

Consolidated Financial Result Digest FY2024/3 2Q

(Fiscal Year Ended March 31, 2024)

Nov. 6, 2023

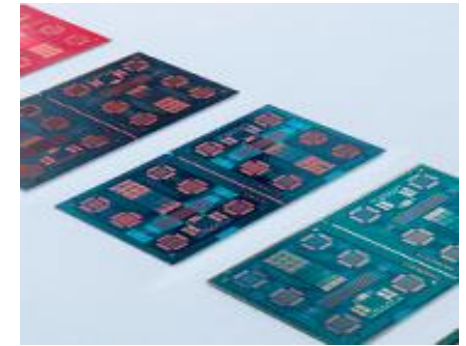


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Our Reporting Segments

Electronics

Developing, manufacturing, purchasing and selling chemicals that used in printed circuit boards (PCB) and other electronic components



Medical and Pharmaceuticals

Manufacturing, marketing pharmaceuticals, contract development and manufacturing organization (CDMO)



ICT and Sustainability*¹

Businesses included ICT, fine chemicals, energy, and food, etc.



*1 From 2024/3 1Q, the "Other Businesses" name has been changed to "ICT and Sustainability."
This change only applies to the segment name. There is no change in the subsidiaries that make up the segment.

FY2024/3 2Q Overview

Electronics

- Net sales decreased by 10% year on year and increased by 21% quarter on quarter on a cumulative basis
 - Reasons related to cumulative YoY
 - PKG products : Sales quantities fell due to a drop in demand, particularly for memory products
 - Rigid products : Sales quantities for non-automotive products fell due to lower final demand
 - Reasons related to QoQ
 - Increasing sales volume for both PKG products and rigid products
 - Effects of changes in foreign exchange rates
 - Progression in the weakening of the yen contributed to growth in both net sales and income
 - Avg. exchange rate during the quarter under review : 141.3 JPY/USD
 - Avg. exchange rate during the same quarter of the prior FY : 133.5 JPY/USD
 - Avg. exchange rate during the first quarter of 2024/3: 138.1 JPY/USD

Medical and Pharmaceuticals

- Net sales increased by 18% year on year and decreased 1% quarter on quarter on a cumulative basis
 - Reasons related to cumulative YoY
 - Increase in the contract manufacturing business due to changes in the product mix and revisions to sales prices in line with rapid increases in the prices of raw materials, energy, etc
 - Increase due to the acquisition of the "REMINYL[®]" therapeutic agent for Alzheimer dementia in Japan
 - Increase in demand in line with supply shortages of drugs with the same indications by other companies, cough suppressants, etc

ICT and Sustainability

- Transfer of shares of Xseeds Co., Ltd. shares by funlead

Company

- Transition to Company with Audit & Supervisory Committee*¹
- Selected as a component of the JPX Nikkei Index 400 for the first time
- "T-LINKS" welfare facility won Good Design Award

*1 Conditional on approval at the 78th ordinary Shareholders' Meeting scheduled to be held in June 2024.

Consolidated Financial Results Summary

	①	②	②-①	(②-①)/①	③	②/③	④	②/④
Unit : JPY Million	2023/3 1 st Half Result	2024/3 1 st Half Result	YoY	% of Changes	2024/3 1 st Half Forecast (Announced on May 1)	% of Progress	2024/3 Full Year Forecast (Announced on May 1)	% of Progress
Net Sales	52,795	51,107	(1,687)	(3%)	49,200	104%	101,700	50%
Operating Income	10,548	9,089	(1,459)	(14%)	6,500	140%	15,100	60%
Ordinary Income	10,203	8,651	(1,552)	(15%)	6,400	135%	14,700	59%
Net Income	7,489	6,232	(1,257)	(17%)	4,500	139%	10,000	62%
Exchange rate of JPY/USD	133.5	141.3	7.8		135.0		135.0	
EBITDA	14,511	13,464	(1,046)	(7%)	11,000	122%	24,300	55%
Operating Income Margin	20%	18%			13%		15%	
EBITDA Margin	27%	26%			22%		24%	

Performance by Segment

Cumulative Net Sales, Operating Income and EBITDA

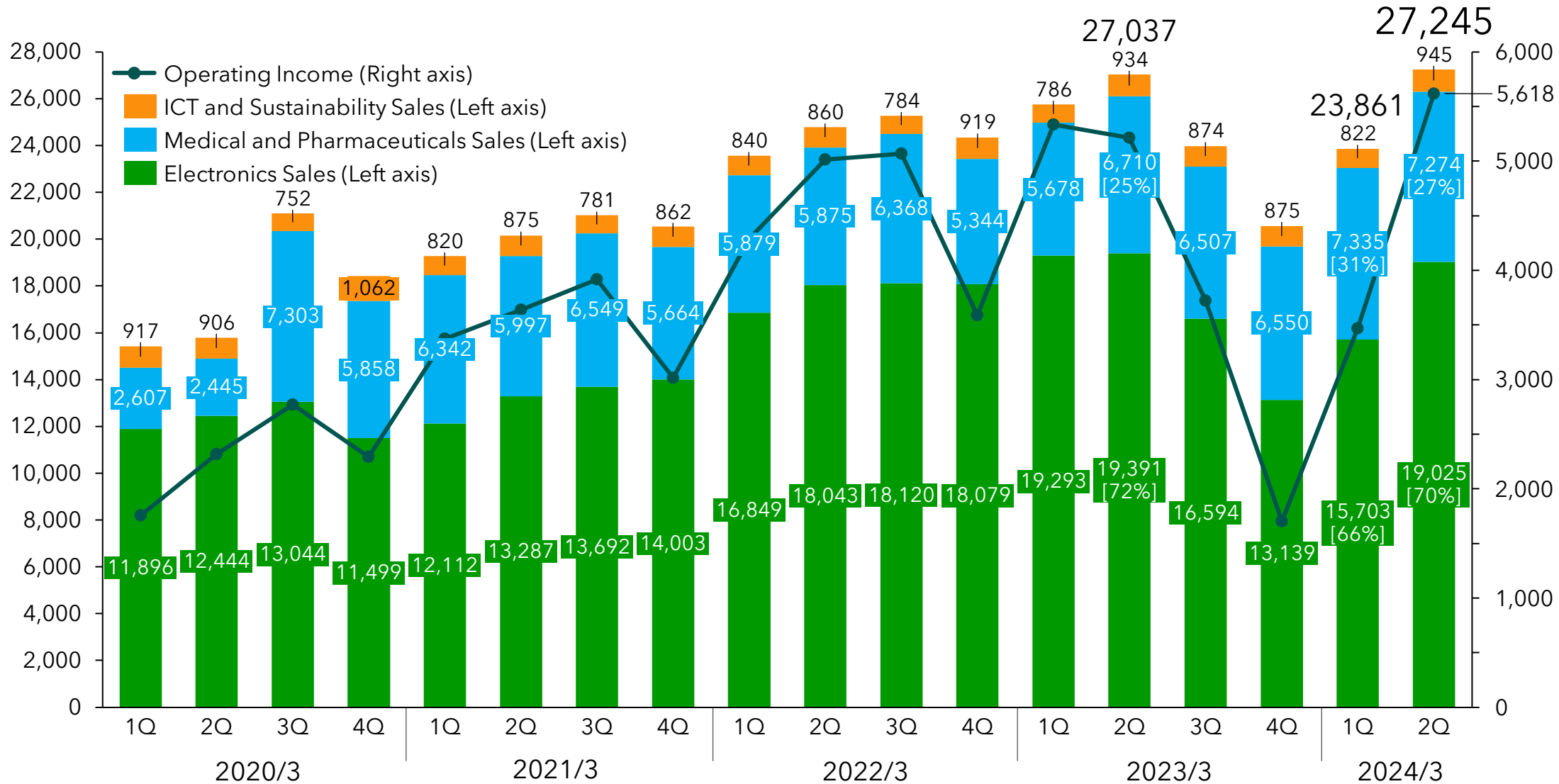
		①	②	②-①	(②-①)/①	③	②/③
Unit : JPY Million		2023/3 1 st Half Result	2024/3 1 st Half Result	YoY	% of Changes	2024/3 1 st Half Forecast (Announced on May 1)	% of Progress
Electronics	Net Sales	38,684	34,729	(3,954)	(10%)	32,600	107%
	Operating Income	10,361	7,702	(2,659)	(26%)	6,600	117%
	Operating Income Margin	27%	22%			20%	
	EBITDA	11,566	9,011 ^{*2}	(2,555)	(22%)	7,800	116%
	EBITDA Margin	30%	26%			24%	
Medical and Pharmaceuticals	Net Sales	12,388	14,609	2,220	18%	14,700	99%
	Operating Income	1,023	1,701	678	66%	900	189%
	Operating Income margin	8%	12%			6%	
	EBITDA	3,291	4,343	1,051	32%	3,700	117%
	EBITDA Margin	27%	30%			25%	
ICT and Sustainability	Net Sales	1,721	1,768	46	3%	-	-
	Operating Income	30	74	44	148%	-	-
	Operating Income Margin	2%	4%			-	-
Company Expense	Operating Income / Loss	(866)	(389) ^{*1}	477		-	-

*1 Due to a change in the amount of goodwill recorded in the first quarter, the amortization of goodwill for prior periods has been revised.

*2 EBITDA and EBITDA margin of the Electronics business for the first quarter were revised as follows, as amortization expenses that should have been allocated to the Electronics business were recorded as corporate expenses EBITDA: 3,284 million yen EBITDA margin: 21%.

Trend of Quarterly Performance Net Sales and Operating Income

Unit : JPY Million



BS- Comparison with the Previous Term

Unit : JPY Million

	2023/3	2023/9	Changes		2023/3	2023/9	Changes
Cash and Deposits	47,121	45,386	(1,734)	Notes and Account Payable	6,513	9,796	3,282
Accounts Receivables	22,734	29,580	6,845	Short Term Borrowings* ²	18,327	41,339	23,012
Inventory* ¹	14,976	15,812	835	Long Term Borrowings	53,174	32,908	(20,265)
Others	5,217	2,311	(2,906)	Others	16,508	14,267	(2,241)
Total Current Assets	90,050	93,091	3,040	Total Liabilities	94,523	98,311	3,788
Tangible Fixed Assets	60,401	64,189	3,788	Shareholders Equity	86,098	89,823	3,724
Intangible Fixed Assets	29,170	31,950	2,779	Accumulated Other Comprehensive Income	6,637	9,727	3,089
Investments and Other Assets	7,640	8,635	995	Non-Controlling Interest	3	5	1
Total Fixed Assets	97,212	104,775	7,563	Total Net Assets	92,739	99,555	6,816
Total Assets	187,263	197,867	10,604	Total Liabilities and Net Assets	187,263	197,867	10,604
				Equity to Asset Ratio	49.5%	50.3%	0.8%

*1 Inventories : Merchandise and Finished Goods + Work in Process + Raw Materials and Supplies

*2 Short-Term Borrowings : Short-Term Borrowings + Long-Term Borrowings Scheduled to Be Repaid within One Year

Revised Forecast for Fiscal Year Ending March 31, 2024

- ✓ The second-half forecast remains unchanged from the forecast disclosed on May 1, 2023, and the consolidated forecast has been revised by updating the actual results from April 2023 to September 2023.

Unit : JPY Million	2024/3 1st Half Forecast (Announced on May. 1) *1		2024/3 Full-Year Forecast (Announced on Nov. 6)*2		Change Ratio	
	Amount	Profit Ratio	Amount	Profit Ratio	Amount	Ratio
Consolidated	Net Sales	101,700		103,600	+1,900	+2%
	Operating Income	15,100	15%	17,600	+2,500	+17%
	Ordinary Income	14,700	14%	16,900	+2,200	+15%
	Net Income	10,000	10%	11,700	+1,700	+17%
	EBITDA	24,300	24%	26,600	+2,300	+9%
Electronics	Net Sales	68,700		70,800	+2,100	+3%
	Operating Income	15,200	22%	16,300	+1,100	+7%
	EBITDA	17,700	26%	18,900	+1,200	+7%
Medical and Pharmaceuticals	Net Sales	29,200		29,100	(100)	(0%)
	Operating Income	2,000	7%	2,800	+8,00	+40%
	EBITDA	7,600	26%	8,200	+600	+8%

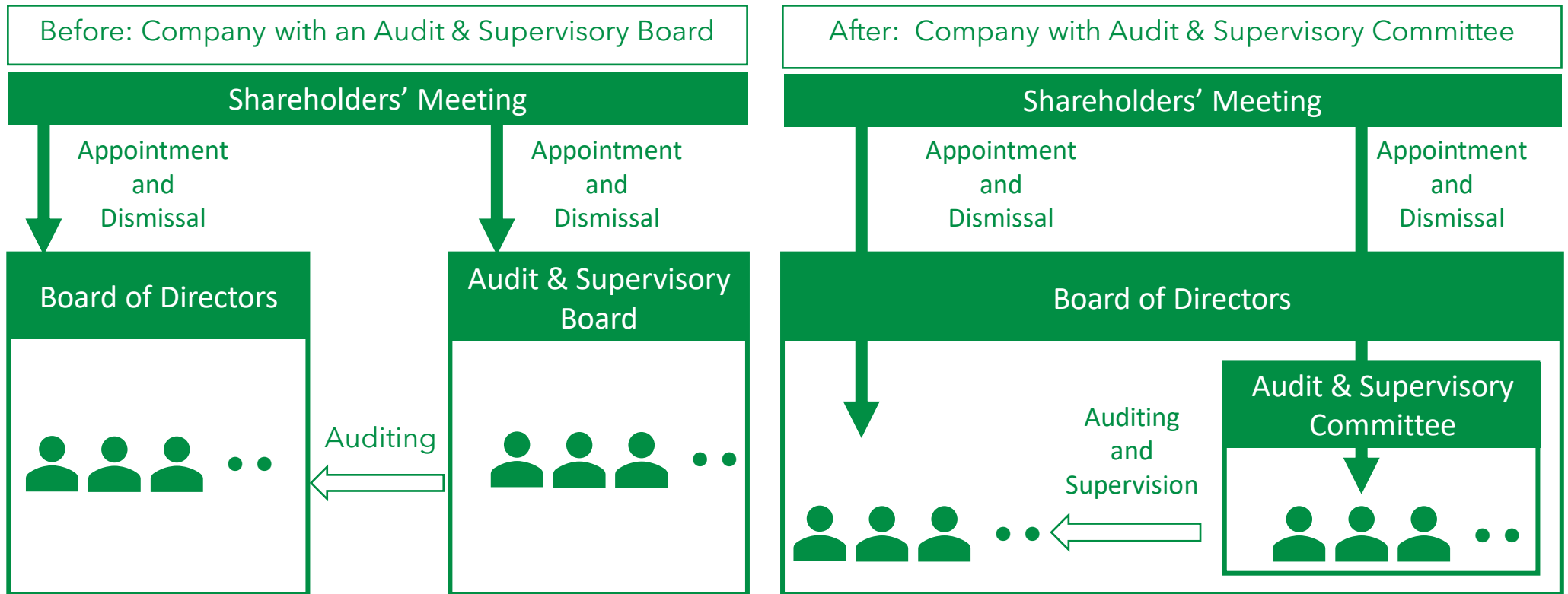
*1 2024/3 full-year forecast 135.0 JPY/USD

*2 2024/3 1st half actual 141.3 JPY/USD and 2024/3 2nd half forecast 135.0 JPY/USD

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Transition to a Company with an Audit Committee

- ✓ Taiyo Holdings' Board of Directors has resolved to adopt a policy of transitioning to a company with an Audit & Supervisory Committee, subject to approval at the 78th Ordinary General Meeting of Shareholders scheduled to be held in June 2024.



By clarifying the separation of the audit function from the business execution function and strengthening the monitoring function of the Board of Directors, Taiyo Holdings aims to realize prompt management decision-making and further enhance corporate value.

Selected as a Constituent of the JPX-Nikkei Index 400 for the First Time

- ✓ Taiyo Holdings was selected for the first time as a constituent of JPX-Nikkei Index 400*1, which is provided jointly calculated and published by JPX Market Innovation & Research, Inc. and Nikkei Inc.

JPX-Nikkei 400 Selection Criteria

Quantitative indicator

Market Capitalization

Value of shares traded in the last 3 years

3-year average ROE

3-year cumulative operating income, etc.

Qualitative indicator

Appointment of female board members

Disclosure of English-language materials related to financial results, etc.



*1 The JPX-Nikkei Index 400 is composed of companies with high appeal for investors, which meet the requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives. The stock index was created with the aim of stimulating the stock market by promoting the sustainable improvement of corporate value.

"T-LINKS" welfare facility won Good Design Award

- ✓ "T-LINKS," a welfare facility under Taiyo Pharma Tech, won the "2023 Good Design Award"*¹ operated by the Japan Institute of Design Promotion, the Taiyo Holdings Group won this award for the first time.

Judges' Evaluation Comments

Many corporations extol health management that invigorates organizations through investment in employees' health with the expectation that it will eventually link to improved business performance. However, few corporations focus on health management to the extent that they even ready an arena for their employees in addition to a cafeteria or gym. Furthermore, the decision to open up this facility in times of emergency and accept individuals experiencing difficulties returning home there indicates the extent to which this company values its stakeholders, including its community and employees. The large roof, whose considerable overhang extends to the front of the gate, indicates that all those stakeholders are welcome. We therefore positively recognize the facility as one at which the company's determination to exist alongside the community is beautifully reflected in its design.

*¹The Good Design Award is Japan's leading design award, established in 1957 with the aim of enriching people's lives and society through design.

T-LINKS introduction page on the Good Design Award official website
<https://www.g-mark.org/en/gallery/winners/15812?text=T-LINKS>



Electronics

Terminology

Term	Definition
PCB	<u>P</u> rinted <u>C</u> ircuit <u>B</u> oard
SR	<u>S</u> older <u>R</u> esist, also known as Solder Mask
PKG	Semiconductor <u>P</u> ack <u>a</u> ge
DF	<u>D</u> ry <u>F</u> ilm
BU	<u>B</u> uild- <u>u</u> p

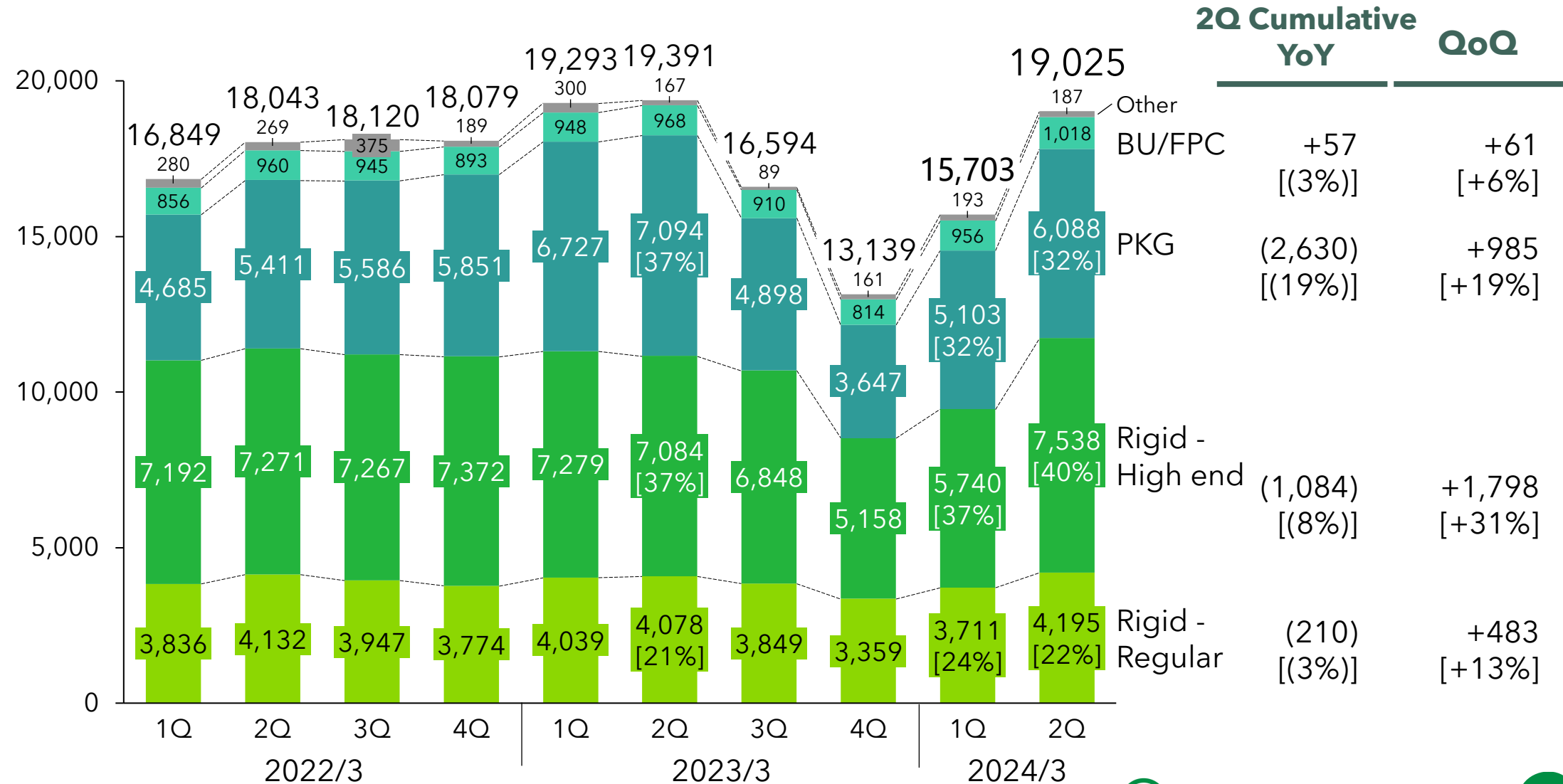
Product Classification

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/DF	<ul style="list-style-type: none"> ▪ Conductive silver paste etc.

Electronics

Net Sales by Product Category

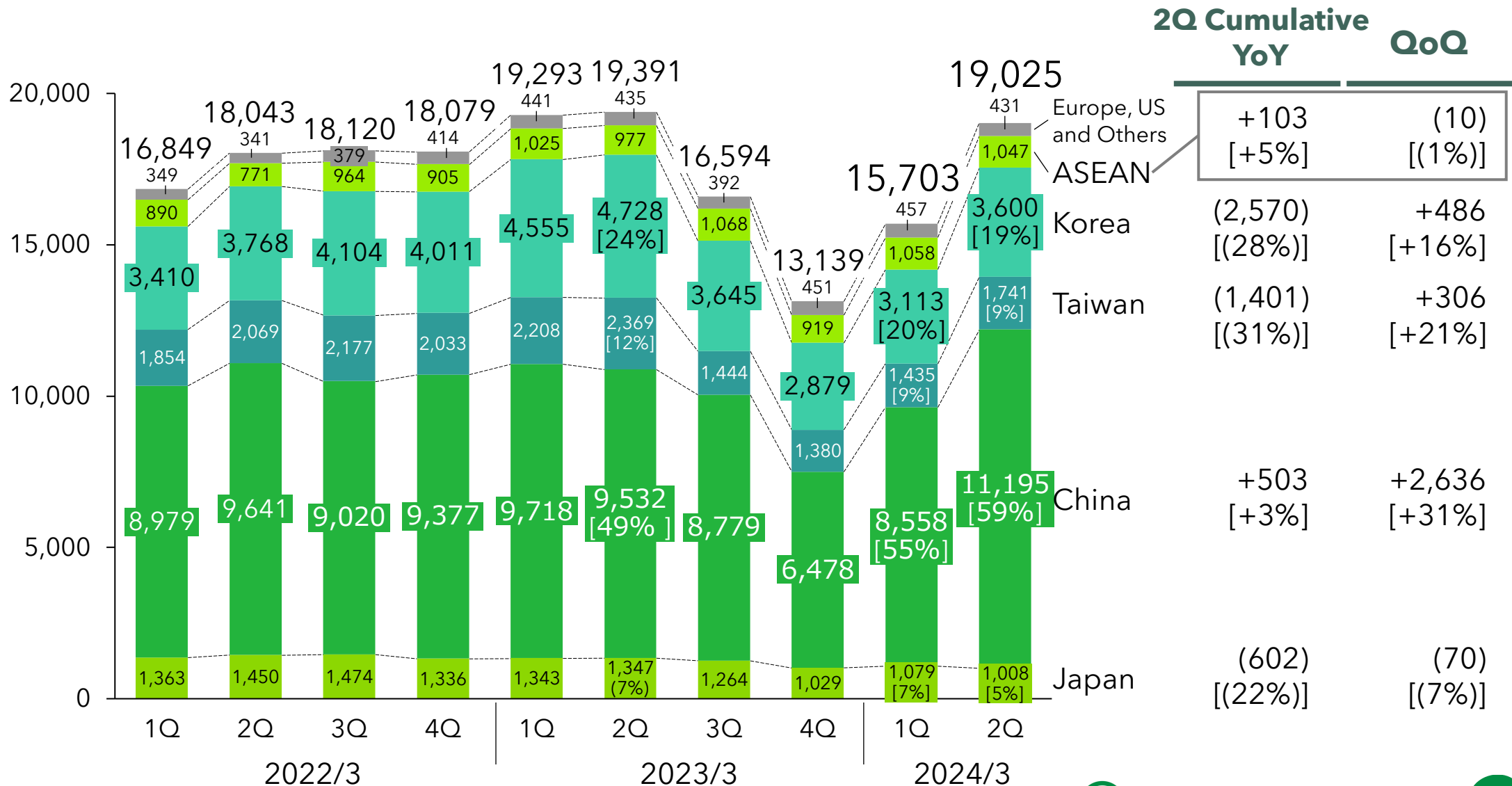
Unit : JPY Million




Electronics

Net Sales by Sales Area

Unit : JPY Million





Medical and Pharmaceuticals

Medical and Pharmaceuticals

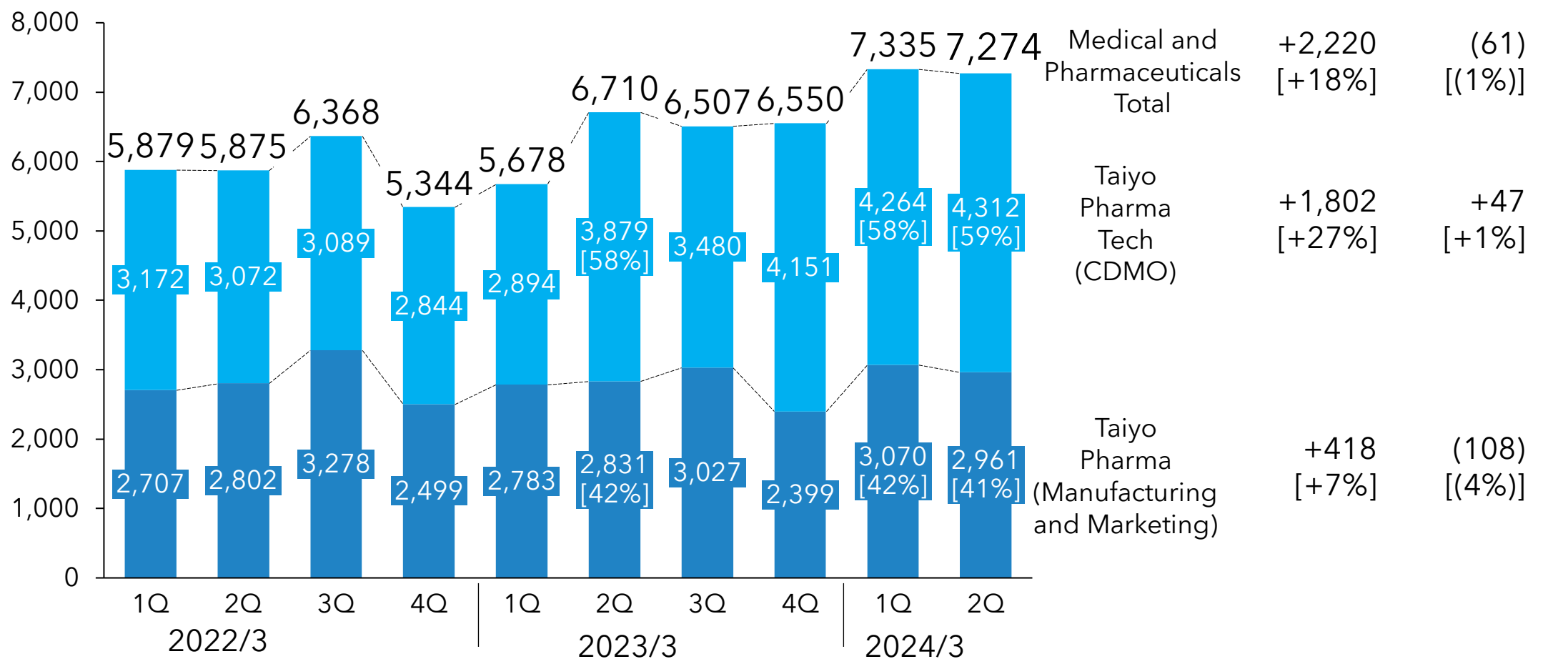
Terminology

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 contracted to manufacture and develop pharmaceutical formulations
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 Pharmaceuticals

Net Sales by Company

Unit : JPY Million





ICT and Sustainability

Transfer of shares of Xseeds Co., Ltd. shares by funlead

- ✓ funlead acquired the transfer of all the shares of Xseeds Co., Ltd. on August 31, 2023.
- ✓ funlead will strengthen its business through joint endeavors and collaboration with Xseeds, which has strengths in the development and operation of mission-critical systems for major manufacturing companies and XR technologies such as VR and AR.

Overview of Xseeds Co., Ltd.

[Location of Headquarters] Hakata-ku, Fukuoka-shi, Fukuoka

[Established] April 1990

[Share Capital] 47,000,000 yen

[Representative] Keiichi Kobayashi

[Employees] 76 (As of July 31, 2023)



[Business Activities]

1. Development and operation of core systems for production control, sales management, etc.
2. DX promotion services that make use of VR/AR and other XR technologies

<Examples of DX promotion services>

- Proposals for the utilization of the HoloLens VR/AR headset developed by Microsoft
- Assistance with introducing the use of the Looking Glass 3D holographic display and the development of associated applications

