

**Overview of Financial Results
for Fiscal Year 2019 (ending March 31, 2020)
and Medium-term Management Plan
Briefing materials**

DNP

June 1, 2020

Dai Nippon Printing, Co., Ltd.

1. Results Overview

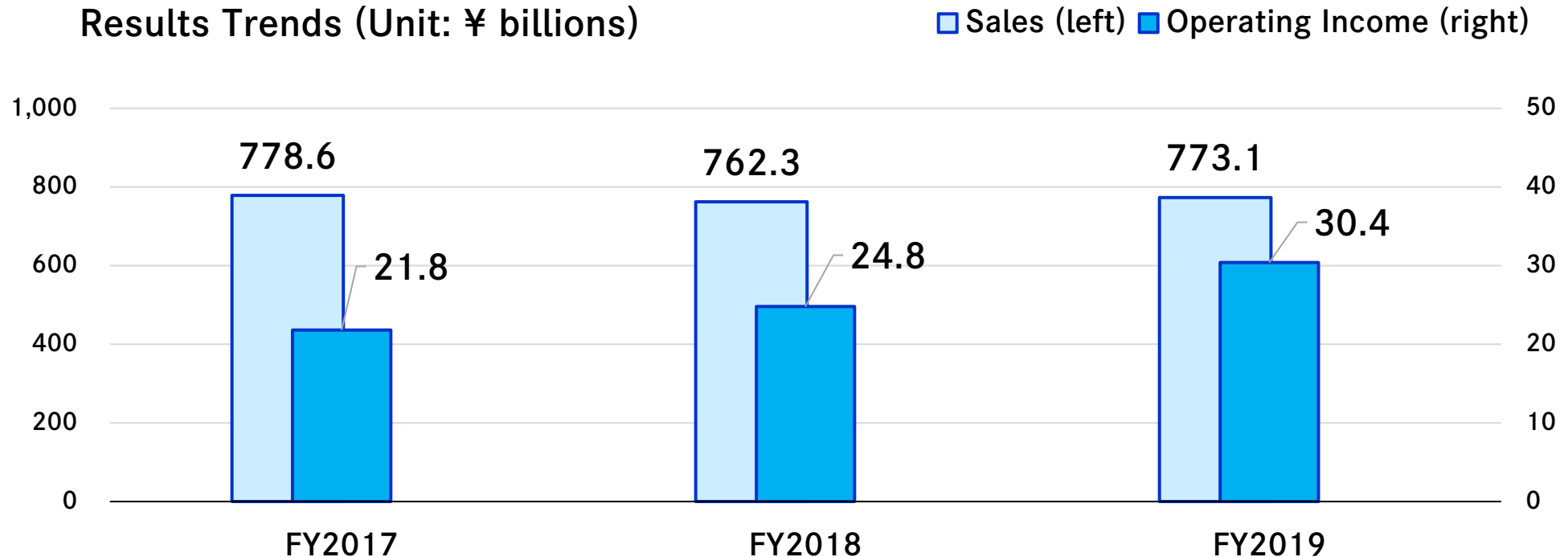
1. Overview of Consolidated Results for Fiscal Year 2019: Earnings Summary

DNP

(Unit: ¥ billions)	FY2018	FY2019	Year-on-year Change
Sales	1,401.5	1,401.9	+0.0%
Operating Income	49.9	56.3	+12.8%
Ordinary Income	58.3	63.8	+9.5%
Net Income Attributable to Parent Company Shareholders	▲35.7	69.5	—
ROE	—	7.3%	—
Capital Expenditures	41.1	57.2	+39.1%
Depreciation Expenses	59.1	54.5	▲7.8%
R&D Expenditures	33.8	33.6	▲0.5%

- Sales rose only slightly year on year, but business portfolio revamp drove product mix improvements, resulting in sales and profit growth.
- A review of strategic shareholdings and other asset holdings in order to effectively use and streamline assets resulted in higher net income and ROE.
- The DNP Group (DNP) has opted to leave its forecasts for the fiscal year ending March 2021 pending due to the lack of visibility on the impact of COVID-19, and the consequent lack of a reasonable and appropriate basis on which to forecast earnings. It will promptly announce forecasts once it judges that this reasonable basis exists.

1. Overview of Consolidated Results for Fiscal Year 2019: Segment Earnings 【Information Communication】

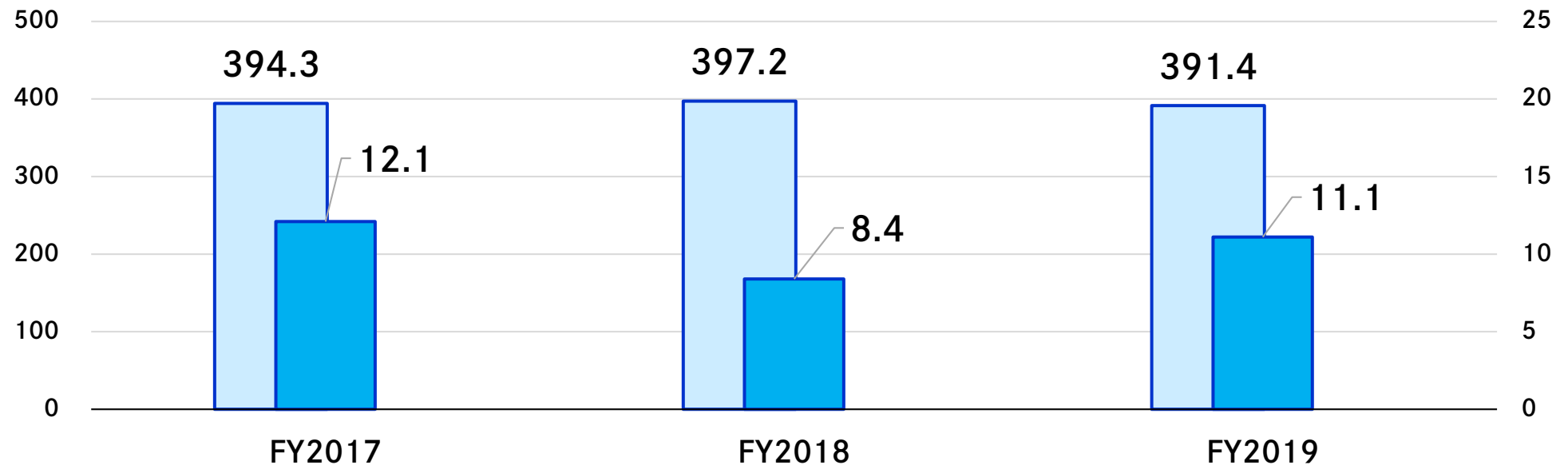


In the Information Innovation business, sales and profits increased on greater demand for smart cards in line with the shift toward cashless payments, growth in Business Process Outsourcing (BPO; handles business processes for companies seeking to respond to labor shortages and work-style reforms), and the positive impact of cost reductions achieved mainly by consolidating production bases.

1. Overview of Consolidated Results for Fiscal Year 2019: Segment Earnings 【Lifestyle and Industrial Supplies】

Results Trends (Unit: ¥ billions)

□ Sales (left) ■ Operating Income (right)

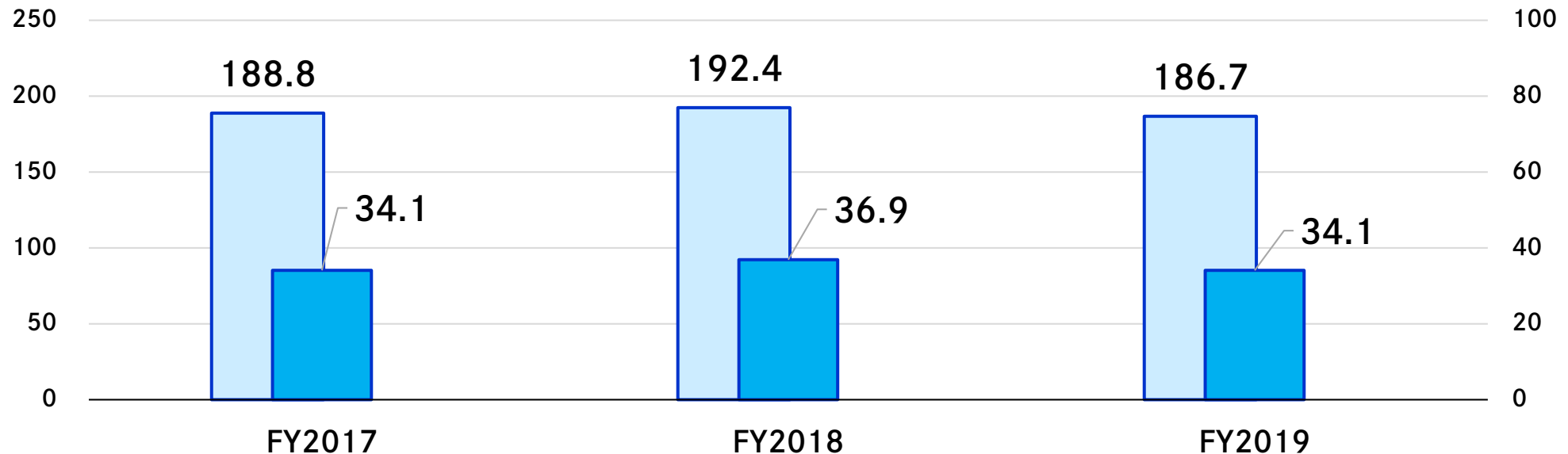


DNP implemented restructuring throughout the segment and reviewed low-value added products in the Packaging business. In the Industrial Supplies business sales of battery pouches used in automotive lithium-ion batteries rose sharply, and sales of photovoltaic module components such as encapsulants and back sheets also increased. While segment sales declined, profits rose, due partly to lower raw material prices.

1. Overview of Consolidated Results for Fiscal Year 2019: Segment Earnings 【Electronics】

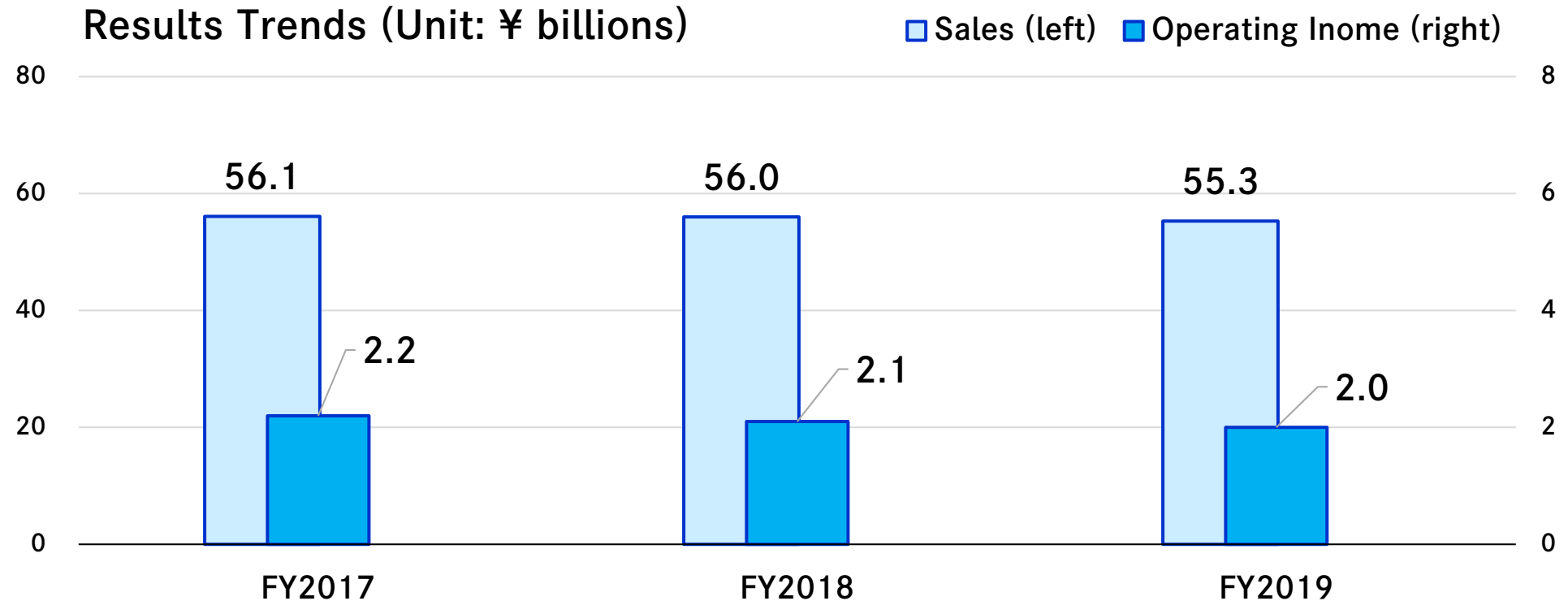
Results Trends (Unit: ¥ billions)

□ Sales (left) ■ Operating Income (right)



Sales increased for optical films and metal masks for organic light-emitting diode (OLED) displays, but declined for optical film for LCD TVs. DNP also reviewed its business structure in line with lower demand for color filters for LCD displays. In the Electronic Devices business, semiconductor photomask sales decreased due to a decline in semiconductor market conditions. As a result, overall segment sales and profits declined.

1. Overview of Consolidated Results for Fiscal Year 2019: Segment Earnings 【Beverages】

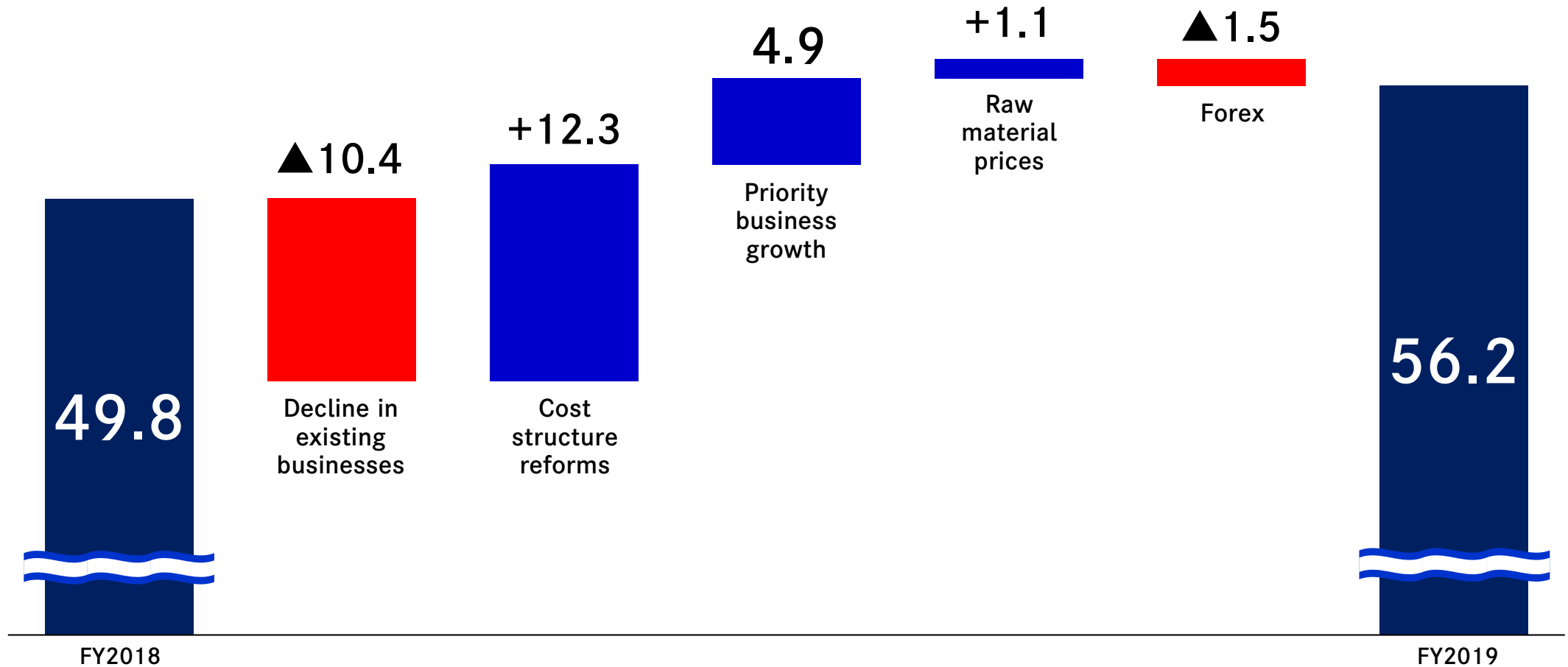


Sales to customers in Hokkaido rose due to efforts to increase share in existing markets and acquire new customers via the release of new products and proactive sales promotion activities, but sales to bottlers in other regions declined due to adverse weather in Honshu. As a result, overall segment sales and profits declined.

1. Overview of Consolidated Results for Fiscal Year 2019: Analysis of Factors Affecting Operating Income

DNP

(Unit: ¥ billions)



2. Impact of COVID-19 on DNP's businesses (1)

<Information Innovation Business>

- The pandemic has resulted in the cancellation of events throughout Japan (including the postponement of the Tokyo Olympics and Paralympics) and a decline in promotional campaigns and other advertising demand.
- There are prospects for an increase in online sales and other usage to increase demand for digital marketing and settlement-related services, and enquiries regarding business process outsourcing (BPO) are also increasing as a means of handling corporate business continuity planning (BCP).

<Imaging Communication Business>

- The “experience-based value creation” business, which aims to enhance people’s experiences through photographs, has been affected by the curtailment of operations at global theme parks and tourist destinations.

<Publishing Business>

- Sales have fallen sharply due to the voluntary closure of some bookstores in business districts.
- Government stay-at-home requests and school closures have resulted in more time spent indoors and a consequent increase in sales of e-books and home study materials at suburban bookstores in the “honto” business.

2. Impact of COVID-19 on DNP's businesses (2)

<Packaging Business >

- Sales of commercial packaging materials for beverages, souvenirs, and restaurant use have declined as consumers remain at home.
- Demand has increased for packaging for pharmaceuticals and sanitary materials and for household food items.

<Living Spaces Business >

- The business has been affected by an increase in delays or cancellations to housing construction and remodeling projects in Japan.

<Industrial Supplies Business >

- There are concerns about a decline in demand for products such as interior decorative materials due to the global suspension of operations in the automobile industry.
- Demand for battery pouches for lithium-ion batteries used in tablets and smartphones is set to increase due to an increase in working from home and online consumer spending.

2. Impact of COVID-19 on DNP's businesses (3)

< Display Components Business >

- A shift from LCD to OLED displays is progressing despite client companies' move to reduce operating hours, and demand is increasing for metal masks used in the production of OLED displays as client companies move to secure material supplies.

< Electronic Devices Business >

- In the Electronic Devices business, the outlook for semiconductor market conditions is uncertain, but there are prospects for demand growth driven by broader uptake of 5G and IoT due to factors such as an increase in working from home.

2. Impact of COVID-19 on DNP's businesses (4)

< Beverages >

- Despite the impact of a decline in demand from tourism destinations and restaurants as consumers remain at home, there are prospects for an increase in sales of the new Lemondo range of alcoholic beverages due to greater demand from consumers drinking at home.

2. Medium-Term Management Plan

Note: This plan does not currently factor in the impact of COVID-19.

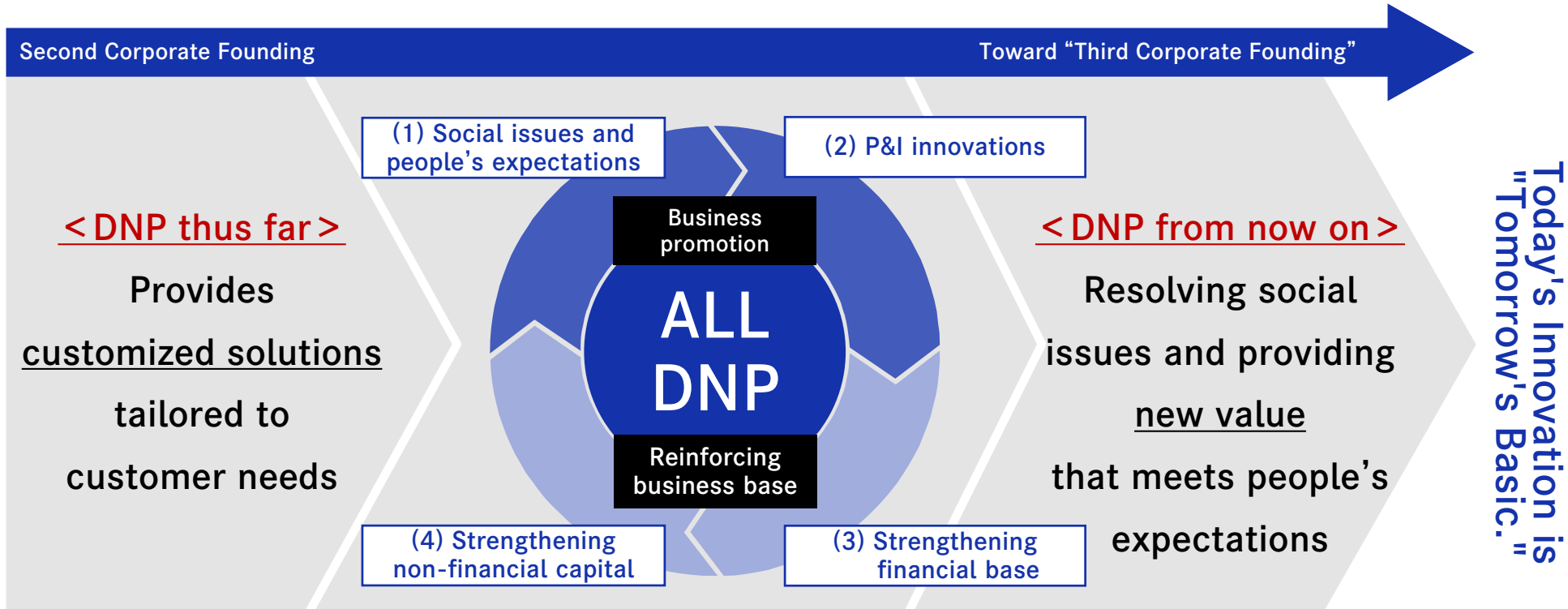
(1) What the DNP Group Aims To Be

What the DNP Group Aims To Be

DNP

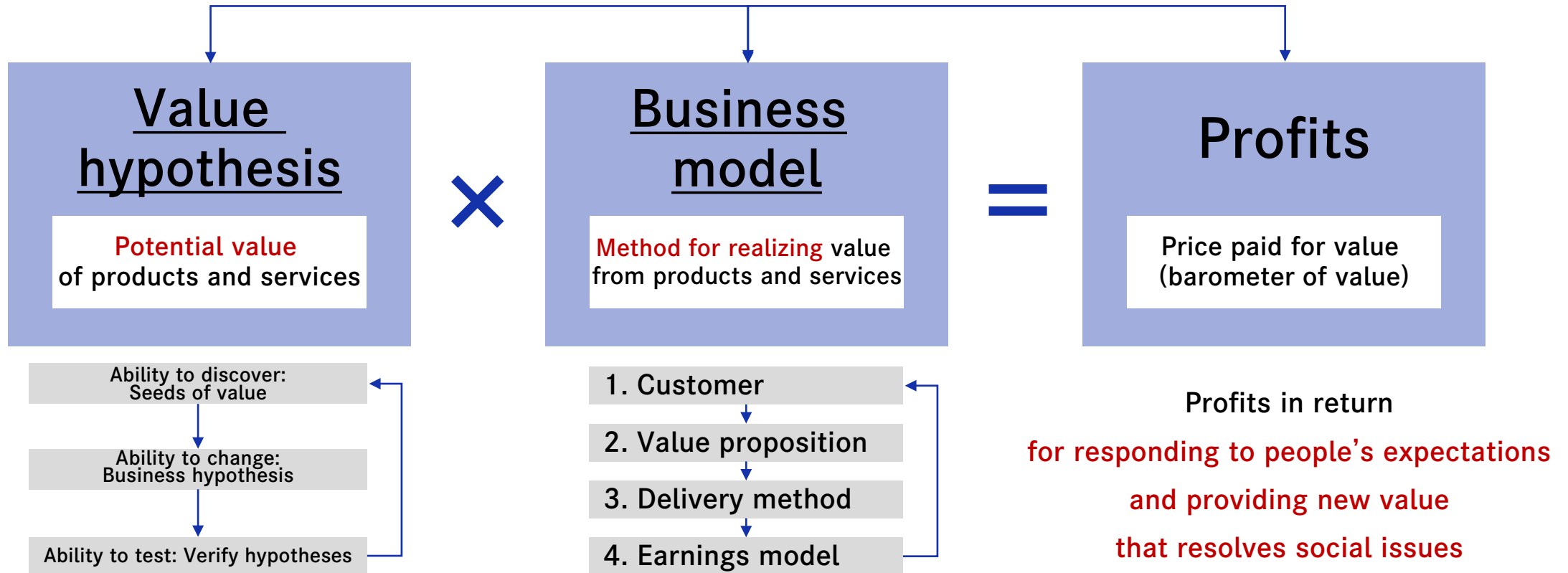
Corporate
Philosophy

The DNP Group connects individuals and society, and provides new value.



【DNP's unvarying strengths】

"Culture of continual innovation" "Drive to create value that resolves social issues"
"Synergies from P&I strengths" "Sincerity and transparency"



ALL DNP: Leveraging our comprehensive strengths
(Combining P&I strengths leveraging marketing perspective × partner alliances)

(2) Medium-Term Management Plan FY2020-2022 Action Program

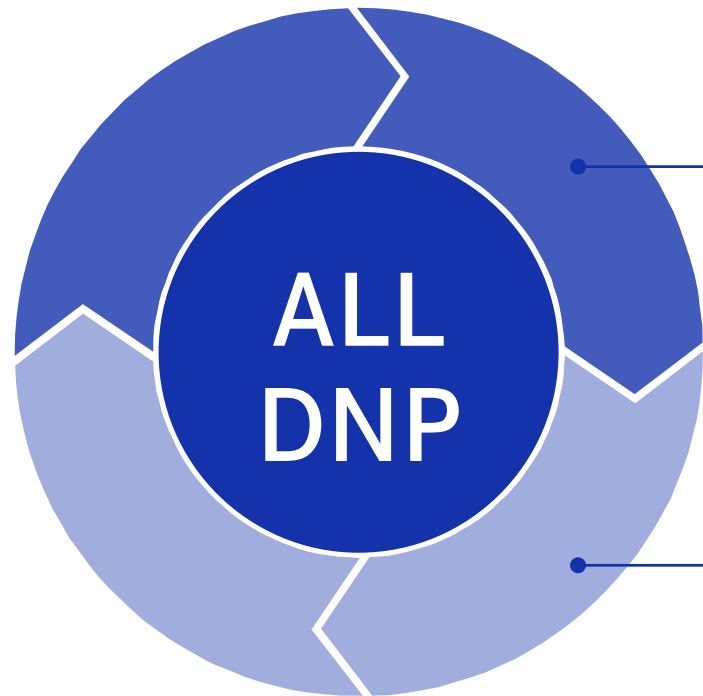
1 . Basic strategy

2 . Business conditions and key issues

3 . Main initiatives

4 . Management targets

1. Basic strategy



Basic Strategy **1**

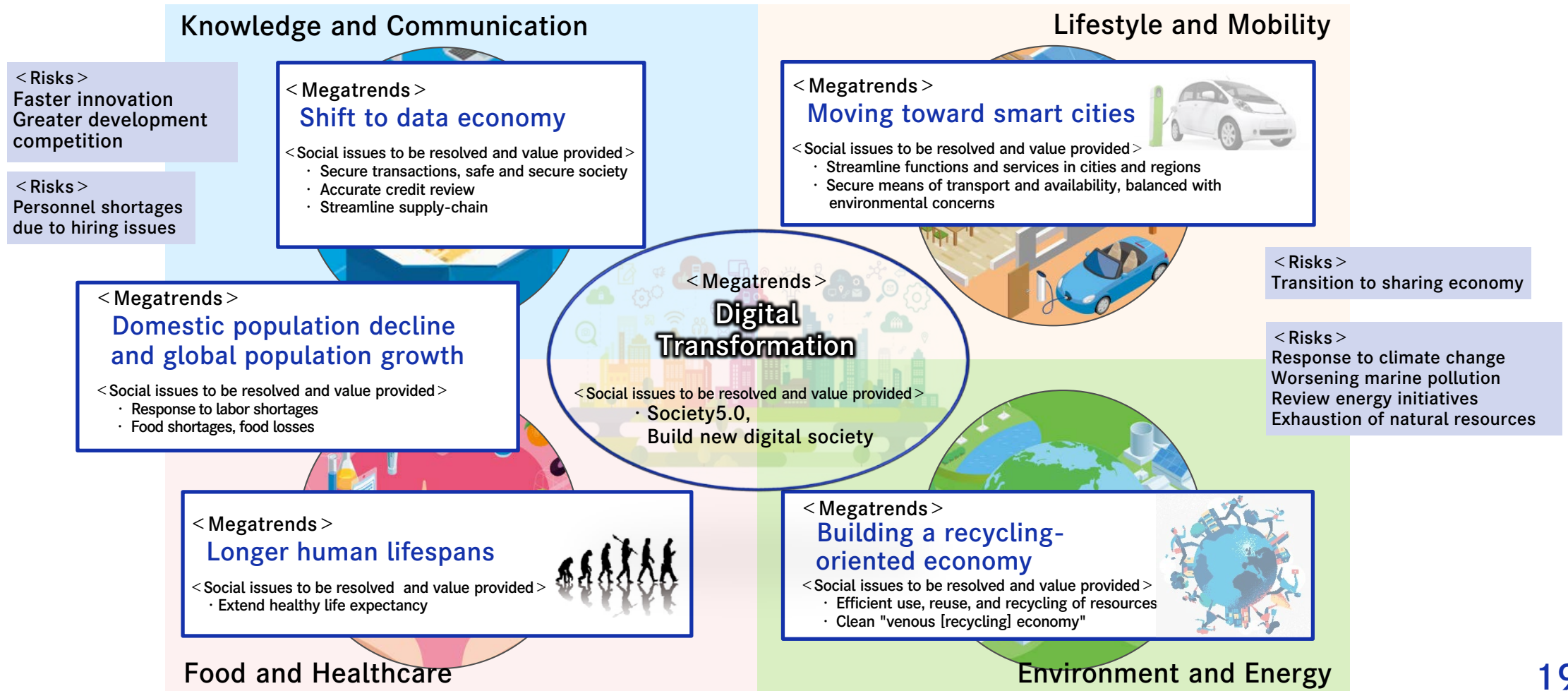
Create value through “P&I Innovations”
~Build a strong business portfolio~

Basic Strategy **2**

Strengthen business infrastructure
to support growth

2. Business conditions and key issues

Identify key issues based on global social issues and megatrends, stakeholders' interests and impact, and DNP's priorities



3. Main initiatives

Basic Strategy **1** Create value through “P&I Innovations”

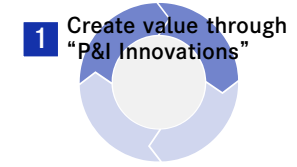
1. Create value primarily in growth areas
2. Provide value optimized to each country and region
3. Increase value using all available restructuring approaches

Basic Strategy **2** Strengthen business infrastructure to support growth

1. Strengthen financial and non-financial capital
2. Strengthen corporate governance

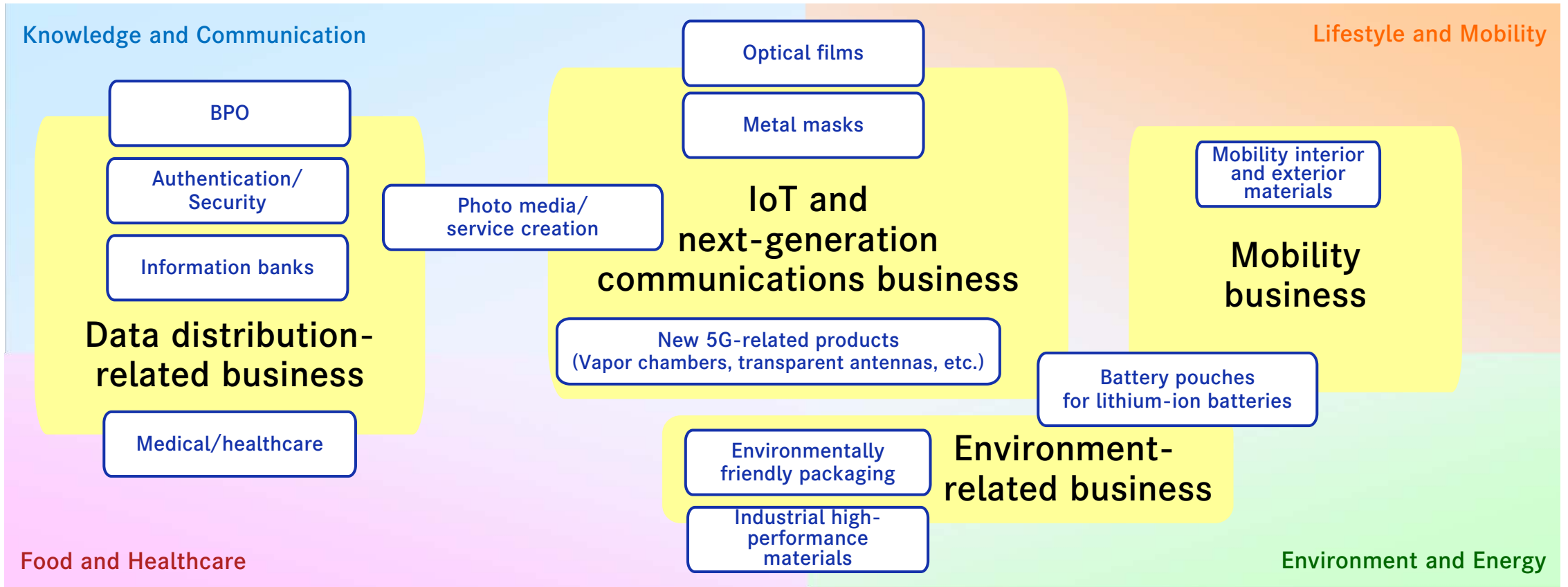
3. Main initiatives

1 – 1. Create value primarily in growth areas



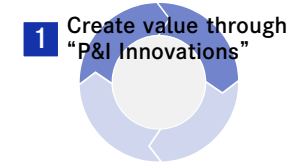
DNP

< Focus businesses in four growth areas >



3. Main initiatives

1 – 1. Create value primarily in growth areas



DNP

Focus businesses (1)

IoT and next-generation communications business

1. Identifying social issues: Target markets

▶ Next-generation communications business

¥77.3 trillion

▶ IoT business area

¥385 trillion

Creating hardware and software value for 5G

– 2025 worldwide market –

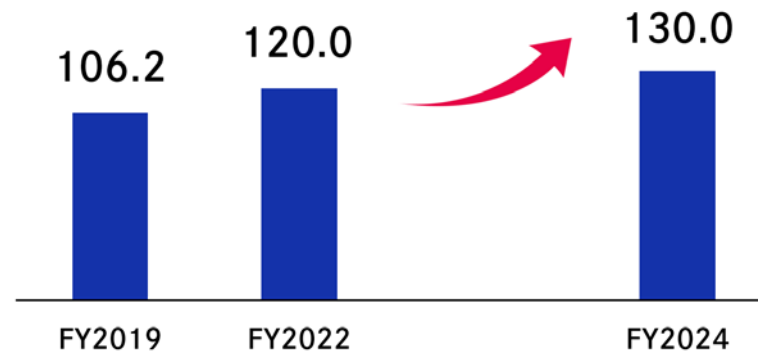
2. DNP's value proposition

- Achieve sophisticated, complex communications
- Turn manufacturing information into data to alleviate labor shortages
- Contribute to smaller, more sophisticated handsets to support high-volume/high-speed communications
- Send/receive large amounts of data instantly, enabling stress-free access to information

3. DNP's products and services

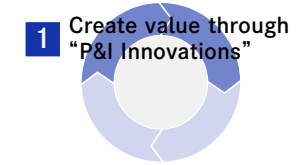
- Production and distribution of high-resolution VR content
- VR showrooms
- Vapor chambers
- Transparent antennas etc.

Sales (Unit: ¥ billion)



3. Main initiatives

1 – 1. Create value primarily in growth areas

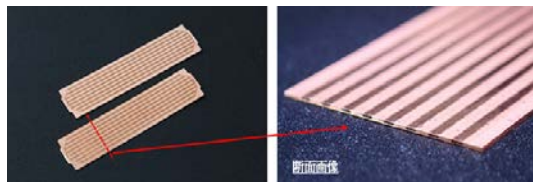


DNP

IoT and next-generation communications business

Vapor chambers (VC)

- Offers superior heat-dissipating performance and prevents temperature rise from heat sources, enabling smartphone manufacturers to adopt more sophisticated ICs in 5G-compatible smartphones and produce thinner, more compact handsets.
- 0.25mm profile around 30% thinner than competitors' conventional products while maintaining superior heat-dissipating performance, contributing to smartphone designs that require effective use of limited space.

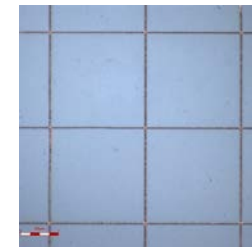


Cross-section



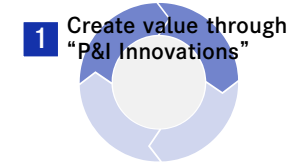
Transparent antennas

- Resolves smartphone design issue of lack of space for 5G antennas.
- Can be installed on smartphone displays as well as internally, functioning as antenna while not impairing visibility.
- Formation of ultra-fine (less than one-micron line width) pattern creates metal mesh invisible to naked eye. Achieves sheet resistance suitable for antennas (2 ohms/square) without sacrificing display visibility.



3. Main initiatives

1 – 1. Create value primarily in growth areas

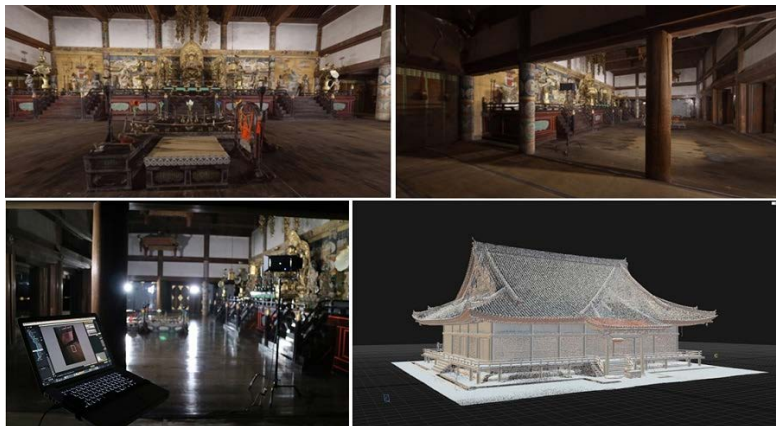


DNP

IoT and next-generation communications business

Production and distribution of high-resolution VR content

- DNP is participating in the Kyoto Cultural Heritage Archive Project, which aims to preserve Kyoto's tangible and intangible cultural assets and pass on them on to future generations.
- The project uses high-resolution imaging and laser measurement to create high-resolution 3D digital images. It offers a realistic experience of the interiors of buildings that are rarely open to the public.



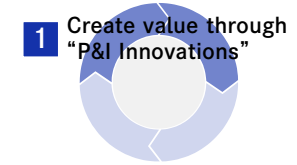
VR showrooms

- High-resolution graphical representations of condominiums and other buildings that are under construction. The virtual space gives potential buyers a realistic experience of the condominium's atmosphere.
- Leverages sophisticated image processing technology accrued in product photography and catalog production.



3. Main initiatives

1 – 1. Create value primarily in growth areas



DNP

Focus businesses (2)

Data distribution-related business

1. Identifying social issues: Target markets

▶ Data distribution-related business

¥1.6 trillion

Achieving safe, secure data distribution platform

2022 domestic big data analysis market (IDC Japan)

▶ Cultural and educational business

¥18 trillion

Progress with STEAM education/ICT adoption/lifelong learning

Agency for Cultural Affairs, "Cultural GDP/Cultural Economy and Industry"

▶ Medical and healthcare business

¥33 trillion

Extending healthy life expectancy and improving quality of life

2025 project commissioned by Ministry of Economy, Trade and Industry

2. DNP's value proposition

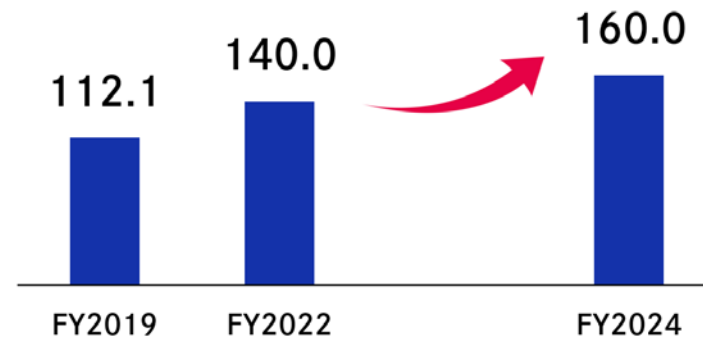
- Provides safe, secure data distribution and useful services for consumers and information providers

3. DNP's products and services

- BPO
- Information banks
- Educational ICT
- Smart medical examinations

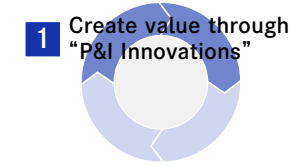
etc.

Sales (Unit: ¥ billion)



3. Main initiatives

1 – 1. Create value primarily in growth areas



DNP

Focus businesses (3)

Mobility business

1. Identifying social issues: Target markets

▶ Next-generation mobility business

¥6.4 trillion

Achieving smart mobility society accessible to all

2030 domestic MaaS market (Yano Research Institute Ltd.)

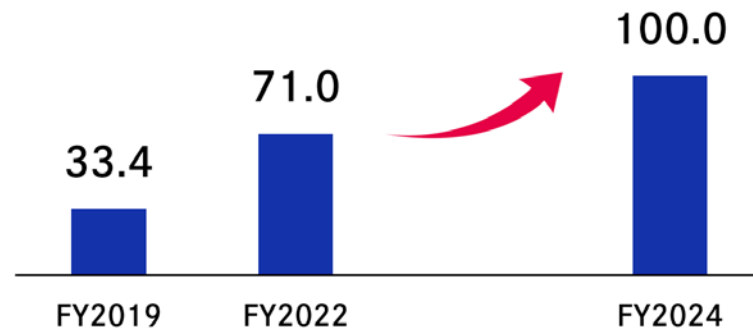
2. DNP's value proposition

- Reduce greenhouse gas emissions and air pollution
- Improve quality of life through stress-free transport, effective use of time in transit etc.

3. DNP's products and services

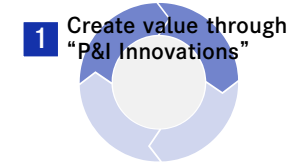
- Battery pouches for lithium-ion batteries
- Curved resin glass for electric vehicles
- Decorative films/panels
- Security solutions etc.

Sales (Unit: ¥ billion)



3. Main initiatives

1 – 1. Create value primarily in growth areas



DNP

Focus
businesses (4)

Environment-related business

1. Identifying social issues: Target markets

Environment-related business

¥475
trillion

Creating value
to reduce environmental
impact and achieve
recycling-oriented society

2030 Circular Economy; worldwide
market (2016 Accenture survey report)

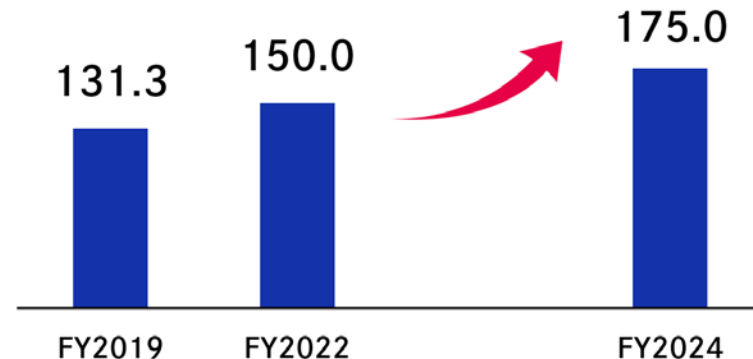
2. DNP's value proposition

- Contribute to realizing a recycling-oriented society
- Reduce greenhouse gas emissions
- Sustainable raw material procurement

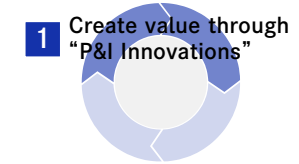
3. DNP's products and services

- Back sheets and encapsulants for photovoltaic modules
- DNP Multifunctional Thermal Insulation (MFTI) Box
- Recycled PET plastic bottles
- Environmentally Friendly Packaging etc.

Sales (Unit: ¥ billion)



3. Main initiatives

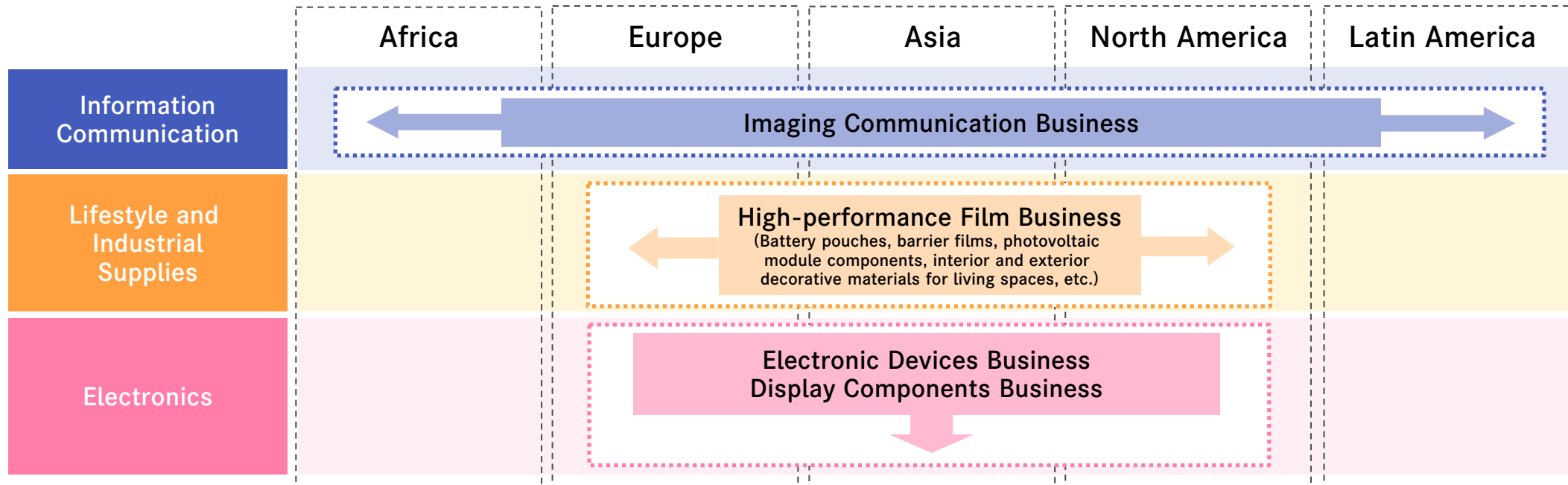


DNP

1 – 2. Provide value optimized to each country and region

Provide value optimized to individual countries and regions (not only to Japan)
that is fine-tuned to address public expectations and social issues

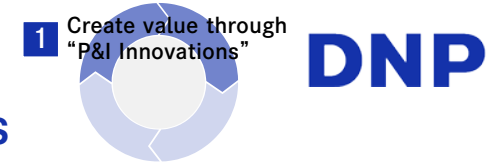
(1) Deepen and expand value proposition in global markets



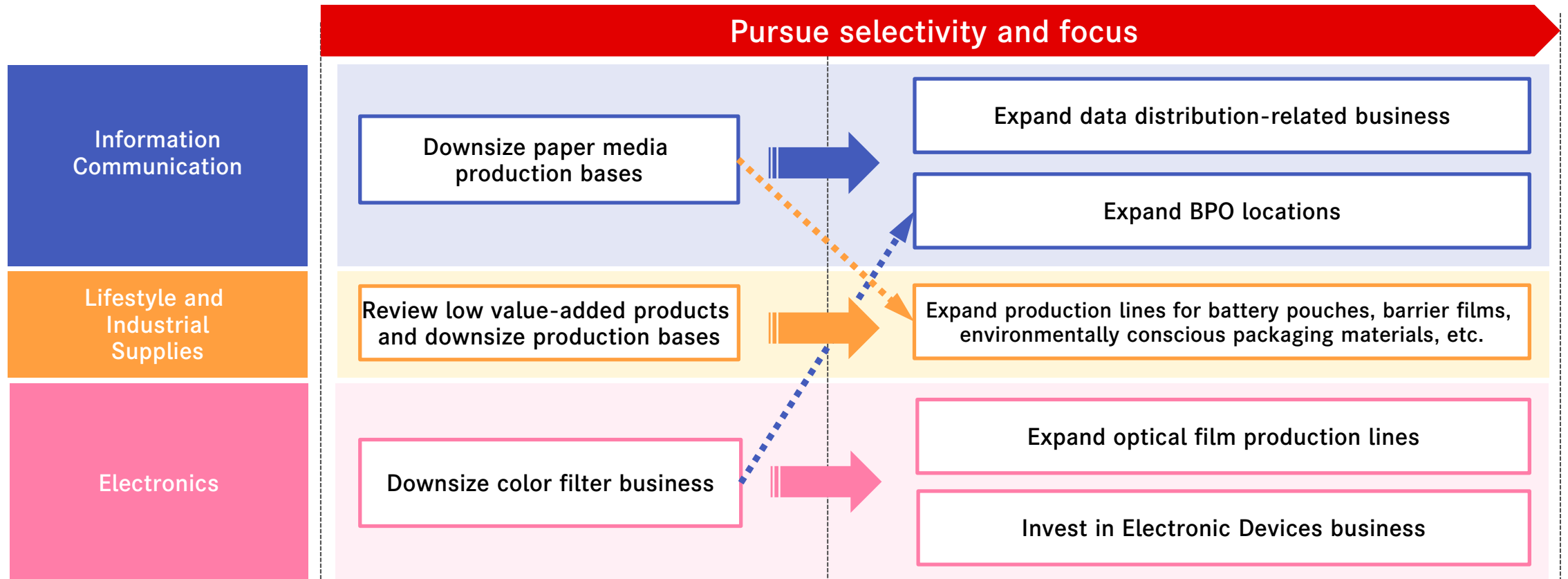
(2) Strengthen business structure via establishment of global marketing office to search out global markets and secure cutting-edge technology

3. Main initiatives

1 – 3. Increase value using all available restructuring approaches



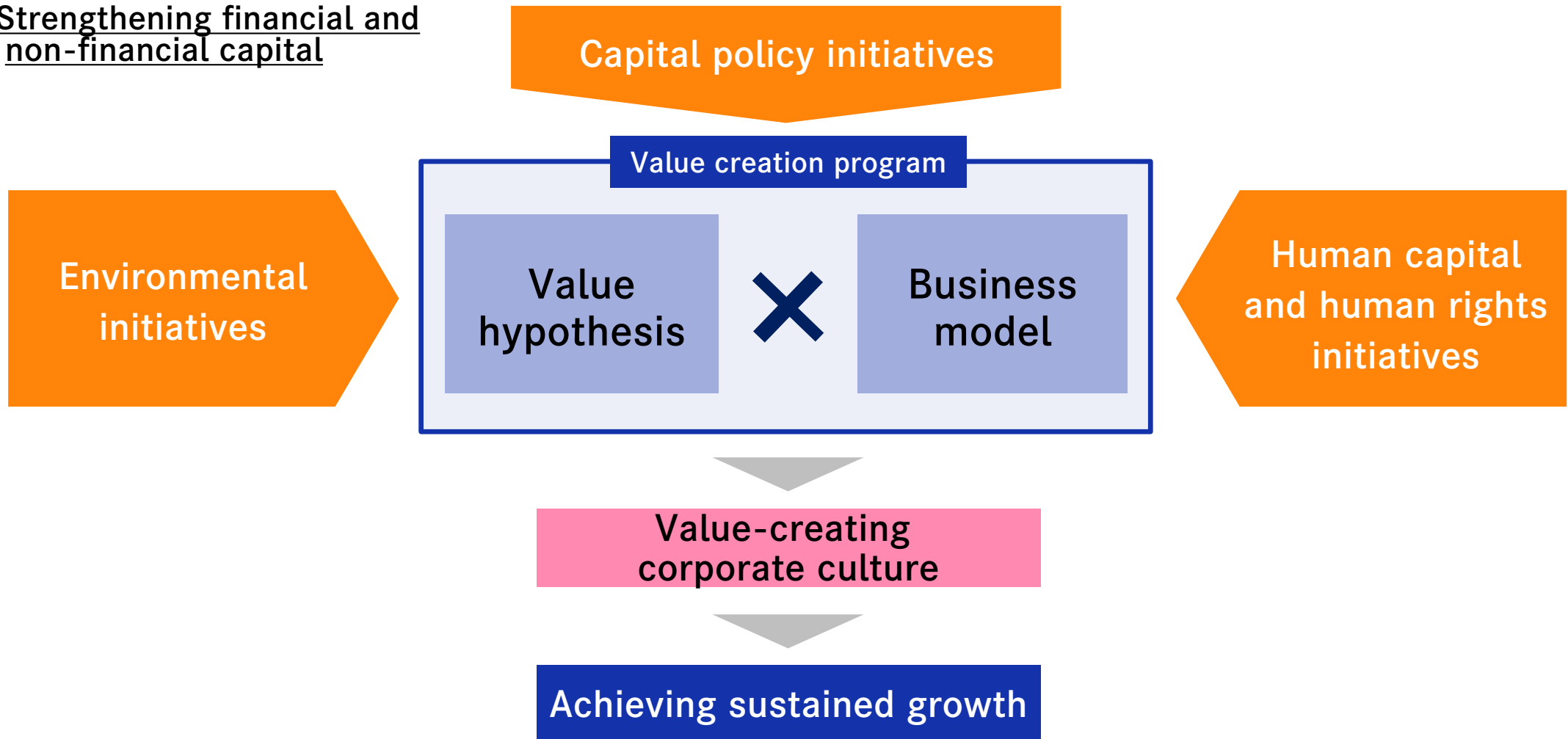
Rebuild low-value businesses to boost profitability



3. Main initiatives

2 – 1. Strengthen financial and non-financial capital

■ Strengthening financial and non-financial capital



3. Main initiatives

2 – 1. Strengthen financial and non-financial capital



Capital policy initiatives

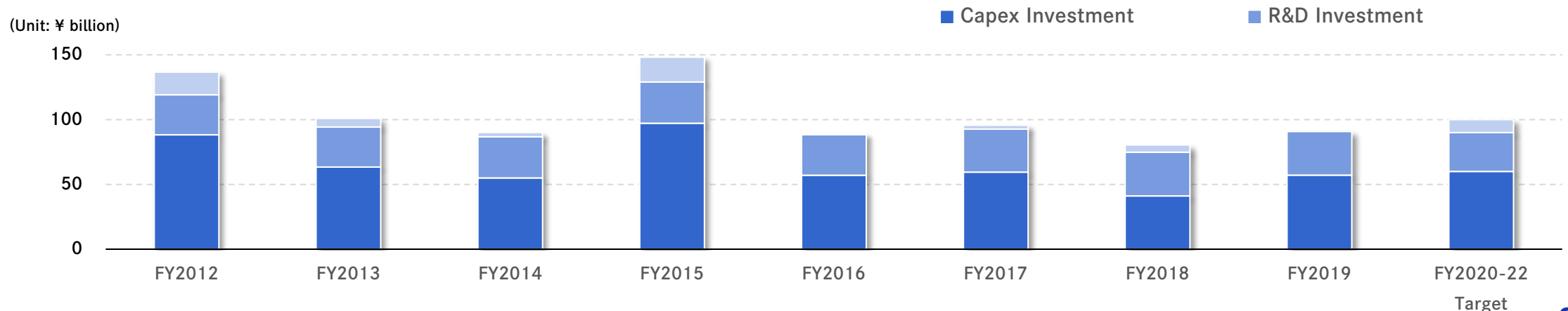
Pursue capital strategy aimed at strengthening financial capital

✓ Deploying management resources in growth areas

- In order to create value that resolves social issues and meets people’s expectations, DNP is focusing its business investments (R&D investment, capex, strategic partnerships, and M&A investment) on businesses in growth areas and investing management resources in the human capital needed to support them.

◆ It will continue making business investments of ¥100 billion per year in the fiscal years ending March 2021-2023, mainly in growth areas.

(Capex investment ¥60 billion, R&D investment ¥30 billion, Strategic partnerships and M&A investment ¥10 billion)



Note: This plan does not factor in the impact of COVID-19. DNP will review them as needed to reflect the impact of COVID-19.

3. Main initiatives

2 – 1. Strengthen financial and non-financial capital



Capital policy initiatives

Pursue capital strategy aimed at strengthening financial capital

✓ Improving capital efficiency and stabilizing financial base

- DNP will use both its own funds and third-party capital to fund growth investments.
- It will improve profitability via business selectivity and focus, and enhance capital efficiency mainly by reducing idle assets.
- Stable financial base backed by retained capital.

✓ Shareholder returns

- DNP distributes profits by maintaining stable dividends while considering factors such as earnings and payout ratio.

3. Main initiatives

2 – 1. Strengthen financial and non-financial capital



Environmental initiatives

	Response to risk	Maximizing opportunities	Efforts to address climate change and create recycling-oriented society
Response to climate change	<ul style="list-style-type: none"> Reduction of greenhouse gas (GHG) emissions throughout supply chain Greater use of renewable energy BCP measures at production bases 	<ul style="list-style-type: none"> Development of environmentally conscious products and services Use of renewable energy Sustainable raw material procurement, etc. 	<ul style="list-style-type: none"> Environmental initiatives and track record <ul style="list-style-type: none"> Climate-change initiatives at DNP business locations <ul style="list-style-type: none"> 2030 target: 25% cut in GHG emissions versus FY2015 ⇒ FY2018 result: 20% cut versus FY2015 Climate-change initiatives throughout supply chain <ul style="list-style-type: none"> International environmental non-profit CDP placed DNP on its Supplier Engagement Leaderboard in recognition of its initiatives. Drew up DNP Group Environmental Vision 2050 in March 2020 <ul style="list-style-type: none"> Ramping up activities to achieve decarbonized society, recycling-oriented society, and society in harmony with nature <ul style="list-style-type: none"> Decarbonized society through climate change mitigation and adaptation <ul style="list-style-type: none"> Aims to achieve effective net-zero GHG emissions from business activities at own sites Will contribute to creation of decarbonized society through own products and services Recycling-oriented society through efficient use of resources Society in harmony with nature via conservation of biodiversity
Create recycling-oriented society	<ul style="list-style-type: none"> Reduction of industrial waste Use of renewable resources 	<ul style="list-style-type: none"> Corporate alliances and technology development to enable recycling of plastic resources Establishment of platform for reuse of recyclable resources 	



3. Main initiatives

2 – 1. Strengthen financial and non-financial capital



Human capital and human rights initiatives

	Response to risk	Maximizing opportunities
Strengthening human capital	<ul style="list-style-type: none"> Response to labor shortages, human capital outflows 	<ul style="list-style-type: none"> Securing and developing human capital to promote business structure reforms Promoting empowerment of women Hiring of people with disabilities (established special subsidiary)
Occupational health and safety	<ul style="list-style-type: none"> Preventing harassment and loss of public trust 	<ul style="list-style-type: none"> Improving motivation Ensuring health and safety
Human rights in supply chain	<ul style="list-style-type: none"> Creation of DNP Group Human Rights Policy 	<ul style="list-style-type: none"> Building sustainable supply chain



Promoting diversity (leveraging diverse human capital to create value)

Initiatives to promote diversity beginning with women's empowerment

Career support

- Tiered education and training from new hires and mid-tier employees through to managers
- Cross-division support structure via mentor system
- Back-to-work seminars (Kangaroo Club)

Work-style reforms

- Promoting flex/home/remote working
- Use of Office365/teams, web conferencing, etc.
- Use of side business/job return system

Management reforms

- Set up nationwide diversity promotion committee
- Development of leaders who promote D&I
- Introduced management by objectives (MBO) system and career interviews with subordinates

43.5%
(FY2019 Result)

【Breakdown of new graduate hires】

At least 7.0%
(FY2021 Target)

↑

5.6%
(FY2018 Result)

【Percentage of female managers】

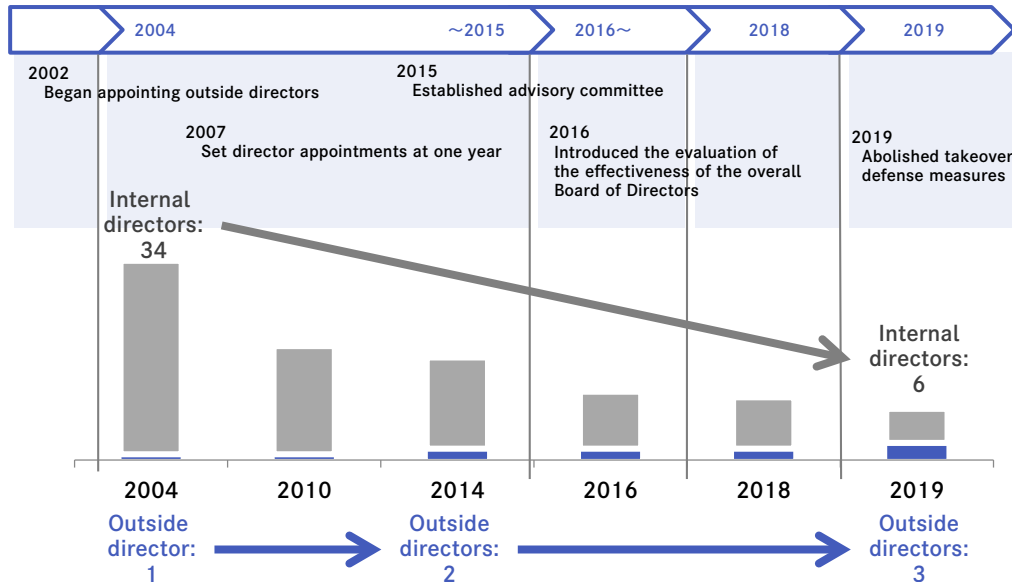
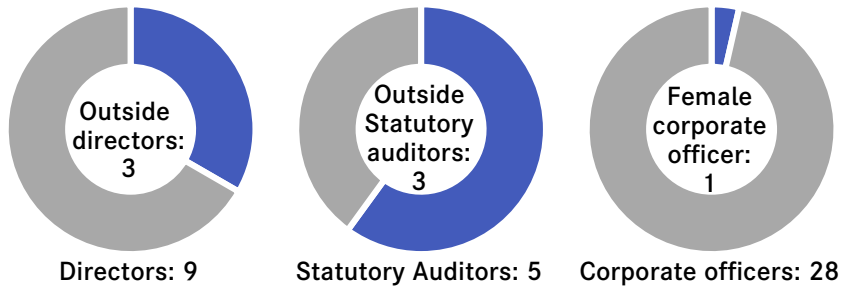
3. Main initiatives

2 – 2. Strengthening corporate governance



Build robust corporate governance system and structures to increase corporate value

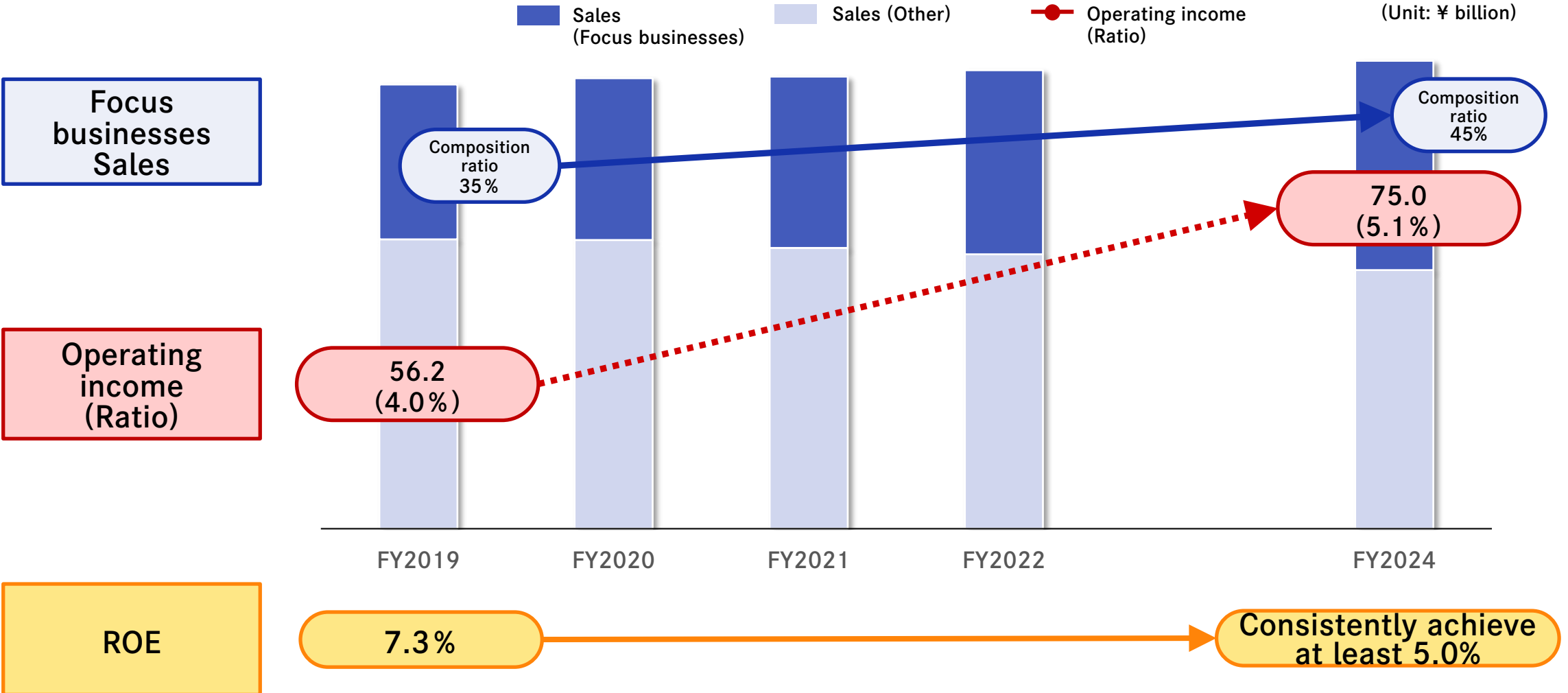
Breakdown of directors and auditors



Initiatives to strengthen corporate governance

- ✓ **Outside directors at least one third of total**
Strengthening board of directors' transparency and oversight
- ✓ **Optimizing strategic shareholdings**
DNP continues to reduce its holdings based on a regular assessment of their significance and purpose.
- ✓ **Evaluating board of directors' effectiveness**
Outside directors discuss results of annual analysis and evaluation of board's effectiveness and share with the board.

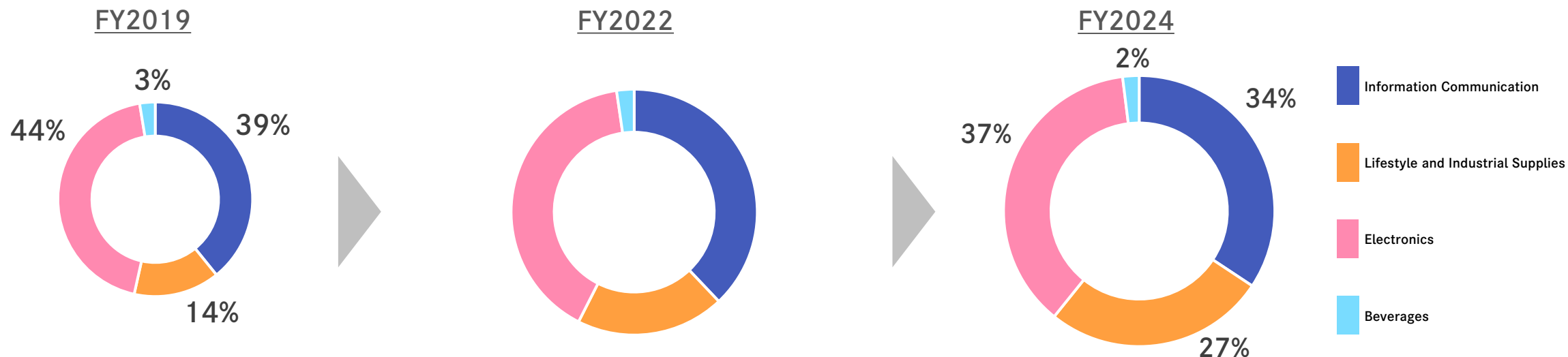
4. Management targets



Note: This plan does not factor in the impact of COVID-19. DNP will review them as needed to reflect the impact of COVID-19.

4. Management targets

■ Operating income by Segment



Note: This plan does not factor in the impact of COVID-19. DNP will review them as needed to reflect the impact of COVID-19.

Segment	Basic strategy
Information Communication	<ul style="list-style-type: none"> • Pursue digital transformation (DX) aimed at adding value to customer experience • Downsize paper media production bases
Lifestyle and Industrial Supplies	<ul style="list-style-type: none"> • Leverage converting technology to strengthen new product development and sales • Push ahead with review of low value-added products
Electronics	<ul style="list-style-type: none"> • Develop and supply key components that contribute to sophisticated integration of real and digital • Rebuild businesses where competitiveness has declined

Today's Innovation is "Tomorrow's Basic."

DNP

Disclaimer

The earnings forecasts, medium-term management targets, and other forward-looking statements contained in these materials represent DNP's judgement of the current outlook based on information available at the time of preparation, and involve potential risks and uncertainties. Actual performance may therefore differ materially from these forward-looking statements due to changes in the various assumptions on which they are based.