

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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Consolidated Financial Result Digest FY2022 Q4

(Fiscal Year Ended March 31, 2022)

April 28, 2022

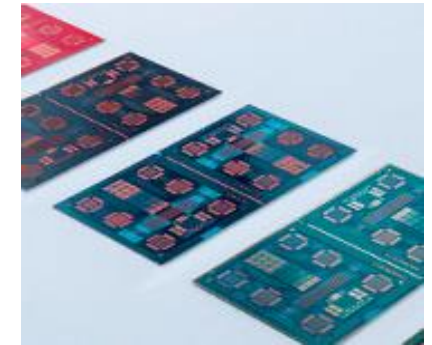


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Our Reporting Segments

Electronic Materials

Develops, manufactures, purchases and sells chemicals for PWBs and other electronic components



Medical and Pharmaceutical

Manufactures and markets pharmaceuticals, and provides contract development and manufacturing organization (CDMO) services



Others

Energy business using natural energy, food business, fine chemicals business including dyes, pigments and other chemicals, and ICT business, etc.



FY2022 Q4 Overview

Electronic Materials Business

- Net sales increased by 34% year on year
- Operating income increased by 52% year on year
 - Main reasons
 - New white dry film-type solder resist, which has been mass-produced since the first quarter, has been used for Mini LED displays and sold very well
 - Strong semiconductor market resulted in record high sales of PKG Products

Medical and Pharmaceutical Business

- Net sales decreased by 4% year on year
 - Main reasons
 - Lower sales volume of other infectious disease-related products due to thorough countermeasures against the COVID-19 pandemic
 - Impact of production adjustments as a result of changes to production plans by contract manufacturing clients
 - Lower drug price due to the National Health Insurance (NHI) price revision of Long Listed Products
 - Higher sales volume of some products as a result of suspensions to the supply of other companies' generic drugs
- Completed the succession of manufacturing and marketing approval and transfer of distribution for all four products from AstraZeneca K.K.

Company

- Acquired treasury stock
 - Shares acquired : 464,400 shares
 - Total acquisition amount : Approximately 1,500 JPY million
- Support for TCFD recommendations and participation in TCFD Consortium

Consolidated Financial Results

Results Summary

Unit : JPY Million

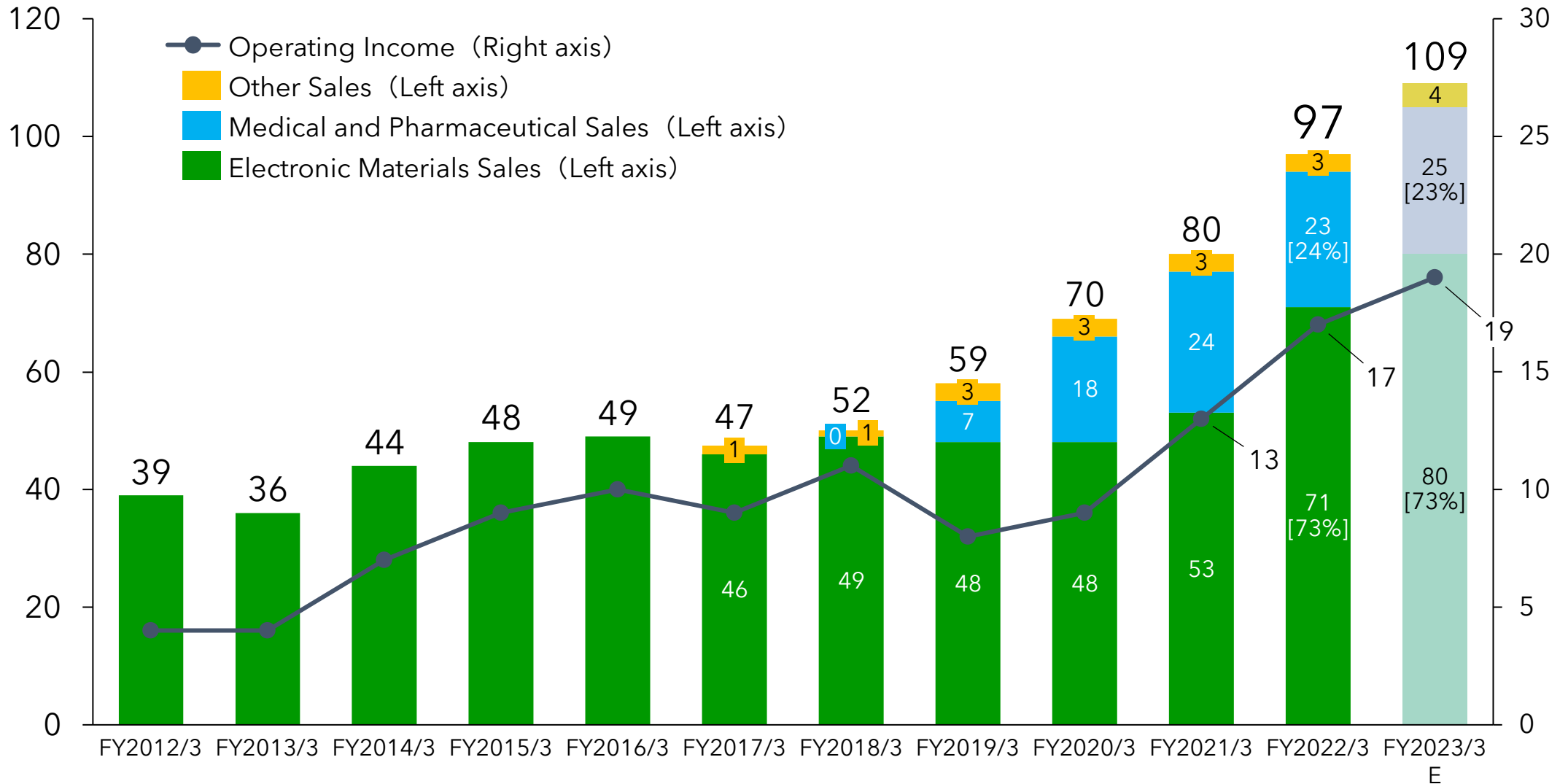
	① FY2021/3	② FY2022/3	②-①	(②-①) / ①	③ FY2022/3 (announced on Feb. 8)	② / ③
	Full year Result	Full year Result	YoY	%	Full year Forecast	%
Net Sales	80,991	97,966	16,975	21%	93,900	104%
Operating Income	13,943	17,958	4,015	29%	17,000	106%
Ordinary Income	13,819	18,062	4,243	31%	17,200	105%
Net Income	9,529	11,803	2,274	24%	12,100	98%
Exchange rate of JPY/USD	106.2	112.9	6.7		*1	
EBITDA	21,420	25,942	4,522	21%	24,900	104%
Operating Income Margin	17%	18%			18%	
EBITDA Margin	26%	26%			27%	

*1 JPY/USD exchange rate : Actual results for FY2022 3Q cumulative 111.4 JPY. Estimated value for FY2022 4Q 108.0 JPY.

Trend of Yearly Performance

Net sales and Operating Income

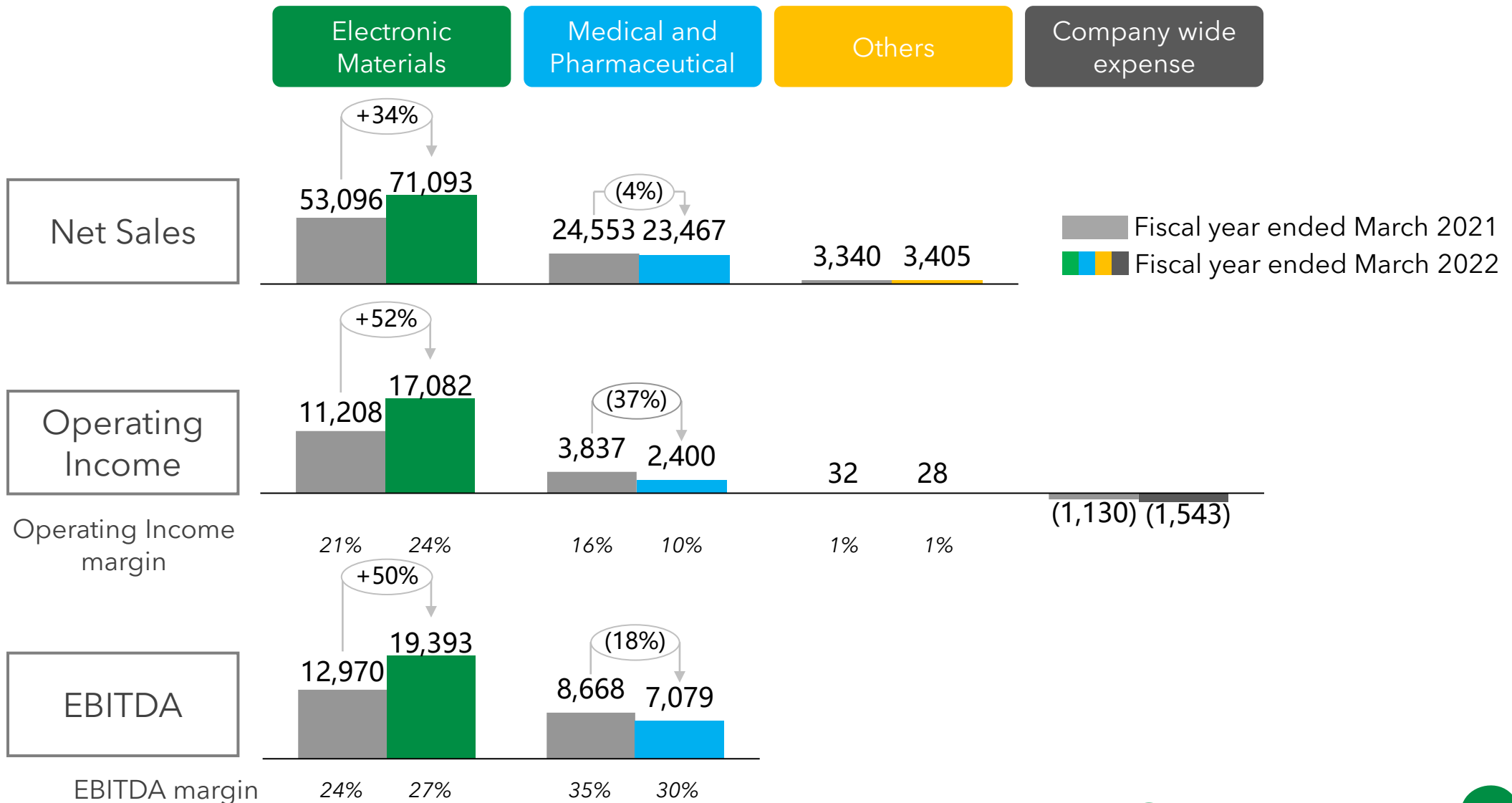
Unit : JPY Billion



Performance by Segment

4Q Cumulative Net Sales / Operating income / EBITDA

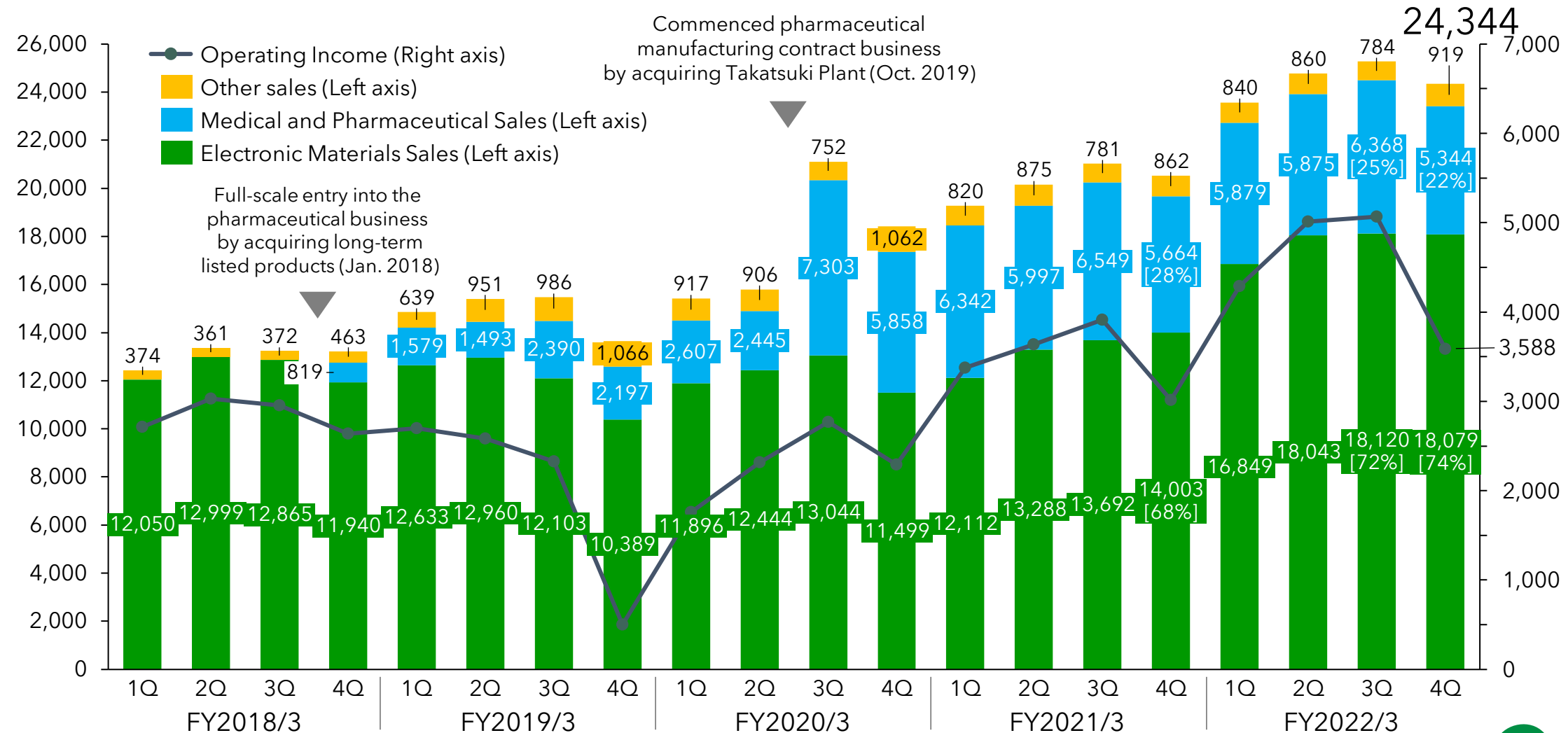
Unit : JPY Million



Trend of Quarterly Performance

Net sales and Operating Income

Unit : JPY Million



Overview of BS

BS- Comparison with the previous term

Unit : JPY Million

	21/3	22/3	Change
Cash and Deposits	54,705	51,557	(3,147)
Accounts Receivables	22,527	27,558	5,030
Inventory ^{*1}	13,449	16,384	2,935
Others	2,256	3,267	1,011
Total Current Assets	92,937	98,766	5,828
Tangible Fixed Assets	46,348	52,255	5,907
Intangible Fixed Assets	34,949	32,058	(2,891)
Investments and other assets	4,765	6,192	1,426
Total Fixed Assets	86,063	90,507	4,443
Total Assets	179,001	189,273	10,271

	21/3	22/3	Change
Notes and Account payable	7,907	9,255	1,348
Short term borrowings ^{*2}	21,885	29,770	7,884
Long term borrowings	59,333	48,383	(10,950)
Others	13,379	16,398	3,019
Total Liabilities	102,504	103,806	1,301
Shareholders Equity	74,184	79,916	5,731
Accumulated other comprehensive income	1,954	5,549	3,594
Non-controlling interest	357	1	(356)
Total net assets	76,497	85,466	8,969
Total liabilities and net assets	179,001	189,273	10,271

	21/3	22/3	Change
Equity to Asset Ratio	42.5%	45.2%	+2.7%

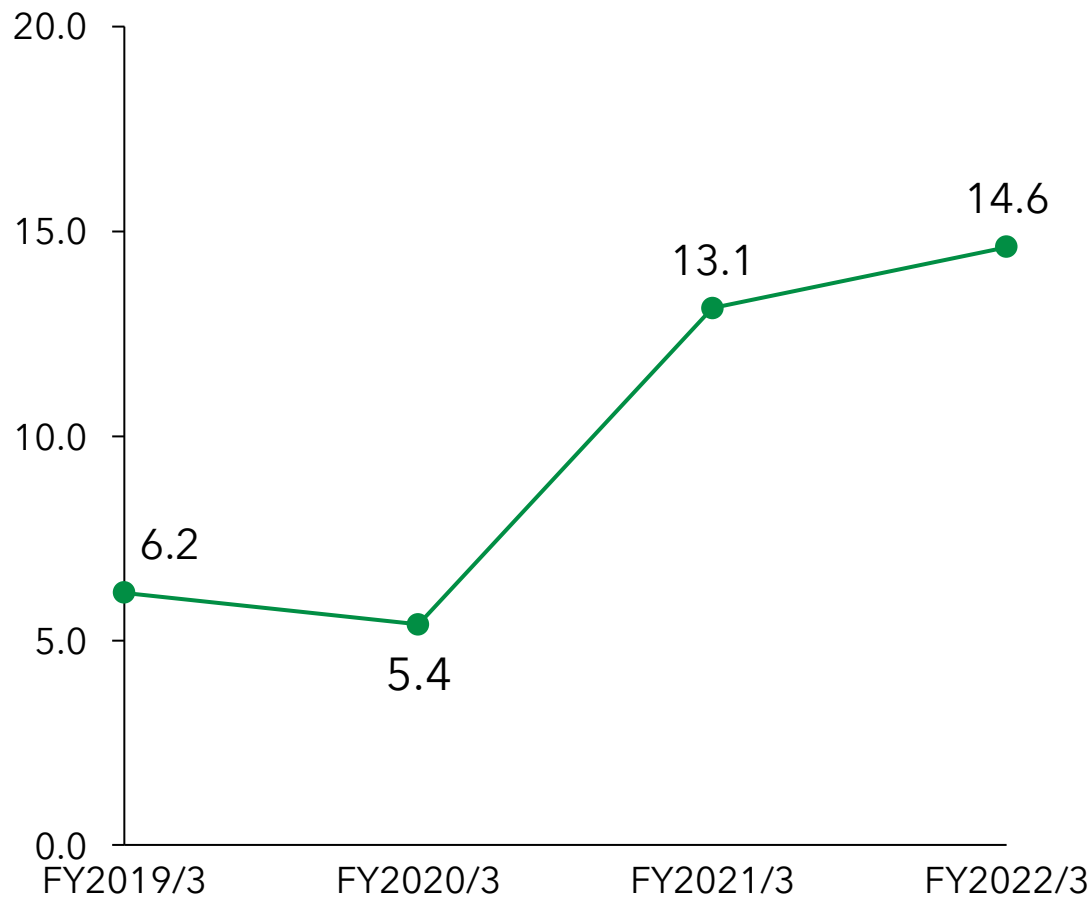
*1 Inventories: Goods and products + work in process + raw materials and stored good

*2 Short-term borrowings: Short-term borrowings + long-term borrowings scheduled to be repaid within one year

Trend of Yearly ROE and ROIC

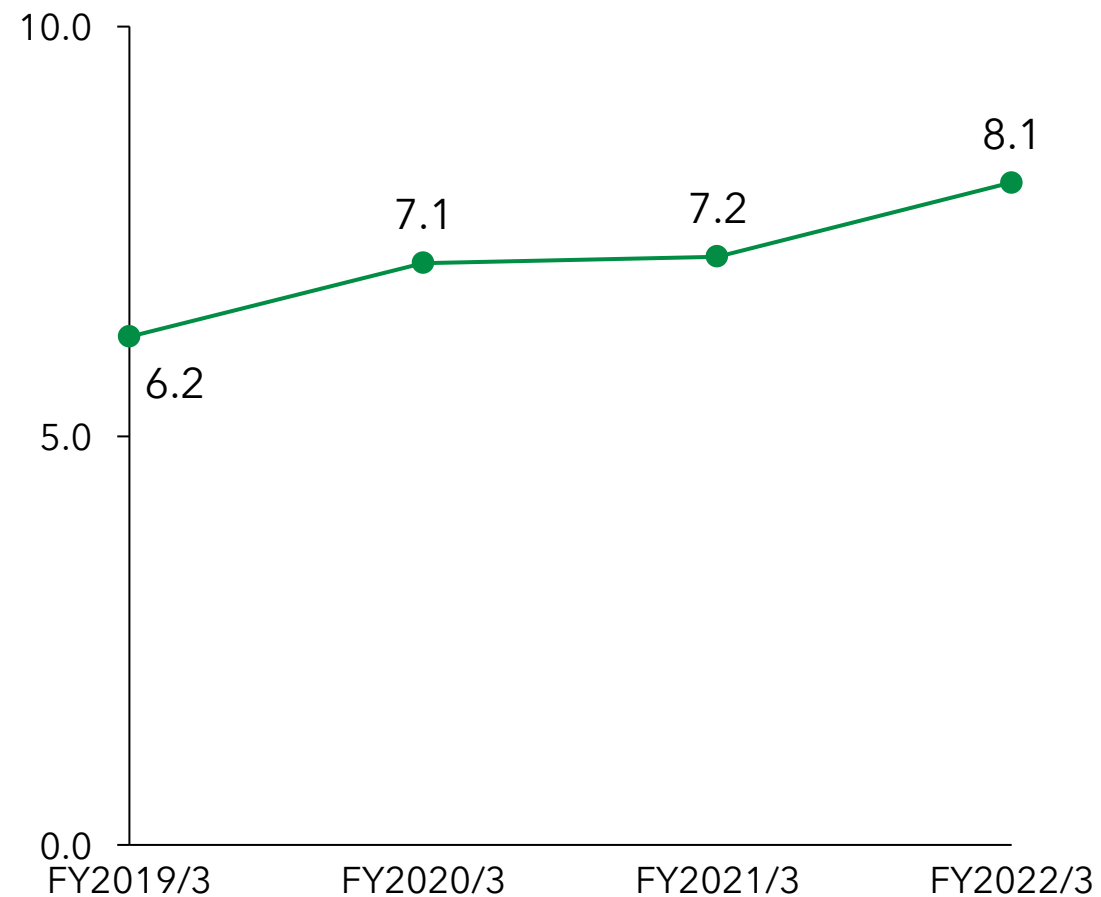
ROE (Return on Equity) *

Unit : %



ROIC (Return on Invested Capital) *

Unit : %

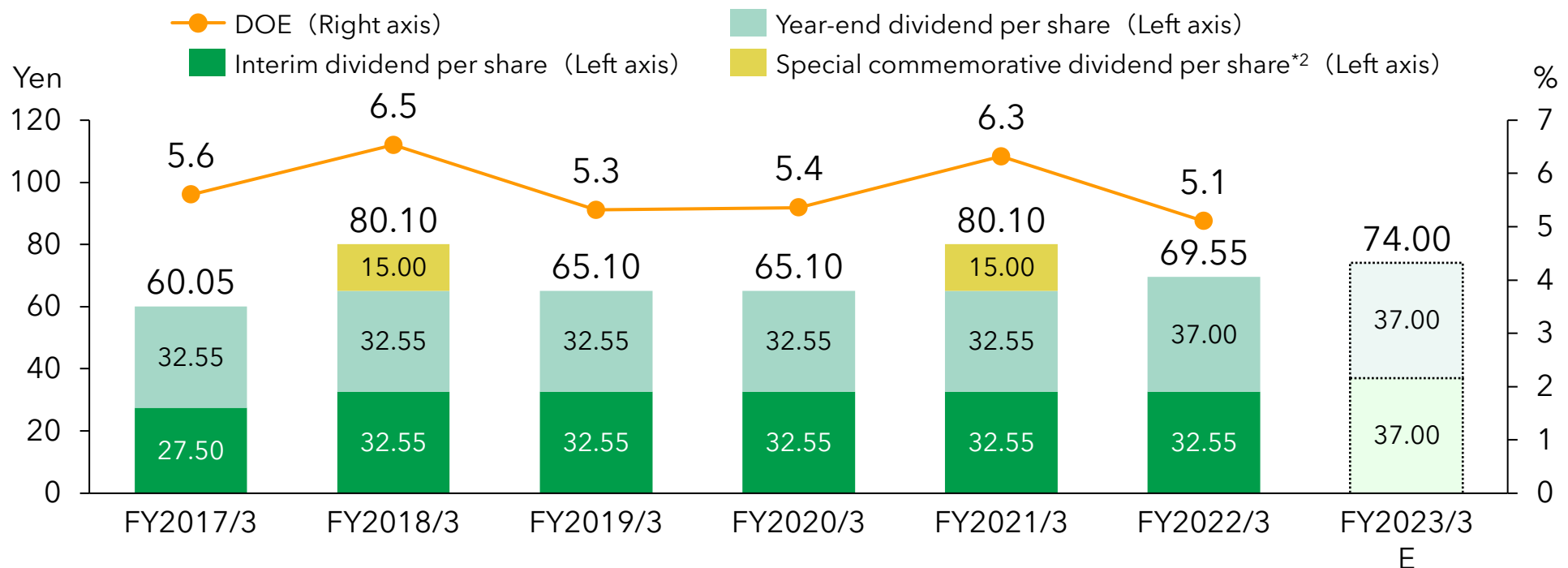


* ROE : Net income attributable to shareholders of the parent company / Average equity capital during the fiscal year
ROIC : Operating profit after Tax / Average of (Balance of interest-bearing debt+Total equity) during the fiscal year

Trend of Shareholder Returns

- ✓ Taiyo Holdings intends to pay a year-end dividend per share the year ended March 2022 37.00 yen, resulting in an annual dividend of 69.55 yen (dividend on equity (DOE): 5.1%) when combined with the interim dividend of 32.55 yen.
- ✓ In the year ending March 2023, Taiyo Holdings intends to pay an interim dividend of 37.00 yen and a year-end dividend of 37.00 yen, resulting in an annual dividend of 74.00 yen, a 4.45 yen increase compared with the year ended March 2022.

Dividend*1 · DOE



*1 We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. Figures have been calculated assuming the stock split was performed at the beginning of FY2018/3.

*2 FY2018/3: Commemorative dividend for the 65th anniversary of the company's establishment, FY2021/3: Commemorative dividend for the 20th anniversary of listing on the First Section of the Tokyo Stock Exchange.

Acquisition of Treasury Stock

Treasury stock acquisition status and plan

FY2022/3 Result	Total number of shares acquired	464,400
	Total acquisition price of shares	1,499,689,985 yen
	Acquisition period	Nov. 10, 2021 ~ Feb. 10, 2022
FY2023/3 Plan	Total number of shares acquired	1,000,000 (upper limit)
	Total acquisition price of shares	1,500,000,000 yen (upper limit)
	Acquisition period	Mar. 22, 2022 ~ Mar. 16, 2023

Support for TCFD Recommendations and Participation in TCFD Consortium

- ✓ Taiyo Holdings has declared its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures*¹), and participated in the “TCFD Consortium”^{*2}, a forum for supporting companies and financial institutions to engage in discussion.
- ✓ Taiyo Holdings will identify the risks and opportunities offered by the impact of climate change on its business activities, based on the TCFD framework, and actively implement related initiatives, while also endeavoring to strengthen corporate governance.



*1 A task force for considering corporate information disclosure related to climate change and the response of financial institutions, established by the Financial Stability Board (FSB) at the request of the G20.

*2 A consortium established in 2019 to provide a forum for discussing effective corporate information disclosure and initiatives for utilizing the information disclosed in appropriate investment decision-making by financial institutions, etc.

Electronic Materials Business

Terminology

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

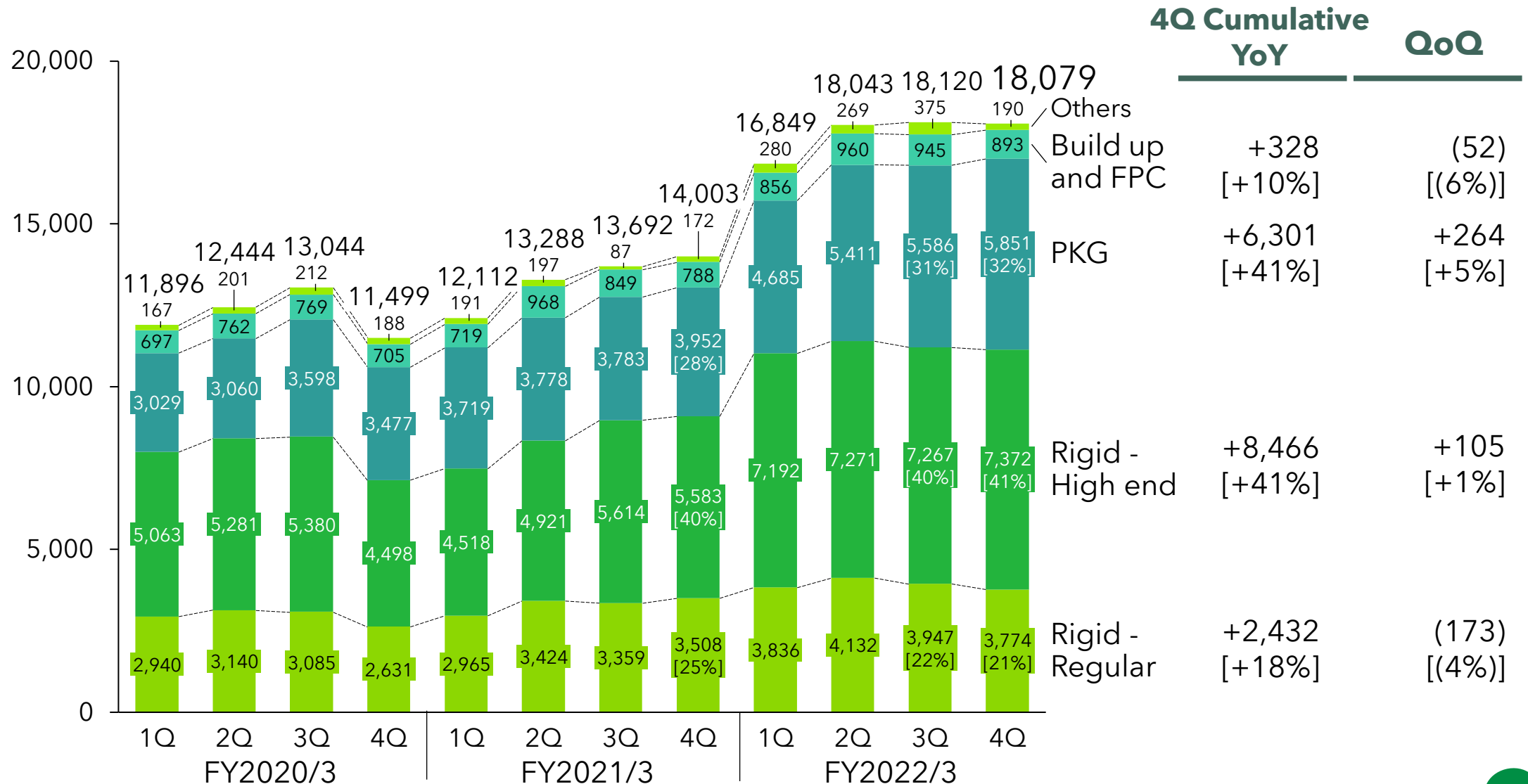
Product Classification

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

Electronic Materials Business

Net Sales by product category

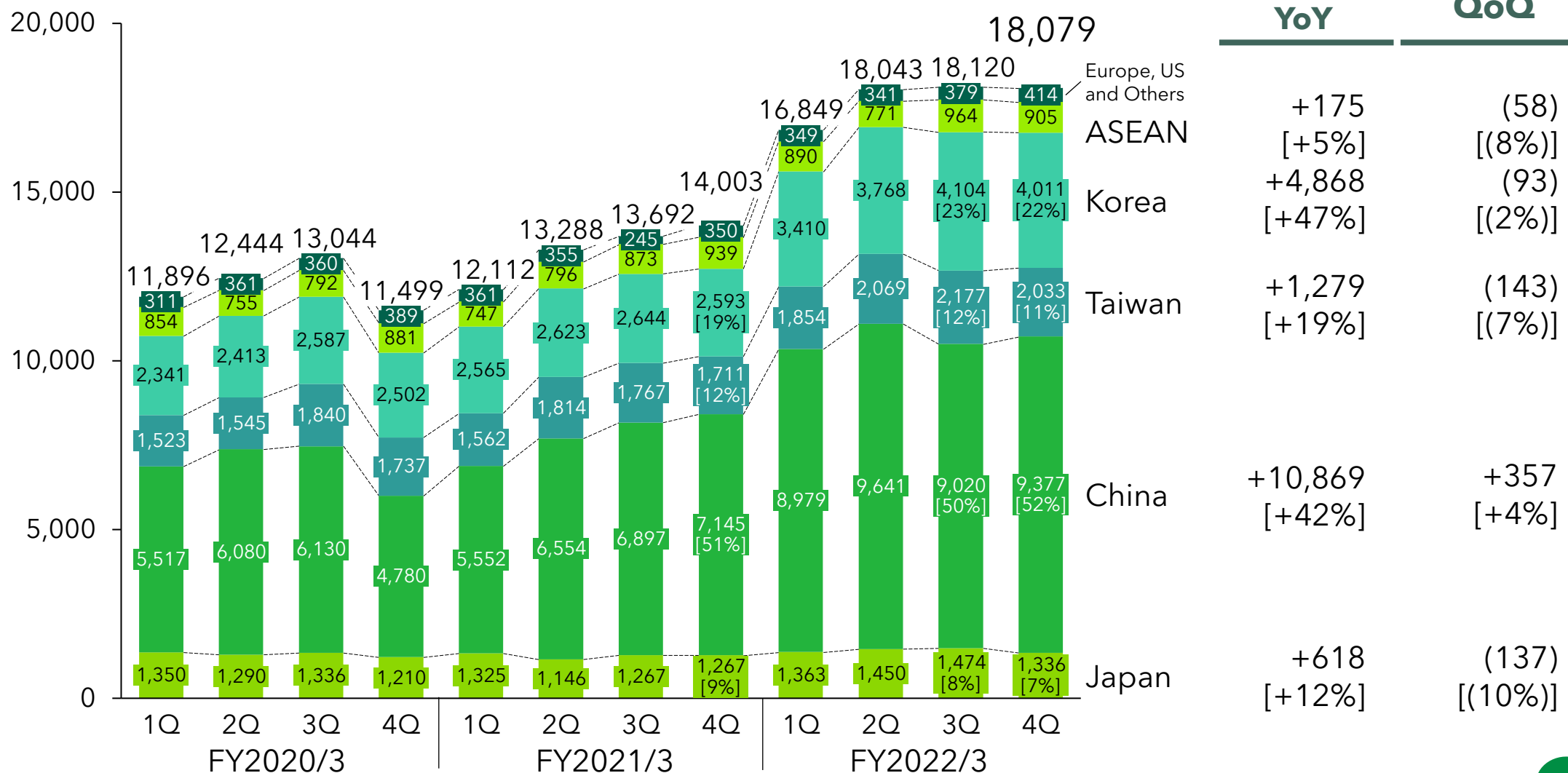
Unit : JPY Million



Electronic Materials Business

Net Sales by sales area

Unit : JPY Million



Taiyo Holdings Construction of New Development Center

- ✓ Taiyo Holdings will construct the new building of development center at the Ranzan Facility, to respond to growing demand for materials for electronic devices and components including semiconductors.

Overview of New Facility

[Location] 355-0222

388 Ohkura, Ranzan-machi,
Hiki-gun, Saitama

(On grounds of Ranzan Facility)

[Site area] 16,340 m²

[Floor space] 10,515 m²

[Floors] 6 floors above ground

[Start of construction] November 2022 (planned)

[End of construction] January 2024 (planned)

[Uses] Research and development in the
Electronic Materials Business



Medical and Pharmaceutical Business

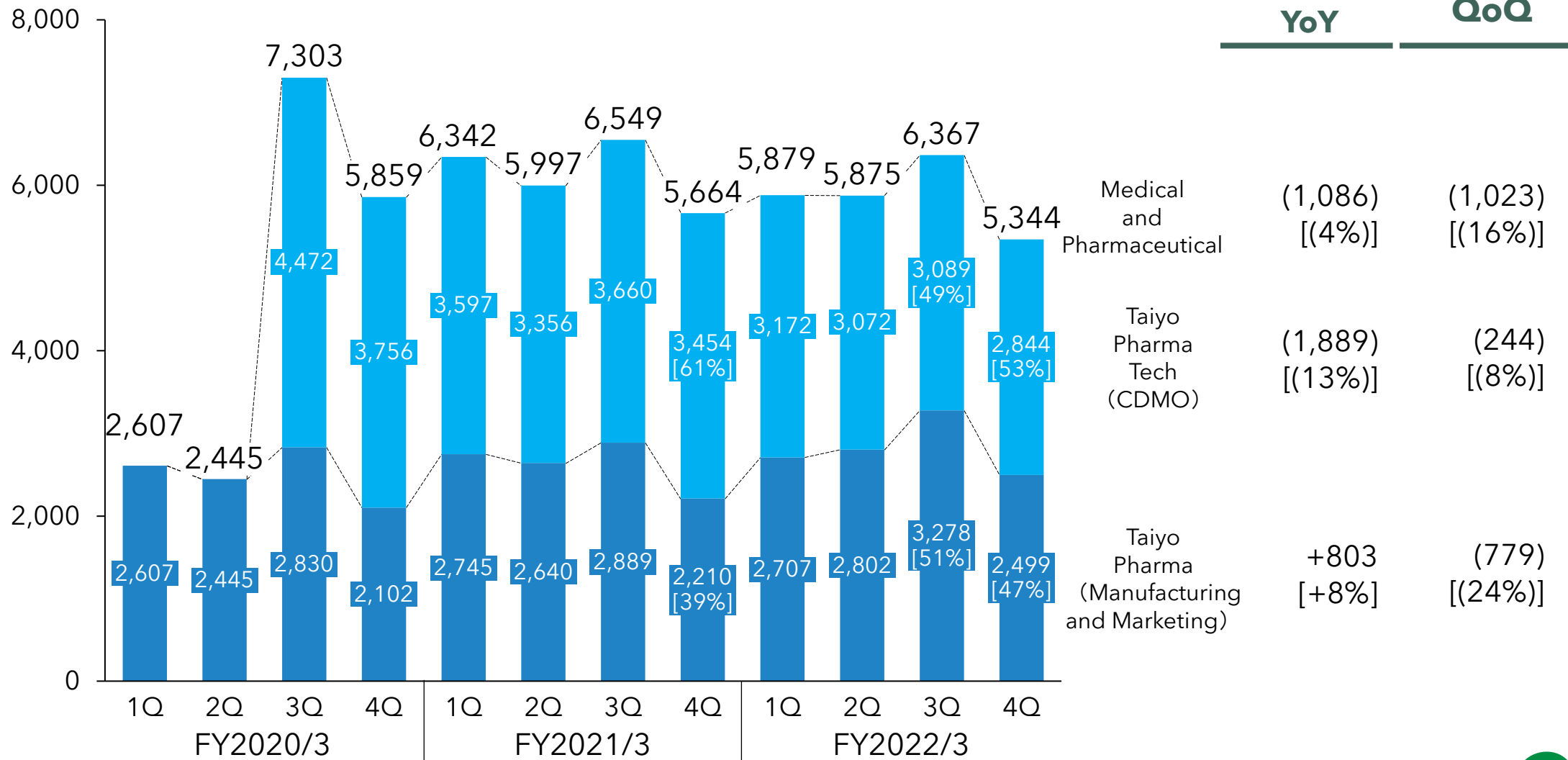
Terminology

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 Pharmaceutical Business

Net Sales by company

Unit : JPY Million



Taiyo Pharma : Acquisition of Approval to Add Indications, etc., for “Kytril® Injections and Intravenous Infusion Bags”

- ✓ After a request for development at a meeting of the “Committee on Unapproved or Off-labeled Drugs with High Medical Needs,” Taiyo Pharma submitted a public knowledge-based application*1 for “Kytril® injection 1mg,” “Kytril® injection 3mg,” “Kytril® intravenous infusion bag 3mg/50mL,” and “Kytril® intravenous infusion bag 3mg/100mL” (generic name: granisetron hydrochloride) (collectively, “Kytril® injections and intravenous infusion bags”), which act as 5-HT₃ receptor antagonists. Subsequently, on February 25, 2022, Taiyo Pharma obtained approval from the Ministry of Health, Labour and Welfare for sale and manufacture for additional indications, dosages, and administrations in relation to “postoperative gastrointestinal symptoms (nausea, vomiting).”

Brand name: Kytril® injection 1mg
Kytril® injection 3mg
Kytril® drip infusion bag 3mg/50mL
Kytril® drip infusion bag 3mg/100mL

Generic name: Granisetron hydrochloride

Present indications:

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

Additional indications:

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.

Taiyo Pharma Tech Enters into Agreement with GE Healthcare Pharma

- ✓ Taiyo Pharma Tech will begin manufacturing of Contrast Media, having entered into an agreement concerning the manufacturing of Contrast Media for which GE Healthcare Pharma holds market authorization.

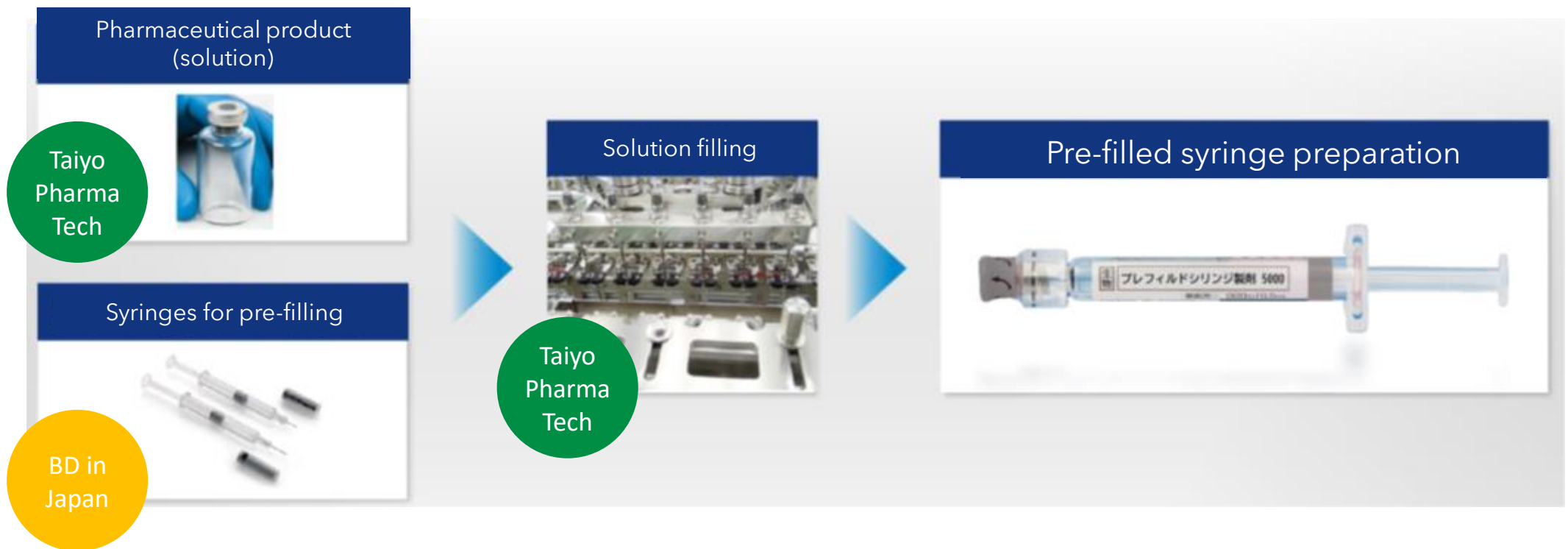
Target Contrast Media

- Omnipaque® Non-ionic X-ray contrast media
- Visipaque® Non-ionic isoosmolar X-ray contrast media
- Omniscan® Linear Non-ionic MRI contrast media
- Sonazoid® Ultrasound diagnostic contrast media



Taiyo Pharma Tech (TPT) and Nippon Becton Dickinson (“BD in Japan”) Form Business Partnership

- ✓ TPT and BD in Japan will provide “Pre-filled Syringe Total Support Services.”
- ✓ This will enable BD in Japan and Taiyo Pharma Tech to offer Total Support, from device evaluation to contract manufacturing, to pharmaceutical companies among their clients.



Earnings Forecast

Consolidated Earnings Forecast by Segment for the Fiscal Year Ending March 2023

- ✓ Consolidated: Forecasting higher sales and profits in the year ending March 2023
- ✓ Electronic Materials Business: Expecting higher sales and profits because of higher demand for rigid high-end and PKG materials, and forex impact
- ✓ Medical and Pharmaceutical Business: Expecting higher sales because of increase in contract manufacturing volumes, but lower profits owing to the impact of National Health Insurance (NHI) drug price revisions and higher SGA expenses

Earning forecast by segment

Unit : JPY Million

	FY2022/3 ^{*1}			FY2023/3 ^{*2}			%		
	Full year Result			Full year Forecast			Consolidated	Electronic Materials	Medical and Pharmaceutical
	Consolidated	Electronic Materials	Medical and Pharmaceutical	Consolidated	Electronic Materials	Medical and Pharmaceutical	Consolidated	Electronic Materials	Medical and Pharmaceutical
Net Sales	97,966	71,093	23,467	109,400	80,200	25,100	12%	13%	7%
Operating Income	17,958	17,082	2,400	19,000	20,100	1,000	6%	18%	(58%)
Ordinary Income	18,062	-	-	18,800	-	-	4%	-	-
Net Income	11,803	-	-	12,800	-	-	8%	-	-
EBITDA	25,942	19,393	7,079	26,900	22,500	5,500	4%	16%	(22%)
Operating Income Margin	18%	24%	10%	17%	25%	4%			
EBITDA Margin	26%	27%	30%	25%	28%	22%			

*1 JPY/USD exchange rate : Actual results for FY2022/3 112.9 JPY.

*2 JPY/USD exchange rate : Estimated value for FY2023/3 120.0 JPY.

Consolidated Earnings Forecast by Segment for the 1st Half and 2nd Half of Fiscal Year Ending March 2023

Forecast for 1st half of FY2023/3

Unit : JPY Million

	FY2022/3 ^{*1} 1 st half Resut			FY2023/3 ^{*2} 1 st half Forecast		
	Consolidated	Electronic Materials	Medical and Pharmaceutical	Consolidated	Electronic Materials	Medical and Pharmaceutical
Net Sales	48,348	34,892	11,754	55,600	41,000	12,600
Operating Income	9,301	8,392	1,484	10,400	10,500	900
EBITDA	13,197	9,366	3,941	14,400	11,700	3,200
Operating Income Margin	19%	24%	13%	19%	26%	7%
EBITDA Margin	27%	27%	34%	26%	29%	25%

Forecast for 2nd half of FY2023/3

Unit : JPY Million

	FY2022/3 ^{*1} 2 nd half Resut			FY2023/3 ^{*2} 2 nd half Forecast		
	Consolidated	Electronic Materials	Medical and Pharmaceutical	Consolidated	Electronic Materials	Medical and Pharmaceutical
Net Sales	49,618	36,200	11,712	53,800	39,200	12,500
Operating Income	8,657	8,689	916	8,600	9,600	100
EBITDA	12,745	10,026	3,138	12,500	10,800	2,300
Operating Income Margin	17%	24%	8%	16%	24%	1%
EBITDA Margin	26%	28%	27%	23%	28%	18%

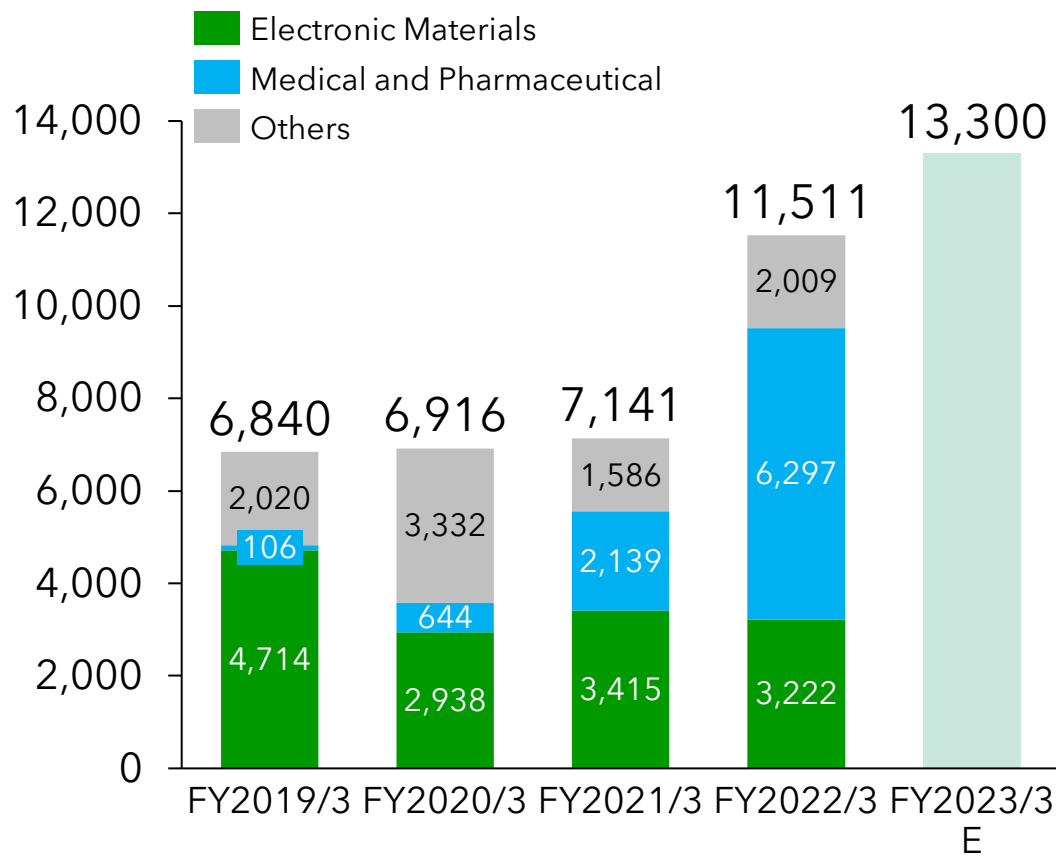
※1 JPY/USD exchange rate : Actual results for FY2022/3 112.9 JPY.

※2 JPY/USD exchange rate : Estimated value for FY2023/3 120.0 JPY.

Trend of Yearly Capital Investment and Depreciation

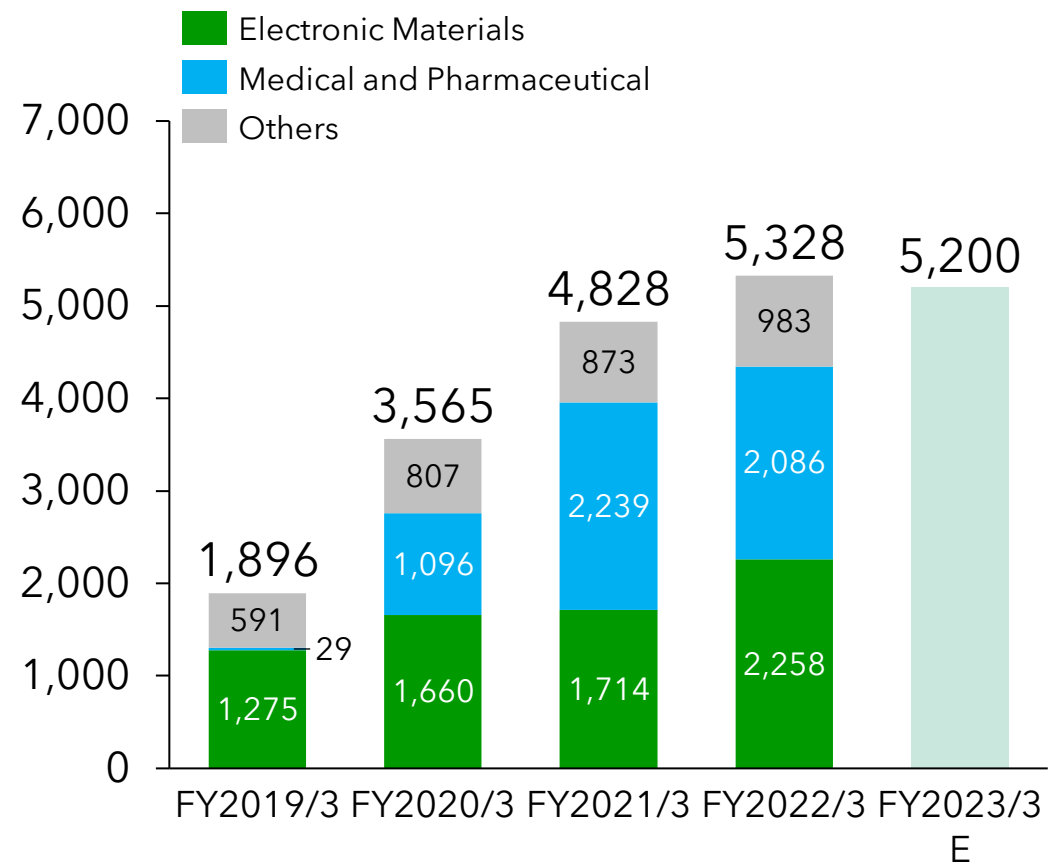
Capital Investment*

Unit : JPY Million



Depreciation*

Unit : JPY Million



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

