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Notice of Formulation of the Kyodo Printing Group Long-term Strategy and Medium-term Management Plan

With the awareness that strengthening profitability and clarifying a growth strategy are essential to achieving sustainable corporate growth, the Kyodo Printing Group (hereinafter, the “Group”) has systematically and comprehensively revised its Management Philosophy, Materiality, etc. At the Board of Directors meeting held today, it was resolved to establish a new philosophy system and to formulate a ten-year Long-term Strategy and a three-year Medium-term Management Plan that begins in fiscal 2025.

1. Management Philosophy and Long-term Vision

A new Management Philosophy was formulated, redefining the Group’s purpose and mission in society. To realize the philosophy, a long-term vision was established as an ideal state for ten years in the future (fiscal 2034).

- (1) Group Management Philosophy
“Generating New Value Through Creativity and Passion, Creating a Future for All”
- (2) Group Long-term Vision
“NexTOMOWEL 2034 Challenge Together, Exceed Together.”

2. Materiality

The following three materiality items for achieving the Management Philosophy were identified as a result of a review based on social issues and the business environment:

- Contribution to the Resolution of Social Issues through Innovation
- Human Capital Strategy as a Driver of Business Growth
- Risk Management Integrated with Business Strategy

*Please also refer to the “Notice of Revision of Materiality”

3. Long-term Strategy and Medium-term Management Plan

In order to strengthen profitability, we will actively conduct growth investments and structural reforms while taking capital efficiency into account, and promote business portfolio transformation through selection and concentration.

- (1) Long-term strategy
 - (i) Quantitative target
 - Consolidated operating profit of at least 12.0 billion yen in ten years (by fiscal 2034)

- (ii) Business strategy
 - Two pillars of our long-term strategy are “information-related businesses” and the “Living and Industrial Materials business”
 - Plans to invest a total of approximately 70.0 billion yen by fiscal 2034, realise a transformation of the business portfolio
 - For “information-related businesses,” maintain net sales volume while shifting its focus from printing to providing high-quality service centered on information processing
 - For the “Living and Industrial Materials business,” develop high-value-added products with technological capability at the core, and strengthen expansion into growing markets and business areas, including those overseas
- (2) Medium-term Management Plan (Fiscal 2025 – Fiscal 2027)
 - (i) Quantitative targets
 - In the final year (fiscal 2027), achieve consolidated operating profit of at least 4.5 billion yen and ROE of 8% or higher, and reduce cross-shareholdings to less than 15% of consolidated net assets by the same year.
 - For dividends, set the guideline at 3.5% DOE beginning in fiscal 2025 to prioritize improving corporate value and providing continuous returns to shareholders
 - (ii) Business strategy
 - As the first step of the long-term strategy, strengthen the foundation of existing businesses and lay the groundwork for the expansion of business scale in growth areas
 - For “information-related businesses,” increase revenue for information services by strengthening the development and sales of the information service function in BPO as well as original contents businesses utilizing manga (comics), while simultaneously reforming production
 - For the “Living and Industrial Materials business,” focus on expanding the manufacturing scale of packaging for food products and daily necessities while also promoting the development of overseas packaging, functional materials, and industrial packaging materials to generate early revenue

(Note) The Group’s numerical management targets, business strategies, etc. contained in this document have been prepared at the Group’s discretion based on information currently available, and actual results may differ significantly due to various factors such as future changes in the market environment or the international state of affairs.