

February 8, 2022

## Consolidated Financial Results for the First Nine 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: <https://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: February 8, 2022  
 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, 2022 (from April 1, 2021 to December 31, 2021)

**(1) Operating results (cumulative)**

(% year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Nine months ended:								
December 31, 2021	73,622	21.8	14,370	31.5	14,637	35.3	10,360	34.4
December 31, 2020	60,460	15.6	10,926	59.7	10,816	61.4	7,706	55.2

Note: Comprehensive income

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

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

	Basic earnings per share	Diluted earnings per share
Nine months ended:	Yen	Yen
December 31, 2021	183.30	—
December 31, 2020	135.36	—

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			%	Yen
December 31, 2021	185,494	83,879	45.0	1,479.66
March 31, 2021	179,001	76,497	42.5	1,348.42

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

As of December 31, 2021: 83,439millions of yen

As of March 31, 2021: 76,139millions 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)				(Note 2)32.55	(Note 2) —

Note: 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. (Forecast) year-end cash dividends per share for fiscal year ending March 31, 2022 are indicated in an amount that took the impact of the stock split into account while (forecast) total annual cash dividends are indicated as “—”. If the stock split is not taken into account, (forecast) year-end cash dividends and (forecast) annual cash dividends for fiscal year ending March 31, 2022 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)**

(% 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	93,900	—	17,000	—	17,200	—	12,100	—	214.08

Note: 1. Revisions to the consolidated earnings forecasts most recently announced: Yes

2. 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.

3. 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 basic earnings per share in the full-year consolidated financial forecast for fiscal year ending March 31, 2022.

**\* Notes**

- (1) Changes in significant subsidiaries during the first nine 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 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, 2021	58,083,128 shares
As of March 31, 2021	57,997,004 shares

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

As of December 31, 2021	1,692,265 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 December 31, 2021	56,521,249 shares
As of December 31, 2020	56,936,394 shares

- Note: 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 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

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

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	54,705	50,084
Notes and accounts receivable - trade	22,527	26,511
Merchandise and finished goods	6,621	7,802
Work in process	1,530	1,513
Raw materials and supplies	5,297	6,501
Other	2,332	3,295
Allowance for doubtful accounts	(77)	(87)
Total current assets	92,937	95,622
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,458	20,288
Other, net	29,889	30,269
Total property, plant and equipment	46,348	50,558
Intangible assets		
Goodwill	6,404	6,077
Sales rights	19,508	18,239
Customer-related assets	6,428	6,071
Other	2,608	3,508
Total intangible assets	34,949	33,897
Investments and other assets		
Other	4,937	5,586
Allowance for doubtful accounts	(171)	(170)
Total investments and other assets	4,765	5,415
Total non-current assets	86,063	89,871
Total assets	179,001	185,494
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,907	9,684
Short-term borrowings	10,494	11,520
Current portion of long-term borrowings	11,391	11,403
Income taxes payable	1,434	2,589
Provision for bonuses	907	622
Other provisions	139	495
Other	5,831	5,577
Total current liabilities	38,107	41,892
Non-current liabilities		
Long-term borrowings	59,333	53,858
Retirement benefit liability	150	154
Other provisions	87	89
Other	4,826	5,619
Total non-current liabilities	64,397	59,722
Total liabilities	102,504	101,615
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,499	9,612
Capital surplus	14,985	15,098
Retained earnings	53,065	58,878
Treasury shares	(3,365)	(3,966)
Total shareholders' equity	74,184	79,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	466
Foreign currency translation adjustment	1,751	3,350
Remeasurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	1,954	3,816
Non-controlling interests	357	439
Total net assets	76,497	83,879
Total liabilities and net assets	179,001	185,494

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	60,460	73,622
Cost of sales	34,217	41,030
Gross profit	26,243	32,592
Selling, general and administrative expenses	15,316	18,221
Operating income	10,926	14,370
Non-operating income		
Interest income	35	38
Dividend income	24	24
Compensation income	—	286
Other	207	320
Total non-operating income	266	670
Non-operating expenses		
Interest expenses	168	195
Loss on retirement of non-current assets	84	89
Foreign exchange losses	58	58
Other	65	60
Total non-operating expenses	377	403
Ordinary income	10,816	14,637
Profit before income taxes	10,816	14,637
Income taxes - current	2,272	3,572
Income taxes - deferred	780	553
Total income taxes	3,052	4,125
Profit	7,763	10,511
Profit attributable to non-controlling interests	56	151
Profit attributable to owners of parent	7,706	10,360

## 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.

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	7,763	10,511
Other comprehensive income		
Valuation difference on available-for-sale securities	147	263
Foreign currency translation adjustment	700	1,596
Remeasurements of defined benefit plans, net of tax	(3)	(0)
Total other comprehensive income	844	1,859
Comprehensive income	8,607	12,371
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,531	12,221
Comprehensive income attributable to non-controlling interests	76	149

**(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 had no impact on profit/loss in the third quarter consolidated cumulative period and the opening balance of retained earnings in the first quarter consolidated accounting period for this fiscal year.

**(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 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.