DNP Group Sustainability Briefing 2026: Q&A Summary
(October 22, 2026)

Questioner 1

Q: With regard to the linking of DX/AX strategy to management metrics (page 21 of the materials), I would like to know more about your approach to tackling the issue of improving ROE.

A: Rather than focusing on direct contributions to ROA and ROE, DX/AX strategy emphasizes increasing profitability and growth rates. In particular, we are focused on creating new businesses through DX and ensuring that these initiatives lead to increased profitability and higher growth. We believe such initiatives will result in increases in ROA and ROE.

Q: What sort of impact are strengthened environmental regulations, such as Europe's PPWR (Packaging and Packaging Waste Regulation), having on the Packaging business? Also, what sort of business opportunities do you perceive such changes represent?

A: The European PPWR is being applied gradually from August 2026 onward, and we expect an increase in requirements related to enhanced recyclability of packaging materials and greater use of recycled materials going forward. By acting in advance of such regulations, DNP has not only developed packaging materials that utilize recycled materials but has also focused on packaging materials that are easily recycled. Ordinary packaging materials are imbued with the required functionality through the lamination of multiple materials, such as PET and OPP, but DNP is shifting towards monomaterial products that use only one material. For PTP packaging materials for pharmaceutical products, and packaging materials for food and household goods, while maintaining barriers against water vapor and oxygen and other functionality, we are working to develop products that are easily recyclable. Furthermore, in addition to plastic, we are developing paper materials for packaging that will help resolve the problem of marine plastic waste.

DNP's strengths lie in the converting technologies that we have developed over the course of many years, and in technology for using a variety of materials effectively. As well as technologies that involve highly precise and uniform layers, such as lamination and coating, the Group includes materials manufacturer DNP Fine Chemicals Co., Ltd., and in coordination with that company we are using additives to tune the material properties and taking other steps for the development of competitive materials. That we can conduct the development of such materials, and of converting technology, and even of the internalization of production equipment all

in one integrated process is another of DNP's strengths.

The strengthening of environmental regulations is something we see not only as a matter to address for the sake of business continuity but also as an opportunity to grow share and profits. We will promptly create and launch products that comply with such regulations with the aim of winning market share, focusing not only on business continuity but also on linking them to growth in earnings.

Q: With regard to the evaluation of the effectiveness of the Board of Directors (page 43 of the materials), I would like to hear the viewpoint of outside director Hiroshi Shirakawa on the background to the relatively low ratings for progress of individual investment projects and Group governance.

A: The new Medium-Term Management Plan implies a variety of investments and M&A projects going forward. For that reason, I believe it is important to follow up individual projects to ascertain what kind of results each of them generated, and this includes post-implementation progress. Going forward, by enhancing our follow-up of progress for individual projects, I hope that we can enhance the effectiveness of the new Medium-Term Management Plan.

Also, the DNP Group has many subsidiaries, some of which are listed companies. I perceive Group governance, which includes these organizations, to be another important theme, and going forward I will continue to encourage the Board of Directors to engage in deeper discussions of this matter.

<u>Questioner 2</u>

Q: With regard to sustainability initiatives, I would like to hear your views on which areas have been particularly successful or shown tangible progress in recent years, and which issues require further attention going forward.

A: In 2026, DNP celebrated its 150th anniversary. The background to that 150 years of continued existence is not that we did not change, but that we continuously adapted and evolved in response to conditions in society and the business environment. In terms of sustainability initiatives, here too I have felt changes in internal awareness and activities.

In particular, from the time of the previous Medium-Term Management Plan we have promoted the three strategies—business, financial, and non-financial—as an integrated whole, with the aim of enhancing corporate value. That this policy has raised employee awareness of the importance of sustainability and non-financial strategy is one of DNP's distinguishing characteristics, in my opinion.

Human capital investments, strengthening intellectual capital, and environmental initiatives are being addressed not only by individual departments but as company-

wide issues that transcend the divide between divisions. I see the steady progress we have made on such initiatives as a positive result of the past few years, and one of our strengths.

Questioner 3

Q: With regard to AX, I think it is important that AI is not just added to existing operations but that work and the organization itself is modified on the assumption of AI usage. The question is what duties should be left to AI, and what duties should remain with humans. If you have any specific examples that you are currently implementing, including allocation of talent and decision-making, I would like to hear them.

A: Currently, each employee is learning how to use AI and working on initiatives to raise the efficiency of the various operations. As the next stage beyond the level of individuals, we are moving forward with initiatives to use AI to transform operations within and across organizations.

AI excels at *searching*, *organizing*, *creating*, and *executing*, and our intention is to proactively delegate those operations to AI. Conversely, the roles of humans will include *thinking about our aims*, *putting forward questions*, *making judgments*, and *taking responsibility*. We will use this kind of segregation of duties to incorporate AI into the heart of our business processes. As a concrete example, there is an initiative in the field of security. Previously, people gathered and analyzed a variety of information and then used that as a basis for decisions about how to address the matter in hand. Now we are utilizing AI to gather information and perform other tasks, and working to deploy AI agents who can make judgments about what humans should ultimately be executing. Going forward, we will expand such initiatives with the aim of not only enhancing the operational efficiency of individuals but also transforming operations within and across organizations.

Questioner 4

Q: Are Super Eco-Products (page 34 of the materials) contributing to improved profitability? Also, what is behind the increase in new registrations, and what is the outlook going forward?

A: Adoption of Super Eco-Products is on the increase, mainly among customers with a high level of interest in environmental performance, and they are contributing to profitability. Directly after products have been released, it sometimes takes a little while for adoption to spread, but many products are making good progress in that regard.

One of the reasons behind the increase in new registrations is heightened awareness,

which takes the form of individual employees trying to create eco-friendly products. Mainly in Europe, PPWR, CBAM (Carbon Border Adjustment Mechanism), and other environmental regulations are also being made more stringent, and there is rising awareness of the importance of environmental performance from the perspective of business continuity as well. Moreover, we see this kind of regulatory strengthening as a business opportunity, and an awareness that rapidly creating eco-friendly products leads to winning and increasing market share is also rising within the Company.

This heightened awareness is the background to the number of eco-friendly products rising year by year. We are already developing many products, some of which will take several years to commercialize, but I think the number of new registrations for Super Eco-Products will continue to increase going forward.

Q: Regarding the ¥35 billion investment in human capital over three years (page 11 of the materials), what areas did you invest in under the previous Medium-Term Management Plan, and how did these investments contribute to enhancing human creativity? Also, how has the focus of investment changed under the new Medium-Term Management Plan?

A: Under the previous Medium-Term Management Plan, as labor mobility continues to increase, we invested in maintaining competitive compensation levels and systems, as well as in attracting diverse specialized talent. At the same time, in addition to investing in education and training and reskilling to enhance employees' capabilities and skills, we took a comprehensive approach that went beyond financial investment, including initiatives to foster a culture that encourages employees to take on new challenges and to strengthen support for employees' career ownership.

One major point of change under the new Medium-Term Management Plan is the introduction of a new stock compensation system for employees. Through this system, we aim to foster a greater sense of ownership among employees in enhancing corporate value over the medium to long term and encourage them to take on further challenges.

In connection with the introduction of this system, in July 2026, we disposed of 839,500 treasury shares with a total value of ¥2.37 billion.

Questioner 5

Q: With regard to initiatives related to TNFD (Taskforce on Nature-related Financial Disclosure), do you intend to set quantitative targets for the conservation of biodiversity, such as the area of biodiversity conserved or restored?

A: Currently, the setting of quantitative targets for conservation of biodiversity is a matter that we are investigating. We have many business locations overseas as well as in Japan, and although the scale of the initiatives may vary, we are working on activities for the conservation of biodiversity at almost every site.

Area conserved or restored is relatively easy to grasp, and I think that could become one of the indicators. On the other hand, when evaluating contributions to biodiversity, it is not just the area but the content of initiatives that is important. For example, we are investigating how to reflect in indicators the content and quality of conservation activities, such as planting and protecting rare plants, or creating environments in which rare insects can live.

We have not yet got to the stage where we can set concrete targets, but in order to realize a Nature-Positive Society, we hope to establish indicators with which employees will eagerly engage.

Q: With regard to the indicator that shows the State of Nature, would it be possible to quantify the contribution to biodiversity and set a target in the future? Also, please share with us any developments on biodiversity credits.

A: My perception is that it is extraordinarily difficult to put the contribution to biodiversity in figures, but we are referring to a variety of case studies as we investigate evaluation methods. For example, we are considering an indicator to allow us to grasp the state of nature, such as how many rare plants we have managed to cultivate. At this point in time, we have not got to the stage of setting concrete numerical targets and making quantitative checks on the degree to which we have achieved them, but we hope to continue to investigate ways of quantifying our contribution to biodiversity.

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