

May 2, 2018

For immediate release

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Stock Code: 7912 (TSE)
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Transfer to Dai Nippon Printing Co., Ltd. of Subsidiary's E-Book Sales Business and Online Book Sales Business via Company Split

Dai Nippon Printing Co., Ltd. (DNP), at a meeting of its Board of Directors on May 2, 2018, decided to transfer the “honto” hybrid bookstore network operated by subsidiary 2Dfacto, Inc. to DNP through a company split effective July 1, 2018.

This company split is expected to result in an increase of DNP's total assets that is less than 10% of its net assets on the final day of the preceding fiscal year and an increase 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 reorganization

2Dfacto, established in 2010, engages in the sale of e-books and the online sale of books via the “honto” hybrid bookstore network. It also partners with bookstores, including MaruzenJunkudo Bookstores Co., Ltd., to develop and deliver hybrid services, such as “honto” points, book recommendations, and an app to search store, online, and e-book inventories, with the goal of providing consumers with a full reading experience, based on the concept of delivering books that consumers want at the time and in the format of their choosing.

DNP conducts planning and promotion for the hybrid strategy for bookstores and believes that its own management of online bookstores, pursuit of cooperation with bookstores including MaruzenJunkudo Bookstores, and strengthening of hybrid services would be an effective means for delivering more convenient services to consumers. Accordingly, DNP will take over the “honto” hybrid bookstore network operated by subsidiary 2Dfacto.

2. Outline of the reorganization

(1) Reorganization schedule

Board of Directors resolution date	May 2, 2018
Agreement conclusion date	May 2, 2018
Effective date	July 1, 2018

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 conditions for a simplified absorption-type company split as stipulated in Article 796, Paragraph 2 of the Companies Act.

- (2) Method for the reorganization
Absorption-type company split in which 2Dfacto is the splitting company and DNP is the succeeding company.
- (3) Details of compensation for the reorganization
The company split will not have any compensation because it involves DNP and its wholly-owned subsidiary 2Dfacto. Accordingly, DNP will not allocate stock and will not grant any monies or other assets to 2Dfacto.
- (4) Treatment of stock acquisition rights and bonds with stock acquisition rights related to the reorganization
Not applicable
- (5) Increase or decrease in capital from the company split
DNP's capital will not increase or decrease as a result of the company split.
- (6) Rights and obligations assumed by the succeeding company
DNP as the succeeding company will receive from 2Dfacto as the splitting company certain assets and liabilities that are required by the businesses to be split and the contractual rights and obligations with main business partners in relation to these businesses (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 reorganization

(1) Company name	Dai Nippon Printing Co., Ltd. (succeeding company)	2Dfacto, Inc. (splitting company)
(2) Business details	Printing and beverages	Operation of hybrid bookstore network
(3) Establishment date	January 19, 1894	December 21, 2010
(4) Head office address	1-1-1, Ichigaya-Kagacho, Shinjuku-ku, Tokyo	3-5-20, Nishi-Gotanda, Shinagawa-ku, Tokyo
(5) Representative position and name	Yoshitoshi Kitajima, President	Yoshinori Kato, President
(6) Capital	114,464 million yen (as of submission date)	500 million yen (as of submission date)

(7)	Shares outstanding	324,240,346 shares (as of submission date)	233,600 shares (as of submission date)
(8)	Fiscal year-end date	March 31	March 31
(9)	Number of employees	38,808 (consolidated) (as of March 31, 2017)	74 (non-consolidated) (as of March 31, 2017)
(10)	Major shareholders and equity stakes	<p>The Master Trust Bank of Japan, Ltd. (Trust Account) 7.95%</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account) 4.80%</p> <p>The Dai-ichi Life Insurance Co., Ltd. 3.59%</p> <p>Mizuho Bank, Ltd. 2.84%</p> <p>Employees' Shareholding Association 2.41%</p> <p>(as of September 30, 2017)</p>	<p>Dai Nippon Printing Co., Ltd. 100.00%</p> <p>(as of submission date)</p>
(11)	Financial conditions and operating results for the latest fiscal year	Fiscal year ended March 31, 2017 (consolidated)	Fiscal year ended March 31, 2017 (non-consolidated)
	Net assets	1,081,286 million yen	901 million yen
	Total assets	1,741,904 million yen	2,312 million yen
	Net assets per share	1,680.55 yen	3,858.29 yen
	Net sales	976,797 million yen	6,251 million yen
	Operating income	31,410 million yen	(1,282) million yen
	Ordinary income	36,740 million yen	(1,280) million yen
	Net income attributable to parent company shareholders/Net income	25,226 million yen	(931) million yen
	Net income per share	40.78 yen	(3,985.80) yen

4. Outline of businesses to be transferred

(1) Details of businesses to be transferred

Operation of “honto” hybrid bookstore network comprising an e-book sales business and an online book sales business

(2) Operating results of businesses to be transferred (Fiscal year ended March 31, 2017)

	Businesses to be transferred (a)	DNP: non-consolidated (b)	Percentage (a/b)
Net sales	5,637 million yen	976,797 million yen	0.6%

(3) Assets and liabilities to be transferred (expected on June 30, 2018)

Current assets	88 million yen
Fixed assets	0 million yen
Current liabilities	88 million yen

5. Conditions after the reorganization

(1) DNP (succeeding company)

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

(2) 2Dfacto (splitting company)

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

6. Outlook

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