**Dai Nippon Printing, Co., Ltd.**
**Briefing on New Medium-term Management Plan Outline: Q&A Summary**
**(March 17, 2026)**

**Questioner 1**

**Q: I would like to ask about the growth potential of operating profit. Of the *focus businesses* (page 13 of the materials), which businesses in particular are you planning to grow? Please indicate this by segment or by individual business. Also, many of your products have high market shares, so would you please explain whether you intend to achieve profit growth through sales aligned with demand, or whether your policy is to significantly expand market share in a specific business?**

A: We determine which businesses to prioritize by looking at market conditions and the competitive environment, but we pay particularly close attention to the market's compound annual growth rate (CAGR). To grow our businesses, we will make upfront capital expenditures and drive growth not only by expanding the market share of a single product, but also by capturing adjacent areas. As a specific example, in semiconductor back-end processes, we aim for further growth by combining our lead frame business with Shinko Electric's back-end and packaging technologies, and by expanding the glass core business currently under development to capture areas adjacent to our existing businesses. Although the timing of sales and profit growth varies by business, we position these as areas with medium- to long-term growth potential, and will actively invest to expand them.

**Q: Looking at the Change in Operating Profit (3-year Cumulative) (page 8 of the materials), the increase in profit from the *focus businesses* is 9.6 billion yen, and it appears that the benefits of structural reform have contributed more to operating profit growth. Could you share your perspective on this?**

A: The figures are 9.6 billion yen for the *focus businesses* and 32.2 billion yen for the *stable/restructured businesses*, but the amount for the *focus businesses* appears smaller due to the impact of depreciation associated with capital investments in metal masks, display surface films, and semiconductor-related areas. Over the past three years, we have implemented structural reforms including site reorganization and impairment losses, and the 32.2 billion yen for the *stable/restructured businesses* strongly reflects those effects. When comparing the underlying earnings power of the businesses, the *focus businesses* are not inferior. As for operating profit under the next Medium-term Management Plan, the *focus businesses* can be expected to expand through upfront investment, but because structural reforms have already been carried out on a large scale, their effect will diminish.

**Q: I have a question regarding your thinking on ROE. To achieve the FY2028 ROE target of 9%, you state that, "In addition to business growth, we will continue to deliver flexible and ongoing shareholder returns" (page 12 of the materials). Assuming FY2028 operating profit of 130.0 billion yen, extraordinary gains as non-operating income of 20.0 billion yen, and a tax rate of 30%, the implied stockholders' equity works out to approximately 1.16 trillion yen. Given that stockholders' equity stood at approximately 1.14 trillion yen at the end of the third quarter of the current fiscal year, it seems to imply a basic assumption that stockholders' equity will not increase. Could you explain your thinking on equity management?**

A: In February three years ago (2023), we announced our aim of achieving an ROE of 10% as a basic management policy of the DNP Group. Under the current Medium-term Management Plan, we have worked to maximize capital efficiency through the active acquisition of treasury shares in order to reduce stockholders' equity, the denominator in ROE, while improving profit, the numerator, through proactive business investment. This policy will basically remain unchanged going forward. Under the current Medium-term Management Plan, we announced cumulative acquisition of treasury shares of 300.0 billion yen over five years, and having already acquired 220.0 billion yen, we will continue share acquisitions and related measures based on the remaining at least 80.0 billion yen, while taking into account the balance between improving ROE and business investment. As for specific figures, because we are currently in the process of closing the accounts and have yet to formulate the business roadmap, we plan to provide details in the finalized version of the next Medium-term Management Plan, which is scheduled to be announced in mid-May.

<u>**Questioner 2**</u>

**Q: Please provide specific details on what was achieved and what was not achieved under the current Medium-term Management Plan, the issues recognized in areas where targets were not met, how those issues were reflected in the next Medium-term Management Plan, as well as the changes that have occurred internally over the past three years.**

A: Under the current Medium-term Management Plan, we advanced growth investments and structural reforms as planned and achieved results that generally exceeded our targets. There were some business areas that did not grow as expected, but amid changing market conditions, we expanded the areas with growth potential while carrying out the necessary structural reforms and flexible investments. Going forward, while monitoring changes in society and market conditions, we intend to make proactive investments and further grow the six priority business areas. As for internal changes, repeated communication of the Medium-term Management Plan helped embed management policy throughout the Company, leading to changes in employees' motivation to take on challenges and in the organizational culture. We have focused on human capital management, promoting reskilling for employees affected by structural reforms and encouraging them to play active roles in new businesses. Going forward, we will continue to raise employee motivation and further instill the Medium-term Management Plan throughout the Company, while ensuring that all employees share the direction we aim to pursue, so as to achieve the next Medium-term Management Plan.

**Q: I have a question regarding capital allocation. At the briefing on the outline of the current Medium-term Management Plan, numerical targets were disclosed, and based on your explanation earlier, it appears that there are currently not many major capital expenditure projects in sight. Against that backdrop, what do you see as the key challenges in capital allocation? Please explain your current thinking.**

A: When we outlined the key points of our current Medium-term Management Plan three years ago (in March 2023), we set a significant target of 300 billion yen in cumulative acquisition of treasury shares over five years—the largest amount in our history—to demonstrate our commitment to achieving a 10% ROE. At present, acquisition of treasury shares is progressing considerably ahead of schedule. At the same time, if profits continue to expand, stockholders' equity will also increase, so we believe it will be necessary to keep that in check and manage it appropriately. We have also been addressing cash allocation issues under the current Medium-term Management Plan, responding not only to R&D investment and capital expenditure but also to M&A. M&A will remain an important theme in the next Medium-term Management Plan as well, and because it can be difficult to execute exactly as planned, we believe it is necessary to prepare financially for large-scale deals. We will continue to maximize corporate value by considering shareholder returns and acquisition of treasury shares in balance with business investments.

**<u>Questioner 3</u>**

**Q: As a premise for the ROE target of 9% in the next Medium-term Management Plan (page 12 of the materials), how will extraordinary gains and losses be treated?**

A: We recorded substantial extraordinary gains through the sale of strategic shareholdings and idle real estate, and as a result, ROE has increased including those gains. As we will continue to proceed with the sale of strategic shareholdings and similar assets, the ROE target is set on a basis that includes extraordinary gains. However, once the sale of strategic shareholdings and idle real estate is completed in the future, our intention is to aim for an ROE of 10% on a pure operating basis.

**Q: The current Medium-term Management Plan sets a five-year timeframe through FY2027 for financial strategy. When the next Medium-term Management Plan is quantitatively formulated and announced in May, will there be any changes or updates to the timeline?**

A: Regarding the timeframe for cash allocation, under the current Medium-term Management Plan the business strategy spans three years, while cash allocation is set over five years, which has felt somewhat inconsistent. The reason for setting it at five years is that three years ago (2023), when we set the ambitious group management policy target of 10% ROE, we also wanted to present a substantial amount for acquisition of treasury shares, which led to the decision to set the figure at 300 billion yen over five years. We will announce the finalized version of the new Medium-term Management Plan, including numerical targets, in May, and we are considering aligning cash allocation with the business plan by setting it at three years as well. We will continue to review this carefully over the next two months.

**Q: Regarding Transformation of the Business Portfolio (page 13 of the materials), what timeframe is being considered for reallocating *business for reforming* into *stable business*, *focus businesses*, and *businesses with growth potential*, or for scaling them down or withdrawing from them? Can this be steered within the three-year period of the next Medium-term Management Plan, or will a longer timeframe be required? Also, what is the current sales ratio of *business for reforming*?**

A: Using the business portfolio framework, we will take a fresh inventory of businesses other than the six areas already designated as focus businesses and evaluate them at the sub-segment level in order to identify *focus businesses* and *business with growth potent*ial. As for the timeframe, because the positioning of businesses changes depending on the market, our policy is to set targets not only for the three years of the next Medium-term Management Plan from 2026 to 2028, but also for the six-year period including 2029 to 2031, and to address this from a medium- to long-term perspective. For businesses where reforming is difficult, any downsizing or withdrawal will require coordination across the supply chain given the nature of BtoB operations, so the timing of decision-making and execution will be determined case by case, but we aim to make decisions generally within about three years. Regarding the sales ratio, we have already calculated each business's profit growth rate and business profitability (ROE), but we are still confirming their positioning based on a detailed review of these factors, and as we are unable to present specific sales ratios at this time, we are considering providing an explanation once the review has been completed.

**Questioner 4**

**Q: Regarding "Expansion of focus businesses and advancement of structural reforms" (page 11 of the materials), structural reforms have been advanced under the current Medium-term Management Plan and have contributed significantly to the Company's earnings growth. Going forward, which segments or businesses are being envisioned to push further structural reforms?**

A: We intend to continue management with a strong awareness of capital efficiency. Within that context, the target area is the existing printing business included in the business for reforming quadrant of the four-quadrant framework. We will carefully assess demand for existing printing businesses and their details to determine which areas are likely to grow and which are not. We view fields with low added value and a challenging cost structure as targets for structural reform.

**Q: Capital investment is 85.0 billion yen this year, but I took the new Medium-term Management Plan to mean that capital investment will be accelerated. You used the term "active investment," but does that mean capital investment will increase and, accordingly, depreciation will also rise? I assume the specific amounts will be presented in May, so I would like to confirm the overall direction.**

A: We have plans for capital investment in focus businesses other than metal masks and surface materials. In addition, our investments will not be limited to capital expenditures, but will also include business investments such as M&A, so we expect these to expand going forward when such investments are included.

<u>**Questioner 5**</u>

**Q: I would like to confirm how serious the Company is about improving ROE. Three years ago (2023), the Company held a briefing on the outline of its Medium-term Management Plan that had a strong impact, presenting specific figures such as an ROE target of 10%, allocating 260 billion yen of the 390 billion yen in business investment to growth businesses centered on electronics, and setting out capital allocation including 100 billion yen in acquisition of treasury shares in the first year. No figures have been announced this time, but has there been any change in policy compared with three years ago?**

A: On the business side, we position the current stage as Phase 2 and intend to drive business growth and expansion. Although the current ROE target of 9% to 10% may appear low at first glance, we plan to expand operating profit and grow the business, including through the third step. In terms of cash allocation, we are considering expanding the business through M&A and other means. If we are serious about management, there is no option but to pursue expansion at this time, and we intend to use cash for M&A and other initiatives to expand into areas adjacent to our existing businesses with the aim of becoming a leader in those areas. Our seriousness on the financial front has not changed either. When we announced the current Medium-term Management Plan three years ago (2023), we also made it clear externally that the Company was serious about raising ROE, and we thoroughly drove a change in mindset internally as well. In business management, improving capital efficiency and ROE is an indispensable priority. Our policy is to grow businesses with growth potential and carry out restructuring where needed, and each business division is actively working on this. The R&D division is also examining measures for future growth, and there is tremendous momentum within the Company, with an increasingly strong sense of commitment. We recognize that presenting large figures externally has an impact. However, after focusing over the past three years on improving excessive retained earnings, cash and deposits, and strategic shareholdings, it is impossible to achieve an ROE of 10% without extraordinary gains unless we are truly able to strengthen our earning power, which is why we will move forward with a focus on *business strategy* going forward. We would like to continue receiving your views as we refine our measures toward May.

**<u>Questioner 6</u>**

**Q: I have a question regarding "Realizing a nature-positive value chain" (page 14 of the materials). Looking at the TNFD (Taskforce on Nature-related Financial Disclosures) disclosures, under "Spatial footprint of preserved/restored areas," you list 79 hectares of green space area, 1,194 hectares of planting area, and a 1.56-hectare Nationally Certified Sustainably Managed Natural Site (Ichigaya, Tokyo). You have also set nature-positive targets in other areas. For example, the scope of ecosystem conservation and restoration, are you planning to set time-bound quantitative targets, such as targets for registering Nationally Certified Sustainably Managed Natural Sites and goals for other conservation areas?**

A: At this stage, we cannot disclose the details, but we are considering setting targets by May. While continuing to use indicators related to water resources and GHG (greenhouse gas) emissions, we will examine nature-positive initiatives and environmental conservation using new indicators in line with developments in society, and will announce them in the new Medium-term Management Plan in May. We would also like to discuss their importance.