



Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [J-GAAP]

May 13, 2021

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listing: Tokyo
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 General meeting of shareholders: June 29, 2021
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 Holding of earnings announcement: Yes (for institutional investors and analysts)

*Amounts under one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Consolidated financial results

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2021	1,335,439	(4.7)	49,529	(12.0)	59,907	(6.1)	25,088	(63.9)
Year ended March 31, 2020	1,401,894	0.0	56,274	12.8	63,786	9.5	69,497	–

Note: Comprehensive income: Year ended March 31, 2021: ¥148,228 million (–%)
 Year ended March 31, 2020: ¥2,536 million (–%)

	Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	89.32	89.28	2.6	3.4	3.7
Year ended March 31, 2020	235.18	235.08	7.3	3.6	4.0

Reference: Equity in earnings of affiliates: Year ended March 31, 2021: ¥6,742 million
 Year ended March 31, 2020: ¥6,050 million

Note: Year-on-year change in comprehensive income for year ended March 31, 2021 exceeded 1,000% and is therefore shown as “–”.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2021	1,825,019	1,098,613	57.2	3,716.85
As of March 31, 2020	1,721,724	968,574	53.2	3,260.38

Reference: Stockholders' equity: As of March 31, 2021: ¥1,043,977 million As of March 31, 2020: ¥915,779 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2021	61,681	(56,284)	(78,268)	304,223
Year ended March 31, 2020	93,937	191,057	(41,280)	377,367

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends to Net Assets Ratio (Consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2020	–	32.00	–	32.00	64.00	18,609	27.2	2.0
Year ended March 31, 2021	–	32.00	–	32.00	64.00	17,976	71.7	1.8
Year ending March 31, 2022 (Forecast)	–	32.00	–	32.00	64.00		33.9	

3. Consolidated earnings forecasts for the year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,350,000	1.1	57,000	15.1	65,000	8.5	53,000	111.3	188.69

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

- 1) Changes in accounting policies with revision of accounting standards: No
- 2) Changes in accounting policies other than the 1) above: No
- 3) Changes in accounting estimates: No
- 4) Restatement of revisions: No

(3) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of March 31, 2021	324,240,346 shares	As of March 31, 2020	324,240,346 shares
2) Number of treasury shares at end of each period	As of March 31, 2021	43,363,670 shares	As of March 31, 2020	43,359,344 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2021	280,879,143 shares	Year ended March 31, 2020	295,506,271 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated financial results

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Loss		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2021	925,259	(6.1)	(1,155)	–	27,709	80.4	12,644	(57.9)
Year ended March 31, 2020	984,888	0.2	(6,507)	–	15,359	(16.7)	29,998	–

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2021	45.02	–
Year ended March 31, 2020	101.51	–

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2021	1,417,801	646,612	45.6	2,302.03
As of March 31, 2020	1,359,719	560,334	41.2	1,994.84

Reference: Stockholders' equity: As of March 31, 2021: ¥646,612 million As of March 31, 2020: ¥560,334 million

* These financial results are exempt from auditing by a certified public accountant or an auditing company.

* Explanation regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was published. Actual results may differ significantly due to a variety of factors.

For information about earnings forecasts, see the section titled, "1. Overview of operating results, etc., (4) Forecasts," on pages 5-7.

The DNP Group will hold a briefing (conference call) for institutional investors and analysts regarding its financial results and medium-term management plan on May 17, 2021. Materials used at the briefing will be uploaded to the DNP website at around 14:00 JST on the same day.

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1. Overview of operating results, etc.

(1) Overview of operating results for the year ended March 31, 2021

Business conditions surrounding the DNP Group during the fiscal year ending March 2021 were unfavorable, with a sharp retrenchment in consumer spending and corporate activity due to restrictions on the movement of people and goods caused by the novel coronavirus (hereafter, COVID-19). While worldwide economic activity gradually resumed around summer 2020, this was followed by a renewed increase in global COVID-19 cases from autumn through winter. Uncertainty regarding the outlook for containing COVID-19 increased in 2021, including the Japanese government's declaration of a state of emergency.

Amid these conditions, the DNP Group worked to create new value that meets people's expectations as well as resolving social issues in order to realize a better, more sustainable society and provide more comfortable lifestyles. The DNP Group optimized its capital allocation to target focus business areas with high profitability and prospects for market growth, such as data distribution, the Internet of Things (IoT)/next-generation communications, mobility, and environment by combining its unique strengths in printing and information (P&I) and forming deeper alliances with its numerous partners. It also worked to build a strong business portfolio by restructuring to enhance competitiveness.

While demand for printed materials fell sharply during the fiscal year due to the cancellation of events and exhibitions and the suspension of sales promotion activities, the adoption of remote working, more widespread use of online learning and medical consultations, and accelerated uptake of a variety of online services resulted in growth for IT services and IT equipment-related products leveraging the DNP Group's sophisticated information security platform. The heightened global focus on reducing environmental impact also resulted in greater demand for environmentally conscious products and services.

The DNP Group also worked to strengthen its business base to support long-term growth by using information and communications technology (ICT) to improve productivity, revamping its internal system platform, and accelerating its environmental, human capital, and human rights initiatives in response to megatrends such as digital transformation (DX).

The DNP Group's main business activities during the fiscal year included focusing on products such as its battery pouches for lithium-ion batteries, metal masks used in the production of organic light-emitting diode (OLED) displays, and optical film for displays, in which it has leading global market shares, and smart cards, in which it holds the leading market share in Japan. It also worked to strengthen businesses associated with Business Process Outsourcing (BPO), which handles business processes on behalf of companies seeking to respond to labor shortages and work-style reforms.

In the mobility business, one of its focus areas, the DNP Group worked to develop products and services to support a "next-generation automotive society," which requires lower environmental impact, higher energy efficiency, and greater information security, safety, and comfort. Specifically, the DNP Group developed and provided battery pouches for lithium-ion batteries used in electric vehicles (EVs) and other applications, decorative films and panels that enhance vehicles' interior/exterior functionality and design, and security solutions leveraging encryption and other technologies.

In the IoT/next-generation communications and data distribution businesses, the DNP Group worked to foster a safer and more enjoyable information society by developing products such as transparent antenna films compatible with the 5G standards that launched in Japan in March 2020 and vapor chambers for smartphone heat dissipation components. The DNP Group also launched

its XR (Extended Reality) communications business, which will develop and operate virtual spaces in parallel with real-world urban spaces and facilities in cooperation with municipalities and facility managers throughout Japan. These initiatives involve integrating real-world and virtual spaces using technologies such as virtual reality (VR), augmented reality (AR), and mixed reality (MR) to create PARALLEL CITY urban XR spaces in cooperation with regional communities, expanding the value and functionality of real-world spaces to offer new experiences to consumers and revitalize regional areas.

In its environmental business, the DNP Group fully launched sales of the va-Q-tec series of specialized high-quality insulating boxes for pharmaceuticals developed by German vacuum insulation panel manufacturer va-Q-tec AG. These products do not require power and can maintain ultra-low temperatures (e.g., -20/-70°C) for long periods of time, making them suitable for transporting COVID-19 vaccines.

As a result of the above, consolidated net sales for the year ended March 31, 2021 fell 4.7% year on year to ¥1,335.4 billion, consolidated operating income fell 12.0% to ¥49.5 billion, consolidated ordinary income fell 6.1% to ¥59.9 billion, and net income attributable to parent company shareholders fell 63.9% to ¥25.0 billion. ROE, which the DNP Group has adopted as its key profitability yardstick, was 2.6%.

Business segment results for the year ended March 31, 2021 are presented below.

[PRINTING]

Information Communication

In the Information Innovation business, areas such as ID cards (mainly Japan's social security and tax number ("My Number") cards) and BPO saw steady growth, partly reflecting an increase in demand driven by the government's economic stimulus measures. However, overall sales in the Information Innovation business declined due to the substantial impact of falling demand for pamphlets, catalogs, and other printed media due to the cancellation or downscaling of events and promotional campaigns throughout Japan.

In the Imaging Communication business, sales declined despite the gradual resumption of events and reopening of amusement facilities with measures to prevent infection in place and the accompanying rebound in demand of photo shooting and printing services.

In the Publishing business, more time spent at home due to government stay-at-home requests drove favorable e-book sales trends in the "honto" hybrid bookstore network, which handles both printed and electronic books, and an increase in the number of institutions outsourcing digital library services. However, overall sales in the Publishing business declined due to the continuing downtrend in printing orders for books and magazines.

As a result of the above, overall segment sales fell 6.6% year on year to ¥721.8 billion and operating income fell 36.9% to ¥19.1 billion due to the decline in sales.

Lifestyle and Industrial Supplies

In the Packaging business, the DNP Group worked in the environmental-related market to develop and sell its GREEN PACKAGING series of environmentally conscious packaging, and achieved positive results from manufacturing reforms including production and operational streamlining. However, demand for commercial packaging materials for souvenirs and restaurant use declined due to government stay-at-home requests. As a result, overall sales in the Packaging business declined.

In the Living Spaces business, the DNP Group worked to create new demand by expanding its lineup of products with antibacterial and antiviral functionality to combat infectious diseases.

Enquiries regarding decorative films and interior and exterior decorative materials rebounded from the third quarter amid signs of a recovery in domestic and overseas automobile demand and the domestic housing market, but sales in the Living Spaces business declined due to the considerable impact from the delay or suspension of domestic housing construction and remodeling work through the second quarter.

In the High-Performance Industrial Supplies business, sales rose for battery pouches used in automotive lithium-ion batteries due to increasing worldwide growth in demand for electric vehicles that reduce environmental impact, and for battery pouches used in lithium-ion batteries for tablets and smartphones, due mainly to an increase in teleworking. As a result, overall sales in the Industrial Supplies business increased.

As a result of the above, overall segment sales fell 6.0% year on year to ¥368.0 billion but operating income grew 25.3% to ¥13.9 billion, due partly to growth in the High-Performance Industrial Supplies business and a decline in raw material prices.

Electronics

In the Display Components business, uptake of teleworking, online lessons, and greater time spent at home resulted in upbeat sales of optical films for tablets, monitors, and TVs. While sales of color filters for LCD displays declined due to business structure reforms and streamlining, sales of metal masks used in the production of organic light-emitting diode (OLED) displays remained constant, due partly to increased demand for these displays in smartphones. As a result, overall sales in the Display Components business increased.

In the Electronic Devices business, sales rose due to an overall increase in demand driven by growth in teleworking and online services and the launch of 5G.

As a result of the above, overall segment sales grew 5.6% year on year to ¥197.0 billion and operating income grew 7.5% to ¥36.6 billion due to sales growth and benefits from business restructuring.

[BEVERAGES]

Beverages

Amid falling demand from tourist destinations and restaurants due to government stay-at-home requests, the DNP Group endeavored to respond to lifestyle changes caused by the COVID-19 pandemic, such as greater demand from consumers drinking at home and an increase in restaurant take-out demand.

Overall segment sales fell 7.0% year on year to ¥51.4 billion as growth in sales of the Lemondo range of alcoholic beverages 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 also decreased 59.0% year on year to ¥0.8 billion, due mainly to a decline in sales volume.

(2) Overview of financial position for the year ended March 31, 2021

Total assets at the end of the fiscal year increased by ¥103.2 billion from the end of the previous fiscal year to ¥1,825.0 billion, due mainly to an increase in investment securities.

Total liabilities decreased by ¥26.7 billion from the end of the previous fiscal year to ¥726.4 billion, due mainly to a decline in corporate bonds.

Net assets increased by ¥130.0 billion from the end of the previous fiscal year to ¥1,098.6 billion, due mainly to an increase in valuation difference on available-for-sale securities.

(3) Overview of cash flows for the year ended March 31, 2021

Cash and cash equivalents at the end of the current fiscal year decreased by ¥73.1 billion from the end of the previous fiscal year to ¥304.2 billion.

Cash flow provided by operating activities totaled ¥61.6 billion (¥93.9 billion in the previous fiscal year), due mainly to ¥46.4 billion in income before income taxes and non-controlling interests and ¥50.8 billion in depreciation.

Cash flow used by investing activities totaled ¥56.2 billion (cash provided of ¥191.0 billion in the previous fiscal year), due mainly to a ¥50.9 billion in payments for purchases of property, plant and equipment.

Cash flow used in financing activities totaled ¥78.2 billion (¥41.2 billion in the previous fiscal year), due mainly to ¥52.4 billion in payments for redemption of bonds and ¥18.5 billion in dividends paid.

The trends in DNP's cash flow indicators are shown below.

	Year ended March 2017	Year ended March 2018	Year ended March 2019	Year ended March 2020	Year ended March 2021
Equity ratio (%)	59.4	58.7	56.1	53.2	57.2
Market value-based equity ratio (%)	42.4	36.9	45.0	37.5	35.7
Debt-to-cash flow ratio (year)	2.4	3.5	2.4	2.3	2.6
Interest coverage ratio (times)	32.6	21.9	33.4	59.8	42.6

Notes: Equity ratio: Total stockholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Debt-to-cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest paid

- * The above indicators are calculated based on consolidated financial figures.
- * Market capitalization is calculated as: Fiscal year-end share price × fiscal year-end number of shares outstanding (excluding treasury stock)
- * Cash flow: Cash flow provided by/used in operating activities on the consolidated statements of cash flows
Interest-bearing debt: All liabilities on the consolidated balance sheet that accrue interest charges
Interest paid: Interest paid on the consolidated statements of cash flows

(4) Forecasts

The ongoing upheaval in domestic and overseas economic, social, and environmental trends suggests the need to establish a “new normal” given that the pandemic will likely take time to contain. The need for environmentally conscious corporate activity is steadily increasing amid the focus on “green recovery” policies targeting a global economic rebound, and the announcement by Japan's Ministry of Economy, Trade and Industry (METI) in December 2020 of its “Green Growth Strategy Through Achieving Carbon Neutrality in 2050” that aims to make Japan a carbon-free society.

The printing industry also needs to respond to changes in economic activity and lifestyles while working to prevent COVID-19 infections. The DNP Group is working to create new value amid adverse business conditions by aligning with the megatrend of digital transformation (DX) and achieving synergies between printed material, digital content, and services. For example, the DNP Group will focus on expanding its business by capturing new demand in areas such as digital marketing, e-books, educational ICT, next-generation healthcare and mobility, environmentally conscious products and services, and antibacterial and antiviral products.

The DNP Group's long-term goal is to constantly create value in order to foster connections between individuals and society as part of its corporate philosophy: "The DNP Group connects individuals and society, and provides new value." The DNP Group will continue striving to create value that resolves social issues and meets people's expectations by combining its unique strengths in printing and information (P&I) and innovating through deeper alliances with external partners to connect people with areas such as education, healthcare, apparel, food, and housing.

The DNP Group has defined the following four growth areas where it aims to expand its business by drawing on its strengths, and presented the following vision of the future it aims to achieve.

The DNP Group will use the value it creates to achieve the following goals: in Knowledge and Communication, a future in which people around the world have greater opportunities for safe and secure communication and can pass on and develop knowledge; in Food and Healthcare, a future in which people around the world are free from anxieties about their own lives and can live out their whole lives safely, securely, and with a high quality of life; in Lifestyle and Mobility, a future where all living spaces worldwide that people occupy and move within are comfortable, safe, and secure; and in Environment and Energy, a future that reduces global environmental impact and allows people worldwide to live sustainably in harmony with the earth.

The DNP Group has also defined several focus businesses based on an appropriate evaluation of the value generated by its unique strengths in terms of profitability and market growth potential. It is working to create a balanced, resilient business portfolio based on optimal allocation of its capital resources, mainly in four focus businesses: data distribution, IoT/next-generation communications, mobility, and environmental.

The DNP Group also intends to unstintingly pursue diversity & inclusion in order to constantly provide the value expected by the diverse society in which we live. It seeks both to respond to change by accurately understanding and analyzing a variety of risks (volatility factors), and to effect change that contributes to a better, more sustainable society and more enjoyable lifestyles.

As part of the DNP Group's initiatives in individual business segments, in the Information Communication segment it intends to focus on its BPO business, where overall demand is increasing, and its payment service business, which is benefiting from greater uptake of cashless payments. It also aims to expand its information media business that leverages digital transformation (DX), including hybrid marketing that combines real-world and digital sales channels and the construction of PARALLEL CITY urban XR spaces in cooperation with regional communities, while also focusing on the certification and security business that is essential to a digital society. In the Publishing business, the DNP Group will continue to advance its "honto" hybrid bookstore network business, which combines physical bookstores, online bookstores, and e-book services, the digital library business, and content-related businesses, while continuing to review its production platform and implement other restructuring to respond to the ongoing decline in demand for printed media.

In the Lifestyle and Industrial Supplies segment, the DNP Group aims to increase sales of battery pouches for automotive lithium-ion batteries in line with greater uptake of electric vehicles, and will work to develop and provide products with antibacterial and antiviral functionality. It also aims to increase profitability through a further shift toward high-value-added products such as its GREEN PACKAGING series of environmentally conscious packaging and high-performance barrier film.

In the Electronics segment, the DNP Group targets steady growth in metal masks used in the production of organic light-emitting diode (OLED) displays, leveraging the advantage of its leading global market share, in response to greater uptake of OLED displays in smartphones, laptop computers, and tablets. In optical films, where the DNP Group has secured leading global shares for products such as anti-glare films, it targets volume and market share growth leveraging the

production lines capable of exceptionally wide coating introduced at its Mihara plant. In addition to increasing sales of products for OLED displays, the DNP Group intends to expand its new product lineup, for example to include foldable products.

The DNP Group will continue to streamline and make more effective use of its assets by reviewing its fixed asset and investment securities holdings.

For the fiscal year ending March 31, 2022, the DNP Group forecasts consolidated net sales of ¥1,350.0 billion, consolidated operating income of ¥57.0 billion, consolidated ordinary income of ¥65.0 billion, and consolidated net income attributable to parent company shareholders of ¥53.0 billion.

(5) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2021 and year ending March 31, 2022

The DNP Group positions responding to the expectations of its shareholders and achieving long-term growth to create a sustainable society while steadily returning profits to shareholders as key management initiatives.

It will return profits by paying stable dividends to shareholders, taking factors including earnings and payout ratio into account.

The DNP Group also intends to secure retained earnings and strengthen its business base in preparation for future business development. It uses retained earnings to invest in research and development related to new products and technologies, equipment needed to develop new businesses, strategic alliances and M&A, and human resources to support these activities. It concurrently implements flexible capital policies while factoring in its capital requirements and market trends.

The DNP Group believes that these efforts will contribute to higher profits that can then be passed on to shareholders in future.

Based on this policy, the DNP Group will pay a year-end dividend of ¥32 per share, and adding the interim dividend of ¥32 per share, it plans to pay a full-year dividend of ¥64 per share in the current fiscal year. This will result in a consolidated payout ratio of 71.7% for the current fiscal year.

For the fiscal year ending March 31, 2022, the DNP Group forecasts the interim dividend at ¥32 and the year-end dividend at ¥32, for a full-year dividend of ¥64.

(6) Business risks

The DNP Group's three responsibilities as a company are "Value Creation," "Integrity in Conduct," and "Transparency (Accountability)," and it has constantly improved from a PDCA perspective by identifying key themes aimed at achieving these responsibilities. The DNP Group also pursues comprehensive risk management initiatives that involve an accurate understanding of environmental (E), economic, and social (S) issues and of the risks associated with them, with the aim of continuing to provide new value based on its corporate philosophy. The DNP Group is also working to strengthen its corporate governance (G) by building a framework for prompt and accurate management decision-making, business execution, oversight, and audit.

The DNP Group aims to minimize the negative impact from risks and translate them into greater business opportunities by prioritizing CSR and ESG and management aimed at achieving a sustainable society. It seeks to create new value by combining its unique strengths in P&I and deepening alliances with external partners both to respond to rapid changes in the business environment and effect proactive change to create a better future.

Amid the major economic and social impact from the COVID-19 pandemic both in and outside Japan, the DNP Group is pursuing its corporate activities while prioritizing the health and safety of employees and their families based on the DNP Group Safety and Health Charter. The DNP Group

will continue to rapidly and correctly implement the necessary responses, including working to prevent infection both internally and externally and promoting work styles aligned with the new normal, based on central and local government policy and the DNP Group's response strategy.

1) Environmental risks

- Accelerated changes and initiatives relating to achievement of decarbonized, recycling-oriented society in harmony with nature
 - Changes in response to global environmental and climate change (regulation, deregulation, scope, etc.)
 - Occurrence and growing impact of extreme weather and natural disasters
 - Accelerated reduction in greenhouse gas emissions
 - Review of energy-related policies, greater use of renewable energy, sharp swings in energy prices
 - Global infectious disease pandemics
 - Ocean contamination and soil pollution due to plastics, growing water risk
 - Accelerated loss of biodiversity/degradation of ecosystems/depletion of natural resources, and others

The DNP Group constantly strives for a balance between its business activities and the global environment. In March 2020, it drew up the DNP Group Environmental Vision 2050 to present its ideals for 2050 from a long-term perspective, and is accelerating initiatives aimed at achieving a decarbonized, recycling-oriented society in harmony with nature. All of the DNP Group's employees will work to protect the environment and achieve a sustainable society through their strong awareness of the relationships between all its business activities and the environment.

To respond to natural disasters, the DNP Group takes steps to protect production equipment and other major facilities from fires, earthquakes, and flooding, seeks geographical diversification of its production facilities and raw material suppliers, and undertakes business continuity planning (BCP) and appropriate management (BCM) to minimize production shutdowns and product supply disruptions. The DNP Group also use various types of insurance to transfer risk. Nevertheless, the DNP Group's performance could be substantially affected in the event of major natural disasters, infectious disease pandemics, or other unexpected events that cause production shutdowns or significantly damage or impair social infrastructure.

The DNP Group's business activities benefit from the natural environment in a variety of ways, including the procurement of raw materials from forest resources to make printing paper and other products and the use of water and energy in manufacturing processes. The DNP Group also undertakes business activities that are closely connected with society, including securing diverse human and material resources and building global supply chains. It clearly recognizes these conditions and pursues a variety of initiatives to sustain its growth and that of society while ensuring environmental sustainability.

Both in and outside Japan, moves are underway to tighten legal regulations and international standards to respond to issues such as climate change and protecting biodiversity, and a greater focus in assessments of enterprise value on companies' stance toward resolving social issues. The transition to a decarbonized society is an urgent global issue that requires infrastructure and business structure reforms. The DNP Group will strive both to keep pace with these changes and to effect proactive change aimed at creating a sustainable society and environment in order to increase the positive impact on earnings and its corporate activity.

2) Social risks

- Fulfilling social responsibilities, avoiding reputational risk
 - Compliance violations, large-scale misuse or leakage of data, products/service quality issues, etc.
- Securing and expanding human capital
 - Pursuing diversity & inclusion: Initiatives to leverage human capital diversity as a strength, female workforce participation, promotion of employment from a diverse range of countries and regions, creating employment opportunities for seniors and people with disabilities, etc.
 - Employee health management and safety/hygiene
 - Personnel shortages due to personnel outflows/worsening hiring conditions, etc.
 - Inappropriate working conditions or terms of employment
- Escalating issues caused by major changes in society or megatrends
 - Social and political turmoil, increased country risk
 - Demographic changes (shrinking/aging population in developed markets, emerging market population growth, etc.)
 - Increasing inequality between urban and regional areas and between individual countries/regions
 - Food loss, ability to ensure safe, reliable food supply
 - Accelerating social changes such as information society and sharing economy
 - Increased importance of public health, and others

The DNP Group also intends to unstintingly pursue diversity & inclusion that draws on the strength represented by its employees' diverse backgrounds in order to develop and provide the diverse value expected by the diverse society in which we live. The DNP Group is working to build a base for value creation that respects individuals' diversity and revamp its corporate culture and personnel systems in order to secure and increase human capital.

In the pursuit of its corporate activities, the DNP Group also complies with the United Nations International Bill of Human Rights, Global Compact, and Guiding Principles on Business and Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. In March 2020, it drew up the DNP Group Human Rights Policy with the aim of increasing awareness of and compliance with these initiatives. The DNP Group places the utmost importance on human dignity and, on the assumption of disciplined behavior by its employees, aims to offer work styles that consider the diversity of its workforce and a healthy, safe, and dynamic workplace based on respect for individuals' diversity, including their culture, nationality, race, ethnicity, language, religion, values, gender, age, gender identity, sexual orientation, and any disabilities. However, sudden changes in employment conditions could impede the DNP Group's ability to create a highly competitive organization if it is unable to secure and train personnel with the necessary expertise or ability to flexibly respond to change.

The DNP Group's overseas business activities in particular involve a diverse range of social, political, and economic variables. Its performance could be affected if its overseas business activities mainly in Europe, the U.S., and Southeast Asia are obstructed by unexpected changes in laws and regulations governing the environment, society, and other areas, country risk, difficulties with hiring and securing personnel, and the emergence of a variety of other risks relating to human rights, military conflicts, etc.

Additionally, the DNP Group seeks to establish and rigorously uphold corporate ethics throughout the group, and works to earn the trust of society by ensuring that all employees comply with laws and regulations in all corporate activities, maintaining the high ethical standards expected by society, and contributing to maintaining and advancing orderly and freely competitive markets with a

consistently fair attitude. Nevertheless, the DNP Group's performance could be affected if it is subject to lawsuits in Japan or overseas that result in fines or other penalties or reputational damage.

3) Economic risks

- "New normal" initiatives: Accelerating digital transformation (DX), accelerating changes in work styles, consumption behavior, educational conditions, global supply chain, etc.
- Changes in domestic and overseas economic conditions and consumption trends, foreign currency fluctuations
 - Aging IT/societal infrastructure, logistics issues
 - Changes in supply/demand balance for raw material procurement, etc.
- Acceleration and diversification of technological innovation and intensification of development competition
 - Outflow or infringement of intellectual property
 - Decline in business performance or inadequate internal controls at partner companies
 - Increase in cyberattacks, and others

In relation to domestic and overseas economic conditions and consumption trends, the DNP Group does business with an extremely large number of corporate customers in a wide range of industries and pursues stable business activities supported by a business base that does not rely on specific industries and companies. If consumer spending and other components of domestic demand slump more than expected, owing to domestic and overseas economic fluctuations in connection with global economic trends, its performance could be affected by a decrease in production volume, decline in unit prices, and other factors. Electronics-related industries are particularly susceptible to changes in production and demand in emerging markets and global declines in unit prices, and the DNP Group's performance could be affected by major changes in market trends.

The DNP Group expects the impact of foreign exchange rates to steadily increase as it pursues business expansion in various overseas regions. It continues to hedge the risk of currency fluctuations via an increase in local-market manufacturing, the use of foreign exchange forward contracts, and other means, but its performance could be affected by drastic changes in foreign exchange rates.

The DNP Group provides new products and services by applying and advancing its printing and information technologies and by incorporating the strengths of partners outside the company. The DNP Group's performance could be affected by factors such as further intensification of development competition in Japan and overseas and a delayed response to the new normal, greater-than-expected shortening of product life cycles, and changes in market trends as the requirements that must be addressed by this development process become more diverse.

In addition, the DNP Group engages in strategic business and capital alliances and corporate acquisitions, and its performance could be affected if it is unable to achieve initially expected synergies as a result of deterioration in the business environment affecting the companies and businesses involved in these alliances and acquisitions.

The COVID-19 pandemic has acted as a trigger for further progress with digital transformation (DX), accelerating changes in work styles and consumption behavior, education, healthcare, and global supply chains. The DNP Group's performance could be affected if it fails to keep pace with these trends.

In procuring raw materials and other items, the DNP Group works to ensure stable volume and maintain optimal procurement prices, including by purchasing printing paper and film materials from multiple suppliers in Japan and overseas. However, there is a risk of imbalances between supply

and demand due to sharp fluctuations in oil prices, sudden surges in demand in emerging markets, the depletion of natural resources, the impact of climate change, and human rights issues resulting from supply chain labor conditions. The DNP Group will respond during such times by negotiating with client companies and business partners, but its performance could be affected if the procurement of raw materials or other items becomes extremely difficult or if purchasing prices rise sharply.

In addition, global computer networks and IT systems have become essential tools for conducting business, and there is an increasing risk from software and hardware defects, a constantly changing variety of cyberattacks, computer virus infections, and personal data leaks. The DNP Group regards information security and the protection of important data, including personal data, as a top management priority, and is making every effort to maintain and manage systems and data by strengthening its organization and training employees. However, its business activities could be affected in the event of a malicious cyberattack, an incident involving important data, or other such events.

2. Information on the DNP Group

The DNP Group includes the Company, 151 subsidiaries, and 23 affiliated companies. Its two main businesses are Printing and Beverages. The former encompasses Information Communication, Lifestyle and Industrial Supplies, and Electronics.

The businesses and segments of the DNP Group are broadly outlined below. The four business segments cited below are the same as the reporting segment categories.

[PRINTING]

Information Communication

Production/sale of textbooks, books, weekly/monthly/quarterly magazines, promotional materials, securities certificates, business forms, cards, payment-related services, photographic materials, and business equipment and systems; and planning/design/construction/management of stores and advertising media

Major companies

Production	OGUCHI BOOK BINDING & PRINTING CO., LTD. DNP Imagingcomm Co., Ltd., DNP SP Solutions Co., Ltd. DNP Graphica Co., Ltd., DNP Communication Design Co., Ltd. DNP Book Factory Co., Ltd., DNP Data Techno Co., Ltd. DNP Media Art Co., Ltd., DNP Media Support Co., Ltd.
Production and sales	DNP Imagingcomm Asia Sdn. Bhd., DNP Imagingcomm Europe B.V. DNP Imagingcomm America Corporation, Tien Wah Press (Pte.) Ltd. *MK Smart Joint Stock Company
Sales and services	Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC. K Photo Image Co., Ltd., CYBER KNOWLEDGE ACADEMY Co., Ltd. DNP ID System Co., Ltd., DNP Art Communications Co., Ltd. DNP Social Links Co., Ltd., DNP Digital Solutions Co., Ltd. DNP HyperTech Co., Ltd., DNP Photo Imaging Japan Co., Ltd. DNP PLANNING NETWORK Co., Ltd., DNP hollyhock Co., Ltd. 2Dfacto, Inc., DNP Metro Systems Co., Ltd., mobilebook.jp, Inc. MARUZEN-YUSHODO Co., Ltd., MARUZEN PUBLISHING CO., LTD.

MaruzenJunkudo Bookstores Co., Ltd.,
 Toshokan Ryutsu Center Co., Ltd., honto Book Services Co., Ltd.
 Colorvision International, Inc., DNP Photo Imaging Europe SAS
 DNP Photo Imaging Russia, LLC, Sharingbox SA
 * Nihon Unisys, Ltd., BOOKOFF GROUP HOLDINGS LIMITED
 Kyoiku Shuppan Co., Ltd.

The shares of Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE
 INC., Nihon Unisys, Ltd. and BOOKOFF GROUP HOLDINGS
 LIMITED are traded on the Tokyo Stock Exchange.

Lifestyle and Industrial Supplies

Production/sale of containers and packaging products, packaging equipment and systems, interior and exterior decorative printed materials, high-performance industrial supplies, and other products

Major companies

Production	DNP Technopack Co., Ltd., N-Tech CO., Ltd. Sagami Yoki Co., Ltd., DNP Ellio Co., Ltd. DNP Advanced Materials Co., Ltd. DNP Living Space Co., Ltd., DNP Hosono Co., Ltd.
Production and sales	DNP Tamura Plastic Co., Ltd., Aseptic Systems Co., Ltd. DNP Fine Chemicals Utsunomiya Co., Ltd. PT DNP Indonesia, DNP Vietnam Co., Ltd.
Sales and services	DNP Lifestyle Materials Marketing Co., Ltd. LIFESCAPE MARKETING CORPORATION DNP · SIG Combibloc Co., Ltd.

Electronics

Production/sale of precision electronic components and other products

Major companies

Production	DNP LSI Design Co., Ltd., DNP Fine Optronics Co., Ltd. DNP Precision Devices Himeji Co., Ltd.
Production and sales	DT Fine Electronics Co., Ltd. DNP Denmark A/S, DNP Photomask Europe S.p.A. * Photonics DNP Mask Corporation Photonics DNP Mask Corporation Xiamen
Sales	DNP Taiwan Co., Ltd.

Companies with multiple types of businesses

Production and sales	DNP Fine Chemicals Co., Ltd., DNP Engineering Co., Ltd. DNP Shikoku Co., Ltd. * DIC Graphics Corporation
Sales and services	DNP Logistics Co., Ltd., DNP Trading Co., Ltd. DNP Accounting Services Co., Ltd. DNP Information Systems Co., Ltd.

DNP Human Services Co., Ltd., DNP Facility Services Co., Ltd.
DAP Technology Co., Ltd., DNP Hokkaido Co., Ltd.
DNP Tohoku Co., Ltd., DNP Chubu Co., Ltd.
DNP Nishi Nippon Co., Ltd.
DNP Asia Pacific Pte. Ltd., DNP Corporation USA
DNP America, LLC, DNP Holding USA Corporation

[BEVERAGES]

Beverages

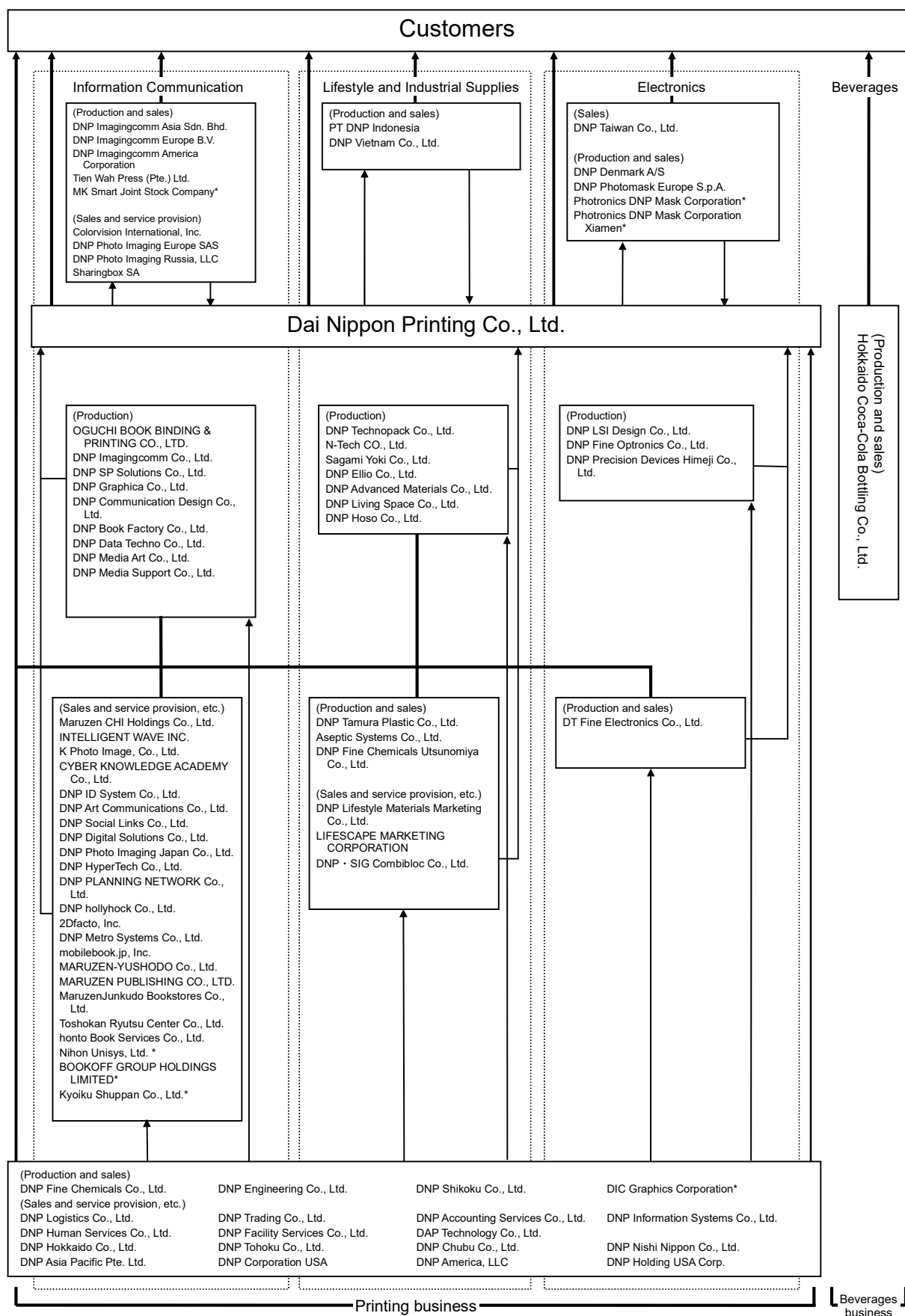
Production/sale of carbonated beverages, mineral waters, and other products, centered on Hokkaido Coca-Cola Bottling Co., Ltd.

The shares of Hokkaido Coca-Cola Bottling Co., Ltd. are traded on the Tokyo Stock Exchange and Sapporo Securities Exchange.

* Equity-method affiliated companies

Organizational chart

The businesses noted above are shown in the organizational chart below.



Notes: * : Equity-method affiliated companies (Otherwise, subsidiaries)
 ← : Flow of products, materials and services

3. Management policies

(1) Core policies

As part of its corporate philosophy of connecting individuals and society and providing new value, the DNP Group endeavors to conduct proactive business activities from a long-term perspective and steadily enhance corporate value. As part of its business vision involving expansion in four core growth areas via printing and information (P&I) innovations, it is working to create value by combining its unique strengths in P&I and alliances with partners. Through these initiatives, the DNP Group will ceaselessly work to create “Tomorrow’s Basic” and contribute to a sustainable, better society and more enjoyable lifestyles.

The DNP Group seeks to develop and provide value that blends into people’s everyday lives by resolving social issues and meeting people’s expectations. This goal of constantly creating essential value informs the DNP Group’s internal and external brand statement: “Today’s Innovation is Tomorrow’s Basic.” To achieve this goal, the DNP Group works to fulfill what it considers to be its three responsibilities as a company: “Value Creation,” “Integrity in Conduct,” and “Transparency (Accountability).”

An example of this on the closely watched environmental front is its move to accelerate initiatives aimed at creating new value to achieve a decarbonized society, a recycling-oriented society and a society in harmony with nature as part of the DNP Group Environmental Vision 2050 it formulated in March 2020. Its response to the urgent and critical issue of climate change involves identifying risks and opportunities associated with its business and using scenario analysis to evaluate the financial impact. Through energy conservation activities, the adoption of and upgrade to high-efficiency equipment, and the introduction of renewable energy, the DNP Group aims to achieve net-zero greenhouse gas emissions from business activities at its own business locations by 2050, while contributing to the development of a decarbonized society via its products and services. The DNP Group discloses data in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

(2) Management targets

The DNP Group is working to proactively develop and provide new value based on its corporate philosophy amid significant economic, social, and environmental changes and a shift in individuals’ values. It has defined four growth areas in which it aims to leverage its strengths to expand its business, and will work to steadily deliver on quantitative milestones tied to a specific timeline while executing on its long-term strategy.

The DNP Group aims to generate operating income of ¥75 billion, an operating income to sales ratio of 5.2%, and ROE of at least 5.0% in the fiscal year ending March 2025. In order to achieve these goals, it will first work to implement its medium-term management plan covering the three fiscal years ending March 2021 through March 2023.

(3) Medium- and long-term management strategy

The DNP Group will work to achieve the targets in its three-year medium-term plan that runs through the fiscal year ending March 2023 via the two basic strategies of creating value through P&I innovations and strengthening the business infrastructure needed to support growth.

< Basic strategy 1 > Creating value through P&I innovations

[1-1: Creating value primarily in growth areas]

The DNP Group analyzes social issues, megatrends, and changes in individual values to identify key issues based on areas of interest to its stakeholders and their importance to the DNP Group. Megatrends include digital transformation (DX), the shift to a data economy, a decline in Japan’s

population and increase in the global population, longer lifespans, the move toward smart cities, and the creation of a decarbonized society.

In response to these trends, the DNP Group identifies the value it can create by leveraging its unique strengths, and defines its focus businesses based on an appropriate evaluation of profitability and market growth potential. It is working to create a balanced, resilient business portfolio based on optimal allocation of its capital resources, mainly in four focus businesses: data distribution, IoT and next-generation communications, mobility, and environmental.

[1-2: Providing value optimized to each country and region]

The DNP Group operates its global business based on a fine-grained examination of the value of its products and services and an accurate understanding of the attributes of each country and region and the issues and needs of its citizens. The DNP Group is working to further expand businesses in which it has a leading global market share, including battery pouches for lithium-ion batteries, metal masks used in the production of organic light-emitting diode (OLED) displays, optical film for displays, and thermal transfer printing media for photo printing. It is also working to create new businesses that will address the global market.

[1-3: Increasing value using all available restructuring approaches]

The DNP Group will promote a variety of group-wide reforms in order to build a strong business portfolio. For instance, it is working to reduce the number of printed media production bases in the Information Communication segment, review low-value-added products in the Lifestyle and Industrial Supplies segment and streamline its bases, and downsize its color filters business in the Electronics segment. It will allocate the human resources, land, and facilities freed up by these efforts to development and production in its focus businesses in order to reform its business structure and increase its competitiveness.

< Basic strategy 2> Strengthening business infrastructure needed to support growth

[2-1: Strengthening financial and non-financial capital]

The DNP Group will work to strengthen its business base through the integrated use of both financial and non-financial capital in order to achieve longer-term growth. In addition to pursuing a capital strategy to support business growth, it is working to strengthen and expand its non-financial capital, including human, intellectual, manufacturing, natural resources, and social relations, and will develop and implement specific action plans.

On the capital policy front, the DNP Group will invest in focus businesses, mainly in growth areas, in line with basic strategy (1). It will fund these business investments both from cash on hand, by raising growth funding from third parties, and by reducing idle assets and selling strategic shareholdings. It will also consider a comprehensive range of capital strategies, including improving capital efficiency, stabilizing its financial position, and shareholder returns.

The DNP Group's core strategies regarding human capital and human rights involve pursuing diversity and inclusion as part of its key goals of developing a diverse workforce, diverse work styles, and a culture that allows a diverse workforce to thrive, in order to create new value through respect for the differences of each individual group employee and the combination of these diverse strengths. The DNP Group has focused in particular on promoting the empowerment of women since the early 2000s, and it is taking steps to support female employees' career development, revamp work styles, and reform its overall management. It aims to have female managers represent at least 7.0% of the total by the end of the fiscal year ending March 2022, and to double the number of women in managerial and leadership positions versus February 2016.

The DNP Group also drew up the DNP Group Declaration on Health on April 1, 2021, which positions employee health as a key management issue and aims to strategically promote better health while implementing health-focused management to improve employee vitality and invigorate the organization.

[2-2: Strengthening corporate governance]

DNP seeks to strengthen corporate governance as a key management priority. It has created and implemented a robust framework for prompt and accurate management decision-making, business execution, oversight, and audit.

At its June general shareholders' meeting, DNP will propose the appointment of four outside directors (a third of its 12-member board) and one female director. It intends to continue working to ensure the diversity of its board. DNP analyzes and evaluates its board's effectiveness once a year, discusses the results of this analysis among its external directors, and shares them with the board.

To fulfil its social responsibilities as a company, the DNP Group encourages employees to follow the DNP Group Code of Conduct and conducts a variety of training and education programs to improve the compliance awareness of each and every employee.

4. Basic approach to selecting accounting standards

The DNP Group uses Japanese GAAP in preparing consolidated financial statements. It plans to consider adopting IFRS going forward and respond appropriately based on domestic and overseas circumstances.

5. Consolidated financial statements and key notes

(1) Consolidated balance sheets

(Million yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and time deposits	373,013	301,162
Notes and trade receivables	330,798	324,625
Marketable securities	18,000	19,000
Merchandise and finished products	78,199	75,540
Work in progress	32,231	27,810
Raw materials and supplies	23,849	23,420
Other	29,279	34,975
Allowance for doubtful accounts	(1,361)	(716)
Total current assets	884,010	805,817
Fixed assets		
Property, plant and equipment		
Buildings and structures	520,307	533,513
Accumulated depreciation	(362,218)	(369,464)
Buildings and structures, net	158,089	164,049
Machinery and equipment	696,459	699,897
Accumulated depreciation	(631,443)	(626,186)
Machinery and equipment, net	65,016	73,710
Land	141,423	141,808
Construction in progress	16,428	13,238
Other	131,663	128,735
Accumulated depreciation	(103,254)	(101,513)
Other, net	28,409	27,221
Total property, plant and equipment	409,367	420,029
Intangible fixed assets		
Goodwill	1,187	2,426
Software	20,237	21,048
Other	1,291	1,732
Total intangible fixed assets	22,716	25,207
Investments and other assets		
Investment securities	298,894	422,799
Net defined benefit asset	64,689	111,933
Deferred income taxes	13,888	9,977
Other	30,443	31,995
Allowance for doubtful accounts	(2,286)	(2,741)
Total investments and other assets	405,629	573,964
Total fixed assets	837,713	1,019,201
TOTAL ASSETS	1,721,724	1,825,019

(Million yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
LIABILITIES		
Current liabilities		
Notes and trade payables	238,066	226,606
Short-term bank loans	39,051	37,321
Bonds redeemable within 1 year	52,490	3,570
Current portion of long-term debt	7,008	2,545
Income taxes payable	16,621	7,123
Reserve for bonuses	18,945	19,284
Repair reserve	20,636	17,688
Other	87,831	93,985
Total current liabilities	480,651	408,125
Long-term liabilities		
Bonds	107,120	103,550
Long-term debt	5,977	11,569
Repair reserve	54,660	49,491
Net defined benefit liability	35,687	35,174
Deferred tax liabilities	42,821	95,997
Other	26,230	22,496
Total long-term liabilities	272,497	318,279
TOTAL LIABILITIES	753,149	726,405
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,024	145,024
Retained earnings	676,346	683,784
Treasury stock	(122,911)	(122,920)
Total stockholders' equity	812,923	820,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,051	202,017
Net deferred gains on hedges	5	11
Foreign currency translation adjustments	(3,448)	(5,082)
Remeasurements of defined benefit plans	(3,751)	26,678
Total accumulated other comprehensive income	102,856	223,624
Non-controlling interests	52,794	54,636
TOTAL NET ASSETS	968,574	1,098,613
TOTAL LIABILITIES AND NET ASSETS	1,721,724	1,825,019

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net sales	1,401,894	1,335,439
Cost of sales	1,109,051	1,058,525
Gross profit	292,842	276,914
Selling, general and administrative expenses	236,568	227,384
Operating income	56,274	49,529
Non-operating income		
Interest and dividends income	5,586	4,341
Equity in earnings of affiliates	6,050	6,742
Other	4,024	4,539
Total non-operating income	15,662	15,623
Non-operating expenses		
Interest expense	1,466	1,255
Contributions	2,784	1,736
Other	3,898	2,253
Total non-operating expenses	8,150	5,245
Ordinary income	63,786	59,907
Extraordinary gains		
Gain on sale of fixed assets	30,248	588
Gain on sale of investment securities	51,450	1,874
Compensation income	—	365
Other	30	126
Total extraordinary gains	81,728	2,954
Extraordinary losses		
Loss on sale or disposal of fixed assets	5,820	2,919
Impairment loss	26,516	4,102
Loss on sale of investment securities	1,363	4,878
Loss on devaluation of investment securities	7,082	2,905
Other	2,013	1,657
Total extraordinary losses	42,795	16,462
Income before income taxes and non-controlling interests	102,719	46,400
Current income taxes	26,063	14,874
Deferred income taxes	4,560	3,753
Total income taxes	30,624	18,627
Net income	72,094	27,772
Net income attributable to non-controlling shareholders	2,597	2,684
Net income attributable to parent company shareholders	69,497	25,088

Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net income	72,094	27,772
Other comprehensive income		
Valuation difference on available-for-sale securities	(60,054)	91,947
Net deferred gains on hedges	10	8
Foreign currency translation adjustments	(445)	(2,324)
Remeasurements of defined benefit plans	(8,894)	31,272
Share of other comprehensive income of associates accounted for using equity method	(174)	(448)
Total other comprehensive income	(69,558)	120,455
Comprehensive income	2,536	148,228
Attributable to:		
Parent company shareholders	(527)	145,856
Non-controlling shareholders	3,064	2,372

(3) Consolidated statements of changes in net assets
The year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	144,765	626,949	(62,898)	823,281
Cumulative impact of accounting changes			(821)		(821)
Balance at the beginning of current period reflecting accounting changes	114,464	144,765	626,127	(62,898)	822,459
Changes of items during the period					
Cash dividends paid			(19,279)		(19,279)
Net income attributable to parent company shareholders			69,497		69,497
Change in ownership interest of parent arising from transactions with non-controlling shareholders		258			258
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method				0	0
Purchases of treasury stock				(60,013)	(60,013)
Disposal of treasury stock		0		0	0
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	258	50,218	(60,013)	(9,536)
Balance at the end of current period	114,464	145,024	676,346	(122,911)	812,923

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	170,073	(1)	(2,398)	5,208	172,881	50,459	1,046,622
Cumulative impact of accounting changes	(54)				(54)		(875)
Balance at the beginning of current period reflecting accounting changes	170,019	(1)	(2,398)	5,208	172,827	50,459	1,045,746
Changes of items during the period							
Cash dividends paid							(19,279)
Net income attributable to parent company shareholders							69,497
Change in ownership interest of parent arising from transactions with non-controlling shareholders							258
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method							0
Purchases of treasury stock							(60,013)
Disposal of treasury stock							0
Net changes in items other than stockholders' equity	(59,968)	7	(1,049)	(8,960)	(69,971)	2,335	(67,635)
Total changes of items during the period	(59,968)	7	(1,049)	(8,960)	(69,971)	2,335	(77,172)
Balance at the end of current period	110,051	5	(3,448)	(3,751)	102,856	52,794	968,574

The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	145,024	676,346	(122,911)	812,923
Changes of items during the period					
Cash dividends paid			(17,977)		(17,977)
Net income attributable to parent company shareholders			25,088		25,088
Change of application of equity method			327		327
Change in ownership interest of parent arising from transactions with non-controlling shareholders		0			0
Purchases of treasury stock				(9)	(9)
Disposal of treasury stock		(0)	(0)	0	0
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	0	7,438	(9)	7,429
Balance at the end of current period	114,464	145,024	683,784	(122,920)	820,352

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	110,051	5	(3,448)	(3,751)	102,856	52,794	968,574
Changes of items during the period							
Cash dividends paid							(17,977)
Net income attributable to parent company shareholders							25,088
Change of application of equity method							327
Change in ownership interest of parent arising from transactions with non-controlling shareholders							0
Purchases of treasury stock							(9)
Disposal of treasury stock							0
Net changes in items other than stockholders' equity	91,966	6	(1,633)	30,429	120,768	1,841	122,609
Total changes of items during the period	91,966	6	(1,633)	30,429	120,768	1,841	130,039
Balance at the end of current period	202,017	11	(5,082)	26,678	223,634	54,636	1,098,613

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities		
Income before income taxes and non-controlling interests	102,719	46,400
Depreciation	54,474	50,893
Impairment loss	26,516	4,102
Decrease of doubtful receivables, net	(186)	(235)
Increase of net defined benefit asset	(7,441)	(3,380)
Increase of net defined benefit liability	2,169	363
Equity in gains of affiliates	(6,050)	(6,742)
Amortization of consolidation goodwill, net	1,659	994
Interest and dividend income	(5,586)	(4,341)
Interest expense	1,466	1,255
Net (gain) loss on sale of investment securities	(50,086)	3,003
Net loss on devaluation of investment securities	7,232	2,905
Net (gain) loss on sale or disposal of fixed assets	(24,367)	2,411
Decrease in trade receivables	22,195	6,252
(Increase) Decrease in inventories	(1,286)	7,065
Decrease in trade payables	(9,011)	(11,530)
Other	10,235	(110)
Sub-total	124,652	99,306
Payments for repair costs	(14,076)	(8,116)
Payments for extra retirement payments	(335)	(450)
Payment of income taxes	(16,302)	(29,058)
Net cash provided by operating activities	93,937	61,681
Cash flows from investing activities		
Net decrease (increase) in time deposits	135,777	(2,255)
Payments for purchases of property, plant and equipment	(39,932)	(50,992)
Proceeds from sales of property, plant and equipment	46,104	2,024
Payments for purchases of investment securities	(1,028)	(944)
Proceeds from sales of investment securities	58,112	5,503
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	(1,154)	(2,551)
Proceeds from purchase of stock in subsidiaries resulting in change in scope of consolidation	38	20
Payments for purchase of intangible fixed assets	(9,775)	(10,992)
Interest and dividends received	9,196	8,260
Other	(6,281)	(4,357)
Net cash provided by (used in) investing activities	191,057	(56,284)

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from financing activities		
Net decrease in short-term bank loans	(3,424)	(1,929)
Proceeds from long-term debt	2,700	4,295
Repayments of long-term debt	(2,521)	(3,404)
Proceeds from issuance of bonds	99,496	–
Payments for redemption of bonds	(51,490)	(52,490)
Payments for purchases of treasury stock	(60,060)	(9)
Payments for purchases of treasury stock of subsidiaries	(152)	(1)
Interest paid	(1,570)	(1,447)
Dividends paid	(19,283)	(17,976)
Dividends paid to non-controlling interests	(509)	(551)
Other	(4,466)	(4,753)
Net cash used in financing activities	(41,280)	(78,268)
Effect of exchange rate changes on cash and cash equivalents	(118)	(416)
Net increase (decrease) in cash and cash equivalents	243,595	(73,287)
Cash and cash equivalents at beginning of year	133,771	377,367
Net increase in cash and cash equivalents resulting from merger of non-consolidated subsidiaries	–	143
Cash and cash equivalents at end of year	377,367	304,223

(5) Notes regarding consolidated financial statements
[Notes on premise of a going concern]

None

[Basis of presenting consolidated financial statements]

1) Scope of consolidation and application of the equity method of accounting

Number of consolidated subsidiaries: 119

Major companies: Maruzen CHI Holdings Co., Ltd.
Hokkaido Coca-Cola Bottling Co., Ltd., INTELLIGENT WAVE INC.
DNP Fine Chemicals Co., Ltd., DNP Logistics Co., Ltd.

Number of equity-method affiliated companies: 17

Major companies: Nihon Unisys, Ltd., BOOKOFF GROUP HOLDINGS LIMITED
Kyoiku Shuppan Co., Ltd., DIC Graphics Corporation
Photronics DNP Mask Corporation
MK Smart Joint Stock Company
Photronics DNP Mask Corporation Xiamen

2) Changes in scope of consolidation and application of the equity method of accounting
(Scope of consolidation)

Newly included: 14 Sharingbox SA (previously an equity-method affiliate) and 13 other companies
Excluded: 3 DNP Multi Print Co., Ltd. and two other companies

(Application of equity method)

Newly included: 2 Lifra, LLC. and one other company
Excluded: 4 BUNKYODO GROUP HOLDINGS CO., LTD. and three other companies

3) Matters concerning the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 35 others have fiscal years that end on December 31, while Maruzen CHI Holdings Co., Ltd. and 26 others have fiscal years that end on January 31. Their financial statements as of the same date are used in the preparation of these consolidated financial statements.

Additionally, INTELLIGENT WAVE INC.'s fiscal year ends on June 30, mobilebook.jp, Inc. and one other company have fiscal years that end on September 30, DNP Tamura Plastic Co., Ltd.'s fiscal year ends on October 31, and DNP · SIG Combibloc Co., Ltd.'s fiscal year ends on December 31. Consequently, financial statements based on provisional account settlements are used.

Any material transactions during the time between the foregoing settlement dates or provisional settlement dates and the consolidated settlement date are adjusted for on a consolidated basis.

4) Summary of significant accounting policies

(a) Criteria and methods for valuing significant assets

- Marketable securities

- Other securities

- Those with market prices available

- Fair market value based on market prices as of the balance sheet date

- (The related valuation differences are directly included in net assets and cost of sales is computed mainly by the moving-average method.)

- Those without market prices available

- Mainly cost based on the moving-average method

- Derivatives

- Mainly fair market value

- Inventories

- For figures shown on the balance sheet, the book value write-down method based on the decrease in profitability is used.

- Merchandise

- Mainly cost based on the specific identification method

- Finished products, work in progress

- Mainly cost based on the retail inventory cost method

- Raw materials

- Mainly cost based on the moving-average method

- Supplies

- Mainly cost based on the most recent purchase method

(b) Depreciation and amortization of significant assets

- Property, plant and equipment (except for lease assets and right-of-use assets)

- The Company and its domestic consolidated subsidiaries mainly use the declining balance method.

- However, depreciation of buildings (excluding building fixtures) acquired after April 1, 1998 and of building fixtures and structures acquired after April 1, 2016 are computed by the straight-line method.

- Assets with an acquisition cost of at least ¥100,000 and less than ¥200,000 are depreciated mainly over three years by the straight-line method.

- Foreign consolidated subsidiaries mainly use the straight-line method.

- Intangible fixed assets (except for lease assets and right-of-use assets)

- Mainly the straight-line method

- Software used internally is amortized mainly using the straight-line method over the Company's estimate of the useful life of the assets (five years).

- Lease assets

- Lease assets with transfer of ownership

- These lease assets are depreciated using the same depreciation method used for owned fixed assets.

- Lease assets with no transfer of ownership

- These lease assets are depreciated over the lease period using the straight-line method with no residual value.

- Right-of-use assets

- These right-of-use assets are depreciated over the lease period using the straight-line method with no residual value.

(c) Basis for recording significant allowances

- Allowance for doubtful accounts To cover possible losses on doubtful accounts, including trade receivables and loans, the allowance for doubtful accounts is based on historical default rates for general accounts and on estimates of the amounts that may not be recoverable based on examinations of the recoverability of specific accounts including accounts at risk of default.
- Reserve for bonuses To cover payments of employee bonuses in the following fiscal year, the reserve for bonus is based on the estimated amount that is attributable to the current fiscal year.
- Repair reserve The repair reserve is based on a rational estimate of the amount of repair costs that will be required in the future to repair defects for some products.

(d) Accounting treatment of retirement benefits

- Method of attributing expected retirement benefits to periods
In calculating retirement benefit obligations, a benefit formula is used to allocate expected retirement benefit payments in the period until the end of the current fiscal year.
- Method of amortizing actuarial gains/losses and prior service costs
Prior service costs are amortized using the straight-line method over a certain number of years that is equal to or less than the average future service period of eligible employees at the time the costs are incurred (generally six years).
Actuarial gains/losses are amortized starting in the next fiscal year after they are incurred using the declining balance method over a certain number of years that is equal to or less than the average future service period of eligible employees in the fiscal year the actuarial gains/losses are incurred (generally nine years).

(e) Accounting treatment of consumption taxes

National and local consumption taxes are excluded from transaction amounts.

(f) Amortization of goodwill

Goodwill is amortized using the straight-line method for an effective period not more than 20 years. In the current fiscal year, straight-line amortization over five years is generally used.

(g) Scope of funds in the consolidated statements of cash flows

Cash and cash equivalents comprise cash on hand, immediately withdrawable funds, and short-term investments that can be easily converted to cash, have insignificant risk of changes in value, and have maturities within three months of the purchase date.

[Consolidated balance sheets]

	Year ended March 31, 2020	Year ended March 31, 2021
Discounts on notes receivables	¥534 million	¥387 million

[Consolidated statements of income]

	Year ended March 31, 2020	Year ended March 31, 2021
1. Research and development expenses (Selling, general and administrative expenses)	¥33,603 million	¥32,623 million

2. Impairment losses

The DNP Group recorded impairment losses for the following asset groups in the current consolidated fiscal year.

Location	Application	Category
Kashiwa City (Chiba), other	Information system related assets	Software, other
Kuki City (Saitama), Shiraoka City (Saitama), other	Publishing business related assets	Buildings and structures, machinery and equipment, software, other
Other	Business assets	Buildings and structures, machinery and equipment, goodwill, other

In calculating impairment losses, the DNP Group combines assets based mainly on the business groups that serve as profit/loss units. It also considers impairment losses for each individual item for idle assets.

As a result, the DNP Group lowered the carrying amounts of business asset groups with diminished profitability to their recoverable amounts, and recorded this decrease as an impairment loss (¥4,102 million) under extraordinary losses.

The impairment loss breaks down into buildings and structures at ¥168 million, machinery and equipment at ¥614 million, goodwill at ¥154 million, software at ¥2,609 million, and other at ¥555 million.

The DNP Group calculates the recoverable value of information system related assets and printing business related assets based on usage value. The value of these assets is shown as zero, due to the lack of prospects for future cash flow from operating activities.

The DNP Group calculates the recoverable value of other business assets based on usage value or net saleable value. The value of assets assessed based on usage value is shown as zero, due mainly to the lack of prospects for future cash flow. The value of assets assessed based on net saleable value is the planned sale value.

[Consolidated statements of changes in net assets]

The year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2020	Increase in number of shares during the year ended March 2020	Decrease in number of shares during the year ended March 2020	Number of shares at the end of the year ended March 2020
Outstanding shares	Common stock	324,240,346	–	–	324,240,346
Treasury stock	Common stock	22,420,745	20,938,721	122	43,359,344

- Notes:
- The number of treasury shares of common stock increased by 20,938,721 shares due to the repurchase of 20,933,700 shares decided on by the Board of Directors, and by 5,021 shares due to the repurchase of odd-lot shares.
 - The number of treasury shares of common stock declined by 122 shares due to a decrease of 116 shares resulting from the sale of odd-lot shares and by six shares due to a change in the DNP Group's ownership stake in an equity-method affiliate.

2. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 27, 2019	Common stock	9,658	32	March 31, 2019	June 28, 2019
Board of Directors' meeting on November 12, 2019	Common stock	9,620	32	September 30, 2019	December 10, 2019

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 26, 2020	Common stock	8,988	Retained earnings	32	March 31, 2020	June 29, 2020

The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2021	Increase in number of shares during the year ended March 2021	Decrease in number of shares during the year ended March 2021	Number of shares at the end of the year ended March 2021
Outstanding shares	Common stock	324,240,346	–	–	324,240,346
Treasury stock	Common stock	43,359,344	4,444	118	43,363,670

- Notes: 1. The number of treasury shares of common stock increased by 4,444 shares due to the repurchase of odd-lot shares.
2. The number of treasury shares of common stock declined by 118 shares due to the sale of odd-lot shares.

2. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 26, 2020	Common stock	8,988	32	March 31, 2020	June 29, 2020
Board of Directors' meeting on November 10, 2020	Common stock	8,988	32	September 30, 2020	December 10, 2020

(2) Of dividends for which the record date belongs to the current fiscal year, those that come into effect in the following fiscal year

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2021	Common stock	8,988	Retained earnings	32	March 31, 2021	June 30, 2021

[Segment information, etc.]

(Segment information)

1. Overview of the reporting segments

(1) Method of determining reporting segments

DNP's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of business resources and evaluate business results.

The DNP Group bases its business divisions on the products and services provided and develops its business activities based on a comprehensive domestic and overseas strategy for each business division. The four reporting segments are Information Communication, Lifestyle and Industrial Supplies, Electronics, and Beverages.

(2) Products and services in each reporting segment

Information Communication is involved in the production and sale of publications, commercial printed materials, business forms, and photographic materials and in educational and publications distribution. Lifestyle and Industrial Supplies is involved in the production and sale of packaging materials, interior and exterior decorative printed materials, high-performance industrial supplies, and other products. Electronics is involved in the production and sale of precision electronic components and other products. Beverages is involved in the production and sale of carbonated beverages, mineral waters and other products.

2. Method of calculating sales, income/loss, assets, and other items by reporting segment

The accounting method used for reporting business segments is generally the same as stated in "Basis of presenting consolidated financial statements."

Reporting segment income figures are based on operating income. Inter-segment sales and transfers are based on third-party transaction prices.

3. Information on sales, income/loss, assets, and other items by reporting segment
The year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	769,749	390,271	186,602	55,270	1,401,894	–	1,401,894
Inter-segment	3,329	1,086	–	21	4,437	(4,437)	–
Total	773,079	391,357	186,602	55,292	1,406,331	(4,437)	1,401,894
Segment income	30,416	11,144	34,135	2,047	77,742	(21,468)	56,274
Segment assets	796,797	423,906	208,396	49,955	1,479,055	242,668	1,721,724
Other items							
Depreciation and amortization	23,547	16,022	9,654	2,788	52,013	2,461	54,474
Amortization of goodwill	446	1,213	–	–	1,659	–	1,659
Impairment loss	16,187	2,545	5,205	1	23,940	2,575	26,516
Investments in equity-method affiliates	1,679	652	16,161	–	18,493	41,471	59,965
Increase in property, plant and equipment and in intangible fixed assets	20,008	21,265	11,802	2,666	55,742	1,419	57,162

Notes: 1. Figures are adjusted as follows.

- (1) Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
 - (2) Segment assets are adjusted for companywide assets not allocated to reporting segments and the elimination of inter-segment transactions.
 - (3) Impairment loss adjustments are related to companywide assets not allocated to reporting segments.
 - (4) Investments in equity-method affiliates are adjusted for investments not allocated to reporting segments.
 - (5) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.
2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.

The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on consolidated financial statements ^{Note 2}
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	719,476	367,517	197,020	51,425	1,335,439	–	1,335,439
Inter-segment	2,338	489	–	17	2,845	(2,845)	–
Total	721,814	368,006	197,020	51,443	1,338,285	(2,845)	1,335,439
Segment income	19,185	13,965	36,690	840	70,681	(21,151)	49,529
Segment assets	898,781	443,375	212,456	49,012	1,603,626	221,392	1,825,019
Other items							
Depreciation and amortization	20,101	16,517	9,416	2,890	48,926	1,967	50,893
Amortization of goodwill	382	606	–	4	994	–	994
Impairment loss	3,810	–	–	–	3,810	291	4,102
Investments in equity-method affiliates	1,377	561	16,946	–	18,885	44,091	62,976
Increase in property, plant and equipment and in intangible fixed assets	26,067	30,024	11,987	1,931	70,011	1,638	71,649

Notes: 1. Figures are adjusted as follows.

- (1) Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
 - (2) Segment assets are adjusted for companywide assets not allocated to reporting segments and the elimination of inter-segment transactions.
 - (3) Impairment loss adjustments are related to companywide assets not allocated to reporting segments.
 - (4) Investments in equity-method affiliates are adjusted for investments not allocated to reporting segments.
 - (5) Increases in property, plant and equipment and in intangible fixed assets are adjusted for capital expenditures for the head office building and other items.
2. Segment income is adjusted to reflect operating income as reported in the consolidated financial statements.

(Related information)**The year ended March 31, 2020 (April 1, 2019 – March 31, 2020)**

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

Japan	Asia	Other regions	Total
1,155,716	169,658	76,519	1,401,894

- Notes:
1. Sales are classified by country or region, based on the location of customers.
 2. Country and regional segments are based on geographic proximity.
 3. Main countries and regions included in each segment:
Asia: China, South Korea, Indonesia, Taiwan
Other: United States, France, Germany, United Kingdom

(2) Property, plant and equipment

Omitted because the value of property, plant and equipment located in Japan is over 90% of the value of property, plant and equipment as reported in the consolidated balance sheets.

3. Information on major customers

Not described because sales to specific outside customers are less than 10% of sales as reported in the consolidated statements of income.

The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

Japan	Asia	Other regions	Total
1,089,608	183,929	61,901	1,335,439

- Notes:
1. Sales are classified by country or region, based on the location of customers.
 2. Country and regional segments are based on geographic proximity.
 3. Main countries and regions included in each segment:
Asia: China, South Korea, Taiwan, Indonesia
Other: United States, Germany, France, United Kingdom

(2) Property, plant and equipment

Omitted because the value of property, plant and equipment located in Japan is over 90% of the value of property, plant and equipment as reported in the consolidated balance sheets.

3. Information on major customers

Not described because sales to specific outside customers are less than 10% of sales as reported in the consolidated statements of income.

[Per share information]

	Year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
Net assets per share	¥3,260.38	¥3,716.85
Net income per share	¥235.18	¥89.32
Diluted net income per share	¥235.08	¥89.28

Notes: 1. The basis for calculating net income per share and diluted net income per share is as follows.

		Year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
(1) Net income per share			
Net income attributable to parent company shareholders	(Million yen)	69,497	25,088
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income attributable to parent company common shareholders	(Million yen)	69,497	25,088
Average number of common shares outstanding during the fiscal year	(Thousand shares)	295,506	280,879
(2) Diluted net income per share			
Adjustments to net income attributable to parent company shareholders	(Million yen)	(30)	(11)
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates	(Million yen)	(30)	(11)
Increase in common stock	(Thousand shares)	–	–

2. The basis for calculating net assets per share is as follows.

		Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Total net assets	(Million yen)	968,574	1,098,613
Amount excluded from total net assets	(Million yen)	52,794	54,636
Of which, non-controlling interests	(Million yen)	52,794	54,636
Net assets at fiscal year-end pertaining to common stock	(Million yen)	915,779	1,043,977
Number of common shares outstanding	(Thousand shares)	324,240	324,240
Number of common treasury shares	(Thousand shares)	43,359	43,363
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	280,881	280,876

[Significant subsequent events]**Repurchase and retirement of own stock**

DNP resolved at its Board of Directors meeting on May 13, 2021 to repurchase DNP shares pursuant to Article 156 of the Companies Act of Japan, which applies pursuant to Article 165, Paragraph 3, of the Act, and to retire these shares pursuant to Article 178 of the Companies Act.

For details, see the May 13, 2021 “Announcement of Share Buyback” and “Announcement of Retirement of Treasury Stock”.

6. Non-consolidated financial statements and key notes

(1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and time deposits	266,478	190,707
Notes receivable	14,936	12,434
Electronically recorded monetary claims	29,059	26,852
Trade receivable	224,819	220,541
Merchandise and finished goods	2,494	2,577
Work in progress	10,313	8,612
Raw materials and supplies	1,017	1,117
Other	38,166	43,837
Allowance for doubtful accounts	(858)	(249)
Total current assets	586,428	506,433
Fixed assets		
Property, plant and equipment		
Buildings	396,401	406,351
Accumulated depreciation	(276,049)	(282,066)
Buildings, net	120,351	124,285
Structures	29,398	31,072
Accumulated depreciation	(24,771)	(25,027)
Structures, net	4,626	6,045
Machinery	537,760	538,330
Accumulated depreciation	(495,203)	(489,237)
Machinery, net	42,556	49,092
Vehicles	1,451	1,519
Accumulated depreciation	(1,276)	(1,328)
Vehicles, net	174	191
Equipment	50,639	50,677
Accumulated depreciation	(42,401)	(42,655)
Equipment, net	8,237	8,022
Land	119,745	119,530
Lease assets	1,885	2,003
Accumulated depreciation	(1,004)	(948)
Lease assets, net	881	1,055
Construction in progress	8,898	10,859
Total property, plant and equipment	305,472	319,081
Intangible fixed assets		
Software	14,931	15,365
Other	1,109	1,067
Total intangible fixed assets	16,040	16,432
Investments and other assets		
Investment securities	236,229	357,335
Investments in securities in affiliates	141,928	141,901
Investments in capital of affiliates	1,603	1,597
Prepaid pension costs	62,150	65,153
Other	18,894	19,382
Allowance for doubtful accounts	(9,029)	(9,516)
Total investments and other assets	451,777	575,853
Total fixed assets	773,290	911,368
TOTAL ASSETS	1,359,719	1,417,801

(Million yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
LIABILITIES		
Current liabilities		
Notes payable	11,275	11,986
Trade payable	206,936	194,317
Bonds redeemable within 1 year	50,000	–
Lease obligations	329	341
Accounts payable - other	40,846	47,478
Accrued expenses	18,153	16,925
Advances received	5,661	6,873
Deposits payable	220,524	218,271
Reserve for bonuses	8,395	8,424
Reserve for bonuses to directors	169	210
Repair reserve	20,636	17,688
Notes payable for facilities	944	647
Other	5,194	971
Total current liabilities	589,067	524,136
Long-term liabilities		
Bonds	100,000	100,000
Lease obligations	672	785
Asset retirement obligations	1,482	1,503
Long-term accounts payable	5,425	5,404
Provision for retirement benefits	10,028	9,641
Repair reserve	54,660	49,491
Reserve for environmental measures	324	284
Deferred tax liabilities	37,698	79,899
Other	24	40
Total long-term liabilities	210,316	247,051
TOTAL LIABILITIES	799,384	771,188
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus		
Capital reserve	144,898	144,898
Other capital surplus	0	–
Total capital surplus	144,898	144,898
Retained earnings		
Legal reserve	23,300	23,300
Other retained earnings		
Reserve for depreciation reduction of fixed assets	20	18
Other reserves	232,780	232,780
Retained earnings brought forward	59,928	54,597
Total retained earnings	316,028	310,695
Treasury stock	(122,881)	(122,890)
Total stockholders' equity	452,509	447,167
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	107,825	199,445
Total valuation and translation adjustments	107,825	199,445
TOTAL NET ASSETS	560,334	646,612
TOTAL LIABILITIES AND NET ASSETS	1,359,719	1,417,801

(2) Non-consolidated statements of income

(Million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net sales	984,888	925,259
Cost of sales	855,012	794,772
Gross profit	129,876	130,486
Selling, general and administrative expenses	136,384	131,642
Operating loss	(6,507)	(1,155)
Non-operating income		
Interest income	155	103
Dividend income	20,352	24,074
Equipment rental	26,462	28,027
Other	2,928	2,608
Total non-operating income	49,899	54,813
Non-operating expenses		
Interest expense	1,073	855
Equipment rental expense	20,900	22,312
Other	6,058	2,780
Total non-operating expenses	28,032	25,948
Ordinary income	15,359	27,709
Extraordinary gains		
Gain on sale of fixed assets	24,944	332
Gain on sale of investment securities	51,444	1,853
Other	110	—
Total extraordinary gains	76,499	2,185
Extraordinary losses		
Loss on sale or disposal of fixed assets	5,191	2,519
Impairment loss	22,744	3,371
Loss on sale of investment securities	1,360	4,853
Loss on devaluation of investment securities	7,072	2,812
Other	14,963	863
Total extraordinary losses	51,332	14,420
Income before income taxes	40,526	15,475
Current income taxes	6,940	350
Deferred income taxes	3,587	2,480
Total income taxes	10,527	2,830
Net income	29,998	12,644

(3) Non-consolidated statements of changes in net assets
The year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			
					Reserve for depreciation reduction of fixed assets	Other reserve	Retained earnings brought forward		
Balance at the beginning of current period	114,464	144,898	–	144,898	23,300	21	282,780	(792)	305,309
Changes of items during the period									
Reversal of reserve for depreciation reduction of fixed assets						(1)		1	–
Reversal of other reserve							(50,000)	50,000	–
Cash dividends paid								(19,279)	(19,279)
Net income								29,998	29,998
Purchases of treasury stock									
Disposal of treasury stock			0	0					
Net changes in items other than stockholders' equity									
Total changes of items during the period	–	–	0	0	–	(1)	(50,000)	60,720	10,719
Balance at the end of current period	114,464	144,898	0	144,898	23,300	20	232,780	59,928	316,028

	Stockholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(62,868)	501,803	168,069	168,069	669,873
Changes of items during the period					
Reversal of reserve for depreciation reduction of fixed assets		–			–
Reversal of other reserve		–			–
Cash dividends paid		(19,279)			(19,279)
Net income		29,998			29,998
Purchases of treasury stock	(60,013)	(60,013)			(60,013)
Disposal of treasury stock	0	0			0
Net changes in items other than stockholders' equity			(60,244)	(60,244)	(60,244)
Total changes of items during the period	(60,013)	(49,293)	(60,244)	(60,244)	(109,538)
Balance at the end of current period	(122,881)	452,509	107,825	107,825	560,334

The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			
					Reserve for depreciation reduction of fixed assets	Other reserve	Retained earnings brought forward		
Balance at the beginning of current period	114,464	144,898	0	144,898	23,300	20	282,780	59,928	316,028
Changes of items during the period									
Reversal of reserve for depreciation reduction of fixed assets						(1)		1	-
Cash dividends paid								(17,977)	(17,977)
Net income								12,644	12,644
Purchases of treasury stock									
Disposal of treasury stock			(0)	(0)				(0)	(0)
Net changes in items other than stockholders' equity									
Total changes of items during the period	-	-	(0)	(0)	-	(1)	-	(5,331)	(5,332)
Balance at the end of current period	114,464	144,898	-	144,898	23,300	18	232,780	54,597	310,695

	Stockholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(122,881)	452,509	107,825	107,825	560,334
Changes of items during the period					
Reversal of reserve for depreciation reduction of fixed assets		-			-
Cash dividends paid		(17,977)			(17,977)
Net income		12,644			12,644
Purchases of treasury stock	(9)	(9)			(9)
Disposal of treasury stock	0	0			0
Net changes in items other than stockholders' equity			91,620	91,620	91,620
Total changes of items during the period	(9)	(5,341)	91,620	91,620	86,278
Balance at the end of current period	(122,890)	447,167	199,445	199,445	646,612

**(4) Notes regarding non-consolidated financial statements
[Notes on premise of a going concern]**

None