

Kyodo Printing Group  
Corporate Report 2023



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Corporate Report**

**2023**

**Considerations Concerning the Report**

This report uses 100% paper recycled from the Company's own waste. It is printed using digital printing machinery featuring low energy usage and production loss. See P69 for details.

## Management Philosophy

Our Group Management Philosophy is the point of origin of the Kyodo Printing Group's corporate activities and the purpose of our business activities.  
Based on our Management Philosophy, we have established our Group Management Vision as a statement of the kind of company we aspire to be in the future.

### ● Group Management Philosophy ●

**Using our core printing business to contribute to society in the spheres of lifestyle, culture, and information industries**

### ● Group Management Vision ●

**We aim to become a corporate group that continues to create new value by casting customers' aspirations into shape through honest communication and technical capabilities that lead the market.**

Corporate Brand **TOMOWEL**

# TOMOWEL

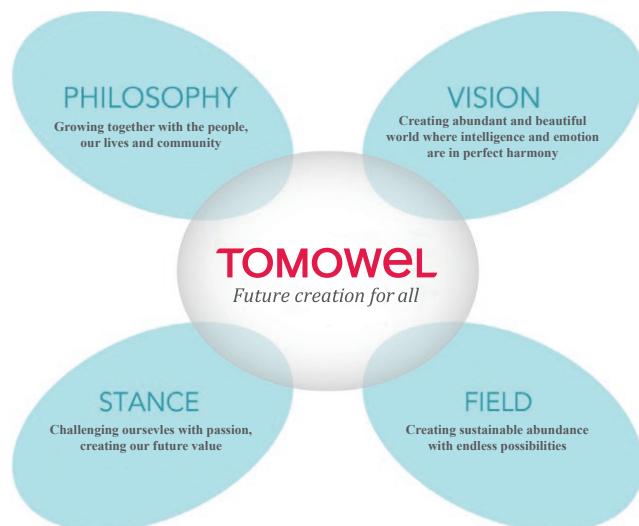
*Future creation for all*

The name TOMOWEL was coined to incorporate the meaning of "building good relationships together." It is a word devised by combining the Japanese word "tomo" (which can mean "together," "friend," "knowledge," or "wisdom") and the English word "well" (in its archaic meaning of "good," "full," or "friendly").

The character used to write "tomo" is also the one used for the "Kyo" of Kyodo Printing. This word is the core of our identity and expresses the value of our existence in society and our ideal attitude. It is the essence of the future we wish to create.

Our intentions for TOMOWEL are to create and expand good relationships with all stakeholders, and to create the future.

Our Ideal for the Group as a Whole **The TOMOWEL WAY**



The TOMOWEL WAY is a clear statement of our ideal for the Group as a whole, and consists of four elements:

Our PHILOSOPHY, which represents the origin and mindset of the Group's universal principles of righteousness that will always remain unchanged; Our STANCE, which represents the Group's attitude toward corporate conduct; Our FIELD, which represents the Group's broad vision for the future; and Our VISION, which depicts the ideal future image and goal toward which we strive.

Based on these elements, we will contribute to the creation of prosperous lifestyles and culture for people.

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### Editorial Policy

Based on knowledge gained through dialogue with institutional investors and other stakeholders, this report presents Kyodo Printing's activities and growth strategies from an integrated perspective that includes not only financial information but also non-financial information such as environmental, social, and governance (ESG) matters.

We hope this report facilitates an understanding of Kyodo Printing, which aims to solve social issues through corporate activities.

For more detailed information on financial status, please refer to the Annual Securities Report.

### Scope of Reporting

Kyodo Printing Co., Ltd. and major subsidiary companies

Notes: Environmental data covers ISO14001-certified business sites in Japan, including consolidated subsidiary companies, as well as Kyodo FTECH and Kyodo Kureha Blow Bottle. Calculations for TOMOWEL Payment Service are combined into those of Kyodo Printing.

Note: Personnel data is for Kyodo Printing only.

### Period of Reporting

April 2022 - March 2023 (including some information outside

the period covered above)

### Publication Date

February 2024 (once a year)

(Previous issue: December 2022; next issue: scheduled for November 2024)

### Referenced Frameworks

In editing this report, we have referred to "Guidance on Integrated Disclosure and Dialogue for Value Co-creation" issued by the Ministry of Economy, Trade and Industry (METI) and the "International Integrated Reporting Framework" issued by the Value Reporting Foundation (VRF).

We have also referred to the Global Reporting Initiative (GRI) Standards for the disclosure of non-financial information.

### Disclaimer Regarding Forward-Looking Statements, etc.

This report contains some future forecasts and plans. These are based on currently available information and may subsequently be affected by various factors.





# TOMOWEL

## Top Message

# A Future Enabled by our Accumulated Knowledge

藤森康彰

Representative Director and President

## ■ Turning changes in the business environment into stepping stones toward progress

I believe that the Kyodo Printing Group's success in growing its business for 126 years is an outcome of our staying close to society and always meeting its expectations. However, the business environment of recent years has been extremely severe. In addition to the decline in printed paper matter, I feel that social and economic changes of sort occurring over the space of decades have coalesced in just the past few years, as seen in the global economic impacts of the military invasions involving Ukraine and Israel, soaring energy prices, major supply chain turmoil in the procurement of parts and raw materials, and the COVID-19 pandemic. With nations and economies facing risks never experienced before, companies are forced to conduct business in markets that can not be predicted and must steer their management in turbulent waters.

Turning our attention to Japan, changes in social and economic structure originating in population dynamics are having a great impact on people's way of thinking. The transition to an aged society with a declining birthrate and transformation in diverse values and patterns of behavior are progressing. The number of people who treasure free time and who hold a high awareness of the environment, human rights, and equality are increasing, which has a major impact on our business environment.

In order for our Group to grow sustainably and survive, management capable of adapting agilely to the current severe business environment will be vital. The pressing issue of rising costs in raw materials and logistics is pushing price transfer throughout the supply chain. Numerous issues have piled up, including quicker development of sustainable products and services that will solve environmental problems. From a long-term perspective, too, managing organizations through conventional values will place not only growth but survival itself in danger. We need to consider the mechanisms of organizations capable of maximizing the new values and diversity of employees today, and rework these into a resilient structure.

While such a series of changes presents great risks, I feel it is also offers opportunities. Seizing these opportunities, we are undertaking transformation into a corporate group that achieves sustainable growth led by the management team.

## ■ Initiatives by the Kyodo Printing Group in FY 2022

Performance overall in FY 2022 was strongly affected by COVID-19 pandemic. The year was one of struggle, and transportation-related business revenue fell as personal

mobility remained at a low level. At the same time, general commercial printing grew, including for in-store sales promotions. Packaging materials for foods and BPO and other outsourcing businesses, including data printing, rose from the previous fiscal year, growing revenue overall. However, despite the increase in sales, operating profit remained flat from the previous fiscal year due energy price increases in excess of expectations and incomplete passing on of price increases caused by rising material costs. As markets and businesses have undergone rapid recovery from the start of fiscal 2023, we expect a recovery in terms of profit by continuing actions including the passing on of prices.

In summary, the year was one in which we dealt with current challenges in existing businesses and urgently tackled business reforms to address ever-quicken changes in the environment. The average life expectancy of companies is said to be under 35 years in manufacturing, the longest among industries. Yet the Kyodo Printing Group is already in its 127th year. It is because of efforts by our stakeholders and by our predecessors in the Company that we have been able to adapt to changing times and continue providing value to our customers. What is now being imposed upon us is the major reform of business portfolio reorganization aimed at further growth. I view corporate reform as essentially the reform of corporate climate and reform of awareness. In transforming ourselves into a flexible, innovative corporate group not bound by the past, what will be needed to fundamentally alter our awareness will be a long-term vision and an ideal for the Company. In the past, the Group developed business strategies on the basis of three-year Medium-term Management Plans under a buildup approach. In the current Medium-term Management Plan, however, we have put forth a long-term strategy that depicts our image for ourselves a decade from now, and have incorporated this into the Medium-term Management Plan through backcasting. We are working toward transformation aimed at creating a structure in which all employees share an awareness of determining our actions from a perspective what we must do, how we should invest, and what we must carry out in the next three years if we are to achieve our vision for the future ten years ahead.

## ■ Changes in and broadening of the concept of printing

The Group's business has long stood upon two pillars: Information Systems-Related Business and Living & Industrial Materials. The shift toward digital has accelerated since 2000, and the traditional business of printing on paper continues its year-by-year decline. But printing is not going to disappear in the future. Many people likely associate printing with an image of printed papers emerging one after another



from a printing machine, but this is only a part of the processes in our business. Our printing company performs information processing and information management at the stage before the output known as printing. The upstream processes of collecting information, planning, creating content, and processing and converting information into data all exist unchanged even if the output is no longer printing. Within these exist the creativity and the technical capabilities that we have built up over many years. These processes have also undergone significant change in recent years due to technological innovations such as AI and imaging. The forms of the value-added output that we return to customers, after receiving, analyzing, and processing data from customers, have also sharply increased. With our long history of handling highly confidential information, we have also established systems for retaining sensitive information, such as information involving finance, medical care, and health, in high-security environments. Our Group possesses a great strength in that, through printing, we centrally manage upstream and downstream processes related to information and achieve processes up to and including output entirely in-house.

In other words, the definition of what printing means has completely changed for our Group, greatly expanding to an unprecedented level. It seems to me that the more difficult it has become to wrap up our business with the word “printing,” the wider the net our business has come to encompass. As such, I believe that the long-term strategies that we formulate from here on out must more clearly indicate what sort of future our Group envisions and how we will provide value to society.



## ■ Business activities that create a sustainable future

Due to climate change originating in global warming, the changes known as abnormal weather are occurring with great frequency around the world. This has effects on human activities and all living things, as well as on our business environment. Restraining the overuse of natural capital and maintaining and enhancing a sustainable society and the global environment through products and services are indispensable actions for the sustainable development of companies. Our Group handles a number of lifestyle and industrial materials, especially packing and packaging materials. We recognize the urgent need to supply environmentally friendly products to society, and are advancing the development of sustainable packaging that circulates resources. As an example, for the plastic packaging materials that are essential for safety and quality in pharmaceuticals and food, we are promoting reduction of volume, replacement with materials such as bio-derived plastics, renewable plastics, and paper, as well as substitution with completely new packaging materials. At the same time, we are also working to reduce food loss through high-performance packaging materials that confer long-term shelf life. We are working to expand this environmentally friendly packaging in the market under our own brand “TOMOWEL NEXT PACKAGING.” Our Group’s history includes the first establishment of a research laboratory by a private printing company. The DNA of our technology development has firm roots. It is our wish to further accelerate investment in such developments and achieve the early

provision of products and services that solve social issues.

What is vital in creating such innovation originating in society is human resources. The diverse and flexible ideas of employees are indispensable to the development of business models that transform the company and society. In parallel with the expansion of investments in R&D, we are making active investments in human resources, particularly investments in the working environment.

How to provide environments in which employees having new values and diversity can fully demonstrate their innate capabilities is a challenge of utmost importance, including in terms of business portfolio reform and the acceleration of innovation. We have introduced measures that enable such

demonstration of individuals’ capabilities and originality, including the revision of dress codes and the promotion of flexible work styles that consider work-life balance, and have advanced the development of environments conducive to job satisfaction. The new company building that we completed in 2022 is environmentally friendly, featuring high-efficiency, energy-saving technologies along with heat shield glass and motion sensors. We developed an environment allowing flexible work anywhere, inside or outside the company, by eliminating fixed telephones and advancing the use of ICT, adopted a free-address system without fixed desks, and achieved an office environment that enables comfortable, efficient work styles. This has yielded positive effects not only in employees’ comments on ease of work but also in recruitment. The in-house business contests we launched to explore new businesses and to support human resources who take on challenges have yielded business idea submissions beyond our expectations. A number of selected proposals have come under consideration for commercialization.

By continuing this series of work environment reforms, we hope to promote transformation in employees’ mindsets and connect that to transformation in the company as a whole.

Companies are not driven only by a handful of directors; they move through the power of their employees. Our wish is to create a company capable of making full use of the power of our roughly 4,000 employees, with all employees empowered to effect real movement toward transformation with a sense of personal involvement, through means including new businesses, business reform, and reforms of organizations and work. We have to be a company where work is not the purpose of life but where all employees can embrace their own purposes in living life. The key mission for me is creating a company where people have a sense of whether they are growing personally through work or whether they are helping society.

## ■ To our stakeholders

Over its long history, our Group has worked with many outstanding customers in numerous industries without bias toward a specific industry, and has built deep relationships of trust. The customer base built up by our predecessors is an incredible asset of ours.

However, engaging in business in an order-oriented



industry where the customer comes first, a mindset of growing profit through forward-looking business investment and growth investment had not taken root. During the period of the current Medium-term Management Plan, we are implementing drastic measures in this area to reform management and make more effective use of our sound financial base. I believe that from here on out, strategic investment will maximize the assets and potential of the Group. I welcome your support along with your high expectations as we transform into a company that lives up to the trust of our stakeholders.



# Kyodo Printing Value Creation

## Awareness of the External Environment (Megatrends)

Understanding megatrends in the external environment, which has a significant impact on the ability to create value over the medium- to long-term, is the starting point for Sustainability Management. We will practice management by which we can adapt to social trends and transform ourselves in order to improve our ability to create value from a future-driven perspective to achieve sustained growth.



### Diversity and Transformation of Values

Changes in consumer behavior in 2030  
Divergence between ownership and use

**24.5** pt increase  
compared to FY2020

(Source: "Youth Today and Ten Years from Now," NLI Research Institute.)

### Worsening of Environmental Problems

Amount of plastic to be landfilled or naturally disposed of by 2050

≐ **12** billion tons

(Source: Geyer, R., Jambeck, J. R., & Law, K. L. (2017.) Production, use, and fate of all plastics ever made. Science advances, 3(7), e1700782



### Demographic Changes

Elderly aged 65 and over in 2030

About **one in three** of the nation's population

(Source: "Trends and Future Projections of the Aging Population in Japan," Ministry of Internal Affairs and Communications.)

### Advancing Urbanization

Municipalities with fewer than 200,000 inhabitants in 2030

(other than the three major metropolitan areas)  
Rate of decline in the working age population

≐ **17.2%** decrease  
compared to 2015



## Evolution of technology

IoT, Big Data, AI

## Value Creation Materialities

In the three areas of diverse lifestyles, smart society, and recycling-oriented society, which are oriented toward the future of megatrends, we will take on the challenge of transforming ourselves into a company that continues to grow and create a prosperous society and new value with our management resources at the core of the effort.

### Diverse Lifestyles

Creating a life of prosperity and happiness through information communication



In response to the changing values and diverse lifestyles of consumers, the means of information communication are also diversifying as digital technology advances.

Based on the technology and customer base that we have cultivated in print media, our Group will create digital solution services that contribute to improving quality of life for consumers by helping them achieve new lifestyles. We aim for sustained growth while realizing prosperous consumer lifestyles through productive work styles, learning opportunities that are not restricted by time or location, and the creation of new value-added experiences.

### Smart Society

Creating a safe and convenient society for everyone through information security



Amid a decline in the working population, extended healthy life expectancy, and the advance of urbanization, efforts are being made to solve various problems in urban and regional functionality and services and to create new value including comfort and convenience through the use of advanced digital technologies and data.

The Group will implement the information security technologies it has developed to date in order to deploy digital solutions in highly public areas such as healthcare, finance, and municipal government administration, thus improving convenience and productivity for consumers and society. We aim to achieve sustained growth while providing various solutions to realize a society in which everyone can receive services safely and conveniently.

### Recycling-oriented Society

Creating a sustainable future through innovative packaging and services



Amid calls for the sustainable use of resources, waste reduction, and efforts to combat climate change, the transition to a circular economy, in which resources are recycled in a sustainable manner, has become an issue for society.

Our Group aims to realize a sustainable future for people and the earth, and to achieve sustained growth by promoting value-creating innovation with the core technologies and packaging development capabilities we have cultivated, and by providing packaging and containers that are both environmentally friendly and easy to use.



# Value Creation Story

## Major management capital

### Financial Capital

#### ■ Stable financial foundation

Net assets **57.7** billion yen  
Equity capital ratio **46.7%**

### Intellectual Capital

#### ■ Technology that creates new value

R&D investment **1.06** billion yen  
Ratio of R&D expenses to net sales **1.1%**

### Manufacturing Capital

#### ■ Production bases in Japan and overseas

Manufacturing bases **14** locations  
(11 in Japan, 3 overseas)  
Capital Investment **4.38** billion yen

### Human Capital

#### ■ Diverse human resources that create competitive advantages

Number of Employees (Consolidated) **3,208**  
Female Managers Ratio **7.4%**  
(non-consolidated)

### Social and Relational Capital

#### ■ Wide-ranging partners

Customer bases approx. **2,400** companies (non-consolidated)  
Partner companies approx. **1,900** companies (non-consolidated)

### Natural Capital

#### ■ Utilizing sustainable resources

Energy input **88,621**MWh  
Resource input **212,826**t

## Business and strategy

### Value Creation Areas

Diverse Lifestyles

Smart Society

Recycling-oriented Society

### Growth Drivers

Technical development capabilities

Value-creating human resources

Partnerships

### Medium-term Management Plan (FY2021 - FY2024)

**Taking on the challenge of future-driven change to create a prosperous society and new value**

**Improving profit  
in existing businesses**

**Cultivation of new businesses**

### Five priority items

**Strengthening the business  
foundation of existing businesses**

**Exploring new business areas**

Human Resource Strategy

Environmental Strategy

**Strengthening business  
management functions**

### Corporate Governance

## Creation of value

### Corporate value

#### Financial FY2024 targets → P12

- ROE: **5%**
- Operating profit: **3.8** billion yen
- Dividend payout ratio: **30%** or higher

#### Non-financial FY2030 targets → P29

- Human Capital
  - Ratio of female managers: by fiscal year 2025 **10%** or higher (non-consolidated)
  - Digital human resources\* Ratio: Human resources able to leverage digital technologies **15%** or higher; Human resources able to create digital technologies **15%** or higher
- Natural Capital
  - GHG emissions reduction rate: (based on FY2022) **42%** or higher
  - Ratio of procurement of paper from confirmed legal wood raw material **100%** (non-consolidated)

### Social value

→ P29

**Living**  
A life of  
prosperity and  
happiness

**Society**  
A safe and  
convenient  
society for  
everyone

**Earth**  
A sustainable  
future

### External environment megatrends

- Transformation and diversification of values

- Demographic changes
- Worsening of environmental problems

- Advancing urbanization
- Evolution of technology

\* "Human resources able to leverage digital technologies" are human resources who lead transformation in business models and business processes. "Human resources able to create digital technologies" are citizen developers, department analysts, system developers, data scientists, etc.



# Medium-term Management Plan

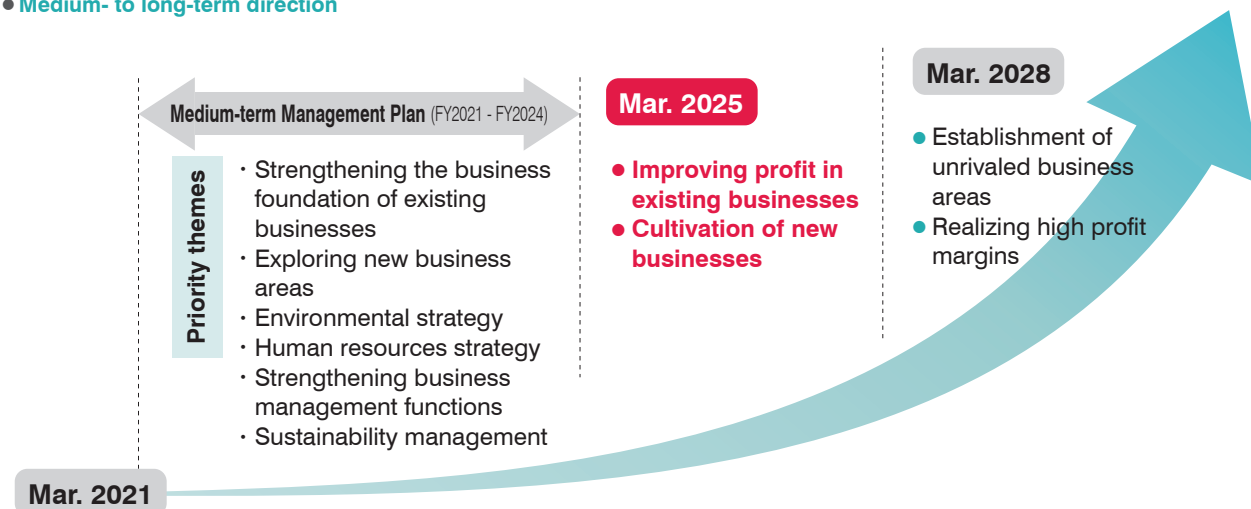
## Medium-term Management Policy

### Taking on the challenge of future-driven change to create a prosperous society and new value

Aiming to establish competitive business areas and achieve high profit margins, the Medium-term Management Plan (FY2021-FY2024) focuses on improving profits in existing businesses while cultivating new businesses that will become pillars for the Group.

- Under this Medium-Term Management Plan, we will complete efforts to generate profits in existing businesses and seek out businesses that will become the pillars of the next generation.
- Through analysis of our external and internal environments, the Group has identified themes to be addressed and has formulated strategies to achieve them. Through structural transformation of existing businesses, we will build a management foundation that enables us to measure and evaluate improvements in efficiency and quality, thereby achieving a corporate structure that can generate sustainable profits. We also aim to achieve further growth by concentrating profits in new business areas.
- In order to realize our business strategy, we will implement various measures for structural reforms of existing businesses (functional and organizational enhancements, operational reforms, etc.) and for creation of new businesses.

#### Medium- to long-term direction



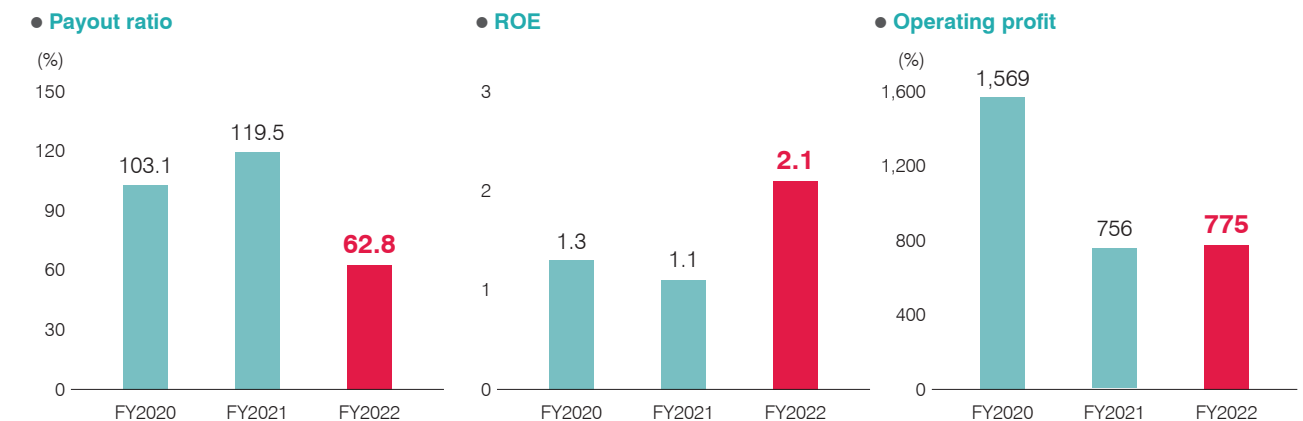
#### Medium-term management targets (for FY2024)

Dividend payout ratio  
**30% or higher**

ROE  
**5%**

Operating Profit  
**3.8 billion yen**

## Changes in Management Indicators



#### Major Initiatives in FY2022

In addition to the five priority themes at the time the Medium-term Management Plan was formulated, since 2022 we have also undertaken sustainability management that aims for sustainable growth and enhancement of corporate value by balancing provision of new value to society with business growth.

Priority themes	Major initiatives (FY2022)
1 Strengthening the foundation of existing businesses	Establishment of DX Promotion Office for operational enhancement
2 Exploring new business areas	Development of high-performance pellets for heat-storing textile Strengthening of initiatives aimed at new solutions businesses (educational business)
3 Environmental strategy	Release of environmentally friendly (de-plasticized) products (Resealable pouches, top-sealing paper trays, filmless packaging material) Acquisition of "Biomass Plamark" certification with gift card Promotion of initiatives aimed at climate change action and start of information disclosure based on TCFD recommendations
4 Human resources strategy	Discovery and nurturing of value-creating human resources through in-house business contests System revisions to support diversity of work styles System revisions that contribute to motivating personnel to take on challenges (role grade systems, wage systems)
5 Strengthening business management functions	Strengthening of business investment management through the establishment of a new Investment Review Committee to conduct screening reviews regarding investments Assessment of current status with goal of ROIC improvement, and start of KPI setting
★ Sustainability management	Identification of materiality Establishment of Sustainability Promotion Committee Establishment of Sustainability Promotion Office responsible for comprehensively planning and promoting policy from a sustainability perspective Partial revision of the Executive Officer Remuneration System and addition of evaluation items related to sustainability management promotion

#### Initiatives for FY2023

In the area of sustainability management, we will strengthen governance and make related initiatives more concrete.

- Enhancement of discussions on sustainability issues within the management team
- Acceleration of specific initiatives aimed at sustainability issues, centered on the new Sustainability Promotion Office
- Formulation and disclosure of KPIs

In strengthening business management functions, we will formulate and implement measures aimed at improving ROIC by segment. Primarily through the Investment Review Committee, we will review investment projects from multiple angles, including consistency with investment objectives and strategies, analysis of risk, and validity of plans.



# Financial Strategy



We are engaging in management with an awareness of the cost of capital, and aim to strengthen our growth potential through three financial strategies.

## Hidenori Watanabe

Director and Senior Managing Executive Officer  
General Manager, Group Corporate Headquarters and Management Supervisory Headquarters

## Basic Philosophy

The Kyodo Printing Group's capital strategy is based on investments with a view to sustained growth and the maintenance of a level of shareholders' equity that ensures smooth business continuity, with the aim of a medium- to long-term increase in corporate value. The four-year Medium-term Management Plan that we have undertaken since FY2021 sets operating profit of 3.8 billion yen, ROE of 5%, and a dividend payout ratio of 30% as goals for FY2024. Aiming to maximize Group profit, we have begun a shift from partial optimization through traditional management of income and expenditures divided into sales and manufacturing segments, to management accounting that

involves overall optimization. As an effort to strengthen profitability, we are introducing a return on invested capital (ROIC) system in the internal management indicators of our segments. Our business divisions have tended to conduct management with a focus on profit, but by increasing awareness of working capital and inventory and keeping return on investment in mind, we are reforming our business operations to avoid inflating the balance sheet more than necessary. As raising awareness of accounting and instilling the concept of total optimization will be grow in importance under the introduction of ROIC, we are undertaking initiatives to boost understanding among employees.

## Management with an Awareness of Cost of Capital

We are working to create operating cash flow through improved profit in existing businesses and to achieve well-balanced investments in accordance with capital efficiency. From a standpoint of enhanced capital efficiency, in FY2022 we acquired and retired 1 billion yen of treasury stock and reduced our cross-shareholdings

by 2.6 billion yen in four issues. To efficiently utilize land made available by the reconstruction of our head office building, we concluded a general fixed-term land lease agreement. Through the use of the advance land rent, we reduced interest-bearing debt by 16.2 billion yen.

## Formulation of Growth Strategy

### Achievement of the targets of the current Medium-term Management Plan is the foundation

#### Medium-term management targets (year through March 2025)

Operating profit	3.8 billion yen
ROE	5%
Dividend payout ratio	30% or higher

### Achieving sustainable growth and enhancement of corporate value

#### Three initiatives for the improvement of PBR

“Enhancement of profitability”

“Strengthening of financial strategy and capital policy”

“Enhancement of IR activities”

	Unit	FY2021	FY2022	FY2023 full-year forecast	FY2024 targets
Sales	million yen	88,416	93,363	101,000	107,000
Operating profit	million yen	756	775	1,700	3,800
ROE (year)	%	1.10	2.10	2.60	5.00
Stock price (closing price at end of period)	Yen	2,761	2,750	–	–
PBR (end of period)	multiple	0.36	0.36	–	–

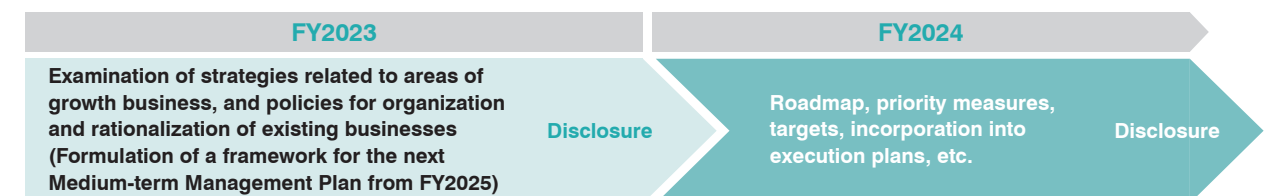
At the same time, we face the major issue that our Price Book-value Ratio (PBR) is a very low multiple of about 0.4. This of course points to issues with profitability, but our analysis shows the greatest cause to be the lack of a clear growth strategy indicated for the Group. To address this, we have set out “enhancement of profitability,” “strengthening of financial strategy and capital policy,” and “enhancement of IR activities” as three priority matters for achieving growth, under which we will work to achieve the targets of our current Medium-term Management Plan and to formulate the next Medium-term Management Plan.

With regard to “enhancement of profitability,” we will work toward ROIC management and strengthening of our growth potential through well-balanced investment, and will undertake organization and consolidation of our business. While tackling the problem of a contracting market for our original Publications Printing business, we have also determined a need to take a knife to low-profitability businesses. Within the period of our current Medium-term Management Plan, we will also take action to transform our structure into one able to generate profits, through means including expansion of the digital solutions area that is expected to grow.

In the area of “strengthening of financial strategy and capital policy,” in FY2022 risks threatening profitability increased amid rising costs of energy, raw materials, and logistics, and an unpredictable business environment continued. We consider it important that we accelerate investments for growth and investments in business structural reform while agilely responding to such changes in the business environment, and that we carry out cash allocation that contributes to the enhancement of medium- to long-term corporate value. We expect swings in performance to increase short-term during the process, but we intend to carry out stable and continuous shareholder returns. Finally, in “enhancement of IR activities,” we hope to increase communication with shareholders and investors in both quality and quantity, and to actively present stakeholders with information in a timely manner to encourage their expectations for the continued growth of the Group in the coming era.

Our future growth strategy is already under discussion by the Board of Directors. As policies, goals, and priority measures of the next Medium-term Management Plan come together, we will incorporate them into our roadmap and disclose them at the right time.

## Formulation of Growth Strategy



## Shareholder Return Policy

The return of profit to shareholders is a key issue for companies. We evaluate and set the distribution of profit on the basis of factors including consolidated business performance, dividend payout ratio, and dividend on equity (DOE), while emphasizing a stable and continuous return. The annual dividend in FY2022 was 100 yen per share and the dividend payout ratio was 62.8%. Combined with the acquisition of treasury stock, the total payout

ratio was 144.3%.

Our Group as a whole maintains a strong awareness that achievement of our current Medium-term Management Plan targets and our growth strategy based on the next Medium-term Management Plan are vital to the future of the Group. We ask our shareholders to continue their medium- to long-term support for the Kyodo Printing Group.



## Information Communication Business

The Information Communication Business engages in the processing of information, both digital and analog, throughout the processes of planning, production, and logistics planning, with a focus on the printing of publications and promotional materials. The degree of understanding of customers we have earned through engagement in wide-ranging processes in information processing has become a strength of our Group, and has resulted in our current customer base.



### Development and provision of solutions capable of offering varied experience values to address changes in values and diversification of lifestyles

#### Junichi Iwata

Managing Executive Officer  
General Manager, Information  
Communication Headquarters

### Current Growth Strategies and Main Capital Investment Plans, And the Progress of These

With conventional commissioned printing as our foundation, we are making efforts to transform from a profit-creation style through the expansion of mass production processes to a business centered on services for solving customers' issues. In information processing output, too, multifaceted development capabilities for not only paper media but also digital media and real events will be required. We also plan to build an organization and structure capable of creating our own content.

Along with the enhancement of creative human resources, digital human resources, and other value-creating human resources

for achieving that purpose, we also view corporate climate reform for taking on new initiatives unbound by existing domains as a major theme for us.

In terms of investment, along the way in our shift from mass production to services, we are making a shift from investments in large-scale production equipment to investments in alliances for the creation of services and solutions. In FY2023, we plan to select alliance partners with a focus on our "Learning" project, and to enter the business expansion phase from FY2024.

### Products and Services That Contribute to Solving Social Issues

In the area of sales promotion, we are advancing the development of "Digital Gondola®," which combines in-store sales fixtures with digital signage. In addition to strengthening our capability for appeal through video, we are actively undertaking sales development as a means of promoting sustainable in-store sales promotions by reducing materials such as POP displays.

Together with this, we are developing our LOGISMART solution that boosts the efficiency of inventory management for promotional materials and the arrangement of transport into/out of sites, reducing the workload on sales promotion staff. We position this as a tool for the creation of time for key planning work and sales

promotion activities by replacing complex work with simple operations.

In the area of learning, as a means of enhancing employee engagement we are developing services including YorisoweL, which provides a variety of learning content, and TriAnchor, which supports smooth return to the workplace after childcare leave while providing opportunities for considering future career plans. We hope to nurture all of these as solutions for enhancement of engagement, which are expected to increase in importance as human capital disclosure-related activities ramp up in the future.



Digital Gondola® fixture integrated with streaming digital signage



LOGISMART system for management of promotional materials inventory and ordering



TriAnchor education program for employees who take childcare leave



YorisoweL website offering learning content

### Looking Back on FY2022

In FY2022, sales promotion solutions centered on digital solutions, IR domains such as the production of integrated reports in line with revision of the Corporate Governance Code, and real events leveraging content all saw growth. In the area of electronic comics, we were able to pinpoint the direction on which we should focus through the expansion of original content sales.

We strengthened our production structure and sales structure toward that end, and, viewing a content provision structure as necessary in light of the growing importance of enhancing engagement while engaging in the area of IR, we launched the Learning Creation Project. We intend to continue these initiatives in FY2023 and to build them into new areas of growth.

### Business-related Opportunities and Risks

In the area of sales promotion, the enhancement of clients' engagement with customers is a major theme. We believe that opportunities to propose communication measures, digital and analog alike, will continue to increase. Through both digital and physical services, we aim to become a best partner to customers in the area of sales promotion.

In the area of IR, we are similarly working to enhance engagement inside and outside the company and, in the areas of value

creation and management foundations, are expanding projects through a recognition that demand for content will grow, especially in the area of learning.

In terms of business risks, demand is contracting for paper media, especially periodicals such as magazines. How to make our production structure efficient while fulfilling our manufacturing responsibilities is a pressing challenge for us.

### To Our Stakeholders

In line with changes in the values of consumers and working people and with the diversification of lifestyles, visions for information communication are now also undergoing transformation. While fulfilling the manufacturing responsibilities of the printing

business that has been our foundation, we will continue to develop and provide solutions capable of offering varied experience values, thereby enhancing the value of our presence and making our business sustainable.

## Information Security Business

Originating in the handling of cash vouchers, stock certificates, securities, and other valuables, our Information Security Business has widened its domain to encompass the handling of personal information, including sensitive information. Through years of experience, we have accumulated confidential information handling know-how that spans physical information handling to data handling, and have built relationships of trust with many customers.



**We provide total support for our customers' customer continuity management and actively engage in the development of new services addressing security.**

### Teruomi Ohashi

Managing Executive Officer  
General Manager, Information  
Security Headquarters

## Current Growth Strategies and Main Capital Investment Plans, And the Progress of These

In our existing business, we are undertaking new business development while working toward thorough streamlining. In new business development, we are moving ahead with the creation of new businesses, not only in areas that are extensions of current businesses but also in so-called enclave domains.

Competition was severe in existing businesses, and profitability and growth remained at low levels. Continuation will require differentiation through system support, but at present securing human resources to do so is somewhat difficult. To address this, we are advancing the construction of a structure that also encompasses human resource development.

At the same time, in the development of new businesses, I see a considerable reliance on individual qualities more than on organizational capability. Regardless of age range, we will continue to seek out employees with motivation, employees who have the capability to persevere, and employees willing to change themselves in these ways, and will strive to appoint human resources with the aim of value creation.

Regarding capital investment plans, we plan to make data printing facilities and other investments on the scale of 1.6 billion yen from FY2023 to FY2024 during the current Medium-term Management Plan.

## Products and Services That Contribute to Solving Social Issues

In the payment solution business, the MobalPay cashless approval service for foreigners living in Japan, based on the Bizpreca mechanism, is noteworthy. Bizpreca is an enterprise prepaid service that contributes to the simplification of cashless payment. It offers the advantage of no credit review and the ability to reduce petty cash and on-site paying in advance. In online shopping in Japan, usable cards are often limited to those issued by banks in Japan, at times creating difficulties for foreigners who have just entered the country. By contrast, MobalPay can quickly be obtained by holders of a valid residence card after a speedy screening process. This contributes to target 8.10 of the SDGs,

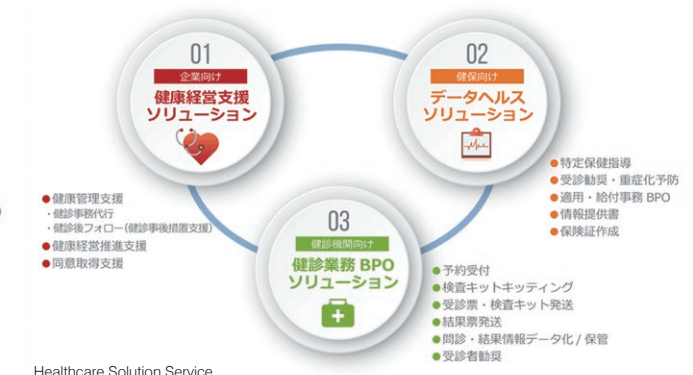
strengthened access to financial services for all, and target 10.2, empowerment for all persons (foreign residents).

Another item of note is Healthcare Solution Service. We take in personal health information from companies, health insurance associations, medical institutions, and other parties, and provide support from administrative agency work to advanced professional work under an environment of assured security management. This contributes to support for corporate health and productivity management for working people in the universal health coverage\* of target 3.8 of the SDGs, and support for work style reform that leads to decent work according to target 8.5.

\*The ability for all people and communities to receive necessary medical insurance services without accompanying financial hardship



MobalPay



Healthcare Solution Service

## Looking Back on FY2022

As economic activity stagnated widely under the COVID-19 pandemic in FY2022, our DP/BPO service drove sales and profits in the division. We undertook varied projects including pandemic-related projects by local government and assistance with customer continuity management.

In existing businesses, we are advancing initiatives under a policy of reducing personnel involved by 20%. The purpose of this is to enhance efficiency in existing businesses as well as to direct freed-up personnel to new business development. I think a

bit more time will be required to do so, but by the end of the next Medium-term Management Plan, we hope to increase the ratio of new business development to 20% or higher.

Human resource development is vital to initiatives aimed at new businesses. Securing system development personnel in particular is essential in any undertaking. In addition to securing human resources from outside the company, we are advancing the training of in-house personnel.

## Business-related Opportunities and Risks

The needs of public institutions, companies, and other customers for the improvement of office work efficiency will never disappear. Through sales activities, we hope to recognize varied issues in office work and provide varied solutions, including the handling of sudden projects.

We are accelerating the shift away from paper and toward labor reduction through the handling of continuous customer management, and have begun to transform our business structure, including system development. While action has been somewhat delayed as circumstances accelerate due to the COVID-19 pandemic, we will make efforts toward a recovery.

## To Our Stakeholders

Regarding customer continuity management by local governments and other customers, we want to continue providing services that offer solid support from entrance to exit. Paper media, the mainstay of the printing industry, is increasingly on the decline.

But this is not the only means by which we can offer our accumulated know-how. We will continue to provide this service through system development and will actively engage in the development of new services dealing with security.



## Living & Industrial Materials Business

The Living & Industrial Materials Business consists of a Packaging Division focused on paper vessels and flexible packaging and an L&I Division that handles items including laminated tubes, blown bottles, and industrial materials. With our sales, manufacturing, and engineering departments cooperating closely, we have earned the solid trust of customers through package development that leads to a sustainable future and sustainable growth.



**Boldly tackling new areas that lead to solving customers' issues to become a "total solutions company for packaging and containers"**

### Tadashi Tomioka

Managing Executive Officer  
General Manager  
Living & Industrial Materials  
Headquarters

At the same time, if costs of primary raw materials and energy continue to soar but cannot be covered by reductions in other costs or cannot be properly passed on to selling prices, sales and profit could decrease. Moreover, laminated tubes are a business with a high logistics cost ratio, as their transport is said to be close

to transporting air. I believe that while we tackle further improvement of transport efficiency, reduction of inventory, and control of storage costs, we must also take up the development of new products that enhance transport efficiency.

### Current Growth Strategies and Main Capital Investment Plans, And the Progress of These

Setting "a total solutions company for packaging and containers" as our vision for FY2030, the Headquarters has focused on five priority measures: (1) establishment of the Kyodo Printing brand in the field of top-sealing packaging, (2) establishment of an environmentally friendly container business, (3) being a comprehensive container manufacturer centered on tubes, (4) establishment of a new industrial material business, and (5) expansion of our overseas business. While dealing with the rising costs of raw materials, energy, handling of logistics problems in 2024, and other issues by passing costs on to prices, we will undertake strengthening of the profit structure of existing businesses and expansion of peripheral businesses in order to transform the business portfolio. We are also focusing on the creation of a corporate climate that tackles new business areas and the promotion of projects and business unit subcommittees for specific key themes.

In the Packaging Division, we aim to capture orders that will enhance profit margin through packaging total solutions sales. To build a brand for Kyodo as the leader in top-sealing packaging, we will advance the establishment of varied seal technologies and development of production systems. In the L&I Division, we will engage in all-out management of sales, manufacturing, and technology development to establish business as a comprehensive container manufacturer. For laminated tubes in particular, we aim to expand orders for cosmetics, food, and pharmaceutical applications to shift away from an over-reliance on toothpaste applications.

Looking at capital investment, large-scale capital investments have been carried out prior to the current Medium-term Management Plan. We are now studying capital investments aimed at reduction of environmental burdens and achievement of energy conservation.

### Products and Services That Contribute to Solving Social Issues

For the TOMOWEL NEXT PACKAGING brand aimed at the realization of a sustainable society, we are developing a variety of environmentally friendly products and are proposing environmentally friendly specifications matched to customers' specific processes, from product design to manufacturing, logistics, sales, ease of use, and disposal. As an example, our PIR efforts to divert plastic waste generated in production into other products such as

bottle caps have been highly regarded by environment-oriented customers, leading to orders. In consumer packaging, the need for FSC paper is growing within customers' environmental strategies, and we are strengthening our ability to accommodate. We are also actively working on making tube rolls thinner and reducing the use of resin through smaller caps.

### Looking Back on FY2022

In FY2022, we strengthened our development and proposals in the area of environmentally friendly products including paper packaging materials made without plastic films, and made efforts toward the expansion of orders for packaging and laminated tubes for food and daily necessities. In the Packaging Division, food cartons and cling wrap cartons rose from the previous fiscal year. Film packaging materials and lid materials for instant noodles also performed well. In the L&I Division, liquid packaging for daily necessities, laminated tubes for cosmetics, and industrial

materials for pharmaceuticals rose from the previous fiscal year, while blown tubes and blown bottles for seasonings struggled for reasons including a decline in rebound from retail price hikes.

The result was a gap in sales from the initial forecast in some toothpaste tube products and a decline in rebound from rush demand. Profit was primarily affected by soaring energy prices in the first and second quarters and delay in passing on costs of materials.

### Business-related Opportunities and Risks

Worldwide movement toward environmental consideration in containers and packaging is intensifying, and containers and packaging made with plastic materials face demands aimed at a shift to a recycling-oriented society. Viewing this movement as an opportunity, we are exploring the potential for entry into new markets through the development of environmentally considerate products

and high-performance packaging materials that contribute to prevention of food loss. In addition to actions including the preparation of product LCA data and the reform of manufacturing technologies, we are focusing on the development and provision of products that contribute to reduced use of plastics. These include filmless paper packaging materials and paper laminated tubes.



Packaging made with filmless paper packaging material



Paper laminated tubes



Range-Up Carton made with zero plastics

### To Our Stakeholders

The mission of the Headquarters is to develop technologies that are strengths of the Company and provide value-added packaging and containers that can contribute even more to society. We

will also leverage our bases in Vietnam and Indonesia to promote the diversification of our business in the ASEAN market.



Special  
Feature

## Creation of New Value

Achieving an innovative new type of “wearing” using infrared-absorbing materials born of our knowledge and social innovation ideas

The Technical Supervisory Division has developed high-performance pellets for heat-storing textiles. By applying high-performance materials, which had been used in specialized printing technology, in the separate industry of clothing textile material, the division commercialized a product offering unprecedented value as thin, light, warm clothing. Along with R&D info and practical application of new materials, we will offer new value by addressing fabric design, merchandising, and more.

## The beginning is Anti-counterfeiting Printing

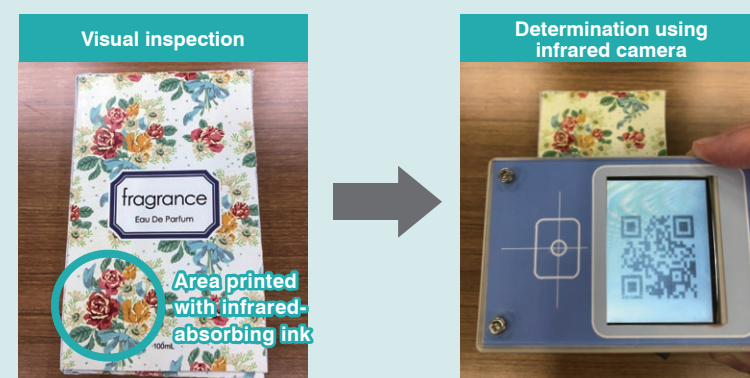
In the early 1990s, a time when the printing market's ongoing rise hit its peak of 9 trillion yen, the proliferation of color copiers led to a surge in the counterfeiting of banknotes, cash vouchers, tickets, and other materials, resulting in a serious social problem.

The Technical Supervisory Division, which had developed special printing technologies and held expertise in the field of anti-counterfeiting printing, undertook research into the printing of anti-counterfeiting tickets at the request of railway companies.

The research focused on the light-related areas of hues, wavelengths, and photoluminescence. Within this, we developed pearl material with special photoluminescence along with inks and paper that significantly discolor when duplicated by a color copier, and proposed these to customers. These new anti-counterfeiting technologies were well received and were adopted for use in train tickets nationwide.

In later development of anti-counterfeiting technologies, we intensively studied functional materials related to light, obtained a variety of new materials, and embarked upon new research. One focus was

infrared-absorbing materials. This anti-counterfeiting printing technology uses infrared ray-absorbing ink that can be confirmed only with an infrared camera, enabling easy determination of authenticity. Accumulating such technologies and adapting them to new applications led to our new materials business.



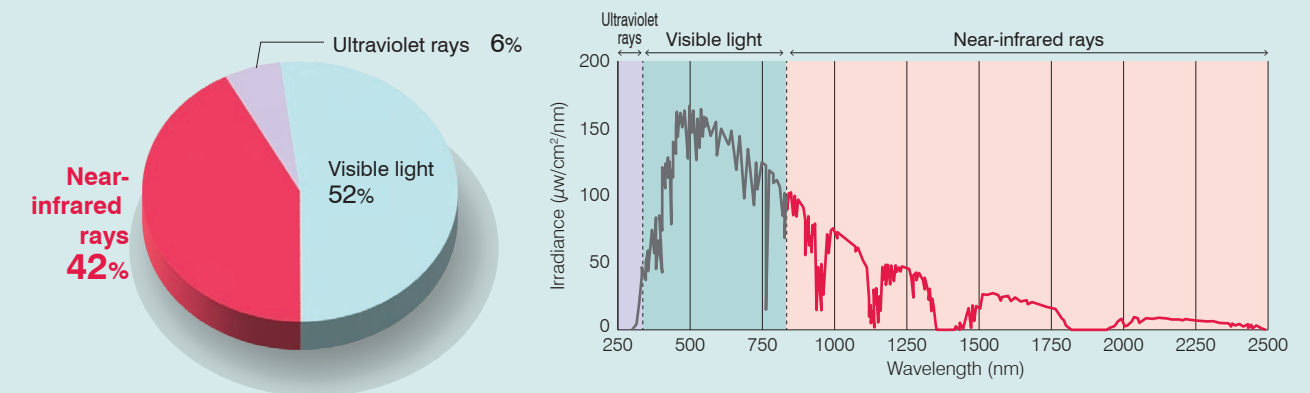
The design printed in infrared-absorbing ink cannot be seen by visual inspection but can be seen using an infrared camera.

## Development of Applications Leveraging Abundant Infrared Rays

Along with the development of anti-counterfeiting technologies, we explored the development of new products outside our existing domain of printing, taking advantage of the light-related knowledge we had acquired. Near-infrared rays, which make up about

42% of the sun's rays, fall upon us in great quantities while the sun is out. We thought that taking advantage of this vast amount of renewable energy could lead to solutions to social issues.

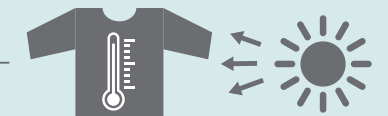
## Near-infrared rays contained in large quantity in the sun's rays



## Application

1

## “Warming clothing”

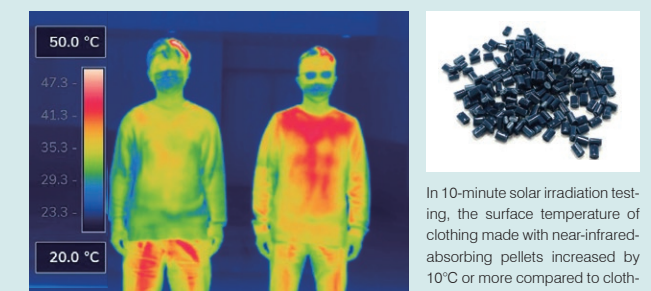


We first focused on the idea of offering warm clothing imbued with a function for absorbing near-infrared rays and generating heat. Warm fabrics that leverage near-infrared rays were already available in the market, but through investigation we found that products capable of demonstrating a palpable level of heat generation through sunlight were not yet available. We began development of a heat-generating material as the basis for providing thin, light, warm clothing readily available to all.

We had continuously built up technologies for blending different materials, and succeeded in developing pelletized material from near-infrared-absorbing materials. We wore prototype clothing and measured its sunlight-based heat generation functions. When this verification revealed an unprecedented heat generation effect with a surface temperature rise of 10°C or higher, we set our sights on thin, light, warm clothing. Near-infrared absorption materials to date had been limited in fabric tones due to materials such as black pigment, but the materials for textiles developed by our Group offer the advantage of allowing color variations matched to needs.

At the same time, we completed materials for heat-generating textiles, but we could not realize thin, light, and warm clothing without adoption by the textile industry and apparel manufacturers. Unfortunately, our Group had no recognition in the textile and apparel industry, and we lacked the connections for selling to it. Accordingly, in our plans for the material, we focused on

## Heat generation effect of near-infrared-absorbing pellets (textile and fabric applications)



clearly displaying the material's properties and high competitive advantages not found elsewhere, along with the markets to be targeted. At the same time, we partnered with agents familiar with the industry to make up for our Group's lack of recognition and relationships in that field. As we worked to develop new customers, a number of companies came to show some interest. Beginning with the field of sports apparel, we then planned items including scarves and business apparel in the area of men's clothing, and launched new products. These gained recognition for their functionality, and our products have now been adopted by over 20 companies.



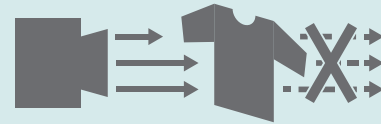
Product sample  
(Courtesy of TAKISADA-NAGOYA CO., LTD.)



## Application

2

## Combating voyeuristic photography

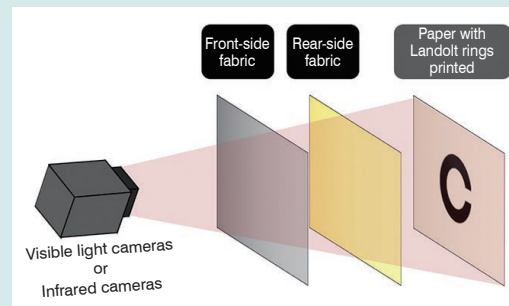


We next focused on features to combat voyeuristic photography by infrared cameras. Acts of voyeurism against athletes have increased markedly in recent years. Particularly malicious are cases of infrared cameras used to “see through” uniforms and image underclothing or body form. This abuse of infrared cameras can be prevented by fabric woven with infrared-absorbing material, used in uniforms that appear completely normal to the eye. Proposing this idea to comprehensive sporting goods manufacturer

Mizuno Corporation, through co-creation we developed a fabric able to prevent “athlete voyeurism.”

We believe that the same need also exists outside the sports-wear field. Voyeurism that violates the physical privacy of women and children is on the upswing, often involving online proliferation. We want to keep pursuing this development to address the social issue of human rights violations of this nature.

● Voyeurism prevention effect of infrared-absorbing pellets (textile and fabric applications)



Shooting images under visible light and infrared rays  
(Courtesy of Mizuno Corporation)

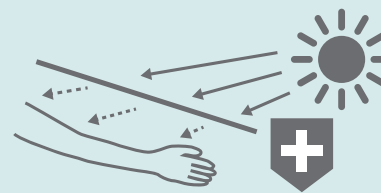
Front-side fabric	None	Fabric for uniform shirts	Fabric for uniform shirts	Fabric for uniform shirts
Rear-side fabric	None	None	Conventional fabric	New developed fabric
Visible light image				
Infrared light image				

Comparison of sheerness under visible light and infrared rays (Courtesy of Mizuno Corporation)

## Application

3

## Prevention of Skin Aging



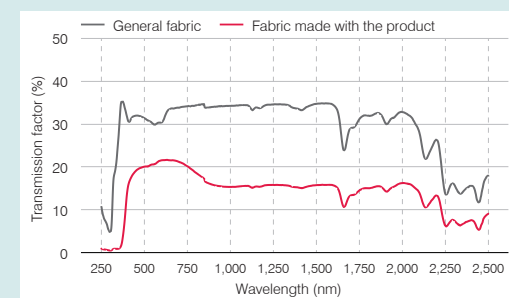
The adverse effects of ultraviolet rays on skin are generally well known. Recently, however, near-infrared rays have also been found to cause damage to skin tissue. As near-infrared rays have a longer wavelength than ultraviolet rays and greater penetration, they reach deeply into skin and cause denaturation and decrease in the collagen and elastin that support elasticity and firmness in the skin, resulting in wrinkles and sagging.

In Thailand and other Southeast Asian countries, many people wear long sleeves and arm coverings to avoid sunburn caused by

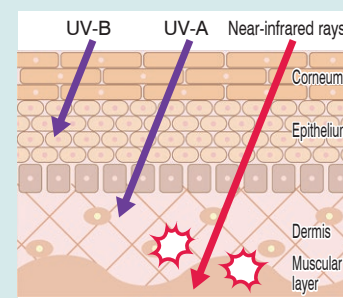
near-infrared rays. This led us to see a need for clothing that cuts near-infrared rays in regions with strong sunlight.

To tackle the issue, we joined with suit specialty store AOKI, Inc. to co-create clothing that cuts the near-infrared rays that adversely affect skin, under a new approach of “wearing skin care.” Through such actions, we are working to uncover new needs in the field of beauty and health through clothing and to expand new business domains.

● Efficacy of infrared-absorbing pellets (textile and fabric applications) in blocking near-infrared rays



Near-infrared transmittance



Cross-section of skin



“Kinseki Cut T-shirt” (Courtesy of AOKI, Inc.)

## Breaking out of the Innovation Dilemma

Infrared rays fall over the entire planet, freely available to everyone. The market for products that leverage the power of nature is spreading worldwide. Our Technical Supervisory Division identifies with the SDGs’ concept of “Leave No One Behind” and sees the achievement of this as our mission as a developer. To enable many people to benefit from the unprecedented value we have created, we began with commercial offerings in the area of clothing, a component of the food, clothing, and shelter indispensable to human life.

For 126 years, our Group has continuously upheld a business model of responding to the needs of customer companies. From here on out, however, we need to jump into fields in which our past business foundation does not hold and must tackle value creation in an age of unforeseeable futures. In the past, even when we developed innovative technologies and materials, whether these would eventually be commercialized and whether products would sell depended on the capabilities of our customers. We are taking a step ahead from that position in the attempt to offer not only the development of technologies but also business plans that extend to specific products and their benefits to end users. By demonstrating that Kyodo Printing is able to provide new value to

the world, we succeeded in entering the category of textiles and apparel in a completely new industry for us, which can be considered as a great achievement.

At its peak in the 1990s, the printing market began to contract under the spread of digital devices and changes in values. By the 2020s, the market had shrunk to less than half the size at its peak. The greatest challenge for printing companies, including ours, is the creation of new businesses capable of serving as pillars of business in the future. Those who remain on a continuation of their conventional business can expect the capability for neither profit nor growth. There is now a need to break away from the dilemma of innovation and take on the challenge of new domains and new markets different from our existing businesses of printing and digital media such as websites. Our Research & Development Department exists for this purpose. As we possess knowledge long accumulated since our establishment of the printing industry’s first private laboratory, we believe that advancing R&D investment to maximize the value of our knowledge, growing through innovation, and aiming to transform our company and society will fulfill the expectations of our company as well as of shareholders, investors, and other stakeholders.

## Toward Our Next Innovations

Entry into new fields with infrared-absorbing materials was initially met with skepticism within the Company, but we now have the attention and high expectations of everyone, and in-house investment in systems, development costs, and other areas has increased. We are now working to expand these as a driving engine. At the same time, our endeavors in the area of new materials has just begun, and there remain many fields that we want to tackle.

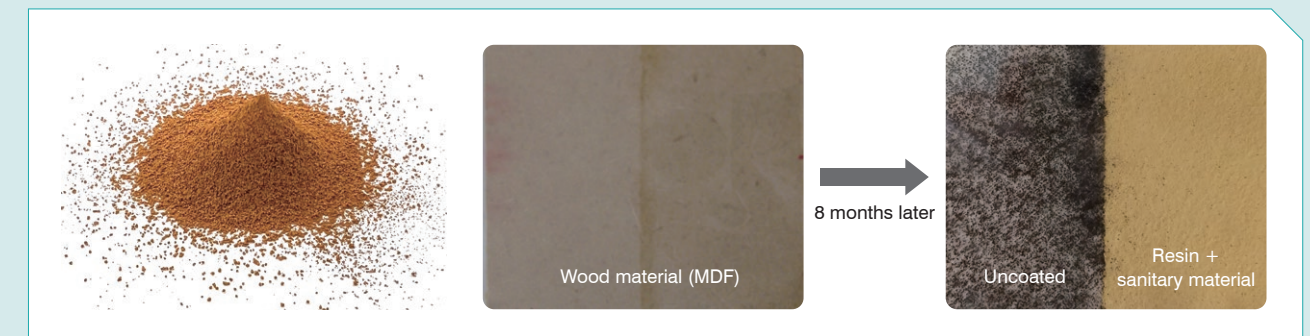
To sow the seeds of our next innovations, we have already made a start in the field of sanitary materials. We are now developing a new type of sanitary material that is able to inactivate COVID-19, norovirus, and other viruses in just one minute through contact alone.

This utilizes highly safe inorganic substances (metallic oxides) and has demonstrated the ability to inactivate not only viruses

but also larger targets such as bacteria and mold. Containing no silver, copper, or other harmful substances regulated in Europe and the United States, the material is friendly to the human body and the environment and is compliant with European Chemicals Agency (ECHA) and other overseas biocidal product regulations.

Even with the subsiding of the COVID-19 pandemic, as long as global warming continues its advance, the possibility of new pandemics will be ever present. Moreover, poor sanitary environments and low standards of medicine exist in many parts of the world. How to protect such regions remains a major challenge. Our aim is to be a company capable of offering value and contributing worldwide, not only in Japan where population decline has begun. As the domains where the material can be used are too broad, we are working to narrow down the applications. We invite everyone to hold high expectations for our future developments.

● New sanitary material



# R&D Strategy

## Basic Philosophy

As society undergoes changes at an unprecedented pace, including the transformation of consumer values, the advent of a data-driven society, and global environmental issues, solving various social issues through innovation will be a source of competitiveness and growth for companies.

### Research and Development

Our corporate DNA has been handed down continuously since 1932, when we established the first research laboratory of a private-sector printing company, and it is still alive and well today.

We pursue research and development to create new value under our basic policy of R&D as the creation of products that will support Kyodo Printing ten years down the road.

We promote the development of future-oriented solutions based on core technologies that we have cultivated through our continuous response to the demands of society in the fields of information communication, information security, and packaging.

While concentrating resources on developing new markets and products in line with our strategy for each business segment, we are also expanding our innovation-driven business areas by developing environmentally friendly products and establishing a new materials businesses in strategic areas of diversification to create new growth opportunities.

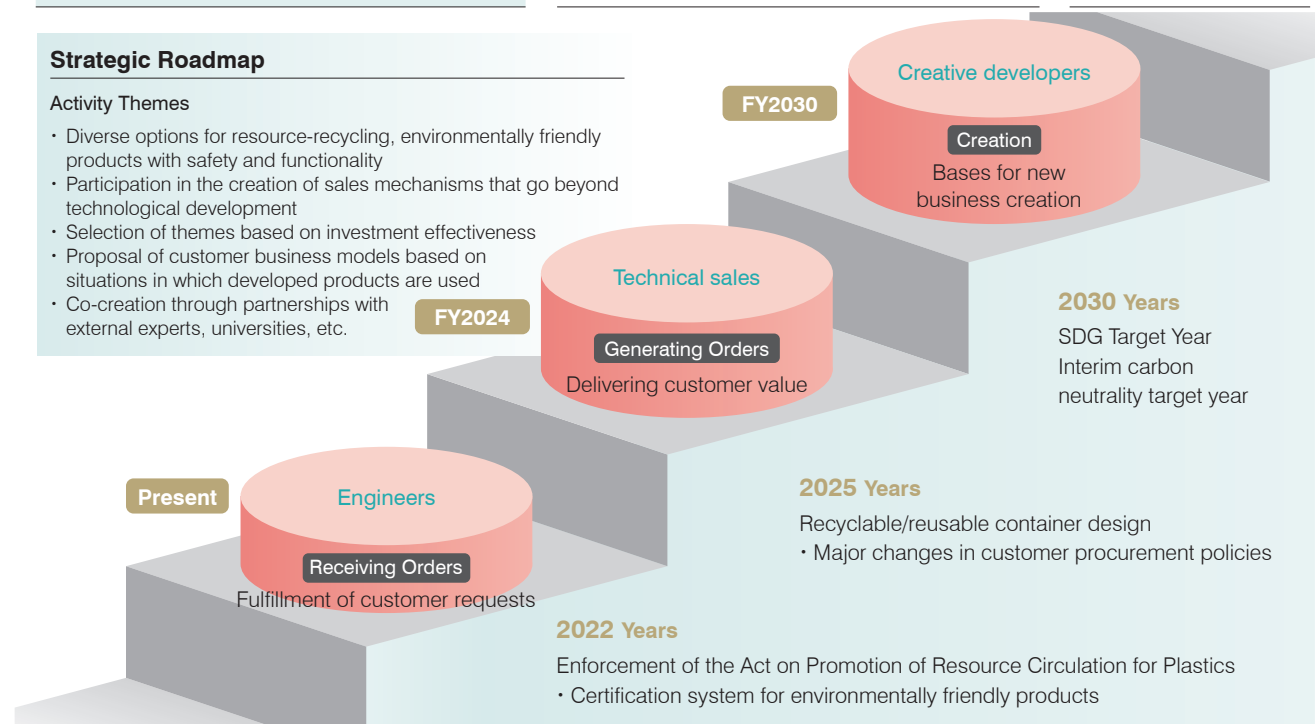
### Medium- to Long-term Development Strategy

Key Measures	Output	Outcomes
Environmentally friendly product development	Environmentally friendly products that characterize Kyodo Printing as an environmentally friendly manufacturer	Sustainable new business
Focus on new market and product development	Customer value creation	
Promotion of the new materials business in strategic areas of diversification	Generation of new sales in new business areas	

### Strategic Roadmap

#### Activity Themes

- Diverse options for resource-recycling, environmentally friendly products with safety and functionality
- Participation in the creation of sales mechanisms that go beyond technological development
- Selection of themes based on investment effectiveness
- Proposal of customer business models based on situations in which developed products are used
- Co-creation through partnerships with external experts, universities, etc.



### Digital Solution Development

The changing values of consumers, declining birthrate, aging society, urbanization, and other social issues require the creation of new value through IT solutions and DX. We have a planning and development system in place to create new value by providing secure and convenient solutions that anyone can use anywhere, anytime. The Sales Promotion Planning Department, established within the Business Division, is the starting point for planning and

development, while the Communication Design Center (CDC) is responsible for development. The technical core is handled by the IT Division, which works on IT technology development, creation of new service menus, and system development directly connected to business strategies, as well as the promotion of research on data utilization, operation of data platforms, and data analysis and marketing.

# Intellectual Property Strategy

## Basic Philosophy

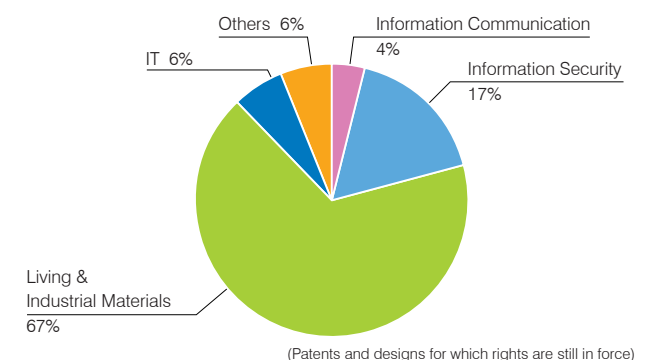
Our Group regards intellectual property as an important management resource that serves as a source of competitive advantage. We are working to maximize sustained growth and corporate value not only by obtaining rights to intellectual property created through research and development but also by strengthening our

formation of core technologies and market competitiveness while expanding business areas with intellectual property strategies. At the same time, we respect the intellectual property rights of other companies and strive to create a fair business environment that does not infringe on them.

### Implementation Framework

In order to establish powerful intellectual property based on technical and legal expertise, we assign an intellectual property manager to each development section to work with developers to understand market needs, the business environment for the future, and the latest technology trends, and to hone their expertise. In addition to the product field, mainly packaging materials, where technological competition is fierce, we are allocating resources in line with our business growth strategy, through means including strengthening our response to the IT field in line with the expansion of our information-related solutions business. In reporting to the management team, we conduct an integrated analysis of intellectual property information and market information of the Company and our competitors, and make recommendations that contribute to management decision-making, such as market position, selection of focus areas, and growth potential.

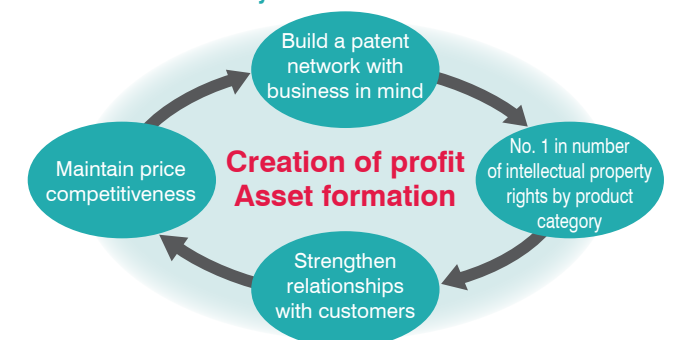
#### Intellectual Property Portfolio (Summary)



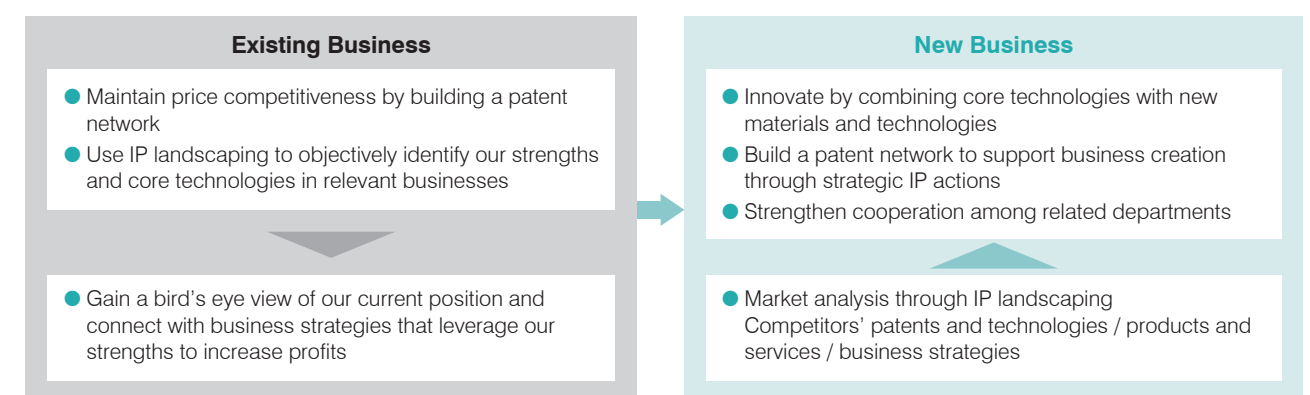
### Strategic Intellectual Property Activities for Value Creation

We promote strategic IP activities by singling out themes for strategic support from among our development themes, which serve as a core for value creation. From the early stages of development, we consider anticipatory patents with an eye on the future business environment as we systematically build our patent network. We provide comprehensive support for business challenges, from customer proposals to development-related contracts, that are not limited to intellectual property. We are also focusing on market analysis through IP landscaping to develop business strategies for expansion of existing businesses and creation of new businesses, as well as to develop a company-wide cross-functional structure.

#### Profit Generation Cycle



#### Business Strategy Support Using IP Landscaping\*



\* A method of comprehensively analyzing the intellectual property and markets of the Company and the competition, and applying the information obtained from that analysis to business strategy.



# DX Strategy

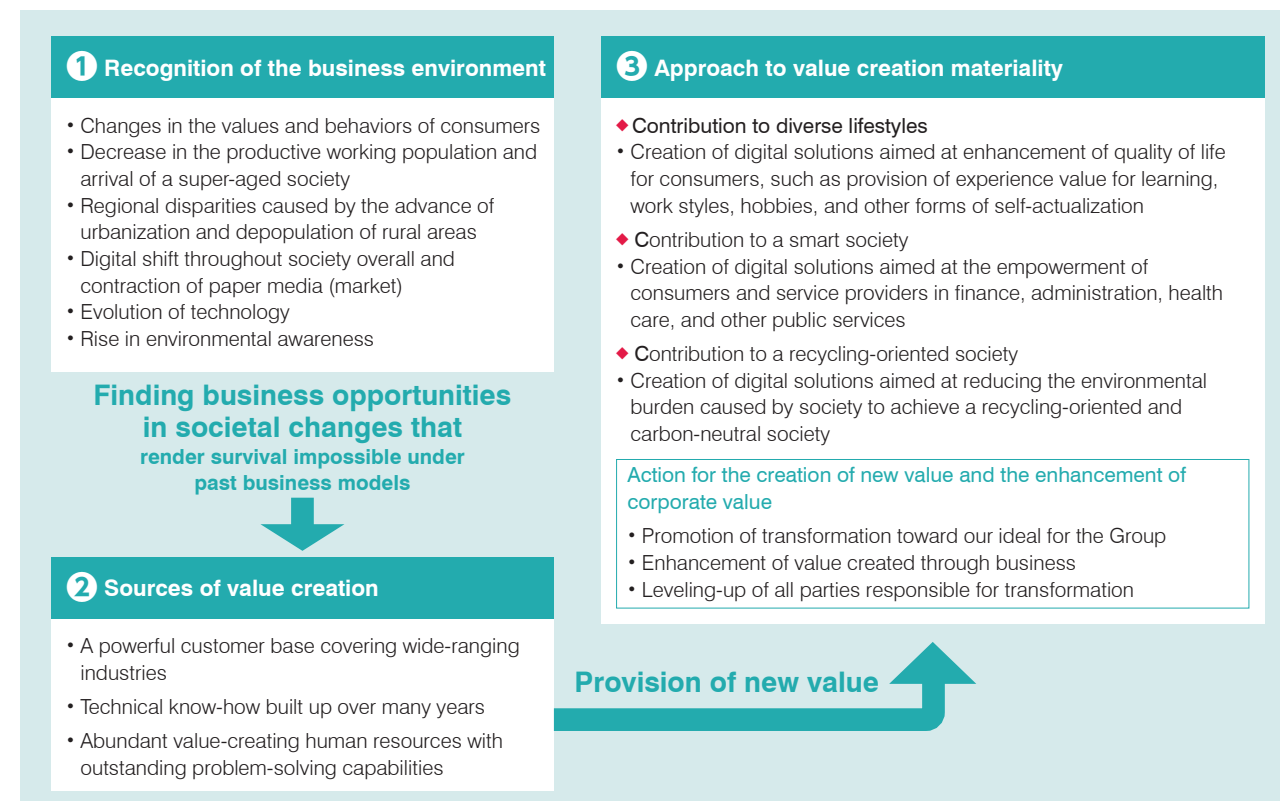
## Basic Philosophy

We believe that the advancing digitalization of society, changes in the consumer values, acceleration of birthrate decline and population aging, rise in environmental awareness, and other changes in our Group's business environment are not transient, and will continue to progress irreversibly and at an accelerating pace.

Our Group is advancing DX promotion activities aimed at adapting flexibly to changes in the social environment through the

use of evolving technologies and at undergoing self-transformation into a competitive organization.

We have set "Create a prosperous society and new value through the power of digital technology" as our Company-wide vision for DX. Taking social change as an opportunity for growth, through DX we will offer new value and tackle future-driven transformation through digital technologies.



## Solving materialities through the power of digital technology to create a prosperous society and new value

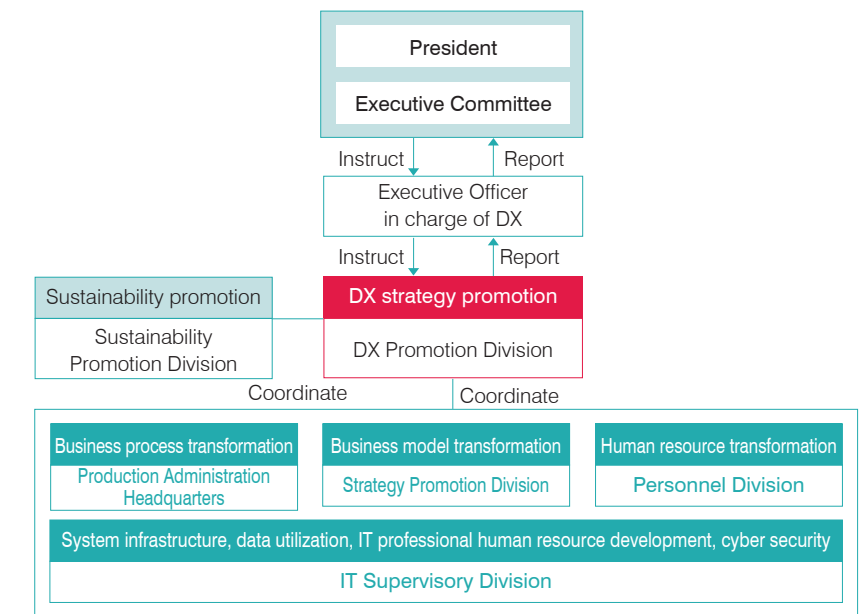
Self-transformation into a competitive organization



## Implementation Framework

We will build a company-wide implementation framework headed by the President and, centered on the new DX Promotion Office, will draft strategies and measures aligned with management policy. At the same time, we will review strategy as appropriate based on provision of information to the management team and on management review.

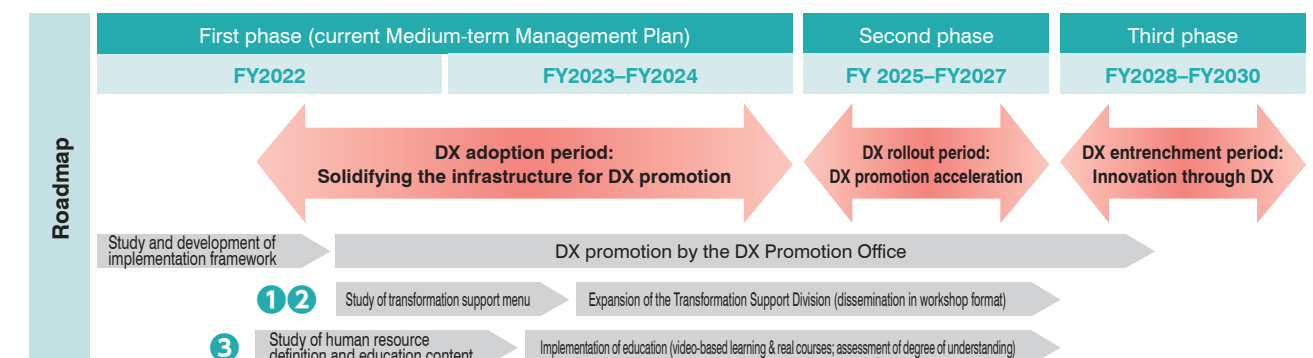
Looking at individual themes, the DX Promotion Office and relevant organizations addressing materiality solutions aimed at advancing sustainability management will collaborate on transformation activities, the progress of which will be regularly announced to stakeholders through websites and other means.



## Strategy

In line with our Medium-term Management Policy, we are undertaking the promotion of DX on the basis of three strategies: "Business process transformation" aimed at strengthening our business foundation, "Business model transformation" in new

business areas, and "Human resources transformation" that will form the basis for DX promotion. We will monitor the progress of activities and will regularly report on progress to the management team to enhance effectiveness.





# Sustainability

## Basic Philosophy

Regarding social, environmental, and other sustainability issues, our Group recognizes these as important management issues connected not only to reduction of risks but also to revenue opportunities. We are promoting sustainability management that aims for the realization of a sustainable society and enhancement of the Group's sustainable growth and medium- to long-term corporate value.

While undertaking new value creation through the solving of social issues such as the SDGs, in our initiatives directed at the human capital that is the source of value creation we are taking action based on a foundation of securing diversity and developing working environments. We are also steadily executing ESG initiatives aimed at environmental and human rights issues, and are extending these throughout the supply chain.

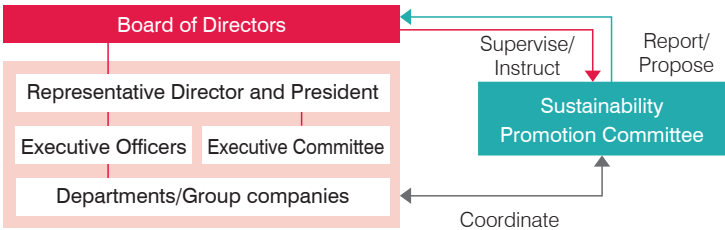
## Sustainability Governance

Under the supervision of the Board of Directors, we are constructing a governance framework centered on the Sustainability Promotion Committee that promotes comprehensive measures. Twice a year, the Board of Directors deliberates and oversees sustainability issues, including climate change and human capital initiatives, and receives reports from the Sustainability Promotion Committee on the content of policies, targets, and plans and on the progress of measures.

The Sustainability Promotion Committee consists of Managing Executive Officers and higher-level management with the Representative Director and President serving as Chair. It endeavors to

ensure appropriate decision-making by inviting outside experts with experience and expertise in sustainability as necessary and by receiving up-to-date knowledge, counsel, and recommendations. The Committee engages in evaluation of externally imposed effects and impacts on management, identification of important policies and materialities (priority issues) related to the sustainability of the Group overall, and deliberation and planning on comprehensive measures. Through regular reporting and recommendations to the Board of Directors, it reflects sustainability management promotion initiatives throughout the Group.

### ● Sustainability Framework



Board of Directors
Constituent personnel: Directors
Frequency of convening: Intensive deliberations two or more times a year
Roles:
● Promotion of sustainability management aimed at sustainable growth and enhancement of corporate value
● Deliberation on and examination of the content of reports and recommendations from the Sustainability Promotion Committee, and supervision and instruction

Sustainability Promotion Committee
Constituent personnel: Managing Executive Officers and higher-level management with the Representative Director and President serving as Chair (with outside experts invited as necessary)
Frequency convened: Convened irregularly two or more times a year (FY2022: 3 times)
Roles:
● Formulation of sustainability-related policies and plans, including climate change action, and identification of materialities
● Identification of risks and opportunities and evaluation of business and financial impacts through scenario analysis
● Promotion of environmental burden reduction initiatives, including the reduction of greenhouse gas emissions

## Risk Management

In the identification and evaluation of risks, we examine risks and opportunities on the basis of externally imposed impacts on management and impacts identified through normal work. The Sustainability Promotion Committee evaluates the impacts of the identified risks, examines and deliberates on countermeasures according to their degree of importance, and reports to the Board of Directors.

The Board of Directors engages in deliberation and decision-making concerning risks that have significant impacts on the group in terms of sustainability, and instructs relevant departments and Group companies regarding actions and target-setting. The Board of Directors also receives reports on the status of and responses to risk management and supervises these.

## Strategies and Targets

Aiming for sustainable growth and the enhancement of our medium- to long-term corporate value, and taking into consideration the impacts we have on social issues, we have identified as materialities those issues that have a significant impact on our ability to create value over the medium to long term.

In the identification of materialities, we first evaluated the importance of issues on the basis of future megatrends, the SDGs as opportunities for business growth, the external environment including ESG issues that have significant impacts on our business, the Company's competitive advantages, market analyses,

and our management policies, among other factors. Following deliberations by the management team in Executive Committee and Board of Directors meetings and verification of validity from the objective perspective of outside experts, the identification of materialities was resolved by the Board of Directors.

From here on out, we will further promote sustainability management through the execution of priority initiatives and through management of progress and targets. We will also conduct reviews of initiatives and KPIs, and disclose information on these, as appropriate.

### ● Value Creation Areas

Materialities	Themes of priority initiatives	Targets to achieve by FY2030
Diverse Lifestyles Creating a life of prosperity and happiness through information communication	Provision of an environment in which all can engage in rewarding work	Provision of smart work support solutions to at least 300 companies
	Provision of opportunities for all to continue lifelong learning in preferred form	Provision of solutions for lifelong learning to at least 250 companies
	Creation of experience values tailored to diverse lifestyles	At least 400 content items for experience value creation solutions
Smart Society Creating a safe and convenient society for everyone through information security	Provision of environment enabling easy handling of procedures and payments anytime, anywhere	A lineup of at least five next-generation financial solution services
	Provision of environment enabling easy handling of administrative procedures anytime, anywhere	Adoption of solutions for smart municipalities by at least 20 local government bodies
	Contribution to a society in which all people can live in good health	A lineup of at least 10 health care solution services
Recycling-oriented Society Creating a sustainable future through innovative packaging and services	Provision of environmentally friendly products	100% sales ratio of environmentally friendly packaging materials and containers
	Contribution to resource recycling systems	Construction of plastic resource recycling system (establishment of PIR* and start of full-scale use of recycled materials)
	Contribution to reduction of food loss	20% or higher sales ratio of food loss solution packaging for food packaging materials and containers

\* Post-industrial recycling (PIR): Recycling and reuse of wastes generated in product manufacturing processes before being sent to the market

### ● Management Foundation Area

Materiality	Themes of priority initiatives	Targets to achieve by FY2030
Coexistence with the global environment	Mitigation of and adaptation to climate change	GHG emissions reduction rate of 42% or higher (base year: FY2022)
	Conservation of biodiversity	FSC certified paper procurement ratio of 30% or higher (weight basis) Procurement rate of 100% for paper made from verified legal wood (purchase amount basis)
Activity by value-creating human resources	• Utilization of diverse values	Female managers ratio 10% or higher (by FY2025)
	• Securing and strengthening of value-creating human resources	"Human resources able to leverage digital technologies" 15% or higher; "Human resources able to create digital technologies" 15% or higher*
	• Creation of an environment enabling maximum demonstration of capabilities	Usage rate of childcare leave by male workers 80% or higher Average rate of use of annual paid leave 70% or higher
Responsible corporate behavior	Corporate ethics and fair operating practices	Compliance education attendance rate 100% (every year)
	Respect for human rights	Human rights education attendance rate 100% (every year) Construction (by FY2024) and continuous implementation of human rights due diligence system
	Information security and privacy	Information security education attendance rate 100% (every year) Implementation of cyber security training (1 time/year)
	Integrated risk management	Supplier coverage rate of 90% or higher in sustainable procurement assessment (transaction amount basis)
		Enhancement of risk management activities (Enhancement of effectiveness of the Group's major risk response and expansion of risk management areas/Enhancement of risk sensitivity in all employees)

The scope of targets in the management foundation areas is Kyodo Printing Co., Ltd. and consolidated subsidiary companies in Japan. However, overseas consolidated subsidiary companies are included in information concerning "GHG emissions reduction rate," "Human rights due diligence," "Supplier coverage rate in sustainable procurement assessment," and "Enhancement of risk management activities." Information concerning "FSC certified paper procurement ratio," "Procurement rate for paper made from verified legal wood," and "Female managers ratio" is for Kyodo Printing Co., Ltd. alone (non-consolidated).

\* Definition of digital human resources in the Group

◦ Human resources able to leverage digital technologies: Human resources who lead transformation in business models and business processes

◦ Human resources able to create digital technologies: Citizen developers, department analysts (in divisions), system developers, data scientists, etc.

# Environmental Strategy

## External Conditions

Economic activities have supported livelihoods and provided prosperous living for people. At the same time, however, the dramatic expansion of economic activities has brought about climate change, loss of biodiversity, depletion of resources, increased

waste, and pollution. Economic development derives from our benefiting from natural resources and the bounty of ecosystems. To continue prosperous living, we must carry out transformation into a society in which people and the planet live in harmony.

## Basic Philosophy

The spread of ethical consumption due to growing environmental awareness among consumers, procurement screening from client companies on environmental aspects, ESG ratings from rating agencies, and investment decisions from investors are having a significant impact on management in terms of both opportunities and risks.

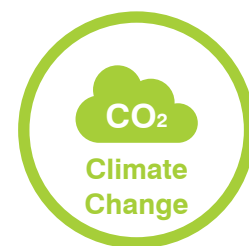
Under these circumstances, we are pursuing an environmental growth strategy aimed at realizing a sustainable society and economic growth through the provision of products and services that leverage our strengths while accelerating the expansion of the Group's overall business domain. The Medium-term Management

Plan therefore calls for the expansion of our scope of business in the environmental fields of climate change, recycling-oriented society, and healthy society.

In addition, we have identified important management issues for a long-term environmental strategy for 2030, which are a recycling-oriented society as a growth strategy, and co-living with global environment with themes of "climate change mitigation and adaptation" and "biodiversity conservation" as countermeasures for environmental risks. We also have begun formulating a new long-term environmental vision for the year 2050.

### ● Environmental Strategy

**Contributing to the realization of a sustainable society and economic growth through the provision of products and services that leverage our strengths and accelerating the expansion of the Group's overall business areas**



Contributing to climate change mitigation by reducing greenhouse gas emissions and saving energy throughout the product lifecycle



Contributing to the realization of a circular economy by providing products and services that make effective use of resources



Contributing to secure and healthy living by providing technologies that reduce substances that adversely affect health

### Expansion of Business Areas

#### Expansion of environmentally friendly products and services

- Plastic-saving eco-friendly packaging
- Resource conservation and chemical substance reduction design
- New materials with reduced environmental impact
- Digital solutions to reduce environmental impact
- Advancing innovation through partnerships

## Response to Climate Change

Against a backdrop of lifestyle changes and expanded consumption associated with economic development, global warming caused by emission of greenhouse gases (GHG) is exerting profound impacts on the global environment. Frameworks for climate change countermeasures have been formed within the international community, and companies face demands to work toward constraining atmospheric temperature rise to 1.5°C. Investors and other stakeholders have also come to hold expectations for companies' initiatives, including Task Force on Climate-related Financial Disclosure (TCFD) and other disclosure of climate-related information affecting finances, and the provision of products that reduce CO<sub>2</sub> in society against a backdrop of ethical consumption.

Taking the response to climate change as an important management issue that we must address, our Group has declared our aim to be carbon neutral by 2050. To make this a reality, we are advancing our analyses of climate change-related risks and opportunities for profit along with environmental strategies based on these. We will build a robust business structure enabling us to respond to climate change risks including risks of disaster induced by climate change, raw material procurement risks, the introduction of carbon pricing, and legal and regulatory compliance. We will strive to reduce CO<sub>2</sub> emissions throughout the product life cycle, from raw materials to product disposal, while advancing development that contributes to CO<sub>2</sub> reduction through products and services and connecting this to growth opportunities.

### Declaration of Carbon Neutrality in 2050

The Kyodo Printing Group declares that we will reduce our greenhouse gas (GHG) emissions to effectively zero by 2050 in our aim to achieve a decarbonized society.

To achieve carbon neutrality, we will aim for effectively zero emissions from activities at our sites and will strive to reduce burdens in the supply chain.

#### Specific Initiatives

- **Reduction of environmental burdens at our sites (Scope 1+2)**  
We will reduce GHG emissions at our sites to effectively zero by 2050.
- **Reduction of environmental burdens in the supply chain (Scope 3)**  
We will collaborate with stakeholders to reduce GHG emissions in processes spanning materials procurement to disposal.
- **Reduction of environmental burdens through the development of environmentally friendly products and services**  
Through the development and provision of products and services that reduce environmental burdens, we will contribute to the reduction of GHG emissions from society overall.

## Endorsement of the TCFD Recommendations

Viewing climate change and other environmental issues as important management issues and aiming to achieve a decarbonized society, we announced our Declaration of Carbon Neutrality in 2050. In May 2023, we expressed our endorsement of the TCFD recommendations and joined the TCFD Consortium. By identifying climate change-related risks and opportunities, evaluating business and financial impacts through scenario analysis, and enacting countermeasures, we will work toward the achievement of a sustainable society and the growth of the Company.

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES





Governance

On topics related to climate change, the Board of Directors deliberates and supervises the progress of measures and the content of initiative policies, targets, and plans examined and deliberated by the Sustainability Promotion Committee.

The Sustainability Promotion Committee consists of Managing Executive Officers and higher-level management with the Representative Director and President serving as Chair. It examines specific targets, policies, and measures concerning sustainability-related issues. Through regular reports and recommendations

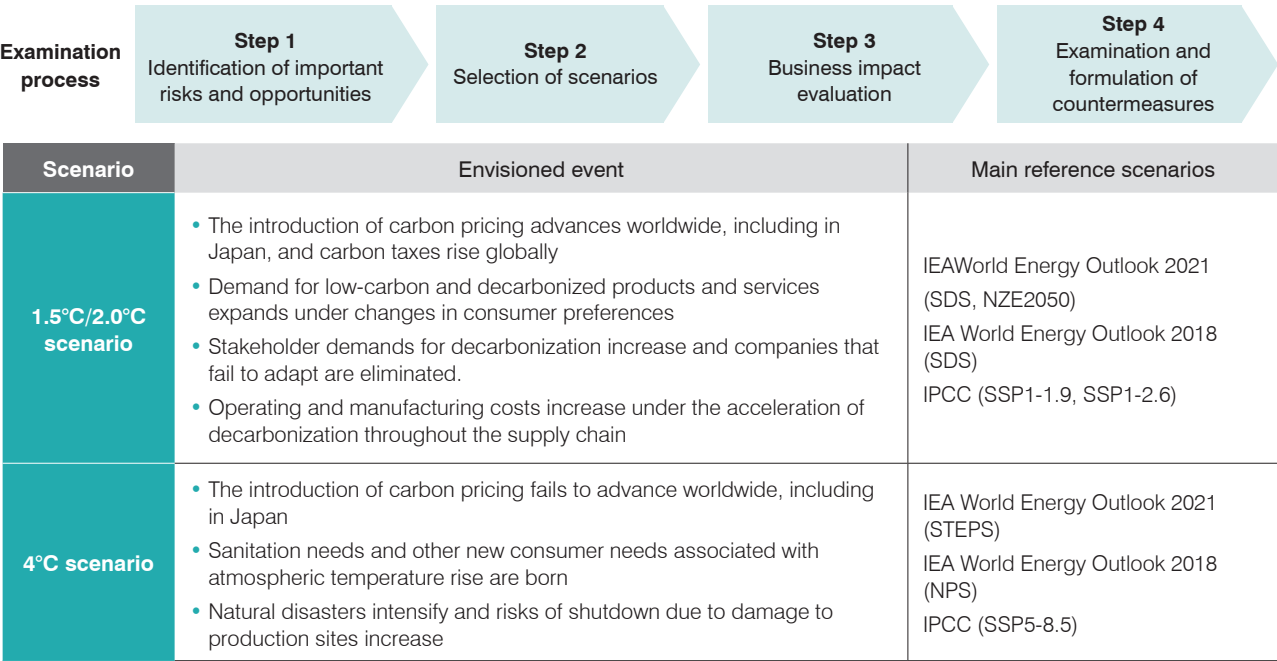
to the Board of Directors, the Committee incorporates the opinions and instructions of the Board of Directors into initiatives.

In collaboration with specialized committees including the Executive Committee, the Environmental Committee, and the Global Warming Action Department, the Sustainability Promotion Committee oversees information communication to divisions and Group companies and its dissemination throughout the Company, and otherwise advances initiatives throughout the Group.

Strategy

Our Group conducted a climate change scenario analysis based on TCFD recommendations, targeting business divisions under two scenarios (1.5°C/2.0°C and 4.0°C). After identifying a wide range of envisioned potential risks and opportunities and engaging in deliberation and examination centered on the

management team and specific segments, we ultimately evaluated events with a high likelihood of affecting the Group's business and their degree of impact, and examined and formulated countermeasures based on that evaluation.



Through scenario analysis, we confirmed that under the 1.5°C/2.0°C scenario, major impacts on operating costs occur due to the introduction of carbon taxes and to raw material costs due to fluctuations in energy prices. In conjunction with this, we will work toward the reduction of GHG emissions and enhancement of the efficiency of our business activities. We also confirmed that changes can be connected to business growth by capturing new customer demand that will contribute to the reduction of environmental burdens, including expanding sales of environmentally friendly products and services.

Under the 4°C scenario, physical risks associated with the intensification of natural disasters become an impediment to business continuity. However, analysis confirmed that risks to individual

production sites are relatively modest. We will continue to refine our risk analyses and carry out advance measures against disasters in order to minimize impacts.

From FY2023 onward, we will enhance the precision of scenario analyses by conducting them on a regular and continuous basis and will construct a resilient management structure able to withstand any scenario in an uncertain future while flexibly accommodating envisioned risks. With regard to opportunities, while placing emphasis on climate change conditions, market trends, and dialogue with customers, we will flexibly examine and develop strategies that we can connect to sustainable enhancement of our corporate value.

Risks and Opportunities

Type	Driver	Overview	Time frame	Impact under 1.5°C scenario	Impact under 4°C scenario	Countermeasures
Physical risks	Acute risks	Intensification of cyclones, floods, and other abnormal weather	Medium-to long-term	Low	Medium	<ul style="list-style-type: none"><li>Promotion of risk management through the enhancement of BCP and implementation of disaster countermeasures at key sites</li><li>Construction of a cooperative production structure through strengthening of relationships with suppliers</li><li>Stabilization of manufacturing through inventory management, distributed procurement, and examination and preparation of alternatives</li></ul>
	Chronic risks	Changes in rainfall patterns, extreme variability in weather patterns	Medium-to long-term	Low	Low	
Transitional risks	Policies, laws, and regulations	Progress in the pricing of GHG emissions (carbon pricing)	Short term	High	Low	<ul style="list-style-type: none"><li>Avoidance of carbon taxes and reduction of energy costs through the reduction of GHGs and adoption of energy-saving equipment</li><li>Examination of implementation of transport streamlining in collaboration with logistics subsidiary companies and suppliers</li><li>Examination of adoption of ICP and investigation of credit trends</li></ul>
		Strengthening of GHG emissions reporting obligations	Short term	Medium	Medium	<ul style="list-style-type: none"><li>Early planning of investments in energy-saving-related equipment (shift to LED in drying devices and lighting, upgrading of air conditioning, etc.)</li></ul>
		Mandating/regulation of existing products/services	Short term	Medium	Medium	<ul style="list-style-type: none"><li>Promotion of wastefulness-free design including plastic usage reduction, recycling, and waste reduction</li><li>Investigation and examination of alternative materials that can reduce costs; Development of low-cost new materials in cooperation with suppliers</li></ul>
	Technology	Replacement of existing products/services with low-carbon options	Short term	Low	-	<ul style="list-style-type: none"><li>Acceleration of replacement of existing products through the development of low-carbon products</li><li>Through dialogue with customers, etc., promotion of efficient development through selection of product groups and timing that require a shift to low carbon</li></ul>
	Market	Soaring costs of raw materials	Short term	High	Low	<ul style="list-style-type: none"><li>Reduction of energy costs through the installation of new and additional solar power generation facilities</li><li>Appropriate passing on of manufacturing costs to prices through strengthening of collaboration in the supply chain</li></ul>
		Changes in customer behavior	Short term	Medium	Medium	<ul style="list-style-type: none"><li>Expansion of digital media in line with changes in customer behavior and promotion of support for customers' DX shifts</li><li>Shift away from the business of manufacturing printed materials and toward services with BPO and content themselves as the provided value</li></ul>
Opportunities	Reputation	Increase in anxiety or negative feedback on the part of stakeholders	Medium-to long-term	Medium	-	<ul style="list-style-type: none"><li>Promotion of timely and appropriate information disclosure while strengthening communication on climate change with shareholders and investors</li><li>Examination of SBT<sup>*1</sup> certification</li></ul>
	Resource efficiency	Use of efficient production and distribution processes	Short term	High	Low	<ul style="list-style-type: none"><li>Adoption of printing machinery capable of lower-carbon manufacturing and other low-carbon production equipment, and promotion of production process efficiency</li><li>Enhancement of utilization rate and construction of an efficient production structure through review of production lines and adoption of automated facilities</li></ul>
	Products and services	Development and expansion of low-emission products and services	Short term	Medium	-	<ul style="list-style-type: none"><li>Promotion of visualization of product LCA<sup>*2</sup> and development and utilization of low-carbon products</li><li>Promotion of initiatives using an enhanced primary data ratio in calculating the carbon footprint of publications and commercially printed materials</li></ul>
		Expansion of sustainability-oriented purchasing behavior by consumers	Short term	High	Low	<ul style="list-style-type: none"><li>Promotion of information collection concerning reduced-environmental-burden raw materials and the development of environmentally friendly products</li></ul>
	Market	Changes in consumer preferences	Short term	Medium	Medium	<ul style="list-style-type: none"><li>Growth of the streaming business overall through expansion of in-house content, and examination of commercialization of IP</li></ul>
		Access to new markets	Short term	Medium	Medium	<ul style="list-style-type: none"><li>Development of films and bottles with functions including oxygen adsorption and forms that aid in preserving foodstuff freshness</li><li>Research and development of sanitary materials meeting needs including contagion prevention</li><li>Examination of service development and commercialization adapted to low-carbon lifestyles</li></ul>

<sup>\*1</sup> SBT: Medium- to long-term corporate GHG emission reduction targets that conform to levels required by the Paris Agreement  
<sup>\*2</sup> LCA: A method of environmental impact evaluation that spans the entire life cycle from resource extraction to disposal and recycling

Time frame	Short term: From 2023 to around 2030/Medium to long term: From 2030 to around 2050
Degree of impact	Risks: Standards = Operating income impact of over 500 million yen (high)/over 200 million yen (medium)/200 million yen or lower (low) Opportunities: Standards = Sales impact of over 1 billion yen (high)/over 300 million yen (medium)/less than 300 million yen (low)

Risk Management

In addressing climate change risks, the Management Supervisory Headquarters Sustainability Promotion Office, which serves as the Secretariat of the Sustainability Promotion Committee, takes the lead in organizing and evaluating climate change-related risks confirmed by departments, from the perspectives of degree of impact and probability of occurrence. Findings of examinations are reported to the Sustainability Promotion Council and,

as necessary, to the Board of Directors, after which appropriate management and supervision are implemented.

With regard to risk management associated with climate change, particularly the identification and management of important items and the formulation of countermeasures, we are examining the incorporation of our existing risk management enhancement initiatives into our Company-wide risk management processes.

Indicators and Targets

To achieve carbon neutrality in 2050, we have set a target of reducing GHG emissions (Scope 1+2) associated with our business activities in 2030 by 42% from the FY2022 level. In addition to working toward thorough energy-saving and enhanced efficiency in facilities, we will reduce our in-house emissions through the use of renewable energy, including the adoption and expansion of solar power generation equipment.

In calculations for FY2022, we confirmed a high proportion of Scope 3 emissions among the total, particularly in category 1\*\*

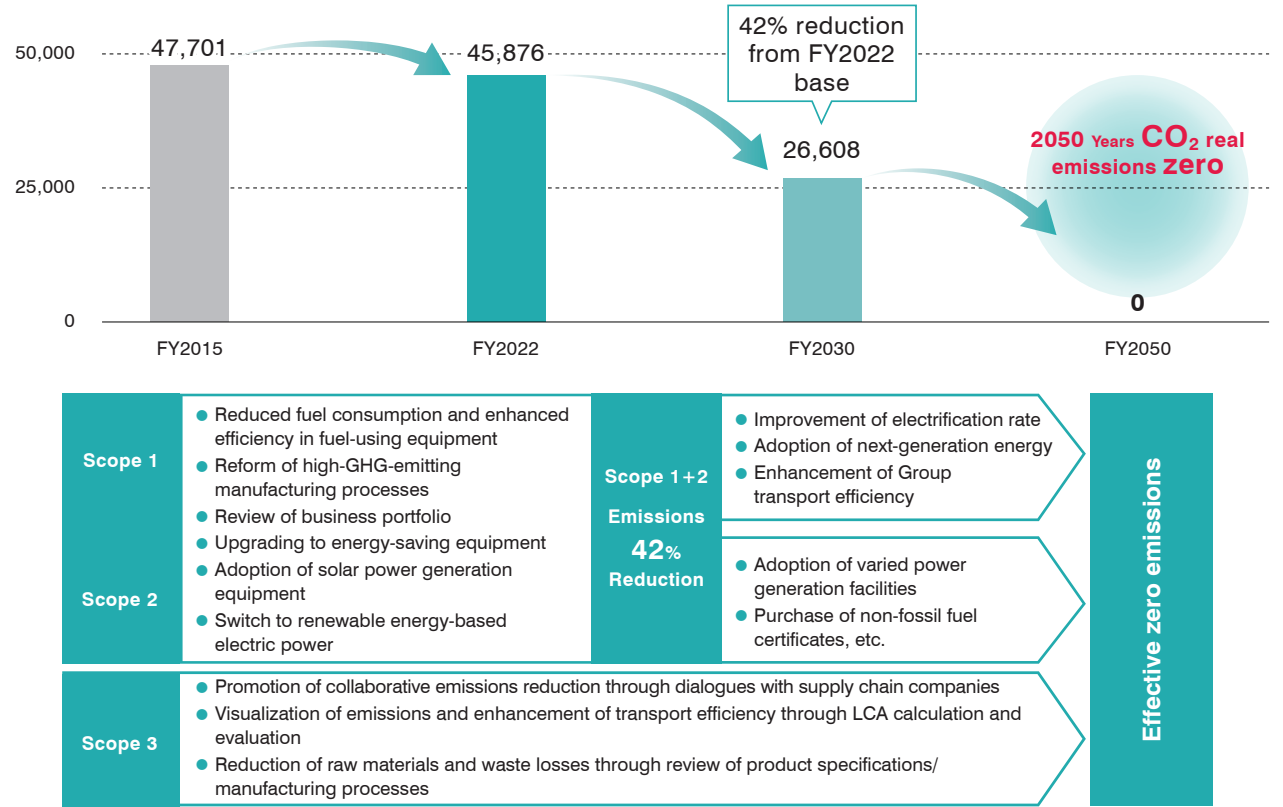
(65%) and category 12\*\* (19%). While engaging in activities including collaboration with companies in the supply chain through dialogue, development of products and services that reduce environmental burdens, and improvement of manufacturing processes, we will demonstrate the appeal of our products and carry out Scope 3 emissions reductions.

The range of calculation for Scope 3 has been expanded from that of calculations for FY2022 to encompass numeric values for the entire Group. We will also seek SBT certification.

\*1 Category 1: CO<sub>2</sub> emissions from activities through the manufacture of purchased products and services  
\*2 Category 12: CO<sub>2</sub> emissions when products sold by a company are discarded by buyers and consumers

Indicators and Targets

GHG emissions (Scope 1 + 2) (t-CO<sub>2</sub>)





# Human Resource Strategy

## Basic Philosophy

In order to continue creating new value for the future, it is crucial that we secure excellent human resources with diverse values who can respond to change and realize business strategies. We must also create an environment in which these human resources can maximize their abilities. As the social environment surrounding human resources continues to change amid a declining working-age population due to the falling birthrate and

aging population and amid changing work styles due to diversifying lifestyles, we believe that human resources are the most important management resource from which to create a competitive advantage and ensure sustained growth. We encourage autonomous growth and support human resources who take on challenges, while reforming our corporate culture to improve job satisfaction and work comfort.

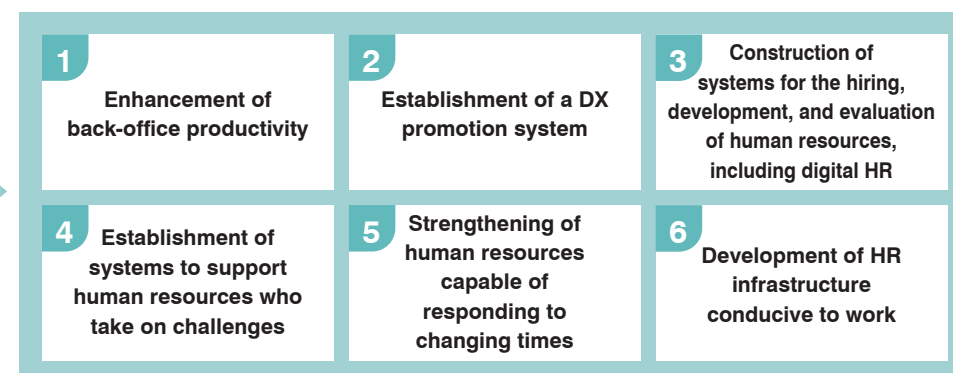
### ● Our ideal for the Group

**Develop human resource infrastructure that encourages autonomous growth of diverse human resources for sustained growth in corporate value.**

### ● Priority Themes



### Six Key Measures



## Utilization of Diverse Human Resources to Create Value

In order to create new value, it is important to have a workforce that is as diverse as society itself, that practices mutual respect and recognition of individual values and perspectives, and that makes use of various perspectives, experiences, and abilities for the growth of the Company. In order to reflect diverse values in corporate decision-making, we are promoting the appointment of women to management and other core personnel roles. We have set goals for promotion and are working to achieve them by providing career development and training for female leaders.

In addition, we will continue to support our employees during life events such as childbirth and childrearing by providing systems and various training programs to enable them to continue their careers, thereby realizing value creation and sustained growth based on a diverse workforce. Furthermore, we are actively promoting career hires with diverse experience, values, and skills, aiming to continue and expand our business in the future by fostering a new culture eager for challenge and demonstrating innovation.

## Secure and Develop Human Resources to Implement Management Strategies

We respond flexibly to changes in society and the business environment, and are working to secure and strengthen the development of value-creating human resources in line with our management strategy. In particular, our management challenge is to secure digital human resources in line with our management strategy to expand new business areas through innovation in information-related businesses, to reform production through IoT, and to strengthen our management base through the use of digital tools and the advancement of business operation processes.

In terms of acquiring digital talent, we are expanding our channels for acquiring human resources by introducing new recruitment methods, expanding career hiring, and implementing

reemployment programs. In the area of human resource development, we are revamping our menus and making transfers for the purpose of training.

In promoting human resource management in line with our management strategy, we view the abilities and skills of our employees as a crucial management resource, and have introduced and are strengthening our talent management system as the basis for strategic recruitment, placement, and training. In addition, we are strengthening our investment in human capital by expanding subsidies for the acquisition of relevant certifications to enhance our capabilities in line with the specialized nature of our business.

## A Work Environment Balancing Productivity and Job Satisfaction

We believe that productivity can be increased by improving employee job satisfaction and engagement through flexible work styles unrestricted by time and place, work-life balance, health and safety, and other work environment improvements that match the changing attitudes of workers.

In the area of flexible work styles, we are promoting telework by improving work systems and business processes. We have also introduced a side-job system to support employees' autonomous career development, while at the same time promoting the growth of both employees and the company by allowing them to utilize their experience and knowledge of other industries to generate synergies with their core businesses. In the promotion of work-life balance, we see this as a way to improve productivity and

corporate competitiveness by securing, developing, and retaining excellent human resources, as well as realizing work styles that help employees maintain and improve their physical and mental health, and balance work with childcare and nursing care.

In employee health and safety, based on the belief that the source of a company's profitability lies in the health of its employees, we promote health management through the Health Management Promotion Project led by the President. We aim to achieve sustained growth for the Group as a whole, not only by maintaining and improving the health of employees and their families, but also by increasing productivity and revitalizing the organization through improved employee motivation.

### TOPICS

#### Establishment of our original "Life Support leave program"

In January 2023, we established our original "Life Support leave program" that employees can use to take leave or shorten working hours when undergoing infertility treatment or dealing with child truancy. The program is intended to promote seamless support for child development from pre-pregnancy to adulthood, and to create an environment in which value-creating human resources holding diverse values can

continue playing active roles in the Company.

The introduction of the program will contribute to the enhancement of employee engagement and of corporate value by adapting to the diversification of employee needs not fully covered by conventional childcare and nursing care-related support programs, and by providing an environment in which employees can fully demonstrate their capabilities.

# Responsible Corporate Behavior

## Compliance

### Basic Philosophy

We believe that compliance means sincerely practicing responsible corporate behavior based on a sound and elevated sense of ethics, as well as complying with laws, regulations, and internal rules. A lack of responsible corporate behavior can be an important management issue because of the serious business risk it poses. In order to put principles into practice, we have established the Group Business Behavior Charter, which sets forth

### Implementation Framework

Based on the Group Ethics Charter, a code of conduct for corporate ethics, we have appointed compliance leaders within all Group companies and divisions under the Corporate Ethics Committee

### Whistleblowing System

We have established an Ethics Consultation Office consisting of an internal help desk for early discovery and correction of unfair acts by officers and employees and an external help desk for consultations, anonymous or otherwise. In addition, an Auditor's Route, a reporting channel independent of management, has

### Compliance Education

To raise compliance awareness among Directors and employees throughout the Group, we utilize e-learning on legal compliance, human rights education, and employee level-specific compliance education. These efforts to raise Group-wide

### Anti-Corruption and Bribery Countermeasures

The Ethics Charter of the Group prohibits gifts and special treatment that deviate from general business custom and common sense. We also endeavor to maintain appropriateness with government bodies in Japan and overseas by ensuring sound and

### Compliance with Antimonopoly Act

Our Company was issued a cease-and-desist order and a surcharge payment order under Japan's Antimonopoly Act with regard to matters including our bidding for data printing work from the Japan Pension Service in October 2019. We take this matter seriously and are making efforts to prevent recurrence. We have strengthened our management and monitoring functions by establishing new Regulations for Prevention of Cartels and Bid Rigging, requiring records of contacts with competitors, and introducing an e-mail monitoring system for our sales departments. We have also renewed our Antimonopoly Law Compliance Manual and once again made it thoroughly known to all employees, while also focusing on education on related laws and regulations by providing training by outside experts. We regularly report to Directors on the status of measures to prevent recurrence, and confirmed effective functioning in FY2022. We will continue to steadily implement these measures and will make efforts to prevent recurrence and regain trust.

specific actions to be taken by all Executive Officers and employees and which serves as a common set of values for the Group. We strive to foster a corporate culture in which each employee is well aware of the importance of corporate ethics, observes laws and regulations, company rules, and social norms, and practices responsible corporate behavior with self-discipline.

chaired by the Executive Officer in charge of corporate ethics, and are working to instill awareness of the Group's corporate ethics. We also conduct annual checks through management reviews.

been established within the Ethics Consultation Office to receive reports concerning Directors. The Whistleblower Regulations protect whistleblowers by stipulating the prohibition of searches for or disadvantageous treatment of whistleblowers.

awareness also include distributing to all Group employees our Corporate Ethics Handbook, which compiles important key points and self-checklists that must be observed during daily work, and publishing educational articles in the Group newsletter.

transparent relationships with public officials.

In addition, we have formulated a hospitality and gift-giving/receiving policy, and operate a management system to record hospitality and gifts.

#### ● Overview of Main Recurrence Prevention Measures

Countermeasures	Implementation
Stricter control system	● Establishment of Regulations for Prevention of Cartels and Bid Rigging
	● Mandatory maintaining of records of contact with competitors
	● Monitoring through e-mail monitoring system
	● Establishment of a whistleblower contact point (Auditor's Route) independent of management
Understanding of relevant laws and regulations	● Revamping of the Antimonopoly Law Compliance Manual ● Seminars conducted by outside experts and the Legal Division
Prevention of holding same position for extensive period	● Regular job rotation
Improvement of corporate culture	● Promotion of internal communication through interviews with supervisors and subordinates ● Implementation of compliance awareness surveys for the early assessment of issues

## Information Security

### Basic Philosophy

In today's society, where people are connected with other people and with things through information and communication networks that transcend national borders, the threat of cyber attacks, the growing importance of protecting personal information, and the assurance of data privacy have become issues for society as a whole.

As a Group, we consider the establishment of an information

### Implementation Framework

In order to respond to the DX era and ensure a high level of information security, we have established an Information Security Basic Policy and set up an Information Security Committee chaired by the responsible Executive Officer to take measures that protect information assets. The committee develops regulations, auditing and training systems, as well as equipment, and performs annual oversight through management reviews. In addition, the Business

### Incident Response

We have established TOMOWEL-CSIRT as a specialized organization to provide agile response direction and technical measures in the event of an emergency. During normal times, this body

### Personal Information Protection (Privacy Mark)

In utilizing personal data to provide products and services, due consideration for consumer privacy is the foundation of business continuity. Acting under our Personal Information Protection Policy as a business operator awarded the Privacy Mark, the Company has created and operates a Personal Information Protection

security system that firmly protects personal and corporate information and other information assets entrusted to us by our customers to be a crucial management issue. In response to the trust society places in us, we will strive to reduce corporate risk and, as a foundation for growth, will create new value through the provision of digital services that provide safety and a sense of security, accessibility, and convenience for everyone.

Media Division has obtained ISO/IEC27001 certification, the international standard for information security management systems (ISMS), for the Kawajima Solution Center and the Tsurugashima Plant. It has also obtained ISO22301 certification, the international standard for business continuity management systems (BCMS), to minimize damage and promptly restore operations in the event of an emergency.

engages in countermeasure training and educational activities to combat targeted e-mail attacks in cooperation with our existing information security system and thereby prevent emergencies.

Management System conforming to the Personal Information Protection Management System requirements of JIS Q 15001.

We are working on raising awareness throughout the Group through means including regular education for all employees.

## Responsible Procurement

### Basic Philosophy

Our products and services are made possible not only by our company but also by the cooperation of the entire supply chain. In procurement, our fundamental stance is to comply with laws and social norms and to engage in fair procurement.

### Responsible Procurement Initiatives

To build fair business relationships with suppliers, we prohibit unfair dealings in our Ethics Charter and conduct education on subcontracting laws for managers, supervisors, and employees involved in ordering. We have also established a whistleblower channel for suppliers and work to solve problems regarding legal or regulatory violations by the Group or deviations from our procurement policy.

In FY2022, we issued a Declaration of Partnership Building, as promoted by the Cabinet Office and the Small and Medium Enterprise Agency.

We aim to achieve mutual development and sustainable growth throughout the supply chain by fulfilling our supply responsibilities and consideration of society and the environment through sustainable procurement.

At the same time, to promote procurement based on social demands, we have released our CSR Procurement Standards and share our values with suppliers when engaging in procurement. To keep up with recent societal circumstances, we have begun a review of our policies and guidelines with the aim of revision during FY2023. Once a year, we also conduct a survey of domestic and overseas major suppliers' initiatives to comply with our procurement standards, and undertake additional surveys and corrective measures as necessary.



Risk Management

Basic Philosophy

We recognize that it is the Group’s social responsibility to provide a stable supply of its products and services and to ensure the continuity of its business amid the growing and diversifying risks surrounding the company. In order to fulfill this responsibility, it is important to correctly recognize various risks in our business activities, to minimize their occurrence as much as possible, and to minimize any losses if they should occur. The Group has

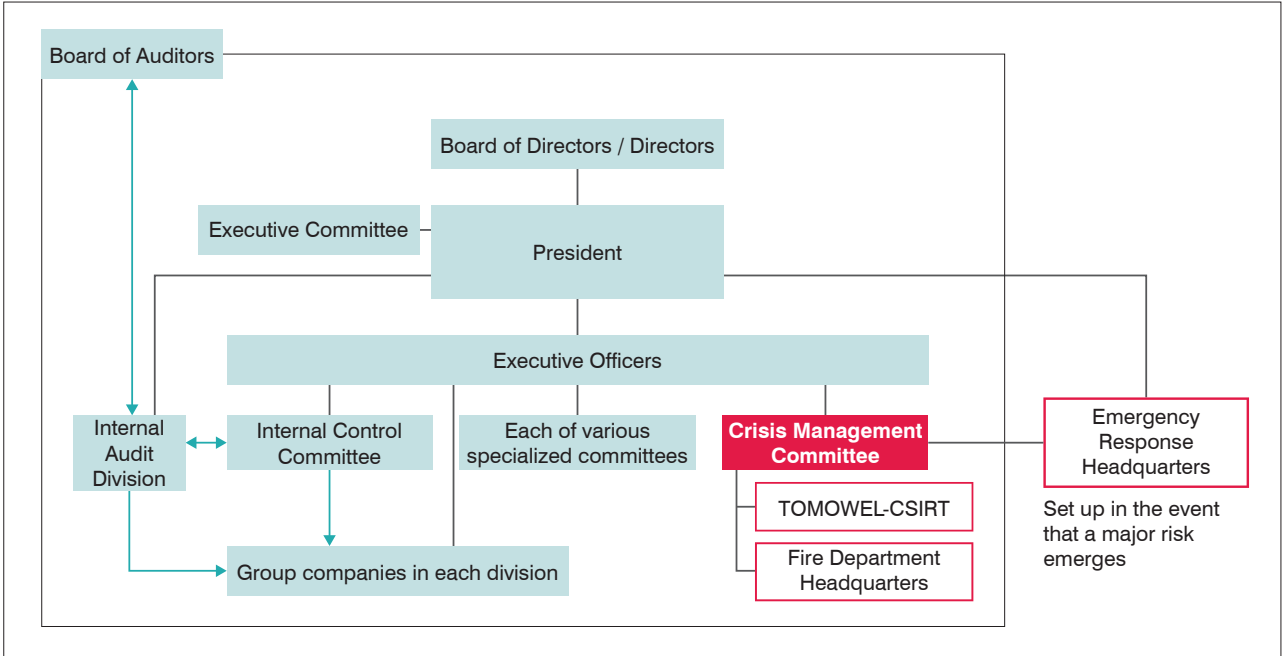
established a Risk Management System to prevent management risks that may hinder the achievement of business plans, and a Crisis Management System to deal with unforeseen situations, and is conducting proactive and dynamic risk management. We have also begun a renewed identification of management risks in accordance with recent societal circumstances, with the aim of revision within FY2023.

Implementation Framework

Under the supervision of Directors, the Risk Management System consists of day-to-day management by departments to prevent the manifestation of risks in the normal course of business execution, as well as by specialized committees, each led by the responsible Executive Officer, including the Internal Control Committee, Quality Assurance Committee, Product Safety Committee, Information Security Committee, and Environmental Committee. These work together to identify, analyze, evaluate, and respond to

risks from a company-wide perspective and to resolve issues. In the event of an unforeseen situation, the Crisis Management Committee takes the lead in information management and information sharing, and responds in cooperation with related departments. We have formulated a Crisis Management Manual that outlines the response flow for typical crisis situations, and we prepare for contingencies by reviewing it as needed in response to changes in the business environment.

● Risk Management System



Business Continuity Plan (BCP) structure

Under the Kyodo Printing Group Basic BCP Policy, the Group is advancing the establishment of a system to ensure that, in the event of a major disaster, the Group will not only place the highest priority on securing lives and safety but will also strive to continue product supply, fulfill its responsibilities to customers, resume and restore operations as quickly as possible, and minimize the

impact on management. We have also expanded the scope of certification under our Business Continuity Management System (BCMS)/ISO22301 to strengthen our business continuity system, and are striving to create a system that will earn even greater trust from our customers and society.

● Major Business Risks

Risk Items	Perceived risks	Countermeasures
Business environment	Changes exceeding expectations in printing demand	In response to the ongoing shift to paperless operations, we are striving to secure sales by focusing on the e-book business and by strengthening our response with products for which demand is relatively strong, as we work to improve productivity by restructuring our production system. In response to medium- to long-term changes in demand, we are working on structural reforms to improve the profitability of existing businesses, and exploring new business areas to strengthen our corporate structure so that we can generate profits on a sustainable basis.
Competitiveness	Risk of inability to gain advantage in terms of product quality, price, service content, or technical capabilities in competition with competitors	Based on the Kyodo Printing Group Quality Policy, we have acquired various external certifications, including ISO9001, and we manufacture products under thorough quality control based on a product safety implementation framework led by the Product Safety Committee. The Group also conducts fixed-point observations, such as surveys and analysis of technological trends related to our business areas, including market demands for environmental responsiveness and revisions to laws and regulations. We promote the creation of customer value by developing new functions and products looking 10 years into the future. We are working to strengthen our competitiveness from multiple perspectives, including differentiation through the development of high-value-added products, improvement of quality and service, and ongoing cost reduction.
Business investment	Impairment risk in the event that business alliances, investments, and acquisitions fail to achieve their objectives	In order to maximize investment results, we consider various aspects, including capital efficiency, before making decisions on execution. We subsequently perform regular monitoring of progress. If we determine that we cannot achieve the return initially anticipated, we sell the shares or liquidate the company, and link this to our knowledge and expertise for future projects. In FY2022, we established a new Investment Review Committee to systematically strengthen our business investment management. We will continue to effectively allocate management resources through selection and concentration toward the medium- to long-term ideal we envision for ourselves as a corporate group.
Legal and regulatory compliance	Legal sanctions and loss of social credibility due to the revision or abolition of laws and regulations, or establishment of new laws and regulations, or insufficiently thorough compliance	We disseminate information on laws, regulations, and legal revisions to each department and company through regular meetings, etc. We also promote understanding of various laws and regulations by systematically and continuously educating our employees on environmental laws, antitrust laws, subcontracting laws, copyright laws, etc. In order to ensure the early detection of fraud and other irregularities, the Company has established internal and external whistleblowing channels to ensure an appropriate monitoring system, and is working to strengthen these channels by means such as establishing a dedicated route for information concerning Directors to be passed directly to the auditors. In addition to audits by the Audit Office, which is kept separate and independent from our business execution organization, we encourage autonomous audits by departments led by the Self-auditing Committee to maintain our legal compliance system.
	Recurrence of Antimonopoly Act violations	We are further strengthening our efforts to thoroughly prevent recurrence and ensure compliance with laws and regulations by spreading a better understanding of relevant laws and regulations, tightening management systems including strengthening internal regulations, and revitalizing internal communication. We regularly report to the Board Directors on the status of implementation, and confirmed effective functioning in FY2022.
Disasters and pandemics	Risk of direct damage to employees, facilities, or equipment, or stagnation of business activities which could disrupt product supply, due to the occurrence of a major natural disaster or an epidemic of infectious disease	In accordance with our Basic BCP Policy, we conduct drills based on envisioned scenarios. We have established a business continuity system by acquiring Business Continuity Management System (ISO22301) certification for our data processing business, introduced an employee safety status confirmation system, and implemented fire and earthquake protection measures for our buildings and production facilities. In case of an infectious disease outbreak, we minimize impacts on management through measures such as promoting business operations that utilize remote work, considering operational responses by securing substitute personnel, and working to supply products by strengthening cooperation with partner plants to meet delivery deadlines.
Information security	Loss, falsification, or leakage of information due to intentional acts or negligence, including cyber attacks, and resulting loss of public trust	We have acquired Privacy Mark and Information Security Management System (ISO27001) certifications for the safe and accurate management of personal and confidential information. We further established TOMOWEL-CSIRT as a specialized organization to take all possible measures to prevent unauthorized access, loss, falsification, or leakage of information, and to prepare for contingencies by preparing response flows and simulations in the event of an incident. In addition to periodic e-learning, we strive to strengthen our management system by conducting targeted e-mail attack drills and other highly effective employee training.
Raw materials procurement	Price hikes of key raw materials due to market fluctuations, and procurement delays or stoppages due to disasters, etc.	Based on the Group’s CSR Procurement Standards, we request that suppliers establish a stable supply of products and services and a BCP system in case of emergency. We verify their raw material supply systems through periodic inspections and other means. We also promote the procurement of high-quality, price-competitive overseas materials, while maintaining a decentralized purchasing policy. We are working to procure raw materials that contribute to the stabilization of product supply by collecting information on potentially difficult-to-obtain raw materials at ordinary times, and by examining and testing alternatives.

# Corporate Governance

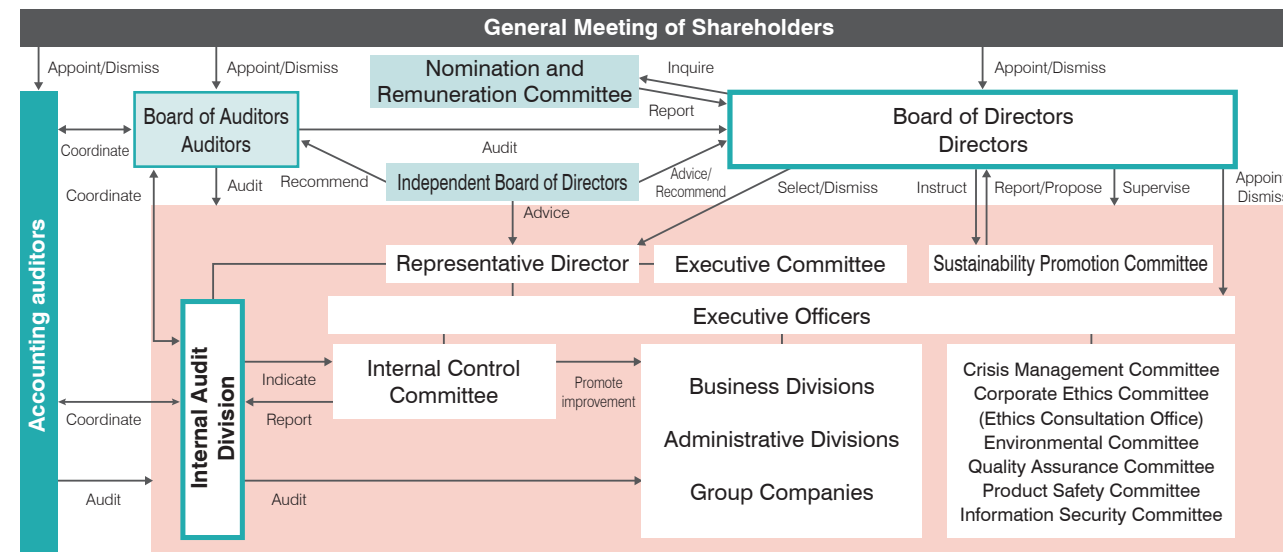
## Basic Philosophy

Acting under our Group Management Philosophy, we have directed our basic management policy toward becoming a corporate Group that continues to create new value by giving customers' aspirations form through honest communication and

technical capabilities that lead the market. Toward this end, we consider the enhancement of management efficiency, soundness, and transparency, as well as the improvement of corporate governance, to be of paramount importance.

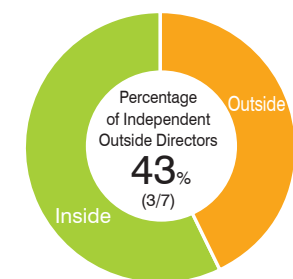
## Corporate Governance Structure

As of June 29, 2023

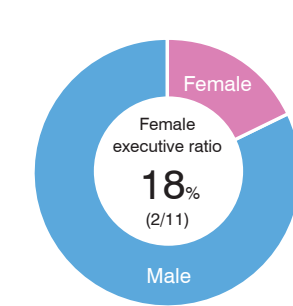


## Governance Highlights

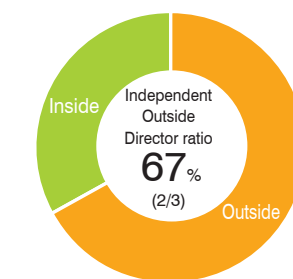
### Composition of the Board of Directors



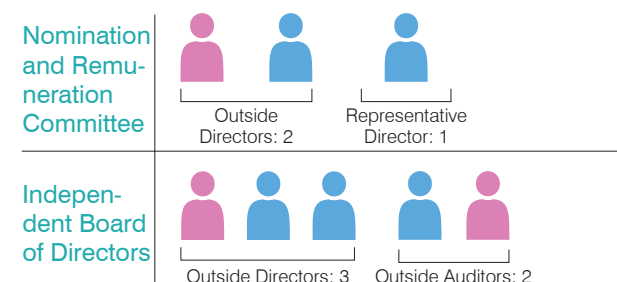
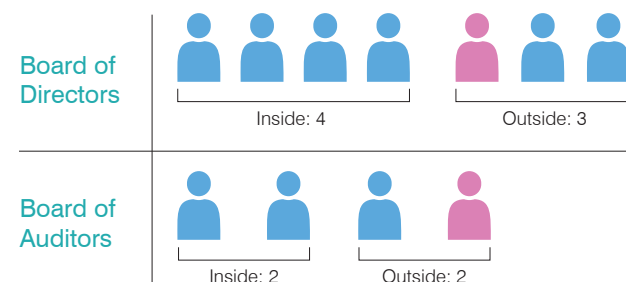
### Female Executive Ratio



### Composition of the Nomination and Remuneration Committee



Clarification in the Nomination and Remuneration Committee Regulations that the Chair and a majority of committee members will be Independent Outside Directors



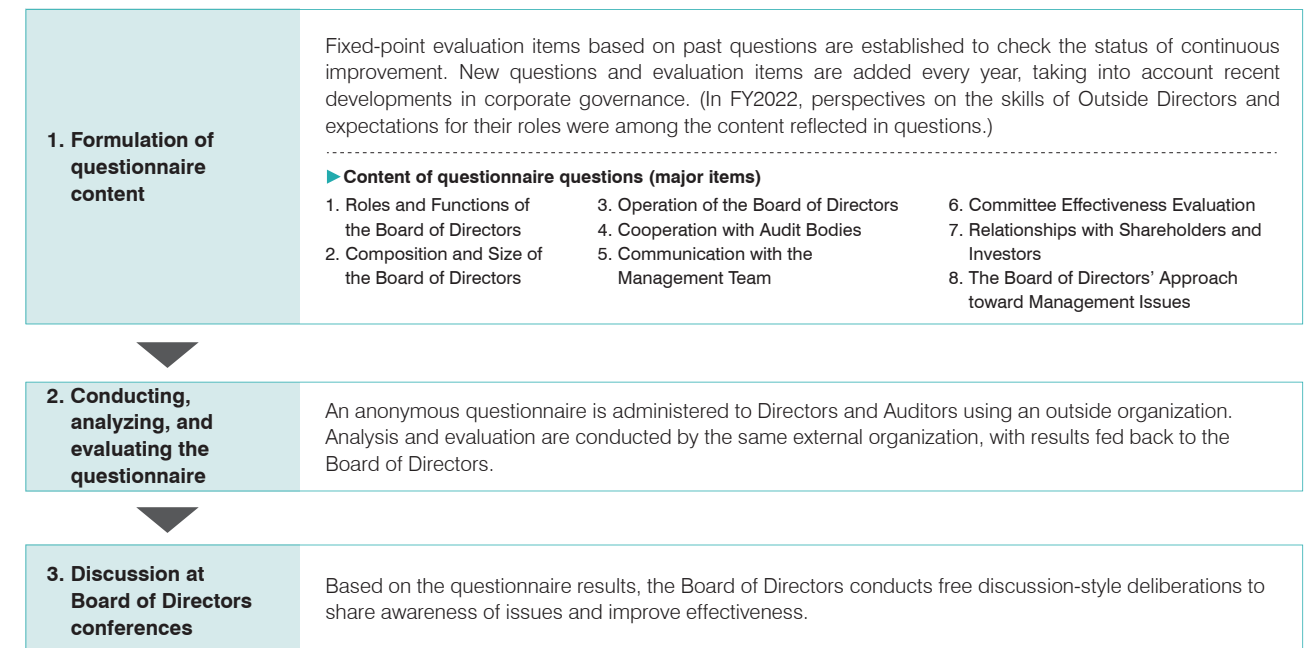
## Board of Directors Effectiveness Evaluation

With the aim of continuously strengthening governance and increasing our value over the medium- to long-term, since FY2016 the Company has conducted annual effectiveness evaluations to ensure the effectiveness of high-level decision-making and

supervision of execution by the Board of Directors.

From FY2021, we conduct this evaluation together with evaluation of the effectiveness of the Nomination and Remuneration Committee.

### Effectiveness Evaluation Process



### Summary of Evaluation Results

The Board of Directors possesses the skills and diversity necessary and sufficient to fulfill the function of oversight by Independent Outside Directors, which is recognized as a strength of the Company. In evaluations of the effectiveness of the Nomination and Remuneration Committee, in FY2022 the status of deliberations and proceedings of the committee were again evaluated positively.

The evaluation concluded that the effectiveness of the Board

of Directors is ensured, having confirmed that the Board makes appropriate and prompt decisions based on active discussions and plays an effective role in improving corporate value over the medium- to long-term future.

Based on the effectiveness assessment, we will work to address the issues identified and further improve the effectiveness of the Board of Directors.

Key Issues	Main Results in FY2022	Issues identified in FY2022
Response to Medium- to Long-term Issues	To achieve sustainable growth and medium- to long-term enhancement of our corporate value, development of a system aimed at realizing sustainability management, including identification of materialities and the establishment of a Sustainability Promotion Committee	<ul style="list-style-type: none"> <li>Strengthening of discussion of business portfolio and other management issues</li> <li>Need for discussions from a medium- to long-term perspective to achieve sustainability management</li> <li>Enhancement of information provision to strengthen the advisory functions of Outside Directors</li> </ul>
Nomination and Remuneration Process Initiatives	Partial revision of the Executive Officer Remuneration System (fixed remuneration) Incorporation of evaluations linked to sustainability management promotion in evaluation items, and strengthening of awareness-raising	<ul style="list-style-type: none"> <li>Strengthening of feedback from the Nomination and Remuneration Committee to the Board of Directors</li> <li>Enhancement of the composition (skills) of the Board of Directors</li> </ul>



Executive Officer Remuneration System

The Group regards the Executive Officer Remuneration System as one of the crucial mechanisms essential for proper corporate governance and the sustained growth of the Group as a whole. We have clearly documented policies concerning the system (the remuneration system, remuneration-specific composition ratios, the remuneration determination process, etc.) in the form of the Executive Officer Remuneration System Regulations.

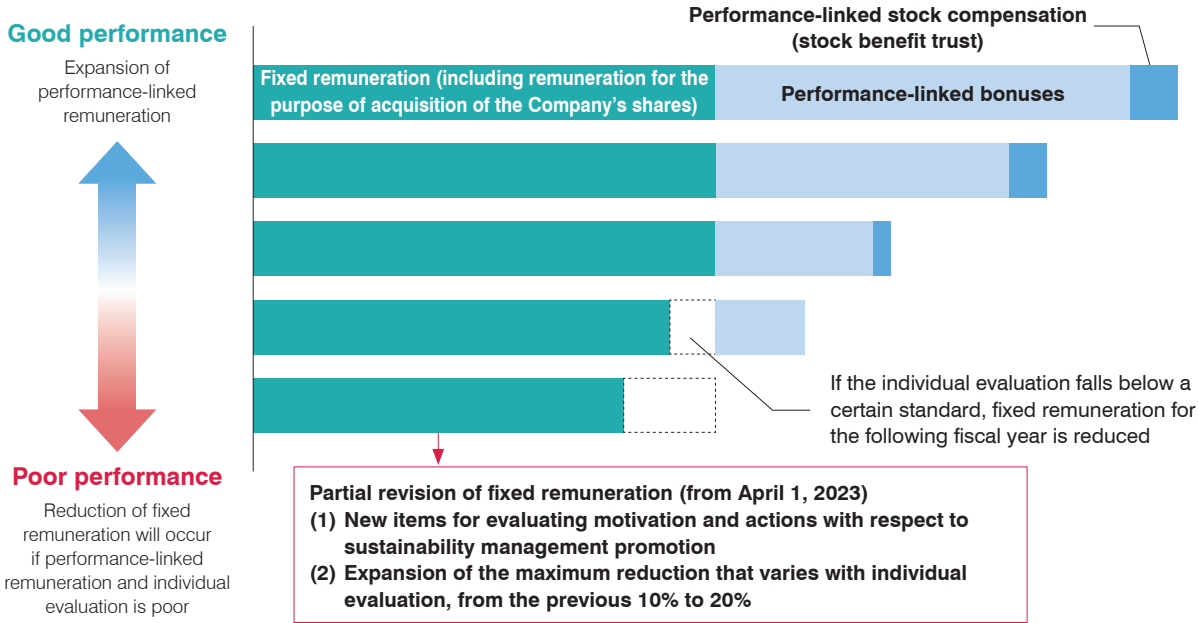
Excluding Outside Directors, remuneration for Directors consists of fixed remuneration and performance-linked remuneration. Performance-linked remuneration includes bonuses linked to short-term performance and stock compensation (stock benefit trust) linked to medium- to long-term performance. The amounts of fixed remuneration and performance-linked remuneration based on the Executive Officer Remuneration System Rules are determined by the Nomination and Remuneration Committee, which is authorized by the Board of Directors, within the limits of the total remuneration amounts determined at the shareholders general meeting.

The Nomination and Remuneration Committee conducts ongoing reviews of the Executive Officer Remuneration System to ensure that it functions as a healthy incentive for sustainable growth.

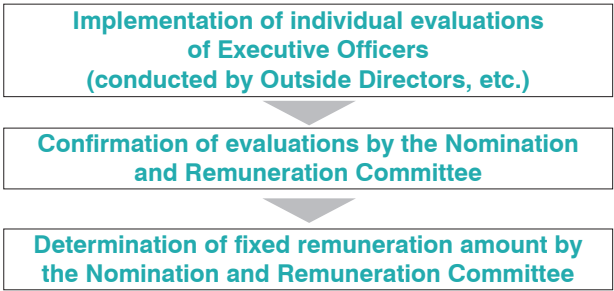
To strengthen the awareness of Executive Officers at the forefront of sustainability management initiatives, in FY2023 we decided to incorporate items evaluating Executive Officers' \* motivation and actions with respect to sustainability management promotion into individual evaluations for fixed remuneration. Fixed remuneration at the Company is a mechanism by which remuneration for the following fiscal year is reduced if the individual evaluation conducted every year falls below a certain standard, for the purpose of ensuring a positive pressure and spurring motivation among Executive Officers. Evaluations are carried out by the Chair of the Nomination and Remuneration Committee (an Outside Director) and other parties. Of the evaluation items, the evaluation weighting for sustainability was set at 10%. The maximum reduction of fixed remuneration was raised from 10% to 20%, enhancing the keenness of the remuneration system.

\* For Executive Officers at the Managing Executive Officer level and higher; includes those also serving as Director.

● Overview of Remuneration Composition



Fixed Remuneration



Key Points

- Outside Directors are involved from the individual evaluation stage onward
- All contents of individual evaluations are shared among the Nomination and Remuneration Committee
- Specific remuneration amounts are decided by the Nomination and Remuneration Committee, with an Outside Director as Chair, based on evaluation
- If the individual evaluation falls below a certain standard, remuneration in the following fiscal year is reduced and reasonable measures are implemented, including interviews with the Nomination and Remuneration Committee or resignation

Performance-linked Bonuses

In accordance with the rate of achievement of the consolidated ordinary profit plan, a base amount is calculated based on the amounts on the bonus payment table set for each position by the Nomination and Remuneration Committee (with some variation depending on individual performance evaluation). The amount

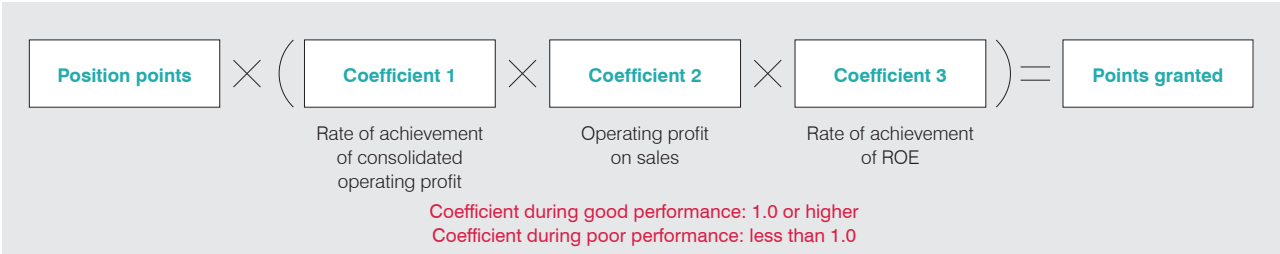
paid is calculated by multiplying the calculated base amount by the absolute amount of consolidated ordinary profit and a coefficient that considers a year-on-year comparison of consolidated sales.



Performance-linked Stock Compensation (stock benefit trust)

The points set for each position (position points) are multiplied by a coefficient calculated from the absolute value and rate of achievement of the performance evaluation indicator to determine the points to be granted. Points granted to Directors are converted

to one share of common stock of the Company per point when shares of the Company or other benefits are granted at the time of resignation, etc.



Our Approach to Cross-shareholding

We hold shares of our business partners only when it is deemed that doing so helps maintain and strengthen business relationships with important business partners, contributing to enhanced medium- to long-term corporate value of the Group.

Each year, the Board of Directors reviews the appropriateness of cross-shareholdings by examining each individual issue from the perspective of its purpose, economic rationale, and whether it will contribute to improving the Group's medium- to long-term corporate value. As a result of this verification, we proceed with the sale, as appropriate, of stocks for which the significance of the holding has been found to have diminished.

In the Medium-term Management Plan spanning FY2025 to

FY2027, we have resolved to reduce the amount to less than 15% of the amount of consolidated net assets.

With respect to voting rights related to cross-shareholdings, we do not use uniform standards to determine approval or disapproval, but rather exercise our voting rights appropriately on a proposal-by-proposal basis upon comprehensively considering the management policies and strategies of the relevant investee company. In the event of a situation in which the corporate value or shareholder value of the company in question is significantly impaired, or a situation in which there are serious corporate governance concerns, we will exercise our voting rights with particular care and scrutiny.

List of Directors

(as of June 29, 2023)



- 1976 Joined the company
- 2004 Director, the company
- 2013 Representative Director and President, (current position)

Yoshiaki Fujimori

Representative Director and President



- 1982 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 2009 General Manager of Global Credit Investment Department of Mizuho Corporate Bank, Ltd.
- 2011 Joined the company  
Director, the company (current position)

Hidenori Watanabe

Director and Senior Managing Executive Officer



- 1987 Joined the company
- 2023 Director, Kyodo Printing (current position)

Teruomi Ohashi

Director and Managing Executive Officer



- 1972 Joined SUMITOMO CORPORATION
- 1996 Representative Director, Senior Managing Executive Officer and General Manager of Sales Division of S.C.A. Tobacco Corporation
- 2004 Executive Officer, General Manager of Logistics & Insurance Business Division of SUMITOMO CORPORATION
- 2006 President of Sumisho Global Logistics Co., Ltd.
- 2009 Representative Director and President director of Chiba Kyodo Silo Co., Ltd.
- 2016 Outside Director of the company (current position)

Tsuneo Naito

Directors  
Independent Outside



- 1985 Joined the company
- 2021 Director, the company (current position)

Takaharu Takahashi

Director and Managing Executive Officer



- 2001 Associate Professor, Institute for Economic Research, Osaka City University (currently Osaka Metropolitan University)
- 2009 Professor of College of Business, Rikkyo University (current position)
- 2014 Outside Director, MOS FOOD SERVICES, Inc. (current position)
- 2015 Outside Director of the company (current position)
- 2018 Outside Director, SG HOLDINGS Co., Ltd. (current)
- 2019 Outside Director of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
- 2023 Outside Director, FANCL Corporation (current position)

Significant concurrent positions  
Professor of College of Business, Rikkyo University  
Outside Director of MOS FOOD SERVICES, Inc.  
Outside Director of SG HOLDINGS Co., Ltd.  
Outside Director of FANCL Corporation

Mika Takaoka

Directors  
Independent Outside



- 1986 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
- 1999 Joined Unison Capital, Inc.
- 2012 Professor of School of Management, SANNO University (current position)
- 2013 Joined Asuka Asset Management Ltd. (currently Aizawa Asset Management Co., Ltd.) (current position)  
Director and Founding Partner of Asuka Corporate Advisory Co., Ltd. (current position)
- 2016 Outside Director of Yume no Machi Souzou linkai Co., Ltd. (currently Demae-can Co., Ltd.) (current position)
- 2019 Outside Director, PHYZ Inc. (currently PHYZ Holdings Inc.)
- 2021 Outside Director of the company (current position)

Significant concurrent positions  
Professor of School of Management, SANNO University

Yosuke Mitsusada

Directors  
Independent Outside

List of Auditors

(as of June 29, 2023)



- 1980 Joined Kyodo Printing
- 2018 Auditor, Kyodo Printing (current)

Mikihiko Shiozawa

Full-time Auditor



- 1980 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 2011 Managing Director, Mizuho Corporate Bank, Ltd.
- 2013 Vice President, Japan Branch (now Aflac Life Insurance Japan Ltd.)  
American Family Life Assurance Company of Columbus (American Family Life Insurance Company)
- 2016 Representative Director & President, Data Keeping Service Co., Ltd.
- 2019 Outside Auditor, Kyodo Printing (current position)

Masahiko Furutani

Auditors  
Independent Outside



- 1985 Joined Kyodo Printing
- 2022 Auditor, Kyodo Printing (current)

Hideo Akimoto

Full-time Auditor



- 2009 Registered as Attorney
- 2010 Joined Yamada Law and Patent Office (current position)
- 2018 Outside Director (Audit and Supervisory Committee Member), Tanseisha Co., Ltd. (current position)
- 2021 Outside Director (Audit and Supervisory Committee Member), Nomura Micro Science Co., Ltd. (current position)  
Registered as Certified Fraud Examiner
- 2023 Outside Auditor, of the company (current position)

Yumiko Nijima

Auditors  
Independent Outside

Significant concurrent positions  
Outside Director (Audit and Supervisory Committee Member), Tanseisha Co., Ltd.  
Outside Director (Audit and Supervisory Committee Member), Nomura Micro Science Co., Ltd.

Director Skills Matrix

Name		Corporate Management, Business Strategy	Sales, Marketing	Production, Technology, IT	International Business	Legal Affairs, Risk Management, Governance	Monetary Affairs, Accounting, Finance
Directors	Yoshiaki Fujimori	○		○		○	○
	Hidenori Watanabe	○			○	○	○
	Takaharu Takahashi	○		○			
	Teruomi Ohashi	○	○	○			○
	Mika Takaoka Independent Outside	○	○				
	Tsuneo Naito Independent Outside	○	○		○		
Company Auditors	Yosuke Mitsusada Independent Outside	○			○	○	○
	Mikihiko Shiozawa					○	○
	Hideo Akimoto					○	○
	Masahiko Furutani Independent Outside	○			○	○	○
	Yumiko Nijima Independent Outside					○	○



# Outside Directors Round-table Discussion



Combining technical capabilities with proposal capabilities through the analysis of C (Consumer) can still give rise to varied businesses.

**Mika Takaoka**  (center)  
Lead Outside Director  
 **Tsuneo Naito**  (left)  
Outside Director  
 **Yosuke Mitsusada**  (right)  
Outside Director

## Governance Structures Have Changed, But Have Companies Done so as Well?

**Takaoka:** Since 2015, I've watched Kyodo Printing as an Outside Director. When I first assumed the role, I was the sole Outside Director, which now number three. The ratio of Inside and Outside Directors is 4:3, with Independent Outside Directors accounting for over a third. Looking at diversity, too, the additional of Outside Auditor Yumiko Nijima in 2023 has raised the number of women to two, and the composition of Executive Officers has changed greatly over the period. What is most important is how the monitoring and control functions of management are working. We established a Nomination and Remuneration Committee in 2018 and launched an Investment Review Committee in 2022. Standards for investments were present in the past as well, but there were areas where criteria for withdrawal or review were unclear. We're making efforts at strengthening these, including the establishment of more effective rules. From what I've seen, I think the Kyodo Printing Board of Directors has actively undertaken the enhancement of effectiveness and the strengthening and improvement of governance.

**Naito:** I've been an Outside Director since 2016. The Company's governance form and structure are steadily evolving. At the same time, how the Company as a whole has changed will be important

in ensuring effectiveness. We're all well aware that Kyodo Printing has to undergo change as a company, but to instill transformation throughout every area of the organization, I feel that we have to further accelerate reforms of organizational culture, with the management team leading.

**Mitsusada:** I took on my position just two and a half years ago in 2021. Meetings of the Independent Board of Directors have been actively held, and it's my sense that the governance structure has improved considerably during the period. I think it's conducive to getting things done, as it's possible for Outside Executive Officers to gather opinions while sharing awareness of issues and confirming true intentions before going to the Board of Directors. On the other hand, as Mr. Naito said, there's the impression that if changes to the Board of Directors are set at 10, the degree of change when taken down to individual workplaces falls to 8 or 7.

There are reasons for that, one of which I think is the change taking place in the environment. Even in these past two and a half years that I've been observing, Kyodo Printing's business environment has markedly changed, and conditions came up in which the leap in raw material costs left us unable to meet short-term performance goals. The decline in the core business of paper

printing also brought the problem of an urgent need to develop new businesses and review the business portfolio, something that people on the front lines feel keenly. Under these circumstances,

I think the main challenge facing the current Board of Directors is to offer a depiction of sustainable growth and more concretely show what sort of business portfolio is desirable for achieving it.

## The Importance of Organizational Reform in Shattering Firmly-Established Ideas

**Takaoka:** Since around 2019, when the rebuilding of Headquarters began, the momentum behind corporate climate reform has grown. We felt that the role of an Independent Board of Directors made up of Independent Officers was vital to climate reform, and so we voluntarily increased the number of meetings and conducted repeated examinations.

Doing things the same as always might result in no company a decade later. Every company should embrace this sense of crisis and foster a culture that takes on new challenges. Yet we know that no matter how much a company extols that idea, corporate organizations don't change easily. So, the Independent Board of Directors discussed specific measures for reforming a conservative culture, such as 360-degree evaluations (management check-ups) and a movement to address superiors by name, not title, and proposed these to the Board of Directors. Another measure proposed by the Independent Board of Directors is business contests. The launch of new businesses and portfolio transformation are urgent issues that create a sense of crisis in the management team and in young employees in particular. The business contest plan seeks to generate ideas from these employees. Kyodo Printing also has strength in technology development. The first contest

drew 126 submissions, which exceeded expectations. Of these, four were studied for commercialization.

**Naito:** Going back decades, I've experienced management at several companies with weighty cultures, and have struggled with corporate reform and business restructuring. I can still feel the sense of trial and error present at those times. Everyone does what can't be done under normal thinking. All employees should seek to change themselves, taking on the challenge of change and fighting with a burning passion and uninhibitedness. Without that, I don't believe that a company will change. I want to pass on these experiences of mine to Kyodo Printing today as strongly as possible.

**Mitsusada:** Kyodo Printing alone has a scale of about 1,900 employees and it is characterized by strong vertical divisions with walls between its three Headquarters. This creates difficult footing for company-wide transformation. At the same time, people in headquarters are speaking frankly about the situation to us Outside Executive Officers. I think that from here on out, we have to hold a sense like that of a new, small-scale company like a startup, and create new things through flat discussions that tear down the walls between divisions.

## Having an Awareness of Cost of Capital and Gaining the Ability to Earn

**Takaoka:** As a management professor, from a perspective of management in general what most caught my eye is the way of thinking about cost of capital. Isn't this the factor behind Japanese companies' lack of growth over the past 30 years? A company has to develop its business and grow its profits on the basis of funds from shareholders and loans from banks. The interest paid on borrowings from banks makes the cost of financing clear, but naturally, there is also a cost of capital in financing through issuing shares. Accordingly, every year a company has to yield a return that exceeds its cost of capital. However, Japan has done so for over two decades under ultra-low interest rates, and there are now many companies that lack a mindset of earning profit in excess of the cost of capital. Kyodo Printing, too, was one of those companies.

As an example, when making an investment to generate profit of 10 billion yen in five years, a company makes the sort of income and expenditure plan that calls for 500 million yen in the first year, 1.5 billion yen in the second year, and 2.5 billion yen in the third year. The company makes its decision on whether to invest on the basis of this. Yet there are cases in which the expected 500 million yen in the first year turns out to be only 200 million yen, and the 1.5 billion yen in the second year, only 800 million yen. Even in such cases, there are a lot of Japanese companies that think that, as long as they made up for the delay in the business plan after

several years and reached that total of 10 billion yen in 10 years, they've done their best and all is well. In reality, though, there is a difference between 500 million yen earned in the first year and 500 million yen earned in the third year. A sensibility that ignores that difference is highly flawed.

In response, we introduced ROIC (return on invested capital) as an indicator to accurately calculate the cost of capital for Kyodo Printing and put that to use in business-specific evaluations and in portfolio management. Past Medium-term Management Plans used only ROE (return on equity) as an indicator. In the





## Outside Directors Round-table Discussion



Medium-term Management Plan from FY2021, we introduced ROIC for internal use to nurture a sense of creating profit in excess of the cost of capital.

**Mitsusada:** Based on what Ms. Takaoka pointed out, awareness of the problem has grown internally, and the Investment Review Committee was launched. In the past, whether investment projects exceeding a certain value can be recouped within the planned period was the target of checks. But as overly optimistic numbers tend to come up on the executive side, the Investment Review Committee performed strict checks to evaluate probabilities. Changing how money is used means changing how the company thinks. I think the creation of the Investment Review Committee marks an extremely big change. What particularly gets my attention is the area of existing business. To bring in new work,

replacement of equipment that increases ROA (total return on assets) is necessary even in existing businesses. However, when a business is an existing one, there's a sense of "same as usual," which becomes a reason why ROA isn't improved. Looking ahead, I think that needs to be discussed.

**Naito:** A company I once worked for had worked out ROIC for each department. There was a scramble for budget under claims that investment should go to the departments with higher ROIC, and arguments broke out. There should be active discussions about that sort of allocation.

**Takaoka:** I think discussions like that are going to be a part of Japanese companies' discussions of business portfolio management in the future.

Japanese companies have shown a propensity to accumulate internal reserves and, because of those savings, to conduct management without considering the cost of capital. The flip side of this is innovation not proceeding, and failure to find new outlets for investment. Some companies will probably spend considerable money on equipment upgrades in existing businesses where capital efficiency is likely poor, and as a result will fall into the dilemma in which profitability doesn't rise above the cost of capital. But that's no longer acceptable. With interest rates rising in both Europe and the United States, seen from the perspective of overseas investors, we're entering an age in which investment won't go to Japanese companies that continue making investments with poor returns. As interest rates will likely gradually rise in Japan as well, the cost of borrowing will also increase, and even shareholders in Japan may find it better to place money in the bank than to invest in stocks without growth prospects. I think we're truly at a critical stage for Japanese companies.

## Clarifying a Long-Term Vision for Incorporation into Investment Strategy and Human Resources Strategy

**Mitsusada:** The Tokyo Stock Exchange has noted that over half of TOPIX index companies have a PBR (stock price net asset ratio) of less than 1.0. This means that a lot of companies face issues with return on capital and with growth potential. Kyodo Printing, too, must hammer out a clearer growth strategy as soon as possible and demonstrate both inside and outside the Company that it is undertaking improvement of profitability. If time is needed to launch new businesses from within the Company, it has to also consider other methods, even purchasing a business from another company and incorporating it into the Company's own business to meet the Medium-term Management Plan. This may be a case of doing what was thought not possible, as Mr. Naito mentioned earlier.

**Naito:** The Company has to make clear what sort of specific business it wants to engage in with the TOMOWEL corporate brand. When clear targets are in place, the Company will be able to see what sort of human resources it should secure and develop, as well as what sort of businesses to acquire.

**Takaoka:** Right. In regular meetings of the Board of Directors, a lot of things come up such as matters for resolution based on provisions in the Companies Act. So, to take time and have discussions from a medium- to long-term perspective, we launched the first meeting on long-term vision, separate from regular meetings. The first thing to do is clarify just what it is the Company wants to

contribute to society through its business. It's when the long-term vision is set that the business portfolio to be aimed for becomes clear, the content of the Medium-term Management Plan gets decided, and specific investments get decided. My sense is that that time to re-create these anew has come again.

As Japan has entered the stage of population decline, shortages of human resources and of workers are going to become increasingly serious, which means that human resources strategy



and investments in human capital will extremely important. From that point of view, too, drawing a more specific long-term vision will be crucial.

**Mitsusada:** My sense is that the Company is tackling human resources strategy with an awareness of the issues. The Company's previous personnel evaluation system had very fine divisions into a hierarchy and a strong seniority element, with the fairness of evaluations difficult to see. Now, however, the hierarchy has been consolidated into a simple structure. There was also an organizational structure, dependent on individual capabilities, in which talented people were cloistered in a single department for a long time. A rule limiting people to five years in a single department has now been set. I expect that letting people experience varied careers from their 20s onward will speed up their growth.

**Naito:** I think a very good initiative has begun with the business contests. In the future, instead of making selections from only the limited perspectives of people in the Company and the Outside Directors, I'd also like to see people from outside join in. I'd like to

evaluate young people's ideas from new perspectives and values from outside the company, and expand their possibilities.

I think it would also good to set up opportunities for special training at other companies and in different industries. Having returnees share new values and experiences that weren't present in the Company will become the starting point for new transformation, I think.

**Takaoka:** I agree that the Company should open the doors of the business contests to people outside the Company and hold the contests in a form like an open innovation platform. The knowledge and skills required under the advance of AI and DX will change not only for sales and technical human resources but also for administrative and other back-office departments. So, I'd like the Company to gain more inspiration from outside and undertake processes by which motivation and growth happen naturally. I think there's a need for an open innovation platform for business creation, not only for new business development but also as a component of the human resource development strategy.

## Combining Our Strengths in People and Technologies to Enhance Our Corporate Value

**Takaoka:** I view the technical capabilities of Kyodo Printing as its greatest strength. Recently, regarding major trends in the world, it's been said that future potential lies in the directions of marketing and B-to-C. However, the core of Kyodo Printing's advantage is still the technologies that it has built up. The direct customers of Kyodo Printing are companies, but what lies ahead of that is a B-to-B-to-C business model that includes users. Accordingly, while the Company's sales team discerns what sort of technologies are demanded by customers who have a B-to-C aspect, it also takes an outside-in approach that develops technologies a step ahead of the needs and issues of society, to make a proposal: "Society is going to change in this direction, so how about creating products made with this technology?" Through solid provision of values that combine the Company's overwhelming technical capabilities with its ability to make proposals that look a step ahead by analyzing "C," I think there are still a lot of businesses that will be born. I'd like investors to hold great expectations toward that.

**Naito:** Kyodo Printing has already continued for over 126 years, which I think is truly a testament to its technical capabilities. Among manufacturers that I've seen, none survive for long without having technologies. With the Company's background of technology development capabilities built up over many years, I want to see employees equipped with the confidence to create new things that can meet the needs of customers in the future.

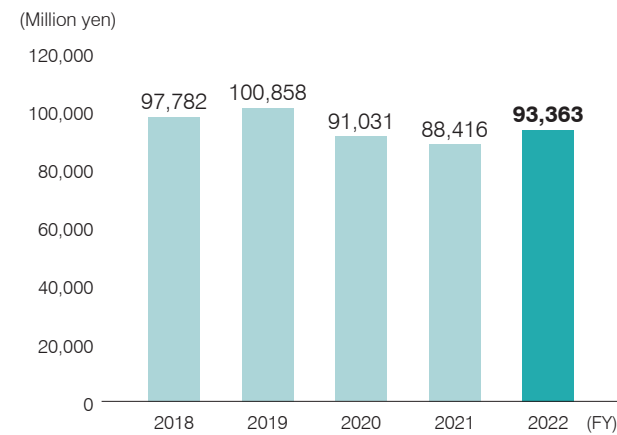
**Mitsusada:** I agree. Kyodo Printing's history includes a rebirth after its factories burned down in the last year of the war. That amazing vitality has been inherited today as the Company's DNA, and today there are people who have the passion to tackle things now and people who have the power to follow through. All of the Outside Executive Officers want to make every effort to combine people with technology and achieve sustainable enhancement of corporate value.



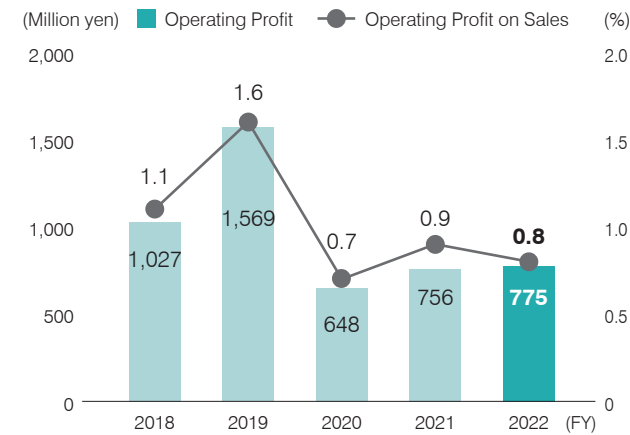
# Data Collection

## Financial Highlights

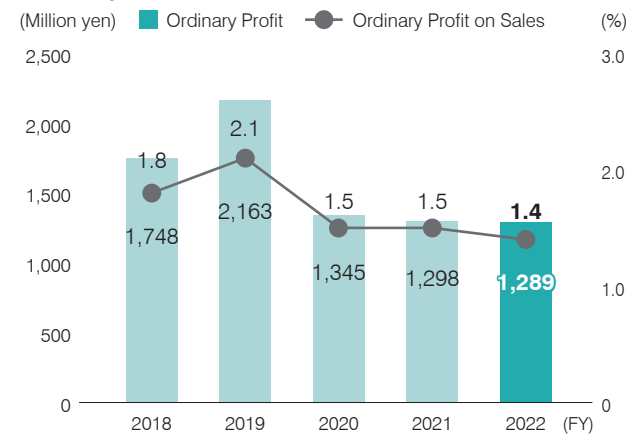
### Sales



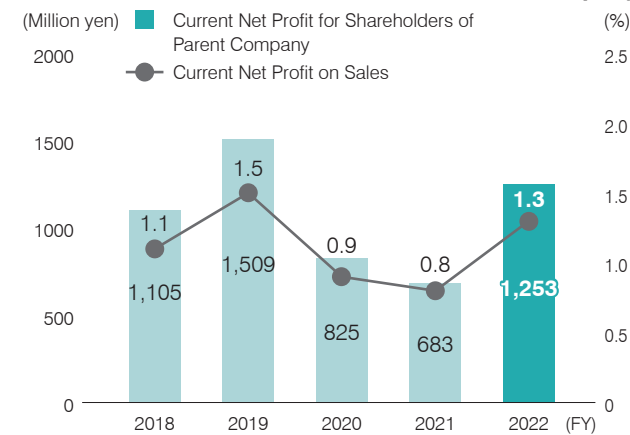
### Operating Profit



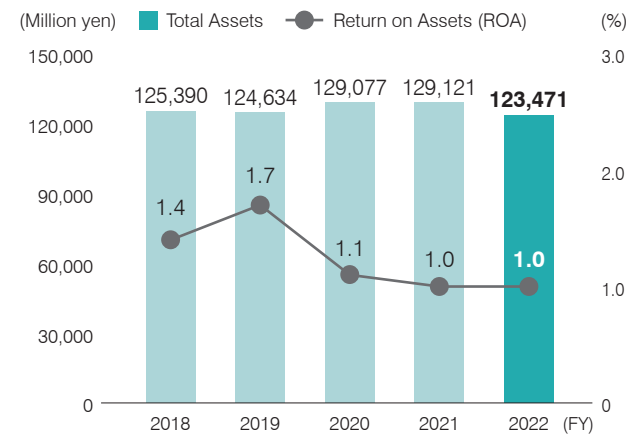
### Ordinary Profit



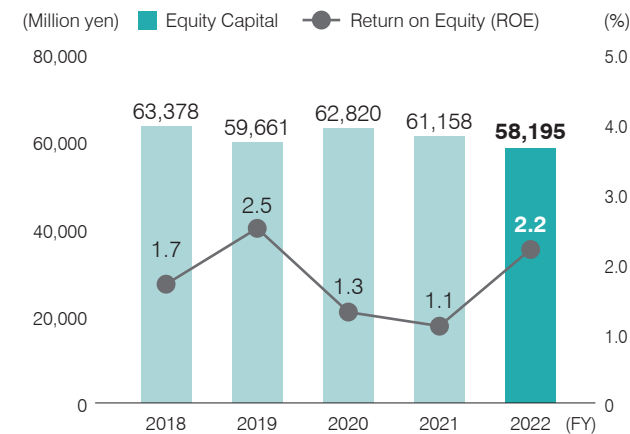
### Current Net Profit for Shareholders of Parent Company



### ROA

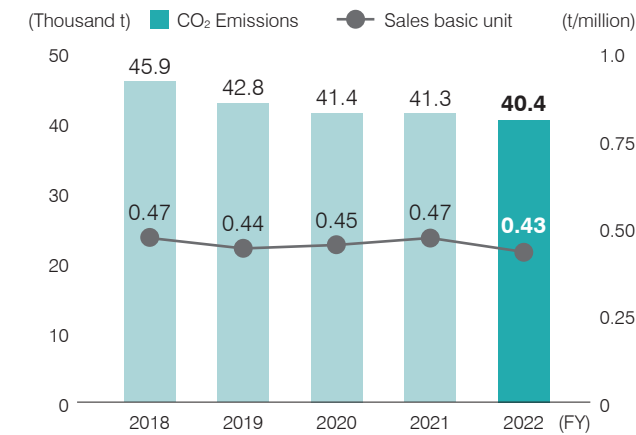


### ROE

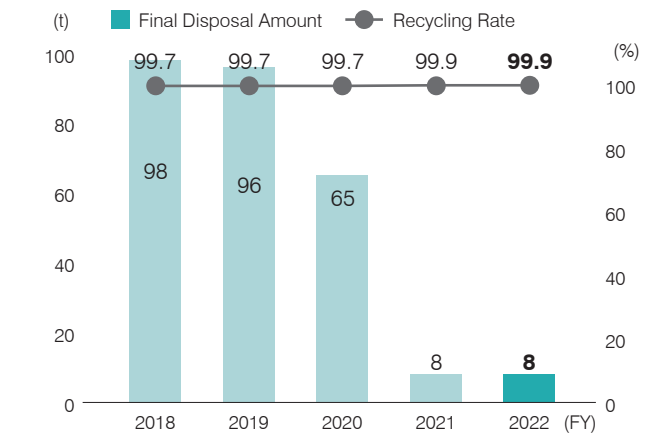


## Non-financial Highlights

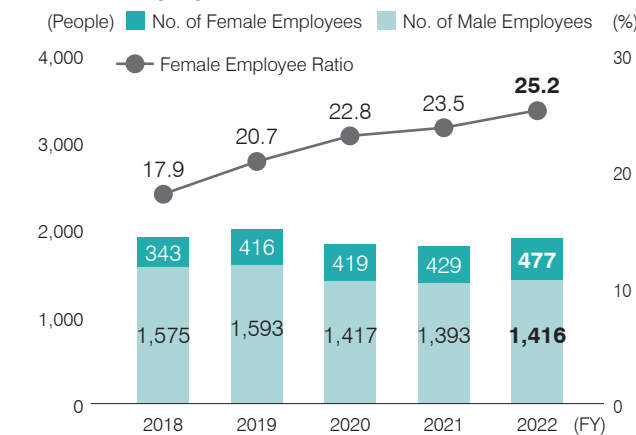
### CO<sub>2</sub> Emissions



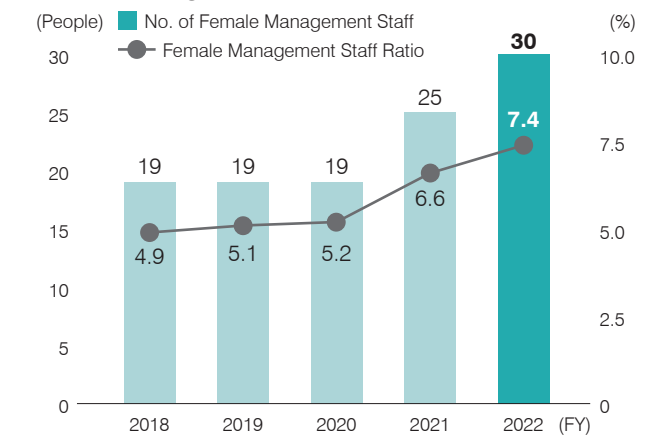
### Recycling Rate



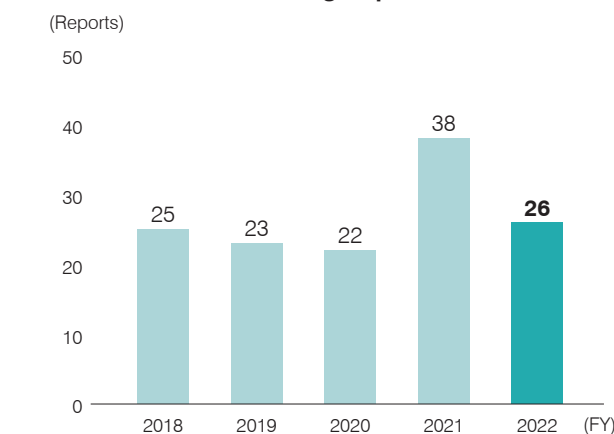
### Female Employee Ratio



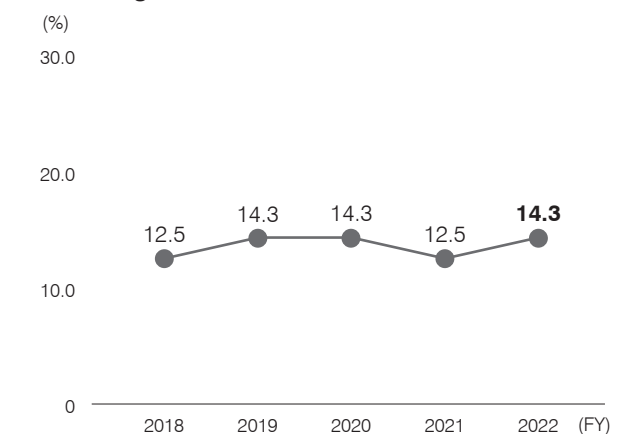
### Female Management Staff Ratio



### Number of Whistleblowing Reports



### Percentage of female Directors



Key Consolidated Management Indicators (11 years)

	FY2012	FY2013	FY2014	FY2015		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Sales (million yen)	94,220	94,479	92,483	95,097		94,553	95,076	97,782	100,858	91,031	88,416	93,363
Ordinary profit (million yen)	2,443	2,832	2,517	3,482		4,096	2,644	1,748	2,163	1,345	1,298	1,289
Current net profit for shareholders of parent company (million yen)	1,437	1,592	1,415	2,212		2,589	2,037	1,105	1,509	825	683	1,253
Comprehensive profit (million yen)	2,737	2,331	6,469	1,960		5,582	1,832	170	(2,415)	5,136	168	(1,748)
Net assets (million yen)	49,840	51,074	57,012	58,269		63,180	64,217	63,384	59,764	62,944	61,277	57,720
Total assets (million yen)	96,738	96,004	104,110	105,315		114,581	120,544	125,390	124,634	129,077	129,121	123,471
Net asset worth per share (yen)*	567.72	581.73	649.36	663.66		719.10	7,307.43	7,267.15	6,949.53	7,586.38	7,696.80	7,575.80
Current net profit per share (yen)*	16.09	18.14	16.13	25.20		29.50	232.10	126.01	175.22	97.00	83.70	159.35
Diluted current net profit per share (yen)*	-	-	15.51	22.29		26.10	205.33	111.47	-	-	-	-
Equity capital ratio (%)	51.5	53.2	54.8	55.3		55.1	53.2	50.5	47.9	48.7	47.4	46.7
Return on equity (%)	2.9	3.2	2.6	3.8		4.3	3.2	1.7	2.5	1.3	1.1	2.1
Price-earnings ratio (multiple)	17.5	16.1	22.9	13.4		12.3	14.1	19.5	15.5	30.8	33.0	17.3
Cash flow from operating activities (million yen)	6,197	8,065	6,655	6,698		6,875	4,039	2,476	10,346	5,639	5,421	23,413
Cash flow from investing activities (million yen)	(3,216)	(3,736)	(4,460)	(5,027)		(4,813)	(5,835)	(10,023)	(9,008)	(7,402)	(6,632)	(4,420)
Cash flow from financing activities (million yen)	(1,770)	(4,145)	(248)	(2,793)		1,148	(1,076)	3,411	1,197	1,529	(2,618)	(17,359)
Cash and cash equivalents at end of period (million yen)	13,077	13,271	15,368	14,234		17,414	14,606	10,432	13,070	12,760	8,890	10,500
Number of employees	2,664	2,636	2,661	2,733		2,787	2,953	3,054	3,230	3,229	3,217	3,208

\* On October 1, 2017, 10 shares of common stock were consolidated into 1 share.



## Consolidated Balance Sheet

(Unit: million yen)

	FY2021 (previous consolidated fiscal year)	FY2022 (current consolidated fiscal year)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	8,949	10,557
Notes receivable - trade	5,767	5,568
Accounts receivable - trade	20,567	21,328
Merchandise and finished goods	3,503	3,436
Work in process	2,329	2,850
Raw materials and supplies	1,128	1,244
Other	1,835	939
Allowance for doubtful accounts	(55)	(11)
Total current assets	44,025	45,912
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures, net	30,301	28,940
Machinery, equipment and vehicles, net	12,970	12,769
Tools, furniture and fixtures, net	926	1,537
Land	14,842	14,864
Leased assets, net	1,852	1,148
Construction in progress	875	450
Total property, plant and equipment	61,769	59,710
<b>Intangible assets</b>		
Goodwill	785	380
Software	1,124	964
Other	183	206
Total intangible assets	2,094	1,550
<b>Investments and other assets</b>		
Investment securities	17,402	12,802
Retirement benefit assets	2,547	2,056
Deferred tax assets	222	310
Other	1,070	1,132
Allowance for doubtful accounts	(10)	(5)
Total investments and other assets	21,232	16,297
Total fixed assets	85,095	77,558
<b>Total assets</b>	<b>129,121</b>	<b>123,471</b>

(Unit: million yen)

	FY2021 (previous consolidated fiscal year)	FY2022 (current consolidated fiscal year)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	15,606	17,627
Short-term borrowings	6,840	112
Current portion of bonds	-	3,000
Current portion of long-term borrowings	9,400	2,405
Lease obligations	504	383
Income taxes payable	481	237
Provision for bonuses	1,162	1,283
Provision for bonuses for Executive Officers	53	44
Provision for environmental measures	-	102
Provision for losses on Antimonopoly Act	401	838
Other	10,079	7,764
Total current liabilities	44,531	33,800
<b>Fixed liabilities</b>		
Bonds payable	3,000	-
Long-term borrowings	7,480	6,182
Lease obligations	1,053	914
Deferred tax liabilities	2,106	1,078
Provision for environmental measures	400	-
Provision for fixed asset decommissioning costs	545	-
Provision for stock payments for Executive Officers	19	15
Retirement benefit liabilities	6,589	6,473
Asset retirement obligations	80	8
Long-term advances received	-	17,066
Other	2,037	211
Total fixed liabilities	23,312	31,951
<b>Total liabilities</b>	<b>67,843</b>	<b>65,751</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital	4,510	4,510
Capital surplus	1,645	1,688
Retained earnings	47,454	47,881
Treasury shares	(1,216)	(2,160)
Total shareholders' equity	52,393	51,919
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8,553	5,881
Foreign currency translation adjustment	0	196
Remeasurements of defined benefits plans	211	(307)
Total accumulated other comprehensive income	8,765	5,770
<b>Non-controlling interests</b>	<b>118</b>	<b>30</b>
<b>Total net assets</b>	<b>61,277</b>	<b>57,720</b>
<b>Total liabilities and net assets</b>	<b>129,121</b>	<b>123,471</b>

## Data Collection

## Consolidated Statements of Income

(Unit: million yen)

	FY2021 (previous consolidated fiscal year)	FY2022 (current consolidated fiscal year)
Sales	88,416	93,363
Cost of sales	72,620	76,077
<b>Gross profit</b>	<b>15,795</b>	<b>17,286</b>
<b>Selling, general and administrative expenses</b>		
Shipment expenses	3,306	3,234
Travel, Transportation and communication expenses	228	255
Provision of allowance for doubtful accounts	(27)	(43)
Salaries and allowances	5,914	6,520
Provision for bonuses	474	530
Provision for bonuses for Executive Officers	52	43
Provision for stock grants for Executive Officers	11	-
Retirement benefit expenses	228	423
Welfare benefit expenses	1,409	1,536
Depreciation and amortization	481	988
Other	2,958	3,022
<b>Total selling, general and administrative expenses</b>	<b>15,038</b>	<b>16,510</b>
<b>Operating Profit</b>	<b>756</b>	<b>775</b>
<b>Non-operating income</b>		
Interest income	3	3
Dividend income	257	288
Gain on sales of goods	53	34
Rent income on facilities	84	73
Dividend income of insurance	160	179
Foreign exchange gains	40	4
Other	275	255
<b>Total non-operating income</b>	<b>876</b>	<b>839</b>
<b>Non-operating expenses</b>		
Interest expenses	188	144
Rent expenses on facilities	30	42
Share of loss of entities accounted for using equity method	22	38
Other	94	100
<b>Total non-operating expenses</b>	<b>335</b>	<b>326</b>
<b>Ordinary Profit</b>	<b>1,298</b>	<b>1,289</b>
<b>Extraordinary profit</b>		
Gain on sales of fixed assets	-	53
Gain on sales of investment securities	1,224	1,910
Subsidy income	327	-
Gain on revision of retirement benefit plan	-	376
Other	1	8
<b>Total extraordinary income</b>	<b>1,553</b>	<b>2,349</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	156	246
Loss on valuation of investment securities	29	-
Impairment loss	-	326
Losses related to the Antimonopoly Act	706	838
Headquarters relocation expenses	-	204
Special relocation assistance expenses	525	-
Other	40	20
<b>Total extraordinary losses</b>	<b>1,457</b>	<b>1,636</b>
<b>Current net profit before income taxes</b>	<b>1,394</b>	<b>2,001</b>
<b>Income taxes - current</b>	<b>724</b>	<b>470</b>
<b>Income taxes - deferred</b>	<b>(18)</b>	<b>284</b>
<b>Total income taxes</b>	<b>705</b>	<b>755</b>
<b>Current net profit</b>	<b>688</b>	<b>1,246</b>
<b>Profit Loss Attributable to Non Controlling Interests</b>	<b>4</b>	<b>(6)</b>
<b>Current net profit for shareholders of parent company</b>	<b>683</b>	<b>1,253</b>

## Consolidated Statement of Comprehensive Income

(Unit: million yen)

	FY2021 (previous consolidated fiscal year)	FY2022 (current consolidated fiscal year)
Current net profit	688	1,246
Other comprehensive profit		
Valuation difference on available-for-sale securities	(843)	(2,675)
Foreign currency translation adjustment	285	196
Remeasurements of defined benefits plans	39	(519)
Share of other comprehensive income of entities accounted for using equity method	(2)	3
<b>Total other comprehensive income</b>	<b>(519)</b>	<b>(2,994)</b>
<b>Comprehensive income</b>	<b>168</b>	<b>(1,748)</b>
(Breakdown)		
Comprehensive profit attributable to shareholders of parent company	162	(1,741)
Comprehensive income attributable to non-controlling interests	6	(6)



Consolidated Statements of Changes in Equity

FY2021 (previous consolidated fiscal year)

(Unit: million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,510	1,674	49,438	(2,088)	53,533
Changes of items during period					
Dividends of surplus			(834)		(834)
Profit attributable to owners of parent			683		683
Purchase of treasury shares				(1,697)	(1,697)
Disposal of treasury shares			(46)	746	699
Retirement of treasury shares		(36)	(1,787)	1,823	-
Changes in ownership interest of parent due to transactions with non-controlling interests		7			7
Net changes of items other than shareholder's equity					
Total changes of items during period	-	(28)	(1,983)	872	(1,139)
Balance at end of period	4,510	1,645	47,454	(1,216)	52,393

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefits plans	Total accumulated other comprehensive income			
Balance at beginning of period	9,398	(283)	172	9,287	123		62,944
Changes of items during period							
Dividends of surplus							(834)
Profit attributable to owners of parent							683
Purchase of treasury shares							(1,697)
Disposal of treasury shares							699
Retirement of treasury shares							-
Changes in ownership interest of parent due to transactions with non-controlling interests							7
Net changes of items other than shareholder's equity	(845)	284	39	(521)	(4)		(526)
Total changes of items during period	(845)	284	39	(521)	(4)		(1,666)
Balance at end of period	8,553	0	211	8,765	118		61,277

FY2022 (current consolidated fiscal year)

(Unit: million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,510	1,645	47,454	(1,216)	52,393
Changes of items during period					
Dividends of surplus			(825)		(825)
Profit attributable to owners of parent			1,253		1,253
Purchase of treasury shares				(1,000)	(1,000)
Disposal of treasury shares			-	56	56
Changes in ownership interest of parent due to transactions with non-controlling interests		42			42
Net changes of items other than shareholder's equity					
Total changes of items during period	-	42	427	(944)	(473)
Balance at end of period	4,510	1,688	47,881	(2,160)	51,919

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefits plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,553	0	211	8,765	118		61,277
Changes of items during period							
Dividends of surplus							(825)
Profit attributable to owners of parent							1,253
Purchase of treasury shares							(1,000)
Disposal of treasury shares							56
Changes in ownership interest of parent due to transactions with non-controlling interests							42
Net changes of items other than shareholder's equity	(2,671)	195	(518)	(2,995)	(88)		(3,083)
Total changes of items during period	(2,671)	195	(518)	(2,995)	(88)		(3,557)
Balance at end of period	5,881	196	(307)	5,770	30		57,720

Consolidated Statement of Cash Flows

(Unit: million yen)

	FY2021 (previous consolidated fiscal year)	FY2022 (current consolidated fiscal year)
<b>Cash flows from operating activities</b>		
Current net profit before income taxes	1,394	2,001
Depreciation	5,462	5,732
Amortization of goodwill	594	409
Impairment loss	-	326
Increase (decrease) in defined benefit assets and liabilities	(332)	(355)
Increase (decrease) in allowance for doubtful accounts	(40)	(49)
Increase (decrease) in provision for bonuses	(43)	120
Increase (decrease) in provision for directors' bonuses	3	(9)
Increase (decrease) in provision for loss on Antimonopoly Act	401	436
Increase (decrease) in provision for fixed asset decommissioning costs	-	(545)
Increase (decrease) in allowance for environmental measures	(7)	(297)
Interest and dividend income received	(260)	(291)
Interest expenses	188	144
Share of loss (profit) of entities accounted for using equity method	22	38
Loss (gain) on valuation of securities	29	-
Loss (gain) on sales of securities	(1,224)	(1,910)
Loss (gain) on sales and retirement of non-current assets	156	192
Decrease (increase) in trade receivables	(630)	(538)
Decrease (increase) in inventories	395	(543)
Increase (decrease) in trade payables	166	2,009
Increase (decrease) in accrued consumption taxes	(674)	1,093
Decrease (increase) in claims provable in bankruptcy	42	(0)
Increase (decrease) in long-term advances received	-	17,066
Other	273	(915)
Subtotal	5,916	24,115
Interest and dividend income received	260	291
Interest expenses paid	(197)	(147)
Income taxes paid	(557)	(846)
Net cash provided by operating activities	5,421	23,413
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(7,894)	(7,053)
Proceeds from sales of property, plant and equipment and intangible assets	-	55
Purchase of investment securities	(114)	(20)
Proceeds from sales of investment securities	1,441	2,619
Payments of loans receivable	(0)	-
Collection of loans receivable	0	0
Other	(65)	(23)
Net cash provided by investing activities	(6,632)	(4,420)
<b>Cash flows from financing activities</b>		
Net Increase (decrease) in short-term loans payable	6,838	(6,727)
Proceeds from long-term loans payable	280	1,161
Repayments of long-term loans payable	(2,408)	(9,450)
Redemption of bonds	(5,000)	-
Cash dividends paid	(834)	(825)
Dividends paid to non-controlling interests	(16)	(16)
Purchase of treasury shares	(1,697)	(1,000)
Proceeds from disposal of treasury shares	699	56
Other	(479)	(556)
Net cash provided by financing activities	(2,618)	(17,359)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(40)	(23)
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>(3,869)</b>	<b>1,609</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,760</b>	<b>8,890</b>
<b>Cash and cash equivalents at end of period</b>	<b>*8,890</b>	<b>*10,500</b>

Environmental Data

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Climate change: greenhouse gases*1						
Greenhouse gas emissions (in-house emissions) (domestic Group only)						
Scope 1+2 emissions	t-CO <sub>2</sub>	45,913	42,782	41,350	41,298	40,352
Scope 1 emissions	t-CO <sub>2</sub>	7,237	7,475	6,853	7,029	6,390
Scope 2 emissions	t-CO <sub>2</sub>	38,676	35,307	34,497	34,269	33,962
Greenhouse gas emissions basic unit (domestic Group only)						
Scope 1+2 emissions (sales basic unit)	t/million yen	0.47	0.44	0.45	0.47	0.43
Greenhouse gas emissions (in-house emissions) (entire Group, including overseas)						
Scope 1+2 emissions	t-CO <sub>2</sub>	-	-	-	-	45,876
Scope 1 emissions	t-CO <sub>2</sub>	-	-	-	-	6,390
Scope 2 emissions	t-CO <sub>2</sub>	-	-	-	-	39,486
Greenhouse gas emissions basic unit (entire Group, including overseas)						
Scope 1+2 emissions (sales basic unit)	t/million yen	-	-	-	-	0.49
Greenhouse gas emissions (outside the organization) (Kyodo Printing non-consolidated through FY2021; entire Group, including overseas, from FY2022)						
Scope 3 emissions	t-CO <sub>2</sub>	-	-	440,331	432,977	444,663
Category 1. Purchased goods and services	t-CO <sub>2</sub>	-	-	308,739	274,244	291,213
Category 2. Capital goods	t-CO <sub>2</sub>	-	-	6,772	38,253	9,208
Category 3. Fuel- and energy-related operations not included in Scope 1 or 2	t-CO <sub>2</sub>	-	-	6,047	6,046	7,056
Category 4. Upstream transport and delivery	t-CO <sub>2</sub>	-	-	31,248	30,291	27,870
Category 5. Waste generated in operations	t-CO <sub>2</sub>	-	-	4,426	4,757	5,729
Category 6. Business travel	t-CO <sub>2</sub>	-	-	177	188	432
Category 7. Employee commuting	t-CO <sub>2</sub>	-	-	3,329	2,839	4,283
Category 8. Leased assets, upstream	t-CO <sub>2</sub>	-	-	115	110	177
Category 9. Downstream transport and delivery	t-CO <sub>2</sub>	-	-	11,854	10,464	12,286
Category 10. Processing of sold products	t-CO <sub>2</sub>	-	-	-	-	-
Category 11. Use of sold products	t-CO <sub>2</sub>	-	-	-	-	-
Category 12. End-of-life treatment of sold products	t-CO <sub>2</sub>	-	-	67,624	65,785	86,408
Category 13. Downstream leased assets	t-CO <sub>2</sub>	-	-	-	-	-
Category 14. Franchises	t-CO <sub>2</sub>	-	-	-	-	-
Category 15. Investments	t-CO <sub>2</sub>	-	-	-	-	-
Greenhouse gas emissions reduction (domestic Group only)						
Direct reduction (base year: FY2019*)	t-CO <sub>2</sub>	-	-	1,432	1,484	2,430
Scope 1	t-CO <sub>2</sub>	-	-	622	446	1,085
Scope 2	t-CO <sub>2</sub>	-	-	810	1,038	1,345
Scope 3	t-CO <sub>2</sub>	-	-	-	-	-
Greenhouse gas emissions (by category) (domestic Group only)						
CO <sub>2</sub> emissions	t-CO <sub>2</sub>	45,913	42,782	41,350	41,298	40,352
CH <sub>4</sub> emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
N <sub>2</sub> O emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
HFC emissions	t-CO <sub>2</sub>	140	52	112	75	25
PFC emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
SF <sub>6</sub> emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
NF <sub>3</sub> emissions	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Other	t-CO <sub>2</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Ozone-depleting substances (ODS) (domestic Group only)						
ODS emissions	t-CO <sub>2</sub>	15	17	42	0	7
Climate change: Energy (domestic Group only)						
Energy input (in-house)						
In-house total energy input	MWh	96,030	93,716	92,155	92,514	88,621
Electric power input	MWh	80,091	78,852	78,509	78,529	75,905
Renewable electric power (in-house generated amount)	MWh	267	243	309	474	751
Non-renewable electric power	MWh	79,824	78,609	78,200	78,055	75,154

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Fossil fuel consumption	MWh	15,939	14,864	13,646	13,985	12,716
City gas	MWh	13,596	12,645	11,818	12,021	10,962
LPG	MWh	1,853	1,758	1,314	1,458	1,271
Heavy oil	MWh	0	0	0	0	0
Diesel oil	MWh	429	435	489	471	414
Gasoline	MWh	35	0	0	13	46
Other	MWh	26	26	25	22	23
Energy input (outside the organization)						
Total energy input outside the organization	MWh	-	-	963,525	968,629	973,004
Energy consumption basic unit						
Energy consumption (sales basic unit)	MWh/million yen	0.9821	0.9292	1.0124	1.0464	0.9492
Energy consumption reduction						
Reduction (base year: FY2019 <sup>2)</sup> )	MWh	-	-	1,561	1,202	5,095
Electric power	MWh	-	-	343	323	2,947
Fossil fuel	MWh	-	-	1,218	879	2,148
Water resources (domestic Group only)						
Water intake						
Total water intake	1,000 m <sup>3</sup>	174.9	203.7	243.5	202.7	194.0
Tap water	1,000 m <sup>3</sup>	127.6	141.1	116.0	97.3	84.9
Industrial water	1,000 m <sup>3</sup>	33.5	59.2	121.1	104.9	107.1
Groundwater	1,000 m <sup>3</sup>	13.8	3.4	6.4	0.5	0.6
Rainwater	1,000 m <sup>3</sup>	Not applicable	Not applicable	Not applicable	Not applicable	1.4
Water discharge						
Total water discharge	1,000 m <sup>3</sup>	166	191	237	199	193
Public water area	1,000 m <sup>3</sup>	34	36	59	50	54
Sewerage	1,000 m <sup>3</sup>	132	155	178	149	139
Water consumption						
Water consumption (total water intake - total water discharge)	1,000 m <sup>3</sup>	9	13	7	4	1
Water resource input base unit						
Water resource input (sales base unit)	1,000m <sup>3</sup> /million yen	0.00179	0.002023	0.00268	0.002296	0.002078
Water stress						
Water intake from water stress areas	1,000 m <sup>3</sup>	-	-	-	-	-
Water discharge to water stress areas	1,000 m <sup>3</sup>	-	-	-	-	-
Water consumption in water stress areas	1,000 m <sup>3</sup>	-	-	-	-	-
Water circulation						
Water reuse		-	-	-	-	-
Resource recycling (domestic Group only)						
Raw materials						
Resource input	t	264,903	251,328	226,672	219,346	212,826
Recyclable resources input	t	13,872	14,963	16,100	17,529	16,621
Non-recyclable resources input	t	251,031	236,365	210,572	201,817	196,205
Recycle use material input	t	9,138	8,958	8,284	8,244	7,775
Recycling ratio (recycled materials/resources input × 100)	%	3.45	3.56	3.65	3.76	3.65
Waste						
Waste emissions	t	30,111	27,979	25,948	26,366	26,357
Recycling	t	30,013	27,883	25,883	26,358	26,349
Amount of final waste disposal	t	98	96	65	8	8
Hazardous waste						
Specially controlled industrial waste	t	288	265	217	211	192



Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Recycling (by category)						
Material recycling	t	26,667	23,681	22,375	23,334	22,003
Chemical recycling	t	0	0	0	0	0
Thermal recycling	t	3,346	4,202	3,508	4,024	4,346
Recycling rate						
Recycling rate	%	99.7	99.7	99.7	99.9	99.9
Recycling rate (by thermal recovery)						
Recycling rate (with thermal recovery)	%	10.2	14.1	12.7	14.4	15.7
Recycling rate (without thermal recovery)	%	89.5	85.6	87.0	85.5	84.2
Chemical substances (PRTR) (domestic Group only)						
Chemical substances handled	t	238.0	234.0	215.0	198.0	171.2
Chemical substance discharge	t	58.0	36.0	29.0	25.0	25.9
Chemical substance transfer	t	33.2	26.8	18.0	18.6	17.0
Chemical substances handled (produced+used)	t	238.0	234.0	215.0	198.0	171.2
Pollution prevention (domestic Group only)						
Atmospheric pollutants						
NOx emissions	t	1.9	1.7	1.5	1.6	1.5
SOx emissions	t	0.5	0.5	0.5	0.5	0.4
VOC emissions	t	66.9	47.7	36.4	37.8	35.0
Water pollutants						
BOD emissions	t	0.0	0.1	0.1	0.1	0.4
Environmental compliance (domestic Group only)						
Major environmental legal/regulatory violations	incidents	0	0	0	0	0
Supplier environmental assessments (non-consolidated)						
New supplier assessments	%	100	100	100	100	100

\*1 Based on GHG protocols, some gases with extremely low GHG emissions are excluded

\*2 Based on the base year in Environmental Vision 2025

Social Data

Human Resources

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees						
Number of employees *1						
Consolidated	people	3,067	3,242	3,224	3,232	3,208
Non-consolidated	people	1,918	2,009	1,836	1,822	1,893
by gender (non-consolidated)						
Male	people	1,575	1,593	1,417	1,393	1,416
Female	people	343	416	419	429	477
Percentage of women	people	17.9	20.7	22.8	23.5	25.2
Average number of temporarily hired persons						
Consolidated	people	759	587	519	467	432
Non-consolidated	people	356	222	185	170	157
Core human resources composition (non-consolidated)						
Number of managerial positions*2						
Male	people	389	375	362	377	407
Female	people	370	356	343	352	377
Female	people	19	19	19	25	30
Percentage of women	%	4.9	5.1	5.2	6.6	7.4

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Hiring (non-consolidated)						
Total number of new hires	people	82	74	39	39	54
Number of new graduate hires	people	69	68	34	30	36
Male	people	52	45	21	16	20
Female	people	17	23	13	14	16
Percentage of women	%	24.6	33.8	38.2	46.7	44.4
Number of mid-career hires	people	13	6	5	9	18
Male	people	9	5	3	5	12
Female	people	4	1	2	4	6
Percentage of women	%	30.8	16.7	40.0	44.4	33.3
Average years of service (non-consolidated)	Years	17.4	16.8	16.6	16.9	16.0
Male	Years	18.6	18.2	18.0	18.3	17.9
Female	Years	11.8	11.7	11.8	12.3	10.4
Retirement (non-consolidated)						
Number of persons retiring	people	73	68	66	61	80
Turnover rate	%	3.7	3.3	3.5	3.3	4.1
Persons with disabilities (non-consolidated)						
Number employed	people	42	38	43	47	47
Employment rate*3	%	2.19	1.90	2.10	2.51	2.55
Wages (non-consolidated)						
Employee average annual bonus	1,000 yen	5,710	5,869	5,552	5,563	5,826
Men, average	1,000 yen	6,000	6,251	5,956	5,967	6,279
Women, average	1,000 yen	4,171	4,302	4,111	4,172	4,381
Training and education (non-consolidated)						
Annual average training expenses per employee	Yen	19,731	14,819	12,645	11,297	18,823
Work-life balance (non-consolidated)						
Annual average number of days of paid leave used	Days	9.4	10.5	11.0	12.9	13.7
Annual average rate of paid leave used	%	50.1	56.7	60.8	67.9	72.6
Total number of employees using childcare leave	people	53	52	52	52	68
Male	people	1	1	4	4	20
Female	people	52	51	48	48	48
Rate of using childcare leave	%	36.1	27.4	37.0	39.0	68.6
Men*4	%	2.2	1.9	8.0	5.4	82.9
Female	%	96.2	100.0	100.0	95.0	100.0
Total number of employees returning to work after childcare leave	people	21	24	25	20	39
Male	people	2	1	2	3	19
Female	people	19	23	23	17	20
Persons using childcare short reduced working hours program	people	61	78	96	101	107
Male	people	0	0	1	2	3
Female	people	61	78	95	99	104
Nursing care leave users	people	3	3	1	0	0
Male	people	3	3	0	0	0
Female	people	0	0	1	0	0
Persons using nursing care short-hour reduced working hours program	people	0	1	3	1	1
Male	people	0	1	3	1	0
Female	people	0	0	0	0	1
Life Support leave users*5	people	-	-	-	-	2
Male	people	-	-	-	-	0
Female	people	-	-	-	-	2
Labor safety-related data (non-consolidated)						
Frequency rate for accidents resulting in leave (leave of 4 days or more)*6	%	0.63	0.42	0.63	0.63	0.63
Frequency rate for accidents resulting in leave (leave of 1 day or more)*7	%	0.63	0.63	0.83	1.04	0.83
Average monthly overtime work hours	Hours	34.2	32.5	26	23.5	22

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Freedom of association and collective bargaining (non-consolidated)*8						
Labor union membership rate	%	98.0	98.1	97.9	97.7	97.7
Collective bargaining coverage	%	100	100	100	100	100

\*1. Number of employees and related items are calculated from number of persons including Executive officers  
As "The Kyodo Printing Group ESG Data Report 2022" uses number of persons not including Executive Officers in calculations, some numbers differ.

\*2. Calculation parameters  
FY2018 to FY2021: Persons seconded from the Company to outside the Company not included; persons seconded from other companies to the Company included  
From FY2022: Persons seconded from the Company to outside the Company included;persons seconded from other companies to the Company excluded  
Elder employees (re-employed after retirement) and contract employees (not including temporary employees) excluded

\*3. From FY2021, combined with special subsidiary companies

\*4. From FY2022, includes persons who take spousal maternity leave, an original leave program of the Company

\*5. A leave and shortened-hours program for employees dealing with infertility treatments or child truancy, introduced as an original initiative of the Company in January 2023

\*6. Frequency rate for accidents resulting in leave = number of deaths and injuries due to industrial accidents (with leave of 4 days or more) ÷ total working hours x 1,000,000

\*7. Frequency rate for accidents resulting in leave = number of deaths and injuries due to industrial accidents (with leave of 1 day or more) ÷ total working hours x 1,000,000

\*8. Numbers provided by the Kyodo Printing Workers Union

Society

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Customer privacy (non-consolidated)						
Number of complaints received regarding personal information	Times	0	0	0	0	0
Number of incidents of customer data leak or loss	Times	0	0	0	0	0
Community (non-consolidated)						
Social contribution activity expenses	million yen	9	6	6	6	11
Suppliers (non-consolidated)						
New supplier assessments	%	100	100	100	100	100
Assessed transaction amount coverage rate (excluding inter-Group transactions)	%	70.6	68.9	68.2	64.3	62.3
Product safety (non-consolidated)						
Health and safety impact evaluation ratio for new products	%	100	100	100	100	100
Number of product health and safety violations	Times	0	0	0	0	0
Marketing and labeling (non-consolidated)						
Number of violations concerning product and service information and labeling	Times	0	0	0	0	0
Number of violations concerning marketing and communication	Times	0	0	0	0	0
Customer privacy (non-consolidated)						
Number of complaints received regarding personal information	Times	0	0	0	0	0
Number of incidents of customer data leak or loss	Times	0	0	0	0	0

Governance Data

Corporate Governance

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Executive Officers (Directors + Auditors) (non-consolidated)						
Number of Executive Officers	people	12	11	11	12	11
Male	people	11	10	10	11	10
Female	people	1	1	1	1	1
Percentage of female Executive Officers	%	8.3	9.1	9.1	8.3	9.1
Percentage of Outside Executive Officers	%	33.3	36.4	36.4	41.7	45.5
Number of Outside Executive Officers designated Independent Executive Officers	people	4	4	4	5	5

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Board of Directors (non-consolidated)						
Number of Directors	people	8	7	7	8	7
Male	people	7	6	6	7	6
Female	people	1	1	1	1	1
Percentage of female Directors	%	12.5	14.3	14.3	12.5	14.3
Percentage of Outside Directors	%	25.0	28.6	28.6	37.5	42.9
Number of Outside Directors designated Independent Executive Officers	people	2	2	2	3	3
Number of Board of Directors meetings	times	18	17	18	19	18
Attendance rate at Board of Directors meetings	%	97.1	99.2	94.4	99.3	99.2
Average number of years as Director	Years	6	7	8	6	6
Term of office of Directors	Years	1	1	1	1	1
Board of Auditors (non-consolidated)						
Number of Auditors	people	4	4	4	4	4
Male	people	4	4	4	4	4
Female	people	0	0	0	0	0
Percentage of female Auditors	%	0.0	0.0	0.0	0.0	0.0
Percentage of Outside Auditors	%	50.0	50.0	50.0	50.0	50.0
Number of Outside Auditors designated Independent Executive Officers	people	2	2	2	2	2
Number of Board of Auditors meetings held	times	14	14	14	15	15
Attendance rate at Board of Auditors meetings	%	100.0	100.0	98.2	100.0	98.2
Executive Officer remuneration (non-consolidated)*1						
Total Directors' remuneration (excluding Outside Directors)	million yen	185	210	207	213	178
Number	people	6	6	5	6	5
Fixed remuneration	million yen	153	152	158	160	143
Performance-linked bonuses	million yen	32	53	49	48	35
Performance-linked stock remuneration	million yen	0	4	0	4	0
(in above) Non-monetary remuneration	million yen	0	4	0	4	0
Total Outside Directors' remuneration	million yen	15	15	16	23	25
Number	people	2	2	2	3	3
Fixed remuneration	million yen	15	15	16	23	25
Performance-linked bonuses	million yen	-	-	-	-	-
Performance-linked stock remuneration	million yen	-	-	-	-	-
(in above) Non-monetary remuneration	million yen	-	-	-	-	-
Total Auditors' remuneration (excluding Outside Auditors)	million yen	31	27	28	29	29
Number	people	3	3	2	2	3
Fixed remuneration	million yen	31	27	28	29	29
Performance-linked bonuses	million yen	-	-	-	-	-
Performance-linked stock remuneration	million yen	-	-	-	-	-
(in above) Non-monetary remuneration	million yen	-	-	-	-	-
Total Outside Auditors' remuneration	million yen	14	13	14	14	14
Number	people	2	3	2	2	2
Fixed remuneration	million yen	14	13	14	14	14
Performance-linked bonuses	million yen	-	-	-	-	-
Performance-linked stock remuneration	million yen	-	-	-	-	-
(in above) Non-monetary remuneration	million yen	-	-	-	-	-

\*1. As Directors and Auditors who have retired or resigned due to the expiration of their term of office during the fiscal year are also included in tabulation, numbers of Directors and Auditors may not match numbers of Directors and Auditors in the above table.



# Corporate/Stock Information (as of March 31, 2022)

## Corporate Profile

Company name	Kyodo Printing Co., Ltd.
Head Office location	4-14-12 Koishikawa, Bunkyo-ku, Tokyo, 112-8501
Founded	June 25, 1897
Established	December 26, 1925
Capital	4.51 billion yen
Number of employees	Non-consolidated 1,893 Consolidated 3,208
Main manufacturing bases	11 locations in Japan, 3 locations overseas
Group companies	17 consolidated subsidiaries and 1 equity-method affiliate

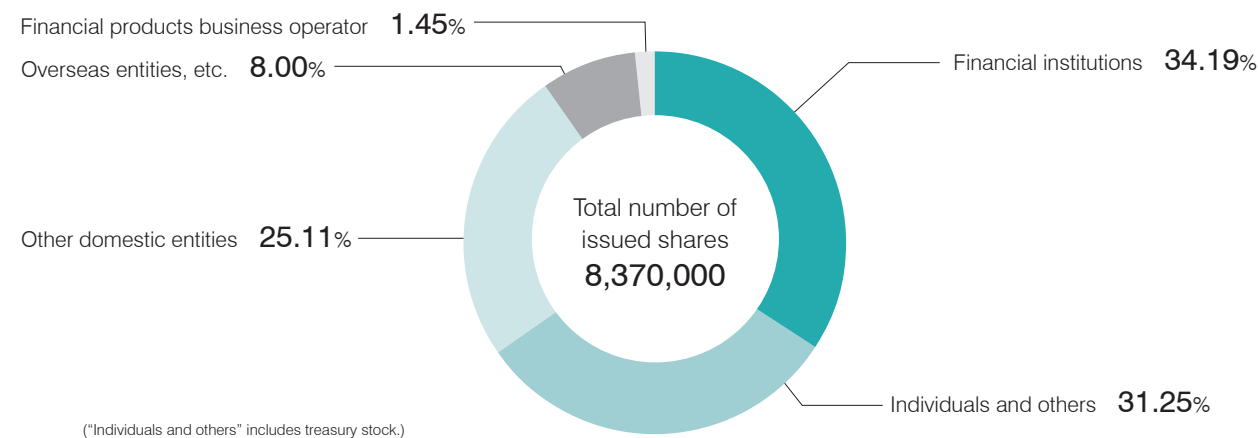
## Stock Information

Stock exchange listings	Tokyo Stock Exchange Prime Market
Securities code	7914
Total number of issuable shares	36.08 million
Total number of issued shares	8.37 million
Number of shareholders	5,085
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Account settlement date	March 31 of each year
Ordinary shareholders general meeting	June

## Major Shareholders

Shareholder name	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Retirement benefit trust account, DIC Corporation account)	854	10.80
The Master Trust Bank of Japan, Ltd. (Trust account)	653	8.27
Tokyo Printing Ink Manufacturing Co., Ltd.	583	7.38
Custody Bank of Japan, Ltd. (Trust account E)	287	3.63
Mizuho Bank, Ltd.	283	3.58
Custody Bank of Japan, Ltd. (Trust account)	271	3.43
Toyo Ink SC Holdings Co., Ltd.	216	2.74
Asahi Mutual Life Insurance Company	200	2.53
Kyodo Printing Employees Stockholding Association	167	2.12
Kimihito Mizumoto	166	2.10

## Shareholder Composition



## Considerations Concerning the Report

### Climate change considerations

The Kyodo Printing Group is working to reduce CO<sub>2</sub> emissions from its products, primarily through the Technical Supervisory Division, with the aim of reducing greenhouse gas emissions. As a component of this, this report uses digital printing machinery in printing and processing.

\* Comparison with FY2022 specifications

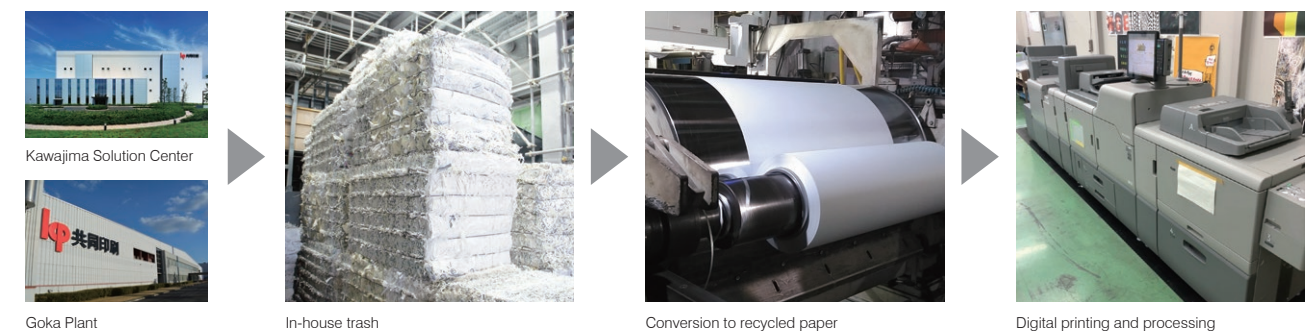
With no need for a printing plate process, this achieves a reduction of about 23%\* in CO<sub>2</sub> emissions compared to conventional offset printing by reducing electricity usage and production losses and by reducing drayage through seamless production from printing to processing.

### Resource recycling considerations

The Group undertakes resource recycling with targets including a 99.9% recycling rate. In the pursuit of even greater potential for resource recycling, this Report uses 100% recycled paper

produced using our in-house trash from production processes at the Goka Plant and the Kawajima Solution Center.

### Producing the Report



## Corporate Website Information

As a communication tool, we disseminate a variety of information through our corporate website.

### Corporate Information



### Information for shareholders/investors



### Sustainability Information



### Inquiries about this report

Kyodo Printing Co., Ltd.

Corporate Communications Department, Group Corporate Headquarters

4-14-12 Koishikawa, Bunkyo-ku, Tokyo, 112-8501

TEL: +81-3-3817-2525 FAX: +81-3-3816-5003

<https://www.kyodoprinting.com/inquiry/>