

For immediate release

Company Name:	Dai Nippon Printing Co., Ltd.
Stock Code:	7912 (TSE1)
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## **Announcement of Transfer of E-Book Content Distribution Services to Subsidiary through Company Split**

Dai Nippon Printing Co., Ltd. (DNP), at a meeting of its Board of Directors on June 26, 2015, resolved to transfer Manga-kocchi, Yomicchi, and Oyakusoku Shashinkan, which are e-book content distribution services that DNP operates, to the DNP subsidiary 2Dfacto, Inc. (2Dfacto) based on a company split effective October 1, 2015.

This company split is expected to result in a decrease of DNP's total assets that is less than 10% of its net assets on the final day of the preceding fiscal year and a decrease in sales that is less than 3% of its sales in the preceding fiscal year. As a result, some disclosure items and details have been omitted.

### **1. Objective of the company split**

DNP operates Manga-kocchi, Yomicchi, and Oyakusoku Shashinkan as e-book content distribution services, and has sold e-book and other content to mobile phone and smartphone users since launching these services.

2Dfacto also sells comics and other e-book content, and the honto service operated by 2Dfacto has approximately 2.8 million members.

Competition is intensifying amid growth in the domestic e-book market, and by transferring the operation of Manga-kocchi and other services to 2Dfacto, DNP seeks to optimize the operating structure of e-book content distribution services within the DNP Group and to bolster the competitiveness of these services by expanding member services.

Key measures to bolster services through integration are as follows.

- Strengthen the comics genre for honto
- Enhance promotions for honto members (approximately 2.8 million)
- Cut costs and raise profitability by unifying systems and building an optimal operating structure

## 2. Outline of company split

### (1) Schedule for the company split

Board of Directors resolution on the company split	June 26, 2015
Conclusion date of the company split agreement	June 26, 2015
Scheduled date of the company split (effective date)	October 1, 2015

Note: DNP will conduct this company split without a resolution approving of the company split agreement by the general meeting of shareholders because the company split satisfies the requirements of a simple absorption-type company split as stipulated in Article 784, Paragraph 2 of the Companies Act.

### (2) Method of the company split

Absorption-type company split in which DNP is the splitting company and 2Dfacto is the succeeding company.

### (3) Details of compensation for the company split

Compensation for this company split will be cash in the amount of ¥8 million because 2Dfacto will maintain the current service operating structure as the succeeding company. To determine compensation, DNP and 2Dfacto first considered the finances, assets, future outlook, and other factors related to these services. To adequately reflect an assessment of future business activity, they requested a third party to calculate a value based on discounted cash flow analysis. Referencing these results, the two companies held consultations and agreed on a compensation amount commensurate with the value of the services to be transferred to 2Dfacto as the succeeding company.

### (4) Treatment of stock acquisition rights and bonds with stock acquisition rights related to the company split

Not applicable.

### (5) Decrease in capital and other items resulting from the company split

DNP's capital will not decrease as a result of this split.

### (6) Rights and obligations assumed by the succeeding company

DNP as the splitting company will transfer to 2Dfacto as the succeeding company certain assets and liabilities that are required by the services to be split and all of the contractual rights and obligations with business partners in relation to these services (excluding staffing contracts with staffing companies).

## (7) Expected fulfillment of obligations

DNP and 2Dfacto believe that there will be no problems in fulfilling obligations starting on the effective date of the company split.

**3. Outline of companies involved in the company split (as of March 31, 2015)**

(1) Name	Dai Nippon Printing Co., Ltd. (Splitting company)	2Dfacto, Inc. (Succeeding company)
(2) Business activities	Printing, Beverages	Operation of hybrid bookstore network
(3) Date founded	January 19, 1894	December 21, 2010
(4) Head office	1-1-1, Ichigaya Kagacho, Shinjuku-ku, Tokyo, Japan	3-5-20 Nishi-Gotanda, Shinagawa-ku, Tokyo, Japan
(5) Representative	Yoshitoshi Kitajima, President	Yoshinori Kato, President
(6) Paid-in capital	¥114,464 million	¥5,840 million (as of submission date)
(7) Number of common shares outstanding	700,480,693 shares	233,600 shares (as of submission date)
(8) Fiscal year-end	March 31	March 31
(9) Number of employees	39,451 (consolidated)	97 (non-consolidated)
(10) Major shareholders and equity stakes	The Master Trust Bank of Japan, Ltd. (Trust A/C) 6.22% The Dai-ichi Mutual Life Insurance Co., Ltd. 4.41% Japan Trustee Services Bank, Ltd. (Trust A/C) 4.25% Mizuho Bank, Ltd. 2.63% Employees' Shareholding Association 2.27%	Dai Nippon Printing Co., Ltd. 72.81% NTT DOCOMO, INC. 26.18% Maruzen CHI Holdings Co., Ltd. 1.01%
(11) Financial conditions and operating results in the preceding fiscal year (Million yen)		
Fiscal year ended	March 31, 2015 (consolidated)	March 31, 2015 (non-consolidated)
Net assets	1,124,093	799
Total assets	1,809,462	2,317
Net assets per share (Yen)	1,675.63	4,602.73
Net sales	1,462,118	5,683
Operating income	48,173	(2,074)
Ordinary income	53,759	(2,064)
Net income	26,923	(2,068)
Net income per share (Yen)	41.82	(11,915.31)

#### 4. Outline of services subject to company split

(1) Details of services to be split

Manga-kocchi, Yomicchi, and Oyakusoku Shashinkan e-book content distribution services

(2) Operating results of services to be split (fiscal year ended March 31, 2015)

	Services to be split (a)	DNP (b)	(a)/(b)
Net sales	¥860 million	¥999,023 million	0.1%

(3) Asset and liability items and amounts to be split (forecast for September 30, 2015)

Current assets	¥290 million
Fixed assets	¥10 million
Current Liabilities	¥290 million

#### 5. Conditions at DNP and 2Dfacto after the company split

(1) DNP (splitting company)

No change in trade name, business details, head office location, representatives, capital, and fiscal year.

(2) 2Dfacto (succeeding company)

No change in trade name, business details, head office location, representatives, capital, and fiscal year.

#### 6. Forecasted earnings impact of the company split

The company split will have a minor impact on consolidated and non-consolidated earnings because 2Dfacto is a subsidiary of DNP.