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May 11, 2023

Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (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
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Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date to commence dividend payments: June 30, 2023

Scheduled date to file annual securities report: June 29, 2023

Preparation of supplementary material on financial results: Yes

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, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	227,423	7.5	10,940	(24.2)	11,490	(22.7)	8,417	(22.8)
March 31, 2022	211,587	10.6	14,428	31.6	14,856	30.4	10,905	43.7

Note: Comprehensive income
 Fiscal year ended March 31, 2023: ¥7,955 million [(9.7)%]
 Fiscal year ended March 31, 2022: ¥8,811 million [(20.3)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
March 31, 2023	117.79	–	4.6	4.1	4.8
March 31, 2022	149.11	–	6.1	5.5	6.8

Reference: Equity in earnings (losses) of associates
 Fiscal year ended March 31, 2023: ¥– million Fiscal year ended March 31, 2022: ¥– million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	279,878	181,516	64.9	2,579.88
March 31, 2022	276,838	181,415	65.5	2,480.47

Reference: Equity
 As of March 31, 2023: ¥181,516 million As of March 31, 2022: ¥181,415 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, 2023	6,604	(5,386)	(9,448)	80,376
March 31, 2022	19,683	(3,089)	(2,706)	88,607

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, 2022	–	20.00	–	32.00	52.00	3,803	34.9	2.1
Fiscal year ended March 31, 2023	–	26.00	–	26.00	52.00	3,674	44.1	2.1
Fiscal year ending March 31, 2024 (Forecasts)	–	27.00	–	27.00	54.00		40.0	

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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	113,700	3.3	6,600	8.4	6,800	6.4	4,500	8.4	63.96
Full year	235,300	3.5	14,100	28.9	14,500	26.2	9,500	12.9	135.02

* 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

- Changes in accounting policies due to revisions to accounting standards and other regulations: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatement of prior period financial statements after error corrections: None

(3) Number of issued shares (common stock)

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

As of March 31, 2023	70,368,194 shares
As of March 31, 2022	73,937,194 shares

- Number of treasury shares at the end of the period

As of March 31, 2023	9,747 shares
As of March 31, 2022	799,457 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2023	71,459,796 shares
Fiscal year ended March 31, 2022	73,137,792 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	88,607	80,376
Notes receivable - trade	5,366	4,545
Accounts receivable - trade	30,392	33,376
Electronically recorded monetary claims - operating	27,490	30,824
Merchandise and finished goods	10,574	13,602
Work in process	3,045	4,245
Raw materials and supplies	4,642	6,400
Other	357	410
Allowance for doubtful accounts	(18)	(5)
Total current assets	170,456	173,775
Non-current assets		
Property, plant and equipment		
Buildings and structures	92,024	91,278
Accumulated depreciation	(66,920)	(66,787)
Buildings and structures, net	25,104	24,490
Machinery, equipment and vehicles	46,867	49,374
Accumulated depreciation	(36,998)	(38,397)
Machinery, equipment and vehicles, net	9,869	10,976
Tools, furniture and fixtures	29,824	31,454
Accumulated depreciation	(21,764)	(22,789)
Tools, furniture and fixtures, net	8,060	8,664
Land	37,389	36,765
Construction in progress	2,027	2,472
Total property, plant and equipment	82,451	83,369
Intangible assets	1,700	1,651
Investments and other assets		
Investment securities	13,411	12,057
Long-term loans receivable	208	91
Deferred tax assets	6,211	6,412
Other	2,408	2,529
Allowance for doubtful accounts	(8)	(9)
Total investments and other assets	22,230	21,081
Total non-current assets	106,382	106,102
Total assets	276,838	279,878

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,194	19,953
Electronically recorded obligations - operating	27,683	31,937
Short-term borrowings	9,700	8,100
Income taxes payable	3,204	1,970
Other	14,811	14,140
Total current liabilities	73,593	76,102
Non-current liabilities		
Deferred tax liabilities for land revaluation	2,759	2,758
Retirement benefit liability	18,362	18,767
Other	707	734
Total non-current liabilities	21,829	22,259
Total liabilities	95,422	98,361
Net assets		
Shareholders' equity		
Share capital	26,356	26,356
Capital surplus	30,736	30,734
Retained earnings	120,753	120,322
Treasury shares	(934)	(12)
Total shareholders' equity	176,912	177,402
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,231	4,784
Revaluation reserve for land	1,897	1,969
Remeasurements of defined benefit plans	(2,624)	(2,639)
Total accumulated other comprehensive income	4,503	4,114
Total net assets	181,415	181,516
Total liabilities and net assets	276,838	279,878

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	211,587	227,423
Cost of sales	135,462	151,395
Gross profit	76,125	76,027
Selling, general and administrative expenses	61,696	65,087
Operating profit	14,428	10,940
Non-operating income		
Interest income	4	5
Dividend income	445	461
Other	102	186
Total non-operating income	552	653
Non-operating expenses		
Interest expenses	57	48
Product safety costs	43	23
Other	23	31
Total non-operating expenses	124	103
Ordinary profit	14,856	11,490
Extraordinary income		
Gain on sale of non-current assets	598	180
Gain on sale of investment securities	1,157	1,479
Total extraordinary income	1,755	1,659
Extraordinary losses		
Loss on retirement of non-current assets	349	435
Loss on sale of non-current assets	382	177
Loss on valuation of investment securities	3	7
Impairment losses	133	61
110th anniversary expenses	-	251
Total extraordinary losses	867	933
Profit before income taxes	15,743	12,216
Income taxes - current	4,452	3,798
Income taxes - deferred	385	0
Total income taxes	4,838	3,798
Profit	10,905	8,417
Profit attributable to owners of parent	10,905	8,417

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	10,905	8,417
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,942)	(446)
Deferred gains or losses on hedges	3	–
Revaluation reserve for land	(458)	–
Remeasurements of defined benefit plans, net of tax	303	(14)
Total other comprehensive income	(2,093)	(461)
Comprehensive income	8,811	7,955
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,811	7,955
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(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	120,753	(934)	176,912
Changes during period					
Dividends of surplus			(4,185)		(4,185)
Profit attributable to owners of parent			8,417		8,417
Purchase of treasury shares				(3,669)	(3,669)
Cancellation of treasury shares		(1)	(4,590)	4,591	–
Reversal of revaluation reserve for land			(72)		(72)
Net changes in items other than shareholders' equity					
Total changes during period	–	(1)	(430)	922	489
Balance at end of period	26,356	30,734	120,322	(12)	177,402

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	5,231	1,897	(2,624)	4,503	181,415
Changes during period					
Dividends of surplus					(4,185)
Profit attributable to owners of parent					8,417
Purchase of treasury shares					(3,669)
Cancellation of treasury shares					–
Reversal of revaluation reserve for land					(72)
Net changes in items other than shareholders' equity	(446)	72	(14)	(388)	(388)
Total changes during period	(446)	72	(14)	(388)	100
Balance at end of period	4,784	1,969	(2,639)	4,114	181,516

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	15,743	12,216
Depreciation	6,467	6,729
Impairment losses	133	61
Increase (decrease) in allowance for doubtful accounts	(8)	(11)
Increase (decrease) in retirement benefit liability	275	383
Interest and dividend income	(449)	(466)
Interest expenses	57	48
Loss (gain) on sale of investment securities	(1,157)	(1,477)
Loss (gain) on valuation of investment securities	3	7
Loss (gain) on sale of property, plant and equipment	(217)	(3)
Loss on retirement of property, plant and equipment	349	435
Decrease (increase) in trade receivables	(4,521)	(5,481)
Decrease (increase) in inventories	(3,155)	(5,986)
Increase (decrease) in trade payables	7,651	5,803
Other, net	960	(1,042)
Subtotal	22,132	11,214
Interest and dividends received	449	466
Interest paid	(57)	(46)
Income taxes paid	(2,840)	(5,030)
Net cash provided by (used in) operating activities	19,683	6,604
Cash flows from investing activities		
Purchase of investment securities	(24)	(24)
Proceeds from sale of investment securities	1,783	2,205
Purchase of property, plant and equipment	(7,168)	(8,239)
Proceeds from sale of property, plant and equipment	2,747	1,140
Purchase of intangible assets	(478)	(385)
Proceeds from collection of loans receivable	104	116
Other, net	(53)	(200)
Net cash provided by (used in) investing activities	(3,089)	(5,386)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(1,600)
Purchase of treasury shares	(0)	(3,669)
Dividends paid	(2,706)	(4,179)
Net cash provided by (used in) financing activities	(2,706)	(9,448)
Net increase (decrease) in cash and cash equivalents	13,887	(8,230)
Cash and cash equivalents at beginning of period	74,719	88,607
Cash and cash equivalents at end of period	88,607	80,376