

August 6, 2020

Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending March 31, 2021
<under Japanese GAAP>

Company name: **TAIYO HOLDINGS CO., LTD.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 4626
 URL: <http://www.taiyo-hd.co.jp/en>
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Scheduled date to file quarterly report: August 6, 2020

Scheduled date to commence dividend payments: –

Preparation of supplementary briefing material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2021 (from April 1, 2020 to June 30, 2020)

(1) Operating results (cumulative)

(Millions of yen, % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Three months ended:								
June 30, 2020	19,275	25.0	3,373	91.9	3,325	96.2	2,328	77.3
June 30, 2019	15,420	3.8	1,758	(34.6)	1,694	(36.5)	1,313	(29.5)

Note: Comprehensive income

For the three months ended June 30, 2020: 2,533 millions of yen [899.7%]

For the three months ended June 30, 2019: 253 millions of yen [(85.0%)]

(Yen)

	Basic earnings per share	Diluted earnings per share
Three months ended:		
June 30, 2020	81.88	–
June 30, 2019	46.33	–

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2020	168,085	70,153	41.6	2,457.12
March 31, 2020	142,192	69,523	48.7	2,434.23

Reference: Equity (Net assets excluding non-controlling interests)

As of June 30, 2020: 69,873 millions of yen

As of March 31, 2020: 69,222 millions of yen

2. Cash dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	65.10	—	65.10	130.20
Fiscal year ending March 31, 2021	—				
Fiscal year ending March 31, 2021 (Forecast)		65.10	—	65.10	130.20

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen, % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Six months ending September 30, 2020	40,300	29.2	5,100	25.2	5,000	27.3	3,300	5.2	117.08
Fiscal year ending March 31, 2021	80,600	14.1	10,100	10.6	9,700	9.0	6,400	70.7	227.56

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the current three months (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly consolidated companies: 1; Company name: TAIYO ADVANCED MATERIALS CO., LTD.

Companies excluded from consolidation: 0 companies; Company name: –

Note: The newly established company Taiyo Advanced Materials Co., Ltd. is included in the scope of consolidation from the first quarter of the fiscal year ending March 31, 2021.

- (2) Application of specific accounting for preparing quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

- (4) Number of issued shares

- a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020	28,969,647 shares
As of March 31, 2020	28,969,647 shares

- b. Number of treasury shares at the end of the period

As of June 30, 2020	532,559 shares
As of March 31, 2020	532,649 shares

- c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

As of June 30, 2020	28,437,028 shares
As of June 30, 2019	28,352,538 shares

Notes: 1. Series II Class A Shares possess the same rights as common shares in regard to the right to receive dividends of surplus and the right to receive distribution of residual assets. They are therefore included in the average number of outstanding shares during the period.

2. The number of treasury shares includes the Company's shares held by The Master Trust Bank of Japan, Ltd. (trust account for shares granted under the Employee Stock Ownership Plan (ESOP)).

*** Quarterly financial statements are not subject to quarterly review by a certified public accountant or audit firm.**

*** Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company makes no promise regarding achievement of any content in the forward-looking statements. Actual business and other results may differ substantially due to various factors.

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1. Consolidated Financial Statements and Explanatory Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	29,191	50,281
Notes and accounts receivable - trade	19,513	19,348
Merchandise and finished goods	4,912	5,044
Work in process	1,839	1,500
Raw materials and supplies	4,656	5,206
Other	2,353	1,744
Allowance for doubtful accounts	(86)	(102)
Total current assets	62,380	83,021
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,555	16,314
Other, net	28,205	28,025
Total property, plant and equipment	44,761	44,339
Intangible assets		
Goodwill	6,846	6,735
Sales rights	15,216	20,776
Customer-related assets	6,904	6,785
Other	1,801	1,825
Total intangible assets	30,769	36,122
Investments and other assets		
Other	4,430	4,754
Allowance for doubtful accounts	(150)	(153)
Total investments and other assets	4,280	4,601
Total non-current assets	79,811	85,063
Total assets	142,192	168,085
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,231	7,388
Short-term borrowings	5,168	4,783
Current portion of long-term borrowings	5,725	9,319
Income taxes payable	874	826
Provision for bonuses	801	1,250
Other	4,939	3,777
Total current liabilities	24,740	27,345
Non-current liabilities		
Long-term borrowings	44,818	67,426
Retirement benefit liability	193	166
Other	2,917	2,992
Total non-current liabilities	47,928	70,586
Total liabilities	72,668	97,931

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Net assets		
Shareholders' equity		
Share capital	9,428	9,428
Capital surplus	14,913	14,913
Retained earnings	47,260	47,727
Treasury shares	(1,950)	(1,950)
Total shareholders' equity	69,651	70,118
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	107
Foreign currency translation adjustment	(444)	(358)
Remeasurements of defined benefit plans	7	5
Total accumulated other comprehensive income	(429)	(245)
Non-controlling interests	301	280
Total net assets	69,523	70,153
Total liabilities and net assets	142,192	168,085

(2) Consolidated statement of income and consolidated statement of comprehensive income**Consolidated statement of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	15,420	19,275
Cost of sales	8,823	10,902
Gross profit	6,597	8,373
Selling, general and administrative expenses	4,838	4,999
Operating income	1,758	3,373
Non-operating income		
Interest income	16	11
Dividend income	11	10
Outsourcing service income	–	14
Other	28	33
Total non-operating income	55	69
Non-operating expenses		
Interest expenses	51	46
Foreign exchange losses	36	24
Consumption tax loss	10	29
Other	21	17
Total non-operating expenses	119	117
Ordinary income	1,694	3,325
Profit before income taxes	1,694	3,325
Income taxes - current	866	1,027
Income taxes - deferred	(499)	(47)
Total income taxes	366	979
Profit	1,328	2,346
Profit attributable to non-controlling interests	14	18
Profit attributable to owners of parent	1,313	2,328

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	1,328	2,346
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	99
Foreign currency translation adjustment	(1,033)	89
Remeasurements of defined benefit plans, net of tax	(2)	(1)
Total other comprehensive income	(1,075)	187
Comprehensive income	253	2,533
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	255	2,512
Comprehensive income attributable to non-controlling interests	(2)	21

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Notes on substantial changes in the amount of shareholders' equity)

No items to report.