

Consolidated Financial Result Digest FY2022 Q1

(Fiscal Year Ending March 31, 2022)

August 2, 2021



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 Materials

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



Medical and Pharmaceuticals

Develops, manufactures, and sells pharmaceuticals and quasi-drugs



Other

Manufactures and sells dyes, pigments and other chemical products, supplies renewable energy, software development



FY2022 Q1 Overview

Electronics Materials Business

- Net sales increased by 39% year on year
 - Main reasons
 - New Dry Film Type Solder Resist, which started to be mass produced in April, was used for mini LED displays and sold very well
 - Strong semiconductor market resulted in increased sales of PKG Dry Film
- The construction of three new overseas plants was completed
Taiyo Ink Vietnam, Taiwan Taiyo Ink, and OTC JiangXi (China)

Medical and Pharmaceuticals Business

- Net sales decreased by 7% year on year.
 - Main reasons
 - Lower sales volume of other infectious disease-related products due to thorough countermeasures against the COVID-19 pandemic
 - Lower unit sales price due to the NHI price revision of long-listed products
- The transfer of manufacturing and marketing approval and marketing rights for two products from AstraZeneca was completed on July 1.
- Taiyo Pharma Tech's 5th manufacturing and logistics Bldg. became operational on June 1.

Company

- A share split will take place and subsequently a partial amendment will be made to the article of incorporation.
- The financial forecast for FY 2022 has been revised.

Consolidated Financial Results

Results Summary

Unit : JPY Million

	① FY2021 Q1 Result	② FY2022 Q1 Result	②-① YoY	(②-①) ÷① %	③ FY2022 (as announced on Apr. 30) Full Year Forecast	②÷③ %
Net Sales	19,275	23,568	4,293	22%	86,500	27%
Operating Income	3,373	4,287	914	27%	12,100	35%
Ordinary Income	3,325	4,450	1,125	34%	12,000	37%
Net Income	2,328	3,106	778	33%	8,300	37%
Exchange rate of JPY/USD	107.7	110	2.3		108	
EBITDA	5,198	6,160	962	19%	19,900	31%
Operating Income Margin	17%	0			14%	
EBITDA Margin	27%	26%			23%	

Revised Financial Forecast for the First Half of Fiscal Year 2022

The financial results of Electronics Materials are expected to exceed the segment forecast disclosed on April 30, 2021 and therefore the forecast has been revised

Forecast for the First Half of FY 2022

Unit: JPY Million

Estimated JPY/USD exchange rate: 108 JPY

	Fiscal Year 2022 Forecast (as revised)			Fiscal Year 2022 Forecast (as announced on April 30)		
	Consolidated	Electronics Materials	Medical and Pharmaceuticals	Consolidated	Electronics Materials	Medical and Pharmaceuticals
Net Sales	48,100	33,900	12,100	43,800	29,600	12,100
Operating Income	8,400	8,200	1,000	6,500	6,300	1,000
EBITDA	12,200	9,100	3,400	10,300	7,200	3,400
Operating Income Margin	17%	24%	8%	15%	21%	8%
EBITDA Margin	25%	27%	28%	24%	24%	28%

Revised Financial Forecast for the Full Fiscal Year 2022

Forecast for the FY 2022

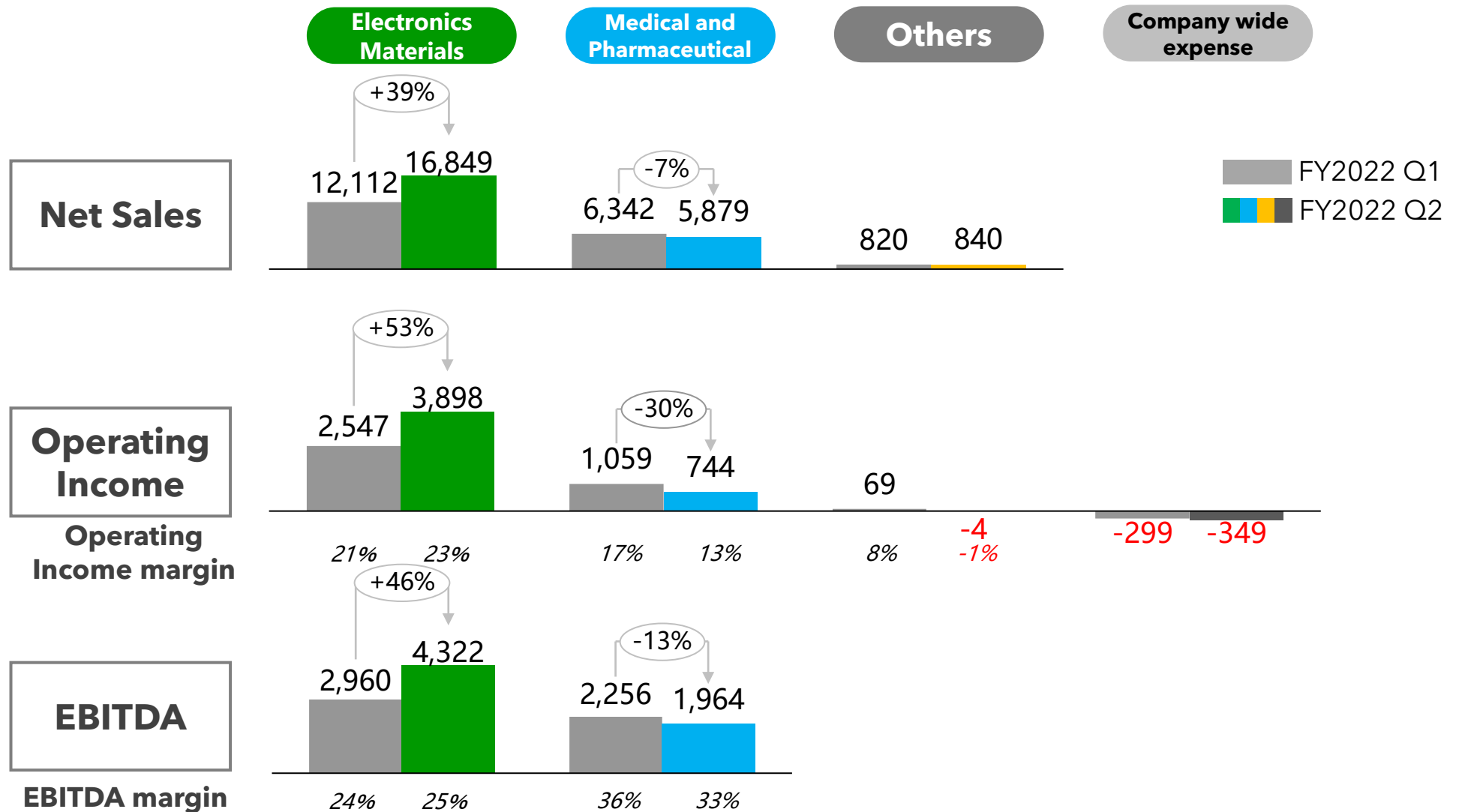
Unit: JPY Million

Estimated JPY/USD exchange rate: 108 JPY

	Fiscal Year 2022 Forecast (as revised)			Fiscal Year 2022 Forecast (as announced on April 30)		
	Consolidated	Electronics Materials	Medical and Pharmaceuticals	Consolidated	Electronics Materials	Medical and Pharmaceuticals
Net Sales	91,900	63,800	23,900	86,500	58,400	23,900
Operating Income	15,000	15,200	1,400	12,100	12,300	1,400
EBITDA	22,800	17,200	6,000	19,900	14,300	6,000
Operating Income Margin	16%	24%	6%	14%	21%	6%
EBITDA Margin	25%	27%	25%	23%	24%	25%

Performance by Segment

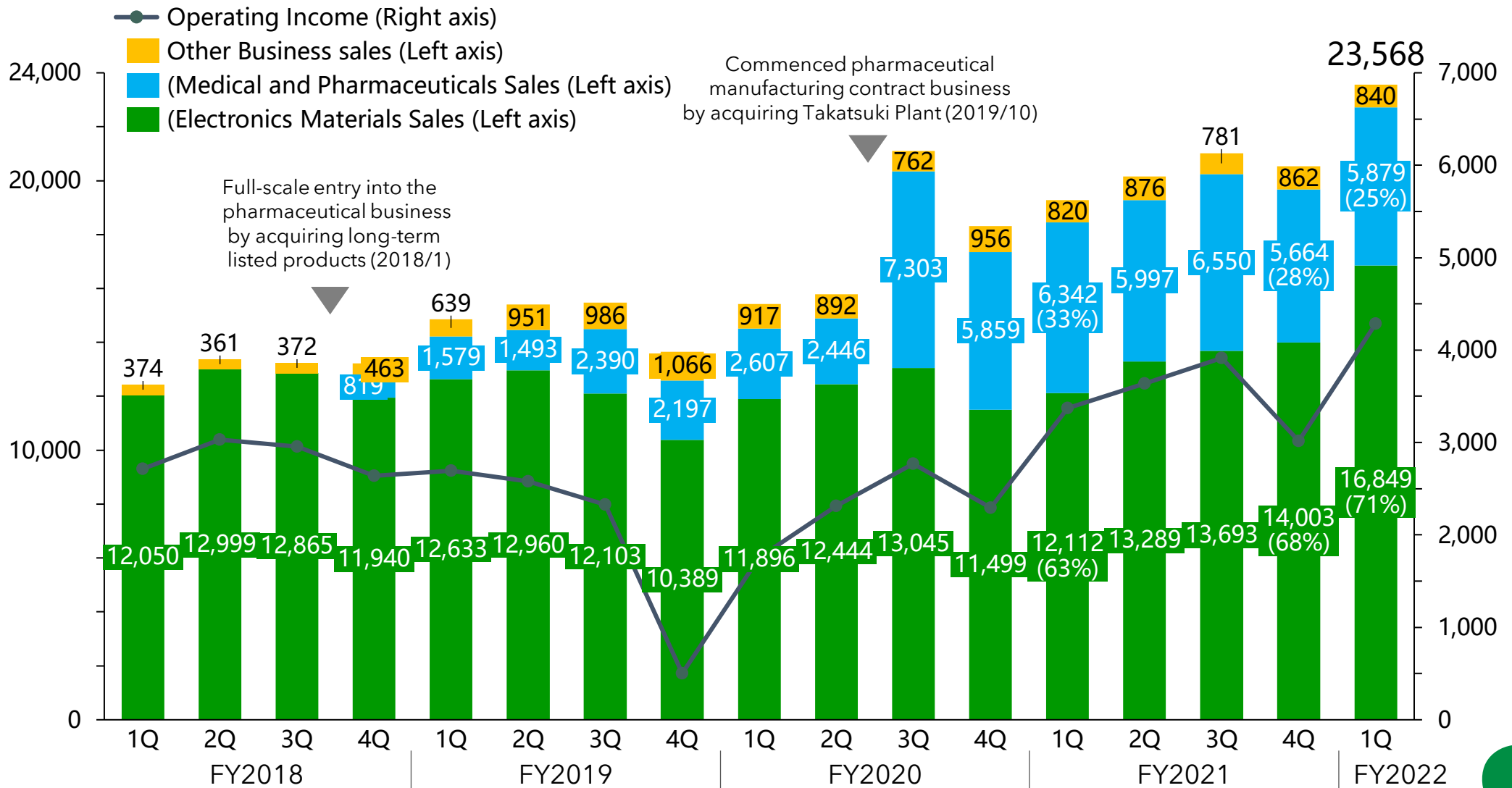
Cumulative 1Q Net Sales / Operating income / EBITDA Unit : JPY Million



Trend of Quarterly Performance

Net sales and Operating Income

Unit : JPY Million



Overview of BS

BS- Comparision with the previous term Unit : JPY Million

	21/3	21/6	Change
Cash and Deposits	54,705	51,378	▲ 3,327
Accounts Receivables	22,527	24,814	2,287
Inventory※1	13,447	13,845	398
Others	2,258	1,664	▲ 594
Total Current Assets	92,937	91,701	▲ 1,236
Tangible Fixed Assets	46,348	49,717	3,369
Intangible Fixed Assets	34,949	34,359	▲ 590
Others	4,766	5,108	342
Total Fixed Assets	86,063	89,184	3,121
Total Assets	179,001	180,886	1,885

	21/3	21/6	Change
Short term borrowings※2	21,885	21,829	▲ 56
Long term borrowings	59,333	58,334	▲ 999
Notes and Account payable	7,907	8,980	1,073
Others	13,379	14,464	1,085
Total Liabilities	102,504	103,607	1,103
Shareholders Equity	74,184	74,594	410
Others	1,956	2,348	392
Non-controlling interest	357	337	▲ 20
Total net assets	76,497	77,279	782
Total liabilities and net assets	179,001	180,886	1,885

Equity to Asset Ratio	42.5%	+0.0%
------------------------------	--------------	--------------

※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

Stock split and associated partial amendment to the article of incorporation

We will conduct a two-for-one split of each share of common stock held by shareholders listed or recorded in the shareholder registry on the record date of September 30, 2021. Through the stock split, we intend to make its shares more accessible to investors and expand its retail investor base by lowering the price per investment unit. Following the share split, the total number of shares that the Company is authorized to issue as specified the article of incorporation will be changed.

Stock split

Record date: Thursday, September 30, 2021

Effective date: Friday, October 1, 2021

Each share held by a shareholder listed in the shareholders' register on the record date to be divided into two shares.

(1) Total outstanding shares before the stock split	29,041,564
(2) Number of shares to be increased by the stock split	29,041,564
(3) Total outstanding shares after the stock split	58,083,128
(4) Total number of shares authorized to be issued after the share split	100,000,000

Partial amendment to the article of incorporation

Current	Amended
Article 6. Total number of shares authorized to be issued The total number of shares authorized to be issued by Taiyo Holdings shall be <u>50,000,000 shares</u> .	Article 6. Total number of shares authorized to be issued The total number of shares authorized to be issued by Taiyo Holdings shall be <u>100,000,000 shares</u> .

Electronics Materials Business

Terminology

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

Electronics Materials Business

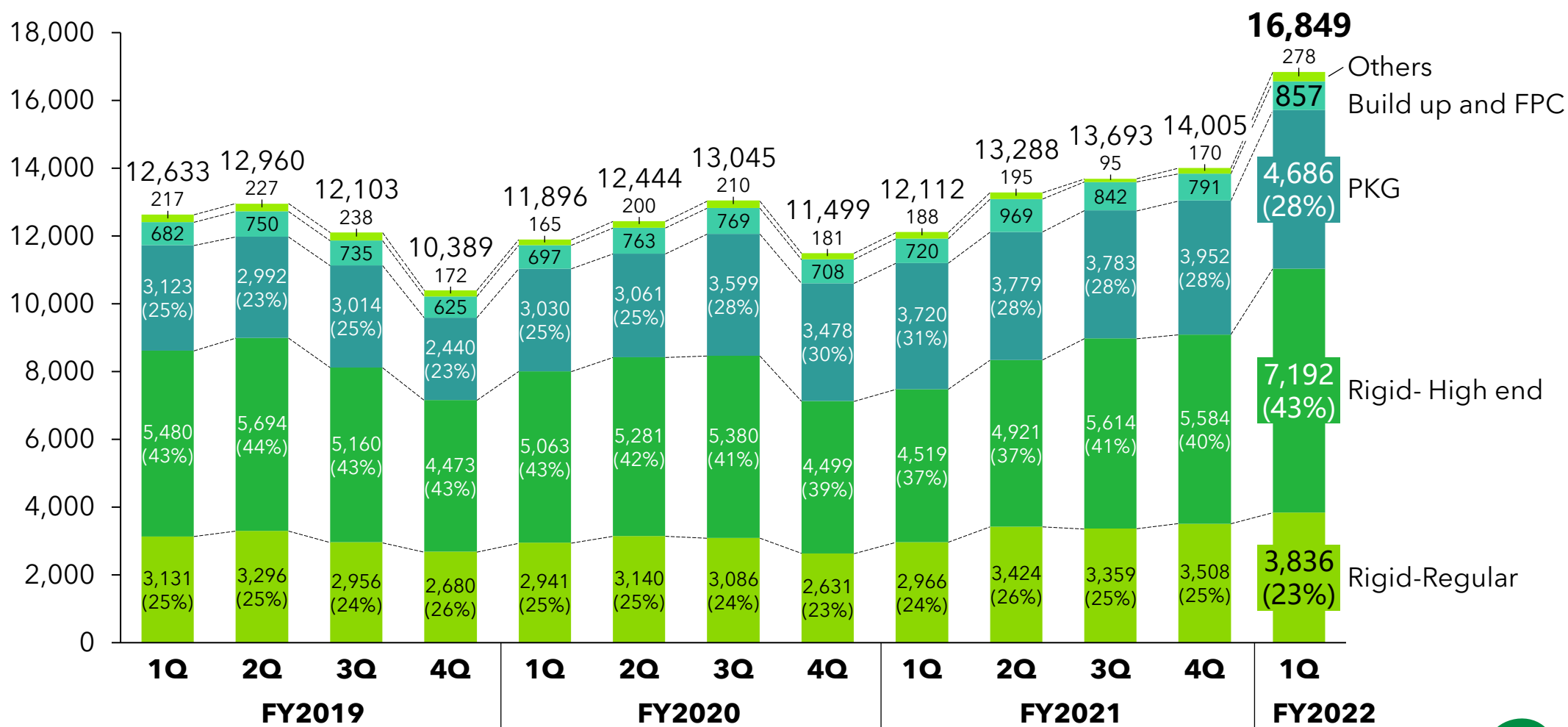
Product Classification

Group	Category		Type	Remarks
PWB insulating materials	Rigid	High end	Liquid	<ul style="list-style-type: none"> ▪ SR materials for insulation and surface protection use ▪ Electronics materials
		Regular	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 Materials Business

Net Sales by product category

Unit : JPY Million



Electronics Materials Business

Net Sales by sales area

Unit : JPY Million

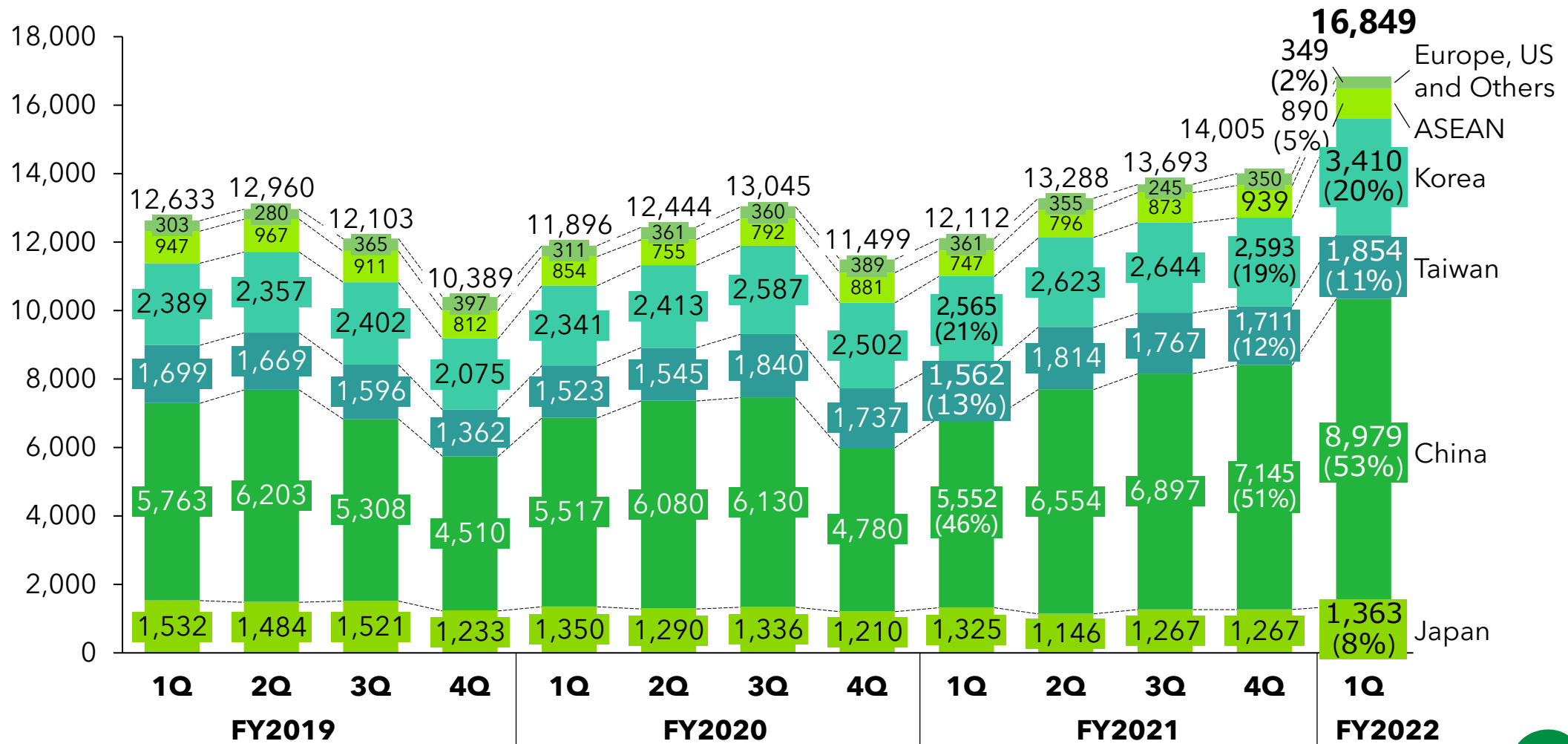
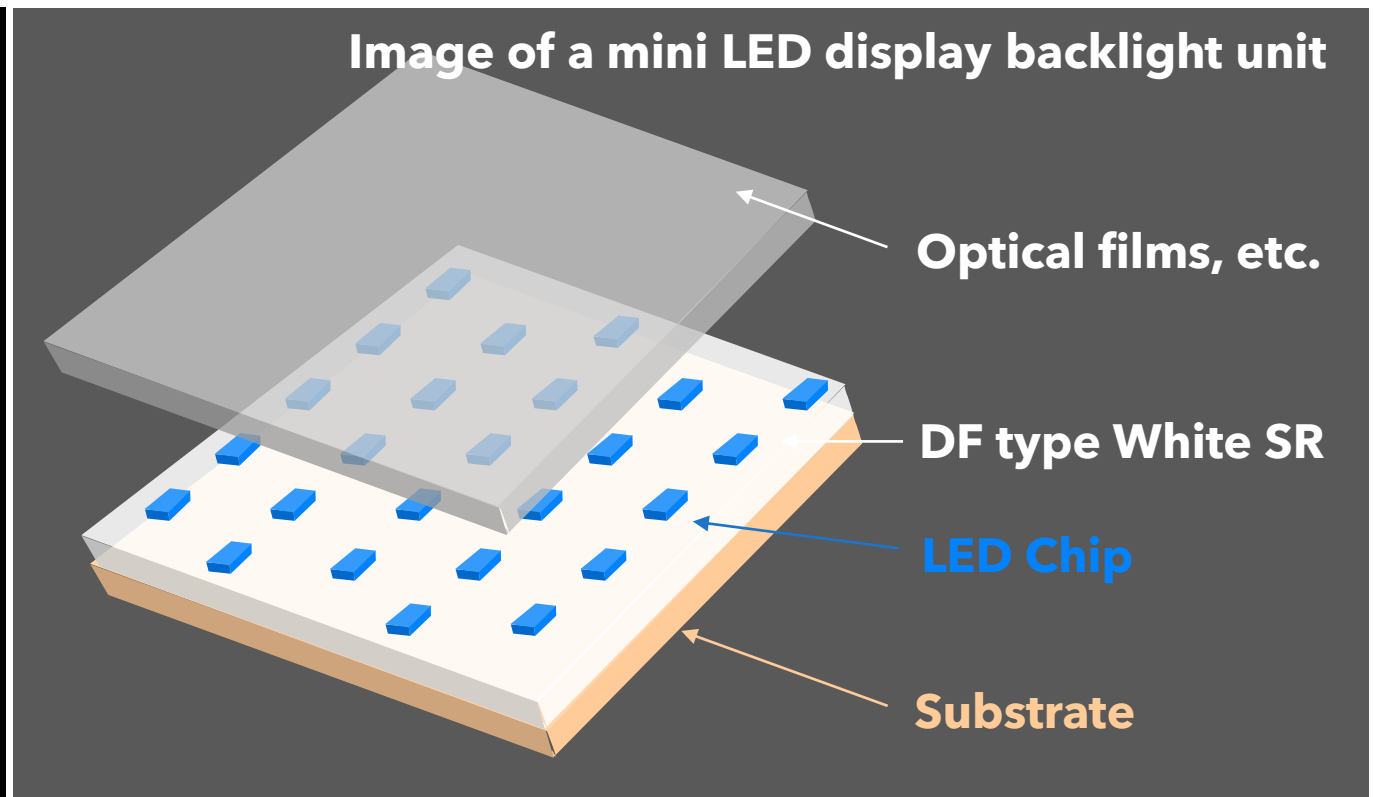


Photo imageable white Dry Film Type SR with high reflectivity for use in mini LED displays

- The photo imageable material is compatible with fine pad patterns of mini LED chips
- High reflectivity enables high brightness and high contrast with low power consumption
- Dry film type enables excellent surface flatness and uniform light reflection



Medical and Pharmaceuticals Business

Medical and Pharmaceuticals 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)

Long-listed products transferred to Taiyo Pharma

The transfer of manufacturing and marketing approval and marketing rights for Inderal® tablets and injection solutions and Tenormin® tablets, which are part of four products transferred from AstraZeneca plc in April 2020, was completed



Inderal®

- Inderal® tablets 10mg
- Inderal® injection solutions 2mg

Tenormin®

- Tenormin® tablets 25
- Tenormin® tablets 50



Omepral® tablets and Seloken® tablets will be transferred to Taiyo Pharma as soon as arrangements are made

Taiyo Pharma Tech's 5th manufacturing and logistics Bldg. became operational

- A distribution center was transferred from Daiichi Sankyo Company, Limited and Daiichi Sankyo Propharma Co., Ltd. to Taiyo Pharma Tech Co., Ltd on June 1, 2021.
- The purpose of the acquisition is to improve the manufacturing and logistics environment and expand the scope of contracted manufacturing products in the future in order to engage in contracted manufacturing for a wide range of customers.



