



Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [J-GAAP]

May 14, 2019

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listing: Tokyo
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 Preparation of earnings presentation material: None
 Holding of earnings announcement: None

*Amounts under one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income (Loss) Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2019	1,401,505	(0.8)	49,898	7.6	58,259	14.3	(35,668)	–
Year ended March 31, 2018	1,412,251	0.1	46,372	47.6	50,971	38.7	27,501	9.0

Note: Comprehensive income: Year ended March 31, 2019: ¥ (36,694) million (–%)
 Year ended March 31, 2018: ¥56,404 million (5.8%)

	Net Income (Loss) per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	(118.22)	–	(3.5)	3.3	3.6
Year ended March 31, 2018	90.77	90.71	2.6	2.9	3.3

Reference: Equity in earnings of affiliates: Year ended March 31, 2019: ¥4,161 million
 Year ended March 31, 2018: ¥3,007 million

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated net income (loss) per share and diluted net income per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2019	1,775,022	1,046,622	56.1	3,300.52
As of March 31, 2018	1,794,764	1,102,550	58.7	3,493.79

Reference: Stockholders' equity: As of March 31, 2019: ¥ 996,162 million As of March 31, 2018: ¥1,053,600 million

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated net assets per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

(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, 2019	68,971	(146,909)	(32,196)	133,771
Year ended March 31, 2018	48,457	23,074	(42,771)	244,936

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, 2018	–	16.00	–	32.00	–	19,317	70.5	1.9
Year ended March 31, 2019	–	32.00	–	32.00	64.00	19,317	–	1.9
Year ending March 31, 2020 (Forecast)	–	32.00	–	32.00	64.00		37.9	

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. As a result, year-end dividends per share for the fiscal year ended March 2018 shows dividends after the share consolidation, and total annual dividends shows “–”. Without the share consolidation, year-end dividends per share for the fiscal year ended March 2018 would be ¥16.00 and total annual dividends per share would be ¥32.00.

3. Consolidated earnings forecasts for the year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	1,416,000	1.0	51,000	2.2	58,500	0.4	51,000	–	168.98

* 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: Yes

4) Restatement of revisions: No

Note: For further details, see the section titled, “5. Consolidated financial statements and key notes, (5) Notes regarding consolidated financial statements [Changes in accounting estimates]” on page 27.

(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, 2019	324,240,346 shares	As of March 31, 2018	324,240,346 shares
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2) Number of treasury shares at end of each period

As of March 31, 2019	22,420,745 shares	As of March 31, 2018	22,676,600 shares
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3) Average number of shares outstanding during the period

Year ended March 31, 2019	301,715,605 shares	Year ended March 31, 2018	302,982,996 shares
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Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated average number of shares outstanding during the period assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

(Reference) Non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Non-consolidated financial results

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

	Net Sales		Operating Loss		Ordinary Income		Net Income (Loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2019	982,691	(0.8)	(2,573)	–	18,441	(30.2)	(51,196)	–
Year ended March 31, 2018	990,750	1.4	(2,914)	–	26,422	26.0	18,353	(8.2)

	Net Income (Loss) per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2019	(162.62)	–
Year ended March 31, 2018	60.52	–

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated net income (loss) per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2019	1,426,257	669,873	47.0	2,219.37
As of March 31, 2018	1,433,487	737,696	51.5	2,444.03

Reference: Stockholders' equity: As of March 31, 2019: ¥669,873 million As of March 31, 2018: ¥737,696 million

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated net assets per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

* 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

1. 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 page 5.

2. Dai Nippon Printing Co., Ltd. is changing its method for presenting dates from Japanese calendar dates to Western calendar dates starting with the financial statements for the fiscal year ended March 2019.

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1. Overview of operating results, etc.

(1) Overview of operating results for the year ended March 31, 2019

Japan's economy showed improvement in employment conditions and the income environment during the fiscal year ended March 2019, but the economic outlook is increasingly uncertain, given the lack of strength in consumer spending, poor weather conditions and natural disasters (e.g., earthquakes), global trade issues, and impact of China's economic slowdown.

The printing industry continued to face a tough business environment, affected by lower demand for printed media and an accompanying increase in competition resulting from growth in the e-book and online advertising markets.

In this environment, the DNP Group sought to build a robust business portfolio to continue creating new value by investing aggressively in priority businesses in which it has top market shares, mainly smart cards, thermal transfer printing media for photo printers, battery pouches for lithium-ion batteries, optical film for displays, and metal masks used in the production of organic light-emitting diode (OLED) displays, and by undertaking restructuring to bolster its competitiveness, including through the reorganization of business divisions and group companies.

The DNP Group also worked to create new value by combining its strengths in printing and information (P&I), targeting the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy."

Specifically, the DNP Group sought to provide digital marketing platforms to conduct sales promotions optimized to individual consumers as part of the marketing process from customer attraction to sales, and payment platforms to contribute to a safe, secure, and convenient cashless society.

In addition, to support a "next-generation automotive society" in need of lower environmental loads, higher energy efficiency, and greater security, safety, and comfort, the DNP Group worked to provide battery pouches for lithium-ion batteries used in electric vehicles and other applications, anti-reflection or AR films to prevent reflections of car navigation screens on windshields at night, various security solutions leveraging encryption and other technologies, and personal authentication services.

Furthermore, the DNP Group worked to build a cold chain to provide appropriate temperature management with a low environmental burden by combining the DNP multifunction insulation box, which was awarded the 28th Annual Grand Prize for the Global Environment Awards, with IC tags and sensors.

Concerning the repair of defects in some wallpaper products, the DNP Group recorded additional repair costs of ¥75 billion and reviewed its repair program after making another rational estimate of the largest potential future impact in light of the results of new scientific testing and analysis based on data obtained to date in relation to actual repair site samples and usage conditions.

Despite these activities, consolidated net sales for the year ended March 31, 2019 fell 0.8% year on year to ¥1,401.5 billion, consolidated operating income grew 7.6% to ¥49.8 billion, consolidated ordinary income grew 14.3% to ¥58.2 billion, and net loss attributable to parent company shareholders totaled ¥35.6 billion (versus net income of ¥27.5 billion in the previous fiscal year).

Business segment results for the year ended March 31, 2019 are presented below.

[PRINTING]

Information Communication

In the Publishing business, the DNP Group worked to help solve problems within the publishing industry, including by advancing book forecasting by using artificial intelligence to analyze sales data.

However, sales in the Publishing & Media Services business decreased for both books and magazines. Meanwhile, in the Education and Publications Distribution business, sales of e-books were favorable in the “honto” hybrid bookstore network that combines physical bookstores, online bookstores, and e-book services. Sales in library operations outsourcing services also increased, buoyed by new outsourcing orders from large libraries. However, overall sales in the Publishing business decreased, affected by the transfer of all stock in subsidiary SHUFUNOTOMO Co., Ltd. in December 2017.

In the Information Innovation Business, overall sales decreased on a decline in demand for printed media, including advertising flyers, catalogs, and business forms. However, priority businesses expanded favorably, including smart card business and payment services-related business amid growing demand supported by the shift to cashless payments, and Business Process Outsourcing (BPO) services to handle business processes on behalf of companies in response to labor shortages and work style reforms.

In the Imaging Communication business, the DNP Group promoted “value creation” business to enhance people’s experiential value through photographs, including by launching the sharingbox PRIME service as a marketing photo booth that takes and prints photographs at sporting events, event venues, tourism sites, and other locations. However, overall sales in the Image Communication business decreased as a result of lower sales of thermal transfer printing media for photo printers in Japan and Europe, although sales increased in North America and Southeast Asia.

Operating income in the Information Communication segment rose sharply as a result of growth in priority businesses, including a turn to profits in the “honto” hybrid bookstore network business, and cost structure reforms that included production reorganization.

As a result of the above, overall segment sales fell 2.1% year on year to ¥762.3 billion but operating income grew 14.2% to ¥24.8 billion.

Lifestyle and Industrial Supplies

In the Packaging business, the DNP Group worked to develop and sell environmentally conscious products, including mono-material packaging (made from a single material) that is easier to recycle, and liquid paper cartons that are easy to cut open and separate into the paper layer and the internal film layer for sorted waste collection. Sales were favorable for film packaging and increased for plastic molded products, but decreased for paper packaging and PET plastic bottle aseptic filling systems. As a result, overall sales in the Packaging business decreased.

In the Living Space business, the DNP Group focused on sales of environmentally conscious products that use its propriety electronic beam (EB) coating technology as well as Arttec interior and exterior aluminum panels that produce textures such as wood and stone. However, overall sales in the Living Space business decreased, affected by sluggish housing starts in Japan.

In the Industrial Supplies business, sales decreased for photovoltaic module components, but rose sharply for battery pouches used in automotive lithium-ion batteries due to the advancement of full-fledged effort towards vehicle electrification. As a result, overall sales in the Industrial Supplies business increased.

Operating income in the Lifestyle and Industrial Supplies segment decreased, significantly affected by sharp increases in raw material prices.

As a result of the above, overall segment sales grew 0.7% year on year to ¥397.1 billion but operating income fell 30.9% to ¥8.3 billion.

Electronics

In the Display Components business, sales increased favorably for metal masks used in the production of OLED displays, which are expected to see high growth as the switch from LCD

displays to OLED displays for smartphones advances each year. Sales were also favorable for optical films used in LCD TVs as a result of larger screen sizes, and increased sharply for viewing angle control films used in in-vehicle displays. As a result, overall sales in the Display Components business increased.

In the Electronic Devices business, semiconductor photomask sales increased, supported by the spread of IoT equipment.

Operating income in the Electronics segment increased on growth in priority businesses.

As a result of the above, overall segment sales grew 2.0% year on year to ¥192.4 billion and operating income grew 8.2% to ¥36.9 billion.

[BEVERAGES]

Beverages

The DNP Group worked to increase market share and acquire customers by releasing new products in core brands, expanding the vending machine business, and stepping up sales promotion to mass merchandisers.

However, overall segment sales edged down 0.1% year on year to ¥55.9 billion, and operating income fell 5.5% to ¥2.1 billion as a result of lower sales due to poor summer weather and the impact of the Hokkaido Eastern Iburi Earthquake, intensifying competition, and other factors.

(2) Overview of financial position for the year ended March 31, 2019

Total assets at the end of the current fiscal year decreased by ¥19.7 billion from the end of the previous fiscal year to ¥1,775.0 billion, due mainly to a decrease for buildings and structures.

Total liabilities increased by ¥36.1 billion from the end of the previous fiscal year to ¥728.4 billion, due mainly to an increase in repair reserve.

Net assets decreased by ¥55.9 billion from the end of the previous fiscal year to ¥1,046.6 billion, due mainly to a decrease in retained earnings.

(3) Overview of cash flows for the year ended March 31, 2019

Cash and cash equivalents at the end of the current fiscal year decreased by ¥111.1 billion from the end of the previous fiscal year to ¥133.7 billion.

Cash flow provided by operating activities totaled ¥68.9 billion (¥48.4 billion in the previous fiscal year), due mainly to ¥18.6 billion in loss before income taxes and non-controlling interests and ¥59.0 billion in depreciation.

Cash flow used in investing activities totaled ¥146.9 billion (cash provided of ¥23.0 billion in the previous fiscal year), due mainly to a ¥136.9 billion net increase in time deposits.

Cash flow used in financing activities totaled ¥32.1 billion (¥42.7 billion in the previous fiscal year), due mainly to ¥19.7 billion in dividends paid and a ¥3.9 billion net decrease in short-term bank loans and long-term debt.

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

	Year ended March 2015	Year ended March 2016	Year ended March 2017	Year ended March 2018	Year ended March 2019
Equity ratio (%)	59.6	59.2	59.4	58.7	56.1
Market value-based equity ratio (%)	41.6	36.6	42.4	36.6	45.0
Debt-to-cash flow ratio (year)	2.2	2.6	2.4	3.5	2.4
Interest coverage ratio (times)	35.1	29.8	32.6	21.9	33.4

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 DNP Group expects the Japanese economy to show improvement in the employment and income environment, but the future outlook is increasingly uncertain on account of several factors including trends in trade issues, economic outlook in emerging markets, notably China, and planned increase in the consumption tax.

In the printing industry, the DNP Group expects conditions to remain difficult, including a decline in order prices due to lower demand for printed media and stiffer competition.

The DNP Group will continue working to solve social issues and create value to meet people's expectations by combining its strengths in printing and information (P&I), endeavoring to fulfill its corporate philosophy: "The DNP Group connects individuals and society, and provides new value." The DNP Group also aims to expand earnings further by pursuing business structure reforms according to the market environment and trends in demand.

In the Information Communication segment, the DNP Group anticipates growth in smart card business and payment services-related business in support of cashless payments, and also expects growth in BPO services to handle business processes on behalf of companies in response to labor shortages and work style reforms. Moreover, the DNP Group expects to expand orders related to the Tokyo 2020 Olympic and Paralympic Games while supporting the success of these games as an official sponsor, and to improve earnings further in the "honto" hybrid bookstore network business that combines physical bookstores, online bookstores, and e-book sales. Meanwhile, demand for printed media continues to decline, and the DNP Group will respond to this trend by implementing further structural reforms, including production structure reforms.

In the Lifestyle and Industrial Supplies segment, the DNP Group expects battery pouches used in lithium-ion batteries to see large growth for automotive applications amid a full-fledged shift to electric vehicles to reduce environmental impacts. It also expects raw material prices to boost profits, given that prices have been falling since the end of 2018.

In the Electronics segment, the DNP Group expects to leverage its top market share to achieve

stable growth for metal masks used in the production of OLED displays, as the switch from LCD displays to OLED displays for smartphones advances each year. For optical films, in addition to growth for existing products, the DNP Group targets growth for new products such as viewing angle control films used in in-vehicle displays and viewing angle expansion films used in TVs.

In addition, the DNP Group seeks to increase the effective use and efficiency of assets by reviewing its holdings of fixed assets and investment securities.

For the fiscal year ending March 31, 2020, the DNP Group forecasts consolidated net sales of ¥1,416.0 billion, consolidated operating income of ¥51.0 billion, consolidated ordinary income of ¥58.5 billion, and consolidated net income attributable to parent company shareholders of ¥51.0 billion.

(5) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2019 and year ending March 31, 2020

An important management policy of the DNP Group is to pass on profits to shareholders.

Profits are allocated based on a policy of paying stable dividends to shareholders and with consideration for financial results and the dividend payout ratio. For future business expansion, DNP strives to retain profits and strengthen its management base.

Retained earnings are used to invest in research and development related to new products and technologies, to invest in equipment needed for developing new businesses, and to implement strategic alliances and M&A and invest in human resources to support these activities. At the same time, the DNP Group considers flexible capital policies while accounting for its capital needs and market trends. The DNP Group believes that these efforts will contribute to higher profits that can then be passed on to shareholders in the 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.

For the fiscal year ending March 31, 2020, 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 seeks to gain an accurate understanding of the challenges and risks related to the economy, society, and environment, and to conduct integrated risk management, in an effort to continue providing new value based on its corporate philosophy. At the same time, the variable factors that are viewed as risks are also opportunities for business expansion, and the DNP Group seeks to respond to these opportunities by combining its strengths to create new value while responding to rapid changes in the business environment.

The DNP Group identifies the following items as key risk factors.

○ Economic risks

- Changes in domestic and overseas economic conditions and consumption trends, and foreign currency fluctuations
- Acceleration and diversification of technological innovation and intensification of development competition
- Outflow and infringement of intellectual property
- Decrease in earnings performance and inadequate internal control at partnering companies
- Construction, maintenance, and management of information infrastructure and social infrastructure
- Increase in large-scale cyber attacks
- Changes in the supply/demand balance for raw material procurement, and others

In particular, 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 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.

Additionally, the DNP Group could be directly or indirectly affected by market trends in various industries in Japan or overseas. In particular, electronics-related industries are 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 while it aggressively pursues business expansion in various regions around the world. It uses foreign exchange forward contracts and other means to hedge the risk of currency fluctuations, 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. This development process faces an accelerating pace of technological innovation and a diversification of needs, and the burden of responding to these trends is also increasing. The DNP Group's performance could be affected by such factors as further intensification of development competition in Japan and overseas, greater-than-expected shortening of product life cycles, and changes in market trends.

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 results and synergies as a result of deterioration in the business environment affecting the companies and businesses involved in these alliances and acquisitions.

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 risk of imbalances between supply and demand due to sharp fluctuations in petroleum prices, sudden surge in demand in emerging markets, depletion of natural resources, impact of climate change, and human rights issues in the supply chain labor environment. 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, if purchasing prices rise sharply, or if other such events occur.

In addition, global computer networks and information systems have become essential tools for conducting business, and there are now greater risks of software and hardware defects, daily changing 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 accident involving important data, or other such events.

- Social risks
 - Compliance violations
 - Large-scale unauthorized use or leakage of data

- Inadequate quality checks for products and services
- Labor environment issues
- Workforce shortages caused by the loss of personnel or difficulty in acquiring personnel
- Social and political turmoil, and increase in country risk, and others

In particular, the DNP Group conducts overseas business activities mainly in Europe, the U.S., Southeast Asia, and elsewhere, and these activities face a variety of social, political, and economic risks. The DNP Group's performance could be affected if its overseas business activities are obstructed by the emergence of various risks related to unexpected changes in laws and regulations governing the environment, society, and other areas, country risk, difficulty of hiring and securing personnel, human rights and conflicts, and other factors.

Additionally, the DNP Group seeks to establish and rigorously uphold corporate ethics throughout the group, and works to earn the trust of society by each and every employee complying with laws and regulations in all corporate activities, maintaining higher ethical standards than required 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 in the event of being subject to lawsuits and resulting fines in Japan or overseas.

○ Environmental risks

- Tightening and easing of legal and other regulations
- Strengthening of measures to prevent global warming and greater response to climate change and natural disasters
- Changes in energy policies due to the depletion of natural resources
- Drastic changes in energy prices and promotion of a shift to a circular economy
- Increase in marine and land pollution and ensuring a sustainable global environment
- Degradation of ecosystems and ensuring biodiversity, and others

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 human and material resources and building a supply chain. It clearly recognizes these conditions and pursues a variety of initiatives to sustain growth and society while ensuring environmental sustainability. However, the DNP Group expects an acceleration of changes in terms of a tightening of domestic and overseas legal regulations and international standards in relation to climate change and other issues. It also expects, when assessing enterprise value, a positive view on a stance for working to solve social issues such as environmental issues. The DNP Group's performance could be affected by a slow response to these trends.

In addition, the DNP Group believes that a variety of regulations will be strengthened in Japan and overseas amid strong demands for addressing global warming, reducing the global environmental burden, and protecting biodiversity. At the same time, the DNP Group also expects that it will need to respond to major changes in market and industry trends as a result of deregulation. If that should occur, it is possible that the DNP Group's business performance could be affected by greater limitations on its business activities, the burden of responding to regulatory changes, or increased costs.

To respond to disasters, the DNP Group takes steps to protect production equipment and other major facilities from fires and earthquakes, seeks to disperse production facilities, and undertakes business continuity planning (BCP) to minimize any production shutdowns and product supply disruptions caused by disasters or other events. We also use various types of insurance to transfer

risk. Nevertheless, the DNP Group's performance could be substantially affected in the event of major earthquakes, natural disasters such as rainstorms or flooding caused by climate change, disease outbreaks, or other unexpected events that cause production shutdowns or significantly damage or impair social infrastructure.

2. Information on the DNP Group

The DNP Group includes the Company, 133 subsidiaries, and 24 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 Tech Co., Ltd. DNP Graphica Co., Ltd., DNP Communication Design Co., Ltd. DNP Book Factory Co., Ltd., DNP Data Techno Co., Ltd. DNP Multi Print 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, Foto Fantasy, Inc. Tien Wah Press (Pte.) Ltd. *MK Smart Joint Stock Company
Sales and services	Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC. 2Dfacto, Inc., 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. 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. DNP Photo Imaging Europe SAS, DNP Photo Imaging Russia, LLC * Nihon Unisys, Ltd., BOOKOFF GROUP HOLDINGS LIMITED BUNKYODO GROUP HOLDINGS CO., LTD. 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, and the shares of

BUNKYODO GROUP HOLDINGS CO., LTD. are traded on the Tokyo Stock Exchange's JASDAQ market.

Lifestyle and Industrial Supplies

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

Major companies

Production	DNP Technopack 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. DNP Field Eyes 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	DAP Technology Co., Ltd., DT Fine Electronics Co., Ltd. DNP Denmark A/S, DNP Photomask Europe S.p.A. * Photronics DNP Mask Corporation Photronics 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. 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

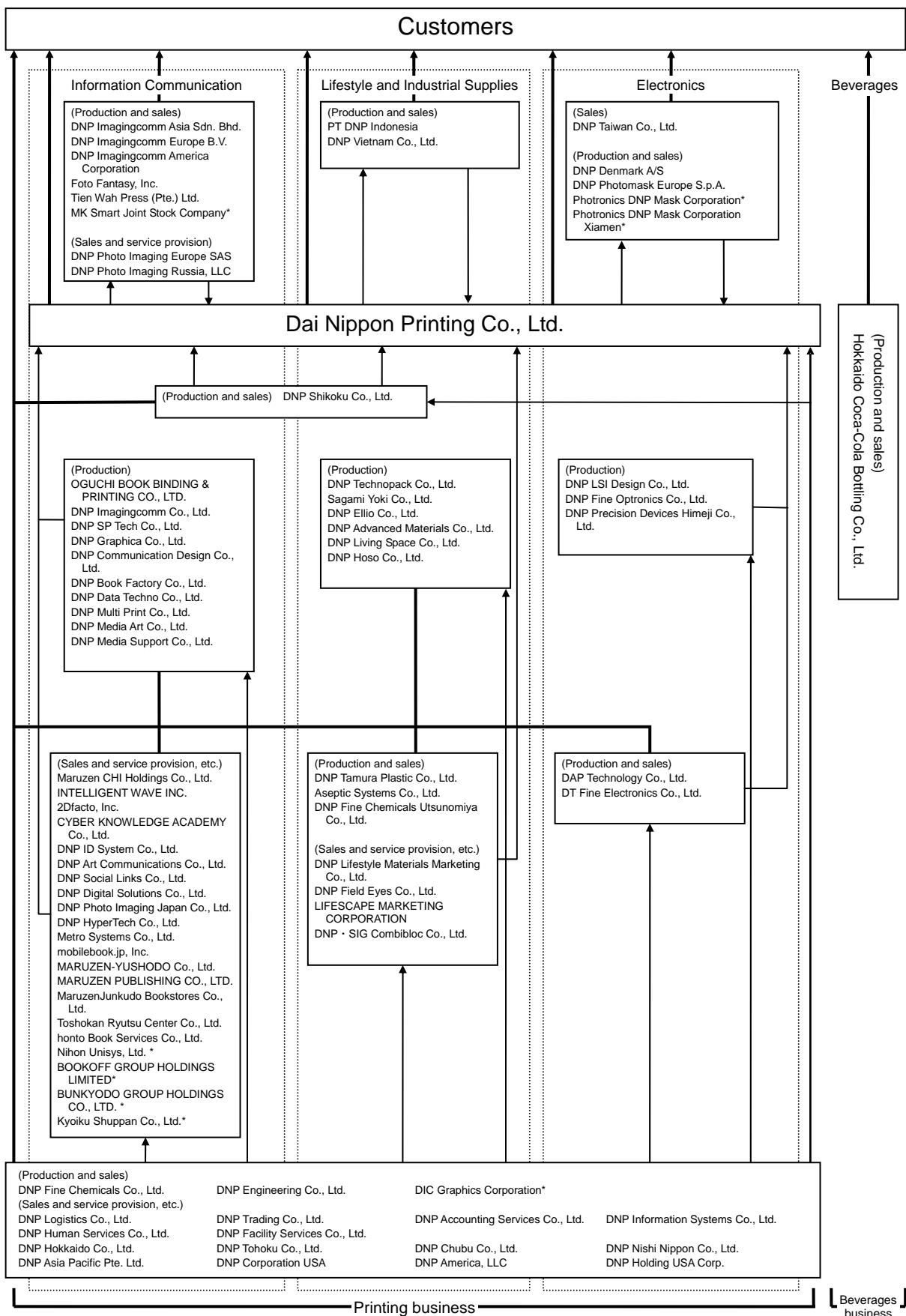
Production/sale of carbonated beverages, mineral waters, and other products, centered on Hokkaido Coca-Cola Bottling Co., Ltd.

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

The DNP Group's basic management policy states its corporate philosophy as: "The DNP Group connects individuals and society, and provides new value." Based on this philosophy, the DNP Group is aggressively pursuing its business activities and working to steadily expand its business over the medium to long term.

The DNP Group believes it is important to enhance corporate governance in order to sustain growth and increase enterprise value over the medium to long term. It seeks to establish and operate systems to facilitate precise and comprehensive managerial decision-making, prompt and appropriate execution of business based on these decisions, and supervision and auditing of this business execution. It also undertakes rigorous training and education to improve the compliance awareness of each and every employee.

Additionally, the DNP Group is aware of its social responsibility as a company and strives to deliver new value to its various stakeholders. 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)." To fulfill these responsibilities, the DNP Group adheres to its DNP Group Code of Conduct in pursuing its activities and ensures proper business conduct by preparing internal control systems. It strives to conduct business in good faith to earn the deep trust of its various stakeholders, including shareholders, client companies, consumers, and employees.

(2) Medium- and long-term management strategy and key issues

1) Priority initiatives to sustain growth and increase enterprise value over the medium to long term

The DNP Group seeks to sustain growth for the overall group and increase enterprise value over the medium to long term by solving social issues and creating new value that meet people's expectations through P&I innovations that flexibly combine its various strengths in printing and information technologies and expertise, sales and planning, production and production management, and intellectual property and branding. The DNP Group is implementing three priority initiatives to achieve this goal:

1. Generate value by expanding business, primarily in growth areas;
2. Provide value to the global market;
3. Expand value to maximize profit.

Generate value by expanding business, primarily in growth areas: The DNP Group seeks to solve social issues and create new value that meets people's expectations by combining its strengths in P&I and the strengths of partners outside the company in the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy."

Provide value to the global market: With value chains expanding globally, the DNP Group seeks to solve social issues and meet people's expectations from a global perspective not limited to Japan. The DNP Group operates 15 overseas production bases and 27 overseas sales bases as of March 2019, and it seeks to broadly provide value in Japan and overseas with an accurate understanding of regional characteristics and the issues and needs of the people living in these areas.

Expand value to maximize profit: The DNP Group will pursue business structure reforms and cost structure reforms that include the integration and reorganization of business divisions and operating bases. It will also work to maximize enterprise value through the integrated use of both financial capital and non-financial capital such as human resources and intellectual property.

2) Initiatives in the different businesses and segments

[PRINTING]

Information Communication

The Information Communication segment facilitates a variety of safe and secure communication between consumers and companies by enabling the optimal expression of information and expanding into a diverse range of media based on advanced image processing technologies and information security technologies.

For example, we are helping to revitalize the publishing market by deepening cooperation with publishers and pursuing business activities that include the planning, production, distribution, and sale of various publications and the copyright handling and overseas expansion of content.

In addition, to respond to an expansion of cashless payments and the spread of various electronic money services, the DNP Group seeks to provide consumers with a high level of security and convenience by focusing on smart cards with different shapes such as key fobs, in addition to international brand prepaid cards and debit cards.

Furthermore, the DNP Group is using advanced information security infrastructure, including the DNP Kashiwa Data Center and 13 domestic BPO centers, to provide cashless payment platforms that support a variety of payment methods (e.g., credit cards, prepaid cards, electronic money and QR codes) and to deliver a variety of high-value-added services such as digital marketing.

Lifestyle and Industrial Supplies

The Lifestyle and Industrial Supplies segment provides products and services in Japan and overseas that respond precisely to the diverse needs of companies and consumers, while also working to protect the global environment and support universal design.

For example, the DNP Group is working to leverage its global-leading market share in battery pouches for lithium-ion batteries to cultivate new applications such as drones and robots, in addition to automotive applications, for which demand is expanding with the spread of electric vehicles. It is also pursuing the development of curved resin glass that improves the fuel efficiency of automobiles by reducing their body weight.

In the Packaging business, the DNP Group is working to achieve a sound material-cycle society through the “Biomatech” series of plastic films that are partially made from plant-based materials and the development of packages that contribute to promoting recycling. Overseas, the DNP Group aims to expand market share in Southeast Asia based on production bases in Indonesia and Vietnam.

Additionally, the DNP Group regards automobiles and railway cars, in addition to homes and commercial facilities, as living spaces that require comfort, and initiatives in this area include high-valued-added products that use electron beam (EB) coating technology; the design of pleasant spaces using Kansei (sensitivity) engineering; the assessment of living environments; and the development of simpler construction methods. In Europe, the U.S., and emerging markets, the DNP Group seeks to leverage a global sales network to expand market share for exquisitely designed metal paneling and interior and exterior automotive materials.

The DNP Group is also steadily implementing a revised repair program to correct defects in some wallpaper products in the Living Space business, and is working to improve and strengthen its quality assurance system to prevent recurrence.

Electronics

In the Electronics segment, the DNP Group endeavors to develop high-value-added products with superior functionality while focusing on the next generation of electronics products. It seeks to develop new core technologies and to accelerate commercialization by cooperating with business partners and companies with strong expertise. It will also actively pursue alliances with other

companies, including technology licensing, and royalty business.

In addition, the DNP Group will assess changes in the market in Japan and overseas, and continue to implement structural reforms through such means as optimizing production facilities and reviewing its production and development structures.

For example, in the OLED display market, where demand is expanding rapidly, we seek to maintain and increase market share by increasing production capacity for metal masks, which are used to make OLED displays, and by preparing a structure to develop products to support higher definition displays and ensure stable supply. We will also work to develop various optical films for OLED displays, including retardation films. The DNP Group expanded optical film production capacity at the Mihara Plant in Hiroshima Prefecture and plans to launch mass production of films for large TVs in October 2019 in response to global growth in demand for large TVs. It will focus on further expanding sales of display optical films, where it has the top global market share.

For semiconductor photomasks, we aim to support the miniaturization and cost-saving needs of semiconductor makers by bolstering the production structure for next-generation products by applying next-generation microfabrication technologies, including nanoimprinting and a multi e-beam mask writer that significantly shortens writing time during production.

[BEVERAGES]

Beverages

Amid expectations for stiffer market share competition in the soft drink industry, the DNP Group aims to achieve the basic strategy in the medium-term business plan of “aspiring to be a company that is loved by the people of Hokkaido by providing refreshing and thirst-quenching products as the only integrated beverage company in Hokkaido,” based on the following vision: “Leveraging the global brand strength of our Coca-Cola business, we intend to beat our competition based on our local capabilities as a true Hokkaido company, contribute to local Hokkaido communities by consistently delivering new value and services, and establish a business foundation capable of sustained growth.”

3) Strengthened organization

The DNP Group cites *taiwa* (dialogue) and cooperation as guiding principles, and is working to deliver new value by enhancing groupwide efforts to strengthen cooperation further among business units and by deepening dialogue with companies and consumers. We will work to expand our business by strengthening cooperation with both domestic and overseas partners possessing various strengths.

We are also pursuing redevelopment in our home base in the Ichigaya district of Tokyo while working to establish domestic and overseas bases to advance our business vision. The planning, sales, and marketing offices of various business units were once scattered across the Tokyo Metropolitan Area, but are now concentrated together with the Group’s headquarters functions in the Ichigaya district. Making effective use of this concentration, we intend to push forward with the development of new business.

4) Development of systems for business continuity

The DNP Group reaffirmed the importance of business continuity planning (BCP) based on its experience in the Tohoku-Pacific Ocean Earthquake, and works daily to maintain proper awareness of disaster risk and take appropriate safeguards based on two objectives: (1) place top priority on human safety measures at the time of disaster; (2) increase the Company’s preparedness for disaster and ability to recover from disaster. We established basic policies and promotion systems to prepare for disasters and other unforeseen circumstances in our “DNP Group Basic Code for

Disaster Response,” and implement disaster-prevention measures to ensure the safety of our employees and related parties and reassure our various stakeholders.

5) Contributing to the realization of a sustainable society

With the aim of solving various social issues such as climate change and growing inequality gaps, we expect companies to step up initiatives to achieve the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. The DNP Group aspires to create a sustainable society that fulfills these SDGs in order to achieve stable growth over the medium to long term.

To this end, the DNP Group is working to create value through products and services and to build a foundation to support value creation in the value chain. In particular, it regards climate change as an urgent environmental issue and is working to reduce environmental impacts through its business activities, products, and services.

4. Basic approach in choosing of accounting standards

The DNP Group uses Japanese GAAP in preparing consolidated financial statements. It plans to consider 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, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
ASSETS		
Current assets		
Cash and time deposits	242,781	268,046
Notes and trade receivables	354,241	351,450
Merchandise and finished products	82,697	79,809
Work in progress	31,672	30,074
Raw materials and supplies	23,178	23,187
Other	47,159	48,226
Allowance for doubtful accounts	(1,690)	(1,515)
Total current assets	780,039	799,280
Fixed assets		
Property, plant and equipment		
Buildings and structures	566,445	549,251
Accumulated depreciation	(367,135)	(365,373)
Buildings and structures, net	199,310	183,878
Machinery and equipment	736,596	708,330
Accumulated depreciation	(655,894)	(640,815)
Machinery and equipment, net	80,702	67,514
Land	151,521	147,924
Construction in progress	7,160	11,760
Other	140,364	138,261
Accumulated depreciation	(104,660)	(108,219)
Other, net	35,703	30,042
Total property, plant and equipment	474,397	441,120
Intangible fixed assets		
Goodwill	4,241	2,489
Software	26,686	25,044
Other	1,925	1,380
Total intangible fixed assets	32,853	28,914
Investments and other assets		
Investment securities	401,414	393,104
Net defined benefit asset	67,838	71,380
Deferred income taxes	10,913	11,068
Other	30,938	32,468
Allowance for doubtful accounts	(3,632)	(2,315)
Total investments and other assets	507,472	505,707
Total fixed assets	1,014,724	975,742
TOTAL ASSETS	1,794,764	1,775,022

(Million yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
LIABILITIES		
Current liabilities		
Notes and trade payables	248,993	246,138
Short-term bank loans	44,794	42,474
Bonds redeemable within 1 year	2,290	51,490
Current portion of long-term debt	4,292	2,731
Income taxes payable	10,042	7,448
Reserve for bonuses	17,128	18,145
Repair reserve	29,580	19,162
Other	81,426	80,065
Total current liabilities	438,548	467,655
Long-term liabilities		
Bonds	108,600	59,610
Long-term debt	10,127	10,045
Repair reserve	7,543	70,211
Net defined benefit liability	35,216	34,733
Deferred tax liabilities	64,983	65,300
Other	27,193	20,845
Total long-term liabilities	253,664	260,745
TOTAL LIABILITIES	692,213	728,400
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,264	144,765
Retained earnings	681,976	626,949
Treasury stock	(62,908)	(62,898)
Total stockholders' equity	877,797	823,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168,155	170,073
Net deferred losses on hedges	(3)	(1)
Foreign currency translation adjustments	1,410	(2,398)
Remeasurements of defined benefit plans	6,241	5,208
Total accumulated other comprehensive income	175,803	172,881
Non-controlling interests	48,950	50,459
TOTAL NET ASSETS	1,102,550	1,046,622
TOTAL LIABILITIES AND NET ASSETS	1,794,764	1,775,022

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

(Million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net sales	1,412,251	1,401,505
Cost of sales	1,131,662	1,119,390
Gross profit	280,589	282,114
Selling, general and administrative expenses	234,217	232,216
Operating income	46,372	49,898
Non-operating income		
Interest and dividends income	5,840	5,255
Equity in earnings of affiliates	3,007	4,161
Other	4,977	5,777
Total non-operating income	13,825	15,194
Non-operating expenses		
Interest expense	2,212	2,068
Foreign exchange transaction loss	1,416	-
Contributions	1,214	1,426
Other	4,382	3,337
Total non-operating expenses	9,226	6,832
Ordinary income	50,971	58,259
Extraordinary gains		
Gain on sale of fixed assets	13,022	2,937
Gain on sale of investment securities	44,964	18,025
Other	1,326	2,126
Total extraordinary gains	59,312	23,089
Extraordinary losses		
Loss on sale or disposal of fixed assets	3,669	2,842
Impairment loss	5,952	16,685
Loss on devaluation of investment securities	567	4,305
Repair reserve provisions	53,500	75,000
Other	1,198	1,202
Total extraordinary losses	64,887	100,035
Income (Loss) before income taxes and non-controlling interests	45,396	(18,685)
Current income taxes	15,738	15,198
Deferred income taxes	187	(936)
Total income taxes	15,925	14,262
Net income (loss)	29,470	(32,947)
Net income attributable to non-controlling shareholders	1,969	2,721
Net income (loss) attributable to parent company shareholders	27,501	(35,668)

Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net income (loss)	29,470	(32,947)
Other comprehensive income		
Valuation difference on available-for-sale securities	18,290	2,047
Net deferred gains on hedges	3	3
Foreign currency translation adjustments	1,912	(3,978)
Remeasurements of defined benefit plans	4,115	(1,403)
Share of other comprehensive income of associates accounted for using equity method	2,612	(414)
Total other comprehensive income	26,933	(3,746)
Comprehensive income	56,404	(36,694)
Attributable to:		
Parent company shareholders	54,269	(38,590)
Non-controlling shareholders	2,135	1,896

(3) Consolidated statements of changes in net assets
The year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	144,280	695,720	(69,636)	884,829
Changes of items during the period					
Cash dividends paid			(19,510)		(19,510)
Net income attributable to parent company shareholders			27,501		27,501
Change of scope of consolidation			30		30
Change in ownership interest of parent arising from transactions with non-controlling shareholders		(15)			(15)
Purchases of treasury stock				(15,037)	(15,037)
Disposal of treasury stock			(0)	1	0
Cancellation of treasury stock			(21,763)	21,763	–
Net changes in items other than stockholders' equity					
Total changes of items during the period	–	(15)	(13,743)	6,727	(7,031)
Balance at the end of current period	114,464	144,264	681,976	(62,908)	877,797

	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	149,574	(2)	(2,219)	1,683	149,035	47,422	1,081,286
Changes of items during the period							
Cash dividends paid							(19,510)
Net income attributable to parent company shareholders							27,501
Change of scope of consolidation							30
Change in ownership interest of parent arising from transactions with non-controlling shareholders							(15)
Purchases of treasury stock							(15,037)
Disposal of treasury stock							0
Cancellation of treasury stock							–
Net changes in items other than stockholders' equity	18,580	(1)	3,630	4,558	26,767	1,528	28,296
Total changes of items during the period	18,580	(1)	3,630	4,558	26,767	1,528	21,264
Balance at the end of current period	168,155	(3)	1,410	6,241	175,803	48,950	1,102,550

The year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	144,264	681,976	(62,908)	877,797
Changes of items during the period					
Cash dividends paid			(19,317)		(19,317)
Net loss attributable to parent company shareholders			(35,668)		(35,668)
Change of application of equity method			(41)		(41)
Change in ownership interest of parent arising from transactions with non-controlling shareholders		(90)			(90)
Purchases of treasury stock				(15)	(15)
Disposal of treasury stock		592	(0)	25	617
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	501	(55,027)	10	(54,516)
Balance at the end of current period	114,464	144,765	626,949	(62,898)	823,281

	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	168,155	(3)	1,410	6,241	175,803	48,950	1,102,550
Changes of items during the period							
Cash dividends paid							(19,317)
Net loss attributable to parent company shareholders							(35,668)
Change of application of equity method							(41)
Change in ownership interest of parent arising from transactions with non-controlling shareholders							(90)
Purchases of treasury stock							(15)
Disposal of treasury stock							617
Net changes in items other than stockholders' equity	1,917	2	(3,809)	(1,032)	(2,921)	1,508	(1,412)
Total changes of items during the period	1,917	2	(3,809)	(1,032)	(2,921)	1,508	(55,928)
Balance at the end of current period	170,073	(1)	(2,398)	5,208	172,881	50,459	1,046,622

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from operating activities		
Income (Loss) before income taxes and non-controlling interests	45,396	(18,685)
Depreciation	61,070	59,080
Impairment loss	5,952	16,685
Decrease of doubtful receivables, net	(302)	(388)
Increase of net defined benefit asset	(5,780)	(5,682)
Increase (Decrease) of net defined benefit liability	2,004	(291)
Equity in gains of affiliates	(3,007)	(4,161)
Amortization of consolidation goodwill, net	2,306	1,751
Interest and dividend income	(5,840)	(5,255)
Interest expense	2,212	2,068
Net gain on sales of investment securities	(45,686)	(20,007)
Net loss on devaluation of investment securities	758	4,322
Net gain on sale or disposal of fixed assets	(9,302)	(67)
Repair reserve provisions	53,500	75,000
(Increase) Decrease in trade receivables	(17,606)	2,098
(Increase) Decrease in inventories	(875)	1,997
Increase (Decrease) in trade payables	5,899	(1,912)
Other	6,049	2,323
Sub-total	96,746	108,876
Payments for repair costs	(35,056)	(22,750)
Payments for extra retirement payments	(48)	(767)
Payment of income taxes	(13,184)	(16,386)
Net cash provided by operating activities	48,457	68,971
Cash flows from investing activities		
Net increase in time deposits	(1,547)	(136,981)
Payments for purchases of property, plant and equipment	(32,500)	(37,578)
Proceeds from sales of property, plant and equipment	19,644	6,942
Payments for purchases of investment securities	(1,234)	(2,404)
Proceeds from sales of investment securities	54,616	26,785
Payments for purchase of intangible fixed assets	(10,483)	(9,800)
Payments for sales of stock in subsidiaries resulting in change in scope of consolidation	(855)	–
Interest and dividends received	8,256	10,515
Other	(12,822)	(4,387)
Net cash provided by (used in) investing activities	23,074	(146,909)

(Million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	2,257	(2,282)
Proceeds from long-term debt	2,690	2,500
Repayments of long-term debt	(4,076)	(4,142)
Proceeds from issuance of bonds	1,224	2,442
Payments for redemption of bonds	(240)	(2,290)
Proceeds from payments from non-controlling interests	–	75
Payments for purchases of treasury stock	(15,037)	(15)
Payments for purchases of treasury stock of subsidiaries	(130)	(2)
Interest paid	(2,213)	(2,065)
Dividends paid	(19,524)	(19,324)
Dividends paid to non-controlling interests	(393)	(459)
Payments for purchase of stock in subsidiaries not resulting in change in scope of consolidation	(226)	(89)
Other	(7,102)	(6,541)
Net cash used in financing activities	(42,771)	(32,196)
Effect of exchange rate changes on cash and cash equivalents	1,428	(1,031)
Net increase in cash and cash equivalents	30,188	(111,165)
Cash and cash equivalents at beginning of year	214,564	244,936
Increase in cash and cash equivalents resulting from the merger of non-consolidated subsidiaries	184	–
Cash and cash equivalents at end of year	244,936	133,771

(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: 107

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

Number of equity-method affiliated companies: 18

Major companies: Nihon Unisys, Ltd., BOOKOFF GROUP HOLDINGS LIMITED
BUNKYODO GROUP HOLDINGS CO., LTD.
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: 2 DNP · SIG Combibloc Co., Ltd. and one other company

(Application of equity method)

Newly included: 2 AKARI, LLC and one other company

Excluded: 2 All About, Inc. and one other company

3) Matters concerning the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 25 others have fiscal years that end on December 31, while Maruzen CHI Holdings Co., Ltd. and 25 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)

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)

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.

(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.

[Changes in presentation methods]

(Changes from applying the “Partial Amendments to Accounting Standard for Tax Effect Accounting”) DNP started applying the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) at the beginning of the current fiscal year, and now lists deferred tax assets under investments and other assets and deferred tax liabilities under long-term liabilities.

[Changes in accounting estimates]

(Repair reserve)

DNP previously recorded reserves to cover expected repair costs for defects in some products, based on the results of local inspections, actual repair work, and results of testing within the company.

During the current fiscal year, DNP conducted new scientific testing and analysis because some of these products had defects that were outside the range covered by reserves. As a result, DNP made a rational estimate of the largest scale of future expected repair costs in light of a determination that the occurrence of these defects was related to new factors.

As a result, loss before income taxes and non-controlling interests increased by ¥75.0 billion in the fiscal year ended March 31, 2019.

[Consolidated balance sheets]

	Year ended March 31, 2018	Year ended March 31, 2019
Discounts on notes receivables	¥664 million	¥488 million

[Consolidated statements of income]

	Year ended March 31, 2018	Year ended March 31, 2019
1. Research and development expenses (Selling, general and administrative expenses)	¥33,210 million	¥33,786 million

2. Impairment losses

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

Location	Application	Category
Malaysia, other	Business asset	Buildings and structures, machinery, land, software, other
Odawara City (Kanagawa), other	Idle assets, other	Buildings and structures, machinery, land, software, 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, DNP lowered the carrying amounts of business asset groups with diminished profitability and idle assets that are not expected to be used to their recoverable amounts, and recorded this decrease as an impairment loss (¥16,685 million) under extraordinary losses.

The impairment loss breaks down into buildings and structures at ¥6,301 million, machinery at ¥4,269 million, land at ¥2,919 million, software at ¥2,344 million, and other at ¥850 million.

DNP values recoverable amounts for business assets at zero mainly because these assets are not expected to generate future cash flow. It measures recoverable amounts for idle assets based on their net sale prices, and calculates net sale prices based on real estate appraisal values and other factors. However, for idle assets for which calculating sale prices is difficult, it lowers the book value of these assets to their residual value.

[Consolidated statements of changes in net assets]

The year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2018	Increase in number of shares during the year ended March 2018	Decrease in number of shares during the year ended March 2018	Number of shares at the end of the year ended March 2018
Outstanding shares	Common stock	663,480,693	–	339,240,347	324,240,346
Treasury stock	Common stock	48,287,110	12,062,315	37,672,825	22,676,600

- Notes:
- The number of outstanding shares of common stock decreased by 339,240,347 shares, with the following breakdown.
 - Decrease due to the cancellation of treasury shares by resolution of the Board of Directors
15,000,000 shares
 - Decrease due to a share consolidation
324,240,347 shares
 - The number of treasury shares of common stock increased by 12,062,315 shares, with the following breakdown.

(Before the share consolidation)

 - Increase from repurchase of odd-lot shares
20,759 shares
 - Increase from acquisition of treasury shares by resolution of the Board of Directors
12,037,000 shares

(At the time of and after the share consolidation)

 - Increase from repurchase of fractional shares resulting from the share consolidation
1,492 shares
 - Increase from repurchase of odd-lot shares
3,064 shares
 - The number of treasury shares of common stock decreased by 37,672,825 shares, with the following breakdown.

(Before the share consolidation)

 - Decrease due to sale of odd-lot shares
305 shares
 - Decrease due to the cancellation of treasury shares by resolution of the Board of Directors
15,000,000 shares

(At the time of and after the share consolidation)

 - Decrease due to a share consolidation
22,672,282 shares
 - Decrease due to sale of odd-lot shares
238 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 29, 2017	Common stock	9,851	16	March 31, 2017	June 30, 2017
Board of Directors' meeting on November 9, 2017	Common stock	9,658	16	September 30, 2017	December 8, 2017

(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 28, 2018	Common stock	9,658	Retained earnings	32	March 31, 2018	June 29, 2018

The year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2019	Increase in number of shares during the year ended March 2019	Decrease in number of shares during the year ended March 2019	Number of shares at the end of the year ended March 2019
Outstanding shares	Common stock	324,240,346	–	–	324,240,346
Treasury stock	Common stock	22,676,600	6,336	262,191	22,420,745

- Notes:
1. The number of treasury shares of common stock increased by 6,336 shares due to the repurchase of odd-lot shares
 2. The number of treasury shares of common stock decreased by 262,191 shares, comprising a decrease of 261,756 shares due to an equity-method affiliate selling shares (DNP shares) that were held at DNP and a decrease of 435 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 28, 2018	Common stock	9,658	32	March 31, 2018	June 29, 2018
Board of Directors' meeting on November 13, 2018	Common stock	9,658	32	September 30, 2018	December 10, 2018

(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 27, 2019	Common stock	9,658	Retained earnings	32	March 31, 2019	June 28, 2019

[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, and industrial supplies. 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.

Investments in equity-method affiliates, which were previously included in the adjustment category, are presented in the relevant reporting segments as well as the adjustment category starting in the current fiscal year, based on changes to the management structure and other factors. Figures in the previous fiscal year have been revised to reflect this change.

3. Information on sales, income/loss, assets, and other items by reporting segment The year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

	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	774,997	392,458	188,745	56,049	1,412,251	–	1,412,251
Inter-segment	3,638	1,848	9	11	5,508	(5,508)	–
Total	778,636	394,307	188,754	56,061	1,417,760	(5,508)	1,412,251
Segment income	21,757	12,127	34,100	2,244	70,229	(23,857)	46,372
Segment assets	902,701	454,064	234,152	48,212	1,639,132	155,631	1,794,764
Other items							
Depreciation and amortization	26,967	16,508	12,234	2,607	58,318	2,751	61,070
Amortization of goodwill	1,093	1,213	–	–	2,306	–	2,306
Impairment loss	1,979	–	–	21	2,000	3,951	5,952
Investments in equity-method affiliates	1,894	464	16,110	–	18,468	36,182	54,650
Increase in property, plant and equipment and in intangible fixed assets	27,286	15,724	10,599	2,326	55,938	3,619	59,557

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.
 - (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, 2019 (April 1, 2018 – March 31, 2019)

(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	757,902	395,182	192,436	55,984	1,401,505	–	1,401,505
Inter-segment	4,408	1,987	–	13	6,408	(6,408)	–
Total	762,310	397,169	192,436	55,997	1,407,914	(6,408)	1,401,505
Segment income	24,843	8,378	36,912	2,121	72,255	(22,357)	49,898
Segment assets	893,824	445,329	225,057	48,466	1,612,677	162,345	1,775,022
Other items							
Depreciation and amortization	25,693	16,384	11,578	2,709	56,364	2,715	59,080
Amortization of goodwill	538	1,213	–	–	1,751	–	1,751
Impairment loss	4,065	1,502	4,551	28	10,148	6,537	16,685
Investments in equity-method affiliates	1,738	493	17,076	–	19,307	37,450	56,757
Increase in property, plant and equipment and in intangible fixed assets	19,697	12,777	4,613	1,927	39,016	2,087	41,103

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.
 - (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, 2018 (April 1, 2017 – March 31, 2018)

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
1,185,561	150,794	75,896	1,412,251

- 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: South Korea, China, Taiwan, Indonesia
 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, 2019 (April 1, 2018 – March 31, 2019)

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
1,163,128	162,056	76,321	1,401,505

- 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: South Korea, China, Taiwan, Indonesia
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.

[Per share information]

	Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 – March 31, 2019)
Net assets per share	¥3,493.79	¥3,300.52
Net income (loss) per share	¥90.77	¥(118.22)
Diluted net income per share	¥90.71	–

- Notes: 1. Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. It has estimated net assets per share, net income (loss) per share, and diluted net income per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.
2. Diluted net income per share is not listed because, although there are potential dilutive shares in the current consolidated fiscal year, the DNP Group incurred a net loss per share.
3. The basis for calculating net income (loss) per share and diluted net income per share is as follows.

	Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 – March 31, 2019)
(1) Net income (loss) per share		
Net income (loss) attributable to parent company shareholders (Million yen)	27,501	(35,668)
Amounts not attributable to common shareholders (Million yen)	–	–
Net income (loss) attributable to parent company common shareholders (Million yen)	27,501	(35,668)
Average number of common shares outstanding during the fiscal year (Thousand shares)	302,982	301,715
(2) Diluted net income per share		
Adjustments to net income attributable to parent company shareholders (Million yen)	(17)	–
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates (Million yen)	(17)	–
Increase in common stock (Thousand shares)	–	–

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

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Total net assets (Million yen)	1,102,550	1,046,622
Amount excluded from total net assets (Million yen)	48,950	50,459
Of which, non-controlling interests (Million yen)	48,950	50,459
Net assets at fiscal year-end pertaining to common stock (Million yen)	1,053,600	996,162
Number of common shares outstanding (Thousand shares)	324,240	324,240
Number of common treasury shares (Thousand shares)	22,676	22,420
Number of common shares at fiscal year-end used for the calculation of net assets per share (Thousand shares)	301,563	301,819

[Significant subsequent events]

DNP decided at a meeting of the Board of Directors on May 14, 2019 to establish a trust for a fixed asset that it owns and to transfer the beneficiary rights in this trust.

For details, see the document titled, "Announcement of Establishment of Trust for Fixed Assets, Transfer of Trust Beneficiary Rights, and Recording of Extraordinary Gains," disclosed separately on May 14, 2019.

6. Non-consolidated financial statements and key notes

(1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
ASSETS		
Current assets		
Cash and time deposits	147,626	169,329
Notes receivable	49,183	47,703
Trade receivable	247,016	242,965
Merchandise and finished goods	3,610	3,501
Work in progress	10,467	9,427
Raw materials and supplies	1,396	1,704
Other	43,223	40,128
Allowance for doubtful accounts	(1,313)	(1,232)
Total current assets	501,211	513,527
Fixed assets		
Property, plant and equipment		
Buildings	431,618	420,049
Accumulated depreciation	(279,803)	(278,373)
Buildings, net	151,814	141,676
Structures	33,037	30,617
Accumulated depreciation	(26,802)	(25,096)
Structures, net	6,235	5,520
Machinery	570,635	548,440
Accumulated depreciation	(522,293)	(505,580)
Machinery, net	48,341	42,859
Vehicles	1,440	1,368
Accumulated depreciation	(1,306)	(1,250)
Vehicles, net	134	118
Equipment	51,906	51,462
Accumulated depreciation	(41,583)	(41,898)
Equipment, net	10,322	9,564
Land	129,924	126,201
Lease asset	2,417	1,873
Accumulated depreciation	(1,217)	(850)
Lease asset, net	1,199	1,022
Construction in progress	3,481	7,565
Total property, plant and equipment	351,454	334,528
Intangible fixed assets		
Software	21,379	19,727
Other	1,561	1,178
Total intangible fixed assets	22,940	20,905
Investments and other assets		
Investment securities	340,204	334,362
Investments in securities in affiliates	151,956	154,471
Investments in capital of affiliates	3,270	1,364
Prepaid pension costs	51,292	56,848
Other	20,479	18,512
Allowance for doubtful accounts	(9,323)	(8,264)
Total investments and other assets	557,880	557,295
Total fixed assets	932,275	912,729
TOTAL ASSETS	1,433,487	1,426,257

(Million yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
LIABILITIES		
Current liabilities		
Notes payable	11,771	13,102
Trade payable	209,154	200,873
Bonds redeemable within 1 year	–	50,000
Lease obligations	436	345
Accounts payable - other	37,614	33,707
Accrued expenses	16,526	17,499
Advances received	3,937	7,034
Deposits payable	194,277	207,759
Reserve for bonuses	7,521	8,188
Reserve for bonuses to directors	197	176
Repair reserve	29,580	19,162
Notes payable for facilities	713	807
Other	–	173
Total current liabilities	511,730	558,829
Long-term liabilities		
Bonds	100,000	50,000
Lease obligations	972	818
Asset retirement obligations	986	1,007
Long-term accounts payable	5,834	5,825
Provision for retirement benefits	9,234	9,586
Reserve for environmental measures	367	357
Repair reserve	7,543	70,211
Deferred tax liabilities	58,918	59,715
Other	201	33
Total long-term liabilities	184,060	197,555
TOTAL LIABILITIES	695,790	756,384
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus		
Capital reserve	144,898	144,898
Total capital surplus	144,898	144,898
Retained earnings		
Legal reserve	23,300	23,300
Other retained earnings		
Reserve for special depreciation	0	–
Reserve for depreciation reduction of fixed assets	23	21
Other reserve	282,780	282,780
Retained earnings brought forward	69,719	(792)
Total retained earnings	375,823	305,309
Treasury stock	(62,854)	(62,868)
Total stockholders' equity	572,331	501,803
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	165,365	168,069
Total valuation and translation adjustments	165,365	168,069
TOTAL NET ASSETS	737,696	669,873
TOTAL LIABILITIES AND NET ASSETS	1,433,487	1,426,257

(2) Non-consolidated statements of income

(Million yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net sales	990,750	982,691
Cost of sales	863,888	852,494
Gross profit	126,862	130,197
Selling, general and administrative expenses	129,776	132,770
Operating loss	(2,914)	(2,573)
Non-operating income		
Interest income	177	178
Dividend income	26,616	17,126
Other	31,273	29,987
Total non-operating income	58,066	47,292
Non-operating expenses		
Interest expense	1,533	1,532
Other	27,197	24,744
Total non-operating expenses	28,730	26,277
Ordinary income	26,422	18,441
Extraordinary gains		
Gain on sale of fixed assets	11,964	2,648
Gain on sale of investment securities	44,775	18,025
Other	1,512	2,124
Total extraordinary gains	58,251	22,798
Extraordinary losses		
Loss on sale or disposal of fixed assets	3,076	1,858
Impairment loss	3,951	9,354
Loss on devaluation of investment securities	566	4,285
Repair reserve provisions	53,500	75,000
Other	3,118	2,479
Total extraordinary losses	64,213	92,978
Income (loss) before income taxes	20,460	(51,738)
Current income taxes	1,320	410
Deferred income taxes	787	(952)
Total income taxes	2,107	(542)
Net income (loss)	18,353	(51,196)

(3) Non-consolidated statements of changes in net assets
The year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus		Legal reserve	Retained earnings				Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings				
					Reserve for special depreciation	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	0	25	332,780	43,659	399,765
Changes of items during the period									
Reversal of reserve for special depreciation					(0)			0	–
Reversal of reserve for depreciation reduction of fixed assets						(2)		2	–
Reversal of other reserves							(50,000)	50,000	–
Cash dividends paid								(19,510)	(19,510)
Net income								18,353	18,353
Purchases of treasury stock									
Disposal of treasury stock								(0)	(0)
Cancellation of treasury stock								(21,763)	(21,763)
Decrease due to company split								(1,021)	(1,021)
Net changes in items other than stockholders' equity									
Total changes of items during the period	–	–	–	–	(0)	(2)	(50,000)	26,059	(23,942)
Balance at the end of current period	114,464	144,898	144,898	23,300	0	23	282,780	69,719	375,823

	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	(69,581)	589,546	147,664	147,664	737,211
Changes of items during the period					
Reversal of reserve for special depreciation		–			–
Reversal of reserve for depreciation reduction of fixed assets		–			–
Reversal of other reserves		–			–
Cash dividends paid		(19,510)			(19,510)
Net income		18,353			18,353
Purchases of treasury stock	(15,037)	(15,037)			(15,037)
Disposal of treasury stock	1	0			0
Cancellation of treasury stock	21,763	–			–
Decrease due to company split		(1,021)			(1,021)
Net changes in items other than stockholders' equity			17,700	17,700	17,700
Total changes of items during the period	6,727	(17,215)	17,700	17,700	485
Balance at the end of current period	(62,854)	572,331	165,365	165,365	737,696

The year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus		Legal reserve	Retained earnings				Total retained earnings
		Capital reserve	Total capital surplus		Reserve for special depreciation	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	0	23	282,780	69,719	375,823
Changes of items during the period									
Reversal of reserve for special depreciation					(0)			0	–
Reversal of reserve for depreciation reduction of fixed assets						(1)		1	–
Cash dividends paid								(19,317)	(19,317)
Net loss								(51,196)	(51,196)
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)	(1)	–	(70,511)	(70,513)
Balance at the end of current period	114,464	144,898	144,898	23,300	–	21	282,780	(792)	305,309

	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	(62,854)	572,331	165,365	165,365	737,696
Changes of items during the period					
Reversal of reserve for special depreciation		–			–
Reversal of reserve for depreciation reduction of fixed assets		–			–
Cash dividends paid		(19,317)			(19,317)
Net loss		(51,196)			(51,196)
Purchases of treasury stock	(15)	(15)			(15)
Disposal of treasury stock	1	1			1
Net changes in items other than stockholders' equity			2,704	2,704	2,704
Total changes of items during the period	(14)	(70,527)	2,704	2,704	(67,823)
Balance at the end of current period	(62,868)	501,803	168,069	168,069	669,873

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

None