

Message from the President

Launch of the new Medium-Term Management Plan: Moving into a phase of further growth and expansion

Amid rising uncertainty, companies must not only respond to change, but also proactively identify challenges and opportunities and create new value. Marking its 150th anniversary, DNP is taking the launch of its new Medium-Term Management Plan as an opportunity to leverage the strengths it has developed through technologies rooted in printing and take on further challenges.

Yoshinari Kitajima

President



INTRODUCTION

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150th Anniversary of DNP's Founding DNP's current situation and challenges

Q1 As DNP marks its 150th anniversary, what is your assessment of the company's current position and challenges, and where do you see it heading?

Since its founding, DNP has grown by responding to changes in society and industrial structures, advancing printing technology and expanding its applications. However, the speed and complexity of changes in the business environment have increased further in recent years due to technological innovation, rising geopolitical risks, and other factors. With customer needs becoming more uncertain, it has become difficult to achieve sustainable growth purely through the traditional model of providing value based on responding to those needs.

In such a business environment, we must evolve into a company that does more than simply respond to change, identifying social issues and market opportunities, proactively creating new value, and bringing it into society. This is what we call our Third Corporate Founding.

Companies that have continued to grow for more than 100 years have one thing in common: they have repeatedly transformed themselves by reviewing their business models and portfolios in response to changes in their environment. DNP likewise believes that sustainable growth depends on building on the business foundation it has established, continuing to transform and building further on that trajectory.

▶ P12 **150th Anniversary Special Column: DNP's Strengths as Revealed by a Survey of Enduring Companies**

The milestone of our 150th anniversary is a key turning point for us to further deepen the strengths we have developed so far, take on the challenge of creating new value, and make a major leap forward. DNP will seek to evolve into an innovation company that creates value and delivers it to society.

Source of competitiveness

Unique strengths forged through change and continuity

Q2 Where does DNP's competitiveness come from?

Our competitiveness lies in the way we have applied and advanced our printing technologies and process design and management capabilities across a wide range of fields while continuing to address the increasingly difficult challenges posed by customers. As a result, we have formed a diversified business structure that is not dependent on a single domain. Very few printing companies worldwide have achieved such growth, and I consider our approach as a distinctly Japanese growth model.

We have also taken an integrated approach to advancing our technologies, developing production equipment in-house, and pursuing patent



strategies. These efforts have helped create high barriers to entry and supported our competitiveness over many years.

We also recognize the source of our competitiveness as an important management asset. At our IR-Day held in July this year, Senior Managing Director Osamu Nakamura, who oversees R&D, gave a presentation on the theme of the source of competitiveness. Our strengths lie not only in individual technologies, but also in the systems and organizations that translate those technologies into business competitiveness.

Q3 How has DNP built its competitiveness?

Many of our current core products are the result of technological capabilities and business experience accumulated over many years.

For example, DNP has high-precision microfabrication technologies, including fine metal etching, based on technologies originally for producing movable types and printing plates. In 1958, we successfully commercialized shadow masks for color televisions. Furthermore, we started manufacturing photomasks for semiconductors in 1959 by combining metal etching technology with photolithography technology. Since the early days of semiconductor manufacturing, we have helped lead the market in collaboration with manufacturers in Japan and overseas.

Currently, we are also combining various technologies that we have accumulated so far to create new value. At the same time, we are strengthening collaboration with universities, research institutions, and other companies. For example, we established our first overseas R&D base in Eindhoven, the Netherlands, in 2025 and another at the Indian Institute of Technology Hyderabad in 2026. At the Eindhoven base, we are advancing R&D on optoelectronic integration technologies for next-generation semiconductors. At IIT Hyderabad, we are pursuing R&D in growth fields such as wireless power transfer for EVs and active pharmaceutical ingredients. We are advancing initiatives to acquire and commercialize new technologies while collaborating with local research

institutions and universities.

In this way, we have grown by applying and deploying our technologies and expertise developed through printing to our new business areas. The foundation supporting our competitiveness and sustainable growth comes from going beyond short-term competition and continuing to invest in and build capabilities in technologies with future potential.

Medium-Term Management Plan

Advancing to the next phase of growth and expansion

Q4 What are the key points in the Medium-Term Management Plan and the rationale behind them?

In the previous Medium-Term Management Plan, we worked to improve profitability and transform our business portfolio by pursuing targeted investments in growth businesses together with structural reforms. As a result, besides achieving our performance targets, we also made steady progress in strengthening our earnings base.

Considering the results of the previous Medium-Term Management Plan, in the new plan, we will seek to achieve record-high profit and transition to the next stage of growth. Centered on the Focus Businesses that we have developed so far, we will accelerate our expansion into adjacent domains to extend our earnings base. For existing businesses, we will create new value by transforming our markets, sales approaches, and production methods, and by expanding the applications of our technologies. At the same time, we will continue to undertake structural reform for our existing businesses to pursue greater profitability. As indicators of this direction, we have set targets of 130 billion yen in operating profit, an operating profit CAGR of 9%, and an ROE of 9.0% for FY2028. These figures are not simply about seeking an expansion in scale. Rather, we position them as management indicators for achieving both growth and capital efficiency.



To achieve these targets, in our business portfolio management, we have introduced a framework for objectively evaluating each business by setting quantitative standards such as business profitability.

Using these numerical standards, we will prioritize businesses and allocate resources in a more disciplined manner. At the same time, we will seek to expand our business while accurately identifying growth opportunities. As an example, Photo Imaging and Information Security were positioned as Stable Businesses in the previous Medium-Term Management Plan, but in view of global growth opportunities, we have repositioned them as Focus Businesses. We view emerging countries and regions with growing populations and economies as growth markets, and we are expanding our business in ways tailored to the needs and business environment of each region while also leveraging synergy from M&A.

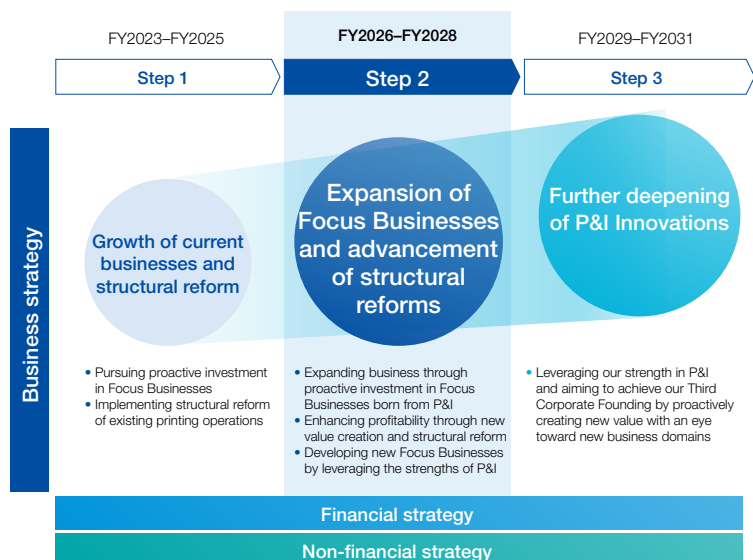
The new Medium-Term Management Plan sets out more clearly than before our policy of prioritizing the allocation of management resources

to areas with growth potential while improving the profitability of existing businesses through structural reform. This plan is not a standalone three-year plan; rather, it is positioned as a step toward long-term growth. We will work on the expansion of growth businesses, advancement of structural reforms, and enhancement of capital efficiency in an integrated manner to enhance corporate value while also looking beyond the plan's three-year period.

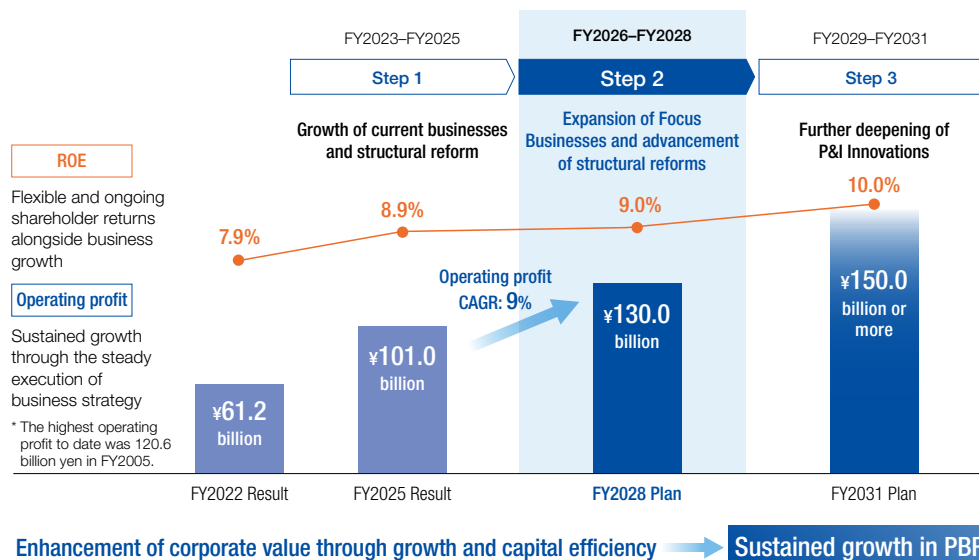
Q5 Amid a management environment with rising uncertainty, what perspectives does management bring to discussions and decision-making?

The Board of Directors has led extensive deliberations when formulating and implementing the plan. Outside directors with diverse backgrounds also provided input on strategies for medium- to long-term growth and on

Positioning and performance plan for the new Medium-Term Management Plan



Performance plan



capital efficiency, and we studied the plan while also incorporating such external perspectives. Currently, the business environment—including the environment for raw material procurement—is changing rapidly due to rising geopolitical risks and other factors. In such an uncertain environment, besides steadily implementing the plan, it is also important to make swift decisions in response to changes in the environment and actively take on challenges.

We ensure consistency in our decision-making by using quantitative indicators such as growth potential, profitability, and capital efficiency as the basis for evaluation. At the same time, we assess resource allocation from multiple perspectives, taking into account the future prospects and strategic significance of each business while identifying growth opportunities. In our materiality discussions, we also consider potential changes and repeatedly examine where risks and growth opportunities may arise.

Our basic approach is to combine multiple perspectives and quantitative standards—with uncertainty as a given—to make management decisions and improve the accuracy of our strategies and resource allocation.

Strengthening of human capital

Accelerating transformation into a value-creation company

Q6 How does our non-financial strategy lead to business growth and financial value?

So far, we have sought greater profitability through investments in Focus Businesses and structural reform. Underlying these efforts is our belief that advancing our non-financial strategy is the foundation for medium- to long-term business growth. In particular, we position “people” as the source of value creation and clearly state our commitment to achieving sustainable growth through investment in human capital.

In fact, since 2019, we have been continuously investing in human resources and reforming our personnel system. As we enhance our HR

Supporting value creation through TAIWA (dialogue)



Supporting people and frontline teams as they take on challenges through TAIWA

I visited the Kuki Plant in Saitama Prefecture, where a pilot line for glass cores—an advanced semiconductor packaging material—has begun operations. Through TAIWA with employees who continue to take on challenges at the forefront of growth businesses, we are developing the talent and organizational capabilities needed to create value.



Integrating organizational cultures and creating value through TAIWA

I visited DNP High-Performance Materials Hikone (former Resonac Packaging), which joined the DNP Group through M&A. Deepening mutual understanding through repeated TAIWA with employees leads to new value creation leveraging diverse human resources and our strengths.



Building a culture that celebrates challenges and shares learning

Through the DNP Awards, which recognize employees' outstanding initiatives and achievements, we share the factors behind their success and the knowledge gained throughout the organization. We support the growth of our human resources and the organization by linking each individual's work to the next challenge.



Accelerating efforts to build an organization where diverse talent can thrive

During Diversity Week, which is held for all employees, we provide opportunities to deepen understanding of diverse values and perspectives. We work to develop an organization that encourages proactive behavioral change by each employee and enables diverse talent to thrive.

systems, we place importance on helping employees understand and internalize the thinking behind them, so that this translates into changes in individual behavior. By encouraging changes in organizational culture and awareness, we have also worked to cultivate a corporate culture that supports employees in taking on challenges. A specific initiative would be the creation of opportunities

for *TAIWA*, such as town hall meetings, which I personally attend. Through communicating management's thinking and aspirations directly while listening to the voices of frontline employees, we seek to transform into an organization where every individual actively creates value. Over the past year, I have visited nine locations across Japan, including plants, sales and development sites, and companies that joined the DNP Group through M&A, while continuing to engage in *TAIWA*. I firmly believe that these steady, incremental efforts are directly linked to enhancing the organization's ability to create value.

Furthermore, under the new Medium-Term Management Plan, we plan to invest approximately 35 billion yen over three years in human capital. We will focus on initiatives such as human resource development,

reskilling, DX talent development, and building an environment in which diverse talent can thrive to improve human creativity and further accelerate new value creation.

Going forward, we will continue to enhance our ability to create value through our non-financial strategy—including the strengthening of intellectual capital and environmental initiatives—with human capital investment at its core. Together, these efforts will support business growth, ultimately manifesting as financial value and contributing to sustainable corporate value enhancement.

To shareholders and investors

Anticipating risks to enhance corporate value

In the current business environment, there are no predetermined right answers. We recognize that swift decision-making is required amid uncertainty. Under such circumstances, we understand that investors and the market assess not only our results but also how we make decisions and the processes behind them.

Through experiencing various environmental changes, such as natural disasters, financial crises, and pandemics, we have accumulated knowledge on crisis response, maintaining and strengthening supply chains, including procurement. Using these experiences as a foundation for decision-making in a highly uncertain environment, we advance our business while always asking ourselves how to convert risks into opportunities.

Our businesses span a wide range of domains, and we sometimes receive feedback that the overall picture is difficult to understand. However, our businesses have grown out of applications and advances in printing technology, and we believe this structure itself is DNP's fundamental strength. By leveraging this distinctive structure, we will create greater value and capture new growth opportunities.

Going forward, DNP will continue striving to sustainably enhance corporate value by creating new value through ongoing *TAIWA* with our shareholders and investors.



DNP's Strengths as Revealed by a Survey of Enduring Companies

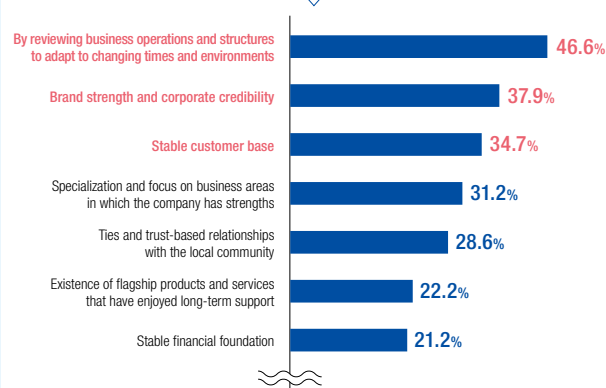
To mark the 150th anniversary of its founding, DNP conducted its own survey of domestic companies with at least 100 years of history since their founding and annual sales of at least 10 billion yen. The characteristics of enduring companies revealed by the survey align with both DNP's approach to value creation described in the Message from the President and DNP's own strengths.

Strength

1 Anticipate changes in the environment and proactively transform business

In the survey of enduring companies, the most commonly cited reason for remaining in business for more than 100 years was **"Reviewing business operations and structures to adapt to changing times and environments."** What enduring companies have in common is that, rather than responding passively to change, they view changes in their environment as growth opportunities and proactively reconsider how they do business. DNP has likewise continued to grow by expanding its business domains through the advancement and application of printing technology, anticipating changes in society and markets, and transforming itself. The Third Corporate Founding currently underway can be seen as a continuation of this approach.

How have companies remained in business for more than a century?

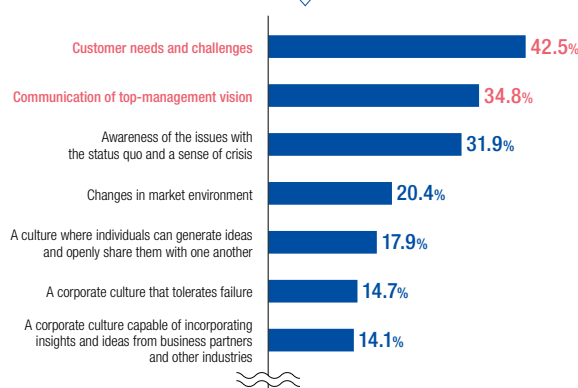


Strength

2 Evolve core technologies based on customer challenges

In the survey, the most frequently cited driving force behind the creation of innovation was **"Customer needs and challenges."** Similarly, in response to a question on strengths, the most common response was **"Customer base and trust-based relationships,"** followed by **"Technical capabilities and know-how."** Many enduring companies have continuously refined their core technologies and strengths while staying closely engaged with customers. DNP has also applied and advanced its printing technologies in response to the high-level challenges faced by customers, expanding into diverse business fields. This customer-driven approach to evolving our strengths has led to sustained value creation.

What drives continuous innovation?



Strength

3 Embed the company's vision throughout the organization and foster a culture of taking on challenges

In the survey, **"Communication of top-management vision"** ranked second as a driving force of innovation. The survey also found that companies experiencing stronger growth were more likely to report that **"the company's philosophy and vision are reflected in day-to-day operations and decision-making."** At enduring companies, corporate philosophy and vision guide each employee's actions and decision-making and support the organization as a whole in taking on challenges. DNP's efforts, in which top management engages in ongoing dialogue at the front lines of value creation and encourages employees to take on challenges, also reflect this growth factor shared by enduring companies.

Are your company's philosophy and vision reflected in day-to-day operations and decision-making?

