

Annual Securities Report

For the 79th business term (April 1, 2024 to March 31, 2025)

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, 2025 for reference purposes only. In the event of any discrepancy between this translated document and Japanese original, the original shall prevail. Revisions have also been made to reflect updates of some conditions.

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Filing Notes

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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		75th	76th	77th	78th	79th
Consolidated fiscal year ended		Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025
Net sales	million yen	80,991	97,966	97,338	104,775	119,010
Ordinary income	"	13,819	18,062	15,462	17,310	21,577
Profit attributable to owners of parent	"	9,529	11,803	11,405	8,654	10,780
Comprehensive income	"	12,012	15,611	12,494	12,484	9,272
Net assets	"	76,497	85,466	92,739	100,398	102,978
Total assets	"	179,001	189,273	187,263	212,751	192,022
Net assets per share	yen	1,348.42	1,522.11	1,663.25	1,795.14	1,854.68
Basic earnings per share	"	167.49	209.13	203.71	154.89	193.18
Diluted earnings per share	"	—	—	—	—	—
Equity ratio	%	42.5	45.2	49.5	47.2	53.6
Return on equity	"	13.1	14.6	12.8	9.0	10.6
Price earnings ratio	times	18.0	15.5	12.3	21.9	25.0
Cash flows from operating activities	million yen	16,312	18,308	22,736	21,224	23,713
Cash flows from investing activities	"	(11,603)	(11,258)	(13,160)	(21,069)	(8,307)
Cash flows from financing activities	"	19,755	(11,279)	(13,942)	8,954	(29,216)
Cash and cash equivalents at end of period	"	54,309	51,152	47,088	57,664	44,052
Number of employees (not including average number of non-fulltime)	employees	2,067	2,137	2,120	2,210	2,485
[Average number of non-fulltime (excluded)]		[—]	[—]	[—]	[272]	[305]

- 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. 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 75th business term (fiscal year ended March 31, 2021).
3. We have not disclosed diluted earnings per share because there were no dilutive shares.
4. We omitted the average number of non-fulltime or temporary employees during the 75th (fiscal year ended March 31, 2021) to the 77th (fiscal year ended March 31, 2023) business terms because such employees accounted for less than 10% of total employees.
5. 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		75th	76th	77th	78th	79th
Fiscal year ended		Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025
Operating revenue	million yen	7,830	11,747	14,016	15,463	23,650
Ordinary income	"	2,510	5,002	6,551	6,894	14,109
Profit	"	4,116	5,468	6,362	6,058	10,166
Share capital	"	9,499	9,612	9,761	9,903	10,031
Total issued shares	shares	57,997,004	58,083,128	58,185,501	58,291,559	58,369,505
Net assets	million yen	52,853	52,715	53,967	55,662	59,577
Total assets	"	134,874	128,674	116,604	132,686	117,962
Net assets per share	yen	936.04	938.85	967.91	995.29	1,073.05
Dividend per share	"	80.10	69.55	89.00	80.00	190.00
(Interim dividend per share)	(")	(32.55)	(32.55)	(37.00)	(38.00)	(40.00)
Basic earnings per share	"	72.34	96.89	113.64	108.44	182.18
Diluted earnings per share	"	—	—	—	—	—
Equity ratio	%	39.2	41.0	46.3	41.9	50.5
Return on equity	"	7.7	10.4	11.9	11.1	17.6
Price earnings ratio	times	41.7	33.5	22.0	31.3	26.5
Dividend payout ratio	%	110.7	71.8	78.3	73.8	104.3
Number of employees (not including average number of non-fulltime)	employees	133	154	143	156	171
[Average number of non-fulltime (excluded)]		[—]	[—]	[—]	[—]	[—]
Total shareholder return	%	152.1	167.1	134.6	182.2	261.9
(Relative to dividend included TOPIX data)	%	(142.1)	(145.0)	(153.4)	(216.8)	(213.4)
Highest share price	yen	6,690	3,600 (6,300)	3,315	3,440	4,965
Lowest share price	yen	3,690	2,613 (4,820)	2,178	2,328	2,820

- 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 75th business term (fiscal year ended March 31, 2021). 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 photo-imageable 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	Established Taiyo Ink Products Co., Ltd., as a marketing subsidiary of Taiyo Ink Mfg. Co., Ltd. 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	Opened the Kitakyushu Facility, a production base of Taiyo Ink Mfg. Co., Ltd. (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 Mimayaike 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	Included 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
April 2024	Included Ricc Co., Ltd. (now mystarz Co., Ltd.), which manufactures and sells dental prosthetics in Japan, as a consolidated subsidiary
June 2024	Transitioned to a company with an Audit & Supervisory Committee
March 2025	Included Xseeds Co., Ltd., a system development company in Japan, as a consolidated subsidiary

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”), 33 subsidiaries (28 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 manufacture, market and provide contract development and 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 TVs and automotive parts such as electric control units (ECUs).

Our Medical and Pharmaceuticals business kicked off in January 2018, when our subsidiary Taiyo Pharma acquired manufacturing and marketing rights/authorizations for 13 long-listed pharmaceutical products and currently provides 19 of those products. In October 2019, our subsidiary Taiyo Pharma Tech started contract manufacturing of ethical pharmaceuticals after inheriting a pharmaceutical manufacturing plant through a corporate spin-off. In March 2022, we acquired the shares of Ricc Co., Ltd. (now mystarz Co., Ltd.), a dental laboratory and launched a business in manufacturing and selling dental prosthetics.

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.

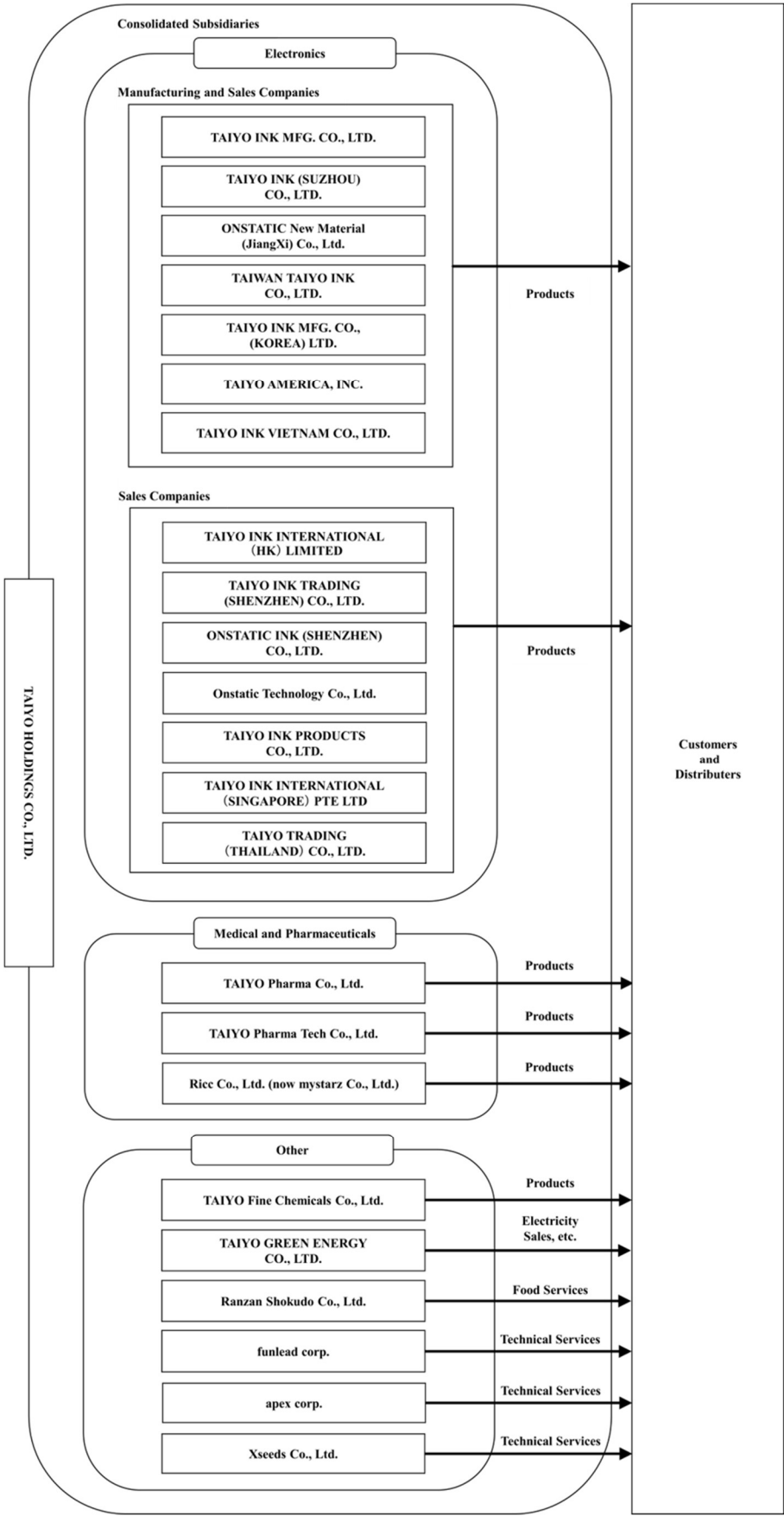
Segment	Business operations	Main company or companies	
– (*Note 1)	<ul style="list-style-type: none"> • Sets The Taiyo Group’s broad strategic direction • Provides management guidance to subsidiaries • Researches and develops chemicals for electronic components 	Japan	Filing company (Taiyo Holdings)
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 (Jiangxi) Co., Ltd. Taiwan Taiyo Ink Co., Ltd. Taiyo Ink Mfg. Co., (Korea) Ltd. Taiyo America, Inc. 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 Taiyo Trading (Thailand) Co., Ltd.
Medical and Pharmaceuticals	Manufactures and markets ethical pharmaceuticals	Japan	Taiyo Pharma Co., Ltd.
	Performs contract development and manufacturing of ethical pharmaceuticals	Japan	Taiyo Pharma Tech Co., Ltd.
	Manufactures and sells dental prosthetics	Japan	Ricc Co., Ltd. (now mystarz Co., Ltd.)
Other (*Note 2)	Manufactures and markets dyes, pigments, pharmaceuticals, and ink	Japan	Taiyo Fine Chemicals Co., Ltd.

Segment	Business operations	Main company or companies	
	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. Xseeds Co., Ltd.

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"> • We license the company to use our trademarks • We have interlocking directorates with the company • We lease real estate to the company • We lend to the company
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"> • We license the company to use our trademarks • We have interlocking directorates with the company
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"> • We have interlocking directorates with the company
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"> • We license the company to use our trademarks • We have interlocking directorates with the company
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"> • We license the company to use our trademarks • We have interlocking directorates with the company
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"> • We license the company to use our trademarks • We have interlocking directorates with the company • We borrow from the company
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"> • We license the company to use our trademarks • We have interlocking directorates with the company • We lend to the company
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"> • We borrow from the company
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"> • We have interlocking directorates with the company
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"> • We have interlocking directorates with the company
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"> • We have interlocking directorates with the company
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"> • We have interlocking directorates with the company

Name	Address	Equity (amount invested in company)	Main business	Ownership ratio (indirect ownership ratio in parentheses) (%)	Nature of relationship
Taiyo Ink International (Singapore) Pte Ltd	Singapore	2 million SGD	Markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> • We have interlocking directorates with the company • We guarantee debt
Taiyo Trading (Thailand) Co., Ltd.	Bangkok, Thailand	11 million THB	Markets solder resists for PCBs	100.0	<ul style="list-style-type: none"> • We have interlocking directorates with the company
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"> • We have interlocking directorates with the company • We lend to the company
Taiyo Pharma Tech Co., Ltd. (*Note 7)	Takatsuki-shi, Osaka, Japan	300 million yen	Performs contract development and manufacturing of ethical pharmaceuticals	100.0	<ul style="list-style-type: none"> • We have interlocking directorates with the company • We lend to the company
Ricc Co., Ltd. (now mystarz Co., Ltd.) (*Notes 2 and 8)	Osaka-shi, Osaka, Japan	30 million yen	Manufactures and sells dental prosthetics	100.0 (100.0)	<ul style="list-style-type: none"> • We lend to the company
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"> • We lend to the company
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"> • We lend to the company
Ranzan Shokudo Co., Ltd.	Nishi-Ikebukuro, Toshima-ku, Tokyo, Japan	15 million yen	Operates cafeterias, etc.	100.0	<ul style="list-style-type: none"> • We lend to the company
funlead corp.	Nishi-Ikebukuro, Toshima-ku, Tokyo, Japan	80 million yen	Provides systems engineering services	100.0	<ul style="list-style-type: none"> • We have interlocking directorates with the company
apex corp. (*Note 2)	Minami-Otsuka, Toshima-ku, Tokyo, Japan	21 million yen	Develops systems	100.0 (100.0)	
Xseeds Co., Ltd. (*Note 2)	Fukuoka-shi, Fukuoka, Japan	47 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	6 million USD	Investment	99.0 (49.5)	
Two other companies					

- 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: 24,394 million yen, (2) Ordinary income: 1,238 million yen, (3) Profit: 784 million yen,
(4) Net assets: 6,929 million yen, (5) Total assets: 11,974 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: 17,211 million yen, (2) Ordinary income: 936 million yen, (3) Profit: 698 million yen,
(4) Net assets: 3,079 million yen, (5) Total assets: 8,576 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: 12,140 million yen, (2) Ordinary income: 718 million yen, (3) Profit: 570 million yen,
(4) Net assets: 2,205 million yen, (5) Total assets: 3,986 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: 12,463 million yen, (2) Ordinary income: (94) million yen, (3) Profit: (5,219) million yen,
(4) Net assets: (6,442) million yen, (5) Total assets: 23,377 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: 17,626 million yen, (2) Ordinary income: 3,082 million yen, (3) Profit: 2,312 million yen,
(4) Net assets: 6,442 million yen, (5) Total assets: 30,321 million yen
8. The corporate name of Ricc Co., Ltd. was changed to mystarz Co., Ltd. on April 1, 2025.

(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	20.05%	We procure raw materials from the company We accept secondment of a corporate officer

5. Our employees

(1) Consolidated (group wide)

As of March 31, 2025

Segment	Number of employees
Electronics	1,370 [100]
Medical and Pharmaceuticals	573 [145]
Other and trans-segment (*Note 3)	542 [60]
Total	2,485 [305]

- 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.
4. The number of employees increased by 275 compared to the end of the previous consolidated fiscal year. The main reasons for the increase were the additions of 131 employees in the Medical and Pharmaceuticals business due to the inclusion of Ricc Co., Ltd. (now mystarz Co., Ltd.) and Xseeds Co., Ltd. in the scope of consolidation, and 75 employees in the Other and trans-segment.

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

As of March 31, 2025

Number of employees	Average age	Average years of service	Average annual remuneration (yen)
171	38.8	8.9	9,248,170

- 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, 2025					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)	
22.2	83.3	71.9	73.4	—	Ten of twelve 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 6-1 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, 2025						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.	4.8	100.0	81.6	81.0	—	One of one male eligible to take childcare leave took leave
Taiyo Pharma Tech Co., Ltd.	7.4	66.7	76.0	78.7	81.8	Two of three males eligible to take childcare leave took leave
funlead corp.	7.7	66.7	78.7	78.8	—	Four of six 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 6-1 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.
 5. Figures for part-time workers were calculated using the designated working hours for full-time workers as a reference.

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, 2025, the global economy continued to face increasing uncertainty due to soaring resource 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. The tariff policy of the U.S. government also heightened uncertainty over the global economic outlook.

1) Electronics industry

The electronics industry is strongly affected by semiconductor industry. 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 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 the introduction of an elective care scheme for original drugs (long-listed products) in October 2024, 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 occur 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)

Target

- 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 Return on Equity (ROE) of 18% as an indicator of profitability and maintain a Dividend on Equity ratio (DOE) of 5% or higher as an indicator of shareholder return, as our targets for “Beyond Imagination 2030,” our long-term management plan. In addition to the DOE target of 5% or higher, we aim to improve ROE further based on our shareholder return policy targeting a consolidated total payout ratio of 100%, at least until fiscal year ended March 31, 2028. In fiscal year ended March 31, 2025, ROE was 10.6% and DOE was 11.6%. 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, work 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 focusing 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, 2025, we opened InnovaValley, a new 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 strengthen external alliances and vigorously pursue business development in addition to capital investment.

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

In circumstances where foreign exchange risk is increasing owing to the negative impact of factors such as the tariff policy of the U.S. government, it is important to mitigate foreign exchange risk since many products in the Electronics business are priced and sold in foreign currencies, and exchange rate fluctuations can easily affect our business results. One way we mitigate such risk is to continue producing products close to where we sell them. Another policy we strive to implement is stepping 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.

Progress in contract development and manufacturing of ethical pharmaceuticals

Taiyo Pharma Tech Co., Ltd. performs contract development and 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, 2025. Taiyo Pharma Tech aims to grow its contract development and 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 manufacturing and marketing of ethical pharmaceuticals

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, 2025, it launched sales of Madopar® Combination Tablets L50 a therapeutic agent for Parkinsonism treatment. 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 operation 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 continually launch new businesses, in addition to strengthening our existing businesses. We will continue to focus on developing new core revenue sources for the Group to complement our existing ones (electronics, medical and pharmaceuticals, ICT, fine chemicals, 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 alliances, M&A, and strategic collaboration projects in which we can leverage external assets, instead of relying only on our own assets.

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. To be more specific, we are addressing climate change by establishing 18 floating solar power plants and through the spread of renewable energy in Japan. Also, we actively implement activities and initiatives rooted in local communities, such as participating in local events and beautification activities, and setting up a children's cafeteria.

As stated above, we have pursued various company-wide initiatives aimed at achieving quantitative and other targets, based on the seven basic policies in the long-term management plan.

Meanwhile, the Board of Directors has arrived at the conclusion that we should again disclose our approach to current issues and future initiatives aimed at maximizing corporate value for all stakeholders, in light of the constructive dialogs we have engaged in with many shareholders.

The decision was therefore made to establish the 2030 Committee as a forum for considering future initiatives based on the company's management issues while ensuring objectivity and transparency, and to maximize medium to long-term corporate value and shareholder value. In considering our capital policy, the Board of Directors established a special committee consisting of outside board directors and external experts to conduct a fair, transparent, and objective comparison and evaluation and make recommendations to the Board of Directors.

The 2030 Committee will set up various working groups and discuss topics such as human resources and other elements of the management foundation, the growth strategies and business portfolio, capital allocation, improvements to the governance system, and appropriate information disclosure to shareholders and stakeholders and capital policy. The committee plans to examine and verify the seven basic policies in the long-term management plan and management issues we have identified.

For more information, please refer to our website.

https://www.taiyo-hd.co.jp/_cms/wp-content/uploads/2025/06/20250603_01-1.pdf

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).

(1) Sustainability

1) Governance

Supervisory structure

The Board of Directors supervises the response to sustainability issues. The Board of Directors receives reports on matters discussed by the Sustainability Promotion Committee and makes recommendations on important matters to the Sustainability Promotion Committee after deliberating on them. In the fiscal year ended March 31, 2025, the Board of Directors discussed CO₂ emission reduction measures, water resource management, and other future initiatives.

Execution structure

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. In the fiscal year ended March 31, 2025, the committee discussed the responses to climate change, biodiversity, water resources, and other nature-related issues as well as the policy on human capital. It also made decisions on concrete CO₂ reduction measures and the types of information to disclose.



2) Risk management

The Taiyo Group reassesses risks and opportunities for each business several times a year to address short-term, medium-term, and long-term risks and opportunities. We have built a series of systems to perform company-wide risk management on matters relating to sustainability that could have a particular serious impact. The risks assessed and identified are addressed by the execution division, and the 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. Response to climate change is a serious social issue facing global society and is accordingly a priority management issue of the Taiyo Group. We will therefore continue to further strengthen relationships of trust with our stakeholders by pursuing active disclosure of information based on the TCFD*¹ recommendations. The Taiyo Group also continues to disclose environmental information through CDP*² and its B score was certified for the second consecutive year.

*1 TCFD: An abbreviation for the Task Force on Climate-related Financial Disclosures, 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: An international NGO that 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 referenced in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and the World Energy Outlook of the International Energy Agency (IEA). In the 1.5°C scenario, automotive substrate area used per vehicle is expected to increase as electrification and use of electrical equipment in vehicles increases due to the spread of next-generation mobility. We see this increase in the use of solder resist due to the increase in substrate area as a business opportunity that will lead to an increase in sales of our Group's automotive products. Considering the measures we are currently implementing, we believe that there will not be a substantial financial impact, even under the 4°C scenario.

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

Initiatives aimed at realizing a decarbonized society

In response to the power shortages resulting from the Great East Japan Earthquake in 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. In February 2024, we installed our 16th floating solar power plant and launched our first offsite corporate PPA business*. In the fiscal year ended March 31, 2026, we plan to use the offsite corporate PPA and begin supplying renewable energy to the Taiyo Group. Going forward, we will support the use of renewable energy by customers and society as a whole, in addition to our Group.

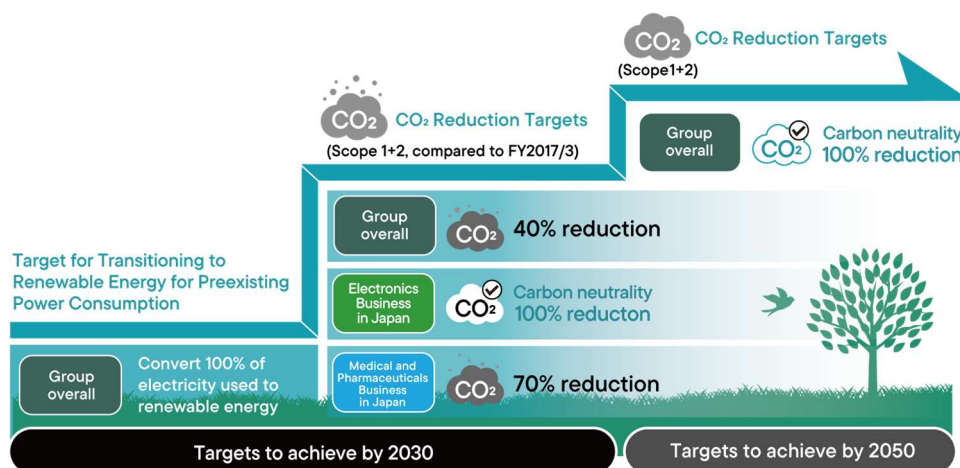
* An electric power purchasing agreement in which a solar power generation system is installed at a location separate from the facility needing the electric power and the power generated is sent to the facility needing the electric power via a power transmission network.

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 for transitioning to renewable energy than before to reduce total Group CO₂ emissions by 40% by the fiscal year ended March 31, 2031 compared to the fiscal year ended March 31, 2017. We also aim to achieve carbon neutrality in the domestic Electronics business and a 70% reduction in CO₂ 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 CO₂ emissions results and targets are indicated below. We have set fiscal year ended March 31, 2017 as the base year for the CO₂ emissions reduction targets.

CO₂ emissions for fiscal years ended March 31, 2017, 2024, and 2025, and CO₂ emissions target for fiscal year ended March 31, 2031
(kt-CO₂)

Segment	CO ₂ emissions	Fiscal year ended March 31, 2017 (Base year)	Fiscal year ended March 31, 2024 (Actual result)	Fiscal year ended March 31, 2025 (Estimate)	Fiscal year ended March 31, 2031 (Target) ^{*1}
Entire Group	Scope 1 + 2	41	48	52	24
	Scope1	16	16	15	
	Scope2	25	32	36	
Electronics (Japan)	Scope 1 + 2	7	10	11	0
Medical and Pharmaceuticals (Japan)	Scope 1 + 2	18	19	19	5
Other ^{*2}	Scope 1 + 2	15	18	21	

*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 evaluate the impact of the risks and opportunities presented by climate change on our businesses, and implement measures that leverage the Taiyo Group's strengths in floating solar power plants and other businesses to mitigate the risks and capitalize on the 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, 2025, 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. In March 2025, we were recognized in the 2025 Outstanding Organizations of KENKO Investment for Health Program (Large Enterprise Category). Taiyo Pharma Tech Co., Ltd. was recognized in the Outstanding Organizations of KENKO Investment for Health Program (Small and Medium-Sized Enterprise Category) in 2023 and again in 2024.

b. Metrics

The payout ratio for health maintenance and improvement allowances was 94.0% in fiscal year ended March 31, 2025. Moreover, the payout ratio for all Group companies that have introduced the system was 82.7%. We will continue to create an environment that supports the health of each and every employee, including those at Group companies.

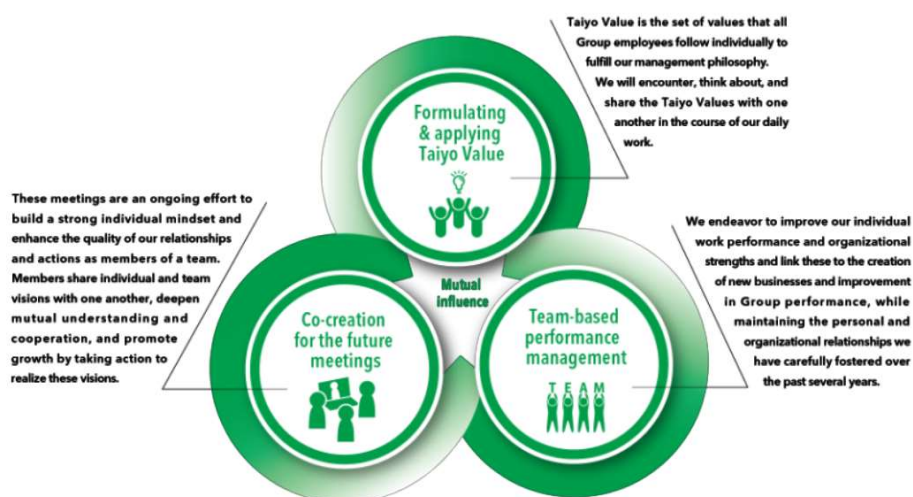
Following revisions in April 2023, we again revised the system of employee compensation to achieve fair evaluations and compensation as applied to the recent changes in the work environment in April 2025. We will continue to rebalance work motivation, a healthy work environment, and fair evaluations 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.

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 who 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. A total of 580 employees from eight companies have stepped up as leaders, taking the initiative in pursuing this initiative.

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 objectives 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, and 700 meetings have been held in total.

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 apply the Taiyo Values. An offsite session for Value Leaders was held for the leaders in Taiyo Holdings and some of its consolidated subsidiaries to share their individual initiatives with the entire organization.

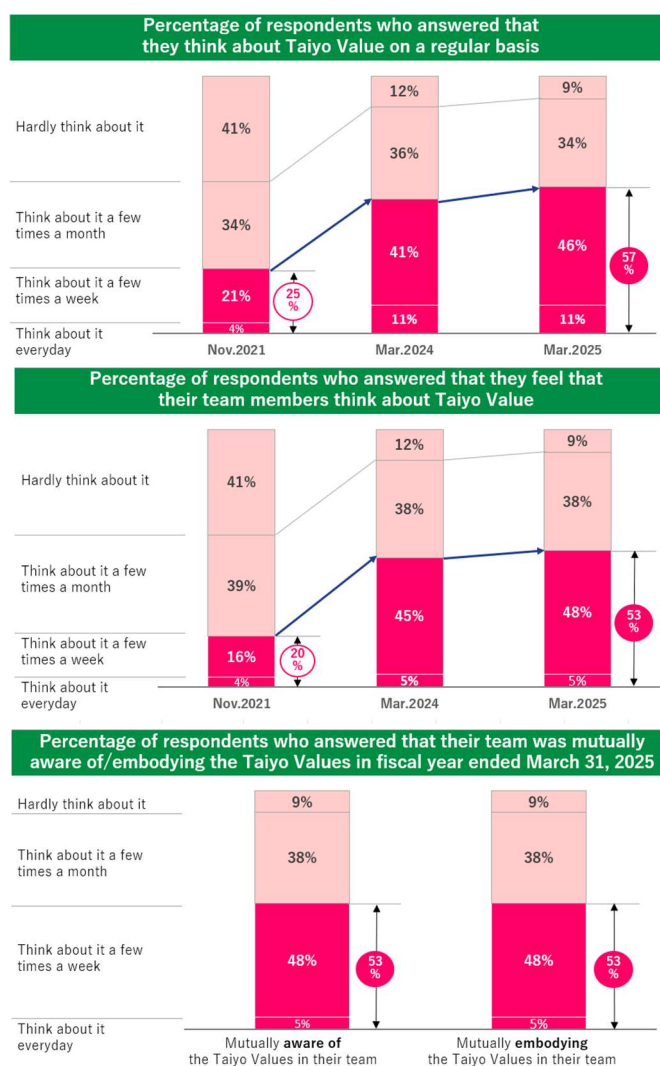
Taiyo Value	We will adopt and comply with the following four principles in our actions towards realizing our Management Philosophy.
[ENJOY]	Imagine the future, make actions.
[SINCERITY]	Be honest. Make proud decisions.
[SPEED]	Take action. Be a pioneer.
[COMMUNICATION]	Listen to others. Convey your thoughts.

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. Since last fiscal year, we have been implementing the Performance Management Program for managers in Taiyo Holdings and some of its consolidated subsidiaries. The objectives of this program are to learn about management styles that lead to independent career formation and improvement in performance of team members, and update the managers' own understanding through practical implementation and dialog. In the fiscal year ended March 31, 2025, we launched initiatives aimed at maximizing team performance and developing leaders who encourage individual initiative and origination of new ideas, not just leaders who manage and control things.

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 read newspapers, 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 three 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 provide support that will enable employees to broaden their education and gain insights.

Indicators for Investment in Employee Training	Fiscal year ended March 31, 2025
Cost of acquiring company-recommended qualifications per employee, cost of newspaper subscriptions for new employees, and cost of purchasing books/necessary for work	57,000 yen
Cost of both internal and /external seminars and training per employee	310,000 yen
Recreation system usage rate (including Group companies)	71.80%
Recreation cost per employee (including Group companies)	19,000 yen
Book subsidy cost per employee (including Group companies)	18,000 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 the actual totals for the Company and all Group companies that have introduced the system (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.).

* The figure for "Book subsidy cost per employee" is the actual total for the Company and all Group companies that have introduced the system (Taiyo Ink Mfg. Co., Ltd., Taiyo Pharma Tech Co., Ltd., Taiyo Green Energy Co., Ltd., and funlead corp.). The figures for Group companies that introduced the system mid-fiscal year (Taiyo Pharma Tech Co., Ltd. and funlead corp.) include the results from the month of introduction to March 2025.

* The figures for items other than "Number of departments hosting recreational activities," "Recreation cost per employee," and "Book subsidy cost per employee" are the actual results for Taiyo Holdings Co., Ltd. on an unconsolidated basis.

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, 2025 (* reflecting personnel changes up to June 2025 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 work 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, 2025*
Percentage of female officers	42.9%
Percentage of female executive officers	14.3%
Percentage of female managers	22.3%
Percentage of female leaders	44.2%
Percentage of female new graduate hires	57.8%
Percentage of female mid-career hires	20.5%
Percentage of female employees	39.9%
Percentage of foreign national executive officers	14.3%
Percentage of foreign national managers	0.0%
Percentage of foreign national employees	4.1%
Percentage of mid-career hires as managers	74.1%
Percentage of mid-career hires	48.0%

* The figures above are calculated based on the number of employees at 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 Auditors).

* 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 2025.

* "Leader" refers to employees who are designated as Grade 5 in the Company's system for ranking qualifications, etc. (employees who can work with others, perform the work they are responsible for, and guide subordinates while exchanging opinions with colleagues and making the necessary efforts to encourage others).

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 33 (32 categories in fiscal year ended March 31, 2024) of 36 categories, and the numbers for the general indicators were also good compared to nationwide averages.

Beginning in the fiscal year ended March 31, 2025, we also added a question about presenteeism, or working while performance is diminished due to mental or physical issues. This resulted in a score of 83.35*, underperforming the nationwide average of 84.9, and we will strive for continual improvement by implementing various measures, including improvement of the work environment. We also share the results of stress checks in each department with managers and hold hour-long meetings in which future measures to address stress are considered.

* The score is a calculation of the average score of respondents from the question, "On a scale from 0% to 100%, where 100% is the best job performance you could have at your job if unimpeded by sickness or injury, how would you rate your overall job performance during the past four weeks."

Overall indicators	FYE Mar. 2023	FYE Mar. 2024	FYE Mar. 2025	* Nationwide average
Work engagement	2.65	2.64	2.69	2.52
Job satisfaction	2.86	2.85	2.86	2.74
Sense of unity in the workplace	2.81	2.85	2.84	2.60

* Each item is scored on a scale of lowest (1) to highest (4). The higher the number, the better the results.

* The above survey covered Taiyo Holdings Co., Ltd. and its domestic consolidated subsidiaries (excluding funlead corp. and mystarz Co., Ltd.). Funlead corp. and mystarz Co., Ltd. conduct surveys using their own survey items.

In terms of "work environment," we aim not only 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 (Taiyo Holdings) in fiscal year ended March 31, 2025: 48.0%)

In April 2025, 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"> 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 	<ul style="list-style-type: none"> The Board of Directors and Sustainability Promotion Committee specify priority challenges We analyze risks and opportunities and conduct thorough risk management
Foreign exchange risk	<ul style="list-style-type: none"> Fluctuation in foreign exchange rates may cause stagnation of business activities overseas Fluctuations in foreign exchange rates and interest rates may affect conversion of the operating results of overseas subsidiaries into yen 	<ul style="list-style-type: none"> We use forward exchange contracts We finance in countries with a low risk of fluctuation in foreign exchange rates, including the parent company We promote sourcing local production for local sales
Country-specific risks	<ul style="list-style-type: none"> There may be changes in laws and regulations, changes in tariffs, etc. The country might experience military conflict or civil disorder 	<ul style="list-style-type: none"> We aim for an appropriately dispersed network of global operations We research trends in among customers and in the government of each country
Risk of disaster affecting a manufacturing facility	<ul style="list-style-type: none"> A disaster affecting a manufacturing site might cause manufacturing of products to be suspended 	<ul style="list-style-type: none"> We aim to maintain appropriately dispersed manufacturing sites in the Electronics business We own in-house power generation equipment that could be used at contract development and manufacturing sites of the Medical and Pharmaceuticals business
Infection risk	<ul style="list-style-type: none"> We might need to suspend business if corporate officers or employees get infected 	<ul style="list-style-type: none"> We adhere to government policy We have introduced work-from-home programs We have installed hand sanitizer
Procurement risk	<ul style="list-style-type: none"> Our supply chain might get disrupted if suppliers suffer damage or shortages Oil prices might lead to higher materials costs 	<ul style="list-style-type: none"> We source materials from multiple suppliers
Price war risk	<ul style="list-style-type: none"> We might face pressure to lower sales prices 	<ul style="list-style-type: none"> We produce and sell low-priced products We monitor the competition
Client bankruptcy	<ul style="list-style-type: none"> Clients in Japan or overseas might unexpectedly go bankrupt 	<ul style="list-style-type: none"> We collect information, manage credit exposure, and take other steps to protect receivables
Technological innovation risk	<ul style="list-style-type: none"> Technological innovation might yield manufacturing techniques that do not rely on our products (such as techniques for making electronic parts without PCBs) Techniques that do not use solder resist may be applied to manufacturing PCBs 	<ul style="list-style-type: none"> We develop new manufacturing techniques
Patent risk	<ul style="list-style-type: none"> We may fail to protect our patents The Taiyo Group may infringe on the patents and intellectual property of another company 	<ul style="list-style-type: none"> We manage risks related to intellectual property rights
Side-effects of pharmaceuticals	<ul style="list-style-type: none"> Unexpected serious adverse effects or safety issues may be discovered 	<ul style="list-style-type: none"> We comply with the Pharma-Med Act and applicable standards, and subscribe to the necessary liability insurance
Pharmaceutical regulation	<ul style="list-style-type: none"> There may be unfavorable changes in drug pricing or other relevant aspects of the national health system or national/local government health policy 	<ul style="list-style-type: none"> We have a robust system of operating procedures with effective oversight
Impairment risk	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> The Board of Directors reviews whether the purchase price is appropriate We use follow-up surveys to measure each asset's contribution to synergy, and we periodically monitor each asset's macroeconomic context
Transfer pricing taxation and other cross-border tax risks	<ul style="list-style-type: none"> Potential to incur additional or double taxation due to difference of opinion with tax authorities during a tax audit 	<ul style="list-style-type: none"> We comply with each country's tax system We consult external experts

Risk type	Description of risk	Key actions for managing the risk
Risk of failure to secure human resources	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • We develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and societies • We maintain work motivation, a healthy work environment, and fair evaluations and compensation
Information security risk	<ul style="list-style-type: none"> • Cyber attacks and other security threats may result in information leaks and falsification of information • Computer systems may shut down or malfunction 	<ul style="list-style-type: none"> • We strengthen and maintain our information management systems • We train employees and conduct practice drills

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)

	As of March 31, 2024	As of March 31, 2025	Change	Main factors (Comparison with the end of the previous fiscal year)
Current assets	109,655	98,008	(11,646)	Decrease of: 13,680 million yen in cash and deposits Increase of: 2,191 million yen in raw materials and supplies 1,968 million yen in merchandise and finished goods
Non-current assets	103,096	94,014	(9,082)	Decrease of: 8,794 million yen in sales rights 3,784 million yen in construction in progress Increase of: 2,714 million yen in machinery, equipment and vehicles, net
Total assets	212,751	192,022	(20,729)	
Total liabilities	112,353	89,043	(23,309)	Decrease of: 12,683 million yen in long-term borrowings (including current portion of long-term borrowings) 9,515 million yen in short-term borrowings
Total net assets	100,398	102,978	2,580	Positive factors: Recorded 10,780 million yen in profit attributable to owners of parent Negative factors: 4,594 million yen in dividends of surplus Increase of 2,113 million yen in treasury shares Decrease of 1,738 million yen in foreign currency translation adjustment account
Total liabilities and net assets	212,751	192,022	(20,729)	

2) Operating results

Net sales for the consolidated fiscal year ended March 31, 2025 were 119,010 million yen (up 13.6% year on year).

Operating income was 22,067 million yen (up 21.2% year on year), and ordinary income was 21,577 million yen (up 24.6% year on year). Profit attributable to owners of the parent was 10,780 million yen (up 24.6% year on year), which mainly reflects impairment losses recognized by Taiyo Pharma Co., Ltd. as a result of revaluation of the sales rights with declining profitability.

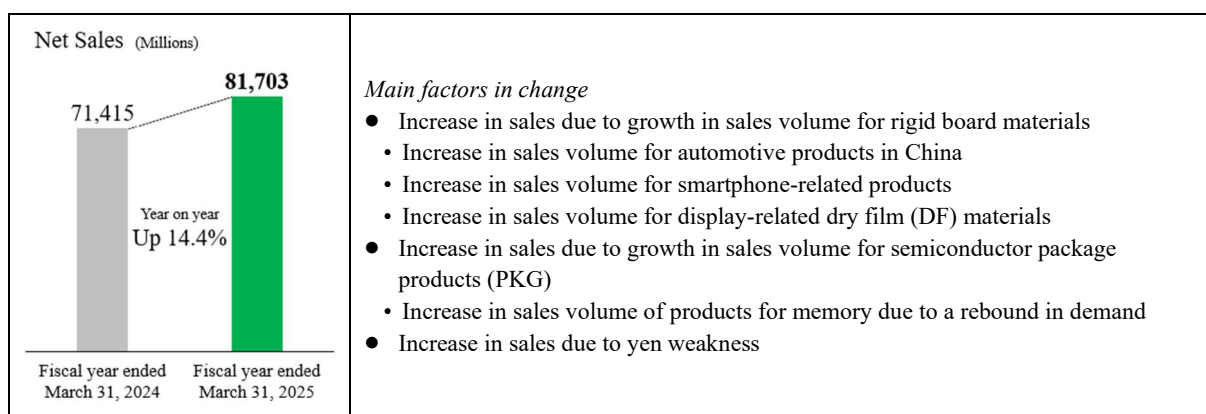
Results by segment were as follows.

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

Electronics

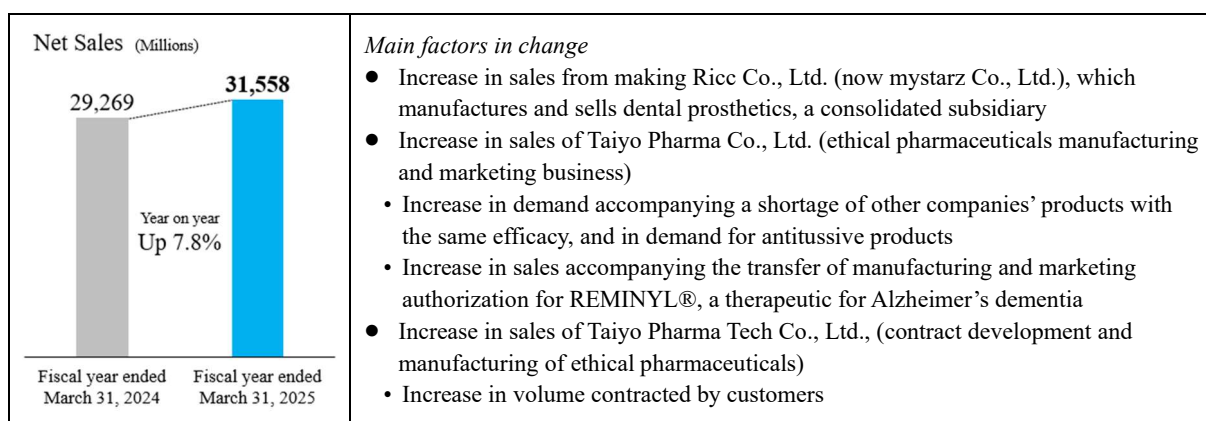
In the Electronics business, net sales were 81,703 million yen (up 14.4% year on year), outperforming the previous fiscal year by 10,287 million yen, mainly due to the increase in sales volume for rigid board materials and semiconductor package products (PKG), in addition to the foreign exchange impact. Segment profit was 21,458 million yen (up 30.4% year on year), outperforming segment profit in the previous fiscal year by 5,002 million yen.

Throughout the fiscal year under review, the JPY/USD exchange rate averaged at JPY 152.5/USD, 8.1 yen weaker than the previous period's average rate of JPY 144.4/USD.



Medical and Pharmaceuticals

In the Medical and Pharmaceuticals business, net sales were 31,558 million yen (up 7.8% year on year), outperforming net sales in the previous fiscal year by 2,288 million yen, due to making Ricc Co., Ltd. (now mystarz Co., Ltd.) a consolidated subsidiary, an increase in demand for some products in the manufacturing and marketing business, and an increase in contract volume, etc. in the contract development and manufacturing business. Segment profit was 2,049 million yen (down 36.9% year on year), underperforming segment profit in the previous fiscal year by 1,199 million yen.



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)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Main factors
Net cash provided by (used in) operating activities	21,224	23,713	Cash inflows: 14,566 million yen in profit before income taxes 9,090 million yen in depreciation 7,010 million yen in impairment losses Cash outflows: (4,388) million yen in increase in inventory (3,013) million yen in income taxes paid
Net cash provided by (used in) investing activities	(21,069)	(8,307)	Cash outflows: (6,312) million yen in purchase of property, plant and equipment (983) million yen in purchase of intangible assets
Net cash provided by (used in) financing activities	8,954	(29,216)	Cash inflows: 22,950 million yen in proceeds from long-term borrowings Cash outflows: (35,788) million yen in repayment of long-term borrowings (9,426) million yen in net decrease in short-term borrowings (4,594) million yen in dividends paid (2,219) million yen in purchase of treasury shares

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Main factors
Net increase (decrease) in cash and cash equivalents	10,299	(14,201)	
Cash and cash equivalents at end of period	57,664	44,052	

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, 2025 (April 1, 2024 to March 31, 2025)	Year on Year (%)
Electronics	69,469	118.6
Medical and Pharmaceuticals	16,965	99.8
Reportable segment total	86,435	114.4
Other	1,739	117.1
Total	88,174	114.5

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, 2025 (April 1, 2024 to March 31, 2025)	Year on year (%)
Electronics	81,703	114.4
Medical and Pharmaceuticals	31,558	107.8
Reportable segment total	113,261	112.5
Other	5,749	140.6
Total	119,010	113.6

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 64,523 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 44,052 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 4.4 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 24,005 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	Target	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Return on Equity ratio (ROE)	18%	12.8%	9.0%	10.6%
Dividend on Equity ratio (DOE)	5% or higher	6.0% (achieved)	5.1% (achieved)	11.6% (achieved)

The ROE target for fiscal year ended March 31, 2031 is 18%, as set in Beyond Imagination 2030. ROE improved to 10.6% in fiscal year ended March 31, 2025, from 9.0% in the previous consolidated fiscal year. We will continue to take action to achieve this target as we strive to 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 11.6%, 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

The key agreements of Taiyo Holdings are as follows.

Capital and business alliances

Taiyo Holdings has concluded a capital and business alliance with DIC Corporation, the provisions of which are described below.

Date signed	January 25, 2017
Other party to the agreement	DIC Corporation
Address	35-58 Sakashita 3-chome, Itabashi-ku, Tokyo, Japan
Agreement	Capital and business alliance agreement
Description of agreement	<p>(1) Description of business alliance</p> <ol style="list-style-type: none"> 1) Joint development of MID (Molded Interconnect Device) and other new Printed Circuit Board (PCB) materials utilizing the technologies that Taiyo Holdings and DIC Corporation (hereafter, "DIC") possess. 2) Joint development of printable substrate materials, utilizing DIC's advanced resin development technology and pigment dispersion technology 3) Rapid launches and improved products meeting market needs through the utilization of the substantial pipeline and evaluation technology Taiyo Holdings possesses for new businesses relating to products for the electronics market DIC is considering 4) Reduction of manufacturing costs and improvement in the operating efficiency of DIC's overseas plants through outsourcing contract manufacturing of solder resist to DIC's overseas plants <p>(2) Description of capital alliance</p> <p>Taiyo Holdings became an equity-method affiliate^{*2} of DIC via a third-party allotment in which a total of 5,617,300 shares^{*1}, consisting of new shares issued by Taiyo Holdings (1,312,600 common shares) and disposition of treasury shares by Taiyo Holdings (4,304,700 common shares), were allotted to DIC.</p> <p>(3) Description of agreement</p> <ol style="list-style-type: none"> 1) Agreement on secondment of corporate officers DIC has the right to nominate one part-time director of Taiyo Holdings. 2) Agreement concerning maintenance of stock ownership ratio When Taiyo Holdings issues shares, stock acquisition rights, or convertible bonds with equity purchase warrants, DIC possesses the right to subscribe to the number of shares, stock acquisition rights, or bonds with equity purchase warrants necessary to maintain its voting rights ownership ratio, to the extent permitted by law, under the same conditions as other investors.
Purpose of agreement	To procure the funds necessary to resolve short-term management issues and pursue medium to long-term management strategies of the Taiyo Group
Consideration of and process leading to other decisions made in Taiyo Holdings by the Board of Directors concerning the agreement	<p>(Date of Board of Directors resolution on the capital and business alliance) January 25, 2017</p> <p>(Process leading to approval of the agreement)</p> <p>In 2016, we expected to see an increase in demand for network equipment due to the spread of 5G and IoT, expansion of the market for automotive products due to transformation of the automotive industry, and changes in the business environment from progress in new areas of technology such as next-generation semiconductor package (PKG) materials and three-dimensional molded substrate insulating materials. We considered financing to seize new business opportunities and enhance corporate value over the medium and long term amid these changes. Because recovering funds used for capital investment sometimes takes a long time, we thought that debt financing was not appropriate and building up equity could be expected to expand the room for bank borrowing and other forms of financing in the future. While we also considered various methods for a capital increase, we decided the best option was third-party allotment to strategic partners with which we share business synergies, and have proceeded to explore partner companies. In the course of our exploration, we decided that DIC could complement development of the Taiyo Group's businesses and lead to steadier growth because it possesses excellent material development capabilities, production and logistics bases, and financial strength. We therefore decided to enter a capital and business alliance to procure the necessary funds to resolve the short-term management issues and advance the medium to long-term management strategy of the Taiyo Group while mutually selecting partners for business alliances and forming a strategic partnership.</p>

Impact of the agreement on the corporate governance of Taiyo Holdings	<p>Actively engaging in dialog with DIC and a corporate officer seconded from it will contribute to enhancing corporate governance.</p> <p>From the perspective of enhancing the corporate value of the Taiyo Group and protecting the interests of minority shareholders, we have built a system that enables the Taiyo Group to make management decisions without being instructed by or obtaining prior approval from DIC, and have elected seven directors, three of which are outside directors as of the filing date (June 17, 2025). The corporate officer seconded from DIC does not participate deliberations and resolutions concerning proposals where a conflict of interests with DIC exists, ensuring impartiality of the decision-making process in decisions on transaction terms, etc.</p>
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- Notes: 1. Taiyo Holdings conducted a 2-for-1 stock split on September 30, 2021, the record date. DIC Corporation holds 11,234,600 shares of Taiyo Holdings stock as of March 31, 2025.
2. DIC Corporation holds 20.04% of the number of shares outstanding (excluding treasury shares) as of March 31, 2025.

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.

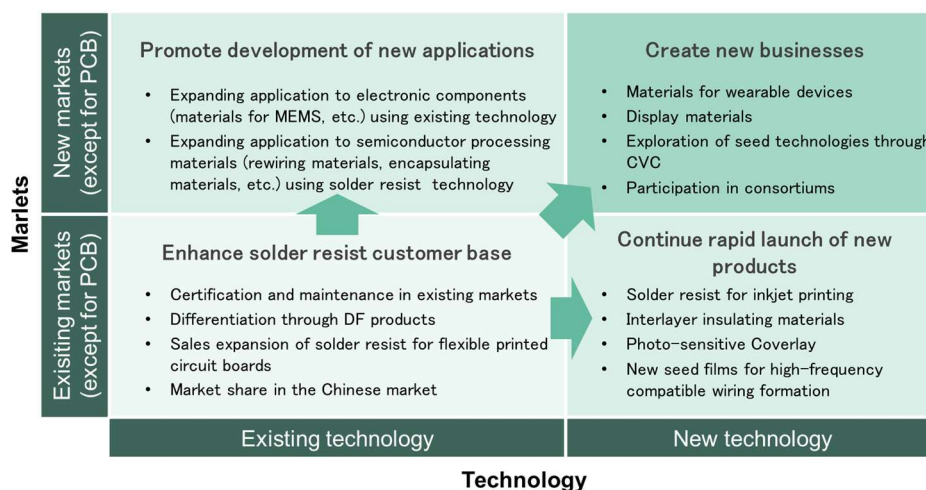
In the consolidated fiscal year under review, we spent a total of 7,211 million yen on research and development, 1,016 million yen more than in the previous fiscal year. The R&D spending in each segment was as follows:

Electronics: 6,198 million yen

Medical and Pharmaceuticals: 893 million yen

Other: 119 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. continue rapid 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.



Enhance customer base in solder resists (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 semiconductor package (PKG) 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. We are also engaging in open innovation by seeking to join consortia and through other external collaboration.

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 these substrates and began mass production. Our products are also being used in substrates for satellite communications antennas, where growth is expected in recent years, and we are further strengthening development aimed at application to next-generation products.

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 resolve these issues and 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 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.

Continue rapid 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 and etching 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 printed circuit (FPC) 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 will continue to work 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- sensitive 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-sensitive coverlay film 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 and new development in a wide range of fields.

New seed films for high-frequency compatible wiring formation

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 is melted 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, which is drawing interest as a new market, 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 using dry film, liquid, or 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. The addition of this shielding material to the conventional process can simplify the process and we are developing a material that can be applied using the more environmentally friendly inkjet coating process.

III. Our Facilities

1. Capital investment overview

In the consolidated fiscal year under review, we invested a total of 5,669 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, 2025
Electronics	2,560
Medical and Pharmaceuticals	1,217
Other	1,294
Trans-segment (Note)	596
Total	5,669

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, 2025

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 ²)	Other (Note 4)	Total	
Ranzan-Kitayama Facility (Ranzan-machi, Hiki- gun, Saitama, Japan) (Note 3)	–	Rented office, factory	2,373	–	2,025 (33,410)	4	4,403	12
Ranzan Facility (Ranzan-machi, Hiki- gun, Saitama, Japan)	–	R&D facility	1,620	0	307 (16,021)	197	2,125	52
Head office (Toshima-ku, Tokyo, Japan)	–	General headquarters	481	–	–	38	520	105
Marunouchi Kitaguchi Building (Chiyoda-ku, Tokyo, Japan) (Note 3)	–	Office	153	–	–	0	153	–
Former Head Office Building (Nerima-ku, Tokyo, Japan)	–	Office	125	–	370 (801)	0	495	–
Other	–	Land, etc.	102	–	43 (2,387)	46	192	1

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, 2025

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 ²)	Other (Note 2)	Total	
Taiyo Ink Mfg. Co., Ltd.	Head office (Ranzan-machi, Hiki-gun, Saitama, Japan)	Electronics	Office, factory, R&D facility	212	469	13 (2,346)	219	914	160
	Kitakyushu Facility (Kitakyushu, Fukuoka, Japan)	Electronics	Factory	2,061	210	–	60	2,332	55
	Ranzan Facility (Ranzan-machi, Hiki-gun, Saitama, Japan)	Electronics	R&D facility, etc.	6,482	147	–	396	7,027	124
Taiyo Pharma Tech Co., Ltd.	Head office (Takatsuki-shi, Osaka, Japan)	Medical and Pharmaceuticals	Office, factory	10,059	5,087	9,796 (65,865)	897	25,839	401
Taiyo Fine Chemicals Co., Ltd.	Head office (Nihonmatsu-shi, Fukushima, Japan)	Other	Office, factory, R&D facility	548	261	306 (62,260)	44	1,161	47
Taiyo Green Energy Co., Ltd.	Head office (Ranzan-machi, Hiki-gun, Saitama, Japan)	Other	Office, factory, power generation facility	10	6	–	0	16	14
	Ranzan Floating Solar Power Plant (Ranzan-machi, Hiki-gun, Saitama, Japan)	Other	Power generation facility	0	254	–	–	254	–
	Ranzan Onuma Floating Solar Power Plant (Ranzan-machi, Hiki-gun, Saitama, Japan)	Other	Power generation facility	0	58	–	–	58	–
	Anazawaike Floating Solar Power Plant (Inami-cho, Kako-gun, Hyogo, Japan)	Other	Power generation facility	–	180	–	–	180	–
	Uozumiike-Kusatani Floating Solar Power Plant (Inami-cho, Kako-gun, Hyogo, Japan)	Other	Power generation facility	–	290	–	–	290	–
	Kobayashiike Floating Solar Power Plant (Yamatokoriyama-shi, Nara, Japan)	Other	Power generation facility	–	101	–	–	101	–
	Hosoike Floating Solar Power Plant (Yoro-cho, Yoro-gun, Gifu, Japan)	Other	Power generation facility	–	413	–	–	413	–
	Hayashiike Floating Solar Power Plant (Nisshin-shi, Aichi, Japan)	Other	Power generation facility	–	135	–	–	135	–

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 ²)	Other (Note 2)	Total	
Taiyo Green Energy Co., Ltd.	Hiraike Floating Solar Power Plant (Yoro-cho, Yoro-gun, Gifu, Japan)	Other	Power generation facility	–	200	–	–	200	–
	Shijukushinike Floating Solar Power Plant (Iga-shi, Mie, Japan)	Other	Power generation facility	0	227	–	0	227	–
	Shirainuma Reservoir Floating Solar Power Plant (Kawajima, Hikigun, Saitama, Japan)	Other	Power generation facility	–	104	–	–	104	–
	Asama Reservoir Floating Solar Power Plant (Kawajima, Hikigun, Saitama, Japan)	Other	Power generation facility	–	104	–	–	104	–
	Odaike Floating Solar Power Plant (Takamatsu-shi, Kagawa, Japan)	Other	Power generation facility	–	658	–	–	658	–
	Mimayaike Floating Solar Power Plant (Takamatsu-shi, Kagawa, Japan)	Other	Power generation facility	–	668	–	–	668	–
	Chuoike Floating Solar Power Plant (Miki-shi, Hyogo, Japan)	Other	Power generation facility	–	338	–	–	338	–
	Nishimuroike Floating Solar Power Plant (Katsuragi-shi, Nara, Japan)	Other	Power generation facility	–	141	–	–	141	–
	Shodaike Floating Solar Power Plant (Izumisano-shi, Osaka, Japan)	Other	Power generation facility	–	95	–	–	95	–
	Umakiike Floating Solar Power Plant (Matsuyama-shi, Ehime, Japan)	Other	Power generation facility	–	182	–	–	182	–

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, 2025

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 ²)	Other (Note 2)	Total	
Taiyo Ink (Suzhou) Co., Ltd.	Suzhou, Jiangsu Province, China	Electronics	Office, factory, R&D facility	878	2,652	–	228	3,759	272
Onstatic New Material (Jiangxi) Co., Ltd.	Xinyu, Jiangxi Province, China	Electronics	Office, factory, R&D facility	1,012	155	–	107	1,275	123
Taiwan Taiyo Ink Co., Ltd.	Guanyin District, Taoyuan City, Taiwan	Electronics	Office, factory, R&D facility	2,695	314	782 (11,846)	131	3,923	146
Taiyo Ink Mfg. Co., (Korea) Ltd.	Ansan-si, Gyeonggi Province, South Korea	Electronics	Office, factory, R&D facility	869	479	263 (31,215)	200	1,813	137
Taiyo America, Inc.	Carson City, Nevada, United States	Electronics	Office, factory, R&D facility	76	155	54 (17,038)	3	288	34
Taiyo Ink Vietnam Co., Ltd	Hanoi, Vietnam	Electronics	Office, factory, R&D facility	290	248	–	4	542	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 9,900 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, 2026) (Millions of yen)	Main purposes	Source of funds
Electronics	6,500	Acquire facilities and other physical assets	Self-funded, borrowings
Medical and Pharmaceuticals	1,600	Acquire facilities and other physical assets	Self-funded, borrowings
Other	700	Acquire facilities and other physical assets	Self-funded, borrowings
Trans-segment (Note)	1,100	Acquire facilities and other physical assets	Self-funded, borrowings
Total	9,900		

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

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

1. Share information

(1) Total number of shares

1) Total number of 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, 2025)	Number of shares outstanding as of filing date (shares) (as of June 17, 2025)	Stock exchanges where the shares are listed (or authorized financial instruments associations)	Description
Common shares	58,369,505	58,369,505	Tokyo Stock Exchange (TSE) Prime Market	Number of shares in one unit 100 Notes:
Total	58,369,505	58,369,505	—	—

Note: As resolved by the Board of Directors on June 20, 2024, we issued 77,946 new shares on July 9, 2024, to provide for the restricted stock compensation and performance-linked stock compensation. The details are as follows.

(1)	Pay-in date	July 9, 2024
(2)	Number and class of shares	77,946 shares of common stock
(3)	Issue price	3,295 yen per share
(4)	Total value of issued shares	256,832,070 yen
(5)	Offering / allotment method	38,546 shares for restricted stock compensation will be allotted with specified transfer restrictions. 39,400 shares for performance-linked stock compensation will be allotted via third party allotment
(6)	Contribution method	Allotment with specified transfer restrictions: Allottees exchange monetary claims for the shares. Third party allotment: Allottees purchase the shares with cash.
(7)	Recipients (number) and number of shares allotted	Allotment with specified transfer restrictions: Two executive board directors of Taiyo Holdings to receive 24,636 shares Two senior corporate executive officers of Taiyo Holdings to receive 13,910 shares Third-party allotment: Two executive board directors of Taiyo Holdings to receive 34,700 shares (excluding those who resigned their position*) Two executive board directors of Taiyo Holdings to receive 4,700 shares (resignees*) * Executive board directors who resigned their position during the time period extending from the day of the 78th Ordinary General Shareholders' Meeting (June 15, 2024) to June 20, 2024, out of those who were executive board directors during the period extending from the day of the 77th Ordinary General Shareholders' Meeting (June 17, 2023) to the day before the 78th Ordinary General Shareholders' Meeting.

- (2) Stock options
 - 1) System of stock options
None.
 - 2) Shareholder rights plan
None.
 - 3) Other stock option-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, 2020 (Note 1)	28,855	28,998,502	71	9,499	71	10,467
July 16, 2021 (Note 2)	43,062	29,041,564	113	9,612	113	10,580
October 1, 2021 (Note 3)	29,041,564	58,083,128	—	9,612	—	10,580
July 15, 2022 (Note 4)	102,373	58,185,501	148	9,761	148	10,728
July 14, 2023 (Note 5)	106,058	58,291,559	141	9,903	141	10,870
July 9, 2024 (Note 6)	77,946	58,369,505	128	10,031	128	10,999

- Notes: 1. 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 and 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.
2. 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 and 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)
3. This was a result of a 2-for-1 stock split.
4. 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 and 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 (Representative Board Director), Eiji Takehara (Board Director), Masao Arima (Board Director)
5. 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 and 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 (Representative Board Director), Eiji Takehara (Board Director), Masao Arima (Board Director)
6. Share capital and capital surplus both increased by 128 million yen after we offered additional shares as part of specified restricted stock compensation and performance-linked stock compensation.
Specified transfer-restricted stock and third party allotment method
Issue price: 3,295 yen
Stated value per share: 1,648 yen
Allottee (title): Eiji Sato (President and CEO), Hitoshi Saito (Representative Board Director), Eiji Takehara * (Board Director), Masao Arima* (Board Director), Masao Arima (Senior Corporate Executive Officer), Shoji Minegishi (Senior Corporate Executive Officer)
* The allottee resigned as board director on June 15, 2024.

(5) Share ownership

As of March 31, 2025

Category	Share ownership (100 shares per share unit)								Shares Less Than One Unit
	National or local public organizations	Financial institutions	Financial instruments operators	Other organizations	Overseas		Individuals Other	Total	
					Organizations	Individuals			
Number of shareholders	–	23	22	70	169	16	6,333	6,633	–
Total share units held	–	112,345	6,502	185,378	158,970	83	120,039	583,317	37,805
Ownership ratio (%)	–	19.26	1.11	31.78	27.25	0.01	20.59	100.00	–

- Notes: 1. Of the 2,303,889 treasury shares, 23,038 share units are under “Individuals, Other,” and 89 shares are under “Shares Less Than One Unit.”
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, 2025

Name of individual or organization	Address	Number of shares held (Thousands)	% of outstanding shares (excluding treasury shares) held
DIC Corporation	35-58 Sakashita 3-chome, Itabashi-ku, Tokyo, Japan	11,234	20.04
The Master Trust Bank of Japan, Ltd. (manages our trust account)	Akasaka Intercity AIR, 8-1 Akasaka 1-chome, Minato-ku, Tokyo, Japan	4,624	8.25
Kowa Co., Ltd.	4-8 Nakamura-kita 3-chome, Nerima-ku, Tokyo, Japan	3,533	6.30
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	3.98
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom	1,946	3.47
CGML PB CLIENT ACCOUNT/COLLATERAL	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	1,762	3.14
Custody Bank of Japan, Ltd. (manages our trust account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo, Japan	1,538	2.74
Shikoku Kasei Holdings Corporation	537-1 Doki-cho-higashi 8-chome, Marugameshi, Kagawa, Japan	1,490	2.66
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	10 Harewood Avenue, London NW1 6AA, United Kingdom	1,320	2.35
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC FOR THIRD PARTY	10 Harewood Avenue, London NW1 6AA, United Kingdom	1,215	2.17
Total	—	30,896	55.11

- Notes: 1. Of the total number of shares held by The Master Trust Bank of Japan, Ltd., 4,613 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., 1,534 thousand pertain to the trust account we keep with this bank.
3. Although the [Statement of Large-Volume Holdings](#) (Change Report) provided for public inspection on April 1, 2025 states that [Oasis Management Company Limited](#) holds 6,170,000 shares (10.57% of total shareholdings) as of March 25, 2025, Taiyo Holdings was not able to verify the actual number of shares held as of March 31, 2025 and has therefore based the number of shares held in the table of major shareholders above on the number of shares held in the Shareholder Register. Taiyo Holdings submitted an extraordinary report (change in major shareholders) on April 3, 2025 because the company can be considered as a major shareholder due to the information recorded in the [statement noted above](#).

(7) Voting rights

1) Issued shares

As of March 31, 2025

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 2,848,300	5,445	(Note 1)
Full-voting shares: other	Common shares 55,483,400	554,834	(Note 2)
Shares Less Than One Unit	Common shares 37,805	—	(Note 3)
Total issued shares	58,369,505	—	—
Total voting rights	—	560,279	—

Notes: 1. We hold 2,303,800 of these shares directly. The remaining 544,500 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 89 treasury shares owned by Taiyo Holdings Co., Ltd.

2) Treasury shares

As of March 31, 2025

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 held
Taiyo Holdings Co., Ltd.	388 Ohkura, Ranzan-machi, Hiki-gun, Saitama, Japan	2,303,800	544,500	2,848,300	4.88
Total	—	2,303,800	544,500	2,848,300	4.88

Notes: 1. The number of shares listed above does not include 149 Shares Less Than One Unit.

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

Taiyo Holdings and some of its subsidiaries have introduced an Employee Stock Ownership Plan (ESOP) Trust (hereafter, “ESOP Trust”), an employee incentive plan for employees of Taiyo Holdings and board directors and employees of some subsidiaries (hereafter, “recipient employees, etc.”) with the aim of (1) fostering feelings of solidarity and a willingness to participate in management, (2) raising their morale and motivating them to contribute to our long-term performance and stock price, and (3) encouraging them to enhance our medium to long-term corporate value.

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

Under this ESOP, shares of the Company’s stock are held in a trust, the beneficiaries of which are recipient employees, etc. 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 recipient employees, etc. All purchases will comply with stock delivery rules established in advance. Pursuant to these rules, the trust then delivers the shares to recipient employees, etc. during their service for no consideration, in an amount commensurate with the rank of the employee, etc. during the period in which the shares were held in the trust. The trust’s purchases of shares are funded entirely by the Company; the recipient employees, etc. bear none of the cost.

With an ESOP Trust, the recipient employees, etc. benefit financially when our stock price rises. They will therefore 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, etc. In this way, the ESOP Trust encourages employees, etc. to participate in management and thus help boost corporate value.

2) Total number of shares we expect recipient employees, etc. to receive
544,560 shares

3) Beneficiaries of the ESOP Trust and those eligible for related benefits
Recipient employees, etc. 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 the Act.

(1) Purchases approved by Ordinary General Shareholders' Meeting

None.

(2) Purchases approved by the Board of Directors

Category	Number of shares	Total purchase price (yen)
Purchase plan approved by the Board of Directors on September 17, 2024 (Purchase period: September 19, 2024 to October 18, 2024)	74,300	353,370,800
Treasury shares purchased before the fiscal year ended March 31, 2025	–	–
Treasury shares purchased during the fiscal year ended March 31, 2025	74,300	278,358,000
Outstanding approved purchases	0	75,012,800
Unexercised portion as of end of the fiscal year ended March 31, 2025 (%)	0.0	21.2
Treasury shares purchased during purchase period	–	–
Unexercised portion as of filing date (%)	0.0	21.2

Category	Number of shares	Total purchase price (yen)
Purchase plan approved by the Board of Directors on November 6 2024 (Purchase period: November 8, 2024 to December 13, 2024)	471,100	1,938,576,500
Treasury shares purchased before the fiscal year ended March 31, 2025	–	–
Treasury shares purchased during the fiscal year ended March 31, 2025	466,600	1,938,220,000
Outstanding approved purchases	4,500	356,500
Unexercised portion as of end of the fiscal year ended March 31, 2025 (%)	1.0	0.0
Treasury shares purchased during purchase period	–	–
Unexercised portion as of filing date (%)	1.0	0.0

(3) Purchases not based on approval of the Ordinary General Shareholders' Meeting or the Board of Directors

Category	Number of shares	Total purchase price (yen)
Treasury shares purchased during the fiscal year ended March 31, 2025	91	359,370
Treasury shares purchased during purchase period	–	–

Notes: 1. Treasury shares purchased during purchase period exclude shares less than one unit purchases occurring between June 1, 2025 and the date we filed this annual securities report.
2. 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, 2025		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 Delivery and sales of shares to the Company's employees through the ESOP trust	58,580	107,058,726	240	980,752
Treasury shares we continue to hold	2,848,449	—	2,848,209	—

- Notes: 1. “Treasury shares we continue to hold” includes shares in our ESOP Trust, which we purchased as follows:
Fiscal year under review: 544,560 shares; Purchase period: 544,320 shares
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, 2025 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 shares less than one unit occurring between June 1, 2025 and the date we filed this annual securities report.

3. Dividend policy

Returning cash profits to shareholders is a top priority for us. Our policy is to 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, and we aim to provide shareholder returns targeting a consolidated total payout ratio of 100% (until; fiscal year ended March 31, 2028 at the latest) to improve Return on Equity (ROE).

Based on the policy described above, we decided to declare an interim dividend of 40 yen per share and a year-end dividend of 150 yen per share. These dividends combined bring the annual dividends for the fiscal year under review to 190 yen per share, resulting in a Dividend on Equity (DOE) ratio of 11.6% and a consolidated total payout ratio of 98.8%.

For fiscal year ended March 31, 2026, we plan to pay dividends of 290 yen per share. This includes an interim dividend of 145 yen per share and a year-end dividend of 145 yen per share.

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

Date approved	Total dividends (Millions of yen)	Dividend per share (Yen)
November 6, 2024 Approved by the Board of Directors	2,242	40
May 12, 2025 Approved by the Board of Directors	8,409	150

4. Corporate governance

(1) Outline of corporate governance system

1) Our basic approach to corporate governance

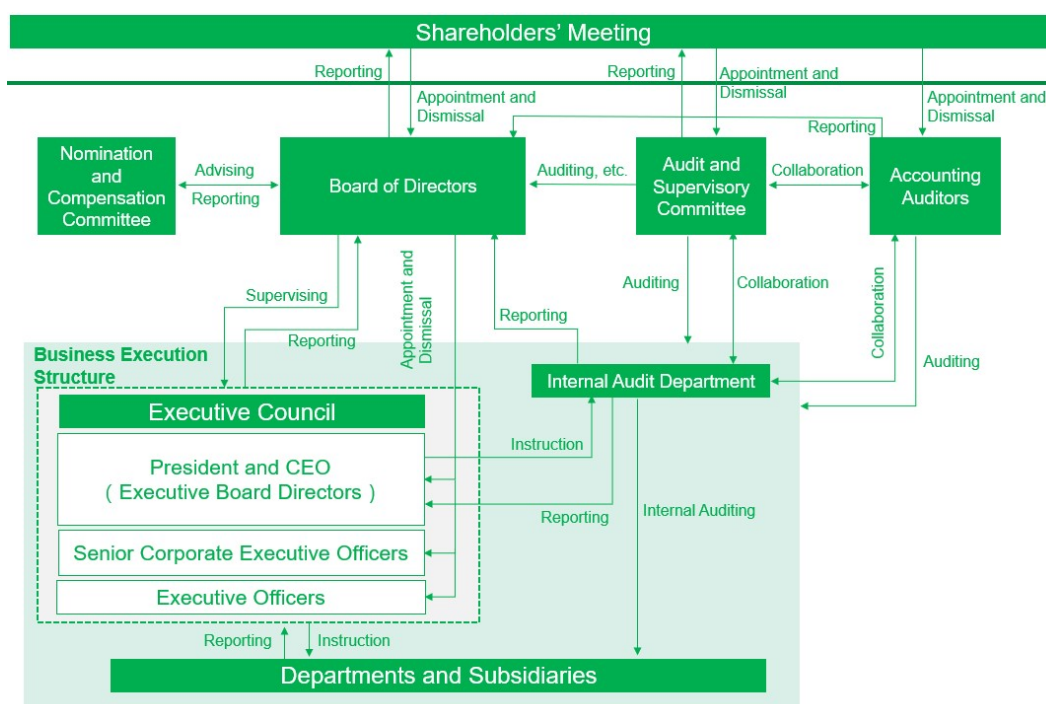
- The Company has set forth its aims as a corporate group under its “Management Philosophy” and “Basic Management Policy.”
- Its “Management Philosophy” has been set forth as the following: “To achieve ‘a cheerful society’ by further advancing ‘every technology’ in our Group and by creating a wide range 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 responsibilities, including complying with laws and regulations, 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 essential to that end.

2) Corporate governance system and the reasons for adopting them

- Outline of corporate governance system

A resolution on partial amendment of the Articles of Incorporation to provide for transition to a company with an Audit and 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 and Supervisory Board to a company with an Audit and Supervisory Committee on the same day. Board directors who are Audit and Supervisory Committee members possess the right to vote in Board of Directors meetings, which helps to strengthen the supervisory function of the Board of Directors. They are also expected to fulfill evaluative and advisory functions. Pursuant to the Articles of Incorporation, the Board of Directors can delegate decisions on business execution to board directors, all or in part, and the main role of the Board of Directors is to supervise business execution. This division of the supervisory and execution functions can be expected to improve the speed and agility of decision-making. As a company with an Audit and Supervisory Committee, we strive to utilize the characteristics of this system to further enhance our corporate governance system.

Our corporate governance system is outlined below.



Board of Directors

The Board of Directors consists of board directors elected by the Ordinary General Shareholders' Meeting. As of June 17, 2025, the filing date, there are four board directors who are not Audit and Supervisory Committee members (including one outside board director) and three board directors who are Audit and Supervisory Committee members (including two outside board directors). An outside board director serves as the chairperson. The Board of Directors meets once a month in principle, and convenes extraordinary meetings as needed when swift decisions are necessary. It deliberates and resolves all important matters, and supervises the execution of business by the representative directors.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of board directors who are Audit and Supervisory Committee members elected by the Ordinary General Shareholders' Meeting. As of June 17, 2025, the filing date, the Audit and Supervisory Committee consists of three board directors who are Audit and Supervisory Committee members (including two outside board directors). It audits and supervises decision-making by the Board of Directors and business execution by board directors in accordance with audit plans. The Audit and Supervisory Committee meets once a month in principle, and can convene extraordinary meetings as needed. The committee monitors the business activities of directors and operational status of governance from a neutral and objective perspective.

Nomination and Compensation Committee

In addition to the above statutory organs, the Company has established a discretionary Nomination and Compensation Committee as an advisory body for the Board of Directors and the Audit and Supervisory Committee. As of June 17, 2025, the filing date, the committee consists of three board directors (including two outside board directors), with an outside board director serving as the chairperson. The Nomination and Compensation Committee deliberates on nomination of directors and senior corporate executive officers and on compensation for board directors, senior corporate executive officers, and executive officers. The committee reports the results of these deliberations to the Board of Directors and the Audit and Supervisory Committee. At least half of Nomination and Compensation Committee members are independent outside board directors to bolster its independence.

* A proposal entitled Election of Nomination and Compensation Committee Member as a matter to be resolved at the Board of Directors meeting was approved on June 21, 2025.

The Nomination and Compensation Committee consists of three members, all of whom are outside board directors
: Keiko Tsuchiya, Misae Maruyama, and Ikumi Sato.

Executive Committee

We have also established an Executive Committee consisting of executive board directors, senior corporate executive officers, and executive officers to energize the Board of Directors and speed up progress on execution. Senior corporate executive officers and executive officers are delegated considerable authority to make decisions within the scope of business execution and we think this enables them to make decisions and adapt swiftly to changes in the business climate.

• Reasons for adoption of current corporate governance system

The Company has strengthened the function of monitoring the Board of Directors by adopting a “company with an Audit and Supervisory Committee” structure as part of the process of adopting an in-house company system and delegative executive officer system and separating the functions of oversight and execution. Under the “company with an Audit and Supervisory Committee” structure, the Board of Directors has delegated the authority to make decisions on business execution to board directors to ensure swift management decision-making, further improve corporate governance, and enhance corporate value. The Nomination and Compensation Committee was established to secure the reasonableness, objectivity, transparency, and fairness of the nomination and compensation of officers.

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. A "CSR Philosophy" and "Code of Conduct" will be established and board directors and employee awareness thereof will be enforced.
- b. The scope of duties and powers of board directors (excluding board directors who are Audit and 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.
- c. 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 and Supervisory Committee and make reports to the accounting auditor as well if necessary.
- d. A whistleblowing system will be operated with internal personnel and outside attorneys as the points of contact for receiving information.
- e. One qualified candidate at the general manager level or above with knowledge of legal affairs and ethics will be elected as a "compliance officer." 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.
- f. 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 and Supervisory Committee members)

Information pertaining to the execution of duties by Board Directors (excluding Board Directors who are Audit and 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

- a. One board director (excluding board directors who are Audit and Supervisory Committee members) will be elected as the board director in charge of risk management.
- b. 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.
- c. 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 and 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- and medium-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 and Supervisory Committee members) to administer management guidance.
- b. Meetings of an Executive Committee 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 and 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 and 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 and Supervisory Committee members)

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

System for board directors (excluding board directors who are Audit and Supervisory Committee members) and employees to make reports to Audit and 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 and Supervisory Committee members) will report them to board directors who are Audit and 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 and 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 and Supervisory Committee are effectively conducted

- a. In addition to attending meetings of the Board of Directors, meetings of the Executive Committee and other key meetings, board directors who are Audit and Supervisory Committee members will review important documents pertaining to business execution and, if necessary, ask board directors (excluding board directors who are Audit and Supervisory Committee members) and/or employees to explain them.
- b. Board directors who are Audit and 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 and Supervisory Committee members, including reporting the results of internal audits to board directors who are Audit and 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 and 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 and Supervisory Committee members) must be no more than ten. The number of board directors who are Audit and 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.

- Purchase of 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 purchasing 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.

- Activities of the Board of Directors, Nomination Advisory Committee, Compensation Advisory Committee, and Nomination and Compensation Committee

- a. Board of Directors activities (April 1, 2024 to March 31, 2025)

During the fiscal year under review, the Board of Directors met 12 times. The attendance of each board director and board director who is an Audit and Supervisory Committee member is reported below.

Title	Name	Attendance record
President and CEO	Eiji Sato	100% (12/12)
Executive Vice President	Hitoshi Saito	100% (12/12)
Board Director	Eiji Takehara	100% (2/2)
Board Director	Masao Arima	100% (2/2)
Board Director	Kiyofumi Takano	80% (8/10)
Board Director	Tomoyuki Tanaka	100% (2/2)
Outside Board Director	Masayuki Hizume	100% (2/2)
Outside Board Director	Keiko Tsuchiya	100% (12/12)
Outside Board Director	Asako Aoyama	100% (2/2)
Outside Board Director	Yumiko Kamada	100% (2/2)
Board Director (Audit and Supervisory Committee Member)	Kaori Terunuma	100% (12/12)
Outside Board Director (Audit and Supervisory Committee Member)	Hidenori Sugiura	100% (12/12)
Outside Board Director (Audit and Supervisory Committee Member)	Ikumi Sato	100% (12/12)

- Notes:
1. Two Board of Directors meetings were held before the resignations of Eiji Takehara, Masao Arima, Tomoyuki Tanaka, Masayuki Hizume, Asako Aoyama, and Yumiko Kamada at the conclusion of the Company's Ordinary General Shareholders' Meeting held on June 15, 2024.
 2. Kiyofumi Takano was elected during the Ordinary General Shareholders' Meeting held on June 15, 2024.
 3. Taiyo Holdings transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee at the conclusion of the Ordinary General Shareholders' Meeting held on June 15, 2024. Kaori Terunuma, Hidenori Sugiura, and Ikumi Sato assumed the positions of board directors who are Audit and Supervisory Committee members.

The specific topics discussed at Board of Directors meetings include deliberation, decisions, and reports on, and monitoring of the items listed below.

Our strategies

- Supervision of business execution
- Significant investment projects
- Shareholder Return Policy
- Status of dialog with shareholders, etc.

Governance

- Officer personnel matters
- Board director compensation
- Analysis and results of effectiveness evaluation of the Board of Directors
- Internal control-related matters
- Compliance-related matters, etc.

Sustainability

- Basic policies on sustainability
- Progress on reducing CO₂ emissions
- Response to climate change issues
- Human capital-related initiatives, etc.

b. Compensation Advisory Committee activities (April 1, 2024 to June 14, 2024)

Taiyo Holdings Co., Ltd. transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee at the conclusion of the Ordinary General Shareholders' Meeting held on June 15, 2024, and established a discretionary Nomination and Compensation Committee. Prior to the transition, the Company had a Compensation Advisory Committee as an advisory body to the Board of Directors. During the fiscal year under review, the Compensation Advisory Committee met two times. The attendance of each member is reported below.

Title	Name	Attendance record
Chairperson	Asako Aoyama	100% (2/2)
Member	Eiji Sato	100% (2/2)
Member	Masayuki Hizume	100% (2/2)

Note: The Compensation Advisory Committee mentioned above conducted voting on resolutions in writing twice, which are deemed to be written resolutions.

The specific topics discussed at Compensation Advisory Committee meetings consisted of deliberations on the following items, which were reported to the Board of Directors.

- Review of and changes in rules on compensation structure for executive board directors, senior corporate executive officers, and executive officers
- Revision of policy on determination of board director compensation
- Cap on board director compensation pursuant to the Companies Act
- Calculation of compensation amount for directors (excluding directors who are Audit and Supervisory Committee members) based on the policy on determining board director compensation
- Calculation method for the amount of performance-linked compensation and restricted stock compensation for executive board directors and senior corporate executive officers, etc.

c. Nomination Advisory Committee activities (April 1, 2024 to June 14, 2024)

Taiyo Holdings Co., Ltd. transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee at the conclusion of the Ordinary General Shareholders' Meeting held on June 15, 2024, and established a discretionary Nomination and Compensation Committee. Prior to the transition, the Company had a Nomination Advisory Committee as an advisory body to the Board of Directors. During the fiscal year under review, the Nomination Advisory Committee met two times. The attendance of each member is reported below.

Title	Name	Attendance record
Chairperson	Keiko Tsuchiya	100% (2/2)
Member	Eiji Takehara	100% (2/2)
Member	Yumiko Kamada	100% (2/2)
Member	Ikumi Sato	100% (2/2)

Note: The Nomination Advisory Committee mentioned above conducted voting on resolutions in writing twice, which are deemed to be written resolutions.

The specific topics discussed at Nomination Advisory Committee meetings consisted of deliberations on the following items, which were reported to the Board of Directors.

- Officer system for the next fiscal year

d. Nomination and Compensation Committee activities (June 15, 2024 to March 31, 2025)

Taiyo Holdings Co., Ltd. transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee at the conclusion of the Ordinary General Shareholders' Meeting held on June 15, 2024, and established a discretionary Nomination and Compensation Committee. During the fiscal under review, the Nomination and Compensation Committee met two times. The attendance of each member is reported below.

Title	Name	Attendance record
Chairperson	Keiko Tsuchiya	100% (2/2)
Member	Eiji Sato	100% (2/2)
Member	Ikumi Sato	100% (2/2)

The specific topics discussed at Nomination and Compensation Committee meetings consisted of deliberations and reports on the following items, which were reported to the Board of Directors.

Nomination

- Election of the Nomination and Compensation Committee chairperson
- Officer system for the next fiscal year
- Succession plans, etc.

Compensation

- Confirmation of general trends in officer compensation
- Benchmark analysis of board director compensation, etc.

(2) Corporate officers

1) List of corporate officers

As of June 17, 2025, the Annual Securities Report filing date, the composition of corporate officers is as follows.

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 & 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 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 & Pharmaceutical Company (present post)</p> <p>April 2023 funlead corp. Board Director (present post)</p> <p>June 2024 Taiyo Holdings Co., Ltd. Officer in charge of Research Division (present post)</p>	(Note 2)	(Common shares) 544

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 Managing 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. Director of the Board (present post)</p> <p>May 2020 Onstatic New Material (Jiangxi) Co., Ltd. Board Director (present post)</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 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>April 2025 TBF Semiconductor Material (Shenzhen) Co., Ltd. Chairman of the Board (present post)</p> <p>April 2025 Taiyo Ink Trading (Shenzhen) Co., Ltd. Chairman of the Board (present post)</p>	(Note 2)	(Common shares) 135
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&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 shares) —

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 2021 Nippon Light Metal Holdings Co., Ltd. Outside Director (present post) April 2024 ToBeings Co., Ltd. Advisor (present post) June 2024 Educa & Quest Inc. Director (present post) June 2024 Taiyo Holdings Co., Ltd. Chair of Board of Directors (present post)		(Note 2)	(Common shares) 0
Board Director (Full-time Audit and 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 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 and Supervisory Board Member (present post) June 2022 Taiyo Ink Mfg. Co., Ltd. Audit and Supervisory Board Member (present post) June 2024 Taiyo Holdings Co., Ltd. Board Director (Audit and Supervisory Committee Member) (present post)		(Note 3)	(Common shares) 1
Board Director (Full-time Audit and Supervisory Committee Member)	Hidegori 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 and Supervisory Board Member April 2019 Taiyo Pharma Tech Co., Ltd. Audit and Supervisory Board Member April 2023 ANZU no MORI FOUNDATION Auditor (present post) November 2023 Orion Breweries, Ltd. Outside Audit and Supervisory Board Member (present post) June 2024 Taiyo Holdings Co., Ltd. Outside Board Director (Audit and Supervisory Committee Member) (present post)		(Note 3)	(Common shares) —

Title	Name	Date of birth	Career history	Term of office	Shares held (Thousands)
Board Director (Audit and 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 Office (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 and 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 and Supervisory Board Member</p> <p>June 2024 Taiyo Holdings Co., Ltd. Outside Board Director (Audit and Supervisory Committee Member) (present post)</p> <p>June 2024 Nihon Kohden Corporation Outside Director (Audit and Supervisory Committee Member) (present post)</p>	(Note 3)	(Common shares) —
Total					(Common shares) 681

- 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 Ordinary 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 Ordinary 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 Managing Executive Officer	Taro Onishi
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	Nobuhito Ito
Executive Officer	Noriaki Shimamura

5. Taiyo Holdings Co., Ltd. elects one standby Board Director who is an Audit and 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 board directors who are Audit and Supervisory Committee members. The effective term of the Board of Directors resolution on electing a board director as a standby Audit and 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 Ordinary General Shareholders' Meeting in the fiscal year ending within the second year. The term of a board director as a standby Audit and Supervisory Committee member is from the date appointed until the expiration of the term for the board director who was Audit and Supervisory Committee member and resigned before completion of that member's term.
The career history of the board director serving as a standby Audit and Supervisory Committee member is provided below.
The board director serving as a standby Audit and 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 & Associates (now Ushijima & Partners, Attorneys-at-Law) (Joined)</p> <p>January 2005 Ushijima & Partners Partner (present post)</p>	—

The composition of corporate officers has changed as a result of a resolution approved by the Ordinary General Shareholders' Meeting held on June 21, 2025. The new corporate officer structure is as follows.

We have three male and three female corporate officers (percentage of female corporate officers: 50.0%).

Title	Name	Date of birth	Career history	Term of office	Shares held (Thousands)
President and CEO	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 Managing 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. Director of the Board (present post)</p> <p>May 2020 Onstatic New Material (Jiangxi) Co., Ltd. Board Director (present post)</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 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</p> <p>April 2025 TBF Semiconductor Material (Shenzhen) Co., Ltd. Chairman of the Board (present post)</p> <p>April 2025 Taiyo Ink Trading (Shenzhen) Co., Ltd. Chairman of the Board (present post)</p> <p>June 2025 Taiyo Holdings Co., Ltd. President, Chief Executive Officer, Group Chief Executive Officer (present post)</p>	(Note 2)	(Common shares) 135

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 2021 Nippon Light Metal Holdings Co., Ltd. Outside Director (present post) April 2024 ToBeings Co., Ltd. Advisor (present post) June 2024 Educa & Quest Inc. Director (present post) June 2024 Taiyo Holdings Co., Ltd. Chair of Board of Directors (present post)		(Note 2)	(Common shares) 0
Board Director	Misae Maruyama	July 13, 1970	October 1993 Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC) (Joined) December 2011 Maruyama CPA Office established (present post) August 2021 3-shake Inc. Outside Corporate Auditor March 2022 Yappli, Inc. External auditor (present post) May 2023 dip Corporation Outside Director (Audit and Supervisory Committee Member) (present post) June 2024 AYUMI Pharmaceutical Corporation Audit and Supervisory Committee Member (present post) June 2025 Taiyo Holdings Co., Ltd. Outside Board Director (present post)		(Note 2)	(Common shares) —
Board Director (Full-time Audit and Supervisory Committee Member)	Noriaki Shimamura	January 24, 1966	April 1988 Taiyo Ink Mfg. Co., Ltd (Joined) August 2008 Taiwan Taiyo Ink Co., Ltd. Director of the Board and General Manager of the Sales Department April 2013 Taiyo Ink Mfg. Co., Ltd. Conductive Materials Project Leader April 2018 Taiyo Ink Mfg. Co., Ltd. PCB Sales Department General Manager October 2019 Taiyo Ink Mfg. Co., Ltd. PCB Materials Department General Manager April 2020 Taiyo Ink Mfg. Co., Ltd. Kitakyushu Plant General Manager January 2022 Taiyo Holdings Co., Ltd. Intellectual Property and Legal Affairs Department General Manager June 2024 Taiyo Holdings Co., Ltd. Compliance Officer July 2024 Taiyo Holdings Co., Ltd. Executive Officer June 2025 Taiyo Holdings Co., Ltd. Board Director (Audit and Supervisory Committee Member) (present post)		(Note 3)	(Common shares) 11

Title	Name	Date of birth	Career history	Term of office	Shares held (Thousands)
Board Director (Full-time Audit and Supervisory Committee Member)	Hidenori Sugiura	March 20, 1961	<p>April 1984 The Long-Term Credit Bank of Japan, Ltd. (Joined)</p> <p>July 1998 UBS Trust & Banking (Japan) Ltd. (Joined)</p> <p>July 2000 IBJ Securities Co., Ltd. (now Mizuho Securities Co., Ltd.) (Joined)</p> <p>October 2003 Mizuho Securities Co., Ltd. General Manager of Investment Bank 4th Department, Investment Bank Group</p> <p>April 2004 Mizuho Securities Co., Ltd. General Manager of Corporate Finance Division No. 1, Capital Markets Group</p> <p>April 2005 Mizuho Securities Co., Ltd. Senior Fellow of Strategic Research Dept., Management Planning Group</p> <p>April 2006 Kyoto University Distinguished Associate Professor of Graduate School of Management</p> <p>October 2007 Hitotsubashi University Part-time Lecturer of Graduate School of Commerce and Management</p> <p>April 2008 Kyoto University Distinguished Professor, Graduate School of Management</p> <p>June 2018 Taiyo Holdings Co., Ltd. Outside Audit and Supervisory Board Member</p> <p>April 2019 Taiyo Pharma Tech Co., Ltd. Audit and Supervisory Board Member</p> <p>April 2023 ANZU no MORI FOUNDATION Auditor (present post)</p> <p>November 2023 Orion Breweries, Ltd. Outside Audit and Supervisory Board Member (present post)</p> <p>June 2024 Taiyo Holdings Co., Ltd. Outside Board Director (Audit and Supervisory Committee Member) (present post)</p>	(Note 4)	(Common shares) —
Board Director (Audit and 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 Office (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 and 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 and Supervisory Board Member</p> <p>June 2024 Taiyo Holdings Co., Ltd. Outside Board Director (Audit and Supervisory Committee Member) (present post)</p> <p>June 2024 Nihon Kohden Corporation Outside Director (Audit and Supervisory Committee Member) (present post)</p>	(Note 4)	(Common shares) —
Total					(Common shares) 692

- Notes:
1. Board directors Keiko Tsuchiya, Misae Maruyama, Hidenori Sugiura, and Ikumi Sato are outside board directors.
 2. From the conclusion of the 79th Ordinary General Shareholders' Meeting held on June 21, 2025 until the conclusion of the final Ordinary General Shareholders' Meeting in the fiscal year ending within one year of the 79th Ordinary General Shareholders' Meeting.
 3. From the conclusion of the 79th Ordinary General Shareholders' Meeting held on June 21, 2025 until end of the term for the board directors who are Audit and Supervisory Committee members who resigned.
 4. From the conclusion of the 78th Ordinary General Shareholders' Meeting held on June 15, 2024 until the conclusion of the final Ordinary General Shareholders' Meeting in the fiscal year ending within two years of the 78th Ordinary General Shareholders' Meeting.

5. 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	Shoji Minegishi
Senior Corporate Executive Officer	Eiji Sato
Senior Managing Executive Officer	Taro Onishi
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
Managing Executive Officer	Masao Arima
Managing Executive Officer	Hinako Iizuka
Executive Officer	Takuji Maekawa
Executive Officer	Bae Hyunki
Executive Officer	Yukiko Yoshino
Executive Officer	Taisuke Ikeda
Executive Officer	Nobuhito Ito

6. Taiyo Holdings Co., Ltd. elects one standby Audit and 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 and Supervisory Committee members. The effective term of the Board of Directors resolution on electing a board director as a standby Audit and 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 Ordinary General Shareholders' Meeting in the fiscal year ending within the second year. The term of a board director as a standby Audit and Supervisory Committee member is from the date appointed until the expiration of the term for the board director who was Audit and Supervisory Committee member and resigned before completion of that member's term.

The career history of the board director serving as a standby Audit and Supervisory Committee member is provided below.

The board director serving as a standby Audit and 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	April 1997 Registered as an attorney at law (Daini Tokyo Bar Association) Ushijima & Associates (now Ushijima & Partners, Attorneys-at-Law) (Joined) January 2005 Ushijima & Partners Partner (present post)	—

2) Outside board members

We have four outside Board directors (including two outside Board directors who are Audit and Supervisory Committee members) approved by the Ordinary General Shareholders' Meeting held on June 21, 2025.

- Keiko Tsuchiya (outside board director) serves as an outside director of Nippon Light Metal Holdings, a director of Teachers Initiative, an advisor of ToBeings Co., Ltd., and a director of Educa & Quest Inc. We have no special relationship with any of those organizations.
- Misae Maruyama (outside board director) is the representative of Maruyama CPA Office, external auditor of Yappli, Inc., an outside director (Audit and Supervisory Committee member) of dip Corporation, and an outside Audit and Supervisory Board member of AYUMI Pharmaceutical Holdings 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 and outside Audit and Supervisory Board member of Orion Breweries, Ltd. We have no special relationship with either of those organizations.
- Ikumi Sato (outside board director) is a partner of Nozomi Sogo Attorneys at Law, an outside director of Dai-Dan Co., Ltd. and an outside director (Audit and Supervisory Committee Member) of Nihon Kohden Corporation. 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 and 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 and 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, Audit and Supervisory Committee members, 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 and Supervisory Committee

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

- Taiyo Holdings proposed a resolution on amendment of the Articles of Incorporation to provide for transition to a company with an Audit and Supervisory Committee at the 78th Ordinary General Shareholders' Meeting held on June 15, 2024. It was passed and we transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee on the same day.
- As of the Annual Securities Report filing date, our Audit and Supervisory Committee consists of three board directors who are Audit and Supervisory Committee members, two of whom are outside board directors. 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. 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. 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 the Audit and Supervisory Committee

- Audit and Supervisory Committee members perform their duties according to an audit plan they draw up (the Audit and Supervisory Committee Audit Plan). They audit and supervise our financial position and business operations and that of the group as a whole. One way they do this is by participating and stating their opinions in meetings of Taiyo Holdings' key bodies, including the Board of Directors and the Executive Committee. They also question our corporate officers and mid-level managers and inspect our Japan and overseas group companies.
- In performing audits, Audit and Supervisory Board members strive to conduct 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 and Supervisory Committee holds meetings once a month to debate and discuss audit and supervisory matters and to share information about the group as a whole.
- In the fiscal year under review, the Company's Audit and Supervisory Board held three meetings before transitioning to a company with an Audit and Supervisory Committee, and the Audit and Supervisory Committee held nine meetings after the transition. The attendance of each Audit and Supervisory Board/Audit and Supervisory Committee member was as follows.

Before transitioning to a company with an Audit and Supervisory Committee (from April 1, 2024 to the conclusion of the 78th Ordinary General Shareholders' Meeting on June 15, 2024)

Title	Name	Attendance record
Full-time Audit and Supervisory Board Member	Hidenori Sugiura	100% (3/3)
Full-time Audit and Supervisory Board Member	Kaori Terunuma	100% (3/3)
Audit and Supervisory Board Member	Ikumi Sato	100% (3/3)

After transitioning to a company with an Audit and Supervisory Committee (from the conclusion of the 78th Ordinary General Shareholders' Meeting on June 15, 2024 to March 31, 2025)

Title	Name	Attendance record
Full-time Audit and Supervisory Committee Member	Kaori Terunuma	100% (9/9)
Full-time Audit and Supervisory Committee Member	Hidenori Sugiura	100% (9/9)
Audit and Supervisory Committee Member	Ikumi Sato	100% (9/9)

The specific topics discussed at Audit and Supervisory Committee 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.

Audit and Supervisory Committee 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, Audit and Supervisory Committee members review the actions and reports of the Internal Audit Department and the accounting auditor.

2) Audits by the Internal Audit Department

The Internal Audit Department has four 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 department to conduct special audits if necessary. The department reports the results of such audits to the Board of Directors and Audit and Supervisory Committee. The Internal Audit Department holds quarterly meetings to report to and share information with the Audit and Supervisory Committee. It also holds monthly meetings with the Audit and Supervisory Committee in an effort to improve the effectiveness of internal audits.

3) Audits by the accounting auditor

a. Name of accounting auditor

PricewaterhouseCoopers Japan LLC

b. Period of continuous auditing

6 years

c. Certified public accountants who conduct the accounting audits

Yoshihiro Shiribiki

Yoshitaka Sakurai

d. Accounting auditor's assistants

The accounting auditor is assisted by four certified public accountants, and 17 other assistants.

e. Policy and reason for selecting the accounting auditor

Our Audit and Supervisory Committee follows the Criteria for Selecting the Accounting Auditor in selecting our accounting auditor. We selected PricewaterhouseCoopers Japan LLC ("PwC Japan") as our accounting auditor in June 2019 following 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 and Supervisory Committee may dismiss the accounting auditor with the unanimous consent of all board directors who are Audit and 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 and Supervisory Committee will appoint a board director who is an Audit and Supervisory Committee member to inform shareholders of the dismissal, as well as the reasons for the dismissal, at the next Ordinary General Shareholders' Meeting. If the Audit and 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 Ordinary General Shareholders' Meeting to dismiss, or to not re-elect, the accounting auditor.

f. Evaluation of accounting auditor by the Audit and Supervisory Committee

The Company's Audit and Supervisory Committee has evaluated the accounting auditor on its independence and professional expertise, audit quality, audit activities, level of remuneration for audit services, and the validity of the audit report, and has deemed PwC Japan to be fit and appropriate to serve as our accounting auditor.

4) Remuneration for audit services

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

Category	Consolidated fiscal year ended March 31, 2024		Consolidated fiscal year ended March 31, 2025	
	Remuneration for certified audits (Millions of yen)	Remuneration for non- audit services (Millions of yen)	Remuneration for certified audits (Millions of yen)	Remuneration for non- audit services (Millions of yen)
Filing company (Taiyo Holdings)	91	–	93	–
Consolidated subsidiaries	25	–	31	–
Total	116	–	124	–

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)

Category	Consolidated fiscal year ended March 31, 2024		Consolidated fiscal year ended March 31, 2025	
	Remuneration for certified audits (Millions of yen)	Remuneration for non- audit services (Millions of yen)	Remuneration for certified audits (Millions of yen)	Remuneration for non- audit services (Millions of yen)
Filing company (Taiyo Holdings)	–	–	–	–
Consolidated subsidiaries	50	4	36	5
Total	50	4	36	5

The non-audit services for which the consolidated subsidiaries paid 4 million yen in the previous consolidated fiscal year and 5 million yen in the consolidated fiscal year ended March 31, 2025 included professional advice on transfer pricing regulation and on individual taxation of seconded employees.

c. Other notable remuneration for certified audits

Consolidated fiscal year ended March 31, 2024

None.

Consolidated fiscal year ended March 31, 2025

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 Audit and Supervisory Committee unanimously consented to the accounting auditor's remuneration

The Audit and Supervisory Committee unanimously consented following a review in which they referred to the Japan Audit and 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 and Supervisory Committee as specified in Article 399-1 of the Companies Act.

(4) Remuneration for corporate officers

The Company's compensation system for board directors is determined and operated by the Board of Directors, within the scope approved by the Ordinary General Shareholders' Meeting, while respecting the findings of the Nomination and Compensation Committee, based on the following basic policy.

Basic policy

- In addition to basic salary compensation, the Company pays performance-linked cash compensation, performance-linked stock compensation, and restricted stock compensation to executive board directors (refers to directors as described in each provision of Article 363-1 of the Companies Act; the same applies below).
- This incentivizes executive board directors to work for sustainable improvement in the Group's corporate value and enables them to share more value with shareholders.
- Establishing short-, medium-, and long-term incentive plans motivates executive board directors to enhance corporate value over the medium to long term.
- We strive to secure and retain outstanding top management talent and to foster awareness as a shareholder by granting shares to executive board directors through our stock compensation system.

1) The amounts of remuneration for officers 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 board directors, the Board of Directors determined the remuneration for each board director as follows at a meeting held on June 15, 2024.

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

(1) Class of compensation and items to be resolved by the Ordinary General Shareholders' Meeting

Class of compensation			Description	Resolution	Eligible officers	Number of officers
Fixed	Monetary	—	Base salary	(Directors (excluding directors who are Audit and Supervisory Committee members))	Directors (excluding directors who are Audit and Supervisory Committee members)	4
			June 15, 2024 78th Ordinary General Shareholders' Meeting	Total base salary compensation capped at 300 million yen (of which, up to 60 million yen is for outside directors).	Of which, outside board directors	1
				(Directors who are Audit and Supervisory Committee members) Total monthly salary capped at 7 million yen.	Audit and Supervisory Committee Member Of which, outside board directors	3 2
Variable	Short-term incentive		Performance-linked cash compensation	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 x (1 – Average effective tax rate for most recent three fiscal years – Percentage of profit attributable to non-controlling interests for most recent three fiscal years) (Note 2) x 1.6%	Executive board directors (Note 1)	2
	Shares	Medium-term incentive	Performance-linked stock compensation	Executive board 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 (Note 3). (Calculation method) Performance-linked stock compensation (cap) = Profit before income taxes x (1 – Average effective tax rate for most recent three fiscal years – Percentage of profit attributable to non-controlling interests for most recent three fiscal years) (Note 2) x 3.4%	Executive board directors (Note 1)	2

Class of compensation			Description	Resolution	Eligible officers	Number of officers
		Long-term incentive	Restricted stock compensation June 15, 2024 78th Ordinary General Shareholders' Meeting	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 (Note 3).	Executive board directors (Note 1)	2

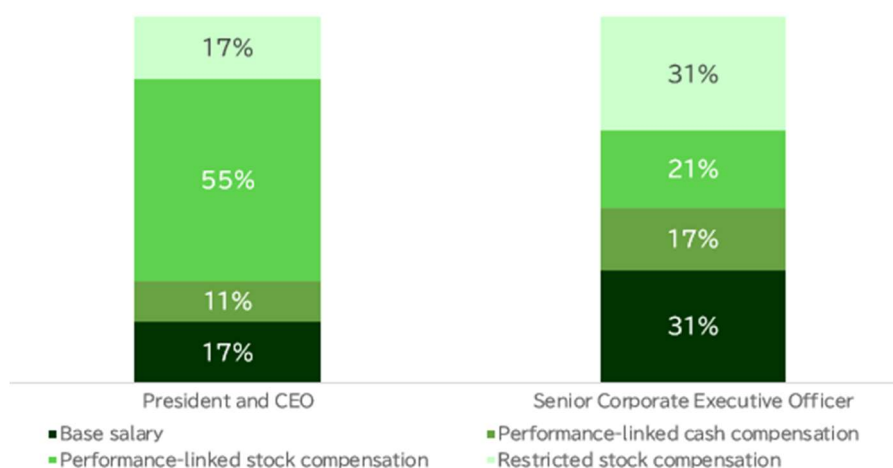
Notes: 1. “Executive board directors” refers to the class of directors in Article 69-9-1 of the Order for Enforcement of the Corporation Tax Act.

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) . . . notated as “A” hereafter.
- “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 calculated in “A” is rounded to two decimal places.
3. 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.

(2) Formula for determining breakdown of each recipient's compensation

- Set the basic salary compensation, which is fixed and paid at fixed intervals, at a relatively low level.
- Raise the percentage of compensation linked to performance and stock price.
- Set compensation by stock, which is linked to performance and varies with the value (stock price), so it comprises a majority of compensation.
- Raise the percentage of compensation by stock higher as officer rank increases
 - ↳ Restricted stock compensation is granted as a certain number of shares based on a fixed amount by rank, as a long-term incentive.
 - ↳ More performance-linked stock compensation is granted relative to the number of shares granted for restricted stock compensation as growth performance increases.

Based on the policy described above, we are planning the following in regard to the percentage of compensation paid by rank in the fiscal year ended March 31, 2026.



(3) Reason for using profit before income taxes as the performance metric for performance-linked compensation

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 board directors. Since a portion of this amount is distributed to the executive board directors, we believe that this is a reasonable measure from the perspective of sharing value with shareholders.

By also taking into account the averages for the effective tax rate and the percentage of profit attributable to non-controlling interests for the most recent three fiscal years in addition to our indicator of profit before income taxes, we calculate an amount equivalent to “Profit attributable to owners of parent” and use that amount as an indicator, which

represents profit attributable to owners of parent in real terms. Therefore, using this calculation method 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 board 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 in negative territory.

(4) Overview of compensation by type

1. Base salary compensation

Each board director receives a monthly salary commensurate with rank.

2. 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 Ordinary General Shareholders' Meeting. We then distribute to each recipient (executive board directors and senior corporate executive officers; the same applies below) that amount in cash, according to rank, within one month of the Ordinary General Shareholders' Meeting each fiscal year.

ii) Calculation method

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

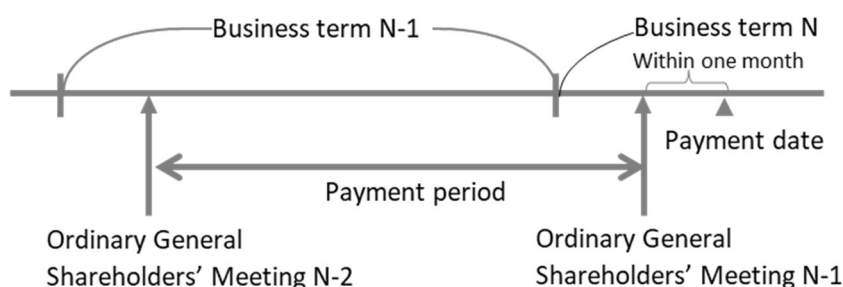
- This amount must be within what the Board of Directors determines to be the cap, or "defined amount" (as used in this document, "defined amount" is as defined in Article 34-1-3-a(1) of the Corporation Tax Act; the same applies below).
- The payment coefficient for performance-linked cash compensation 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.
- None of this compensation will be provided if profit before income taxes is in negative territory.

iii) Allocation among the recipients

$$\text{Amount paid to recipients} = \frac{\text{Total amount of performance-linked cash compensation}}{\text{Total points for all recipients}} \times \text{Recipient points}$$

- Recipient points: 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 rank.
- 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 General 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 General 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.

Payment period for performance-linked cash compensation and performance-linked stock compensation



3. Performance-linked stock compensation

i) Overview

Using the calculation method described in ii) below, 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 Ordinary General Shareholders' Meeting, and then distribute a cash amount commensurate with the rank the recipient held in that year as a monetary claim to be exchanged for common shares to each recipient, within one month of the Ordinary

General Shareholders' Meeting for each fiscal year. 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).

Payment of 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*.

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.

* These caps are defined in 5. Allotment terms for stock compensation system, below.

ii) Calculation method

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

- This amount must be within the defined amount determined by the Board of Directors.
- 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.
- None of this compensation will be provided if profit before income taxes is in negative territory.

iii) Allocation among the recipients

$$\text{Amount paid to recipients} = \frac{\text{Total amount of performance-linked stock compensation}}{\text{Total points for all recipients}} \times \text{Recipient points}$$

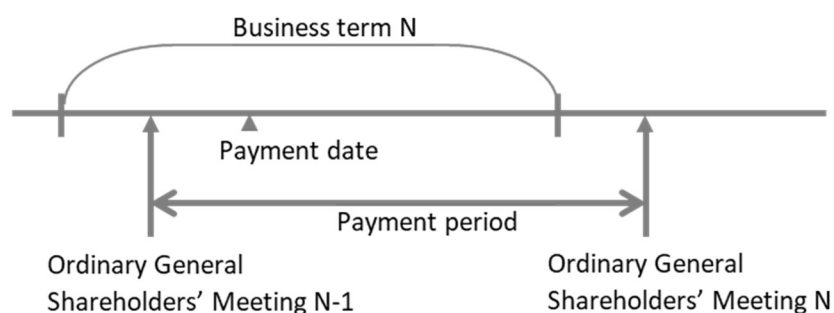
- The points to be allocated for each officer rank are determined annually by the Board of Directors based on the advice of the Nomination and Compensation Committee, which considers the number of persons in and the duties associated with each officer rank.
- We also pay the performance-linked stock compensation to any recipient who left their office (i.e., resigned from the company or lost their recipient status) for the period during which they were eligible for the compensation (the period beginning on the day of the Ordinary General 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 General Shareholders' Meeting pertaining to the fiscal year preceding that fiscal year). In this 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.

4. 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 rank 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, to be paid on the payment date determined by the Board of Directors, 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).

Payment period for restricted stock compensation



5. Allotment terms for stock compensation system

Under the stock compensation system, the following stock compensation is allotted to each payment recipient according to the terms in i) through v), below.

Allotment terms

- i) The total number of common shares issued or allotted through the stock compensation system in a given fiscal year shall be 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.
- v) For restricted stock compensation, we allot common shares the Company has newly issued or disposed of to eligible recipients, by allotment of transfer restricted stock.

(5) Guidelines on stock-based compensation

We formulate guidelines stipulating a shareholding policy for securing the common shares to be paid to payment recipients under the stock compensation system. The guidelines specify a method for adjusting the amount of compensation for board directors in cases where a certain number of shares are held.

Following the guidelines, the Nomination and Compensation 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.

- (6) Policy on determination of compensation amount for each board director who is an Audit and Supervisory Committee member
Basic salary compensation: Determined by discussion with board directors who are Audit and Supervisory Committee members
- 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 Nomination and Compensation 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 80th business term (ended March 31, 2026)
At the Board of Directors meetings held on May 21, 2025, 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 1) a) (1), Note 2; the defined amounts and payment coefficients described in ii) Calculation method for performance-linked cash compensation in 1) a) (4) 2 and for performance-linked stock compensation in 1) a) (4) 3; and the rank-specific points for recipients in iii) Allocation among the recipients in 1) a) (4) 3.

Item	Performance-linked cash compensation	Performance-linked stock compensation																																
(1 – Average effective tax rate for most recent three fiscal years – Percentage profit attributable to noncontrolling interests for the most recent three fiscal years) (Note 1)	73.09%																																	
Defined amount (cap)	110,000,000 yen	363,000,000 yen																																
Payment coefficient	0.35%	1.15%																																
Rank-specific points (Note 2)	<table><tr><th>Officer rank</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 rank	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 rank</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 rank	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 rank</th><th>Number</th></tr><tr><td>President and CEO</td><td>1</td></tr><tr><td>Senior Corporate Executive Officer</td><td>2</td></tr></table>	Officer rank	Number	President and CEO	1	Senior Corporate Executive Officer	2	<table><tr><th>Officer rank</th><th>Number</th></tr><tr><td>President and CEO</td><td>1</td></tr><tr><td>Senior Corporate Executive Officer</td><td>2</td></tr></table>	Officer rank	Number	President and CEO	1	Senior Corporate Executive Officer	2																				
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President and CEO	1																																	
Senior Corporate Executive Officer	2																																	

Notes: 1. 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, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Average for most recent three fiscal years

Effective tax rate	26.24%	28.50%	26.00%	26.91%
Percentage profit attributable to non-controlling interests	0.00%	(0.00)%	(0.00)%	0.00%

2. Fractional amounts of less than 1 yen are rounded off in calculating the amount allocated to each officer rank, with the difference added to the President and CEO's compensation.
3. In the Consolidated Financial Results for the Fiscal Year Ended March 31, 2025, released on April 30, 2025, we forecasted 16,000 million yen in profit attributable to owners of parent for the 80th business term (ended March 31, 2026). Based on the consolidated earnings forecast, we expect profit before income taxes to be 21,600 million yen.
4. We have provided reference information for senior corporate executive officers, even though they are not board directors.

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

Officer rank	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 who are not Audit and Supervisory Committee members (excluding outside board directors)	611	82	83	354	90	6
Board directors who are Audit and Supervisory Committee members (excluding outside board directors)	18	18	—	—	—	1
Audit and Supervisory Board Member (excluding outside members)	4	4	—	—	—	1
Outside officers	52	52	—	—	—	8

Notes: 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	16,800 million yen	14,566 million yen

Note: The target is noted in the Annual Securities Report for the 78th business term (fiscal year ended March 31, 2024), which was announced on June 17, 2024. We are using 71.62% as the percentage for the fiscal year under review calculated by $(1 - \text{Average effective tax rate for most recent three fiscal years} - \text{Percentage of profit attributable to non-controlling interests for the most recent three fiscal years})$.

3. The non-monetary compensation paid in fiscal year under review consisted of performance-linked stocks and transfer-restricted stocks (pay-in date: July 9, 2024; amount paid in per share: 3,295 yen) as described below. This compensation was approved by the Board of Directors at a meeting on June 20, 2024.

	Performance-linked stock compensation	Restricted stock compensation
Recipients	Two executive board directors	Two executive board directors
Number of shares	34,700 shares	24,636 shares
Period of restriction	July 9, 2024 to July 8, 2027	July 9, 2024 to July 8, 2034

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

Name	Consolidated total (Millions of yen)	Officer rank	Company	Consolidated breakdown (Millions of yen)			
				Base salary	Performance-linked cash compensation	Performance-linked stock compensation	Restricted stock compensation
Eiji Sato	307	Board Director	Filing company (Taiyo Holdings)	34	31	197	44
		Board Director	Taiyo Ink Mfg. Co., Ltd.	0	—	—	—
Hitoshi Saito	216	Board Director	Filing company (Taiyo Holdings)	35	24	118	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 the compensation of board directors (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 and Supervisory Committee; the same applies below), the majority of which is composed of independent outside members (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 chairperson, 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 chairperson 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 Nomination and Compensation Committee and Board of Directors acted as follows in regard to determining compensation for corporate officers of the filing company.

Nomination and Compensation Committee

The committee met four times during the fiscal year under review (twice as the Compensation Advisory Committee and twice as the Nomination and Compensation Committee). 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 board director compensation and revisions to the board director compensation system. The committee then reported its findings to the Board of Directors.

Board of Directors

- Respecting the findings of the Nomination and Compensation 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 Nomination and Compensation 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 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 Nomination and Compensation Committee in determining revisions to board directors' compensation, etc.

(5) Shareholdings

1) Criteria for categorizing investments

We categorize 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	151

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, 2025	Fiscal year ended March 31, 2024	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
	151	109		

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, 2025		Fiscal year ended March 31, 2024	
	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	6	150	5	149
Other shares	29	1,664	28	1,783

Category	Fiscal year ended March 31, 2025		
	Total dividend income (Millions of yen)	Total gain (loss) on sale (Millions of yen)	Total valuation gain (loss) (Millions of yen)
Unlisted shares	—	—	—
Other shares	44	0	677

4) Equity securities “held purely for the purpose of investment” that became shares held for “other purposes” in 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 previous four fiscal years and 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, 2024 to March 31, 2025) and our non-consolidated financial statements for the fiscal year under review (April 1, 2024 to March 31, 2025).

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, 2024 (As of March 31, 2024)	Consolidated fiscal year ended March 31, 2025 (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	58,583	44,903
Notes and accounts receivable - trade, and contract assets	*1,*2,*3 28,352	*1,*2 27,896
Merchandise and finished goods	8,571	10,539
Work in process	1,451	1,470
Raw materials and supplies	7,143	9,334
Other	5,582	3,897
Allowance for doubtful accounts	(30)	(34)
Total current assets	109,655	98,008
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	*5 30,690	*5 30,337
Machinery, equipment and vehicles, net	12,032	14,746
Tools, furniture and fixtures, net	2,380	2,637
Land	15,084	*5 15,113
Construction in progress	7,261	3,477
Other	1,403	1,326
Total property, plant and equipment	*4 68,852	*4 67,638
Intangible assets		
Goodwill	2,896	3,032
Sales rights	13,979	5,185
Customer-related assets	5,000	4,523
Other	3,927	3,599
Total intangible assets	25,804	16,341
Investments and other assets		
Investment securities	4,437	4,870
Shares of subsidiaries and associates	1,394	993
Deferred tax assets	391	1,450
Retirement benefit asset	461	576
Other	1,982	2,437
Allowance for doubtful accounts	(227)	(294)
Total investments and other assets	8,439	10,034
Total non-current assets	103,096	94,014
Total assets	212,751	192,022

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024 (As of March 31, 2024)	Consolidated fiscal year ended March 31, 2025 (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,795	8,505
Short-term borrowings	*5,*6 9,821	*5,*6 305
Current portion of long-term borrowings	33,766	*5 17,328
Accounts payable - other	6,586	5,662
Income taxes payable	1,986	3,168
Provision for bonuses	1,152	1,425
Other provisions	118	111
Other	2,646	1,483
Total current liabilities	64,874	37,991
Non-current liabilities		
Long-term borrowings	43,134	*5 46,888
Deferred tax liabilities	1,200	964
Other provisions	48	89
Retirement benefit liability	292	352
Asset retirement obligations	1,386	1,424
Other	1,415	1,332
Total non-current liabilities	47,478	51,052
Total liabilities	112,353	89,043
Net assets		
Shareholders' equity		
Share capital	9,903	10,031
Capital surplus	15,025	15,153
Retained earnings	70,989	76,932
Treasury shares	(5,993)	(8,106)
Total shareholders' equity	89,925	94,011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	709	913
Foreign currency translation adjustment	9,766	8,027
Remeasurements of defined benefit plans	(6)	21
Total accumulated other comprehensive income	10,469	8,962
Non-controlling interests	4	4
Total net assets	100,398	102,978
Total liabilities and net assets	212,751	192,022

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, 2024 (April 1, 2023 to March 31, 2024)	Consolidated fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net sales	104,775	119,010
Cost of sales	*2 55,944	*2 62,823
Gross profit	48,830	56,187
Selling, general and administrative expenses	*1,*2 30,627	*1,*2 34,119
Operating income	18,203	22,067
Non-operating income		
Interest income	262	322
Subsidy income	150	261
Other	219	445
Total non-operating income	632	1,029
Non-operating expenses		
Interest expenses	664	730
Foreign exchange losses	175	55
Loss on tax purpose reduction entry of non-current assets	88	233
Other	597	499
Total non-operating expenses	1,525	1,519
Ordinary income	17,310	21,577
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	416	—
Impairment losses	*3 4,792	*3 7,010
Total extraordinary losses	5,208	7,010
Profit before income taxes	12,102	14,566
Income taxes - current	3,741	5,338
Income taxes - deferred	(291)	(1,551)
Total income taxes	3,449	3,786
Profit	8,652	10,779
Loss attributable to non-controlling interests	(1)	(0)
Profit attributable to owners of parent	8,654	10,780

Consolidated statement of comprehensive income [Unaudited]

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Consolidated fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Profit	8,652	10,779
Other comprehensive income		
Valuation difference on available-for-sale securities	280	203
Foreign currency translation adjustment	3,543	(1,738)
Remeasurements of defined benefit plans, net of tax	8	27
Total other comprehensive income	* 3,832	* (1,507)
Comprehensive income	12,484	9,272
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,485	9,272
Comprehensive income attributable to non-controlling interests	(1)	(0)

3) Consolidated statement of changes in equity [Unaudited]

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

Consolidated fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,903	15,025	70,989	(5,993)	89,925
Changes during period					
Dividends of surplus			(4,594)		(4,594)
Profit attributable to owners of parent			10,780		10,780
Change in scope of consolidation			(242)		(242)
Issuance of new shares	128	128			256
Purchase of treasury shares				(2,219)	(2,219)
Disposal of treasury shares				106	106
Net changes in items other than shareholders' equity					
Total changes during period	128	128	5,943	(2,113)	4,086
Balance at end of period	10,031	15,153	76,932	(8,106)	94,011

	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	709	9,766	(6)	10,469	4	100,398
Changes during period						
Dividends of surplus						(4,594)
Profit attributable to owners of parent						10,780
Change in scope of consolidation						(242)
Issuance of new shares						256
Purchase of treasury shares						(2,219)
Disposal of treasury shares						106
Net changes in items other than shareholders' equity	203	(1,738)	27	(1,507)	0	(1,506)
Total changes during period	203	(1,738)	27	(1,507)	0	2,580
Balance at end of period	913	8,027	21	8,962	4	102,978

4) Consolidated statement of cash flows [Unaudited]

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Consolidated fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	12,102	14,566
Depreciation	8,676	9,090
Impairment losses	4,792	7,010
Amortization of goodwill	290	551
Loss on valuation of shares of subsidiaries and associates	416	—
Subsidy income	(106)	(235)
Decrease (increase) in retirement benefit asset	59	(95)
Increase (decrease) in retirement benefit liability	(5)	3
Increase (decrease) in allowance for doubtful accounts	(54)	82
Increase (decrease) in provision for bonuses	(2)	219
Interest and dividend income	(295)	(372)
Interest expenses	664	730
Decrease (increase) in consumption taxes refund receivable	(1,074)	517
Decrease (increase) in trade receivables	(3,731)	88
Decrease (increase) in inventories	(1,690)	(4,388)
Increase (decrease) in trade payables	1,262	(28)
Other, net	2,808	(632)
Subtotal	24,111	27,108
Interest and dividends received	286	365
Interest paid	(530)	(746)
Income taxes paid	(2,642)	(3,013)
Net cash provided by (used in) operating activities	21,224	23,713
Cash flows from investing activities		
Payments into time deposits	(857)	(875)
Proceeds from withdrawal of time deposits	—	867
Purchase of property, plant and equipment	(11,582)	(6,312)
Purchase of intangible assets	(7,229)	(983)
Purchase of investment securities	(394)	(270)
Purchase of shares of subsidiaries and associates	(927)	(339)
Other, net	(77)	(392)
Net cash provided by (used in) investing activities	(21,069)	(8,307)

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Consolidated fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,335	(9,426)
Proceeds from long-term borrowings	23,948	22,950
Repayments of long-term borrowings	(13,107)	(35,788)
Purchase of treasury shares	(0)	(2,219)
Dividends paid	(5,028)	(4,594)
Proceeds from issuance of shares	164	129
Other, net	(355)	(267)
Net cash provided by (used in) financing activities	8,954	(29,216)
Effect of exchange rate change on cash and cash equivalents	1,189	(391)
Net increase (decrease) in cash and cash equivalents	10,299	(14,201)
Cash and cash equivalents at beginning of period	47,088	57,664
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	276	589
Cash and cash equivalents at end of period	* 57,664	* 44,052

Notes

(Basic factors underlying our consolidated financial statement)

1. Scope of consolidation

(1) We have 28 consolidated subsidiaries.

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

The following companies are included in the scope of consolidation from the fiscal year under review: Ricc Co., Ltd. (now mystarz Co., Ltd.) and Xseeds Co., Ltd., which have increased in significance, and TGE Floating Solar No. 1 LLC, a newly established company.

(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., Onstatic New Material (Jiangxi) Co., Ltd., Taiyo Ink Trading (Shenzhen) Co., Ltd., Onstatic Ink (Shenzhen) 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:	12-15 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 (generally 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 PCBs and materials for electronic components, and that manufactures, markets, and provides contract development and manufacturing 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, and mature within three months of acquisition.

(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)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	391	1,450
Deferred tax liabilities	1,200	964

(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 products (LLP).

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Sales rights:	13,979	5,185

(2) Basis for accounting estimate for recognized item

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

The unit of asset grouping for sales rights used for evaluation for them is each of sales right. 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 products has slumped (e.g., sales forecasts for the long-listed products 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 drug price revisions 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, the decline in sales volume was much worse than anticipated in the previous consolidated fiscal year, mainly due to the introduction of the elective care scheme for long-listed products (LLP), and this was determined to be an indication of impairment. Sales rights for seven products that showed indications of impairment were written down to the recoverable amount after the total amount of future cash flows to be received from those sales rights was estimated. The impairment loss totaled 7,010 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 9.2%. 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 products (LLP), and the estimated sales volume for these products depends on, among other things, the market for long-listed products and the emergence of generics. During the consolidated fiscal year under review, the decline in sales volume accompanying the introduction of an elective care scheme for long-listed products was also considered.

• Sales price

Sales prices, including those for the future fiscal years, will be affected by the official drug price revisions announced by the Ministry of Health, Labor and Welfare. During the consolidated fiscal year under review, the deterioration in the probability of an improvement in profitability from the re-calculation of pricing for unprofitable products was also considered.

- 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. During the consolidated fiscal year under review, the steep price in procurement prices due to a weak yen and inflation was considered.

- 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 losses could potentially be recognized if it becomes necessary to change the assumptions in view of changes in the regulatory environment and uncertain economic conditions.

(Changes in accounting policies)

Application of Accounting Standard for Current Income Taxes and related guidance

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter “2022 revised accounting standard”) and related guidance were applied from the beginning of the consolidated fiscal year ended March 31, 2025.

The revision to the account classification for current income taxes (taxes on other comprehensive income) follows the transitional treatment specified in the provisory clause of Paragraph 20-3 of the 2022 revised accounting standard and the transitional treatment specified in the provisory clause of Paragraph 65-2, Provision (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022; hereafter, “the 2022 revised guidance”). This change in accounting policy had no impact on the consolidated financial statements for the fiscal year under review.

The 2022 revised guidance was also applied from the beginning of the fiscal year ended March 31, 2025 to revisions due to a change in treatment in the consolidated financial statements when gains or losses on sale accompanying the sale of shares of subsidiaries among consolidated companies are deferred for tax purposes. The change in accounting policy was applied retroactively and the consolidated financial statements for the previous consolidated fiscal year reflect the retroactive application. This change in accounting policy had no impact on the consolidated financial statements for the previous fiscal year.

(Accounting standards not yet applied)

Accounting Standard for Leases (ASBJ Statement No. 34, revised September 13, 2024)

Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, revised September 13, 2024) and related guidance

(1) Outline

As part of the initiatives to make Japan's accounting standards consistent with international standards, the Accounting Standards Board of Japan (ASBJ) referenced international accounting standards in developing an accounting standard on leases that recognize assets and liabilities for all lessee leases. While the basic policy was to base this on IFRS 16 as the single accounting model, ASBJ did not adopt all provisions in IFRS 16. By only adopting the key provisions, ASBJ published an accounting standard and related guidance on leases that are simple and highly convenient, and which basically made revisions unnecessary even when using the provisions of IFRS 16 for the non-consolidated financial statements.

The method of cost allocation used for lessee leases in the accounting treatment for lessees applies the same single model of accounting treatment as IFRS 16, of recording amortization of right-of-use assets and interest expense on liabilities for all leases, whether the leases are finance leases or operating leases.

(2) Effective date

The standard and related guidance will apply to our financial statements from the beginning of fiscal year ended March 31, 2028.

(3) Effect of adoption of the accounting standard

We are currently evaluating the financial impact that application of the standard 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 consolidated fiscal year, these shares consisted of 62,240 shares, with a carrying value of 113 million yen. In the consolidated fiscal year under review, these shares consist of 544,560 shares, with a carrying value of 2,225 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)

	As of March 31, 2024)	As of March 31, 2025
Notes receivable – trade	2,387	1,792
Accounts receivable - trade	25,957	26,074
Contract assets	7	30

*2 Amount of discount on notes receivable - trade and endorsed amount in notes receivable – trade

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Amount of discount on notes receivable - trade	1	478
Endorsed amount in notes receivable – trade	1,155	367

*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 previous consolidated fiscal year 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 previous consolidated fiscal year.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Notes receivable – trade	47	–

*4 Accumulated depreciation

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Accumulated depreciation for property, plant and equipment	47,812	52,470

*5 Collateral assets and secured obligations

Assets pledged as collateral are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Buildings and structures	956	922
Land	–	32
Total	956	954

Secured obligations are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Short-term borrowings	208	205
Current portion of long-term borrowings	–	5
Long-term borrowings	–	13
Total	208	224

*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)

	As of March 31, 2024	As of March 31, 2025
Overdraft limit	24,683	24,005
Used portion of overdraft	416	205
Overdraft remaining	24,266	23,800

(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, 2024	Consolidated fiscal year ended March 31, 2025
Salaries	4,679	5,405
Accrued employees' bonuses	535	846
Commission expenses	2,407	2,954
Depreciation	3,780	3,249
R&D expenses	5,933	6,960
Retirement benefit costs	270	282
Outsourcing expenses	1,245	1,286

*2 R&D expenses

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

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2025
	6,194	7,211

*3 Impairment loss

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. groups assets according to individual "sales rights" in its impairment tests. In the previous fiscal year, 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 fiscal year ended March 31, 2025

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	7,010 million yen

Generally, we group assets by business unit.

Taiyo Pharma Co., Ltd. groups assets according to individual "sales rights" in its impairment tests. 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 9.2% to discount future cash flows.

(Consolidated statement of comprehensive income)

* Reclassification adjustments, income taxes, and tax effects of other comprehensive income

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Occurring in fiscal year under review	428	315
Reclassification adjustment	(25)	(0)
Before income taxes and tax effect	403	315
Income taxes and tax effect	(123)	(111)
Valuation difference on available-for-sale securities	280	203
Foreign currency translation adjustment:		
Occurring in fiscal year under review	3,543	(1,512)
Reclassification adjustment	—	—
Before income taxes and tax effect	—	(1,512)
Income taxes and tax effect	—	(226)
Foreign currency translation adjustment	3,543	(1,738)
Remeasurements of defined benefit plans, net of tax:		
Occurring in fiscal year under review	11	38
Reclassification adjustment	1	1
Before income taxes and tax effect	12	40
Income taxes and tax effect	(3)	(12)
Remeasurements of defined benefit plans, net of tax	8	27
Total other comprehensive income	3,832	(1,507)

(Consolidated statement of changes in equity)

Consolidated fiscal year ended March 31, 2024

1. Outstanding shares and treasury shares (class and amount)

	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 shares less than one unit.
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)	Record date	Effective date
June 17, 2023 Ordinary General Shareholders' Meeting	Common shares	2,905	52	March 31, 2023	June 19, 2023
November 6, 2023 Board of Directors meeting	Common shares	2,127	38	September 30, 2023	December 1, 2023

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

(2) Dividends with a record 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)	Record date	Effective date
June 15, 2024 Ordinary General Shareholders' Meeting	Common shares	2,351	Retained earnings	42	March 31, 2024	June 17, 2024

Note: The total dividends resolved at the Ordinary General Shareholders' Meeting on June 15, 2024 includes 2 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, 2025

1. Outstanding shares and treasury shares (class and amount)

	Beginning of consolidated fiscal year ended March 31, 2025	Increase	Decrease	End of consolidated fiscal year ended March 31, 2025
Outstanding shares				
Common shares (Note 1)	58,291,559	77,946		58,369,505
Treasury shares				
Common shares (Notes 2, 3, 4)	2,366,038	540,991	58,580	2,848,449

- Notes: 1. The 77,946-share increase in 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 62,240 such shares at the beginning of the fiscal year under review and 544,560 at the end).
3. The 540,991-share increase in treasury shares occurred after the Board of Directors authorized the reacquisition of 540,900 shares and 91 shares of less than one unit.
4. The 58,580-share decrease in treasury shares occurred after we delivered 58,100 shares from the ESOP Trust and disposed of 480 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)	Record date	Effective date
June 15, 2024 Ordinary General Shareholders' Meeting	Common shares	2,351	42	March 31, 2024	June 17, 2024
November 6, 2024 Board of Directors meeting	Common shares	2,242	40	September 30, 2024	December 2, 2024

- Notes: 1. The total dividends resolved at the Ordinary General Shareholders' Meeting on June 15, 2024 includes 2 million yen pertaining to shares that we have entrusted to The Master Trust Bank of Japan, Ltd. for the ESOP.
2. The total dividends resolved at the meeting of the Board of Directors on November 6, 2024 includes 1 million yen pertaining to the shares noted above.

(2) Dividends with a record 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)	Record date	Effective date
May 12, 2025 Board of Directors meeting	Common shares	8,409	Retained earnings	150	March 31, 2025	June 2, 2025

Note: The total dividends resolved at the meeting of the Board of Directors on May 12, 2025 includes 81 million yen pertains to the shares noted above.

(Consolidated statement of cash flows)

* Ending balance of cash and cash equivalents, and the consolidated balance sheet entries from which this balance is derived
(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Cash and deposits	58,583	44,903
Time deposits exceeding 3 months	(919)	(850)
Cash and cash equivalents	57,664	44,052

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)

	As of March 31, 2024	As of March 31, 2025
Due within one year	309	531
Due after one year	756	1,209
Total	1,066	1,741

(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.

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.

As of March 31, 2024

(Millions of yen)

	Consolidated carrying value (*Note 4)	Fair value (*Note 4)	Difference
(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)	—
Total derivative transactions (*Note 3)	(33)	(33)	—

- *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.

As of March 31, 2025

(Millions of yen)

	Consolidated carrying value (*Note 4)	Fair value (*Note 4)	Difference
(1) Investment securities			
Other securities (*Note 2)	2,398	2,398	—
(2) Long-term borrowings (including current portion of long-term borrowings)	(64,217)	(63,955)	261
Derivative transactions			
Transactions that do not qualify for hedge accounting	(30)	(30)	—
Total derivative transactions (*Note 3)	(30)	(30)	—

- *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)

Category	As of March 31, 2024	As of March 31, 2025
Unlisted shares	209	218
Shares of subsidiaries and associates	1,394	993
Contributions to investment partnerships	1,847	2,253

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

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

As of March 31, 2025

(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)	17,328	13,400	11,509	15,031	2,870	4,076

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

As of March 31, 2024

(Millions of yen)

Category	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.

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	2,007	—	—	2,007
Bonds, Other	—	—	391	391
Total assets	2,007	—	391	2,398
Derivative transactions	—	(30)	—	(30)
Total liabilities	—	(30)	—	(30)

* Parenthesized figures indicate liabilities.

(2) Financial instruments other than those stated on the consolidated balance sheet at fair value
As of March 31, 2024

(Millions of yen)

Category	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.

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion of long-term borrowings)	–	(63,955)	–	(63,955)
Total liabilities	–	(63,955)	–	(63,955)

* 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.

(Securities)

1. Other securities

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.

As of March 31, 2025

(Millions of yen)

	Type of security	Consolidated carrying value	Acquisition price	Valuation difference
Securities whose consolidated carrying value exceeds their acquisition price	(1) Shares	2,003	1,274	729
	(2) Other	343	237	105
	Subtotal	2,347	1,511	835
Securities whose consolidated carrying value does not exceed their acquisition price	(1) Shares	3	7	(3)
	(2) Other	47	74	(26)
	Subtotal	51	81	(30)
Total		2,398	1,593	805

Note: The above data excludes the unlisted shares (consolidated carrying value: 218 million yen) and contributions to investment partnerships (consolidated carrying value: 2,253 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, 2024

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

Consolidated fiscal year ended March 31, 2025

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

As of March 31, 2024

(Millions of yen)

Category	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)

As of March 31, 2025

(Millions of yen)

Category	Transaction	Contract value	Contract value for contracts exceeding one year	Fair value	Valuation difference
Off market transactions	Foreign exchange transactions				
	USD sold/JPY purchased	9,683	—	(4)	(4)
	USD sold/TWD purchased	703	—	(12)	(12)
	USD sold/CNY purchased	15	—	(0)	(0)
	USD sold/KRW purchased	1,339	—	(15)	(16)
	KRW sold/JPY purchased	8,364	—	1	1

2. Transactions that qualify for hedge accounting

As of March 31, 2024

None.

As of March 31, 2025

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)

	As of March 31, 2024	As of March 31, 2025
Opening balance of retirement benefit obligations	2,906	2,941
Service cost	307	309
Interest cost	18	18
Actuarial differences	(26)	(24)
Retirement benefit payments	(246)	(370)
Foreign exchange differences	(17)	(8)
Closing balance of retirement benefit obligations	2,941	2,864

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Opening balance of pension assets	3,316	3,403
Expected rate of return	56	56
Actuarial differences	(6)	38
Employer's contribution	262	330
Retirement benefit payments	(246)	(370)
Foreign exchange differences	20	(16)
Closing balance of pension assets	3,403	3,441

(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)

	As of March 31, 2024	As of March 31, 2025
Funded retirement benefit obligations	2,941	2,864
Pension assets	(3,403)	(3,441)
Net asset (liability) reported on the consolidated balance sheet	(461)	(576)
Retirement benefit liability	—	—
Retirement benefit asset	(461)	(576)
Net asset (liability) reported on the consolidated balance sheet	(461)	(576)

(4) Breakdown of retirement benefit costs

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2025
Service cost	307	309
Interest cost	18	18
Expected rate of return	(56)	(56)
Adjustment for actuarial differences	(29)	(35)
Retirement benefit cost for defined-benefit systems	239	235

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

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

(Millions of yen)

	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2025
Actuarial differences	12	40
Total	12	40

(6) Remeasurements of defined benefit plans, cumulative

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Unrecognized actuarial gain or loss	(8)	31
Total	(8)	31

(7) Notes on pension assets

1) Key pension assets

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

	As of March 31, 2024	As of March 31, 2025
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).

	As of March 31, 2024	As of March 31, 2025
Discount rate	0.62 %	0.61 %
Expected long-term rate of return	1.0 %	1.1 %
Expected salary increase rate	6.66 %	7.00 %

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, 2024	Consolidated fiscal year ended March 31, 2025
Opening balance of net defined benefit liability	16	292
Retirement benefit costs	8	52
Retirement benefit payments	(21)	(38)
Increase from new consolidations	197	46
Pension fund dissolution	92	—
Closing balance of net defined benefit liability	292	352

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Non-funded retirement benefit obligations	292	352
Net asset (liability) reported on the consolidated balance sheet	292	352
Retirement benefit liability	292	352
Retirement benefit asset	—	—
Net asset (liability) reported on the consolidated balance sheet	292	352

(3) Retirement benefit costs

Retirement benefit costs determined using simplified accounting method

Consolidated fiscal year ended March 31, 2024: 8 million yen

Consolidated fiscal year ended March 31, 2025: 52 million yen

4. Defined contribution plans

The contribution that we and some of our consolidated subsidiaries have made amounted to 298 million yen in the consolidated fiscal year ended March 31, 2024, and 342 million yen in the consolidated fiscal year ended March 31, 2025.

(Stock options)

None.

(Tax effect accounting)

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

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Retirement benefit liability	108	125
Deferred tax assets for unrealized gains	432	435
Denial of accrued employees' bonuses	312	372
Denial of accrued enterprise tax	136	172
Loss carried forward (Note 2)	1,537	1,927
Over depreciation	736	262
Asset adjustment account	275	1
Asset retirement obligations	417	432
Impairment losses	2,135	4,363
Other	1,047	1,122
Deferred tax assets subtotal	7,140	9,215
Valuation allowance for tax loss carried forward (*Note 2)	(1,537)	(1,876)
Valuation allowance for total future deductible temporary differences	(1,737)	(1,893)
Valuation allowance subtotal	(3,274)	(3,770)
Deferred tax assets total	3,865	5,445
Deferred tax liabilities		
Deferred tax liabilities for subsidiaries' retained earnings	2,197	2,417
Valuation difference on available-for-sale securities	318	428
Retirement benefit asset	132	154
Customer-related assets:	1,560	1,425
Other	465	532
Deferred tax liabilities total	4,675	4,959
Net deferred tax assets (liabilities) (Note 1)	(809)	486

Notes: 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)	
	As of March 31, 2024	As of March 31, 2025
Non-current assets - Deferred tax assets	391	1,450
Non-current liabilities - Deferred tax liabilities	1,200	964

2. Tax loss carried forward and deferred tax assets by carry-forward period
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
Tax loss carried forward (*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 (*1)	122	148	155	222	282	1,537
Valuation allowance	(122)	(148)	(155)	(222)	(282)	(1,537)
Deferred tax assets	—	—	—	—	—	(*Note 2) —

*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.

As of March 31, 2025

(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 (*1)	26	95	136	321	232
Valuation allowance	(13)	(77)	(126)	(316)	(228)
Deferred tax assets	12	17	10	5	4

(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 (*1)	148	155	237	289	284	1,927
Valuation allowance	(148)	(155)	(237)	(289)	(284)	(1,876)
Deferred tax assets	—	—	—	—	—	(*2) 50

*1 Tax loss carried forward is multiplied by the legally effective tax rate.

*2 Of the 1,927 million yen in tax loss carried forward, we recorded 50 million yen in deferred tax assets. The 50 million yen in deferred tax assets recognizes part of the consolidated subsidiaries' tax loss carried forward. The tax loss carried forward that was recorded as "deferred tax assets" is the result of estimating future taxable income. It was determined to be recoverable and we therefore did not recognize a valuation allowance.

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

	As of March 31, 2024	As of March 31, 2025
Legally effective tax rate	30.62%	30.62%
(Adjusting entries)		
Tax rate differences with overseas subsidiaries	(7.38)	(8.51)
Tax rate differences associated with offset of dividend income	0.48	0.59
Tax adjustments for overseas subsidiaries' retained earnings	2.31	(0.10)
Tax rate differences associated with permanent differences such as entertainment expenses	0.54	0.10
Permanent differences on withholding tax on dividends not included in deductible expenses	2.85	2.81
Tax adjustments for amortization of goodwill	1.20	1.00
Tax deductions for testing and research expenses	(5.04)	(4.27)
Other	2.92	3.76
Actual effective tax rate after applying tax effect accounting	28.50	26.00

3. Revision of the amount of deferred tax assets and deferred tax liabilities due to a change in income tax rate

The Act on Partial Amendment of the Income Tax Act, etc. (Act No. 13, 2025) was passed by the National Diet on March 31, 2025. Accordingly, the legally effective tax rate was changed from 30.62% to 31.52% for tax deferred assets and tax deferred liabilities on which temporary differences are expected to be resolved in the fiscal year beginning on April 1, 2026 or subsequent fiscal years.

The impact of this change in the tax rate is considered minor.

4. 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, 2024

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

Consolidated fiscal year ended March 31, 2025

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, 2024

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

Consolidated fiscal year ended March 31, 2025

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

(Revenue recognition)

Consolidated fiscal year ended 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
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.

Consolidated fiscal year ended March 31, 2025

1. Breakdown of revenue generated from contracts with customers

(Millions of yen)

	Reportable segment			Other (Note)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Japan	3,824	31,557	35,381	5,747	41,128
China	47,902	—	47,902	—	47,902
Taiwan	8,125	—	8,125	1	8,127
Korea	14,749	—	14,749	—	14,749
Other	7,100	1	7,102	—	7,102
Revenue generated from contracts with customers	81,703	31,558	113,261	5,749	119,010
Other revenue	—	—	—	—	—
External sales	81,703	31,558	113,261	5,749	119,010

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)

	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers: Opening balance	22,734	28,345
Receivables from contracts with customers: Closing balance	28,345	27,866
Contract assets: Opening balance	—	7
Contract assets: Closing balance	7	30

(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 business.

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, 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.

Consolidated fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment			Other (Note 1)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Net sales					
External sales	81,703	31,558	113,261	5,749	119,010
Inter-segment sales or transfers	—	—	—	406	406
Total	81,703	31,558	113,261	6,155	119,417
Segment profit	21,458	2,049	23,508	262	23,771
Segment assets	87,369	64,130	151,500	10,933	162,433
Other items					
Depreciation (Note 2)	3,626	4,526	8,152	436	8,589
Increase in property, plant and equipment, and intangible assets	2,560	1,217	3,778	1,294	5,072

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, 2024	Consolidated fiscal year ended March 31, 2025
Reportable segment total	100,684	113,261
“Other” segment net sales	4,425	6,155
Inter-segment eliminations	(335)	(406)
Net sales reported in consolidated statement of income	104,775	119,010

(Millions of yen)

Profit (Loss)	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2025
Reportable segment total	19,704	23,508
“Other” segment profit	78	262
Inter-segment eliminations	(22)	(4)
Profit/loss not allocated to business segments (Note)	(1,557)	(1,698)
Operating income in the consolidated statement of income	18,203	22,067

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, 2024	Consolidated fiscal year ended March 31, 2025
Reportable segment total	153,218	151,500
“Other” segment assets	10,013	10,933
Inter-segment eliminations	(92)	(92)
Assets not allocated to business segments (Note)	49,900	29,842
Reclassification by tax effect	(288)	(161)
Total assets reported in consolidated balance sheet	212,751	192,022

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	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation	7,818	8,152	396	436	461	501	8,676	9,090
Increase in property, plant and equipment, and intangible assets	19,731	3,778	556	1,294	(639)	612	19,648	5,684

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

Related information

I. Consolidated fiscal year ended 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	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	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.

II. Consolidated fiscal year ended March 31, 2025

1. Information by product and service

(Millions of yen)

	Electronics	Medical and Pharmaceuticals	Other	Total
External sales	81,703	31,558	5,749	119,010

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
41,128	47,902	8,127	14,749	7,102	119,010

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	Korea	Other	Total
54,268	5,536	4,008	1,837	1,988	67,638

3. Information by main customer

(Millions of yen)

Customer Name	Net sales	Name of Related Segment
Daiichi Sankyo Co., Ltd. (Note)	11,797	Medical and Pharmaceuticals

Note: Shows aggregated net sales posted to Daiichi Sankyo Chemical Pharma Co., Ltd., which is affiliated with the Daiichi Sankyo Co., Ltd. corporate group. Daiichi Sankyo Co., Ltd. have announced to absorb and merge Daiich Sankyo Chemical Pharma Co., Ltd., with the effective date of the merger being April 1, 2025. Daiichi Sankyo Espha Co., Ltd., which was included last fiscal year, has been removed from the corporate group and is therefore not aggregated.

Impairment loss on non-current assets in each reportable segment

Consolidated fiscal year ended 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

Consolidated fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment			Other	Corporate and Elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Impairment losses	–	7,010	7,010	–	–	7,010

Amortization of goodwill and unamortized balance in each reportable segment

Consolidated fiscal year ended 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.

Consolidated fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment			Other	Corporate and Elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Amortization during period	54	486	541	10	–	551
Balance at end of period	434	2,594	3,028	3	–	3,032

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, 2024

None.

Consolidated fiscal year ended March 31, 2025

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, 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	Balance at end of period (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.

Consolidated fiscal year ended March 31, 2025

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	Balance at end of period (Millions of yen)
Corporate officer	Eiji Sato	—	—	President and CEO (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.97	We issued shares to the party via third-party allotment, etc.	We issued shares to the party via third-party allotment, etc.	118	—	—
	Hitoshi Saito	—	—	Executive Vice President (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.24	We issued shares to the party via third-party allotment, etc.	We issued shares to the party via third-party allotment, etc.	76	—	—
Parties in positions equivalent to a corporate officer	Masao Arima	—	—	Senior Corporate Executive Officer (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.09	We issued shares to the party via third-party allotment, etc.	We issued shares to the party via third-party allotment, etc.	30	—	—
	Shoji Minegishi	—	—	Senior Corporate Executive Officer (Taiyo Holdings Co., Ltd.)	(Directly held by the party) 0.02	We issued shares to the party via third-party allotment, etc.	We issued shares to the party via third-party allotment, etc.	22	—	—

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

The transactions concerned common shares that we issued as part of the restricted stock compensation and performance-linked stock compensation for the 78th business term (fiscal year ended March 31, 2024). 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, 2024	Consolidated fiscal year ended March 31, 2025
Net assets per share	1,795.14 yen	1,854.68 yen
Basic earnings per share	154.89 yen	193.18 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: 62,240 shares; consolidated fiscal year under review: 544,560 shares).

3. Basis for calculating basic earnings per share is shown below.

	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2025
Profit attributable to owners of parent (Millions of yen)	8,654	10,780
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	8,654	10,780
Average number of outstanding common shares during the period (Shares)	55,873,328	55,804,249

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: 81,866 shares; consolidated fiscal year under review: 237,435 shares).

(Significant subsequent events)

Decrease in amount of capital legal reserve and retained legal reserve

At the Board of Directors meeting held on May 16, 2025, the Company decided to propose a decrease in the amount of legal capital surplus and legal retained earnings at the 79th Ordinary General Shareholders' Meeting scheduled on June 21, 2025.

1. Reason for decrease in amount of capital legal reserve and retained legal reserve

To increase the amount that can be distributed in the future, ensure agility and flexibility in capital policy, the Company will draw down capital legal reserve and retained legal reserve and transfer the amounts of these decreases to other capital surplus and retained earnings brought forward, pursuant to Article 448-1 of the Companies Act.

2. Details of decrease in capital legal reserve and retained legal reserve

(1) Account to be decreased and amount of decrease

Capital legal reserve: 10,999 million yen (total amount)

Retained legal reserve: 620 million yen (total amount)

(2) Account to be increased and amount of increase

Other capital surplus: 10,999 million yen

Retained earnings brought forward: 620 million yen

3. Schedule for effectuation of decrease in capital legal reserve and retained legal reserve

(1) Date of Board of Directors resolution	May 16, 2025
(2) Date of Ordinary General Shareholders' meeting resolution	June 21, 2025 (plan)
(3) Date of public notice for creditor objections	June 24, 2025 (plan)
(4) Last date for creditors to object	July 24, 2025 (plan)
(5) Effective date	July 31, 2025 (plan)

5) Consolidated supplementary schedules

Schedule of bonds payable

None.

Schedule of loans payable

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Repayment period
Short-term borrowings	9,821	305	2.25	—
Current portion of long-term borrowings	33,766	17,328	0.61	—
Long-term borrowings other than those we expect to repay within one year	43,134	46,888	0.73	2026-2034
Total	86,722	64,523	—	—

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	13,400	11,509	15,031	2,870	4,076

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

Semiannual consolidated information for the fiscal year ended March 31, 2025

	Consolidated fiscal year ended March 31, 2024	Consolidated fiscal year ended March 31, 2025
Net sales (Millions of yen)	59,899	119,010
Profit before income taxes (Millions of yen)	12,418	14,566
Profit attributable to owners of parent (Millions of yen)	9,209	10,780
Basic earnings per share (Yen)	164.52	193.18

2. Financial statements, other financial information

(1) Financial statements

1) Balance sheet [Unaudited]

(Millions of yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	33,392	17,574
Accounts receivable - trade	*1 760	*1 843
Short-term loans receivable from subsidiaries and associates	11,719	18,515
Income taxes refund receivable	1,250	291
Other	*1 1,418	*1 2,133
Total current assets	48,541	39,358
Non-current assets		
Property, plant and equipment		
Buildings	4,563	4,295
Land	2,735	2,746
Other	738	851
Total property, plant and equipment	8,037	7,893
Intangible assets		
Software	1,172	924
Other	327	307
Total intangible assets	1,500	1,231
Investments and other assets		
Investment securities	3,797	4,120
Shares of subsidiaries and associates	36,768	34,479
Investments in capital of subsidiaries and associates	2,634	2,760
Prepaid pension costs	292	328
Long-term loans receivable from subsidiaries and associates	34,190	35,660
Other	570	584
Allowance for doubtful accounts	(3,647)	(8,455)
Total investments and other assets	74,606	69,479
Total non-current assets	84,145	78,604
Total assets	132,686	117,962

(Millions of yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Liabilities		
Current liabilities		
Short-term borrowings	*1,*2 12,083	*1,*2 4,141
Current portion of long-term borrowings	29,773	13,158
Accounts payable - other	*1 2,141	*1 2,273
Income taxes payable	37	31
Provision for bonuses	234	293
Other	173	106
Total current liabilities	44,444	20,005
Non-current liabilities		
Long-term borrowings	31,827	36,869
Asset retirement obligations	367	370
Deferred tax liabilities	167	126
Provision for loss on guarantees	82	877
Other	135	136
Total non-current liabilities	32,580	38,380
Total liabilities	77,024	58,385
Net assets		
Shareholders' equity		
Share capital	9,903	10,031
Capital surplus		
Legal capital surplus	10,870	10,999
Other capital surplus	5,294	5,294
Total capital surplus	16,165	16,294
Retained earnings		
Legal retained earnings	620	620
Other retained earnings		
General reserve	12,700	12,700
Retained earnings brought forward	21,563	27,135
Total retained earnings	34,883	40,456
Treasury shares	(5,993)	(8,106)
Total shareholders' equity	54,959	58,676
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	702	900
Total valuation and translation adjustments	702	900
Total net assets	55,662	59,577
Total liabilities and net assets	132,686	117,962

2) Statement of income [Unaudited]

(Millions of yen)

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Operating revenue		
Dividends from subsidiaries and associates	11,785	19,367
Royalty income	3,185	3,756
Information system fee revenue	62	90
Real estate lease revenue	429	434
Total operating revenue	*1 15,463	*1 23,650
Operating expenses	*1,*2 8,227	*1,*2 8,461
Operating income	7,236	15,188
Non-operating income		
Interest income	652	668
Other	179	163
Total non-operating income	*1 831	*1 832
Non-operating expenses		
Interest expenses	679	817
Loss on investment partnerships	275	48
Provision for loss on guarantees	82	794
Other	136	250
Total non-operating expenses	*1 1,173	*1 1,911
Ordinary income	6,894	14,109
Extraordinary losses		
Provision of allowance for doubtful accounts for subsidiaries and associates	1,863	4,784
Total extraordinary losses	1,863	4,784
Profit before income taxes	5,030	9,325
Income taxes - current	(1,001)	(695)
Income taxes - deferred	(26)	(145)
Total income taxes	(1,028)	(841)
Profit	6,058	10,166

3) Statement of changes in equity [Unaudited]

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

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	9,903	10,870	5,294	16,165	620	12,700	21,563	34,883	(5,993)	54,959
Changes during period										
Dividends of surplus							(4,594)	(4,594)		(4,594)
Profit							10,166	10,166		10,166
Issuance of new shares	128	128		128						256
Purchase of treasury shares									(2,219)	(2,219)
Disposal of treasury shares									106	106
Net changes in items other than shareholders' equity										
Total changes during period	128	128	—	128	—	—	5,572	5,572	(2,113)	3,716
Balance at end of period	10,031	10,999	5,294	16,294	620	12,700	27,135	40,456	(8,106)	58,676

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	702	702	55,662
Changes during period			
Dividends of surplus			(4,594)
Profit			10,166
Issuance of new shares			256
Purchase of treasury shares			(2,219)
Disposal of treasury shares			106
Net changes in items other than shareholders' equity	198	198	198
Total changes during period	198	198	3,915
Balance at end of period	900	900	59,577

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 shareholders' equity because they use intra-group loans for financing, rather than funds from shareholders' equity. These subsidiaries experienced a deterioration in performance and/or required sizeable upfront investment for which returns extend over a long timespan for business reasons. When 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)	
	As of March 31, 2024	As of March 31, 2025
Balance of loans to negative-equity subsidiaries	34,040	35,218
Allowance for doubtful accounts	(3,647)	(8,455)
Provision for loss on guarantees	82	877

(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 intra-group loans for financing instead of using shareholders' equity 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 clears excess debt.

(Changes in accounting policies)

Application of Accounting Standard for Current Income Taxes and related guidance

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022; hereafter "2022 revised accounting standard") and related guidance were applied from the beginning of the fiscal year ended March 31, 2025.

The revision to the account classification for current income taxes follows the transitional treatment specified in the provisory clause of Paragraph 20-3 of the 2022 revised accounting standard and the transitional treatment specified in the provisory clause of Paragraph 65-2, Provision (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022 hereafter, "the 2022 revised guidance"). This change in accounting policy had no impact on the financial statements for the fiscal year under review.

The 2022 revised guidance was also applied from the beginning of the fiscal year ended March 31, 2025 to revisions due to a change in treatment in the financial statements when gains or losses on sale accompanying the sale of shares of subsidiaries among companies are deferred for tax purposes. The change in accounting policy was applied retroactively and the financial statements for the previous fiscal year reflect the retroactive application. This change in accounting policy had no impact on the financial statements for the previous fiscal year.

(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)

	As of March 31, 2024	As of March 31, 2025
Short-term monetary claims	1,697	2,516
Short-term monetary obligations	3,876	4,591

*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)

	As of March 31, 2024	As of March 31, 2025
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)

	As of March 31, 2024	As of March 31, 2025
Taiyo Ink Vietnam Co., Ltd.	1,210	1,816
Total	1,210	1,816

(Statement of income)

*1 The following table shows our transactions with associates.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Volume of operating transactions		
Operating revenue	15,456	23,644
Operating expenses	809	786
Volume of non-operating transactions		
Non-operating income	695	723
Non-operating expenses	119	209

*2 The following table shows the main operating expense items and the amounts.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Lease costs	282	328
Salaries	693	754
Officer compensation	684	745
Accrued employees' bonuses	126	216
Commission expenses	1,591	1,684
Depreciation	467	496
R&D expenses	1,551	1,714
Advertising and promotional expenses	1,014	772

(Securities)

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.

As of March 31, 2025

We have omitted our shares in subsidiaries (34,479 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)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Denial of accrued employees' bonuses	71	89
Accrued bonuses for corporate officers	—	135
Asset retirement obligations	112	116
Allowance for doubtful accounts	1,142	2,940
Loss on valuation of shares of subsidiaries and associates	2,663	2,741
Impairment losses	313	318
Loss carried forward	943	1,144
Deemed distribution	112	115
Other	594	701
Deferred tax assets subtotal	5,953	8,304
Valuation allowance for tax loss carried forward	(943)	(1,144)
Valuation allowance for total future deductible temporary differences	(4,693)	(6,683)
Valuation allowance subtotal	(5,636)	(7,828)
Deferred tax assets total	316	475
Deferred tax liabilities		
Valuation difference on available-for-sale securities	309	414
Prepaid pension cost	89	103
Other	84	84
Deferred tax liabilities total	484	602
Net deferred tax liabilities	(167)	(126)

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

	As of March 31, 2024	As of March 31, 2025
Legally effective tax rate	30.62%	30.62%
(Adjusting entries)		
Items such as withholding tax on dividends that are permanently excluded from deductible expenses	6.30	4.13
Items such as dividend income that are permanently excluded from earnings	(71.05)	(62.88)
Inhabitant tax on per capita basis	0.17	0.09
Tax deductions for testing and research expenses	(2.94)	(1.58)
Valuation allowance	18.82	21.50
Tax sparing credits	(1.62)	(1.10)
Other	(0.74)	0.19
Actual effective tax rate after applying tax effect accounting	(20.45)	(9.02)

3. Revision of the amount of deferred tax assets and deferred tax liabilities due to a change in income tax rate

The Act on Partial Amendment of the Income Tax Act, etc. (Act No. 13, 2025) was passed by the National Diet on March 31, 2025. Accordingly, the legally effective tax rate was changed from 30.62% to 31.52% for tax deferred assets and tax deferred liabilities on which temporary differences are expected to be resolved in the fiscal year beginning on April 1, 2026 or in subsequent fiscal years.

The impact of this change in the tax rate is considered minor.

4. 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)

Decrease in amount of capital legal reserve and retained legal reserve

This information is omitted here because the same information is provided in “V. Financial Information, 1. Consolidated financial statements, other consolidated financial information, (1) Consolidated financial statements, Notes, Significant subsequent events.”

4) Supplementary schedules

Schedule of property, plant and equipment

(Millions of yen)

Category	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	4,563	104	1	371	4,295	8,942
	Land	2,735	10	–	–	2,746	–
	Other	738	533	226	194	851	2,276
	Total	8,037	649	227	565	7,893	11,218
Intangible assets	Software	1,172	126	6	368	924	1,175
	Other	327	126	104	42	307	143
	Total	1,500	252	110	410	1,231	1,319

Schedule of provisions

(Millions of yen)

Entry	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	3,647	4,807	–	8,455
Provision for bonuses	234	293	234	293
Provision for loss on guarantees	82	794	–	877

(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 shares less than one unit	
Transfer agent	(Special account) 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Tokyo Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Shareholder registrar	(Special account) 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan 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: https://www.taiyo-hd.co.jp/en
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 shares less than one unit.

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
For the 78th business term (April 1, 2023 to March 31, 2024)
Filed with the director-general of the Kanto Local Finance Bureau on June 17, 2024
- (2) Internal control report with accompanying documents
Filed with the director-general of the Kanto Local Finance Bureau on June 17, 2024
- (3) Semiannual report with confirmation certificate
79th business term (fiscal year ended March 31, 2025) Semiannual (April 1, 2024 to September 30, 2024)
Filed with the director-general of the Kanto Local Finance Bureau on November 6, 2024
- (4) Extraordinary report
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.
Filed with the director-general of the Kanto Local Finance Bureau on June 17, 2024
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 June 20, 2024
Filed pursuant to Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-2-(2)-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs.
Filed with the director-general of the Kanto Local Finance Bureau on April 3, 2025
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.
Filed with the director-general of the Kanto Local Finance Bureau on April 30, 2025
Filed pursuant to Article 24-5-(4) of the Financial Instruments and Exchange Act and Article 19-2-(12) and Article 19-2-(19) of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs.

Part II Taiyo Holdings' (filing company's) Guarantors

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, 2025
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, Managing Executive Officer and 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, 2025, 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 company-level 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 quantitative and qualitative relevance to financial reporting, and the potential to occur. After considering the results of our company-level evaluation, which covered Taiyo Holdings and 14 consolidated subsidiaries, we determined a reasonable scope of business process-level control to target in the evaluation. Because the locations of the 14 consolidated subsidiaries generally account for less than 5% of consolidated net sales and transactions mainly consist of routine transactions involving business processes of low complexity, we have determined the impact on financial reporting to be minor from the perspectives of quantitative and qualitative importance, and have therefore not included them within the scope of the evaluation of company-level internal controls.

For the scope of evaluation of business process-level control, we determined that net sales reflecting the scale and results of the Group's business activities to be the most appropriate indicator for judging the significance of business locations. Having determined the results of the evaluation of company-level internal controls to be good, we selected the significant business locations, using consolidated net sales as the main indicator. Having determined two-thirds of net sales as the significant level of representation, we selected the top business locations as "significant business locations" because their net sales for the fiscal year under review (after eliminating intra-group transactions) reached the predetermined level of representational significance. We determined the ratio of roughly two-thirds of consolidated net sales to be reasonable, given the comprehensiveness and efficiency in evaluating financial reporting as a whole. In addition to the quantitative indicator, we also took qualitative factors such as the potential for fraud and complexity of business processes at each location into collective consideration during the selection process. This resulted in designating the Company and seven consolidated subsidiaries as "significant business locations" in light of their quantitative and qualitative importance. Because the Group conducts chemical and pharmaceutical manufacturing at the significant business locations and manufacturing and sales are revenue-earning activities, we selected business processes for evaluation that culminate in net sales, accounts receivable - trade, and inventories, as accounting categories strongly related to the business objectives. Based on the nature of Group businesses and our assessment of risks, we also evaluated some other business or operating 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 future assumptions, and that involve a higher risk of material misstatement, and included processes pertaining to fixed asset acquisition, disposal/sale, and management, impairment testing of pharmaceutical sales rights, consolidated income taxes (deferred tax), consolidated impairment testing, and M&A valuation. These processes were added to the evaluation for specific business locations, in consideration of the quantitative and qualitative impact, and the potential for occurrence.

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, 2025).

4. Supplementary notes

None

5. Notes on special matters

None

Filing Notes

Document filed:	Certificate
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, 2025
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)
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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 and Sayaka Tomioka, Managing Executive Officer and CFO of Taiyo Holdings, Co., Ltd., have confirmed that the statements in the Annual Securities Report for the 79th business term (April 1, 2024 to March 31, 2025) fulfill the integrity requirements of the Financial Instruments and Exchange Act.

2. Special notes

None