TAIYO HOLDINGS

2030 Committee Final Report

Taiyo Holdings Co., Ltd. | November 7, 2025

4626: Prime Market of Tokyo Stock Exchange

2025

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Purpose of 2030 Committee and Review Structure

- **We have established the 2030 Committee to examine and address various management challenges, including the formulation of a medium-term management plan, with the aim of realizing our long-term management plan for 2030. We have built a process that ensures objectivity and transparency and a system that leverages the knowledge of outside experts.**
- **Additionally, we have set up a special committee composed of outside board directors and an external expert to conduct a fair, transparent, and objective comparison and evaluation of the capital policy to be considered by the Board of Directors, and to make recommendations to the Board of Directors.**

Review structure based on the establishment of the 2030 Committee

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Matters for review by 2030 Committee

- We have established working groups (WGs) for each agenda item under the 2030 Committee.
  Each WG is composed of internal and external members who are well-suited for each agenda item. These members are currently pursuing concrete reviews of agenda.

Matters for review

1 WG for strengthening the foundations

- Considers approaches to developing self-sufficient personnel and digital transformation, both of which support the foundation of the company's continued growth
- Reviews the process of developing self-sufficient personnel in light of future growth strategies

2 WG for growth strategy and business portfolio

- Reviews the ideal business portfolio. Particularly reassess the positioning of the Medical and Pharmaceuticals business within the entire company, as a certain period of time has elapsed since its market entry
- Reviews growth strategies, including M&A, to formulate the medium-term management plan

3 WG for capital allocation

- Reviews the optimal capital allocation based on the recommendation of the WG for growth strategy and business portfolio
- Confirms and evaluates investment discipline in new businesses, M&A, etc.
- Develops an appropriate shareholder return policy

4 WG for governance

- Aims to establish a corporate governance structure that earns the trust of general shareholders
- Examines the current corporate governance issues and considers measures to improve effectiveness
- Reviews succession plans

5 WG for shareholder and investor relations

- Consider methods of dialogue with shareholders and investors
- Reevaluate the appropriate approach to information disclosure (both financial and non-financial) and investor relations initiative

6 WG for capital policy

- Review the ideal capital policy to be adopted from the perspective of enhancing corporate value and securing shareholders' common interests through the achievement of Beyond Imagination 2030

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Views of the 2030 Committee Based on Various Reviews 1/3

- Taiyo Holdings has received the following three key evaluations and recommendations from the 2030 Committee.

Summary of Evaluations and Recommendations by the 2030 Committee

01 The newly-disclosed Medium-term Management Plan is ambitious and reasonable.

- Based on reviews by each Working Group and discussion by the Committee, the Medium-term Management Plan disclosed on August 28, 2025 is an ambitious plan that includes a target ROE of 30% for FY2031/3. Taking into account the business environment and management structure, the various targets under the Plan are considered to be at sufficiently reachable level.

02 Pursing the achievement of targets under the current management team will lead to enhanced corporate value.

- By pursuing the achievement of the various targets under the current management team that formulated this plan, Taiyo Holdings is expected to realize sustainable growth and stronger profitability, resulting in enhanced corporate value.
- Going forward, it will continue to be necessary to effectively operate succession plans for key positions in order to maintain an appropriate management structure.

03 Whether to maintain the listing or going private will be judged primarily by the potential for the enhancement of corporate value that cannot be achieved by Taiyo Holdings on its own.

- When Taiyo Holdings receives a proposal that would generate added value unobtainable solely through Taiyo Holdings' own management resources or its unique strategy (and by extension, would contribute to a higher level of corporate value and the securing of the common interests of shareholders), proactive consideration will be necessary.

*Items that are difficult to disclose at this juncture have not been included in these materials.

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Views of the 2030 Committee Based on Various Reviews 2/3

- **Taiyo Holdings has received the evaluation from the 2030 Committee that "the Medium-term Management Plan formulated based on the review results of each Working Group will contribute to the enhancement of corporate value."**

Views of the 2030 Committee Based on Reviews by Each Working Group 1/2

1	**WG for strengthening the foundations**		• To promote the Medium-term Management Plan, it is essential to fully utilize the human capital of employees. From this standpoint, **the HR measures reviewed by the WG for strengthening the foundation are designed to fully draw out the latent ability of employees.**
2	**WG for growth strategy and business portfolio**		• The WG for growth strategy and business portfolio reviewed the Medical and Pharmaceuticals business and its strategic options. It concluded that **promoting the profit-improvement measures in the Medium-term Management Plan to achieve ROIC above WACC at an early stage under the current management team will contribute to the maximization of corporate value.**
3	**WG for capital allocation**		• The policy disclosed in the Medium-term Management Plan based on discussions by the WG for capital allocation **aims to further improve capital efficiency**, including by allocating the full amount of cash flow from operating activities to investments and shareholder returns to prevent an accumulation of excess cash deposits.
4	**WG for governance**		• **The Board of Directors**, which serves as the central body for advancing plans, **is comprised of a majority of Outside Board Directors, ensuring strong independence.** Based on the review by the WG for governance, succession plans for key positions, which was a previous challenge, are being formulated, **and prompt public disclosure is desirable for the succession of Mr. Sato, which was a provisional measure.**
5	**WG for shareholder and investor relations**		• To secure the trust of shareholders and investors with respect to the effectiveness of these initiatives, **the timely and appropriate disclosure of the progress of the various measures and proactive dialogue are essential.** The further vitalization of IR and SR activities based on the review by the WG for shareholder and investor relations is desired.

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Views of the 2030 Committee Based on Various Reviews 3/3

- **The 2030 Committee recommended that Taiyo Holdings evaluates, as the principal point of deliberation, whether the various proposals from third parties, including for going private, would could enhance corporate vale and secure the common interests of shareholders that could not be achieved by Taiyo Holdings on its own while remaining listed.**

Views of the 2030 Committee Based on Reviews by Each Working Group 2/2

6 WG for capital policy

- Currently, Taiyo Holdings has received various non-legally-binding proposals, including for going private, and is proceeding with preparations to receive proposals that are legally binding. **The process going forward should be conducted appropriately based on the points below.**
  - The final decision on maintaining a listing or going private **will be made while respecting the judgment of the Special Committee to the highest degree.**
  - Promoting the Medium-term Management Plan under the current management team is expected to enhance corporate value. Meanwhile, as stated on the previous page, **any proposal that addresses the principal points should be sincerely reviewed from the perspective of enhancing corporate value and securing the common interests of shareholders.**
  - Regardless of the outcome, following sufficient and thorough analysis and review, **Taiyo Holdings will fulfill its necessary accountability to the market, including shareholders,** with respect to the process undertaken and the rationale for its decision.

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Updates from Interim Report

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2 WG for growth strategy and business portfolio

Release of the Medium-term Management Plan

- We announced our Medium-term Management Plan based on various reviews conducted in the WGs.
  The plan targets net sales of 180 billion yen, operating income of 47 billion yen, EBITDA of 58 billion yen, and ROE of 30%.

Financial Targets under Medium-term Management Plan

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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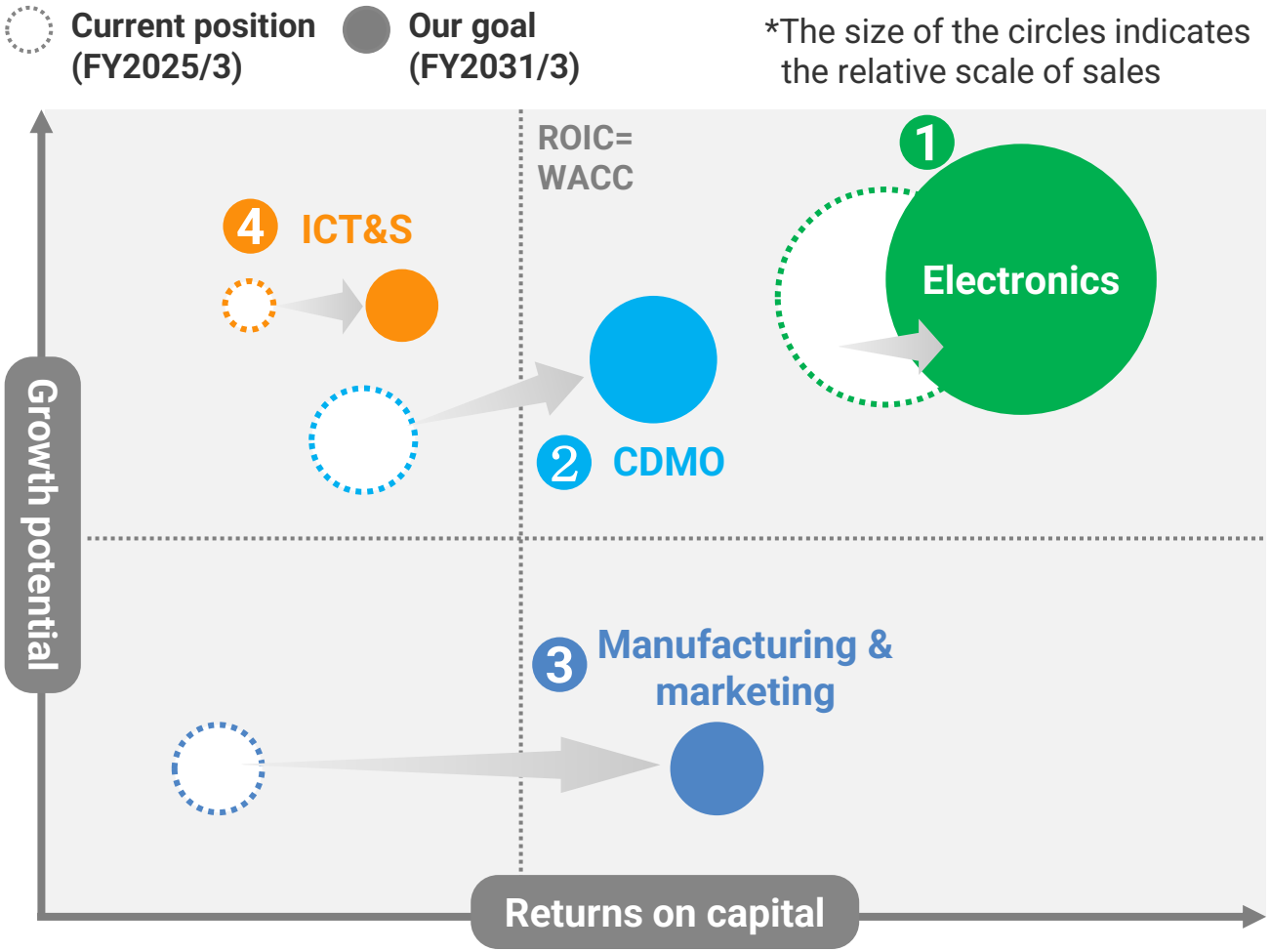
2 WG for growth strategy and business portfolio

Business Portfolio Policy

- We announced in our Medium-term Management Plan that we will continue to position the Electronics business as our core business and will work to improve the profitability of the CDMO business.

Business Portfolio Policy under the Medium-term Management Plan



1 Electronics business

Core business

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

2 CDMO business

Profitability-improvement business

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

3 Manufacturing & marketing business

Businesses under reform/strategic-options evaluation

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

4 ICT&S business

Group-contribution business

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

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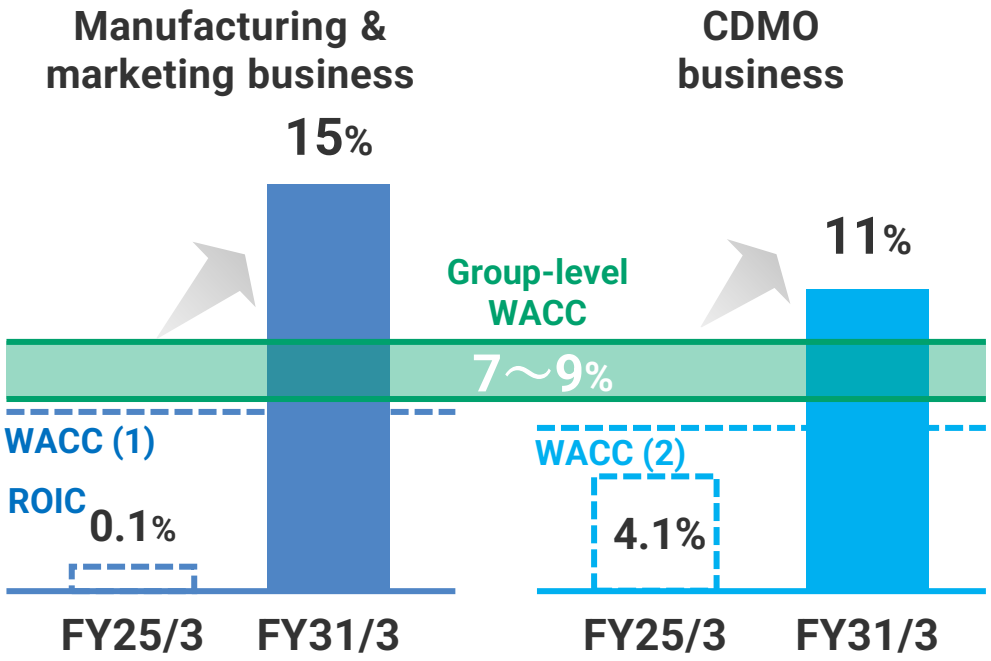
2 WG for growth strategy and business portfolio

Evaluation of the capital efficiency of the Medical and Pharmaceuticals business

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

Capital Efficiency Improvement Plan for the Medical and Pharmaceuticals business



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.

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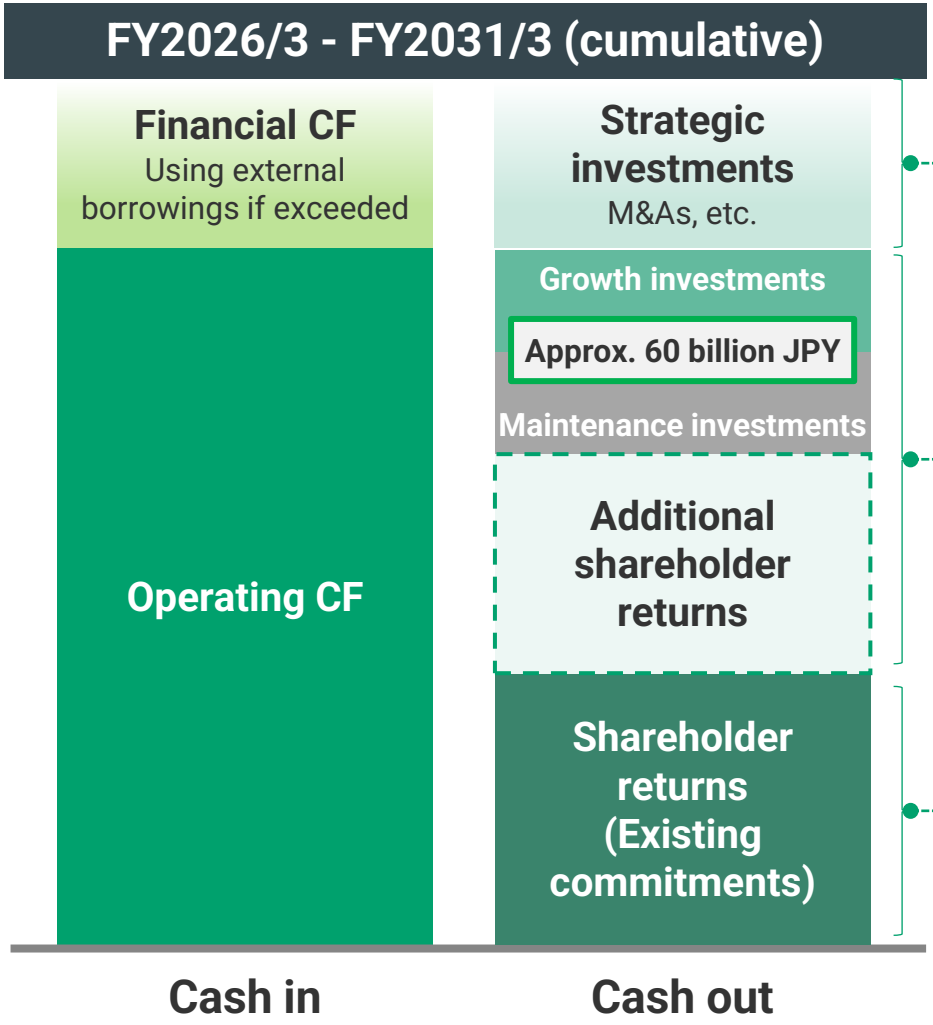
3 WG for capital allocation

Capital Allocation Policy

- **We disclosed a capital allocation policy in the Medium-term Management Plan. 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.**

Capital Allocation Policy under the Medium-term Management Plan



Proactive use of debt capacity to enhance capital efficiency

When executing M&A and other strategic investments, we will consider the use of external borrowings.

Investment and additional shareholder returns funded by operating CF

We expect operating CF during the medium-term management plan period to exceed the total amount of growth/maintenance investments and shareholder returns under the existing policy. We will **consider additional shareholder returns** for the excess amount.

Shareholder returns based on our existing policy

FY2026/3 - FY2028/3: Target **consolidated total payout ratio of 100%**
FY2029/3 - FY2031/3: **Maintain a DOE of at least 5%**

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Succession Plan

- We formulated a succession plan for key positions at Taiyo Holdings and its significant subsidiaries.
- Regarding the succession plan for Mr. Sato, which has been on a provisional measure, the overall policy has been determined, and final adjustments are underway. We will announce the details promptly once a formal decision is made.

Selection of key positions

Select positions to prioritize in formulating the plan

Taiyo Holdings

President　Group company CEO　. . .

Key subsidiaries

Subsidiary A　Subsidiary B　Subsidiary C　. . .

President　President　President

Plan to select key positions at Taiyo Holdings and presidents at key subsidiaries

Listing of personnel

Evaluate and Identify personnel based on a competency list

	Internal info	External info
Perfor-mance	～～	～～
Experi-ence	～～	～～
Skills	～～	～～
Chara-cter	～～	～～

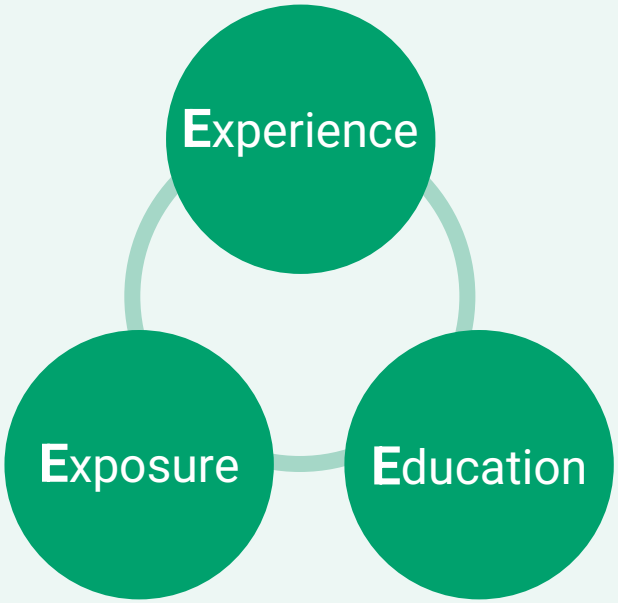
Human resource pool

A　B　C　D　. . .

Identify potential successor candidates

Formulation of development plan

Formulate a development plan for each employee in line with 3E framework



Formulate a concrete development plan with a set timeframe according to the degree of urgency

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Approach to the Future Review of Capital Policy

- Based on the recommendations received from the 2030 Committee, Taiyo Holdings will continue to advance the process for reviewing its capital policy.

Approach to Future Reviews

Response policy based on recommendations

- As for Taiyo Holdings' standalone Medium-term Management Plan, the basic premise of which is maintaining the company's listing, Taiyo Holdings will proceed to execute various measures with a view to realizing that plan.
- On the other hand, when considering various third-party proposals, including going-private proposals, Taiyo Holdings will assess whether the proposal would generate added value unobtainable solely through Taiyo Holdings' own management resources or its unique strategy (and by extension, would contribute to a higher level of corporate value and the securing of the common interests of shareholders).
- After continuing the process of receiving legally-binding proposals, if it receives a proposal that satisfied the above standpoints, Taiyo Holdings will fully conduct a comparative review of a capital policy options, including whether to go private.

Ensuring transparency in decision-making/ Conducting external explanations

- The final decision on maintaining a listing or going private will be made while respecting the judgment of the Special Committee to the highest degree.
- Regardless of the outcome, following sufficient and thorough analysis and review, Taiyo Holdings will fulfill its necessary accountability to the market, including shareholders, with respect to the process undertaken and the rationale for its decision.

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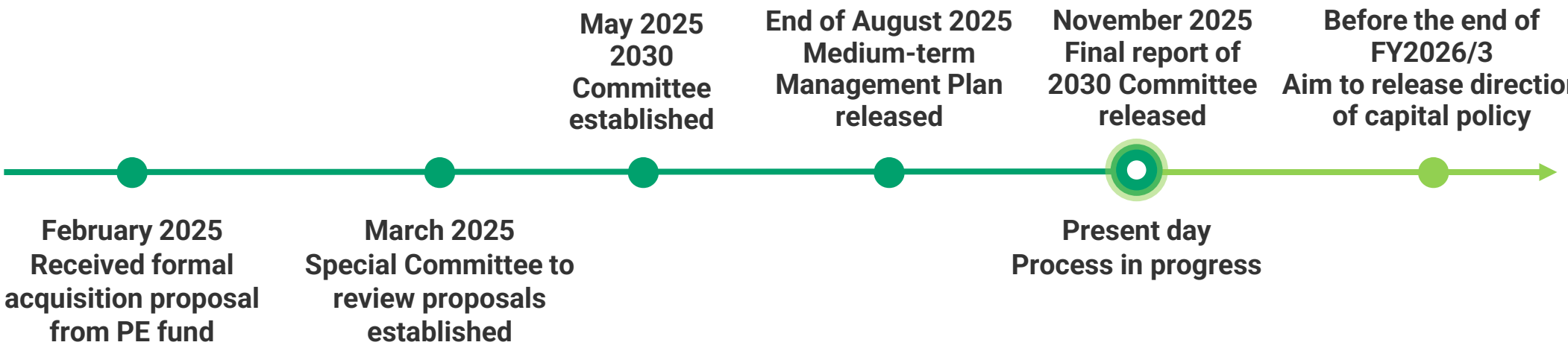
Review Schedule

- **We announced the Medium-term Management Plan at the end of August 2025.**
  The 2030 Committee's final report was disclosed today.

Review Schedule Since Receipt of Acquisition Proposal



The overall process of reviewing capital policy (including accepting additional third-party proposals and conducting due diligence) is being implemented in stages through the confirmation of the Special Committee.
We aim to disclose the direction of our capital policy before the end of FY2026/3.

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(1) WG for Strengthening the Foundations

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1 WG for strengthening the foundation

Overview of Initiatives to Strengthen the Foundations

- **As outlined in the basic policy under the long-term management plan, we are focusing on the development of self-sufficient personnel and the promotion of digital transformation (DX) as foundations for supporting sustainable growth.**

Key initiatives to strengthen the foundations

Sustainable growth of each business

- Electronics Business
- Medical and Pharmaceuticals Business
- ICT and Sustainability Business

Foundations for supporting all businesses

- Development of self-sufficient personnel
- Promotion of DX

Development of self-sufficient personnel

- We define self-sufficient personnel as “individuals who, based on their own will, set their own goals, proactively carry out their tasks, and enjoy both the process of achieving those goals and producing results,” and we have been engaged in cultivating such human resources.
- **As a company-wide initiative**, we implemented the **"Co-Creation Initiative for the Future"** in 2019. We also focused on organizational transformation, including the release of "Taiyo Values" in 2021.
- From 2025, we have promoted **individual measures tailored to each organization**, driven by managerial personnel. For the development of self-sufficient personnel, we have shifted our focus to **activities aimed at strengthening management capabilities.**

Promotion of DX

- As a means of **strengthening the foundation for promoting DX**, we undertook infrastructure integration, standardization of master data, and introduction of ERP systems, among other efforts. We also worked on developing DX personnel.
- As part of **"Defensive DX,"** we have improved productivity and enhanced operations, while having promoted the creation of new businesses based on in-house accumulated data and experience as part of **"Offensive DX."**

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1 WG for strengthening the foundation

Development of Self-Sufficient Personnel: Enhancement of Shareholder Value through Human Resource Measures

- Taking the position that human resources, more than anything else, are the foundations of a company's sustainable growth and enhancement of our shareholder value, we carried out HR measures linked to our management strategy with the development of self-sufficient personnel at their core. These initiatives have produced results, such as lower turnover, new business growth, and improved labor productivity.
- In turn, these efforts lead to enhanced shareholder value by improving ROE and ROIC and promoting profit growth.

Enhancement of shareholder value through human resource measures

A	B	C	D
Enhancement of added value and improvement of productivity through human resources	Innovation and creation of new businesses	Mitigation of turnover and governance risks	Strengthening the foundation of sustainability management
▼	▼	▼	▼
Improvement of ROE and ROIC	Medium- to long-term profit growth	Lower human risk	Improvement of ESG assessment

▼

Enhance shareholder value

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1 WG for strengthening the foundation

Initiatives to Date and Future Initiatives

- **Up to this point, we have continued to focus on human capital investment with a view to enhancing shareholder value. Even as the company continues to grow, we will promote flexible measures with the aim of "developing and utilizing self-sufficient personnel," which is a basic policy under the long-term management plan.**

Example of measures aimed at developing self-sufficient personnel

Implementation Status: Completed → Going forward

A Enhancement of added value and improvement of productivity through human resources

- Talent management
- Enhancement of management capabilities (Case example B)
- Visualization and improvement of work processes **(BPR)**
- Project-based and mission-based assignment of personnel

B Innovation and creation of new businesses

- Innovation incentive system (for contributions to patents and new business development)
- Development of **DX** (digital transformation) personnel
- In-house job and concurrent job system (for new business creation and cross-boundary learning)
- In-house accelerator and entrepreneurship program

C Mitigation of turnover and governance risks

- Establishment and dissemination of corporate values (Case example A)
- Development of the internal environment
- Promotion of internal communication
- Support for career autonomy
- Reinstatement and reentry support system

D Strengthening the foundation of sustainability management

- Promotion of childcare leave taken by male employees
- Senior talent utilization program
- Measures to increase ratio of women in managerial positions
- Inclusion measures

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1 WG for strengthening the foundation

Development of Self-Sufficient Personnel: Case Example A - Co-Creation Initiative for the Future

- **For the "Co-Creation Initiative for the Future," we implemented two key components: the "Future Co-Creation Meetings," where individuals and teams share their visions and current situations, and the "Taiyo Values*1," which sets forth as values which all employees should treasure.**
- **These two initiatives have already begun to bring about various changes among individuals and within organizations.**

Overview of the Co-Creation Initiative for the Future and its main results

Co-Creation Initiative for the Future

1 Co-Creation for the Future Meetings

- Implemented with the aim of fostering strong individuals and a strong organization by acquiring a Growth Mindset*2 and enhancing the quality of team relationships and behavior.
- Held repeatedly **to share visions and current statuses at both individual and team levels.**

2 Application of the Taiyo Values

- Created as **values that all Group employees should treasure by our employees and management team**, and released in October 2021.
- **"Value Leaders"** are selected so that each individual employee may embody the Taiyo Values. Also, **"offsite sessions"** are conducted to share each team's vision and review materialization process.

Main results

- At workplaces where "Future Co-Creation Meetings" were held, **ongoing dialogue significantly enhanced communication and mutual understanding among members.**
- Outside of these activities as well, there was progress in the **embedding of the values in daily work**, such as the use of keywords related to the "Taiyo Values."

*1 The values of placing importance on "enjoy," "speed," "sincerity," and "communication."

*2 The concept advocated by Stanford University Professor Carol Dweck, which proposes that one's own growth can be fostered through experience and effort.

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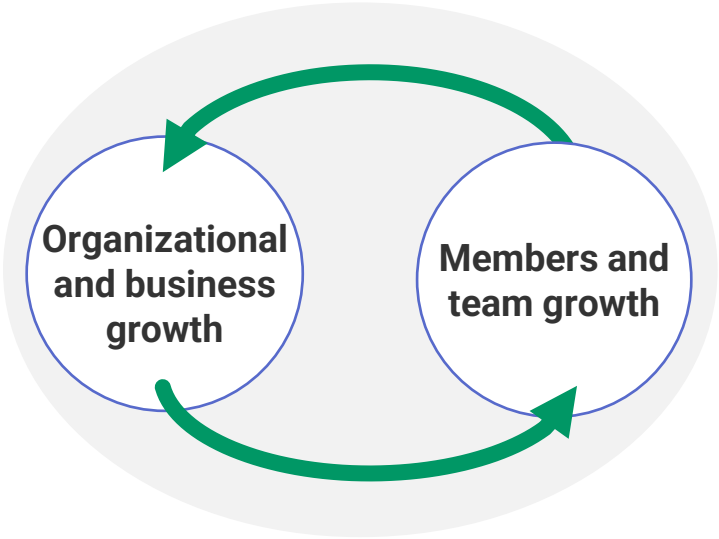
1 WG for strengthening the foundation

Development of Self-Sufficient Personnel: Case Example B - Enhancement of Management Capabilities

- **Starting in 2025, we aim to create a virtuous cycle of "member and team growth" together with "organizational and business growth," led by managers.**

Initiatives to enhance management capabilities

Maximize team performance



Managers

Creating a cycle of human resource and organizational development tailored to each organization through leadership by managers

Management support tools

- **e-learning** : Deepening the understanding of management roles and key points
- **Handbook** : Providing tips for creating opportunities for open discussion within management processes
- **Career Dialogue Sheet** : Supporting self-assessment aimed at career autonomy

Opportunities, mechanisms, and systems provided

- **HR development system** : Providing opportunities for development and growth based on expected roles
- **Organization of information platforms** : Supporting each individual in thriving through the use of human resource data

Understanding the status of organizations and personnel

- **Engagement surveys** : Offering a bird's-eye view of organizations and their members, contributing to the building of better teams

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(2) WG for Growth Strategy and Business Portfolio

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WG for Growth Strategy and Business Portfolio

- After deepening our understanding of the company through business hearings, site visits, and other initiatives, we have started discussions regarding the business portfolio, taking into consideration factors such as future growth potential and profitability. Particularly for the Medical and Pharmaceuticals business, we are assessing growth strategies and the positioning of the business based on our understanding and discussions of the external environment for both the manufacturing and marketing of long-listed products and the contract manufacturing business.
- A business plan will be announced at the end of August, and we will conduct further examinations for the final report scheduled in November.

Status of Considerations

Business hearings

- Conducted interviews and discussions with each group company to deepen our understanding of their businesses
  - Organized the growth potential of the Electronics business and analyzed the business environment, including foreign exchange trends and the silicon cycle
  - Reviewed the transitions in the Medical and Pharmaceuticals business since its market entry
    - ✓ Changes in the external environment, background of impairment losses, and potential and methods for improving profitability of the manufacturing and marketing of long-listed products
    - ✓ Potential for expansion and associated risks of the contract manufacturing business

Topics discussed by the 2030 Committee

- Reviewed the company's business plan
- Examined the relationship between the Electronics business and the Medical and Pharmaceutical business
- Discussed policies to address management challenges in the Electronics business, such as foreign exchange risks and the silicon cycle
- Examined the relationship between the "manufacturing and marketing" and "contract manufacturing," within the Medical and Pharmaceuticals business
  - ✓ Monitored trends among industry peers
  - ✓ Discussed the growth potential and asset efficiency of each business
  - ✓ Considered potential options for the business portfolio, as well as their feasibilities, advantages and disadvantages

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② WG for growth strategy and business portfolio

Release of the Medium-term Management Plan (reposted)

- We announced our Medium-term Management Plan based on various reviews conducted in the WGs.
  The plan targets net sales of 180 billion yen, operating income of 47 billion yen, EBITDA of 58 billion yen, and ROE of 30%.

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2 WG for growth strategy and business portfolio

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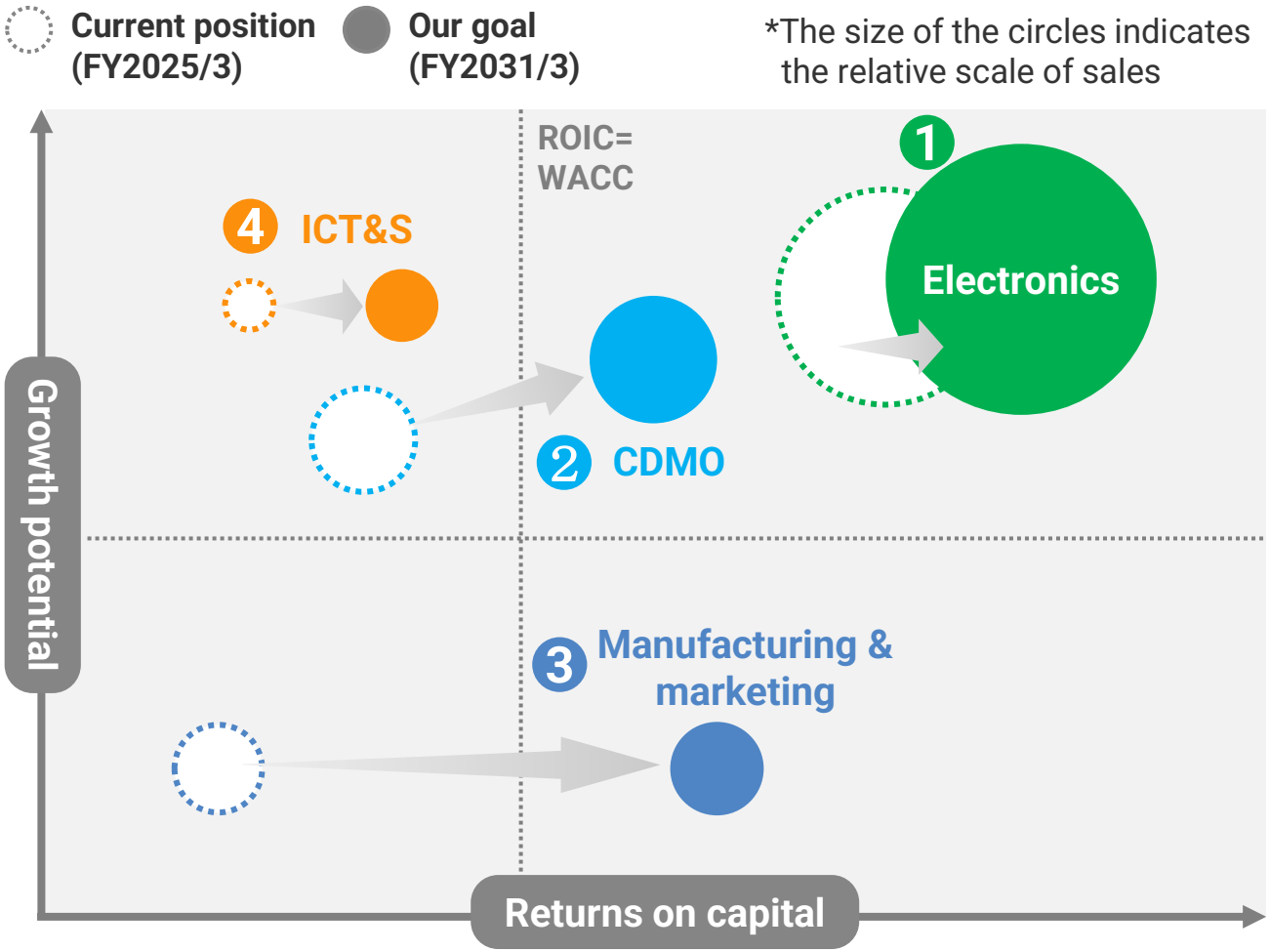
Business Portfolio Policy under the Medium-term Management Plan



1 Electronics business

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

3 Manufacturing & marketing business

Businesses under reform/strategic-options evaluation

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

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Group-contribution business

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

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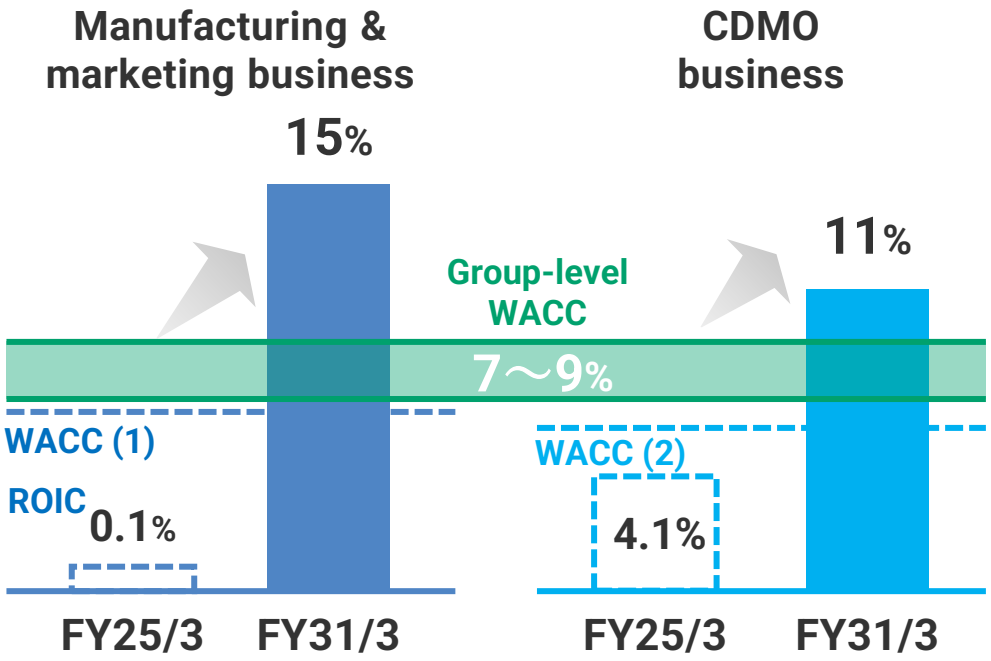
2 WG for growth strategy and business portfolio

Evaluation of the capital efficiency of the Medical and Pharmaceuticals business (reposted)

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

Capital Efficiency Improvement Plan for the Medical and Pharmaceuticals business



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Business conditions faced by the Medical & Pharmaceuticals business

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- 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.

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(3) WG for Capital Allocation

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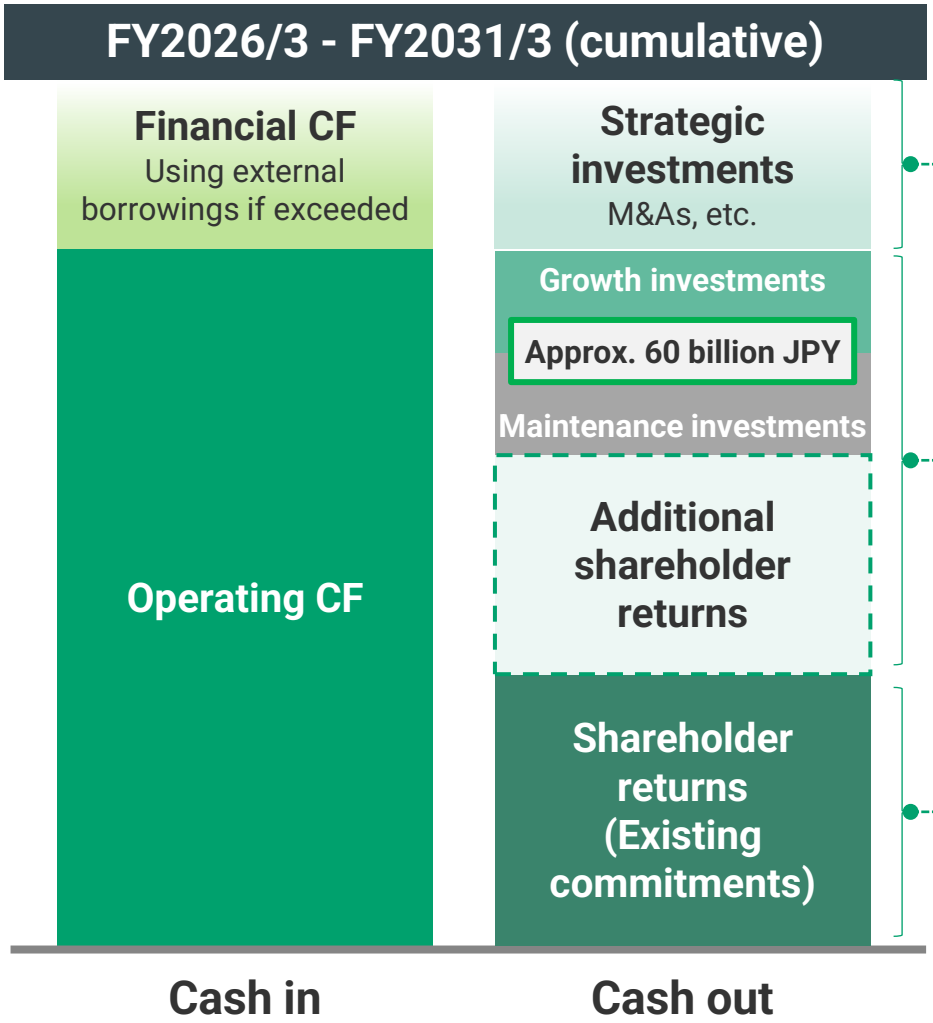
3 WG for capital allocation

Capital Allocation Policy (reposted)

- **We disclosed a capital allocation policy in the Medium-term Management Plan. 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.**

Capital Allocation Policy under the Medium-term Management Plan



Proactive use of debt capacity to enhance capital efficiency

When executing M&A and other strategic investments, we will consider the use of external borrowings.

Investment and additional shareholder returns funded by operating CF

We expect operating CF during the medium-term management plan period to exceed the total amount of growth/maintenance investments and shareholder returns under the existing policy. We will **consider additional shareholder returns** for the excess amount.

Shareholder returns based on our existing policy

FY2026/3 - FY2028/3: Target **consolidated total payout ratio of 100%**
FY2029/3 - FY2031/3: **Maintain a DOE of at least 5%**

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(4) WG for Governance

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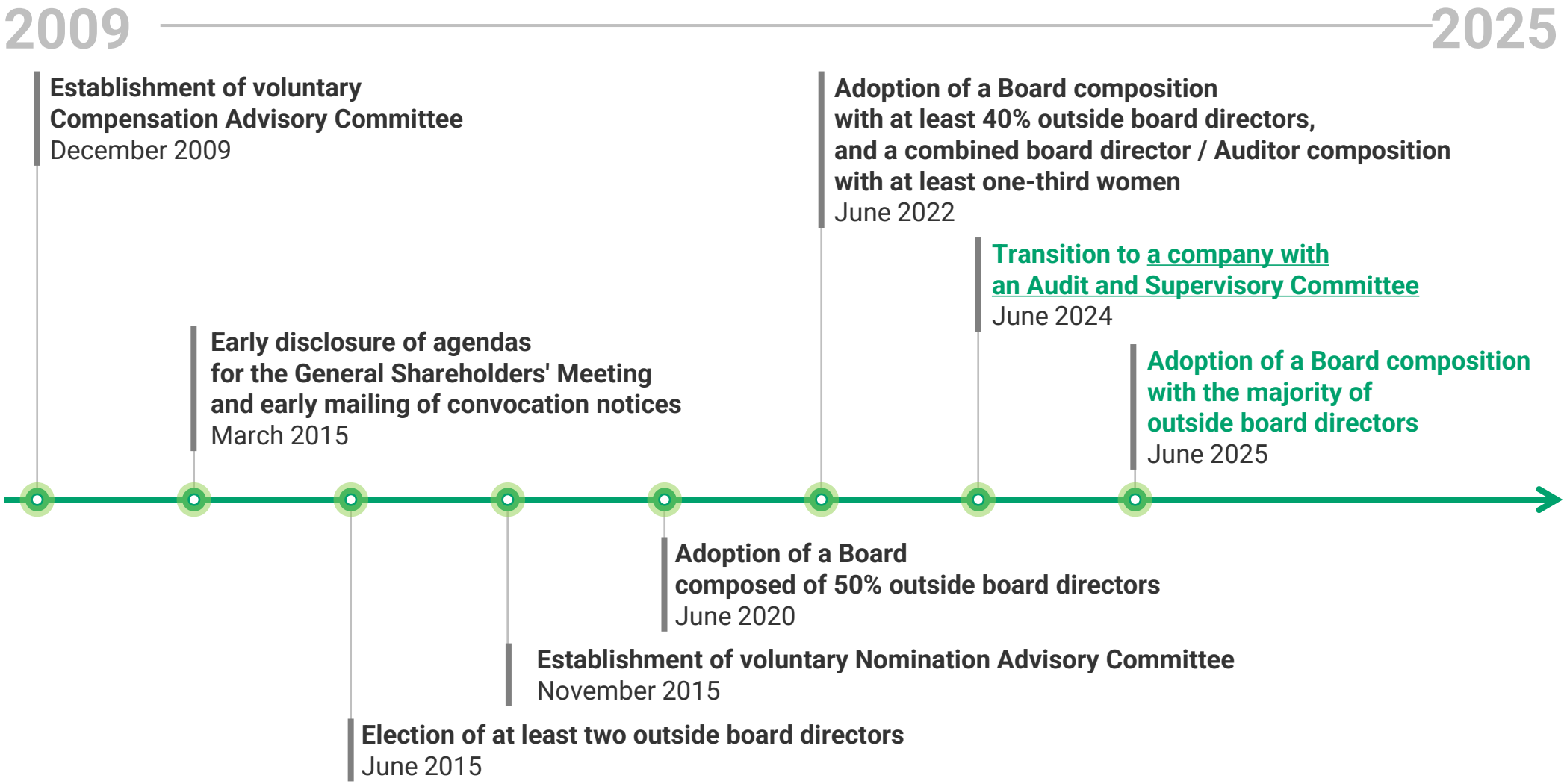
4 WG for governance

Initiatives to date

- **We have continuously made efforts to reinforce the supervisory functions of our Board of Directors, such as transitioning to a company with an Audit and Supervisory Committee in June 2024, and adopting a Board composition with the majority of outside board directors in June 2025.**

Initiatives to strengthen governance to date



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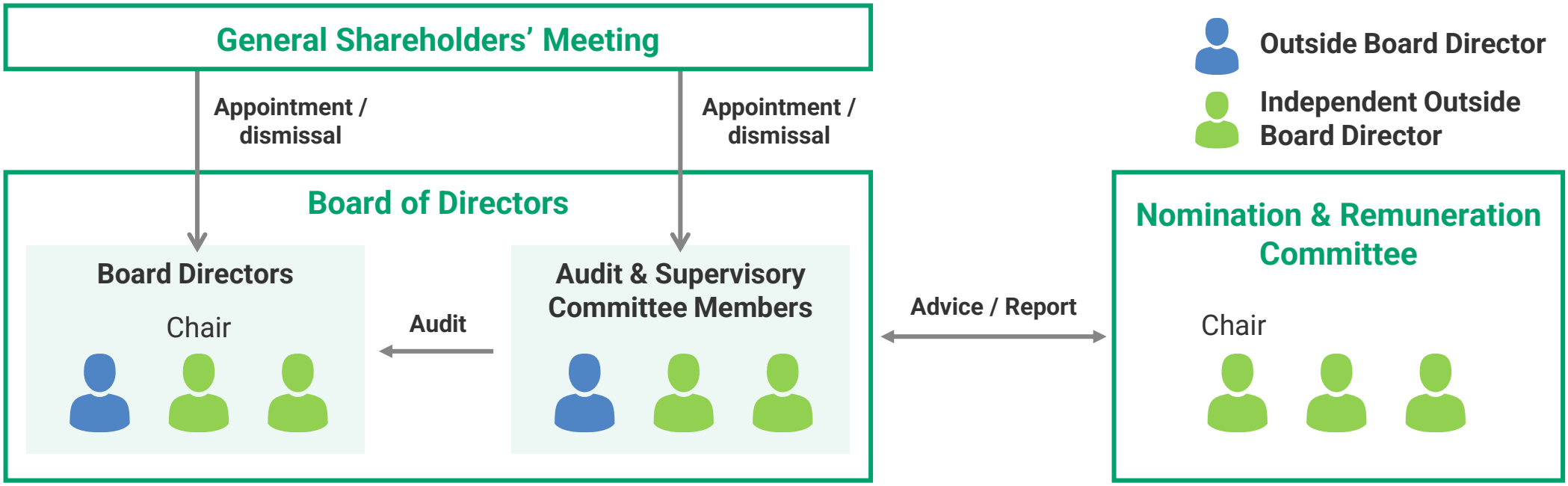
4 WG for governance

Board of Directors Composition

- Outside board directors comprise the majority of the Board of Directors, which is chaired by an outside board director. Additionally, a Nomination and Compensation Committee has been established with all members being outside board directors.
- This Board of Directors composition ensures independence and objectivity.

Board of Directors composition



Ratio of Independent Outside Board Directors : 67%
(Ratio of Female Board Directors: 50%)

Ratio of Independent Outside Board Directors : 100%
(Ratio of Female Board Directors: 100%)

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Succession Plan (reposted)

- We formulated a succession plan for key positions at Taiyo Holdings and its significant subsidiaries.
- Regarding the succession plan for Mr. Sato, which has been on a provisional measure, the overall policy has been determined, and final adjustments are underway. We will announce the details promptly once a formal decision is made.

Selection of key positions

Select positions to prioritize in formulating the plan

Taiyo Holdings

President　Group company CEO　. . .

Key subsidiaries

Subsidiary A　Subsidiary B　Subsidiary C　. . .

President　President　President

Plan to select key positions at Taiyo Holdings and presidents at key subsidiaries

Listing of personnel

Evaluate and Identify personnel based on a competency list

	Internal info	External info
Perfor-mance	～～	～～
Experi-ence	～～	～～
Skills	～～	～～
Chara-cter	～～	～～

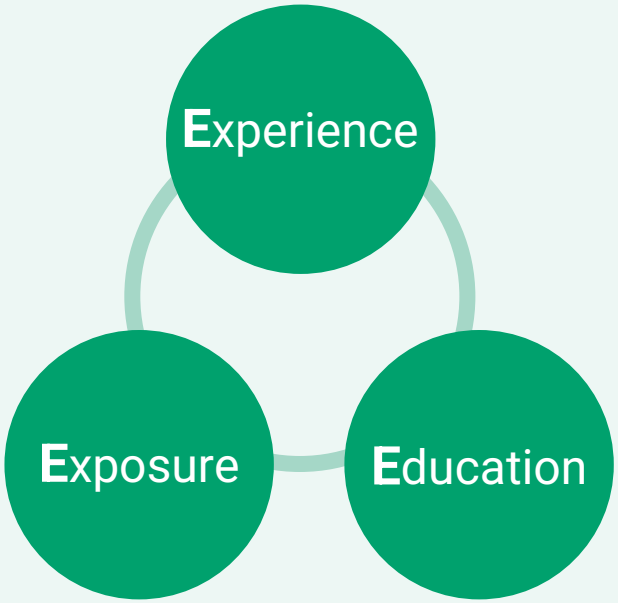
Human resource pool

A　B　C　D　. . .

Identify potential successor candidates

Formulation of development plan

Formulate a development plan for each employee in line with 3E framework



Formulate a concrete development plan with a set timeframe according to the degree of urgency

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4 WG for governance

Matters for Future Review

- To enhance governance effectiveness, we are considering measures such as conducting effectiveness evaluations of the Board of Directors from a third-party perspective and regularly holding executive sessions comprised solely of outside directors.

Main matters for review in the future

Effectiveness evaluations of the Board of Directors (Third-party evaluations)	● Effectiveness evaluations of the Board of Directors are regularly conducted with the use of questionnaires administered to board directors. ● These evaluations are performed solely in-house. Going forward, we will consider engaging a third party with expertise in governance to secure a more objective evaluation process.
Holding of Executive Sessions	● Executive Sessions consisting solely of Outside Board Directors are held on a regular basis. ● Outside board directors held discussions without the attendance of executive board directors, and provided feedback to the executive management in order to strengthen the executive function.

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(5) WG for Shareholder and Investor Relations

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5 WG for shareholder and investor relations

Status of Implementation of Dialogue with Shareholders and Investors (fiscal year ended March 2025) 1/2

- **To date, we have continuously engaged in dialogues with shareholders and investors through various briefings and one-on-one meetings.**

Records of dialogues for the fiscal year ended March 2025 (1/2)

Matters implemented	Frequency	Persons responsible at Taiyo Holdings (Titles are those at the time of handling)
Financial results briefings for investors (Full year/1st half)	2 times	• Handled by President & CEO and Managing Executive Officer & CFO • Attended by analysts, fund managers, etc.
Company briefings for institutional investors	1 time	• Handled by President & CEO, Senior Corporate Executive Officer & CTO, and Managing Executive Officer & CFO • Attended by analysts, fund managers, etc.
Company briefings for individual shareholders (On-demand streaming)	1 time	• Handled by President & CEO and Managing Executive Officer & CFO • Received advance questions
Visiting domestic sites for analysts / institutional investors	1 time	• Handled by President & CEO, Senior Corporate Executive Officer & CTO, and Corporate Planning Department personnel

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5 WG for shareholder and investor relations

Status of Implementation of Dialogue with Shareholders and Investors (fiscal year ended March 2025) 2/2

- In the fiscal year ended March 2025, we held approximately 200 one-on-one meetings with institutional investors and analysts.
- In addition to actively communicating information on our situation, we have also made efforts to gain an understanding of capital market perspectives and valuations.

Records of dialogues for the fiscal year ended March 2025 (2/2)

Matters implemented	Frequency	Persons responsible at Taiyo Holdings (Titles are those at the time of handling)
Small group meetings with institutional investors	3 times	• (1) Handled by President & CEO, Senior Corporate Executive Officer & CTO, and Managing Executive Officer & CFO • (2) Handled by Managing Executive Officer & CFO and Corporate Planning Department personnel • (3) Handled by Managing Executive Officer & CFO and Corporate Planning Department personnel
IR conferences for overseas investors	1 time	• Handled by Managing Executive Officer & CFO • Held meetings with overseas investors
One-on-one meetings with institutional investors / analysts	Almost 200 times	• Over 90% of meetings handled by Managing Executive Officer & CFO
(Domestic institutional investors)	(100 times)	
(Overseas institutional investors)	(70 times)	
(Analysts)	(30 times)	

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5 WG for shareholder and investor relations

Main Dialogue Themes

- **Dialogues with shareholders and investors mainly focused on themes related to the Electronics business.**

Dialogue theme	Content
Overall management strategy and long-term management plan	• Methods for achieving an ROE of 18% • Background of changes in shareholder return policy and guideline on timing for the purchase of treasury shares • Policy for executing M&As, key KPIs, and future targets • Approach to business portfolio (background for entering into Medical and Pharmaceuticals business, associated strategy, etc.)
Electronics Business	• Background of strong performance in smartphone- and automotive-related products and future forecasts • Status of entry into growth markets for PKG substrates • Trends in new products and status of their adoption • Progress in the adoption of dry film (DF) for rigid high-end products • Effects of tariffs by the U.S. Trump administration and trends in China • Exchange rate sensitivity and monetary impact • Status of construction of Production Engineering Center at Tsurugashima
Medical and Pharmaceuticals Business	• Effects of NHI drug price revisions and the elective care scheme for long-listed products • Background of recording of impairment losses and future outlook • Future investment plans • Plant operating capacity and progress of new orders • Expected future contribution and time frame for mystarz
Sustainability	• Activities of Sustainability Promotion Committee and human capital management initiatives • Effects and progress of the transition to a company with Audit and Supervisory Committee

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Feedback to Management and Board Directors and Incorporated Matters

- **The results of dialogues with shareholders and investors are fed back to management and the Board of Directors, after which matters to be incorporated are discussed as appropriate.**
- **In the fiscal year ended March 2025, measures such as improvements to financial results briefings and the holding of business briefings were implemented.**

Feedback to management and board directors and incorporated matters

Method of feedback	Frequency	Content
Quarterly regular report	4 times	• Reports on status of dialogues with shareholders and investors were presented at the Board of Directors meeting in each quarter. • Management identified the concerns of shareholders and investors and discussed matters to be incorporated as necessary.
Sharing of meeting records	As needed	• Dialogue content is organized in the form of minutes and shared with Board Directors as necessary

Incorporated Matters	Content
Enhancement of financial results briefing materials	• Published the financial results briefings materials, along with accompanying scripts of dialogues for investors who were unable to attend briefings
Timely disclosure of financial results briefing materials	• Made timely disclosures of financial results briefing materials to the Tokyo Stock Exchange in order to ensure fair disclosure
Changes to the timing of financial results briefings	• Changed the timing of financial results briefings to make it easier for investors to attend briefings
Holding of company briefings	• Held company briefings in addition to financial results briefings (now held on a regular basis)

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5 WG for shareholder and investor relations

Matters for Future Review

- **Going forward, we will review initiatives for the following matters in order to strengthen dialogues with shareholders and investors.**

Main matters for consideration going forward

Dialogues between outside board directors and investors	● **We will arrange opportunities for outside board directors to engage in direct dialogue with investors.** ● Outside Board Directors **will gain an understanding of how investors view the company's situation. Perspectives deemed useful will be incorporated into discussions at Board the of Directors meetings.**
Disclosure of dialogue contents with investors	● **Matters and dialogue contents that attracted numerous questions will be disclosed.** ● We will **provide information to general shareholders and others** who have limited opportunities for direct dialogue and will **work to foster greater interest from institutional investors to promote understanding**.
Holding of IR Day	● We will **hold IR Days** for institutional investors and analysts to engage in dialogue regarding topics such as our business and financial strategy, governance structure, and sustainability initiatives. ● In addition to **fostering a deeper comprehensive understanding, we will gain an understanding of capital market perspectives and valuations on a wide range of themes,** not limited to business aspects alone.

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(6) WG for Capital Policy

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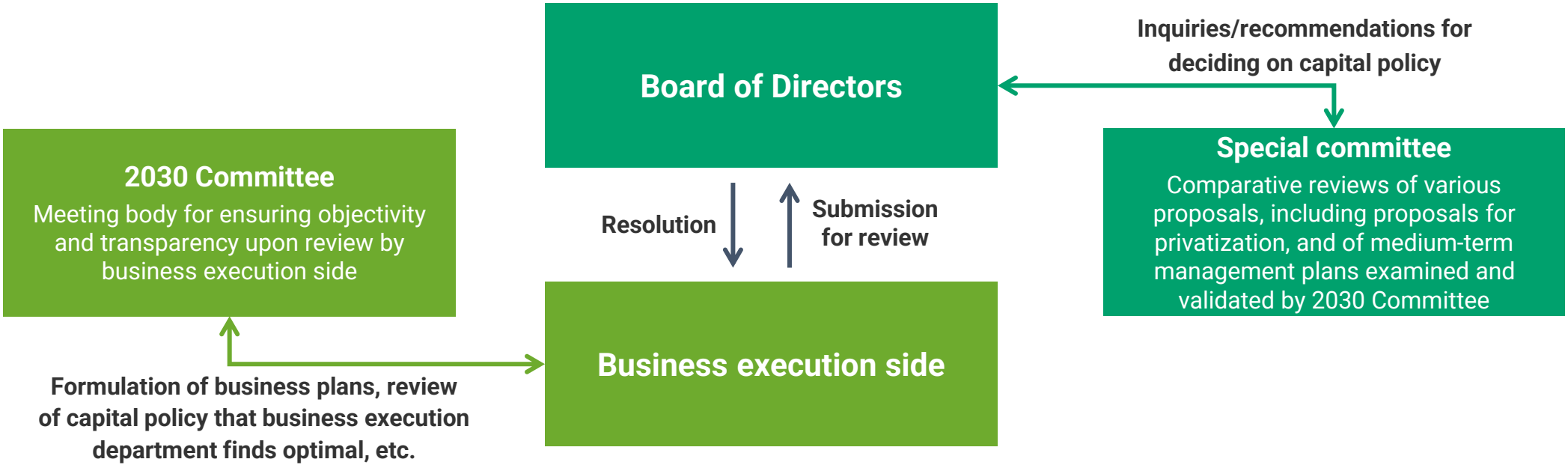
6 WG for capital policy

Segregation of Roles Between 2030 Committee WG for Capital Policy and Special Committee

- The 2030 Committee is a meeting body on the business execution side. It only makes recommendations to the Board of Directors in the end. This makes it different from the special committee, which the Board of Directors makes inquiries to for recommendations.
- The 2030 Committee is a meeting body for the business execution side to ensure the objectivity and transparency of initiatives for solving management issues. In addition to the formulation of business plans that serve as the basis of various proposals, the review of ideal capital policy upon the execution of those business plans from the perspective of the executive side is also included in the scope of the 2030 Committee (the WG for capital policy).
- The Special Committee receives inquiries from the Board of Directors and conducts a comparative review of various proposals—including privatization—and the medium-term management plan examined and validated by the 2030 Committee. The results are then reported to the Board of Directors. Based on the Special Committee's recommendation, the Board makes a decision regarding the continuation of public listing or privatization.

Our review system for decision-making on maintenance of listing and on privatization



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Approach to the Future Review of Capital Policy

- Based on the recommendations received from the 2030 Committee, Taiyo Holdings will continue to advance the process for reviewing its capital policy.

Approach to Future Reviews

Response policy based on recommendations

- As for Taiyo Holdings' standalone Medium-term Management Plan, the basic premise of which is maintaining the company's listing, Taiyo Holdings will proceed to execute various measures with a view to realizing that plan.
- On the other hand, when considering various third-party proposals, including going-private proposals, Taiyo Holdings will assess whether the proposal would generate added value unobtainable solely through Taiyo Holdings' own management resources or its unique strategy (and by extension, would contribute to a higher level of corporate value and the securing of the common interests of shareholders).
- After continuing the process of receiving legally-binding proposals, if it receives a proposal that satisfied the above standpoints, Taiyo Holdings will fully conduct a comparative review of a capital policy options, including whether to go private.

Ensuring transparency in decision-making/ Conducting external explanations

- The final decision on maintaining a listing or going private will be made while respecting the judgment of the Special Committee to the highest degree.
- Regardless of the outcome, following sufficient and thorough analysis and review, Taiyo Holdings will fulfill its necessary accountability to the market, including shareholders, with respect to the process undertaken and the rationale for its decision.

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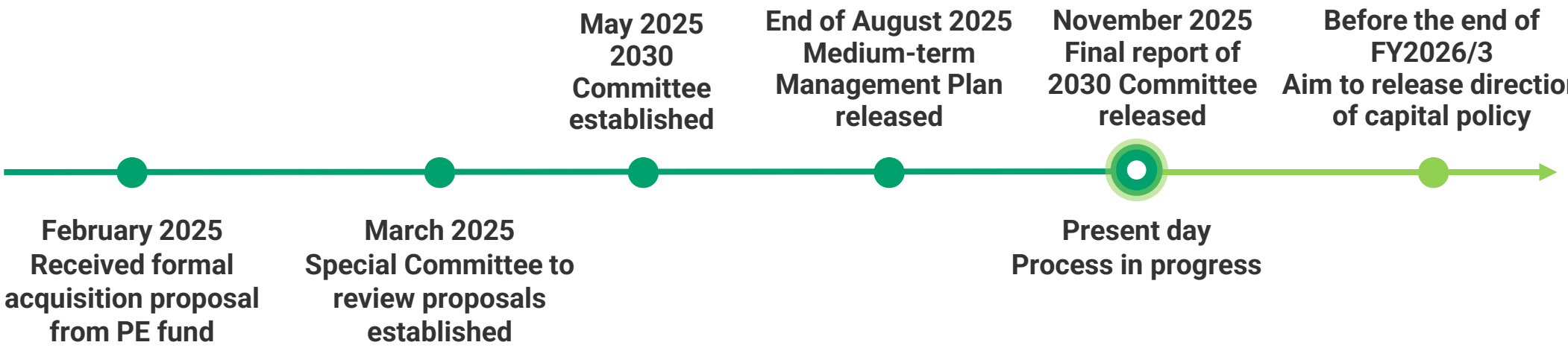
Review Schedule

- **We announced the Medium-term Management Plan at the end of August 2025.**
  The 2030 Committee's final report was disclosed today.

Review Schedule Since Receipt of Acquisition Proposal



The overall process of reviewing capital policy (including accepting additional third-party proposals and conducting due diligence) is being implemented in stages through the confirmation of the Special Committee.
We aim to disclose the direction of our capital policy before the end of FY2026/3.

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TAIYO HOLDINGS

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