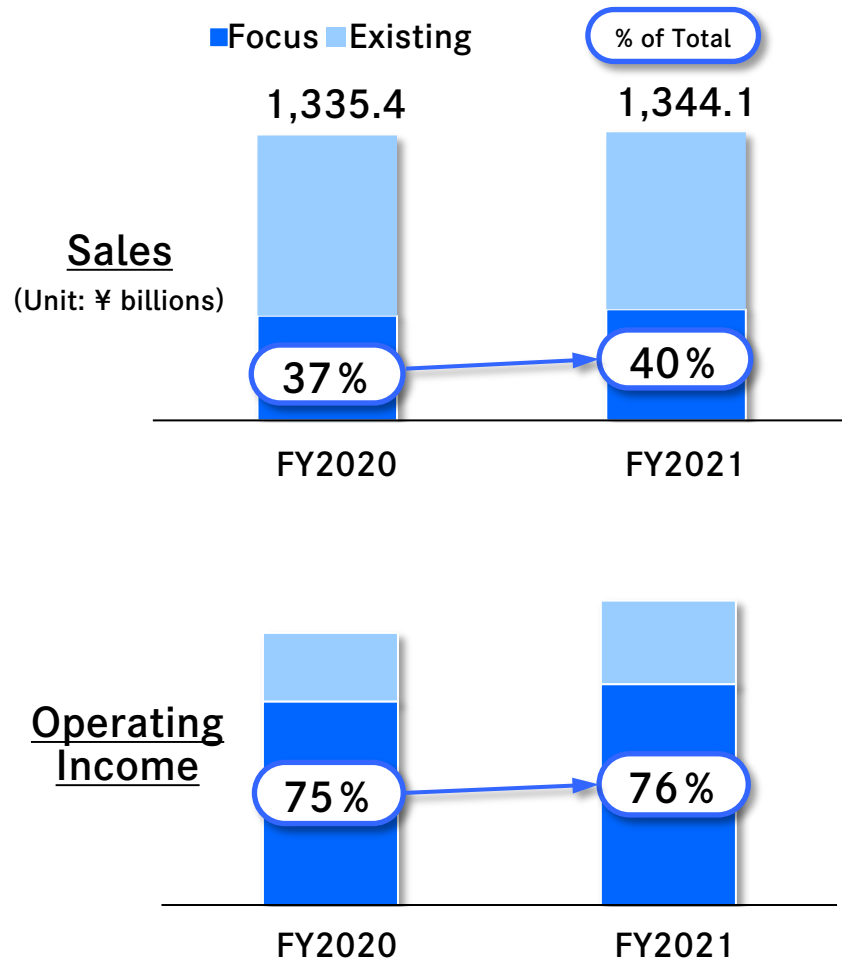
- In order to address changing lifestyles and reduce environmental impact, we focused on selling beverages in PET plastic bottles without product-name or other labels
- In-home consumption increased, but sales at restaurants were sluggish

Overview of Consolidated Results for the Fiscal Year 2021:

Focus businesses

DNP

- Focus business sales grew year on year in every sector; the proportion of focus business sales also increased nicely



Focus businesses	Sales Year-on-year change	Overview
IoT/next-generation communications	103% ↑	Increased sales of optical films, metal masks, and other electronic components
Mobility	128% ↑	Year-on-year growth in lithium-ion battery pouches for automotive use
Environment	117% ↑	Eco-friendly packaging materials sales increased from the previous year
Data distribution	104% ↑	<ul style="list-style-type: none"> • BPO decreased relative to the surge of special demand seen in the previous year • Demand for photo-related products recovered, especially in the US, which is the main market

Fiscal Year 2022 (through March 2023): How changes in business conditions may affect DNP's major businesses

DNP

In addition to the prolongation of COVID-related restrictions, other factors including geopolitical risks such as the conflict in Ukraine, further increases in raw materials prices and the continued semiconductor shortage appear increasingly likely to influence business into fiscal 2022.

	Effects of COVID pandemic	Ukraine situation	Surges in prices of raw materials	Semiconductor shortage
Information Communication	<ul style="list-style-type: none"> Continued restriction of people's movements within Japan and abroad 	<ul style="list-style-type: none"> Decreased demand for photos in Europe 	<ul style="list-style-type: none"> Higher prices for printing paper, IC chips and other products 	<ul style="list-style-type: none"> Short supplies of IC chips
Lifestyle and Industrial Supplies	<ul style="list-style-type: none"> Disturbances in international distribution networks 	<ul style="list-style-type: none"> Decreased auto production 	<ul style="list-style-type: none"> Increased procurement costs for petrochemicals and aluminum 	<ul style="list-style-type: none"> Decreased auto production
Electronics	<ul style="list-style-type: none"> Reaction in wake of demand related to "home nesting" Disturbances in international distribution networks 	<ul style="list-style-type: none"> Disturbances in supply chains due to worries over the supply of rare gases, etc. 	<ul style="list-style-type: none"> Increased procurement costs for petrochemicals 	<ul style="list-style-type: none"> Electronic Devices business faces increased demand
Beverages	<ul style="list-style-type: none"> Continued restriction of people's movements within Japan and abroad Slump in inbound demand 		<ul style="list-style-type: none"> Increased ingredient procurement costs 	

Earnings Forecast for Fiscal Year 2022

(Unit: ¥ billions) **DNP**

	FY2021 result	FY2022 forecast	Year-on-year Change
Sales	1,344.1	1,380.0	+2.7%
Operating Income	66.7	67.0	+0.3%
Operating Income Ratio	5.0%	4.9%	—
Ordinary Income	81.2	81.5	+0.3%
Net Income Attributable to Parent Company Shareholders	97.1	67.0	(31.1%)
ROE	9.1%	6.0%	—

Capital Investments	50.6	95.0	+87.7%
Research and Development	33.1	33.0	(0.4%)
Depreciation	51.1	52.0	+1.8%

		FY2021 result	FY2022 forecast	Year-on-year Change
Information Communication	Sales	698.9	710.0	+1.6%
	Operating Income	27.6	29.0	+5.0%
Lifestyle and Industrial Supplies	Sales	387.0	408.0	+5.4%
	Operating Income	13.6	12.0	(11.9%)
Electronics	Sales	211.0	212.0	+0.4%
	Operating Income	46.4	47.0	+1.1%
Beverages	Sales	49.7	52.5	+5.6%
	Operating Income	0.6	0.7	+8.6%
Adjustment	Sales	(2.6)	(2.5)	—
	Operating Income	(21.6)	(21.7)	—

Despite the relaxation of demand related to "nesting" and the effects of soaring materials prices and other costs, we are working to boost our focus businesses and implement structural reforms, and we expect growth in both sales and operating income.

We will continue to promote effective use of assets and to improve efficiency, for example by reviewing our holdings of fixed assets and investment securities.

FY2022 and FY2024 Management Targets



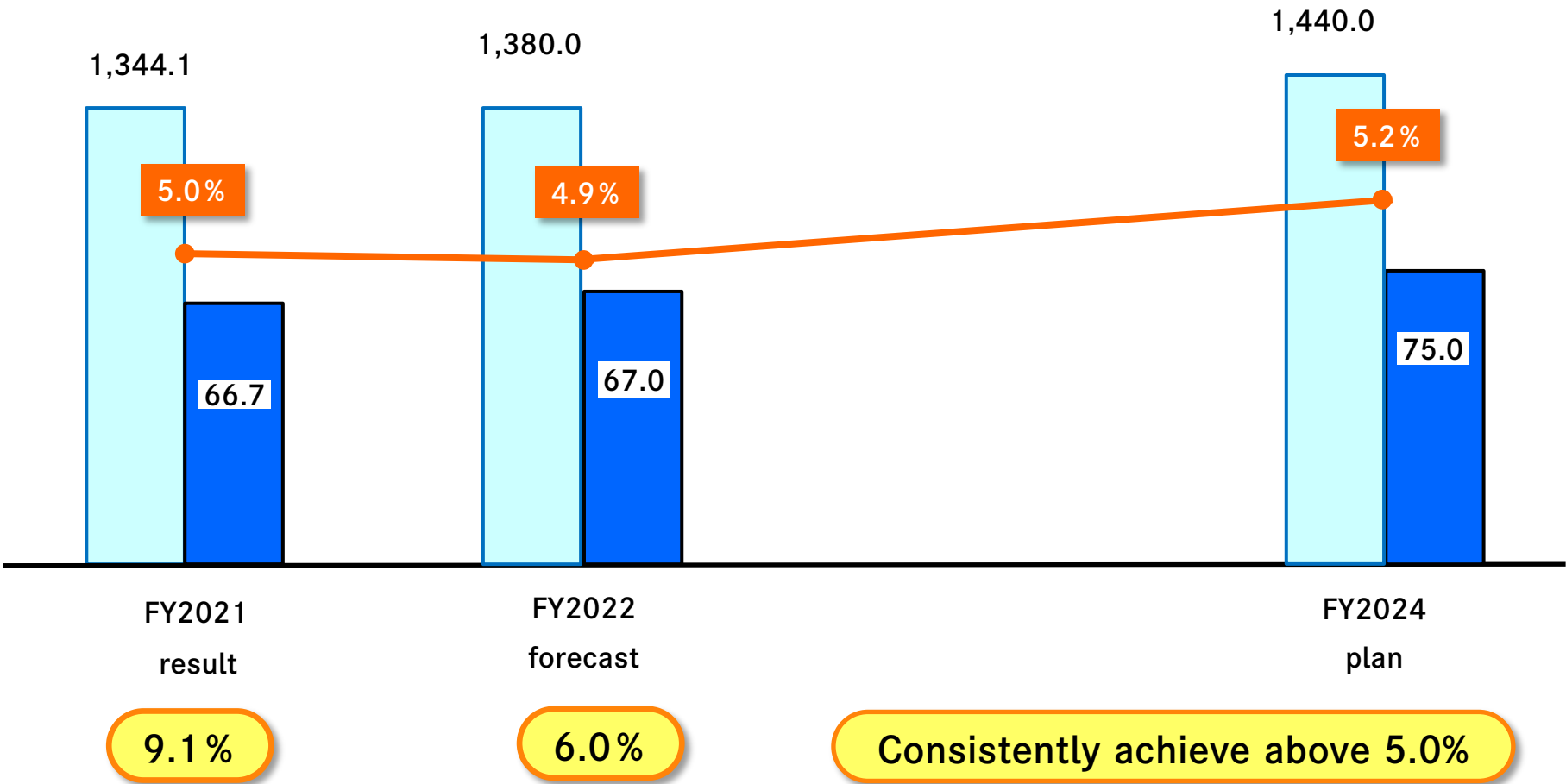
(Unit: ¥ billions)

Sales

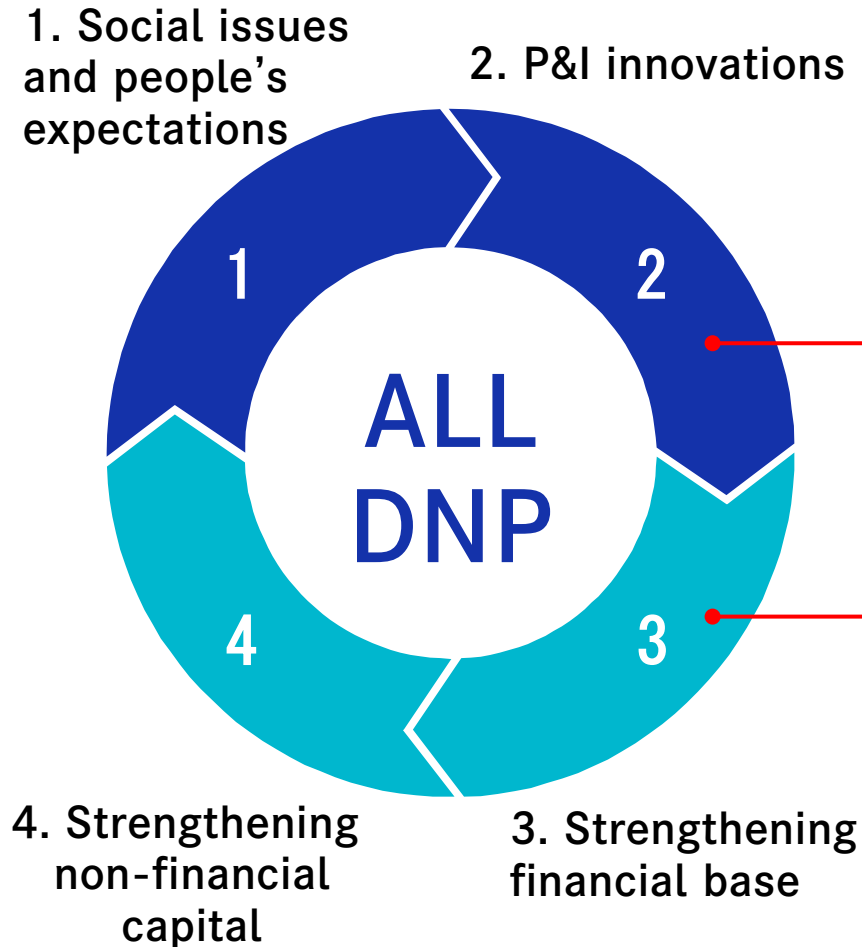
Operating
Income Ratio

Operating
Income

ROE



2 . Progress with Medium-term Management Plan



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

~Build a strong business portfolio~

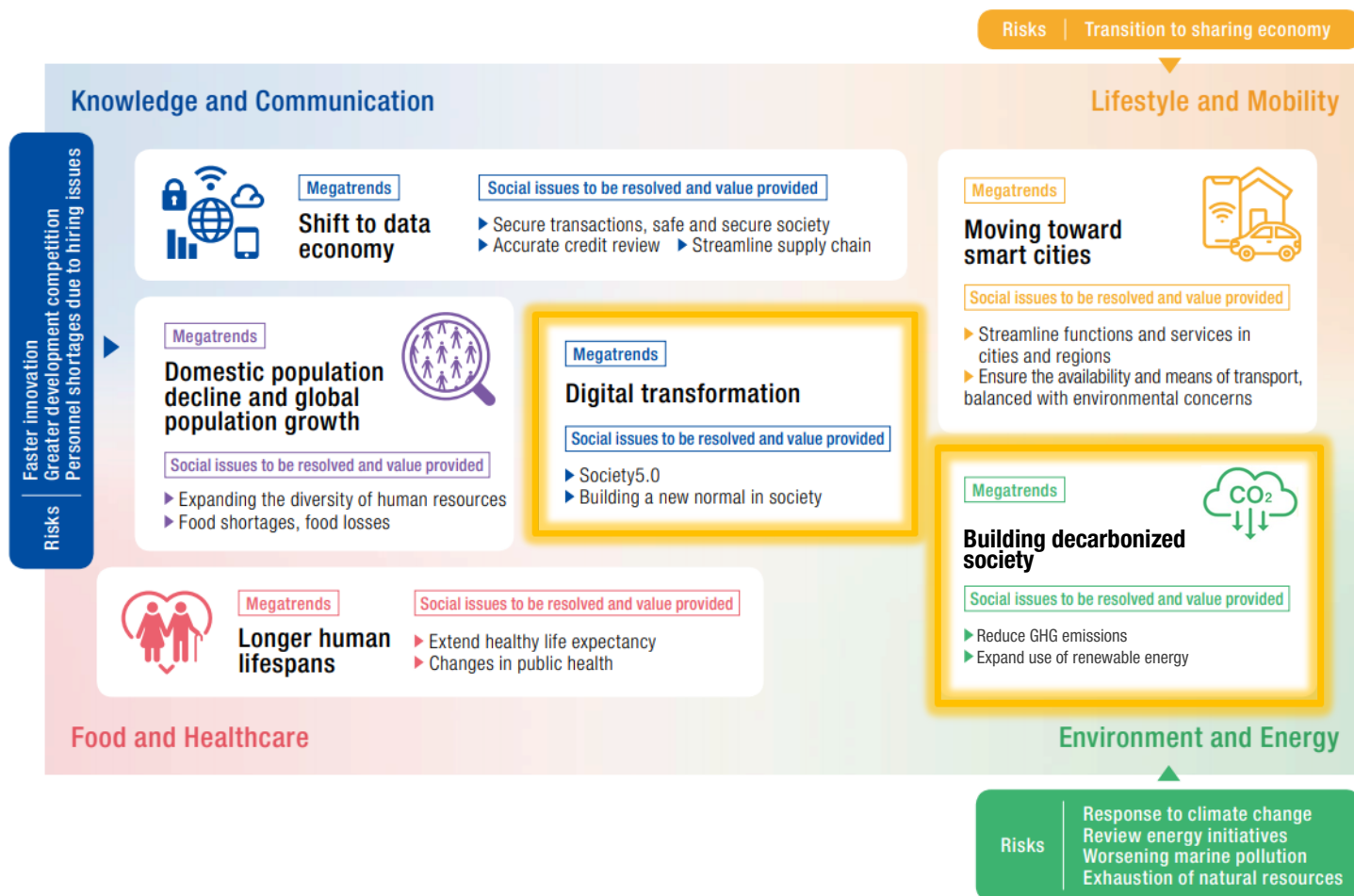
1. Create value primarily in growth areas
2. Provide value optimized to each country and region
3. Increase value using all available restructuring approaches

Basic Strategy 2 Strengthen business infrastructure to support growth

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

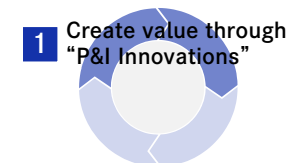
Business conditions and key issues

- Also with respect to megatrends that DNP sees as business opportunities, we will anticipate changes caused by major events like the corona pandemic, and improve our responses.



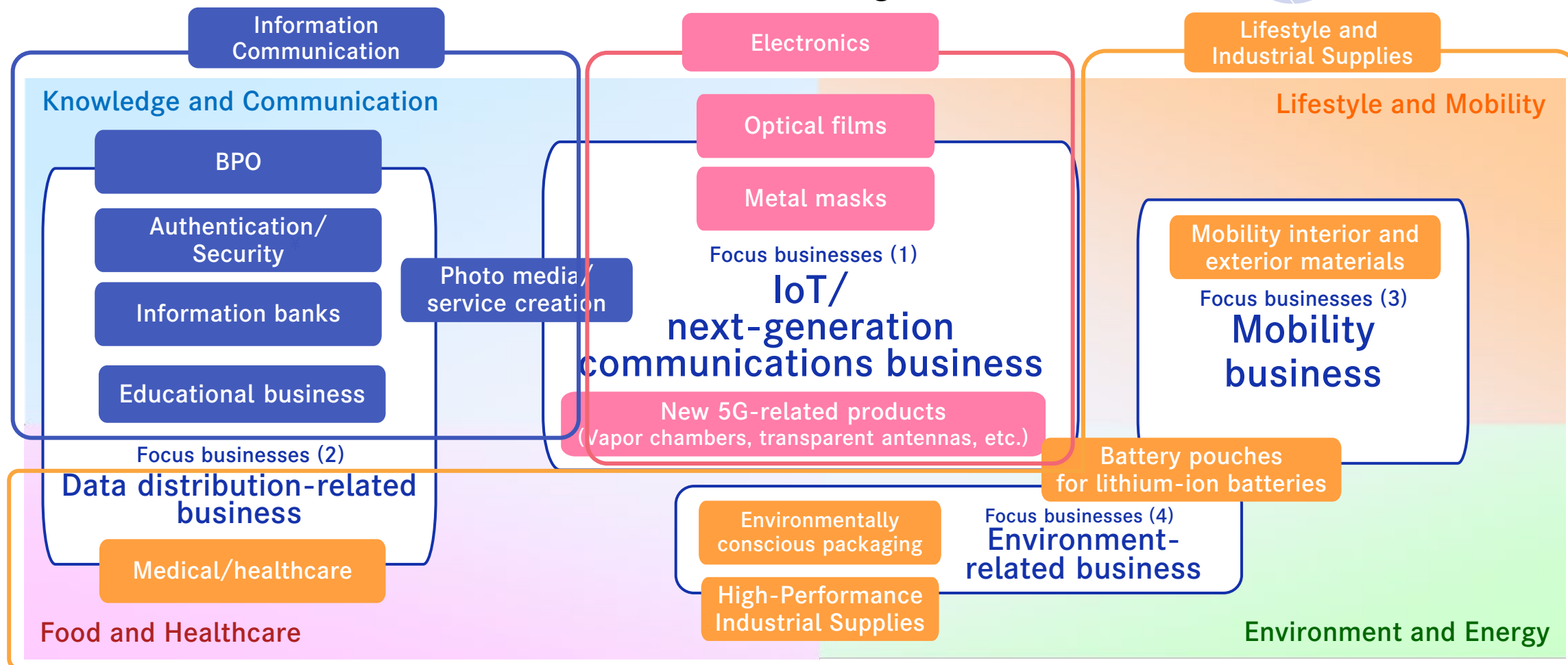
Medium-term Management Plan policies that respond to the acceleration of trends like digital transformation (DX) and easing pressure on the global environment, and that further support the provision of new types of value that individuals and society seek

1 – 1. Create value primarily in growth areas

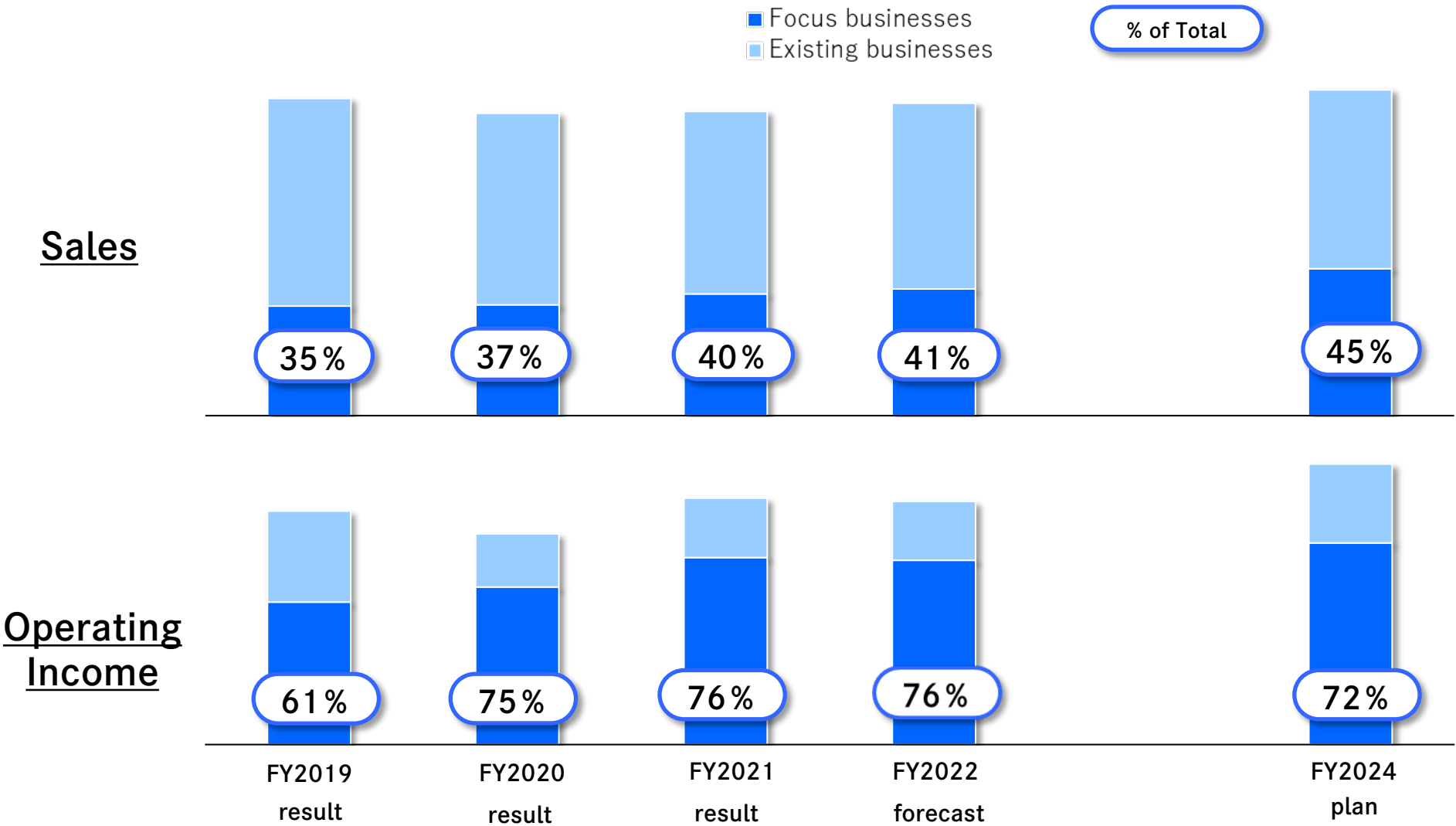


DNP

< Focus businesses in four growth areas >



Management Targets Focus/Existing businesses Composition



【 Medium-term Management Plan 】 Information Communication

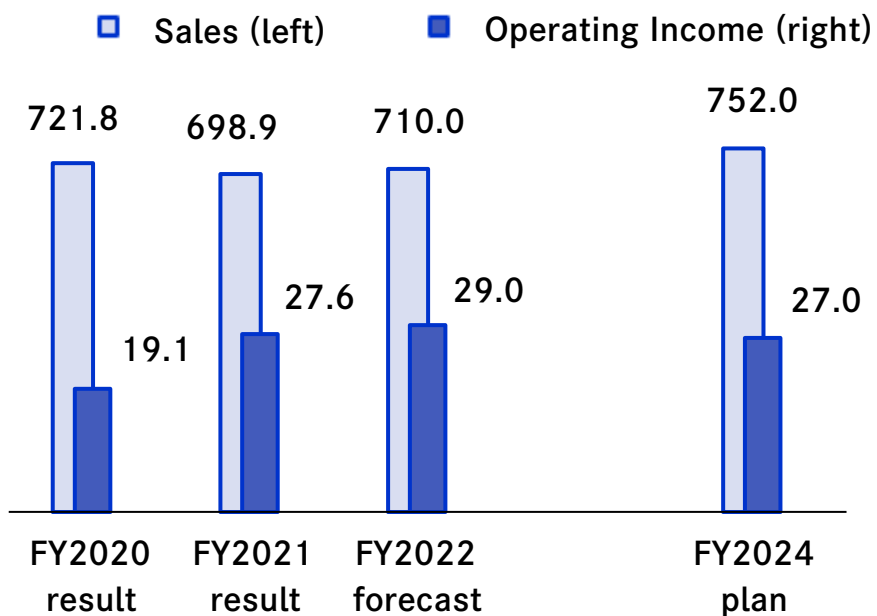
DNP

Information Communication

Strategy in the medium-term management plan

- ① Growth strategy : Pursue digital transformation (DX) aimed at adding value to customer experience
- ② Restructuring : Downsize paper media production bases

Earnings Forecast (Unit: ¥ billions)



Subsegment	Focus businesses
Information Innovation Business	BPO
	Authentication/ security
Imaging Communication Business	Information banks
	Photo media/ service creation
Publishing Business	Educational business

1 – 1. Create value primarily in growth areas



DNP

Authentication
and Security

Focus businesses

Using a single set of face information to authenticate a person's identity for various purposes, in various industries

Social issues/ Trends

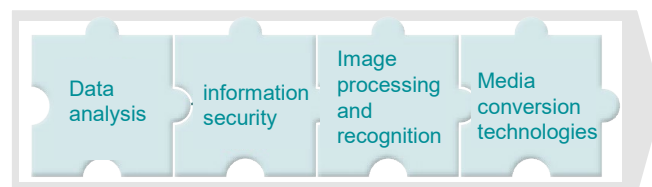
Expanding demand for remote authentication

Simplifying procedures as a result of accelerating digital transformation (DX)

Stronger protection for personal information

In a society that seamlessly blends the real with the digital, people want to feel secure in their daily lives.

Solutions



DNP will provide a cross-industry platform by making the most of its information security technologies and connections with diverse partners

Facial recognition multi-channel platform



In December 2021, DNP led the establishment of a consortium

Roles of the four major member companies:

- Resona Bank: Face information storage; banking applications
- JCB: Recruitment of companies to join FacePass settlement; development of applications
- Panasonic Connect: Provision of facial recognition technology
- DNP: Development, operation and overall management of authentication platform (As of this writing, there are 30 participating companies)

Activities:

- January 2022: Began verification trials
- May 2023: Expand usage by all participating companies

Social Impact

Consumers

Consumers will be able to quickly and safely make hands-free use of services in a variety of situations.

- In-person banking procedures
- Check-ins at hotels and other lodging facilities
- Car sharing
- Event venue entry and exit

Client companies

Client companies will not need to build their own face recognition infrastructure or maintain biometric information.

Future initiatives

■ Build presence

- Start TV commercials (March 2022)
- Redesign website
- Develop logo for service



[service logo]

→ Aim to provide service for Expo 2025 Osaka, Kansai, Japan

■ Construct social infrastructure

- Expand consortium
- Aim to create infrastructure for Super-City initiative

FY2025

Overall authentication services
**Net sales target
¥5 billion**

【 Medium-term Management Plan 】 Lifestyle and Industrial Supplies

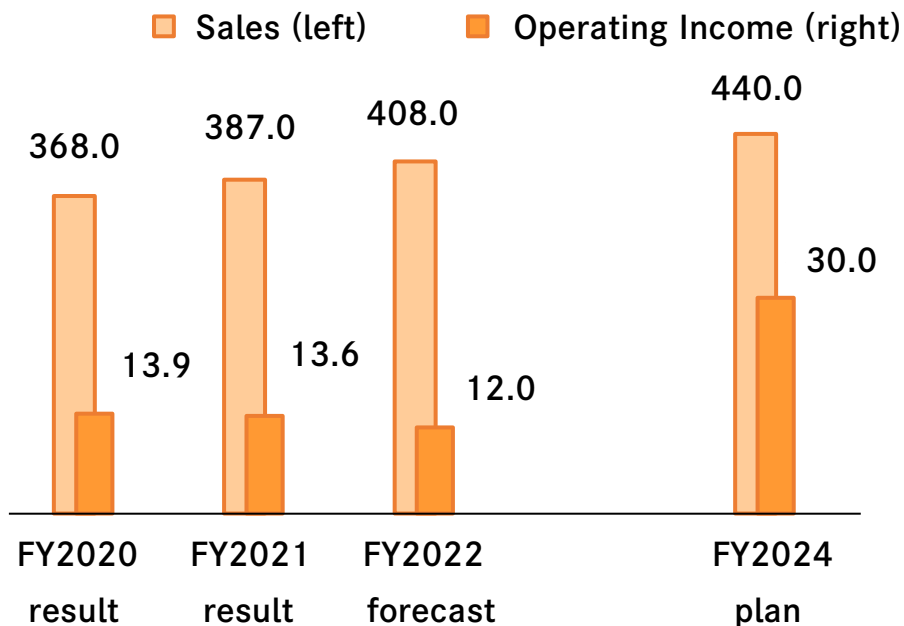


Lifestyle and Industrial Supplies

Strategy in the medium-term management plan

- ① Growth strategy : Leverage converting technology to strengthen new product development and sales Lifestyle and Industrial Supplies
- ② Restructuring : Push ahead with review of low value-added products

Earnings Forecast (Unit: ¥ billions)



Subsegment	Focus businesses
Packaging Business	Eco-friendly packaging
Living Spaces Business	Medical/healthcare
Industrial High-performance Materials Business	Mobility interior and exterior materials
	Industrial high-performance materials
	Battery pouches for lithium-ion batteries

1 – 1. Create value primarily in growth areas



DNP

Battery pouches
for lithium-ion batteries

Focus businesses

Leverage DNP's strength as a top global supplier in order to contribute to the realization of carbon neutrality and next-generation telecommunications

Social issues/ Trends

Lighter, thinner lithium-ion batteries

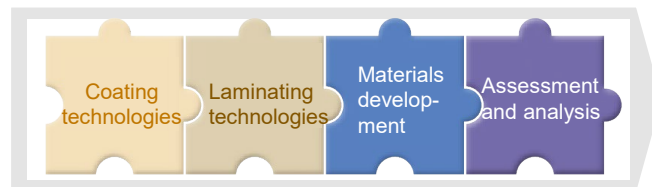
Building a decarbonized society

Shift to electric vehicles

Uptake of next-generation communications

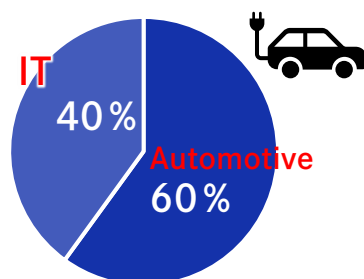
Expansion of new construction plans for global automotive battery factories

Solutions



By making the most of our strength in converting technologies and creating a de-facto industry standard, we are expanding applications to strengthen our top global share.

Breakdown by application



DNP's Strengths

- Global standard
- Stable track record even for use with large-scale batteries
- Acquisition of IATF 16949 certification



Lighter,
longer-lasting,
safer
battery pouches

environment • Social Impact

Improvements like lighter weight and greater freedom of form resolve issues with EV driving range and useable space

Decarbonized society
Mitigating and responding to climate change



1 – 1. Create value primarily in growth areas





DNP

Battery pouches
for lithium-ion batteries

Focus businesses

Short- and Medium- to Long-term Trends

Mid- and long-term growth expected along with shift toward electric automobiles

	Short-term		Medium- to Long-term
Market trends	<ul style="list-style-type: none">● Temporary effects of auto production cuts due to factors like chip shortages● Effects of price surges for aluminum, resins, and other raw materials● Any impact of the situation in Russia and Ukraine on supply chains and soaring raw material prices should be temporary		<ul style="list-style-type: none">● Continuous strong sales expected due to growing EV demand 
Production systems	<ul style="list-style-type: none">● Status of factory expansion<ul style="list-style-type: none">→ • Scheduled to add a production line at Tsuruse Plant in 2022• A new slit processing line is being built at Danish Plant, and will start operation in the latter half of 2022		

Future initiatives



Establishment of new production bases to enable further capacity expansion from the fiscal term through March 2024

For lithium-ion battery pouches overall
FY2024: ¥100 billion

【 Medium-term Management Plan 】 Electronics

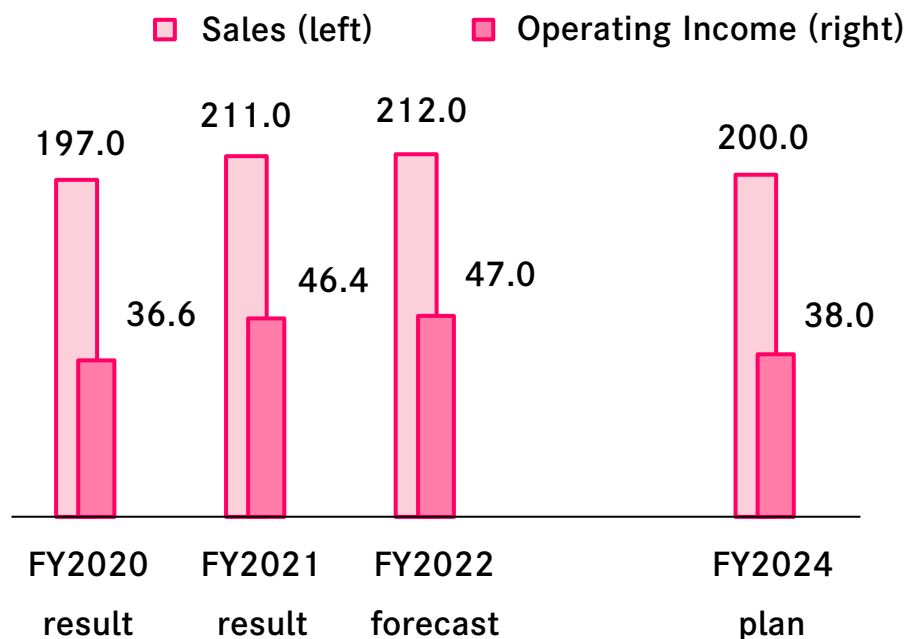
DNP

Electronics

Strategy in the medium-term management plan

- ① Growth strategy : Develop and supply key components that contribute to sophisticated integration of real and digital
- ② Restructuring : Rebuild businesses where competitiveness has declined

Earnings Forecast (Unit: ¥ billions)



Subsegment	Focus businesses
Display Components Business	Optical films
Electronic Devices Business	Metal masks
	New 5G-related products

1 – 1. Create value primarily in growth areas



DNP

Metal masks for manufacturing organic light-emitting diode displays (OLEDs)

Focus businesses

Develop a variety of OLEDs to meet needs and solve problems for consumers and for society as a whole

Social issues/ Trends

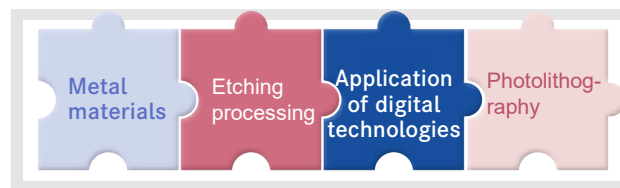
Increased demand for use in smartphones

- In 2025, OLEDs expected to account for more than 50% of smartphone displays
- Number of units produced expected to grow by 40% over the next 5 years

Wider use of small and medium-sized devices

- Smart watches
- Tablets
- Notebook PCs

Solutions



DNP's original photolithography and etching processing technologies contribute to the production of higher-definition OLEDs

- Top share of the world market for metal masks for smartphone OLEDs using DNP's original technologies
- Going forward, we aim to use AI, robots, IoT-connected equipment, and other innovative manufacturing techniques such as automation, and the introduction of smart factories as we construct production systems that supply products of reliable high quality
- Construction of highly energy-efficient, eco-friendly production equipment

Social Impact

- Contribute to making lighter, more compact, higher-definition displays
- Expand possibilities for new applications that make use of flexible shapes

Future initiatives

- Increase production capacity in anticipation of greater demand in the medium to long term



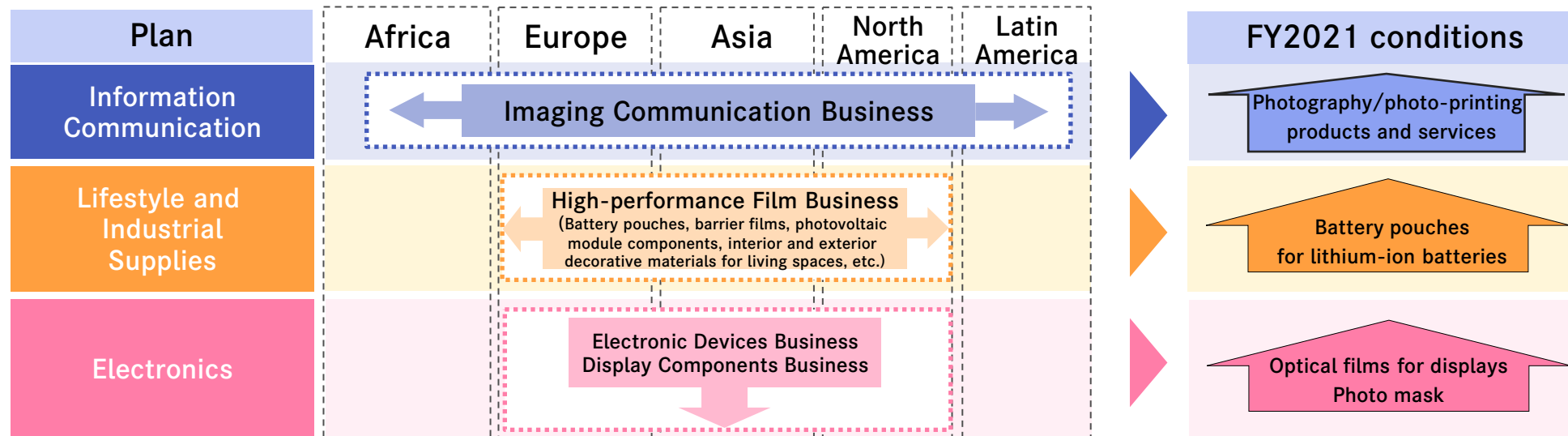
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1 – 2. Provide value optimized to each country and region



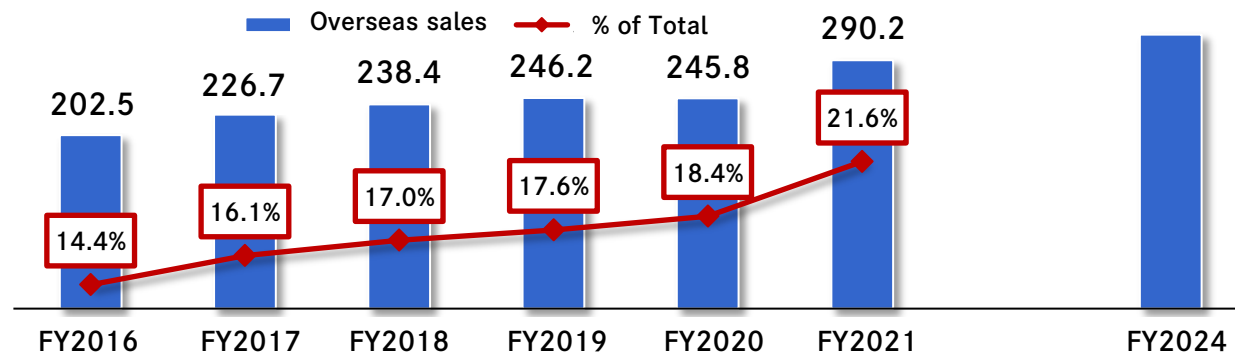
DNP

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



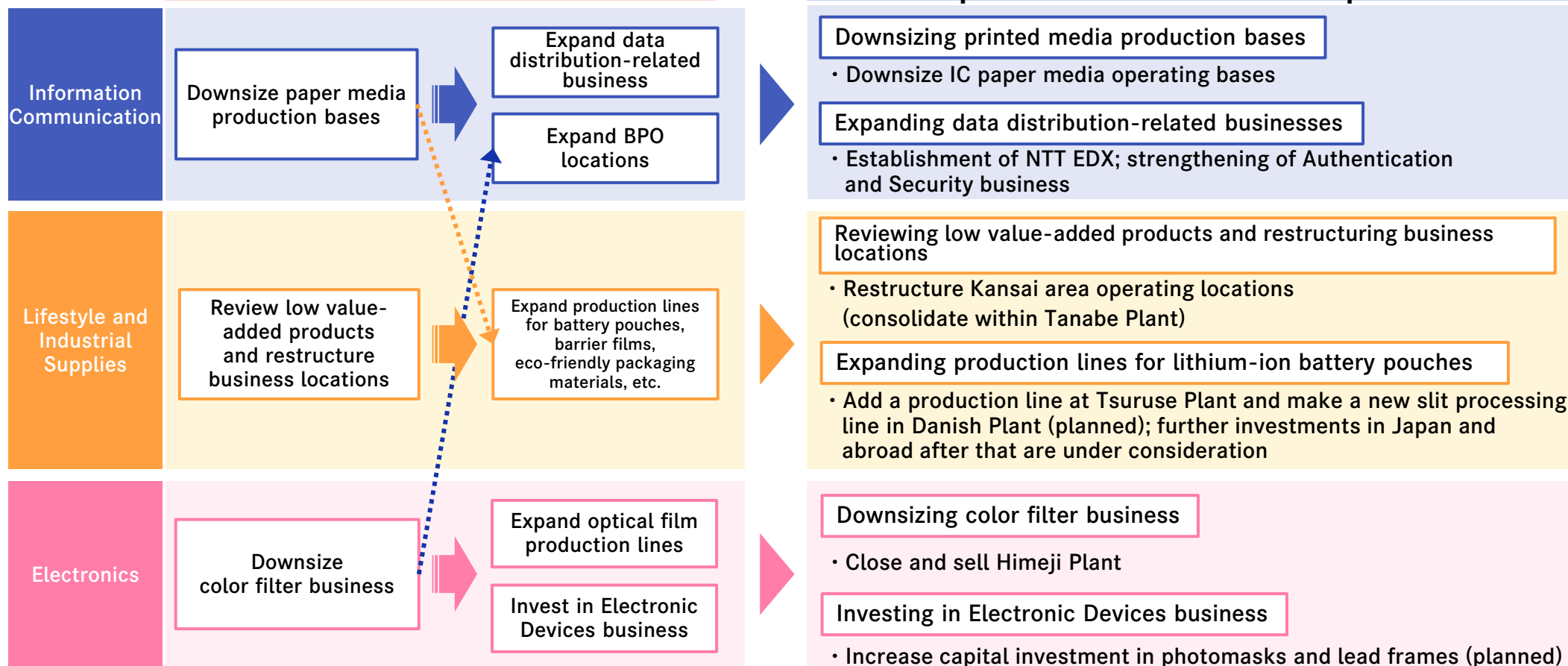
DNP

Reorganization of operating bases and business downsizing have progressed as planned.
We will continue to implement reforms at appropriate times and in accordance with demand trends.

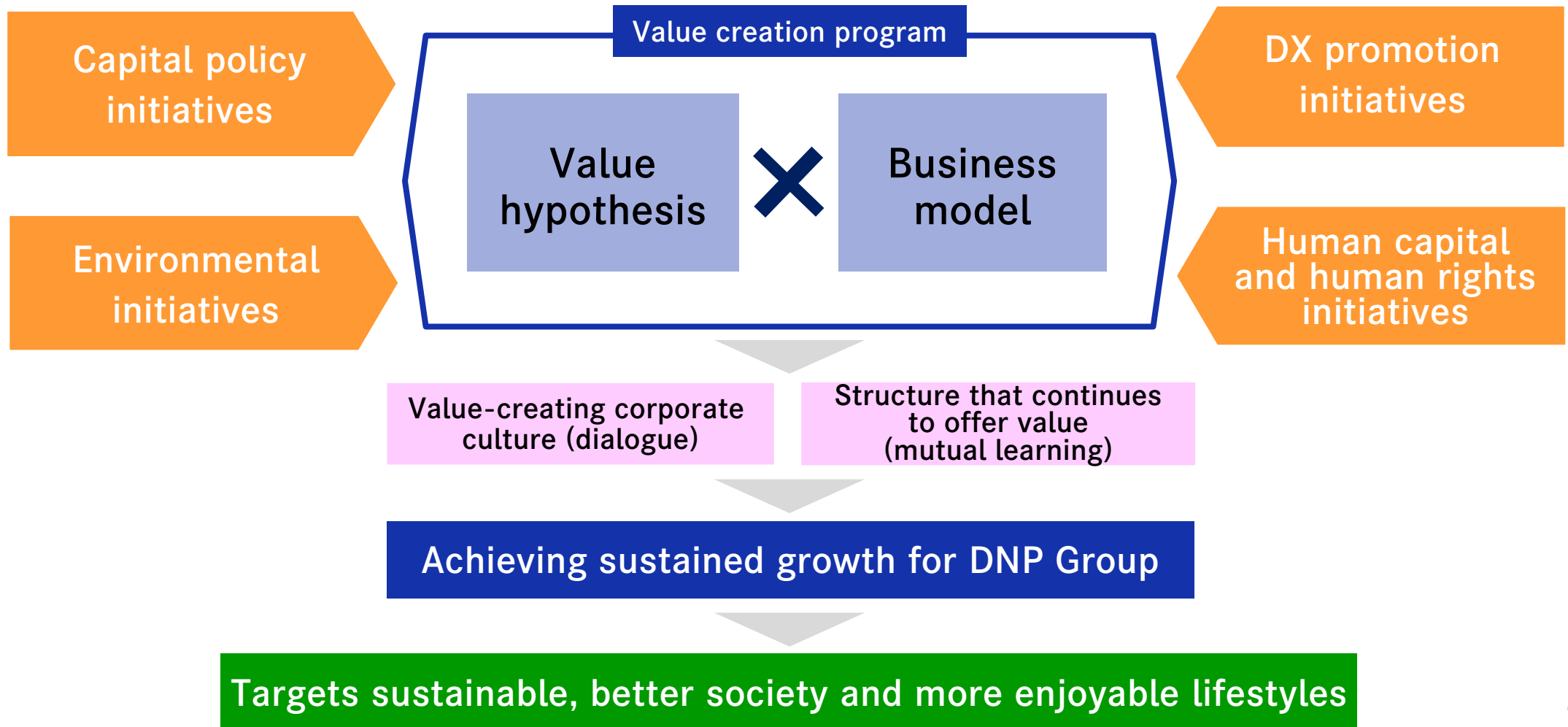
<Strategy>

Pursue selectivity and focus

< Specific initiatives and plans >



Basic Strategy 2 : Strengthen business infrastructure to support growth



2 – 1. Strengthen financial and non-financial capital



DNP

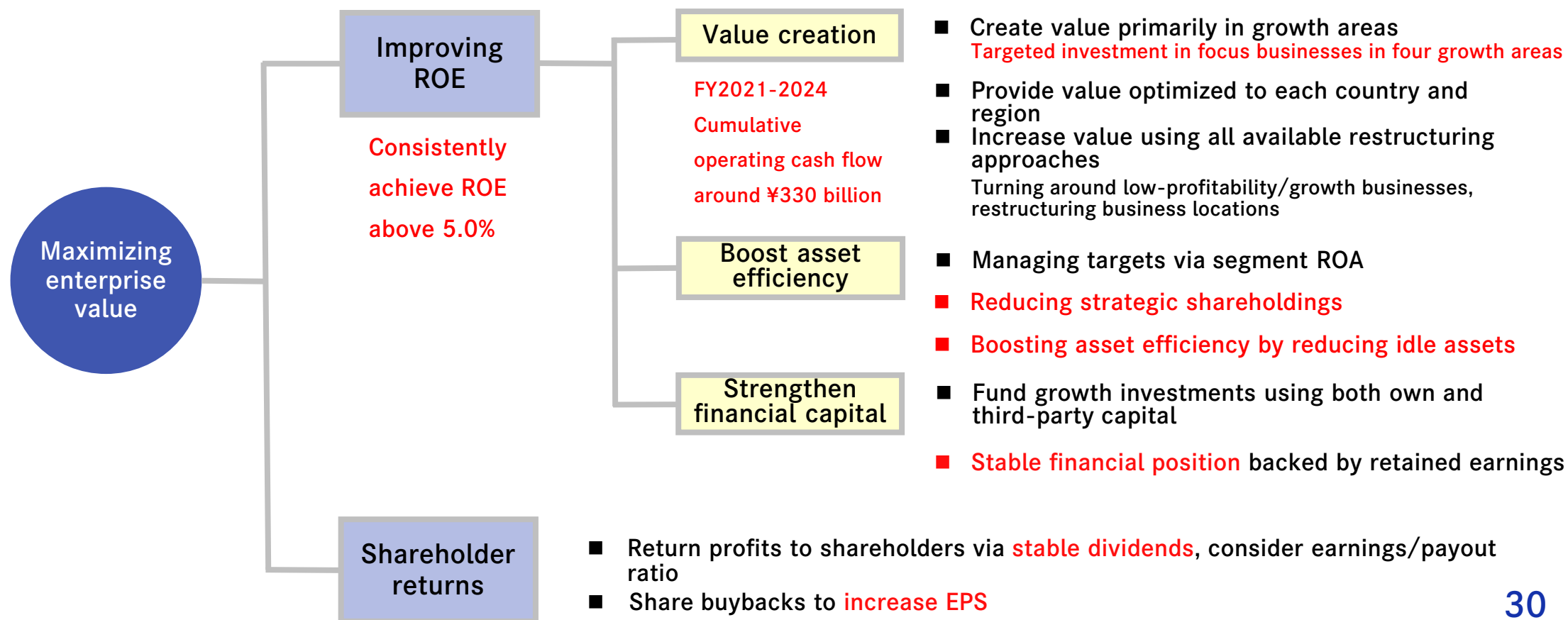
Capital policy initiatives

Maximize corporate value by strengthening the business base that supports value creation and growth through "P&I innovation"

2

Strengthen business infrastructure to support growth

Measures to maximize enterprise value (through FY2024)

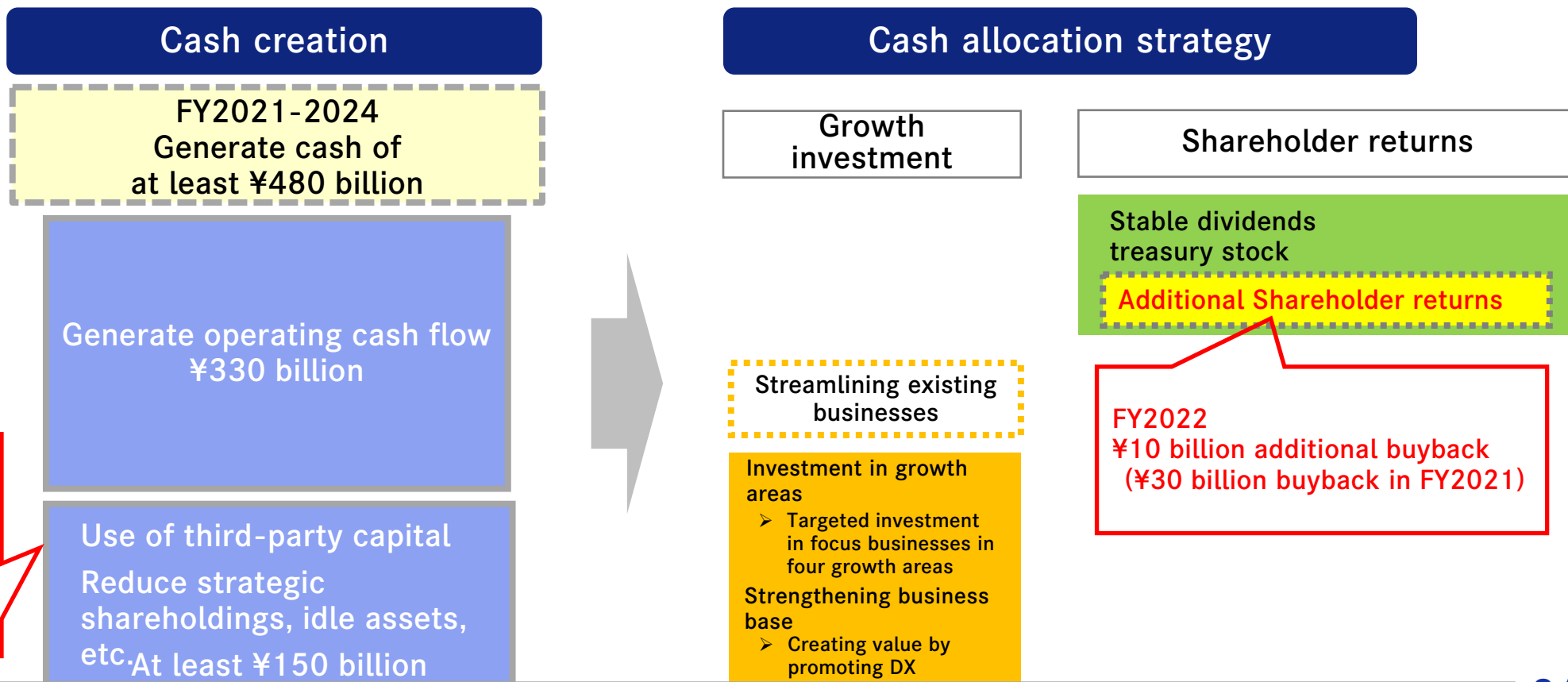


2 – 1. Strengthen financial and non-financial capital



Capital policy initiatives

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

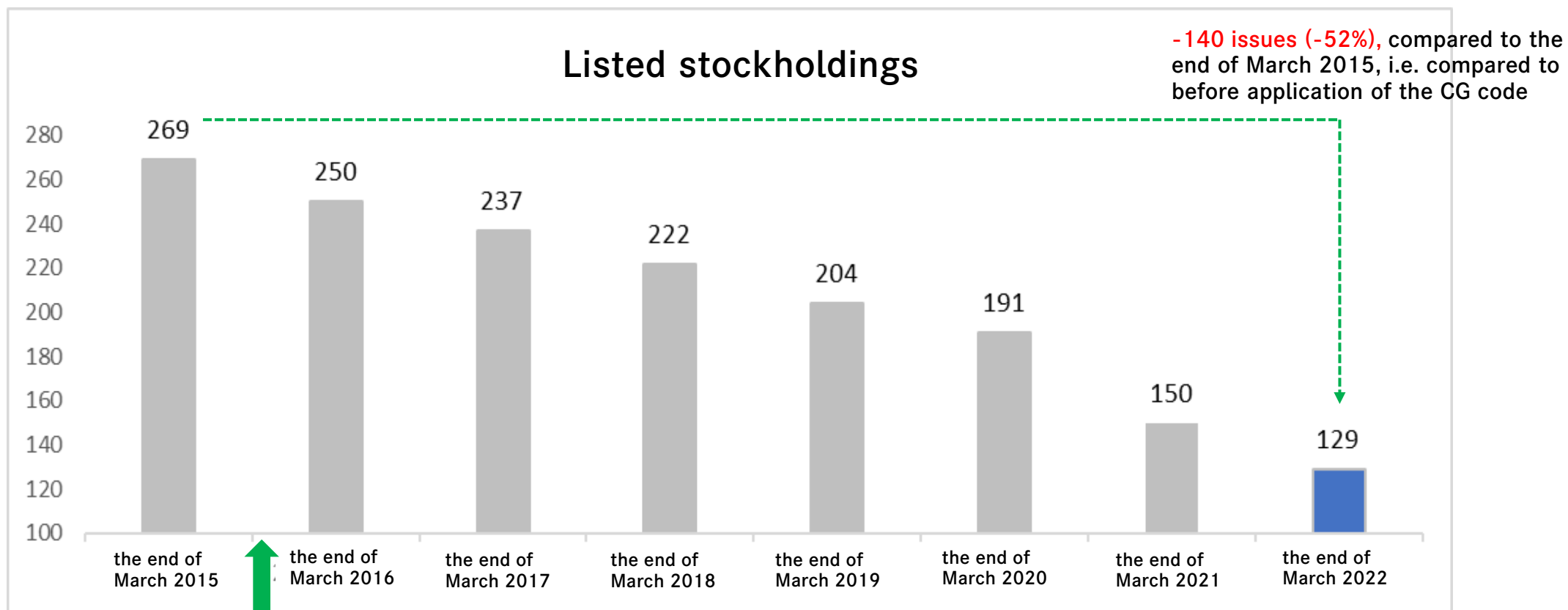


2 – 1. Strengthen financial and non-financial capital



Capital policy initiatives

Continually reduce strategic share holdings.



In June 2015, the Tokyo Stock Exchange started application of Japan's corporate governance (CG) code.

The number of listed issues held by DNP has been reduced by 140 issues (-52%), from 269 issues held at the end of March 2015.

2 – 1 . Strengthen financial and non-financial capital



Capital policy initiatives

Shareholder returns (Acquisition of treasury stock)

Additional Shareholder returns ¥10 billion buyback

■ Details of buyback

- | | |
|-----------------------------|--|
| (1) Stock to be acquired | Common stock |
| (2) Number of shares | Up to 6 million shares, equivalent to 2.23% of shares outstanding excluding treasury stock |
| (3) Total acquisition price | Up to ¥10 billion |
| (4) Purchase period | May 16, 2022-December 20, 2022 |

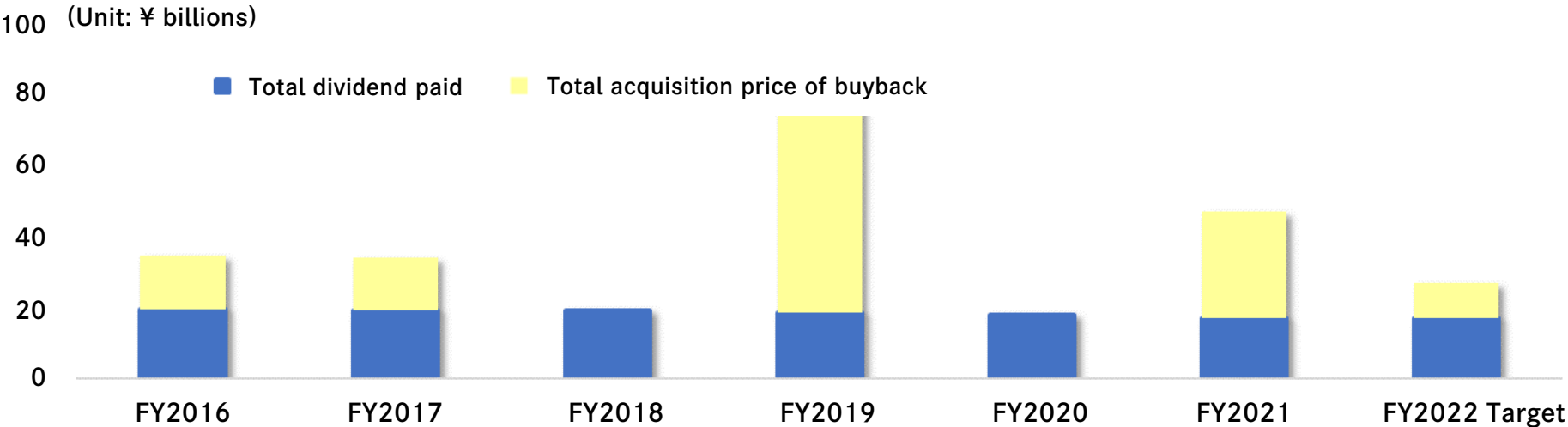
2 – 1 . Strengthen financial and non-financial capital



Capital policy initiatives

Shareholder return policy

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



Dividend payout ratio (consolidated)	79%	71%	—	27%	72%	18%	
Total return ratio	138%	125%	—	113%	72%	49%	

2 – 1. Strengthen financial and non-financial capital

Environmental initiatives

Aiming to realize a sustainable and better future by addressing environmental issues through both business operations and infrastructure

“Environmental Vision 2050” “Environmental Longer-term”

Longer-term targets

Reducing GHG emissions
*By 2030, vs. FY2015
40% cut

Super-eco products*
to account for 10% of
2025 sales

Increase 2025
resource recycling ratio
by 5% versus FY2015

Reduce 2025
water usage by 35%
versus FY2015

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

2050 targets

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

External evaluations

February 2022

•Received the highest
"Supplier Engagement
Evaluation" from the CDP
for the third consecutive
year



March 2022

•Selected for inclusion in the FTSE
Blossom Japan Sector Relative Index
•The only printing company selected for
all five ESG indexes adopted by GPIF



FTSE Blossom
Japan Sector
Relative Index

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



Human capital and human rights initiatives

Promote diversity and inclusion (create new value by making the most of diverse human capital)

Medium-term business plan initiatives

Enhance human capital

- ✓ Secure and develop human capital based on progress in converting business structures

- ✓ Promote diversity and inclusion

Health management

- ✓ Enhance motivation
- ✓ Assure health and safety

Human rights within supply chains

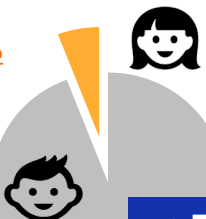
- ✓ Build sustainable supply chains

KPI and performance

① Percentage of female managers

At least 7.0%
(Goal for FY2021)

↑
5.6%
(FY2018 actual)



→ **7.4%**

② Number of female managers and business leaders

Goal for March 31, 2022:
Double (FY2021 target) the number (430)
from February 2016

→ **x2.2**

③ Percentage of eligible men taking childcare leave

100% (FY2022 target)
↑

54.3% (FY2020 actual)

→ **82.4%**

External evaluations

March 2022

DNP was selected as a "FY2022 Nadeshiko brand," recognizing the company for its encouragement of women's success in the workplace.



November 2021

DNP was awarded the "Gold" or highest rating according to the "PRIDE Index." work with Pride



Major Initiatives

Diversity Week activities

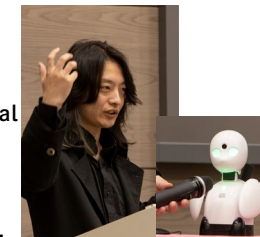
● Top-level commitment



● Keynote address

"What you can't do turns to value. Survival strategies for an era in which 100 million people face total difficulty."

Mr. Ory Yoshifuji
(CEO of Ory Lab Inc.)



Internal evaluations D & I sensitivity

FY2019
56.3%



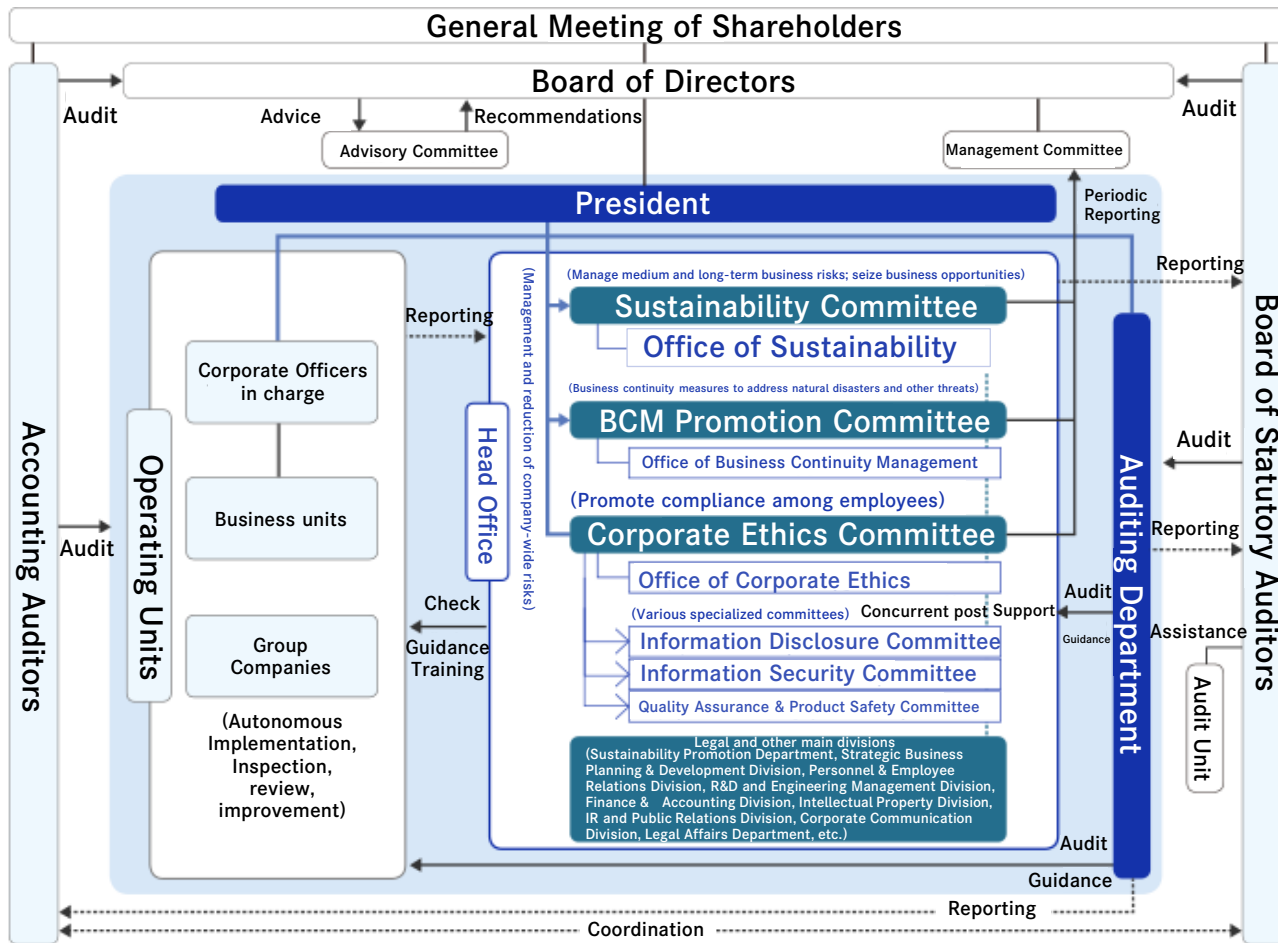
FY2021
78%

2 – 2. Strengthen corporate governance



Corporate Governance

Enhance sustainability promotion framework



- In April 2022, we restructured and enhanced the Sustainability Committee, which is now composed of the Company president (committee chair), the Senior Managing Director (vice-chair), and directors and corporate officers with assigned duties at the Head Office.
- In collaboration with the Corporate Ethics Committee and BCM Promotion Committee, the committee will manage Company-wide, medium-to-long-term risk with a focus on ESG.
- By performing optimal risk analysis and reflecting those findings in medium and long-term management strategies, the committee will convert risks into opportunities and thereby contribute to making society more sustainable, leading to the achievement of "Tomorrow's Basic."

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

DNP

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.