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May 12, 2022

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (under Japanese GAAP)

Company name: **TAKARA STANDARD CO., LTD.**
 Stock listing: Tokyo Stock Exchange
 Stock code: 7981
 URL: <https://www.takara-standard.co.jp/>
 Representative: Takeo Watanabe, President
 Inquiries: Kaoru Umeda, Executive Officer in charge of Accounting Department, Administration Division
 URL: https://forms.takara-standard.co.jp/webapp/form/22048_aqgb_6/index.do

Scheduled date of Annual General Meeting of Shareholders: June 29, 2022

Scheduled date to commence dividend payments: June 30, 2022

Scheduled date to file annual securities report: June 29, 2022

Preparation of supplementary material on financial results: None

Holding of financial results presentation meeting: None

(Million 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) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	211,587	10.6	14,428	31.6	14,856	30.4	10,905	43.7
March 31, 2021	191,229	–	10,961	(13.2)	11,392	(13.1)	7,588	(12.2)

Note: Comprehensive income
 Fiscal year ended March 31, 2022: ¥8,811 million [(20.3)%]
 Fiscal year ended March 31, 2021: ¥11,056 million [55.3 %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	149.11	–	6.1	5.5	6.8
March 31, 2021	103.76	–	4.4	4.4	5.7

Reference: Equity in earnings (losses) of associates

Fiscal year ended March 31, 2022: ¥– million

Fiscal year ended March 31, 2021: ¥– million

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and related standards from the beginning of the fiscal year ended March 31, 2022, and the consolidated operating results for the fiscal year ended March 31, 2021 are retrospectively restated. However, in accordance with the transitional treatment, the percentage of year-on-year change of net sales for the fiscal year ended March 31, 2021, is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	276,838	181,415	65.5	2,480.47
March 31, 2021	258,652	175,310	67.8	2,396.98

Reference: Equity

As of March 31, 2022: ¥181,415 million

As of March 31, 2021: ¥175,310 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	19,683	(3,089)	(2,706)	88,607
March 31, 2021	7,953	(5,380)	(2,486)	74,719

2. Dividends

	Annual dividends					Total dividend payments	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	–	17.00	–	17.00	34.00	2,486	32.8	1.5
Fiscal year ended March 31, 2022	–	20.00	–	32.00	52.00	3,803	34.9	2.1
Fiscal year ending March 31, 2023 (Forecasts)	–	26.00	–	26.00	52.00		46.4	

Breakdown of year-end dividend for the fiscal year ended March 31, 2022: Ordinary dividend of ¥26.00, and commemorative dividend of ¥6.00 (110th anniversary commemorative dividend)

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2022	104,700	3.0	5,700	(26.1)	5,900	(26.1)	3,800	(30.0)	51.96
Full year	217,600	2.8	12,300	(14.8)	12,700	(14.5)	8,200	(24.8)	112.12

* 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

(3) Number of issued shares (common stock)

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

As of March 31, 2022	73,937,194 shares
As of March 31, 2021	73,937,194 shares

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

As of March 31, 2022	799,457 shares
As of March 31, 2021	799,397 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2022	73,137,792 shares
Fiscal year ended March 31, 2021	73,138,076 shares

*** Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

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

Forward-looking statements provided in this document, including earnings forecasts, are based on the information currently available to the Company and certain assumptions considered reasonable. Such statements are included without any guarantee as to their future achievement. Actual business and other results may differ materially from the forecasts depending on various factors.

Consolidated Financial Statements
(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	74,719	88,607
Notes receivable - trade	11,368	5,366
Accounts receivable - trade	28,036	30,392
Electronically recorded monetary claims - operating	19,308	27,490
Merchandise and finished goods	8,744	10,574
Work in process	2,730	3,045
Raw materials and supplies	3,632	4,642
Other	261	357
Allowance for doubtful accounts	(16)	(18)
Total current assets	148,785	170,456
Non-current assets		
Property, plant and equipment		
Buildings and structures	92,405	92,024
Accumulated depreciation	(66,221)	(66,920)
Buildings and structures, net	26,184	25,104
Machinery, equipment and vehicles	45,383	46,867
Accumulated depreciation	(36,366)	(36,998)
Machinery, equipment and vehicles, net	9,016	9,869
Tools, furniture and fixtures	28,732	29,824
Accumulated depreciation	(20,934)	(21,764)
Tools, furniture and fixtures, net	7,798	8,060
Land	39,558	37,389
Construction in progress	683	2,027
Total property, plant and equipment	83,240	82,451
Intangible assets	1,937	1,700
Investments and other assets		
Investment securities	16,816	13,411
Long-term loans receivable	312	208
Deferred tax assets	5,144	6,211
Other	2,434	2,408
Allowance for doubtful accounts	(19)	(8)
Total investments and other assets	24,688	22,230
Total non-current assets	109,867	106,382
Total assets	258,652	276,838

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,116	18,194
Electronically recorded obligations - operating	20,620	27,683
Short-term borrowings	9,700	9,700
Income taxes payable	1,542	3,204
Other	13,979	15,233
Total current liabilities	62,958	74,016
Non-current liabilities		
Deferred tax liabilities for land revaluation	1,569	2,759
Retirement benefit liability	18,524	18,362
Other	290	284
Total non-current liabilities	20,384	21,406
Total liabilities	83,342	95,422
Net assets		
Shareholders' equity		
Share capital	26,356	26,356
Capital surplus	30,736	30,736
Retained earnings	114,296	120,753
Treasury shares	(934)	(934)
Total shareholders' equity	170,455	176,912
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,173	5,231
Deferred gains or losses on hedges	(3)	–
Revaluation reserve for land	613	1,897
Remeasurements of defined benefit plans	(2,928)	(2,624)
Total accumulated other comprehensive income	4,854	4,503
Total net assets	175,310	181,415
Total liabilities and net assets	258,652	276,838

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	191,229	211,587
Cost of sales	121,706	135,462
Gross profit	69,522	76,125
Selling, general and administrative expenses	58,561	61,696
Operating profit	10,961	14,428
Non-operating income		
Interest income	3	4
Dividend income	418	445
Other	99	102
Total non-operating income	521	552
Non-operating expenses		
Interest expenses	63	57
Product safety costs	–	43
Other	26	23
Total non-operating expenses	90	124
Ordinary profit	11,392	14,856
Extraordinary income		
Gain on sale of non-current assets	28	598
Gain on sale of investment securities	17	1,157
Total extraordinary income	45	1,755
Extraordinary losses		
Loss on retirement of non-current assets	308	349
Loss on sale of non-current assets	35	382
Loss on valuation of investment securities	–	3
Impairment losses	131	133
Total extraordinary losses	476	867
Profit before income taxes	10,961	15,743
Income taxes - current	3,313	4,452
Income taxes - deferred	59	385
Total income taxes	3,372	4,838
Profit	7,588	10,905
Profit attributable to owners of parent	7,588	10,905

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,588	10,905
Other comprehensive income		
Valuation difference on available-for-sale securities	3,291	(1,942)
Deferred gains or losses on hedges	4	3
Revaluation reserve for land	–	(458)
Remeasurements of defined benefit plans, net of tax	170	303
Total other comprehensive income	3,467	(2,093)
Comprehensive income	11,056	8,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,056	8,811
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statements 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	26,356	30,736	109,310	(933)	165,469
Changes during period					
Dividends of surplus			(2,486)		(2,486)
Profit attributable to owners of parent			7,588		7,588
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(116)		(116)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,986	(0)	4,985
Balance at end of period	26,356	30,736	114,296	(934)	170,455

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,882	(8)	497	(3,099)	1,271	166,741
Changes during period						
Dividends of surplus						(2,486)
Profit attributable to owners of parent						7,588
Purchase of treasury shares						(0)
Reversal of revaluation reserve for land						(116)
Net changes in items other than shareholders' equity	3,291	4	116	170	3,583	3,583
Total changes during period	3,291	4	116	170	3,583	8,568
Balance at end of period	7,173	(3)	613	(2,928)	4,854	175,310

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	26,356	30,736	114,296	(934)	170,455
Changes during period					
Dividends of surplus			(2,706)		(2,706)
Profit attributable to owners of parent			10,905		10,905
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(1,742)		(1,742)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	6,457	(0)	6,457
Balance at end of period	26,356	30,736	120,753	(934)	176,912

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	7,173	(3)	613	(2,928)	4,854	175,310
Changes during period						
Dividends of surplus						(2,706)
Profit attributable to owners of parent						10,905
Purchase of treasury shares						(0)
Reversal of revaluation reserve for land						(1,742)
Net changes in items other than shareholders' equity	(1,942)	3	1,283	303	(351)	(351)
Total changes during period	(1,942)	3	1,283	303	(351)	6,105
Balance at end of period	5,231	–	1,897	(2,624)	4,503	181,415

(4) Consolidated statements 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	10,961	15,743
Depreciation	6,046	6,467
Impairment losses	131	133
Increase (decrease) in allowance for doubtful accounts	(2)	(8)
Increase (decrease) in retirement benefit liability	(4,426)	275
Interest and dividend income	(421)	(449)
Interest expenses	63	57
Loss (gain) on sale of investment securities	(16)	(1,157)
Loss (gain) on valuation of investment securities	–	3
Loss (gain) on sale of property, plant and equipment	0	(217)
Loss on retirement of property, plant and equipment	308	349
Decrease (increase) in trade receivables	360	(4,521)
Decrease (increase) in inventories	1	(3,155)
Increase (decrease) in trade payables	(809)	7,651
Other, net	(73)	960
Subtotal	12,125	22,132
Interest and dividends received	422	449
Interest paid	(63)	(57)
Income taxes paid	(4,529)	(2,840)
Net cash provided by (used in) operating activities	7,953	19,683
Cash flows from investing activities		
Purchase of investment securities	(25)	(24)
Proceeds from sale of investment securities	44	1,783
Purchase of property, plant and equipment	(4,777)	(7,168)
Proceeds from sale of property, plant and equipment	661	2,747
Purchase of intangible assets	(914)	(478)
Loan advances	(309)	–
Proceeds from collection of loans receivable	7	104
Other, net	(67)	(53)
Net cash provided by (used in) investing activities	(5,380)	(3,089)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,485)	(2,706)
Net cash provided by (used in) financing activities	(2,486)	(2,706)
Net increase (decrease) in cash and cash equivalents	86	13,887
Cash and cash equivalents at beginning of period	74,633	74,719
Cash and cash equivalents at end of period	74,719	88,607