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# Consolidated Financial Result Digest

## FY2021 Q2 (Fiscal Year Ending March 31, 2021)

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TAIYO HOLDINGS CO., LTD.

November 6, 2020

December 1, 2020-Partial change in Page 3 and 6



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.



**TAIYO HOLDINGS CO., LTD.**

# Our Reporting Segments

## Electronics Materials

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



# FY2021 Q2 Overview

## Electronics Material Business

**Sales increased YoY by 4%(EBITDA increased YoY by 22%)**  
**Sales of DF for PKG increased due to growth of semiconductor market**

## Electronics Material Business

**Established CVC in the Silicon valley**  
**Invest in start-up companies with technologies and businesses that benefit us**

## Medical and Pharmaceutical Business

**Sales increased YoY by 144% (EBITDA increased YoY by 367%)**  
**Revenue from Taiyo Pharma Tech set up in October 2019**  
**Revenue from 4 long-term listed drugs acquired from AstraZeneca in April 2020**

## Medical and Pharmaceutical Business

- **Concluded a comprehensive partnership agreement with Cyfuse Biomedical K.K to manufacture cell products**
- **Concluded a contract for manufacturing with the Gene Therapy Research Institution**

※ Changed on December 1, 2020

We have revised EBITDA because the depreciation expense to be allocated to the medical and pharmaceutical business was included in company-wide expenses.



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# Consolidated Financial Results

## Results Summary

Unit : JPY Million

	①	②	②-①	(②-①)/①	③	②/③	④	⑤	(④-⑤)/⑤
	Fiscal year ending March 2020	Fiscal year ending March 2021			Fiscal year ending March 2021 (Announced on May 18th,2020)		Fiscal year ending March 2021 (Announced on Nov 6th,2020)	Fiscal year ending March 2021 (Announced on May 18th,2020)	
	First Half Result	First Half Result	YoY	%	First half Forecast	Progress rate%	Full year Forecast	Full year Forecast	%
Net Sales	31,202	39,436	+8,234	+26%	40,300	98%	79,700	80,600	-1%
Operating income	4,073	7,011	+2,938	+72%	5,100	137%	12,000	10,100	19%
Ordinary Income	3,928	6,982	+3,054	+78%	5,000	140%	11,600	9,700	20%
Net Income	3,137	4,803	+1,666	+53%	3,300	146%	7,500	6,400	17%
Exchange rate of JPY/USD	108.9	106.6	-2.3		105.0		105.0	105.0	
EBITDA	5,965	10,704			8,600		19,200	17,300	
Operating income margin	13%	18%			13%		15%	13%	
EBITDA margin	19%	27%			21%		24%	21%	



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# Forecast for the full year ending March 2021

## Consolidated full-year earnings forecast by segment

Unit : JPY Million

※JPY/USD rate 105 Yen

	After changing the allocation method Forecast for the fiscal year ending March 2021  Announced on November 6th ,2020			After changing the allocation method Forecast for the fiscal year ending March 2021  Announced on May 18th ,2020			(Reference) Forecast for the fiscal year ending March 2021  Announced on May 18th ,2020 Before changing the allocation method		
	Consolidated	Electronics Materials	Medical and Pharmaceuticals	Consolidated	Electronics Materials	Medical and Pharmaceuticals	Consolidated	Electronics Materials	Medical and Pharmaceuticals
Net Sales	79,700	50,400	25,600	80,600	50,000	26,500	80,600	50,000	26,500
Operating Income	12,000	9,500	3,600	10,100	7,500※	3,600	10,100	9,100※	3,600
EBITDA	19,200	11,100	8,300	17,300	9,100※	8,300	17,300	10,700※	8,300
Operating Income Margin	15%	19%	14%	13%	15%	14%	13%	18%	14%
EBITDA Margin	24%	22%	32%	21%	18%	31%	21%	21%	31%

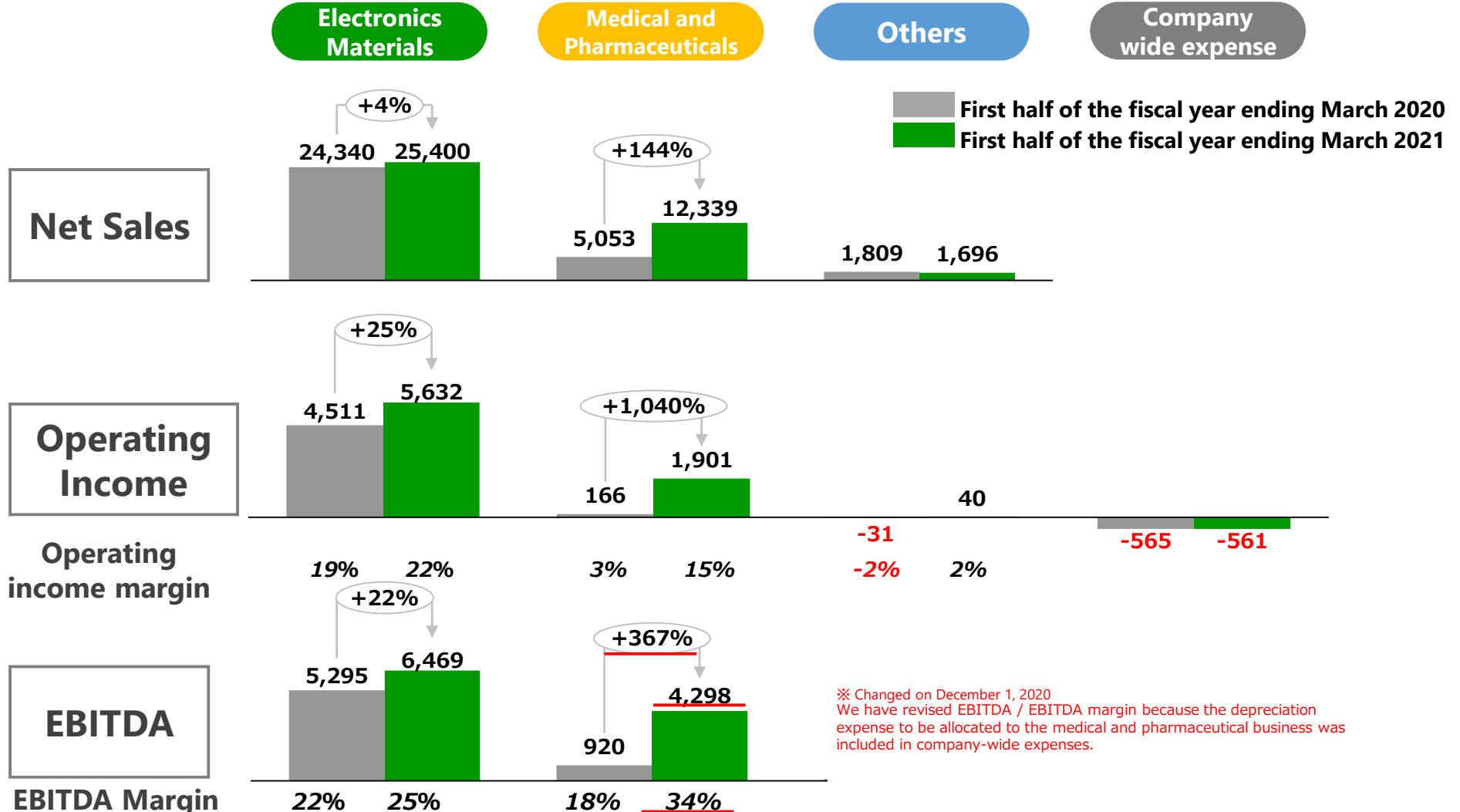
※From the first quarter of this fiscal year, some expenses (R & D expenses, etc.) that were previously included in company-wide expenses have been allocated to each reporting segment.

As a result, the segment profit for the earnings forecast announced at the beginning of the fiscal year has been recreated based on the revised reporting segment income calculation method, resulting in a difference from the earnings forecast announced on May 18.

# Performance by Segment

## Net Sales / Operating income / EBITDA by segment in the first half

Unit : JPY Million



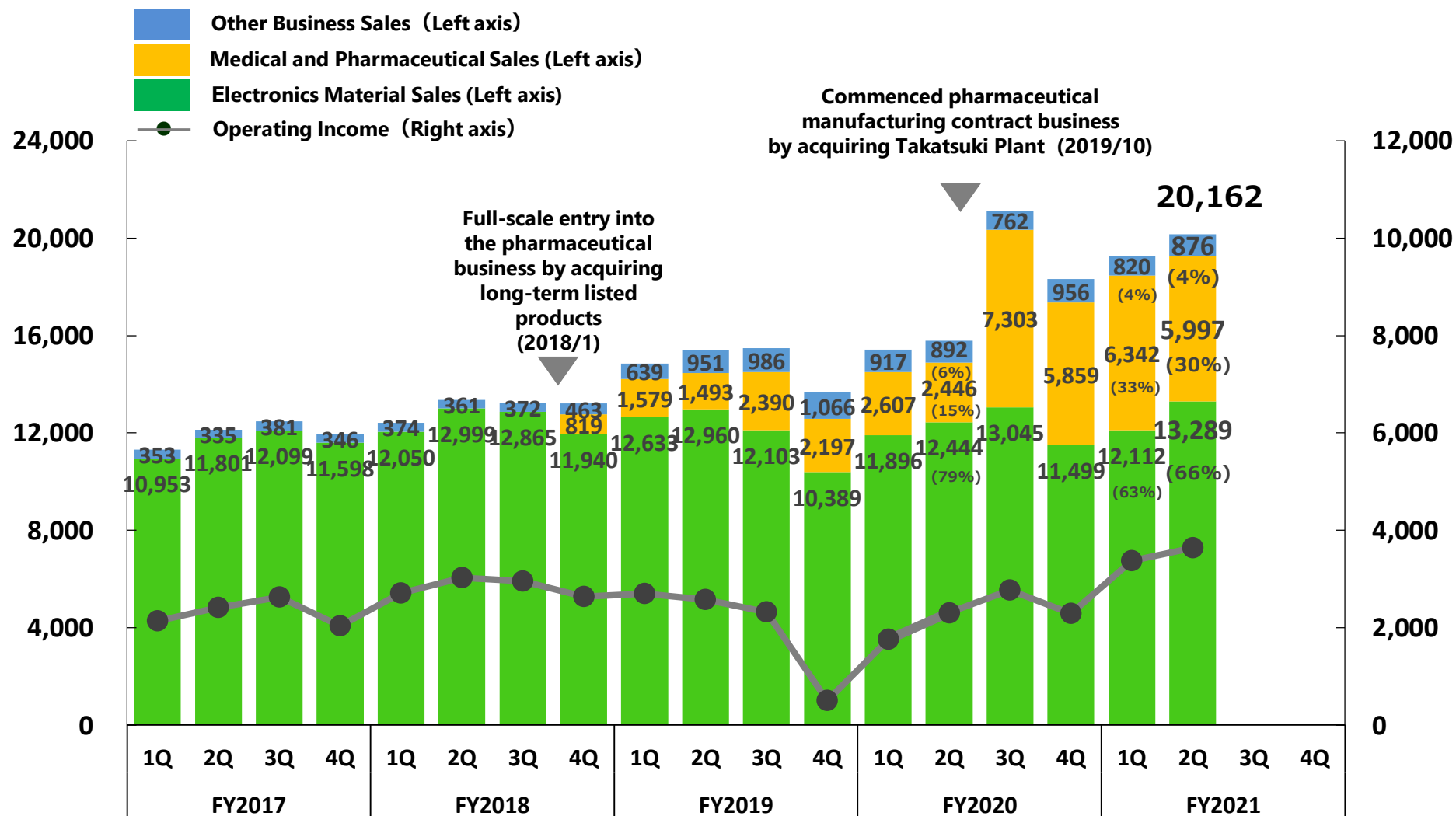
※ Changed on December 1, 2020  
We have revised EBITDA / EBITDA margin because the depreciation expense to be allocated to the medical and pharmaceutical business was included in company-wide expenses.

※ Since the third quarter of fiscal year ended March 31<sup>st</sup> 2020, we include Amortization of Goodwill among the each reportable segment. Also, from the first quarter of this year, some expenses that were previously included in company-wide expenses are allocated to each report segment. The segment profit or loss for the first quarter of the previous fiscal year is based on the method for calculating the profit or loss of the reported segment after the change.

# Trend of Quarterly Performance

## Net sales and Operating Income

Unit : JPY Million



# Overview of BS

## BS- Comparision with the previous term

Unit : Million yen

	20/3	20/9	Change
Cash and Deposits	29,191	53,361	24,170
Accounts Receivables	19,513	20,312	799
Inventory <sup>※</sup>	11,408	12,388	980
Others	2,267	1,388	-879
<b>Total Current Assets</b>	<b>62,380</b>	<b>87,450</b>	<b>25,070</b>
Tangible fixed assets	44,761	43,953	-808
Intangible Fixed Assets	30,769	35,693	4,924
Others	4,280	4,641	361
<b>Total Fixed assets</b>	<b>79,811</b>	<b>84,288</b>	<b>4,477</b>
<b>Total Assets</b>	<b>142,192</b>	<b>171,738</b>	<b>29,546</b>

	20/3	20/9	Change
Borrowing <sup>※</sup>	55,711	81,158	25,447
Notes and Account payable	7,231	7,800	569
Others	9,726	9,748	22
<b>Total Liabilities</b>	<b>72,668</b>	<b>98,708</b>	<b>26,040</b>
Shareholders Equity	69,651	72,820	3,169
Others	-429	-93	336
non controlling interest	301	303	2
<b>Total Net Assets</b>	<b>69,523</b>	<b>73,030</b>	<b>3,507</b>
<b>Total Liabilities and Net Assets</b>	<b>142,192</b>	<b>171,738</b>	<b>29,546</b>

**Equity to Asset Ratio**

**48.7%**

**42.3%**

**-6.4%**

※ 1 Inventories: Goods and products + work in process + raw materials and stored goods  
 ※ 2 Borrowings: Short-term borrowings + long-term borrowings scheduled to be repaid within one year + long-term borrowings



# Electronics Materials Business

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# Terminology

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

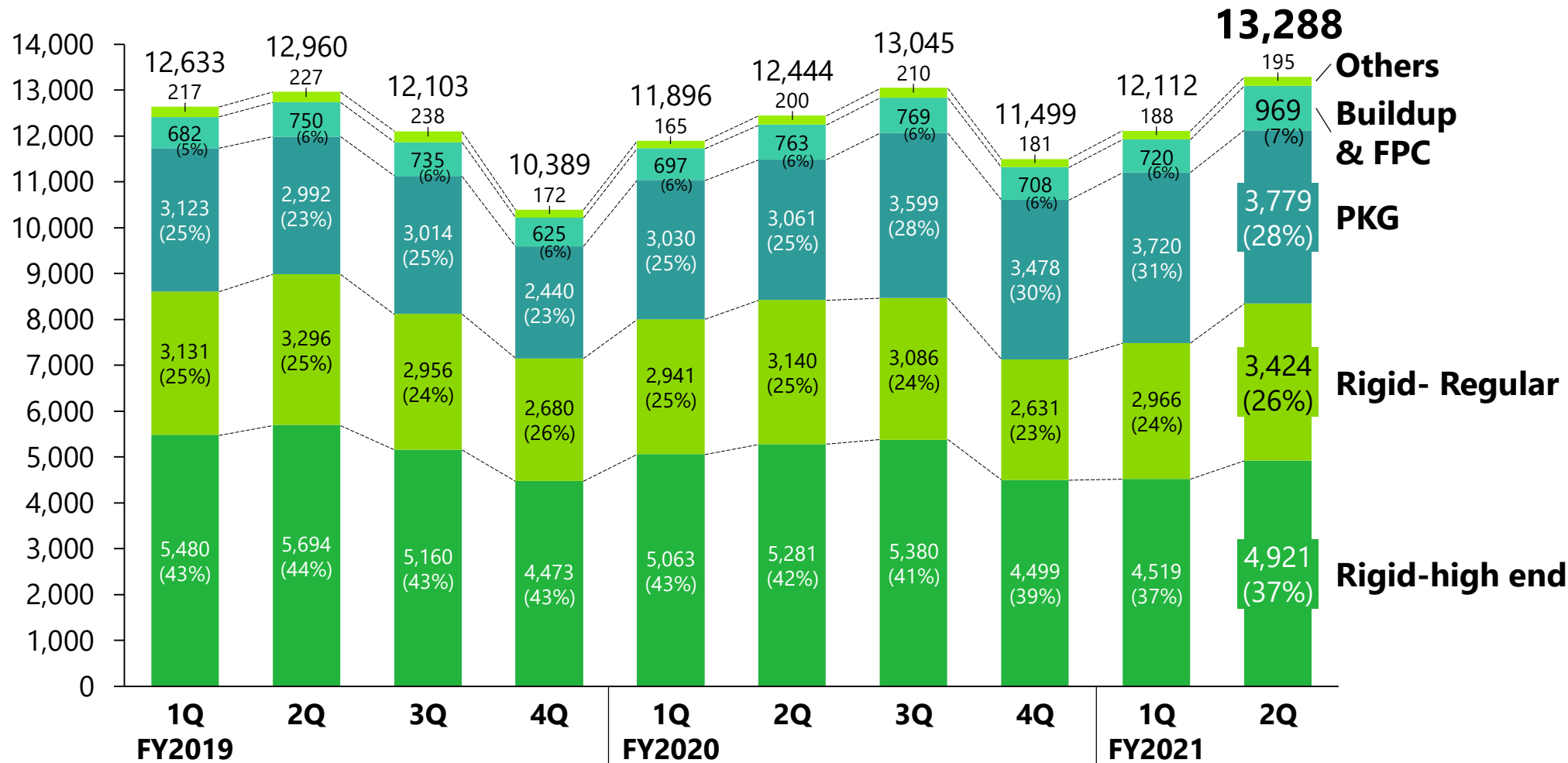
# Product Classification for Electronics Material Business

Group	Category		Type	Remarks
PWB insulating materials	Rigid	High end	Liquid	•SR materials for insulation and surface protection use
		Regular	Liquid／DF	
	PKG		Liquid／DF	
	FPC (Flexible printed circuit board)		Liquid／DF	
	Build-up		Liquid／DF	•build-up materials for interlayer insulation and hole plugging use
Other related products	Others		Liquid	<ul style="list-style-type: none"> <li>•marking, etching, plating materials</li> <li>•flux, solvent etc.</li> <li>•conductive silver paste</li> </ul>

# Electronics materials business

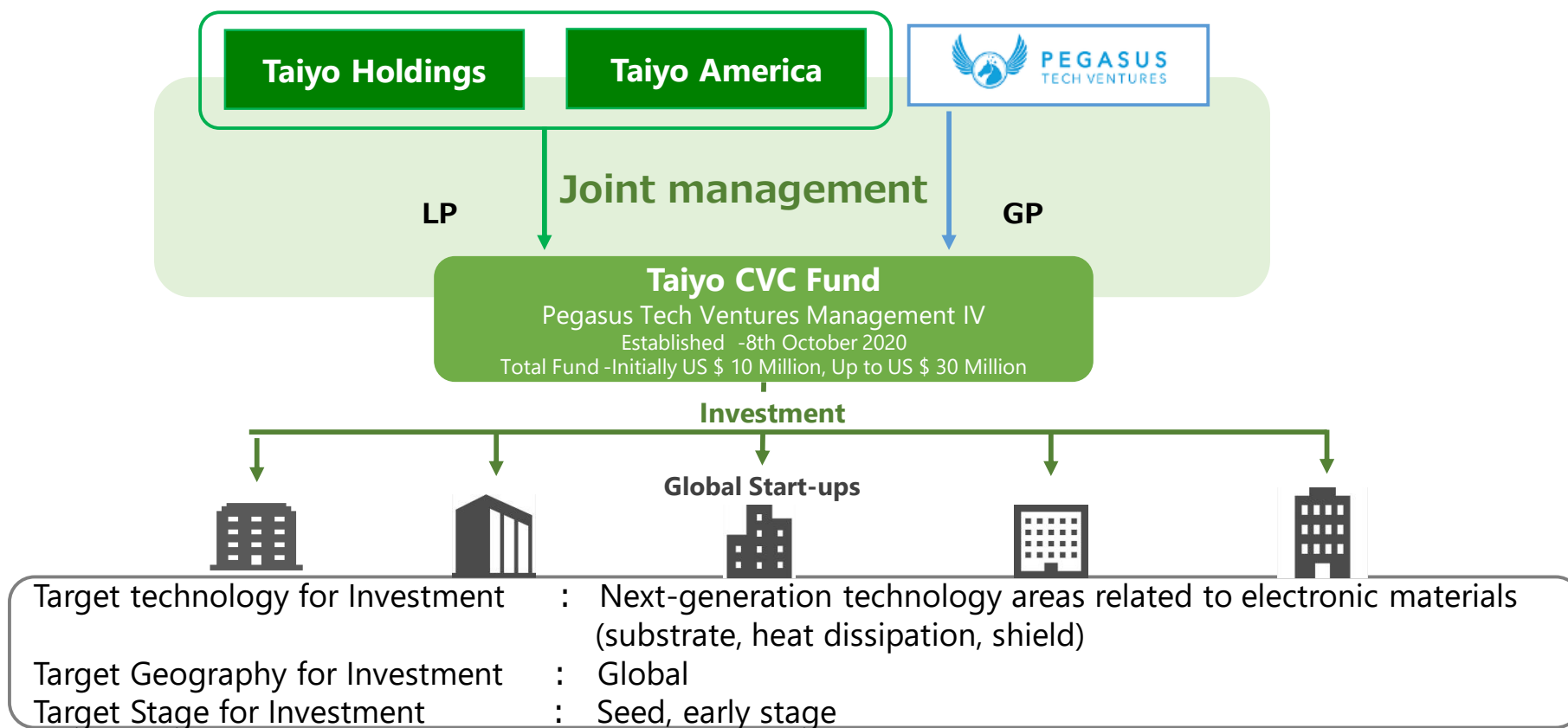
## Net Sales by product category

Unit : Million yen



## Established Corporate Venture Fund (CVC) in Silicon Valley

**Established CVC with Silicon Valley-based Pegasus Tech Ventures \* as a partner to invest in start-up companies with technologies and businesses that are expected to bring business synergies with us in the future.**



※Pegasus Tech Ventures HQ : Representative Anis Uzzaman, California, USA

# Medical and Pharmaceuticals Business

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# 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)

# Medical and Pharmaceuticals Business

## Signed a partnership agreement to manufacture cell products with Cyfuse

Located in Takatsuki city, Osaka prefecture between the cities of Kyoto and Osaka that drive regenerative medicine in Japan, Taiyo Pharma Tech entered the contract manufacturing business for cell products with Cyfuse



Osaka

Major regenerative medicine promotion bases

- Osaka University International Center for Future Medical Care
- 2025 Japan International Exposition
- Others

Takatsuki



TAIYO Pharma Tech



Kyoto

Major regenerative medicine promotion bases

- Kyoto University
- Kyoto Prefectural University of Medicine
- Others

### Name

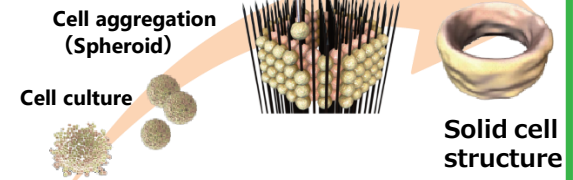
Cyfuse Biomedical K.K.

### Business

- ✓ Research, development, manufacturing and sales of products for regenerative medicine
- ✓ Development and sales of bio 3D printers

### Platform technologies

Platform technology to manufacture solid structures only with cells



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# Medical and Pharmaceuticals Business

## Signed a manufacturing contract with the Gene Therapy Research Institution

**Concluded a contract with Gene Therapy Research Institution to manufacture gene therapy products. Taiyo Pharma Tech will receive technology from Gene Therapy Institution and build a manufacturing facility, thereby starting the contract manufacturing business for gene therapy products**

### About Gene Therapy products

Gene therapy is defined as "administering a gene or a gene-introduced cell into the human body for the purpose of treating a disease" \*, and research on various gene therapies is currently underway around the world.

Gene therapy products that are covered by insurance in Japan are beginning to be used in clinical practice. In the future, innovative gene therapy products are expected to have epoch-making effects on intractable diseases for which there is no cure and on diseases for which therapeutic agents exist.

\* Ministry of Health, Labor and Welfare "Guidelines for clinical research such as gene therapy"

### Overview of the Gene Therapy Research Institution

#### Name

Gene Therapy Research Institution Co., Ltd.



#### Business

Research, Development and manufacturing of gene therapy products by using the AAV (adeno-associated virus) vector



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