
Consolidated Financial Result Digest

FY2019 (Fiscal Year Ending March 31, 2019)



TAIYO HOLDINGS CO., LTD.

May 10, 2019



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.

1

Our Reporting Segments

Electronics Materials

Manufactures, stocks and markets chemicals for PWBs and other electronic components



Medical and Pharmaceuticals

Develops, manufactures, and markets pharmaceuticals and quasi-drugs



Other

Manufactures and markets dyes, pigments and other chemical products, supplies renewable energy, Software development



*The medical and pharmaceuticals business became fully operational from FY2018 Q4, and the reportable segments were therefore changed.

Terminology

Term	Definition
PWB	Printed wiring boards
SR	"Solder resist ink" or "Solder mask"
PKG	Semiconductor packages

3

Classification of Product

Group	Category		Type	Remarks
PWB insulating materials	Rigid	high-end	Liquid	•SR materials for insulation and surface protection use
		regular		
	PKG		Liquid/Dry Film	
	FPC		Liquid/Dry Film	
	Build-up		Liquid/Dry Film	•build-up materials for interlayer insulation and hole plugging use
Other related products	Other		Liquid	<ul style="list-style-type: none"> •marking, etching, plating materials •flux, solvent etc. •conductive silver paste

1

The realized average exchange rate was JPY110.7/USD, weaker yen than company's projection of JPY101.5/USD

2

- ① **Uncertainty in the global economy has become apparent due to trade friction between the U.S. and China.**
- ② **The semiconductor market has deteriorated rapidly.**

3

Sales volume of dry film for the PKG rose YoY while that of solder resist for rigid board materials declined

4

The transfer of 13 long-term listed products was completed. Acquisition of a new long-term listed product. (March 28,2019)

5

**Announcement of inheritance the Takatsuki Plant belonging to Daiichi Sankyo Propharma Co.,Ltd.
(share transfer date October 1, 2019(scheduled))**

Reasons for the Occurrence of the Extraordinary Loss

The results of MNT fell below the planned values in the first consolidated fiscal year. Against this background, we have rigorously and conservatively estimated the business value of MNT in terms of accounting. As a result, we have processed costs collectively.

Details of the Extraordinary Loss

Consolidated: 1,311 million yen impairment loss

Non-consolidated: 1,013 million yen associated company stock appraisal loss
351 million yen provision of allowance for doubtful
accounts in associated companies

The associated company stock appraisal loss and provision of allowance for doubtful accounts in associated companies are eliminated in the consolidated accounting, so there is no impact on consolidated profit/loss.

We expect that the recording of 321 million yen in amortization of goodwill will end from the fiscal year ending March 31, 2020 onward due to the recording of a loss in the fiscal year ended March 31, 2019.

6 FY2019 Consolidated Financial Results

Result Summary

Unit: JPY million

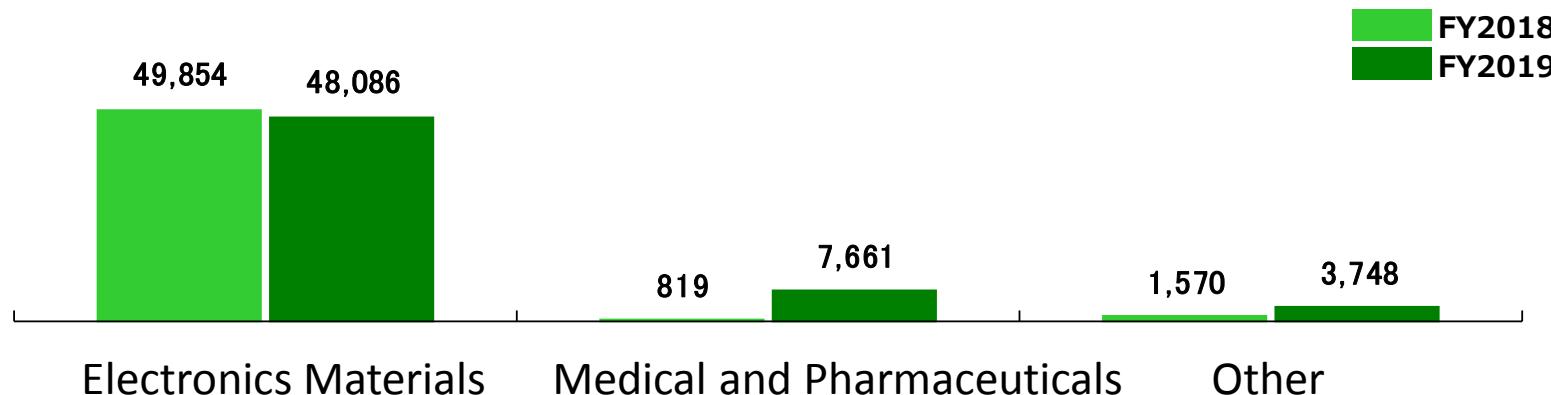
	FY2018 full year result	FY2019 full year result	YoY	%	FY2019 [※] full year forecast	Progress rate
Net sales	52,241	59,389	+7,148	+14%	60,200	99%
Operating income	11,337	8,099	-3,238	-29%	9,800	83%
Ordinary income	11,199	8,014	-3,185	-28%	9,600	83%
Net income	4,856	4,396	-460	-9%	6,700	66%
Exchange rate	110.8	110.7			101.5	

※Business forecast disclosed on May 2, 2018

Sales by Segment

(including inter-segment sales or transactions)

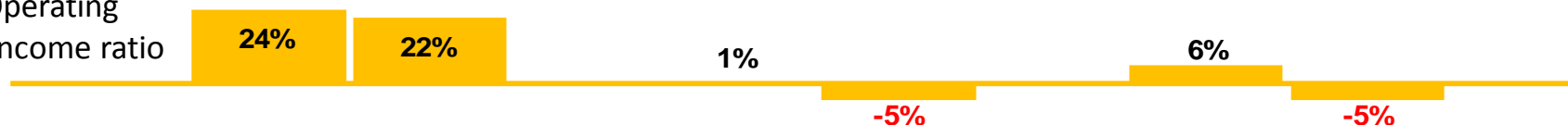
Unit: JPY million



Operating Income by Segment

(including inter-segment sales or transactions)

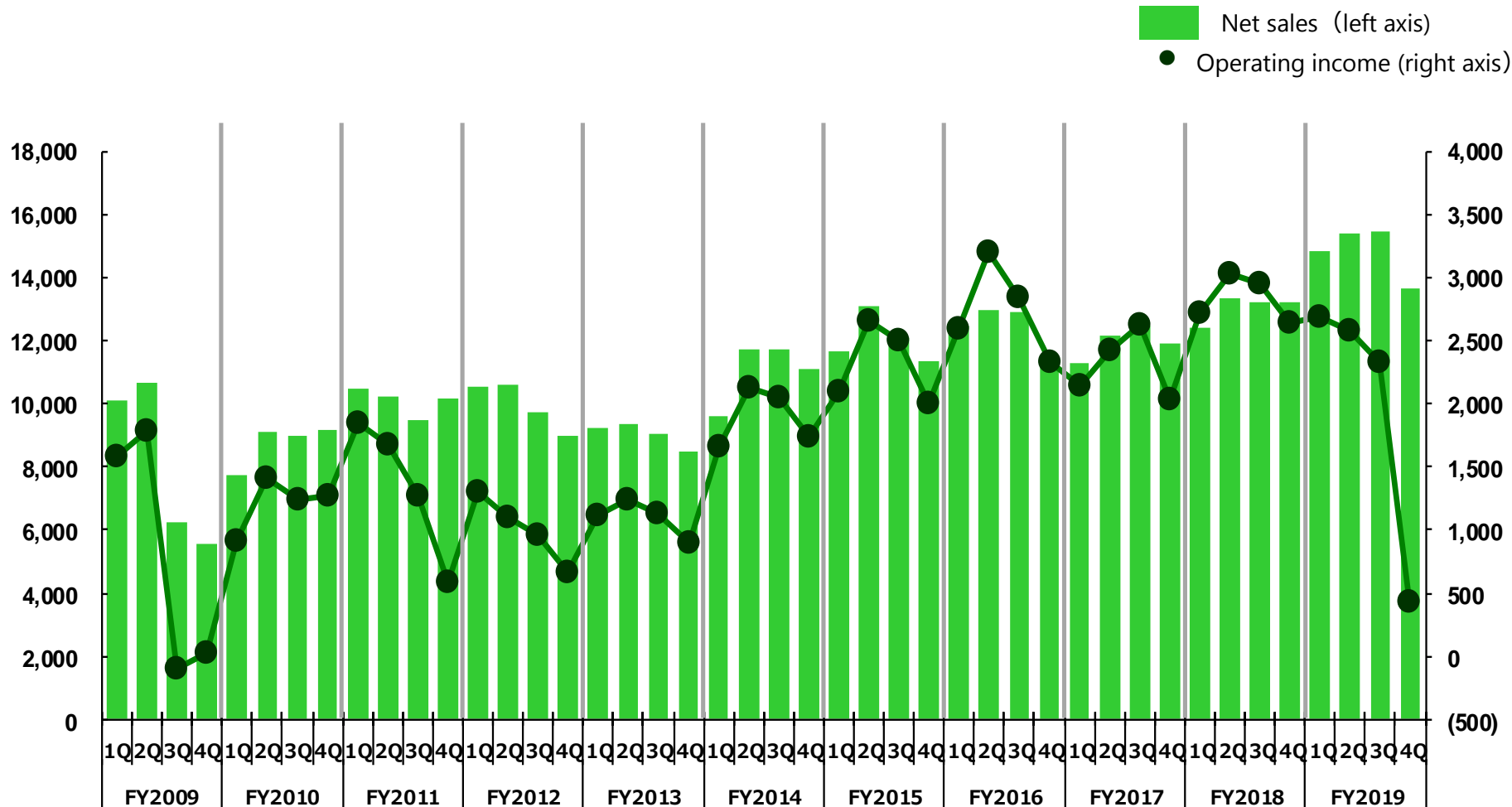
Unit: JPY million

Operating
income ratio

8 Trend of Quarterly Performance

Net Sales & Operating Income

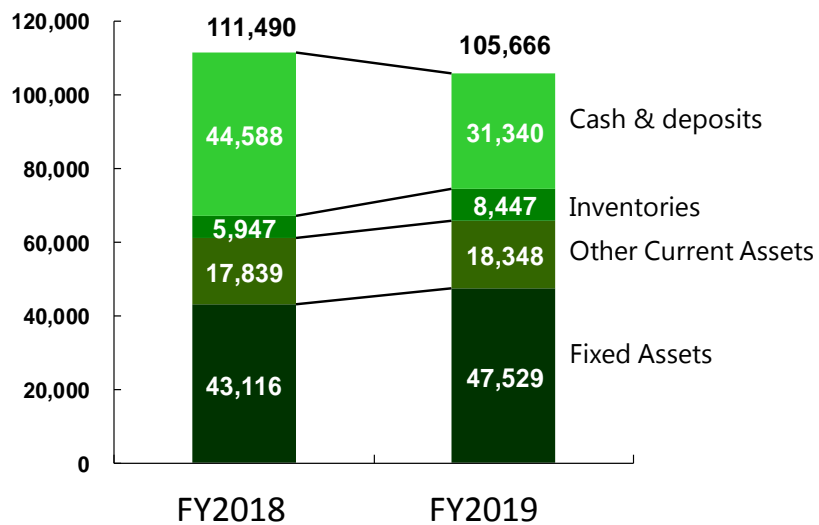
Unit: JPY million



BS (YoY)

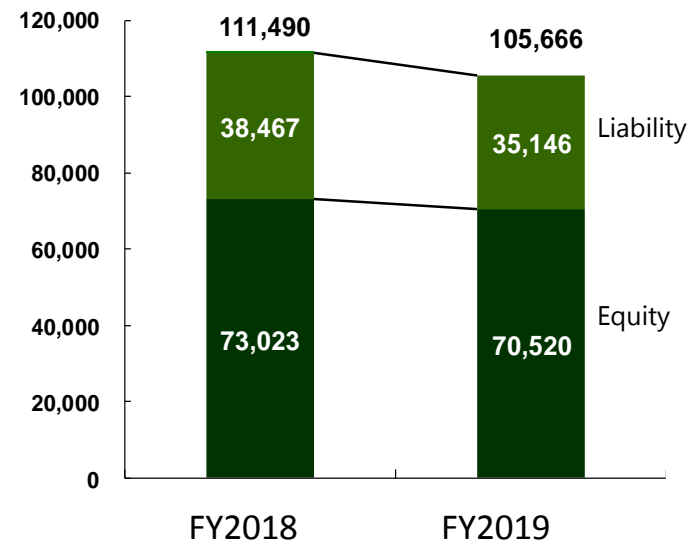
JPY millions

Assets



- Fixed assets increased due to construction of new plant
- Decrease in cash and deposits due to debt repayment

Debt/Net assets

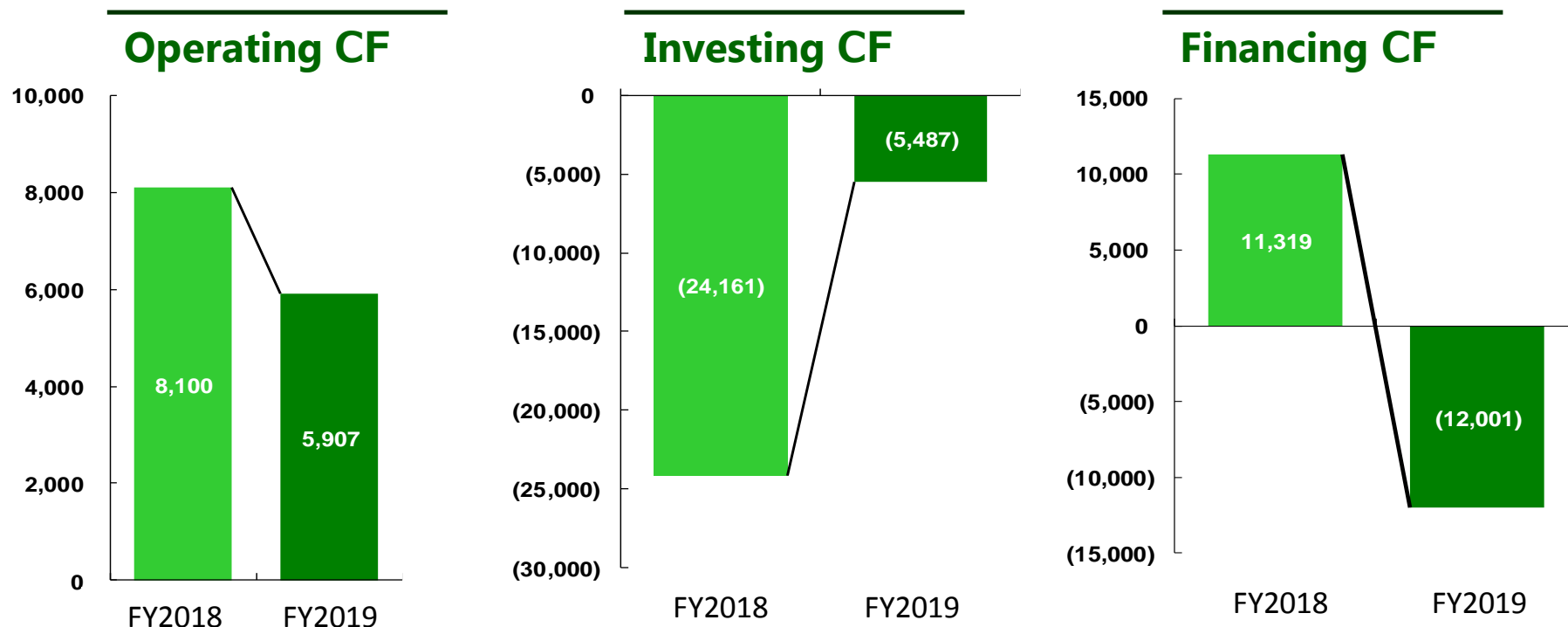


- Debt reduction due to debt repayment
- Decrease in net assets due to share buyback

10 FY2019 CF Highlights

CF (YoY)

JPY millions



Decrease in trade payables
Increase in corporate tax payment

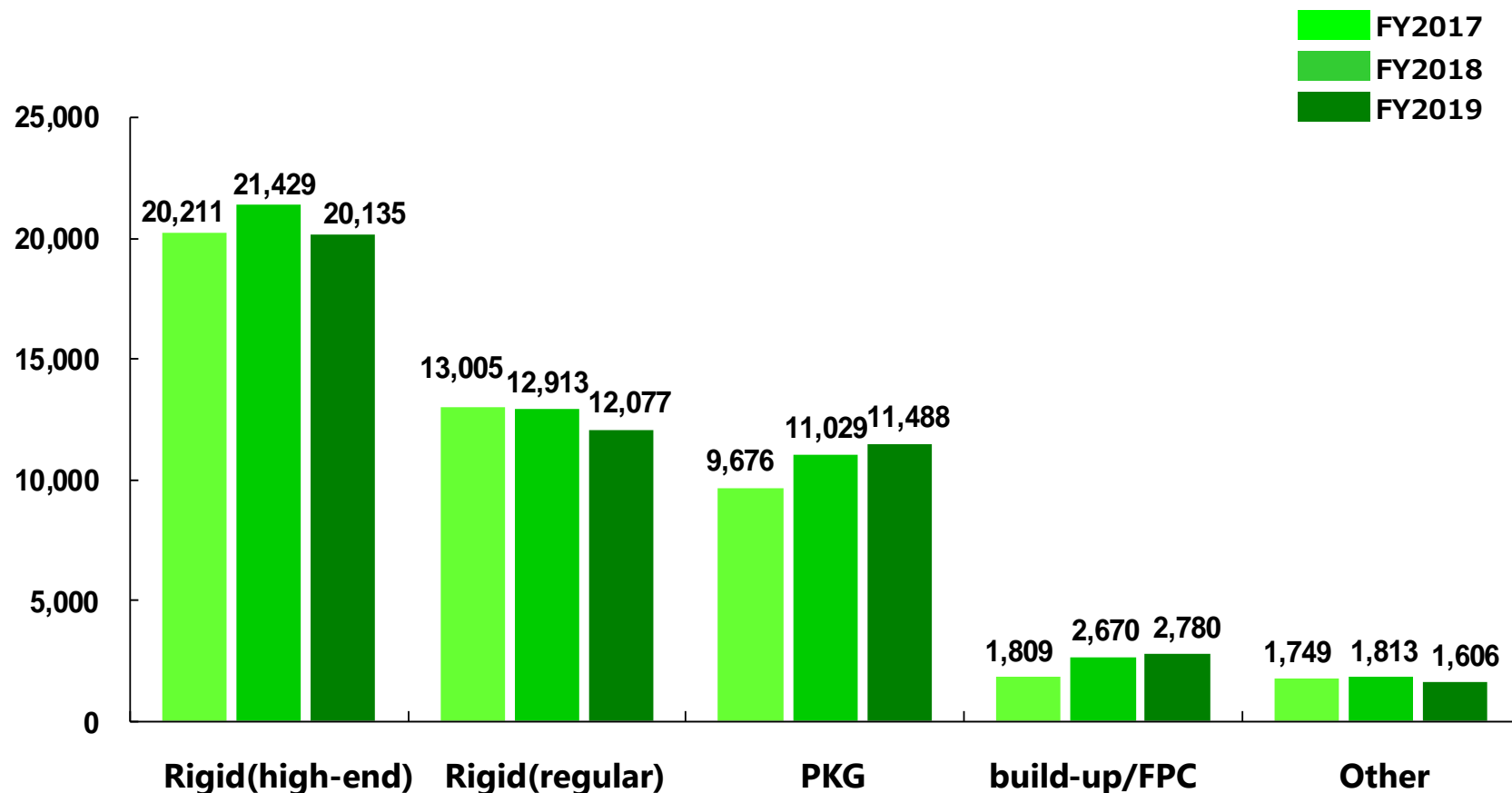
Previous period: Acquisition of intangible fixed assets
Current period: Acquisition of tangible fixed assets

Previous period: Long-term borrowing income
Current term: Repayment of long-term borrowing

Electronics Materials Business

Sales by Products

Unit: JPY million

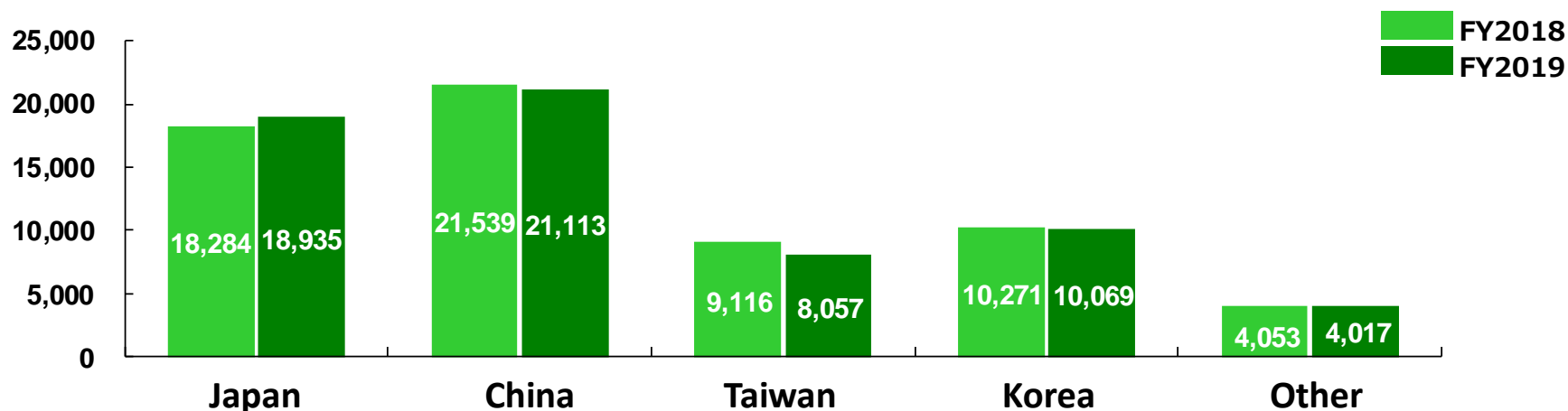


* Due to the change in reportable segments from FY2018 Q4, the "Other" category of the electronics materials business no longer includes the net sales of Taiyo Pharma Co., Ltd., Chugai Kasei Co., Ltd., Taiyo Green Energy Co., Ltd., MNT and TMC.

Sales by Region

(including inter-regional sales or transactions)

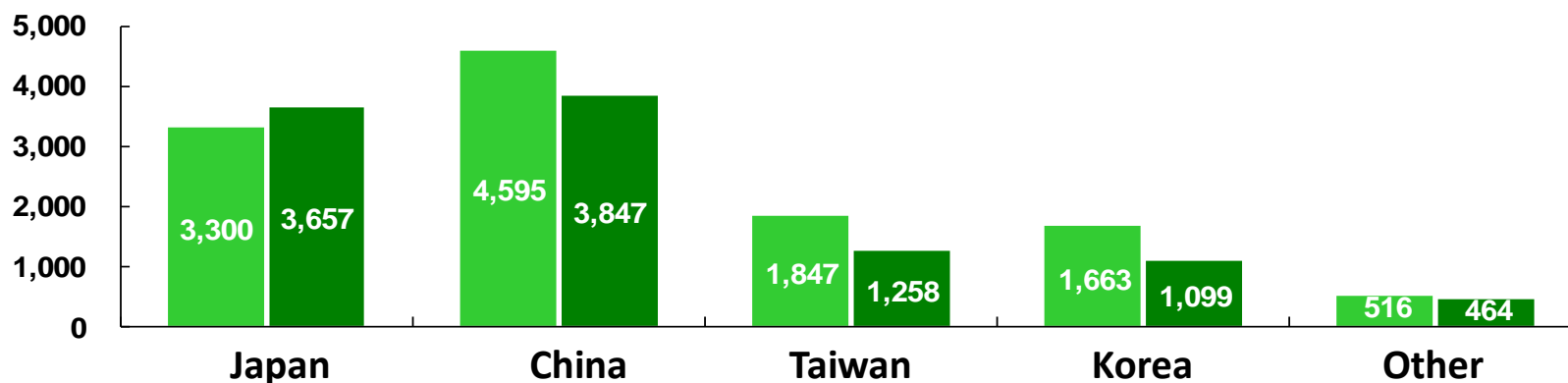
Unit: JPY million



Operating Income by Region

(including inter-regional sales or transactions)

Unit: JPY million

Operating
Income Ratio

19% 21%

22% 19%

26% 20%

17% 12%

12% 12%

* Due to the change in reportable segments from FY2018 Q4, the "Other" category of the electronics materials business no longer includes the net sales of Taiyo Pharma Co., Ltd., Chugai Kasei Co., Ltd., Taiyo Green Energy Co., Ltd., MNT and TMC.

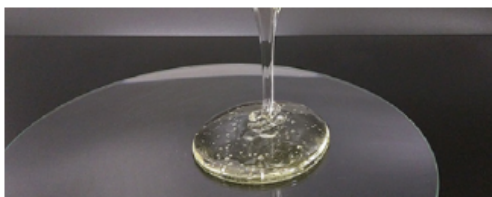
New Investment

Company Profile

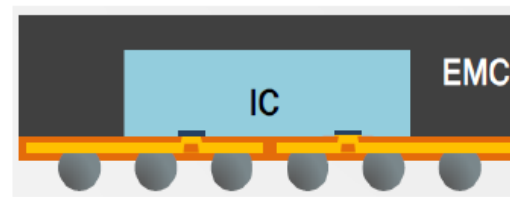
Name	Wingo Technology Co., Ltd.
Address	Okayama Research Park Incubation Center, 5303 Haga, Okayama-shi, Okayama
Date of establishment	May 18, 2016
Representative	Dr. Win Maw Soe, President and Chief Executive Officer
Capital	115 million yen
Business areas	Design, development and manufacture of power semiconductors, high conversion rate solar panels and high-performance soluble polyimide resin for lithium ion batteries – a key component of next-generation automobiles

The Advantages of Investment

- ✓ Possible to produce new products in OLED^{*1} and semiconductor applications
- ✓ Develop new technologies in the field of polyimides for displays and semiconductors



Clear PI for OLED



Re-wiring PI Dry Film for Semiconductors

^{*1}OLED is the abbreviation for organic light emitting diode. This indicates an LED that uses an organic substance for its light emitting material.

Medical and Pharmaceutical Business

16 Medical and Pharmaceutical Business

About the Acquisition of a new Long-listed Product

Item	Details
Transfer target	Nippon Boehringer Ingelheim Co., Ltd
Product name	Mexitil [®]
Date of acquisition	March 28, 2019
Timing of the succession of the approval for manufacture and sale	October 2019(scheduled)
Purpose	<ul style="list-style-type: none">✓ To expand our product lineup✓ To build a stable and continuous business through optimization of Information provision activities and other business activities

Overview of Daiichi Sankyo Propharma Takatsuki Plant

Item	Details
Transfer target	Takatsuki Plant of Daiichi Sankyo Propharma Co., Ltd.
Business areas	Manufacture of pharmaceuticals
Acquisition price	37.6 billion yen (scheduled)
Number of shares to be acquired	To be determined (We plan to acquire issued shares)

Takeover Schedule

Date	Details
January 31, 2019	Enter into a basic agreement for transfer of shares
October 1, 2019	Close the deal and turn the plant into our subsidiary

18 Medical and Pharmaceutical Business

Overview of Daiichi Sankyo Propharma Takatsuki Plant



Address

**4-38, Aketa-cho, Takatsuki-shi,
Osaka**

Start of operations

1933

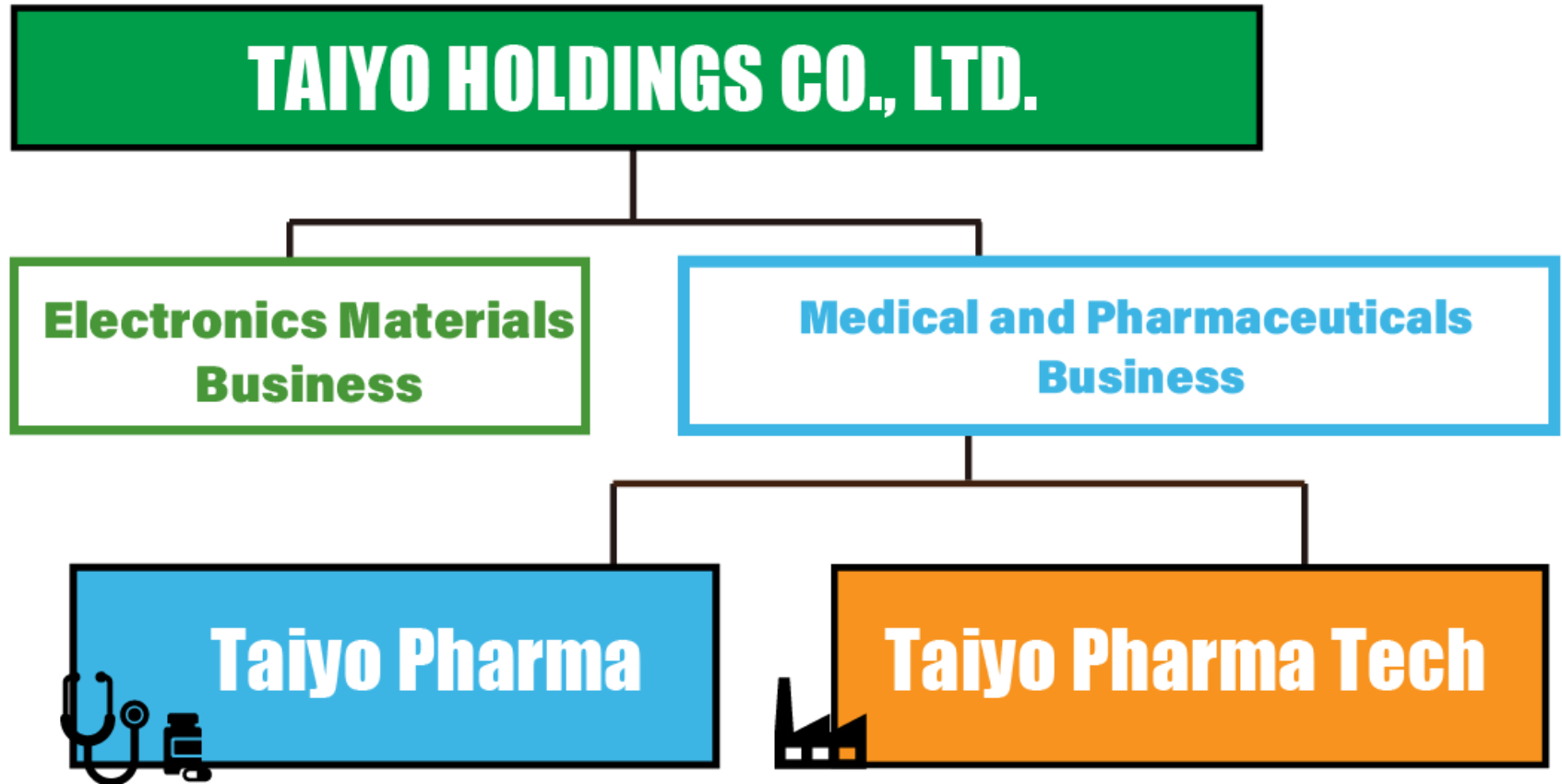
Number of employees

approx.340 people
(as of April 1, 2018)

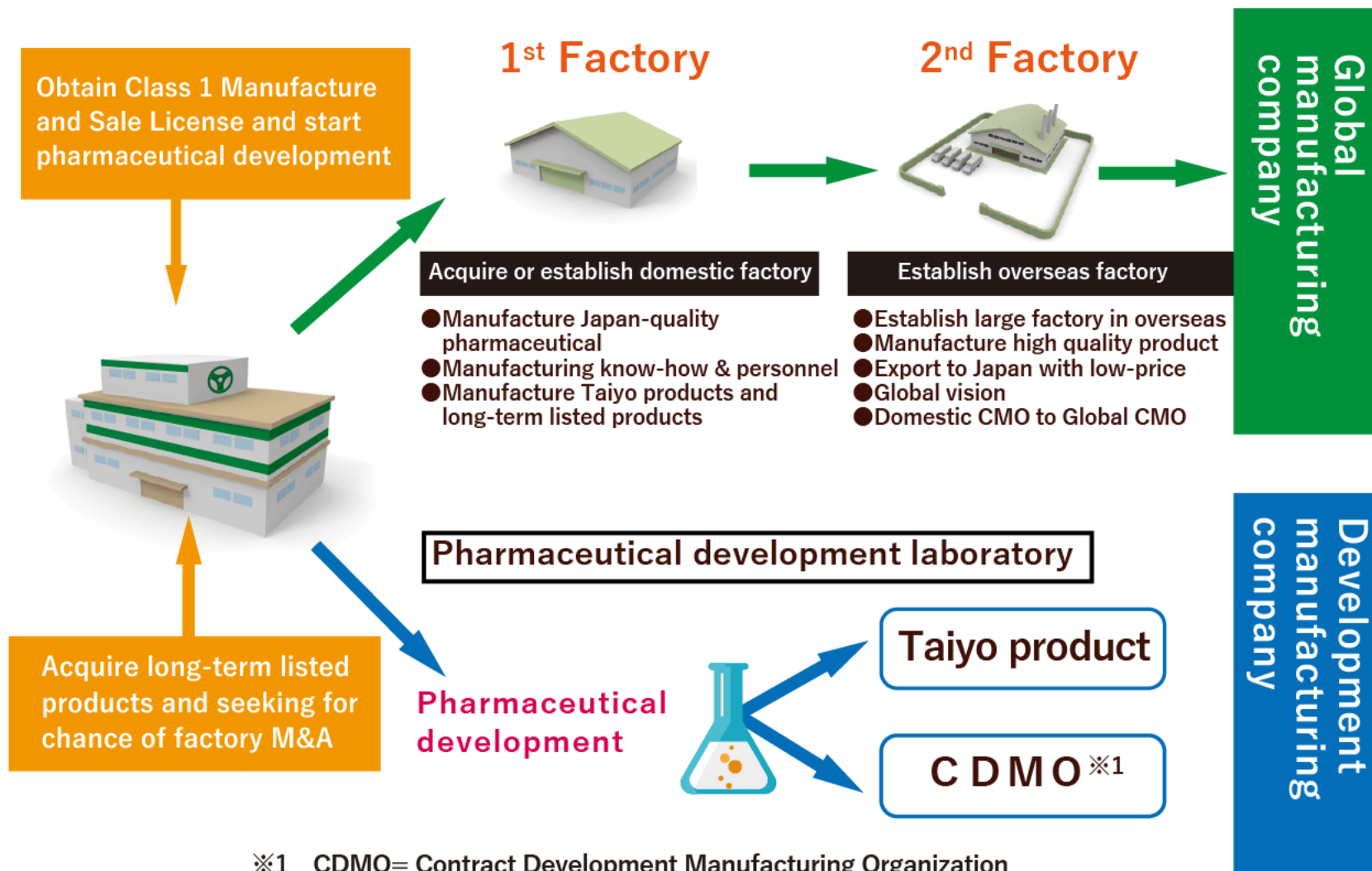


19 Medical and Pharmaceutical Business

Relation to Takatsuki Plant (New Company Name : Taiyo Pharma Tech)



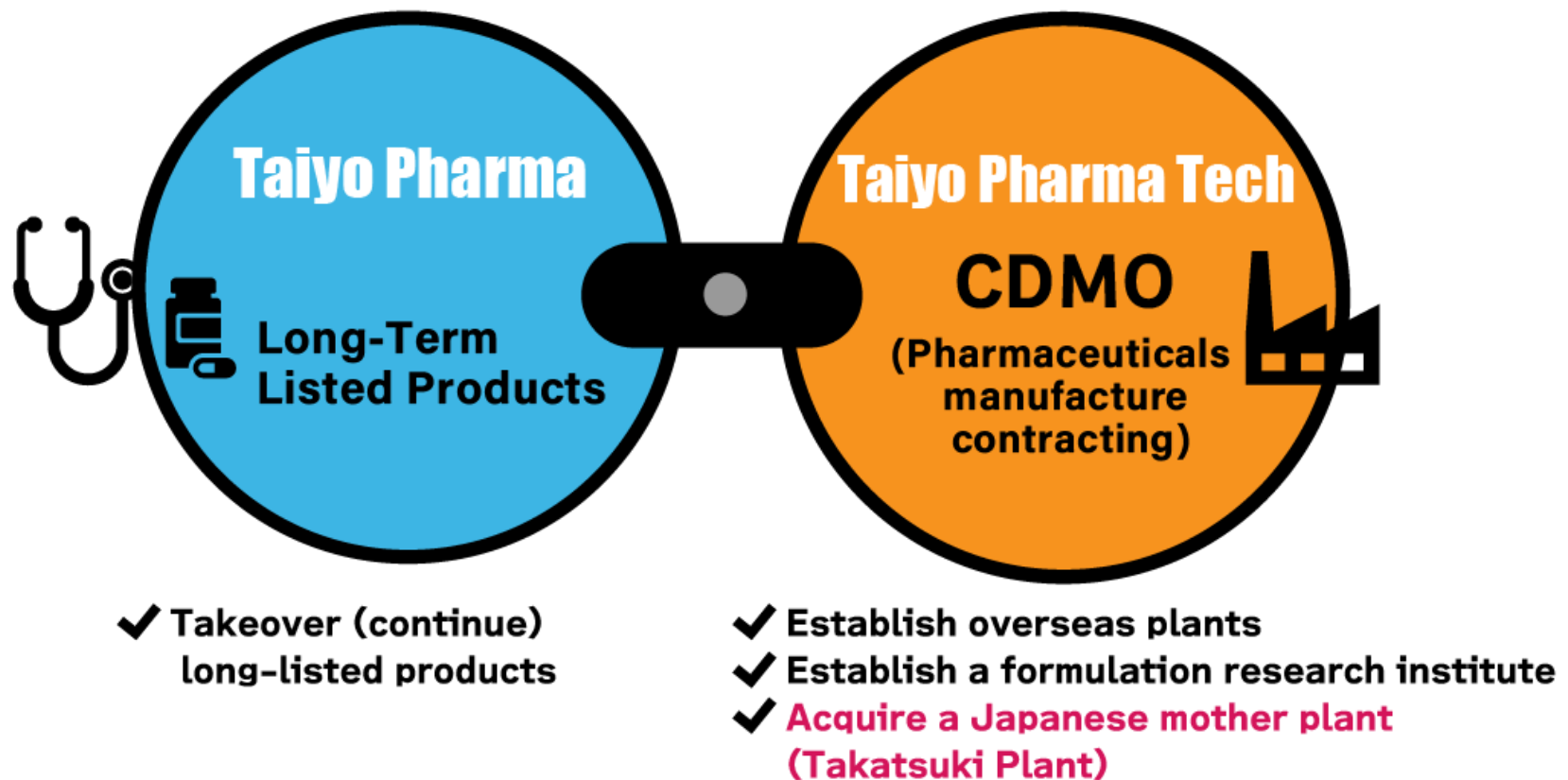
Prospect of Medical and Pharmaceutical Business



21 Medical and Pharmaceutical Business

Prospect of Medical and Pharmaceutical Business

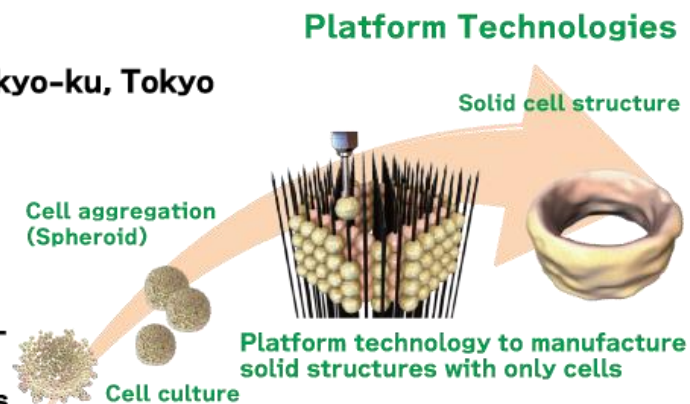
We consider the medical and pharmaceutical business to be the second pillar of Taiyo HD. We are developing this with two businesses - the CDMO business that will take over the DNA of Daiichi Sankyo and the long-listed products business operated by Taiyo Pharma.



Investment in Regenerative Medicine

Company Profile

Name	Cyfuse Biomedical K.K.
Address	ICN Bldg. 5A, 2-27-17, Hongo, Bunkyo-ku, Tokyo
Date of establishment	August 11, 2010
Representative	Shizuka Akieda, CEO
Capital	100 million yen
Business areas	Business areas: Research, development, manufacture and sale of regenerative medicine related products, and development and sale of bio 3D printers



The Advantages of the Capital Tie-up

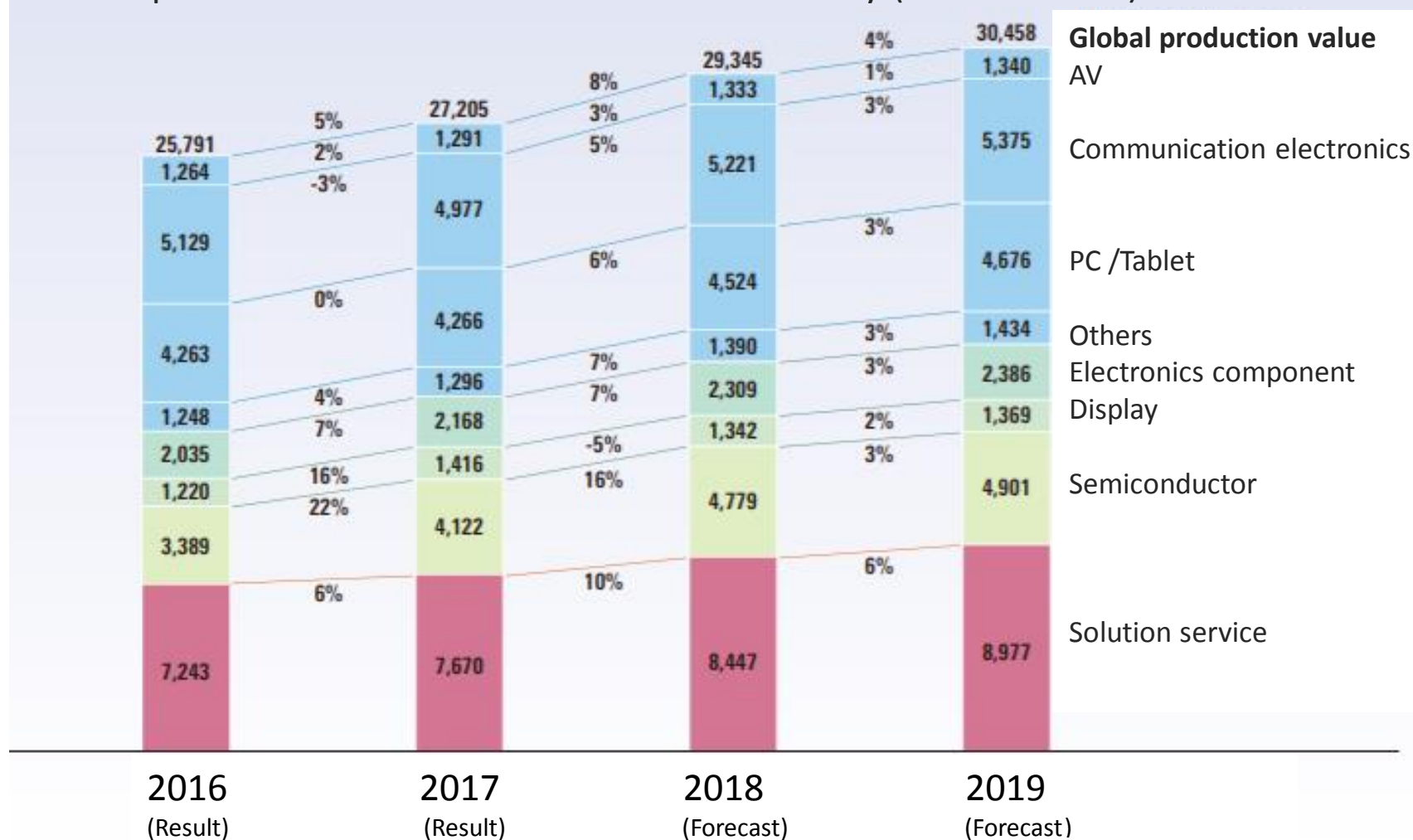
- ✓ Acquire the opportunity to participate in the regenerative medicine
- ✓ Construct manufacturing facilities and prepare for the manufacture of cell products
- ✓ Train researchers in our company in the field of regenerative medicine

Three-dimensional Cell Lamination System (Bio 3D Printer)



FY2020 Financial Forecasts

Global production of electronic information industry (billion dollars)



Unit: Billion dollars radio:%

Source: Japan Electronics and Information Technology Industries Association
 "World production prospects of the electronic information industry" (December 2018)

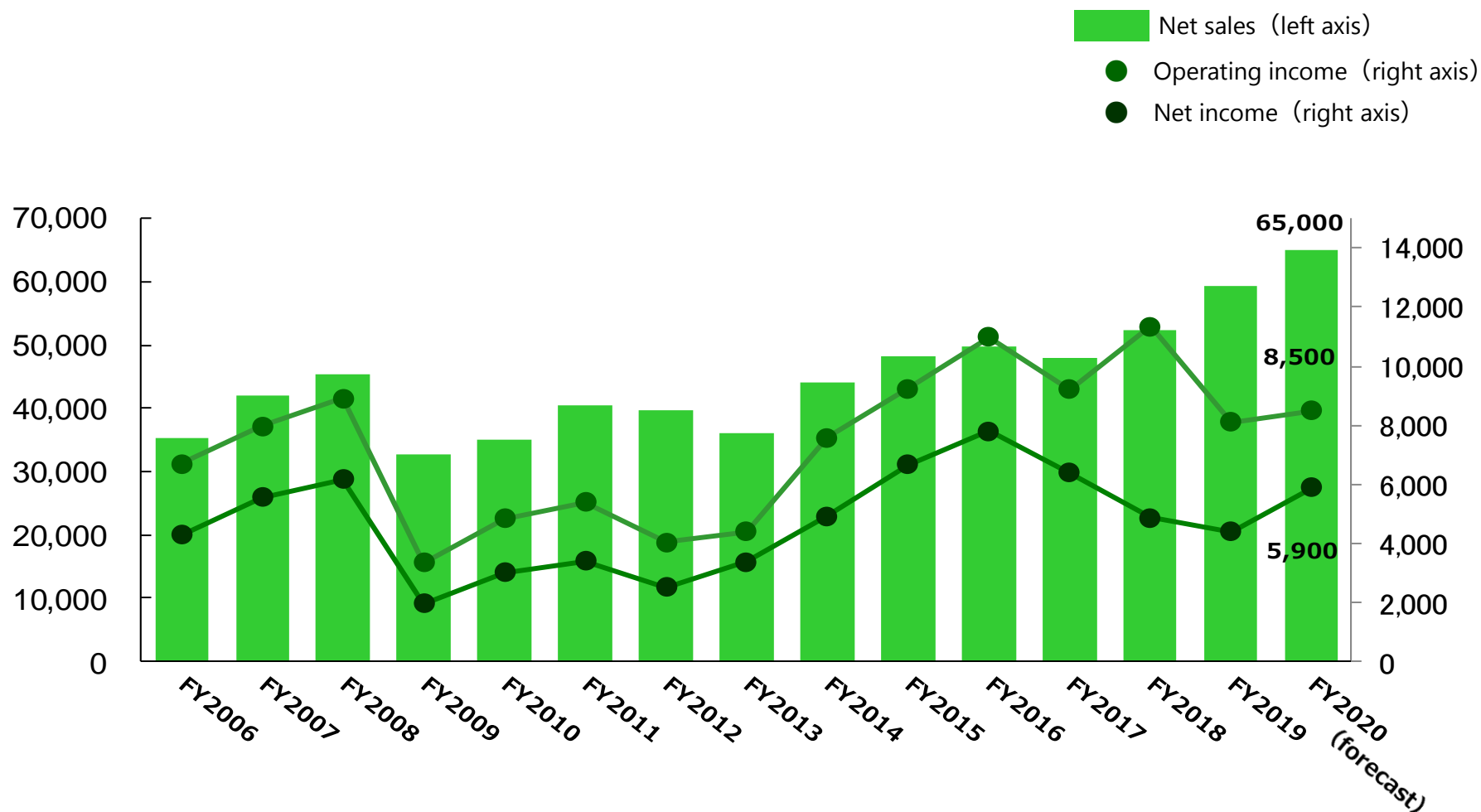
Financial Results Forecasts

JPY millions

	full year result	full year forecast	full year reference (including Takatsuki Plant)	YoY	Progress rate
Net sales	59,389	65,000	72,500	+5,611	+9%
Operating income	8,099	8,500	8,800	+401	+5%
Ordinary income	8,014	8,400	8,700	+386	+5%
Net income	4,396	5,900	6,100	+1,504	+34%
Exchange rate of JPY/USD	110.7	110	110		

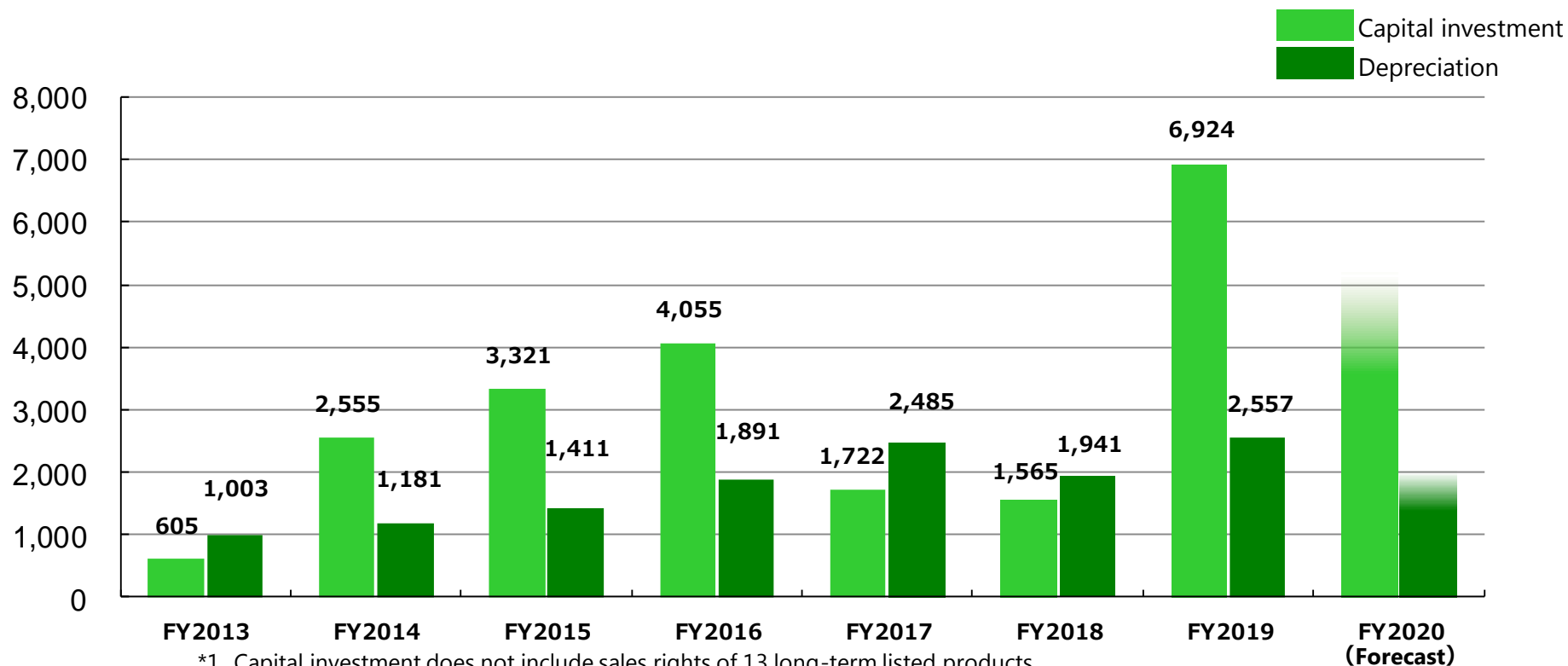
Trend of Financial Results

JPY millions



Trend of Capital Investment & Depreciation

JPY millions



*1 Capital investment does not include sales rights of 13 long-term listed products

*2 Depreciation does not include amortization of sales rights mentioned above

We will continue conducting investment for enhancement of existent business and new business in FY 2020. Estimated amount is 52 billion yen.

Apple Introduces Taiyo Ink as an Apple Supplier with 100 percent Renewable Energy

Website: Apple (Japan)

URL: <https://www.apple.com/jp/job-creation/>

: <https://www.apple.com/jp/newsroom/2018/04>



Toshitsugu Yamada | Taiyo Green Energy | Saitama, Japan

Taiyo Ink located in Saitama, Japan produces solder masks for printed circuit boards, which are used in iPhone. In 2017, Taiyo Ink and other Japanese companies announced that they have committed to power all of their Apple production with 100 percent renewable energy.

* Excerpt from Apple's press release (March 2019)



NEXT STAGE — 新たな展開へ —

明日の地球に出来ること
For Tomorrow