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August 1, 2023

Summary of Consolidated Financial Results for the Three Months Ended June 30, 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
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Scheduled date to file quarterly securities report: August 10, 2023
 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative) (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	%
Three months ended								
June 30, 2023	57,237	5.3	2,683	(16.8)	2,874	(17.8)	1,925	(15.9)
June 30, 2022	54,354	9.0	3,224	(13.4)	3,498	(11.1)	2,289	(15.7)

Note: Comprehensive income
 Three months ended June 30, 2023: ¥2,732 million [13.1%]
 Three months ended June 30, 2022: ¥2,416 million [6.9%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	27.37	–
June 30, 2022	31.30	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2023	273,886	182,419	66.6	2,592.72
March 31, 2023	279,878	181,516	64.9	2,579.88

Reference: Equity
 As of June 30, 2023: ¥182,419 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	–				
Fiscal year ending March 31, 2024 (Forecasts)		27.00	–	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
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

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

* 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
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - 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

(4) Number of issued shares (common stock)

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

As of June 30, 2023	70,368,194 shares
As of March 31, 2023	70,368,194 shares

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

As of June 30, 2023	9,816 shares
As of March 31, 2023	9,747 shares

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

Three months ended June 30, 2023	70,358,401 shares
Three months ended June 30, 2022	73,137,717 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 June 30, 2023
Assets		
Current assets		
Cash and deposits	80,376	69,326
Notes receivable - trade	4,545	4,523
Accounts receivable - trade	33,376	35,184
Electronically recorded monetary claims - operating	30,824	30,238
Merchandise and finished goods	13,602	15,191
Work in process	4,245	4,506
Raw materials and supplies	6,400	6,949
Other	410	1,459
Allowance for doubtful accounts	(5)	(6)
Total current assets	173,775	167,373
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,490	24,161
Land	36,765	36,679
Other, net	22,113	22,379
Total property, plant and equipment	83,369	83,220
Intangible assets	1,651	1,586
Investments and other assets		
Investment securities	12,057	13,046
Other	9,033	8,668
Allowance for doubtful accounts	(9)	(8)
Total investments and other assets	21,081	21,706
Total non-current assets	106,102	106,513
Total assets	279,878	273,886

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,953	19,661
Electronically recorded obligations - operating	31,937	23,429
Short-term borrowings	8,100	8,100
Income taxes payable	1,970	1,072
Other	14,140	16,834
Total current liabilities	76,102	69,098
Non-current liabilities		
Retirement benefit liability	18,767	18,860
Other	3,492	3,508
Total non-current liabilities	22,259	22,369
Total liabilities	98,361	91,467
Net assets		
Shareholders' equity		
Share capital	26,356	26,356
Capital surplus	30,734	30,734
Retained earnings	120,322	120,419
Treasury shares	(12)	(12)
Total shareholders' equity	177,402	177,498
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,784	5,467
Revaluation reserve for land	1,969	1,969
Remeasurements of defined benefit plans	(2,639)	(2,515)
Total accumulated other comprehensive income	4,114	4,920
Total net assets	181,516	182,419
Total liabilities and net assets	279,878	273,886

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	54,354	57,237
Cost of sales	35,403	38,152
Gross profit	18,950	19,084
Selling, general and administrative expenses	15,726	16,401
Operating profit	3,224	2,683
Non-operating income		
Interest income	1	1
Dividend income	234	194
Other	66	16
Total non-operating income	302	212
Non-operating expenses		
Interest expenses	13	11
Product safety costs	5	7
Other	10	2
Total non-operating expenses	28	21
Ordinary profit	3,498	2,874
Extraordinary income		
Gain on sale of non-current assets	98	4
Total extraordinary income	98	4
Extraordinary losses		
Loss on retirement of non-current assets	129	29
Loss on sale of non-current assets	80	50
Loss on valuation of investment securities	7	-
Impairment losses	29	2
110th anniversary expenses	60	-
Total extraordinary losses	307	81
Profit before income taxes	3,289	2,797
Income taxes	1,000	872
Profit	2,289	1,925
Profit attributable to owners of parent	2,289	1,925

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	2,289	1,925
Other comprehensive income		
Valuation difference on available-for-sale securities	9	683
Remeasurements of defined benefit plans, net of tax	117	123
Total other comprehensive income	127	807
Comprehensive income	2,416	2,732
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,416	2,732
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,289	2,797
Depreciation	1,647	1,713
Impairment losses	29	2
Increase (decrease) in allowance for doubtful accounts	-	(0)
Increase (decrease) in retirement benefit liability	69	271
Interest and dividend income	(236)	(196)
Interest expenses	13	11
Loss (gain) on valuation of investment securities	7	-
Loss (gain) on sale of property, plant and equipment	(18)	44
Loss on retirement of property, plant and equipment	129	29
Decrease (increase) in trade receivables	(2,537)	(1,170)
Decrease (increase) in inventories	(2,361)	(2,399)
Increase (decrease) in trade payables	2,740	(8,637)
Other, net	854	1,122
Subtotal	3,628	(6,410)
Interest and dividends received	236	196
Interest paid	(13)	(11)
Income taxes paid	(2,400)	(1,162)
Net cash provided by (used in) operating activities	1,450	(7,388)
Cash flows from investing activities		
Purchase of investment securities	(13)	(5)
Proceeds from sale of investment securities	1	-
Purchase of property, plant and equipment	(1,738)	(2,131)
Proceeds from sale of property, plant and equipment	559	120
Purchase of intangible assets	(42)	(59)
Proceeds from collection of loans receivable	30	24
Other, net	(27)	(16)
Net cash provided by (used in) investing activities	(1,231)	(2,067)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,046)	(1,594)
Net cash provided by (used in) financing activities	(2,046)	(1,594)
Net increase (decrease) in cash and cash equivalents	(1,827)	(11,049)
Cash and cash equivalents at beginning of period	88,607	80,376
Cash and cash equivalents at end of period	86,780	69,326