

May 1, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 <under Japanese GAAP>

Company name: **TAIYO HOLDINGS CO., LTD.**  
Listing: Prime Market of the Tokyo Stock Exchange  
Stock code: 4626  
URL: <https://www.taiyo-hd.co.jp/en>  
Representative: Eiji Sato, President and CEO  
Inquiries: Sayaka Tomioka, Executive Officer, General Manager of Corporate Planning Department  
Tel: +81-3-5953-5200

Scheduled date of ordinary general meeting of shareholders: June 17, 2023  
Scheduled date to commence dividend payments: June 19, 2023  
Scheduled date to file annual securities report: June 19, 2023  
Preparation of supplementary results briefing material on financial results: Yes  
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Operating results

(Millions of yen, % year on year)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
March 31, 2023	97,338	(0.6)	15,972	(11.1)	15,462	(14.4)	11,405	(3.4)
March 31, 2022	97,966	21.0	17,958	28.8	18,062	30.7	11,803	23.9

Note: Comprehensive income

For the fiscal year ended March 31, 2023: 12,494 millions of yen (20.0%)  
For the fiscal year ended March 31, 2022: 15,611 millions of yen 30.0%

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
March 31, 2023	203.71	—	12.8	8.2	16.4
March 31, 2022	209.13	—	14.6	9.8	18.3

Reference: Share of (profit) loss of entities accounted for using equity method

For the fiscal year ended March 31, 2023: - millions of yen  
For the fiscal year ended March 31, 2022: - millions of yen

Note: We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. We calculated the basic earnings per share under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

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**(2) Financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	187,263	92,739	49.5	1,663.25
March 31, 2022	189,273	85,466	45.2	1,522.11

Reference: Equity (Net assets excluding non-controlling interests)

As of March 31, 2023: 92,736 millions of yen

As of March 31, 2022: 85,465 millions of yen

**(3) Cash flows**

(Millions of yen)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
March 31, 2023	22,736	(13,160)	(13,942)	47,088
March 31, 2022	18,308	(11,258)	(11,279)	51,152

**2. Cash dividends**

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	(Note 1) 65.10	—	37.00	(Note 1) —	3,934	33.3	4.8
Fiscal year ended March 31, 2023	—	37.00	—	(Note 2) 52.00	89.00	4,986	43.7	5.6
Fiscal year ending March 31, 2024 (Forecast)	—	38.00	—	38.00	76.00		42.6	

Note: 1. We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. Year-end cash dividends per share for fiscal year ended March 31, 2022 are indicated in an amount that took the impact of the stock split into account while total annual cash dividends are indicated as “—”. When calculated under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year, dividends at the end of the second quarter are 32.55 yen and annual dividends are 69.55 yen for the fiscal year ended March 31, 2022.

2. Breakdown of year-end dividends for the fiscal year ended March 31, 2023:

Dividend per common share: 37.00 yen Commemorative dividend: 15.00 yen

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024  
(from April 1, 2023 to March 31, 2024)**

(Millions of yen, % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Six months ending September 30, 2023	49,200	(6.8)	6,500	(38.4)	6,400	(37.3)	4,500	(39.9)	80.37
Fiscal year ending March 31, 2024	101,700	4.5	15,100	(5.5)	14,700	(4.9)	10,000	(12.3)	178.60

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\* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

Note: See “3. Consolidated Financial Statements and Explanatory Notes (5) Notes to consolidated financial statements (Changes in accounting policies)” on page 16 in the Supplementary Schedules and Notes for further details.

(3) Number of issued shares

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	58,185,501 shares
As of March 31, 2022	58,083,128 shares

b. Number of treasury shares at the end of the period

As of March 31, 2023	2,429,150 shares
As of March 31, 2022	1,933,885 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2023	55,989,729 shares
Fiscal year ended March 31, 2022	56,442,900 shares

Notes: 1. The number of treasury shares includes the Company’s shares held by The Master Trust Bank of Japan, Ltd. (trust account for shares granted under the Employee Stock Ownership Plan (ESOP).  
2. We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. We calculated the average number of outstanding shares during the period under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

**\* Summary financial statements are not subject to review by a certified public accountant or audit firm.**

**\* Proper use of earnings forecasts, and other special matters**

(Disclaimer concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual business and other results may differ substantially due to various factors. See “1. Overview of Operating Results (4) Future Forecasts” on page 5 of the attached materials for precautions on the use of earnings forecasts and the assumptions underlying earnings forecasts.

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## 1. Overview of Operating Results

### (1) Overview of operating results for fiscal year ended March 31, 2023

Net sales for the consolidated fiscal year ended March 31, 2023 were 97,338 million yen (down 0.6% year on year). Operating income was 15,972 million yen (down 11.1% year on year), ordinary income was 15,462 million yen (down 14.4% year on year), and profit attributable to owners of parent was 11,405 million yen (down 3.4% year on year).

Results by segment were as follows.

The Group consists of segments based on operating subsidiaries and has two reportable segments: the Electronics business and the Medical and Pharmaceutical business. Effective from the first quarter of the current fiscal year, the name of the "Electronics Materials" segment has been changed to the "Electronics" segment. This change is only a change in the segment name; there is no change in the subsidiaries that comprise the segment.

#### *Electronics Business*

Over 90% of sales in this segment are made overseas. Foreign exchange gains (a result of the weak yen) therefore contribute to revenue and profit growth in the segment. Throughout the period under review, JPY against USD averaged at JPY 135.0/USD, 22.1 yen lower than the previous period's average rate of JPY 112.9/USD.

Regarding rigid board materials, sales remained lean, and sales volumes declined year on year, especially for display-related materials and consumer-related materials. This component has a high sales ratio in China, and its sales volume declined due to a lockdown caused by the spread of COVID-19 a sharp drop in utilization rates due to a decline in customer employee attendance rates, and a decrease in final demand for PCs, tablets, and consumer electronics, etc.

Sales volumes of semiconductor package substrate materials were also lower than in the same period of the previous fiscal year. In particular, the sales volume of dry film products reached a record high through the first half of the consolidated fiscal year under review, backed by a dramatic increase in data volume due to the establishment of remote working and the spread of the 5th generation mobile communication system (5G) around the world. However, its sales volume decreased due to a rapid decline in demand for products for memory starting from the third quarter of the current fiscal year as customers increased their inventory levels against the backdrop of declining end-user demand for smartphones, PCs, tablets, and other products. As a result, net sales amounted to 68,419 million yen (down 3.8% year on year), and segment profit came to 15,845 million yen (down 6.4% year on year.)

#### *Medical and Pharmaceuticals Business*

With regard to the ethical pharmaceuticals manufacturing and marketing business conducted by Taiyo Pharma Co., Ltd. sales decreased from the same period of the previous year. To compare with that period, its sales remained weak due to the impact of NHI drug price revisions and a decrease in demand following the lifting of limited shipments of other companies' drugs with the same efficacy, etc., despite an increase in demand for certain product due to the spread of COVID-19.

Taiyo Pharma Tech Co., Ltd., in its pharmaceutical contract manufacturing business, recorded growth in sales revenue. The business performed well due to an increase in the contracted volume requested by the customer and changes in the product mix.

As a result, net sales amounted to 25,447 million yen (up 8.4% year on year), and segment profit came to 1,906 million yen (down 20.6% year on year.)

**(2) Overview of financial position as of March 31, 2023**

The following shows the status of assets, liabilities and net assets as of March 31, 2023.

	As of March 31, 2022 (Millions of yen)	As of March 31, 2023 (Millions of yen)	Change (Millions of yen)	Main factors (Comparison with the end of the previous fiscal year)
Current assets	98,766	90,050	(8,715)	Decrease of... 4,823 million yen in notes and accounts receivable - trade 4,435 million yen in cash and deposits
Non-current assets	90,507	97,212	6,705	Increase of... 5,346 million yen in construction in progress 1,924 million yen in buildings and structures 1,021 million yen in land  Decrease of... 1,648 million yen in sales rights
Total assets	189,273	187,263	(2,009)	
Total liabilities	103,806	94,523	(9,282)	Decrease of... 7,807 million yen in short-term borrowings 2,742 million yen in accounts payable – trade  Increase of... 1,155 million yen in long-term borrowings (including current portion of long-term borrowings)
Total net assets	85,466	92,739	7,272	Positive factors: Recorded 11,405 million yen in profit attributable to owners of parent Increase of 1,036 million yen in foreign currency translation adjustment account  Negative factors: Decrease of 4,165 million yen in dividends of surplus Decrease of 1,500 million yen in purchase of treasury shares
Total liabilities and net assets	189,273	187,263	(2,009)	

**(3) Consolidated statements of cash flows**

The following is the status of cash flows for the fiscal year ended March 31, 2023.

	Fiscal year ended March 31, 2023 (Millions of yen)	Main factors
Net cash provided by (used in) operating activities	22,736	Cash inflows: 15,462 million yen in profit before income taxes 7,441 million yen in depreciation 5,597 million yen in decrease in trade receivables  Cash outflows: (6,987) million yen in income taxes paid
Net cash provided by (used in) investing activities	(13,160)	Cash outflows: (11,667) million yen in purchase of property, plant and equipment (950) million yen in purchase of investment securities
Net cash provided by (used in) financing activities	(13,942)	Cash inflows: 18,672 million yen in proceeds from long-term borrowings  Cash outflows: (17,492) million yen in repayment of long-term borrowings (8,926) million yen in net decrease in short-term borrowings (4,164) million yen in dividends paid (1,520) million yen in purchase of treasury shares
Net increase (decrease) in cash and cash equivalents	(4,079)	
Cash and cash equivalents at end of period	47,088	

#### (4) Future forecasts

The global economy continues to face increasing uncertainty due to soaring resource and food prices caused by rising geopolitical risks such as the situation in the Russian Federation and Ukraine, rising policy interest rates in the United States and European countries, foreign exchange risks, etc. Under this circumstance, semiconductors and other electronics products' demand for finished products are decreasing from current fiscal year, so those products' inventory adjustments are assumed.

On the other hand, despite the repeated expansion and contraction of COVID-19 caused by mutant strains, a recovery in demand for end products is also assumed because of the easing of behavioral restrictions for immigration and others and the normalization of socioeconomic activities due to the shift to coexistence with COVID-19. Despite these uncertainties, we expect an increase in sales and a decrease in profit in the next fiscal year.

##### *Electronics Business*

In “(1) Overview of operating results for fiscal year ended March 31, 2023,” we mentioned that over 90% of sales in this segment are made overseas. The segment is therefore very vulnerable to exchange rate fluctuations. The segment forecasts for the period ending March 31, 2024 is calculated based on an average exchange rate of JPY135.0 yen/USD, which is equivalent to the average exchange rate during the period under review.

For rigid board materials, we expect stable demand primarily in products for automotive and smartphones given the post-Covid economic normalization. For liquid materials, we expect sales volume to remain unchanged from the period under review. By contrast, dry film materials for displays will sell less well than in the period under review, given the declining demand for the final products (PCs and tablets).

In the semiconductor package substrate materials, sales volume of the period ended March, 2023 decreased due to increasing customer inventory levels against a backdrop of declining end-user demand for smartphones, PCs, tablets, and other products since the third quarter of the fiscal year under review. However, due to a recovery in demand for memory products, as inventory levels become more appropriate, we expect the sales volume to be at the same level as the current fiscal year.

Selling, general, and administrative (SG&A) expenses are assumed to increase due to higher R&D and personnel expenses.

As a result, we assume an increase in sales and a decrease in profit in the electronics business for the next fiscal year.

##### *Medical and Pharmaceuticals Business*

In the ethical pharmaceuticals manufacturing and marketing business conducted by Taiyo Pharma Co., Ltd., we expected to decrease in profit due to a decline in sales prices of long-term listed drugs as a result of the NHI price revision in April 2023. However, we expect an increase in revenue due to the conclusion of an asset transfer agreement with Janssen Pharmaceutica NV for the manufacturing and marketing approval of REMINYL<sup>®</sup>, an Alzheimer's disease treatment, and other related matters.

We assume that the pharmaceuticals manufacturing pharmaceutical contract manufacturing business conducted by Taiyo Pharma Tech., Ltd., will see an increase in revenue and profit due to a change in the product mix at the request of the contract manufacturer.

As for SG&A expenses, we assume an increase in depreciation expenses due to the transfer of long-listed products and in R&D expenses related to new businesses.

As a result, we assume an increase in both sales and profit in the medical and pharmaceuticals business in the next fiscal year.



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The forecasts in these materials are based on information available at the time results were announced. Actual results may differ from the forecasts due to various future factors.

Consolidated earnings forecasts

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share(Yen)
Fiscal year ending March 31, 2024 Forecast	101,700	15,100	14,700	10,000	178.60
Fiscal year ended March 31, 2023 Actual result	97,338	15,972	15,462	11,405	203.71
Rate of change (%)	4.5	(5.5)	(4.9)	(12.3)	(12.3)

< Reference: Segment forecasts for net sales and operating income >

	Segment	Fiscal year ended March 31, 2023 Actual result	Fiscal year ending March 31, 2024 Forecast	Change	Rate of change (%)
Net sales (Millions of yen)	Consolidated	97,338	101,700	4,361	4.5
	Electronics business	68,419	68,700	280	0.4
	Medical and Pharmaceuticals business	25,447	29,200	3,752	14.7
Operating income (Millions of yen)	Consolidated	15,972	15,100	(872)	(5.5)
	Electronics business	15,845	15,200	(645)	(4.1)
	Medical and Pharmaceuticals business	1,906	2,000	93	4.9

Notes: 1. The outlook for the fiscal year ending March 2024 is based on an average exchange rate of JPY 135.0/USD.

2. The average exchange rate for the fiscal year ended March 2023 is JPY 135.0/USD.

## **2. Basic Policy Concerning the Selection of Accounting Standards**

The Group adopts the Japanese GAAP as the accounting standards in order to ensure comparability among other domestic companies in the same industry.

### 3. Consolidated Financial Statements and Explanatory Notes

#### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	51,557	47,121
Notes and accounts receivable - trade	27,558	22,734
Merchandise and finished goods	8,096	7,038
Work in process	1,573	1,398
Raw materials and supplies	6,714	6,539
Other	3,397	5,290
Allowance for doubtful accounts	(131)	(72)
Total current assets	98,766	90,050
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,567	22,492
Machinery, equipment and vehicles, net	10,450	10,538
Tools, furniture and fixtures, net	1,906	1,908
Land	13,969	14,991
Construction in progress	4,031	9,378
Other	1,329	1,091
Total property, plant and equipment	52,255	60,401
Intangible assets		
Goodwill	5,972	4,974
Sales rights	17,483	15,834
Customer-related assets	5,952	5,476
Other	2,650	2,885
Total intangible assets	32,058	29,170
Investments and other assets		
Investment securities	3,183	3,923
Shares of subsidiaries and associates	830	1,152
Deferred tax assets	460	501
Retirement benefit asset	410	503
Other	1,482	1,753
Allowance for doubtful accounts	(174)	(193)
Total investments and other assets	6,192	7,640
Total non-current assets	90,507	97,212
<b>Total assets</b>	<b>189,273</b>	<b>187,263</b>

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(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,255	6,513
Short-term borrowings	13,232	5,424
Current portion of long-term borrowings	16,537	12,902
Accounts payable - other	5,105	5,374
Income taxes payable	2,541	1,031
Provision for bonuses	1,308	1,108
Other provisions	82	87
Other	1,338	2,672
Total current liabilities	49,403	35,115
Non-current liabilities		
Deferred tax liabilities	3,502	3,974
Long-term borrowings	48,383	53,174
Retirement benefit liability	116	108
Other provisions	87	55
Asset retirement obligations	1,025	1,006
Other	1,287	1,088
Total non-current liabilities	54,403	59,407
Total liabilities	103,806	94,523
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,612	9,761
Capital surplus	14,734	14,883
Retained earnings	60,321	67,561
Treasury shares	(4,752)	(6,107)
Total shareholders' equity	79,916	86,098
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321	429
Foreign currency translation adjustment	5,187	6,223
Remeasurements of defined benefit plans	40	(14)
Total accumulated other comprehensive income	5,549	6,637
Non-controlling interests	1	3
Total net assets	85,466	92,739
Total liabilities and net assets	189,273	187,263

## (2) Consolidated statement of income and consolidated statement of comprehensive income

### (Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	97,966	97,338
Cost of sales	55,099	54,547
Gross profit	42,866	42,791
Selling, general and administrative expenses	24,908	26,818
Operating income	17,958	15,972
Non-operating income		
Interest income	48	116
Dividend income	26	41
Compensation income	286	—
Subsidy income	136	90
Outsourcing service income	188	84
Gain on investments in investment partnerships	14	52
Insurance claim income	—	57
Other	189	108
Total non-operating income	890	552
Non-operating expenses		
Interest expenses	261	473
Commission expenses	11	20
Loss on retirement of non-current assets	109	78
Foreign exchange losses	158	242
Other	246	247
Total non-operating expenses	786	1,062
Ordinary income	18,062	15,462
Extraordinary losses		
Impairment losses	1,102	—
Total extraordinary losses	1,102	—
Profit before income taxes	16,959	15,462
Income taxes - current	4,564	3,634
Income taxes - deferred	396	422
Total income taxes	4,960	4,057
Profit	11,998	11,405
Profit (loss) attributable to non-controlling interests	194	(0)
Profit attributable to owners of parent	11,803	11,405

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**(Consolidated statement of comprehensive income)**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	11,998	11,405
Other comprehensive income		
Valuation difference on available-for-sale securities	117	108
Foreign currency translation adjustment	3,454	1,036
Remeasurements of defined benefit plans, net of tax	40	(55)
Total other comprehensive income	3,612	1,089
Comprehensive income	15,611	12,494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,398	12,494
Comprehensive income attributable to non-controlling interests	213	(0)

### (3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,499	14,985	53,065	(3,365)	74,184
Changes during period					
Dividends of surplus			(4,547)		(4,547)
Profit attributable to owners of parent			11,803		11,803
Change in scope of consolidation					—
Purchase of shares of consolidated subsidiaries		(363)			(363)
Issuance of new shares	113	113			226
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares				113	113
Net changes in items other than shareholders' equity					
Total changes during period	113	(250)	7,256	(1,387)	5,731
Balance at end of period	9,612	14,734	60,321	(4,752)	79,916

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	203	1,751	(0)	1,954	357	76,497
Changes during period						
Dividends of surplus						(4,547)
Profit attributable to owners of parent						11,803
Change in scope of consolidation						—
Purchase of shares of consolidated subsidiaries						(363)
Issuance of new shares						226
Purchase of treasury shares						(1,500)
Disposal of treasury shares						113
Net changes in items other than shareholders' equity	117	3,436	40	3,594	(356)	3,237
Total changes during period	117	3,436	40	3,594	(356)	8,969
Balance at end of period	321	5,187	40	5,549	1	85,466

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Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,612	14,734	60,321	(4,752)	79,916
Changes during period					
Dividends of surplus			(4,165)		(4,165)
Profit attributable to owners of parent			11,405		11,405
Change in scope of consolidation			(0)		(0)
Purchase of shares of consolidated subsidiaries					—
Issuance of new shares	148	148			297
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares				145	145
Net changes in items other than shareholders' equity					
Total changes during period	148	148	7,239	(1,354)	6,182
Balance at end of period	9,761	14,883	67,561	(6,107)	86,098

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	321	5,187	40	5,549	1	85,466
Changes during period						
Dividends of surplus						(4,165)
Profit attributable to owners of parent						11,405
Change in scope of consolidation						(0)
Purchase of shares of consolidated subsidiaries						—
Issuance of new shares						297
Purchase of treasury shares						(1,500)
Disposal of treasury shares						145
Net changes in items other than shareholders' equity	108	1,036	(55)	1,088	1	1,090
Total changes during period	108	1,036	(55)	1,088	1	7,272
Balance at end of period	429	6,223	(14)	6,637	3	92,739



**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,959	15,462
Depreciation	7,497	7,441
Impairment losses	1,102	—
Amortization of goodwill	487	334
Commission expenses	11	20
Loss on retirement of non-current assets	109	78
Compensation income	(286)	—
Subsidy income	(103)	(51)
Decrease (increase) in retirement benefit asset	(64)	(149)
Increase (decrease) in retirement benefit liability	(35)	(7)
Increase (decrease) in allowance for doubtful accounts	27	(52)
Increase (decrease) in provision for bonuses	378	(210)
Interest and dividend income	(75)	(158)
Interest expenses	261	473
Decrease (increase) in consumption taxes refund receivable	(555)	667
Decrease (increase) in trade receivables	(2,504)	5,597
Decrease (increase) in inventories	(2,407)	1,585
Increase (decrease) in trade payables	(75)	(3,151)
Other, net	1,054	2,164
Subtotal	21,781	30,042
Interest and dividends received	75	158
Interest paid	(259)	(476)
Proceeds from compensation	286	—
Income taxes paid	(3,575)	(6,987)
Net cash provided by (used in) operating activities	18,308	22,736
<b>Cash flows from investing activities</b>		
Payments into time deposits	(500)	(33)
Proceeds from withdrawal of time deposits	516	414
Purchase of property, plant and equipment	(9,134)	(11,667)
Purchase of intangible assets	(1,211)	(739)
Purchase of investment securities	(464)	(950)
Purchase of shares of subsidiaries and associates	(650)	(324)
Other, net	186	139
Net cash provided by (used in) investing activities	(11,258)	(13,160)

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(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,616	(8,926)
Proceeds from long-term borrowings	5,600	18,672
Repayments of long-term borrowings	(11,469)	(17,492)
Purchase of treasury shares	(1,512)	(1,520)
Dividends paid	(4,543)	(4,164)
Dividends paid to non-controlling interests	(68)	—
Proceeds from issuance of shares	142	177
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(865)	—
Other, net	(178)	(687)
Net cash provided by (used in) financing activities	(11,279)	(13,942)
Effect of exchange rate change on cash and cash equivalents	1,072	286
Net increase (decrease) in cash and cash equivalents	(3,157)	(4,079)
Cash and cash equivalents at beginning of period	54,309	51,152
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	15
Cash and cash equivalents at end of period	51,152	47,088

## **(5) Notes to consolidated financial statements**

### **(Notes on premise of going concern)**

None.

### **(Changes in accounting policies)**

#### **(Implementation of the Accounting Standard for Fair Value Measurement)**

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereafter, “Fair Value Measurement Implementation Guidance”) was implemented from the beginning of the fiscal year ended March 31, 2023. The Company has opted to apply the new accounting policy specified in the Fair Value Measurement Implementation Guidance prospectively, in accordance with the transitional treatment specified in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This change had no impact on the consolidated financial statements for fiscal year ended March 31, 2023.

### **(Additional information)**

#### **(Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)**

The Company and its consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system since the fiscal year ended March 31, 2023. Accounting treatment and disclosure of national and local corporate taxes and tax effect accounting are therefore handled in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021; hereafter, “Practical Solution No. 42”). Based on Paragraph 32-(1) of Practical Solution No. 42, the changes in accounting policy accompanying application of Practical Solution No. 42 are deemed to have no impact.

## **(Segment information and related information)**

### [Segment information]

#### 1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group has operating subsidiaries for different products and services. Each operating subsidiary formulates comprehensive domestic and overseas strategies and conducts business activities for the products and services it handles.

Group business segments are therefore based on these operating subsidiaries, and are divided into two reportable segments: The Electronics business and the Medical and Pharmaceuticals business.

The Electronics business develops, manufactures, sells, and procures and sells Printed Circuit Board materials and chemical products for use in electronic components. The Medical and Pharmaceutical business engages in manufacturing and marketing of ethical pharmaceuticals, and provides contract development and manufacturing organization (CDMO) services of ethical pharmaceuticals.

#### 2. Information on the calculation of net sales, profit or loss, assets and other items by reportable segment

The accounting method applied for the reportable segments is complied with the accounting policies adopted for preparation of consolidated financial statements.

Profit by reportable segment represents operating income.

Inter-segment revenue and transactions are based on the market prices.

#### 3. Changes in reportable segments

##### (Renaming of reportable segment)

In the first quarter of the consolidated period under review, the Electronic Materials segment was renamed the Electronics segment.

This change is only a change in the segment name; it has no impact on segment information. The new name has been applied in the segment information for the previous fiscal year (ended March 31, 2022).

##### (Change in the method of calculation for reportable segment profit or loss)

From the first quarter of the consolidated period under review, we allocated some R&D expenses to the reportable segment concerned, whereas we would previously recognize it as a company-wide expense (a profit/loss item not allocated to any segment). We made this change so that we could evaluate and manage the reportable segments more precisely.

The segment profit or loss shown for the previous fiscal year was produced based on the new method of calculating profit or loss for reportable segments.

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4. Information regarding net sales, profit or loss, assets and other items by reportable segment  
Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment			Other (Note 1)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Net sales					
External sales	71,093	23,467	94,560	3,405	97,966
Inter-segment sales or transfers	—	—	—	154	154
Total	71,093	23,467	94,560	3,560	98,121
Segment profit	16,927	2,400	19,328	22	19,350
Segment assets	78,238	65,147	143,385	8,027	151,412
Other items					
Depreciation (Note 2)	2,263	4,248	6,512	382	6,895
Increase in property, plant and equipment, and intangible assets	3,222	6,279	9,501	332	9,834

Notes 1. The “Other” category represents operating segments not included in reportable segments, and includes energy business, food business, fine chemicals business, and ICT business.

2. Depreciation does not include amortization of goodwill.

## Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment			Other (Note 1)	Total
	Electronics	Medical and Pharmaceuticals	Total		
Net sales					
External sales	68,419	25,447	93,866	3,472	97,338
Inter-segment sales or transfers	0	—	0	293	293
Total	68,419	25,447	93,866	3,766	97,632
Segment profit	15,845	1,906	17,752	26	17,778
Segment assets	72,078	75,388	147,466	8,001	155,468
Other items					
Depreciation (Note 2)	2,433	3,981	6,414	388	6,803
Increase in property, plant and equipment, and intangible assets	3,299	8,072	11,371	520	11,892

Notes 1. The “Other” category represents operating segments not included in reportable segments, and includes energy business, food business, fine chemicals business, and ICT business.

2. Depreciation does not include amortization of goodwill.

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5. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Reportable segment total	94,560	93,866
“Other” segment sales	3,560	3,766
Inter-segment eliminations	(154)	(293)
Net sales in the consolidated statement of income	97,966	97,338

(Millions of yen)

Profit/Loss	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Reportable segment total	19,328	17,752
“Other” segment profit	22	26
Inter-segment eliminations	(8)	(29)
Profit/loss not allocated to business segments (Note)	(1,382)	(1,776)
Operating income in the consolidated statement of income	17,958	15,972

Note: Profit/loss primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Assets	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Reportable segment total	143,385	147,466
“Other” segment assets	8,027	8,001
Inter-segment eliminations	(36)	(61)
Assets not allocated to business segments (Note)	38,041	31,918
Reclassification by tax effect conversion	(143)	(62)
Total assets reported in consolidated balance sheet	189,273	187,263

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

(Millions of yen)

Other items	Reportable segment total		Other		Adjustments (Note)		Amount on the consolidated financial statements	
	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2022	FY ended March 31, 2023
Depreciation	6,512	6,414	382	388	601	638	7,497	7,441
Increase in property, plant and equipment, and intangible assets	9,501	11,371	332	520	1,678	2,178	11,513	14,070

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

## [Related information]

**I Fiscal year ended March 31, 2022**

## 1. Information by product and service

(Millions of yen)

	Electronics	Medical and Pharmaceuticals	Other	Total
External sales	71,093	23,467	3,405	97,966

## 2. Information by region

## (1) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
32,472	37,019	8,162	15,294	5,018	97,966

Note: Net sales are classified by country or region based on the location of customers.

## (2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
40,743	3,348	4,198	1,773	2,191	52,255

## 3. Information by main customer

(Millions of yen)

Customer Name	Net sales	Name of Related Segment
Daiichi Sankyo Co., Ltd. (Note)	12,059	Medical and Pharmaceuticals Segment

Note: Shows aggregated net sales posted to Daiichi Sankyo Espha Co., Ltd., which is affiliated with the Daiichi Sankyo Co., Ltd. corporate group.

**II Fiscal year ended March 31, 2023**

## 1. Information by product and service

(Millions of yen)

	Electronics	Medical and Pharmaceuticals	Other	Total
External sales	68,419	25,447	3,472	97,338

## 2. Information by region

## (1) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
33,885	34,378	7,328	15,810	5,936	97,338

Note: Net sales are classified by country or region based on the location of customers.

## (2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
49,226	3,769	3,883	1,749	1,773	60,401

3. Information by main customer

(Millions of yen)

Customer Name	Net sales	Name of Related Segment
Daiichi Sankyo Co., Ltd. (Note)	10,450	Medical and pharmaceuticals Segment

Note: Shows aggregated net sales posted to Daiichi Sankyo Espha Co., Ltd., which is affiliated with the Daiichi Sankyo Co., Ltd. corporate group.

[Information regarding impairment loss of non-current assets in each reportable segment]

Fiscal year ended March 2022

(Millions of yen)

	Reportable segment			Other	Corporate and Elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Impairment loss	893	333	1,227	—	(124)	1,102

Note: The figure for “Corporate and Elimination” is the amount for the elimination of unrealized profits for intangible assets.

Fiscal year ended March 31, 2023

None.

[Information on amortization of goodwill and unamortized balance in each reportable segment]

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment			Other	Corporate and Elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Amortization for fiscal year ended March 31, 2022	47	429	477	10	—	487
Balance as of March 31, 2022	564	5,373	5,937	34	—	5,972

Note: The figure for “Other” is the amount for the software development business.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment			Other	Corporate and Elimination	Total
	Electronics	Medical and Pharmaceuticals	Total			
Amortization for fiscal year ended March 31, 2023	52	271	323	10	—	334
Balance as of March 31, 2023	526	4,423	4,949	24	—	4,974

Note: The figure for “Other” is the amount for the software development business.

[Information on negative goodwill in each reportable segment]

Fiscal year ended March 31, 2022

None.

Fiscal year: ended March 31, 2023

None.



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**(Per share information)**

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	1,522.11 yen	1,663.25 yen
Basic earnings per share	209.13 yen	203.71 yen

- Notes: 1. Diluted earnings per share is not presented because there are no dilutive shares.  
2. In calculating net assets per share, treasury shares are deducted, and shares held in the trust account for shares granted under the Employee Stock Ownership Plan (ESOP) are included in the treasury shares. (previous consolidated fiscal year: 205,420 shares; consolidated fiscal year under review: 125,600 shares).  
3. Basis for calculating basic earnings per share is shown below.

	Fiscal year March 31, 2022	Fiscal year March 31, 2023
Profit attributable to owners of parent (Millions of yen)	11,803	11,405
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	11,803	11,405
Average number of outstanding common shares during the period (Shares)	56,442,900	55,989,729

- Notes: 1. In calculating the average number of outstanding common shares during the period, treasury shares are deducted and shares held in the trust account for shares granted under the Employee Stock Ownership Plan (ESOP) are included in the treasury shares (previous consolidated fiscal year: 225,177 shares (after stock split); consolidated fiscal year under review: 150,258 shares).

**(Significant subsequent events)**

(Acceptance of Transfer of Significant Assets)

Taiyo Pharma Co., Ltd., and Janssen Pharmaceutica NV agreed that Janssen’s subsidiary Janssen Pharmaceutical K.K. would transfer to Taiyo Pharma the right to manufacture and market in Japan REMINYL<sup>®</sup> (stylized as REMINYL<sup>®</sup>, generically named Galantamine Hydrobromide), a long-listed product.

1. Name of Transferring Company

Janssen Pharmaceutica NV

2. Type of Asset Transferred

The transfer agreement pertains to the following varieties of the long-listed product, for which Janssen Pharmaceutica NV and Janssen Pharmaceutica K.K. had held the rights to manufacture and market in Japan.

Brand Name	Therapeutic Category
REMINYL <sup>®</sup> 4 mg tablets REMINYL <sup>®</sup> 8 mg tablets REMINYL <sup>®</sup> 12 mg tablets REMINYL <sup>®</sup> 4 mg orally disintegrating (OD) tablets REMINYL <sup>®</sup> 8 mg OD tablets REMINYL <sup>®</sup> 12 mg OD tablets REMINYL <sup>®</sup> 4 mg/mL oral solution*	Therapeutic agent for Alzheimer dementia

\* REMINYL<sup>®</sup> Oral Solution 4mg/mL is distributed in three package configurations: 1mL, 2mL and 3mL.

3. Transfer Date

April 3, 2023

The manufacturing and marketing authorizations will only be transferred after completing the necessary paperwork with the Ministry of Health, Labour and Welfare.

4. Transfer Price

Contractual confidentiality obligations forbid us from disclosing the total acquisition cost, acquisition cost by type of consideration, or the transfer price.