



Dai Nippon Printing Co., Ltd.

Briefing (Online conference) for Institutional Investors And Analysts on FY 3/2025 results

May 15, 2025

Event Summary

[Company Name]	Dai Nippon Printing Co., Ltd.	
[Company ID]	7912-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Briefing (Online conference) for Institutional Investors and Analysts on FY 3/2025 results	
[Fiscal Period]	FY2025 Annual	
[Date]	May 15, 2025	
[Number of Pages]	25	
[Time]	1:00 PM – 2:00 PM (Total: 60 minutes, Presentation: 34 minutes, Q&A: 26 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]	Approx. 110	
[Number of Speakers]	4	
	Yoshinari Kitajima	President
	Masafumi Kuroyanagi	Senior Managing Director
	Toru Miyake	Managing Director
	Naoki Wakabayashi	General Manager, IR and Public Relations Division

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Presentation

Wakabayashi: We will now begin the presentation of Dai Nippon Printing Co., Ltd.'s full-year financial results for the fiscal year ended March 31, 2025, for institutional investors and analysts.

I am Wakabayashi from the IR and Public Relations Division, and I will serve as today's moderator.

Thank you very much for taking time out of your busy schedules to participate in our online financial results presentation.

We will explain in accordance with the presentation material, which are available on the DNP's website in both Japanese and English.

Our speakers today are Yoshinari Kitajima, President; Masafumi Kuroyanagi, Senior Managing Director; and Toru Miyake, Managing Director.

We will explain our full-year financial results for the fiscal year ended March 31, 2025, the progress of our medium-term management plan, and our initiatives to enhance corporate value. The presentation will be followed by a question-and-answer session. We expect to conclude by 2:00 PM.

Let's now move on to the presentation. President Kitajima, please.

Kitajima: Hello, everyone. I am Kitajima, President. Thank you very much for taking time out of your busy schedules to attend DNP's financial results briefing.

I would now like to provide an overview of the financial results for the full fiscal year ended March 31, 2025.

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Overview of Financial Results for FY2024

(Unit: ¥billions) **DNP**

	FY2023	FY2024		
	Result	Earnings Forecast (Revised)	Result	Year-on-year (change)
Sales	1,424.8	1,455.0	1,457.6	+2.3%
Operating Income	75.4	88.0	93.6	+24.1%
Operating Income Ratio	5.3%	6.0%	6.4%	+1.1pt
Ordinary Income	98.7	110.0	115.9	+17.4%
Net Income <small>Attributable to Parent Company Shareholders</small>	110.9	106.0	110.6	(0.2%)
ROE	9.8%	9.2%	9.6%	(0.2pt)
Capital Expenditures	68.3	74.0	76.6	+12.1%
R&D Expenditures	35.2	36.0	37.5	+6.6%
Depreciation	55.9	56.0	53.7	(4.1%)

Overview

- ✓ With the steady growth in growth areas and structural reform initiatives, we achieved the operating income target of ¥85 billion for the final year of the Medium-term Management Plan, one year ahead of schedule.
- ✓ Ordinary income and net income exceeded the upwardly revised forecasts announced in February, and ROE also remained steady at 9.6%.
- ✓ We executed our planned capital investment strategy, concentrating on our core business areas.

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Please see page three of the document. First, I would like to report on our results for FY2024 and our forecast for FY2025.

In FY2024, we were able to secure high levels of operating income, net income attributable to parent company shareholders, and ROE, all thanks to the steady implementation of various measures to enhance corporate value as stated in our medium-term management plan.

Operating income was JPY93.6 billion, up 24.1% from the previous year and 6.4% above the revised forecast. Operating income of JPY93.6 billion exceeded the operating income target of JPY85 billion for the final year of the medium-term management plan.

Net income attributable to parent company shareholders was JPY110.6 billion, a decrease of 0.2% from the previous year and 4.3% higher than the revised forecast.

ROE was 9.6%, down 0.2 percentage points from the previous year and 0.4 percentage points higher than the revised forecast. ROE was close to 10%, the mid- to long-term target level set in the mid-term management plan.

Although all of the FY2024 results exceeded the targets, the increase in ROE includes a one-time factor due to extraordinary gains from the sale of assets and other items. We will continue to accelerate the efforts of the medium-term management plan to further increase business profits.

Details of the forecast for FY2025 will be explained on page 10 and beyond. Operating income is expected to be JPY94 billion.

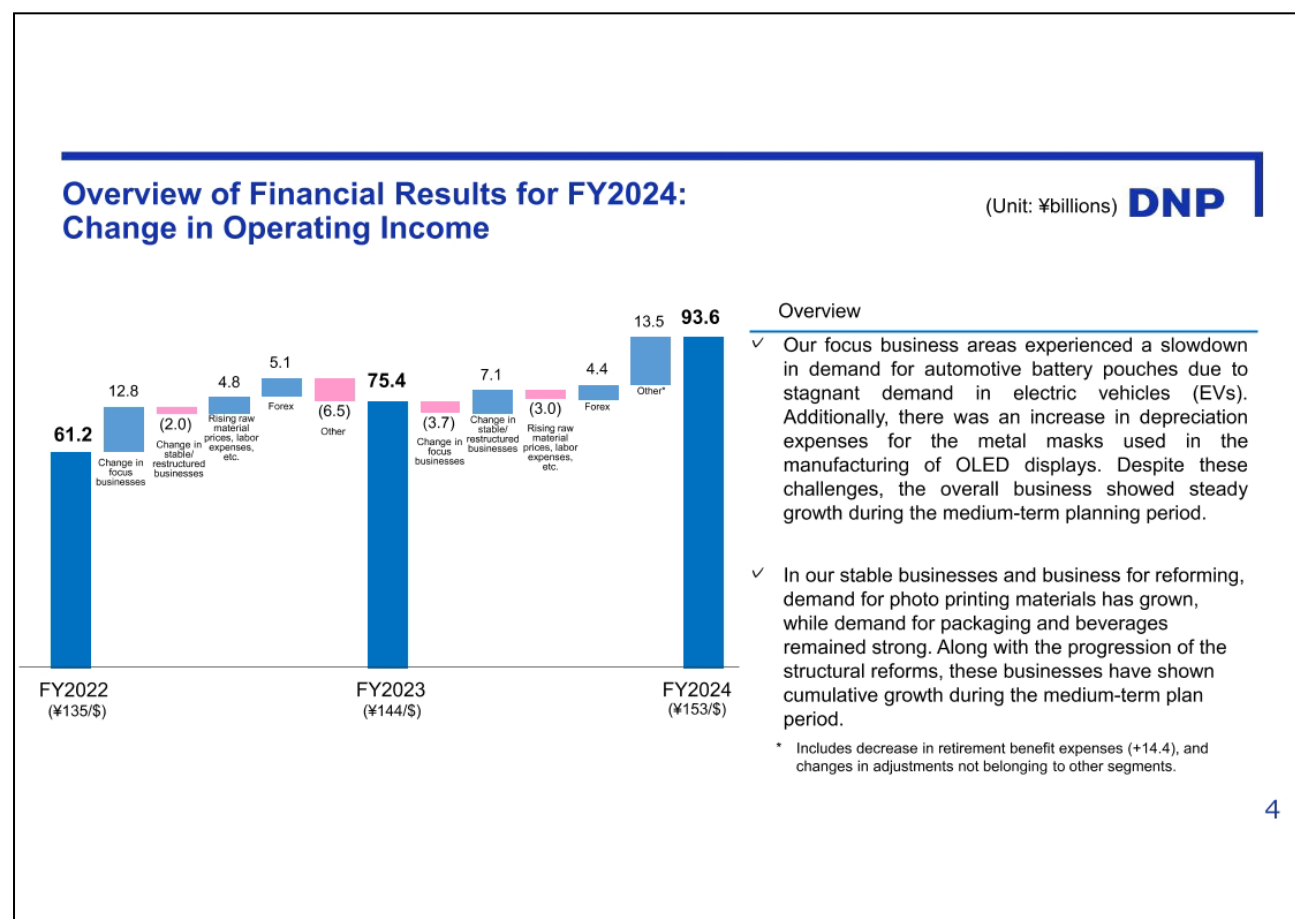
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Although the global situation and market environment are highly uncertain, we will continue to invest in growth and reform our business structure as set forth in our mid-term management plan as our business strategy. We aim to exceed not only the operating income target of JPY85 billion for the final year of the medium-term management plan, but also the actual operating income of JPY93.6 billion for FY2024.



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Page four shows the factors for changes in operating income for FY2024.

Even after subtracting one-time factors such as a decrease in retirement benefit expenses, operating income exceeded both the previous year's operating income of JPY75.4 billion and the operating income target of JPY75 billion set in the medium-term management plan. We view our earnings structure as steadily improving.

In the focused business areas, there were impacts from stagnant demand for battery pouches for automotive applications and increased depreciation costs for metal masks used in the production of OLED displays. However, the areas have expanded steadily in the cumulative mid-term management plan, and we believe they will continue to drive the Company's performance.

In other businesses, growth in photo printing materials related to imaging communications, an area in which the Company excels, increased demand for packaging-related and other products, and cost reductions and other improvement activities in each business contributed to higher earnings.

That is all for my general overview.

After this, Mr. Kuroyanagi, Senior Managing Director, will give a detailed explanation of the year-end financial results for the fiscal year under review.

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Overview of Financial Results for FY2024: Overview of Focus and Stable Businesses

(Unit: ¥billions) **DNP**

		FY2023	FY2024	Overview	Arrow indicates sales relative to previous year
Smart Communication	Segment sales	719.4	715.5	Imaging communication	↑
				Information Security	↓
	Segment operating income	26.1	34.6	Content & XR communication	↑
Life and Healthcare	Segment sales	472.3	496.0	Industrial high-performance materials	↔
				Mobility	↔
	Segment operating income	13.3	23.7	Medical & healthcare	↑
Electronics	Segment sales	235.3	247.7	Optical films	↑
				Metal masks used for manufacturing OLED displays	↔
	Segment operating income	58.1	57.3	Semiconductors	↑

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Kuroyanagi: My name is Kuroyanagi. I will explain from page five onward.

Overall sales increased by 2.3%. This page provides an overview of our focus and stable businesses.

Unfortunately, information security-related sales declined in FY2024. This is a reaction to the absence of large BPO (Business Process Outsourcing) projects in the previous fiscal year, as noted.

Sales in all three businesses remained flat. I would like to explain their contents.

In the area of industrial high-performance materials, battery pouches performed poorly in FY2024. Although not shown here, full-year sales of battery pouches for automotive applications declined significantly but picked up considerably in the second half of the period. We can expect sales to increase in the next fiscal year.

In addition, there were special projects in mobility and metal masks for OLED display manufacturing, as noted, resulting in a one-time decrease in sales.

Overall, however, the uptrend has not changed.

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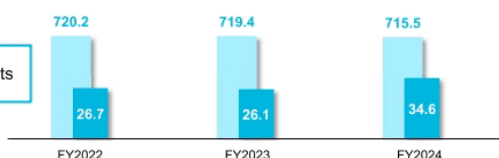
Overview of Financial Results for FY2024: Results by Segment

(Unit: ¥billions) **DNP**

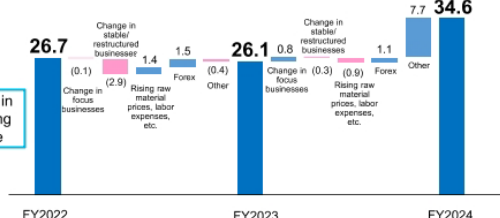
Smart Communication

■ Sales (left) ■ Operating income (right)

Results



Change in Operating Income



Overview

- ✓ In imaging communication, materials for printing photographs performed well, and photo-related services increased.
- ✓ In Information Security, the sales of IC cards remained strong; however, BPO experienced a decline due to a reaction from large projects in the previous year.
- ✓ The publishing business faced challenges due to the declining market for magazines and other publications. In April 2025, we established a new company, DNP Publication Products, to integrate our manufacturing and sales operations to better respond to changes in the market environment.

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I will explain the status of the segments on page six and beyond.

First, in the Smart Communication segment, net sales fell by 0.5% and operating income rose by 32.5%.

Please see the waterfall chart here. The large number reported in "Other" shows the characteristics of FY2024, in which a decrease in retirement benefit costs was a major factor in the increase.

However, even excluding this factor, we were able to compress the negative impact on profits despite the significant impact of the shrinking paper media market on the publishing business.

Overall, despite the impact of this shrinking market for paper media, the Company achieved a 32.5% increase in income thanks to business restructuring and other measures.

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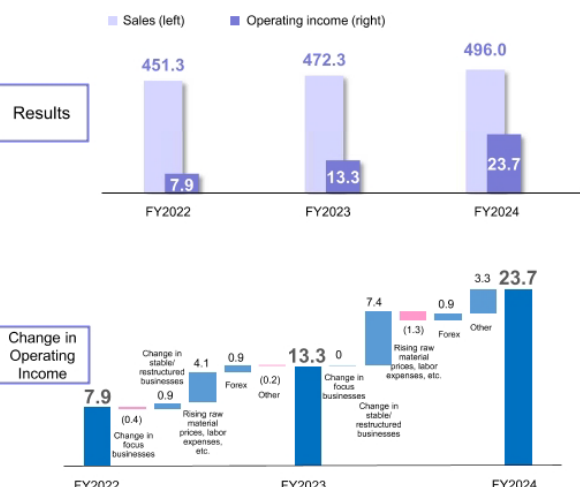
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Overview of Financial Results for FY2024: Results by Segment

(Unit: ¥billions) **DNP**

Life and Healthcare



Overview

- ✓ In mobility and industrial high-performance materials, battery pouches for automotive have experienced stagnation due to a decline in demand for electric vehicles (EVs). However, battery pouches for IT witnessed growth, driven by the increased adoption of new smartphone and tablet models. Additionally, photovoltaic modules and barrier films also performed well.
- ✓ High demand for packaging and beverages and various efforts to reduce costs helped the growth.
- ✓ Acquired all shares of Resonac Packaging Corporation and HK Holding, which operates HIKARI METAL INDUSTRY CO., LTD., to strengthen core businesses.

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Page seven is about the Life and Healthcare segment.

This division achieved a significant increase in income, with a 5% increase in sales and a 78.2% increase in operating income.

In the past few years, we have faced a major challenge of soaring raw material prices. In response to this challenge, we have recovered and improved profitability by promoting price pass-through and working to reduce fixed costs. In FY2024 financial results, the effects of these efforts were greatly evident, resulting in a significant increase in income.

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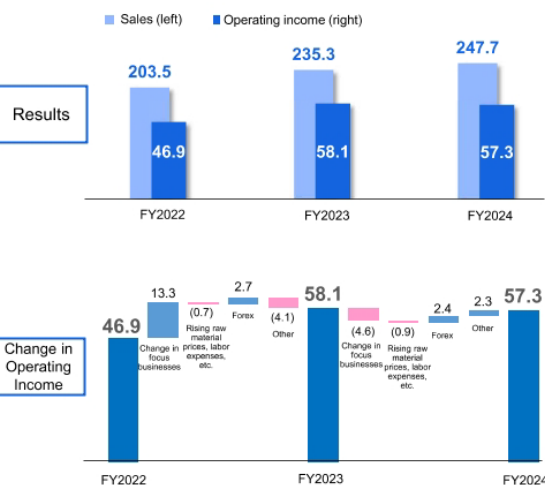
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Overview of Financial Results for FY2024: Results by Segment

(Unit: ¥billions) **DNP**

Electronics



Overview

- ✓ In semiconductor, shipments of photomasks for semiconductor production performed well due to the recovery of the market.
- ✓ In digital interfaces, optical films increased due to the larger size of TV panels.
- ✓ Metal masks used in OLED display manufacturing experienced a decline compared to last year's strong demand for development purposes. Nevertheless, the trend toward increased adoption of OLED panels in smartphones and other devices persisted.

8

Page eight is about the Electronics segment.

In this segment, sales increased by 5.3%, but unfortunately operating income decreased by 1.4%.

Overall, commercial activity in this sector has been very strong. This slight decrease in income was due to the fact that although a large metal mask production line was put into operation, this will not contribute to earnings until FY2025 or later, and the depreciation burden impacted the Company in FY2024.

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(Reference) Overview of Financial Results for Fiscal Year 2024: By Quarter

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		Q1		Q2		Q3		Q4		Full year	
		FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Smart Communication	Sales	180.0	174.6	170.4	171.9	181.6	175.7	187.3	193.1	719.4	715.5
	Operating Income	4.9	5.8	3.6	6.8	7.3	7.7	10.2	14.2	26.1	34.6
Life and Healthcare	Sales	109.2	123.5	122.4	119.3	124.7	131.7	115.8	121.3	472.3	496.0
	Operating Income	1.5	4.7	3.6	4.2	5.4	7.6	2.7	7.0	13.3	23.7
Electronics	Sales	56.2	58.9	56.3	60.8	61.7	63.6	60.9	64.3	235.3	247.7
	Operating income	12.4	13.6	12.6	14.1	17.2	14.7	15.7	14.7	58.1	57.3
Adjustment	Sales	(0.4)	(0.4)	(0.6)	(0.4)	(0.6)	(0.4)	(0.4)	(0.3)	(2.2)	(1.7)
	Operating income	(5.6)	(5.8)	(5.5)	(5.5)	(5.6)	(5.7)	(5.3)	(5.0)	(22.2)	(22.2)
Total	Sales	345.0	356.6	348.6	351.6	367.5	370.7	363.5	378.5	1,424.8	1,457.6
	Operating Income	13.2	18.4	14.2	19.7	24.4	24.5	23.4	30.9	75.4	93.6

(Unit: ¥billions)

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Page nine shows operating income by quarter.

As I explained earlier, operating income was JPY93.6 billion versus the forecast of JPY88 billion, an increase of JPY5.6 billion. I would like to make a supplemental comment on this.

In the Smart Communication segment, operating income for Q4 was JPY14.2 billion, a considerable increase over FY2023. The main reason was that information security-related settlement services, BPO, and Expo-related sales were recorded at the end of the fiscal year.

In the Life and Healthcare segment, operating income for Q4 was JPY7 billion, a significant increase compared to JPY2.7 billion in FY2023. As explained earlier, this is mainly due to the effects of strong efforts to improve order terms and conditions and to shift raw material prices in the packaging-related sector.

In the Electronics segment, operating income was JPY14.7 billion in FY2024, compared to JPY15.7 billion in FY2023. One of the factors was the start-up of a large-size metal mask production line at the Kurosaki Plant (Fukuoka Prefecture). In addition to this, the previous fiscal year was also affected by special development demand related to metal masks.

These factors enabled us to build up final operating income to JPY93.6 billion in the fiscal year under review.

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Earnings Forecast for FY2025

(Unit: ¥billions) **DNP**

[Company-wide]	(¥153/\$)	(¥140/\$)	Year-on-year Change (Difference)	[By Segment]	FY2024 Projection	Earnings Forecast for FY2025	Year-on- year Change (Difference)	Expected impact of special factors on income	
	FY2024 Projection	Earnings Forecast for FY2025						Retirement benefit expenses	Forex
Sales	1,457.6	1,500.0	+2.9%						
Operating Income	93.6	94.0	+0.4%	Smart Communication	Sales	715.5	730.0	+14.5	
Operating Income Ratio	6.4%	6.3%	(0.1pt)		Operating Income	34.6	33.0	(1.6)	(4.1)
Ordinary Income	115.9	105.0	(9.4%)	Life and Healthcare	Sales	496.0	517.0	+21.0	(1.7)
Net Income <small>Attributable to Parent Company Shareholders</small>	110.6	90.0	(18.7%)		Operating Income	23.7	28.0	+4.3	(1.3)
ROE	9.6%	8.0%	(1.6pt)	Electronics	Sales	247.7	255.0	+7.3	(1.2)
					Operating Income	57.3	57.0	(0.3)	(3.6)
Capital Expenditures	76.6	80.0	+4.4%	Adjustment	Sales	(1.7)	(2.0)	(0.3)	(0.5)
R&D Expenditures	37.5	39.0	+3.8%		Operating Income	(22.2)	(24.0)	(1.8)	-
Depreciation	53.7	50.0	(6.9%)	Total	Sales	1,457.6	1,500.0	+42.4	(7.5)
					Operating Income	93.6	94.0	+0.4	(6.5)

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On page 10, I will explain the forecast for FY2025, as explained by Mr. Kitajima earlier.

We project net sales of JPY1,500 billion, operating income of JPY94 billion, ordinary income of JPY105 billion, net income of JPY90 billion, and ROE of 8%.

Operating income by segment is shown on the right side of the document. The Smart Communication and Electronics segments are expected to see a slight decrease in income. This year, we plan to see a contribution to the income increase mainly from improved earnings in the Life and Healthcare segment, which also performed well in FY2024.

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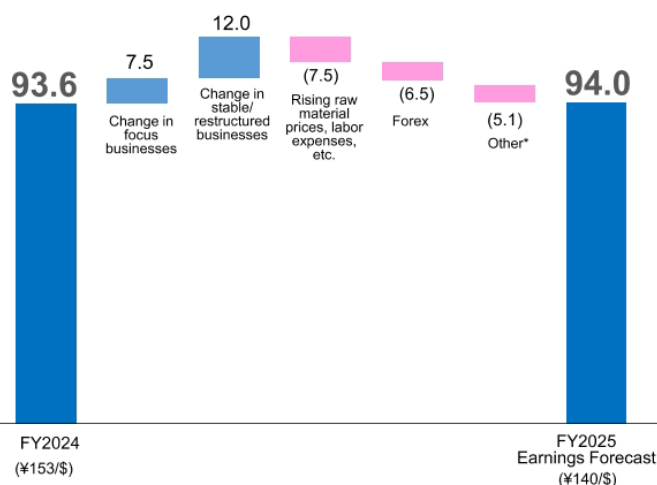
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Earnings Forecast for FY2025: Change in Operating Income

(Unit: ¥billions) **DNP**



Overview

- ✓ Our focus business areas are expected to grow, as metal masks used in manufacturing OLED displays and photomasks for semiconductor production are expected to grow steadily. Furthermore, battery pouches for automotive are anticipated to improve as customer inventory adjustments are resolved.
- ✓ Our stable businesses and businesses for reforming are expected to perform well. Information Security is anticipated to improve compared to the previous year, and the structural reform effects in publishing, as well as Life and Healthcare, will contribute positively.

* Includes changes in retirement benefit expenses (-7.5), and changes in adjustments not belonging to other segments.

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See page 11. In making this forecast, there were some difficult aspects. In particular, the exchange rate trend has been significantly stronger against the yen, and the negative impact of the Trump tariffs is not foreseeable. In this context, we have developed our forecast based on the expectation that the effect of the reduction in retirement benefit costs, which was a factor in the significant increase in FY2024, will also be considerably reduced. In FY2025, we aim to achieve an operating income of JPY94 billion by strengthening our efforts in our focus businesses and stable restructuring businesses through internal efforts to produce results.

This is the end of the explanation of business performance.

Wakabayashi: Thank you very much.

Next, we will explain the progress of the medium-term management plan. The first half of the presentation will be given by Mr. Miyake on business and non-financial strategies, and the second half will be given by Mr. Kuroyanagi on capital policy.

Managing Director Miyake, please.

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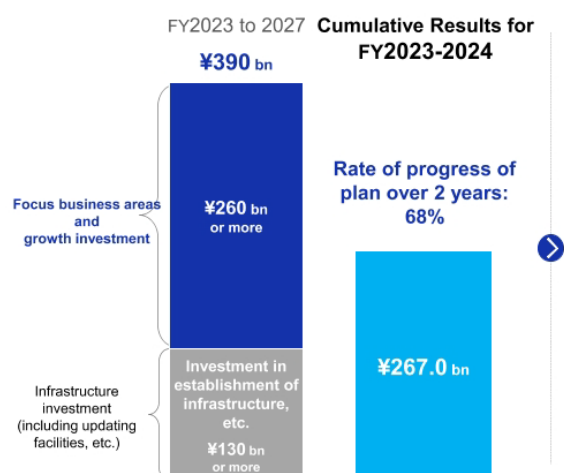
Progress with Medium-term Management Plan (Business Strategy): Investment in Focus Business Areas, Etc.

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Growth investment and infrastructure
development investment

¥390 billion or more (cumulative amount for FY2023-FY2027)



▽ Main Investments in the Medium-term Management Plan

FY	Overview of Investments	
2023	Made CMIC CMO a subsidiary	●
2023	Installed a new large metal mask production line at the Kurosaki Plant (Fukuoka Prefecture)	
2024	Increased the production capacity for sealant for photovoltaic cells at the Izumizaki Plant (Fukushima Prefecture)	
2024	Established a new line for optical film at the Mihara West Plant (Hiroshima Prefecture)	
2024	Expanded the photomask production facilities at the Kamifukuoka Plant (Saitama Prefecture)	
2024	Expanded photomask production line at D.T.Fine Electronics Co.,Ltd	
2024	Made Resonac Packaging a subsidiary	●
2024	Made HK Holding, which operates HIKARI METAL INDUSTRY CO., LTD., a subsidiary	●
2024	Invested in special purpose company for the purpose of acquiring shares of Shinko Electric Industries	●

(Key) ● : M&A

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Miyake: I am Miyake. I will begin by explaining our business strategy and the status of our investments, particularly in our focus businesses.

In our business strategy, we plan to invest more than JPY390 billion over the five years from FY2023 to FY2027, as written above.

As shown in the figure on the left, at the end of the two-year period of FY2023 and FY2024, the cumulative amount was JPY267 billion, and the progress rate was 68%.

Major investments are shown on the right. Two projects for FY2023 and seven for FY2024 are listed. We have made considerable capital investments to increase our production lines and manufacturing capacity to meet the current considerable market strength and sales growth.

The bottom three items, with a circle in black on the right, are M&A deals. Resonac Packaging, a battery pouch and food-related packaging company, became a subsidiary. HK Holding is a company that manufactures switches for automobile interiors. This will be explained later. Shinko Electric Industries is a company mainly involved in the back-end process of semiconductors.

We are solely responsible for the capital expansion for the projects we are solely pursuing. On the other hand, we are aggressively pursuing M&As and business expansion in businesses that aim for further development and the creation of new value.

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Progress with Medium-term Management Plan (Business Strategy): Structural Reform

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Outline in Medium-term Plan		Implementation period	Main Structural Reform Measures
Smart Communication	Rationalization of paper media business	2023	✓ Optimization of manufacturing sites for commercial printing
		2023-	✓ Optimization of fixed costs
		2025	✓ Reorganization of Publishing Printing Division (establishment of DNP Publication Products)
Life and Healthcare	Reviewing low value-added products and restructuring business locations Reorganization of facilities in packaging-related business	2024	✓ Closed manufacturing facilities in the packaging-related business (Chubu area)
		2024-	✓ Optimization of fixed costs
		Planned for 2025	✓ Reorganization of living spaces and mobility businesses

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On page 14, I will explain structural reforms on our business strategies. The upper half is Smart Communication and the lower half is Life and Healthcare.

The implementation period is from FY2023 to FY2024. In both Smart Communication and Life and Healthcare, we have been optimizing manufacturing sites and fixed costs.

In FY2025, in Smart Communication, we will reorganize the publishing printing division, as I mentioned before. DNP Publication Products, a company that integrated sales and manufacturing, has been organized as an independent company.

The item at the bottom will be disclosed for the first time today. In FY2025, we plan to reorganize our living spaces and mobility businesses.

I will explain this on page 15.

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Structural Reform of Life and Healthcare (Integration of living spaces and mobility)

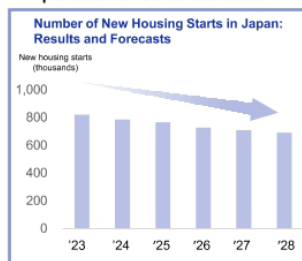
DNP

This autumn, we will integrate the living space and mobility business to leverage synergies and expand the business. In addition, we will contribute to creating a smart society where mobility and housing are connected.

Market environment

The number of housing starts in Japan decreased.

⇒ **Conventional interior and exterior products have also decreased**

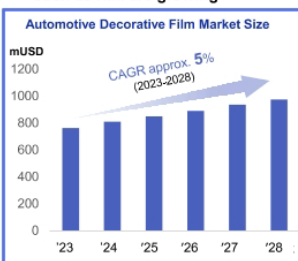


* Number of new housing starts in Japan: From Nomura Research Institute "Number of New Housing Starts in FY2024-FY2040"

*HMI: Human-Machine Interface
Interface for exchanging information between the driver and the vehicle, display, input devices, etc.

The use of information technology in automobiles is growing.

⇒ **Materials for information technology such as HMI are growing**



* Source: Estimate by DNP based on various materials

Integration of Life and Healthcare (living spaces and mobility)

Living Spaces Business Unit

Provides interior and exterior products for residential and office buildings. The organization will be streamlined and optimized to meet market demands.

Mobility Business Unit

Provides interior and exterior parts and software services for automobiles.

New Business Unit

- We will grow the business by maximizing the synergy of both business units, focusing on combining film with molding and modules through shared resources.
- We will create new markets in a smart society.

Effects of Structural Reform: + Approx. ¥2 billion

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As I mentioned, we currently have two divisions in our company, the living spaces unit and the mobility unit. We are planning to integrate these two units as of October 1.

The market environment is challenging, and as you can see from the chart on the left, domestic housing starts are in steady decline.

On the other hand, the graph on the right shows that the market size of decorative films for automotive applications will grow at a CAGR of 5%.

On top of that, it says "materials for information technology such as HMI." HMI is a human-machine interface. As cars become increasingly informatized, there has been considerable growth in components such as displays and special switches. We are also looking to further enhance our automotive interior decorative film business through the acquisition of HK Holding.

In fact, HK Holding's HMI is not only used for automobiles, but is also being widely used for switches in residential facilities and industrial equipment. This is exactly how mobility and housing are closely related. In order to respond to these changes in the market environment, we are integrating the two units.

Efficiency will also be improved by integrating the two business units. In the lower right-hand corner, we have written about JPY2 billion in benefits from structural reforms.

On top of that, there is the term "smart society." Looking around, car manufacturers and telecommunications companies have come up with concepts for connecting cars, homes, and cities. In this context, we aim to quickly capture such market needs or create market needs in order to establish a dominant position in the market through this integration.

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Progress with Medium-term Management Plan (Non-Financial Strategy)

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		FY2024 Result	FY2025 Target
Human capital	Employee engagement survey score	+4.5%	Up 10% from FY2022
	Completion of DX literacy standard basic education course	25,473 people	27,500 people eligible
	Percentage of female managers	10.4%	12% or more
	Percentage of eligible men taking childcare leave	96.4%	100%
Intellectual capital	R&D investment (annual)	¥37.5 billion	Maintain in range of ¥30.0 billion
	Number of data management infrastructure users	7,069 people	10,000 people
Environment	Reduction of GHG emissions (Scope 1+2)	Down 17.5% from FY2019 (Forecast)	Down 46.2% from FY2019 (FY2030 target)
	Resource recycling rate	63% (Forecast)	70% (FY2030 target)
	Reduction of water usage	Down 8% from FY2019 (Forecast)	Down 30% from FY2019 (FY2030 target)
	Expansion of sales of eco-friendly products and services	15% (Forecast)	30% (FY2030 target)

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On the next page, we will discuss non-financial strategies.

On the left side, I would like to introduce three types of capital: human capital, intellectual capital, and environment.

On the right side, we have written the actual results for FY2024 and the targets for FY2025. We created two years ago a three-year goal to be achieved in FY2023, FY2024, and FY2025.

For the four environmental items, in fact, the FY2025 targets have already been achieved in FY2024. So, we reviewed our targets last year and set more advanced goals for FY2030, for example, to reduce GHG emissions by 46.2% from FY2019 levels.

Thus, we are moving forward with the goal of achieving these goals by FY2025 or FY2030. Although some of the targets are challenging, the entire company will work together to meet them.

That is all from me.

Wakabayashi: Thank you very much. Senior Managing Director Kuroyanagi, please.

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Progress with Medium-term Management Plan: Cash Allocation

DNP

Period: FY2023 to 2027*

We will appropriately allocate the cash we have generated to further grow our business and provide returns to our shareholders.



* Fiscal year: Year beginning on April 1 of each year and ending on March 31 of the following year)

17

Kuroyanagi: I will explain our financial strategy and capital policy.

Page 17 is about cash allocation.

First, let me explain the cash generation on the left side. Operating cash flow generation for the past two years totaled JPY168.1 billion, which is almost in line with the plan, with a progress rate of 38% against the plan.

The sale of strategic shareholdings will be explained on the next page.

Below that, it states "utilization of interest-bearing debt." Since April, we have managed to issue a cumulative total of JPY100 billion in bonds, despite the stormy bond procurement market due in part to the Trump tariffs.

On the right is the cash allocation strategy. Regarding business investment, Mr. Miyake explained this earlier.

Shareholder returns will be explained later on page 19.

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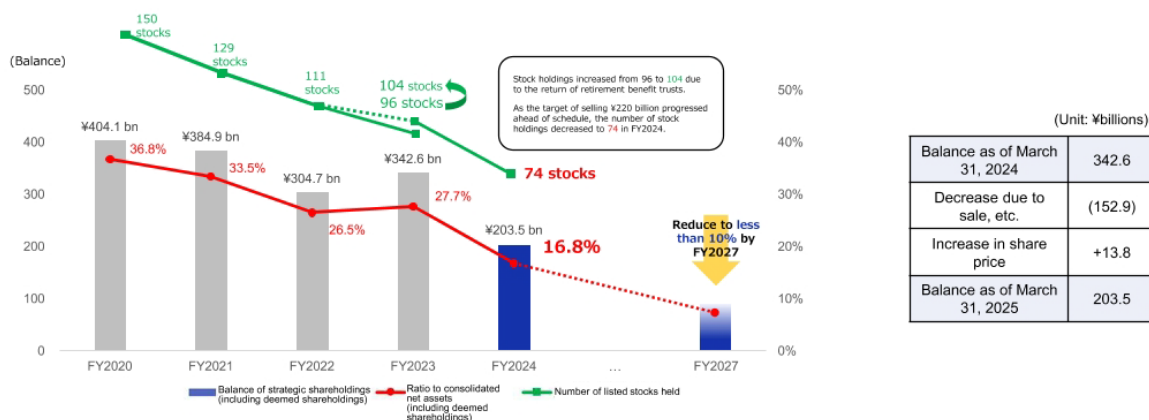
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Initiatives Aimed at Enhancement of Corporate Value: Reduction of Strategic Shareholdings

DNP

- ✓ As of the March 31, 2025, the ratio of strategic shareholdings to consolidated net assets was **16.8%**, a **decrease of 10.9 points compared to the end of the previous fiscal year.**
- ✓ We achieved the Medium-term Management Plan target of ¥220 billion in divestments ahead of schedule (cumulative total for FY2023-2024 ¥233.7 billion)
- ✓ We will continue to reduce our strategic shareholdings with the aim of improving asset efficiency.



18

On page 18, a bar graph and a line graph show the status of the reduction of strategic shareholdings.

The number and amount of strategic shareholdings were reduced to 74 and JPY203.5 billion, respectively, as of March 31, 2025.

For reference, the ratio of the amount of strategic shareholdings to net assets have been reduced to 16.8%.

We are working to achieve a level below 10% in three years. Since April, we have already sold several issues in response to issuers' requests to buy back their own shares, and we will continue our efforts to reduce the number of issues.

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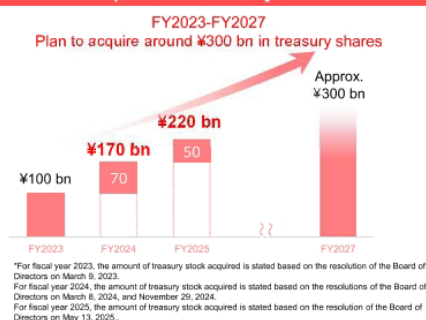
Initiatives Aimed at Enhancement of Corporate Value: Shareholder Returns

DNP

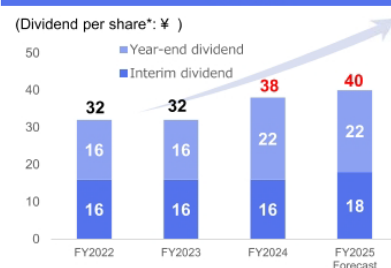
We are dedicated to achieving consistent profit growth and continuously exploring ways to increase our dividends

- ✓ We are ahead of schedule in executing our initial share buyback plan of ¥300 billion. On May 13, we announced that for FY2025, we would repurchase ¥50 billion worth of shares. Moving forward, we will continue to conduct share buybacks in a flexible and proactive manner, considering factors such as stock prices and financial conditions, with the goal of achieving a return on equity (ROE) of 10%.
- ✓ We have established the year-end dividend forecast for FY2024 at ¥22, reflecting an increase of ¥6. The total annual dividend forecast, accounting for stock splits, is set at ¥38, representing the first dividend increase in 17 years. For FY2025, we are projecting an interim dividend of ¥18, which is an increase of ¥2, and an annual dividend forecast of ¥40. This will mark the second consecutive year of dividend increases.
- ✓ Going forward, we are dedicated to achieving consistent profit growth and continuously exploring ways to increase our dividends.

Acquisition of treasury shares



Dividends



* DNP conducted a 2-for-1 stock split of common stock, effective October 1, 2024. Dividend per share is calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

19

Page 19 is about shareholder returns.

Two years ago, we set a management goal of achieving ROE of 10% and a P/B ratio of more than 1x as part of the DNP Group's basic management policy. Toward this end, we are taking various measures to improve ROE. In this context, since the formulation of the medium-term management plan in FY2023, we have first reduced and sold strategic shareholdings and are using the proceeds to buy back treasury stock.

As announced the day before yesterday (May 13), the Company plans to execute an additional JPY50 billion in share buybacks in FY2025. As a result, the Company plans to execute a share buyback of JPY220 billion over a three-year period. We intend to move forward with our medium-term management plan of JPY300 billion in five years.

We initially expected dividends to remain flat, as our first priority was to repurchase our own shares. However, as I have explained, we are currently aiming to increase dividends for two consecutive fiscal years, FY2024 and FY2025, in light of the fact that we have achieved our operating income plan well ahead of schedule.

We intend to consider further dividend increases as we continue to grow profits.

Wakabayashi: Next, Senior Managing Director Kuroyanagi will explain initiatives to enhance corporate value.

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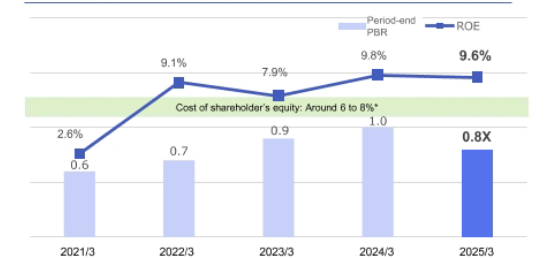
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Analysis of Current Conditions for Enhancement of Corporate Value

DNP

■ PBR and ROE



* The cost of shareholder's equity calculated by DNP using CAPM is 6 to 7%, but we recognize that market expectations are higher than the CAPM-based level, at 6 to 8%.

■ Relative Stock Price Trends (April 1, 2022 is displayed as 1)



■ PBR and PER



Analysis of Current Conditions

- We recognize the cost of shareholders' equity as 6-8%, and ROE exceeds the cost of shareholders' equity due to the upward impact of extraordinary income on ROE.
- PBR rose to around 1.0X at the end of FY2023 due to solid performance from the steady implementation of the Medium-term Management Plan and enhanced shareholder returns based on the cash allocation strategy.
- In FY2024, despite a sharp decline in the overall stock market in August, PBR remained above 1X until around November, but then began to fall, ending FY2024 at around 0.8X.
- We believe this is due to concerns about the impact on our battery pouch business following the slowdown in the EV market after the US presidential election in November.
- In order to achieve sustainable enhancement of corporate value, we will actively invest in businesses in which we have strengths and where profitability and growth are expected, starting with Electronics, while continuing to optimize our business structure in all businesses according to market trends and business scale. At the same time, we will promote the spread of our growth story into the market through enhanced IR activities, with the aim of raising our PER level and achieving a sustained improvement of our PBR.

21

Kuroyanagi: As I mentioned earlier, two years ago, in February 2023, we declared the achievement of a 10% ROE and the early realization of a P/B ratio of over 1x as the basic management policy of our group. We are currently doing our best to address this, and this is a document to explain our efforts.

In the lower right-hand corner of page 21, there is a statement entitled Analysis of Current Conditions, which is a summary of the situation we are currently grappling with.

I will read the bottom paragraph, "In order to achieve sustainable enhancement of corporate value, we will actively invest in businesses in which we have strengths and where profitability and growth are expected, starting with Electronics, while continuing to optimize our business structure in all businesses according to market trends and business scale. At the same time, we will promote the spread of our growth story into the market through enhanced IR activities, with the aim of raising our PER level and achieving a sustained improvement of our PBR."

It succinctly describes exactly what we are striving for.

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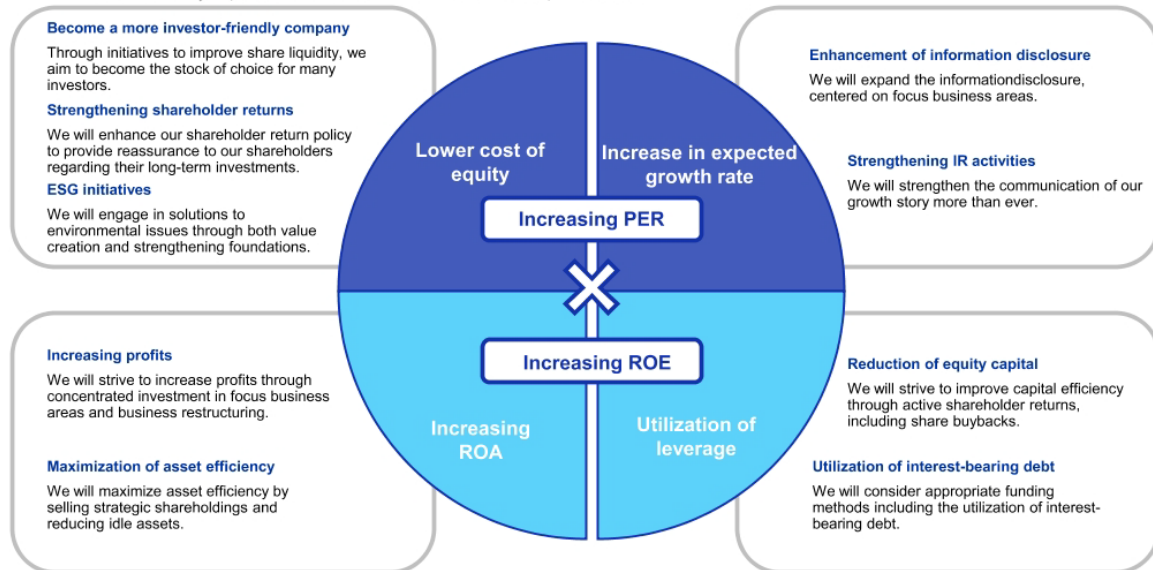
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Initiatives Aimed at Enhancement of Corporate Value: Increasing PBR

DNP

We will work to steadily implement various measures to enhance corporate value.



22

Page 22 is the basic concept and framework for improving PBR, which we have posted before.

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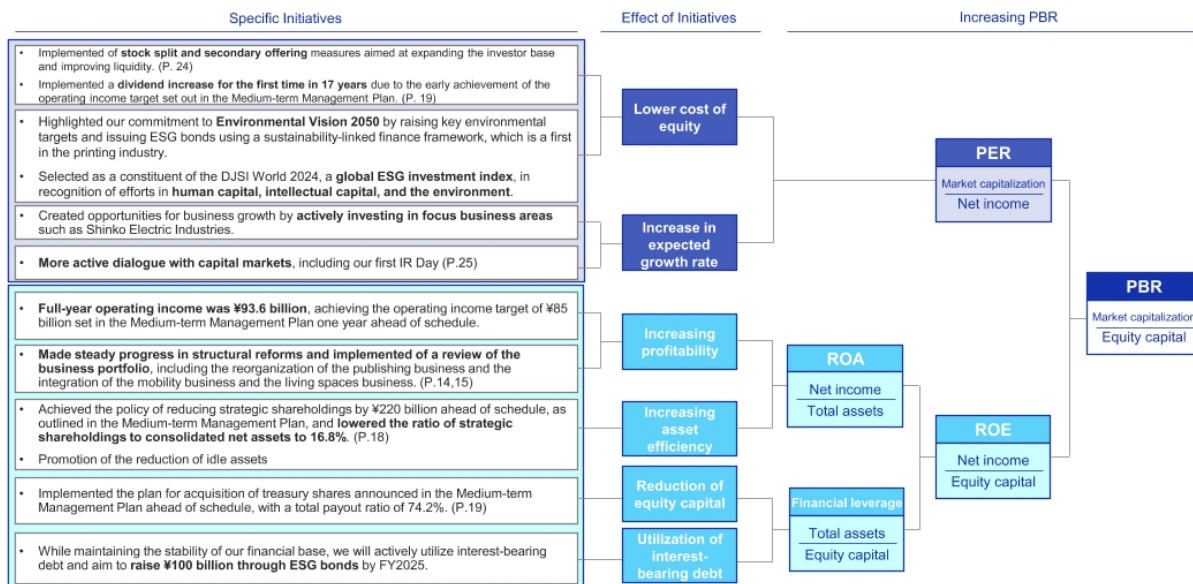
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Initiatives Aimed at Enhancement of Corporate Value: Increasing PBR

DNP



23

We have now added the description on page 23.

This is a document that relates the measures we are working on to the flow of PBR improvement. Specific initiatives are listed on the left side of the page, which briefly shows how the measures will lead to an increase in PBR.

Two of these cases are described on the following pages.

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Initiatives Aimed at Enhancement of Corporate Value: Initiatives to Improve Share Liquidity

DNP

As part of our financial strategy to enhance corporate value, we have implemented a series of initiatives aimed at expanding our investor base and improving the liquidity of our shares.

■ Stock split

On October 1, 2024, a stock split took effect, resulting in each share of common stock owned by shareholders listed on the final shareholder register being split into two shares. Our investment level has fallen below ¥500,000, the "desirable investment unit" requested by the Tokyo Stock Exchange, and has become a more favorable investment environment for all investors.

	Total number of shares issued	Investment unit
Before stock split	277,240,346 shares	¥500,000 or more
After stock split	554,480,692 shares	Less than ¥500,000

* On March 26, 2025, the Company cancelled 30,000,000 treasury shares, resulting in a total number of shares issued of 524,480,692 as of March 31, 2025.

■ Secondary offering

In November 2024, after consulting with multiple shareholders, we conducted a secondary offering of our shares to provide an opportunity for a smooth sale of the Company's stock. Throughout the sales process, we utilized various marketing tools to highlight the company's strengths and business areas. These initiatives generated high demand, particularly among individual investors.

	Number of individual shareholders	Percentage of shares held
Shareholder register as of March 31, 2024	25,471 people	11.0%
Shareholder register as of March 31, 2025	31,629 people	12.0%

24

On page 24, we provide a supplemental explanation of initiatives and measures to improve stock liquidity.

Amid the dissolution of cross-shareholdings between corporations and the significant changes in the stock market, we are faced with the challenge of having few individual shareholders in our shareholder composition. In response to this, we conducted a two-for-one stock split last October.

Subsequently, as a result of the secondary offering of shares, we are pleased to report that we were able to increase the number of individual shareholders in our shareholder composition ratio. These measures will be considered on an ongoing basis.

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Initiatives Aimed at Enhancement of Corporate Value: Strengthening IR Activities

DNP

■ Hold our first IR Day

On July 11, 2024, we hosted our first online DNP Group Investor Relations Day 2024 for institutional investors and analysts. This initiative is designed to give investors and other stakeholders a deeper understanding of DNP's business strategy. We provided detailed explanations focusing on the strategies of each individual business segment.

Comments from investors and analysts

- It was impressive that the personnel responsible for the business divisions took the podium to provide detailed explanations, including engaging in Q&A sessions.
- They offered an in-depth overview of the core technologies in their products, the market environment, competitive strategies, and strengths, which gave us valuable insights and enhanced our understanding of the business.
- It was great to see the disclosure of sales by division and the average annual growth rates by business segment.
- I hope to see more stable businesses and businesses for reforming at the next event.

■ Participation in conferences in Japan and overseas

As companies continue to reduce their strategic shareholdings, we are actively seeking opportunities for dialogue with overseas institutional investors.

- Participation in conferences held in Japan:
3 days total (18 one-on-one meetings, 3 group meetings)
- Participation in conferences held overseas:
4 days total (21 one-on-one meetings, 3 group meetings)

■ Status of dialogue with domestic and overseas investors

Number of meetings held in FY2024

- | | |
|------------------------------------|--------------------------------|
| - IR meetings | 190 (169 in the previous year) |
| - SR meetings | 23 (15 in the previous year) |
| - Group meeting with the President | 2 (1 in the previous year) |

■ Conducting factory tours for investors

In March 2025, we organized a factory tour for seven institutional investors and analysts. The purpose of the tour was to give participants a deeper understanding of our business, particularly highlighting our advanced manufacturing technology and the significant entry barriers that support it. We plan to continue this initiative, expanding it to include tours of our factories and facilities in other sectors as well.

■ Initiatives going forward

We will continue to participate in investor relations conferences and actively reach out to overseas investors. Our goal is to encourage investors to have high expectations for our growth by clearly communicating our strengths and business strategy, thereby expanding our investor base.

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Finally, I would like to explain the enhancement of IR activities.

We are working to increase investor contact with the Company by taking advantage of every opportunity we can, including holding IR Days and, especially recently, conferences often sponsored by securities firms.

As I mentioned earlier, we would like to increase the number of individual shareholders. In addition, we will further expand our shareholder base to include overseas investors, who make up a relatively small percentage of our shareholders. We are striving to strengthen our investor relations activities in order to help shareholders understand our strengths and business strategies, and to raise their expectations for our growth.

That is all that is explained in today's briefing material.

Wakabayashi: Thank you very much.

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Japan 050.5212.7790

Tollfree 0120.966.744

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