



November 5, 2021

## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022 <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 5, 2021  
 Scheduled date to commence dividend payments: December 1, 2021  
 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, 2022 (from April 1, 2021 to September 30, 2021)

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

(Millions of yen, % year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Six months ended:								
September 30, 2021	48,348	22.6	9,301	32.7	9,505	36.1	6,717	39.9
September 30, 2020	39,436	26.4	7,011	72.1	6,982	77.7	4,803	53.1

Note: Comprehensive income

For the six months ended September 30, 2021: 7,440millions of yen [ 43.6% ]

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

(Yen)

	Basic earnings per share	Diluted earnings per share
Six months ended:		
September 30, 2021	118.84	—
September 30, 2020	84.38	—

Note: We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. We calculated the basic earnings per share under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

## ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only.

In the event of any discrepancy between this translated document and Japanese original, the original shall prevail.

**(2) Financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2021	184,031	81,509	44.1	1,433.14
March 31, 2021	179,001	76,497	42.5	1,348.42

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

As of September 30, 2021: 81,133 millions of yen

As of March 31, 2021: 76,139 millions of yen

Note: We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. We calculated the net assets per share under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

**2. Cash dividends**

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	65.10	—	95.10	160.20
Fiscal year ending March 31, 2022	—	65.10			
Fiscal year ending March 31, 2022 (Forecast)			—	(Note2) 32.55	(Note2) —

Note 1: Revisions to the forecasts of cash dividends most announced: None

Note 2: We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. (Expected) year-end cash dividends per share for FY2022 are indicated in an amount that took the impact of the stock split into account while (expected) total annual cash dividends are indicated as “—”. If the stock split is not taken into account, (expected) year-end cash dividends and (expected) annual cash dividends for FY2022 are 65.10 yen and 130.20 yen, respectively.

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)**

(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, 2022	92,200	—	15,900	—	16,000	—	11,200	—	198.35

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

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised 2020) and related implementation guidance were applied from the beginning of the fiscal year ending March 31, 2022. The consolidated earnings forecasts noted above therefore show the amounts after application of the standard and implementation guidance, and the comparative year on year percentage changes from the previous fiscal year are not provided.

Note: We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. The impact of the stock split is taken into account for net income per share in the consolidated financial forecast for the full year of FY2022.

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is a translation of the original Japanese-language document and is provided for convenience only.

In the event of any discrepancy between this translated document and Japanese original, the original shall prevail.

**\* Notes**

- (1) Changes in significant subsidiaries during the first six months of the fiscal year ending March 31, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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: Yes
- 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

Note: See “1. Consolidated Financial Statements and Explanatory Notes (3) Notes to consolidated financial statements (Changes in accounting policies)” on page 8 in the Supplementary Schedules and Notes for further details.

(4) Number of issued shares

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

As of September 30, 2021	58,083,128 shares
As of March 31, 2020	57,997,004 shares

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

As of September 30, 2021	1,470,698 shares
As of March 31, 2021	1,531,438 shares

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

As of September 30, 2021	56,528,671 shares
As of September 30, 2020	56,918,563 shares

Note: 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).

Note: We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. We calculated the total number of issued shares at the end of the period, the number of treasury shares at the end of the period and the average number of outstanding shares during the period under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

**\* 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.

**Index of Supplementary Schedules and Notes**

1. Consolidated Financial Statements and Explanatory Notes.....	2
(1) Consolidated balance sheet.....	2
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	3
Consolidated statement of income (cumulative).....	3
Consolidated statement of comprehensive income (cumulative).....	4
(3) Notes to consolidated financial statements.....	5
(Notes on premise of going concern).....	5
(Notes on substantial changes in the amount of shareholders' equity).....	5
(Changes in accounting policies).....	5
(Important event after the reporting period).....	5

**1. Consolidated Financial Statements and Explanatory Notes****(1) Consolidated balance sheet**

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	54,705	51,712
Notes and accounts receivable - trade	22,527	25,927
Merchandise and finished goods	6,621	7,419
Work in process	1,530	1,444
Raw materials and supplies	5,297	6,512
Other	2,332	2,021
Allowance for doubtful accounts	(77)	(78)
Total current assets	92,937	94,959
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,458	20,456
Other, net	29,889	29,203
Total property, plant and equipment	46,348	49,660
Intangible assets		
Goodwill	6,404	6,180
Sales rights	19,508	18,662
Customer-related assets	6,428	6,190
Other	2,608	2,990
Total intangible assets	34,949	34,024
Investments and other assets		
Other	4,937	5,545
Allowance for doubtful accounts	(171)	(159)
Total investments and other assets	4,765	5,386
Total non-current assets	86,063	89,071
Total assets	179,001	184,031
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,907	9,276
Short-term borrowings	10,494	11,994
Current portion of long-term borrowings	11,391	11,418
Income taxes payable	1,434	2,359
Provision for bonuses	907	1,109
Other provisions	139	352
Other	5,831	4,345
Total current liabilities	38,107	40,856
Non-current liabilities		
Long-term borrowings	59,333	56,016
Retirement benefit liability	150	152
Other provisions	87	90
Other	4,826	5,405
Total non-current liabilities	64,397	61,665
Total liabilities	102,504	102,521
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,499	9,612
Capital surplus	14,985	15,098
Retained earnings	53,065	57,085
Treasury shares	(3,365)	(3,255)
Total shareholders' equity	74,184	78,541
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	386
Foreign currency translation adjustment	1,751	2,206
Remeasurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	1,954	2,592
Non-controlling interests	357	375
Total net assets	76,497	81,509
Total liabilities and net assets	179,001	184,031

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

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	39,436	48,348
Cost of sales	22,338	27,080
Gross profit	17,097	21,268
Selling, general and administrative expenses	10,086	11,967
Operating income	7,011	9,301
Non-operating income		
Interest income	23	26
Dividend income	13	13
Compensation income	—	282
Other	120	154
Total non-operating income	158	477
Non-operating expenses		
Interest expenses	108	121
Loss on retirement of non-current assets	5	80
Foreign exchange losses	26	15
Other	46	55
Total non-operating expenses	186	273
Ordinary	6,982	9,505
Profit before income taxes	6,982	9,505
Income taxes – current	1,817	2,367
Income taxes – deferred	323	320
Total income taxes	2,140	2,687
Profit	4,841	6,817
Profit attributable to non-controlling interests	38	99
Profit attributable to owners of parent	4,803	6,717

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

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	4,841	6,817
Other comprehensive income		
Valuation difference on available-for-sale securities	111	182
Foreign currency translation adjustment	232	440
Remeasurements of defined benefit plans, net of tax	(2)	(0)
Total other comprehensive income	341	623
Comprehensive income	5,183	7,440
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,139	7,355
Comprehensive income attributable to non-controlling interests	43	85

### **(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.

#### **(Changes in accounting policies)**

##### **(Implementation of the Accounting Standard for Revenue Recognition)**

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereafter, "Revenue Recognition Accounting Standard") and related guidance were implemented from the beginning of the first quarter of fiscal year ending March 31, 2022. Under this standard, the anticipated amount to be received in return for goods or services promised to a customer is recognized as revenue upon transfer of control over the goods or services to the customer.

We have applied the alternative treatment specified in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition for merchandise and products sold in Japan. Under this alternative treatment, revenue is recognized upon shipment when there is a normal period of time from shipment until control of merchandise or products is transferred to the customer.

The implementation of the Revenue Recognition Accounting Standards and related guidance follows the transitional treatment in the exception clause of Paragraph 84 of the Revenue Recognition Accounting Standard. The new accounting standard was applied to the balance of retained earnings from the beginning of the period and retained earnings were adjusted for the cumulative impact assuming application of the new accounting standard retroactively before the beginning of the accounting period for the first quarter of fiscal year ending March 31, 2022.

This change will have no impact on profit/loss in this second quarter consolidated cumulative period and the opening balance of retained earnings in this first quarter consolidated accounting period.

##### **(Implementation of the Accounting Standard for Fair Value Measurement)**

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereafter, "Fair Value Accounting Standard") and related guidance were implemented from the beginning of the first quarter of fiscal year ending March 31, 2022. In accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy specified in the Fair Value Accounting Standard and related standards will be applied in the future. This change will have no impact on the quarterly consolidated financial statements in this second quarter consolidated accounting period and this second quarter cumulative period.

#### **(Important Event after the Reporting Period)**

##### **(Stock Split and Amendment to the Articles of Incorporation due to the Stock Split)**

We performed a stock split with effect on October 1, 2021 and made an amendment to the Articles of Incorporation due to the stock split under a resolution of a meeting of the Board of Directors held on August 2, 2021.

##### **(1) Purpose of the Stock Split**

The purpose of the stock split is to expand our individual investor base by establishing an environment that makes it easy to invest by reducing the monetary amount per investment unit.

##### **(2) Overview of the Stock Split**

###### **(i) Method of the Stock Split**

We divided each common stock owned by shareholders in the shareholder registry on the record date of September 30, 2021 into two shares.



This is a translation of the original Japanese-language document and is provided for convenience only.

In the event of any discrepancy between this translated document and Japanese original, the original shall prevail.

(ii) Increase in the Number of Shares due to the Stock Split

Total number of issued shares before the stock split: 29,041,564  
 Increase in the number of shares due to the stock split: 29,041,564  
 Total number of issued shares after the stock split: 58,083,128  
 Total number of authorized shares after the stock split: 100,000,000

(iii) Schedule of the Stock Split

Announcement date of the record date: September 14, 2021  
 Record date: September 30, 2021  
 Effective date: October 1, 2021

(iv) Impact on Information Per Share

We have stated the impact on information per share in the relevant sections.

(3) Amendment to the Articles of Incorporation due to the Stock Split

(i) Reason for the Amendment

We have amended the total number of authorized shares under the provisions in Article 184, Paragraph 2 of the Companies Act due to the stock split.

(ii) Details of the Amendment

The details of the amendment are as below.

(Underling indicates an amendment)

Articles of Incorporation before the Amendment	Article of Incorporation after the Amendment
Article 6: Total Number of Authorized Shares The total number of authorized shares of the Company shall be <u>50,000,000 shares</u> .	Article 6: Total Number of Authorized Shares The total number of authorized shares of the Company shall be <u>100,000,000 shares</u> .

(iii) Schedule of the Amendment to the Articles of Incorporation

Effective date: October 1, 2021