

THE DNP GROUP'S VALUE CREATION STORY

DNP's Value Creation Process

DNP recognizes it has a mission of creating a better future in keeping with its corporate statement "Creating future standards." To fulfill this mission, DNP will accurately identify and analyze changes and issues in the environment, society and economy, draw the shape of the future hoped for by people throughout the world and then continuously create indispensable value that exists as future standards.

The DNP Group operates a business model that utilizes inputs such as diverse management resources and appropriate and important information entrusted by domestic and overseas companies, organizations, and consumers and delivers the value (outcome) that is created by the output of products and services to the most-suitable partners. By building on the achievements of this model and ensuring these continuously have a positive impact on the environment, society and economy, we will realize a sustainable, better society and well-being lives.

Risks & business opportunities/
input/management resources

Business model

Output: Products and services

Outcome: Value for people

Impact: Impact on the environment,
society and economyRISKS &
OPPORTUNITIES

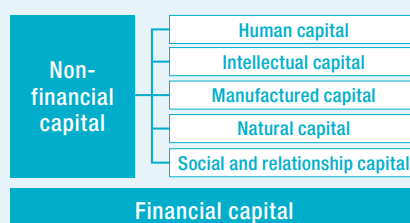
- Identify and analyze environmental, social and economic changes and issues
 - Clarify the expectations of people around the world
- Minimize the adverse impacts of risks (variables) and ensure this leads to maximizing business opportunities

INPUT

- Utilize various types of content (text, images, video, audio) and confidential information and important information backed by the strong relationships of trust built with companies, organizations and consumers in Japan and overseas and our highly advanced information security infrastructure.

RESOURCES /
CAPITALS

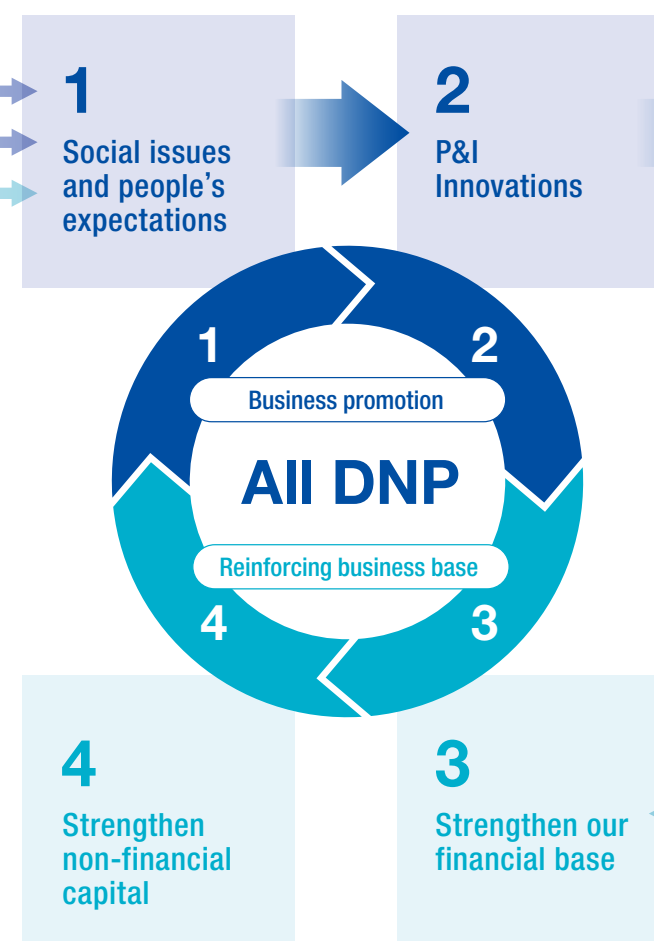
- DNP's assets and strengths that serve as a foundation for value creation
- Promote corporate activities through the integrated usage of financial capital and non-financial capital
- Expand various types of management resources through corporate activities and reinvest these in the next fiscal year



BUSINESS MODELS

"Creating future standards"
through "P&I Innovations"

Increase future cash flow by minimizing the negative impact of risks and turning these into positive business opportunities



OUTPUT

Create new value that evolves into "future standards" indispensable for people in the future by developing new products and services and enhancing existing businesses

Information Communication

- Publishing Business
- Information Innovation Business
- Imaging Communication Business

- Smart cards: Top share overall in Japan and top share in domestic financial markets
- Dye-sublimation thermal transfer printing media for photo prints: World top share

Lifestyle and Industrial Supplies

- Packaging Business
- Living Spaces Business
- Industrial High-performance Materials Business

- Aseptic filling systems for PET bottles: Top share in Japan in unit sales of PET bottle filling systems (number of units in operation)
- Building decorative materials: Top share of domestic market for floor coverings
- Battery pouches for lithium-ion batteries: World top share

Electronics

- Display Components Business
- Electronic Devices Business

- Optical films for displays: World top share
- Metal masks for OLED display manufacturing: World top share

Beverages

- Beverages Business
- (Hokkaido Coca-Cola Bottling Co., Ltd.)

OUTCOME

- Safe and secure communications through highly advanced information security
- Assure the safety of economic and social activities such as the sharing economy and cashless society
- Pass down to and advance knowledge for the next generation
- Provide lifelong educational opportunities
- Expand people's experiential values by making use of photos and various types of content
- Cultivation and development of diverse cultures, etc.

- Provide stable supplies of food and reduce food loss by synergizing *monozukuri* (manufacturing) and ICT
- Reduce environmental impacts across the entire supply chain
- Realize resource and plastic recycling that leads to ecosystem conservation and a decarbonized society
- Extend healthy lifespans and raise quality of life (QoL)
- Realization of comfortable and functional living spaces
- Realize a mobility society with no mobility-impaired people
- Advance of regenerative medicine/telemedicine, etc.

- Improvements in the usability of various devices and protection of the global environment through high functionality, low power consumption and miniaturization
- Contribute to a smart society by manufacturing leading-edge semiconductor products
- Achieve superior color reproduction and high-resolution image expression
- Improve people's experiential value with a product lineup realized through flexible processing
- Reduce the environmental impact of manufacturing processes, etc.

- Contribute to people's healthy lifestyles by providing safe and secure beverages anytime, anywhere and to anyone

IMPACT

Make a sustainable and better society and well-being lives as "future standards"

Knowledge and
Communication

A future where people worldwide can expand opportunities for safe and secure communications and share and inherit knowledge



Food and Healthcare

A future where people around the world no longer have anxieties about their own lives and can lead lifelong safe, secure and high-quality lives



Lifestyle and Mobility

A comfortable future that safely and securely protects all living spaces where people worldwide are mobile and lead their lives



Environment and Energy

A sustainable future that reduces environmental impacts and enables people worldwide to co-exist harmoniously with the earth

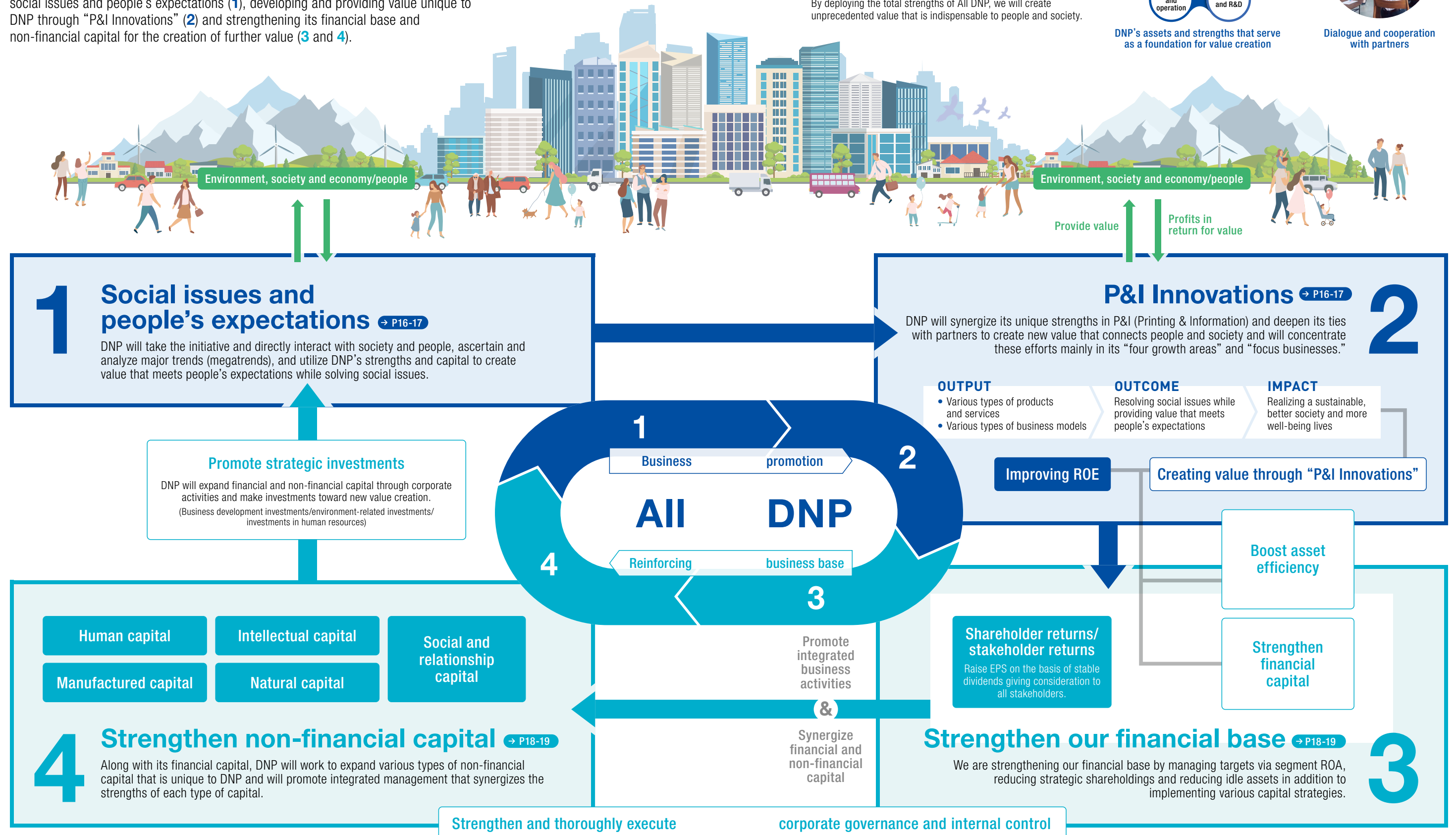
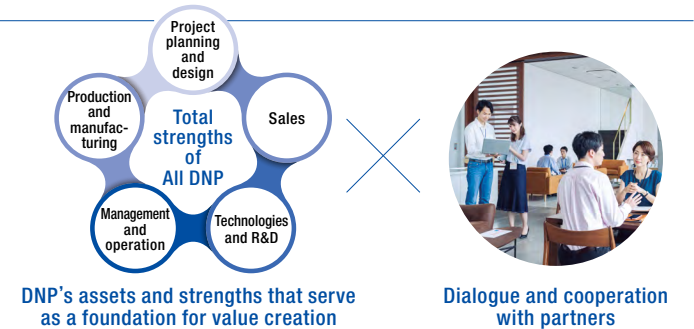
DNP'S VALUE CREATION PROCESS

“Creating future standards” through the continuation of business promotion and reinforcing our business base

DNP's value creation process involves realizing a sustainable, better society and more enjoyable lifestyles through a virtuous cycle. This entails ascertaining and analyzing social issues and people's expectations (1), developing and providing value unique to DNP through “P&I Innovations” (2) and strengthening its financial base and non-financial capital for the creation of further value (3 and 4).

P&I Innovations

DNP will spur innovation through the integrated use of the leading-edge technologies it has continually advanced and its diverse know-how in sales, planning and production as well as the strengths of its partners. DNP's unique strengths that it has advanced in both P&I (Printing & Information) are unmatched by any other company. By deploying the total strengths of All DNP, we will create unprecedented value that is indispensable to people and society.



DNP'S VALUE CREATION PROCESS

1 & 2: Business promotion

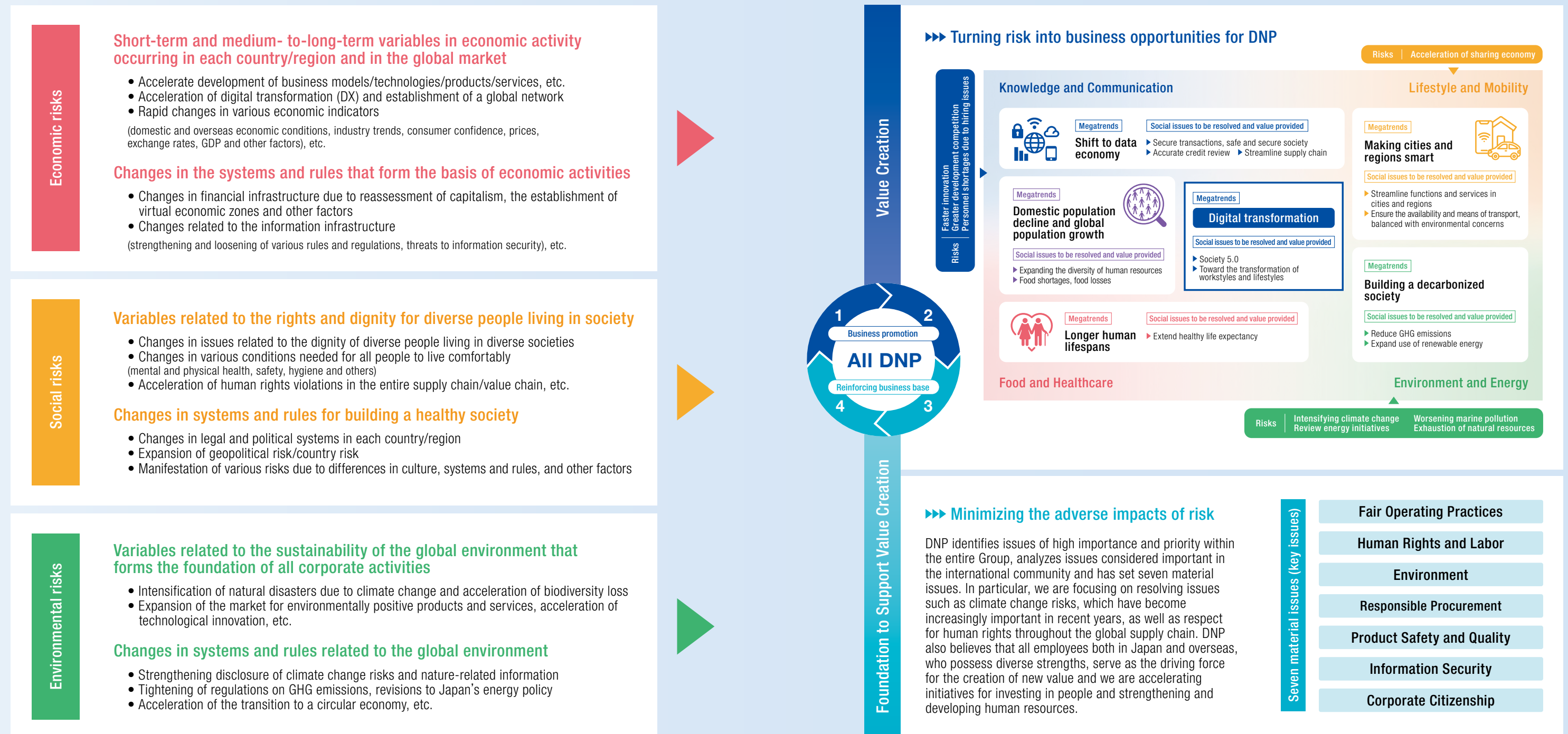
—Turning risks into business opportunities

In recent years, environmental, social and economic risks (variables) have become increasingly volatile and diverse, and the extent of their impact has also spread around the world. DNP identifies and analyzes these risks, seeks to minimize their adverse impacts and at the same time treats change as a tailwind and strives to expand new business opportunities by effecting change on its own.

In April 2022, we restructured the Sustainability Committee, which is chaired by the President, and are accelerating these activities. DNP promotes group-wide integrated risk management and through the value creation process, DNP will create new value demanded by people and strengthen the foundation that supports this.

Identifying and analyzing risks (variables) closely associated with DNP's value creation

Management that minimizes the negative impact of fluctuations and turns these into business opportunities



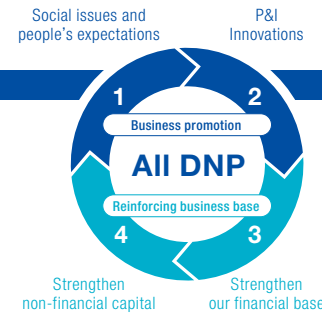
DNP'S VALUE CREATION PROCESS

3 & 4: Reinforcing business base

—Expanding and comprehensively utilizing financial and non-financial capital

1 Social issues and
people's expectationsIdentifying and analyzing risks (variables) closely associated
with DNP's value creation

- Turn risks into business opportunities for DNP and minimize the negative impact of risks
- Toward creating value that meets and exceeds people's expectations



2 P&I Innovations

Accelerate creation of value through
“P&I Innovations” under the
Value Creation Program (see page 26)

- We will take the initiative to create a better future by synergizing the “value hypothesis” with the “business model” and maximizing “profits” as the price paid for value.

Improving ROE

Creating value
through
“P&I Innovations”Boost asset
efficiencyStrengthen
financial
capital3 | 4 3. Strengthen our financial base and
4. Strengthen non-financial capital
as the “source of value creation”

Increase and strengthen “internal strengths” and invest in new value creation

Human
capital

- Promote synergizing the strengths of all employees, which is the driving force behind creating “future standards”
- Enhance “human capital” based on the “Human Capital Policy”
- Promote diversity & inclusion
- Develop human resources to create new value (DX personnel, ICT personnel, Meister system, Chief Specialist system and others)

- Total number of employees: **36,542** (consolidated) (32,784 in Japan, 3,758 overseas)
- Employee diversity and inclusion perception level: **78%**
- Ratio of male employees taking childcare leave: **82.4%**

Intellectual
capital

- Intellectual property strategy that assures value will become “future standards”
- Create, apply, develop and synergize unique strengths in P&I (Printing & Information)
- Linking of business growth strategy, intellectual property strategy and technology and R&D strategy
- Utilization of the cloud environment and AI data analysis leveraging DX trends as part of exploration, cultivation and utilization of technologies

- Number of Japanese patents held
Patent rights: **11,726**,
Design rights: **1,374**,
Trademark rights: **1,288**
- R&D expenditures:
33.1 billion yen (FY2021)
→ **33.0 billion yen** (FY2022 plan)

Manufactured
capital

- Optimization of tangible assets that manufacture and operate products and services that will become the “future standards”
- Establishment of bases in Japan and overseas to realize coexistence between our business activities and the global environment
- Creation of bases and systems (business continuity management (BCM), business continuity plans (BCP), etc.) that enable strong business continuity in response to natural disasters and other risks
- Advanced security environment that achieves safe, secure information distribution platforms

- Global production bases:
57 bases in Japan, **16** bases overseas
- Global sales bases:
34 bases in Japan, **24** bases overseas
- Capital investment:
50.6 billion yen (FY2021)
→ **95.0 billion yen** (FY2022 plan)

Natural
capital

- Reduction of environmental footprint over the value chain for “future standards” (appropriate operation of CSR Procurement Guidelines and Guidelines for Procurement of Paper for Printing and Converting)
- Promote specific measures to realize a decarbonized society, a recycling-oriented society and a society in harmony with nature based on the DNP Group Environmental Vision 2050, Biodiversity Declaration and others
- Assure appropriate traceability, promote sustainable raw material procurement, others

- Reduce greenhouse gas (GHG) emissions:
33.3% reduction compared with FY2015
- Amount of recycled water usage: **213,560** thousand m³, usage multiple: **29.8** times
- A target of a **100%** compliance rate with the Guidelines for Procurement of Paper for Printing and Converting

*As of March 31, 2022 (FY2021)

Synergies with “external strengths”

Social and relationship
capital

- Build and expand diverse partnerships that enable us to accelerate the creation of “future standards” and expand possibilities
- Foster long-term relationships of trust with all our diverse stakeholders
- Promote innovation by synergizing the strengths of DNP and each of its partners
- Quickly and appropriately reflect in value creation the “feedback” obtained through diverse connections



- Tens of thousands of business partners (global companies, locally rooted companies and consumers as customers)
- Stakeholders across the value chain, including domestic and overseas suppliers
- Various types of education and research institutions/students
- Start-up companies and venture companies
- Regional and local governments and public institutions
- NPOs, NGOs and various organizations
- Shareholders, individual investors, institutional investors and analysts
- Media, SNS, news organizations and others

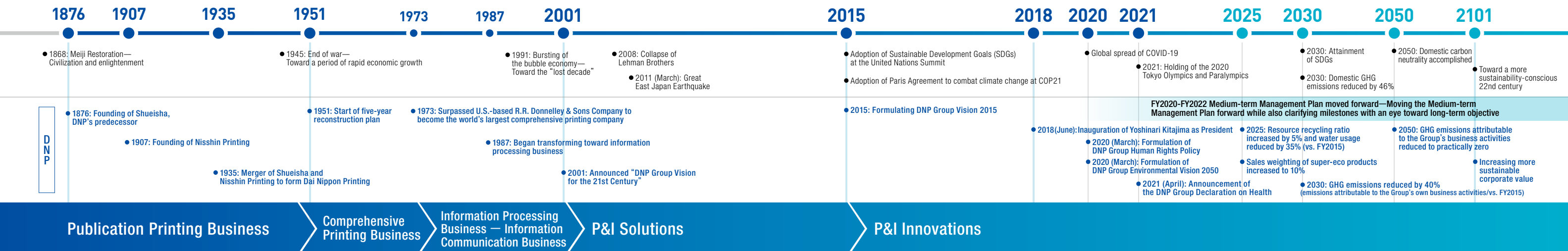
Financial
capital

- To continue creating “future standards,” we will strengthen our financial base while promoting the Medium-term Management Plan that looks to the long term
- Boost asset efficiency by reducing strategic shareholdings and reducing idle assets
- Fund growth investments using both own and third-party capital
- Value all stakeholders and return profits to shareholders on the basis of stable dividends, giving consideration to such factors as performance and payout ratio

- Consistently achieve **ROE 5.0% or above**
- FY2021-2024 Cumulative operating cash flow around **330 billion yen**
- Sale of strategic shareholdings in FY2021: **14.7 billion yen** (gain on sale 11.9 billion yen)
- Plan to acquire **10 billion yen** in treasury stock in FY2022 (carry out 30 billion yen buyback in FY2021) others

DNP'S VALUE CREATION PROCESS

Growth trajectory: Corporate history—Long-term Vision

Starting from a
"Civilized Business"

Dai Nippon Printing Co., Ltd. was formed in 1935 through a merger between Shueisha, founded in 1876, and Nisshin Printing Co., Ltd., established in 1907.

Starting with Shueisha, which prescribed "running a business that contributes to civilization" in its company prospectus, the Company carried out business centered on publication printing for approximately 75 years up to the postwar period.

1876 Founding of Shueisha



1907 Founding of Nisshin Printing

1935
Merger of Shueisha and
Nisshin Printing to
form Dai Nippon PrintingBroadening business domains
through expansion printing

Amid the dramatic changes in the postwar period, based on the thinking that "our company can no longer prosper by relying only on business fields to the present," the Company strived to expand its business in anticipation of the ways of life of people in the future.

Accordingly, the Company promoted "expansion printing" aimed at diversifying its businesses, especially by means of applying and advancing its printing technologies in addition to stabilizing labor-management relations, cultivating customers by strengthening sales capabilities and improving production efficiency and quality. DNP significantly broadened its business domains by expanding its business, which until this time was centered on publication printing, to commercial and securities printing as well as printing for packaging, building materials and electronics products.

DNP believes that its growth strategy of expanding business by continually honing such technologies as information processing, microfabrication, precision coating and post-processing technologies to ensure these remain at the cutting edge will allow DNP to realize its current business vision "P&I Innovations."

Information Communication

Lifestyle and Industrial Supplies

Electronics

2001

Announcement of
DNP Group Vision
for the 21st Century

On the occasion of its 125th anniversary, DNP announced its Vision that expresses the direction of DNP's growth.

This Vision prescribes our business philosophy as "contribute to the development of a society based on emergent evolution in the 21st century," while designating "P&I Solution DNP," which will solve various issues by combining our strengths in printing (P) and information (I), as the concept watchwords for the entire Vision. In addition, the initials "DNP," which we had used from the past, will serve as the brand for the entire Group and we accelerated efforts to raise the value of this brand.

Corporate Philosophy

Brand Statement

**The DNP Group connects individuals and society,
and provides new value.
Creating future standards**

DNP will continue to create "future standards" by making unceasing strides toward realizing a sustainable, better society and more well-being lives for people.

2015

Formulation of
DNP Group Vision
2015

Following the establishment of its Vision in 2001, DNP established a new Group Vision amid an increasingly severe business environment after the Lehman Brothers bankruptcy and the Great East Japan Earthquake. With its Corporate Philosophy of "The DNP Group connects individuals and society and provides new value," DNP clarified the social issues that it is uniquely capable of solving as well as the expectations of people and expressed the four business themes it must address as "four growth areas."

Toward Our "Third Corporate Founding"

For Realizing Our "Third Corporate Founding"

DNP will now synergize its unrivalled and unique strengths in P&I (Printing & Information) as well as deepen cooperation with its numerous partners and solve social issues while focusing on the creation of new value that meets the expectations of people. DNP, which has continued to "Take on the challenge of promoting change" in any era, will deploy the total strengths of All DNP with the entire Group working as one to attain its "Third Corporate Founding" and ensure this leads to sustainable growth both for DNP and society.

Knowledge and
Communication

A future where people worldwide can expand opportunities for safe and secure communications and share and inherit knowledge



Lifestyle and Mobility

A comfortable future that safely and securely protects all living spaces where people worldwide are mobile and lead their lives



Food and Healthcare

A future where people around the world no longer have anxieties about their own lives and can lead lifelong safe, secure and high-quality lives

Environment and
Energy

A sustainable future that reduces environmental impacts and enables people worldwide to co-exist harmoniously with the earth

**Growing as a company
Solving social issues and exceeding people's expectations**

Realizing a sustainable,
better society and more
well-being lives