

Translation



May 10, 2019

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 <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 of ordinary general meeting of shareholders: June 22, 2019
Scheduled date to commence dividend payments: June 24, 2019
Scheduled date to file annual securities report: June 24, 2019
Preparation of supplementary results briefing material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Operating results

(Millions of yen, % year on year)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
March 31, 2019	59,389	13.7	8,099	(28.6)	8,014	(28.4)	4,396	(9.5)
March 31, 2018	52,241	9.1	11,337	22.9	11,199	21.7	4,856	(24.1)

Note: Comprehensive income
For the fiscal year ended March 31, 2019: 3,869 millions of yen [(22.8%)]
For the fiscal year ended March 31, 2018: 5,014 millions of yen [(18.5%)]

(Yen)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income/total assets	Operating income/net sales
March 31, 2019	152.71	—	6.2	7.4	13.6
March 31, 2018	168.55	—	6.8	11.0	21.7

Reference: Share of (profit) loss of entities accounted for using equity method
For the fiscal year ended March 31, 2019: — Millions of yen
For the fiscal year ended March 31, 2018: — Millions of yen

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2019	105,666	70,520	66.4	2,475.36
March 31, 2018	111,490	73,023	65.2	2,520.68

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

As of March 31, 2019: 70,182 millions of yen

As of March 31, 2018: 72,659 millions of yen

(3) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2019	5,907	(5,487)	(12,001)	30,101
March 31, 2018	8,100	(24,161)	11,319	41,816

2. Cash dividends

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2018	–	65.10	–	95.10	160.20	4,613	95.0	6.4
Fiscal year ended March 31, 2019	–	65.10	–	65.10	130.20	3,734	85.3	5.2
Fiscal year ending March 31, 2020 (Forecast)	–	65.10	–	65.10	130.20		63.5	

Notes: 1 The cash dividends presented above are cash dividends related to common shares. Please refer to “Cash dividends for class shares,” presented below, for information on cash dividends for class shares (unlisted) that have a different relationship of rights compared with the common shares issued by the Company.

2. Year-end dividend breakdown for the fiscal year ended March 31, 2018:
Dividend per common share: 65.10 yen; commemorative dividend: 30.00 yen

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2019	32,600	7.7	4,300	(18.5)	4,250	(18.7)	3,000	(19.9)	104.20
Fiscal year ending March 31, 2020	65,000	9.4	8,500	4.9	8,400	4.8	5,900	34.2	204.94

***Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares

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

As of March 31, 2019	28,910,436 shares
As of March 31, 2018	28,865,194 shares

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

As of March 31, 2019	557,958 shares
As of March 31, 2018	39,815 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2019	28,789,526 shares
Fiscal year ended March 31, 2018	28,812,060 shares

- Notes: 1. Series I Class A Shares and 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 number of outstanding shares at period-end and 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)).

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

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

(Disclaimer concerning forward-looking statements)

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. See "1. Overview of Operating Results (4) Future Forecasts" on P. 4 of the attached materials for precautions on the use of earnings forecasts and the assumptions underlying earnings forecasts.

Cash dividends for class shares

The following is a breakdown of cash dividends per share for class shares granted different rights than common shares.

(Yen)

Series I Class A shares	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2018	–	65.10	–	95.10	160.20
Fiscal year ended March 31, 2019	–	–	–	–	–
Fiscal year ending March 31, 2020 (Forecast)	–	–	–	–	–

Notes: 1. Year-end dividend breakdown for the fiscal year ended March 31, 2018:

Dividend per common share: 65.10 yen; commemorative dividend: 30.00 yen

2. Series I Class A shares were exchanged for common shares in June 2018, per the Articles of Incorporation, and simultaneously retired. Therefore, no dividend is planned for the fiscal year ended March 31, 2019 and the fiscal year ending March 31, 2020.

(Yen)

Series II Class A shares	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2018	–	65.10	–	95.10	160.20
Fiscal year ended March 31, 2019	–	65.10	–	65.10	130.20
Fiscal year ending March 31, 2020 (Forecast)	–	65.10	–	65.10	130.20

Note: Year-end dividend breakdown for the fiscal year ended March 31, 2018:

Dividend per common share: 65.10 yen; commemorative dividend: 30.00 yen

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1. Overview of Operating Results

(1) Overview of operating results for fiscal year ended March 31, 2019

Net sales for the consolidated fiscal year ended March 31, 2019 were 59,389 million yen (up 13.7% year on year). Operating income was 8,099 million yen (down 28.6% year on year), ordinary income was 8,014 million yen (down 28.4% year on year), and profit attributable to owners of parent was 4,396 million yen (down 9.5% year on year).

Results by segment were as follows.

The Group divides its business into two segments, Electronics Materials and Medical and Pharmaceuticals, based on operating subsidiaries.

Electronics Materials

Semiconductor package board materials saw steady demand for memory-related materials, but the electronic components industry was negatively affected by slowing growth in the smartphone and tablet markets, customer inventory adjustments due to trade friction between the U.S. and China, and the steep rise in material prices due to strengthening of environmental regulations in China. As a result, net sales fell 3.5% year on year to 48,086 million yen, and segment profit fell 13.3% year on year to 10,501 million yen.

Medical and Pharmaceuticals

Taiyo Pharma Co., Ltd., which was established in August 2017, acquired marketing authorizations, including marketing and manufacturing rights, on 13 long-term listed products and fully launched the medical and pharmaceutical business in January 2018. The long-term listed products were gradually transferred in several product group and the transfer of all products to Taiyo Pharma Co., Ltd. was completed in the consolidated fiscal year under review. This resulted in net sales of 7,661 million yen and a segment loss of 351 million yen. There is no comparison of the fiscal year under review to the previous fiscal year due to the difference in operating periods.

(2) Overview of financial position as of March 31, 2019

The following shows the status of assets, liabilities and net assets as of March 31, 2019.

	As of March 31, 2018 (Millions of yen)	As of March 31, 2019 (Millions of yen)	Change (Millions of yen)	Main factors (Comparison with the end of the previous fiscal year)
Current assets	68,373	58,136	(10,236)	A decrease of 13,247 million yen in cash and deposits, and increases of 1,176 million yen in merchandise and finished goods, and 1,233 million yen in raw materials and supplies
Non-current assets	43,116	47,529	4,412	Increases of 900 million yen in buildings and structures, 1,213 million yen in machinery, equipment and vehicles, and 2,249 million yen in construction in progress
Total assets	111,490	105,666	(5,824)	
Total liabilities	38,467	35,146	(3,320)	A decrease of 3,479 million yen in long-term loans payable
Total net assets	73,023	70,520	(2,503)	Positive factor: 4,396 million yen in profit attributable to owners of parent Negative factors: 4,627 million yen in dividends of surplus, and 1,992 million yen in purchase of treasury shares
Total liabilities and net assets	111,490	105,666	(5,824)	

(3) Consolidated statements of cash flows

The following is the status of cash flows for the fiscal year ended March 31, 2019.

	Fiscal year ended March 31, 2019 (Millions of yen)	Main factors
Net cash provided by (used in) operating activities	5,907	Cash inflows included 6,703 million yen in profit before income taxes, and depreciation and amortization of 3,357 million yen. Payment of income taxes resulted in a cash outflow of 3,757 million yen.
Net cash provided by (used in) investing activities	(5,487)	Cash outflows included 4,183 million yen for acquisition of property, plant and equipment and 1,227 million yen for acquisition of intangible assets.
Net cash provided by (used in) financing activities	(12,001)	Cash outflows included 4,625 million yen in payment of dividends and 6,622 million yen in repayment of long-term loans.
Net increase (decrease) in cash and cash equivalents	(11,715)	
Cash and cash equivalents at end of period	30,101	

(4) Future forecasts

During fiscal year ending March 31, 2020, the Electronics Materials business will continue to be impacted by the electronic components industry, a market related to our Group. While steady demand is projected for vehicle installation parts, we expect the slow growth in the smartphone and tablet markets and customer inventory adjustments due to the trade friction between the U.S. and China to persist, and material costs to remain at a high level due to strengthening of environmental regulations in China.

We foresee an increase in profit in the Medical and Pharmaceuticals business next fiscal year due to a decline in expenses associated with the launch of business during the current consolidated fiscal year.

The forecasts in these materials are based on information available at the time results were announced. Actual results may differ from the forecasts due to various future factors.

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
For the fiscal year ending March 31, 2020 (Forecast)	65,000	8,500	8,400	5,900	204.94
For the fiscal year ended March 31, 2019 (Actual results)	59,389	8,099	8,014	4,396	152.71
Rate of change (%)	9.4	4.9	4.8	34.2	34.2

Reference

As announced on January 31, 2019, the Group will acquire shares in the new company, Taiyo PharmaTech, Co., Ltd., to which Daiichi Sankyo ProPharma Co., Ltd. will transfer its Takatsuki Plant. We plan to acquire the shares on October 1, 2019 and make the new company a consolidated subsidiary.

At present the operating forecasts for Taiyo PharmaTech Co., Ltd. for fiscal year ending March 31, 2020 (October 1, 2019 to March 31, 2020) are as follows. We will announce these figures again when the shares are acquired.

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
For the fiscal year ending March 31, 2020 (Forecast)	72,500	8,800	8,700	6,100	211.88
For the fiscal year ended March 31, 2019 (Actual results)	59,389	8,099	8,014	4,396	152.71
Rate of change (%)	22.1	8.7	8.5	38.7	38.7

2. Basic Policy Concerning the Selection of Accounting Standards

The Group adopts the Japanese GAAP as the accounting standards in order to ensure comparability among other domestic companies in the same industry.

3. Consolidated Financial Statements and Explanatory Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	44,588	31,340
Notes and accounts receivable - trade	15,509	16,610
Merchandise and finished goods	3,499	4,676
Work in process	405	495
Raw materials and supplies	2,042	3,275
Other	2,456	1,825
Allowance for doubtful accounts	(127)	(87)
Total current assets	68,373	58,136
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,990	10,891
Machinery, equipment and vehicles, net	2,791	4,005
Tools, furniture and fixtures, net	989	900
Land	3,906	4,022
Construction in progress	240	2,489
Other	5	3
Total property, plant and equipment	17,923	22,313
Intangible assets		
Goodwill	674	691
Sales rights	20,555	19,732
Other	589	1,013
Total intangible assets	21,818	21,436
Investments and other assets		
Investment securities	2,231	2,125
Shares of subsidiaries and associates	19	295
Deferred tax assets	264	225
Retirement benefit asset	326	319
Other	677	1,006
Allowance for doubtful accounts	(144)	(193)
Total investments and other assets	3,374	3,779
Total non-current assets	43,116	47,529
Total assets	111,490	105,666

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,769	6,285
Short-term loans payable	2,145	4,011
Current portion of long-term loans payable	6,116	3,852
Accounts payable - other	1,853	4,100
Income taxes payable	1,448	610
Provision for bonuses	510	499
Other	648	1,353
Total current liabilities	20,491	20,714
Non-current liabilities		
Deferred tax liabilities	1,458	1,190
Long-term loans payable	15,923	12,443
Retirement benefit liability	116	117
Asset retirement obligations	397	570
Other	79	109
Total non-current liabilities	17,975	14,431
Total liabilities	38,467	35,146
Net assets		
Shareholders' equity		
Capital stock	9,232	9,331
Capital surplus	14,717	14,817
Retained earnings	47,415	47,229
Treasury shares	(121)	(2,042)
Total shareholders' equity	71,244	69,336
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321	94
Foreign currency translation adjustment	1,084	730
Remeasurements of defined benefit plans	9	22
Total accumulated other comprehensive income	1,415	846
Non-controlling interests	363	337
Total net assets	73,023	70,520
Total liabilities and net assets	111,490	105,666

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	52,241	59,389
Cost of sales	27,304	33,043
Gross profit	24,937	26,346
Selling, general and administrative expenses	13,599	18,247
Operating profit	11,337	8,099
Non-operating income		
Interest income	78	81
Dividend income	18	23
Subsidy income	45	40
Other	71	70
Total non-operating income	214	215
Non-operating expenses		
Interest expenses	127	196
Commission expenses	–	23
Foreign exchange losses	208	21
Loss on investments in partnership	–	32
Other	17	25
Total non-operating expenses	352	300
Ordinary profit	11,199	8,014
Extraordinary income		
Subsidy income	24	–
Gain on sales of investment securities	16	–
Total extraordinary income	40	–
Extraordinary losses		
Amortization of goodwill	3,278	–
Impairment loss	–	1,311
Other	19	–
Total extraordinary losses	3,298	1,311
Profit before income taxes	7,941	6,703
Income taxes - current	3,040	2,387
Income taxes - deferred	(24)	(127)
Total income taxes	3,016	2,259
Profit	4,925	4,443
Profit attributable to non-controlling interests	69	46
Profit attributable to owners of parent	4,856	4,396

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	4,925	4,443
Other comprehensive income		
Valuation difference on available-for-sale securities	125	(227)
Foreign currency translation adjustment	(45)	(358)
Remeasurements of defined benefit plans, net of tax	8	12
Total other comprehensive income	89	(573)
Comprehensive income	5,014	3,869
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,333	3,827
Comprehensive income attributable to non-controlling interests	(318)	42

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,171	14,824	46,308	(178)	70,125
Changes of items during period					
Dividends of surplus			(3,748)		(3,748)
Profit attributable to owners of parent			4,856		4,856
Purchase of shares of consolidated subsidiaries		(167)			(167)
Issuance of new shares	60	60			121
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				57	57
Change due to change in the accounting period of consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during period	60	(106)	1,107	56	1,118
Balance at end of current period	9,232	14,717	47,415	(121)	71,244

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	195	741	0	938	782	71,846
Changes of items during period						
Dividends of surplus						(3,748)
Profit attributable to owners of parent						4,856
Purchase of shares of consolidated subsidiaries						(167)
Issuance of new shares						121
Purchase of treasury shares						(0)
Disposal of treasury shares						57
Change due to change in the accounting period of consolidated subsidiaries						-
Net changes of items other than shareholders' equity	125	342	8	476	(418)	58
Total changes of items during period	125	342	8	476	(418)	1,177
Balance at end of current period	321	1,084	9	1,415	363	73,023

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,232	14,717	47,415	(121)	71,244
Changes of items during period					
Dividends of surplus			(4,627)		(4,627)
Profit attributable to owners of parent			4,396		4,396
Purchase of shares of consolidated subsidiaries					-
Issuance of new shares	99	99			199
Purchase of treasury shares				(1,992)	(1,992)
Disposal of treasury shares				71	71
Change due to change in the accounting period of consolidated subsidiaries			44		44
Net changes of items other than shareholders' equity					
Total changes of items during period	99	99	(186)	(1,921)	(1,907)
Balance at end of current period	9,331	14,817	47,229	(2,042)	69,336

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	321	1,084	9	1,415	363	73,023
Changes of items during period						
Dividends of surplus						(4,627)
Profit attributable to owners of parent						4,396
Purchase of shares of consolidated subsidiaries						-
Issuance of new shares						199
Purchase of treasury shares						(1,992)
Disposal of treasury shares						71
Change due to change in the accounting period of consolidated subsidiaries						44
Net changes of items other than shareholders' equity	(227)	(354)	12	(569)	(26)	(595)
Total changes of items during period	(227)	(354)	12	(569)	(26)	(2,503)
Balance at end of current period	94	730	22	846	337	70,520

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	7,941	6,703
Depreciation	2,284	3,357
Impairment loss	–	1,311
Amortization of goodwill	3,535	350
Commission expenses	–	23
Loss (gain) on investments in partnership	–	32
Loss (gain) on sales of short-term and long-term investment securities	(16)	–
Subsidy income	(24)	–
Decrease (increase) in retirement benefit asset	15	18
Increase (decrease) in retirement benefit liability	(10)	1
Increase (decrease) in allowance for doubtful accounts	14	(72)
Increase (decrease) in provision for bonuses	72	18
Interest and dividend income	(97)	(105)
Interest expenses	127	196
Decrease (increase) in consumption taxes refund receivable	(1,759)	1,571
Decrease (increase) in notes and accounts receivable - trade	(2,030)	(1,205)
Decrease (increase) in inventories	(1,508)	(2,478)
Increase (decrease) in notes and accounts payable - trade	1,653	(1,341)
Other, net	(171)	1,396
Subtotal	10,025	9,778
Interest and dividend income received	92	106
Interest expenses paid	(123)	(219)
Proceeds from subsidy income	24	–
Income taxes paid	(1,918)	(3,757)
Net cash provided by (used in) operating activities	8,100	5,907
Cash flows from investing activities		
Payments into time deposits	(4,379)	(2,103)
Proceeds from withdrawal of time deposits	3,846	3,536
Purchase of property, plant and equipment	(1,381)	(4,183)
Purchase of intangible assets	(21,192)	(1,227)
Purchase of investment securities	(1,021)	(597)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(10)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(844)
Other, net	(22)	(66)
Net cash provided by (used in) investing activities	(24,161)	(5,487)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,097	1,254
Proceeds from long-term loans payable	15,100	–
Repayments of long-term loans payable	(502)	(6,622)
Purchase of treasury shares	–	(2,016)
Cash dividends paid	(3,748)	(4,625)
Dividends paid to non-controlling interests	(85)	(68)
Proceeds from issuance of common shares	–	77
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(538)	–
Other, net	(3)	(1)
Net cash provided by (used in) financing activities	11,319	(12,001)
Effect of exchange rate change on cash and cash equivalents	(102)	(134)
Net increase (decrease) in cash and cash equivalents	(4,844)	(11,715)
Cash and cash equivalents at beginning of period	46,661	41,816
Cash and cash equivalents at end of period	41,816	30,101

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Segment information and related information)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group has operating subsidiaries for different products and services. Each operating subsidiary formulates comprehensive domestic and overseas strategies and conducts business activities for the products and services it handles.

Group business segments are therefore based on these operating subsidiaries, and are divided into two reportable segments: The Electronic Materials business and the Medical and Pharmaceuticals business.

The Electronics Materials business manufactures, sells, and procures and sells materials for printed wiring boards and chemical products for use in electronic components. The Medical and Pharmaceuticals business develops, manufactures, and sells pharmaceutical drugs, quasi-drugs, and other products.

2. Information on the calculation of net sales, profit or loss, assets and liabilities, and other items by reportable segment

The accounting methods used for reportable segments are generally the same methods described in “Significant matters forming the basis of preparing the consolidated financial statements.”

Profit by reportable segment represents operating income.

Inter-segment revenue and transactions are based on the market prices.

3. Information regarding net sales, profit or loss, assets and liabilities, and other items by reportable segment Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments			Other (Note 1)	Total
	Electronics Materials	Medical and Pharmaceuticals	Total		
Net sales					
External sales	49,854	819	50,673	1,567	52,241
Inter-segment sales or transfers	–	–	–	3	3
Total sales	49,854	819	50,673	1,570	52,244
Segment profit	12,114	8	12,123	97	12,220
Segment assets	52,411	26,580	78,992	2,819	81,811
Other items					
Depreciation (Note 2)	1,331	353	1,684	145	1,830
Increase in property, plant and equipment and intangible assets	993	20,948	21,942	195	22,137

Notes: 1. The “Other items” category represents operating segments not included in reportable segments, and includes the business of manufacturing dyes, pigments, and other chemicals, the business of electric power generation using natural energy, and other businesses.

2. Depreciation does not include amortization of goodwill.

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments			Other (Note 1)	Total
	Electronics Materials	Medical and Pharmaceuticals	Total		
Net sales					
External sales	48,086	7,661	55,747	3,642	59,389
Inter-segment sales or transfers	–	–	–	106	106
Total sales	48,086	7,661	55,747	3,748	59,496
Segment profit (loss)	10,501	(351)	10,149	(175)	9,973
Segment assets	50,747	28,313	79,061	5,539	84,600
Other items					
Depreciation (Note 2)	1,278	1,453	2,731	179	2,910
Increase in property, plant and equipment and intangible assets	4,733	706	5,440	1,484	6,924

Notes: 1. The “Other items” category represents operating segments not included in reportable segments, and includes the business of manufacturing dyes, pigments, and other chemicals, software development, the business of electric power generation using natural energy, and other businesses.

2. Depreciation does not include amortization of goodwill.

4 Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Net Sales	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segments total	50,673	55,747
“Other” segment sales	1,570	3,748
Inter-segment eliminations	(3)	(106)
Net sales in the consolidated statement of income	52,241	59,389

(Millions of yen)

Profit/Loss	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segments total	12,123	10,149
“Other” segment profit	97	(175)
Inter-segment eliminations	–	(65)
Amortization of goodwill	(257)	(350)
Profit/loss not allocated to business segments (Note)	(626)	(1,458)
Other adjusted amounts	–	–
Operating income in the consolidated statement of income	11,337	8,099

Note: Profit/loss primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Assets	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segments total	78,992	79,061
“Other” segment assets	2,819	5,539
Inter-segment eliminations	(4)	(74)
Assets not allocated to business segments (Note)	29,735	21,227
Reclassification by tax effect accounting	(52)	(86)
Total assets in the consolidated balance sheet	111,490	105,666

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segments total		Other		Adjustments (Note)		Amount on the consolidated financial statements	
	FY ended March 31, 2018	FY ended March 31, 2019	FY ended March 31, 2018	FY ended March 31, 2019	FY ended March 31, 2018	FY ended March 31, 2019	FY ended March 31, 2018	FY ended March 31, 2019
Depreciation	1,684	2,731	145	179	454	418	2,284	3,329
Increase in property, plant and equipment and intangible assets	21,942	5,440	195	1,484	375	535	22,513	7,460

Note: Primarily related to the holding company (company filing the consolidated financial statements).

[Related information]

I Fiscal year ended March 31, 2018

1. Information by product and service

This information is not disclosed because more than 90% of consolidated net sales in the consolidated statement of income consists of sales of single products and services to external customers.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
8,187	23,179	6,662	9,405	4,806	52,241

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
13,174	1,835	1,365	1,408	139	17,923

3. Information by main customer

This information is not disclosed because there are no external customers to whom sales account for 10% or more of net sales in the consolidated statement of income.

II Fiscal year ended March 31, 2019

1. Information by product and service

This information is not disclosed because more than 90% of consolidated net sales in the consolidated statement of income consists of sales of single products and services to external customers.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
17,029	21,985	6,298	9,240	4,835	59,389

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
16,034	2,005	2,678	1,432	162	22,313

3. Information by main customer

This information is not disclosed because there are no external customers to whom sales account for 10% or more of net sales in the consolidated statement of income.

[Information regarding impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2018

No items to report.

Fiscal year ended March 31, 2019

(Millions of yen)

	Electronics Materials	Medical and Pharmaceuticals	Other	Corporate and Elimination	Total
Impairment loss	–	–	–	1,311	1,311

Note: The figure for “Corporate and Elimination” is an impairment loss relating to company-wide assets that are not attributable to a specific segment.

[Information on amortization of goodwill and the unamortized balance by reportable segment]

Fiscal year ended March 31, 2018

Amortization of goodwill and the unamortized balance are not allocated by segment. Amortization of goodwill amounted to 3,535 million yen and the unamortized balance was 674 million yen.

Note: Amortization of goodwill includes the 3,278 million yen in “Amortization of goodwill” posted in extraordinary losses.

Fiscal year ended March 31, 2019

Amortization of goodwill and the unamortized balance are not allocated by segment. Amortization of goodwill amounted to 350 million yen and the unamortized balance was 691 million yen.

Note: An impairment loss of 1,311 million yen on goodwill was posted during the consolidated fiscal year under review.

[Information on negative goodwill by reportable segment]

Fiscal year ended March 31, 2018

No items to report.

Fiscal year ended March 31, 2019

No items to report.

(Per share information)

	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Net assets per share	2,520.68 yen	2,475.36 yen
Basic earnings per share	168.55 yen	152.71 yen

Notes: 1. Diluted earnings per share is not presented because there are no dilutive shares.

2. In calculating net assets per share, treasury shares are deducted, and shares held in the trust account for shares granted under the Employee Stock Ownership Plan (ESOP) are included in the treasury shares. (previous consolidated fiscal year: 39,660 shares; current consolidated fiscal year: 182,680 shares).

3. Basis for calculating basic earnings per share is shown below.

	Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Profit attributable to owners of parent (Millions of yen)	4,856	4,396
Amount not attributable to common shareholders and shareholders equivalent to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent concerning common shares and common share-equivalents (Millions of yen)	4,856	4,396
Average number of outstanding common shares and common share-equivalents during the period (Shares)	28,812,060	28,789,526
(of which common shares)	(28,747,560)	(28,741,641)
(of which Series I Class A shares)	(21,600)	(4,985)
(of which Series II Class A shares)	(42,900)	(42,900)

Notes: 1. In calculating the average number of outstanding common shares during the period, treasury shares are deducted and shares held in the trust account for shares granted under the Employee Stock Ownership Plan are included in the treasury shares (previous consolidated fiscal year: 45,635 shares; current consolidated fiscal year: 49,106 shares).

2. Series I Class A shares and Series II Class A shares possess the same rights as common shares in regard to the right to claim dividends of surplus and the right to claim residual property distribution and are therefore included in calculating the number of common shares and per share information.

(Significant subsequent events)

No items to report.