

November 9, 2017

For immediate release

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Announcement of Extraordinary Losses

Dai Nippon Printing Co., Ltd. (DNP) has recorded extraordinary losses in the first six months of the fiscal year ending March 2018. Details are provided below.

1. Extraordinary losses (repair costs)

DNP is implementing a repair program as a result of defects in some of the wallpaper products that it manufactured in the Living Spaces business. Given that these defects arose as a result of the usage environment, changes over time, and other factors, the company examined product usage, condition, and other factors on a case-by-case basis, and is now making necessary repairs to address these defects.

DNP enhanced its system for understanding the scope of repairs and quickly performing repairs, conducted a review of overall conditions, and estimated the timeframe and cost for making repairs in the first six months of the fiscal year ended in March 2017. DNP has since carried out repairs, but costs have risen above the initial budget as a result of average repair costs per house increasing more than initially expected, due partly to higher costs for personnel, material, and distribution, and the need to respond to the individual circumstances of residents. As a result of these factors, DNP has recorded ¥53.5 billion in additional repair costs for the future under extraordinary losses in the first six months of the fiscal year ending March 2018.

2. Future outlook

DNP's earnings forecasts for the fiscal year ending March 2018 are unchanged at this time, but it will promptly announce revisions if needed going forward.