



June 25, 2025

To whom it may concern:

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Notice Regarding the Issuance of New Shares as Stock Compensation Plan

Taiyo Holdings Co., Ltd. (hereinafter, “Taiyo Holdings”) hereby announces that its Board of Directors resolved at a meeting held on June 25, 2025, to issue new shares as part of its stock compensation plan (hereinafter, “New Share Issuance”).

1. Outline of the Issue

(1) Payment date	July 10, 2025																		
(2) Total number of new shares to be issued	51,703 shares of common stock																		
(3) Issue price	6,750 yen per share																		
(4) Total amount of the issue price	348,995,250 yen																		
(5) Offering or allotment method	Allotment with specified transfer restrictions: 28,603 shares Third-party allotment: 23,100 shares																		
(6) Allottees	<table border="0"> <tr> <td>For allotment with specified transfer restrictions:</td> <td>28,603 shares</td> </tr> <tr> <td>Executive Board Director</td> <td>6,613 shares</td> </tr> <tr> <td>Two Senior Corporate Executive Officers</td> <td>6,790 shares</td> </tr> <tr> <td>Eight Executive Officers* and others</td> <td>15,200 shares</td> </tr> <tr> <td>For third-party allotment:</td> <td>23,100 shares</td> </tr> <tr> <td>Executive Board Director (excluding *one who has resigned)</td> <td>7,700 shares</td> </tr> <tr> <td>Executive Board Director (*who has resigned)</td> <td>12,800 shares</td> </tr> <tr> <td>Senior Corporate Executive Officer (excluding *one who has resigned)</td> <td>1,300 shares</td> </tr> <tr> <td>Senior Corporate Executive Officer (*who has resigned)</td> <td>1,300 shares</td> </tr> </table> <p>* “Executive Board Director and Senior Corporate Executive Officer who have resigned” refer to those who held each position during the period from the date of the 78th Ordinary General Shareholders’ Meeting (June 15, 2024) to the day before the date of the 79th Ordinary General Shareholders’ Meeting (June 21, 2025) and who resigned or retired from such positions after the date of the 79th Ordinary General Shareholders’ Meeting and as of June 25, 2025.</p>	For allotment with specified transfer restrictions:	28,603 shares	Executive Board Director	6,613 shares	Two Senior Corporate Executive Officers	6,790 shares	Eight Executive Officers* and others	15,200 shares	For third-party allotment:	23,100 shares	Executive Board Director (excluding *one who has resigned)	7,700 shares	Executive Board Director (*who has resigned)	12,800 shares	Senior Corporate Executive Officer (excluding *one who has resigned)	1,300 shares	Senior Corporate Executive Officer (*who has resigned)	1,300 shares
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(7) Capital contribution method	For allotment with specified transfer restrictions, allottees will exchange monetary claims for the shares. For third-party allotment, allottees will purchase the shares with cash.																		
(8) Other details	Taiyo Holdings has submitted an extraordinary report pursuant to the Financial Instruments and Exchange Act concerning the New Share Issuance.																		

2. Purpose and Reason for the Issuance

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

<Plan I>

(1) Overview of Plan I

Under Plan I, Taiyo Holdings allots its shares of common stock, which are issued or disposed of by Taiyo Holdings, to Payment Recipients I under conditions (1) through (4) below.

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

(2) Overview of Restricted Stock compensation Plan

Under the restricted stock compensation plan, Taiyo Holdings issues Payment Recipients I with monetary claims they can use to purchase restricted stock.

After receiving the monetary claims from Taiyo Holdings, Payment Recipients I shall pay the entirety of the monetary claims as in-kind contributions in exchange for receiving the common shares issued or disposed of by Taiyo Holdings.

The monetary claims are contingent on the following:

- 1) The Payment Recipients I agree to pay the entirety of the monetary claims they receive as in-kind contributions in proportion to the common shares issued or disposed of by Taiyo Holdings.
- 2) The Payment Recipients I sign an agreement with Taiyo Holdings concerning the allotment of restricted stock (the Restricted Stock Allotment Agreement).
- 3) The Payment Recipients I still hold their positions as of the time immediately before the payment date for the shares newly issued or disposed of in connection with the allotment.
- 4) The issuance of new shares or disposition of treasury shares related to the allotment has not been withdrawn, suspended or canceled for other reasons.

In consideration of conditions 1) and 2), of the 51,703 shares of common stock to be issued in the Issuance, the 13,403 shares that pertain to restricted stock compensation are deemed shares with specified transfer restrictions as defined in Article 54, Paragraph 1, of the Corporation Tax Act and in Article 84, Paragraph 1, of the Order for Enforcement of the Income Tax Act.

This time, Taiyo Holdings has decided to set the amount of monetary claims to be provided as restricted stock compensation to each Payment Recipient I at a total of 90,470,250 yen (hereinafter, "Monetary Claims"), after considering the scope of their responsibilities and various circumstances. This aims to further promote the alignment of interests with shareholders and motivate Payment Recipients I to contribute toward the enhancement of Taiyo Holdings' corporate value in the medium to long term. Under the restricted stock compensation plan, the number of common shares to be newly issued is set at 13,403 shares. Additionally, the transfer restriction period is established as ten years from the payment date for the newly issued common shares.

Under the Issuance, three Payment Recipients I designated as allottees under the restricted stock compensation plan will receive 13,403 shares of common stock in exchange for paying the entirety of their Monetary Claims against Taiyo Holdings as in-kind contributions.

(3) Overview of Restricted Stock Allotment Agreement

- 1) Period of agreement: July 10, 2025, to July 9, 2035
- 2) Condition for lifting restrictions

Restrictions on the transfer of the stock are released once the following condition is met: The transfer restriction period for the Payment Recipients I's allotted shares (as used in this section (3), "allotted shares" means the entirety of the shares of Taiyo Holdings' common stock to be allotted to the Payment Recipients I under the Restricted Stock Allotment Agreement) has elapsed (the transfer restriction period may be adjusted if the Payment Recipients I dies in office) and the Payment Recipients I remained incumbent throughout the eligibility period (in this section (3), "eligibility period" refers to the period in which the Payment Recipients I are eligible to be paid Restricted Stock Compensation Claims, the period lasting from the day of the 79th Ordinary General Shareholders Meeting to the day before the 80th Ordinary General Shareholders Meeting.)

3) Provision for cases where Payment Recipients I retire during the eligibility period

If Payment Recipients I leaves office (or otherwise loses his/her status as Payment Recipients I) during the eligibility period, Taiyo Holdings will immediately acquire, as a matter of course and for no consideration, the portion of the allotted shares for which restrictions still apply as per the previous paragraph, "2) Condition for lifting restrictions." This portion is the number of allotted shares that remains after subtracting the number of allotted shares that would become fully transferable had the Payment Recipients I remained in office. The latter number is the product (rounding down to the nearest whole number) of (1) the number of allotted shares the Payment Recipients I holds at the time he/she retired and (2) one twelfth of the number of elapsed months starting from the month following the month in which the 79th Ordinary General Shareholders Meeting was held and the month containing the date of retirement of the Payment Recipients I.

4) Acquisition of shares by Taiyo Holdings without compensation

Notwithstanding provisions including “3) Provision for cases where Payment Recipients I retire during the eligibility period” above, immediately after the transfer restriction period has elapsed, Taiyo Holdings shall acquire, as a matter of course and for no consideration, allotted shares that remain restricted.

5) Management of shares

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

6) Provision for corporate reorganization, etc.

Taiyo Holdings may lift the restrictions on the allotted shares by resolution of the Board of Directors if (1) the Ordinary General Shareholders Meeting approves a corporate reorganization (or the Board of Directors does so, if Ordinary General Shareholders Meeting’s approval is unnecessary), such as a merger agreement in which Taiyo Holdings becomes a non-surviving company or a share exchange agreement or a share transfer plan under which Taiyo Holdings becomes a wholly-owned subsidiary of another company, or (2) a change in controlling shareholder occurs. In the case of (1), the restrictions will be lifted immediately before the business day preceding the effective date of the corporate reorganization. In the case of (2), they will be lifted on the day on which the change in controlling shareholder occurs. If a corporate reorganization is approved or another event occurs during the eligibility period, Taiyo Holdings will immediately acquire, as a matter of course and for no consideration, the portion of the allotted shares for which restrictions still apply. This portion is the number of allotted shares that remains after subtracting the number of allotted shares that would become fully transferable had the event not occurred. The latter number is the product (rounding down to the nearest whole number) of (1) the number of allotted shares the Executive Board Director holds at the time and (2) one twelfth of the number of elapsed months starting from the month following the month in which the 79th Ordinary General Shareholders Meeting was held and the month in which a corporate reorganization or a change in controlling shareholder occurs.

(4) Overview of Performance-Based Stock Compensation Plan

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

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

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

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

Performance Stock Cap. or the Holdings Cap., an amount equivalent to the shares in excess number will be paid in cash as performance-based stock compensation.

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

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

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

(5) Summary of Performance-Based Stock Agreement

1) Period of agreement: July 10, 2025, to July 9, 2028

2) Time when restrictions are lifted

Restrictions on the allotted shares (as used in this section (5), “allotted shares” means the common shares allotted pursuant to this agreement) will be lifted in their entirety once the transfer restriction period elapses (the period may be adjusted at the shareholder’s request if an inheritance process concerning the shareholder has commenced).

3) Management of shares

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

4) Provision for corporate reorganization, etc.

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

<Plan II>

(1) Overview of Plan II

Under Plan II, individuals who were executive officers of Taiyo Holdings during the compensation period set in advance by Taiyo Holdings receive monetary claims for the granting of common shares under Plan II after the expiration of said compensation period. These individuals then use all these monetary claims as in-kind contributions to receive common shares newly issued or disposed of by Taiyo Holdings.

The monetary claims are contingent on the following:

- 1) The Payment Recipients II agree to pay the entirety of the monetary claims they receive as in-kind contributions in proportion to the common shares issued or disposed of by Taiyo Holdings.
- 2) The Payment Recipients II enter into a post-grant restricted stock allocation agreement with Taiyo Holdings.
- 3) The issuance of new shares or disposition of treasury shares related to the allotment has not been withdrawn, suspended or canceled for other reasons.

Based on 1) and 2) above, 15,200 shares issued under Plan II fall under specific restricted stock as set forth in Article 54, paragraph (1) of the Corporation Tax Act and Article 84, paragraph (1) of the Order for Enforcement of the Income Tax Act.

This time, Taiyo Holdings has set monetary claims under Plan II at 102,600,000 yen (hereinafter, “Monetary Claims” under <Plan II>) and the number of common shares to be newly issued under Plan II at 15,200 shares. Additionally, Taiyo Holdings has set the transfer restriction period at three years from the payment date for the common shares to be newly issued.

Under the New Share Issuance, eight Payment Recipients II designated as allottees under Plan II will receive 15,200 shares of common stock in exchange for paying the entirety of their Monetary Claims against Taiyo Holdings as in-kind contributions.

Note that Payment Recipients II who are non-residents of Japan upon the payment date will be paid cash in place of the granting of shares under Plan II.

(2) Overview of Post-Issuance Restricted Stock Allotment Agreement

- 1) Transfer restriction period: July 10, 2025, to July 9, 2028
- 2) Timing for lifting restrictions

Restrictions on the common shares allotted pursuant to this agreement (hereinafter, “allotted shares” under “(2) Overview of Post-Issuance Restricted Stock Allotment Agreement”) will be lifted in their entirety once the transfer restriction period elapses. The period may be adjusted at the shareholder’s request if an inheritance process concerning the shareholder has commenced.

- 3) Acquisition of shares by Taiyo Holdings without compensation

Immediately after the transfer restriction period has elapsed, Taiyo Holdings shall acquire, as a matter of course and for no consideration, allotted shares that remain restricted.

- 4) Management of shares

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

- 5) Provision for corporate reorganization, etc.

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

3. Calculation Basis of Payment Amounts and Relevant Details

The issue price for the Issuance was based on the value of Taiyo Holdings' common shares. This amount was 6,750 yen, the closing price that the common shares fetched on the TSE on June 24, 2025, which was the business day preceding the date on which the Board of Directors approved the Issuance. The stock price on this date was reasonably representative of Taiyo Holdings' performance and market trends (and not, therefore, artificially advantageous) given that the common shares were listed and stable (there were no significant fluctuation events at the time).

The issue price for the Issuance is considered reasonable, and not artificially advantageous, in that it exceeds 90% of the stock price for the business day preceding the board's resolution and the average closing prices over the one-month period preceding the resolution (from May 26, 2025 to June 24, 2025), the three-month period preceding the resolution (March 25, 2025, to June 24, 2025), and the six-month period preceding the resolution (December 25, 2024, to June 24, 2025). For the one-month average closing price of 6,050 yen (all monetary amounts rounded to nearest yen), the issue price represents a premium of 11.57% (all percentages are rounded to two decimal places). For the three-month average closing price of 5,268 yen, it represents a premium of 28.13%. For the six-month average closing price of 4,714 yen, it represents a premium of 43.19%.