

Consolidated Financial Result Digest FY2023/3 3Q

(Fiscal Year Ending March 31, 2023)

Feb. 10, 2023

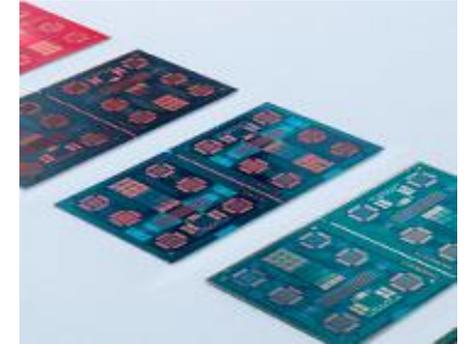


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Our Reporting Segments

Electronics*¹

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



*1 As of FY2023/3 1Q, the name of the "Electronic Materials Business" has been changed to "Electronics Business." This change only applies to the segment name. There is no change in the subsidiaries that make up the segment.

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.



FY2023/3 3Q Overview

Electronics Business

- Net sales increased by 4% year on year

Main reasons

- Progression in the weakening of the yen contributed to growth in both revenues and income
Avg. exchange rate during quarter under review : 135.4 JPY/USD
Avg. exchange rate during same quarter of prior FY : 111.4 JPY/USD)
- PKG products : Sales quantities fell due to customer-side inventory adjustments that were conducted in line with a drop in demand for memory
- Rigid products : Sales quantities fell due to lower demand mostly in the Chinese market

Medical and Pharmaceutical Business

- Net sales increased by 4% year on year

Main reasons

- Increased due to shifts in the product mix under the contract manufacturing business
 - Demand for some products increased in line with the spreading of COVID-19
 - Unit sales prices became lower due to the revision of drug prices in the National Health Insurance (NHI) scheme for long-listed products
 - Demand decreased in line with the lifting of limited shipments of drugs with the same indications by other companies, etc.
- Applied for manufacturing and marketing approval for the additional dosage form of the Parkinson's therapeutic agent "MADOPAR[®] combination tablets"
 - Opened the new welfare facility, "T-LINKS"

Other Businesses

- Taiyo Green Energy : Opened a new floating solar power plant in Nara Pref.
- funlead corp. : Transfer of shares of APEX corp.

Company

- Acquired treasury stock (Jul. 1 - Nov. 15, 2022)
Shares acquired : 575,000 shares
Total share acquisition amount : Approx. 1,500 JPY million
- Compensation levels : Plan to raise annual compensation a few percent ~ approx. 40%
- Entered into sponsorship deal with Yuro Nagahara, a skateboarder who competes in men's park skateboarding

Consolidated Financial Results

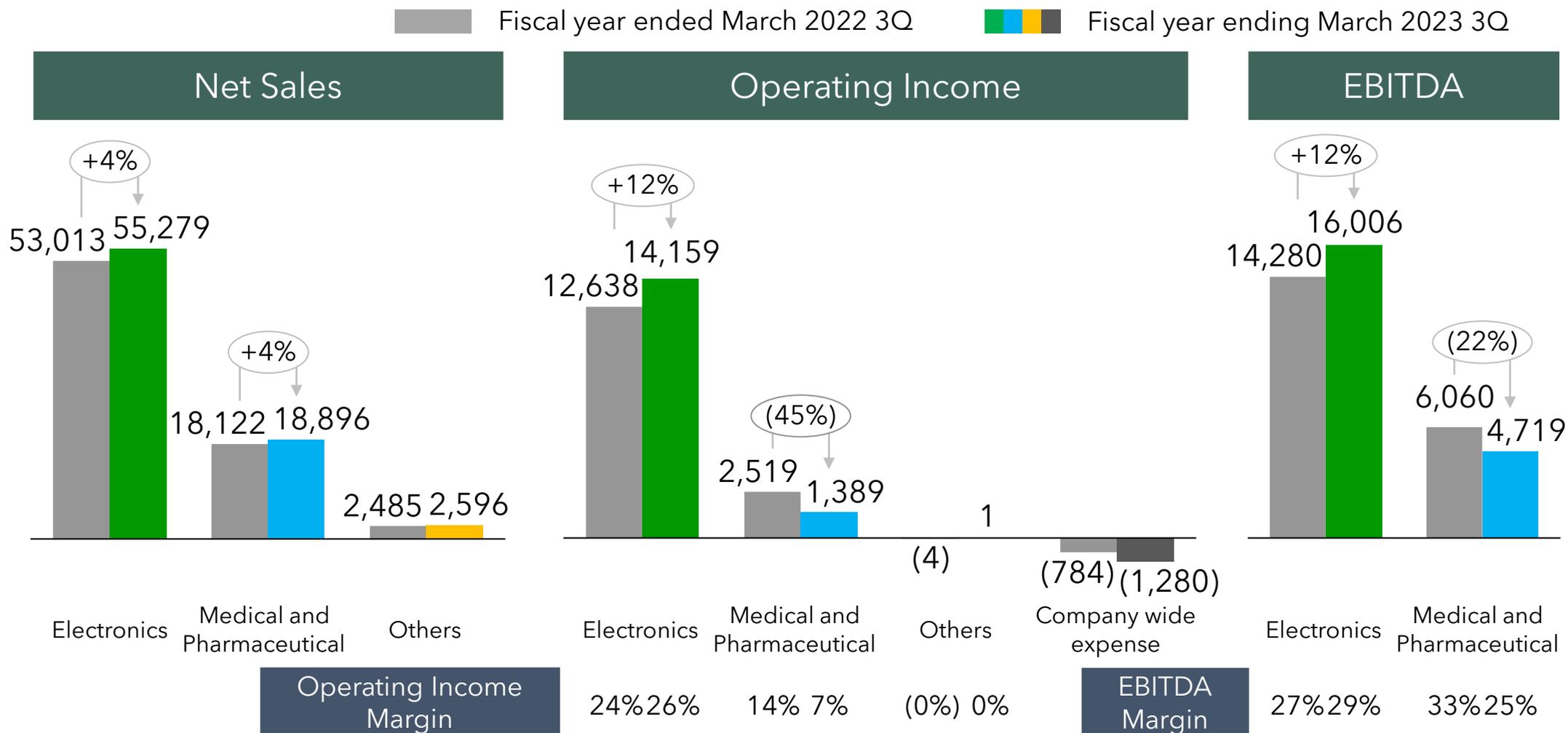
Results Summary

Unit : JPY Million

	① FY2022/3 3Q Cumulative Result	② FY2023/3 3Q Cumulative Result	②-① YoY	(②-①)/① %	③ FY2023/3 (announced on Apr. 28) Full year Forecast	②/③ % of Progress
Net Sales	73,622	76,772	3,150	4%	109,400	70%
Operating Income	14,370	14,269	(100)	(1%)	19,000	75%
Ordinary Income	14,637	13,910	(726)	(5%)	18,800	74%
Net Income	10,360	10,320	(39)	(0%)	12,800	81%
Exchange rate of JPY/USD	111.4	135.4	24.0		120.0	
EBITDA	20,292	20,176	(116)	(1%)	26,900	75%
Operating Income Margin	20%	19%			17%	
EBITDA Margin	28%	26%			25%	

Performance by Segment

3Q Cumulative Net Sales, Operating Income*1 and EBITDA*1 Unit : JPY Million

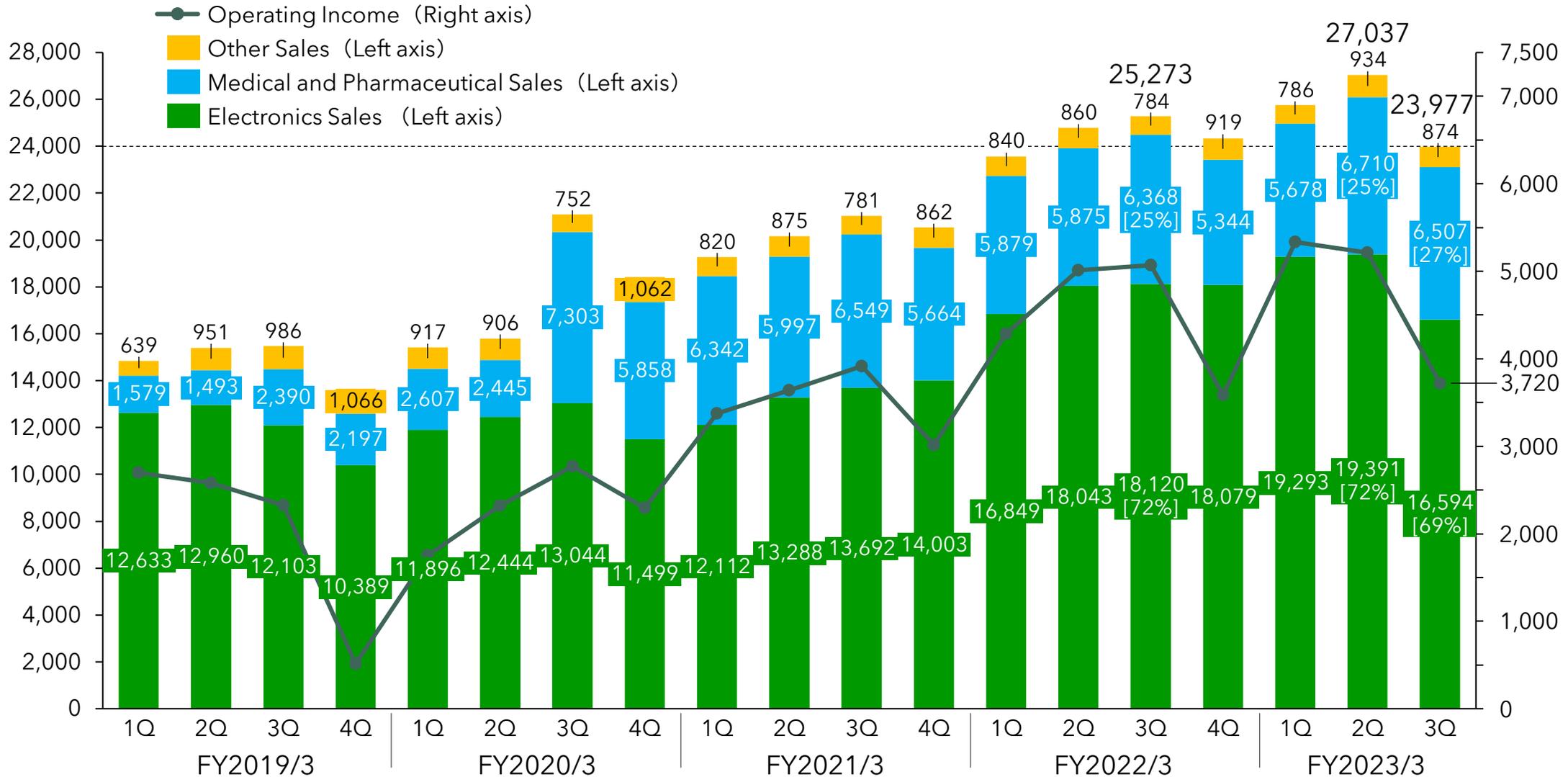


*1 Since FY2023/3 1Q, certain R&D expense that was originally included in companywide expenses have been allocated to each reportable segment. Note that information on segment profit and losses and EBITDA for FY2022/3 3Q was prepared based on computation methods for profit and losses of reportable segments following this change.

Trend of Quarterly Performance

Net Sales and Operating Income

Unit : JPY Million



Overview of BS

BS- Comparison with the Previous Term

Unit : JPY Million

	22/3	22/12	Change
Cash and Deposits	51,557	51,071	(485)
Accounts Receivables	27,558	24,804	(2,753)
Inventory ^{*1}	16,384	16,003	(381)
Others	3,266	2,928	(338)
Total Current Assets	98,766	94,807	(3,958)
Tangible Fixed Assets	52,255	57,583	5,327
Intangible Fixed Assets	32,058	30,358	(1,700)
Investments and other assets	6,192	7,386	1,193
Total Fixed Assets	90,507	95,328	4,821
Total Assets	189,273	190,135	862

	22/3	22/12	Change
Notes and Account payable	9,255	8,668	(587)
Short term borrowings ^{*2}	29,770	23,910	(5,860)
Long term borrowings	48,383	50,001	1,618
Others	16,396	16,204	(192)
Total Liabilities	103,806	98,784	(5,021)
Shareholders Equity	79,916	85,012	5,096
Accumulated other comprehensive income	5,549	6,335	786
Non-controlling interest	1	2	1
Total net assets	85,466	91,350	5,883
Total liabilities and net assets	189,273	190,135	862

	22/3	22/12	Change
Equity to Asset Ratio	45.2%	48.0%	+2.8%

*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 Completion of Treasury Stock

- ✓ The acquisition of our treasury stock in fiscal year ending March 2023 based on resolution of the Board of Directors Meeting held on Mar. 18, 2022 has been completed since the maximum total acquisition price of shares (1.5 billion yen) has been reached.

Treasury stock acquisition plan and result

FY2023/3 Plan	Total number of shares acquired	1,000,000 shares (upper limit)
	Total acquisition price of shares	1,500,000,000 yen (upper limit)
	Acquisition period	Mar. 22, 2022 ~ Mar. 16, 2023
FY2023/3 Result	Total number of shares acquired	575,000 Shares
	Total acquisition price of shares	1,499,984,873 yen
	Acquisition period	Jul. 1, 2022 ~ Nov. 15, 2022

Plan to Raise Compensation Levels

- ✓ In order to develop “self-sufficient personnel”, Taiyo Holdings will revise its “fair evaluations and compensations,” which constitutes one of the commitment it makes to its employees and will raise average annual compensation by a few percent ~ approx. 40% as part of efforts to optimize salary levels in accordance with market conditions from April 2023.



Annual Compensation*¹

a few percent

~ Approx. **40%** up

(from April 2023)

*1 Average annual compensation based on standard published in the FY2022/3 annual securities report includes : extra wages, bonuses, shares provided under the employee stock ownership plan, annual amount set aside for the defined benefit pension plan, and installments for the defined contribution pensions plan. As an example of the revision, the starting salary for new university graduate employees will increase from 280,000 yen per month (including a deemed overtime allowance of 61,000 yen) to 310,000 yen per month (without the deemed overtime allowance.) Another is employees in their early 30s in a regular full-time position that prospected for promotion and building their career through transferring to other departments and subsidiaries will increase from 310,000 yen per month to 450,000 yen per month.



Electronics Business

Terminology

Term	Definition
PWB	Printed wiring board
SR	Solder resists (or solder-resist inks), also known as solder mask
PKG	Semiconductor package
DF	Dry film

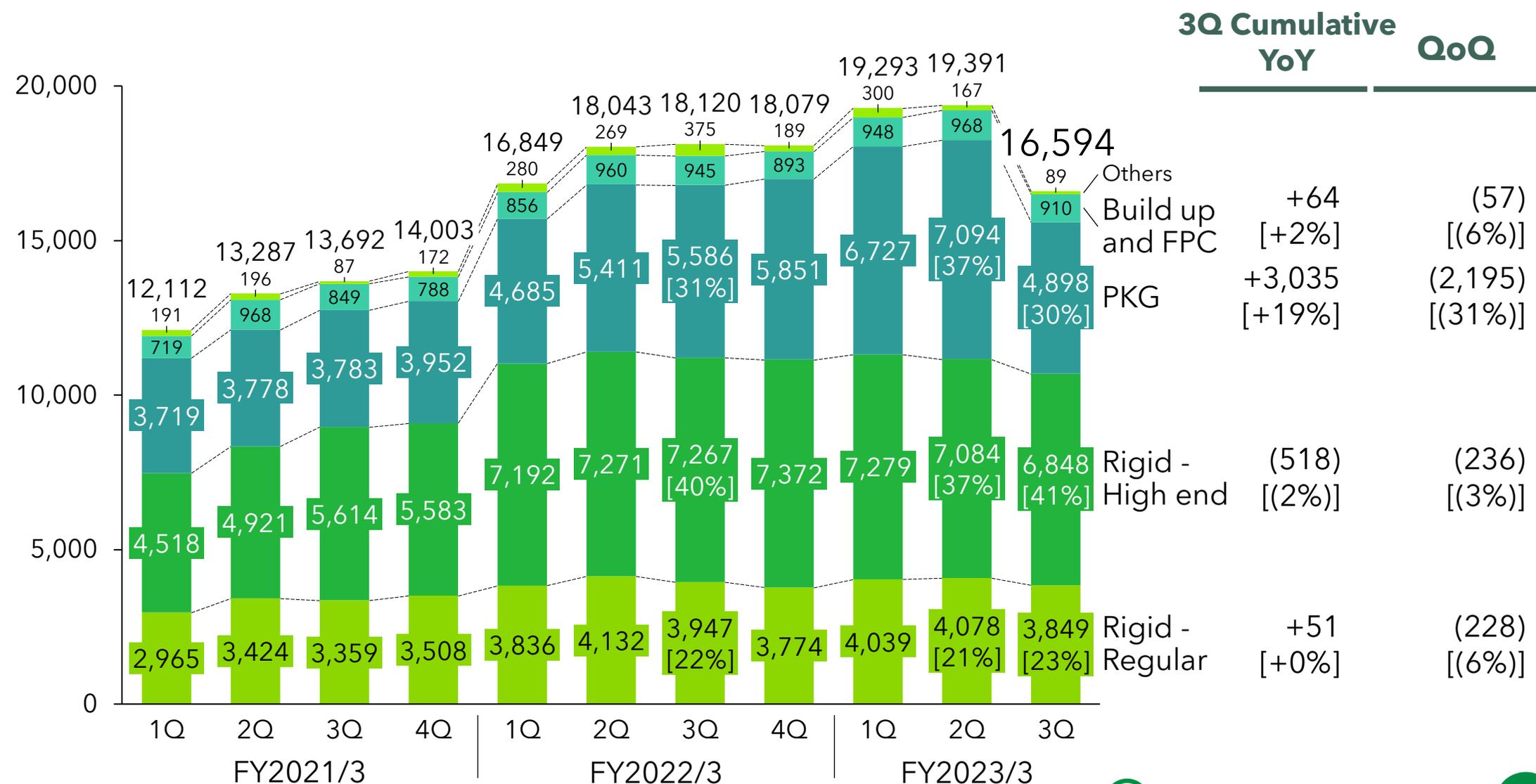
Product Classification

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.

Electronics Business

Net Sales by Product Category

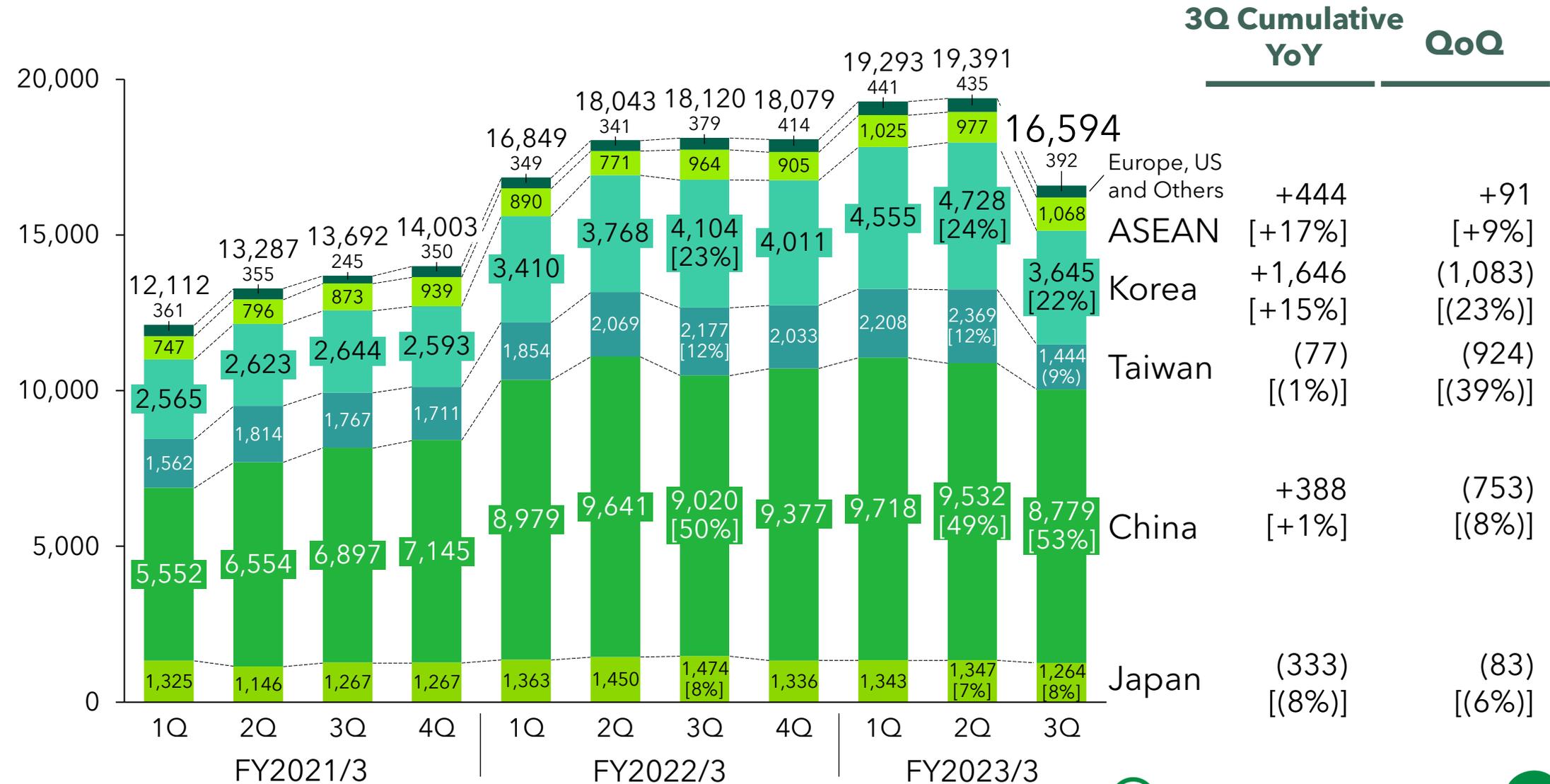
Unit : JPY Million



Electronics Business

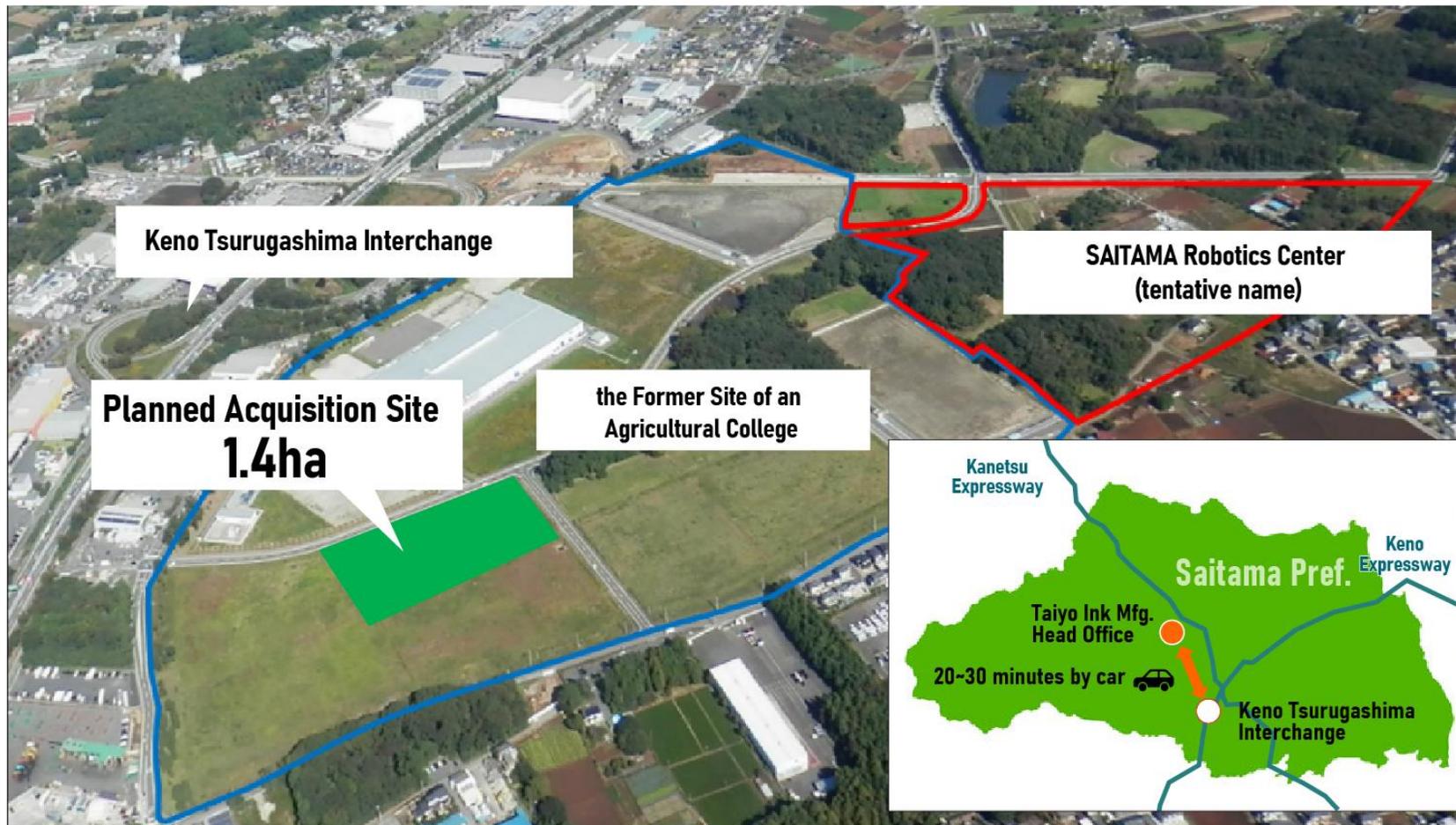
Net Sales by Sales Area

Unit : JPY Million



Selected as Business Operator with First Right for Industrial Site in Area on East side of Keno Tsurugashima Interchange

- ✓ Taiyo Ink Mfg. was selected as the business operator with the first right for an industrial site in the area on the east side of the Keno Tsurugashima Interchange, the former site of an agricultural college. On that site, the company plans on building a production technology center intended to develop SR technology for its mainstay DF type.





Medical and Pharmaceutical Business

Medical and Pharmaceutical Business

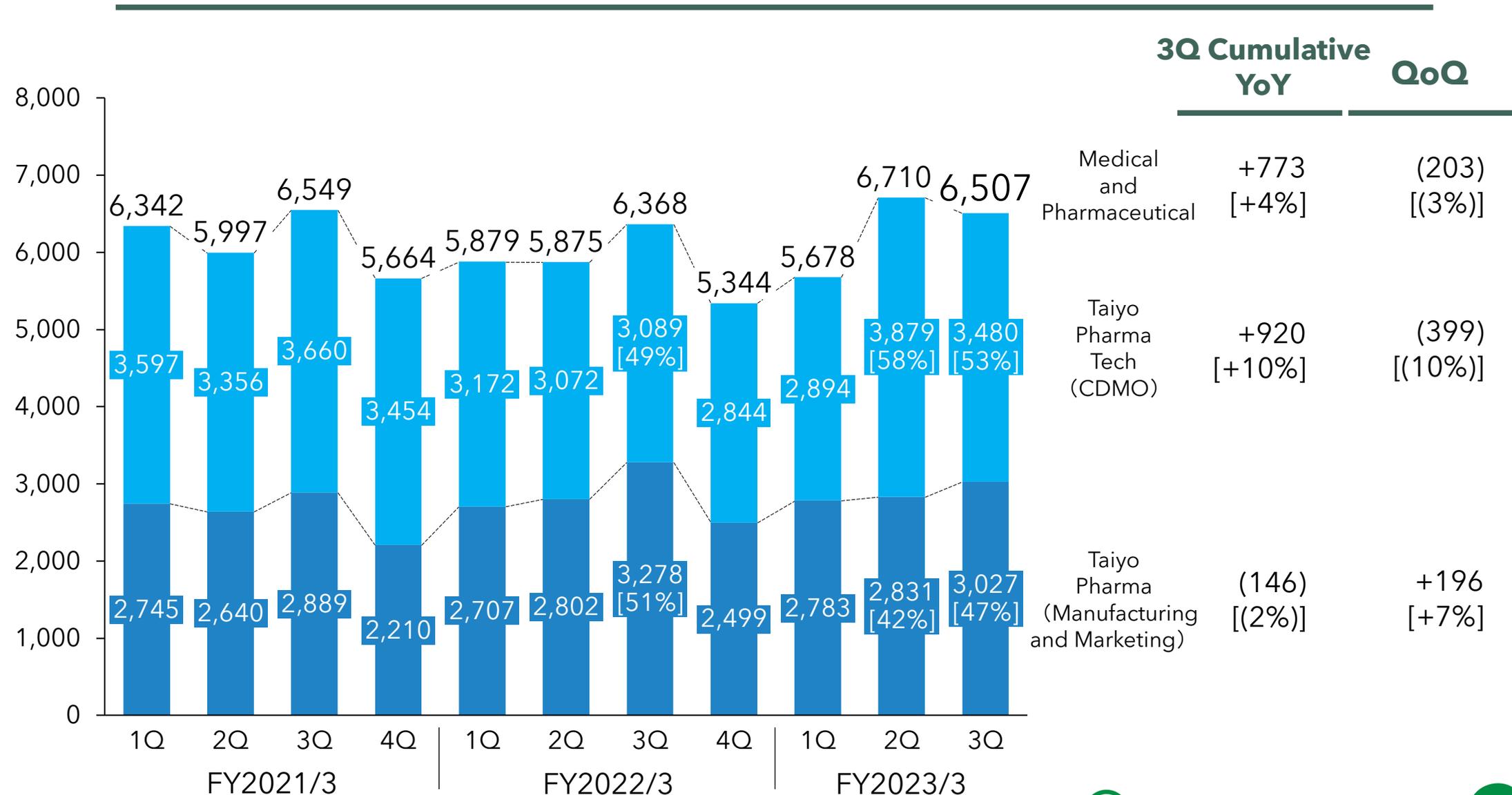
Terminology

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



Applied for Manufacturing and Marketing Approval for the Additional Dosage form of the Parkinson's Therapeutic Agent "MADOPAR[®] Combination Tablets"

- ✓ Taiyo Pharma developed a half-dose formulation for the Parkinson's therapeutic agent "MADOPAR[®] combination tablets" (generic name : levodopa · benserazide Hydrochloride) and applied for manufacturing and marketing approval for additional dosage form of that agent.

Overview of application for manufacturing and marketing approval

[Products Applied for]

Half-dose formulation of the MADOPAR[®] combination tablets
(levodopa 50 mg and benserazide Hydrochloride 14.25 mg)

[Date of Application]

February 7, 2023

[Reason for Application]

Note : The photos above are of the current MADOPAR[®] combination tablets

In response to a request of the Japan Neurological Society and the Movement Disorders Society of Japan society, Taiyo Pharma developed a half-dose formulation of MADOPAR[®] combination tablets in order to remedy dyskinesia, wearing-off and other motor complications and mitigate the burden on the healthcare community.



Opened the New Welfare Facility, "T-LINKS"

- ✓ On November 2022, Taiyo Pharma Tech opened "T-LINKS," a new welfare facility outfitted with functions that enable its use as temporary accommodations for individuals experiencing difficulties returning home in times of disaster as well as an internal facility.

Overview of new welfare facility "T-LINKS"

[Location] 4-38 Aketa-cho, Takatsuki-shi, Osaka

569-0806

(On grounds of Taiyo Pharma Tech)

[Building Area] Approximately 2,670 m²

[Total Floor Area] Approximately 4,608 m²

[Floors] 3 floors above ground

[Opened on facility] November 2022

[Uses] Twofold: as a welfare facility for employees and as an evacuation facility for individuals experiencing difficulties returning home and nearby residents





Other Businesses Company

Taiyo Green Energy Opened a New Floating Solar Power Plant

- ✓ Taiyo Green Energy opened its 15th domestic floating solar power plant in Nara Prefecture. The total power generated per annum estimated to approx. 26 GWh which is equivalent to externally purchased electricity consumption of our electronics business and medical and pharmaceuticals business in Japan.

Overview of floating solar power plant

[Name] Nishimuroike Floating Solar Power Plant

[Location] Nishimuro, Katsuragi-shi, Nara

[Opened on facility] November 2022

[Scale of Power Generation] Approx. 619 kW

[Estimated Amount of Power Generated]

Approx. 763,000 kWh/year

(Following conversion into 12 months for initial year)



funlead corp. : Transfer of Shares of APEX corp.

- ✓ funlead corp. accepted the transfer of all the shares of APEX corp. on December 26, 2022.
- ✓ Through cooperation and collaboration with APEX corp., a total provider of services that cover the likes of production management and Supply Chain Management (SCM) in core systems for major manufacturing companies, funlead corp. will provide its customers with IT solutions that reflect an even higher level of quality than before as it continues to assist them with the development of their business.

Overview of APEX Corp.

[Location of Headoffice] Minami-Otsuka, Toshima-ku, Tokyo

[Established On] October 1, 1983

[Share Capital] 21,000,000 yen

[Representative] Yoshiharu Kono

[Employees] 37 (As of December 31, 2022)

[Business Activities]

Development of core systems and business systems

Implementation of Enterprise Resource Planning (ERP) solution for global and multi-company corporations in production and cost management, etc.



Entered into Sponsorship Deal with Yuro Nagahara, a Skateboarder who Competes in Men's Park Skateboarding

- ✓ Taiyo Holdings entered into a sponsorship deal with Yuro Nagahara, a skateboarder who competes men's park skateboarding. Over the term of the agreement, which will span one year starting Jan. 1, 2023, Nagahara will engage in activities as a Taiyo Holdings sponsored athlete as well as cooperate with advertising and publicity efforts and events conducted by the company.

Profile of Yuro Nagahara

[Date of Birth] June 10, 2005

[Hometown] Hakuba-mura, Nagano

[Career Highlights]

Year	Competition	Place
2019	Japanese national skateboarding championships	2nd place
	Vans Park Series Asia	2nd place
	Japan Open skateboarding competition	Winner
2022	X Games Japan	4th place
	Japanese national skateboarding championships	Winner



