

**TAKARA STANDARD CO., LTD.**

Fiscal Year Ended March 31, 2023

# Financial Results

May 11, 2023

Stock Code  
7981

**Takara standard**

### Overview of Financial Results for FY Ended March 2023

## Net sales reached a record high; operating profit down 24.2%

Net sales continued to be strong for both new construction and remodeling.  
Operating profit decreased due to the impact of higher material and energy prices.

### Earnings Forecasts for FY Ending March 2024

## Plan to increase revenue and profit

Focus on improving profitability, promoting basic strategies, and expanding new businesses.

### Shareholder Returns

## Plan to increase dividend and purchase treasury shares in the FY Ending March 2024

We plan to increase the dividend by ¥2 and purchase ¥3.8 billion(maximum) of treasury shares in order to improve capital efficiency and further enhance shareholder returns. [Total return ratio approx. 80%]

### Capital Investment Plan

## The capital investment plan for the FY Ending March 2024 is ¥13.7 billion (approximately 1.6 times the amount of the previous year)

Aggressive investment is planned, including production-related investments of ¥8.8 billion and other IT-related investments for the purpose of further growth and improvement of productivity.

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for the Year Ended March 31, 2023

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Net sales increased 7.5% and reached a record high, due to continued strong sales in both new construction and remodeling  
 Operating profit decreased 24.2% due to the impact of higher material and energy prices

**【Net Sales】 ¥227.4 billion** +7.5% YoY +4.5% from forecast

Net sales for both new construction and remodeling remained strong thanks to our strengthened lineup of merchandise and sales force centered on metropolitan areas, resulting in record-high sales. Net sales exceeded the earnings forecast by 4.5%.

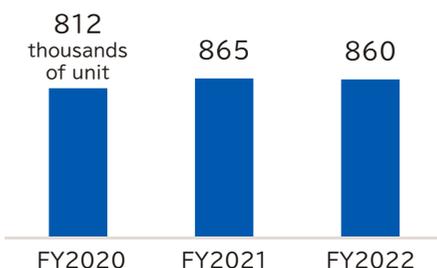
**【Operating profit】 ¥10.9 billion** (24.2)% YoY (11.1)% from forecast

**【Profit attributable to owners of parent】 ¥8.4 billion** (22.8)% YoY +2.7% from forecast

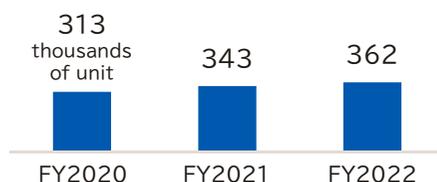
Despite efforts to improve profitability through price revisions to be implemented in April 2022 and promotion of productivity improvements, operating profit fell 11.1% short of the earnings forecast due to unanticipatedly high increases in material and energy prices.  
 Profit attributable to owners of parent exceeded the earnings forecast by 2.7% due to a gain on sales of investment securities.

## Industry Trends

### New Housing Starts (MLIT)

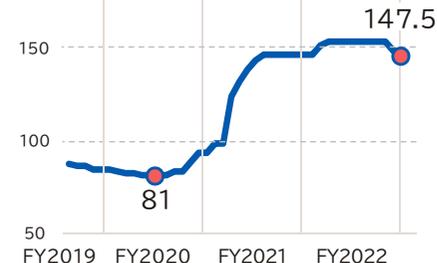


### Kitchen shipments in the remodeling market (JAPAN ASSOCIATION OF KITCHEN & BATH)



## Market conditions of main materials

### Cold-rolled steel sheet (¥/kg)



### Naphtha (¥/kl)



# Operating Results

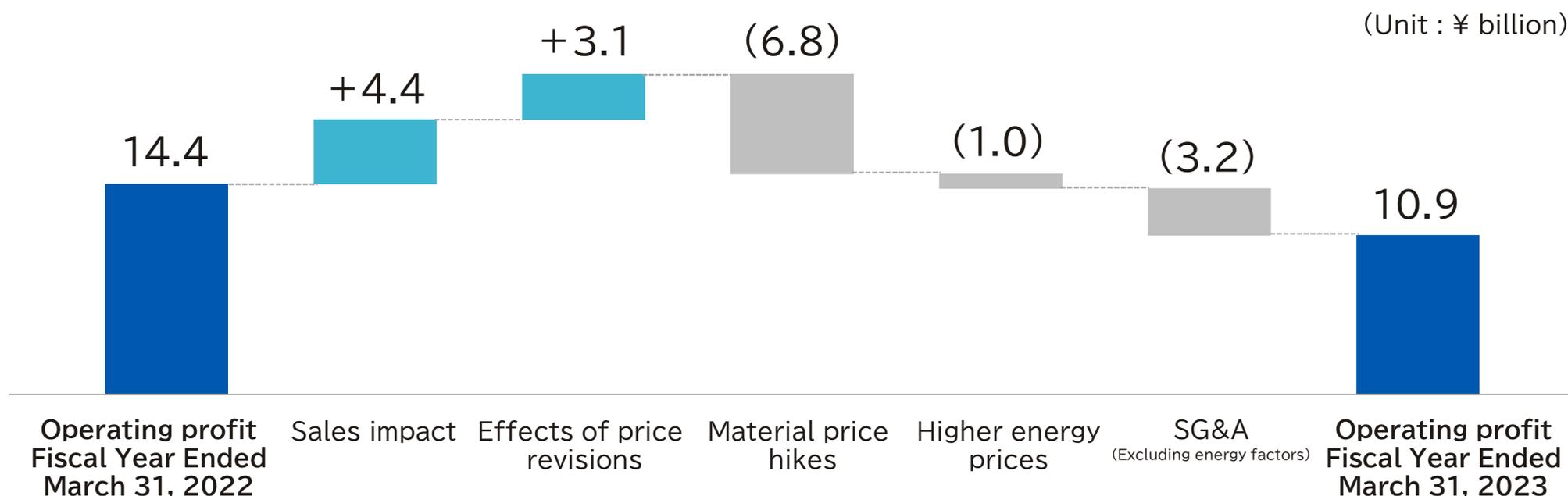
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(Unit : ¥ billion)

	Fiscal Year Ended March 31, 2022		Fiscal Year Ended March 31, 2023				Earnings Forecasts for the Fiscal Year Ending March 31, 2023	
	Amount	% of sales	Amount	% of sales	Change	% change	Amount	Change from forecast
Net sales	211.5	100.0%	<b>227.4</b>	100.0%	+15.8	+7.5%	217.6	+4.5%
Gross profit	76.1	36.0%	<b>76.0</b>	33.4%	(0.0)	(0.1)%	—	—
SG&A	61.6	29.2%	<b>65.0</b>	28.6%	+3.3	+5.5%	—	—
Operating profit	14.4	6.8%	<b>10.9</b>	4.8%	(3.4)	(24.2)%	12.3	(11.1)%
Ordinary profit	14.8	7.0%	<b>11.4</b>	5.1%	(3.3)	(22.7)%	12.7	(9.5)%
Profit attributable to owners of parent	10.9	5.2%	<b>8.4</b>	3.7%	(2.4)	(22.8)%	8.2	+2.7%
ROE (Return on equity)	6.1%		<b>4.6%</b>					

# Analysis of Change in Operating Profit

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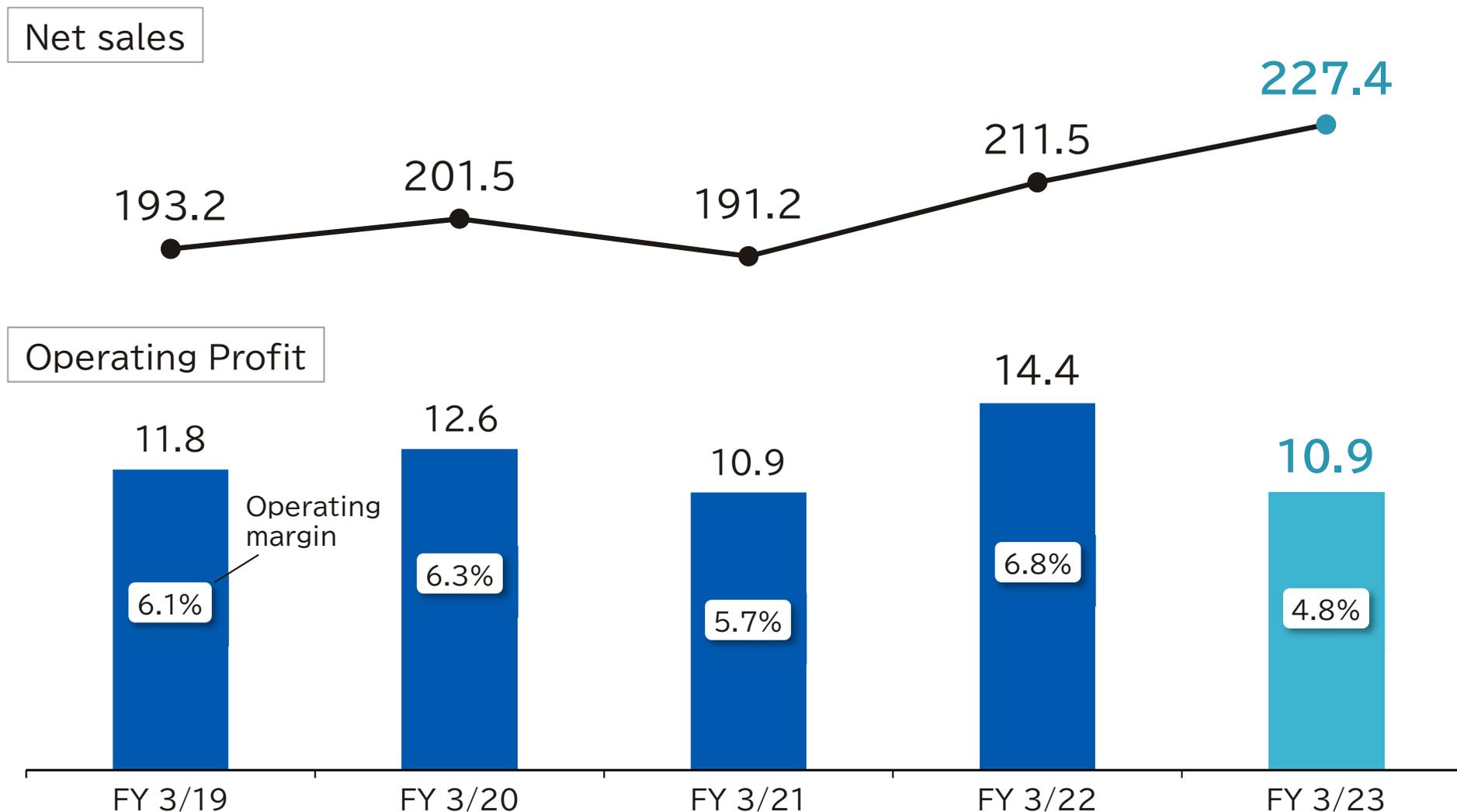


<b>Sales impact</b>	Sales to the remodeling market, which brings relatively high profit margins, were strong, especially for the mid- to high-end System Bathroom “GRANSPA,” released in August 2022. Sales for new construction were also strong.
<b>Effects of price revisions</b>	Profits increased due to the price revisions implemented in each product category, including kitchens.
<b>Material price hikes</b>	Market prices of major materials, such as steel sheets, stainless steel, and resin materials, continued to soar, boosting costs significantly.
<b>Higher energy prices</b>	Costs increased due to higher prices for gas and electricity used in the manufacturing process and at the business sites.
<b>SG&amp;A</b>	Although cost-control efforts led to a decline in the SG&A-to-sales ratio (FY ended March 2022: 29.2% → FY ended March 2023: 28.6%), distribution and other costs increased in line with the increase in sales.

# Net Sales and Operating Profit Trends

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(Unit : ¥ billion)



\* The Company has applied the “Accounting Standard for Revenue Recognition” and related standards from Fiscal Year Ended March 31, 2022, and the figures for Fiscal Year Ended March 31, 2021 were retroactively restated, but the figures for Fiscal Year Ended March 31, 2020 and earlier were not retroactively restated.

# Net Sales by Product Category

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The main three segments performed well. Sales in the Kitchen and Washstand segments increased YoY, centering on mid- to high-end series products. In the Bathroom segment, there were increased sales of the mid- to high-end series “GRANSPA” that was released in August 2022; sales of merchandise for newly built condominiums also increased.

(Unit : ¥ billion)

	Fiscal Year Ended March 31, 2022		Fiscal Year Ended March 31, 2023			
	Amount	% of total	Amount	% of total	Change	% change
<b>Kitchen</b>	128.3	60.7%	<b>136.8</b>	60.2%	+8.5	+6.7%
<b>Bathroom</b>	47.4	22.4%	<b>52.4</b>	23.0%	+4.9	+10.5%
<b>Washstand</b>	24.0	11.4%	<b>26.4</b>	11.6%	+2.3	+9.8%
<b>Total incl. others</b>	211.5	100.0%	<b>227.4</b>	100.0%	+15.8	+7.5%



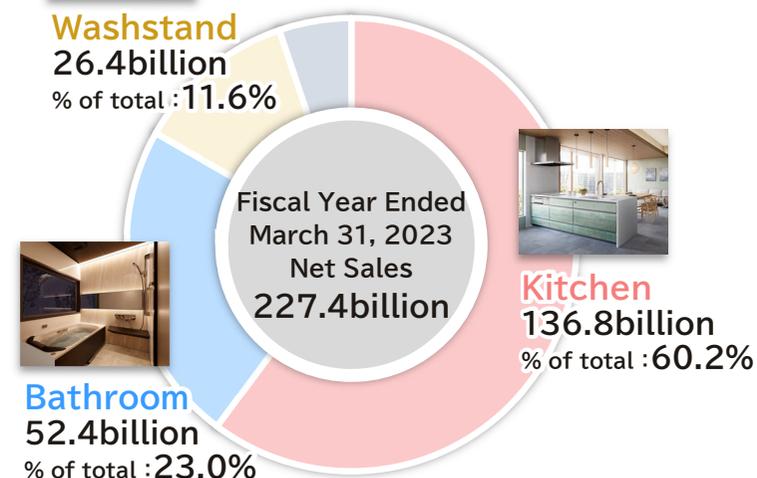
**Washstand**  
26.4billion  
% of total : 11.6%



**Bathroom**  
52.4billion  
% of total : 23.0%



**Kitchen**  
136.8billion  
% of total : 60.2%



【Sales within total】

Panel-related sales	5.9	2.8%	<b>6.5</b>	2.9%	+0.5	+9.7%
Overseas business sales	1.0	0.5%	<b>1.2</b>	0.5%	+0.1	+18.8%

# Shipment Growth Rate (Industry Comparison)

Takara standard

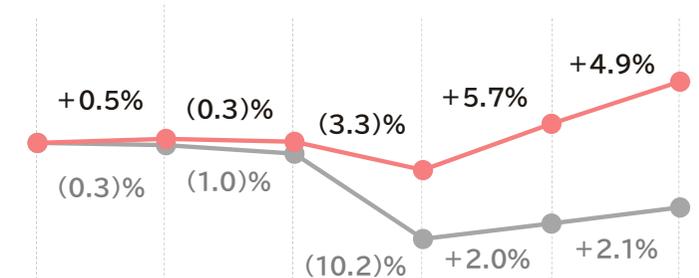
The rate of change in our shipment volume from the previous year remained higher than that of the industry (as per the JAPAN ASSOCIATION OF KITCHEN & BATH).

## Kitchen



	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23
<b>TAKARA STANDARD</b>	+0.5%	(0.3)%	(3.3)%	+5.7%	+4.9%
JAPAN ASSOCIATION OF KITCHEN & BATH	(0.3)%	(1.0)%	(10.2)%	+2.0%	+2.1%

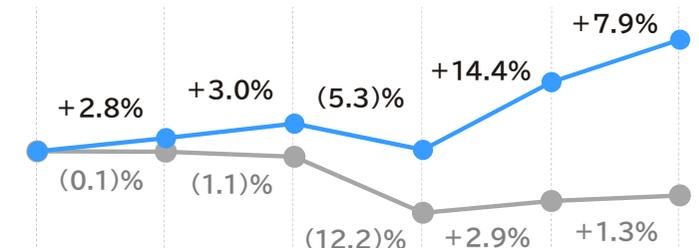
FY 3/18 FY 3/19 FY 3/20 FY 3/21 FY 3/22 FY 3/23



## Bathroom



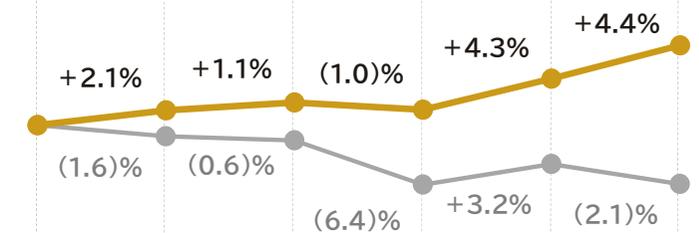
	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23
<b>TAKARA STANDARD</b>	+2.8%	+3.0%	(5.3)%	+14.4%	+7.9%
JAPAN ASSOCIATION OF KITCHEN & BATH	(0.1)%	(1.1)%	(12.2)%	+2.9%	+1.3%



## Washstand



	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23
<b>TAKARA STANDARD</b>	+2.1%	+1.1%	(1.0)%	+4.3%	+4.4%
JAPAN ASSOCIATION OF KITCHEN & BATH	(1.6)%	(0.6)%	(6.4)%	+3.2%	(2.1)%



\* Figures for the JAPAN ASSOCIATION OF KITCHEN & BATH are YoY percentage changes in the total numbers of system kitchens, system baths, and washstands.

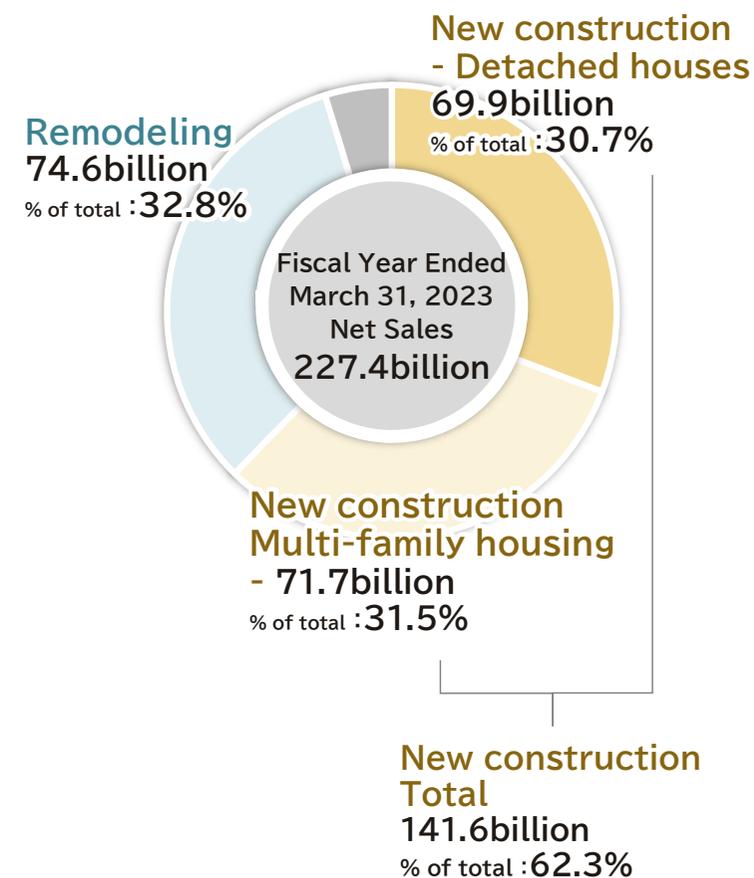
# Net Sales by Market

All markets performed well.

- New construction market - Detached houses : +5.0% due to the strengthened sales force, including reorganization of specialized market sales
- New construction market - Multi-family housing : +11.5% due to an increase in the number of condominiums being erected and the popularization of system baths for condominiums
- Remodeling market : +6.8% due to strengthened sales in urban areas, including the opening of showrooms dedicated to remodeling

(Unit : ¥ billion)

		Fiscal Year Ended March 31, 2022		Fiscal Year Ended March 31, 2023			
		Amount	% of total	Amount	% of total	Change	% change
New construction	Detached houses	66.6	31.5%	<b>69.9</b>	30.7%	+3.3	+5.0%
	Multi-family housing	64.3	30.4%	<b>71.7</b>	31.5%	+7.3	+11.5%
	<b>Total</b>	<b>130.9</b>	<b>61.9%</b>	<b>141.6</b>	<b>62.3%</b>	<b>+10.6</b>	<b>+8.2%</b>
Remodeling		69.9	33.0%	<b>74.6</b>	32.8%	+4.7	+6.8%
Total incl. others		211.5	100.0%	<b>227.4</b>	100.0%	+15.8	+7.5%



# Consolidated Balance Sheet

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Total assets at the end of march 2023 were ¥279.8 billion, an increase of ¥3.0 billion from the end of the previous fiscal year.

(Unit : ¥ billion)

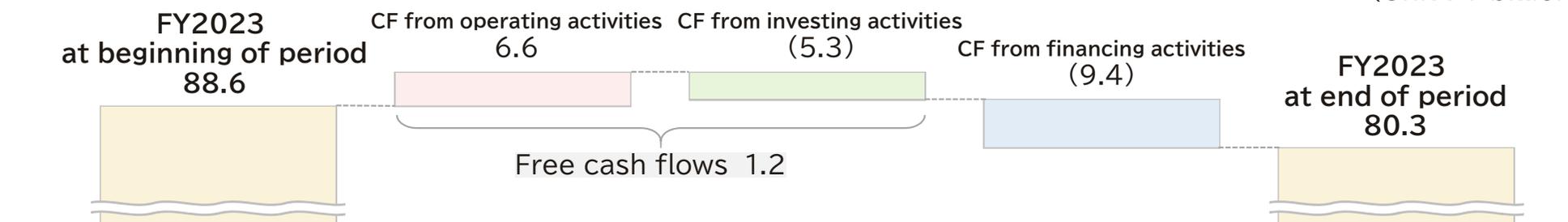
		End-Mar. 2022	End-Mar. 2023	Change	Main Factors
Assets	Current assets	170.4	173.7	+3.3	Cash and deposits (8.2) Trade receivables +5.4 Inventories +5.9
	Noncurrent assets	106.3	106.1	(0.2)	
<b>Total assets</b>		276.8	279.8	+3.0	
Liabilities	Current liabilities	73.5	76.1	+2.5	Trade payables +6.0 Short-term borrowings (1.6) Income taxes payable (1.2)
	Noncurrent liabilities	21.8	22.2	+0.4	Profit attributable to owners of parent +8.4 Dividends of surplus (4.1) Cancellation of treasury shares (4.5)
<b>Total liabilities</b>		95.4	98.3	+2.9	Purchase of treasury shares (3.6) Cancellation of treasury shares +4.5
<b>Total net assets</b>		181.4	181.5	+0.1	Retained earnings (0.4) Treasury shares +0.9 Valuation difference on available-for-sale securities (0.4)
<b>Total liabilities and net assets</b>		276.8	279.8	+3.0	

# Consolidated Cash Flows

Takara standard

Cash and cash equivalents decreased ¥8.2 billion from the beginning of the period to ¥80.3 billion due to the purchase of property, plant and equipment, dividends paid, and purchase of treasury shares.

(Unit : ¥ billion)



	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023	Main Items
Cash and cash equivalents at beginning of period	74.7	88.6	
Cash flows from operating activities	19.6	6.6	Profit before income taxes 12.2 Increase in trade receivables, inventories and trade payables (5.6)
Cash flows from investing activities	(3.0)	(5.3)	Purchase of property, plant and equipment (8.2) Proceeds from sale of investment securities 2.2 Proceeds from sale of property, plant and equipment 1.1
Free cash flows	16.5	1.2	
Cash flows from financing activities	(2.7)	(9.4)	Dividends paid (4.1) Purchase of treasury shares (3.6) Net decrease in short-term borrowings (1.6)
Cash and cash equivalents at end of period	88.6	80.3	

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## Japanese Economy

Although the Japanese economy is moving toward normalization of socioeconomic activities after COVID-19 was downgraded to “Class 5,” the outlook remains uncertain due to rising prices and slowdown in overseas economies.

## Housing Market

In the new construction market, there are concerns about soaring housing prices and rising mortgage interest rates, while a slowdown in demand for remodeling is also expected due to a lapse in stay-at-home demand and prolonged material price inflation.

## Revision of Merchandise Prices in Response to High Material Prices

As prices of various materials continue to rise, it has become difficult for companies to cope with the situation through our own efforts. Merchandise prices have been revised as follows, starting with orders received in April 2023.

Main merchandise subject to price revision	Revision rate
System kitchens	Approx. 7-14%
Washstands	Approx. 7-16%

# Earnings Forecasts for FY Ending March 2024

Takara standard

Plan to increase revenue and profit (net sales: +3.5%, operating profit: +28.9%)

The company will continue to improve profitability by revising merchandise prices, improving productivity, and utilizing digital technology in the sales department. In addition to further promoting basic strategies such as “strengthening product capabilities,” “expanding sales of enamel products,” “addressing the remodeling market,” and “showroom development,” the company will also focus on its new “enamel panel business” and “overseas business.”

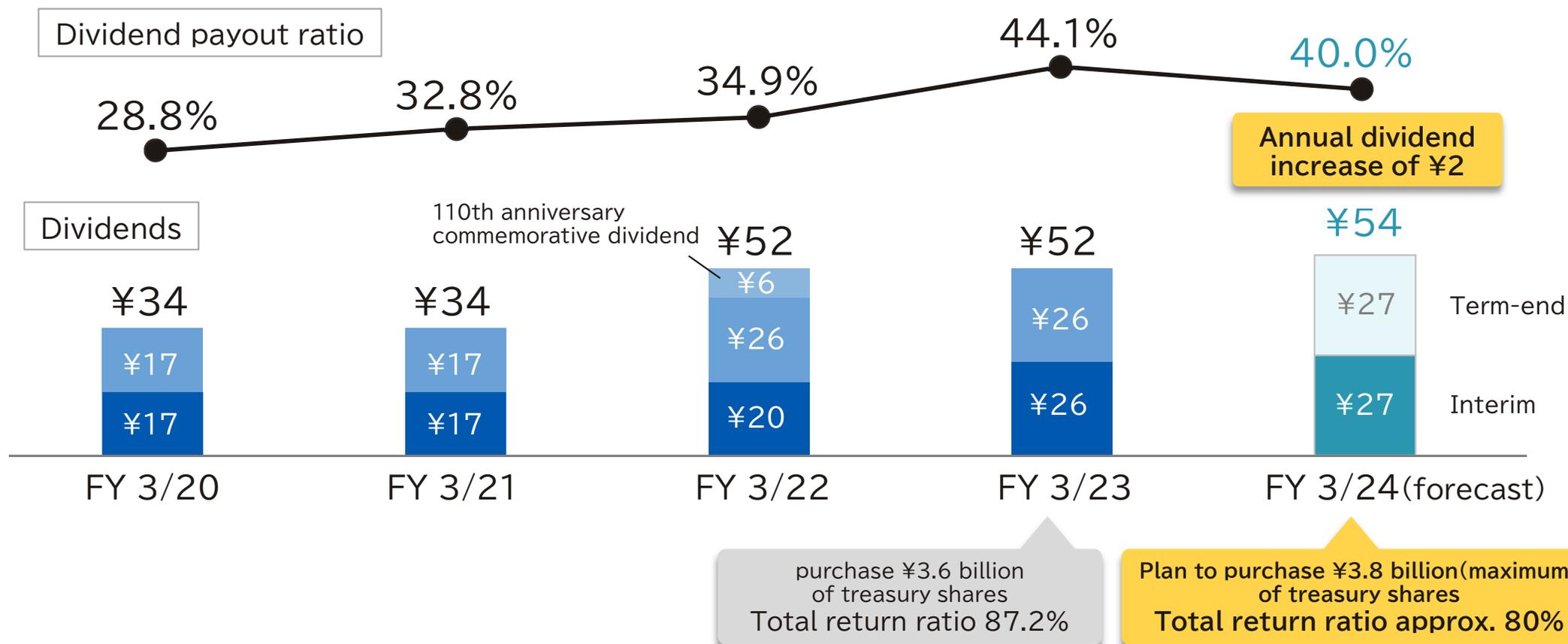
(Unit : ¥ billion)

	FY3/2023 Results	FY3/2024 Forecasts	Change	
				% change
Net sales	227.4	235.3	+7.8	+3.5%
Operating profit	10.9	14.1	+3.1	+28.9%
Operating profit ratio	4.8%	6.0%	+1.2P	–
Ordinary profit	11.4	14.5	+3.0	+26.2%
Profit attributable to owners of parent	8.4	9.5	+1.0	+12.9%

# The State of Shareholder Returns

To improve capital efficiency and further enhance shareholder returns, we plan to increase dividends and purchase treasury shares in the FY Ending March 2024

The annual dividend for the FY Ending March 2024 is planned to be ¥54 per share (an increase of ¥2 per share). The company also plans to purchase ¥3.8 billion(maximum) of treasury shares. (Total return ratio approx. 80%)



# The State of Capital Investment

## Planned capital Investment of ¥13.7 billion for the FY Ending March 2024

Aggressive investment is planned, including production-related investments of ¥8.8 billion and other IT-related investments for the purpose of further growth and improvement of productivity.

(Unit : ¥ billion)

	Plan for FY Ending March 2024
Capital Investment	13.7
Depreciation	7.2

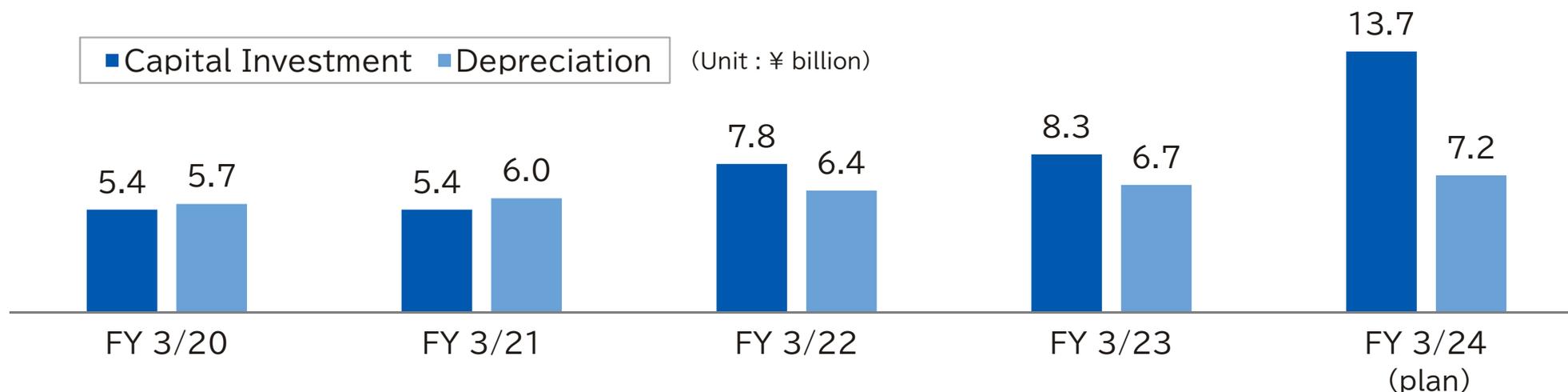
### (Breakdown of major areas)

(Unit : ¥ billion)

Item	Amount	Main details
Production-related	8.8	Development of factory sites, expansion of production facilities and other measures to increase production, investment in production efficiency through automation and labor saving, etc.
Information system-related	1.5	IT-related investments (promotion of DX, etc.)
Building/office-related	2.2	Office environment improvement, building maintenance and management, etc.

■ Capital Investment ■ Depreciation

(Unit : ¥ billion)



## Long-term Vision

“Becoming a brighter and more attractive company with the help of enamel”  
We are a company that pursues “uniqueness” to provide special value

We plan to make a ¥40.0 billion capital investment in the Fukuoka Factory to increase the production capacity of our unique enamel finished goods Slated for full-scale operation in FY2027

## Increase production capacity (by approx. 1.5 times)

- Construction of a dedicated building to increase production capacity of enamel bathroom panels
- The current line will be dedicated to the production of system kitchens

## Promotion of streamlining/digitalization

- Unmanned transportation between production processes and reduction of production lead time
- Introduction of a new production management system

## Reduction of environmental impact

- Reduction of energy consumption and CO<sub>2</sub> emissions by introducing environmentally friendly equipment



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Using our unique inkjet printing technology on enamel, we have developed an unprecedented matte finish door pattern. In addition, a wide range of products, including large-sized marble patterns with a glossy finish, are available to create a luxurious atmosphere.

## Enameled System Kitchen "LEMURE"



"GRAYISH GREEN"



"WHITE PORCELAIN"

## Enameled Washstand "ELEENA"



"MARQUINA BLACK"



"CONCRETE DARK"

The mid- to high-end series System Bathroom "GRANSPA" is now on sale. It offers a wide selection of designs, materials, and optional features.

## System Bathroom "GRANSPA"



Comfortable bathing time with relaxing function "KATATSUTSUMIYU"



Microbubbles allow you to enjoy a hot spring-esque experience in the "URUPOKAYU"

Base specializing in condominium remodeling

## Tokyo MRe. Sumida Showroom



As a major base for condominium remodeling in the Tokyo metropolitan area, the office was completely renewed with the presentation of construction case studies.

## Tokyo MRe. Sumida Technical Base

The second floor of the showroom features a new training facility for customers to learn how to conduct site inspections before remodeling and to acquire knowledge about the installation process.



Left : Easy-to-see reproduction of bathroom structure  
Right : Example of kitchen construction presupposing existence of beams

Engineer training base to increase construction ability

## Yokohama Training Base



To meet expected further growth in demand for remodeling, a new engineer training center has been established to strengthen and secure construction ability.



The training includes hands-on experience in product assembly and other on-site processing, as well as on-site installation checks prior to the installation of products.

### In FY2022, one relocation and five renewals were carried out

Approximately 170 locations in all 47 prefectures of Japan. Develop community-based showrooms where customers can "see, touch, and feel" products.



Hokkaido **Relocation**  
Sapporo Chuo Showroom  
(March 2023)



Aomori **Renewal**  
Hirosaki Showroom  
(February 2023)



Hyogo **Renewal**  
Kobe HDC Showroom  
(February 2023)

In addition to the above, the Tokyo MRe. Sumida Showroom (May 2022), Hiroshima Fukuyama Showroom (September 2022), and Gunma Ota Showroom (September 2022) also underwent renewals.

Promoting visits to showrooms through use of Web

#### Virtual Showroom with 360°View



#### Showroom Exhibit Information



#### Web Reservation System



### Showroom advisors' uniforms renewed

Designed by Ms. Tomoe Shinohara, a designer, based on the concept of "water flows". Use of recyclable materials for fabrics is environmentally friendly.



### Introducing the "Universal Manners Test" for showroom advisors

All showroom advisors will take the test by May 2023. This is the first time in the housing equipment industry that this test has been taken on a company-wide scale.



### Enamel Panel Business

#### Enamel exterior material “Emawall Exterior Type”

Practical application of high-definition original designs using inkjet printing technology. Available for order since January 10, 2023 (Tues.).



Image of subway platform walls finished with inkjet printing process

In recent years, there has been a growing demand for exterior materials that provide public facilities with an impressive presentation with a sense of luxury and originality. We are now able to propose finished goods using inkjet printing.

#### Examples of Emawall applications



Station buildings



Hospital facilities

### Overseas Business

#### Promotes expansion of distributor network in Asian countries

Joined local exhibitions to increase recognition overseas



“TAIPEI BUILDING SHOW,” a large-scale exhibition in Taiwan (December 2022)

Our high-grade enamel products have earned a good reputation in Asia’s hot and humid climate, and sales are steadily increasing. We will continue to further strengthen our efforts overseas with the aim of expanding sales even further.

#### Initiatives

- Develop sales offices and supply chain (66 dealers’ showrooms : +13 YoY)
- Develop products for overseas markets
- Strengthen efforts for large-scale properties such as condominiums

Establishment of Overseas Business Strategy Office (October 2022)

Aim for ¥10.0billion level of overseas sales in FY2030

## Our commercials featuring Ms. Tao Tsuchiya as a CM character are aired

The concept of the commercials, which has been airing since October 2022, is **“Family members become closer.”** Ms. Tao Tsuchiya is dressed in a new uniform renewed on the occasion of the Company’s 110th anniversary to meet guests.

Ms. Tsuchiya welcomes the married couple of Ms. Akira Hokuto and Mr. Kensuke Sasaki. In the commercial, both Ms. Hokuto and Mr. Sasaki talk about their feelings toward their family members.



\*The CM clip is also available on our website.

## First collaboration with TOMY’s “Licca”!

A present campaign was conducted in which participants answered a quiz and were entered in a draw to win a Licca doll to commemorate the 110th anniversary of the company’s founding.



\*The campaign ended on December 31, 2022.

## Exhibited the “Kitchen Remodeling Center” at KidZania Koshien

The “Kitchen Remodeling Center” pavilion opened on December 22, 2022 (Thurs.) as an official sponsor of KidZania Koshien, a facility for children to experience occupations and society.



Through ESG initiatives, we aim to enhance corporate value over the medium to long term

### E(Environment)

- Our proprietary "high-grade enamel" is a sustainable material.
- Establishment of Takara Environmental Policy
- CO2 emission reduction target for FY2030 [Reduction of 30% from FY2020 level]
- Installation of energy-saving equipment at production bases, conversion to fuels with lower CO2 emissions
- Endorsement of "White Logistics" to reduce CO2 emissions
- Protect the environment by reducing packaging resources and waste
- Solar power equipment installed at the Company building to conserve the environment and energy

### S(Social)

- Create an environment where women can play an active role through various childcare support
- Promote "health management" to enable employees to work in good health and wellness
- Promote flexible work styles that are not restricted by location or time
- Donations to children's cafeterias (contributing to society through food support)
- Sponsorship of "Kokoro no Gekijo" (Theater of the Heart) to nurture children's thoughts and feelings
- Sponsor the Fulbright Scholarship Program
- Aim to contribute to society by supporting artists with "Enamel x Art Project"

### G(Governance)

- Strengthen the governance system that leads to sound corporate management as a company listed on the TSE Prime Market
- Conduct constructive dialogue with a wide range of stakeholders through IR activities

Present what we see as the SDGs on our website.



< IR Contact >

**TAKARA STANDARD CO., LTD.**

Finance Department, Administration Division

E-mail

[ir@takara-standard.co.jp](mailto:ir@takara-standard.co.jp)

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This document contains projections based on the Company's plans as of May 11, 2023.

These plans and projections are subject to risks and uncertainties that could cause actual results to differ from the plans.