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To whom it may concern:

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Notice Regarding Initiatives to Enhance Corporate Value and Secure Shareholders' Common Interests Following the Transition to a New Management Structure

As announced in the “Notice Regarding Change in Representative Director” dated June 23, 2025, Taiyo Holdings Co., Ltd. (hereinafter, “Taiyo Holdings”) transitioned to a new management structure following the resolutions adopted at the 79th Ordinary General Shareholders’ Meeting held on June 21, 2025 (hereinafter, the “2025 Ordinary General Shareholders’ Meeting”). As set forth below, Taiyo Holdings hereby announces an overview of this new management structure, together with its future policy regarding consideration of various options. These options include proposals already received by Taiyo Holdings, such as capital and business alliances and acquisition proposals, including privatization offers through a special purpose company (hereinafter, the “Proposals”).

1. Regarding the Transition to a New Management Structure

Mr. Hitoshi Saito (hereinafter, “Mr. Saito”) was appointed as a Board Director of Taiyo Holdings in June 2016. Since May 2022, he has served as CEO of the Electronics Company, and since June of the same year, as Vice President. In addition, Mr. Saito has overseen the Group’s subsidiaries as the person responsible for those companies. At the Board of Directors meeting held on June 21, 2025, taking into consideration the report from the voluntary Nomination and Compensation Committee held on the same day, the Board of Directors resolved to appoint Mr. Saito as President and CEO, judging that his experience and expertise would contribute to the Group’s decision-making.

Furthermore, at the same Board of Directors meeting, taking into consideration the report from the said Nomination and Compensation Committee, the Board of Directors also resolved to appoint Mr. Eiji Sato (hereinafter, “Mr. Sato”), who has served as President and CEO to date, as Senior Corporate Executive Officer. The circumstances leading to the above conclusion by the Nomination and Compensation Committee and the Board of Directors are as follows.

- Mr. Sato previously had been involved in overall management, including company-wide strategies, as the President, Group Chief Executive Officer (CEO) and Risk Management Officer of Taiyo Holdings. He also led the Medical and Pharmaceuticals business as the CEO of Medical and Pharmaceuticals Company, as well as Chairman and Representative Director of Taiyo Pharma Co., Ltd., and President and Representative Director of Taiyo Pharma Tech Co., Ltd.
- Based on the fact that Mr. Sato was not appointed as a Board Director at the 2025 Ordinary General Shareholders' Meeting, Taiyo Holdings determined that it would be preferable for him not to be involved in the overall decision-making and management of the Group, and decided on a personnel change in which Mr. Sato would step down from the posts of Group CEO and Risk Management Officer.
- At the same time, as Taiyo Holdings is engaged in the manufacturing and marketing of pharmaceuticals, as well as contract development and manufacturing of pharmaceuticals, it is required to ensure a stable supply of ethical pharmaceuticals. Accordingly, from the perspective of minimizing the negative impact on operations, Taiyo Holdings has decided to appoint Mr. Sato as the CEO of the Medical and Pharmaceuticals

Company strictly as a provisional measure. Additionally, several business partners, employees and other stakeholders have raised concerns about potential disruption to business activities. In a situation where preparations have not yet sufficiently been completed, Taiyo Holdings has determined that replacement of the CEO of the Medical and Pharmaceuticals Company could cause disruption to operations, potentially have a significant adverse impact on healthcare professionals, patients, and customers in the pharmaceutical manufacturing and marketing sectors, and could undermine trust in Taiyo Holdings and its corporate value in the pharmaceutical market, despite the stable supply of ethical pharmaceuticals being a social responsibility

- Also, taking into account that Taiyo Holdings has adopted a structure in which the Electronics business and the Medical and Pharmaceuticals business have been managed and supervised by appointing Senior Corporate Executive Officers, except for the Group CEO, as officers in charge of each business, Taiyo Holdings nominated Mr. Sato as a Senior Corporate Executive Officer.
- However, although the current policy is for Mr. Sato to continue serving as CEO of the Medical and Pharmaceuticals Company as described above, Taiyo Holdings is proceeding with action to swiftly implement structural changes while minimizing disruption to its businesses. After considering Taiyo Holdings' succession plan, these changes are expected to be finalized based on a deliberation by the Nomination and Compensation Committee and a resolution by the Board of Directors. Please note that while Taiyo Holdings' succession plan is currently an agenda of the 2030 Committee, it is scheduled to be examined and determined as early as possible, taking into consideration the impact on businesses.

Please note that Mr. Sato will only serve as interim head of the Medical and Pharmaceuticals business and will not participate in either the 2030 Committee or the special committee. Also, he will not be involved in any of the company's decision-making processes that are not directly related to the operation of the Medical and Pharmaceuticals business, including the review and consideration of the Proposals. In addition, while Senior Corporate Executive Officers normally attend Board of Directors meetings as observers at Taiyo Holdings, in light of concerns raised regarding Mr. Sato's influence on management and the company's governance through dialogue with shareholders, investors, and other stakeholders, Mr. Sato will not participate as an observer in Board of Directors meetings with respect to the review and consideration of the Proposals, or matters and resolutions related to privatization, capital policy, business portfolio, or succession planning.

2. The Review Structure for the Proposals and a Future Schedule

In light of the Proposals received, Taiyo Holdings has established a special committee to consider various options from the perspective of enhancing corporate value and securing the shareholders' common interests. Even after the transition to the new management structure, there have been no changes to this review structure or its policies.

From the standpoint of enhancing corporate value and securing shareholders' common interests, Taiyo Holdings believes that it is essential to deepen discussions with proposers based on the medium-term management plan. Currently, the 2030 Committee, which includes external members, is reviewing feasible proposals for the medium-term management plan. The results of this review will be announced around late August. Taiyo Holdings will proceed to consider its capital policy (including a review of the Proposals) in line with the plan. Eventually, after the Board of Directors determines a policy based on the recommendations of the 2030 Committee, advice from the special committee will be sought, and then the ideal capital policy will be decided and disclosed. (Details on the composition of the 2030 Committee and the working groups for each agenda item have been released in the news release titled "Notice Regarding the Details of a '2030 Committee'" dated June 12, 2025.). Since the content of the Proposals may change depending on how the medium-term management plan will be formulated, Taiyo Holdings believes that reviewing such proposals in the relevant order is desirable from the standpoint of enhancing corporate value and securing shareholders' common interests.

Naturally, this does not mean that Taiyo Holdings will not consider any proposals prior to the formulation of its medium-term business plan. In particular, with regard to the Proposals it has received since late February this year, Taiyo Holdings' policy is to reengage in discussions with proposers, as the share price and business environment serving as assumptions at the time the Proposals were received have significantly changed. Additionally, while not amounting to official proposals, Taiyo Holdings has also received multiple inquiries expressing interest in certain options. In addition to the Proposals already submitted, Taiyo Holdings intends to examine a wide range of options which it believes are desirable from the standpoint of enhancing corporate value and securing shareholders' common interests.

At present, Taiyo Holdings is moving forward with the establishment of processes that include the issuing of requests for proposals to potential candidates and the acceptance of due diligence. These processes will be successively implemented after advice and a report are sought from the special committee.

Additionally, in the "Notice Regarding DIC's Response to the Outcome of the 79th Ordinary General Shareholders' Meeting of TAIYO HOLDINGS" dated June 24, 2025, it was stated that DIC Corporation, which has entered into a capital and business alliance with Taiyo Holdings, had presented a proposal for the privatization of Taiyo Holdings from the end of 2024 through and after January 2025, in which the details of the purchase price and key transaction terms, constituting elements that would form the basis of a "bona fide proposal," were specifically indicated. However, this is not accurate. In late February 2025, Taiyo Holdings received, for the first time, a proposal addressed to its Board of Directors from a private equity fund (hereinafter, "PE Fund"), and established a special committee in March to examine such Proposals.

To date, Taiyo Holdings has not rejected the Proposals from the PE Funds and other parties. Taiyo Holdings is sincerely considering bona fide proposals based on the "Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholders' Interests—" released by the Ministry of Economy, Trade and Industry of Japan in August 2023. Going forward, Taiyo Holdings will act as described above.

3. Future Outlook

The impact of this initiative on the consolidated financial results for the fiscal year ending March 2026 is currently under careful examination. Should any matters requiring disclosure arise, Taiyo Holdings will promptly make an announcement.