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February 1, 2024

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (under Japanese GAAP)

Company name: **TAKARA STANDARD CO., LTD.**
 Stock listing: Tokyo Stock Exchange
 Stock code: 7981
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 Representative: Takeo Watanabe, President
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Scheduled date to file quarterly securities report: February 13, 2024

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: None

(Million yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	179,412	3.9	10,718	7.5	11,060	5.8	8,239	5.2
December 31, 2022	172,722	7.4	9,971	(26.4)	10,456	(25.1)	7,831	(15.4)

Note: Comprehensive income
 Nine months ended December 31, 2023: ¥9,130 million [15.6%]
 Nine months ended December 31, 2022: ¥7,896 million [(11.8)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	118.58	—
December 31, 2022	109.05	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2023	268,393	183,363	68.3	2,683.21
March 31, 2023	279,878	181,516	64.9	2,579.88

Reference: Equity

As of December 31, 2023: ¥183,363 million

As of March 31, 2023: ¥181,516 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	26.00	—	26.00	52.00
Fiscal year ending March 31, 2024	—	27.00	—		
Fiscal year ending March 31, 2024 (Forecasts)				27.00	54.00

(Note) Revisions to the forecast of dividends most recently announced: None

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
Full year	235,300	3.5	12,300	12.4	12,600	9.7	9,500	12.9	139.02

(Note) Revisions to the consolidated earnings forecasts most recently announced: Yes

Regarding revisions to the consolidated earnings forecasts, please refer to the “Notice Concerning Revisions to Full-year Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024” announced today (February 1, 2024).

* Notes

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

(2) Application of special 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

- 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

(4) Number of issued shares (common stock)

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

As of December 31, 2023	70,368,194 shares
As of March 31, 2023	70,368,194 shares

- Number of treasury shares at the end of the period

As of December 31, 2023	2,030,976 shares
As of March 31, 2023	9,747 shares

- Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	69,485,968 shares
Nine months ended December 31, 2022	71,815,718 shares

* **Quarterly financial results reports are exempt from quarterly review 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.

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	80,376	56,159
Notes receivable - trade	4,545	4,337
Accounts receivable - trade	33,376	36,996
Electronically recorded monetary claims - operating	30,824	36,835
Merchandise and finished goods	13,602	12,689
Work in process	4,245	4,830
Raw materials and supplies	6,400	7,526
Other	410	1,561
Allowance for doubtful accounts	(5)	(6)
Total current assets	173,775	160,929
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,490	23,780
Land	36,765	36,464
Other, net	22,113	24,841
Total property, plant and equipment	83,369	85,086
Intangible assets	1,651	1,782
Investments and other assets		
Investment securities	12,057	12,339
Other	9,033	8,265
Allowance for doubtful accounts	(9)	(10)
Total investments and other assets	21,081	20,594
Total non-current assets	106,102	107,463
Total assets	279,878	268,393

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,953	17,870
Electronically recorded obligations - operating	31,937	20,914
Short-term borrowings	8,100	7,650
Income taxes payable	1,970	1,672
Other	14,140	14,518
Total current liabilities	76,102	62,626
Non-current liabilities		
Retirement benefit liability	18,767	18,876
Other	3,492	3,527
Total non-current liabilities	22,259	22,403
Total liabilities	98,361	85,030
Net assets		
Shareholders' equity		
Share capital	26,356	26,356
Capital surplus	30,734	30,734
Retained earnings	120,322	124,842
Treasury shares	(12)	(3,603)
Total shareholders' equity	177,402	178,331
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,784	5,303
Revaluation reserve for land	1,969	1,997
Remeasurements of defined benefit plans	(2,639)	(2,268)
Total accumulated other comprehensive income	4,114	5,032
Total net assets	181,516	183,363
Total liabilities and net assets	279,878	268,393

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	172,722	179,412
Cost of sales	114,328	118,594
Gross profit	58,394	60,817
Selling, general and administrative expenses	48,422	50,099
Operating profit	9,971	10,718
Non-operating income		
Interest income	4	3
Dividend income	453	364
Other	107	62
Total non-operating income	565	430
Non-operating expenses		
Interest expenses	37	32
Product safety costs	17	24
Other	25	30
Total non-operating expenses	79	87
Ordinary profit	10,456	11,060
Extraordinary income		
Gain on sale of non-current assets	156	62
Gain on sale of investment securities	1,479	1,253
Total extraordinary income	1,636	1,315
Extraordinary losses		
Loss on retirement of non-current assets	290	280
Loss on sale of non-current assets	172	125
Loss on valuation of investment securities	7	-
Impairment losses	44	16
110th anniversary expenses	228	-
Total extraordinary losses	743	422
Profit before income taxes	11,349	11,953
Income taxes	3,517	3,713
Profit	7,831	8,239
Profit attributable to owners of parent	7,831	8,239

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	7,831	8,239
Other comprehensive income		
Valuation difference on available-for-sale securities	(288)	518
Remeasurements of defined benefit plans, net of tax	353	371
Total other comprehensive income	65	890
Comprehensive income	7,896	9,130
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,896	9,130
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	11,349	11,953
Depreciation	4,970	5,294
Impairment losses	44	16
Increase (decrease) in allowance for doubtful accounts	3	2
Increase (decrease) in retirement benefit liability	410	644
Interest and dividend income	(457)	(367)
Interest expenses	37	32
Loss (gain) on sale of investment securities	(1,477)	(1,253)
Loss (gain) on valuation of investment securities	7	-
Loss (gain) on sale of property, plant and equipment	15	60
Loss on retirement of property, plant and equipment	290	280
Decrease (increase) in trade receivables	(12,474)	(9,347)
Decrease (increase) in inventories	(4,565)	(798)
Increase (decrease) in trade payables	9,076	(14,024)
Other, net	(1,741)	(929)
Subtotal	5,487	(8,436)
Interest and dividends received	457	367
Interest paid	(35)	(31)
Income taxes paid	(5,028)	(3,472)
Net cash provided by (used in) operating activities	881	(11,573)
Cash flows from investing activities		
Purchase of investment securities	(22)	(15)
Proceeds from sale of investment securities	2,205	1,732
Purchase of property, plant and equipment	(6,280)	(6,729)
Proceeds from sale of property, plant and equipment	978	510
Purchase of intangible assets	(194)	(407)
Proceeds from collection of loans receivable	89	69
Other, net	(130)	(88)
Net cash provided by (used in) investing activities	(3,354)	(4,927)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,600)	(450)
Purchase of treasury shares	(3,531)	(3,590)
Dividends paid	(4,169)	(3,675)
Net cash provided by (used in) financing activities	(9,301)	(7,716)
Net increase (decrease) in cash and cash equivalents	(11,774)	(24,217)
Cash and cash equivalents at beginning of period	88,607	80,376
Cash and cash equivalents at end of period	76,833	56,159