

New Medium-term Management Plan Outline

Briefing Materials

DNP

March 9, 2023

Dai Nippon Printing, Co., Ltd.

Brand Statement

Creating future standards.

The DNP Group aims to realize a sustainable society, and its corporate philosophy is to connect individuals and society and provide new value. Based on this philosophy, the Group will conduct business activities that create a better future with a long-term view in order to realize a sustainable, better society and more comfortable lifestyles.

Through such initiatives,
the DNP Group will create sustained business value and shareholder value,

**with an ROE target of 10%, and
expedite achieving a PBR of more than 1.0X.**

Business Strategy

- Promote business structure transformation and accelerate concentrated investment in priority business and new business linked to the resolution of social issues and megatrends.
- Transform risks in a changing business environment into opportunities for growth through the evolution and cultivation of core technologies.

Financial Strategy

- Create funding for investment in growth through cash flow generated through business activities, in addition to maximization of efficiency of funds including acceleration of the reduction of assets held.
- Plan the largest acquisition of treasury shares in DNP's history with the aim of improving capital efficiency.
- Seek to further enhance shareholder returns conscious of indicators such as EPS while maintaining stable finances for sustained corporate activity.

Non-Financial Strategy

- Expand investment in people based on the Human Capital Policy.
- Enhance intellectual capital utilizing DNP's unique strengths and external partnerships.
- Contribute to the realization of a decarbonized society, a recycling-oriented society, and a society in harmony with nature.

Outline of Measures in the New Medium-term Management Plan **DNP**

Initiatives Aimed at Realization of the Vision

Business	<ul style="list-style-type: none">Realize growth through concentrated investment of 260 billion yen or more in focus business areasTransform business portfolio including restructured businesses
Finance	<ul style="list-style-type: none">Reduce strategic shareholdings to less than 10% of net assetsPlan to acquire treasury shares valued at 300 billion yen to improve capital efficiency
Non-Financial	<ul style="list-style-type: none">Expand investment in people based on Human Capital PolicyEnhance intellectual capital utilizing DNP's unique strengths and external partnershipsContribute to the realization of a decarbonized society, a recycling-oriented society, and a society in harmony with nature

DNP Group's Vision for Revenue and Capital Structure

Operating income **130 billion yen** or more
(Record operating income: 120.6 billion yen)

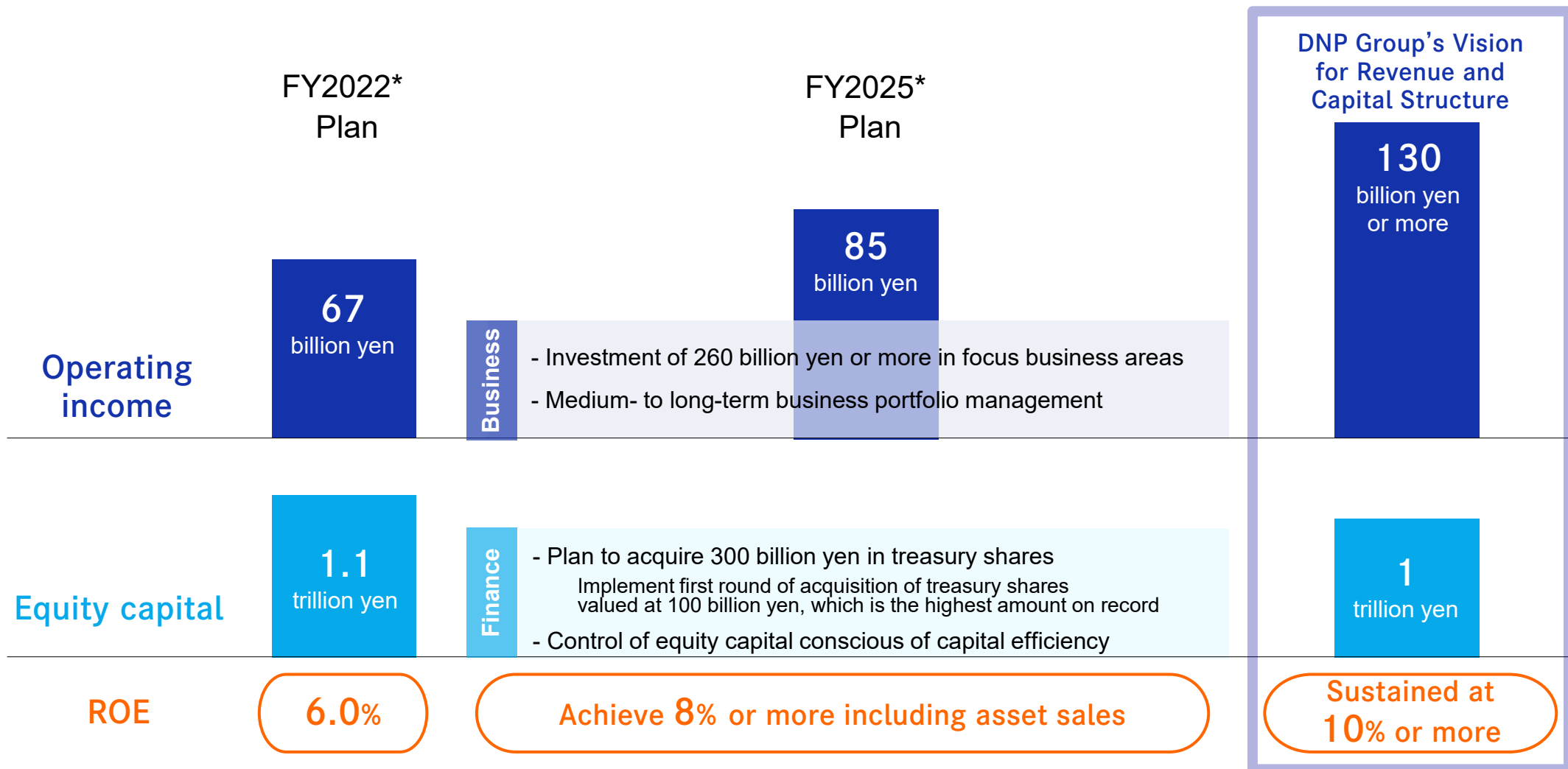
Equity capital **1 trillion yen**

ROE **10%**

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.

Roadmap for Achieving Performance Targets

DNP



*Fiscal year (Year beginning on Apr. 1 and ending on Mar. 31 of the following year)

Business Strategy: Aiming to Resolve Social Issues Utilizing DNP's Core Values **DNP**

By utilizing the core values of Printing & Information, DNP contributes to a sustainable society where people can live safe, secure, and healthy lives. In order to realize well-being lifestyles on a global scale, we focus on businesses linked to the resolution of social issues and megatrends, such as those indicated below.

P&I Innovations

Information society

A society where real and digital seamlessly connect, with robotics and AI blending in

Securely and seamlessly connect real and digital, contributing to the evolution of information society

Printing & Information

DNP's core values

Contributing to a sustainable society where people can live safe, secure, and healthy lives

Imbalance of supply and demand of resources, electricity, water and food

The balance of supply and demand of resources, electricity, water and food is significantly affected by climate change, the population problem and advancement of information society

Climate change

World continuing to move toward prevention of global warming and decarbonization

Focus Business Areas

Digital interfaces

Semiconductors

Mobility and industrial high-performance materials

Content & XR communication

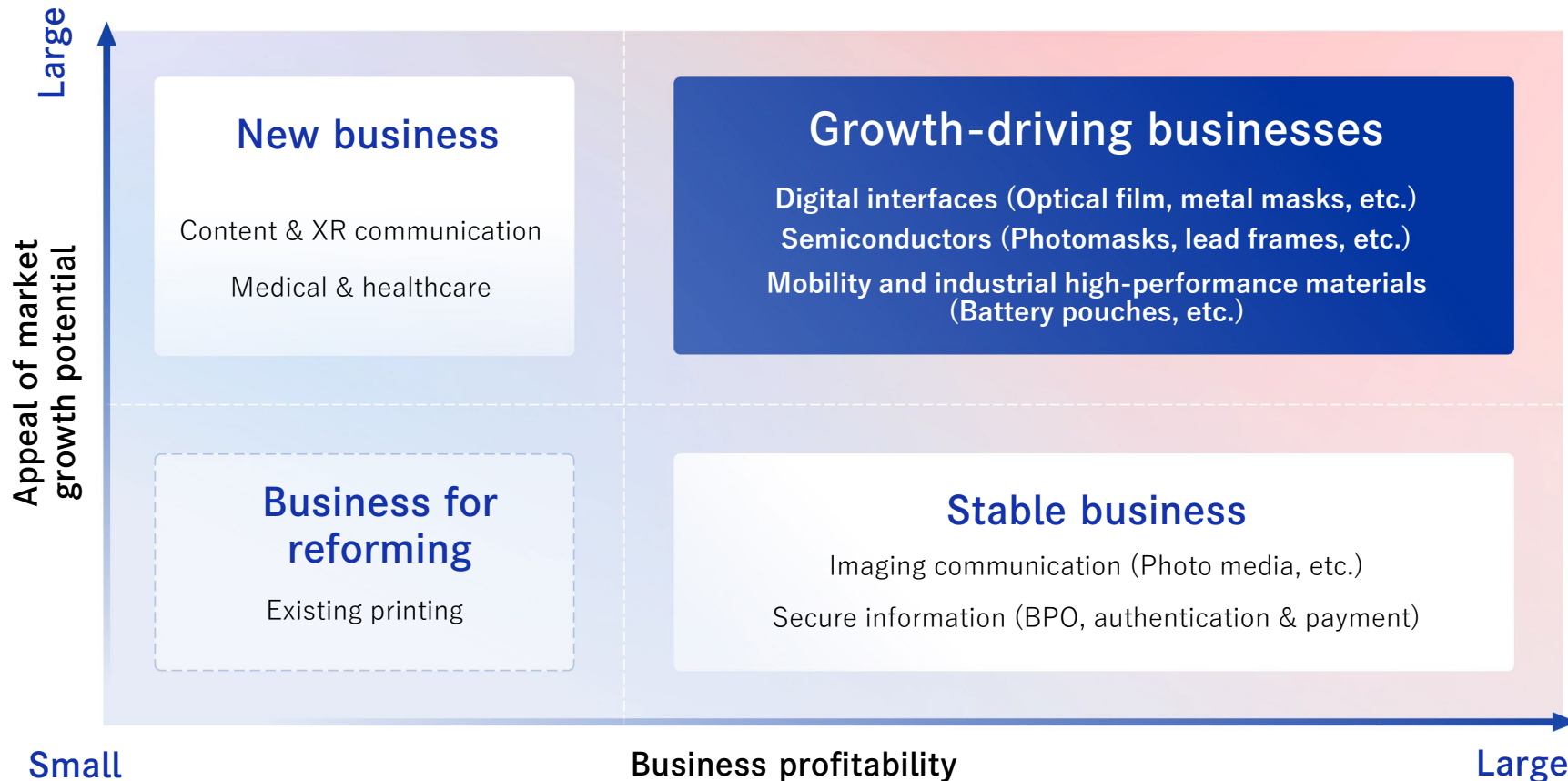
Medical & healthcare

Well-being Enriched lifestyle



Business Strategy: Medium- to Long-term Business Portfolio

We will promote concentrated investment and business structure transformation in focus business areas made up of growth-driving and new businesses and execute the No.1 strategy through evolution and cultivation of core technologies, M&A, and co-creation with partners.



Business investment
(5 years from FY2023 to FY2027*)
390 billion yen
 or more

Including investment into focus business areas
260 billion yen
 or more

* Year : Fiscal Year
 FY2023 : ending March 31,2024
 FY2027 : ending March 31,2028

Financial Strategy: Cash Allocation

5 years from FY2023 to FY2027*

Appropriate allocation of cash generated to further business growth and shareholder returns

Cash Generation

Generation of 750 billion yen or more in cash

Generation of operating C/F:
440 billion yen or more

Sale of strategic shareholdings:
220 billion yen
(reduction to less than 10% of net assets)

Reduction of idle assets, utilization of interest-bearing debt, maximization of cash efficiency:
90 billion yen or more

Cash Allocation Strategy

Business investment

Growth investment and infrastructure development investment:
390 billion yen or more

Including investment into focus business areas:
260 billion yen or more

Shareholder returns

Active shareholder returns

Plan to acquire around **300 billion yen** in treasury shares

(First round)

Acquisition of **100 billion yen** in treasury shares

Cancellation of **25 million** treasury shares (equivalent to 8%)

Dividend policy conscious of EPS and DPS

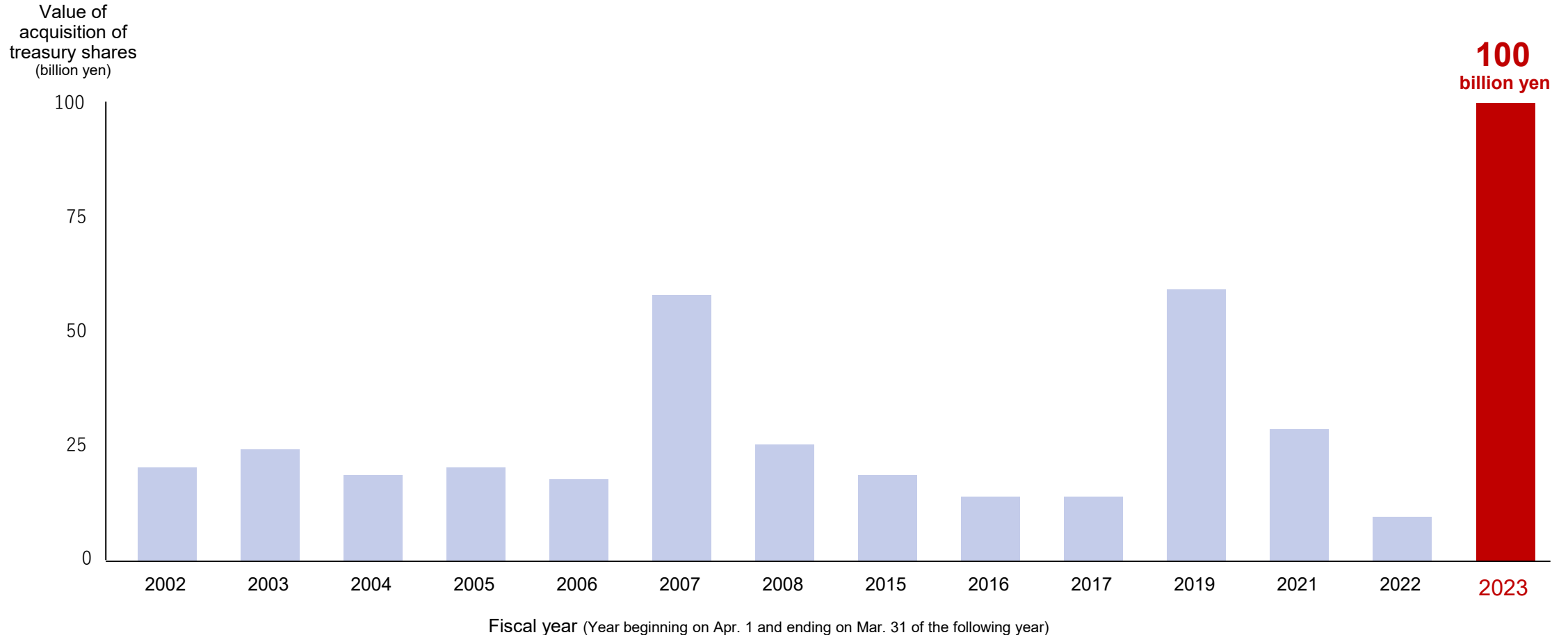
* Year : Fiscal Year FY2023 : ending March 31,2024
FY2027 : ending March 31,2028

Financial Strategy: Priority Measures

<p>Stable generation of operating CF</p>	<ul style="list-style-type: none"> • Create 440 billion yen or more in operating cash flow over five years providing the source for growth investment by promoting concentrated investment in focus business areas and promoting business structure reform.
<p>Reduction of strategic shareholdings and idle assets</p>	<ul style="list-style-type: none"> • Generate 220 billion yen in cash through the sale of strategic shareholdings and reduce them to less than 10% of net assets. • Improve asset efficiency by reducing idle assets.
<p>Utilization of financial leverage</p>	<ul style="list-style-type: none"> • Consider appropriate funding methods including the utilization of interest-bearing debt.
<p>Investment in focus business areas and investment aimed at the creation of management base</p>	<ul style="list-style-type: none"> • Invest 390 billion yen or more over 5 years in business investment using cash generated through the maximization of capital efficiency. Of this, invest 260 billion yen or more in focus business areas.
<p>Reduction of equity capital aimed at creation of optimal capital structure</p>	<ul style="list-style-type: none"> • Plan to acquire a total of around 300 billion yen in treasury shares. Implement the first round of acquisition of treasury shares valued at 100 billion yen. • Cancel 25 million treasury shares (equivalent to 8%) • Consider treasury shares held, including cancellation and utilization in M&A based on future conditions.
<p>Balancing of financial stability and optimal capital allocation</p>	<ul style="list-style-type: none"> • Stably maintain finances for sustained corporate activity, and actively allocate cash generated through maximization of capital efficiency to shareholder returns. • Execute shareholder return policy, taking into consideration earnings per share (EPS) and dividend per share (DPS).

Financial Strategy: Acquisition of Treasury Shares

(First round) Implement acquisition of treasury shares valued at 100 billion yen, which is the highest amount on record



Non-Financial Strategy: Approach to Strengthening Non-financial Capital **DNP**

We will strengthen our management base supporting the sustainable growth of DNP.



**Strengthening of
human capital**

**Expand investment in
people based on Human
Capital Policy**

- Promote career autonomy support of employees and strengthening of organizational capabilities aimed at value creation.
- Promote health and productivity management that increases the happiness of employees.
- Hire based on human resource portfolio, and implement personnel assignment and reskilling to focus areas.
- Promote diversity & inclusion utilizing diverse individuality.



**Enhancement of
intellectual
capital**

**Enhance of intellectual
capital utilizing DNP's
unique strengths and
external partnerships**

- Promote the accumulation of technology and intellectual property strategy targeting focus business areas.
- Strengthen the R&D system accelerating implementation of products and businesses effectively combining intellectual capital.
- Expand resources for the promotion of DX (digital transformation).



**Environmental
initiatives**

**Contribute to the realization
of a decarbonized society,
a recycling-oriented society,
and a society in harmony
with nature**

- Achieve net zero GHG emissions from DNP business activities by 2050, and reduce emissions by 40% from 2015 level by 2030.
- Promote the minimization and efficient circular use of resources.
- Seek to minimize impact on biodiversity and achieve harmony with local ecosystems.

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Disclaimer

The earnings forecasts, medium-term management targets, and other forward-looking statements contained in these materials represent DNP's judgement of the current outlook based on information available at the time of preparation, and involve potential risks and uncertainties. Actual performance may therefore differ materially from these forward-looking statements due to changes in the various assumptions on which they are based.