



**DNP will promote
“P&I innovation” to help solve
social issues while creating
new value that meets
the expectations of people and
contributing to the realization
of a sustainable society.**



Employees who have worked to create new value both at their jobs and in their private lives
(Photographs introduced in the fiscal 2018 Group in-house magazine)



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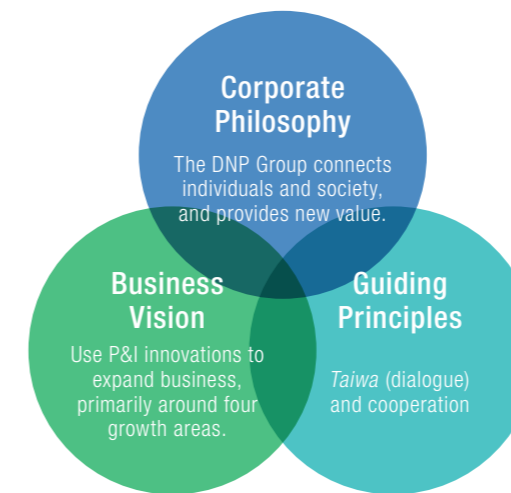
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DNP Group Vision 2015

The DNP Group's basic management policies announced in October 2015. The vision is comprised of three main elements, the first of which is central: Corporate Philosophy, Business Vision and Guiding Principles.



The DNP Group Code of Conduct

A set of codes underlying all types of activities aimed at achieving our Group Vision. All DNP employees must adhere to these codes.

1. Contributing to the development of society
1. Social contribution as a good corporate citizen
1. Compliance with the law and social ethics
1. Respect for human dignity and diversity
1. Environmental conservation and realization of a sustainable society
1. Realization of a "universal society"
1. Ensuring the safety and quality of our products and services
1. Ensuring information security
1. Proper disclosure of information
1. Realization of a safe and vibrant workplace

Three Corporate Responsibilities

Three important obligations DNP have to fulfil to remain a company that can always be fully trusted by its various stakeholders

1. Value Creation

The first and most fundamental responsibility of a company to society is "providing new value to society." We are working to link the offering of products and services necessary to the sustainable development of society to the growth of the company. Through our Business Vision, we will continue to provide new value which contributes to the solution of social issues and meets people's expectations.

2. Integrity in Conduct

The second responsibility is "practicing fairness and impartiality in value creation processes." No matter how superior or useful to society the value produced is, value is compromised if, for example, environmental damage occurs or laws are broken during the value creation process. Therefore, DNP seeks to fulfill this responsibility by ensuring that all employees always conduct business with integrity in accordance with the DNP Group Code of Conduct.

3. Transparency (Accountability)

Finally, the third vital corporate responsibility is "being a company that is accountable and highly transparent." DNP achieves accountability by encouraging all employees, during the course of their regular duties, to engage in *TA/WA* with stakeholders, listen to their opinions and provide correct information themselves.

Editorial Policy

To realize our business vision and raise corporate value over the medium and long term, DNP is undertaking integrated business activities through swift and accurate decision-making based on the concept of utilizing financial and non-financial capital in an integrated manner. Moreover, to ensure this leads to gaining the understanding and empathy of our stakeholders, we are working to disclose appropriate information in a timely manner. This report is an annual report that provides multifaceted and

integrated coverage not only of financial information but also of DNP's overall business activities, including environmental, social and governance (ESG) criteria. DNP will fulfill our accountability and deepen communications with stakeholders through this report in addition to the DNP website and such publications as the *Yuhō* securities report, shareholders' report, CSR report and environmental report as well as through various opportunities for various dialogue.

◇ Period covered by this report: April 1, 2018 to March 31, 2019

However, reporting is not confined to this period regarding some contents.

◇ Scope of report: All companies and divisions of the DNP Group

In this report, "DNP" refers to the entire DNP Group, and "we" refers to DNP or the DNP management team. (In the section on Corporate Governance (pages 46-51), "DNP" refers to Dai Nippon Printing Co., Ltd.)

◇ Issued: October 2019 (Next scheduled issue: October 2020)

Note: This report is aimed at providing information about DNP's businesses, management vision and business results. Opinions and forecasts contained in the report were based on the best judgment of management at the time the report was prepared, so we cannot guarantee that all information contained in the report is completely infallible.



Top Interview

Challenge for Transformation: Striving for Our Third Corporate Founding

Yoshinari Kitajima, President

We aim to ensure that DNP's products and services exist in the daily life of each and every consumer as “basics” that help solve people’s problems and also even exceed their expectations. Breathing this desire into the corporate statement “Today’s Innovation is *Tomorrow’s Basic*,” DNP will undertake a variety of businesses.

— What are your thoughts regarding the past one year since assuming the duties of president in June 2018?

I continuously gave serious consideration to what is the value that we at DNP can provide and moved into action.

As Japan embarked on the new *Reiwa* Imperial Era in May 2019, economic, social and environmental circumstances in Japan and overseas have been undergoing unprecedented major and dramatic changes in recent years. While anticipating such shifts, DNP will provide new value by proactively taking on the challenge of promoting change.

With information and logistics networks now extending across the globe, DNP is building safe and secure communications foundations leveraging our strengths in content production and information security cultivated to the present. Furthermore, DNP has worked to develop products and services that combine our strengths in *monozukuri* (manufacturing) and IT to respond to issues such as securing stable supplies of food and reducing food loss.

Today we face numerous social issues that include addressing climate change, expanding the use of renewable energy, responding to ocean pollution and preserving biodiversity. Under these conditions, DNP is working to ensure we hand down to the next generation an even better society where people enjoy pleasant conversations, enhance their food, clothing and housing, and color their memories with photographs and videos. We at DNP continually give serious consideration to what is the value we can provide to make

people’s lives even more comfortable. All employees will make their utmost efforts to provide new value to people and society through our products and services so that this value leads to an expansion of DNP’s profits and perpetual development.

Since assuming the duties of president, I accelerated efforts for “taking on the challenge of promoting change,” with DNP itself playing the main role, toward the realization of our “Third Corporate Founding.” That said, the tasks I was able to accomplish were limited within the short span of just one year. Going forward, while taking account of a medium- and long-term timeframe and a global perspective, I will focus on what must be done at the present.

— What are your aims in the “Third Corporate Founding”?

Our “Third Corporate Founding” aims at nothing less than taking on the challenge of generating new value that solves social issues and meets the expectations of people.

Dai Nippon Printing Co., Ltd. was formed in 1935 through a merger between Shueisha, founded in 1876, and Nisshin Printing Co., Ltd., established in 1907. Although Dai Nippon Printing including its two predecessors had carried out business centered on publishing printing during the first approximately 75 years of operations, the Company subsequently faced crisis conditions that shook its business operations in the tumultuous post-war period.



In response, the Company formulated the “five-year reconstruction plan” in 1951, and based on the concept of “expansion printing” to broaden business domains through the application and advance of printing technologies, it realized its “Second Corporate Founding,” which was a truly new founding leading to the current DNP. The Company expanded printed materials from paper to films, metals and others and began producing items such as packaging, decorative materials and electronics components and devices, and subsequently transformed into one of the world’s leading comprehensive printing companies. In the 1970s, DNP acted early to engage in the digitization of information, and since has utilized its printing technologies and information technologies to carry out such businesses as its smart card-related business, e-books and network services while also expanding its business domains into such areas as energy and life science.

As I mentioned previously, major changes are currently unfolding in Japan and overseas. Until now, we could achieve growth in business results merely by addressing issues facing our corporate customers. In contrast, today DNP must play a leading role in identifying the issues faced by society and the expectations of customers and make efforts to

ensure we respond appropriately.

In our “Third Corporate Founding” we need to synergize DNP’s unique strengths of P&I (printing and information) while deepening collaboration with partners possessing strengths different from our own as we take on the challenge of creating new value for solving social issues and meeting the expectations of customers. In working to realize this objective, we will accelerate various initiatives such as synergizing the technologies and assets possessed by each department to deploy the total strengths of “All-DNP.”

— **What measures are you actually implementing to realize your “Third Corporate Founding”?**

The Group is working in unison to implement three measures for “generating, providing and expanding value.”

The Group is presently working as one to promote the following “Three Priority Measures.” The first is “Generate value by expanding business, primarily in growth areas.” In keeping with our business vision of “P&I innovations” for creating innovative value leveraging our strength of “P&I,” we are striving to achieve growth in the four domains of Knowledge and Communication, Food and Healthcare, Lifestyle and Mobility, and Environment and Energy. There are numerous issues throughout the world that still remain unsolved, as evidenced by the Sustainable Development Goals (SDGs) adopted at the United Nations Sustainable Development Summit 2015. As I explained previously, we are working to solve these problems by further fortifying efforts to combine the strengths of DNP and our partners.

DNP’s four growth areas each have different characteristics and there are also variances in the speed of initiatives. Therefore, it is important to achieve well-balanced growth while considering priorities in allocating resources.

The second priority policy is “Provide value to the global market.” Value chains and information networks currently span the globe and are closely connected, and therefore, DNP will also undertake business with an eye toward the entire world. In doing so, we will accurately identify the characteristics, issues and needs of each region overseas and will determine whether DNP’s products and services would be of value there.

DNP has been carrying out business overseas since 1964. Today, approximately 5,000 local DNP employees work at business sites outside Japan. In the future, I would like to further raise the synergies between our businesses in Japan and overseas.

The third is “Expand corporate value by means of all kinds of structural reforms.” Remuneration for the value we provide comes in the form of profits. For this reason, we cannot achieve growth as a company without firmly raising value.

Moreover, even newly created value can also gradually lose its appeal with the passing of time or when other companies catch up. To maintain and strengthen our business competitiveness and maximize profits, we will therefore continually re-evaluate our strategies, tactics and markets from the perspective of “value” while working to optimize internal systems and rules.

To the present, we have integrated and reorganized business departments and Group companies. We will continue to implement every type of structural reform as we aim to build an optimal business portfolio while taking both top-down and bottom-up approaches.

— **Could you explain your specific business results for the fiscal year ended March 31, 2019?**

DNP achieved growth in operating income by concentrating on development and sales of strong products and services.

In the fiscal year ended March 31, 2019, the DNP Group achieved a 7.6% increase in consolidated operating income from the previous fiscal year to 49.8 billion yen. We attained this increase by concentrating on the development and sales of strong products that can secure top shares in Japan and overseas. Additionally, the DNP Group will build a robust business portfolio by proactively investing in priority businesses and undertaking restructuring to bolster competitiveness, including through the reorganization of business departments and group companies.

Looking at main priority businesses, in the Information Communication business, we will expand the smart card business and payment services-related business amid the shift to cashless payments as well as the Business Processing Outsourcing (BPO) business to handle business processes on behalf of companies in response to labor shortages and work style reforms. We will also pursue the global expansion of “*kotozukuri*,” experience-based value creation, business that appeals to the joy of photography by leveraging our strengths in photoprint materials, which command the world’s largest market share.

Regarding the Lifestyle and Industrial Supplies business, in the packaging and decor materials fields, we will work to develop high-added-value products and services. We will also expand our business for battery pouches for lithium-ion batteries amid high growth in automotive applications with the advance of vehicle electrification. In the Mobility-related business, we will intensively undertake the development of highly functional, high-quality products and services such as curved resin glass that contributes to lighter vehicle weights and decorative films that combine design with functionality.

One typical product that synergizes our strengths in “P&I (Printing and Information) is the DNP Multifunctional

Insulation Box. This product utilizes our *monozukuri* such as vacuum insulation panels that deploy our strengths in “printing” to maintain a certain internal temperature inside the box for a long time without using a power source. In addition, the insulation box uses simulation software independently developed utilizing our strengths in “information” to calculate the optimal amount of refrigerant in accordance with the transportation distance. Furthermore, we will combine IC tags and sensors to contribute to the building of cold chains, a logistics format for appropriate temperature control with little environmental impact.

In the Electronics business, we are expanding our business for metal masks and optical films used in the production of organic light-emitting diode (OLED) displays in gearing up for the switch from liquid crystal displays (LCD) to OLED displays. Additionally, we will provide total solutions that utilize DNP’s nanoimprinting technologies in a diversity of fields requiring microfabrication.

— **What are your specific initiatives for raising the competitiveness of your businesses?**

We will allocate management resources in an optimal manner and maximize their use.

First, we aim to achieve further growth in net sales and operating income by building a strong business portfolio with a focus on businesses with high competitiveness in Japan and overseas. To raise the effectiveness of these efforts, we will optimally allocate and maximize management resources to build a strong management foundation.

Moreover, to accelerate new business development centering on growth areas, we will take such steps as making R&D investments and capital investments and pursue M&A. Meanwhile, in responding to major changes in the business environment, we must build a strong financial structure and realize a balance between undertaking proactive investments and maintaining internal reserves.

In the fiscal year ended March 31, 2019, as an initiative for improving profitability and efficiency of capital, we recorded a 16.6 billion yen impairment of fixed assets targeting idle assets not expected to be used in the future and business-use assets with diminished profitability. As another example of measures for effectively using assets, we continuously re-evaluate our stock holdings. In line with these efforts, in the fiscal year ended March 31, 2019, we sold stocks that we no longer had any significant reason for holding and thus recorded an 18.0 billion yen gain on sale of investment securities.

We are also pushing ahead with the streamlining of business sites in Japan and overseas. To this end, we are selling fixed assets such as real estate deemed to no longer have further use and are involved in redevelopment in the Ichigaya district

of Shinjuku ward, the location of our Head Office. Besides groupwide efforts to promote the optimal allocation of human resources and other management resources, over the next several years we plan to relocate functions from our DNP Gotanda Building (Shinagawa ward, Tokyo) to the Ichigaya district. In the fiscal year ending March 31, 2020, DNP plans to sell the DNP Gotanda Building and to record a corresponding extraordinary gain of approximately 20.0 billion yen.

Reflecting the favorable evaluation of our initiatives for building a strong management foundation and improving profitability, in June 2019 DNP once again received an AA- rating from Rating and Investment Information, Inc. (R&I).

On a different front, DNP implemented measures for repairing defects in some of the wallpaper products manufactured by the Company between February 2011 and February 2014. These defects make surface designs susceptible to falling off as the wallpaper surface becomes brittle after installation due to changes over time. DNP has also confirmed through testing by several specialized agencies that the wallpaper with these defects has no problems in terms of safety. New scientific testing and analysis has been carried out based on the data obtained to the present through these repair measures and as a result DNP again made a rational estimate of the largest potential future impact. Accordingly, in the fiscal year ended March 31, 2019, DNP recorded a 75.0 billion yen provision for additional repair costs. By doing so, we will curb any increased impact of past wallpaper products on our future business results and move forward with our concentration on priority businesses, as well as make efforts to further increase corporate value.

— Can you explain DNP's approach to corporate governance?

Strengthening corporate governance is a crucial management issue for improving corporate value and becoming a company that earns the trust of all stakeholders.

DNP considers strengthening corporate governance to be a crucial management issue for contributing to the sustainable development of society, improving our own corporate value and becoming a company that earns the trust of all stakeholders. DNP has built and operated a strong structure for management decision-making and business execution and for auditing and monitoring these functions. At the same time, DNP works to enhance integrated corporate governance such as by implementing thoroughgoing employee training and education.

At the General Meeting of Shareholders in June 2019, a resolution was approved for the election of nine Directors, of which three, or one third of the Board, are Outside Directors. In June 2018, DNP selected one female Corporate Officer and

will continue to consider measures for raising the diversity of board members. At venues such as the Board of Directors as well, deliberations on medium- and long-term business plans and specific discussions for attaining the plans are deepening.

DNP is actively promoting environmental, social and governance (ESG) initiatives that encompass improving governance, as it works to achieve sustainable growth, and these initiatives have earned high acclaim from outside the company. For example, DNP has been selected for many indices of global socially responsible investments (SRI), most notably the FTSE4Good Global Index and MSCI Global Sustainability Indexes. Additionally, as of July 2019, DNP was the only company in Japan's printing industry to be selected as a constituent of all four ESG indices adopted by Japan's Government Pension Investment Fund (GPIF).

DNP's environmental and social initiatives have also earned recognition. In May 2019, DNP was ranked fourth among companies in the domestic manufacturing industry in the Nikkei "22nd Environmental Management Survey" company ranking. Furthermore, the previously mentioned DNP Multifunctional Insulation Box won the "Grand Prize," the highest award at the 28th Annual Global Environment Awards sponsored by the Fujisankei Group.

— What initiatives are you undertaking for further exerting the abilities of employees?

We are progressing with the design and rebuilding of personnel systems to realize more work-friendly environments and to make it easier to create value.

The approximately 40,000 employees comprising the DNP Group are above all valuable assets with unique strengths that we can synergize to create unlimited potentials. Also, we must even more vigorously promote collaboration with outside partners that possess strengths that differ from those of DNP.

To do so, while focusing on society as a whole as it undergoes rapid changes, we will work toward designing and rebuilding our personnel systems to create a more open and free organization, realize even friendlier work environments and make it easier to create value.

We have already promoted a variety of reforms to the present. In April 2019, we revised our personnel systems to mainly target people from both inside and outside the company who have diverse careers as well as young employees.

For example, we enhanced our employment-related system to actively incorporate perspectives from outside the company. To spur employee innovation, we took such measures as introducing fixed-term employment in certain specialized fields and a return-to-work system and began allowing some side jobs and dual employment.

We are also revising employee benefit-related systems.

Specifically, we will significantly raise bonuses and wage levels for young employees and support investments and education that enable young employees to refine their own sensibilities. Additionally, we are taking measures such as setting up an ICT professional system, rebuilding our wage system and benefit system by job type and region, reviewing the evaluation system and introducing a human resources development management framework.

Promoting flexible work styles that make effective use of time and places is also important. Therefore, we will create workplaces that raise efficiency by introducing telecommuting and promoting work style reforms for management positions.

— Finally, what is your message to stakeholders?

DNP aims for a presence that is always close to people based on Today's Innovation is "Tomorrow's Basic."

We at the DNP Group have a corporate culture of continually taking on the challenge of promoting change. Following WWII in particular, we have raised corporate value as times shifted dramatically by focusing efforts on "taking on the challenge of promoting change" by undertaking "expansion printing" to

significantly broaden our business domains. Today's changes are larger and becoming even more drastic than in the past and this means we will have to take on further challenges.

The 2020 Tokyo Olympics and Paralympics are finally approaching. The DNP Group intends to widely communicate the appeal and potentials of sports and hopes to connect these activities to its future business.

We will strive to anticipate social issues and people's expectations by taking a global perspective as well as a medium- and long-term perspective looking 10 years into the future and even as far ahead to 2050. In doing so, we will anticipate the type of value being demanded and provide optimal products and services by synergizing our strengths in "P&I" with those of our partners.

We will ensure that DNP's products and services exist as "basics" that naturally not only solve social issues in the daily life of each and every consumer but also exceed people's expectations. DNP has breathed this desire into the corporate statement "Today's Innovation is *Tomorrow's Basic*" as we undertake a variety of businesses.

DNP will of course continue to maintain transparency and fairness, deepen *TAWA* (dialogue) with numerous stakeholders that include shareholders as well as achieve sustainable growth and improve corporate value. In the future, I ask for your further support as we work to achieve our objectives.

