

April 28, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <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 of ordinary general meeting of shareholders: June 18, 2022
 Scheduled date to commence dividend payments: June 20, 2022
 Scheduled date to file annual securities report: June 20, 2022
 Preparation of supplementary results briefing material on financial results: Yes
 Holding of 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 fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Operating results

(Millions of yen, % year on year)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
March 31, 2022	97,966	21.0	17,958	28.8	18,062	30.7	11,803	23.9
March 31, 2021	80,991	14.7	13,943	52.6	13,819	55.3	9,529	154.1

Note: Comprehensive income

For the fiscal year ended March 31, 2022: 15,611 millions of yen 30.0 %
 For the fiscal year ended March 31, 2021: 12,012 millions of yen 380.6 %

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
March 31, 2022	209.13	—	14.6	9.8	18.3
March 31, 2021	167.49	—	13.1	8.6	17.2

Reference: Share of (profit) loss of entities accounted for using equity method

For the fiscal year ended March 31, 2022: - millions of yen

For the fiscal year ended March 31, 2021: - 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 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
March 31, 2022	189,273	85,466	45.2	1,522.11
March 31, 2021	179,001	76,497	42.5	1,348.42

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

As of March 31, 2022: 85,465 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.

(3) Cash flows

(Millions of yen)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
March 31, 2022	18,308	(11,258)	(11,279)	51,152
March 31, 2021	16,312	(11,603)	19,755	54,309

2. Cash dividends

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	—	65.10	—	95.10	160.20	4,561	47.8	6.2
Fiscal year ended March 31, 2022	—	65.10	—	(Note) 37.00	(Note) —	3,934	33.3	4.8
Fiscal year ending March 31, 2023 (Forecast)	—	37.00	—	37.00	74.00		35.4	

Note: 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 “—”. If the stock split is not taken into account, year-end cash dividends and annual cash dividends for fiscal year ended March 31, 2022 are 74.00 yen and 139.10 yen, respectively.

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
Six months ending September 30, 2022	55,600	15.0	10,400	11.8	10,400	9.4	7,200	7.2	128.23
Fiscal year ending March 31, 2023	109,400	11.7	19,000	5.8	18,800	4.1	12,800	8.4	227.96

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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 “3. Consolidated Financial Statements and Explanatory Notes (5) Notes to consolidated financial statements (Changes in accounting policies)” on page 15 in the Supplementary Schedules and Notes for further details.

(3) Number of issued shares

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

As of March 31, 2022	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 March 31, 2022	1,933,885 shares
As of March 31, 2021	1,531,438 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2022	56,442,900 shares
Fiscal year ended March 31, 2021	56,898,209 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 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.

*** Summary financial statements are not subject to review by a certified public accountant or audit firm.**

*** Proper use of earnings forecasts, and other special matters**

(Disclaimer concerning forward-looking statements)

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. See “1. Overview of Operating Results (4) Future Forecasts” on page 4 of the attached materials for precautions on the use of earnings forecasts and the assumptions underlying earnings forecasts.

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1. Overview of Operating Results

(1) Overview of operating results for fiscal year ended March 31, 2022

Net sales for the consolidated fiscal year ended March 31, 2022 were 97,966 million yen (up 21.0% year on year). Operating income was 17,958 million yen (up 28.8% year on year), ordinary income was 18,062 million yen (up 30.7% year on year), and profit attributable to owners of parent was 11,803 million yen (up 23.9 % year on year).

Results by segment were as follows.

The Group divides its business into two segments, Electronic Materials business and Medical and Pharmaceutical business, based on operating subsidiaries.

Electronic Materials business

In rigid board materials, many products showed strong performance compared to last fiscal year, including display-related materials, automotive related products, materials for consumer electronics, and materials for smartphones. The use of high reflective white dry film-type solder resist, a new product for mini LED displays, contributed to substantial growth in sales volume for display related materials, in particular. Automotive related products also performed well, recording gradual growth despite vehicle production cuts necessitated by the shortage of semiconductors and other vehicle parts from the third quarter onward. The growth was supported by a recovery in demand compared to last fiscal year, when vehicle sales slumped worldwide due to the stagnant economy and decrease in demand caused by COVID-19. Sales volume rose year on year as a result.

Sales of semiconductor package board materials remained at a high level due to global growth in demand for semiconductors continuing from last fiscal year. The spread of COVID-19 triggered a worldwide trend towards work from home, which has resulted in a dramatic expansion in data volume. Growth in capital investment in 5th-generation mobile communication systems (5G) and other data centers and infrastructure, and continuing evolution in the performance of electronic devices, addition of functions, and other factors drove high-level growth of the semiconductor market. Therefore sales volume consequently outperformed the previous fiscal year.

The average exchange rate for fiscal year ended March 31, 2022 was JPY 112.9/USD. The yen weakened by 6.7 yen compared to the average exchange rate of JPY 106.2/USD last fiscal year, improving profitability.

As a result, net sales amounted to 71,093 million yen (up 33.9% year on year), and segment profit came to 17,082 million yen (up 52.4% year on year.)

Medical and Pharmaceutical business

Net sales of Taiyo Pharma Co., Ltd. outperformed year on year in its pharmaceutical manufacturing and marketing business. Sales were strong despite the negative impact of drug price revisions, owing to the completion of succession of approval to manufacture and sell four long-listed products transferred from AstraZeneca K.K., a subsidiary of AstraZeneca plc. Other companies also ceased supplying some generics and this also affected the performance.

The pharmaceutical contract manufacturing business of Taiyo Pharma Tech Co., Ltd. saw a continued decline in volume consigned for some products related to infectious disease due to behavioral changes accompanying the control the spread of COVID-19. Production cuts by customers accompanying a change in production plans also contributed to sluggish sales.

As a result, net sales amounted to 23,467 million yen (down 4.4% year on year), and segment profit came to 2,400 million yen (down 37.4 % year on year.)

(2) Overview of financial position as of March 31, 2022

The following shows the status of assets, liabilities and net assets as of March 31, 2022.

	As of March 31, 2021 (Millions of yen)	As of March 31, 2022 (Millions of yen)	Change (Millions of yen)	Main factors (Comparison with the end of the previous fiscal year)
Current assets	92,937	98,766	5,828	Increases of 5,030 million yen in notes and accounts receivable - trade, 1,474 million yen in merchandise and finished goods, and 1,416 million yen in raw materials and supplies Decrease of 3,147 million yen in cash and deposits
Non-current assets	86,063	90,507	4,443	Increases of 4,109 million yen in buildings and structures, and 2,142 million yen in land Decrease of 2,024 million yen in sales rights
Total assets	179,001	189,273	10,271	
Total liabilities	102,504	103,806	1,301	Increases of 1,348 million yen in notes and accounts payable – trade, 2,738 million yen in short-term borrowings, 1,168 million yen in accounts payable – other, 1,106 million yen in income taxes payable, and 640 million yen in deferred tax liabilities Decrease of 5,804 million yen in long-term borrowings (including current portion of long-term borrowings)
Total net assets	76,497	85,466	8,969	Positive factors: Recorded 11,803 million yen in profit attributable to owners of parent, and 3,436 million yen increase in the foreign currency translation adjustment account Negative factors: 4,547 million yen decrease in dividends of surplus and 1,500 million yen in treasury share purchases
Total liabilities and net assets	179,001	189,273	10,271	

(3) Consolidated statements of cash flows

The following is the status of cash flows for the fiscal year ended March 31, 2022.

	Fiscal year ended March 31, 2022 (Millions of yen)	Main factors
Net cash provided by (used in) operating activities	18,308	Cash inflows included 16,959 million yen in profit before income taxes, depreciation of 7,497 million yen; Cash outflows included an increase in inventories of (2,407) million yen and an increase in trade receivables of (2,504) million yen.
Net cash provided by (used in) investing activities	(11,258)	Cash outflows included (9,134) million yen for purchase of property, plant and equipment and (1,211) million yen for purchase of intangible assets.
Net cash provided by (used in) financing activities	(11,279)	The cash inflow resulted from 5,600 million yen in long-term borrowings. Cash outflows included (11,469) million yen in repayment of long-term borrowings and (4,543) million yen in dividends paid.
Net increase (decrease) in cash and cash equivalents	(3,157)	
Cash and cash equivalents at end of period	51,152	

(4) Future forecasts

In the future, the global economy will see a slowdown of end demand for PCs, smartphones, and other electronic devices as the proliferation in demand runs full course compared to the current fiscal year when telecommuting took root globally due to the COVID-19 pandemic. A resurgence in infections from a new COVID-19 variant and the situation in the Russian Federation and Ukraine are expected to result in continued steep increases in raw materials prices and shipping costs, and yen weakness. Meanwhile, expectations are rising for convergence of COVID-19 through vaccination and fiscal stimulus policies in various countries, and continued strong demand for semiconductors is anticipated. We therefore project growth in net sales and profit next fiscal year, despite such opaque conditions.

Electronic Materials business

In rigid board materials, we expect sales of many products to trend at a high level as they did in fiscal year ended March 31, 2022, including automotive related products, materials for consumer electronics, materials for smartphones, and display-related materials. We also foresee an increase in demand in automotive related products in particular, as production activities of automotive manufacturers rebound gradually despite the continued shortage of semiconductors for vehicles, and due to evolution of electrification, connectedness, and Advanced Driver-Assistance Systems (ADAS).

In semiconductor package board materials, continued investment in servers, datacenters, and other infrastructure is expected as IoT, AI, virtual space, and other technologies penetrate society. We also expect continuing evolution in electronic device performance, addition of functions, and other factors to contribute to a high level of sales.

The ratio of overseas sales exceeds 90% in the Electronic Materials business. We expect the average exchange rate during next fiscal year to weaken by 7.1 yen to JPY 120.0/USD, compared to the average exchange rate of JPY 112.9/USD in fiscal year ended March 31, 2022 and expect this to increase profitability.

We therefore forecast an increase in both net sales and segment profit in fiscal year ending March 31, 2023.

Medical and Pharmaceutical business

In the pharmaceutical manufacturing and marketing business of Taiyo Pharma Co., Ltd., we predict continuing substitute demand for some generics that other companies have ceased supplying for a certain period of time. The completion of succession of approval to manufacture and sell four long-listed products transferred from AstraZeneca K.K., a subsidiary of AstraZeneca plc, will increase sales and contribute to performance for the full year. However, we forecast an increase in net sales and a decline in profit due to the decline in sales prices from drug price revisions in April 2022 and to an increase in selling, general and administrative expenses.

While we predict an increase customer consignment volume in the pharmaceutical contract manufacturing business of Taiyo Pharma Tech Co., Ltd., we forecast an increase in sales and a decrease in profit due to an increase in the cost of sales and in selling, general and administrative expenses.

We therefore forecast growth in net sales and a decline in segment profit in fiscal year ending March 31, 2023.

The forecasts in these materials are based on information available at the time results were announced. Actual results may differ from the forecasts due to various future factors.

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	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share (Yen)
Fiscal year ending March 31, 2023 (Forecast)	109,400	19,000	18,800	12,800	227.96
Fiscal year ended March 31, 2022 (Actual results)	97,966	17,958	18,062	11,803	209.13
Rate of change (%)	11.7	5.8	4.1	8.4	9.0

Note: The outlook for the fiscal year ending March 31, 2023 is based on an average exchange rate of 120.0 yen against the US dollar. The average exchange rate for the fiscal year ended March 31, 2022 is 112.9 yen against the US dollar.

2. Basic Policy Concerning the Selection of Accounting Standards

The Group adopts the Japanese GAAP as the accounting standards in order to ensure comparability among other domestic companies in the same industry.

3. Consolidated Financial Statements and Explanatory Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	54,705	51,557
Notes and accounts receivable - trade	22,527	27,558
Merchandise and finished goods	6,621	8,096
Work in process	1,530	1,573
Raw materials and supplies	5,297	6,714
Other	2,332	3,397
Allowance for doubtful accounts	(77)	(131)
Total current assets	92,937	98,766
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,458	20,567
Machinery, equipment and vehicles, net	11,131	10,450
Tools, furniture and fixtures, net	1,332	1,906
Land	11,827	13,969
Construction in progress	4,464	4,031
Other	1,134	1,329
Total property, plant and equipment	46,348	52,255
Intangible assets		
Goodwill	6,404	5,972
Sales rights	19,508	17,483
Customer-related assets	6,428	5,952
Other	2,608	2,650
Total intangible assets	34,949	32,058
Investments and other assets		
Investment securities	2,766	3,183
Shares of subsidiaries and associates	166	830
Deferred tax assets	272	460
Retirement benefit asset	305	410
Other	1,427	1,482
Allowance for doubtful accounts	(171)	(174)
Total investments and other assets	4,765	6,192
Total non-current assets	86,063	90,507
Total assets	179,001	189,273

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,907	9,255
Short-term borrowings	10,494	13,232
Current portion of long-term borrowings	11,391	16,537
Accounts payable - other	3,936	5,105
Income taxes payable	1,434	2,541
Provision for bonuses	907	1,308
Other provisions	139	82
Other	1,894	1,338
Total current liabilities	38,107	49,403
Non-current liabilities		
Deferred tax liabilities	2,862	3,502
Long-term borrowings	59,333	48,383
Retirement benefit liability	150	116
Other provisions	87	87
Asset retirement obligations	853	1,025
Other	1,110	1,287
Total non-current liabilities	64,397	54,403
Total liabilities	102,504	103,806
Net assets		
Shareholders' equity		
Share capital	9,499	9,612
Capital surplus	14,985	14,734
Retained earnings	53,065	60,321
Treasury shares	(3,365)	(4,752)
Total shareholders' equity	74,184	79,916
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	321
Foreign currency translation adjustment	1,751	5,187
Remeasurements of defined benefit plans	(0)	40
Total accumulated other comprehensive income	1,954	5,549
Non-controlling interests	357	1
Total net assets	76,497	85,466
Total liabilities and net assets	179,001	189,273

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	80,991	97,966
Cost of sales	46,125	55,099
Gross profit	34,865	42,866
Selling, general and administrative expenses	20,922	24,908
Operating income	13,943	17,958
Non-operating income		
Interest income	47	48
Dividend income	25	26
Compensation income	—	286
Subsidy income	74	136
Outsourcing service income	41	188
Gain on investments in investment partnerships	43	14
Other	160	189
Total non-operating income	393	890
Non-operating expenses		
Interest expenses	228	261
Commission expenses	10	11
Loss on retirement of non-current assets	90	109
Foreign exchange losses	118	158
Loss on valuation of investment securities	—	199
Other	70	46
Total non-operating expenses	517	786
Ordinary income	13,819	18,062
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	246	—
Impairment losses	199	1,102
Total extraordinary losses	445	1,102
Profit before income taxes	13,374	16,959
Income taxes - current	3,031	4,564
Income taxes - deferred	745	396
Total income taxes	3,777	4,960
Profit	9,597	11,998
Profit attributable to non-controlling interests	67	194
Profit attributable to owners of parent	9,529	11,803

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	9,597	11,998
Other comprehensive income		
Valuation difference on available-for-sale securities	195	117
Foreign currency translation adjustment	2,227	3,454
Remeasurements of defined benefit plans, net of tax	(7)	40
Total other comprehensive income	2,414	3,612
Comprehensive income	12,012	15,611
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,913	15,398
Comprehensive income attributable to non-controlling interests	98	213

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,428	14,913	47,260	(1,950)	69,651
Changes during period					
Dividends of surplus			(3,724)		(3,724)
Profit attributable to owners of parent			9,529		9,529
Purchase of shares of consolidated subsidiaries					—
Issuance of new shares	71	71			143
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares				85	85
Net changes in items other than shareholders' equity					
Total changes during period	71	71	5,804	(1,415)	4,533
Balance at end of period	9,499	14,985	53,065	(3,365)	74,184

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8	(444)	7	(429)	301	69,523
Changes during period						
Dividends of surplus						(3,724)
Profit attributable to owners of parent						9,529
Purchase of shares of consolidated subsidiaries						—
Issuance of new shares						143
Purchase of treasury shares						(1,500)
Disposal of treasury shares						85
Net changes in items other than shareholders' equity	195	2,196	(7)	2,384	56	2,440
Total changes during period	195	2,196	(7)	2,384	56	6,973
Balance at end of period	203	1,751	(0)	1,954	357	76,497

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,499	14,985	53,065	(3,365)	74,184
Changes during period					
Dividends of surplus			(4,547)		(4,547)
Profit attributable to owners of parent			11,803		11,803
Purchase of shares of consolidated subsidiaries		(363)			(363)
Issuance of new shares	113	113			226
Purchase of treasury shares				(1,500)	(1,500)
Disposal of treasury shares				113	113
Net changes in items other than shareholders' equity					
Total changes during period	113	(250)	7,256	(1,387)	5,731
Balance at end of period	9,612	14,734	60,321	(4,752)	79,916

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	203	1,751	(0)	1,954	357	76,497
Changes during period						
Dividends of surplus						(4,547)
Profit attributable to owners of parent						11,803
Purchase of shares of consolidated subsidiaries						(363)
Issuance of new shares						226
Purchase of treasury shares						(1,500)
Disposal of treasury shares						113
Net changes in items other than shareholders' equity	117	3,436	40	3,594	(356)	3,237
Total changes during period	117	3,436	40	3,594	(356)	8,969
Balance at end of period	321	5,187	40	5,549	1	85,466

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	13,374	16,959
Depreciation	6,994	7,497
Impairment losses	199	1,102
Amortization of goodwill	483	487
Commission expenses	10	11
Loss (gain) on valuation of investment securities	—	199
Loss on valuation of shares of subsidiaries and associates	246	—
Loss (gain) on investments in investment partnerships	(43)	(14)
Loss on retirement of non-current assets	90	109
Compensation income	—	(286)
Subsidy income	(45)	(103)
Decrease (increase) in retirement benefit asset	1	(64)
Increase (decrease) in retirement benefit liability	(45)	(35)
Increase (decrease) in allowance for doubtful accounts	0	27
Increase (decrease) in provision for bonuses	100	378
Interest and dividend income	(72)	(75)
Interest expenses	228	261
Decrease (increase) in consumption taxes refund receivable	(764)	(555)
Decrease (increase) in trade receivables	(1,650)	(2,504)
Decrease (increase) in inventories	(1,679)	(2,407)
Increase (decrease) in trade payables	(67)	(75)
Other, net	856	868
Subtotal	18,211	21,781
Interest and dividends received	72	75
Interest paid	(229)	(259)
Proceeds from compensation	—	286
Income taxes paid	(1,742)	(3,575)
Net cash provided by (used in) operating activities	16,312	18,308
Cash flows from investing activities		
Payments into time deposits	(673)	(500)
Proceeds from withdrawal of time deposits	372	516
Purchase of property, plant and equipment	(4,080)	(9,134)
Purchase of intangible assets	(6,994)	(1,211)
Purchase of investment securities	(304)	(464)
Purchase of shares of subsidiaries and associates	—	(650)
Other, net	77	186
Net cash provided by (used in) investing activities	(11,603)	(11,258)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,030	1,616
Proceeds from long-term borrowings	28,795	5,600
Repayments of long-term borrowings	(8,658)	(11,469)
Purchase of treasury shares	(1,510)	(1,512)
Dividends paid	(3,724)	(4,543)
Dividends paid to non-controlling interests	(41)	(68)
Proceeds from issuance of shares	60	142
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(865)
Other, net	(195)	(178)
Net cash provided by (used in) financing activities	19,755	(11,279)
Effect of exchange rate change on cash and cash equivalents	730	1,072
Net increase (decrease) in cash and cash equivalents	25,194	(3,157)
Cash and cash equivalents at beginning of period	29,115	54,309
Cash and cash equivalents at end of period	54,309	51,152

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Changes in accounting policies)

(Implementation of the Accounting Standard for Revenue Recognition)

The revised 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 fiscal year ended 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 Revenue Recognition Accounting Standard 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 fiscal year ended March 31, 2022.

This change had no impact on profit/loss and the opening balance of retained earnings for fiscal year ended March 31, 2022.

(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 fiscal year ended 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 consolidated financial statements for fiscal year ended March 31, 2022.

(Segment information and related information)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

The Group has operating subsidiaries for different products and services. Each operating subsidiary formulates comprehensive domestic and overseas strategies and conducts business activities for the products and services it handles.

Group business segments are therefore based on these operating subsidiaries, and are divided into two reportable segments: The Electronic Materials business and the Medical and Pharmaceutical business.

The Electronic Materials business develops, manufactures, sells, and procures and sells Printed Wiring Board materials and chemical products for use in electronic components. The Medical and Pharmaceutical business engages in manufacturing and marketing of ethical pharmaceuticals, and provides contract development and manufacturing organization (CDMO) services of ethical pharmaceuticals.

2. Information on the calculation of net sales, profit or loss, assets and other items by reportable segment

The accounting method applied for the reportable segments is complied with the accounting policies adopted for preparation of consolidated financial statements.

Profit by reportable segment represents operating income.

Inter-segment revenue and transactions are based on the market prices.

3. Information regarding net sales, profit or loss, assets and other items by reportable segment

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments			Other (Note 1)	Total
	Electronic Materials	Medical and Pharmaceutical	Total sales		
Net sales					
External sales	53,096	24,553	77,650	3,340	80,991
Inter-segment sales or transfers	—	—	—	147	147
Total sales	53,096	24,553	77,650	3,487	81,138
Segment profit	11,208	3,837	15,046	32	15,079
Segment assets	62,180	62,058	124,239	7,788	132,027
Other items					
Depreciation (Note 2)	1,718	4,402	6,120	380	6,501
Increase in property, plant and equipment and intangible assets	3,415	8,122	11,537	417	11,955

Notes: 1. The "Other" category represents operating segments not included in reportable segments, and includes energy business, food business, fine chemicals business, and ICT business.

2. Depreciation does not include amortization of goodwill.

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments			Other (Note 1)	Total
	Electronic Materials	Medical and Pharmaceutical	Total sales		
Net sales					
External sales	71,093	23,467	94,560	3,405	97,966
Inter-segment sales or transfers	—	—	—	154	154
Total sales	71,093	23,467	94,560	3,560	98,121
Segment profit	17,082	2,400	19,482	28	19,511
Segment assets	78,238	65,147	143,385	8,027	151,412
Other items					
Depreciation (Note 2)	2,263	4,248	6,512	382	6,895
Increase in property, plant and equipment and intangible assets	3,222	6,279	9,501	332	9,834

Notes: 1. The “Other” category represents operating segments not included in reportable segments, and includes energy business, food business, fine chemicals business, and ICT business.

2. Depreciation does not include amortization of goodwill.

4. Differences between total amounts in reportable segments and the amount recorded on consolidated financial statements, and details of thereof (reconciliation)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segments total	77,650	94,560
“Other” segment sales	3,487	3,560
Inter-segment eliminations	(147)	(154)
Net sales in the consolidated statement of income	80,991	97,966

(Millions of yen)

Profit	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segments total	15,046	19,482
“Other” segment profit	32	28
Inter-segment eliminations	(5)	(8)
Profit/loss not allocated to business segments (Note)	(1,130)	(1,543)
Operating income in the consolidated statement of income	13,943	17,958

Note: Profit/loss primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Assets	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segments total	124,239	143,385
“Other” segment assets	7,788	8,027
Inter-segment eliminations	(121)	(36)
Assets not allocated to business segments (Note)	47,206	38,041
Reclassification by tax effect accounting	(111)	(143)
Total assets in the consolidated balance sheet	179,001	189,273

Note: Assets primarily related to the holding company (company filing the consolidated financial statements).

(Millions of yen)

Other items	Reportable segments total		Other		Adjustments (Note)		Amount on the consolidated financial statements	
	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2021	FY ended March 31, 2022
Depreciation	6,120	6,512	380	382	492	601	6,994	7,497
Increase in property, plant and equipment and intangible assets	11,537	9,501	417	332	1,168	1,678	13,124	11,513

Note: Primarily related to the holding company (company filing the consolidated financial statements).

[Related information]

I Fiscal year ended March 31, 2021

1. Information by product and service

(Millions of yen)

	Electronic Materials	Medical and Pharmaceutical	Other	Total
External sales	53,096	24,553	3,340	80,991

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
32,877	26,259	6,863	10,443	4,546	80,991

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
36,852	2,519	3,801	1,667	1,508	46,348

3. Information by main customer

(Millions of yen)

Customer Name	Net sales	Name of Related Segment
Daiichi Sankyo Co., Ltd. (Note)	13,985	Medical and Pharmaceutical Business

Note: Shows aggregated net sales posted to Daiichi Sankyo Espha Co., Ltd., which is affiliated with the Daiichi Sankyo Co., Ltd. corporate group.

II Fiscal year ended March 31, 2022

1. Information by product and service

(Millions of yen)

	Electronic Materials	Medical and Pharmaceutical	Other	Total
External sales	71,093	23,467	3,405	97,966

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
32,472	37,019	8,162	15,294	5,018	97,966

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Taiwan	Korea	Other	Total
40,743	3,348	4,198	1,773	2,191	52,255

3. Information by main customer

(Millions of yen)

Customer Name	Net sales	Name of Related Segment
Daiichi Sankyo Co., Ltd. (Note)	12,059	Medical and Pharmaceutical Business

Note: Shows aggregated net sales posted to Daiichi Sankyo Espha Co., Ltd., which is affiliated with the Daiichi Sankyo Co., Ltd. corporate group.

[Information regarding impairment loss on non-current assets by reportable segment]

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments			Other	Corporate and Elimination	Total
	Electronic Materials	Medical and Pharmaceutical	Total			
Impairment loss	—	199	199	—	—	199

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments			Other	Corporate and Elimination	Total
	Electronic Materials	Medical and Pharmaceutical	Total			
Impairment loss	893	333	1,227	—	(124)	1,102

Note: The figure for "Corporate and Elimination" is the amount for the elimination of unrealized profits for intangible assets.

[Information on amortization of goodwill and the unamortized balance by reportable segment]

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments			Other	Corporate and Elimination	Total
	Electronic Materials	Medical and Pharmaceutical	Total			
Amortization for fiscal year ended March 31, 2021	42	429	472	10	—	483
Remaining balance as of March 31, 2021	556	5,803	6,359	45	—	6,404

Note: The figure for “Other” is the amount for the software development business.

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments			Other	Corporate and Elimination	Total
	Electronic Materials	Medical and Pharmaceutical	Total			
Amortization for fiscal year ended March 31, 2022	47	429	477	10	—	487
Remaining balance as of March 31, 2022	564	5,373	5,937	34	—	5,972

Note: The figure for “Other” is the amount for the software development business.

[Information on negative goodwill by reportable segment]

Fiscal year ended March 31, 2021

Not applicable

Fiscal year ended March 31, 2022

Not applicable

(Per share information)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	1,348.42 yen	1,522.11 yen
Basic earnings per share	167.49 yen	209.13 yen

- Notes:
1. Diluted earnings per share is not presented because there are no dilutive shares.
 2. In calculating net assets per share, treasury shares are deducted, and shares held in the trust account for shares granted under the Employee Stock Ownership Plan (ESOP) are included in the treasury shares (previous consolidated fiscal year: 267,660 shares (after stock split); current consolidated fiscal year: 205,420 shares).
 3. We performed a stock split effective from October 1, 2021 whereby each common stock of Taiyo Holdings was divided into two shares. We calculated the net assets per share and basic earnings per share under the assumption that this stock split was performed at the beginning of the previous consolidated fiscal year.
 4. The basis for calculating basic earnings per share is shown below.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit attributable to owners of parent (Millions of yen)	9,529	11,803
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent for common shares (Millions of yen)	9,529	11,803
Average number of outstanding common shares during the period (Shares)	56,898,209	56,442,900

- Note:
- In calculating the average number of outstanding common shares during the period, treasury shares are deducted and shares held in the trust account for shares granted under the Employee Stock Ownership Plan are included in the treasury shares (previous consolidated fiscal year: 282,269 shares (after stock split); current consolidated fiscal year: 225,177 shares).

(Significant subsequent events)

Not applicable

4. Other

(1) Changes in Directors and Audit & Supervisory Board Members

1. Director candidates

Eiji Sato	(Reappointment)
Eiji Takehara	(Reappointment)
Hitoshi Saito	(Reappointment)
Masao Arima	(New nomination)
Tomoyuki Tanaka	(New nomination)
Masayuki Hizume	(Reappointment)
Keiko Tsuchiya	(Reappointment)
Asako Aoyama	(Reappointment)
Yumiko Kamada	(Reappointment)

2. Directors planning to retire

Toshifumi Tamaki

3. Audit & Supervisory Board Member candidates

Hidenori Sugiura	(Reappointment)
Kaori Terunuma	(New nomination)
Ikumi Sato	(New nomination)

4. Audit & Supervisory Board Members planning to retire

Masaru Oki

5. Scheduled effective date of assumption

June 18, 2022

* Notification will be promptly provided concerning the details of representative, full-time, outside, independent, and other positions as soon as they are determined.