
Consolidated Financial Result Digest

FY2020 Q2 (Fiscal Year Ending March 31, 2020)



TAIYO HOLDINGS CO., LTD.

November 1, 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.

Summary

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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



1

Uncertainty in the global economy has continued since last year due to trade friction between the U.S. and China

2

Sales volume of dry film for PKG remained flat YoY while solder resist for the automotive declined

3

Completed the acquisition of Taiyo Pharma Tech (Takatsuki Plant) on October 1st, 2019

4

Taiyo Green Energy established new 5 solar power plants on water (10 plants in total)

5

(System Subsidiary) Thou-Management Corporation: Adoption of 「Verification test by utilizing QZSS (MICHIBIKI)」

6

(System Subsidiary) Absorption-type of Merger of Thou-Management Corporation by MICRO NETWORK TECHNOLOGIES CORP. (November 1st)

Established new floating solar power (10 plants in total)

10 plants are estimated to generate 16.1GWh on an annual basis,
which is equivalent to 100% power consumption in our domestic group

※Excluding Taiyo Pharma Tech

Hosoike Hydro-Solar Plant (Gifu)



- Hiraike Hydro-Solar Plant (Gifu)
- Hosoike Hydro-Solar Plant (Gifu)

- Anazawaike Hydro-Solar Plant (Hyogo)
- Uozumiike-Kusatani Hydro-Solar Plant (Hyogo)

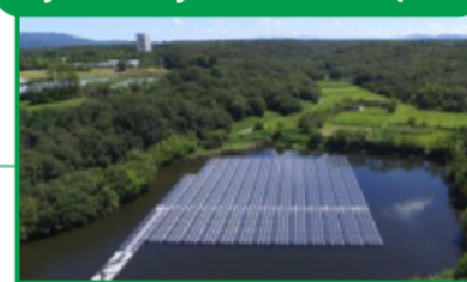
- Mimayaike Hydro-Solar Plant (Kagawa)

- Kobayashiike Hydro-Solar Plant (Nara)

- Shijukushinike Hydro-Solar Plant (Mie)

- Ranzan Hydro-Solar Plant (Saitama)
- Ranzan Onuma Hydro-Solar Plant (Saitama)

Hayashiike Hydro-Solar Plant (Aichi)

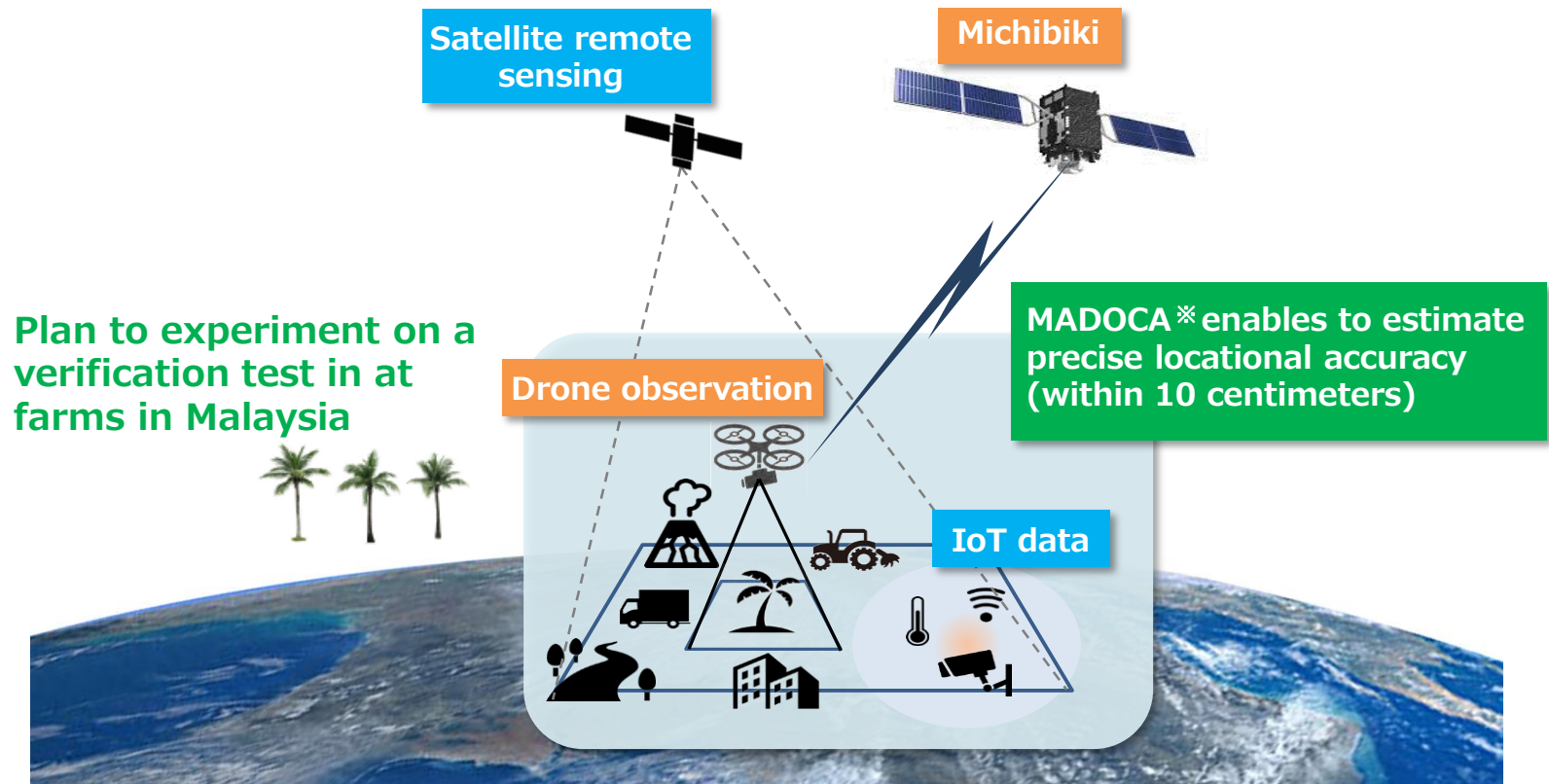


Apple Introduces Taiyo Ink as an Apple Supplier with 100 percent Renewable Energy

Website: Apple (Japan)
URL : <https://www.apple.com/jp/job-creation/>
: <https://www.apple.com/jp/newsroom/2018/04>

Outline: Adoption of Verification test by utilizing MICHIBIKI*

Thou-Management Corporation was adopted by “Verification test by utilizing MICHIBIKI in 2019” publicly sought by Cabinet Office and Quasi-Zenith Satellite System Services Inc. This adoption will be feasible to contribute to SDGs* focusing on the fields such as agriculture and infrastructure

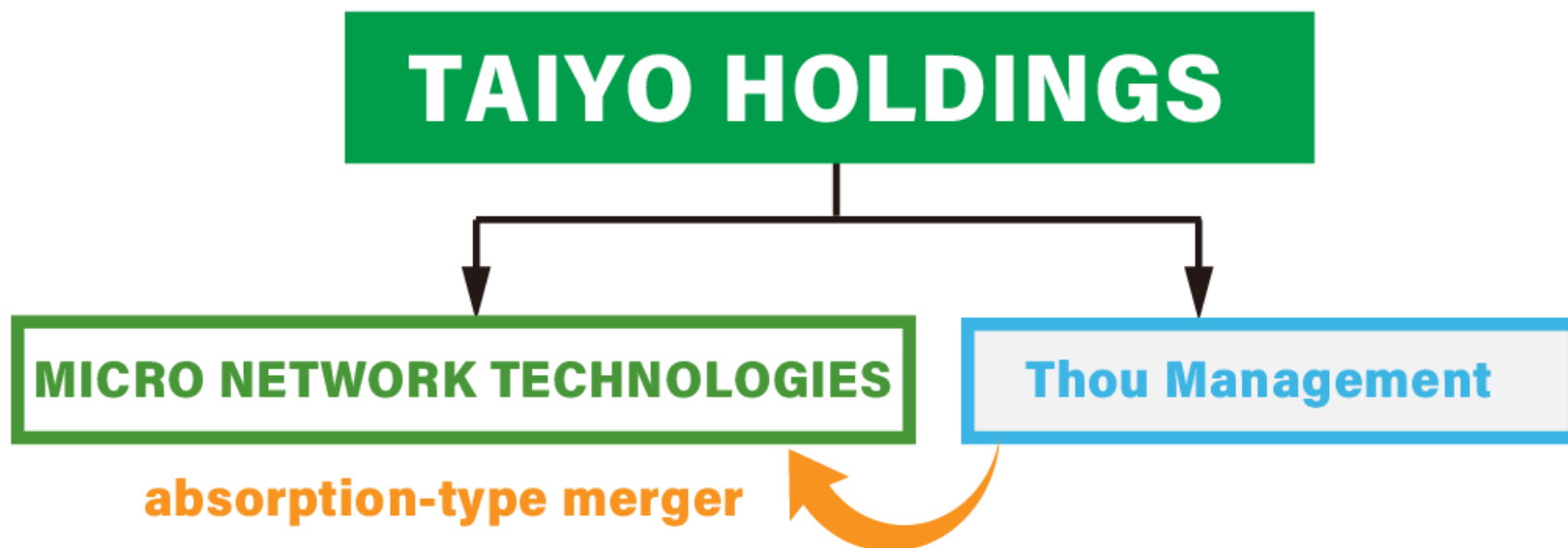


*MICHIBIKI : Quasi-Zenith Satellite System (QZSS)

*MADOCA : MADOCA : Multi-GNSS Advanced Demonstration tool for Orbit and Clock Analysis

*SDGs: Sustainable Development Goals

Absorption-type of Merger of Thou-Management Corporation by MICRO NETWORK TECHNOLOGIES CORP.



This absorption-type merger aims to utilize operating resources by integrating Thou-Management and MICRO NETWORK TECHNOLOGIES specialties and deepening and expanding their technologies
MICRO NETWORK TECHNOLOGIES aims to grow sustainably as a “Indispensable to the world” in line with changing market environment

Result Summary

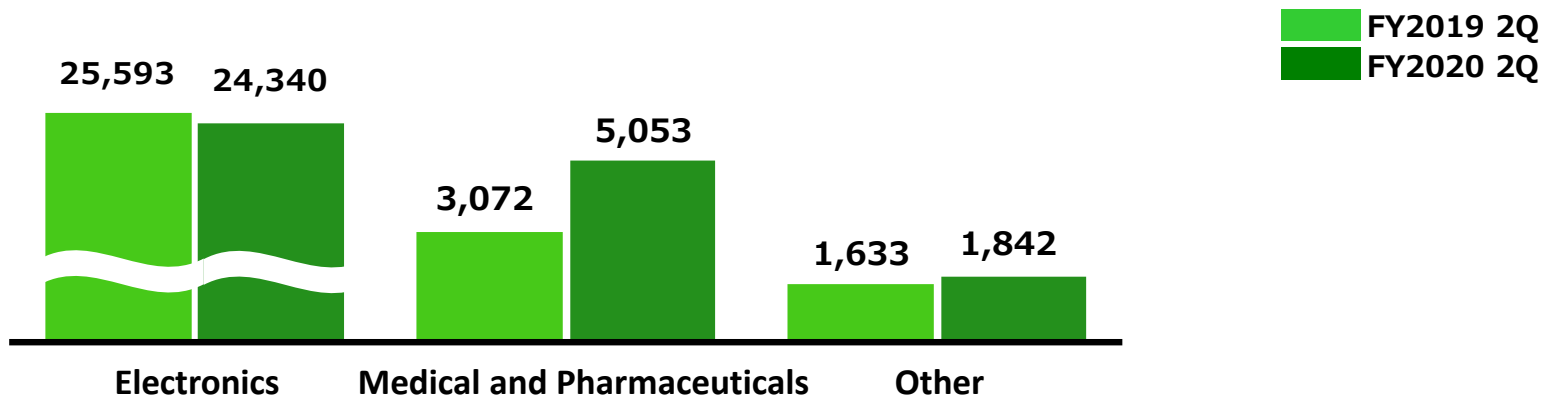
Unit: JPY million

	FY2019 Q2 result	FY2020 Q2 result	YoY	%	FY2020 1H forecast	Progress rate
Net sales	30,257	31,202	+945	+3%	32,600	96%
Operating income	5,261 [※]	4,073	-1,188	-23%	4,300	95%
Ordinary income	5,214 [※]	3,928	-1,286	-25%	4,250	92%
Net income	3,731 [※]	3,137	-594	-16%	3,000	105%
Exchange rate of JPY/USD	110.0	108.9			110.0	

※ The provisional accounting for the business combination was confirmed at the end of the previous consolidated fiscal year and the results for the first quarter of fiscal year ended March 31, 2019 reflect the contents of the provisional accounting that was confirmed.

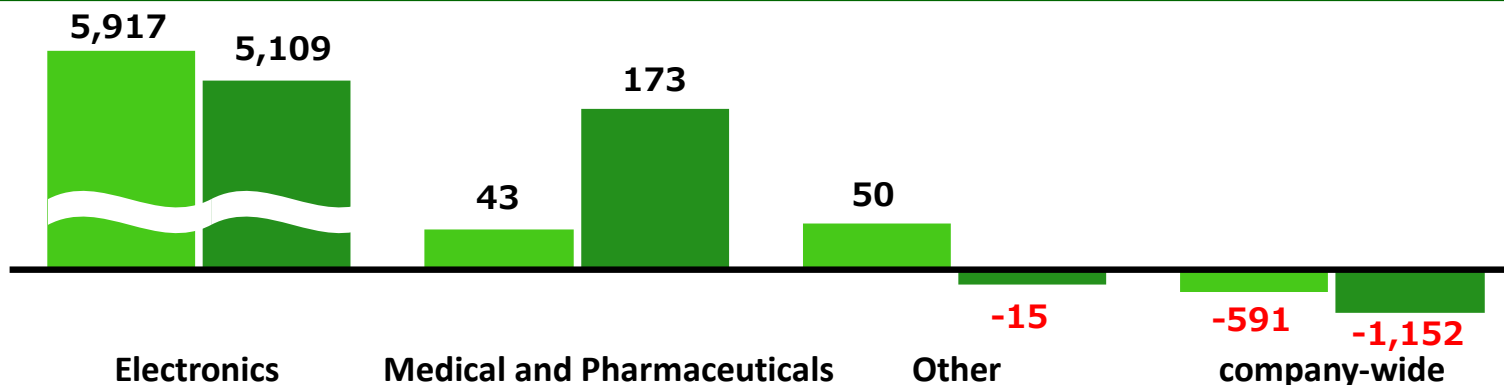
Sales by Segment

Unit: JPY million



Operating Income by Segment

Unit: JPY million

Operating
Income ratio

23%

21%

1%

3%

3%

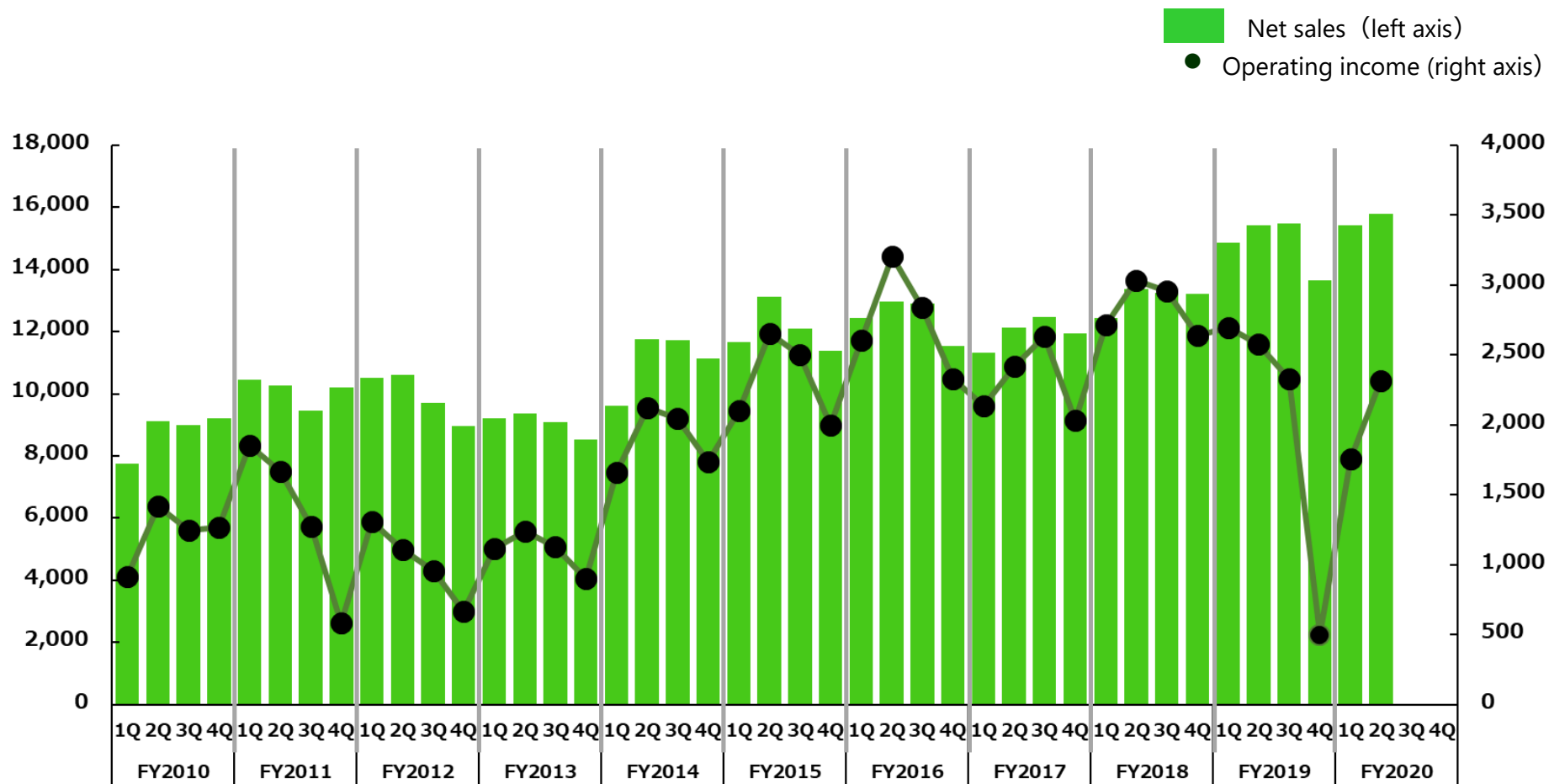
-1%



TAIYO HOLDINGS CO., LTD.

Net Sales & Operating Income

Unit: JPY million



BS (YoY)

JPY millions

	FY2019/3	FY2019/9	YoY
Cash and deposits	31,340	66,960	35,620
Accounts receivable - trade	16,610	17,714	1,104
Inventory assets [※]	8,446	7,958	-488
Other	1,740	1,209	-531
Total current assets	58,136	93,842	35,706
Property, plant and equipment	22,313	24,788	2,475
Intangible assets	21,436	20,853	-583
Other	3,779	4,084	305
Total non-current assets	47,529	49,726	2,197
Total assets	105,666	143,568	37,902

	FY2019/3	FY2019/9	YoY
Loans payable [※]	20,306	60,001	39,695
Notes and accounts payable - trade	6,285	6,787	502
Other	8,555	6,240	-2,315
Total liabilities	35,146	73,028	37,882
Capital stock	69,336	70,900	1,564
Other	846	-638	-1,484
Non-controlling interests	337	277	-60
Total net assets	70,520	70,539	19
Total liabilities and net assets	105,666	143,568	37,902

Equity ratio	66.4%	48.9%	-17.5%
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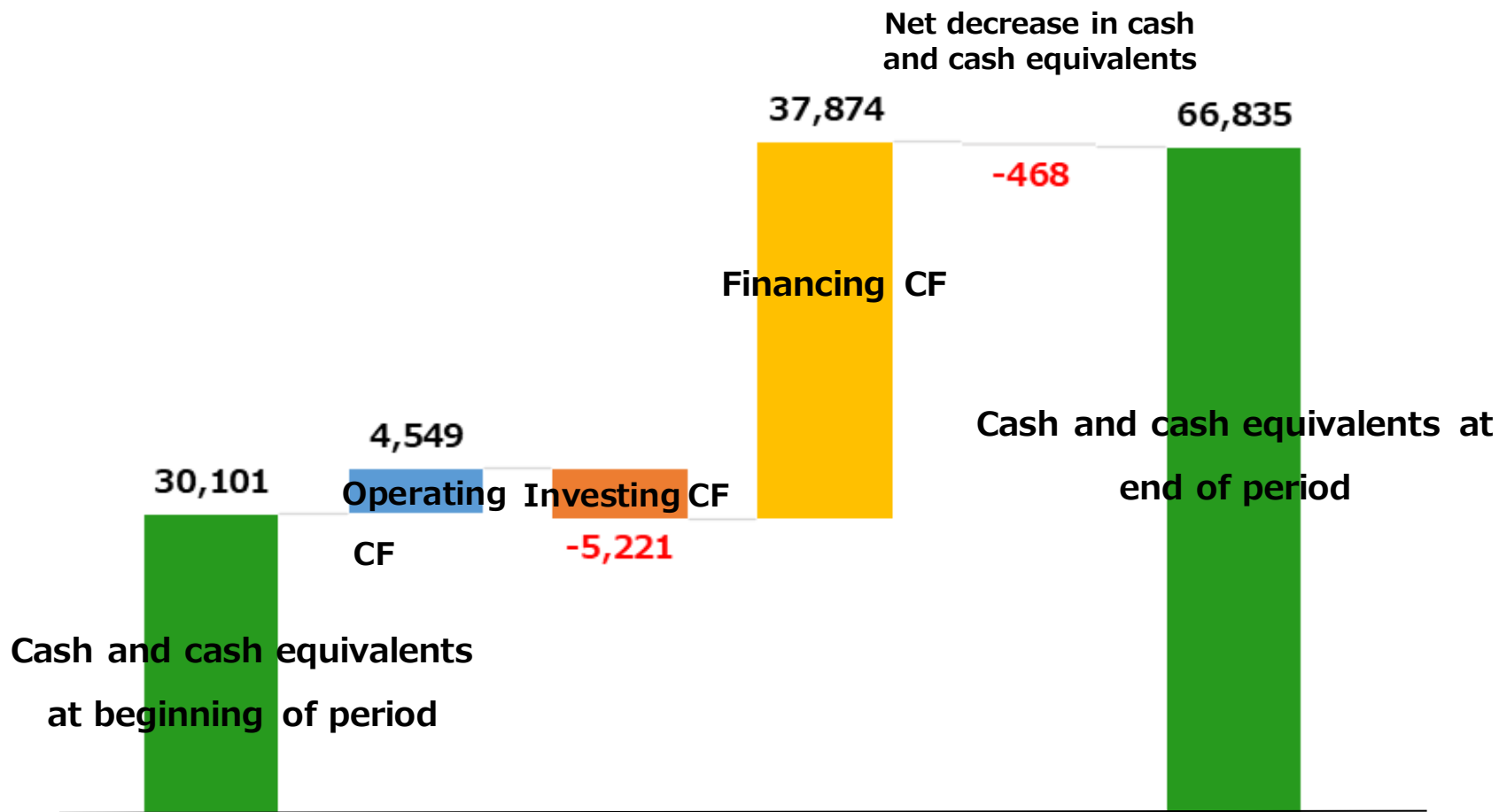
※ Inventory assets: Merchandise and finished goods + Work in process + Raw materials and supplies

※ Loans payable: Short-term borrowings + Current portion of long-term borrowings + Long-term borrowings

11 FY2020 Q2 CF Highlights

CF (YoY)

JPY millions



full year forecast

JPY millions

	FY2020 full year forecast previous			FY2020 full year forecast latest			Change			
	forecast (A)	Takatsuki Plant forecast	forecast (including Takatsuki Plant)	forecast	Takatsuki Plant forecast	forecast (including Takatsuki Plant) (B)	forecast	Takatsuki Plant forecast	forecast (including Takatsuki Plant)	forecast (B - A)
Net sales	65,000	7,500	72,500	62,500	8,500	71,000	-2,500	1,000	-1,500	6,000
Operating income	8,500	300	8,800	8,000	300	8,300	-500	0	-500	-200
Ordinary income	8,400	300	8,700	7,700	300	8,000	-700	0	-700	-400
Net income	5,900	200	6,100	5,950	450	6,400	50	250	300	500
Exchange rate of JPY/USD	110.0	—	110.0	108.9	—	108.9				

Electronics Materials Business

14 Terminology

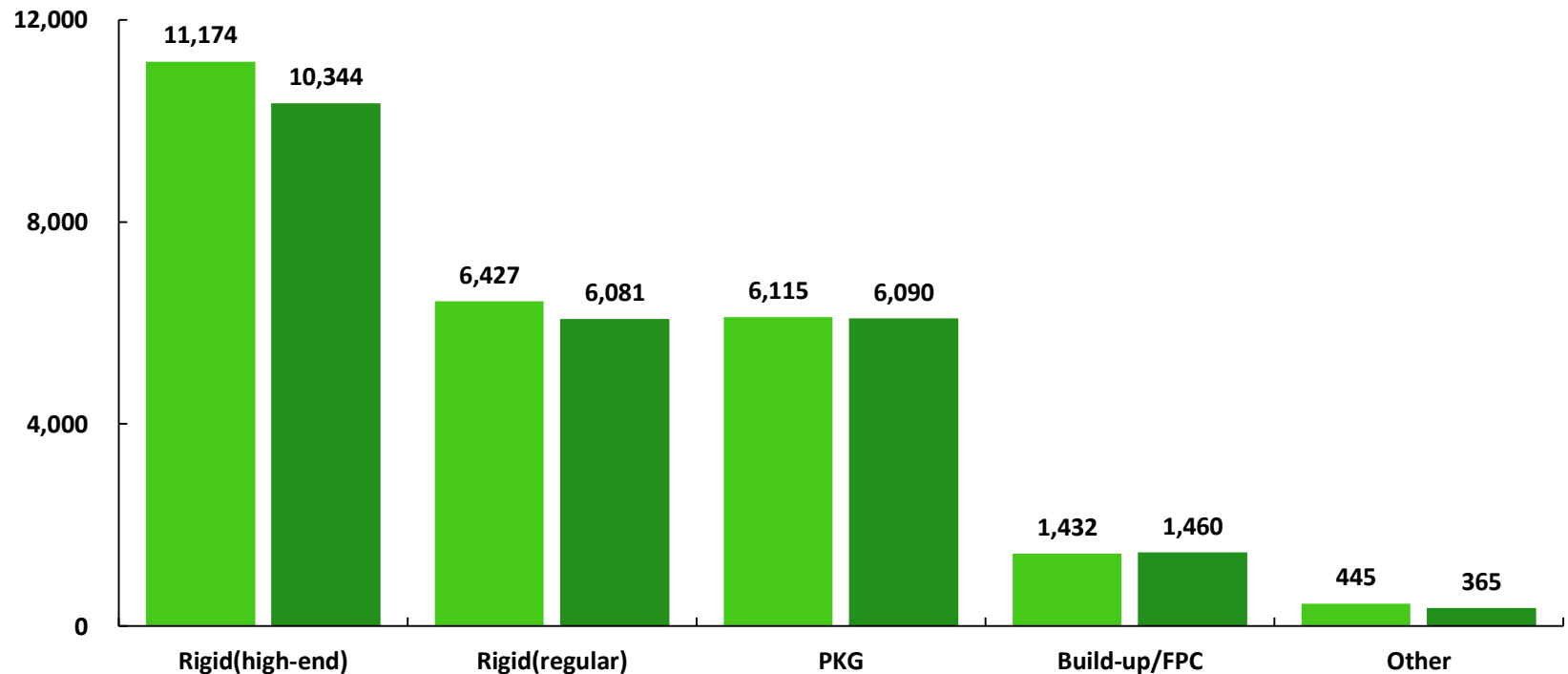
Term	Definition
PWB	Printed wiring boards
SR	"Solder resist ink" or "Solder mask"
PKG	Semiconductor packages
DF	Dry film

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
		regular		
	PKG		Liquid/Dry Film	
	FPC		Liquid/Dry Film	
	Build-up		Liquid/Dry Film	<ul style="list-style-type: none"> • 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

Sales Results by Product Group Category

JPY millions

FY2019 2Q
FY2020 2Q



※Since the product classification has been partially revised from FY2020, there is a difference from the figures disclosed in the past.

Medical and Pharmaceutical Business Strategy

18 Terminology

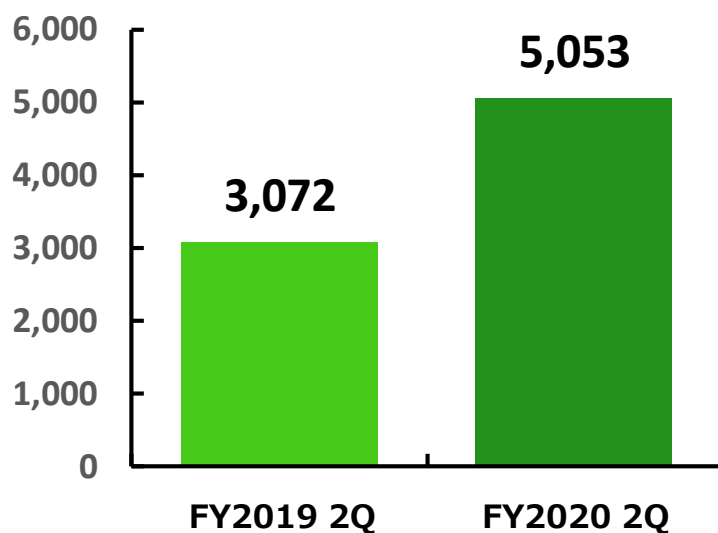
Term	Definition
Long-listed drugs	drugs for which the patent has expired or the re-examination period has ended and there exist generic alternatives that have the same efficacy as the long-listed drug.
CDMO	Contract Development Manufacturing Organization
GMP	Good Manufacturing Practice

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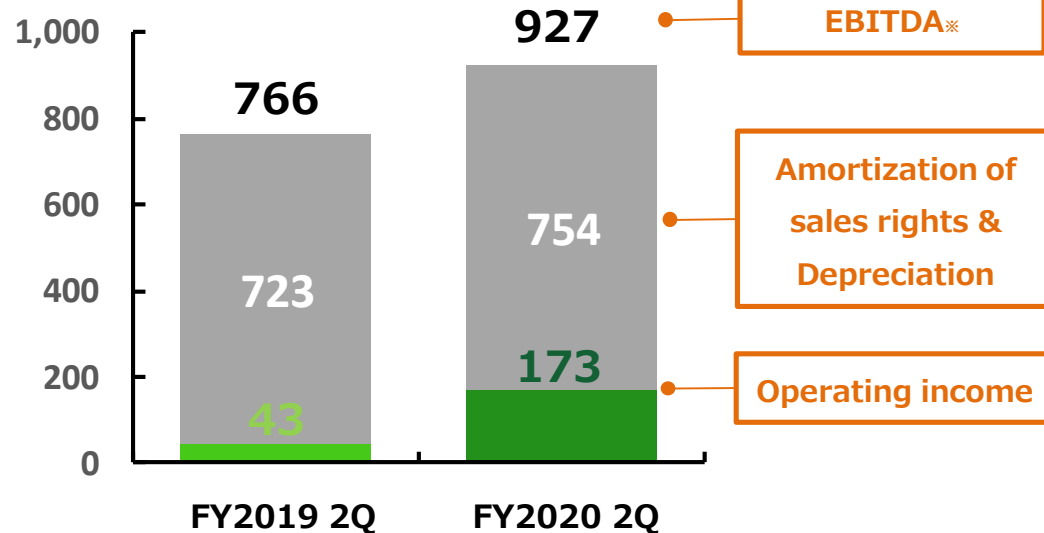
Sales, Operating Income, EBITDA

JPY millions

FY2019 2Q
FY2020 2Q



Sales



Operating Income

※EBITDA=operating profit + depreciation + Amortization of sales rights

20 Medical and Pharmaceutical Business

Acquisition of Daiichi Sankyo Propharma Co., Ltd. Takatsuki Plant

Completed the acquisition of Takatsuki Plant with the goal of newly establishing an internal manufacturing center for 37.9 billion yen (acquisition value) on October 1st 2019



21 Medical and Pharmaceutical Business

Outline of Takatsuki factory

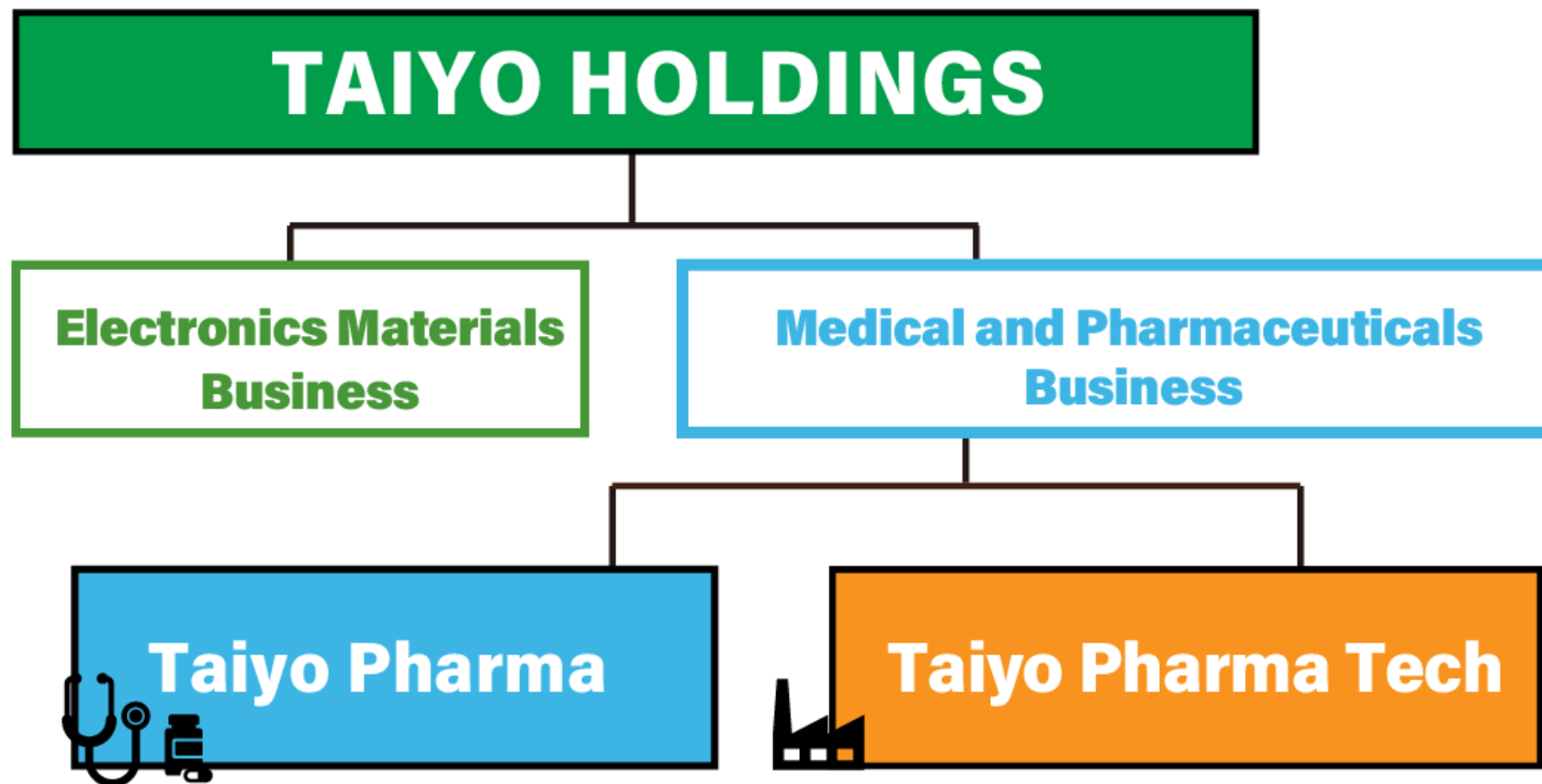
Takatsuki Plant began operations in 1933. The plant produces solid preparations and injectable drugs under an advanced, GMP-compliant manufacturing and quality management structure

N a m e	TAIYO Pharma Tech Co., Ltd.
Head Office	4-38,Aketacho,Takatsuki,Osaka 569-0806,Japan
A r e a	Plant floor space : 52,584 m ²
S t a r t e d o p e r a t i o n	December 25 th ,1933
N u m b e r o f e m p l o y e e s	Approx. 330 (as of April 1st , 2019)
P r o d u c t i o n	Solid preparations・Injectable drugs
B o a r d m e m b e r	President CEO Eiji Sato Director Masato Mori Director Suguru Ominato Corporate Auditor Hidenori Sugiura
N u m b e r o f s h a r e s i s s u e d	6,000 shares
S h a r e h o l d e r	Taiyo Holdings 100%



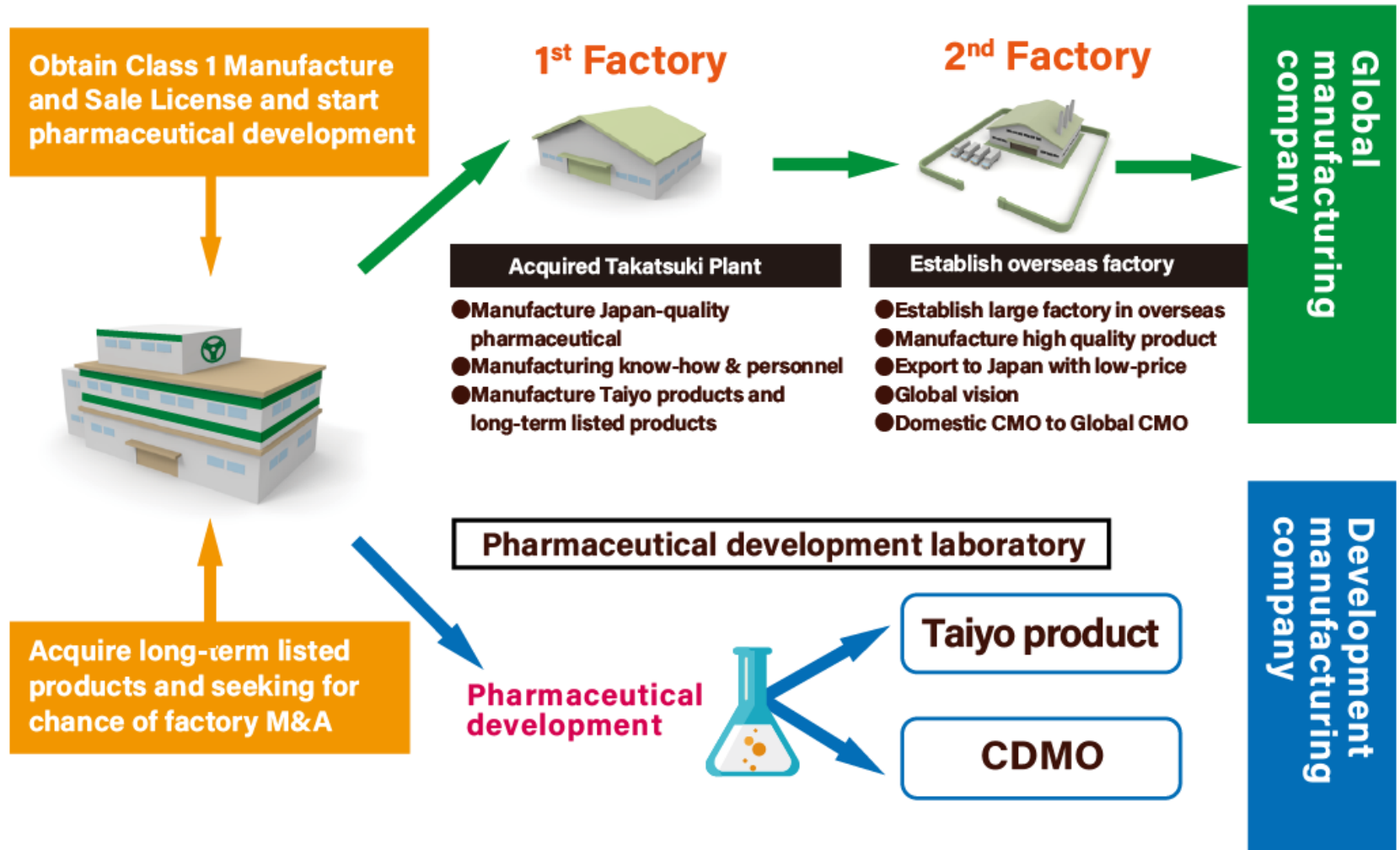
Takatsuki Plant continues to conduct the contracted manufacturing business from the Daiichi Sankyo Group. From now on, Takatsuki Plant aims to capture new drug manufacturing contracts from customers outside the Daiichi Sankyo Group and to leap to become a CDMO

Relation to Taiyo Pharma Tech



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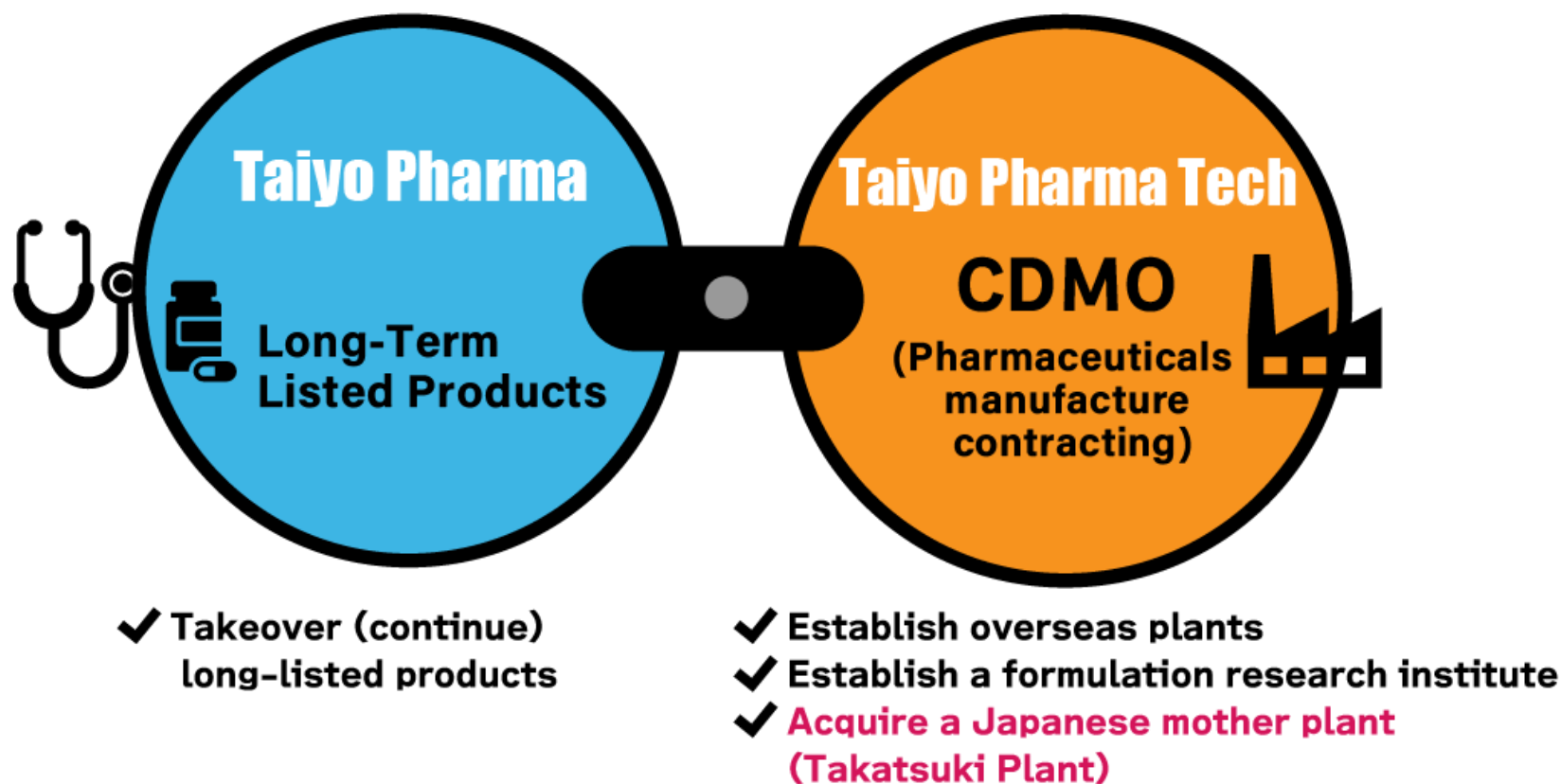
Prospect of Medical and Pharmaceutical Business



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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.



NEXT STAGE — 新たな展開へ —

For Tomorrow

明日の地球に出来ること