

Consolidated Financial Result Digest FY2023/3 4Q

(Fiscal Year Ending March 31, 2023)

May 1, 2023



Any information incorporated in this document is not intended for suggestion of purchase or sale of equity share of the company. All the description and projection are based on the company's own analysis at the time of compilation, and their accuracy is not guaranteed. These data may be revised without prior announcement. The company will neither assume nor compensate any loss of anybody resulting from decision based on information provided here.

Our Reporting Segments

Electronics*¹

Develops, manufactures, purchases and sells chemicals for printed circuit boards (PCBs) 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.



FY2023/3 4Q Overview

Electronics Business

- Net sales decreased by 4% year on year
Main reasons
 - PKG products : Sales quantities fell due to customer-side inventory adjustments that were conducted in line with a drop in demand for memory
 - Rigid products : Sales quantities fell due to lower demand mostly in the Chinese market
 - Progression in the weakening of the yen contributed to growth in both net sales and income
Avg. exchange rate during quarter under review: 135.0 JPY/USD
Avg. exchange rate during same quarter of prior FY: 112.9 JPY/USD

Medical and Pharmaceutical Business

- Net sales increased by 8% year on year
Main reasons
 - Sales quantities increased under contract manufacturing business
 - Demand for certain product increased in line with the spreading of COVID-19
 - Unit sales prices became lower due to the revision of drug prices in the National Health Insurance (NHI) scheme for long-listed products
 - Decrease in demand in line with the lifting of limited shipments of drugs with the same indications by other companies, etc.
- Acquisition of the "REMINYL[®]" Therapeutic Agent for Alzheimer Dementia in Japan
- Completion of gene therapy product manufacturing facility

Company

- Will distribute dividend commemorating 70th year of corporate establishment for fiscal year ended March 31, 2023
Dividend of 89 yen per share
(Regular dividend of 74 yen plus commemorative dividend of 15 yen)
- Set limitation on purchase of treasury shares for fiscal year ending March 31, 2024
Upper limit of total acquisition price of shares: 3,000 million JPY

Consolidated Financial Results

Results Summary

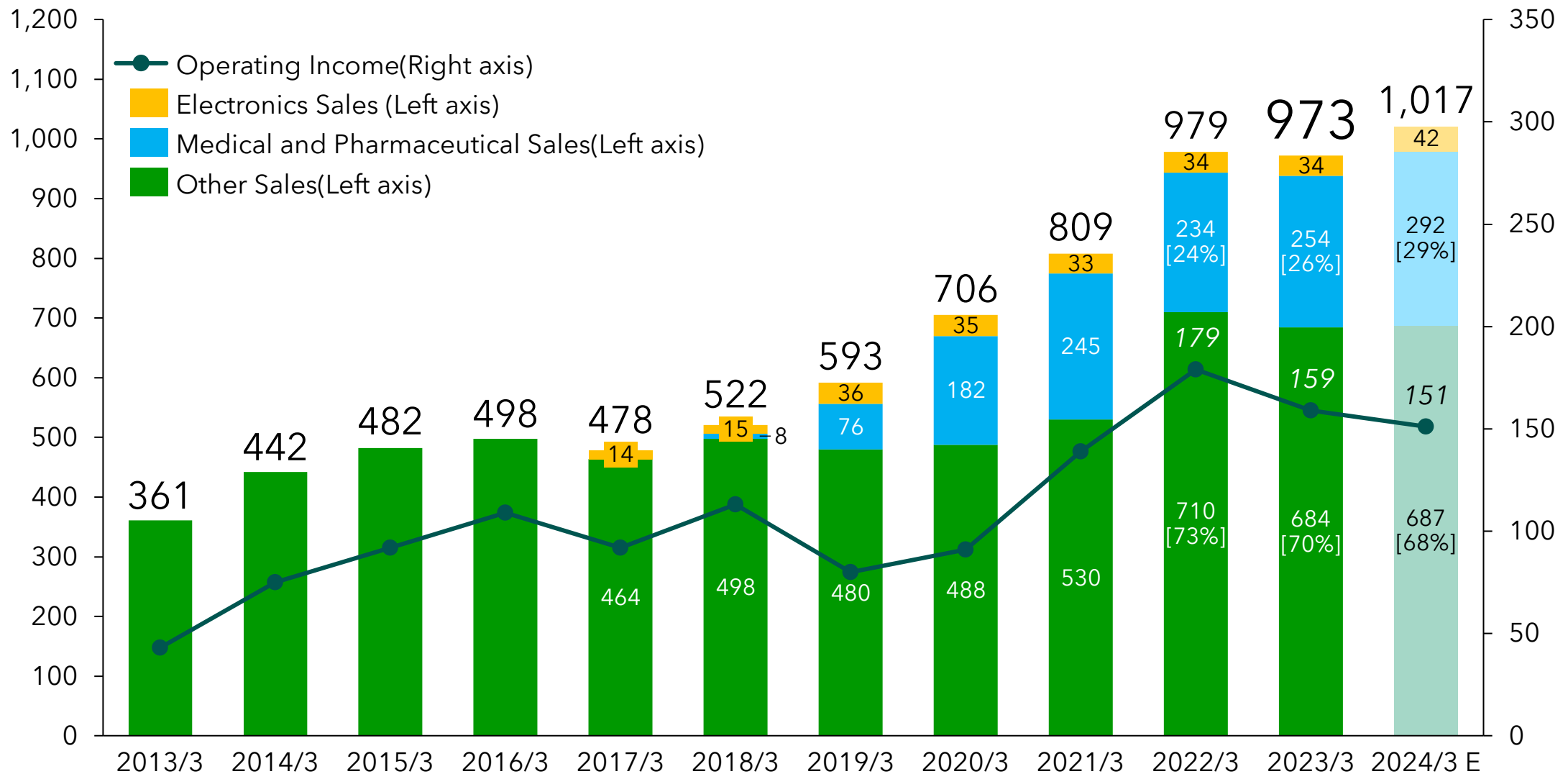
Unit : JPY Million

	①	②	②-①	(②-①)/①	③	②/③
	2022/3 4Q Cumulative Result	2023/3 4Q Cumulative Result	YoY	%	2023/3 (announced on Mar. 17) Full year Forecast	% of Progress
Net Sales	97,966	97,338	(627)	(1%)	97,000	100%
Operating Income	17,958	15,972	(1,986)	(11%)	15,100	106%
Ordinary Income	18,062	15,462	(2,600)	(14%)	14,600	106%
Net Income	11,803	11,405	(397)	(3%)	10,100	113%
Exchange rate of JPY/USD	112.9	135.0	22.1		135.2	
EBITDA	25,942	23,748	(2,194)	(8%)	23,000	103%
Operating Income Margin	18%	16%			16%	
EBITDA Margin	26%	24%			24%	

Trend of Yearly Performance

Yearly trend of Net Sales and Operating Income

Unit : JPY Million



Performance by Segment

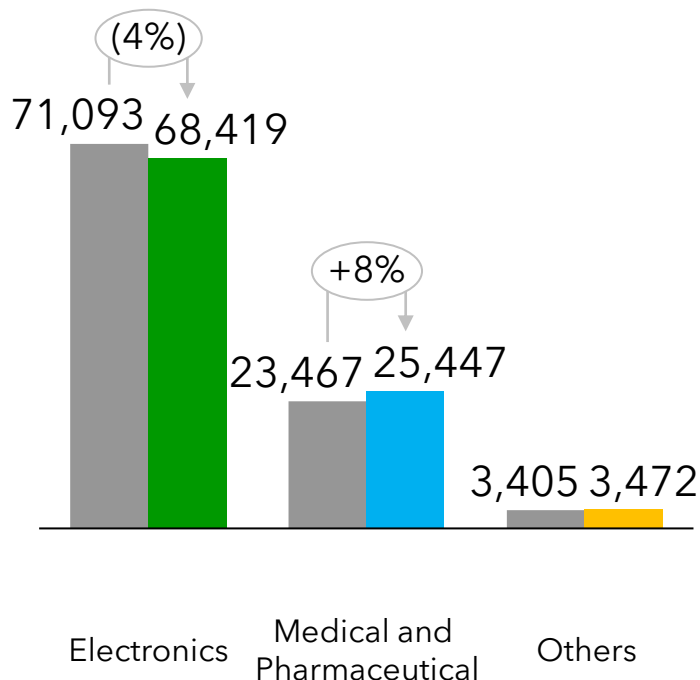
Cumulative Net Sales, Operating Income*1 and EBITDA *1

Unit : JPY Million

■ Fiscal year ended March 2022

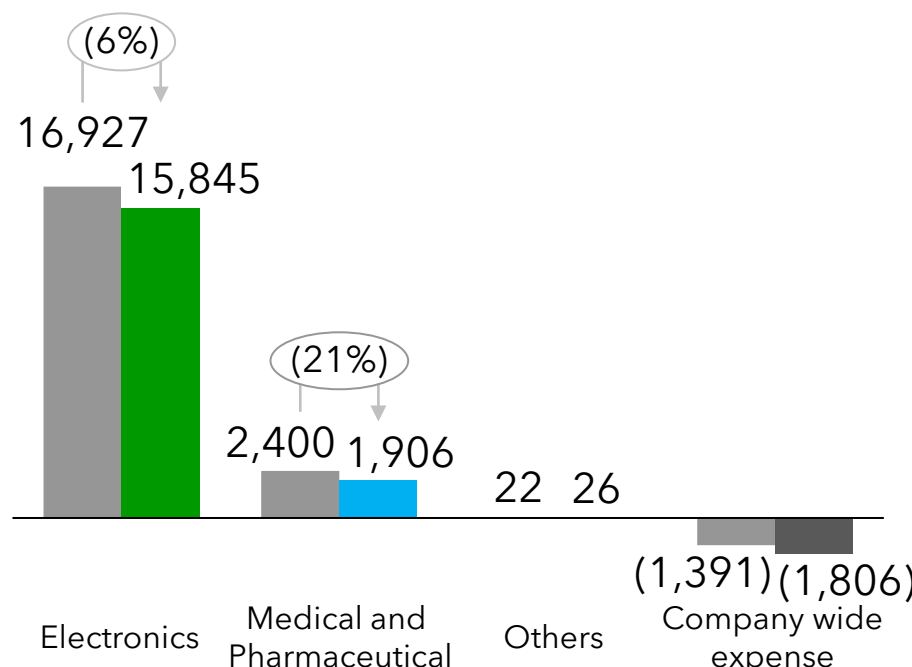
■ Fiscal year ending March 2023

Net Sales



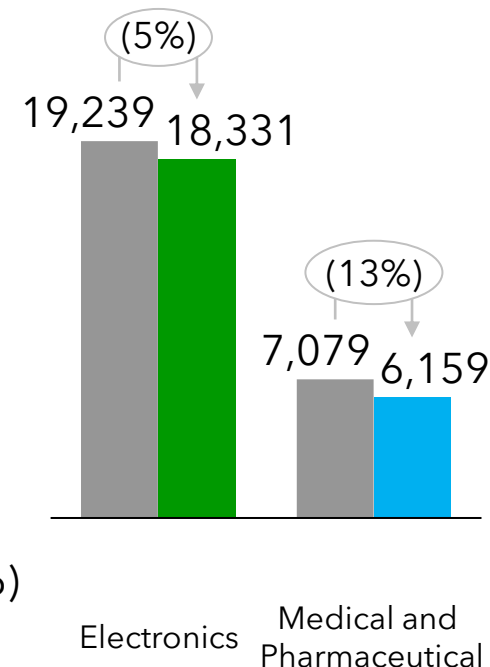
Operating Income Margin

Operating Income



Operating Income Margin

EBITDA



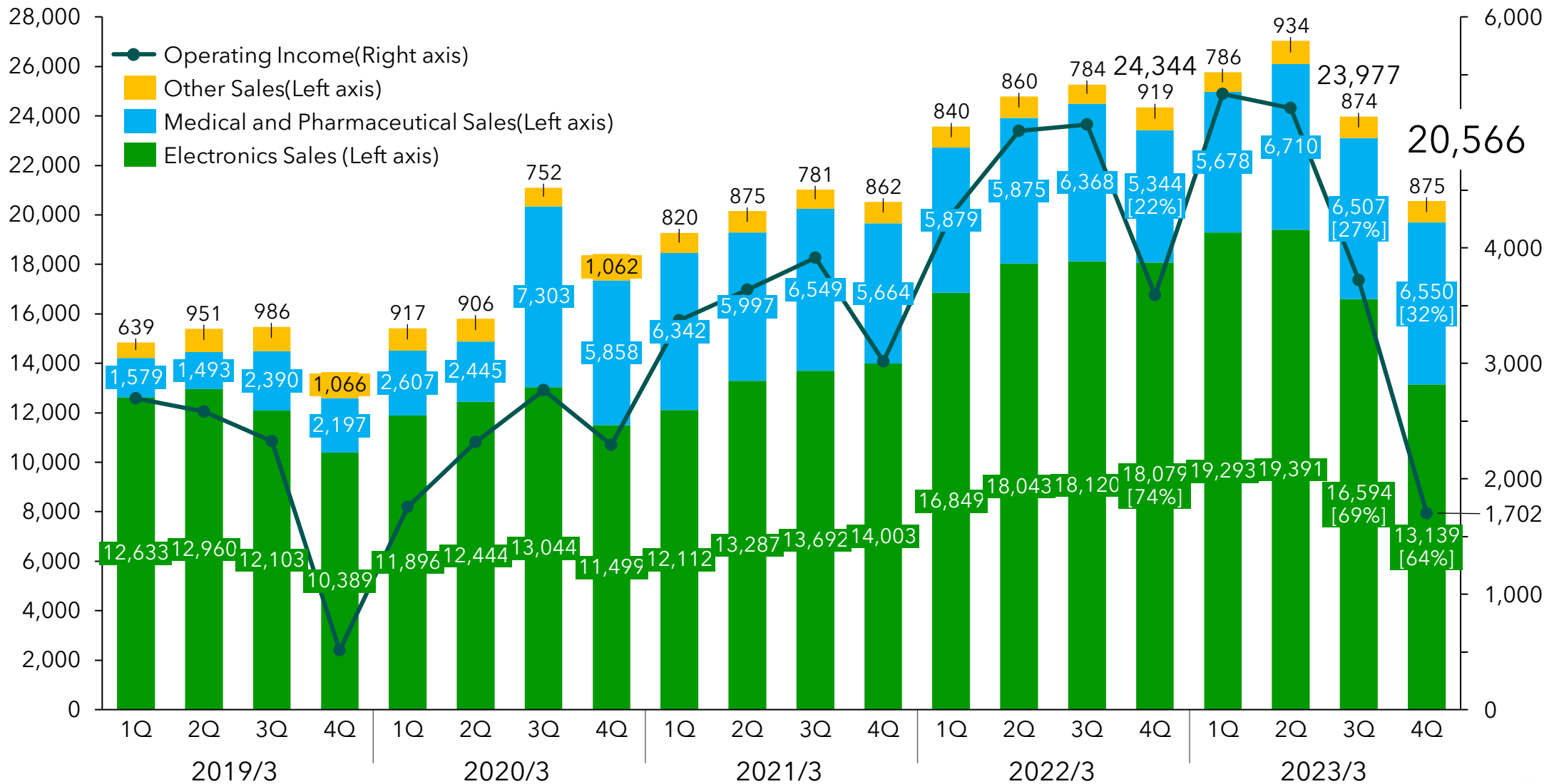
EBITDA Margin

*1 Since FY2023/3 1Q, certain R&D expense that was originally included in companywide expenses have been allocated to each reportable segment. Note that information on segment profit and losses and EBITDA for FY2022/3 4Q was prepared based on computation methods for profit and losses of reportable segments following this change.

Trend of Quarterly Performance

Net Sales and Operating Income

Unit : JPY Million



Overview of BS

BS- Comparison with the Previous Term

Unit : JPY Million

	22/3	23/3	Change		22/3	23/3	Change
Cash and Deposits	51,557	47,121	(4,435)	Notes and Account payable	9,255	6,513	(2,742)
Accounts Receivables	27,558	22,734	(4,823)	Short term borrowings ^{*2}	29,770	18,327	(11,443)
Inventory ^{*1}	16,384	14,976	(1,407)	Long term borrowings	48,383	53,174	4,790
Others	3,266	5,217	1,951	Others	16,396	16,508	111
Total Current Assets	98,766	90,050	(8,715)	Total Liabilities	103,806	94,523	(9,282)
Tangible Fixed Assets	52,255	60,401	8,145	Shareholders Equity	79,916	86,098	6,182
Intangible Fixed Assets	32,058	29,170	(2,888)	Accumulated other comprehensive income	5,549	6,637	1,088
Investments and other assets	6,192	7,640	1,447	Non-controlling interest	1	3	1
Total Fixed Assets	90,507	97,212	6,705	Total net assets	85,466	92,739	7,272
Total Assets	189,273	187,263	(2,009)	Total liabilities and net assets	189,273	187,263	(2,009)
				Equity to Asset Ratio	45.2%	49.5%	+4.3%

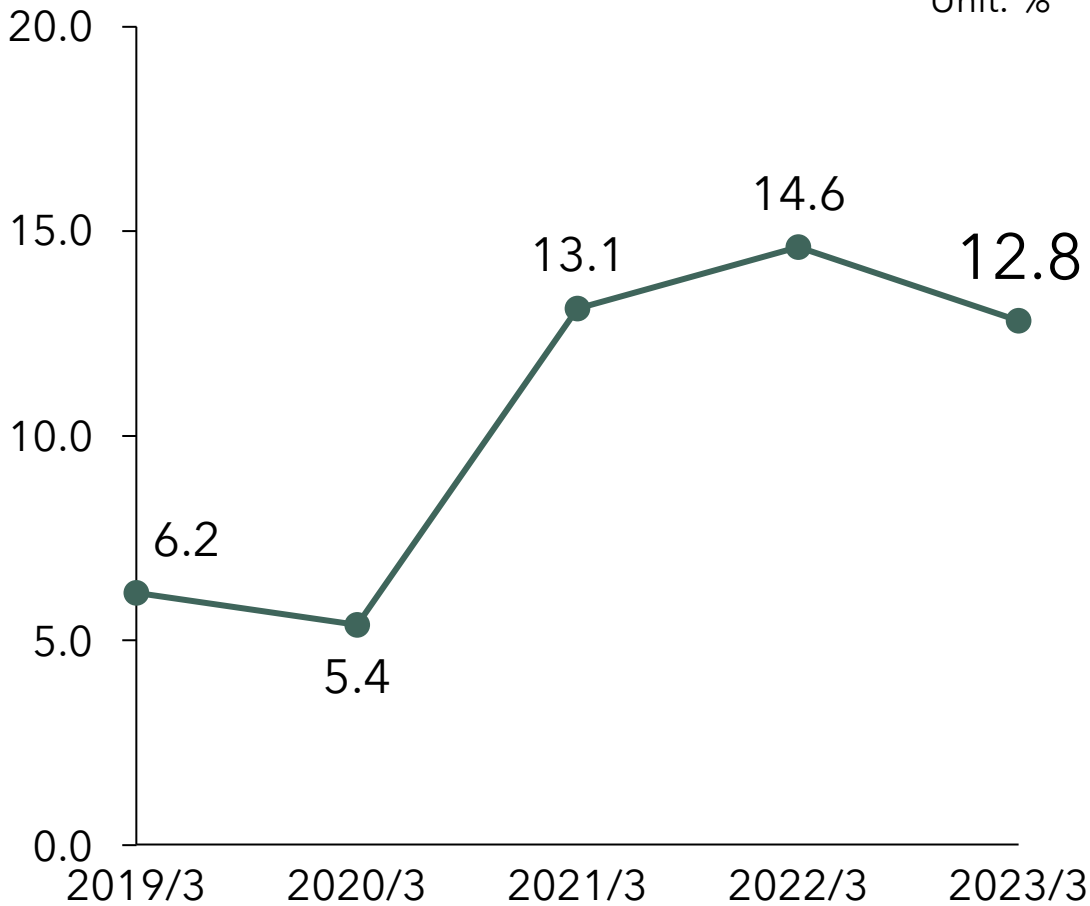
*1 Inventories : Goods and products + work in process + raw materials and stored good

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

Trend of Yearly ROE and ROIC

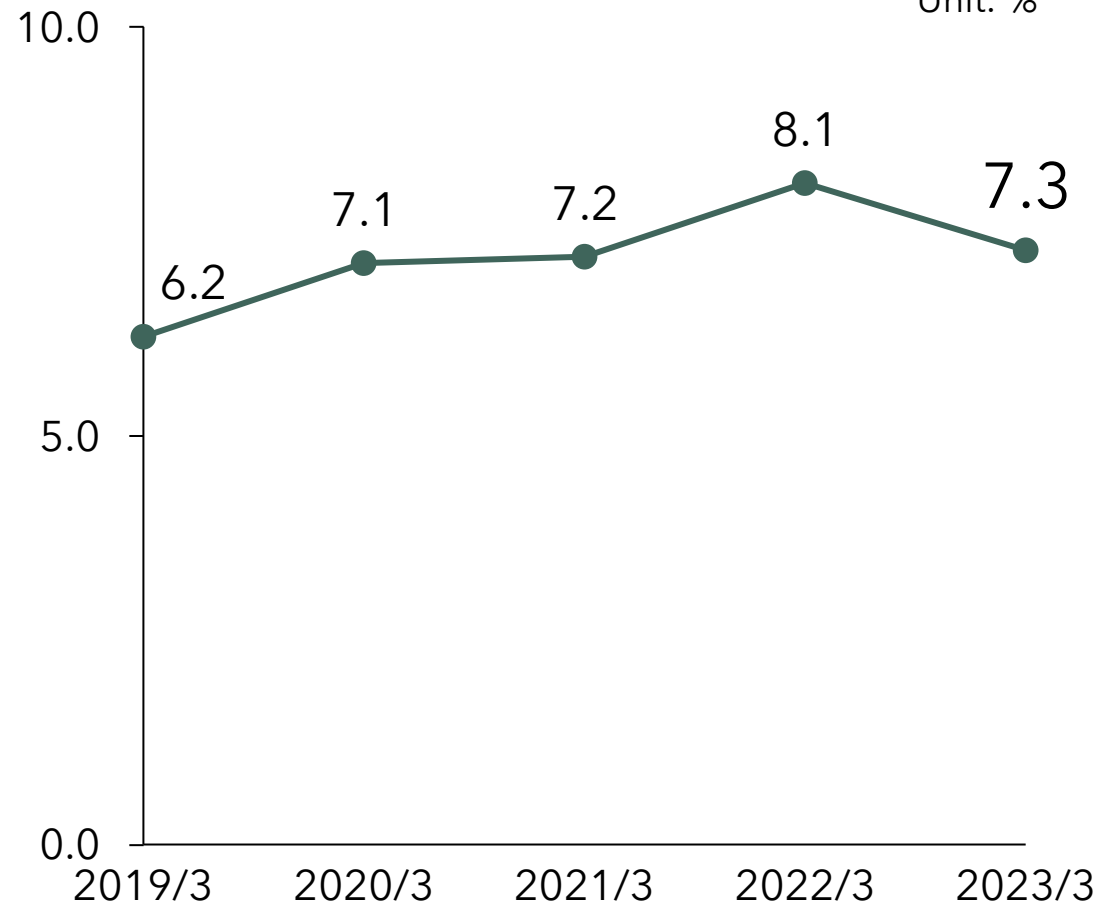
ROE (Return on Equity)*

Unit: %



ROIC (Return on invested Capital Equity)*

Unit: %

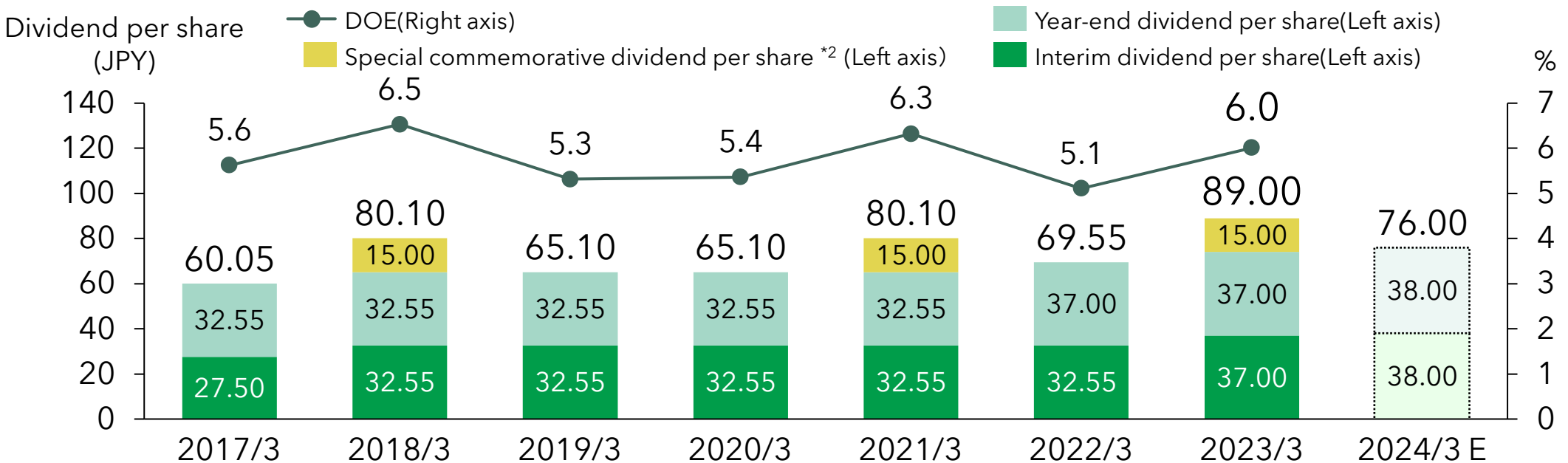


* ROE : Net income attributable to shareholders of the parent company / Average equity capital during the fiscal year
ROIC : Operating profit after Tax / Average of (Balance of interest-bearing debt + Total equity) during the fiscal year

Trend of Shareholder Returns

- ✓ Dividend policy: to maintain a dividend on equity (DOE) ratio of 5.0% or more as an indicator.
- ✓ For the fiscal year ended March 31, 2023, Taiyo Holdings intends to pay an annual dividend of 89 yen per share (DOE: 6.0%), consisting of an interim dividend of 37 yen per share and a year-end dividend of 37 yen per share, plus a commemorative dividend of 15 yen per share for our 70th anniversary.
- ✓ For the fiscal year ending March 31, 2024, Taiyo Holdings intends to pay an interim dividend of 38 yen per share and a year-end dividend of 38 yen per share (annual dividend of 76 yen per share), based on the assumption that DOE: 5.0% or more is maintained.

Dividend*1 - DOE



*1 We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. Figures have been calculated assuming the stock split was performed at the beginning of 2018/3.

*2 2018/3: Commemorative dividend for the 65th anniversary of the company's establishment
 2021/3: Commemorative dividend for the 20th anniversary of listing on the TSE 1st section
 2022/3: 70th anniversary commemorative dividend

Acquisition Completion of Treasury Stock

- ✓ The treasury stock acquisition plan in fiscal year ending March 2024 decided based on resolution of the Board of Directors Meeting held on May 1, 2023 has been completed since the maximum total acquisition price of shares (30 billion yen.

Treasury Stock Acquisition Result and Plan

2023/3 Result	Total number of shares acquired	575,000 Shares
	Total acquisition price of shares	1,499,984,873 yen
	Acquisition period	Jul. 1, 2022 ~ Nov. 15, 2022
2024/3 Plan	Total number of shares acquired	2,000,000 shares (upper limit)
	Total acquisition price of shares	3,000,000,000 yen (upper limit)
	Acquisition period	Jul. 3, 2023 ~ Mar. 29, 2024



Electronics Business

Terminology

Term	Definition
PCB	Printed Circuit Board
SR	Solder Resists (or Solder-Resist Inks), also known as Solder Mask
PKG	Semiconductor Package
DF	Dry Film
BU	Build-up

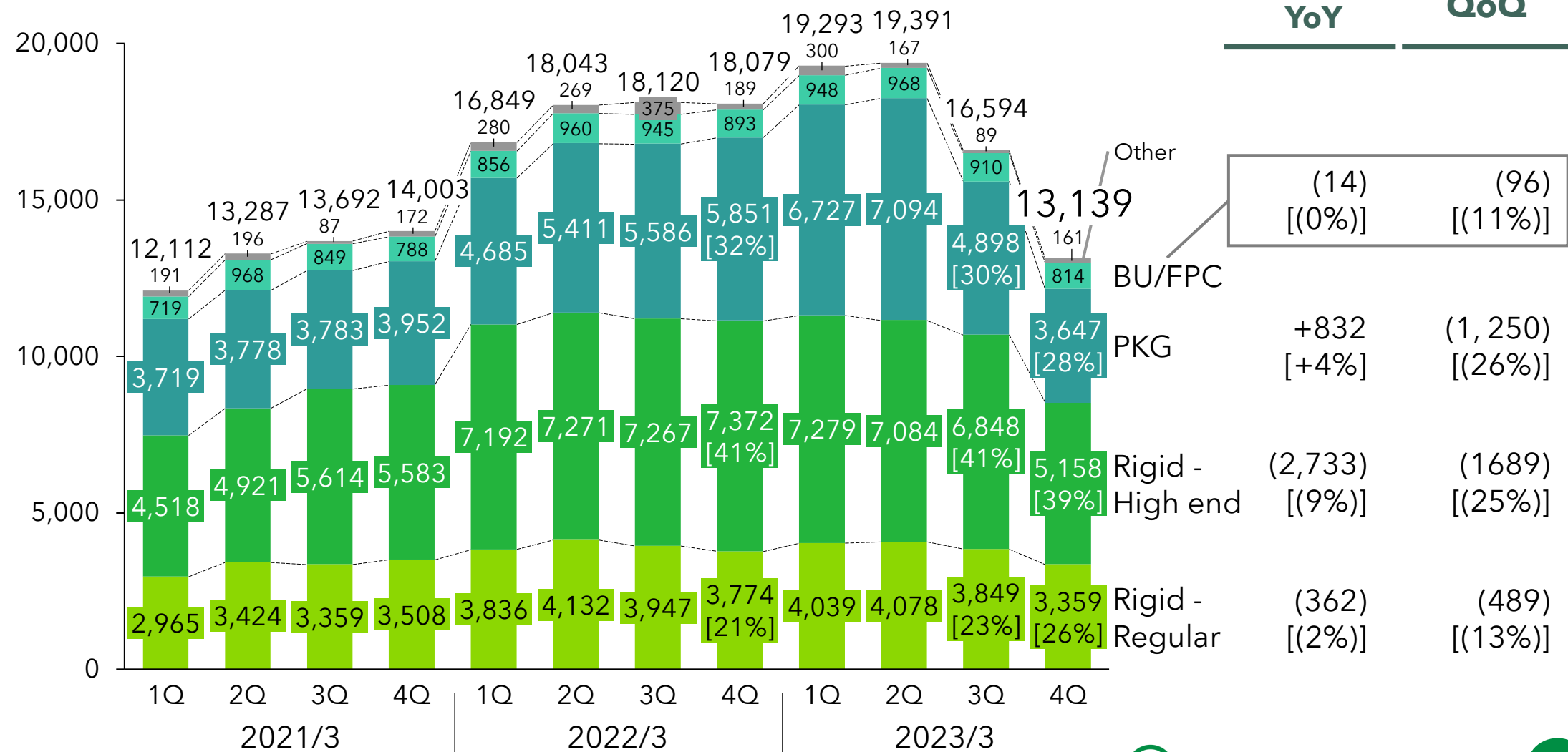
Product Classification

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

Electronics Business

Net Sales by Product Category

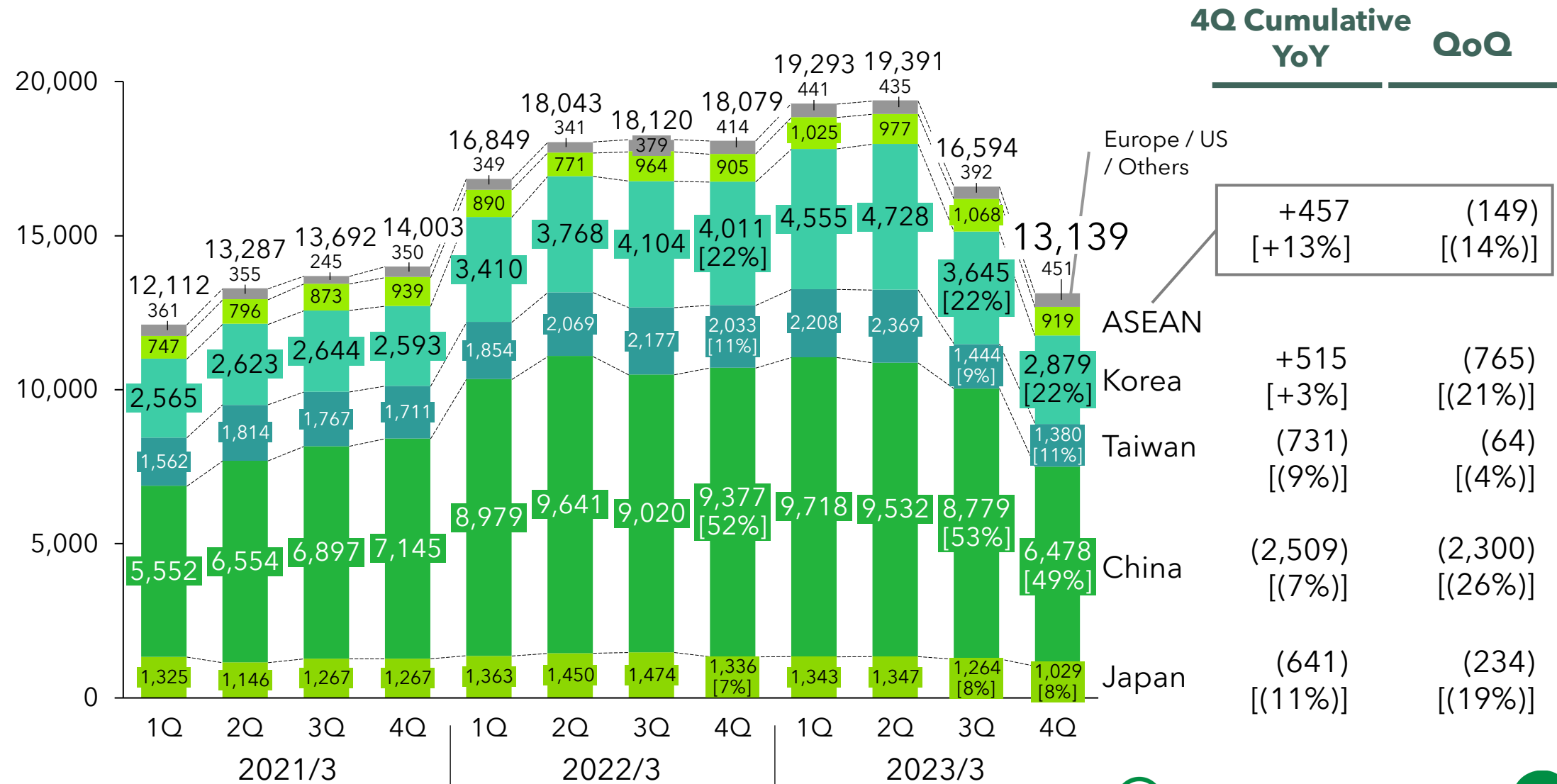
Unit : JPY Million




Electronics Business

Net Sales by Sales Area

Unit : JPY Million





Medical and Pharmaceutical Business

Medical and Pharmaceutical Business

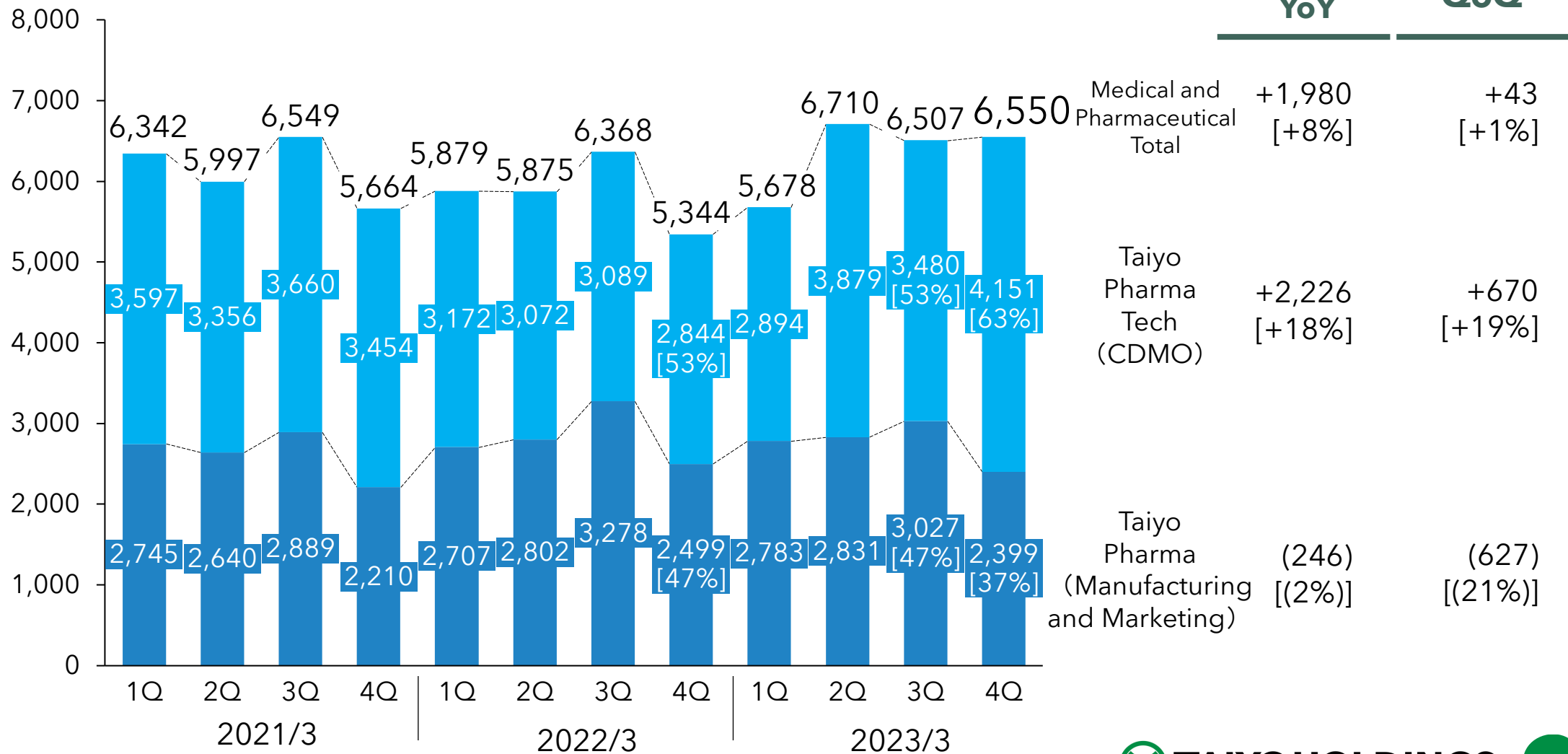
Terminology

Term	Definition
LLP	<u>L</u> ong <u>L</u> isted <u>P</u> roduct A drug for which the patent or re-examination period has expired, enabling the sale of generic drugs
CDMO	<u>C</u> ontract <u>D</u> evelopment <u>M</u> anufacturing <u>O</u> rganization Organizations that are contracted to manufacture drugs and to develop drug formulation
GMP	<u>G</u> ood <u>M</u> anufacturing <u>P</u> ractice Standards for manufacturing control and quality of pharmaceuticals and quasi-drugs

Medical and Pharmaceutical Business

Net Sales by Company

Unit : JPY Million



Taiyo Pharma: Acquisition of the “REMINYL®” Therapeutic Agent for Alzheimer Dementia in Japan

- ✓ Taiyo Pharma concluded an asset transfer agreement pertaining to marketing authorizations, etc. in Japan for the “REMINYL®” therapeutic agent for Alzheimer dementia (generic name: Galantamine Hydrobromide) with Janssen Pharmaceutica NV.

Overview of Asset Transfer Agreement

[Transferor]

Janssen Pharmaceutica NV

[Date of Conclusion of Asset Transfer Agreement]

April 3, 2023

[Transfer of Marketing Authorizations]

To be transferred once all necessary procedures with Japanese Ministry of Health, Labour and Welfare, etc. are completed.

Product	Therapeutic Category
REMINYL®Tablets 4mg	Therapeutic agent for Alzheimer dementia
REMINYL®Tablets 8mg	
REMINYL®Tablets 12mg	
REMINYL®OD Tablets 4mg	
REMINYL®OD Tablets 8mg	
REMINYL®OD Tablets 12mg	
REMINYL®Oral Solution 4mg/mL*	

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

Taiyo Pharma Tech: Completion of Gene Therapy Product Manufacturing Facility

- ✓ Taiyo Pharma Tech completed a gene therapy product manufacturing facility within its Takatsuki Plant. The operation of this facility will contribute to the development and growth of gene therapy products within and outside Japan from the aspect of manufacturing.

Characteristics of Gene Therapy Product Manufacturing Facility

- Designed to meet domestic and overseas GMP regulations
- Can accommodate everything from prototype manufacturing on a small scale at the initial development phase to mass-production



Cultivation and Refining Room



Filling Room



Earnings Forecast

Consolidated Earnings Forecast by Segment for 2024/3

Electronics Business

- Net sales expected the same level as 2023/3 results, which were strong in the first half and weak in the second half, due to stable demand
 - PKG products: Assuming the same level of sales volume as 2023/3 due to a recovery in demand for products for memory as inventory levels become more appropriate.
 - Rigid (liquid): Assuming sales volume at the same level as 2023/3 results due to stable demand as socioeconomic activities continue to normalize amid COVID-19.
 - Rigid (DF): Assuming decrease in sales volume compared to 2023/3 results due to lower end-user demand for PCs and tablets.
- Operating income assumed to decrease by 4% from the 2023/3 results
 - SGA expenses: Assumed increase in R&D and personnel expenses
- Exchange rate expected to be 135.0 JPY/USD as well as actual average exchange rate during 2023/3

Medical and Pharmaceutical Business

- Net sales expected to increase by 15% from the 2023/3 results
 - Expected to increase due to shifts in the product mix under the contract manufacturing business
 - Increase due to transfer of the "REMINYL®" therapeutic agent for Alzheimer dementia
 - Unit sales prices became lower due to the revision of drug prices in Japanese National Health Insurance (NHI) scheme for long-listed products
- Operating income expected to increase by 5% from the 2023/3 results
 - SGA expenses: Assuming an increase in depreciation related to the transfer of long-listed products and R&D expenses related to new businesses Assumption/

Other

- Expecting higher net sales and operating income over earnings from the 2023/3 results

Company

- Increase in personnel expenses due to elevated salary levels

Consolidated Earnings Forecast by Segment for the Fiscal Year Ending March 2024

Earning forecast by segment

Unit : JPY Million

	① 2023/3*1 Full year Result			② 2024/3*2 Full year Forecast			(②-①)/① %		
	Consolidated	Electronics	Medical and Pharmaceutical	Consolidated	Electronics	Medical and Pharmaceutical	Consolidated	Electronics	Medical and Pharmaceutical
Net Sales	97,338	68,419	25,447	101,700	68,700	29,200	4%	0%	15%
Operating Income	15,972	15,845	1,906	15,100	15,200	2,000	(5%)	(4%)	5%
Ordinary Income	15,462	-	-	14,700	-	-	(5%)	-	-
Net Income	11,405	-	-	10,000	-	-	(12%)	-	-
EBITDA	23,748	18,331	6,159	24,300	17,700	7,600	2%	(3%)	23%
Operating Income Margin	16%	23%	7%	15%	22%	7%			
EBITDA Margin	24%	27%	24%	24%	26%	26%			

*1 JPY/USD exchange rate : Actual results for FY2023/3 135.0 JPY

*2 JPY/USD exchange rate : Assumed value for FY2024/3 135.0 JPY

Consolidated Earnings Forecast by Segment for the 1st Half and 2nd Half of Fiscal Year Ending March 2024

Forecast for 1st half of 2024/3

Unit : JPY Million

Forecast for 2nd half of 2024/3

Unit : JPY Million

	2023/3 ^{*1} 1 st half Result			2024/3 ^{*2} 1 st half Forecast			2023/3 ^{*1} 2 nd half Result			2024/3 ^{*2} 2 nd half Forecast		
	Consolidated	Electronics	Medical and Pharmaceutical	Consolidated	Electronics	Medical and Pharmaceutical	Consolidated	Electronics	Medical and Pharmaceutical	Consolidated	Electronics	Medical and Pharmaceutical
Net Sales	52,795	38,684	12,388	49,200	32,600	14,700	44,543	29,734	13,058	52,500	36,100	14,500
Operating Income	10,548	10,361	1,023	6,500	6,600	900	5,423	5,483	883	8,600	8,600	1,100
EBITDA	14,511	11,566	3,291	11,000	7,800	3,700	9,236	6,764	2,868	13,300	9,900	3,900
Operating Income Margin	20%	27%	8%	13%	20%	6%	12%	18%	7%	16%	24%	8%
EBITDA Margin	27%	30%	27%	22%	24%	25%	21%	23%	22%	25%	27%	27%

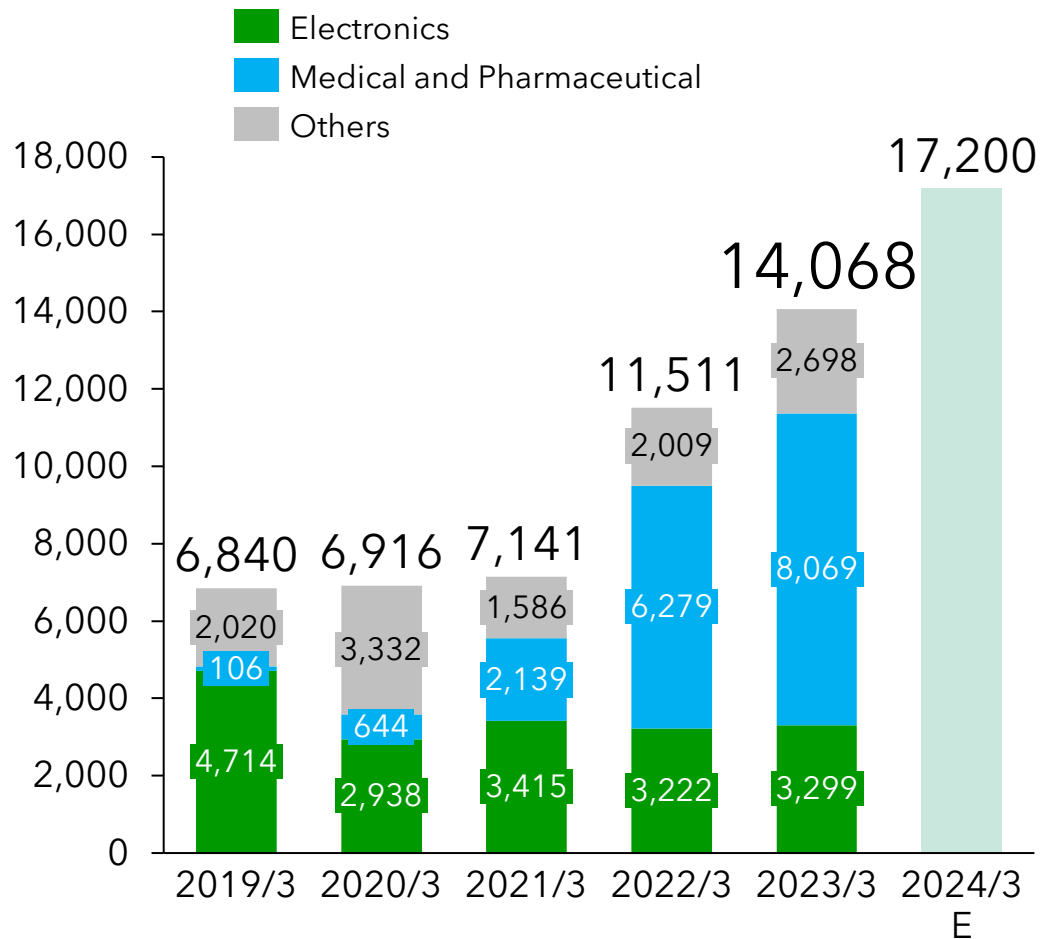
*1 JPY/USD exchange rate : Actual results for FY2023/3 135.0 JPY

*2 JPY/USD exchange rate : Assumed value for FY2024/3 135.0 JPY

Trend of Yearly Capital Investment and Depreciation

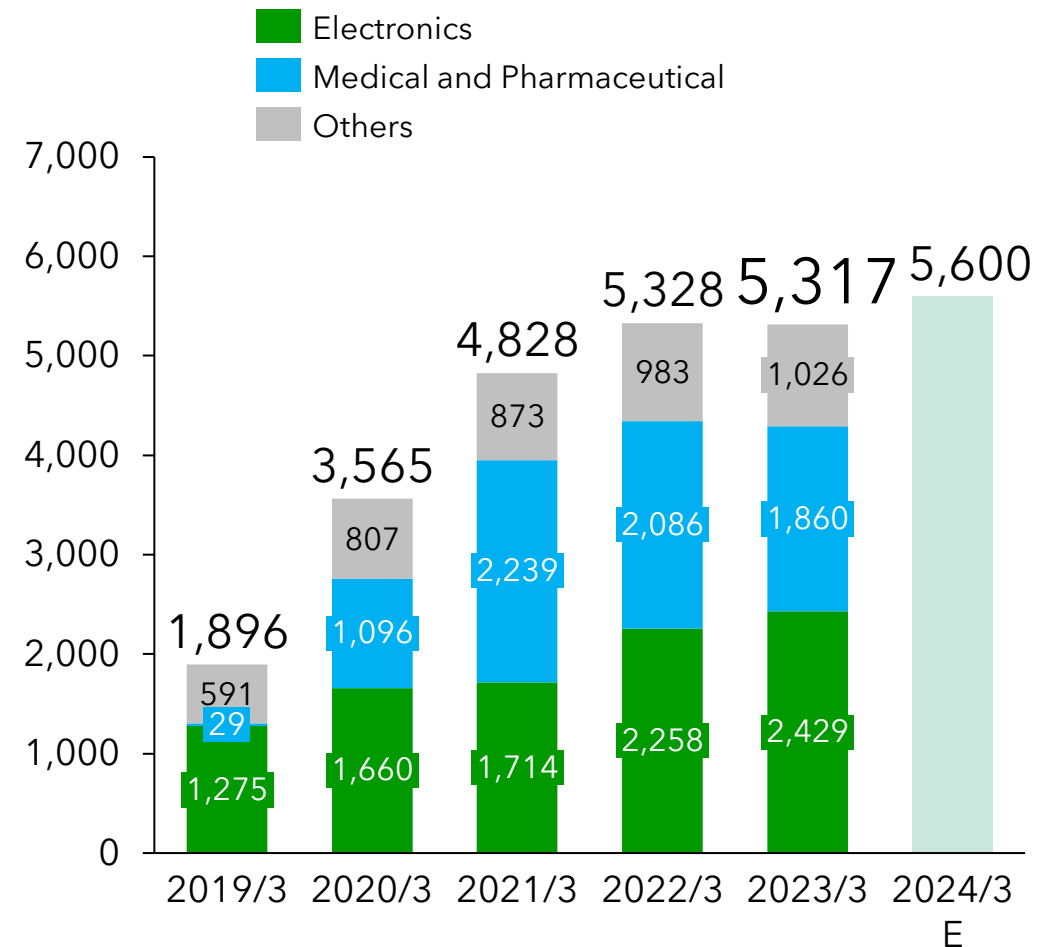
Capital Investment*

Unit : JPY Million



Depreciation*

Unit : JPY Million



* Capital investment : Investment in property, plant and equipment and software

Depreciation : Depreciation of property, plant and equipment and software

