

# Annual Securities Report

For the 78th business term (April 1, 2023 to March 31, 2024)

Filed pursuant to Article 24-1 of the Financial Instruments and Exchange Act of Japan

388 Ohkura, Ranzan-machi,, Hiki-gun, Saitama 355-0222, Japan

**TAIYO HOLDINGS CO., LTD.**

This document has been extracted and translated from the Japanese original report (Yukashoken-Hokokusho) issued on June 17, 2024 for reference purposes only. In the event of any discrepancy between this translated document and Japanese original, the original shall prevail.

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## Filing Notes

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Company name in Japanese:	TAIYO HOLDINGS Kabushiki Kaisha
Company name in English:	TAIYO HOLDINGS CO., LTD.
Representative (title):	Eiji Sato (President and CEO)
Address of head office:	388 Ohkura, Ranzan-machi, Hiki-gun, Saitama 355-0222, Japan
Contact phone number:	(+81) 493 (62) 7777
Contact person (title):	Sayaka Tomioka (Managing Executive Officer, CFO)
Contact address:	16F, Metropolitan Plaza Bldg., 1-11-1 Nishi Ikebukuro, Toshima-ku, Tokyo 171-0021, Japan
Contact phone number:	(+81) 3 (5953) 5200
Contact person (title):	Sayaka Tomioka (Managing Executive Officer, CFO)
Document available at:	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo 103-8220, Japan)

## Part I About Taiyo Holdings and the Taiyo Group

### I. Overview of Taiyo Holdings and the Taiyo Group

#### 1. Key financial data

##### (1) Consolidated financial data

Business term		74th	75th	76th	77th	78th
Fiscal year ended		Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Net sales	million yen	70,627	80,991	97,966	97,338	104,775
Ordinary income	"	8,898	13,819	18,062	15,462	17,310
Profit attributable to owners of parent	"	3,749	9,529	11,803	11,405	8,654
Comprehensive income	"	2,499	12,012	15,611	12,494	12,484
Net assets	"	69,523	76,497	85,466	92,739	100,398
Total assets	"	142,192	179,001	189,273	187,263	212,751
Net assets per share	yen	1,217.11	1,348.42	1,522.11	1,663.25	1,795.14
Basic earnings per share	"	66.01	167.49	209.13	203.71	154.89
Diluted earnings per share	"	—	—	—	—	—
Equity ratio	%	48.7	42.5	45.2	49.5	47.2
Return on equity	"	5.4	13.1	14.6	12.8	9.0
Price earnings ratio	times	30.8	18.0	15.5	12.3	21.9
Cash flows from operating activities	million yen	13,739	16,312	18,308	22,736	21,224
Cash flows from investing activities	"	(45,912)	(11,603)	(11,258)	(13,160)	(21,069)
Cash flows from financing activities	"	31,593	19,755	(11,279)	(13,942)	8,954
Cash and cash equivalents at end of period	"	29,115	54,309	51,152	47,088	57,664
Number of employees (not including average number of non-fulltime)	employees	1,988	2,067	2,137	2,120	2,210
[Average number of non-fulltime (excluded)]		[—]	[—]	[—]	[—]	[272]

#### Notes:

- 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 the 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. The provisions on Series I Class A Shares and Series II Class A Shares were abolished after the Articles of Incorporation were revised on June 19, 2021.
- A 2-for-1 stock split was executed on October 1, 2021. The net assets per share and basic earnings per share have been calculated based on the assumption that the stock split was executed at the start of the 74th business term (fiscal year ended March 31, 2020).
- We have not disclosed diluted earnings per share because there were no dilutive shares.
- We omitted the average number of non-fulltime or temporary employees during the 74th (fiscal year ended March 31, 2020) to the 77th (fiscal year ended March 31, 2023) business terms because such employees accounted for less than 10% of total employees.
- We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related guidance from the start of the 76th business term (fiscal year ended March 31, 2022). Accordingly, the results for the main management indicators are in accordance with the standard from fiscal year ended March 31, 2022 onward.

## (2) Non-consolidated financial data (Taiyo Holdings Co., Ltd.)

Business term		74th	75th	76th	77th	78th
Fiscal year ended		Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Operating revenue	million yen	12,899	7,830	11,747	14,016	15,463
Ordinary income	"	8,261	2,510	5,002	6,551	6,894
Profit	"	4,935	4,116	5,468	6,362	6,058
Share capital	"	9,428	9,499	9,612	9,761	9,903
Total issued shares	Shares	57,939,294	57,997,004	58,083,128	58,185,501	58,291,559
Net assets	million yen	53,545	52,853	52,715	53,967	55,662
Total assets	"	110,546	134,874	128,674	116,604	132,686
Net assets per share	yen	941.48	936.04	938.85	967.91	995.29
Dividend per share	"	65.10	80.10	69.55	89.00	80.00
(Interim dividend per share)	(")	(32.55)	(32.55)	(32.55)	(37.00)	(38.00)
Basic earnings per share	"	86.87	72.34	96.89	113.64	108.44
Diluted earnings per share	"	—	—	—	—	—
Equity ratio	%	48.4	39.2	41.0	46.3	41.9
Return on equity	"	9.3	7.7	10.4	11.9	11.1
Price earnings ratio	times	23.4	41.7	33.5	22.0	31.3
Dividend payout ratio	%	75.0	110.7	71.8	78.3	73.8
Number of employees (not including average number of non-fulltime)	employees	112	133	154	143	156
[Average number of non-fulltime (excluded)]		[-]	[-]	[-]	[-]	[-]
Total shareholder return	%	115.2	173.4	190.1	153.8	207.1
(Relative to dividend included TOPIX data)	%	(90.5)	(128.6)	(131.2)	(138.8)	(196.2)
Highest share price	yen	5,220	6,690	3,600 (6,300)	3,315	3,440
Lowest share price	yen	3,015	3,690	2,613 (4,820)	2,178	2,328

## Notes:

1. 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 the 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 abolished after the Articles of Incorporation were revised on June 19, 2021.
2. A 2-for-1 stock split was executed on October 1, 2021. The net assets per share and basic earnings per share have been calculated based on the assumption that the stock split was executed at the start of the 74th business term (fiscal year ended March 31, 2020). The figures for dividend per share and interim dividend per share reflect the impact of the stock split.
3. We have not disclosed diluted earnings per share because there were no dilutive shares.
4. We have omitted the average number of non-fulltime or temporary employees because such employees accounted for less than 10% of total employees.

5. Number of employees indicates the number of full-time employees (this excludes employees that we second to other companies, but includes employees that other companies second to us).
6. The dividend per share for the 75th business term (fiscal year ended March 31, 2021) includes a 15-yen commemorative dividend (reflecting the impact of the stock split) to celebrate 20 years of being listed on the First Section of the Tokyo Stock Exchange (TSE).
7. The dividend per share for the 77th business term (fiscal year ended March 31, 2023) includes a 15-yen commemorative dividend to celebrate our 70th anniversary.
8. Total shareholder return indicates the dividend per share reflecting the impact of the stock split.
9. The figures for highest share price and lowest share price are the highest and lowest prices on the first Section of the TSE up to April 3, 2022 and on the TSE Prime Market from April 4, 2022 onward.
10. A 2-for-1 stock split was conducted on October 1, 2021. For the 76th business term (fiscal year ended March 31, 2022), highest share price and lowest share price indicate the price after the forfeiture of rights resulting from the stock split. The highest/lowest share prices before loss of rights are indicated in parentheses.
11. We have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related guidance from the start of the 76th business term (fiscal year ended March 31, 2022). Accordingly, the results for the main management indicators are in accordance with the standard from fiscal year ended March 31, 2022 onward.

## 2. Our history

September 1953	Taiyo Ink Mfg. Co., Ltd. (our forerunner) was established in Minato-ku, Tokyo, as a printing ink manufacturer and marketer
August 1970	Launched sales of printed circuit board materials
May 1973	Developed and launched sales of an epoxy resin-based and thermally curable single-component solder resist ink
March 1982	Established Ranzan Plant (now Ranzan Facility) in Ranzan-machi, Hiki-gun, Saitama
June 1984	Developed and launched sales of a liquid photoimageable solder resist ink
September 1988	Established Taiyo Ink Mfg. Co., (Korea) Ltd., as a manufacturing and sales company for printed circuit board materials in South Korea.
September 1990	Launched initial public offering in over-the-counter market
December 1990	Established Taiyo America, Inc., a sales company in the U.S., to sell printed circuit board materials and other materials (made a manufacturing and sales company in February 1995)
March 1992	Relocated head office to Nerima-ku, Tokyo
November 1993	Registered basic patent for a liquid photo-imageable solder resist ink in Japan
September 1996	Established Taiwan Taiyo Ink Co., Ltd., as a manufacturing and sales subsidiary for printed circuit board materials in Taiwan
January 1999	Established Taiyo Ink International (Singapore) Pte Ltd as a sales subsidiary for printed circuit board materials and other materials in Singapore. Established Taiyo Ink International (HK) Limited as a sales subsidiary for printed circuit board materials in China
August 1999	Established Taiyo Japan Co., Ltd. (now Taiyo Ink Mfg. Co., Ltd.) as a manufacturing and sales subsidiary for printed circuit board materials in Japan
January 2001	Listed on the First Section of Tokyo Stock Exchange (TSE)
April 2001	Opened production base, Ranzan-Kitayama Facility, in Ranzan-machi, Hiki-gun, Saitama
December 2001	Established Taiyo Ink (Suzhou) Co., Ltd. as a manufacturing and sales subsidiary for printed circuit board materials in China
September 2010	Established Taiyo Ink Trading (Shenzhen) Co., Ltd. as a sales subsidiary for printed circuit boards in China
October 2010	Adopted holding company structure, changing the corporate name to Taiyo Holdings Co., Ltd. Transferred rights and responsibilities over domestic businesses to Taiyo Japan Co., Ltd., renaming the subsidiary Taiyo Ink Mfg. Co., Ltd.
May 2013	Acquired Taiwanese company Onstatic Technology Co., Ltd. as a consolidated manufacturing and sales subsidiary for printed circuit board materials in Taiwan
December 2014	Established Taiyo Green Energy Co., Ltd. as a subsidiary mainly for power generation using natural energy in Japan
April 2015	Taiyo Ink Mfg. Co., Ltd. established Taiyo Ink Products Co., Ltd., as a sales subsidiary in South Korea
June 2015	Acquired Japanese company Chugai Kasei Co., Ltd. (now Taiyo Fine Chemicals Co., Ltd.) as a consolidated manufacturing and sales subsidiary for dyes, pigments, pharmaceuticals and inks in Japan
October 2015	Taiyo Ink Mfg. Co., Ltd. opened the Kitakyushu Facility, a production base (its second) in Kitakyushu, Fukuoka
January 2017	Entered a capital and business alliance with DIC Corporation
August 2017	Established Taiyo Pharma Co., Ltd. as an ethical pharmaceuticals manufacturing and sales subsidiary
January 2018	Relocated head office to Toshima-ku, Tokyo
April 2018	Established Taiyo Trading (Thailand) Co., Ltd. as a sales company for printed circuit board materials and other materials in Thailand Acquired Japanese company Micro Network Technologies Corp. (now funlead corp.) as a consolidated subsidiary for systems engineering services in Japan
July 2018	Made Thou-Management Corporation, a system engineering services company in Japan, a consolidated subsidiary (subsumed by Micro Network Technologies Corp. (now funlead corp.) in October 2019)

August 2019	Acquired Mega Solar 23, a special-purpose subsidiary that operates Odaike Floating Solar Power Plant, a consolidated subsidiary (subsumed by Taiyo Green Energy Co., Ltd. in November 2022) Acquired Mega Solar 28, a special-purpose subsidiary that operates Mimayaake Floating Solar Power Plant, a consolidated subsidiary (subsumed by Taiyo Green Energy Co., Ltd. in November 2022)
October 2019	Acquired Taiyo Pharma Tech Co., Ltd., whose core business is contract manufacturing of ethical pharmaceuticals, as a consolidated subsidiary
May 2020	Established Onstatic New Material (Jiangxi) Co., Ltd. as a sales subsidiary for printed circuit board materials in China
June 2020	Established Taiyo Ink Vietnam Co., Ltd. as a manufacturing and sales subsidiary for printed circuit board materials in Vietnam
April 2022	Following application, listed on the TSE's new Prime Market
July 2022	Ranzan Shokudo Co., Ltd., a company which operates cafeterias in Japan, spun off the cafeteria business of its subsidiary, Taiyo Green Energy Co., Ltd., and acquired it as a consolidated subsidiary
March 2024	Acquired apex corp., a system development company in Japan, as a consolidated subsidiary
April 2024	Opened InnoValley technology development center on the premises of the Ranzan Facility
June 2024	Transitioned to a company with an Audit & Supervisory Committee



### 3. Our businesses

#### (Glossary)

This document uses the following abbreviations and terminology.

Terminology	Meaning
PCB	Printed circuit board
Solder resist	Also known as solder mask
PKG	Semiconductor package
DF	Dry film

Our group is comprised of Taiyo Holdings Co., Ltd. (the filing company, “the Company”), 29 subsidiaries (25 of which are consolidated subsidiaries), one affiliated company, and one other associate. We primarily engage in the Electronics business and the Medical and Pharmaceuticals business. In the Electronics business, we develop, manufacture, purchase, and sell chemicals for PCBs and other electronic components. In the Medical and Pharmaceuticals business, we develop, manufacture, sell, and provide contract manufacturing services for ethical pharmaceuticals.

In our Electronics business, we provide PCB materials to the PCB production department of electronics manufacturers as well as to manufacturers specializing in PCBs. The PCBs play vital roles in many home and commercial digital appliances. Examples include PCs, smartphones, servers, and other IT devices. They are also used in audiovisual appliances such as liquid crystal display TVs and automotive parts such as electric control units (ECUs).

Our Medical and Pharmaceuticals business kicked off in January 2018, when Taiyo Pharma acquired manufacturing and marketing rights/authorizations for 13 long listed pharmaceuticals. We currently provide 19 long listed pharmaceutical products, including one on which we acquired the manufacturing and marketing rights in April 2023. In October 2019, our subsidiary Taiyo Pharma Tech started contract manufacturing of ethical pharmaceuticals after inheriting a pharmaceutical manufacturing plant from a corporate spin-off.

The table below lists our business segments and the relevant our subsidiaries and affiliates. The segment titles “Electronics” and “Medical and Pharmaceuticals” match the titles in II. Trends and Outlooks, 4. Financial position, operating results, cash flows, (1) Performance overview, 2) Operating results, and in V. Financial Information, 1. Consolidated financial statements, other consolidated financial information, (1) Consolidated financial statements: Notes.

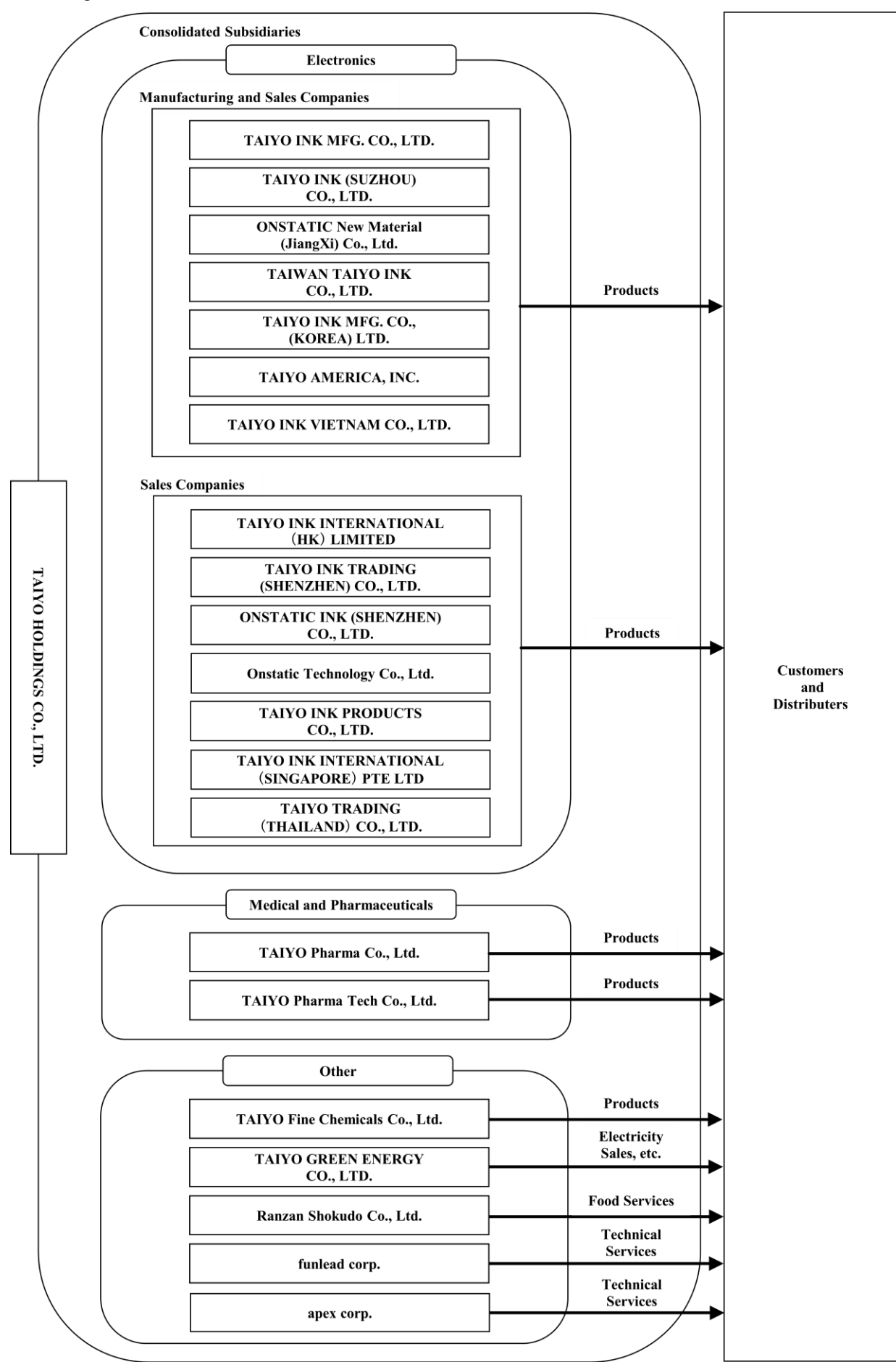
We are a listed company as defined in Article 49-2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions. When determining “minor criteria” facts (material facts under insider trading regulations), we use consolidated rather than non-consolidated figures.

Segment	Business operations	Main company or companies	
– (*Note 1)	<ul style="list-style-type: none"> <li>• Sets The Taiyo Group’s broad strategic direction</li> <li>• Provides management guidance to subsidiaries</li> <li>• Researches and develops chemicals for electronic components</li> </ul>	Japan	Filing company (Taiyo Holdings)
Electronics	Develops, manufactures, stocks, and markets chemicals for PCBs and other electronic components	Japan	Taiyo Ink Mfg. Co., Ltd.
		Overseas	Taiyo Ink (Suzhou) Co., Ltd., Onstatic New Material (Jianxi) Co., Ltd., Taiwan Taiyo Ink Co., Ltd., Taiyo Ink Co., (Korea) Ltd., Taiyo America, Inc., and Taiyo Ink Vietnam Co., Ltd.
	Stocks and markets chemicals of affiliates and associates for PCBs and other electronic components	Overseas	Taiyo Ink International (HK) Limited, Taiyo Ink Trading (Shenzhen) Co., Ltd., Onstatic Ink (Shenzhen) Co., Ltd., Onstatic Technology Co., Ltd., Taiyo Ink Products Co., Ltd., Taiyo Ink International (Singapore) Pte Ltd, and Taiyo Trading (Thailand) Co., Ltd.
Medical and Pharmaceuticals	Manufactures and markets ethical pharmaceuticals	Japan	Taiyo Pharma Co., Ltd.
	Performs contract manufacturing of ethical pharmaceuticals	Japan	Taiyo Pharma Tech Co., Ltd.
Other (*Note 2)	Manufactures and markets dyes, pigments, pharmaceuticals, and ink	Japan	Taiyo Fine Chemicals Co., Ltd.
	Supplies renewable energy, etc.	Japan	Taiyo Green Energy Co., Ltd.
	Operates cafeterias, etc.	Japan	Ranzan Shokudo Co., Ltd.
	Provides systems engineering services	Japan	funlead corp.
	Develops systems	Japan	apex corp.

Notes:

1. We do not include Taiyo Holdings Co., Ltd. (the filing company) among the reportable segments.
2. These are collectively referred to as ICT and Sustainability business.

This is our organizational chart:



#### 4. Our associates

##### (1) Consolidated subsidiaries

Name	Address	Equity (amount invested in company)	Main business	Ownership ratio (indirect ownership ratio in parentheses) (%)	Nature of relationship
Taiyo Ink Mfg. Co., Ltd.	Ranzan-machi, Hiki-gun, Saitama, Japan	450 million yen	Manufactures and markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We license the company to use our trademarks</li> <li>• We have interlocking directorates with the company</li> <li>• We lease real estate to the company</li> <li>• We lend to the company</li> </ul>
Taiyo Ink (Suzhou) Co., Ltd. (*Note 1)	Suzhou, Jiangsu Province, China	30 million USD	Manufactures and markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We license the company to use our trademarks</li> <li>• We have interlocking directorates with the company</li> </ul>
Onstatic New Material (Jiangxi) Co., Ltd. (*Note 2)	Xinyu, Jiangxi Province, China	7 million USD	Manufactures and markets solder resists for PCBs	100.0 (100.0)	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
Taiwan Taiyo Ink Co., Ltd. (*Note 1)	Guanyin District, Taoyuan City, Taiwan	310 million TWD	Manufactures and markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We license the company to use our trademarks</li> <li>• We have interlocking directorates with the company</li> </ul>
Taiyo Ink Mfg. Co., (Korea) Ltd.	Ansan-si, Gyeonggi Province, South Korea	2,698 million KRW	Manufactures and markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We license the company to use our trademarks</li> <li>• We have interlocking directorates with the company</li> <li>• We lend to the company</li> </ul>
Taiyo America, Inc.	Carson City, Nevada, United States	2 million USD	Manufactures and markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We license the company to use our trademarks</li> <li>• We have interlocking directorates with the company</li> </ul>
Taiyo Ink Vietnam Co., Ltd	Hanoi, Vietnam	2,309 million VDN	Manufactures and markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> <li>• We lend to the company</li> </ul>
Taiyo Ink International (HK) Limited (*Note 3)	Hunghom, Kowloon, Hong Kong, China	10 million HKD	Markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We borrow from the company</li> </ul>
Taiyo Ink Trading (Shenzhen) Co., Ltd.(*Note 4)	Shenzhen, Guangdong Province, China	800 thousand USD	Markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
Onstatic Ink (Shenzhen) Co., Ltd. (*Note 2)	Shenzhen, Guangdong Province, China	7 million USD	Markets solder resists for PCBs	100.0 (100.0)	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
Onstatic Technology Co., Ltd. (*Note 1)	Yingge District, New Taipei City, Taiwan	313 million TWD	Markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
Taiyo Ink Products Co., Ltd. (*Notes 2 and 5)	Ansan-si, Gyeonggi Province, South Korea	100 million KRW	Markets solder resists for PCBs	100.0 (100.0)	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
Taiyo Ink International (Singapore) Pte Ltd	Singapore	2 million SGD	Markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
Taiyo Trading (Thailand) Co., Ltd.	Bangkok, Thailand	11 million THB	Markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>

Name	Address	Equity (amount invested in company)	Main business	Ownership ratio (indirect ownership ratio in parentheses) (%)	Nature of relationship
Taiyo Pharma Co., Ltd. (*Note 6)	Marunouchi, Chiyoda-ku, Tokyo, Japan	450 million yen	Manufactures and markets ethical pharmaceuticals	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> <li>• We lend to the company</li> </ul>
Taiyo Pharma Tech Co., Ltd. (*Note 7)	Takatsuki-shi, Osaka, Japan	300 million yen	Performs contract manufacturing of ethical pharmaceuticals	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
Taiyo Fine Chemicals Co., Ltd.	Nihonmatsu-shi, Fukushima, Japan	49 million yen	Manufactures and markets dyes, pigments, pharmaceuticals, and ink	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> <li>• We lend to the company</li> </ul>
Taiyo Green Energy Co., Ltd.	Ranzan-machi, Hiki-gun, Saitama, Japan	10 million yen	Supplies renewable energy, etc.	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> <li>• We lend to the company</li> </ul>
Ranzan Shokudo Co., Ltd.	Nishi-Ikebukuro, Toshima-ku, Tokyo, Japan	15 million yen	Operates cafeterias, etc.	100.0	
funlead corp.	Nishi-Ikebukuro, Toshima-ku, Tokyo, Japan	80 million yen	Provides systems engineering services	100.0	<ul style="list-style-type: none"> <li>• We have interlocking directorates with the company</li> </ul>
apex corp. (*Note 2)	Minami-Otsuka, Toshima-ku, Tokyo, Japan	21 million yen	Develops systems	100.0 (100.0)	
Peace Sea Investments Limited (*Notes 1 and 2)	Apia, Samoa	13 million USD	Investment	100.0 (100.0)	
Good Advance Group Limited (*Notes 1 and 2)	Apia, Samoa	13 million USD	Investment	100.0 (100.0)	
Pegasus Tech Ventures Company IV, L.P. (*Note 2)	California, USA	5 million USD	Investment	99.0 (49.5)	
One other company					

Notes:

1. The indicated company is a specified subsidiary as defined in the Cabinet Office Ordinance on the Disclosure of Corporate Affairs.
2. Figures in parentheses indicate the indirect ownership ratio.
3. Sales of Taiyo Ink International (HK) Limited account for more than 10% of the Taiyo Group's consolidated sales (excluding inter-company sales).  
Main financial data  
(1) Net sales: 19,484 million yen, (2) Ordinary income: 1,282 million yen, (3) Profit: 675 million yen  
(4) Net assets: 6,234 million yen, (5) Total assets: 10,471 million yen
4. Sales of Taiyo Ink Trading (Shenzhen) Co., Ltd. account for more than 10% of the Taiyo Group's consolidated sales (excluding inter-company sales).  
Main financial data  
(1) Net sales: 11,006 million yen, (2) Ordinary income: 455 million yen, (3) Profit: 338 million yen  
(4) Net assets: 2,620 million yen, (5) Total assets: 7,013 million yen
5. Sales of Taiyo Ink Products Co., Ltd. account for more than 10% of the Taiyo Group's consolidated sales (excluding inter-company sales).  
Main financial data  
(1) Net sales: 11,547 million yen, (2) Ordinary income: 682 million yen, (3) Profit: 542 million yen  
(4) Net assets: 2,411 million yen, (5) Total assets: 4,359 million yen
6. Sales of Taiyo Pharma Co., Ltd. account for more than 10% of the Taiyo Group's consolidated sales (excluding inter-company sales).  
Main financial data  
(1) Net sales: 12,022 million yen, (2) Ordinary income: 89 million yen, (3) Profit: (3,651) million yen  
(4) Net assets: (1,223) million yen, (5) Total assets: 27,368 million yen
7. Sales of Taiyo Pharma Tech Co., Ltd. account for more than 10% of the Taiyo Group's consolidated sales (excluding inter-company sales).  
Main financial data  
(1) Net sales: 17,319 million yen, (2) Ordinary income: 3,724 million yen, (3) Profit: 2,288 million yen  
(4) Net assets: 13,629 million yen, (5) Total assets: 31,502 million yen

(2) Other associate

Company name	Address	Share capital (Millions of yen)	Main business	Equity stake (%)	Nature of relationship
DIC Corporation	Itabashi-ku, Tokyo, Japan	96,557	Manufactures and markets organic pigments and synthetic resins	20.08%	<ul style="list-style-type: none"> <li>• We procure raw materials from the company</li> <li>• We have interlocking directorates with the company</li> </ul>

## 5. Our employees

### (1) Consolidated (group wide)

As of March 31, 2024

Segment	Number of employees
Electronics	1,344
	[88]
Medical and Pharmaceuticals	427
	[118]
Other and trans-segment(*Note 3)	439
	[66]
Total	2,210
	[272]

Notes:

1. Number of employees indicates the number of fulltime employees.
2. The average number of non-fulltime employees is indicated in the brackets as the number excluded.
3. “Other and trans-segment” includes the ICT and Sustainability business and corporate divisions.

### (2) Non-consolidated (Taiyo Holdings Co., Ltd.)

As of March 31, 2024

Number of employees	Average age	Average years of service	Average annual remuneration (yen)
156	39.9	10.4	9,078,164

Notes:

1. Number of employees indicates the number of fulltime employees (this excludes employees that we second to other companies but includes employees that other companies second to us).
2. We have omitted the average number of non-fulltime employees because such employees account for less than 10% of total employees.
3. Average annual remuneration includes:
  - Extra wages
  - Bonuses
  - Shares provided under the employee stock ownership plan
  - Annual amount set aside for the defined benefit pension plan
  - Installments for the defined contribution pensions plan

### (3) Labor organizations

Other than those employed in Taiyo Ink (Suzhou) Co., Ltd., Taiyo Ink Trading (Shenzhen) Co., Ltd., Taiyo Pharma Tech Co., Ltd., and Onstatic New Material (Jiangxi) Co., Ltd., our employees do not belong to any labor organization. We enjoy strong employee relations.

(4) Percentage of female workers in management positions, percentage of eligible male workers who take childcare leave, and gender pay gap

1) Non-consolidated (Taiyo Holdings Co., Ltd.)

Fiscal year ended March 31, 2024					Supplementary notes
Percentage of female workers in management positions (%) (*Note 1)	Percentage of eligible male workers who take childcare leave (*Note 2)	Wage gap between male and female workers (%) (*Notes 1 and 3)			
		All workers	(of which, full-time workers)	(of which, part-time and limited-term contract workers)	
21.4	80.0	76.9	76.1	—	Four of five males eligible to take childcare leave took leave

Notes:

1. Calculated as specified in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015)
2. The percentage of workers taking childcare leave in Article 71, Paragraph 4-1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25, 1991) was calculated as specified in the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (Act No. 76, 1991).
3. Categories with less than five males or females are not disclosed because the resulting numerical bias is not in keeping with the purpose of disclosure.

2) Consolidated subsidiaries

Fiscal year ended March 31, 2024						Supplementary notes
Name	Percentage of female workers in management positions (%) (*Note 2)	Percentage of eligible male workers who take childcare leave (*Note 3)	Wage gap between male and female workers (%) (*Notes 2 and 4)			
			All workers	(of which, full-time workers)	(of which, part-time and limited-term contract workers)	
Taiyo Ink Mfg. Co., Ltd.	4.7	33.3	78.7	78.0	—	One of three males eligible to take childcare leave took leave
Taiyo Pharma Tech Co., Ltd.	11.6	50.0	71.7	75.3	66.8	One of two males eligible to take childcare leave took leave
funlead corp.	8.3	50.0	70.7	71.2	—	One of two males eligible to take childcare leave took leave

Notes:

1. Only disclosed for those subsidiaries subject to the obligation of public disclosure, as specified in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).
2. Calculated as specified in the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015).
3. The percentage of workers taking childcare leave in Article 71, Paragraph 4-1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25, 1991) was calculated as specified in the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (Act No. 76, 1991).
4. Categories with less than five males or females are not disclosed because the resulting numerical bias is not in keeping with the purpose of disclosure.



## II. Trends and Outlooks

### 1. Policies, business climate, challenges

The business policies, business climate, and challenges of the Taiyo Group are detailed below. The forward-looking statements are based on information available to the Taiyo Group as of the end of the consolidated fiscal year under review.

#### (1) Business policies

We remain steadfastly committed to our goal of creating a cheerful society (as stated in “our core values” below). With this objective in mind, we will continue to grow while adapting to changes in the business environment and strategies.

##### *Our management philosophy*

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

##### *Our basic management policies*

1. We will generate revenue and increase corporate value, thereby contributing to the well-being and prosperity of customers, communities, shareholders, and employees.
2. We will discharge our corporate social responsibility with regard to the achievement of our management philosophy, including complying with the law, protecting the environment, ensuring thorough quality management, and contributing to society.
3. We will leverage our global system to always provide superior products and services.
4. We will constantly create opportunities for employees to challenge and develop themselves, aiming to have a corporate group composed of people who are highly motivated to be successful and to achieve goals set by themselves.
5. We will increase our comprehensive corporate strengths by maximizing cooperation between the Taiyo Group companies and strengthen the teamwork of all employees with emphasis on “speed and communication”.
6. We aim to have a group of global companies able to contribute to the realization of a cheerful society by constantly working for technological innovation and creating new products and businesses.

#### (2) The business climate, our strategies, and our operating and financial challenges

##### *Business climate*

During fiscal year ended March 31, 2024, the global economy continued to face increasing uncertainty due to soaring resource and other prices caused by rising geopolitical risks, persistent rising interest rates and foreign exchange fluctuations in the United States and European countries, the economic slump in China, and other uncertainties.

##### 1) Electronics business

The electronics business is strongly affected by semiconductor industry. The semiconductor industry was temporarily affected by reduced production of semiconductors. Despite this, semiconductor and other related demand is expected to grow over the medium and long term due to the penetration of IoT and virtual space technologies in society and the spread of 5th-generation mobile communication systems (5G), an increase in products related to generative AI, and progress on digital transformation. Electrification associated with the spread of electric and hybrid vehicles and an increase in electronic equipment for autonomous driving are also expected to propel expansion of demand for automotive-related products.

## 2) Medical and Pharmaceuticals industry

Mounting financial pressure on Japan's health insurance system has prompted a revision of drug pricing, leading to structural changes in the pharmaceuticals industry and increasingly diverse healthcare needs. Structural changes in the pharmaceuticals industry include cost-control measures such as introducing price controls on original drugs and encouraging the use of generics, and the debate continues over further reforms to the medical system. Meanwhile, quality issues and accompanying product defects are occurring frequently in the generic drug industry and this demands improvements in reliability through revisions to the quality control system and stable supply. Technological innovation and collaboration between industry, academia, and government in response to diverse healthcare needs should drive innovative drug discovery.

### *Our strategies*

Amid these conditions, we formulated "Beyond Imagination 2030," our long-term management plan, in June 2021 to achieve "a cheerful society," our management philosophy, with an emphasis on the "chemistry" the Taiyo Group possesses.

A future that is beyond our imagination will unfold by 2030, with the evolution of technology, thoughts on the environment, and various initiatives around the world.

We want to be a company that creates a wide range of innovative products that offer dreams for such a future. Our self-sufficient personnel will further develop our core Electronics and Medical and Pharmaceuticals businesses, while continuing to work on our energy business and digital transformation as Group-wide initiatives, even in such a dynamic environment.

### *"Beyond Imagination 2030," our long-term management plan*

#### *Basic policies to implement*

- 1) Develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and societies
- 2) Achieve continuous growth and explore new business areas in the Electronics business
- 3) Grow the Medical and Pharmaceuticals business further
- 4) Transform and evolve through digital transformation
- 5) Create new businesses
- 6) Execute strategic M&A
- 7) Strengthen efforts for SDGs (Sustainable Development Goals)

#### *Targets*

- 1) Profitability: Return on Equity (ROE) ratio of 18%
- 2) Shareholder return: Maintain the dividend on equity ratio (DOE) at 5% or higher

We do not aim to simply expand our business, but to fulfill our social responsibilities and maximize shareholder value. Over the long-term, we will work to increase capital efficiency while increasing profits, and to fully return profits to our shareholders. To promote these activities, we will aim to achieve ROE of 18% as an indicator of profitability and maintain DOE of 5% or higher as an indicator of shareholder return, as our targets for "Beyond Imagination 2030," our long-term management plan. In fiscal year ended March 31, 2024, ROE was 9.0% and DOE was 5.1%. We will continue activities aimed at achieving these targets going forward.

We are implementing Group-wide initiatives for each of the basic policies of "Beyond Imagination 2030," our long-term management plan, with particular emphasis on the following measures.

1. Develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and societies (Basic Policy 1)

A key challenge is to build a workforce that can adapt to organizational and social diversity and help the company grow in the years to come. By striking a three-way balance between work motivation, workplace environment, and fair evaluations and compensation, we aim to be an organization abounding in self-sufficient personnel capable of setting goals for themselves and enjoying the process of achieving those goals and producing results.

2. Achieve continuous growth and explore new business areas in the Electronics business (Basic Policy 2)

The mainstay of our Electronics business is solder resist. We hold a global top share in the solder resist market, and over 90% of solder resist sales are in overseas countries. We are working on the following measures to achieve continuous growth amid the global economic and electronics industry conditions described above.

<Strengthening R&D>

We are investing aggressively in R&D facilities and make a determined effort to hire and train outstanding researchers and technicians from Japan and around the world. During the fiscal year ended March 31, 2024, we opened new InnoValley technology development center on the premises of the Ranzan Facility for R&D. In the future, we plan to build a production technology center for R&D on our mainstay product, dry film-type solder resist. We will energetically pursue external alliances in addition to capital investment, and vigorously pursue business development.

<Bringing new products to market swiftly>

When we have a potentially marketable product in the Taiyo Group, we make a concerted effort to clear all of the intervening hurdles and speed up commercial production. We set up a dedicated project taskforce consisting of hand-picked personnel from marketing, manufacturing, and product development, and assign this taskforce the powers and duties to achieve commercial production.

<Managing foreign exchange risk>

Since many products in the Electronics business are priced and sold in foreign currencies, exchange rate fluctuations can easily affect our business results. It is therefore important to mitigate foreign exchange risk. One way we do this is to produce products close to where we sell them. Another policy is to step up local procurement to match the currency for revenues and expenditures.

3. Grow the Medical and Pharmaceuticals business further (Basic Policy 3)

The medical and pharmaceutical industry is facing an increasingly unpredictable environment with supply disruptions due to quality issues and the promotion of medical system reforms to control healthcare costs. To address these challenges, the Taiyo Group aims to establish a system that can ensure a stable supply of existing drugs in the years ahead, and provide pharmaceuticals that will meet the needs of medical institutions and patients.

<Further progress in contract manufacturing of ethical pharmaceuticals>

Taiyo Pharma Tech Co., Ltd. performs contract manufacturing of pharmaceuticals, a business it took over when Daiichi Sankyo Propharma Co., Ltd. split off its Takatsuki Plant. In addition to providing stable supplies to existing customers, it also began regular operation of a contract business in the new field of regenerative medicine in the fiscal year ended March 31, 2024. Taiyo Pharma Tech aims to grow its contract manufacturing business in the future and continue to provide stable supplies of high-quality products while working to develop contracts in new fields such as regenerative therapy and gene therapy products as well as contracts from new customers.

<Progress in ethical pharmaceuticals manufacturing and marketing business>

Taiyo Pharma Co., Ltd. has a line-up of 19 long listed pharmaceutical products transferred from Chugai Pharmaceutical Co., Ltd., Nippon Boehringer Ingelheim Co., Ltd., AstraZeneca K.K., and Janssen Pharmaceutica NV. It continues to provide reliable, stable supplies of ethical pharmaceuticals to the frontlines of healthcare. During the fiscal year ended March 31, 2024, it obtained approval for manufacturing and marketing Madopar<sup>®</sup> L50 combination tablets, an additional dosage form of the therapeutic for Parkinsonism. It will continue to develop and supply pharmaceutical formulations to meet the demands from the frontlines of healthcare.

<Addressing the risk of pharmaceutical side-effects>

The manufacturing and marketing of pharmaceutical products involves risks of liability for product recalls, suspension of sales and health risks. To manage this risk, we comply with the Pharma-Med Act\* and all applicable standards. We also have product liability insurance to minimize the financial damage from any product liability claims.

\* The Pharma-Med Act's full title is "Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices."

4. Transform and evolve through digital transformation (Basic Policy 4)

To ensure global competitiveness in a rapidly changing business landscape, we must commit to continually improving workflows, processes, and our business model. We will digitize workflows and processes, including ordering, production management, R&D, and new business development, to generate new value within the Group and for customers.

5. Create new businesses (Basic Policy 5)

To enhance corporate value in the medium to long term, we need to launch new businesses, rather than relying only on our existing businesses. We will continue to expand and develop new core revenue sources to complement our existing ones (electronics, medical and pharmaceuticals, ICT, energy, and food).

6. Execute strategic M&As (Basic Policy 6)

To accelerate efforts to strengthen existing businesses and launch new ones, we will actively explore potential business and capital tie-ups, M&A, and strategic collaboration projects in which we can leverage external assets, instead of relying only on our own assets. During the fiscal year ended March 31, 2024, funlead corp., which is responsible for our ICT business, acquired all of the shares of Xseeds Co., Ltd. and RIT Inc.

7. Strengthen efforts for Sustainable Development Goals (SDGs) (Basic Policy 7)

Even before the SDG agenda garnered worldwide interest, we were integrating sustainability into our business activities, believing that sustainability is crucial to continued enhancement of corporate value. More specifically, we opened floating solar power plants in Japan to realize a decarbonized society and opened the 16th floating solar power plant in the fiscal year ended March 31, 2024. We also participate in local events and charitable causes, and our canteens use local produce. To promote diversity and inclusion, we have installed all-gender restrooms and have a high percentage of women officers compared to the average for companies listed on the TSE Prime Market. We will continue to actively pursue SDG initiatives in the future.

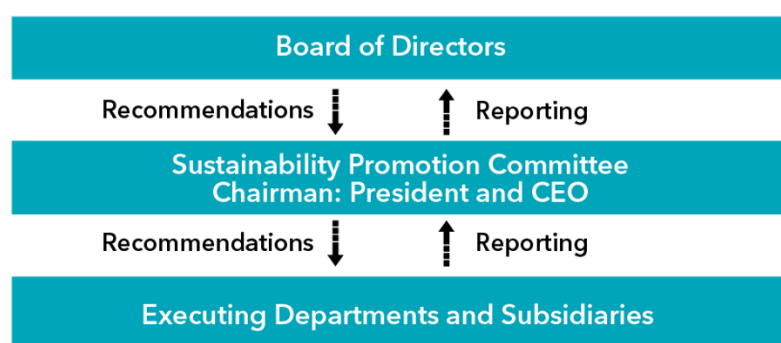
## 2. Sustainability approach and initiatives

We have specified “Strengthen efforts toward Sustainable Development Goals (SDGs)” as one of the basic policies in “Beyond Imagination 2030,” our long-term management plan, as stated in our Corporate Governance Report. The details of such initiatives are provided below. The forward-looking statements in this report are based on certain assumptions the Taiyo Group has deemed to be reasonable as of Date of filing of Annual Securities Report. Actual results may differ substantially due to various factors. The Corporate Governance Report is posted on our website ([https://www.taiyohd.co.jp/en/pdf/investor/governance/governance\\_en.pdf](https://www.taiyohd.co.jp/en/pdf/investor/governance/governance_en.pdf))

### (1) Sustainability

#### 1) Governance

The Sustainability Promotion Committee, chaired by the President and CEO, is responsible for the execution of all activities relating to sustainability. The Sustainability Promotion Committee discusses the direction of activities relating to sustainability and progress on targets set based on critical issues across the Taiyo Group. The committee receives instructions from the Board of Directors concerning priority challenges.



#### 2) Risk management

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

### (2) Response to climate change

The Taiyo Group launched a floating solar power business in 2014 and actively engages in other sustainability efforts. Climate change is a serious social issue facing global society and is accordingly a priority management issue of the Taiyo Group. We therefore declared our support for TCFD\*<sup>1</sup> recommendations in March 2022 and will continue to further strengthen relationships of trust with our stakeholders by pursuing initiatives aligned with the TCFD framework and active disclosure of information. The Taiyo Group also responded to the CDP Climate Change 2023 Questionnaire administered by the CDP\*<sup>2</sup> for the first time and received a “B” rating.

\*1 TCFD: 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 CDP: A global NGO which analyzes and evaluates the environmental initiatives of companies and other organizations

#### 1) Governance

Governance related to climate change is included in governance of sustainability. See (1) Sustainability, 1) Governance for more information.

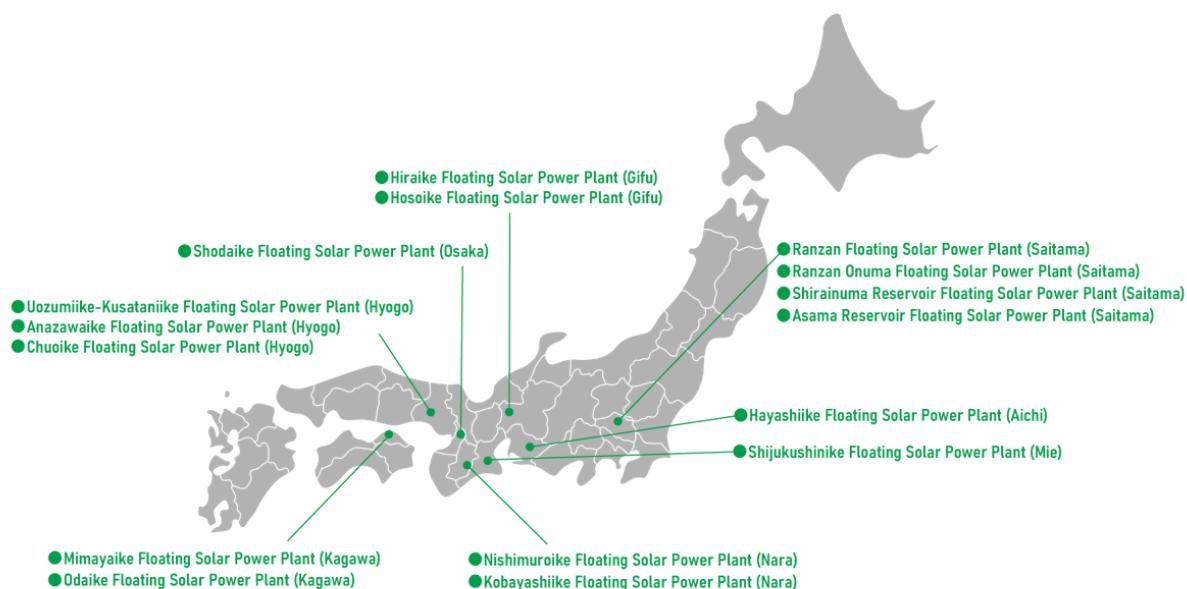
## 2) Strategies

We specify the risks and opportunities by analyzing long-term expected climate change considering the 1.5°C and 4°C scenarios concerning the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the World Energy Outlook of the International Energy Agency (IEA).

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

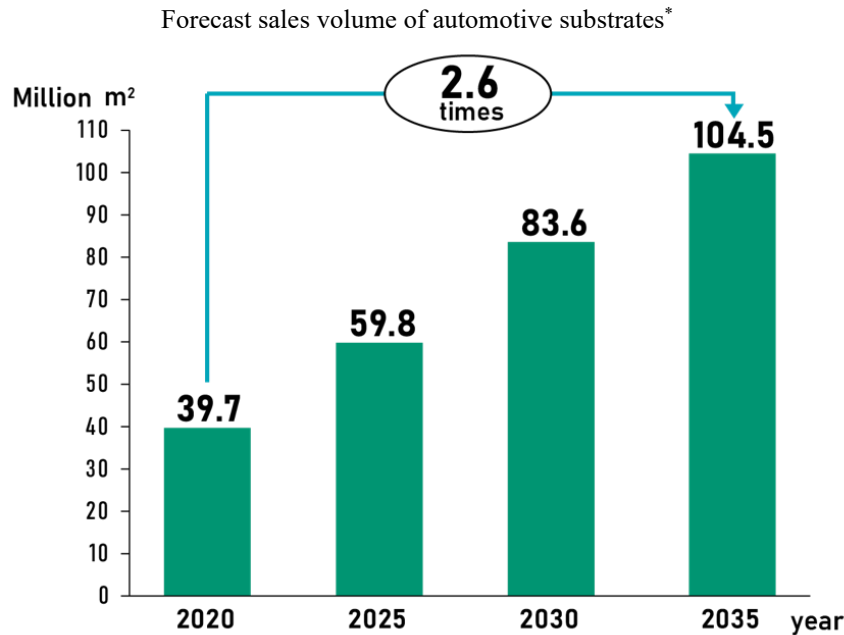
### Opportunity presented by progress on realizing a decarbonized society: Case 1

In response to the power shortages resulting from the Great East Japan Earthquake of 2011, our Group is focusing on floating solar power as we pursue the renewable energy business. The use of floating solar power plants on bodies of water, such as agricultural reservoirs, can help to increase the amount of electric power generated. This is achieved by the cooling effect that the water surface has on solar panels, which mitigates the reduction in power generation efficiency that results from summer heat. It also involves less land development and uprooting of vegetation than its ground-based counterparts, which helps with environmental conservation, while reducing the burdens borne by municipalities and agricultural producers that own and manage reservoirs. As of March 31, 2024, the Taiyo Groups has established a total of 16 floating solar power plants nationwide. These plants generate power equivalent to the electricity purchased externally to power both our Electronics and Medical and Pharmaceuticals businesses in Japan. Going forward, we will support the use of renewable energy by customers and society as a whole, in addition to our Group.



## Opportunity presented by progress on realizing a decarbonized society: Case 2

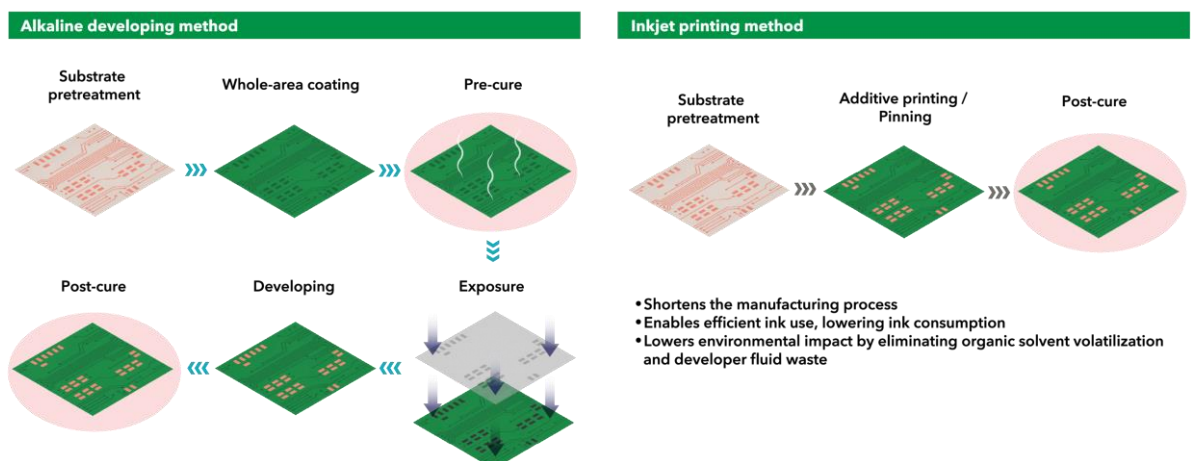
Demand for electric vehicles (EV) is forecast to increase even more in the future because they do not emit CO<sub>2</sub> during operation. The area of automotive substrates installed in EVs is forecast to increase by roughly 2.6 times by 2035, compared to 2020. We see this increase in the use of solder resists due to the increase in substrate area as a business opportunity that will lead to an increase in sales of our Group's automotive-related products.



\* General Survey on Car-Mounted Electronic Devices & Components 2022, Fuji Chimera Research Institute, Inc. (results for 2020; forecasts for 2025, 2030, and 2035)

## Opportunity presented by progress on realizing a decarbonized society: Case 3

After alkaline developable solder resist ink is used to coat the entire surface, it is removed from the unneeded areas through the photolithography process, creating a pattern. However, inkjet solder resist can use the inkjet printing method to coat only the areas where it is needed to create a pattern. Compared to alkaline developable solder resist, this inkjet printing method can therefore help to reduce solder resist consumption and radically simplify the process for the customer.. Also, since it does not volatilize organic solvents and generate liquid developer waste, it effectively reduces environmental load. The Taiyo Group is developing inkjet coater-compatible products for a range of applications, including marking ink, plating resists, etching resists, and display materials, in addition to solder resists.

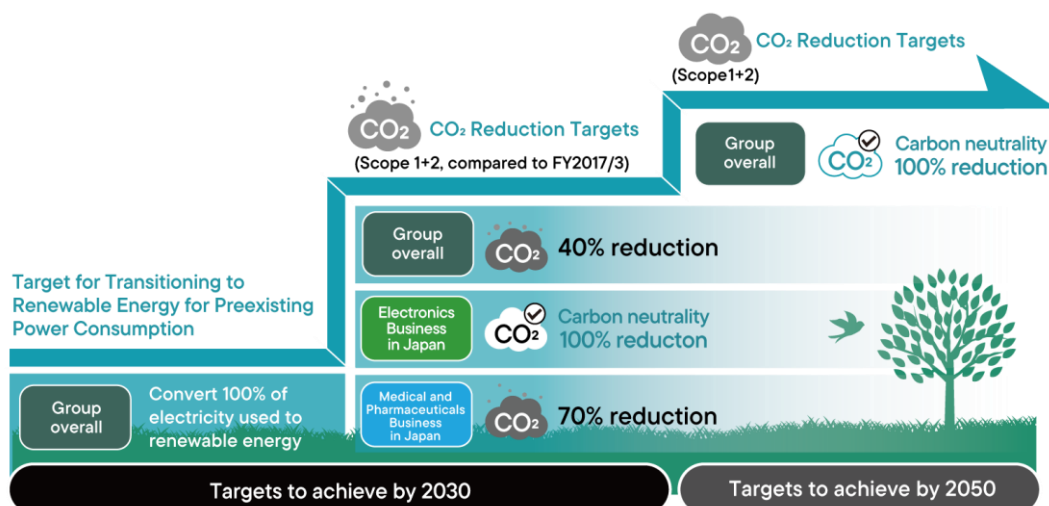


### 3) Risk management

Management of risks related to climate change is included in sustainability risk management. See (1) Sustainability, 2) Risk management for more information.

### 4) Metrics and targets

To achieve carbon neutrality by 2050, the target year set by the Japanese government, we have set an even higher target before to reduce total Group CO<sub>2</sub> emissions by 40% in fiscal year ended March 31, 2031 compared to fiscal year ended March 31, 2017. We also aim to achieve carbon neutrality in the domestic Electronics business and a 70% reduction in CO<sub>2</sub> emissions in the domestic Medical and Pharmaceuticals business by fiscal year ended March 31, 2031, as well as carbon neutrality for the entire Taiyo Group by 2050.



Our CO<sub>2</sub> emissions results and targets are indicated below. We have set fiscal year ended March 31, 2017 as the base year for the CO<sub>2</sub> emissions reduction targets.

CO<sub>2</sub> emissions for fiscal years ended March 31, 2017, 2023, and 2024,  
and CO<sub>2</sub> emissions target for fiscal year ending March 31, 2031

(kt-CO<sub>2</sub>)

Segment	CO <sub>2</sub> emissions	Fiscal year ended March 31, 2017 (Base year)	Fiscal year ended March 31, 2023 (Actual result)	Fiscal year ended March 31, 2024 (Estimate)	Fiscal year ending March 31, 2031 (Target)*1
Entire Group	Scopes 1 + 2	41	50	48	24
	Scope 1	16	15	16	
	Scope 2	25	34	32	
Electronics (Japan)	Scopes 1 + 2	7	10	9	0
Medical and Pharmaceuticals (Japan)	Scopes 1 + 2	18	20	19	5
Other*2	Scopes 1 + 2	15	19	19	

\*1 Targets for Scopes 1 + 2 for the entire Group, the Electronics business in Japan, and the Medical and Pharmaceuticals business in Japan

\*2 Other: Overseas Electronics business and ICT and Sustainability business, and the filing company

We will continue to respond to climate change through our businesses and disclose information on our efforts by continuing to evaluate the impact of the risks and opportunities presented by climate change on our businesses and pursuing efforts to mitigate such risks and capitalize on such opportunities, in accordance with the framework of TCFD recommendations.



### (3) Human capital

Basic Policy 1 in “Beyond Imagination 2030,” our long-term management plan, is “Develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and societies.” We endeavor to develop self-sufficient personnel who set their own goals and have high aspirations to achieve them by maintaining a good balance in work motivation, healthy workplace environment, and fair evaluations and compensation.



#### 1) Internal environment creation

##### a. Strategies

We are implementing various health promotion measures to establish a healthy work environment. Since July 2015, we have pursued a series of initiatives to gradually create a no-smoking environment in the office by introducing a health maintenance and improvement allowance system that pays employees who do not smoke 3,000 yen a month, shrinking the space allocated for smoking in each office, and other measures. In May 2019, the Ikebukuro Head Office initiated a complete ban on smoking before coming to work and during working hours (until an employee has left the office). Our Ranzan Facility and consolidated subsidiaries in Japan now have complete bans on smoking in the office. We also hold many events to support employee health. Various health events were held during fiscal year ended March 31, 2024, including stretching exercises and “Radio Taiso” calisthenics, and Pilates and yoga classes held at the Company and “Radio Taiso” calisthenics and walking events at consolidated subsidiaries in Japan.

##### b. Metrics

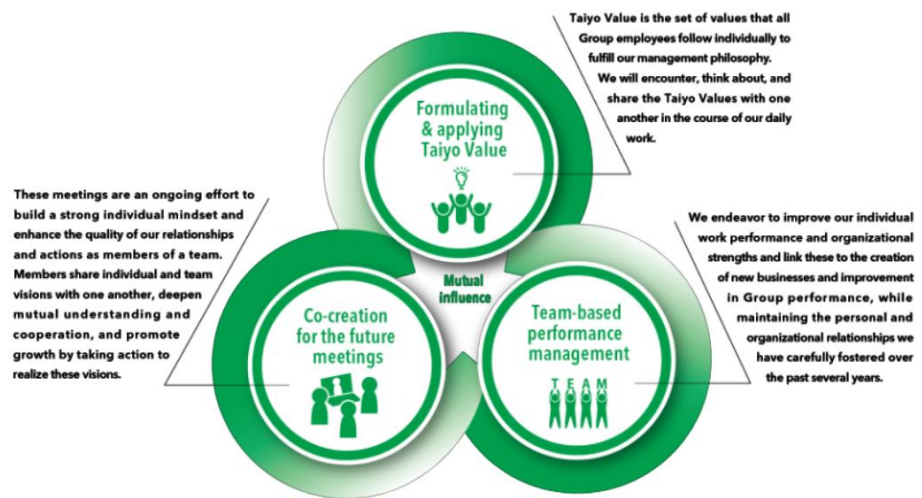
The payout ratio for health maintenance and improvement allowances was 94.0% in fiscal year ended March 31, 2024. Moreover, the payout ratio for all Group companies that have introduced the system was 85.2%. We will continue to create an environment that supports the health of each and every employee, including those at Group companies.

## 2) Organizational and human resource development

### a. Strategies

To realize our management philosophy amid the dizzying pace of change in society and the business environment, we are implementing the Co-creation Initiative for the Future to develop self-sufficient personnel from the perspectives of both the individual and the organization and are able to delineate their own aspirations for the future, grasp the essence of matters in making decisions, and involve those around them in executing business.

### Co-creation Initiative for the Future



Each department has been holding Co-creation for the Future Meetings since April 2019 as one part of the Co-creation Initiative for the Future. The objective of the meetings are to create strong individuals and a strong organization by instilling a growth mindset and improving the quality of team relationships and actions.

The Taiyo Values were introduced in October 2021 as the values that all employees should share, follow, and apply. They were formulated through group dialog sessions among employees over the course of two years. Currently, leaders are selected in each department to continue efforts to further manifest the Taiyo Values. In fiscal year ended March 31, 2024, an offsite session for Value Leaders was held to provide a venue for the leaders in Taiyo Holdings and its consolidated subsidiaries in Japan to share their individual initiatives with the entire organization.

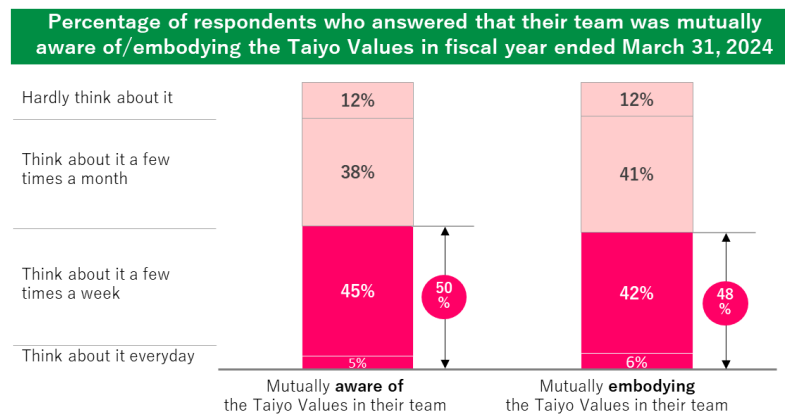
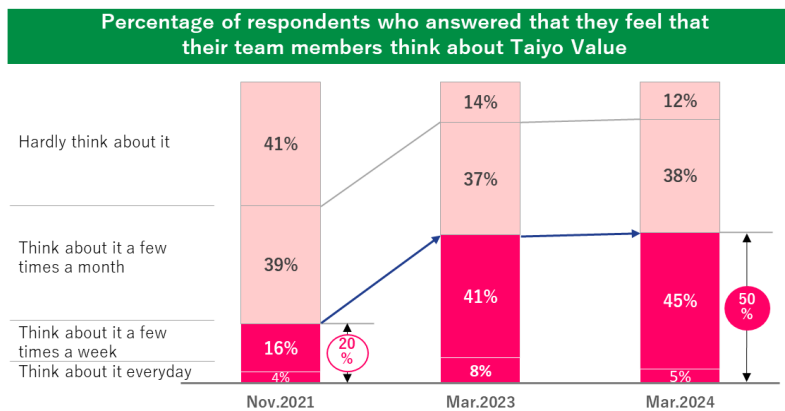
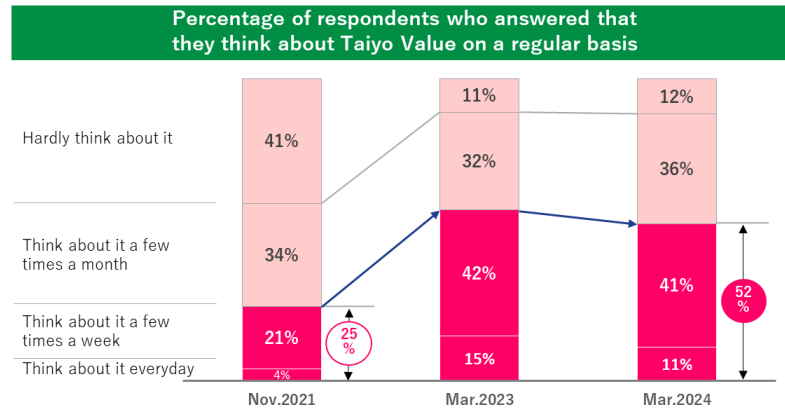
<b>Taiyo Value</b>	<b>We will adopt and comply with the following four principles in our actions towards realizing our Management Philosophy.</b>
<b>[ ENJOY ]</b>	<b>Imagine the future, make actions.</b>
<b>[ SINCERITY ]</b>	<b>Be honest. Make proud decisions.</b>
<b>[ SPEED ]</b>	<b>Take action. Be a pioneer.</b>
<b>[ COMMUNICATION ]</b>	<b>Listen to others. Convey your thoughts.</b>

Holding Co-creation for the Future Meetings and applying the Taiyo Values in daily work activities are improving human and organizational relationships and, as a Group, we feel the values we want to practice have also taken root. We are also strengthening team-based performance management out of the desire to link this course of action to better work outcomes and business results. In fiscal year ended March 31, 2024, a Performance Management Program was launched for managers of Taiyo Holdings and Group companies in Japan (Taiyo Ink Mfg. Co., Ltd., Taiyo Pharma Co., Ltd., Taiyo Pharma Tech Co., Ltd., Taiyo Fine Chemicals Co., Ltd., Taiyo Green Energy Co., Ltd., and Ranzan Shokudo Co., Ltd.; hereafter, the same). This program is designed to help them learn management styles that will improve independent career formation and work performance of team members, and update their own interaction styles through practical application and dialog.

On the point of human resource development, we are focusing on investment in employee training, in addition to the Co-creation for the Future initiative described above. We also subsidize the cost of acquiring company-recommended qualifications, the cost for new employees to purchase and read a newspaper, and the cost of purchasing books necessary for work to help each employee to increase their knowledge and improve their skills. We also put effort into internal and external seminars and training as opportunities for growth. Another way we support employees is by providing them with a broad range of learning activities, in addition to activities directly tied to Company business. One example is the Recreation System. In this system, an annual subsidy of 22,000 yen (including tax) per person is provided to stimulate communication within departments and encourage employees to look at how they approach their work as a professional by engaging in non-routine experiences (activities that enhance education and cultivate sensitivity). In August 2023, we also introduced a book subsidy system to help employees purchase books. This subsidy is not limited to books that are directly related to their work. The purpose of this system is to support opportunities to gain insights and learn about a wide range of areas through hands-on reading of printed material as one part of independent career formation.

b. Metrics

Roughly two and a half years have elapsed since the Taiyo Values were formulated and the percentage of employees who consciously apply these values in their daily work has exceeded 50%. The percentage of employees who successfully embody these values in addition to consciously applying them is also nearing 50% (hereafter, Group employee interview results). We intend to continue such initiatives to instill the Taiyo Values as values that employees can always depend on daily.



The following results have also been achieved in investment in employee education. To establish an environment that encourages the self-sufficiency of each employee, we will continue to provide support that will enable employees to broaden their education and gain insights.

Indicators for Investment in Employee Training	Fiscal year ended March 31, 2024
Cost of acquiring company-recommended qualifications per employee, cost of newspaper subscriptions for new employees, cost of purchasing books/publications necessary for work	Approx. 50,000 yen
Cost of internal/external seminars and training per employee	Approx. 310,000 yen
Number of departments hosting recreational activities (Number of departments this covers: 112) (including Group companies)	67 departments
Recreation cost per employee (including Group companies))	Approx. 18,000 yen
Book subsidy cost per employee	Approx. 30,000 yen

\* Costs for in-house training include expenses related to design, etc.

\* The figures for "Number of departments hosting recreational activities" and "Recreation cost per employee" are actual results for consolidated subsidiaries in Japan, excluding funlead corp. (funlead corp. has its own program); the figures for other indicators are the actual results for Taiyo Holdings Co., Ltd. on an unconsolidated basis.

\* For "Book subsidy cost per employee" only, the results cover the period from August 2023 to March 2024.

In order to convert the diversity of human resources to organizational strength to create businesses agilely in response to a rapidly changing market environment, we will also continue to actively and continuously secure diverse human resources (the table below shows results for fiscal year ended March 31, 2024 (\*reflecting personnel changes up to June 2024 only for the percentage of female officers, the percentage of female executive officers, and the percentage of executive officers of foreign nationality)). We will establish a workplace environment and internal training system that will enable the fullest utilization of unique characteristics and abilities of each individual.

Indicators for Diversity of Human Resources	Fiscal year ended March 31, 2024*
Percentage of female officers	42.9%
Percentage of female executive officers	12.5%
Percentage of female managers	21.4%
Percentage of female leaders	42.4%
Percentage of female new graduate hires	53.3%
Percentage of female mid-career hires	20.3%
Percentage of female employees	36.9%
Percentage of foreign national executive officers	12.5%
Percentage of foreign national managers	3.6%
Percentage of foreign national employees	4.0%
Percentage of mid-career hires as managers	71.4%
Percentage of mid-career hires	49.7%

\* The figures above indicate the percentages in Taiyo Holdings Co., Ltd..

\* The definition of "officer" in "Percentage of female officers" is officers as defined in the Companies Act (internal/outside board directors and Audit & Supervisory Committee members).

\* For "Percentage of female officers," "Percentage of female executive officers," and "Percentage of foreign national executive officers" only, the figures reflect personnel changes up to June 2024.

When performing stress checks for all employees of Taiyo Holdings Co., Ltd. and some domestic consolidated subsidiaries, we not only check the legally mandated elements; we also look at employee satisfaction and other indicators generally referred to as overall indicators. We also consider the results of these stress checks in regard to employee satisfaction in terms of management's commitment to work motivation, a healthy work environment, and fair evaluations and compensation. These various initiatives have also produced results. We outperformed the nationwide average in 32 (31 categories in fiscal year ended March 31, 2023) of 36 categories, and the numbers for the general indicators were also good compared to nationwide averages. Moreover, improvement from fiscal year ended March 31, 2023 was seen in three of the four indicators in which we underperformed the nationwide average.

Overall indicators	FYE Mar. 2022	FYE Mar. 2023	FYE Mar. 2024	* Nationwide average
Work engagement	2.63	2.65	<b>2.64</b>	2.52
Job satisfaction	2.86	2.86	<b>2.85</b>	2.74
Sense of unity in the workplace	2.81	2.81	<b>2.85</b>	2.60

\* Ratings ranged from 1 point at minimum to 4 points at maximum. Higher numbers reflect a more favorable result.

\* The companies surveyed were Taiyo Holdings Co., Ltd. and Group companies in Japan.

In terms of "workplace environment," we not only aim to create a clean and comfortable workplace with the latest equipment, but also a work environment that will encourage employee growth and awareness. For example, we display works of art in our workplaces 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. We are also actively hiring mid-career professionals to bring in the perspectives of diverse talent with different backgrounds, not only in terms of concrete skills but also in terms of approaches and other qualitative aspects. (Percentage of mid-career professional hired by the filing company in fiscal year ended March 31, 2024: 49.7%)

In April 2023, we revised the system of employee compensation to achieve fair evaluations and compensation as applied to the recent changes in the work environment. We will continue to rebalance work motivation, a healthy work environment, and fair evaluations and compensation to achieve a good balance and will strive to realize a cheerful society by creating the environment and establishing the means for employees to contribute more actively as self-sufficient personnel.

### 3. Business risks

The following are the main risks that may influence the business development of the Taiyo Group. The forward-looking statements are based on information available to us as of the end of the consolidated fiscal year under review.

Risk type	Description of risk	Key actions for managing the risk
Risk associated with response to social issues	<ul style="list-style-type: none"> <li>Corporate value may decline and business opportunities may be lost when efforts to address environmental issues such as climate change and other social issues are insufficient</li> </ul>	<ul style="list-style-type: none"> <li>The Board of Directors and Sustainability Promotion Committee specify priority challenges</li> <li>We analyze risks and opportunities and conduct thorough risk management</li> </ul>
Foreign exchange risk	<ul style="list-style-type: none"> <li>Fluctuation in foreign exchange rates may cause stagnation of business activities overseas</li> <li>Fluctuations in foreign exchange rates and interest rates may affect conversion of the operating results of overseas subsidiaries into yen</li> </ul>	<ul style="list-style-type: none"> <li>We may need to use forward exchange contracts</li> <li>We finance in countries with a low risk of fluctuation in foreign exchange rates, including the parent company</li> <li>We promote sourcing local production for local sales</li> </ul>
Country-specific risks	<ul style="list-style-type: none"> <li>There may be unfavorable changes in local regulatory requirements (including legal and tax requirements)</li> <li>The country might experience military conflict or civil disorder</li> </ul>	<ul style="list-style-type: none"> <li>We aim for an appropriately dispersed network of global operations</li> <li>We research trends in among customers and in the government of each country</li> </ul>
Risk of disaster affecting a manufacturing facility	<ul style="list-style-type: none"> <li>A disaster affecting a manufacturing site might cause manufacturing of products to be suspended</li> </ul>	<ul style="list-style-type: none"> <li>We aim to maintain appropriately dispersed manufacturing sites in the Electronics business</li> <li>We own in-house power generation equipment that could be used at contract manufacturing sites of the Medical and Pharmaceuticals business</li> </ul>
Infection risk	<ul style="list-style-type: none"> <li>We might need to suspend business if corporate officers or employees get infected</li> </ul>	<ul style="list-style-type: none"> <li>We adhere to government policy</li> <li>We have introduced work-from-home programs</li> <li>We have installed hand sanitizer</li> </ul>
Procurement risk	<ul style="list-style-type: none"> <li>Our supply chain might get disrupted if suppliers suffer damage or shortages</li> <li>Oil prices might lead to higher materials costs</li> </ul>	<ul style="list-style-type: none"> <li>We source materials from multiple suppliers</li> </ul>
Price war risk	<ul style="list-style-type: none"> <li>We might face pressure to lower sales prices</li> </ul>	<ul style="list-style-type: none"> <li>We produce and sell low-priced products</li> <li>We monitor the competition</li> </ul>
Client bankruptcy	<ul style="list-style-type: none"> <li>Clients in Japan or overseas might unexpectedly go bankrupt</li> </ul>	<ul style="list-style-type: none"> <li>We monitor clients' performance and creditworthiness to protect the recoverability of our receivables</li> </ul>
Technological innovation risk	<ul style="list-style-type: none"> <li>Technological innovation might yield manufacturing techniques that do not rely on our products (such as techniques for making electronic parts without PCBs)</li> <li>Techniques that do not use solder resist may be applied to manufacturing PCBs</li> </ul>	<ul style="list-style-type: none"> <li>We develop new manufacturing techniques</li> </ul>
Patent risk	<ul style="list-style-type: none"> <li>We may fail to protect our patents</li> <li>The Taiyo Group may infringe on the patents and intellectual property of another company</li> </ul>	<ul style="list-style-type: none"> <li>We manage risks related to intellectual property rights</li> </ul>
Side-effects of pharmaceuticals	<ul style="list-style-type: none"> <li>Unexpected serious adverse effects or safety issues may be discovered</li> </ul>	<ul style="list-style-type: none"> <li>We comply with the Pharma-Med Act and applicable standards, and subscribe to the necessary liability insurance</li> </ul>
Pharmaceutical regulation	<ul style="list-style-type: none"> <li>There may be unfavorable changes in drug pricing or other relevant aspects of the</li> </ul>	<ul style="list-style-type: none"> <li>We have a robust system of operating procedures with effective oversight</li> </ul>

Risk type	Description of risk	Key actions for managing the risk
	national health system or national/local government health policy	
Impairment risk	<ul style="list-style-type: none"> <li>If Group assets markedly decline in fair value, or if the Group's businesses become unprofitable, we would recognize impairment losses for the non-current assets</li> </ul>	<ul style="list-style-type: none"> <li>The Board of Directors reviews whether the purchase price is appropriate</li> <li>We use follow-up surveys to measure each asset's contribution to synergy, and we periodically monitor each asset's macroeconomic context</li> </ul>
Transfer pricing taxation and other cross-border tax risks	<ul style="list-style-type: none"> <li>Differences of opinion between tax authorities might incur additional or double taxation</li> </ul>	<ul style="list-style-type: none"> <li>We comply with each country's tax system</li> <li>We consult external experts</li> </ul>
Risk of failure to secure human resources	<ul style="list-style-type: none"> <li>Delays in developing human resources, the aging of society with fewer children being born, and population decline may contribute decline in the workforce pool due to employee attrition and difficulty in hiring personnel.</li> </ul>	<ul style="list-style-type: none"> <li>We develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and societies</li> <li>We maintain work motivation, a healthy work environment, and fair evaluations and compensation</li> </ul>
Information security risk	<ul style="list-style-type: none"> <li>Cyber attacks and other security threats may result in information leaks and falsification of information</li> <li>Computer systems may shut down or malfunction</li> </ul>	<ul style="list-style-type: none"> <li>We strengthen and maintain our information management systems</li> <li>We train employees and conduct practice drills</li> </ul>



#### 4. Financial position, operating results, cash flows

##### (1) Performance overview

This section describes the financial position, operating results, and cash flows (hereafter, “performance”) of the Taiyo Group in the consolidated fiscal year under review.

##### 1) Financial position

The table below shows year-on-year changes in assets, liabilities, and net assets, as well as the main factors for the changes.

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024	Change	Main factors (Comparison with the end of the previous fiscal year)
Current assets	90,050	109,655	19,604	Increase of ... 11,462 million yen in cash and deposits 5,617 million yen in notes and accounts receivable - trade, and contract assets
Non-current assets	97,212	103,096	5,884	Increase of... 8,198 million yen in buildings and structures Decrease of... 2,116 million yen in construction in progress
Total assets	187,263	212,751	25,488	
Total liabilities	94,523	112,353	17,829	Increase of... 10,824 million yen in long-term borrowings (including current portion of long-term borrowings) 4,396 million yen in short-term borrowings
Total net assets	92,739	100,398	7,658	Positive factors: Recorded 8,654 million yen in profit attributable to owners of parent Increase of 3,542 million yen in foreign currency translation adjustment account Negative factors: Decrease of 5,033 million yen in dividends of surplus
Total liabilities and net assets	187,263	212,751	25,488	

##### 2) Operating results

Net sales for the consolidated fiscal year ended March 31, 2024 were 104,775 million yen (up 7.6% year on year). Operating income was 18,203 million yen (up 14.0% year on year), and ordinary income was 17,310 million yen (up 12.0% year on year). Profit attributable to owners of the parent was 8,654 million yen (down 24.1% year on year), which reflects impairment losses recognized by Taiyo Pharma Co., Ltd. as a result of reviewing the sales rights with declining profitability.

Results by segment were as follows.

The Group consists of segments based on operating subsidiaries and has two reportable segments: the Electronics and Medical and Pharmaceutical businesses.

## Electronics

In rigid products, sales volume declined year on year for display-related materials and consumer-related materials. Sales remained especially lean for display-related materials. In contrast, automotive products and smartphone-related products saw year on year growth in sales volume. Sales volume of automotive products, in particular, increased as automotive production fully recovered with higher sales volume compared to the previous fiscal year, in which inventory adjustments occurred due mainly to a shortage of semiconductors and parts.

In semiconductor package products (PKG), sales volume decreased for liquid materials while increasing slightly for dry film materials from the previous fiscal year. Sales volume for smartphones, PCs, tablets, and other products was low at the beginning of the fiscal year due to a decline in end-user demand, but saw a gradual rebound in demand during the period, mainly in products for memory.

Over 90% of sales in this segment are made overseas. Foreign exchange gains (a result of the weak yen) therefore contribute to revenue and profit growth in the segment. Throughout the period under review, JPY against USD averaged at JPY 144.4/USD, 9.4 yen lower than the previous period's average rate of JPY 135.0/USD.

As a result, net sales amounted to 71,415 million yen (up 4.4% year on year), and segment profit came to 16,456 million yen (up 3.9% year on year).

## Medical and Pharmaceuticals

Taiyo Pharma Co., Ltd.'s ethical pharmaceuticals manufacturing and marketing business saw an increase in net sales from the previous fiscal year despite the negative impact of National Health Insurance (NHI) drug price revisions. This increase resulted from an increase in demand accompanying the transfer of assets for REMINYL<sup>®</sup>, the new long-listed products, and a supply shortage of other companies' products with the same efficacy, antitussives, and other products.

Taiyo Pharma Tech Co., Ltd.'s ethical pharmaceuticals contract development and manufacturing business saw an increase in net sales due to a change in product mix at the customer's request and a revision of the selling price accompanying the surge in raw material and energy prices.

As a result, net sales amounted to 29,269 million yen (up 15.0% year on year), and segment profit came to 3,248 million yen (up 70.4% year on year).

### 3) Cash flows

The following table shows the cash flows in the consolidated fiscal year under review as well as the factors behind these cash flows.

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024	Main factors
Net cash provided by (used in) operating activities	22,736	21,224	Cash inflows: 12,102 million yen in profit before income taxes 8,676 million yen in depreciation 4,792 million yen in impairment losses Cash outflows: (3,731) million yen in increase in trade receivables (2,642) million yen in income taxes paid
Net cash provided by (used in) investing activities	(13,160)	(21,069)	Cash outflows: (11,582) million yen in purchase of property, plant and equipment (7,229) million yen in purchase of intangible assets (927) million yen in purchase of shares of subsidiaries and associates
Net cash provided by (used in) financing activities	(13,942)	8,954	Cash inflows: 23,948 million yen in proceeds from long-term borrowings 3,335 million yen in net increase in short-term borrowings Cash outflows: (13,107) million yen in repayment of long-term borrowings (5,028) million yen in dividends paid
Net increase (decrease) in cash and cash equivalents	(4,079)	10,299	
Cash and cash equivalents at end of period	47,088	57,664	

4) Production, sales contracts, sales results

a. Production volume

The following table shows segment specific production volume in the consolidated fiscal year under review.

(Millions of yen)

Segment	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Year on year (%)
Electronics	58,558	111.4
Medical and Pharmaceuticals	16,998	118.4
Reportable segment total	75,556	112.9
Other	1,485	101.8
Total	77,042	112.7

Notes:

1. The monetary amounts above are based on sales prices, and they describe production volume prior to intersegment transfer pricing.
2. The figure for the Medical and Pharmaceuticals segment excludes contract production by TAIYO Pharma Co., Ltd.

b. Sales contracts

Since we rely primarily on estimated production volume, we have omitted the data on sales contracts.

c. Sales results

The following table shows segment specific sales results in the consolidated fiscal year under review.

(Millions of yen)

Segment	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Year on year (%)
Electronics	71,415	104.4
Medical and Pharmaceuticals	29,269	115.0
Reportable segment total	100,684	107.3
Other	4,090	117.8
Total	104,775	107.6

Note: The monetary amounts above exclude intersegment transactions.

(2) Management's perspective on recognizing, analyzing, and examining the Group business performance

This section describes the recognition, analysis, and examination of the group's business performance from the perspective of management.

The forward-looking statements are based on information available to us as of the end of the consolidated fiscal year under review.

1) Key accounting policies and accounting estimates

Our consolidated financial statements are based on generally accepted accounting principles in Japan (GAAP). In compiling these statements, we rely on the accounting estimates and assumptions described in two of the "notes on consolidated financial statements" in V. Financial Information, specifically, "basic factors underlying our consolidated financial statement" and "key accounting estimates."

2) Consolidated results and outlook

a. Consolidated results

See the "2) Operating results" section in II. Trends and Outlooks, 4. Financial position, operating results, cash flows, (1) Performance overview.

b. Factors that significantly affect consolidated results

See "II. Trends and Outlooks, 3. Business risks."

c. Reserves and liquidity

Our financial policy is to maintain reasonable reserves for business activities, reasonable liquidity, and a healthy balance sheet. We acquired our reserves from regular business operations, bank loans, and other sources, and we feel that we have enough reserves for now. As of the end of the consolidated fiscal year under review, our short-term and long-term borrowings amount to 86,722 million yen. There is no significant seasonal change in the amount of loans that our group requires.

As of the end of the consolidated fiscal year under review, we have retained a sum of 57,664 million yen in cash and cash equivalents. This amount is primarily on a yen basis, but we also hold foreign currency. The level of cash and cash equivalents we hold is approximately equivalent to 6.6 months of sales revenue. We feel that this level provides sufficient liquidity to enable our group to conduct business. However, we understand we may lose some of our liquidity if a recession occurs and causes markets to shrink or causes disruption in financial or currency markets. To prepare for such an eventuality, we have signed an agreement for an overdraft facility of up to 24,683 million yen.

d. Objective metrics we use to shape business policies and measure success

We have a long-term management plan covering the period from fiscal year ended March 31, 2022 to fiscal year ended March 31, 2031. The strategy is titled Beyond Imagination 2030. Results achieved for each indicator are shown below.

KPI	Targets	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Return on equity ratio (ROE)	18%	14.6%	12.8%	9.0%
Dividend on equity ratio (DOE)	5% or higher	5.1% (achieved)	6.0% (achieved)	5.1% (achieved)

The ROE target for fiscal year ending March 31, 2031 is 18%, as set in Beyond Imagination 2030. ROE declined to 9.0% in fiscal year ended March 31, 2024, from 12.8% in the previous consolidated fiscal year. We will continue to take action to achieve this target as we grow food, energy, and other new business areas, in addition to our existing segments (Electronics, Medical and Pharmaceuticals).

In the consolidated fiscal year under review, we achieved DOE of 5.1%, surpassing the target of “5% or higher” set in Beyond Imagination 2030 (the same target was set in our plan for the FYE 2018–2021 period, NEXT STAGE 2020) and continuing the streak of achievement from the previous fiscal year. Our efforts to build corporate value will continue. Guided by Beyond Imagination 2030, we will make our solder resist business more profitable, expand into areas related to printed circuit boards (PCB) other than solder resists, and accomplish our strategic objectives for the Medical and Pharmaceuticals business. We will also manage our capital dynamically, balancing shareholder returns with the need to maintain the reserves necessary for adapting to market changes.

e. Analysis of financial position and operating results of each segment

See the “2) Operating results” section in II. Trends and Outlooks, 4. Financial position, operating results, cash flows, (1) Performance overview.

## 5. Key agreements

Significant new agreements concluded in fiscal year ended March 31, 2024 are listed below.

### Asset transfer agreement

The Taiyo Group and Janssen Pharmaceutica NV agreed that Janssen's subsidiary Janssen Pharmaceutical K.K. would transfer to Taiyo Pharma the right to manufacture and market in Japan REMINYL<sup>®</sup> (stylized as REMINYL<sup>®</sup>, generically named Galantamine Hydrobromide), a long-listed product.

Company name	Counterparty	Country name	Description of agreement	Date signed
Taiyo Pharma Co., Ltd.	Janssen Pharmaceutica NV	Belgium	Asset transfer agreement for REMINYL <sup>®</sup> , a long-listed product	April 3, 2023

## 6. Research & development

Guided by the management philosophy of the Taiyo Group, “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,” we conduct our Electronics business with the aim of contributing to the realization of an advanced information society and a cheerful environment. To this end, we perform research & development on insulating materials, high frequency-compatible materials, and display materials.

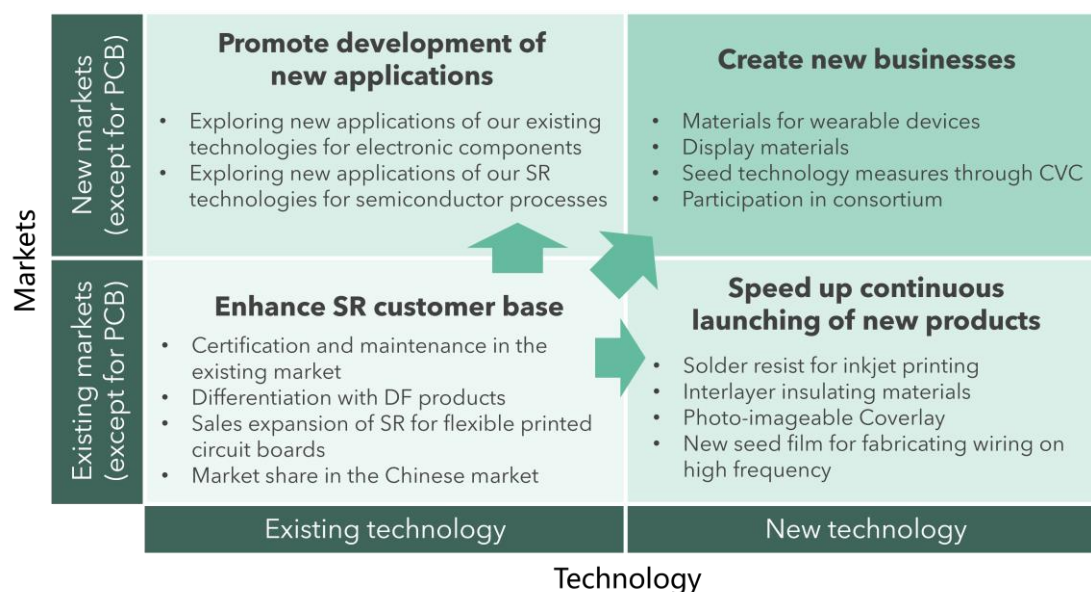
In the consolidated fiscal year under review, we spent a total of 6,194 million yen on research and development, 1,711 million yen more than in the previous fiscal year. The R&D spending in each segment was as follows:

Electronics: 5,284 million yen

Medical and Pharmaceuticals: 725 million yen

Other: 183 million yen

The Electronics business is pursuing three strategies, which are to: 1. enhance customer base in solder resists (existing markets and existing technology), 2. accelerate continuous launching of new products (existing markets and new technology), and 3. promote development of new applications (new markets and existing technology). These strategies are aimed at further increasing our share of the solder resist market and pursuing sustainable growth of our Electronics business by creating new businesses (new markets and new technology), which will become the next pillar of earnings for other electronic materials after solder resists.



### <Enhancing customer base in solder resist (existing markets and existing technology)>

Solder resists are a mainstay of the Taiyo Group and are used extensively in rigid boards (PCBs with a rigid insulated substrate) and package substrates (PCBs used as an interposer when mounting dies). The performance requirements for these products grow tougher each year. Accordingly, in developing our solder resists, we emphasize communicating with clients effectively and streamlining the development process to accommodate market demand in a timely manner.

In the rigid board area, we focus on developing solder resists for high-density interconnection (HDI) substrates used in smartphones and for automotive substrates. Capitalizing on the rising demand for 5G telecom equipment, we have developed new materials with low transmission loss ahead of our peers and expect to begin receiving orders from telecom manufacturers soon. Looking ahead, we anticipate that manufacturers will shift their preference from liquid to dry film (DF) solder resists in an attempt to produce thinner materials. We have therefore started developing DF solder resists and introducing them to customers. Across the globe, we see a rapid shift from gasoline-powered vehicles to hybrid and electric vehicles. Amid this shift, solder resists for automotive substrates are expected to demonstrate an increasingly diverse array of properties. They must withstand harsh conditions, and their thermal cycling—the ability to cycle through two temperature extremes—is particularly important. By altering the raw materials, we succeeded in producing a



solder resist with the desired properties for next-generation automotive substrates. We managed to get this solder resist approved by the end customer for use in such substrates. We are also engaging in open innovation by joining consortia and through other external collaboration.

Package substrates are crucial for protecting semiconductor chips and ensuring solid connections with the semiconductors and performance. The package substrate market continues to grow, particularly for PCs, smartphones, tablets, and other electronic devices, amid the rising demand for online services. Package substrates need solder resists that can both insulate the circuit pattern and ensure the reliability of the package substrate. Taiyo Group's solder resists are widely used in package substrates for major semiconductor devices. These include central processing units (CPUs) for semiconductor chips, graphics processing units (GPUs) on semiconductor chips that provide the computational processing necessary for 3D graphics and depicting other images, application processors that control smartphone transmission and operation, and DRAM and NAND flash memory. As smartphones become thinner and smaller, their parts are getting smaller and high-performance. Amid this trend, a smartphone's reliability will increasingly hinge upon the solder resists used on its chips and other parts. Solder resists must demonstrate sufficient opening accuracy to be compatible with the latest chips. They are also necessary to enhance thickness accuracy and surface flatness to ensure that the package substrate has a high degree of dimensional accuracy and connection reliability. Companies are increasingly using DF solder resists to meet these requirements. DF solder resists can meet higher specifications than conventional liquid-based solder resists can. They benefit the package substrate makers whom we supply, because they increase quality as well as productivity. The DF solder resist of the Taiyo Group can contribute to the development of circuit technology for the 5G and IoT applications set to expand globally. Leveraging the core technology of the Taiyo Group, we aim to generate new value and to forge new markets by developing products with new added value and function. In recent product development, for example, we are creating DF matte products with an embossed surface that processes concavity and convexity on the surface.

#### <Promote development of new applications (new markets and existing technology)>

##### Development of applications for electronic components

We are working to develop new applications for electronic components using existing materials. The switch to high frequency electrical signals is beginning to make it difficult to use the materials previously used in electronic components. To address the difficulties, we are proposing materials and processes based on the knowledge we have accumulated in the printed circuit board market and our materials are already being used in some electronic components. We will continue to propose products and processes that address the issues and needs of customers in this manner.

#### <Accelerate continuous launching of new products (existing markets and new technology)>

##### Solder resist for inkjet printing

We have started mass producing an inkjet coater-compatible solder resist after a customer decided to use the product in its automotive substrates. An inkjet coater significantly streamlines the coating process, thus minimizing substrate production costs as well as the environmental load. We will continue to develop applications for flexible boards, the markets for which are set to expand. The Taiyo Group is also developing inkjet coater-compatible products for a range of applications in addition to solder resists, including marking ink, plating resists, etching resists, and display materials.

##### Interlayer insulating materials

We are developing and launching a range of DF-type interlayer insulating materials such as those that enabled the highly integrated wiring seen in recent package substrates. Amid the increasing demand for substrates for 5G communications, we are developing interlayer insulating materials with low-dielectric properties and having them evaluated by customers. We are also working on photo-imageable DF solutions for the next stage in micro wiring. Additionally, we are developing encapsulant dry film by leveraging our know-how in interlayer insulation materials and this is increasing the uptake rate of encapsulant dry film among customers. We will continue to develop and market products that address emerging needs in this manner.

#### Photo-imageable coverlay

As smartphones and tablets become lighter and thinner, the internal space where circuit boards are installed is shrinking. This trend has prompted demand to shift from traditional rigid substrates to more flexible and foldable substrates. Our photo-imageable coverlay enables fine processing and mechanical properties such as heat resistance and flexibility, and it is seeing use in a number of electronics applications, including smartphone cameras. We will continue to expand the applications for the new material by working on technical solutions in a wide range of fields.

#### New seed film for fabricating wiring on high frequency

As use of the 5G mobile communications becomes more widespread, technology for forming copper wiring is important for transmitting high-frequency signals without loss in the frequency bands used by 5G, the Sub 6 GHz band and the high frequency mm-wave band above Sub 6. The higher the frequency band, the easier it is for electrical signals to flow along the surface of copper wire in high frequency transmission. The surface of the copper wiring must be smooth to minimize transmission loss for this electrical signal. Use of this film enables adhesion that creates an extremely smooth interface between the copper wiring and the substrate film. The conventional copper seed and Modified SemiAdditive Process (MSAP) are used as a method for achieving higher precision in the formation of copper wiring. However, the copper wiring melts along with the copper seed layer when etching and this exacerbates the problem of an uneven surface and sides of the wiring. Because this film uses a seed layer made of a different metal than copper, it is possible to etch only the seed layer and the copper wiring surface and sides can create a smooth, fine pattern.

<Create new businesses (new markets and new technology)>

#### Materials for wearable devices

The market for wearable devices is emerging, particularly in the healthcare sector, where there are now a number of applications. Wearable devices in this sector include in-body devices such as skin patchables. Because these devices must be stretchable, manufacturers have started using the stretchable conductive materials of the Taiyo Group in these devices.

#### Display materials

Manufacturers are using mini LED displays and researching and developing micro LED displays to meet the demand for displays that are high resolution, high brightness, and energy efficient. Our group has developed highly reflective material, etc. for backlight units in such LED displays. We are supplying to the market LED reflectors (for enhancing or sustaining the display's brightness) that can be produced by liquid or dry films or by the inkjet coating process. Our white DF-type and white liquid-type are being used in numerous backlight units for LED displays. We are also developing shielding material for LED displays. This shielding material uses a black matrix to prevent backlight leakage and RGB color contamination. We are working on material that can be applied using both the conventional process as well as the more efficient and environmentally friendly inkjet coating process.

### III. Our Facilities

#### 1. Capital investment overview

In the consolidated fiscal year under review, we invested a total of 13,652 million yen in property, plant and equipment, as well as in software. The investments were primarily for renewing or developing production and research facilities.

The following table shows the breakdown of the capital investments.  
(Millions of yen)

Segment	Consolidated fiscal year ended March 31, 2024
Electronics	12,190
Medical and Pharmaceuticals	1,882
Other	556
Trans-segment (Note)	(977)
Total	13,652

Note: Primarily related to the holding company (company filing the consolidated financial statements).

#### 2. Key facilities

##### (1) Non-consolidated (Taiyo Holdings Co., Ltd.)

As of March 31, 2024

Facility (Address)	Segment (*Note 2)	Facility description	Carrying amount (millions of yen) (*Note 1)					Number of employees
			Buildings and structures	Machinery, equipment, and vehicles	Land (m <sup>2</sup> )	Other (*Note 4)	Total	
Ranzan-Kitayama Facility (Ranzan-machi, Hiki- gun, Saitama, Japan) (*Note 3)	—	Rented office, factory	2,463	—	2,025 (33,410)	9	4,497	10
Ranzan Facility (Ranzan-machi, Hiki- gun, Saitama, Japan)	—	R&D facility	1,683	0	296 (14,851)	104	2,085	52
Head office (Toshima-ku, Tokyo, Japan)	—	General headquarters	454	—	—	49	503	94
Marunouchi Kitaguchi Building (Chiyoda-ku, Tokyo, Japan) (Note 3)	—	Office	191	—	—	12	203	—
Former Head Office Building (Nerima-ku, Tokyo, Japan)	—	Office	118	—	370 (801)	0	488	—
Other	—	Land, etc.	135	—	43 (2,387)	76	256	—

Notes:

1. Carrying amount excludes construction in progress.
2. We do not include the filing company's assets in reportable segments.
3. Ranzan-Kitayama Facility and Marunouchi Kitaguchi Building serve primarily as offices for domestic subsidiaries. We rent them out to the subsidiaries.
4. "Other" in the carrying amount indicates tools, furniture, and fixtures.

## (2) Domestic subsidiaries

As of March 31, 2024

Company name	Facility (Address)	Segment	Facility description	Carrying amount (millions of yen) (*Note 1)					Number of employees
				Buildings and structures	Machinery, equipment, and vehicles	Land (m <sup>2</sup> )	Other (*Note 2)	Total	
Taiyo Ink Mfg. Co., Ltd.	Head office (Ranzan-machi, Hiki-gun, Saitama, Japan)	Electronics	Office, factory, R&D facility	232	515	14 (2,346)	262	1,024	238
	Kitakyushu Facility (Kitakyushu, Fukuoka, Japan)	Electronics	Factory	2,227	236	—	70	2,534	48
	Ranzan Facility (Ranzan-machi, Hiki-gun, Saitama, Japan)	Electronics	R&D facility, etc.	6,764	203	—	452	7,419	41
Taiyo Pharma Tech Co., Ltd.	Head office (Takatsuki-shi, Osaka, Japan)	Medical and Pharmaceuticals	Office, factory	10,002	4,197	9,796 (65,865)	820	24,816	371
Taiyo Fine Chemicals Co., Ltd.	Head office (Nihonmatsu-shi, Fukushima, Japan)	Other	Office, factory, R&D facility	533	156	306 (62,260)	27	1,023	47
	Urawa Plant (Saitama-shi, Saitama, Japan)	Other	Factory	25	30	50 (989)	1	107	5
Taiyo Green Energy Co., Ltd.	Head office (Ranzan-machi, Hiki-gun, Saitama, Japan)	Other	Office, factory, power generation facility	11	7	—	0	18	12
	Ranzan Floating Solar Power Plant (Ranzan-machi, Hiki-gun, Saitama, Japan)	Other	Power generation facility	0	276	—	—	277	—
	Ranzan Onuma Floating Solar Power Plant (Ranzan-machi, Hiki-gun, Saitama, Japan)	Other	Power generation facility	0	63	—	—	63	—
	Anazawaike Floating Solar Power Plant (Inami-cho, Kakogun, Hyogo, Japan)	Other	Power generation facility	—	193	—	—	193	—
	Uozumiike-Kusatani Floating Solar Power Plant (Inami-cho, Kakogun, Hyogo, Japan)	Other	Power generation facility	—	311	—	—	311	—
	Kobayashiike Floating Solar Power Plant (Yamatokoriyama-shi, Nara, Japan)	Other	Power generation facility	—	109	—	—	109	—
	Hosoike Floating Solar Power Plant (Yoro-cho, Yorogun, Gifu, Japan)	Other	Power generation facility	—	441	—	—	441	—
	Hayashiike Floating Solar Power Plant (Nisshin-shi, Aichi, Japan)	Other	Power generation facility	—	144	—	—	144	—

Company name	Facility (Address)	Segment	Facility description	Carrying amount (millions of yen) (*Note 1)					Number of employees
				Buildings and structures	Machinery, equipment, and vehicles	Land (m <sup>2</sup> )	Other (*Note 2)	Total	
Taiyo Green Energy Co., Ltd.	Hiraike Floating Solar Power Plant (Yoro-cho, Yorogun, Gifu, Japan)	Other	Power generation facility	—	213	—	—	213	—
	Shijukushinike Floating Solar Power Plant (Iga-shi, Mie, Japan)	Other	Power generation facility	0	242	—	0	243	—
	Shirainuma Reservoir Floating Solar Power Plant (Kawajima, Hikigun, Saitama, Japan)	Other	Power generation facility	—	110	—	—	110	—
	Asama Reservoir Floating Solar Power Plant (Kawajima, Hikigun, Saitama, Japan)	Other	Power generation facility	—	111	—	—	111	—
	Odaike Floating Solar Power Plant (Takamatsu-shi, Kagawa, Japan)	Other	Power generation facility	—	703	—	—	703	—
	Mimayaike Floating Solar Power Plant (Takamatsu-shi, Kagawa, Japan)	Other	Power generation facility	—	714	—	—	714	—
	Chuoike Floating Solar Power Plant (Miki-shi, Hyogo, Japan)	Other	Power generation facility	—	357	—	—	357	—
	Nishimuroike Floating Solar Power Plant (Katsuragi-shi, Nara, Japan)	Other	Power generation facility	—	149	—	—	149	—
	Shodaikie Floating Solar Power Plant (Izumisano-shi, Osaka, Japan)	Other	Power generation facility	—	100	—	—	100	—

Notes:

1. Carrying amount excludes construction in progress.
2. “Other” in the carrying amount indicates tools, furniture, and fixtures.

## (3) Overseas subsidiaries

As of March 31, 2024

Company name	Facility (Address)	Segment	Facility description	Carrying amount (millions of yen) (*Note 1)					Number of employees
				Buildings and structures	Machinery, equipment, and vehicles	Land (m <sup>2</sup> )	Other (*Note 2)	Total	
Taiyo Ink (Suzhou) Co., Ltd.	Suzhou, Jiangsu Province, China	Electronics	Office, factory, R&D facility	394	1,232	—	130	1,757	267
Onstatic New Material (Jiangxi) Co., Ltd.	Xinyu, Jiangxi Province, China	Electronics	Office, factory, R&D facility	1,039	172	—	84	1,297	118
Taiwan Taiyo Ink Co., Ltd.	Guanyin District, Taoyuan City, Taiwan	Electronics	Office, factory, R&D facility	2,548	281	824 (11,846)	65	3,720	134
Taiyo Ink Mfg. Co., (Korea) Ltd.	Ansan-si, Gyeonggi Province, South Korea	Electronics	Office, factory, R&D facility	1,167	169	232 (10,185)	157	1,726	130
Taiyo America, Inc.	Carson City, Nevada, United States	Electronics	Office, factory, R&D facility	84	139	54 (17,038)	4	283	41
Taiyo Ink Vietnam Co., Ltd	Hanoi, Vietnam	Electronics	Office, factory, R&D facility	403	324	—	6	734	40

## Notes:

1. Carrying amount excludes construction in progress.
2. “Other” in the carrying amount indicates tools, furniture, and fixtures.

### 3. Capital investment plans

Our Group discloses planned investment for each segment.

For the one-year period following the consolidated fiscal year under review, we plan to invest a total of 8,200 million yen in property, plant and equipment as well as in software (building new facilities or developing existing ones). The following table shows the segment breakdown.

Segment	Planned investments (as of March 31, 2025) (Millions of yen)	Main purposes	Source of funds
Electronics	5,200	Acquire facilities and other physical assets	Self-funded, borrowings
Medical and Pharmaceuticals	1,400	Acquire facilities and other physical assets	Self-funded, borrowings
Other	600	Acquire facilities and other physical assets	Self-funded, borrowings
Trans-segment (Note)	1,000	Acquire facilities and other physical assets	Self-funded, borrowings
Total	8,200		

Note: Primarily related to the holding company (company filing the consolidated financial statements).



#### IV. Non-consolidated (Taiyo Holdings Co., Ltd.)

##### 1. Share information

###### (1) Number of shares

###### 1) Total shares

Class	Total number of authorized shares
Common shares	100,000,000
Total	100,000,000

###### 2) Issued shares

Class	Number of issued shares (as of March 31, 2024)	Number of shares outstanding as of filing date (shares) (as of June 17, 2024)	Stock exchanges where the shares are listed (or authorized financial instruments associations)	Description
Common shares	58,291,559	58,291,559	Tokyo Stock Exchange (TSE) Prime Market	Number of shares in one unit 100 (*Note)
Total	58,291,559	58,291,559	—	—

Note: As resolved by the Board of Directors on June 27, 2023, we issued 106,058 new shares on July 14, 2023, to provide for the restricted stock compensation and performance-linked stock compensation. The details are as follows.

(1)	Pay-in date	July 14, 2023
(2)	Number and class of shares	106,058 shares of common stock
(3)	Issue price	2,677 yen per share
(4)	Total value of issued shares	283,917,266 yen
(5)	Amount of funds raised	164,100,100 yen
(6)	Offering / allotment method	44,758 shares for the restricted stock compensation will be allotted with specified transfer restrictions. 61,300 shares for performance-linked stock compensation will be allotted via third party allotment
(7)	Contribution method	Allotment with specified transfer restrictions: Allottees exchange monetary claims for the shares. Third party allotment: Allottees purchase the shares with cash.
(8)	Recipients (number) and number of shares allotted	Allotment with specified transfer restrictions: Four executive board directors of Taiyo Holdings to receive 44,758 shares Third-party allotment: Four executive board directors of Taiyo Holdings to receive 61,300 shares

###### (2) Stock options

###### 1) System of stock options

None

###### 2) Shareholder rights plan

None

3) Other stock options-related information

None

## (3) Convertible bonds with equity purchase warrants

None

## (4) Outstanding shares and share capital

Date	Increase (decrease) in total number of outstanding shares	Balance of total number of outstanding shares	Increase (decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (decrease) in capital surplus (Millions of yen)	Balance of capital surplus (Millions of yen)
July 16, 2019 (*Note 1)	59,211	28,969,647	96	9,428	96	10,395
July 16, 2020 (*Note 2)	28,855	28,998,502	71	9,499	71	10,467
July 16, 2021 (*Note 3)	43,062	29,041,564	113	9,612	113	10,580
October 1, 2021 (*Note 4)	29,041,564	58,083,128	–	9,612	–	10,580
July 15, 2022 (*Note 5)	102,373	58,185,501	148	9,761	148	10,728
July 14, 2023 (*Note 6)	106,058	58,291,559	141	9,903	141	10,870

## Notes:

- Share capital and capital surplus both increased by 96 million yen after we offered additional shares as part of specified restricted stock compensation and performance-linked stock compensation.  
Specified transfer-restricted stock, third party allotment method  
Issue price: 3,250 yen  
Stated value per share: 1,625 yen  
Allottee (title): Eiji Sato (President and CEO), Takayuki Morita\*,  
Eiji Takehara (Board Director), Hitoshi Saito (Board Director), Takao Miwa\*
  - Share capital and capital surplus both increased by 71 million yen after we offered additional shares as part of specified restricted stock compensation and performance-linked stock compensation.  
Specified transfer-restricted stock, third party allotment method  
Issue price: 4,970 yen  
Stated value per share: 2,485 yen  
Allottee (title): Eiji Sato (President and CEO), Takayuki Morita\*,  
Eiji Takehara (Board Director), Hitoshi Saito (Board Director), Takao Miwa\*
- \* The allottee resigned as board director on June 20, 2020.
- Share capital and capital surplus both increased by 113 million yen after we offered additional shares as part of specified restricted stock compensation and performance-linked stock compensation.  
Specified transfer-restricted stock, third party allotment method  
Issue price: 5,250 yen  
Stated value per share: 2,625 yen  
Allottee (title): Eiji Sato (President and CEO), Eiji Takehara (Board Director), Hitoshi Saito (Board Director)
  - This was a result of a 2-for-1 stock split.
  - Share capital and capital surplus both increased by 148 million yen after we offered additional shares as part of specified restricted stock compensation and performance-linked stock compensation.  
Specified transfer-restricted stock, third party allotment method  
Issue price: 2,903 yen  
Stated value per share: 1,452 yen  
Allottee (title): Eiji Sato (President and CEO), Hitoshi Saito (Board Director), Eiji Takehara (Board Director),  
Masao Arima (Board Director)
  - Share capital and capital surplus both increased by 141 million yen after we offered additional shares as part of specified restricted stock compensation and performance-linked stock compensation.  
Specified transfer-restricted stock, third party allotment method  
Issue price: 2,677 yen  
Stated value per share: 1,338 yen  
Allottee (title): Eiji Sato (President and CEO), Hitoshi Saito (Board Director), Eiji Takehara (Board Director),  
Masao Arima (Board Director)

## (5) Share ownership

As of March 31, 2024

As of March 31, 2021

Category	Share ownership (100 shares per share unit)								Fractional shares
	National or local public organizations	Financial institutions	Financial instruments operators	Other organizations	Overseas		Individuals Other	Total	
					Organizations	Individuals			
Number of shareholders	–	31	29	72	177	13	6,991	7,313	–
Total share units held	–	134,464	7,942	205,628	110,560	79	123,864	582,537	37,859
Ownership ratio (%)	–	23.08	1.36	35.31	18.98	0.01	21.26	100.00	–

## Notes:

1. Of the 2,303,798 treasury shares, 23,037 share units are under “Individuals, Other,” and 98 shares are under “Fractional shares.”
2. The total share units held by “Other organizations” includes two units held in the name of Japan Securities Depository Center, Inc.

## (6) Major shareholders

As of March 31, 2024

Name of individual or organization	Address	Number of shares held (thousands)	% of outstanding shares (excluding treasury shares)
DIC Corporation	35-58 Sakashita 3-chome, Itabashi-ku, Tokyo, Japan	11,234	20.07
Kowa Co., Ltd.	4-8 Nakamura-kita 3-chome, Nerima-ku, Tokyo, Japan	5,533	9.88
The Master Trust Bank of Japan, Ltd. (manages our trust account)	Akasaka Intercity AIR, 8-1 Akasaka 1-chome, Minato-ku, Tokyo, Japan	5,036	9.00
Custody Bank of Japan, Ltd. (manages our trust account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo, Japan	3,176	5.67
Misaki Engagement Master Fund	190 Elgin Avenue, George Town, Grand Cayman, KY 1-9005, Cayman Islands	2,477	4.42
SMBC Trust Bank Ltd. (shares entrusted to Sumitomo Mitsui Banking Corporation retirement benefit trust account)	3-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	2,232	3.99
Shikoku Kasei Holdings Corporation	8-537-1, Doki-cho-higashi, Marugameshi, Kagawa, Japan	1,490	2.66
The Bank of New York Mellon 140042	240 Greenwich Street, New York, NY 10286, U.S.A.	1,166	2.08
Toshin Yushi Co., Ltd.	5-14-11 Umeda, Adachi-ku, Tokyo, Japan	1,077	1.92
Japan Post Insurance Co.,Ltd.	Otemachi Place West Tower, 3-1 Otemachi 2-chome, Chiyoda-ku, Tokyo, Japan	1,004	1.79
Total	—	34,427	61.49

## Notes:

1. Of the total number of shares held by The Master Trust Bank of Japan, Ltd., 4,985 thousand pertain to the trust account we keep with this bank.
2. Of the total number of shares held by Custody Bank of Japan, Ltd., 3,174 thousand pertain to the trust account we keep with this bank.

## (7) Voting rights

## 1) Issued shares

As of March 31, 2024

Category	Number of shares	Number of voting rights	Description
Non-voting shares	—	—	—
Voting shares: treasury shares	—	—	—
Voting shares: other	—	—	—
Shares with full voting rights: treasury, etc.	Common shares 2,365,900	622	(*Note 1)
Full-voting shares: other	Common shares 55,887,800	558,878	(*Note 2)
Fractional shares	Common shares 37,859	—	(*Note 3)
Total issued shares	58,291,559	—	—
Total voting rights	—	559,500	—

Notes:

1. We hold 2,303,700 of these shares directly. The remaining 62,200 shares are held by The Master Trust Bank of Japan, Ltd. (in the ESOP trust).
2. Of common shares listed in the “Number of shares” column, 200 are held in the name of Japan Securities Depository Center, Inc. The center holds 2 of the full voting rights listed in the “Number of voting rights” column pertaining to common shares.
3. Includes 98 treasury shares owned by Taiyo Holdings Co., Ltd.

## 2) Treasury shares

As of March 31, 2024

Name of person or organization	Address	Number of shares held in own name	Number of shares held in trust	Total number of shares held	% of outstanding shares
Taiyo Holdings Co., Ltd.	388 Ohkura, Ranzanmachi, Hiki-gun, Saitama, Japan	2,303,700	62,200	2,365,900	4.06
Total	—	2,303,700	62,200	2,365,900	4.06

Notes:

1. The number of shares listed above does not include 138 fractional shares.
2. Reason for holding shares in trust:  
They are held in trust as part of our ESOP. The trustee is The Master Trust Bank of Japan, Ltd. (address: Akasaka Intercity AIR, 8-1 Akasaka 1-chome, Minato-ku, Tokyo, Japan).

(8) Employee stock ownership

1) Overview of employee stock ownership plan

Since we want our employees to dedicate themselves to improving our mid-to-long term corporate value, we have introduced an employee stock ownership plan (ESOP) and a trust to administer it.

ESOPs are common forms of employee ownership in the US. By adopting the ESOP model, a company can offer a greater amount of stock compensation to its employees.

Under this ESOP, shares of the Company's stock are held in a trust, the beneficiaries of which are eligible employees of the Company. The trust purchases shares of the Company's stock, either from the Company or on the stock market, in an amount equivalent to the amount expected to be delivered to the eligible employees. All purchases will comply with stock delivery rules established in advance. Pursuant to said rules, the trust then delivers the shares to eligible employees during their service for no consideration, in an amount commensurate with the employee's rank during the period in which the shares were held in the trust. The trust's purchases of shares are funded entirely by the Company; employees bear none of the cost.

With an ESOP trust, our employees benefit financially when our stock price rises. Therefore, they will keep our stock price in mind as they go about their duties and work all the harder. Another benefit of an ESOP trust is that the voting rights from the shares underlying the trust property are exercised in way that reflects the will of the recipient employees. In this way, the ESOP trust encourages the employees to participate in management and thus help boost the corporate value.

2) Total number of shares we expect employees to receive

62,240 shares

3) Beneficiaries of the ESOP trust and those eligible for related benefits

Employees who meet the beneficiary requirements

## 2. Treasury share purchases

### Classes of shares

We purchase common shares as defined in Article 155-3 of the Companies Act, and common shares as defined in Article 155-7 of said Act.

#### (1) Purchases approved by General Shareholders' Meeting

None

#### (2) Purchases approved by the Board of Directors

Category	Number of shares	Total purchase price (yen)
Purchase plan approved on May 1, 2023 (Purchase period: July 3, 2023 to March 29, 2024)	2,000,000	3,000,000,000
Treasury shares purchased before the fiscal year ended March 31, 2024	—	—
Treasury shares purchased during the fiscal year ended March 31, 2024	—	—
Outstanding approved purchases	2,000,000	3,000,000,000
Unexercised portion as of end of the fiscal year ended March 31, 2024 (%)	100.0	100.0
Treasury shares purchased during purchase period	—	—
Unexercised portion as of filing date (%)	100.0	100.0

#### (3) Purchases approved by neither of the above

Category	Number of shares	Total purchase price (yen)
Treasury shares purchased during the fiscal year ended March 31, 2024	248	653,568
Treasury shares purchased during purchase period	—	—

#### Notes:

- Treasury shares purchased during purchase period exclude fractional share purchases occurring between June 1, 2024 and the date we filed this annual securities report.
- The number of treasury shares purchased excludes treasury shares acquired by the ESOP trust.



## (4) Treasury shares disposed, treasury shares held

Category	Fiscal year ended March 31, 2024		Purchase period	
	Number of shares	Total disposition value (Yen)	Number of shares	Total disposition value (Yen)
Treasury shares for which we solicited subscriptions	—	—	—	—
Treasury shares cancelled	—	—	—	—
Treasury shares we transferred as part of a merger, stock swap, shares delivered as payment, or company split	—	—	—	—
Other Treasury shares we purchased for ESOP trust	63,360	115,333,572	60	109,216
Treasury shares we continue to hold	2,366,038	—	2,365,978	—

## Notes:

1. “Treasury shares we continue to hold” includes shares in our ESOP trust, which we purchased as follows:  
Fiscal year under review: 62,240      Purchase period: 62,180  
The number of treasury shares held in the ESOP trust during the purchase period includes those shares transferred from the trust to employees between June 1, 2024 and the date we filed this annual securities report.
2. The treasury shares we continued to hold during the purchase period does not reflect any purchases or transfers of fractional shares occurring between June 1, 2024 and the date we filed this annual securities report.

### 3. Shareholder returns

Returning profits to shareholders is a top priority for us. We deliver high returns to shareholders consistently and sustainably. The dividend on equity (DOE) ratio target for shareholder returns in our long-term management plan is to maintain a consolidated DOE ratio of 5% or more over the long term.

Based on the above policy, we declared an interim (end of second quarter) dividend of 38.00 yen per share.

The year-end dividend was set at 42.00 yen per share. These dividends combined bring the annual dividend for the fiscal year under review to 80.00 yen per share, with a DOE ratio of 5.1%.

For the next fiscal year, we plan to pay a dividend of 80.00 yen per share. This includes an interim dividend of 40.00 yen per share and a year-end dividend of 40.00 yen per share.

The following table shows the dividends from retained earnings for the fiscal year under review:

Date resolved	Total dividends (Millions of yen)	Dividend per share (Yen)
November 6, 2023 (resolved by the Board of Directors)	2,127	38.00
June 15, 2024 (resolved at Ordinary General Meeting)	2,351	42.00

#### 4. Corporate governance

##### (1) Outline of corporate governance system

###### 1) Our basic approach to corporate governance

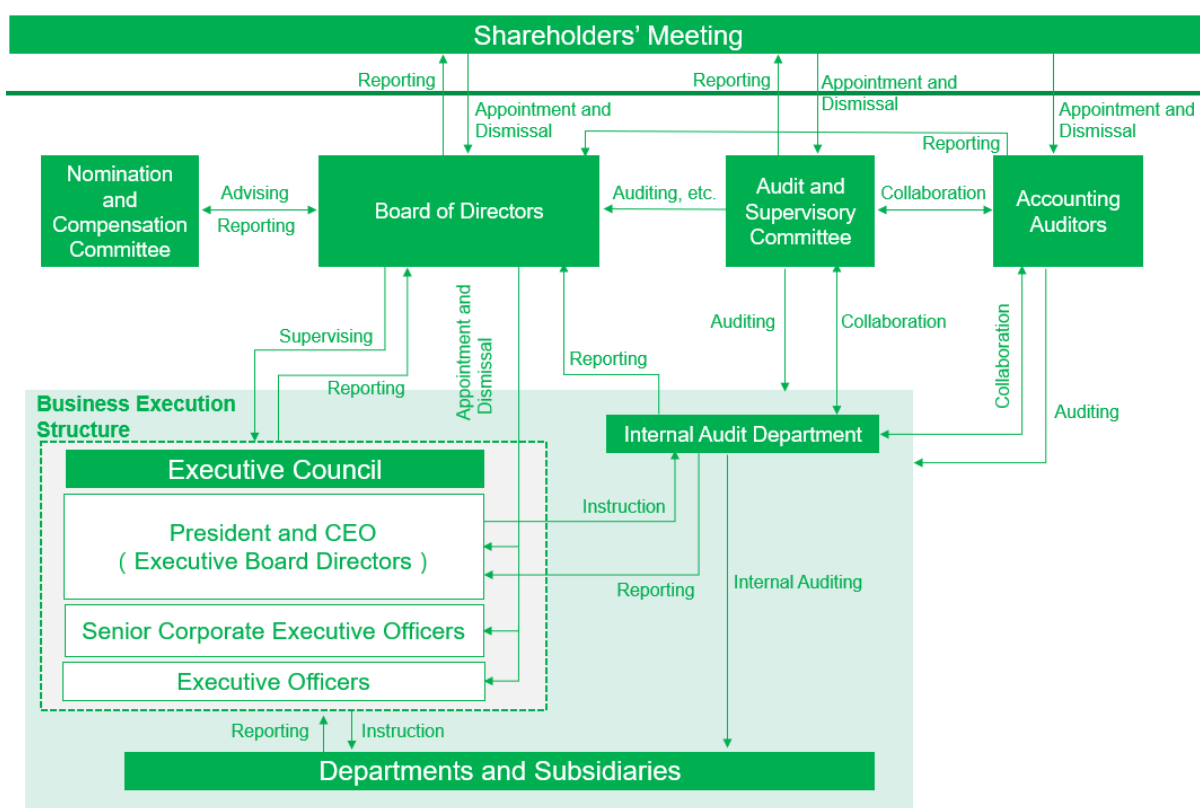
- The Company has set forth its aims as a corporate group under its “Management Philosophy” and “Basic Management Policy.”
- Its “Management Philosophy” has been set forth as the following: “To achieve ‘a cheerful society’ by further advancing ‘every technology’ in our Group and by creating a wide range of innovative products to fulfill the dreams of the world.” It is expressly stated under this policy that the Group’s reason for existence is to achieve a cheerful society by further advancing “every technology” at each Group company and by going beyond its existing products to create a wide range of innovative products to fulfill the dreams of the world.
- The following is set forth as a part of the Company’s “Basic Management Policy:” “In achieving its management philosophy, the Group will fulfill its corporate social responsibility, including protecting the environment, enforcing quality control, and contributing to society.” It is expressly stated under this policy that going beyond the pursuit of profit to fulfill the Group’s social responsibility constitutes its basic management policy.
- Based on its “Management Philosophy” and “Basic Management Policy,” the Company recognizes that the trust and support of its stakeholders is indispensable in growing in perpetuity as a listed company, and that securing management transparency, fulfilling its accountability and conducting the satisfactory disclosure of information are musts to that end.

###### 2) Corporate governance structures and the reasons for adopting them

###### • Outline of corporate governance structures

A resolution on partial amendment of the Articles of Incorporation to provide for transition to a company with an Audit & Supervisory Committee was passed at the 78th Ordinary General Shareholders’ Meeting held on June 15, 2024. Taiyo Holdings Co., Ltd. transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee on the same day. As a result of this transition, the organizational structure now consists of four board directors (excluding board directors who are Audit & Supervisory Committee members, one of whom is an outside board director) and three board directors who are Audit & Supervisory Committee members (two of whom are outside board directors). The supervisory function of the Board of Directors has been strengthened by granting voting rights in Board of Directors meetings to board directors who are Audit & Supervisory Committee members. The number of board directors was also reduced from the previous nine (four of whom were outside board directors) to seven (three of whom are outside board directors). The objective of this reduction is to further enhance the corporate governance system, mainly by speeding up and enhancing agility in making decisions.

Our Board of Directors and our Audit & Supervisory Committee lie at the core of our corporate governance system. The directors on the Board of Directors and directors who are Audit & Supervisory Committee members and serve on the Audit & Supervisory Committee are elected by resolution of the General Shareholders' Meeting. The Board of Directors discusses and resolves all important matters and monitors business execution by the representative directors. The Audit & Supervisory Committee monitors the business activities of directors and operational status of governance from a neutral and objective perspective to ensure sound development of the Taiyo Group as a whole, based on an appropriate corporate governance system. We adopted a delegative executive officer system to energize the Board of Directors and streamline the business execution process. Executive officers provide support to enable the Company to adapt swiftly to changes in the business climate by exercising discretionary power over a wide range of business matters. The Nomination and Compensation Committee was established as an advisory body to the Board of Directors and Audit & Supervisory Committee. This committee deliberates on the nomination of board directors and senior corporate executive officers, and on the compensation of board directors, senior corporate executive officers, and executive officers to secure the reasonableness, objectivity, transparency, and fairness of the nomination and compensation policy. The committee reports the results of these deliberations to the Board of Directors and the Audit & Supervisory Committee. The Nomination and Compensation Committee have at least half of its members consist of independent outside board directors to bolster its independence. The figure below shows the organizational relationships between the bodies mentioned above.



Members of the Nomination and Compensation Committee
Eiji Sato (President and CEO)
Keiko Tsuchiya (Outside Board Director)
Ikumi Sato (Outside Board Director)

- Reasons for adoption of current corporate governance system

Our goal is to enhance corporate governance and realize swift decision-making. To accomplish this, the Company has pursued the improvement of its organizational framework by introducing an in-house company system and an executive officer system to delegate decision-making and execution. The transition to the institutional design of a company with an Audit & Supervisory Committee clearly separates the supervisory function from the business execution function and strengthens the Board of Directors monitoring function to further enhance corporate governance. The Board of Directors can also delegate the authority to make decisions on business execution to directors. This streamlines management decision-making to further enhance corporate value.

### 3) Other corporate governance matters

- Internal controls and risk management

The Companies Act and the Ordinance for Enforcement of the Companies Act specify certain compliance matters for which companies should develop structures and measures. Described below are the structures and measures that we have developed for each compliance matter.

#### System for ensuring that the performance of duties by board directors and employees conforms with laws, ordinances, and the Company's Articles of Incorporation

- A "CSR Philosophy" and "Code of Conduct" will be established and board directors and employee awareness thereof will be enforced.
- The scope of duties and powers of board directors (excluding board directors who are Audit & Supervisory Committee members) and employees as well as procedures for final approval will be clarified in the "Board of Directors Regulations," "Regulations of Segregation of Duties," "Responsibilities and Authorities Table" and "Regulations on Internal Memos for Approval," and a structure in which mutual controls function will be promoted.
- An internal audit department independent from the execution department will be established to report the results of audits by the former at meetings of the Board of Directors and Audit & Supervisory Committee and make reports to the accounting auditor as well if necessary.
- A whistleblowing system will be operated with internal personnel and outside attorneys as the points of contact for receiving information.
- Qualified candidates at the general manager level or above with knowledge of legal affairs and ethics will be elected as "compliance officers." An Ethics Committee made up of Board Directors and employees will be established to examine significant issues from an ethical and legal compliance standpoint. Employees will be elected to serve as personnel in charge of ethics and promote associated activities.
- The compliance officer will make regular reports on the status of ethics and legal compliance to the Board of Directors.

#### Matters on the storage and management of information pertaining to execution of duties by Board Directors (excluding Board Directors who are Audit & Supervisory Committee members)

Information pertaining to the execution of duties by Board Directors (excluding Board Directors who are Audit & Supervisory Committee members) will be recorded in documents or electromagnetic media and stored in accordance with the "Document Management Regulations." Board Directors may view these documents at any time.

#### Regulations on management of loss risk and other systems

- One board director (excluding board directors who are Audit & Supervisory Committee members) will be elected as the board director in charge of risk management.
- Risk in standard business will be evaluated and responded to by the department in charge of that business in accordance with the "Risk Management Regulations." Additionally, a Risk Management Committee will be formed as necessary to laterally manage risk across the entire Group and help reduce and prevent risk.
- When emergency situations occur, prompt reporting, information-sharing and countermeasures will be examined, formulated and implemented in accordance with "the Risk Management

Regulations” and “Escalation Flow.” Additionally, an Emergency Response Headquarters will be established as necessary to help minimize damage (losses) under the command of said headquarters.

System for ensuring that the duties of board directors (excluding board directors who are Audit & Supervisory Committee members) are being performed efficiently

- a. Meetings of the Board of Directors will be held once a month in principle (with meetings to be integrated with that for the prior or following month in some cases). If necessary, extraordinary meetings of the Board of Directors will be held to flexibly make decisions on important matters.
- b. Responsibilities and execution procedures pertaining to business execution will be prescribed in the “Organization Regulations,” “Regulations on Segregation of Duties” and “Responsibilities and Authorities Table.”
- c. Single-year management plans and medium- to long-term management plans will be formulated, and missions and short-, medium- and long-term challenges to address for each organization will be established.

System for ensuring appropriateness of duties in corporate group made up of Company and its subsidiaries

- a. Persons to be in charge of each main subsidiary will be selected from board directors (excluding board directors who are Audit & Supervisory Committee members) to administer management guidance.
- b. Meetings of a Board of Executive Directors consisting of executive officers of the Company and subsidiary representatives will be held regularly, at least four times a year, to examine cross-company issues of the corporate group.
- c. Regarding the management of subsidiaries, the Company shall render final approval and a report shall be made to the Company in accordance with the “Subsidiary Management Regulations” and “Subsidiary Authority Table” while respecting subsidiary autonomy. Subsidiary management shall be administered based on this.
- d. The internal audit department, accounting and finance department, board directors who are Audit & Supervisory Committee members and accounting auditors will perform visiting audits of subsidiaries if necessary.
- e. In order to ensure that the execution of duties by board directors, etc. and employees of subsidiaries conforms with laws, ordinances and the Company’s Articles of Incorporation, a “CSR Philosophy” that applies to all Group companies will be set forth, and a code of conduct based on that “CSR Philosophy” will be set forth at each Group company.

Matters on employees who should assist Audit & Supervisory Committee in cases where the Committee requests assignment of such employees and matters on independence of said employees from board directors (excluding board directors who are Audit & Supervisory Committee members)

- a. When the Audit & Supervisory Committee requests the assignment of employees to assist with the duties of board directors who are Audit & Supervisory Committee members, the employees of the Company will be assigned as staff of board directors who are Audit & Supervisory Committee members. The staffs will provide dedicated assistance under the command and control of board directors who are Audit & Supervisory Committee members.
- b. Personnel evaluations for full-time staff of board directors who are Audit & Supervisory Committee members shall require the agreement of board directors who are Audit & Supervisory Committee members.

System for board directors (excluding board directors who are Audit & Supervisory Committee members) and employees to make reports to Audit & Supervisory Committee and other systems for making reports to the Committee

- a. In addition to legally-stipulated matters, when they discover that violations of laws, ordinances or the Company’s Articles of Incorporation are present or that matters that affect the business results of the Company and/or its subsidiaries are present, board directors (excluding board directors who are Audit & Supervisory Committee members) will report them to board directors who are Audit & Supervisory Committee members in each case.

- b. When they discover that facts that run the risk of significantly damaging the Company and/or its subsidiaries or that violations of laws, ordinances or the Company's Articles of Incorporation are present, employees may directly report them to board directors who are Audit & Supervisory Committee members. Note that the secrecy of the name, etc. of reporters will be strictly guarded and that the disadvantageous treatment of reporters attributed to their reporting of the foregoing is prohibited.

Other systems for ensuring that audits by Audit & Supervisory Committee are effectively conducted

- a. In addition to attending meetings of the Board of Directors, meetings of the Board of Executive Officers and other key meetings, board directors who are Audit & Supervisory Committee members will review important documents pertaining to business execution and, if necessary, ask board directors (excluding board directors who are Audit & Supervisory Committee members) and/or employees to explain them.
- b. Board directors who are Audit & Supervisory Committee members will perform audits while mutually cooperating with the accounting auditor. This includes exchanging opinions on audit plans and results.
- c. An internal audit department independent from execution departments has been established. This department maintains close cooperation with board directors who are Audit & Supervisory Committee members, including reporting the results of internal audits to board directors who are Audit & Supervisory Committee members and discussing the results with them.
- d. The Company will post a budget every year for expenses that arise in the execution of duties by board directors who are Audit & Supervisory Committee members and will also disburse a reasonable amount for audit expenses that suddenly arise.

System for ensuring reliability of financial reporting

To ensure the reliability of financial reporting, an internal controls system pertaining to financial reporting will be established and operated. Ongoing evaluations of whether that system is properly functioning as well as necessary corrections will be conducted. Through this, the effective and appropriate submission of internal controls reports based on the Financial Instruments Exchange Act will be conducted.

Basic views on elimination of anti-social forces and status of development

The Company does not respond whatsoever to illegal or unjust demands of anti-social forces that run the risk of obstructing social order or sound corporate activities. Should the Company be issued unjust demands from such a group or individual, it will respond firmly as an organization while cooperating with the police and other related institutions.

- Limited liability agreements

Under Article 423-1 of the Companies Act, corporate officers are personally liable for any damages resulting from breaches or non-performance of their fiduciary duties. As permitted by Article 427-1, we have signed agreements with our non-executive directors limiting such liability to the extent permitted by law. The maximum amount of liability for damages under this agreement is the legally mandated amount. These agreements exclude cases where the breach or non-performance constitutes willful misconduct or gross negligence by a board director (excluding board directors who serve in an executive capacity).

- Number of board directors

Our Articles of Incorporation stipulate the number of board directors (excluding board directors who are Audit & Supervisory Committee members) must be no more than ten. The number of board directors who are Audit & Supervisory Committee members must be no more than four.

- Resolution requirements for electing board directors

Our Articles of Incorporation stipulate that shareholders elect board director candidates through a majority of the voting rights of the shareholders present at the meeting where the shareholders holding one-third or more of the voting rights of the shareholders are present. In addition, the Articles of Incorporation prohibit cumulative voting.

- Acquiring treasury shares

As specified in Article 165-2 of the Companies Act, we have included a stipulation in the Articles of Incorporation permitting the company to acquire treasury shares with a resolution of the Board of Directors. We included this stipulation because acquiring treasury shares through a market transaction allows us to pursue capital policies flexibly according to business conditions.

- Dividends of surplus

To enable flexibility in returns to shareholders, the Articles of Incorporation provide for the declaration of dividends of surplus for which a discretionary record date is set, in addition to mid-term and fiscal year-end dividends by resolution of the Board of Directors.

- Board of Directors, Compensation Advisory Committee, and Nomination Advisory Committee activities

a. Board of Directors activities

During the fiscal year under review, the Board of Directors met 10 times. The attendance of each member is reported below.

Title	Name	Attendance record
President and CEO	Eiji Sato	100% (10/10)
Executive Vice President	Hitoshi Saito	100% (10/10)
Board Director	Eiji Takehara	100% (10/10)
Board Director	Masao Arima	100% (10/10)
Board Director	Tomoyuki Tanaka	100% (10/10)
Outside Board Director	Masayuki Hizume	100% (10/10)
Outside Board Director	Keiko Tsuchiya	90% (9/10)
Outside Board Director	Asako Aoyama	100% (10/10)
Outside Board Director	Yumiko Kamada	100% (10/10)
Outside Audit & Supervisory Board Member	Hidenori Sugiura	100% (10/10)
Audit & Supervisory Board Member	Kaori Terunuma	100% (10/10)
Outside Audit & Supervisory Board Member	Ikumi Sato	100% (10/10)
Outside Audit & Supervisory Board Member	Akihito Sakai	100% (2/2)

Notes:

1. There was one written resolution deemed to a Board of Directors resolution, pursuant to Article 370 of the Companies Act and Article 28 of our Articles of Incorporation.
2. There were two Board of Directors meetings held before the resignation of Akihito Sakai, an outside Audit and Supervisory Board member from the Audit and Supervisory Board at the conclusion of the Ordinary General Shareholders' Meeting held on June 17, 2023.

#### Detailed description of deliberations

##### ○ Board of Directors function and composition

Our Board of Directors delegates authority over execution of business to members of management to facilitate swift decision-making. This serves to strengthen the corporate governance system and separate the business supervision and execution functions. In the fiscal year ended March 31, 2024, The Board of Directors deliberated on an institutional design and consequently resolved to transition to a company with an Audit & Supervisory



Committee. We will continue to engage in a series of discussions concerning an appropriate governance system, and building and operating the system.

○ Sustainability

Because sustainability is an important management issue, we have named strengthening initiatives targeting achievement of the sustainable development goals (SDGs) as one of the basic policies of our long-term management plan. During the Board of Directors meetings held in fiscal year ended March 31, 2024, directors engaged in a series of discussions concerning initiatives mainly revolving around the four topics of governance, strategy, risk management, and metrics and targets in relation to response to climate change and investment in human capital, and determined the policy on information disclosure. We will continue our deliberations to specify and resolve issues relating to sustainability.

○ Progress on the long-term management plan

The Board of Directors discusses how to achieve long-term growth and respond swiftly to changes in the business environment. During the Board of Directors meetings held in fiscal year ended March 31, 2024, directors checked progress on “Beyond Imagination 2030,” our long-term management plan, which was formulated in June 2021, and discussed whether there were policies, plans, etc. that should be revised in the current uncertain business environment. These discussions focused closely on whether the necessary steps have been taken to mitigate country-specific risks, which could affect the Electronics business in particular. The Board of Directors will continue to discuss changes in the business environment that could affect the accomplishment of our long-term management plan, as appropriate.

b. Compensation Advisory Committee activities

During the fiscal year under review, the Compensation Advisory Committee met three times. The attendance of each member is reported below.

Title	Name	Attendance record
Chair	Asako Aoyama	100% (3/3)
Member	Eiji Sato	100% (3/3)
Member	Masayuki Hizume	100% (3/3)

Note: In addition to the number of Compensation Advisory Committee meetings held, there was one resolution of the committee deemed to be a written resolution.

Detailed description of deliberations

We have transitioned to a company with an Audit & Supervisory Committee, in addition to introducing an in-house company business system and delegative executive officer system to streamline decision-making by separating the auditing/supervisory function from the executive function. The Compensation Advisory Committee discussed changing the compensation system by introducing a post issuance-type restricted stock granting plan for executive officers. We invited an external consultant to join deliberations as an opportunity to receive advice and information from an objective and independent perspective. The compensation system built through the series of deliberations was reported to the Board of Directors. Based on the policy on determining compensation of board directors, the committee also deliberated on the base salary of board directors (excluding board directors who are Audit & Supervisory Committee Members), the method of calculating performance-linked cash compensation and performance-linked stock compensation, and the amount of restricted stock compensation for executive directors, and reported on such deliberations to the Board of Directors.

c. Nomination Advisory Committee activities

During the period under review, the Nomination Advisory Committee met three times. The attendance of each member is reported below.

Title	Name	Attendance record
Chair	Keiko Tsuchiya	100% (3/3)
Member	Eiji Takehara	100% (3/3)
Member	Yumiko Kamada	100% (3/3)
Member	Ikumi Sato	100% (3/3)

Detailed description of deliberations

The committee examined the composition of the Board of Directors in the next fiscal year, accompanying the transition to a company with an Audit & Supervisory Committee. As part of this examination, the committee discussed changing the method and items in officer evaluations as well as the appropriateness of candidates for new board director positions and for newly established senior corporate executive officer positions. Following repeated discussions, the results of the evaluations of candidates for board director and senior corporate executive officer positions in the next fiscal year were reported to the Board of Directors.

(2) Corporate officers

1) List of corporate officers

We have four male and three female corporate officers (percentage of female corporate officers: 42.9%).

Title	Name	Date of birth	Career history	Term of office	Shares held (Thousands)
President and CEO	Eiji Sato	May 3, 1969	<p>April 1992 Tohmatsu &amp; Co. (now Deloitte Touche Tohmatsu LLC) (Joined)</p> <p>October 1999 es Networks Co., Ltd. President</p> <p>June 2008 Taiyo Holdings Co., Ltd. Board Director</p> <p>April 2010 Taiyo Holdings Co., Ltd. Executive Vice President and Representative Director</p> <p>July 2010 T Taiyo Ink International (Singapore) Pte Ltd Director</p> <p>March 2011 es Holdings Co., Ltd. (currently es Networks Co., Ltd.) Director</p> <p>April 2011 Taiyo Holdings Co., Ltd. President, Chief Executive Officer, Group Chief Executive Officer (present post)</p> <p>April 2012 Taiyo Ink (Suzhou) Co., Ltd. Director</p> <p>December 2012 Onstatic Technology Co., Ltd. Director</p> <p>April 2014 Taiyo Ink Mfg. Co., Ltd. President and Representative Board Director</p> <p>December 2014 Taiyo Green Energy Co., Ltd. President and Representative Board Director</p> <p>June 2016 Taiyo Holdings Co., Ltd. Officer in charge of risk management (present post)</p> <p>August 2017 Taiyo Pharma Co., Ltd. Chairman of the Board and Representative Director (present post)</p> <p>June 2018 Taiyo Ink Mfg. Co., Ltd. Board Director</p> <p>April 2019 Taiyo Pharma Tech Co., Ltd. Board Director</p> <p>October 2019 Taiyo Pharma Tech Co., Ltd. President and Representative Board Director (present post)</p> <p>May 2022 Taiyo Holdings Co., Ltd. CEO of Medical &amp; Pharmaceutical Company (present post)</p> <p>April 2023 funlead corp. Board Director (present post)</p>	(*Note 2)	(Common) 507

Title	Name	Date of birth	Career history	Term of office	Shares held (Thousands)
Executive Vice President	Hitoshi Saito	April 21, 1965	<p>November 1995 Win System Inc. (Win System Europe) Marketing Manager</p> <p>September 1996 Taiyo Ink Mfg. Co., Ltd. (now Taiyo Holdings Co., Ltd.) (Joined)</p> <p>June 2001 Taiyo Ink International (Singapore) Pte Ltd Managing Director</p> <p>July 2001 Taiyo Ink (Thailand) Co., Ltd. General Manager/Director</p> <p>July 2010 Taiyo Ink Mfg. Co., Ltd. (now Taiyo Holdings Co., Ltd.) General Manager of International Business Department</p> <p>June 2012 Taiyo Ink Mfg. Co., Ltd. Board Director (present post)</p> <p>April 2015 Taiyo Ink Products Co., Ltd. President and CEO</p> <p>May 2016 Taiyo Ink Mfg. Co., (Korea) Ltd. President and CEO</p> <p>June 2016 Taiyo Holdings Co., Ltd. Board Director</p> <p>July 2016 Taiyo Holdings Co., Ltd. Board Director and Senior Executive Officer</p> <p>April 2019 Taiyo America, Inc. Board Director (present post)</p> <p>October 2019 Taiyo Ink International (Singapore) Pte Ltd. Board Director (present post)</p> <p>February 2020 Taiyo Trading (Thailand) Co., Ltd. Board Director (present post)</p> <p>April 2020 Taiyo Ink Mfg. Co., (Korea) Ltd. Chairman and CEO</p> <p>April 2020 Taiyo Ink Products Co., Ltd. Chairman and CEO</p> <p>May 2020 Taiwan Taiyo Ink Co., Ltd. Chairman of the Board (present post)</p> <p>May 2020 Onstatic New Material (Jiangxi) Co., Ltd. Board Director (present post) June 2020 Onstatic Ink (Shenzhen) Co., Ltd. Board Director</p> <p>June 2020 Taiyo Circuit Automation, Inc. Board Director (present post)</p> <p>June 2020 Taiyo Ink Vietnam Co., Ltd. Chairman (present post)</p> <p>October 2021 Onstatic Technology Co., Ltd. Chairman of the Board (present post)</p> <p>December 2021 Taiyo Ink (Suzhou) Co., Ltd. Chairman of the Board (present post)</p> <p>December 2021 Onstatic Ink (Shenzhen) Co., Ltd. Chairman of the Board (present post)</p> <p>January 2022 TBF Semiconductor Material (Shenzhen) Co., Ltd. Board Director (present post)</p> <p>January 2022 Taiyo Ink Trading (Shenzhen) Co., Ltd. Chairman of the Board</p> <p>January 2022 Taiyo Ink Mfg. Co., (Korea) Ltd. Board Director (present post)</p> <p>January 2022 Taiyo Ink Products Co., Ltd. Board Director (present post)</p> <p>May 2022 Taiyo Holdings Co., Ltd. CEO of Electronics Company (present post)</p> <p>June 2022 Taiyo Holdings Co., Ltd. Executive Vice President (present post)</p> <p>October 2023 Taiyo Ink Trading (Shenzhen) Co., Ltd. Chairman of the Board (present post)</p>	(*Note 2)	(Common) 112
Board Director	Kiyofumi Takano	November 4, 1965	<p>April 1991 Dainippon Ink and Chemicals, Incorporated (now DIC Corporation) (Joined)</p> <p>October 2012 DIC Corporation General Manager of Core Value Research Center, R&amp;D Management Unit</p> <p>January 2015 DIC Corporation General Manager of Corporate Marketing Department</p> <p>January 2016 DIC Corporation General Manager of New Business Planning Department</p> <p>January 2019 DIC Corporation Executive Officer and General Manager of New Business Development Headquarters</p> <p>January 2021 DIC Corporation Managing Executive Officer and General Manager of New Business Development Headquarters (present post)</p> <p>June 2024 Taiyo Holdings Co., Ltd. Board Director (present post)</p>	(*Note 2)	(Common) —

Title	Name	Date of birth	Career history		Term of office	Shares held (Thousands)
Board Director	Keiko Tsuchiya	May 13, 1960	April 1981 Dentsu Inc. (Joined) April 1989 Ferag Japan Co., Ltd. (Joined) April 1991 Australian Trade Commission, Tokyo (Joined) January 1994 Becton Dickinson Co., Ltd. HR Planning & Organizational Effectiveness Director July 2004 Human Value Inc. Chief Researcher & Producer October 2005 GE Toshiba Silicones Co., Ltd. (now Momentive Performance Materials Japan LLC) Executive Officer and General Manager, Human Resources for Pacific Region January 2009 Cisco Systems LLC Senior HR Manager February 2011 Johnson & Johnson Medical Company Vice President, Human Resources August 2015 Adecco Ltd., Japan Chief Human Resources Officer January 2016 Adecco Ltd., Japan Director and General Manager of People Value June 2017 Taiyo Holdings Co., Ltd. Outside Board Director (present post) June 2019 Teachers Initiative Director (present post) June 2020 Nippon Light Metal Holdings Co., Ltd. Outside Director (present post) April 2024 ToBeings Co., Ltd. Advisor (present post)		(*Note 2)	(Common) 0
Board Director Full-time Audit & Supervisory Committee Member	Kaori Terunuma	December 29, 1982	April 2005 Mitsui & Co., Ltd. (Joined) August 2013 CROSS FIELDS (Joined) March 2016 coconala Inc. (Joined) June 2019 Taiyo Ink Mfg. Co., Ltd. (now Taiyo Holdings Co., Ltd.) (Joined) January 2020 Taiyo Holdings Co., Ltd. General Manager of the Accounting Department July 2020 Taiyo Ink (Suzhou) Co., Ltd. Auditor October 2020 Taiyo Ink Products Co., Ltd. Auditor June 2022 Taiyo Holdings Co., Ltd. Audit & Supervisory Board Member (present post) June 2022 Taiyo Ink Mfg. Co., Ltd. Audit & Supervisory Board Member (present post) June 2024 Taiyo Holdings Co., Ltd. Board Director (Audit & Supervisory Committee Member) (present post)		(*Note 3)	(Common) 1
Board Director Full-time Audit & Supervisory Committee Member	Hidenori Sugiura	March 20, 1961	April 1984 The Long-Term Credit Bank of Japan, Ltd. (Joined) July 1998 UBS Trust & Banking (Japan) Ltd. (Joined) July 2000 IBJ Securities Co., Ltd. (now Mizuho Securities Co., Ltd.) (Joined) October 2003 Mizuho Securities Co., Ltd. General Manager of Investment Bank 4th Department, Investment Bank Group April 2004 Mizuho Securities Co., Ltd. General Manager of Corporate Finance Division No. 1, Capital Markets Group April 2005 Mizuho Securities Co., Ltd. Senior Fellow of Strategic Research Dept., Management Planning Group April 2006 Kyoto University Distinguished Associate Professor of Graduate School of Management October 2007 Hitotsubashi University Part-time Lecturer of Graduate School of Commerce and Management April 2008 Kyoto University Distinguished Professor, Graduate School of Management June 2018 Taiyo Holdings Co., Ltd. Outside Audit & Supervisory Board Member April 2019 Taiyo Pharma Tech Co., Ltd. Audit & Supervisory Board Member (present post) April 2023 ANZU no MORI FOUNDATION Auditor (present post) November 2023 Orion Breweries, Ltd. Outside Audit & Supervisory Board Member (present post) June 2024 Taiyo Holdings Co., Ltd. Outside Board Director (Audit & Supervisory Committee Member) (present post)		(*Note 3)	(Common) —

Title	Name	Date of birth	Career history	Term of office	Shares held (Thousands)
Board Director (Audit & Supervisory Committee Member)	Ikumi Sato	December 25, 1963	<p>April 1990 Registered as an attorney at law (Tokyo Bar Association)</p> <p>March 1992 Cancellation of registration in Tokyo Bar Association for travel to the United States</p> <p>September 1995 Registered as an attorney, State of New York, USA</p> <p>September 1995 Re-registered as an attorney at law (Daini Tokyo Bar Association)</p> <p>March 2013 Yabuki Law Offices (Joined)</p> <p>April 2017 Daini Tokyo Bar Association Deputy Chair</p> <p>April 2018 Japan Federation of Bar Associations Executive Governor</p> <p>April 2019 Ministry of Internal Affairs and Communications Information Disclosure and Personal Information Protection Commission Member</p> <p>June 2019 DAI-DAN Co., Ltd. Audit &amp; Supervisory Board Member</p> <p>January 2021 Nozomi Sogo Attorneys at Law Partner and Attorney (present post)</p> <p>April 2021 Japan Attorneys National Pension Fund Executive Governor</p> <p>June 2021 DAI-DAN Co., Ltd. Outside Director (present post)</p> <p>June 2022 Taiyo Holdings Co., Ltd. Outside Audit &amp; Supervisory Board Member</p> <p>June 2024 Taiyo Holdings Co., Ltd. Outside Board Director (Audit &amp; Supervisory Committee Member) (present post)</p>	(*Note 3)	(Common) —
Total					(Common) 621

Notes:

1. Keiko Tsuchiya, Hidenori Sugiura, and Ikumi Sato are outside board directors.
2. From the conclusion of the 78th Ordinary General Shareholders' Meeting held on June 15, 2024 until the conclusion of the final General Shareholders Meeting in the fiscal year ending within one year of the 78th Ordinary General Shareholders Meeting.
3. From the conclusion of the 78th Ordinary General Shareholders' Meeting held on June 15, 2024 until the conclusion of the final General Shareholders Meeting in the fiscal year ending within two years of the 78th Ordinary General Shareholders Meeting.
4. We adopted an executive officer system to energize the Board of Directors and streamline the decision-making process. There are 16 executive officers:

Senior Corporate Executive Officer	Masao Arima
Senior Corporate Executive Officer	Shoji Minegishi
Senior Executive Officer	Daisuke Mishima
Managing Executive Officer	Taiyen Tsai
Managing Executive Officer	Naohiro Arata
Managing Executive Officer	Terumichi Tawara
Managing Executive Officer	Hideyuki Goto
Managing Executive Officer	Keiichi Kobayashi
Managing Executive Officer	Hidekazu Miyabe
Managing Executive Officer	Sayaka Tomioka
Executive Officer	Takuji Maekawa
Executive Officer	Bae Hyunki
Executive Officer	Yukiko Yoshino
Executive Officer	Taisuke Ikeda
Executive Officer	Taro Onishi
Executive Officer	Nobuhito Ito

5. Taiyo Holdings Co., Ltd. elects one standby Audit & Supervisory Committee member as specified in Article 329-3 of the Companies Act to prepare for a situation in which the company lacks the legally mandated number of Audit & Supervisory Committee members. The effective term of the Board of Directors resolution on electing a board director as a standby Audit & Supervisory Committee member is for two years after election by the Ordinary General Shareholders Meeting held on June 15, 2024, until the beginning of the final General Shareholders' Meeting in the fiscal year ending within the second year. The term of a board director as a standby Audit & Supervisory Committee member is from the date appointed until the expiration of the term for the board director who was Audit & Supervisory Committee member and resigned before completion of that member's term. The career history of the board director serving as a standby Audit & Supervisory Committee member is provided below. The board director serving as a standby Audit & Supervisory Committee member fulfills the requirements for an outside board director.

Name	Date of birth	Career history	Shares held (Thousands)
Masahiko Todo	July 17, 1968	<p>April 1997 Registered as an attorney at law (Daini Tokyo Bar Association)</p> <p>Ushijima &amp; Associates (now Ushijima &amp; Partners, Attorneys-at-Law) (Joined)</p> <p>January 2005 Ushijima &amp; Partners Partner (present post)</p>	—

## 2) Outside board members

We have three outside board directors (two of whom are outside board directors who are Audit & Supervisory Committee members).

- Keiko Tsuchiya (outside board director) serves as an outside director of Nippon Light Metal Holdings, a director of Teachers Initiative, and an advisor of ToBeings Co., Ltd. We have no special relationship with any of those organizations.
- Hidenori Sugiura (outside board director) serves as auditor of ANZU no MORI Foundation, outside Audit & Supervisory Board member of Orion Breweries, Ltd., and on the Audit & Supervisory Board of Taiyo Pharma Tech Co., Ltd. We have no special relationship with ANZU no MORI Foundation and Orion Breweries, Ltd. Taiyo Pharma Tech Co., Ltd. is a consolidated subsidiary of Taiyo Holdings Co., Ltd.
- Ikumi Sato (outside board director) is a partner of Nozomi Sogo Attorneys at Law and an outside director of Dai-Dan Co., Ltd. We have no special relationship with any of those organizations.
- Shares held by outside officers are listed in 1) List of corporate officers.

We have established a set of criteria for confirming the independence of outside board directors. The criteria are based on the TSE independence standards and qualification for independent directors. We have deemed all of our outside board directors as independent under the TSE's independence standards, having judged that they present no actual or potential conflict of interest with general shareholders. Moreover, they have all demonstrated the ability to duly supervise and audit the management from an impartial perspective, drawing on their professional expertise and experience in other organizations.

Presented below is our set of criteria for determining independence.

### Criteria for Determining the Independence of Outside Board Directors and Outside Audit & Supervisory Board Members

A board director poses no conflict of interest with general shareholders and is deemed independent from its management of Taiyo Holdings Co., Ltd., if none of the following apply.

#### (1) Business relationship

- 1) The person is a major supplier of Taiyo Holdings or is a senior manager of such. "Major supplier of Taiyo Holdings" means a supplier for which Taiyo Holdings accounts for at least 2% of the supplier's average consolidated net sales for the most recent three years. "Senior manager" means an executive director, non-fiduciary executive (usually known in Japan by terms such as "shikko-yaku" or "shikko-yakuin"), or someone with an equivalent role in senior management.
- 2) The person is a major client of Taiyo Holdings or is a senior manager of such. "Major client of Taiyo Holdings" means a client that accounts for at least 2% of Taiyo Holdings' average consolidated net sales for the most recent three years.
- 3) The person is a major creditor of Taiyo Holdings or is a senior manager of such. "Major creditor of Taiyo Holdings" means a creditor to which Taiyo Holdings owes an amount equivalent to at least 2% of its average consolidated assets for the most recent three years.
- 4) A consultant, accountant, attorney, or other professional who receives a certain amount of cash and non-monetary property other than officer compensation exceeding an average of 10 million yen over the most recent three years. If the recipient of such cash/property is a corporation, association, or other organization, it means a professional affiliated with that organization who receives cash/property exceeding 2% of the organization's average consolidated net sales for the most recent three years.

- (2) The person currently serves or has at some stage in the past ten years served Taiyo Holdings as an executive, or the person has at some stage in the past ten years served Taiyo Holdings as a non-executive director or member of the Audit & Supervisory Board and has also served Taiyo Holdings as an executive at some stage in the ten years preceding the time the person became such.
  - (3) Major shareholder  
The person is a major shareholder of Taiyo Holdings or an executive of such. “Major shareholder of Taiyo Holdings” means a shareholder that holds, directly or indirectly, shares in Taiyo Holdings worth at least 10% of the total voting rights.
  - (4) Financial beneficiary  
Taiyo Holdings donates significant funds to the person or an organization the person represents. “Significant funds” means donations averaging more than 10 million yen over the most recent three years. However, if the recipient of such donations is a corporate, association, or other organization, this means a person directly involved in research, education, and/or other activities associated with the donation, out of those affiliated with the organization.
  - (5) The person is a spouse or a first- or second-degree relative of someone who falls under any of the criteria described in (1) through (4) above.
  - (6) The person poses a conflict of interest with Taiyo Holdings or is otherwise (despite not falling under any of the above criteria (1) through (5)) deemed incapable of discharging duties as an independent outside board director.
- 3) Auditing and supervision by outside board directors, coordination with internal auditors and the accounting auditor, and interaction with the internal control department
- The outside board directors work closely with the internal audit department and the internal control department to perform their audit and supervisory duties effectively. They also meet regularly with our accounting auditors and actively exchange information and opinions.



(3) Auditing and supervision

1) Audits by the Audit & Supervisory Committee

a. Organization and personnel for audits by the Audit & Supervisory Committee

- Taiyo Holdings Co., Ltd. transitioned to a company with an Audit & Supervisory Committee upon approval by the 78th Ordinary General Shareholders Meeting held on June 15, 2024. The activities for the fiscal year ended March 31, 2024 therefore describe the activities of a company with an Audit & Supervisory Board before the transition.
- Our Audit & Supervisory Committee consists of three board directors who are Audit & Supervisory Committee members, two of whom are outside board directors. Hidenori Sugiura (outside board director) has extensive insight in finance and accounting. He worked as a professor and lecturer at universities drawing on the financial expertise he gained in the business world. Kaori Terunuma (board director) has extensive knowledge and business experience in finance and accounting, and has experience as an auditor of our overseas subsidiaries since 2020. Ikumi Sato (outside board director) has extensive professional knowledge and experience as an attorney in corporate law, IT, intellectual property, international law, and other legal areas.

b. Audits by Audit & Supervisory Board members

- Audit & Supervisory Board members perform their duties according to an audit plan they draw up (the Audit & Supervisory Board Audit Plan). They audit and supervise our business operations and financial position and that of the group as a whole. One way they do this is by participating in meetings of Taiyo Holdings' key bodies, including the Board of Directors and the Executive Council. They also question our corporate officers and mid-level managers and inspect our Japan and overseas group companies.
- In performing audits, Audit & Supervisory Board members emphasize tripartite audits. They work closely with the accounting auditors and the Internal Audit Department to make accounting and operational audits more effective and efficient.
- The Audit & Supervisory Board holds monthly meetings, in principle, to discuss and resolve audit and supervisory matters and to share information about the group as a whole.
- During the fiscal year under review, the Audit & Supervisory Board met 10 times. The attendance of each member is reported below.

Title	Name	Attendance record
Full-time Audit & Supervisory Board Member	Hidenori Sugiura	100% (10/10)
Full-time Audit & Supervisory Board Member	Kaori Terunuma	100% (10/10)
Full-time Audit & Supervisory Board Member	Akihito Sakai	100% (2/2)
Audit & Supervisory Board Member	Ikumi Sato	100% (10/10)

Note: There were two Audit & Supervisory Board meetings held before the resignation of Akihito Sakai, outside Audit and Supervisory Board member from the Audit and Supervisory Board at the conclusion of the Ordinary General Shareholders' Meeting held on June 17, 2023.

The specific topics discussed at meetings include the general audit/supervisory plan, the actions members take under this plan, the establishment and operation of an internal control system, the accounting auditor's approach, and whether the accounting auditor's results are valid.

Full-time members undertake the following actions: They liaise with board directors, attend meetings of the Board of Directors and other important meetings, review documents concerning important business decisions, and audit/supervise operations and finances at head office and key workplaces. At subsidiaries, they liaise with the subsidiary's board directors and with their audit/supervisory counterparts and review the subsidiary's business report. Additionally, the fulltime members review the accounting auditor's actions and its report.

2) Audits by the Internal Audit Department

- The Internal Audit Department has five members as of the Annual Securities Report filing date. The department audits all Taiyo Holdings' divisions and group companies according to its audit plan (the Basic Audit Plan). The Board of Directors may order the office to conduct special audits if necessary. The department reports the results of such audits to the Board of Directors and Audit & Supervisory Committee. The Internal Audit Department holds quarterly meetings to report to the Audit & Supervisory Committee. It shares information with the board directors who are Audit & Supervisory Committee members and endeavors to improve the effectiveness of internal audits.

3) Audits by the accounting auditor

a. Name of accounting auditor

PricewaterhouseCoopers Japan LLC

PricewaterhouseCoopers Aarata LLC merged with PricewaterhouseCoopers Kyoto on December 1, 2023 and changed the corporate name to PricewaterhouseCoopers Japan LLC.

b. Period of continuous auditing

5 years

c. Certified public accountants who conduct the accounting audits

Tsuyoshi Saito

Yoshihiro Shiribiki

Yoshitaka Sakurai

d. Accounting auditor's assistants

The accounting auditor is assisted by six certified public accountants, and 16 other assistants.

e. Policy and reason for selecting the accounting auditor

Our Audit & Supervisory Committee follows the Criteria for Selecting the Accounting Auditor in selecting our accounting auditor. We selected this accounting auditor following a comprehensive consideration, in which we noted that this auditor offered the necessary expertise, independence, and quality controls, along with an integrated global framework.

The Audit & Supervisory Committee may dismiss the accounting auditor with the unanimous consent of all board directors who are Audit & Supervisory Committee members, if the accounting auditor falls under any of the items in Article 340-1 of the Companies Act. If the accounting auditor is dismissed in this way, the Audit & Supervisory Committee will appoint a board director who is an Audit & Supervisory Committee member to inform shareholders of the dismissal, as well as the reasons for the dismissal, at the next General Shareholders' Meeting. If the Audit & Supervisory Committee determines that the accounting auditor cannot discharge its duties or is otherwise unfit for its role, it will determine the content of a proposal to the General Shareholders' Meeting to dismiss, or to not re-elect, the accounting auditor.

f. Evaluation of the accounting auditor by the Audit & Supervisory Committee and board directors who are members thereof

Audit & Supervisory Committee and board directors who are members thereof evaluate the accounting auditor according to the Criteria for Evaluating the Accounting Auditor. The members have determined that PricewaterhouseCoopers Japan LLC is fit to serve as accounting auditor in view of the following factors: The firm is independent; it has robust quality controls; it has robust workflow processes; and it effectively discharged its auditing duties in the fiscal year ended March 31, 2024.

4) Remuneration for audit services

a. Breakdown of remuneration paid for audit services rendered by accounting auditor

(Millions of yen)

Category	Consolidated fiscal year ended March 31, 2023		Consolidated fiscal year ended March 31, 2024	
	Remuneration for certified audits	Remuneration for non-audit services	Remuneration for certified audits	Remuneration for non-audit services
Filing company (Taiyo Holdings)	95	—	91	—
Consolidated subsidiaries	32	—	25	—
Total	128	—	116	—

b. Breakdown of remuneration (other than that in a.) paid for audit services rendered by an organization analogous to a certified public accountant (in this case, PricewaterhouseCoopers)

(Millions of yen)

Category	Consolidated fiscal year ended March 31, 2023		Consolidated fiscal year ended March 31, 2024	
	Remuneration for certified audits	Remuneration for non-audit services	Remuneration for certified audits	Remuneration for non-audit services
Filing company (Taiyo Holdings)	—	94	—	—
Consolidated subsidiaries	40	5	50	4
Total	40	99	50	4

The non-audit services for which Taiyo Holdings Co., Ltd. (the filing company) paid 94 million yen in the previous consolidated fiscal year included professional advice on internal company rules. The non-audit services for which the consolidated subsidiaries paid 5 million yen in the previous consolidated fiscal year and 4 million yen in the consolidated fiscal year ended March 31, 2024 included professional advice on transfer pricing regulation and taxation.

c. Other notable remuneration for certified audits

Consolidated fiscal year ended March 31, 2023

None

Consolidated fiscal year ended March 31, 2024

None

d. Criteria for determining remuneration for audit services

We consider the size of our organization, the nature of its businesses, and the number of days the audit takes.

e. Basis on which the members of the Audit & Supervisory Board unanimously consented to the accounting auditor's remuneration

The members unanimously consented following a review in which they referred to the Japan Audit & Supervisory Board Members Association's guidelines on establishing criteria for evaluating and selecting an accounting auditor. Specifically, after obtaining the necessary data from board directors, other internal parties, and the accounting auditor, the members reviewed the audit workflows, timeframe, and estimated remuneration as stated in the audit plan. That review resulted in unanimous consent of the Audit & Supervisory Board as specified in Article 399-1 of the Companies Act.

(4) Remuneration for corporate officers

1) The amounts of remuneration for executives and matters regarding policy for the method of determining such amounts

Upon receiving the recommendations of the Compensation Advisory Committee regarding our policy for determining the compensation amounts for corporate officers, the Board of Directors determined the remuneration for each board director as follows at a meeting held on June 18, 2022.

The purpose of the stock compensation package is to further motivate executive directors (meaning directors specified in Article 363-1 of the Companies Act ) to continuously contribute toward Taiyo Holdings' corporate value and promote further value sharing between executive directors and shareholders.

The Board of Directors determines, to the extent approved by shareholders and in consideration of the findings of the Compensation Advisory Committee, the amount of each form of compensation (board directors' base salary and executive directors' performance-linked cash compensation, performance-linked stock compensation, and restricted stock compensation) as well as the methods and timing of payment, and how to allocate the compensation. By providing short-, medium-, and long-term incentives, the stock compensation package motivates executive directors to contribute to our corporate value over the medium and long term, and thus helps us recruit and retain top-level managers. Additionally, because it delivers shares to executive directors, the stock compensation package fosters a shareholder mindset.

a) Systems of remuneration for corporate officers, how each recipient's amount is determined

<General Shareholders' Meeting resolution on officer compensation>

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Class of compensation	Monetary	Monetary	Share-based	Share-based
Eligible officers	Executive directors (*Note 1) Non-executive directors Audit & Supervisory Board members	Executive directors (*Note 1)	Executive directors (*Note 1)	Executive directors (*Note 1)
Description	Monthly salaries are paid in cash	We determine the total amount taking into account profit before income taxes along with effective tax rate and profit attributable to non-controlling interests. We then determine the amounts for each recipient according to their officer status and pay these amounts in cash.	We determine the total amount taking into account profit before income taxes along with effective tax rate and profit attributable to non-controlling interests. We then determine the amounts for each recipient according to their officer status and pay these amounts in cash as a monetary claim to be exchanged for the allotted common shares.	Recipients receive monetary claims commensurate with the rank they served during the eligibility period. They agree to exchange these monetary claims for their allotted shares of common stock.

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Date approved by shareholders	Board director salary: June 29, 2010 (64th Ordinary General Meeting) Audit & Supervisory Board member salary: June 18, 2022 (76th Ordinary General Meeting)	June 18, 2022 (76th Ordinary General Meeting)	June 18, 2022 (76th Ordinary General Meeting)	June 19, 2021 (75th Ordinary General Meeting)
Resolution	Board director salary: Total monthly salary capped at 300 million yen. Audit & Supervisory Board member salary: Total monthly salary capped at 7 million yen.	Executive directors receive performance-linked cash compensation within an amount determined by the following formula (cap). Performance-linked cash compensation (cap) = Profit before income taxes × (*Note 2) × 1.6%	Executive directors receive performance-linked stock compensation within an amount determined by the following formula (cap). The maximum number of performance-linked shares that can be issued or allotted in any fiscal year (“Performance Stock Cap”) is 200,000 (*Note 4). Performance-linked stock compensation (cap) = Profit before income taxes × (Note 2) × 3.4%	Executive directors receive “restricted stock compensation” (monetary claims) capped at 300 million yen annually. The maximum number of transfer-restricted shares that can be issued or allotted in any fiscal year (“Restricted Share Cap”) is 80,000 (*Note 5).
Number of recipients (at close of Ordinary General Meeting)	Board directors: 6 Audit and Supervisory Board members: 4 (3 of whom are outside members)	4	4	3

<Policy on determination of each director’s compensation amount>

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Purpose	—	Short-term incentive	Medium-term incentive	Long-term incentive
Amount, calculation of compensation other than performance-linked or non-monetary compensation	Board director salary: Board directors receive a monthly salary commensurate with their rank.	—	—	—
Performance metric or formula used for performance-linked compensation	—	(*Note 3)	(*Note 4)	—

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Form/amount of, formula used for non-monetary compensation	—	—	(*Note 4)	(*Note 5)
Reason for using profit before income taxes as metric	—	Profit attributable to owners of parent is the profit remaining after profits are distributed to trading partners, employees, banks, national and local governments, and other interested parties, and thus represents the returns for shareholders. Part of these returns are distributed to executive directors. Since a portion of this amount is distributed to the executive directors, we believe that this is a reasonable measure from the perspective of sharing value with shareholders. We also take into account the averages for the effective tax rate and the percentage profit attributable to non-controlling interests in addition to profit before income taxes for the most recent three fiscal years. Our indicator thus represents profit attributable to owners of parent in real terms. Therefore, using this metric is tantamount to using profit attributable to owners of parent. Additionally, in the case of both performance-linked cash compensation and performance-linked stock compensation, executive directors will receive a low amount of compensation if profit is low or negative, and they will receive none if profit before income taxes is zero.		—
Formula for determining breakdown of each recipient's compensation	The balance between fixed and variable compensation policy is to be weighted toward the latter. We keep the fixed portion relatively low so that the majority of the compensation consists of variable compensation—and is thus linked to performance and share price, especially over the long term. Stock compensation: For the restricted stock component, the amount of shares allocated is fixed according to the recipient’s rank, ensuring that the level of compensation paid remains stable and thus provides a long-term incentive. The performance-linked component is variable and could, depending on performance, amount to zero. The system is designed so that the ratio of performance-linked shares to restricted stock increases as the company grows. The idea is that higher-ranked directors will receive a relatively larger portion of stock based compensation.			
Compensation payment timing and payment terms	Paid monthly	Paid within 1 month from Ordinary General Meeting	Paid within 1 month from Ordinary General Meeting	Paid within 2 months from Ordinary General Meeting in the previous fiscal year (payment period)
Determination of the amount for each recipient	Respecting the findings of the Compensation Advisory Committee, the Board of Directors determines the specific amounts of compensation, within the scope approved by shareholders and in accordance with the committee’s findings.			

<Policy on determination of each Audit & Supervisory Board member's compensation amount >

Base salary: The Audit & Supervisory Board members negotiate a salary.

Notes:

1. "Executive directors" refers to the class of directors in Article 69-9-1 of the Order for Enforcement of the Corporation Tax Act.
2. (1 – Average effective tax rate for most recent three fiscal years – Percentage of profit attributable to non-controlling interests for the most recent three fiscal years)
  - "Most recent three fiscal years" = Three fiscal years before the year in which performance-linked cash compensation and performance-linked stock compensation will be paid.
  - "Effective tax rate" = "Effective tax rate after application of tax effect accounting" described in "V. Financial Information, 1. Consolidated financial statements, other consolidated financial information, (1) Consolidated financial statements: Notes."
  - "Percentage of profit attributable to non-controlling interests" = Profit attributable to non-controlling interests (rounded down to the nearest million yen) / Profit before income taxes (rounded down to the nearest million yen)
  - The percentage derived from the formula "1 – Average effective tax rate for most recent three fiscal years – Percentage profit attributable to non-controlling interests for the most recent three fiscal years" is rounded to two decimal places.
3. Performance-linked cash compensation
  - i) Overview

Using the calculation method described in ii) below, we determine the total amount of performance-linked cash compensation for the fiscal year in question (the fiscal year preceding that in which the payment date falls) and then distribute to each recipient an amount commensurate with the rank the recipient held in that year.
  - ii) Calculation method

Performance-linked cash compensation (total amount to be paid) = Profit before income taxes × (Note 2) × 0.8%

    - This amount must be within what the Board of Directors determines to be the cap, or "defined amount" (as used in this document, "defined amount" is as defined in Article 34-1-3-a(1) of the Corporation Tax Act).
    - None of this compensation will be provided if profit before income taxes is in negative territory.
    - The amount of profit before income taxes will be rounded down to the nearest million yen.
    - For performance-linked cash compensation (total amount to be paid), fractional amounts of less than 1 yen will be discarded.
  - iii) Allocation among the recipients

We assign points to each executive director according to their officer status. The total performance-linked share compensation is multiplied by an amount equivalent to the points awarded to each director. We then divide this amount by the total points awarded to all directors. The points to be allocated for each officer status are determined annually by the Board of Directors based on the advice of the Compensation Advisory Committee, which considers the number of persons in and the duties associated with each officer status. We also pay the compensation to any executive directors who left their office (i.e., resigned from the company or lost their executive director status) during the period they were eligible for the compensation (the period beginning on the day of the Ordinary Shareholders' Meeting pertaining to the fiscal year two fiscal years prior to the one in which the payment occurs, and ending on the day before the Ordinary Shareholders' Meeting pertaining to the fiscal year preceding said year). In such case, we will pay the ex-executive director according to the period extending from the month following the month in which the start date of the applicable period falls to the month in which the date of retirement falls, and the points shall be prorated according to the number of months in that period.
4. Performance-linked stock compensation
  - i) Overview

Using the calculation method described in ii) above, we determine the total amount of performance-linked stock compensation for the fiscal year in question (the fiscal year preceding that in which the payment date falls) and then distribute to each recipient a cash amount commensurate with the rank the recipient held in that year as a monetary claim to be exchanged for common shares. We allot common shares to the eligible executive directors to be paid performance-linked stock compensation by issuing new shares or by disposing of treasury shares, within the Performance Share Cap. We then deliver to each recipient an amount of the shares

corresponding to the cash amount we paid them. However, excluded from performance cash are all income tax, resident tax, and other taxes levied on the performance cash, all social security premiums connected with the performance cash, all payment handling fees, and any fractional portion (the rounded off portion).

Performance cash is contingent on the following: (1) The executive directors agree to exchange the entirety of their performance cash for their allotted shares, and (2) the executive directors sign an agreement with Taiyo Holdings in which they agree not to transfer, pledge shares, or otherwise dispose of the shares allotted for the duration of the transfer-restricted period (three years from the date they purchased them).

However, it is possible that a law or judicial judgment could prevent Taiyo Holdings from allotting the common shares to the executive directors in accordance with their performance-linked stock compensation. In such case, the recipients will receive their performance-linked stock compensation in cash only (without exchanging this cash for common shares).

Taiyo Holdings will also pay cash, as opposed to shares, for any portion of the compensation that exceeds the Performance Stock Cap or the Holdings Cap (these caps are defined in Note 6: Allotment terms).

Furthermore, if an executive director succeeds their right to receive performance-linked stock compensation to another person, this person will receive the compensation in cash only.

ii) Calculation method

Performance-linked stock compensation (total amount to be paid) = Profit before income taxes  $\times$  (Note 2)  $\times$  3.4%

- This amount must be within the defined amount determined by the Board of Directors.
- None of this compensation will be provided if profit before income taxes is in negative territory.
- The amount of profit before income taxes will be rounded down to the nearest million yen.
- For performance-linked stock compensation (total amount to be paid), fractional amounts of less than 1 yen will be discarded.

iii) Allocation among the recipients

We assign points to each executive director according to their officer status. The total performance-linked stock compensation is multiplied by an amount equivalent to the points awarded to each director. We then divide this amount by the total points awarded to all directors. The points to be allocated for each officer status are determined annually by the Board of Directors based on the advice of the Compensation Advisory Committee, which considers the number of persons in and the duties associated with each officer status. We also pay the compensation to any executive directors who left their office (i.e., resigned from the company or lost their executive director status) during the period they were eligible for the compensation (the period beginning on the day of the Ordinary Shareholders' Meeting pertaining to the fiscal year two fiscal years prior to the one in which the payment occurs, and ending on the day before the Ordinary Shareholders' Meeting pertaining to the fiscal year preceding said year). In such case, we will pay the ex-executive director according to the period extending from the month following the month in which the start date of the applicable period falls to the month in which the date of retirement falls, and the points shall be prorated according to the number of months in that period.

5. Restricted stock compensation

The maximum amount of the compensation is 300 million yen. We provide each executive director, as of the time of allocation, with monetary claims with which they purchase the transfer-restricted shares. The amount of the monetary claims is commensurate with the value of the recipient's executive role as represented by their officer status during the time they are eligible for the compensation (after the Ordinary General Shareholders' Meeting held in the year preceding the year of payment, and before the day before the Ordinary General Shareholders' Meeting held in the year of payment).

For restricted stock compensation, the eligible executive directors must agree to exchange the entirety of their monetary claims for their allotted common shares, which we allot by issuing new shares or by disposing of treasury shares within Restricted Share Cap. They must also sign an agreement with Taiyo Holdings in which they (1) agree not to transfer, hypothecate, or otherwise dispose of the shares for the duration of a transfer-restricted period (10 years from the date they purchased them) and (2) agree that Taiyo Holdings will reacquire their allotted shares for no consideration if certain events occur during this period. Additionally, the compensation is contingent upon the recipients having remained incumbent as of the time immediately before the date they purchase the transfer-restricted stock, and upon there being no grounds for Taiyo Holdings to cancel the allotment (such as an order to revoke or cease).



6. We have two stock-based remuneration systems: a system of restricted stock compensation and a system of performance-linked stock compensation. Under both systems, we pay the remuneration to eligible executive officers by issuing additional stock or by reselling treasury shares. For restricted stock compensation, we allot shares with specified transfer restrictions. For performance-linked stock compensation, we use a third-party allotment. For both systems, we have set the following terms (i to iv).

Allotment terms

- i) The sum of (1) the total number of shares allotted for the both systems in a given fiscal year and (2) the total shares of common stock held by all executive directors eligible for the allotment (to be eligible, the executive director must remain incumbent as of the time of the allotment) must be within the Holdings Cap (2,840,000 shares. The cap was approved at 1,420,000 (shares) at the 75th Ordinary General Shareholders' Meeting, held on June 19, 2021, but the cap was restated as 2,840,000 following a 2-for-1 stock split on October 1 of that year.)
  - ii) The Restricted Stock Cap, Performance Stock Cap, and Holdings Cap may be adjusted proportionally, within reason, if Taiyo Holdings decides to undertake a stock split or reverse stock split or if it otherwise becomes necessary to adjust the cap.
  - iii) We determine the amount of common shares to allocate based on the restricted stock compensation system before we determine the amount for performance-linked share compensation.
  - iv) The Board of Directors determines the amount that executive directors pay in for each common share allotted to them under the transfer-restricted or perform-linked stock compensation plan. Generally, the amount will be the closing price that the common stock fetches on the TSE as of the business day preceding the resolution date (the date on which the Board of Directors resolves the terms and conditions for applying to receive the common shares) or, if no trading is reported on that day, the day before that. The amount must always remain within a range that gives no artificial advantage to the executive directors receiving the common shares.
7. Guidelines on share-based compensation

We formulate guidelines stipulating a shareholding policy for securing the common shares to be paid to executive directors as performance-linked stock compensation and restricted stock compensation. The guidelines specify a method for adjusting the amount of compensation for directors in the case that a certain number of shares are held.

Following the guidelines, the Compensation Advisory Committee will review the amount of compensation for board directors and advise the Board of Directors on its findings. The Board of Directors will then make the final decision on the compensation for board directors.

8. Amended policy

Proposal 6: "Establishment of the Amount of Aggregate Base Salary for Board Directors (Excluding Board Directors Who Are Audit & Supervisory Committee Members)," Proposal 7: "Establishment of Performance Cash Bonus, Performance Cash Bonus Deferral in Restricted Stock, and Restricted Stock Compensation for Board Directors (Limited to Executive Board Directors)," and Proposal 8: "Establishment of the Amount of Aggregate Base Salary for Board Directors Who Are Audit & Supervisory Committee Members" (hereafter, these three proposals are referred to as "the proposals") were approved and passed at the 78th Ordinary General Shareholders Meeting held on June 15, 2024.

The following "<Details of General Shareholders' Meeting resolutions on officer compensation>" was revised as follows, upon passage of the proposals. At the Board of Directors meeting held on June 15, 2024, the Board decided to make the following changes to the "<Policy on how each director's compensation amount is determined>."

(Underlined text indicates an amendment.)

<General Shareholders' Meeting resolution on officer compensation>

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Class of compensation	Monetary	Monetary	Share-based	Share-based
Eligible officers	Board directors	Executive directors (*Note A)	Executive directors (*Note A)	Executive directors (*Note A)
Description	Monthly salaries are paid in cash	We determine the total amount taking into account profit before income taxes along with effective tax rate and profit attributable to non-controlling interests. We then determine the amounts for each recipient according to their officer status and pay these amounts in cash.	We determine the total amount taking into account profit before income taxes along with effective tax rate and profit attributable to non-controlling interests. We then determine the amounts for each recipient according to their officer status and pay these amounts in cash as a monetary claim to be exchanged for the allotted common shares.	Recipients receive monetary claims commensurate with the rank they served during the eligibility period. They agree to exchange these monetary claims for their allotted shares of common stock.
Date approved by shareholders	<u>June 15, 2024</u> <u>(78th Ordinary General Meeting)</u>	<u>June 15, 2024</u> <u>(78th Ordinary General Meeting)</u>	<u>June 15, 2024</u> <u>(78th Ordinary General Meeting)</u>	<u>June 15, 2024</u> <u>(78th Ordinary General Meeting)</u>
Resolution	(Directors <u>(excluding directors who are Audit &amp; Supervisory Committee members)</u> ) Total base salary compensation capped at 300 million yen <u>(of which 60 million yen is for outside directors)</u> . <u>(Directors who are Audit &amp; Supervisory Committee members)</u> <u>Total monthly salary capped at 7 million yen.</u>	Executive directors receive performance-linked cash compensation within an amount determined by the following calculation method (cap).  (Calculation method) Performance-linked cash compensation (cap) = Profit before income taxes × (Note B) × 1.6%	Executive directors receive performance-linked stock compensation within an amount determined by the following calculation method (cap). The maximum number of performance-linked shares that can be issued or allotted in any fiscal year is 200,000 shares*.  (Calculation method) Performance-linked stock compensation (cap) = Profit before income taxes × (Note B) × 3.4%	Executive directors receive “restricted stock compensation” (monetary claims) capped at 300 million yen annually. The maximum number of transfer-restricted shares that can be issued or allotted in any fiscal year is 80,000*.

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Number of recipients (at close of Ordinary General Meeting)	(Four directors <u>(excluding directors who are Audit &amp; Supervisory Committee members, one of whom is an outside director))</u> (Three directors <u>who are Audit &amp; Supervisory Committee members (two of whom are outside directors))</u> )	<u>2</u>	<u>2</u>	<u>2</u>

\* The cap may be adjusted within reason if necessary, according to the split/reverse split ratio, if Taiyo Holdings decides to undertake a stock split or reverse stock split or if it otherwise becomes necessary to adjust the cap.

<Policy on how the compensation amount is determined for each director (excluding directors who are Audit & Supervisory Committee members)>

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Purpose	—	Short-term incentive	Medium-term incentive	Long-term incentive
Amount, calculation of compensation other than performance-linked or non-monetary compensation	Board director salary: Directors receive a monthly salary commensurate with their rank.	—	—	—
Performance metric or formula used for performance-linked compensation	—	(*Note C)	(*Note D)	—
Form/amount of, formula used for non-monetary compensation	—	—	(*Note D)	(*Note E)

Item	Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Reason for using profit before income taxes as metric		Profit attributable to owners of parent is the profit remaining after profits are distributed to trading partners, employees, banks, national and local governments, and other interested parties, and thus represents the returns for shareholders. Part of these returns are distributed to executive directors. Since a portion of this amount is distributed to the executive directors, we believe that this is a reasonable measure from the perspective of sharing value with shareholders. We also take into account the averages for the effective tax rate and the percentage profit attributable to non-controlling interests in addition to profit before income taxes for the most recent three fiscal years. Our indicator thus represents profit attributable to owners of parent in real terms. Therefore, using this metric is tantamount to using profit attributable to owners of parent. Additionally, in the case of both performance-linked cash compensation and performance-linked stock compensation, executive directors will receive a low amount of compensation if profit is low or negative, and they will receive none if profit before income taxes is zero.		
Formula for determining breakdown of each recipient's compensation	The balance between fixed and variable compensation policy is to be weighted toward the latter. We keep the fixed portion relatively low so that the majority of the compensation consists of variable compensation—and is thus linked to performance and share price, especially over the long term. Stock compensation: For the restricted stock component, the amount of shares allocated is fixed according to the recipient’s rank, ensuring that the level of compensation paid remains stable and thus provides a long-term incentive. The performance-linked component is variable and could, depending on performance, amount to zero. The system is designed so that the ratio of performance-linked shares to restricted stock increases as the company grows. The idea is that higher-ranked directors will receive a relatively larger portion of stock based compensation.			
Compensation payment timing and payment terms	Paid monthly	Paid within 1 month from Ordinary General Meeting	Paid within 1 month from Ordinary General Meeting	<u>Payment date is determined by the Board of Directors</u>
Determination of the amount for each recipient	Respecting the findings of the <u>Nomination and Compensation Committee</u> , the Board of Directors determines the specific amounts of compensation, within the scope approved by shareholders and in accordance with the committee’s findings.			

Notes:

- A. "Executive directors" refers to the class of directors in Article 69-9-1 of the Order for Enforcement of the Corporation Tax Act.
- B.  $(1 - \text{Average effective tax rate for most recent three fiscal years} - \text{Percentage of profit attributable to non-controlling interests for the most recent three fiscal years})$ 
  - "Most recent three fiscal years" = Three fiscal years before the year in which performance-linked cash compensation and performance-linked stock compensation will be paid.
  - "Effective tax rate" = "Effective tax rate after application of tax effect accounting" described in "V. Financial Information, 1. Consolidated financial statements, other consolidated financial information, (1) Consolidated financial statements: Notes."
  - "Percentage of profit attributable to non-controlling interests" = Profit attributable to non-controlling interests (rounded down to the nearest million yen) / Profit before income taxes (rounded down to the nearest million yen)

- The percentage derived from the formula “1 – Average effective tax rate for most recent three fiscal years – Percentage profit attributable to non-controlling interests for the most recent three fiscal years” is rounded to two decimal places.

#### C. Performance-linked cash compensation

##### i) Overview

Using the calculation method described in ii) below, we determine the total amount of performance-linked cash compensation for the fiscal year in question (the fiscal year preceding that in which the payment date falls), up to the amount performance-linked cash compensation (cap) approved and passed by the General Shareholders' Meeting. We then distribute to each recipient (executive directors and senior corporate executive officers; the same applies below) an amount commensurate with the rank the recipient held in that year.

##### ii) Calculation method

Performance-linked cash compensation (total amount to be paid) = Profit before income taxes × (Note b) × payment coefficient

- This amount must be within what the Board of Directors determines to be the cap, or “defined amount” (as used in this document, “defined amount” is as defined in Article 34-1-3-a(1) of the Corporation Tax Act).
- None of this compensation will be provided if profit before income taxes is in negative territory.
- The payment coefficient for performance-linked cash compensation commensurate with the rank of each recipient in each fiscal year is determined by the Board of Directors based on the advice of the Nomination and Compensation Committee, depending on the number of recipients.
- The amount of profit before income taxes will be rounded down to the nearest million yen.
- For performance-linked cash compensation (total amount to be paid), fractional amounts of less than 1 yen will be discarded.

##### iii) Allocation among the recipients

We assign points to each recipient according to their officer status. The total performance-linked stock compensation is multiplied by an amount equivalent to the points awarded to each recipient and divided by the total number of points awarded to all recipients. The points to be allocated for each officer status are determined annually by the Board of Directors based on the advice of the Nomination and Compensation Committee, which considers the number of persons in and the duties associated with each officer status. We also pay the performance-linked cash compensation to any recipient who left their office (i.e., resigned from the company or lost their recipient status) during the period they were eligible for the compensation (the period beginning on the day of the Ordinary Shareholders Meeting pertaining to the fiscal year two fiscal years prior to the one in which the payment occurs, and ending on the day before the Ordinary Shareholders Meeting pertaining to the fiscal year preceding said year). In such case, we will pay the ex-recipient according to the period extending from the month following the month in which the start date of the applicable period falls to the month in which the date of retirement falls, and the points shall be prorated according to the number of months in that period.

#### D. Performance-linked stock compensation

##### i) Overview

Using the calculation method described in ii) above, we determine the total amount of performance-linked stock compensation for the fiscal year in question (the fiscal year preceding that in which the payment date falls), up to the amount of performance-linked stock compensation (cap) approved and passed by the General Shareholders' Meeting, and then distribute to each recipient a cash amount commensurate with the rank the recipient held in that year as a monetary claim to be exchanged for common shares. We allot common shares to the recipients to be paid performance-linked stock compensation by issuing new shares or by disposing of treasury shares, up to 200,000 shares (hereafter, the Performance Stock Cap). We then deliver to each recipient an amount of the shares corresponding to the cash amount we paid them. However, excluded from performance cash are all income tax, resident tax, and other taxes levied on the performance cash, all social security premiums connected with the performance cash, all payment handling fees, and any fractional portion (the rounded off portion).

Performance cash is contingent on the following: (1) The recipients agree to exchange the entirety of their performance cash for their allotted common shares, and (2) the recipients sign an agreement with Taiyo Holdings in which they agree not to transfer, pledge shares, or otherwise dispose of the shares allotted for the duration of the transfer-restricted period (three years from the date they purchased them).

However, it is possible that a law or judicial judgment could prevent Taiyo Holdings from allotting the common shares to the recipients in accordance with their performance-linked stock compensation. In such case, the recipients will receive their performance-linked stock compensation in cash only (without exchanging this cash for common shares).

Taiyo Holdings will also pay cash, as opposed to shares, for any portion of the compensation that exceeds the Performance Stock Cap or the Holdings Cap (these caps are defined in Note F: Allotment terms).

Furthermore, if a recipient cedes their right to receive performance-linked stock compensation to a successor, this person will receive the compensation in cash only.

ii) Calculation method

Performance-linked stock compensation (total amount to be paid) = Profit before income taxes × (Note B) × payment coefficient

- This amount must be within the defined amount determined by the Board of Directors.
- None of this compensation will be provided if profit before income taxes is in negative territory.
- The payment coefficient for performance-linked stock compensation commensurate with the rank of each recipient in each fiscal year is determined by the Board of Directors based on the advice of the Nomination and Compensation Committee, depending on the number of payment recipients.
- The amount of profit before income taxes will be rounded down to the nearest million yen.
- For performance-linked stock compensation (total amount to be paid), fractional amounts of less than 1 yen will be discarded.

iii) Allocation among the recipients

We assign points to each recipient according to their officer status. The total performance-linked stock compensation is multiplied by an amount equivalent to the points awarded to each recipient. We then divide this amount by the total points awarded to all recipients. The points to be allocated for each officer status are determined annually by the Board of Directors based on the advice of the Nomination and Compensation Committee, which considers the number of persons in and the duties associated with each officer status. We also pay the performance-linked stock compensation to any recipient who left their office (i.e., resigned from the company or lost their recipient status) during the period they were eligible for the compensation (the period beginning on the day of the Ordinary Shareholders' Meeting pertaining to the fiscal year two fiscal years prior to the one in which the payment occurs, and ending on the day before the Ordinary Shareholders' Meeting pertaining to the fiscal year preceding said year). In such case, we will pay the ex-recipient according to the period extending from the month following the month in which the start date of the applicable period falls to the month in which the date of retirement falls, and the points shall be prorated according to the number of months in that period.

E. Restricted stock compensation

We provide each recipient, as of the time of allocation, with monetary claims with which they purchase the transfer-restricted shares. The amount of the monetary claims is commensurate with the value of the recipient's executive role as represented by their officer status during the time they are eligible for the compensation (after the Ordinary General Shareholders Meeting held in the year preceding the year of payment, and before the day before the Ordinary General Shareholders Meeting held in the year of payment).

For restricted stock compensation, the recipients must agree to exchange the entirety of their monetary claims for their allotted common shares, which we allot by issuing new shares or by disposing of treasury shares up to 80,000 shares (hereafter, the "Restricted Stock Cap"). They must also sign an agreement with Taiyo Holdings in which they (1) agree not to transfer, hypothecate, or otherwise dispose of the shares for the duration of a transfer-restricted period (10 years from the date they purchased them) and (2) agree that Taiyo Holdings will reacquire their allotted shares for no consideration if certain events occur during this period. Additionally, the compensation is contingent upon the recipients having remained incumbent as of the time immediately before the date they purchase the transfer-restricted stock, and upon there being no grounds for Taiyo Holdings to cancel the allotment (such as an order to revoke or cease).

F. We have two stock-based compensation systems: a system of Restricted stock compensation and a system of performance-linked stock compensation. Under both systems, we pay the compensation to each recipient by issuing additional stock or by reselling treasury shares. For Restricted stock compensation, we allot shares with specified transfer restrictions. For performance-linked stock compensation, we use a third-party allotment. For both systems, we have set the following terms (i to iv).

#### Allotment terms

- i) The total number of common shares issued or allotted through the stock compensation system in a given fiscal year shall no more than 2,840,000 shares (hereafter, the “Recipient Share Cap”) for the sum of all common shares owned by all recipients of the common shares (limited to recipients in Taiyo Holdings at the time of receipt).
  - ii) The Restricted Stock Cap, Performance Stock Cap, and Holdings Cap may be adjusted proportionally, within reason, if Taiyo Holdings decides to undertake a stock split or reverse stock split or if it otherwise becomes necessary to adjust the cap.
  - iii) We determine the amount of common shares to allocate based on the Restricted stock compensation system before we determine the amount for performance-linked share compensation.
  - iv) The Board of Directors determines the amount that recipients pay in for each common share allotted to them under the transfer-restricted or performance-linked stock compensation plan. Generally, the amount will be the closing price that the common stock fetches on the TSE as of the business day preceding the resolution date (the date on which the Board of Directors resolves the terms and conditions for applying to receive the common shares) or, if no trading is reported on that day, the day before that. The amount must always remain within a range that gives no artificial advantage to the recipients of the common shares.
- b) Reason why the Board of Directors determined that board directors’ compensation for the fiscal year in question is consistent with the company’s policy on board directors’ compensation

The Compensation Advisory Committee comprehensively deliberated and reported to the Board of Directors based on our compensation policy, and the Board of Directors decided and implemented the policy by respecting the content of the report.

- c) Performance-linked cash compensation system, performance-linked stock compensation system, and restricted stock compensation system in the 79th business term (ending March 31, 2025)

A system for senior corporate executive officers similar to that for executive directors was introduced at the Board of Directors meeting held on June 15, 2024. As a result, two executive directors and two senior corporate executive officers are recipients of the performance-linked cash compensation system, the performance-linked stock compensation system, and the restricted stock compensation system in the 79th business term (ending March 31, 2025).

At the Board of Directors meetings held on the same date, the Board of Directors determined the following items: The formula (“1 – Average effective tax rate for most recent three fiscal years – Percentage of profit attributable to non-controlling interests for the most recent three fiscal years”) described in Note B, Note 8 Amended policy; the defined amounts and payment coefficients described in ii) Calculation method for performance-linked cash compensation in Note C and for performance-linked stock compensation in Note D; and the rank-specific points for recipients in iii) Allocation among the recipients in Note D.

Item	Performance-linked cash compensation	Performance-linked stock compensation
(1 – Average effective tax rate for most recent three fiscal years – Percentage profit attributable to non-controlling interests for the most recent three fiscal years) (*Note 1)		71.62%
Defined amount (cap)	192,000,000 yen	818,000,000 yen
Payment coefficient	0.8% yen	3.4% yen

Item	Performance-linked cash compensation	Performance-linked stock compensation																																
Rank-specific points (*Note 2)	<table><tr><th>Officer status</th><th>Points</th></tr><tr><td>Chairman of the Board</td><td>96</td></tr><tr><td>President and CEO</td><td>168</td></tr><tr><td>Executive Vice President</td><td>132</td></tr><tr><td>Senior Managing Board Director</td><td>96</td></tr><tr><td>Managing Board Director</td><td>84</td></tr><tr><td>Board Director appointed to a dedicated position</td><td>72</td></tr><tr><td>Senior Corporate Executive Officer</td><td>72</td></tr></table>	Officer status	Points	Chairman of the Board	96	President and CEO	168	Executive Vice President	132	Senior Managing Board Director	96	Managing Board Director	84	Board Director appointed to a dedicated position	72	Senior Corporate Executive Officer	72	<table><tr><th>Officer status</th><th>Points</th></tr><tr><td>Chairman of the Board</td><td>36</td></tr><tr><td>President and CEO</td><td>120</td></tr><tr><td>Executive Vice President</td><td>72</td></tr><tr><td>Senior Managing Board Director</td><td>36</td></tr><tr><td>Managing Board Director</td><td>24</td></tr><tr><td>Board Director appointed to a dedicated position</td><td>12</td></tr><tr><td>Senior Corporate Executive Officer</td><td>12</td></tr></table>	Officer status	Points	Chairman of the Board	36	President and CEO	120	Executive Vice President	72	Senior Managing Board Director	36	Managing Board Director	24	Board Director appointed to a dedicated position	12	Senior Corporate Executive Officer	12
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Number of recipients as of June 15, 2024	<table><tr><th>Officer status</th><th>Number</th></tr><tr><td>President and CEO</td><td>1</td></tr><tr><td>Executive Vice President</td><td>1</td></tr><tr><td>Senior Corporate Executive Officer</td><td>2</td></tr></table>	Officer status	Number	President and CEO	1	Executive Vice President	1	Senior Corporate Executive Officer	2	<table><tr><th>Officer status</th><th>Number</th></tr><tr><td>President and CEO</td><td>1</td></tr><tr><td>Executive Vice President</td><td>1</td></tr><tr><td>Senior Corporate Executive Officer</td><td>2</td></tr></table>	Officer status	Number	President and CEO	1	Executive Vice President	1	Senior Corporate Executive Officer	2																
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Notes:

- The figure is rounded to two decimal places. The average effective tax rate for most recent three fiscal years and the average percentage profit attributable to non-controlling interests for the most recent three fiscal years are as follows. The figures presented here have been rounded to two decimal places, but no such rounding was done during the calculation.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Average for most recent three fiscal years
Effective tax rate	29.25%	26.24%	28.50%	28.00%
Percentage profit attributable to non-controlling interests	1.14%	(0.00)%	(0.00)%	0.38%

- Fractional amounts of less than 1 yen are rounded off in calculating the amount allocated to each officer status, with the difference added to the President and CEO's compensation.

In the Consolidated Financial Results for the Fiscal Year Ended March 31, 2024, released on May 1, 2024, we forecasted 12,000 million yen in profit attributable to owners of parent for the 79th business term (ending March 31, 2025). We forecasted 16,800 million yen in profit before income taxes based on that consolidated performance forecast. The following table shows amounts we would provide in performance-linked cash compensation and performance-linked stock compensation for the 79th business term under five hypothetical scenarios.



Simulated compensation forecast under each scenario

(Millions of yen)

Scenario assumption		0 yen	Forecasted amount × 50%	Forecasted amount	Forecasted amount × 150%	Forecasted amount × 200%
Profit before income taxes		0	8,400	16,800	25,200	33,600
Performance-linked cash compensation	President and CEO	–	18	36	54	72
	Executive Vice President	–	14	28	42	57
	Senior Corporate Executive Officer (2)	–	15	31	46	62
	Total	–	48	96	144	192
Performance-linked stock compensation	President and CEO	–	113	227	340	454
	Executive Vice President	–	68	136	204	272
	Senior Corporate Executive Officer (2)	–	22	45	68	90
	Total	–	204	409	613	818

2) Compensation amounts (total and breakdown) for each officer status and the number of recipients in each officer status

Officer status	Total compensation (Millions of yen)	Breakdown (Millions of yen)				Number of recipients
		Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation	
Board Directors (excluding outside board directors)	602	119	69	294	119	5
Audit & Supervisory Board Members (excluding outside members)	20	20	–	–	–	1
Outside officers	75	75	–	–	–	7

Note:

1. The figure for restricted stock compensation indicates the amount we accrued in the fiscal year under review.
2. Targeted and actual performance-linked compensation metric in the fiscal year under review

	Target	Actual
Profit before income taxes	14,200 million yen	12,102 million yen

Note: The target is noted in the Annual Securities Report for the 77th business term (fiscal year ended March 31, 2023), which was announced on June 19, 2023. We are using 71.54% as the percentage for the fiscal year under review calculated by (1 – Average effective tax rate for most recent three fiscal years – Percentage of profit attributable to non-controlling interests for the most recent three fiscal years).

3. The non-monetary compensation paid in fiscal year under review consisted of performance-linked stocks and transfer-restricted stocks (pay-in date: July 15, 2023; amount paid in per share: 2,677 yen) as described below. This compensation was approved by the Board of Directors at a meeting on June 27, 2023.

	Performance-linked stock compensation	Restricted stock compensation
Recipients	Four executive directors	Four executive directors
Number of shares	61,300 shares	44,758 shares
Period of restriction	July 14, 2023 to July 13, 2026	July 14, 2023 to July 13, 2033

3) Consolidated compensation amounts for officers earning more than 100 million yen on consolidated basis

Name	Consolidated total (Millions of yen)	Officer status	Company	Consolidated breakdown (Millions of yen)			
				Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Eiji Sato	282	Board Director	Filing company (Taiyo Holdings)	41	27	169	44
		Board Director	Taiyo Ink Mfg. Co., Ltd.	0	—	—	—
Hitoshi Saito	186	Board Director	Filing company (Taiyo Holdings)	35	21	91	36
		Board Director	Taiyo Ink Mfg. Co., Ltd.	1	—	—	—

Note: The figure for Restricted stock compensation indicates the amount we accrued in the fiscal year under review.

4) Description/scope of authority invested in each party that exercises authority in the process for determining corporate officers' remuneration (amounts and formulas)

The Board of Directors has the final say in determining directors' compensation (total/individual amounts and calculation methods), but the Nomination and Compensation Committee (the Compensation Advisory Committee before the transition to a company with an Audit & Supervisory Committee), the majority of which is composed of independent outsiders (as defined in Article 69-18 of the Order for Enforcement of the Corporation Tax Act), shall deliberate and report to the Board of Directors. The Board of Directors shall respect the content of such report in making a decision.

More specifically, each year, the committee members check compensation benchmarks among companies similar to ours (in terms of scale and categories of business) using market data on executive compensation. They then review the Company's board director compensation in light of this data, including the level of compensation and the share of compensation that is performance-linked.

The Nomination and Compensation Committee meetings are convened by the chair, and the findings of the committee are resolved by a majority of Nomination and Compensation Committee members in attendance representing the majority of all members (however, only the independent members are entitled to vote in decisions about performance-linked cash compensation or performance-linked stock compensation). The chair of the Nomination and Compensation Committee submits the committee's findings and proposals to the Board of Directors.

In the most recent business term, the Compensation Advisory Committee and Board of Directors acted as follows in regard to determining compensation for corporate officers.

Compensation Advisory Committee

The committee met three times during the fiscal year under review. Committee members conducted a comparative review of the compensation level and related factors based on market data provided by external survey firms, and discussed the methods for calculating performance-linked cash compensation and performance-linked stock compensation, and the amount of base salaries. They also reviewed the policy on determining individual director compensation and revisions to the director compensation system. The committee then reported its findings to the Board of Directors.

#### Board of Directors

- Respecting the findings of the Compensation Advisory Committee, the Board of Directors determined the compensation, within the scope approved by shareholders and in accordance with the committee's findings.
- Respecting the findings of the Compensation Advisory Committee, the board determined the formulas for calculating the performance-linked cash compensation and performance-linked stock compensation.
- In view of the committee's findings, the Board of Directors is satisfied that the each board director's compensation for the most recent fiscal year is consistent with the company's policy on board directors' compensation.
- The Board of Directors respected the findings of the Compensation Advisory Committee in determining revisions to board directors' compensation, etc.

#### (5) Shareholdings

##### 1) Criteria for categorizing investments

We classify equity securities in which we invest as "held purely for the purpose of investment" when the purpose of the investment is to obtain profit from share price movements or dividends from shares. We classify equity securities invested in for other purposes as being held for "other purposes."

##### 2) Equity securities held for other purpose

- a. Shareholding policy, criteria for determining whether shareholdings are justified, Board of Directors' reviews of whether to hold shares in a particular company's stock

Our basic policy is to hold shares in companies if the holdings will contribute to enhancing our corporate value over the medium to long term. In each case, we review whether the issuing company has growth potential, whether it is profitable, and whether the holding would strengthen our trading relationship with the company. The Board of Directors will approve or report the holding depending on the price of the acquired shares. The board will also review holdings regularly to check whether they are justified.

- b. Number of companies in which shares are held; carrying value of the holdings

	Number of company stocks in which shares are held	Total carrying value (Millions of yen)
Unlisted shares	—	—
Other shares	1	109

Company stocks in which holdings increased in the current business term

None

Company stocks in which holdings decreased in the current business term

None

- c. Specified equity securities and deemed holdings of equity securities by each company stock, and the carrying value of the holdings

Specified equity securities

Issuer	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Holding purpose, summary of business alliance, etc., quantitative benefit from holding, and reason for increase in the number of shares held	Shares held in Taiyo Holdings
	Number of shares	Number of shares		
	Total carrying value (Millions of yen)	Total carrying value (Millions of yen)		
Cyfuse Biomedical K.K.	150,000	150,000	We acquired and hold shares because we entered a capital and business alliance with the company to strengthen the field of regenerative therapy in our Medical and Pharmaceuticals business.	None
	109	183		

Note: We have not listed the quantitative benefits from holding the shares of each issuer because this is difficult to determine. However, we verify the rationale for holding the shares as stated in “a. Shareholding policy, criteria for determining whether shareholdings are justified, Board of Directors’ reviews of whether to hold shares in a particular company’s stock” and take action as necessary.

Deemed holdings of equity securities

None

3) Active investing/securities held purely for the purpose of investment

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023	
	Number of company stocks in which shares are held	Total carrying value (Millions of yen)	Number of company stocks in which shares are held	Total carrying value (Millions of yen)
Unlisted shares	5	149	6	150
Other shares	28	1,783	30	1,380

Category	Fiscal year ended March 31, 2024		
	Total dividend income (Millions of yen)	Total gain (loss) on sale (Millions of yen)	Total valuation gain (loss) (Millions of yen)
Unlisted shares	–	(0)	–
Other shares	27	25	796

4) Equity securities held “purely for the purpose of investment” that became shares held for “other purposes” during the fiscal year under review

None

5) Equity securities held for “other purposes” that became shares “held purely for the purpose of investment” during the fiscal year under review

None

## V. Financial Information

### 1. Basis of preparation of consolidated and non-consolidated financial statements

- (1) We prepare our consolidated financial statements according to the Ordinance on Terminology, Forms, and Preparation Methods for Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28, 1976).
- (2) We prepare our non-consolidated financial statements according to the Ordinance on Terminology, Forms, and Preparation Methods for Non-consolidated Financial Statements (Ordinance of the Ministry of Finance No. 59, 1963; hereafter, “Ordinance on Non-consolidated Financial Statements”).

We are classed as a “Special Financial Statement Reporting Company,” meaning that we prepare financial statements pursuant to Article 127 of the Ordinance on Non-Consolidated Financial Statements.

### 2. Audit certificate

Under Article 193-2-(1) of the Financial Instruments and Exchange Act, our financial statements require an audit certificate. PricewaterhouseCoopers Japan LLC has certified our consolidated financial statements for the consolidated fiscal year under review (April 1, 2023 to March 31, 2024) and our non-consolidated financial statements for the fiscal year under review (April 1, 2023 to March 31, 2024).

### 3. Special efforts to ensure the appropriateness of our consolidated financial statements and other financial information

We employ special efforts to ensure the appropriateness of our consolidated financial statements and other financial information. More specifically, we are members of the Financial Accounting Standards Foundation. This membership helps us keep abreast of accounting standards and related guidance, and thus enables us to develop the necessary structures for ensuring that our consolidated financial statements are accurate and fair.

We also participate in the Financial Accounting Standards Foundation’s training programs.

1. Consolidated financial statements, other consolidated financial information

(1) Consolidated financial statements

1) Consolidated balance sheet [Unaudited]

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	47,121	58,583
Notes and accounts receivable - trade, and contract assets	*1, *2 22,734	*1, *2, *3 28,352
Merchandise and finished goods	7,038	8,571
Work in process	1,398	1,451
Raw materials and supplies	6,539	7,143
Other	5,290	5,582
Allowance for doubtful accounts	(72)	(30)
Total current assets	90,050	109,655
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	*5 22,492	*5 30,690
Machinery, equipment and vehicles, net	10,538	12,032
Tools, furniture and fixtures, net	1,908	2,380
Land	14,991	15,084
Construction in progress	9,378	7,261
Other	1,091	1,403
Total property, plant and equipment	*4 60,401	*4 68,852
Intangible assets		
Goodwill	4,974	2,896
Sales rights	15,834	13,979
Customer-related assets	5,476	5,000
Other	2,885	3,927
Total intangible assets	29,170	25,804
Investments and other assets		
Investment securities	3,923	4,437
Shares of subsidiaries and associates	1,152	1,394
Deferred tax assets	501	391
Retirement benefit asset	503	461
Other	1,753	1,982
Allowance for doubtful accounts	(193)	(227)
Total investments and other assets	7,640	8,439
Total non-current assets	97,212	103,096
Total assets	187,263	212,751

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,513	8,795
Short-term borrowings	*5, *6 5,424	*5, *6 9,821
Current portion of long-term borrowings	12,902	33,766
Accounts payable - other	5,374	6,586
Income taxes payable	1,031	1,986
Provision for bonuses	1,108	1,152
Other provisions	87	118
Other	2,672	2,646
Total current liabilities	35,115	64,874
Non-current liabilities		
Deferred tax liabilities	3,974	1,200
Long-term borrowings	53,174	43,134
Retirement benefit liability	108	292
Other provisions	55	48
Asset retirement obligations	1,006	1,386
Other	1,088	1,415
Total non-current liabilities	59,407	47,478
Total liabilities	94,523	112,353
Net assets		
Shareholders' equity		
Share capital	9,761	9,903
Capital surplus	14,883	15,025
Retained earnings	67,561	70,989
Treasury shares	(6,107)	(5,993)
Total shareholders' equity	86,098	89,925
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	429	709
Foreign currency translation adjustment	6,223	9,766
Remeasurements of defined benefit plans	(14)	(6)
Total accumulated other comprehensive income	6,637	10,469
Non-controlling interests	3	4
Total net assets	92,739	100,398
Total liabilities and net assets	187,263	212,751

2) Consolidated statement of income and consolidated statement of comprehensive income  
Consolidated statement of income [Unaudited]

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net sales	97,338	104,775
Cost of sales	*2 54,547	*2 55,944
Gross profit	42,791	48,830
Selling, general and administrative expenses	*1, *2 26,818	*1, *2 30,627
Operating income	15,972	18,203
Non-operating income		
Interest income	116	262
Subsidy income	90	150
Other	344	219
Total non-operating income	552	632
Non-operating expenses		
Interest expenses	473	664
Foreign exchange losses	242	175
Other	346	685
Total non-operating expenses	1,062	1,525
Ordinary income	15,462	17,310
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	—	416
Impairment losses	—	*3 4,792
Total extraordinary losses	—	5,208
Profit before income taxes	15,462	12,102
Income taxes - current	3,634	3,741
Income taxes - deferred	422	(291)
Total income taxes	4,057	3,449
Profit	11,405	8,652
Loss attributable to non-controlling interests	(0)	(1)
Profit attributable to owners of parent	11,405	8,654



## Consolidated statement of comprehensive income [Unaudited]

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Profit	11,405	8,652
Other comprehensive income		
Valuation difference on available-for-sale securities	108	280
Foreign currency translation adjustment	1,036	3,543
Remeasurements of defined benefit plans, net of tax	(55)	8
Total other comprehensive income	* 1,089	* 3,832
Comprehensive income	12,494	12,484
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,494	12,485
Comprehensive income attributable to non-controlling interests	(0)	(1)

## 3) Consolidated statement of changes in equity [Unaudited]

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,612	14,734	60,321	(4,752)	79,916
Changes during period					
Dividends of surplus			(4,165)		(4,165)
Profit attributable to owners of parent			11,405		11,405
Change in scope of consolidation			(0)		(0)
Issuance of new shares	148	148			297
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares				145	145
Net changes in items other than shareholders' equity					
Total changes during period	148	148	7,239	(1,354)	6,182
Balance at end of period	9,761	14,883	67,561	(6,107)	86,098

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	321	5,187	40	5,549	1	85,466
Changes during period						
Dividends of surplus						(4,165)
Profit attributable to owners of parent						11,405
Change in scope of consolidation						(0)
Issuance of new shares						297
Purchase of treasury shares						(1,500)
Disposal of treasury shares						145
Net changes in items other than shareholders' equity	108	1,036	(55)	1,088	1	1,090
Total changes during period	108	1,036	(55)	1,088	1	7,272
Balance at end of period	429	6,223	(14)	6,637	3	92,739

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,761	14,883	67,561	(6,107)	86,098
Changes during period					
Dividends of surplus			(5,033)		(5,033)
Profit attributable to owners of parent			8,654		8,654
Change in scope of consolidation			(192)		(192)
Issuance of new shares	141	141			283
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				115	115
Net changes in items other than shareholders' equity					
Total changes during period	141	141	3,427	114	3,826
Balance at end of period	9,903	15,025	70,989	(5,993)	89,925

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	429	6,223	(14)	6,637	3	92,739
Changes during period						
Dividends of surplus						(5,033)
Profit attributable to owners of parent						8,654
Change in scope of consolidation						(192)
Issuance of new shares						283
Purchase of treasury shares						(0)
Disposal of treasury shares						115
Net changes in items other than shareholders' equity	280	3,542	8	3,831	0	3,832
Total changes during period	280	3,542	8	3,831	0	7,658
Balance at end of period	709	9,766	(6)	10,469	4	100,398

## 4) Consolidated statement of cash flows [Unaudited]

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	15,462	12,102
Depreciation	7,441	8,676
Impairment losses	—	4,792
Amortization of goodwill	334	290
Loss on valuation of shares of subsidiaries and associates	—	416
Subsidy income	(51)	(106)
Decrease (increase) in retirement benefit asset	(149)	59
Increase (decrease) in retirement benefit liability	(7)	(5)
Increase (decrease) in allowance for doubtful accounts	(52)	(54)
Increase (decrease) in provision for bonuses	(210)	(2)
Interest and dividend income	(158)	(295)
Interest expenses	473	664
Decrease (increase) in consumption taxes refund receivable	667	(1,074)
Decrease (increase) in trade receivables	5,597	(3,731)
Decrease (increase) in inventories	1,585	(1,690)
Increase (decrease) in trade payables	(3,151)	1,262
Other, net	2,262	2,808
Subtotal	30,042	24,111
Interest and dividends received	158	286
Interest paid	(476)	(530)
Income taxes paid	(6,987)	(2,642)
Net cash provided by (used in) operating activities	22,736	21,224
Cash flows from investing activities		
Payments into time deposits	(33)	(857)
Proceeds from withdrawal of time deposits	414	—
Purchase of property, plant and equipment	(11,667)	(11,582)
Purchase of intangible assets	(739)	(7,229)
Purchase of investment securities	(950)	(394)
Purchase of shares of subsidiaries and associates	(324)	(927)
Other, net	139	(77)
Net cash provided by (used in) investing activities	(13,160)	(21,069)

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,926)	3,335
Proceeds from long-term borrowings	18,672	23,948
Repayments of long-term borrowings	(17,492)	(13,107)
Purchase of treasury shares	(1,520)	(0)
Dividends paid	(4,164)	(5,028)
Proceeds from issuance of shares	177	164
Other, net	(687)	(355)
Net cash provided by (used in) financing activities	(13,942)	8,954
Effect of exchange rate change on cash and cash equivalents	286	1,189
Net increase (decrease) in cash and cash equivalents	(4,079)	10,299
Cash and cash equivalents at beginning of period	51,152	47,088
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	15	276
Cash and cash equivalents at end of period	* 47,088	* 57,664

## Notes

### Basic factors underlying our consolidated financial statement

#### 1. Scope of consolidation

##### (1) We have 25 consolidated subsidiaries.

The names of these subsidiaries are disclosed in “I. Overview of Taiyo Holdings and the Taiyo Group, 4. Our associates.”

apex corp. is included in the scope of consolidation from the consolidated fiscal year under review because it has increased in significance.

##### (2) Major non-consolidated subsidiaries

Taiyo Circuit Automation, Inc. is a major non-consolidated subsidiary.

We exclude non-consolidated subsidiaries from the scope of consolidation because their total assets, net sales, current net profit (as corresponds to equity), and retained earnings (as corresponds to equity) do not significantly impact our consolidated financial statements.

#### 2. Applying the equity method

Non-consolidated subsidiaries and affiliates outside of equity method

We do not apply the equity method to our non-consolidated subsidiaries and affiliates because they only have minimal impact on current net profit (as corresponds to equity) and retained earnings (as corresponds to equity).

#### 3. Accounting periods of consolidated subsidiaries

Taiyo Ink (Suzhou) Co., Ltd., Taiyo Ink Trading (Shenzhen) Co., Onstatic Ink (Shenzhen) Co., Ltd., Onstatic New Material (Jiangxi) Co., Ltd., and TBF Semiconductor Material (Shenzhen) Co., Ltd. have December 31 as their settlement date. In our consolidated financial statements, the financial information for these subsidiaries is based on a provisional settlement as of the consolidated settlement date.

No other consolidated subsidiary has a fiscal year-end that differs from the consolidated fiscal year end.

#### 4. Accounting policies

##### (1) Basis and method of valuation of significant assets

###### 1) Securities

Shares of the non-consolidated subsidiaries and affiliates to which we do not apply the equity method

We state at cost, as determined by the moving average method

Other securities

... with readily discernible value

We state at fair value, referring to the asset's market value on the year-end date (we process valuation discrepancies by the total direct capitalization method, and determine cost of sales by the moving average method).

...with no readily discernible value

We generally state at cost, as determined by the moving average method.

For our contributions to investment partnerships (only those defined as securities under Article 2-2 of the Financial Instruments and Exchange Act), we state the net value of our equity interest (as gleaned from available financial statements) according to the partnership's settlement date.

###### 2) Derivatives

We state at fair value.

###### 3) Inventories

Generally, we state at cost, as determined by the moving average method (we reduce the carrying value when the contribution to profits declines).

(2) Depreciation methods for major depreciable assets

1) Property, plant and equipment

Buildings: Generally, we apply the straight-line method.  
Other: Generally, we apply the declining balance method.  
Some consolidated subsidiaries apply the straight-line method.

The useful life of these assets is generally as follows:

Buildings and structures:	7-60 years
Machinery, equipment, and vehicles:	4-20 years
Tools, furniture, and fixtures:	3-8 years

2) Intangible assets

Software (for internal use): We apply the straight-line method based on the anticipated period of use for the software (namely, five years).

Other: We apply the straight-line method.

The useful life of these assets is generally as follows:

Sales rights	6-15 years
Customer-related assets	15 years

(3) Basis for major allowances

1) Allowance for doubtful accounts

We provide a bad debt reserve to cover the bad debt we expect to arise from our accounts receivable as a whole. We estimate the amount based on the doubtful accounts rate. If we have concerns with particular debtors, we will consider how much we are likely to recover from the debtor in question and then add the unrecoverable portion to the bad debt reserve.

2) Provision for bonuses

We and some of our consolidated subsidiaries provide a reserve to cover the bonuses we expect to pay in the relevant consolidated fiscal year.

(4) Accounting methods for retirement benefits

1) Attributing the projected retirement benefits to periods of service

We use a benefit formula to estimate the amount of retirement benefit obligations. We then attribute this projected amount to the consolidated fiscal year under review in question.

2) Amortizing actuarial gains/losses and prior service cost

To recognize prior service costs, we amortize the amount using the straight-line method. The amortization period (five years) will always be shorter than the employees' average remaining service period.

We amortize actuarial gains/losses starting from the consolidated fiscal year following that in which we recognized the gain/loss. The amortization period (five years) will always be shorter than the employees' average remaining service period.

For unrecognized actuarial gains/losses, we adjust for tax effects and then report them as "remeasurements of defined benefit plans" under the "accumulated other comprehensive income" entry in the net assets section.

3) Simplified accounting procedures for smaller companies

Some of our consolidated subsidiaries use a simplified method for calculating net defined benefit liability and retirement benefits. Under this method, the amount of retirement benefits paid for voluntary resignations at period-end is included in retirement benefit obligations.

(5) Accounting standard for major revenues and expenses

We follow the five step approach to revenue recognition.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when, or as, the entity satisfies a performance obligation

As an organization that develops, manufactures, stocks, and markets chemicals for printed circuit boards (PCB) and other electronic components, and that manufactures, sells, and provides contract manufacturing services for ethical pharmaceuticals, we generally deem that the performance obligation has been satisfied and that revenue should therefore be recognized when the customer obtains control over the delivered good. We deem that the customer has obtained such control when the good is delivered and inspected on delivery. However, for transactions in Japan, we recognize revenue at the point of shipment unless there is a significant lag between shipment and delivery.

The revenue recognized is the transaction price agreed with the customer less any amount associated with product returns, price discounts, or rebates.

The transaction price is generally received within one year from the time the performance obligations are satisfied, and it includes no major financial components.

(6) Translation methods of major foreign assets/liabilities

Foreign currency-denominated monetary claims and liabilities are translated to yen using the spot exchange rate on the consolidated balance sheet date. Translation differences are charged to profit and loss in the corresponding fiscal year under review.

Assets and liabilities of overseas consolidated subsidiaries are translated to yen using the spot exchange rate on the consolidated balance sheet date. Revenue and expenses thereof are translated to yen using the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests in the section of net assets.

(7) Method and period for amortizing goodwill

Goodwill is amortized by the straight-line method within a period of 20 years.

(8) Scope of cash and cash equivalents on the consolidated statement of cash flows

Consists of cash on hand, deposits that can be quickly accessed, and easily convertible short-term investments that are only mildly affected by market price fluctuations, that mature within three months of acquisition, or that have a redemption date not more than three months away.

(9) Other key considerations in preparation of our consolidated financial statements

Application of group tax-sharing system

The Company and its domestic consolidated subsidiaries have adopted the group tax-sharing system. Our accounting treatment of and tax effect accounting for national and local corporate taxes and disclosure are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021).



## Key accounting estimates

### 1. Deferred tax assets/liabilities

#### (1) Amounts reported on consolidated statements in year under review

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024
Deferred tax assets	501	391
Deferred tax liabilities	3,974	1,200

#### (2) Basis for accounting estimate for recognized item

##### 1) Formula used to calculate carrying value in year under review

When there is a difference between our balance sheet statements and our tax assets and liabilities, we report the tax effects pertaining to the temporary difference to be deducted in the future as deferred tax assets. If there is a possibility that we will not recover a portion of deferred tax assets, we deduct this uncertain portion and report it as a valuation allowance.

##### 2) Key assumptions underpinning amounts reported on consolidated balance sheet for the year under review

Collectability is estimated based on future taxable income estimates and feasible tax planning.

##### 3) Impact on consolidated statements for next consolidated fiscal year

The amount of “income taxes – deferred” is liable to change if we need to revise the amount of deferred tax assets. Such a revision may occur if actual performance necessitates a revision in future taxable income estimates (since these estimates depend on actual performance).

### 2. Valuation of sales rights

In accordance with the Pharma-Med Act, Taiyo Pharma Co., Ltd. holds sales rights for long-listed drugs.

#### (1) Amounts reported on consolidated statements in year under review

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024
Sales rights	15,834	13,979

#### (2) Basis for accounting estimate for recognized item

##### 1) Formula used to calculate carrying value in year under review

Sales rights are grouped separately and evaluated for indications of impairment. Several internal and external criteria are used to identify indications of impairment, including the following:

- Sales activities associated with the sales right have consistently produced losses
- There is a marked deviation from the initial plan
- Demand for the long-listed item has slumped (e.g., sales forecasts for the long-listed item have markedly declined or there is a spate of returns)
- There is a marked decline in the point value assigned to the item in the annual drug price ranges announced by the Ministry of Health, Labor and Welfare
- Efforts to reduce sales costs are markedly off track

In the consolidated fiscal year under review, sales rights that showed indications of impairment were written down to the recoverable amount, since the total amount of undiscounted future cash flows to be received from those sales rights was less than the carrying amount. The impairment loss totaled 4,792 million yen. In measuring impairment losses, the recoverable amount is measured by the value in use. Value in use was calculated as the discounted present value of future cash flows approved by management based on what they considered to be the remaining useful life of the sales rights.. The discount rate used was 9.1%. For more details, see Consolidated statement of income: \*3 Impairment loss.

- 2) Key assumptions underpinning amounts reported on consolidated balance sheet for the year under review
- Estimated sales volume  
The sales rights pertain to long-listed items, and the estimated sales volume for these items depends on, among other things, the market for long-listed items and the emergence of generics.
  - Sales price  
Sales prices, including those for the future fiscal years, will be affected by any changes to the official drug price ranges announced by the Ministry of Health, Labor and Welfare.
  - Sales costs  
Sales costs depend on the outsourcing contract terms with the contract manufacturing organization (CMO) and on the progress of the company's strategy for reducing the sales costs.
  - Discount rate  
Selecting the method of calculation, the input data, and other factors pertinent to the discount rate requires a high degree of expertise and judgment.
- 3) Impact on consolidated statements for next consolidated fiscal year
- Impairment could potentially be recognized in the future if it becomes necessary to change the assumptions in view of emerging economic trends.

## Accounting standards not yet applied

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022)

Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, revised October 28, 2022)

Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022)

### (1) Outline

In February 2018, the Accounting Standards Board of Japan published Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) and related guidance (hereafter, “ASBJ Statement No. 28 and related guidance”). The Japanese Institute of Certified Public Accountants (JICPA) completed transfer of control over practical guidance on tax effect accounting to ASBJ, but decided to reconsider the following two points of debate after ASBJ Statement No. 28 and related guidance were published.

- Classification of tax expenses (tax on other comprehensive income)
- Tax effect from the sale of shares of subsidiaries, etc. (shares of subsidiaries and affiliated companies) when the group tax-sharing system is applied

### (2) Effective date

The standard and related guidance will apply to our financial statements from the beginning of fiscal year ended March 31, 2025.

### (3) Effect of adoption of the accounting standard

We are currently evaluating the financial impact that the application of standard and related guidance will have on our consolidated financial statements.

Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ Practical Solution No. 46, March 22, 2024)

### (1) Outline

The countries participating in the Inclusive Framework on Base Erosion and Profit Shifting (BEPS), established by the Organization for Economic Cooperation and Development (OECD) and the G20 countries and regions, reached agreement on a global minimum tax in October 2021. In response to this, Japan also specified the handling of the Income Inclusion Rules (IIR), one of the internationally agreed upon global minimum tax rules, in the Act on Partial Amendment of the Income Tax Act, etc. (Act No. 3, 2023), which was enacted on March 28, 2023 and came into force in the fiscal year beginning April 1, 2024.

The purpose of the global minimum tax is to have multinational corporate groups and other entities which meet certain requirements pay a minimum effective corporate tax rate of 15% on profits in each country. This is a new taxation system to address the differences between the company generating net income, which constitutes the base of the tax assessment, and the company which is obligated to pay taxes. Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules specifies the accounting treatment and disclosure of corporate national and local income taxes relating to the global minimum taxation system.

### (2) Effective date

The standard and related guidance will apply to our financial statements from the beginning of fiscal year ended March 31, 2025.

### (3) Effect of adoption of the accounting standard

We are currently evaluating the financial impact that the application of Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules and related guidance will have on our consolidated financial statements.

## Additional information

### Delivering treasury shares to employees through a trust

The Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

#### (1) Overview of transactions

On May 2, 2014, the Board of Directors resolved to introduce an ESOP trust with the aim of (1) fostering feelings of solidarity and a willingness to participate in management, (2) raising employees’ morale and motivating them to contribute to our long-term performance and stock price, and (3) encouraging employees to contribute to our medium to long-term corporate value. Under this ESOP, shares of the Company’s stock are held in a trust, the beneficiaries of which are eligible employees of the Company. The trust purchases shares of the Company’s stock, either from the Company or on the stock market, in an amount equivalent to the amount expected to be delivered to the eligible employees. All purchases will comply with stock delivery rules established in advance. Pursuant to said rules, the trust then delivers the shares to eligible employees during their service for no consideration, in an amount commensurate with the employee’s rank during the period in which the shares were held in the trust. The trust’s purchases of shares are funded entirely by the Company; employees bear none of the cost. We record the ESOP trust’s assets/liabilities on the balance sheet as our own assets/liabilities (using the aggregate method).

#### (2) Total number of shares we expect employees to receive

The shares of the Company that remain in the trust are stated as treasury shares under net assets, in an amount equivalent to the trust’s carrying value (minus ancillary costs). In the previous year, these shares consisted of 125,600 shares, with a carrying value of 228 million yen. In the year under review, these shares consist of 62,240 shares, with a carrying value of 113 million yen.

# Consolidated balance sheet

- \*1 Of the Notes receivable - trade, accounts receivable – trade, and contract assets, the amounts for receivables and contract assets pertaining to claims generated from contracts with customers are as follows:

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Notes receivable – trade	1,888	2,387
Accounts receivable – trade	20,846	25,957
Contract assets	–	7

- \*2 Endorsed amount in notes receivable – trade

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Endorsed amount in notes receivable – trade	610	1,155

- \*3 Notes maturing on the last day of the consolidated fiscal year

The accounting treatment of notes maturing on the last day of the consolidated fiscal year is settlement on the note clearance date.

Because the last day of the consolidated fiscal year under review was a financial institution holiday, the following amount for the notes maturing on the last day of the consolidated fiscal year is included in the balance at end of period for the consolidated fiscal year.

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Notes receivable – trade	–	47

- \*4 Accumulated depreciation

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Accumulated depreciation for property, plant and equipment	42,863	47,812

- \*5 Collateral assets and secured obligations

Assets pledged as collateral are as follows:

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Buildings and structures	922	956
Total	922	956

Secured obligations are as follows:

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Short-term borrowings	194	208
Total	194	208

\*6 Overdraft facility

Taiyo Group concluded an overdraft agreement with a bank to help ensure efficient cash flow management. The unused portion of the overdraft as of the closing date was as follows:

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Overdraft limit	24,928	24,683
Used portion of overdraft	564	416
Overdraft remaining	24,364	24,266

Consolidated statement of income

\*1 Selling, general and administrative expenses

The key entries and amounts under this category are as follows:

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Salaries	4,096	4,679
Accrued employees' bonuses	458	535
Commission expenses	2,288	2,407
Depreciation	2,674	3,780
R&D expenses	4,275	5,933
Retirement benefit costs	202	270
Outsourcing expenses	1,198	1,245

\*2 R&D expenses

The portion of general and administrative expenses and current total manufacturing expenses pertaining to R&D expenses is as follows:

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
	4,483 million yen	6,194 million yen

\*3 Impairment loss

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

None.

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Taiyo Group recorded impairment loss on the following asset group:

Location	Purpose	Asset group	Impairment loss on non-current assets
Taiyo Pharma Co., Ltd. (Chiyoda-ku, Tokyo, Japan)	Right to sell ethical pharmaceuticals	Sales rights	4,792 million yen

Generally, we group assets by business unit.

Taiyo Pharma Co., Ltd.

In its impairment tests, we group assets according to individual "sales rights." In the fiscal year under review, Taiyo Pharma Co., Ltd. sales rights affected by a decline in earning potential were written down to the recoverable amount, with the difference recorded as impairment loss under extraordinary losses. The recoverable amount of these rights was measured by value in use and was calculated using a discount rate of 9.1% to discount future cash flows.



Consolidated statement of comprehensive income

\* Reclassification adjustments and tax effects of other comprehensive income

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Valuation difference on available- for-sale securities:		
Occurring in fiscal year under review	158	428
Reclassification adjustment	—	(25)
Before tax effect	158	403
Tax effect	(50)	(123)
Valuation difference on available- for-sale securities	108	280
Foreign currency translation adjustment:		
Occurring in fiscal year under review	1,036	3,543
Reclassification adjustment	—	—
Foreign currency translation adjustment	1,036	3,543
Remeasurements of defined benefit plans, net of tax:		
Occurring in fiscal year under review	(65)	11
Reclassification adjustment	(13)	1
Before tax effect	(79)	12
Tax effect	24	(3)
Remeasurements of defined benefit plans, net of tax	(55)	8
Total other comprehensive income	1,089	3,832

Consolidated statement of changes in equity

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Outstanding shares and treasury shares (classes and amounts)

	Beginning of consolidated fiscal year ended March 31, 2023	Increase	Decrease	End of consolidated fiscal year ended March 31, 2023
Outstanding shares				
Common shares (*Note 1)	58,083,128	102,373	—	58,185,501
Treasury shares				
Common shares (*Notes 2, 3, 4)	1,933,885	575,085	79,820	2,429,150

Notes:

1. The increase of 102,373 shares of common shares reflects the issuance of additional shares in a third-party allotment.
2. The amounts for common treasury shares include the portion that we have entrusted to The Master Trust Bank of Japan, Ltd. for our ESOP (there were 205,420 such shares at the beginning of the fiscal year under review and 125,600 at the end).
3. The 575,085-treasury share increase occurred after the Board of Directors authorized the reacquisition of 575,000 shares and 85 fractional shares.
4. The 79,820-treasury share decrease occurred after we delivered 78,000 shares from the ESOP trust and disposed of 1,820 of the ESOP trust shares.

2. Dividends

(1) Amounts paid in dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date
June 18, 2022 Ordinary General Shareholders' Meeting	Common shares	2,085	37.00	March 31, 2022	June 20, 2022
November 7, 2022 Board of Directors meeting	Common shares	2,080	37.00	September 30, 2022	December 1, 2022

Notes:

1. Of the total dividends resolved at the Ordinary General Shareholders' Meeting on June 18, 2022, 7 million yen pertains to shares that we have entrusted to The Master Trust Bank of Japan, Ltd. for the ESOP.
2. Of the total dividends resolved at the meeting of the Board of Directors on November 7, 2022, 4 million yen pertains to such shares.

(2) Dividends with a reference date in the consolidated fiscal year under review and an effective date in the next consolidated fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Reference date	Effective date
June 17, 2023 Ordinary General Shareholders' Meeting	Common shares	2,905	Retained earnings	52.00	March 31, 2023	June 19, 2023

Note: Of the total dividends resolved at the Ordinary General Shareholders' Meeting on June 17, 2023, 6 million yen pertains to shares that we have entrusted to The Master Trust Bank of Japan, Ltd. for the ESOP.

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Outstanding shares and treasury shares (classes and amounts)

	Beginning of consolidated fiscal year ended March 31, 2024	Increase	Decrease	End of consolidated fiscal year ended March 31, 2024
Outstanding shares				
Common shares (*Note 1)	58,185,501	106,058	—	58,291,559
Treasury shares				
Common shares (*Notes 2, 3, 4)	2,429,150	248	63,360	2,366,038

Notes:

1. The increase of 106,058 shares of common shares reflects the issuance of additional shares in a third-party allotment.
2. The amounts for common treasury shares include the portion that we have entrusted to The Master Trust Bank of Japan, Ltd. for our ESOP (there were 125,600 such shares at the beginning of the fiscal year under review and 62,240 at the end).
3. The 248-share increase in common treasury shares resulted from the purchase of fractional shares.
4. The 63,360-treasury share decrease occurred after we delivered 62,800 shares from the ESOP trust and disposed of 560 of the ESOP trust shares.

2. Dividends

(1) Amounts paid in dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Reference date	Effective date
June 17, 2023 Ordinary General Shareholders' Meeting	Common shares	2,905	52.00	March 31, 2023	June 19, 2023
November 16, 2023 Board of Directors meeting	Common shares	2,127	38.00	September 30, 2023	December 1, 2023

Notes:

1. Of the total dividends resolved at the Ordinary General Shareholders' Meeting on June 17, 2023, 6 million yen pertains to shares that we have entrusted to The Master Trust Bank of Japan, Ltd. for the ESOP.
2. Of the total dividends resolved at the meeting of the Board of Directors on November 6, 2023, 2 million yen pertains to such shares.

(2) Dividends with a reference date in the consolidated fiscal year under review and an effective date in the next consolidated fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Reference date	Effective date
June 15, 2024 Ordinary General Shareholders' Meeting	Common shares	2,351	Retained earnings	42.00	March 31, 2024	June 17, 2024

Note: Of the total dividends resolved at the Ordinary General Shareholders' Meeting on June 15, 2024, 2 million yen pertains to shares that we have entrusted to The Master Trust Bank of Japan, Ltd. for the ESOP.

## Consolidated statement of cash flows

\* Ending balance of cash and cash equivalents, and the consolidated balance sheet entries from which this balance is derived

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2023 (April 1, 2023 to March 31, 2024)
Cash and deposits	47,121 million yen	58,583 million yen
Time deposits exceeding 3 months	(33)	(919)
Cash and cash equivalents	47,088	57,664

## Lease transactions

### 1. Finance lease transactions

We have omitted disclosure of the transactions because they are not significant enough to warrant disclosure.

### 2. Operating lease transactions

The following table shows the future payments for non-cancellable unexpired leases.

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Due within one year	429	309
Due after one year	475	756
Total	905	1,066

## Financial instruments

### 1. Overview

#### (1) Our policy on financial instruments

We generally try to self-fund our operations. However, if a project requires a large sum of capital, we will fund it through a bank loan or other means after considering market conditions.

When investing temporary surplus funds, we will only use financial instruments that are sufficiently stable.

For derivatives, we minimize the associated risks (we discuss these risks in the following section) by refraining from speculative transactions.

#### (2) Our financial instruments and the risks they entail

Trade receivables: “Notes and accounts receivable – trade” entails customer credit risk. Foreign currency-denominated trade receivables (which occur in relation to our overseas business operations) also entail exchange risk.

Investment securities: Most of our investment securities are shares in our business associates. They are vulnerable to fluctuations in market prices.

Trade payables: Most of our “notes and accounts payable – trade” are due within four months. Those that are denominated in a foreign currency entail exchange risk.

Derivatives: We use forward foreign exchange contracts to hedge the exchange risk associated with our foreign currency-denominated trade receivables.

#### (3) Our rules and measures for managing these risks

##### 1) Managing credit risk (the risk that our trading partners will fail to perform their contractual obligations to us)

Trade receivables: Under our credit control rules, Taiyo Group regularly monitors the financial position of our trading partners and manages their payment dates and balances accordingly. In this way, we try to identify cases where a trading partner will struggle to repay due to financial difficulties as quickly as possible, and provide repayment relief as necessary. Our consolidated subsidiaries follow the same rules.

Derivatives: We acquire all our derivatives from financial institutions, which have stable credit. Therefore, we believe that credit risk associated with our derivatives is negligible.

##### 2) Managing market fluctuation risk (exchange and interest risks)

Foreign currency-denominated trade receivables/payables and long-term borrowings: We and some of our consolidated subsidiaries manage the foreign exchange risk associated with these receivables/payables and long-term borrowings by analyzing them in relation to the monthly trends of each currency concerned.

Investment securities: We regularly monitor the fair value and the financial position of the issuer (who is usually a business associate). As regards shares, we continually revise our share ownership in consideration of market conditions and our relationships with our trading partners.

Executing and managing derivative transactions: We have established rules defining who has authority to approve derivative transactions and the maximum amounts of the derivatives to be traded. Under these rules, a business division must obtain approval from a designated officer before enacting a derivative transaction. The Board of Directors is regularly updated on the derivative transactions executed.

##### 3) Managing funding liquidity risk (the risk that we cannot settle obligations with funds in the bank by the payment date)

All companies in the Taiyo Group prepare cash-flow plans as necessary to ensure that they can settle obligations in a timely manner.

#### (4) Additional note on fair value

We take into account certain variables in determining the fair value of financial instruments. The use of different assumptions could result in a change in fair value. In the notes on derivative transactions, the figure for derivative contracts does not in itself indicate the market risks concerning derivative transactions.

2. Fair value, consolidated carrying value, valuation difference

The following tables show the fair value, consolidated carrying value, and the difference between them for our financial instruments as of the end of previous and consolidated fiscal year under review.

Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

	Consolidated carrying value (*Note 4) (Millions of yen)	Fair value (*Note 4) (Millions of yen)	Difference (Millions of yen)
(1) Investment securities			
Other securities (*Note 2)	1,912	1,912	—
(2) Long-term borrowings (including current portion of long-term borrowings)	(66,076)	(66,066)	9
Derivative transactions			
Transactions that do not qualify for hedge accounting	(11)	(11)	—
Transactions that qualify for hedge accounting	—	—	—
Total derivative transactions (*Note 3)	(11)	(11)	—

Notes:

1. We have omitted cash and deposits, notes and accounts receivable – trade, notes and accounts payable – trade, accounts payable – other, income taxes payable, and short-term borrowings because the fair value of these items is determined over a short period and resembles their carrying amount.
2. We have omitted unlisted shares and contributions to investment partnerships from “(1) Investment securities, Other securities” because they are assets with no market value. See Note 1.
3. We show the receivables/payables arising from derivative transactions on a net basis.
4. Parenthesized figures indicate liabilities.

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

	Consolidated carrying value (* Note 4) (Millions of yen)	Fair value (* Note 4) (Millions of yen)	Difference (Millions of yen)
(1) Investment securities			
Other securities (*Note 2)	2,381	2,381	—
(2) Long-term borrowings (including current portion of long-term borrowings)	(76,901)	(76,846)	54
Derivative transactions			
Transactions that do not qualify for hedge accounting	(33)	(33)	—
Transactions that qualify for hedge accounting	—	—	—
Total derivative transactions (*Note 3)	(33)	(33)	—

Notes:

1. We have omitted cash and deposits, notes and accounts receivable – trade, notes and accounts payable – trade, accounts payable – other, income taxes payable, and short-term borrowings because the fair value of these items is determined over a short period and resembles their carrying amount.
2. We have omitted unlisted shares and contributions to investment partnerships from “(1) Investment securities, Other securities” because they are assets with no market value. See Note 1.
3. We show the receivables/payables arising from derivative transactions on a net basis.
4. Parenthesized figures indicate liabilities.

Notes: 1. Securities with no readily discernible value

(Millions of yen)

Class of shares	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Unlisted shares	299	209
Shares of subsidiaries and associates	1,152	1,394
Contributions to investment partnerships	1,711	1,847

2. Repayment schedule for long-term borrowings due after the consolidated closing date

Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

	Within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due after 5 years
Long-term borrowings (including current portion of long-term borrowings)	12,902	30,781	10,529	6,707	4,818	337

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

	Within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due after 5 years
Long-term borrowings (including current portion of long-term borrowings)	33,766	13,064	9,241	7,352	8,679	4,796

### 3. Breakdown of financial instruments by level of fair value

We have delineated three levels of fair value inputs for determining the fair value of financial instruments based on the observability and significance of the values input for calculation.

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Unobservable inputs

When our method for measuring fair value includes multiple significant inputs, we categorize the asset or liability at the lowest level among these significant inputs.

#### (1) Financial instruments stated on the consolidated balance sheet at fair value

Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Class of shares	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	1,708	—	—	1,708
Bonds, Other	—	—	203	203
Total assets	1,708	—	203	1,912
Derivative transactions	—	(11)	—	(11)
Total liabilities	—	(11)	—	(11)

\* Parenthesized figures indicate liabilities.

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Class of shares	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	2,062	—	—	2,062
Bonds, Other	—	—	318	318
Total assets	2,062	—	318	2,381
Derivative transactions	—	(33)	—	(33)
Total liabilities	—	(33)	—	(33)

\* Parenthesized figures indicate liabilities.



(2) Financial instruments other than those stated on the consolidated balance sheet at fair value

Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Class of shares	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion of long-term borrowings)	—	(66,066)	—	(66,066)
Total liabilities	—	(66,066)	—	(66,066)

\* Parenthesized figures indicate liabilities.

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Class of shares	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion of long-term borrowings)	—	(76,846)	—	(76,846)
Total liabilities	—	(76,846)	—	(76,846)

\* Parenthesized figures indicate liabilities.

Note: About the method used to measure fair value and the inputs used in this method

Investment securities

We measure the fair value of listed shares by their quoted market prices. Since listed shares are traded on active markets, we categorize this input as Level 1. However, the inputs used for unlisted convertible bonds with equity purchase warrants held by our company do not have an observable fair value. We therefore categorize them as Level 3.

Derivative transactions

We base fair value on the market price quoted by the relevant financial institution. We categorize this input at Level 2.

Long-term borrowings (including current portion)

We calculate the present value by discounting the sum of the principal and interest for each period by what would be a reasonable interest rate for a similar loan. We categorize this input at Level 2. We state long-term borrowings with variable interest rates at the carrying amount because they reflect short-term market interest rate trends and because their fair value is similar to their carrying value since our credit rating has not markedly changed after we took them on.

For long-term borrowings associated with interest rate swaps qualifying for special accounting treatment, we first calculate the sum of the principal and interest together with the cash flows from the swap, and discount this sum at what would be a reasonable interest rate for a similar loan.

## Securities

### 1. Other securities

Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

	Type of security	Consolidated carrying value	Acquisition price	Valuation difference
Securities whose consolidated carrying value exceeds their acquisition price	(1) Shares	1,703	1,256	446
	(2) Other	—	—	—
	Subtotal	1,703	1,256	446
Securities whose consolidated carrying value does not exceed their acquisition price	(1) Shares	5	8	(2)
	(2) Other	203	203	—
	Subtotal	209	211	(2)
Total		1,912	1,468	443

Note: The above data excludes the unlisted shares (consolidated carrying value: 299 million yen) and contributions to investment partnerships (consolidated carrying value: 1,711 million yen). These financial instruments lack a readily determinable fair value because they are assets with no market value.

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

	Type of security	Consolidated carrying value	Acquisition price	Valuation difference
Securities whose consolidated carrying value exceeds their acquisition price	(1) Shares	1,951	1,116	834
	(2) Other	106	79	27
	Subtotal	2,058	1,195	862
Securities whose consolidated carrying value does not exceed their acquisition price	(1) Shares	111	154	(43)
	(2) Other	211	226	(15)
	Subtotal	323	381	(58)
Total		2,381	1,577	803

Note: The above data excludes the unlisted shares (consolidated carrying value: 209 million yen) and contributions to investment partnerships (consolidated carrying value: 1,847 million yen). These financial instruments lack a readily determinable fair value because they are assets with no market value.

### 2. Other securities that we have sold

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

None

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

We have omitted disclosure of the transactions because they are not significant enough to warrant disclosure.

Derivative transactions

1. Transactions that do not qualify for hedge accounting

Currency-related

Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

Class of shares	Transaction	Contract value	Contract value for contracts exceeding one year	Fair value	Valuation difference
Off market transactions	Foreign exchange transactions				
	USD denominated sales	1,513	—	(30)	(31)
	Yen denominated purchases	11,657	—	0	0
	Euro denominated purchases	5,500	—	18	18

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

Class of shares	Transaction	Contract value	Contract value for contracts exceeding one year	Fair value	Valuation difference
Off market transactions	Foreign exchange transactions				
	USD sold/TWD purchased	579	—	(15)	(15)
	USD sold/CNY purchased	14	—	(0)	(0)
	USD sold/KRW purchased	1,078	—	(15)	(15)
	KRW sold/JPY purchased	8,687	—	(1)	(1)

2. Transactions that qualify for hedge accounting

Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

None

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

None

## Retirement benefits

### 1. Our system of retirement benefits

We provide a points-based retirement allowance system that accords with the defined benefit corporation pension system, and a defined contribution plan.

Some of our consolidated subsidiaries use a defined contribution plan in addition to a defined-benefit corporate pension plan.

Some of our consolidated subsidiaries use a simplified method for calculating net defined benefit liability and retirement benefit costs. Under this method, the amount of retirement benefits paid for voluntary resignations at the fiscal year end is included in retirement benefit obligations.

### 2. Defined-benefit systems (other than those that use the simplified accounting method)

#### (1) Opening/closing balance of retirement benefit obligations and adjusting entries

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Opening balance of retirement benefit obligations	2,704	2,906
Service cost	304	307
Interest cost	17	18
Actuarial differences	54	(26)
Retirement benefit payments	(179)	(246)
Foreign exchange differences	5	(17)
Closing balance of retirement benefit obligations	2,906	2,941

#### (2) Opening/closing balance of pension assets and adjusting entries

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Opening balance of pension assets	3,113	3,316
Expected rate of return	32	56
Actuarial differences	5	(6)
Employer's contribution	337	262
Retirement benefit payments	(179)	(246)
Foreign exchange differences	5	20
Closing balance of pension assets	3,316	3,403

- (3) Closing balance of retirement benefit obligations and pension assets, and adjusting entries for net defined benefit asset/liability reported on the consolidated balance sheet

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Funded retirement benefit obligations	2,906	2,941
Pension assets	(3,316)	(3,403)
Net asset (liability) reported on the consolidated balance sheet	(410)	(461)
Retirement benefit liability	—	—
Retirement benefit asset	(410)	(461)
Net asset (liability) reported on the consolidated balance sheet	(410)	(461)

- (4) Breakdown of retirement benefit costs

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Service cost	304	307
Interest cost	17	18
Expected rate of return	(32)	(56)
Adjustment for actuarial differences	(33)	(29)
Retirement benefit cost for defined-benefit systems	255	239

- (5) Remeasurements of defined benefit plans, net of tax

The following table shows the breakdown of “remeasurements of defined benefit plans” (before tax effects).

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Actuarial differences	(79)	12
Total	(79)	12

- (6) Remeasurements of defined benefit plans

The following table shows the cumulative effects of the adjusting entries for retirement benefits (before tax effects).

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Unrecognized actuarial gain or loss	(21)	(8)
Total	(21)	(8)

(7) Notes on pension assets

1) Key pension assets

The following table shows the main constituent assets of total pension assets.

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
General accounts assets	100 %	100 %
Total	100	100

2) Method of setting the expected long-term rate of return for pension assets

We consider how we currently distribute the pension assets and how we expect to do so in the future. We also consider the present and expected long-term rate of return for each constituent asset.

(8) Criteria for determining actuarial gains/losses

The following table shows the main criteria we use to determine actuarial gains/losses (the figures indicate weighted averages).

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Discount rate	0.63 %	0.62 %
Expected long-term rate of return	1.0 %	1.0 %
Expected salary increase rate	7.28 %	6.66 %

3. Defined-benefit systems that use the simplified accounting method

(1) Opening/closing balance of net defined benefit liability subject to the simplified accounting method and adjusting entries

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Opening balance of net defined benefit liability	115	16
Retirement benefit costs	(18)	8
Retirement benefit payments	(73)	(21)
Contribution to system	(2)	—
Increase from new consolidations	—	197
Pension fund dissolution	—	92
Foreign exchange differences	(5)	—
Closing balance of net defined benefit liability	16	292

- (2) Closing balance of retirement benefit obligations and pension assets, and adjusting entries for net defined benefit asset/liability reported on the consolidated balance sheet

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Funded retirement benefit obligations	—	—
Pension assets	(92)	—
Net asset (liability) reported on the consolidated balance sheet	(92)	—
Non-funded retirement benefit obligations	108	292
Net asset (liability) reported on the consolidated balance sheet	108	292
Retirement benefit liability	108	292
Retirement benefit asset	(92)	—
Net asset (liability) reported on the consolidated balance sheet	16	292

- (3) Retirement benefit costs

Retirement benefit costs determined using simplified accounting method

Previous consolidated fiscal year: (18 million yen)

Consolidated fiscal year under review: 8 million yen

#### 4. Defined contribution plans

The contribution that we and some of our consolidated subsidiaries have made amounted to 263 million yen in the previous consolidated fiscal year, and 298 million yen in the consolidated fiscal year under review.

#### Stock options

None

## Tax effect accounting

### 1. Breakdown of the main factors that generate deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Deferred tax assets		
Retirement benefit liability	49	108
Deferred tax assets for unrealized gains	284	432
Denial of accrued employees' bonuses	306	312
Denial of accrued enterprise tax	117	136
Loss carried forward (*Note 2)	1,074	1,537
Over depreciation	880	736
Asset adjustment account	827	275
Asset retirement obligations	318	417
Impairment losses	669	2,135
Other	770	1,047
Deferred tax assets subtotal	5,299	7,140
Valuation allowance for tax loss carried forward (*Note 2)	(1,024)	(1,537)
Valuation allowance for total future deductible temporary differences	(3,477)	(1,737)
Valuation allowance subtotal	(4,502)	(3,274)
Deferred tax assets total	796	3,865
Deferred tax liabilities		
Deferred tax liabilities for subsidiaries' retained earnings	1,869	2,197
Valuation difference on available-for-sale securities	195	318
Retirement benefit asset	154	132
Customer-related assets	1,709	1,560
Other	340	465
Deferred tax liabilities total	4,269	4,675
Net deferred tax liabilities (*Note 1)	3,472	809

Note: 1. The net deferred tax assets (liabilities) for the current and previous consolidated fiscal year are included in the following consolidated balance sheet entries.

	(Millions of yen)	
	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Non-current assets - Deferred tax assets	501	391
Non-current liabilities - Deferred tax liabilities	3,974	1,200



2. Tax loss carried forward and deferred tax assets by carry-forward period  
Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)

(Millions of yen)

	Within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years
Tax loss carried forward (*Note 1)	–	1	26	95	136
Valuation allowance	–	(1)	(26)	(95)	(136)
Deferred tax assets	–	–	–	–	–

(Millions of yen)

	Between 5 and 6 years	Between 6 and 7 years	Between 7 and 8 years	Between 8 and 9 years	Between 9 and 10 years	Total
Tax loss carried forward (*Note 1)	118	124	148	185	238	1,074
Valuation allowance	(118)	(124)	(148)	(155)	(218)	(1,024)
Deferred tax assets	–	–	–	29	20	(*Note 2) 49

Notes:

1. Tax loss carried forward is multiplied by the legally effective tax rate.
2. Of the 1,074 million yen in tax loss carried forward, we recorded 49 million yen in deferred tax assets. The 49 million yen in deferred tax assets constitutes part of the 208 million yen balance of consolidated subsidiaries' tax loss carried forward (multiplied by the legally effective tax rate). The tax loss carried forward that was recorded as "deferred tax assets" is the result of estimating future taxable income. As such, we do not recognize valuation allowance based on recoverability estimation.

Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)

(Millions of yen)

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years
Tax loss carried forward (*Note 1)	1	26	95	136	345
Valuation allowance	(1)	(26)	(95)	(136)	(345)
Deferred tax assets	–	–	–	–	–

(Millions of yen)

	Between 5 and 6 years	Between 6 and 7 years	Between 7 and 8 years	Between 8 and 9 years	Between 9 and 10 years	Total
Tax loss carried forward (*Note 1)	122	148	155	222	282	1,537
Valuation allowance	(122)	(148)	(155)	(222)	(282)	(1,537)
Deferred tax assets	–	–	–	–	–	(*Note 2) –

Notes:

1. Tax loss carried forward is multiplied by the legally effective tax rate.
2. The full amount of the tax loss carried forward has been determined as unrecoverable.

2. Breakdown of the main factors underlying any differences between the legally effective tax rate and the actual effective tax rate after applying tax effect accounting

	Consolidated fiscal year ended March 31, 2023 (As of March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)
Legally effective tax rate	30.62%	30.62%
(Adjusting entries)		
Tax rate differences with overseas subsidiaries	(4.03)	(7.38)
Tax rate differences associated with offset of dividend income	0.46	0.48
Tax adjustments for overseas subsidiaries' retained earnings	(0.52)	2.31
Tax rate differences associated with permanent differences such as entertainment expenses	0.45	0.54
Permanent differences on withholding tax on dividends not included in expenses	2.07	2.85
Tax adjustments for amortization of goodwill	0.94	1.20
Tax deductions for testing and research expenses	(3.17)	(5.04)
Other	(0.57)	2.92
Actual effective tax rate after applying tax effect accounting	26.24	28.50

3. Accounting treatment of corporate and local income taxes and tax effect accounting for them

The Company and its domestic consolidated subsidiaries have adopted the group tax-sharing system. Our accounting treatment of and tax effect accounting for national and local corporate taxes and disclosure are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021).

Asset retirement obligations

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

We have omitted disclosure of the transactions because they are not significant enough to warrant disclosure.

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

We have omitted disclosure of the transactions because they are not significant enough to warrant disclosure.

Rentals and other real-estate assets

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

We have omitted disclosure of the transactions because they are not significant enough to warrant disclosure.

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

We have omitted disclosure of the transactions because they are not significant enough to warrant disclosure.

## Revenue recognition

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

### 1. Breakdown of revenue generated from contracts with customers

(Millions of yen)

	Reportable segment			Other (*Note)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Japan	4,984	25,447	30,432	3,452	33,885
China	34,378	—	34,378	—	34,378
Taiwan	7,309	—	7,309	19	7,328
South Korea	15,810	—	15,810	—	15,810
Other	5,936	—	5,936	—	5,936
Revenue generated from contracts with customers	68,419	25,447	93,866	3,472	97,338
Other revenue	—	—	—	—	—
External sales	68,419	25,447	93,866	3,472	97,338

Note: The “Other” category represents operating segments not included in reportable segments, and includes the ICT, fine chemicals, energy, and food businesses. These are collectively referred to as ICT and Sustainability business.

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

### 1. Breakdown of revenue generated from contracts with customers

(Millions of yen)

	Reportable segment			Other (*Note)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Japan	4,099	29,269	33,368	4,090	37,459
China	39,987	—	39,987	—	39,987
Taiwan	6,995	—	6,995	—	6,995
South Korea	14,087	—	14,087	—	14,087
Other	6,245	—	6,245	—	6,245
Revenue generated from contracts with customers	71,415	29,269	100,684	4,090	104,775
Other revenue	—	—	—	—	—
External sales	71,415	29,269	100,684	4,090	104,775

Note: The “Other” category represents operating segments not included in reportable segments, and includes the ICT, fine chemicals, energy, and food businesses. These are collectively referred to as ICT and Sustainability business.

### 2. Information that serves as a basis for discerning revenue generated from contracts with customers

This information can be found in “Basic factors underlying our consolidated financial statement, 4. Accounting policies, (5) Accounting standard for major revenues and expenses.”

### 3. Information for discerning the relationship between satisfaction of performance obligations in a contract with a customer and the cash flows pertaining to that contract; information for discerning the amount of revenue expected to be recognized in the next consolidated fiscal year and the timing of recognition from a contract with a customer at the end of the consolidated fiscal year under review

(1) Balance of contract assets and contract liabilities, etc.

(Millions of yen)

	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024
Receivables from contracts with customers: Opening balance	27,558	22,734
Receivables from contracts with customers: Closing balance	22,734	28,345
Contract assets: Opening balance	—	—
Contract assets: Closing balance	—	7

(2) Transaction price distributed to outstanding performance obligations

We omit contracts that are expected to be completed within a year from the notes for practical expedience. Since we generally base production on forecasts, we have no contracts with terms expected to exceed one year.

## Segment information and related information

### Segment information

#### 1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group has operating subsidiaries for different products and services. Each operating subsidiary formulates comprehensive domestic and overseas strategies and conducts business activities for the products and services it handles.

Group business segments are, therefore, based on these operating subsidiaries and are divided into two reportable segments: The Electronics and the Medical and Pharmaceuticals businesses.

The Electronics business develops, manufactures, sells, and procures and sells printed circuit board materials and chemical products for use in electronic components. The Medical and Pharmaceutical business engages in the manufacturing and marketing of ethical pharmaceuticals and provides contract development and manufacturing organization (CDMO) services for ethical pharmaceuticals.

#### 2. Information on the calculation of net sales, profit or loss, assets, and other items by reportable segment

The accounting method applied for the reportable segments is complied with the accounting policies adopted for preparation of consolidated financial statements.

Profit by reportable segment represents operating income.

Inter-segment revenue and transfers are based on the market prices.

#### 3. Information regarding net sales, profit or loss, assets and other items by reportable segment

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment			Other (*Note 1)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Net sales					
External sales	68,419	25,447	93,866	3,472	97,338
Inter-segment sales or transfers	0	—	0	293	293
Total	68,419	25,447	93,866	3,766	97,632
Segment profit	15,845	1,906	17,752	26	17,778
Segment assets	72,078	75,388	147,466	8,001	155,468
Other items					
Depreciation (*Note 2)	2,433	3,981	6,414	388	6,803
Increase in property, plant and equipment, and intangible assets	3,299	8,072	11,371	520	11,892

#### Notes:

- The “Other” category represents operating segments not included in reportable segments, and includes ICT business, fine chemicals business, energy business, and food business. These are collectively referred to as ICT and Sustainability business.
- Depreciation does not include amortization of goodwill.

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31 2024)

(Millions of yen)

	Reportable segment			Other (*Note 1)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Net sales					
External sales	71,415	29,269	100,684	4,090	104,775
Inter-segment sales or transfers	0	—	0	335	335
Total	71,415	29,269	100,684	4,425	105,110
Segment profit	16,456	3,248	19,704	78	19,783
Segment assets	86,953	66,265	153,218	10,013	163,232
Other items					
Depreciation (*Note 2)	2,749	5,068	7,818	396	8,215
Increase in property, plant and equipment, and intangible assets	12,342	7,388	19,731	556	20,287

Notes:

1. The “Other” category represents operating segments not included in reportable segments, and includes ICT business, fine chemicals business, energy business, and food business. These are collectively referred to as ICT and Sustainability business.
2. Depreciation does not include amortization of goodwill.
4. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Net sales	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024
Reportable segment total	93,866	100,684
“Other” segment net sales	3,766	4,425
Inter-segment eliminations or transfers	(293)	(335)
Net sales in the consolidated statement of income	97,338	104,775

(Millions of yen)

Profit (Loss)	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024
Reportable segment total	17,752	19,704
“Other” segment profit	26	78
Inter-segment eliminations or transfers	(29)	(22)
Profit (Loss) not allocated to business segments (Note)	(1,776)	(1,557)
Operating income in the consolidated statement of income	15,972	18,203

Note: Profit (Loss) primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Assets	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024
Reportable segment total	147,466	153,218
“Other” segment assets	8,001	10,013
Inter-segment eliminations or transfers	(61)	(92)
Assets not allocated to business segments (*Note)	31,918	49,900
Reclassification by tax effect	(62)	(288)
Total assets reported in consolidated balance sheet	187,263	212,751

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segment total		Other		Adjustments (*Note)		Amount on the consolidated financial statements	
	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2023	Consolidated fiscal year ended March 31, 2024
Depreciation	6,414	7,818	388	396	638	461	7,441	8,676
Increase in property, plant and equipment, and intangible assets	11,371	19,731	520	556	2,178	(639)	14,070	19,648

Note: Primarily related to the holding company (company filing the consolidated financial statements).

## Related information

### I Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

#### 1. Information by product and service

(Millions of yen)

	Electronics	Medical and Pharmaceuticals	Other	Total
External sales	68,419	25,447	3,472	97,338

#### 2. Information by region

##### (1) Net sales

(Millions of yen)

Japan	China	Taiwan	South Korea	Other	Total
33,885	34,378	7,328	15,810	5,936	97,338

Note: Net sales are classified by country or region based on the location of customers.

##### (2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	South Korea	Other	Total
49,226	3,769	3,883	1,749	1,773	60,401

#### 3. Information by main customer

(Millions of yen)

Customer Name	Net sales	Name of Related Segment
Daiichi Sankyo Co., Ltd. (*Note)	10,450	Medical and Pharmaceuticals

Note: Shows aggregated net sales posted to Daiichi Sankyo Espha Co., Ltd., which is affiliated with the Daiichi Sankyo Co., Ltd. corporate group.

## II Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

### 1. Information by product and service

(Millions of yen)

	Electronics	Medical and Pharmaceuticals	Other	Total
External sales	71,415	29,269	4,090	104,775

### 2. Information by region

#### (1) Net sales

(Millions of yen)

Japan	China	Taiwan	South Korea	Other	Total
37,459	39,987	6,995	14,087	6,245	104,775

Note: Net sales are classified by country or region based on the location of customers.

#### (2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	South Korea	Other	Total
54,996	5,425	4,459	1,809	2,161	68,852

### 3. Information by main customer

(Millions of yen)

Customer Name	Net sales	Name of Related Segment
Daiichi Sankyo Co., Ltd. (*Note)	12,746	Medical and Pharmaceuticals

Note: Shows aggregated net sales posted to Daiichi Sankyo Espha Co., Ltd., which is affiliated with the Daiichi Sankyo Co., Ltd. corporate group.

## Impairment loss on non-current assets in each reportable segment

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

None

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment			Other	Corporate and elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Impairment losses	—	4,792	4,792	—	—	4,792

## Amortization of goodwill and unamortized balance in each reportable segment

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment			Other	Corporate and elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Amortization during period	52	271	323	10	—	334
Balance at end of period	526	4,423	4,949	24	—	4,974

Note: The figure for “Other” is the amount for the ICT and Sustainability business.



Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment			Other	Corporate and elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Amortization during period	53	225	279	10	–	290
Balance at end of period	512	2,370	2,883	13	–	2,896

Note: The figure for “Other” is the amount for the ICT and Sustainability business.

Information on negative goodwill in each reportable segment

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

None

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

None

## Related parties

### Transactions with related parties

Transactions between us (the filer of the consolidated financial statements) and related parties

(1) Transactions with parent and major shareholders (corporate shareholders only)

None

(2) Transactions with non-consolidated subsidiaries and affiliates

None

(3) Transactions with corporate officers and major shareholders (individual shareholders only)

Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Party	Name	Address	Equity (amount invested in company) (Millions of yen)	Business description/Job title	Holding/Held ratio (%)	Our relationship with the party	Transaction	Transaction amount (Millions of yen)	Entry	Closing balance (Millions of yen)
Corporate officer	Eiji Sato	—	—	President and CEO (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.81	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	191	—	—
	Hitoshi Saito	—	—	Board Director (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.14	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	51	—	—
	Eiji Takehara	—	—	Board Director (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.16	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	34	—	—
	Masao Arima	—	—	Board Director (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.05	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	19	—	—

#### Notes:

1. Information about the transactions and how we determined them:

The transactions concerned common shares that we issued as part of the transfer-restricted stock compensation for the 76th business term (fiscal year ended March 31, 2022). We determined the transactions based on the common share price.

2. We calculated the ratios held by the parties after subtracting treasury shares.

Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Party	Name	Address	Equity (amount invested in company) (Millions of yen)	Business description/Job title	Holding/Held ratio (%)	Our relationship with the party	Transaction	Transaction amount (Millions of yen)	Entry	Closing balance (Millions of yen)
Corporate officer	Eiji Sato	—	—	President and CEO (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.90	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	138	—	—
	Hitoshi Saito	—	—	Board Director (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.20	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	87	—	—
	Eiji Takehara	—	—	Board Director (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.18	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	28	—	—
	Masao Arima	—	—	Board Director (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.07	We issued shares to the party in a third- party allotment	We issued shares to the party in a third- party allotment	28	—	—

#### Notes:

1. Information about the transactions and how we determined them:

The transactions concerned common shares that we issued as part of the transfer-restricted stock compensation for the 77th business term (fiscal year ended March 31, 2023). We determined the transactions based on the common share price.

2. We calculated the ratios held by the parties after subtracting treasury shares.

Per share information

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net assets per share	1,663.25 yen	1,795.14 yen
Basic earnings per share	203.71 yen	154.89 yen

Notes:

1. Diluted earnings per share is not presented because there are no dilutive shares.
2. In calculating net assets per share, treasury shares are deducted, and shares held in the trust account for shares granted under the Employee Stock Ownership Plan (ESOP) are included in the treasury shares (previous consolidated fiscal year: 125,600 shares; consolidated fiscal year under review: 62,240 shares).
3. Basis for calculating basic earnings per share is shown below:

	Consolidated fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (Millions of yen)	11,405	8,654
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	11,405	8,654
Average number of outstanding common shares during the period (Shares)	55,989,729	55,873,328

Note: In calculating the average number of outstanding common shares during the period, treasury shares are deducted and shares held in the trust account for shares granted under the Employee Stock Ownership Plan (ESOP) are included in the treasury shares (previous consolidated fiscal year: 150,258 shares; consolidated fiscal year under review: 81,866 shares).

Significant subsequent events

None

# 5) Consolidated supplementary schedules

## Schedule of bonds payable

None

## Schedule of loans payable

Class of shares	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	5,424	9,821	5.58	—
Current portion of long-term borrowings	12,902	33,766	0.24	—
Long-term borrowings other than those we expect to repay within one year	53,174	43,134	0.32	2025-2034
Total	71,501	86,722	—	—

### Notes:

1. Average interest rate indicates the weighted average interest rate for the closing balance.
2. We receive interest subsidies for some of the current portion of long-term borrowings.
3. The following table shows the scheduled repayments for long-term borrowings that we do not expect to repay within one year. The repayments are scheduled for the five years following the consolidated settlement date.

(Millions of yen)

	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due after 5 years
Long-term borrowings	13,064	9,241	7,352	8,679	4,796

## Schedule of asset retirement obligations

Our asset retirement obligations were less than one-hundredth of the balance of our liabilities and net assets as of the beginning and end of the current consolidated fiscal year under review. Accordingly, we have omitted these obligations as permitted under Article 92-2 of the Ordinance on Terminology, Forms, and Preparation Methods for Consolidated Financial Statements.

## (2) Other

### Quarterly consolidated information for the consolidated fiscal year ended March 31, 2024

(Cumulative period)	Q1	Q2	Q3	Consolidated fiscal year ended March 31, 2024
Net sales (Millions of yen)	23,861	51,107	78,040	104,775
Profit before income taxes (Millions of yen)	3,235	8,651	13,771	12,102
Profit attributable to owners of parent (Millions of yen)	2,561	6,232	10,196	8,654
Basic earnings per share (yen)	45.94	111.64	182.54	154.89

(Accounting period)	Q1	Q2	Q3	Q4
Basic earnings per share (yen)	45.94	65.70	70.88	(27.58)

## 2. Financial statements, other financial information

### (1) Financial statements

#### 1) Balance sheet [Unaudited]

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	12,382	33,392
Accounts receivable - trade	*1 597	*1 760
Short-term loans receivable from subsidiaries and associates	5,079	11,719
Income taxes refund receivable	1,625	1,250
Other	*1 2,638	*1 1,418
Total current assets	22,323	48,541
Non-current assets		
Property, plant and equipment		
Buildings	4,645	4,563
Land	2,735	2,735
Other	2,311	738
Total property, plant and equipment	9,692	8,037
Intangible assets		
Software	1,361	1,172
Other	57	327
Total intangible assets	1,419	1,500
Investments and other assets		
Investment securities	3,337	3,797
Shares of subsidiaries and associates	42,620	36,768
Investments in capital of subsidiaries and associates	2,727	2,634
Prepaid pension costs	296	292
Long-term loans receivable from subsidiaries and associates	35,446	34,190
Other	525	570
Allowance for doubtful accounts	(1,783)	(3,647)
Total investments and other assets	83,169	74,606
Total non-current assets	94,281	84,145
Total assets	116,604	132,686

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Liabilities		
Current liabilities		
Short-term borrowings	*1, *2 7,665	*1, *2 12,083
Current portion of long-term borrowings	9,881	29,773
Accounts payable - other	*1 1,118	*1 2,141
Income taxes payable	25	37
Provision for bonuses	224	234
Other	128	173
Total current liabilities	19,044	44,444
Non-current liabilities		
Long-term borrowings	43,017	31,827
Asset retirement obligations	364	367
Deferred tax liabilities	74	167
Provision for loss on guarantees	—	82
Other	136	135
Total non-current liabilities	43,592	32,580
Total liabilities	62,637	77,024
Net assets		
Shareholders' equity		
Share capital	9,761	9,903
Capital surplus		
Legal capital surplus	10,728	10,870
Other capital surplus	5,294	5,294
Total capital surplus	16,023	16,165
Retained earnings		
Legal retained earnings	620	620
Other retained earnings		
General reserve	12,700	12,700
Retained earnings brought forward	20,537	21,563
Total retained earnings	33,858	34,883
Treasury shares	(6,107)	(5,993)
Total shareholders' equity	53,535	54,959
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	431	702
Total valuation and translation adjustments	431	702
Total net assets	53,967	55,662
Total liabilities and net assets	116,604	132,686

## 2) Statement of income [Unaudited]

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Operating revenue		
Dividends from subsidiaries and associates	10,492	11,785
Royalty income	3,026	3,185
Information system fee revenue	68	62
Real estate lease revenue	429	429
Total operating revenue	<sup>*1</sup> 14,016	<sup>*1</sup> 15,463
Operating expenses	<sup>*1, *2</sup> 7,227	<sup>*1, *2</sup> 8,227
Operating income	6,788	7,236
Non-operating income		
Interest income	322	652
Other	194	179
Total non-operating income	<sup>*1</sup> 516	<sup>*1</sup> 831
Non-operating expenses		
Interest expenses	422	679
Loss on investment partnerships	—	275
Other	330	219
Total non-operating expenses	<sup>*1</sup> 753	<sup>*1</sup> 1,173
Ordinary income	6,551	6,894
Extraordinary losses		
Provision of allowance for doubtful accounts for subsidiaries and associates	997	1,863
Total extraordinary losses	997	1,863
Profit before income taxes	5,553	5,030
Income taxes - current	(794)	(1,001)
Income taxes - deferred	(13)	(26)
Total income taxes	(808)	(1,028)
Profit	6,362	6,058

### 3) Statement of changes in equity [Unaudited]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of period	9,612	10,580	5,294	15,875	620	12,700	18,340	31,661	(4,752)	52,396
Changes during period										
Dividends of surplus							(4,165)	(4,165)		(4,165)
Profit							6,362	6,362		6,362
Issuance of new shares	148	148		148						297
Purchase of treasury shares									(1,500)	(1,500)
Disposal of treasury shares									145	145
Net changes in items other than shareholders' equity										
Total changes during period	148	148	—	148	—	—	2,196	2,196	(1,354)	1,139
Balance at end of period	9,761	10,728	5,294	16,023	620	12,700	20,537	33,858	(6,107)	53,535

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	319	319	52,715
Changes during period			
Dividends of surplus			(4,165)
Profit			6,362
Issuance of new shares			297
Purchase of treasury shares			(1,500)
Disposal of treasury shares			145
Net changes in items other than shareholders' equity	112	112	112
Total changes during period	112	112	1,251
Balance at end of period	431	431	53,967



Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of period	9,761	10,728	5,294	16,023	620	12,700	20,537	33,858	(6,107)	53,535
Changes during period										
Dividends of surplus							(5,033)	(5,033)		(5,033)
Profit							6,058	6,058		6,058
Issuance of new shares	141	141		141						283
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares									115	115
Net changes in items other than shareholders' equity										
Total changes during period	141	141		141			1,025	1,025	114	1,424
Balance at end of period	9,903	10,870	5,294	16,165	620	12,700	21,563	34,883	(5,993)	54,959

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	431	431	53,967
Changes during period			
Dividends of surplus			(5,033)
Profit			6,058
Issuance of new shares			283
Purchase of treasury shares			(0)
Disposal of treasury shares			115
Net changes in items other than shareholders' equity	270	270	270
Total changes during period	270	270	1,694
Balance at end of period	702	702	55,662

## Notes

### Main accounting policies

#### 1. Basis and method of valuation of assets

##### Securities

##### 1) Shares in subsidiaries and associates

We state at cost, as determined by the moving average method

##### 2) Other securities

... with readily discernible value

We state at fair value, as determined by the market price on the year-end date (we process valuation discrepancies by the total direct capitalization method and calculate cost of sales by the moving average method).

...with no readily discernible value

We generally state at cost, as determined by the moving average method.

For our contributions to investment partnerships (only those defined as securities under Article 2-2 of the Financial Instruments and Exchange Act), we state the net value of our equity interest (as gleaned from available financial statements) according to the partnership's settlement date.

#### 2. Depreciation methods for non-current assets

##### (1) Property, plant and equipment

We apply the declining balance method. However, we apply the straight-line method for buildings (excluding accompanying facilities) that we acquired after April 1, 1998, and for accompanying facilities and structures that we acquired after April 1, 2016.

Useful lives of major property, plant and equipment are as follows:

Buildings: 15-50 years

##### (2) Intangible assets

We apply the straight-line method. For software (for internal use), we apply this method based on the period for which we expect to use the software (namely, five years).

#### 3. Basis for allowances

##### (1) Allowance for doubtful accounts

We provide a bad debt reserve to cover the bad debt we expect to arise from our accounts receivable as a whole. We estimate the amount based on the doubtful accounts rate. If we have concerns with particular debtors, we will consider how much we are likely to recover from the debtor in question and then add the unrecoverable portion to the bad debt reserve.

##### (2) Provision for bonuses

We provide a reserve to cover bonuses by accruing an amount that we expect to pay in the relevant consolidated fiscal year.

##### (3) Provision for retirement benefits and prepaid pension cost

We provide for retirement benefits and prepaid pension cost based on the estimated amount of retirement benefit obligations and pension assets as of the end of the fiscal year.

##### 1) Attributing the projected retirement benefits to periods of service

We use a benefit formula to estimate the amount of retirement benefit obligations. We then attribute this projected amount to the consolidated fiscal year in question.

##### 2) Amortization of actuarial gains or losses

We amortize actuarial gains/losses starting from the fiscal year following that in which we recognized the gain/loss. The amortization period (five years) will always be shorter than the employees' average remaining service period.

(4) Provision for loss on guarantees

A provision is made for future projected losses to prepare for a loss on guarantees of affiliated company debt.

4. Accounting standard for major revenues and expenses

We follow the five step approach to revenue recognition.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when, or as, the entity satisfies a performance obligation

As the group's holding company, we set the group's broad strategic direction, manage subsidiaries, and organize research and development. The main revenue generated from contracts with customers is royalty income from group companies. We recognize this revenue at the time it is generated, and we recognize it in an amount commensurate with the sales the group company recorded.

5. Other key matters underlying our financial statements

(1) Accounting treatment for retirement benefits

When processing unsettled amounts for retirement benefit-related unrecognized actuarial gains or losses, we use a method that differs from that which we use for the consolidated financial statements.

(2) Application of group tax-sharing system

We have adopted the group tax-sharing system. Our accounting treatment of and tax effect accounting for national and local corporate taxes and disclosure are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021).

(3) Translation methods of foreign assets/liabilities

Foreign currency-denominated monetary claims and liabilities are translated to yen using the spot exchange rate of the balance sheet date with translation differences charged to profit and loss in the corresponding fiscal year under review.

## Key accounting estimates

### 1. Valuation of loans to and other financing for negative-equity subsidiaries

We have established a policy for groupwide asset management with a view to ensuring the effective use of assets held by the parent company. Loans are provided to subsidiaries pursuant to this policy. Some subsidiaries have negative shareholder equity, having received intragroup finance; for business reasons, these subsidiaries required sizeable upfront investment whose returns extend over a long timespan. If a negative-equity subsidiary borrows from another Group company, Taiyo Holdings Co., Ltd. guarantees the loan.

Before providing financing or debt guarantees to a subsidiary, we check the subsidiary's business plan to see whether the subsidiary has reasonable prospects of repaying the loan. We then collectively evaluate the subsidiary's capacity to meet its obligations in view of its strategic position, the scale of negative equity, duration of any payment delinquency, the subsidiary's business activities, and the outlooks for revenue and cash flow. Based on this evaluation, we estimate the amount recoverable and the amount of loss to assume in a given fiscal year.

#### (1) Amounts stated in financial statements for year under review

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance of loans to negative-equity subsidiaries	7,296	34,040
Allowance for doubtful accounts	(1,783)	(3,647)
Provision for loss on guarantees	—	82

#### (2) Basis for accounting estimate for recognized item

##### 1) Formula used to calculate book value for year under review

Some subsidiaries have negative shareholder equity because they have received intragroup financing for sizable upfront investment for which returns extend over a long timespan.

Loans to negative-equity subsidiaries are treated as potentially doubtful accounts. The allowance for doubtful accounts is recorded by estimating amounts of bad debts based on an assessment of the collectability of individual loans. For debt guarantees to negative-equity subsidiaries, the financial position of the main debtor is considered and the estimated amount of the future loss to be assumed is posted as a provision for loss on guarantees.

##### 2) Key assumptions underpinning amounts reported on balance sheet for year under review

When estimating the amount debt recoverable from a subsidiary, we refer to subsidiary's business plan. Before providing financing or debt guarantees to a subsidiary, we check the subsidiary's business plan to see whether the subsidiary has reasonable prospects of repaying the loan. We then evaluate the subsidiary's capacity to meet its obligations in view of its strategic position, the scale of negative equity, duration of any payment delinquency, the subsidiary's business activities, and the outlooks for revenue and cash flow. Based on this evaluation, we determine the amount recoverable and the estimated loss to be assumed on debt guarantees in a given fiscal year.

##### 3) Impact on financial statements for next fiscal year

We may potentially record an additional allowance for doubtful accounts and provision for loss on guarantees if we conclude that the subsidiary's business plan has become unachievable in view of missed targets or other factors. The allowance for doubtful accounts and provision for loss on guarantees may also be reversed if the subsidiary clear excess debt.

## Additional information

### Delivering treasury shares to employees through a trust

For details, see the "Notes, Additional information" in the consolidated financial statements.

Balance sheet

\*1. Monetary claims and obligations with associates

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Short-term monetary claims	2,045	1,697
Short-term monetary obligations	3,028	3,876

\*2. Overdraft facility

We concluded an overdraft facility with a bank to help ensure efficient cash flow management. The unused portion of the overdraft as of the closing date was as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Overdraft limit	21,000	21,000
Used portion of overdraft	—	—
Overdraft remaining	21,000	21,000

3. Debt guarantees

We have guaranteed the following loan from an affiliated company to the affiliated company below:

(Millions of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Taiyo Ink Vietnam Co., Ltd	267	1,210
Total	267	1,210

## Statement of income

\*1. The following table shows our transactions with associates.

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Volume of operating transactions		
Operating revenue	14,008	15,456
Operating expenses	796	809
Volume of non-operating transactions		
Non-operating income	373	695
Non-operating expenses	36	119

\*2. The following table shows the main operating expense items and the amounts.

(Millions of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Lease costs	266	282
Wages	539	693
Officer compensation	786	684
Accrued employees' bonuses	118	126
Commission expenses	1,455	1,591
Depreciation	309	467
R&D expenses	1,233	1,551
Advertising and promotional expenses	950	1,014

## Securities

Fiscal year ended March 31, 2023 (As of March 31, 2023)

We have omitted our shares in subsidiaries (42,620 million yen in shares of subsidiaries and associates on the balance sheet). This item is omitted on the balance sheet because it lacks a readily determinable fair value.

Fiscal year ended March 31, 2024 (As of March 31, 2024)

We have omitted our shares in subsidiaries (36,768 million yen in shares of subsidiaries and associates on the balance sheet). This item is omitted on the balance sheet because it lacks a readily determinable fair value.

## Tax effect accounting

### 1. Breakdown of the main factors that generate deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Deferred tax assets		
Denial of accrued employees' bonuses	68	71
Asset retirement obligations	111	112
Allowance for doubtful accounts	546	1,142
Loss on valuation of shares of subsidiaries and associates	2,663	2,663
Impairment losses	315	313
Loss carried forward	681	943
Deemed distribution	112	112
Other	491	594
Deferred tax assets subtotal	4,992	5,953
Valuation allowance for tax loss carried forward	(681)	(943)
Valuation allowance for total future deductible temporary differences	(4,015)	(4,693)
Valuation allowance subtotal	(4,697)	(5,636)
Deferred tax assets total	294	316
Deferred tax liabilities		
Valuation difference on available-for-sale securities	190	309
Prepaid pension cost	90	89
Other	87	84
Deferred tax liabilities total	369	484
Net deferred tax liabilities	74	167

### 2. Breakdown of the main factors underlying any differences between the legally effective tax rate and the actual effective tax rate after applying tax effect accounting

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Fiscal year ended March 31, 2024 (As of March 31, 2024)
Legally effective tax rate	30.62%	30.62%
(Adjusting entries)		
Items such as withholding tax on dividends that are permanently excluded from deductible expenses	5.07	6.30
Items such as dividend income that are permanently excluded from earnings	(56.89)	(71.05)
Inhabitant tax on per capita basis	0.15	0.17
Tax deductions for testing and research expenses	(1.83)	(2.94)
Valuation allowance	10.61	18.82
Tax sparing credits	(1.69)	(1.62)
Other	(0.60)	(0.74)
Actual effective tax rate after applying tax effect accounting	(14.56)	(20.45)

### 3. Accounting treatment of corporate and local income taxes and tax effect accounting for them

We have adopted the group tax-sharing system and our accounting treatment of and tax effect accounting for national and local corporate taxes and disclosure are in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021).

#### Revenue recognition

Our basis for recognizing revenue generated by customer contracts is disclosed in “Main accounting policies, 4. Accounting standard for major revenues and expenses.”

#### Significant subsequent events

None



#### 4) Supplementary schedules

##### Schedule of property, plant and equipment

(Millions of yen)

Class of shares	Type of asset	Balance at beginning of period	Increase	Decrease	Amortization during period	Balance at end of period	Accumulated amortization
Property, plant and equipment	Buildings	4,645	274	0	355	4,563	8,574
	Land	2,735	—	0	—	2,735	—
	Other	2,311	852	2,299	126	738	2,199
	Total	9,692	1,127	2,300	481	8,037	10,774
Intangible assets	Software	1,361	188	17	360	1,172	872
	Other	57	468	170	28	327	101
	Total	1,419	656	187	388	1,500	974

Notes:

1. The decrease in “Other” in “Property, plant and equipment” is due to partial transfer of the construction in progress account to a consolidated subsidiary mainly for the technology development center, and transfer to the main account.
2. The increase in “Other” in “Intangible assets” is mainly due to the acquisition of patent rights.

##### Schedule of provisions

(Millions of yen)

Entry	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	1,783	1,863	—	3,647
Provision for bonuses	224	234	224	234
Provision for loss on guarantees	—	82	—	82

#### (2) Main assets and liabilities

We have omitted this information because we prepare consolidated financial statements.

#### (3) Other

None

## VI. How Taiyo Holdings' (the filing company's) Stocks are Administered

Fiscal year	April 1 to March 31
Ordinary General Shareholders' Meeting	June
Record date	March 31
Record date for dividends of surplus	March 31 September 30
Number of shares constituting one unit	100
Purchase and sale of fractional shares	
Transfer agent	(Special account) 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Shareholder registrar	(Special account) 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Purchasing and selling fee	None
Method of public notice	We issue public notices electronically. However, if we are unable to use this method due to an accident or other unavoidable reason, we will issue public notice through Nihon Keizai Shimbun instead. URL for public notices: <a href="https://www.taiyo-hd.co.jp">https://www.taiyo-hd.co.jp</a>
Special privileges for shareholders	Not applicable

Note: Our Articles of Incorporation provide that shareholders' rights regarding fractional shares are limited to: (1) the rights listed in Article 189-2 of the Companies Act, (2) the right to exercise any put option pursuant to Article 166-1 of said Act, (3) the right to be allotted shares for subscription and share options for subscription commensurate with the number of shares they hold, and (4) the right to exercise any call option attached to the fractional shares.

## VII. Referential Information about Taiyo Holdings (the filing company)

### 1. Parent company

We have no parent company as defined in Article 24-7-(1) of the Financial Instruments and Exchange Act.

### 2. Other referential information

We filed the following disclosure documents between the start of the fiscal year under review and the date we filed the present report.

#### (1) Annual securities report with accompanying documents and certificate

The 77th business term (April 1, 2022 to March 31, 2023):

Filed with the director-general of the Kanto Local Finance Bureau on June 19, 2023

#### (2) Internal control report with accompanying documents

Filed with the director-general of the Kanto Local Finance Bureau on June 19, 2023

#### (3) Quarterly report with certificate

The 1st quarter of the 78th business term (April 1, 2023 to June 30, 2023):

Filed with the director-general of the Kanto Local Finance Bureau on August 1, 2023

The 2nd quarter of the 78th business term (July 1, 2023 to September 30, 2023):

Filed with the director-general of the Kanto Local Finance Bureau on November 6, 2023

The 3rd quarter of the 78th business term (October 1, 2023 to December 31, 2023):

Filed with the director-general of the Kanto Local Finance Bureau on February 2, 2024

#### (4) Extraordinary report

Filed with the director-general of the Kanto Local Finance Bureau on June 19, 2023

Filed pursuant to Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-2-(9)-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs.

Filed with the director-general of the Kanto Local Finance Bureau on April 10, 2024

Filed pursuant to Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-2-(4) of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs.

#### (5) Share buyback report

Reporting period (July 3-31, 2023): Filed with the director-general of the Kanto Local Finance Bureau on August 10, 2023

Reporting period (August 1-31, 2023): Filed with the director-general of the Kanto Local Finance Bureau on September 8, 2023

Reporting period (September 1-30, 2023): Filed with the director-general of the Kanto Local Finance Bureau on October 10, 2023

Reporting period (October 1-31, 2023): Filed with the director-general of the Kanto Local Finance Bureau on November 10, 2023

Reporting period (November 1-30, 2023): Filed with the director-general of the Kanto Local Finance Bureau on December 8, 2023

Reporting period (December 1-31, 2023): Filed with the director-general of the Kanto Local Finance Bureau on January 10, 2024

Reporting period (January 1-31, 2024): Filed with the director-general of the Kanto Local Finance Bureau on February 9, 2024

Reporting period (February 1-29, 2024): Filed with the director-general of the Kanto Local Finance Bureau on March 8, 2024

Reporting period (March 1-31, 2024): Filed with the director-general of the Kanto Local Finance Bureau on April 10, 2024

#### (6) Securities registration statement with accompanying documents

Filed with the director-general of the Kanto Local Finance Bureau on June 27, 2023

Part II Taiyo Holdings' (filing company's) Guarantors

None

## Filing Notes

Document filed:	Certificate
Applicable law:	Article 24-4-2, Paragraph (1) of the Financial Instruments and Exchange Act of Japan
Filed with:	The director general of the Kanto Local Finance Bureau
Date filed:	June 17, 2024
Company name in Japanese:	TAIYO HOLDINGS Kabushiki Kaisha
Company name in English:	TAIYO HOLDINGS CO., LTD.
Representative (title):	Eiji Sato (President and CEO)
Chief Financial Officer (CFO):	Sayaka Tomioka (Managing Executive Officer, CFO)
Address of head office:	388 Ohkura, Ranzanmachi, Hiki-gun, Saitama 355-0222, Japan
Document available at:	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo 103-8220, Japan)

1. Appropriateness of Statements in the Annual Securities Report

Eiji Sato, President & CEO of Taiyo Holdings, Co., Ltd., has confirmed that the statements in the Annual Securities Report for the 78th business term (April 1, 2023 to March 31, 2024) fulfill the integrity requirements of the Financial Instruments and Exchange Act.

2. Special notes

None

## Filing Notes

Document filed:	Internal control report
Applicable law:	Article 24-4-4, Paragraph (1) of the Financial Instruments and Exchange Act of Japan
Filed with:	The director general of the Kanto Local Finance Bureau
Date filed:	June 17, 2024
Company name in Japanese:	TAIYO HOLDINGS Kabushiki Kaisha
Company name in English:	TAIYO HOLDINGS CO., LTD.
Representative (title):	Eiji Sato (President and CEO)
Chief Financial Officer (CFO):	Sayaka Tomioka (Managing Executive Officer, CFO)
Address of head office:	388 Ohkura, Ranzanmachi, Hiki-gun, Saitama 355-0222, Japan
Document available at:	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo 103-8220, Japan)

## 1. Basic framework for internal controls relating to financial reporting

Eiji Sato, President & CEO and Sayaka Tomioka, CFO of Taiyo Holdings, Co., Ltd., are responsible for developing and operating internal controls relating to financial reporting. They do so according to the basic framework for internal controls relating to financial reporting set forth in the Business Accounting Council's revised opinion titled "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)."

Internal controls are supposed to work as part of an integrated whole to achieve the objectives for which they were designed, as far as is reasonably practical. As such, internal controls relating to financial reporting cannot absolutely guarantee success in preventing or detecting misstatements in financial reporting.

## 2. Evaluation scope, date, and procedures

We evaluated our internal controls relating to financial reporting on March 31, 2024, the last day of the fiscal year under review. We based this evaluation on standards for such evaluations that are generally accepted in Japan as fair and valid.

We first evaluated those organization-wide internal controls that significantly influence financial reporting as a whole, on a consolidated basis. We then selected the business processes to evaluate based on the results. Having selected the business processes to evaluate, we analyzed these processes to identify the key controls relevant to the integrity of our financial reporting. We then evaluated the adequacy and operational effectiveness of these key controls. From this evaluation, we determined whether the internal controls are effective.

In determining the scope of our evaluation of internal controls related to financial reporting, we sought to cover all matters that are materially relevant to the integrity of our (Taiyo Holdings and our consolidated subsidiaries) consolidated financial reporting, considering both monetary/quantitative and qualitative relevance. After considering the results of our organization-wide evaluation, which covered Taiyo Holdings and 13 consolidated subsidiaries, we determined a reasonable scope of financial reporting processes to target in the evaluation. In this organization-wide evaluation, we did not consider those business sites that we deemed to have negligible monetary/quantitative and qualitative relevance.

We determined the financial reporting processes to target as follows: First, we ranked all business entities in descending order of their forecasted net sales for the consolidated fiscal year under review (discounting inter-company transactions), which we forecasted in view of their actual net sales for the previous consolidated fiscal year (again, discounting inter-company transactions). Next, we extracted the entities in order of rank (working from the top-ranking entity downward) until we had extracted a group of entities collectively representing two-thirds of the consolidated net sales. We defined this group as "monetarily/quantitatively and qualitatively relevant business entities." There were eight such entities (Taiyo Holdings and seven consolidated subsidiaries) in this group. We focused on evaluating the business processes of these eight entities related to accounting categories that constitute significant indicators of our corporate objectives—namely, net sales, accounts receivables, and inventories. We also evaluated some other business and workflow processes of other business locations that we deemed materially relevant to financial reporting because they constitute a significant risk factor of material misstatements, even though these locations were not among the selected significant business locations. These additional processes included those that pertain to the key accounting categories underlying estimates and projections, and that involve high-risk transactions.

## 3. Evaluation outcome

Having conducted the above evaluation, we concluded that our internal controls relating to financial reporting are effective as of the last day of the fiscal year under review (March 31, 2024).

## 4. Supplementary notes

None

## 5. Notes on special matters

None