

February 5, 2021

Consolidated Financial Results
for the First Nine 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: February 5, 2021
 Scheduled date to commence dividend payments: —
 Preparation of supplementary briefing material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (for individual investors)

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

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

(1) Operating results (cumulative)

(Millions of yen, % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Nine months ended:								
December 31, 2020	60,460	15.6	10,926	59.7	10,816	61.4	7,706	55.2
December 31, 2019	52,312	14.4	6,840	(9.7)	6,701	(10.7)	4,964	(8.4)

Note: Comprehensive income

For the nine months ended December 31, 2020: 8,607 millions of yen [90.3 %]

For the nine months ended December 31, 2019: 4,522 millions of yen [(3.6) %]

(Yen)

	Basic earnings per share	Diluted earnings per share
Nine months ended:		
December 31, 2020	270.71	—
December 31, 2019	174.79	—

Note: The provisional accounting for the business combination was confirmed at the end of the previous consolidated fiscal year and the results for the first nine months of fiscal year ended March 31, 2020 reflect the contents of the provisional accounting that was confirmed.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2020	173,595	74,600	42.8	2,606.80
March 31, 2020	142,192	69,523	48.7	2,434.23

Reference: Equity (Net assets excluding non-controlling interests)
As of December 31, 2020: 74,265 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
		%		%		%		%	Yen
Fiscal year ending March 31, 2021	80,500	14.0	13,300	45.6	13,200	48.3	9,000	140.0	316.14

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

*** Notes**

- (1) Changes in significant subsidiaries during the first nine 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 December 31, 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 December 31, 2020	509,489 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 December 31, 2020	28,468,197 shares
As of December 31, 2019	28,403,152 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 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)).

*** 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	29,191	52,507
Notes and accounts receivable - trade	19,513	21,386
Merchandise and finished goods	4,912	5,883
Work in process	1,839	1,775
Raw materials and supplies	4,656	5,046
Other	2,353	1,787
Allowance for doubtful accounts	(86)	(69)
Total current assets	62,380	88,317
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,555	16,136
Other, net	28,205	29,024
Total property, plant and equipment	44,761	45,161
Intangible assets		
Goodwill	6,846	6,496
Sales rights	15,216	19,930
Customer-related assets	6,904	6,547
Other	1,801	2,337
Total intangible assets	30,769	35,312
Investments and other assets		
Other	4,430	4,951
Allowance for doubtful accounts	(150)	(147)
Total investments and other assets	4,280	4,803
Total non-current assets	79,811	85,277
Total assets	142,192	173,595
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,231	8,044
Short-term borrowings	5,168	6,317
Current portion of long-term borrowings	5,725	9,291
Income taxes payable	874	1,477
Provision for bonuses	801	524
Other provisions	72	422
Other	4,866	4,263
Total current liabilities	24,740	30,340
Non-current liabilities		
Long-term borrowings	44,818	63,847
Retirement benefit liability	193	154
Other provisions	67	87
Other	2,849	4,562
Total non-current liabilities	47,928	68,653
Total liabilities	72,668	98,994
Net assets		
Shareholders' equity		
Share capital	9,428	9,499
Capital surplus	14,913	14,985
Retained earnings	47,260	51,250
Treasury shares	(1,950)	(1,866)
Total shareholders' equity	69,651	73,869
Accumulated other comprehensive income		

Valuation difference on available-for-sale securities	8	155
Foreign currency translation adjustment	(444)	235
Remeasurements of defined benefit plans	7	3
Total accumulated other comprehensive income	(429)	395
Non-controlling interests	301	335
Total net assets	69,523	74,600
Total liabilities and net assets	142,192	173,595

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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	52,312	60,460
Cost of sales	30,545	34,217
Gross profit	21,767	26,243
Selling, general and administrative expenses	14,926	15,316
Operating profit	6,840	10,926
Non-operating income		
Interest income	43	35
Dividend income	24	24
Gain on investments in investment partnerships	1	34
Other	80	172
Total non-operating income	149	266
Non-operating expenses		
Interest expenses	167	168
Loss on retirement of non-current assets	19	84
Foreign exchange losses	51	58
Other	50	65
Total non-operating expenses	289	377
Ordinary profit	6,701	10,816
Profit before income taxes	6,701	10,816
Income taxes - current	1,895	2,272
Income taxes - deferred	(201)	780
Total income taxes	1,693	3,052
Profit	5,007	7,763
Profit attributable to non-controlling interests	43	56
Profit attributable to owners of parent	4,964	7,706

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	5,007	7,763
Other comprehensive income		
Valuation difference on available-for-sale securities	134	147
Foreign currency translation adjustment	(612)	700
Remeasurements of defined benefit plans, net of tax	(7)	(3)
Total other comprehensive income	(485)	844
Comprehensive income	4,522	8,607
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,491	8,531
Comprehensive income attributable to non-controlling interests	30	76

(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.

(Business combination)

(Material change in the initial amount allocated for the acquisition cost in the comparative data)

Provisional accounting was used in the financial statements for the first three quarters of the previous consolidated fiscal year for the business combination with Taiyo Pharma Tech Co., Ltd. effected during the third quarter of the previous consolidated fiscal year. This accounting was confirmed at the end of fiscal year ended March 31, 2020.

The confirmation of the provisional accounting for this business combination is reflected in a material change in the initial amount allocated for the acquisition cost in the comparative data contained in the quarterly consolidated financial statements for the first nine months of fiscal year ending March 31, 2021.

The impact on the consolidated statement of income for the first nine months of the previous fiscal year is minor.