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May 9, 2024

Consolidated Financial Results for the Year Ended March 31, 2024 (under Japanese GAAP)

Company name: **TAKARA STANDARD CO., LTD.**
 Stock listing: Tokyo Stock Exchange
 Stock code: 7981
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Scheduled date of Annual General Meeting of Shareholders: June 26, 2024

Scheduled date to commence dividend payments: June 27, 2024

Scheduled date to file annual securities report: June 26, 2024

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

(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, 2024	234,738	3.2	12,427	13.6	12,792	11.3	9,500	12.9
March 31, 2023	227,423	7.5	10,940	(24.2)	11,490	(22.7)	8,417	(22.8)

Note: Comprehensive income
 Fiscal year ended March 31, 2024: ¥13,165 million [65.5%]
 Fiscal year ended March 31, 2023: ¥7,955 million [(9.7)%]

	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, 2024	137.30	–	5.2	4.7	5.3
March 31, 2023	117.79	–	4.6	4.1	4.8

Reference: Equity in earnings (losses) of associates
 Fiscal year ended March 31, 2024: ¥– million Fiscal year ended March 31, 2023: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2024	268,675	187,398	69.7	2,742.27
March 31, 2023	279,878	181,516	64.9	2,579.88

Reference: Equity
 As of March 31, 2024: ¥187,398 million As of March 31, 2023: ¥181,516 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, 2024	(1,314)	(11,666)	(7,730)	59,665
March 31, 2023	6,604	(5,386)	(9,448)	80,376

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			
Fiscal year ended March 31, 2023	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	–	26.00	–	26.00	52.00	3,674	44.1	2.1
March 31, 2024	–	27.00	–	27.00	54.00	3,708	39.3	2.0
March 31, 2025 (Forecasts)	–	28.00	–	28.00	56.00		39.5	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2024	116,600	1.7	6,400	20.6	6,500	18.2	4,200	(5.2)	61.46
Full year	239,100	1.9	14,500	16.7	14,700	14.9	9,700	2.1	141.94

* 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: 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

(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, 2024	68,347,094 shares
As of March 31, 2023	70,368,194 shares

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

As of March 31, 2024	9,904 shares
As of March 31, 2023	9,747 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2024	69,198,775 shares
Fiscal year ended March 31, 2023	71,459,796 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**

(Cautions concerning the use of earnings forecasts)

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. For the assumptions underlying the earnings forecasts and notes on their use, etc., please refer to “1. Overview of Operating Results, etc., (4) Future outlook” on page 4 of the accompanying materials.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended March 31, 2024

During the fiscal year ended March 31, 2024, the Japanese economy showed a moderate recovery trend, mainly driven by the demand from inbound tourists, as economic activities normalized, despite the impact of rising prices.

With the housing market, due to a decline in housing starts of owner-occupied houses and houses for sale, the number of new housing construction was lower than the previous fiscal year, but demand for remodeling remained firm.

Based on this business environment, TAKARA STANDARD CO., LTD. (the “Company”) and its group companies (the “Group”) worked on improving productivity through rationalization investment and on using digital technology as measures against prolonged price hikes in materials and energy, as well as revising the prices of kitchens and washstands in April 2023 and modular bathrooms in August, to focus on strengthening profitability.

As for merchandise, we strove to expand sales in the high-end price range realizing both high design and functionality, such as by remodeling the flagship “LEMURE” enamel kitchen model and launching the “Keep Clean Hood” enamel range hood (winner of the Good Design Award in 2023).

As for showroom development, effort was made to increase remodeling demand by enhancing showrooms, such as by relocating the “Kawaguchi Showroom” (Saitama), and by completely renovating the “Osaka Showroom” and the “Fukuoka Showroom.”

As a result of the implementation of above measures, net sales for the fiscal year ended March 31, 2024 reached a record high of ¥234,738 million (up 3.2% year-on-year). In terms of profits, operating profit was ¥12,427 million (up 13.6% year-on-year), ordinary profit was ¥12,792 million (up 11.3% year-on-year), and profit attributable to owners of parent was ¥9,500 million (up 12.9% year-on-year).

The following shows the results for each segment.

1) Housing equipment business

Net sales in this segment were ¥234,483 million (up 3.2% year-on-year), and operating profit was ¥12,199 million (up 13.9% year-on-year).

The following shows a breakdown by product category in this segment.

a Kitchen

Sales grew in both the new construction and remodeling markets, due in part to the effect of price revisions. In the new construction market, sales of wooden kitchens were up, and in the remodeling market, sales of the “LEMURE” enamel kitchen that was remodeled in August 2023 grew, resulting in net sales of ¥141,703 million (up 3.5% year-on-year).

b Bathroom

Sales grew in both the new construction and remodeling markets, due in part to the effect of price revisions. Sales of the modular bathroom “GRANSPA,” released in August 2022, expanded mainly in the remodeling market but also in the new construction market, and sales of modular bathrooms for newly built condominiums increased smoothly, resulting in net sales of ¥55,064 million (up 5.0% year-on-year).

c Washstand

Sales grew in both the new construction and remodeling markets, due in part to the effect of price revisions. In the new construction market, sales of wooden washstands were up, and in the remodeling market, sales of the “ELEENA” enamel washstand that was remodeled in August 2023 grew, resulting in net sales of ¥27,393 million (up 3.7% year-on-year).

2) Other businesses (real estate rental business, warehouse business, etc.)

Net sales were ¥409 million (down 2.3% year-on-year), and operating profit was ¥227 million (down 0.2% year-on-year).

(2) Overview of financial position for the fiscal year ended March 31, 2024

(Assets)

Total assets at the end of the fiscal year ended March 31, 2024 were ¥268,675 million, which was a decrease of ¥11,203 million compared to the end of the fiscal year ended March 31, 2023. Main decreases were ¥20,711 million in cash and deposits, ¥786 million in notes receivable - trade, and ¥402 million in inventories. Main increases were ¥6,340 million in property, plant and equipment, ¥3,184 million in electronically recorded monetary claims - operating and ¥1,870 million in investment securities.

(Liabilities)

Liabilities at the end of the fiscal year ended March 31, 2024 were ¥81,276 million, which was a decrease of ¥17,085 million compared to the end of the fiscal year ended March 31, 2023. Main decreases were electronically recorded obligations - operating of ¥13,554 million and notes and accounts payable - trade of 3,837 million.

(Net assets)

Net assets at the end of the fiscal year ended March 31, 2024 were ¥187,398 million, which was an increase of ¥5,882 million compared to the end of the fiscal year ended March 31, 2023. The main increase was profit attributable to owners of parent of ¥9,500 million, ¥1,984 million in remeasurements of defined benefit plans, and ¥1,679 million in valuation difference on available-for-sale securities. Main decreases were ¥3,692 million in dividends of surplus and ¥3,590 million in purchase of treasury shares.

This resulted in an equity ratio of 69.7% (64.9% at the end of the fiscal year ended March 31, 2023).

(3) Overview of cash flows for the fiscal year ended March 31, 2024

Consolidated cash and cash equivalents (hereinafter referred to as “funds”) for the fiscal year ended March 31, 2024 decreased by ¥20,711 million compared to the fiscal year ended March 31, 2023, and was ¥59,665 million (down 25.8% year-on-year) at the end of the fiscal year ended March 31, 2024.

(Cash flows from operating activities)

Funds used in operating activities in the fiscal year ended March 31, 2024 were ¥1,314 million (¥6,604 million provided in the fiscal year ended March 31, 2023). Main factors were a decrease in trade payables caused by accelerated payments to some suppliers and logistics operators, and an increase in funds due to the recording of profit before income taxes.

(Cash flows from investing activities)

Expenditure of funds related to investing activities during the fiscal year ended March 31, 2024 was ¥11,666 million (¥5,386 million in the fiscal year ended March 31, 2023). Main factors were the purchase of property, plant and equipment and proceeds from sale of investment securities.

(Cash flows from financing activities)

Expenditure of funds related to financing activities during the fiscal year ended March 31, 2024 was ¥7,730 million (¥9,448 million in the fiscal year ended March 31, 2023). Main factors were dividends paid and purchase of treasury shares.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Capital adequacy ratio (%)	67.8	65.5	64.9	69.7
Capital adequacy ratio based on market value (%)	47.1	33.5	36.9	49.7
Cash flow to interest-bearing debt ratio (Year)	1.2	0.5	1.2	(5.8)
Interest coverage ratio (times)	124.5	341.9	143.3	(28.9)

Notes: Capital adequacy ratio: Owned capital / Total assets

Capital adequacy ratio based on market value: Market capitalization / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payment

- * All indicators have been calculated using financial figures on a consolidated basis.
- * Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (after deducting treasury shares).
- * Cash flow is the cash flow from operating activities in the consolidated cash flow statement.
- * Interest-bearing debt includes all debt for which interest is paid among debt recorded on the consolidated balance sheet. Interest payment is the amount of interest paid in the consolidated statement of cash flows.

(4) Future outlook

Although the Japanese economy is expected to continue its gradual recovery, the outlook remains uncertain due to rising prices and slowdown in overseas economies.

In the housing market, there are concerns related to soaring housing prices and rising mortgage interest rates in the new construction market associated with the lifting of the negative interest rate policy. Demand for remodeling is also expected to slow due to a prolonged rise in material prices.

In this business environment, the Group has formulated its “Medium-Term Management Plan 2026,” which ends in FY2026. Under the theme of “Re-engage in Transformation,” with three pillars of our growth strategy: “Profit Structure Reform,” “Financial Strategy,” and “Sustainability Strategy,” we will work to strengthen profitability by generating the effects of various measures and build a foundation to achieve sustainable growth.

As for consolidated earnings for the next fiscal year ending March 31, 2025, the first fiscal year of “Medium-Term Management Plan 2026,” forecasts include net sales of ¥239,100 million (up 1.9% year-on-year), operating profit of ¥14,500 million (up 16.7% year-on-year), ordinary profit of ¥14,700 million (up 14.9% year-on-year), and profit attributable to owners of parent of ¥9,700 million (up 2.1% year-on-year).

(5) Basic policy on profit sharing

The Company aims to secure the internal reserves necessary for growth investment and strengthening of management base in order to build a foundation for sustainable growth, while maintaining stable and substantial dividends to shareholders over the long term, and implementing dividend increases based on performance and financial condition as a basic policy for profit distribution.

With respect to the purchase of treasury shares, the Company will conduct flexible purchases in accordance with its capital structure while maintaining financial soundness, and will work to improve capital efficiency and enhance shareholder returns.

1) Dividends of surplus

The Group is planning to pay an annual dividend of ¥54 per share (consolidated dividend payout ratio of 39.3%) for the fiscal year ended March 31, 2024. After deducting the interim dividend of ¥27, the year-end dividend will be ¥27.

Based on the above basic policy on profit sharing, the annual dividend for the next fiscal year is expected to be ¥56, which is an increase of ¥2 compared to the annual dividend for the fiscal year ended March 31, 2024 (interim dividend of ¥28 and year-end dividend of ¥28). The consolidated dividend payout ratio will be 39.5% of the full-year earnings forecast.

2) Purchase of treasury shares

In the fiscal year ended March 31, 2024, the Group purchased treasury shares totaling ¥3,590 million. This will result in a consolidated total return ratio of 76.8%.

Also, at today's Board of Directors meeting, the decision was made to purchase up to ¥2,000 million of treasury shares during the purchase period from May 10, 2024 to February 21, 2025. For more information, please refer to "3. Consolidated Financial Statements and Important Notes (5) Notes on consolidated financial statements (Significant subsequent events)" on page 15 of the attachment.

2. Basic Approach for Selecting Accounting Standards

Since the Group's main operations are in Japan, consolidated financial statements are prepared according to Japanese accounting standards.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	80,376	59,665
Notes receivable - trade	4,545	3,758
Accounts receivable - trade	33,376	33,324
Electronically recorded monetary claims - operating	30,824	34,009
Merchandise and finished goods	13,602	11,640
Work in process	4,245	4,888
Raw materials and supplies	6,400	7,316
Other	410	374
Allowance for doubtful accounts	(5)	(6)
Total current assets	173,775	154,972
Non-current assets		
Property, plant and equipment		
Buildings and structures	91,278	91,450
Accumulated depreciation	(66,787)	(67,785)
Buildings and structures, net	24,490	23,665
Machinery, equipment and vehicles	49,374	52,381
Accumulated depreciation	(38,397)	(39,815)
Machinery, equipment and vehicles, net	10,976	12,566
Tools, furniture and fixtures	31,454	32,293
Accumulated depreciation	(22,789)	(23,445)
Tools, furniture and fixtures, net	8,664	8,847
Land	36,765	41,933
Construction in progress	2,472	2,696
Total property, plant and equipment	83,369	89,709
Intangible assets	1,651	2,254
Investments and other assets		
Investment securities	12,057	13,928
Long-term loans receivable	91	4
Deferred tax assets	6,412	5,184
Other	2,529	2,629
Allowance for doubtful accounts	(9)	(7)
Total investments and other assets	21,081	21,739
Total non-current assets	106,102	113,703
Total assets	279,878	268,675

TAKARA STANDARD CO., LTD. (7981)
Consolidated financial results for the fiscal year ended March 31, 2024

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,953	16,116
Electronically recorded obligations - operating	31,937	18,382
Short-term borrowings	8,100	7,650
Income taxes payable	1,970	3,263
Other	14,140	15,838
Total current liabilities	76,102	61,251
Non-current liabilities		
Deferred tax liabilities for land revaluation	2,758	2,757
Retirement benefit liability	18,767	16,488
Other	734	779
Total non-current liabilities	22,259	20,025
Total liabilities	98,361	81,276
Net assets		
Shareholders' equity		
Share capital	26,356	26,356
Capital surplus	30,734	30,734
Retained earnings	120,322	122,517
Treasury shares	(12)	(17)
Total shareholders' equity	177,402	179,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,784	6,464
Revaluation reserve for land	1,969	1,997
Remeasurements of defined benefit plans	(2,639)	(654)
Total accumulated other comprehensive income	4,114	7,806
Total net assets	181,516	187,398
Total liabilities and net assets	279,878	268,675

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

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	227,423	234,738
Cost of sales	151,395	155,149
Gross profit	76,027	79,588
Selling, general and administrative expenses	65,087	67,161
Operating profit	10,940	12,427
Non-operating income		
Interest income	5	3
Dividend income	461	373
Other	186	122
Total non-operating income	653	499
Non-operating expenses		
Interest expenses	48	43
Product safety costs	23	36
Non-deductible consumption tax	-	26
Other	31	28
Total non-operating expenses	103	134
Ordinary profit	11,490	12,792
Extraordinary income		
Gain on sale of non-current assets	180	92
Gain on sale of investment securities	1,479	1,329
Gain on sale of businesses	-	330
Total extraordinary income	1,659	1,752
Extraordinary losses		
Loss on retirement of non-current assets	435	525
Loss on sale of non-current assets	177	141
Loss on valuation of investment securities	7	-
Impairment losses	61	17
Disaster relief aid expenses	-	13
110th anniversary expenses	251	-
Total extraordinary losses	933	698
Profit before income taxes	12,216	13,845
Income taxes - current	3,798	4,730
Income taxes - deferred	0	(385)
Total income taxes	3,798	4,344
Profit	8,417	9,500
Profit attributable to owners of parent	8,417	9,500

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	8,417	9,500
Other comprehensive income		
Valuation difference on available-for-sale securities	(446)	1,679
Remeasurements of defined benefit plans, net of tax	(14)	1,984
Total other comprehensive income	(461)	3,664
Comprehensive income	7,955	13,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,955	13,165
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated statement of changes in equity

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

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,356	30,734	120,322	(12)	177,402
Changes during period					
Dividends of surplus			(3,692)		(3,692)
Profit attributable to owners of parent			9,500		9,500
Purchase of treasury shares				(3,590)	(3,590)
Cancellation of treasury shares			(3,585)	3,585	-
Reversal of revaluation reserve for land			(27)		(27)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,195	(5)	2,190
Balance at end of period	26,356	30,734	122,517	(17)	179,592

	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	4,784	1,969	(2,639)	4,114	181,516
Changes during period					
Dividends of surplus					(3,692)
Profit attributable to owners of parent					9,500
Purchase of treasury shares					(3,590)
Cancellation of treasury shares					-
Reversal of revaluation reserve for land					(27)
Net changes in items other than shareholders' equity	1,679	27	1,984	3,692	3,692
Total changes during period	1,679	27	1,984	3,692	5,882
Balance at end of period	6,464	1,997	(654)	7,806	187,398

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	12,216	13,845
Depreciation	6,729	7,192
Impairment losses	61	17
Increase (decrease) in allowance for doubtful accounts	(11)	(1)
Increase (decrease) in retirement benefit liability	383	581
Interest and dividend income	(466)	(377)
Interest expenses	48	43
Loss (gain) on sale of investment securities	(1,477)	(1,329)
Loss (gain) on valuation of investment securities	7	-
Loss (gain) on sale of property, plant and equipment	(3)	46
Loss on retirement of property, plant and equipment	435	525
Loss (gain) on sale of businesses	-	(330)
Decrease (increase) in trade receivables	(5,481)	(2,266)
Decrease (increase) in inventories	(5,986)	402
Increase (decrease) in trade payables	5,803	(18,022)
Other, net	(1,042)	1,500
Subtotal	11,214	1,828
Interest and dividends received	466	377
Interest paid	(46)	(45)
Income taxes paid	(5,030)	(3,474)
Net cash provided by (used in) operating activities	6,604	(1,314)
Cash flows from investing activities		
Purchase of investment securities	(24)	(16)
Proceeds from sale of investment securities	2,205	1,891
Purchase of property, plant and equipment	(8,239)	(13,298)
Proceeds from sale of property, plant and equipment	1,140	685
Purchase of intangible assets	(385)	(1,155)
Proceeds from collection of loans receivable	116	87
Proceeds from sale of businesses	-	330
Other, net	(200)	(189)
Net cash provided by (used in) investing activities	(5,386)	(11,666)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,600)	(450)
Purchase of treasury shares	(3,669)	(3,590)
Dividends paid	(4,179)	(3,689)
Net cash provided by (used in) financing activities	(9,448)	(7,730)
Net increase (decrease) in cash and cash equivalents	(8,230)	(20,711)
Cash and cash equivalents at beginning of period	88,607	80,376
Cash and cash equivalents at end of period	80,376	59,665

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Business combinations)

Business divestiture

1. Outline of business divestiture

(1) Name of the succeeding company

Total Insurance Service Limited

(2) Description of the businesses divested

Non-life insurance agency business of Takara Logistics Service Co., Ltd., the Company's consolidated subsidiary

(3) Main reason for the business divestiture

The non-life insurance agency business was transferred in order to concentrate management resources on the Group's core business and to streamline the Group-wide operations.

(4) Date of business divestiture

March 1, 2024

(5) Other items regarding overview of transaction including legal form

Business transfer in which the consideration received is cash or other property only

2. Overview of accounting treatment adopted

(1) Amount of gain (loss) on transfer

Gain on sale of businesses: ¥330 million

(2) Appropriate carrying amounts of assets and liabilities in relation to the businesses transferred and their major components

There were no assets or liabilities transferred in this business transfer.

(3) Accounting treatment

The accounting treatment is based on the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; September 13, 2013) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; January 16, 2019).

3. Name of the reportable segment in which the divested business was included

Other businesses segment not included in reportable segments

4. Estimated amount of gain (loss) related to the divested business recorded in the consolidated statement of income for the fiscal year ended March 31, 2024

Information is omitted since it is immaterial.

(Segment information)

1. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment, and information on breakdown of earnings

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments	Other (Note 1)	Total	Adjustments	Amount recorded in consolidated financial statement (Note 2)
	Housing equipment				
Net sales					
Merchandise and finished goods	199,431	-	199,431	-	-
Installation	27,727	-	27,727	-	-
Other net sales	-	26	26	-	-
Revenue from contracts with customers	227,158	26	227,185	-	-
Other revenue	-	237	237	-	-
Net sales to external customers	227,158	264	227,423	-	227,423
Internal net sales or transfers between segments	-	154	154	(154)	-
Total	227,158	418	227,577	(154)	227,423
Segment profit	10,711	228	10,940	-	10,940

- Notes: 1. The category "Other" includes business segments that are not included in reportable segments such as real estate leasing business and warehousing business.
2. Total segment profit is consistent with operating profit in consolidated financial statements.
3. Information is omitted since assets are not allocated to business segments.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments	Other (Note 1)	Total	Adjustments	Amount recorded in consolidated financial statement (Note 2)
	Housing equipment				
Net sales					
Merchandise and finished goods	205,788	-	205,788	-	-
Installation	28,694	-	28,694	-	-
Other net sales	-	28	28	-	-
Revenue from contracts with customers	234,483	28	234,511	-	-
Other revenue	-	227	227	-	-
Net sales to external customers	234,483	255	234,738	-	234,738
Internal net sales or transfers between segments	-	153	153	(153)	-
Total	234,483	409	234,892	(153)	234,738
Segment profit	12,199	227	12,427	-	12,427

- Notes: 1. The category "Other" includes business segments that are not included in reportable segments such as real estate leasing business and warehousing business.
2. Total segment profit is consistent with operating profit in consolidated financial statements.
3. Information is omitted since assets are not allocated to business segments.

(Information per share)

(Yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	2,579.88	2,742.27
Basic earnings per share	117.79	137.30

Notes: 1. Since there are no potential shares, diluted earnings per share is not stated.
2. The following shows the basis for calculating basic earnings per share.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent (million yen)	8,417	9,500
Amount not attributable to ordinary shareholders (million yen)	-	-
Profit attributable to owners of parent related to common stock (million yen)	8,417	9,500
Average number of shares of common stock during the period (thousand shares)	71,459	69,198

(Significant subsequent events)

(Purchase and retirement of treasury shares)

The Company resolved at the Board of Directors meeting held on May 9, 2024, on matters relating to the purchase of its treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act, and the retirement of treasury shares pursuant to the provisions of Article 178 of the Companies Act. Details are as follows.

1. Reasons for purchase and retirement of treasury shares

Under the “Medium-Term Management Plan 2026,” the Company seeks to enhance shareholder returns while maintaining financial soundness, as it actively allocates capital to objectives that include growth investment and strengthening of management base with its sights set on developing sustainable growth infrastructure. With respect to the purchase of treasury shares, the Company has a policy of flexible purchases based on the capital structure. Based on this policy, the Company will conduct the purchase and retirement of treasury shares, taking into account its investment plans and financial condition in a comprehensive manner.

2. Details of matters relating to purchase

- | | |
|--|---|
| (1) Class of shares to be purchased | Common stock of the Company |
| (2) Total number of shares to be purchased | 1,100,000 shares (maximum)
(1.61% of total number of issued shares excluding treasury shares) |
| (3) Total amount for share purchase | ¥2,000 million (maximum) |
| (4) Purchase period | From May 10, 2024 to February 21, 2025 |
| (5) Method of purchase | Open market purchase on the Tokyo Stock Exchange including Off-Auction Own Share Repurchase Trading (ToSTNeT-3) |

3. Details of matters relating to retirement

- | | |
|--|--|
| (1) Class of shares to be retired | Common stock of the Company |
| (2) Total number of shares to be retired | All of the treasury shares purchased as stated above in 2. |
| (3) Scheduled date of retirement | March 14, 2025 |

(Reference)

Total number of shares issued and number of treasury shares as of March 31, 2024

Total number of shares issued (excluding treasury shares) 68,337,190 shares

Number of treasury shares 9,904 shares