Dai Nippon Printing, Co., Ltd.
Briefing on Financial Results for the Fiscal Year Ended March 31, 2026 and the New Medium-term Management Plan: Q&A Summary
(May 15, 2026)

<u>**Questioner 1**</u>

Q: Regarding the factors behind changes in operating profit on a cumulative three-year basis (page 26 of the materials), please provide a breakdown by segment of the 27 billion yen for focus businesses and the 11.5 billion yen for stable/reforming/growth potential businesses. Also, among the six businesses identified as focus businesses, please tell us which businesses are expected to make the largest contribution to performance over the three years of this Medium-term Management Plan.

A: The breakdown of the approximately 30 billion yen in profit growth across the three segments is presented on page 34 of the materials. The total is approximately 38.5 billion yen, consisting of 27 billion yen from focus businesses and 11.5 billion yen from stable/reforming/growth potential businesses. However, after subtracting negative factors, the net amount is approximately 30 billion yen. Electronics accounts for 14.3 billion yen, all of which comes from focus businesses, and the remaining approximately 13 billion yen from focus businesses is generated equally by Life & Healthcare and Smart Communication. Stable/reforming/growth potential businesses represent the remaining amounts in Life & Healthcare and Smart Communication. The Semiconductors business is the largest contributor to performance. We plan capital expenditures of 300 billion yen over the three years of the Medium-term Management Plan, of which investment related to Semiconductors will be the largest and is expected to see the strongest growth.

Q: Regarding photomasks in the Semiconductors business, please tell us whether growth will come from the existing mask areas or whether the contribution from cutting-edge EUV areas will become more significant.

A: We expect EUV mass production to begin around FY2028. While full-scale production has not yet commenced, test masks have already been sold, and we expect sales to increase going forward. We also expect sales of existing masks to increase, and we have high expectations for both.

Q: Please explain the rationale behind the acquisition of AUSTRIACARD

HOLDINGS AG, which was announced at the same time (May 13, 2026), as well as your thinking on its contribution to earnings in FY2026, FY2027, and FY2028.

A: Since the acquisition is scheduled to close during FY2026, we do not expect it to contribute to earnings in FY2026, but it has already been incorporated into our earnings projections for FY2027 and FY2028. As there is also collaboration with Rubicon, which we acquired in July 2025, we expect the synergy effects among DNP, Rubicon, and AUSTRIACARD to generate results exceeding their current sales and profit levels.

Q: I have a question regarding agile cash allocation (page 38 of the materials). Based on the current plan, the amount comes to approximately 220 billion yen, and excluding the acquisition cost for AUSTRIACARD, it comes to slightly more than 150 billion yen. My understanding is that, depending on future acquisition opportunities, you intend to allocate the remainder to shareholder returns. You plan 50 billion yen of share buyback in FY2026 and at least 30 billion yen in FY2027, but will the decision on allocating funds from the agile allocation to shareholder returns be made in the final year?

A: We estimate the agile allocation at just under approximately 220 billion yen. If the investment for the AUSTRIACARD M&A is made during FY2026, the funds will be allocated from this amount. Regarding share buyback, we will steadily execute the remaining 80 billion yen that we committed to under the previous Medium-term Management Plan over the next two years. We have decided on 50 billion yen for FY2026, leaving 30 billion yen, and including that amount, we will consider our approach from FY2027 onward while monitoring the progress of M&A and other factors. As the outcome of M&A cannot be known until the end, we will further refine our approach in the final fiscal year.

<u>Questioner 2</u>

Q: Please tell us what was achieved and what was not achieved under the previous Medium-term Management Plan, and how that thinking was reflected in the new Medium-term Management Plan.

A: As for business performance, we believe we generally achieved the figures set out in the Medium-term Management Plan. Although we fell somewhat short of the figures upwardly revised in February 2026, we were able to finish well above the figures in the initial three-year plan. We believe this reflects the results of our continued execution of growth investments and structural reforms. Under the new Medium-term Management Plan as well, we will continue to pursue growth investments and structural reforms decisively and without interruption. As mentioned earlier in connection with AUSTRIACARD, we intend to consider capital investment and, also M&A where promising opportunities arise. We have also made substantial progress in structural reforms, but as this is not something with a predetermined end point, we will continue to review everything, pursue every possibility, and advance structural reforms. We will also aim to achieve our performance targets under the next three-year Medium-term Management Plan.

Q: Regarding the business portfolio transformation (page 31 of the materials), the existing printing business is classified as businesses for reforming. Could you please explain whether you recognize that there is somewhat less room for structural reform compared with the previous Medium-term Management Plan, or whether you see upside potential?

A: Structural reform has two meanings: one is to change the business structure and shift toward focus businesses, and the other is to downsize or withdraw from businesses. As for existing printing-related businesses, we are also considering carving out areas where we can leverage the strengths of *hybrid marketing*, which combines digital and real, and shifting them into focus business areas. In line with this, we have classified digital marketing operations as a growth-potential business. In addition, what we have carved out from publishing and printing and are now expanding is Content & XR Communication, shown in the upper-left area of growth-potential business. We are also considering further raising the 10% business profitability (ROE) threshold on the horizontal axis and the 5% profit growth rate on the vertical axis in the table. Even businesses that currently meet the 10% ROE threshold could move into the business for reforming category if those standards are raised. With this in mind, we will continue structural reform and the transformation of our business portfolio, with businesses in the other quadrants also constantly aiming for the focus businesses in the upper-right quadrant.

Q: There are businesses not shown in the business portfolio table (page 31 of the materials), such as beverages and publications distribution, where synergies with your company appear limited. Could you please explain your thinking on business portfolio transformation, including how you view such businesses?

A: As you have just pointed out, there are some businesses that are not included here, including listed subsidiaries. The DNP Group's total net sales are approximately 1.5 trillion yen, but the businesses presented here account for approximately 1.25 trillion yen, and the remaining approximately 250 billion yen has not been included. This is because the nature of the businesses differs, including customer composition and the presence of B2C operations, making it inappropriate to evaluate them on the same basis, and we are seeking to assess their value separately. We intend to build a story around how combining those values with our businesses can drive growth, and then further accelerate that growth. Although they are not listed in the current table, we intend to take a comprehensive view and continue transforming our business portfolio.

Q: The Cash Allocation Plan (page 38 of the materials) states "Target Equity Ratio: 55%." If, even after cash is allocated in line with this plan, the equity ratio were to reach 57% or 58%, would you respond through agile allocation to firmly adjust the equity ratio down to 55%? Please explain your thinking on this.

A: When preparing this cash allocation plan, we were unable to present a cumulative amount for share buybacks over the three-year period, and we anticipated that investors and analysts might be concerned that share buybacks would be reduced from the third year onward. We included the policy of "Target Equity Ratio: 55%" to demonstrate our recognition that we will closely monitor the equity ratio and conduct share buybacks on a continuous and sufficient scale as necessary. We hope you will understand that we intend to pursue capital efficiency alongside business growth and continue to focus on shareholder returns.

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

Q: In aiming to achieve the Medium-term Management Plan's operating profit target of 130 billion yen, operating profit for FY2026 is projected at 110 billion yen excluding a negative 2 billion yen impact from the situation in the Middle East (page 28 of the materials). However, because this includes a positive 10.2 billion yen effect from retirement benefit expenses (page 27 of the materials), excluding that amount means there is no growth from FY2025. Given this situation, what growth drivers are you assuming in order to ensure growth in the second and third years?

A: We revised our operating profit forecast for FY2025 upward to 103 billion yen, but the actual result came in at 101 billion yen, falling short by 2 billion yen. At the time of the upward revision, Electronics was forecast to generate 57 billion yen, but actual results came to 50.7 billion yen, a decrease of 6.3 billion yen. More than half of this shortfall was attributable to lower demand for metal masks, as smartphones could not be produced due to the inability to procure semiconductor memory. We expect this negative impact to continue in FY2026 as well, at a scale of the upper end of the single-digit billions-of-yen range. In FY2027 and FY2028, growth drivers in Electronics will be metal masks and optical films in the Digital Interfaces business. The utilization rate of large-format 8th-generation (G8) metal masks, for which capacity has been expanded, will rise, and utilization of optical film production facilities capable of handling wider widths will also increase. In addition, photomasks for semiconductors are also expected to grow steadily. In the Smart Communication, manufacturing capacity for Photo Imaging will be expanded, and in Information Security, synergies are expected with the acquired companies Rubicon and AUSTRIACARD. In Life and Healthcare, for battery pouches, we expect the EV market to remain challenging in FY2026, but orders for ESS and plug-in hybrid applications have started to come in. At this point, this has not been factored into the figures, but we believe there is a possibility of an upward revision.

Q: I would like to confirm the impact of the situation in the Middle East and the feasibility of passing on higher costs. Please comment on whether it will be possible to pass on higher costs going forward, whether the degree of impact varies by product, and, if the problems in the Middle East continue, whether the situation in which raw material cost increases exceed the amount that can be passed on in prices will persist from the second quarter onward.

A: The table on the right side of page 27 of the materials shows the impact of the situation in the Middle East by segment. The Life and Healthcare segment is affected the most, and within that segment, packaging-related business accounts for the largest impact. Packaging-related business uses many petroleum-based materials, making it particularly susceptible to this impact. We are purchasing materials whose prices have actually risen and are working to pass those increases on, but there is a time lag because we negotiate with customers only after confirming the increase in material prices. Due to this time lag, we will incur a negative impact of 2 billion yen across all segments combined in the first quarter. Regarding the success of passing on these cost increases, customers in packaging also have a strong sense of urgency, and it is relatively easy to pass on price increases because they often request that we maintain uninterrupted supply. On the other hand, products in Electronics tend to decline in price on a daily basis, but recently prices have been fluctuating due to the supply-demand balance, and as a result it may take time to pass on price increases. We assume that these increases will be passed on from the second quarter onward, but we are concerned that customers may reduce purchases if price increases become excessive, or that our production volume could decline and our business could be adversely affected if our customers suspend production due to difficulties in procuring materials or higher fuel costs.

<u>**Questioner 4**</u>

Q: I got the impression that memory-related factors had an impact of approximately 6 billion yen over the three months of the fourth quarter of FY2025, and that it would not be surprising if the profit impact exceeded 20 billion yen on an annualized basis. In contrast, you explained that the decline in FY2026 would be in the upper end of the single-digit billions-of-yen range, but the memory market remains tight and in some cases this is expected to continue throughout next year, so should we consider that there is downside risk?

A: More specifically, we estimate the impact in the fourth quarter of FY2025 at approximately two-thirds of 6 billion yen. Multiplying that by four would result in a figure in the tens of billions of yen, but the reason we are indicating a figure in the billions of yen is due to the characteristics of the metal mask business. Demand related to smartphone development tends to be concentrated in the fourth quarter, from January to March, and because the period most susceptible to the impact is from around January to April, we do not expect the full-year impact to be four times that of the fourth quarter. In addition, in the fourth quarter of FY2025, we were unable to recover the decline because there was not enough time before the fiscal year-end, but we are now considering ways to make up for the shortfall. Although there are uncertainties regarding trends in semiconductor memory, rather than focusing on downside risk, we are currently making efforts to achieve upside.

Q: I would like to confirm whether there are regional differences in the extent of the impact on customers. At present, U.S. and South Korean branded end-product manufacturers have an advantage in memory procurement and are seeking to increase volumes, whereas Chinese brands may be struggling with procurement through dealers. Since your company operates through metal mask panel manufacturers, I assume there are regional variations in the degree of impact. Is that correct?

A: That is correct, as you have assumed.

Q: I have a question about the glass core business in the Medium-term Management Plan. As this has been classified as a growth-potential business in light of expectations for future growth (page 31 of the materials), could you please indicate the approximate scale of capital investment envisaged over the next three years? Also, revenue is estimated to be recognized around FY2028, but could you please indicate the assumed scale of revenue?

A: We introduced a pilot line in December 2025, and we are currently at the stage of providing samples to customers while beginning to consider mass production. With regard to commencing mass production from FY2028, small-lot production can be handled by the current pilot line. However, if volumes beyond that are required, we will need to install equipment in time for FY2028, which means we must decide whether to proceed with the installation during FY2026, and no later than around the middle of FY2026. We have been able to estimate to a certain degree the amount of capital investment required according to the scale of the facilities. However, since it remains uncertain whether mass production can actually commence in FY2028, we have not incorporated this into our capital investment plan or our sales and profit plan at this time.

Q: If mass production begins, is it correct to understand that the related capital investment would be carried out as part of the agile allocation?

A: It would be carried out either as part of agile allocation or within the framework of the approximately 300 billion yen capital investment budget.

End