

February 10, 2023

## Consolidated Financial Results for the First Nine 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>  
 Representative: Eiji Sato, President and CEO  
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Scheduled date to file quarterly report: February 10, 2023  
 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, 2023 (from April 1, 2022 to December 31, 2022)

#### (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, 2022	76,772	4.3	14,269	(0.7)	13,910	(5.0)	10,320	(0.4)
December 31, 2021	73,622	21.8	14,370	31.5	14,637	35.3	10,360	34.4

Note: Comprehensive income

For the nine months ended December 31, 2022: 11,106 millions of yen [(10.2 %)]

For the nine months ended December 31, 2021: 12,371 millions of yen [43.7 %]

	Basic earnings per share	Diluted earnings per share
Nine months ended:	Yen	Yen
December 31, 2022	184.09	–
December 31, 2021	183.30	–

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
December 31, 2022	190,135	91,350	48.0	1,638.34
March 31, 2022	189,273	85,466	45.2	1,522.11

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

As of December 31, 2022: 91,347 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 nine 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 December 31, 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 December 31, 2022	2,429,290 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 December 31, 2022	56,059,766 shares
As of December 31, 2021	56,521,249 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 December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	51,557	51,071
Notes and accounts receivable - trade	27,558	24,804
Merchandise and finished goods	8,096	7,585
Work in process	1,573	1,341
Raw materials and supplies	6,714	7,076
Other	3,397	3,000
Allowance for doubtful accounts	(131)	(72)
Total current assets	98,766	94,807
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,567	22,353
Other, net	31,688	35,230
Total property, plant and equipment	52,255	57,583
Intangible assets		
Goodwill	5,972	5,608
Sales rights	17,483	16,246
Customer-related assets	5,952	5,595
Other	2,650	2,907
Total intangible assets	32,058	30,358
Investments and other assets		
Other	6,366	7,555
Allowance for doubtful accounts	(174)	(168)
Total investments and other assets	6,192	7,386
Total non-current assets	90,507	95,328
Total assets	189,273	190,135
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,255	8,668
Short-term borrowings	13,232	6,445
Current portion of long-term borrowings	16,537	17,464
Income taxes payable	2,541	1,128
Provision for bonuses	1,308	650
Other provisions	82	563
Other	6,443	7,472
Total current liabilities	49,403	42,394
Non-current liabilities		
Long-term borrowings	48,383	50,001
Retirement benefit liability	116	109
Other provisions	87	55
Other	5,815	6,223
Total non-current liabilities	54,403	56,390
Total liabilities	103,806	98,784
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,612	9,761
Capital surplus	14,734	14,883
Retained earnings	60,321	66,475
Treasury shares	(4,752)	(6,108)
Total shareholders' equity	79,916	85,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	321	424
Foreign currency translation adjustment	5,187	5,877
Remeasurements of defined benefit plans	40	33
Total accumulated other comprehensive income	5,549	6,335
Non-controlling interests	1	2
Total net assets	85,466	91,350
Total liabilities and net assets	189,273	190,135

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	73,622	76,772
Cost of sales	41,030	42,170
Gross profit	32,592	34,602
Selling, general and administrative expenses	18,221	20,332
Operating income	14,370	14,269
Non-operating income		
Interest income	38	68
Dividend income	24	29
Subsidy income	127	64
Compensation income	286	—
Outsourcing service income	66	63
Other	126	150
Total non-operating income	670	377
Non-operating expenses		
Interest expenses	195	345
Foreign exchange losses	58	262
Other	150	127
Total non-operating expenses	403	735
Ordinary income	14,637	13,910
Profit before income taxes	14,637	13,910
Income taxes - current	3,572	3,378
Income taxes - deferred	553	213
Total income taxes	4,125	3,591
Profit	10,511	10,319
Profit (loss) attributable to non-controlling interests	151	(0)
Profit attributable to owners of parent	10,360	10,320

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	10,511	10,319
Other comprehensive income		
Valuation difference on available-for-sale securities	263	103
Foreign currency translation adjustment	1,596	690
Remeasurements of defined benefit plans, net of tax	(0)	(7)
Total other comprehensive income	1,859	786
Comprehensive income	12,371	11,106
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,221	11,106
Comprehensive income attributable to non-controlling interests	149	(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 third quarter consolidated accounting period and the third 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.