

# Establishment of a “2030 Committee”

Taiyo Holdings Co., Ltd. | May 28, 2025

## ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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2025

# Executive Summary (1/2)

## Initiatives implemented to enhance corporate value

- Taiyo Holdings believes that management with a long-term perspective will become increasingly important for “achieving a cheerful society,” which is our management philosophy. Therefore, in 2021, [we formulated Beyond Imagination 2030 as our long-term management plan.](#)
- In Beyond Imagination 2030, [we have set seven basic policies aimed at achieving our goals for 2030. We have placed particular emphasis on strengthening human capital in accordance with the first basic policy: “Develop and utilize self-sufficient personnel.” Additionally, under the policy of “Advance and evolve through digital transformation,” we have undertaken new initiatives.](#)
- In addition, we have set quantitative targets of [achieving an ROE of 18% by 2030 and maintaining a DOE of at least 5% \(with forecasts of 16% for ROE and 17% for DOE for the fiscal year ending March 2026\).](#) In March 2025, we announced a change in our shareholder return policy to improve ROE with the aim of achieving a consolidated total payout ratio of 100% at least until the fiscal year ending March 2028). Medical and Pharmaceuticals has shown steady growth, with a focus on CDMO, and has achieved its sales target of 30 billion yen ahead of schedule by 2025.
- [While we are accelerating efforts to achieve our goals for 2030 as stated above, based on our constructive dialogues with many shareholders, we have decided to disclose to our shareholders, customers, employees, and all other stakeholders the challenges we currently recognize and our perspectives on future initiatives aimed at maximizing corporate value.](#)

## Management challenges and future initiatives

- While we have presented a long-term management plan with 2030 as a milestone, [we recognized that we have not provided a concrete roadmap for the path leading up to 2030. To align our understanding with that of our shareholders and investors, we have decided to formulate a medium-term management plan that runs through the fiscal year ending March 2031. This plan will serve as a roadmap for achieving our goals for 2030.](#)
- [We will particularly conduct a thorough review of our ideal business portfolio, business strategies for medium - to long-term growth, and overall capital allocation strategy based on strategic investments and shareholder return policy.](#)
- [We have approximately tripled our net sales and quadrupled our operating income over the past 14 years, thanks to the strong leadership of executive board directors, including Eiji Sato, and the execution capabilities of our business operations department. Based on shareholder feedback, we will consider opportunities for structural reinforcement increased transparency in the supervisory function of business execution from the perspective of enhancing our corporate value.](#)
- [We will reevaluate the approach to more appropriate and sincere information disclosure \(both financial and non-financial\) and investor relations communications so that all stakeholders will have a clear understanding of our perspective, including the points mentioned above.](#)

# Executive Summary (2/2)

## Evaluation framework

- Based on the management challenges and future initiatives described on the previous page, [we have decided to establish the 2030 Committee as a forum for discussion to ensure objectivity and transparency, aiming to enhance corporate value over the medium - to long-term and secure shareholders' common interests. It will be composed of internal board directors and external experts.](#)
- Additionally, we have set up a special committee composed of outside board directors and an external expert to conduct a fair, transparent, and objective comparison and evaluation of the capital policy to be considered by the Board of Directors, and to make recommendations to the Board of Directors.
- Under the 2030 Committee, [working groups \(WGs\) will be established for each agenda item.](#) We plan to initially establish the following WGs based on the seven basic policies outlined in our long-term management plan and the management challenges we currently recognize.
  - [WG for strengthening the foundation](#): Carefully consider measures that support and sustain corporate value, such as the development of self-sufficient personnel and digital transformation (DX), which are the foundation of the company (basic policies 1, 4, and 7)
  - [WG for growth strategy and business portfolio](#): After reviewing the ideal business portfolio, particularly by reassessing the positioning of the Medical and Pharmaceuticals business within the entire company, develop growth strategies for each business, including M&A, and redefine each targeted industry presence (basic policies 2, 3, 5, and 6)
  - [WG for capital allocation](#): Review the shareholder return policy and other related policies based on the overall growth strategy
  - [WG for governance](#): Enhance the objectivity and transparency of the decision-making process by further strengthening supervisory functions
  - [WG for shareholder and investor relations](#): Reevaluate the approach to more appropriate and sincere information disclosure (both financial and non-financial) and investor relations
  - [WG for capital policy](#): Review the capital policy to be adopted from the perspective of enhancing corporate value and securing shareholders' common interests

## Future schedule

- [After determining the composition of the 2030 Committee and its working groups, we will promptly kick off activities.](#)
- We will report on the progress of the 2030 Committee's discussions alongside the announcement of the first-quarter financial results in early August.
- [The medium-term management plan is expected to be announced in late August.](#)
- [The release of the final report is scheduled for early November alongside the announcement of the second-quarter financial results.](#) Afterward, we will continue to monitor progress and disclose updates as appropriate.

# Our Management:

## Seven basic policies for realizing the long-term management plan

- In Beyond Imagination 2030, we have set seven basic policies aimed at achieving our goals for 2030 and have been working to enhance corporate value.
- We have placed particular emphasis on the development of self-sufficient personnel, which is our first basic policy. Additionally, we have undertaken new initiatives to promote digital transformation.

### 01 Develop and utilize self-sufficient personnel who respond to diversifying organizations and societies

By creating opportunities and environments where employees can grow and take on challenges through education, personnel rotations, and improvements in the internal environment, we will focus on developing self-sufficient personnel who can set their own goals and pursue them with high aspirations.

### 02 Achieve continuous growth and explore new business areas in the Electronics business

We will mainly focus on strengthening our customer base for solder resist (SR), continuing to launch new products quickly, and promoting the expansion of applications. Through these efforts, we will expand our share in the SR market and create new businesses that will become pillars of our earnings following SR.

### 03 Grow the Medical and Pharmaceuticals business further

We will explore business models that are less vulnerable to environmental factors, build the necessary infrastructure to continue the stable supply of existing products, and provide new pharmaceuticals that meet the needs of medical institutions and patients.

### 04 Transform and evolve through digital transformation

To capture rapid changes in the business environment and strengthen our global competitiveness, we will transform all of our operations and systems, including order processing, production management, research and development, and new business development, thereby providing new value to our customers.

### 05 Create new businesses

To enhance corporate value over the medium to long term, we will focus on strengthening our existing businesses while emphasizing efforts to continuously create new businesses that will become pillars of our earnings.

### 06 Execute strategic M&A

To strengthen existing businesses and accelerate the launch of new businesses, we will continue to actively pursue strategic business alliances, capital alliances, and mergers and acquisitions (M&A), in addition to utilizing our group's management resources.

### 07 Strengthen efforts for SDGs

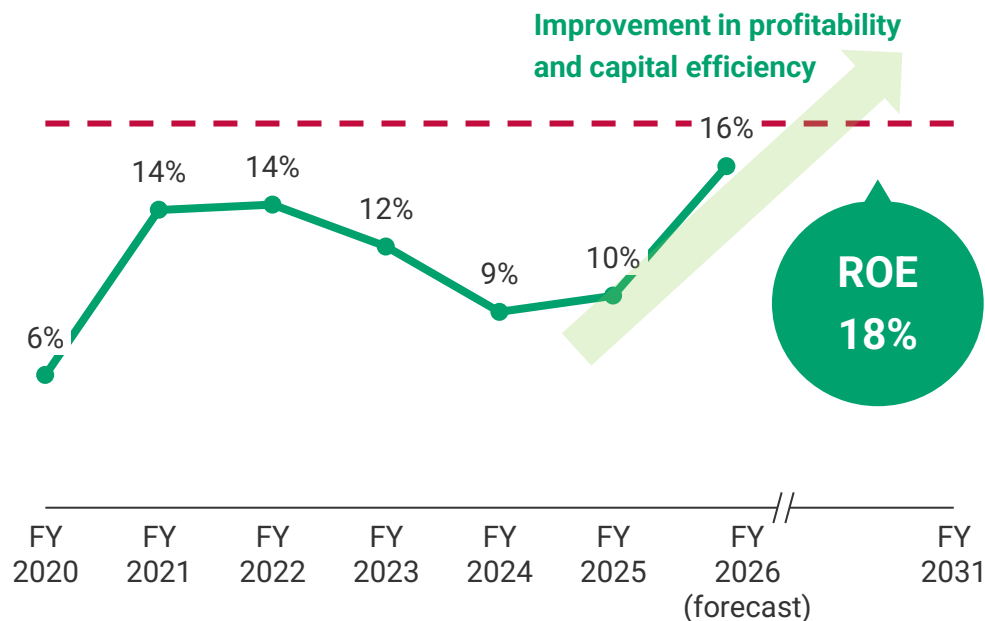
We will fulfill our corporate social responsibility through various initiatives, including the Electronics business promoting technological innovation, the Medical and Pharmaceuticals business focusing on the manufacturing, stable supply, and marketing of pharmaceuticals, the Energy business addressing climate change, the Food business tackling food shortages, and the ICT business.

# Our Management: KPIs in the long-term management plan and their progress

- In Beyond Imagination 2030, we have set ROE and DOE as key performance indicators (KPIs). **While an ROE is expected to be 16% for the current fiscal year, we will work to achieve an ROE of 18% by further improving profitability and capital efficiency.** Additionally, we expect to achieve a DOE of at least 5% by setting a target consolidated total payout ratio of 100%.

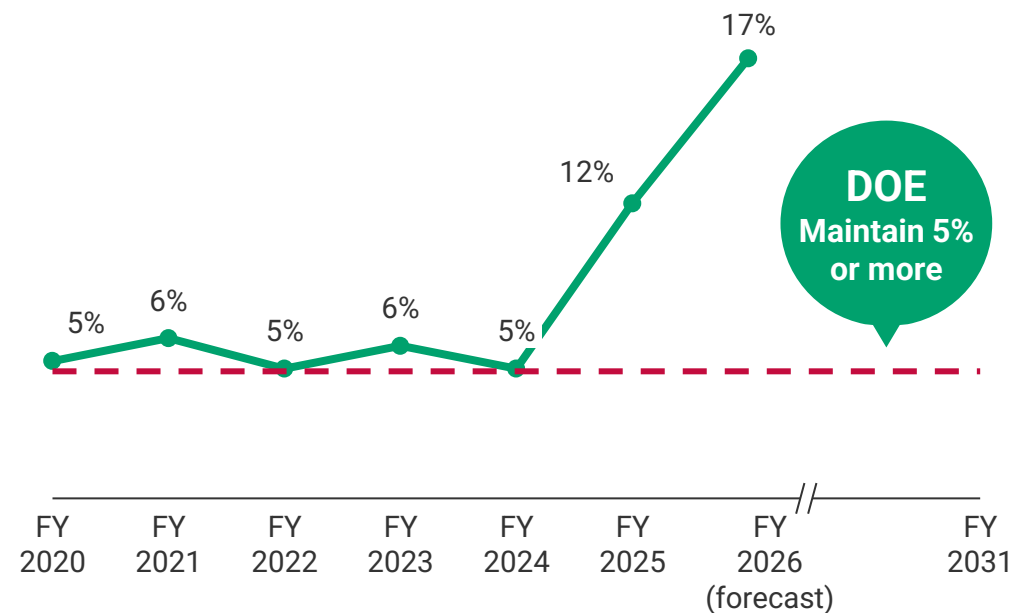
## Changes in ROE

- Our ROE target for the fiscal year ending March 2028 (FY 2028) is 18% on a consolidated basis.
- Although ROE remained 10% in the fiscal year ended March 2025 (FY 2025) partly due to extraordinary losses, we expect it to reach 16% in the fiscal year ending March 2026 (FY 2026).
- In addition to improving profitability to achieve an ROE of 18%, we will also work to improve capital efficiency.



## Changes in DOE

- In Beyond Imagination 2030, we have set a target to maintain a DOE of 5% or more as a guideline for our dividend policy.
- In March 2025, we announced that we will return profits to shareholders with the aim of achieving a consolidated total shareholder return ratio of 100% at least until the fiscal year ending March 2028 (FY 2028), as part of efforts to improve ROE.**



# Management Challenges and Future Initiatives

1

Disclosure of roadmap for achieving the long-term management plan

- While we disclose our long-term management plan toward 2030, as well as short-term information such as business outlooks and earnings forecasts for the current fiscal year, **we have not disclosed medium-term management targets or KPIs. We understand that this situation may easily lead to potential misunderstandings between us and investors.**
- Since we have not disclosed any concrete plan between short-term targets and a long-term management plan, **we will create a medium-term management plan (by the fiscal year ending March 2031) as a roadmap for achieving our long-term management plan** and share progress on enhancing corporate value with all stakeholders.

2

Initial Consideration Points for the medium-term management plan

- **Strengthen our foundation:** As stated in the first basic policy of the long-term management plan, we will focus on developing self-sufficient personnel as the foundation for our continued growth. We will also accelerate initiatives for digital transformation to transform our operations and systems and provide new value to our customers. In both areas, we will explore whether there is room for further improvement to strengthen our foundation.
- **Review the ideal business portfolio and strategies:** We will assess the ideal business portfolio for the entire company, with a particular focus on the Medical and Pharmaceutical business. Based on our portfolio strategy, we will organize growth strategies that includes discontinuous growth through measures such as M&A. Additionally, we will redefine each targeted industry presence.
- **Comprehensive capital allocation strategy:** In addition to maintaining a DOE of at least 5.0% and achieving a consolidated total payout ratio of 100% at least until the fiscal year ending March 2028, we will review a comprehensive capital allocation strategy based on our business strategies.

3

Reinforcement of the supervisory function of business execution

- **We have approximately tripled our net sales and quadrupled our operating income over the past 14 years, thanks to the strong leadership of executive board directors, including Eiji Sato, and the execution capabilities of our business operations department.**
- **On the other hand, considering shareholder feedback, we recognize that there may be room for improvement in the supervisory function of business execution from the perspective of enhancing corporate value. We will consider building a system that ensures objective and transparent decision-making, contributing to enhance corporate value and secure shareholders' common interests.**

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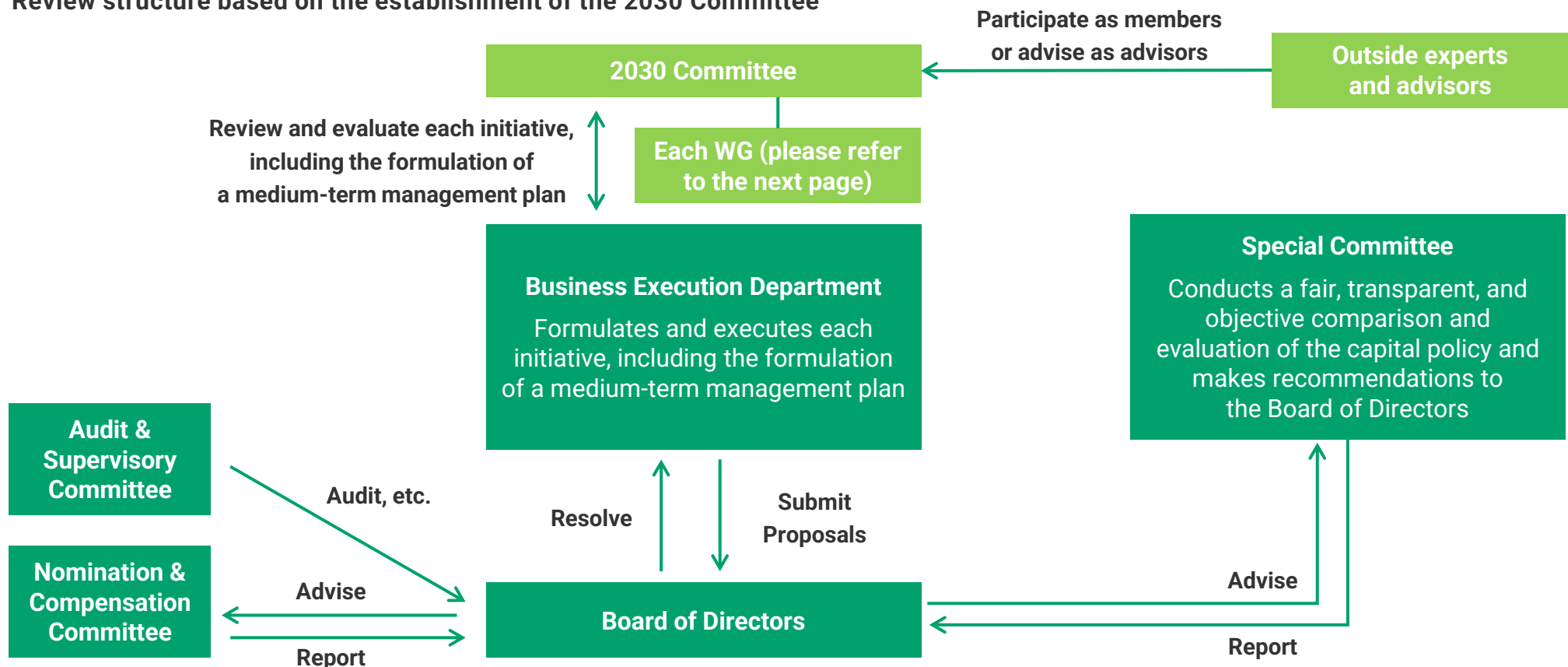
Appropriate information disclosure

- **There may be an information gap between our business execution team and shareholders and investors, such as regarding the medium-term management plan mentioned above.**
- **While we have been communicating with shareholders and investors in various ways, we will reevaluate our approach for more appropriate and sincere information disclosure (both financial and non-financial) and investor relations initiatives, with a focus on all stakeholders, to foster a better understanding of our company among all stakeholders.**

# Purpose of the 2030 Committee and Review Structure

- We will establish the 2030 Committee to examine and address various management challenges, including the formulation of a medium-term management plan, with the aim of realizing our long-term management plan for 2030. We will build a process that ensures objectivity and transparency and a system that leverages the knowledge of outside experts.
- Additionally, we have set up a special committee composed of outside board directors and an external expert to conduct a fair, transparent, and objective comparison and evaluation of the capital policy to be considered by the Board of Directors, and to make recommendations to the Board of Directors.

## Review structure based on the establishment of the 2030 Committee





# Discussion Points Expected for the 2030 Committee

- We will establish working groups (WGs) for each agenda item under the 2030 Committee. Each WG will be composed of internal and external members who are well-suited for each agenda item.

## Initially expected 2030 Committee WGs

### 1 WG for strengthening the foundation

- Considers approaches to developing self-sufficient personnel and digital transformation, both of which support the foundation of the company's continued growth (basic policies 1, 4, and 7)
- Reviews the process of developing self-sufficient personnel in light of future growth strategies

### 2 WG for growth strategy and business portfolio

- Reviews the ideal business portfolio. Particularly reassess the positioning of the Medical and Pharmaceuticals business within the entire company, as a certain period of time has elapsed since its market entry (basic policies 3, 5)
- Reviews growth strategies, including M&A, to formulate the medium-term management plan (basic policies 2, 3, 5, and 6)

### 3 WG for capital allocation

- Reviews the optimal capital allocation based on the recommendation of the WG for growth strategy and business portfolio
- Confirms and evaluates investment discipline in new businesses, M&A, etc.
- Develops an appropriate shareholder return policy

### 4 WG for governance

- Aims to establish a corporate governance structure that earns the trust of general shareholders
- Examines the current corporate governance issues and considers measures to improve effectiveness

### 5 WG for shareholder and investor relations

- Consider methods of dialogue with shareholders and investors
- Reevaluate the appropriate approach to information disclosure (both financial and non-financial) and investor relations initiatives

### 6 WG for capital policy

- Review the ideal capital policy to be adopted from the perspective of enhancing corporate value and securing shareholders' common interests through the achievement of Beyond Imagination 2030



# Future Schedule

- We will continuously report on the 2030 Committee's examination process and the status of subsequent execution of its recommendations.
- After determining the composition of the 2030 Committee and its working groups, we will promptly kick off the activities and announce the medium-term management plan in late August.

## Scheduled activities and reports (tentative)

### June 2025

- Promptly kick off activities after determining the composition of the 2030 Committee and its working groups

### Late July 2025

- Compile an interim report within the company

### August 2025

- Release an interim report on the activities of the 2030 Committee alongside the announcement of the first-quarter financial results
- Release a medium-term management plan based on the 2030 Committee's activities in late August

### November 2025

- Release a final report alongside the announcement of the second-quarter financial results
- Even after the final report is released, continue to monitor actions and progress in addressing management challenges to enhance corporate value and promoting continuous activities based on the examination of the 2030 Committee (disclosures will be made as appropriate)



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