

TAKARA STANDARD CO., LTD.

Six Months Ended September 30, 2023

Financial Results

November 1, 2023

Stock Code
7981

Takara standard

1. Overview of Financial Results
for the Six Months Ended September 30, 2023

PP. 2 ~ 15

2. Topics

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Overview of Financial Results

Net sales reached a record high in the second quarter. Operating profit decreased, but on a profit attributable to owners of parent basis, both revenue and profit increased.

【Net sales】

¥114.6billion
+4.2% YoY

Net sales reached a record high due to expansions in sales for both new construction and remodeling. Revenue increased due to the expansion in sales of the mid- to high-end series System Bathroom “GRANSPA.”

【Operating profit】

¥5.3billion
(12.8)% YoY

Due to the delay in the reflection of the price revisions effect for FY2023 beyond the expected time frame, we were unable to offset the increase in expenses, resulting in a decrease in profits.

【Profit attributable to owners of parent】

¥4.4billion
+6.7% YoY

Profit attributable to owners of parent increased as a result of the sale of investment securities, driven by the initiative to reduce cross-shareholding.

Earnings Forecasts for FY Ending March 2024

With the full-fledged contribution of the price revisions effect and efforts to reduce expenses, an increase in both revenue and profit is expected for the second half of the fiscal year, and the full-year forecasts remain unchanged.

Operating Results

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(Unit : ¥ billion)

	Apr.-Sept. 2022		Apr.-Sept. 2023				Earnings Forecasts for Apr.-Sept. 2023	
	Amount	% of sales	Amount	% of sales	Change	% change	Amount	Change from forecast
Net sales	110.0	100.0%	114.6	100.0%	+4.5	+4.2%	113.7	+0.9%
Gross profit	37.7	34.3%	38.4	33.5%	+0.6	+1.8%	—	—
SG&A	31.6	28.8%	33.1	28.9%	+1.4	+4.6%	—	—
Operating profit	6.0	5.5%	5.3	4.6%	(0.7)	(12.8)%	6.6	(19.6)%
Ordinary profit	6.3	5.8%	5.4	4.8%	(0.8)	(13.9)%	6.8	(19.1)%
Profit attributable to owners of parent	4.1	3.8%	4.4	3.9%	+0.2	+6.7%	4.5	(1.5)%

Operating Results (Quarter-on-Quarter Comparison)

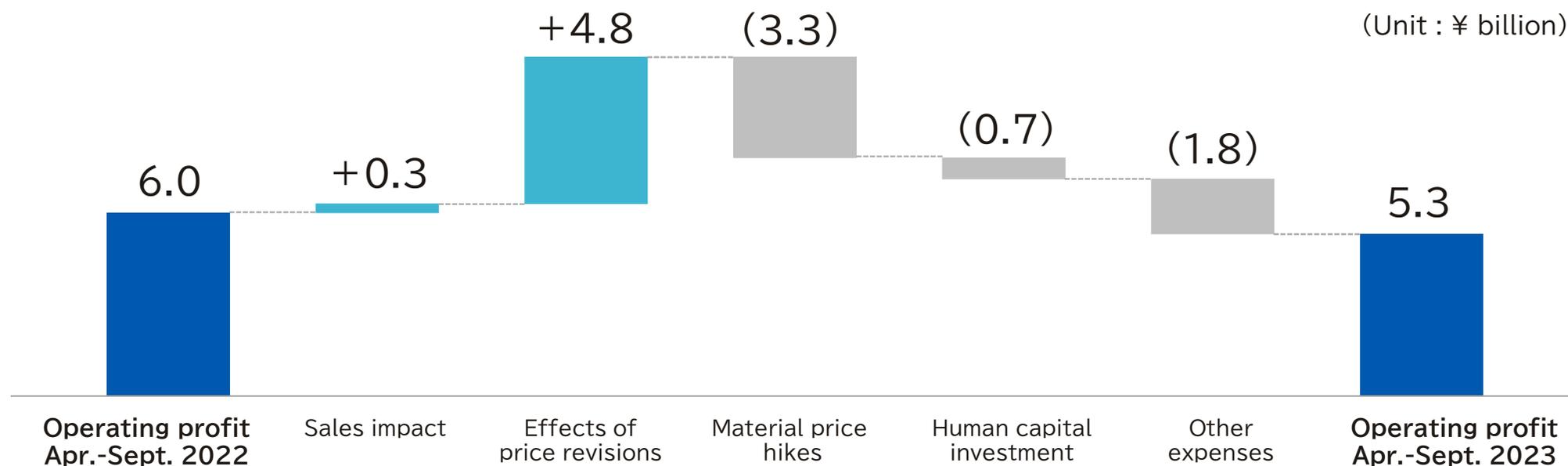
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(Unit : ¥ billion)

	2022				2023							
	First quarter (Apr.-Jun.)		Second quarter (Jul.-Sept.)		First quarter (Apr.-Jun.)				Second quarter (Jul.-Sept.)			
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Change	% change	Amount	% of sales	Change	% change
Net sales	54.3	100.0%	55.7	100.0%	57.2	100.0%	+2.8	+5.3%	57.4	100.0%	+1.7	+3.1%
Gross profit	18.9	34.9%	18.8	33.7%	19.0	33.3%	+0.1	+0.7%	19.3	33.7%	+0.5	+2.9%
SG&A	15.7	28.9%	15.9	28.6%	16.4	28.7%	+0.6	+4.3%	16.7	29.1%	+0.7	+4.9%
Operating profit	3.2	5.9%	2.8	5.1%	2.6	4.7%	(0.5)	(16.8)%	2.6	4.6%	(0.2)	(8.3)%
Ordinary profit	3.4	6.4%	2.8	5.2%	2.8	5.0%	(0.6)	(17.8)%	2.6	4.6%	(0.2)	(9.3)%
Profit attributable to owners of parent	2.2	4.2%	1.8	3.3%	1.9	3.4%	(0.3)	(15.9)%	2.5	4.4%	+0.6	+34.6%

Analysis of Change in Operating Profit

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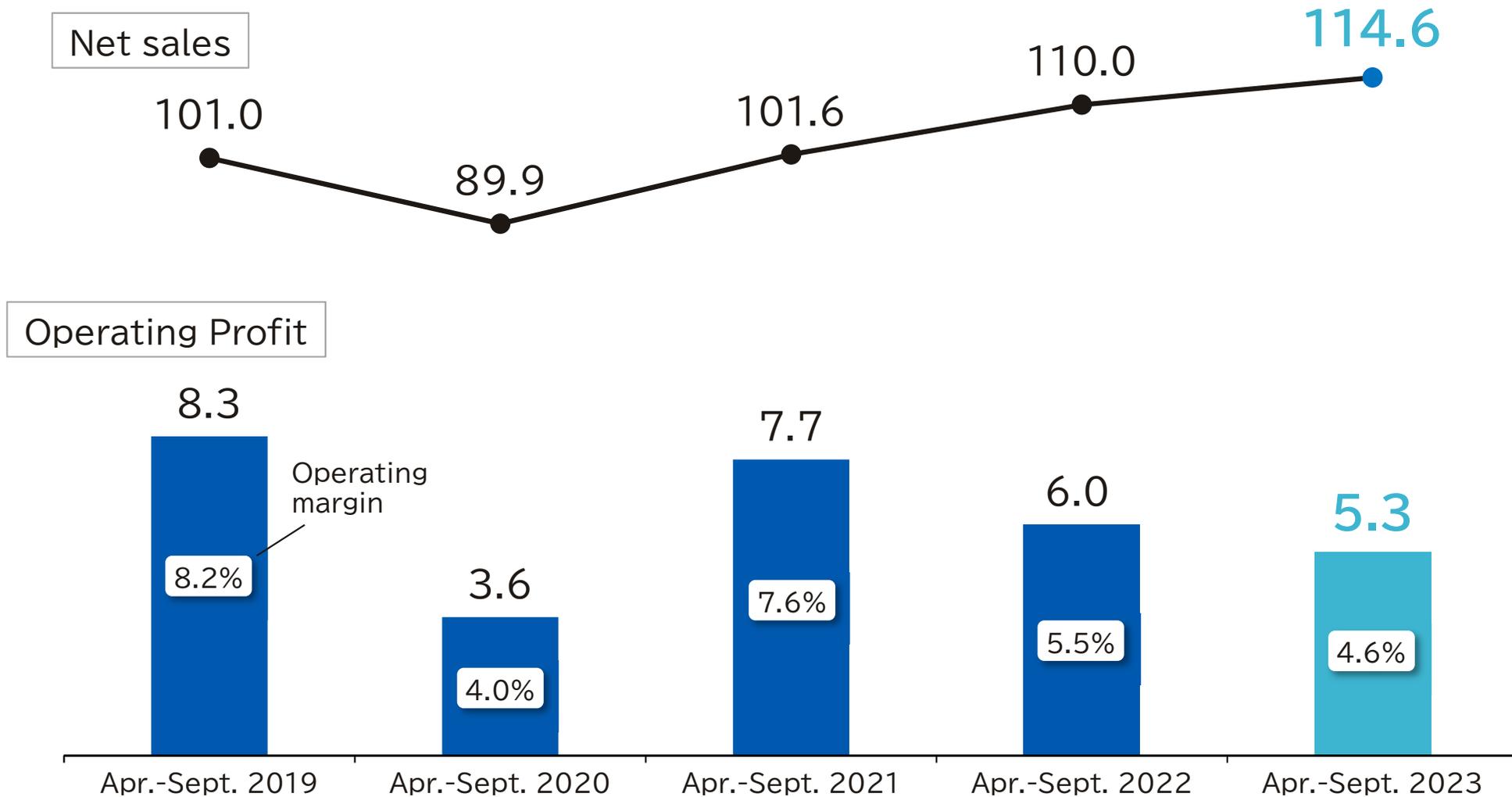


Sales impact	Sales for both remodeling and new construction increased, centered on Urban areas.
Effects of price revisions	Profits increased due to price revisions effect implemented in FY2022 and April 2023. Although the reflection of the price revisions effect was delayed more than expected, a full-fledged contribution to profit increase is expected from the third quarter onward.
Material price hikes	Costs increased due to a sustained high market prices of major materials, such as steel sheets, stainless steel, and resin materials.
Human capital investment	The Company aggressively invested in human capital that will contribute to sustainable growth by investing in human resources for growth businesses and acquiring and developing DX personnel.
Other expenses	The increase was mainly due to distribution costs associated with the increase in sales and depreciation associated with the expansion of production facilities.

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 FY2021, and the figures for Apr.-Sept. 2020 were retroactively restated, but the figures for Apr.-Sept. 2019 were not retroactively restated.

Net Sales by Product Category

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Sales expanded in all three main segments.

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)

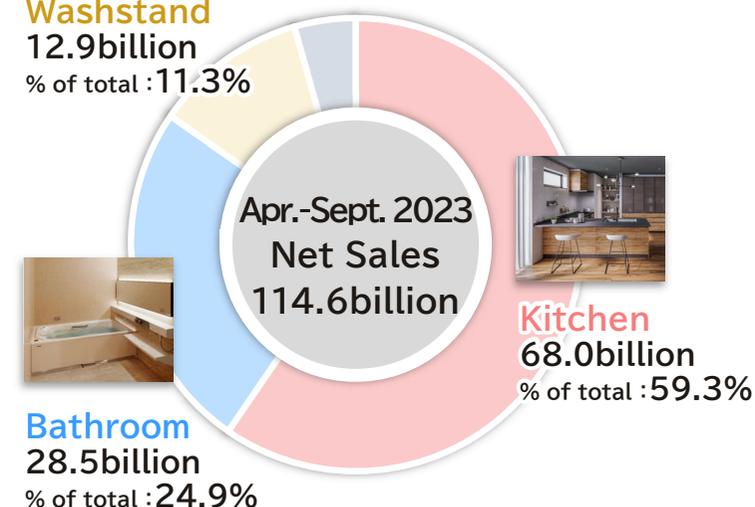
	Apr.-Sept. 2022		Apr.-Sept. 2023			
	Amount	% of total	Amount	% of total	Change	% change
Kitchen	65.8	59.8%	68.0	59.3%	+2.2	+3.4%
Bathroom	26.2	23.8%	28.5	24.9%	+2.2	+8.7%
Washstand	12.3	11.2%	12.9	11.3%	+0.6	+5.1%
Total incl. others	110.0	100.0%	114.6	100.0%	+4.5	+4.2%



Washstand
12.9billion
% of total : 11.3%



Bathroom
28.5billion
% of total : 24.9%



【Sales within total】

Panel-related sales	3.1	2.9%	3.4	3.0%	+0.3	+9.6%
Overseas business sales	0.6	0.6%	0.5	0.5%	(0.0)	(7.1)%

Net Sales by Product Category (Quarter-on-Quarter Comparison)

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(Unit : ¥ billion)

	2022				2023							
	First quarter (Apr.-Jun.)		Second quarter (Jul.-Sept.)		First quarter (Apr.-Jun.)				Second quarter (Jul.-Sept.)			
	Amount	% of total	Amount	% of total	Amount	% of total	Change	% change	Amount	% of total	Change	% change
Kitchen	32.6	60.1%	33.1	59.4%	34.0	59.6%	+1.4	+4.3%	33.9	59.1%	+0.8	+2.4%
Bathroom	12.9	23.8%	13.3	23.9%	14.3	25.0%	+1.4	+10.9%	14.2	24.7%	+0.8	+6.6%
Washstand	5.9	11.0%	6.3	11.4%	6.2	11.0%	+0.2	+4.5%	6.7	11.7%	+0.3	+5.6%
Total incl. others	54.3	100.0%	55.7	100.0%	57.2	100.0%	+2.8	+5.3%	57.4	100.0%	+1.7	+3.1%

【Sales within total】

Panel-related sales	1.6	3.0%	1.5	2.8%	1.7	3.1%	+0.1	+10.5%	1.7	3.0%	+0.1	+8.6%
Overseas business sales	0.3	0.6%	0.3	0.6%	0.3	0.6%	(0.0)	(2.7)%	0.2	0.5%	(0.0)	(12.0)%

Shipment Growth Rate (Industry Comparison)

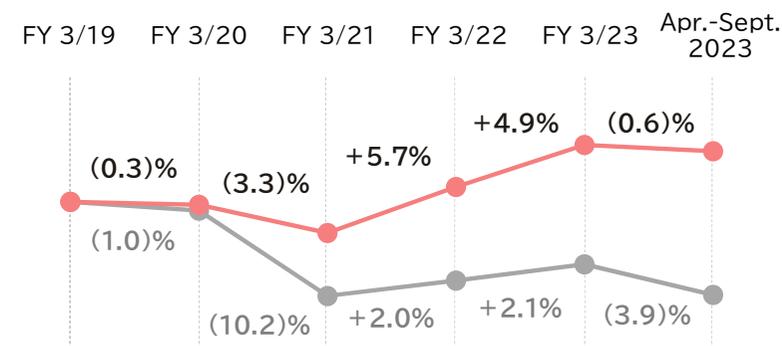
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The rate of change in our shipment volume from the previous year remained higher than that of the industry (as per the JAPAN ASSOCIATION OF KITCHEN & BATH).

Kitchen



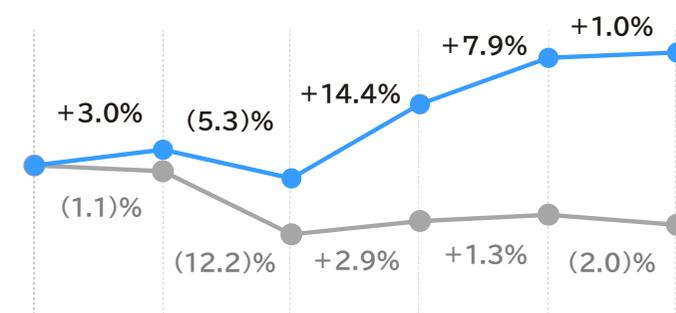
	FY 3/20	FY 3/21	FY 3/22	FY 3/23	Apr.-Sept. 2023
TAKARA STANDARD	(0.3)%	(3.3)%	+5.7%	+4.9%	(0.6)%
JAPAN ASSOCIATION OF KITCHEN & BATH	(1.0)%	(10.2)%	+2.0%	+2.1%	(3.9)%



Bathroom



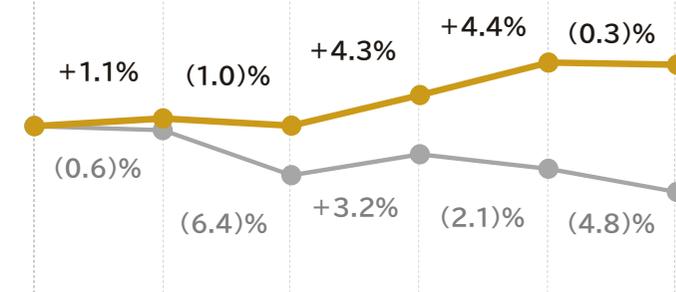
	FY 3/20	FY 3/21	FY 3/22	FY 3/23	Apr.-Sept. 2023
TAKARA STANDARD	+3.0%	(5.3)%	+14.4%	+7.9%	+1.0%
JAPAN ASSOCIATION OF KITCHEN & BATH	(1.1)%	(12.2)%	+2.9%	+1.3%	(2.0)%



Washstand



	FY 3/20	FY 3/21	FY 3/22	FY 3/23	Apr.-Sept. 2023
TAKARA STANDARD	+1.1%	(1.0)%	+4.3%	+4.4%	(0.3)%
JAPAN ASSOCIATION OF KITCHEN & BATH	(0.6)%	(6.4)%	+3.2%	(2.1)%	(4.8)%



* Figures for the JAPAN ASSOCIATION OF KITCHEN & BATH are YoY percentage changes in the total numbers of System Kitchens, System Bathrooms, and Washstands.

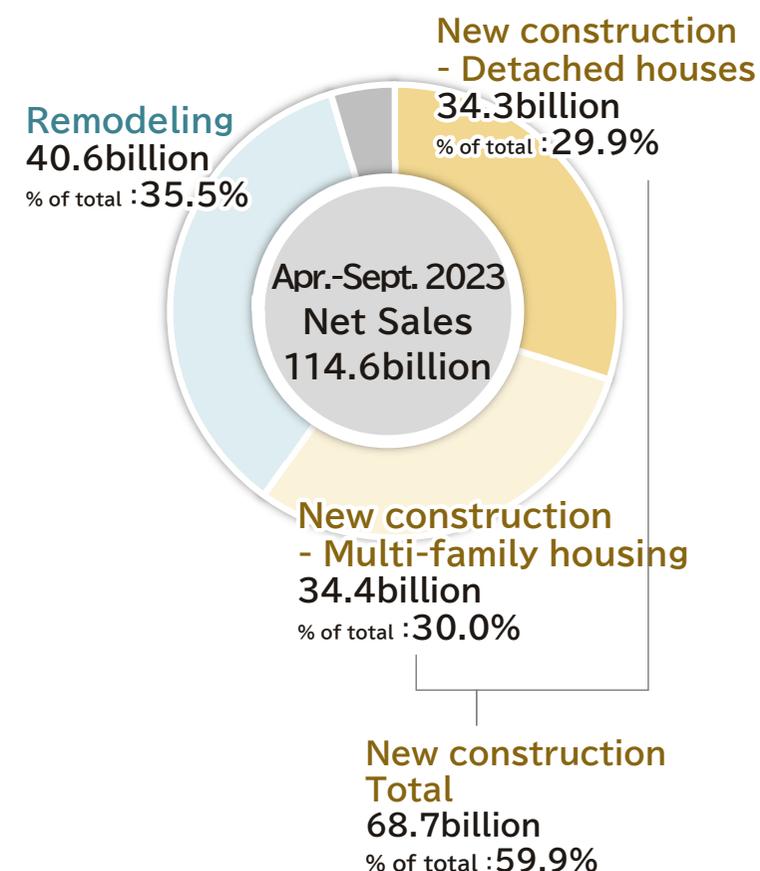
Net Sales by Market

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Sales growth in both new construction and remodeling, centered on Urban areas.
In the remodeling market, sales increased by 6.8% due to the expansion in sales of the mid- to high-end series System Bathroom “GRANSPA.”

(Unit : ¥ billion)

		Apr.-Sept. 2022		Apr.-Sept. 2023			
		Amount	% of total	Amount	% of total	Change	% change
New construction	Detached houses	34.4	31.3%	34.3	29.9%	(0.1)	(0.3)%
	Multi-family housing	32.2	29.3%	34.4	30.0%	+2.1	+6.7%
	Total	66.7	60.6%	68.7	59.9%	+2.0	+3.1%
Remodeling		38.1	34.6%	40.6	35.5%	+2.5	+6.8%
Total incl. others		110.0	100.0%	114.6	100.0%	+4.5	+4.2%



Net Sales by Market (Quarter-on-Quarter Comparison)

Takara standard

(Unit : ¥ billion)

		2022				2023							
		First quarter (Apr.-Jun.)		Second quarter (Jul.-Sept.)		First quarter (Apr.-Jun.)				Second quarter (Jul.-Sept.)			
		Amount	% of total	Amount	% of total	Amount	% of total	Change	% change	Amount	% of total	Change	% change
New construction	Detached houses	17.3	31.9%	17.1	30.8%	17.4	30.6%	+0.1	+1.0%	16.8	29.3%	(0.2)	(1.7)%
	Multi-family housing	14.7	27.2%	17.4	31.3%	15.7	27.5%	+0.9	+6.6%	18.6	32.5%	+1.2	+6.9%
	Total	32.0	59.0%	34.6	62.1%	33.2	58.0%	+1.1	+3.6%	35.5	61.8%	+0.9	+2.6%
Remodeling		19.8	36.4%	18.3	32.8%	21.4	37.4%	+1.5	+8.0%	19.2	33.6%	+0.9	+5.4%
Total incl. others		54.3	100.0%	55.7	100.0%	57.2	100.0%	+2.8	+5.3%	57.4	100.0%	+1.7	+3.1%

Consolidated Balance Sheet

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Total assets at the end of September 2023 were ¥269.7 billion, an decrease of ¥10.0 billion from the end of the previous fiscal year.

(Unit : ¥ billion)

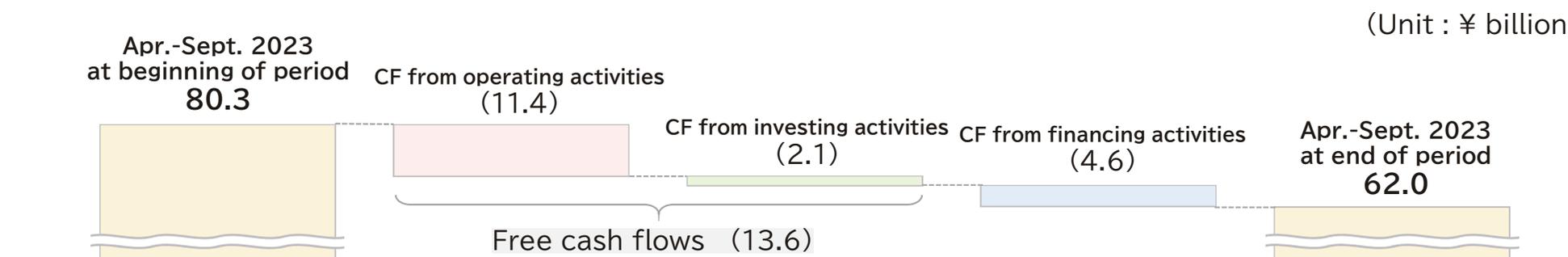
		End-Mar. 2023	End-Sept. 2023	Change	Main Factors
Assets	Current assets	173.7	162.6	(11.1)	Cash and deposits (18.3) Trade receivables +3.6 Inventories +2.2
	Noncurrent assets	106.1	107.1	+1.0	
Total assets		279.8	269.7	(10.0)	
Liabilities	Current liabilities	76.1	64.9	(11.1)	Trade payables (12.2)
	Noncurrent liabilities	22.2	22.4	+0.1	
Total liabilities		98.3	87.4	(10.9)	
Total net assets		181.5	182.3	+0.8	Profit attributable to owners of parent +4.4 Purchase of treasury shares (2.4) Dividends of surplus (1.8)
Total liabilities and net assets		279.8	269.7	(10.0)	

Mainly due to a decrease in trade payables as a result of accelerated payments to some suppliers.

Consolidated Cash Flows

Takara standard

Cash and cash equivalents decreased ¥18.3 billion from the beginning of the period to ¥62.0 billion, mainly due to a decrease in trade payables as a result of accelerated payments to some suppliers.



	Apr.-Sept. 2022	Apr.-Sept. 2023	Main Items
Cash and cash equivalents at beginning of period	88.6	80.3	
Cash flows from operating activities	0.7	(11.4)	Decrease in trade payables (12.8) Increase in trade receivables and inventories (5.9) Profit before income taxes 6.4
Cash flows from investing activities	(3.4)	(2.1)	Purchase of property, plant and equipment (3.9) Proceeds from sale of investment securities 1.5
Free cash flows	(2.7)	(13.6)	
Cash flows from financing activities	(6.8)	(4.6)	Purchase of treasury shares (2.4) Dividends paid (1.8) Net decrease in short-term borrowings (0.4)
Cash and cash equivalents at end of period	79.0	62.0	

The State of Shareholder Returns

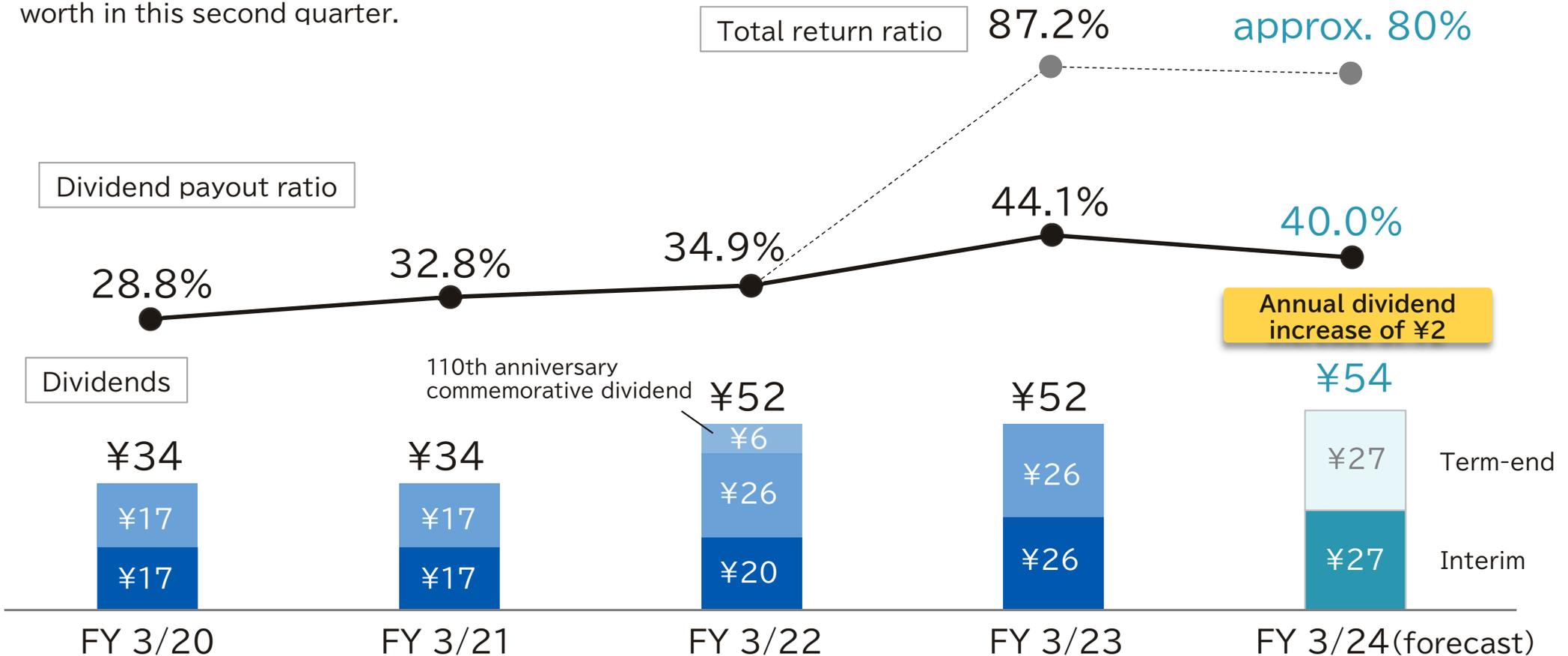
To improve capital efficiency and further enhance shareholder returns, we plan to increase dividends and purchase treasury shares in the FY Ending March 2024

The annual dividend for the FY Ending March 2024 is planned to be ¥54 per share (an increase of ¥2 per share).

The Company is also planning to purchase ¥3.8 billion (maximum) of treasury shares, and purchased ¥2.4 billion worth in this second quarter.

purchase ¥3.6 billion of treasury shares

Plan to purchase ¥3.8 billion (maximum) of treasury shares (with ¥2.4 billion already purchased as of November 1)



Earnings Forecasts for FY Ending March 2024

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An increase in both revenue and profit is expected for the second half of the fiscal year, and the full-year forecasts remain unchanged.

Although the reflection of the price revisions effect in the first half of the fiscal year was delayed more than expected, it is expected to fully contribute to profit growth from the third quarter onward, and through efforts to reduce expenses, we aim to achieve the full-year forecasts.

(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%

1. Overview of Financial Results
for the Six Months Ended September 30, 2023 PP. 2 ~ 15

2. Topics PP. 17 ~ 20

Model change of enameled system kitchen “LEMURE”

A sense of luxury using the world’s first enamel 3D inkjet printing.



Featuring a design that employs the world’s first enamel 3D inkjet printing technology and incorporating functions that make household chores easier, we have created a kitchen that offers higher quality and greater luxury than ever before.

We aim to expand our sales in the high-end price range, targeting individuals in the high-class zone.

New colors introduced for enameled washstand “ELEENA”

New colors with realistic wood grain patterns and bold gradient patterns that give a sense of expansiveness have been introduced using the same enamel 3D inkjet printing technology as used in the kitchen. They bring a luxurious feel to any washroom space.



An enamel range hood that requires no internal maintenance for 10 years.
New release of “Keep Clean Hood”



GOOD DESIGN
AWARD 2023

This product was praised for both its use of enamel, which has excellent cleanability, and a design that is profound and elegantly luxurious

The unique filtering structure makes the interior, including the fan, less prone to getting dirty, so maintenance of the fan, traditionally needed once a year, is now required only once every ten years, reducing the time and water used for cleaning.

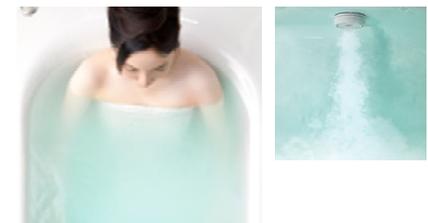
It offers a wide selection of designs, materials, and optional features.
The mid- to high-end series System Bathroom “GRANSPA” is now on sale



In response to diversifying needs of customers, we offer a wide range of options for functional products, including bathtubs, washing areas, and color ceilings. You can customize your ideal bathroom space to suit your lifestyle.



Comfortable bathing time with relaxing function “KATATSUTSUMIYU”



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

In Apr.-Sept. 2023, two relocations and one renewal were carried out

Approximately 160 locations in all 47 prefectures of Japan. Develop community-based showrooms where customers can "see, touch, and feel" products.



Oita **Relocation**
Oita Showroom
(April 2023)



Saitama **Relocation**
Kawaguchi Showroom
(July 2023)



Aichi **Renewal**
Toyohashi Showroom
(September 2023)

Promoting visits to showrooms through use of Web

Virtual Showroom with 360°View



Showroom Exhibit Information



Web Reservation System



Use of digital technology in the sales department

To transform the profit structure through improved productivity, we are promoting the use of digital technology and transforming sales activities.

Introduction of a CRM* system

* Customer Relationship Management



Centralized management of information on distributors and clients

Enhanced information sharing and selection of tracking targets

Increased contract rate

Reduced time spent in meetings and earlier acquisition of information

Improved sales efficiency

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 >

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This document contains projections based on the Company's plans as of November 1, 2023.

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