

August 28, 2025

To whom it may concern:

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Notice Regarding the Formulation of the Medium-term Management Plan

Taiyo Holdings Co., Ltd. (hereinafter, “Taiyo Holdings”) hereby announce that it has formulated a Medium-term Management Plan covering the period from the fiscal year ending March 2026 through the fiscal year ending March 2031, which was resolved at the Board of Directors meeting held today. The Medium-term Management Plan has been prepared based on the deliberations of the 2030 Committee*. For further information, please refer to the attached materials.

*Note: As announced in the “Notice Regarding the Establishment of a 2030 Committee” dated May 28, 2025, the “Notice Regarding the Details of a 2030 Committee” dated June 12, 2025 and the “Notice Regarding ‘2030 Committee Interim Report’” dated August 1, 2025, Taiyo Holdings has established the 2030 Committee as a forum that ensures objectivity and transparency with the aim of enhancing medium- to long-term corporate value and securing the common interests of shareholders, and has been proceeding with the 2030 Committee’s activities accordingly.

1. Policies by Business

(1) Electronics business

- Drive multidimensional growth in the solder resist (SR) business based on medium- to long-term business growth of the semiconductor industry
- Accelerate initiatives to create new businesses that will become the profit pillars following SR

(2) Medical and Pharmaceuticals business

- In the CDMO business, establish a contracting framework that is both efficient in terms of operations and capital aspects
- In the manufacturing and marketing business, pursue improved profitability and inventory optimization while simultaneously evaluating strategic options

(3) ICT and Sustainability business

- Expand business and strengthen product-driven revenue at ICT subsidiaries
- Expand businesses grounded in social responsibility

2. Financial Targets

	Fiscal year ending March 2025 Results	Fiscal year ending March 2031 Targets
Net Sales	119 billion yen	180 billion yen
Operating Income (Operating income margin)	22 billion yen (19%)	47 billion yen (26%)
EBITDA (EBITDA margin)	31.7 billion yen (27%)	58 billion yen (32%)
ROE	10.6%	30%

Beyond Imagination 2030 Medium-term Management Plan

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

2025

Executive Summary

- In line with “Our Goal” and the “Seven Basic Policies” set forth in the Beyond Imagination 2030, our long-term management plan, we have established new financial targets and an accompanying roadmap to enhance our corporate value.

Financial Targets under Medium-term Management Plan (FY2031/3)

- 1** Pursuit of higher returns on capital

ROE 30%

- 2** Sustainable business growth

Net sales 180 billion JPY
Operating income 47 billion JPY

- 3** Proactive shareholder returns

Consider additional shareholder returns for the excess amount of growth and maintenance investments with operating CF

Electronics

- Drive multidimensional growth in the solder resist (SR) business based on medium- to long-term business growth of the semiconductor industry
- Accelerate initiatives to create new businesses that will become the profit pillars following SR

Medical and Pharmaceuticals

- In the CDMO business, establish a contracting framework that is both efficient in terms of operations and capital aspects
- In the manufacturing and marketing business, pursue improved profitability and inventory optimization while simultaneously evaluating strategic options

ICT and Sustainability

- Expand business and strengthen product-driven revenue at ICT subsidiaries
- Expand businesses grounded in social responsibility

Beyond Imagination 2030 Long-term Management Plan

Disclosures
Announced in 2021

- In June 2021, we formulated the Beyond Imagination 2030, our long-term management plan, leading up to FY2031/3.
- For 2030, we aim to achieve an ROE of 18% and to maintain a DOE of at least 5%.

Basic Policies

- 1 Develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and society
- 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 Sustainable Development Goals (SDGs)

Our 2030 Vision

Grow predominantly through the Electronics business and the Medical and Pharmaceuticals business, while actively developing the Energy business, the Food business, and digital transformation (DX)

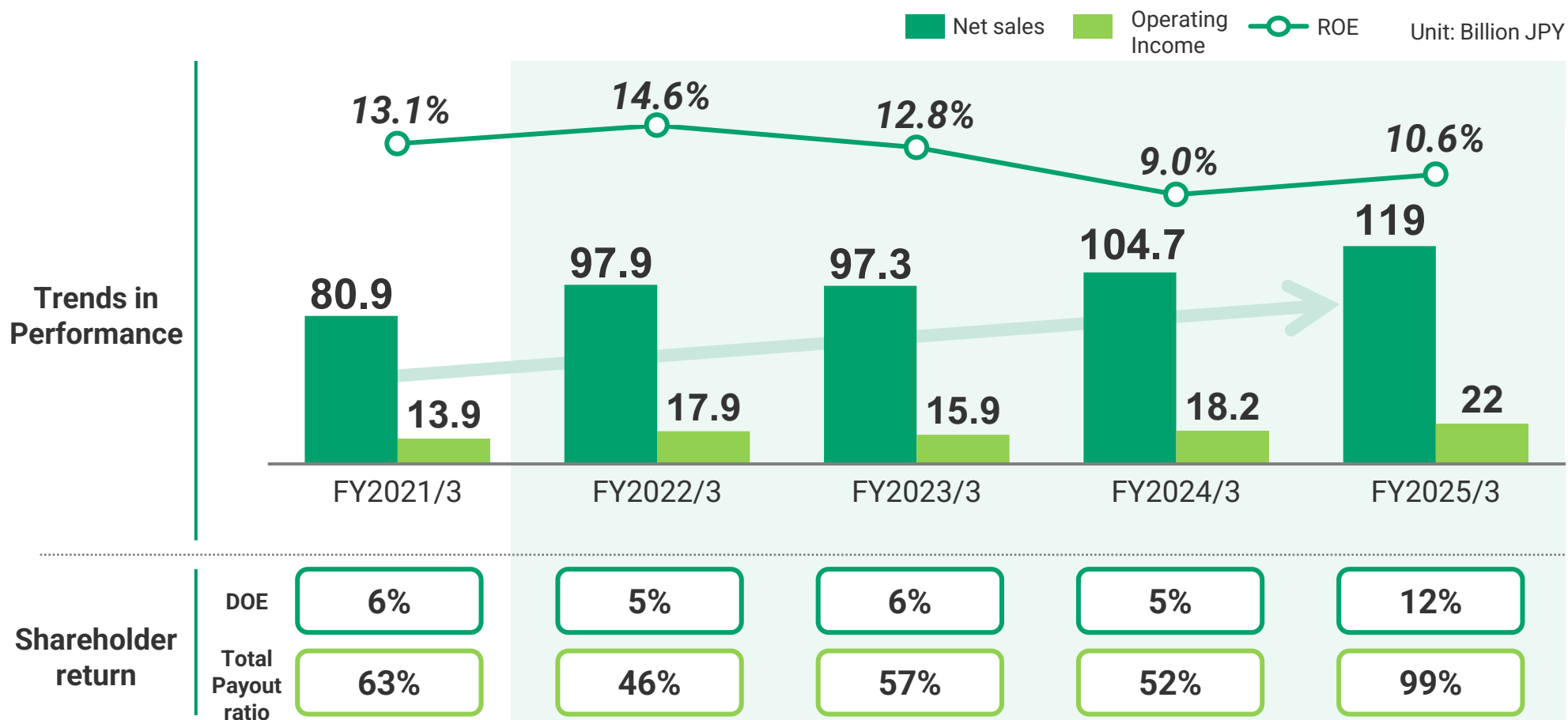
FY2031/3 Targets

ROE
(Return on Equity ratio) **18%**

DOE
(Dividend on Equity ratio) Maintain at least **5%**

Progress to Date

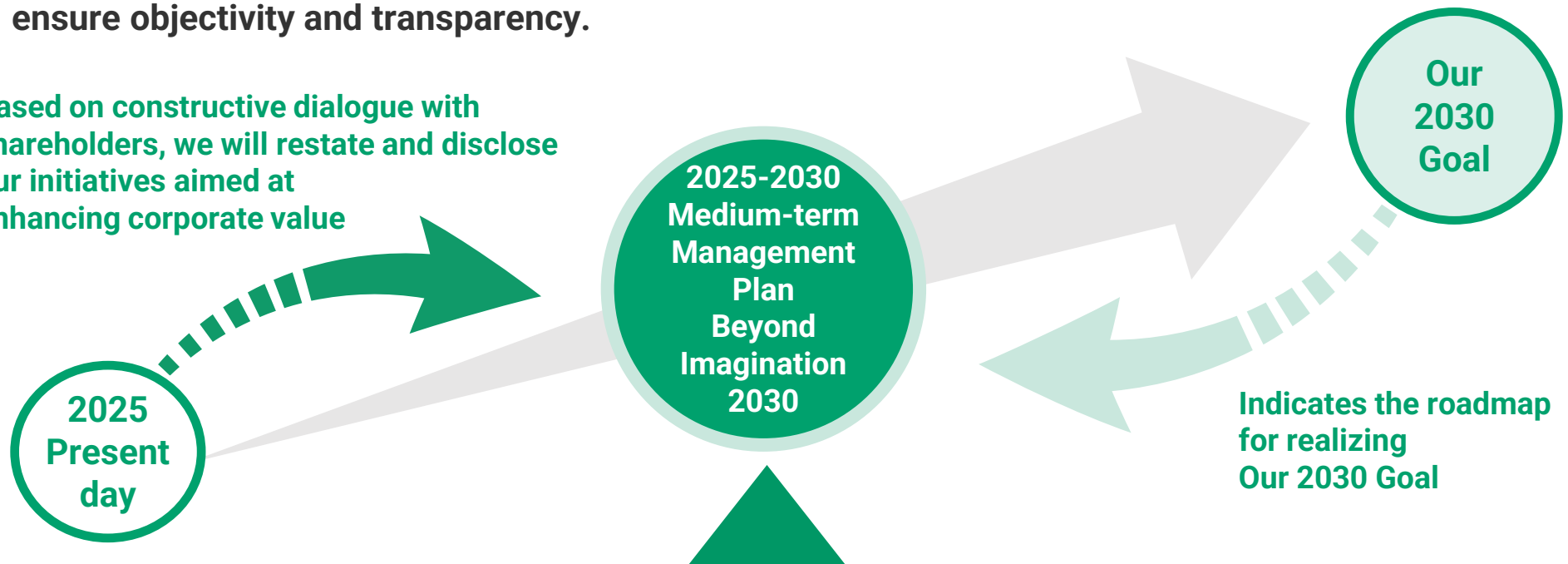
- Since formulating our long-term management plan, net sales and operating income have increased considerably. ROE in FY2025/3 improved year on year to 10.6%.
- We have continued to distribute dividends with a DOE of at least 5%, and conducted shareholder returns with a total payout ratio of 99% in FY2025/3.



Background to the Formulation of Medium-term Management Plan

- Based on our dialogue with shareholders, we recognized the need to restate and disclose our initiatives aimed at enhancing our corporate value. Accordingly, we formulated a medium-term management plan as the roadmap for realizing our 2030 goal.
- We established the 2030 Committee consisting of an internal board director and outside experts to ensure objectivity and transparency.

Based on constructive dialogue with shareholders, we will restate and disclose our initiatives aimed at enhancing corporate value



The 2030 Committee was established to ensure objectivity and transparency with the aim of enhancing our corporate value over the medium- to long-term and securing shareholders' common interests. Under the Committee, we formulated our medium-term management plan.

Financial Targets under Medium-term Management Plan (1/2)

- Financial targets during the period of our Medium-term Management Plan are as follows.

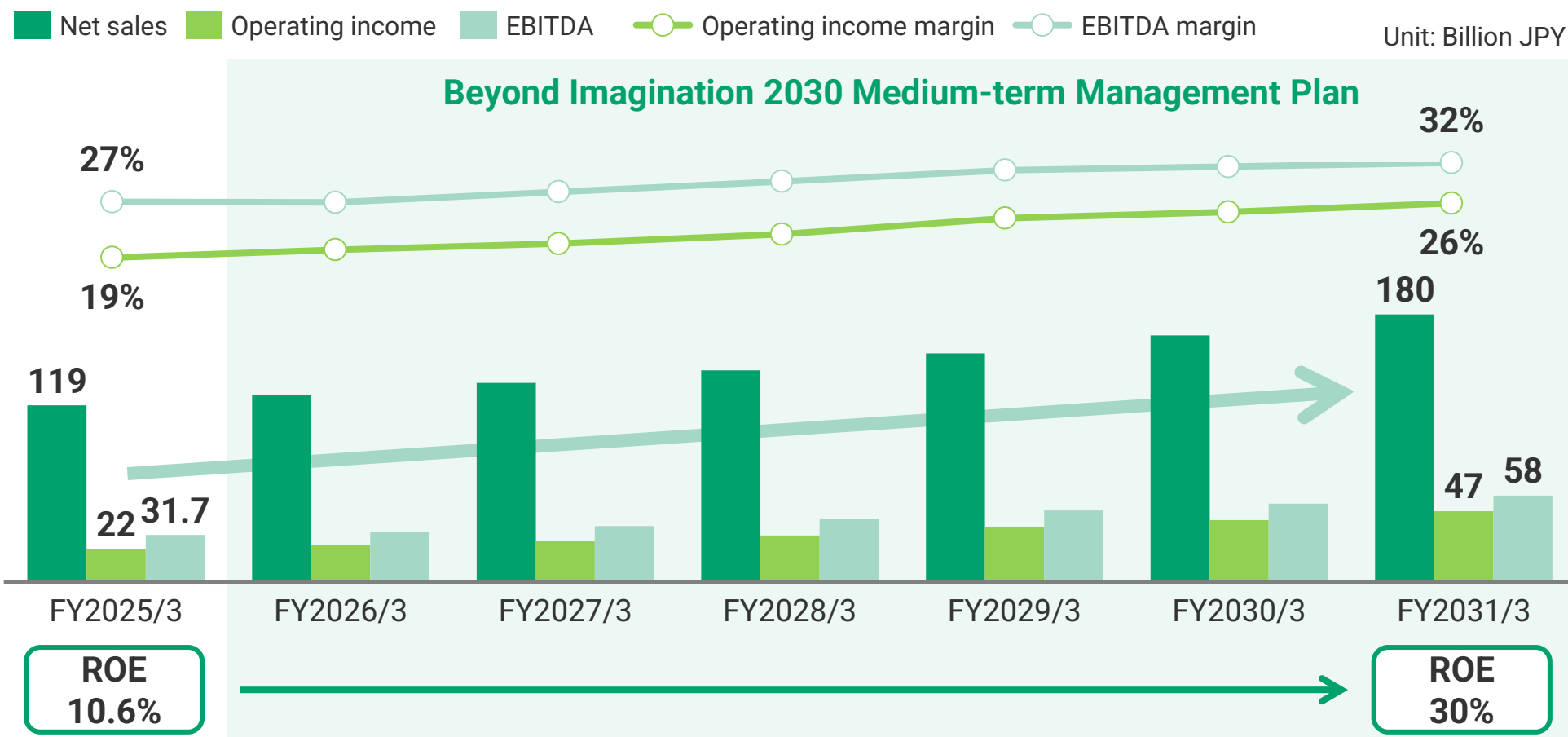
Financial Targets	FY2025/3 (actual)	FY2031/3 (target)
Net sales	119 billion JPY	180 billion JPY
Operating income (Operating income margin)	22 billion JPY (19%)	47 billion JPY (26%)
EBITDA (EBITDA margin)	31.7 billion JPY (27%)	58 billion JPY (32%)
ROE	10.6%	30%
(Reference) Average exchange rate during period	1 USD = 152.5 JPY	1 USD = 145.0 JPY
(Reference) Foreign exchange sensitivity ^{*1}	Net sales + 500 million JPY	Net sales + 800 million JPY

*1: Impact in net sales of the Electronics business for a one-yen depreciation of JPY against USD

Financial Targets under Medium-term Management Plan (2/2)

- As the final-year targets, we aim to achieve net sales of 180 billion JPY, operating income of 47 billion JPY, EBITDA of 58 billion JPY, and an ROE of 30%.

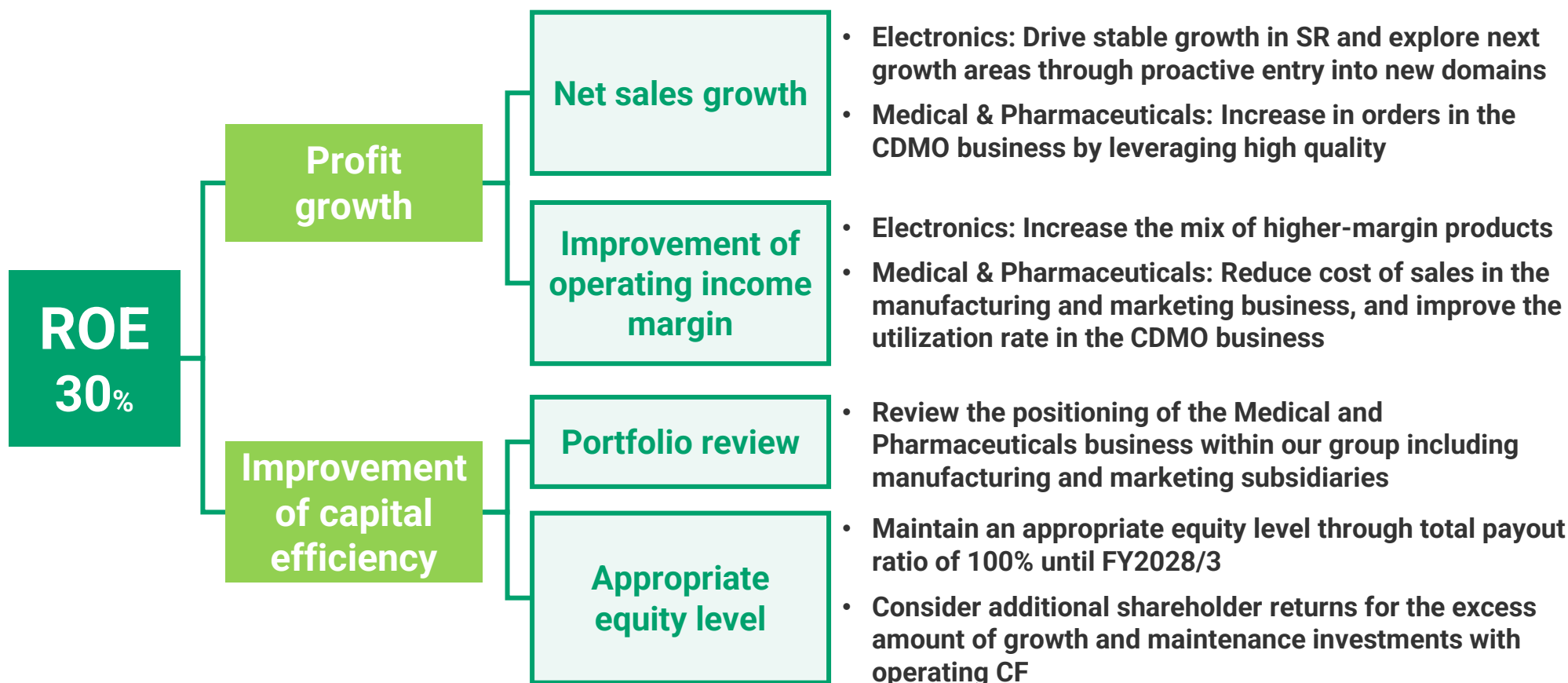
Targets for net sales, operating income, EBITDA and ROE



Initiatives to Achieve ROE Target

- We aim to achieve an ROE of 30% in FY2021/3 through business growth in both the Electronics business and the Medical and Pharmaceuticals business, and appropriate companywide improvement of capital efficiency.

Drivers of improvement in returns on capital



Our Business Segments

Electronics Business

Developing, manufacturing, purchasing and selling chemicals that used in printed circuit boards (PCB) and other electronic components



Medical and Pharmaceuticals Business

Manufacturing and marketing ethical pharmaceuticals, contract development and manufacturing organization (CDMO), manufacturing and selling dental prosthetics



ICT and Sustainability (ICT&S) Business

ICT business, fine chemicals business, energy business, food business, etc.



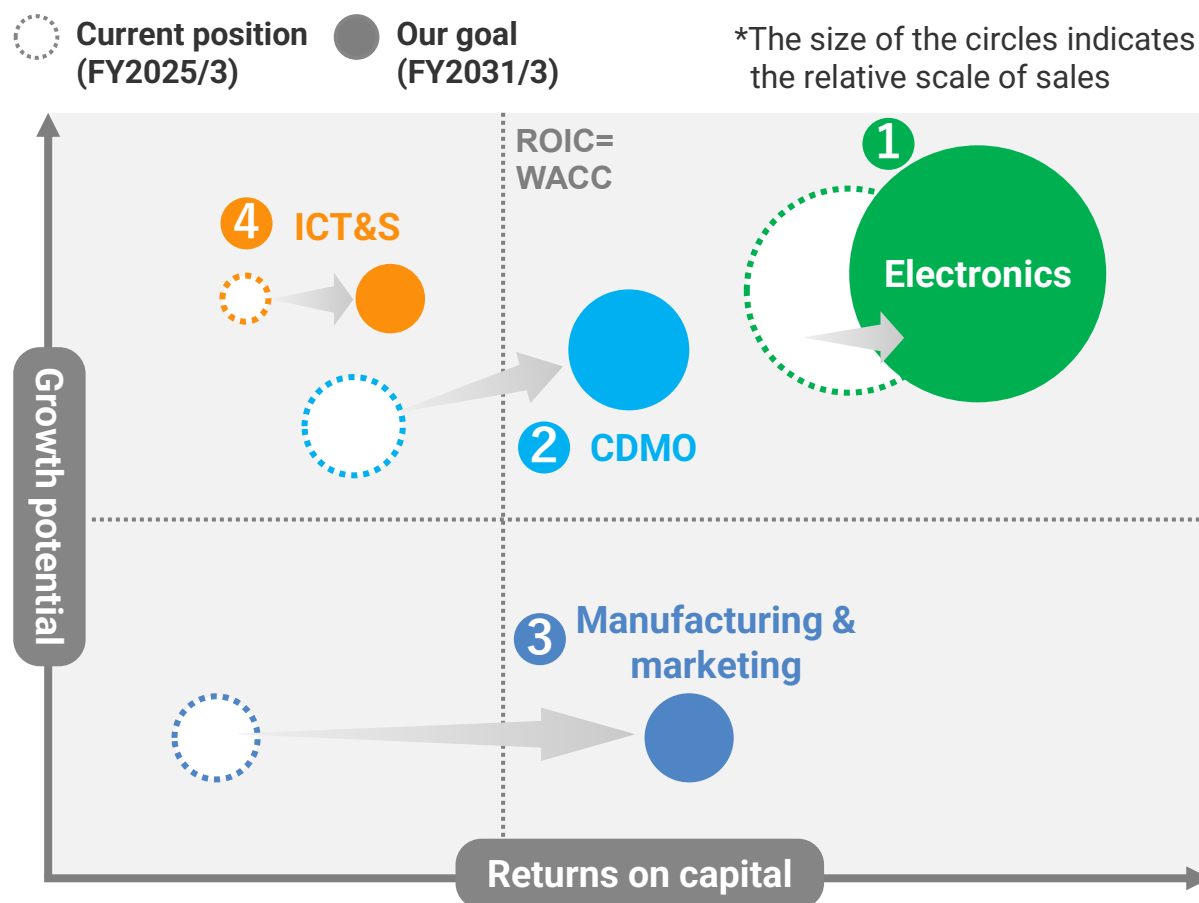
Financial Targets by Business

- The financial targets for each business is as follows.

Unit: Billion JPY		FY2025/3 Results		FY2031/3 Targets	
		Amounts	Profit margin	Amounts	Profit margin
Consolidated	Net Sales	119.0	—	180.0	—
	Operating Income	22.0	19%	47.0	26%
	EBITDA	31.7	27%	58.0	32%
Electronics business	Net Sales	81.7	—	128.0	—
	Operating Income	21.4	26%	39.0	30%
	EBITDA	25.1	31%	44.0	34%
Medical & Pharmaceuticals business	Net Sales	31.5	—	43.0	—
	Operating Income	2.0	6%	9.0	21%
	EBITDA	7.0	22%	13.0	30%

Business Portfolio Review

- We will continue to position the Electronics business as a core business and will work to improve the profitability of the CDMO business in the Medical and Pharmaceuticals business.
- For the manufacturing and marketing business, we will work to substantially improve the profitability while also evaluating strategic options.



1 Electronics business

Core business

Improve profit margin and returns on capital in line with net sales growth.

2 CDMO business

Profitability-improvement business

Expect a high growth rate during the planned period and will enter a phase in which our measures bear fruit.

3 Manufacturing & marketing business

Businesses under reform/strategic-options evaluation

While evaluating strategic options, curb investment and seek to improve returns on capital.

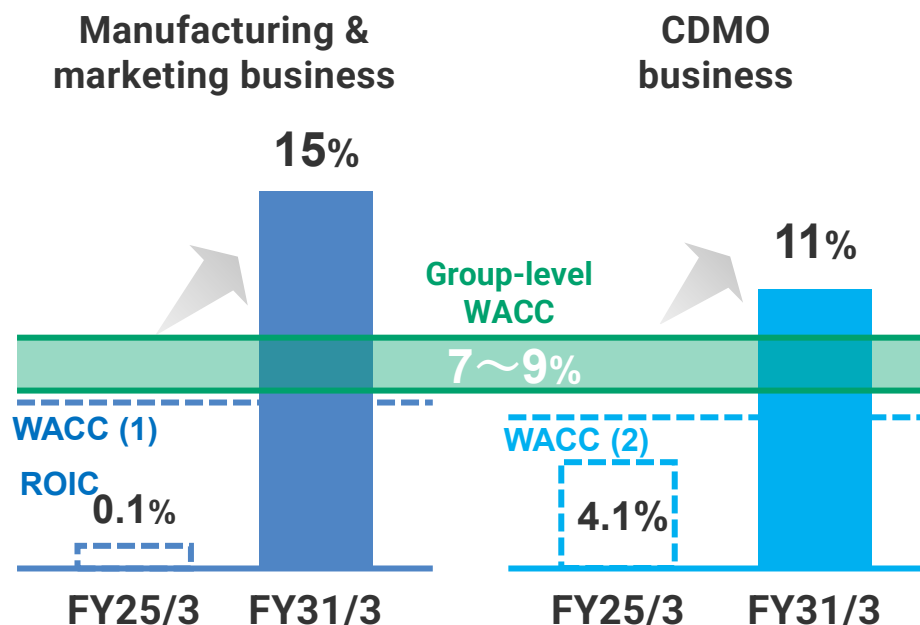
4 ICT&S business

Group-contribution business

Provide operational support that contributes to the Electronics and the Medical & Pharmaceuticals businesses.

Reviews from Capital-returns Perspective

- Although ROIC for the Medical and Pharmaceuticals business is below WACC in FY2025/3, ROIC is expected to exceed WACC in FY2031/3.



Group-level WACC: 7-9%

In light of business risk, the Medical and Pharmaceuticals business could fall below the Group-level WACC. However, we aim to exceed the Group-level WACC, which is the more demanding target.

*WACC-1, 2: WACC adjusted for the specific business risks of each segment

Business conditions faced by the Medical & Pharmaceuticals business

- Manufacturing & marketing business recorded sluggish results, cumulatively through FY2025/3, recognized impairment losses totaling approximately ¥11.8 billion. However, following these impairment charges, performance is expected to recover from the current fiscal year onward.
- CDMO business is growing in line with expectations.

Our view on integrated operations between manufacturing & marketing and CDMO


- The manufacturing and marketing business represented the investment necessary to enter the CDMO business.
- Continuing to operate the brand-name-products manufacturing and marketing business remains beneficial to the CDMO business as well, helping to build customer trust, maintain relationships with regulators, and share know-how.

Status of reviews within the Medical & Pharmaceuticals business

- For Manufacturing & marketing business, we are simultaneously implementing improvements from a capital-efficiency standpoint and evaluating strategic options.
- We are also re-examining the positioning of the Medical and Pharmaceuticals business within our group.

Strategic Direction by Business

- The strategic direction for each business is as follows.

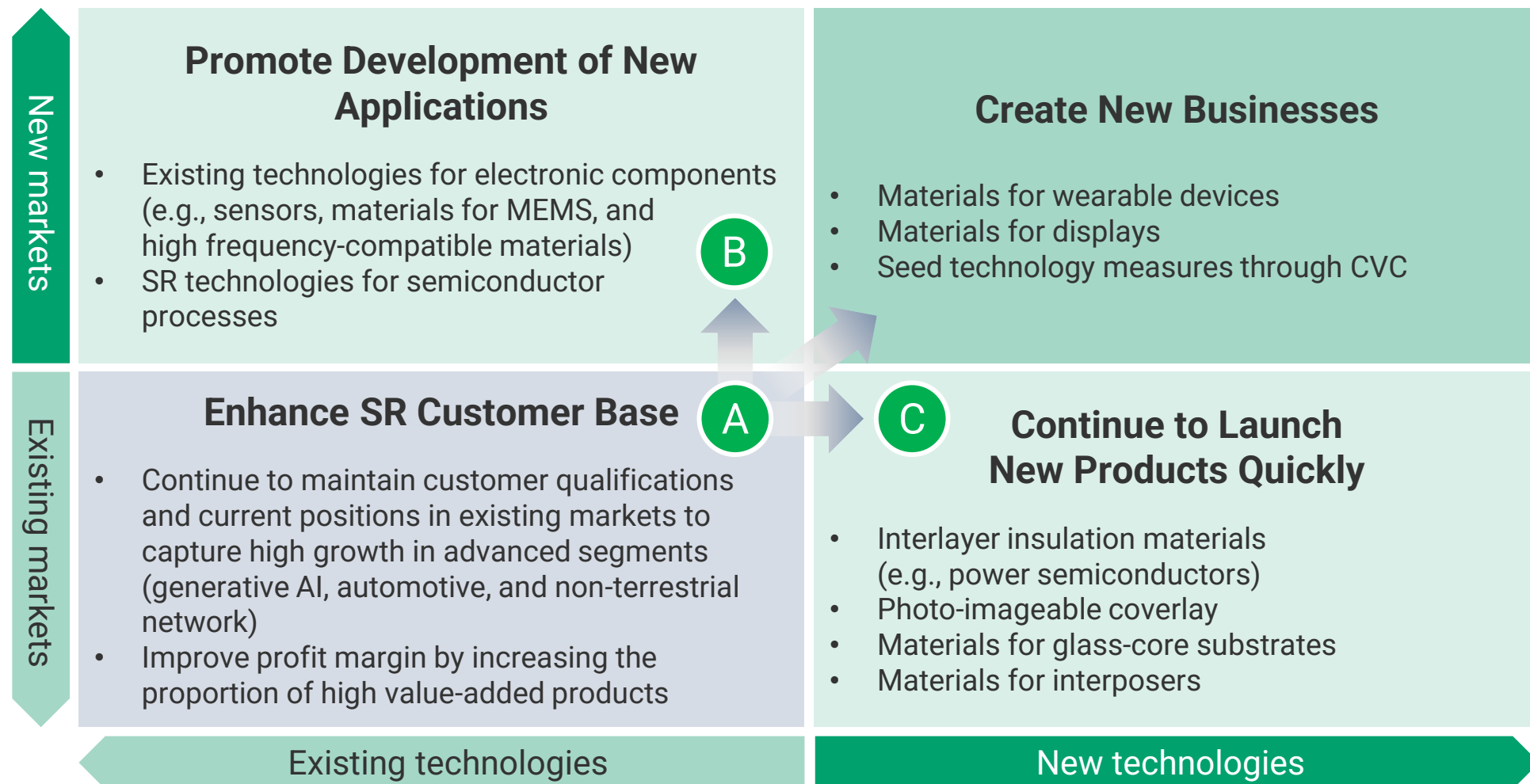
		Business environment	 Direction of strategies
Electronics business		<ul style="list-style-type: none"> Medium- to long-term expectations for growth in related demand while being strongly impacted by the semiconductor industry 	<ul style="list-style-type: none"> SR: Primarily promote the three pillars of "Enhance SR customer base," "Continue to launch new products quickly," and "Promote development of new applications" Other materials: Promote creation of new businesses that will become the profit pillars following SR
Medical & Pharmaceuticals business	Manufacturing & marketing	<ul style="list-style-type: none"> Revision of NHI drug price scheme to curb medical expenses and introduction of elective care scheme for long-listed products Expectations for stable supply 	<ul style="list-style-type: none"> Improve return on capital by reducing cost of sales through strengthening of SCM*¹ and by enhancing CCC*² through inventory optimization
	CDMO	<ul style="list-style-type: none"> Review of the quality control framework and expectations for stable supply Diversification of medical needs 	<ul style="list-style-type: none"> Establish a contracting framework that is both efficient in terms of operations and capital aspects, and achieve both a high level of growth and improved return on capital
ICT & S Businesses		<ul style="list-style-type: none"> Momentum towards proactive DX The growing importance of sustainability and the SDGs 	<ul style="list-style-type: none"> ICT: Make a transition from contract development to product-based business model S: Create new businesses while fulfilling social responsibility

*1: SCM: Supply chain management. Refers to the act of efficiently managing and optimizing the series of processes from raw material procurement to manufacturing, inventory management, distribution, and sales.

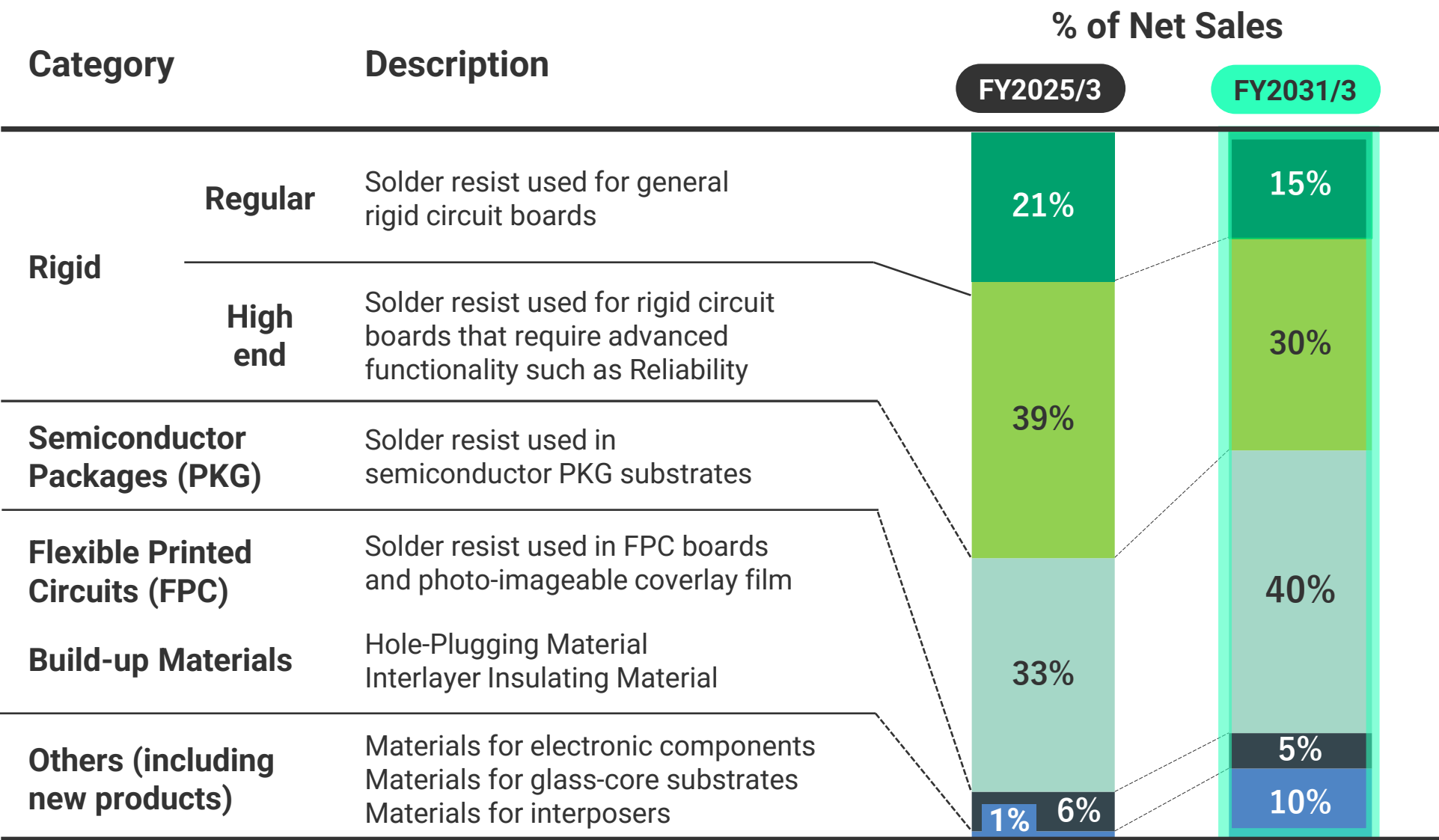
*2: CCC: Cash conversion cycle. Refers to the time taken from payment for purchases to the collection of sales proceeds.

Business Strategies: Electronics

- In the Electronics business, we will expand the SR market and drive further growth by promoting the development of new applications and launching new products. Simultaneously, we will continue to pursue new business creation.

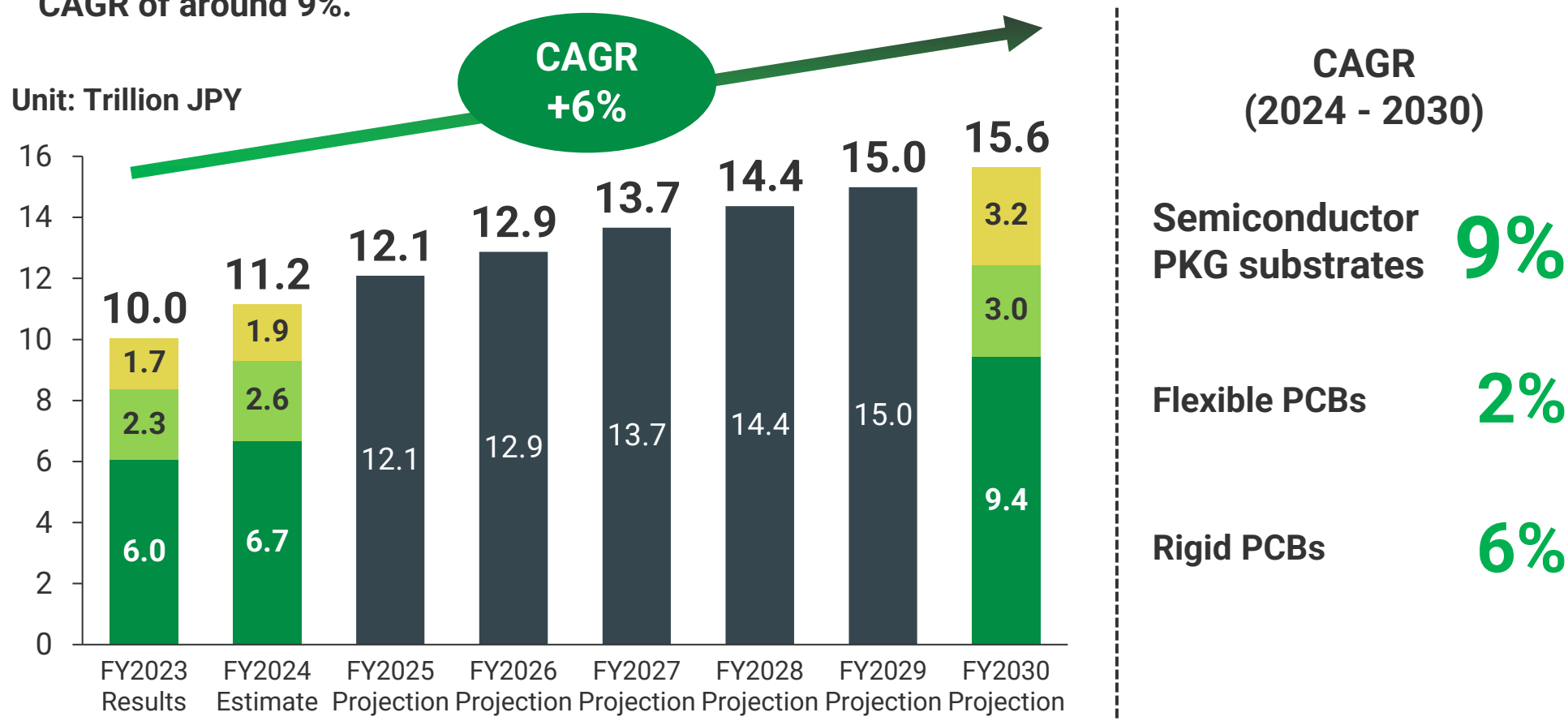


Electronics: Outlook by Product Category



A Trends and Projects in PCB Market Size

- The printed circuit board (PCB) market—the market for our SR customers—is projected to grow at a compound annual growth rate (CAGR) of approximately 6% over the next six years. In particular, the market for semiconductor package (PKG) substrates is expected to grow at a CAGR of around 9%.



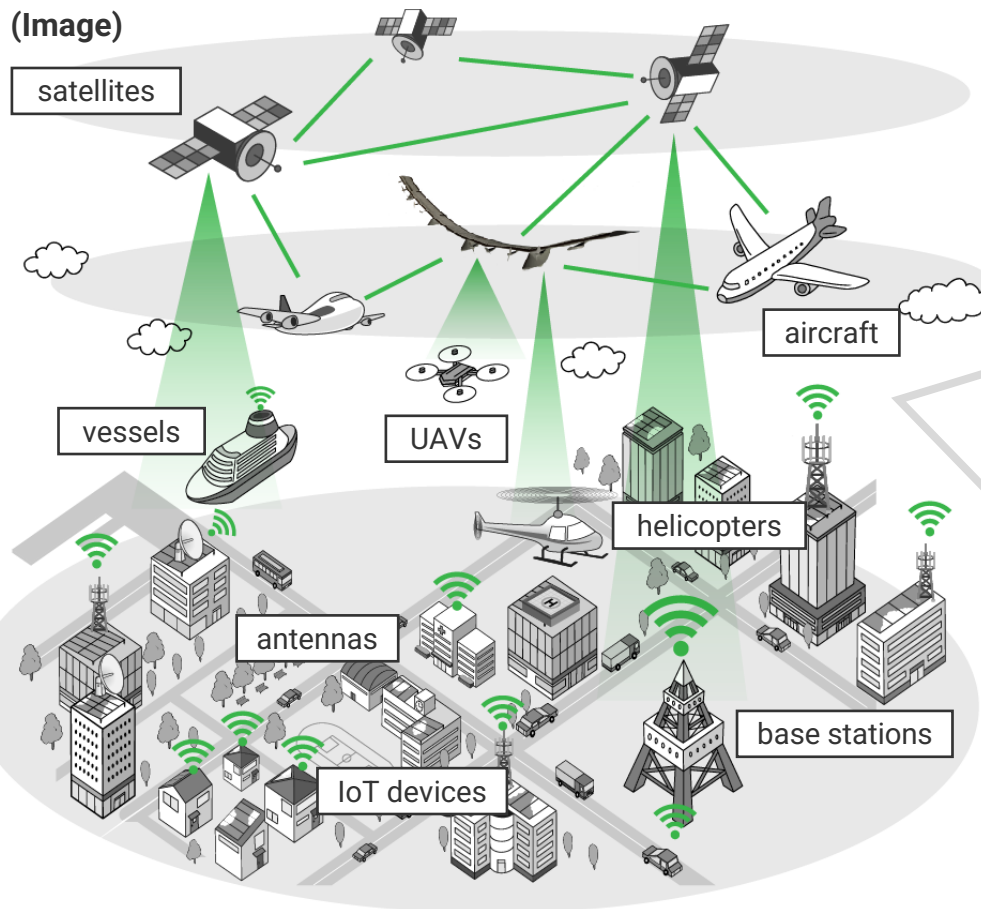
Source:
Fuji Chimera Research Institute, Inc., Erekutoronikusu jissou nyu materiuru benran [2024 electronics implementation new materials handbook]

A B Focus Product Strategies: For Non-Terrestrial Network Markets

- Our products are used in a wide range of communications equipment. In addition to terrestrial network equipment such as base stations and IoT devices, we also pursue business opportunities in non-terrestrial networks (NTN).

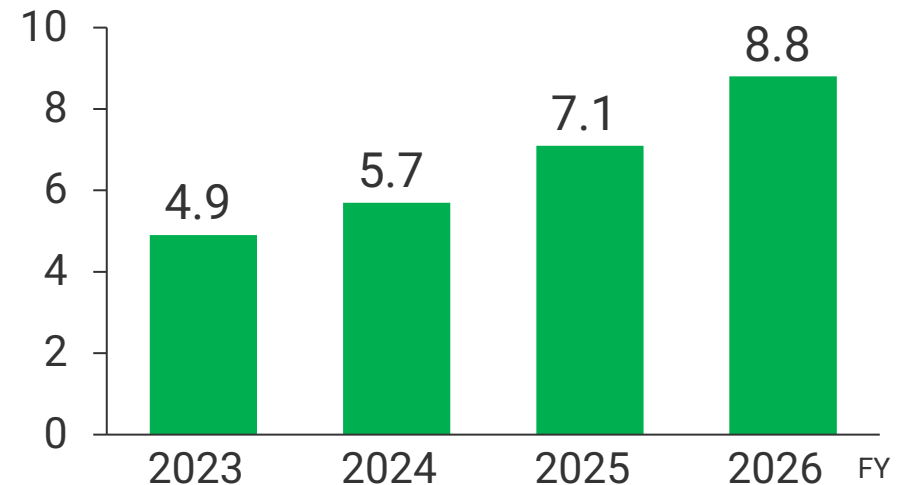
Provision of communications services using NTN

(Image)



Global 5G NTN market size forecast

Billion USD





Source: Ministry of Internal Affairs and Communications, Information and Communications in Japan 2024 (White Paper)

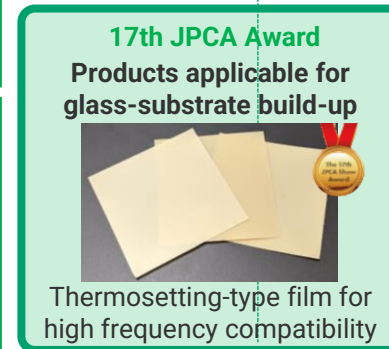


Antenna boards for communications satellite equipment are currently experiencing market growth

A C Focus Product Strategies: Advanced Packaging Materials

- For advanced packaging materials, broad adoption is expected across a wide range of fields, particularly in AI-related areas. We are advancing product development that enables the realization of new technologies.

Technology trend	Characteristics	Our supported products	Market adoption outlook		
			2010s	2020s	2030s
FC BGA	<ul style="list-style-type: none"> Leverage existing manufacturing process Favorable cost position 	<ul style="list-style-type: none"> SR for semiconductor PKG 			
2.5D interposers	<ul style="list-style-type: none"> Multiple variants exist (e.g., structure, assembly methods) Advantage in electrical characteristics 	<ul style="list-style-type: none"> Insulating materials for interposer redistribution layers SR for semiconductor PKG 			
Glass-core substrate	<ul style="list-style-type: none"> Requires new processes Advantage in electrical and mechanical characteristics 	<ul style="list-style-type: none"> Build-up materials SR for semiconductor PKG 			

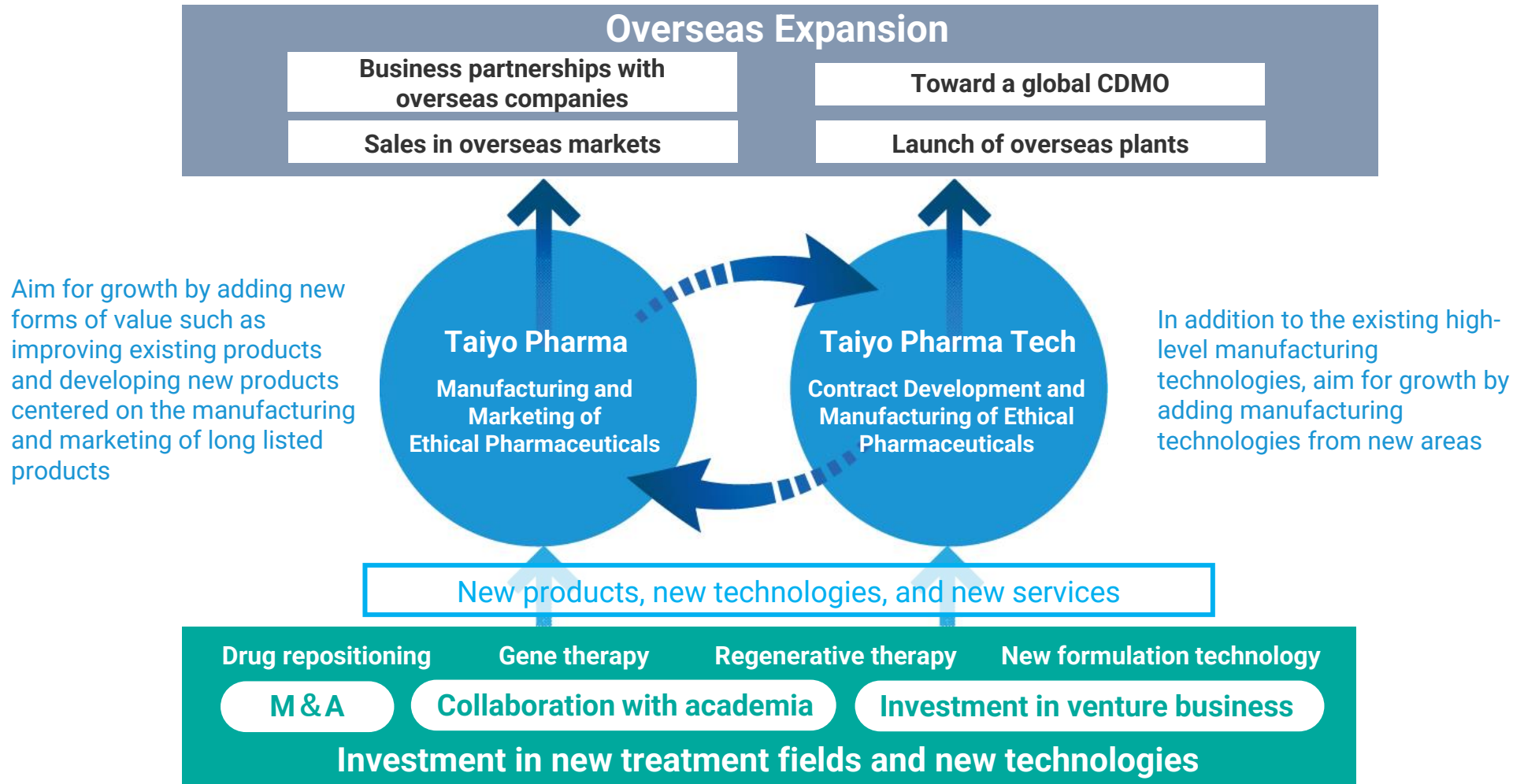


Potential for adoption in high-end products

Business Strategies:

Medical and Pharmaceuticals (Manufacturing & marketing/CDMO)

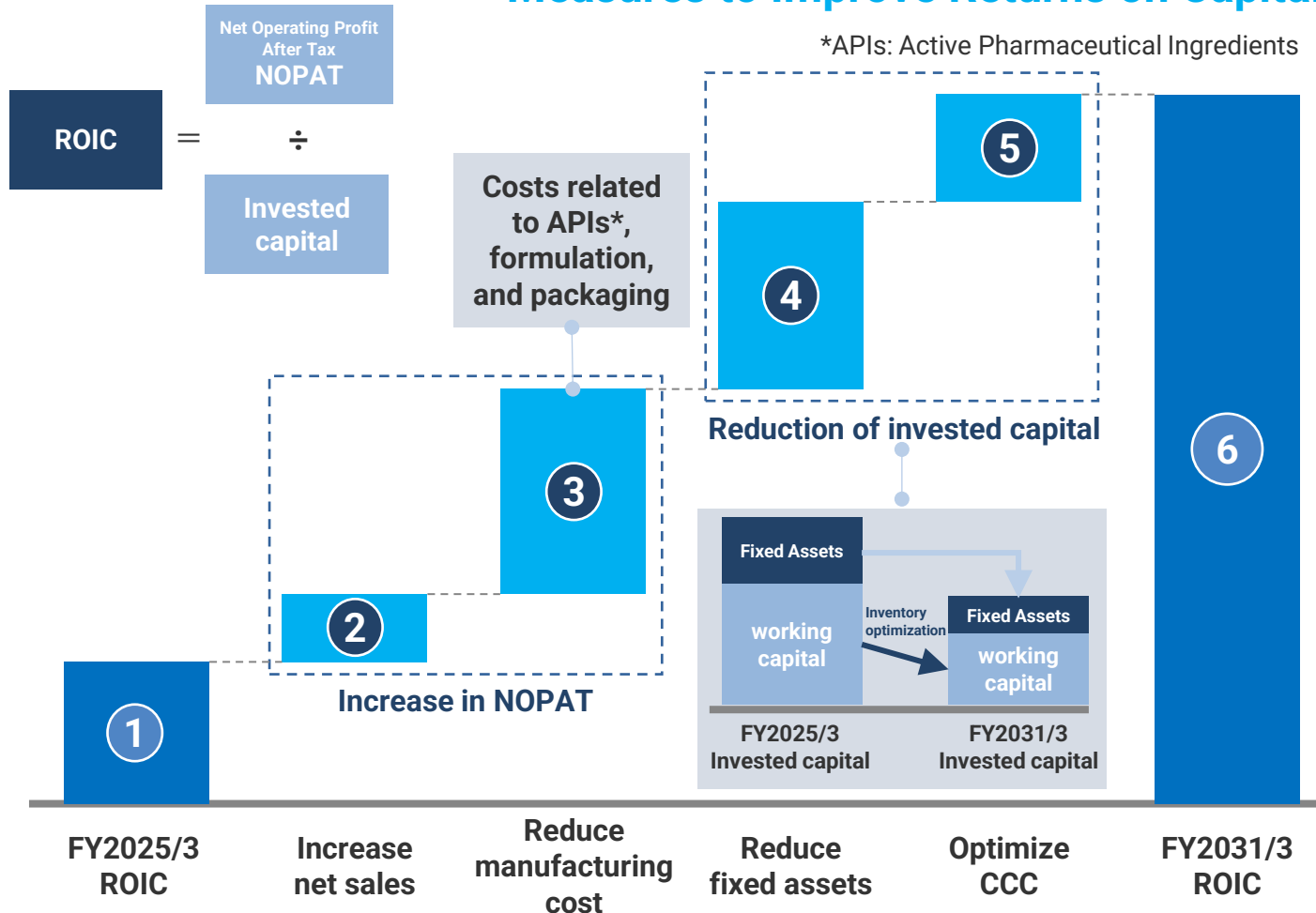
- In the Medical & Pharmaceuticals business, we will add new products and technologies and drive further growth through our dual focus on manufacturing & marketing and CDMO.



Business Strategies: Medical and Pharmaceuticals (Manufacturing & marketing)

- In the manufacturing and marketing business, we aim to improve returns on capital by reducing cost of sales through SCM enhancement and by improving cash conversion cycle (CCC) through the inventory optimization.

Measures to Improve Returns on Capital



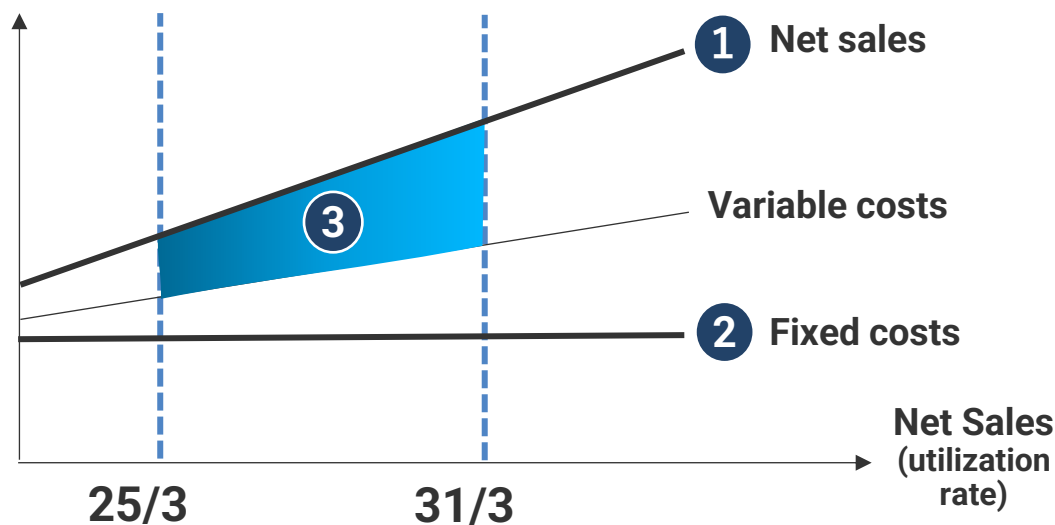
- 1 Currently below WACC
- 2 Add indications and dosage forms
- 3 As the business is fabless, outsourcing expenses account for the majority. Promote a review of SCM
- 4 Decline gradually over the plan period due to the amortization of sales rights
- 5 Inventory optimization
- 6 Target ROIC that exceeds WACC by a large margin

Business Strategies: Medical and Pharmaceuticals (CDMO)

- In the CDMO business, we will leverage our unique strengths so that our initiatives to date bear fruit during the plan period. We expect to build contract volume, leading to steady growth in both net sales and profit.

Illustrative trend in sales and profits over the plan period

Net sales/Costs



1 Steady growth in net sales

- Obtain **orders of other products** from **existing customers** and expect orders from **new customers** based on contracts and negotiation
- **New modalities:** Various collaborations with venture companies and universities are expected to come to fruition.

2 Control of fixed costs

- **Improve productivity** with the full use of DX.
- Build a contracting framework with a focus on **capital efficiency** (investment associated with capacity expansion planned for FY2031/3)

3 Improvement in operating income

Unique strengths of the CDMO business

- **High reliability** based on a long **track record** as **manufacturing site of brand-name products**
- **Manufacturing equipment** for **high value-added injections** and dosage forms with **no substitutable alternatives**

Business Policy - ICT and Sustainability

- In the ICT and Sustainability business, we will continue our initiatives that drive the group's future growth in DX promotion solutions and other ICT businesses and in the fields of energy, food, and contract synthesis.

ICT Businesses (DX Promotion Solutions, etc.)

Business knowledge and expertise

- Manufacturing
- Pharmaceuticals
- Generative AI
- AI
- Cloud(AWS)



Funlead group



Products and services

- Consulting
- Contract development



Energy Business and Food Business

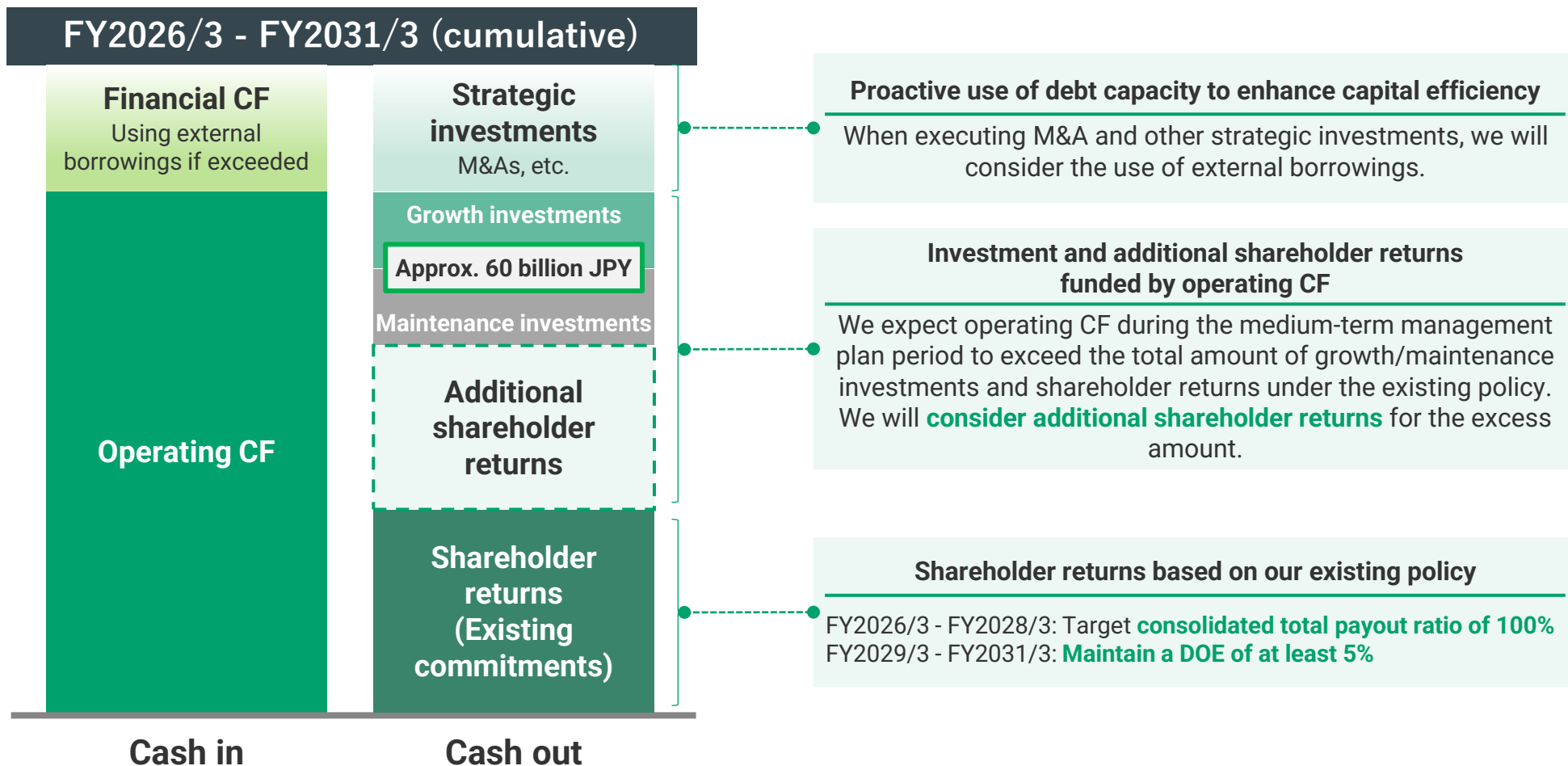


Contract Synthesis and Joint Development of Functional Materials



Capital Allocation Policy

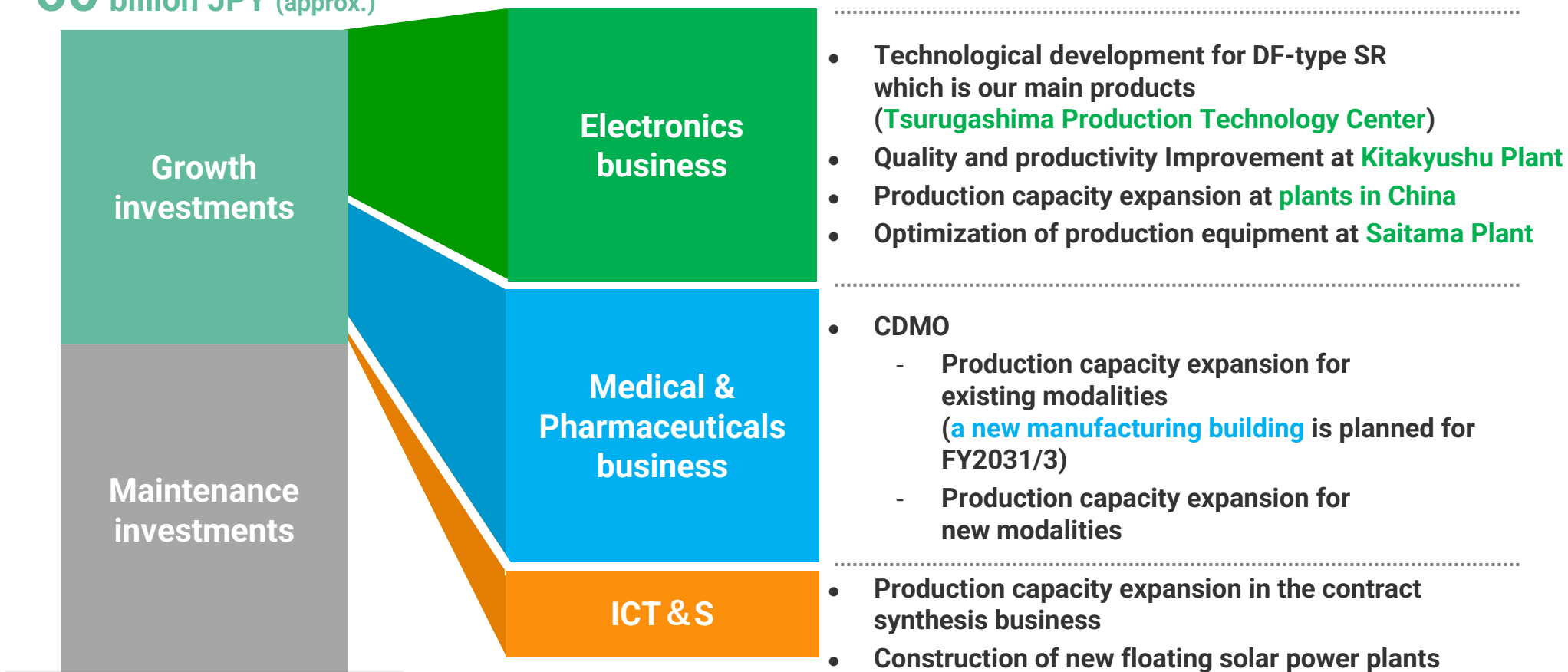
- While maintaining our existing shareholder return policy, if operating cash flow (CF) exceeds the total amount of shareholder returns under the existing policy and new/renewal investments, we will consider additional shareholder returns for the excess amount.



Details of Growth Investments

- We plan to undertake growth and maintenance investments totaling approximately 60 billion JPY. Growth investments will mainly be directed to technological development, production capacity expansion, and productivity improvement in the Electronics business, as well as to production capacity expansion for CDMO.

60 billion JPY (approx.)



Shareholder Return Policy

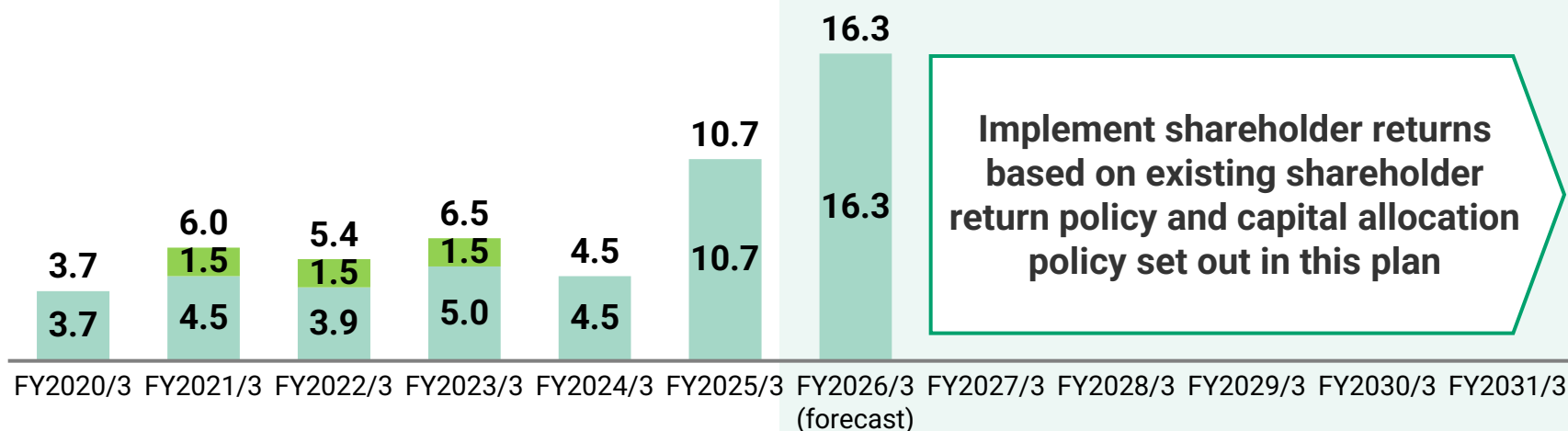
- We will maintain our existing shareholder return policy: dividends with a DOE of at least 5% and a consolidated total payout ratio targeted at 100% (at least until FY2028/3).
- In line with our capital allocation policy, we will consider additional shareholder returns from excess operating cash flow.

Unit: billion JPY

Acquisition of treasury stock
Dividends

DOE of at least 5%

Total payout ratio targeted at 100% (at least until FY2028/3)



	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3	FY2026/3	FY2027/3	FY2028/3	FY2029/3	FY2030/3	FY2031/3
DOE	5%	6%	5%	6%	5%	12%	17%					
Total payout ratio	99%	63%	46%	57%	52%	99%	102%					

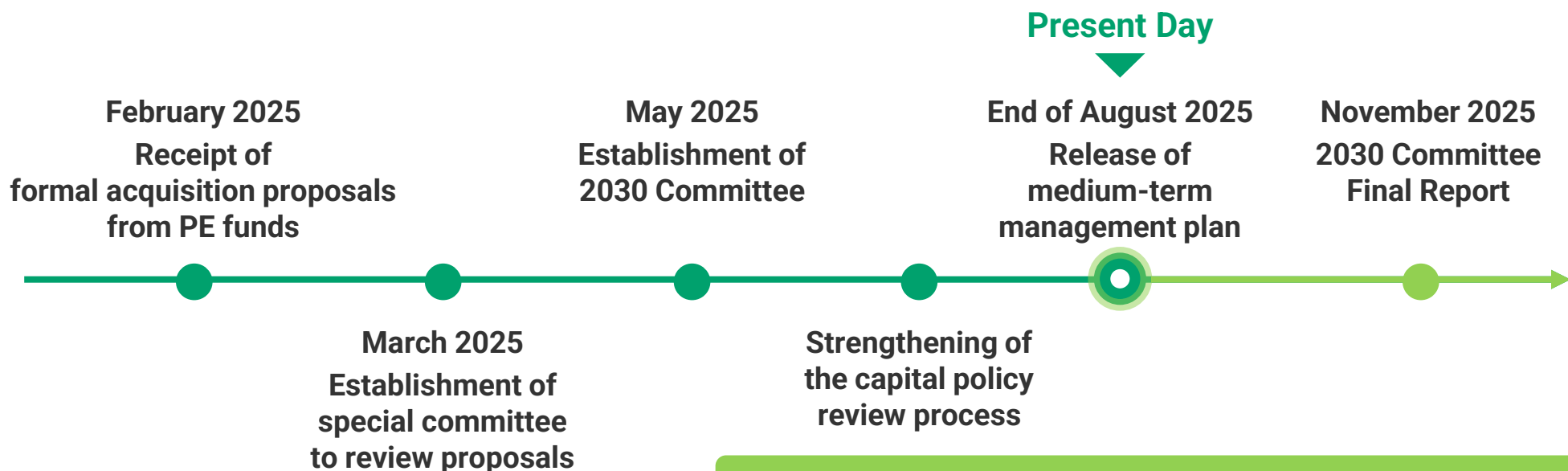
Appendix:

Key Initiatives in the Capital Policy Review

Review Schedule for Capital Policy

- In parallel with the 2030 Committee, we have established a process for reviewing capital policy.
- The 2030 Committee is scheduled to release its final report in November 2025.

Review schedule since receipt of acquisition proposal



In parallel with the 2030 Committee, the overall process for reviewing capital policy is progressing (including proposals from third parties). Actions are being implemented sequentially following confirmation by the Special Committee.



None of the information herein constitutes any form of solicitation to purchase, sell, or otherwise trade in Taiyo Holdings' shares.

In addition, opinions, forward-looking statements, etc., herein are based on the judgment of the Company at the time of preparation. The Company makes no guarantees concerning the accuracy of such information, and these statements are subject to change without prior notice in the future.

The Company shall not assume any form of liability for any damages incurred based on the information in this document.