

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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# Consolidated Financial Result Digest FY2022 Q2

(Fiscal Year Ending March 31, 2022)

November 5, 2021



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# 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 Q2 Overview

## Electronics Materials Business

- Net sales increased by 37% year on year
- Operating income increased by 49% year on year
  - Main reasons
    - New white dry film-type solder resist, which has been mass-produced since the first quarter, was used for mini LED displays and sold very well
    - Strong semiconductor market resulted in increased sales of PKG Products hit a record high

## Medical and Pharmaceuticals Business

- Net sales decreased by 5% 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 National Health Insurance (NHI) price revision of long listed products
- Completion of TAIYO Pharma Tech's cell products manufacturing facilities

## Company

- Stock split, partial amendment of the Articles of Incorporation in connection with the stock split, and revision to dividend forecast
  - We conducted 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
- The financial forecast for FY 2022 has been revised.

# Consolidated Financial Results

With regard to net sales, operating income, and ordinary income, Taiyo Holdings is maintaining the financial forecasts for the second half of FY2022 disclosed on August 2, 2021, and has updated financial forecasts for the first half of FY2022 to reflect actual results.

## Results Summary

Unit : JPY Million

|                             | ①<br>FY2021<br>First Half<br>Result | ②<br>FY2022<br>First Half<br>Result | ②-①<br>YoY | (②-①) / ①<br>% | ③<br>FY2022<br>(as announced<br>on Aug. 2)<br>First Half<br>Forecast | ②/③<br>% | ④<br>FY2022<br>(as revised<br>on Nov. 5)<br>Full Year<br>Forecast | ②/④<br>% |
|-----------------------------|-------------------------------------|-------------------------------------|------------|----------------|----------------------------------------------------------------------|----------|-------------------------------------------------------------------|----------|
| Net Sales                   | 39,436                              | 48,348                              | 8,912      | 23%            | 48,100                                                               | 101%     | 92,200                                                            | 52%      |
| Operating Income            | 7,011                               | 9,301                               | 2,290      | 33%            | 8,400                                                                | 111%     | 15,900                                                            | 58%      |
| Ordinary Income             | 6,982                               | 9,505                               | 2,523      | 36%            | 8,400                                                                | 113%     | 16,000                                                            | 40%      |
| Net Income                  | 4,803                               | 6,717                               | 1,914      | 40%            | 6,400                                                                | 105%     | 11,200                                                            | 61%      |
| Exchange rate of<br>JPY/USD | 106.6                               | 110.2                               | 3.6        |                | 108.0                                                                |          | 108.0                                                             |          |
| EBITDA                      | 10,704                              | 13,197                              | 2,493      | 23%            | 12,200                                                               | 108%     | 23,700                                                            | 56%      |
| Operating Income<br>Margin  | 18%                                 | 19%                                 |            |                | 17%                                                                  |          | 17%                                                               |          |
| EBITDA<br>Margin            | 27%                                 | 27%                                 |            |                | 25%                                                                  |          | 26%                                                               |          |

# Revised Financial Forecast

## Forecast for the FY 2022

Unit : JPY Million

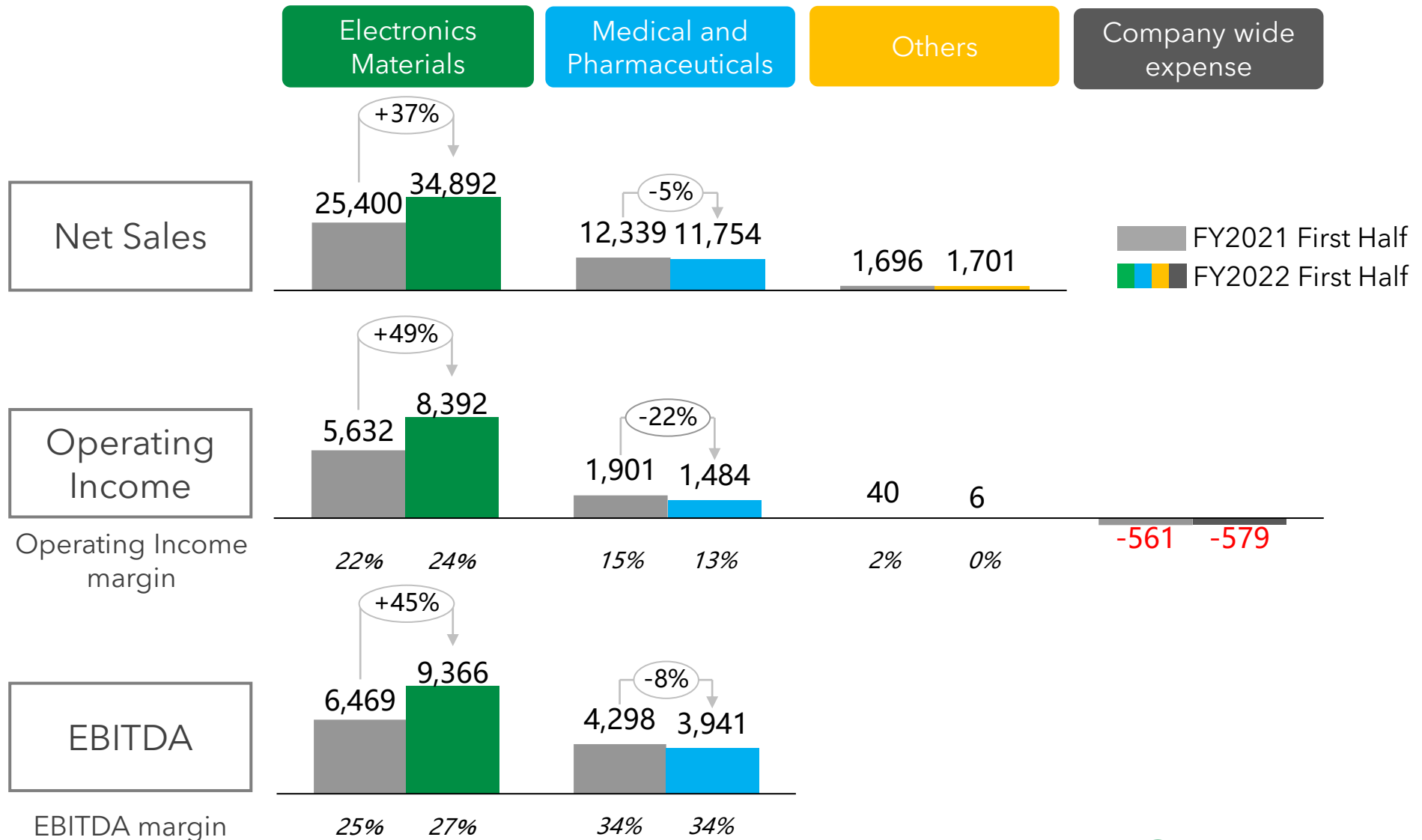
Estimated JPY/USD exchange rate : 108 JPY

|                                    | Fiscal Year 2022 Forecast<br>(as revised on Nov. 5) |                          |                                | Fiscal Year 2022 Forecast<br>(as announced on Aug. 2) |                          |                                |
|------------------------------------|-----------------------------------------------------|--------------------------|--------------------------------|-------------------------------------------------------|--------------------------|--------------------------------|
|                                    | Consolidated                                        | Electronics<br>Materials | Medical and<br>Pharmaceuticals | Consolidated                                          | Electronics<br>Materials | Medical and<br>Pharmaceuticals |
| <b>Net Sales</b>                   | 92,200                                              | 64,700                   | 23,600                         | 91,900                                                | 63,800                   | 23,900                         |
| <b>Operating Income</b>            | 15,900                                              | 15,400                   | 1,900                          | 15,000                                                | 15,200                   | 1,400                          |
| <b>EBITDA</b>                      | 23,700                                              | 17,400                   | 6,500                          | 22,800                                                | 17,200                   | 6,000                          |
| <b>Operating Income<br/>Margin</b> | 17%                                                 | 24%                      | 8%                             | 16%                                                   | 24%                      | 6%                             |
| <b>EBITDA<br/>Margin</b>           | 26%                                                 | 27%                      | 28%                            | 25%                                                   | 27%                      | 25%                            |

# Performance by Segment

## First Half Net Sales / Operating income / EBITDA

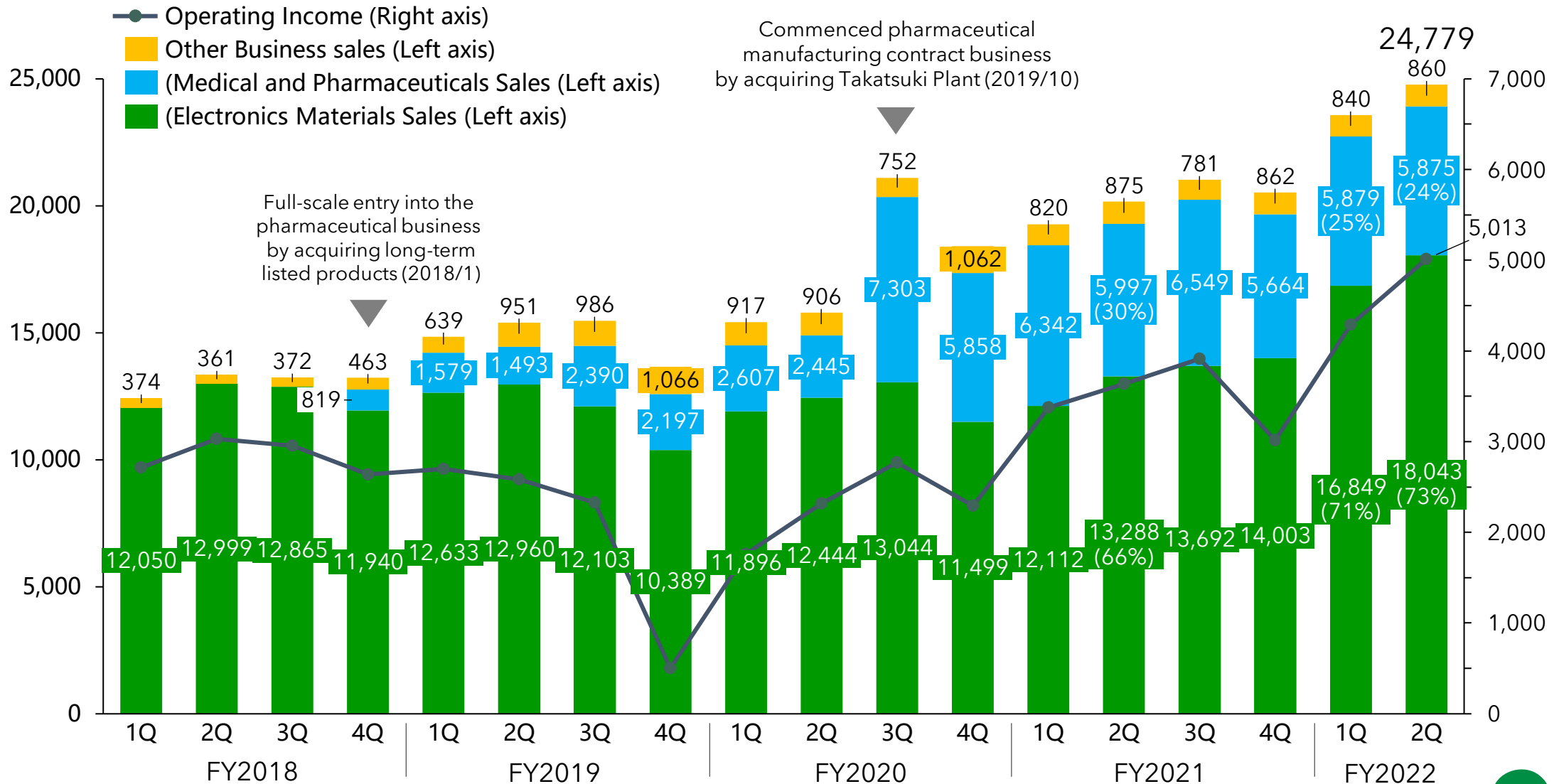
Unit : JPY Million



# 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           | 21/9           | Change  |
|------------------------------|----------------|----------------|---------|
| Cash and Deposits            | 54,705         | 51,712         | ▲ 2,993 |
| Accounts Receivables         | 22,527         | 25,927         | 3,400   |
| Inventory <sup>※1</sup>      | 13,447         | 15,376         | 1,929   |
| Others                       | 2,258          | 1,944          | ▲ 314   |
| <b>Total Current Assets</b>  | <b>92,937</b>  | <b>94,959</b>  | 2,022   |
| Tangible Fixed Assets        | 46,348         | 49,660         | 3,312   |
| Intangible Fixed Assets      | 34,949         | 34,024         | ▲ 925   |
| Investments and other assets | 4,765          | 5,386          | 621     |
| <b>Total Fixed Assets</b>    | <b>86,063</b>  | <b>89,071</b>  | 3,008   |
| <b>Total Assets</b>          | <b>179,001</b> | <b>184,031</b> | 5,030   |

|                                         | 21/3           | 21/9           | Change  |
|-----------------------------------------|----------------|----------------|---------|
| Notes and Account payable               | 7,907          | 9,276          | 1,369   |
| Short term borrowings <sup>※2</sup>     | 21,885         | 23,413         | 1,528   |
| Long term borrowings                    | 59,333         | 56,016         | ▲ 3,317 |
| Others                                  | 13,379         | 13,816         | 437     |
| <b>Total Liabilities</b>                | <b>102,504</b> | <b>102,521</b> | 17      |
| Shareholders Equity                     | 74,184         | 78,541         | 4,357   |
| Accumulated other comprehensive income  | 1,954          | 2,592          | 638     |
| Non-controlling interest                | 357            | 375            | 18      |
| <b>Total net assets</b>                 | <b>76,497</b>  | <b>81,509</b>  | 5,012   |
| <b>Total liabilities and net assets</b> | <b>179,001</b> | <b>184,031</b> | 5,030   |

|                              | 21/3         | 21/9         | Change |
|------------------------------|--------------|--------------|--------|
| <b>Equity to Asset Ratio</b> | <b>42.5%</b> | <b>44.1%</b> | +1.6%  |

※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



# Electronics Materials Business

## Terminology

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

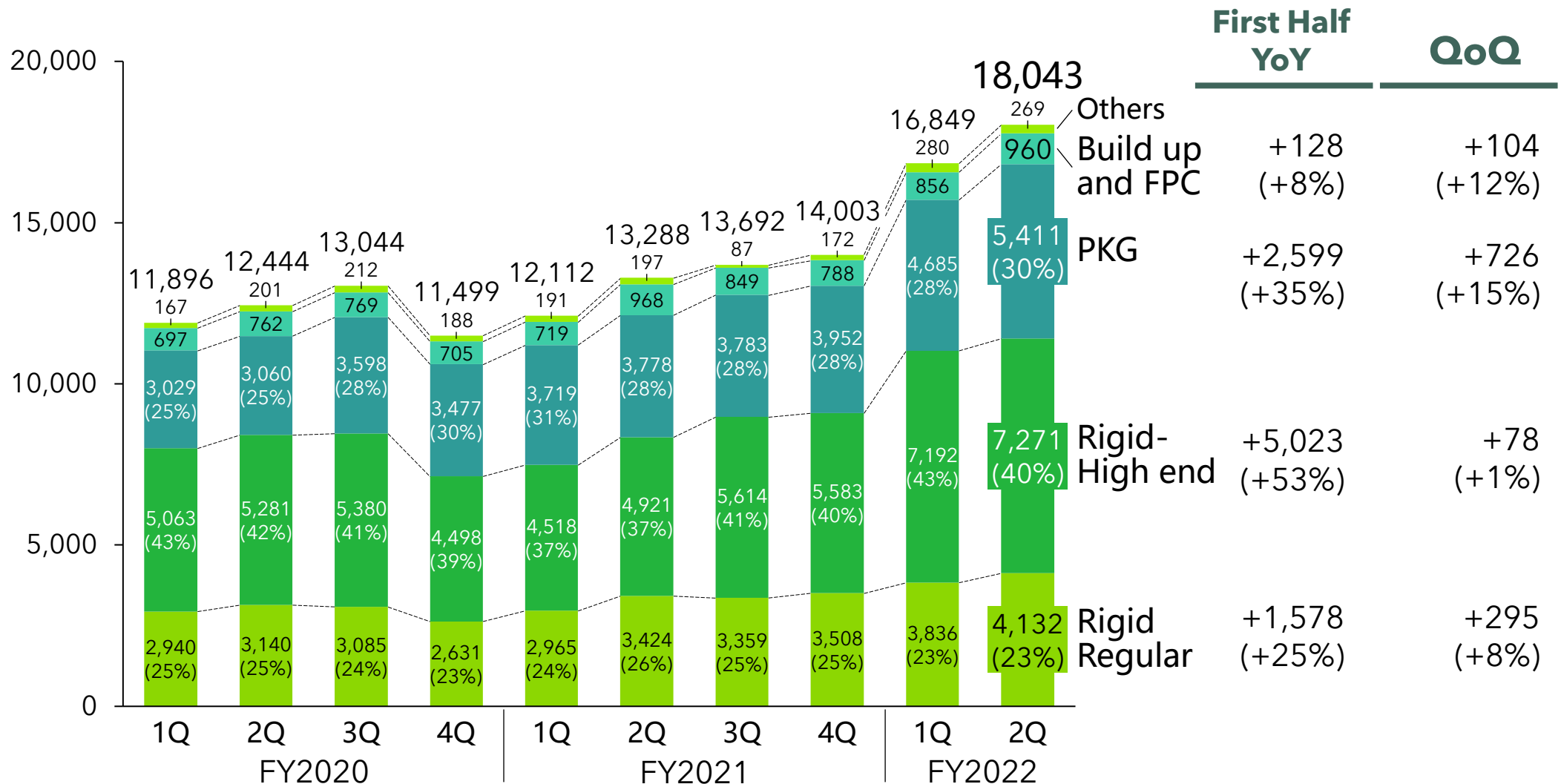
## Product Classification

| Group                    | Category                             |          | Type      | Remarks                                                                                                                                        |
|--------------------------|--------------------------------------|----------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------|
| PWB insulating materials | Rigid                                | Regular  | Liquid    | <ul style="list-style-type: none"> <li>▪ SR materials for insulation and surface protection use</li> <li>▪ Electronics materials</li> </ul>    |
|                          |                                      | High end | 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"> <li>▪ Marking, etching, plating materials</li> <li>▪ Flux, conductive silver paste, solvent etc.</li> </ul> |

# Electronics Materials Business

## Net Sales by product category

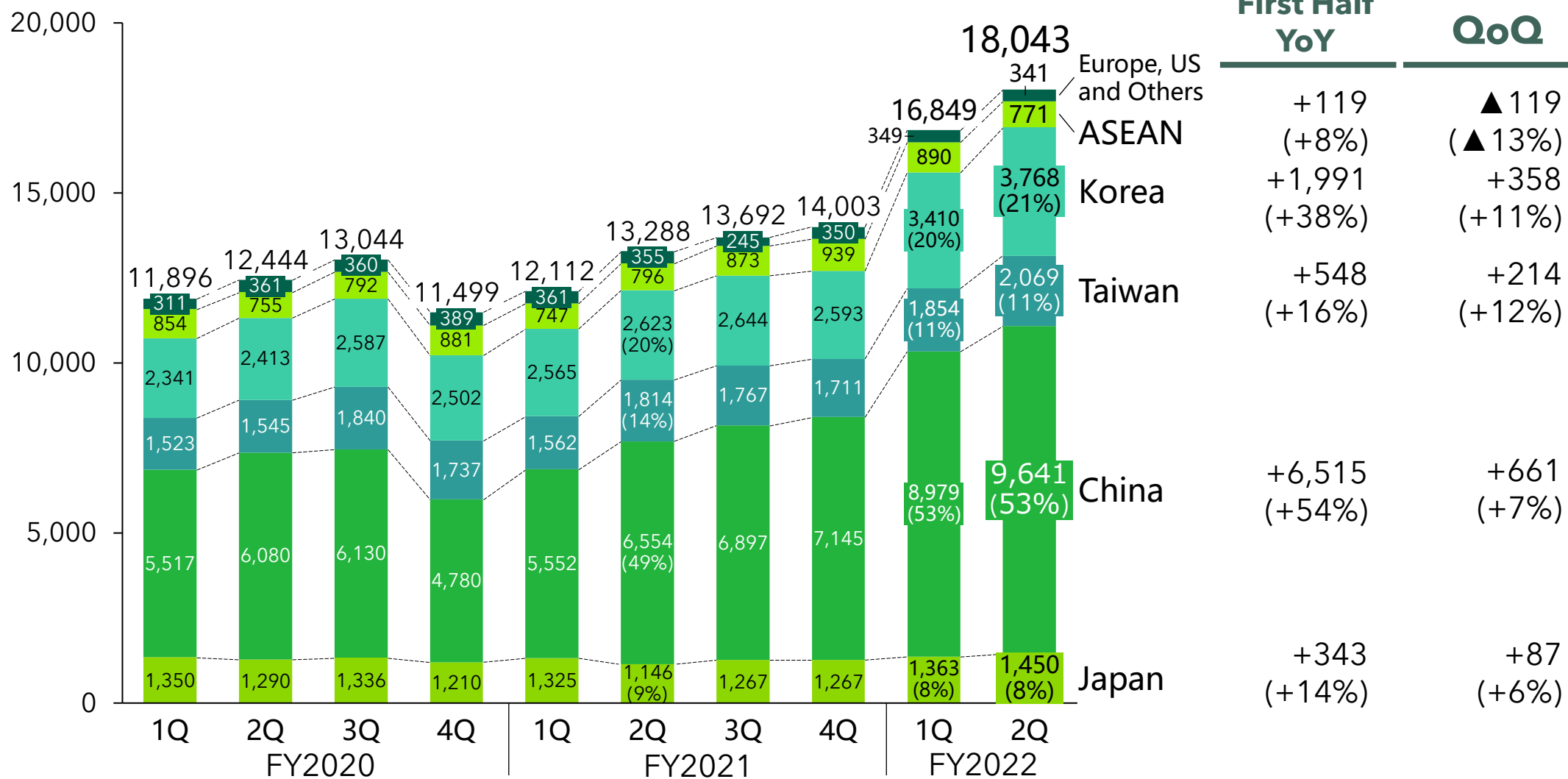
Unit : JPY Million



# Electronics Materials Business

## Net Sales by sales area

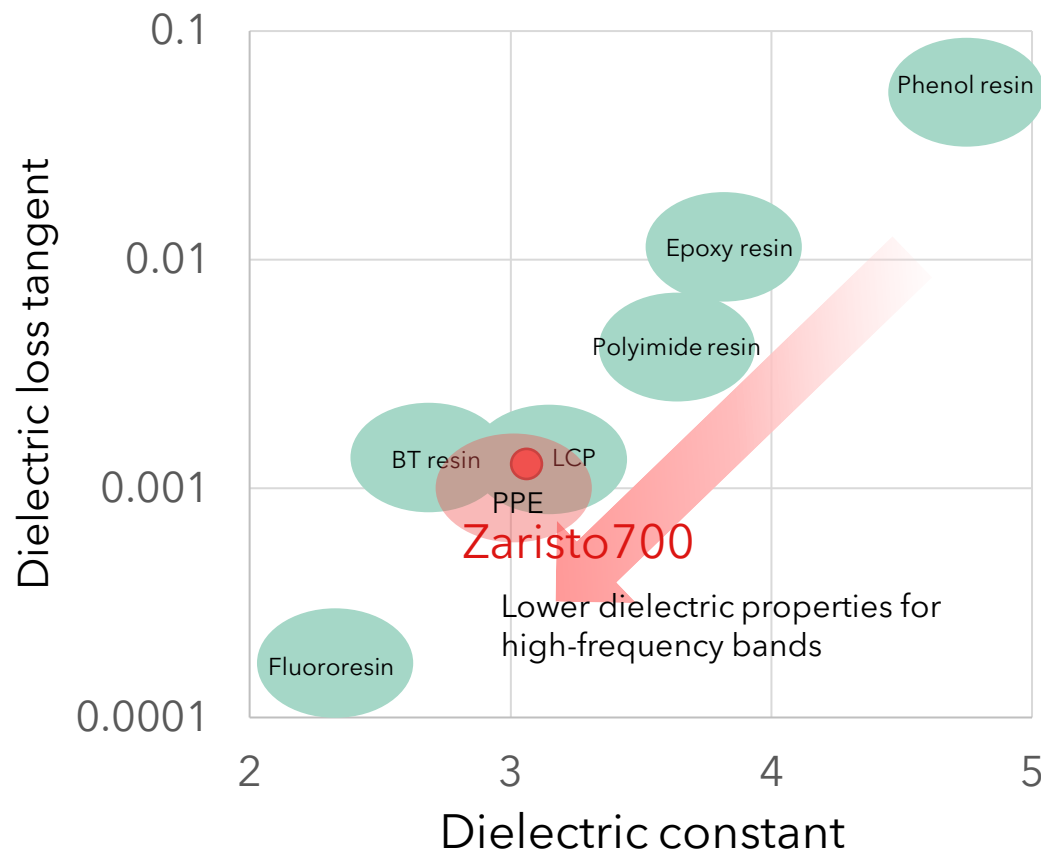
Unit : JPY Million



# Thermal curable Film Using New Resin for High-Frequency Application received the 17th JPCA Award

- ✓ **Developed for electronic devices used in high-frequency bands of the next-generation 5G communication standard**
- ✓ **Applicable to electronic circuit materials such as PWBs and to interlayer insulation materials for semiconductor packages**
- ✓ **Having achieved the level of processability and reliability comparable to that of existing materials, along with excellent high-frequency electrical properties**

Electrical properties of materials



Japan Electronics Packaging and Circuits Association (JPCA)  
An industry organization established with the aim of contributing to the sound development of the electronic circuit and related industries by promoting the advancement of the electronic circuit industry and also to contributing to the progress and development of electronic engineering technologies by improving the quality and performance of electronic circuits, thereby ultimately contributing to the development of the national economy.

<https://jpca.jp/eng/>

# 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<br>(Contract Development Manufacturing Organization) |
| GMP  | Standards for manufacturing control and quality of pharmaceuticals and quasi-drugs<br>(Good Manufacturing Practice)                         |



# Public Knowledge-Based Application for Kytril<sup>®</sup> Injection

On September 22, 2021, TAIYO Pharma filed a public knowledge-based application\*1 for additional indication, etc of Kytril<sup>®</sup> injection. Based on the report on the relevance for public knowledge-based application submitted after the meeting of the Committee on Unapproved or Off-Labeled Drugs with High Medical Needs\*2 held on July 12, we filed an application for partial amendment to the matters approved for the manufacture and sale of pharmaceutical products, following the preliminary evaluation by the First Committee on Drugs of the Pharmaceutical Affairs and Food Sanitation Council held on August 30.



**Product name:** Kytril injection 1 mg  
Kytril injection 3mg  
Kytril drip infusion bag 3mg/50mL  
Kytril drip infusion bag 3mg/100mL

## Present indications:

Gastrointestinal symptoms (nausea, vomiting) associated with the administration of antineoplastic agents (cisplatin, etc.) and irradiation

## Indications covered in the public knowledge-based application (draft):

Postoperative gastrointestinal symptoms (nausea, vomiting)

\*1 Public knowledge-based application refers to an application for approval made without conducting all or part of clinical trials on the basis that the drug has already been approved for relevant indications in a foreign country and the efficacy and safety of the drug are medically known.

\*2 The Committee on Unapproved or Off-Labeled Drugs with High Medical Needs was established with the aim of contributing to the promotion of the development of unapproved drugs and off-labeled drugs by pharmaceutical companies by assessing the medical need for drugs and indications that are approved for use in Europe and the United States but not approved in Japan, and by evaluating the relevance of these drugs for public knowledge-based application and confirming the appropriateness of the tests that need to be performed additionally for application for approval.

# Completion of TAIYO Pharma Tech's Cell Products Manufacturing Facilities

The construction of manufacturing facilities for cell products was completed within the premise of Takatsuki Plant of TAIYO Pharma Tech.

TAIYO Pharma Tech will play an important role in manufacturing of new products developed by CYFUSE BIOMEDICAL K.K. with which TAIYO Pharma Tech has entered into a comprehensive partnership agreement, and will launch contracted the manufacturing of cell products.



Overview of the cell products manufacturing facilities

Address: 4-38, Aketacho, Takatsuki, Osaka

Gross floor area: 243 square meters

Date of completion: September 28, 2021



