

November 7, 2022

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023 <under Japanese GAAP>

Company name: **TAIYO HOLDINGS CO., LTD.**
 Listing: Prime Market of Tokyo Stock Exchange
 Stock code: 4626
 URL: <https://www.taiyo-hd.co.jp/en>
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Scheduled date to file quarterly report: November 7, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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, 2023 (from April 1, 2022 to September 30, 2022)

(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, 2022	52,795	9.2	10,548	13.4	10,203	7.3	7,489	11.5
September 30, 2021	48,348	22.6	9,301	32.7	9,505	36.1	6,717	39.9

Note: Comprehensive income

For the six months ended September 30, 2022: 10,181 millions of yen [36.8 %]

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

	Basic earnings per share	Diluted earnings per share
Six months ended:	Yen	Yen
September 30, 2022	133.32	—
September 30, 2021	118.84	—

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 basic earnings per share under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.

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(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	198,409	93,379	47.1	1,664.38
March 31, 2022	189,273	85,466	45.2	1,522.11

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

As of September 30, 2022: 93,376 millions of yen

As of March 31, 2022: 85,465 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, 2022	–	(Note 2) 65.10	–	37.00	(Note 2) –
Fiscal year ending March 31, 2023	–	37.00			
Fiscal year ending March 31, 2023 (Forecast)			–	37.00	74.00

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None

2. We performed a stock split with effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. Year-end cash dividends per share for fiscal year ended March 31, 2022 are indicated in an amount that took the impact of the stock split into account while total annual cash dividends are indicated as “–”. When calculated under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year, dividends at the end of the second quarter are 32.55 yen and annual dividends are 69.55 yen for the fiscal year ended March 31, 2022.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	109,400	11.7	19,000	5.8	18,800	4.1	12,800	8.4	227.96

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

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*** Notes**

- (1) Changes in significant subsidiaries during the first six months of the fiscal year ending March 31, 2023 (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 5 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, 2022	58,185,501 shares
As of March 31, 2022	58,083,128 shares

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

As of September 30, 2022	2,082,665 shares
As of March 31, 2022	1,933,885 shares

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

As of September 30, 2022	56,176,400 shares
As of September 30, 2021	56,528,671 shares

- Notes: 1. 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)).
2. We performed a stock split effect from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. We calculated 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.

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1. Consolidated Financial Statements and Explanatory Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	51,557	57,278
Notes and accounts receivable - trade	27,558	28,329
Merchandise and finished goods	8,096	8,438
Work in process	1,573	1,473
Raw materials and supplies	6,714	6,418
Other	3,397	3,556
Allowance for doubtful accounts	(131)	(115)
Total current assets	98,766	105,380
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,567	20,349
Other, net	31,688	35,152
Total property, plant and equipment	52,255	55,501
Intangible assets		
Goodwill	5,972	5,762
Sales rights	17,483	16,659
Customer-related assets	5,952	5,714
Other	2,650	2,784
Total intangible assets	32,058	30,920
Investments and other assets		
Other	6,366	6,793
Allowance for doubtful accounts	(174)	(186)
Total investments and other assets	6,192	6,607
Total non-current assets	90,507	93,028
Total assets	189,273	198,409
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,255	8,727
Short-term borrowings	13,232	12,908
Current portion of long-term borrowings	16,537	17,346
Income taxes payable	2,541	2,800
Provision for bonuses	1,308	1,214
Other provisions	82	407
Other	6,443	5,930
Total current liabilities	49,403	49,335
Non-current liabilities		
Long-term borrowings	48,383	49,336
Retirement benefit liability	116	107
Other provisions	87	56
Other	5,815	6,193
Total non-current liabilities	54,403	55,694
Total liabilities	103,806	105,029
Net assets		
Shareholders' equity		
Share capital	9,612	9,761
Capital surplus	14,734	14,883
Retained earnings	60,321	65,725
Treasury shares	(4,752)	(5,235)
Total shareholders' equity	79,916	85,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321	357
Foreign currency translation adjustment	5,187	7,848
Remeasurements of defined benefit plans	40	35
Total accumulated other comprehensive income	5,549	8,241
Non-controlling interests	1	3
Total net assets	85,466	93,379
Total liabilities and net assets	189,273	198,409

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	48,348	52,795
Cost of sales	27,080	28,679
Gross profit	21,268	24,115
Selling, general and administrative expenses	11,967	13,566
Operating income	9,301	10,548
Non-operating income		
Interest income	26	46
Dividend income	13	16
Subsidy income	17	55
Compensation income	282	—
Outsourcing service income	43	59
Other	94	62
Total non-operating income	477	242
Non-operating expenses		
Interest expenses	121	197
Foreign exchange losses	15	315
Other	135	74
Total non-operating expenses	273	587
Ordinary income	9,505	10,203
Profit before income taxes	9,505	10,203
Income taxes - current	2,367	2,674
Income taxes - deferred	320	39
Total income taxes	2,687	2,714
Profit	6,817	7,489
Profit (loss) attributable to non-controlling interests	99	(0)
Profit attributable to owners of parent	6,717	7,489

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Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	6,817	7,489
Other comprehensive income		
Valuation difference on available-for-sale securities	182	35
Foreign currency translation adjustment	440	2,661
Remeasurements of defined benefit plans, net of tax	(0)	(4)
Total other comprehensive income	623	2,692
Comprehensive income	7,440	10,181
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,355	10,181
Comprehensive income attributable to non-controlling interests	85	0

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

None.

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

None.

(Changes in accounting policies)

(Implementation of the Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereafter, "Fair Value Measurement Implementation Guidance") was implemented from the beginning of the first quarter of the fiscal year ending March 31, 2023. The Company has opted to apply the new accounting policy specified in the Fair Value Measurement Implementation Guidance prospectively, in accordance with the transitional treatment specified in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. This change had no impact on the quarterly consolidated financial statements in the second quarter consolidated accounting period and the second quarter cumulative period for this fiscal year.

(Additional information)

(Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and its consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system since the first quarter of the fiscal year ending March 31, 2023. Accounting treatment and disclosure of national and local corporate taxes and tax effect accounting are therefore handled in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021; hereafter, "Practical Solution No. 42"). Based on Paragraph 32-(1) of Practical Solution No. 42, the changes in accounting policy accompanying application of Practical Solution No. 42 are deemed to have no impact.