

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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Consolidated Financial Result Digest FY2023/3 1Q

(Fiscal Year Ending March 31, 2023)

July 27, 2022

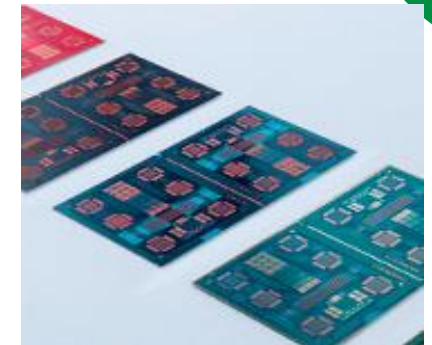


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Our Reporting Segments

Electronics*¹

Develops, manufactures, purchases and sells chemicals for PWBs and other electronic components



*1 As of FY2023/3 1Q, the name of the “Electronic Materials Business” has been changed to “Electronics Business.” This change only applies to the segment name. There is no change in the subsidiaries that make up the segment.

Medical and Pharmaceutical

Manufactures and markets pharmaceuticals, and provides contract development and manufacturing organization (CDMO) services



Others

Energy business using natural energy, food business, fine chemicals business including dyes, pigments and other chemicals, and ICT business, etc.



FY2023 Q1 Overview

Electronics Business

- Net sales increased by 15% year on year
- Operating income increased by 37% year on year

Main reasons

- Progression in the weakening of the yen contributed to growth in both revenues and income
Avg. exchange rate during quarter under review : 129.0JPY/USD
Avg. exchange rate during same quarter of prior FY : 110.0JPY/USD
- Sales quantities and value in sales for PKG DF products both reached record-highs
- Lockdowns in China caused our customer's suspension of operation and logistical disruptions, resulting in weak sales volume and value of rigid products in and around the East China region.

Medical and Pharmaceutical Business

- Net sales decreased by 3% year on year

Main reasons

- Our product mix shifted alongside changes in production plans at contract manufacturing clients
- Unit sales prices became lower due to the revision of drug prices in the National Health Insurance (NHI) scheme for long-listed products
- Sales increased due to the completion of the succession of approval for manufacture and sale and the transfer of distribution from AstraZeneca K.K.
- Demand for certain product increased in line with shipment adjustments for generic drugs by other companies

Other Businesses

- Taiyo Green Energy : Opened a new floating solar power plant in Hyogo Pref.
- funlead corp. : Joint proposal for mangrove preservation was selected for the "International Collaborative Research Program 2021"

Consolidated Financial Results

Results Summary

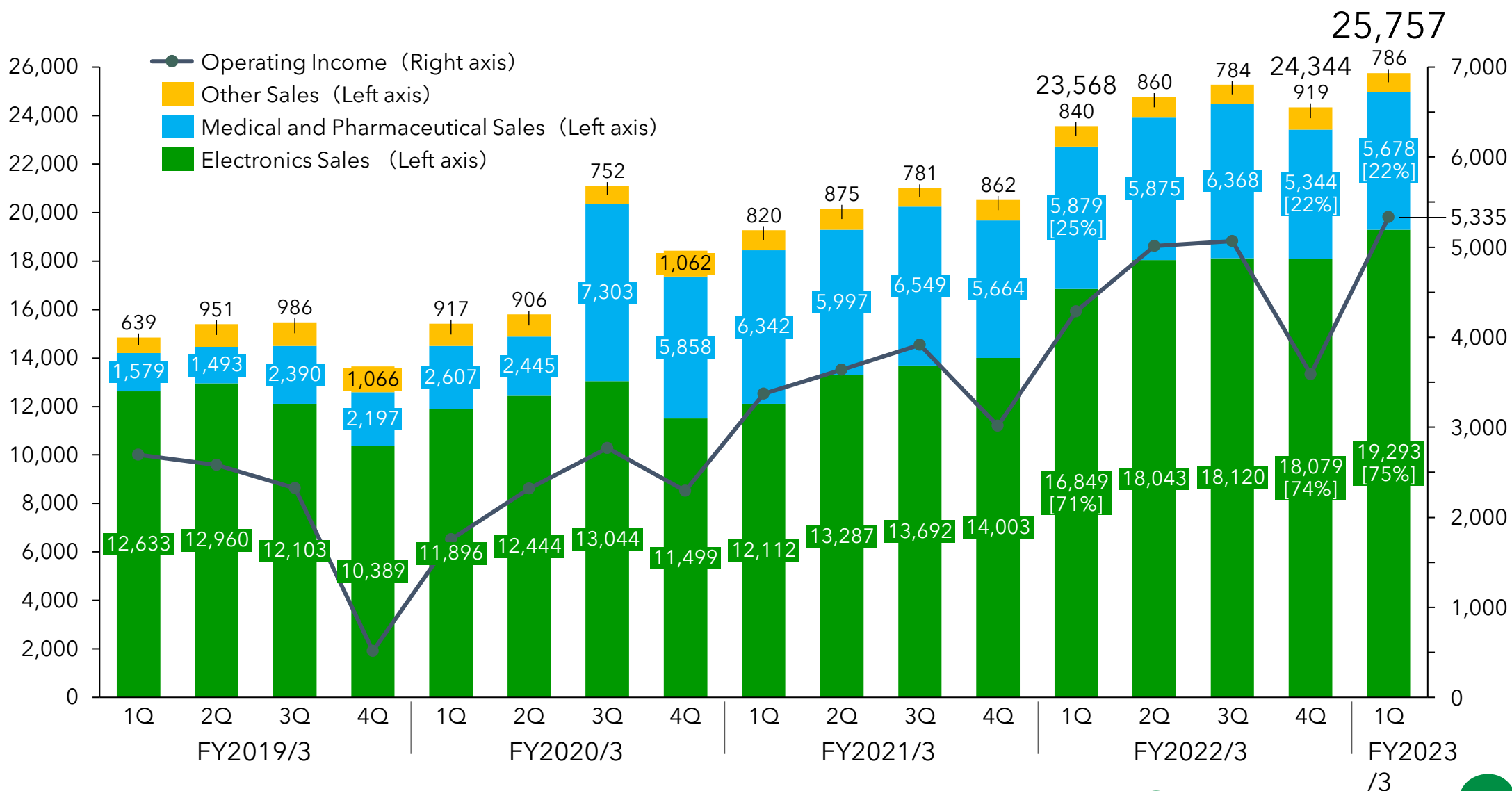
Unit : JPY Million

	① FY2022/3 1Q Result	② FY2023/3 1Q Result	②-① YoY	(②-①) /① %	③ FY2023/3 (announced on Apr. 28) 1 st half Forecast	②/③ %	④ FY2023/3 (announced on Apr. 28) Full year Forecast	②/④ %
Net Sales	23,568	25,757	2,189	9%	55,600	46%	109,400	24%
Operating Income	4,287	5,335	1,048	24%	10,400	51%	19,000	28%
Ordinary Income	4,450	5,119	669	15%	10,400	49%	18,800	27%
Net Income	3,106	3,619	513	17%	7,200	50%	12,800	28%
Exchange rate of JPY/USD	110.0	129.0	19.0		120.0		120.0	
EBITDA	6,160	7,283	1,123	18%	14,400	51%	26,900	27%
Operating Income Margin	18%	21%			19%		17%	
EBITDA Margin	26%	28%			26%		25%	

Trend of Quarterly Performance

Net Sales and Operating Income

Unit : JPY Million

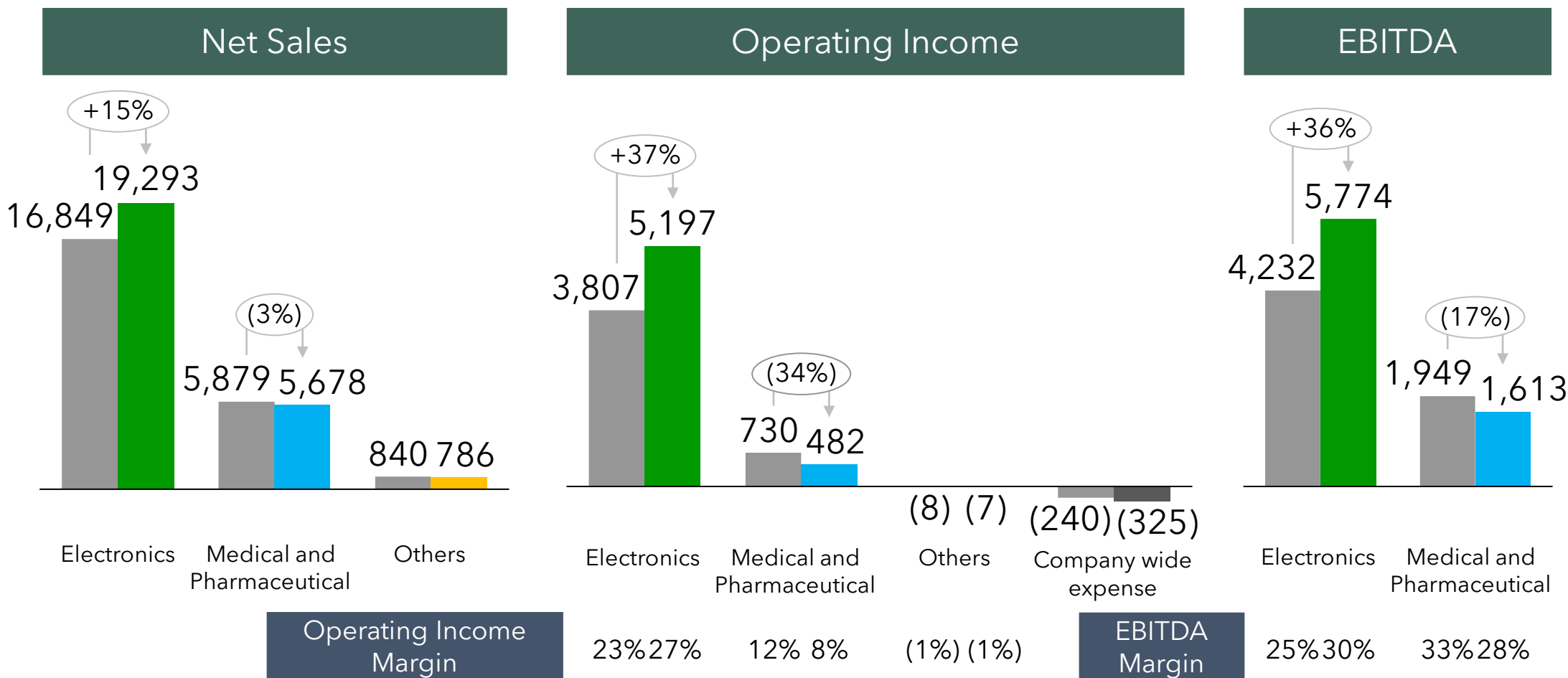


Performance by Segment

1Q Cumulative Net Sales, Operating Income*1 and EBITDA *1 Unit : JPY Million

Fiscal year ended March 2022 Q1

 Fiscal year ending March 2023 Q1



*1 As of FY2023/3 1Q, certain R&D and welfare expenses that were originally included in companywide expenses have been allocated to each reportable segment.

Note that information on segment profit and losses and EBITDA for FY2022 Q1 was prepared based on computation methods for profit and losses of reportable segments following this change.

Trend of Quarterly Performance

Net Sales, Operating Income*1 and EBITDA*1

Unit : JPY Million

		FY2021/3				FY2022/3				FY2023/3
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net Sales	Consolidated	19,275	20,161	21,024	20,530	23,568	24,779	25,273	24,344	25,757
	Electronics	12,112	13,287	13,692	14,003	16,849	18,043	18,120	18,079	19,293
	Medical and Pharmaceutical	6,342	5,997	6,549	5,664	5,879	5,875	6,368	5,344	5,678
Operating Income	Consolidated	3,373	3,637	3,915	3,016	4,287	5,013	5,069	3,588	5,335
	Electronics	2,541	3,074	2,874	2,691	3,807	4,518	4,312	4,288	5,197
	Medical and Pharmaceutical	1,059	841	1,248	687	730	753	1,035	(118)	482
EBITDA	Consolidated	5,198	5,505	5,777	4,938	6,160	7,036	7,095	5,649	7,283
	Electronics	2,954	3,497	3,326	3,163	4,232	5,068	4,979	4,958	5,774
	Medical and Pharmaceutical	2,256	2,041	2,460	1,910	1,949	1,991	2,118	1,019	1,613
Operating Income Margin	Consolidated	17%	18%	19%	15%	18%	20%	20%	15%	21%
	Electronics	21%	23%	21%	19%	23%	25%	24%	24%	27%
	Medical and Pharmaceutical	17%	14%	19%	12%	12%	13%	16%	(2%)	8%
EBITDA Margin	Consolidated	27%	27%	27%	24%	26%	28%	28%	23%	28%
	Electronics	24%	26%	24%	23%	25%	28%	27%	27%	30%
	Medical and Pharmaceutical	36%	34%	38%	34%	33%	34%	33%	19%	28%

*1 As of FY2023/3 1Q, certain R&D and welfare expenses that were originally included in companywide expenses have been allocated to each reportable segment.

Note that information on segment profit and losses and EBITDA for FY2021/3 and FY2022/3 were prepared based on computation methods for profit and losses of reportable segments following this change.

Overview of BS

BS- Comparison with the previous term

Unit : JPY Million

	22/3	22/6	Change
Cash and Deposits	51,557	50,481	(1,075)
Accounts Receivables	27,558	28,985	1,427
Inventory ^{*1}	16,384	18,461	2,076
Others	3,267	2,095	(1,172)
Total Current Assets	98,766	100,022	1,256
Tangible Fixed Assets	52,255	53,300	1,044
Intangible Fixed Assets	32,058	31,456	(602)
Investments and other assets	6,192	6,359	166
Total Fixed Assets	90,507	91,115	608
Total Assets	189,273	191,138	1,865

	22/3	22/6	Change
Notes and Account payable	9,255	9,894	638
Short term borrowings ^{*2}	29,770	28,067	(1,702)
Long term borrowings	48,383	47,697	(685)
Others	16,398	16,142	(256)
Total Liabilities	103,806	101,800	(2,005)
Shareholders Equity	79,916	81,452	1,536
Accumulated other comprehensive income	5,549	7,883	2,334
Non-controlling interest	1	1	0
Total net assets	85,466	89,337	3,870
Total liabilities and net assets	189,273	191,138	1,865
Equity to Asset Ratio	45.2%	46.7%	+1.5%

*1 Inventories : Goods and products + work in process + raw materials and stored good

*2 Short-term borrowings : Short-term borrowings + long-term borrowings scheduled to be repaid within one year

Electronics Business

Terminology

Term	Definition
PWB	Printed Wiring Board
SR	"Solder resist ink" or "Solder mask"
PKG	Semiconductor packages
DF	Dry Film

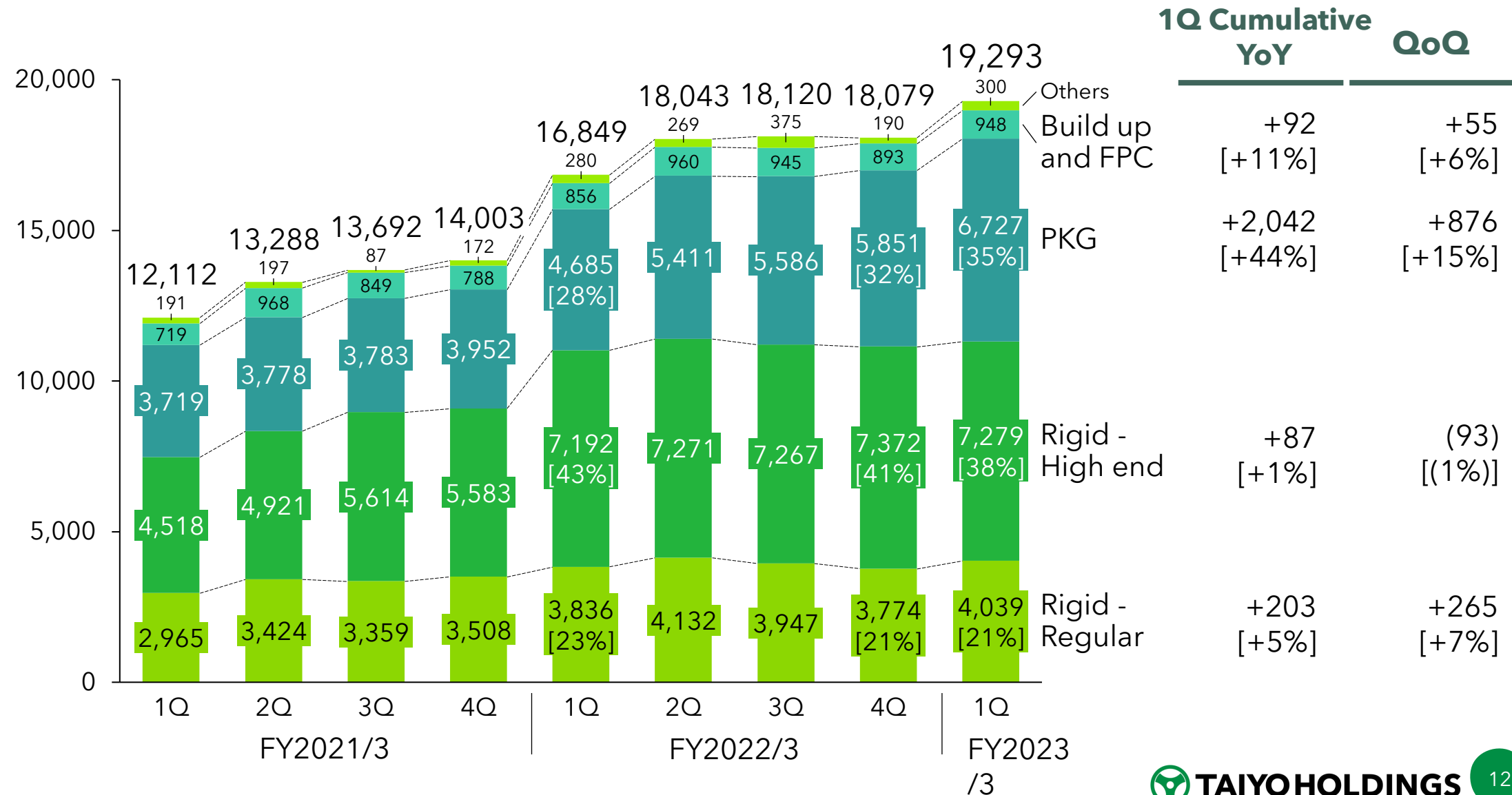
Product Classification

Group	Category		Type	Remarks
PWB insulating materials	Rigid	Regular	Liquid	<ul style="list-style-type: none"> ▪ SR materials for insulation and surface protection use ▪ Electronic materials
		High end	Liquid/DF	
	PKG		Liquid/DF	
	FPC (Flexible printed circuit board)		Liquid/DF	
	Build-up		Liquid/DF	
Other related products	Others		Liquid	<ul style="list-style-type: none"> ▪ Marking, etching, plating materials ▪ Flux, conductive silver paste, solvent etc.

Electronics Business

Net Sales by product category

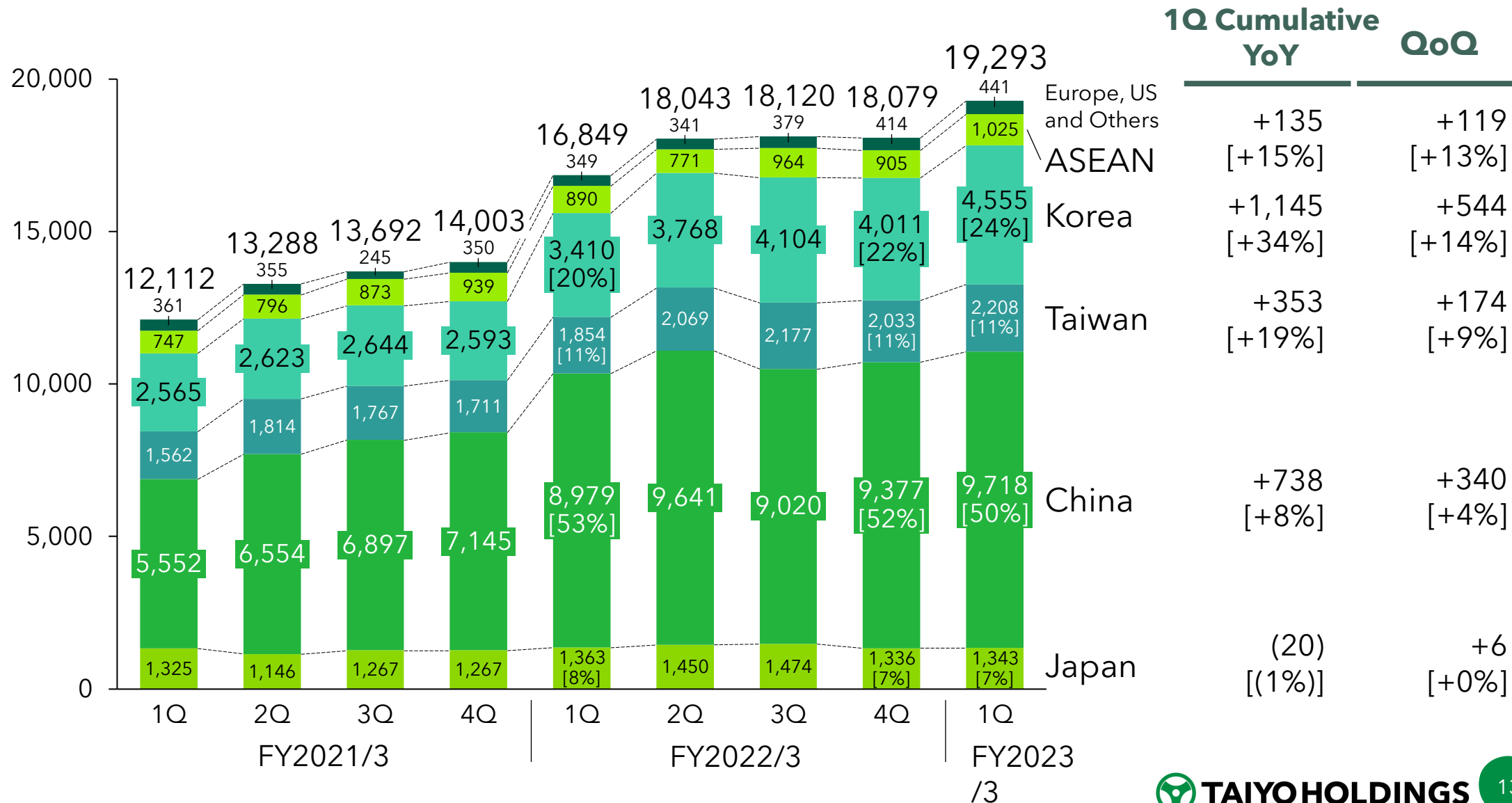
Unit : JPY Million



Electronics Business

Net Sales by sales area

Unit : JPY Million



“Thick insulation film for advanced packaging” received the 18th JPCA Award

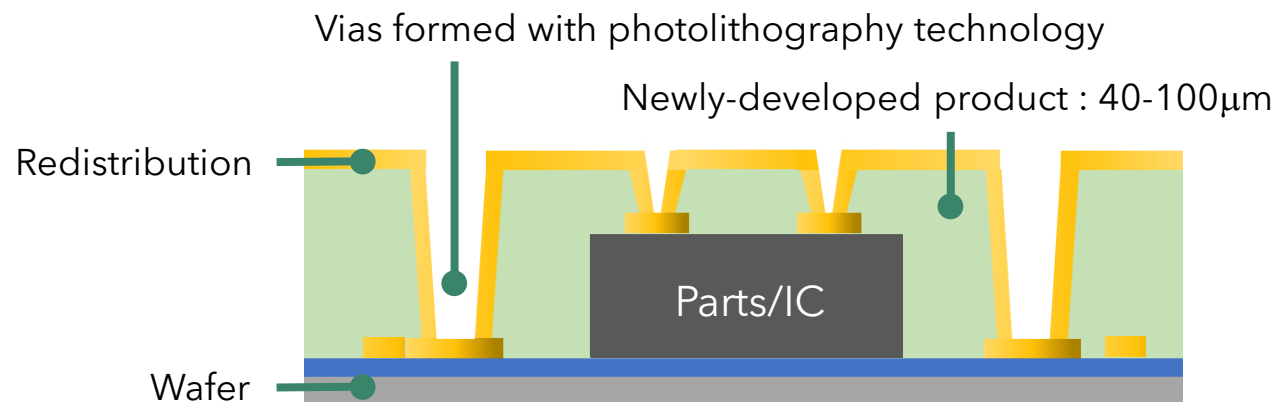
- ✓ As a result of being recognized for the technical prowess that enabled it to simultaneously achieve low warpage and high filling and photosensitivity in its “thick insulation film for advanced packaging,” Taiyo Ink Mfg. received the 18th Japan Electronics Packaging and Circuits Association (JPCA) Award from that association.
(This marks the third time that Taiyo Ink Mfg. has received a JPCA award, the second time being last year.)

Characteristics of thick insulation film for advanced packaging

- Thick film with low warpage : Does not warp on wafer
- Superior filling : Can be embedded in fine spaces of $10\mu\text{m}$
- Superior pattern-forming possible with conventional photolithography technology



Outer appearance of
newly-developed product



Realizes advanced filling even for component mounted substrates

Medical and Pharmaceutical Business

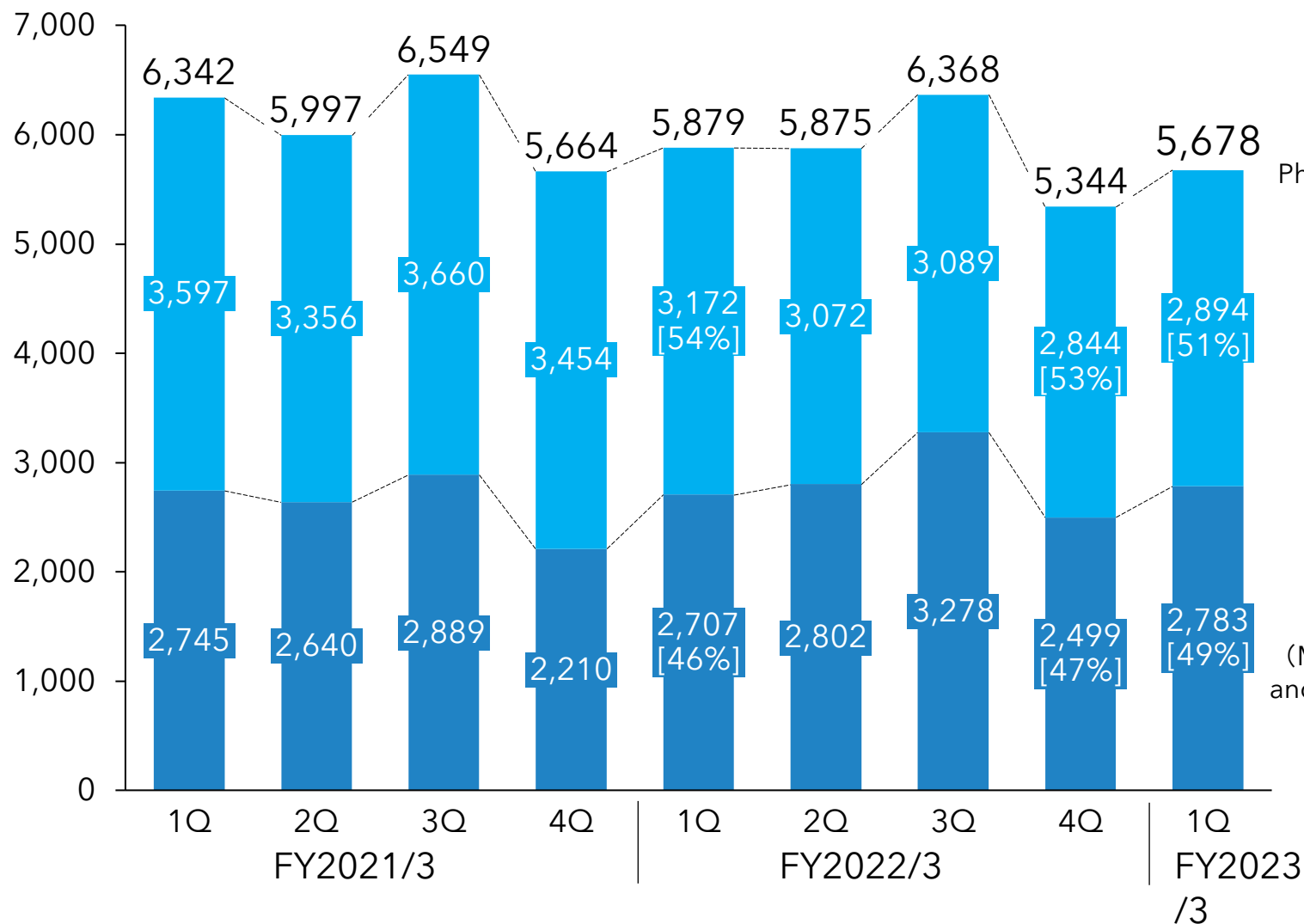
Terminology

Term	Definition
LLP	A drug for which the patent or re-examination period has expired, enabling the sale of generic drugs (Long Listed Product)
CDMO	Organizations that are contracted to manufacture drugs and to develop drug formulation (Contract Development Manufacturing Organization)
GMP	Standards for manufacturing control and quality of pharmaceuticals and quasi-drugs (Good Manufacturing Practice)

Medical and Pharmaceutical Business

Net Sales by company

Unit : JPY Million



Company	1Q Cumulative	
	YoY	QoQ
Medical and Pharmaceutical	(201) [(3%)]	+333 (+6%)
Taiyo Pharma Tech (CDMO)	(277) [(9%)]	+50 (+2%)
Taiyo Pharma (Manufacturing and Marketing)	+76 (+3%)	+283 (+11%)

Other Businesses

Taiyo Green Energy opened a new floating solar power plant

- ✓ Taiyo Green Energy opened its 14th domestic floating solar power plant in Hyogo Prefecture, bringing its estimated total power generated per annum to approx. 25GWh. Taiyo Green Energy currently handles the electric power needs under our domestic Electronics Business with 100% renewable energy. Going forward, we will aim to achieve the same figure for our global operations as it further promotes associated initiatives with a view to achieving the goals under “Beyond Imagination 2030”, our long-term management plan.

Overview of water-based solar power plant

[Name] Chuoike Water-Based Solar Power Plant

[Location] Aza-Ainotatsu, Shimoishino,

Town of Bessho, Miki City, Hyogo

[Opened on] May 13, 2022

[Scale of Power Generation] Approx. 2,300 kW

[Estimated Amount of Power Generated]

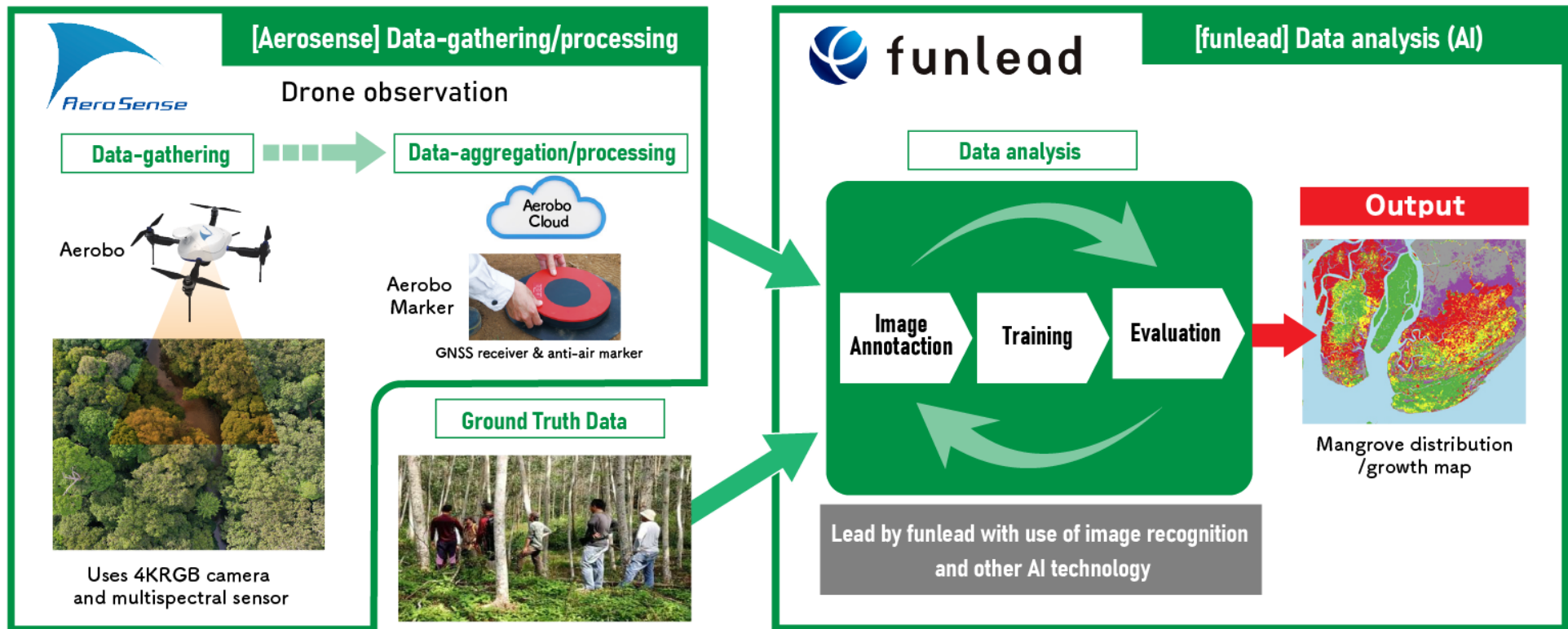
Approx. 3,013,000 kWh/year

(Following conversion into 12 months for initial year)



Joint proposal on mangrove preservation by funlead corp. was awarded the “International Collaborative Research Program 2021”

- ✓ In collaboration with Sunway University in Malaysia*¹, funlead corp. proposed “Demonstration of mapping technology for mangrove distribution/growth using drone in Sarawak” with Aerosense Inc. for the “International Collaborative Research Program 2021”^{*2} organized by the Asia-Pacific Telecommunity (APT)^{*3} and subsequently selected for the program.



*1: Established in 1987 by the Sunway Group, a prominent Malaysian financial conglomerate. One of Malaysia’s leading private universities.

*2: An international collaborative research program promoted in cooperation with Japanese companies with universities and research institutions in APT member countries as the main entities.

*3: The Asia-Pacific Telecommunity (APT) is an intergovernmental organization established in 1979 based on agreement among countries in the Asia-Pacific region upon the adoption of a charter to establish a regional body for facilitating the promotion of the completion of a telecommunications network plan for that region and its effective operation thereafter under the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

