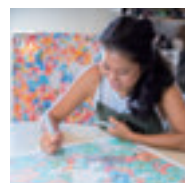


## COVER STORY

The front cover features "Parade" by Kris Goto, a Hawaii-based artist who is active internationally. The piece is based on the concept of a happy world and happy people. Taiyo Holdings commissioned the work as part of its efforts to create a work environment where employees come into contact with original art that inspires emotion, learning, and creativity. Adopting the motif of a procession of a Daimyo, or feudal lord, the work depicts people with diverse ideas coming together from all over to enjoy themselves. The piece is displayed on the 15th floor of the Metropolitan Plaza Building in Tokyo, where our head office is located.



# Integrated Report 2023

TAIYO HOLDINGS

Happy people create  
a happy world.



16F, Metropolitan Plaza Bldg., 1-11-1 Nishi-Ikebukuro,

Toshima-ku, Tokyo 171-0021, Japan

Taiyo Holdings Co., Ltd.

TEL: 81-3-5953-5200 (main) FAX: 81-3-5953-5210

<https://www.taiyo-hd.co.jp/en/>





BRAND STATEMENT

# Happy people create a happy world.

"Don't be afraid to fail."

Because what we learn from that  
failure drives us forward.

Let's enjoy a challenge without  
having the fear to make a mistake.

Let's enjoy change to create  
the norm of tomorrow.

Let's look forward to the future  
having a vision of a happier world.

Let's not limit ourselves.

With chemistry as our strength,  
let's try to venture further.

Now is the time to sketch a new world.



## MANAGEMENT PHILOSOPHY

To achieve “a cheerful  
society” by further  
advancing every  
technology in our Group  
and by creating a wide  
range of innovative  
products to fulfill the  
dreams of the world.

## INDEX

- 3 Management Philosophy
- 5 Top Management Dialogue

### 9 CHAPTER 1 The Taiyo Group Story

- 11 Taiyo Group in the Past
- 13 Taiyo Group Today
- 15 Taiyo Group in the Future

### 17 CHAPTER 2 Long-Term Management Plan and Sustainability

- 19 Human Capital
- 23 Natural Capital
- 27 Special Feature: The T-LINKS

### 33 CHAPTER 3 Value Creation and Strategy

- 35 Electronics
- 45 Medical and Pharmaceuticals
- 51 ICT and Sustainability
- 55 Efforts Toward Achieving SDGs Practice
- 61 Engagement with Stakeholders

### 65 CHAPTER 4 Governance and Financial Information

- 73 Key Financial and Non-Financial Data (Six Years)
- 75 Company Information / Stock Information

#### Editorial Policy

This marks Taiyo Group's third integrated report. Our goal is for the integrated report to serve as an important tool for fostering our stakeholders' understanding of the Taiyo Group's unique initiatives and business activities aimed at value creation. This year's report focuses on sustainability, including the theme of how we develop and utilize self-sufficient personnel capable of acting independently, and the theme of strengthening our SDG initiative in order to foster understanding about how we distinguish ourselves. This represents one of the basic strategies in Beyond Imagination 2030, our long-term management plan, and is vital to the Taiyo Group's sustained growth. We intend to utilize this report as a key tool for fostering mutual understanding with our stakeholders going forward.

#### Guidelines Referenced

- Integrated Reporting Framework of the Value Reporting Foundation (VRF)
- Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI)
- Chemicals Industry Standard of the Sustainability Accounting Standards Board (SASB) and others

#### Period Covered

April 1, 2022 to March 31, 2023 (In some cases this report includes information covering other periods.)

#### Reporting Boundary

Taiyo Holdings Co., Ltd. and its Group companies in Japan and overseas

#### Disclaimer

This report is not intended to solicit the purchase or sale of securities issued by Taiyo Holdings Co., Ltd. Additionally, forward-looking statements contained herein are based on various assumptions made by the Company as of the time of its preparation. The Company does not guarantee that these forward-looking statements will be achieved.

#### ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only. In the event of any discrepancy between this translated document and Japanese original, the original shall prevail.



# CROSS TALK

## Top Management Dialogue

Taiyo Holdings Co., Ltd.

**Eiji Sato**  
President and CEO

Mr. Sato joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu Limited) after graduating from university. He founded a consulting firm, after which he served several companies as director before his appointment as a director of Taiyo Holdings Co., Ltd. in 2008. In 2011, he was appointed Representative Director and President.

Under our long-term management plan, Beyond Imagination 2030, the Taiyo Group has set forth a basic policy of developing and utilizing self-sufficient personnel capable of acting independently. Our President spoke with Mr. Yasunori Nakagami, Chief Executive Officer of Misaki Capital Inc., who has a close shareholder relationship with our company about the human capital of the Taiyo Group and our future as we approach our 70th anniversary.

Misaki Capital Inc.

**Yasunori Nakagami**  
Chief Executive Officer

Mr. Nakagami has worked in management consulting since he graduated from university, and he established an investment advisory firm in 2005. He then established Misaki Capital Inc. in 2013, where he undertakes engagement investing using the Constructivist® investment model.

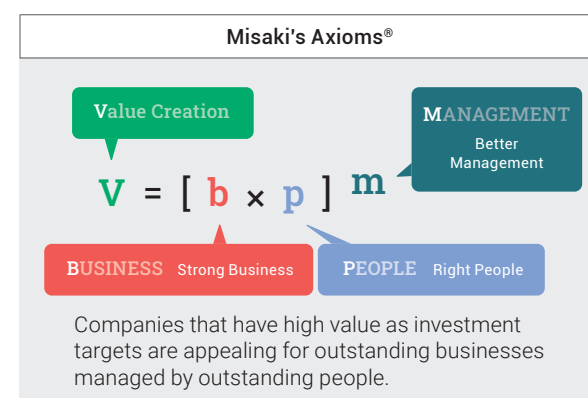
## Our corporate mission is to create an environment in which self-sufficient personnel can fulfill active roles.

### An encounter between Taiyo Group and Misaki Capital Inc. and our current relationship

**Sato** I received Mr. Nakagami's help as a management consultant more than 20 years ago in consolidating 700 branches of the company where I was working as CFO. Although it was an enormous structural reform, we managed to succeed very nicely, thanks to Mr. Nakagami's superb suggestions.

**Nakagami** I visited Mr. Sato again to make an investment proposal when he had become President of the Taiyo Group over five years ago. The Taiyo Group is a Global Niche Top company with an overwhelming market share. High profitability and low vulnerability to penetration by the competition make this a superb business, in addition to which, superb people add to its appeal as an investment target. The corporate value of a company with such high barriers to entry that gathers such superb management and

personnel will naturally increase. Investors pay attention to business operations and people as two crucial investment criteria, together with management numbers, and the Taiyo Group sufficiently meets these criteria.



### How we can nurture self-sufficient personnel who will lead the future and provide them with opportunities to play active roles

**Sato** In order for a company to grow perpetually, it is essential to develop and secure human resources. We stress the development and utilization of self-sufficient personnel capable of acting independently as the top policy set forth in our long-term management plan, and make a promise to our employees regarding work motivation, workplace environment, and fair evaluations and compensation. Our concept of fair evaluation involves more than just evaluation by the company, but also by family, community and other aspects of society. Suppose we earn a strong reputation in society at large. In that case, esteem for our employees will naturally increase, and those closest to us, our families, will say, "That seems to be a good company." This is how I want us to be recognized as a company. We opened the Taiyo Daycare Center attached to the Ranzan Office located in Saitama Prefecture, and the children's cafeteria, and we run TV ads, conduct employee trips with all family members invited, and more, all because

we value the social reputation and satisfaction of our employees, which in turn leads to job satisfaction. In terms of fair compensation, we think that keeping pay at high levels leads to work motivation.

As for our workplace environment, we naturally ensure cleanliness and comfort, and in recent years we have also engaged in creating an environment with consideration for the mental and physical health of our employees, putting effort into our cafeteria. We believe that we have a duty as a company to provide these fair evaluations, compensation and workplace environment leading to work motivation, and that we can only require self-sufficiently once these duties are fulfilled.

Self-sufficient personnel are people who set goals for themselves, take them on, and produce results. This is not something that just anyone can do, but corporation's value changes depending on how many self-sufficient personnel there are. A Major League Baseball player cannot reach peak performance in an unaccommodating environment. In the same way, I see our employees as first-rate personnel. By preparing an environment appropriate for them, I can look forward to them being personnel who will take upon themselves the growth of the company.





The Taiyo Group aims for the ideal of being a company that attracts self-sufficient personnel.

## Investment in people is investment in the future, the basis for creating even more value

### Where human capital lives within the Taiyo Group

**Nakagami** Mr. Sato, you are moving forward with a range of initiatives to boost the morale of employees and provide them with an environment in which they can enjoy their work. Among these are a cafeteria providing delicious meals made from select ingredients, the new T-LINKS welfare facility with spaces in which people can be exposed to first-rate artwork, and the Taiyo Values that call for a common group value proposition. You are also investing proactively in organizational and personnel development. The average annual cost of training and seminars per employee is 410,000 yen, which is also a significant amount of investment.

**Sato** We also just started up a program that helps pay for book purchases by employees. We cover 20,000 yen per month for book purchases across a broad range of genres. Reading books is the first step of learning, but the cost of buying them can feel like a burden for people who aren't habitual readers. Our main goal is to make reading habitual by eliminating the financial hurdle and reluctance to read, so that people can acquaint themselves with the value of learning.

**Nakagami** The Taiyo Group's initiatives to value and nurture personnel are among the best I know of. This gathering of people including human capital, which is formed by these initiatives to value and nurture personnel, has a major impact on the company's business performance and stock price. I think there are two patterns in which business performance and stock prices can manifest themselves. One of these is a pattern in which business performance moves in line with market conditions of the industry the company belongs to, and stock prices follow along with market conditions. The other is a pattern that produces a unique stock price amid an improvement in business performance that is not impacted by market conditions. In the former pattern, a company merely operates business more than it manages it. In the latter, a company pioneers its own path forward on the strength of making bold decisions and acting on them decisively. I think the latter pattern is what

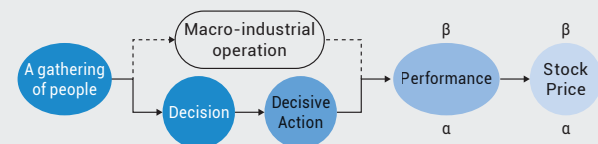
constitutes business management. I get the feeling that you are constantly thinking about making bold decisions and acting on them decisively. Then, as it enables bold decision-making and decisive action, it is the gathering of people that forms the cornerstone of producing a unique stock price. When we create a corporate culture, which is conducive to self-sufficiency, psychological safety, and an environment allowing for free and active discussion, we can nurture self-sufficient personnel who flourish, so that the company can move forward by leaps and bounds.

### Self-sufficient activity by employees makes a company grow

**Sato** In order for a company to grow, creating new businesses is essential, and this is why it is crucial for each employee to be self-sufficient. I think the most crucial work of the management team is to form a gathering of self-sufficient personnel. Where they can attract human resources and nurture them. And then, the first step to become self-sufficient personnel is to think for themselves and act dynamically, not just in creating new businesses, but also with respect to their day-to-day work improvement.

**Misaki's conviction: "Stock prices are a 'derivative' of corporate management."**

**Misaki's concept of unique stock price generation flow**



Only a gathering of people who engage in decisive decision-making can create unique stock prices.  
- Fluctuations in performance that are not backed by decision-making are no more than the product of helpless meandering and drifting in a given industry. As a derivative, the share prices are, therefore, also unmoored.

## Human Resources Strategy for the Future and the Taiyo Group Ideal

### A future vision for Taiyo Group human capital to further increase corporate value

**Nakagami** In aiming for self-sufficient personnel who are capable of generating new business operations, it is crucial that each employee come into their own as an individual capable of making decisions and acting on them decisively. This begins with adopting a positive mindset toward the task at hand, and actively and persistently repeating the process of hypothesis and verification. In establishing hypotheses for things like improving and streamlining business operations, and through repeated active thinking and finely tuned decision-making, I think they will eventually develop into human resources who can make decisions and act on them decisively, even when it comes to major hypotheses like new businesses. I think the result will be the creation of new businesses, which will naturally be reflected in business performance and stock prices.

**Sato** Within the company, spontaneous comments and proactive discussions have increased steadily. Moving forward, I think that we will need to create a system by which employees make decisions and act on them decisively as we watch for fresh ideas that they bring up. We are planning an in-house training program as one part of this initiative. I plan to write an in-house book presenting our Six Policies on Work and other subjects that I have been talking about for a while now. I will also give three talks as part of the Business Professional Training program. We will have the trainees compile their thoughts on the theme and give presentations.

**Nakagami** Mr. Sato, you noted that the Taiyo Group has a market capitalization of 400 to 500 billion yen, which you said is your quota as a manager, and that you aim to reach 1 trillion yen in 20 years. To achieve this, the important thing will be to make bold decisions, act on them decisively, and

design a gathering of people capable of making this happen. Whether from inside or outside of the company, people like you, Mr. Sato, gather at the Taiyo Group, inspiring their colleagues to develop into self-sufficient personnel who give rise to new enterprises. I hope that you will create a virtuous cycle like this, and I have every confidence that you can.



### The Taiyo Group's ideal for 20 years in the future

**Sato** Our market capitalization will definitely be at 1 trillion yen 20 years from now. Our goal, however, is to be a company that gathers self-sufficient personnel, and the numbers are never more than a result of that. We aim to be a company that gathers the kind of self-sufficient personnel who sense healthy pressure, respond by accepting the challenge of targets, and take on their work positively with a sense of responsibility, rather than being coddled by a favorable environment.

It is by forming a gathering of personnel who can make bold decisions and act on them decisively that a company achieves growth.





# CHAPTER 1

## The Taiyo Group Story

# TAIYO



## Taiyo Values

Each one of us, as self-sufficient personnel, cherish the four Taiyo Values for fulfilling our management philosophy.

# VALUE



2019

### 1 Beginning to create the Taiyo Values

In September 2019, 27 management team members held two days of discussions on the past of the Taiyo Group and the road ahead. They decided to co-create the Taiyo Values together with employees out of a conviction that when each and every one of us makes decisions and takes actions that manifest "Taiyo-ness" in our day-to-day work, we help realize the cheerful society that is our aim.



At the management team camp

### 2 Dialogue between employees and management

Employees and management got together from their various organizations for a Group Dialogue in which they shared episodes from the past and their thoughts. Participants came to a mutual understanding that however different our backgrounds and organizational affiliations, we all have thoughts in common as fellow members of the Taiyo Group. A total of 248 people participated in the event, at which they worked out the elements that underlie the Taiyo Values.



Group dialogue (12 sessions, 248 participants)

2021

### 3 Deciding on the Taiyo Values

The elements of "Taiyo-ness" that were worked out in group dialogues were further refined so that they could be more easily understood. Words to be shared among all employees were selected, and the Taiyo Values were decided upon in October 2021.

2023

The Co-Creation Initiative for the Future, for an organization with abundant self-sufficient personnel

P.19



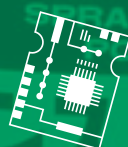
# From a Global Niche Top company to a global chemical manufacturer

"An engineer becomes a true engineer only when they create something that is useful for society..."

Launched in 1953 to fulfill our founder's maxim as above, Taiyo Holdings has been contributing in the electronics field as a provider of high-value-added products for many years.

Today, that technological ability and solid business foundation form the cornerstone for our efforts to take on the challenge of value creation in new fields ranging from healthcare, ICT and, fine chemicals to food and energy.

Providing world-class solder resist (SR),  
also known as solder mask technology for  
innovation in the electronics industry



SINCE

1953 1960 1970 1980

1953

## Taiyo Ink Mfg. established

Taiyo Ink Mfg. Co., Ltd. was established as a manufacturing and marketing company for printing ink in Minato-ku, Tokyo. Taiyo, which means "sun" in Japanese, was chosen as the company name to reflect our desire to be a light for society and useful for people everywhere.



1976

## Shift of focus to chemicals for the electronics industry

The company made a major shift in business policy and switched from its founding business in printing ink to providing SR and other chemical materials to the electronics industry. This was a bold move because the viability of the electronics field was still unknown.

1984

## Announcement of liquid photo-imageable SR

We introduced a high-precision liquid photo-imageable (LPI) SR for high-density printing substrate. The following year, we filed for a basic patent for liquid alkaline LPI SR (PSR-4000) and subsequently registered patents in the United Kingdom, United States, France, Germany, and Japan along with improvement patents in core countries.



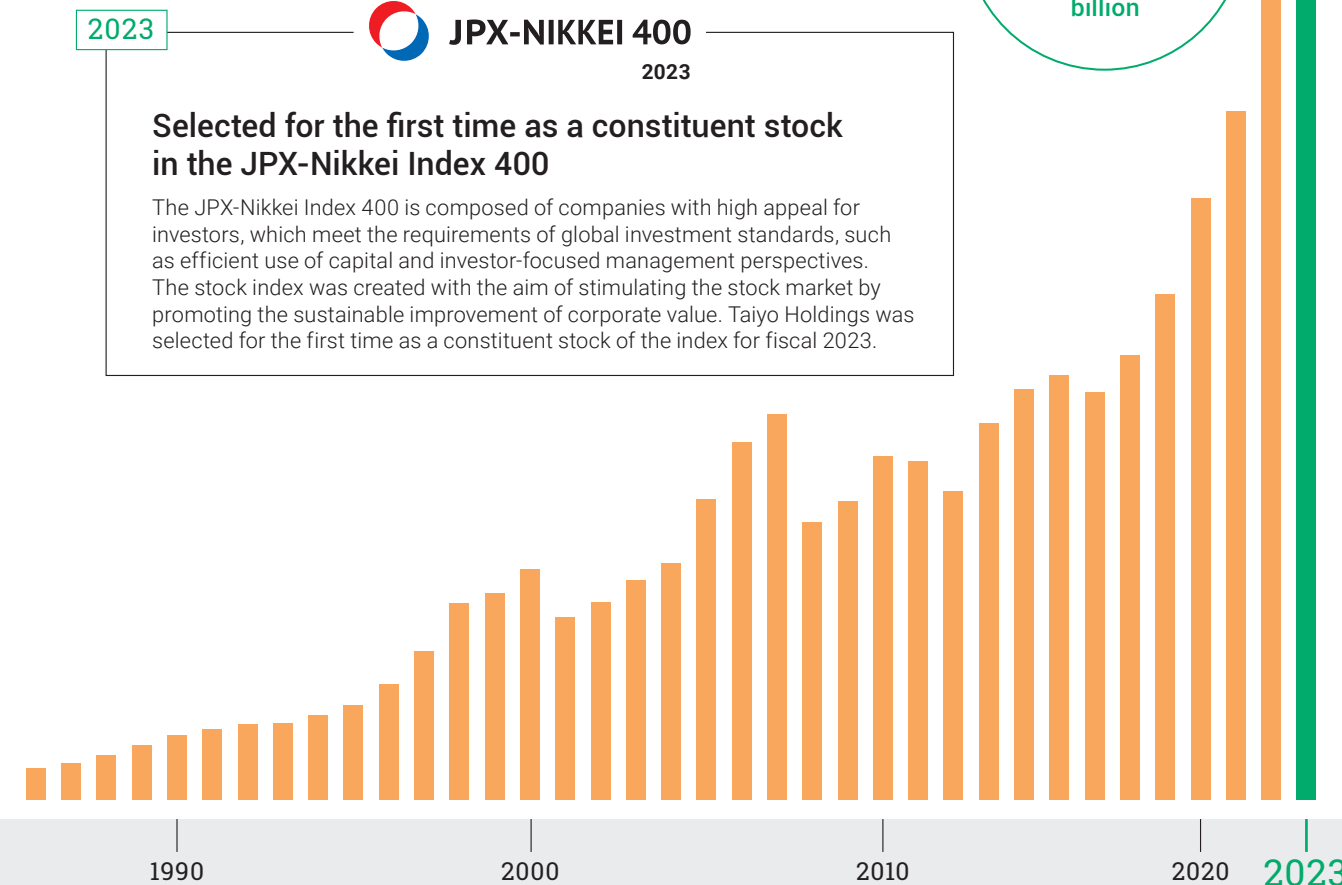
1988

## Start of local production overseas

We established Taiyo Ink Mfg. Co., (Korea) Ltd. and began local production to meet rapidly growing sales volume in South Korea. We expanded our local production activities to the United States in 1995, Taiwan in 1998, and China in 2003, creating a global supply structure based on local production and sales.



1953



2014

## Establishment of a solar power generation subsidiary

We established the renewable energy company Taiyo Green Energy Co., Ltd. and commenced operations of a floating solar power plant in October 2015 following Japan's adoption of a comprehensive feed-in tariff program for renewable energy. As of December 2023, Taiyo Green Energy is operating 15 floating solar power plants nationwide.



2015

## Launch of the food business

Starting with baby leaf greens in a fully enclosed plant factory in November 2015, we now use various methods to cultivate a variety of crops, including ICT to grow high-quality strawberries, and highly environmentally friendly circular farming methods to cultivate crops such as frilled lettuce. We are also pursuing the cultivation of highly nutritious insects as a solution for food shortages, and began farming crickets in 2018.

2017

## Establishment of a Medical and Pharmaceutical business subsidiary

We launched the Medical and Pharmaceutical business in 2017 with the establishment of subsidiary Taiyo Pharma Co., Ltd. to manufacture and sell long-listed products that medical professionals and patients have trusted for many years. Moreover, Taiyo Pharma Tech Co., Ltd. began providing efficient and reliable contract manufacturing of high-quality pharmaceuticals in 2019. We have built a revenue base that is a close second to our Electronics.

2021

## Announcement of the long-term management plan

We believe that, amid the immense changes in the business environment from pandemics, climate change, and rapid technological advances, it is important to look beyond the short-term changes to the longer-term horizon. With that perspective, we announced our long-term management plan Beyond Imagination 2030 for the next 10 years.



# The Taiyo Group

In addition to maintaining the top spot worldwide in the solder resist (SR) market, the Taiyo Group is launching new businesses in the Medical and Pharmaceuticals domain as a second growth pillar, as well as in the domains of ICT, fine chemicals, energy, and food. We build on our steady management base to create new businesses and achieve sustainable growth.

\* Actual results on a consolidated basis as of March 31, 2023

Net sales  
**97.3** billion

Following on our Electronics business and Medical and Pharmaceutical business, implement new business operations to establish a revenue base that enables continuous growth.



**65.2%**

Beginning with the launch of local production in South Korea in 1988, we have expanded our business globally and acquired our own overseas production expertise.

Operating margin

**16.4%**



We outperformed the manufacturing sector's average operating margin of 5.6%\* by a wide margin.

\* Source: 2022 Basic Survey of Japanese Business Structure and Activities (FY2021 results) by the Ministry of Economy, Trade and Industry



Return on equity

**12.8%**

A return on equity (ROE) of 8% or higher indicates that equity is being used efficiently and generating a high rate of return. In our Beyond Imagination 2030 long-term management plan, we have set a target ROE of 18% or higher.

Dividend on equity

**6.0%**

This index indicates how much a company returns to shareholders through dividends. Our long-term management plan targets maintaining dividends of 5% or higher.

# in Numbers

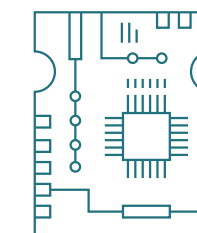
TAIYO  
AT A GLANCE

Solder resist (SR), also known as solder mask global market share

A worldwide SR market share of 57% or more.

\* Source: Electronics Mounting New Material Handbook 2019 (2018 results, total for liquid- and film-type SR, value basis) by Fuji Chimera Research Institute, Inc. (available in Japanese only)

**No.1**



Corporate history

**70** Years

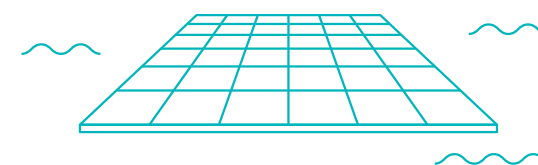


Founded in 1953 amid the post-war economic recovery, we have enjoyed continued growth and are now launching new endeavors under our long-term management plan.

Assumed annual renewable energy generation

approximately

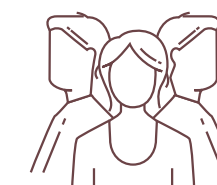
**26** GWh



15 floating solar power plants enable us to produce an amount of renewable energy equivalent to the electricity purchased externally to power the Group's Electronics business and Medical and Pharmaceutical business in Japan (as of November 2023).

Group employees

**2,120**



We have 1,432 employees in Japan, and more than 44% of our employees are based at our overseas locations.



Ratio of female employees **31%**

Including temporary workers, the Group as a whole employs 2,287 people, 762 of whom are women.



# Value Creation Model

Achieve a cheerful society by creating various forms of value with self-sufficient personnel as the source of our sustainable growth.

Strengthening the foundation for developing self-sufficient personnel

P.19

Business Model

Enhancing our ability to create new businesses and new value

Source of Growth

Natural Capital  
P.23

Manufactured Capital  
P.44

Intellectual Capital  
P.44

Financial Capital  
P.73

Social Capital  
P.61

Human capital  
Self-sufficient personnel  
P.19

Food Business

Electronics

Energy Business

Digital Transformation (DX)

Medical and Pharmaceuticals

Other/New Businesses

Toward a cheerful society and a future beyond imagination

SUSTAINABLE DEVELOPMENT GOALS

P.55

Value Created

P.33

Providing a place for employees to thrive professionally and creating the necessary systems and culture

P.21

Innovations in the Electronics Technology

Supply advanced, high-quality pharmaceuticals

Promotion of DX and smart factories

Spread of renewable energy

Food production with less environmental impacts

Contribution to a decarbonized society

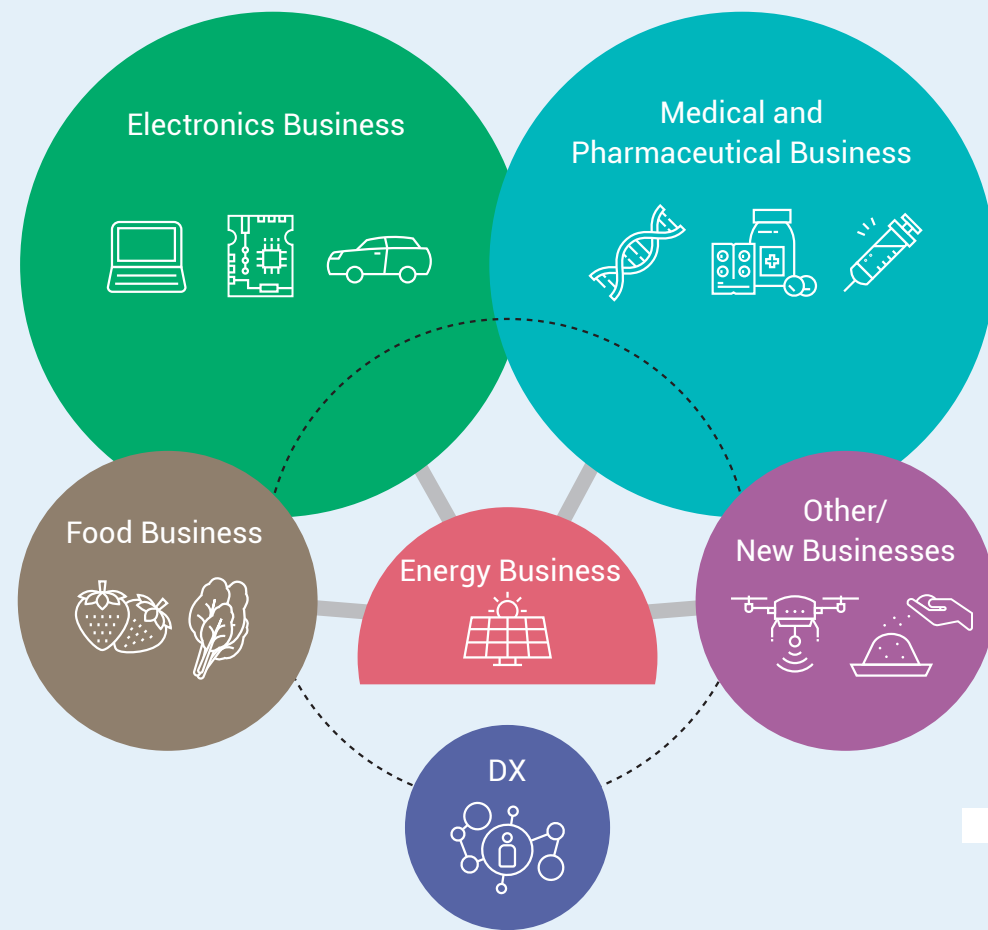
Joint development with local communities



# CHAPTER 2

## Long-Term Management Plan and Sustainability

### Long-Term Management Plan [Beyond Imagination 2030]



The environment in which we find ourselves is changing at a bewildering pace as IoT, AI, and virtual space technologies spread throughout society, the pharmaceutical industry undergoes structural changes, and medical needs diversify. Amid such circumstances, we formulated the long-term management plan "Beyond Imagination 2030" in June 2021, contemplating that management from a long-term perspective will become more important without falling at the mercy of short-term changes.

The year 2030 is anticipated to bring a future that exceeds our imagination, given technological evolution, environmental considerations, and various initiatives worldwide. Our Group will establish and implement seven basic policies for the sake of this future out of a desire to be the kind of company that produces a range of material goods on a global basis that incorporates dreams, with self-sufficient personnel as our source of growth.

#### Management Targets for Fiscal 2031

**ROE 18%**  
(Return on equity)

**DOE 5% or higher**  
(Dividend on equity)

#### Seven Basic Policies to Implement

<p><b>Develop and activate self-sufficient personnel who are capable of acting independently, and who respond to diversifying organizations and society</b></p> <p><b>P.19</b></p> <p>By leveraging education, personnel rotation and in-house environmental improvements to generate opportunities and environments that enable our employees to achieve growth while taking on challenges, we are working to nurture self-sufficient personnel who set goals for themselves and have strong aspirations to reach them.</p>	<p><b>Achieve continuous growth and explore new business areas in the Electronics Business</b></p> <p><b>P.35</b></p> <p>We will focus efforts on the three measures of shoring up our solder resist customer base (existing customers x existing technologies), accelerating our ongoing market launches of new products (existing customers x new technologies), and moving forward with development of applications (new customers x existing technologies).</p>	<p><b>Grow the Medical and Pharmaceutical Business further</b></p> <p><b>P.45</b></p> <p>Our aim is to seek out forms of business that are less impacted by environmental factors, build systems needed to continue the stable supply of existing products, and provide new pharmaceutical products that match the needs of everyone at healthcare institutions, including patients.</p>
<p><b>Advance and evolve through digital transformation</b></p> <p><b>P.53</b></p> <p>While keeping on top of drastic changes in the business environment, we will work to strengthen our global competitiveness by transforming all of our operations and systems, including order receipt and placement, production management, research and development, and new business development, so that we can provide new value to customers.</p>	<p><b>Create new businesses</b></p> <p><b>P.51</b></p> <p>In order to increase our corporate value over the medium to long term, we will strengthen our existing businesses in addition to our emphasis on continuously creating new businesses, focusing effort on the creation of new enterprises that will become key supports of our earnings.</p>	<p><b>Execute strategic M&amp;A</b></p> <p>As a means of strengthening our existing businesses and accelerating the launch of new ones, we will go beyond utilization of the management resources in our Group's possession, and continue our aggressive pursuit of strategic business and capital alliances with other companies, as well as M&amp;A.</p>
<p><b>Strengthen efforts toward the SDGs</b></p> <p><b>P.55</b></p> <p>To fulfill our corporate social responsibility through the innovations in electronics we achieve it by developing and manufacturing chemical components for electronic parts, through the manufacture, stable supply and sales of pharmaceuticals that meet social needs, and through energy business operations that take climate change into account, food business operations responsive to food shortages, and ICT business operations.</p>		

#### Our Approach to Sustainability

In terms of our approach to sustainability, we have committed to strengthening our efforts for the Sustainable Development Goals (SDGs) as one of our basic policies under the Beyond Imagination 2030 long-term management plan.

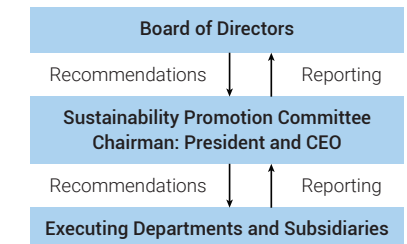
##### Governance

The Sustainability Promotion Committee, chaired by the President and CEO, is responsible for the execution of all activities relating to sustainability. The Sustainability Promotion Committee holds discussions laterally across the Group on areas such as progress toward targets set in accordance with important matters, as well as the direction of activities related to sustainability, including climate change and human capital. The committee receives instructions from the Board of Directors concerning priority challenges.

##### Risk Management

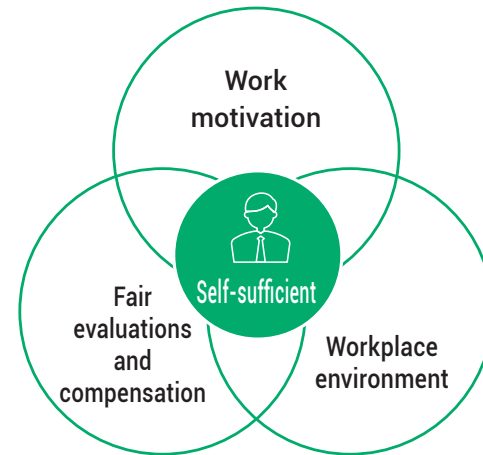
The Taiyo Group reassesses risks and opportunities by business several times a year to address short-term, medium-term, and long-term risks and opportunities relating to each business. To perform company-wide risk management on matters relating to sustainability that could have a significant impact, we have built a series of systems that the risk assessed and identified is then addressed by the execution division, and their response is managed and monitored by the Sustainability Promotion Committee and the Board of Directors.

##### Implementation Framework



## Human Capital

Basic Policy 1 in “Beyond Imagination 2030,” our long-term management plan, is to “Develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and societies.” By striking a three-way balance between work motivation, workplace environment, and fair evaluations and compensation, we aim to be an organization abounding in self-sufficient personnel capable of setting goals for themselves and enjoying the process of achieving those goals and producing results.



## Policy on Organizational and Human Resources Development

We launched the Co-creation Initiative for the Future in order to realize our management philosophy amid the bewildering changes that are occurring in society and the business environment by developing self-sufficient personnel capable of envisioning the future on their own initiative, basing their judgments on the true nature of things, and performing their work through co-creation with those around them, both individually and organizationally.

Through the three measures of Co-creation for the Future Meetings, creation and application of the Taiyo Values, and Team Performance Management, we will grow into an organization with abundant self-sufficient personnel.

### Realization of our Management Philosophy

To achieve “a cheerful society” by further advancing every technology in our Group and by creating a wide range of innovative products to fulfill the dreams of the world.

### An organization with abundant self-sufficient personnel

### Co-creation Initiative for the Future

Activities to explore ways to approach work and conduct management and to transform the Taiyo Group into an organization with abundant self-sufficient personnel



### Each one of us is coming up with ideas, and generating actions across the team

**Value Leaders are selected in each department to enable employees to manifest further the Taiyo Values, released in October 2021, in their day-to-day work. We are moving forward with initiatives to respond to the circumstances and characteristics of each workplace.**

I always felt that responding in good faith and working speedily came naturally to our department. However, the releasing the Taiyo Values has made it easier to picture how our familiar work routines are connected to the four values. I sense that the renewed awareness of the work we have been doing in terms of the Taiyo Values is a positive change for our team.

Meanwhile, since the efforts that each department advances in its application of the Taiyo Values comprise activities that are separate from business operations, we conducted a survey to find out what kind of activities each person would like to pursue to enable everyone to strike a balance between the two.

A member who felt that poor communication with other teams, even within the same department, had become an issue for the Co-creation of the Future Meetings action plan suggested that everyone have lunch together in a continuation of the values activity gathering. I found it very gratifying that a member would voice this kind of spontaneous comment. Carrying out this effort to set aside time around midday once a month to look back on our day-to-day activities, presenting actions associated with our values, and linking this to lunchtime created an even better time than we had imagined.

The Taiyo Values were created to inculcate thoughts and actions to realize our Management Philosophy in each individual. Moving forward, I intend to continue embodying these values by not only keeping myself aware of them and linking them to my actions but also by linking them to the work we do as a whole team.

**Kayoko Tokumitsu**

PKG Materials Development Section, Insulating Materials Development Department, TAIYO INK MFG. CO., LTD.



### Co-creation for the Future Meetings

This program represents an ongoing effort to acquire an individualistic mindset while deepening the quality of team relationships and behaviors. It has been implemented in 131 organizations for a total of 1,292 participants as of the end of March 2023.

**Fiscal year ended March 31, 2020**  
19 teams, 168 individuals

- Pilot project carried out in Taiyo Holdings departments with new employee assignments

#### Achievements

Communicating more actively across age groups, while spreading common terminology throughout the company

**Fiscal year ended March 31, 2021**  
51 teams, 392 individuals

- Deployment throughout all departments of four Group companies
- Appointment of promotional leaders

#### Achievements

Promotional leaders help speed up organizational change while boosting dialogue and questioning skills, etc.

**Fiscal year ended March 31, 2022**  
43 teams, 530 individuals

- Deployment throughout all departments of six Group companies
- Continued appointment of promotional leaders

#### Achievements

Teams for cross-organizational initiatives and other unique efforts are emerging

**Fiscal year ended March 31, 2023**  
18 teams, 202 individuals

- Voluntary deployment throughout all departments of seven Group companies
- Continued appointment of promotional leaders

#### Achievements

Elevating the quality of dialogue through ongoing activities

### Creation and Application of the Taiyo Values

The Taiyo Values are the values that every one of our employees takes to heart to apply our Management Philosophy as self-sufficient personnel. As we come into contact with the Taiyo Values each day, we will put them into practice in our work while thinking about them and sharing our thoughts with our colleagues.

**Sept. 2019 - Oct. 2021**

[Our Value Creation Process]

- Conduct dialogue sessions with management
- Conduct group dialogues



**Since Oct. 2021**

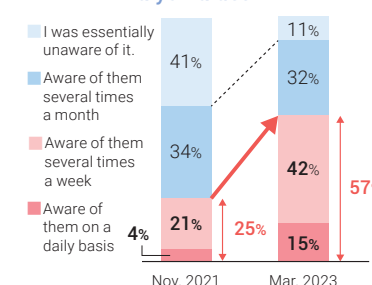
[Embodiment Process]

- Appointment of value leaders
- Distribution of toolkits (question cards)
- Establishment of the Value Leaders Community
- Pulse Survey implementation



Value Leaders Toolkit (question cards)

**Upward trend in the percentage of respondents who say they are “Regularly aware of the Taiyo Values”**



### Team Performance Management

This is an initiative for improving individual job performance and organizational capabilities to generate new business operations and improve Group performance while maintaining the personal and corporate relationships we have cultivated with great care in recent years. Beginning with a portion of our organizations, we will expand our scope of coverage gradually.

#### Team performance management handbook produced

We produced a handbook summarizing the Team Performance Management concept and ideas for its practical application. While the handbook is utilized for programs for managers, it is also available to all employees.



#### Partial revision of the personnel evaluation system

From the perspective that the Taiyo Values are for everyone to be aware of and raise continually on the way to manifesting them, we eliminated evaluations that measure the degree of achievement of these values against specific criteria.

#### Implementation of evaluation and feedback training

It is implemented for managers within three years of their promotion in order to deepen their understanding of the thinking behind evaluations and feedback, leading to personal growth and the credibility of evaluations.

#### Conducting human resource development meetings

Share and discuss the policy direction each department takes regarding human resource development, with exchanges of opinions across company departments on the current state of junior employees and their development. Apply to the whole group's human resource strategy.

### To grow into an organization with abundant self-sufficient personnel

At the Taiyo Group, we have been working through the activities of the Co-creation Initiative for the Future since the fiscal year ended in March 2020 to build the foundation for an organization replete with self-sufficient personnel, both individually and organizationally. We are advancing initiatives to elevate management capabilities further in ways that enable them to produce results and improve business performance. Moving forward, we will continually advance these initiatives, and by reflecting them in company systems and structures, we will put in place an environment and structure enabling each and every employee to be active as self-sufficient personnel, thereby seeking out ideal approaches to human capital management uniquely suited to our group.



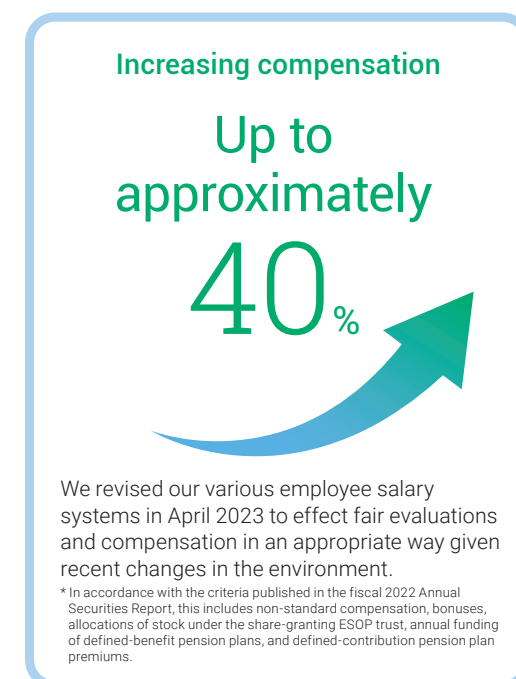
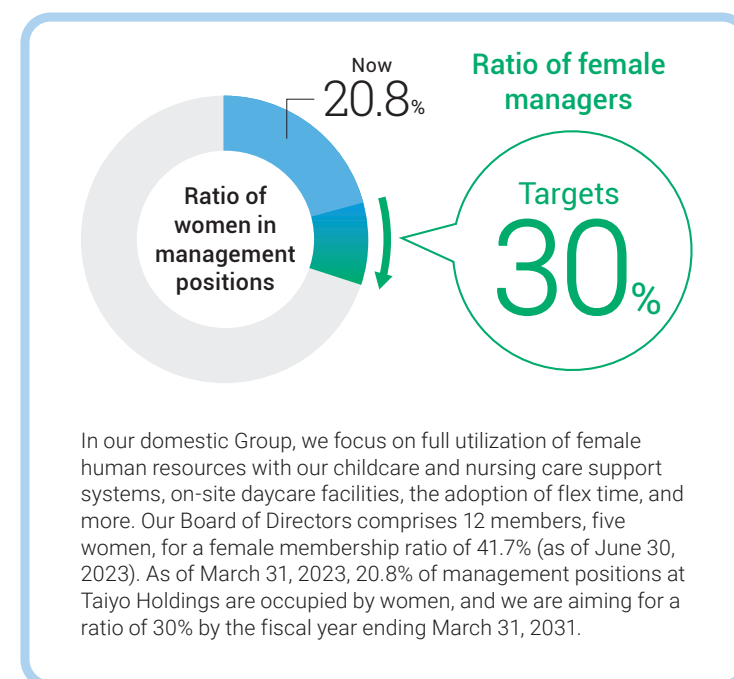
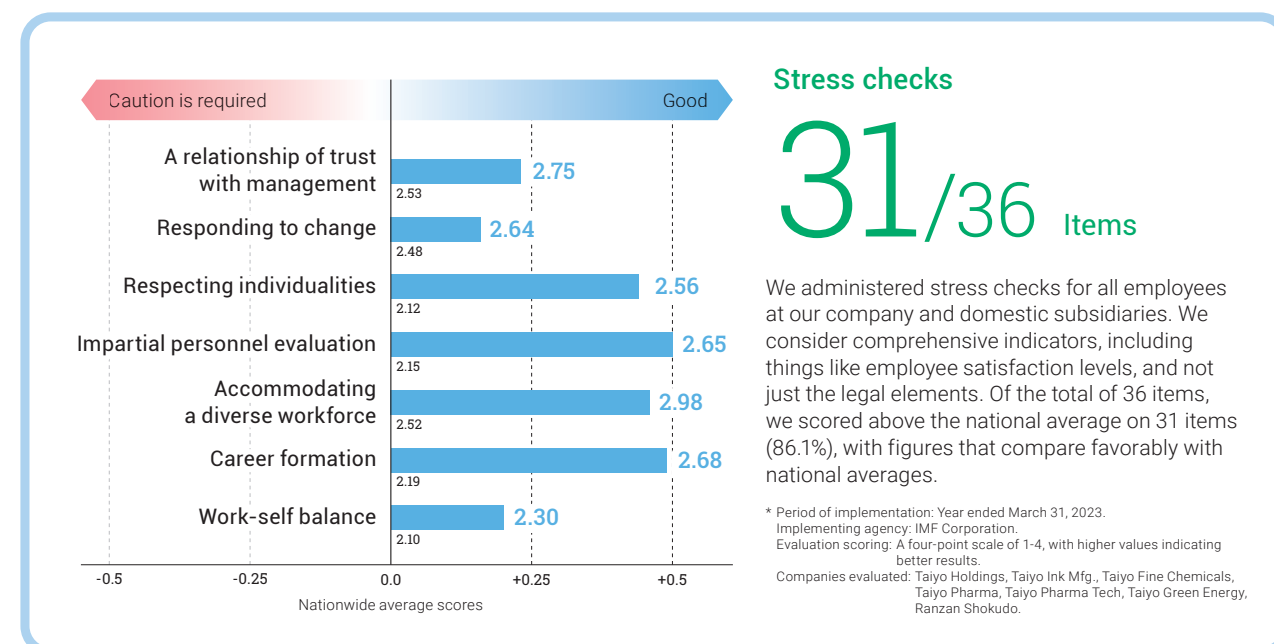
## Human Capital

### In-house Environmental Care Policy

To establish an environment that enables each and every employee to work self-sufficiently even within an environment undergoing continual change, Taiyo Group upholds its threefold commitment from management to employees, pledging to realize work motivation, workplace environment, and fair evaluations and compensation. We aim to go beyond merely keeping facilities and systems in place, taking on initiatives that are attentive to human resource and organizational development, and encouraging employee growth and awareness.

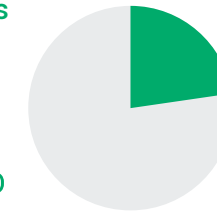
### Metrics and Targets

When it comes to levels of satisfaction with work motivation, workplace environment, and fair evaluations and compensation, we use stress checks administered to all employees of our company and some domestic subsidiaries as one of the references for striking a good balance among these three criteria so as to develop and utilize self-sufficient personnel.



### Ratio of mid-career hires

22.7%



The perspectives of diverse personnel from varied backgrounds are essential in creating a future that exceeds our imagination. Our Group is proactively moving forward with mid-career hiring.

### Per-person book purchase cost

240,000 yen



We help cover the cost of books purchased to develop career autonomy by acquiring awareness and learning in various fields through reading books.

Note: The above is the maximum amount of support per employee per year.

### Per-person training cost

410,000 yen



We also make an effort to provide growth opportunities through in-house and outside seminars and training programs.

Note: The figure noted above is per-employee for the year ended March 31, 2023. Costs for in-house training include expenses related to design, etc.

### The incredible Cafeteria

7 Cafeterias



Our Group company Ranzan Shokudo operates cafeterias on the concept of creating spaces that exceed the standards for company cafeterias, serving delicious meals with meticulous care for ingredients and materials.

### Becoming an organization where diverse personnel can shine

We aim for a workplace environment in which each and every employee, whatever their life stage, can continue to work with peace of mind while maximizing their individual capabilities. In the fiscal year ended March 31, 2023, we received various certifications to recognize these activities.

### Certified as a Health and Productivity Management Outstanding Organization<sup>\*1</sup> in 2023

Taiyo Pharma Tech was recognized as a 2023 Certified Health and Productivity Management Outstanding Organization<sup>\*1</sup> by the Ministry of Economy, Trade and Industry.



<sup>\*1</sup> This is an award scheme that recognizes companies that consider individual employee health management from a business-management perspective, and implement strategic initiatives to maintain and promote good health.

### Achieved highest rank of Eruboshi<sup>\*2</sup>

In October 2022, Taiyo Pharma Tech acquired the highest ranking under the "Eruboshi" system of certification based on the Law Concerning Promotion of Women's Participation and Advancement in the Workplace.



<sup>\*2</sup> A system for certifying companies that meet specified criteria indicating excellence in the workplace promotion of active participation and advancement by women, based on the Law Concerning Promotion of Women's Participation and Advancement in the Workplace.

### Selected as a component of the MSCI Japan Empowering Women (WIN) Select Index

We have been selected as a component of the MSCI Japan Empowering Women (WIN) Select Index of companies that excel in gender diversity. WIN is one of the ESG indices developed by MSCI, a leading U.S. financial services company. Targeting the top 700 stocks by market capitalization (MSCI Japan IMI Top 700 Index), it selects those that excel in terms of the information they disclose regarding gender diversity, including the ratio of female managers and the percentage of women among newly hired employees. This is the sixth time that our Group has been selected.

### 2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Neither the inclusion of Taiyo Holdings in the MSCI Index nor the use of the MSCI logo, trademarks, or index name imply funding, endorsement, or sales promotion by MSCI or its subsidiaries and affiliates for Taiyo Holdings. MSCI owns the MSCI Index solely and exclusively. The MSCI, the MSCI Index names, and logos are trademarks of MSCI or its subsidiaries and affiliates.



# Response to Climate Change

## Measures to Implement TCFD Recommendations

We are proactively undertaking sustainability initiatives, strengthening our effort toward the Sustainable Development Goals (SDGs), which we set forth as one of the basic policies in our long-term management plan, Beyond Imagination 2030, which includes launching a water-based solar power generation business in 2014. Climate change is a serious social issue facing global society and is accordingly a priority management issue of the Group. For that reason, we declared our support for TCFD\* Recommendations in March 2022. We are moving ahead with information disclosure based on the TCFD recommendations.

### Governance

In November 2022, we established a Sustainability Promotion Committee chaired by our President and CEO. The Sustainability Promotion Committee deliberates and decides on important matters related to climate change, then makes recommendations to executing departments and subsidiaries. It receives recommendations on important matters from the Board of Directors regularly.

### Strategies

We are analyzing the 1.5°C and 4°C climate change scenarios to identify risks and opportunities with reference to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the World Energy Outlook of the International Energy Agency (IEA). Based on this analysis, the group will reduce risk and pursue opportunities in its business activities while developing products that contribute to solutions for social issues.

Moving forward, we will act in keeping with the TCFD recommendations framework as we continue to proactively undertake initiatives to address climate change through our business operations, evaluating the impact that risks and opportunities from climate change could have on our business and responding with efforts to reduce the risks and take advantage of the opportunities.

\* A task force established by the Financial Stability Board (FSB) at the request of the G20 for considering corporate information disclosure related to climate change and the response of financial institutions

### Risk Management

Executing departments respond to the climate change risks identified and assessed by the Sustainability Promotion Committee. The Committee and the Board of Directors then continue to manage and monitor that response.

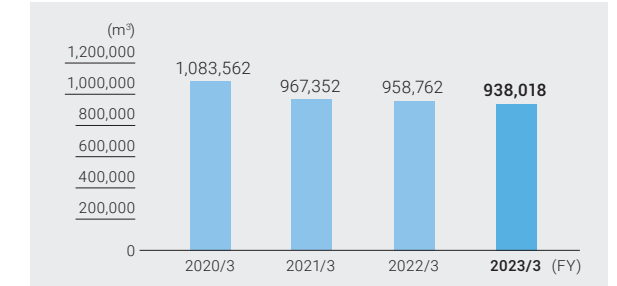
Scenario	Changes in social environment	Risks	Opportunity	Main countermeasures
1.5°C Scenario	Introduction and raising of carbon tax in various countries	✓	✓	<ul style="list-style-type: none"> <li>Gathering of information on environmental regulations in each country and examination of countermeasures</li> <li>Aggressive introduction of renewable energy</li> <li>Promotion of energy efficiency</li> </ul>
	Progress in carbon-free society	✓	✓	<ul style="list-style-type: none"> <li>Promotion of development of products with low environmental footprint</li> <li>Promotion of development of products for next-generation mobility</li> <li>Promotion of changes to product packaging configuration</li> <li>Promotion of recycling of used plastics</li> </ul>
	Accommodation of stakeholder requests	✓	✓	<ul style="list-style-type: none"> <li>Reinforcement of efforts for the environment</li> <li>Proactive disclosure of information and communication to respond to investors and market concern</li> </ul>
4°C Scenario	Suspension of plants due to intensified damage from natural disasters	✓	—	<ul style="list-style-type: none"> <li>Increase in the number of production bases</li> <li>Risk management and response from perspective of Business Continuity Planning (BCP)</li> </ul>



## Effective Utilization of Water Resources

The Taiyo Group is working to utilize water resources effectively to minimize environmental impacts. Taiyo Ink Mfg. filters industrial wastewater and reuses it as cooling water for production facilities. Taiyo Pharma Tech effectively uses the cooling water for heating, ventilation, and air conditioning (HVAC) systems and manufacturing facilities to maintain the natural environment. The water withdrawal volume was 938,018m³ at Group production bases during the fiscal year ended March 31, 2023, down continuously from the fiscal year ended March 31, 2020. We will continue to pursue initiatives to effectively use water resources, such as water conservation, wastewater reuse, and appropriate wastewater quality management.

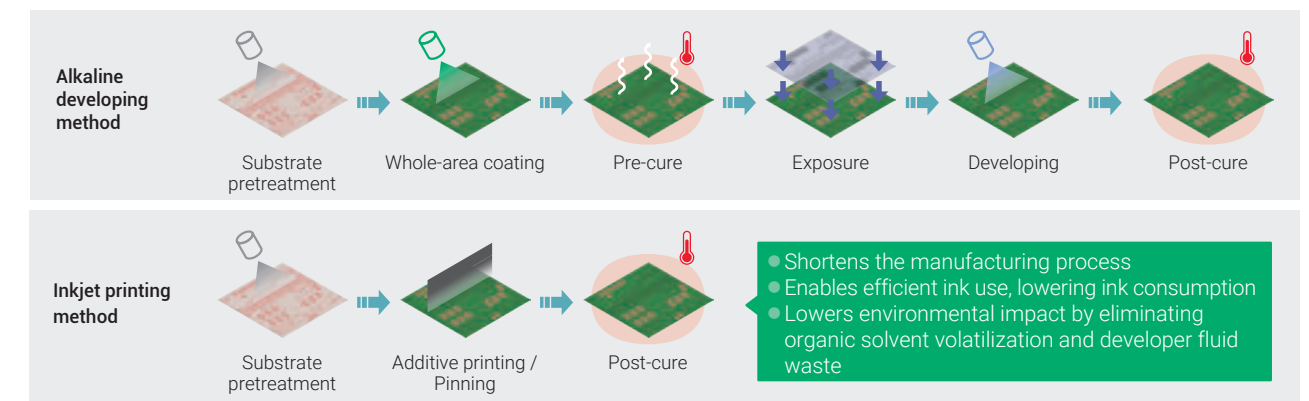
Total water usage



## Advancing Development of Inkjet Solder Resist (SR)

The entire substrate is coated with alkaline photo-imageable solder resist (SR), also known as Solder Mask, after which the circuit pattern is formed by a process of exposure/development in which it is removed from areas in which it is not needed. In inkjet SR, the circuit pattern can be formed by applying it through the inkjet printing process only where it is needed. This makes it possible to greatly simplify the customer's process, reducing circuit board production costs and environmental

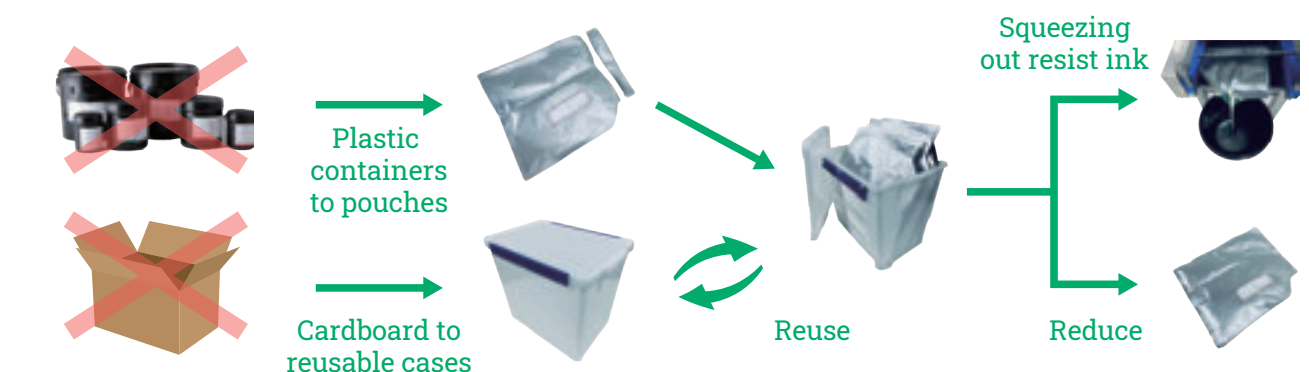
impact compared to alkaline photo-imageable SR. The Group decided to use this process on automotive circuit boards for customers and has begun mass production. In addition to SR applications, we are also moving forward with developing products adapted to inkjet printing methods in a diverse range of applications, such as marking inks, plating resists, etching resists, and display-related materials.



## Reducing Waste and Recycling

The Taiyo Group is reducing waste from plastic containers and cardboard by changing the packaging of its various products in the Electronics Business. We are proactively switching to pouch packaging at our plants in China, Japan, and Taiwan, which have particularly large shipment volumes.

In the fiscal year ended March 31, 2023, we switched around 15% of our SR products to pouches, helping reduce customer waste. In addition, Taiyo Pharma Tech is working to reduce waste under an annual waste reduction target for its environmental management system.







## Floating Solar Power Plant Generation



### Accelerate CO<sub>2</sub> reduction in our Group, and our contribution to renewable energy utilization by customers and society at large

In response to the power shortages resulting from the Great East Japan Earthquake of 2011, our Group established Taiyo Green Energy Co., Ltd., responsible for our energy business operations. Since then, we have concentrated on advancing the development of floating solar power plants. Floating solar power generation utilizes the surfaces of bodies of water, such as agricultural reservoirs. This use of the surface of water has a cooling effect on the solar panels, which offers the advantage of limiting the reduction in power generation efficiency that results from summer heat, thus ensuring the amount of electric power generated. It also involves less land development and uprooting of vegetation than its ground-based counterparts, which helps with environmental conservation while reducing the burdens borne by municipalities and agricultural companies that own and manage reservoirs. As of November 2023, Taiyo Holdings has established a total of 15 floating solar power plants nationwide that generate approximately 26 GWh of renewable energy annually, which is equivalent to the electricity purchased externally to power both our Electronics and Medical and Pharmaceutical Businesses in Japan. Moving forward, we plan to provide for the expanding energy consumption of our growing group even as we replace energy consumption from gas, kerosene, and other non-electrical sources with energy from renewable sources to help reduce CO<sub>2</sub> emissions volume. Furthermore, Taiyo Green Energy will apply the technologies and know-how it has accumulated to help customers and society as a whole make use of renewable energy.

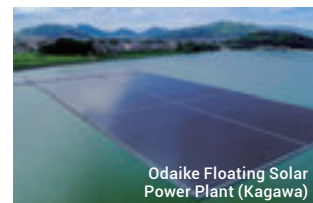
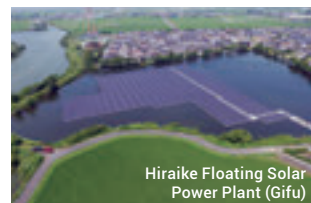


Naoki Taniguchi

Board Director and COO, TAIYO GREEN ENERGY CO., LTD.

Number of floating solar plants **15** Base

Assumed annual power generation **26** GWh approximately



### TOPICS

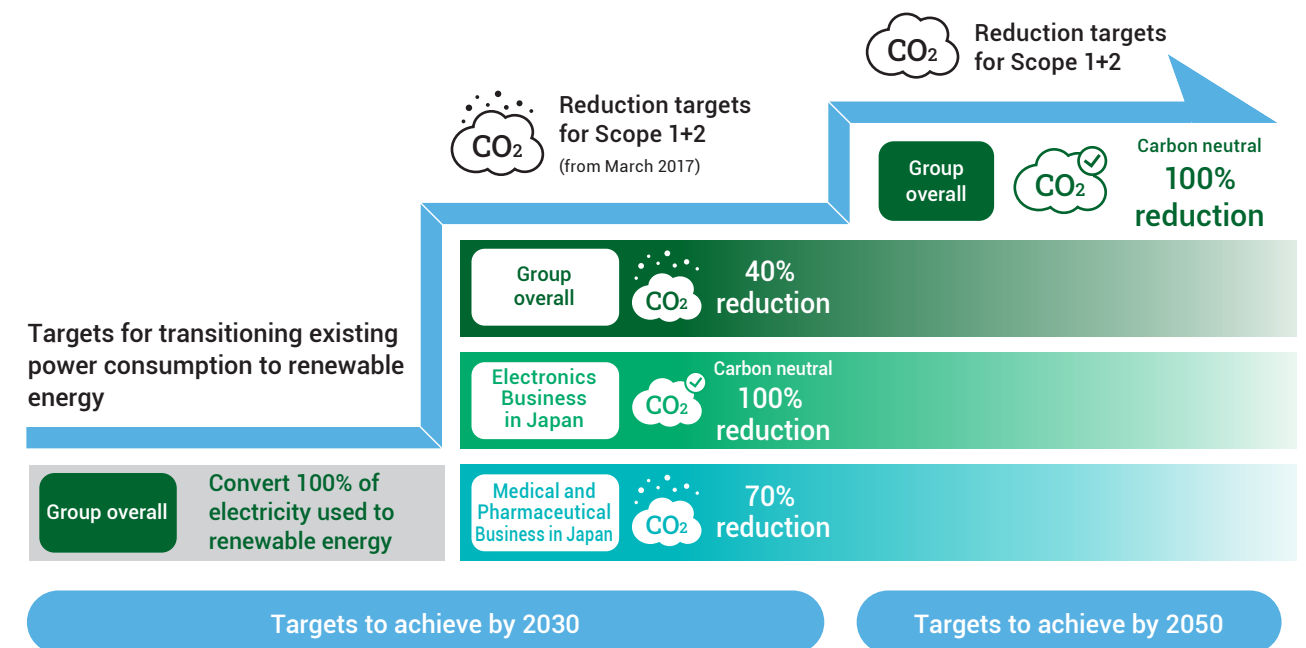
#### Participated in Apple's Supplier Clean Energy Program

Through its Supplier Clean Energy Program, Apple Inc. in the U.S. is calling on suppliers all over the world to put renewable energy to use in their production activities for the company. In 2018, Taiyo Ink Mfg. became the second Japanese company certified by Apple as a Clean Energy Supplier.

## Metrics and Targets

Our Group targets more significant CO<sub>2</sub> emission reductions than before, intending to achieve carbon neutrality by the 2050 target year the Japanese government sets. By the fiscal year ending March 31, 2031, we aim to reduce total Group CO<sub>2</sub> emissions by 40% compared to the fiscal year ended March 31, 2017. We also aim to achieve carbon neutrality in the fiscal year ending March 31, 2031, in the Electronics Business in Japan and to reduce emissions by 70% in the Medical and Pharmaceutical Business in Japan to achieve carbon neutrality for the entire Group by 2050.

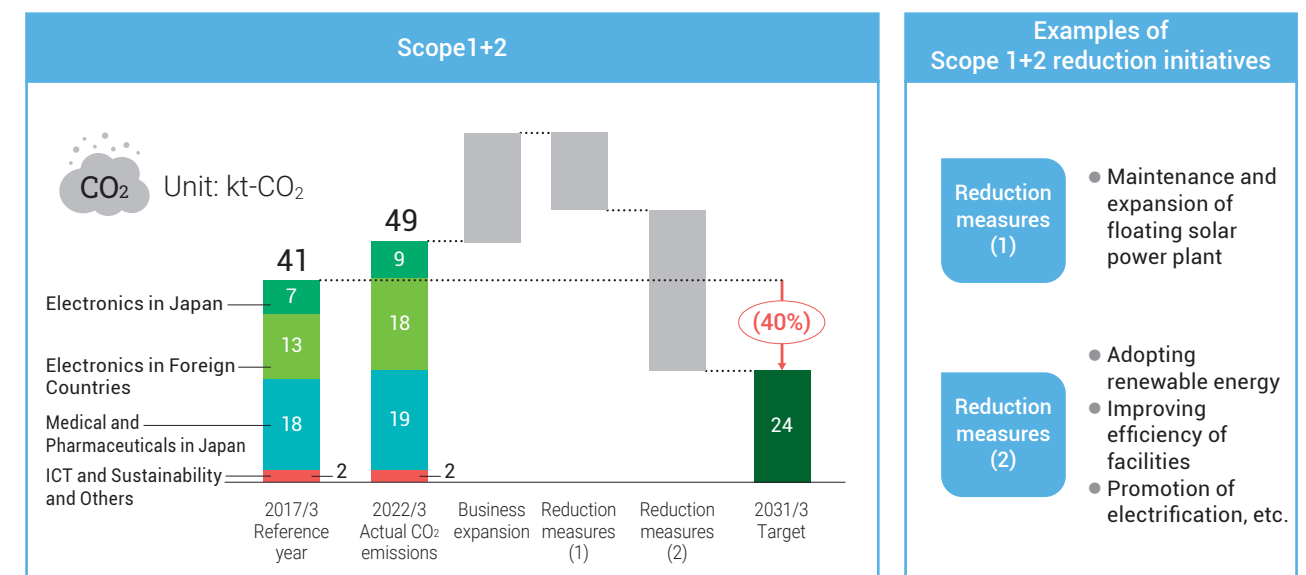
In the fiscal year ended March 31, 2023, Taiyo Pharma Tech replaced its air-conditioning equipment with an alternative system that reduces CO<sub>2</sub> more efficiently. In June 2023, Taiyo Ink Mfg. installed solar electric generation panels that are thinner than ordinary panels on the roof of the plant's roof at its head office to start power generation. Moving forward, we will reach our targets for CO<sub>2</sub> reduction by working proactively to increase the efficiency of existing facilities while introducing renewable energy throughout the Group.



### Achieving our targets with floating solar power plants as the foundation of domestic CO<sub>2</sub> emission reduction measures

We will promote the reduction of CO<sub>2</sub> emissions and aim to achieve our targets through measures that leverage our strengths, beginning with our floating solar power generation business. We will continue to position the realization of a decarbonized society as one of our important tasks. We will work to achieve a sustainable society by enhancing information disclosure and conducting our business activities in an even more environmentally friendly manner.

### Planned Reductions in CO<sub>2</sub> Emissions by 2030 (Scope 1+2)







# Regional Environment

Contributing to the local community as an evacuation site for people in difficulty returning home and residents of nearby areas

In the event of a large-scale disaster, we will provide this facility as a temporary evacuation shelter for those remaining in Takatsuki City because of difficulty returning home and for residents of nearby areas. In November 2022, we concluded an agreement with Takatsuki City to accept people who have difficulty returning home in the event of a disaster, and with community associations of the vicinity to accept neighborhood residents during a disaster. The facility can accommodate up to 100 people from each category for three days.

We also invite Takatsuki City Office of Crisis Management officials to conduct disaster prevention classes for neighborhoods. To fulfill our role as a member of society, we will cooperate with administrative agencies as we contribute proactively to disaster countermeasures for the local community while also increasing disaster prevention awareness.



New welfare facility that our company and

# T-LI

Designs that show appreciation for the natural, local, and workplace environments

We established T-LINKS, the welfare facility in November 2022 on the grounds of Taiyo Pharma Tech's head office in Takatsuki, Osaka. While being put to use as a welfare facility specializing in the natural, local, workplace environments, fostering ties with the local community. It will also function as a primary evacuation center for employees and people who have difficulty returning home and to the neighborhood during a disaster.



# Natural Environment

Architectural design with consideration for original natural landscapes and the global environment

By achieving a 50% or greater reduction in the building's primary energy consumption, we have received "ZEB Ready" certification for the building by the Agency for Natural Resources and Energy within the Ministry of Economy, Trade and Industry. The roof is designed with eaves to provide shade from sunlight while admitting gentle daylight, effective placement of trees around the building, and a ventilation environment that mitigates temperature spikes inside the gym, creating comfortable spaces that incorporate nature. In addition, we have leveraged our know-how in the food business to install a hydroponic cultivation area on the rooftop terrace. Leafy greens like leaf lettuce and herbs are grown and used in the cafeteria menu.

creates "Link" between local community

# NKS



# Workplace Environment

Refreshing the mind and body, and generating a new concept and creativity

Centered on the arena, a cafeteria for stimulating communication, a terrace for refreshment, and a machine gym are arranged in a seamless floor design with movable partition walls. With careful attention to detail, the interior is elaborately designed with traditional Japanese artisanal plaster wall surfacing, natural wood, and Japanese paper used throughout. We used these design features to create a comfortable work environment for employees, as well as a place where sensory experiences of touch and texture stimulate inspiration and invite communication.





A talk among project members

# T-LINKS—Seeking Functionality and Design Toward Achieving a Cheerful Society

T-LINKS is an entirely new welfare facility replete with unprecedented concepts and ideas. Its focus is on the natural environment, emphasizing a rich natural landscape and energy efficiency, as well as contribution to the local environment through its availability as a temporary evacuation shelter for employees, local residents and people who have difficulty returning home, and creating a workplace environment that stimulates employee sensitivity and sparks communication. The talk included thoughts on T-LINKS, such as the project's story from start to finish and the meticulous attention devoted to planning, architectural design, and creation of spaces.



DRAFT Inc.  
**Ryosuke Nakamura**  
Senior Director at the architectural design firm DRAFT Inc.

Taiyo Holdings Co., Ltd.  
**Yukiko Yoshino**  
Joined the Taiyo Holdings in 2020. Managing Director and Chief Branding Officer (CBO).

TAISEI CORPORATION  
**Hisao Kawano**  
General Manager of Architectural Design Department No. 7, Design Division. His extensive track record of design work includes construction of the New National Stadium, in which he was in charge of architectural design, Starts Otakanomori Hall, Nikkan Arena Tochigi, Sapporo Dome, and many other projects.

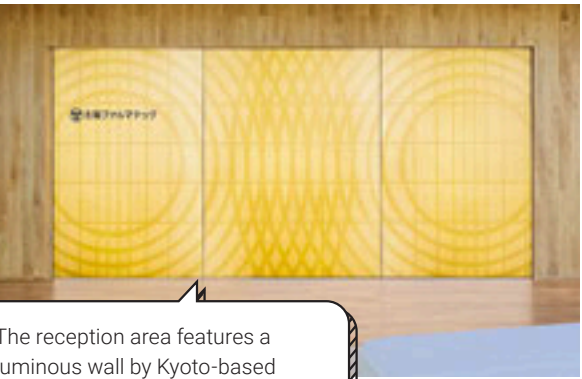
T-LINKS, a space for exposure to superb works of art and Japanese culture to stimulate creativity and esthetic sensibility

**Yoshino** In keeping with the value of our group's Management Philosophy places on achieving a cheerful society, we believe daily exposure to superb works of art, folk traditions, and culture is very important. In particular, there are major common threads between our manufacturing business activities and Japan's traditions of craftsmanship and artisanal skill, in which craftspeople have achieved professional excellence. Our aim with T-LINKS is to provide opportunities for contact with various artistic works and Japanese culture, creating a space where employees can communicate with each other amid a wide range of settings.



**Nakamura** With interior design, in particular, we consciously provided the two viewpoints of the macro big-picture view from afar and the micro view from up close. We wanted to express the beauty of the zoomed-in space itself, the beauty in the details seen from close up, where you feel compelled to touch a thing with your hands. So, we considered how we might create that experience for people, incorporating design elements like the textures of materials and clever use of lighting.

**Kawano** I sensed an extraordinary sensibility in handling the interior design, which was both Japanese and modern. In fact, the design of T-LINKS itself is based on the Japanese culture and Japanese people's environmental awareness, so it draws inspiration from diverse Japanese imagery. In addition, each space was planned in such a way as to invite diverse uses and serendipities. The positioning of the numerous features, such as green terraces, are calculated to encourage the creativity and autonomy of people through easy contact with nature, which makes it possible to switch feelings on and off.



The reception area features a luminous wall by Kyoto-based creative washi paper artist Eriko Horiki, offering an ambiance of warmth. The walls of the third-floor Japanese-style room are finished in the work of Naoki Kusumi, an artisanal plasterer active overseas and all across Japan.



Good Design Award for consideration for the natural, community and workplace environments with T-LINKS

**Yoshino** We involved both of you in quite a few discussions on this project. And we have you to thank for the fact that T-LINKS was able to win the Good Design Award.

**Nakamura** I certainly feel that through this project, we were able to get beyond our differences in perspective to talk things over from a shared, elevated perspective. For the interior design, we were aiming for a space that stimulates inspiration, intended to harmonize with the overall layout and design, while presenting a difference in taste. The overall layout and design show consideration not just for the workplace environment, but also for the natural and local community environments.

**Kawano** Consideration for the natural environment is evident in the fact that T-LINKS was designed to consume less than 50% of the energy that a standard building would, and it has received "ZEB Ready" certification. In addition to the large areas of shade from the eaves of the T-LINKS shade from trees is provided by the placement of regrown native vegetation and zelkova trees around the building, which was designed as a structure where people and nature can come gently into contact with one another.

**Yoshino** I believe that our acquisition of the Good Design Award is an important affirmation of the aspect of T-LINKS that represents a contribution to the local community. The T-LINKS design plan originated from the need to build an evacuation center for employees in case of disaster. But it is also scheduled for use as a temporary evacuation center by local residents from those areas with which we have concluded agreements.

**Kawano** The arena is naturally designed for use as an evacuation center during disasters. But during uneventful times as well, T-LINKS is a building that is friendly to the local environment. To reduce any sense of an overbearing presence in the neighborhood, we applied the experience we gained through designing such facilities as the New National Stadium to create an exterior design that imposes little sense of pressure on nearby residences, and does not debase the cityscape.





Becoming a new symbol of Takatsuki City as a presence open to the local community

**Yoshino** Takatsuki is a wonderful city rich in history and culture, so in planning the construction, our theme was to make T-LINKS an open presence in the community that would become familiar to people, a new symbol of the city that would serve as a landmark and meeting place.

**Nakamura** I think that “cool” is one of the elements of becoming a symbol of the city, and I believe that T-LINKS is a work of architecture with “cool” designed into it. In particular, that large eave of T-LINKS comes into view when I leave the station. As I draw nearer to it, I feel elated at the appearance of T-LINKS as it seems to grow larger and larger.

**Kawano** Considering the story of Takatsuki, including its historical background and locale, I proceeded with the design with the idea that Japanese styling and expansive environmental architecture would suit this place. As I did so, I envisioned a space where employees and people from the local community would gather with unselfconscious ease under a large eave and on a spacious terrace, with the large roof and veranda that symbolize Japanese homes serving as the motif.

**Yoshino** It is expected to serve as an extremely important facility in the event of an emergency, given its station-front location. T-LINKS has a remarkable presence that will enable everyone in the local community to unequivocally recognize it as a facility where people of the surrounding areas can take temporary refuge in a time of disaster.

**Kawano** It is crucial that T-LINKS becomes a familiar facility that is open to the surrounding community. What synergies can a company generate by having a presence in the local community? From a city and community development perspective, I get a very progressive impression from the thinking and concepts of the Taiyo Group as a corporation that thinks proactively and takes the initiative to fulfill their responsibilities rather than leaving things up to administrative authorities.



Badminton athlete Nozomi Okuhara, a Taiyo Holdings affiliate, was in charge of initial supervision for the arena. With attention to safety, the flooring is designed to reduce injury and ease physical strain on users, using features like cushioned flooring material certified for international competitions.



T-LINKS embodies our responsibility as a company, providing an environment that fosters self-sufficiency in employees

**Nakamura** While autonomy and initiative are significant elements of self-sufficiency, I think the environment in which a person is situated is crucial. Employees can take the initiative in choosing how they act by being placed in an environment conducive to self-sufficient action, like T-LINKS. I feel that this leads to growth as self-sufficient personnel.

**Kawano** Today, the world is changing from the conventional “social conformity” to a “social connection,” emphasizing diversity and using networks like the Internet. The coming age is one that requires us to express ourselves, take action and form networks. T-LINKS is designed to offer a wide range of elaborate places and spaces. I think it is a facility in which visitors can express themselves, have experiences, and connect with those around them in various situations, including exercise, meals, and discussions.

**Yoshino** We make it our policy not only to require that our employees become self-sufficient personnel but also to comprehensively provide the environment necessary for them to do so. We go beyond merely making demands on our employees as we also meet our responsibilities as a company. This kind of company attitude is very important, and T-LINKS is a presence that sends a strong message to employees.



Happy people create a happy world. For those who create good things, there are no borders.

**Yoshino** We furnished T-LINKS with the arena so that people could use it as an evacuation shelter. However, we were a bit concerned about whether we could get employees to put it to routine daily use. Since it opened, however, employees have been enjoying it to the fullest, playing things like futsal, badminton, and volleyball almost every day. So, T-LINKS is being put to actual use and has become a part of our employees’ lives. While seeing T-LINKS and our employees in such a lively state, I felt gratified at the sense of accomplishment, thinking, “This is precisely what our goal for the project was!”



**Kawano** The fact that you are accepting this utilization as a company is also incredible. We wanted to make use of digital technology for this project. So that made it genuinely meaningful and enjoyable to take on the challenge of fusing Japanese culture and digital technology, as with the “Sea of Clouds” ceiling in the cafeteria.

I felt the pleasure of connecting things like Japanese culture, digital technology and local communities, having it go well, and bringing it to completion.

**Nakamura** In addition to the enjoyment of creating as a designer, it was also delightful to take on the idea of wanting to solve problems, meet expectations, and achieve goals at a high level. It was very stimulating to go through the process by which we were exposed to the ideas and sensibilities of everyone involved in the project and engaged in successive discussions to create one thing.



Each day, the cafeteria serves lunch to about 300 patrons. It is used for dinners three times a week as a venue for meetings over meals with clients and in-house gatherings, with an average of about 30 people daily. The gym, equipped with exercise machines, and a Japanese-style room for napping and resting, is always used by numerous employees. A ceiling depicting a “sea of clouds” extends over the upper part of the dining hall, designed using data from a cloudscape.



**Yoshino** For people who strive to create good things, there are no borders. In this project, encounters between people from varied generations and fields of work also gave rise to a beautiful synergy. I hope that this T-LINKS project will be a point of departure, and these connections will lead to activities that will alter the course of Japan and the world for the better as we move forward.

Design aimed at realizing a cheerful society has the power to change the future of Japan and the world.

T-LINKS was designed with our ideals and philosophy at a high level of dimensionality and with meticulous attention to the three environments of nature, the local community, and the workplace toward the realization of a cheerful society. This meticulous care enabled us to receive the Good Design Award, and the smiles and employee growth fostered in this space are some of our significant achievements. While T-LINKS is a completed form, it is, at the same time, a start toward the future. We will pursue happiness as we continue to take on new challenges. With this thought in our hearts, the Taiyo Group will continue to move forward with activities that enrich local communities, Japan, and the world.

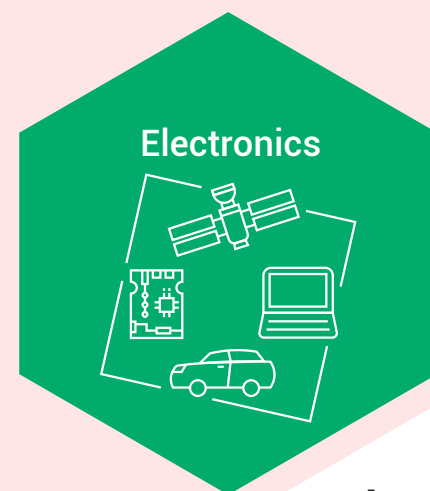




# CHAPTER 3

## Value Creation and Strategy

To achieve “a cheerful society” by further advancing every technology in our Group and by creating a wide range of innovative products to fulfill the dreams of the world. Under this management philosophy, the Taiyo Group carries out various business activities that create broad value and contribute to the sustainable development of society as a whole.



### Electronics

Electronics manufactures and sells chemical materials for electronic components playing important roles inside numerous electronics, including IT devices such as personal computers, smartphones and servers, and digital home electronics, as well as automotive-related products such as electronic control units.

- Taiyo Ink Mfg. Co., Ltd.
- Overseas group companies

### Chemical Technology

By leveraging the power of chemistry, we are promoting various business activities including those for Medical and Pharmaceuticals, ICT and Sustainability, in addition to Electronics.



### Medical and Pharmaceuticals

Medical and Pharmaceuticals engages in manufacturing, marketing and contract manufacturing of ethical pharmaceuticals. Through this business, we respond to the various needs of the medical and pharmaceutical industry as a genuinely competitive manufacturing plant while applying advanced good manufacturing practice (GMP) management structure toward the stable provision of high-quality pharmaceuticals.

- Taiyo Pharma Co., Ltd.
- Taiyo Pharma Tech Co., Ltd.



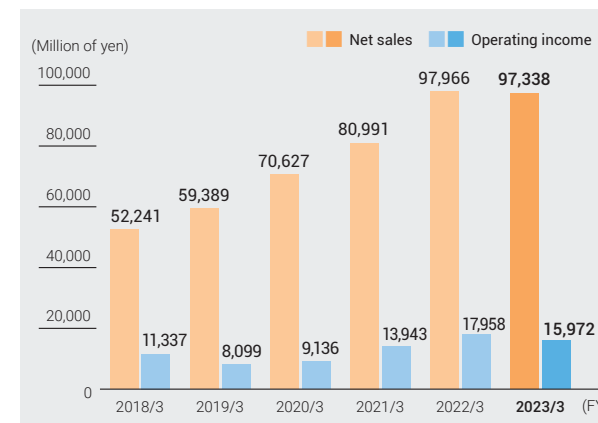
### ICT and Sustainability

ICT and Sustainability has created new businesses in a wide range of fields, such as the ICT Business, which supports the Taiyo Group, and customers in the digital field, the Fine Chemicals Business, which engages in contract development of synthesized chemicals, the Energy Business, which promotes the use of renewable energy, and the Food Business, which operates plant factories.

- funlead corp.
- Taiyo Fine Chemicals Co., Ltd.
- Taiyo Green Energy Co., Ltd.
- Ranzan Shokudo Co., Ltd.

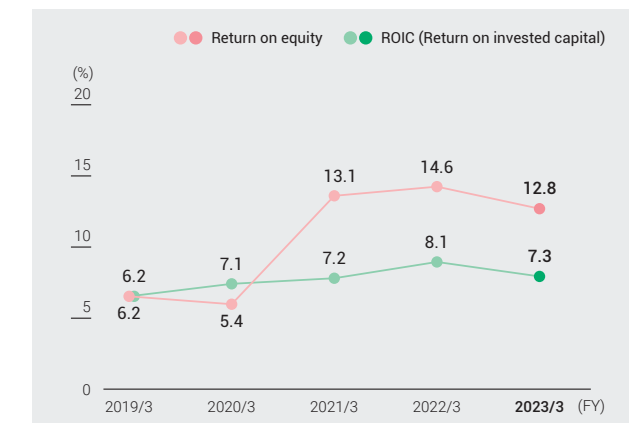
## Business Overview (Fiscal 2023)

### Trend of Company-wide Net Sales



During the fiscal year ended March 31, 2023, the global economy experienced situations with increasing uncertainty like the previous year affected by the prolonged COVID-19 pandemic due to the rapid spread of new variants, and soaring resource and food prices due to the conflict between Russia and Ukraine, as well as the raising of policy interest rate and foreign currency fluctuation risks in Western countries. On top of these situations, affected by the implementation of lockdown in China due to the COVID-19 pandemic, the revision of drug prices, and the decline in demand for pharmaceuticals, the Group posted net sales of 97,338 million yen (down 0.6%

### Company-wide trends in ROE and ROIC

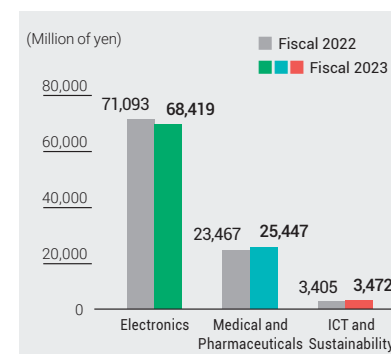


year on year) and the operating income of 15,972 million yen (down 11.1% year on year).

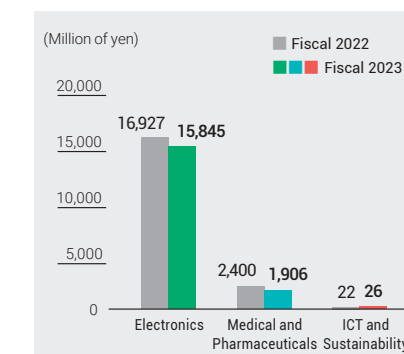
In addition, a return on equity (ROE) for fiscal 2023 resulted in 12.8%. Aiming to achieve the target of 18% ROE by the fiscal year ending March, 2031 set in Beyond Imagination 2030, our long-term management plan, we will make continuous efforts to increase the growth potential of not only Electronics, and Medical and Pharmaceuticals, but also that of new business fields including ICT and Sustainability, and engage in various activities to realize the target.

## Segment-Based Business Summary (Fiscal 2023)

### Net sales



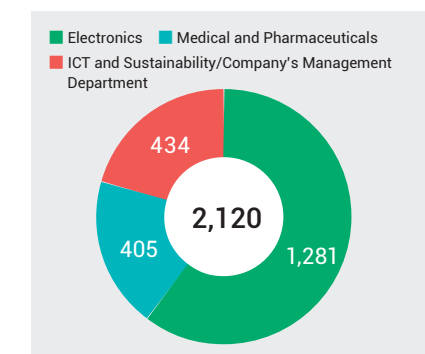
### Operating income<sup>\*1</sup>



<sup>\*1</sup> Since the first quarter of the fiscal year ended March 31, 2023, some R&D-related expenses and welfare benefit costs that we had previously included with corporate expenses have been allocated to each reported segment. In addition, in calculating the operating profit for the fiscal year ended March 31, 2022, we have used the same distribution method as we did for the first quarter of the fiscal year ended March 31, 2023, which resulted in differences from previously disclosed figures.

In fiscal 2023, Electronics experienced a reduction in the sales volume of rigid board materials, whose sales ratio is high in China, due to the contraction of demand for personal computers, tablets, etc., associated with the spread of COVID-19 infection in China. The sales volume of semiconductor package (PKG) board materials decreased from the previous year. Sales volume of Dry Film (DF) type products reached a record-high level due to dramatic growth in data volume associated with the spread of the fifth generation mobile communication system (5G), which lasted to the second quarter; however, from the third quarter onward, its

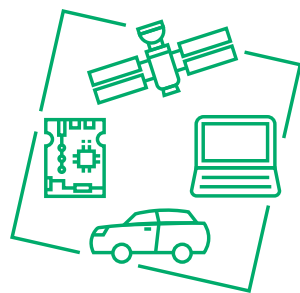
### Number of Employees by Segment<sup>\*2</sup> (consolidated)



<sup>\*2</sup> The number of employees represents the number of regular employees, and the average number of temporary workers is omitted.

sales volume declined due to drop in demand for products for memory associated with inventory adjustment by customers.

In Medical and Pharmaceuticals, the manufacturing and sales business experienced a year-on-year net sales drop affected by demand decline associated with the revision of drug prices and the removal of the restriction of shipment quantity of generics produced by rival firms, with its net sales remaining at a low level. The contract manufacturing business of ethical pharmaceuticals remained strong due to increased order volume upon request from a manufacturing client and change in product mix.



# Electronics

Electronics is involved in the development, the manufacturing and selling, and the stocking and selling of chemicals and materials for electronic components including printed circuit board (PCB) materials. In particular, we have built and expanded the area of a network for local production and sales of solder resist (SR), also known as solder mask mainly in Asia ahead of our competitors, which led to our receiving material certifications from world-class leading customers and boasting the world's top share in the market for SR with its overseas sales accounting for some 90% of our total SR sales.

We are contributing to the development of electronics by creating various products, including solder resist necessary for printed circuit boards used in all types of electronic devices.

Aerospace instruments



Data center

Server

Automobile

Hospital (medical equipment)

Base station

House (household appliances and AV equipment)

PC

Tablet

Smartphone

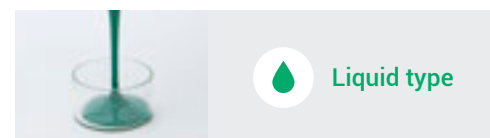
## Solder resist (SR), also known as solder mask

SR refers to ink that covers the surface of a PCB equipped with various electronic parts to protect the circuit pattern by forming an insulating film.

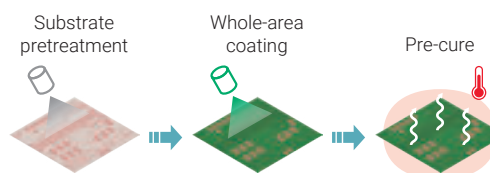
### Major roles

- Prevents solder from adhering to unwanted areas
- Protects circuit patterns from dust, heat, and moisture
- Maintains electrical insulation between circuit patterns

### Product form



Liquid type



Dry film (DF) type

#### Benefits

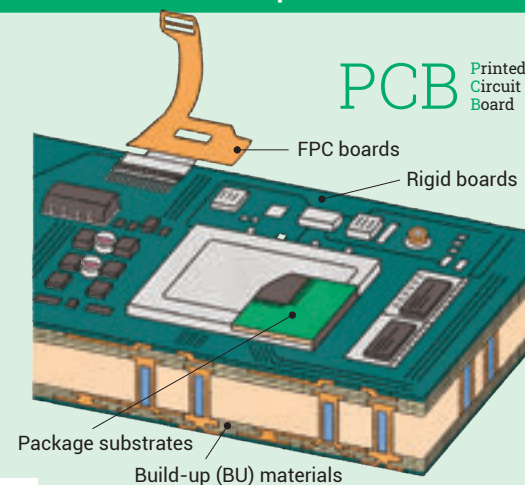
- Allows various coating methods (screen printing method, spray/curtain/roll coat methods, etc.)
- Applicable to a wide variety of substrate usages

#### Benefits

- Highly smooth surface
- Easy to manage thickness
- Shortens customers' front-end process
- Eliminates solvent vaporization

## Printed circuit boards (PCBs) and classification of our products

A printed circuit board (PCB) is a board that configures the arrangement of its circuitry with conductive paste, or via a chemical method such as plating or etching a conductive circuit pattern onto an insulated substrate. PCBs are used in electric devices for a wide variety of uses. PCBs are categorized by their shape and use into general-purpose rigid boards, high-performance rigid boards, Semiconductor Package (PKG) substrates, and FPC boards, and products including SR are used differently according to each use. In addition, when the build-up (BU) method is adopted for manufacturing multi-layer boards, products for BU materials will also be used.



### Product classification

#### For rigid board materials

Rigid-regular

Rigid-high-end

Products: SR, marking ink, plating resist, and etching resist

For semiconductor package (PKG) substrates

Product: SR

Build-up (BU) materials

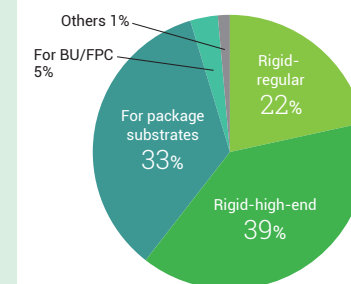
Products: Hole filling ink and interlayer insulating materials

For flexible printed circuits (FPC)

Products: SR and photo-sensitive coverlays

### Sales Composition Ratio

Net sales composition ratio of products for FY2023





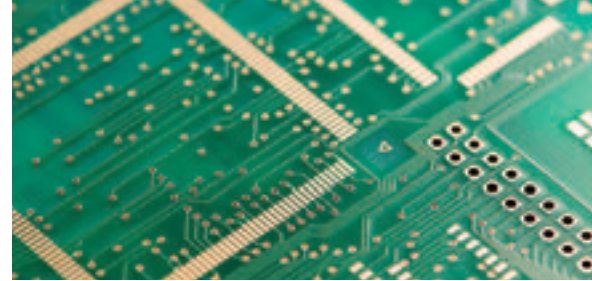
## Fiscal 2023 Business Summary

Business for rigid board materials remained at a low level, with the sales volume of display-related components and consumer use-related components in particular undergoing a decrease from the previous year. Sales volume of rigid board materials, whose sales ratio is high in China, declined due to a sharp drop in the occupancy rate of customers' employees resulting from the lockdown associated with the spread of COVID-19 infections, as well as a decline in final demand for personal computers, tablets, consumer equipment, etc.

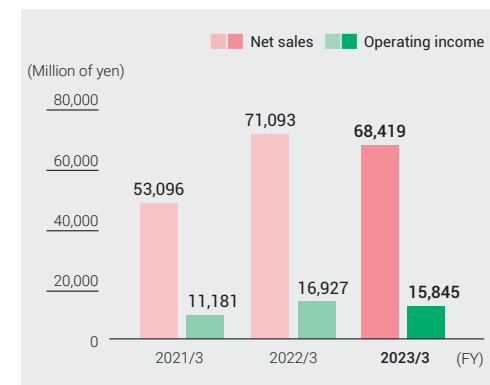
The sales volume of semiconductor package (PKG) board materials also underwent a decrease from the previous year. In particular, the sales volume of Dry Film (DF) products reached a record high level by the second quarter due to remote work becoming the norm worldwide and dramatic growth in data volume following the spread of the fifth-generation mobile communication system (5G). However, a decrease in final demand for smartphones, PCs and tablets led to customers' higher stock levels as well as a rapid drop in demand for products for memory from the third quarter, which resulted in a decline in the sales volume of DF products. Net sales of these products, however, exceeded those of the previous year in line with the weakening yen exchange rate.

Additionally, Electronics contributes to an increase in revenue and profits because of its high overseas sales ratio due to the weakening of yen exchange rates. The average JPY/USD exchange rate during this fiscal year was 135.0 yen per dollar, with the yen depreciating 22.1 yen per U.S. dollar from the previous year.

As a result, this business segment posted net sales of 68,419 million yen (down 3.8% year on year) and segment profit of 15,845 million yen (down 6.4%).



Net sales/Operating income\*



\* Since the first quarter of the fiscal year ended March 31, 2023, some R&D-related expenses and welfare benefit costs that we had previously included with corporate expenses have been allocated to each reported segment. In addition, we have calculated the operating profit for the fiscal years ended March 31, 2021 and 2022, using the same distribution method as we did for the first quarter of the fiscal year ended March 31, 2023, which resulted in differences from previously disclosed figures.

### Competitive advantage

- The world's top-class share in the market for solder resist (SR), our mainstay product, and the global network
- Advanced R&D capabilities, and the enhancement of R&D system toward demand increase
- The strong support system sustaining the customer base



Risks

- Innovative technologies leading to the dissemination of a method that does not use printed circuit board (PCBs) for electronic devices
- Application of a method that does not use SR in PCB manufacturing
- Damage to production activities due to the shortage of supply from a raw material manufacturer affected by a disaster, and soaring prices of certain raw materials due to the impacts of oil prices and other market conditions



Opportunities

- Growth of demand for semiconductors and related products, driven by the establishment of IoT, AI, virtual spaces, etc., in society
- Expansion of the market for automotive products in the automobile industry due to electrification driven by the spread of EVs and hybrid vehicles and electrification associated with the spread of autonomous driving
- Increase in demand for new products in the display-related market

### Efforts toward 2030

#### Aiming to Make a Leap Forward Continuously with a New System

Aiming to achieve "continuous growth and explore new business areas in the electronics business" as declared in the basic policies of Beyond Imagination 2030, the Taiyo Group is working to establish a system to respond to future demand expansion for materials used for electronics parts and devices such as semiconductors. This fiscal year in particular, in addition to proceeding with the construction of a new building for research and development on the premise of the Taiyo Holdings' Ranzan Office, we acquired land in the area on the east side of the Keno Turugashima Interchange, where we are also planning to construct a production technology center to work on the technology development for DF type SR, our mainstay product. The Taiyo Group will establish a structure to advance the research and development of new products continuously and promptly, contributing to our growth toward 2030.

#### Hitoshi Saito

Executive Vice President of Taiyo Holdings Co., Ltd., and CEO of Electronics Company

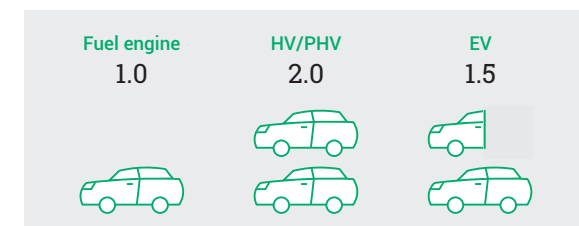


### Frontline Report

## Increasing Importance of SR in Automotive Electrification

The development of the electrification of automobiles has brought about great changes in the types and number of automotive parts and components. Take automotive substrates, for example; with the electrification of automobiles, per-vehicle board space of HVs and PHVs is expected to be twice larger, and that of EVs 1.5 times larger compared with traditional vehicles with fuel engines, which is expected to lead to an increase in the use of SR. SR, which plays the important role of making automotive substrates used under extreme conditions work properly, came to be required to have various properties with the rapid development of electrification.

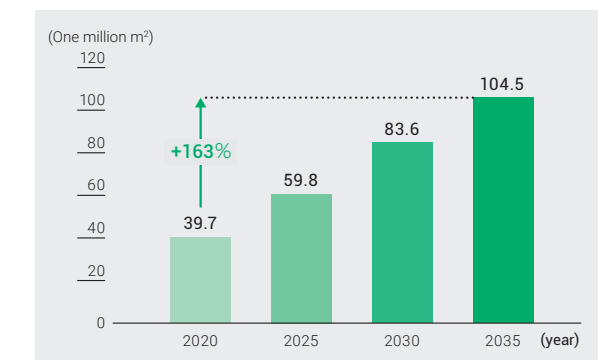
### Substrate area ratio per automobile<sup>\*1</sup>



\*1 Our estimates

Therefore, we are presently advancing the development of SRs with emphasis placed on communications with our customers and improvement in the speed of development, through which we will continue to contribute to the automotive industry that is accelerating electrification.

### Forecast for the sales volume of automotive substrates<sup>\*2</sup>



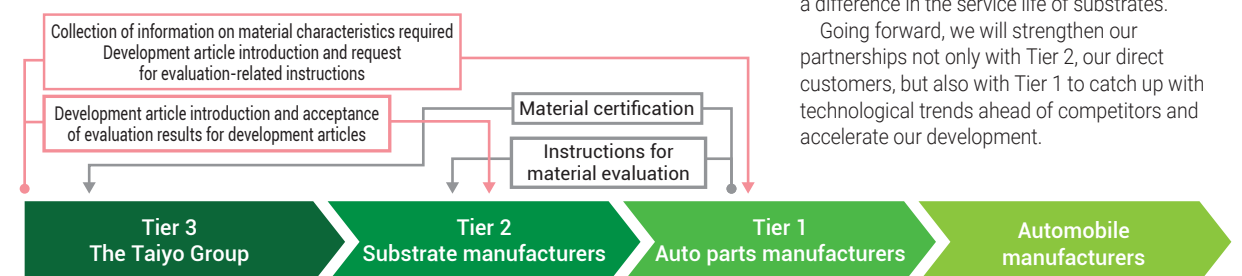
\*2 Total Research on On-Vehicle Electric Devices and Components 2022 (Figures for 2022 represent performance, while those for 2025, 2030 and 2035 represent forecasts.) By Fuji Chimera Research Institute, Inc. (available in Japanese only)

## Supply Chain of SR for Automotive Substrates SR

Of the suppliers involved in auto manufacturing, auto parts manufacturers have direct dealings with automobile manufacturers classed as Tier 1, while those delivering parts such as substrates to Tier 1 manufacturers are called Tier 2. Additionally, material manufacturers, including our Group providing materials to Tier 2 are called Tier 3; thus, vehicles are manufactured in the hierarchical supply chain. While the Taiyo Group's direct customers are Tier 2 substrate manufacturers, we

collaborate with Tier 1 manufacturers that certify materials such as SR, provide evaluation certification instructions, related to evaluation certification, and promote business activities including the proposal of development articles and information exchange. As part of such efforts, we are promoting activities to raise awareness of the importance of using appropriate SR appropriately. This effort even resulted in one of the leading Tier 1 manufacturers publishing an article showing that selection of which SR product to use makes a difference in the service life of substrates.

Going forward, we will strengthen our partnerships not only with Tier 2, our direct customers, but also with Tier 1 to catch up with technological trends ahead of competitors and accelerate our development.



## Building Trust and Reputation to Promote Development to Support Next-Generation Automobile Industry

The automotive industry has entered the time of a once-in-a-century great revolution in which automotive electrification and autonomous automobile development are advancing on a global scale. Amid such circumstances, SR products are used for the protection and insulation of circuits, which are vital for electrification and essential to ensure the safety of human life; therefore, these products must be designed for high reliability. To respond to such changes, we are continuously pursuing further high-voltage endurance and long-term reliability while watching customers' development trends. We are reflecting on findings in material development strategies for the next generation. In addition, our initiatives toward carbon neutrality including the floating solar power business are highly recognized by our customers. Looking ahead to the future of the automotive industry, we will work on business development with a broader view through various efforts such as responding to change in the world situation, promoting standardization activities on automotive substrates, encouraging exchanges of researchers at academic conferences, and building up relationships with new customers.

#### Takenori Kakutani

Market Development Section, Business Development Department, Taiyo Ink Mfg. Co., Ltd.



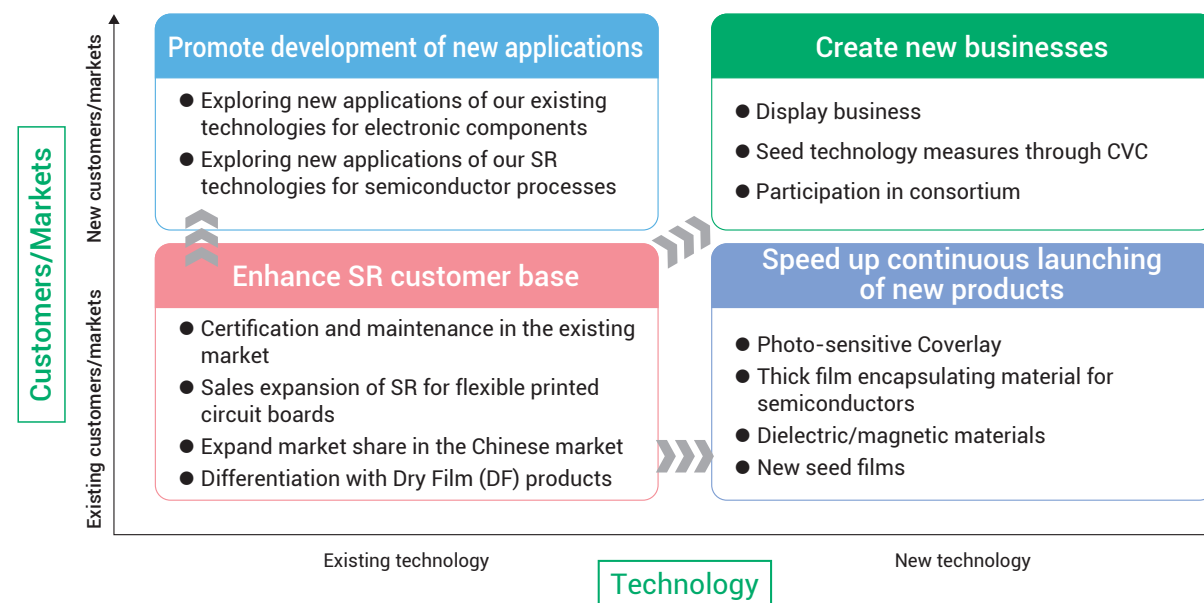
Growth strategy

# Continuous Growth and Creation of New Business Domains

In the Electronics business, Taiyo Holdings boasts the world's top-class share in the market for solder resist (SR), one of its mainstay products, with SR's overseas sales accounting for some 90% of our total SR sales. Under these circumstances, in the Electronics business, we are working to increase our SR market share by focusing on the three strategies, which comprise the enhancement of SR customer base (existing customers + existing technology), the acceleration of continuous launching of new products (existing customers + new technology),

and the promotion of application development (new customers + existing technology). Additionally, as for other electronics components, we will work to promptly establish new pillars for profit coming next to SR to promote Electronics's continuous growth.

In addition, Electronics is, in particular, working on (1) the development of a technological development system, (2) the prompt commercialization of new products, and (3) the strengthening of our manufactured capital.



## TOPICS

### Received the JPCA Award at JPCA Show 2023

Taiyo Ink Mfg. participated in the 52nd International Electronic Circuits Exhibition "JPCA Show 2023" held at Tokyo Big Site in 2023. On the first day, the JPCA award ceremony was held, in which Taiyo Ink Mfg. received the 19th JPCCA Award from the Japan Electronics Packaging and Circuits Association (JPCA) in recognition of its photographic insulating film "low-loss photosensitive inter-layer insulating film"



Exhibition (The photo is for illustrative purposes.)

suitable for redistribution layers (RDLs) for next-generation semiconductor packages. Following last year, this marks the fourth time that Taiyo Ink Mfg. has received the JPCA Award. In addition, at the booth contest to select excellent booths by a visitors' vote, Taiyo Ink Mfg. received the Nice Design Award and the Best Exhibition Award, attracting favorable comments from many people.

#### Product profile

With the dissemination of IoT, AI, virtual spaces, etc. in society, since the amount of throughput of information has rapidly increased, there has been a growing need for the densification of next-generation semiconductor packages. To achieve their densification, it was necessary to improve the performance of RDLs constituting packages; therefore, we have developed a new type of film materials by improving long-standing problems related to electrical characteristics, miniaturization adaptability, warpage resistance property, and process complexity of RDLs.



Low-loss photosensitive inter-layer insulating film

## Growth strategy 1

### Improvement of Technology Development System

We recognize that the development of an R&D system is a key issue for the Taiyo Group to address in continuing to create businesses. By creating a role-sharing arrangement for R&D based on time horizons and organizing research teams dedicated to medium- to long-term research projects that go beyond simply pursuing commercialization, we will establish a

development department for developing new technologies and applying existing technologies for commercialization while improving the level of basic research, and bolster our ability to leverage the findings of basic research in the development of new products.

### Active Investments in Research Facilities and Equipment to Further Accelerate Product Development

To respond to future demand expansion for materials used for electronics parts and devices such as semiconductors, the Taiyo Group has constructed a new project building to promote our R&D in our business within the premises of the Taiyo Holdings' Ranzan Office. We also acquired land in the area on the east side of the Keno Turugashima Interchange, where we are planning to construct a production technology center to work on the technology development for DF Type SR, our mainstay product. In China, we also completed the

construction of our R&D center in October 2023 to accelerate our business promotion by conducting R&D of various products including SR at a site close to our customers. Through these active capital investments, we will direct our efforts toward the adoption and the fostering of distinguished researchers and engineers in Japan and overseas, as well as construct a system to advance our product development rapidly. We will also strengthen cooperation with outside organizations to promote our business development further.

	R&D Center (Suzhou City, China)	New R&D Building (Ranzan-Machi, Saitama Prefecture)	Production Technology Center (Turugashima City, Saitama Prefecture)
Usage and purpose	Increase in capability for research and development of SR, etc. and prompt business promotion	Further enhancement of technological development capabilities for the Electronics business	Development of technology for DF Type SR, our mainstay product
Location	Suzhou City, Jiangsu Province, China (Within the premises of Taiyo Ink [Suzhou] Co., Ltd.)	Ranzan-Machi, Hiki-Gun, Saitama Prefecture (Within the premises of Taiyo Holdings' Ranzan Ranzan Office)	Turugashima City, Saitama Prefecture (Area east of the Tsurugashima Interchange on the Keno Interchange)
Planned to be completed	December 2023	April 2024 (completion scheduled)	FY March 2026 (completion scheduled)



R&D Center (Suzhou, China)



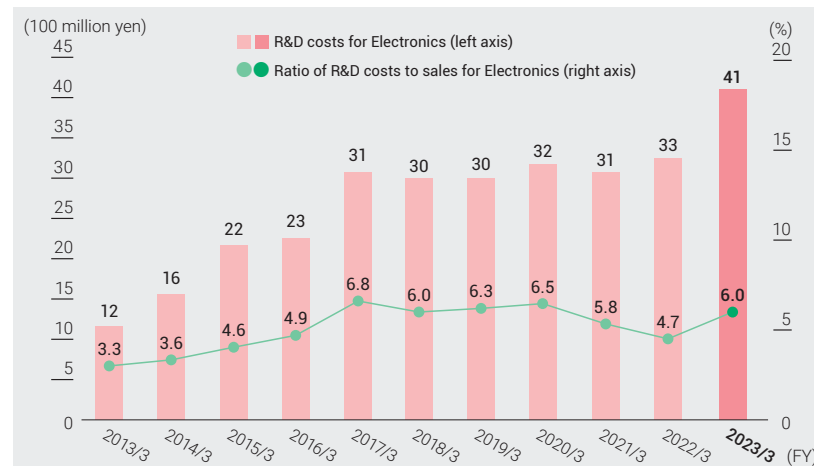
Ranzan New Development Center (Ranzan-Machi, Saitama Prefecture)



## Improvement of Technology Development System

## Trends in R&amp;D expenses

The Taiyo Group devotes about 5% of the net sales of Electronics to R&D expenses to promote further the R&D of various types of insulating materials, conductive materials and display-related materials that contribute to our advanced information society and comfortable environment in the area of electric devices. In fiscal 2023, the Group applied 4,115 million yen (6.0% of the net sales of Electronics) as expenses for R&D conducted in Electronics.



## Enhancement of System to Develop Dry Film (DF) type Insulating Materials

In recent years, there has been a growing demand of solder resist (SR) due to the influence from increased demand for devices related to the fifth-generation mobile communication system (5G), including higher-performance smartphones, and expanded use of automotive substrates due to electrification associated with the popularization of EVs and hybrid vehicles as well as with the spread of autonomous driving. Driven by these changes in the market, there has been growing demand for DF Type SR that allows the creation of thinner substrates and the reduction of manufacturing processes. DF Type SR products not only achieve the specifications that were not realized with conventional liquid types but also contribute to improving the productivity and quality our customers achieve. Additionally, not containing volatile solvents, they also contribute to the reduction of environmental impacts. Most recently, our highly reflective white DF Type SR used in mini LED backlight units have achieved a higher reflectance with their extremely smooth surface, which

could not be realized with conventional liquid types, contributing to the improvement of customers' yield ratio.

The Taiyo Group, foreseeing these changes in needs, started to promote the establishment of an in-house mass production system for DF Type SR from an early stage. In October 2015, we completed the construction of a plant for DF mass production in Kitakyushu, considering easy access to South Korea, Taiwan, and China, where we have many customers, as well as our business continuity plan (BCP). Additionally, we are going to construct a production technology center aimed at developing technology for DF Type SR in the area on the east side of the Keno Turugashima Interchange (the former site of an agricultural college) located in Saitama Prefecture.

On the technical front, we have acquired high-precision processing technology that can realize the creation of DF Type SR with a thickness of 10 to 50 microns within the film thickness tolerance of plus/minus 1 to 2 microns.

	Liquid type	DF type
SR formation	Coating → Drying	Lamination
Equipment for SR formation	Coating applicator (screen printing method, spray coating method, etc.)	Laminating machine for vacuum heat compression bonding
Vaporization of organic solvents	Yes	No
Productivity	Time for the above processing: 30 to 60 min. Should be formed on one side at a time depending on a printing method	Time for the above processing: Less than 10 min. Both-sided simultaneous formation
Surface condition Film thickness accuracy	The film is formed according to the shape of a substrate and wiring, which causes the unevenness and irregularity of its surface.	Possible to be formed flatly and evenly by thermal compression bonding

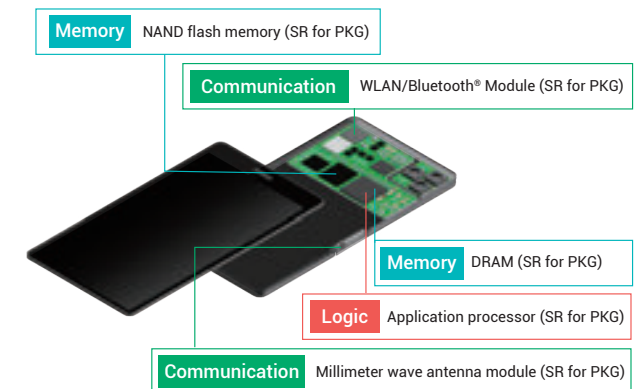
## Project for DF playing a broad role 01

## For Semiconductor Package (PKG) Substrates

Package substrates are indispensable to protecting semiconductor chips and ensuring connection with semiconductors and their implementation performance, and their market is expanding around electronic devices such as personal computers, smartphones and tablets. SR used for package substrates are required to have not only insulation properties between circuits, but also the characteristics to determine the reliability of PKG. For example, with the miniaturization and high performance of mounted parts driven by the needs for smaller and thinner mobile terminals, SR used adjacent to semiconductors or other electronic parts have essential roles to play in determining the reliability of devices, such as thickness accuracy and surface smoothness to improve dimensional precision and connection reliability, and aperture accuracy necessary for advanced semiconductor chips to be mounted.

In recent years, DF Type SR has been increasingly adopted to solve these needs and challenges, and the Taiyo Group's DF Type SR has been widely used along with package substrates for major semiconductor devices such as

application processors responsible for communication and behavior, DRAMs serving as storage media, and NAND flash memories. Looking ahead, we will aim to create new markets by developing products with new values and functions by leveraging the Group's core technologies.



## Project for DF playing a broad role 02

## For Build-up Interlayer Insulating Materials

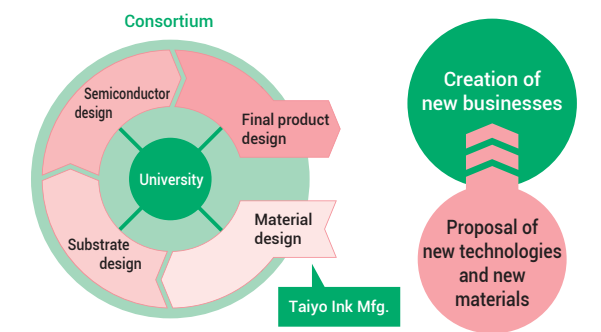
In recent years, in response to the growing need for 5G high-speed communication substrates, the Taiyo Group has advanced the development of interlayer insulating materials with low-dielectric properties, reaching the stage of getting feedback from customers. The Group is also advancing the development of film-type encapsulating materials based on our knowledge of interlayer insulating materials, which has led to customer adoption of our products. As a result, the Taiyo Group has received JPCA Award for three consecutive years since the 17th JPCA Award in 2021 for our DF type interlayer insulating materials.

Going forward, the Group will continue to develop and propose new products that will meet customers' new requests.

- 17th JPCA Award (2021)**  
Thermosetting-type film corresponding to high-frequency waves
- 18th JPCA Award (2022)**  
Thick insulating film for advanced packages
- 19th JPCA Award (2023)**  
Low-loss photosensitive insulating film

## TOPICS | Participation in the Chiplet Integration Platform Consortium

With chiplet integrated technology<sup>\*1</sup> coming under the spotlight a new evolutionary axis for the expansion of integration scale, instead of miniaturization, performance increase, and power consumption reduction of semiconductor integrated circuits, Taiyo Ink Mfg. has participated in the Chiplet Integration Platform Consortium.<sup>\*2</sup> While taking part in this consortium, Taiyo Ink Mfg. will contribute to the improvement of system performance through developing and providing insulating films for redistribution layers that are used for such chiplets and insulating films for sealing, as well as through carrying out experimental production of chiplets with cooperating companies and organizations.



<sup>\*1</sup> It is an advanced packaging technology that has been developed as one that replaces and complements the technology to miniaturize semiconductor chips that had been advanced but were about to meet their limit. This systematized technology, in which separated semiconductor chips are combined like blocks, is expected to lead to the improvement of yield ratio in semiconductor manufacturing as well as to increase in system performance by its heterogeneous integrated structure.

<sup>\*2</sup> It is the consortium established on October 1, 2022, mainly by universities including the Tokyo Institute of Technology and private companies, with the aim of advancing R&D throughout the value chain from manufacturing technology and element technology to applications, and achieving industrialization, while conducting a study on the entire aspect of the chiplet integration platform technologies including the 3D integration technology and the photonic integration technology.

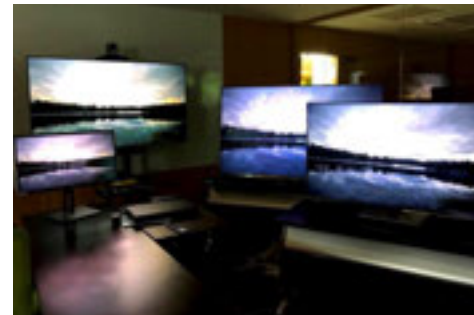
Growth strategy 2

## Prompting Commercialization of New Products

The Taiyo Group recognizes that the development of new products aims to receive a benefit from the commercialization of such products, which is, in other words, business development. After having made measurable progress in the productization of new products, we launched a special project to be advanced by personnel selected from the sales department, the manufacturing department and the development department, and built an environment for them to address themselves to the commercialization of new products. By this, we boost our strength to overcome difficulties we might face in the process from productization to commercialization. In recent years, regarding the display-related business, we have concentrated our efforts on continuously developing new products to expand our business with newly developed products.

### Background for Launching Display Material Project

Considering that demand characteristics for display-related materials are likely to change more quickly than those for conventional insulating materials, the Display Material Project was launched in 2021 as a department that unifies customers' requests and works on the planning and development of new materials while doing marketing. With the launching of this project, the development of display-related materials, and the development of new products from a medium- and long-term perspective, as well as the formulation of sales strategy started to advance. Such efforts have been further strengthened at a new business phase since 2022 when these initiatives were handed over to the Display Business Department established after an organizational adjustment.







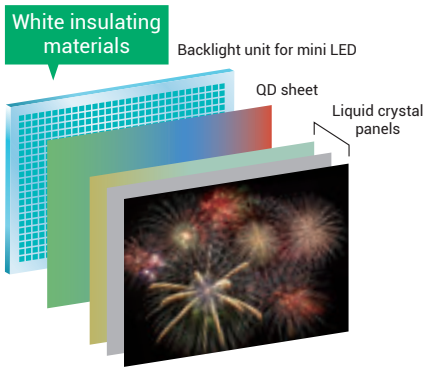
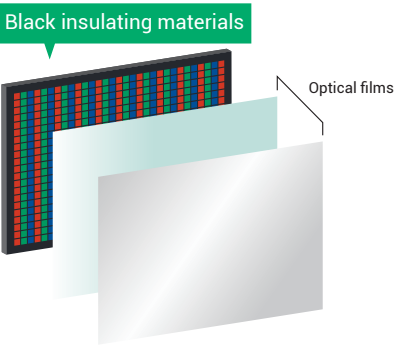
### Mainstay Materials under Development

The Display Business Department directs its efforts to the development of white Insulating materials for mini LED backlights and black Insulating materials for mini LED and micro LED displays. White Insulating materials developed as highly reflective materials used in backlight units are compatible with the fine pad patterns of mini LED chips and features a high reflectance, which results in contributing to the realization of high-luminance and high-contrast displays with lower power consumption.

At the Display Business Department, we have worked on the development of thermosetting and photosensitive white insulating materials to respond to various designs of display materials, which has led to customer adoption of our

products. In addition, as black matrix materials that realize the high contrast capability of mini LED and micro-LED displays, we are advancing the development of photosensitive black insulating materials with a combination of a high degree of blackness preventing light transmittance and high-resolution performance. We are developing dry film (DF) type materials and liquid type ones to respond to any film thickness required, reaching the stage of getting feedback from customers.

Going forward, the Display Business Department will accelerate the launch of new products targeting increasingly sophisticated customer needs for more compact and thinner devices, and higher performance.

	White Insulating materials		Black Insulating materials	
Property	Thermal curing Liquid type 	Photosensitive Liquid type 	Photosensitive DF type 	Photosensitive Liquid type 
Intended use	<p>Backlight unit for mini LED display</p> 		<p>Back side of black insulating materials for mini LED/micro LED displays</p> 	

Growth strategy 3

## Strengthening Our Manufactured Capital

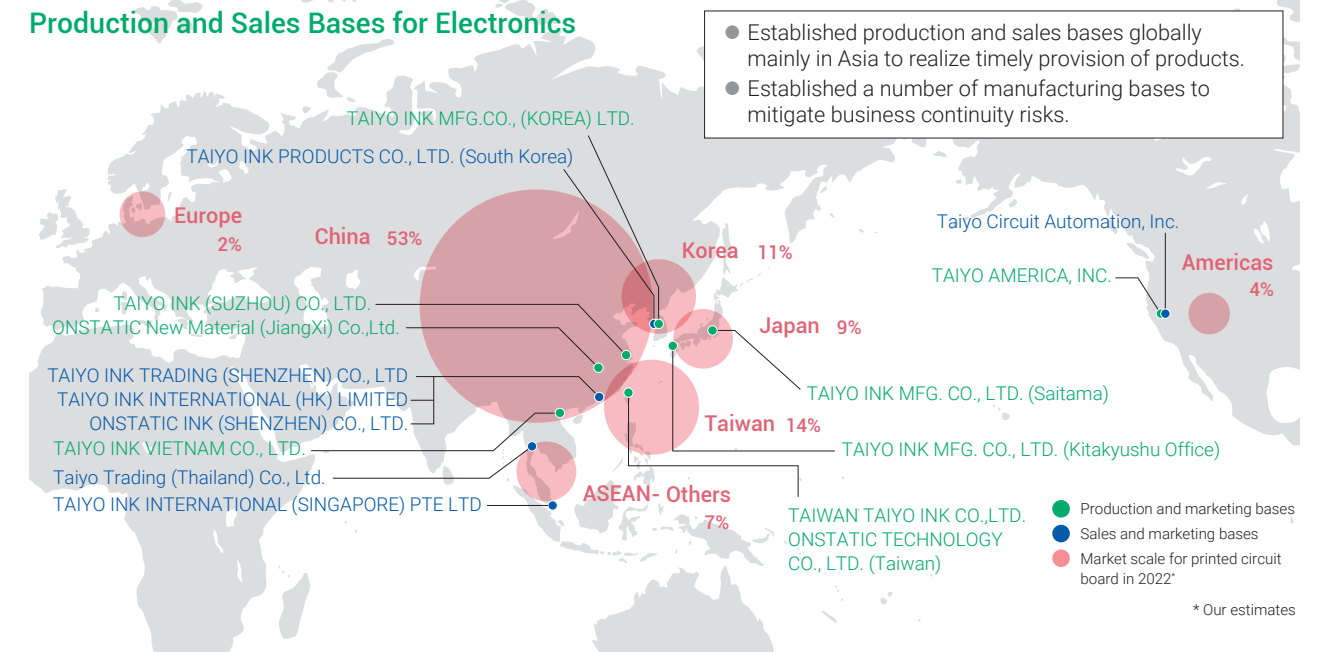
To strengthen our business foundation further, the Taiyo Group has expanded our global production system, mainly in Asia. At the same time, to fulfill our responsibility to supply products to our customers, we are directing our efforts to strengthen our business continuity plan (BCP) while anticipating business continuity risks.

With regard to BCP in particular, we are planning to implement further hard-hitting measures while extracting risks related to the procurement of raw materials necessary for the manufacturing of products and those related to our own plants and production facilities respectively. In recent years, in the area of raw material procurement, there has been a growing risk in which the stagnation of raw material procurement is caused by the suspension of shipments of raw materials or logistics disruption associated with natural disasters, the spread of infectious diseases and the manifestation of geopolitical risks, or equipment failure at manufacturing companies because of the aging of production facilities. We are working to develop a proper raw material management system by ensuring stable stockpiles of raw materials and promoting raw material procurement from a number of manufacturing companies and manufacturing plants as well as by constructing a framework for raw material production within the Taiyo Group. With regard to our own plants and production

facilities, assuming that operation of such plants can be shut down due to natural disasters including an earthquake or accident such as a fire, we are working to promote the construction of a framework for producing alternative products and enhancing our product inventory control system.

In addition, Electronics with many production and sales sites around the world is promoting "local production for local consumption," in which products sold locally (each market) are produced locally. Since many of the Group's transactions are denominated in a foreign currency, foreign exchange fluctuations can easily affect our business results; therefore, we consider it important to mitigate exchange risks. As one such measure, we increase the local procurement ratio of raw materials by promoting local production for local consumption so as to match transaction currency for revenue and expenditure. Moreover, in April 2022, with the aim of enhancing information sharing and collaboration among sites across the world, we launched the Global Plants Initiative (GPI) aimed at total optimization while utilizing the strengths and expertise of each subsidiary. We will further strengthen and optimize our business foundation and promote BCP enhancement through local production for local consumption and the GPI.

### Production and Sales Bases for Electronics



### TOPICS

#### Generating New Ideas through Acquisition and Utilization of Intellectual Property Incorporating DX

The Taiyo Group engages in a wide range of business fields through its Electronics, Medical and Pharmaceuticals and ICT and Sustainability being always aware of intellectual properties and promoting the acquisition and utilization of patents and trademarks.

To further utilize intellectual property and alleviate burdens on business about intellectual properties ("intellectual property business"), Taiyo Ink Mfg. is promoting the digital transformation (DX) of intellectual property business by introducing a system and utilizing artificial intelligence (AI). Taiyo Ink Mfg. introduced AI-driven patent retrieval software in 2020, the utilization of which has made it possible to reduce the time and the

number of processes necessary for the research service at the time of patent application by 80 to 90% compared to the conventional method. This has also made it possible to spend time and labor available on the generation of an idea for patent applications, which we believe will lead to an increase in intellectual capital and the enhancement of our business. In addition, we will also focus our efforts on employee training about the exploitation of intellectual properties by regularly holding in-house explanatory meetings for R&D personnel. We will continue to conduct further examinations on the utilization of AI, and aim for the streamlining of intellectual property business while seeking the optimum way to use it.





# Medical and Pharmaceuticals

The Taiyo Group has entered the Medical and Pharmaceuticals business with the goal of establishing a secondary earnings base following the Electronics business. In August 2017, we established Taiyo Pharma, which manufactures and markets ethical pharmaceuticals, and in October 2019, we launched a contract pharmaceutical manufacturing business at Taiyo Pharma Tech, which we had acquired from Daiichi Sankyo Co., Ltd. This business has now grown to account for about 30% of the Taiyo Group's net sales. We will continue to strengthen the foundation of this business with the goal of reaching 30 billion yen in net sales by 2025, and then 60 billion yen in net sales and an operating margin of 15% by 2030.



Raw Material Suppliers Supplying raw materials such as active pharmaceutical ingredients

## Pharmaceutical Contract Development and Manufacturing



Taiyo Pharma Tech engages in the contract manufacturing of ethical pharmaceuticals including solid and injectable formulations. The company also directs its efforts to acquire new modalities as part of its effort to develop new areas. Giving top priority to "quality first," Taiyo Pharma Tech will contribute to establishing a better supply of pharmaceuticals by stably providing high-quality pharmaceuticals under its advanced good manufacturing practices (GMP) management structure, as well as by improving production efficiency.

### Solid Dosages

Starting from tablet production to packaging is under an integrated production system. We take the role of a pharmaceutical plant very seriously and have a 24-hour operating system that is fully automated in the evening. Our efforts make it possible to produce the products with excellent quality.

### Injections

Taiyo Pharma Tech, with its high-tech facilities such as the Isolator and RABS (Restricted Access Barrier System), manufactures syringe formulations considering usability and convenience for users, in addition to ampules and vials. We also manufacture freeze-dried vials and biological products that require advanced manufacturing control and quality assurance systems.

### Manufacturable Dosage Forms

#### Solid formulations

- Uncoated Tablets
- Film-coated (FC) tablets
- Orally disintegrating tablets (ODTs)

#### Injectable formulations

- Ampule formulations
- Syringe formulations
- Vial formulations (liquid, freeze-dried formulations)

### New Modality Efforts made through cooperation with partner companies

Taiyo Pharma Tech has newly built manufacturing facilities designed for regenerative therapy and gene therapy in its Takatsuki Plant, striving to engage in the Contract Development and Manufacturing Organization (CDMO) business.

#### Regenerative Therapy

Partnered with Cyfuse Biomedical K.K., which possesses bio-3D printer technology, to engage in the business of manufacturing products for regenerative therapy. The company completed the construction of a cellular therapy product manufacturing facility in September 2021, and has engaged in the contract manufacturing of cell products for regenerative therapy.

#### Gene therapy

Taiyo Pharma Tech entered an agreement with Gene Therapy Research Institution Co., Ltd. for the manufacturing of gene therapeutic agents in November 2020, and completed the construction of a gene therapeutic product manufacturing facility in March 2023. We aim to enter the business of contract manufacturing of gene therapeutic products in the field of gene therapy, which is expected to provide groundbreaking medical treatments for various diseases.

## Manufacture and Marketing of Medical and Pharmaceuticals



Taiyo Pharma, which declares itself to be "a company that is serious about drugs that are needed" in its mission statement, provides socially important pharmaceuticals that have long been used over the years in a stable manner through manufacturing and marketing long-listed products. We will also create and provide new product value in response to the needs of frontline healthcare professionals and patients.

### List of Our Products

INDERAL® Tablets 10mg  
INDERAL® for Injection 2mg  
PROCARBAZINE Hydrochloride Capsules 50mg "TYP"  
EUGLUCON® Tablets 1.25mg  
EUGLUCON® Tablets 2.5mg  
OMEPRAL® Tablets 10  
OMEPRAL® Tablets 20  
KYTRIL® Fine Granules 0.4%  
KYTRIL® Tablets 1mg  
KYTRIL® Tablets 2mg  
KYTRIL® for Injection 1mg  
KYTRIL® for Injection 3mg  
KYTRIL® for I.V. Infusion 3mg/50mL  
KYTRIL® for I.V. Infusion 3mg/100mL  
GLYCEOL® for I.V. Infusion 200mL  
GLYCEOL® for I.V. Infusion 300mL  
GLYCEOL® for I.V. Infusion 500mL  
DIGOSIN® Elixir 0.05 mg/mL  
DIGOSIN® Powder 0.1%  
DIGOSIN® Tablets 0.125 mg  
DIGOSIN® Tablets 0.25 mg  
DIGOSIN® for Injection 0.25 mg  
SELOKEN® Tablets 20mg  
SELOKEN® L Tablets 120mg  
TIGASON® Capsules 10

TIGASON® Capsules 25  
TENORMIN® Tablets 25  
TENORMIN® Tablets 50  
BACTRAMIN® for Injection  
BACTRAMIN® Combination Granules  
BACTRAMIN® Combination Tablets  
PYDOXAL® Tablets 10mg  
PYDOXAL® Tablets 20mg  
PYDOXAL® Tablets 30mg  
PYDOXAL® for Injection 10mg  
PYDOXAL® for Injection 30mg  
FURTULON® Capsules 200  
MADOPAR® Combination Tablets  
MEXITIL® Capsules 50mg  
MEXITIL® Capsules 100mg  
MEXITIL® for I.V. Infusion 125mg  
RIVOTRIL® Fine Granules 0.1%  
RIVOTRIL® Fine Granules 0.5%  
RIVOTRIL® Tablets 0.5mg  
RIVOTRIL® Tablets 1mg  
RIVOTRIL® Tablets 2mg  
RESPLEN® Tablets 5mg  
RESPLEN® Tablets 20mg  
RESPLEN® Tablets 30mg  
ROCEPHIN® for Injection 0.5g  
ROCEPHIN® for Injection 1g  
ROCEPHIN® for I.V. Infusion 1g

### What are long-listed products?

At Taiyo Holdings, long-listed products are defined as original drugs whose patent period or reexamination period has expired, allowing their generic drugs to be sold.

Wholesale of Pharmaceuticals

Hospitals and Dispensing Pharmacy

Patients



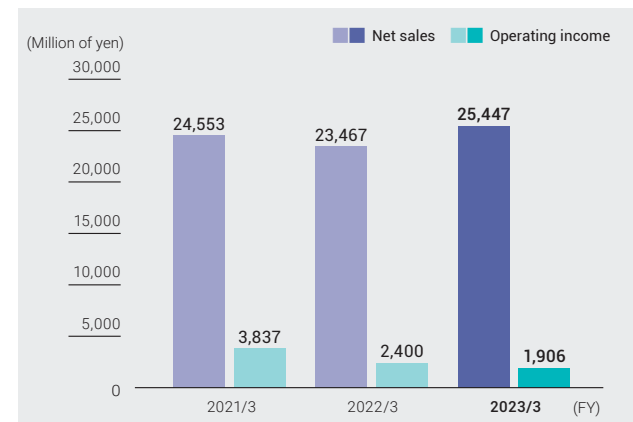
## Fiscal 2023 Business Summary

Taiyo Pharma experienced a year-on-year net sales drop in its manufacture and marketing of ethical pharmaceuticals. Compared with the previous year, although there was an increase in demand for some products due to the spread of COVID-19, demand for our products dropped on the whole following the revision of drug prices and the removal of the restriction of shipment quantity of generics produced by rival firms, with net sales remaining at a low level.

On the other hand, Taiyo Pharma Tech achieved year-on-year sales growth in the contract manufacturing business of ethical pharmaceuticals. Due to increased order volume upon request from a manufacturing client and a change in product mix, net sales of pharmaceuticals remained brisk.

As a result, this business segment posted net sales of 25,447 million yen (up 8.4% year on year) and an operating income of 1,906 million yen (down 20.6%).

### Net sales/Operating income\*



\* Since the first quarter of the fiscal year ended March 31, 2023, some R&D-related expenses and welfare benefit costs that we had previously included with corporate expenses have been allocated to each segment.

### Competitive advantage

- High-quality manufacturing technology and stable supply system
- Long-term high-reliability
- Know-how on overseas expansion cultivated through our Electronics business



### Risks

- Price controls on brand-name drugs and promotion of generics
- Declining future predictability due to the healthcare policy of national and local governments including the revision of drug prices, and medical insurance system reform



### Opportunities

- Diversification of medical needs due to structural changes in the pharmaceutical industry
- Entrance into advanced medical fields such as regenerative therapy and gene therapy, which are expected to show high market growth
- Creation of novel drug market through technological innovation and partnerships between industry, government, and academic institutions

### Efforts toward 2030

#### Aiming to Establish a Corporate Structure That Is Unaffected by Environmental Factors toward Further Growth

The medical and pharmaceutical industry has faced issues due to deficiencies related to manufacturing and quality control, resulting in administrative sanctions, which has caused delays in the supply of some drugs, shaking trust in the industry. These incidents are expected to lead to stricter demands for the quality of medical products in the future.

Amid the progressive advancement of the revision of the drug price system due to its impact on the medical insurance system, measures for holding down medical expenses such as price controls on original drugs and promotion of the use of generic drugs have been taken, with an argument on the continuation of further medical system reform. Contract manufacturing organizations (CMOs) like the Taiyo Group and contract development and manufacturing organizations (CDMOs) find themselves in a challenging environment in which they must stably supply even higher-quality pharmaceuticals while controlling manufacturing costs due to the impact from drug price reduction associated with the curbing of medical expenses.

Under such circumstances, the Taiyo Group will make continuous efforts to secure personnel toward ensuring the compliance with the standards for the manufacturing and quality control of pharmaceuticals and their strict application, and maintain quality assurance systems while providing improved education. At the same time, while seeking to establish a robust business structure less affected by environmental factors, we will aim to provide new pharmaceuticals meeting the needs of medical institutions and patients.

#### Masao Arima

Chief Business Development Officer (CBDO) of the Medical & Pharmaceutical Company, and Representative Director and President of Taiyo Pharma Co., Ltd.



## Frontline Report Entering the Business of Manufacturing Regenerative Therapy Products



TAIYO PHARMATECH



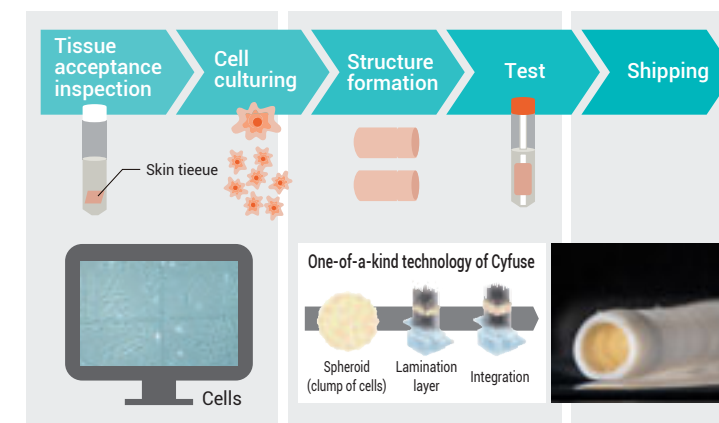
### Aiming to Be a Comprehensive CDMO in the Regenerative Therapy Area

Regenerative therapy is a medical procedure to regenerate tissues or organs of the body suffering a functional disorder or malfunction, aiming to restore the functions of such tissues or organs fundamentally. More specifically, in this medical treatment, cells provided by a patient are cultured to form tissues, with which a part of the body is manufactured, and then, that newly manufactured part is implanted into the patient's body.

The Taiyo Group launched our regenerative therapy project three years ago, and introduced the manufacturing technology for this medical procedure in collaboration with Cyfuse Biomedical K.K., which has a technology platform to produce three-dimensional structures (tissues or organs) only with cells. Presently, we are working to realize business as a CDMO to supply regenerative therapy products by leveraging our advanced GMP management system, performance and extensive experience in aseptic manufacturing. Going forward, we will continue to work on the commercialization of leading-edge medical technologies while taking our technical prowess to the next stage, contributing to the future development of the medical field.

### Manufacturing Process

In the KENZAN process of fabricating bodily tissues such as blood vessels, a bio-3D printer is used to stack clumps of cultured cells called spheroids, which are fused into a KENZAN needle array. Once the construct is formed, it is extracted from the needle array, put through an inspection process, and then shipped.



← Bio 3D printer to form structures

### voICE Aiming to Stably Supply Regenerative Therapy Products That Are Raising Expectations for All Patients

The use of regenerative therapy products is expected to be a new approach to the treatment of illnesses or injuries that are difficult to treat with conventional medicine. Since their market is yet to be developed, and is at the stage of new products starting to appear gradually, we are expecting demand growth in the contract manufacturing business in the future.

Taiyo Pharma Tech is working on structure manufacturing using autologous cells, making adjustments in each manufacturing process according to the cell characteristics of each patient. Since each cell grows in its unique way and has its specific coagulation power, which makes it difficult to conduct manufacturing operations according to a predetermined schedule by using predetermined parameters, we need to adapt to circumstances flexibly. Through repeated trial manufacturing, it has become possible to respond flexibly to various situations, but I still feel we need to continue to accumulate experience to establish this manufacturing technique. From now on, we aim to establish stable manufacturing in order for our company to serve as a hub for the manufacturing of development articles, and contribute to expanding the market of regenerative therapy products.

#### Maho Akimoto

Office of New Business Development and Technology Section, Technology Department, Taiyo Pharma Tech Co., Ltd.





## Growth strategy

# Further Growth of Medical and Pharmaceuticals

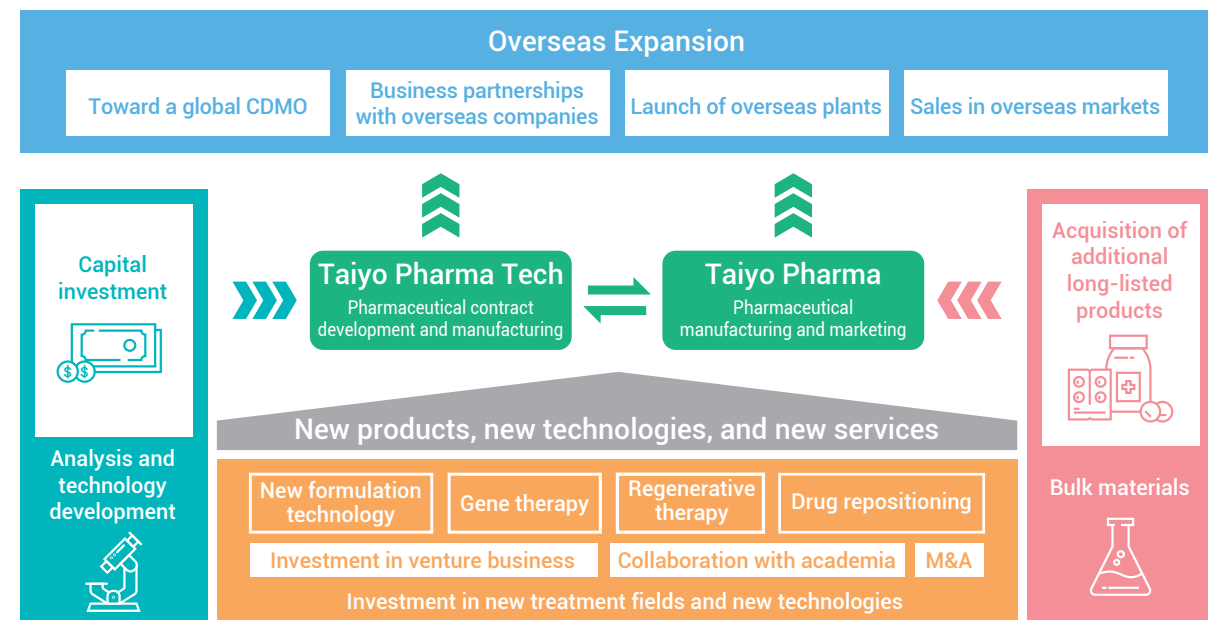
As already stated, contract manufacturing organizations (CMOs) like the Taiyo Group and contract development and manufacturing organizations (CDMOs) find themselves in a challenging situation in which they must balance the suppression of manufacturing costs and stable provision of higher-quality pharmaceuticals due to the impact from drug price reduction associated with the policy of restricting medical expenses.

However, these more rigorous demands from the market caused by quality issues and challenges that the medical and pharmaceutical industry is facing, also can be viewed as an excellent opportunity for the Taiyo Group. For example, the Takatsuki Plant of Taiyo Pharma Tech has been in operation for more than 80 years as a mainstay

plant of Daiichi Sankyo Co., Ltd. Under its advanced good manufacturing practice (GMP) management structure, the plant has the facilities for the stable supply of high-quality ethical drugs and a team of professionals with a wealth of experience and knowledge in pharmaceutical manufacturing. In addition, since Taiyo Pharma Tech has the technologies to supply high-quality products required by markets in a stable manner, the company has the potential to further increase the value of its presence in the industry by refining its technologies.

Moreover, the Taiyo Group's shared strengths include its management speed and skills to communicate beyond the walls of departments, which have been cultivated in the ever-changing electronics industry.

## Vision for the Medical and Pharmaceutical Business



## TOPICS

### Taiyo Pharma developed a half-dose formulation of parkinsonism Madopar® combination tablets, and submits an application for manufacturing and marketing approval for additional dosage form

Taiyo Pharma has developed a half-dose formulation of parkinsonism Madopar® combination tablets (generic name: Levodopa and benserazide hydrochloride), and submitted an application for manufacturing and marketing approval for an additional dosage form. Madopar® combination tablets have been marketed in Japan since 1980; however, in response to a request for the development of this additional half-dose formulation from the Japan Neurological Society and Movement Disorder Society of Japan in order to remedy motor complications such as dyskinesia and wearing-off caused by levodopa dosage adjustment as well as to reduce the burden on healthcare professionals, Taiyo Pharma developed the dosage form and submitted an application for manufacturing and marketing approval.

Taiyo Pharma will continuously work on the R&D of pharmaceuticals responding to the voices from medical settings so that the development of the half-dose formulation of Madopar® combination tablets will contribute to supporting Parkinson's disease patients and medical professionals.



Current Madopar® combination tablets

## Growth Measure 1

### Continuation of contract manufacturing business of ethical pharmaceuticals

Taiyo Pharma Tech engages in the contract manufacturing business of ethical pharmaceuticals. In addition to stably supplying products to existing customers as in the past, Taiyo Pharma Tech is working on co-development and cooperation with manufacturing clients in Japan and overseas, and acquisition of new contract manufacturing deals from them, as well as advancing its effort to develop our company from CMO to CDMO in order to engage in pharmaceutical development. Furthermore, the company will make its entry into the fields of regenerative therapy and gene therapy, which have the potential for future market growth, and work on the commercialization of leading-edge medical technologies while taking its technical prowess to the next stage. Through these efforts, Taiyo Pharma Tech will broaden its medical and pharmaceutical business, and develop a stronger foothold. In the medium- and long-term, the company will work on strengthening domestic plants and expanding its business globally, with growth in the fields of regenerative therapy and gene therapy in mind, aiming to make a further leap forward.

## Growth Measure 2

### Ethical pharmaceuticals stable continuity in the manufacturing and marketing business

Taiyo Pharma, which has become ready to provide 18 long-listed products after completing asset transfer from Chugai Pharmaceutical Co., Ltd., Nippon Boehringer Ingelheim Co., Ltd. and AstraZeneca K.K., continues to provide ethical pharmaceuticals to frontline healthcare professionals reliably and stably. Taiyo Pharma, completing asset transfer from Janssen Pharmaceutica NV in April 2023, will make continuous efforts to acquire long-listed products, while working to realize the provision of new pharmaceutical products.

## Growth Measure 3

### Measures against various pharmaceutical risks including side effects

Manufacture and marketing of pharmaceuticals carry various risks such as product recovery, sales suspension, and compensation liability related to health damage. In addition to ensuring thorough compliance with the Pharmaceutical and Medical Device Act (PMD Act)\* and relevant regulations, Taiyo Pharma will take measures to minimize financial burdens in preparation for events including compensation liability related to health damage by taking out necessary liability insurance.

\* Act on securing quality, efficacy and safety of Products including pharmaceuticals and medical Devices

## Growth Measure 4

### Investment in the Africa Healthcare Fund

The Taiyo Group invested 0.5 million US dollars in the African Healthcare Fund\* in 2020 and 2022, respectively. Through investing in this fund with an excellent investment track record in Africa, the Taiyo Group will build a network with local companies expected to generate synergy in the future and contribute to the solution of social issues and the realization of sustained business.

\* Operated by AAIC Holdings Pte. Ltd.

## TOPICS

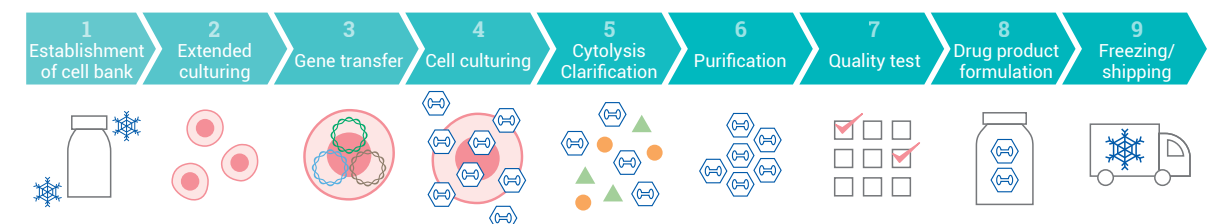
### Completion of the Construction of a Gene Therapy Product Manufacturing Facility of Taiyo Pharma Tech

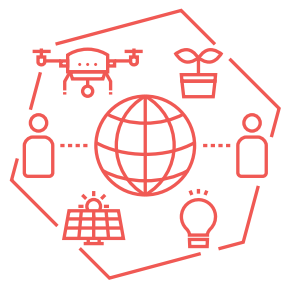
In March 2023, Taiyo Pharma completed the construction of a gene therapeutic agent manufacturing facility within the Takatsuki Plant. This facility complies with domestic and overseas manufacturing and quality control standards (GMP/GCTP), being able to respond to various development scales from small scale prototype manufacturing at an early phase of development to mass manufacturing with a scale of 200 liters.

From now, we will respond to contract manufacturing of viral vector products including adeno-associated viral vectors (AAVs) and other gene therapeutic agents at this facility, and address the domestic and international development and advancement of products for gene therapy from the aspect of manufacturing.



### Manufacturing process

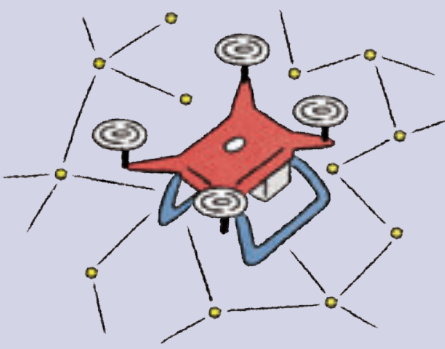




# ICT and Sustainability

The Taiyo Group, which has deepened knowledge in the field of chemistry scientific aspects over a number of years, is addressing the creation and development of a variety of business segments, including ICT, fine chemicals, energy, and food. We will continue to actively address the promotion of sustainability.

## ICT Business



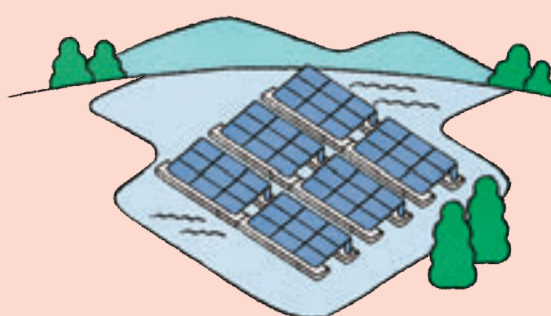
We play a role in renovating ICT infrastructures and constructing new systems for the Taiyo Group and customer companies. Amid a rapidly changing digital society, we are taking on new business challenges such as the development of new digital services contributing to sustainable growth.

## Fine Chemicals Business



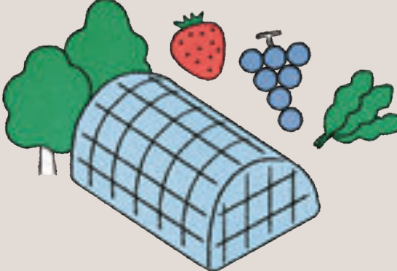
By leveraging our expertise for contract development of synthesized chemicals, and our technologies for dyes, pigments, and pharmaceutical intermediates, we produce and sell high-quality and high-value-added functional materials widely used from textile dyes to IT electronic materials.

## Energy Business



We established Taiyo Green Energy Co., Ltd. in 2014 to spread and promote eco-friendly renewable energy. We are promoting the development of floating solar power plants with the aim of contributing to society by earnestly addressing worldwide environmental issues.

## Food Business

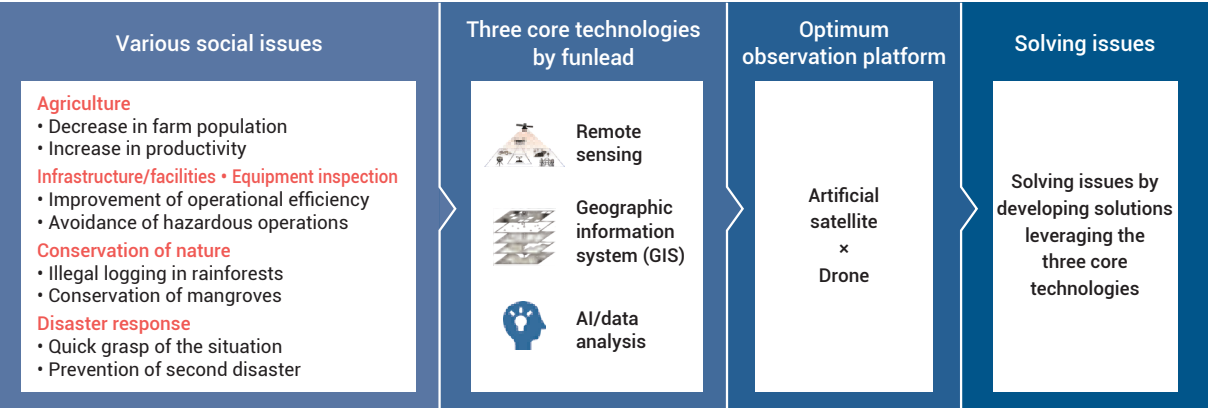


With the aim of establishing agricultural techniques and methods that can be globally developed, we are cultivating baby leaf greens at a fully enclosed plant factory and high-quality strawberries using ICT, as well as frill lettuce by using an environmentally friendly recycling-oriented agricultural technique. In addition, as one solution to future food issues, we are taking on the challenge of researching insect feed and farming edible crickets.

Frontline Report

## Contributing to the Realization of a Sustainable Society with IT Solutions Harnessing Our Core Technologies

Funlead works on various services that propose a new approach of IT to society in the six fields of software development, Infrastructure, RPA, products developed by funlead, data, and space-related service. By utilizing funlead's core technologies, including remote sensing, geographic information system (GIS), AI and data analysis techniques, we aim to provide added values that will lead to the resolution of various social issues contributing to the realization of a sustainable society.



### TOPICS Introduction of funlead's initiatives in solution business utilizing drones

#### 01 Malaysia

##### Initiative to observe growing conditions of palm trees in plantations

Our initiative was adopted as one of the "Demonstration Projects Utilizing MICHIBIKI" (satellite positioning system)\* sponsored by the Japanese Cabinet Office for fiscal 2019; we promoted this project utilizing drones in Japan and Malaysia, in which it was confirmed that 10cm-positioning accuracy necessary for the understanding of growing conditions of palm trees and other plants was achieved.

\* Japan's unique high-precision positioning reinforcement service that can be utilized in the Asia-Oceania region

##### Development of farmland management service

We aim to farmland management services by contributing to increases in productivity by taking a pest control measure for palm trees and other plants.



#### 02 Malaysia

##### Initiative to conserve the mangrove ecosystem

At a mangrove protected area in Sarawak Province with 22% of the mangroves growing in Malaysia, in collaboration with Sunway University and Aerosense Inc., we conducted a technical demonstration to create a map showing the distribution and growth of mangroves (implemented as a project in the International Collaborative Research Program 2021 of the Asia Pacific Telecommunication Union (APT) as well as in ICT Pilot Project 2022).

##### Development of blue carbon business

We will continue to cooperate on efforts toward the restoration and preservation of mangroves with the aim of entering and developing blue carbon business.



#### 03 Vietnam

##### Initiative to inspect electric power cables in the field of infrastructure inspection

Our initiative was adopted as one of the "Demonstration Projects Utilizing MICHIBIKI" for fiscal 2023; we will promote the accurate and efficient inspection of electric power cables in Vietnam by utilizing drones instead of manually checking them as in the past.

##### Development of infrastructure inspection solution business to remedy electricity shortage problems

We will address solutions for Infrastructure inspection in Vietnam with the aim of achieving future business expansion in Southeast Asia.



### Overcoming the Issues Faced by Each Country with the Power of ICT to Realize a Sustainable Society

ASEAN countries have the issues of the shortage of agricultural workers and the graying of society like Japan as well as the streamlining of social Infrastructure maintenance work, in which the utilization of ICT is being actively promoted. In order to cope with such situations, funlead is promoting the provision of a solution that makes maximum use of the advantages of a drone, which allows users to have many options as an observation platform, and those of a satellite, which allows the periodical and long-term observation of a wide area. We also recognize that it is important for those countries to construct an industry-academic-government network like the one built in Malaysia in order to widely develop this solution. We will continue to work to optimize the service by utilizing a drone and a satellite platform for each of those countries to contribute to the realization of a sustainable society.

Koichi Kishi

DX Promotion Group, ICT Solution Department, funlead corp.





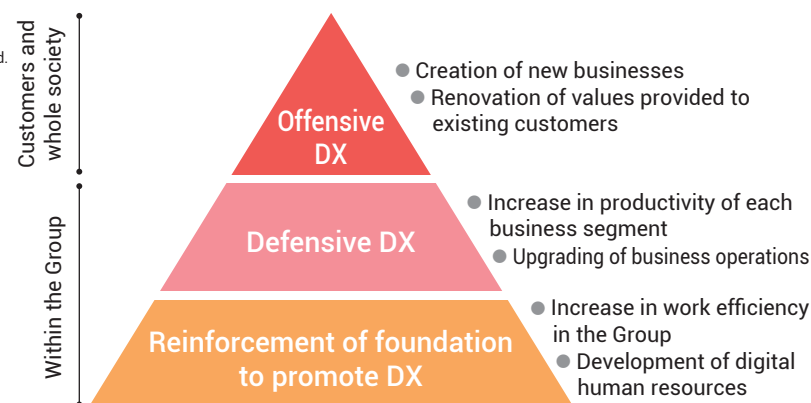
## Growth Strategy

# Taking on a Challenge of Creating New Businesses with DX

Taiyo Holdings, setting "advance and evolve through digital transformation" and "create new businesses" as basic policies in our long-term management plan, divides the roles to be played by DX into three areas of the reinforcement of the foundation to promote DX, Defensive DX and Offensive DX to promote DX strategies. The Taiyo Group is developing various businesses including ICT, fine chemicals, energy and food, in addition to the Electronics business and the Medical and Pharmaceuticals business. In our effort to reinforce the foundation to promote DX, we are making efforts to strengthen functions such as personnel management, accounting, and legal affairs, as a basis for these businesses with digitalization to streamline and upgrade the Group management as well as to develop digital human resources working as driving force to promote DX. For Defensive DX, we are working to improve the productivity of each business and upgrade operations with digital technologies. In addition, we will create new businesses for Offensive DX by utilizing digital technologies based on our accumulated data and experiences.



**Terumichi Tawara**  
Taiyo Holdings Co., Ltd.  
Managing Executive  
Officer CDO



## Human Resources Development Toward Promoting DX Strategies

To advance Defensive DX and the reinforcement of the foundation to promote DX that will lead to Offensive DX, it is absolutely imperative to secure active personnel who make people on the line engaging in business involved, view DX as their own matter and create new systems. We value a series of communications to understand the challenges faced by people advancing a project, to visualize the future realized by DX and share information with the related business department.

As part of the in-house digital human resources development program, we have also launched the activity to provide training to young staff about the utilization of business intelligence (BI) tools and queries\*, which we are going to accelerate aiming at realizing "data-democratization."

At the same time, we direct our efforts to convey the values of DX and our awareness to the management and people advancing projects, and make conscious efforts to raise awareness of DX, such as by holding DX study meetings for employees in the management layer including executive officers and higher.

\* A query refers to a statement sent to a database. By utilizing a query, it becomes possible to draw out information from a database and store information in a database.

## Offensive DX That Turns the Solving of Our Own Problems into the Creation of New Businesses

The Taiyo Group is promoting Offensive DX, creating new businesses through external sales of problem-solving systems that we developed to improve our own internal environment by dealing with various business challenges with funlead corp. At the same time, we aim to increase customer satisfaction by renovating values provided to existing customers through digital technologies.

At Medical and Pharmaceuticals, one of our mainstay businesses, it is necessary to formulate materials in conformity with rules and regulations, which requires us to manage an enormous quantity of complex data that is frequently updated. It is also necessary to standardize variations in obtained knowledge and information among employees from experienced staff to young staff. Partly driven by the fact that this is a challenge that not only the Taiyo Group but also our competitors are facing, we developed STiV, a system that facilitates access to appropriate knowledge by utilizing AI, and started to use this system for the operation of the Group and sell it to other companies through funlead. We exhibited STiV at the 25th Interphex Japan held in July 2023, where we received favorable responses from many customers.

We will reinforce our Offensive DX by promoting Defensive DX with commercialization in mind in order to create new businesses.

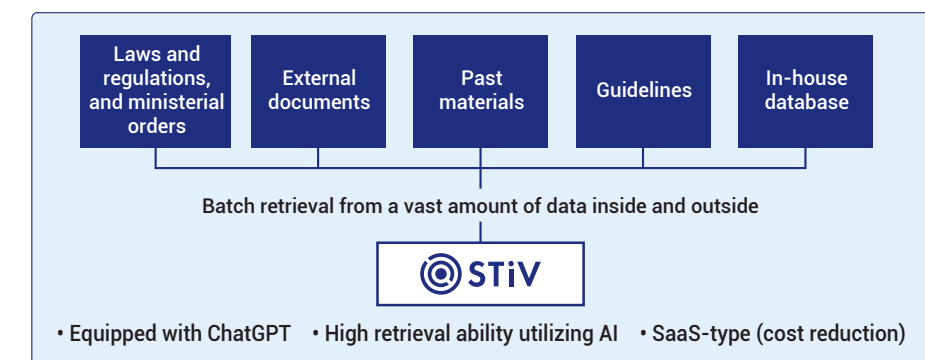
## Offensive DX

**"STiV", SaaS-type AI knowledge management system equipped with ChatGPT to solve challenges related to quality assurance, R&D and pharmaceutical affairs**



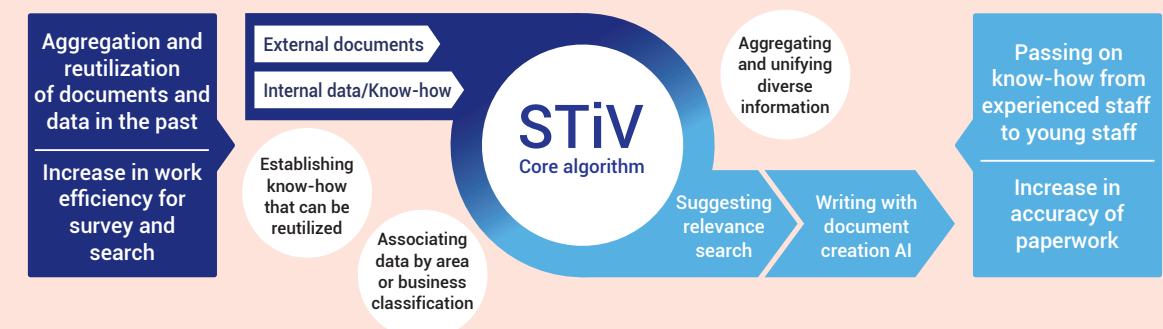
STiV provides service to realize the improvement of work efficiency with suggestions from AI, to solve problems in quality assurance and pharmaceutical affairs in the pharmaceutical industry arising from the complexity of management of a vast amount of data on laws and regulations and related documents as well as implicit knowledge that is likely to be owned by limited employees. Since it achieves enterprise search specialized in the industry that allows seamless search by associating a lot of data that each company possesses in-house with vast amount of external data on laws and regulations and related documents of the pharmaceutical industry, STiV can provide powerful information searching ability optimized for the utilization of knowledge on quality assurance and pharmaceutical affairs. We plan to offer this service beyond the pharmaceutical industry.

\*1 The term STiV represents "Share and Transform into Value." Two patents applied for.



## Concept of STiV

The utilization of AI facilitates the management of vast amounts of data on service-related pharmaceutical affairs and manufacturing-process auditing services, as well as the transfer of implicit knowledge.



## Features of STiV

### 01 Greatly reducing data acquisition time

It can automatically collect vast amounts of data from external documents, in-house data, and ministerial orders to guidelines, and compile them into a database for search.

### 02 Improving operating efficiency with its excellent search feature

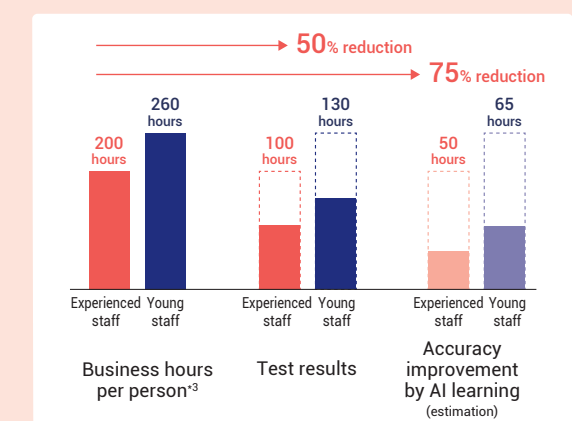
Since the AI algorithm can connect vast amounts of data and correspond to ambiguous retrieval<sup>\*2</sup> (similarity searching), it's possible to reach pinpoint information.

\*2 A retrieval function to return information similar to search keywords as search results

### 03 Facilitating knowledge sharing in-house

Regardless of the length of experience engaged in service-related pharmaceutical affairs or quality assurance operations, even young staff can produce good results in minimal time.

## Work reduction effect generated by STiV



\*3 Only information collecting tasks involved



# Efforts Toward Achieving SDGs Practice

## by the Taiyo Group

Since its founding, the Taiyo Group has collaborated with global community and continuously engaged in various efforts to achieve sustainable development of society and the earth's environment through business activities. At the root of this is our management philosophy of achieving "a cheerful society" by further advancing every technology in our Group and by creating a wide range of innovative products to fulfill the dreams of the world. Since this philosophy and these values are compatible with the aims of the Sustainable Development Goals (SDGs), we have set forth strengthening efforts toward SDGs as one of the basic policies in our long-term management plan "Beyond Imagination 2030" implementing positive activities.



### 01 Our Nucleus and Management Philosophy

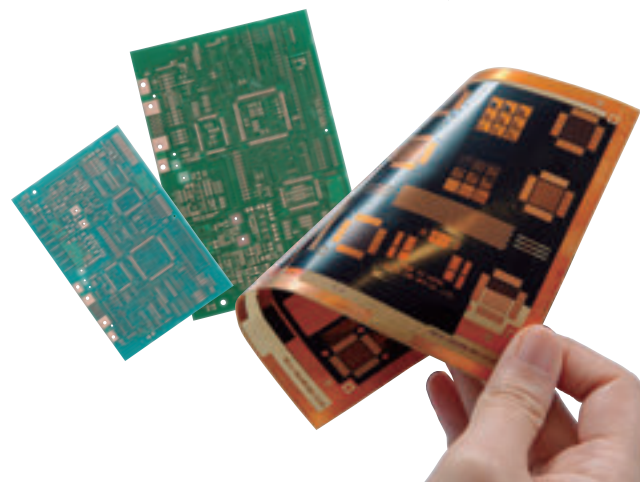


## Stable Supply and Technological Innovation

As we continue advancing every technology in order to achieve "a cheerful society," the Taiyo Group promotes resilient infrastructure development and comprehensive and sustainable industrialization, all while striving to create innovation.

Through developing and manufacturing high-value-added chemicals for electronic components, we contribute to the technological innovation in electronics.

In addition to manufacturing, steadily supplying, and selling the drugs that are critical to meet society's needs, we are building a manufacturing base for new domains such as regenerative therapy and gene therapy.



### 02 What We Achieve through Our Business



## Toward the Realization of a Decarbonized Society

To ensure a state of responsible consumption and production, the Taiyo Group has established a total of 15 floating solar power plants nationwide (as of November 2023) that generate clean energy equivalent to the electricity purchased externally to power both our Electronics and Medical and Pharmaceutical businesses in Japan. Taiyo Ink Mfg. has participated in Apple's Supplier Clean Energy Program since 2018.

Floating solar power plants

15 units





02

## What We Achieve through Our Business

2 ZERO HUNGER



# Solving Food Problems Promoting Sustainable Agriculture

To resolve every food problem and promote sustainable agriculture by ensuring a stable food supply, improving nutritional status, preserving and restoring the terrestrial ecosystem, and responding to desertification, we are operating various businesses related to insect farming and plant factories.



Farming protein-rich crickets to develop products for a variety of uses, from foodstuffs to feed for livestock and pets

Cultivation and shipment of baby leaf lettuce and strawberries that do not require large open spaces



Growing lettuce with aquaponics, a recycling-oriented agricultural technique that makes it possible to engage in hydroponic cultivation and aquaculture without discharging water



8 DECENT WORK AND ECONOMIC GROWTH



# Continuous Efforts to Improve the Workplace Environment

In order to realize sustainable economic growth and to create a motivating work environment, we are developing workplaces, including offices and cafeterias, that enhance creativity and contribute to employees' physical and mental well-being. The Taiyo Group will continually strive to improve its work environment.

Igniting employees' creativity in an environment allows them to come in touch with artworks in daily lives toward creating new values



We opened the Taiyo Daycare Center attached to the Ranzan Office to ensure employees can work with peace of mind



We actively recruit cooking staff at Ranzan Shokudo from local people



Contributing to solving food waste problems by utilizing left-over cooking ingredients that were produced for mass merchandisers but not distributed in ordinary routes

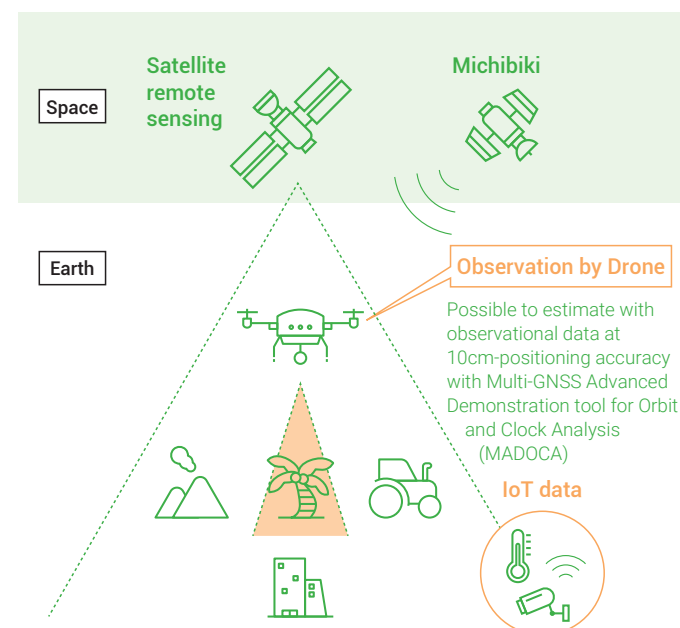






## Development of Information Service for Agriculture and Natural Conservation

The Taiyo Group provides data analysis solutions using satellite data that are useful for agriculture and natural conservation. Following the adoption of the Fiscal 2019 Demonstration Experiment Utilizing MICHIBIKI, an initiative by funlead corp., a member of our Group, launched an initiative contributing to the discovery of pest risks in palm tree plantations in Malaysia. In addition, funlead and Sunway University in Malaysia exchanged memorandums on research collaboration in 2022. They started to implement demonstration experiments for the preservation of mangroves. Moreover, by leveraging these findings, we are working on agriculture and natural conservation and service development for infrastructure inspection.



Utilizing a satellite and drones to realize the construction of high-value-added information services for agriculture, natural conservation, and infrastructure inspection.

### Message from Nozomi Okuhara

#### Interaction with T-LINKS has led to encountering new people.

Every year, I am invited to join various events, which always get me sparked up in special ways. In 2022, I was given an opportunity to talk with elementary school children in Ranzan-Machi. I was allowed to serve as a supervisor for T-LINKS, a welfare facility in Takatsuki City. While serving as the supervisor for T-LINKS, I gave some advice on lighting configuration and air conditioning that badminton players would like. I was very delighted to play badminton with local elementary students at this special facility designed under my supervision at its opening event.

As COVID-19 restrictions have been lifted and it has become possible to hold events off-line, I am looking forward to interacting with many people through badminton, just like when people from the company and I achieved a 100-shot rally at the time I was allowed to belong to Taiyo Holdings. I would like to continue to associate with children who will lead our societies in the future at this great facility and let them know the fun of badminton and the excitement of sports. As an active player, I will continue to tackle the next goal in front of me. I will definitely challenge myself with all my strength on the global stage in Paris, supported by many people who give me strength.



## Partnership

In January 2019, Taiyo Holdings signed an endorsement agreement with badminton player Nozomi Okuhara in women's singles and with skateboarder Yuro Nagahara in men's park skateboarding, starting in January 2023.

### Holding a special class in Ranzan-Machi, Hiki-Gun in Saitama Prefecture

Nozomi Okuhara, a professional badminton player sponsored by our company, held a special class for about 80 students of Ranzan Municipal Shiga Elementary School (Ranzan-Machi, Hiki-Gun in Saitama Prefecture) in September 2022, and conveyed the importance of having dreams and goals and dedicating all their strength toward them. She also took part in Learn with World-Class Athletes! Sports & Disaster Prevention Day, a hands-on learning event held at T-LINKS, Taiyo Pharma Tech's welfare facility, for 64 people including parents and children from nearby elementary schools in November 2022.



### Yuro Nagahara, who wins the Japan Open for two consecutive years

Yuro Nagahara, a skateboarder sponsored by Taiyo Holdings, took first place in the Second Mynavi Skateboard Japan Open supported by Murasaki Sports for consecutive two years.

### Message from Yuro Nagahara

#### I am continuing to take on challenges while "always enjoying myself" in my heart.

Every time I visit the company, people working there smile at me and cheer me up, saying: "Keep up the great work. I'm on your side." This makes me feel uplifted and re-energized, and say to myself: "Great! Let me keep up and practice skating tomorrow, too." When I heard the Taiyo Holdings' brand statement saying: "Happy people create a happy world," I was so impressed. This idea does resonate with me. In skateboarding, you will almost always make mistakes if you try something challenging. However, if you enjoy challenges without being afraid of making mistakes and enjoy skateboarding. In that case, you will eventually pull off an outstanding performance. When I repeatedly make mistakes and feel disheartened, I remember this statement and try to "always enjoy myself."

Going forward, I hope to work on various activities such as skateboarding classes or hands-on activities that bring a smile to people's faces through skateboarding with workers at Taiyo Holdings, which is my favorite thing. I aim to become the first Japanese competitor ranked number one at the men's park event. In the world championship, I will remember to enjoy myself and do my best to stand on a podium.





## Engagement with Stakeholders

### Engagement with Shareholders and Other Investors

#### Proper Information Disclosure and Ensuring of Transparency

Taiyo Holdings conducts expeditious disclosure based on the principles of transparency, fairness and continuity, in line with Japan's Companies Act, Securities and Exchange Act and other relevant laws, as well as the Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security (Rules on Timely Disclosure) stipulated by securities exchanges. Regarding the disclosure of information not required by the Rules on Timely Disclosure, Taiyo Holdings fully respects and observes the need for timely disclosure, and makes every effort to assure full disclosure to investors by appropriate methods.

#### Communication

To provide shareholders and other investors with useful information for investment decisions, we conduct results briefings, and hold explanatory meetings for institutional investors and individual shareholders. We also provide IR information via our website and publish an integrated report. In fiscal 2023, we held a result briefing for institutional investors twice, an explanatory meeting for individual shareholders once, and a business briefing once. In addition, we conduct a total of about 150 individual meetings with institutional investors in Japan and overseas every year.

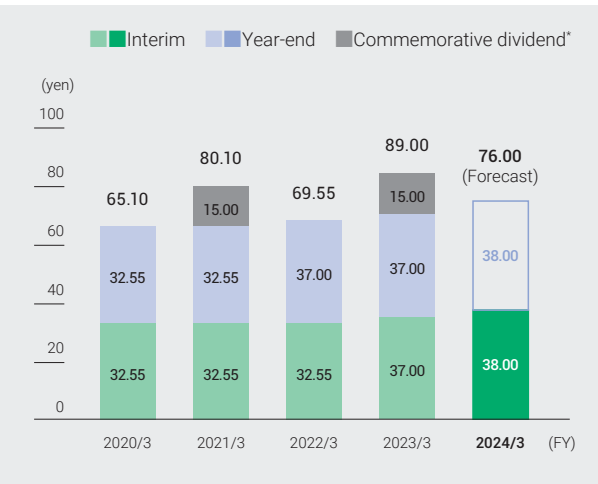
#### Capital Policy and Shareholder Returns

We position cash-based profit returns to shareholders as a core policy and return profits continuously, at a high level. Specifically, our long-term management plan has established a target indicator for dividend on equity (DOE). This calls for maintaining a DOE of 5% or higher. Dividends in fiscal 2023 were set at 89 yen per share, including a commemorative

dividend of 15 yen. By this, a DOE for fiscal 2023 has resulted in 6.0%.

In addition, for fiscal 2024, we plan to distribute an interim dividend of 38 yen per share and a year-end dividend of 38 yen per share, representing a full-year dividend of 76 yen per share.

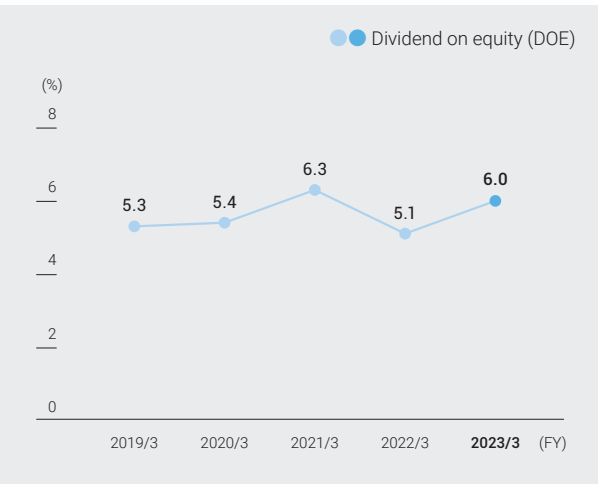
Trends in Dividends per Share



\* 2021/3: Commemorative dividend on the 20th anniversary of being listed on Prime Market of the Tokyo Stock Exchange.

\* 2023/3: Commemorative dividend on the 70th anniversary of the company's establishment.

DOE (Consolidated)



### Engagement with Customers

Taiyo Ink Mfg. applies a quality management system based on ISO 9001:2015, and works on activities for quality assurance, quality control and quality improvement by identifying risks and opportunities as well as internal and external issues based on voices of our customers obtained in a customer satisfaction survey conducted every year and on the Taiyo Group's actual

situation. Going forward, Taiyo Ink Mfg. will strive to provide better-quality products and services not only by taking countermeasures after the occurrence of failures but also by enhancing activities to prevent the occurrence of nonconformity by means of trend management\* and in-process risk management.

\* Trend management: A management and analysis method to collect data on manufacturing and understand quality trends and variability in quality.

### Engagement with Suppliers

The Taiyo Group applies green procurement standards to procure environmentally friendly raw materials prepared with safety and quality stability in mind. To establish and strengthen trusting relationships with suppliers and improve the quality of raw materials and auxiliary materials, we conduct on-site audits on our suppliers. In fiscal 2023, we conducted five audits to confirm and evaluate the operational status of the manufacturing processes, quality and the environmental management system based on the annual audit plan.

Currently, to promote activities aiming to achieve CSR procurement that considers industrial health and safety and human rights, as well as environmental friendliness, safety and quality stability, we are conducting surveys on suppliers using CSR questionnaires; in fiscal 2022, we received responses from 150 companies. Going forward, we will further promote CSR activities in our supply chain by continuing to request responses to CSR questionnaires.

### Engagement with Employees

#### Promoting Work-Life Balance

The Taiyo Group works to maintain a workforce based on the overall group's workforce situation and growth plans. We strive to provide an engaging workplace regardless of nationality, race, gender, or age while also promoting work-life balance by supporting employees' efforts to maintain their family life while engaging in their careers.

#### Systems Supporting the Next Generation

We support work-life balance by offering various systems, including childcare leave and reduced work hours.

The Taiyo Group is strengthening opportunities for both male and female employees to take childcare leave to balance career and child-raising. At the end of March 2023, we achieved a rate of men taking childcare leave of 60%, aiming to achieve 80% by 2028. Our reduced work hour system for childcare accommodates reducing daily work hours to six hours and 30 minutes for employees with children aged three to eight, which covers a more extended period than the legal requirement.

We will continue to promote work-life balance as we strive to provide a comfortable work environment.

#### voICE Utilizing a Support System Led Me to Think about My Working Style

I took childcare leave while my child was six to seven months old. Since I was serving as a leader of several projects, I felt considerable anxiety about taking leave. However, I could make this decision thanks to ample support from my superior and the team members and their positive opinions.

During the childcare leave, I was able to not only see my child growing day by day with my own eyes and deepen our bonds, but also became aware of work and efforts my wife was making that I had not noticed before firsthand, which gave me a good opportunity to think about my career plan considering a balance between work and child-raising. Since our company provides support systems such as a flexible time system that makes it easier to balance child-raising and work, I expect more male employees to take childcare leave.

Kai Osuga

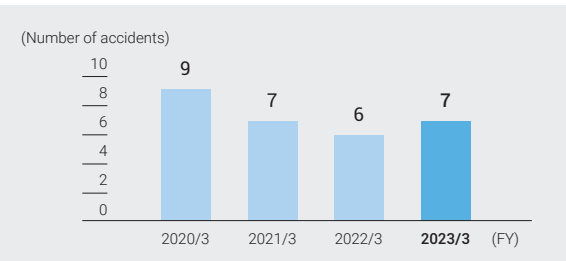
Public Relations and Brand Marketing Section, President's Office, Taiyo Holdings Co., Ltd.



#### Occupational Health and Safety

The Taiyo Group's production bases hold monthly meetings of the Health and Safety Committee and actively work on activities for occupational health and safety by conducting self-defense firefighting and emergency training, and safety and health education, as well as by conducting special medical examinations, and environmental measurements, while working to create a pleasant workplace environment by incorporating the opinions of employees. In addition, we conduct activities to foster safety awareness such as near-miss or close-call prevention training and accident prediction training.

Occupational accidents



\* Tabulation boundary: Taiyo Holdings, Taiyo Ink Mfg., Taiyo Fine Chemicals, and Taiyo Pharma Tech

## Engagement with Stakeholders

### Engagement with Local Communities

#### Cooperation as Blood Drive Supporter

The Taiyo Ink Mfg. main office and Taiyo Pharma Tech support the blood drive measures sponsored by the Ministry of Health, Labour and Welfare (MHLW) by supporting blood drives and encouraging understanding and participation among employees in blood drives. In fiscal 2023, 147 employees participated in blood drives.



#### Collaboration with Takatsuki City

Taiyo Pharma Tech collaborates with Takatsuki City, where its plant is located, and actively works on activities that contribute to local development, disaster prevention and local tourism development.

##### Contributing to local disaster control by collaborating with administrative agencies, etc.

In November 2022, Taiyo Pharma Tech entered into the Agreement on Support for People Having Difficulty in Going Home During Disasters with Takatsuki City aiming to build a community resilient to disasters, and signed the agreement on the Acceptance of Neighborhood Residents During Disasters with residents' associations in the neighborhood. Taiyo Pharma Tech allows T-LINKS, a welfare facility established in the same month and year, to be used as a temporary shelter for people having difficulty in going home and neighborhood residents in the event of a disaster. T-LINKS can accommodate both of them up to 100 people respectively for three days.



##### Determined to Be a Naming Rights Partner of Takatsuki Arts Theatre

Taiyo Pharma Tech was determined to be a naming rights partner of the small hall of Takatsuki Arts Theatre, a cultural facility newly established in Takatsuki City in March 2023, and the room was named Taiyo Pharma Tech Hall.



##### Hosting Plant Tours for People in the Community

Taiyo Pharma Tech hosts plant tours in Open Takatsuki, an interactive engagement event hosted by the City of Takatsuki, the Takatsuki City Tourism Association, and the Takatsuki Chamber of Commerce and Industry.



### Efforts Made in Ranzan-Machi

Through conducting activities leading to the solution of problems faced by Ranzan-Machi, Saitama Prefecture, where one of our office buildings is located, and to the Ranzan-Machi's revitalization, the Taiyo Group aims to grow with the community.

#### Received 2023 Achievement Award from Ranzan-Machi, Hiki-Gun, Saitama Prefecture

We financially supported the public project to improve the prefectural highway (construction of drainage ditch) running in front of the Ranzan Office in the summer of 2022. In recognition of this donation that contributed to agriculture promotion in Ranzan-Machi, we received a certificate of commendation from Mr. Takamitsu Sakuma, the mayor of Ranzan-Machi, at an achievement award ceremony held in July 2023.



#### Children's Cafeteria Near Ranzan Station

The Taiyo Group sponsors a children's cafeteria at Ekimae Ranzan Shokudo, located in front of Musashi-Ranzan Station in Saitama Prefecture. In fiscal 2023, we provided between 50 and 70 takeout bento boxes twice a month. As we have started to serve meals at the restaurant instead of providing takeouts since April 2023, we will continue to provide meals and a place to eat to deliver a fun dining experience for as many children as possible.



### Efforts in Local Beautification Activities

Taiyo Pharma Tech actively participates in beautification activities, aiming to grow with the community as a corporate citizen.

#### Participating in capitalizing the first letter of each word in Takatsuki City

Based on the Ordinance of Takatsuki City to Promote Community Beautification, Takatsuki City has established environmental cleanup days twice a year in spring and autumn, and people in the city carry out cleanup activities on these days. More than 20,000 people participate, including local community members, government workers, and company employees. In the spring, cleanup activities focus on the JR Takatsuki Station area. In contrast, the focus shifts to the city's heritage site corridor in autumn. Taiyo Pharma Tech also participates in these activities with local community members to improve the environment. In the spring of 2023, 60 people, including employees' family members, took part in the cleanup activity.



#### Yodo River and Akuta River Cleanup Big Campaign

We took part in the Yodo River and Akuta River Cleanup Big Campaign, which is part of the event "United Action to Beautify Yodo River System," carried out from January to March 2023. We actively participate in local environmental conservation activities like this.



### Hosting Social Studies Field Trips from Elementary Schools

The Taiyo Ink Mfg. head office hosts social studies field trips from local elementary schools, in which the company shows school children the manufacturing process of solder resist (SR), providing opportunities to spark their interest in chemistry. Taiyo Pharma Tech also welcomes elementary school facility tours and responds to children's interviews. We will continue to take great care in communicating with people in the community including children.



Ranzan Municipal Elementary School



Ranzan Municipal Shichigo Elementary School



Takatsuki Municipal Touen Elementary School



CHAPTER

4

Governance and  
Financial Information

List of Taiyo Holdings Officers (As of December 15, 2023)



Board Directors

01 Eiji Sato  
President and CEO

**Reason for appointment** After becoming a director in 2008 and later serving as Vice President, Mr. Sato assumed the position of President and CEO in 2011. Since then, he has overseen operations, including Group decision-making and the supervision of business execution. As President and CEO, Mr. Sato applies his knowledge and experience in all aspects of operations. He was appointed Chief Executive Officer of Medical & Pharmaceutical Company in May 2022.

02 Hitoshi Saito  
Executive Vice President

**Reason for appointment** Mr. Saito became a director and Senior Managing Executive Officer in 2016 and has supervised the management of Group companies and been involved in important decision-making. Possessing a wealth of marketing knowledge and management experience from time spent overseas, Mr. Saito applies this knowledge and experience to all aspects of operations. He was appointed CEO of the Electronics Company in May 2022.

03 Eiji Takehara  
Board Director

**Reason for appointment** After assuming the position of Managing Executive Officer in 2013, Mr. Takehara became a Director and Senior Managing Executive Officer in 2014. In his role, he has worked to develop and strengthen the domestic Electronics Business. He has also served as a Compliance Officer since 2014. Mr. Takehara applies his knowledge and experience in all aspects of operations.

04 Masao Arima  
Board Director

**Reason for appointment** Mr. Arima has served as President and Representative Director of our Group company since 2017. After assuming the position of Managing Executive Officer of Taiyo Holdings in 2018, Mr. Arima became a Director in 2022 and has been leading the Medical and Pharmaceutical Business. A member of the Group for over 20 years, Mr. Arima applies his abundant knowledge and experience in technology and R&D in all aspects of operations. He was appointed Chief Business Development Officer of Medical & Pharmaceutical Company in May 2022.

05 Tomoyuki Tanaka  
Board Director

**Reason for appointment** Mr. Tanaka applies his abundant knowledge and experience in technology, R&D, sales, and M&A in all aspects of operations.

06 Masayuki Hizume  
Outside Board Director

**Reason for appointment** Mr. Hizume was appointed to apply his expertise, vast experience, and knowledge as a certified public accountant toward operations.

07 Keiko Tsuchiya  
Outside Board Director

**Reason for appointment** Ms. Tsuchiya was appointed to apply her vast experience and knowledge in the human resources field, including her management experience as the director of multiple staffing firms, toward the Human Resources Department and strengthening human resources of our Group.

08 Asako Aoyama  
Outside Board Director

**Reason for appointment** Ms. Aoyama was appointed to apply her expertise as a certified public accountant and vast experience and knowledge in accounting and finance and M&A from her involvement in corporate management and business execution.

09 Yumiko Kamada  
Outside Board Director

**Reason for appointment** Ms. Kamada was appointed to apply her vast experience and knowledge of corporate management and business execution experience in new business development and customer service in a different industry.

Audit & Supervisory Board members

10 Hidenori Sugiura  
Outside Audit & Supervisory Board Member

**Reason for appointment** Mr. Sugiura was appointed to apply his vast knowledge of finance cultivated through his history in the securities and financial industry, and from his experience as a university professor and lecturer as an expert in finance.

11 Kaori Terunuma  
Audit Supervisory Board Member

**Reason for appointment** Ms. Terunuma was appointed for her vast knowledge and career experience in accounting and finance, and her experience as an auditor of an overseas subsidiary of the Company.

12 Ikumi Sato  
Outside Audit & Supervisory Board Member

**Reason for appointment** Ms. Sato was appointed to apply her vast knowledge and experience as a lawyer in corporate legal affairs, IT/intellectual property, and foreign legal affairs.

Skills Matrix

			Expertise and career experience required of board directors and Audit & Supervisory Board members <sup>*2</sup>						
Name	Current position and responsibilities at the Company <sup>*1</sup>		Corporate management and business strategy	Global	Production quality / Research and development	ESG / Sustainability	Human resources management and diversity	Finance and accounting / M&A	Legal affairs and risk management
Eiji Sato	President and CEO		✓				✓	✓	✓
Hitoshi Saito	Executive Vice President		✓	✓	✓	✓			
Eiji Takehara	Board Director				✓	✓	✓		✓
Masao Arima	Board Director		✓		✓	✓	✓		
Tomoyuki Tanaka	Board Director		✓	✓	✓			✓	
Masayuki Hizume	Outside Board Director	Independent	✓					✓	✓
Keiko Tsuchiya	Outside Board Director	Independent		✓		✓	✓		
Asako Aoyama	Outside Board Director	Independent		✓			✓	✓	
Yumiko Kamada	Outside Board Director	Independent	✓			✓	✓		
Hidenori Sugiura	Outside Audit & Supervisory Board Member	Independent				✓		✓	✓
Kaori Terunuma	Audit Supervisory Board Member						✓	✓	✓
Ikumi Sato	Outside Audit & Supervisory Board Member	Independent				✓	✓		✓

<sup>\*1</sup> We have made the appointment as an independent officer in accordance with stipulations of Tokyo Stock Exchange, Inc., and have notified the exchange.

<sup>\*2</sup> [Corporate management and business strategy] Assumes management experience, directorship experience, business strategy, etc.  
[Global] Assumes achievement of and experience in business development with global awareness  
[Production quality / research and development] Assumes knowledge and experience of relevant industry and business  
[ESG/Sustainability] Includes the meaning of activities for environmental and social contribution, community development and sustainable business  
[Human resources management / diversity / M&A] Assumes initiatives concerning development, training and utilization of self-sufficient personnel, management, and diversity (activities for women's advancement, etc.), in response to increasingly diverse organizations and society  
[Finance and accounting / M&A] Assumes knowledge and experience of financial accounting and strategic M&A  
[Legal affairs and risk management] Assumes knowledge and experience of corporate legal affairs and legal risk management

Activities of Outside Directors (Fiscal year ended March 31, 2023)

	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Statements made during meetings of the Board of Directors / Audit & Supervisory Board and overview of duties
Masayuki Hizume	10 meetings (100%)	—	Mr. Hizume actively states his views during Board of Directors meetings particularly regarding investments and risk management, including COVID-19 pandemic measures, based on his specialist knowledge and abundant experience as a certified public accountant. He plays a sufficient role and executes his responsibilities in highly effective supervision of the Company's management. In addition, as a member of the Compensation Advisory Committee, he has participated in all meetings held, taking an objective and neutral standpoint in his role in checks and advisory functions in the process of determining compensation for corporate officers.
Keiko Tsuchiya	9 meetings (90%)	—	Ms. Tsuchiya actively states her views during Board of Directors meetings on matters regarding the enhancement of the human resource department and human capital, particularly regarding establishing HR policies from a global perspective to ensure and utilize diversified talents, based on her abundant experience in the field of human resources. She fully exercises the roles and responsibilities required of an outside director, including supervision of management and advising on general management matters. In addition, as the chair of the Nomination Advisory Committee, she plays a leading role in checks and advisory functions in the process of selecting corporate officer candidates, taking an objective and neutral standpoint.
Asako Aoyama	10 meetings (100%)	—	Ms. Aoyama actively states her views during Board of Directors meetings, particularly regarding investments such as M&A and capital investment and the Group's overall medium- and long-term financial indicators and policies, based on her knowledge and abundant experience as a certified public accountant as well as past experience in corporate management and execution of operations. She plays a sufficient role and executes her responsibilities in highly effective supervision of the Company's management. In addition, as a member of the Compensation Advisory Committee, she has participated in all meetings held, taking an objective and neutral standpoint in her role in checks and advisory functions in the process of determining compensation for corporate officers.
Yumiko Kamada	10 meetings (100%)	—	Ms. Kamada actively states her views during Board of Directors meetings, particularly regarding new business and sustainability, based on her abundant experience in and knowledge of corporate management and business execution in the fields of new business development and client services. She fully exercises the roles and responsibilities required of an outside director, including supervision of management and advising on general management matters. In addition, as a member of the Nomination Advisory Committee, she has participated in all meetings held, taking an objective and neutral standpoint in her role in checks and advisory functions in the process of selecting corporate officer candidates.
Hidenori Sugiura	10 meetings (100%)	11 meetings (100%)	Mr. Sugiura states his views and asks questions as needed to secure the validity and appropriateness of the Board of Directors' decision-making, based on his abundant experience and knowledge in finance. In addition, at meetings of the Audit & Supervisory Board he attends, he discusses the results of audits and deliberates on important matters concerning audits.
Akihito Sakai	10 meetings (100%)	11 meetings (100%)	Mr. Sakai states his views and asks questions as needed to secure the validity and appropriateness of the Board of Directors' decision-making, based on his previous experience in business. In addition, at meetings of the Audit & Supervisory Board he attends, he discusses the results of audits and deliberates on important matters concerning audits.  <small>* He stepped down from the position upon expiration of the term of office at the conclusion of the Company's Ordinary General Meeting of Shareholders held on June 17, 2023.</small>
Ikumi Sato	8 meetings (100%)	8 meetings (100%)	Ms. Sato states her views and asks questions as needed to secure the validity and appropriateness of the Board of Directors' decision-making, based on her expertise and knowledge as an attorney. In addition, at meetings of the Audit & Supervisory Board she attends, she discusses the results of audits and deliberates on important matters concerning audits.  <small>* The Board of Directors and Audit &amp; Supervisory Board have held eight meetings since the Company's Ordinary General Meeting of Shareholders held on June 18, 2022, at which Ms. Ikumi Sato was appointed Outside Audit &amp; Supervisory Board Member.</small>



## Corporate Governance System and Internal Control System

We have established a corporate governance system mainly comprised of a Board of Directors and an Audit & Supervisory Board to ensure corporate transparency, fulfill our accountability, and enable sound corporate operations.

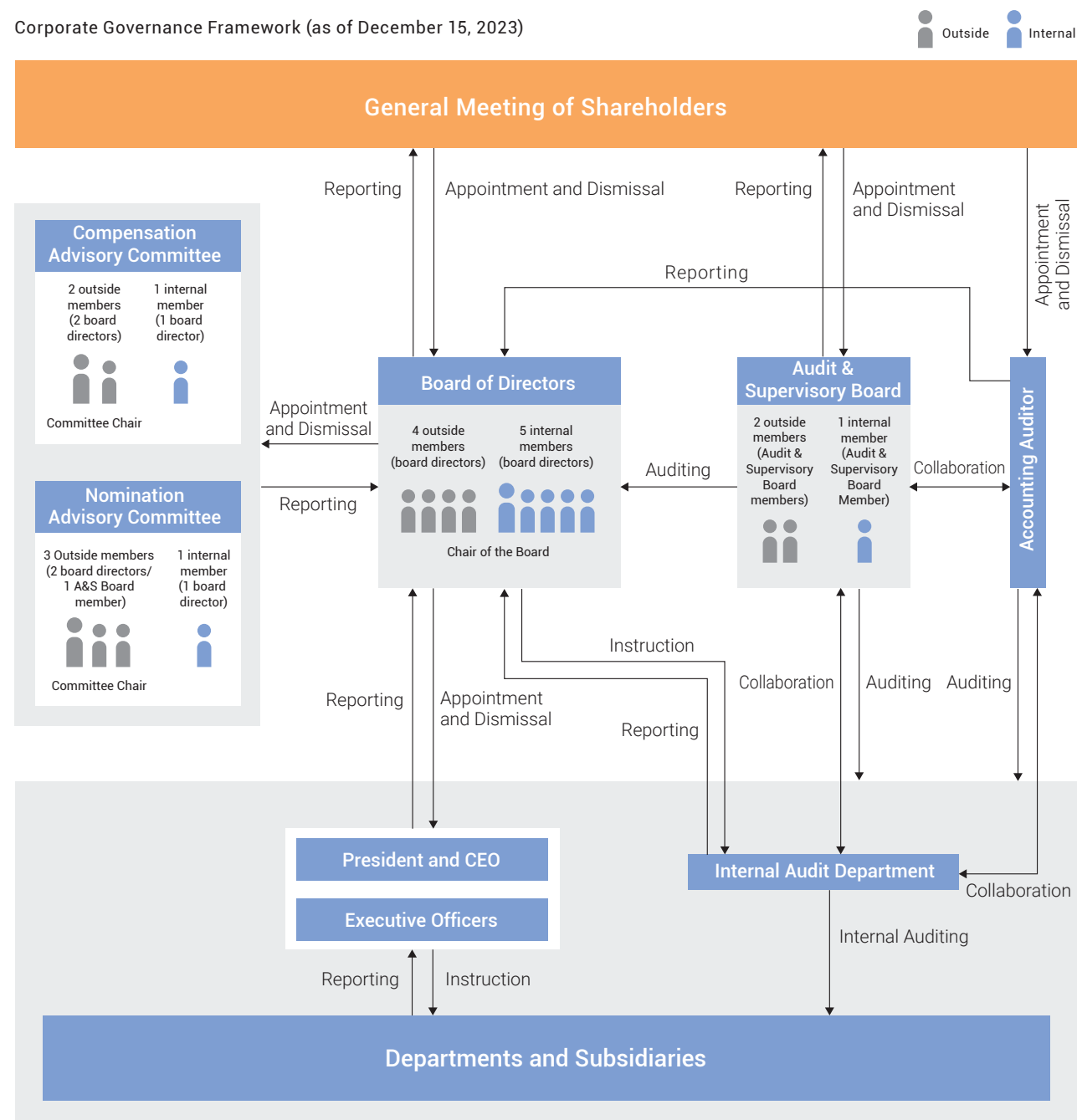
The Board of Directors discusses and resolves all important matters and monitors business execution conducted by the President and CEO.

In order to further optimize the Board of Directors and accelerate business execution, we have also adopted an executive officer system that has executive officers with the authority necessary for swift decision-making. The Board of Directors deliberates on and resolves the election of executive officers based on each candidate's career and other qualifications. Conditions for dismissal are stipulated in relevant regulations and similarly deliberated on and resolved by the Board of Directors.

Furthermore, we have established a voluntary Compensation Advisory Committee as an advisory body to the Board of Directors and the Audit & Supervisory Board and a voluntary Nomination and Advisory Committee as an advisory body to the Board of Directors.

The Board of Directors has stipulated a basic policy on the development of an internal control system for appropriate corporate management and has put into place and operates a system based on this policy. The development and operation of this system are evaluated as needed by the Audit & Supervisory Board. Problems brought to light based on the results are addressed, and appropriate improvements are made to operations.

Corporate Governance Framework (as of December 15, 2023)



## Compensation Advisory Committee and Nomination Advisory Committee

We have established the Compensation Advisory Committee to secure the reasonableness and objectivity of the policy for determining compensation of Audit & Supervisory Board members as well as to secure the reasonableness, objectivity, transparency, and effectiveness of compensation paid to directors and executive officers. The committee deliberates on these, and the results are reported to the Board of Directors and the Audit & Supervisory Board.

In addition, we have established the Nomination Advisory

Committee to ensure objectivity and transparency regarding the appointment of directors and Audit & Supervisory Board members. The results of the committee's deliberations are reported to the Board of Directors.

A majority of the members of both the Compensation Advisory Committee and Nomination Advisory Committee are independent outside directors, and the chairs are also selected from independent outside directors, thereby ensuring the independence of both committees.

Compensation Advisory Committee and Nomination Advisory Committee Members (as of December 15, 2023)

	Board Director		Outside Board Director				Outside Audit & Supervisory Board Member (Attorney)
Name	Eiji Sato	Eiji Takehara	Masayuki Hizume	Keiko Tsuchiya	Asako Aoyama	Yumiko Kamada	Ikumi Sato
Compensation Advisory Committee	○		○		◎		
Nomination Advisory Committee		○		◎		○	○

Note: Ⓒ indicates committee chair, and ○ indicates a committee member.

## Approach to Board Diversity

For the supervision of business execution and to facilitate important decision-making, the Board of Directors should be composed of directors with advanced skills along with diverse knowledge and experience beyond just industries or specialized fields relevant to the Company. In addition, outside directors require advanced specialist knowledge, abundant experience outside the Company, and independence.

Based on this thinking, the Board of Directors is currently well-balanced in nature and composed of nine directors, namely, four executive directors, four independent outside directors, and one non-executive director. Furthermore, at the 76th Ordinary General Meeting of Shareholders held on June 18, 2022, two female Audit & Supervisory Board members were appointed, bringing the Company's female representation on the Board of Directors to 41.7% (5 of the 12 members).

## Evaluation of Effectiveness of Board of Directors

The Taiyo Group conducts analysis and evaluation to assess the effectiveness of the Board of Directors. Assessments are based on evaluations provided by each director and help promote continuous improvement to the operations, composition, and structure of the Board of Directors by identifying issues and points of improvement.

### Method of Evaluating Board Effectiveness and Summary of Results

Analysis and evaluation method	<ul style="list-style-type: none"> <li>● Questionnaires are distributed to all directors. Responses received from all directors are used to conduct an effectiveness evaluation of the Board of Directors and identify issues.</li> <li>● Based on evaluation results, the Board of Directors holds deliberations regarding ways to improve its functionality.</li> </ul>
Fiscal 2023 questionnaire content	1) Structure of the Board of Directors      2) Management of the Board of Directors 3) Agendas of the Board of Directors      4) Structure supporting the Board of Directors
Evaluation results	<ul style="list-style-type: none"> <li>● The Board of Directors is evaluated as operating efficiently.</li> <li>● Confirmed improvements to the time required for prior review by each director and opportunities to present additional information to officers, including outside directors, since the Board effectiveness evaluation conducted during the fiscal year ended March 31, 2021.</li> </ul>
Progress on issues and future action	<ul style="list-style-type: none"> <li>● Continually evaluate the scope of agendas presented to the Board of Directors</li> <li>● Clarify the supervisory and executive structure concerning corporate governance</li> <li>● Continue to work on the following issues to further heighten effectiveness:               <ul style="list-style-type: none"> <li>(1) Ensure diversity in the composition of the Board of Directors and maintain an appropriate number and ratio of outside directors.</li> <li>(2) Continue discussions from a long-term perspective regarding management planning, management resource allocation, and succession planning for the representative director.</li> </ul> </li> </ul>

Board Director Compensation System

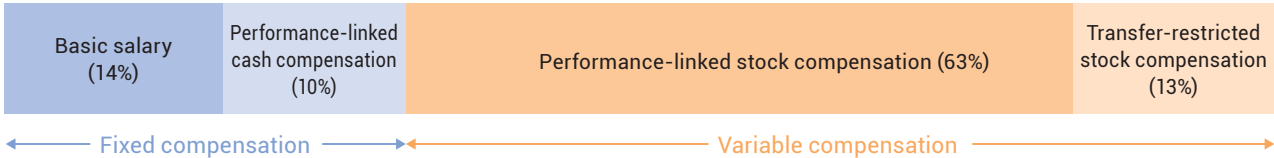
Composition of Compensation

The compensation system for executive directors aims to provide motivation toward improving medium- to long-term corporate value by establishing a plan for short-term, medium-term, and long-term incentives, thus acquiring and retaining elite top management personnel. With the goal of further sharing value between executive directors and shareholders, this system is comprised of basic salary compensation and performance-linked cash compensation, as well as a stock compensation plan comprised of transfer-restricted stock and performance-linked stock compensation.

Compensation System for Executive Directors

Total compensation			
Basic salary compensation	Performance-linked cash compensation (short-term incentives)	Stock compensation system	
		Performance-linked stock compensation (medium-term incentives)	Transfer-restricted stock compensation (long-term incentives)
Amount determined based on position is paid.	Profit before income taxes × (1 - most recent three fiscal year average effective tax rate) - most recent three fiscal year average profit margin attributable to non-controlling shareholders) ×1.6% maximum. The total compensation amount is calculated within the scope of the above formula, with amounts allocated according to position and paid in cash.	Profit before income taxes × (1 - most recent three fiscal year average effective tax rate) - most recent three fiscal year average profit margin attributable to non-controlling shareholders) ×3.4% maximum. The total compensation amount is calculated within the scope of the above formula, with amounts allocated according to position and contributed in cash as funds for three-year restricted stock.	As annual compensation for the execution of duties, directors are allotted cash bonus credit and allocated 10-year restricted stock (up to a maximum of 300 million yen per year).

Compensation Structure for the President and CEO (year ended March 31, 2023)



Compensation Determination Process

Decisions on the calculation method, payment timing, distribution, and other matters concerning officer compensation is made by the Board of Directors within a range approved by the General Meeting of Shareholders. As part of the decision-making process, the Compensation Advisory Committee uses the director compensation research data from an outside research agency to conduct an objective comparative analysis of compensation levels. After deliberation on the compensation policy and compensation levels, the committee reports to the Board of Directors, which makes the final decision based on the committee's findings.

Compliance

The Group recognizes that a sound management structure and strong awareness of ethics and compliance with laws and regulations among all employees are critical to living up to the expectations of stakeholders and society as well as achieving long-term growth. The Group established its compliance promotion structure in and, since then, has continued to educate employees on ethical values and foster knowledge of laws and regulations.

Compliance Activities

Whistleblower protection laws have been improving around the world in recent years. In Japan, the Whistleblower Protection Act was amended in June 2022, requiring Japanese companies to improve the effectiveness of their whistleblower systems. The Group has long maintained and operated an internal reporting system in line with legal requirements and is taking the opportunity of the recent amendment to improve its internal reporting system further. The Group is also implementing measures against anti-social forces, including conducting prior investigations and formulating transaction contracts that include clauses against anti-social forces, with the objectives of maintaining and increasing public trust in the Company and promoting

sound business practices. Within our portal site, we have established and are operating a site specializing in compliance to share these kinds of activities broadly among all employees. We distribute educational materials and information and provide training materials related to compliance through this website as we make progress in creating a structure that enables all employees to participate in compliance activities with more familiarity. Our Group will continue to move forward with organizational management that places importance on corporate compliance and business activities that are fair and impartial.

Compliance Training

The Group provides continuous employee compliance training to promote understanding of the risk factors at the individual level with the spirit of compliance with ethics and laws during the course of business activities. During the fiscal year ended March 31, 2023, we carried out training on harassment for 76 managers in addition to our annual compliance training, which we provided to 32 new employees. This training proceeded through discussions between instructors and trainees on the harassment gray zone, in which decisions are difficult, and on being attentive in communications within the company. Afterward, the training received positive reviews, with participants remarking on their changed awareness and their desire to reflect it in their actions.

Meanwhile, recent changes in society stemming from the COVID-19 pandemic and geopolitical risks, in addition to the emergence of innovative technologies like ChatGPT, are bringing about major changes in corporate work styles and business tools. Given these changes, our Group has considered revising compliance training, and plans to employ an e-learning format with an altered educational thematic structure for all employees during the fiscal year ending March 31, 2024. Moving forward, we will work to improve our educational and awareness-raising activities in ways that lead to the practical application of compliance education in our work, leading to better business results and the creation of a motivating work atmosphere.



Anti-Corruption

For our Group, preventing corrupt acts in any form, such as bribery of public officials, receipt of excessive gifts or entertainment, collusion, embezzlement, and breach of trust, is ranked as one of the most important tasks in thorough compliance. We concentrate effort on ensuring a sound management environment by enhancing our internal systems capable of responding appropriately to risks of corruption in order to prevent them before they manifest themselves.

Risk management

Our Group's wide-ranging business fields include electronics, medical and pharmaceuticals, ICT, fine chemicals, energy, and food, and we are also advancing business operations overseas. To accomplish this, we perform risk management for each operational business department in which we identify, analyze, and evaluate the risks that exist at the various stages, from the company-wide level to the business processes level. Information, including progress in the state of risk management at each business department, is reported to the responsible director, and we have built a system by which the appropriate measures are taken promptly. In the event of an emergency, the Company ensures prompt reporting, information sharing, and implementation of countermeasures in accordance with the Risk Management System and Escalation Flow, and if necessary, establishes an Emergency Response Division to minimize damage (loss). For risks reported from each business site, risk items that are expected to seriously impact company management are reported to the Board of Directors for deliberation.

Operating risks

- 1 ..... Risk associated with responses to social issues
- 2 ..... Foreign exchange risk
- 3 ..... Country risk
- 4 ..... Infectious disease risk
- 5 ..... Risk related to the procurement of raw materials
- 6 ..... Tougher price competition with peers
- 7 ..... Bankruptcy of clients
- 8 ..... Technological innovation risk
- 9 ..... Patent risk
- 10 ... Pharmaceutical side effects, etc.
- 11 ... Developments in governments' pharmaceutical administration
- 12 ... Impairment risk
- 13 ... International tax risk including transfer pricing tax systems
- 14 ... Risk associated with securing human resources
- 15 ... Risk associated with information security



## Key Financial and Non-financial Data (Six Years)

Taiyo Holdings Co., Ltd. and Consolidated Subsidiaries (fiscal years ended March 31)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Operating results (Millions of yen)</b>						
Net sales	52,241	59,389	70,627	80,991	97,966	97,338
Cost of sales	27,304	33,043	41,574	46,125	55,099	54,547
Selling, general and administrative expenses	13,599	18,247	19,917	20,922	24,908	26,818
Operating income	11,337	8,099	9,136	13,943	17,958	15,972
Profit attributable to owners of parent	4,856	4,396	3,749	9,529	11,803	11,405
Depreciation	2,284	3,357	5,283	6,994	7,497	7,441
<b>Cash flows (Millions of yen)</b>						
Cash flows from operating activities	8,100	5,907	13,739	16,312	18,308	22,736
Cash flows from investing activities	(24,161)	(5,487)	(45,912)	(11,603)	(11,258)	(13,160)
Cash flows from financing activities	11,319	(12,001)	31,593	19,755	(11,279)	(13,942)
<b>Financial position (end of fiscal year) (Millions of yen)</b>						
Total assets	111,490	105,666	142,192	179,001	189,273	187,263
Total property, plant and equipment	17,923	22,313	44,761	46,348	52,255	60,401
Total liabilities	38,467	35,146	72,668	102,504	103,806	94,523
Non-controlling interests	363	337	301	357	1	3
Total net assets	73,023	70,520	69,523	76,497	85,466	92,739
<b>Stock-related information*1</b>						
Per share information (Yen)						
Basic earnings per share	84.37	76.42	66.01	167.49	209.13	203.71
Dividends per share	80.10	65.10	65.10	80.10	69.55	89.00
Net assets per share	1,261.75	1,238.62	1,217.11	1,348.42	1,522.11	1,663.25
Total number of shares issued (Shares)	57,665,888	57,777,972	57,939,294	57,997,004	58,083,128	58,185,501
<b>Financial indicators</b>						
Operating margin (%)	21.7	13.6	12.9	17.2	18.3	16.4
Return on equity (%)	6.8	6.2	5.4	13.1	14.6	12.8
Equity ratio (%)	65.2	66.4	48.7	42.5	45.2	49.5
Dividend on equity (%)	6.5	5.3	5.4	6.3	5.1	6.0
<b>Non-financial information</b>						
Number of employees (People)	1,268	1,614	1,988	2,067	2,137	2,120
Scope1 CO <sub>2</sub> Emissions (t-CO <sub>2</sub> )*2	2,975	3,037	16,403	16,513	16,224	15,964
Scope2 CO <sub>2</sub> Emissions (t-CO <sub>2</sub> )*2	19,798	19,603	26,760	28,562	33,405	34,041
Waste (t)*3	536	550	591	3,045	2,831	3,071
Water withdrawal at manufacturing bases within the Group (m <sup>3</sup> )	174,647	179,320	1,083,562	967,352	958,762	938,018

\*1 A 2-for-1 stock split was conducted on October 1, 2021. Basic earnings per share and net assets per share are retroactively calculated to the start of fiscal 2018. The dividend per share amounts also reflect the stock split. Series I Class A Shares and Series II Class A Shares possess the same rights as common shares in regard to the right to receive dividends of surplus and the right to receive distribution of residual assets. Accordingly, when calculating net assets per share and basic earnings per share, we include Class A-I and Class A-II shares in the number of outstanding shares at period-end as well as in the average number of outstanding shares during the period. However, the provisions on Series I Class A Shares and Series II Class A Shares were removed with the revisions to the Articles of Incorporation on June 19, 2021.

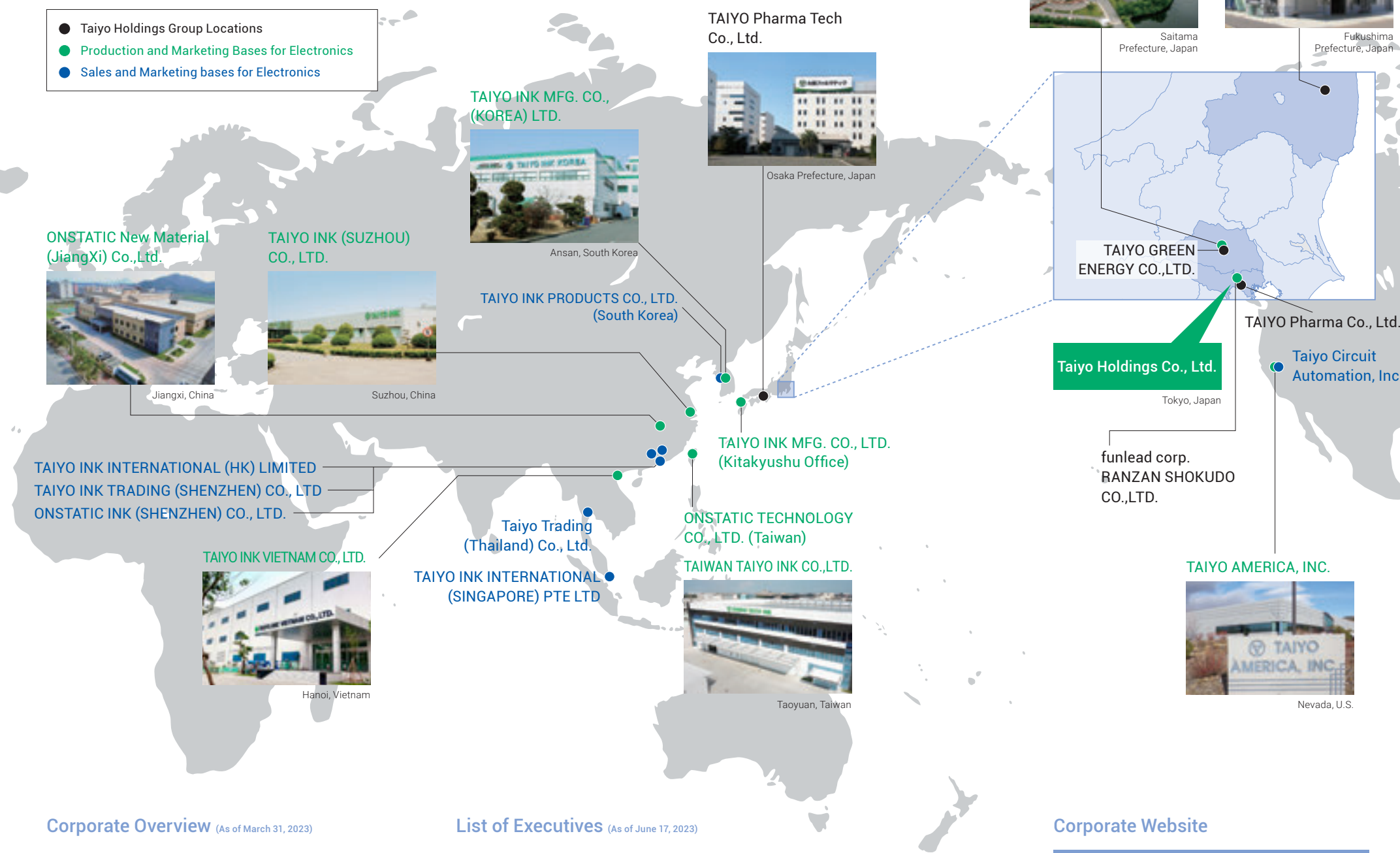
\*2 The scope of data was changed to encompass the entire Group.

\*3 Beginning with the year ended March 31, 2021, the scope of data has been expanded from Taiyo Ink Mfg. Co., Ltd. to encompass domestic manufacturing bases.

## Company Information (As of March 31, 2023)

### List of Group Companies

- Taiyo Holdings Group Locations
- Production and Marketing Bases for Electronics
- Sales and Marketing bases for Electronics



### Corporate Overview (As of March 31, 2023)

Company name	Taiyo Holdings Co., Ltd.
Head office location	16F, Metropolitan Plaza Bldg., 1-11-1 Nishi-Ikebukuro, Toshima-ku, Tokyo 171-0021, Japan
Telephone number	81-3-5953-5200 (main)
Date established	September 29, 1953
Operations	Holdings company, Group management policy creation, and business management
Capital	9,761.47 million yen
Number of employees	Consolidated: 2,120 / Nonconsolidated: 142

### List of Executives (As of June 17, 2023)

President and CEO	Eiji Sato
Executive Vice President	Hitoshi Saito
Board Director	Eiji Takehara
Board Director	Masao Arima
Board Director	Tomoyuki Tanaka
Outside Board Director	Masayuki Hizume
Outside Board Director	Keiko Tsuchiya
Outside Board Director	Asako Aoyama
Outside Board Director	Yumiko Kamada
Outside Audit & Supervisory Board Member	Hidenori Sugiura
Audit & Supervisory Board Member	Kaori Terunuma
Outside Audit & Supervisory Board Member	Ikumi Sato

### TAIYO INK MFG. CO., LTD.



Saitama  
Prefecture, Japan

### TAIYO Fine Chemicals Co., Ltd.



Fukushima  
Prefecture, Japan

### TAIYO Pharma Tech Co., Ltd.



Osaka Prefecture, Japan

### TAIYO INK MFG. CO., (KOREA) LTD.



Ansan, South Korea

### ONSTATIC New Material (JiangXi) Co., Ltd.



Jiangxi, China

### TAIYO INK (SUZHOU) CO., LTD.



Suzhou, China

### TAIYO INK PRODUCTS CO., LTD. (South Korea)



(South Korea)

### TAIYO INK INTERNATIONAL (HK) LIMITED TAIYO INK TRADING (SHENZHEN) CO., LTD ONSTATIC INK (SHENZHEN) CO., LTD.

### Taiyo Trading (Thailand) Co., Ltd.

### TAIYO INK INTERNATIONAL (SINGAPORE) PTE LTD

### TAIYO INK MFG. CO., LTD. (Kitakyushu Office)

### ONSTATIC TECHNOLOGY CO., LTD. (Taiwan)

### TAIWAN TAIYO INK CO., LTD.



Taoyuan, Taiwan

### Taiyo Holdings Co., Ltd.

Tokyo, Japan

### funlead corp. RANZAN SHOKUDO CO., LTD.

### TAIYO Pharma Co., Ltd.

### Taiyo Circuit Automation, Inc.

### TAIYO AMERICA, INC.



Nevada, U.S.

### Corporate Website

<https://www.taiyo-hd.co.jp/en/>

The Taiyo Group proactively engages in the disclosure of a variety of information to shareholders and other investors, including corporate and financial information. For detailed information, please visit the Group's corporate website.



## Stock information (As of March 31, 2023)

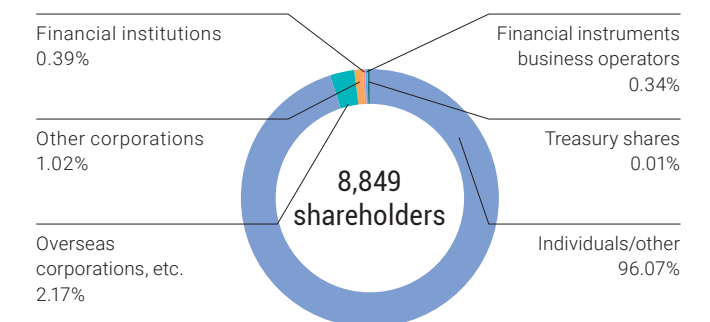
### Status of Stock

Total number of shares authorized	100,000,000
Total number of shares issued	58,185,501
Number of shareholders	8,849
Number of shares in one unit	100

### Major Shareholders

Shareholder name	Shares held (Thousands)	Share ratio (%)
DIC Corporation	11,234	20.10
Kowa Co., Ltd.	5,773	10.33
The Master Trust Bank of Japan, Ltd. (Trust account)	5,442	9.74
Misaki Engagement Master Fund	3,184	5.70
Custody Bank of Japan, Ltd. (Trust account)	3,116	5.58
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation retirement benefit trust account)	2,232	3.99
Shikoku Kasei Holdings Corporation	1,490	2.67
THE BANK OF NEW YORK MELLON 140042	1,248	2.23
Toshin Yushi Co., Ltd.	1,077	1.93
GOVERNMENT OF NORWAY	953	1.71

### Breakdown of Shareholders by Owner



### Breakdown of Shareholdings by Owner

