



Achieving a Major Transformation to Realize a Sustainable, Better Society and Well-being Lives

Yoshinari Kitajima
President

Promoting the New Medium-term Management Plan in accordance with the DNP Group's Basic Management Policy –Accelerating initiatives for “Creating future standards”–

The DNP Group's Corporate Philosophy is “The DNP Group connects individuals and society, and provides new value” and we strive to realize a sustainable, better society and well-being lives. DNP focuses on solving social issues, creating new value that meets people's expectations and making this value continually exist as “basics” that are indispensable in people's daily lives. We broadly express this aspiration in our Brand Statement of “Creating future standards.”

In 2015, we formulated the DNP Group Vision that incorporates this Corporate Philosophy and our Brand Statement. Subsequently, in February 2023 we announced the DNP Group's Basic Management Policy to achieve further growth amid dramatic changes in the environment, society and economy. In announcing this policy, DNP once again declared both inside and outside the company that it will undertake business activities to create a “better future” with a view toward the long term.

In realizing this Vision, DNP will create sustained business value and shareholder value through specific initiatives based on its Business Strategy, Financial Strategy and Non-financial Strategy and as key performance indicators aims to attain ROE of 10%, and “expedite achieving a PBR (price-to-book ratio) of more than 1.0X.”

*See pages 2-3 of the DNP Group Vision and DNP Group Basic Management Policy.

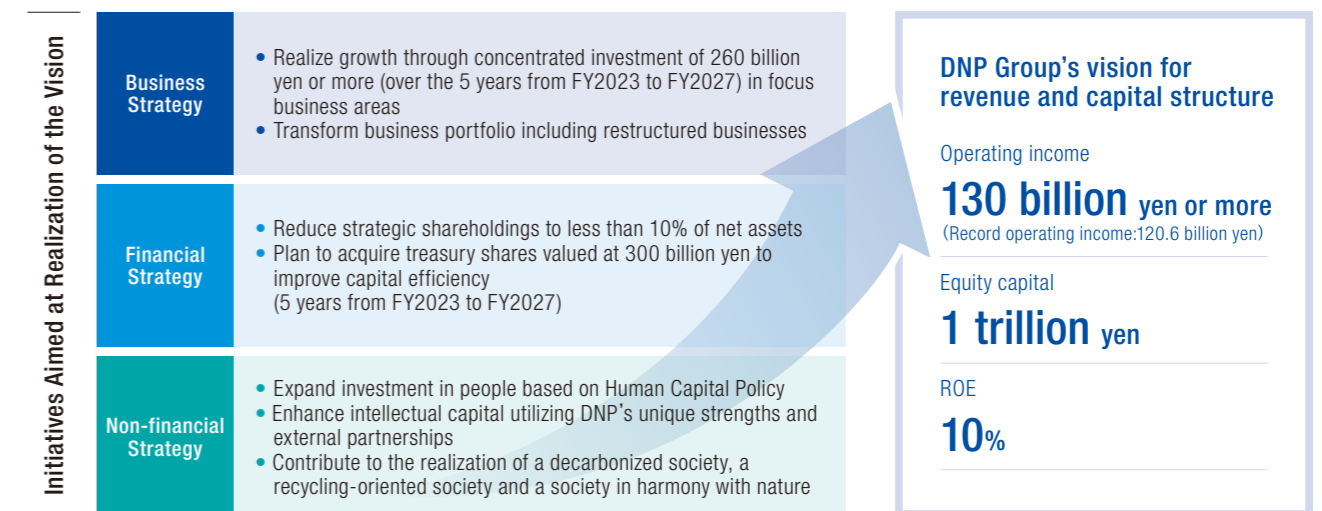
Among our long-term value creation initiatives, we launched a three-year Medium-term Management Plan covering the three-year period from fiscal 2023 to fiscal 2025 as the first step toward further transformation.

In response to the Basic Management Policy, as the Business Strategy of this Medium-term Management Plan, DNP will make concentrated investment of 260 billion yen or more over the five years to fiscal 2027 in focus business areas (see pages 11 and 21-24) and will continue to transform its business portfolio to make its revenue structure more robust.

Regarding its Financial Strategy, DNP plans to reduce strategic shareholdings to less than 10% of net assets over the next five years while acquiring a total of 300 billion yen in treasury shares with the aim of improving capital efficiency.

In its Non-Financial Strategy, DNP will mainly focus on expanding investment in people based on its Human Capital Policy, enhancing intellectual capital that leverages DNP's unique strengths and external partnerships and promoting environmental initiatives toward realizing a decarbonized society, a recycling-oriented society and a society in harmony with nature.

Outline of measures in the New Medium-term Management Plan



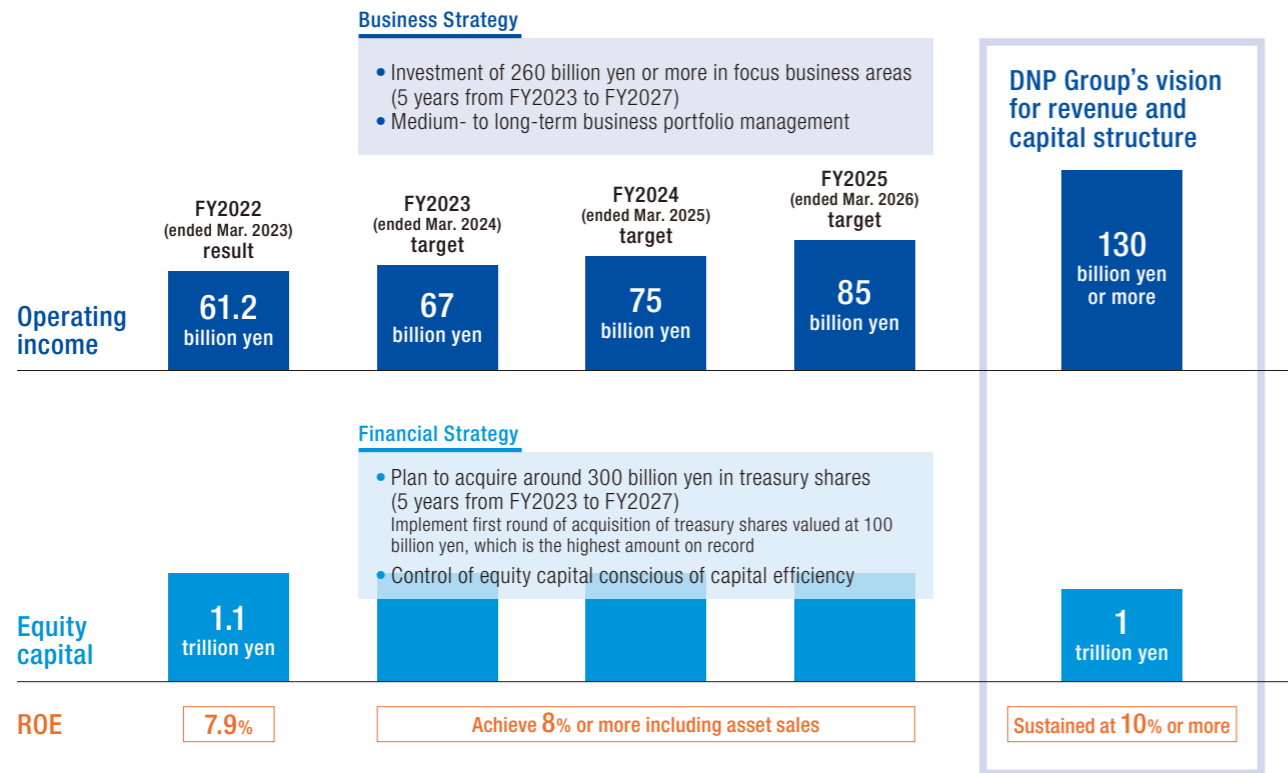
By implementing the above initiatives and also expanding disclosure especially on focus business areas, we will expedite achieving a PBR of more than 1.0X.

TOP MESSAGE

By promoting these three strategies, we will shape the revenue and capital structure envisioned by the DNP Group. As its long-term targets, DNP aims to increase operating income to 130 billion yen or more, thereby surpassing its record operating income of 120.6 billion yen achieved in fiscal 2006, while reducing equity capital from 1.1 trillion yen

to 1 trillion yen to continually attain ROE of 10% or higher. Additionally, as milestones toward reaching these targets, DNP aims to increase operating income to 67 billion yen in fiscal 2023, to 75 billion yen in fiscal 2024, and to 85 billion yen in fiscal 2025, the final fiscal year of the three-year plan.

Management targets



Strengthening and promoting Business Strategy

–Creation of new value for a better future–

DNP believes that a healthy society and economy as well as comfortable and well-being lives are only possible on a sustainable earth. For this reason, DNP will take a long-term perspective and accurately identify and appropriately respond to social issues and megatrends such as the information society; population problems; the imbalance of supply and demand of resources, electricity, water and food; and climate change. Concurrently, DNP is promoting initiatives to turn risks into business opportunities.

In recent years, DNP has been affected by rising costs for raw materials and energy due to such factors as the emergence of geopolitical risk and the instability of global supply chains. Meanwhile, social and economic activities are recovering from the COVID-19 pandemic while people's workstyles and lifestyles that changed profoundly have become firmly established in new formats. Digital transformation (DX) is also advancing and there are increasing opportunities for DNP to synergize its unique hybrid strengths such as physical and virtual realities, digital and analog technologies, and manufacturing and services.

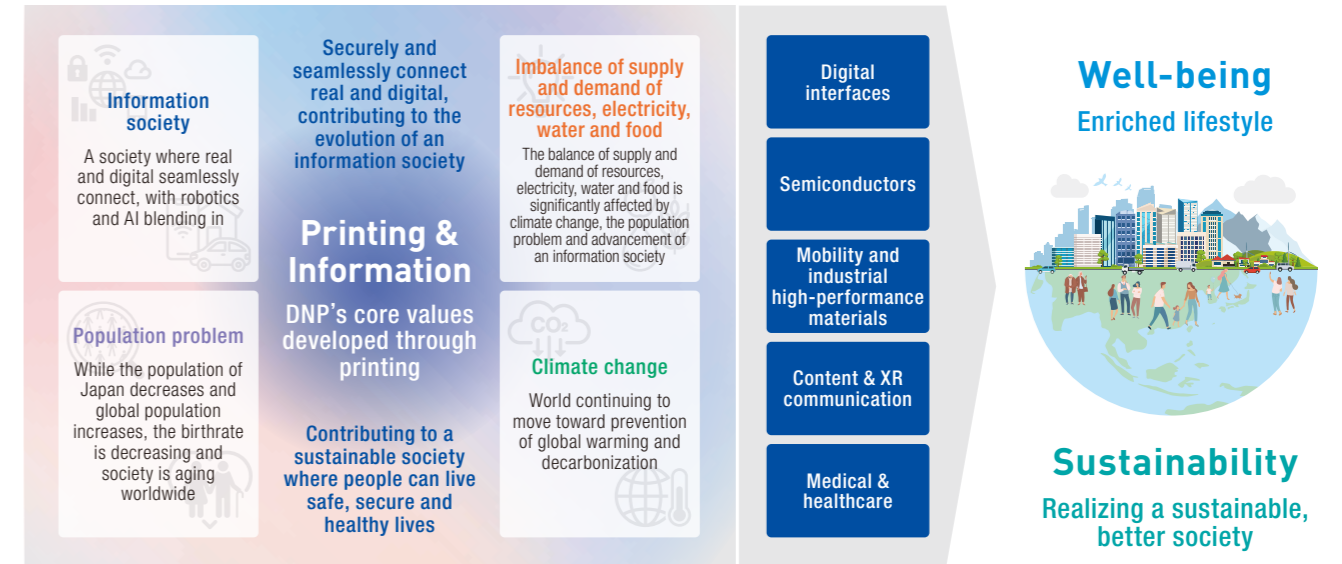
In particular, from fiscal 2022 we will strengthen the activities of the Sustainability Committee, for which I serve as chairperson, and work to adequately ascertain, analyze and manage risks as variable factors. This committee collaborates

with the Corporate Ethics Committee and the BCM Promotion Committee to manage company-wide risks under medium-to-long-term corporate activities that emphasize the environment, society and governance (ESG). We regard these variable factors as major opportunities for DNP to expand its business as well as to curb negative impacts. In an age where abrupt changes are becoming the norm, it is imperative that we ourselves take the lead in reorienting the environment, society and the economy toward a better direction rather than reacting to individual changes after these occur. Through our business activities, we have continuously supported communication between people and nurtured culture and we believe that we can also transform these changes into major business opportunities.

The DNP Group will leverage its strengths in Printing & Information that it has cultivated to the present, deepen collaboration with its numerous partners and focus on businesses linked to the resolution of social issues and megatrends. By promoting P&I Innovations as set forth in our Business Vision and implementing a variety of measures based on the Business Strategy, DNP will take on the challenge of realizing a sustainable society where people can live with peace of mind, safety, health and well-being lifestyles.

P&I Innovations

Focus business areas



Strengthening and promoting Financial Strategy and Non-financial Strategy

–Supporting value creation by strengthening the management foundation–

Strengthening the management foundation that supports our business activities is also another important management theme. Under our new three-year Medium-term Management Plan, by strengthening and promoting our Financial Strategy and Non-financial Strategy, DNP will expand its financial capital as well as non-financial capital that includes human capital, intellectual capital, manufactured capital, natural capital and social/relationship capital and invest in a variety of business activities.

The DNP Group's greatest strength in creating new value is the existence of each and every employee. All employees both in Japan and overseas are valuable human resources and serve as the driving force for our sustainable growth as a company. In recognition of this, we aim to increase "human creativity (added value productivity)" globally based on the Human Capital Policy to clearly connect investment in people to the enhancement of corporate value.

Additionally, we are working to enhance intellectual capital utilizing DNP's unique strengths as well as its external partnerships that encompass creating new businesses,

fortifying technological strengths and undertaking business globally. Besides continuing to invest in research and development on a scale of 30 billion yen annually, DNP will build and strengthen its data management infrastructure as an internal system.

Regarding environmental issues, for which solutions are urgently needed around the world, we will work on the dual imperatives of value creation through business activities and strengthening management foundations. Alongside contributing to a decarbonized society through products and services, we will promote efficient resource reuse and minimize the impact on biodiversity throughout the entire supply chain.

The DNP Group has a corporate culture of continuously taking on challenges. In the future as well, we will continue to take on the challenge of realizing a better future from a long-term perspective. To do so, I would like to deepen *TAIWA* (dialogue) with numerous stakeholders, including shareholders. Going forward, I ask for your further support as we work to achieve our objectives.

