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# Consolidated Financial Result Digest

## FY2021 Q4 (Fiscal Year Ending March 31, 2021)

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TAIYO HOLDINGS CO., LTD.

April 30, 2021



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**TAIYO HOLDINGS CO., LTD.**

# 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



# FY2021 Q4 Overview

## Electronics Materials Business

- **Cumulative Sales for fiscal year ending March 2021 increased YoY by 9%, hitting record high profits**  
Main reason
  - Increase in remote working and online classes led to continued high demand for electronic devices for data centers and PCs
  - 4Q results were higher than usual because of continued operation of our customers during the Chinese New Year holidays
- **Strengthening our overseas production bases Taiyo Ink Vietnam, Taiwan Taiyo, OTC JiangXi (Start operations from July)**

## Medical and Pharmaceutical Business

- **Cumulative Sales for fiscal year ending March 2021 increased YoY by 35% (EBITDA YoY by 101%)**  
Main reason
  - Contribution from Taiyo Pharma Tech set up in October 2019
  - Contribution from 4 long-term listed drugs acquired from AstraZeneca in April 2020
- **Taiyo Pharmatech acquired a distribution center in Osaka**

## Other

### Acquisition of Treasury Stock

**Total number of shares acquired: 256,400**

**Total acquisition price of shares: Approximately 1,500 million yen**

# Consolidated Financial Results

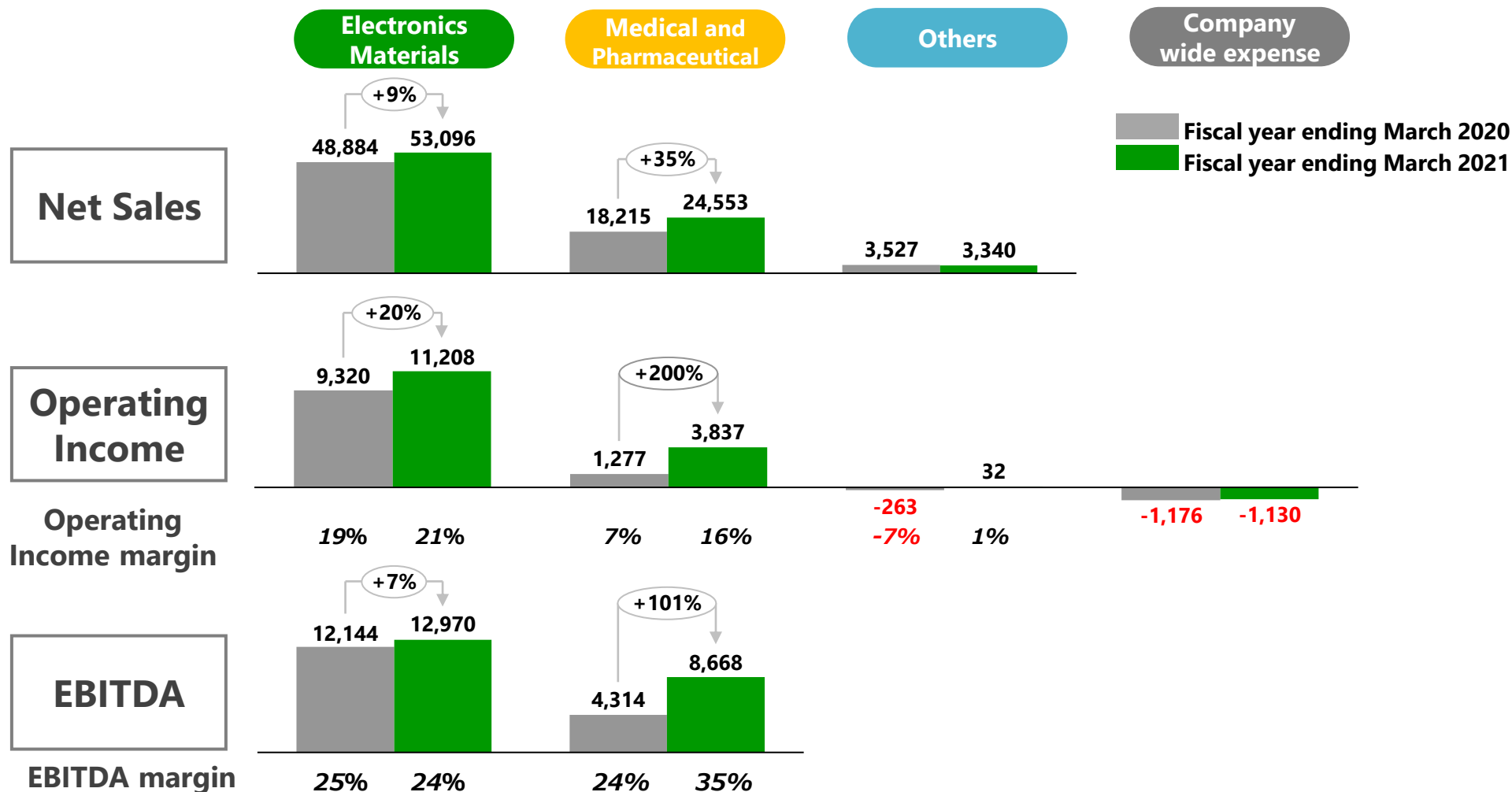
## Results Summary

Unit : JPY Million

	Fiscal year 2020 Full year Result	Fiscal year 2021 Full year Result	YoY	%	Fiscal year 2021 Announced on Feb 5, 2021 Full year Earnings Forecast	%
Net Sales	70,627	80,991	10,364	15%	80,500	101%
Operating Income	9,136	13,943	4,807	53%	13,300	105%
Ordinary Income	8,898	13,819	4,921	55%	13,200	105%
Net Income	3,749	9,529	5,780	154%	9,000	106%
Exchange rate of JPY/USD	109.1	106.2	-2.9		105	
EBITDA	14,774	21,420	6,646	45%	20,700	103%
Operating Income Margin	13%	17%			17%	
EBITDA Margin	21%	26%			26%	

# Performance by Segment

## Cumulative 4Q Net Sales / Operating income / EBITDA Unit : JPY Million

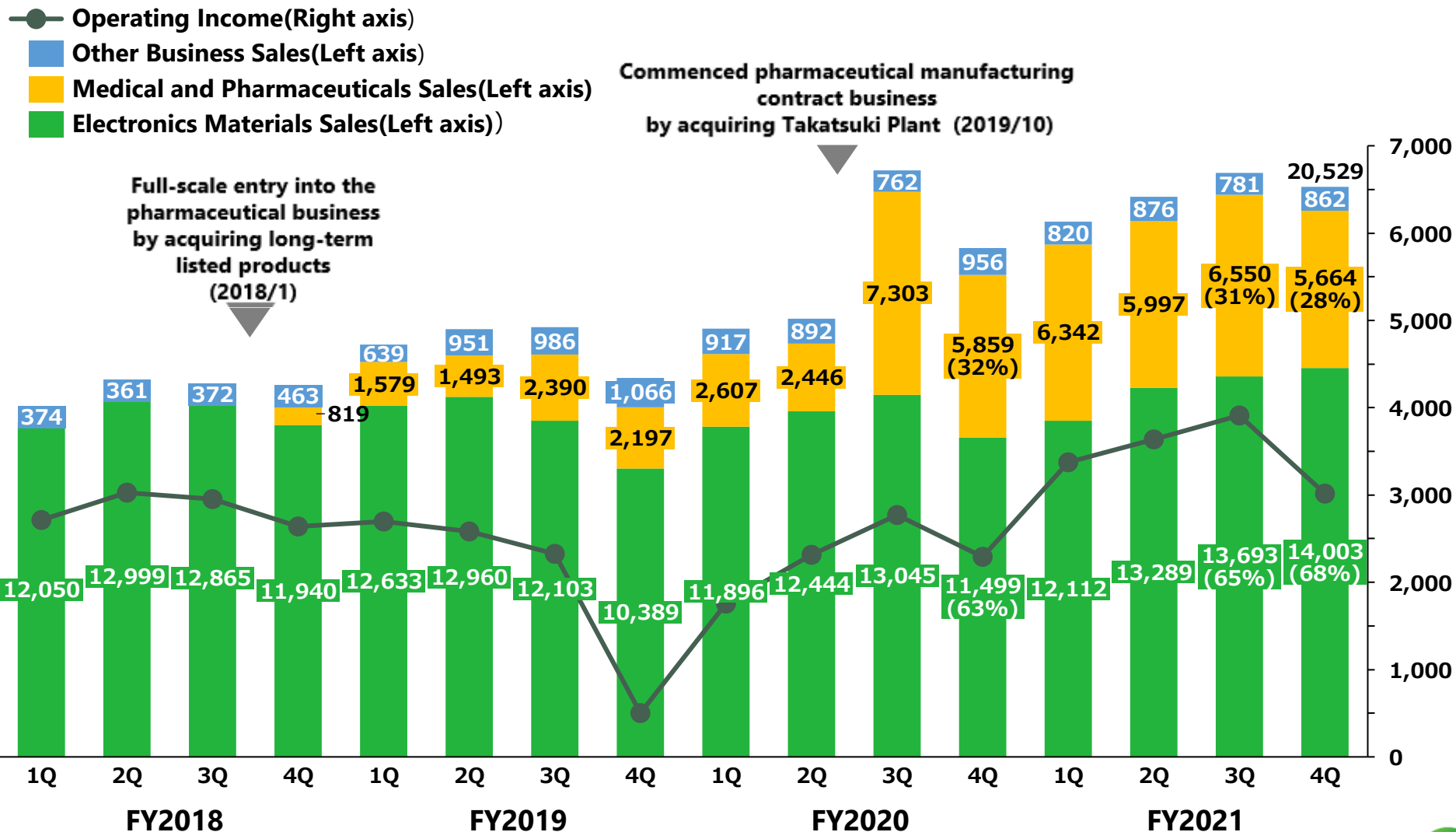


※ Since the third quarter of fiscal year ended March 31<sup>st</sup> 2020, we include Amortization of Goodwill among the each reportable segment. Also, from the first quarter of this year, some expenses that were previously included in company-wide expenses are allocated to each report segment. ◦

# Trend of Quarterly Performance

## Net sales and Operating Income

Unit : JPY Million



# Overview of BS

## BS- Comparision with the previous term

Unit : JPY Million

	20/3	21/3	Change		20/3	21/3	Change
Cash and Deposits	29,191	54,705	25,514	Short term borrowings※ 2	10,893	21,885	10,992
Accounts Receivables	19,513	22,527	3,014	Long term borrowings	44,818	59,333	14,515
Inventory※1	11,408	13,447	2,039	Notes and Account payable	7,231	7,907	676
Others	2,267	2,258	▲ 9	Others	9,726	13,379	3,653
<b>Total Current Assets</b>	<b>62,380</b>	<b>92,937</b>	30,557	<b>Total Liabilities</b>	<b>72,668</b>	<b>102,504</b>	29,836
Tangible Fixed Assets	44,761	46,348	1,587	Shareholders Equity	69,651	74,184	4,533
Intangible Fixed Assets	30,769	34,949	4,180	Others	▲ 429	1,954	2,383
Others	4,281	4,766	485	Non-controlling interest	301	357	56
<b>Total Fixed Assets</b>	<b>79,811</b>	<b>86,063</b>	6,252	<b>Total net assets</b>	<b>69,523</b>	<b>76,497</b>	6,974
<b>Total Assets</b>	<b>142,192</b>	<b>179,001</b>	36,809	<b>Total liabilities and net assets</b>	<b>142,192</b>	<b>179,001</b>	36,809

**Equity to Asset Ratio**

48.7%

42.5%

-6.2%

※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

# Acquisition of treasury stock

## Treasury stock acquisition status and plan

FY2021 Result	Total number of shares acquired	256,400
	Total acquisition price of shares	1,499,972,992 yen
	Acquisition period	Feb 1 ~ March 22, 2021
FY2022		As in the previous fiscal year, we have resolved an upper limit of 1.5 billion yen

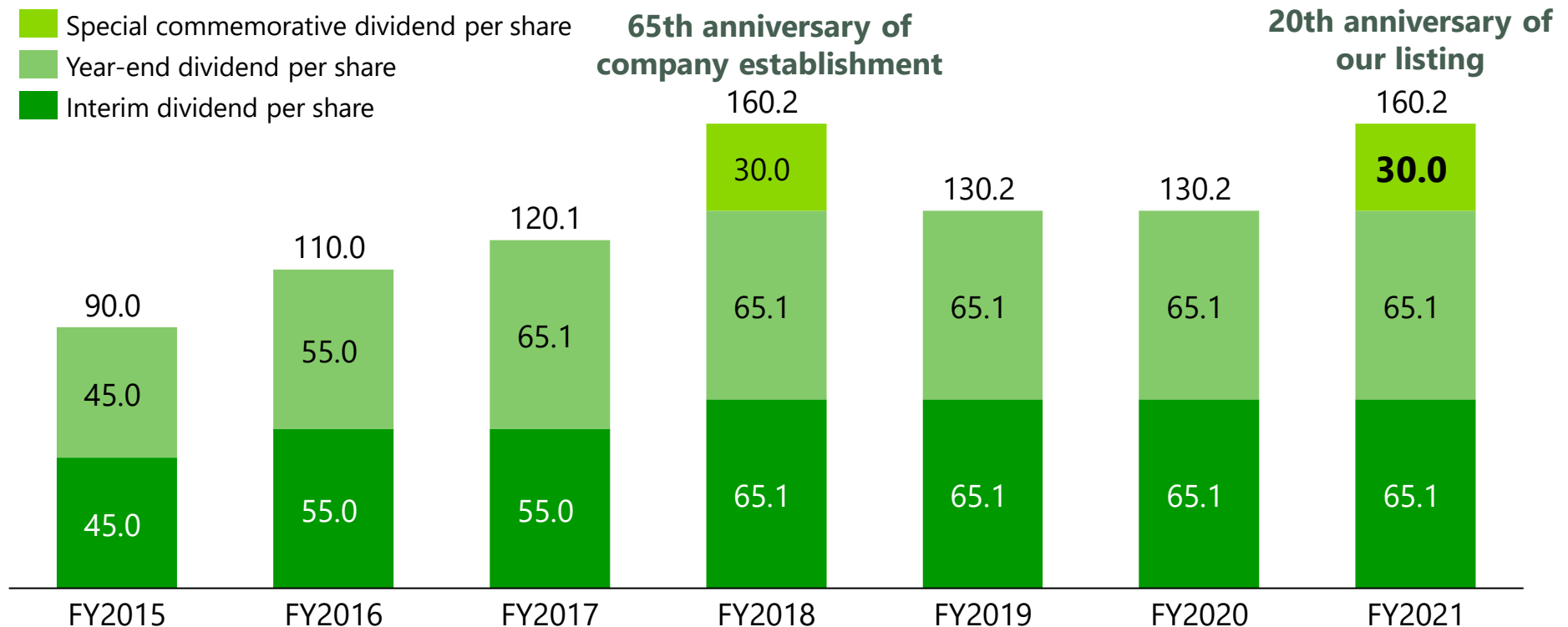


# Commemorative Dividend on 20th anniversary of our listing on the Tokyo Stock Exchange

In January 2021, we celebrated the 20th anniversary of our listing on the First Section of the Tokyo Stock Exchange. To show our appreciation for the support from the shareholders, we have decided our year-end dividend forecast for the fiscal year ending March 2021 to be a total of 95.10 yen including the commemorative dividend of 30 yen.

## Dividend trend

Unit : Yen



# Electronics Materials Business

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# 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

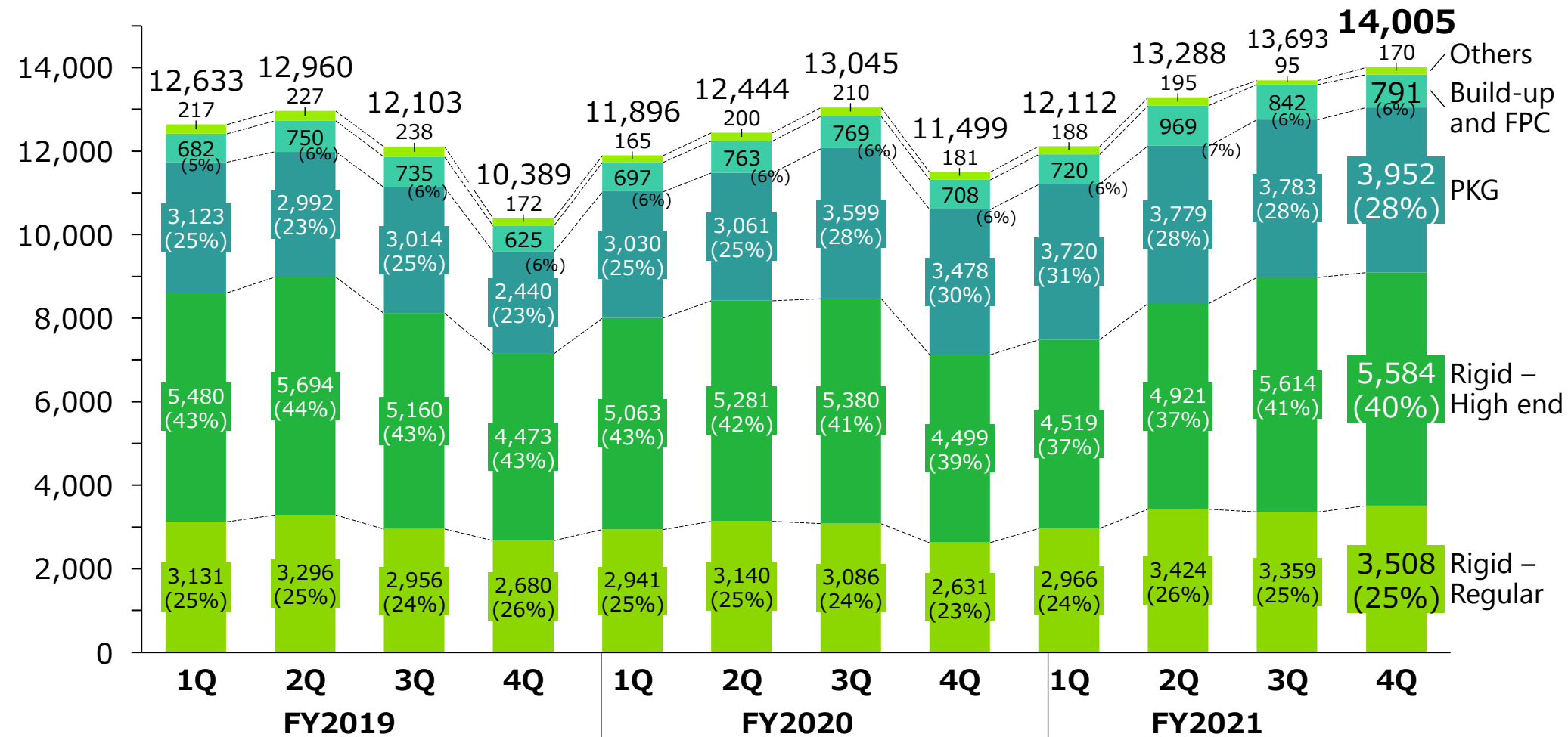
## Product Classification

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

# Electronics Materials Business

## Net Sales by product category

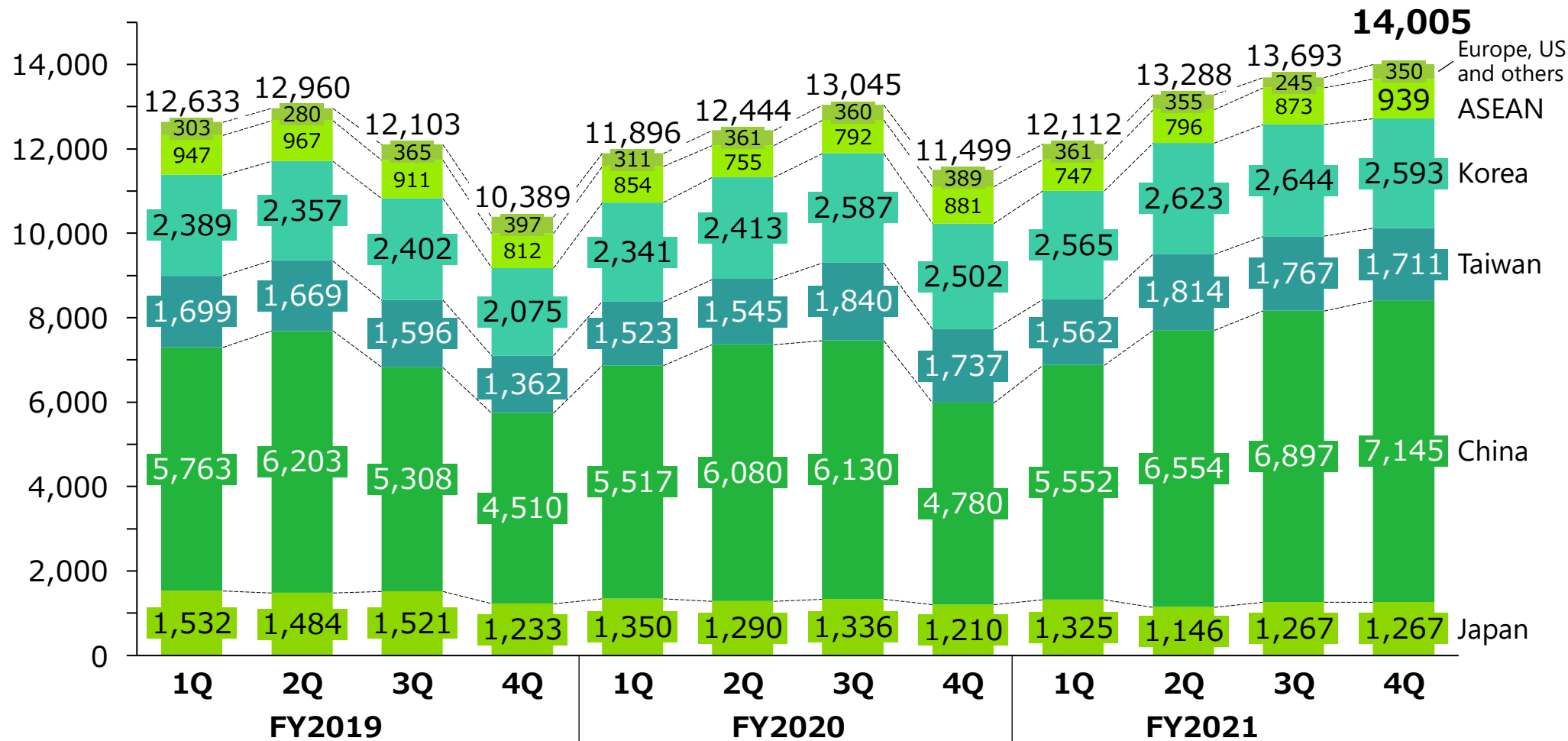
Unit : JPY Million



# Electronics Materials Business

## Net Sales by sales area

Unit : JPY Million



# Electronics Materials Business

## Taiyo Ink Vietnam – Plant to start operations

- Entering the Vietnamese market anticipating future market expansion
- Shortening delivery time to our customers in the ASEAN region

### Plant Overview

Name	TAIYO INK VIETNAM CO., LTD.
Location	Lot 37-2, Quang Minh Industrial Park, Quang Minh Town, Me Linh District, Hanoi
Representative	General Director Koji Kurihara
Product	Solder Resist Ink (Rigid - High end)
Start of operations	July 2021 (Planned)



# Electronics Materials Business

## Onstatic INK(OTC) moved plant from Shenzhen to JiangXi province

- Improve access to customers in the Central China region
- Increase production capacity in China
- Compliant with Chinese environmental regulations in the long term

### Plant Overview

Name	Onstatic New Material(Jiang Xi)Co.,Ltd.
Location	Cheng Dong Industrial Zone, FenYi county XinYu city JiangXi China
Representative	Chairman of the Board Takayuki Morita
Product	Solder resist Ink (Rigid – Regular)
Start of operations	July 2021 (Planned)



**ONSTATIC New Material  
(JiangXi) Co.,Ltd.**





# Electronics Materials Business

## Taiwan Taiyo Ink - Start of operation of new office building & plant

- Renovated due to the aging of the existing building (at the same site)
- Design and equipment that can flexibly respond to fluctuations in production volume

### Overview of new office building & plant

<b>Name</b>	TAIWAN TAIYO INK CO., LTD.
<b>Location</b>	No.7, Datong 2nd Rd., Guanyin Industry Park, Guanyin Dist., Taoyuan
<b>Representative</b>	Chief-Executive Officer Hitoshi Saito
<b>Product</b>	Solder resist Ink (Rigid – High end, Rigid - Regular)
<b>Start of operations</b>	July 2021 (Planned)



# Medical and Pharmaceuticals Business

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# Medical and Pharmaceuticals Business

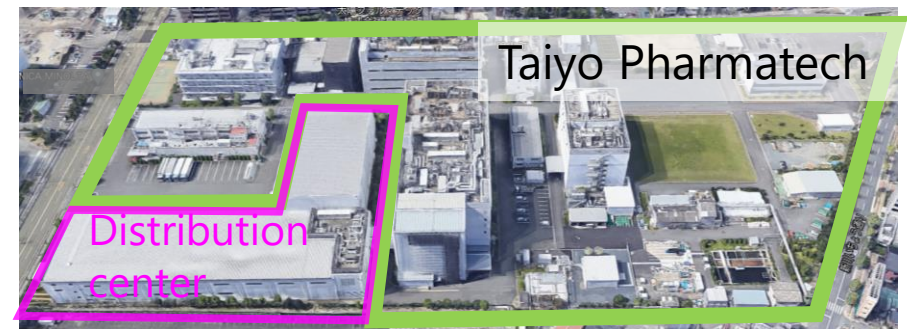
## Terminology

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)

# Taiyo Pharmatech - acquisition of a distribution center

- Taiyo Pharmatech plans to acquire a distribution center adjacent to its plant from Daiichi Sankyo Company, Limited and Daiichi Sankyo Propharma Co., Ltd. on June 1<sup>st</sup>, 2021
- Enhanced product storage and shipping functions for contract manufacturing of pharmaceutical products to various customers
- Scheduled to be used as a new space for manufacturing pharmaceuticals

## Distribution center (Adjacent to Taiyo Pharmatech, Takatsuki City, Osaka Prefecture)



Site Area : **13,281m<sup>2</sup>**

Asset Overview: Land, multi-level automated warehouse, flat warehouse and other assets

# Selected as a naming rights partner for Takatsuki City's facilities

**Taiyo Pharmatech is selected as a naming rights partner for the facility "Small Hall" in Takatsuki Castle Park Arts and Culture Theater**

**Facility name: Taiyo Pharmatech Hall (planned)**



Period: 10 years from the opening date

Scheduled opening date: March 2023

Application amount: 10 Million yen  
(in total)



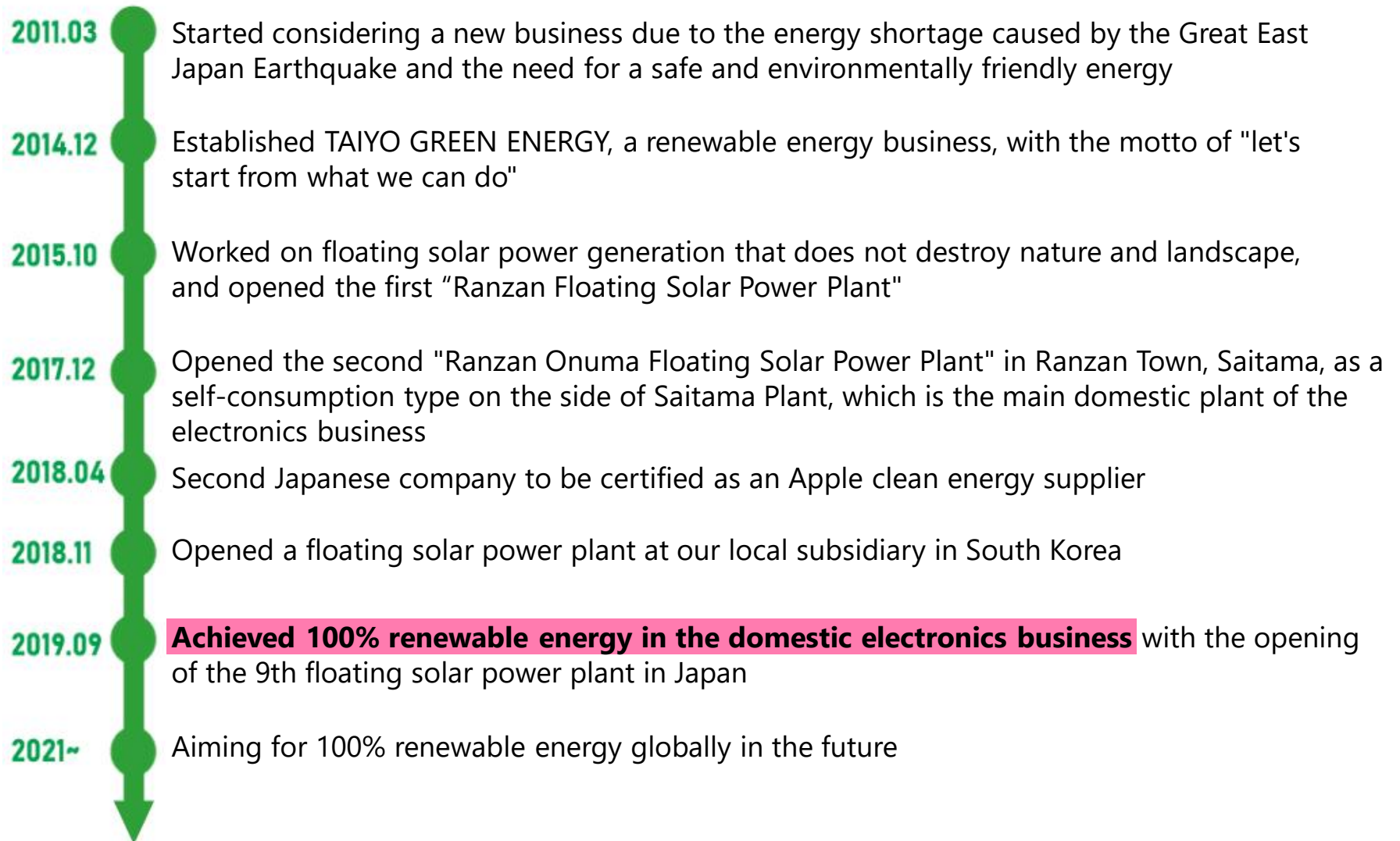
Photo of the facility

# ESG

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# Environment: Renewable energy initiatives



# Environment: Renewable energy initiatives

- Achieve 100% renewable energy by floating solar power generation
- Estimated annual power generation 22GWh (covers 100% or more of domestic electricity consumption for the electronics materials business)
- Participating in Apple's 2020 Clean Energy Program





# Governance: Board of Directors

Half of the directors are independent outside directors, and the ratio of women exceeds 30% .This has led to adding value to discussions at the Board of Directors meetings and also improving governance



President and CEO  
Eiji Sato



Director  
Eiji Takahara



Director  
Hitoshi Saito



Director  
Toshifumi Tamaki



Director (Outside)  
Masayuki Hizume



Director (Outside)  
Keiko Tsuchiya



Director (Outside)  
Asako Aoyama



Director (Outside)  
Yumiko Kamada

# Earnings forecast

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# Forecast for the fiscal year ending March 2022

## Consolidated full-year earnings forecast

Unit : JPY Million

	FY2021 Full year Result	FY2022 Full year Forecast	Change	%
Net sales	80,991	86,500	5,509	7%
Operating Income	13,943	12,100	-1,843	-13%
Ordinary Income	13,819	12,000	-1,819	-13%
Net Income	9,529	8,300	-1,229	-13%
Exchange rate of JPY/USD	106.2	108	1.8	
EBITDA	21,420	19,900	-1,520	-7%
Operating Income Margin	17%	14%		
EBITDA Margin	26%	23%		



TAIYO HOLDINGS CO., LTD.



# Consolidated Earnings Forecast for the Fiscal Year Ending March 2022

## Earnings forecast by segment

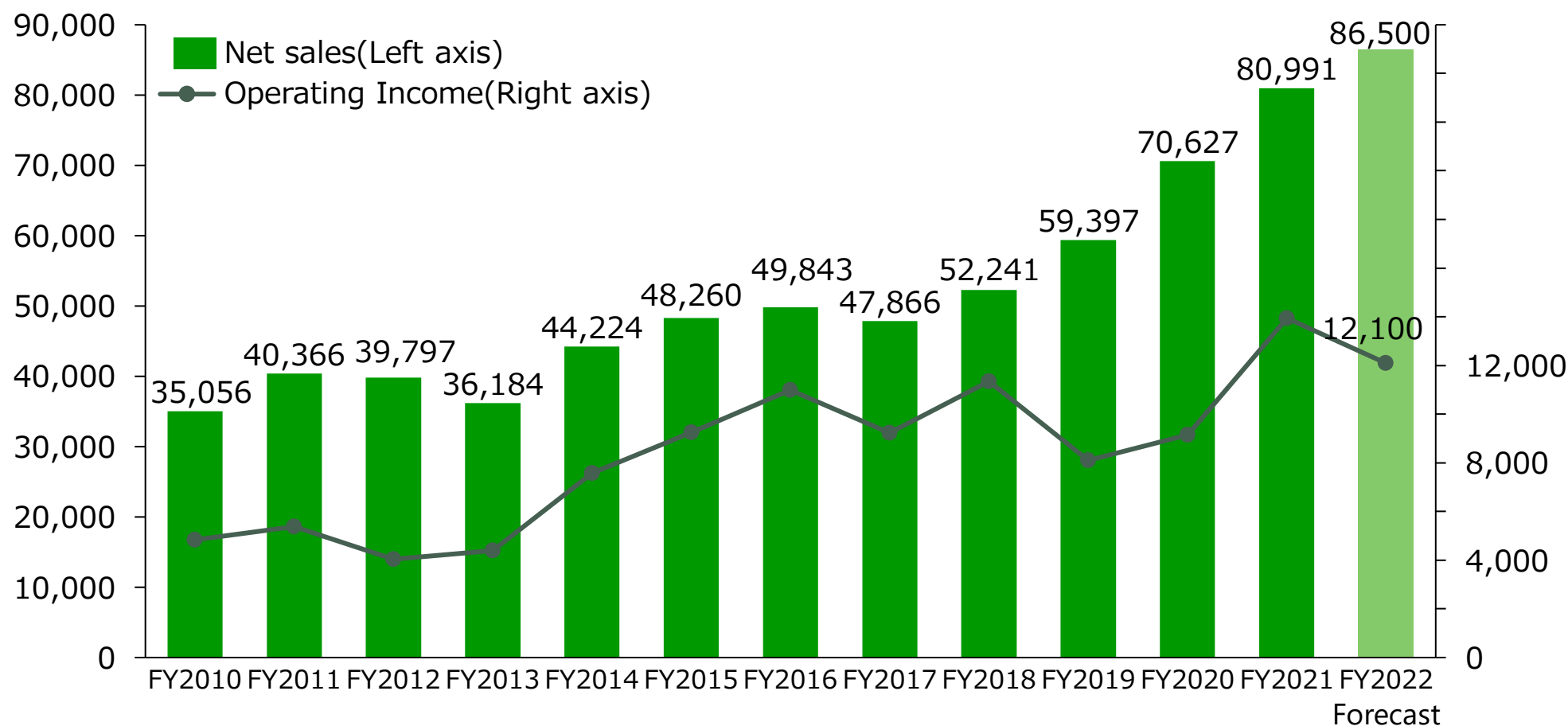
Unit : JPY Million

	FY2021 Electronics Materials Full year Result	FY2022 Electronics Materials Full year Forecast	Change	%	FY2021 Medical and pharmaceuticals Full year Result	FY2022 Medical and Pharmaceuticals Full year Forecast	Change	%
<b>Net Sales</b>	<b>53,096</b>	<b>58,400</b>	5,304	10%	<b>24,553</b>	<b>23,900</b>	-653	-3%
<b>Operating Income</b>	<b>11,208</b>	<b>12,300</b>	1,092	10%	<b>3,837</b>	<b>1,400</b>	-2,437	-64%
<b>Exchange rate of JPY/USD</b>	106.2	108	1.8		106.2	108	1.8	
<b>EBITDA</b>	<b>12,970</b>	<b>14,300</b>	1,330	10%	<b>8,669</b>	<b>6,000</b>	-2,669	-31%
<b>Operating Income Margin</b>	<b>21%</b>	<b>21%</b>			<b>16%</b>	<b>6%</b>		
<b>EBITDA Margin</b>	<b>24%</b>	<b>24%</b>			<b>35%</b>	<b>25%</b>		

# Trend of consolidated business performance

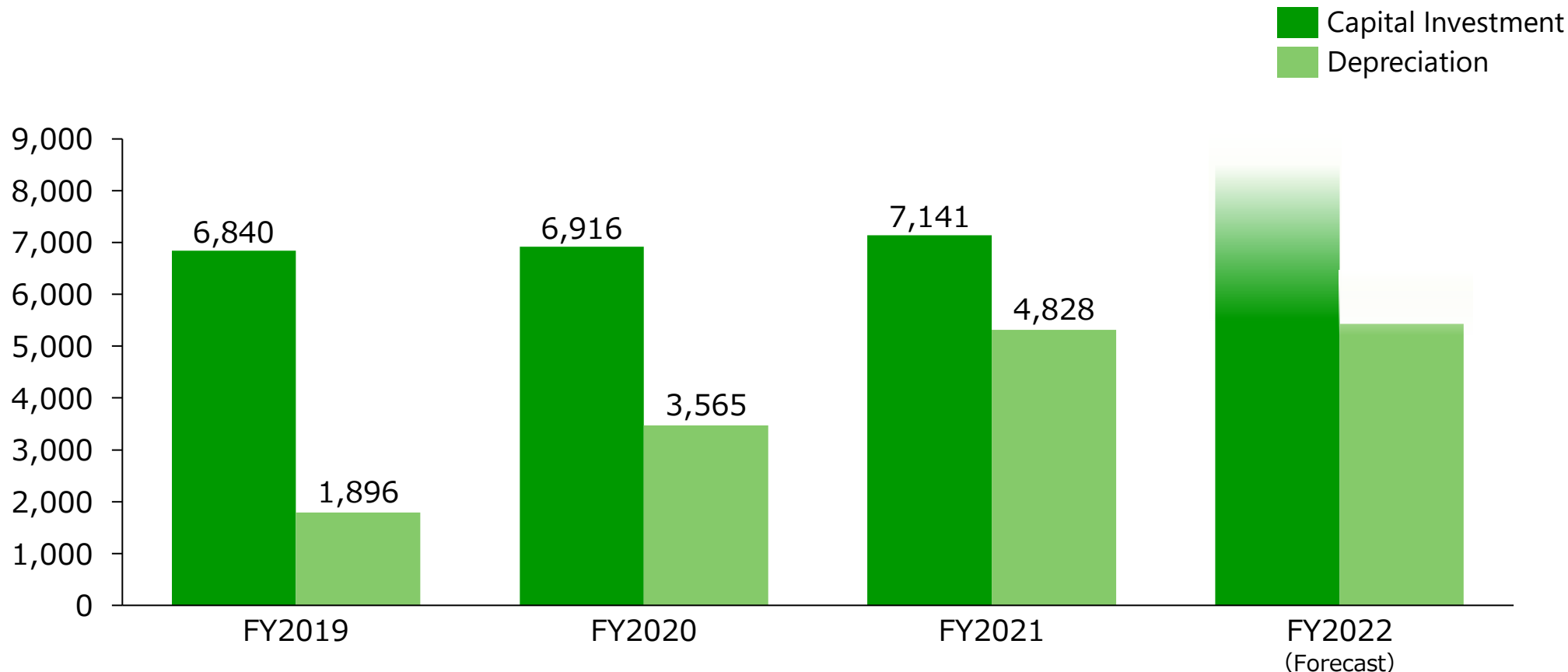
## Consolidated Business Performance Trends

Unit : JPY Million



# Capital investment and depreciation

## Yearly trends : Capital Investment/Depreciation※ Unit : JPY Million



※Capital investment: Investment in property, plant and equipment and software  
Depreciation: Depreciation of property, plant and equipment and software



**TAIYO HOLDINGS CO., LTD.**