

TAKARA STANDARD CO., LTD.

Nine Months Ended December 31, 2023

Financial Results

February 1, 2024

Stock Code
7981

Takara standard

1. Overview of Financial Results
for the Nine Months Ended December 31, 2023

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2. Topics

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Overview of Financial Results

Net sales reached a record high due to steady expansions in sales for both new construction and remodeling.

Both operating profit and profit attributable to owners of parent increased.

【Net sales】

¥179.4billion
+3.9% YoY

Sales were strong for new construction in each product category. Revenue also increased for remodeling with the expansion in sales of the high-end series System Kitchen “LEMURE,” released in August 2023, and the mid- to high-end series System Bathroom “GRANSPA,” released in August 2022.

【Operating profit】

¥10.7billion
+7.5% YoY

Steady progress was made in the reflection of the price revisions effect for FY2023 in the third quarter (October to December). Operating profit was about 1.4 fold the same period in the previous fiscal year, with an increase in profits also recorded for the nine months ended December 2023.

【Profit attributable to owners of parent】

¥8.2billion
+5.2% YoY

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

Operating Results

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Both revenue and profit increased in the nine months ended December 2023, and the operating profit ratio also improved.

(Unit : ¥ billion)

	Apr.-Dec. 2022		Apr.-Dec. 2023			
	Amount	% of sales	Amount	% of sales	Change	% change
Net sales	172.7	100.0%	179.4	100.0%	+6.6	+3.9%
Gross profit	58.3	33.8%	60.8	33.9%	+2.4	+4.2%
SG&A	48.4	28.0%	50.0	27.9%	+1.6	+3.5%
Operating profit	9.9	5.8%	10.7	6.0%	+0.7	+7.5%
Ordinary profit	10.4	6.1%	11.0	6.2%	+0.6	+5.8%
Profit attributable to owners of parent	7.8	4.5%	8.2	4.6%	+0.4	+5.2%

Operating Results (Quarter-on-Quarter Comparison)

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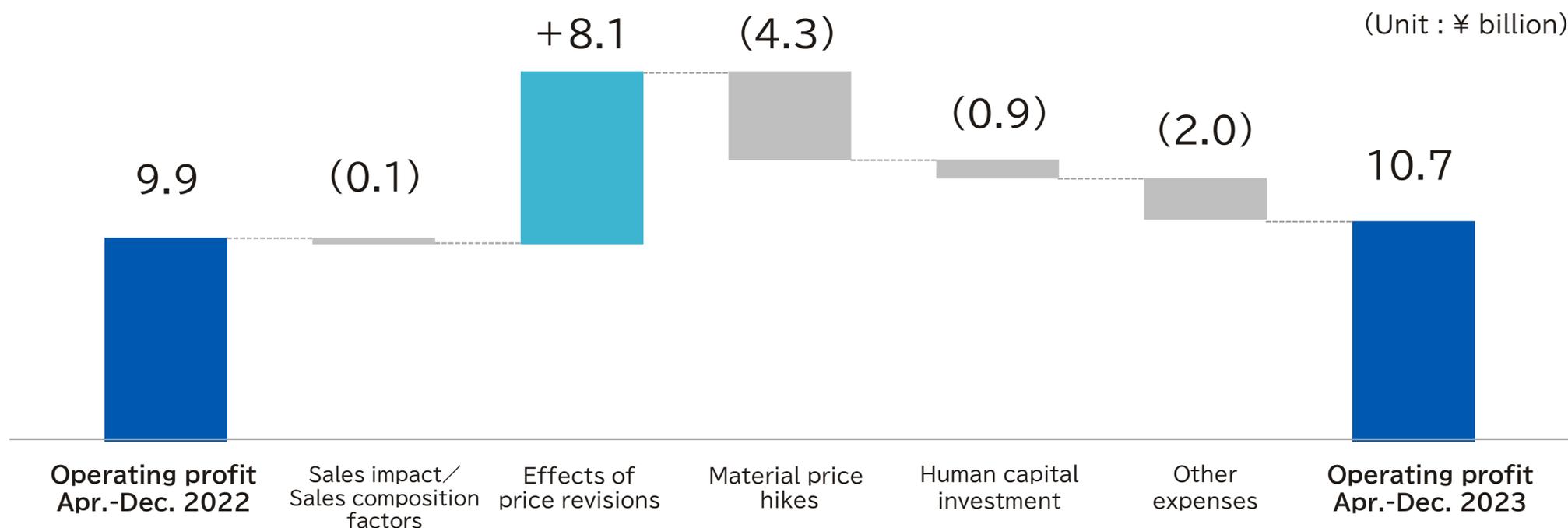
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(Unit : ¥ billion)

	2022				2023							
	First half (Apr.-Sept.)		Third quarter (Oct.-Dec.)		First half (Apr.-Sept.)				Third quarter (Oct.-Dec.)			
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Change	% change	Amount	% of sales	Change	% change
Net sales	110.0	100.0%	62.6	100.0%	114.6	100.0%	+4.5	+4.2%	64.7	100.0%	+2.0	+3.3%
Gross profit	37.7	34.3%	20.6	33.0%	38.4	33.5%	+0.6	+1.8%	22.3	34.6%	+1.7	+8.5%
SG&A	31.6	28.8%	16.7	26.7%	33.1	28.9%	+1.4	+4.6%	16.9	26.2%	+0.2	+1.3%
Operating profit	6.0	5.5%	3.8	6.2%	5.3	4.6%	(0.7)	(12.8)%	5.4	8.4%	+1.5	+39.3%
Ordinary profit	6.3	5.8%	4.0	6.5%	5.4	4.8%	(0.8)	(13.9)%	5.5	8.6%	+1.4	+36.8%
Profit attributable to owners of parent	4.1	3.8%	3.6	5.9%	4.4	3.9%	+0.2	+6.7%	3.8	5.9%	+0.1	+3.5%

Analysis of Change in Operating Profit

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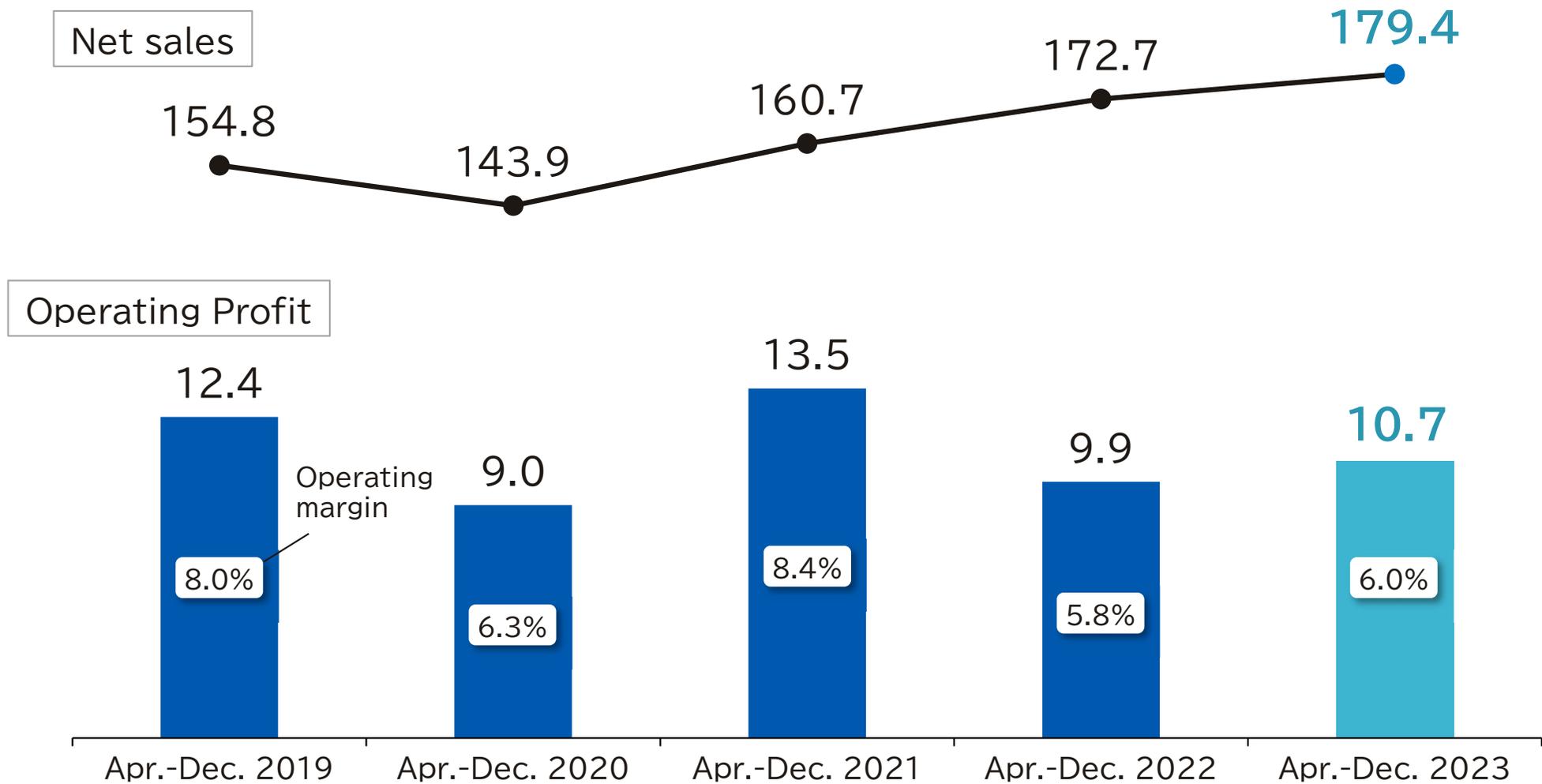


Effects of price revisions	Profits increased due to price revisions effect implemented in FY2022 and April and August 2023.
Material price hikes	Costs increased due to a sustained high market prices of major materials, such as steel sheets, stainless steel, and resin materials.
Human capital investment	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 the increase in distribution costs 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.-Dec. 2020 were retroactively restated, but the figures for Apr.-Dec. 2019 were not retroactively restated.

Net Sales by Product Category

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In addition to sales of the Kitchen and Washstand segments increasing YoY, centering on new constructions, the new product effects are starting to emerge for the high-end series System Kitchen “LEMURE” and the Washstand “ELEENA,” which underwent full model changes.

In the Bathroom segment, sales were strong for the mid- to high-end series “GRANSPA” and for newly built condominiums.

(Unit : ¥ billion)

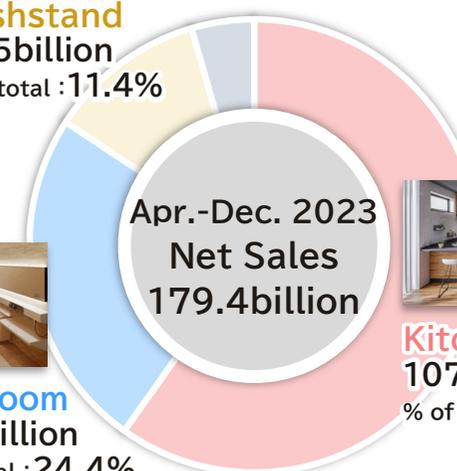
	Apr.-Dec. 2022		Apr.-Dec. 2023			
	Amount	% of sales	Amount	% of sales	Change	% change
Kitchen	103.3	59.8%	107.2	59.8%	+3.9	+3.9%
Bathroom	40.9	23.7%	43.7	24.4%	+2.8	+6.9%
Washstand	19.7	11.4%	20.5	11.4%	+0.8	+4.1%
Total incl. others	172.7	100.0%	179.4	100.0%	+6.6	+3.9%



Washstand
20.5billion
% of total : 11.4%



Bathroom
43.7billion
% of total : 24.4%



Kitchen
107.2billion
% of total : 59.8%

【Sales within total】

Panel-related sales	5.0	2.9%	5.4	3.0%	+0.4	+8.4%
Overseas business sales	0.9	0.6%	0.9	0.5%	(0.0)	(5.8)%

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

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(Unit : ¥ billion)

	2022				2023							
	First half (Apr.-Sept.)		Third quarter (Oct.-Dec.)		First half (Apr.-Sept.)				Third quarter (Oct.-Dec.)			
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Change	% change	Amount	% of sales	Change	% change
Kitchen	65.8	59.8%	37.5	59.9%	68.0	59.3%	+2.2	+3.4%	39.2	60.7%	+1.7	+4.7%
Bathroom	26.2	23.8%	14.6	23.4%	28.5	24.9%	+2.2	+8.7%	15.1	23.5%	+0.5	+3.6%
Washstand	12.3	11.2%	7.3	11.8%	12.9	11.3%	+0.6	+5.1%	7.5	11.6%	+0.1	+2.3%
Total incl. others	110.0	100.0%	62.6	100.0%	114.6	100.0%	+4.5	+4.2%	64.7	100.0%	+2.0	+3.3%

【Sales within total】

Panel-related sales	3.1	2.9%	1.8	2.9%	3.4	3.0%	+0.3	+9.6%	1.9	3.0%	+0.1	+6.4%
Overseas business sales	0.6	0.6%	0.3	0.5%	0.5	0.5%	(0.0)	(7.1)%	0.3	0.5%	(0.0)	(3.0)%

Shipment Growth Rate (Industry Comparison)

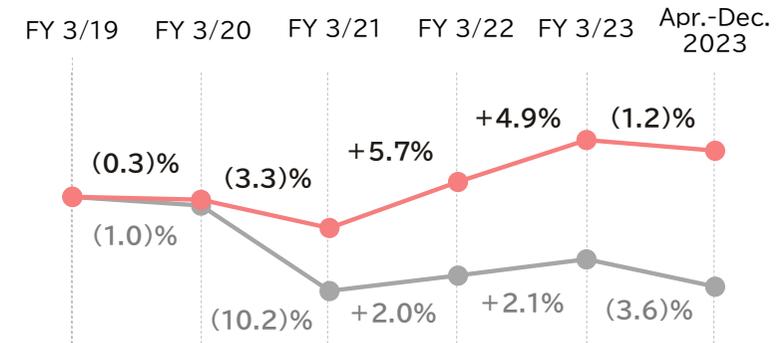
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The rate of change in our shipment volume from the previous year remained higher than that of the industry (as per the JAPAN ASSOCIATION OF KITCHEN & BATH).

Kitchen



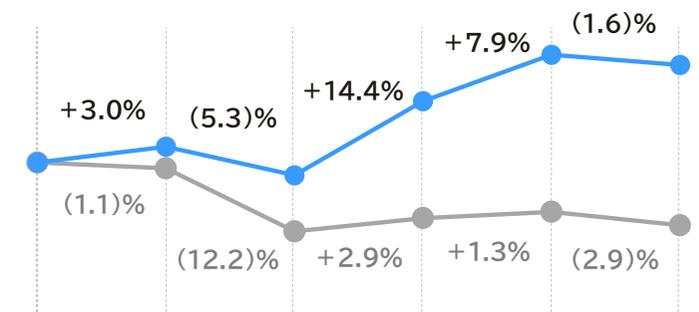
	FY 3/20	FY 3/21	FY 3/22	FY 3/23	Apr.-Dec. 2023
TAKARA STANDARD	(0.3)%	(3.3)%	+5.7%	+4.9%	(1.2)%
JAPAN ASSOCIATION OF KITCHEN & BATH	(1.0)%	(10.2)%	+2.0%	+2.1%	(3.6)%



Bathroom



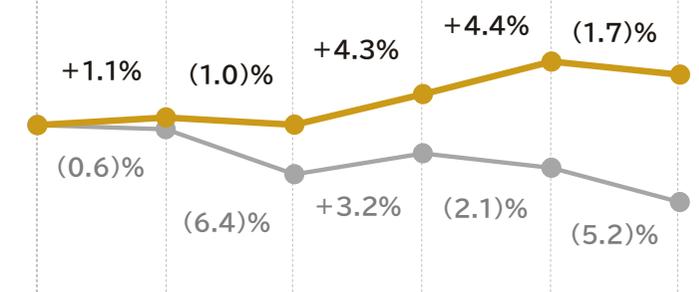
	FY 3/20	FY 3/21	FY 3/22	FY 3/23	Apr.-Dec. 2023
TAKARA STANDARD	+3.0%	(5.3)%	+14.4%	+7.9%	(1.6)%
JAPAN ASSOCIATION OF KITCHEN & BATH	(1.1)%	(12.2)%	+2.9%	+1.3%	(2.9)%



Washstand



	FY 3/20	FY 3/21	FY 3/22	FY 3/23	Apr.-Dec. 2023
TAKARA STANDARD	+1.1%	(1.0)%	+4.3%	+4.4%	(1.7)%
JAPAN ASSOCIATION OF KITCHEN & BATH	(0.6)%	(6.4)%	+3.2%	(2.1)%	(5.2)%



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

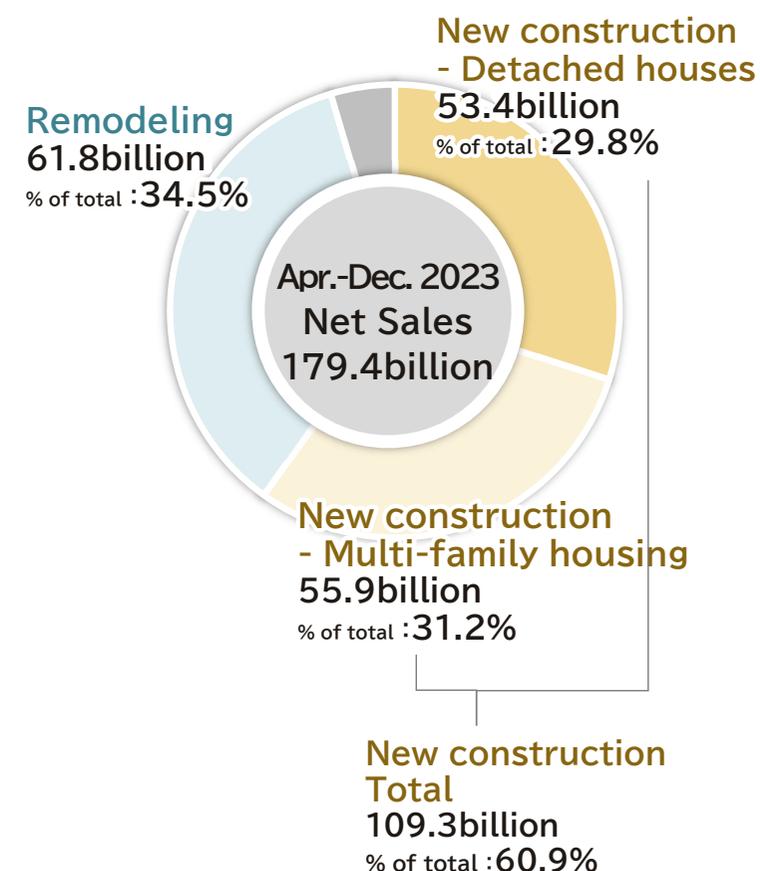
Net Sales by Market

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Sales growth in both new construction and remodeling, centered on Urban areas.
In the remodeling market, sales increased by 4.5% due to the expansion in sales of the mid- to high-end series System Bathroom “GRANSPA”, etc.

(Unit : ¥ billion)

		Apr.-Dec. 2022		Apr.-Dec. 2023			
		Amount	% of total	Amount	% of total	Change	% change
New construction	Detached houses	52.7	30.6%	53.4	29.8%	+0.6	+1.2%
	Multi-family housing	52.4	30.4%	55.9	31.2%	+3.4	+6.6%
	Total	105.2	60.9%	109.3	60.9%	+4.1	+3.9%
Remodeling		59.2	34.3%	61.8	34.5%	+2.6	+4.5%
Total incl. others		172.7	100.0%	179.4	100.0%	+6.6	+3.9%



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

Takara standard

(Unit : ¥ billion)

		2022				2023							
		First half (Apr.-Sept.)		Third quarter (Oct.-Dec.)		First half (Apr.-Sept.)				Third quarter (Oct.-Dec.)			
		Amount	% of total	Amount	% of total	Amount	% of total	Change	% change	Amount	% of total	Change	% change
New construction	Detached houses	34.4	31.3%	18.3	29.2%	34.3	29.9%	(0.1)	(0.3)%	19.0	29.5%	+0.7	+4.1%
	Multi-family housing	32.2	29.3%	20.2	32.3%	34.4	30.0%	+2.1	+6.7%	21.5	33.3%	+1.3	+6.4%
	Total	66.7	60.6%	38.5	61.5%	68.7	59.9%	+2.0	+3.1%	40.5	62.7%	+2.0	+5.3%
Remodeling		38.1	34.6%	21.1	33.7%	40.6	35.5%	+2.5	+6.8%	21.1	32.7%	+0.0	+0.4%
Total incl. others		110.0	100.0%	62.6	100.0%	114.6	100.0%	+4.5	+4.2%	64.7	100.0%	+2.0	+3.3%

Consolidated Balance Sheet

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Total assets at the end of december 2023 were ¥268.3 billion, an decrease of ¥11.4 billion from the end of the previous fiscal year.

(Unit : ¥ billion)

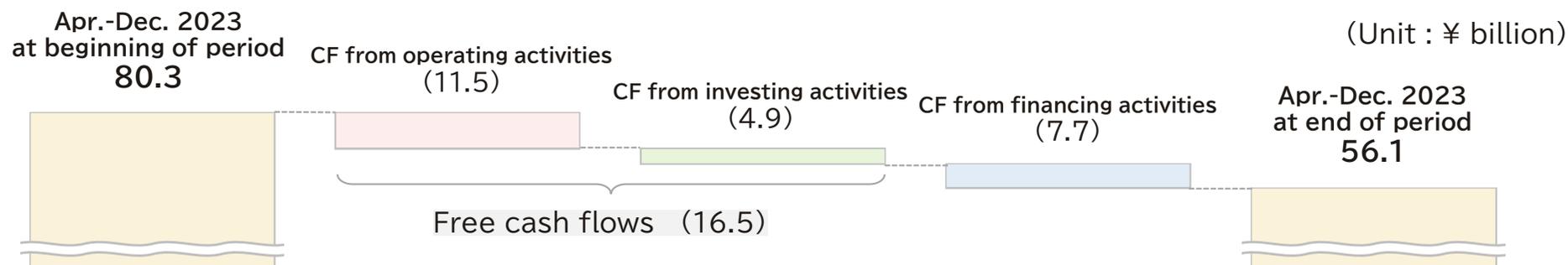
		End-Mar. 2023	End-Dec. 2023	Change	Main Factors
Assets	Current assets	173.7	160.9	(12.8)	Cash and deposits (24.2) Trade receivables +9.4
	Noncurrent assets	106.1	107.4	+1.3	
Total assets		279.8	268.3	(11.4)	
Liabilities	Current liabilities	76.1	62.6	(13.4)	Trade payables (13.1)
	Noncurrent liabilities	22.2	22.4	+0.1	
Total liabilities		98.3	85.0	(13.3)	
Total net assets		181.5	183.3	+1.8	Profit attributable to owners of parent +8.2 Purchase of treasury shares (3.5) Dividends of surplus (3.6)
Total liabilities and net assets		279.8	268.3	(11.4)	

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

Consolidated Cash Flows

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Cash and cash equivalents decreased ¥24.2 billion from the beginning of the period to ¥56.1 billion, mainly due to a decrease in trade payables as a result of accelerated payments to some suppliers and logistics operators.



	Apr.-Dec. 2022	Apr.-Dec. 2023	Main Items
Cash and cash equivalents at beginning of period	88.6	80.3	
Cash flows from operating activities	0.8	(11.5)	Decrease in trade payables (14.0) Increase in trade receivables and inventories (10.1) Profit before income taxes 11.9
Cash flows from investing activities	(3.3)	(4.9)	Purchase of property, plant and equipment (6.7) Proceeds from sale of investment securities 1.7
Free cash flows	(2.4)	(16.5)	
Cash flows from financing activities	(9.3)	(7.7)	Dividends paid (3.6) Purchase of treasury shares (3.5) Net decrease in short-term borrowings (0.4)
Cash and cash equivalents at end of period	76.8	56.1	

The State of Shareholder Returns

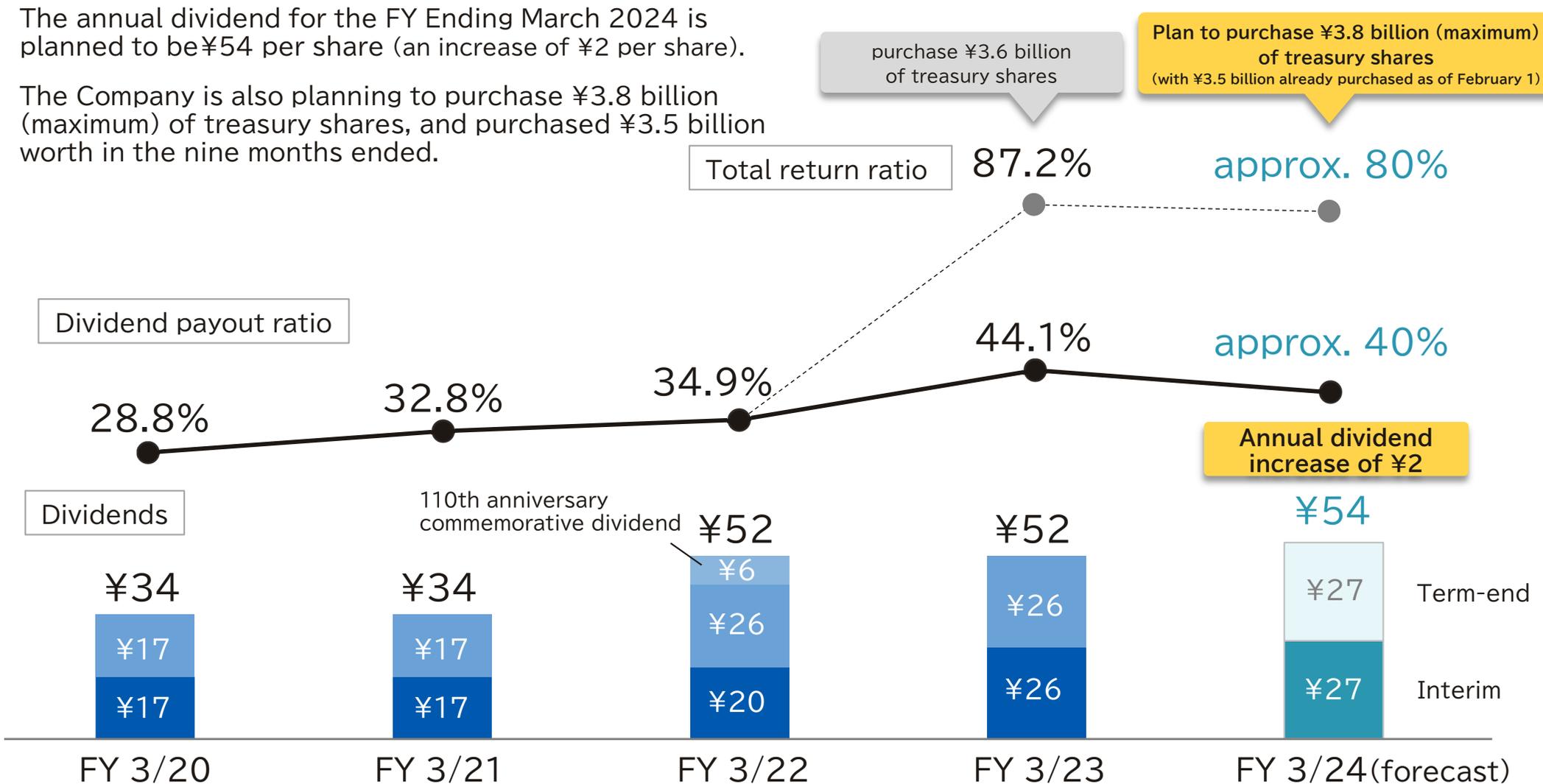
To improve capital efficiency and further enhance shareholder returns, we plan to increase dividends and purchase treasury shares in the FY Ending March 2024

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 ¥3.5 billion worth in the nine months ended.

purchase ¥3.6 billion of treasury shares

Plan to purchase ¥3.8 billion (maximum) of treasury shares (with ¥3.5 billion already purchased as of February 1)



Earnings Forecasts for FY Ending March 2024

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TAKARA STANDARD CO., LTD. (the “Company” hereinafter) hereby announces that in light of the most recent operating trends, the Company revised the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024) announced on May 11, 2023, as indicated below. ※ Announced on February 1, 2024

For the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2024, the Company expects net sales to be in line with the initial plan due to steady expansions in sales for both new construction and remodeling.

The Company still expects operating profit and ordinary profit to be as initially forecasted due to reflecting the effect of price revisions carried out in fiscal 2023 as a response to the prolonged high prices of materials and energy prices in the second half of the fiscal year. However, the reflection of the price revisions effect in the first half of the fiscal year was delayed and a resulting downswing in profits was not recovered, and after taking into account financial results for the nine months ended December 31, 2023, the Company revised these items of profit.

No revisions were made to profit attributable to owners of parent because the Company has recorded gain on sale of investment securities resulting from driven by the initiative to reduce cross-shareholding.

(Unit : ¥ billion)

	FY3/2023 Results	FY3/2024 Revised forecasts (Announced on February 1, 2024)	Change		Previously announced forecasts (Announced on May 11, 2023)	Change from Revised forecasts	
				% change			% change
Net sales	227.4	235.3	+7.8	+3.5%	235.3	0.0	0.0%
Operating profit	10.9	12.3	+1.3	+12.4%	14.1	(1.8)	(12.8)%
Operating profit ratio	4.8%	5.2%	+0.4P	–	6.0%	(0.8)P	–
Ordinary profit	11.4	12.6	+1.1	+9.7%	14.5	(1.9)	(13.1)%
Profit attributable to owners of parent	8.4	9.5	+1.0	+12.9%	9.5	0.0	0.0%

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for the Nine Months Ended December 31, 2023 PP. 2 ~ 15

2. Topics

PP. 17 ~ 18

Five renewals were carried out in October 2023

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



Utsunomiya Showroom (Tochigi)
Kyotominami Showroom (Kyoto)
Osaka Showroom (Osaka)
Fukuoka Showroom (Fukuoka)
Kohoku Showroom (Kanagawa)

Promoting visits to showrooms through use of Web

Virtual Showroom with 360°View



Showroom Exhibit Information



Web Reservation System



Received the "2023 CRM Best Practice Award"

To transform the profit structure through improved productivity, we are promoting the use of digital technology and transforming sales activities. We were praised for these DX initiatives.

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



"CRM Best Practice Award"

Sponsored by CRM Association Japan. Implemented for the purpose of being widely used as a model case for customer relationship management (CRM) promotion, selected by companies and organizations that have had success in carrying out CRM using IT technology.

First time exhibitor at one of Asia's largest construction sector exhibition "Economic Times ACETECH Exhibition" held in New Delhi, India

We see India as a key strategic candidate country for our future overseas business and exhibited this time to conduct a local acceptability survey of enamel and to select potential partner companies for when considering expansion into the market.



Held in December 2023. Approximately 500 interior designers and representatives of design firms visited our booth, and we received high praise for the cleanability, design and durability of our enamel products.



Commenced airing our new TV commercials featuring Ms. Tao Tsuchiya as a CM character

Based on a theme of "Wish for the future," Ms. Tao Tsuchiya, a showroom advisor with 5 years standing, greets a family that includes child actors Miss Aoi Ikemura and Master Rikuto Ishizuka, who play the roles of child customers.



In the CM, Ms. Tsuchiya gives a kind and easy to understand introduction of Takara Standard products that meet SDGs to the well-informed Miss Ikemura and the knowledge-seeking Master Ishizuka. Please enjoy Ms. Tsuchiya's abundant confidence as a 5-year veteran, who also instills a sense of nurturing comfort to the two child actors.

< IR Contact >

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This document contains projections based on the Company's plans as of February 1, 2024.

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