

Consolidated Financial Result Digest FY2024/3 3Q

(Fiscal Year Ended March 31, 2024)

Feb. 2, 2024

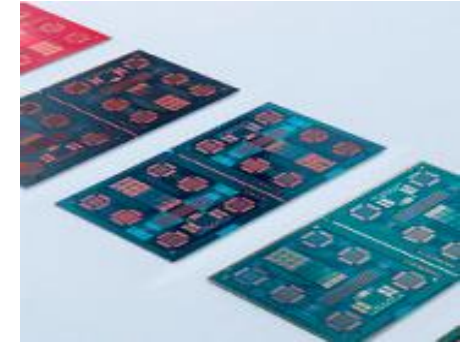


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Our Business Segments

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 3Q Overview

Electronics

- Net sales decreased by 4% year on year and by 2% quarter on quarter on a cumulative basis
 - Reasons related to cumulative YoY
 - Rigid products : Sales quantities for non-automotive products fell, and display-related sales were particularly weak.
 - PKG products : Compared with the same period of the previous year, when sales were the highest level, sales quantities fell due to weak demand, particularly for memory products.
 - Reasons related to QoQ
 - Rigid products : Sales volume decreased due to inventory adjustments by customers in China.
 - ⊕ PKG: products : Sales quantities increased amid signs of a recovery in final demand.
 - Effects of changes in foreign exchange rates
 - ⊕ Progression in the weakening of the yen has a positive effect on business results.
 - Avg. exchange rate during the quarter under review : 142.8 JPY/USD
 - Avg. exchange rate during the same quarter of the prior FY : 135.4 JPY/USD

Medical and Pharmaceuticals

- Net sales increased by 17% year on year and by 3% 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 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.

- Execution of work partnership contract with Synplogen Co., Ltd.

- Taiyo Green Energy opened a new floating solar power plant

ICT and Sustainability

Consolidated Financial Results Summary

	①	②	②-①	(②-①)/①	③	②/③
Unit : JPY Million	2023/3 3Q Cumulative Result	2024/3 3Q Cumulative Result	YoY	% of Changes	2024/3 Full Year Forecast (Announced on Nov. 6)	% of Progress
Net Sales	76,772	78,040	1,267	2%	103,600	75%
Operating Income	14,269	14,256	(12)	(0%)	17,600	81%
Ordinary Income	13,910	13,771	(139)	(1%)	16,900	81%
Net Income	10,320	10,196	(123)	(1%)	11,700	87%
Exchange rate of JPY/USD	135.4	142.8	7.4		135.0	
EBITDA	20,176	20,871	694	3%	26,600	78%
Operating Income Margin	19%	18%			17%	
EBITDA Margin	26%	27%			26%	

Performance by Segment

Cumulative Net Sales, Operating Income and EBITDA

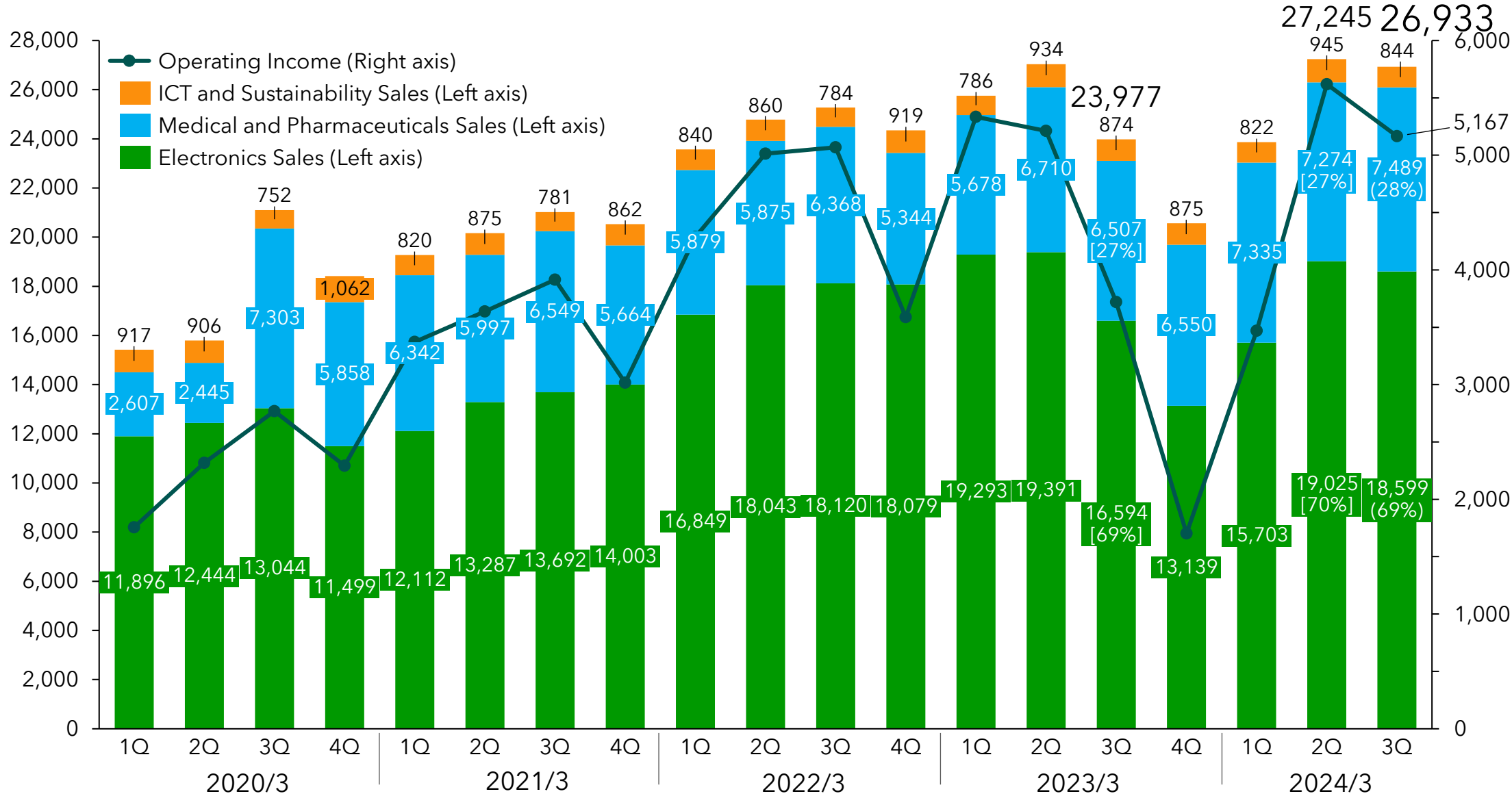
Unit : JPY Million		①	②	②-①	(②-①)/①	③	②/③
		2023/3 3Q Cumulative Result	2024/3 3Q Cumulative Result	YoY	% of Changes	2024/3 Full Year Forecast (Announced on Nov.6)	% of Progress
Electronics	Net Sales	55,279	53,329	(1,950)	(4%)	70,800	75%
	Operating Income	14,159	12,359	(1,800)	(13%)	16,300	76%
	Operating Income Margin	26%	23%			23%	
	EBITDA	16,006	14,378 ^{*2}	(1,627)	(10%)	18,900	76%
	EBITDA Margin	29%	27%			27%	
Medical and Pharmaceuticals	Net Sales	18,896	22,098	3,202	17%	29,100	76%
	Operating Income	1,389	2,877	1,488	107%	2,800	103%
	Operating Income margin	7%	13%			10%	
	EBITDA	4,719	6,832	2,113	45%	8,200	83%
	EBITDA Margin	25%	31%			28%	
ICT and Sustainability	Net Sales	2,596	2,612	15	1%	-	-
	Operating Income	1	47	46	3,991%	-	-
	Operating Income Margin	0%	2%			-	-
Company Expense	Operating Income / Loss	(1,280)	(1,027) ^{*1}	252		-	-

*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	2023/12	Changes		2023/3	2023/12	Changes
Cash and Deposits	47,121	49,806	2,685	Notes and Account Payable	6,513	10,496	3,982
Accounts Receivables	22,734	27,548	4,813	Short Term Borrowings* ²	18,327	41,248	22,921
Inventory* ¹	14,976	17,147	2,170	Long Term Borrowings	53,174	38,953	(14,220)
Others	5,217	5,782	564	Others	16,508	13,425	(3,083)
Total Current Assets	90,050	100,284	10,233	Total Liabilities	94,523	104,123	9,600
Tangible Fixed Assets	60,401	64,348	3,946	Shareholders Equity	86,098	91,660	5,561
Intangible Fixed Assets	29,170	31,120	1,950	Accumulated Other Comprehensive Income	6,637	8,777	2,139
Investments and Other Assets	7,640	8,812	1,171	Non-Controlling Interest	3	4	1
Total Fixed Assets	97,212	104,281	7,068	Total Net Assets	92,739	100,442	7,702
Total Assets	187,263	204,565	17,302	Total Liabilities and Net Assets	187,263	204,565	17,302
				Equity to Asset Ratio	49.5%	49.1%	(0.4%)

*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



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

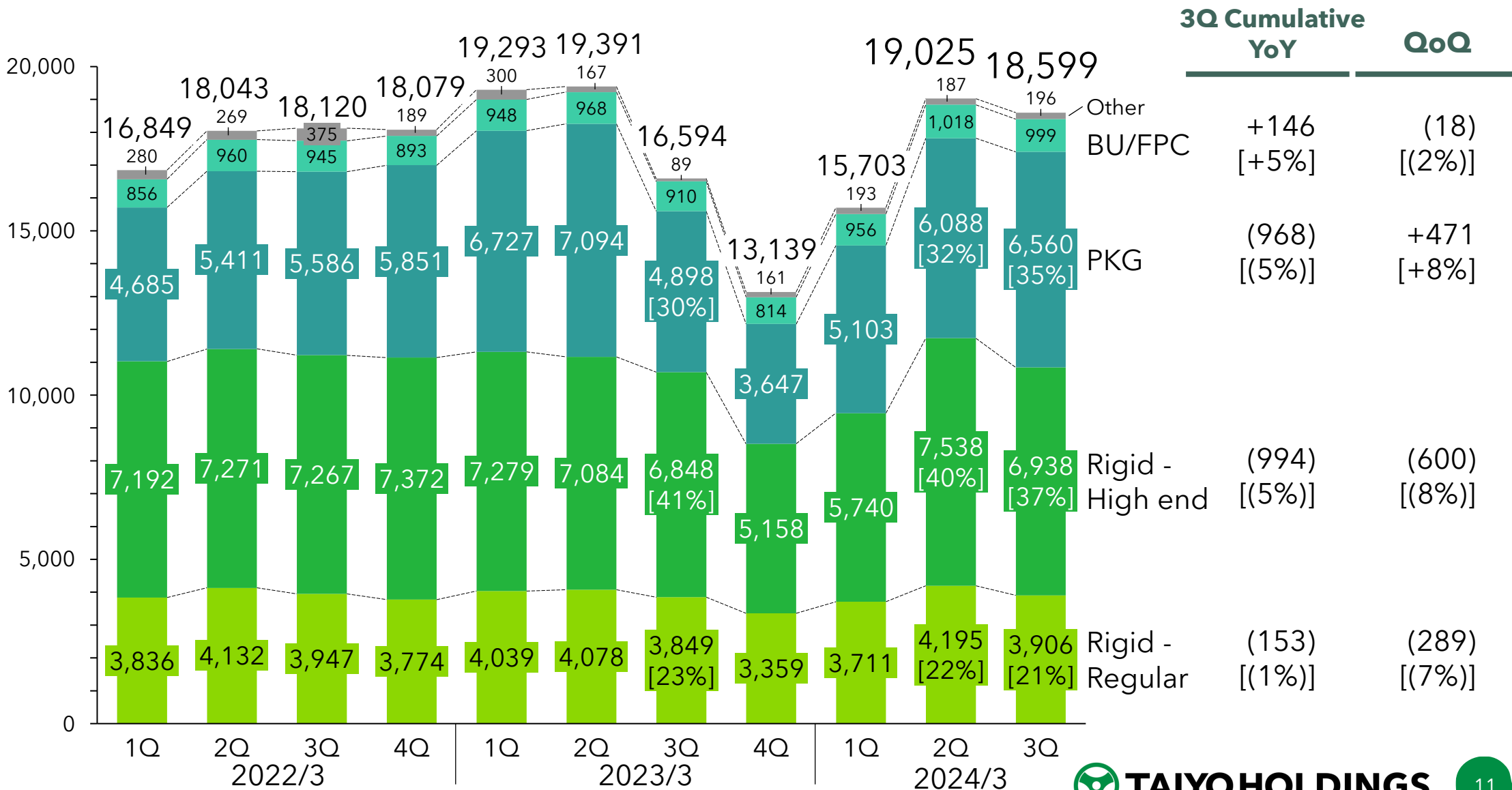
Product Classification

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

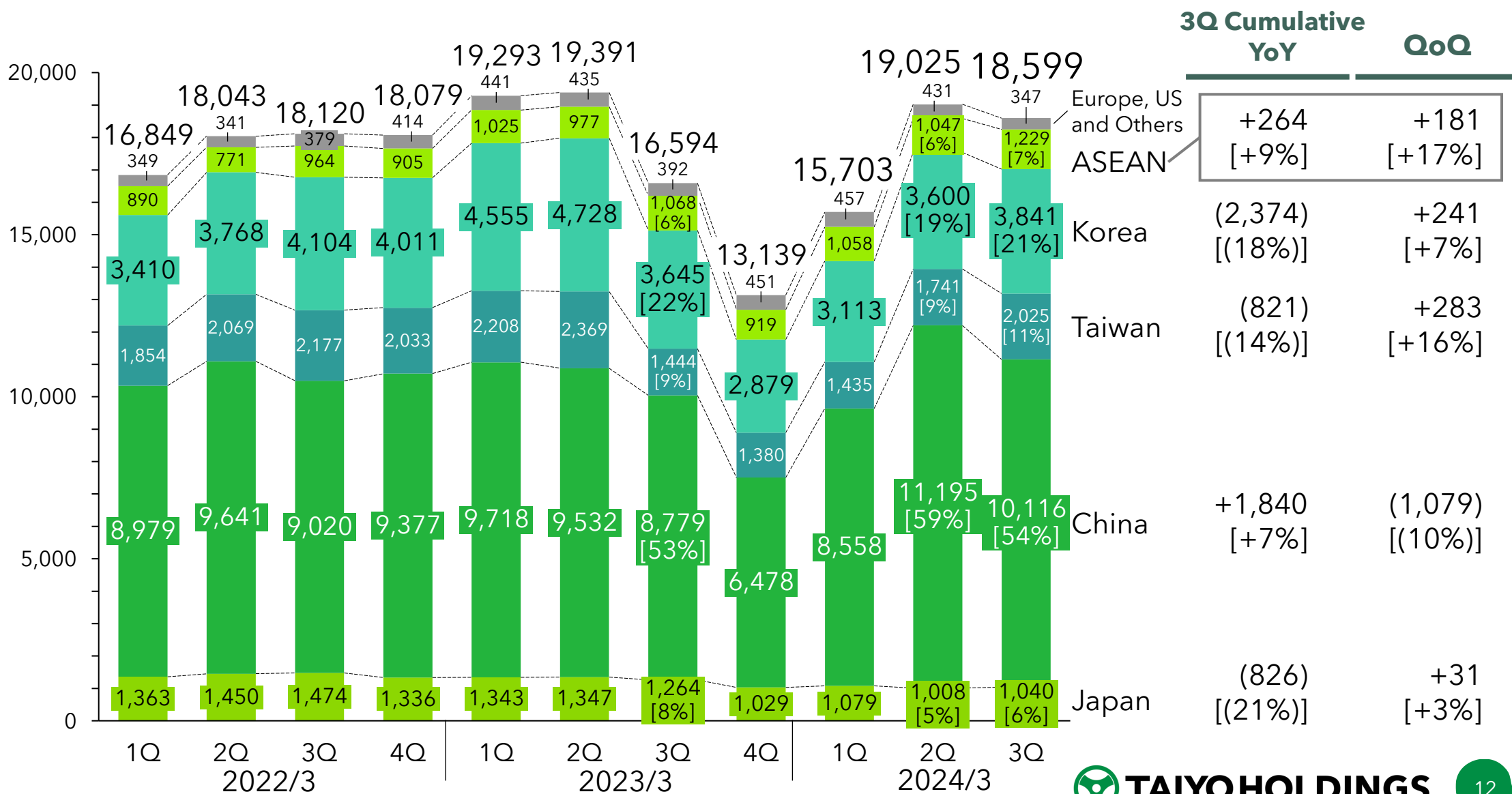
Unit : JPY Million




Electronics

Net Sales by Sales Area

Unit : JPY Million





Medical and Pharmaceuticals

Medical and Pharmaceuticals

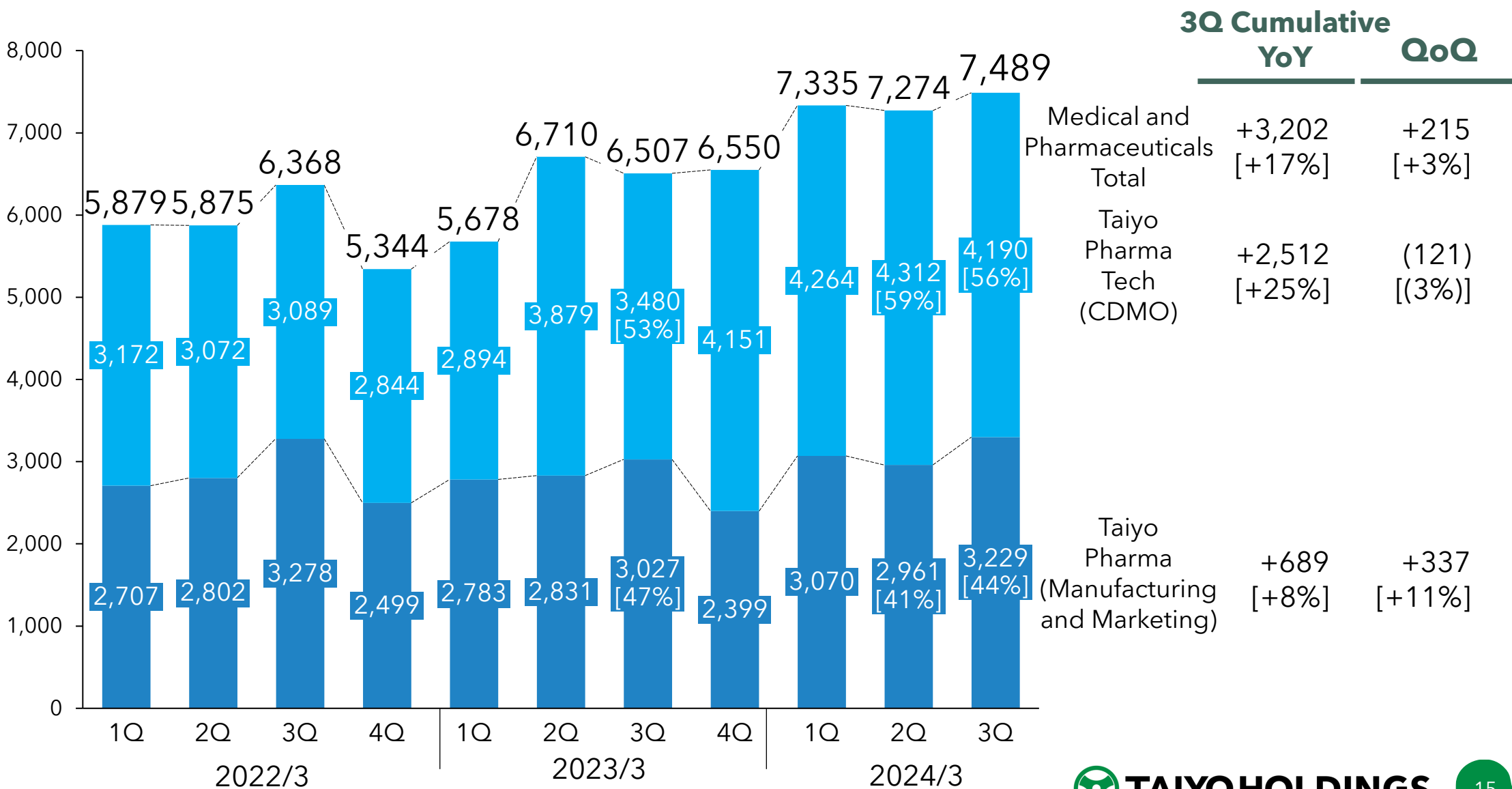
Terminology

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

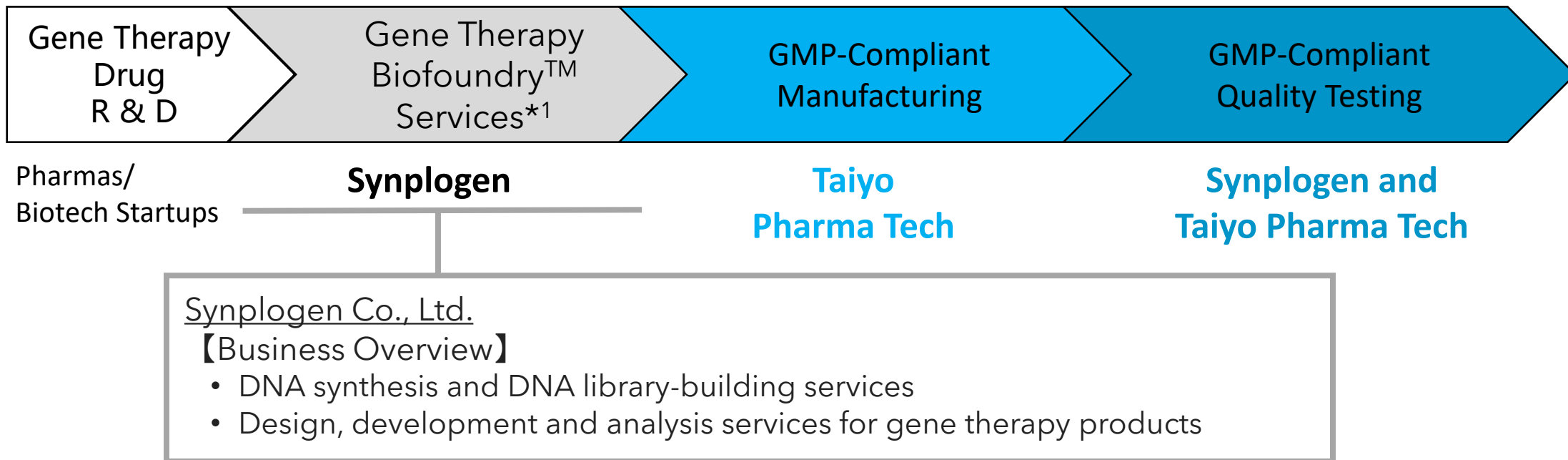
Unit : JPY Million



Execution of Work Partnership Contract with Synplogen Co., Ltd.

- ✓ Taiyo Pharma Tech executed a work partnership contract with Synplogen Co., Ltd., a biotech startup originating from Kobe University.
- ✓ Through this partnership, Taiyo Pharma Tech and Synplogen Co., Ltd. will contribute to the practical application of innovative gene therapy products by establishing an integrated value chain in Japan that can flexibly handle the design, development, and GMP (GCTP) manufacturing of gene therapy products, even for small-lot, multi-product manufacturing.

Value Chain for Gene Therapy Products Development



*1 “Gene Therapy Biofoundry™ Services” are design, development, and analysis services for gene therapy viral vectors and mRNAs, utilizing proprietary DNA synthesis technology



ICT and Sustainability

Taiyo Green Energy opened a New Floating Solar Power Plant

- ✓ Taiyo Green Energy Co., Ltd. has opened its 16th floating solar power plant in Izumisano City, Osaka Prefecture, marking the start of Taiyo Green Energy's first off-site corporate Power Purchase Agreement (PPA)*1 business
- ✓ The renewable electricity generated by this plant will be supplied to public facilities in Izumisano City through Izumisano Electric Power Producer and Supplier (PPS), a general incorporated foundation, which is established by Izumisano City.

Overview of this floating solar power plant

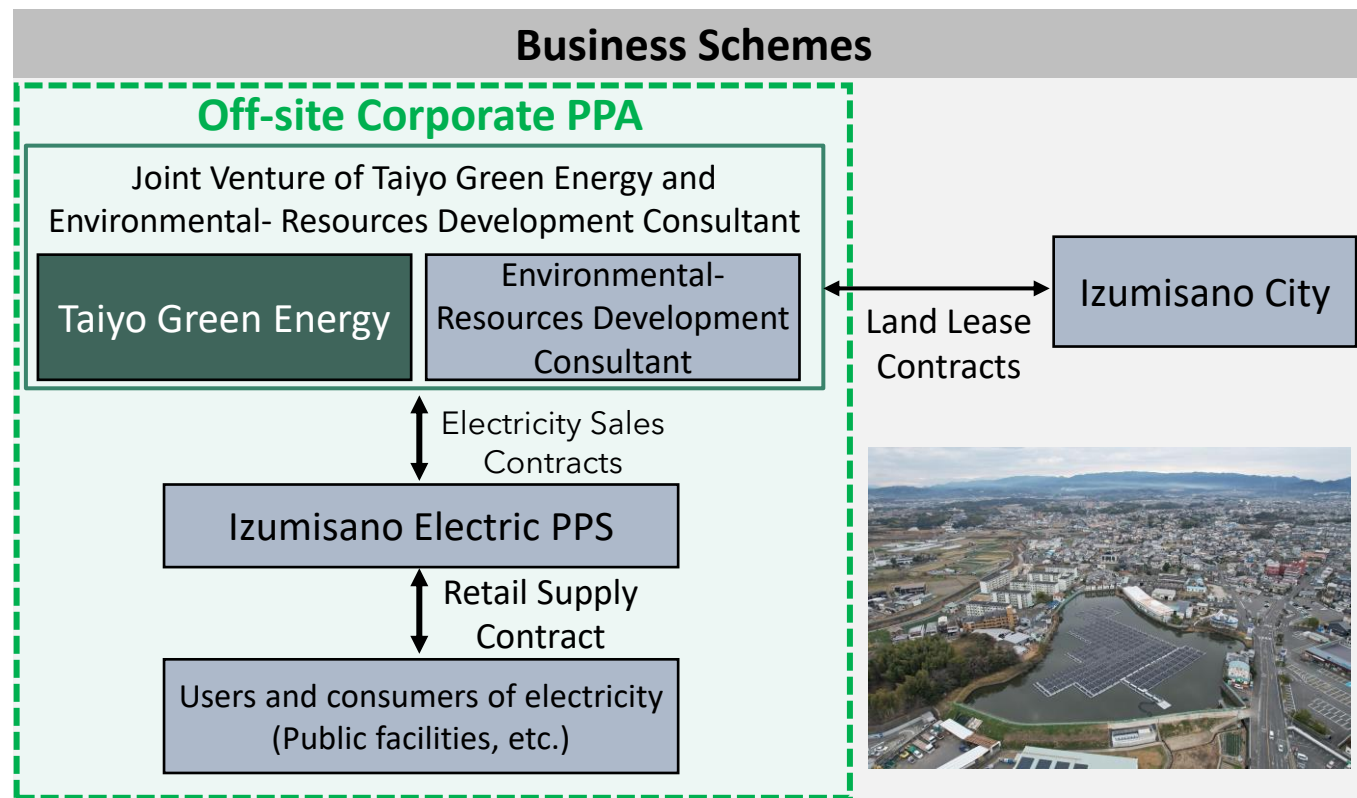
[Name] Shodaike Floating Solar Power Plant

[Location] Tsuruhara, Izumisano City, Osaka

[Opened on facility] February 1, 2024

[Scale of Power Generation] Approx. 1,032 kW

[Expected power generation]
Approx. 1,313 MWh/year
(First fiscal year annualized)



*1 An agreement that installs solar power generation systems in locations remote from electricity demand facilities and sends the electricity generated to the electricity demand facilities via the transmission network.

