



Dai Nippon Printing Co., Ltd.

Briefing (Online Conference) for Institutional Investors and Analysts on FY 3/2023 Results and New Mid-Term Management Plan

May 17, 2023

Event Summary

[Company Name]	Dai Nippon Printing Co., Ltd.	
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[Event Name]	Briefing (Online Conference) for Institutional Investors and Analysts on FY 3/2023 Results and New Mid-Term Management Plan	
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[Time]	15:30 – 17:01 (Total: 91 minutes, Presentation: 64 minutes, Q&A: 27 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	4	
	Yoshinari Kitajima	President
	Hirofumi Hashimoto	Managing Director
	Masafumi Kuroyanagi	Managing Director
	Naoki Wakabayashi	General Manager, IR and Public Relations Division
[Analyst Names]*	Takeru Hanaya	SMBC Nikko Securities
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*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A.

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Presentation

Wakabayashi: It is time to commence the Briefing (Online Conference) for Institutional Investors and Analysts on FY 3/2023 Results and New Mid-Term Management Plan of Dai Nippon Printing Co., Ltd.

Thank you very much for taking time out of your busy schedules to attend our financial results briefing today.

Today, I will explain in accordance with the briefing materials. The presentation materials are available on DNP's website in both Japanese and English, but some of the financial results and new medium-term management plan materials have been changed as per the timely disclosure made at 11:30 AM today. The pages to be changed are two pages for the part of the financial statements and one page for the part of the new mid-term management plan. We will explain in the revised materials that will be projected.

I would like to introduce today's speakers: Yoshinori Kitajima, President; Hirofumi Hashimoto, Managing Director; and Masafumi Kuroyanagi, Managing Director. I, Wakabayashi, General Manager, IR and Public Relations Division, will serve as today's moderator. Thank you.

Today's proceedings will begin with an explanation of the financial results for the fiscal year ending March 31, 2023 by Kuroyanagi, followed by an explanation of the new mid-term management plan starting from FY2023, which is divided into several parts by Kitajima, President, and other members who are in charge.

There will then be time for questions and answers, and I will explain again later on how to conduct the question-and-answer session. Please note that the meeting is scheduled to end at 17:00.

Now, let us move on to the presentation. First, Kuroyanagi will explain the financial results for the fiscal year ended March 31, 2023, which have been completed.

Kuroyanagi: I am Managing Director Kuroyanagi. Thank you very much for attending this information session.

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Overview of Consolidated Results for Fiscal Year 2022: Earnings Summary

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(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.

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Now, I would like to explain the financial results for FY2022 in accordance with the materials. Due to time constraints, we will focus on the most important points.

First, please see page three for a summary of the financial results for FY2022.

The reasons for the decrease in operating income are explained in the waterfall flow chart on page four and the segment information on page five and beyond.

There is one additional point I would like to make on this page 3. While operating income decreased, ordinary income increased by 3%. This was mainly due to the significant contribution to equity in earnings of affiliated companies from their good performance.

We manufacture photomasks for semiconductors. Market conditions in the semiconductor industry are changing dramatically, and recently the amount of capital investment has been huge year after year.

In order to reduce the investment risk, we have formed a JV with Photronics, Inc. of the US for manufacturing in Taiwan and China.

In the previous fiscal year, the semiconductor market was very active and this equity in earnings of affiliates grew substantially. This is the reason for the increase in ordinary income.

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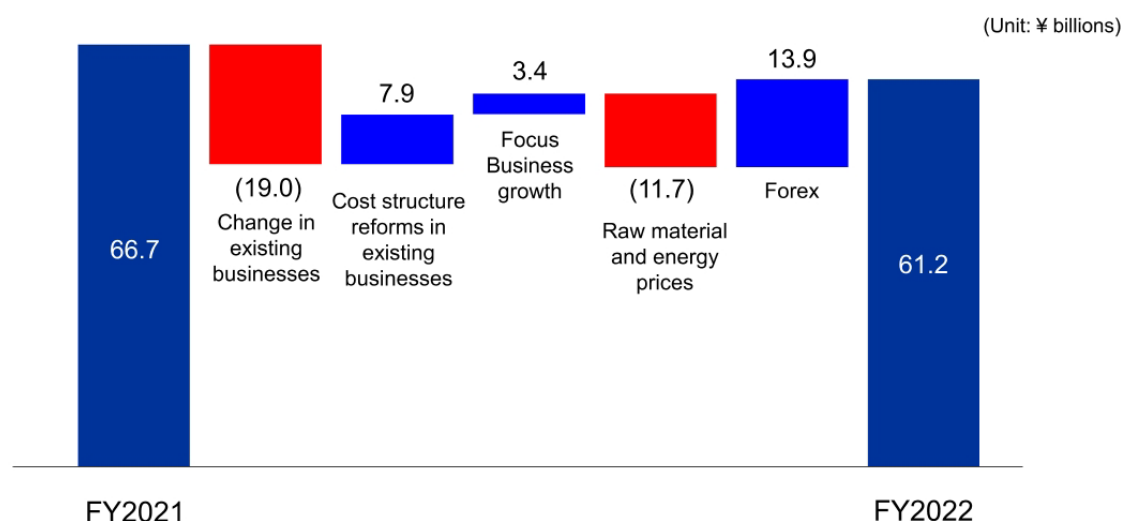
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Overview of Consolidated Results for FY2022: Change in Operating Income

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Next, on page four, I will explain the capital investment plan.

First, the global surge in resource prices had a very significant impact. The impact of price hike of raw materials and energy to our company has been huge. Although we have been promoting price pass-through to our customers, the total impact for the year was a decrease of JPY11.7 billion, even after taking into account the price pass-through.

Although we have vigorously promoted the price pass-through of raw material prices, even after the price pass-through, raw material prices have often risen again, and the accumulated time lag has resulted in a large impact on our business. We were able to pass through 70% of the cost to price on full-year basis.

While this impact was felt in all sectors, the impact was greatest in the lifestyle and industrial supplies segment, which use film as a raw material, at just under half of the total.

The exchange rate on the right side of that graph had a positive impact. The increase of JPY13.9 billion almost covered the decrease due to raw material and energy price hikes. In terms of sectors, the electronics segment had the largest impact, accounting for the majority of the total. These two items are the effects of external factors.

One of the reasons for the decrease in profit this time was a temporary reduction in the expansion of focused businesses, which had been growing up to now, and the positive impact was limited to JPY3.4 billion.

Affected by the recoil of the demand from staying-at-home and inventory adjustments, demand for our core products, such as battery pouches for lithium-ion batteries for IT and optical films, declined and did not recover until the end of the fiscal year.

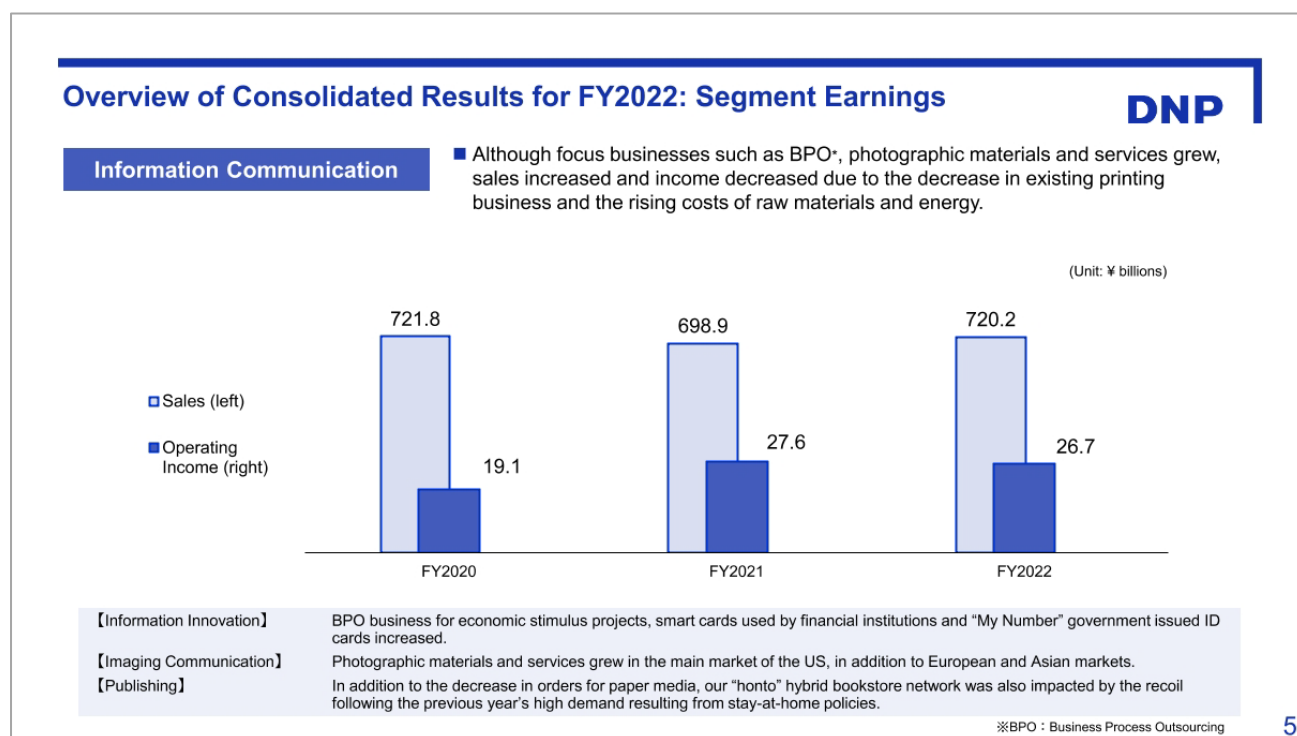
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Significant growth is expected for these businesses in the future. We will continue to focus on this business. The business strategy for this area will be explained later in the business strategy section of the mid-term management plan.



On and after page five, we will briefly explain some of the salient points about the status of the segment.

First is the information communication segment.

Although there was an increase in sales and a positive effect of foreign exchange rates in the Imaging Communication business, the increase in paper, energy, and other costs had a significant impact, resulting in a decrease in profit.

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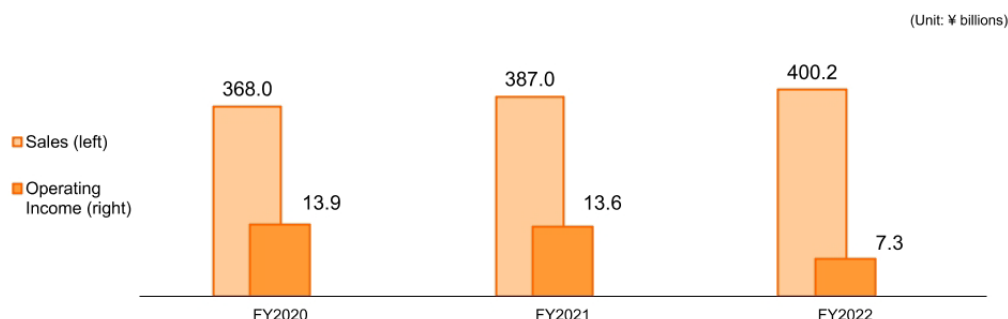
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Overview of Consolidated Results for FY2022: Segment Earnings

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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.



【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.

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Page six shows the lifestyle and industrial supplies segment.

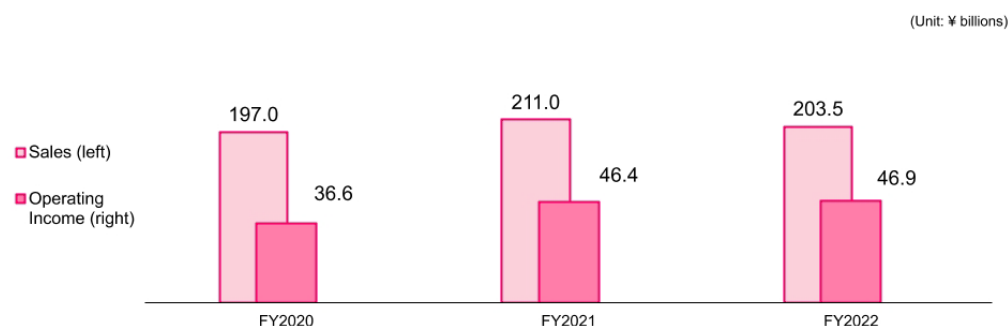
Although sales of for lithium-ion battery pouches for automobile increased, as I mentioned earlier, the impact of the sharp rise in raw material and energy prices was the largest in this sector, resulting in a large decrease in profit.

Overview of Consolidated Results for FY2022: Segment Earnings

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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.



【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.

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Page seven is the electronics segment.

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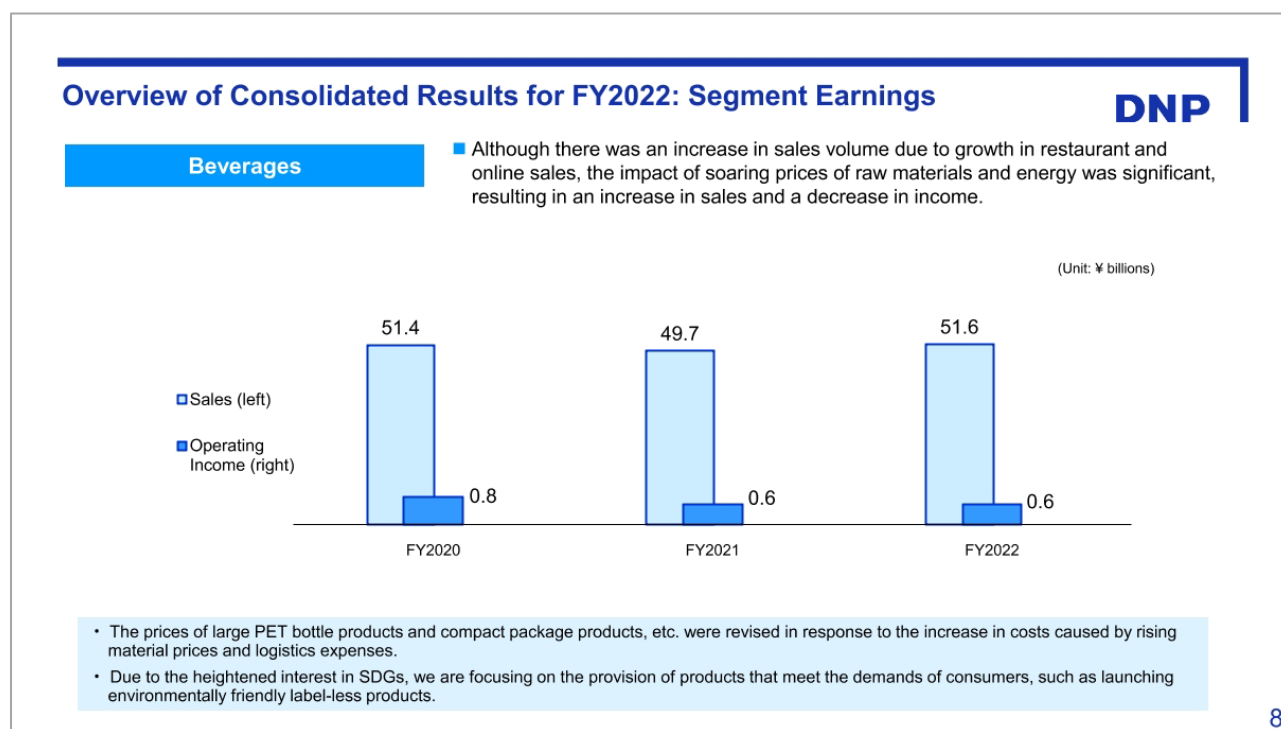
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In this sector, sales of metal masks and photomasks grew, but sales of optical films declined due to a drop in sales as a recoil to the demand from staying-at-home under COVID-19 pandemic. Profits increased due in part to positive foreign exchange effects.



Page eight is the beverage segment.

Sales volume was able to return amid the recovery from the COVID-19 pandemic. However, this segment also saw a decrease in profits due to the impact of surging raw material and energy prices.

Up to page 8 of this document is the material for the financial results for FY2022.

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

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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

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Continuing on this page and beyond, we will discuss our projections for FY2023.

First, let me talk about the full-year forecast.

As we announced last week on May 12 and as we timely disclosed today at 11:30 AM, we have decided to accept the tender offer by Recruit Holdings Co., Ltd. for its own shares.

The middle box is the outline of acceptance of the Company's tender offer, in which the Company intends to accept the tender offer for 18.3 million shares of common stock of Recruit Holdings. If all are purchased, the total amount expected to be sold will be approximately JPY60.8 billion, and the extraordinary gain will be JPY58.4 billion.

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Earnings Forecast for Fiscal Year 2023

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(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.

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Continuing on this page, we have revised the earnings forecast announced on 12th to incorporate the gain on the sale of the Company through the tender offer mentioned earlier. The part in the red frame has been revised.

Net income was revised to increase to JPY88 billion. ROE is expected to be 8.3%.

In addition, as a forecast for FY2023, the right side of the table shows the status of the segments. In formulating and implementing the new mid-term management plan, we have also reviewed some of these segments.

First, we renamed the segment. The former information communication segment will be the smart communication segment, and the former lifestyle and industry supplies segment will be renamed the life and healthcare segment. In addition, we have decided to discontinue the beverage segment and integrate it into the life and healthcare segment as it will further contribute to comfortable lifestyles.

For the overall forecast, we are aiming for a 2.7% increase in net sales and a 9.4% increase in operating income to JPY67 billion through the business strategies in our mid-term management plan, which we will explain shortly.

As for the factors that will contribute to the increase in profit, we believe that the major factors that contributed to the decrease in profit in the previous fiscal year will be eliminated. We are working to pass through the higher prices of raw materials and energy to prices, and we believe we will be able to limit the impact in the new fiscal year.

We also expect demand for battery pouches for IT equipment and optical films, which were sluggish in the previous fiscal year, to recover during the current fiscal year. Looking at segments, life and healthcare, which was a major factor in the decline in profits in the previous fiscal year, will recover significantly and is expected to increase operating income by 125%.

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However, since a decrease is expected in the semiconductor-related electronic device business, which performed well in the previous fiscal year, overall sales and profits in the electronics segment are expected to decrease.

Ordinary income is also expected to decrease due to a decrease in equity in earnings of affiliates as a recoil to the previous period.

This concludes my explanation of the financial results. Thank you very much.

Wakabayashi: Next, we would like to explain the new medium-term plan. The presentation will be divided into several parts: President Kitajima will explain the overall picture and governance of the new mid-term management plan starting from FY2023, Hashimoto will explain the business and non-financial strategies, and Kuroyanagi will explain the financial strategies.

President Kitajima, please go ahead.

Kitajima: Hello, everyone. I am Yoshinari Kitajima, President. Once again, thank you very much for taking time out of your busy schedule to attend today's meeting. I would like to express my sincere gratitude to all institutional investors and analysts for their continued support.

I would now like to explain our new medium-term management plan along the screen.

The slide is titled "DNP Group's Basic Management Policy" with the DNP logo in the top right. Below the title is a "Brand Statement" box containing the text: "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." Below this is a central box stating: "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." At the bottom, there are three strategy pillars: "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), and "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).

DNP Group's Basic Management Policy

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.

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First, page 12 shows the basic management policy of the DNP Group.

As we announced in February of this year and introduced at the briefing in March, we are connecting individuals and society and providing new value. With this as our corporate philosophy, we will strive to realize a sustainable, better society and a more fulfilling life.

We are focused on solving social issues and creating new value that meets people's expectations, making it indispensable to society and people, and making it future standards that is always around us. Our brand statement, creating future standards, broadly expresses our aspirations and raison d'etre.

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Outline of Measures in the New Medium-term Management Plan

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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.

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Then, through specific initiatives based on business strategy, financial strategy, and non-financial strategy, we will create business and shareholder value over the long term, aiming to quickly achieve ROE of 10% and PBR of over 1x, which we have set as indicators.

Based on this basic management policy, we started a new three-year medium-term management plan in the current fiscal year. The gist of the project is summarized on page 13.

As part of Business Strategy, we will invest more than JPY260 billion over the next five years in focused business areas and continue to reform our business portfolio to make it more robust and profitable.

With regard to Financial Strategy, over the next five years we plan to reduce strategic shareholdings to less than 10% of net assets, and to improve capital efficiency, we plan to repurchase a total of JPY300 billion of our own shares.

With regard to the third Non-Financial Strategy, we will focus on the following initiatives: expanding investment in people based on our human capital policy, enhancing intellectual capital utilizing DNP's unique strengths and external partnerships, and contributing to the realization of a decarbonized society, a recycling-oriented society, and a society in harmony with nature.

By accumulating results in these three strategies, we will increase operating income to more than JPY130 billion, surpassing the previous record of JPY120.6 billion, as our long-term profit and capital structure, while reducing shareholders' equity from JPY1.1 trillion to JPY1 trillion and achieving a sustainable ROE of more than 10%.

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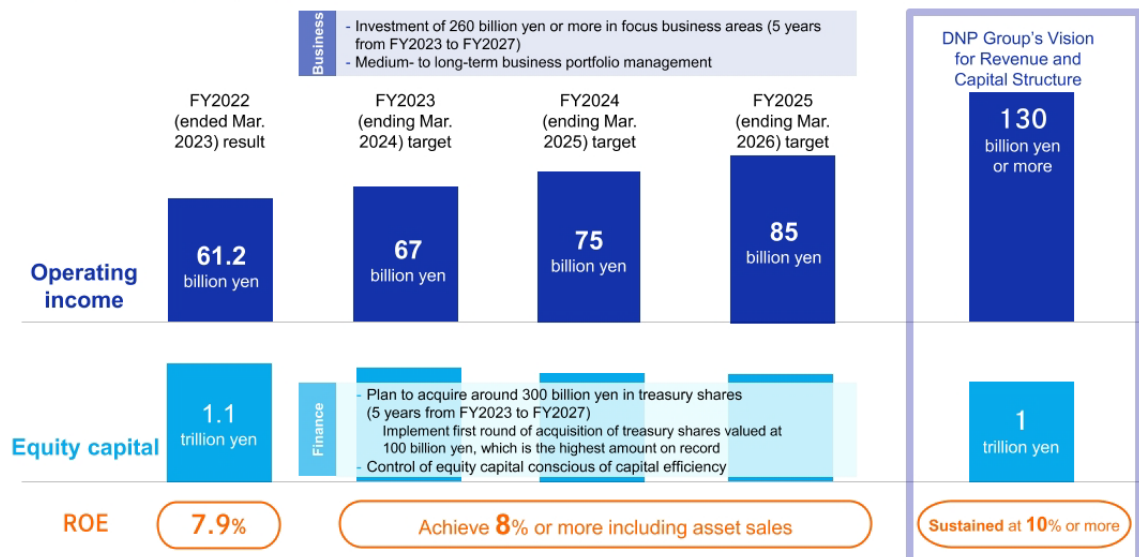
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Management Targets

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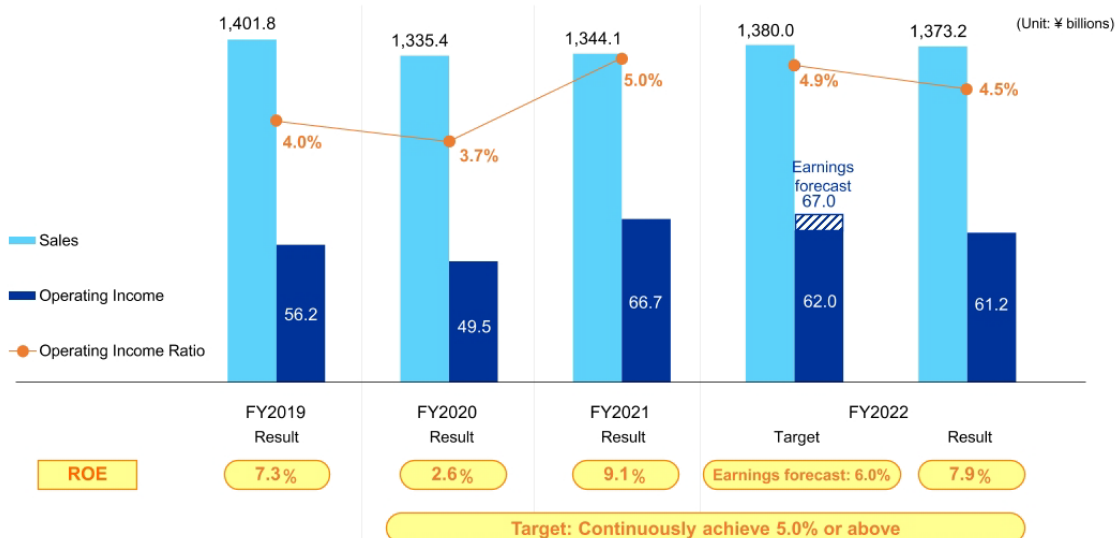
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As milestones on the way to this goal, we aim to increase operating income to JPY67 billion this fiscal year, to JPY75 billion in FY2024, and to JPY85 billion in FY2025, the final year of the three-year plan.

Summary of the Previous Medium-term Management Plan FY2020-2022

Management Targets

DNP



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Here is a little update on our progress to date.

As you all know, the most recent three-year period from FY2020 to FY2022 was greatly affected by the COVID-19 pandemic, forcing us to respond quickly and accurately to the ever-changing situation.

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In addition, since last year, the supply chain has been disrupted by the emergence of geopolitical risks, such as the situation in Ukraine, and resulting raw material and energy price hikes impacted us.

This page 15 shows our performance through the previous fiscal year, and even in the midst of major changes, we have worked to increase sales and profits by focusing on businesses with high profitability and market growth potential, particularly in FY2021, where we improved our operating margin to achieve a 9.1% ROE.

However, the business environment became even more challenging in the last fiscal year, and as I explained earlier, ROE exceeded our forecast at 7.9%, but operating income was only JPY61.2 billion.

Summary of the Previous Medium-term Management Plan FY2020-2022					DNP		
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
					Industrial high-performance materials	↑	Demand for photovoltaic module components increased
	Segment Operating Income	11.1	12.0	7.3	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
					Metal masks	↑	The increase in the rate of use of OLED displays in smartphones, etc. contributed
	Segment Operating Income	34.1	47.0	46.9	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		

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Next, I will provide an overview of our business activities for the fiscal year ending March 31, 2023, by business segment, along with our plans at the beginning of the fiscal year and the results.

Businesses that performed better than expected were the imaging communications-related business, where the overseas market for photo printing-related products improved, metal masks for manufacturing OLED displays, which have been widely adopted in smartphones and other devices, and the semiconductor-related business, where demand for product development by client companies remained strong.

In contrast, secure information-related products such as IC cards and BPO, and industrial high-performance materials such as solar cell materials were almost in line with initial forecasts.

On the other hand, battery pouches, which were affected by the global slump in automobile production, interior and exterior materials for mobility, and optical film-related businesses, which were affected by a reaction to the special demand for IT equipment at COVID-19 pandemic, fell short of the forecast at the beginning of the period.

The impact of raw material and energy price hikes was also significant, and we were not able to compensate for the full amount by passing on prices. As for operating income by segment, information communication and Life and industrial supplies did not reach our forecasts, while electronics was almost in line with our expectations.

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Increase value using all available restructuring approaches

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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	Downsizing printed media production bases <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) 	Expanding data distribution-related businesses <ul style="list-style-type: none"> - Establishment of NTT EDX Expanding photo imaging business <ul style="list-style-type: none"> - Conversion of Sharing Box into wholly-owned subsidiary - Acquisition of Color Vision International Strengthening of BPO service business <ul style="list-style-type: none"> - Establishment of DNP CoArise Entry into XR communication business <ul style="list-style-type: none"> - Promotion of external collaboration and investment
Lifestyle and Industrial Supplies	Reviewing low value-added products and restructuring business locations <ul style="list-style-type: none"> - Integration of sites in the packaging-related business (Kansai area) (Closure of Uzumasa, consolidation into Kyotanabe) 	Expanding production lines for barrier films, eco-friendly packaging materials, etc. <ul style="list-style-type: none"> - Installation of barrier film production line at Tobata Plant Expanding production lines for lithium-ion battery pouches <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	Downsizing color filter business <ul style="list-style-type: none"> - Closure and sale of Himeji Plant 	Expand optical film production lines <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 Investing in Electronic Devices business <ul style="list-style-type: none"> - Increase of capital investment in photomasks and lead frames - Capital and operating alliance with SCIVAX in nano-imprinting

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At the same time, we have continued to undertake all kinds of structural reforms to further expand our corporate value.

For example, we proceeded as planned with the downsizing of our paper media in bases in Japan and overseas, the integration of bases in the Kansai region of our packaging business, and the closure and sale of our Himeji plant for color filters.

On the other hand, we have decided to expand domestic and overseas production lines for battery pouches, domestic production lines for barrier films and environmentally friendly packaging materials, and production lines for large-size metal masks, which are scheduled to start operation in the H1 of FY2024, and ultra-wide surface materials for optical films, which are scheduled to start operation in the H1 of FY2025.

We have also implemented a variety of measures to expand our value, particularly in our focus businesses, including M&A, capital and business alliances, and the launch of operating companies.

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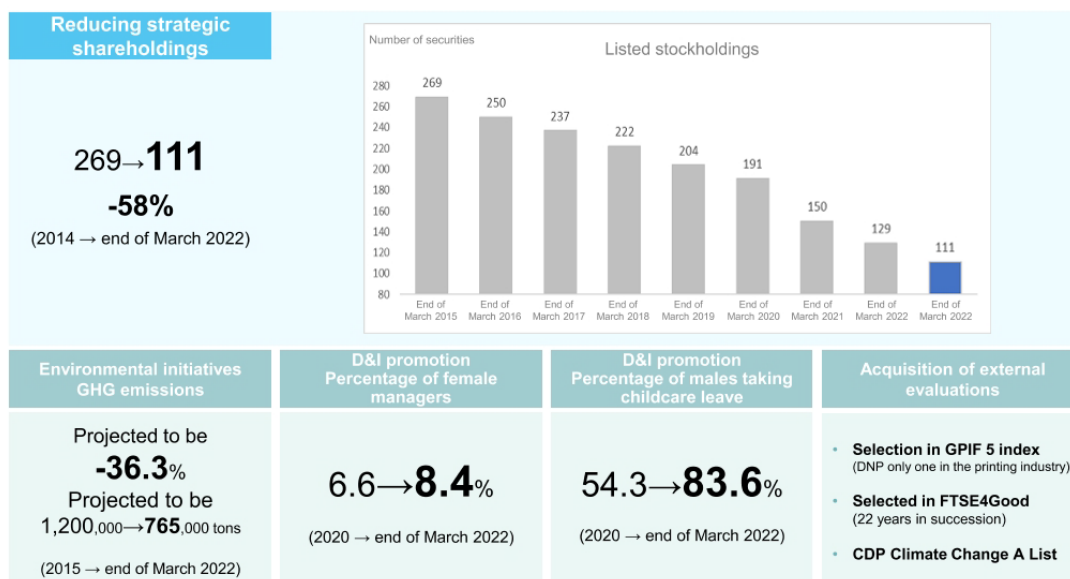
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Strengthen business infrastructure to support growth

DNP



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During the past three years, we have also focused on strengthening the management foundation to support growth.

For example, before the corporate governance code was applied in 2015, there were 269 strategic shareholdings at the end of FY2014, but by the end of FY2022, there were 111, a reduction of nearly 60%.

In the non-financial capital related area, we have set a goal of reducing GHG emissions by 40% in 2030 compared to 2015 levels in order to be carbon neutral by 2050, and we expect to have already achieved a 36.3% reduction by the end of FY2022.

With regard to diversity and inclusion, which leverages the diversity of our employees as one of our strengths, we have increased the ratio of female managers from 6.6% to 8.4% and the ratio of male employees taking maternity leave from 54.3% to 83.6% in the past three years.

Our efforts are highly regarded by society. We are the only company in the industry to be selected as a component of all ESG investments made by the GPIF and have been included in the FTSE 4 Good, the world's most prestigious socially responsible investment index, for 22 consecutive years.

In addition, in recognition of our efforts to combat climate change, we were selected for the fourth consecutive year to the highest-rated Leader Board in CDP's Supplier Engagement Assessment.

We will continue to strengthen these efforts.

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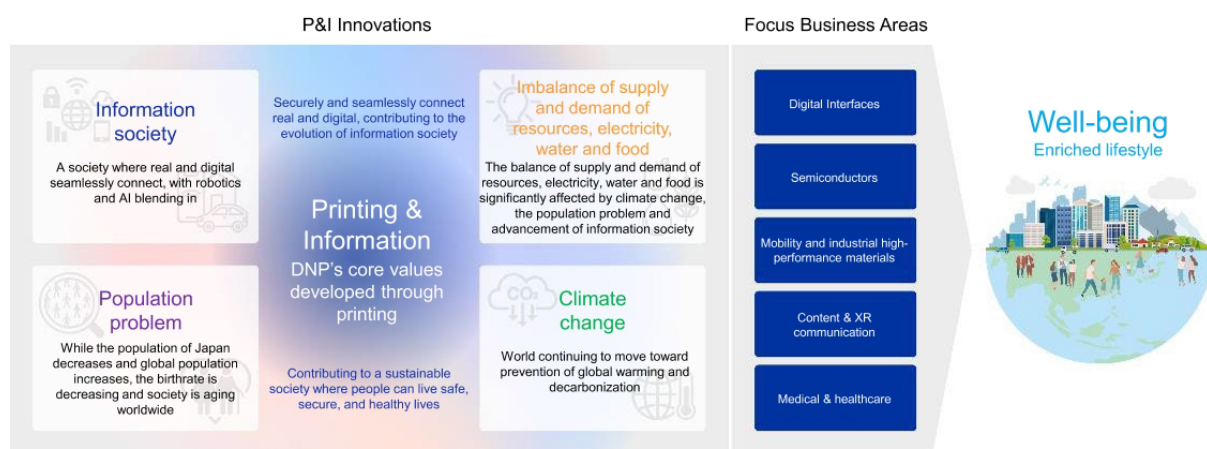
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Business Strategy: Aiming to Resolve Social Issues Utilizing DNP's Core Values **DNP**

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.



19

Next, I would like to explain our new mid-term management plan.

Since Managing Directors Hashimoto and Kuroyanagi will explain individual strategies, I would like to share with you the major pillars of our business strategy.

The most recent COVID-19 pandemic and geopolitical risks were mentioned at the beginning of this presentation, but these events have also triggered major changes in the way people work and live both domestically and internationally. DX is also advancing, and expectations are rising for new values that connect real and virtual, digital and analog, and manufacturing and services.

We have always supported people-to-people communication activities and fostered culture through our business activities, and we see these changes as a great opportunity.

We will create new value by leveraging our core values of printing and information to address social issues and megatrends such as the information society, population problems, imbalances in the supply and demand of resources, energy, water, and food, and climate change.

By doing so, we hope to contribute to the realization of a sustainable society in which people can live safe, healthy, and enriched lives with peace of mind.

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Business Strategy: Medium- to Long-term Business Portfolio

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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.



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Specifically, in order to build a business portfolio that can demonstrate our strengths over the medium to long term, we have organized and classified our businesses into four categories based on the growth potential and attractiveness of the market and business profitability: growth-driving businesses, new business, stable business, and business for reforming.

In particular, we have positioned growth-driving businesses and new businesses with high growth potential and attractiveness in the market as focus business areas and will intensively invest JPY260 billion out of more than JPY390 billion of business investment over five years.

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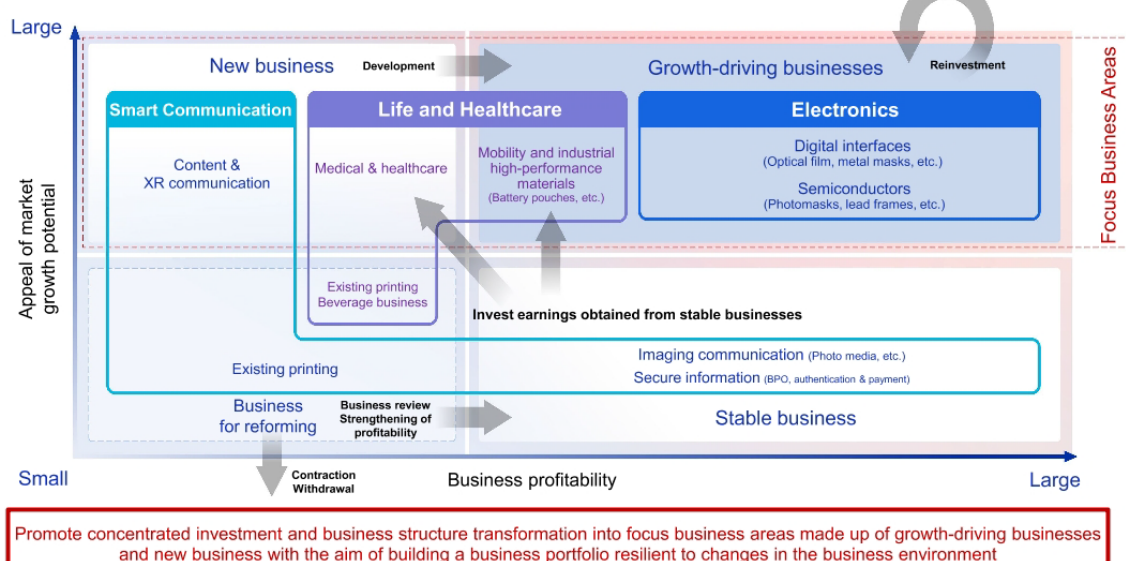
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Business Portfolio and Positioning of Each Segment

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And, as I will explain for the first time, in order to further clarify our business areas and their strategies, and to accelerate the implementation of specific measures, we reviewed our segments this fiscal year.

We renamed information communication segment as smart communication segment, and Life Style and industrial supplies segment as life and healthcare segment. In addition, in order to further contribute to comfortable living, the beverage business was transferred to the life & healthcare segment and the beverage segment was abolished.

The relationship between this new business segment and the business portfolio is shown on page 21.

The name of the electronics Division will remain unchanged, but we have positioned the two core businesses of this division in the Growth Driving Businesses section in the upper right-hand corner.

One is the digital interface business, which includes optical films for displays and metal masks for manufacturing OLED displays, for which we have the world's top share, and the other is the semiconductor business, which includes photomasks and lead frames for semiconductor manufacturing.

The life & healthcare Division's mobility and industrial high-performance materials business is also positioned as one of the Growth Driving Businesses. This business includes products such as battery pouches for lithium-ion batteries, which have the world's top market share in mobile and electric vehicle applications.

Next, in the New Businesses at upper left-hand corner, we positioned medical and healthcare businesses in the life & healthcare segment and content and XR communication businesses in the smart communication segment.

These New Business and Growth-Driving business are combined as focused business areas in the new mid-term management plan, and we will accelerate growth by concentrated investment of earnings earned mainly in the same areas and business platforms.

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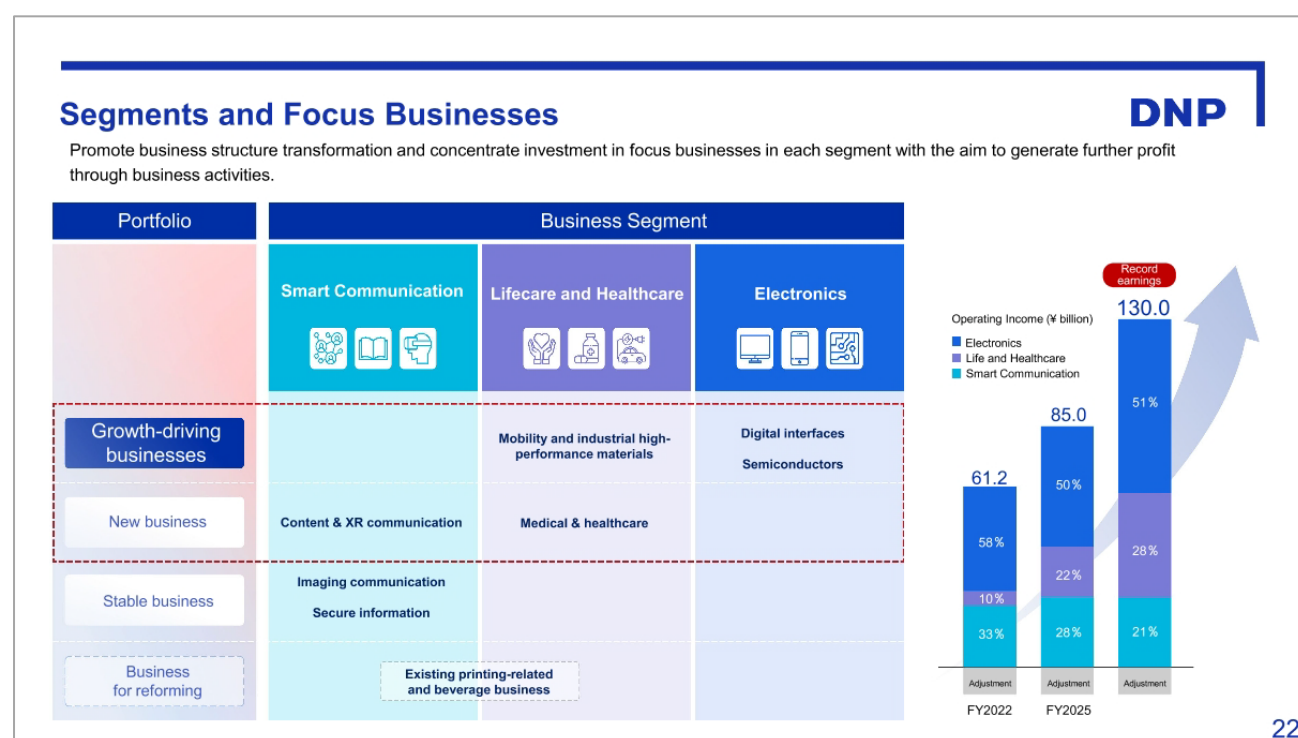
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The Stable Business on the lower right is in an important position as a business that generates cash in a stable manner over a long period of time. This area includes the imaging communication business, which offers photo printing and other products and services worldwide, and the secure information business, which includes BPO business, IC card business, and authentication and settlement services. We will also invest in this Stable Business with an awareness of efficiency, taking into account the balance between invested capital and cash generation.

Finally, the business for reforming category on the bottom left includes the existing printing-related and beverage businesses, which are currently relatively unprofitable, primarily in the Smart communication and life and healthcare segments.

In these businesses, we are working to improve profitability by reviewing supply capacity and business locations in response to changes in market size. These businesses include the products and services in which we are stronger than other companies, such as PET bottle aseptic filling systems and products for household interior and exterior decoration with the leading share in Japan. We will restructure these businesses to become a core business by reviewing our business through globalization and collaboration with other businesses.



The relationship between the segments and the focused businesses I just described and is shown in another form on page 22.

For sustainable growth over the next three years and beyond, we will continue to expand and rotate our management resources among the four portfolios we have divided into.

The balance among the three segments is as shown in the graph on the right. We expect operating income of about 50% in electronics, about 30% in life and healthcare, and about 20% in Smart communication to reach our target of JPY85 billion in FY2025 and our highest profit target of JPY130 billion or more beyond that.

This is an overall explanation of the new mid-term management plan.

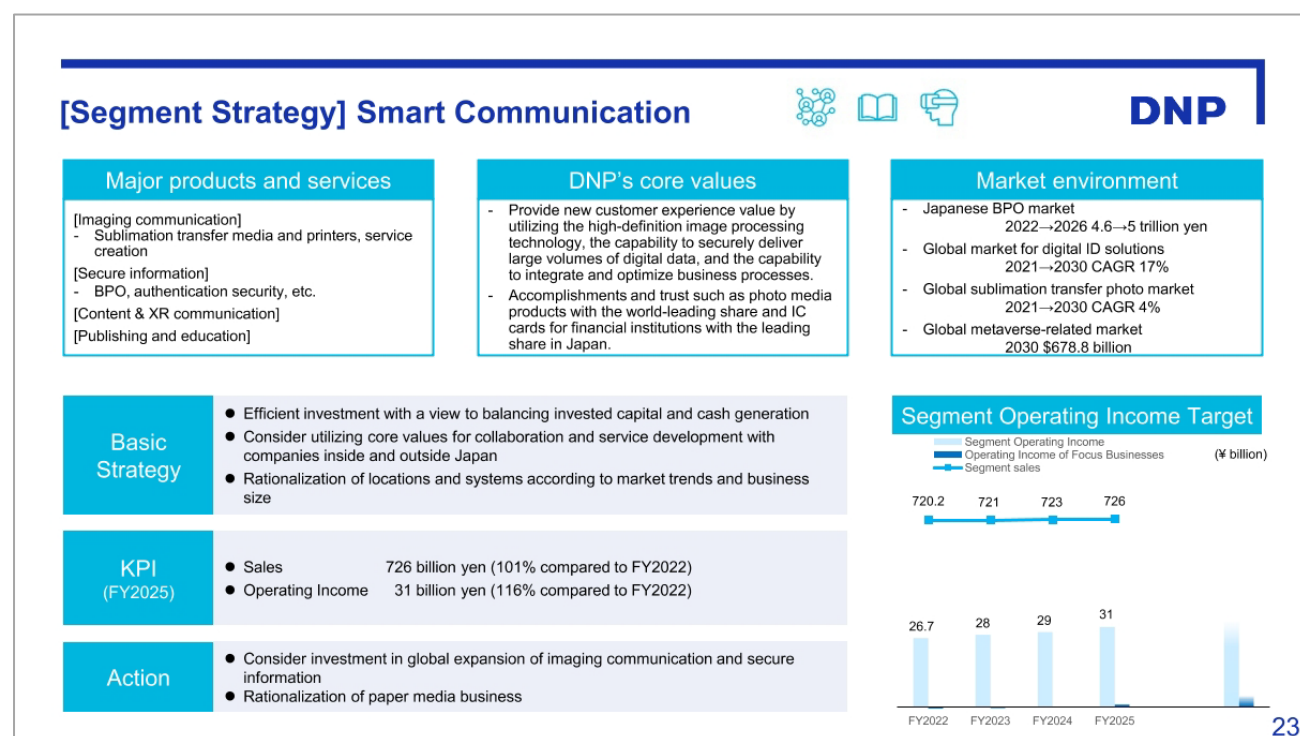
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After this, Managing Director Hashimoto will explain our respective business strategies in line with the new business segments I have just described.

Hashimoto: I will now explain the strategy for each business segment.



First, let me explain about the Smart communication segment.

The main products and services of the Smart communication segment include the imaging communications business, which includes the world's top-selling sublimation transfer media; the secure information business, represented by BPO and authentication security; the content and XR communications business, which is a New Business; and the publishing and education business.

The segment will promote collaboration and service development with domestic and overseas companies by leveraging its strengths in high-definition image processing technology and its ability to securely distribute large volumes of data and integrate and optimize complicated and extensive business processes, which it has cultivated through its BPO business.

We aim to make efficient and effective investments that will generate maximum returns on invested capital. As for expansion investments, we will consider investments in global expansion of imaging communication business and secure information business for which market expansion is expected.

On the other hand, with respect to paper printed materials, which continue to decline, we will continue to promote rationalization of the paper media business through structural reforms such as reviewing the production system and reallocation of resources.

In this segment, in FY2022, sales were JPY720.2 billion and operating income was JPY26.7 billion, and in FY2025, we will aim for sales of JPY726 billion and operating income of JPY31 billion.

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[Segment Strategy] Life and Healthcare



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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

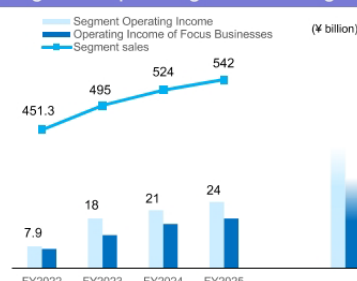
KPI (FY2025)

- 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



24

I will now continue with an explanation of the life and healthcare segment.

The main products and services of the life and healthcare segment include: the mobility and industrial high-performance materials business represented by the world's top share of battery pouches for lithium-ion batteries and mobility interior and exterior decorative materials; the medical and healthcare business, including bulk pharmaceutical manufacturing and medical packaging; packaging business, living spaces business and beverage business including aseptic filling systems for PET bottles and interior/exterior decorative materials for housing.

The basic strategy of this segment is to invest not only in manufacturing facilities for battery pouches for lithium-ion batteries and in focused business centering on medical and healthcare business, but also to promote investment in the global expansion of existing packaging business and living space business.

We will also continue to provide essential values of safety, security, health, comfort, and environment by developing new products utilizing our large surface area functionalization technology, which allows for thin and uniform adhesion of functional materials, and by considering collaboration and service development with domestic and overseas companies.

In this segment, in FY2022, sales were JPY451.3 billion and operating income was JPY7.9 billion. With the above initiatives, we will aim for sales of JPY542 billion and operating income of JPY24 billion in FY2025.

To achieve our goals, we will increase business profitability by reorganizing bases and optimizing resources in the packaging and other businesses, in parallel with investments in the expansion of focused businesses.

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[Segment Strategy] Electronics



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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

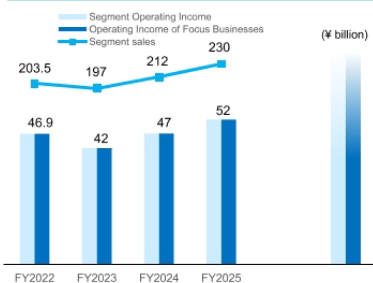
KPI (FY2025)

- 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



25

I will explain the electronics segment.

The electronics segment's main products and services include the digital interface business, which includes optical films for displays and metal masks for manufacturing OLED displays, both of which boast the world's top market share, and the semiconductor business, which includes photomasks for manufacturing semiconductor products and lead frames for semiconductor packaging materials.

We have positioned the electronics segment as a whole as Growth-Driving Business, and will promote aggressive capital investment.

In addition to the large surface area functionalization technology mentioned earlier, DNP's core values include micro/nano modeling technology, which was developed from the microfabrication technology used to make stamp, and optical control technology, which enables the design of colors and the reflection and refraction of light. Using these technologies, we will continue to develop cutting-edge products for the electronics industry.

Furthermore, we intend to expand the value we provide to the semiconductor supply chain through alliances with external parties. In this segment, in FY2022, sales were JPY203.5 billion and operating income was JPY46.9 billion. We will aim for sales of JPY230 billion and operating income of JPY52 billion in FY2025.

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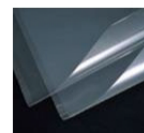
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Focus Business Strategy: Digital Interfaces

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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.

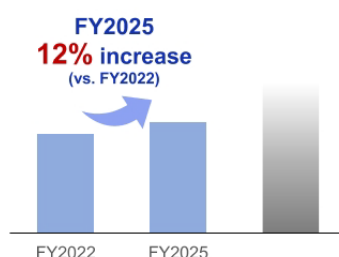


Business Strategy / Investment Plan

- 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

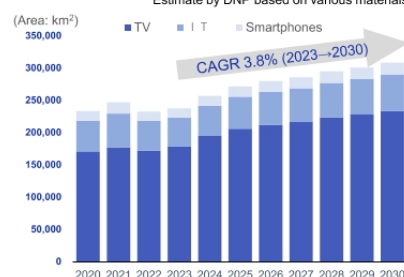
Sales Plan

Graph: Growth rate indexed against FY2022 as 100



Outlook for the global display market

* Estimate by DNP based on various materials



26

Next, please see page 26. Next, I will explain the strategy of our focused business.

First, I would like to explain our digital interface business.

We will continue to make aggressive capital investments in line with the expansion of the global market for displays, particularly in metal masks for manufacturing OLED displays and optical films for displays. The plan calls for investment of approximately JPY20 billion in a new metal mask production line for manufacturing OLED displays at the Kurosaki Plant and more than JPY13 billion in a new ultra-wide optical film production line at the Mihara Nishi Plant to expand production capacity.

By expanding applications to include XR (Extended Reality) and in-vehicle displays, we hope to contribute to the evolution of the information society by safely and seamlessly connecting the real and digital worlds.

Through these efforts, we will expand the sales of digital interface business in FY2025 to 112% of the FY2022 level.

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Focus Business Strategy: Semiconductors

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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.

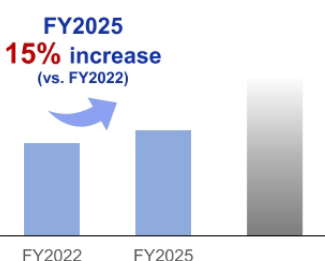


Business Strategy / Investment Plan

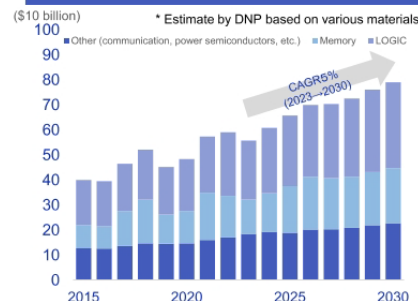
- Investment of 20 billion yen or more in expansion of production capacity for photomasks, etc. in Japan and overseas
- Accelerate the mass production of nano-imprinting through Nanoimprint Solutions, a joint investment with SCIVAX
- Expand value provision to the semiconductor supply chain through external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

Sales Plan

Graph: Growth rate indexed against FY2022 as 100



Global market outlook for semiconductors



27

Next, I will explain our semiconductor business.

We provide fine devices essential in the semiconductor supply chain, with a focus on photomasks for manufacturing semiconductor products and lead frames for semiconductor packaging components.

The global market for semiconductor-related products is expected to temporarily fall below the FY2022 level in FY2023, but in the long term, demand for data centers and mobility applications is expected to expand, and the market is expected to remain firm. The Company intends to make capital investments totaling JPY20 billion or more at domestic and overseas production bases in order to expand production capacity for photomasks and other products, and will also promote alliances with external parties.

In recent years, semiconductor manufacturers in Japan and overseas have been applying and studying nanoimprint technology, which can fabricate nanometer-order circuit patterns, in order to reduce power consumption in their manufacturing processes. Against this backdrop, we intend to form a capital and business alliance with SCIVAX to accelerate the mass production of nanoimprinted products through our joint venture Nanoimprint Solutions, Inc.

Through these efforts, we will expand the sales of semiconductor business to 115% of the FY2022 level in FY2025.

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Focus Business Strategy: Mobility and Industrial High-performance Materials

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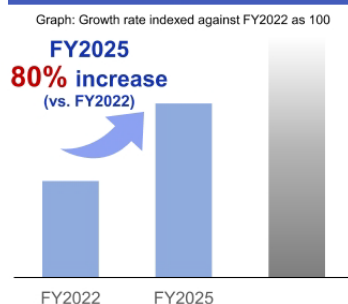
Contribute to a sustainable society where people can live safe, secure, and healthy lives through products and service supporting EV range extension, automated driving, and comfortable mobile spaces for 2040 and 2050 starting with battery pouches for lithium-ion batteries with a world-leading share and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



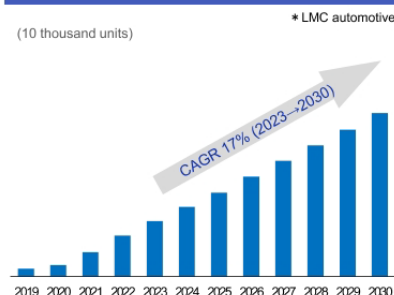
Business Strategy / Investment Plan

- 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



28

Next, I would like to explain our mobility and industrial high performance business.

Starting with battery pouches for lithium-ion batteries and interior and exterior decorative materials for mobility vehicles, we will provide products and services that support extended cruising range of electric vehicles, automatic driving, and comfortable travel space toward 2040 and 2050.

The size of the global market for electric and plug-in hybrid vehicles is expected to grow at a CAGR of 17% from 2023 to 2030. Against the backdrop of this expanding market, we are planning major investments to expand our production capacity for battery pouches and other products, aiming to increase overall business sales in FY2025 to 180% of the FY2022 level.

In addition to battery pouches, we are also developing components and materials related to clean energy and energy management.

In addition, we hope to quickly commercialize MaaS, which is being tested in Japan and overseas, such as in Mie Prefecture, including a demonstration test of a cold chain logistics service for last mile delivery in the Philippines that combines a digital delivery management system and DNP Multifunctional Insulated Box.

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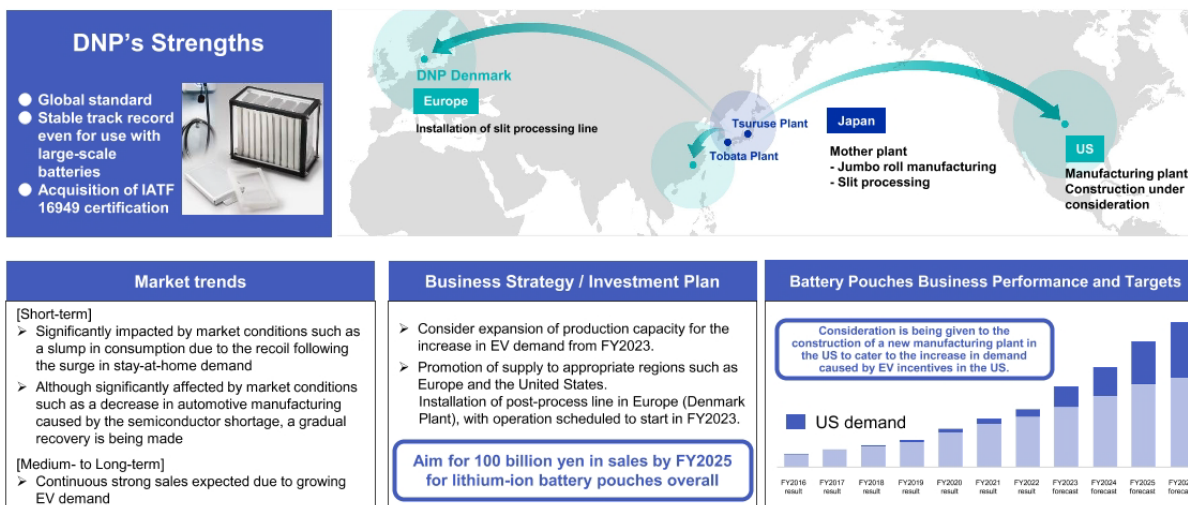
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Business Strategy for Major Products: Lithium-ion Battery Pouches

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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.



29

In particular, we will explain our business strategy for battery pouches for electric vehicles, which are expected to grow, on page 29.

Battery pouches for lithium-ion batteries, the main product of this business, are used in two major applications: for IT applications, mainly in mobile phones and PCs, and for automotive applications, such as electric vehicles and electric motorcycles.

For both applications, DNP's stable quality and proven track record have earned it the top share of the global market, and the Company is leveraging this strength to establish de facto standards in the industry.

Regarding market trends, there is currently a decline in consumption, especially for IT, due to a drop in consumption as a reaction to demand from staying-at-home and other factors. On the other hand, the market as a whole is expected to continue to grow, especially in the automotive market, as the market is gradually recovering from the situation of automobile production cutbacks due to semiconductor shortages and other factors, and demand for electric vehicles is expected to expand in the medium to long term.

To meet growing demand, we will focus on investments to increase production capacity of battery pouches for automotive applications. In particular, we are promoting production in the best locations in Europe and the US. For Europe, a new slit processing line will be built at the Denmark Plant, which is scheduled to start operation in FY2023.

As for the products for US, as shown in the graph on the lower right of page 29, demand is expected to increase rapidly due to preferential policies for electric vehicles and the entry of Korean battery manufacturers that have adopted the pouch type. In preparation for this, we are currently considering the construction of a local manufacturing plant.

Through these business expansion strategies, we aim to maintain the top share in the global market and strengthen our production system to achieve JPY100 billion in overall sales of battery pouches for lithium-ion batteries by FY2025.

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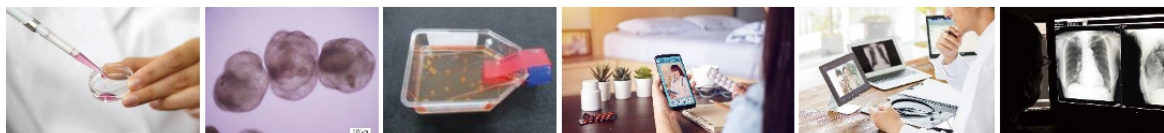
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Focus Business Strategy: Medical & Healthcare

DNP

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.

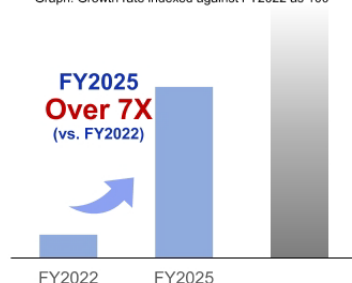


Business Strategy / Investment Plan

- 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.

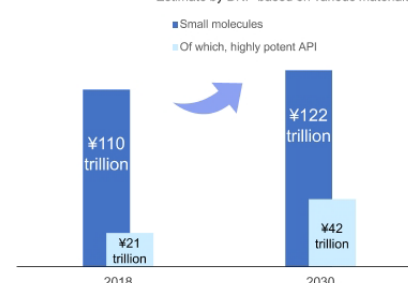
Sales Plan

Graph: Growth rate indexed against FY2022 as 100



Global Market Outlook for Small Molecules

* Estimate by DNP based on various materials



30

Next, I will explain medical and healthcare business under New Business.

We will utilize image processing technology, color management technology, aseptic and oxygen-free filling technology, micro/nano modeling technology, precision organic synthesis technology cultivated in our publishing, packaging, semiconductor, and other businesses to expand our pharmaceutical support business, which includes bulk drug manufacturing, formulation, dosage form modification, and medical package manufacturing, and our smart healthcare business, which includes imaging, online diagnostic and online healthcare services.

We will expand the sales of medical and healthcare business by seven times in FY2025 compared to FY2022.

As part of this effort, we recently formed a strategic business alliance with CMIC Holdings, Inc. and made its subsidiary, CMIC CMO, a subsidiary of DNP.

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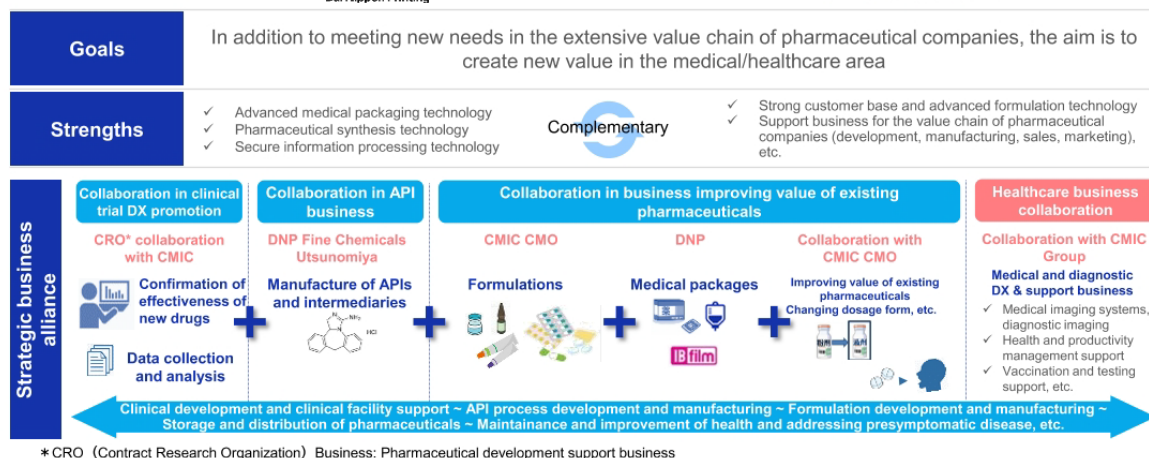
Business Alliance in Medical/Healthcare Area

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

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

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On April 17, we announced that we had signed a basic agreement for a strategic business alliance with CMIC Holdings, a company that provides various types of support for pharmaceutical products, and that we would make CMIC CMO a subsidiary with the aim of creating new value in the medical and healthcare field.

Through the acquisition of a 50.1% stake in CMIC CMO, we will operate the Company as a joint venture with CMIC Holdings, Inc. The joint venture is scheduled to begin operations in June of this year.

We aim to maximize synergies between the two companies by combining our advanced medical packaging technology, precision organic synthesis technology in API manufacturing, and secure information processing technology with the CMIC Group's various support functions related to development, manufacturing, sales, and other activities in the pharmaceutical industry.

Through this alliance, we will be able to further expand these pharmaceutical support businesses by providing integrated support for clinical trials, clinical studies, and the development, manufacturing, sales, and distribution of APIs and formulations.

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Focus Business Strategy: Content and XR Communication

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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.



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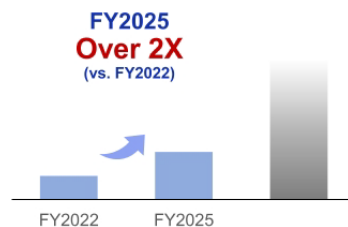
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Business Strategy / Investment Plan

- 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

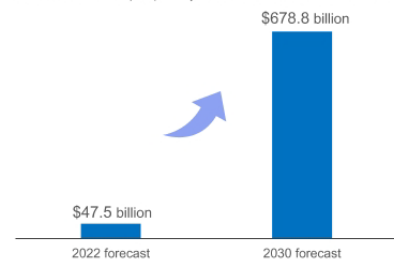
Sales Plan

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

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Next, I will explain content and XR communication business under New Business.

We have a network of diverse content holders and creators around the world, high-definition image processing technology cultivated through our archive and information security-related businesses, experience in complex copyright processing, and the ability to securely distribute large volumes of data in both real and digital worlds while securely authenticating individuals and information and to integrate and optimize complicated and broad business process as our strength.

Using these strengths as a starting point, we will contribute to the evolution of the information society by safely and seamlessly connecting the real and digital worlds. The global market for metaverse-related products is expected to expand significantly in the future, and we will strive to expand this business as a New Business as well.

For this field, we aim to double our FY2022 sales in FY2025.

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Business Structure Reform

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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

33

We have explained the strategies for each segment and each focused business, which are summarized on page 33 as an overview of business structural reforms.

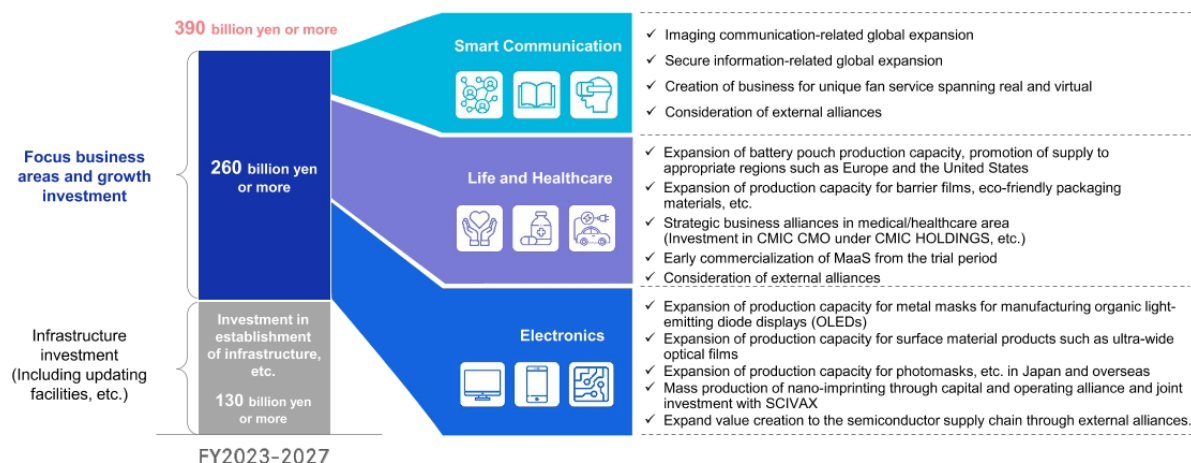
Overview of Business Investment

DNP

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.



34

Moving onto a summary by business investment.

In order to promote the business strategies I have explained, we plan to invest a cumulative total of more than JPY390 billion over the five-year period from FY2023 to FY2027. Of this amount, more than JPY260 billion is planned to be invested in focus business areas.

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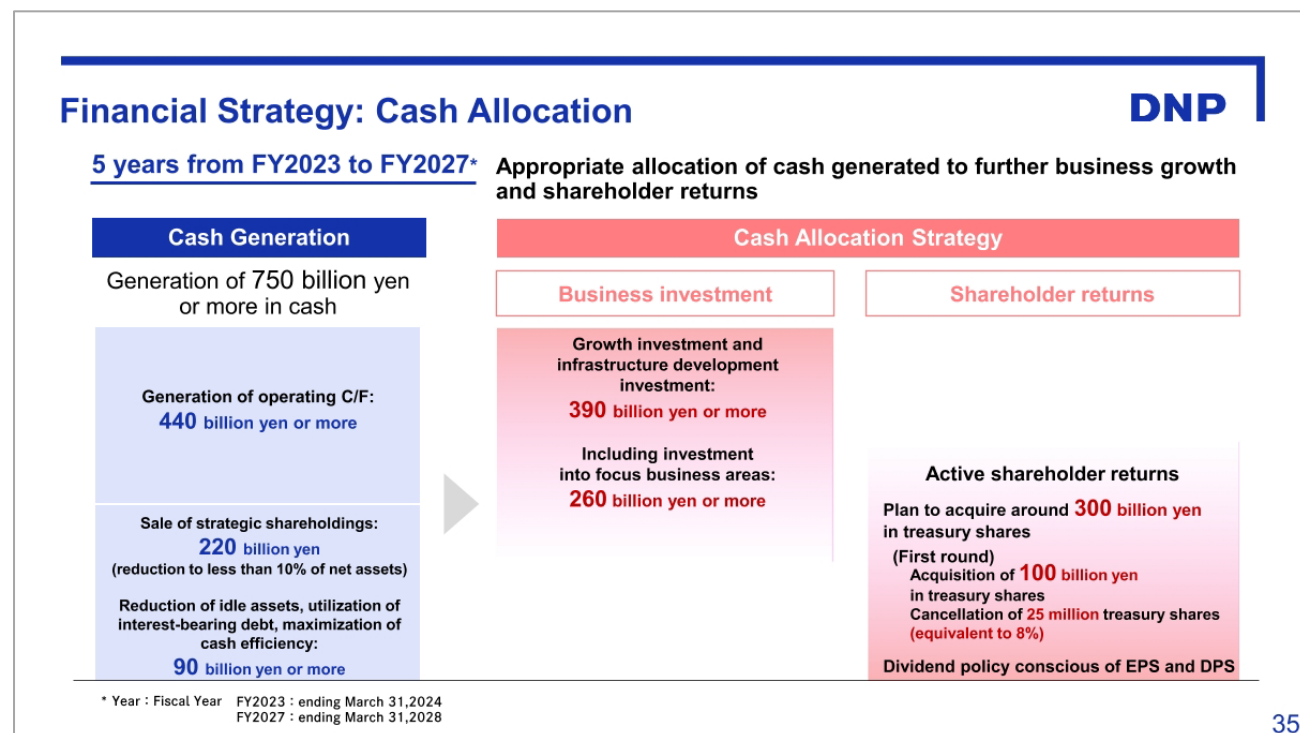
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30

As shown here, we plan to invest in the Smart communication, life and healthcare, and electronics segments, focusing on expanding focused business areas, expanding global operations, and promoting alliances with external parties.

Now, Kuroyanagi will explain Financial Strategy.



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Financial Strategy: Priority Measures

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Stable generation of operating CF	<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.
Reduction of strategic shareholdings and idle assets	<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.
Utilization of financial leverage	<ul style="list-style-type: none"> Consider appropriate funding methods including the utilization of interest-bearing debt.
Investment in focus business areas and investment aimed at the creation of management base	<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.
Reduction of equity capital aimed at creation of optimal capital structure	<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.
Balancing of financial stability and optimal capital allocation	<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).

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Kuroyanagi: Regarding the financial strategy, we have already explained it on March 9 as the framework of our medium-term management plan, and it is shown on pages 35 and 37 in this document.

Added

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

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Today, I would like to explain the progress of the sale of strategic shareholdings and share repurchases, which are the major pillars of our financial strategy. Please see page 36.

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First, regarding the sale of strategic shareholdings, as explained earlier, if all shares tendered in the tender offer by Recruit Holdings could be sold, sales through this tender offer would amount to JPY60 billion, compared to the planned JPY220 billion in sales over five years. As for progress, it will advance by less than 30%.

Regarding the second point, we plan to repurchase JPY300 billion of our own shares over a five-year period, and have been in the process of repurchasing JPY100 billion over the past year since March 10. This will be one-third of the progress over the next year.

Thus, at this point, we are advancing at a steady and fast pace with regard to the major measures in the financial strategy announced on March 9. Looking ahead, we will continue to make solid investments in growth, while at the same time making solid progress on the key measures in our financial strategy.

This is all for the explanation of financial strategy. Next, Hashimoto will explain about non-financial strategies.

Non-Financial Strategy: Strengthening of Human Capital

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 style="font-size: small;">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 style="font-size: small;">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 style="font-size: small;">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 style="font-size: small;">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)

- 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)

- 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

Hashimoto: I will explain how to strengthen non-financial capital.

The DNP Group regards human capital, intellectual capital, and environmental capital (natural capital) as particularly important non-financial capital for both increasing the Group's corporate value and strengthening its business competitiveness, and formulates and implements strategies and measures, including specific improvement targets.

For the first point of strengthening human capital, please turn to page 38. We regard it as the most important non-financial capital that should be strengthened in our sustainable growth, and we will expand investment in people based on the Human Capital Policy established in 2022.

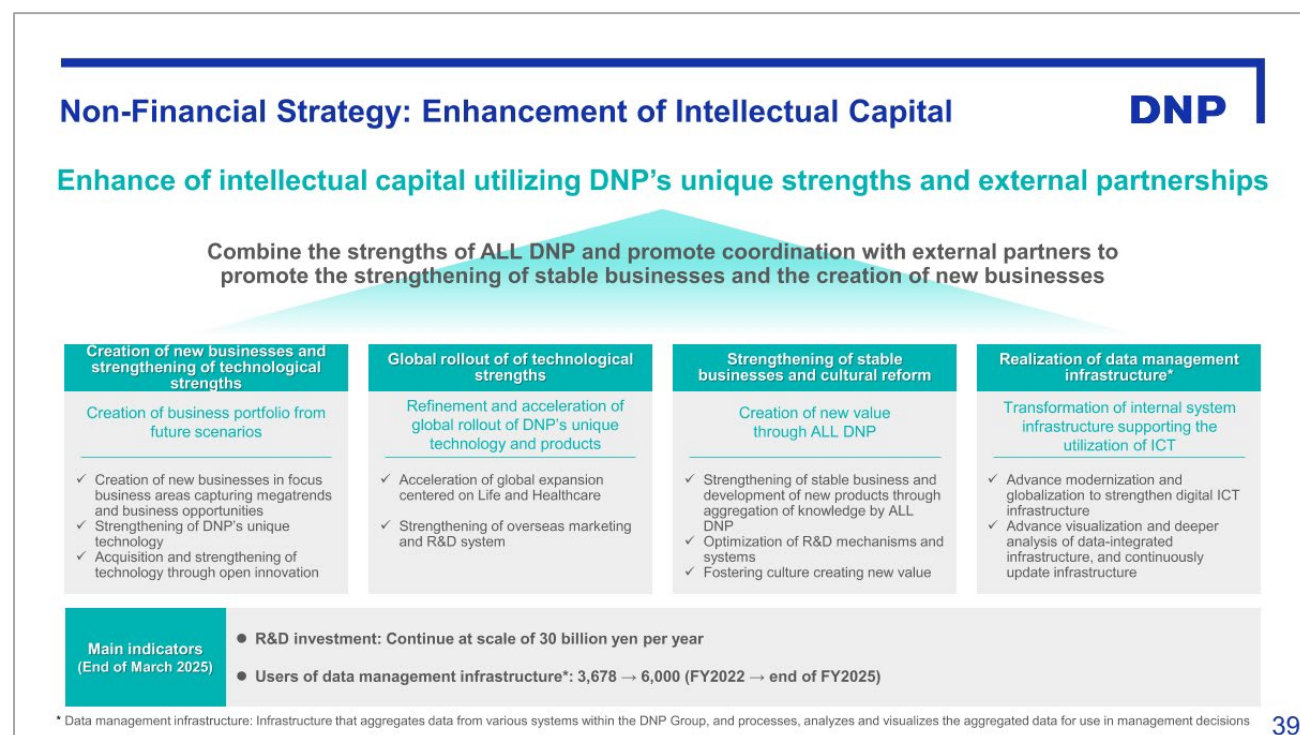
Specific initiatives include the creation of human resource portfolios linked to business portfolios to promote the optimal allocation of human resources to each business.

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The need for DX human resources is increasing, especially in growth business domain and we will focus on acquiring human resources from both inside and outside the Company, as well as actively reskilling human resources in business fields and other areas that are shrinking. Furthermore, we will actively promote diversity and inclusion to make the most of diverse individuals. Please see page 38 for the main indicators of those measures.



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Next, intellectual capital initiatives will be explained.

To date, we believe that we have created many businesses with unique strengths by and promoting collaboration with a variety of external partners, not to mention by combining our strengths in P&I (printing and information) and the three-way collaboration activities of IP division, R&D division, and business divisions.

By strengthening the cycle that links the intellectual capital accumulated through these business activities to the creation of the next business, we will achieve sustainable growth and strengthen our competitiveness.

As a specific measure, we have established the business portfolio we are aiming for by accurately grasping social megatrends and their business opportunities, and by drawing scenarios for the future society. We are working on activities to create new value through the three-way collaboration of the IP, R&D, and business divisions.

In this way, we have been investing JPY30 billion annually in research and development to strengthen our intellectual capital, and we plan to continue to invest JPY30 billion annually.

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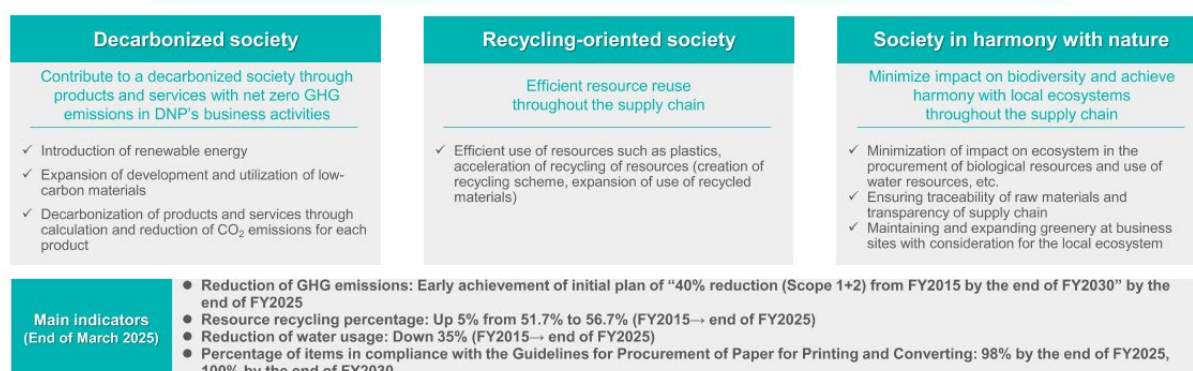
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Non-Financial Strategy: Environmental Initiatives

DNP

**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**



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Finally, I would like to explain ESG initiatives.

Considering the symbiosis between our business activities and the global environment, we analyze risks from a long-term perspective to minimize negative impacts and convert them into business opportunities through value creation.

With regard to decarbonization efforts, we are strengthening energy conservation in our production lines and introducing renewable energy with the goal of achieving virtually zero GHG emissions by 2050. Taking into account the progress made so far, we will accelerate our immediate plan to achieve our goal of reducing GHG emissions by 40% from the FY2015 level by the end of FY2030, ahead of schedule by the end of FY2025.

We will also continue to work toward the creation of a recycling-oriented society or a society in harmony with nature, using the measures and indicators shown on page 40.

Next, Kitajima will explain about governance.

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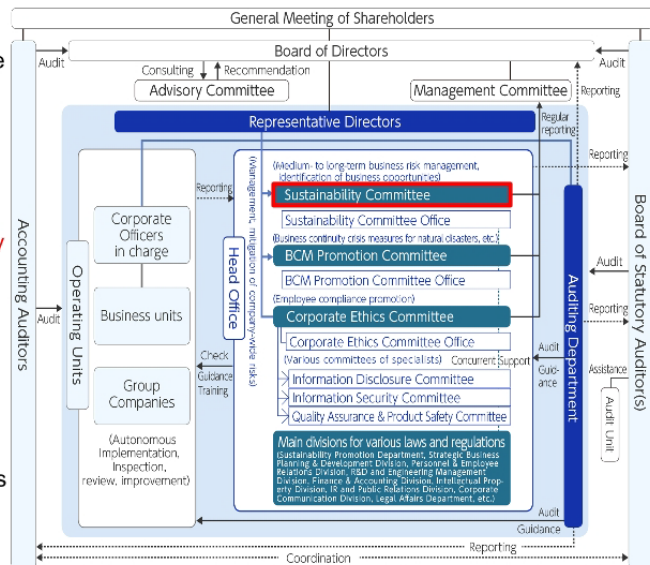
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Governance System

- 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.



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Kitajima: I would like to explain corporate governance.

We have always assessed risks that could have a significant impact on our operations, including rapid changes in the environment, society, and the economy, and reflected them in our medium- and long-term management strategies. We are working to minimize the negative impact of various risks and at the same time strengthen the process of transforming them into business opportunities, not only by anticipating variables but also by making changes ourselves.

To further accelerate this effort, in April 2022 we launched the Sustainability Committee, which is chaired by me, the President and CEO.

This committee will continue to report and make recommendations to the Management Committee and the Board of Directors in the process of implementing the new mid-term management plan in order to capture various changes and appropriately reflect them in management strategies.

Together with BCM Promotion Committee which will maintain production activities by prioritizing employee safety and securing the supply chain in the event of natural disasters or other emergencies, and Corporate Ethics Committee which works to reduce risk by raising employee awareness of compliance. These three committees work in close cooperation with each other to ensure that all company-wide risks are covered and appropriately addressed.

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Implementation Structure for the New Medium-term Management Plan

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

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	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 Outside	Male Re-election	Male Re-election	Male Re-election	Male New	Male New	Male Re-election	Male New	Female Outside
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.

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To conclude our presentation, we would like to introduce our new mid-term management plan promotion structure.

We will seek the approval from shareholders as an agenda item at this year's annual shareholders' meeting, but these are candidates for a total of 12 directors, including four independent outside directors, one female and one new appointment, and five auditors including four statutory auditors candidates with two outside auditors, and one outside female who is still serving her term of office.

The skills developed based on each experience are also represented in the matrix as shown in the figure.

This time, we have circled the skills that we possess as background and double-circled those that we have high expectations of demonstrating. It may be difficult to see on the screen, but it would be great if you could take a look at the documents that will be posted on DNP's Web site.

This is all for the explanation of mid-term management plan.

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