

TOP INTERVIEW

DNP will further accelerate its transformation toward realizing a “better future.”

President
Yoshinari Kitajima

Q What changes occurred both within and outside DNP during the past year?

Investor interest and employee awareness of All-DNP spirit are both rising thanks to efforts to proactively convey our message.

In February 2023, we announced the DNP Group's Basic Management Policy and conveyed our message to stakeholders that we aim to achieve ROE of 10% and expedite achieving a PBR of more than 1.0X. Immediately thereafter, in March, our message attracted the further attention of shareholders and investors when the Tokyo Stock Exchange asked companies listed on the Prime Market to “take actions to implement management that is conscious of cost of capital and stock price.” In May, we launched a new three-year Medium-term Management Plan and clarified specific reform measures, and this also helped further drive our stock price

above the TOPIX index while PBR fluctuated at around 1X. I make efforts to proactively engage in interviews and I can truly sense the growing interest in and expectations of DNP among a wide range of stakeholders, as evidenced by the increasing number of articles about DNP's various initiatives.

Meanwhile, in working to attain these high targets employees must take on further challenges. DNP has positioned *TAIWA* (dialogue) and cooperation as its employee Guiding Principles. I personally seize every opportunity to send out messages to stimulate cooperation within the company, such as at the beginning and end of the year and during the year at in-house training and events and at town hall meetings at each site. DNP engages in a vast range of businesses. For this reason, creating new value requires that each employee recognize the strengths of colleagues in different departments, consider which of their own strengths they can combine to create synergies, and then think and act on a routine basis. I also convey DNP's vision and my expectations of employees and seek to increase every individual's engagement while forging a sense of solidarity as All-DNP spirit (what we call All DNP in Japanese English).

Q Could you please provide an update on the Medium-term Management Plan?

DNP achieved significant results in the plan's first year by expanding its focus business areas and promoting business structure transformation.

In fiscal 2023, the first year of the Medium-term Management Plan, DNP significantly exceeded its targets. Specifically, operating income surpassed 70 billion yen for the first time in 16 years, net income reached an all-time high of 110.9 billion yen, and ROE was 9.8%.

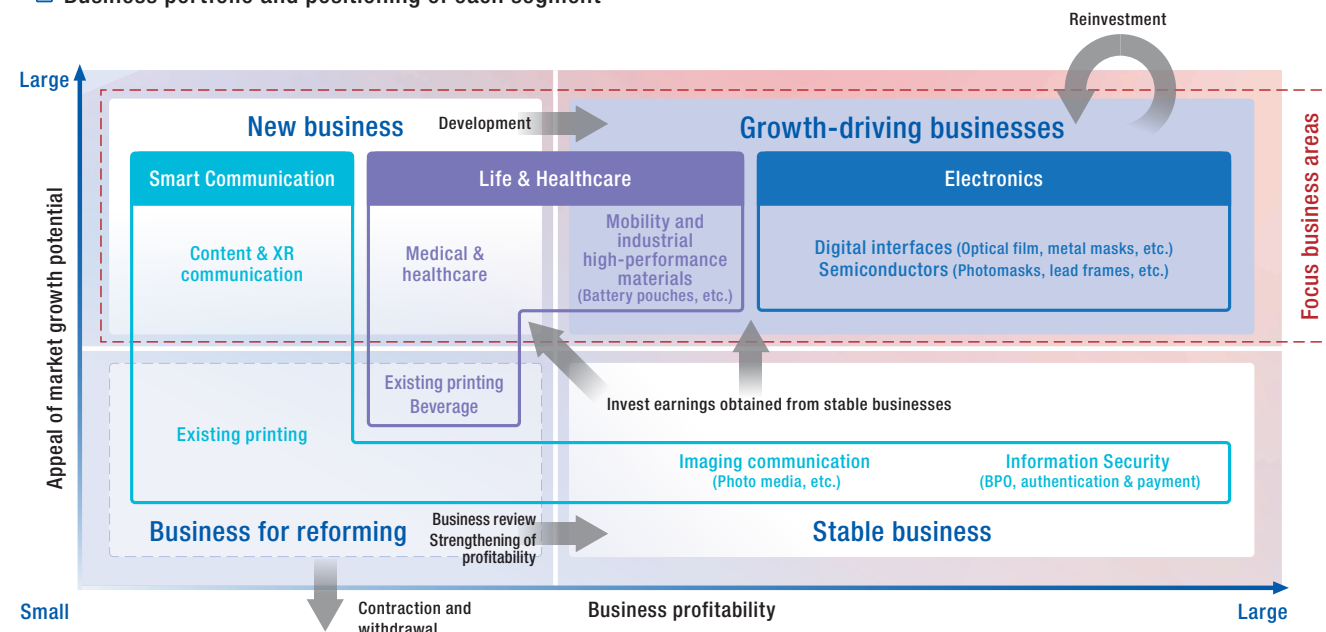
To further accelerate this momentum, we raised our initial operating income target for fiscal 2024 from 75 billion yen to 80 billion yen. To attain this revised target, we optimally allocated management resources in all areas, including our focus business areas of “growth-driving businesses” and

“new business,” as well as in “stable business” and “business for reforming.” In doing so, we will build an even stronger business portfolio and improve profitability and capital efficiency.

On a different front, there are concerns about the impacts of global climate change and geopolitical risks, economic fluctuations due to elections and monetary policies in various countries and regions, as well as rising costs for raw materials, energy, and logistics. I believe that we could also witness environmental, social and economic changes exceeding our expectations, such as rapid advances in AI and other technologies.

DNP is building a system capable of responding flexibly and swiftly to an assortment of risks and variables as well as anticipating change and spurring reforms to transform these into new business opportunities. By strengthening these activities and steadily implementing our Medium-term Management Plan, we aim to achieve our targets of operating income of 130 billion yen or more, equity capital of 1 trillion yen and ROE of 10% or higher.

Business portfolio and positioning of each segment



Promote concentrated investment and business structure transformation into focus business areas made up of growth-driving businesses and new business with the aim of building a business portfolio resilient to changes in the business environment



Stimulating TAIWA and cooperation to create value.

Q Can you offer some insights into your Non-financial Strategy?

We are focusing particularly on expanding investment in people and enhancing intellectual capital and promoting environmental initiatives as a management foundation for supporting sustainable growth.

As I mentioned previously, DNP must ascertain the impact of diverse and rapid changes on its management and turn risks into business opportunities to achieve growth in the long term and contribute to the realization of a sustainable environment, society and economy. To step up these initiatives, we are enhancing the activities of the Sustainability Committee, which I chair. Consisting of directors and executive officers responsible for each department at the head office, this committee meets regularly four times a year and at other times as necessary to properly reflect DNP’s approach to sustainability into our management strategies and it delivers reports and makes recommendations to the Board of Directors. The Board of Directors receives reports and recommendations on matters discussed and resolved by the Sustainability Committee, and deliberates and supervises policies and action plans, etc., for responding to risks and opportunities relating to sustainability.

The Sustainability Committee also works closely with the BCM Promotion Committee, which ensures the safety of employees and maintains production activities in the event of a natural disaster or other emergency, and the Corporate Ethics Committee, which seeks to reduce risks by raising employees’ compliance awareness, to build a robust governance system that covers company-wide risks and enables flexible responses.

In fiscal 2023, we promoted initiatives focused on human capital, intellectual capital and the environment, and achieved results that exceeded our targets in each area. Besides expanding investment in people based on its Human Capital Policy and enhancing intellectual capital that leverages DNP’s unique strengths and external partnerships, we further raised our GHG emission reduction target for environmental initiatives toward realizing a decarbonized society, a recycling-oriented society and a society in harmony with nature. In the future as well, we will actively implement our Non-financial Strategy, which we have positioned as our management foundation for sustainable growth.

Q How does DNP define the “better future” it aims for?

I believe that a sustainable society and well-being lives are the essence of a “better future.” We have identified materiality for achieving this “better future.”

In March 2024, DNP specified the actions that should be taken and the type of value that should be created to realize the “four societies” aimed for as our “better future” and identified “materiality” as a key issue for continued growth together with society. “DNP materiality” identified through deeper TAIWA among many departments within the company is as follows:

With the aim of realizing “a society where people can live safe, secure, healthy and well-being lives,” the DNP Group boosts environmental, social, and economic sustainability by engendering change of our own volition, as well as accommodating change that comes our way with a flexible stance.

To achieve “a society where people can communicate comfortably,” DNP Group improves the quality of experiential value and expands on opportunities for everyone by fusing the real and the digital.

To realize “a society where people mutually respect each other,” the DNP Group strives to create a place where all the people can play an active role by deepening mutual understanding and mutual recognition.

To attain “a society that realizes a balance between economic growth and the global environment,” the DNP Group works to achieve nature-positive value chains by engaging in environmental preservation and reducing negative environmental impacts.

These “four societies” are mutually interrelated rather than independent entities. To the present DNP has always provided the value of basics that contribute to the realization of such societies and we also have strengths to further create new value. Presently, we are clarifying our materiality, which are key issues, to accelerate understanding and collaboration toward the “better future” we aim for both within the company and with external partners.

DNP is also enhancing efforts to stimulate TAIWA and cooperation for value creation. At multiple locations across Japan, including the Ichigaya district in Tokyo, home to our head office, we operate venues where employees can engage in cross-departmental dialogue and facilities that enable collaboration with external partners. Furthermore, we strive to combine the strengths of each employee in every department by undertaking a variety of projects that utilize in-house events and seminars, the intranet and internal SNS and group newsletters (booklets and online versions). Numerous employees from domestic and overseas bases participated in and worked to generate concrete ideas at Future Creating Meeting, an in-house event held both at a physical venue in Tokyo and in the metaverse space. The results of the survey reveal that this event has improved engagement, with about 70% of participating employees having positive sentiments.

☑ A “better future” aimed for by DNP

Well-being
Enriched lifestyle

Comfort Value

Exciting Value

Four societies aimed for as a “better future”

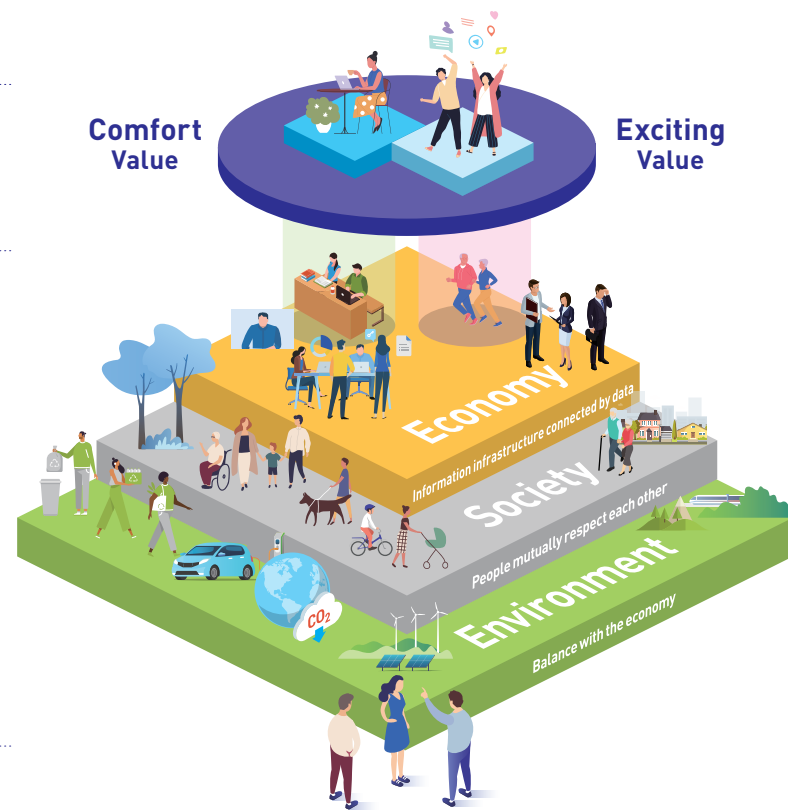
A society where people can live safe, secure, healthy and well-being lives

A society where people can communicate comfortably

A society where people mutually respect each other

A society that realizes a balance between economic growth and the global environment

Sustainability
Sustainable Environment, Society and Economy



Consumers' perspective

Q What role will DNP play in society towards realizing a “better future”?

DNP will continuously create value that becomes “future standards” by synergizing the unique strengths of P&I (printing and information) and continuing to take on challenges together with our partners.

DNP has been able to achieve growth consistently for approximately 150 years since the founding of its predecessor in 1876 precisely because it has continuously taken on a variety of challenges. In Japan, we command the top shares in smart cards and building decorative materials such as floor coverings while in the global market we hold the top shares in dye-sublimation thermal transfer printing media for photo prints, battery pouches for lithium-ion batteries, metal masks for OLED display manufacturing and optical films for displays. DNP’s current product and service lineup is a testament to the challenges we have met, with some of

these requiring 10 or 20 years to successfully develop. We will continue to meet challenges in the future to realize the “four societies” envisioned by DNP.

I regularly tell all employees to “take on challenges without fear of failure.” Failure is actually an essential element of success and is really proof of taking on challenges. I also tell managers to “create an organization that ensures a high degree of psychological safety that encourages challenge.” Encouraging employees to take on challenges throughout the company allows them to accumulate know-how and then apply this to future challenges even if they do not see immediate results.

DNP aims to “create a better future.” However, in this era of rapid change a better future cannot be achieved by one company working alone. With this in mind, besides synergizing our unique P&I (printing and information) strengths, we must deepen collaboration with partners possessing strengths that differ from those of DNP and create optimal value matched to individual markets and social environments both in Japan and around the world. We at DNP will create value that makes a sustainable, better society and well-being lives the “future standards” as we deploy our strength as a presence that becomes deeply rooted.

We will create an organization with high psychological safety that encourages challenges.

Q What would you identify as DNP’s key strengths?

DNP’s greatest strengths are its technologies based on printing processes and each employee who is the key to value creation.

DNP engaged mainly in the publishing printing business for approximately 70 years following its founding. During the postwar reconstruction period in Japan, DNP promoted “expansion printing” to broaden its business area by applying and developing printing technologies and advanced into businesses such as packaging, building materials and electronics. We call this period our Second Corporate Founding. We are currently working on our Third Corporate Founding that goes even further beyond this. In contrast to the traditional business style that tended to be based on receiving orders from corporate customers, we are striving to transition to a proposal-based business style whereby we directly address the needs and expectations of society and consumers, and create a better future.

One of DNP’s chief strengths derives from the technologies that it has continuously applied and developed based on printing processes. We have evolved “project planning and design” and “information processing” technologies as pre-processes of printing in the narrow sense of the word such as printing on paper; “microfabrication” technologies from the process of film making and platemaking that create plates for printing; “precision coating” technologies from the process of mass-producing high-quality printed matter; and “post-processing” technologies from the process of creating the final form through bookbinding. Additionally, we are constantly refining our “materials development” and “assessment and analysis” technologies related to these entire processes. I am confident that there are infinite possibilities for sophisticating and combining these technologies. These strengths have enabled us to create products and services that have garnered top market shares both in Japan and overseas and will also be indispensable for creating a “better future.” This is why we use the word “printing” in our company name. I wish for employees to take pride in and make even greater use of these unique strengths.

As DNP strengthens its business, primarily in focus business areas, it is expanding investment in people, who are key to value creation and our most important foundation. Besides concentrating investment in growth-driving businesses and new businesses and strengthening its stable businesses, DNP is also promoting reskilling in business for reforming as an investment to further draw out the capabilities of its people and is working to optimally allocate its human resources.

We are also reviewing our internal awards system and have established a system that evaluates not only business results but also the process of taking on challenges. Besides the DNP Awards that recognize businesses that contribute to society, we encourage employees to take on challenges

through the DNP Wellbeing Award, which recognizes efforts to create a vibrant workplace culture and reinforce organizations and teams as a foundation for value creation.

Q What message would you like to convey to DNP’s stakeholders?

We ask for your continued support so that we work together to realize a “better future.”

We will work in unison with All-DNP spirit to further accelerate our transformation. DNP will continue to take on the challenge of realizing a “better future” by leveraging the strengths of P&I, which has evolved based on printing processes, and by deepening cooperation with our partners. We will deepen *TAIWA* and cooperation with shareholders and investors, as well as with all partners such as companies, research institutions, local governments, consumers and employees and their families, and will provide products and services that various stakeholders can appreciate. In this way, we will create a “better future” to realize a sustainable, better society and well-being lives.

Going forward, I ask for your further support as we work to meet your expectations of DNP.

