



Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [J-GAAP]

May 13, 2022

Company Name: Dai Nippon Printing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7912 URL: <http://www.dnp.co.jp/eng/>
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 General meeting of shareholders: June 29, 2022
 Dividend payment date: June 30, 2022
 Securities report issuing date: June 29, 2022
 Preparation of earnings presentation material: Yes
 Holding of earnings announcement: Yes (for institutional investors and analysts)

*Amounts under one million yen have been rounded down.

1. Consolidated financial results for the year ended March 31, 2022

(April 1, 2021 – March 31, 2022)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2022	1,344,147	0.7	66,788	34.8	81,249	35.6	97,182	287.4
Year ended March 31, 2021	1,335,439	(4.7)	49,529	(12.0)	59,907	(6.1)	25,088	(63.9)

Note: Comprehensive income: Year ended March 31, 2022: ¥103,770 million (-30.0%)
 Year ended March 31, 2021: ¥148,228 million (-%)

	Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	355.84	355.79	9.1	4.4	5.0
Year ended March 31, 2021	89.32	89.28	2.6	3.4	3.7

Reference: Equity in earnings of affiliates: Year ended March 31, 2022: ¥8,686 million
 Year ended March 31, 2021: ¥6,742 million

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

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2022	1,876,647	1,148,413	58.2	4,057.98
As of March 31, 2021	1,825,019	1,098,613	57.2	3,716.85

Reference: Stockholders' equity: As of March 31, 2022: ¥1,091,861 million As of March 31, 2021: ¥1,043,977 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2022	82,028	(39,208)	(57,751)	293,361
Year ended March 31, 2021	61,681	(56,284)	(78,268)	304,223

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, 2021	–	32.00	–	32.00	64.00	17,976	71.7	1.8
Year ended March 31, 2022	–	32.00	–	32.00	64.00	17,265	18.0	1.6
Year ending March 31, 2023 (Forecast)	–	32.00	–	32.00	64.00		25.7	

3. Consolidated earnings forecasts for the year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	1,380,000	2.7	67,000	0.3	81,500	0.3	67,000	(31.1)	249.01

* 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: Yes

2) Changes in accounting policies other than the 1) above: No

3) Changes in accounting estimates: Yes

4) Restatement of revisions: No

Note: For more information, see the section titled, "5. Consolidated financial statements and key notes (5) Notes regarding consolidated financial statements [Changes in accounting policies]," on page 27 and "5. Consolidated financial statements and key notes (5) Notes regarding consolidated financial statements [Changes in accounting estimates]," on page 29.

(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, 2022	317,240,346 shares	As of March 31, 2021	324,240,346 shares
2) Number of treasury shares at end of each period	As of March 31, 2022	48,175,114 shares	As of March 31, 2021	43,363,670 shares
3) Average number of shares outstanding during the period	Year ended March 31, 2022	273,105,088 shares	Year ended March 31, 2021	280,879,143 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated financial results

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

	Net Sales		Operating Income (Loss)		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2022	934,186	1.0	6,693	–	61,999	123.7	87,029	588.3
Year ended March 31, 2021	925,259	(6.1)	(1,155)	–	27,709	80.4	12,644	(57.9)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2022	318.65	–
Year ended March 31, 2021	45.02	–

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2022	1,420,458	676,890	47.7	2,515.61
As of March 31, 2021	1,417,801	646,612	45.6	2,302.03

Reference: Stockholders' equity: As of March 31, 2022: ¥676,890 million As of March 31, 2021: ¥646,612 million

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

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

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

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

DNP will hold a briefing (conference call) for institutional investors and analysts regarding its financial results on May 17, 2022. Materials used at the briefing will be uploaded to the DNP website at around 14:00 JST the same day.

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1. Overview of operating results, etc.

(1) Overview of operating results for the year ended March 31, 2022

Business conditions surrounding the DNP Group during the fiscal year ended March 2022 continued to be affected by the novel coronavirus (hereafter, COVID-19), but due to increased administration of vaccines and other factors, there was a gradual resumption of economic activity. In Japan, working styles and lifestyles continued to change, and demand related to distance learning, online medical care, and 5th generation mobile communication systems (5G) expanded even further. In addition, as efforts to prevent global warming and reduce pressure on the environment spread worldwide, there is a growing need for eco-friendly products and services that will lead to the construction of a carbon-free society and a circular economy. On the other hand, the second half of the period saw increasing impact from such factors as geopolitical risks including the situation in Ukraine, further increases in raw material prices, and the prolonged shortage of semiconductors, extending into the fiscal year through March 2023.

Amid these conditions, the DNP Group worked to create new value that meets people's expectations, and to resolve social issues in order to realize a better, more sustainable society and enable more comfortable lifestyles. The DNP Group has always aspired to contribute to society and to enrich people's lives, and expresses that desire through its brand statement: "Today's innovation is tomorrow's basic." By combining the strengths of our unique "P&I" (printing and information) technologies, deepening cooperation with our many partners, and providing the types of value that are needed by individuals and society, we strive to express our *raison d'être* as a company that people cannot live without.

In the fiscal year through March 2022, we designated four "focus businesses" where we anticipate strong market growth and high profitability: the Internet of Things (IoT)/next-generation communications, data distribution, mobility, and environment. We focused and optimized our management resource allocation in order to expand our business in these areas.

Regarding IoT/next-generation communication, we moved ahead with the development and supply of next-generation semiconductor products that use nanoimprint lithography to support 5G communication. This technology saves energy and reduces costs in semiconductor manufacturing, thereby contributing to the realization of a carbon-free society.

Regarding data distribution, we established NTT EDX Co., Ltd. in October 2021, as joint investors with Nippon Telegraph and Telephone West Corp. (NTT West) and Nippon Telegraph and Telephone East Corp. (NTT East), in order to advance higher education. With a focus on electronic textbooks and other teaching materials, we provide various services aimed at solving problems in higher education and supporting the digitization and increased efficiency of publisher and bookstore operations. In addition, we use our Ki-Re-i photo ID kiosks to provide an online application service for acquiring Japanese government "My Number" ID cards. We also promote the digital transformation (DX) of governmental services, and enable contactless application for such services, which suits people's new lifestyles.

In the mobility sector, the DNP Group worked to develop products and services to support a society that uses "next-generation transportation," which requires reduced environmental impact, higher energy efficiency, greater information security, and high degrees of safety and comfort. For example, we have developed and supplied battery pouches for lithium-ion batteries used in electric vehicles (EVs), and decorative films and panels that enhance the design and function of interior and exterior materials.

To protect the environment, we invested more in the development of mono-material packaging materials, which are easier to recycle because they are made of a single type of plastic material.

Using the DNP Group's original technology, we have developed polypropylene (PP) film packaging with a metallic appearance that adds design value in addition to providing a strong barrier against oxygen and water vapor and the ability to contain liquids. In June 2021, this product was adopted by a global manufacturer of consumer goods, and is now on sale in the Southeast Asian market.

In addition, we have been working on structural reforms aimed at boosting our competitiveness and have been building a stronger business portfolio. For example, the DNP Group worked to strengthen its business base to support long-term growth by using information and communications technology (ICT) to improve productivity and upgrade its information infrastructure in response to megatrends such as digital transformation (DX). We have also accelerated implementation of initiatives related to the environment, human resources, and human rights.

As a result of the above, consolidated net sales for the year ended March 31, 2022 increased 0.7% year on year to ¥1,344.1 billion, consolidated operating income grew 34.8% to ¥66.7 billion, and consolidated ordinary income grew by 35.6% to ¥81.2 billion. Net income attributable to parent company shareholders surged 287.4% over the previous year to ¥97.1 billion, partly due to the posting of extraordinary gains resulting from revision of DNP's retirement benefit system, review of reserves for repairs, and the sale of investment securities. ROE, which the DNP Group has adopted as a profitability indicator, was 9.1%.

Business segment results for the year ended March 31, 2022 are presented below.

[PRINTING]

Information Communication

In Information Innovation, large-scale business process outsourcing (BPO) projects decreased and demand for "My Number" Japanese citizen ID cards and other smart cards subsided, resulting in an overall decline in sales in Information Innovation.

In the Imaging Communications business, there was a significant recovery in demand for materials and services related to taking and printing photographs in the main US market and in Japan. Business in other regions also performed well, resulting in an increase in overall sales.

In Publishing, e-book sales remained strong, and we saw increased sales from our "honto" hybrid bookstore network that handles both paper and electronic books. Sales of electronic library services and library management operations were favorable. However, overall Publishing sales decreased due to the heavy impact of factors like sluggish magazine printing.

As a result of the above, and especially due to the decrease in large government-related BPO projects relative to the previous year, overall segment sales declined 3.2% year on year to ¥698.9 billion. However, thanks largely to the success of cost structure reforms, operating income rose by 43.9% from the previous year to ¥27.6 billion.

Lifestyle and Industrial Supplies

In the Packaging business, the DNP Group worked at developing and selling its GREEN PACKAGING series of environmentally friendly packaging products, and achieved positive results from structural reforms, including improved efficiency in manufacturing processes and operations. Despite a slight decline in sales of paper containers and film packaging, sales of aseptic filling systems increased, resulting in an increase in sales for Packaging as a whole.

In the Living Spaces business, sales of interior and exterior materials for housing and decorative films for automobile interiors increased due to recovery in demand in the housing and automobile markets. Demand for antibacterial and antiviral products that effectively combat infectious diseases

also expanded, and overall sales from the Living Spaces business increased.

Although our High-Performance Industrial Supplies business was affected by the global shortage of semiconductors, which caused temporary production cuts in its supply chain, sales of lithium-ion battery pouches for vehicular use increased due to growing global demand for electric vehicles. Demand for battery pouches used in tablets and smartphones remained firm due to such factors as increased teleworking, resulting in an increase in overall sales for this business.

As a result of the above, overall segment sales increased 5.2% year on year to ¥387.0 billion. Despite the growth in High-Performance Industrial Supplies and cost reductions achieved by optimizing manufacturing systems, operating income fell 2.4% year on year to ¥13.6 billion due to the impact of higher raw material prices.

Electronics

In the Display Components business, overall sales increased although sales of optical films were affected by the winding down of demand related to “nesting” (spending more time at home due to COVID-19). Sales of metal masks used in the production of organic light-emitting diode (OLED) displays were supported by solid demand for these displays for smartphones. Overall, Display Components sales increased.

In the Electronic Devices business, demand for semiconductors expanded due to the acceleration of DX by companies and local governments, and sales of photomasks for manufacturing semiconductor products used for communications, automobiles, and data centers increased. Sales of various related products such as lead frames, which are components used in semiconductor packages, also performed well, and overall sales in this business increased.

As a result of the above, overall segment sales increased 7.1% year on year to ¥211.0 billion, and operating income grew 26.7% to ¥46.4 billion due to the increase in sales.

[BEVERAGES]

Beverages

In response to lifestyle changes sparked by the COVID-19 pandemic and the increasing need to reduce pressure on the environment, we focused on both online and over-the-counter sales of beverages in PET plastic bottles with no labels--not even product name labels.

Overall segment sales decreased 3.4% year on year to ¥49.7 billion because growth in online and supermarket sales, mainly for home consumption, was outweighed by sluggish sales at restaurants due to the effects of government stay-at-home requests and activity restrictions. Operating income declined 17.8% year on year to ¥0.6 billion due to such factors as the soaring cost of ingredients and materials, as well as increased sales promotion expenses aimed at expanding market share.

(2) Overview of financial position for the year ended March 31, 2022

Total assets (assets, liabilities and net assets) at the end of the fiscal year increased by ¥51.6 billion from the end of the previous fiscal year to ¥1,876.6 billion, due to factors including an increase in net defined-benefit asset.

Total liabilities increased by ¥1.8 billion from the end of the previous fiscal year to ¥728.2 billion, due mainly to an increase in net defined-benefit liability.

Net assets increased by ¥49.7 billion from the end of the previous fiscal year to ¥1,148.4 billion, due mainly to an increase in retained earnings.

(3) Overview of cash flows for the year ended March 31, 2022

Cash and cash equivalents at the end of the current fiscal year decreased by ¥10.8 billion from the end of the previous fiscal year to ¥293.3 billion.

Cash flow provided by operating activities totaled ¥82.0 billion (¥61.6 billion in the previous fiscal year), due mainly to ¥126.8 billion in income before income taxes and non-controlling interests and ¥51.1 billion in depreciation.

Cash flow used by investing activities totaled ¥39.2 billion (¥56.2 billion in the previous fiscal year), due mainly to a ¥53.6 billion in payments for purchases of property, plant and equipment.

Cash flow used in financing activities totaled ¥57.7 billion (¥78.2 billion in the previous fiscal year), due mainly to ¥30.0 billion in payments for purchase of treasury stock and ¥17.6 billion in dividends paid.

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

	Year ended March 2018	Year ended March 2019	Year ended March 2020	Year ended March 2021	Year ended March 2022
Equity ratio (%)	58.7	56.1	53.2	57.2	58.2
Market value-based equity ratio (%)	36.9	45.0	37.5	35.7	41.3
Debt-to-cash flow ratio (year)	3.5	2.4	2.3	2.6	1.9
Interest coverage ratio (times)	21.9	33.4	59.8	42.6	111.7

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

It will likely take more time to contain the COVID-19 pandemic. We foresee a continuation of ongoing major changes in the environment, society, and economies in Japan and abroad, including the semiconductor shortage, soaring materials prices, and supply chain chaos and currency fluctuations resulting from geopolitical risks. The printing industry also needs to respond promptly and appropriately to these types of rapid changes in the business environment.

The DNP Group accurately grasps and analyzes these risks as variable factors, and not only responds to changes, but also initiates its own changes in order to help realize a sustainable and better society and more comfortable lifestyles. Based on our corporate philosophy, "The DNP Group connects individuals and society, and provides new value," we will continue to combine our unique strengths in "P&I" (printing and information) and use deeper alliances with external partners to resolve social issues as well as to create new value that meets people's expectations.

In particular, by taking advantage of megatrends such as DX, demographic changes, the introduction of smart cities, and construction of a carbon-free society, and by leveraging the DNP

Group's unique strengths, we intend to speed up our efforts aimed at realizing a better future in the following four "growth areas."

In Knowledge and Communication, we aim to realize a future in which people around the world have greater opportunities for safe and reliable communication and can pass on and develop knowledge. In Food and Healthcare, we aim for a future in which people around the world are free from anxieties about their own lives and can live out their whole lives safely, securely, and enjoy a high quality of life. In Lifestyle and Mobility, our goal is a future in which all the spaces where people worldwide live and move are maintained in comfortable, safe, and secure conditions, and in Environment and Energy, a sustainable future in which less burden is placed on the global environment and people worldwide can live in harmony with the earth.

Specifically, the DNP Group has identified "focus businesses" based on appropriate evaluation of the profitability and market growth potential of various businesses, and is optimizing allocation of its capital resources in these fields. While promoting new business development primarily in these focus businesses (IoT/next-generation communications, data distribution, mobility, and environment), we are also implementing structural reforms to increase overall competitiveness, including that of existing businesses. Our goal is to build a well-balanced and robust business portfolio for the entire group.

Here is a look at each business segment's initiatives, starting with Information Communication. This segment intends to focus on its BPO business, where demand continues to grow in response to labor shortages and changes in working styles; its payment services business, a market that is expanding amid increasingly widespread use of diverse payment methods; and its authentication and security business, which is essential to a digital society. In addition, Information Communication aims to expand its information media business that leverages digital transformation (DX), including hybrid marketing that combines real-world and digital sales channels, and the construction of metaverse spaces, starting with PARALLEL CITY urban XR spaces established in cooperation with regional communities. The DNP Group will also continue to advance its "honto" hybrid bookstore network, which combines physical bookstores, online bookstores, and e-book services; its digital library business; educational information and communications technology (ICT) and content-related businesses. At the same time, the Publishing business will continue to work on structural reforms including reviewing its production platform and reallocating resources in response to the ongoing decline in demand for printed media.

In the Lifestyle and Industrial Supplies segment, the DNP Group aims to increase its capacity for producing battery pouches for automotive lithium-ion batteries in response to greater uptake of electric vehicles. The segment will also boost profitability by means of a further shift toward high-value-added products such as living space products with enhanced antibacterial and antiviral functionality, and packaging products that guard their contents using film that functions as a highly effective barrier against oxygen and water vapor. We will also focus more keenly than ever on expanding next-generation mobility and medical care/healthcare businesses. In addition, we will collaborate with many partners throughout the supply chain and take advantage of our strength in developing products that are an integral part of consumers' lives, such as packages for food and household items, and we will work harder than ever to offer our own designs for more comfortable lifestyles. In addition to striving to expand our GREEN PACKAGING series of environmentally friendly packaging products, we provide new value aimed at reducing pressure on the environment and improving energy efficiency by developing and supplying products like the DNP Multifunctional Insulation Box, DNP Lighting Film and photovoltaic module components, etc. Meanwhile, we will work to minimize the impact of soaring prices for films and other raw materials by negotiating with

customers to reflect price increases in our selling prices.

In the Electronics segment, the DNP Group is responding to the increasing adoption of organic light-emitting diode (OLED) displays in smartphones, tablets, and laptop computers, etc. By leveraging the advantages of its leading global market share, we intend to achieve steady growth in metal masks used in the production of OLED displays. In optical films as well, the DNP Group has secured leading global shares of products such as anti-reflection surface films. The Group is taking advantage of its ultra-wide production lines to increase production volume and market share, and intends to expand its new product lineup. Since demand for photomasks and lead frames is expected to grow in tandem with the booming semiconductor market, we will make appropriate capital investments and take other steps to grow our business.

In addition, as an initiative common to all our business segments, we will continue to review holdings of fixed assets and investment securities throughout the DNP Group and promote more effective and efficient use of assets.

For the fiscal year ending March 31, 2023, the DNP Group forecasts consolidated net sales of ¥1,380.0 billion, consolidated operating income of ¥67.0 billion, consolidated ordinary income of ¥81.5 billion, and consolidated net income attributable to parent company shareholders of ¥67.0 billion.

(5) Basic policies regarding the allocation of profits and dividends for the year ended March 31, 2022 and year ending March 31, 2023

The DNP Group positions as one of its key management initiatives its obligation to meet the expectations of shareholders and other stakeholders, and to achieve long-term growth in order to create a sustainable and better society while steadily returning profits to shareholders.

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

The DNP Group also intends to secure an appropriate level of retained earnings and strengthen its business base in preparation for future business development. It invests retained earnings in the development of new products, services and technologies, in capital spending for developing new businesses, in strategic alliances and M&As, and in human resources that support these activities. At the same time, the Group keeps an eye on its capital requirements as well as market trends, and acquires treasury shares or implements other capital policies flexibly and dynamically.

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

Based on this policy, the DNP Group will pay a year-end dividend of ¥32 per share, and adding the interim dividend of ¥32 per share, it plans to pay a full-year dividend of ¥64 per share in the current fiscal year. This will result in a consolidated payout ratio of 18.0% for the current fiscal year.

For the fiscal year ending March 31, 2023, the DNP Group forecasts the interim dividend at ¥32 and the year-end dividend at ¥32, for a full-year dividend of ¥64.

2. Information on the DNP Group

The DNP Group includes the Company, 147 subsidiaries, and 26 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

Books including standard books, dictionaries, commemorative and memorial editions, all types of magazines including weekly, monthly and quarterly, corporate PR magazines, textbooks, e-books, catalogs, leaflets, brochures, calendars, posters, point-of-purchase (POP) materials, digital (electronic) signage, sales promotion materials, digital marketing support related to customer analysis, BPR consulting and BPO services related to corporate business processes and sales processes, data center operations, information processing services (IPS), business forms, securities and gift certificates, passbooks, smart cards, payment-related services, card-related equipment, IC tags, holograms, authentication and security services and related products, training and development of cybersecurity personnel, planning/development/production/construction/operations related to events/stores/products/contents, etc.

Dye-sublimation thermal transfer materials, (color ink ribbons and receiver paper), thermal resin-type transfer printing media (monochrome ink ribbons), photography-related materials and equipment, self-service printing business, ID photo business
e-book distribution and sales, book sales, library management, etc.

Major companies

Production	OGUCHI BOOK BINDING & PRINTING CO., LTD. DNP Imagingcomm Co., Ltd., DNP SP Solutions Co., Ltd. DNP Graphica Co., Ltd., DNP Communication Design Co., Ltd. DNP Book Factory Co., Ltd., DNP Data Techno Co., Ltd. DNP Media Art Co., Ltd., DNP Media Support Co., Ltd.
Production and sales	DNP Imagingcomm Asia Sdn. Bhd., DNP Imagingcomm Europe B.V. DNP Imagingcomm America Corporation *MK Smart Joint Stock Company
Sales and services	Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE 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. DNP hollyhock Co., Ltd., DNP PLANNING NETWORK Co., Ltd. 2Dfacto, Inc., DNP Metro Systems Co., Ltd., mobilebook.jp, Inc. MARUZEN-YUSHODO Co., Ltd., MARUZEN PUBLISHING CO., LTD. MaruzenJunkudo Bookstores Co., Ltd., Toshokan Ryutsu Center Co., Ltd., honto Book Services Co., Ltd. Colorvision International, Inc., DNP Photo Imaging Europe SAS DNP Photo Imaging Russia, LLC, Sharingbox SA * Nihon Unisys, Ltd., BOOKOFF GROUP HOLDINGS LIMITED Kyoiku Shuppan Co., Ltd.

The shares of Maruzen CHI Holdings Co., Ltd., INTELLIGENT WAVE INC., Nihon Unisys, Ltd. and BOOKOFF GROUP HOLDINGS LIMITED are traded on the Tokyo Stock Exchange.
Effective April 1, 2022, Nihon Unisys Ltd. changed its trade name to BIPROGY Inc.

Lifestyle and Industrial Supplies

Various types of packaging materials for products such as foods, beverages, snacks, household items and medical supplies, cups, plastic bottles, laminated tubes, molded plastic containers, aseptic filling systems

Interior and exterior materials for homes, stores, offices, vehicles, home appliances, and furniture, etc.; molded plastic parts for automobiles, metallic veneers

Lithium-ion battery components, photovoltaic module components, materials for transporting electronic components, multifunctional insulation box, etc.

Major companies

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

Electronics

Optical film for displays, projection screens, metal masks used in the manufacturing organic EL displays, large photomasks for making liquid crystal displays, touch panel components, photomasks for semiconductor products, lead frames, LSI design, hard disk suspensions, electronic modules, MEMS (micro electro mechanical systems) products, etc.

Major companies

Production	DNP LSI Design Co., Ltd., DNP Fine Optronics Co., Ltd. DNP Precision Devices Himeji Co., Ltd.
Production and sales	DT Fine Electronics Co., Ltd. DNP Denmark A/S, DNP Photomask Europe S.p.A. * 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. DAP Technology Co., Ltd., DNP Hokkaido Co., Ltd.

DNP Tohoku Co., Ltd., DNP Chubu Co., Ltd.
DNP Nishi Nippon Co., Ltd.
DNP Asia Pacific Pte. Ltd., DNP Corporation USA
DNP America, LLC, DNP Holding USA Corporation

[BEVERAGES]

Beverages

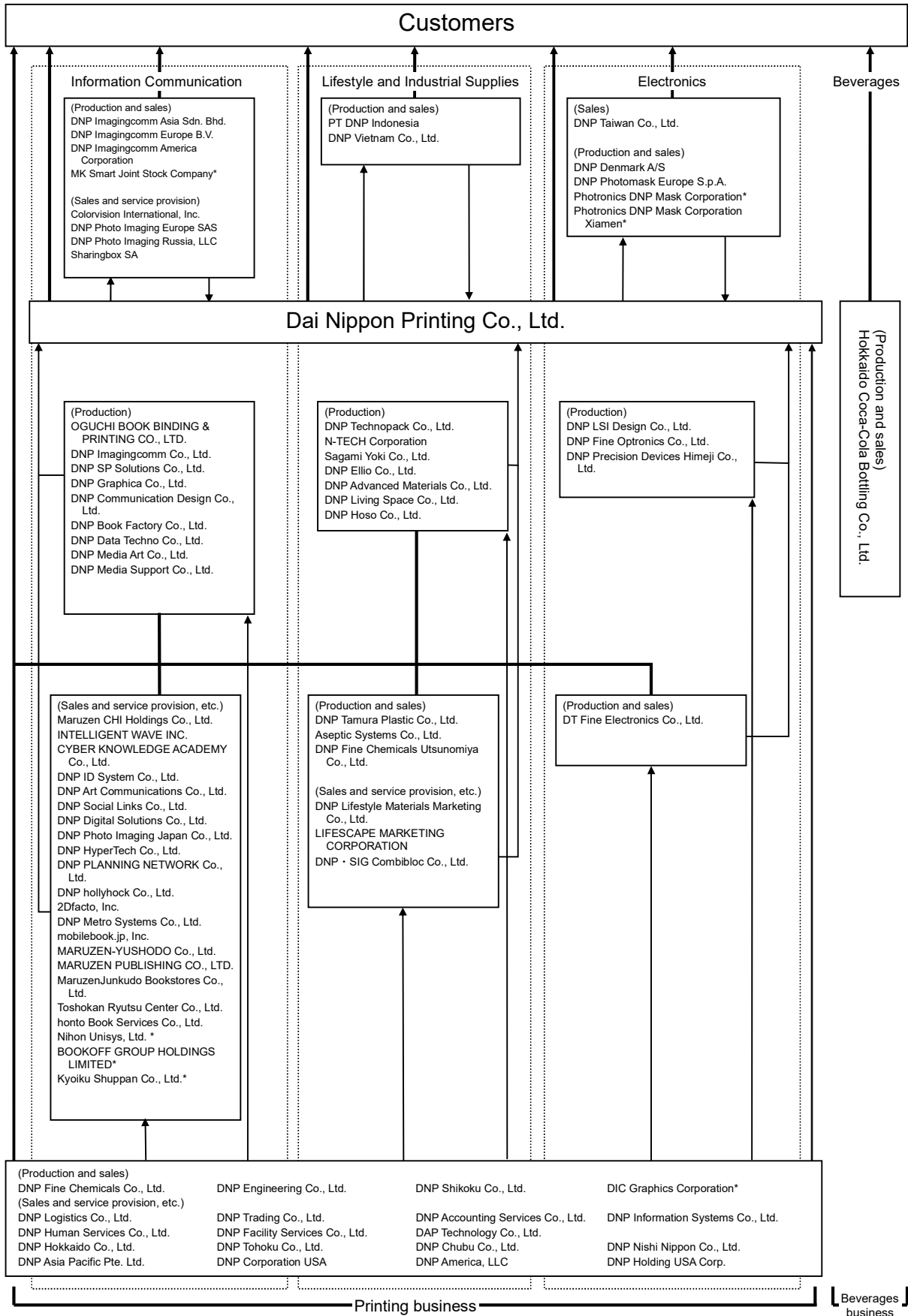
Manufacture and sale of carbonated beverages, coffee, tea and fruit juice beverages, functional beverages, mineral water, alcoholic beverages, etc., primarily through Hokkaido Coca-Cola Bottling Co., Ltd.

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 corporate philosophy expresses our basic management policy: "DNP connects individuals and society, and provides new value." Based on this idea, we keep our eye on the long term and endeavor to proactively engage in business activities aimed at creating a better future, and to steadily enhance corporate value. Our Business Vision is to expand, through printing and information (P&I) innovations, around a core of four growth areas. To achieve this, we work at creating value by combining our unique P&I strengths and forming alliances with partners.

Moreover, the DNP Group seeks to create new value that meets people's expectations while resolving social issues. We strive to make that value such an integral part of people's everyday lives that they come to take it for granted. This goal of continually generating indispensable value informs the DNP Group's internal and external brand statement: "Today's Innovation is Tomorrow's Basic." To achieve this goal, the DNP Group works to continually fulfill what it considers to be its three responsibilities as a company: Value Creation, Integrity of Conduct, and Transparency (Accountability).

(2) Management targets

Based on its corporate philosophy, the DNP Group will take the initiative to work at creating new value aimed at realizing a sustainable and better society and more comfortable lifestyles, even as environmental, social and economic trends and people's values change drastically. The Group has identified four growth areas in which it aims to leverage its strengths in order to expand its business, and in which it will implement long-term strategies. We will establish concrete, intermediate targets to mark the way, specifying "how much" of "what" we will accomplish by "when" as we work steadily to achieve the desired results.

As of now, we have established "operating income of ¥75.0 billion, operating income to sales ratio of 5.2%, and ROE of at least 5.0%" as our management indicators for the fiscal year ending March 2025. In order to achieve these goals, we will first implement our medium-term management plan covering the three fiscal years from April 2020 through March 2023.

(3) Medium- and long-term management strategy

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

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

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

The DNP Group analyzes social issues, megatrends, and changes in individuals' values in order to identify key issues, with consideration given for areas that are of interest to DNP stakeholders and for the degree of relevance to DNP Group businesses. In our view, megatrends that are likely to continue include digital transformation (DX), a shift to data-based economies, decline in the Japanese population and growth in the global population, increasing human lifespans, the development of smart cities, and construction of a decarbonized society.

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

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

The DNP Group is expanding its business globally by accurately grasping the characteristics of each country/region and the issues and needs of its citizens, then developing and supplying optimal products and services. The DNP Group is working to further expand businesses in which it already has a leading global market share, including battery pouches for lithium-ion batteries, metal masks used in the production of organic light-emitting diode (OLED) displays, optical films for displays, and dye-sublimation thermal transfer printing media for photo printing. It is also working to create new businesses that will supply new value to the global market.

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

As part of its quest to build a strong business portfolio, the entire DNP Group will promote a wide variety of structural reforms. For example, in the Information Communication segment, it is working to reduce the number of printed media production bases; in Lifestyle and Industrial Supplies it is reviewing low-value-added products and streamlining bases; and in Electronics it is promoting significant improvements to productivity by using data analysis, robots, and AI. By reallocating the human resources, land, and equipment freed up by these initiatives to development and production that support our “focus businesses,” the DNP Group reforms its business structure and further increases its competitiveness.

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

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

The DNP Group will work to strengthen its business base through the integrated use of both financial and non-financial capital in order to achieve medium- to long-term growth. In addition to pursuing capital strategies that support business growth, DNP is working to strengthen and expand its non-financial capital, such as human, intellectual, manufacturing, natural resources, and social relations, including through the formulation and implementation of specific action plans.

On the capital policy front, the DNP Group will invest mainly in focus businesses, in accordance with Basic Strategy 1. Investments in these businesses will be funded not only with our own cash on hand, but also by raising growth funding from third parties, reducing idle assets and selling strategic shareholdings. In addition, we will consider a comprehensive range of capital strategies, including improving capital efficiency, stabilizing our financial base, and returning profits to shareholders.

Regarding human resources and human rights, the DNP Group respects the various ways in which each employee differs from others. By combining our diverse strengths, we can generate new value. The DNP Group promotes diversity and inclusion initiatives in order to cultivate a diverse workforce, diverse working styles, and an organizational culture that enables diverse employees to thrive. We are working to close gender gaps in various manifestations, and especially to increase the diversity of decision-making echelons.

For female employees, we offer training for career development and support for promotion to managerial positions. As a result, the ratio of female managers reached 7.4% at the end of March 2022, and the number of women in managerial and leadership positions increased 2.2 times over the February 2016 level, thereby achieving the targets that we set in 2019. Our new goals are for the end of fiscal 2025 (end March 2026): to increase the number of female department managers to 1.5 times the number at the end of March 2022; increase the ratio of female section managers to at least 15%, and the ratio of leaders to at least 25%. We intend to work to achieve these goals.

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

[2-2: Strengthening corporate governance]

DNP seeks to strengthen corporate governance as a key management priority. The Company has created and implements a robust framework for prompt and accurate management decision-making, business execution, oversight, and auditing.

In April 2022, we reorganized the structure of our Sustainability Promotion Committee in order to enhance the sustainability of the environment, society and the economy, and to further promote sustainable growth by DNP itself. Specifically, we made DNP's president the chair of the committee, the Company's senior managing director is the vice chair, and corporate directors and officers in charge of each of the head office's business segments are committee members. In cooperation with the Corporate Ethics Committee and BCM Promotion Committee, the committee analyzes and manages Company-wide risks based on medium- to long-term corporate activities with a focus on environment, society, and governance (ESG). Furthermore, based on our recognition that variable factors that we perceive as risks are at the same time opportunities for business expansion, we will link them to the creation of new value that can contribute to the attainment of SDGs.

In order to assure that each and every employee fulfills the Company's social responsibilities, in addition to encouraging employees to behave in accordance with the DNP Group Code of Conduct, we will work harder than ever to offer various types of training and education in order to cultivate compliance awareness.

4. Basic approach to selecting accounting standards

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

5. Consolidated financial statements and key notes

(1) Consolidated balance sheets

(Million yen)

	Year ended March 31, 2021 (As of March 31, 2021)	Year ended March 31, 2022 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and time deposits	301,162	287,334
Notes and trade receivables	324,625	–
Notes receivables	–	46,635
Trade receivables	–	277,912
Contract assets	–	298
Marketable securities	19,000	17,900
Merchandise and finished products	75,540	80,385
Work in progress	27,810	30,980
Raw materials and supplies	23,420	30,255
Other	34,975	33,804
Allowance for doubtful accounts	(716)	(693)
Total current assets	805,817	804,813
Fixed assets		
Property, plant and equipment		
Buildings and structures	533,513	529,948
Accumulated depreciation	(369,464)	(369,441)
Buildings and structures, net	164,049	160,506
Machinery and equipment	699,897	684,070
Accumulated depreciation	(626,186)	(613,240)
Machinery and equipment, net	73,710	70,830
Land	141,808	139,573
Construction in progress	13,238	25,640
Other	128,735	128,372
Accumulated depreciation	(101,513)	(103,046)
Other, net	27,221	25,325
Total property, plant and equipment	420,029	421,875
Intangible fixed assets		
Goodwill	2,426	2,317
Software	21,048	23,556
Other	1,732	1,873
Total intangible fixed assets	25,207	27,747
Investments and other assets		
Investment securities	422,799	410,266
Net defined benefit asset	111,933	166,130
Deferred income taxes	9,977	11,770
Other	31,995	36,002
Allowance for doubtful accounts	(2,741)	(1,957)
Total investments and other assets	573,964	622,210
Total fixed assets	1,019,201	1,071,834
TOTAL ASSETS	1,825,019	1,876,647

(Million yen)

	Year ended March 31, 2021 (As of March 31, 2021)	Year ended March 31, 2022 (As of March 31, 2022)
LIABILITIES		
Current liabilities		
Notes and trade payables	226,606	236,188
Short-term bank loans	37,321	33,990
Current portion of long-term debt	2,545	2,567
Income taxes payable	7,123	10,051
Reserve for bonuses	19,284	20,367
Repair reserve	17,688	17,252
Other	93,555	85,689
Total current liabilities	408,125	406,108
Long-term liabilities		
Bonds	103,550	102,500
Long-term debt	11,569	14,254
Repair reserve	49,491	28,036
Net defined benefit liability	35,174	55,888
Deferred tax liabilities	95,997	102,275
Other	22,496	19,170
Total long-term liabilities	318,279	322,125
TOTAL LIABILITIES	726,405	728,233
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	145,024	145,143
Retained earnings	683,784	740,183
Treasury stock	(122,920)	(133,123)
Total stockholders' equity	820,352	866,667
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	202,017	192,994
Net deferred gains on hedges	11	45
Foreign currency translation adjustments	(5,082)	4,220
Remeasurements of defined benefit plans	26,678	27,932
Total accumulated other comprehensive income	223,624	225,193
Non-controlling interests	54,636	56,552
TOTAL NET ASSETS	1,098,613	1,148,413
TOTAL LIABILITIES AND NET ASSETS	1,825,019	1,876,647

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

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	1,335,439	1,344,147
Cost of sales	1,058,525	1,051,218
Gross profit	276,914	292,928
Selling, general and administrative expenses	227,384	266,140
Operating income	49,529	66,788
Non-operating income		
Interest and dividends income	4,341	4,114
Equity in earnings of affiliates	6,742	8,686
Other	4,539	5,751
Total non-operating income	15,623	18,552
Non-operating expenses		
Interest expense	1,255	735
Contributions	1,736	1,078
Other	2,253	2,277
Total non-operating expenses	5,245	4,091
Ordinary income	59,907	81,249
Extraordinary gains		
Gain on sale of fixed assets	588	7,133
Gain on sale of investment securities	1,874	12,118
Gain on revision of retirement benefit plan	–	18,534
Compensation received	365	–
Gain on reversal of repair reserve	–	14,674
Other	126	2,118
Total extraordinary gains	2,954	54,579
Extraordinary losses		
Loss on sale or disposal of fixed assets	2,919	3,918
Impairment loss	4,102	3,506
Loss on sale of investment securities	4,878	175
Loss on devaluation of investment securities	2,905	742
Other	1,657	596
Total extraordinary losses	16,462	8,938
Income before income taxes and non-controlling interests	46,400	126,890
Current income taxes	14,874	17,998
Deferred income taxes	3,753	8,391
Total income taxes	18,627	26,389
Net income	27,772	100,501
Net income attributable to non-controlling shareholders	2,684	3,319
Net income attributable to parent company shareholders	25,088	97,182

Consolidated statements of comprehensive income

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net income	27,772	100,501
Other comprehensive income		
Valuation difference on available-for-sale securities	91,947	(9,044)
Net deferred gains on hedges	8	34
Foreign currency translation adjustments	(2,324)	7,552
Remeasurements of defined benefit plans	31,272	1,568
Share of other comprehensive income of associates accounted for using equity method	(448)	3,157
Total other comprehensive income	120,455	3,269
Comprehensive income	148,228	103,770
Attributable to:		
Parent company shareholders	145,856	99,514
Non-controlling shareholders	2,372	4,255

(3) Consolidated statements of changes in net assets
The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Million yen)

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

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	110,051	5	(3,448)	(3,751)	102,856	52,794	968,574
Changes of items during the period							
Cash dividends paid							(17,977)
Net income attributable to parent company shareholders							25,088
Change of application of equity method							327
Change in ownership interest of parent arising from transactions with non-controlling shareholders							0
Purchases of treasury stock							(9)
Disposal of treasury stock							0
Net changes in items other than stockholders' equity	91,966	6	(1,633)	30,429	120,768	1,841	122,609
Total changes of items during the period	91,966	6	(1,633)	30,429	120,768	1,841	130,039
Balance at the end of current period	202,017	11	(5,082)	26,678	223,624	54,636	1,098,613

The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Million yen)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of current period	114,464	145,024	683,784	(122,920)	820,352
Cumulative impact of accounting changes			25		25
Cumulative impact of changes in accounting policies at equity-method affiliates			(3,355)		(3,355)
Balance at the beginning of current period reflecting accounting changes	114,464	145,024	680,454	(122,920)	817,022
Changes of items during the period					
Cash dividends paid			(17,643)		(17,643)
Net income attributable to parent company shareholders			97,182		97,182
Change in ownership interest of parent arising from transactions with non-controlling shareholders		118			118
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method				0	0
Purchases of treasury stock				(30,012)	(30,012)
Disposal of treasury stock			(0)	0	0
Retirement of treasury stock			(19,809)	(19,809)	–
Net changes in items other than stockholders' equity					–
Total changes of items during the period	–	118	59,728	(10,202)	49,644
Balance at the end of current period	114,464	145,143	740,183	(133,123)	866,667

	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	202,017	11	(5,082)	26,678	223,624	54,636	1,098,613
Cumulative impact of accounting changes							25
Cumulative impact of changes in accounting policies at equity-method affiliates	(296)	(0)	3	(470)	(763)		(4,118)
Balance at the beginning of current period reflecting accounting changes	201,720	11	(5,078)	26,207	222,861	54,636	1,094,521
Changes of items during the period							
Cash dividends paid							(17,643)
Net income attributable to parent company shareholders							97,182
Change in ownership interest of parent arising from transactions with non-controlling shareholders							118
Change in treasury stock resulting from change in ownership of affiliates accounted for by the equity method							0
Purchases of treasury stock							(30,012)
Disposal of treasury stock							0
Retirement of treasury stock							–
Net changes in items other than stockholders' equity	(8,726)	33	9,299	1,725	2,332	1,916	4,248
Total changes of items during the period	(8,726)	33	9,299	1,725	2,332	1,916	53,892
Balance at the end of current period	192,994	45	4,220	27,932	225,193	56,552	1,148,413

(4) Consolidated statements of cash flows

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Income before income taxes and non-controlling interests	46,400	126,890
Depreciation	50,893	51,154
Impairment loss	4,102	3,506
Decrease of doubtful receivables, net	(235)	(853)
Increase of net defined benefit asset	(3,380)	(35,003)
Increase of net defined benefit liability	363	3,851
Equity in gains of affiliates	(6,742)	(8,686)
Amortization of consolidation goodwill, net	994	521
Interest and dividend income	(4,341)	(4,114)
Interest expense	1,255	735
Net (gain) loss on sale of investment securities	3,003	(11,942)
Net loss on devaluation of investment securities	2,905	742
Net (gain) loss on sale or disposal of fixed assets	2,411	(3,168)
Decrease in trade receivables	6,252	2,461
(Increase) Decrease in inventories	7,065	(13,355)
Increase (Decrease) in trade payables	(11,530)	7,882
Increase on reversal of repair reserve	–	(14,674)
Other	(110)	(2,970)
Sub-total	99,306	102,977
Payments for repair costs	(8,116)	(7,215)
Payments for extra retirement payments	(450)	(197)
Payment of income taxes	(29,058)	(13,535)
Net cash provided by operating activities	61,681	82,028
Cash flows from investing activities		
Net (increase) decrease in time deposits	(2,255)	4,502
Payments for purchases of property, plant and equipment	(50,992)	(53,614)
Proceeds from sales of property, plant and equipment	2,024	8,120
Payments for purchases of investment securities	(944)	(1,571)
Proceeds from sales of investment securities	5,503	14,747
Payments for purchase of stock in subsidiaries resulting in change in scope of consolidation	(2,551)	(50)
Proceeds from purchase of stock in subsidiaries resulting in change in scope of consolidation	20	–
Payments for purchase of intangible fixed assets	(10,992)	(12,206)
Interest and dividends received	8,260	6,980
Other	(4,357)	(6,117)
Net cash used in investing activities	(56,284)	(39,208)

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from financing activities		
Net decrease in short-term bank loans	(1,929)	(3,350)
Proceeds from long-term debt	4,295	4,790
Repayments of long-term debt	(3,404)	(2,009)
Payments for redemption of bonds	(52,490)	(3,570)
Expenditure for acquisition of subsidiary shares without change in scope of consolidation	–	(878)
Income from the sale of shares of a subsidiary without a change in the scope of consolidation	–	10
Payments for purchases of treasury stock	(9)	(30,012)
Payments for purchases of treasury stock of subsidiaries	(1)	(847)
Interest paid	(1,447)	(734)
Dividends paid	(17,976)	(17,642)
Dividends paid to non-controlling interests	(551)	(509)
Other	(4,753)	(2,997)
Net cash used in financing activities	(78,268)	(57,751)
Effect of exchange rate changes on cash and cash equivalents	(416)	4,054
Net decrease in cash and cash equivalents	(73,287)	(10,877)
Cash and cash equivalents at beginning of year	377,367	304,223
Net increase in cash and cash equivalents resulting from merger of non-consolidated subsidiaries	143	15
Cash and cash equivalents at end of year	304,223	293,361

(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: 116

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

Number of equity-method affiliated companies: 20

Major companies: Nihon Unisys, Ltd., BOOKOFF GROUP HOLDINGS LIMITED
Kyoiku Shuppan Co., Ltd., DIC Graphics Corporation
Photronics DNP Mask Corporation
MK Smart Joint Stock Company
Photronics DNP Mask Corporation Xiamen
Effective April 1, 2022, Nihon Unisys Ltd. changed its trade name to BIPROGY Inc.

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

(Scope of consolidation)

Excluded: 3 K Photo Image Co., Ltd. and two other companies

(Application of equity method)

Newly included: 3 NTT EDX Co., Ltd. and two other companies

3) Matters concerning the fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Hokkaido Coca-Cola Bottling Co., Ltd. and 33 others have fiscal years that end on December 31, while Maruzen CHI Holdings Co., Ltd. and 26 others have fiscal years that end on January 31. Their financial statements as of the same date are used in the preparation of these consolidated financial statements.

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

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

4) Summary of significant accounting policies

(a) Criteria and methods for valuing significant assets

- Marketable securities

- Other securities

- Non-stock instruments that do not have a market price

- Fair market value

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

- Stock instruments that do not have a market price

- Mainly cost based on the moving-average method

- Derivatives

- Mainly fair market value

- Inventories

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

- Merchandise

- Mainly cost based on the specific identification method

- Finished products, work in progress

- Mainly cost based on the retail inventory cost method

- Raw materials

- Mainly cost based on the moving-average method

- Supplies

- Mainly cost based on the most recent purchase method

(b) Depreciation and amortization of significant assets

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

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

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

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

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

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

- Mainly the straight-line method

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

- Lease assets

- Lease assets with transfer of ownership

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

- Lease assets with no transfer of ownership

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

- Right-of-use assets

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

(c) Basis for recording significant allowances

- | | |
|---|---|
| <ul style="list-style-type: none">• 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. |
| <ul style="list-style-type: none">• 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. |
| <ul style="list-style-type: none">• 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) Revenue and expense reporting standards

We began applying the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Statement No. 29, March 31, 2020), etc. from the beginning of the consolidated fiscal year that ended March 2022. Accordingly, at the time when control of promised goods or services is transferred to a customer, we recognize as revenue the amount of money we expect to receive in exchange for those goods or services.

Details of the major performance obligations in our major businesses related to revenue generated from contracts with customers of the Company or its consolidated subsidiary, and normal times for satisfying those performance obligations (normal times for revenue recognition) are as follows:

- Details of major performance obligations in major businesses

The main performance obligations of the Company and its consolidated subsidiaries are the sale of products or merchandise or the provision of services, etc. by its business segments, which are Information and Communication, Lifestyle and Industrial Supplies, Electronics, and Beverages. Specific products offered by each business segment are listed in “2. Information on the DNP Group.”

- Normal times for fulfilling performance obligations (normal times for recognizing revenue)

- (1) Sale of products or merchandise (Information and Communication, Lifestyle and Industrial Supplies, and Electronics segments)

Regarding the domestic sale of products or merchandise, we mainly apply the alternative treatment stipulated in Section 98 of the Guidelines for Applying Accounting Standards for Revenue Recognition. When the amount of time that elapses from shipment until control of the products or merchandise is passed to the customer is a normal period, we recognize revenue based on shipment. With regard to export sales of products or merchandise, we regard the customer as having taken control of the products or merchandise when the burden of risks related to those products or merchandise has transferred to the customer based on the terms of trade established in the contract with the customer. Therefore, at that point we are considered to have fulfilled our performance obligation and at that time we recognize revenue. In addition, regarding merchandise sales that take place at stores operated by some of our consolidated subsidiaries (Information Communication business segment), we consider the customer to have taken control of the merchandise at the point when it is delivered to the customer, so at that point we consider our performance obligation to have been satisfied and we recognize revenue.

(2) Provision of services (Information and Communication, Lifestyle and Industrial Supplies, and Electronics segments)

Concerning the provision of services, in cases where the performance obligation is fulfilled at a single point in time, the performance obligation is considered to have been fulfilled when the customer accepts the service provision, and we recognize revenue at that point. In cases where the contract with the customer stipulates that the performance obligation be satisfied for the duration of a certain period of time covered by the contract, the performance obligation is considered to have been satisfied with the passage of time, and the revenue is recognized as being evenly apportioned over the contract period.

(3) Sale of beverages (Beverages segment)

Regarding the sale of beverages, since the customer generally takes control of the product at the time when it is delivered, it is determined that at that time the performance obligation has been satisfied and we recognize revenue.

(e) 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).

(f) Amortization of goodwill

Goodwill is amortized using the straight-line method for an effective period not more than 20 years.

(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 accounting policies]

(Adoption of revenue recognition standard)

The DNP Group applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; hereafter “the revenue recognition standard”) from the beginning of the fiscal year ended March 2022. From the time that control over promised goods or services is transferred to a customer, the amount of money expected to be received in exchange for those goods or services will be recognized as revenue. The main changes resulting from the adoption of the revenue recognition standard are as follows:

(1) Recognition of revenue related to paid transactions

DNP and some of its consolidated subsidiaries purchase raw materials, etc. from customers, process those materials, etc., and sell them back to the same customer. DNP previously recognized revenue from these types of transactions (with some exceptions) as the entire amount received for such products, including the amount paid for the purchase of raw materials and other inputs. Now, however, we have changed to a method whereby we recognize net revenue excluding the purchase price of raw materials and other inputs.

(2) Recognition of revenue from transactions in which DNP acts as agent

DNP previously recognized as revenue the entire amount received as payment from customers who purchased books sold by some of its consolidated subsidiaries. However, regarding transactions in which DNP acts as an agent when providing goods or services to customers, it now recognizes as revenue the net amount obtained after subtracting payments to suppliers from amounts received from customers.

In its application of the revenue recognition standard, DNP complies with the transitional measures stipulated in the notes to Section 84 of the standard. It retroactively applied the new standard to the period prior to the beginning of the fiscal year ended March 2022, and adjusted the fiscal year's initial retained earnings by the cumulative impact of that retroactive application, then began applying the new standard starting with the adjusted balance at the beginning of the period. However, using the approach stipulated in Section 86 of the revenue recognition standard, we did not retroactively apply the new standard to contracts where virtually all revenue had been recognized prior to the beginning of the fiscal year. In addition, the Company used the approach laid out in Section 86 (1) of the revenue recognition standard regarding contracts that were changed before the beginning of the fiscal year: accounting for such contracts was based on contract terms after all contract changes had been reflected, and the amount of cumulative impact was added to or subtracted from retained earnings at the beginning of the fiscal year.

"Current assets" amounts that were displayed as "notes and trade receivables" in the consolidated balance sheet for the fiscal year ended March 2021 are now included with "notes," "trade receivables," and "contract assets" for the fiscal term ended March 2022. In line with the transitional approach stipulated in Section 89-2 of the revenue recognition standard, the DNP Group has not reclassified figures from the previous fiscal year (through March 2021) according to the new presentation method.

As a result, net sales for the fiscal year ended March 31, 2022 declined by ¥28,334 million compared to before we began to apply the Accounting Standard for Revenue Recognition, etc., cost of sales declined by ¥23,878 million, selling, general and administrative expenses by ¥4,154 million, and operating income by ¥301 million, while ordinary income and income before income taxes and non-controlling interests each decreased by ¥111 million.

Since the cumulative impact of this change was reflected in net income at the beginning of the fiscal year ended March 31, 2022, the balance of retained earnings on the consolidated statements of changes in net assets at the beginning of the year increased by ¥25 million.

The impact of this change on net income per share is minimal.

In line with the transitional approach stipulated in Section 89-3 of the revenue recognition standard, we did not provide a breakdown of the balance of contract liabilities or profits generated from contracts with customers for the period prior to the beginning of the fiscal year through March 2021.

(Adoption of accounting standard for fair value measurement)

The DNP Group began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereafter, “fair value measurement standard”) etc. as of the beginning of the fiscal year ended March 2022. Going forward, we intend to apply the new accounting policy defined by the standard in line with the transitional approach stipulated in Section 19 of said standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The impact of this change on the DNP Group’s consolidated financial statements is minimal.

[Changes in accounting estimates]

(Repair reserve)

The Group recognizes money held in reserve to fund repairs.

Based on scientific investigation and analysis of defects that occurred in some of DNP’s wallpaper products, we made a reasonable estimate of the amount necessary to cover the repair of defects that could be expected to occur in the future, and set aside money in this reserve.

As of the end of the fiscal year ended March 2022, construction work related to almost 70% of the anticipated repairs had been completed. Based on historical data showing the actual cost of labor, materials, etc. incurred at repair sites to date, we reviewed the unit price and prepared a revised estimate of the cost of repairs expected to be needed in the future.

As a result, the difference between the previous estimate and the new estimate was recorded as an extraordinary gain under “reversal of repair reserve.” As a result, income before income taxes and non-controlling interests for the fiscal year through March 2022 increased by ¥14,674 million.

[Additional information]

(Transition of retirement benefit plans)

From October 1, 2021, DNP and some of its consolidated subsidiaries have transitioned a portion of their retirement benefit plans to defined contribution pension plans.

Regarding accounting treatment associated with this change, we applied the Accounting Treatment for Transition between Retirement Benefit Plans (ASBJ Implementation Guidance No. 1, December 16, 2016) and Practical Solution on Accounting for Transfer between Retirement Benefit Plans (Practical Issues Task Force No. 2, February 7, 2007). As a result of this transition, we have recorded ¥18,534 million in retirement benefit plan revision gains as extraordinary gains for the fiscal year ended March 2022.

[Consolidated balance sheets]

	Year ended March 31, 2021	Year ended March 31, 2022
1. Discounts on notes receivables	¥387 million	¥317 million
2. Contract liabilities (Other in current liabilities and other in long-term liabilities)		¥13,287 million

[Consolidated statements of income]

	Year ended March 31, 2021	Year ended March 31, 2022
1. Research and development expenses (Selling, general and administrative expenses)	¥32,623 million	¥33,147 million

2. Impairment losses

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

Location	Application	Category
Kashiwa City (Chiba), other	System assets	Software, other
Kuki City (Saitama), Shiraoka City (Saitama), other	Publishing business assets	Buildings and structures, machinery and equipment, software, other
Other	Business assets, idle assets	Buildings and structures, machinery and equipment, 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, regarding a group of assets used by businesses with reduced profitability and idle assets that are not expected to be used, the book value was reduced to the recoverable value and that reduced value was recorded as an extraordinary impairment loss of ¥3,506 million.

The impairment loss breaks down into buildings and structures at ¥507 million, machinery and equipment at ¥534 million, software at ¥1,894 million, and other at ¥569 million.

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

The recoverable value of other business assets is measured by the value in use or the net salable value. Assets that are measured by their usage value are generally assigned a value of zero because no future cash flows can be expected from them. Assets that are measured based on net salable value are calculated according to the planned sale price. The recoverable value of idle assets is measured according to the net selling price, which is calculated based on real estate appraisals, etc., but when it is difficult to calculate the selling price of idle assets, book value is reduced to the memorandum value.

[Consolidated statements of changes in net assets]

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

1. Types and number of shares outstanding and treasury stock

(Shares)

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

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

2. Detailed information regarding dividends

(1) Dividends paid

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

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

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

The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

1. Types and number of shares outstanding and treasury stock

(Shares)

	Stock type	Number of shares at the beginning of the year ended March 2022	Increase in number of shares during the year ended March 2022	Decrease in number of shares during the year ended March 2022	Number of shares at the end of the year ended March 2022
Outstanding shares	Common stock	324,240,346	–	7,000,000	317,240,346
Treasury stock	Common stock	43,363,670	11,811,597	7,000,153	48,175,114

- Notes:
- The number of outstanding shares of common stock declined by 7,000,000 shares due to the retirement of 7,000,000 shares of treasury stock.
 - The number of treasury shares of common stock increased by 11,811,597 shares due to the repurchase of 11,806,600 shares decided on by the Board of Directors, and by 4,997 shares due to the repurchase of odd-lot shares.
 - The number of treasury shares of common stock declined by 7,000,153 shares due to the retirement of 7,000,000 shares, a decrease of 148 shares resulting from the sale of odd-lot shares and by five shares due to a change in the DNP Group's ownership stake in an equity-method affiliate.

2. Detailed information regarding dividends

(1) Dividends paid

Resolution	Stock type	Total dividends (Million yen)	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2021	Common stock	8,988	32	March 31, 2021	June 30, 2021
Board of Directors' meeting on November 12, 2021	Common stock	8,655	32	September 30, 2021	December 10, 2021

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

Resolution	Stock type	Total dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Dividend record date	Effective date
General meeting of shareholders on June 29, 2022	Common stock	8,610	Retained earnings	32	March 31, 2022	June 30, 2022

[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

Each business segment's specific products are listed under "2. Information on the DNP Group."

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.

As explained in "Changes in accounting policies," we began to apply the Accounting Standard for Revenue Recognition, etc. as of the beginning of the fiscal year ended March 2022. Because we changed our accounting method with respect to revenue recognition, we changed our method of calculating income or loss for each segment accordingly.

As a result of this change, net sales for the fiscal year through March 2022 from Information Communication decreased by ¥13,718 million compared to using the previous method, and the segment's income decreased by ¥180 million. Sales from Lifestyle and Industrial Supplies decreased by ¥5,014 million and segment's income declined by ¥61 million. Electronics sales decreased by ¥7,304 million and the segment's income fell by ¥59 million. Beverages sales decreased by ¥2,297 million

3. Information on sales, income/loss, assets, and other items by reporting segment
The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Million yen)

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

Notes: 1. Figures are adjusted as follows.

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

4. Information on sales, income/loss, assets, and other items by reporting segment and income analysis information

The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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 ^{Note 3}							
Outside customers	696,910	386,447	211,094	49,694	1,344,147	–	1,344,147
Inter-segment	2,087	582	–	6	2,676	(2,676)	–
Total	698,998	387,030	211,094	49,700	1,346,823	(2,676)	1,344,147
Segment income	27,616	13,625	46,480	690	88,413	(21,624)	66,788
Segment assets	883,220	458,681	235,514	49,036	1,626,453	250,194	1,876,647
Other items							
Depreciation and amortization	20,013	18,442	8,694	2,087	49,237	1,916	51,154
Amortization of goodwill	488	–	22	10	521	–	521
Impairment loss	3,087	158	–	2	3,248	258	3,506
Investments in equity-method affiliates	2,579	620	24,081	–	27,282	43,192	70,474
Increase in property, plant and equipment and in intangible fixed assets	19,067	21,568	5,503	2,153	48,293	2,405	50,699

Notes: 1. Figures are adjusted as follows.

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

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

1. Information on products and services

Omitted because similar information is disclosed in segment information.

2. Regional information

(1) Net sales

(Million yen)

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

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

(2) Property, plant and equipment

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

3. Information on major customers

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

The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

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
1,053,912	218,894	71,339	1,344,147

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

(2) Property, plant and equipment

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

3. Information on major customers

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

[Per share information]

	Year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
Net assets per share	¥3,716.85	¥4,057.98
Net income per share	¥89.32	¥355.84
Diluted net income per share	¥89.28	¥355.79

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

		Year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
(1) Net income per share			
Net income attributable to parent company shareholders	(Million yen)	25,088	97,182
Amounts not attributable to common shareholders	(Million yen)	–	–
Net income attributable to parent company common shareholders	(Million yen)	25,088	97,182
Average number of common shares outstanding during the fiscal year	(Thousand shares)	280,879	273,105
(2) Diluted net income per share			
Adjustments to net income attributable to parent company shareholders	(Million yen)	(11)	(14)
Of which, impact of dilutive stock of consolidated subsidiaries and affiliates	(Million yen)	(11)	(14)
Increase in common stock	(Thousand shares)	–	–

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

		Year ended March 31, 2021 (As of March 31, 2021)	Year ended March 31, 2022 (As of March 31, 2022)
Total net assets	(Million yen)	1,098,613	1,148,413
Amount excluded from total net assets	(Million yen)	54,636	56,552
Of which, non-controlling interests	(Million yen)	54,636	56,552
Net assets at fiscal year-end pertaining to common stock	(Million yen)	1,043,977	1,091,861
Number of common shares outstanding	(Thousand shares)	324,240	317,240
Number of common treasury shares	(Thousand shares)	43,363	48,175
Number of common shares at fiscal year-end used for the calculation of net assets per share	(Thousand shares)	280,876	269,065

3. As explained in “Changes in accounting policies,” we began to apply the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ended March 2022. The impact on net assets per share, net income per share and diluted net income per share for the fiscal year ended March 2022 is insignificant.

[Significant subsequent events]

Repurchase of own shares

DNP resolved at its Board of Directors meeting on May 13, 2022 to repurchase DNP shares pursuant to Article 156 of the Companies Act of Japan, which applies pursuant to Article 165, Paragraph 3 of the Act.

For details, see the May 13, 2022 “Announcement of Repurchase of Shares and Related Matters.”

6. Non-consolidated financial statements and key notes

(1) Non-consolidated balance sheets

(Million yen)

	Year ended March 31, 2021 (As of March 31, 2021)	Year ended March 31, 2022 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and time deposits	190,707	185,780
Notes receivable	12,434	10,227
Electronically recorded monetary claims	26,852	28,572
Trade receivable	220,541	219,261
Contract asset	-	7
Merchandise and finished goods	2,577	4,291
Work in progress	8,612	8,853
Raw materials and supplies	1,117	1,543
Other	43,837	41,075
Allowance for doubtful accounts	(249)	(356)
Total current assets	506,433	499,255
Fixed assets		
Property, plant and equipment		
Buildings	406,351	402,894
Accumulated depreciation	(282,066)	(281,017)
Buildings, net	124,285	121,876
Structures	31,072	30,650
Accumulated depreciation	(25,027)	(24,857)
Structures, net	6,045	5,792
Machinery	538,330	519,704
Accumulated depreciation	(489,237)	(470,715)
Machinery, net	49,092	48,988
Vehicles	1,519	1,539
Accumulated depreciation	(1,328)	(1,336)
Vehicles, net	191	203
Equipment	50,677	50,572
Accumulated depreciation	(42,655)	(43,135)
Equipment, net	8,022	7,436
Land	119,530	117,079
Lease assets	2,003	2,006
Accumulated depreciation	(948)	(1,171)
Lease assets, net	1,055	835
Construction in progress	10,859	21,610
Total property, plant and equipment	319,081	323,822
Intangible fixed assets		
Software	15,365	16,602
Other	1,067	1,225
Total intangible fixed assets	16,432	17,827
Investments and other assets		
Investment securities	357,335	342,041
Investments in securities in affiliates	141,901	139,809
Investments in capital of affiliates	1,597	1,578
Prepaid pension costs	65,153	84,785
Other	19,382	18,285
Allowance for doubtful accounts	(9,516)	(6,949)
Total investments and other assets	575,853	579,551
Total fixed assets	911,368	921,202
TOTAL ASSETS	1,417,801	1,420,458

(Million yen)

	Year ended March 31, 2021 (As of March 31, 2021)	Year ended March 31, 2022 (As of March 31, 2022)
LIABILITIES		
Current liabilities		
Notes payable	11,986	12,404
Trade payable	194,317	196,380
Lease obligations	341	308
Accounts payable - other	47,478	41,466
Accrued expenses	16,925	17,118
Contract liability	–	2,848
Advances received	6,873	22
Deposits payable	218,271	217,801
Reserve for bonuses	8,424	8,906
Reserve for bonuses to directors	210	258
Repair reserve	17,688	17,252
Notes payable for facilities	647	526
Other	971	1,778
Total current liabilities	524,136	517,074
Long-term liabilities		
Bonds	100,000	100,000
Lease obligations	785	536
Asset retirement obligations	1,503	–
Long-term accounts payable	5,404	5,370
Provision for retirement benefits	9,641	10,568
Repair reserve	49,491	28,036
Deferred tax liabilities	79,899	81,922
Other	324	60
Total long-term liabilities	247,051	226,493
TOTAL LIABILITIES	771,188	743,567
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 depreciation reduction of fixed assets	18	17
Other reserves	232,780	232,780
Retained earnings brought forward	54,597	104,142
Total retained earnings	310,695	360,240
Treasury stock	(122,890)	(133,093)
Total stockholders' equity	447,167	486,509
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	199,445	190,381
Total valuation and translation adjustments	199,445	190,381
TOTAL NET ASSETS	646,612	676,890
TOTAL LIABILITIES AND NET ASSETS	1,417,801	1,420,458

(2) Non-consolidated statements of income

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	925,259	934,186
Cost of sales	794,772	797,877
Gross profit	130,486	136,308
Selling, general and administrative expenses	131,642	129,615
Operating income (loss)	(1,155)	6,693
Non-operating income		
Interest income	103	96
Dividend income	24,074	43,861
Equipment rental	28,027	30,492
Other	2,608	6,880
Total non-operating income	54,813	81,331
Non-operating expenses		
Interest expense	855	374
Equipment rental expense	22,312	23,768
Other	2,780	1,883
Total non-operating expenses	25,948	26,025
Ordinary income	27,709	61,999
Extraordinary gains		
Gain on sale of fixed assets	332	6,251
Gain on sale of investment securities	1,853	12,117
Gain on revision of retirement benefit plan	–	9,545
Gain on reversal of repair reserve	–	14,674
Other	–	2,101
Total extraordinary gains	2,185	44,691
Extraordinary losses		
Loss on sale or disposal of fixed assets	2,519	3,605
Impairment loss	3,371	2,769
Loss on sale of investment securities	4,853	166
Loss on devaluation of investment securities	2,812	575
Affiliated company stock valuation	681	5,600
Other	181	48
Total extraordinary losses	14,420	12,765
Income before income taxes	15,475	93,925
Current income taxes	350	880
Deferred income taxes	2,480	6,016
Total income taxes	2,830	6,896
Net income	12,644	87,029

(3) Non-consolidated statements of changes in net assets
The year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Million yen)

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

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

The year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Million yen)

	Stockholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for depreciation reduction of fixed assets	Other reserve	Retained earnings brought forward	
Balance at the beginning of current period	114,464	144,898	–	144,898	23,300	18	232,780	54,597	310,695
Cumulative impact of accounting changes								(31)	(31)
Balance at the beginning of current period reflecting accounting changes	114,464	144,898	–	144,898	23,300	18	232,780	54,566	310,664
Changes of items during the period									
Reversal of reserve for depreciation reduction of fixed assets						(1)		1	–
Cash dividends paid								(17,643)	(17,643)
Net income								87,029	87,029
Purchases of treasury stock									
Disposal of treasury stock								(0)	(0)
Retirement of treasury stock								(19,809)	(19,809)
Net changes in items other than stockholders' equity									
Total changes of items during the period	–	–	–	–	–	(1)	–	49,576	49,575
Balance at the end of current period	114,464	144,898	–	144,898	23,300	17	232,780	104,142	360,240

	Stockholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(122,890)	447,167	199,445	199,445	646,612
Cumulative impact of accounting changes		(31)			(31)
Balance at the beginning of current period reflecting accounting changes	(122,890)	447,136	199,445	199,445	646,581
Changes of items during the period					
Reversal of reserve for depreciation reduction of fixed assets		–			–
Cash dividends paid		(17,643)			(17,643)
Net income		87,029			87,029
Purchases of treasury stock	(30,012)	(30,012)			(30,012)
Disposal of treasury stock	0	0			0
Retirement of treasury stock	19,809	–			–
Net changes in items other than stockholders' equity			(9,063)	(9,063)	(9,063)
Total changes of items during the period	(10,202)	39,372	(9,063)	(9,063)	30,308
Balance at the end of current period	(133,093)	486,509	190,381	190,381	676,890

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

None