

Translation



November 6, 2020

## Consolidated Financial Results for the First Six 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>  
Representative: Eiji Sato, President and CEO  
Inquiries: Sayaka Tomioka, Executive Officer, General Manager of Corporate Planning Department  
Tel: +81-3-5953-5200

Scheduled date to file quarterly report: November 6, 2020

Scheduled date to commence dividend payments: December 1, 2020

Preparation of supplementary briefing material on quarterly financial results: Yes

Holding of quarterly 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 first six months of the fiscal year ending March 31, 2021 (from April 1, 2020 to September 30, 2020)

#### (1) Operating results (cumulative)

(Millions of yen, % year on year)

Six months ended:	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2020	39,436	26.4	7,011	72.1	6,982	77.7	4,803	53.1
September 30, 2019	31,202	3.1	4,073	(22.6)	3,928	(24.7)	3,137	(15.9)

Note: Comprehensive income

For the six months ended September 30, 2020: 5,183millions of yen [213.3%]

For the six months ended September 30, 2019: 1,654millions of yen [(58.6%)]

(Yen)

Six months ended:	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2020	168.77	—
September 30, 2019	110.52	—

## (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2020	171,738	73,030	42.3	2,552.83
March 31, 2020	142,192	69,523	48.7	2,434.23

Reference: Equity (Net assets excluding non-controlling interests)  
As of September 30, 2020: 72,727 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	–	65.10			
Fiscal year ending March 31, 2021 (Forecast)			–	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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2021	79,700	12.8	12,000	31.3	11,600	30.4	7,500	100.0	266.67

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

**\* Notes**

- (1) Changes in significant subsidiaries during the first six months of the fiscal year ending March 31, 2021 (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 September 30, 2020	28,998,502 shares
As of March 31, 2020	28,969,647 shares

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

As of September 30, 2020	509,509 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 September 30, 2020	28,459,282 shares
As of September 30, 2019	28,388,668 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 September 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	29,191	53,361
Notes and accounts receivable - trade	19,513	20,312
Merchandise and finished goods	4,912	5,346
Work in process	1,839	1,595
Raw materials and supplies	4,656	5,446
Other	2,353	1,465
Allowance for doubtful accounts	(86)	(77)
<b>Total current assets</b>	<b>62,380</b>	<b>87,450</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	16,555	16,053
Other, net	28,205	27,899
<b>Total property, plant and equipment</b>	<b>44,761</b>	<b>43,953</b>
<b>Intangible assets</b>		
Goodwill	6,846	6,612
Sales rights	15,216	20,353
Customer-related assets	6,904	6,666
Other	1,801	2,060
<b>Total intangible assets</b>	<b>30,769</b>	<b>35,693</b>
<b>Investments and other assets</b>		
Other	4,430	4,794
Allowance for doubtful accounts	(150)	(153)
<b>Total investments and other assets</b>	<b>4,280</b>	<b>4,641</b>
<b>Total non-current assets</b>	<b>79,811</b>	<b>84,288</b>
<b>Total assets</b>	<b>142,192</b>	<b>171,738</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	7,231	7,800
Short-term borrowings	5,168	5,814
Current portion of long-term borrowings	5,725	9,287
Income taxes payable	874	1,806
Provision for bonuses	801	900
Other	4,939	3,597
<b>Total current liabilities</b>	<b>24,740</b>	<b>29,206</b>
<b>Non-current liabilities</b>		
Long-term borrowings	44,818	66,056
Retirement benefit liability	193	161
Other	2,917	3,283
<b>Total non-current liabilities</b>	<b>47,928</b>	<b>69,501</b>
<b>Total liabilities</b>	<b>72,668</b>	<b>98,708</b>

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	9,428	9,499
Capital surplus	14,913	14,985
Retained earnings	47,260	50,201
Treasury shares	(1,950)	(1,866)
Total shareholders' equity	69,651	72,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	119
Foreign currency translation adjustment	(444)	(217)
Remeasurements of defined benefit plans	7	4
Total accumulated other comprehensive income	(429)	(92)
Non-controlling interests	301	303
Total net assets	69,523	73,030
Total liabilities and net assets	142,192	171,738

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	31,202	39,436
Cost of sales	17,545	22,338
Gross profit	13,656	17,097
Selling, general and administrative expenses	9,582	10,086
Operating profit	4,073	7,011
Non-operating income		
Interest income	35	23
Dividend income	12	13
Gain on investments in investment partnerships	1	34
Other	53	85
Total non-operating income	102	158
Non-operating expenses		
Interest expenses	106	108
Foreign exchange losses	76	26
Other	65	51
Total non-operating expenses	248	186
Ordinary profit	3,928	6,982
Profit before income taxes	3,928	6,982
Income taxes - current	1,028	1,817
Income taxes - deferred	(266)	323
Total income taxes	761	2,140
Profit	3,166	4,841
Profit attributable to non-controlling interests	29	38
Profit attributable to owners of parent	3,137	4,803

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	3,166	4,841
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	111
Foreign currency translation adjustment	(1,502)	232
Remeasurements of defined benefit plans, net of tax	(4)	(2)
Total other comprehensive income	(1,512)	341
Comprehensive income	1,654	5,183
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,652	5,139
Comprehensive income attributable to non-controlling interests	2	43



**(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.