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To whom it may concern:

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Notice Regarding the Issuance of New Shares as Stock Compensation Plan

Taiyo Holdings Co., Ltd. (hereinafter, “Taiyo Holdings”) hereby announces that its Board of Directors resolved at a meeting held on August 1, 2025, to issue new shares as part of its stock compensation plan (hereinafter, “New Share Issuance”). Taiyo Holdings resolved at the Board of Directors meeting held on June 25, 2025, to issue new shares as part of its stock compensation plan (hereinafter, the “previous issuance”). However, due to procedural errors, the issuance of new shares as part of the performance-based stock compensation plan was forfeited. Therefore, Taiyo Holdings has again decided to issue new shares as part of the performance-based stock compensation plan.

1. Outline of the Issue

(1) Payment date	August 20, 2025
(2) Total number of new shares to be issued	23,100 shares of common stock
(3) Issue price	6,750 yen per share (Note 1)
(4) Total amount of the issue price	155,925,000 yen (Note 2)
(5) Offering or allotment method	Third-party allotment: 23,100 shares
(6) Allottees	<p>Executive Board Director 7,700 shares (excluding *one who has retired)</p> <p>Executive Board Director 12,800 shares (*who has retired)</p> <p>Senior Corporate Executive Officer 1,300 shares (excluding *one who has retired)</p> <p>Senior Corporate Executive Officer 1,300 shares (*who has retired)</p> <p>* “Executive Board Director and Senior Corporate Executive Officer who have resigned” refer to those who held each position during the period from the date of the 78th Ordinary General Shareholders’ Meeting (June 15, 2024) to the day before the date of the 79th Ordinary General Shareholders’ Meeting (June 21, 2025) and who resigned or retired from such positions after the date of the 79th Ordinary General Shareholders’ Meeting and as of August 1, 2025. They continue to hold their positions as officers of Taiyo Holdings.</p>
(7) Capital contribution method	Allottees will purchase the shares with cash.
(8) Other details	Taiyo Holdings has submitted an extraordinary report pursuant to the Financial Instruments and Exchange Act concerning the New Share Issuance.

(Note 1) The estimated amount is based on the issue price calculated using the issue price for the previous issuance (6,750 yen) as a reference. On August 12, 2025 (hereinafter, the “term determination date”), Taiyo Holdings will consider various factors such as share price fluctuations to select the highest of the following as the issue price of the new shares: (1) the issue price for the previous issuance (6,750 yen), (2) the closing price of our common shares on the Tokyo Stock Exchange Prime Market on July 31, 2025 (6,630 yen), and (3) the closing price of our common shares on the Tokyo Stock Exchange Prime Market on the trading day immediately preceding the term determination date (August 8, 2025). Taiyo Holdings has made this decision because the new share issuance will replace the previous issuance, and we will release the summary of earnings results for the first quarter of the fiscal year ending March 31, 2026, today. Taiyo Holdings has taken into consideration the impact on the price of our shares following the earnings release, as well as the interests of existing shareholders.

(Note 2) The total issue price will be determined based on the number of new shares to be issued and the issue price determined in accordance with (Note 1).

2. Purpose and Reason for the Issuance

Taiyo Holdings has a restricted stock compensation plan and a performance-based stock compensation plan for executive board directors (referring to board directors as defined in each item under Article 363, paragraph (1) of the Companies Act; the same applies hereinafter) and senior corporate executive officers (hereinafter, collectively “Payment Recipients”). These plans aim to provide incentives that facilitate the sustained enhancement of the Group’s corporate value and foster further value sharing with shareholders. Additionally, Taiyo Holdings has a post-grant restricted stock granting plan for executive officers (excluding senior corporate executive officers and including employees treated as executive officers who have entered into a consignment agreement with Taiyo Holdings). This plan aims to foster a sense of belonging at the company and awareness of participation in management, enhance motivation and morale toward long-term business performance improvement and appreciation of share price, and pursue further value sharing with shareholders by granting common shares.

Although Taiyo Holdings resolved at the Board of Directors meeting held on June 25, 2025, to issue new shares, a portion of that issuance (the portion related to the performance-based stock compensation plan) was forfeited due to procedural errors. Thus, Taiyo Holdings has again decided to issue new shares in accordance with the performance-based stock compensation plan.

(1) Overview of Performance-Based Stock Compensation Plan

Under the performance-based stock compensation plan, Taiyo Holdings shall pay cash to Payment Recipients as a payment for their allotted shares of common stock to be newly issued or disposed of by Taiyo Holdings as performance-based stock compensation.

Once the eligibility period (meaning the period beginning from the date of the Ordinary General Shareholders Meeting held two years before the fiscal year in which the performance-based stock compensation is paid and ending on the day before the Ordinary General Shareholders Meeting held in the fiscal year before then) has elapsed, Payment Recipients who have received their performance-based stock compensation pay this cash in exchange for common shares issued or disposed of by Taiyo Holdings. However, all income tax, resident tax, and other taxes levied on the performance-based stock compensation, all social security premiums connected with the performance-based stock compensation, all payment handling fees, and any fractional portion (the rounded off portion) are excluded from performance-based stock compensation; hereafter the same shall apply.

Performance-based stock compensation is contingent on the following: (1) The Payment Recipients undertake to exchange the entirety of their performance-based stock compensation for their allotted common stock issued or disposed of by Taiyo Holdings, and (2) the Payment Recipients sign an agreement with Taiyo Holdings concerning the

performance-based stock compensation (the Performance-based Stock Agreement).

However, for payment under the performance-based stock compensation plan, Payment Recipients will only receive cash bonuses in cases where laws or judicial judgments prevent Taiyo Holdings from allotting common shares which were issued or disposed of Payment Recipients. Also, if the number of common shares that should be issued or disposed of in accordance with the performance-based stock compensation plan exceeds the Performance Stock Cap. or the Holdings Cap., an amount equivalent to the shares in excess number will be paid in cash as performance-based stock compensation.

Additionally, individuals who inherit the right to receive performance-based stock compensation from Payment Recipients shall only receive cash bonuses as performance-based stock compensation.

Under the performance-based stock compensation plan and the restricted stock compensation plan (hereinafter, “Two plans”), Taiyo Holdings allots its shares of common stock, which are issued or disposed of by Taiyo Holdings, to Payment Recipients under conditions (1) through (4) below.

- 1) The total number of common shares issued or disposed of by Taiyo Holdings under the restricted stock compensation plan in one fiscal year shall be 80,000 shares (hereinafter the “Restricted Stock Cap”), while the number of common shares issued or disposed of by Taiyo Holdings under the performance-based stock compensation plan in one fiscal year shall be 200,000 shares (hereinafter the “Performance Stock Cap”). Furthermore, the aggregate number of common shares newly issued or disposed of by Taiyo Holdings under Two plans for a given fiscal year shall be fewer than 2,840,000 shares (hereinafter, “Holdings Cap”) when combined with the common shares held by all Payment Recipients (limited to individuals who are in the position of Payment Recipients at the time of receipt).
- 2) The Restricted Stock Cap, Performance Stock Cap, and Holdings Cap may be adjusted in proportion to the split ratio or merger ratio, within reason, if Taiyo Holdings undertakes a stock split or reverse stock split, or if it becomes necessary to adjust the cap.
- 3) Under Two plans, the allocation of the number of shares shall prioritize determining the number of common shares allocated under the restricted stock compensation plan before those under the performance-based stock compensation plan.
- 4) The amount paid per share of common stock of Taiyo Holdings allotted under Two plans shall be determined by the Board of Directors. Generally, the amount will be the closing price of Taiyo Holdings’ common shares on the Tokyo Stock Exchange (hereinafter, the “TSE”) as of the business day preceding the date of the resolution of each Board of Directors meeting regarding the determination of the offering of the common shares to be issued or disposed of (or the closing price of the most recent trading day if no trading is reported on that day). The amount shall remain within a range that does not confer an undue advantage to Payment Recipients receiving the common shares.

In the Issuance, Taiyo Holdings will pay 354,693,752 yen of performance-based stock compensation to the Payment Recipients, this amount being within 3.4% of the profit before income taxes (14,566 million yen) as of the 79th fiscal year by “1 - the average effective tax rate for the most recent three fiscal years - the average ratio of net income attributable to noncontrolling interests for the most recent three fiscal years (71.62%).” This performance-based stock compensation will be exchanged for 23,100 common shares to be issued as performance-based stock compensation pursuant to the performance-based stock compensation plan. The transfer restriction period will last three years, starting from the payment date of the newly issued common shares.

Under the Issuance, pursuant to the performance-based stock compensation plan four Payment Recipients designated as allottees will receive 23,100 shares of common stock.

(2) Summary of Performance-Based Stock Agreement

1) Period of agreement: August 20, 2025, to August 19, 2028

2) Time when restrictions are lifted

Restrictions on the allotted shares (as used in this section (2), “allotted shares” means the common shares allotted pursuant to this agreement) will be lifted in their entirety once the transfer restriction period elapses (the period may be adjusted at the shareholder’s request if an inheritance process concerning the shareholder has commenced).

3) Management of shares

The allotted shares are managed in a dedicated account opened by the Payment Recipients at SMBC Nikko Securities Inc. during the transfer restriction period so that the Payment Recipients will be unable to execute a transfer, create a security interest or dispose of them during the transfer restriction period. The Payment Recipients shall agree on the management of the account.

4) Provision for corporate reorganization, etc.

Taiyo Holdings may lift the restrictions on the entirety of the allotted shares by resolution of the Board of Directors if (1) the Ordinary General Shareholders Meeting approves a corporate reorganization (or the Board of Directors does so, if Ordinary General Shareholders Meeting’s approval is unnecessary), such as a merger agreement in which Taiyo Holdings becomes a non-surviving company or a share exchange agreement or a share transfer plan under which Taiyo Holdings becomes a wholly-owned subsidiary of another company, or (2) a change in controlling shareholder occurs. For (1), the restrictions will be canceled immediately before the business day preceding the effective date of the corporate reorganization. For (2), they will be canceled on the day on which the change in controlling shareholder occurs.

3. Calculation Basis of Payment Amounts and Relevant Details

Taiyo Holdings will select the highest of the following as the issue price of the new shares: (1) the issue price for the previous issuance (6,750 yen), (2) the closing price of our common shares on the Tokyo Stock Exchange Prime Market on July 31, 2025 (6,630 yen), and (3) the closing price of our common shares on the Tokyo Stock Exchange Prime Market on the trading day immediately preceding the term determination date (August 8, 2025), given that this new share issuance is intended to replace the previous issuance, and in consideration of the interests of existing shareholders, as stated in 1. Outline of the Issue (Note1).

Taiyo Holdings believes that this method of determining the issue price of new shares is reasonable and does not constitute a price that is particularly advantageous to the Payment Recipients, as it considers the interests of existing shareholders and sets the issue price at the same level as the market price.