

Integrated Report 2022

TOPPAN

Digital & Sustainable Transformation

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Editorial Policy

This Integrated Report was prepared to reflect the opinions of institutional investors and other stakeholders voiced in discussions, and to report comprehensively on the Company's activities and growth strategies, including not only financial information but also ESG (Environmental, Social, and Governance) and other non-financial information. We hope that it will help readers to understand how the Company aims to solve social issues through corporate activities.

For more detailed information on the Company's financial position, please see the securities report (Japanese only).

Note 1: Names of products and services etc., in this report are trademarks or registered trademarks of the Company, the Group, or each company.

Note 2: In regard to the monetary figures in the consolidated financial and non-financial highlights, segment highlights, and financial section, in accordance with U.S. accounting standards, amounts less than the unit were rounded.

Scope and Boundary

Period covered: April 1, 2021 to March 31, 2022

(Also includes information about certain activities outside of this period)

Entities covered: Toppan Inc. and consolidated subsidiaries

(Also includes information about certain activities of Toppan Inc. on a non-consolidated basis)

Forward-Looking Statements

This report includes certain forward-looking statements. These statements are based on management's current expectations and are subject to change in certain circumstances. Actual results may differ due to changes in economic, business, competitive, technological, regulatory, and other factors.

Information Disclosure on the Company's Website

Toppan also provides information for investors and information on sustainability on its website. Please utilize this report in conjunction with the website.

Investors

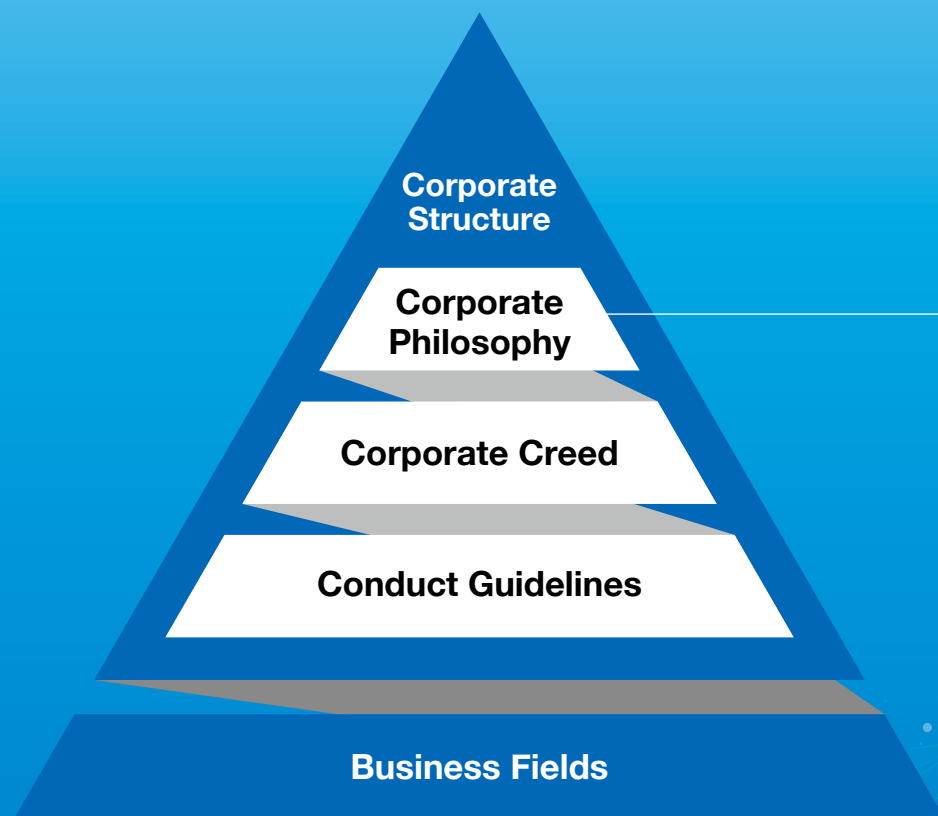
<https://www.toppan.com/en/ir/>



Sustainability

<https://www.toppan.com/en/sustainability/>





Corporate Philosophy

Toppan's Corporate Philosophy is an overarching concept pertaining to all our activities and expresses the values and approach that we hold dear as a company.

Each of us

Our corporate philosophy expresses common values shared by every Toppan employee and conveys the concept of human dignity valued by Toppan.

Reciprocate our customers' continued trust

The satisfaction of customers (corporate clients and consumers) is our primary concern in all daily operations. We consider strong customer relationships an essential part of business and our customer-first approach will remain the cornerstone of all future business endeavors.

Create dedicated products

Every product and service we provide to our customers must be of superior quality. Created with dedication, passion, and ingenuity, our products and services represent years of experience and knowledge. We will never waver from creating "dedicated products."

Harness our vibrant knowledge and technology

Our design and marketing knowledge and technical prowess give rise to vibrant reproducibility, creativity, and detail in print to meet our customers' requirements.

Contribute to a fulfilling lifestyle

We contribute to more enriched, satisfying lifestyles by invigorating person-to-person, person-to-corporation, and corporation-to-corporation communications.

A mainstay of information and culture

We have made major contributions to information and culture through our printing operations. In response to future challenges, we will continue developing technologies that keep us ahead of the curve and will fulfill our role in society with pride and resolve.

TOPPAN VISION 21

TOPPAN VISION 21 presents the values that each of us working in the Toppan Group should adhere to and the goals that we all share.

It is composed of the Corporate Structure, which expresses our fundamental values, and the Business Fields.

By making TOPPAN VISION 21 a reality, Toppan aims to expand its fields of business and generate new benefits and value for society.

Consolidated Financial and Non-Financial Highlights

Toppan Inc. and Subsidiaries

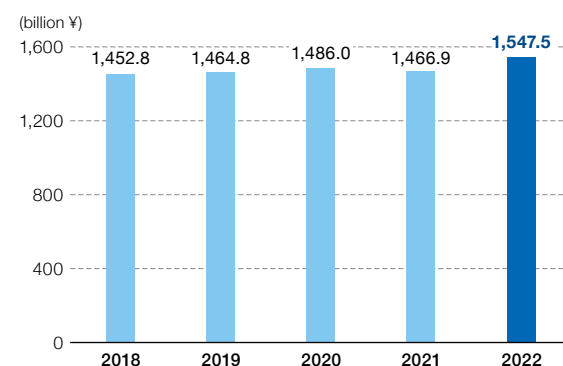
Operating Results (Fiscal Year Ended March 31, 2022)

Net sales

Up 5.5% year on year **¥1,547.5 billion**

- Revenues were up in all segments, especially in the Electronics segment, where revenues increased 20.6%.

Net sales

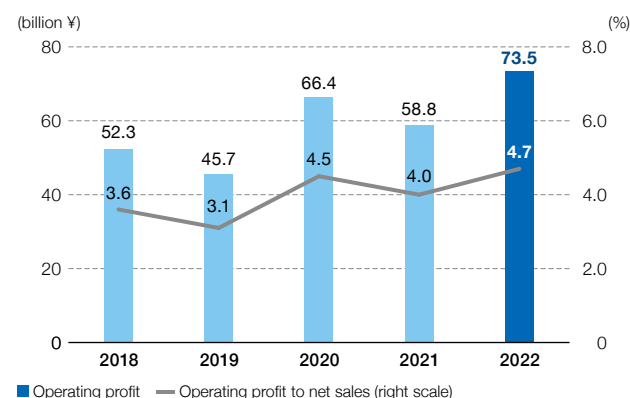


Operating profit

Up 25.0% year on year **¥73.5 billion**

- Earnings were up in all segments, despite the influence of rising raw material prices in Japan and overseas.

Operating profit & operating profit to net sales

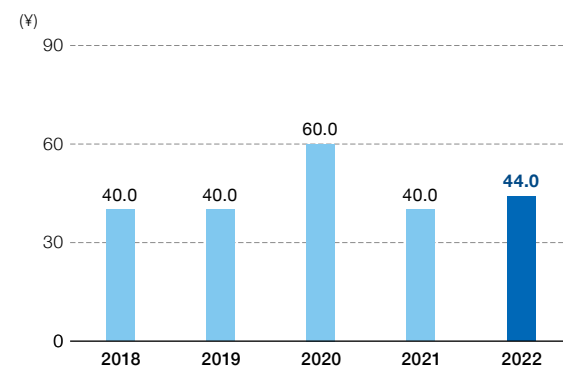


Cash dividends per share (DPS)

Up ¥4.0 year on year **¥44.00**

- The end-of-term dividend was ¥24.00 per share.
- Including an interim dividend of ¥20.00 per share, total annual dividends were ¥44.00 per share.

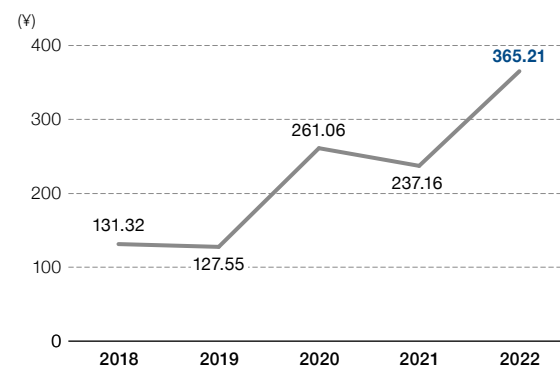
Cash dividends per share (DPS)



Earnings per share (basic)

Up 54.0% year on year **¥365.21**

Earnings per share (basic)



Financial Position (As of March 31, 2022)

Total assets

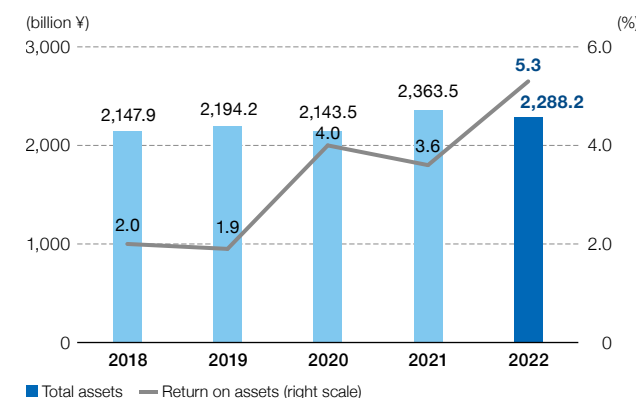
Down 3.2% year on year **¥2,288.2 billion**

- Major factors decreasing total assets included declines of ¥76.0 billion in cash and cash equivalents and ¥104.4 billion in investment securities.
- Major factors decreasing liabilities included a decrease of ¥95.3 billion in long-term indebtedness.
- Major factors decreasing net assets included declines of ¥69.6 billion in valuation difference on available-for-sale securities and ¥58.2 billion in non-controlling interests.

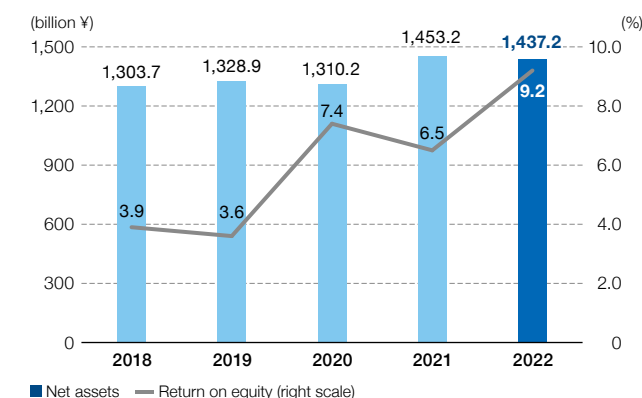
Net assets

Down 1.1% year on year **¥1,437.2 billion**

Total assets & return on assets



Net assets & return on equity



Return on assets (ROA)

Up 1.7 points year on year **5.3%**

Return on equity (ROE)

Up 2.7 points year on year **9.2%**

Equity ratio

Up 3.7 points year on year **59.7%**

Debt-equity ratio

Down 6.0 points year on year **19.2%**

Interest coverage ratio

Down 3.1 points year on year **16.1**

Cash and cash equivalents at end of period

Down 16.7% year on year **¥414.3 billion**

ESG Data

External directors to Board of Directors (As of July 2022)

3 of 9 **33.3%**

Female management and supervisory staff (As of April 2022)

Up 82 year on year **672**

Employment of persons with disabilities (As of June 2022)

Down 1 year on year **338**

Consolidated number of employees (As of March 31, 2022)

Up 1,935 year on year **54,336**

GHG emissions (Scope 1+2) (As of March 31, 2022)

Up 1.1% year on year **1,188 thousand t**

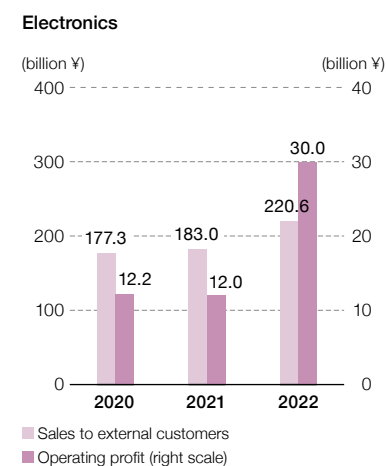
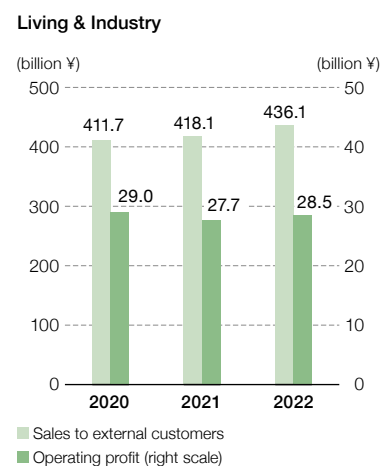
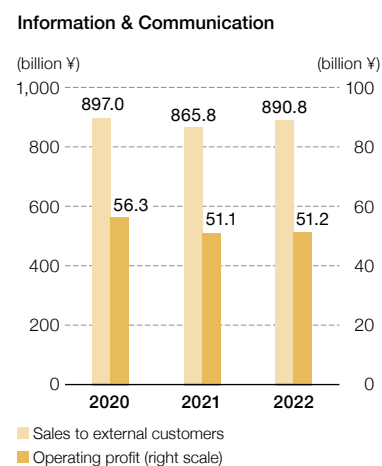
GHG emissions (Scope 3) (As of March 31, 2022)

Down 1.3% year on year **5,833 thousand t**

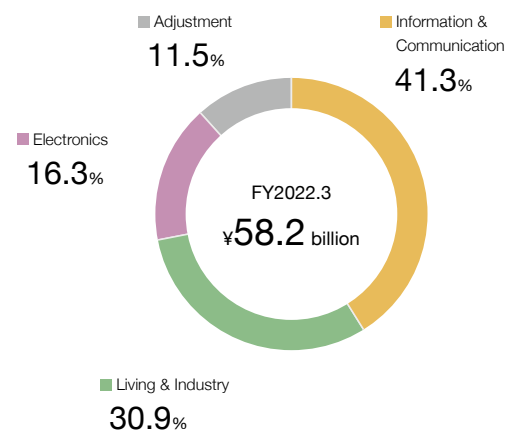
Segment Highlights

Information & Communication	Living & Industry	Electronics
FY2022.3	FY2022.3	FY2022.3
Net sales Up 2.9% ¥903.5 billion	Net sales Up 4.3% ¥444.2 billion	Net sales Up 20.6% ¥221.5 billion
Operating profit Up 0.2% ¥51.2 billion	Operating profit Up 3.0% ¥28.5 billion	Operating profit Up 150.8% ¥30.0 billion

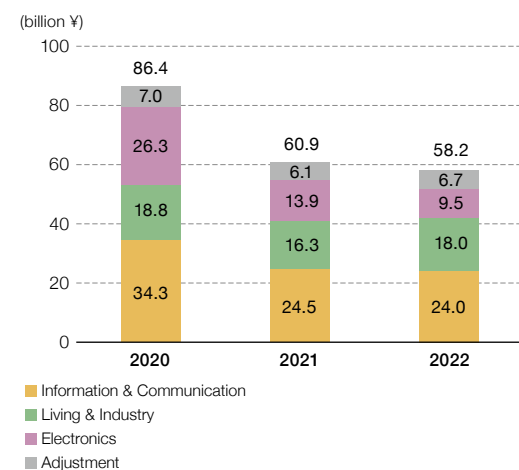
Sales to external customers & operating profit by segment



Capital investment by segment



Capital investment



Review of Operations by Business Segment

Information & Communication

Net sales increased 2.9% year on year, to ¥903.5 billion, and operating profit was up 0.2%, to ¥51.2 billion.

Security

Manufacturing of smart cards declined, but security solutions were favorable, meaning results were about the same as in the previous fiscal year. Overseas, we rolled out ID authentication services in Europe and China. In addition, we acquired Face Technologies (Pty) Ltd., a systems integrator with a customer base in emerging regions, centered on Africa. Furthermore, to capture digital transformation (DX) demand in the logistics industry, we acquired Aioi-Systems Co., Ltd. In business forms, there was a decrease in forms used at counters due to an increase in non-face-to-face procedures at financial institutions. Nonetheless, as a result of efforts to capture demand for forms related to COVID-19 vaccination and of an increase in sales of shipping labels, sales of business forms were about the same as in the previous fiscal year. In the data printing services (DPS) business, sales declined slightly, despite orders taken for notifications related to COVID-19 vaccination and a recovery in demand for direct mail.

Content & Marketing

Sales declined in the commercial printing business, including advertising flyers. However, higher sales were recorded in the areas of digital content, digital marketing, and sales promotion-related tools. As a result, sales in the content and marketing business were up year on year. In the area of DX, we took steps to expand sales of DX support solutions for manufacturing sites and sales promotion activities. In addition, in anticipation of an expansion of the metaverse market, we developed MiraVerse®, a metaverse service platform. In the e-book business, amid intensifying competition with overseas companies, BookLive Co., Ltd., took steps to differentiate its offerings, such as releasing a community platform for creators and fans.

Business Process Outsourcing (BPO)

We worked to capture outsourcing demand from businesses, the national government, and local authorities, and performance remained strong.

Living & Industry

Net sales increased 4.3% year on year, to ¥444.2 billion, and operating profit was up 3.0%, to ¥28.5 billion.

Packaging

In Japan, demand for flexible packaging materials for toiletries and the food service industry followed a recovery trend, and overseas sales rose, mainly in Indonesia. As a result, sales of flexible packaging materials increased. Amid growing momentum toward environmental friendliness, we implemented sustainable transformation (SX) initiatives. We worked to increase sales of sustainable packaging materials and expanded our lineup of GL BARRIER transparent films, which have a high level of environmental friendliness. In addition, we launched SmartLCA-CO₂™, a system for automated calculation of CO₂ emission volume across the entire life cycle of individual products. We also started production utilizing ECOLUSTER, an environmentally friendly method for offset printing.

Overseas, we acquired the InterFlex Group, a U.S.-based global packaging manufacturer, and Max Speciality Films, an India-based film manufacturer. In these ways, we strengthened our local supply systems for sustainable packaging in overseas markets.

Décor Materials

Sales in Japan rose due to a moderate recovery of the housing market and increased sales of decorative surface materials with high-quality design and advanced functions. Overseas, the performance of decorative surface materials for interior applications was favorable, and sales increased. Other initiatives included combining décor materials and IoT devices in order to develop cheericle™, a service for gathering and accumulating health information on individuals based on their movement inside their homes. We also developed antiviral/antibacterial clear sheet products that address environmental hygiene needs.

Electronics

Net sales increased 20.6% year on year, to ¥221.5 billion, and operating profit was up 150.8%, to ¥30.0 billion.

Semiconductors

Sales of photomasks remained strong due to the growth in demand for semiconductors for a wide range of applications, including data centers and in-vehicle applications, in addition to an increase in demand mainly reflecting expanded use of 5G and AI. Looking at FC-BGA substrates, with demand rising, we tapped into demand for high-value-added products, and sales increased. We also enhanced initiatives in preparation for the widespread adoption of IoT devices. For example, using the next-generation low power wide area (LPWA) ZETA protocol, we developed a system that facilitates increased efficiency and laborsaving for environmental conservation activities at factories and buildings.

Displays

Sales of color filters decreased year on year due to the impact of a business transfer, although demand followed a recovery trend, mainly for in-vehicle applications. Sales of anti-reflection films rose due to increasing remote work and at-home demand for products for laptops and monitors. Sales of small and medium-sized TFT-LCD panels increased year on year, despite the impact of the lockdown in Malaysia, which was offset by such factors as a recovery in demand for in-vehicle and industrial equipment applications. In addition, we worked to expand new businesses. One example is a new type of aerial touch display that is designed to project aerial images in parallel with the panel.

Business Domains and Products and Services

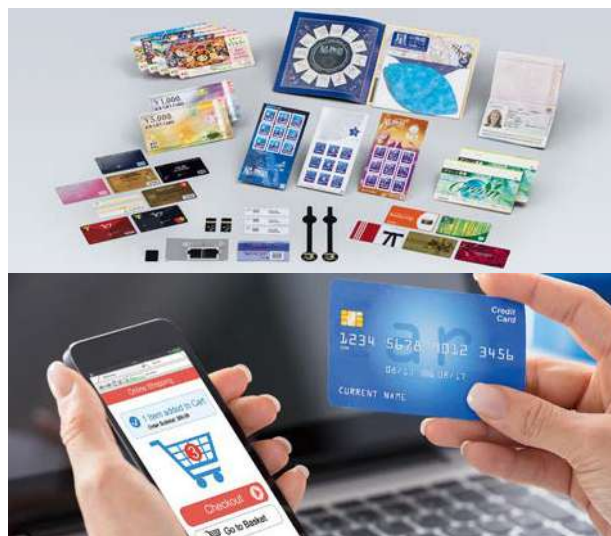
Toppan operates in three business domains: Information & Communication, Living & Industry, and Electronics. Drawing on its strengths in original printing technologies, Toppan pursues each of these businesses, providing comprehensive solutions to challenges faced by customers and society.

Information & Communication

Providing customers who require smooth communication with solutions that enhance the value of information and deliver it effectively

Security

- Securities documents
- Business forms
- Data printing services (DPS)
- Smart cards, various types of other cards and in-store instant smart card issuing services
- Gift card ASP services
- RFID tags, RFID solutions
- Anti-counterfeit devices
- Payment services



Content & Marketing

- Books, magazines, and supplements
- Textbooks
- E-books
- Flyers, catalogs, pamphlets
- Promotional tools (POP materials, various gift items, premiums)
- Spatial design, event planning and implementation
- Digital content
- Digital marketing services



BPO

- Back-office operation services
- Customer contact operations (campaign offices, direct mail, contact centers, etc.)
- Operation support



Living & Industry

Providing a wide range of products and services throughout the world to create living environments that offer comfort and peace of mind

Packaging

- Flexible packaging
- Folding cartons
- Composite liquid containers
- Plastic molded goods
- Corrugated fiberboard
- Contract-based filling services



Décor Materials

- Decorative sheets
- Flooring materials
- Decorative panels
- Exterior products and materials
- Flame retardant products and materials



Functional Products & Energy

- Transparent barrier film
- Media and supplies for printers
- Electronics packaging materials
- Lithium-ion battery-related materials
- Precision processed and exterior decorated components



Electronics

Providing display-related and semiconductor-related products based on microfabrication technology

Semiconductors

- Photomasks
- LSI design services
- FC-BGA substrates
- Lead frames
- Etched products
- On-chip color filter arrays



Displays

- Color filters
- Anti-reflection films
- Small and medium-sized TFT-LCD panels
- Metal masks for OLEDs
- Copper touch sensors
- Light control film



History of Creating Value

Toppan was founded in 1900 with a view to taking advantage of the Erhöht relief printing method, a leading-edge technology of the day. Since then, the Toppan Group has continually addressed society's needs and developed its business operations by extending the applications of printing into a broad range of fields. Going forward, Toppan will continue rapidly identifying changes in society's needs, and we will aim to achieve sustained growth as a creator of social value in order to help resolve those needs around the world.

1900

1950

2000

2015

2020

Printing-related trends and demand

Printing products becoming important means of relaying various information

Circulations and mass production increasing

Production efficiency increasing through IT
Catering to need for diversified, small-lot manufacturing

Increasing demand for various printing products

Decreasing demand for paper media
Advancing digital transformation

Toppan's History

Business establishment / printing expansion

While Japan was in the process of industrializing, a number of companies that used new technologies to address new needs were established. Building on the Erhöht relief printing method, which was a leading-edge technology at the time, Toppan's founders identified business opportunities in such fields as securities printing and package printing.

Founded 1900

Toppan Printing Limited Partnership launched



Erhöht relief printing copperplate

1900

Folding cartons

1901

Commercial printing

1902

Securities printing

1907

Publication printing

1938

Flexible packaging

Diversifying, growing into an integrated printing company

1986

Completion of Toppan Technical Research Institute

Information & Communication

1955

Business forms

Planning and design division launched

1961

Service Center established (now the Toppan Idea Center)

1970

Computerized typesetting system developed and implemented



1983

IC chip card developed



Use of the internet, expansion of digital content business

1999

Started Bitway digital content distribution business

2000

Formulated TOPPAN VISION 21

2001

Digital advertising flyer website Shufoo! launched



2011

Integrated e-bookstore BookLive! opened

BookLive!

2013

Toppan Group Data Center launched

Living & Industry

1956

Décor materials

1976

EP-PAK multilayer laminate paper container for liquids developed

1986

GL FILM transparent barrier film developed



Environmentally friendly products developed

1996

Started sales of Cartocan® paper beverage containers



Strengthened functional films and packaging business

2009

Completed construction of the Fukaya Plant, a production base for next-generation functional films

2014

Completed construction of the Gunma Central Plant, a production base for flexible packaging materials



Electronics

Advanced into electronics business

1959

Masks for mesa transistor manufacturing developed



1971

Color stripe filter for image pick-up tubes developed



2004

Commenced manufacture of large color filters

2005

Toppan Photomasks, Inc. established



Sustainability

1991

Ecology Center established

1992

Toppan Printing Declaration on the Global Environment established

2006

Joined the United Nations Global Compact

2009

The Toppan Group Declaration on the Global Environment established

2015

Health Management Declaration established

2019

Announced support for the TCFD

2019

Formulated TOPPAN SDGs STATEMENT

2021

Formulated Toppan Group Environmental Vision 2050

2021

Formulated the Toppan Group Human Rights Policy

2022

Formulated the Toppan Group Sustainable Procurement Guidelines

Advancing the DX Business

Erhoht-X™

2016

Began full-scale operations at BPO Square Asaka

2019

Commenced provision of NAVINECT® digital transformation support solutions for manufacturing



2020

Established the DX Design Division

Accelerating global development

2016

Completed construction of the Toppan USA Georgia Plant, a production base for transparent barrier films

2017

Flexible packaging business in ASEAN region strengthened

2019

Acquired Interprint GmbH, a European décor printing company



Creating new markets and businesses

2019

Developed mono-material barrier packaging



2019

Started mass production of LPWA ZETA communications modules

Expanding DX services

2021

Commenced provision of Hybrid-BPO™ for local authorities

2021

Acquired Face Technologies (Pty) Ltd., a systems integrator based in South Africa

2021

Made Toppan Forms a wholly owned subsidiary

DX

Creating new businesses

SX

Expanding global supply network for mono-materials

2021

Acquired InterFlex Group, a U.S.-based packaging manufacturer

2022

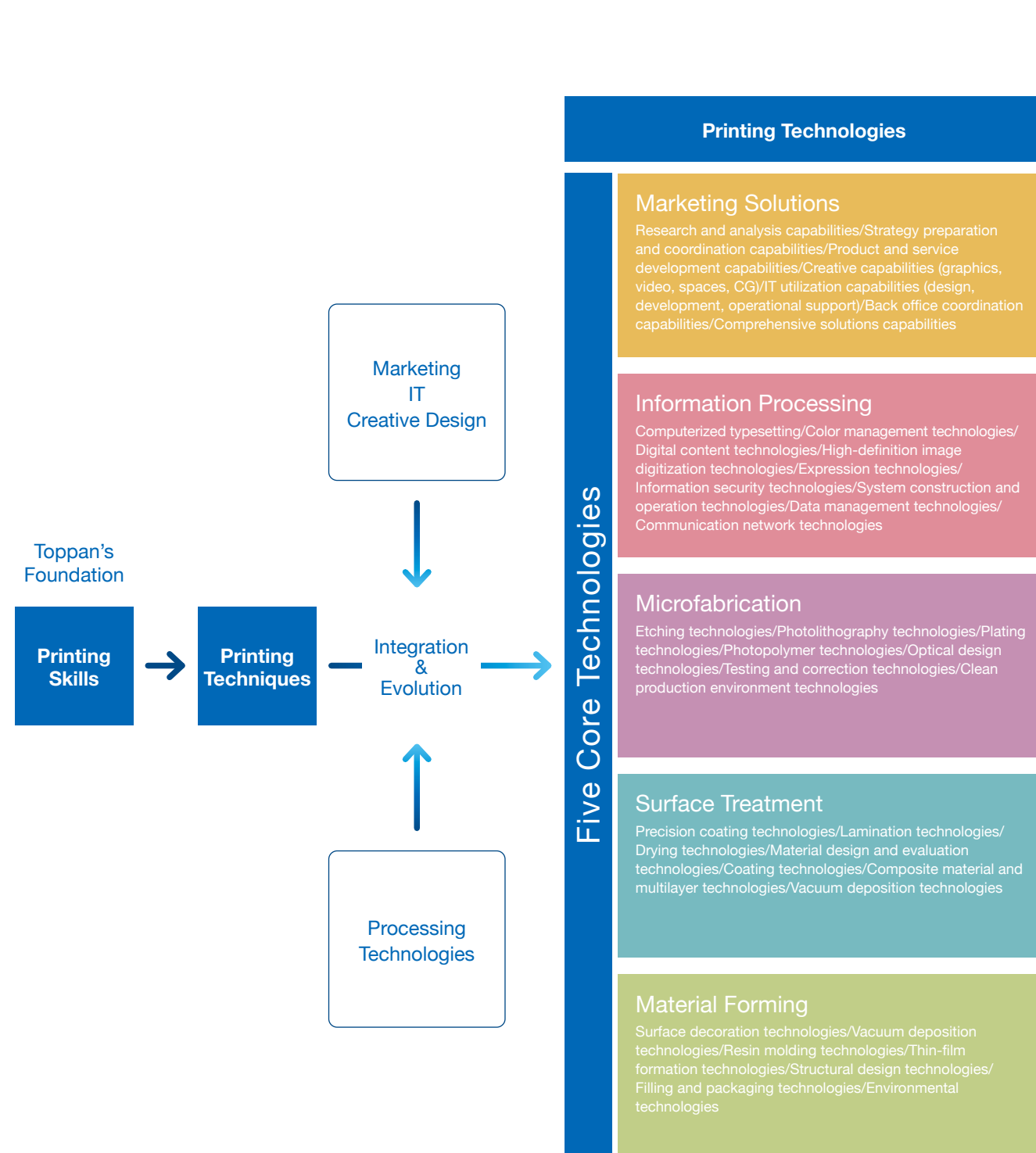
Made Max Speciality Films Limited, an India-based film manufacturer, a consolidated subsidiary

Becoming a Social-Value-Creating Corporate Group

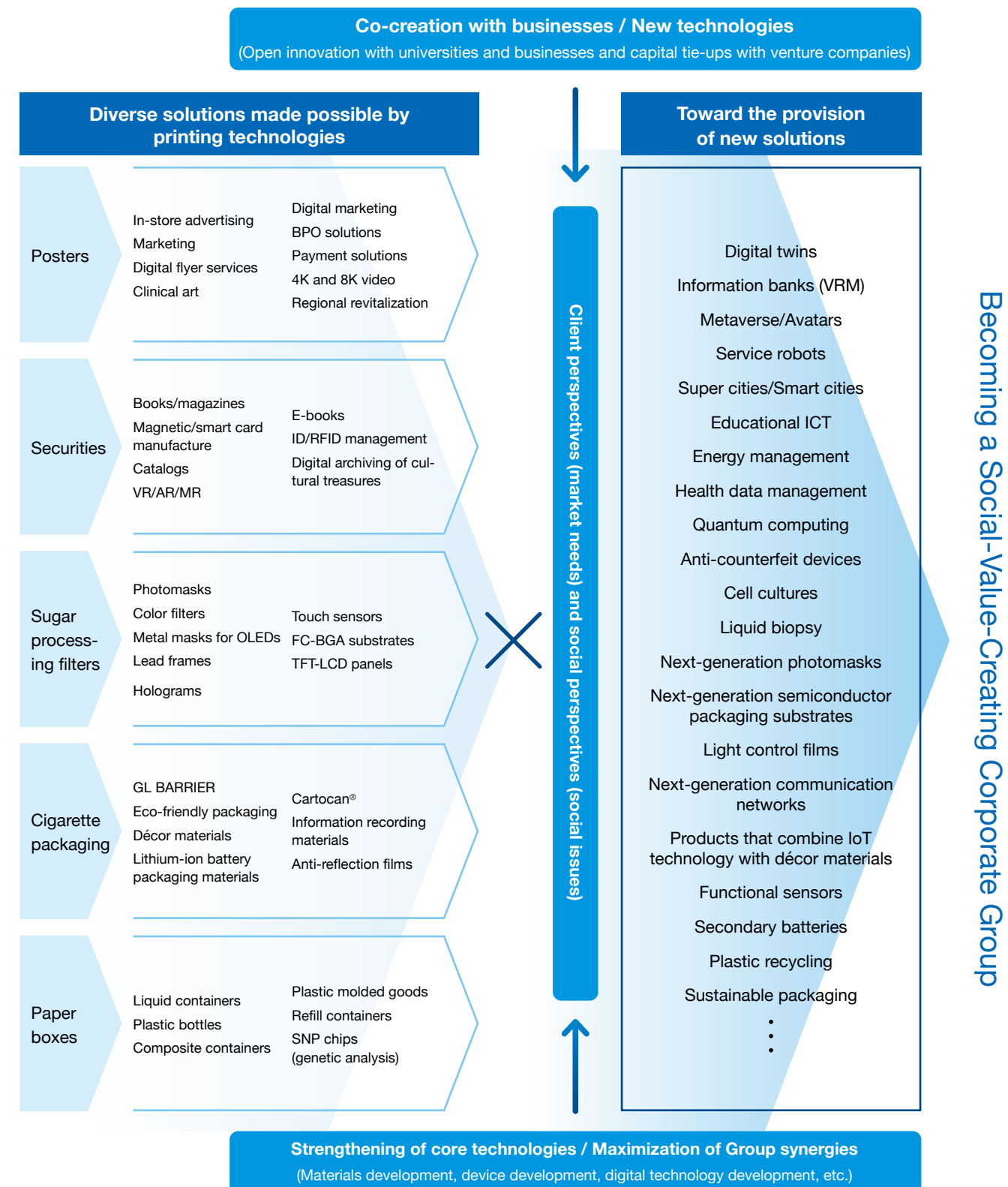
Printing Technologies That Produce Diverse Solutions

During our long history, printing skills—our starting point—became printing techniques. By further evolving these techniques through integration with diverse expertise and processing technologies, we have made printing technologies a proprietary resource.

Each of our five core technologies, **information processing**, **microfabrication**, **surface treatment**, **material forming**, and **marketing solutions**, has its own unique characteristics. Moreover, when they are combined in a multi-faceted manner they also have the power to produce diverse solutions.



On a foundation of printing technologies, Toppan will continue to address client perspectives (market needs) and social perspectives (social issues). We will strive to create new forward-looking solutions while taking steps to strengthen our technologies, such as engaging in co-creation initiatives with other companies and leveraging Group synergies.



Value Creation Process

Management Capital (Input)

As of March 31, 2022

Financial capital (Consolidated)

- Growth investment
Cumulative Plan for FY2021.3 to FY2023.3.
Approx. ¥280.0 billion
- Share capital
¥104.9 billion
- Total assets
¥2,288.1 billion

Human capital (Consolidated)

- Number of employees
54,336
- Increasing people skilled in DX

Manufacturing capital

- Main manufacturing bases
Domestic Approx. 80 bases
Overseas Approx. 70 bases
- Capital investment
¥58.2 billion

Intellectual capital

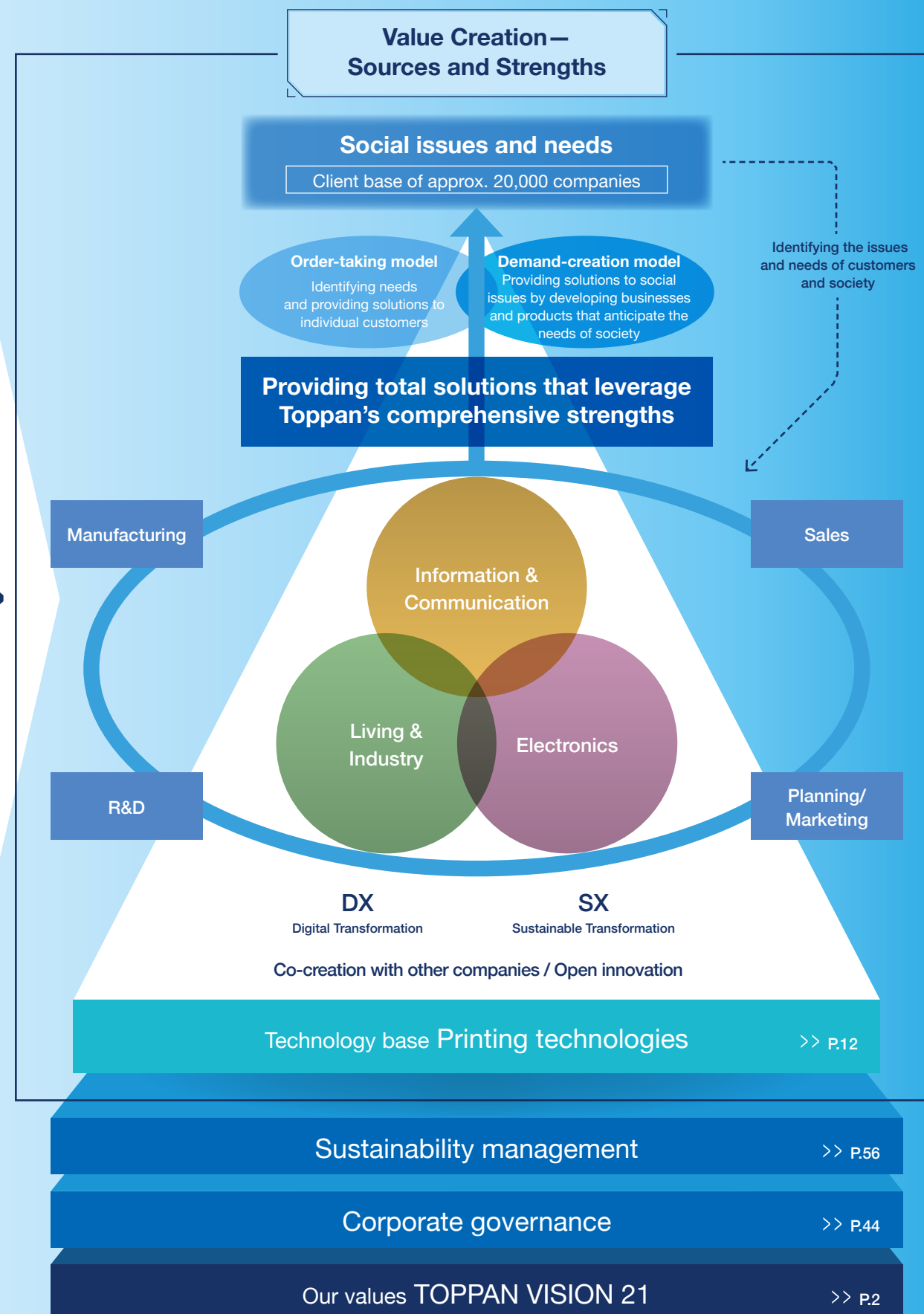
- Original printing technologies cultivated since our founding
- Co-creation with other companies, open innovation
- Research and development expenditure
¥26.0 billion

Social capital

- Client base of approximately 20,000 companies
- Strong relationships with stakeholders

Natural capital

- Total energy consumption
20,602 thousand GJ
- Total material input
1,803 thousand t



Medium Term Plan

Digital & Sustainable Transformation

Becoming a leading provider of solutions to social issues worldwide through DX and SX

Priority Measures for the Medium to Long Term

- Transforming the business portfolio
- Strengthening management foundations
- Expanding ESG initiatives

>> P.16

Business Environment

- Acceleration of digital shift
- Heightened consciousness of environment and SDGs globally
- Expansion of global markets
- Impact of COVID-19

Becoming a Social-Value-Creating Corporate Group

Value Created and Provided (outcome)

Social issue resolution through the provision of total solutions, centered on DX and SX

Contribution to SDGs and realization of a sustainable society

TOPPAN SDGs STATEMENT TOPPAN Business Action for SDGs

Material Issues

	Theme
Business Materiality	Environment (sustainable global environment) 12 Responsible consumption and production, 13 Climate action, 14 Life below water, 15 Life on land
	Communities (creation of safe, secure, enriched communities) 9 Industry, innovation and infrastructure, 11 Sustainable cities and communities, 16 Peace, justice and strong institutions
	People (empowerment and fulfillment of body and mind) 2 Just society, 3 Good health and well-being, 4 Quality education
Companywide Materiality	Environmentally friendly & sustainable production 12 Responsible consumption and production, 13 Climate action
	Employee health & job satisfaction 3 Good health and well-being, 5 Decent work and economic growth, 8 Decent work and economic growth

Medium Term Plan and Vision for the Medium to Long Term

Toppan has positioned the Medium Term Plan, which started in the fiscal year ended March 31, 2022, as the first phase of the Company's initiatives for further growth in the future. Under this plan, Toppan is working to transform its businesses.

In addition, with "Digital & Sustainable Transformation" as the key concept, we will aim to be a leading provider of solutions to global social issues through digital transformation (DX) and sustainable transformation (SX). On that basis, we will work to support the creation of a sustainable society and to increase corporate value.

■ Vision for Toppan



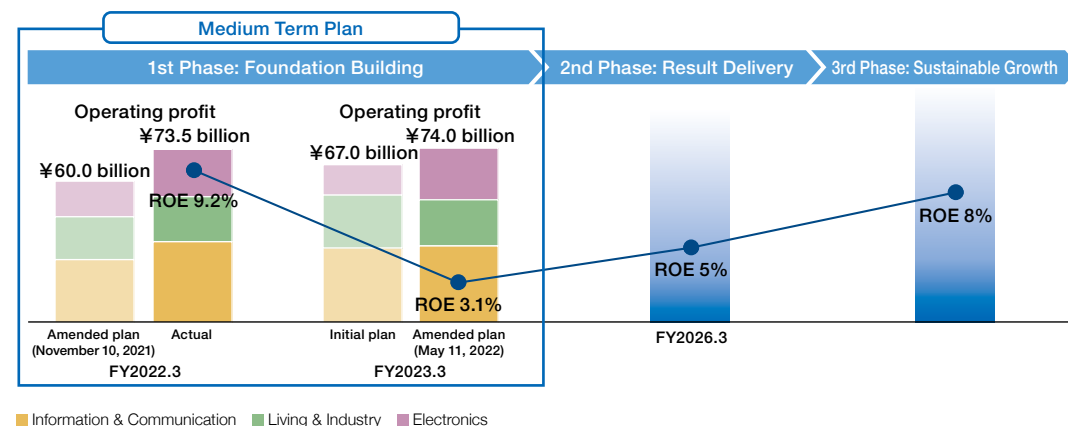
DX: Digital Transformation

Leveraging digital approaches to transform society, customers' businesses, and Toppan's own businesses

SX: Sustainable Transformation

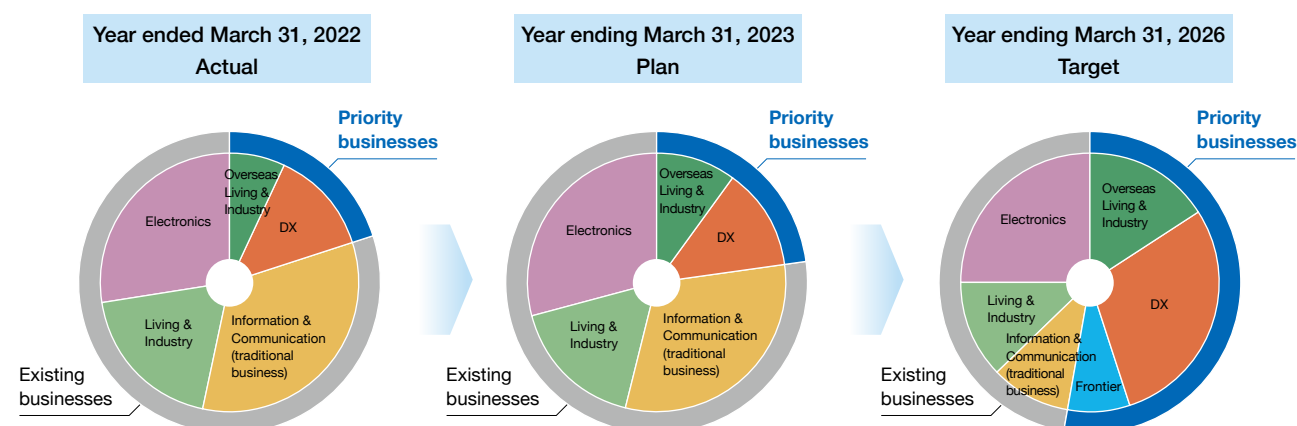
Fostering transformation with the aims of resolving social issues through business activities and implementing management with a focus on sustainability

■ Positioning of Medium Term Plan and Management Target Road Map



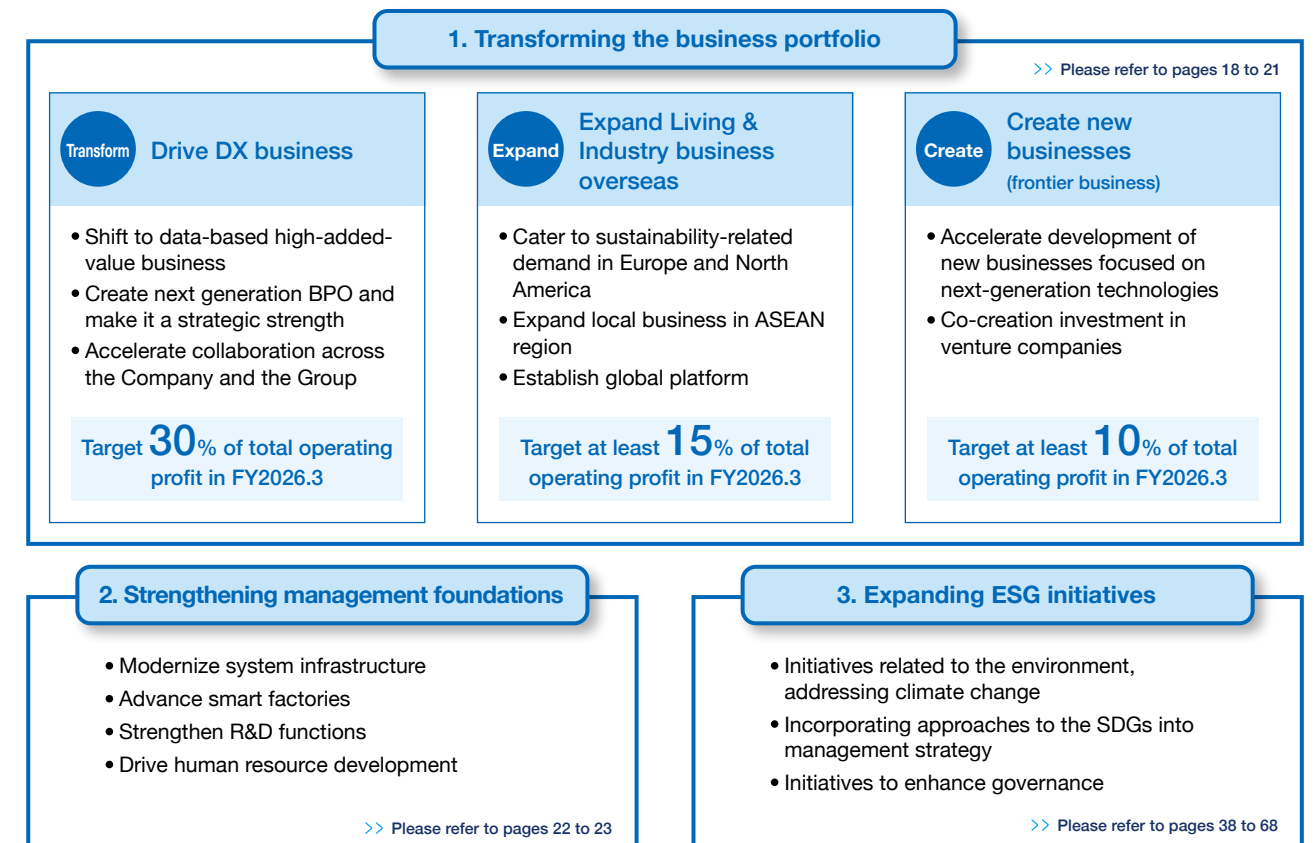
■ Composition of Operating Profit: Target for the Fiscal Year Ending March 31, 2026

For our operating profit composition, we are aiming to transform our business portfolio so that in the fiscal year ending March 31, 2026, priority businesses account for more than half of total operating profit, with DX-related business accounting for 30%.



■ Priority Measures for the Medium to Long Term

The Group has announced the following priority measures for the medium to long term: "1. Transforming the business portfolio" to enhance profitability, "2. Strengthening management foundations" to generate new growth, and "3. Expanding ESG initiatives" to support sustainable value enhancement. Moving forward, we will strive to achieve our management targets and realize our vision.



■ Financial Policy and Capital Policy

>> Please read this in conjunction with the Message from the CFO on pages 30 to 31.

Financial Policy

We will aim to generate social value together with all our stakeholders for the creation of a sustainable society. To achieve this long-term goal, we will adopt a financial strategy that supports sustainable growth.

- Enhance profitability through proactive investment
- Enhance asset efficiency by reorganizing assets held
- Maintain a sound financial position based on financial discipline

Capital Policy and Returns to Shareholders

We will allocate cash generated by business activities to growth investment and shareholder returns in a well-balanced manner while maintaining a sound financial position for the medium to long term. We will strive to enhance returns to shareholders while concentrating efforts on increasing cash flows and working to improve profitability and financial health.

- Providing stable returns to shareholders, targeting a consolidated dividend payout ratio of 30%
- Considering additional returns to shareholders, based on an accurate assessment of market conditions, business performance, and financial position

Reduction of Strategic Shareholdings

To further increase asset efficiency, we will accelerate the process of reducing strategic shareholdings that have decreased in relevance.



For details about the Medium Term Plan, please also refer to the Company's website.
<https://www.toppan.com/en/ir/management/policy.html>

Medium Term Plan and Vision for the Medium to Long Term

Transforming the Business Portfolio

Our priority measures for the medium to long term are driving the DX business, expanding the Living & Industry business overseas, and creating new businesses (frontier business). We are working to enhance profitability and transform our business portfolio.

Driving the DX Business

■ Toppan's DX—Erhoeht-X™ (Erhoeht Cross)

Erhoeht-X™ (erhoeht cross) is the DX brand concept for Toppan, which is supporting the digital transformations of customers and society and accelerating its own digital transformation.

The word “erhoeht” is based on the Erhöht relief printing method, which was Toppan's starting point. It is derived from the German word “erhöhen,” which means “raise” or “elevate.” The word “cross” expresses our determination to advance a distinctive hybrid DX business that fuses the latest digital technologies with evolving printing technologies.

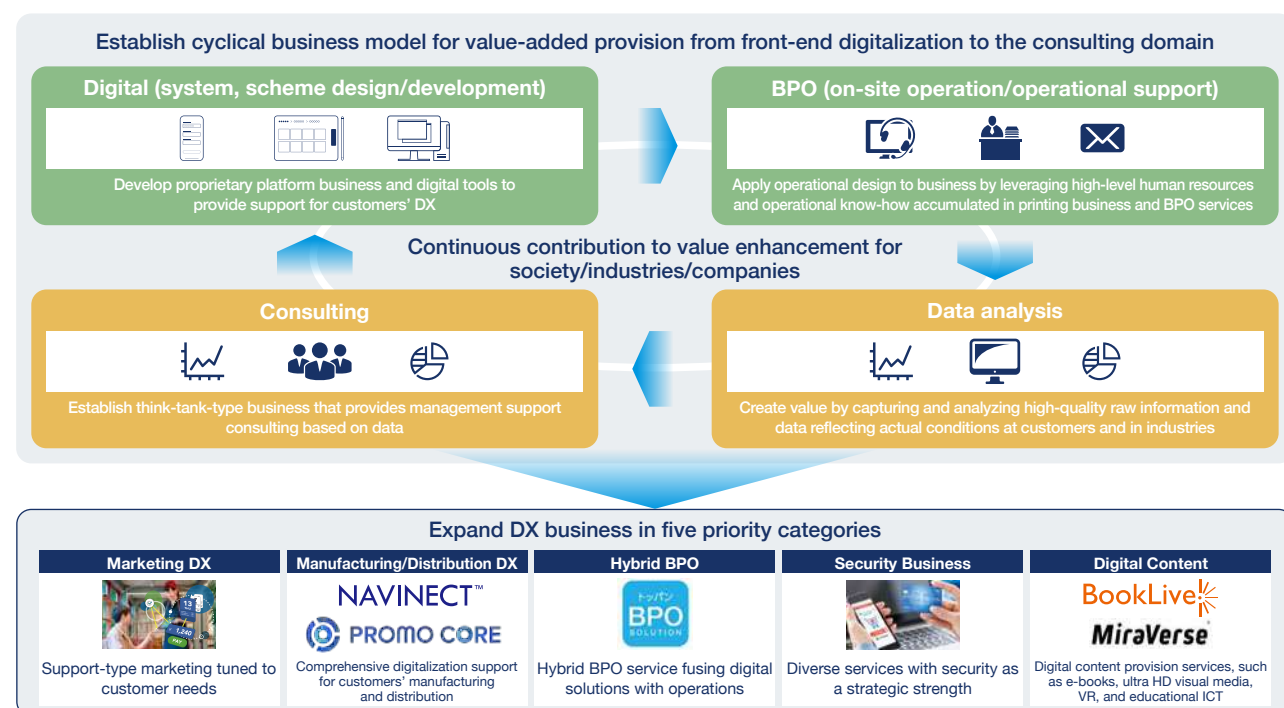
■ DX Business Model

The foundation of Toppan's DX business model is the provision of hybrid DX services. These services combine front-end digitalization, which supports the DX activities of clients, with back-end BPO, such as on-site operations and operational support that leverages know-how cultivated in the printing business and contract BPO services, as well as the business design capabilities of highly skilled human resources. In addition, we are aiming to establish a cyclical business model. To that end, we will expand



the scope of solutions to include data analysis, where we create new value by capturing and analyzing high-quality raw information and data reflecting actual conditions at customers and in industries, as well as consulting, in which we provide management support based on data. Centered on this business model, we have identified five priority categories, and on that basis we are working to expand business operations.

Business Model



■ Strategies by Priority Category

In the area of digital marketing, Marketing DX will utilize customer data held by distributors and manufacturers to develop marketing activities that match the attributes of each individual consumer. In Manufacturing/Distribution DX, we will provide one-of-a-kind data businesses across the supply chain, from manufacturing to consumption. In Hybrid BPO, we will strengthen our BPO structure by building a joint administration center and expanding our continuous-order-receipt model to support the administrative operations of local authorities and the business processes of financial institutions. In the Security Business, in Japan we will aim to

expand our operations in the areas of security, payment, and telecommunications infrastructure. Overseas, we will implement business development initiatives, centered on Group company Toppan Leefung. In Digital Content, we will provide a variety of digital content, including e-books, high-definition visual media, VR, the metaverse, and educational ICT.

For these five priority categories, we will aim for sales of approximately ¥300.0 billion in the fiscal year ending March 31, 2023, and approximately ¥500.0 billion in the fiscal year ending March 31, 2026.

Strategies by Category and Sales Targets

Focus categories	Key strategies		Sales targets		
			FY2023.3	FY2026.3	
Marketing DX	Digital marketing	Roll out “individual customer-centric” marketing to distributors and manufacturers by fusing CRM with marketing technologies	Store digitalization	Advance data-driven store DX based on OMO promotion	¥30.0 billion
Manufacturing/Distribution DX	Manufacturing DX	Provide unique data business across supply chain	Distribution DX	From central management of sales promotion information to media rollout based on industry-standard product information database and Promo Core	¥15.0 billion
Hybrid BPO	Government DX	Strengthen structure and expand continuous model by creating joint administration center	Financial DX	Provide service combining DX and BPO in line with the operational processes of financial institutions	¥110.0 billion
Security Business	Japan	Expand business in the areas of security, payment, and communications infrastructure	Overseas	Government/payment/IoT-related business based on leveraging global resources	¥90.0 billion
Digital Content	Supply digital content such as e-books/high-definition visual media/VR/educational ICT				¥50.0 billion

*1. CRM (Customer Relationship Management)

*2. OMO (Online Merges with Offline): Marketing method that aims to enhance the customer experience by fusing online (e-commerce sites, etc.) and offline (brick-and-mortar stores).

*3. A Toppan service that supports manufacturing DX

*4. A Toppan service that supports the marketing and sales promotion activities of retailers

■ Generating Synergies by Making Toppan Forms a Wholly Owned Subsidiary

Toppan Forms has strengths in the Security Business and BPO, and with a view to further accelerating the DX business, we made Toppan Forms a wholly owned subsidiary in the fiscal year ended March 2022. As a result, we are combining the resources of Toppan Inc. and Toppan Forms and advancing projects targeting the creation and rapid realization of synergies in the DX business.

We are advancing these projects from the perspectives of

creating new businesses through joint development; upselling, where we combine products and services of the two companies to provide higher value-added service; cross-selling, where each company leverages its strong sales channels to sell the other company's products and services; and enhancing cost efficiency by using the resources of the two companies effectively and eliminating duplication.

Overview of Project to Generate Synergies

New Business Creation	Create new businesses through joint development	- Create new services in fields of payment/IoT, office DX, digital government, and healthcare - Accelerate commercialization by consolidating and collaborating on R&D projects
Upselling	Combine products of both companies to provide high-value-added service	- Common procedure platform “AIRPOST” x Identity Verification App - Cloud-based payment platform “Thincacloud” x closed-loop prepaid - Message delivery service “EngagePlus” x Digital marketing
Cross-Selling	Sell Toppan Forms products to Toppan Inc. customers Sell Toppan Inc. products through Toppan Forms	- Sell Toppan Forms DPS service and digital products to Toppan Inc. customers - Global cross-selling leveraging channels and products of both companies - Sell Toppan Inc.'s manufacturing/distribution DX and security services to Toppan Forms customers
Cost Efficiency	Enhance efficiency by using resources of the two companies effectively and eliminating duplication	- Consolidate and integrate the data center infrastructure and operations developed by both companies - Increase production capacity through effective use of BPO bases - Shift to in-house production by leveraging DPS-related production bases of Toppan Forms - Consolidate similar products and services

Medium Term Plan and Vision for the Medium to Long Term

Expanding the Living & Industry Business Overseas



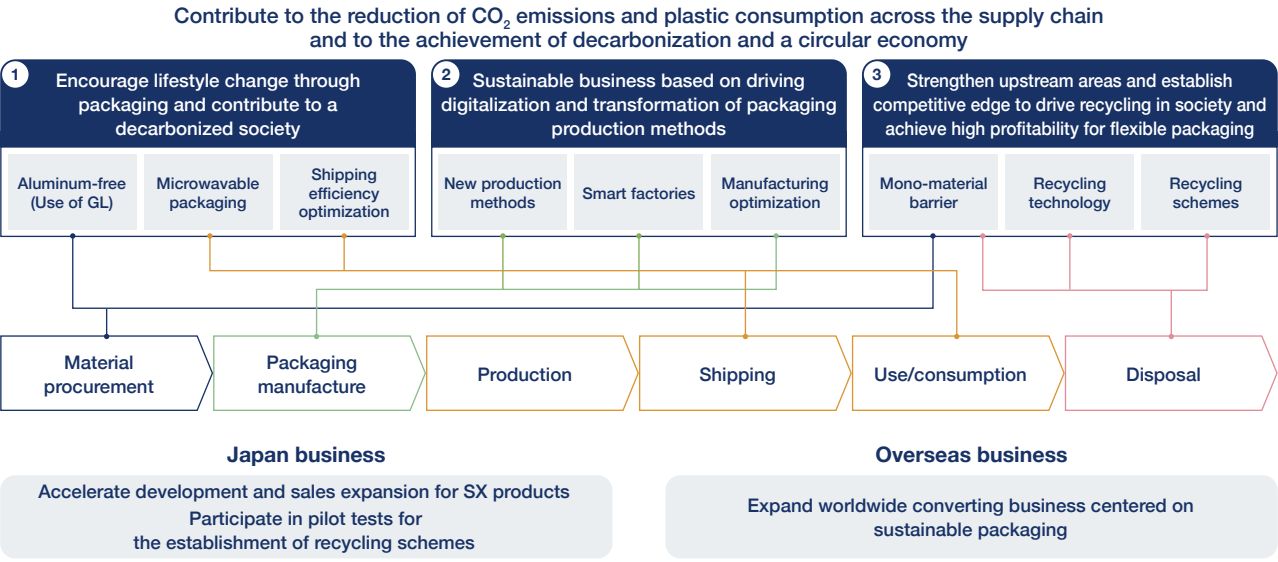
SX and Global Strategy in the Packaging Business

Along with DX, SX is also an area of focus for Toppan, and we have positioned the packaging business and its overseas expansion as important measures in SX. The basic concept of SX in the packaging business is to contribute to the reduction of CO₂ emissions and plastic consumption across the supply chain, from material procurement to disposal, and to the achievement of decarbonization and a circular economy. In accordance with this concept, in Japan we will accelerate the development and sales of sustainable packaging and participate in pilot testing related to the establishment of plastic recycling schemes. Overseas, we will expand our converting business on a worldwide basis, centered on sustainable packaging.

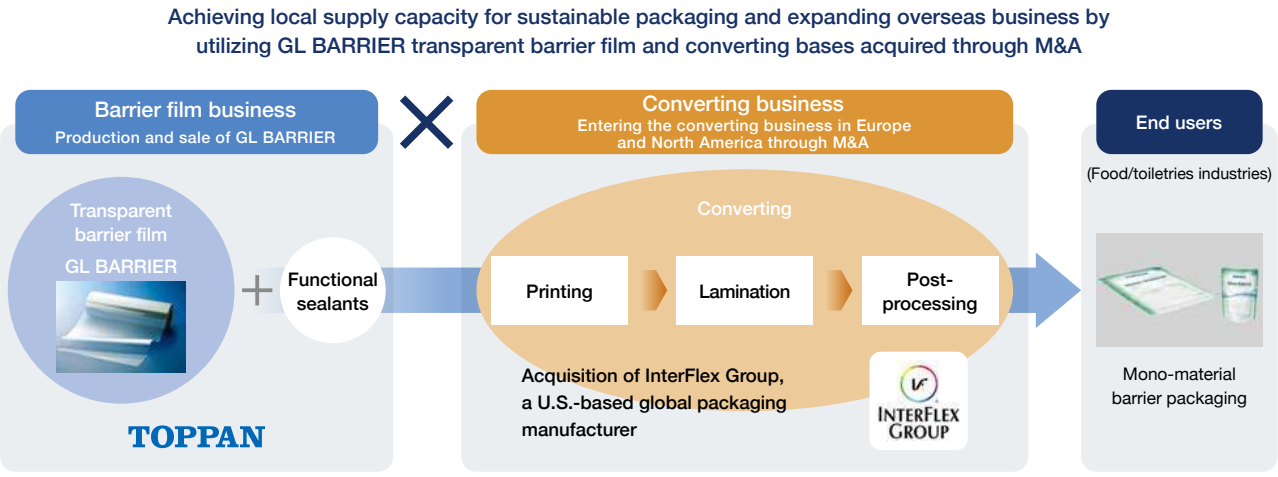
Specifically, we will leverage GL BARRIER, a transparent barrier film developed by Toppan that has world-class barrier performance, and the converting bases in North America, Europe, and Asia that we have acquired through M&A. In addition, we will implement local supply of mono-material barrier packaging with both excellent barrier performance and environmental friendliness. In this way, we will accelerate the overseas expansion of the packaging business. Furthermore, we will strive to generate further synergies with the companies that we have acquired through M&A and to strengthen our global network, while considering the establishment of new manufacturing bases and alliances.

>> Please read this in conjunction with the special feature Accelerating Sustainable Packaging and Global Initiatives to Drive Our SX Strategy on page 32.

Basic Concept and Strategy for SX in the Packaging Business



Leveraging M&A to Enter the Converting Business in Europe and North America and Expand the Overseas Packaging Business



Establishing a Global Platform in the Décor Materials Business

Along with packaging, the décor materials business also plays a key role in the overseas expansion of the Living & Industry business. In décor materials, we are working to expand our business as we aim to be the world's No. 1 supplier of surface décor materials.

In developed nation markets, we are steadily expanding our business, centered on Interprint GmbH, of Germany, a leading décor printing company that we acquired in 2019. We are working to maintain and strengthen the trading areas for core businesses, such as saturating grade paper, impregnated paper, and pre-coated paper. In addition, we are working to bolster the production system for the implementation of local production for local consumption in line with needs in each area. In emerging nation markets, we are working to establish a local production for local consumption network through collaboration with local companies.



Interprint GmbH head office design center (Arnberg, Germany)

Creating New Businesses (Frontier Businesses)

Creating New Businesses Based on DX and SX

From the perspectives of DX and SX, Toppan is aiming to create new businesses in promising fields, such as healthcare, sensing, the metaverse, and energy solutions. These initiatives are based on technologies and business models in which we have a competitive edge.

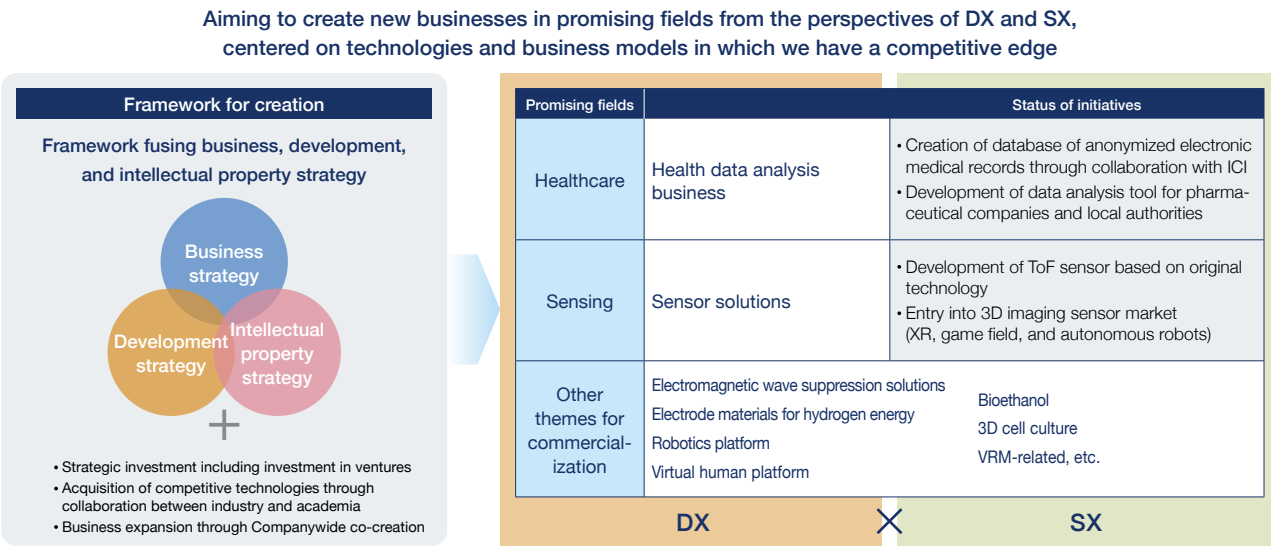
For example, in the healthcare field, we are implementing initiatives in the health data analysis business. Through collaboration with ICI, which is a subsidiary of the ORCA Management Organization Co., Ltd., we built a database of anonymized electronic medical records and developed a tool for pharmaceutical companies for tracking the treatment status of diseases and analyzing efficacy and safety in regard to the use of pharmaceuticals. In addition, we are developing a healthcare data analysis tool for local authorities that analyzes results of medical examinations, medical receipts, and each administrative district's average

medical cost and situation with respect to diseases.

We are also taking steps to advance the sensing solutions business, such as the development of a ToF sensor based on proprietary technology. Brookman Technology, a venture company that develops and sells CMOS image sensors, has been made a subsidiary. We are aiming to make a full-scale entry into the 3D image sensing market for XR, the gaming field, and autonomous mobile robots.

To create new businesses, we are building a system that integrates business strategies, R&D strategies, and intellectual property strategies. In addition, to advance commercialization in new fields, we are making strategic investments, including venture capital investments, acquiring competitive technologies through industry-academia collaboration, and engaging in collaborative creation across the Group.

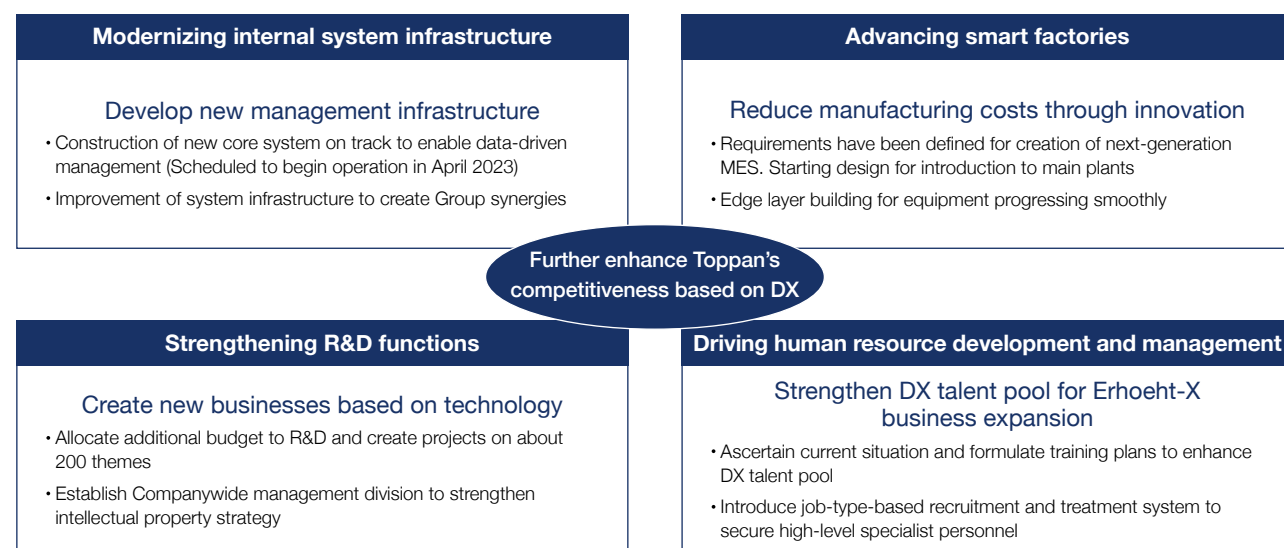
Initiatives for New Business Creation



Medium Term Plan and Vision for the Medium to Long Term

Strengthening Management Foundations

Based on DX, the Company will strive to further bolster its competitive edge and form a foundation for business transformation by modernizing its system infrastructure, advancing smart factories, strengthening R&D functions, and driving human resource development and management.



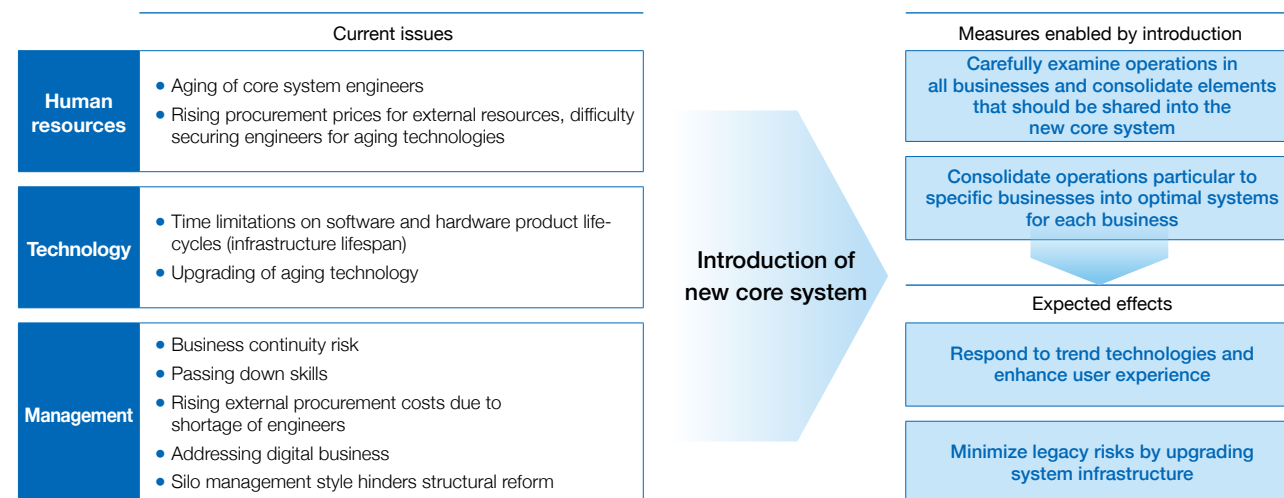
Modernizing Internal System Infrastructure

Toppan has announced "modernizing internal system infrastructure" as one strategy for strengthening management foundations through DX. In addition to enhancing the efficiency and sophistication of sales activities and business operations, the Company will target data-driven management and the creation of an organically linked Group system that enables the transformation of business models and prompt establishment of new businesses. Currently, we are steadily advancing initiatives for the construction and introduction of a new core system. We introduced SAP* for functions that should be shared by all businesses, such as sales,

purchasing, and accounting. Furthermore, targeting business portfolio transformation, we have introduced earnings management by business, and we are advancing measures such as enhancing the KPI system based on ROIC and cash flow. Following test operation and preparation for migration, we plan to start operation at Toppan Inc. and three Group companies in April 2023. Subsequently, we will roll out the system to manufacturing subsidiaries and Group companies, and we will invest a total of approximately ¥20.0 billion over five years, including in the upgrading of other legacy systems.

* SAP: Core system package developed by SAP SE, of Germany.

Strengthening of Management Foundations through Introduction of New Core System



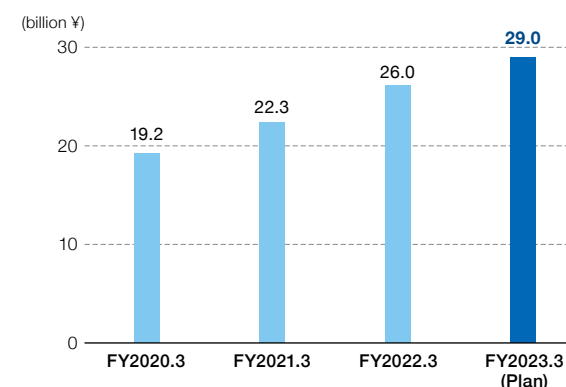
Strengthening R&D Functions

In accordance with the Medium Term Plan, we are working to create new businesses based on technology and to further strengthen R&D functions in order to drive transformation of the business portfolio. These initiatives utilize Toppan's original printing technologies.

In regard to R&D expenditure, we have determined priority investment fields from the fiscal year ended March 31, 2021, and we are focusing our spending on those fields. R&D expenditure was approximately ¥26.0 billion in the fiscal year ended March 31, 2022, and we are planning for ¥29.0 billion in the fiscal year ending

March 31, 2023. To strengthen R&D functions, we are also building a system that integrates strategies for business, R&D, and intellectual property, and we are working to further strengthen our intellectual property strategy. Toppan considers intellectual property to be a source of competitive strength, and we are striving to secure a competitive edge by advancing intellectual property management. These initiatives support business portfolio transformation, and we are also carefully examining the status of our patents related to DX and SX and working to expand related patents.

R&D Expenditure



Priority Investment Fields for R&D Expenditure

Frontier	Healthcare, energy solutions, metaverse, etc.
Sustainability	Recycling and upcycling technologies, mono-material barrier packaging, etc.
DX	Digital platforms, BPO, solutions for local authorities, etc.
5G	Next-generation FC-BGA substrates, electro-magnetic wave suppression solutions, etc.
Fundamental technologies	Converting technologies, material/analysis technologies, microfabrication technologies, AI/data analysis infrastructure, etc.

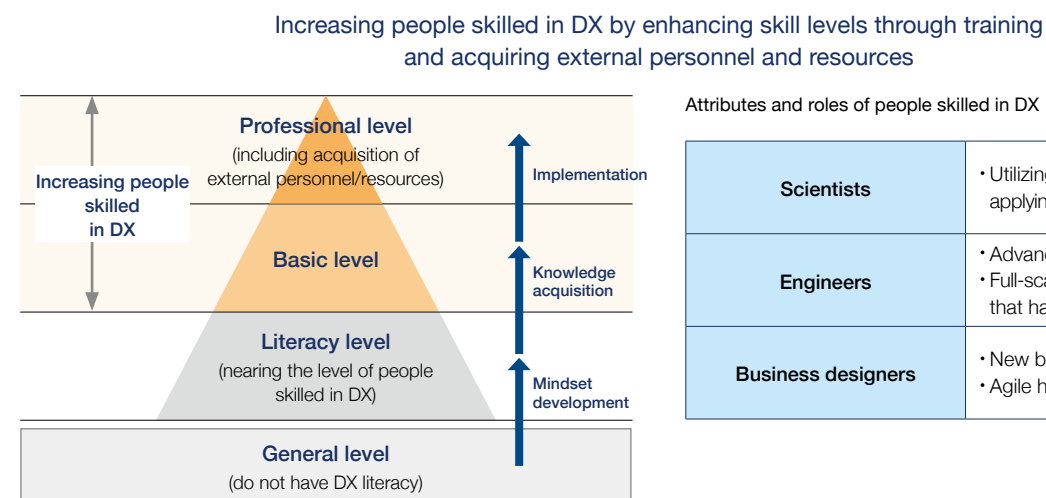
>> Please read this in conjunction with the human resources section in Sustainability Report 2022.

Driving Human Resource Development and Management

To expand the DX business, we are working to increase people skilled in DX. Specifically, we have looked at what will be necessary for the advancement of the DX business. We have defined the necessary human resource attributes and roles (scientists, engineers, and business designers) as well as the necessary skill levels (literacy level, basic level, professional level). On that basis, we are

developing an education program for human resources with skills in digital fields and providing training, including OJT. In this way, we are aiming to raise the digital literacy level of employees and to develop people with advanced skills in DX. In addition, we will work to actively acquire external personnel and resources and to further increase and strengthen human resources for DX.

Increasing People Skilled in DX



Scientists	Utilizing data, developing tools, applying advanced technologies
Engineers	- Advanced system development - Full-scale application of hypotheses that have been verified
Business designers	- New business planning - Agile hypothesis verification



Hideharu Maro

President & Representative Director

Interview with the President

We will accelerate the transformation of our business portfolio and further reinforce Toppan's earnings base.

Q How do you view the fiscal year ended March 31, 2022, including the Company's progress with the Medium Term Plan?



Changes in society and markets have given significant impetus to the direction in which Toppan is moving, and I believe the foundations for delivering results are being put place.

The start of the current Medium Term Plan was delayed by one year due to COVID-19. As a result, the current plan is unusual in that it covers a two-year period, from April 2021 to March 2023. In the fiscal year ended March 31, 2022, the first year of

the plan, Toppan's results substantially exceeded the initial forecasts. We recorded gains in sales and profit, and we achieved all management targets one year ahead of schedule.

Results in the Fiscal Year Ended March 31, 2022

In the fiscal year ended March 31, 2022, in the Information & Communication segment, we secured a certain amount of BPO business related to the government's economic stimulus measures and COVID-19 vaccination promotion initiatives. We also advanced and enhanced our responsiveness in the hybrid BPO business, which is aligned with digitalization. As a result, the BPO business steadily secured projects with long-term contracts from local authorities and others. Overall digital transformation (DX) business sales increased by approximately 20%, and we made progress with the transition to a high-value-added business model. In addition, against a background of digitalization in society, we captured increased demand for semiconductor-related products, and the Electronics segment made a significant contribution to

Companywide profits. Considering the spread of 5G and other factors, we expect the favorable conditions in semiconductor-related products to continue for the next two to three years. In the Living & Industry segment, we accelerated overseas initiatives and expanded our operations.

On the other hand, the negative effects of COVID-19 included a decline in paper media accompanying accelerating digitalization as well as sluggish demand for sales-promotion-related tools. However, the effects of these adverse factors were in line with our expectations.

Overall, we took steps to actively address new market needs, and as a result we achieved results that exceeded our initial targets.

Transformation Supported by the Market Environment

There are risks that require careful attention, such as rising prices for raw materials and the situation in Ukraine. Nonetheless, overall, the current market environment is providing strong support for our initiatives in the area of business portfolio transformation.

The accelerating digitalization of society presents a good opportunity for Toppan to advance its DX strategy. We will launch technology initiatives for which we have prepared a foundation, such as in digital marketing and metaverse-related operations. Going forward, we will work to deliver results from these initiatives.

We believe that markets continually present new needs, and going forward Toppan will strive to address demand in line with those changes. For example, the reopening of Japan to visitors from overseas is expected to lead to growth in the inbound tourism market. However, there is a need to reconsider such issues

as business value added and improvements in the quality of hospitality. Based on a consistent strategy, Toppan can provide robust support for companies and local authorities that are reevaluating their services. This includes the provision of planning proposals and consulting services based on vast amounts of data and knowledge as well as the specific utilization of virtual reality (VR) and other forms of digital content.

Looking at global initiatives, trends include growth in sustainability-related needs around the world and ongoing digitalization in finance and government administration. In response, we are making steady progress with overseas initiatives in the Living & Industry business, such as packaging and décor materials, as well as in the security business. As a result, the percentage of Companywide sales accounted for by overseas business increased to 27.9% in the fiscal year ended March 31, 2022, compared with 23.9% in the previous fiscal year.

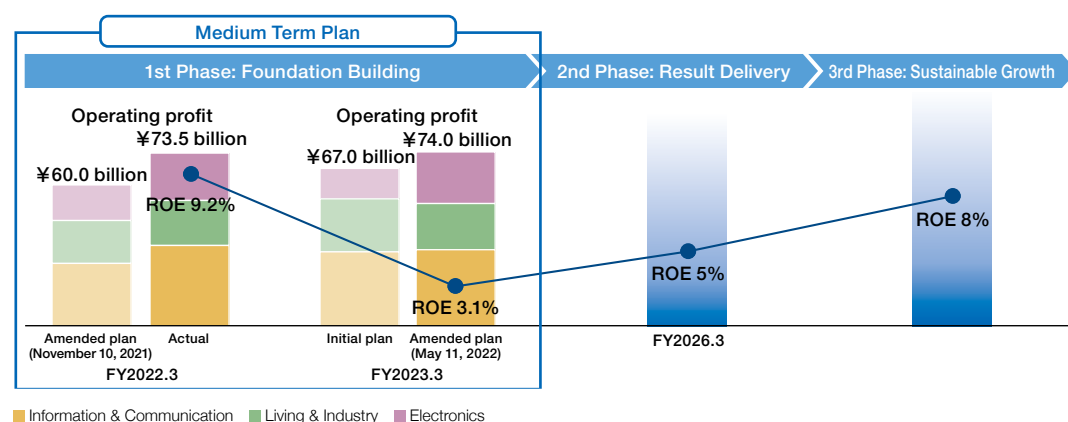
Interview with the President

From Foundation Building to Results Delivery

The Medium Term Plan is the first phase of our medium-to-long-term roadmap, for which the theme is foundation building. Our initial target for operating profit in the fiscal year ending March 31, 2023, was ¥67.0 billion, but we exceeded that target in the fiscal year ended March 31, 2022, with operating profit of ¥73.5 billion. We believe that we have made favorable progress with measures to address changes in markets, and that we have established a base that will facilitate the stable achievement of operating profit at the ¥70.0 billion level. For the fiscal year ending March 31, 2023, the final year of the Medium Term Plan,

we are revising our management target to operating profit of ¥74.0 billion and will shift our focus from foundation building to results delivery, which is the theme of the next Medium Term Plan (2nd phase). Currently, our foundation building initiatives are making solid progress in line with our plans, but even under the next phase—results delivery—we believe that new foundation building measures will be necessary due to market changes. In particular, our policy will be to implement continued investment in strengthening systems and advancing smart factories. These areas form the foundation of DX-related services.

Positioning of Medium Term Plan and Management Target Roadmap



Q Please describe the progress that Toppan has made with the transformation of its business portfolio and the Company's policies for future initiatives.



By advancing the transformation of our business portfolio, centered on DX and SX, we are working to strengthen our earnings base and increase ROE.

Aiming to Further Strengthen Our Earnings Base

The transformation of our business portfolio is generally progressing as expected, and going forward we will further accelerate the pace of these initiatives. To achieve the targeted ROE, we will carefully examine the sustainability of our traditional business model and transform our business portfolio in line with changes in the external environment. In the fiscal year ended March 31, 2022, our ROE was 9.2%. However, excluding special factors, such as gain on sales of shares and structural reform costs, ROE was 3.9%. Going forward, we will aim for ROE of 5% in the second phase, and subsequently for 8%. To that end, we are aiming for priority businesses to contribute more than 50% of overall operating profit and recognize that it

will be necessary to increase this further in the future.

Toppan is active in an extremely wide range of businesses, and that contributed to the achievement of stable results during the COVID-19 crisis. Accordingly, while leveraging these strengths, in the future we will further reinforce collaboration among our businesses, and aim to implement business development in a wide-ranging, multi-faceted manner. In this way, we will further enhance our responsiveness to the needs of markets and customers. I believe that it will be helpful for us to have the option of changing the form of our business and the business entity as a result of that process.

Clarifying Strategies for Each Category of the DX Business and Accelerating Growth

DX, which is a major pillar of our priority businesses, has steadily evolved as the Erhoeht-X™ business. In the fiscal year ending March 31, 2023, we are planning for DX business net sales of ¥300.0 billion, more than 30% of the total for the Information & Communication segment. In addition, we

recently reorganized these businesses and established five categories—Marketing DX, Manufacturing/Distribution DX, Hybrid BPO, Security Business, and Digital Content. We will build specific service models and tools for each category and accelerate business development by advancing these opera-



tions while implementing collaboration on a nationwide basis.

As one facet of our business reorganization, in March 2022 we made Toppan Forms a wholly owned subsidiary. This company had previously been our only listed subsidiary in Japan. The extent to which Toppan Inc. and Toppan Forms can create synergies will be an important point in the future.

Toppan Forms provides highly competitive services, centered on digitization of forms, payment services, the IoT, card solutions, and core system operational management. Toppan Forms mainly provides services to the administration and systems departments of client companies. On the other hand, Toppan Inc.'s focus is on marketing and sales promotion departments. In the past, there were many cases in which the two companies had different points of contact, even when they had the same customer. However, in the future the two

companies will be able to strengthen collaboration and at the same time leverage their mutual strengths to facilitate the integrated provision of services with higher added value.

In the overseas security business, we think that further growth will be generated by strengthened collaboration with Toppan Leefung, which is performing well.

Through this series of initiatives, we will strive to increase DX business net sales to approximately ¥500.0 billion and DX business operating profit to at least 30% of Companywide operating profit in the fiscal year ending March 31, 2026.



Please also refer to the following sections.

>> Page 16

Medium Term Plan and Vision for the Medium to Long Term

>> Pages 18 to 19

Transforming the Business Portfolio: Driving the DX Business

Q Could you discuss the Company's initiatives in the areas of SX and sustainable packaging?



While strengthening engagement throughout the supply chain, from upstream to downstream, we will take steps to accelerate the growth of the overseas Living & Industry business as one facet of our business portfolio transformation.

Stepping up Our Engagement in Measures to Reduce Environmental Impact throughout the Supply Chain

The eco-friendly packaging (sustainable packaging) business and the décor materials business are central to Toppan's sustainable transformation (SX) strategy. Along with DX, they will be key to our medium-to-long-term strategies. With society facing such environmental problems as climate change and marine plastic waste, the demands placed on packaging materials are becoming more stringent every year. Toppan is approaching this trend as a business opportunity, and we are advancing aggressive initiatives in Japan and overseas.

For example, based on life-cycle assessment (LCA), we quantitatively evaluate CO₂ emissions from the packaging material design stage and propose packaging materials with lower environmental impact. In these ways, we have commenced a consulting-type approach. We are also advancing initiatives aimed at driving packaging recycling in society, in cooperation with the retail/distribution industry and local authorities. These initiatives strengthen our engagement throughout the supply chain, from upstream to downstream, and will further enhance the value added of our businesses.

Interview with the President

Expanding the Overseas Living & Industry Business

Environmental consciousness is increasing around the world, and in recent years there have been growing calls for companies to implement integrated sustainability strategies, not only in Europe and North America but also in Asia. Toppan's sustainable packaging is further strengthening the Company's competitiveness in this environment.

GL BARRIER products enjoy a leading share of the global market for transparent vapor-deposited barrier films. They can be used as a substitute for aluminum materials and enable mono-material flexible packaging that is suitable for recycling. In July 2021, we acquired InterFlex Group, a global packaging manufacturer headquartered in the U.S. With the addition of InterFlex's converting sites, we can now supply easy-to-recycle, eco-friendly flexible packaging materials using GL BARRIER products to global markets, including North America and Europe. In addition, we made Max Specialty Films Limited, a film manufacturer in India, a consolidated subsidiary. Through synergies with Max Specialty Films, we will work to strengthen our lineup of products that address the trend toward mono-materials. In the future, we will prepare for further initiatives in

Southeast Asia and other regions, and accelerate global roll-outs.

The scale of sales in overseas Living & Industry related business, including packaging and décor materials, is expected to exceed 40% of total sales in the Living & Industry segment in the fiscal year ending March 31, 2023. Local networks and sales capabilities will be essential in pursuing opportunities for further growth overseas. In the past we have had room for improvement in these functional areas. We are now aggressively advancing acquisitions and alliances involving local companies in overseas markets in order to acquire these functions and implement a full-scale roll-out of business operations based on the concept of local production for local consumption. Through this series of initiatives, we will strive to increase overseas Living & Industry business operating profit to 15% or more of Companywide operating profit in the fiscal year ending March 31, 2026.



Please also refer to the following sections.

>> Pages 32 to 37 **Special Feature: Accelerating Sustainable Packaging and Global Initiatives to Drive Our SX Strategy**

Q What is the Company's basic approach to human resource development?

We will position development of human resources with skills in digital fields and personnel who can thrive in global business settings as a focal point of our medium-to-long-term strategy and advance initiatives across the Toppan Group in Japan and overseas.

In accordance with the philosophy that companies depend on their employees, for many years we have focused on human resource development. It is human resources with skills in digital fields who will support DX, and accordingly we are implementing flexible recruitment, securing external personnel and resources, and expanding initiatives in the areas of internal training and development as well as systems for the acquisition of qualifications. Moreover, accompanying the transition of Toppan Forms to a wholly owned subsidiary, to foster the creation of synergies we will also advance comprehensive human resource strategies for the entire Toppan Group.

With our overseas sales ratio approaching 30%, the development of human resources who can thrive in global business settings is also an urgent task. We are no longer in an era in which

the managers of overseas subsidiaries will be sent from Japan. In relation to human resource strategy, we use the phrase "local production for local consumption" to mean that local personnel will be the driving force in each business overseas. Accordingly, the roles of the head office and business divisions in Japan will also change. There will no longer be the type of long-term overseas assignments that we implemented in the past. Whenever possible, we will discuss matters online, and make visits to local markets once every three or six months. We will engage in frank dialogues with local management to receive a variety of feedback. Targeting the development of these human resources, I will personally work to change our thinking from a variety of perspectives, while implementing other initiatives such as launching training programs under the supervision of the president.

Q What types of initiatives is the Company implementing to strengthen governance further?

We are implementing a variety of reforms to support effective deliberations and decision-making, such as changing the composition of the Board of Directors and streamlining the agenda items that are presented to the Board.

In June 2021, we substantially revised the composition of the Board of Directors. We kept the number of external directors at three while reducing the total number of directors from 16 to

9, thereby increasing the ratio of independent, external directors from 3/16 to 1/3. We also reduced the number of agenda items presented to the Board. We are working to create an



environment that enables the Board to spend time deliberating on a streamlined range of themes.

As a result of these initiatives, deliberations at meetings of the Board of Directors have become very active. We also received this evaluation from questionnaires distributed to audit & supervisory board members. In addition, based on data collected by the office administering board meetings, there has been a significant increase in the average number of times

directors express their opinions and ask questions, as well as in the time they spend doing so. External directors are also actively offering opinions at each meeting. They are offering comments based on their specialized expertise, straightforward questions from an outside perspective, and frank opinions about current issues and internal compliance matters. In this way, the Board is conducting free and open discussions.

Q What will be necessary for Toppan to achieve sustainable growth?

As a company that contributes to the resolution of global social issues, Toppan will continue to play an essential role for its stakeholders.

At a fundamental level, the sustainability of a corporation is supported by the fact that its stakeholders consider it to fulfill a vital role. Toppan has utilized a B-to-B business model and has grown its businesses by working to resolve social issues, in many cases through the companies that are its customers. However, from the perspectives of environmental, social, and governance (ESG) practices and the Sustainable Development Goals (SDGs), for example, it will be more important to be considered essential by all consumers. While maintaining this perspective, we will continue to advance corporate activities in line with the major theme of resolving global social issues.

For example, in recent years, through BPO operations Toppan has contributed to the government's economic stimulus measures during the COVID-19 pandemic. We are efficiently implementing a series of essential operations, such as safely managing personal data, coordinating the printing of notices and service counter operations for various application procedures, and establishing call centers. These initiatives are directly linked to convenience for members of the public, and they make a significant contribution. We are proud that there are not many companies other than Toppan that can handle all these initiatives.

We would like consumers to have a broad understanding of Toppan's value creation, and accordingly we have been rolling

out a series of TV commercials since the previous year. We will continue working to enhance our corporate brand, so that the enterprise value of Toppan will be recognized and highly regarded by society, and our employees will have even more pride in the Company. I believe that if we are indispensable to our customers as an important business partner, as well as to consumers and stakeholders, then results will follow in due course.

The three years since I became president have gone by very rapidly. There are some areas in which our reforms have made progress as expected, as well as some measures that I think we could have implemented more rapidly. Going forward, it will be necessary to continue to accelerate the development of new solutions with consideration for market changes, the building of systems that address globalization, and the implementation of human resource development and other initiatives. We will continue to do our utmost as we aim to evolve on a solid management foundation and achieve further growth for Toppan.

September 2022

Hideharu Ono

President & Representative Director

Message from the CFO

We will provide strong support for business portfolio transformation through both proactive and defensive financial strategies.

Takashi Kurobe

Director & Managing Executive Officer
Finance & Accounting Division
Overseeing Global Governance Division

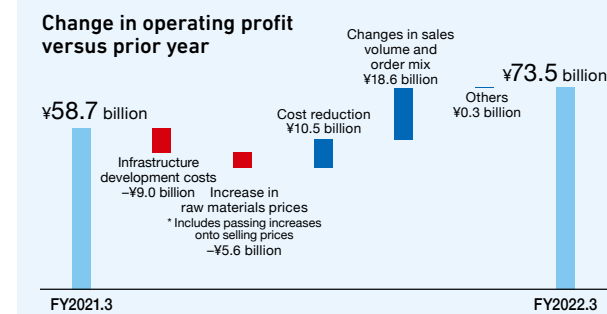


Results for the Fiscal Year Ended March 31, 2022

Looking at our consolidated results for the fiscal year ended March 31, 2022, the first year of the Medium Term Plan, net sales were up 5.5% year on year, to ¥1,547.5 billion. Operating profit rose 25.0%, to ¥73.5 billion, and profit attributable to owners of parent increased 50.2%, to ¥123.2 billion. The application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related measures from the fiscal year ended March 31, 2022 had the effect of decreasing net sales by ¥22.9 billion and decreasing operating profit by ¥0.2 billion, compared with values calculated by applying the previous method. By business segment, in the Information & Communication segment, we were able to put the digital transformation (DX) business onto a growth track through the enhancement of human resources, systems, and products. In the Living & Industry segment, our sustainable transformation (SX) strategies include the overseas package business, which recorded especially strong growth. On the other hand, certain businesses faced challenging conditions due to rising prices for raw materials, which reduced consolidated operating profit by ¥5.6 billion. In the Electronics segment, results were favorable due to growth in semiconductor demand.

In regard to the influence of COVID-19, against a background of

Results in the Fiscal Year Ended March 31, 2022



event cancellation and people refraining from going out, there were declines in sales-promotion goods and packaging for beverages. On the other hand, accompanying the government's economic stimulus measures and COVID-19 vaccination promotion initiatives, related BPO business recorded growth. Also, due to favorable semiconductor market conditions, the Electronics segment made a major contribution to profits. The positive and negative factors were distributed over a wide range of business fields, and we think that the overall effect was positive.

Progress in Line with Expectations for Financial Strategies

In regard to the financial policy and capital policy*1 in the Medium Term Plan, we saw some positive elements exceeding what we anticipated, but progress was generally in line with expectations, and there are no changes to the initial plan. We are forecasting a cumulative total of more than ¥300.0 billion in operating cash flow,*2 and we are steadily reducing strategic shareholdings and selling assets by splitting off and carving-out the photomask business, with a partial transfer of shares. We used the proceeds from the asset divestment to make Toppan Forms Co., Ltd. a wholly owned subsidiary.

Cash generated will be allocated on a priority basis to growth investment, while maintaining a balance between profitability and financial soundness. Total investment will be ¥280.0 billion, and within that total we will further increase the proportion allocated to priority fields. To accelerate overseas business development, we will continue to aggressively advance M&A, centered on the packaging business and the security business.

*1. Covering a three-year period, including the fiscal year ended March 31, 2021, before the start of the plan.

*2. Calculated before the deduction of tax payments associated with the divestment of assets.

Investment Strategy

- Investment amount is in line with the initial plan.
- The proportion allocated to priority fields (business investment / initial stage and growth fields) will increase.

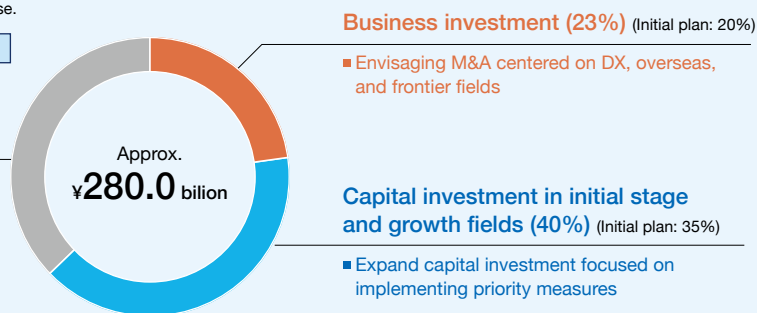
Three-year forecast including actual results

(FY2021.3–FY2023.3)

Capital investment in stable fields and fields for structural reform (37%) (Initial plan: 45%)

- Capital investment in businesses subject to structural reform and existing businesses has been controlled for some time
- Allocate investment budget to other fields on a priority basis

Note: Excluding costs associated with making Toppan Forms a wholly-owned subsidiary



Stable Dividends and Flexible Additional Returns

Looking at shareholder returns, Toppan has a track record of paying stable dividends since the Company was founded, and our policy is to continue this approach. Targeting a consolidated payout ratio of at least 30%, we will aim for sustained dividend payments. In addition, we will consider flexible additional returns to shareholders based on accurate assessment of the level of achievement of management strategies, market conditions, and financial position.

In the fiscal year ended March 31, 2022, we announced

treasury stock purchases of up to ¥20.0 billion. This represents the second consecutive year of additional returns to shareholders.

Regarding per-share dividends for the fiscal year ended March 31, 2022, we achieved an increase in profits that exceeded published guidance figures, and accordingly we paid an interim dividend of ¥20.00 and a year-end dividend of ¥24.00, a dividend increase of ¥4.00, resulting in an annual dividend of ¥44.00 per share. In the fiscal year ending March 31, 2023, we plan to continue with an annual dividend of ¥44.00 per share.

Promotion of Global Governance

Accompanying the acceleration of our overseas business initiatives, strengthening governance on a Groupwide basis has become an urgent issue for Toppan. Since April 2022, I have been overseeing global governance concurrently with my other duties. From a business perspective, we are advancing measures for overseas subsidiaries, such as (1) enhancing and promoting awareness of risk-related regulations, (2) unifying reporting systems, and (3) strengthening auditing for appropriate system operation.

In enhancing and promoting awareness of risk-related

regulations, we are clarifying the risk management level that the Company requires and surveying the current circumstances of all subsidiaries through the use of checklists. Smooth communication with local executives is a key focus in the management of overseas subsidiaries. In particular, for newly acquired subsidiaries we take steps to promote understanding of Toppan's governance policy and to raise the level of governance at each company. For example, we implement intensive initiatives in the first 100 days.

Proactive and Defensive Financial Strategies

The fiscal year ending March 31, 2023, is a period for capping off the foundation-building phase, the main focus of the current medium-term plan. We will implement growth investment for sustainable DX growth and strengthened SX business, and we will boost spending on R&D and system infrastructure construction. Going forward, we will transition to the results delivery phase under the next medium-term plan.

On the other hand, along with these proactive financial strategies, we also need to implement defensive measures, including those related to ESG practices. In 2020, during the early phase of the COVID-19 crisis, we were able to raise substantial funds for business continuity in an extremely short period of time. This was attributable to the strong financial foundation that we have established, which inspired trust.

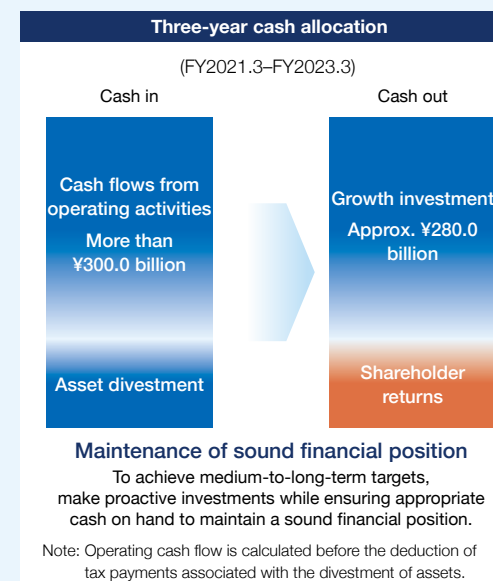
Currently, countries are working to control inflation and have turned to monetary restraint. The financial and capital markets have started to reflect recession risk, and some companies with low ratings are already having difficulties in such areas as bond issuance. The uncertainty about the future has increased rapidly due to such factors as the Ukraine situation. In this setting, we think the most important thing is to maintain a strong financial foundation.

We are striving to substantially transform our business portfolio. In addition, targeting medium-to-long-term growth, it is also important to actively address climate change and the TCFD. By thoroughly implementing proactive and defensive management, and supporting transformation from the perspectives of finance and global governance, we will work to contribute to further gains in corporate value.

Financial Strategy

Capital Policy and Returns to Shareholders

- Strive to enhance returns to shareholders while concentrating efforts on increasing cash flows and working to improve profitability and financial health.



Status of progress based on results

IN	For operating cash flow, forecasting ¥300.0 billion or more, in line with the initial plan
	Steadily implementing the reduction of strategic shareholdings and the carve out and partial transfer of the photomask business.
OUT	With funds secured by the divestment of assets, made Toppan Forms a wholly owned subsidiary
	Investment amount is expected to be in line with the initial plan. Proportion allocated to priority businesses will increase
	In addition to stable dividends, made decision on additional shareholder returns (Treasury stock purchases: Two times for a total of ¥40.0 billion).
	Increased year-end dividend for the fiscal year ended March 31, 2022, by ¥4.00 (Annual dividend: ¥44.00)

While monitoring the results of strategy, we will maintain a balance with financial soundness and implement growth investment and additional returns to shareholders

Special Feature

Accelerating Sustainable Packaging and Global Initiatives to Drive Our SX Strategy

Along with DX, sustainable transformation (SX) plays a central role in Toppan's medium-to-long-term growth strategies. In particular, SX is an integral element of value creation in the Living & Industry segment. Further expansion in the overseas Living & Industry business, with a special focus on sustainable packaging, is one of the themes in the Medium Term Plan.

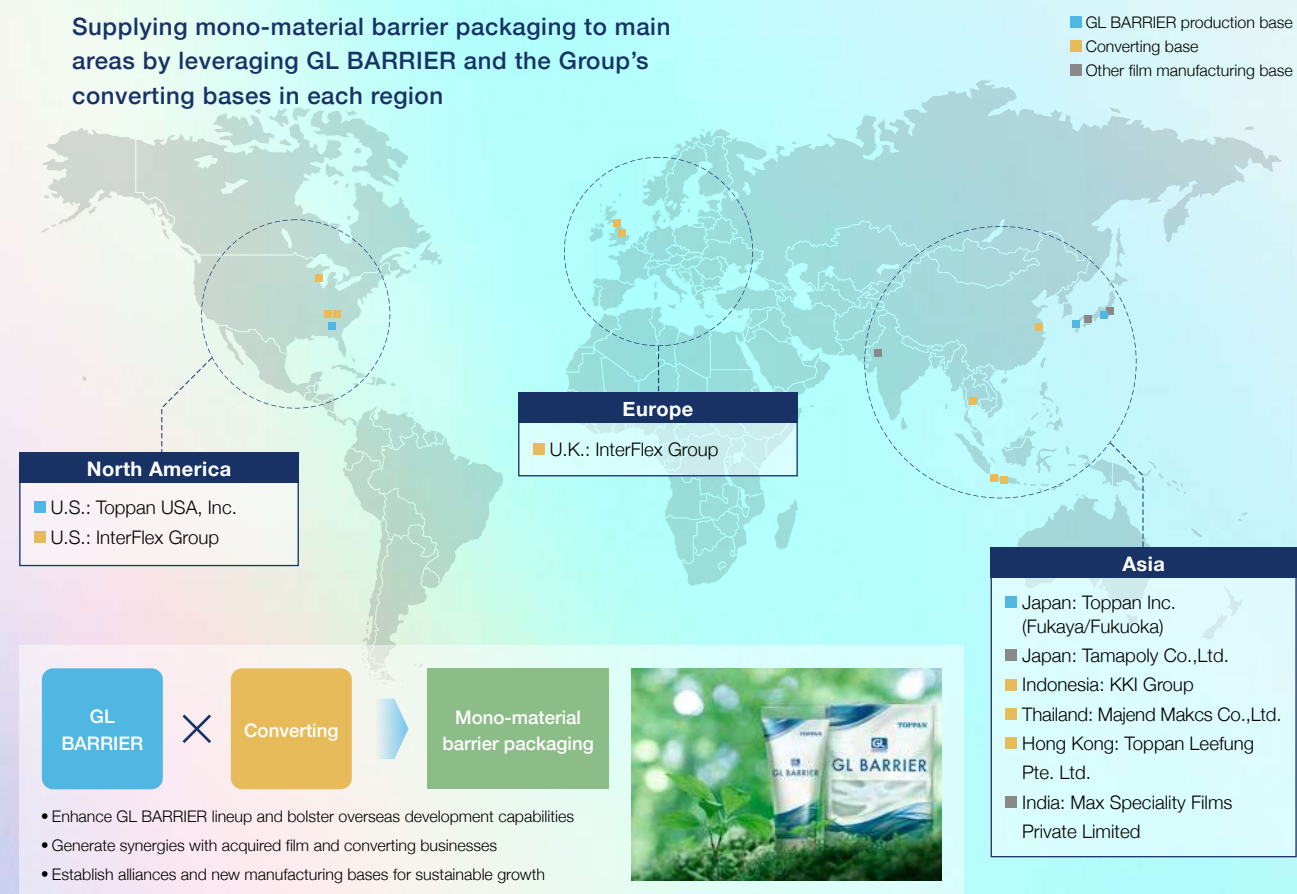
In the Living & Industry segment, the packaging business has been taking steps to address society's expectations, such as decarbonization, recycling, and the reduction of plastic consumption. From an environmental perspective, the packaging business has developed and provided a variety of solutions. These initiatives are targeted at the realization of a sustainable society, and at the same time they are also a source of competitiveness for Toppan and have contributed to the realization of higher value added in our businesses.

In response to the rise in global environmental needs, new trends have emerged in the packaging markets in Europe and North America, especially in recent years. Suitability for recycling is being carefully scrutinized, and there is growing recognition of the need for mono-material packaging. These circumstances are an excellent opportunity for Toppan. One reason is the Company's GL BARRIER, which has a high level of environmental friendliness and a top share of the global market for transparent, vapor-deposited barrier film. Another reason is that we have made a full-scale entry into the overseas converting business and are accelerating global initiatives in sustainable packaging.

Going forward, the Company will continue to pursue sustainability in the packaging business, and will link those efforts to global expansion and development. This special feature covers Toppan's sustainable packaging strategy, which is the driving force behind the Company's SX initiatives, and tells part of the value creation story that Toppan is pursuing through the sustainable packaging business.

Packaging Business: Growth of Overseas Bases and Strategy

Supplying mono-material barrier packaging to main areas by leveraging GL BARRIER and the Group's converting bases in each region



Interview with a Managing Executive Officer

Sustainable Packaging and Global Strategy—Leveraging Toppan's Distinctive Strengths

Masahiko Tatewaki

Managing Executive Officer
Head of Living & Industry Division's Global Packaging Subdivision and President of Toppan USA, Inc.



Strengthening Profitability on Two Fronts: Materials and Converting

The transparent barrier film GL BARRIER is used primarily in the flexible packaging business, which accounts for nearly half of Toppan's sales in the packaging business. GL BARRIER has established a technical edge in the global market. Developed by Toppan in 1986, it is a transparent vapor-deposited barrier film with a high level of environmental friendliness. We use GL BARRIER in a variety of packaging manufactured by the Company, and we also sell the base film as a material for use by other companies. Currently, GL BARRIER has a leading share of the global market.

Our production bases for GL BARRIER in Japan are the Fukaya Plant (Fukaya City, Saitama Prefecture) and the Fukuoka Plant (Koga City, Fukuoka Prefecture). In 2016, aiming to expand our ability to supply the global market, we advanced into North America and opened the Toppan USA Georgia Plant. Looking at the converting bases that use GL BARRIER in the production of flexible packaging materials, in the past our operations were centered on Japan, and our overseas bases for flexible packaging materials were limited to Asian markets, such as Indonesia and China. In the European and North American markets, where levels of environmental needs and consciousness are high, we were not conducting local production of sustainable packaging based on GL BARRIER.

Against this backdrop, under the Medium Term Plan we will build a one-stop supply structure for local production for local consumption in markets around the world, centered on Europe and North America, where environmental needs are increasing. We will expand our business to cover the entire supply chain, from materials to converting. In July 2021, we acquired the InterFlex Group as a business base in the European and North American markets, enabling us to obtain three converting bases in North America and two in the U.K.

In addition, in materials, in February 2022 we made Max Speciality Films, a manufacturer of BOPP* films based in India, into a consolidated subsidiary. By strengthening our business in BOPP film, which along with PET is a promising mono-material, we will further enhance our lineup of sustainable packaging.

GL BARRIER is Toppan's greatest asset in the global market, and to make full use of this strength, it will be necessary to develop the business in a manner that integrates sales of the film itself and converting operations. Going forward, we will work to expand our business, with a good balance between the two pillars of films and end products, and strive to realize a more profitable business portfolio.

* Biaxially oriented polypropylene

GL BARRIER: A Strategic Product for Toppan

In recent years, there has been a worldwide shift from glass and metal containers to packaging made with a variety of films (flexible packaging). This requires high oxygen and water-vapor barrier performance for content protection and long-term preservation. Aluminum foil offers the best barrier performance, but it cannot be used in a microwave oven, and a separate printing substrate is required when it is used for packaging. Accordingly, the use of aluminum foil has entailed issues with eco-friendliness, such as higher CO₂ emissions.

As a transparent barrier film, Toppan's GL BARRIER provides an excellent means of resolving these issues. It has barrier performance at the world's highest level, rivaling that of aluminum foil, and it also offers improvements in functionality and eco-friendliness, which have been issues with aluminum foil. Starting around 2010, large converters who manufacture packaging in Europe and North America increased their use of GL BARRIER, and shipment volume has posted rapid growth. We have expanded our lineup for various applications, and GL BARRIER has secured a leading share in the worldwide market for transparent, vapor-deposited barrier film products.



Transparent barrier film
GL BARRIER

Accelerating Sustainable Packaging and Global Initiatives to Drive Our SX Strategy

Promoting Local Production for Local Consumption in Three Regions around the World

In the packaging business, a central role is played by industries that are closely connected to people's daily lives, such as food and toiletries. Accordingly, the concept of local production for local consumption is of fundamental importance in this business. With consideration for the current rise in raw materials prices and transportation costs, Toppan is aggressively implementing M&A focused on overseas companies that will provide the Group with international bases and improved synergies.

In Asia, which currently has the largest business scale, we are strengthening initiatives in Indonesia and India, from which we anticipate rapid market expansion accompanying strong population growth. Moreover, in May 2022, we acquired Majend Makcs, a packaging manufacturer based in Thailand. This is our first base for flexible packaging materials in Thailand, which many global manufacturers utilize as an important production center for products bound for markets in Europe, North America, and Asia.

In accordance with our new global strategy, the three regions of Asia, Europe, and North America will likely drive our business operations. A key role will be played by growth in sales of sustainable packaging in Europe and North America, especially in the European market.

Through the recent acquisition of the InterFlex Group, we made an entry into the converting business in Europe and North America, and we are now able to implement local production for local consumption for sustainable packaging, which is the end product. The potential is extremely high, but we still face challenges in acquiring customers and expanding sales channels. Accordingly, we will work to create synergies with the sales capabilities of the InterFlex Group and the material and technical capabilities of Toppan. We will also implement additional M&A transactions as necessary.



Starting with Europe, where the level of environmental consciousness is particularly high, there is a strong need for recycling-friendly mono-material packaging, and we think this new trend will steadily increase over the next two to three years. Toppan is currently rapidly expanding its lineup of mono-material GL BARRIER products. We will work to expand the use of GL BARRIER in Europe as a next-generation product, and then to steadily extend results achieved in Europe to North America and Asia.

Currently, there are a number of factors that give cause for concern, including geopolitical issues, but there will be no change to the fact that people will require food and toiletries, which in turn will require packaging. In addition, we will likely see acceleration in the trend toward alternatives to glass and metal containers, the move away from the use of aluminum as part of the trend toward sustainable packaging, and the use of mono-materials. We believe that this business has extremely high potential in the medium to long term, and we are receiving many inquiries from the market. We look forward to implementing new business initiatives in the future.



Sustainable packaging using GL BARRIER

TOPIC 1

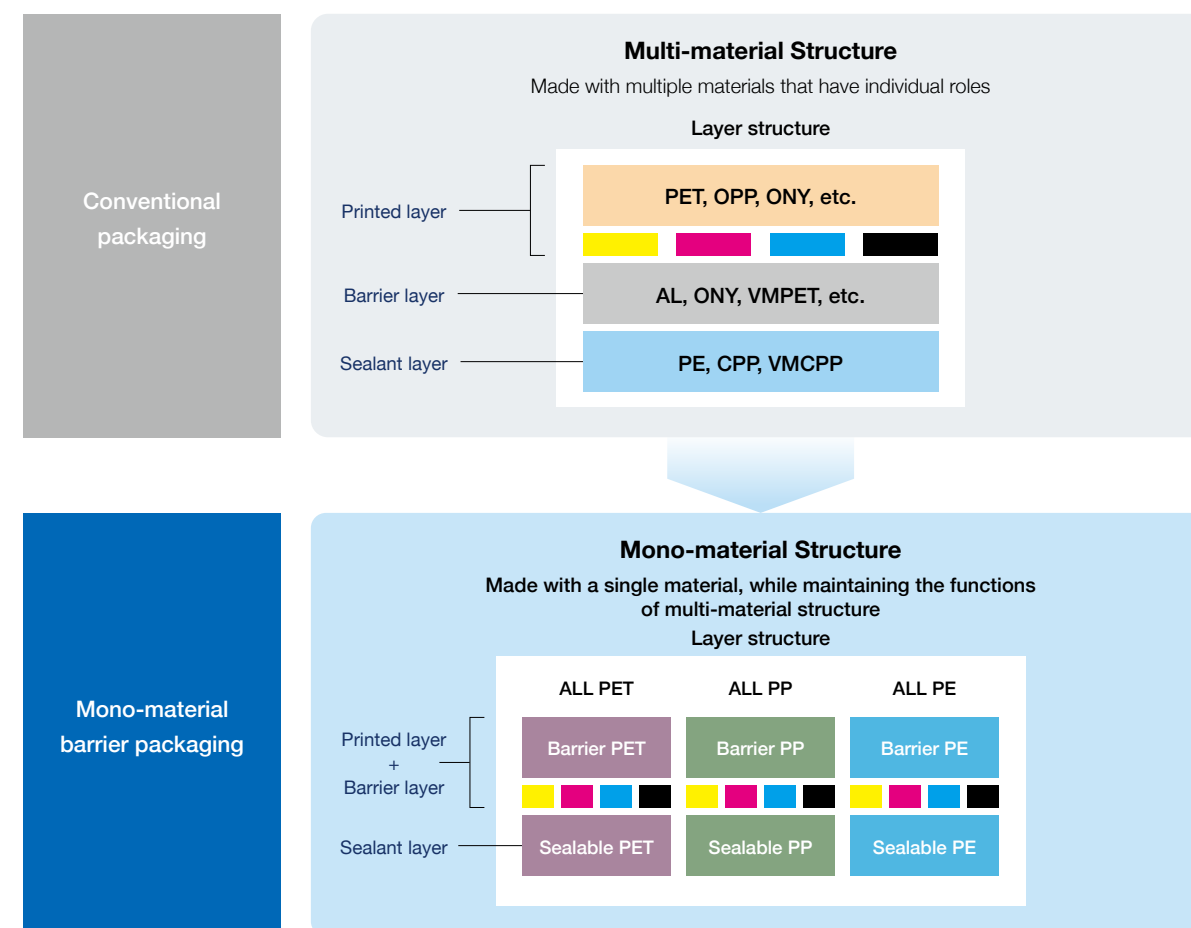
Developing Mono-material Packaging with GL BARRIER

With the conventional multi-material approach, packaging (flexible materials) for food, toiletries, and other products is made of multiple films with individual roles, such as barrier performance and strength. For each layer, the optimal material is selected from the perspectives of function and cost, and the resulting product is provided as packaging. However, this multi-material packaging is difficult to recycle because the materials have to be separated, and that difficulty has been a focus of attention in recent years in Europe, which has a high level of environmental consciousness. In addition, although aluminum foil has the highest level of barrier performance, its use makes recycling more difficult. In this setting, the packaging industry faces an urgent task—developing mono-material packaging that does not use aluminum foil, has excellent barrier performance, and is easy to recycle.

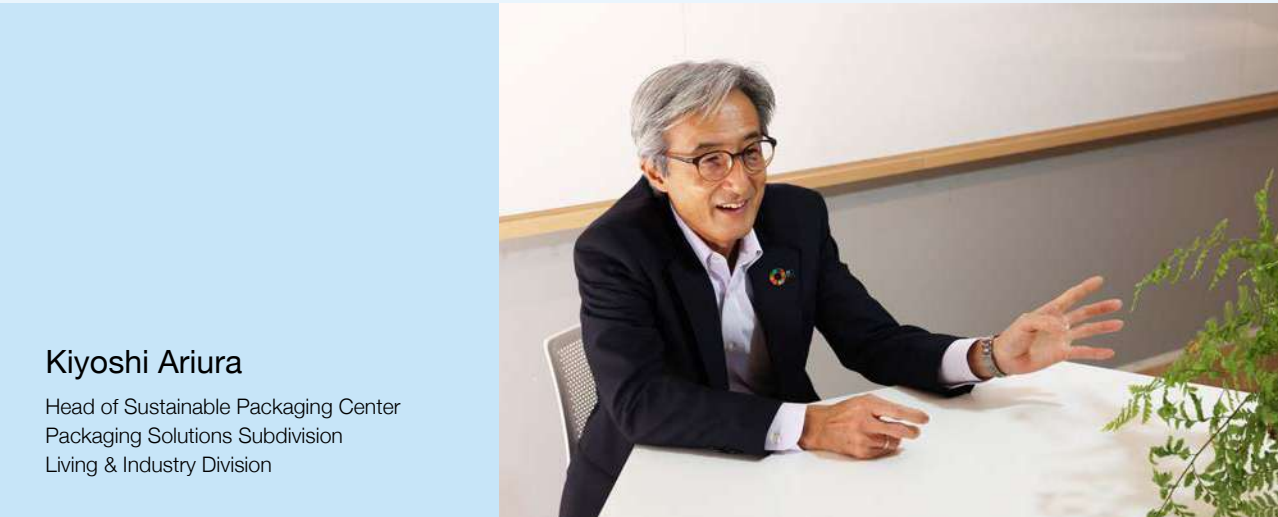
Toppan's GL BARRIER is a transparent barrier film that has excellent barrier performance equivalent to that of aluminum foil. It uses such materials as PET and olefin* as the base material and combines them with vapor deposition and coating layers developed by Toppan. By combining GL BARRIER with a sealant layer of the same material that provides functions such as strength, Toppan has developed mono-material barrier packaging that provides excellent barrier performance and, because it is made from one material, is recycling-friendly. The commercialization of this product is moving forward, centered on food packaging.

* Unsaturated hydrocarbon compounds, such as polyethylene and polypropylene

Development of Mono-material Packaging



Initiatives at the Sustainable Packaging Center



Kiyoshi Ariura
Head of Sustainable Packaging Center
Packaging Solutions Subdivision
Living & Industry Division

Background to the Establishment of the Sustainable Packaging Center

The Sustainable Packaging Center was established in April 2021. Against a background of growing needs related to environmental issues, we consolidated units related to environmental initiatives in packaging, which had been dispersed around the Company, reinforced development and intellectual property departments, and launched the center as an organizational unit that covers all of Japan. The Sustainable Packaging Center highlights the best approach to the packaging business and uses the backcasting method to draw up specific development themes and to formulate sales strategies. In addition to proposing eco-friendly packaging to customers, the center provides support for environmental strategies. It also proposes solutions that leverage the Company's distinctive strengths in order to facilitate contributions to sustainable business activities.

Targeting the Adoption of Mono-material Packaging

Activity in the area of mono-material packaging began to pick up from around 2018, centered on the European market, and that trend is also spreading in Japan. On the other hand, looking at the current circumstances in Japan, the legal obligations regarding recycling and the establishment of recycling frameworks are still not adequate. In addition, from the perspective of costs, there are many issues regarding the adoption of mono-material packaging.

To promote the spread of mono-material packaging, it will be necessary to make proposals to client companies and educate consumers. Many environmental measures, such as

promoting the use of recycled materials, entail costs. However, Toppan aims to be a company that creates social value, and going forward we will have an important role in creating and providing value that exceeds those costs; making broad appeals to society as a whole, including consumers; and taking steps to foster understanding. From my perspective as someone who has worked in sales for many years, I will strive to support the provision of new products and a variety of sustainability-related information, with a focus on client companies and industries, and on the consumers that they serve.

Evaluating the Environmental Impact of Sustainable Packaging through LCA*

Toppan believes it is important to quantitatively visualize and communicate the value created by sustainable packaging. The Company developed SmartLCA-CO₂TM, a system for automated calculation of CO₂ emission volume for individual products across the entire package life cycle. The Sustainable Packaging Center has a central role in these initiatives. Operation of SmartLCA-CO₂TM started with the Gunma Central Plant (Ora, Gunma Prefecture), and the Company uses it in proposals to customers for the reduction of CO₂ emissions. Going forward, Toppan will take steps to continue to improve the system, such as enhancing our understanding of the relationship between environmental impact and product costs.

* LCA: Life Cycle Assessment. A method for quantitative assessment of resources input and environmental impact of emissions across the entire life cycle of a product, from raw materials (resource extraction to raw material manufacture) to product manufacture, use, recycling, and disposal.

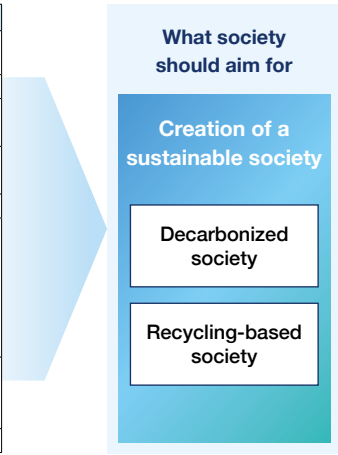
TOPIC 2

Toppan's Sustainable Packaging: Addressing a Variety of Environmental Issues and Needs

Toppan defines sustainable packaging as eco-friendly packaging that leads to such outcomes as reductions in CO₂ emissions and the use of plastic. Through these products, Toppan is contributing to the resolution of environmental issues faced by customers and society as a whole. We have set targets for sustainable packaging as a percentage of total packaging business sales of 50% in fiscal 2025 and 100% in fiscal 2030.

Sustainable Packaging Lineup

Environmental issue	Approach	Principal lineup
Reduction of CO ₂ emissions	Moving away from the use of aluminum	GL BARRIER
	Using recycled materials	Mechanically recycled PET
	Optimizing production methods	ECOLUSTER®
	Optimizing transportation efficiency	Water-based flexographic printing
	Microwave oven compatibility	EP-PAK TL-PAK®
Reduction of plastic consumption	Moving toward the use of paper	Paper barrier Paper pouch (GL BARRIER lamination specifications) Cube Pak® Microwavable Paper Tray / Pitatto Paper Tray Cartocan® Karutekku
	Reducing use	Tube-Pouch MAPKA®
Plastic recycling	Increasing suitability for recycling	Mono-material barrier packaging



Moving Away from the Use of Aluminum: GL BARRIER

In the field of food, the use of GL BARRIER contributes to long-term preservation, shelf-life extension, and reductions in food loss. GL BARRIER can be used in microwave ovens, and accordingly it can serve as an alternative to aluminum foil and substantially reduces CO₂ emissions.

Using Recycled Materials: Mechanically Recycled PET

Mechanically recycled PET is 80% recycled plastic, and in comparison with typical PET film, its CO₂ emissions during manufacturing are reduced by approximately 24%. Combinations of mechanically recycled PET and GL BARRIER make possible further reductions in emissions.



Optimizing Production Methods: ECOLUSTER®

This is a method for offset printing of folding cartons that combines oil-based biomass ink with water-based varnish. In comparison with UV offset printing, CO₂ emissions from the process of deriving ink from raw materials and the printing process are reduced by approximately 34%.



Moving Toward the Use of Paper: Cube Pak®

This paper pack has a high level of water resistance and can be used in wet conditions. In comparison with conventional plastic bottles, the amount of plastic used is reduced by approximately 55%.



Increasing Suitability for Recycling: Mono-material barrier packaging

Please refer to Topic 1
>> Page 35: Developing Mono-material Packaging with GL BARRIER

Message from an External Director



Working to support Toppan's rapid implementation of reforms in a straightforward manner

Ryoko Toyama
External Director

Evaluation of Corporate Governance

More than six years have passed since I became an external director. As an academic in the field of business administration, I am focusing not only on Toppan's current business fields but also on the Company's approach to future strategies. The key perspective is "what kind of future does Toppan want to create?"

Looking at Toppan's governance initiatives, the Company has done an excellent job in the areas of information sharing and information disclosure, where it has been working very

earnestly. In addition, the number of directors has been reduced, and as a result discussions at meetings of the Board have become more dynamic. I see this as a very positive development. Looking at future issues, if Toppan converts to a holding company structure, then the role of the Board of Directors will also need to change, and one issue will be how to handle Toppan's wide range of businesses without engaging in micromanagement.

Growth-Oriented Investment and Global Management

The management environment is currently undergoing dramatic change. To adapt to the speed of this change and target sustainable growth, Toppan will likely face a growing need for aggressive M&A and venture capital investments. For those initiatives, the Company will need to clarify the purpose of its investments and then focus on growth from a long-term perspective. In addition, for M&A initiatives, I think it will also be necessary to carefully monitor the post-acquisition integration process.

There is no question that Toppan's future growth depends on its success in global markets, and the Company will have to aggressively capture growth opportunities in those markets. Of course, countries and regions present a wide range of

country risks, and when international political circumstances are unstable, as they are currently, then unexpected risks can arise rapidly. In that sense, I think that the question of how to weigh risks versus opportunities involves extremely difficult decisions.

There is still a tendency within the Company to focus on domestic business, and the idea that "overseas business should be left to the people responsible for it" has not yet been completely set aside. The process of globalization also involves the elimination of the boundaries between "domestic" and "international." Going forward, there will likely be a need for business management that takes a global approach, rather than an overseas perspective.

Management for the Future

The first thing I would like to see from the Company's executives in the future is increased speed in management. Over the past several years, Toppan has changed significantly, but it is a large company, and I sense that there are also areas in which reforms are taking some time. Toppan will need to further increase the speed of its reforms, so that it is not left behind by the changes in the operating environment.

The second is further action in the area of corporate social responsibility. Toppan is taking a very serious approach to sustainability management, even in comparison with other Japanese companies. That approach earned Toppan the highest rating in the climate change category in the 2021 CDP survey. As an external director, I attend meetings of the ESG Management Promotion Committee, which is an important venue for sharing information and aligning understanding. There are many things that I have learned. Going forward, I would like to see the Company further reinforce its sustainability initiatives.

Also, my expectations in regard to sustainability include the steady achievement of the targets and plans that have been established. Toppan has ambitious targets that will not be easy to achieve, but challenging targets are the seeds of innovation. I would like to see the Company innovate to make steady progress in the realization of its targets and plans. I also think the Company should change its approach to sustainability management initiatives. These should evolve from "something that has to be done" to "something that people want to do" or "something that is fun to do." When things have to be done, human beings tend to not continue them for very long. I think that sustainability management initiatives truly become sustainable activities when employees start to want to implement them.

My sense is that Toppan takes an earnest approach to everything it does. Currently, the Company is in the middle of a transformation into a leading provider of solutions to social issues worldwide through DX and SX. I would like to see Toppan rapidly implement reforms in the Company's typical straightforward manner.

Directors and Audit & Supervisory Board Members

As of June 29, 2022

Directors



Shingo Kaneko

Chairman & Representative Director

1973 Joined Toppan
2003 Director, Head of Commercial Printing Subdivision, Commercial Printing Division
2006 Managing Director, Head of Corporate Planning Division and Overseeing Management Audit Office and Business Innovation Division
2008 Senior Managing Director, Head of Corporate Planning Division and Overseeing Management Audit Office, Public Relations Division, Business Innovation Division, and Legal Affairs Division
2009 Representative Executive Vice President, Overseeing Sales, Management Audit Office, Public Relations Division, Corporate Planning Division, Cultural Project Division, Personnel & Labor Relations Division, and International Division
2010 President & Representative Director
2019 Chairman & Representative Director



Hideharu Maro

President & Representative Director

1979 Joined Toppan
2009 Director, Deputy Head of Kansai Division
2012 Managing Director, Head of International Division
2016 Senior Managing Director, Head of Corporate Planning Division and Overseeing Educational ICT Business Development Division
2018 Executive Vice President & Representative Director, Overseeing Corporate Planning Division, Business Development & Research Division, Manufacturing Management Division, and Information & Communication Technology Management Division
2019 President & Representative Director



Shinichi Ohkubo

Executive Vice President & Representative Director

1975 Joined Toppan
2005 Director, Head of Personnel & Labor Relations Division
2009 Managing Director, Head of Personnel & Labor Relations Division, Overseeing Secretary Office, and Legal Affairs Division
2014 Senior Managing Director, Head of Personnel & Labor Relations Division and Overseeing Secretary Office, Public Relations Division, Legal Affairs Division, and Cultural Project Division
2019 Director & Executive Vice President, Head of Personnel & Labor Relations Division and Overseeing Secretary Office and Legal Affairs & Intellectual Property Division
2020 Executive Vice President & Representative Director, Head of Personnel & Labor Relations Division and Overseeing Secretary Office and Legal Affairs & Intellectual Property Division
2022 Executive Vice President & Representative Director, Overseeing Secretary Office, Personnel & Labor Relations Division, Legal Affairs Division, and Public Relations Division



Kazunori Sakai

Director & Senior Managing Executive Officer

1985 Joined Toppan
2014 Director, Head of Chubu Division
2018 Director & Managing Executive Officer, Head of Corporate Planning Division
2021 Director & Senior Managing Executive Officer, Overseeing Corporate Planning Division, Global Governance Division, Information Security Division, Digital Innovation Division, Education Business Development Division, and Sports Business Development Office
2022 Director & Senior Managing Executive Officer, Overseeing Corporate Planning Division, Group Management Strategy Office, Global Business Division, Information Security Division, Digital Innovation Division, and Education Business Development Division



Takashi Kurobe

Director & Managing Executive Officer

1986 Joined Toppan
2017 Executive Officer, Head of Accounting Department, Consolidated Accounting Department, and Financial Planning Department, Finance & Accounting Division
2018 Director & Executive Officer, Head of Finance & Accounting Division
2021 Director & Managing Executive Officer, Head of Finance & Accounting Division
2022 Director & Managing Executive Officer, Head of Finance & Accounting Division and Overseeing Global Governance Division



Hironori Majima

Director & Executive Officer

1987 Joined Toppan
2016 Executive Officer, Head of Information & Communication Manufacturing Subdivision, Information & Communication Division
2020 Executive Officer, Deputy Head of Information Media Subdivision and Head of Information & Communication Manufacturing Management Department, Information & Communication Division
2021 Director & Executive Officer, Head of Manufacturing Management Division



Masatoshi Hagiwara

Senior Audit & Supervisory Board Member

1982 Joined Toppan Bureau of Engraving Co., Ltd.
1985 Joined Toppan
2004 General Manager, General Affairs Department, Packaging Division
2007 Managing Director, Toppan Human Information Services Co., Ltd.
2011 General Manager, Personnel Department, Personnel & Labor Relations Division, Toppan
2018 Executive Officer, Personnel Department, Personnel & Labor Relations Division
2021 Managing Executive Officer, Personnel Department, Personnel & Labor Relations Division
2022 Senior Corporate Advisor, Overseeing Personnel Department, Personnel & Labor Relations Division
2022 Senior Audit & Supervisory Board Member



Itaru Kubozono

Audit & Supervisory Board Member

1991 Joined Toppan
2012 General Manager, Accounting Department, Finance & Accounting Division
2015 General Manager, Finance Department, Finance & Accounting Division
2018 General Manager, Accounting Department, Living & Industry Division
2019 General Manager, Finance & Accounting Division
2019 Audit & Supervisory Board Member

External Directors



Yoshinobu Noma

External Director

1991 Joined Mitsubishi Bank, Ltd.
1999 Joined Kodansha Ltd. as Director
2003 Managing Director, Kodansha Ltd.
2004 Executive Vice President, Kodansha Ltd.
2010 External Director, Toppan (to present)
2011 Representative Director and President, Kodansha Ltd. (to present)



Ryoko Toyama

External Director

1998 Associate, Japan Advanced Institute of Science and Technology
2001 Associate Professor, Japan Advanced Institute of Science and Technology
2008 Visiting Professor, Japan Advanced Institute of Science and Technology (to present)
Professor, Chuo Graduate School of Strategic Management (to present)
2016 External Director, Toppan (to present)



Mieko Nakabayashi

External Director

1993 Aide, United States Senate Committee on the Budget (U.S. public official/Republican Party)
2002 Researcher, Research Institute of Economy, Trade and Industry (RIETI)
2006 Associate Professor, Faculty of Management, Atomi University
2007 Member, Fiscal System Council, Ministry of Finance
2009 Member of the House of Representatives
2013 Associate Professor, Center for International Education, Waseda University
2015 Director, Society of Global Business
2017 Professor, School of Social Sciences, Faculty of Social Sciences, Waseda University
2018 Distinguished Fellow, The Maureen and Mike Mansfield Foundation (to present)
2020 External Director, Toppan (to present)
2021 President, Society of Global Business (to present)
2022 Professor, Center for International Education, Waseda University (to present)

External Audit & Supervisory Board Members



Keiko Kakiuchi

External Audit & Supervisory Board Member

1998 Registered as attorney
Joined Miyahara Suda & Ishikawa Law Firm
2003 Joined Kasahara Law Office
2012 Established Ryowa Sogo Law Office
2016 External Audit & Supervisory Board Member, Toppan (to present)



Haruo Kasama

External Audit & Supervisory Board Member

1974 Appointed as Public Prosecutor
2009 Superintending Prosecutor, Hiroshima High Public Prosecutors Office
2010 Superintending Prosecutor, Tokyo High Public Prosecutors Office
2012 Retired from Public Prosecutors Office
2018 External Audit & Supervisory Board Member, Toppan (to present)



Teruhiko Kawato

External Audit & Supervisory Board Member

1976 Secretary, Board of Audit of Japan
2008 Director General, 3rd Bureau, Board of Audit of Japan
2010 Secretary General, Board of Audit of Japan
2013 Commissioner, Board of Audit of Japan
2013 President, Board of Audit of Japan
2018 Retired from Board of Audit of Japan
2018 Advisor, Board of Audit of Japan (to present)
2022 External Audit & Supervisory Board Member, Toppan (to present)

Note: External directors Ryoko Toyama and Mieko Nakabayashi and external audit & supervisory board members Keiko Kakiuchi, Haruo Kasama, and Teruhiko Kawato are designated as independent officers because it is deemed that adequate independence from the Company's Board of Directors is ensured on account of there being no risk of conflicts of interest with general shareholders due to the fact that they do not receive monetary amounts or other assets from the Company other than officers' compensation and that they are not major shareholders of the Company or responsible for the execution of the operations of major business partners. Further, external director Yoshinobu Noma is the representative director and president of Kodansha Ltd., which contracts the Company to perform printing processing and other operations. In light of the Independence Standards for External Officers of Toppan Inc., established by the Company, and the criteria stipulated by the Tokyo Stock Exchange, the Company has confirmed that the appointment of Mr. Noma as an independent director would not be an issue. Sales from Kodansha Ltd. in the past three fiscal years accounted for less than 0.5% of the Group's consolidated net sales.

Skill Matrix of Directors and Audit & Supervisory Board Members

As of June 29, 2022

Directors

Name	Position	Number of years in office	Number of shares of Company stock held (as of the end of May 2022)	Main experience and specialty										Member of Advisory Committee for Nomination and Remuneration	Independent officer	Attendance at meetings of the Board of Directors (FY2022.3)		Attendance at meetings of the Audit & Supervisory Board (FY2022.3)	
				Corporate management	Finance / Accounting	Sales / Marketing	Internationality	Personnel / Labor relations	Environmental / Social	Legal affairs / Risk management	Digital / IT	Manufacturing	Knowledge of other companies			Number of times attended	Number of times meetings held	Number of times attended	Number of times meetings held
Shingo Kaneko	Chairman & Representative Director	3	120,286	●		●			●		●		●	●		18	18	—	—
Hideharu Maro	President & Representative Director	3	68,309	●		●	●				●	●		●		18		—	
Shinichi Ohkubo	Executive Vice President & Representative Director	2	104,714	●				●	●	●						18		—	
Kazunori Sakai	Director	3	26,219	●		●	●	●			●					18		—	
Takashi Kurobe	Director	4	14,689	●	●		●									18		—	
Hironori Majima	Director	1	9,664	●					●		●	●				14	14 (Appointed June 29, 2021)	—	—
Yoshinobu Noma	Director (External)	12	34,543	●	●	●							●	●	●	18	18	—	
Ryoko Toyama	Director (External)	6	0	●		●	●						●	●	●	18		—	
Mieko Nakabayashi	Director (External)	2	0		●		●		●					●	●	18		—	

Audit & Supervisory Board Members

Name	Position	Number of years in office	Number of shares of Company stock held (as of the end of May 2022)	Main experience and specialty										Member of Advisory Committee for Nomination and Remuneration	Independent officer	Attendance at meetings of the Board of Directors (FY2022.3)		Attendance at meetings of the Audit & Supervisory Board (FY2022.3)	
				Corporate management	Finance / Accounting	Sales / Marketing	Internationality	Personnel / Labor relations	Environmental / Social	Legal affairs / Risk management	Digital / IT	Manufacturing	Knowledge of other companies			Number of times attended	Number of times meetings held	Number of times attended	Number of times meetings held
Masatoshi Hagiwara	Senior Audit & Supervisory Board Member	—	8,755	●				●								—	— (Appointed June 29, 2022)	—	— (Appointed June 29, 2022)
Itaru Kubozono	Audit & Supervisory Board Member	3	5,705	●	●											16	18	15	16
Keiko Kakiuchi	Audit & Supervisory Board Member (External)	6	0						●	●			●	●	●	18		16	
Haruo Kasama	Audit & Supervisory Board Member (External)	4	0						●	●			●		●	17		15	
Teruhiko Kawato	Audit & Supervisory Board Member (External)	—	0		●				●	●					●	—	— (Appointed June 29, 2022)	—	— (Appointed June 29, 2022)

Corporate Governance

Corporate Governance System and Approach

Toppan employs an Audit & Supervisory Board system.

As a body that assumes management responsibility on behalf of shareholders, the Board of Directors sustains the Company's growth and enhances medium-to-long-term corporate value while making important decisions on business management and supervising directors' execution of duties. Audit & supervisory board members and the Audit & Supervisory Board, of which a majority of the members are independent external audit & supervisory board members, supervise directors' execution of duties from a position that is independent of business management. Further, to heighten the objectivity and transparency of personnel matters and compensation related to

directors, the Company has established an Advisory Committee for Nomination and Remuneration of Directors. The Company has also adopted an executive officer system to further clarify the authority and responsibilities of officers who execute duties.

Based on the Related Company Administration Regulations, which serve to promote fair management practices internally, Toppan will conduct business management through mutual collaboration within the Group and implement governance aimed at maximizing the value of the entire Group.

With a view to realizing better corporate governance that contributes to our sustained growth and enhances corporate

value over the medium to long term, we established the Basic Policy on Corporate Governance of Toppan Inc. at a meeting of the Board of Directors convened on November 26, 2015. In establishing this policy, we gave due consideration to the

intention and spirit of the principles of Japan's Corporate Governance Code. Part of this policy was revised at a meeting of the Board of Directors on December 9, 2021.



Corporate Governance Policy

<https://www.toppan.com/en/ir/governance/governance-policy.html>

■ Directors, Board of Directors, and Various Meetings

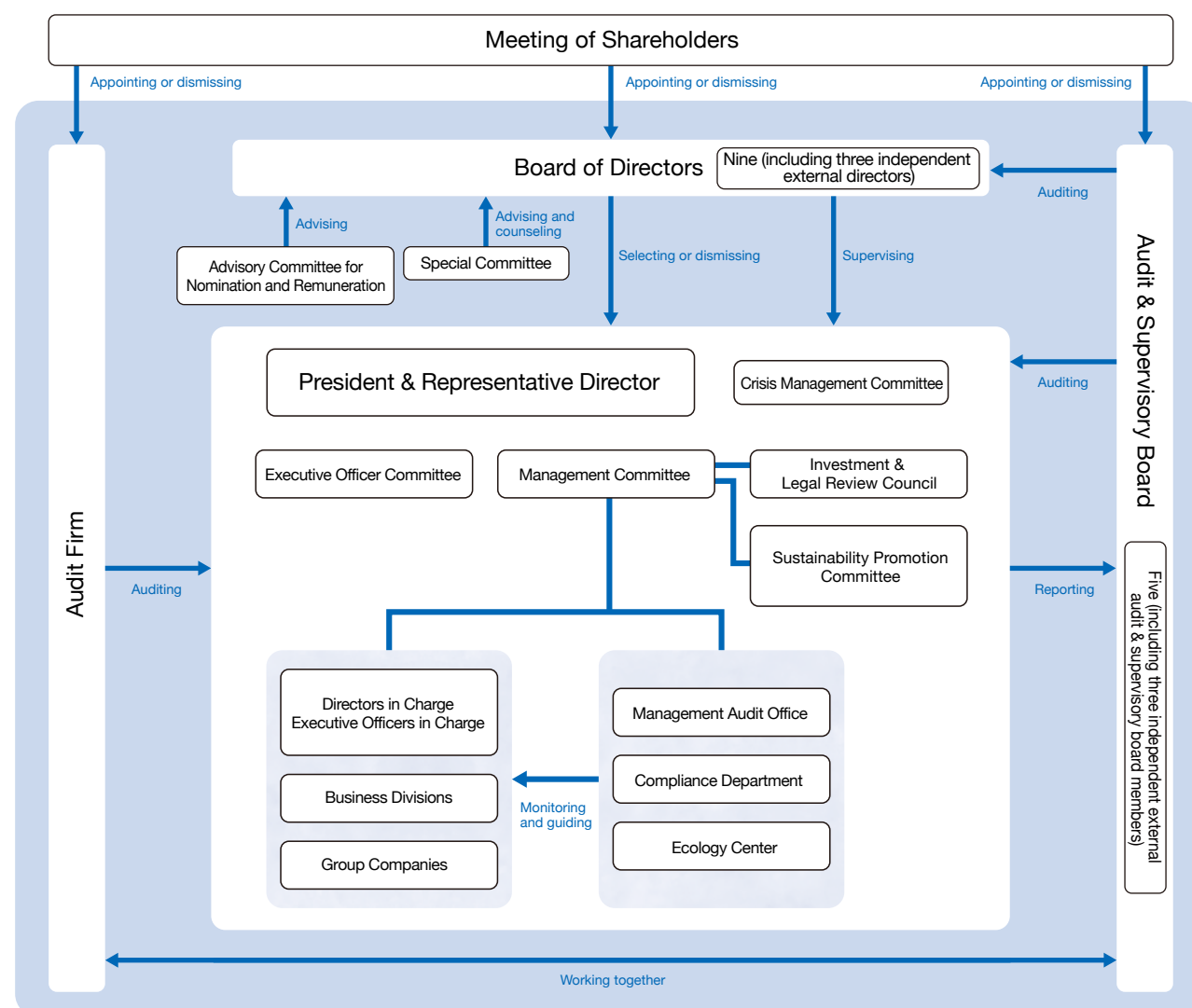
The Company's Articles of Incorporation stipulate that the Company shall have not more than 15 directors, and that resolutions for appointment of directors shall be adopted by a majority of the votes of the shareholders present who hold one-third or more of the voting rights of the shareholders entitled to vote.

As of June 29, 2022, the Board of Directors comprises nine directors, including three external directors. Based on a resolution of the Board of Directors on April 27, 2016, Toppan introduced an executive officer system with a view to establishing a flexible business management system able to respond rapidly and precisely to changes in business conditions and to clarifying further the authority and responsibilities of officers who execute duties. In addition to executive officers who serve concurrently as directors, there are 33 executive officers who do not serve concurrently as directors.

In principle, ordinary meetings of the Board of Directors are held once per month and decisions are made in accordance with the Regulations of the Board of Directors. The Board receives reports from directors and supervises business execution. With consideration for the urgency of matters, in addition to ordinary meetings the Board holds extraordinary meetings as required. In the fiscal year ended March 31, 2022, the Board of Directors convened 18 times.

Comprising directors and others appointed by the President & Representative Director, the Management Committee conducts preliminary deliberation of matters that will be presented to the Board of Directors. In addition, the Committee makes certain decisions and makes management judgments in a manner that reflects an awareness of management efficiency. In the fiscal year ended March 31, 2022, the Management Committee convened 19 times.

Corporate Governance Structure (As of June 29, 2022)



■ Audit & Supervisory Board Members and Audit & Supervisory Board

Toppan has five audit & supervisory board members, including three external audit & supervisory board members. In accordance with the audit standards determined by the Audit & Supervisory Board, audit & supervisory board members attend important meetings, such as meetings of the Board of Directors, the Management Committee, and the Investment & Legal Review Council, as well as divisional executive meetings held by business divisions, and other meetings. In addition, audit & supervisory board members exchange opinions with the representative directors, receive reports from directors and others regarding the status of execution of their duties, view important documents, such as those related to approvals, and request business reports from consolidated subsidiaries. Through these and other methods, the audit & supervisory board members conduct audits and supervise and audit management.

Full-time audit & supervisory board members attend executive meetings in Japan and overseas and also conduct site visits and interviews at research facilities, plants, sales offices, and other facilities. In these ways, the full-time audit &

supervisory board members have worked to ascertain the status of business execution. In the fiscal year ended March 31, 2022, in addition to site visits, other initiatives included the implementation of remote auditing using the internet. To monitor the status of Group governance and to confirm the operational status of internal control, regular meetings involving audit & supervisory boards from Group companies are held, and information and opinions are exchanged.

In principle, the Audit & Supervisory Board meets once per month, and extraordinary meetings are held as required. The Audit & Supervisory Board determines matters such as audit plans and division of duties, and receives reports from audit & supervisory board members regarding the status and results of the implementation of audits. In addition, the Audit & Supervisory Board receives reports from directors, executive officers, internal audit sections, and the audit firm regarding the status of execution of duties, and requests explanations as required. In the fiscal year ended March 31, 2022, the Audit & Supervisory Board met 16 times.

Corporate Governance

Internal Auditing

To increase the soundness of management, the Company has established the Management Audit Office, which is independent from business departments. The office conducts audits at operational sites and plants, including those of consolidated subsidiaries, centered on management audits and operations audits. As of March 31, 2021, the Management Audit Office had 22 people engaged in audits. Management audits verify and evaluate consistency with management targets and whether necessary and sufficient risk control is being

implemented, with an emphasis on processes. Operations audits verify and evaluate compliance with laws, regulations, and Company rules; mechanisms for the prevention of misconduct; and whether there are issues with efficiency or accuracy. Recommendations for improvement are made when needed. In addition, the Management Audit Office reports the results of these audits to the representative directors, other relevant directors, and audit & supervisory board members of the Company and subsidiaries as required.

External Directors and External Audit & Supervisory Board Members

We believe that appointing external directors and external audit & supervisory board members with a high degree of independence from the Board of Directors is important for sound governance. In accordance with this approach, from the perspective of strengthening the supervisory function of the Board of Directors, we aim to ensure that the three external directors and the three external audit & supervisory board members we appoint are sufficiently independent of the Board of Directors. To this end, the Company confirms that they do not receive monetary amounts or other assets from the Company other than compensation as officers, are not responsible for the execution of the operations of major business partners, and are not major shareholders of the Company.

With respect to assessments of independence, we clarified standards for assessing the independence of external directors and external audit & supervisory board members by establishing the Independence Standards for External Officers of Toppan Inc. through a resolution of the Board of Directors on November 26, 2015. The Company bases assessments of the independence of external directors and external audit & supervisory board members on these standards and the standards

of the Tokyo Stock Exchange. Details of our standards are available on our website.

 [Corporate Governance Policy
https://www.toppan.com/en/ir/governance/governance-policy.html](https://www.toppan.com/en/ir/governance/governance-policy.html)

External directors Yoshinobu Noma, Ryoko Toyama, and Mieko Nakabayashi and external audit & supervisory board members Keiko Kakiuchi, Haruo Kasama, and Teruhiko Kawato are independent officers pursuant to the standards of the Tokyo Stock Exchange.

In addition, we have established a system to support external officers. External directors exchange information and opinions with other directors as required, and the president's office provides external directors with information from inside and outside the Company. External audit & supervisory board members receive internal and external information from other audit & supervisory board members and their dedicated personnel, as required, and exchange information and opinions with other audit & supervisory board members.

Evaluation of the Board of Directors

To ensure the Board of Directors executes duties appropriately and effectively, the Company's Basic Policy on Corporate Governance calls for an annual analysis and evaluation of the

effectiveness of the Board of Directors and for the disclosure of a summary of the results. A summary of the results of the evaluation conducted in March 2022 is as follows.

1 Evaluation Method

With respect to the effectiveness of the Board of Directors, the Audit & Supervisory Board surveyed and received responses from all nine directors and five audit & supervisory board

members in relation to 1) the role of the Board of Directors, 2) the composition of the Board of Directors, and 3) the administration of the Board of Directors.

2 Summary of Evaluation Results

- With regard to 1) the role of directors, the results indicated there is a need for further enhancement of the disclosure of non-financial information, while significant improvement was seen in regard to "constructive dialogue regarding matters such as management strategies and management plans."
- Concerning 2) the composition of the Board of Directors, the results indicated there is room for further improvement in the administration of discretionary advisory committees, while there was a large number of responses that evaluated the

composition of the Board of Directors positively due to its significant revision in the previous year.

- With respect to 3) the administration of the Board of Directors, there was substantial improvement in evaluations, with respondents noting that Board meetings had become a venue for open discussions due to changes in the composition of the Board. In addition, there were opinions recommending the continued implementation of reviews, aiming for further improvement.

Succession Planning

With consideration for the management philosophy and management strategy, the Board of Directors has positioned the selection of the chief executive officer and other executives, including representative directors, and the development of their successors, to be important decisions for the sustainable

growth of the Group and for enhancement of corporate value over the medium to long term. The Board has formulated and is implementing a succession plan, which has the following objectives.

Objectives of Succession Planning

- Maintaining and enhancing organizational competitiveness by systematically developing personnel assigned to important posts (posts requiring people with considerable experience and capabilities)
- By pooling leadership candidates, implementing rapid human resource allocation that can accommodate changes in the business environment
- Rapidly appointing successors when important posts are unfilled due to unforeseen circumstances
- Enhancing the awareness of current senior management regarding the development of successors
- Giving concrete shape to the formulation and implementation of succession plans as called for by the Corporate Governance Code and making those plans a part of initiatives to strengthen governance

Through these initiatives, we will work to achieve sustainable company growth and management stability.

Remuneration of Officers

■ Advisory Committee for Nomination and Remuneration of Directors

A resolution of the Board of Directors on May 26, 2016, established the Advisory Committee for Nomination and Remuneration of Directors. Through this committee, the Company aims to further enhance the transparency and objectivity of decision-making processes regarding the nomination and remuneration of directors. Furthermore, external directors meeting the requirements of the Independence Standards for External Officers must make up a majority of the committee. This number must be higher than the number of members who are internal directors or internal audit & supervisory board members. In addition, external audit & supervisory board

members who meet the Independence Standards for External Officers can also be included. The committee comprises two internal directors, three independent external directors, and one independent external audit & supervisory board member as of June 29, 2022. The role of this advisory committee is to examine proposals relating to the nomination and remuneration of directors, including representative directors, and to provide recommendations that the Board of Directors or persons entrusted by the Board of Directors should refer to when deciding on these proposals.

(1) Matters related to policy on determining the amount of and calculation method for the remuneration of officers overall

The Company's remuneration of officers comprises fixed compensation and performance-linked bonuses, both of which are monetary amounts, as well as restricted-stock compensation. The policy for determining remuneration of officers is decided by resolution of the Board of Directors. Meanwhile, the Board of Directors has passed a resolution entrusting the President & Representative Director with respect to the individual remuneration of respective directors. With reference to this resolution, the President & Representative Director determines individual remuneration. The Board determined that the most logical and appropriate practice is to have the President & Representative Director, who supervises all aspects of Company management, evaluate the performance and competence of directors and decide their individual remuneration.

A resolution of the 175th Ordinary General Meeting of Shareholders, convened on June 29, 2021, set an annual limit of ¥1.4 billion for the total remuneration of directors, including a limit of ¥100 million for external directors. The total remuneration of directors to which this resolution refers does not include their employee salaries. At the time of the resolution there were nine directors, of whom three were external directors. In regard to the amount of restricted stock compensation, in accordance with a resolution of the 173rd Ordinary General Meeting of Shareholders, convened on June 27, 2019, the total amount of monetary compensation credits paid under this system shall be up to ¥300 million per year. (However, this excludes the employee salary portion of directors concurrently serving as employees.) A resolution of the 164th Ordinary General Meeting of Shareholders, convened on June 29, 2010, set an annual limit of ¥180 million for the total remuneration of audit & supervisory board members.

The fixed compensation, performance-linked bonuses, and

restricted-stock compensation are determined within the limits set by these resolutions. In regard to the proportion of each type of compensation for directors, excluding external directors, the standard is 7:2:1 for fixed compensation, performance-linked bonuses, and restricted-stock compensation, and decisions are made with comprehensive consideration of such factors as levels of compensation at other companies, in line with roles and responsibilities. The compensation of external directors, who are responsible for the supervisory function, is limited to fixed compensation, taking into account their duties.

The Advisory Committee for Nomination and Remuneration of Directors examines the policy for determining remuneration and individual remuneration and submits a recommendation to the President & Representative Director. The President & Representative Director determines remuneration based on due consideration of the advisory committee's recommendations.

Fixed compensation

The Company establishes standard compensation for each position in light of each director's influence on the Group's business management and the scope of responsibilities. Based on this standard compensation, fixed compensation is revised each fiscal year. Under this system, even among directors holding the same level positions, it is possible to revise fixed compensation to a certain extent to reflect the achievements or the degree of contribution to business management of respective individuals in the previous fiscal year. The remuneration of audit & supervisory board members is determined through consultation among audit & supervisory board members and is within total remuneration determined by a resolution of the general meeting of shareholders.

Performance-linked compensation

In terms of performance-linked bonuses, the Company has established a system that uses certain indicators to link compensation to the business performance of each fiscal year, in order to increase short-term performance and corporate value. The evaluation indicator primarily used is year-on-year percentage growth in consolidated operating profit. To appropriately reflect individual directors' degrees of contribution to business performance, comprehensive consideration from the perspective of investment efficiency is also given to such factors as levels of achievement of targets in the TOPPAN SDGs STATEMENT and of targets for the consolidated operating profit of each business segment.

Restricted-stock compensation system

In regard to restricted-stock compensation, the system allocates restricted stock to the Company's directors other than the external directors (hereinafter, "eligible directors"), with the aim of providing further incentive to strive for sustained enhancement of corporate value and driving greater sharing of value with shareholders.

The eligible directors pay all the monetary compensation credits received under the system (fixed amount by position) in the form of contribution in kind and in return receive shares of the Company's common stock through issuance or disposal by the Company.

The limit on the total number of the shares of common stock to be newly issued or disposed of by the Company

under the system is 300,000 shares per year. The amount per share to be paid by the eligible directors shall be determined by the Board of Directors, based on the closing price of the Company's shares of common stock at the Tokyo Stock Exchange on the business day immediately preceding the day when such resolutions are made by the Board of Directors regarding issuance or disposal (if there is no trading on the immediately preceding business day, the closing price of the immediately preceding trading day), within a range that is not particularly advantageous to the eligible directors receiving the shares of common stock.

The issuance or disposal of the shares of common stock of the Company under the system is conditional upon the Company and each eligible director that is to receive the payment of the restricted-stock compensation entering into an agreement on the allotment of restricted stock that includes the following terms; namely, (i) that the eligible director shall not transfer to a third party, collateralize, or otherwise dispose of the Company's shares of common stock that have been issued or disposed of under the system during a given period of time, and (ii) that the Company shall automatically acquire the shares without consideration if certain events occur.

Under the system, in addition to the eligible directors, the Company also pays, based on resolutions of its Board of Directors, similar restricted-stock compensation to the Company's executive officers who do not serve concurrently as directors and newly issues or disposes of the Company's shares of common stock.

Corporate Governance

(2) Total remuneration provided by the submitting company in each officer classification, total remuneration by type, and number of officers receiving remuneration

Officer classification	Total remuneration (¥ million)	Total remuneration by type (¥ million)			Number of officers receiving remuneration
		Fixed compensation	Performance-linked bonus	Restricted-stock compensation	
Directors (excluding external directors)	707	513	135	57	14
Audit & supervisory board members (excluding external audit & supervisory board members)	72	72	—	—	2
External directors and audit & supervisory board members	80	80	—	—	6

(3) Total consolidated remuneration received from the submitting company by officer

Name	Total consolidated remuneration (¥ million)	Officer classification	Company classification	Consolidated remuneration by type (¥ million)			
				Fixed compensation	Performance-linked bonus	Restricted-stock compensation	Retirement benefit
Shingo Kaneko	214	Director	Toppan Inc.	155	22	12	—
		Director	Toppan Forms Co., Ltd.	11	2	—	—
		Director	Tamapoly Co., Ltd.	7	2	—	—
Hideharu Maro	170	Director	Toppan Inc.	135	22	12	—

Note: Only officers receiving total consolidated compensation of ¥100 million or more have been included.

Approach to Group Management

■ Group Management: Approach and Policies

Our basic approach to Group management is to strive to raise the corporate value of the entire Group. To that end, centered on the resources and core competencies of Group companies, we leverage the Group's comprehensive strengths and work to create new value and contribute to the resolution of issues faced by customers and society. In addition, we work to

increase profitability by strengthening collaboration within the Group in a way that enables Group companies to demonstrate their competitiveness in their own fields, and by leveraging economies of scale in such areas as joint purchasing and effective use of assets.

Shareholdings

■ Classification of Investment Shares

The Company classifies shares that are held exclusively for the purpose of receiving profits through changes in share prices or from dividends related to shares as investment

shares held for the purpose of pure investment and classifies other shares as investment shares held for purposes other than pure investment.

■ Investment Shares Held for Purposes Other than Pure Investment

Details of policy, method of verifying rationale, and verification by the Board of Directors of the appropriateness of holding specific stocks

The Company's basic policy is to strategically hold shares that are deemed necessary for contributing to the enhancement of corporate value over the medium to long term or for strengthening business relationships and business collaboration as part of management strategy. In accordance with this policy, the Company re-examines the rationale of continuing to hold shares in light of comprehensive analysis from the

perspectives of business management and of value as investment assets—which includes consideration of whether the purpose of holding each stock is appropriate as well as whether the attendant holding benefits and risks are commensurate with the shareholding cost based on internal regulations—and in light of annual verification of holding rationale by the Board of Directors. Through disposal and other measures, the Company reduces holdings of stocks deemed to be no longer relevant or meaningful in light of the aforementioned considerations.

Number of Stocks and Amounts on the Balance Sheet

	Number of stocks	Total on the balance sheet (¥ million)
Unlisted shares	155	20,808
Stocks other than unlisted shares	145	377,719

Stocks for Which Number of Shares Increased in the Fiscal Year under Review

	Number of stocks	Total acquisition cost incurred due to the increase in the number of shares (¥ million)	Reason for increase in the number of shares held
Unlisted shares	14	1,248	Maintenance and strengthening of business relationship and business collaboration
Stocks other than unlisted shares	9	48	Maintenance and strengthening of business relationship and business collaboration

Stocks for Which Number of Shares Decreased in the Fiscal Year under Review

	Number of stocks	Total value of divestment related to the decrease in the number of shares held (¥ million)
Unlisted shares	8	671
Stocks other than unlisted shares	53	112,991

Corporate Governance

>> For further information, please refer to Sustainability Report 2022.

Compliance

■ Basic Approach

Legal compliance in business operations is an indispensable prerequisite for every corporation to fulfill its responsibilities to society. Global business initiatives are accelerating, and compliance-related risks are increasing. In this setting, Toppan believes that it is extremely important for all employees working at the Company to take a thorough approach to compliance.

In 2000, Toppan established the Conduct Guidelines, which set forth standards for behavior based on principles of legal compliance and the Corporate Philosophy. In 2010, we revised the guidelines into the Toppan Group Conduct Guidelines and expanded the scope of their application to include all Group

companies in Japan and overseas. In addition, the 2021 revision incorporates an SDGs perspective, including the achievement of a sustainable society, personnel diversity, and a rewarding work environment. By taking a thorough approach to the conduct guidelines, we are aiming to help shape a sustainable society. In accordance with the Toppan Group Conduct Guidelines, we are working to further enhance compliance on a Groupwide basis.

 [Toppan Group Conduct Guidelines](https://www.toppan.com/en/about-us/philosophy/conduct-guidelines.html)
<https://www.toppan.com/en/about-us/philosophy/conduct-guidelines.html>

■ Promotion Framework

The Company has established the Toppan Group Conduct Guidelines, which set out basic compliance regulations. We are working to secure legal compliance in employees' execution of duties by ensuring that all employees are informed about these guidelines.

To facilitate these efforts, the Company has established the Compliance Department in the Legal Affairs Division at the head office. This department coordinates with the legal affairs departments of Group companies and works to ensure

Groupwide compliance with laws and regulations and sound corporate ethics.

In addition, to foster the dissemination of the conduct guidelines at each workplace, the Company and its subsidiaries have introduced the Conduct Guidelines Promotion Leader system. Under the director in charge of Conduct Guidelines Promotion, in workplaces, the Conduct Guidelines Promotion Leaders are striving to disseminate and promote observance of the guidelines in daily operations.

■ Internal Reporting System

When a person at Toppan discovers a legal violation or improper conduct somewhere in the Group, they are to report it to their superior for deliberation as a basic rule. If their superior fails to resolve the problem, the person is encouraged to call the Toppan Group Helpline, the Group's internal reporting system. The helpline is open for use by all officers and employees (including dispatched staff and part-time workers) at Group companies (excluding listed corporations). By implementing strict compliance and promptly identifying and properly dealing with legal violations and improper acts, the Company is handling compliance in an appropriate manner. To establish

an environment in which this system is easier to use, in 2019 we revised the rules on internal reporting by adding a clause stipulating the establishment of three portals to receive reports: a "corporate portal" and "audit & supervisory board member portal" operated in-house, and an "external portal" operated by legal consultants. The three portals were opened for use on April 1, 2020.

Also, in May 2022, we implemented a revision in accordance with the Amended Whistleblower Protection Act, which took effect in June 2022.

■ Addressing Tax Compliance

In accordance with a basic approach of building relationships of trust with stakeholders, contributing to society, and enhancing corporate value by complying with the tax-related laws and regulations of each country and region and appropriately fulfilling its tax payment obligations, in March 2021 Toppan established the Toppan Group Tax Policy as a standard for making decisions about taxes.

Toppan will bolster efforts to ensure tax compliance and will strengthen tax-related corporate governance. In this way, Toppan will fulfill its corporate social responsibility through the appropriate payment of taxes and will strive for sustainable growth and increased medium-to-long-term corporate value.

 [Toppan Group Tax Policy](https://www.toppan.com/en/about-us/our-corporate-approach/tax-policy.html)
<https://www.toppan.com/en/about-us/our-corporate-approach/tax-policy.html>

>> For further information, please refer to Sustainability Report 2022.

Information Security

■ Basic Approach

Against a background of increasingly sophisticated IT and rapid digitalization, the threat of cyber-attacks has increased. This involves more than just leaks of information assets, including confidential information and personal information. It threatens the continuity of business operations.

Aiming to be a leading provider of solutions to global social issues, Toppan believes that the appropriate and secure management of information necessary for business will justify the trust of its customers and lead to ongoing business growth.

The Company recognizes that information security management is an important management issue.

Based on this approach, the Company has formulated the Toppan Group Basic Policy on Information Security, and in accordance with this policy comprehensive information security is implemented across the Group.

 [Toppan Group Basic Policy on Information Security](https://www.toppan.com/en/sustainability/social/security.html)
<https://www.toppan.com/en/sustainability/social/security.html>

■ Promotion Framework

Toppan has established the head office Information Security Division under the chief information security officer, and a specialist team has been set up to provide support in technical areas. The Information Security Division oversees the handling of information security at business divisions and Group companies and advances information security management while

also cooperating with external organizations.

Each business division and Group company appoints an information security manager. With the head office exercising overall control, the Group is working to address information security management in each organizational unit.

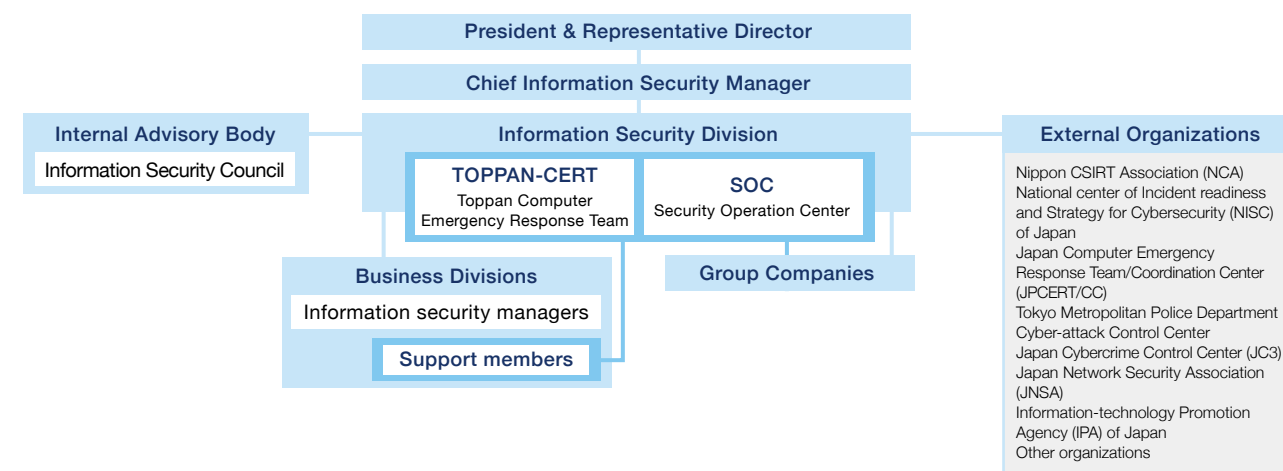
■ Information Security Management

Under the chief information security officer, the Information Security Division formulates overall information security plans and establishes and reviews rules and regulations. It convenes regular meetings with staff from business divisions and Group companies to share the details of information security policies and measures to be implemented. The Information Security Division also carries out regular audits

of business divisions and Group companies to check the quality of their information security management and recommend corrective measures or improvements.

The results of these activities are regularly reported to the chief information security officer. In addition, we have established a structure to ensure appropriate reporting and a prompt response when a security incident arises.

Information Security Promotion Structure



>> For further information, please refer to Sustainability Report 2022.

Risk Management

Basic Approach

The risks faced by corporations are diversifying and becoming more complex. These risks include changes in political and economic circumstances, environmental problems associated with climate change, increasingly sophisticated cyberattacks due to the progress of digitalization, and human rights issues, such as forced labor.

Toppan conducts business on a global basis, and from the perspective of implementing management strategies and business operations, the Company considers it extremely

important to precisely understand and appropriately manage these risks, as well as to prevent them from arising.

Toppan identifies significant risks through a risk assessment conducted once a year. In addition, the Company establishes countermeasures to prevent risks from arising. When a risk actually does arise, Toppan immediately collects information and takes comprehensive and strategic countermeasures through the Group's risk management structure.

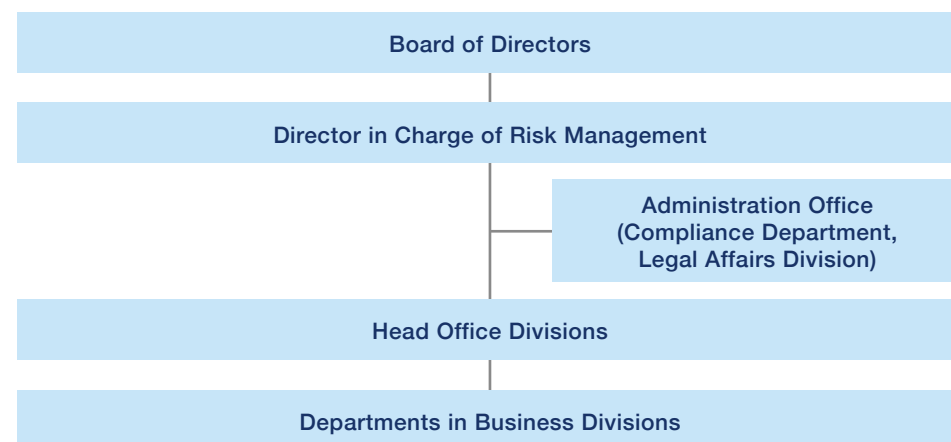
Promotion Framework

In making decisions about significant risks, consideration is given to the results of risk assessments conducted by business divisions and Group companies, as well as to such factors as social conditions and the possibility of risks arising from a medium-to-long-term viewpoint. Discussions are held by the Risk Management Working Group, which is a corporate ESG project established under the Sustainability Promotion Committee, and decisions are made with the approval of the committee. (Please refer to the Sustainability Promotion

Structure, on page 57.)

Under the risk management promotion structure, specific head office divisions are assigned responsibility for each type of risk, and relevant departments lead efforts to formulate response plans and implement thorough risk management. In addition, the status of those measures is periodically reported to the Board of Directors by the director in charge of risk management.

Risk Management Structure



Significant Risks (Fiscal Year Ending March 31, 2023)

1. Human injury or physical damage caused by earthquakes, storms, flooding, other natural disasters, or infectious diseases	14. Fluctuations in foreign exchange rates
2. Climate change risk >> For further information, please refer to Addressing of Climate Change and the TCFD on page 61.	15. Damage to brand image due to leaks or improper handling of information
3. Characteristics of the printing business	16. Negative impact on business due to cyberattacks
4. Risks associated with strategic partnerships, investments, and acquisitions	17. Loss of trust from society due to suspension of production lines or digital service businesses caused by problems with ICT infrastructure
5. Risks associated with R&D investment loss, etc., product R&D (changes in markets, the worsening of the performance of alliance partners or companies in which we have invested, delays in the timing of commercialization or sales launches, etc.)	18. Quality-related incidents and self-imposed product recalls that could develop into issues in wider society
6. Securement of human resources to support growth	19. Risks associated with raw material procurement
7. Securement of financing	20. Risks of pollution and leakage of hazardous substances
8. Risks associated with control of the Group	21. Risks associated with waste
9. Risks associated with overseas business (legal or regulatory violations, lawsuits, customer claims, conflicts, labor disputes, international taxation, etc.)	22. Human rights risks
10. Intense market competition and price competition	23. Fires and industrial accidents
11. Non-performing or long-term retained inventory assets due to inadequate asset management	24. Risks associated with labor issues (violations of labor-related laws, labor disputes, etc.)
12. Risks associated with receivables (bad debt, customer bankruptcy, etc.)	25. Infringement of patents, copyrights, and other intellectual property rights
13. Fluctuations in current value of marketable securities	26. Misconduct (serious improper conduct or inappropriate actions, etc.) and compliance violations (bid-rigging, bribery, other legal or regulatory violations)

>> For information about measures to address significant risks, please see the securities report for the fiscal year ended March 31, 2022 (pages 14 to 23) (Japanese only)

Toppan's Sustainability Management

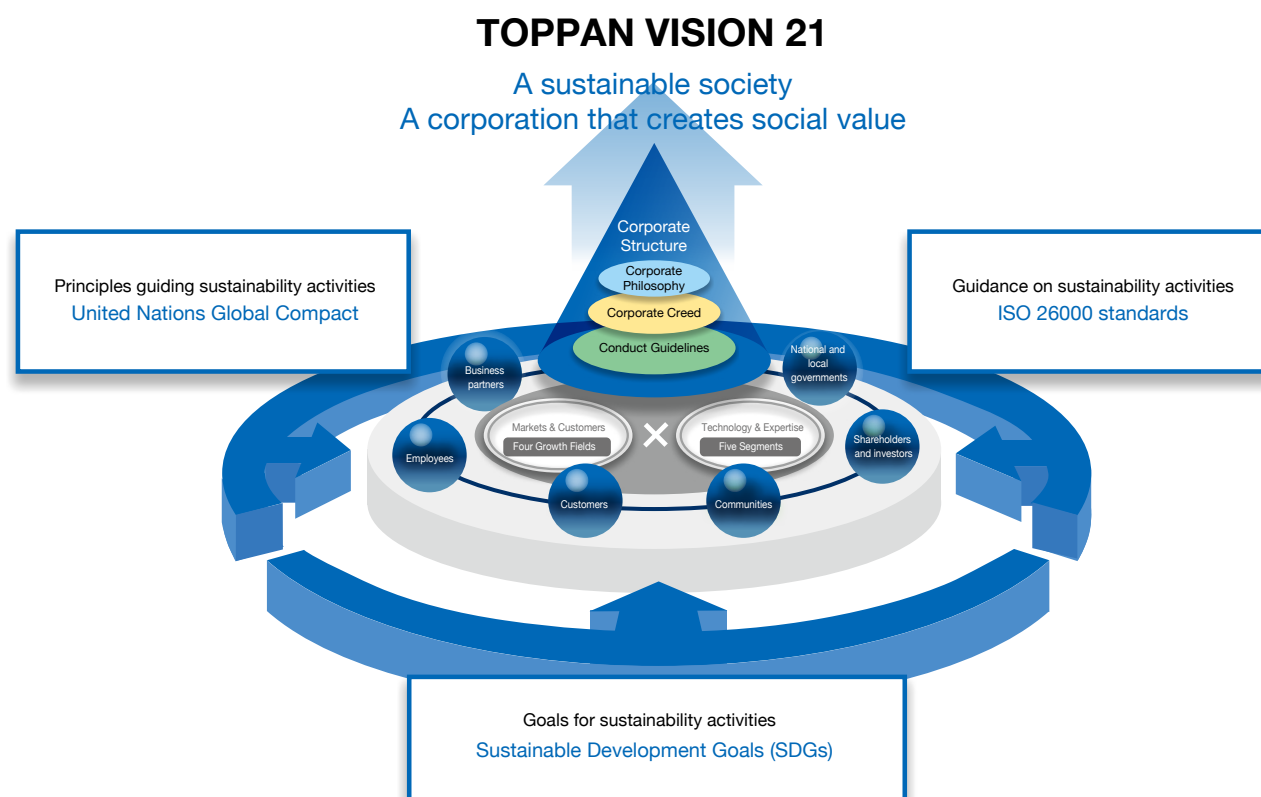
Toppan's Approach to Sustainability

In pursuing sustainable development initiatives, Toppan follows the principles of the United Nations Global Compact (UNGC) and the guidance of the ISO 26000 international standard for organizations' social responsibility. Targets for the Company's activities also incorporate the Sustainable Development Goals (SDGs).

To set common development goals for the world, 193 countries, including Japan, adopted the SDGs at the General Assembly of the United Nations in September 2015. The SDG framework comprises 17 SDGs and 169 targets, which stem from social issues that international society aims to resolve by 2030. In addition, this initiative calls for

companies' active participation in issue resolution. To continue developing as a social-value creator, Toppan is proactively addressing the issues that the SDGs have identified.

In November 2019, Toppan published the TOPPAN SDGs STATEMENT, which sets out how the Company aims to enhance SDG initiatives and integrate them into its management activities. The statement specifies how SDG initiatives will become an engine for Toppan's evolution as a company that creates social value, and it identifies the material issues that will be the focus of special attention. The Company is advancing initiatives targeting these material issues, which have been positioned at the center of Toppan's sustainability activities.



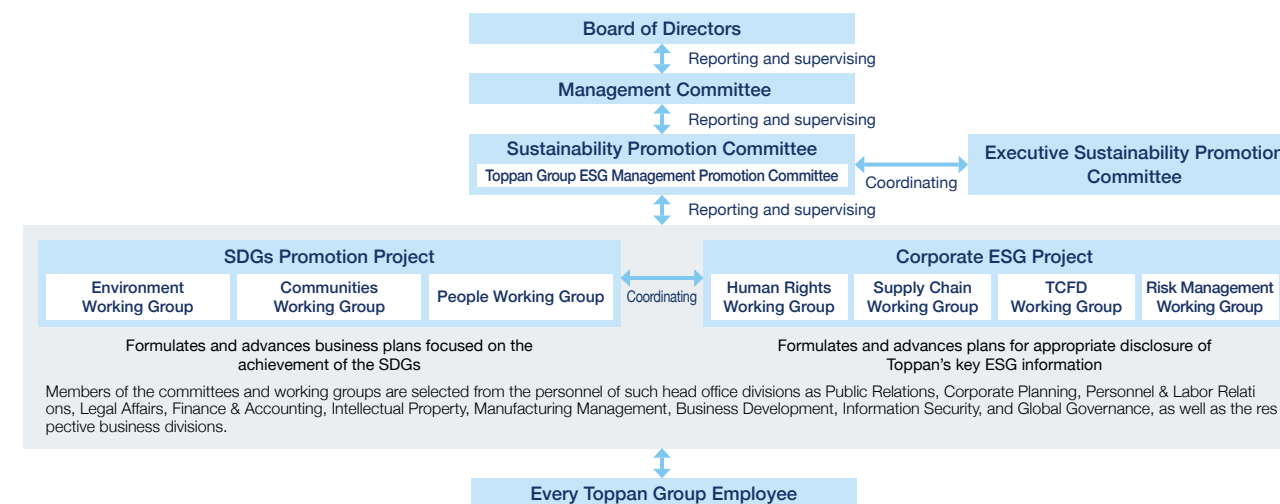
Sustainability Promotion Structure

To drive the Group's sustainability activities, Toppan has established the Sustainability Promotion Committee, which is chaired by the President & Representative Director.

We have established the SDGs Promotion Project, the Corporate ESG Project, and various working groups under the Sustainability Promotion Committee. Through this structure, we are formulating plans and advancing activities. The details

of these initiatives are discussed by the Sustainability Promotion Committee and reports are made to the Board of Directors through the Management Committee.

In fiscal 2021, to promote sustainability management and strengthen collaboration within the Group, we established new committees and meetings, and we are setting up projects to address ESG issues.



Material Issues

Toppan has selected material issues that will be given special attention in the Company's sustainability activities. The issues have been grouped under "Business Materiality," to be addressed on a priority basis through our business activities, and "Companywide Materiality," to be addressed through Companywide activities focused on being a good corporate citizen.

The material issues are aligned with the Corporate Structure and Business Fields of TOPPAN VISION 21, and they have

been selected from areas in which we can contribute to the SDGs by leveraging Toppan's technologies and expertise to create new value.

Currently, Toppan is advancing sustainability activities strategically in each part of the business, centered on these material issues. We will implement initiatives to further our aim of being a company that creates social value and contributes to fulfilling living.

Information on Sustainability at Toppan

Detailed information about Toppan's sustainability activities is provided in the Sustainability section of the Company's website (<https://www.toppan.com/en/sustainability/>) and through the following tools.

Sustainability Report 2022

This provides a comprehensive range of information about sustainability at Toppan, including our approach and systems as well as the results of our initiatives.

<https://www.toppan.com/en/sustainability/sustainability-report.html>

TOPPAN SDGs STATEMENT

This introduces the SDG-related material issues Toppan has selected, the thinking that underlies their selection, and the story for achieving the corresponding goals.

https://www.toppan.com/assets/pdf/sustainability/toppan_sdgs_statement.pdf

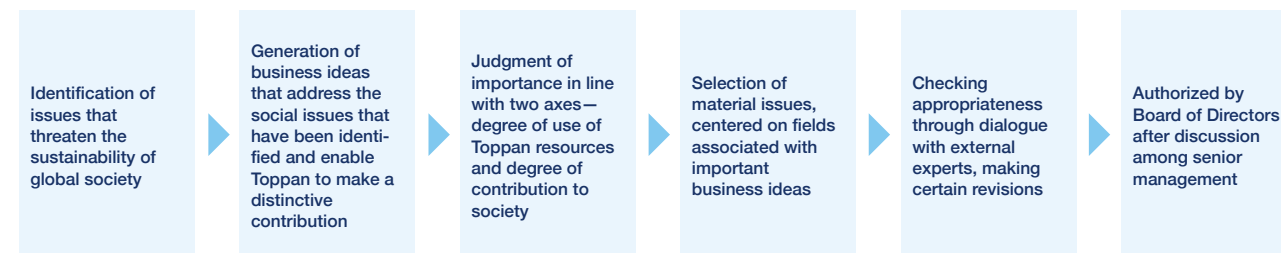
Material Issues

	Theme	Relationship with the SDGs
Business Materiality (Issues of focus in the Group's business activities)	Environment (sustainable global environment)	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND
	Communities (creation of safe, secure, enriched communities)	8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	People (empowerment and fulfillment of body and mind)	2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION
Companywide Materiality (Issues addressed in Groupwide activities as a good corporate citizen)	Environmentally friendly & sustainable production	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	Employee health & job satisfaction	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH

Toppan's Sustainability Management

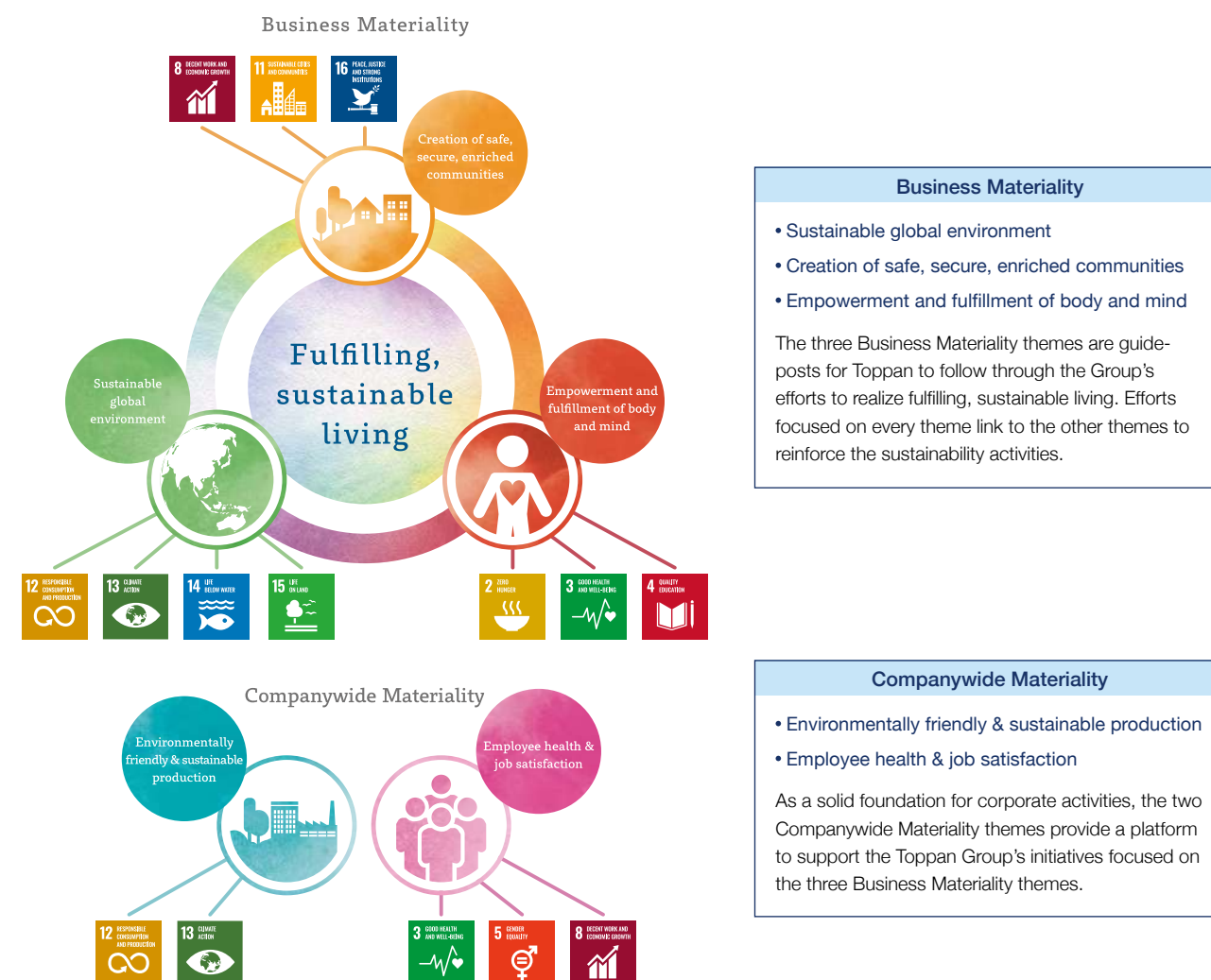
■ Material Issue Selection Process

Toppan selected the material issues by comprehensively assessing corporate activities through discussions with relevant departments across the Company. The appropriateness of the selections was checked through dialogue with stakeholders and external experts. Senior management thereupon reviewed the selections and finalized them with authorization from the Board of Directors.



■ Relationship between Business Materiality and Companywide Materiality

To promote fulfilling, sustainable living, an ideal the Group is committed to realizing through its sustainability initiatives, Toppan has classified the material issues into two categories: “Companywide Materiality” (two themes) and “Business Materiality” (three themes).



TOPICS

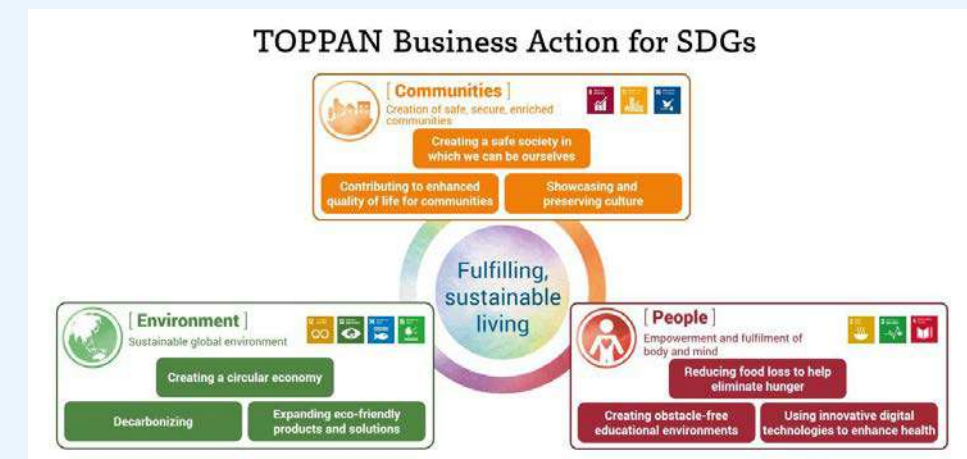
Contribution to the SDGs through business activities

TOPPAN Business Action for SDGs

In November 2020, Toppan formulated and announced TOPPAN Business Action for SDGs in order to further accelerate initiatives for the Business Materiality set out in the TOPPAN SDGs STATEMENT.

In the SDGs Promotion Project, implemented by the Sustainability Promotion Committee, repeated discussions were held among senior management and business

departments. For Business Materiality, nine areas of focus were identified, centered on fields in which Toppan can leverage its unique technologies, know-how, and strengths. This process used a backcasting approach based on expectations for society in 2030. Going forward, we will implement measures to realize “fulfilling, sustainable living” while providing reports on the progress of initiatives.



Details and Targets of TOPPAN Business Action for SDGs

Environment Sustainable global environment	Communities Creation of safe, secure, enriched communities	People Empowerment and fulfillment of body and mind
Creating a circular economy*¹ Percentage of barrier-technology-based packaging switched to mono-material FY2026.3: 25% (overseas 40%) → FY2031.3: 30% (overseas 50%) Number of proofs of concept for establishing recycling schemes for packaging and sales promotion materials* ² FY2026.3: 30 → FY2031.3: 35 Prevent pollution and destruction due to waste by driving processes from sharing and recovery to upcycling based on the 3Rs (reduce, reuse, recycle), product life extension, and material development.	Contributing to enhanced quality of life for communities Number of local authorities providing services for residents optimized for the community* ² FY2026.3: 70 → FY2031.3: 100 Take advantage of nationwide network and digital technologies to provide residents with optimal region-specific services and contribute to sustaining provincial cities.	Using innovative digital technologies to enhance health Number of services that contribute to health by using digital technologies* ² FY2026.3: 20 → FY2031.3: 30 Contribute to longer healthy lives for people throughout the world by facilitating access to healthcare information and services that transcends national or regional borders.
Decarbonizing*¹ Number of services contributing to greenhouse gas reduction* ² FY2026.3: 20 → FY2031.3: 30 Contribute to reduction in greenhouse gas emissions and the mitigation of global warming by providing eco-friendly materials and schemes as well as solutions for energy saving and energy creation.	Creating a safe society in which we can be ourselves Number of services enriching people's lives* ² (Use of VRM platform) FY2026.3: 5 → FY2031.3: 10 Leverage security system technologies to create environments that enable everyone to use their own data safely and provide personal data usage services that achieve both enhanced usability and privacy protection.	Reducing food loss to help eliminate hunger*¹ Total weight of food in packaging that contributes to longer shelf lives FY2026.3: 300 thousand tons → FY2031.3: 400 thousand tons Reduce food loss throughout the value chain from primary industry sectors to consumers by combining functional packaging and digital transformation to extend shelf lives and optimize the balance of supply and demand.
Expanding eco-friendly products and solutions*¹ Percentage of sales of sustainable packaging FY2026.3: 50% → FY2031.3: 100% SX priority theme sales FY2026.3: 200 billion yen → FY2031.3: 300 billion yen Expand Toppan's development of mono-material GL BARRIER and other eco-friendly products and solutions and ensure contribution to the environment is visible and widely recognized by establishing certification programs.	Showcasing and preserving culture Number of archives of materials related to culture and industry* ² FY2026.3: 100 → FY2031.3: 150 Combine experience in the fields of culture and education with cutting-edge technologies to develop solutions for preserving and passing down tangible and intangible culture and protecting the world's diversity.	Creating obstacle-free educational environments Number of people whose learning we contribute to FY2026.3: (Japan) 20 million → FY2031.3: (Japan) 30 million (Overseas) 100 million Create a society in which anyone can learn anywhere and anytime by providing a global platform combining educational software and translation technologies.

*1. Targets revised in May 2022.

*2. Target figures are cumulative figures over the years leading up to the target year. (Other targets are for single fiscal years.)

Environmental Conservation

Conservation of the Global Environment

Basic Approach

In the 1990s, as concern over environmental conservation grew worldwide, society began looking to companies to play a much larger role in tackling environmental issues. Toppan thus restructured its existing environmental conservation frameworks and established the Ecology Center in 1991. In 1992, Toppan formulated the Toppan Printing Declaration on the Global Environment, which set out our basic philosophy on environmental conservation activities. With a view to realizing a sustainable society in which all forms of life can exist, in April 2009 the Group revised this declaration to create the Toppan Group Declaration on the Global Environment, our basic

philosophy for Groupwide activities. In November 2019, we formulated the TOPPAN SDGs STATEMENT, once again declaring our proactive approach to addressing environmental issues. In addition, in January 2021, we formulated and announced the Toppan Group Environmental Vision 2050. In accordance with this basic philosophy and these targets, Toppan is aggressively conducting activities that consider environmental conservation.

 [The Toppan Group Declaration on the Global Environment
https://www.toppan.com/assets/en/pdf/sustainability/The_Toppan_Group_Declaration_on_the_Global_Environment.pdf](https://www.toppan.com/assets/en/pdf/sustainability/The_Toppan_Group_Declaration_on_the_Global_Environment.pdf)

Environmental Targets

Toppan Group Environmental Vision 2050

In January 2021, Toppan formulated and announced the Toppan Group Environmental Vision 2050, which sets out long-term initiatives addressing global environmental issues. With the Toppan Group Environmental Vision 2050, the

Company has clarified its long-term targets for 2050. We will aim to implement long-term, sustained initiatives to address environmental problems, such as climate change and marine plastic debris.

Toppan Group Environmental Vision 2050

As a member of international society, the Toppan Group aims to enable “fulfilling, sustainable living” by contributing to decarbonization, resource circulation, and the optimal use of water through forward-looking activities with consideration for preservation of the global environment.

① Contributing to Decarbonization

Aiming for virtually zero Scope 1 and 2 greenhouse gas emissions.

② Contributing to Resource Circulation

Aiming for zero waste emissions.

③ Optimal Water Use

Reducing water consumption and contributing to improved water quality by preventing pollution.

Toppan Group Medium-and-Long-Term Environmental Targets for Fiscal 2030

Based on the Toppan Group Environmental Vision 2050, we have also revised the Toppan Group Medium-and-Long-Term Environmental Targets for Fiscal 2030. In “contributing to decarbonization,” we have increased the

target for reduction of Scope 1 and 2 greenhouse gas emissions, and we have set new fiscal 2030 targets for “contributing to resource circulation” and “optimal water use.”

Toppan Group Medium-and-Long-Term Environmental Targets for Fiscal 2030

① Contributing to Decarbonization

Reduce Scope 1 and 2 greenhouse gas emissions by 32.5% (446 kt-CO₂e) compared to the fiscal 2017 level (1,373 kt-CO₂e). (Renewable energy ratio of 6.5%)

Reduce Scope 3 greenhouse gas emissions by 20% (1,224 kt-CO₂e) compared to the fiscal 2017 level (6,122 kt-CO₂e).

② Contributing to Resource Circulation

Reduce final landfill waste disposal by 60% (4,444 t) compared to the fiscal 2017 level (7,407 t).

Increase waste plastic material recycling rate by 12 percentage points (to 65%) compared to the fiscal 2017 level (53%).

③ Optimal Water Use

Reduce water consumption, improve water efficiency, and avoid water pollution risks. (Quantitative targets will be set going forward.)

Note: Categorization of greenhouse gas emissions
 Scope 1: Direct emissions from owned or controlled sources
 Scope 2: Indirect emissions from the generation of purchased energy
 Scope 3: Indirect emissions excluding those in Scope 2

Addressing of Climate Change and the TCFD

Basic Approach

In accordance with the Toppan Group Declaration on the Global Environment, Toppan has been aggressively conducting activities that consider environmental conservation. In particular, the Toppan Group conducts business worldwide, and we recognize the scale of the impact of climate change on the Group. We consider climate change to be an important issue in sustainability management. In 2019, we announced our

support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board. In 2020, we commenced scenario analysis based on the recommendations. We disclose the financial impact related to climate change, and our responses, in accordance with TCFD recommendations.

Governance

Board of Directors' Oversight of Climate-Related Risks and Opportunities

(1) Organizational initiatives and the responsibilities of the Board of Directors
 In the Medium Term Plan, Toppan has announced “expanding ESG initiatives” as one of its priority measures for the medium to long term, and the Company is strengthening governance related to ESG, including climate change. The Board of Directors recognizes climate change as an important issue in management strategy, and consideration is given to climate change risks and opportunities in investment that targets business growth.

As for specific initiatives that address ESG issues, through the Management Committee the Board of Directors receives reports regarding the details of actions that have been considered and discussed by the Sustainability Promotion Committee. The Board discusses, monitors, and supervises target setting and progress.

(2) Receipt of reports by the Board of Directors regarding climate-related issues—process and frequency
 Each year in April, the Board receives and approves reports regarding GHG emission results for the previous fiscal year under the Toppan Group Environmental Vision's Medium-and-Long-Term Environmental Targets, and reports regarding single-year GHG emission targets for the current fiscal year. On a quarterly basis, the Board receives reports regarding

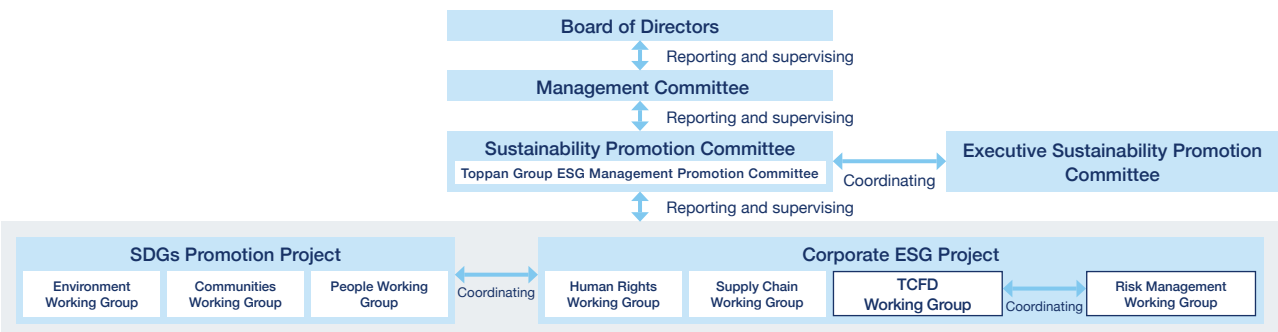
the assessment and status of climate-related issues. In addition, the Board implements comprehensive decision-making with regard to such matters as management strategy, taking climate-related issues into account. As for nonscheduled reports, in the event that new regulations, systems, or the like pertaining to climate-related issues are announced, through the Sustainability Promotion Committee, the Board receives reports regarding evaluations and responses from related internal departments. Based on these, the Board then discusses and decides on responses.

Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

The Board of Directors has assigned responsibility for climate-related issues to the Sustainability Promotion Committee (Chair: President & Representative Director). The committee coordinates climate-related issue assessments and counter-measures while cooperating with the TCFD Working Group, the Risk Management Working Group, and the SDGs Promotion Project, which are under the committee.

Through the Management Committee, the Board of Directors receives reports from the Sustainability Promotion Committee regarding the assessment and status of climate-related issues as well as target management. In addition, it implements comprehensive decision-making with regard to such matters as management strategy, taking climate-related issues into account.

Governance Structure for Addressing Climate Change and Other ESG Issues



Environmental Conservation

Risk Management

Organization's Processes for Identifying and Assessing Climate-Related Risks

The TCFD Working Group periodically monitors existing and new regulations related to climate change, including not only international agreements, related laws and ordinances, and regulations but also rules and guidance on matters such as corporate governance, and disclosure.

Organization's Processes for Managing Climate-Related Risks

Expected climate-related risks are organized in connection with the priority measures in Toppan's Medium Term Plan. Risk materiality is assessed, risks are prioritized, and countermeasures are formulated.

Countermeasures are reported to the Sustainability Promotion Committee, and the approval of the Board of Directors is obtained.

Strategy

Climate-Related Risks and Opportunities the Organization Has Identified Over the Short, Medium, and Long Term

(1) Review status for risks and opportunities in the organization's time frames (short-, medium-, and long-term perspectives)

The time frames are as follows: short-term, within 1 year; medium-term, 2 to 3 years; and long-term, 4 to more than 30 years. They are coordinated with the Company's business action plans, which are the fiscal-year plans, medium-term plans, and long-term vision. Assessments of climate-related risks and opportunities are conducted by related departments.

(2) Processes used to determine which risks and opportunities could have a material financial impact on the organization In implementing the scenario analysis, Toppan established the TCFD Working Group under the Sustainability Promotion Committee, identified risks and opportunities related to climate change, assessed the financial impacts, and considered measures based on those assessments.

In considering business opportunities in fiscal 2021, scenario analysis consideration was coordinated with the medium-term plans of each business department, financial impacts were assessed, and countermeasures were considered. In this analysis, the Company utilized two scenarios: the 1.5°C and 4°C scenarios. In addition to operations in Japan, overseas bases of Toppan Inc. were included. The entire supply chain was considered, including R&D, procurement, production, and product supply. Long-term forecasts up to 2050 were considered.

(3) Climate-related issues with a large financial impact Under the 1.5°C scenario, we reconfirmed that there are risks of increased costs accompanying the introduction of a carbon tax and higher prices for purchased energy, and that there are

How Processes for Identifying, Assessing, and Managing Climate-Related Risks Are Integrated into the Organization's Overall Risk Management

Risks that could exert a significant adverse impact on management are considered to be "significant risks." Consideration is given to such factors as the results of risk assessments at business divisions, subsidiaries, and Group companies; social conditions; and risks that could arise over the medium to long term. Significant risks are identified each year. Climate-change issues are also identified as significant risks and included in the framework for overall risk management. (Please refer to Significant Risks (Fiscal Year Ending March 31, 2023) on page 55.)

opportunities for increased sales of low-carbon-emission products and services, based on changes in consumer consciousness, and for gains in corporate value.

Under the 4°C scenario, increased wind and flood damage resulting from higher atmospheric temperatures could lead to such risks as stoppages at major plants. However, Toppan is advancing countermeasures, such as BCP formulation.

Impacts of Climate-Related Risks and Opportunities on the Organization's Business, Strategy, and Financial Planning

(Please refer to Impact of Selected Climate-Related Issues on Business Strategy on page 63.)

Resilience of the Organization's Strategy, Taking into Consideration Different Climate-Related Scenarios

The following scenarios were used in scenario analysis. For the 1.5°C scenario, the IEA's World Energy Outlook 2021, Net Zero Emissions by 2050 Scenario was used. For the 4°C scenario, the IEA's Stated Policies Scenario (STEPS) and Announced Pledges Scenario (APS) were used. The period covered was 2030 to 2050. As a result of the scenario analysis, transition risks include increased operational costs against a background of expansion of carbon pricing systems targeting the realization of carbon neutrality worldwide. In addition, physical risks include halts in production due to water damage, such as flooding, at production sites, and increases in expenses for restoration. Countermeasures include introducing renewable energy in a step-by-step manner, strengthening disaster-preparedness measures, and aiming to create and expand business opportunities. Specifically, we will advance the development of recyclable products that reduce fossil-fuel-derived plastic waste and DX solutions services that contribute to the reduction of GHG emissions in the supply chain.

Impact of Selected Climate-Related Issues on Business Strategy

Scenario	Change in social trends	Risks and opportunities	Time frame	Financial impact	Principal countermeasures / business and services that will become opportunities
Transition 1.5°C Scenario	Introduction of / increase in carbon tax	Cost increases due to imposition of carbon tax, emission credit trading	Medium term	Medium Increase of ¥6.4 billion from fiscal 2020	Implement GHG emission (Scope 1 + 2) reduction activities in Medium-and-Long-Term Environmental Targets for Fiscal 2030; monitor systems, renewable energy technologies, etc., from long-term viewpoint
	Increase in renewable energy ratio	Increase in operational costs due to rise in purchased energy prices	Medium term	Small to medium	Implement GHG emission (Scope 1 + 2) reduction activities in Medium-and-Long-Term Environmental Targets for Fiscal 2030; monitor systems, renewable energy technologies, etc., from long-term viewpoint
		Expansion of green-energy-related markets	Medium to long term	Medium	Strengthen production/sales of battery packaging materials for EVs, enter renewable-energy-related businesses
	Strengthening of GHG reductions at client companies	Decline in existing paper media accompanying digital shift	Medium term	Medium	Accelerate initiatives for business portfolio transformation, a priority measure in the Medium Term Plan
		Increase in customer needs for reducing GHG emissions across the entire supply chain	Short term	Large	Strengthen resources for DX business, such as manufacturing/distribution DX and hybrid BPO DX
	Strengthening of forest protection	Expansion of opportunities for the use of pulp from forest thinnings and FSC-certified paper	Short term	Small	Promote use of Cartocan®, FSC-certified related products (paper products, etc.) SX
	Strengthening of regulations for fossil-fuel-derived plastic	Expansion of needs for recycling of plastic from packaging and materials	Medium to long term	Large	Establish new recycling schemes; develop and bolster sales of recyclable products, such as mono-material barrier packaging SX
	Increase in raw materials prices	Increase in procurement costs	Medium term	Large	Research suppliers and develop new suppliers, research/consider alternatives, monitor systems/markets from long-term perspective
	Changes in customer preferences, increase in requests for measures to address climate change	Decrease in demand for carbon-emitting products, such as disposable plastic products	Medium term	Small to medium	Accelerate initiatives for business portfolio transformation, a priority measure in the Medium Term Plan
		Increase in demand for low-carbon products, reduced-plastic products	Short term	Large	Strengthen development/sales of ethical sales promotion products, sustainable packaging SX
Physical 4°C scenario	Increasing severity of acute, extreme weather conditions	Increase in risk of halt in operations at plants due to flooding / water damage	Medium term	Large	Continue to consider alternative production plans for the long term, periodically gather information about and take steps to address technology to prevent flooding
		External discharge of chemical substances due to flooding	Medium term	Small	Consider the possibility of leakage of chemical substances, formulate and implement countermeasures
		Expansion of next-generation communications market due to growth in remote monitoring needs	Medium to long term	Medium	Create communications-related products, such as products that use ZETA, and metaverse-related products DX
	Changes in rainfall and weather patterns	Water usage restrictions	Long term	Small	Consider alternative production plans to address water use restrictions; from a long-term viewpoint, assess water usage and stress by region
	Increase in temperature	Increase in needs related to food loss / hygiene	Medium to long term	Small to medium	Strengthen sales of functional barrier packaging, strengthen development of food loss countermeasure solutions SX

Risk opportunity
DX SX Products and services related to Digital & Sustainable Transformation (DX and SX), the key concept of the Medium Term Plan

Metrics and Targets

Metrics Used by the Organization to Assess Climate-Related Risks and Opportunities in Line with Its Strategy and Risk Management Process

For climate-related risks, we have established the following as indicators: scope 1, 2, and 3 greenhouse gas emissions; renewable energy ratio; final landfill waste disposal; waste plastic material recycling rate; and optimal water use.

For climate-related opportunities, we have established the following indicators for business contribution to addressing social issues, including climate change: percentage of operating profit contributed by DX, SX, and frontier businesses; percentage of packaging switched to mono-material; number of proofs of concept for establishing recycling schemes for packaging and sales promotion materials; number of services contributing to greenhouse gas reductions; SX priority theme sales; and percentage of sales of sustainable packaging.

Scope 1, Scope 2, and Scope 3 Greenhouse Gas (GHG) Emissions

In fiscal 2021, for the Toppan Group as a whole, scope 1 and 2 emissions were 1,188 kt, and scope 3 emissions were 5,833 kt. In comparison with targeted emissions for the fiscal year, the target for scope 1 and 2 emissions was achieved, but the target for scope 3 emissions was not achieved. Scope 1, 2, and 3 emissions are calculated in accordance with the GHG Protocol methodology, and have been assured by an independent assurance provider.

Toppan Group Environmental Vision 2050 > Please refer to page 60.

Toppan Group Medium-and-Long-Term Environmental Targets for Fiscal 2030 > Please refer to page 60.

Medium Term Plan and Vision for the Medium to Long Term: Composition of Operating Profit > Please refer to page 16.

TOPPAN Business Action for SDGs Business Materiality: Environment: Sustainable global environment > Please refer to page 59.

Social Initiatives

Human Rights

Basic Approach

The Toppan Group regards human rights as a paramount principle in engaging in business activities and sustainability initiatives. The Group operates business under the foundational concept of respect for human beings. In October 2021, we formulated the Toppan Group Human Rights Policy in accordance with this concept. The Toppan Group Conduct Guidelines, which stipulate behavioral norms, call for respect for human rights, including protecting individual dignity, prohibiting discrimination and harassment, prohibiting child labor and forced labor, and promoting diversity and inclusion. Toppan promotes environmental conservation initiatives based on the Toppan Group Declaration on the Global Environment and the Basic Policy on Biodiversity. We advance measures to avoid human rights violations whereby our operations adversely affect people's lives.

Promotion Framework

Toppan has established a framework for promoting human rights efforts across the Group led by the Corporate ESG Project, a cross-divisional team driving sustainability activities under the Sustainability Promotion Committee, which is chaired by the President & Representative Director.

The Board of Directors supervises our human rights efforts

Human Rights Due Diligence

Toppan supports the United Nations Guiding Principles on Business and Human Rights and recognizes the importance of human rights due diligence. We formulated the Toppan Group Human Rights Policy in October 2021. We have analyzed and assessed human rights risks in our industry and identified five specific human rights risks.

We participated in the Global Compact Network Japan's

Main Points of the Toppan Group Human Rights Policy

1. Our Approach to Human Rights
2. Scope of Application
3. Compliance with Applicable Laws and Regulations
4. Responsibility to Respect Human Rights
5. Human Rights Due Diligence
6. Stakeholder Engagement
7. Remedy
8. Education and Training
9. Management Responsibility for Human Rights
10. Information Disclosure

Approach to Individual Issues

- Child Labor, Forced Labor, and Human Trafficking
- Discrimination and Harassment
- Diversity and Inclusion
- Right to Collective Bargaining and Freedom of Association
- Occupational Safety and Health
- Right to Privacy



Toppan Group Human Rights Policy

<https://www.toppan.com/en/about-us/our-corporate-approach/human-rights-policy.html>

and the manager in charge of the Personnel & Labor Relations Division is responsible for their implementation. Day-to-day efforts related to human rights are led by the Personnel & Labor Relations Division, the Manufacturing Management Division, and the Legal Affairs Division, in collaboration with related departments throughout the Group.

Working Group on Human Rights Due Diligence (HRDD) in fiscal 2021 in order to advance the establishment of our management system for human rights due diligence. We also took such steps as conducting interviews with companies that are advanced in this area. In fiscal 2022, we plan to mitigate and remedy human rights risks, centered on the five risks identified, through surveys and interviews with stakeholders.

Human Rights Issues and Identification of Human Rights Risks at Toppan

In consideration of the characteristics of Toppan's business, competitor trends, and international human rights standards, we have organized and evaluated human rights issues based on an assessment of the level of importance of human rights risks. As result, we have identified five human rights risks. These are the four highlighted in the table below—"forced labor/human trafficking," "discrimination," "inhumane treatment," and "right to privacy"—as well as "human rights governance across the Group."

Human rights issue	Toppan employees	Supply chain	Customers	Users	Local communities
Forced labor / Human trafficking	Medium	High	—	—	—
Child labor	Low	Low	—	—	—
Discrimination	High	High	—	—	—
Inhumane treatment	Medium	High	—	—	—
Freedom of association / Right to collective bargaining	Low	High	—	—	—
Working hours	Low	High	—	—	—
Wages	Low	High	—	—	—
Right to privacy	High	High	High	High	—
Ethical / responsible marketing	—	—	Low	Low	—
Freedom of expression	—	—	High	Medium	—
AI and human rights	—	—	Low	Low	—
Product safety and quality	—	—	Low	Low	—
Health of local residents	—	—	—	—	Medium
Sanitation of soil, water, etc.	—	—	—	—	Medium
Rights of indigenous peoples	—	—	—	—	Low

Supply Chain Management

Basic Approach

Toppan aims to fulfill its corporate social responsibilities and to contribute to the sustainable growth of society. Accordingly, we believe that it is important to implement sustainable procurement initiatives throughout the supply chain.

Up to this point, we have worked together with suppliers and subcontractors to advance activities aligned with the Toppan Group CSR Procurement Guidelines. In recent years, there has been an increase in concerns and demands regarding corporate social responsibilities in such areas as human rights, occupational safety and health, and the environment. We recognize that there are calls for specific, wide-ranging responses in the area of supply chain management.

With consideration for these social demands and trends, in January 2022 we added new content to our previous guidelines and revised them to establish the Toppan Group Sustainable Procurement Guidelines.

These guidelines consist of the Basic Procurement Policy and the Sustainable Procurement Standards. The Basic Procurement Policy is a conceptual framework to be closely observed not just by units that play central roles in procurement but by all units that procure products and services in their business activities. The Sustainable Procurement Standards are a set of requirements that must be met by suppliers and subcontractors. In procurement departments, in accordance with the Sustainable Procurement Standards as well as the Toppan Group Human Rights Policy, the Toppan Group Declaration on the Global Environment, and

the Basic Policy on Biodiversity, we are promoting initiatives in the areas of respect for human rights and environmental conservation activities.

Going forward, we will work to promote awareness of these guidelines throughout the supply chain. In addition, through a cycle of application, auditing, and correction, we will further accelerate initiatives in the area of sustainable procurement in cooperation with suppliers and subcontractors. Furthermore, through these initiatives, we will aim to enhance the corporate value of both Toppan and its suppliers and subcontractors.

Main Points of the Toppan Group Sustainable Procurement Guidelines

Basic Procurement Policy

Basic policy that applies to all workers involved in procurement activities at the Toppan Group.

Sustainable Procurement Standards

Requirements and recommendations for suppliers and subcontractors

1. Legal Compliance and Respect for Internationally Recognized Standards
2. Human Rights and Labor
3. Health and Safety
4. Environment
5. Fair Business and Ethics
6. Quality and Safety
7. Information Security
8. Business Continuity Planning
9. Establishing a Management System



Toppan Group Sustainable Procurement Guidelines

<https://www.toppan.com/en/about-us/our-corporate-approach/guideline-policy.html>

Promotion Framework

Personnel at the Purchasing & Cost Management Center in the head office Manufacturing Management Division and other procurement departments play a central role in sustainable procurement initiatives. They work in close cooperation with suppliers and subcontractors to advance a range of measures.

Promotion Framework



Social Initiatives

Health and Safety / Work-Life Balance

■ Basic Approach

Toppan values its employees as precious “human assets.” In other words, based on an appreciation of how deeply we depend on employees, we emphasize the importance of each employee being motivated, energetic, and earnest so that they can fully realize their potential. In accordance with this approach, Toppan has formulated the Health Management Declaration and the Basic Policy on Safety, Health, and Fire Protection, and we are implementing a variety of initiatives.

We established the Health Management Declaration with the aim of maintaining and enhancing the health of Group employees by adopting a health and productivity management approach. Specifically, the declaration visualizes, reorganizes, and systematizes measures and action plans conducted by the Group and the Toppan Group Health Insurance Union and clarifies health management policies. The declaration has two main focuses. The first is to enhance the health of employees

and their families through a range of measures, including support for work-life balance. The second focus is on benefiting society through health-related businesses that help members of the public improve their health. We established the Basic Policy on Safety, Health, and Fire Protection primarily to eliminate occupational accidents by ensuring that all permanent employees, contract employees, and other employees understand that safety takes precedence over everything else. In accordance with this policy, we are taking measures to eliminate occupational accidents.

 **Health Management Declaration (in Japanese)**
<https://www.toppan.co.jp/about-us/our-corporate-approach/health-manage-declaration.html>

Basic Policy on Safety, Health, and Fire Protection (in Japanese)
<https://www.toppan.co.jp/about-us/our-corporate-approach/safety-policy.html>

■ Promoting Work Style Reforms / Work-Life Balance

Targeting the realization of flexible work styles, Toppan held repeated labor-management discussions from 2019, and in October 2020 we introduced a remote work system that includes three working arrangements: working from home, working from satellite offices, and mobile working. We eliminated core times from the smart work system, which was introduced in 2018, and to foster innovation, we made it possible to work from home full-time through the discretionary work system. In these ways, we introduced or revised work systems that accommodate new-normal work styles and are suitable for the post-COVID-19 period.

In addition to system-related initiatives, we are also aggressively advancing work style reforms, such as implementing employee education to firmly establish new-normal work styles.

To promote work-life balance, at business councils and labor-management committees, opinions are exchanged and discussions are held regarding measures to further shorten overtime working-hours and comply with the revised Labor Standards Act of Japan. In addition, actual overtime practices are analyzed, the use of recently adopted work systems is reviewed, and the introduction of new systems is examined. Furthermore, we are working to enhance work-life balance for employees and their families through a variety of initiatives.

■ Employee Engagement

Toppan gives the highest priority to employee health and job satisfaction. Various site-based initiatives are implemented by labor-management committees and the Toppan Group Health Insurance Union. Through these initiatives, we are working to facilitate communication and build a sense of unity throughout the Toppan Group.

In addition, from fiscal 2021 we have introduced a survey to track the status of employee engagement. Including Group companies, the survey was implemented for 21,000 people at 23 companies. In accordance with the employee feedback that was clarified through this survey, management will collaborate with worksites and promote action to resolve organizational issues.

Selected for the “2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)”

In a continuation from the previous year, Toppan was selected by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (Japan Health Conference) for the “2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500).”

The program recognizes enterprises of various sizes that perform outstandingly in employee healthcare initiatives from a management perspective. Companies are assessed for their engagement in initiatives to address healthcare-related issues in communities and to practice the health-promotion measures recommended by the Nippon Kenko Kaigi. This was the sixth consecutive time the Company was selected.



Diversity and Inclusion

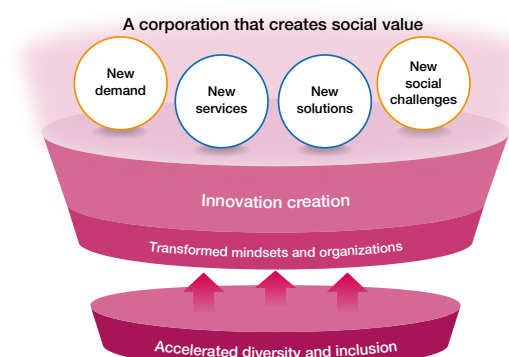
■ Basic Approach

Toppan positions diversity and inclusion (D&I) initiatives as an important management strategy. The Company values its employees as precious “human assets” and understands how deeply it depends on them. Under the foundational concept of respect for human beings, the Group has been undertaking various measures to promote positive working conditions. Toppan promotes diversity by encouraging employees to acknowledge and respect each other's personal qualities and values so as to better utilize and enhance their diverse abilities. In this way, Toppan strives to develop D&I initiatives that

harness differences among its diverse human assets as drivers of innovation.

To that end, Toppan facilitates ongoing dialogue and nurtures heightened awareness and sensibilities that ensure mutual respect. The Company is working to create psychologically safe workplaces where every person can speak and act without inhibition or restraint.

Toppan's vision for diversity and inclusion



Toppan Diversity and Inclusion Promotion Policy

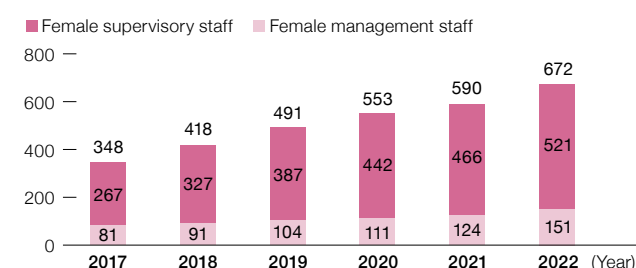
We will evolve into a social value creator that designs information and living by developing psychologically safe workplaces where every person's sensibilities are nurtured, individual differences are recognized and respected, and diversity is harnessed to drive innovation.

■ Promoting Active Careers for Women / Positive Action

We work to promote active careers for women, with a basic concept of enabling everyone to continue working in a healthy manner and enjoy active careers in accordance with their capabilities. Furthermore, we are taking positive action to proactively appoint female employees to managerial positions in accordance with their abilities and motivation. As of April 2022, Toppan had appointed 151 female employees to

managerial positions and 521 female employees to supervisory positions. With these appointments, Toppan has attained a 13.2% ratio of women among managerial and supervisory staff. In addition, we are actively implementing initiatives related to gender and sexual diversity (SOGI, LGBTQ) and measures to promote the employment of persons with disabilities.

Number of Female Managerial and Supervisory Staff (as of April 2022)



Employment of Persons with Disabilities (As of June 1, 2022)

	2018	2019	2020	2021	2022
Employees	274	312	325	339	338
Percentage of total workforce*	2.25%	2.29%	2.31%	2.39%	2.43%

* The percentage is calculated based on the total number of regular employees (as of June 1) as a denominator. The total number was presented in the Disabled Persons Employment Report in accordance with Article 8 of the Japanese Law for Employment Promotion, etc., of the Disabled.

Inclusion in Nadeshiko Brands

In a continuation from the previous year, Toppan was selected by METI and the Tokyo Stock Exchange (TSE) for inclusion in the Nadeshiko Brands.

The Nadeshiko Brand initiative aims to spur investment in companies and accelerate their diversity initiatives by introducing promising TSE-listed companies with outstanding performance in gender equality metrics to investors who seek enhanced corporate value over the medium to long term. METI and TSE have been announcing companies with excellent records of female participation and advancement in the workplace since fiscal 2012. This was the third consecutive year in which Toppan was selected.



Human Asset Development

Basic Approach

Mindful of how deeply it depends on its employees and values them as precious assets, Toppan strives to foster human assets who can create new knowledge and technologies. The Company has been nurturing a working environment and corporate culture ideal for the sustainable growth of individuals and Toppan as an organization that contributes to society.

In addition, as stated in the Toppan Group Human Rights Policy, we provide appropriate treatment in accordance with each individual employee's work performance and strive to ensure that all individuals are able to demonstrate their capabilities to the full in their respective workplaces. Aiming to develop capabilities in line with duties and careers, we are implementing

a variety of human asset development programs.

In particular, the strengthening of human resources with skills in digital fields, who will support Toppan's digital transformation (DX) business, has been positioned as an important personnel strategy. These initiatives are implemented as digital human asset empowerment programs. In addition to the redevelopment of employees' abilities and skills (reskilling), we are working to raise the level of digital literacy and to develop people with high level skills in DX. Moreover, we are also proactively working to develop employees with skills in SX, who will help Toppan to be a company that creates social value, as well as employees who can thrive in global business environments.

Human Asset Development Expenditure

	Expenditure on Training, etc., per Employee (Yen)	Usage Rates of Toppan Training Centers*1	
		Kawaguchi	Yugawara
2017	70,730	87.6%	46.2%
2018	67,383	85.8%	45.5%
2019	64,654	81.1%	42.0%
2020	53,637	—*2	—*2
2021	56,070	—*2	—*2

*1. Usage rates are calculated by dividing the number of days the training centers are used by the number of days the centers are available (excluding holidays, etc.)

*2. There was no training center usage because the training was implemented online.

Development of Digital Human Assets

Toppan organizes digital human asset empowerment programs to accelerate DX business. With these programs, the Company uses a reskilling approach as it aims to redevelop the individual competence and skills of all employees.

Basic education is provided to all employees. We are working to increase DX-related knowledge to a certain level and to strengthen human assets and organizations so that they can adapt to the rapid paradigm shifts in the digital age. Furthermore, we are working to share an awareness of the fact

that it is necessary to acquire knowledge that exceeds that of the customer and to pursue further self-improvement.

Examples of programs

- Basic training on DX for all employees
- Specialist training on DX (expertise in cloud utilization and system architecture)
- Subscription-based training via a digital learning platform
- Certification program targeting acquisition of AWS (Amazon Web Services) certification

etc.

Fostering Human Assets Active in the Global Business Arena

Toppan has been hiring non-Japanese employees and frequently arranging personnel exchanges between overseas Group companies to adapt to a more globalized business environment.

In addition, we are focusing on developing human resources who can thrive in global business environments. Since fiscal 2020, we have been implementing assessments of English communication ability on an annual basis. The objectives are to visualize English capabilities, to identify the numbers and levels of human resources who can thrive in global business settings, and to ascertain and develop areas where

investment will be necessary for future growth. Up to this point, 2,570 people have been tested. In collaboration with our personnel database, we are utilizing this information in human resource allocation.

In addition, we are offering a variety of development programs. Specific programs include a trainee system to provide employees with practical training in day-to-day business activities at overseas subsidiaries, a selective training course on globalization to support candidates for overseas assignments, and a program to send employees to courses at international business schools.

Financial Section

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Consolidated Eleven-Year Financial Summary

Toppan Inc. and Subsidiaries

Years ended March 31											Millions of yen except per share data	Thousands of U.S. dollars* except per share data
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
FOR THE YEAR												
Net sales	¥ 1,510,415	¥ 1,502,308	¥ 1,532,043	¥ 1,526,915	¥ 1,474,682	¥ 1,431,595	¥ 1,452,752	¥1,464,756	¥1,486,008	¥1,466,935	¥1,547,534	\$12,644,285
Cost of sales	1,263,371	1,253,965	1,280,004	1,272,460	1,209,281	1,162,202	1,178,447	1,189,828	1,185,871	1,165,533	1,212,770	9,909,062
% of net sales	83.6%	83.5%	83.5%	83.3%	82.0%	81.2%	81.1%	81.2%	79.8%	79.5%	78.4%	
Selling, general and administrative expenses	215,489	216,251	216,317	213,578	216,869	217,792	222,015	229,201	233,723	242,612	261,258	2,134,635
% of net sales	14.3%	14.4%	14.1%	14.0%	14.7%	15.2%	15.3%	15.6%	15.7%	16.5%	16.9%	
Operating profit	31,555	32,092	35,722	40,877	48,532	51,601	52,290	45,727	66,414	58,790	73,506	600,588
% of net sales	2.1%	2.1%	2.3%	2.7%	3.3%	3.6%	3.6%	3.1%	4.5%	4.0%	4.7%	
Profit before income taxes	8,807	38,849	40,735	46,405	52,968	60,229	65,484	65,187	134,855	130,020	180,943	1,478,413
Profit (loss) attributable to owners of parent	3,068	18,562	20,621	22,868	35,245	32,536	42,268	41,049	87,048	81,998	123,182	1,006,471
% of net sales	0.2%	1.2%	1.3%	1.5%	2.4%	2.3%	2.9%	2.8%	5.9%	5.6%	8.0%	
% of assets	0.2%	1.2%	1.2%	1.2%	1.8%	1.7%	2.0%	1.9%	4.0%	3.6%	5.3%	
% of equity	0.4%	2.5%	2.7%	2.7%	3.8%	3.3%	3.9%	3.6%	7.4%	6.5%	9.2%	
Per share of common stock (yen and dollars)												
Earnings (losses) per share (basic)	¥ 4.77	¥ 28.90	¥ 32.12	¥ 35.67	¥ 55.04	¥ 50.75	¥ 131.32	¥ 127.55	¥ 261.06	¥ 237.16	¥ 365.21	\$ 2.98
Earnings (losses) per share (diluted)	—	—	31.10	31.96	49.34	48.01	124.26	120.67	—	—	—	—
Cash dividends per share	18.00	18.00	18.00	18.00	18.00	20.00	40.00	40.00	60.00	40.00	44.00	0.36
Research and development expenses	¥ 21,496	¥ 20,689	¥ 19,821	¥ 19,084	¥ 17,975	¥ 19,368	¥ 19,426	¥ 17,838	¥ 19,268	¥ 22,348	¥ 26,081	\$ 213,097
Capital expenditures	66,814	76,827	72,177	76,138	63,203	64,990	72,015	68,581	86,419	60,855	58,203	475,554
Depreciation and amortization	80,923	67,965	62,473	61,176	59,692	58,536	60,219	60,285	55,953	63,002	64,196	524,520
AT YEAR-END												
Current assets	¥ 767,831	¥ 800,645	¥ 836,681	¥ 924,728	¥ 852,207	¥ 884,928	¥ 843,084	¥ 863,768	¥ 902,759	¥1,066,995	¥1,050,735	\$ 8,585,138
Current liabilities	407,945	453,121	420,152	515,536	462,106	431,713	409,021	467,837	489,985	436,492	496,095	4,053,395
Working capital	359,886	347,524	416,529	409,192	390,101	453,215	434,063	395,931	412,774	630,503	554,640	4,531,743
Cash and cash equivalents	190,804	256,058	287,690	335,911	292,676	295,126	273,334	272,990	296,873	497,238	414,266	3,384,803
Property, plant and equipment, net of depreciation	574,506	552,511	553,291	566,125	537,977	526,581	555,649	553,732	600,528	571,779	580,255	4,741,033
Long-term indebtedness	232,264	224,041	299,588	254,345	208,340	226,130	243,451	198,397	183,135	283,582	188,310	1,538,606
Total assets	1,586,823	1,633,066	1,712,351	1,994,642	1,876,575	1,997,909	2,147,932	2,194,216	2,143,455	2,363,504	2,288,189	18,695,882
Net assets	866,219	888,422	913,108	1,082,844	1,066,852	1,171,959	1,303,674	1,328,875	1,310,233	1,453,165	1,437,208	11,742,855
Equity ratio	46.1%	46.3%	45.7%	46.8%	49.8%	51.0%	52.9%	53.2%	55.2%	56.0%	59.7%	
Debt-equity ratio	35.4%	38.9%	42.1%	38.3%	30.1%	24.7%	22.6%	23.5%	22.1%	25.2%	19.2%	
OTHER STATISTICS												
Number of employees	47,872	48,878	48,751	48,999	46,705	50,705	51,210	51,712	52,599	52,401	54,336	
Number of common shares issued (thousands of shares)	699,412	699,412	699,412	699,412	699,412	699,412	349,706	349,706	349,706	349,706	349,706	
Number of consolidated subsidiaries	165	167	154	151	146	150	155	162	194	195	207	

* U.S. dollar amounts are translated from yen at the rate of ¥122.39=US\$1.00, as of March 31, 2022.

Note 1: The Company implemented a share consolidation, effective October 1, 2018, on the basis of consolidating two shares of common stock into one. As a result, the “Earnings (losses) per share (basic)” and the “Earnings (losses) per share (diluted)” as well as the “Cash dividends per share” have been recalculated assuming that the consolidation was carried out at the beginning of the year ended March 31, 2018.

Note 2: The Company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from the year ended March 31, 2019. The figures for the year ended March 31, 2018 have been reclassified to conform with the presentation for the year ended March 31, 2019.

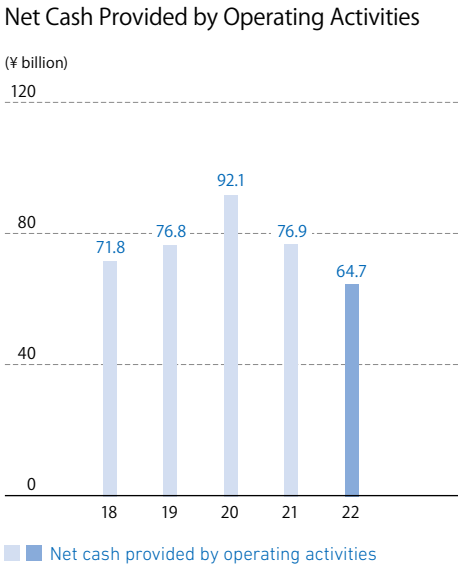
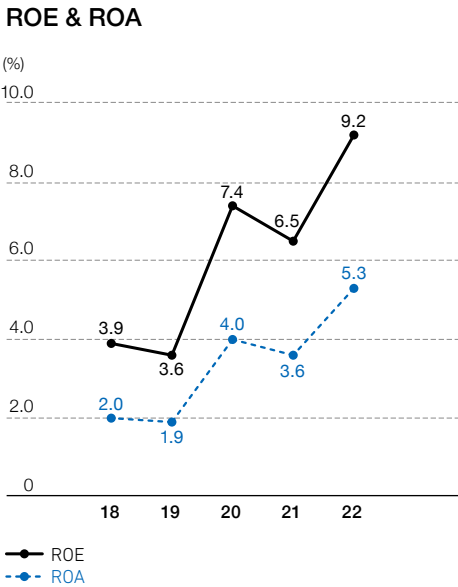
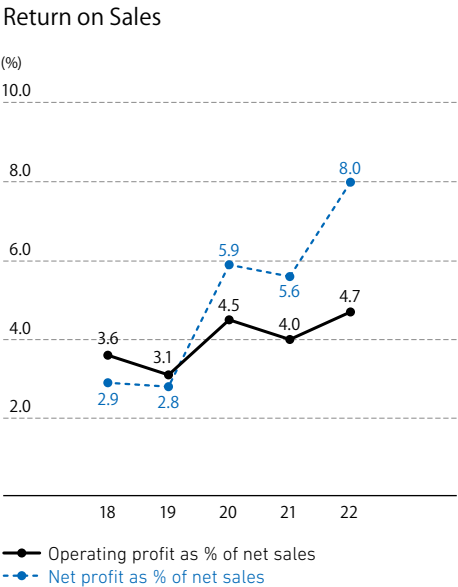
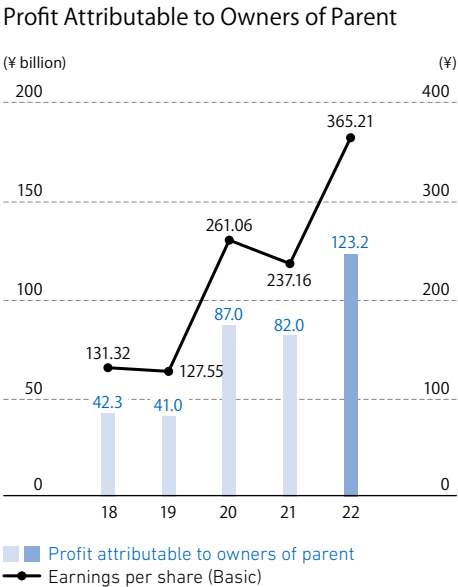
Note 3: In the year ended March 31, 2020, the provisional accounting treatment related to business combinations was finalized. Accordingly, the figures for the year ended March 31, 2019 have been adjusted retroactively to reflect the finalization of the provisional accounting treatment.

Note 4: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the year ended March 31, 2022, and the key consolidated management indices, etc., for the year ended March 31, 2022 are those after the application of such accounting standards and others.

Management Discussion and Analysis of Operating Results and Financial Position

Toppan Inc. and Subsidiaries

Years ended March 31



The financial information in this section is based on the consolidated financial statements in this integrated report. The consolidated financial statements are based on generally accepted accounting principles in Japan. The Toppan Group (hereinafter, “the Group”) consists of Toppan Inc., 207 subsidiaries, and 29 equity method associates, and conducts a wide range of business activities under three business segments: Information & Communication, Living & Industry, and Electronics. To reflect the performance of all Group companies in the consolidated financial statements, all subsidiaries have been included within the scope of consolidation and all associates have been accounted for using the equity method. In the fiscal year ended March 31, 2022, the following changes have taken place in relation to the Group’s subsidiaries and equity method associates:

- Consolidated subsidiaries:
Twenty-two added and ten removed
- Equity method associates:
Two added and two removed

Overview

In the fiscal year ended March 31, 2022, there were signs of recovery in Japan’s economy due to the effect of measures taken in response to the COVID-19 pandemic. Nonetheless, due to the influence of new COVID-19 variants and other factors, there was also weakness in certain areas. Moreover, recent developments such as the Ukraine situation and the volatility of financial and capital markets continue to create an uncertain outlook.

The Group’s operating environment remained challenging. For example, consumer spending and corporate activity were sluggish due to COVID-19, the shift to digital information media led to declining demand for paper media, and the Group faced supply constraints and rising prices for raw materials. On the other hand, the Group anticipates growth in digital demand due to changes in lifestyles, as well as new demand resulting from increased consciousness of global environmental issues, among other factors.

In this setting, under the key concept of “Digital & Sustainable Transformation,” the Group is working to support the realization of a sustainable society and to enhance corporate value through digital transformation (DX) and sustainable

transformation (SX). DX uses digital technologies as a starting point to transform society and the business of customers and the Toppan Group, and SX contributes to the resolution of social issues through business and to management focused on sustainability. Meanwhile, under the Medium Term Plan announced in May 2021, which covers the period up to March 2023, the Group is working to implement business transformation and to strengthen its management foundations. In the plan, the priority measures for the medium to long term are (1) transforming the business portfolio, (2) strengthening management foundations, and (3) expanding ESG initiatives.

As a result of these initiatives, in the fiscal year ended March 31, 2022, the Group recorded a 5.5% year-on-year increase in net sales, to ¥1,547.5 billion. Operating profit increased 25.0% year on year, to ¥73.5 billion, and profit attributable to owners of parent increased 50.2% year on year, to ¥123.2 billion. The application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., had the effect of decreasing net sales by ¥22.9 billion and decreasing operating profit by ¥0.3 billion, compared with values calculated by applying the previous method.

Net sales

In the fiscal year ended March 31, 2022, net sales rose 5.5% year on year, to ¥1,547.5 billion. Net sales by business segment were as stated below.

Information & Communication

The Information & Communication segment recorded a 2.9% year-on-year increase in net sales, to ¥903.5 billion, and operating profit rose 0.2% year on year, to ¥51.2 billion.

In the security business, results were mostly unchanged year on year, with a decline in the manufacturing of smart cards offset by a strong performance in security solutions. The Group worked to expand the overseas security business. Major initiatives included the roll out in Europe and China of ID authentication services that enable businesses to create customer touchpoints and manage their supply chains, as well as the acquisition of Face Technologies (Pty) Ltd., a systems integrator with a customer base centered on Africa and other emerging regions. In order to capture digital transformation (DX) demand in the logistics industry, which is growing with the rise in e-commerce demand, the Group also acquired Aioi-Systems Co., Ltd., which is engaged in logistics efficiency enhancement with the

use of digital technologies.

In business forms, results were largely unchanged from the previous fiscal year. There was a decrease in forms used at counters, but the Group catered to demand for COVID-19 vaccination-related forms and there was an increase in shipping labels. In the data printing services (DPS) business, sales declined slightly. This was chiefly due to the contraction of projects related to economic stimulus measures, despite the capture of projects for notifications related to COVID-19 vaccination and a recovery in demand for direct mail, mainly from financial institutions and mail order operators. Meanwhile, the Company made Toppan Forms Co., Ltd., into a wholly owned subsidiary in order to fully utilize Group resources and to strengthen competitiveness.

In the content & marketing business, sales were up year on year. Sales declined in the commercial printing business, including sales of advertising flyers. However, there was an increase in sales from publication printing, including the printing of game cards, a rise in sales of content and marketing solutions that addressed digitalization, and an increase in sales of sales-promotion-related tools, following a sharp decline in the previous fiscal year due to the pandemic. Major

initiatives included enhancing the features of the manufacturing DX support solution NAVINECT® and expanding sales of Mirai no Chirashi, a sales promotion support service that enables the analysis of customer behavior in real time. In addition, the Group developed MiraVerse®, a metaverse service platform that enables business communications, such as negotiations, in virtual spaces. In the e-book business, amid increasingly fierce competition resulting from the full-scale entry of overseas companies, BookLive Co., Ltd. sought to differentiate itself from competitors through initiatives such as the launch of a community platform for creators and fans.

In the business process outsourcing (BPO) business, performance remained strong, reflecting the capturing of outsourcing demand from businesses, the national government, and local authorities.

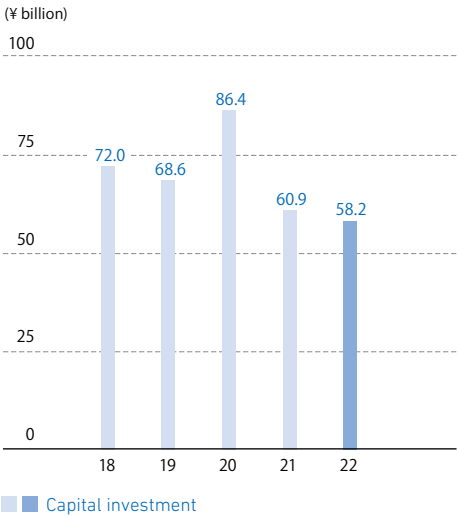
The application of the Accounting Standard for Revenue Recognition, etc., had the effect of decreasing net sales by ¥8.9 billion and operating profit by ¥0.0 billion.

Living & Industry

The Living & Industry segment posted a 4.3% year-on-year increase in net sales, to ¥444.2 billion, and a 3.0% year-on-year increase in operating profit, to ¥28.5 billion.

Years ended March 31

Capital Investment



Within this segment, in the packaging business, demand for flexible packaging materials for toiletries and the food service industry followed a recovery trend in Japan, and sales expanded overseas, mainly in Indonesia. As a result, sales of flexible packaging materials increased. Sales of folding cartons also increased year on year, reflecting growth in sales overseas.

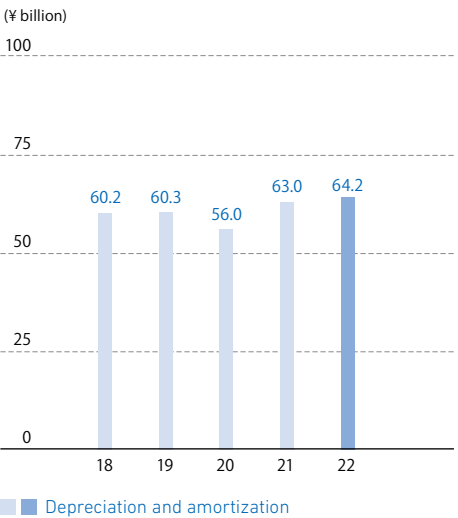
In SX initiatives, the Group focused on increasing sales of sustainable packaging materials and developed the light-blocking film GL-ME-RC as an addition to the lineup of GL BARRIER transparent film. In addition to its world-class barrier performance, GL BARRIER is also highly regarded for its environmental performance. In the previous fiscal year, ended March 31, 2021, GL BARRIER realized a reduction in CO₂ emission volume of approximately 63,000 metric tons when compared with packaging that uses aluminum foil. In addition, the Group launched SmartLCA-CO₂TM, a system for the automated calculation of CO₂ emission volume of individual products across their life cycles. The Group also started production using ECOLUSTER®, a more environmentally friendly manufacturing method for offset printing that combines oil-based biomass ink with water-based varnish. In the global

market, we acquired the InterFlex Group, a U.S.-based packaging manufacturer, and Max Speciality Films Private Limited, an India-based film manufacturer. In these ways, we strengthened our local supply systems for sustainable packaging in overseas markets.

In the décor materials business, sales in Japan rose due to a moderate recovery of the housing market and increased sales of decorative surface materials with high-quality design and advanced functions, although the commercial market fell short of the level before the outbreak of COVID-19. Overseas sales also grew after strong sales of decorative surface materials for furniture and other interior applications, although the expansion of stay-at-home demand was slowing.

In DX initiatives, the Group developed cheeracleTM, a service for collecting and accumulating health information about individuals based on their activity at home, by combining IoT devices with décor materials. With consideration for increasing environmental hygiene needs, the Company developed antiviral/antibacterial clear sheet products, which can be applied to items such as tables and touch panels, and obtained certification from the Society of International sustaining growth for Antimicrobial Articles (SIAA), a third-

Depreciation and Amortization



party certification organization.

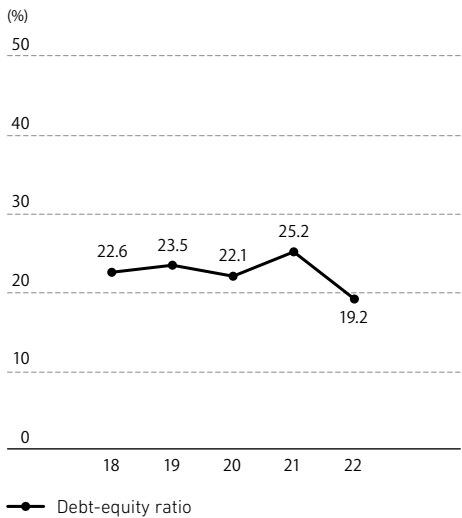
The application of the Accounting Standard for Revenue Recognition, etc., had the effect of decreasing net sales by ¥11.2 billion and operating profit by ¥0.1 billion.

Electronics

The Electronics segment recorded a year-on-year increase of 20.6% in net sales, to ¥221.5 billion, and a year-on-year increase of 150.8% in operating profit, to ¥30.0 billion.

Within this segment, in the semiconductor business, sales of photomasks remained strong due to an increase in demand related to 5G and AI and to growth in demand for a wide range of semiconductors, including those for data centers and in-vehicle applications. Furthermore, based on the assumption of even greater technological development and capital investment, and with consideration for a future IPO, the Company established Toppan Photomask Co., Ltd., as a new company that will implement independent fundraising and flexible decision-making. Sales of FC-BGA substrates, which are high-density semiconductor package substrates, increased year on year, reflecting rising demand due to an increase in the volume of

Debt-Equity Ratio



communication data. The Group tapped into demand for high-value-added large and multilayer products, taking advantage of its industry-leading quality and technology. The Group has also stepped up initiatives in preparation for the widespread adoption of IoT devices. These include using the next-generation low power wide area (LPWA) ZETA protocol to enable efficiency improvements and labor saving in environmental conservation work at manufacturing plants and buildings.

In displays, sales of color filters decreased year on year due to the impact of a business transfer, although demand for products mainly for in-vehicle applications was on a recovery trend. Sales of anti reflection films remained strong due to increasing remote work and at-home demand for products for laptops and monitors. Sales of small and medium-sized TFT-LCD panels increased year on year, despite the impact of the lockdown in Malaysia, which was offset by a recovery in demand for in-vehicle and industrial equipment applications. With consideration for growing needs for contactless equipment from a hygiene perspective, the Group also worked to expand new businesses, to supply products such as a new type of aerial touch display for

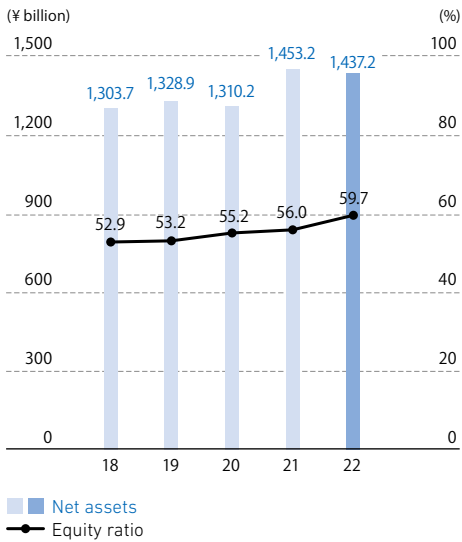
office buildings.

The application of the Accounting Standard for Revenue Recognition, etc., had the effect of decreasing net sales by ¥2.9 billion and decreasing operating profit by ¥0.1 billion.

Cost of sales

In the fiscal year ended March 31, 2022, cost of sales increased 4.1% year on year, to ¥1,212.8 billion, and cost of sales as a percentage of net sales decreased 1.1 percentage points year on year, to 78.4%. The application of the Accounting Standard for Revenue Recognition, etc., had the effect of decreasing cost of sales by ¥22.6 billion and decreasing cost of sales as a percentage of net sales by 1.5 percentage points. As a result, gross profit increased 11.1%, to ¥334.8 billion. Comprehensive cost reduction measures have been successful, meaning that after reducing the cost of sales as a percentage of net sales to less than 80% in the fiscal year ended March 31, 2020, we have continued to lower it for a further two consecutive fiscal years. The Toppan Group will continue working to implement such measures as streamlining its organization, improving production efficiency, and reviewing material procurement.

Net Assets



Selling, general and administrative expenses

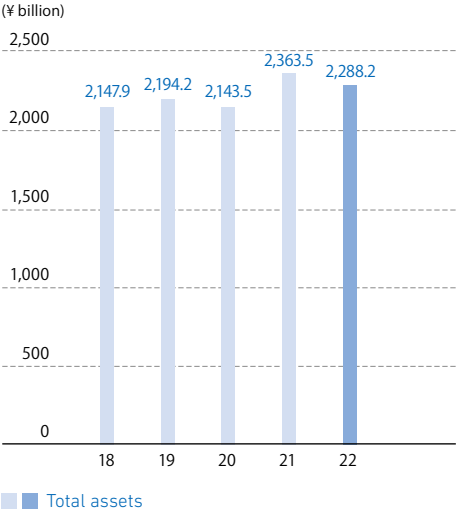
Selling, general and administrative expenses increased 7.7 % year on year, to ¥261.3 billion. Selling, general and administrative expenses as a percentage of net sales increased 0.4 percentage point year on year, from 16.5% to 16.9%. The Toppan Group intends to continue advancing the structural reform of its business to enhance profitability. As part of these efforts, the Group is optimizing personnel deployment to lower outsourcing costs and overall labor costs.

Research and development expenses

Research and development expenses increased 16.7% year on year, to ¥26.1 billion. Research and development expenses as a percentage of net sales increased 0.2 percentage point year on year, from 1.5% to 1.7%. The Toppan Group continues to pursue efficient research and development to secure technological advantages in markets, enhance the performance of its existing products, and develop the next generation of high-value-added products. Going forward, the Group intends to continue undertaking well-planned investment in research and development.

Years ended March 31

Total Assets



Operating profit

Operating profit increased 25.0%, to ¥73.5 billion, and the operating profit margin increased 0.7 percentage point year on year, from 4.0% to 4.7%. The Toppan Group considers operating profit to be an important indicator of the profitability of its core operations. Accordingly, the Group will continue to take proactive measures to grow operating profit.

Total other income

Total other income was up 50.8% year on year, to ¥107.4 billion. This increase was attributable to factors such as the following. The first stage of a series of measures to reevaluate owned assets, which resulted in the recording of impairment losses, was mostly completed by the end of the fiscal year under review, and gain on the sale of strategic shareholdings was also recorded. In addition, as a result of high stock prices from the end of calendar year 2020, there were declines in loss on valuation of investment securities and loss on sales of investment securities. As a result, profit before income taxes increased 39.2% year on year, to ¥180.9 billion.

Income taxes

Total income taxes increased from the previous fiscal year's ¥46.3 billion to ¥51.8

billion. The tax rate after the application of tax effect accounting decreased from 35.6% to 28.6%, mainly due to a decrease in the valuation allowance for impairment losses.

Profit attributable to owners of parent

As a result of the aforementioned, profit attributable to owners of parent, net of profit attributable to non-controlling interests, increased 50.2%, to ¥123.2 billion. Earnings per share increased from the previous fiscal year's ¥237.16 to ¥365.21. The application of the Accounting Standard for Revenue Recognition, etc., had the effect of decreasing earnings per share by ¥0.57.

Return on assets (ROA) increased from the previous fiscal year's 3.6% to 5.3%, and return on equity (ROE) increased from the previous fiscal year's 6.5% to 9.2%.

Cash flows

The Group maintains a sound financial position and generates cash flows in order to facilitate business management and enable appropriate investments for future strategic growth.

Net cash provided by operating activities decreased 15.8% year on year, to

¥64.7 billion, reflecting adjustments to the ¥180.9 billion in profit before income taxes for non-cash items, such as depreciation, and for credits and debits associated with operating activities.

The Group implemented necessary capital investment. On the other hand, proceeds from sales and redemption of investment securities were recorded. As a result of these and other factors, net cash provided by investing activities decreased 59.6% year on year, to ¥32.8 billion.

The Group purchased shares of subsidiaries not resulting in change in scope of consolidation, made repayments mainly of long-term borrowings, purchased treasury shares, and paid dividends. As a result, net cash used in financing activities was ¥187.0 billion, compared with net cash provided by financing activities of ¥42.2 billion in the previous fiscal year.

Consequently, cash and cash equivalents at the end of the fiscal year under review amounted to ¥414.3 billion, down 16.7% from the previous fiscal year-end.

Financial position

Total current assets at the end of the fiscal year under review stood at ¥1,050.7 billion, down 1.5% from the previous fiscal year-end. This mainly reflected the

following. In the previous fiscal year, notes and accounts receivable—trade was ¥394.1 billion, while in the fiscal year under review notes and accounts receivable—trade, and contract assets was ¥428.4 billion. On the other hand, cash and cash equivalents decreased by ¥83.0 billion.

Total current liabilities were up 13.7% from the previous fiscal year-end, to ¥496.1 billion. This mainly reflected increases of ¥40.4 billion in current portion of long-term indebtedness and ¥26.2 billion in notes and accounts payable—trade, which outweighed a decrease of ¥15.3 billion in short-term borrowings.

Total property, plant and equipment increased 1.5% from the previous fiscal year-end, to ¥580.3 billion. Further, total investments and other assets decreased 9.3%, to ¥657.2 billion. This was due mainly to as a decrease of ¥104.4 billion in investment securities, partially offset by an increase of ¥35.3 billion in intangible assets including goodwill.

Total long-term liabilities decreased 25.1% from the previous fiscal year-end, to ¥354.9 billion. This was primarily due to decreases of ¥95.3 billion in long-term indebtedness, ¥40.0 billion in bonds payable, and ¥23.8 billion in deferred tax liabilities.

Total net assets declined 1.1% from the previous fiscal year-end, to ¥1,437.2 billion. This was attributable to decreases of ¥69.6 billion in valuation difference on available-for-sale securities and ¥58.2 billion in non-controlling interests, which outweighed an increase of ¥108.2 billion in retained earnings.

The equity ratio increased from 56.0% at the previous fiscal year-end to 59.7%. Net assets per share increased 5.7% from the previous fiscal year-end, to ¥4,089.58. The application of the Accounting Standard for Revenue Recognition, etc., had the effect of decreasing net assets per share by ¥0.49. Total assets stood at ¥2,288.2 billion, down 3.2% from the previous fiscal year-end.

Dividend distribution policy and cash dividends

To return profits to its shareholders flexibly

and sustain growth, Toppan pays cash dividends in light of comprehensive consideration of consolidated financial results, the dividend payout ratio, and internal reserves. Specifically, Toppan is committed to raising the level of cash dividends and targets a consolidated dividend payout ratio of 30% or higher. Toppan's policy is to seek higher corporate value by using internal reserves for capital investment and investments in research and development to expand business areas that promise growth and for measures that increase investment efficiency from a long-term perspective, such as measures to raise the efficiency and dynamism of existing businesses. Toppan believes that distributing profits in this manner will enhance core corporate strengths and help increase profits, thereby enabling ongoing returns of profits to shareholders. Reflecting this basic policy, Toppan paid an interim cash dividend of ¥20.00 per share and a year-end cash dividend of ¥24.00 per share. As a result, total annual cash dividends were ¥44.00 per share for the year ended March 31, 2022, an increase of ¥4.00. Based on the aforementioned basic policy, Toppan plans to pay total annual cash dividends of ¥44.00 per share for the fiscal year ending March 31, 2023, which is at the same level as the total annual cash dividends for the fiscal year under review.

Targeted performance indicators

From the perspective of shareholder value, the Toppan Group strives to raise ROE. In conjunction with these efforts, the Toppan Group focuses particular efforts on increasing operating profit as an indicator of the profitability of its core operations. By forging ahead with business management to improve capital efficiency, and thereby heighten corporate value even further, the Toppan Group aims to meet its shareholders' expectations.

Outlook for the fiscal year ending March 31, 2023

In the fiscal year ending March 31, 2023,

the domestic economy is expected to recover due to such factors as the effects of policy measures and improvements in overseas economies. However, it will be important to continue carefully monitoring such matters as the effects of the COVID-19 pandemic and the situation in Ukraine on domestic and overseas economies, as well as fluctuations in financial and capital markets.

Looking at the Group's operating environment, market opportunities are expected to expand in the digital field, including in online advertising and digital marketing and in environment-related fields. On the other hand, demand for paper media, including publication printing, is on a downward trend. In light of this and such factors as rising raw material prices and falling unit prices due to intensifying competition, the business environment will likely remain challenging.

In this environment, based on TOPPAN VISION 21, the entire Group will work together to enhance performance under the key concept of "Digital & Sustainable Transformation."

In the fiscal year ending March 31, 2023, the Toppan Group expects an increase of 4.7% in net sales, to ¥1,620.0 billion, an increase of 0.7% in operating profit, to ¥74.0 billion, and a decrease of 44.8% in profit attributable to owners of parent, to ¥68.0 billion.

Notes on forward-looking statements

This report includes certain forward-looking statements, which are forecasts based on currently available information and include assumptions concerning factors such as known and unknown risks. Actual outcome and performance may differ significantly depending on various factors.

Consolidated Balance Sheets

Toppan Inc. and Subsidiaries

As of March 31, 2021 and 2022	Thousands of		
	Millions of yen	U.S. dollars (note 1)	
ASSETS	2021	2022	2022
CURRENT ASSETS:			
Cash and cash equivalents (notes 1 and 13)	¥ 497,238	¥ 414,266	\$ 3,384,803
Time deposits with original maturities over three months (notes 4 and 13)	30,735	37,686	307,917
Securities (notes 1, 2 and 13)	15,419	12,703	103,791
Notes and accounts receivable—			
Trade (notes 4 and 13)	393,599	—	—
Associates (note 13)	473	—	—
Allowance for doubtful receivables (note 1)	(3,740)	—	—
Notes, accounts receivable and contract assets—			
Trade (notes 4, 13 and 17)	—	427,824	3,495,580
Associates (notes 13 and 17)	—	539	4,404
Allowance for doubtful receivables (note 1)	—	(4,649)	(37,985)
Inventories (notes 1 and 4)—			
Merchandise and finished goods	46,794	52,522	429,136
Work in process, raw materials and supplies	56,777	71,937	587,769
Other current assets	29,700	37,907	309,723
Total current assets	1,066,995	1,050,735	8,585,138
PROPERTY, PLANT AND EQUIPMENT (notes 1 , 4 , 5 and 11):			
Land	150,864	153,116	1,251,050
Buildings and structures	604,890	600,337	4,905,115
Machinery, equipment, vehicles and other	909,634	951,011	7,770,332
Construction in progress	21,527	21,464	175,374
	1,686,915	1,725,928	14,101,871
Accumulated depreciation	(1,115,136)	(1,145,673)	(9,360,838)
Total property, plant and equipment	571,779	580,255	4,741,033
INVESTMENTS AND OTHER ASSETS:			
Investments in and advances to associates (notes 1 and 13)	53,862	51,513	420,892
Investment securities (notes 1, 2 and 13)	579,271	474,892	3,880,154
Deferred tax assets (notes 1 and 6)	25,821	27,561	225,190
Long-term loans receivable	129	127	1,038
Retirement benefit asset (notes 1 and 7)	2,842	3,565	29,128
Goodwill (notes 1 and 5)	11,374	27,479	224,520
Other Intangible assets (notes 1 and 5)	36,808	56,022	457,733
Other assets (note 5)	14,623	16,040	131,056
Total investments and other assets	724,730	657,199	5,369,711
TOTAL ASSETS	¥2,363,504	¥2,288,189	\$18,695,882

The accompanying notes to the consolidated financial statements are an integral part of these statements.

As of March 31, 2021 and 2022	Thousands of		
	Millions of yen	U.S. dollars (note 1)	
LIABILITIES AND NET ASSETS	2021	2022	2022
CURRENT LIABILITIES:			
Short-term borrowings (notes 3 and 13)	¥ 30,588	¥ 15,300	\$ 125,010
Current portion of long-term indebtedness (notes 3 and 13)	10,075	50,468	412,354
Notes and accounts payable—			
Trade (note 13)	233,734	257,564	2,104,453
Construction	22,154	25,859	211,284
Associates (note 13)	8,695	7,314	59,760
Accrued expenses	65,524	71,813	586,756
Income taxes payable (note 1)	26,487	28,994	236,898
Other current liabilities	39,235	38,783	316,880
Total current liabilities	436,492	496,095	4,053,395
LONG-TERM LIABILITIES:			
Long-term indebtedness (notes 3 and 13)	283,582	188,310	1,538,606
Retirement benefit liability (notes 1 and 7)	48,698	49,667	405,809
Provision for retirement benefits for directors (note 1)	1,715	1,652	13,498
Deferred tax liabilities (notes 1 and 6)	123,977	100,141	818,212
Other long-term liabilities	15,875	15,116	123,507
Total long-term liabilities	473,847	354,886	2,899,632
NET ASSETS (note 8):			
SHAREHOLDERS' EQUITY			
Share capital:			
Authorized — 1,350,000,000 shares in 2021 and 2022			
Issued — 349,706,240 shares in 2021 and 2022	104,986	104,986	857,799
Capital surplus	126,794	125,530	1,025,656
Retained earnings	832,978	941,170	7,689,926
Treasury shares:			
7,671,677 shares and 15,691,210 shares as of March 31, 2021 and 2022, respectively	(10,887)	(26,469)	(216,268)
Total shareholders' equity	1,053,871	1,145,217	9,357,113
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Valuation difference on available-for-sale securities (notes 1 and 2)	273,432	203,795	1,665,128
Deferred gains or losses on hedges (note 1)	(176)	(107)	(874)
Foreign currency translation adjustments (note 1)	(5,745)	13,256	108,309
Remeasurements of defined benefit plans	2,340	3,820	31,212
Total accumulated other comprehensive income	269,851	220,764	1,803,775
NON-CONTROLLING INTERESTS	129,443	71,227	581,967
TOTAL NET ASSETS	1,453,165	1,437,208	11,742,855
TOTAL LIABILITIES AND NET ASSETS	¥2,363,504	¥2,288,189	\$18,695,882

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Income

Toppan Inc. and Subsidiaries

Years ended March 31, 2021 and 2022

	Thousands of U.S. dollars (note 1)	
	Millions of yen	
	2021	2022
NET SALES	¥1,466,935	¥1,547,534
COST OF SALES	1,165,533	1,212,770
Gross profit	301,402	334,764
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	242,612	261,258
Operating profit	58,790	73,506
OTHER INCOME (EXPENSES):		
Interest and dividend income	6,945	6,137
Interest expenses	(4,055)	(3,987)
Foreign currency exchange gains (losses)	(788)	3,681
Share of profit (loss) of entities accounted for using equity method	1,728	1,626
Dismantlement expenses	(3,328)	(1,320)
COVID-19 related expenses	(1,669)	(176)
Gain on sales of non-current assets	4,689	1,653
Loss on sales and retirement of non-current assets	(3,291)	(1,663)
Gain (loss) on sales of investment securities (note 2)	102,204	108,285
Loss on valuation of investment securities (note 1)	(11,470)	(834)
Gain (loss) on sales of shares of subsidiaries and associates	(2,427)	879
Gain (loss) on liquidation of subsidiaries and associates	145	(400)
Gain on return of assets from retirement benefits trust	2,801	—
Gain on step acquisitions	136	3,320
Tender offer related expenses	—	(1,409)
Impairment loss (notes 5 and 12)	(20,191)	(5,601)
Environmental expenses	—	(286)
Loss related to the Antimonopoly Act	—	(197)
Other, net	(199)	(2,271)
Total	71,230	107,437
PROFIT BEFORE INCOME TAXES	130,020	180,943
INCOME TAXES (notes 1 and 6):		
Current	53,018	51,664
Deferred	(6,752)	122
Total	46,266	51,786
PROFIT	83,754	129,157
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(1,756)	(5,975)
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	¥ 81,998	¥ 123,182

	U.S. dollars (note 1)	
	Yen	
PER SHARE OF COMMON STOCK (note 9)	2021	2022
Earnings:		
Basic	¥ 237.16	¥ 365.21
Diluted	—	—
Cash dividends, applicable to earnings for year	40.00	44.00

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Toppan Inc. and Subsidiaries

Years ended March 31, 2021 and 2022

	Thousands of U.S. dollars (note 1)	
	Millions of yen	
	2021	2022
Profit	¥ 83,754	¥129,157
Other comprehensive income:		
Valuation difference on available-for-sale securities	87,848	(69,153)
Deferred gains or losses on hedges	51	69
Foreign currency translation adjustments	(1,638)	21,315
Remeasurements of defined benefit plans, net of tax	1,244	1,383
Share of other comprehensive income of entities accounted for using equity method	952	(14)
Total other comprehensive income (note 14)	88,457	(46,400)
Comprehensive income	¥172,211	¥ 82,757
Comprehensive income attributable to:		
Owners of parent	¥168,652	¥ 74,096
Non-controlling interests	3,559	8,661

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Toppan Inc. and Subsidiaries

Years ended March 31, 2021 and 2022

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2020	¥ 104,986	¥ 126,785	¥ 771,956	¥ (4,295)	¥ 999,432
Dividends of surplus			(20,775)		(20,775)
Profit attributable to owners of parent			81,998		81,998
Purchases of treasury shares				(7,396)	(7,396)
Disposal of treasury shares		(19)		804	785
Transfer from retained earnings to capital surplus		201	(201)		—
Change in ownership interest of parent due to transactions with non-controlling interests		(173)			(173)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	9	61,022	(6,592)	54,439
Balance at April 1, 2021	¥ 104,986	¥ 126,794	¥ 832,978	¥ (10,887)	¥ 1,053,871
Cumulative effects of changes in accounting policies			30		30
Restated balance at April 1, 2021	¥ 104,986	¥ 126,794	¥ 833,008	¥ (10,887)	¥ 1,053,901
Dividends of surplus			(13,548)		(13,548)
Profit attributable to owners of parent			123,182		123,182
Purchases of treasury shares				(15,678)	(15,678)
Disposal of treasury shares		3		96	99
Change in ownership interest of parent due to transactions with non-controlling interests		(1,267)			(1,267)
Changes in liabilities for written put options over non-controlling interests			(1,472)		(1,472)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(1,264)	108,162	(15,582)	91,316
Balance at March 31, 2022	¥ 104,986	¥ 125,530	¥ 941,170	¥ (26,469)	¥ 1,145,217

Millions of yen

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2020	¥ 186,079	¥ (227)	¥ (4,211)	¥ 1,555	¥ 183,196	¥ 127,605	¥	¥ 1,310,233
Dividends of surplus								(20,775)
Profit attributable to owners of parent								81,998
Purchases of treasury shares								(7,396)
Disposal of treasury shares								785
Transfer from retained earnings to capital surplus								—
Change in ownership interest of parent due to transactions with non-controlling interests								(173)
Net changes of items other than shareholders' equity	87,353	51	(1,534)	785	86,655	1,838		88,493
Total changes of items during the period	87,353	51	(1,534)	785	86,655	1,838		142,932
Balance at April 1, 2021	¥ 273,432	¥ (176)	¥ (5,745)	¥ 2,340	¥ 269,851	¥ 129,443	¥	¥ 1,453,165
Cumulative effects of changes in accounting policies					—			¥ 30
Restated balance at April 1, 2021	¥ 273,432	¥ (176)	¥ (5,745)	¥ 2,340	¥ 269,851	¥ 129,443	¥	¥ 1,453,195
Dividends of surplus								(13,548)
Profit attributable to owners of parent								123,182
Purchases of treasury shares								(15,678)
Disposal of treasury shares								99
Change in ownership interest of parent due to transactions with non-controlling interests								(1,267)
Changes in liabilities for written put options over non-controlling interests					—			(1,472)
Net changes of items other than shareholders' equity	(69,637)	69	19,001	1,480	(49,087)	(58,216)		(107,303)
Total changes of items during the period	(69,637)	69	19,001	1,480	(49,087)	(58,216)		(15,987)
Balance at March 31, 2022	¥ 203,795	¥ (107)	¥ 13,256	¥ 3,820	¥ 220,764	¥ 71,227	¥	¥ 1,437,208

Thousands of U.S. dollars (note 1)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2020	\$ 857,799	\$ 1,035,910	\$ 6,307,345	\$ (35,093)	\$ 8,165,961
Dividends of surplus			(169,744)		(169,744)
Profit attributable to owners of parent			669,973		669,973
Purchases of treasury shares				(60,430)	(60,430)
Disposal of treasury shares		(155)		6,569	6,414
Transfer from retained earnings to capital surplus		1,642	(1,642)		—
Change in ownership interest of parent due to transactions with non-controlling interests		(1,414)			(1,414)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	73	498,587	(53,861)	444,799
Balance at April 1, 2021	\$ 857,799	\$ 1,035,983	\$ 6,805,932	\$ (88,954)	\$ 8,610,760
Cumulative effects of changes in accounting policies			245		245
Restated balance at April 1, 2021	857,799	1,035,983	6,806,177	(88,954)	8,611,005
Dividends of surplus			(110,695)		(110,695)
Profit attributable to owners of parent			1,006,471		1,006,471
Purchases of treasury shares				(128,098)	(128,098)
Disposal of treasury shares		25		784	809
Change in ownership interest of parent due to transactions with non-controlling interests		(10,352)			(10,352)
Changes in liabilities for written put options over non-controlling interests			(12,027)		(12,027)
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(10,327)	883,749	(127,314)	746,108
Balance at March 31, 2022	\$ 857,799	\$ 1,025,656	\$ 7,689,926	\$ (216,268)	\$ 9,357,113

Thousands of U.S. dollars (note 1)

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2020	\$ 1,520,377	\$ (1,855)	\$ (34,406)	\$ 12,705	\$ 1,496,821	\$ 1,042,610		\$ 10,705,391
Dividends of surplus								(169,744)
Profit attributable to owners of parent								669,973
Purchases of treasury shares								(60,430)
Disposal of treasury shares								6,414
Transfer from retained earnings to capital surplus								—
Change in ownership interest of parent due to transactions with non-controlling interests								(1,414)
Net changes of items other than shareholders' equity	713,727	417	(12,534)	6,414	708,024	15,017		723,041
Total changes of items during the period	713,727	417	(12,534)	6,414	708,024	15,017		1,167,840
Balance at April 1, 2021	\$ 2,234,104	\$ (1,438)	\$ (46,940)	\$ 19,119	\$ 2,204,845	\$ 1,057,627		\$ 11,873,231
Cumulative effects of changes in accounting policies					—			245
Restated balance at April 1, 2021	2,234,104	(1,438)	(46,940)	19,119	2,204,845	1,057,627		11,873,477
Dividends of surplus								(110,695)
Profit attributable to owners of parent								1,006,471
Purchases of treasury shares								(128,098)
Disposal of treasury shares								809
Change in ownership interest of parent due to transactions with non-controlling interests								(10,352)
Changes in liabilities for written put options over non-controlling interests								(12,027)
Net changes of items other than shareholders' equity	(568,976)	564	155,249	12,093	(401,070)	(475,660)		(876,730)
Total changes of items during the period	(568,976)	564	155,249	12,093	(401,070)	(475,660)		(130,622)
Balance at March 31, 2022	\$ 1,665,128	\$ (874)	\$ 108,309	\$ 31,212	\$ 1,803,775	\$ 581,967		\$ 11,742,855

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Toppan Inc. and Subsidiaries

Years ended March 31, 2021 and 2022

	2021	2022	2022
	Millions of yen		Thousands of U.S. dollars (note 1)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income taxes	¥ 130,020	¥ 180,943	\$ 1,478,413
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation	63,002	64,196	524,520
Impairment loss	20,191	5,601	45,764
Amortization of goodwill	1,882	2,387	19,503
Increase (decrease) in retirement benefit liability	4,005	3,091	25,255
Decrease (increase) in retirement benefit asset	61,202	(938)	(7,664)
Increase in investment securities due to retirement benefits trust return	(59,879)	—	—
Increase (decrease) in allowance for doubtful accounts	1,663	576	4,706
Interest and dividend income	(6,945)	(6,137)	(50,143)
Interest expenses	4,055	3,987	32,576
Share of (profit) loss of entities accounted for using equity method	(1,728)	(1,626)	(13,285)
Loss (gain) on sales of investment securities	(102,204)	(108,285)	(884,754)
Loss (gain) on valuation of investment securities	11,470	834	6,814
Loss (gain) on sales and retirement of non-current assets	(1,398)	10	82
Loss (gain) on sales of shares of subsidiaries and associates	2,427	(879)	(7,182)
Gain on return of assets from retirement benefits trust	(2,801)	—	—
Gain on step acquisitions	(136)	(3,320)	(27,126)
Decrease (increase) in trade receivables	8,046	—	—
Decrease (increase) in trade receivables and contract assets	—	(23,276)	(190,179)
Decrease (increase) in inventories	6,188	(12,265)	(100,212)
Increase (decrease) in trade payable	(15,997)	6,362	51,981
Decrease (increase) in consumption taxes receivable/payable	6,799	(7,830)	(63,976)
Other, net	13,270	6,702	54,760
Subtotal	143,132	110,133	899,853
Interest and dividend income received	6,451	7,350	60,054
Interest paid	(4,001)	(4,013)	(32,789)
Income taxes (paid) refund	(68,724)	(48,722)	(398,088)
Net cash provided by operating activities	76,858	64,748	529,030
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (Increase) in time deposits, net	12,380	(5,436)	(44,415)
Purchase of securities	(5,000)	—	—
Proceeds from sales of securities	17,100	2,800	22,878
Purchase of property, plant and equipment	(56,607)	(42,539)	(347,569)
Proceeds from sales of property, plant and equipment	8,283	7,427	60,683
Purchase of intangible assets	(12,193)	(12,730)	(104,012)
Purchase of investment securities	(2,134)	(3,871)	(31,628)
Proceeds from sales and redemption of investment securities	121,173	115,932	947,234
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,415)	(25,969)	(212,182)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	174	—	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(62)	(507)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	370	3,023
Purchase of shares of associates	(940)	(450)	(3,677)
Proceeds from sales of shares of associates	7,710	—	—
Long-term loan advances	(8)	(23)	(188)
Other, net	(5,274)	(2,647)	(21,628)
Net cash provided by investing activities	81,249	32,802	268,012
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings	(2,809)	(18,533)	(151,426)
Proceeds from long-term loans borrowings	119,878	19,124	156,255
Repayments of long-term loans borrowings	(13,369)	(91,438)	(747,104)
Redemption of bonds	(30,000)	—	—
Purchase of treasury shares	(7,395)	(15,679)	(128,107)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(62,146)	(507,770)
Cash dividends paid	(20,894)	(13,619)	(111,275)
Dividends paid to non-controlling interests	(1,380)	(1,354)	(11,063)
Proceeds from share issuance to non-controlling interests	61	3	25
Other, net	(1,877)	(3,313)	(27,069)
Net cash provided by (used in) financing activities	42,215	(186,955)	(1,527,534)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	43	6,433	52,561
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	200,365	(82,972)	(677,931)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (note 1)	296,873	497,238	4,062,734
CASH AND CASH EQUIVALENTS AT END OF PERIOD (note 1)	¥497,238	¥ 414,266	\$ 3,384,803

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

Toppan Inc. and Subsidiaries

note 1

Summary of Significant Accounting and Reporting Policies

The following is a summary of the significant accounting and reporting policies adopted by Toppan Inc. (the “Company”) and its subsidiaries in the preparation of the consolidated financial statements.

Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards.

The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the five specified items described in 'Principles of Consolidation' as applicable.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers using the prevailing exchange rate at March 31, 2022, which was ¥122.39 to US\$1.00. The convenience translation should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2021 to conform to the presentation for the year ended March 31, 2022.

Principles of Consolidation

The consolidated financial statements for 2021 and 2022 include the accounts of the Company and its subsidiaries (the “Companies”) over which the Company has control through majority voting rights or the existence of certain conditions evidencing control by the Company. Significant inter company balances, transactions, and profits have been eliminated in consolidation.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. The difference between the net assets at fair value and the book value of investments at acquisition date is recorded as goodwill or negative goodwill. Goodwill is amortized on a straight-line basis over three to 15 years, the estimated period for which goodwill is expected to have an effect, and negative goodwill is recognized in the income statement immediately.

Investments in associates for which the Company has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method.

On June 28, 2019, the Accounting Standards Board of Japan (ASBJ) issued Practice Issue Task Force No.18, Revised Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (PITF No.18). PITF No.18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statement. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statement using foreign

subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following five items are required in the consolidation process so that their impacts on profit attributable to owners of parent are accounted for in accordance with Japanese GAAP unless the impact is not material.

- (a) Goodwill not subject to amortization
- (b) Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss
- (c) Capitalized expenditures for research and development activities
- (d) Fair value measurement of investment properties and revaluation of property, plant and equipment and intangible assets
- (e) Changes in fair value of an equity instrument in other comprehensive income

Cash and Cash Equivalents

In preparing the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, readily available deposits, and short-term investments, which are easily convertible into cash, present insignificant risk of changes in value and have maturities not exceeding three months at the time of purchase.

Securities

The Company and domestic subsidiaries examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (trading securities), (b) debt securities intended to be held to maturity (held-to-maturity debt securities), (c) equity securities issued by subsidiaries and associates (equity securities), and (d) all other securities that are not classified in any of the above categories (available-for-sale securities).

The Companies have no trading securities. Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of available-for-sale securities are computed using moving average cost.

Debt securities with no available fair market value are stated at amortized cost, net of the amount considered not collectible. Other securities with no available fair market value are stated at moving average cost.

If the market value of available-for-sale securities declines significantly and the decline is considered other than temporary, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline.

If the fair market value of equity securities is not readily available, such securities should be written down to net asset value with a corresponding charge in the consolidated statements of income in the event that the net asset value declines significantly.

In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Allowance for Doubtful Receivables

An allowance for doubtful trade receivables and advances is provided at an amount calculated based on historical experience, while specific allowances for doubtful trade receivables and advances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectability.

Inventories

Inventories are generally stated at cost determined by the following methods:

Merchandise	Primarily specific identification method
Finished goods and work in process	Primarily specific identification method
Raw materials	Primarily moving average method

In cases where the profitability has declined, the book value of inventories is reduced accordingly.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Property, plant and equipment, excluding leased assets and right-of-use assets are depreciated using the straight-line method. The range of useful lives is eight to 50 years for buildings and structures and two to 15 years for machinery, equipment and vehicles.

Leased assets are depreciated over respective lease terms using the straight-line method without residual value. Right-of-use assets are depreciated over respective lease terms or useful lives, whichever is shorter, using the straight-line-method without residual value.

Software Costs

Costs of software for internal use are depreciated using the straight-line method over their estimated useful lives (one to 10 years). The net unamortized amount of software costs is included in "Intangible assets" in the consolidated balance sheets.

Income Taxes

The asset and liability approach is used to recognize deferred tax assets or liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and operating loss. Deferred tax assets or liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. The measurement of deferred tax assets or liabilities reflects the tax consequences that would result in the manner and from the period in which the Company expects, at the balance sheet date, to realize or settle the carrying amount of its assets and liabilities.

Net Defined Benefit Asset and Liability

The Companies have defined benefit pension plans and defined contribution pension plans.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and domestic subsidiaries provide for the allowance for employees' severance and retirement benefits at the end of each year-end based on the estimated amount of projected benefit obligation and the fair value of plan assets at that date.

Prior service costs are amortized over 13 years. Actuarial gains and losses are charged to income or loss using the straight-line method over the employees' average remaining years of service (primarily one year for the defined benefit pension plans and primarily 13 years for the lump-sum retirement plans), commencing with the following period.

Provision for Directors' Retirement Benefits

Some domestic subsidiaries have unfunded termination and retirement benefit plans for directors and audit & supervisory board members who customarily receive lump-sum payments upon termination, subject to shareholders' approval. The accrued severance and retirement benefits for directors and audit & supervisory board members are calculated in accordance with internal regulations.

Revenue Recognition

A. Revenue recognition related to sales of finished goods and merchandise
In the case of domestic sales, revenue is recognized mainly at the time the finished goods or merchandise arrive at the customer's location. In the case of export sales, revenue is recognized mainly at the time that control over the finished goods or merchandise has been transferred to the customer in accordance with the terms of trade stipulated in Incoterms or similar agreements.

B. Revenue recognition related to transactions in which the control is transferred over time
For services such as BPO services, production of software/content on order, and space design and construction services, when the control over the goods or services is transferred to the customer over time, revenue is recognized over time as the performance obligation to transfer the goods or services to the customer is satisfied. Progress in the satisfaction of performance obligations is measured based mainly on the percentage of the costs incurred by the end of reporting period to the estimated total cost. Further, revenue is recognized by applying the cost recovery method where the progress in the satisfaction of performance obligations cannot be estimated reasonably but the incurred cost is expected to be recovered, such as in the early phase of a contract.

C. Revenue recognition related to agent transactions
For transactions where the Group's role in the provision of goods or services to the customer is that of an agent (transactions where the Companies do not acquire control over the goods or services to be transferred to the customer and only provides the service of arranging these goods or services), the net amount obtained by deducting the amount paid to the supplier from the amount received from the customer is recognized as revenue.

D. Revenue recognition related to buy-sell transactions in which the Companies sell and subsequently buy back goods
If the Companies have the obligation to repurchase goods which have been supplied for a fee, the goods remaining at the party to which they were supplied for a fee continue to be recognized as inventory, and liabilities related to the fee-based supply are recognized in an amount equivalent to the period-end inventory of the supplied goods. In these transactions, revenue related to the transfer of supplied goods is not recognized.

E. Revenue recognition related to buy-sell transactions in which the Companies buy and subsequently sell back goods
The net amount obtained by subtracting the purchase price of raw materials from the total consideration is recognized as revenue, and assets related to the fee-based supply are recognized in an amount equivalent to the period-end inventory of the supplied goods remaining at the Companies.

F. Revenue recognition related to sale with a right of return
Regarding finished goods or merchandise that are expected to be returned, in accordance with requirements on variable consideration, revenue and the cost of sales are not recognized at the time of sale. In addition, the amount of the consideration that has been or is received in return for the said finished goods or merchandise is recognized as a refund liability, and the right to collect the said finished goods or merchandise from the customer, at the time of the payment of the refund liability, is recognized as a return asset.

Derivatives and Hedge Accounting

Derivative financial instruments are stated at fair value and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for and qualify as hedges, in which case the instrument gains and losses are deferred, net of tax, as a component of net assets in the consolidated balance sheets until the related losses or gains on the hedged items are also recognized.

However, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is reported as part of net interest expense (the simplified method of hedge accounting).

The following summarizes hedging derivative financial instruments used by the Company and certain subsidiaries and the items hedged in the year ended March 31, 2022:

Hedging instruments:	Hedge items:
Forward foreign exchange contracts	Foreign currency trade receivables and trade payables and forecast transactions denominated in foreign currency
Interest rate swap contracts	Interest on bonds and loans payable

The Company and certain subsidiaries evaluate hedge effectiveness quarterly by comparing the cumulative changes in cash flows or fair value of the hedging derivative with the corresponding changes in cash flows or fair value of hedged items.

Foreign Currency Translation

Foreign currency transactions are translated into Japanese yen using the exchange rates in effect at the time of the transactions or at the applicable exchange rates under related forward foreign exchange contracts.

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the year-end rate.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Revenue and expense accounts of consolidated foreign subsidiaries are also translated into Japanese yen at the current exchange rate. Any resulting translation differences are reflected as foreign currency translation adjustments in net assets in the consolidated balance sheets.

Research and Development Expenses

Expenses relating to research and development activities are charged to income as incurred. Research and development expenses include practical-application research expenses of Technical Development Departments and other research expenses incurred by the Toppan Technical Research Institute.

The amounts for the years ended March 31, 2021 and 2022 are as follows:

	2021	Millions of yen 2022	Thousands of U.S. dollars 2022
Research and development expenses	¥22,348	¥26,081	\$213,097

Appropriations of Retained Earnings

Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

Changes in Accounting Policies

(Application of the Accounting Standard for Revenue Recognition, etc.)
The Companies applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., effective from the beginning of the year ended March 31, 2022. Under this new standard, the Companies recognize revenue from goods or services that the Companies promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services has been transferred to the customer. The main changes from the previous revenue recognition method are as follows.

(1) Revenue recognition related to sales of finished goods and merchandise
Previously, revenue was recognized mainly at the time of shipment. This practice has been replaced with the following method. In the case of sales in Japan, revenue is recognized mainly at the time the finished goods or merchandise arrive at the customer's location. In the case of export sales, revenue is recognized mainly at the time that control over the finished goods or merchandise has been transferred to the customer in accordance with the terms of trade stipulated in Incoterms or similar agreements.

(2) Revenue recognition related to transactions in which the control is transferred over time
For BPO services and the production of software/content on order, revenue was previously recognized mainly at the time when the provision of goods or services was finished. This practice has been replaced with a method under which, when the control over the goods or services is transferred to the customer over time, revenue is recognized over time as the performance obligation to transfer the goods or services to the customer is satisfied. In addition, regarding construction contracts involving space design and installation, the percentage-of-completion method was previously applied where the outcome of the contract could be estimated with sufficient reliability regarding the degree of completion of construction, and the completed-contract method was applied to other types of construction. This practice has been replaced with a method under which, when the control over goods or services is transferred to the customer over time, revenue is recognized over time as the performance obligation to transfer the goods or services to the customer is satisfied. Progress in the satisfaction of performance obligations is measured based mainly on the percentage of the costs incurred by the end of the reporting period to the estimated total cost. Further, revenue is recognized by applying the cost recovery method where the progress in the satisfaction of performance obligations cannot be estimated reasonably but the incurred cost is expected to be recovered, such as in the early phase of a contract.

(3) Revenue recognition related to agent transactions
Regarding some transactions, the total consideration received from the customer was previously recognized as revenue. This practice has been replaced with a method in which the net amount of transactions where the Group's role in the provision of goods or service to the customer is that of an agent (transactions where the Companies do not acquire control over the goods or services to be transferred to the customer and only provides the service of arranging these goods or services), obtained by deducting the amount paid to the supplier from the amount received from the customer, is recognized as revenue.

(4) Revenue recognition related to buy-sell transactions in which the Companies sell and subsequently buy back goods
Previously, goods that have been supplied for a fee were derecognized from inventory. This practice has been replaced with a method in which, if the Companies have the obligation to purchase back the supplied goods, the goods remaining at the party to which they were supplied for a fee continue to be recognized as inventory, and liabilities related to the fee-based supply are recognized as the amount equivalent to the period-end inventory of the supplied goods. Liabilities related to the fee-based supply are included in "other" under current liabilities. In these transactions, revenue related to the transfer of supplied goods is not recognized.

(5) Revenue recognition related to buy-sell transactions in which the Companies buy and subsequently sell back goods
Previously, the total consideration including the purchase price of raw materials was recognized as revenue. This practice has been replaced with a method in which the net amount obtained by subtracting the purchase price of raw materials from the total consideration is recognized as revenue, and assets related to the fee-based supply are recognized as the amount equivalent to the period-end inventory of the supplied goods remaining at the Companies. Assets related to the fee-based supply are included in "other" under current assets.

(6) Revenue recognition related to sales with a right of return
Previously, a provision for sales returns was recognized based on the amount of gross profit. This practice has been replaced with the following method. For finished goods or merchandise that are expected to be returned, revenue and the amount equivalent to the cost of sales are not recognized at the time of sale, in accordance with rules on variable consideration, and the amount of the consideration that has been or is received in return for said finished goods or merchandise is recognized as a refund liability, and the right to collect said finished goods or merchandise from the customer is recognized as a return asset at the time of the payment of the refund liability. Refund liabilities are included in “other” under current liabilities. Return assets are included in “other” under current assets.

The Accounting Standard for Revenue Recognition, etc., is applied according to the transitional measures stipulated in the provisions of Paragraph 84 of the same standard. Regarding the application of the new accounting policy, it is applied to the balance of retained earnings at the beginning of the year ended March 31, 2022. This balance of retained earnings is obtained by calculating the cumulative impact of the retrospective application of the new accounting policy to periods prior to the beginning of the year ended March 31, 2022, either by adding it to or deducting it from the retained earnings. However, the Companies have applied the method stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition. In terms of contracts where almost all of the revenue was recognized in compliance with the conventional method before the beginning of the year ended March 31, 2022, the Company has not retroactively applied the new accounting policy. The Company applied the method prescribed in the Note (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, accounting for the contract changes made prior to the beginning of the year ended March 31, 2022 based on the contract terms after reflecting all contract changes, and added or subtracted their cumulative effect to or from retained earnings at the beginning of the year ended March 31, 2022.

In addition, notes and accounts receivable—trade, which was presented under current assets in the consolidated balance sheets for the previous consolidated fiscal year, will be included in notes and accounts receivable—trade, and contract assets from the year ended March 31, 2022, and decrease (increase) in trade receivables, which was presented under cash flows from operating activities in the consolidated statements of cash flows for the previous consolidated fiscal year, will be included in decrease (increase) in trade receivables and contract assets from the year ended March 31, 2022. However, in accordance with the transitional measures stipulated in Paragraph 89-2 of the standard, the reported amounts for the previous fiscal year have not been reclassified to conform with the current classifications.

As a result, in the consolidated statements of income for the year ended March 31, 2022, net sales decreased by ¥22,929 million (US\$187,344 thousand); the cost of sales decreased by ¥22,603 million (US\$184,680 thousand); selling, general and administrative expenses decreased by ¥37 million (US\$302 thousand); and operating profit, ordinary profit, and profit before income taxes each decreased by ¥289 million (US\$2,361 thousand) respectively compared with before the application of the Accounting Standard for Revenue Recognition, etc. In addition, the initial balance of retained earnings in the Consolidated Statement of Changes in Net Assets increased by ¥30 million (US\$245 thousand) due to the application of the cumulative effect to net assets as of the beginning of the year ended March 31, 2022.

The effect on per-share information is stated in relevant sections.
According to the transitional measures prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, there are no notes on revenue recognition pertaining to the results of the previous consolidated fiscal year.

(Application of the Accounting Standard for Fair Value Measurement, etc.)
The Companies began applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc., from the beginning of the year ended March 31, 2022. Accordingly, the Company will apply the new accounting policies prescribed in the Accounting Standard for Fair Value Measurement, etc., in the future in accordance with transitional measures stipulated in Paragraph 19 of the standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This application has no impact on consolidated financial statements.

Significant Accounting Estimates
Judgment on whether an impairment loss on property, plant and equipment and intangible assets is necessary

(1) Amounts recognized in the current year's consolidated financial statements
Property, plant and equipment of ¥580,255 million (US\$4,741,033 thousand) and intangible assets of ¥83,501 million (US\$682,253 thousand)
(2) Information on the nature of significant accounting estimates for identified items
For non-current assets, the Companies determine whether there is an indication of impairment in each asset group on each year-end. Major events that are considered an indication of impairment are continuous operating losses, a significant change such as the use of an asset management strategy, and rapid deterioration of the business environment.

If an indication of impairment exists for an asset group, the Companies estimate the undiscounted future cash flows of the asset group. If the book value of the asset group exceeds the undiscounted future cash flows, the Companies estimate the recoverable amount of the asset group. In estimating the recoverable amounts, the Companies mainly use the net realizable value for idle assets and the value in use or the net realizable value for other assets. The value in use is the present value derived by discounting the future cash flows with a discount rate over the remaining economic useful life of the asset group. It is based on certain assumptions considered reasonable at the time of estimate. The future cash flows are estimated based on the medium-to-long-term business plan approved by the Board of Directors of the Company. The medium-to-long-term business plans are estimated based on the business growth rate considering future market trends, investment plans, and other information considered reasonable by management, taking into account the most recent business performance of the product type, market forecast data obtained from external research agencies, product purchasing plans presented by major customers, cost-cutting measures, and others. The discount rates are estimated based on the historical weighted average cost of capital of mainly the Company. The net realizable value is the market value after deducting estimated disposal expenses. The calculation of market value, uses observable market transactions or other reasonably calculated value such as an appraisal value.

The Companies operate a wide range of businesses, from development and manufacturing to the sale or delivery of a variety of products and services. Therefore, the Companies' businesses are affected by various factors. These uncertain future changes in the market environments may cause a significant disparity between the estimates made by management and the actual results. When it becomes necessary to revise assumptions used in estimates, it may have a significant impact on the amounts recognized in the consolidated financial statements for the year ending March 31, 2023.

Projected Benefit Obligation and Retirement Benefit Expenses
(1) Amounts recognized in the current year's consolidated financial statements
Net defined benefit liability of ¥49,667 million (US\$405,809 thousand) and net defined benefit asset of ¥3,565 million (US\$29,128 thousand).

(2) Information on the nature of significant accounting estimates for identified items
The Company and some of its consolidated subsidiaries provide various retirement benefits and pension plans and recognize a retirement benefit asset or liability and retirement benefit expenses to prepare for future payment of retirement benefits to employees. Retirement benefit asset and liability and retirement benefit expenses are calculated based on actuarial assumptions. The actuarial assumptions include a discount rate, a long-term expected rate of return on plan assets, an estimated rate of increase in salary, a retirement rate, a mortality rate, and others. The discount rate is determined based on fixed-rate government bond yields provided by a certified pension actuary. The long-term expected rate of return on plan assets is determined by considering the long-term estimated rate of return on the present and expected plan asset portfolio. The estimated rate of increase in salary, retirement rate, and mortality rate are determined based on statistical data provided by a certified pension actuary.
Management considers these assumptions reasonable as of the current year-end, but these assumptions may be affected by uncertain future changes in economic conditions. When it becomes necessary to revise assumptions used in estimates, it may have a significant impact on the amounts recognized in the consolidated financial statements for the year ending March 31, 2023.

Accounting Standards Issued but Not Yet Applied
• Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021)
(1) Summary
The new regulation establishes the treatment for calculating the market value of investment trusts and the treatment of notes to the market value of investments in partnerships, in which the net amount equivalent to the equity interest is recorded on the balance sheet.

(2) Effective date
Effective from the beginning of the year ending March 31, 2023.

(3) Effects of the application of the standards
The effect of the application of said accounting standards on the consolidated financial statements is immaterial.

Changes in the Method of Presentation
(Notes to Consolidated Balance Sheets)
Goodwill, which was included in “other” in intangible assets in the previous fiscal year, is presented as a separate item in the year ended March 31, 2022 because it has become more important in financial terms. To reflect this change in presentation, accounts in the consolidated financial statements for the previous fiscal year have been reclassified.
Consequently, ¥11,374 million (US\$102,737 thousand) included in “other” in intangible assets in the consolidated balance sheets in the previous fiscal year is presented as goodwill in the current fiscal year.

(Notes to Consolidated Statements of Cash Flows)
Amortization of goodwill and gain on step acquisitions, which were included in “other” in cash flows from operating activities in the previous fiscal year, are presented as separate items in the year ended March 31, 2022 because they have become more important in financial terms. To reflect this change in presentation, accounts in the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥15,016 million (US\$135,634 thousand) presented in “other” of cash flows from operating activities in the consolidated statements of cash flows in the previous fiscal year has been reclassified into amortization of goodwill of ¥1,882 million (US\$16,999 thousands), gain on step acquisitions of -¥136 million (US\$1,228 thousands), and “other” of ¥13,270 million (US\$119,863 thousand) in the current fiscal year.

Accounting Estimate for the Spread of the COVID-19
The Company makes accounting estimates, including accounting for the impairment of non-current assets, based on information available at the time of the preparation of the consolidated financial statements. The Company makes accounting estimates about the effects of COVID-19 on the assumption that the effects will continue for a certain period after the year ended March 31, 2022, although it is very difficult to predict when the pandemic will subside because its range and magnitude vary from business to business and from region to region. Actual effects could be different from the estimate, and such differences may have a significant impact on the Company's financial condition and operating results in the subsequent years.

note 2

Marketable and Investment Securities

The following tables summarize historical costs, book values, and fair values of securities with available fair values as of March 31, 2021 and 2022:

(a) Held-to-maturity debt securities

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Book value	¥1,401	¥700	\$5,719
Fair value	1,405	702	5,736
Difference	4	2	17

Securities with available fair values exceeding book values

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Book value	¥7,312	¥5,311	\$43,394
Fair value	7,301	5,272	43,075
Difference	(11)	(39)	(319)

(b) Available-for-sale securities

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Equity securities			
Book value	¥525,836	¥426,101	\$3,481,502
Historical costs	109,610	105,256	860,005
Difference	416,226	320,845	2,621,497

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Bonds			
Book value	¥1,590	¥1,461	\$11,937
Historical costs	1,546	1,445	11,807
Difference	44	16	130

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Others			
Book value	¥4,925	¥5,434	\$44,399
Historical costs	4,063	4,886	39,922
Difference	862	548	4,477

Securities with book values below historical costs

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Equity securities			
Book value	¥20,227	¥15,492	\$126,579
Historical costs	24,272	21,077	172,212
Difference	(4,045)	(5,585)	(45,633)

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Others			
Book value	¥13,945	¥12,967	\$105,948
Historical costs	14,013	13,058	106,692
Difference	(68)	(91)	(744)

Disclosure of “Stocks and others without quoted market prices” as of March 31, 2022 is included under note 13.
In addition, please see “Scheduled redemption for financial instruments with maturities after the balance sheet date” under note 13.

Available-for-sale securities sold in the years ended March 31, 2021 and 2022 are as follows:

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Sales amount	¥120,538	¥114,549	\$935,934
Gross realized gains	106,399	108,749	888,545
Gross realized losses	4,195	464	3,791

note 3

Short-Term Borrowings and Long-Term Indebtedness

Short-term borrowings consisted of unsecured loans payable to banks at weighted average interest rates of 0.9% and 1.3% per annum for March 31, 2021 and 2022.
Long-term indebtedness as of March 31, 2021 and 2022 is detailed in the following table:

	2021	Millions of yen	Thousands of U.S. dollars
		2022	2022
Unsecured bonds—			
0.9%, due 2023	¥ 40,000	¥ 40,000	\$ 326,824
1.1%, due 2029	20,000	20,000	163,412
0.6%, due 2031	15,000	15,000	122,559
0.7%, due 2036	15,000	15,000	122,559
Unsecured loans—			
0.1-3.7%, due 2021 through 2035	195,817	—	—
0.0-10.4%, due 2022 through 2035	—	135,808	1,109,633
Mortgage loans—			
0.8-8.5%, due 2021 through 2032	7,840	—	—
0.8-9.3%, due 2022 through 2032	—	12,970	105,973
Total long-term indebtedness	293,657	238,778	1,950,960
Less: Current portion included in current liabilities	(10,075)	(50,468)	(412,354)
Net long-term indebtedness	¥283,582	¥188,310	\$1,538,606

The aggregate annual maturities of long-term loans as of March 31, 2022 are as follows:

Fiscal year ending March 31	Millions of yen	Thousands of U.S. dollars
	2022	2022
2024	¥ 5,569	\$ 45,502
2025	24,550	200,588
2026	37,602	307,231
2027	15,487	126,538
2028 and thereafter	55,103	450,225

note 4

Pledged Assets

As of March 31, 2021 and 2022, the following assets were pledged as collateral for short-term borrowings, for current portion of long-term indebtedness and long-term indebtedness:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Time deposits with original maturities over three months	¥ 324	¥ 465	\$ 3,799
Accounts receivable—Trade	3,378	3,110	25,411
Inventories	517	—	—
Land	15,191	17,865	145,968
Buildings and structures	4,108	5,268	43,043
Machinery, equipment, vehicles, and other	2,183	9,025	73,740
Other	—	11	89
Total	¥25,701	¥35,744	\$292,050

note 5

Impairment Loss

The Companies assess possible impairment of non-current assets by grouping operating assets into major product categories and assessing idle assets on an individual asset basis. In calculating recoverable amounts, the Companies mainly use the net realizable value for idle assets and the value in use or the net realizable value for other assets. The discount rates used for calculating the value in use range from 7.6% to 15.0% for the year ended March 31, 2022. The net realizable value is calculated based mainly on the current realizable values of similar assets and official appraised value.

As a result, ¥20,191 million and ¥5,601 million (US\$45,764 thousand) were recorded as impairment losses in other income (expenses) in the years ended March 31, 2021 and 2022, respectively.

For the year ended March 31, 2021

Loss on the assets for the display-related production plant in Tsu City was due to a decision on a business transfer. Loss on the semiconductor-related production plant in Tamana City was due to a decline in profitability associated with the deterioration of the business environment. Loss on the semiconductor-related production equipment in Texas, USA, was due to a decline in profitability associated with the deterioration of the business environment. Loss on the publishing and commercial printing-related production plant in Kawagoe City was due to the infeasibility of the initially expected level of earnings because of the restructuring of the production system. Loss on the display-related production plant in Tamana City was due to a decline in profitability associated with the deterioration of the business environment. Loss on the display-related production plant in Taoyuan City, Taiwan, was due to a decline in profitability associated with the deterioration of the business environment.

In the year ended March 31, 2021, the loss was ¥6,986 million for the display-related production plant, ¥3,703 million for the semiconductor-related production plant, ¥2,226 million for the semiconductor-related production equipment, ¥603 million for the publishing and commercial printing-related production plant, ¥201 million for idle assets, and ¥6,473 million for other operating assets. By asset category, the loss was ¥6,995 million for buildings and structures, ¥7,229 million for machinery, equipment and vehicles, ¥2,952 million for land, ¥1,118 million for construction in progress, ¥307 million for other property, plant and equipment, ¥1,562 million for intangible assets, and ¥30 million for other assets included in "Investments and other assets."

For the year ended March 31, 2022

Loss on the idle assets in Kawagoe City was a result of a review of the policy on use and a decision to dispose of buildings. The recoverable amount of this asset group was measured at value in use, and its book value had been reduced to memorandum value. Loss on the idle assets in Kakegawa City was a result of a review of the policy on sale. The recoverable amount of this asset group is measured at its net realizable value.

In the year ended March 31, 2022, the loss was ¥2,489 million (US\$20,337 thousand) for idle assets, ¥2,051 million (US\$16,758 thousand) for business assets, ¥762 million (US\$6,226 thousand) for manufacturing equipment, ¥231 million (US\$1,896 thousand) for other idle assets, and ¥68 million (US\$556 thousand) for plants. By asset category, the loss was ¥3,110 million (US\$25,411 thousand) for buildings and structures, ¥1,110 million (US\$9,069 thousand) for machinery, equipment and vehicles, ¥276 million (US\$2,255 thousand) for land, ¥175 million (US\$1,430 thousand) for construction in progress, ¥117 million (US\$956 thousand) for other property, plant and equipment, ¥757 million (US\$6,185 thousand) for other intangible assets, and ¥57 million (US\$466 thousand) for other assets included in "Investments and other assets."

The following table summarizes the location, the purpose of use, and the category of major impaired assets group:

2021

Location	Use	Category
Tsu City, Mie Prefecture	Display-related production plant	Land and other assets
Tamana City, Kumamoto Prefecture	Semiconductor-related production plant	Machinery, equipment and other assets
Texas, USA	Semiconductor-related production equipment	Machinery and equipment
Kawagoe City, Saitama Prefecture	Publishing and commercial printing-related production plant	Buildings and other assets
Tamana City, Kumamoto Prefecture	Display-related production plant	Machinery, equipment and other assets
Taoyuan City, Taiwan	Display-related production plant	Buildings and other assets

2022

Location	Use	Category
Kawagoe City, Saitama Prefecture	Idle assets	Buildings and other assets
Kakegawa City, Shizuoka Prefecture	Idle assets	Buildings and other assets

note 6

Income Taxes

The Company is subject to several taxes (corporate, inhabitant, and enterprise) based on income.

The following table summarizes the significant differences between the Company's statutory tax rate and the effective tax rate for the years ended March 31, 2021 and 2022:

	2021	2022
Statutory tax rate	30.6%	30.6%
Difference in statutory tax rates of subsidiaries outside Japan	(0.4)	(1.0)
Dividend income and other income permanently excluded from gross revenue	(7.0)	(5.4)
Change in valuation allowance	3.3	(0.5)
Entertainment and other permanently non-deductible expenses	0.8	0.7
Effect of elimination of intercompany dividend distributions	6.2	5.4
Effect of equity in earnings (losses) of associates	1.2	(0.7)
Special tax credit for research and development expenses and others	(0.5)	(0.4)
Per capita inhabitants' taxes and other	0.4	0.3
Other	1.0	(0.4)
Effective tax rate	35.6%	28.6%

Change in the Method of Presentation

“Impairment loss on intangible assets,” which was separately presented in the previous fiscal year, is included in “Other” in the current fiscal year because it has become insignificant in terms of amount. To reflect this change in presentation, the notes for the previous consolidated fiscal year have been reclassified. As a result, “Impairment loss on intangible assets” of 0.1% and “Other” of 0.9%, which were presented in the previous fiscal year, have been reclassified as “Other” of 1.0%.

Significant components of deferred tax assets and liabilities as of March 31, 2021 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Deferred tax assets			
Allowance for doubtful accounts in excess of deductible expenses	¥ 778	¥ 704	\$ 5,752
Provision for bonuses	6,278	7,106	58,060
Depreciation and amortization in excess of deductible expenses	1,723	1,813	14,813
Retirement benefit liability	20,553	20,991	171,509
Unrealized gains (loss) on non-current assets	345	338	2,762
Tax losses carried forward*2	21,999	23,414	191,306
Loss on valuation of investment securities	3,269	1,564	12,779
Impairment loss	15,259	13,370	109,241
Other	21,349	25,717	210,123
Deferred tax assets subtotal	91,553	95,017	776,345
Valuation allowance for tax losses carried forward*2	(13,347)	(13,566)	(110,842)
Valuation allowance for deductible temporary differences	(13,541)	(12,581)	(102,795)
Valuation allowance subtotal*1	(26,888)	(26,147)	(213,637)
Total deferred tax assets	64,665	68,870	562,708
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(126,410)	(96,175)	(785,808)
Reserve for tax purpose reduction entry of property, plant and equipment	(3,407)	(3,292)	(26,898)
Securities withdrawn from retirement benefits trust	(14,457)	(14,457)	(118,122)
Retirement benefit asset	(2,807)	(3,840)	(31,375)
Other	(15,740)	(23,686)	(193,528)
Total Deferred tax liabilities	(162,821)	(141,450)	(1,155,731)
Deferred tax assets (liabilities), net	¥ (98,156)	¥ (72,580)	\$ (593,023)

*1 Valuation allowance has decreased by ¥741 million (US\$60,544 thousand) from March 31, 2021. This is mainly due to a decrease in the valuation allowance for the recording of impairment loss in the Company and some of its consolidated subsidiaries.

*2 Amounts of gross deferred tax assets for tax losses carried forward and valuation allowances by expiration dates as of March 31, 2022 are as follows:

	Millions of yen						
	Less than 1 year	More than 1 year less than 2 years	More than 2 years less than 3 years	More than 3 years less than 4 years	More than 4 years less than 5 years	More than 5 years	Total
Tax loss carried forward (a)	1,133	998	250	155	127	20,751	23,414
Valuation allowance	(927)	(782)	(189)	(77)	(37)	(11,555)	(13,567)
Deferred tax assets	206	216	61	78	90	9,196	(b) 9,847

	Thousands of U.S. dollars						
	Less than 1 year	More than 1 year less than 2 years	More than 2 years less than 3 years	More than 3 years less than 4 years	More than 4 years less than 5 years	More than 5 years	Total
Tax loss carried forward (a)	9,257	8,154	2,043	1,266	1,038	169,548	191,306
Valuation allowance	(7,574)	(6,389)	(1,544)	(629)	(303)	(94,411)	(110,850)
Deferred tax assets	1,683	1,765	499	637	735	75,137	(b) 80,456

a. The amounts are calculated by multiplying the tax losses carried forward by the statutory tax rates.

b. Deferred tax assets of ¥9,847 million (US\$80,456 thousand) were recorded on a part of tax losses carried forward of ¥23,414 million (US\$191,306 thousand, after applying the statutory tax rates) of consolidated subsidiaries. The Company believes that these deferred tax assets recognized for the tax losses carried forward are likely to be realized mainly through future taxable income.

note 7

Liability for Retirement Benefits

1 Defined benefit plans (Including plans applying the simplified method)

(1) Reconciliations of the balances of projected benefit obligations at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Balance of projected benefit obligations at beginning of period	¥152,624	¥149,963	\$1,225,288
Service cost	8,396	8,500	69,450
Interest cost	203	198	1,618
Amount of actuarial differences incurred	178	(3,306)	(27,012)
Retirement benefits paid	(11,459)	(13,471)	(110,066)
Prior service costs incurred	—	108	882
Change in scope of consolidation	—	127	1,038
Other	21	103	841
Balance of projected benefit obligations at end of period	¥149,963	¥142,222	\$1,162,039

(2) Reconciliations of the balances of plan assets at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Balance of plan assets at beginning of period	¥170,133	¥104,107	\$850,617
Expected return on plan assets	1,335	1,351	11,038
Amount of actuarial differences incurred	3,016	(1,438)	(11,749)
Employer contributions	3,322	3,232	26,407
Retirement benefits paid	(9,206)	(11,209)	(91,584)
Return of assets from retirement benefits trust	(64,259)	—	—
Other	(234)	77	629
Balance of plan assets at end of period	¥104,107	¥96,120	\$785,358

(3) Reconciliations between balances of projected benefit obligations and plan assets at end of period and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Projected benefit obligations of the funded pension plan	¥ 109,663	¥103,829	\$ 848,345
Plan assets	(104,107)	(96,120)	(785,358)
	5,556	7,709	62,987
Projected benefit obligation of the unfunded pension plan	40,300	38,393	313,694
Net liabilities and assets recorded on the consolidated balance sheets	45,856	46,102	376,681
Net defined benefit liability	48,698	49,667	405,809
Net defined benefit asset	(2,842)	(3,565)	(29,128)
Net liabilities and assets recorded on the consolidated balance sheets	¥ 45,856	¥ 46,102	\$ 376,681

(4) Retirement benefit expenses and its breakdown

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Service cost	¥ 8,396	¥ 8,500	\$ 69,450
Interest cost	203	198	1,618
Expected return on plan assets	(1,335)	(1,351)	(11,038)
Actuarial differences accounted for as expenses	(727)	151	1,234
Prior service cost accounted for as expenses	(267)	53	432
Retirement benefit expenses relating to the defined benefit plan	¥ 6,270	¥ 7,551	\$ 61,696
Payment of special retirement benefits	¥512	¥ 398	\$ 3,252
Gain on return of assets from retirement benefits trust (Note)	¥(2,801)	—	—

Note: Recorded as other income

(5) Remeasurements of defined benefit plans

Breakdown of items (before tax effect adjustment) reported in the remeasurements of defined benefit plans is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Prior service cost	¥ (267)	¥ (56)	\$ (458)
Actuarial differences	2,114	2,092	17,093
Total	¥1,847	¥2,036	\$16,635

(6) Cumulative remeasurements of defined benefit plans

Breakdown of items (before tax effect adjustment) reported in the cumulative remeasurements of defined benefit plans is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Unrecognized prior service cost	¥ (875)	¥ (931)	\$ (7,607)
Unrecognized actuarial differences	2,819	4,847	39,603
Total	¥1,944	¥3,916	\$31,996

(7) Plan assets

1. Breakdown of major plan assets

The ratio of each main category to the total plan assets is as follows:

	2021	2022
Bonds	32.7%	30.9%
Equity securities	24.3%	25.0%
Cash and cash equivalents	22.9%	21.6%
Life Insurance General Account	12.9%	14.2%
Other	7.2%	8.3%
Total	100.0%	100.0%

- a. The figures for the previous fiscal year have been restated because the "Life insurance general account," which was included in "Other" in the previous fiscal year, has been independently presented in the current fiscal year.
- b. The total of plan assets includes 3.5% and 2.5% of the assets contributed to retirement benefit trust for the corporate pension plan as of March 31, 2021 and 2022.

2. Setting method of an expected long-term expected rate of return

In determining the expected long-term rate of return on plan assets, the Company considers the current and projected plan asset allocations, as well as the current and expected long-term rate of return on a diversity of assets constituting plan assets.

(8) Actuarial assumptions

Major actuarial assumptions used at the end of each period (presented in weighted average):

	2021	2022
Discount rate	Mainly 0.1%	Mainly 0.1%
Long-term expected rate of return	Mainly 1.0%	Mainly 1.0%
Estimated rate of increase in salary	Mainly 5.6%	Mainly 5.6%

2 Defined contribution pension plan

The amount of the contribution to the defined contribution pension plan in the Companies was ¥3,892 million and ¥4,810 million (US\$39,301 thousand) for the years ended March 31, 2021 and 2022.

note 8

Net Assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Japanese Corporate Law (hereinafter, "the Law"), in cases where a dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit or could be

capitalized by a resolution of the shareholders' meeting.

However, all additional paid-in capital and legal earnings reserve may not be distributed as dividends.

All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

At the Board of Directors meeting held on May 26, 2022, the directors approved cash dividends amounting to ¥8,062 million (US\$65,871 thousand). The approved dividends have not been accrued in the consolidated financial statements as of March 31, 2022.

note 9

Per Share Information

Basic earnings per share of common stock has been computed based on the weighted average number of shares of common stock issued and outstanding during each year (less treasury stock). Dividends per share shown in the accompanying consolidated statements of income have been presented on an accrual basis, also including dividends approved after the

year-end but attributable to earnings of the year.

As described in "Changes in Accounting Policies," the Company adopted the Accounting Standard for Revenue Recognition, etc. Consequently, net assets per share decreased ¥0.49 (US\$0) and basic earnings per share decreased ¥0.57 (US\$0) during the year ended March 31, 2022.

note 10

Derivative Transactions

The Company and certain subsidiaries use derivative financial instruments selectively to manage interest rate risk and foreign exchange risk. The Company and certain subsidiaries enter into forward foreign exchange contracts to reduce foreign exchange risks, and use interest rate swap contracts to manage floating interest rate risk. Certain subsidiaries have embedded derivative instruments to enhance yield. To reduce the credit risk of counterparties in derivative transactions, the Company and several subsidiaries select major, creditworthy financial institutions as counterparties.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with established policies,

including specified limits on the amounts of derivative transactions allowed and required counterparty credit standing. The director in charge of the Finance Department reports information on derivative transactions to the Board of Directors quarterly.

The fair value of derivative financial instruments is estimated by obtaining quotes from brokers.

The contracted amounts and the estimated fair values of the financial instruments, including financial instruments not qualifying as hedges, as of March 31, 2021 and 2022 are summarized as follows:

2021	Contracted amount		Estimated fair value	Millions of yen Unrealized gains
	Within one year	Over one year		(losses)
Forward foreign exchange contracts—				
Sell: U.S. dollars (buy Japanese yen)	¥3,991	¥ —	¥(133)	¥(133)
Sell: U.S. dollars (buy Taiwan dollars)	758	—	(2)	(2)
Buy: U.S. dollars (sell Japanese yen)	1,478	314	77	77
Interest rate swap contracts—				
Payment fixed rate and Receipt floating rate	—	20,000	(213)	(213)
Total	¥6,227	¥20,314	¥(271)	¥(271)

2022	Contracted amount		Estimated fair value	Millions of yen Unrealized gains
	Within one year	Over one year		(losses)
Forward foreign exchange contracts—				
Sell: U.S. dollars (buy Japanese yen)	¥3,885	¥ —	¥(200)	¥(200)
Sell: U.S. dollars (buy Taiwan dollars)	347	—	2	2
Sell: U.S. dollars (buy Indian rupee)	579	—	(1)	(1)
Sell: Pound sterling (buy Indian rupee)	62	—	1	1
Sell: Euro (buy Indian rupee)	321	—	(1)	(1)
Buy: U.S. dollars (sell Japanese yen)	1,199	103	116	116
Buy: Euro (sell Indian rupee)	157	—	0	0
Buy: Japanese yen (sell Indonesian rupiah)	69	—	0	0
Interest rate swap contracts—				
Payment fixed rate and Receipt floating rate	—	20,000	(118)	(118)
Total	¥6,619	¥20,103	¥(201)	¥(201)

2022	Contracted amount		Estimated fair value	Thousands of U.S. dollars Unrealized gains
	Within one year	Over one year		(losses)
Forward foreign exchange contracts—				
Sell: U.S. dollars (buy Japanese yen)	\$31,741	\$ —	\$(1,634)	\$(1,634)
Sell: U.S. dollars (buy Taiwan dollars)	2,835	—	16	16
Sell: U.S. dollars (buy Indian rupee)	4,731	—	(8)	(8)
Sell: Pound sterling (buy Indian rupee)	507	—	8	8
Sell: Euro (buy Indian rupee)	2,623	—	(8)	(8)
Buy: U.S. dollars (sell Japanese yen)	9,797	842	948	948
Buy: Euro (sell Indian rupee)	1,283	—	0	0
Buy: Japanese yen (sell Indonesian rupiah)	564	—	0	0
Interest rate swap contracts—				
Payment fixed rate and Receipt floating rate	—	163,412	(964)	(964)
Total	\$54,081	\$164,254	\$(1,642)	\$(1,642)

note 11

Leases

(a) Assets capitalized under finance leases

The Companies have leased assets mainly consisting of production equipment for the printing business, host computers, computer terminals, and software.

(b) Rights-of-use assets

Rights-of-use assets mainly consist of buildings and rights to use land.

(c) Operating leases

Lease obligations under non-cancellable operating leases as of March 31, 2021 and 2022 are as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Due within one year	¥ 482	¥ 527	\$ 4,306
Due over one year	1,311	1,947	15,908
Total	¥1,793	¥2,474	\$20,214

note 12

Segment Information

(a) Description of reportable segments

Reportable segments of the Companies are determined as segments whose separate financial information is accessible from among the constituent units of the Companies and that are subject to periodical examination in order for management to determine the allocation of management resources and to evaluate achievements.

The reportable segments of the Companies are composed of three segments, “Information & Communication,” “Living & Industry,” and “Electronics.” They are defined based on the similarity of the types, characteristics, and affinity of the sales market of products and services.

- Information & Communication: Securities-related documents, passbooks, cards, business forms, catalogs and other commercial printing, magazines/books/ publication printing, and BPO (business process outsourcing)
- Living & Industry: Flexible packaging, paper containers and other packaging products, plastic molded products, ink, transparent barrier film, decorative surface materials, wallpaper, and other decorative materials
- Electronics: Color filters for LCDs, anti reflection films, photomasks, TFT-LCDs, and semiconductor packaging products

(b) Method of measurement for the amounts of sales, profit (loss), assets, and other items for each reportable segment

The accounting methods used for reporting business segments are the same as stated in “Summary of Significant Accounting and Reporting Policies” (see note1). Reporting segment income figures are based on operating profit. Inter-segment sales and transfers are based on third-party transaction prices.

As described in “Changes in Accounting Policies,” the Company adopted the Accounting Standard for Revenue Recognition, etc., and changed its accounting methods for revenue recognition from the consolidated financial statements for the year ended March 31, 2022. Reflecting this change, it modified its method for measuring the profits and losses of its business segments.

As a result, net sales in the Information & Communication segment for the year ended March 31, 2022 decreased by ¥8,854 million (US\$72,343 thousand) and the segment profit decreased by ¥45 million (US\$366 thousand) compared with the values obtained using the previous method. Net sales in the Living & Industry segment decreased by ¥11,150 million (US\$91,106 thousand) and the segment profit decreased by ¥142 million (US\$1,158 thousand), while net sales in the Electronics segment decreased by ¥2,924 million (US\$23,895 thousand) and the segment profit decreased by ¥102 million (US\$837 thousand), all compared with the values obtained using the previous method.

Information about net sales, profit (loss), assets, and other items by reportable segment for the years ended March 31, 2021 and 2022 are as follows:

					Millions of yen	
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Net sales—						
Outside customers	¥865,754	¥418,134	¥183,047	¥1,466,935	¥ —	¥1,466,935
Inter-segment	12,416	7,812	685	20,913	(20,913)	—
Total	878,170	425,946	183,732	1,487,848	(20,913)	1,466,935
Operating profit	¥ 51,118	¥ 27,687	¥ 11,966	¥ 90,771	¥ (31,981)	¥ 58,790
Assets	¥802,002	¥441,596	¥207,791	¥1,451,389	¥912,115	¥2,363,504
Depreciation and amortization	27,073	20,138	11,538	58,749	4,253	63,002
Investments in associates	9,310	37,666	5,519	52,495	—	52,495
Increase in property, plant and equipment and intangible assets	24,500	16,291	13,918	54,709	6,146	60,855

					Millions of yen	
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Net sales—						
Outside customers	¥890,839	¥436,106	¥220,589	¥1,547,534	¥ —	¥1,547,534
Inter-segment	12,665	8,121	921	21,707	(21,707)	—
Total	903,504	444,227	221,510	1,569,241	(21,707)	1,547,534
Operating profit	¥ 51,231	¥ 28,525	¥ 30,017	¥ 109,773	¥ (36,267)	¥ 73,506
Assets	¥840,294	¥505,523	¥224,972	¥1,570,789	¥717,400	¥2,288,189
Depreciation and amortization	27,317	20,652	11,879	59,848	4,348	64,196
Investments in associates	8,776	35,191	6,418	50,385	—	50,385
Increase in property, plant and equipment and intangible assets	24,043	17,982	9,484	51,509	6,694	58,203

					Thousands of U.S. dollars	
	Information & Communication	Living & Industry	Electronics	Total	Adjustment	Consolidated
Net sales—						
Outside customers	\$7,278,691	\$3,563,249	\$1,802,345	\$12,644,285	\$ —	\$12,644,285
Inter-segment	103,481	66,354	7,525	177,360	(177,360)	—
Total	7,382,172	3,629,603	1,809,870	12,821,645	(177,360)	12,644,285
Operating profit	\$ 418,589	\$ 233,066	\$ 245,257	\$ 896,912	\$ (296,324)	\$ 600,588
Assets	\$6,865,708	\$4,130,427	\$1,838,157	\$12,834,292	\$5,861,590	\$18,695,882
Depreciation and amortization	223,196	168,739	97,059	488,994	35,526	524,520
Investments in associates	71,705	287,532	52,439	411,676	—	411,676
Increase in property, plant and equipment and intangible assets	196,446	146,924	77,490	420,860	54,694	475,554

Note: Adjustments are as follows.

(a) Segment operating profit is mainly adjusted for costs related to basic research not assignable to a reporting segment and head office costs.

(b) Segment assets are mainly adjusted for surplus funds (cash and cash equivalents, marketable securities), long-term investments (investment securities), and assets that are related to basic research not assignable to a reporting segment and head office assets.

(c) Segment depreciation and amortization are mainly adjusted for depreciation expenses related to basic research not assignable to a reporting segment and head office assets.

(d) Increase in property, plant and equipment and intangible assets are mainly adjusted for capital expenditures for fixed assets related to basic research not assignable to a reporting segment and increase in head office assets.

Related Information

Information about geographical areas

Sales (based on customers’ geographic locations) and property, plant and equipment by regions for the years ended March 31, 2021 and 2022 are as follows:

(1) Sales	Millions of yen		Thousands of
	2021	2022	U.S. dollars
			2022
Japan	¥1,116,642	¥1,115,408	\$ 9,113,555
Asia	194,553	245,980	2,009,805
Other	155,740	186,146	1,520,925
Total	¥1,466,935	¥1,547,534	\$12,644,285

(2) Property, plant and equipment

	Millions of yen		Thousands of
	2021	2022	U.S. dollars
			2022
Japan	¥422,065	¥409,959	\$3,349,612
Asia	98,230	114,815	938,108
Other	51,484	55,481	453,313
Total	¥571,779	¥580,255	\$4,741,033

Impairment Loss by Reportable Segment

Impairment loss by reportable segments for the years ended March 31, 2021 and 2022 are as follows:

2021	Millions of yen				
	Information & Communication	Living & Industry	Electronics	Total	Consolidated
Impairment loss	¥4,185	¥1,623	¥14,383	¥20,191	¥20,191

2022	Millions of yen				
	Information & Communication	Living & Industry	Electronics	Total	Consolidated
Impairment loss	¥3,774	¥495	¥1,332	¥5,601	¥5,601

2022	Thousands of U.S. dollars				
	Information & Communication	Living & Industry	Electronics	Total	Consolidated
Impairment loss	\$30,836	\$4,045	\$10,883	\$45,764	\$45,764

Amortization and Unamortized Balance of Goodwill by Reportable Segment

Amortization and unamortized balance of goodwill by reportable segments for the years ended March 31, 2020 and 2021 are as follows:

2021	Millions of yen				
	Information & Communication	Living & Industry	Electronics	Total	Consolidated
Goodwill					
Amortization of goodwill	¥1,383	¥ 499	¥ —	¥ 1,882	¥ 1,882
Goodwill ending balance	¥5,931	¥5,006	¥437	¥11,374	¥11,374

2022	Millions of yen				
	Information & Communication	Living & Industry	Electronics	Total	Consolidated
Goodwill					
Amortization of goodwill	¥1,502	¥ 851	¥ 34	¥ 2,387	¥ 2,387
Goodwill ending balance	¥7,007	¥20,069	¥403	¥27,479	¥27,479

2022	Thousands of U.S. dollars				
	Information & Communication	Living & Industry	Electronics	Total	Consolidated
Goodwill					
Amortization of goodwill	\$12,272	\$ 6,953	\$ 278	\$ 19,503	\$ 19,503
Goodwill ending balance	\$57,251	\$163,976	\$3,293	\$224,520	\$224,520

note 13

Financial Instruments

1. Financial instruments

(1) Policies for Financial Instruments

The Companies raise funds (mainly through bank loans and corporate bonds) in light of the context of the long-term capital investment plan. Temporary cash surplus is managed through investment in low risk financial assets but not speculative investments. Derivatives are held for risk management purposes only, as described hereinafter. The Companies do not enter into speculative transactions.

(2) Nature and Extent of Risks Arising from Financial Instruments

Notes and accounts receivable are exposed to the customer credit risk and receivables in foreign currencies are exposed to the market risk of fluctuation in foreign exchange rates. The majority of marketable and investment securities are held-to-maturity securities and stocks related to business or capital alliances with counterparties and are exposed to the risk of market value fluctuations.

Notes and accounts payable are all due within one year. Payables in foreign currencies are exposed to the market risk of fluctuation in foreign exchange rates. Bank loans and bonds are used to fund capital expenditures and other requirements. Some borrowings are with floating interest rates, and are exposed to the market risk of fluctuation in interest rates.

Derivatives consist of forward foreign exchange contracts, which hedge the market risk of fluctuation in foreign currency exchange rates for receivables, payables, and forecast transactions denominated in foreign currency and interest rate swap contracts, which hedge the market fluctuation risk of the interest payments for bonds and loans.

(3) Risk Management for Financial Instruments

① Credit Risk Management (Risk of Economic Loss Arising from a Counterparty's default)

Notes and accounts receivables are managed in accordance with the Company's Credit Control Procedures to ensure protection of receivable and improve efficient use of funds. The Company maintains credit control, such

as due date control and receivable balance control, as well as assesses credit conditions of counterparties on a regular basis.

Debt securities are managed in accordance with the Company's Financial Instrument Risk Control Guidelines and limited to financial instruments issued by entities with high credit ratings. Thus, the credit risk remains at a low level.

Regarding derivatives, the Companies limit their counterparties to financial institutions with high credit ratings to mitigate the counterparty risk.

② Market Risk Management (Risk of Foreign Exchange and Interest Rate Fluctuation)

The Companies hedge the market risk of fluctuation in foreign exchange rates with forward foreign currency contracts and enter into interest rate swap contracts to hedge the interest rate fluctuation risk in bonds and loans.

Regarding securities, the financial condition of issuing entities (counterparties) is monitored on a regular basis to review the benefits of holding the securities. Fair values of listed stocks and listed bonds are specifically monitored on a monthly basis.

Derivative transactions, in principle, require reports and approvals at the management committee. A director responsible for finance and accounting reports the status of derivatives to the management committee at the end of each quarter.

(4) Supplementary Explanation Regarding the Fair Value of Financial Instruments

As the assessment of fair value of financial instruments is based on certain assumptions including fluctuating factors, the assessed value might differ under different assumptions. Derivative transaction values under note 10 "Derivative Transactions" do not indicate market risks relating to derivative transactions.

2. Fair values of financial instruments

Book values in the consolidated balance sheets, fair values, and the differences between book values and fair values as of March 31, 2021 and 2022 are stated in the following tables.

2021	Millions of yen		
	Book value	Fair value	Difference

Marketable and investment securities			
① Held-to-maturity debt securities	¥ 8,712	¥ 8,706	¥ (6)
② Available-for-sale securities	563,524	563,524	—
③ Investments in associates	33,576	23,043	(10,533)
Total assets	605,812	595,273	(10,539)

Long-term indebtedness			
① Bonds	¥ 90,000	¥ 92,472	¥ 2,472
② Long-term loans	203,657	208,655	4,998
Total liabilities	293,657	301,127	7,470
Derivative transactions	¥ (271)	¥ (271)	¥ —

2022	Millions of yen		
	Book value	Fair value	Difference
Marketable and investment securities			
① Held-to-maturity debt securities	¥ 6,011	¥ 5,974	¥ (37)
② Available-for-sale securities	458,455	458,455	—
③ Investments in associates	33,810	21,540	(12,270)
Total assets	498,276	485,969	(12,307)
Long-term indebtedness			
① Bonds	¥ 90,000	¥ 91,369	¥ 1,369
② Long-term loans	148,778	153,719	4,941
Total liabilities	238,778	245,088	6,310
Derivative transactions	¥ (201)	¥ (201)	¥ —

2022	Thousands of U.S. dollars		
	Book value	Fair value	Difference
Marketable and investment securities			
① Held-to-maturity debt securities	\$ 49,113	\$ 48,811	\$ (302)
② Available-for-sale securities	3,745,853	3,745,853	—
③ Investments in associates	276,249	175,995	(100,254)
Total assets	4,071,215	3,970,659	(100,556)
Long-term indebtedness			
① Bonds	\$ 735,354	\$ 746,540	\$ 11,186
② Long-term loans	1,215,606	1,255,977	40,371
Total liabilities	1,950,960	2,002,517	51,557
Derivative transactions	\$ (1,642)	\$ (1,642)	\$ —

*1. Fair value information on cash and cash equivalents, time deposits, notes and accounts receivable, notes and accounts payable, and short-term borrowings is omitted because their book value equals or approximates fair value due to their short maturities.
*2. Assets and liabilities relating to derivative transactions are stated on a net basis and net obligations are presented as ().

Matters related to securities and derivative transactions

Securities and investment securities

Please refer to “note 2.”

Derivative transactions

Please refer to “note 10.”

Financial instruments for which fair values are not readily available

2021	Millions of yen
	Book value
Non-listed stocks	¥18,742
Partnership investments	3,711
Investments in associates	18,920
Total	41,373

These financial instruments are not included in “Marketable and Investment Securities,” because of the difficulty to obtain fair values.

Stocks and others without quoted market prices and partnership Investments

2022	Millions of yen
	Book value
Non-listed stocks	¥18,824
Partnership investments	4,305
Investments in associates	16,574
Total	39,703

2022	Thousands of U.S. dollars
	Book value
Non-listed stocks	\$153,803
Partnership investments	35,174
Investments in associates	135,420
Total	324,397

Stocks and others without quoted market prices are not included in “Marketable and Investment Securities.”

Scheduled redemption for financial instruments with maturities after the balance sheet date

2021	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and cash equivalents	¥497,238	¥ —	¥ —	¥ —
Time deposits with original maturities over three months	30,735	—	—	—
Notes and accounts receivable	390,464	1,432	1,727	449
Marketable and investment securities				
Held-to-maturity debt securities	2,700	900	2,600	—
Available-for-sale securities with maturities	217	3,096	847	—
Total	921,354	5,428	5,174	449

2022	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and cash equivalents	¥414,266	¥ —	¥ —	¥ —
Time deposits with original maturities over three months	37,686	—	—	—
Notes and accounts receivable	412,284	1,749	150	—
Marketable and investment securities				
Held-to-maturity debt securities	2,600	1,100	2,300	—
Available-for-sale securities with maturities	10,100	3,572	226	120
Total	876,936	6,421	2,676	120

2022	Thousands of U.S. dollars			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Cash and cash equivalents	\$3,384,803	\$ —	\$ —	\$ —
Time deposits with original maturities over three months	307,917	—	—	—
Notes and accounts receivable	3,368,609	14,290	1,226	—
Marketable and investment securities				
Held-to-maturity debt securities	21,244	8,988	18,792	—
Available-for-sale securities with maturities	82,522	29,185	1,847	980
Total	7,165,095	52,463	21,865	980

Scheduled repayment for short-term borrowings, bonds, and long-term loans after the balance sheet date

2021	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term borrowings	¥30,588	¥ —	¥ —	¥ —
Bonds	—	40,000	20,000	30,000
Long-term loans	10,075	87,630	75,449	30,503
Total	40,663	127,630	95,449	60,503

2022	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term borrowings	¥15,300	¥ —	¥ —	¥ —
Bonds	40,000	—	35,000	15,000
Long-term loans	10,468	83,206	24,907	30,197
Total	65,768	83,206	59,907	45,197

2022	Thousands of U.S. dollars			
	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years
Short-term borrowings	\$125,010	\$ —	\$ —	\$ —
Bonds	326,824	—	285,971	122,559
Long-term loans	85,530	679,843	203,505	246,728
Total	537,364	679,843	489,476	369,287

3. Breakdown of financial instruments by level of fair value

The fair values of financial instruments are classified into the following three levels according to the observability and importance of inputs used in the calculation of fair values.

Level 1 fair value: Fair value calculated using quoted prices for identical instruments in active markets

Level 2 fair value: Fair value calculated using inputs other than the inputs used for Level 1 in which all significant inputs and significant value drivers are observable in the market

Level 3 fair value: Fair value calculated using valuation techniques in which one or more significant inputs are not observable

If more than one input that has a significant effect on the calculation of fair value is used, the fair value is classified to the level of inputs whose priority is lowest in the calculation of fair value.

(1) Financial instruments stated at fair value in the consolidated balance sheet

2022	Millions of yen			
	Level 1	Level 2	Level 3	Total
Marketable and investment securities				
Available-for-sale securities				
Equity securities	¥441,593	¥ —	¥—	¥441,593
Bonds	—	1,461	—	1,461
Others	—	23,520	—	23,520
Total assets	441,593	24,981	—	466,574
Derivative transactions	¥ —	¥ (201)	¥—	¥ (201)

2022	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Marketable and investment securities				
Available-for-sale securities				
Equity securities	\$3,608,081	\$ —	\$—	\$3,608,081
Bonds	—	11,937	—	11,937
Others	—	192,173	—	192,173
Total assets	3,608,081	204,110	—	3,812,191
Derivative transactions	\$ —	\$ (1,642)	\$—	\$ (1,642)

* Investment trust is not included in the table above. The said investment trust's consolidated balance sheet amount is 4,881 million yen (39,881 thousand U.S. dollars).

(2) Financial instruments other than those stated at fair value in the consolidated balance sheet

2022	Millions of yen			
	Level 1	Level 2	Level 3	Total
Marketable and investment securities				
Held-to-maturity debt securities				
Bonds	¥ —	¥ 4,701	¥—	¥ 4,701
Others	—	2,272	—	2,272
Investments in associates	21,541	—	—	21,541
Total assets	21,541	6,973	—	28,514
Bonds	—	91,369	—	91,369
Long-term loans	—	153,719	—	153,719
Total liabilities	¥ —	¥245,088	¥—	¥245,088

2022	Millions of yen			
	Level 1	Level 2	Level 3	Total
Marketable and investment securities				
Held-to-maturity debt securities				
Bonds	\$ —	\$ 38,410	\$—	\$ 38,410
Others	—	18,564	—	18,564
Investments in associates	176,003	—	—	176,003
Total assets	176,003	56,974	—	232,977
Bonds	—	746,540	—	746,540
Long-term loans	—	1,255,977	—	1,255,977
Total liabilities	\$ —	\$2,002,517	\$—	\$2,002,517

Explanations about valuation techniques and inputs used in the calculation of fair value

Marketable and investment securities

Listed shares are valued using market prices. Listed shares are traded on an active market and their market prices are categorized under level 1.

Fair values of bonds denote prices that are calculated and presented by financial institutions. These fair values are calculated by discounting future cash flows for the period until early redemption to the present value, mainly using swap rates and credit spread. The fair values are categorized under Level 2.

Derivative transactions

The fair values of interest rate swaps and forward exchange contracts indicate prices that are calculated and presented by related financial institutions. The calculation is made based on the present discounted value method that mainly uses interest rates, foreign exchange rates, and other observable inputs. Said market prices are categorized under level 2.

Interest rate swaps subject to specified hedge accounting treatment are treated as part of hedged long-term borrowings, and their market prices are included in the market prices of such long-term borrowings.

Bonds

The fair values of corporate bonds without a quoted market price are calculated based on the present value of the aggregate amount of all principal and interest, which is discounted by a rate that takes into account the bond's remaining life and the credit risk, and are categorized under level 2.

Long-term loans

Fair values of borrowings issued at fixed rates are calculated by discounting future cash flows using a rate that would be applied to similar new borrowings. Fair values of these borrowings are categorized under level 2.

Fair values of borrowings issued at floating rates are calculated based on their book value because their interest rates basically reflect current market interest rates and the Company's credit standing has not significantly changed after the borrowings are made. Fair values of these borrowings are categorized under level 2.

note 14

Other Comprehensive Income

Amounts reclassified to profit that were previously recognized in other comprehensive income and their tax effects for the years ended March 31, 2021 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Valuation difference on available-for-sale securities			
Amount incurred during the period	¥ 232,610	¥ 8,484	\$ 69,319
Reclassification adjustments	(106,089)	(107,904)	(881,640)
Before tax effect adjustment	126,521	(99,420)	(812,321)
Tax effect	(38,673)	30,267	247,300
Valuation difference on available-for-sale securities	87,848	(69,153)	(565,021)
Deferred gains or losses on hedges			
Amount incurred during the period	68	95	776
Reclassification adjustments	3	3	25
Before tax effect adjustment	71	98	801
Tax effect	(20)	(29)	(237)
Deferred gains or losses on hedges	51	69	564
Foreign currency translation adjustments			
Amount incurred during the period	(1,354)	22,673	185,252
Reclassification adjustments	(287)	(46)	(376)
Before tax effect adjustment	(1,641)	22,627	184,876
Tax effect	3	(1,312)	(10,720)
Foreign currency translation adjustments	(1,638)	21,315	174,156
Remeasurements of defined benefit plans, net of tax			
Amount incurred during the period	4,263	1,808	14,772
Reclassification adjustments	(2,416)	228	1,863
Before tax effect adjustment	1,847	2,036	16,635
Tax effect	(603)	(653)	(5,335)
Remeasurements of defined benefit plans, net of tax	1,244	1,383	11,300
Share of other comprehensive income of entities accounted for using equity method			
Amount incurred during the period	985	(60)	(490)
Reclassification adjustments	(33)	46	376
Share of other comprehensive income of entities accounted for using equity method	952	(14)	(114)
Total other comprehensive income	¥ 88,457	¥ (46,400)	\$(379,115)

note 15

Business Combinations

For the year ended March 31, 2022

1. Business combination through share acquisition

InterFlex Investment Holdings, Inc.

On July 16, 2021, the Company concluded a share transfer agreement for InterFlex Investment Holdings, Inc. (hereinafter, the "InterFlex Group"), and effective July 23, 2021, the Company acquired shares of the InterFlex Group. As a result, the InterFlex Group and four other companies became subsidiaries of the Company.

(1) Outline of the business combination

- ① Name of the acquired company and its business
Name of the acquired company: InterFlex Investment Holdings, Inc. (and four other companies)
Business: Flexible packaging converter focused on food packaging
- ② Main reason for the business combination
The Companies completed the construction of the Toppan USA Georgia Plant in April 2016 as a manufacturing and distribution site for GL BARRIER, a transparent vapor-deposited barrier film, in Europe and North America. Since then, the Companies have stepped up their sales activities in North America, Europe, and Latin America in addition to Japan.
In addition, the Companies have adopted "Digital & Sustainable Transformation" as a basic policy, having announced the Medium Term Plan starting in fiscal 2021 (April 2021 to March 2023) in May 2021. As a key measure, the Companies are planning to accelerate the global expansion of the packaging business by catering to demand for sustainable products and constructing a system of local production for local consumption.
On the other hand, the InterFlex Group is a global corporate group headquartered in North Carolina, U.S.A., with about 430 employees, founded in 1975. It manufactures and distributes flexible packaging materials for various food items. It has three manufacturing sites in North America and two in the U.K.
The Companies will establish a system for the global supply of packaging materials by adding converting sites of the InterFlex Group in Europe and North America, following the expansion in Asia (Indonesia, Shanghai, and Thailand), where the converting business has already commenced. This will enable one-stop provision, from packaging materials, including mono-material products, to final products, so that the Companies can be a global packaging manufacturer.
- ③ Date of the business combination
July 23, 2021
- ④ Legal form of the business combination
Cash acquisition of shares
- ⑤ Name of company after the business combination
No change
- ⑥ Percentage share of voting rights acquired
100%
- ⑦ Main reason for the determination of the acquiree
The Company acquired shares of the acquiree by cash.

- (2) Period for the operating results of the acquired company that are included in the consolidated financial statements
October 1, 2021 to December 31, 2021
- (3) Acquisition cost and breakdown by type of consideration

Consideration for acquisition	Cash	142 million U.S. dollars
Acquisition cost		142 million U.S. dollars

The Company determined the purchase price of the shares of the InterFlex Group in reference to the estimated stock value by discounting the future cash flows based on the business plan of the InterFlex Group, in which the net sales growth rate used is a key assumption.

- (4) Breakdown and amounts of major related costs
Advisory costs and others: ¥652 million (US\$5,327 thousand)

- (5) Amount of goodwill, reason for recognition, and method and period of amortization

① Amount of goodwill
¥9,141 million (US\$74,687 thousand)

② Reason for recognition
It arose from the future excess earnings power expected from future business expansion.

③ Method and period of amortization
Straight-line amortization over 8 years.

(6) Amount and breakdown of assets and liabilities assumed on date of the business combination

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 7,497	\$ 61,255
Non-current assets	16,355	133,630
Total assets	23,852	194,885
Current liabilities	14,417	117,795
Non-current liabilities	3,005	24,553
Total liabilities	¥17,422	\$142,348

(7) Amount allocated for intangible assets other than goodwill, breakdown by main asset category, and amortization period by main category

	Millions of yen	Thousands of U.S. dollars	Amortization period
Customer-related assets	¥10,730	\$87,671	14 years

Max Speciality Films Private Limited

On November 14, 2021, the Company concluded a share transfer agreement for Max Speciality Films Private Limited (hereinafter, "MSFL"), and effective February 1, 2022, the Company acquired shares in MSFL. As a result, MSFL became a subsidiary of the Company.

(1) Outline of the business combination

- ① Name of the acquired company and its business
Name of the acquired company: Max Speciality Films Private Limited
Business: Manufacturing and sale of BOPP films, predominantly for food packaging
- ② Main reason for the business combination
With production bases in Japan, other parts of Asia, and North America, the Company operates a wide-ranging packaging business centered on GL BARRIER, a transparent vapor-deposited barrier film that enjoys the leading share of its global market.
In addition, the Companies have adopted "Digital & Sustainable Transformation" as a basic policy, having announced the Medium Term Plan starting in fiscal 2021 (April 2021 to March 2023) in May 2021. As a key measure, the Companies are planning to accelerate the global expansion of the packaging business by catering to demand for sustainable products and constructing a system of local production for local consumption.
Meanwhile, MSFL was founded in 1990 and has its headquarters and manufacturing base in Punjab, India. The company manufactures and sells BOPP films, predominantly for food packaging.
Since acquiring a 49% stake in MSFL in 2017, the Company has participated in the business as a minority shareholder. Increasing its stake to 90% and bringing MSFL on board as a consolidated subsidiary will enable the Company to strengthen its business in the growing Indian market for BOPP films, which are anticipated to see increased demand as a more readily recyclable mono-material for packaging.
The addition of MSFL and its extensive knowledge of the Indian market to the Toppan Group facilitates an accurate understanding of the needs of a huge market of 1.3 billion people and secures a film development and manufacturing base in a location that will be key for enhancing the global supply network for mono-materials.
- ③ Date of the business combination
February 1, 2022
- ④ Legal form of the business combination
Cash acquisition of shares
- ⑤ Name of company after the business combination
No change
- ⑥ Percentage share of voting rights acquired
Percentage share of voting rights owned immediately before the acquisition date: 49.00%
Percentage share of voting rights additionally acquired on the acquisition date: 41.00%
Percentage share of voting rights after acquisition: 90.00%
- ⑦ Main reason for the determination of the acquiree
The Company acquired shares of the acquiree by cash.

- (2) Period for the operating results of the acquired company that are included in the consolidated financial statements
Given that the acquisition was deemed complete on March 31, 2022, consolidation of MSFL applies solely to its balance sheet. Since MSFL was previously an affiliate accounted for using the equity method, the portion of MSFL's earnings for the period from April 1, 2021 to March 31, 2022 attributable to the Company is included within share of profit (loss) of entities accounted for using equity method.

(3) Acquisition cost and breakdown by type of consideration

Consideration for acquisition	Fair value of the shares held immediately before the business combination	4,494 million Indian rupees
	Cash paid for the additional acquisition	4,944 million Indian rupees
Acquisition cost		9,438 million Indian rupees

- (4) Breakdown and amounts of major related costs
Advisory costs and others: ¥197 million (US\$1,610 thousand)

- (5) Difference between the acquisition cost of the acquired company and the sum of the acquisition costs of each transaction to acquire the company
Gain on step acquisitions: ¥2,820 million (US\$23,041 thousand)

- (6) Amount of goodwill, reason for recognition, and method and period of amortization

① Amount of goodwill
¥5,099 million (US\$41,662 thousand)

② Reason for recognition
It arose from the future excess earnings power expected from future business expansion.

③ Method and period of amortization
Straight-line amortization over 11 years

- (7) Amount and breakdown of assets and liabilities assumed on date of the business combination

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 5,639	\$ 46,074
Non-current assets	12,108	98,930
Total assets	17,747	145,004
Current liabilities	3,083	25,190
Non-current liabilities	3,259	26,628
Total liabilities	¥ 6,342	\$ 51,818

- (8) Amount allocated for intangible assets other than goodwill, breakdown by main asset category, and amortization period by main category

	Millions of yen	Thousands of U.S. dollars	Amortization period
Customer-related assets	¥2,789	\$22,788	11 years

2. Transactions under common control

(Acquisition of shares of a subsidiary through a tender offer)

At a meeting of the Board of Directors held on November 10, 2021, the Company resolved to acquire the common shares of Toppan Forms Co., Ltd. (hereinafter, "Toppan Forms"), a consolidated subsidiary of the Company, through a tender offer under the Financial Instruments and Exchange Act to make Toppan Forms its wholly owned subsidiary. The tender offer was completed on December 23, 2021.

The Company then made a demand for the sale of shares pursuant to Article 179, Paragraph 1 of the Companies Act and made Toppan Forms its wholly owned subsidiary effective March 1, 2022.

- (1) Outline of the transactions
- ① Name of combined entity and description of its business

Name of combined entity: Toppan Forms Co., Ltd.

Description of business: Digital business, information process business, product solution business, and global business
- ② Date of the business combination
- December 30, 2021 (deemed acquisition date is December 31, 2021) (acquisition through a tender offer)
- March 1, 2022 (deemed acquisition date is March 31, 2022) (acquisition through demand for the sale of shares)
- ③ Legal form of the business combination
- Cash acquisition of shares
- ④ Name of company after the business combination
- No change
- ⑤ Shareholding of the subsidiary after additional acquisition
- Shareholding before business combination: 60.74%
- Shareholding after tender offer: 96.38%
- Shareholding after demand for sale of shares: 100.00%
- ⑥ Overview of transactions, including the purpose
- The Company has acquired shares held by non-controlling shareholders to make decisions more flexibly and more quickly to implement the Group's management strategies and achieve sustainable growth in the corporate value of the entire Group.

- (2) Outline of accounting treatment
- The transaction is accounted for as a transaction with non-controlling shareholders of common control transactions pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).
- (3) Acquisition cost of additional shares in the subsidiary and a breakdown by type of consideration (includes shares acquired through demand for sale of shares)
- | | | |
|-------------------------------|------|---|
| Consideration for acquisition | Cash | ¥67,545 million
(US\$551,883 thousand) |
| Acquisition cost | | ¥67,545 million
(US\$551,883 thousand) |
- (4) Change in equity related to transaction with non-controlling shareholders
- ① Main factor for change in capital surplus

Acquisition of additional shares in subsidiary

② Amount of decrease in capital surplus due to the transaction with non-controlling shareholders

¥484 million (US\$3,955 thousand)

note 16

Consolidated Statements of Cash Flows

Significant Non-Cash Transactions

For the year ended March 31, 2021

Investment securities increased ¥59,879 million due to the partial return of assets from the retirement benefits trust.

For the year ended March 31, 2022

There were no significant non-cash transactions.

note 17

Revenue Recognition

1. Information on the breakdown of revenue from contracts with customers

For the fiscal year ended March 31, 2022	Reportable segment			Millions of yen
	Information & Communication	Living & Industry	Electronics	Total
Japan	¥774,916	¥279,829	¥ 60,392	¥1,115,137
Asia	46,556	70,829	128,595	245,980
Other	69,096	85,436	31,602	186,134
Revenue from contracts with customers	890,568	436,094	220,589	1,547,251
Other revenue	271	12	—	283
Net sales to outside customers	¥890,839	¥436,106	¥220,589	¥1,547,534

For the fiscal year ended March 31, 2022	Reportable segment			Thousands of U.S.dollars
	Information & Communication	Living & Industry	Electronics	Total
Japan	\$6,331,530	\$2,286,371	\$ 493,439	\$ 9,111,340
Asia	380,391	578,716	1,050,699	2,009,806
Other	564,556	698,064	258,207	1,520,827
Revenue from contracts with customers	7,276,477	3,563,151	1,802,345	12,641,973
Other revenue	2,214	98	—	2,312
Net sales to outside customers	\$7,278,691	\$3,563,249	\$1,802,345	\$12,644,285

2. Basic information for understanding revenue from contracts with customers

As stated in Notes to the Consolidated Financial Statements, (Segment Information), A. Segment information, 1. Description of reportable segments, the Companies is engaged in a wide range of business activities spanning its three segments, Information & Communication, Living & Industry, and Electronics, offering diverse products, merchandise, and services to customers both inside and outside of Japan.

In manufacturing and sale transactions involving various types of printed material and other goods in the Information & Communication segment, various types of printed material and other goods in the Living & Industry segment, and various types of electronics products and other goods in the Electronics segment, control of the goods is usually transferred to the customer at a point in time.

Sales of products and merchandise to customers in Japan are mostly transactions involving shipment from a site in Japan and revenue from such transactions is recognized when the customer receives the products or merchandise.

However, sales of products or merchandise to customers in Asia or other regions consist of transactions involving domestic shipment within a country of the region or a transaction involving export from the relevant region or Japan. In the case of a transaction involving domestic shipment, revenue is usually recognized once the goods reach the customer, while in the case of an export transaction, revenue is recognized once control transfers to the customer in accordance with the trade terms set out in the Incoterms or other rules.

The Companies also provide a range of services such as BPO services, production of software/content on order, and space design and construction services mainly in the Information & Communication segment to customers in Japan, Asia, and other regions. In cases where control over goods or services is transferred to the customer over time, the Companies recognize revenue over time as it satisfies the performance obligation to transfer goods or services to the customer. Progress in the satisfaction of performance obligations is measured based mainly on the percentage of the costs incurred by the end of the reporting period to the estimated total cost. Further, revenue is recognized by applying the cost recovery method where the progress in the satisfaction of performance obligations cannot be estimated reasonably but the incurred cost is expected to be recovered, such as in the early phase of a contract.

Consideration for transactions is generally received within one year after the satisfaction of performance obligations, except when payment is received in advance of satisfaction of performance obligations, and therefore contracts with customers do not involve any significant financing component. Transactions where the consideration promised in the contract with the customer includes a variable amount are typically the sale of goods with the right of return and, in such cases, the Companies estimate the variable amount based mainly on historical data. Contracts with customers usually consist of a single performance obligation but when multiple performance obligations exist in a contract, the Companies allocate the transaction price to the performance obligations in the contract by reference to the relative stand-alone selling prices of the goods or services.

3. Information about the relationship between the satisfaction of performance obligations based on the contract with the customer and the cash flow generated from the contract, and the amount of revenue expected to be recognized and the timing of recognition of the revenue from the contract with the customer existing at the end of the current fiscal year subsequent to the next fiscal year

(1) Balances of contract assets and contract liabilities, etc.

Millions of yen		
Fiscal year ended March 31, 2022		
	Balance at beginning of period	Balance at end of period
	Book value	Book value
Trade receivables from contracts with customers		
Notes	¥ 49,377	¥ 51,232
Accounts receivable	343,782	362,628
	393,159	413,860
Contract assets	5,641	14,179
Contract liabilities	¥ 7,385	¥ 11,544

Thousands of U.S. dollars		
Fiscal year ended March 31, 2022		
	Balance at beginning of period	Balance at end of period
	Book value	Book value
Trade receivables from contracts with customers		
Notes	\$ 403,440	\$ 418,596
Accounts receivable	2,808,906	2,962,889
	3,212,346	3,381,485
Contract assets	46,090	115,851
Contract liabilities	\$ 60,340	\$ 94,321

Contract assets mainly relate to the right of the Company or a consolidated subsidiary of the Company to consideration for parts of work, such as the manufacture or sale of various types of printed matter or other finished goods or merchandise, BPO services, production of software/content on order, or space design and construction services, which have been completed but for which an invoice has not been issued as of the reporting date. Contract assets are transferred to receivables arising from contracts with customers when the right of the Company or a consolidated subsidiary of the Company to the consideration becomes unconditional.

Contract liabilities mainly relate to advances received from customers for work, such as the manufacture or sale of various types of printed matter or other finished goods or merchandise, BPO services, production of software/content on order, or space design and construction services. Contract liabilities are reversed as revenue is recognized.

The amount of revenue recognized in the current fiscal year included in the balance of contract liabilities at the beginning of the fiscal year is ¥5,074 million (US\$41,458 thousand).

The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in past periods (for example, due to transaction price changes) was ¥186 million (US\$1,520 thousand).

(2) Transaction prices allocated to outstanding performance obligations

The total amounts of transaction prices allocated to outstanding performance obligations for each reportable segment are set forth below. Almost all of these amounts are expected to be recognized as revenue within a year. The Company and its consolidated subsidiaries apply the practical expedient to notes on the transaction prices allocated to outstanding performance obligations, and information with respect to contracts that have an original expected duration of one year or less and sales-based or usage-based royalty contracts that are attributable to an intellectual property license is not included in the scope of notes.

Millions of yen	
Fiscal year ended March 31, 2022	
Information & Communication	¥3,877
Living & Industry	136
Electronics	891
Total	¥4,904

Thousands of U.S. dollars	
Fiscal year ended March 31, 2022	
Information & Communication	\$31,678
Living & Industry	1,111
Electronics	7,280
Total	\$40,069

note 18

Significant Subsequent Events

Transactions under common control

Splits of the Company and a consolidated subsidiary and transfers of part of the shares of the newly incorporated company

At the Company's Board of Directors meeting on November 10, 2021 a resolution was adopted to hand over the semiconductor photomask business (hereinafter "the Business") operated by the Company and Toppan Electronics Products Co., Ltd., a wholly owned subsidiary of the Company, to a newly incorporated wholly owned subsidiary (hereinafter "the Incorporated Company") in the form of an absorption-type company split (simplified absorption-type split) and to transfer 49.9% of the shares (hereinafter "the Share Transfer") of the Incorporated Company to an investment fund for which Integral Corporation serves as management advisor (hereinafter Integral Corporation and the fund are collectively referred to as "Integral"). On the same date, the Company and Integral signed a share transfer agreement, with April 1, 2022 as the effective date of the share transfer.

Furthermore, the Company established Toppan Photomask Co., Ltd. on December 13, 2021 as the Incorporated Company, and the absorption-type split and the share transfer were completed on April 1, 2022.

1. Summary of the transactions

(1) Purpose of the transactions

After extensive consideration of strategic options for the continued expansion and development of the Business, the Company judged that a spin-off of the Business from the Company to increase management autonomy, thereby allowing management to respond to market needs swiftly and flexibly in order to achieve and maintain continued growth and improvement in competitiveness, would develop the Business and employees engaging in it and increase value for customers and shareholders. The Company thus spun off the Business.

In addition, the Company carefully sought a partner that excelled in support for the construction of management and governance systems, with a view to a future listing of its shares to facilitate agile fund procurement in the capital markets with the aim of further growth. As a result, the Company judged that it would be desirable to invite Integral, which has a proven track record in supporting stock listings, as a shareholder of the Incorporated Company and implemented the Share Transfer.

- (2) Name and business of the company concerned with the business combination
Name: Toppan Photomask Co., Ltd.
Business: Manufacturing and sale of semiconductor photomasks
- (3) Date of share transfer
April 1, 2022
- (4) Legal form of the business combination
Partial sale of shares of a subsidiary to a non-controlling shareholder that does not result in a change in the scope of consolidation
- (5) Name of company after the business combination
No change

2. Outline of accounting treatment

The transaction is accounted for as a transaction with non-controlling shareholders under common control in accordance with the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

3. Change in equity of the Company related to transaction with non-controlling shareholders

- (1) Main factor for change in capital surplus
Partial sale of shares of a subsidiary that does not result in a change in the scope of consolidation
- (2) Amount of decrease in capital surplus due to the transaction with non-controlling shareholders
¥3,601 million (US\$29,422 thousand)

Sales of investment securities

On September 2, 2022, the Company sold a portion of its investment securities. Accordingly, gain on sales of investment securities shall be recorded in the fiscal year ending March 31, 2023.

1. Reason for sales of investment securities
Investment securities were sold for the purpose of optimizing the assets held.
2. Date of sales of investment securities
September 2, 2022
3. Details of sales of investment securities
(1) Investment securities sold
Listed securities of a single issuer held by the Company
(2) Amount of gain on sales of investment securities
¥43,465 million (US\$355,135 thousand)

Independent auditor’s report

To the Board of Directors of TOPPAN INC.:

Opinion

We have audited the accompanying consolidated financial statements of TOPPAN INC. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as at March 31, 2022 and 2021, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting and reporting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

The key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Reasonableness of the purchase price of the shares of InterFlex Investment Holdings, Inc. and the appropriateness of the amount of goodwill	
The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet at the end of the current fiscal year, the Company recognized goodwill of ¥27,479 million and other intangible assets of ¥56,022 million. As described in Note 15, “(Business Combinations) Business Combination through Share Acquisition” to the consolidated financial statements, these amounts included the unamortized balances of goodwill of ¥9,141 million and customer-related assets of ¥10,730 million at the end of the current fiscal year that were acquired through the acquisition of InterFlex Investment Holdings, Inc. (hereinafter referred to as “InterFlex Group”), which operates the flexible packaging converting business overseas, mainly for food packaging. The Company acquired the shares of InterFlex Group on July 23, 2021 and made it a subsidiary in the Living & Industry segment. Goodwill is calculated as the difference between the purchase price of the shares of the acquiree and its net assets measured by fair value at acquisition-date. The Company determined the purchase price of the shares of InterFlex Group in reference to the estimated stock value by discounting the future cash flows based on the business plan of InterFlex Group, in which the net sales growth rate used is a key assumption. If the estimate of the stock value is not appropriate, it will affect the amount of goodwill calculated as the difference between the purchase price of the shares of InterFlex Group and its net assets. Accordingly, there is a risk that the valuation of the goodwill may not be appropriate. Moreover, if it is subsequently judged that there is doubt about the achievability of the business plan that formed the basis for future cash flows, it may be assessed that there are impairment indicators for goodwill and customer-related assets. It is uncertain if the net sales growth rate, which was a key assumption used to develop the business plan, can subsequently be achieved. In addition, the discount rate that was used for estimating the stock value requires a high degree of expertise in valuation. Accordingly, management judgment thereon may have a significant effect on the appropriateness of the valuation of goodwill and the judgment as to whether there are impairment indicators for goodwill and customer-related assets. We, therefore, determined that our assessment of the reasonableness of the purchase price of the shares of InterFlex Group and the appropriateness of the amount of goodwill was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	The primary procedures we performed to assess the reasonableness of the purchase price of the shares of InterFlex Group and the appropriateness of the amount of goodwill included the following: (1) Assessment of the reasonableness of the business plan • We inquired of management about the objective and background of acquiring InterFlex Group and inspected relevant minutes of the board of directors’ meetings and major contracts. • In order to assess the appropriateness of the future net sales growth rate, which was a key assumption used to develop the business plan of InterFlex Group, we inquired of the responsible personnel at the Living & Industry Division regarding the basis for the key assumption. In addition, we: • compared analytically historical net sales growth rates before and after the acquisition date with the future net sales growth rate, inquired about the future sales policy, and inspected the minutes of the board of directors’ meetings to assess whether they were consistent with the future net sales growth rate; and • assessed whether the market growth rate in the forecast information regarding the size of the flexible packaging market obtained from external organizations was consistent with the future net sales growth rate. (2) Assessment of the work performed by the external specialist engaged by management We assessed whether the work performed by the external specialist engaged by management was appropriate by inspecting their report on the estimated stock value. In this assessment, we: • obtained an understanding of the scope of work and methods used for the estimate of the stock value by the external specialist; and • in order to assess the appropriateness of the discount rate estimated by the external specialist, involved a valuation specialist within our domestic network firm, assessed the model and key assumptions used to estimate the discount rate, and compared the discount rate with the discount rate we independently estimated based on market data.

Other Information

The other information comprises the information included in the Integrated Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Reiji, Kobayashi
Designated Engagement Partner
Certified Public Accountant

Kiyoyuki, Sakurai
Designated Engagement Partner
Certified Public Accountant

Makoto, Yamashita
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
November 2, 2022

Company & Stock Information

As of March 31, 2022

Head Office

1-3-3, Suido, Bunkyo-ku, Tokyo 112-8531, Japan
Phone: 03-3835-5111

Established

January 17, 1900

Capital

¥104,986,430,314

Number of Employees (Consolidated)

54,336

Fiscal Year-End

March 31

Ordinary General Meeting of Shareholders

Held in June

Dates of Record for Shareholders

Ordinary general meeting of shareholders,
year-end dividends: March 31
Payment of interim dividends: September 30

Note: Other dates announced as necessary.

Public Notices

Notices are provided on the Company's website
(<https://www.toppan.com>).

Note: If, due to unavoidable circumstances, notices cannot be provided on the website, they will be published in government gazettes.

Independent Public Accountants

KPMG AZSA LLC
Tokyo, Japan

Transfer Agent/

Special Account Administration Authority

Mitsubishi UFJ Trust and Banking Corporation

Contact Information

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
P.O. Box #29 Shin-Tokyo Post Office
Tokyo 137-8081, Japan
Toll Free: 0120-232-711

Interactive Voice Response: 0120-244-479 (24 hours)

Note: Requests for the necessary forms for notification of change of address, bank account details for depositing dividends, as well as forms for stock succession procedures are received 24 hours a day.

Common Stock

- Authorized
1,350,000,000 shares
- Outstanding
349,706,240 shares

Financial Instruments and Exchange Listings

Tokyo Stock Exchange (Prime Market)

American Depositary Receipt (ADR)

Rate: 2 ADR = 1 stock

Exchange: OTC (over-the-counter)

Symbol: TOPPY

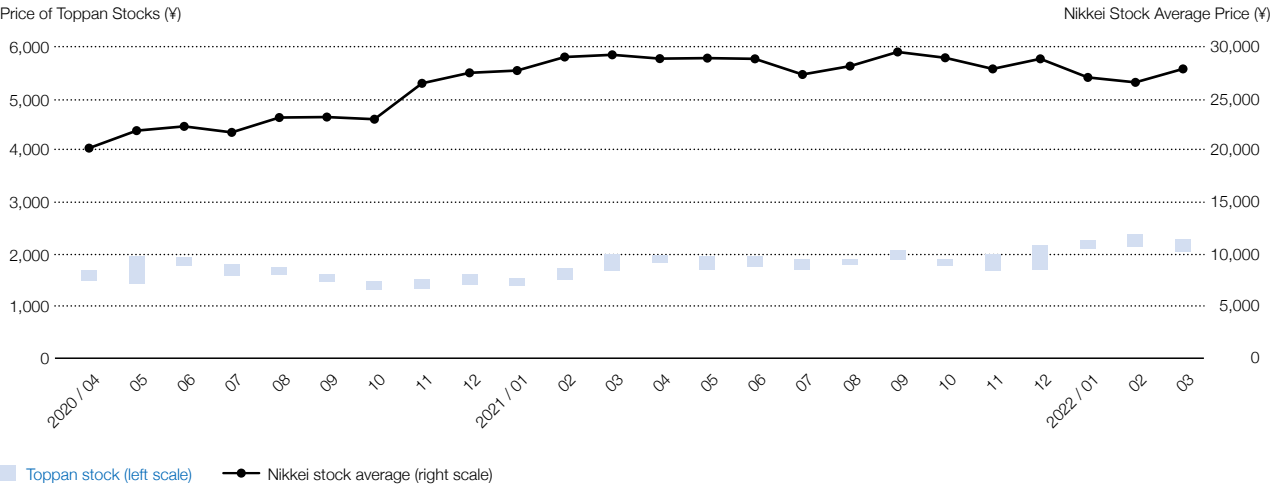
U.S. securities code: 890747306

Depository bank: J.P. Morgan Chase Bank, N.A.
383 Madison Avenue, Floor 11
New York, NY 10179, U.S.A.

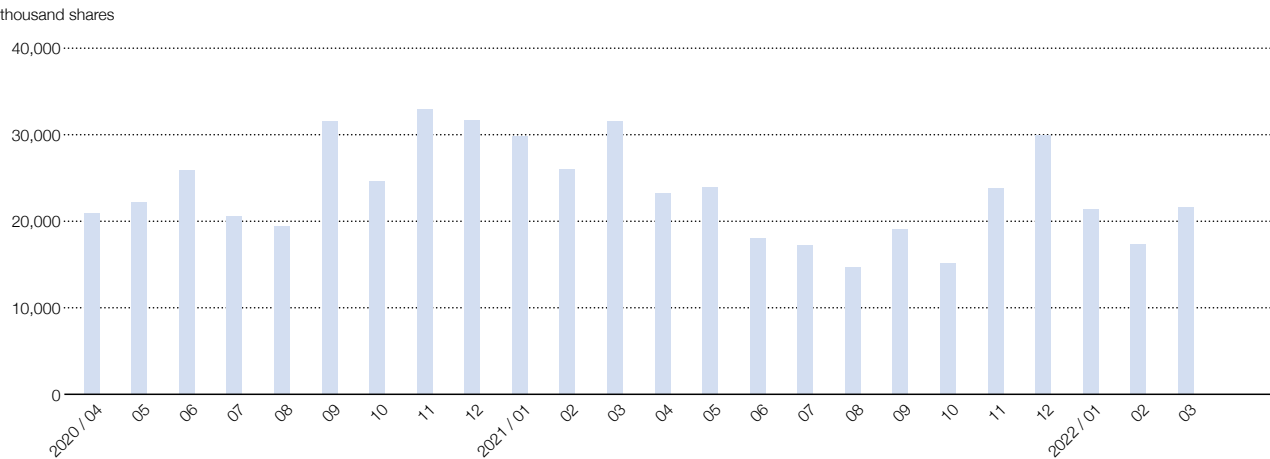
Tokyo Stock Exchange Code

7911

STOCK PRICE RANGE (Tokyo Stock Exchange)

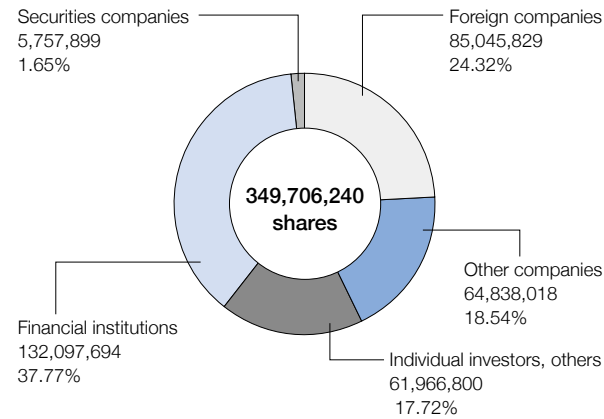


TRADING VOLUME

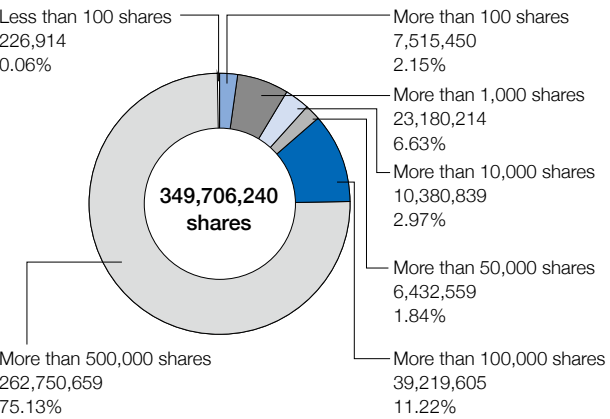


STOCK OWNERSHIP PROFILE

By type of shareholder



By number of shares held



Note: The 13,782 thousand shares of treasury stock are included in the "Individual investors, others" category of the graph "By type of shareholder" and in the "More than 500,000 shares" category of the graph "By number of shares held."

Principal Shareholders

Name	Number of shares held (thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	57,154	17.01
Custody Bank of Japan, Ltd. (Trust Account)	17,193	5.12
Nippon Life Insurance Company	15,002	4.47
Toyo Ink SC Holdings Co., Ltd.	9,492	2.83
The Dai-ichi Mutual Life Insurance Company	9,154	2.73
Employee Stock Club	6,895	2.05
Kodansha Ltd.	6,710	2.00
Toppan Supplier Stock Club	6,002	1.79
STATE STREET BANK WEST CLIENT-TREATY 505234	4,545	1.35
SSBTC CLIENT OMNIBUS ACCOUNT	4,168	1.24

Note1: Shares of treasury stock are excluded from the above list of principal shareholders.

Note2: The percentage of total is calculated using the number of shares resulting from the subtraction of the number of shares of treasury stock from the total number of shares issued.