

Overview of Financial Results
for Fiscal Year 2023 (ended March 31, 2024)
Briefing Materials

DNP

未来のあたりまえをつくる。

May 15, 2024

Dai Nippon Printing, Co., Ltd.

1. Overview of Financial Results for Fiscal Year 2023 (ended March 31, 2024)
2. Initiatives Aimed at Enhancement of Corporate Value
3. Progress with Medium-term Management Plan

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3. Progress with Medium-term Management Plan

FY2023 Result and Earnings Forecast for FY2024

(Unit: ¥billions) **DNP**

■ FY2023 Result

	Result	Year-on-year change (difference)	Change from plan (difference)
Operating Income	75.4	+23.2%	+12.6%
Net Income Attributable to Parent Company Shareholders	110.9	+29.5%	+26.1%
ROE	9.8%	+1.9%	+1.5%

■ Earnings Forecast for FY2024

	Earnings Forecast	Year-on-year change	Change from plan
Operating Income	80.0	+6.0%	+6.7%

Overview of Financial Results for Fiscal Year 2023

(Unit: ¥billions) **DNP**

	FY2022	FY2023		Year-on-year change
	Result	Earnings Forecast	Result	
Sales	1,373.2	1,410.0	1,424.8	+3.8%
Operating Income	61.2	67.0	75.4	+23.2%
Operating Income Ratio	4.5%	4.8%	5.3%	+0.8%
Ordinary Income	83.6	78.0	98.7	+18.0%
Net Income Attributable to Parent Company Shareholders	85.6	88.0	110.9	+29.5%
ROE	7.9%	8.3%	9.8%	+1.9%

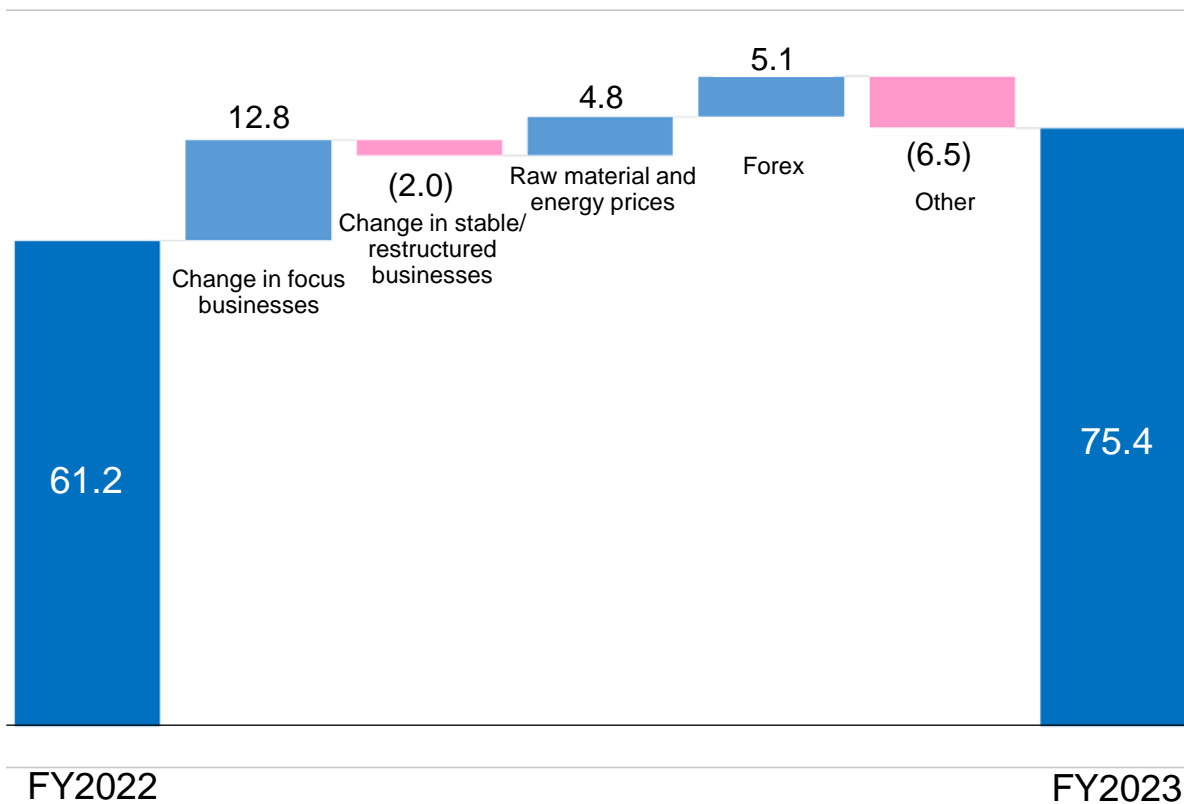
Capital Expenditures	78.0	76.0	68.3	(12.4%)
R&D Expenditures	32.4	34.0	35.2	+8.5%
Depreciation	51.7	54.0	55.9	+8.2%

Overview

- ✓ We accelerated creation of new value, primarily in focus business areas, resulting in net sales growing 3.8% year on year
- ✓ The growth of focus businesses in Digital Interfaces and improvement of earnings in existing businesses contributed, and we succeeded in increasing operating income by 23.2% from the previous-year level
- ✓ Ordinary income and net income exceeded the previous-year level thanks to the contribution of expanded earnings from equity-method affiliates

Overview of Financial Results for FY2023: Change in Operating Income

(Unit: ¥billions) **DNP**



Overview

- ✓ In focus businesses, although the impact of the market deceleration continued for semiconductors, an increase in demand for display components contributed to an increase in income
- ✓ Stable businesses saw strong demand, but were impacted by customer inventory corrections, etc. for some products
- ✓ In restructured businesses, the decline in the paper media market continued, and housing-related demand was also weak
- ✓ Regarding the impact of raw material and energy prices, the pace of increases settled down and the impact of the lack of transfer of prices was alleviated

Overview of Financial Results for FY2023: Overview of Focus and Stable Businesses

(Unit: ¥billions) **DNP**

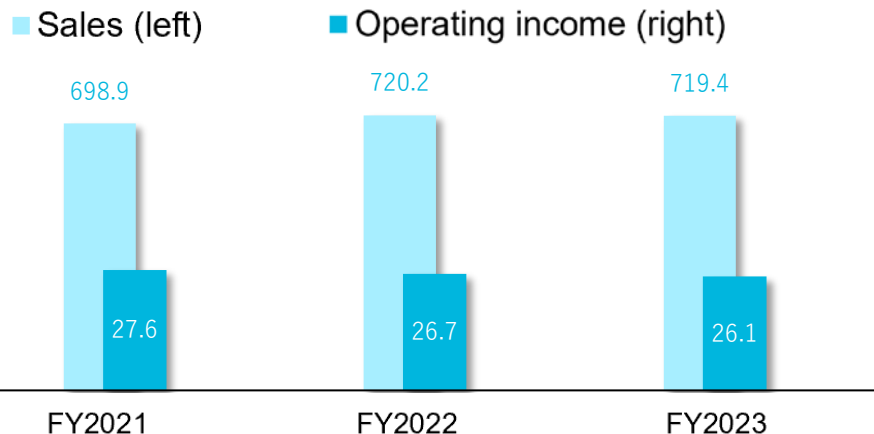
		FY2022	FY2023	Overview	
		Arrow indicates sales relative to previous year			
Smart Communication	Segment Sales	720.2	719.4	Imaging communication	↑ Strong performance from materials for printing photographs, primarily in European and Asian markets
	Segment Operating Income	26.7	26.1	Secure information	↑ Large BPO projects and dual interface cards* grew
				Content & XR communication	↑ Focused on creating new businesses such as collaboration with Hacosco Inc. as part of efforts to strengthen the XR communication business
Life and Healthcare	Segment Sales	451.3	472.3	Industrial high-performance materials	↑ Battery pouch sales remained strong overall due to the contribution by a recovery in demand for IT equipment applications
	Segment Operating Income	7.9	13.3	Mobility	↑ In addition to interior materials, exterior decorative materials were also steady
				Medical & healthcare	↑ Made CMIC CMO Co., Ltd. a group company in order to work together with a focus on integrated manufacturing from APIs to formulation, as well as high value-added pharmaceutical development
Electronics	Segment Sales	203.5	235.3	Optical film	↑ Increased due to recovery in demand for display components as well as increase in display area shipped resulting from larger panel sizes for televisions
	Segment Operating Income	46.9	58.1	Metal masks used for manufacturing OLED displays	↑ Steady increases due to expanded adoption of OLEDs for smartphones
				Semiconductors	↓ Lead frames, etc. for semiconductor packages decreased due to the impact of the market slowdown

* Cards with two interfaces on one chip (contact and contactless)

Overview of Financial Results for FY2023: Results by Segment

(Unit: ¥billions) **DNP**

Smart Communication

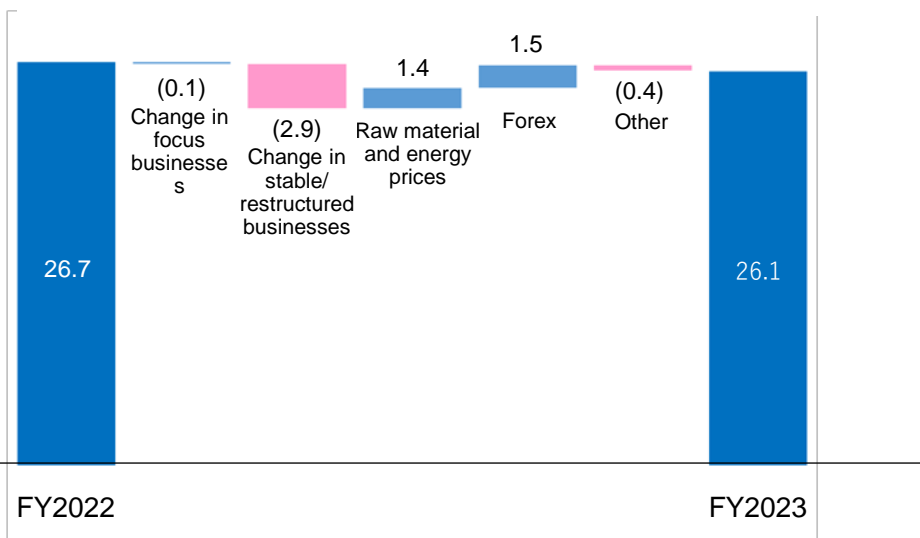


Results

Overview

- ✓ In secure information, BPO and IC cards performed well
- ✓ Demand in imaging communication was also strong, but profits were affected by inventory corrections, etc. for some products
- ✓ In restructured businesses, the market for magazines and other paper media continue to contract

Change in operating income

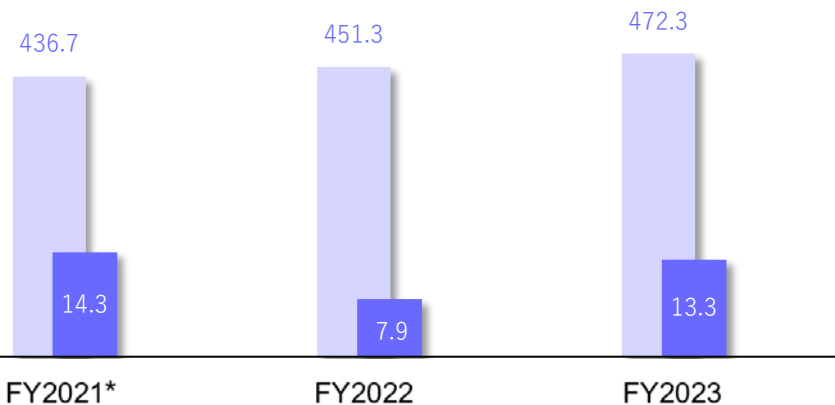


Overview of Financial Results for FY2023: Results by Segment

(Unit: ¥billions) **DNP**

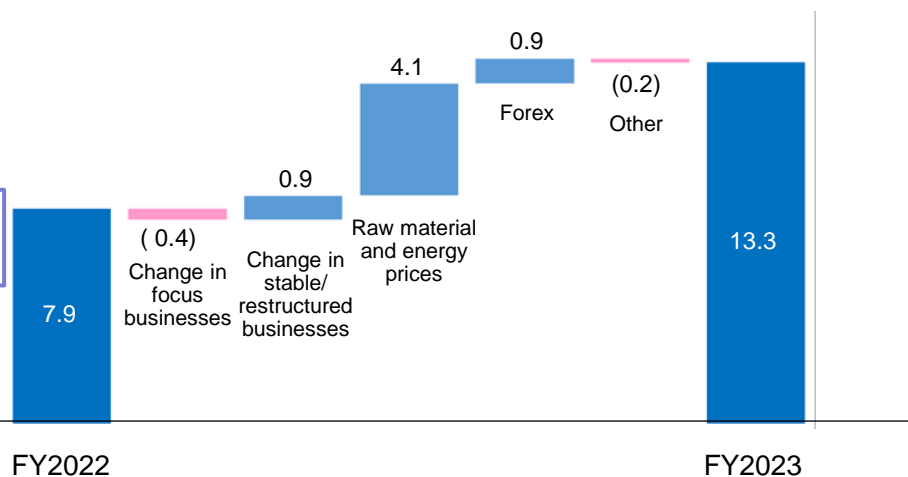
Life and Healthcare

■ Sales (left) ■ Operating income (right)



Results

Change in operating income



Overview

- ✓ In the focus businesses, inventory adjustment of back sheets for photovoltaic modules had an impact, and orders for battery pouches stagnated due to a decline in demand for EVs toward the second half of the fiscal year
- ✓ In stable businesses and restructured businesses, the Living Spaces business was affected by a decline in new housing starts, but increased demand for beverages made a positive contribution
- ✓ Regarding the impact of raw material and energy prices, the pace of increases settled down and the impact of the lack of transfer of prices was alleviated

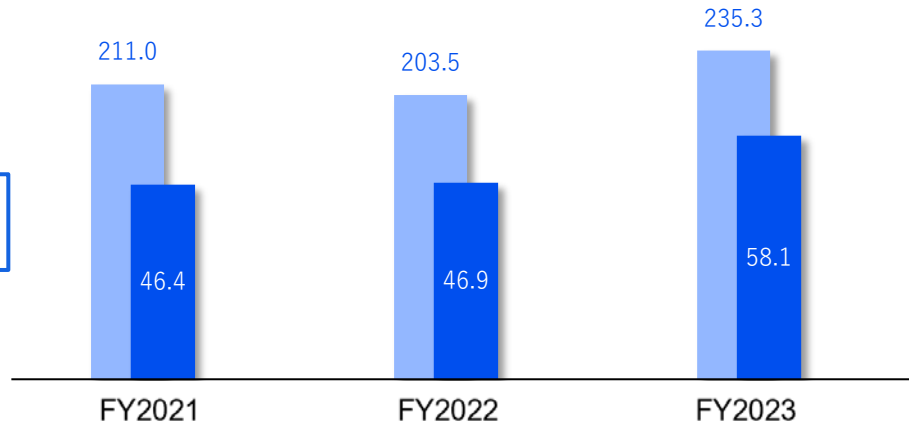
* FY2021 sales and operating income for "Life and Healthcare" display the total of the former "Lifestyle and Industrial Supplies" and "Beverages"

Overview of Financial Results for FY2023: Results by Segment

(Unit: ¥billions) **DNP**

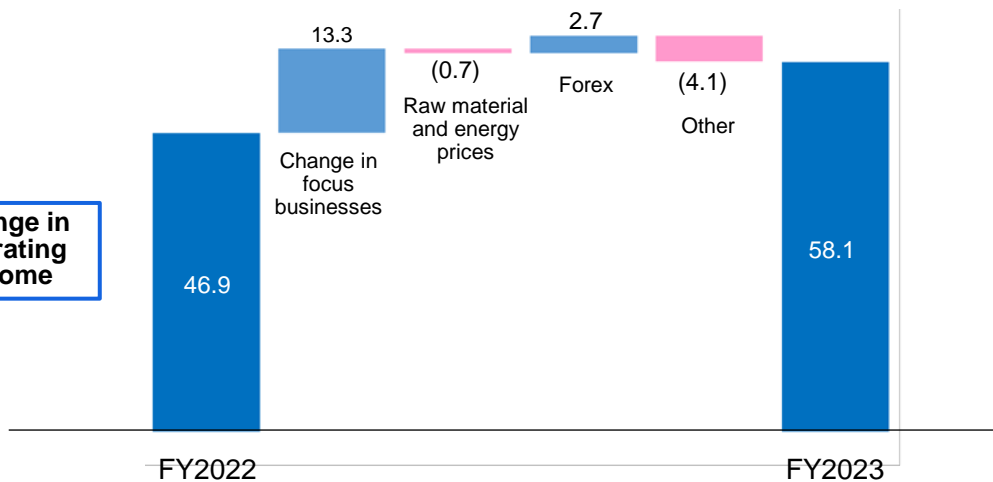
Electronics

■ Sales (left) ■ Operating income (right)



Results

Change in operating income



Overview

- ✓ Performed well due to recovery in demand for display components as well as increase in display area shipped resulting from larger panel sizes for televisions
- ✓ Metal masks for manufacturing OLED displays contributed and increased, following an increase in the adoption rate for smartphones
- ✓ Despite strength in photomasks for semiconductors, lead frames, etc. for semiconductor packages decreased

Earnings Forecast for FY2024

(Unit: ¥billions) **DNP**

[Company-wide]	FY2023 Result	Earnings Forecast for FY2024	Year-on-year Change (difference)
Sales	1,424.8	1,455.0	+2.1%
Operating Income	75.4	80.0	+6.0%
Operating Income Ratio	5.3%	5.5%	+0.2%
Ordinary Income	98.7	100.0	+1.3%
Net Income Attributable to Parent Company Shareholders	110.9	90.0	(18.9%)
ROE	9.8%	8.0%	(1.8%)

Capital Expenditures	68.3	74.0	+8.2%
R&D Expenditures	35.2	36.0	+2.2%
Depreciation	55.9	56.0	+0.0%

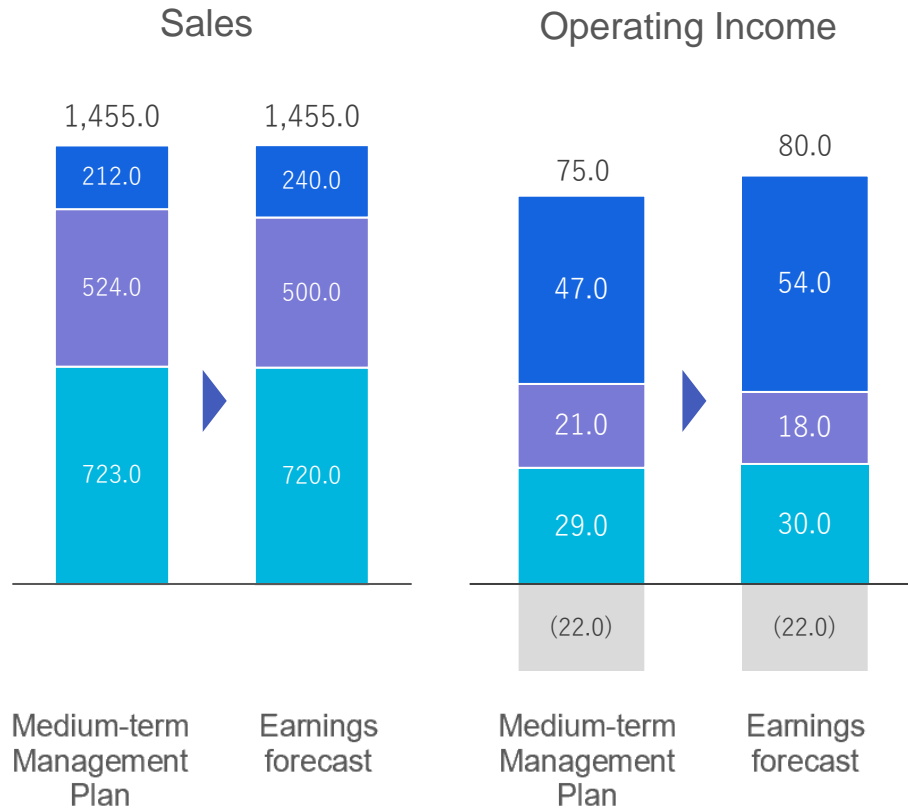
[By Segment]		FY2023 Result	Earnings Forecast for FY2024	Year-on-year Change (difference)	Reference: Medium-term Management Plan
Smart Communication	Sales	719.4	720.0	+0.1%	723.0
	Operating Income	26.1	30.0	+14.7%	29.0
Life and Healthcare	Sales	472.3	500.0	+5.9%	524.0
	Operating Income	13.3	18.0	+34.9%	21.0
Electronics	Sales	235.3	240.0	+2.0%	212.0
	Operating Income	58.1	54.0	(7.1%)	47.0
Adjustment	Sales	(2.2)	(5.0)	-	(4.0)
	Operating Income	(22.2)	(22.0)	-	(22.0)
Total	Sales	1,424.8	1,455.0	+2.1%	1,455.0
	Operating Income	75.4	80.0	+6.0%	75.0

Earnings Forecast for FY2024: Comparison with Medium-term Management Plan



(Unit: ¥billions)

- Electronics
- Life and Healthcare
- Smart Communication



Electronics

Forecast to exceed the Medium-term Management Plan due to the contribution of an increase in the adoption rate of OLED displays for smartphones and larger panel sizes for televisions

Life and Healthcare

Sales forecast for automotive battery pouches revised due to current uncertainties in EV demand, despite the contribution from reorganization of existing printing-related production bases, etc.

Smart Communication

Although the paper media market is expected to continue to contract, operating income is expected to exceed the Medium-term Management Plan by shifting human resources to focus and stable businesses through reskilling, and optimizing the manufacturing system

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- 2. Initiatives Aimed at Enhancement of Corporate Value**
3. Progress with Medium-term Management Plan

Actions to Implement Management That Is Conscious of Cost of Capital and Stock Price



“DNP Group’s Basic Management Policy” announced on February 9, 2023 and the “FY2023-2025 Medium-term Management Plan” announced on May 12 of the same year set the target of “an ROE target of 10%, and expedite achieving a PBR of more than 1.0X” to face market evaluation again to enhance corporate value, we are proceeding with initiatives to take “actions to implement management that is conscious of cost of capital and stock price” at the request of the Tokyo Stock Exchange.

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.

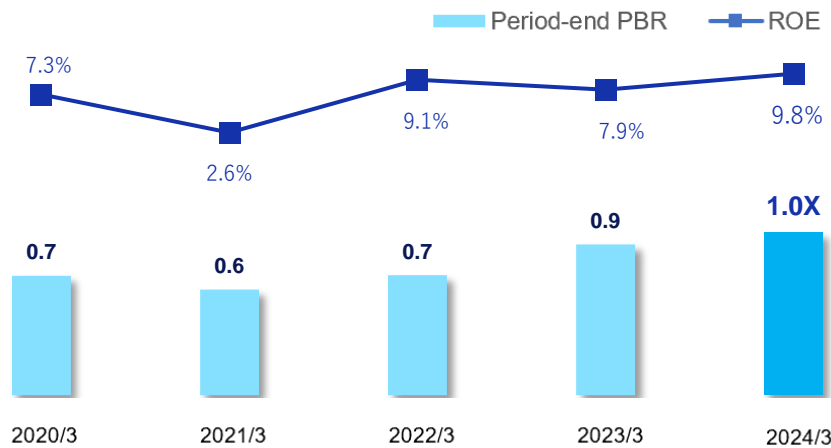
Non-Financial Strategy

- 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.

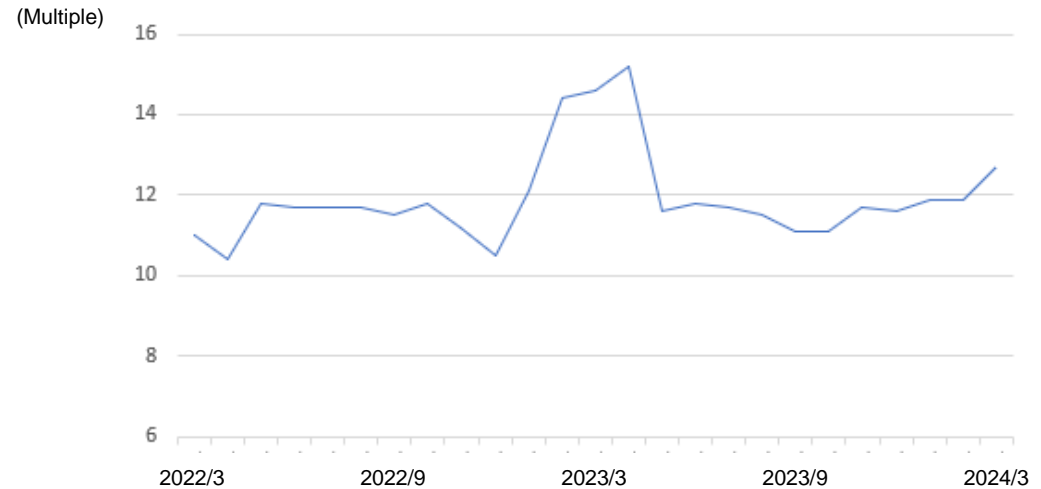
Analysis of Current Conditions for Enhancement of Corporate Value



■ PBR and ROE



■ PER



■ Relative Share Price (Showing April 1, 2022 as 1)

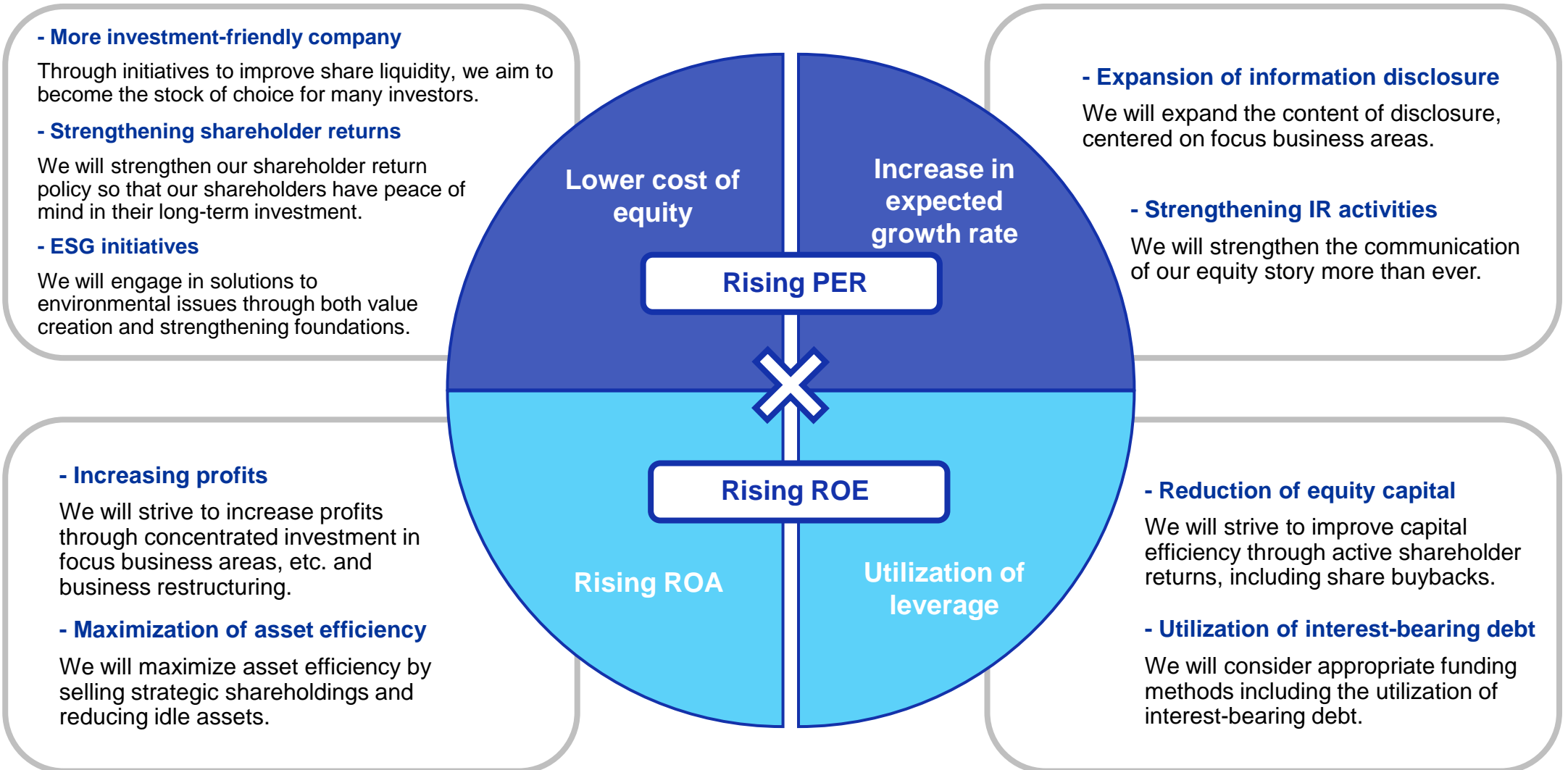


Analysis of Current Conditions

- PBR has recently risen to around 1.0X due to solid performance from the steady implementation of the Medium-term Management Plan and enhanced shareholder returns (share buybacks, etc.) based on the cash allocation strategy.
- ROE has improved to a level exceeding the target value of 8% in the FY2025 plan, and efforts are underway to reach the target of 10%.
- Although the rate of increase of the share price is higher than TOPIX, since the current PER is at a flat level, it is necessary to provide investors with a deeper understanding of the business and raise their expectations for future earnings.
- In order to sustainably enhance corporate value, DNP needs to reform its business portfolio, including a review of business for reforming, and continue to work on the business, financial and non-financial strategies set forth in the Medium-term Management Plan to meet investors' expectations.

Initiatives Aimed at Enhancement of Corporate Value: Rising PBR

We will work to steadily implement various measures to enhance corporate value.



1. Overview of Financial Results for Fiscal Year 2023 (ended March 31, 2024)
2. Initiatives Aimed at Enhancement of Corporate Value
3. **Progress with Medium-term Management Plan**

Progress with Medium-term Management Plan: Investment in Focus Business Areas, Etc.

Growth investment and infrastructure development investment:

390 billion yen or more (cumulative amount for FY2023-FY2027)

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

FY2023 to 2027

Main items of investment in FY2023

Focus business areas and growth investment

260 billion yen or more



Business investment

- Mass production of nano-imprinting through capital and operating alliance and joint investment with SCIVAX Corporation
- Strategic business alliance with CMIC Holdings in the field of medical & healthcare, and made CMIC CMO a subsidiary
- Made Hacosco, which develops XR and “brain tech,” a group company
- Entered into capital and business alliance with A*Quantum Inc., which develops quantum computer software
- Made UBE Scientific Analysis Laboratory, Inc. (USAL), a material analysis company, a consolidated subsidiary.

Capital expenditures

- Installed facilities at the Mihara East Plant (Hiroshima Prefecture) for verification of large etched metal mask products
- In process of installing new large metal mask production line at Kurosaki Plant (Fukuoka Prefecture)
- Expanded photomask production line at D.T. Fine Electronics' Kitakami Plant (Iwate Prefecture)
- Increased capacity of middle-end photomask production line, etc. at the Kamifukuoka Plant (Saitama Prefecture)

Forecast
50.3 billion yen

(Previous year: 32.3 billion yen)

Infrastructure investment (Including updating facilities, etc.)

Investment in establishment of infrastructure, etc.
130 billion yen or more



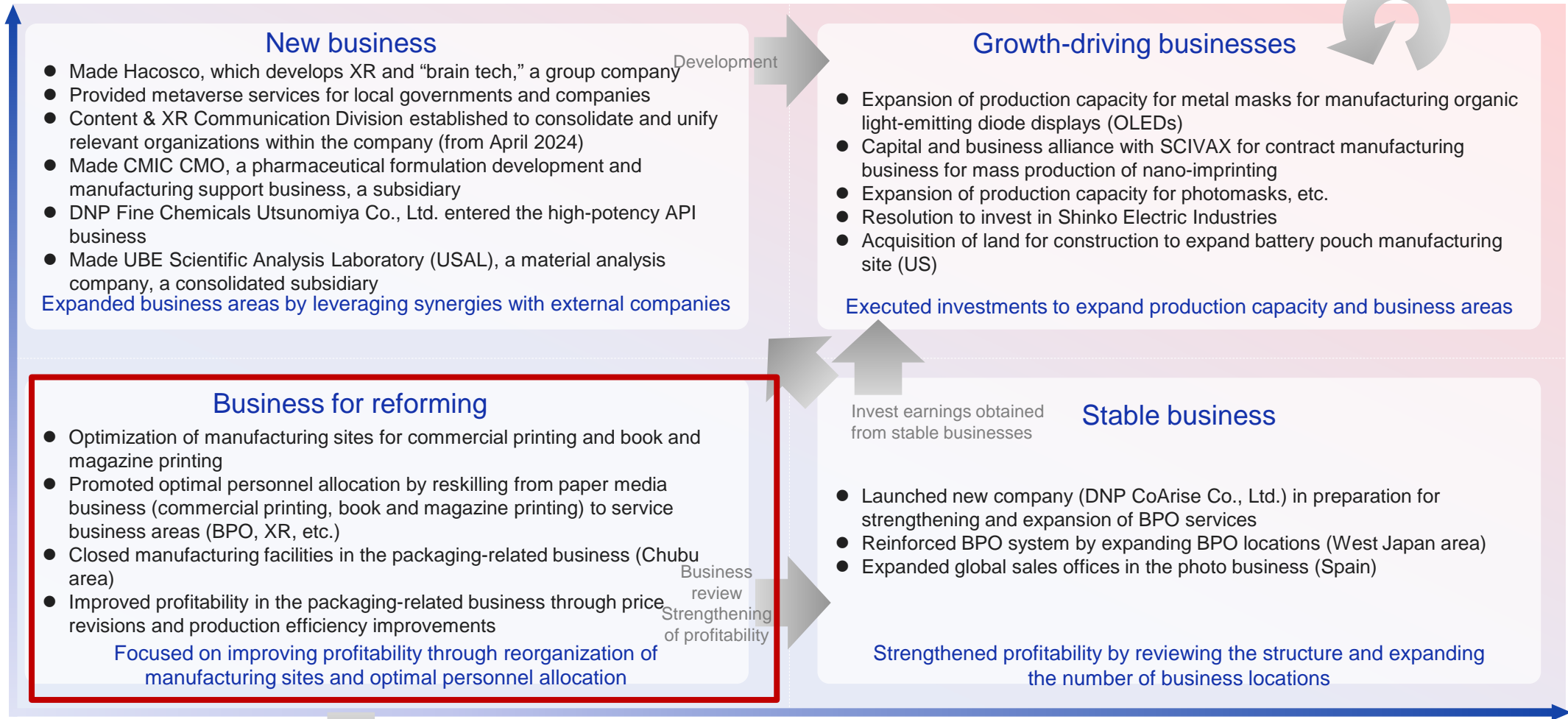
Capital expenditures

- Achieved cost reductions and improvements in operational efficiency through the introduction of an indirect material procurement system
- Enhanced the competitiveness of secure information, strategic packaging products, and others

Forecast
34.0 billion yen

(Previous year: 46.6 billion yen)

Progress with Medium-term Management Plan: Progress of Business Structure Reform in FY2023



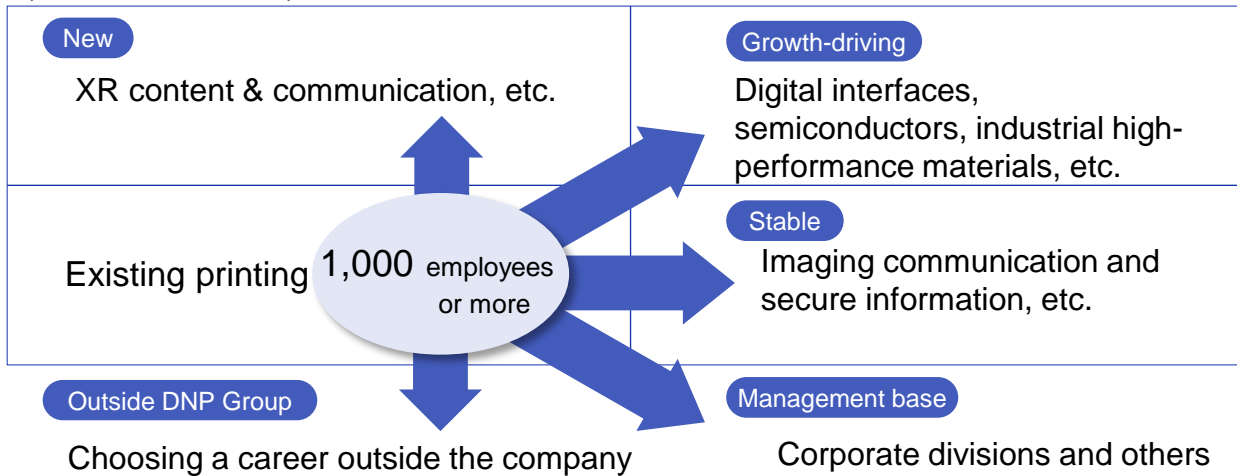
Contraction
Withdrawal

Progress with Medium-term Management Plan: Structural Reform of Existing Printing Business

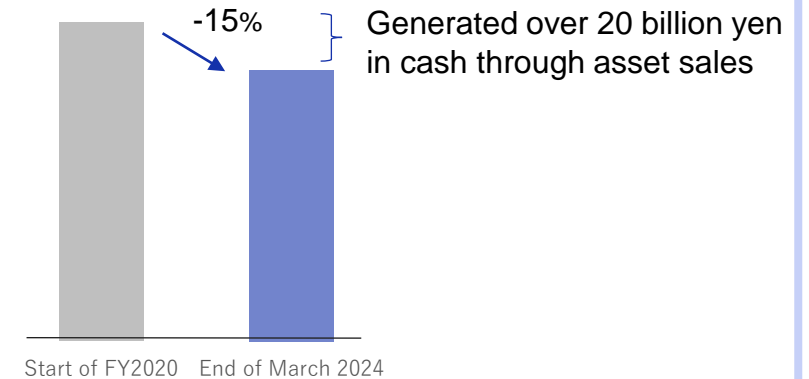
We will maximize cash provided by reallocating management resources in response to market trends and accelerating the development and global expansion of products and services that leverage DNP's strengths to create an ALL DNP investment resource.

Reallocation of Management Resources (FY2020-FY2023)

(Human resources)



(Manufacturing sites)



Initiatives going forward

- ✓ Provide customers with optimal information in a variety of real and digital formats by combining the latest digital technology with our track record and expertise in communication measures developed through our printing business
- ✓ Accelerate global expansion of packaging-related business by combining DNP's core technologies such as converting, film formation, and vapor deposition with environmental and high-performance films

Progress with Medium-term Management Plan: Cash Allocation

5 years from FY2023 to FY2027* Appropriate allocation of cash generated to further business growth and shareholder returns

Cash Generation

<p style="text-align: center;">Generation of 750 billion yen or more in cash</p> <div style="background-color: #e6f2ff; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Generation of operating C/F: 440 billion yen or more</p> </div> <div style="background-color: #e6f2ff; padding: 10px;"> <p>- Sale of strategic shareholdings: 220 billion yen (reduction to less than 10% of net assets)</p> <p>- Reduction of idle assets, utilization of interest-bearing debt, maximization of cash efficiency: 90 billion yen or more</p> </div>	<div style="border: 1px solid #003366; padding: 5px; text-align: center; margin-bottom: 10px;">FY2023 result</div> <p style="text-align: center;">Operating C/F result: 72.5 billion yen</p> <div style="border: 1px solid #003366; padding: 5px; text-align: center; margin-bottom: 10px;">FY2023 result</div> <p style="text-align: center;">Sale of strategic shareholdings: Result: 80.8 billion yen</p> <div style="border: 1px solid #003366; padding: 5px; text-align: center;"> <p>April 2024 Sale of strategic shareholdings: Gain on sale: 58.6 billion yen</p> </div>
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Cash Allocation Strategy

<div style="border: 1px solid #ff6666; padding: 5px; text-align: center; margin-bottom: 10px;">Business investment</div> <p style="text-align: center;">Growth investment and infrastructure development investment: 390 billion yen or more</p> <p style="text-align: center;">Of which investment into focus business areas: 260 billion yen or more</p> <div style="border: 1px solid #ff6666; padding: 5px; text-align: center; margin-bottom: 10px;">Shareholder returns</div> <p style="text-align: center;">Plan to acquire around 300 billion yen in treasury shares</p> <p style="text-align: center;">Dividend policy conscious of EPS and DPS</p>	<div style="border: 1px solid #ff6666; padding: 5px; text-align: center; margin-bottom: 10px;">FY2023 result</div> <p style="text-align: center;">Growth investment and infrastructure development investment: 84.3 billion yen</p> <p style="text-align: center;">Of which investment into focus business areas: 50.3 billion yen</p> <div style="border: 1px solid #ff6666; padding: 5px; text-align: center; margin-bottom: 10px;">FY2023 result</div> <p style="text-align: center;">(First round) Completed acquisition of 100 billion yen in treasury shares</p> <p style="text-align: center;">(Second round) Acquiring around 50 billion yen in treasury shares</p> <p style="text-align: center;">(Acquisition period: March 11 to September 30, 2024)</p>
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• Year: Fiscal year FY2023: ended March 31, 2024
FY2027: ending March 31, 2028

Progress with Medium-term Management Plan: Sale of Strategic Shareholdings and Acquisition of Treasury Shares

5 years from FY2023 to FY2027 Cash Allocation

(1) Sale of strategic shareholdings: **220 billion yen**

On April 16, 2024, the Company announced the sale of one listed stock it held and the recording of gain on sale of investment securities (extraordinary income) of 58.6 billion yen.

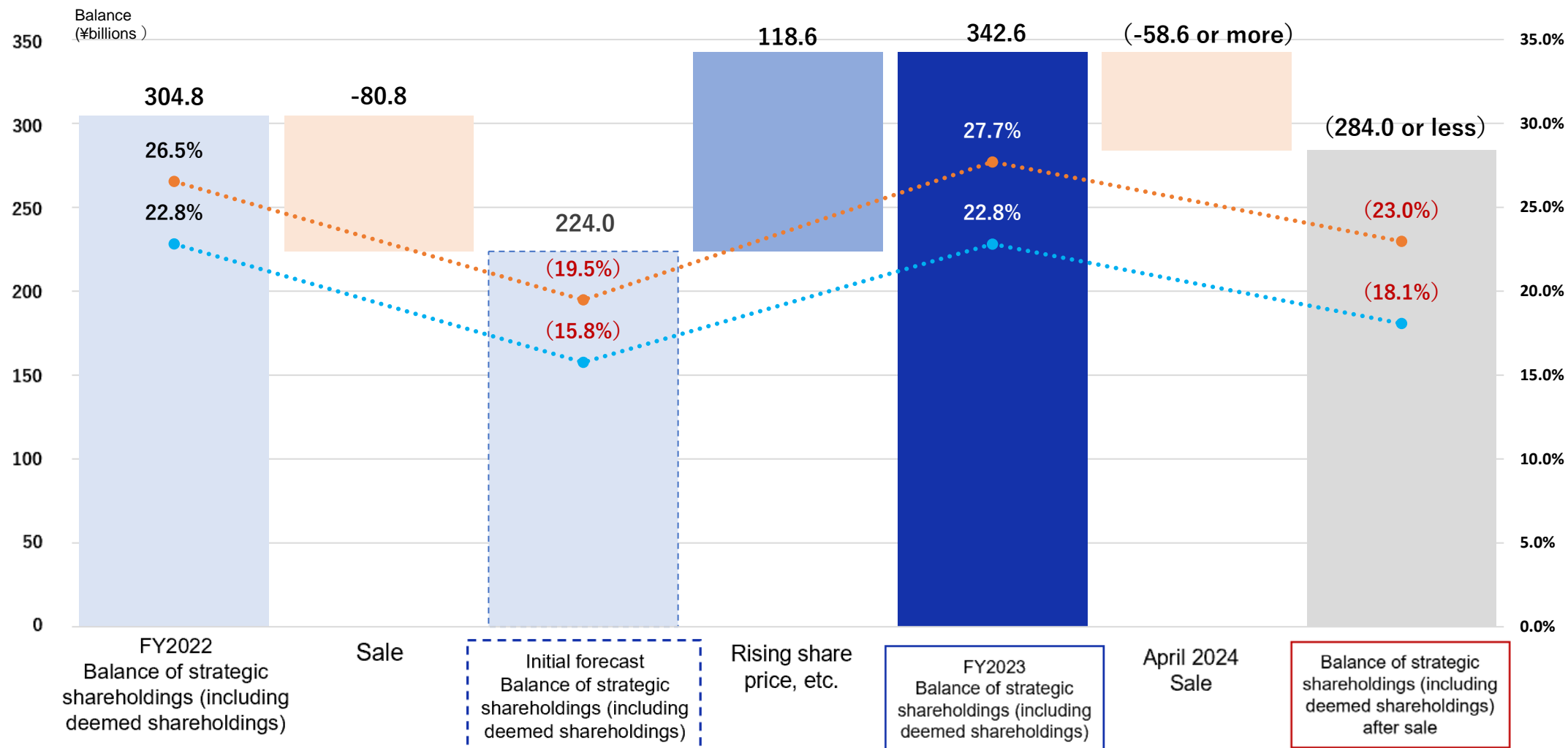


(2) Acquisition of Treasury Shares: **300 billion yen**

The first round of acquisition of treasury shares of 100 billion yen (buyback period: March 10, 2023 to February 22, 2024) was steadily executed, and a new second round of acquisition of treasury shares of 50 billion yen was announced in March 2024. As a result, the Company plans to acquire 150 billion yen of treasury shares over 1.5 years.



Progress with Medium-term Management Plan: Balance of Strategic Shareholdings

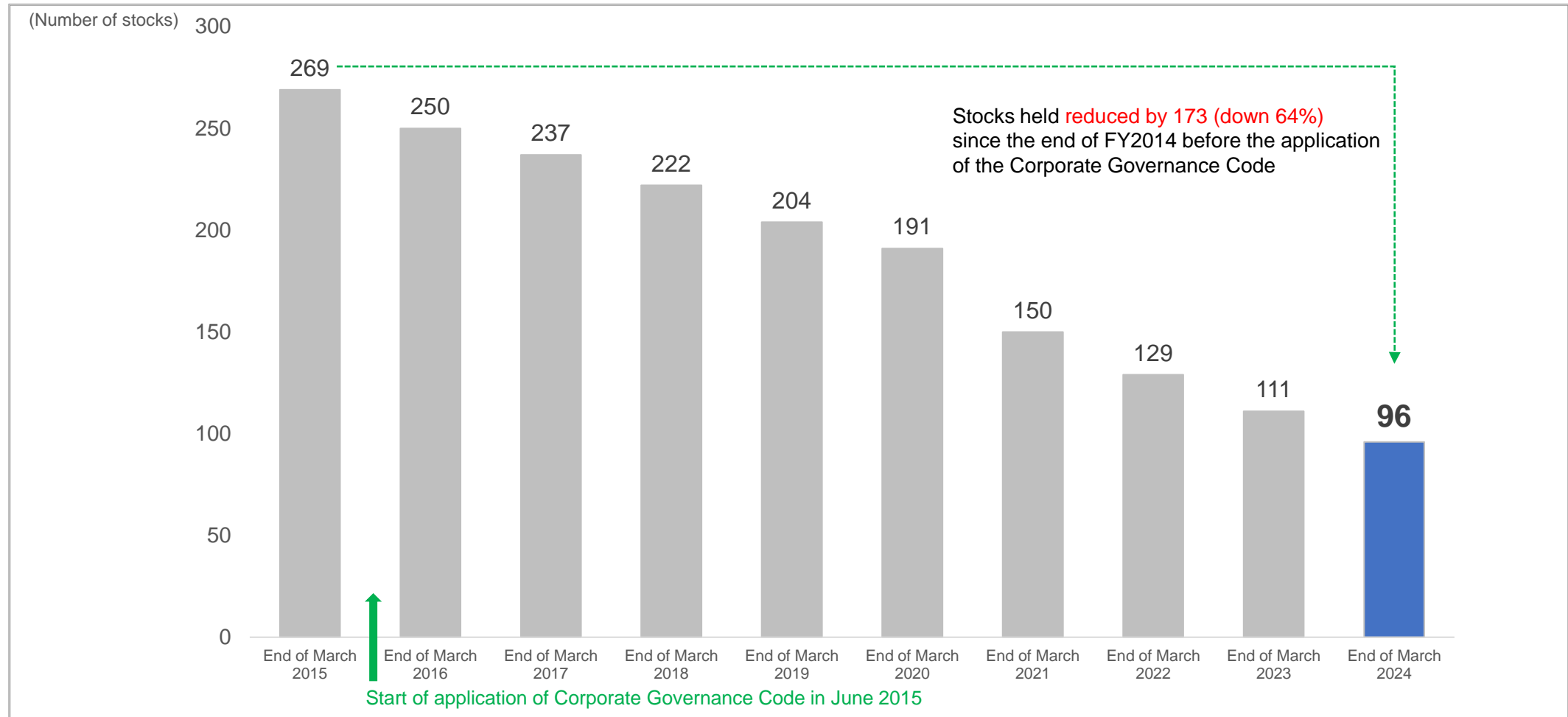


* The figure above is an illustration of the state of reduction of DNP's strategic shareholdings to give a better understanding of its efforts to reduce strategic shareholdings.

●● Strategic shareholdings/ net assets
●● Strategic shareholdings (including deemed shareholdings)/ net assets

Progress with Medium-term Management Plan: State of Reduction of Strategic Shareholdings

We have proceeded to reduce the number of listed stocks held by 173 (-64%) from 269 at the end of FY2014.



Progress with Medium-term Management Plan: Strengthening Business Based on Non-Financial Strategy



	Key Issues	Initiatives and Results in FY2023
Strengthening of human capital	<ul style="list-style-type: none"> ■ Support for Career Self-Reliance 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 	<ul style="list-style-type: none"> □ Newly established the Career Self-Reliance Support Payment, and implemented wage hikes in excess of 5% for the second consecutive year □ Expanded training programs to strengthen management and individual employee capabilities □ Shifted personnel from areas subject to structural reform to focus areas □ Established internal health and wellbeing awards to recognize factors other than business revenue
Enhancement of intellectual capital	<ul style="list-style-type: none"> ■ Creation of new businesses and strengthening of technological strengths ■ Global rollout of technological strengths ■ Strengthening of stable businesses and cultural reform ■ Realization of data management infrastructure 	<ul style="list-style-type: none"> □ Promotion of utilization of generative AI <ul style="list-style-type: none"> - Developed AI infrastructure, opened Generative AI Lab Tokyo, formulated DNP Group AI Ethics Policy □ Capital and business alliance with UBE Corporation □ Chosen among “DX Stocks 2023” evaluating and announcing companies that are actively engaged in DX
Environmental initiatives	<ul style="list-style-type: none"> ■ Decarbonized society ■ Recycling-oriented society ■ Society in harmony with nature 	<ul style="list-style-type: none"> □ Progress in reducing GHG emissions and resource recycling rate exceeded plan <ul style="list-style-type: none"> - Major environmental targets raised and updated (announced on April 25) □ Selected in CDP “A-List” for the second consecutive year, the highest rating in the area of climate change □ Created and expanded sales of super-eco products (eco-friendly products) □ “Ichigaya-no-Mori” (Ichigaya forest) was highly evaluated as a “new form of urban forestation”

Progress with Medium-term Management Plan: Main Indicators in Non-Financial Strategy



		FY2022 Result	FY2023 Result/Forecast	FY2025 Target
Human capital	Employee engagement survey score	-	+3%	Up 10% from FY2022
	Completion of DX literacy standard basic education course	-	24,114 people	27,500 people eligible
	Percentage of female managers	8.4%	9.4%	12% or more
	Percentage of eligible men taking childcare leave	83.6%	98.7%	100%
Intellectual capital	R&D investment (annual)	32.4 billion yen	35.2 billion yen	Maintain in range of 30.0 billion yen
	Number of data management infrastructure users	3,678 people	6,504 people	6,000 people
Environment	Reduction of GHG emissions (Scope 1+2)	Down 36.5% from FY2015	Down 37.1% from FY2015	Down 40% from FY2015 (FY2030 target)
	Resource recycling rate	58.0%	61.9%	56.7%
	Reduction of water usage	Down 38.1% from FY2015	Down 41.3% from FY2015	Down 35% from FY2015
	Percentage of items in compliance with the Guidelines for Procurement of Paper for Printing and Converting	94%	98%	100% (FY2030 target)

Setting New Challenging Environmental Targets with Increased Targets for GHG Emissions, Etc.

We are promoting activities with medium-term targets toward the realization of Environmental Vision 2050

In April 2024, we updated the **medium-term target for GHG emissions to the 1.5° C level of the Science Based Targets (SBTs).**

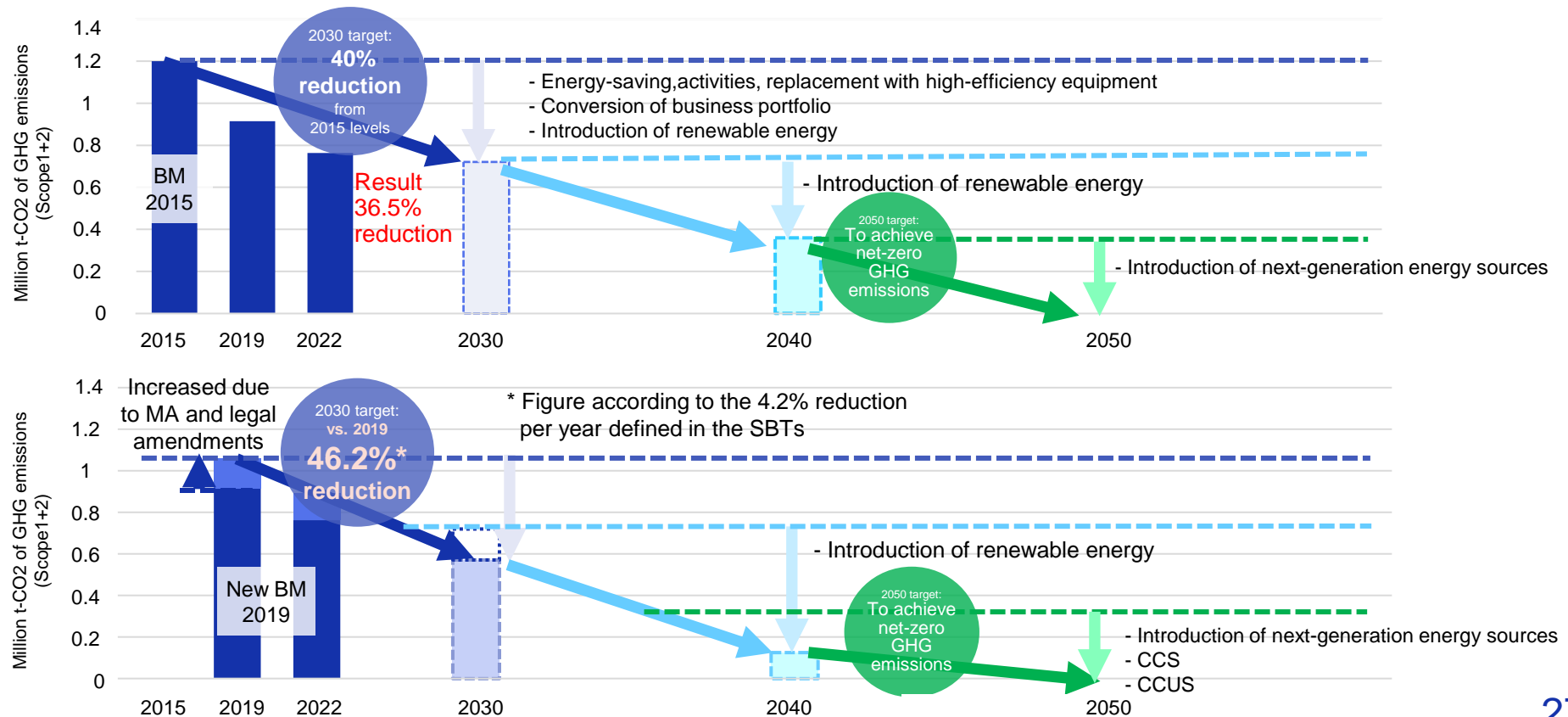
< Roadmap to Carbon Neutrality >

Current target (WB2° C)

* WB: well below



Updated target (1.5° C)



Setting New Challenging Environmental Targets with Increased Targets for GHG Emissions, Etc.



Unify the target year for other mid-term targets to FY2030 at the same time as the target for reduction of GHG emissions.

Theme	Updated Medium-Term Target Target Year: FY2030	Previous Medium-Term Target Target Year: FY2025 (FY2030 for GHG)
Reduction of GHG emissions	46.2% reduction* ¹ of GHG emissions compared to FY2019 (1.06 million tons → 0.57 million tons)	40% reduction of GHG emissions compared to FY2015 (1.2 million tons → 0.72 million tons)
Improvement of resource recycling rate	Achieve 70% resource recycling rate of all unwanted material	Improvement by 5 points compared to FY2015 (51.7->56.7%)
Reduction of water usage	30% reduction of per-unit water usage compared to FY2019 (6.71 m ³ /million yen → 4.70 m ³ /million yen)	35% reduction of per-unit water usage compared to FY2015 (8.82 m ³ /million yen → 5.73 m ³ /million yen)
Expansion of sales of eco-friendly products and services	Expand super-eco products* ² share of total sales to 30%	Expand super-eco products' share of total sales to 10%

*1 The target for reduction of GHG emissions is “4.2% reduction per year compared to the base year” in accordance with the “1.5°C target (a target level to limit the temperature increase since the Industrial Revolution to within 1.5°C),” which is the effort target set in the Paris Agreement.

*2 Highly environmentally friendly products and services are specified as “super eco-products” according to DNP’s own evaluations.

未来のあたりまえをつくる。

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.