



The front cover features *Mind Field* by Kris Goto, a Hawaii-based artist who is active internationally.

The piece is based on the concept of a fun world and the people enjoying it. 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.

Goto says the piece portrays a world steeped in ideas to expand people's imagination. The piece is displayed on the 15th floor of the Metropolitan Plaza Building in Tokyo, where our head office is located.



**Happy people
create a happy world.**



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.

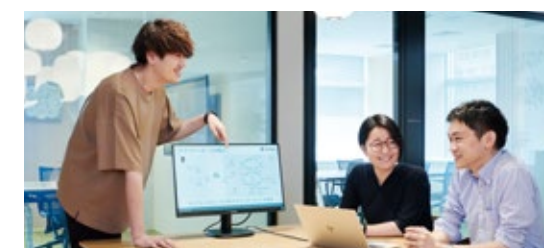


Management Philosophy

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.

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Editorial Policy

This marks Taiyo Group's second integrated report. Our goal is for the integrated report to serve as an important tool for fostering understanding of the Taiyo Group's unique initiatives and business activities aimed at value creation.

This year's report focuses on our development and utilization of self-sufficient personnel capable of thinking and acting independently, in order to foster understanding about the Taiyo Group's uniqueness. 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, 2021 to March 31, 2022 (In some cases this report includes information covering other periods.)

Reporting Boundary

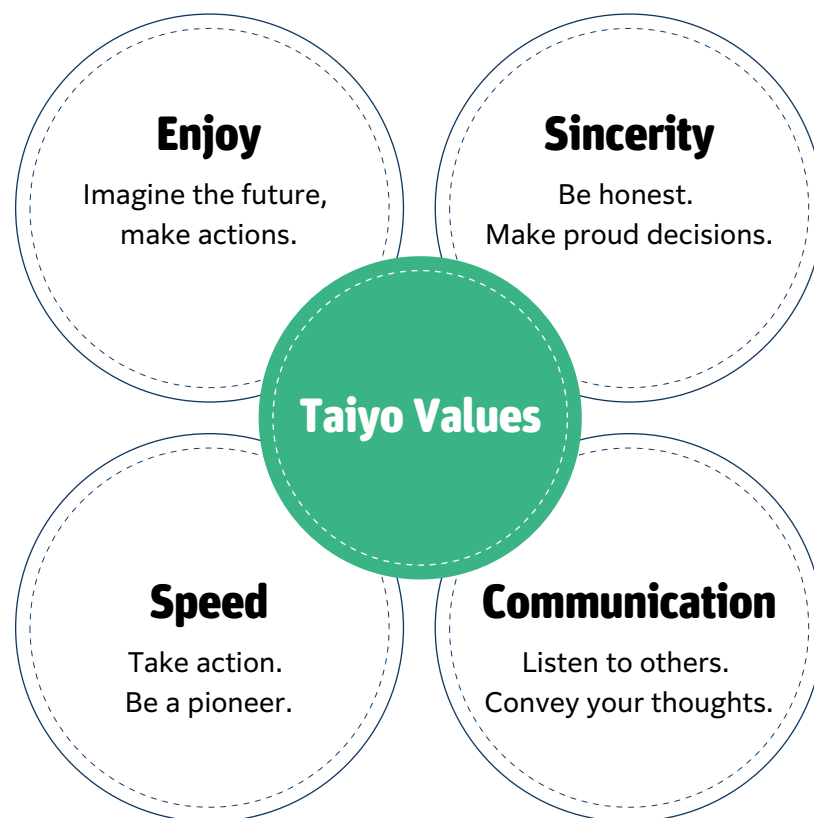
Taiyo Holdings Co., Ltd. and its Group companies in Japan and overseas

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.

Taiyo Group's Values

Each one of us, **as self-sufficient personnel**, cherish our four core values listed below to achieve our management philosophy.



Background

Creating Essential Value in Uncertain Times

We are actively expanding outward from the electronics field into new fields, including medical and pharmaceuticals, based around chemicals to achieve our management philosophy.

Amid the progress of technology and rapid changes brought by globalization in recent years, we require the ability to quickly perceive these changes and create essential value demanded by these changes. To stably grow our businesses going forward, we must have self-sufficient personnel with high aspirations and curiosity that can push forward to create new value yet to be seen.

The Taiyo Group is committed to becoming an organization where these self-sufficient personnel truly enjoy toward the future.

What Does Self-Sufficient Personnel Mean?

Personnel who set their own goals as well as enjoy the process of achieving these goals and creating lasting results

The Taiyo Group recognizes that developing self-sufficient personnel who think and act independently is an important part of its sustained growth.

We are working to create organizations filled with self-sufficient personnel who, for example, can create novel businesses and think up mechanisms for increasing productivity after identifying issues facing our businesses.

Taiyo Group in the Past

History of Value Creation

"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, we are using our technological capabilities and strong business foundation to create value in new fields ranging from medical and pharmaceuticals to food and energy.

Since 1953

Providing world-class solder resist technology for innovation in the electronics industry

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.



1984

Introduction of liquid photo-imageable SR

The company introduced a high-precision liquid photo-imageable (LPI) SR for high-density printed wiring boards (PWBs). 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.



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 November 2022, 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 hydroponics to grow melons. 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 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. The addition in 2019 of Taiyo Pharma Tech Co., Ltd. to provide efficient and reliable contract manufacturing of high-quality pharmaceuticals fully established the Medical and Pharmaceutical Business as the Group's second core business.

2021

Announcement of the long-term management plan

We believe that, amid the immense changes in the business environment from the COVID-19 pandemic, 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.

Net Sales
¥97.9 billion

Net sales

¥**97.9** billion

We have established a revenue base that enables continuous growth, as exemplified by our increased revenue for the past five years straight.

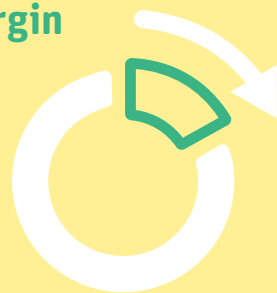


Operating margin

We outperformed the manufacturing sector's average operating margin of 3.4%* by a wide margin.

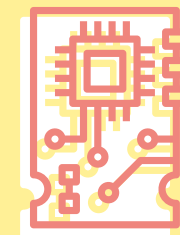
18.3%

* Source: 2021 Basic Survey of Japanese Business Structure and Activities (FY2020 results) by the Ministry of Economy, Trade and Industry



Solder resist (SR) global market share

No. 1



We are responsible for 57%* of the SR market worldwide.

* 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)

Group employees

2,137

We have 1,191 employees in Japan, meaning more than 40% of our employees are based at our overseas locations.



Taiyo Group Today

Results on a consolidated basis as of March 31, 2022

The Taiyo Group in Numbers

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 pharmaceutical domain as a second growth pillar, as well as in the food and energy domains.

We are building on our steady management base to create new businesses and achieve continuous growth.

Ratio of overseas sales



66.9%

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.

Return on equity

14.6%

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

This index indicates how much a company returns to shareholders in the form of dividends. Our long-term management plan sets a target of maintaining dividends of 5% or higher.

5.1%

Corporate history

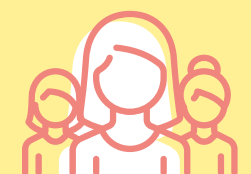
69 years



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.

Ratio of female employees

32%



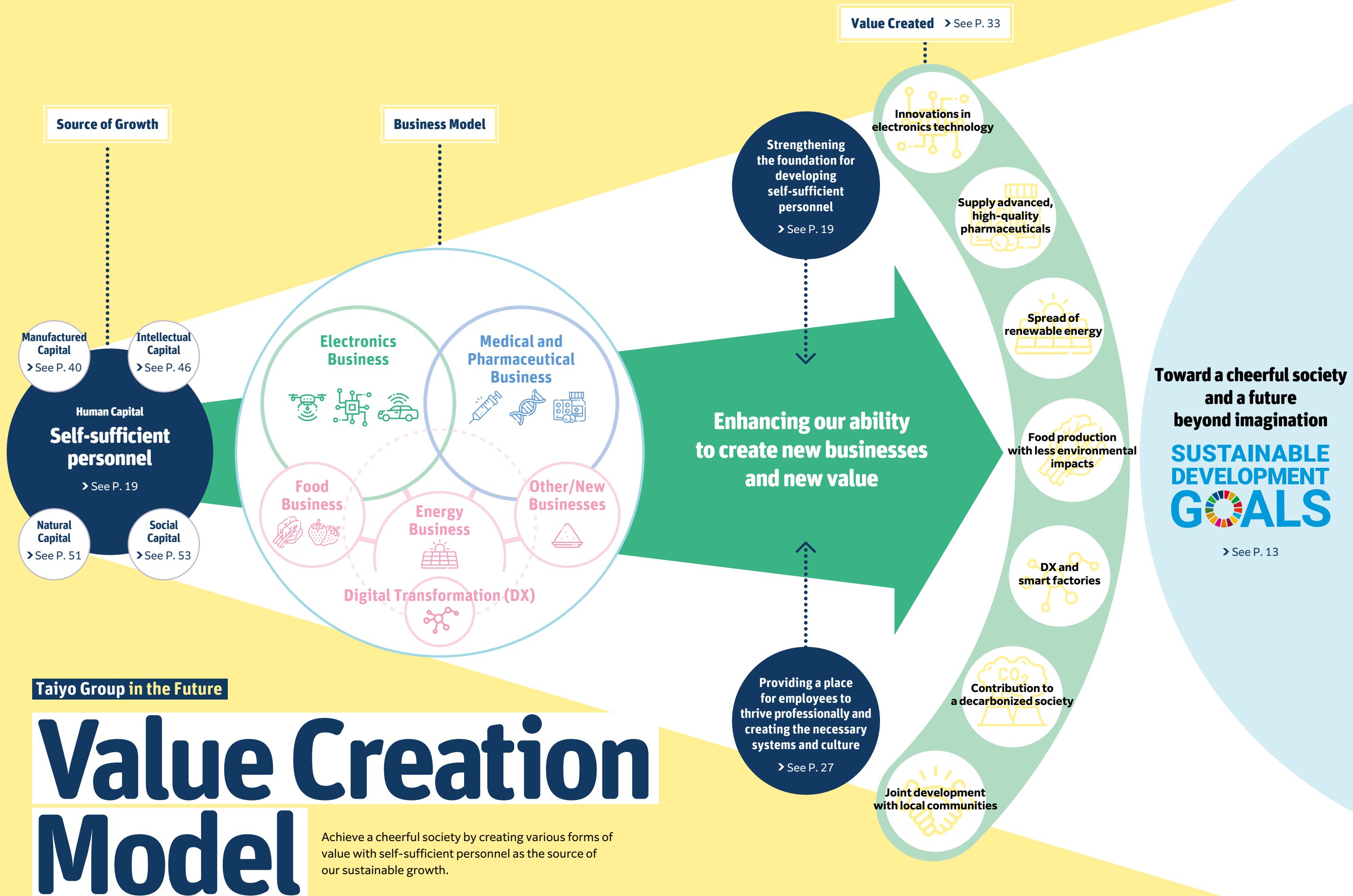
The Group as a whole employs 1,599 men and 736 women (including temporary workers).

Renewable energy ratio

Fifteen floating solar power facilities (which are designed to generate 26 GWh a year) enable us to produce renewable energy equivalent to the electricity purchased externally to power the Group's Electronic Materials and Medical and Pharmaceutical businesses in Japan (as of November 2022).



100%





SUSTAINABLE DEVELOPMENT GOALS

Our Nucleus and Management Philosophy

What We Want to Achieve through Our Business

What We Want to Contribute as a Company

Feature Our Efforts to Achieve SDGs

Since its founding, the Taiyo Group has collaborated with global society and continuously engaged in a variety of efforts to achieve the sustainable development of society and the environment through its business activities.

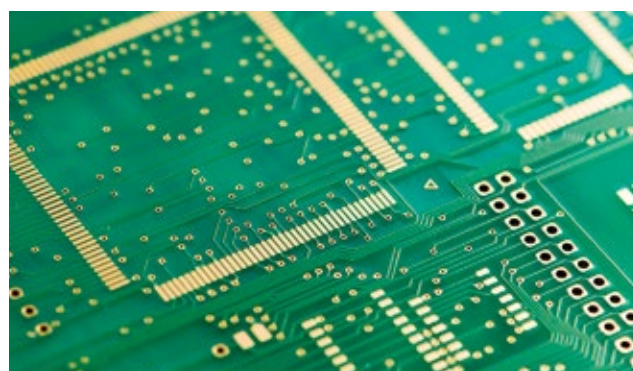
At the base of that is our management philosophy of achieving "a cheerful society" by further advancing every technology in our Group and by creating a wide range of innovative products to fulfill the dreams of the world. Since this philosophy and these values are compatible with the aims of the Sustainable Development Goals (SDGs), we will continue to proactively engage in diverse activities that facilitate their fulfillment.

Our Nucleus and Management Philosophy



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.

Technological Innovation



By developing and manufacturing high-value-added chemicals for electronic components, we contribute to the technological innovation of 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.

Drugs Critical to Society



What We Want to Achieve through Our Business



Through efforts such as insect farming and plant factories, the Group is working to overcome food scarcity, with the aim of ensuring steady food access and improved nutritional status and promoting sustainable agriculture.



We have begun farming crickets, which are rich in protein, and are developing products for a variety of uses, from foodstuffs to feed for livestock and pets.

Sustainable Agriculture



The Taiyo Group is working proactively to develop eco-friendly floating solar power plants, thereby advancing the spread and use of renewable energy.



To ensure a state of sustainable consumption and production, we are working to carry out production using floating solar power plants and other renewable energy and to reduce waste by improving product packaging, among other measures.

Taiyo Holdings has established a total of 15 floating solar power plants nationwide that generate clean energy equivalent to the electricity purchased externally to power both our Electronics and Medical and Pharmaceutical businesses in Japan. Also, Taiyo Ink Mfg. has participated in Apple's Supplier Clean Energy Program since 2018.



Renewable Energy

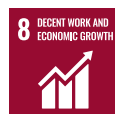
Contributing to People's Well-Being

We engage in the manufacturing and sales as well as the contract manufacturing of therapeutic pharmaceuticals. We are also investing in healthcare-related fields in Africa and putting Japanese technology and expertise to use in efforts worldwide to solve social problems and realize sustained business.

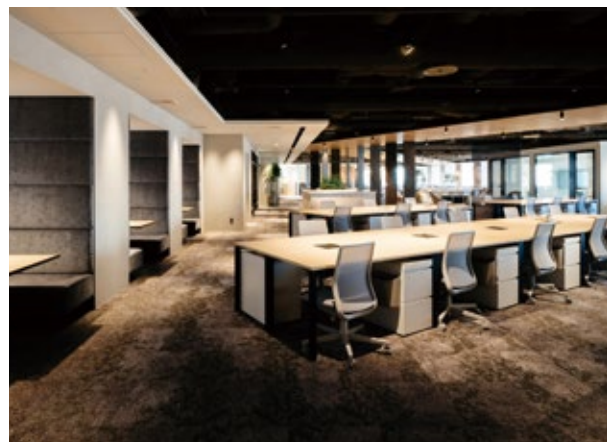


The Taiyo Group is contributing to people's health through the manufacturing and sales of pharmaceuticals, with the aim of ensuring healthy lifestyles and promoting the welfare of all people.

What We Want to Achieve through Our Business



The Taiyo Group is constantly striving to improve its workplace environment, in order to realize sustainable economic growth and to create a motivating work atmosphere.



We are developing workplaces, including offices and cafeterias, that increase creativity and contribute to employees' physical and mental well-being.



Continuous Efforts to Improve the Workplace Environment



We are producing a variety of agricultural products at our plant factories to help with efforts to preserve and recover terrestrial ecosystems, to sustainably manage forests, and to address desertification.



Our plant factories grow produce that does not require large, open spaces, such as baby leaf lettuce, strawberries, and melons. They also engage in hydroponic cultivation and onshore aquaculture.



Resolving Food Issues and Protecting Ecosystems

What We Want to Contribute as a Company



The Taiyo Group operates a children's cafeteria called Kodomo Shokudo in Ranzan, Saitama Prefecture, where one of our office buildings is located. During the COVID-19 pandemic, this cafeteria provided takeout meals.



The Taiyo Group operates a children's cafeteria at Ekimae Ranzan Shokudo, located in front of Musashi-Ranzan Station in Saitama Prefecture.



The Taiyo Group aims to facilitate inclusive, equitable, and high-quality education and to promote opportunities for lifelong learning. To this end, we welcome educational field trips to our plants, and have donated large screen monitors and other items to educational institutions.



The Taiyo Ink Mfg. Co., Ltd. head office hosts visits by social studies classes from local elementary and junior high schools.



The Group strives to create a workplace environment where each of our diverse personnel can maximize their individual qualities and talents.



We hold the Co-creation Initiative for the Future as a way for the entire Taiyo Group to elevate the quality of relationships, thinking and actions within its organizations.

Working with Local Communities



The Taiyo Group has signed a comprehensive partnership agreement with Ranzan, Saitama Prefecture, in addition to providing support for COVID-19 prevention measures, and we also signed an agreement with Takatsuki, Osaka Prefecture, to take in people who are unable to return home in times of disaster.



We made a donation to the City of Takatsuki to support its countermeasures against COVID-19.



In addition to providing data analysis solutions using satellite data to benefit agriculture and other fields, we have also concluded an endorsement deal with professional badminton player Nozomi Okuhara as part of our efforts to realize an enjoyable society.



Using the Michibiki satellite positioning system, we are working to develop high-value-added information services, particularly in the agricultural and infrastructure sectors.



Taiyo Holdings has been party to an endorsement agreement with professional badminton player Nozomi Okuhara since January 2019.

Long-Term Management Concept and Basic Policy

The world is changing rapidly, and we are entering uncertain and complex times.

Even in this unpredictable business environment, our goals remains unchanged.

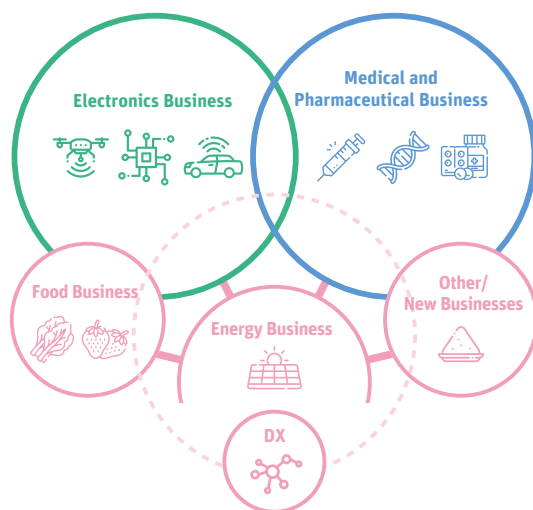
Our management philosophy is to realize “a cheerful society,” and we continue to direct our business activities for that ultimate objective, which is embodied in our Beyond Imagination 2030 long-term management plan.

With the advances in technology, heightened concern about the global environment, and the stepped up efforts of governments, companies, and people to address social issues, the future in 2030 will certainly be very different than anything we have imagined.

The Taiyo Group’s ambition is to realize “a cheerful society” and a world that is “beyond imagination” by creating a wide range of innovative products to fulfill the dreams of the world.

To accomplish our management philosophy, we set the following seven basic strategies in our long-term management plan.

Long-Term Management Plan Beyond Imagination 2030



Management Targets for Fiscal 2031

ROE 18%
(Return on equity)

DOE 5% or higher
(Dividend on equity)

Basic Strategies

- Basic Strategy 1** Develop and activate self-sufficient personnel who are capable of acting independently, and who respond to diversifying organizations and society
- Basic Strategy 2** Achieve continuous growth and explore new business areas in the Electronics Business
- Basic Strategy 3** Grow the Medical and Pharmaceutical Business further
- Basic Strategy 4** Advance and evolve through digital transformation
- Basic Strategy 5** Create new businesses
- Basic Strategy 6** Execute strategic M&A
- Basic Strategy 7** Strengthen efforts toward the Sustainable Development Goals (SDGs)

Fiscal 2022 Business Summary

Global economic conditions remained very challenging in the fiscal year ended March 31, 2022, and the way forward is anything but clear with the ongoing COVID-19 pandemic that started in January 2020 and the conflict between Russia and Ukraine.

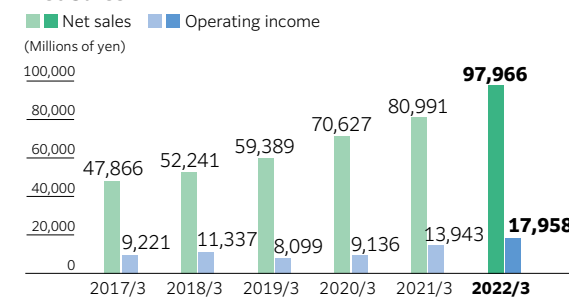
During the year, the Electronics Business boosted sales by introducing new display components with rigid board materials. Sales of semiconductor package board materials were strong, supported by growing global demand for semiconductors amid increasing capital investment in data center and infrastructure, including 5G mobile communication systems.

In the Medical and Pharmaceutical Business, the contract development and manufacturing

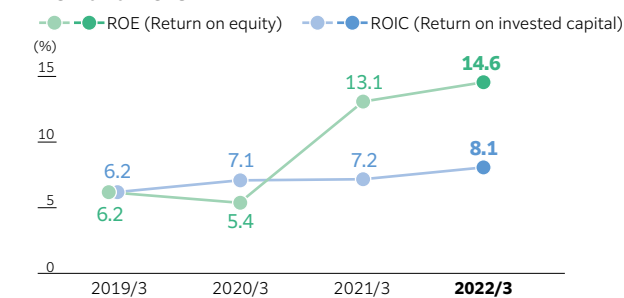
organization (CDMO) business recorded sluggish sales, partly owing to lower order volume for some products during the pandemic and changes to customer production plans. The pharmaceutical manufacturing and marketing business overcame the impact from revisions to official drug prices to post solid results. Boosting the result were completion of the manufacture and marketing rights transfer for long-listed AstraZeneca products as well as rival firms suspending production of some generic drugs.

As a result, we recorded year-on-year increases in net sales, operating income, ordinary income, and profit attributable to owners of parent and generated momentum toward a new stage in our growth.

Net Sales



ROE and ROIC



Capital Policy and Shareholder Returns

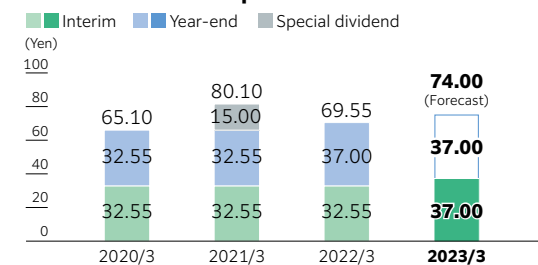
We position cash-based profit returns to shareholders as a core policy, and return profits to shareholders in a continuous, stable, and high-level manner. Specifically, we have established a target indicator for dividend on equity (DOE) in our long-term management plan, which calls for maintaining DOE of 5% or higher based on a consolidated basis.

Dividends in fiscal 2022 were set at 69.55 yen per share. (The Company executed a 2-for-1 stock split of common stock on October 1, 2021. Without the stock split, the dividend amount for fiscal 2022 would have been 139.10 yen per share.) For fiscal 2023, management plans to distribute an interim dividend of 37.00 yen per share and a year-end dividend of 37.00 yen per share, representing a full-year dividend

of 74.00 yen per share, an increase of 4.45 yen from the previous fiscal year.

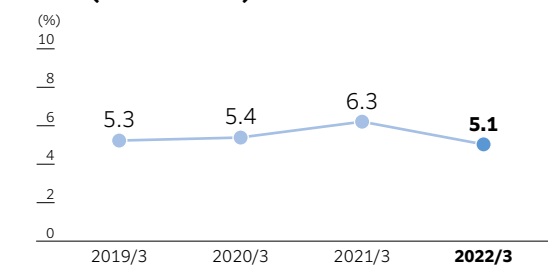
Our basic policy is to provide shareholders and investors with useful information for investment decisions by conducting investor relations (IR) activities with accuracy, fairness, and promptness. Specific IR activities include providing IR information via our website, issuing an integrated report (formerly an annual report), conducting financial results briefings for analysts and institutional investors, holding individual meetings with institutional investors, and holding corporate information sessions for individual investors. We also provide English versions of our IR documents for overseas investors.

Trends in Dividends per Share



Note: We executed a 2-for-1 stock split of our common stock on October 1, 2021. The figures in the graph are retroactively adjusted to the start of fiscal 2020.

DOE (Consolidated)



Self-Sufficient Personnel and the Future of the Taiyo Group

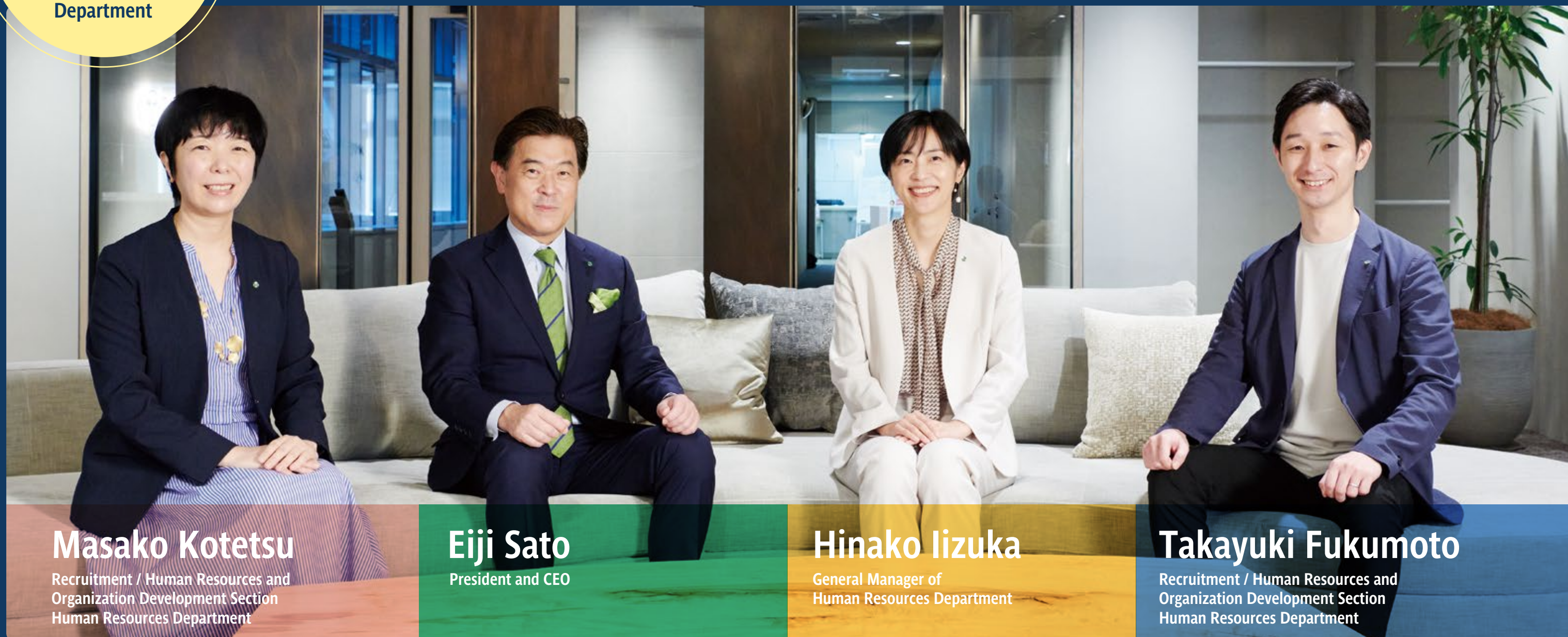
Roundtable Discussion

President and CEO



Human Resources
Department

The Taiyo Group set developing and activating self-sufficient personnel as a basic strategy of Beyond Imagination 2030. The CEO and Human Resources Department members discussed the plan's objectives and the Group's vision for the future.



Masako Kotetsu

Recruitment / Human Resources and
Organization Development Section
Human Resources Department

Eiji Sato

President and CEO

Hinako Iizuka

General Manager of
Human Resources Department

Takayuki Fukumoto

Recruitment / Human Resources and
Organization Development Section
Human Resources Department

Note: Positions are as of the date of the Roundtable Discussion (August 31, 2022).



Eiji Sato

President and CEO

Mr. Sato joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu Limited) after graduating from university. He established a consulting company and subsequently served as a director and managing director of Usen Corp. (currently Usen Corporation), and vice president of Gaga Communications Inc. (currently Gaga Corporation). After accepting a position as director of Taiyo Ink Mfg. Co., Ltd. (currently Taiyo Holdings Co., Ltd.) in 2008, he became a full-time director, executive vice president, and in 2011 was appointed President and CEO.

“Self-sufficient personnel are people who set their own goals and enjoy the process of working toward the goals and generating results.”

The first item of the basic strategies in the Beyond Imagination 2030 long-term management plan is to “develop and activate self-sufficient personnel who are capable of acting independently, and who respond to diversifying organizations and society.” What do you plan to achieve with this strategy?

Sato Beyond Imagination 2030 is our 10-year long-term plan. When we ask ourselves, in the next 10 years “what is our highest management issue?” and “what should be the No. 1 thing that we invest in?” the answer is undoubtedly cultivating our employees and investing in our people. That is why the first basic strategy is to develop and activate self-sufficient personnel.

Iizuka You have been describing self-sufficient personnel as the ideal type of human resources for some time.

Sato When I became CEO, our sales were on the decline. One of the reasons for this was that our organizational structure forced employees to wait for instructions from management. I felt it was critical to develop human resources who were autonomous and motivated to create new businesses. Of course, discipline is necessary for an

organization, but if employees cannot think and act on their own, the organization will become rigid and unable to flexibly respond to changing conditions. Plus, no one likes just blindly following instructions.

Fukumoto That’s true. Having a part in shaping your job makes doing the work more enjoyable.

Sato Whether a person enjoys doing their work or not is evident in the results, and when all employees are adding in small efforts and creativity, it adds up to a big difference. At the Taiyo Group, self-sufficient personnel means people who set their own goals and enjoy the process of working toward the goals and generating results. Our aim is to be an organization full of self-sufficient personnel so we can continuously produce new value for the Group.

What steps are being taken to develop and activate self-sufficient personnel?

Sato Whether a person becomes self-sufficient is ultimately up to them. But the first step is to provide an environment where each person can be self-sufficient in their work. To that end, management pledged to employees that we were committed to three things—work motivation, workplace environment, and fair evaluations and

compensation. Neither one has priority over the other, we are focusing and creating a healthy balance of all three.

Iizuka I believe how a person approaches their work greatly influences their motivation. To help employees develop that mindset, we are providing employees various opportunities for self-reflection, for

thinking about their work, and to find ways to give meaning to their work. We also seek to hire highly self-motivated personnel from the recruitment stage. Major career opportunities are also provided by appointing motivated employees and even young staff to posts overseas or to serve as project leaders.

Sato At the same time, improving the workplace environment and providing fair evaluations and compensation are management’s responsibility. We are continuing to work in these areas and committed to fulfilling our responsibility.

Fukumoto The first workplace environment reforms were implemented at the Ranzan Office in 2014. I well remember enjoying a delicious meal made from carefully selected ingredients in the renovated cafeteria, which had a warm atmosphere from the wood interior.

Sato The meals in the cafeteria are getting better all the time, aren’t they?

Iizuka There’s such variety of daily and weekly options on the menu that you never get bored. There’s even different types and flavors of bread. Employees can even request new items. Employees are dining together more often in the cafeteria, which has improved communication within the Company as well. We used the Ranzan Office as the model and now have seven employee cafeterias across Japan.

Kotetsu Another Taiyo characteristic is the works of art we have displayed in our offices.

Sato The works of art are there because we want employees to imagine how much effort

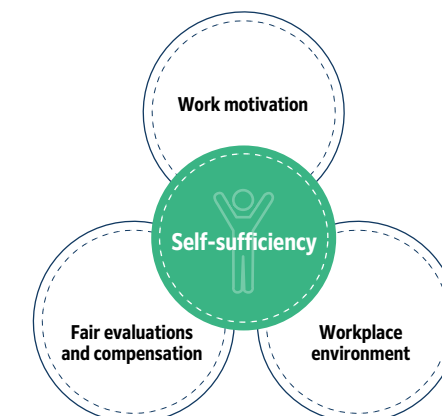
an artist must exert to become a first-class professional and then reflect on how they can approach their own work. I believe that being self-sufficient also means being a professional, and art lets you feel professionalism in your immediate surroundings.

Iizuka The message to employees is that management wants them to aim to be true professionals.

Kotetsu Our latest step to improve the workplace environment was to build a fully functional, professional-level online broadcasting studio on the 13th floor of the Head Office.

Sato In today’s online society, a stable and reliable internet connection is essential for communications. The new studio has upgraded its transmission environment with high-performance cameras and high-speed lines. Recently, there have been virtually zero connection disruptions, even for live broadcasts for external users.

Fukumoto We’ve also taken some important steps to ensure we provide fair evaluations and compensation.



We are professionals at what we do, like top artists and athletes.



“I believe that when there is a large enough number of people inside and outside the Group who want to work with our company or our people, our management philosophy will come into real focus.”

Hinako Iizuka

General Manager of Human Resources Department

Ms. Iizuka joined Recruit Co., Ltd. after graduating from university. She worked in product planning and marketing, then transferred to human resources where she was involved in operations related to personnel systems and medium- and long-term human resource development. She joined Taiyo Holdings Co., Ltd. in July 2018 and has served as General Manager of Human Resources Department since April 2019. She was subsequently appointed Director of Taiyo Ink Mfg. Co., Ltd. in June 2021, Director of Taiyo Ink (Suzhou) Co., Ltd. in April 2022, and Director of Taiyo Pharma Co., Ltd. in October 2022.





Masako Kotetsu

Recruitment / Human Resources and Organization Development Section
Human Resources Department

Ms. Kotetsu joined PwC Consulting (currently IBM Japan) after graduating from university. She provided consulting in human resource areas encompassing everything from system design to change management for system introductions. She later joined Coach A Co., Ltd., where she engaged in a wide range of personnel and human resource activities during the company's growth phase, including launching personnel functions and establishing overseas bases. She joined Taiyo Holdings Co., Ltd. in 2021 and currently serves as Manager of the Human Resource Planning Section. She is advancing various projects including leading Group human resources departments in organizational development measures centered on the Co-creation Initiative for the Future.

“Even before joining the Company, I had wanted to find a position where I could help create the corporate culture, so I am looking forward to helping instill the Taiyo Values.”

Sato When we expounded our policy to start moving into various new businesses, we also significantly raised the average salary level. We did this to attract outstanding human resources and so our employees would recognize themselves as first-class professionals. We also revised our evaluation system to put more emphasis on the effort that is put into achieving targets.

Iizuka Also, when you say “fair evaluation” of an employee, you mean considering not only the evaluation by the Company, but also by families and local communities.

Sato That’s right. Offering competitive salaries is important, but so is how society perceives and evaluates our business and company. To be positively viewed by society, we need to actively provide information to raise awareness of the Company. We also need to continuously contribute to society to maintain our strong relationships of trust with local communities. Raising the

Company’s reputation where we do work will naturally also raise the reputation of our employees as well.

Kotetsu One way we are doing that is with the daycare center at the Ranzan Office, which accepts children of both employees and local families, and the children’s cafeteria at the Ekimae Ranzan Shokudo, with a special low-priced menu for local children. After they saw the Taiyo TV commercials and learned about our sponsorship of professional badminton player Nozomi Okuhara, I’ve had several friends and relatives say to me, “that’s the company that you work for now.”

Fukumoto I feel proud about myself and the Company when family and friends say they support our activities and when people in the local communities say they appreciate what we do. That makes me want to put more energy into my work.

What led up to the announcement in October 2021 of the Taiyo Values, and what is the objective of clarifying the values?

Sato Our management philosophy is “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.” To accelerate the fulfillment of our management philosophy, we also have the basic strategy in the long-term management plan of “developing and activating self-sufficient

personnel” to maximize the potential of every Group employee. This does not mean that a person can do whatever they want as long as it follows our philosophy. We created the Taiyo Values to link together employee knowledge and experience into a common Group value system.

Iizuka The Company’s growth in recent years has been accompanied by a growing

number of new recruits and a wider diversity of employees. At a small organization, employees naturally share their values with each other as they conduct their daily activities, but that becomes difficult for organizations like ours that have widely dispersed offices and engage in a wide variety of businesses. I believe we have to make a conscious effort to share the Taiyo characteristics that Taiyo Ink Mfg. has created through its history. We first started considering the Taiyo Values at the training camp held for upper management in September 2019, where we talked about what we have valued in the past, and what will be important to us in the future.

Fukumoto That being said, the top-down process of management setting the values and seeking to instill them in the Company is different from self-sufficiency. We were careful to have the executive managers and employees set the values together and to have each person determine and embody their values their own way in their workplace.

For each session, we selected 20 employees so we would have a balanced representation of companies, positions, ages, and sexes. We then held Group Dialogues about what we have valued in the past and what will be important to us in the future. We planned to have people from all of the Group companies in Japan participate, but we ended

up not being able to because the spread of COVID-19 caused us to suspend the initiative. We ultimately held 12 sessions with a total of 250 people who contributed numerous ideas and insight for forming the values. However, it was the first time for many of the people to meet each other, and they may have been reserved about expressing their full opinions. At first, many people were reluctant to share their personal values and thoughts. We were aware of that, so took special care to present the dialogue in a manner that would encourage discussion and respect the feelings of the participants.

Iizuka Each session had a different atmosphere because different people were participating each time. It was particularly challenging to pick out the common words and key concepts from the huge amount of input we received. The words themselves often had overlapping meanings, but they showed that everyone basically had similar ideas. However, a single word might mean one thing to one person and something else to another, and we took much thought to pin down the shared essence behind the words.

Sato We created the framework for the values at Management Dialogue Session, where we discussed the words and happenings at the Group Dialogue meetings. It was a huge task to consolidate the consensus of hundreds of employees into a

I was impressed by the satisfied expressions on the faces of the people coming back from the Group Dialogues.



A project leader’s perspective on self-sufficient personnel

Interview with an Employee

Self-sufficiency is essential to survive in the fast-moving display industry.

Self-sufficient personnel need to always be conscious of how their own goals harmonize with an organization’s greater objectives. For example, when developing a new product for displays, we first need to share the organizational strategy and targets, which is how we will utilize our strengths and broaden the market. This makes it easier for the members to set goals for their individual jobs. Self-sufficiency is essential to survive in the fast-moving display industry. To catch up and move ahead of the rapidly changing industry, superiors and team members are continuously communicating, and we will develop as many self-sufficient personnel to create high-impact products.



Tadahiko Hanada

Project Leader
Display Material Project
Taiyo Holdings Co., Ltd.

few words and concepts.

lizuka Yes, it was. It was good to be able to discuss in depth with the management team about the thoughts and feelings that employees have accumulated in the course of our work.

Kotetsu That's how the Taiyo Values were formed. I was not involved in the process because the values were already mostly finalized when I joined the Company. But I had wanted to find a position where I could help create the corporate culture, so I am looking forward to helping instill the Taiyo Values.

lizuka The Taiyo Values will only have meaning if each and every employee thinks about the values themselves, embraces them, and puts them into practice in their daily work. The Human Resources Department must do everything it can to support employees to do that.

Kotetsu After the Taiyo Values were set, we then appointed Value Leaders at each worksite to incorporate the values in the best way for their circumstances. To help with this, the Human Resources Department distributed cards to all worksites with questions to encourage employees to think about and practice the Taiyo Values during their daily activities. We also provide the study and review worksheets for implementing the values when managing worksite activities.

lizuka We also created an online community for the Value Leaders where they can provide regular updates about each site's activities. This allows us to share the status of the Company's overall progress and learn about the various activities at other sites, which the leaders can reference for initiatives at their own sites.

How will the Taiyo Group transform into an "organization with abundant self-sufficient personnel" in order to fulfill its management philosophy? What are the specific goals and challenges?

Sato If we on the management team were to talk about a challenge or a goal, employees would naturally start focusing only on the ones we mention, which can hinder them from thinking and acting on their own. I believe that each employee should think and make their own decisions

about challenges and goals and that the executive managers and supervisors should devote themselves to supporting the employees' self-sufficient activities. If I must name a challenge, I would say that we need to diligently implement the three commitments I mentioned earlier.

“ Every year, we examine and implement measures based on what we need to do now to lead us toward what we want the Group to be in the future and based on the status of the Company and our employees and the social conditions. ”

Takayuki Fukumoto

Recruitment / Human Resources and Organization Development Section
Human Resources Department

Mr. Fukumoto served on the Ranzan Town Board of Education, where he engaged in social education service, such as training youth leaders and creating safe places for underprivileged children. He later joined the Kuniaki Horie Tax Accountant Office (currently Triple Win Tax Accountant Corporation), where he was in charge of corporate financial and tax reporting and tax audit support. Since joining Taiyo Holdings Co., Ltd., he has gained experience in plant general affairs and new graduate and mid-career recruitment, and is currently helping formulate a Group human resource development system, planning for the Co-creation Initiative for the Future, and advancing human resource and organizational development initiatives to create an "organization with abundant self-sufficient personnel."

Message from an Outside Director



Keiko Tsuchiya
Outside Director

Ms. Tsuchiya has experience as a director in the general human resources service industry and management experience in the healthcare, materials, and other manufacturing fields as well as extensive knowledge and experience in the human resources field from which she provides insightful advice to Group management on personnel affairs and strengthening human resources.

An outsider's perspective on self-sufficient personnel

The Group's understanding of the importance of self-sufficient personnel shows the expansive perspective of its long-term management plan.

The Taiyo Group's understanding and commitment to the importance of self-sufficient personnel shows that it is ahead of its time and conveys the expansive perspective of its long-term management plan. Executive managers and supervisors support employee efforts to set and pursue their own goals, which I believe is exactly what is needed to produce the personnel who will lead the future. As the business grows, the Company will be expected to have diverse personnel including women, younger people, and people with global perspectives playing more active roles. For that to happen, there must be meaningful dialogue and relationships inside the organization and a culture and systems that create opportunities for employees to take the initiative and demonstrate leadership. The Taiyo Group is already providing numerous opportunities for employees to pursue various types of training and gain actual on-site business experience in both Japan as well as overseas, and I hope they can build momentum for their career in their own company and the entire the Group.

Fukumoto Regarding organizational development, the Human Resources Department does not evaluate results based solely on whether numerical targets were achieved or action plans were implemented. We look back at the measures and activities in each year and consider if they were executed as planned in accordance with the Company's long-term vision. Every year, we examine and implement measures based on what we need to do now to lead us toward what we want the Group to be in the future and based on the status of the Company and our employees and the social conditions.

lizuka The objective of the Taiyo Values and of developing and activating self-sufficient personnel is to fulfill our management philosophy. Beyond putting the Taiyo Values into action and everyone being self-sufficient, I envision each person improving their job performances and our organizational strength growing stronger until we are ultimately creating new businesses and enhancing the Group's business performance.

Fukumoto The relationships between our people and between our organizations have continued to improve in the past several years, and we shared the values we want to cherish. While preserving this carefully nurtured relationship, we plan to begin

taking steps that will lead to better work and better business performance. One of those steps was to start strengthening our performance management this year.

Kotetsu We are implementing measures to promote ongoing dialogue in the workplace and stimulate thinking about organizational relationships, including through our Co-creation Initiative for the Future, while also reconstructing the Company's personnel systems and mechanisms.

lizuka We intend to generate results by having employees be self-sufficient and carry out their work while maintaining mutual respect.

I believe that when there is a large enough number of people inside and outside the Group who want to work with our company or our people, our management philosophy will come into real focus.

Sato In the business world, managers showing strong leadership tend to attract all the attention, but that's not the type of leader I want to be. A leader's role is to support people to become self-sufficient. The Taiyo Group will progress toward becoming an "organization with abundant self-sufficient personnel" by organically connecting the roles of each person and organization. My hope is that these efforts will lead to achieving business results and fulfilling our management philosophy.

I would be glad to see the Taiyo Values become a natural part of the organizational strategies and each employee's work.



Feature

Co-creation Initiative for the Future

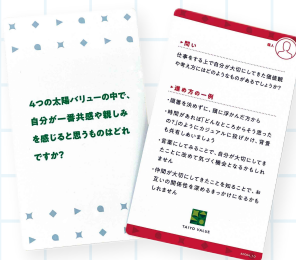
Remaining an organization with abundant self-sufficient personnel

We launched the Co-creation Initiative for the Future in fiscal 2020 to pursue the ideal approach to our work and management and to transform into an organization with abundant self-sufficient personnel.

1 What is the main purpose of the Taiyo Values?

Question Card

This card was created by the Human Resources Department as a tool to help incorporate the Taiyo Values into employees' everyday activities by providing questions to stimulate thinking about the values. The questions are opportunities for dialogue to consider the similarities and differences in views about the values.



What have you done that has made you feel enjoyment in your work?

6 Promoting the evolution of the teams Creating a community of Value Leaders

We are creating a community site for Value Leaders to share their initiatives and ideas, and are using the study and review worksheets to raise team awareness.

5 In-house intranet Co-creation for the Future Portal

A shared site with a collection of materials about the Co-creation Initiative for the Future, including content on the Taiyo Values and Co-creation for the Future Meetings.

2 Improving communication Sharing and learning from failures

Using the Company's Case Studies of Failures, members can discuss and voluntarily implement activities to improve work efficiency and effectiveness.

3 Increasing opportunities to talk about the Taiyo Values Sharing ideas and thoughts

To increase exposure to the Taiyo Values, have members connect their individual experiences and incidents to the Taiyo Values and share their experiences with the members.

I see how my experience connects to the Taiyo Values!

4 Increase the sense of fellowship Group training

Because it can be difficult to communicate during regular work activities, some departments can have group training for all members at the end of the day. This will gradually build a sense of fellowship and create an environment where it is easy to share thoughts and opinions.

Let's all do our best every day!



The Taiyo Group is actively expanding and diversifying in response to the rapidly changing business environment. Along with this, the number of employees is increasing and our human resources are becoming more diverse. As we pursue our management philosophy, we are advancing the Co-creation Initiative for the Future to help both our people and our organization develop into an organization with abundant self-sufficient personnel—people who set their own goals and enjoy the process of working toward the goals and generating results. We have made a great effort to ensure that we continue advancing this important initiative even during the pandemic.

Co-creation Initiative for the Future

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

1

Measures at the worksites

Co-creation for the Future Meetings

Build a mindset to become a strong individual and a strong organization, and improve the quality of team relationships, ways of thinking, and actions

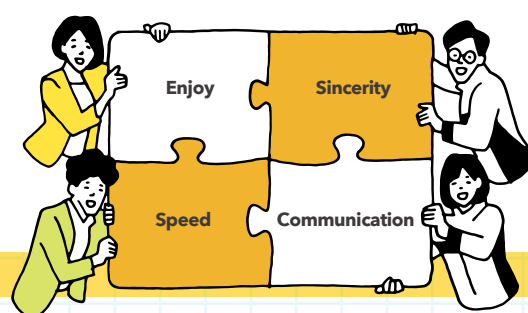


2

Cross-organizational initiatives

Applying the Taiyo Values

Explore the meaning of the Taiyo Values for each individual and aim for each person to embody the values in their daily work



1 Co-creation for the Future Meetings

The objective of Co-creation for the Future Meetings is to create strong individuals and a strong organization by instilling a growth mindset* and improving the quality of team relationships and actions.

The first meetings, held monthly over four months from June to September 2019, were one to two hours long. Departments to which new employees were assigned in the year were eligible for the meetings, and 168 people in 19 teams participated. Participants discussed their vision and the current status for themselves and for their teams. The meetings increased interaction at the worksites and improved communication. From that success, the meeting grew to include 392 people in 51 teams from four Group companies in fiscal 2021 and 530 people in 43 teams from all departments of six Group companies in fiscal 2022. A Sharing Summit was also held, where representatives from all of the teams shared their activities and successes.

* A growth mindset is a concept proposed by Professor Carol Dweck of Stanford University that seeks to promote personal growth through experience and effort.



Sharing Summit (Co-creation Initiative for the Future)

Feature Co-creation Initiative for the Future

2 Applying the Taiyo Values

Taiyo Values are the values that all Group employees share, follow, and apply to fulfill our management philosophy. The values were formed through dialogues between executive managers and employees and among employees and, introduced in October 2021. To promote the application of the values by all employees in their daily activities, each section has a Value Leader who works with the section manager to promote measures geared to the circumstances at each worksite. The section managers and Value Leaders also convene

off-site sessions to discuss items such as the vision for each team and processes for applying the values.

The Human Resources Department supports these activities by providing a Value Leader Toolkit with questions to stimulate thinking about the Taiyo Values and a worksheet for the section manager and Value Leader to write down points and ideas about activities for promoting the values. We are also constructing a Value Leader Community Site, where the Value Leaders can share information and opinions in real time.



Activity to apply the Taiyo Values



The Value Leader Toolkit (Question Card)

An example of worksite initiatives

Co-creation Initiative for the Future changed awareness of communication



Kazunori Kabu
Manufacturing Engineering Department
Taiyo Ink Mfg. Co., Ltd.

Award

Grand Award (highest award) at the 4th JPCA Monozukuri Awards

Case theme

Creating a mechanism to raise awareness for improvements and introducing standard work in dispersion processes

Award recognition

The award recognized the improvements achieved by introducing standard work (standardized procedures) using lean manufacturing and the Toyota production method in the batch production of chemical products, where it had been difficult to apply, while also providing hardware support from automation and digitalization. The award also recognized the creation of a mechanism to raise awareness for improvements, such as at presentation meetings for plant improvement measures, and to make this a regular practice.

Interview

As part of the Co-creation Initiative for the Future, we hosted opportunities for young members of the Manufacturing Engineering Department to improve their presentation skill with a focus on two-way dialogue between the speakers and listeners. Through the sessions, we learned the importance of showing enthusiasm in our work objectives as well as actively listening to input from others. We are focusing on succinctly communicating the main point we want to convey to the Manufacturing Department members. We are trying to always be considerate of others, not miss even the slightest changes in the workplace, and to always confirm through two-way dialogue. Through these initiatives, those of us in the Manufacturing Department gradually changed our awareness, and communication became smoother not only within our department but also with the members of the Manufacturing Department. I think that we were able to build a relationship of trust was also part of what led us to receive the JPCA Monodzukuri Grand Award.

Q What do you enjoy about your job?

Listening to the Value Leaders!

The Taiyo Value of “Enjoy—Imagine the future, make actions” is infused with the Taiyo Group’s uniqueness.

To give an idea of what the Value Leaders do, we asked several of them what it is about their work that they enjoy.



People achieve more when they enjoy the work than when they simply work hard

By transferring to a very different department, I am learning every day. Rather just working hard, it’s easy to become absorbed in work that I want to do and that I enjoy doing.

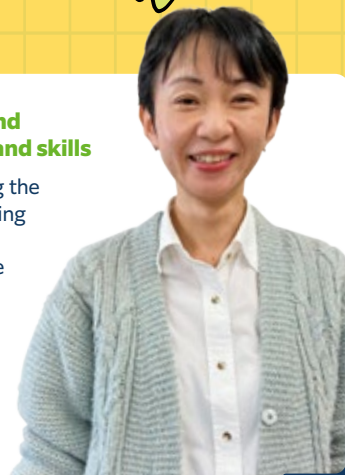
Shuichi Fukuda
Ranzan General Affairs Section
R&D Department
Taiyo Holdings Co., Ltd.



Contributing to others and building my knowledge and skills

I am in charge of automating the routine tasks in the Accounting Department. What I enjoy is when I automate and reduce the burden of work that has been consuming a lot of man-hours.

Miyuki Iizuka
ICT Solutions Department
funlead corp.



Imagining the Company’s future with other people

I enjoy interacting with job seekers, employment agencies, and people from our various departments to find people who want to imagine the future of the Company together.

Mei Kunito
HR and GA Section
Administration Department
Taiyo Pharma Co., Ltd.



Doing something I couldn’t before, seeing something I couldn’t see before

Sometimes customers make me wonder, “Why are they requesting this?” I enjoy when I keep working at it and the perspective and reasons finally become clear to me.

Hiroki Sato
Overseas Sales Section
Sales Department
Taiyo Ink Mfg. Co., Ltd.



Making the world more convenient with our own hands

Our department’s goal is to create new businesses. When we have an idea, I enjoy the trial-and-error process and thinking about how interesting it would be to make it real.

Yudai Dobashi
Corporate Planning Office
Taiyo Fine Chemicals Co., Ltd.



Creating a circle of “thank-yous”

Work is fundamentally “doing something for someone else.” I believe that the words “thank you” provide motivation to do work and make work enjoyable.

Satsuki Ozawa
Fundamental Technology Section
Technical Development Department
Taiyo Ink Mfg. Co., Ltd.



Always take on challenges

At this moment, most of my job is managing financial affairs. I enjoy my work when I take on new challenges that I have never experienced before and can feel that I am growing.

Ryosuke Yoshida
Corporate Planning Section
Corporate Planning Department
Taiyo Holdings Co., Ltd.



The ability to successfully complete tasks

In my job in the pharmaceutical manufacturing department, persistently working through a difficulty creates a great sense of accomplishment and happiness, and that is really rewarding.

Asami Tobita
Manufacturing Section 2
Production Department 1
Takatsuki Plant
Taiyo Pharma Tech Co., Ltd.



What’s ahead for the Co-creation Initiative for the Future

The two measures of the Co-creation Initiative for the Future have already brought about various changes to individuals and our organization.

Co-creation for the Future Meetings is producing results. All the worksites where the meetings have been held are seeing continuing dialogue that is greatly improving communication and mutual understanding among the members. Participants have told us they “have become more considerate of other people’s feelings” and “have become more efficient because they are giving more thought to trying to enjoy their work.” On the organization level as well, we have had several teams tell us that communication is more lively and interorganizational cooperation is smoother.

Efforts to apply the Taiyo Values have also produced results by promoting dialogue centered on the values. We have heard comments like “I’m now aware of the key words related to the Taiyo Values even when I’m doing other types of activities” and “Knowing other people’s way of thinking broadened the way I perceive things.” This fiscal year, we have also started team performance management activities with the aim of being an organization where employees enhance each other’s performance and create team synergies.

We will carefully maintain the relationships and values that we have built over the years among our people and organization and advance initiatives that lead to better results in our work and business as we seek to fulfill our management philosophy.

Our Value Creation and Sustainability

We intend to achieve “a cheerful society” by further advancing all of our technologies 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 contributing to the sustainable development of society as a whole.



Value Created

Business and Management Focus

Electronics Business

»»» P. 35

The Electronics Business manufactures and sells chemical materials for electronic components, with a focus on printed wiring boards (PWBs). PWB materials play an important role inside numerous electronics. These include automotive-related products such as electronic control units (ECUs), ICT devices, along with rigid boards and semiconductor package (PKG) board materials used in digital home electronics. We are now working to refine and diversify these elemental technologies, continuously grow our existing businesses, create new business domains, and contribute to innovations in electronics technology.

Medical and Pharmaceutical Business

»»» P. 41

Through Taiyo Pharma Co., Ltd., which manufactures and markets ethical pharmaceuticals, and Taiyo Pharma Tech Co., Ltd., which engages in the contract manufacturing of ethical pharmaceuticals, we are working to develop a second core revenue base after the Electronics Business. Taiyo Pharma Tech applies advanced good manufacturing practices (GMP) toward the stable provision of high-quality ethical pharmaceuticals while responding to the needs of our various clients as a truly competitive manufacturing plant.

Other Businesses

»»» P. 47

The Taiyo Group is developing a number of new businesses, foremost of which are the ICT Business, which promotes DX and smart factories not only within the Taiyo Group but also among customers; the Fine Chemicals Business, where we engage in contract development and synthesis; and the Food Business, which operates food factories in-house and grows insects for animal feed and food. These are in addition to our efforts to promote the spread of renewable energy through the operation of floating solar power plants.

Environmental Management

»»» P. 51

We have established an ISO 14001-certified environmental management system following our environmental policies of conservation, continuous improvement, mitigation of environmental impacts, priority environmental initiatives, and pollution prevention. In addition, we are contributing to a decarbonized society by promoting the spread of renewable energy alongside our efforts to promote resource and energy conservation.

Coexistence with Society

»»» P. 53

In order to support the prosperous and safe living of employees and local residents alike, to create a future for children as the leaders of tomorrow, and to help improve the local environment, the Taiyo Group is working together on a wide range of social contribution activities with the aim of being a group of companies that passes on limited resources to future generations, enriches people's lives, and grows together with local communities.

Electronics Business

Value created

Innovations in electronics technology

Since successfully developing and commercializing solder resist (SR) ink in 1970, the Taiyo Group has contributed to the development of the electronics industry through the supply of high-quality chemicals and materials for electronic components. We have grown our worldwide market share of SRs to around 60%* and overseas sales account for some 90% of our total SR sales, having obtained certification of our materials from major customers around the world after building and expanding local production and sales networks mainly in Asia ahead of competitors. As a leader in SRs, we will continue to supply a diverse array of chemicals and materials for electronic components, harnessing our strengths in advanced R&D and production technologies.

* Source: Electronics Mounting New Material Handbook 2019 by Fuji Chimera Research Institute, Inc.

Business Opportunities / Risks and Strengths

Opportunities

- ▲ Growth of demand for semiconductors and related products, driven by 5G rollout and normalization of online and remote work
- ▲ Growth of automotive related products from electrification following the spread of EVs and hybrid EVs (HEVs) and electrification associated with autonomous driving
- ▲ Growth of new products in the display-related market

Risks

- ▼ Tougher competition with local manufacturers in China
- ▼ Innovative new technologies that spread electronics without printed wiring boards (PWBs)
- ▼ Soaring prices of certain raw materials due to the impacts of crude oil prices and other market conditions

Strengths

- Strong market share and global network
- Advanced R&D, manufacturing technology, and intellectual property strategy
- Broad product lineup and strong customer base

Fiscal 2022 Business Summary

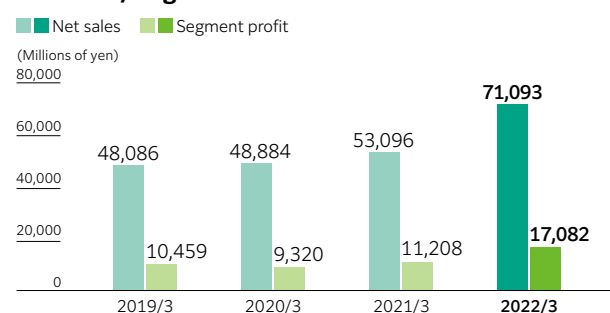
Many rigid board materials sold better than they did in the same period of last year. Examples include display components and automotive-related products. As for display components, highly reflective white Dry Film (DF)-type SR for use as a backlight in mini LED displays contributed significantly to overall growth in sales volume. Sales of automotive-related products were better than last year amid a recovery in demand since the third quarter, compared to the same period of the previous fiscal year when automobile sales experienced weakness worldwide due to COVID-19. Consequently, sales volume increased year on year.

Sales volume of semiconductor package (PKG) board materials remain at elevated levels with increased global demand for semiconductors. Additionally, with remote work becoming the norm worldwide, the semiconductor market's growth was buoyed by higher capital investment in data centers and infrastructure driven by such factors as the dramatic growth in data volume, along with further advances

in performance and functionality in electronic devices.

The average JPY/USD exchange rate during the consolidated fiscal year under review was 112.9 yen per dollar. With the yen depreciating 6.7 yen per U.S. dollar, our profitability improved. The segment posted net sales of 71,093 million yen (up 33.9% year on year) and segment profit of 17,082 million yen (up 52.4%).

Net Sales / Segment Profit



Frontline Report

Strengthening Our Development System for DF-Type SR with an Eye toward Greater Business Growth

Enabling Swift SR Development to Meet Market Needs

SR is an insulating ink that protects circuit patterns by preventing solder from adhering to unnecessary parts when components are mounted. At the same time, SR serves as a permanent protective layer that protects and insulates the circuit pattern from dust, heat, and humidity. The Taiyo Group's SR, which enjoys the top market share internationally, is widely used for rigid boards and package substrates. With customer requirements becoming more stringent with each passing year, our development process emphasizes communication with customers and increasing the speed of development in order to quickly respond to market needs.

Building a Mass Production System for DF and Upgrading Technologies

Demand for SR has been growing in recent years. This comes amid increased demand for 5G, including higher performance smartphones, and growth of automotive substrates owing to electrification associated with the spread of EVs and hybrid vehicles and electrification for autonomous driving. Driven by these changes in the market, demand for DF-type SR is growing because they make thinner substrates possible and reduce manufacturing processes. DF-type SR products not only allow for specifications otherwise impossible with conventional liquid types, but also improve productivity, increase quality, and mitigate environmental

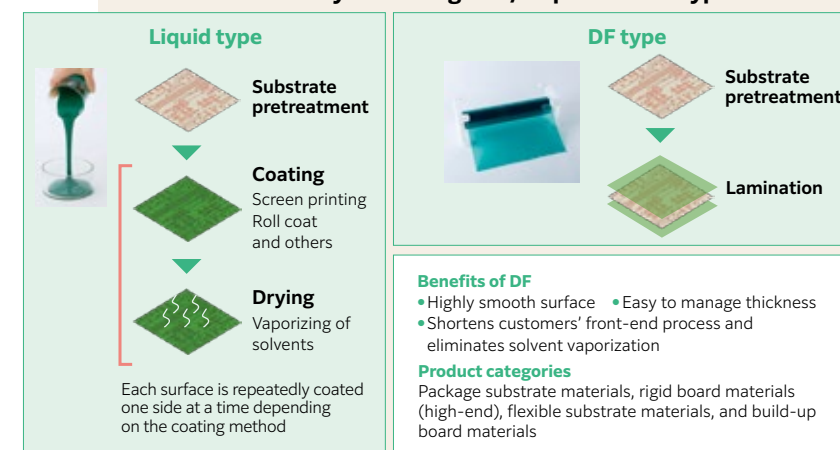


DF-type SR

impacts of our customers who make substrates. Most recently, our highly reflective white DF-type SR used in mini LED backlight units offers a higher reflectance thanks to its extremely smooth surface, which is impossible with conventional liquid types, and improves customers' yield. The Taiyo Group, foreseeing these changes in demand, quickly established an in-house mass production system for DF-type SR. In October 2015, we completed construction of a plant for DF mass production in Kitakyushu based on its proximity to South Korea, Taiwan, and China, where most of our customers are located, and for business continuity planning reasons. In addition, we have acquired high-precision processing technology that can control thickness tolerances within plus/minus 1 to 2 microns for DF-type SR with a thickness of 10 to 50 microns.

Looking ahead, we will harness our core technologies to develop products with new value and functions, while also tackling the challenge of creating new markets for these products.

Differences between Memory IC and Logic IC / Liquid and DF Types



Electronics Business

Business Strategies

Basic Strategy

2

Achieve Continuous Growth and Explore New Business Areas in the Electronics Business

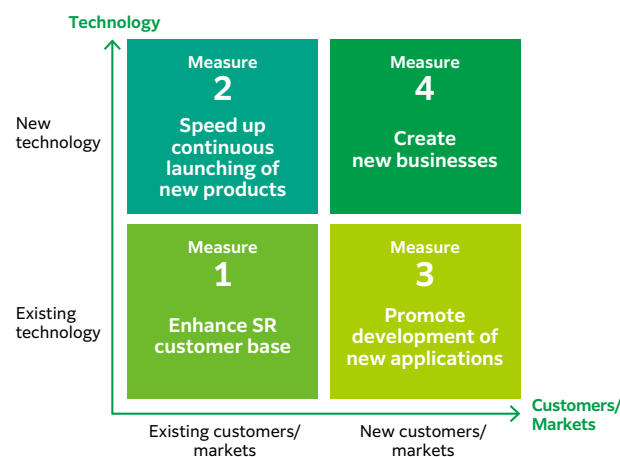
SR is the mainstay product of the Taiyo Group's Electronics Business. We hold a top share in the SR market globally, and over 90% of our SR sales are in overseas countries.

The electronics industry, which is closely related to the electronics materials business, is expected to pursue proactive R&D and technological development of electronics and materials, following the recent spread of IoT, AI, and virtual spaces. Furthermore, demand is growing in related sectors including semiconductors amid the rollout of 5G.

Given this situation, we are working to increase our market share of SR by focusing on three strategies: (1) enhance SR customer base (existing customers and existing technology), (2) speed up continuous launching of new products (existing customers and new technology), and (3) promote development of new applications (new customers and existing technology).

Additionally, we will work to quickly establish new pillars of business in other chemicals and materials for electronic components to ensure the Taiyo Group's sustained growth.

Four Growth Measures



Measure 1 Existing Customers + Existing Technology

Utilize Strong Relationships of Trust with Customers to Maintain and Acquire Materials Certifications

Today, the Electronics Business centers on chemicals and materials for electronic components such as SRs used in PWBs. Our offerings are largely categorized into rigid regular SR, rigid high-end SR, SR for semiconductor package (PKG) board materials, SR for flexible printed circuits (FPCs), and hole plugging ink and interlayer insulation used in build-up materials. Among these, SRs for semiconductor PKG and SRs for high-end automotive substrate rigid boards are especially expected to see high growth in the future.

We have received certification for these SRs for PKG from major semiconductor manufacturers and foundries, and they have been adopted by a number of package substrate manufacturers. In recent years, we have gained a reputation for supplying materials used in the products of global ICT platform companies, resulting in our DF-type SRs being adopted for use in these companies' proprietary

chips manufactured by foundries. Our plan is to utilize this track record as well as customer relationships to maintain and acquire materials certifications from customers.

In addition, worldwide sales volume of automotive substrates is expected to double over the decade from 2020 to 2030, following the electrification of automobiles. Our highly reliable SRs have been adopted in a number of automotive substrates used in EVs, HEVs, and plug-in hybrid EVs (PHEVs). We maintain a high market share, having established an extensive track record of supplying Tier 1 suppliers around the world, including Japanese and European companies. We will further acquire our materials certifications from European Tier 1 suppliers and European substrate manufacturers, which excel in driving support systems and other domains, thereby further growing the business globally.

Demand for SRs for general PWBs also continues to

grow mainly in China, and we will seek to increase our market share by providing localized products that meet the diverse needs of customers.

In this manner, we will harness our customer base built up over many years to develop and supply next-generation products tailored to customer needs.

Additionally, to further strengthen our business foundation, we will expand our global production system mainly in Asia and upgrade our business continuity plan (BCP). In particular, since many of our transactions are denominated in a foreign currency, foreign exchange

fluctuations can easily affect our business results. We therefore consider it important to mitigate exchange risk. One way that we do this is to produce products close to where we sell them (local production for local consumption). Another policy is to step up local procurement so as to match currency for revenue and expenditure. Through these measures, we will develop products our customers need even more efficiently and shorten order lead times. Moreover, these measures will cut raw materials costs and diversify our supply chain, thereby mitigating business continuity risks.

Measure 2 Existing Customers + New Technology

Tapping into the Logic IC Market and Speeding Up Development and Launch of New Products Targeting Existing Customers

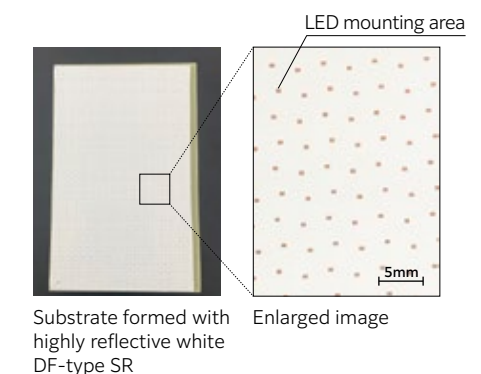
Semiconductor ICs are categorized into memory IC for dynamic random-access memory (DRAM) and flash media and logic IC for central processing units (CPUs). Among these, we maintain overwhelming competitive strengths in SR for package substrates for memory IC. In terms of logic IC, while we have a high market share in such areas as application processors and baseband processors for mobile devices, we have yet to capture a market share fully to our liking.

Therefore, tapping into the logic IC market while maintaining our market share in memory IC forms a major pillar of our future growth strategy. Logic IC has predominantly used liquid-type SRs, but recently there has been a shift to DF-type SRs, an area where we excel, mainly due to the ease of film thickness control. Recognizing these market changes as a major opportunity, we are working hard to capture market share in logic IC.

Furthermore, we developed a highly reflective white DF-type SR capable of mounting more than 10,000 mini LED on a panel-size substrate. This film has been adopted for the mini LED backlight units in products of global ICT

platform companies, greatly contributing to our earnings performance. This SR is compatible with the fine pad patterns of mini LED chips and features a high reflectance. This results in a high luminance and high contrast with lower power consumption. The DF type offers excellent surface smoothness and even, consistent light reflection.

Going forward, we will accelerate the launch of new products targeting customer needs for more compact and thinner devices, higher performance, and high-speed transmissions.



New and Noteworthy

Our Thick Insulating Film for Advanced Packages Received the 18th JPCA Award

In June 2022, Taiyo Ink Mfg. received the 18th JPCA Award from the Japan Electronics Packaging and Circuits Association (JPCA) in recognition of its technical prowess in thick insulating film for advanced packages balancing low warpage, high filling, and photosensitivity. Following last year, this marks the third time that Taiyo Ink Mfg. has received this award.

This thick film features low warpage, good filling performance, and the ability to form favorable patterns using conventional photolithography technology. Amid the emergence of more diverse and higher performance devices, using this film as an encapsulating material or interlayer insulating material in semiconductor advanced packages essential to manufacturing cost reduction and more compact and thinner PKG will increase productivity and improve yield in customers' manufacturing processes.



Our thick insulating film for advanced packages

Electronics Business

Measure 3 New Customers + Existing Technology

Utilizing Technologies and Know-How from SRs to Expand Applications into New Markets Such as Electronic Components

Commanding our technologies and know-how from SRs, we are now looking beyond PWB applications to extend our business reach into new markets such as electronic components. One example is expanding usage of DF-type SRs to high-frequency inductors. Layering DF-type SRs reduces size compared to existing ceramic inductors. With the number of inductors per smartphone growing amid the increase in telecommunications bandwidth, we anticipate the increased use of these SRs in the future. We also expect the increased use of Surface Acoustic Wave (SAW)

filters, which can selectively filter out electronic signals, following increased demand for communication devices amid the rollout of 5G. This should increase demand for our encapsulating materials used in these filters. As our encapsulating materials should help realize more compact and lower-priced devices, we anticipate the increased use of these materials in the future.

Going forward, we will continue to actively explore new applications for our SR technologies in semiconductor processes.

Measure 4 New Customers + New Technology

Developing New Businesses of the Future with Strategic Partnerships and Open Innovation

We are working to develop new businesses of the future while closely monitoring technological developments in electronics and market trends.

For example, in the display domain, mini LED and micro LED displays are being adopted to address demand for high image quality, high luminance, and energy efficiency. The Taiyo Group has developed highly reflective materials that are used in backlight units and that have been widely adopted in displays. As for shielding material that prevents light leakage from backlights, we are working to develop materials that can simplify processes and can coat and form using the inkjet method resulting in fewer environmental impacts. Furthermore, our stretchable conductive materials, too, are gaining a reputation for use in foldable displays.

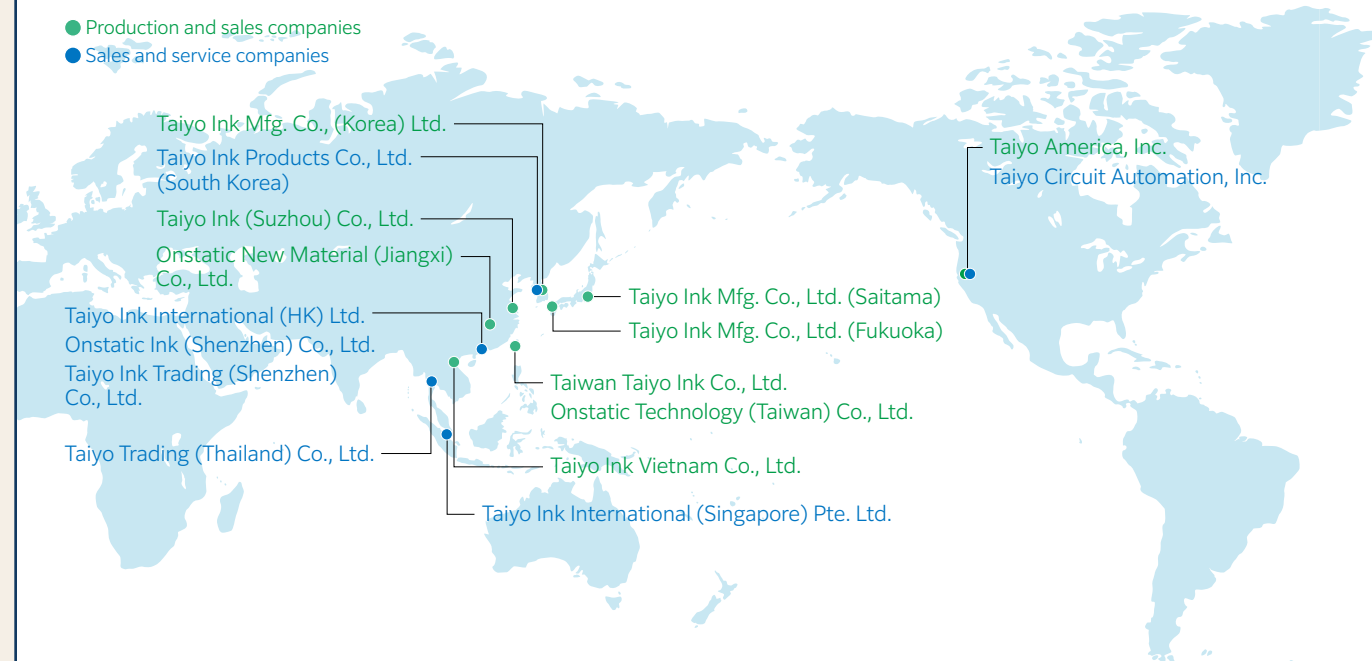
We are actively using strategic alliances and open innovation with other companies and research institutions in these new business development

initiatives. We intend to create business synergies with start-ups that we invest in or provide support to through our corporate venture fund established in the United States in October 2020.

To promote these growth strategies, we will step up development of self-sufficient personnel capable of acting independently who will become key drivers in our business activities. At the same time, we will focus on intellectual property strategy underpinning manufacturing and technological innovations. Our intellectual property department is now conducting research, and we are steadily accumulating intellectual properties through effective technological development based on the latest technology trends and by applying for patents strategically. Underpinned by this talent and intellectual properties, we will implement the above four measures, thereby continuously growing our Electronics Business.

Strengthening Our Manufactured Capital

Launched GPI for Sustainable Growth and for the Further Evolution of our Manufacturing Operations



The Electronics Company Works toward the Total Optimization of Each Subsidiary's Functions

The Taiyo Group supplies its products to markets around the world through its network of production and sales subsidiaries located in Japan, China, Taiwan, South Korea, the United States, and Vietnam. To this day, while we have worked with subsidiaries in limited areas such as joint purchasing of materials, we have focused more on expertise and speed in each market by enhancing each subsidiary's manufacturing, engineering, and quality control based on the characteristics of their respective regions.

To unlock greater growth and business expansion opportunities globally, the Taiyo Group needs to pursue

total optimization as a Group while also optimizing operations at the individual subsidiary level.

Amid these efforts, at the Electronics Company, one of our mainstay businesses, in April 2022 we launched the Global Plant Initiative (GPI) aimed at total optimization utilizing the strengths and expertise of each subsidiary.

The GPI involves total optimization of the entire supply chain, including the Electronics Company's plants, manufacturing and purchasing, engineering, quality control, quality assurance, and logistics, while also supporting Group companies.

Accelerating the Growth and Expanding the Reach of Our Electronics Business Globally

Currently, through The GPI, we are making further preparations, including better understanding the current situation of each plant, in order to strengthen collaboration (lateral functions) between the Electronics Company's global network. With many production and sales subsidiaries located around the world, we have launched operational excellence activities to build competitive

advantages and enhance the efficiency and effectiveness of our manufacturing, purchasing, engineering, quality control, quality assurance, and supply chain. Also, we are further strengthening our BCP to ensure that we can supply SR, which are vital to the very foundation of industry, to markets in a stable manner.

Medical and Pharmaceutical Business

Value created

Supply advanced, high-quality pharmaceuticals



The Taiyo Group established Taiyo Pharma Co., Ltd., which manufactures and markets pharmaceuticals, in August 2017, with the goal of developing a secondary earnings base following the Electronics Business. In October 2019, we launched contract development and manufacturing organization (CDMO) services at Taiyo Pharma Tech Co., Ltd. after acquiring a plant from Daiichi Sankyo Co., Ltd.

Today, we manufacture and market long-listed products and engage in the CDMO business using advanced technologies. We are strengthening the foundation of this business with the goal of reaching 30 billion yen in net sales by 2025, 60 billion yen in net sales and an operating margin of 15% by 2030.

Business Opportunities / Risks and Strengths

Opportunities

- ▲ Changes in industrial structure
- ▲ Growth of regenerative therapy and gene therapy markets
- ▲ Creation of novel drug market through technological innovation and partnerships between industry, government, and academic institutions

Risks

- ▼ Price controls on brand-name drugs and promotion of generics
- ▼ Declining future predictability due to medical system reforms

Strengths

- High-quality manufacturing technology and stable supply system
- Long-term, high reliability
- An established global network

Fiscal 2022 Business Summary

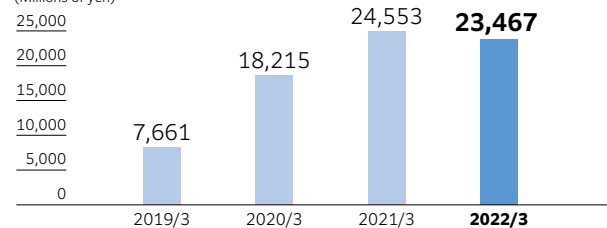
Taiyo Pharma achieved year-on-year net sales growth in its manufacture and marketing of pharmaceuticals. Sales volume grew following the completion of the process in which AstraZeneca PLC's Japanese subsidiary, AstraZeneca K.K., transferred to Taiyo Pharma Co., Ltd. rights to manufacture and market four long-listed products in Japan. Additionally, sales of some of the products affected from the fact that some of Taiyo Pharma Co., Ltd.'s peers stopped producing generic drugs. These factors more than offset the impact of drug pricing reform.

On the other hand, Taiyo Pharma Tech experienced a downturn in its contract pharmaceutical manufacturing of therapeutic pharmaceuticals. One reason was that orders for some infection-related drugs fell amid shifts in consumer behavior to prevent the spread of COVID-19. Another reason was the impact of production adjustments following changes in customers' production schedules.

The segment posted net sales of 23,467 million yen (down 4.4% year on year) and segment profit of 2,400 million yen (down 37.4%).

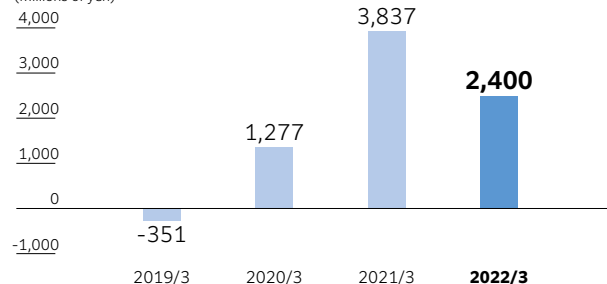
Net Sales

(Millions of yen)



Segment Profit

(Millions of yen)



Frontline Report

Delivering New Therapeutic Options Requested by Frontline Healthcare Professionals

Obtained Approval for Additional Indications of Kytril® Injections and Intravenous Infusion Bags

In February 2022, Taiyo Pharma obtained approval from Japan's Ministry of Health, Labour and Welfare (MHLW) to add indications, dosages, and administrations pertaining to "postoperative gastrointestinal symptoms (nausea, vomiting)" for "Kytril® injection 1mg," "Kytril® injection 3mg," "Kytril® intravenous infusion bag 3mg/50mL" and "Kytril® intravenous infusion bag 3mg/100mL" (generic name: granisetron hydrochloride) (hereinafter, collectively "Kytril® injections and intravenous infusion bags"), which act as 5-HT₃ receptor antagonists.

Circumstances Leading to Approval

Kytril® was approved for indications for gastrointestinal symptoms (nausea, vomiting) associated with the administration of antineoplastic agents (cisplatin, etc.) and irradiation. Additionally, indications pertaining to postoperative nausea and vomiting (PONV) in adults have been approved for granisetron hydrochloride

injections in Europe, the United States and other countries. In textbooks and clinical guidelines within and outside of Japan, the drugs have been positioned as a standard therapeutic agent in the prevention and treatment of PONV in adults.

After a request for the development of "Kytril® injections and intravenous infusion bags" was issued by the Japanese Society of Anesthesiologists, at the meeting of the Evaluation Committee on Unapproved or Off-labeled Drugs with High Medical Needs*1 that convened in July 2021) "Kytril® injections and intravenous infusion bags" are publicly known in medical and pharmacological sciences for "postoperative gastrointestinal symptoms (nausea, vomiting)." Furthermore, at the meeting of the First Committee on Drugs under the Pharmaceutical Affairs Council that convened in August 2021, it was concluded that there would be no issue with filing a public knowledge-based application*2 for that purpose. Based on the above, on September 22, 2021, Taiyo Pharma filed a public knowledge-based application to add indications, dosages,

and administrations. As a result, in February 2022 Taiyo Pharma obtained approval for additional indications, dosages, and administrations for PONV from the MHLW.

Going forward, in addition to its endeavors to facilitate contributions by "Kytril® injections and intravenous infusion bags" as new therapeutic agents for "postoperative gastrointestinal symptoms (nausea, vomiting)," Taiyo Pharma will continue to do its part for the provision of pharmaceutical products that address feedback from the medical frontlines.

*1 The Evaluation Committee on Unapproved or Off-Labeled Drugs with High Medical Needs was established with the aim of contributing to the promotion of the development of unapproved drugs and off-labeled drugs by pharmaceutical companies by assessing the medical need for drugs and indications that are approved for use in Europe and the United States but not approved in Japan, and by evaluating the relevance of these drugs for public knowledge-based application and confirming the appropriateness of the tests that need to be performed additionally for application for approval.

*2 Public knowledge-based application refers to an application for approval made without conducting all or part of clinical trials on the basis that the drug has already been approved for relevant indications in a foreign country and the efficacy and safety of the drug are medically known.



Medical and Pharmaceutical Business

Growth Strategy

Basic Strategy

3

Grow the Medical and Pharmaceutical Business Further

The Taiyo Group's Medical and Pharmaceutical Business is the responsibility of Taiyo Pharma, which manufactures and markets pharmaceuticals, and Taiyo Pharma Tech, which provides CDMO services for pharmaceuticals. One of the basic strategies of our long-term management plan Beyond Imagination 2030 states "grow the Medical and Pharmaceutical Business further." We are now proactively committing management resources to establish this business as the second pillar of our portfolio after the Electronics Business.

Current Situation of the Pharmaceutical Industry

In recent years, the pharmaceutical industry has faced issues due to quality and manufacturing deficiencies involving generics, resulting in administrative sanctions. This has caused delays in the supply of some drugs, shaking the industry's trust. These problems with generics are expected to lead to stricter demands for

the quality of ethical drugs in the future. On the other hand, pursuing higher quality pharmaceuticals will naturally result in higher costs, but cost demands from contract manufacturing organizations (CMOs) and CDMOs such as ourselves are growing due to the government's ongoing measures to control drug prices. In other words, CMOs and CDMOs must produce even higher-quality pharmaceuticals, while controlling manufacturing costs, and supply these to markets in a stable manner.

However, these more rigorous demands from the market caused by quality issues also represent 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 practices (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, Taiyo Pharma Tech has the technologies to supply high-quality products required by markets in a stable manner. By refining its technologies, the company has the potential to further increase its value and presence in the industry.

The Taiyo Group's shared strengths include its management speed and communication across departments built up in the electronics industry, which undergoes intense changes.

Measures Aimed at Growth

The Taiyo Group's strengths apply best to its global expansion.

Pharmaceuticals need to be approved in each country where they are marketed. For this reason, the Japanese pharmaceutical industry has been predominantly focused on domestic production for domestic consumption, while Japanese pharmaceutical companies rarely manufacture their products outside of Japan. Additionally, Japan's CMO and CDMO industry also focuses almost exclusively on the Japan market. However, such focus is not the goal of the Taiyo Group.

The business of electronics is global and borderless, and the Group has grown its own Electronics Business by adopting a model of local production for local consumption, where

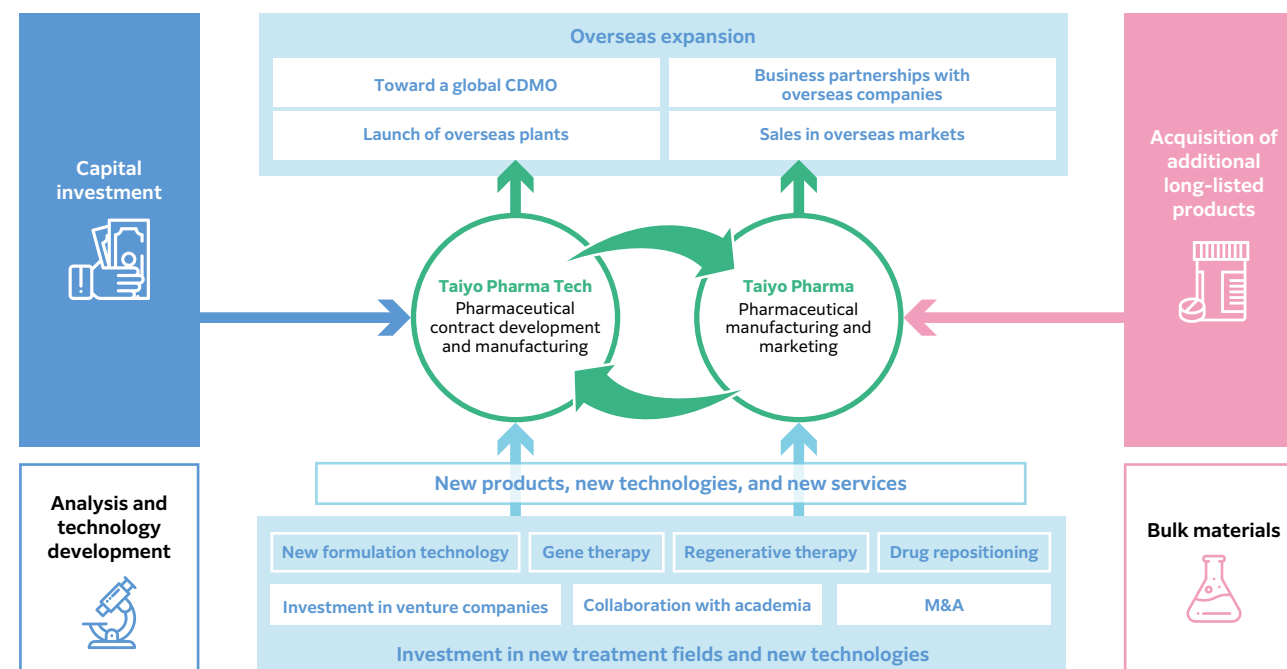
products sold locally are made locally. Commanding the Group's know-how in overseas expansion, we will contract manufacture ethical drugs of pharmaceutical companies both within and outside Japan and supply these in a stable manner to the people who need them around the world. The Group's goal for the time being is to become this type of pharmaceutical manufacturer, marketer, and CDMO with a footprint in the global medical and pharmaceutical business.

The Taiyo Group has already established successful production bases in Asian countries in the Electronics Business. The experiences, talent, and knowledge concerning local business and labor practices amassed to date can be used to the advantage of the Medical and Pharmaceutical Business.



Kytril® injection (granisetron hydrochloride)

Vision for the Medical and Pharmaceutical Business



New and Noteworthy

Taiyo Pharma Tech Commences Operations of the 5th Manufacturing and Logistics Building

Taiyo Pharma Tech obtained a distribution center from Daiichi Sankyo Co., Ltd. and Daiichi Sankyo Propharma Co., Ltd. on June 1, 2021, which it renamed the 5th Manufacturing and Logistics Building and commenced operations in the same month. Currently, in addition to the stable supply of products to existing customers, Taiyo Pharma Tech is working to obtain contract manufacturing deals from new customers in Japan and

abroad using the advanced technical prowess and production capabilities of its Takatsuki Plant. The acquisition of this building will enable Taiyo Pharma Tech to address the CMO needs of various customers, and going forward, the company will seek to expand its areas of contract manufacturing and further enhance the building's facilities for manufacturing and distributing products.



Medical and Pharmaceutical Business

While our operations today are limited in scope to Japan, in the future we intend to expand the business reach of our manufacturing and marketing and CDMO services to other countries.

Furthermore, in February 2022 Taiyo Pharma obtained approval to expand indications to “postoperative gastrointestinal symptoms (nausea, vomiting)” for its long-listed products “Kytril® injections and intravenous infusion bags” that act as 5-HT₃ receptor antagonists. We will continue working on these activities to ensure that we can address as many social needs as possible in the field of pharmaceuticals.

Technical Areas of Focus

Creating maximum value by refining our technologies and know-how for the manufacture of ethical drugs will be important since the Taiyo Group does not engage in novel drug discovery. For example, product planning and development are becoming more important. This includes making drugs easier to take by improving dosage form and product packaging. We are stepping up development in these areas. In the CDMO industry for ethical drugs as well, the development part is growing in importance. This involves more than just following drug companies’ instructions to the word, it requires proposing process improvements for manufacturing higher-quality products in a stable manner. The Group’s strength of analysis and evaluation technologies helps to elevate such development capabilities.

Going forward, we are also looking to tackle the challenges of regenerative therapy and gene therapy, two new exciting medical technologies. If these are established, it will pave the way to treatments for diseases and disabilities incurable with today’s medicine. However, these are high-risk, high-return research themes, so research is mainly headed up by academia and venture businesses. Even if they succeed in development in the lab, there are very few CDMOs which can take on the commercial production of these drugs.

Therefore, we entered into a capital and business partnership with two domestic venture businesses in 2019: Cyfuse Biomedical K.K. for regenerative therapy and Gene Therapy Research Institution Co., Ltd. for gene therapy. This marked our entry into manufacturing in the fields of regenerative therapy and gene therapy. In fiscal 2022, we completed the installation of a cellular therapy product manufacturing facility for regenerative medicine at Taiyo Pharma Tech’s Takatsuki Plant. We will use this facility to engage in the CDMO business for cellular products for regenerative therapy and benefit both the development of Japan’s regenerative and cellular therapy technologies and the health of many patients.

Moreover, in the field of gene therapy, nearly all CDMOs are located outside Japan, and our successful commercialization in the future will greatly contribute to the development of Japan’s medical technologies. Once we enter the regenerative therapy and gene therapy businesses, which expect to see strong future growth, and commercialize leading-edge medical technologies therein, we will take our technical prowess to another level.

Looking toward 2030

The Taiyo Group has established a vision for 2030 within its long-term management plan called Beyond Imagination 2030. In our Medical and Pharmaceutical Business, by 2030 we expect to grow the business using our development prowess as a CDMO service provider and expand our operations internationally. We also expect to see concrete business results in the fields of regenerative therapy and gene therapy.

Given this, we have established two management targets: first, to reach 30 billion yen in net sales and an operating margin of 15% by 2025, mainly on contributions from the pharmaceutical CDMO business; and second, 60 billion yen in net sales and an operating margin of 15% by 2030, mainly on contributions from our global expansion.

Enhancing Our Intellectual Capital

The Taiyo Group acquires patents with an emphasis on businesses suited to social needs or expected to generate future value. The Group is mindful of obtaining exercisable patent rights. This includes cease and desist of operations and claims for damages in response to infringement of the Group’s patents, and licensing negotiations.

Operations concerning the acquisition and maintenance of patents are administered using an in-house patent management system. We use searches of patent gazettes and analysis tools to identify the patents of other companies and technology trends in society.

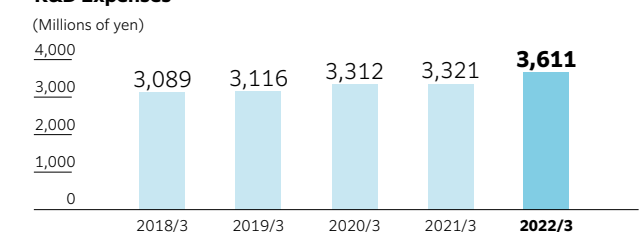
Furthermore, to address multifaceted business and technology themes, we ensure our activities contribute to business by assigning intellectual property staff with broad knowledge of technology and intellectual properties. At the same time, we provide employees with training on intellectual properties and enable them to engage in business operations mindful of patents, fostering in employees knowledge for utilizing intellectual properties and sharp sensitivities aware of technological characteristics.

The Group recognizes that developing an R&D system

is an important task for the continuous creation of business. We will increase our basic research capabilities by forming research teams dedicated to medium- to long-term research that goes beyond just commercialization. At the same time, we will establish a development department for developing new technologies and applying existing technologies for commercialization, which will elevate our ability to utilize the outcomes of basic research in the development of new products.

We are also aggressively funding capital investments for R&D and focusing on the hiring and development of talented researchers and technicians both in Japan and abroad.

R&D Expenses



Acquisition and Utilization of Intellectual Property

The Taiyo Group engages in a wide range of business fields, including electronics, medical and pharmaceuticals, fine chemicals, and ICT. We are always aware of intellectual properties and promote the acquisition and utilization of patents and trademarks.

Utilization of Patents

We maintain our patents and exercise these rights as needed to maintain market share and protect our existing products including in our core business of the manufacture and sale of solder resists (SRs).

Regarding new businesses and fields, such as next-generation telecommunications, semiconductors, and the environment, we analyze patent ownership of other companies and technology trends in the market from patent information publicly available (patent literature), based on which we plan our own R&D themes. We position the utilization of patent information as one important strategy.

In terms of patent acquisition in new fields, we research proprietary technologies that set us apart from other companies, and based on trends in clients and businesses expected to use these technologies, we systematically promote the acquisition of patents for promising technologies. As part of these efforts, we are working to broadly acquire patent rights for materials expected to be used in next-generation communications, and have received awards from the JPCA and The Society of Polymer Science, Japan for these efforts. Additionally, in the field of molded interconnect devices (MID), we are working to establish patent rights for novel technologies with an eye toward commercialization. In

the future, under our business strategies, we will develop proprietary technologies in fields outside of electronic materials, such as ethical drugs, synthesis of dye materials including pigments, and technology for utilization of AI, and promote the utilization of these patents.

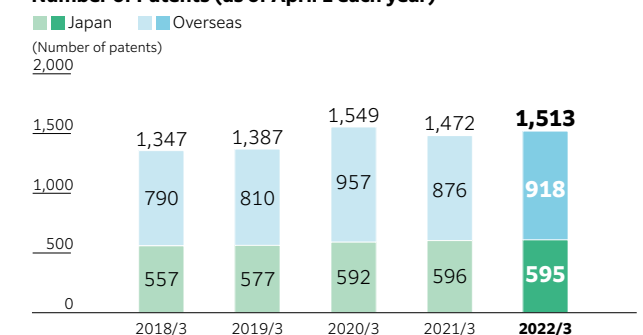
Protecting Unpatented Technologies

One option at our disposal is to transform technical information acquired in R&D into proprietary know-how protected as trade secrets rather than acquire patents open to the public. As part of this information management, the Taiyo Group utilizes an electronic notary system.

Trademarks

The Taiyo Group actively obtains trademarks not only for its existing products such as SRs and ethical drugs but also new businesses and products, from the standpoint of maintaining and protecting proprietary brands.

Number of Patents (as of April 1 each year)



Other Businesses

Value created

Spread renewable energy

Food production with less environmental impacts

DX and smart factories



The Taiyo Group is creating and growing a number of business segments, including energy, food, fine chemicals, and ICT. Among these, in the Energy Business, we are actively working on expanding eco-friendly renewable energy. Currently, we have 15 floating solar power plants in operation across Japan (as of November 2022), which are producing renewable energy equivalent to the electricity purchased externally to power the Group's Electronics and Medical and Pharmaceutical businesses in Japan.

Additionally, we have quickly established a reputation as a supplier that contributes to client companies' participation in RE100.

Introduction of Each Business Segment

Energy Business

We are working to spread and promote eco-friendly renewable energy as a business in order to benefit society by addressing worldwide environmental issues. Since establishing Taiyo Green Energy Co., Ltd. in 2014 to generate natural energy as well as supply and sell electricity, we have been promoting the development of floating solar power plants.

Fine Chemicals Business

We excel in the field of contract development of synthesized chemicals, providing high-quality and high-value-added functional materials to global markets. In addition to broadly adopted technologies for dyes, pigments, and pharmaceutical intermediates, we offer a product lineup supporting core components of electronic materials and products widely used from textile dyes to IT electronic materials.

Food Business

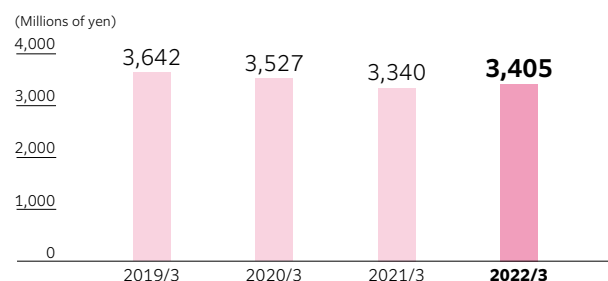
We cultivate baby leaf greens at a fully enclosed plant factory as well as produce high-quality strawberries using ICT and melons and other produce compatible with hydroponics. In addition to these, we grow Frillice lettuce using aquaponics, a recycling-oriented and environmentally friendly approach to agriculture. In addition, as one solution to future food issues, we have focused on highly nutritious insects as a food source, which includes researching insects as feed for livestock and aquaculture applications and breeding crickets as a food source.

ICT Business

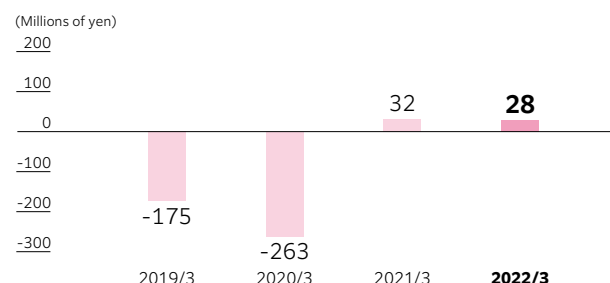
Through the ICT Business, we help to renew ICT infrastructure and build new systems for the Taiyo Group and clients amid the unprecedented changes taking place in industrial structures and business models due to rapid advancements in IoT, big data, and AI. We are also developing new digital services that contribute to sustainable growth.

Fiscal 2022 Business Summary

Net Sales



Operating Income



Frontline Report

Providing Guided Digital Solutions to Enhance Business Value with Data

Powerfully Supporting DX with Three Solutions

The COVID-19 pandemic caused a number of changes in social structure and consumer behavior. This has resulted in the greater use of digital technology across all industries and made digital transformation (DX) an important aspect of business.

Amid this, funlead corp., which joined the Taiyo Group in 2018, has been developing three forms of digital solutions to promote the greater use of data involving AI, IoT, and big data. This company is supporting not only the Taiyo Group, but also customers across a wide range of business sectors.

First is solutions that promote DX. These entail a "guided" approach to resolving customer issues together and a quick cycle of temporary configurations and verification. The customer is closely involved from planning to implementation and specific DX solutions are promoted while adjusting priorities flexibly. These solutions are also utilized within the Taiyo Group to achieve DX at our plants by introducing, for example, systems that count product volume.

Second is data science. The company helps customers to build systems that continuously increase

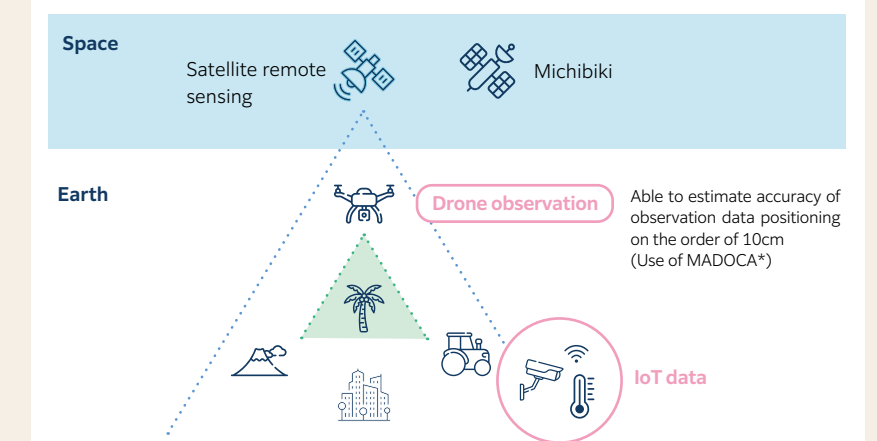
profitability by identifying specific information from among vast quantities of corporate data that can be utilized to enhance business management and operations. This solution also adopts a "guided" approach. By automating tool introduction and classification unification, the company finds data that is effective for upgrading corporate management and business operations from vast quantities of data, and derives how to utilize it.

Third is smart agriculture. Capitalizing on the outcomes of a project using Michibiki, a satellite that is part of the global positioning

system, the company provides data collection and analysis solutions utilizing the unique capabilities of satellites and drones. This solution makes higher efficiency and higher value smart agriculture possible. It is provided mainly to large farms difficult to manage manually, contributing to the sustainable production of agricultural produce and protection of forest resources.

In this manner, funlead is supporting both the Taiyo Group and customers in the implementation of DX by offering these digital solutions that further upgrade capabilities.

Smart Agriculture: Project Using Michibiki, a Satellite Observation System



* Multi-GNSS Advanced Demonstration tool for Orbit and Clock Analysis



Other Businesses

Business Strategies

Basic Strategy

5

Create New Businesses

Among our other businesses, we established the Energy and Food businesses strongly mindful of their contributions to the SDGs and resolving environmental issues. These businesses are expected to generate future growth because of the synergies created with the Taiyo Group's other businesses.

Energy Business

Powering the Group's Business Sites in Japan with 100% Renewable Energy and Supplying Renewable Energy to Customers and Society

The Taiyo Group decided to establish the Energy Business segment following electricity shortages caused by the Great East Japan Earthquake of 2011. At the time, our plant operations were restricted for a time due to rolling blackouts. As a result, in December 2014 we decided to establish Taiyo Green Energy Co., Ltd. to head up our Energy Business. Since then, we have been promoting the development of floating solar power plants.

These power plants require less civil engineering work since they do not use land, offer greater generating efficiency because the water surface cools solar panels, and bring benefits to local governments and farmers that own water resources. Given these advantages, they offer greater benefits than conventional onshore solar power plants.

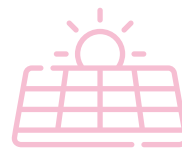


Ranzan Onuma Floating Solar Power Plant (Saitama Prefecture)

In September 2015, the Taiyo Group completed its first floating solar power plant at a reservoir of an industrial park close to Taiyo Ink Mfg.'s head office, with the facility beginning to generate electricity from October the same year. In December 2017, we began operations at a power plant built over an agricultural reservoir near its head office plant. This made it possible for Taiyo Ink Mfg. to produce solder resists for Apple using 100% renewable energy. On April 10, 2018, Apple announced that Taiyo Ink Mfg. had become a new supplier in its Supplier Clean Energy Program.

Later, in November 2022 we commenced operations at our 15th floating solar power plant located in Nara Prefecture. This brings our annual estimated generating capacity to around 26 GWh. With this portfolio, currently we are producing renewable energy equivalent to the electricity purchased externally to power both the Group's Electronics and Medical and Pharmaceutical businesses in Japan.

The present target set for the Taiyo Group's Energy Business is twofold. First is to provide enough electricity to power the Group's growing business operations and second is to help reduce the Group's total CO₂ emissions by switching energy consumption from gas, heating oil, and other non-electricity sources to renewable energy. Toward this end, Taiyo Green Energy will take the lead in promoting the use of renewable energy, including the establishment of new power plants, and support the utilization of renewable energy of clients and society as a whole in addition to the Group.



Food Business

Adopting the Group's Unique Approach to Future Global Expansion



Food issues caused by rising global populations have become a common worldwide issue. These issues require the urgent establishment of methods for producing and supplying foods in a stable manner.

We launched our Food Business segment in 2015, aiming to resolve food issues through the establishment of more efficient and globally scalable agricultural methods and production approaches. Following the test cultivation of baby leaf greens at the fully enclosed plant factory built at Taiyo Holdings' Ranzan Office, we commenced greenhouse cultivation of high-quality strawberries using ICT in September 2018. Among Japan's internationally renowned fruits, Japanese varieties of strawberries are receiving attention from around the world. These consistently high-quality strawberries with exceptional sweetness are seeing particularly strong demand. They are also competitive in terms of not only product exports, but also the export of Japanese agriculture methods. We believe that mastering and adopting sustainable forms of agriculture that use less resources will help to expand our business opportunities globally in the future. We are also working on aquaponics, a recycling-oriented environmentally friendly approach combining hydroponics growing Frillice lettuce and aquaculture raising sturgeon.

Our other major food business is insect breeding. The Food and Agriculture Organization of the United Nations (FAO) released a report in 2013 recommending the use of insects as feed for livestock and for human consumption as a solution to food issues. This report brought insects into the spotlight. We have focused on insect breeding using crickets. Today, we are developing products for a number of different uses, including as an ingredient in normal foods and as feed for livestock and pets. In 2022, we exhibited a booth at the 27th International Food Ingredients & Additives Exhibition and Conference (ifia JAPAN 2022). We were one of two companies selected from the around 380 exhibitors to receive a special judges' award. We also launched sales of Taiyo Arare (rice crackers), a confectionery made with crickets as an ingredient. The protein contained in 100 g of cricket powder is roughly three times that of beef, pork, or chicken, and they are rich in vitamins, minerals, and dietary fiber. Furthermore, compared to livestock, insect breeding uses less water and generates fewer greenhouse gases, resulting in smaller environmental impacts.

Going forward, we will research insects for animal feed and human consumption, and work toward solutions to worldwide food shortages in the future.



High-quality strawberries grown in a greenhouse using ICT



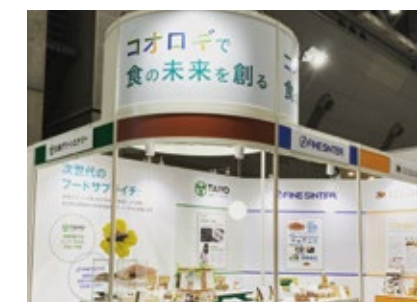
Melons cultivated with hydroponics



Cultivation of baby leaf greens in a fully enclosed plant factory



Aquaponics cultivation (left) and aquaculture farm (right)



27th International Food Ingredients & Additives Exhibition and Conference (ifia JAPAN 2022)



Raising crickets for our Food Business

Management Topics

Environmental Management

Value created



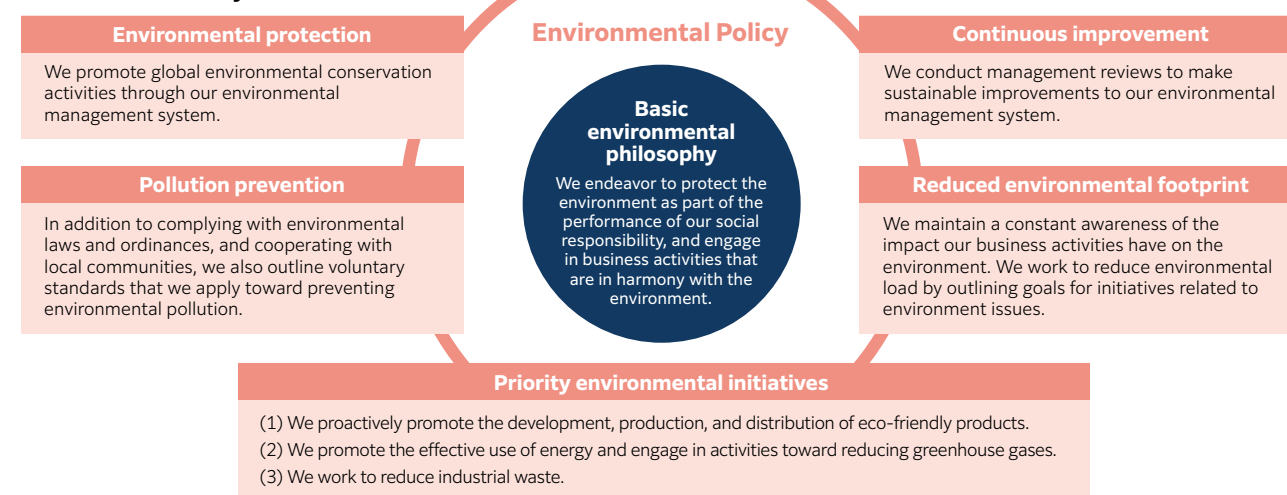
Working to Protect the Natural Environment with Eco-Friendly Business Activities

The Taiyo Group has established a basic environmental philosophy that states “We endeavor to protect the environment as part of the performance of our social responsibility, and engage in business activities that are in harmony with the environment.” We have also drawn up an environmental policy covering the areas of environmental protection, continuous improvement, reduced environmental footprint, priority environmental initiatives, and pollution prevention.

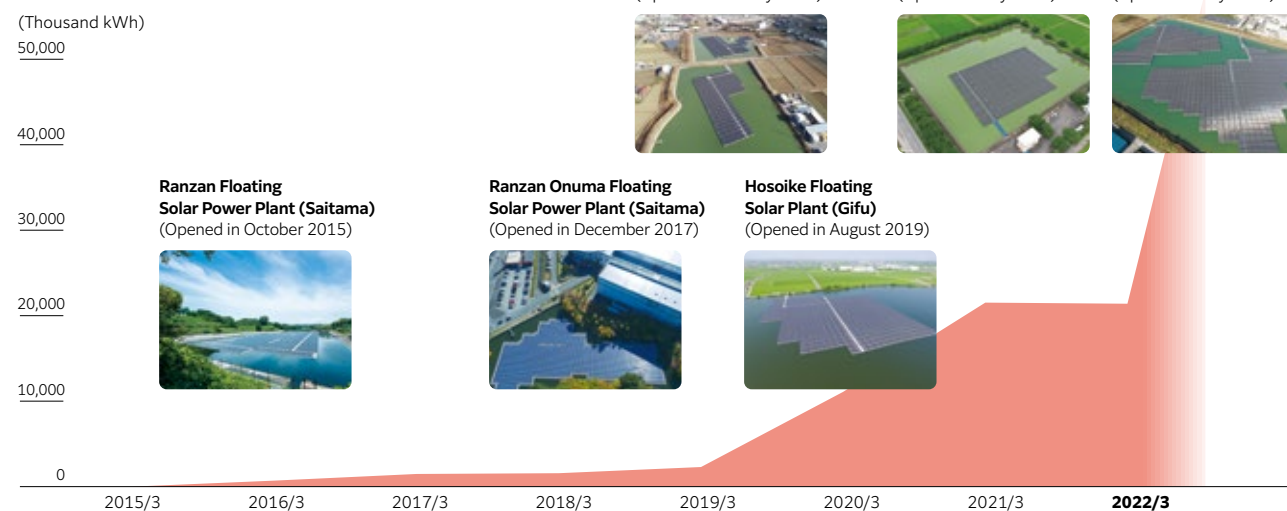
Our main Group companies have put into place ISO 14001-certified environmental management systems that promote environmental conservation activities. Our business locations with this certification conduct annual internal environmental audits and undergo renewal inspections once every three years and annual inspections by an external institution in an effort to maintain and improve their environmental management systems.

Furthermore, we engage in a number of environmental conservation activities, including expanding sales of eco-friendly products and promoting resource and energy conservation.

Basic Environmental Philosophy and Environmental Policy



Solar Power Generation Results

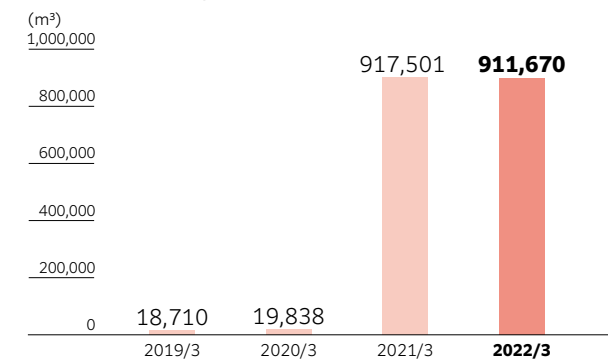


Effective Utilization of Water Resources

The Taiyo Group is working to effectively utilize water resources to minimize impacts on the environment. Taiyo Ink Mfg. filters industrial wastewater and reuses it as cooling water for production facilities. Taiyo Pharma Tech effectively uses the cooling water of heating, ventilation, and air conditioning (HVAC) systems and manufacturing facilities to maintain the natural environment.

The Group did not have any non-conformities related to water quality approval, standards, and regulations in fiscal 2022.

Total Water Usage*



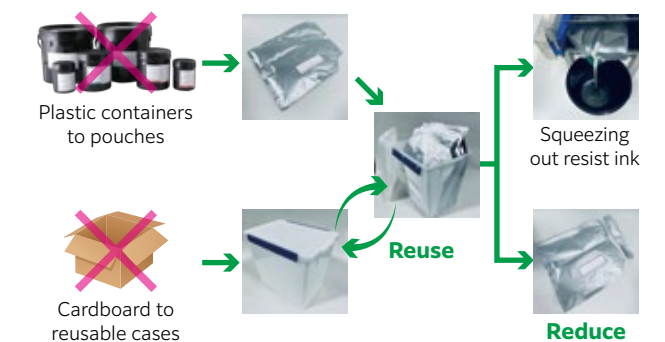
* In addition to Taiyo Holdings, and the Taiyo Ink Mfg. head office, the tabulation from fiscal 2021 includes Taiyo Ink Mfg. Kitakyushu Plant, Taiyo Fine Chemicals, and Taiyo Pharma Tech.

Scope: Taiyo Holdings, Taiyo Holdings' Ranzan Facility, Taiyo Ink Mfg. head office, Taiyo Ink Mfg. Kitakyushu Plant, Taiyo Fine Chemicals, and Taiyo Pharma Tech

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 fiscal 2022, we switched around 14% of our SR products to pouches, helping to reduce waste at customers.

In addition, Taiyo Pharma Tech is working to reduce waste under an annual waste reduction target for its environmental management system.



New and Noteworthy

Recipient of Multiple Awards from National and Local Governments for Efficient Use of Energy

The electricity used to power the HVAC system at the head office plant of Taiyo Ink Mfg. accounted for around 40% of the facility's entire electricity usage because its manufacturing floor is designed to be a cleanroom. As a result, the plant decided to replace its aging HVAC system with a more highly efficient and digitally controlled one, while also stepping up measures to maintain the environment of the manufacturing floor, resulting in a 27% reduction in electricity usage. The plant also focused on various energy conservation measures, such as applying heat shielding paint to its exterior walls and switching emergency lighting to LED. These improvements led to a 13% reduction in the plant's average energy consumption intensity over a five-year period. In recognition of these accomplishments, the plant was selected as an excellent business site in the FY2021 Kanto Bureau of Economy, Trade and Industry Director-General's Awards in Energy Management Excellence for Businesses organized by the Kanto Bureau of Economy, Trade and Industry. It also received the top prize for the second consecutive year. The above energy conservation initiatives also greatly contribute to the reduction of the plant's CO₂ emissions. For this reason, it was recognized with the excellence award at the Saitama SME CO₂ Reduction Awards organized by the Saitama Prefectural government. The award presentation was held on May 17, 2022 at the governor's official residence.

Going forward, the Taiyo Group will continue contributing to local communities by working diligently to address climate change and other global environmental issues.



Top prize certificate
Taiyo Ink Mfg. Co., Ltd.
Facility & Equipment Section Manufacturing Engineering Department
(Left) Kazuhiko Sato
(Right) Kazuhiro Shido



Award presentation held at the Saitama Governor's official residence

Management Topics

Coexistence with Society

Value created

Joint development
with local
communities

We continue to implement various social contribution activities, valuing our coexistence with local communities and society as a whole.

To achieve harmony with the local community and society, since our founding the Taiyo Group has acted as a good corporate citizen by proactively undertaking various social contribution activities.

Our Group companies partake in various partnerships to engage in a wide range of activities aimed at ensuring our ability to leave the world's limited resources for future generations, providing enrichment through all our engagements, and continuing to exist as a company that grows with society.

For the Future of Local Children



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 2022, due to the COVID-19 pandemic, we provided between 50 and 70 takeout bento boxes twice a month. Going forward, we will provide a place to eat and takeout services to deliver a fun dining experience for as many children in the community as possible.

Plant Tours

The Taiyo Ink Mfg. head office hosts social studies-related visits from local elementary schools. These visits teach the children about the SR manufacturing process and serve to spark an interest in chemistry.

Additionally, Taiyo Pharma Tech hosts plant tours during Open Takatsuki, an interactive engagement event hosted by City of Takatsuki, the Takatsuki City Tourism Association, and Takatsuki Chamber of Commerce and Industry. Unfortunately, these visits were not offered in fiscal 2022 due to the pandemic. Nevertheless, we highly value such engagement opportunities with local communities.



Supporting the Vibrant and Safe Living of Local Residents

Opening of Daycare Center

We opened the Taiyo Daycare Center attached to the Ranzan Office in Saitama Prefecture in December 2015 to ensure employees can work with peace of mind. This center features a self-contained power system that can supply electricity within the building in the event of an outage. This facility is also open to nearby children wait-listed for childcare spots, benefiting the local community.



Participation in Function-Specific Fire Brigade

We are participating in a function-specific fire brigade in Ranzan Town, Saitama Prefecture for the first time as a company, with three employee representatives registering as members. Going forward, we will open up our business sites to local communities as an evacuation site during a large-scale disaster, offer aid and sleeping accommodations, and provide relief supplies, playing a role as a disaster prevention hub for members of the local community. We are also working with the Hiki Regional Fire Department and the Ranzan Fire Brigade to participate in disaster prevention events and provide reconstruction assistance in case of disaster.



Participation in Environmental Cleanup Days

City of Takatsuki, location of Taiyo Pharma Tech, has established environmental cleanup days twice a year in spring and autumn under a city ordinance. On these days, cleanup activities are held city-wide. More than 20,000 people take part, including local community members, government workers, and company employees. In the spring, cleanup activities focus on the JR Takatsuki Station area, while in autumn the focus shifts to the city's heritage site corridor.

Taiyo Pharma Tech also participates in these activities together with local community members to improve the environment.



Feature

Enhancing Corporate Value

Our Journey to Establish and Foster the Taiyo Brand to Become People's First Choice Company Now and in the Future

The Taiyo Group engages in a wide range of businesses, from SR to medical and pharmaceuticals, as well as renewable energy, and even food. To further enhance our corporate value, we will inform, heighten interest, and foster appreciation in the Taiyo Group to establish the "Taiyo Brand."

Overall measures External measures Internal measures

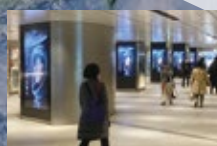
Phase 1 Inform

The PR/Brand Marketing Division established under the Office of the President in 2020 spearheaded initiatives to strengthen the Taiyo Group's branding. First, to inform people, we established and announced our brand statement, followed by an ongoing blitz of TV commercials, newspaper ads, and social media ads.

Launched official Instagram account



Established the PR/Brand Marketing Division



Placed digital signage at Tokyo and Ikebukuro stations

Revamped Taiyo Pharma Tech's corporate website



Received Silver Award at Company Newsletter Awards organized by Wis Works



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Sponsored eSports SFL 2022 Prize

Introduced in-house social media called TUNAG
Began in-house radio broadcasts



Began providing commercials to business TV shows

Established and announced brand statement



Revamped Company newsletter design



Opened company-operated Marunouchi Ranzan Shokudo



Released Taiyo Values



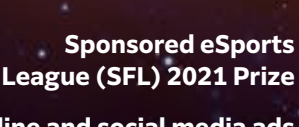
Started Taiyo Green Day as a global anniversary event



Expanded TV show commercials



Revamped corporate website



Sponsored eSports Street Fighter League (SFL) 2021 Prize

Launched online and social media ads
Began airing TV commercial called *Debut of Space Girl*

Released movie tie-up ads



Taiyo Pharma Tech established its Purpose



Revamped Taiyo Pharma's corporate website



Expanded floor area of head office



T-LINKS grand opening event



T-LINKS opened by Taiyo Pharma Tech



Phase 2 Heighten interest

Phase 3 Foster appreciation

Fans of Taiyo
Establish Taiyo Brand

GOAL

2022

2021

2020

START

TAIYO BRANDING JOURNEY

Corporate Governance

List of Executives (as of December 15, 2022)

Directors



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 also appointed CEO of the Medical & Pharmaceutical Company in May 2022.



Hitoshi Saito
Executive Vice President

Reason for appointment
Mr. Saito became a director and Senior Executive Officer in 2016, and as Senior Executive Officer 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.



Eiji Takehara
Director

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



Masao Arima
Director

Reason for appointment
Mr. Arima was appointed President and Representative Director of Taiyo Pharma in 2017. After assuming the position of Managing Director of Taiyo Holdings in 2018, he 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 the Medical & Pharmaceutical Company in May 2022.



Tomoyuki Tanaka
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.



Masayuki Hizume
Outside Director

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



Keiko Tsuchiya
Outside 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 division and strengthening human resources.



Asako Aoyama
Outside 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.



Yumiko Kamada
Outside 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



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.



Akihito Sakai
Outside Audit & Supervisory Board Member

Reason for appointment
Mr. Sakai was appointed to apply his vast knowledge of finance, accounting, and law cultivated through his past business experience.



Kaori Terunuma
Audit & Supervisory Board Member

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



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 directors and Audit & Supervisory Board members								
Name	Current position and responsibilities at the Company	Corporate management Business strategy	Global	Production quality Research and development	ESG Sustainability	Human resources management Diversity	Finance and accounting M&A	Legal affairs Risk management
Eiji Sato	President and CEO	✓				✓	✓	✓
Hitoshi Saito	Executive Vice President	✓	✓	✓	✓			
Eiji Takehara	Director			✓	✓	✓		✓
Masao Arima	Director	✓		✓	✓	✓		
Tomoyuki Tanaka	Director	✓	✓	✓			✓	
Masayuki Hizume	Outside Director	✓					✓	✓
Keiko Tsuchiya	Outside Director		✓		✓	✓		
Asako Aoyama	Outside Director		✓			✓	✓	
Yumiko Kamada	Outside Director	✓			✓	✓		
Hidenori Sugiura	Outside Audit & Supervisory Board Member				✓		✓	✓
Akihito Sakai	Outside Audit & Supervisory Board Member				✓		✓	✓
Kaori Terunuma	Audit & Supervisory Board Member					✓	✓	✓
Ikumi Sato	Outside Audit & Supervisory Board Member				✓	✓		✓

Activities of Outside Directors (Fiscal 2022)

	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 on the 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, he serves concurrently as the chair of the Nomination Advisory Committee and Compensation Advisory Committee, participating in all meetings of both. He plays a leading role in checks and advisory functions in the process of selecting candidates for the Company's officers and determining their compensation using an objective and neutral standpoint.
Keiko Tsuchiya	10 meetings (100%)	—	Ms. Tsuchiya actively states her views during Board of Directors meetings on matters regarding enhancement of the human resource department and human capital, particularly regarding establishing HR policies and value systems 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, she serves concurrently as a member of the Nomination Advisory Committee and Compensation Advisory Committee, participating in all meetings of both. She plays a role in checks and advisory functions in the process of selecting candidates for the Company's officers and determining their compensation using 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, she serves concurrently as a member of the Nomination Advisory Committee and Compensation Advisory Committee, participating in all meetings of both. She plays a role in checks and advisory functions in the process of selecting candidates for the Company's officers and determining their compensation using an objective and neutral standpoint.
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, she serves concurrently as a member of the Nomination Advisory Committee and Compensation Advisory Committee, participating in all meetings of both. She plays a role in checks and advisory functions in the process of selecting candidates for the Company's officers and determining their compensation using an objective and neutral standpoint.
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.

Corporate Governance

Corporate Governance System and Internal Control System

We have put into place a corporate governance system mainly comprised of a Board of Directors and 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 careers 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 as well as a voluntary Nomination 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 is 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.

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, to ensure objectivity and transparency regarding the appointment of directors and Audit & Supervisory Board members, we have established the Nomination Advisory Committee. 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, 2022)

Name	Directors					Outside directors				Outside Audit & Supervisory Board member (Attorney)
	Eiji Sato	Hitoshi Saito	Eiji Takehara	Masao Arima	Tomoyuki Tanaka	Masayuki Hizume	Keiko Tsuchiya	Asako Aoyama	Yumiko Kamada	
Compensation Advisory Committee	○					○		◎		
Nomination Advisory Committee			○				◎		○	○

Note: ◎ indicates committee chair (chairperson), 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, currently the Board of Directors is 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 elected, bringing the Company's female representation on the Board of Directors to five of the 13 members.

Evaluation of Effectiveness of Board of Directors

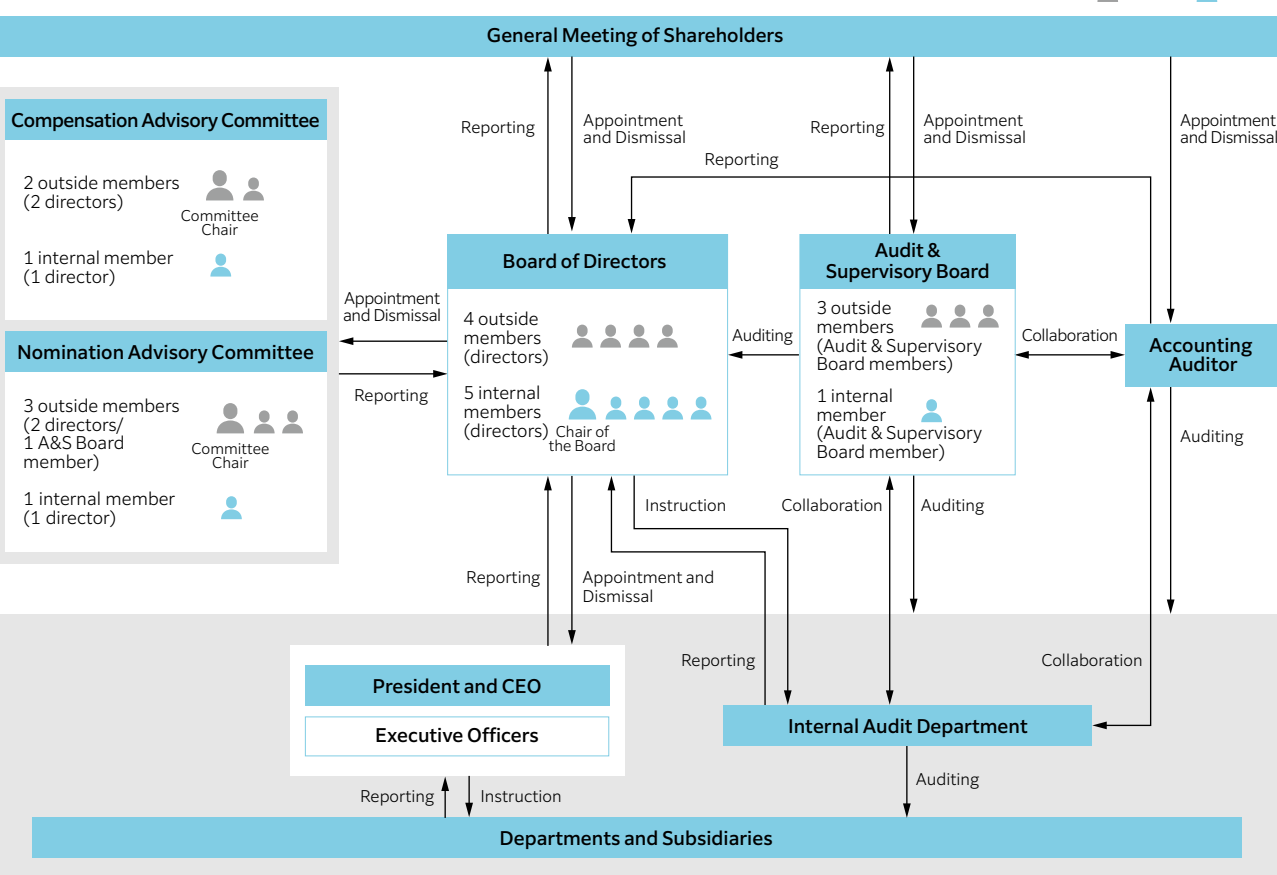
The Taiyo Group conducts analysis and evaluation to assess the effectiveness of the Board of Directors. Assessments are based on evaluations provided by each director and help

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	• Questionnaires are distributed to each director. Responses received from all directors are used to conduct an effectiveness evaluation of the Board of Directors and identify issues. • Based on evaluation results, the Board of Directors holds deliberations regarding ways to improve its functionality.
Fiscal 2022 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	• The Board of Directors is evaluated as operating efficiently. • 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 previous fiscal year.
Progress on issues and future action	• Continued to evaluate the scope of agendas presented to the Board of Directors to promote further allocation of authority to subordinate bodies. • Continue working on the following issues to achieve further effectiveness: 1) Ensure diversity in the composition of the Board of Directors and maintain an appropriate number and ratio of outside directors. 2) Deepen discussions on business plans from long-term perspectives, a plan for developing successors to the President and CEO, major risks affecting operations, and initiatives for sustainability.

Corporate Governance Framework (as of December 15, 2022)



Corporate Governance

Officer Compensation System

Composition of Compensation

The system of compensation 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, and thus to acquire and retain 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.

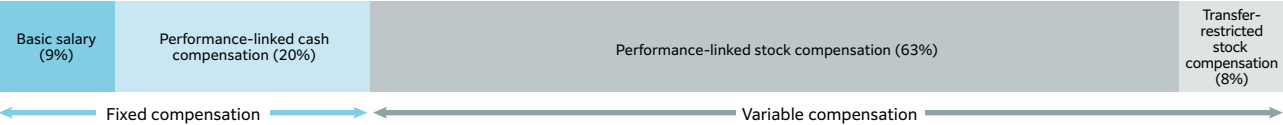
Compensation Determination Process

Decisions on the calculation method, payment timing, distribution, and other matters concerning officer compensation are 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 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.

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



Risk Management

The Taiyo Group works to improve its risk sensitivity and risk control capabilities in order to ensure stable business operations. We evaluate and establish appropriate response measures to address the various potential risks related to our business activities.

Engaging in new business domains such as medical and pharmaceutical, energy, and food, and engaging in overseas business activities require industry-specific expertise. It is also critical that we engage in business activities with due consideration given to the relevant laws and cultural characteristics of each country. With this in mind, Group companies establish necessary regulations based on our Group-wide CSR Philosophy, and voluntarily gather information on and respond accordingly to relevant laws. At our overseas locations, we ensure appropriate business

operations by conducting training on local laws and customs. By sharing the status of activities reported by each company, we are promoting a collaborative effort by our entire Group.

Operating Risks

1. Impairment risk

2. Technological innovation risk

3. Patent risk

4. Bankruptcy of clients

5. Foreign exchange risk

6. Country risk

7. Risk related to the procurement of raw materials

8. Tougher pricing competition with peers

9. Pharmaceutical side effects, etc.

10. Developments in governments' pharmaceutical administration

11. Infectious disease risk

12. International tax risk including transfer pricing tax system

Chemical Substance Safety and Environmental Management

Taiyo Ink Mfg., one of the Taiyo Group's main subsidiaries, manages chemicals substances using a quality management system based on ISO 9001:2015.

The company identifies prohibited substances based on regulations or client requests and only uses registered raw materials in product development free of prohibited substances. The company also has strict controls in place from raw materials delivery to product shipment to prevent contaminants in chemical substances.

Ensuring Safety of Production Processes

The Taiyo Group's production bases hold monthly meetings of the Health and Safety Committee to promote compliance with laws, regulations, ordinances, agreements, and internal standards concerning health and safety. Through monthly workplace patrols and risk assessment activities, we make improvements to dangerous locations and share their application at other similar locations, ensuring the continuous improvement of health and safety across the entire Group.

Compliance

The Taiyo Group recognizes that a sound management structure and strong awareness of ethics and compliance 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 2003 and since then has continued to educate employees in 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 amended Whistleblower Protection Act enforced in June 2022 requires Japanese companies to improve the effectiveness of their whistleblower systems. The Taiyo 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 further improve its internal reporting system.

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.

Compliance Training

The Taiyo Group provides continuous employee compliance training to promote understanding of the risk factors at the individual level and to emphasize the importance of the spirit of compliance with ethics and laws during the course of business activities.

In fiscal 2022, in addition to harassment training, which is continuously offered to all employees, we held internal training seminars to increase awareness of risks associated with corporate compliance.

The Group recognizes that the nature of communication in the workplace has changed in recent years with the increased variety of work styles, such as teleworking. We responded to these changes in fiscal 2023 by holding training sessions, mainly for managers, in skills for maintaining a positive work environment and improving the sense of trust among employees.

Disclosure of Information Based on TCFD Recommendations

Measures to Implement TCFD Recommendations

The Taiyo Group adopted “Strengthening of Efforts for Sustainable Development Goals (SDGs)” as one of its basic policies under the Beyond Imagination 2030 long-term management plan. We have been actively engaging in efforts for sustainability, one of which was the commencement of its floating solar power 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 have declared our support for TCFD^{*1} recommendations in March 2022 and are participating in the TCFD Consortium,^{*2}

a forum for discussion among supporting corporations and financial institutions.

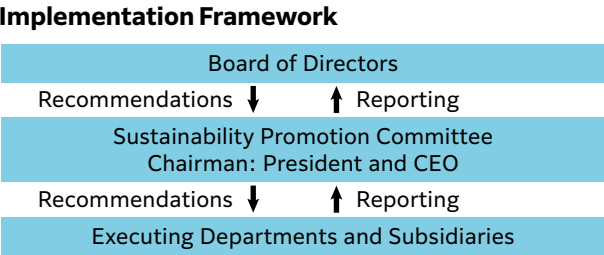
We will actively work to enhance information disclosure based on TCFD recommendations for governance, strategies, risk management, and metrics and targets.

*1 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

*2 A consortium established in 2019 to provide a forum for discussing effective corporate information disclosure and initiatives for utilizing the information disclosed in appropriate investment decision-making by financial institutions

Governance

The Sustainability Promotion Committee chaired by the President and CEO holds discussions laterally across the Taiyo Group on areas such as progress in targets set in accordance with on priority challenges. The Committee's policy is to report important matters to the Board of Directors and receive instructions.



Strategies

We are analyzing the under 2°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 Taiyo Group will reduce risk and pursue opportunities in its business activities while developing products that contribute to solutions for social issues.

Scenario*	Changes in social environment	Risks	Opportunities	Main countermeasures
Under 2°C scenario	Introduction and raising of carbon tax in various countries	✓	✓	<ul style="list-style-type: none"> Gathering of information on environmental regulations in each country and examination of countermeasures Aggressive introduction of renewable energy Promotion of energy efficiency
	Progress in carbon-free society	✓	✓	<ul style="list-style-type: none"> Promotion of development of products with low environmental footprint Promotion of development of products for next-generation mobility Promotion of changes to product packaging configuration Promotion of recycling of used plastics
	Accommodation of stakeholder requests	✓	✓	<ul style="list-style-type: none"> Reinforcement of efforts for environment Proactive disclosure of information and communication to respond to investor and market concern
4°C scenario	Suspension of plants due to intensified damage from natural disasters	✓	—	<ul style="list-style-type: none"> Increase in number of production bases Risk management and response from perspective of BCP

* These scenarios were applied to the Electronics Business.

Risk Management

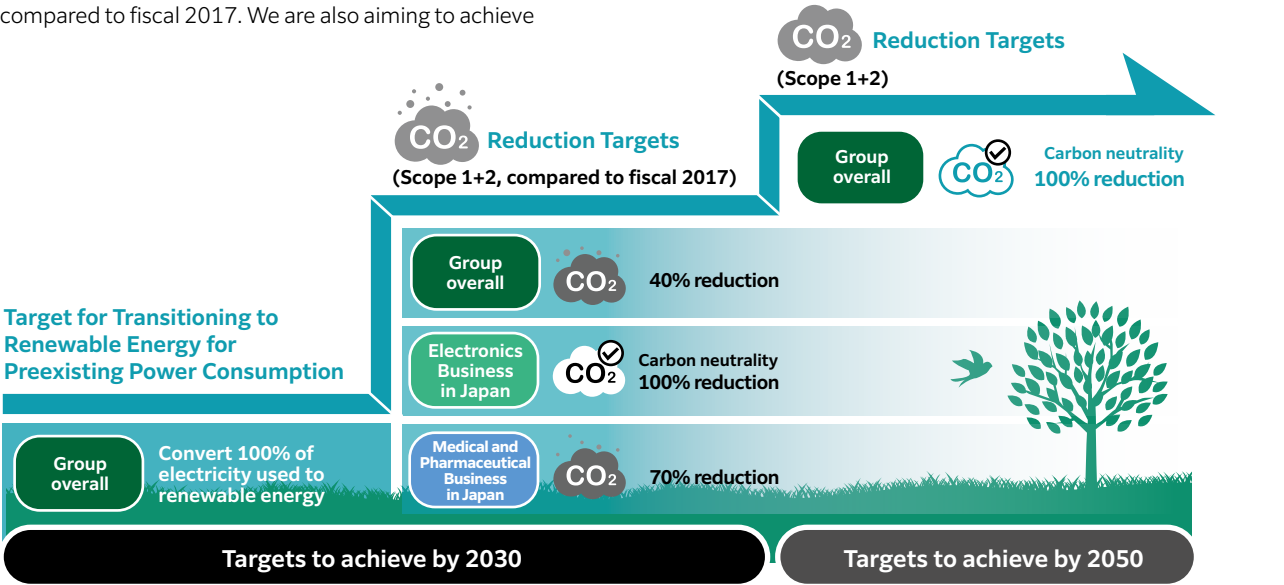
Executing departments respond to the climate change risks identified and assessed by the Sustainability Promotion

Committee. The committee and the Board of Directors then continue to manage and monitor that response.

Metrics and Targets

We will accelerate efforts to reduce CO₂ emissions from our target for transitioning to renewable energy for our preexisting power usage with a view to achieving carbon neutrality by the 2050 target year set by the Japanese government. By fiscal 2031, we aim to reduce total Group CO₂ emissions by 40% compared to fiscal 2017. We are also aiming to achieve

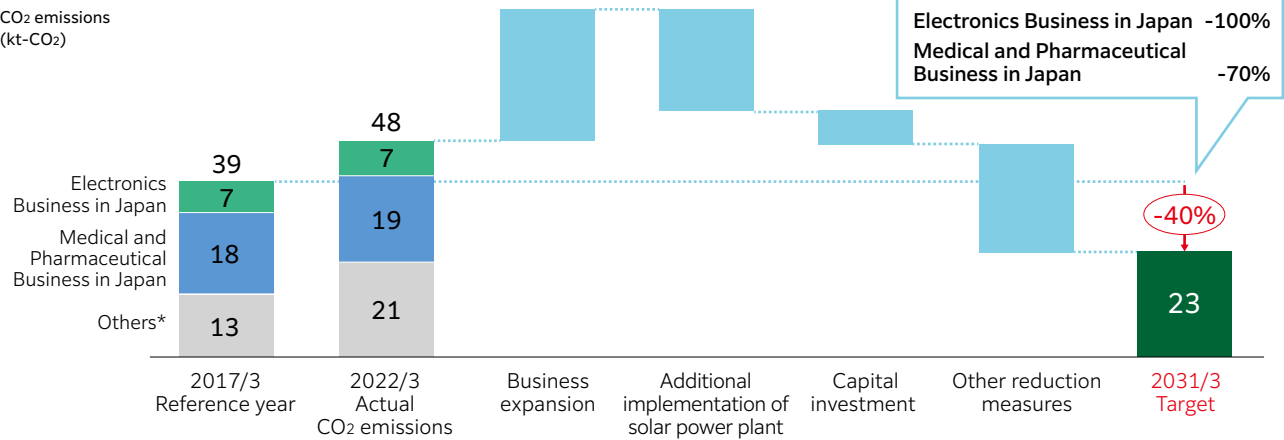
carbon neutrality in the Electronics Business in Japan and reduce emissions by 70% in the Medical and Pharmaceutical Business in Japan with the goal of achieving carbon neutrality for the entire Group by 2050.



We will promote the reduction of CO₂ emissions and aim to reach our targets through measures that leverage our strengths, beginning with our solar power generation business. The Taiyo Group will continue to position the realization of a

decarbonized society as a priority issue and will enhance its information disclosure while giving greater consideration to the environment in its business activities. Through these efforts, we will do our part to realize a sustainable society.

Image Representation of Reductions in CO₂ Emissions with a View to 2030 (Scope 1+2)



* Including Electronics Business in foreign countries and Other Business in Japan

Key Financial and Non-Financial Data (Six Years)

Taiyo Holdings Co., Ltd. and consolidated subsidiaries

Fiscal years ended March 31

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating results (Millions of yen)						
Net sales	47,866	52,241	59,389	70,627	80,991	97,966
Cost of sales	26,220	27,304	33,043	41,574	46,125	55,099
Selling, general and administrative expenses	12,424	13,599	18,247	19,917	20,922	24,908
Operating income	9,221	11,337	8,099	9,136	13,943	17,958
Profit attributable to owners of parent	6,398	4,856	4,396	3,749	9,529	11,803
Depreciation	2,485	2,284	3,357	5,283	6,994	7,497
Cash flows (Millions of yen)						
Cash flows from operating activities	9,042	8,100	5,907	13,739	16,312	18,308
Cash flows from investing activities	(1,063)	(24,161)	(5,487)	(45,912)	(11,603)	(11,258)
Cash flows from financing activities	20,342	11,319	(12,001)	31,593	19,755	(11,279)
Financial position (end of fiscal year) (Millions of yen)						
Total assets	92,386	111,490	105,666	142,192	179,001	189,273
Total property, plant and equipment	18,389	17,923	22,313	44,761	46,348	52,255
Total liabilities	20,540	38,467	35,146	72,668	102,504	103,806
Non-controlling interests	782	363	337	301	357	1
Total net assets	71,846	73,023	70,520	69,523	76,497	85,466
Stock-related information ^{*1}						
Per share information (Yen)						
Basic earnings per share	133.38	84.37	76.42	66.01	167.49	209.13
Dividends per share	60.05	80.10	65.10	65.10	80.10	69.55
Net assets per share	1,233.37	1,261.75	1,238.62	1,217.11	1,348.42	1,522.11
Total number of shares issued (Shares)	57,617,700	57,665,888	57,777,972	57,939,294	57,997,004	58,083,128
Financial indicators						
Operating margin (%)	19.3	21.7	13.6	12.9	17.2	18.3
Return on equity (%)	11.2	6.8	6.2	5.4	13.1	14.6
Equity ratio (%)	76.9	65.2	66.4	48.7	42.5	45.2
Dividend on equity (%)	5.6	6.5	5.3	5.4	6.3	5.1
Non-financial information						
Number of employees (People)	1,249	1,268	1,614	1,988	2,067	2,137
Electricity consumption (Thousand kWh) ^{*2}	9,696	9,057	8,538	8,325	40,032	39,299
CO ₂ emissions (t-CO ₂) ^{*2, 3}	5,526	5,724	5,322	4,569	28,568	29,059
Total water usage (m ³) ^{*2}	14,839	16,670	18,710	19,838	917,501	911,670
Ratio of R&D expenses to net sales (%) Electronics Business	6.8	6.0	6.3	6.5	5.8	4.7

^{*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 2017.

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} Beginning fiscal 2021, figures include Taiyo Holdings and the Taiyo Ink Mfg. head office as well as Taiyo Ink Mfg. Kitakyushu Plant, Taiyo Fine Chemicals, and Taiyo Pharma Tech, and some calculation methods have been revised.

^{*3} Scope 1 and Scope 2 emissions

Company Information (as of March 31, 2022)

Corporate Overview

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	9,612.88 million yen
Number of employees	Consolidated: 2,137 / Nonconsolidated: 154

List of Executives (as of June 18, 2022)

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

Group Companies

Japan

Taiyo Ink Mfg. Co., Ltd.



Taiyo Fine Chemicals Co., Ltd.



Taiyo Green Energy Co., Ltd.



Taiyo Pharma Co., Ltd.



Taiyo Pharma Tech Co., Ltd.



funlead corp.



Overseas

Taiwan Taiyo Ink Co., Ltd.

Taiyo Ink Mfg. Co., (Korea) Ltd.

Taiyo Ink (Suzhou) Co., Ltd.

Taiyo America, Inc.

Taiyo Circuit Automation, Inc.

Onstatic Technology (Taiwan) Co., Ltd.

Onstatic Ink (Shenzhen) Co., Ltd.

Onstatic New Material (Jiangxi) Co., Ltd.

Taiyo Ink (Vietnam) Co., Ltd.

Taiyo Ink International (Singapore)
Pte. Ltd.

Taiyo Ink International (HK) Ltd.



Taiwan Taiyo Ink Co., Ltd.

Taiyo Ink Trading (Shenzhen) Co., Ltd.

Taiyo Ink Products Co., Ltd.

Taiyo Trading (Thailand) Co., Ltd.



Taiyo Ink Mfg. Co., (Korea) Ltd.

Stock Information (as of March 31, 2022)

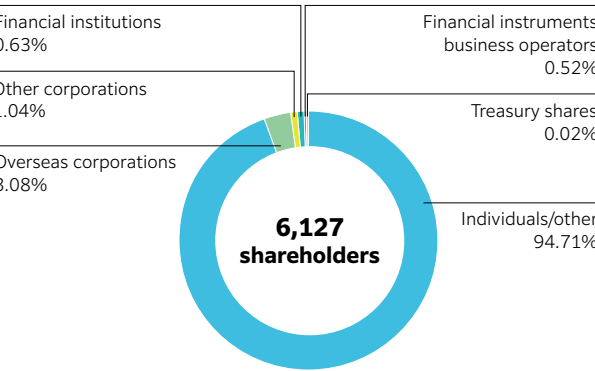
Status of Stock

Total number of shares authorized	100,000,000
Total number of shares issued	58,083,128
Number of shareholders	6,127
Number of shares in one unit	100

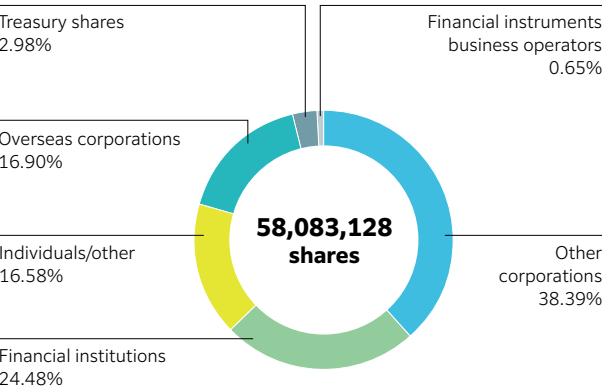
Major Shareholders

Shareholder name	Shares held (Thousands)	Share ratio (%)
DIC Corporation	11,234	19.94
Kowa Co., Ltd.	7,273	12.91
The Master Trust Bank of Japan, Ltd. (Trust account)	6,165	10.94
Misaki Engagement Master Fund	3,095	5.49
Custody Bank of Japan, Ltd. (Trust account)	2,885	5.12
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation retirement benefit trust account)	2,232	3.96
Shikoku Chemicals Corporation	1,490	2.64
Toshin Yushi Co., Ltd.	1,077	1.91
The Bank of New York Mellon 140042	1,052	1.87
Takato Kawahara	804	1.43

Breakdown of Shareholders by Owner



Breakdown of Shareholdings by Owner



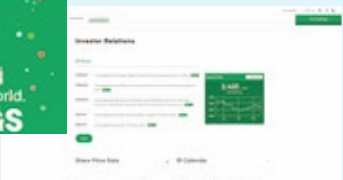
Corporate Website

The Taiyo Group proactively engages in the disclosure of various information, including corporate information and financial information. For more detailed information, please visit the Group's corporate website.

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



Corporate website



IR website