

Overview of Financial Results for FY2022 and FY2023-2025 Medium-term Management Plan Briefing materials

DNP

May 17, 2023

Dai Nippon Printing Co., Ltd.

1. Results Overview

Overview of Consolidated Results for Fiscal Year 2022: Earnings Summary

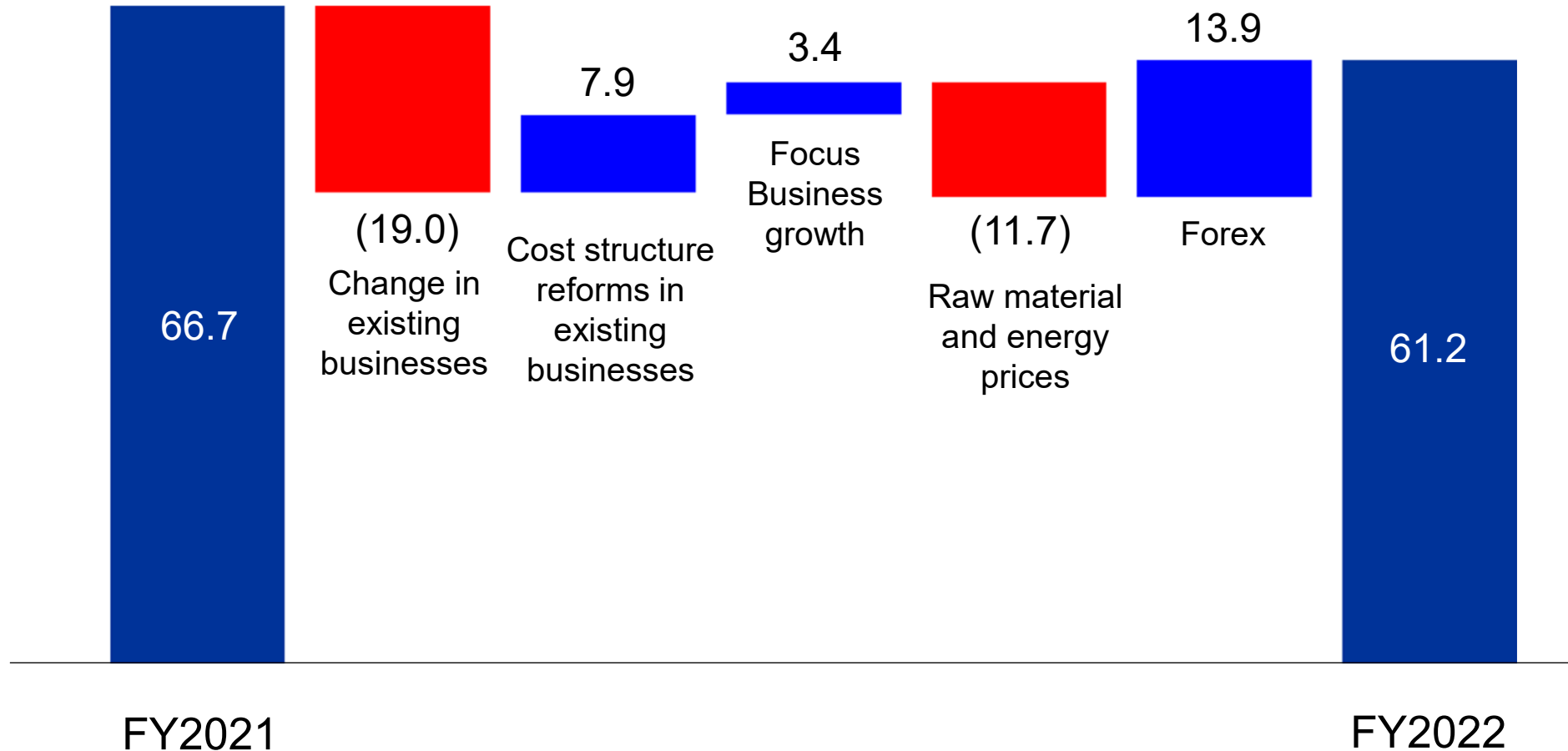
(Unit: ¥ billions)	FY2021	FY2022		
	Result	Earnings forecast	Result	Year-on-year change
Sales	1,344.1	1,380.0	1,373.2	+2.2%
Operating Income	66.7	67.0	61.2	(8.3%)
Operating Income Ratio	5.0%	4.9%	4.5%	(0.5%)
Ordinary Income	81.2	81.5	83.6	+3.0%
Net Income Attributable to Parent Company Shareholders	97.1	67.0	85.6	(11.8%)
R O E	9.1%	6.0%	7.9%	(1.2%)
Capital Expenditures	50.6	95.0	78.0	+54.0%
R&D Expenditures	33.1	33.0	32.4	(2.0%)
Depreciation	51.1	52.0	51.7	+1.2%

- As uncertainty surrounding the business environment increased, such as concerns about a global economic recession, efforts were made to expand focus businesses. Although sales increased, operating income decreased due to the impact of factors such as rising prices of raw materials and energy.
- Ordinary income and net income exceeded the earnings forecast thanks to the contribution of expanded earnings from equity-method affiliates.

Overview of Consolidated Results for FY2022: Change in Operating Income



(Unit: ¥ billions)

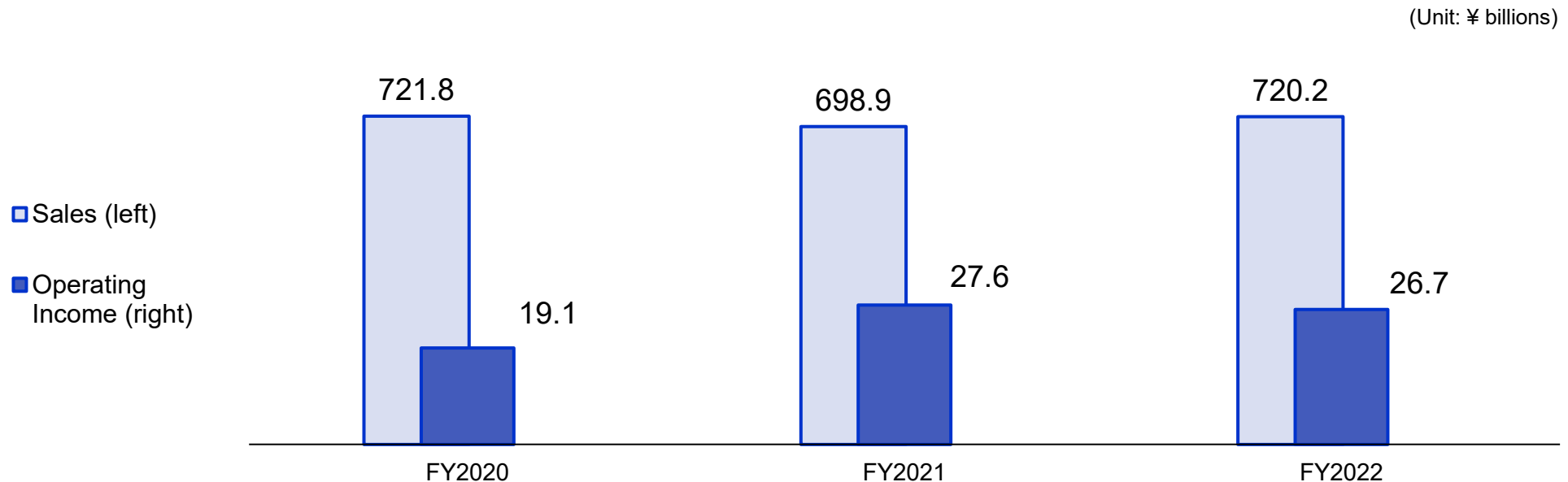


Overview of Consolidated Results for FY2022: Segment Earnings



Information Communication

- Although focus businesses such as BPO*, photographic materials and services grew, sales increased and income decreased due to the decrease in existing printing business and the rising costs of raw materials and energy.



【Information Innovation】

BPO business for economic stimulus projects, smart cards used by financial institutions and “My Number” government issued ID cards increased.

【Imaging Communication】

Photographic materials and services grew in the main market of the US, in addition to European and Asian markets.

【Publishing】

In addition to the decrease in orders for paper media, our “honto” hybrid bookstore network was also impacted by the recoil following the previous year’s high demand resulting from stay-at-home policies.

※BPO : Business Process Outsourcing

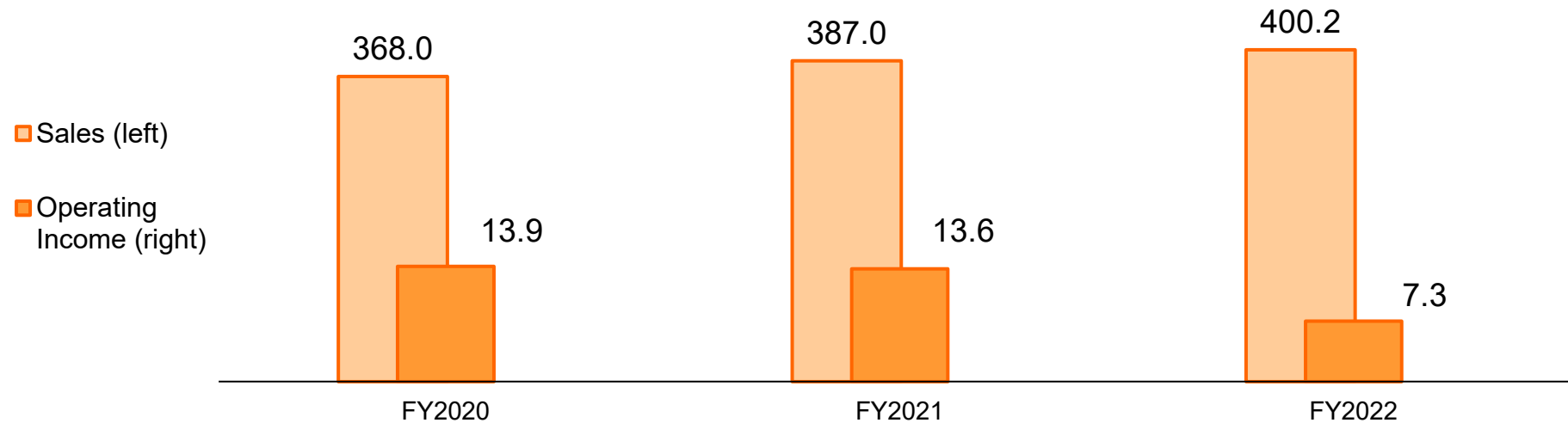
Overview of Consolidated Results for FY2022: Segment Earnings



Lifestyle and Industrial Supplies

Although there was an increase in lithium-ion battery pouches for automobiles, rising costs of raw materials and energy had a significant impact on the segment as a whole, resulting in an increase in sales and a decrease in income.

(Unit: ¥ billions)



【Packaging】

We worked hard at developing and selling DNP's eco-friendly "GREEN PACKAGING," resulting in increased sales.

【Living Spaces】

Despite a drop in decorative materials for residential interiors and exteriors in Japan and overseas due to the impact of the economic downturn, efforts to transfer costs to prices resulted in securing the same level of sales as the previous fiscal year.

【Industrial High-performance Materials】

Lithium-ion battery pouches for automobiles and sealant for photovoltaic cells increased.

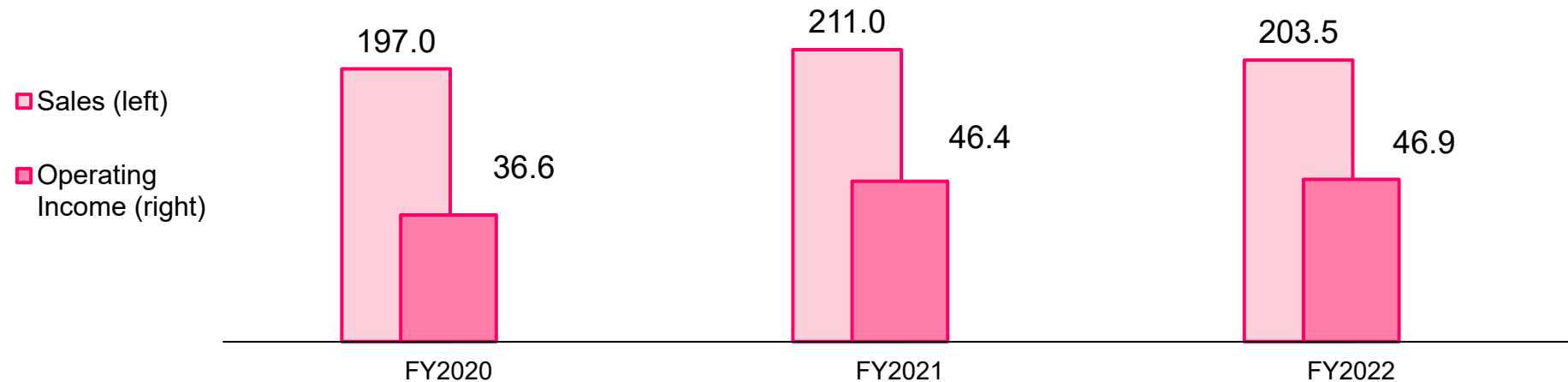
Overview of Consolidated Results for FY2022: Segment Earnings



Electronics

■ In addition to growth of metal masks used for manufacturing organic light-emitting diode displays (OLEDs) and photo masks used for manufacturing semiconductors, foreign exchange also had a positive effect, and income continued its upward trend despite a decrease in sales.

(Unit: ¥ billions)



【Display Components Business】

While metal masks used for manufacturing OLEDs performed well, there was a decrease in sales of optical films as a result of the recoil following high stay-at-home demand along with stagnation in consumer spending worldwide.

【Electronic Devices Business】

Although the expansion of the semiconductor market slowed, demand for product development by client companies was steady in photo masks used for manufacturing semiconductors.

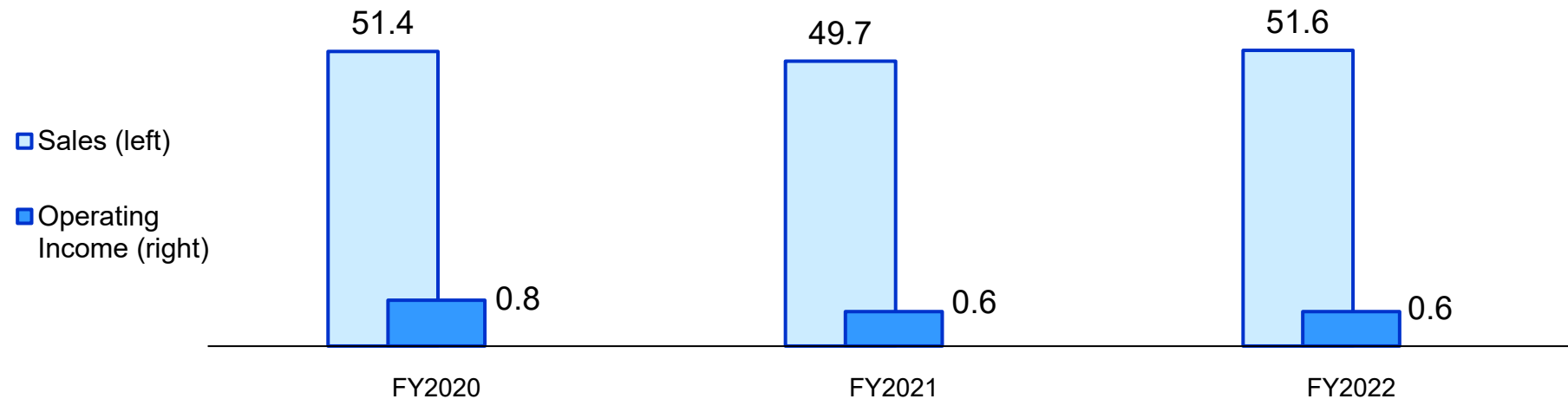
Overview of Consolidated Results for FY2022: Segment Earnings



Beverages

- Although there was an increase in sales volume due to growth in restaurant and online sales, the impact of soaring prices of raw materials and energy was significant, resulting in an increase in sales and a decrease in income.

(Unit: ¥ billions)



- The prices of large PET bottle products and compact package products, etc. were revised in response to the increase in costs caused by rising material prices and logistics expenses.
- Due to the heightened interest in SDGs, we are focusing on the provision of products that meet the demands of consumers, such as launching environmentally friendly label-less products.

Notice of Acceptance of the Tender Offer by Recruit Holdings Co., Ltd. for its own Shares (May 17, 2023, released)



We have decided to accept the tender offer announced by Recruit Holdings Co., Ltd. (“Recruit”) for its own common shares (the “Tender Offer”) that was resolved at the board of directors’ meeting of Recruit held today.

□ Overview of Acceptance of the Tender Offer

Expected number of sale shares	Common Shares 18,300,000 shares
Sale price	3,326 yen per share
Expected sale proceeds	60.8 billion yen

□ Schedule for the Tender Offer (Scheduled)

Date of the Public Announcement on the Commencement of the Tender Offer	May 18, 2023
Tender Offer period	May 18, 2023 to June 14, 2023
Date on which settlement is commenced	July 6, 2023

Earnings Forecast for Fiscal Year 2023

(Unit: ¥ billions)

【Company-wide】	FY2022 result	FY2023 forecast	Year-on-year change
Sales	1,373.2	1,410.0	+2.7%
Operating Income	61.2	67.0	+9.4%
Operating Income Ratio	4.5%	4.8%	+0.3%
Ordinary Income	83.6	78.0	(6.8%)
Net Income Attributable to Parent Company Shareholders	85.6	88.0	+2.7%
ROE	7.9%	8.3%	+0.4%

Capital Expenditures	78.0	76.0	(2.7%)
R&D Expenditures	32.4	34.0	+4.7%
Depreciation	51.7	54.0	+4.3%

【Segments】		FY2022 result	FY2023 forecast	Year-on-year change
Smart Communication	Sales	720.2	721.0	+0.1%
	Operating Income	26.7	28.0	+4.7%
Life and Healthcare	Sales	451.3	495.0	+9.7%
	Operating Income	7.9	18.0	+125.5%
Electronics	Sales	203.5	197.0	(3.2%)
	Operating Income	46.9	42.0	(10.5%)
Adjustment	Sales	-2.0	-3.0	
	Operating Income	-20.4	-21.0	

※ Since the beginning of FY2023, the former "Information and Communication Segment" has been renamed the "Smart Communication Segment", and the "Lifestyle and Industrial Supplies Segment" has been renamed the "Life and Healthcare Segment," and the "Beverage Business" has been transferred to the "Life and Healthcare Segment" to further contribute to comfortable living, and the "Beverage Segment" has been abolished. Accordingly, the results for FY2022 were adjusted.

※ Details of segments after FY2023 are explained in the mid-term management plan.

2. FY2023-2025 Medium-term Management Plan

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

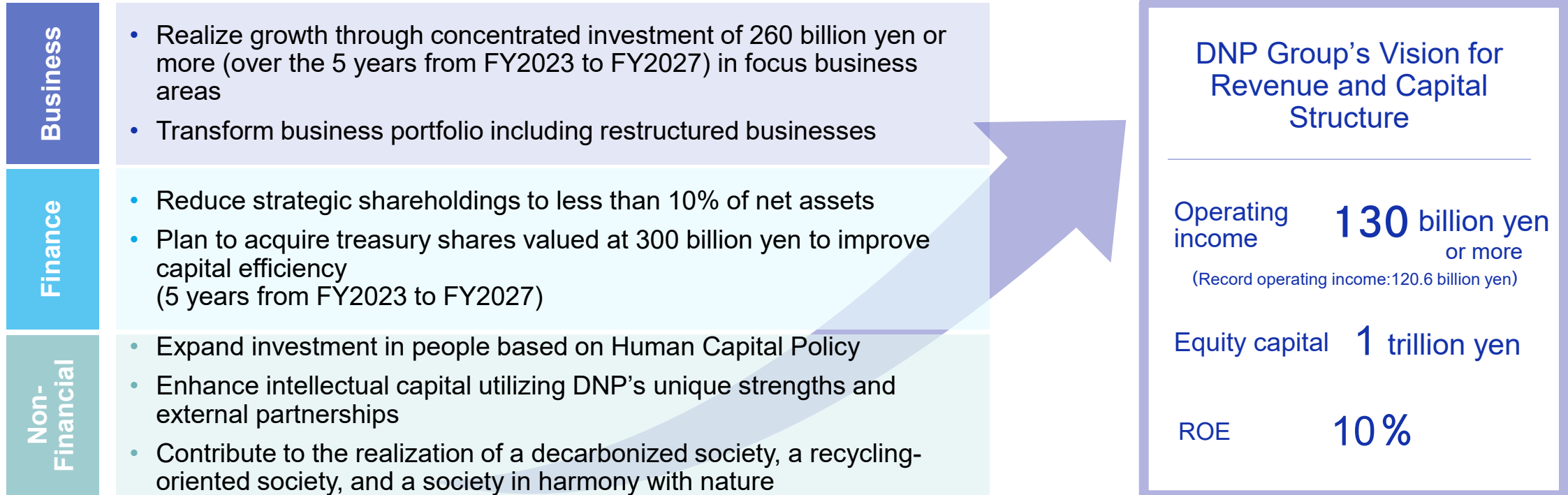
- Create funding for investment in growth through cash flow generated through business activities, in addition to maximization of efficiency of funds including acceleration of the reduction of assets held.
- Plan the largest acquisition of treasury shares in DNP's history with the aim of improving capital 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

Initiatives Aimed at Realization of the Vision



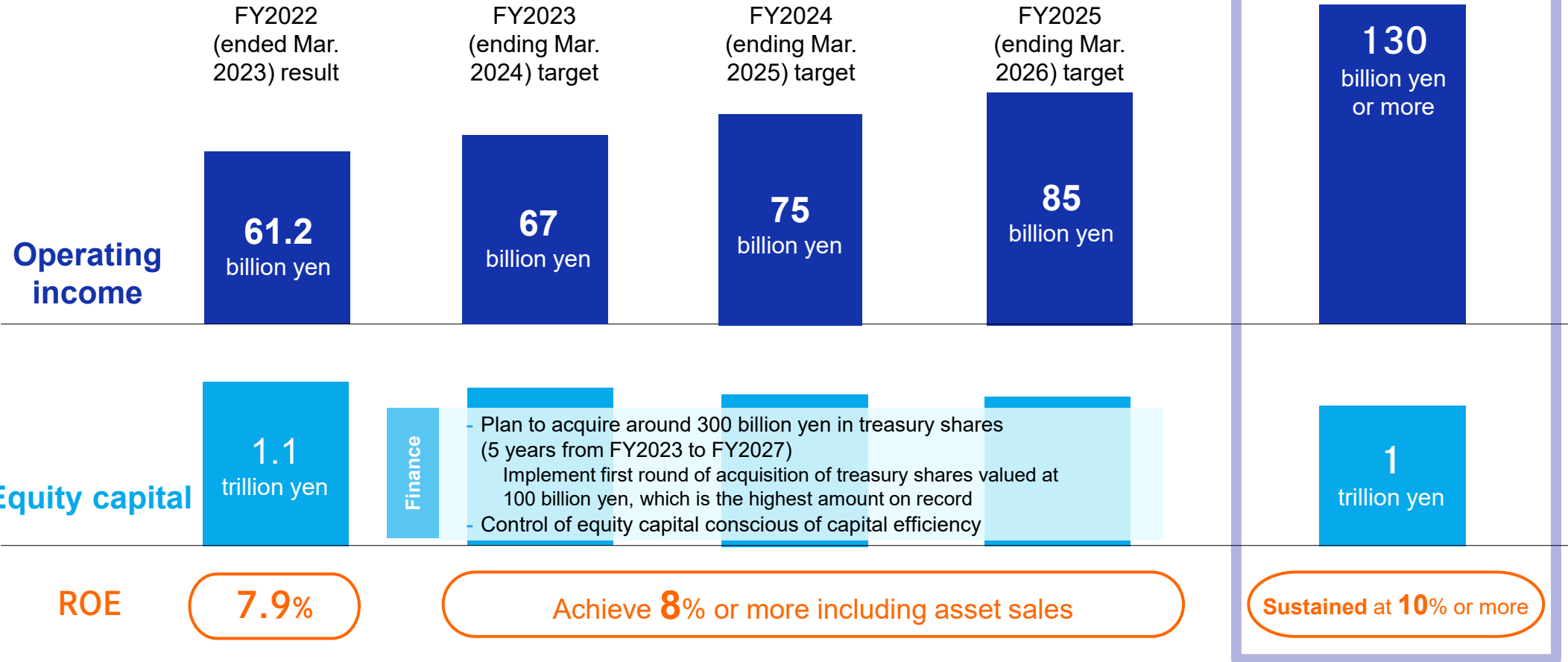
By implementing the above initiatives and also expanding disclosure especially on focus business areas, **we will expedite achieving a PBR of more than 1.0X.**

Management Targets

Business

- Investment of 260 billion yen or more in focus business areas (5 years from FY2023 to FY2027)
- Medium- to long-term business portfolio management

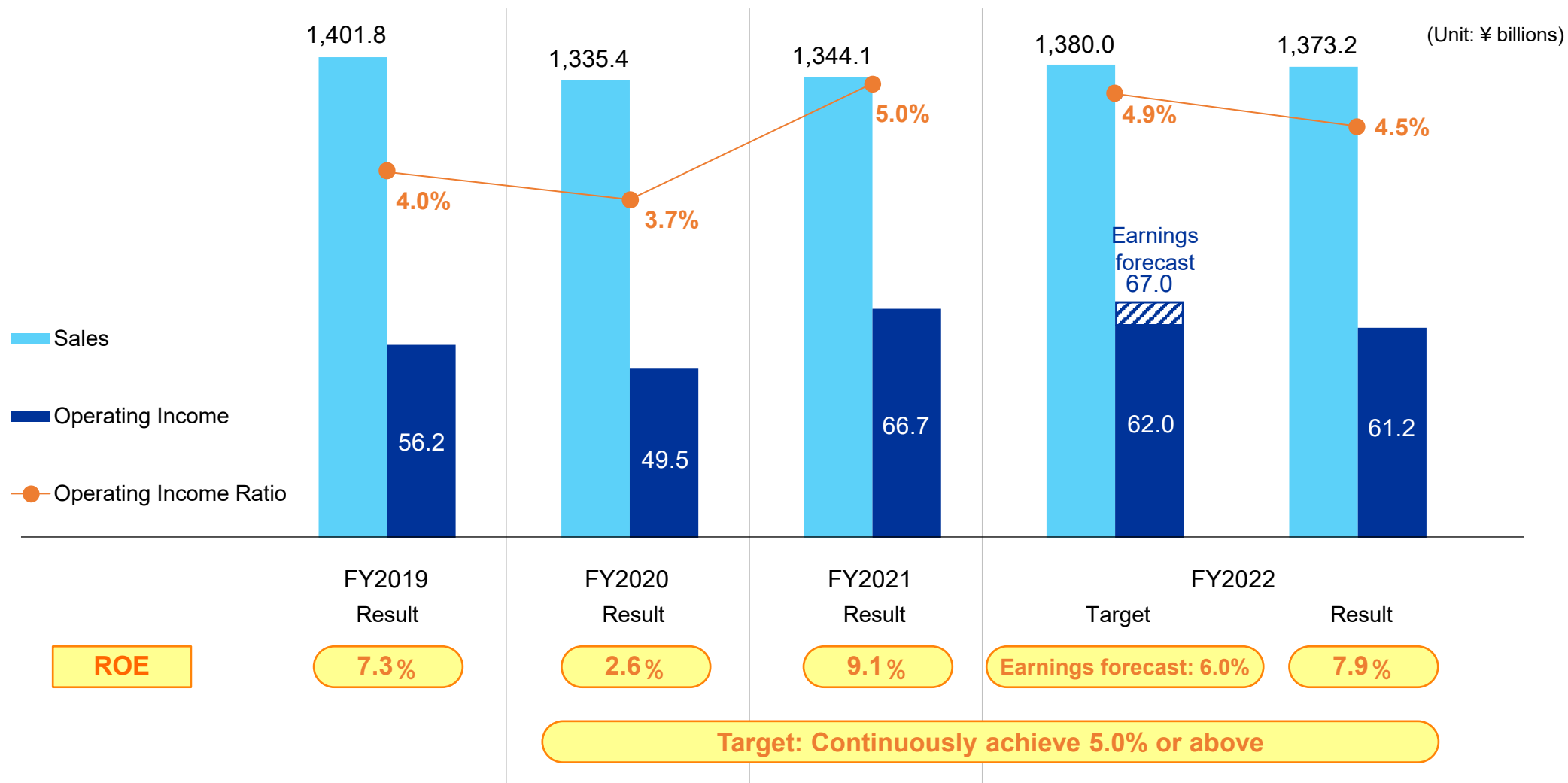
DNP Group's Vision for Revenue and Capital Structure



Finance

- Plan to acquire around 300 billion yen in treasury shares (5 years from FY2023 to FY2027)
Implement first round of acquisition of treasury shares valued at 100 billion yen, which is the highest amount on record
- Control of equity capital conscious of capital efficiency

Management Targets



Create value primarily in growth areas

(Unit: ¥ billions)		FY2019 result	FY2022 earnings forecast	FY2022 result	Overview of Growth-driving and Stable Businesses		
Information Communication	Segment sales	773.0	710.0	720.2	Imaging communication		Strong sales of photographic materials and services in Europe and Asia, in addition to the mainstay U.S. market
	Segment Operating Income	30.4	29.0	26.7	Secure information		IC cards used by financial institutions, "My Number" government issued ID cards, BPO, etc. increased
Lifestyle and Industrial Supplies	Segment sales	391.3	408.0	400.2	Battery pouches		In addition to battery pouches for automotive use being affected by the reduction in automotive production until around the middle of the fiscal year, device demand also decreased for IT
	Segment Operating Income	11.1	12.0	7.3	Industrial high-performance materials		Demand for photovoltaic module components increased
					Mobility interior and exterior materials		Although reduced automotive production had an impact until the middle of the fiscal year, there was a recovery in the second half
Electronics	Segment sales	186.6	212.0	203.5	Optical films		A global slump in consumption and inventory adjustment throughout the entire supply chain had an impact
	Segment Operating Income	34.1	47.0	46.9	Metal masks		The increase in the rate of use of OLED displays in smartphones, etc. contributed
					Semiconductor-related products		Although the market was seen to slow down from the middle of the fiscal year, demand for product development by client companies was steady

* The arrows indicate comparisons with targets

Increase value using all available restructuring approaches

Reorganization of operating bases and business downsizing have progressed as planned. We will continue to implement reforms at appropriate times and in accordance with demand trends.

	Reorganization of operating bases and business downsizing	Expansion measures	
Information Communication	<p>Downsizing printed media production bases</p> <ul style="list-style-type: none"> - Closure and sale of overseas site (Singapore) - Consolidation of domestic manufacturing sites (closure of Akabane area, etc.) - Consolidation of functions of preprocessing divisions (pre-press) 	<p>Expanding data distribution-related businesses</p> <ul style="list-style-type: none"> - Establishment of NTT EDX 	<p>Expanding photo imaging business</p> <ul style="list-style-type: none"> - Conversion of Sharing Box into wholly-owned subsidiary - Acquisition of Color Vision International
Lifestyle and Industrial Supplies	<p>Reviewing low value-added products and restructuring business locations</p> <ul style="list-style-type: none"> - Integration of sites in the packaging-related business (Kansai area) (Closure of Uzumasa, consolidation into Kyotanabe) 	<p>Expanding production lines for barrier films, eco-friendly packaging materials, etc.</p> <ul style="list-style-type: none"> - Installation of barrier film production line at Tobata Plant 	<p>Expanding production lines for lithium-ion battery pouches</p> <ul style="list-style-type: none"> - Installation of production line at Tsuruse Plant - Installation of post-process line in Europe (Denmark Plant), with operation scheduled to start in FY2023 - Consider planning the strengthening of production capacity inside and outside Japan including Europe and the US
Electronics	<p>Downsizing color filter business</p> <ul style="list-style-type: none"> - Closure and sale of Himeji Plant 	<p>Expand optical film production lines</p> <ul style="list-style-type: none"> - Installation of new large metal mask production line at Kurosaki Plant, with operation scheduled to start in the first half of FY2024 - Installation of ultra-wide surfacing material production line at Mihara West Plant, with operation scheduled to start in the first half of FY2025 	<p>Investing in Electronic Devices business</p> <ul style="list-style-type: none"> - Increase of capital investment in photomasks and lead frames - Capital and operating alliance with SCIVAX in nano-imprinting

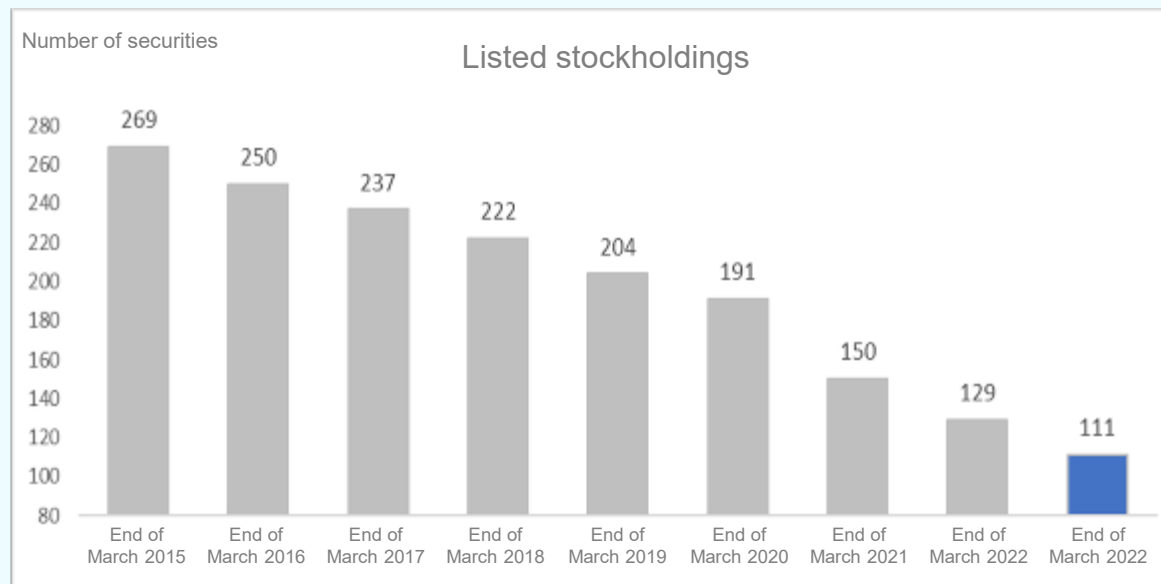
Strengthen business infrastructure to support growth

Reducing strategic shareholdings

269 → **111**

-58%

(2014 → end of March 2022)



Environmental initiatives GHG emissions

Projected to be

-36.3%

Projected to be

1,200,000 → **765,000** tons

(2015 → end of March 2022)

D&I promotion Percentage of female managers

6.6 → **8.4%**

(2020 → end of March 2022)

D&I promotion Percentage of males taking childcare leave

54.3 → **83.6%**

(2020 → end of March 2022)

Acquisition of external evaluations

- **Selection in GPIF 5 index**
(DNP only one in the printing industry)
- **Selected in FTSE4Good**
(22 years in succession)
- **CDP Climate Change A List**

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

By utilizing the core values of Printing & Information developed through printing, 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 developed through printing

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

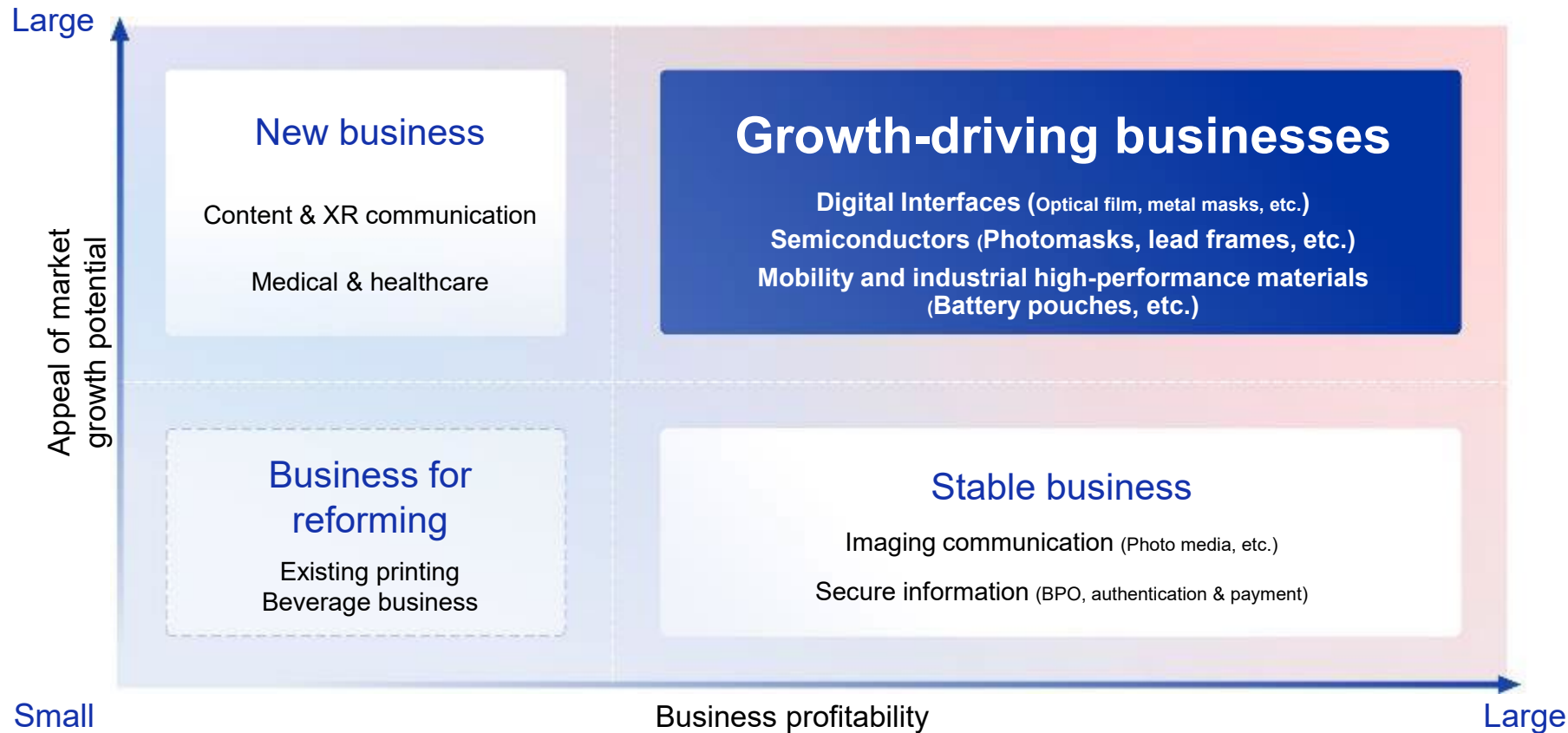
- Digital Interfaces
- Semiconductors
- Mobility and industrial high-performance materials
- Content & XR communication
- Medical & healthcare



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*)

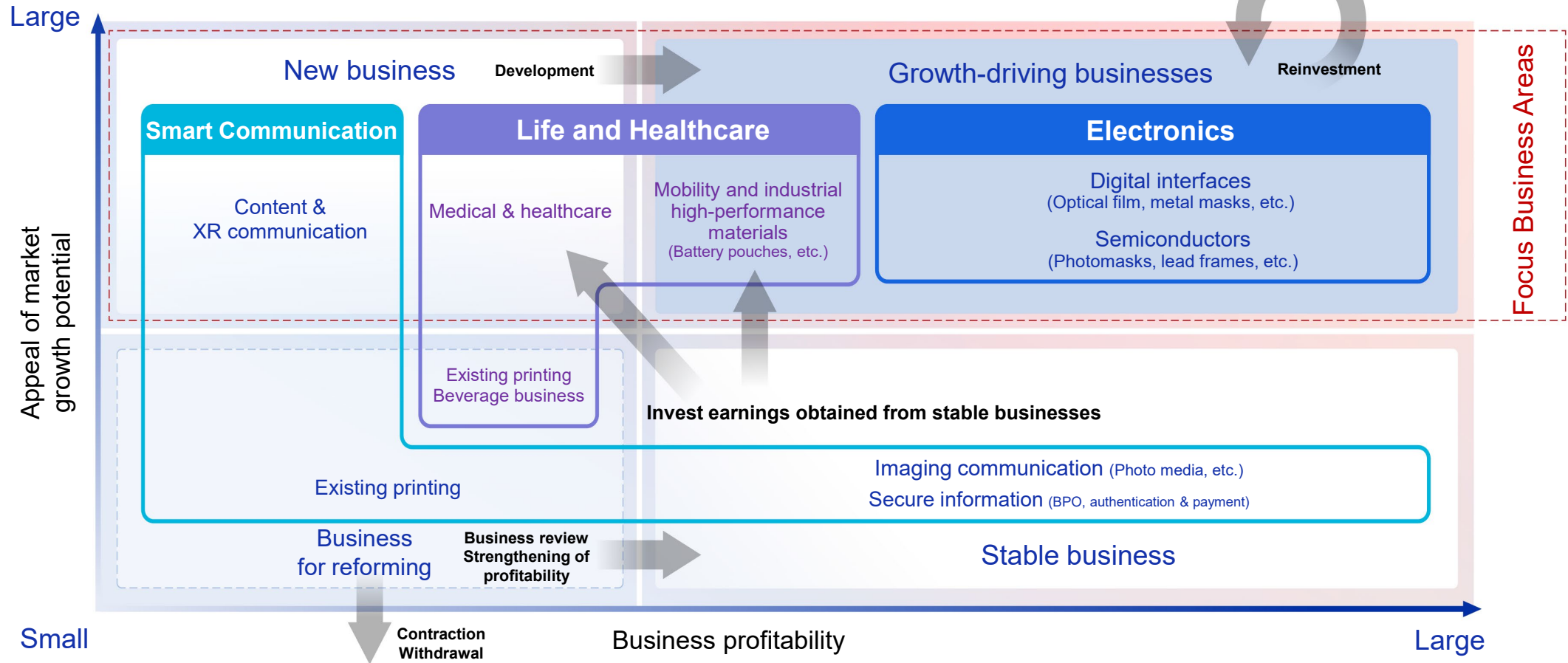
390 billion yen
or more

Including investment
into focus business
areas

260 billion yen
or more

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

Business Portfolio and Positioning of Each Segment

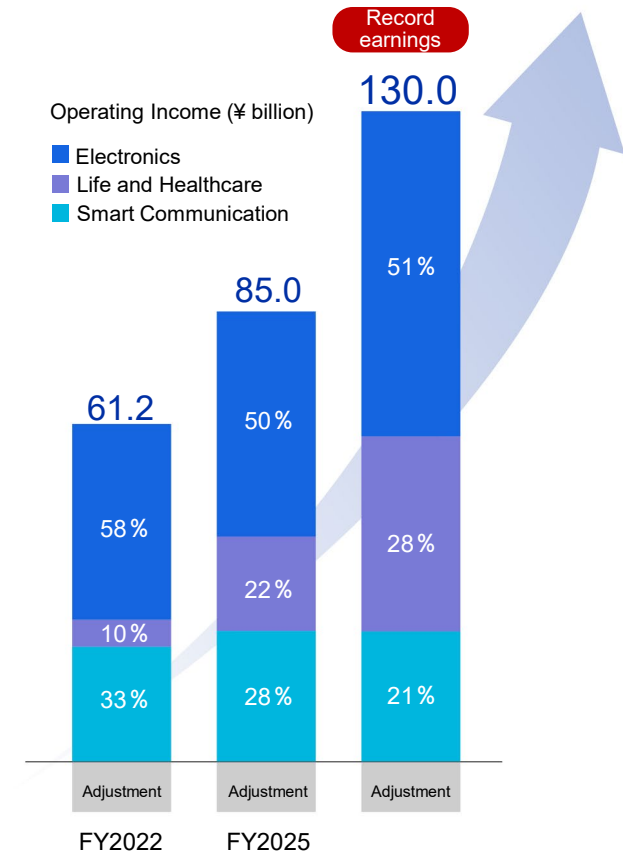


Promote concentrated investment and business structure transformation into focus business areas made up of growth-driving businesses and new business with the aim of building a business portfolio resilient to changes in the business environment

Segments and Focus Businesses

Promote business structure transformation and concentrate investment in focus businesses in each segment with the aim to generate further profit through business activities.

Portfolio	Business Segment		
	Smart Communication 	Lifecare and Healthcare 	Electronics
Growth-driving businesses		Mobility and industrial high-performance materials	Digital interfaces Semiconductors
New business	Content & XR communication	Medical & healthcare	
Stable business	Imaging communication Secure information		
Business for reforming	Existing printing-related and beverage business		



[Segment Strategy] Smart Communication



Major products and services

[Imaging communication]

- Sublimation transfer media and printers, service creation

[Secure information]

- BPO, authentication security, etc.

[Content & XR communication]

[Publishing and education]

DNP's core values

- Provide new customer experience value by utilizing the high-definition image processing technology, the capability to securely deliver large volumes of digital data, and the capability to integrate and optimize business processes.
- Accomplishments and trust such as photo media products with the world-leading share and IC cards for financial institutions with the leading share in Japan.

Market environment

- Japanese BPO market
2022→2026 4.6→5 trillion yen
- Global market for digital ID solutions
2021→2030 CAGR 17%
- Global sublimation transfer photo market
2021→2030 CAGR 4%
- Global metaverse-related market
2030 \$678.8 billion

Basic Strategy

- Efficient investment with a view to balancing invested capital and cash generation
- Consider utilizing core values for collaboration and service development with companies inside and outside Japan
- Rationalization of locations and systems according to market trends and business size

KPI (FY2025)

- Sales 726 billion yen (101% compared to FY2022)
- Operating Income 31 billion yen (116% compared to FY2022)

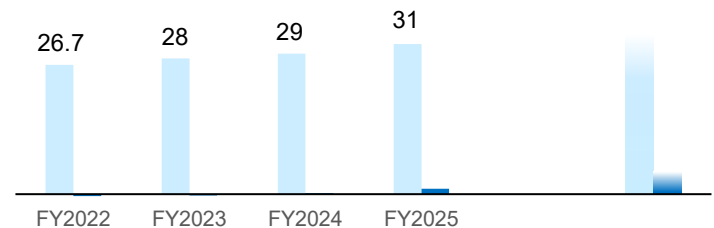
Action

- Consider investment in global expansion of imaging communication and secure information
- Rationalization of paper media business

Segment Operating Income Target

■ Segment Operating Income
■ Operating Income of Focus Businesses
■ Segment sales (¥ billion)

720.2 721 723 726



[Segment Strategy] Life and Healthcare



DNP

Major products and services

- [Mobility and industrial high-performance materials]
 - Battery pouches for lithium-ion batteries
 - Mobility interior and exterior decorative materials, etc.
- [Medical & healthcare]
 - APIs, medical packaging, etc.
- [Packaging] [Living Spaces Business] [Beverages]

DNP's core values

- Provide essential value for security, safety, health, comfort and environment with a variety of functional films leveraging large surface area functionalization technology.
- Accomplishments and trust from battery pouches for lithium-ion batteries with the world-leading share, and PET bottle aseptic filling systems and products for household interior and exterior decoration with the leading share in Japan.

Market environment

- [Outlook for global market for EV+PHEV]
 - 2022 Global market: Approx. 10.5 million units
 - 2023 → 2030 CAGR17%, to approx. 42 million units
- [Global market outlook for pharmaceuticals]
 - 2018→2030 141→ 216 trillion yen (Total for small molecules, bio and cellular pharmaceuticals)

Basic Strategy

- Expand business through large-scale capital investment centered on battery pouches
- Investment in growth areas centered on medical/healthcare and global
- Consider utilizing core values for development of new products, and for collaboration and service development with companies inside and outside Japan

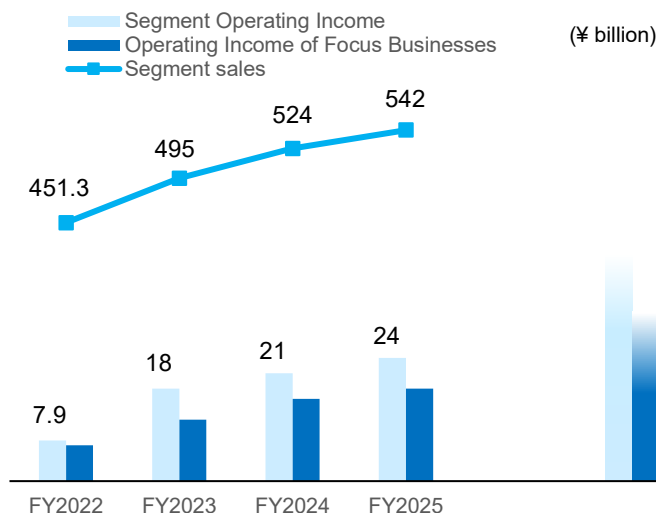
KPI (FY2025)

- Sales 542 billion yen (120% compared to FY2022)
- Operating Income 24 billion yen (304% compared to FY2022)

Action

- Expansion of battery pouch production capacity
- Medical & healthcare investment: 10 billion yen or more
- Reorganization of facilities in packaging-related business

Segment Operating Income Target



[Segment Strategy] Electronics



Major products and services

- [Digital interfaces]
 - Metal masks for manufacturing organic light-emitting diode displays (OLEDs)
 - Optical films for displays, etc.
- [Semiconductors]
 - Photomasks
 - Lead frames, etc.

DNP's core values

- Develop industry-leading products leveraging large surface area functionalization technology, micro and nano modeling technology, optical control technology, etc.
- Accomplishments and trust from products with a world-leading share in areas such as metal masks for OLEDs and optical films for displays

Market environment

- [Outlook for the global display market]
 - To reach 300 million square meters in 2030
 - 2023→2030 CAGR 3.8%
- [Global market outlook for semiconductors]
 - 100 trillion yen in 2030
 - 2023→2030 CAGR 5%

Basic Strategy

- Accelerate expansion of existing businesses through active capital investment
- Consider utilizing core values for development of new products, and for collaboration and service development with companies inside and outside Japan

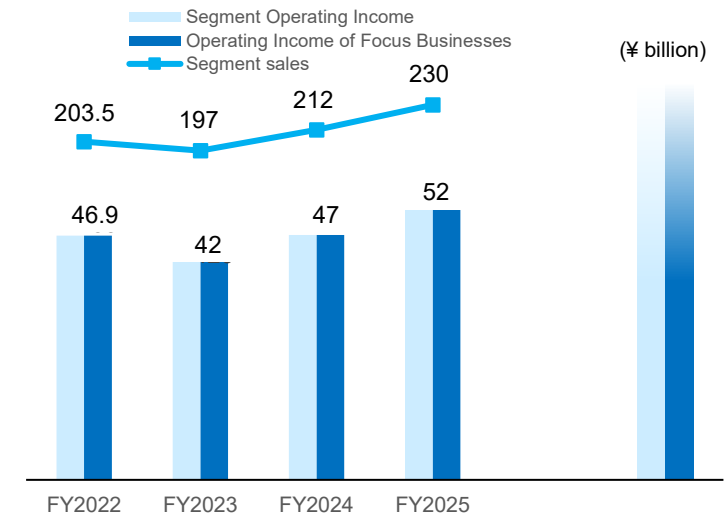
KPI (FY2025)

- Sales 230 billion yen (113% compared to FY2022)
- Operating Income 52 billion yen (111% compared to FY2022)

Action

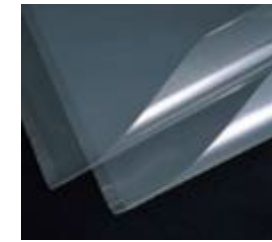
- Investment in expansion of production capacity for metal masks for manufacturing OLEDs: Approx. 20 billion yen
- Investment in expansion of production capacity for surface material products such as optical films: 13 billion yen or more
- Investment in expansion of production capacity for photomasks, etc.: 20 billion yen or more
- Expansion of provision of value to the semiconductor supply chain through external alliances

Segment Operating Income Target



Focus Business Strategy: Digital Interfaces

Seeing technological innovation such as advances in XR and automated driving, centered on the world-leading share in metal masks for manufacturing organic light-emitting diode displays (OLEDs) and optical films for displays, to be an opportunity, we will contribute to the evolution of the information society by securely and seamlessly connecting the real and the digital.



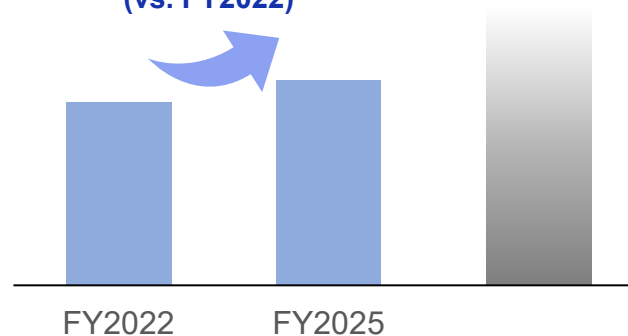
Business Strategy / Investment Plan

- Investment of approx. 20 billion yen in expansion of production capacity for metal masks for manufacturing organic light-emitting diode displays (OLEDs), scheduled to commence operation in FY2024
- Investment of 13 billion yen or more in the expansion of production capacity of ultra-wide optical film, scheduled to commence operation in FY2025
- Expansion of applications such as XR and automotive displays

Sales Plan

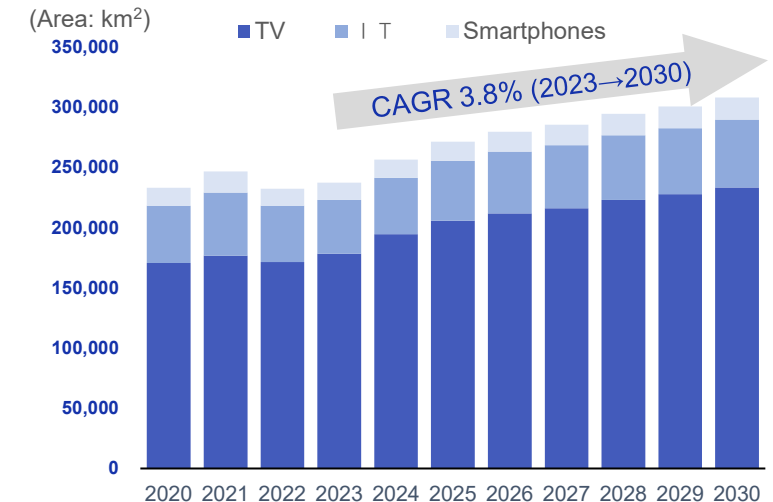
Graph: Growth rate indexed against FY2022 as 100

FY2025
12% increase
 (vs. FY2022)



Outlook for the global display market

* Estimate by DNP based on various materials



Focus Business Strategy: Semiconductors

In a world where data distribution such as automated driving and data centers is dramatically expanding, we will provide fine devices essential in the semiconductor supply chain, and securely and seamlessly connect the real and the digital to contribute to the evolution of the information society.

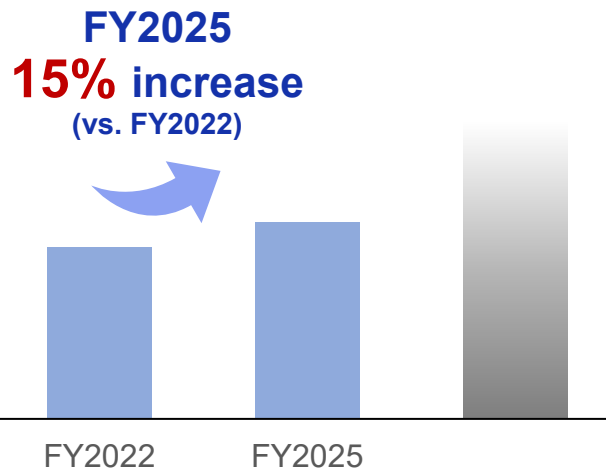


Business Strategy / Investment Plan

- Investment of 20 billion yen or more in expansion of production capacity for photomasks, etc. in Japan and overseas
- Accelerate the mass production of nano-imprinting through Nanomprint Solutions, a joint investment with SCIVAX
- Expand value provision to the semiconductor supply chain through external alliances

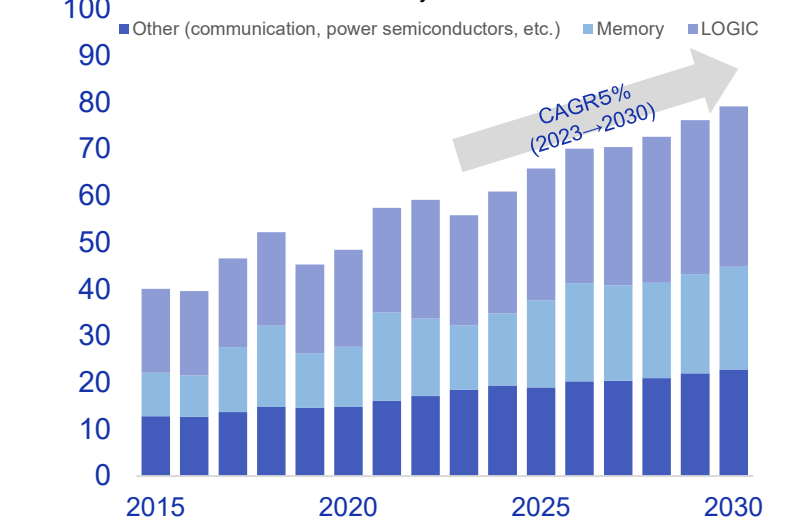
Sales Plan

Graph: Growth rate indexed against FY2022 as 100



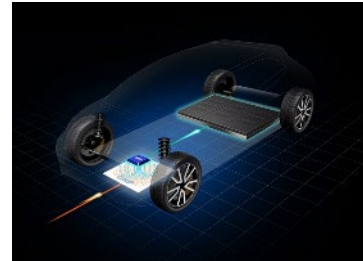
Global market outlook for semiconductors

* Estimate by DNP based on various materials



Focus Business Strategy: Mobility and Industrial High-performance Materials

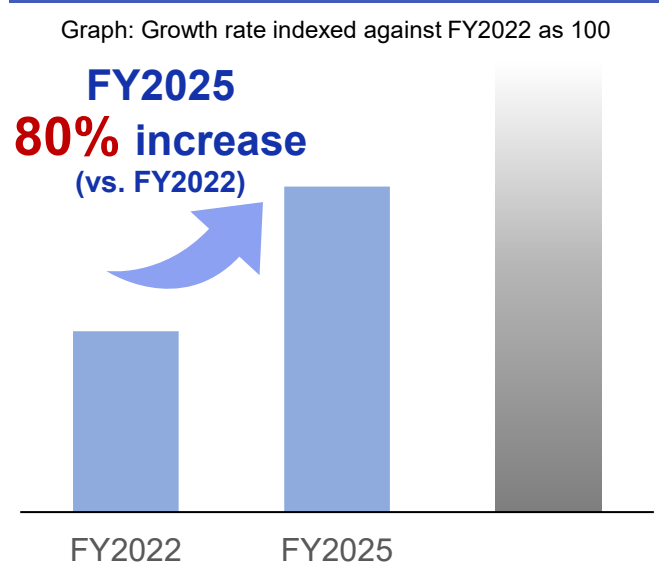
Contribute to a sustainable society where people can live safe, secure, and healthy lives through products and service supporting EV range extension, automated driving, and comfortable mobile spaces for 2040 and 2050 starting with battery pouches for lithium-ion batteries with a world-leading share and mobility interior and exterior decoration.



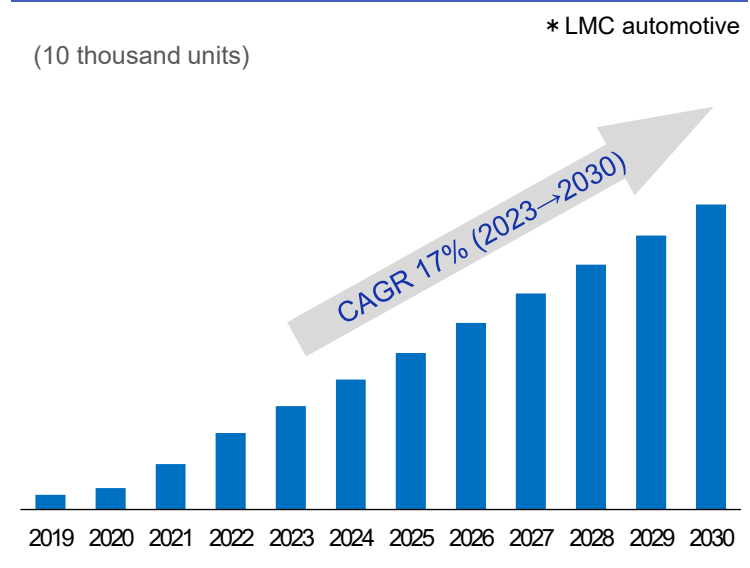
Business Strategy / Investment Plan

- Major investment in expansion of production capacity for battery pouches, etc. Promotion of supply to appropriate regions such as Europe and the United States
- Accelerate development of components for clean energy, energy management and sensors, and key devices, etc. supporting comfortable mobile spaces
- Development and mass production of decorative film for exterior use, and molding and laminating systems
- Early commercialization of MaaS from the trial period
- Accelerate new product development for industrial high-performance materials

Sales Plan



Outlook for Global Market for EV+PHEV



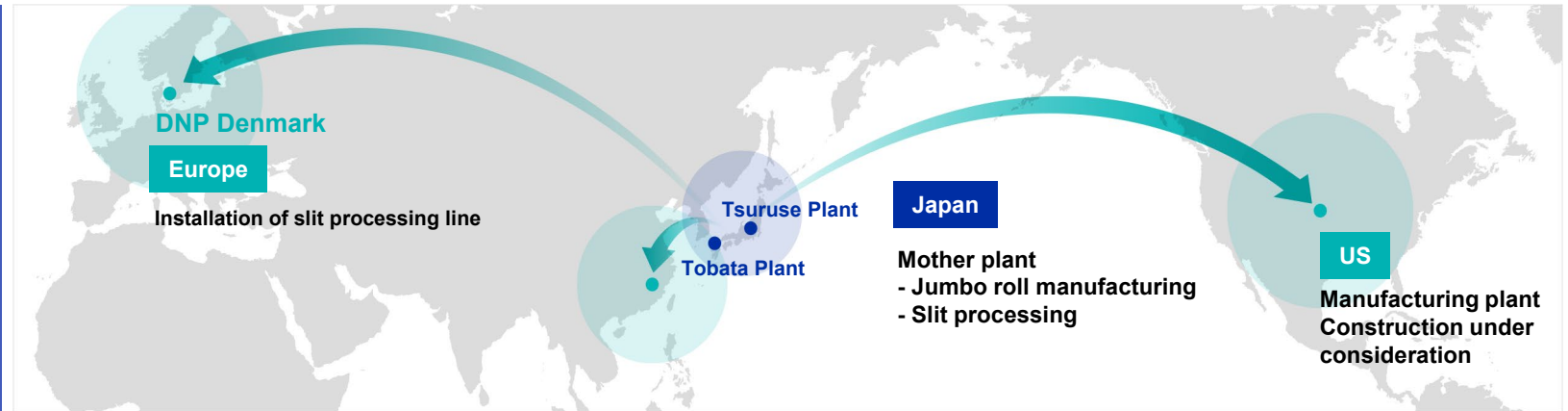
Business Strategy for Major Products: Lithium-ion Battery Pouches



Utilize our strength of having the world-leading share to build the industry's de facto standard, and also further expand applications of battery pouches to gain a presence in the global market. Contribute to a sustainable society enabling everyone to live with security, safety and health through products and services supporting the extension of EV ranges for 2040 and 2050.

DNP's Strengths

- Global standard
- Stable track record even for use with large-scale batteries
- Acquisition of IATF 16949 certification



Market trends

[Short-term]

- Significantly impacted by market conditions such as a slump in consumption due to the recoil following the surge in stay-at-home demand
- Although significantly affected by market conditions such as a decrease in automotive manufacturing caused by the semiconductor shortage, a gradual recovery is being made

[Medium- to Long-term]

- Continuous strong sales expected due to growing EV demand

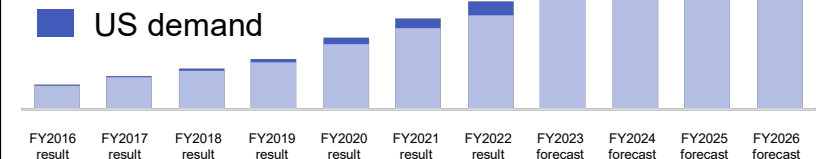
Business Strategy / Investment Plan

- Consider expansion of production capacity for the increase in EV demand from FY2023.
- Promotion of supply to appropriate regions such as Europe and the United States.
Installation of post-process line in Europe (Denmark Plant), with operation scheduled to start in FY2023.

Aim for 100 billion yen in sales by FY2025 for lithium-ion battery pouches overall

Battery Pouches Business Performance and Targets

Consideration is being given to the construction of a new manufacturing plant in the US to cater to the increase in demand caused by EV incentives in the US.



Focus Business Strategy: Medical & Healthcare

Leverage the image processing technology, color management technology, sterile anoxic filling technology, micro and nano molding technology, and precision organic synthesis technology developed in relevant businesses such as publishing, packaging and semiconductors to expand pharmaceutical support business such as API manufacturing, formulation, changing dosage form and medical package manufacturing, and the smart healthcare business such as diagnostic imaging and online healthcare services, to contribute to a sustainable society where people can live safe, secure, and healthy lives.

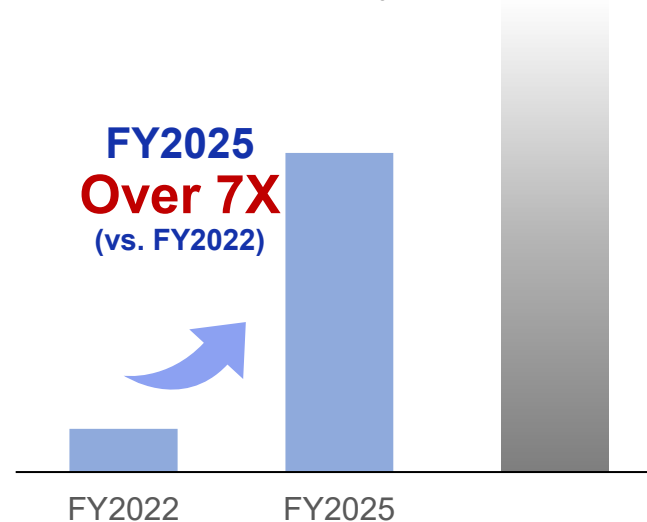


Business Strategy / Investment Plan

- Expand API and formulation business at DNP Fine Chemicals Utsunomiya
- Expand pharmaceutical support business and smart healthcare business through strategic business alliance with CMIC HOLDINGS and by making CMIC CMO a subsidiary
- Provide highly reliable diagnostic imaging services, online healthcare services, and other services through external collaboration with academic institutions, hospitals, etc.

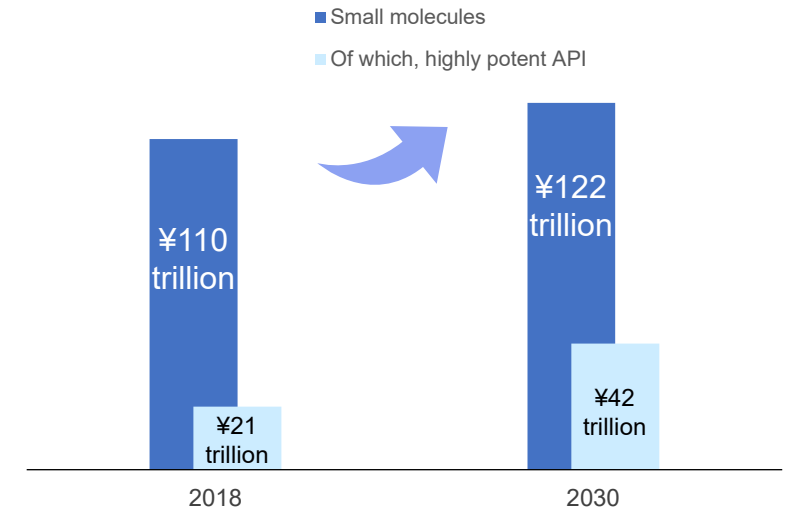
Sales Plan

Graph: Growth rate indexed against FY2022 as 100



Global Market Outlook for Small Molecules

* Estimate by DNP based on various materials




Business Alliance in Medical/Healthcare Area

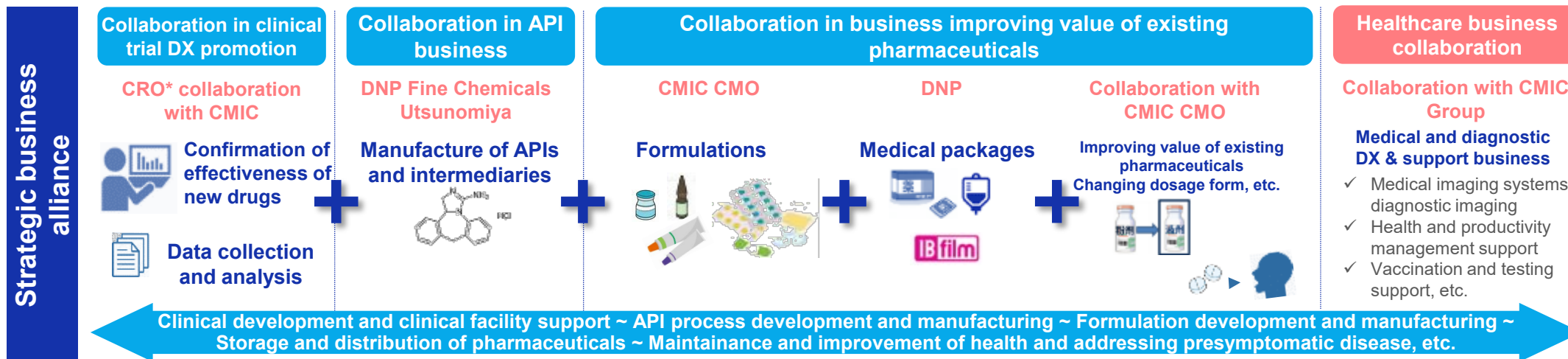
DNP

A basic agreement on a strategic business alliance was concluded with CMIC HOLDINGS in April 2023

CMIC CMO was made into a subsidiary with the aim of creating new value in the medical/healthcare area



Goals	In addition to meeting new needs in the extensive value chain of pharmaceutical companies, the aim is to create new value in the medical/healthcare area	
Strengths	<ul style="list-style-type: none"> ✓ Advanced medical packaging technology ✓ Pharmaceutical synthesis technology ✓ Secure information processing technology 	<div style="text-align: center;">  <p>Complementary</p> </div> <ul style="list-style-type: none"> ✓ Strong customer base and advanced formulation technology ✓ Support business for the value chain of pharmaceutical companies (development, manufacturing, sales, marketing), etc.



* CRO (Contract Research Organization) Business: Pharmaceutical development support business

Focus Business Strategy: Content and XR Communication

Leveraging a worldwide network of diverse IP holders* and creators, the track record and trust in high-definition image processing technology and copyright processing developed in the archiving business and secure information business, and the capability to distribute large volumes of data in the real world and digitally while securely authenticating individuals and information, and to integrate and optimize business processes, we will securely and seamlessly connect the real and the digital, and contribute to the evolution of information society.



© The Association of Japanese Animations (AJA).
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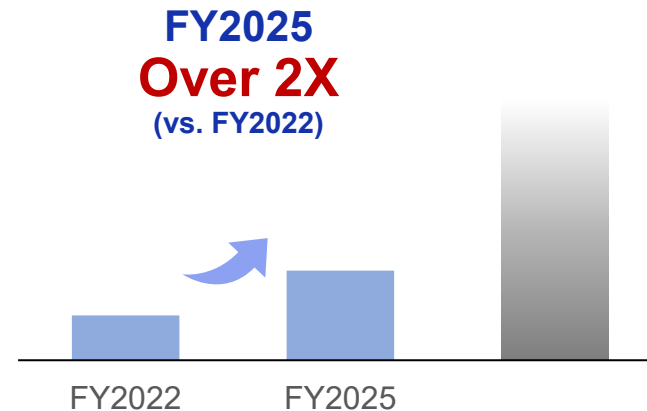
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Business Strategy / Investment Plan

- Early creation of unique fan service business spanning real and digital worlds by utilizing Tokyo Anime Center and web3 for fans of IP holders
- Creation of business supporting both real and virtual corporate activities including authentication security technology, AI-based DX services and BPO
- Creation of a business providing new customer experience value leading to cultural and regional development based on the accomplishments digitally archiving over 100,000 artworks with art museums, galleries and cultural facilities, etc. in Japan and overseas

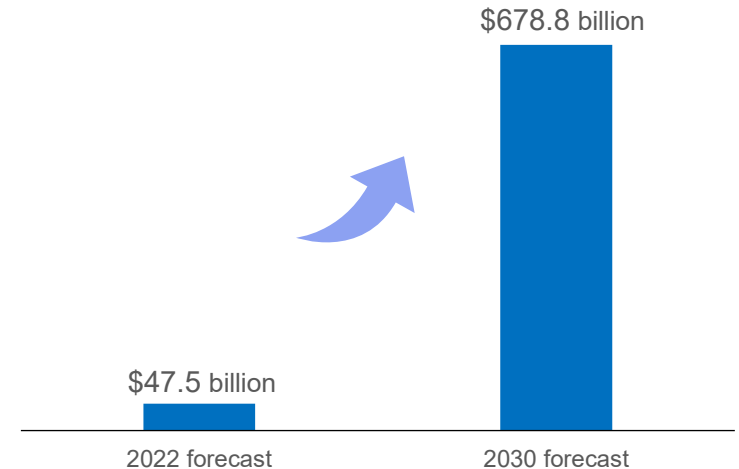
Sales Plan

Graph: Growth rate indexed against FY2022 as 100



Outlook for Global Metaverse-related Market

* Prepared by DNP based on WHITE PAPER Information and Communications in Japan (Ministry of Internal Affairs and Communications)



* IP holder: A person or group who owns a variety of content (intellectual property) such as games and anime

Business Structure Reform

Seek to rationalize locations and systems according to market trends and business size in all segments, and reallocate resources from contracting divisions to growth areas to continue to strengthen the business foundation for sustainable growth.

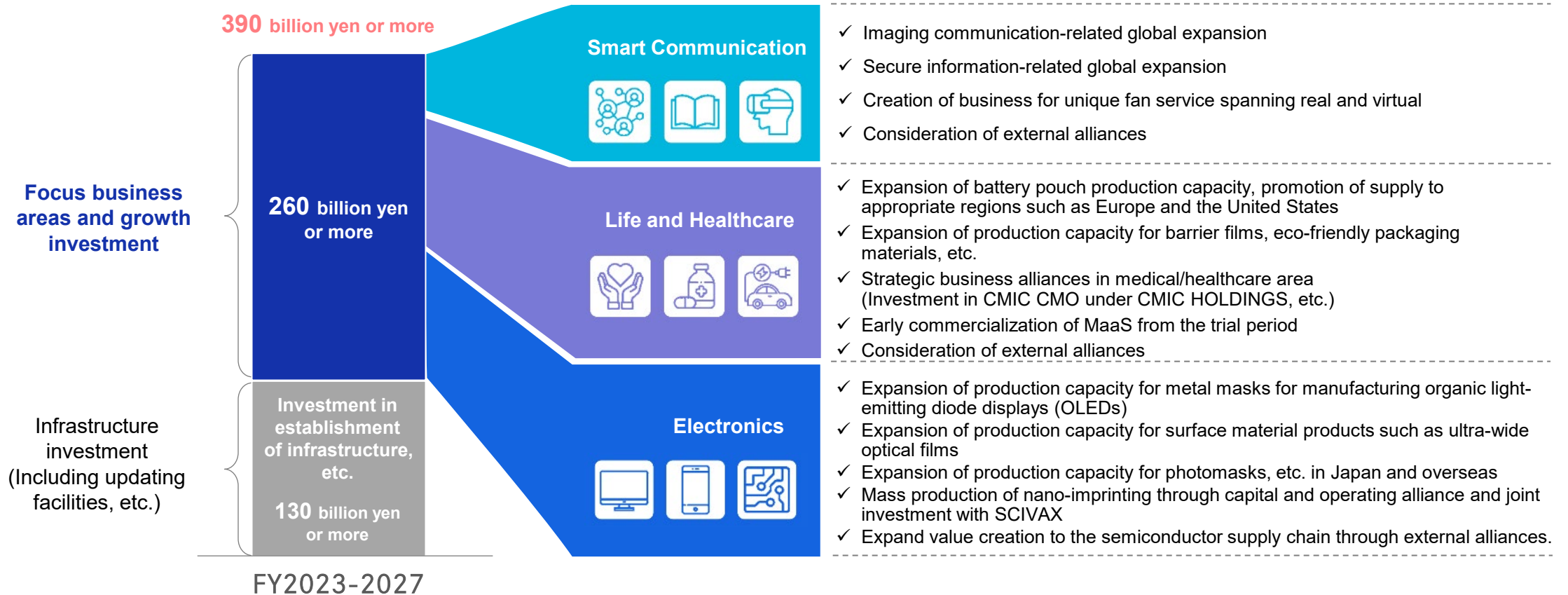
	Strengthening measures	Expansion measures
Smart Communication	Rationalization of paper media business	<ul style="list-style-type: none"> Expansion of photo imaging business into emerging markets Expansion of authentication security business Expansion of BPO service business Global expansion of content & XR communication business
Life and Healthcare	<ul style="list-style-type: none"> Reviewing low value-added products and restructuring business locations Reorganization of facilities in packaging-related business 	<ul style="list-style-type: none"> Expansion of production capacity for lithium-ion battery pouches Expansion of production capacity for barrier films, eco-friendly packaging materials, etc. Global collaboration for barrier films Maximization of medical & healthcare-related synergies
Electronics	Automation and productivity improvement	<ul style="list-style-type: none"> Expansion of production capacity for metal masks for manufacturing organic light-emitting diode displays (OLEDs) Expansion of production capacity for surface material products such as optical films Expansion of production capacity for photomasks, etc. Expansion of value provision to semiconductor supply chain

Overview of Business Investment

Growth investment and infrastructure development investment:

390 billion yen or more (cumulative amount for FY2023- 2027)

Promote capital investment, global expansion and consideration of external alliances centered on focus business areas.



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

Sale of Strategic Shareholdings and Acquisition of Treasury Shares

5 years from FY2023 to FY2027 Cash Allocation

DNP

① Sale of Strategic Shareholdings 220 billion yen

We have decided to accept the tender offer announced by Recruit Holdings Co., Ltd. (“Recruit”) for its own common shares that was resolved at the board directors’ meeting of Recruit held on May 17, 2023.

Accept the tender
offer by Recruit
60.8 billion yen
From May to June 2023

FY2023

② Acquisition of Treasury Shares 300 billion yen

We have acquired around 26.1 billion yen in treasury shares by 30 April 2023.

Acquisition of Treasury Shares
100 billion yen
From March 2023 to March 2024

FY2023

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).

Expand investment in people based on Human Capital Policy

Aim to dramatically 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

Support for career autonomy of employees and strengthening of organizational capability	Health and productivity management that increases the happiness of employees	Hiring, personnel assignment and reskilling based on human resource portfolio	Promotion of D&I* utilizing diverse individuality
<p>Implementation of a DNP version of “compensation and related policies that are more closely founded on a job-oriented perspective”</p> <ul style="list-style-type: none"> ✓ Multi-track post-based compensation and support for career autonomy ✓ Maintaining and securing competitive compensation levels and systems ✓ Improving training aimed at strengthening organizational capability 	<p>Management reform based on DNP Group Declaration on Health</p> <ul style="list-style-type: none"> ✓ Propagation of DNP Value Objectives (DVO*) system ✓ Measures to improve organization engagement (utilization of engagement score) 	<p>Implementation of personnel assignment and reskilling to focus businesses</p> <ul style="list-style-type: none"> ✓ Strengthening of hiring and expert training based on human resource portfolio ✓ Visualization and raising of skill level of ICT personnel and DX personnel ✓ Reskilling from areas subject to structural reform to focus areas 	<p>Cultivation of culture enabling active participation by diverse personnel</p> <ul style="list-style-type: none"> ✓ Promotion of active participation by women (Diversification of decision-making level) ✓ Promotion of acquisition of childcare leave by men (support for work-life balance) ✓ Implementation of unconscious bias training for all employees (fostering a psychologically safe workplace culture)

Main indicators (End of March 2025)		
	<ul style="list-style-type: none"> ● Aim for completion of implementation of a DNP version of “compensation and related policies that are more closely founded on a job-oriented perspective” ● Level of engagement with implementation of DVO system: 45% → 100% (FY2022 → end of FY2025) ● Engagement survey score: Up 10% (FY2022 → end of FY2025) 	<ul style="list-style-type: none"> ● DX literacy standard basic education: Aim for completion of course by 27,500 people covered ● Percentage of female managers: 8.4% → 12% or higher (FY2022 → end of FY2025) ● Percentage of eligible men taking childcare leave: 83.6% → 100% (FY2022 → end of FY2025)

* DVO : DNP Value Objectives

* D&I: Diversity and inclusion

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

Combine the strengths of ALL DNP and promote coordination with external partners to promote the strengthening of stable businesses and the creation of new businesses

Creation of new businesses and strengthening of technological strengths	Global rollout of of technological strengths	Strengthening of stable businesses and cultural reform	Realization of data management infrastructure*
<p>Creation of business portfolio from future scenarios</p> <hr/> <ul style="list-style-type: none">✓ Creation of new businesses in focus business areas capturing megatrends and business opportunities✓ Strengthening of DNP's unique technology✓ Acquisition and strengthening of technology through open innovation	<p>Refinement and acceleration of global rollout of DNP's unique technology and products</p> <hr/> <ul style="list-style-type: none">✓ Acceleration of global expansion centered on Life and Healthcare✓ Strengthening of overseas marketing and R&D system	<p>Creation of new value through ALL DNP</p> <hr/> <ul style="list-style-type: none">✓ Strengthening of stable business and development of new products through aggregation of knowledge by ALL DNP✓ Optimization of R&D mechanisms and systems✓ Fostering culture creating new value	<p>Transformation of internal system infrastructure supporting the utilization of ICT</p> <hr/> <ul style="list-style-type: none">✓ Advance modernization and globalization to strengthen digital ICT infrastructure✓ Advance visualization and deeper analysis of data-integrated infrastructure, and continuously update infrastructure

Main indicators (End of March 2025)

- R&D investment: Continue at scale of 30 billion yen per year
- Users of data management infrastructure*: 3,678 → 6,000 (FY2022 → end of FY2025)

* Data management infrastructure: Infrastructure that aggregates data from various systems within the DNP Group, and processes, analyzes and visualizes the aggregated data for use in management decisions

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

Engage in solutions to environmental issues through both value creation and strengthening foundations

Decarbonized society

Contribute to a decarbonized society through products and services with net zero GHG emissions in DNP's business activities

- ✓ Introduction of renewable energy
- ✓ Expansion of development and utilization of low-carbon materials
- ✓ Decarbonization of products and services through calculation and reduction of CO₂ emissions for each product

Recycling-oriented society

Efficient resource reuse throughout the supply chain

- ✓ Efficient use of resources such as plastics, acceleration of recycling of resources (creation of recycling scheme, expansion of use of recycled materials)

Society in harmony with nature

Minimize impact on biodiversity and achieve harmony with local ecosystems throughout the supply chain

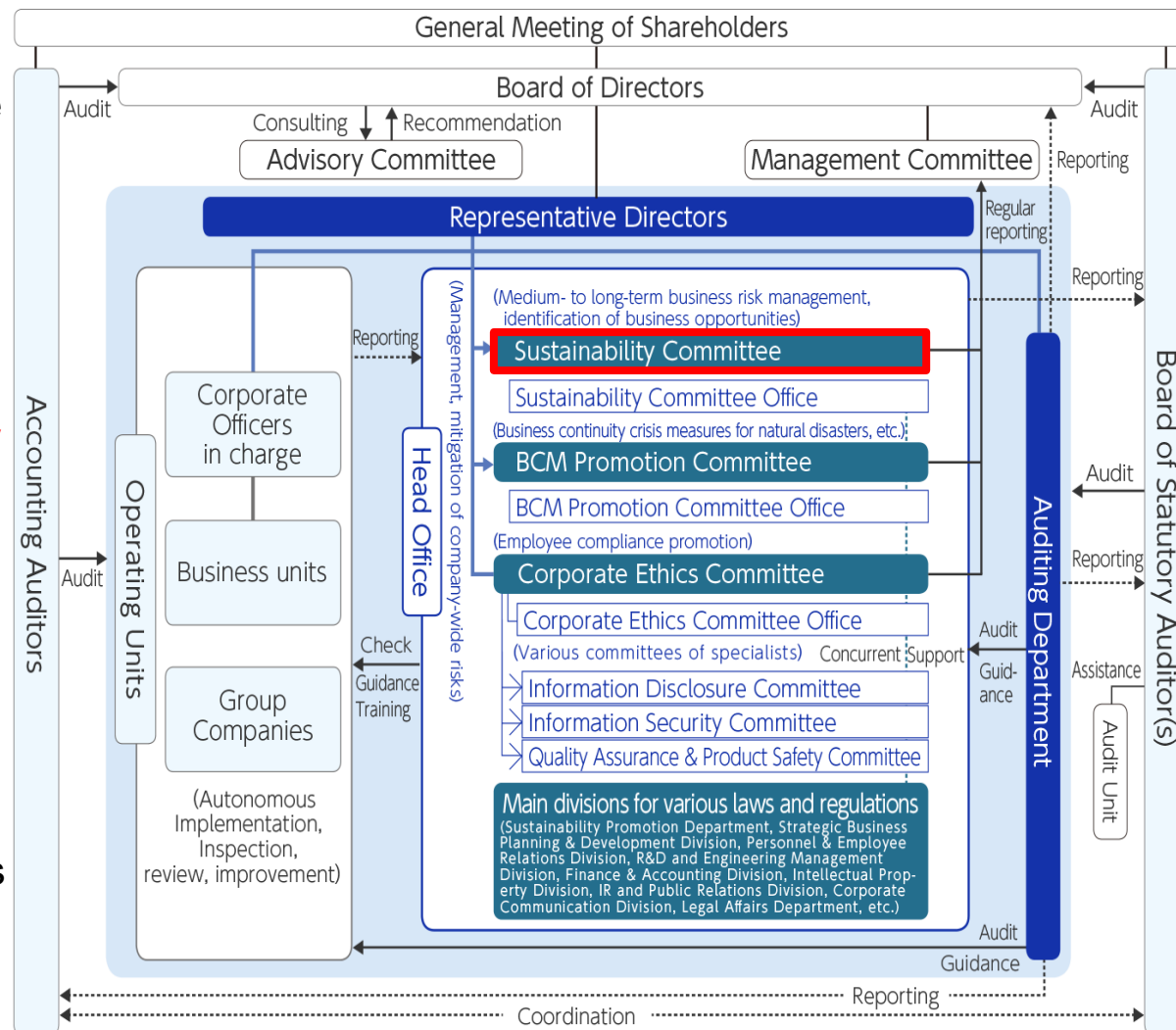
- ✓ Minimization of impact on ecosystem in the procurement of biological resources and use of water resources, etc.
- ✓ Ensuring traceability of raw materials and transparency of supply chain
- ✓ Maintaining and expanding greenery at business sites with consideration for the local ecosystem

Main indicators (End of March 2025)

- Reduction of GHG emissions: Early achievement of initial plan of “40% reduction (Scope 1+2) from FY2015 by the end of FY2030” by the end of FY2025
- Resource recycling percentage: Up 5% from 51.7% to 56.7% (FY2015→ end of FY2025)
- Reduction of water usage: Down 35% (FY2015→ end of FY2025)
- Percentage of items in compliance with the Guidelines for Procurement of Paper for Printing and Converting: 98% by the end of FY2025, 100% by the end of FY2030

Governance System

- The DNP Group evaluates risks that have a significant impact on management such as sudden changes in the environment, society and economy, reflects the results in medium- to long-term management strategy, and engages in strengthening processes to convert these risks into business opportunities.
- To further strengthen these initiatives, **the Sustainability Committee** chaired by the President was launched in April 2022.
- **The Sustainability Committee** will track rapid changes in the environment, society and economy in the process of executing the new Medium-term Management Plan, and make reports and proposals to the Management Committee and the Board of Directors to appropriately reflect these in management strategy.



Implementation Structure for the New Medium-term Management Plan

Directors and Statutory Auditors after the Ordinary General Meeting of Shareholders (scheduled)



	Director												Statutory Auditor				
Name																	
Attributes	Male Re-election	Male Re-election	Male Re-election	Male Re-election	Male Re-election	Male Re-election	Male New	Female Re-election	Male Re-election Outside Independent	Male Re-election Outside Independent	Male Re-election Outside Independent	Male Re-election Outside Independent	Male New	Male New	Male Re-election Outside Independent	Male New Outside Independent	Female Re-election Outside Independent
Position	Chairman	President	Senior Managing Director	Senior Managing Director	Managing Director	Managing Director	Managing Director	Director	Director	Director	Director	Director	Standing Statutory Auditor	Standing Statutory Auditor	Standing Statutory Auditor	Statutory Auditor	Statutory Auditor
Corporate Management, Business Strategy	◎	◎	◎	◎	◎	◎	○	○			◎	◎	○	○	○		
ESG, Diversity		◎	◎				◎	◎			○						◎
Financial/Management Accounting, Capital Policy Initiatives			○		○	◎						◎		◎	◎	◎	
HR/Labor, Human Resource Development			◎				○								○		○
Legal Affairs, Compliance, Risk Management		○	○	○	◎		◎	◎			○		◎	○	○	○	○
Overseas Business	○	○	○	◎	○						◎			◎			
IT・DX				◎			○	○			○			○			
R&D, New Business			○	◎	○		◎	○		◎	○						

Backgrounds of Directors and Statutory Auditors: The Company's Board of Directors and the Board of Statutory Auditors consist of members with diverse backgrounds to cover the experience and expertise (skills) that are considered important in promoting the new Medium-term Management Plan. "○" indicates that the individual possesses the background, and "◎" indicates that the individual is highly expected to demonstrate his/her competence in the field.

DNP

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.