



# Beyond Imagination 2030 Medium-term Management Plan

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

2025

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Thank you very much for taking the time to join us today.

Today, we will brief you on our Medium-term Management Plan.

[Speakers]

President and CEO: Hitoshi Saito

Senior Corporate Executive Officer: Shoji Minegishi

Managing Executive Officer, CFO: Sayaka Tomioka

To identify and address the management challenges associated with realizing our long-term management plan, we have established the “2030 Committee” and launched six Working Groups (“WGs”). Each WG incorporates the opinions and advice of external experts to ensure objectivity and transparency.

On August 1, we released an interim report on these activities, outlining initiatives to strengthen our foundation, including approaches to develop self-sufficient personnel and digital transformation, as well as action plans for engagement with shareholders and investors.

We have formulated the Medium-term Management Plan as part of the “WG for Growth Strategy and Business Portfolio,” one of the WGs established under the 2030 Committee.

## Executive Summary

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

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

- 1** Pursuit of higher returns on capital

**ROE 30%**

- 2** Sustainable business growth

Net sales 180 billion JPY  
Operating income 47 billion JPY

- 3** Proactive shareholder returns

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

#### Electronics

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

#### Medical and Pharmaceuticals

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

#### ICT and Sustainability

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

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

With the aim of enhancing capital efficiency while achieving sustainable growth, we target ROE of 30%, net sales of JPY 180 billion, and operating income of JPY 47 billion by the fiscal year ending March 31, 2031.

Also, as part of an active shareholder return policy, we will consider providing additional shareholder returns for the excess amount of growth and maintenance investments with operating cash flow.

## Beyond Imagination 2030 Long-term Management Plan

Disclosures  
Announced in 2021

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

### Basic Policies

- 1 Develop and utilize self-sufficient personnel capable of acting independently, who respond to diversifying organizations and society
- 2 Achieve continuous growth and explore new business areas in the Electronics business
- 3 Grow the Medical and Pharmaceuticals business further
- 4 Transform and evolve through digital transformation
- 5 Create new businesses
- 6 Execute strategic M&A
- 7 Strengthen efforts for Sustainable Development Goals (SDGs)

### Our 2030 Vision

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

### FY2031/3 Targets



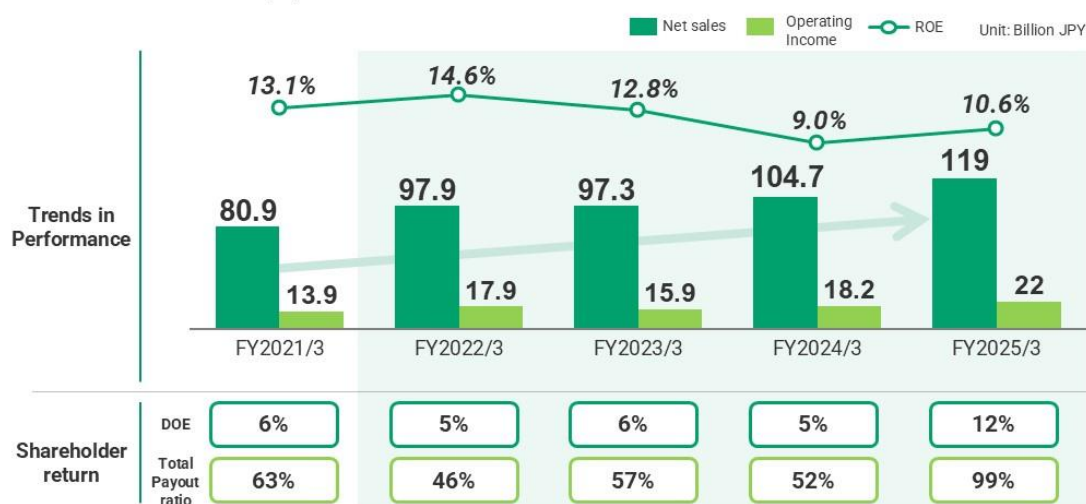
This slide shows our long-term management plan announced in 2021.

As we have pursued the seven basic policies shown on the left, five years have passed.

When formulating the long-term management plan, we set targets for the fiscal year ending March 31, 2031: an ROE of 18% and maintaining a Dividend on Equity ratio (DOE) of 5% or higher.

## Progress to Date

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



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This chart shows our progress of the past five years.

Net sales and operating income have increased significantly.

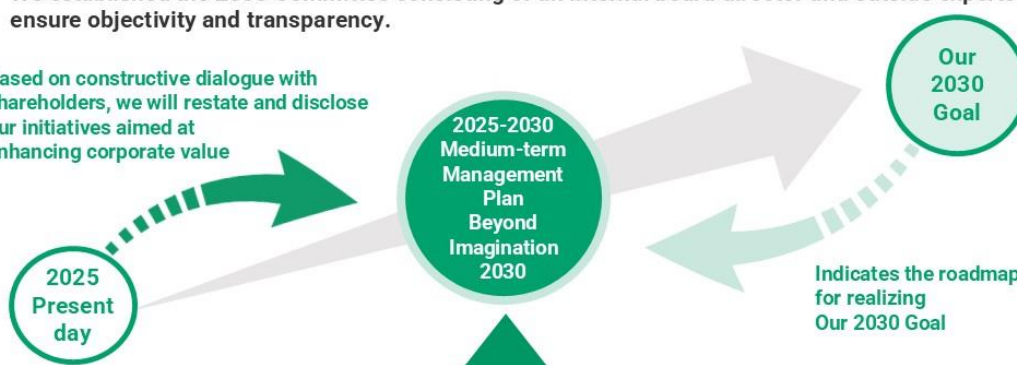
ROE improved year on year to 10.6% in the fiscal year ended March 31, 2025.

DOE also has been maintained at 5% or higher, and the total payout ratio was 99% for the fiscal year ended March 31, 2025.

## Background to the Formulation of Medium-term Management Plan

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

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



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

Based on our dialogue with shareholders, we recognized that we need to restate and disclose our initiatives aimed at enhancing our corporate value.

In addition, this year marks the midpoint of our long-term management plan.

Accordingly, we have formulated the Medium-term Management Plan ("the Plan") as a roadmap to realize our goals for 2030.

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

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

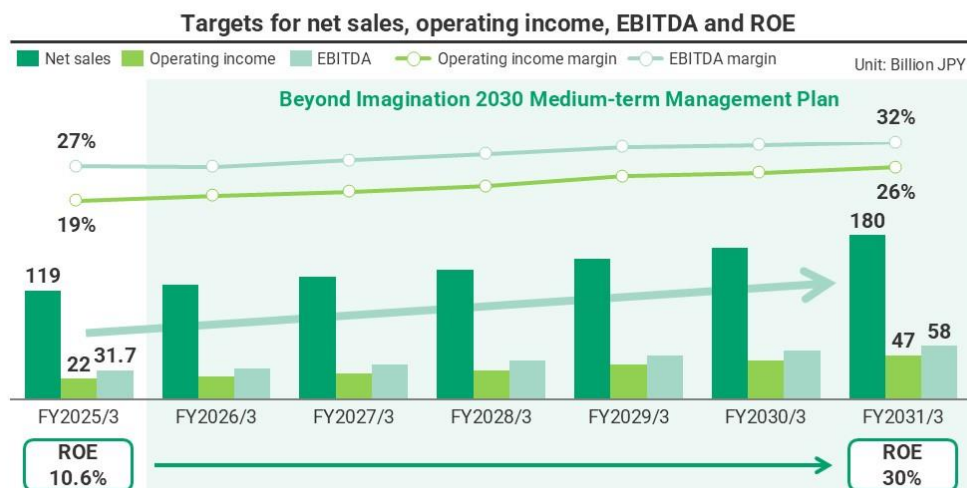
Financial Targets	FY2025/3 (actual)	FY2031/3 (target)
Net sales	119 billion JPY	180 billion JPY
Operating income (Operating income margin)	22 billion JPY (19%)	47 billion JPY (26%)
EBITDA (EBITDA margin)	31.7 billion JPY (27%)	58 billion JPY (32%)
ROE	10.6%	30%
(Reference) Average exchange rate during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

\*1: Impact in net sales of the Electronics business for a one-yen depreciation of JPY against USD  
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The figures on the right represent our financial targets for the fiscal year ending March 31, 2031, and the figures in the center show the results for the fiscal year ending March 31, 2025.

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

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



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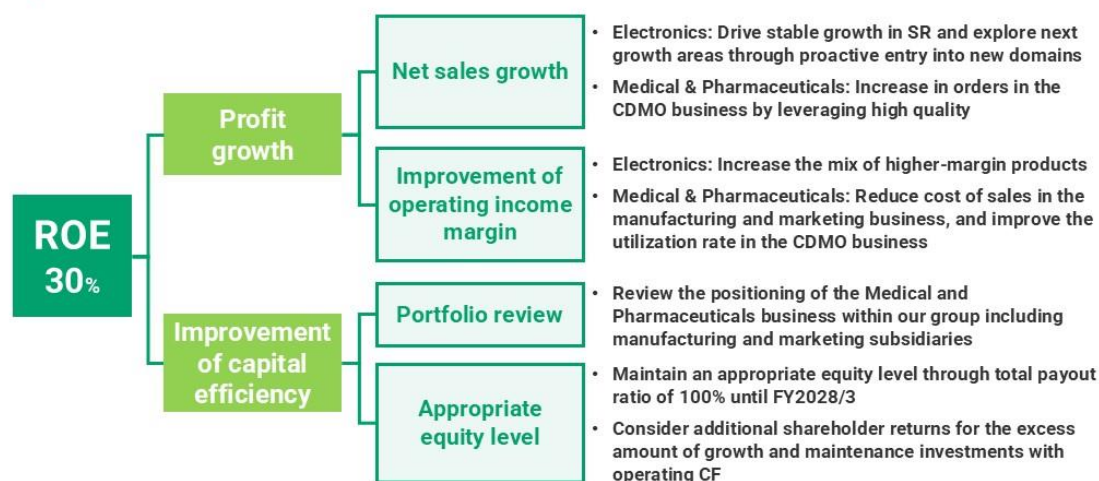
This slide visualizes the numbers in graph form explained on the previous slide.



## Initiatives to Achieve ROE Target

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

### Drivers of improvement in returns on capital



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Our initiatives to achieve ROE targets.

First, to drive profit growth, we will pursue net sales growth by driving stable growth in solder resist (SR)-related products and actively entering new fields to cultivate the next growth areas within the Electronics business, while increasing orders for contract manufacturing by leverage our high quality in the Medical & Pharmaceuticals business. Also, to improve profitability, we will work to raise the mix of higher-margin products in the Electronics business, as well as to reduce the cost of sales in our manufacturing and marketing operations and improve the utilization rate in the contract manufacturing operations in the Medical & Pharmaceuticals business.

Moreover, to enhance capital efficiency, in addition to reviewing our portfolio by reassessing the positioning of the Medical & Pharmaceuticals business, including our manufacturing and marketing subsidiaries, within the Group, we will strive to maintain an appropriate level of equity by maintaining a total payout ratio of 100% until the fiscal year ending March 31, 2028 and considering additional shareholder returns for the excess amount of growth and maintenance investments with operating cash flow.

## Our Business Segments

### Electronics Business

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



### Medical and Pharmaceuticals Business

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



### ICT and Sustainability (ICT&S) Business

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



We have three business segments:

Electronics, Medical & Pharmaceuticals, and ICT & Sustainability (ICT&S).



## Financial Targets by Business

- The financial targets for each business is as follows.

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

This chart shows our financial targets by business through the fiscal year ending March 31, 2031.

Using the results for the fiscal year ended March 31, 2025 as the baseline, we plan to increase net sales from JPY 119 billion to JPY 180 billion (approximately 1.5x), more than double operating income, and raise EBITDA from JPY 31.7 billion to JPY 58 billion at the consolidated level.

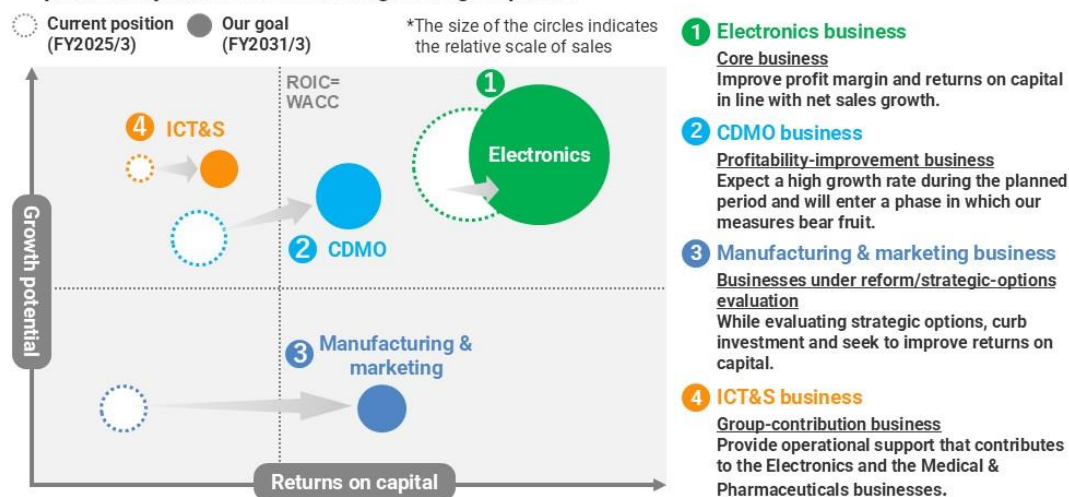
We also expect both the Electronics business and the Medical & Pharmaceuticals business to grow in net sales, operating income, and EBITDA.

When we announced our long-term management plan in 2021, we disclosed reference values for the Medical & Pharmaceuticals business: net sales of JPY 60 billion and an operating margin of 15%. This was presented to clarify our internal view in response to feedback that “as only a few years have passed since the market entry, it is difficult to envision the future.”

Under the Plan, although we do not expect to reach the sales target set in the long-term management plan, as previously explained by former President and CEO Sato, we expect to achieve operating income of approximately JPY 9 billion (calculated as net sales of JPY 60 billion × a 15% operating margin).

## Business Portfolio Review

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



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This is our review of the business portfolio, as requested by many of our shareholders.

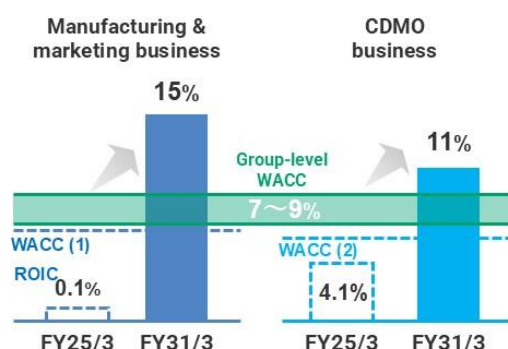
The Electronics business will continue to be our core business. In addition, within the Medical & Pharmaceuticals business, the contract manufacturing business (Taiyo Pharma Tech) has strong visibility on incoming orders and is expected to expand significantly under the Plan.

By contrast, the manufacturing and marketing business for long-listed products (Taiyo Pharma) was one factor behind the comparatively lower operating income of the Medical & Pharmaceuticals business compared to the Company as a whole in the fiscal year ended March 31, 2025. This reflected higher costs of sales, the introduction of the elective care scheme in Japan, and impairment of marketing rights. We view addressing these issues as a key mission over the next five years.

Although not positioned to be a large-scale business, the ICT&S business will continue to play a contributory role within the Group.

## Reviews from Capital-returns Perspective

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



### Group-level WACC: 7-9%

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

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

### Business conditions faced by the Medical & Pharmaceuticals business

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

### Our view on integrated operations between manufacturing & marketing and CDMO

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

### Status of reviews within the Medical & Pharmaceuticals business

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

We have received feedback that the profitability and ROIC of our Medical & Pharmaceuticals business are at low levels, and indeed they remained comparatively low in the fiscal year ended March 31, 2025.

Through our upcoming initiatives, we will continue to examine measures with the aim of raising ROIC in the Medical & Pharmaceuticals business to a level that exceeds the Company's consolidated WACC (approximately 7-9%).

Although the impairment losses recognized through the fiscal year ended March 31, 2025 were substantial, we believe most of the required charges have now been recorded. On the assumption that the current healthcare system and related frameworks are maintained, we do not anticipate further large-scale impairments. We also recognize that significant impairments resulted from unanticipated changes to such frameworks. Separately, we take seriously and regret the gap between our forecasts and actual results for Reminyl, for which we recently acquired marketing rights. Going forward, rather than pursuing additional acquisitions of new long-listed products, we will prioritize enhancing and improving the value of the marketing rights we already hold.

Moreover, in the Medical & Pharmaceuticals business, we believe that it is essential to operate both the contract manufacturing business (Taiyo Pharma Tech) and the manufacturing and marketing business (Taiyo Pharma). When we entered the contract manufacturing business, Taiyo Pharma

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played an important role in the acquisition of Taiyo Pharma Tech. In addition, from the perspectives of earning customer trust and enabling prompt information sharing with the Ministry of Health, Labour and Welfare (MHLW) and the Pharmaceuticals and Medical Devices Agency (PMDA), we continue to view Taiyo Pharma Tech's ownership of Taiyo Pharma as beneficial at this time. That said, we recognize differing views on this matter and will continue to examine it carefully.

Please note that the positioning of the Medical & Pharmaceuticals business, including the manufacturing and marketing business, within our Group remains under review. No final decisions have been made at this stage.

## Strategic Direction by Business

- The strategic direction for each business is as follows.

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

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

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

The strategic direction for each business is as follows.

In the Electronics business, performance is highly influenced by the semiconductor industry.

Demand emerges in line with the silicon cycle and trends in the semiconductor market, and our business expands accordingly.

In the manufacturing and marketing business of Medical and Pharmaceuticals business, we operate in an environment where policy change is expected, such as the National Health Insurance (NHI) drug price revisions and the introduction of the elective care scheme. Even amid such external factors, we consider it one of our missions to meet the government's expectations for a stable supply of ethical pharmaceuticals. Strategically, we will work to enhance returns on capital by right-sizing inventories, which were previously elevated due to our strong focus on stable supply, and by reducing costs through proactive changes of active pharmaceutical ingredients and manufacturing sites as part of strengthened supply chain management.

In the contract manufacturing business, we believe customers will continue to expect us to provide assurance through our strengths in high quality and stable supply. As medical needs diversify, we also expect steady, though not on a large scale, growth by advancing initiatives in new modalities such as regenerative therapy and gene therapy.

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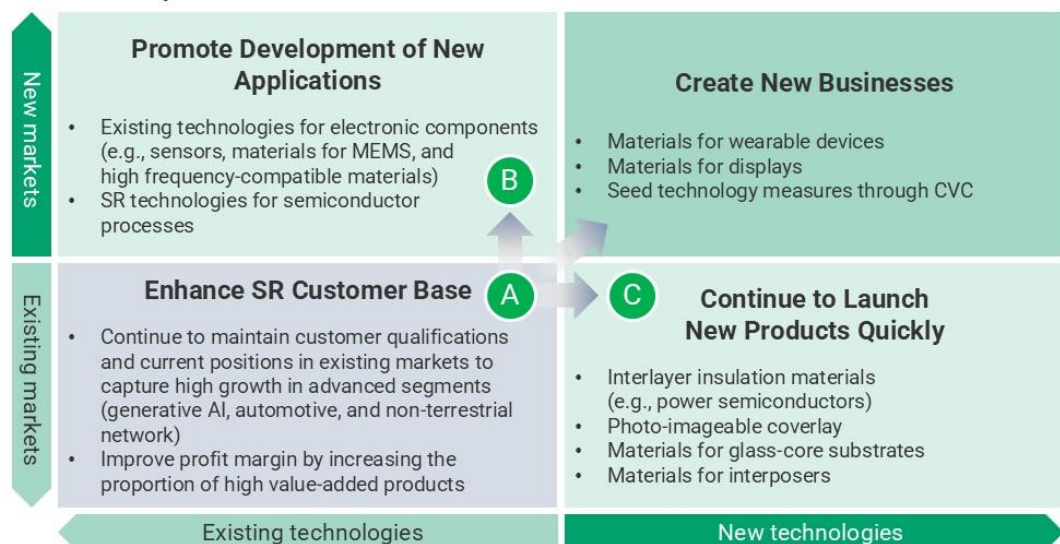
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Finally, in the ICT&S business, although not detailed here, we will continue to drive digital transformation (DX) and sustainability initiatives.



## Business Strategies: Electronics

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



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This chart shows business strategy for the Electronics business.

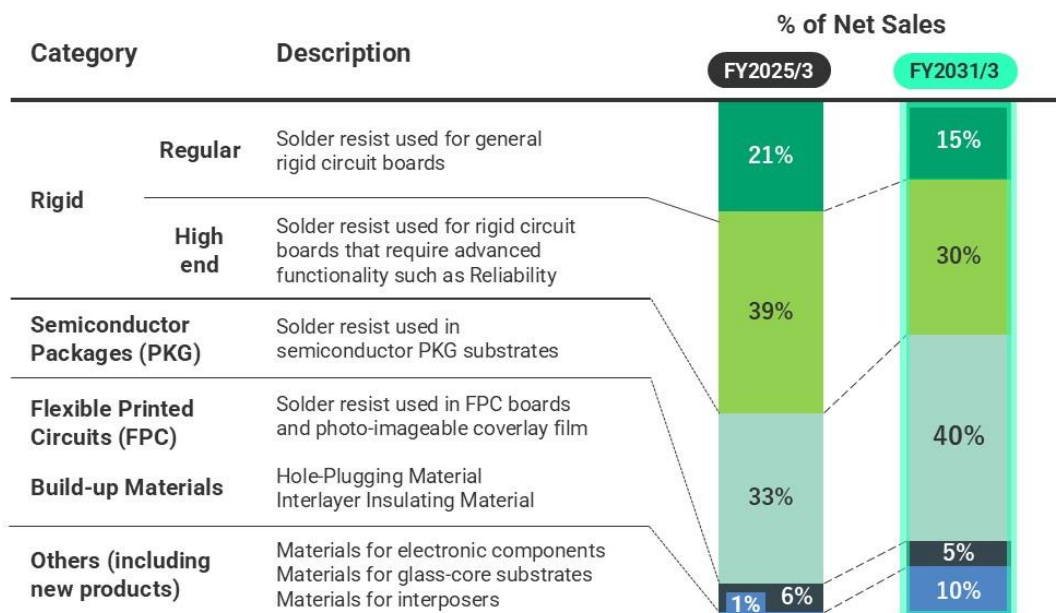
We will leverage expansion of the solder resist (SR) market to drive further growth through promoting application expansion and launching new products, while continuing our efforts to create new businesses.

For (A) “enhance SR customer base,” we will actively capture opportunities high-growth areas such as generative AI, automotive, and non-terrestrial antennas and devices.

For (B) “promote development of new applications,” we will extend the use of our existing technologies, such as materials for sensors and MEMS, and high-frequency-compatible materials, to broader applications.

For (C) “continue to launch new products quickly,” we will focus on materials for glass-core substrates and interposers.

## Electronics: Outlook by Product Category



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This chart shows the product-category outlook for the Electronics business.

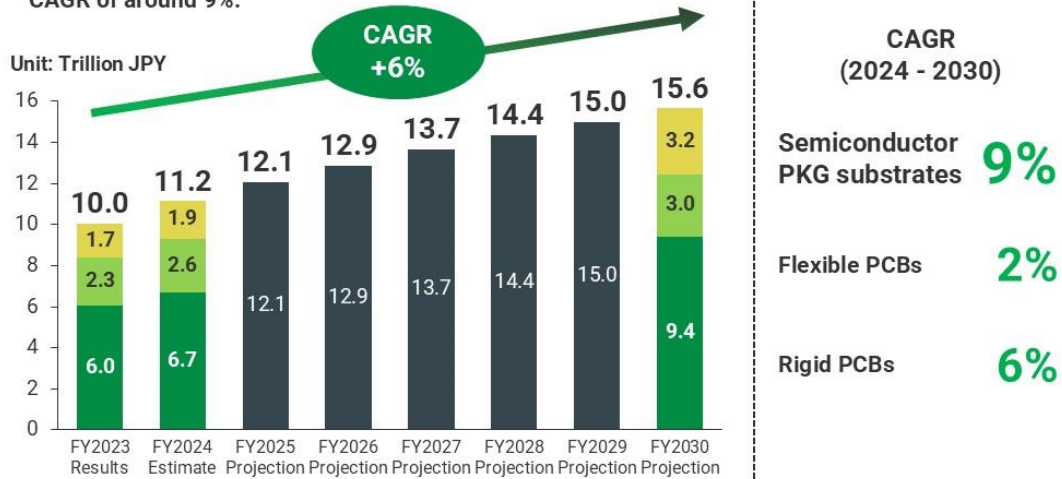
For the fiscal year ended March 31, 2025, the sales mix was: Rigid (regular) 21%, Rigid (high-end) 39%, Semiconductor packages (PKG) 33%, Flexible printed circuits and Build-up materials 6%, and Others 1%, with Rigid (high-end) accounting for the largest share.

By the fiscal year ending March 31, 2031, we expect Rigid (high-end) to be 30% and Semiconductor PKG to be 40%. Compared with the fiscal year ended March 31, 2025, the shares of these two categories are projected to reverse, and the proportion of Rigid (regular) is expected to decline.

As a result, the proportion of higher-margin products in our sales will increase.

## A Trends and Projects in PCB Market Size

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



Source:

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

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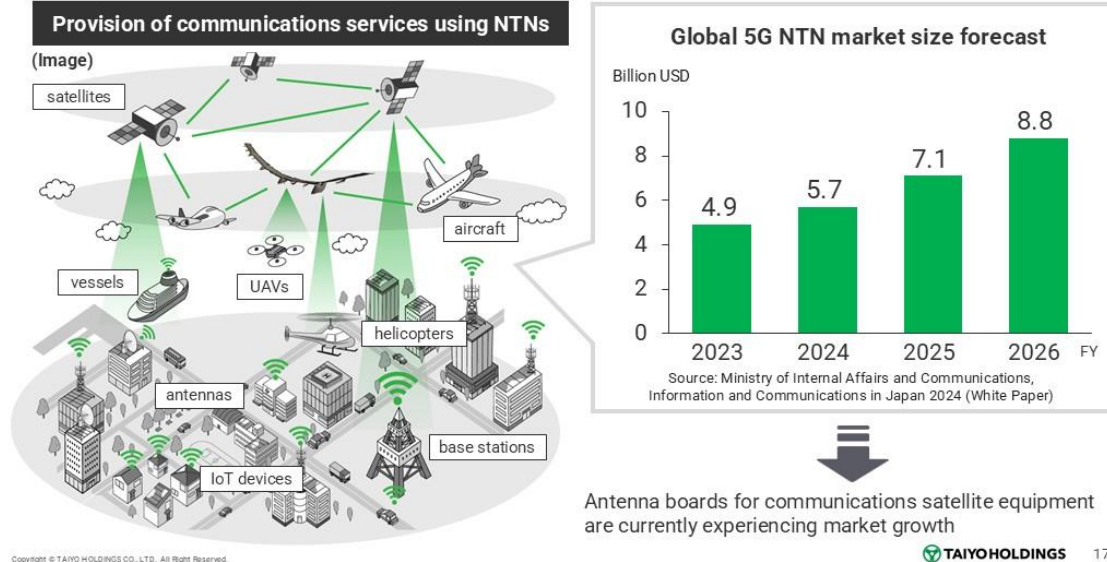
This chart presents the trends in the printed circuit board (PCB) market.

The PCB market, which serves as the market for our SR customers, is expected to grow at a compound annual growth rate (CAGR) of 6% over the next six years. In particular, the market for semiconductor PKG substrate is projected to grow at a CAGR of 9%.

As the world's leading SR manufacturer by market share, we expect to grow in line with the expansion of the PCB market.

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

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

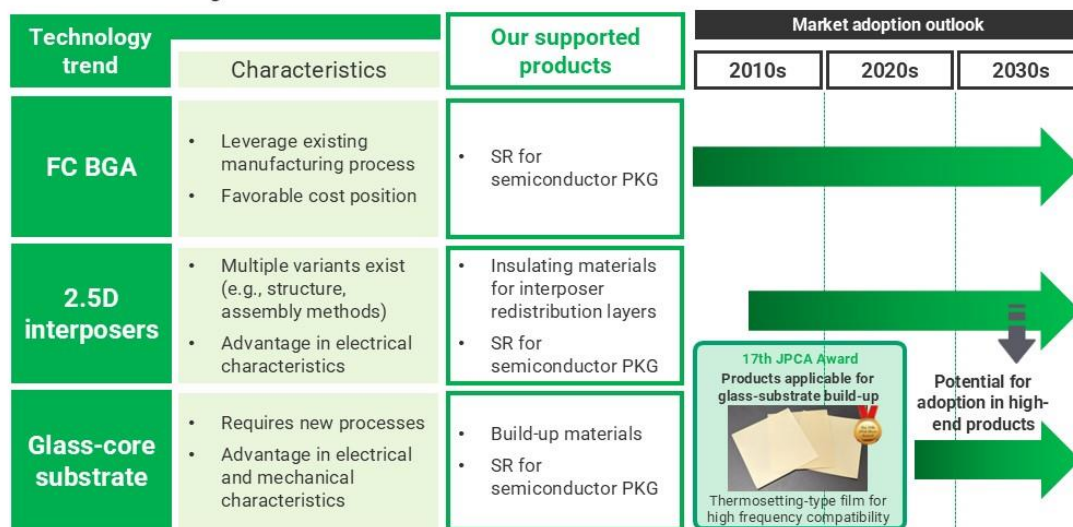


As part of our focus-product strategy, we would like to explain our initiatives for the non-terrestrial networks (NTN) market.

While our products are used in a wide range of communications equipment. In addition to terrestrial network equipment, such as base stations and IoT devices, we will also pursue business opportunities in non-terrestrial networks. The size of this market is expected to roughly double between 2023 and 2026, with further expansion anticipated thereafter. We will therefore focus on initiatives to capture opportunities for the adoption of our materials in this field.

## A C Focus Product Strategies: Advanced Packaging Materials

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



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Next, we would like to explain our initiatives for the advanced packaging materials.

Advanced packaging materials are expected to see broad adoption, particularly in AI-related fields. We are advancing product development to enable these new technologies.

### FC-BGA:

Although adoption of our materials is currently limited, the range of applicable areas is gradually becoming clearer, and we expect broader adoption toward 2030.

### 2.5D interposers:

There are many structures and mounting methods. Depending on the structure, we anticipate the adoption of our insulating materials for interposer redistribution layers and SR.

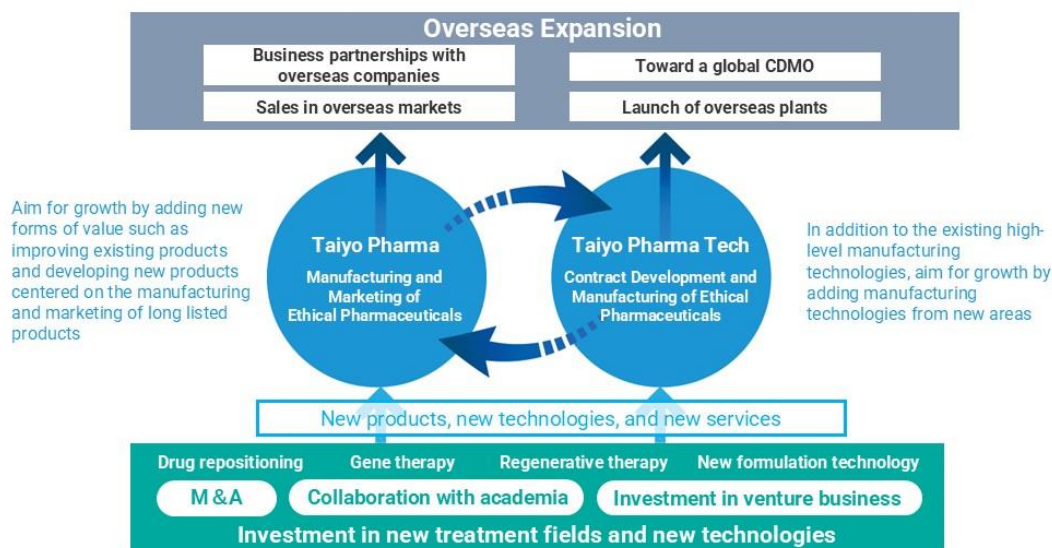
### Glass-core substrates:

Although the market has not yet taken off, our products are under evaluation, and we have received positive feedback regarding their applicability for these substrates. In this area as well, we will continue development with the aim of capturing opportunities for the adoption of our products by around 2030.



## Business Strategies: Medical and Pharmaceuticals (Manufacturing & marketing/CDMO)

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



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This chart illustrates business strategy for the Medical & Pharmaceuticals business.

As previously explained, we aim to enhance value in the Medical & Pharmaceuticals business by leveraging the twin pillars of Taiyo Pharma Tech and Taiyo Pharma.

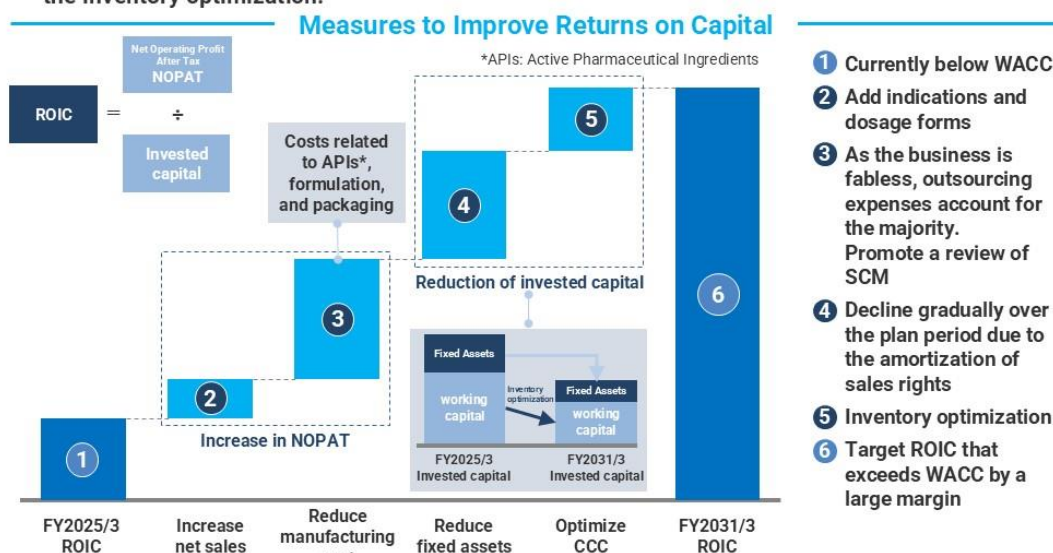
Regarding overseas expansion, we intend to begin gradually through Taiyo Pharma Asia, which we established in Thailand (as a non-consolidated subsidiary, it is not reflected in the Plan). Thailand has many CMOs with strengths in the formulation field, and Taiyo Pharma Asia is expected to conduct inspection and packaging for shipment to Japan. This initiative has been under consideration since our initial entry into the Medical & Pharmaceuticals business.

In addition, we are gradually advancing our initiatives in gene therapy and regenerative therapy (indicated in the green box at the bottom of the slide) at Taiyo Pharma Tech.



## Business Strategies: Medical and Pharmaceuticals (Manufacturing & marketing)

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



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First, we would like to explain business strategy for Taiyo Pharma (manufacturing and marketing) the Medical & Pharmaceuticals business.

We will improve profitability by stacking up granular initiatives on costs related to active pharmaceutical ingredients (APIs), formulation, packaging, and other items, including changes to manufacturing sites and lot sizes.

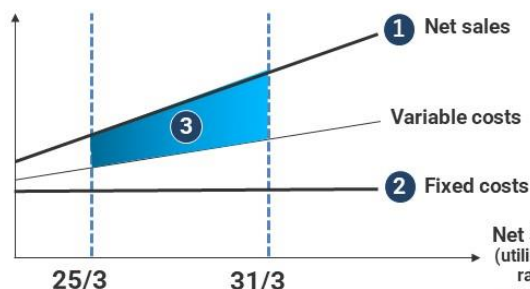
As noted in items (4) and (5), we also recognize the need to reassess the currently elevated safety stocks of APIs and finished products and to right-size inventory levels. Specific measures have already been identified; although they will take a certain amount of time, we expect ROIC to improve by executing the right measures systematically.

## Business Strategies: Medical and Pharmaceuticals (CDMO)

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

### Illustrative trend in sales and profits over the plan period

Net sales/Costs



#### 1 Steady growth in net sales

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

#### 2 Control of fixed costs

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

#### 3 Improvement in operating income

### Unique strengths of the CDMO business

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

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Next, we would like to explain business strategy for Taiyo Pharma Tech (contract manufacturing).

For Taiyo Pharma Tech, we have good visibility into order intake based on stable operations and believe both sales and profit can expand.

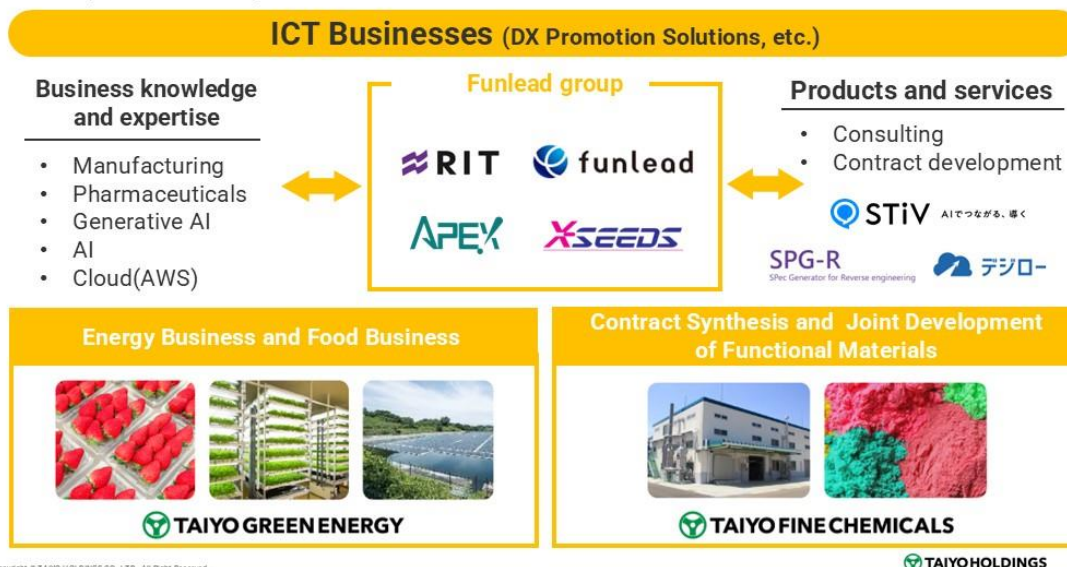
The Medical & Pharmaceuticals business is expected to grow its sales from JPY 31.5 billion in the fiscal year ended March 31, 2025 to 43billion yen in the fiscal year ending March 31, 2031.

While sales at Taiyo Pharma and mystarz will be approximately flat, sales at Taiyo Pharma Tech is projected to account for the majority of the increase.

As disclosed in our forecast for the fiscal year ending March 31, 2026, we expect the Medical & Pharmaceuticals business to deliver a step-up in performance compared with the fiscal year ended March 31, 2025. In addition, we have visibility into multiple new contract orders, and therefore believe the targets set out in the Plan are fully achievable.

## Business Policy - ICT and Sustainability

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



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This is business policy for the ICT&S business.

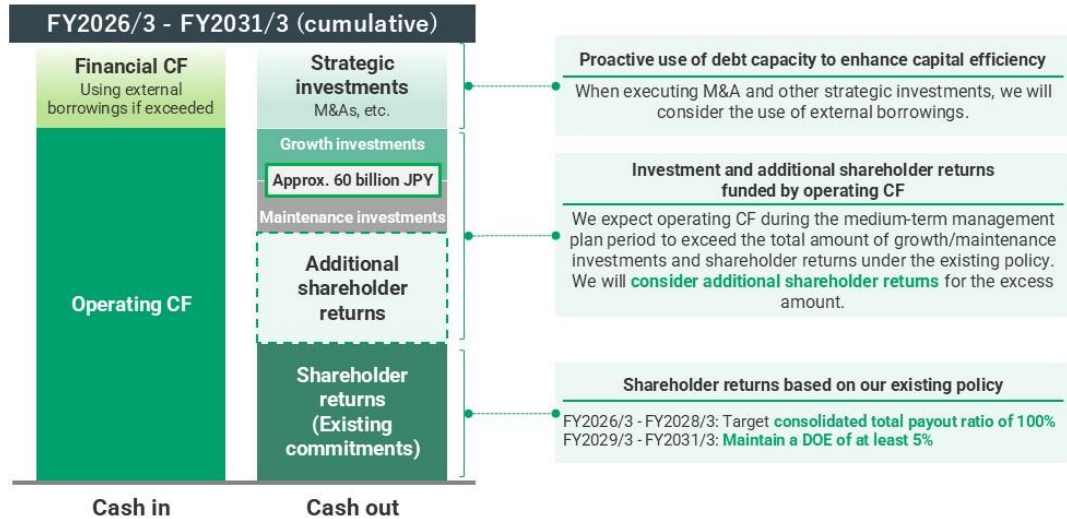
Under the Plan, we are not assuming its significant growth.

For the funlead Group, comprising funlead, Apex, Xseeds, and RIT, we provide services such as digital transformation (DX), leveraging the individual strengths of each subsidiary. We think it is one of our advantages to develop systems tailored to manufacturing industries, including consulting, contract development, and the promotion of smart factories, within our Group.

We will also advance other businesses including Energy, Food, Fine Chemicals business (contract synthesis and joint development of functional materials).

## Capital Allocation Policy

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



This is our capital allocation policy.

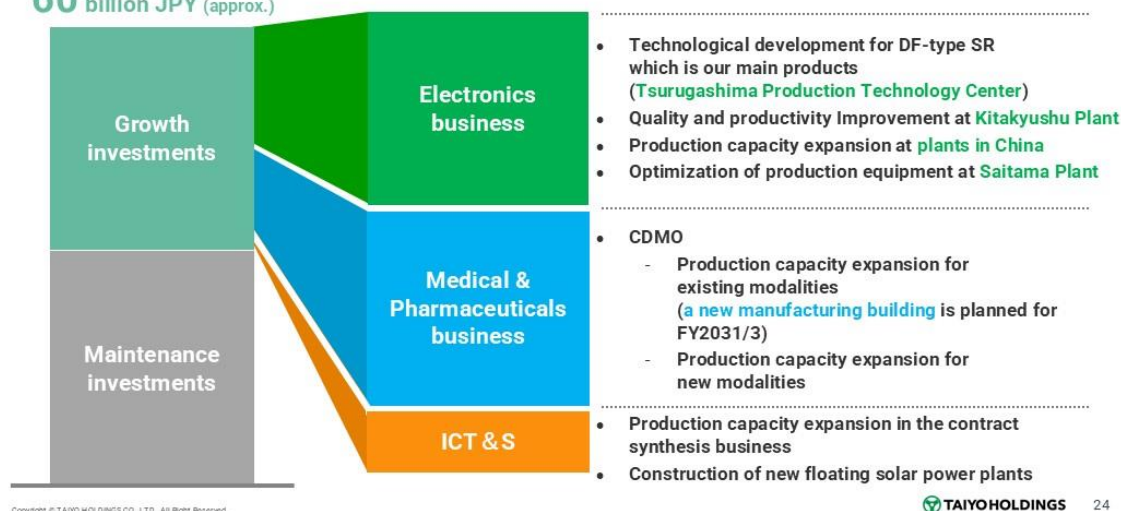
While maintaining our existing shareholder return policy, if operating cash flow exceeds the amounts allocated to shareholder returns under the current policy and investments, we will consider additional shareholder returns using the excess amount.

For other investments, including M&A, we intend to actively consider the use of debt, such as external borrowings, with an emphasis on capital efficiency.

## Details of Growth Investments

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

60 billion JPY (approx.)



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This slide shows the details of approximately 60 billion yen in new and renewal investments (as shown on the previous page).

For Electronics business, as a technological development site for DF-type SR, we plan to complete a production technology center in Tsurugashima, Saitama Prefecture in the next fiscal year.

Also, At the Kitakyushu Plant, our DF-type SR manufacturing site, we will enhance quality and productivity and bring a new production line in the next fiscal year.

At the same time, we intend to expand production capacity at the China (Suzhou) Plant, including renovating certain aging manufacturing lines, while also optimizing production equipment at the Saitama Plant.

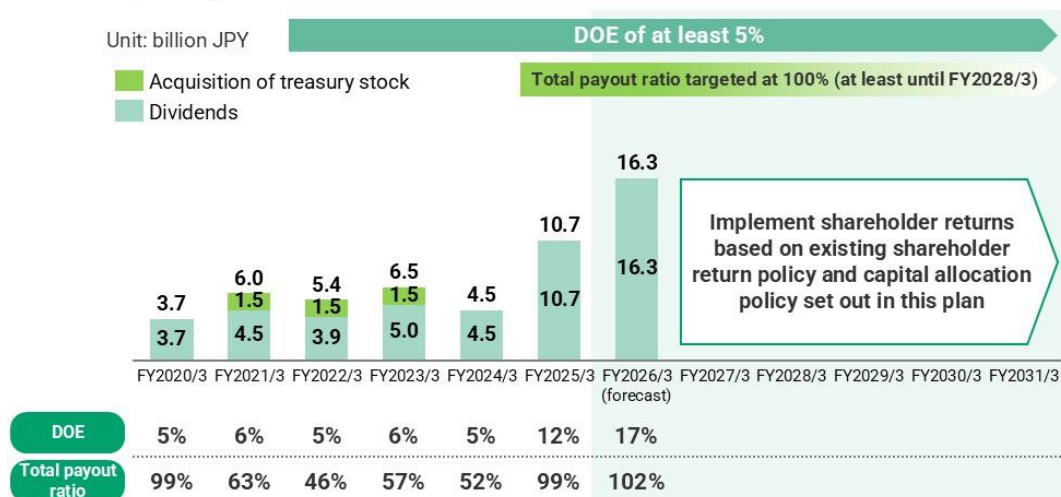
For contract manufacturing in the Medical & Pharmaceuticals business, we will construct new building from the fiscal year ending March 31, 2031 onward to expand capacity for existing modalities. We also plan capacity expansions for new modalities.

For ICT&S business, we will expand production capacity for the contract synthesis business at Taiyo Fine Chemical.



## Shareholder Return Policy

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



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Finally, this is our shareholder return policy.

As stated in our long-term management plan, we have returned profits to shareholders with a DOE of 5% or higher. This policy has been in place for over ten years.

Also, the total payout ratio is 99% for the fiscal year ended March 31, 2025, and is expected to be 102% for the fiscal year ending March 31, 2026.

Looking ahead, we will target a total payout ratio of 100% at least until the fiscal year ending March 31, 2028. After that, we will consider shareholder returns in light of our existing shareholder return policy and the capital allocation policy set out in the Plan.



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None of the information herein constitutes any form of solicitation to purchase, sell, or otherwise trade in Taiyo Holdings' shares.  
In addition, opinions, forward-looking statements, etc., herein are based on the judgment of the Company at the time of preparation. The Company makes no guarantees concerning the accuracy of such information, and these statements are subject to change without prior notice in the future.  
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This concludes our presentation of Taiyo Holdings' Medium-term Management Plan.

Thank you for your attention.

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Q&A

Questions	Answers
<b>Companywide</b>	
Please comment on the appropriateness of the ROE target of 30% and management's commitment to it.	Excluding the impact of impairment losses, we estimate ROE was around 15% in the fiscal year ended March 31, 2025. If we maintain the level of shareholders' equity and double profit, we believe achieving 30% ROE is feasible. Management is committed to delivering this target.
Will additional shareholder returns take the form of share buybacks or dividends?	Nothing has been decided at this time. While continuing our existing shareholder return program, we intend to implement additional returns as appropriate to achieve the ambitious ROE target of 30%.
Please describe future capital expenditures.	Based on current assumptions, renewal investments are expected to be slightly larger than new investments, and new investment amounts in the Electronics business and the Medical & Pharmaceuticals business are expected to be roughly comparable. We expect the timing of cash outflows as follows: <ul style="list-style-type: none"> <li>• Electronics: early in the Plan (e.g., the construction of the Tsurugashima Production Technology Center)</li> <li>• Medical &amp; Pharmaceuticals: late in the Plan (e.g., new building construction for contract manufacturing)</li> </ul>
<b>Electronics</b>	
The share of "Other" in the product mix for the fiscal year ending March 31, 2031 is expected to increase. Which products are you expecting to drive this and what is the background?	For glass-core substrate materials, although the market has not yet taken off, they are drawing strong attention in light of future performance requirements for substrates. Our materials have received positive evaluations toward adoption, and we believe we can leverage our strength in solder resist (SR) to appeal to customers. Accordingly, once the market takes off, our products are expected to be used. In addition, materials for component applications have already begun to see use, and we expect broad adoption in the market going forward.
With respect to sales growth for semiconductor packaging materials, what are your	For memory, we assume sales will grow along with the market. For logic, while we cannot disclose specifics at this time, we expect adoption of our products to increase over the next few

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assumptions for memory versus logic?	years and view this as an important growth driver for the Electronics business.
The CAGR for semiconductor PKG substrates is shown as 9%. What do you expect for the growth of memory-related PKG substrates?	We believe overall PKG substrate market growth reflects the impact of generative AI. As some memory is being partially replaced by HBM, we expect the market growth for memory-related PKG substrates to be below 9%.
If the glass-core substrate market does not materialize, can the Electronics business still achieve its financial targets for the fiscal year ending March 31, 2031?	If the glass-core substrate market does not take off, we still expect growth in the existing organic substrate market. We believe the targets can be achieved through adoption of our other materials, particularly by increasing our share in materials for FC-BGA.
What is the status of your progress in penetrating the interlayer insulating material market?	For current organic substrates, despite our attempts, penetration has been quite challenging. Believing that it would be easier to promote our materials in new markets, we have been focusing our efforts there for the past several years. In that context, it is becoming evident that our interlayer insulating materials can be used for glass-core substrates.
<b>Medical and Pharmaceuticals</b>	
Is there scope to disclose sales by customer in the contract manufacturing business?	We cannot disclose sales by customer, as this constitutes customer information. Even anonymized disclosure would risk enabling external parties to infer customer identities given our current customer composition. If our customers mix or the number of customers substantially changes, we will consider appropriate disclosure methods.
Operating profit in the contract manufacturing business is expected to increase. How do you think about capacity utilization?	As we assume higher sales over the planned period, we expect capacity utilization to rise. We are also factoring in timely introduction of new equipment, additional hiring, and construction of a new building in the fiscal year ending March 31, 2031 to accommodate additional contracts, and therefore expect high utilization.
What is the increase in manufacturing-related headcount, and what are their work arrangements? Additionally, what are your assumptions for 2031?	When we acquired Taiyo Pharma Tech in October 2019, headcount was around 340; it has since grown to over 500. We believe we are in a favorable position to secure talent, including from a locational standpoint. At present, our operations are basically conducted during weekday day shifts, with weekend operations added as needed. As for our

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	assumptions for the fiscal year ending March 31, 2031, details need to be refined, and we are not in a position to comment at this time.
Regarding the new building planned for the fiscal year ending March 31, 2031, where do you expect to construct it? Will equipment be fully installed upon completion?	We plan to build it within the Takatsuki Plant. Equipment installation will take into account the replacement timing of existing equipment and may not coincide exactly with building completion.
For the fiscal year ending March 31, 2031, what are the respective contributions of manufacturing and marketing, contract manufacturing, and the dental business to sales and profit?	We are not assuming declines in sales or profit for any of manufacturing and marketing, contract manufacturing, or the dental business. That said, we expect the contract manufacturing business to be the largest contributor to both sales and profit.