TAKARA STANDARD CO., LTD.

Fiscal Year Ended March 31, 2024

Financial Results

May 9, 2024

Stock Code
7981

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Summary

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Overview of Financial Results for FY Ended March 2024

Net sales reached a record high; Operating profit and profit attributable to owners of parent both saw double-digit growth

Net sales continued to be strong for both new construction and remodeling. Operating profit and profit attributable to owners of parent increased, reflecting the positive effects of price revisions.

Earnings Forecasts for FY Ending March 2025

Plan to increase revenue and profit(net sales: +1.9%, operating profit: +16.7%)

The Company will further promote “strengthening product capabilities” and “addressing the remodeling market” while also improving profitability through the continuing effects of price revisions implemented in the previous fiscal year and productivity improvements.

Capital Investment Plan

The capital investment plan for the FY Ending March 2025 is ¥13.0 billion

Aggressive investment is planned continuing from the previous fiscal year, including production-related investments of ¥6.1 billion and other IT-related investments for the purpose of the improvement of productivity and further growth.

Shareholder Returns

Plan to increase dividend and purchase treasury shares in the FY Ending March 2025

Continuing from the previous fiscal year, we plan to increase the dividend by ¥2 and purchase ¥2.0 billion (maximum) of treasury shares in order to improve capital efficiency and enhance shareholder returns. [Total return ratio approx. 60%]

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2. Earnings Forecasts for the Year Ending March 31, 2025 PP. 16 ～ 18

3. Topics PP. 20 ～ 24

Financial Results Highlights

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Overview of Financial Results

Net sales reached a record high due to expansions in sales for both new construction and remodeling. Operating profit and profit attributable to owners of parent both saw double-digit growth.

【Net sales】	¥234.7billion +3.2% YoY	Sales were steady for new construction in each product category. In remodeling, sales were strong for the Kitchen “LEMURE” and the Washstand “ELEENA,” released in August 2023. In addition, sales of the Modular Bathroom “GRANSPA,” released in August 2022, continued to expand, resulting in higher sales.
【Operating profit】	¥12.4billion +13.6% YoY	Steady progress was made in the reflection of the price revisions effect for FY2023 in the second half (October to March). Operating profit was about 1.5 fold previous fiscal year, with an increase in profits also recorded for the full fiscal year.
【Profit attributable to owners of parent】	¥9.5billion +12.9% YoY	Profit attributable to owners of parent increased as a result of the aforementioned price revisions effect as well as gains on the ongoing sale of cross-shareholdings.

Operating Results

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Both revenue and profit increased for the full year, and the operating profit ratio also improved.

(Unit : ¥ billion)

	Fiscal Year Ended March 31, 2023		Fiscal Year Ended March 31, 2024				Earnings Forecasts for the Fiscal Year Ending March 31, 2024	
	Amount	% of sales	Amount	% of sales	Change	% change	Amount	Change from forecast
Net sales	227.4	100.0%	**234.7**	100.0%	+7.3	+3.2%	235.3	(0.2)%
Gross profit	76.0	33.4%	**79.5**	33.9%	+3.5	+4.7%	–	–
SG&A	65.0	28.6%	**67.1**	28.6%	+2.0	+3.2%	–	–
Operating profit	10.9	4.8%	**12.4**	5.3%	+1.4	+13.6%	12.3	+1.0%
Ordinary profit	11.4	5.1%	**12.7**	5.4%	+1.3	+11.3%	12.6	+1.5%
Profit attributable to owners of parent	8.4	3.7%	**9.5**	4.0%	+1.0	+12.9%	9.5	+0.0%
ROE (Return on equity)	4.6%		**5.2%**					

Operating Results (Quarter-on-Quarter Comparison)

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Steady progress was made in the reflection of the price revisions effect for FY2023 in the second half (October to March). Operating profit was about 1.5 fold previous fiscal year, with an increase in profits also recorded for the full fiscal year.

(Unit : ¥ billion)

	2022				2023							
	First half (Apr.-Sept.)		Second half (Oct.-Mar.)		First half (Apr.-Sept.)				Second half (Oct.-Mar.)			
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Change	% change	Amount	% of sales	Change	% change
Net sales	110.0	100.0%	117.3	100.0%	**114.6**	100.0%	+4.5	+4.2%	**120.0**	100.0%	+2.7	+2.3%
Gross profit	37.7	34.3%	38.2	32.6%	**38.4**	33.5%	+0.6	+1.8%	**41.1**	34.3%	+2.8	+7.5%
SG&A	31.6	28.8%	33.4	28.5%	**33.1**	28.9%	+1.4	+4.6%	**34.0**	28.4%	+0.6	+1.8%
Operating profit	6.0	5.5%	4.8	4.1%	**5.3**	4.6%	(0.7)	(12.8)%	**7.1**	5.9%	+2.2	+46.7%
Ordinary profit	6.3	5.8%	5.0	4.3%	**5.4**	4.8%	(0.8)	(13.9)%	**7.2**	6.1%	+2.1	+43.0%
Profit attributable to owners of parent	4.1	3.8%	4.2	3.6%	**4.4**	3.9%	+0.2	+6.7%	**5.0**	4.2%	+0.8	+18.8%

Analysis of Change in Operating Profit

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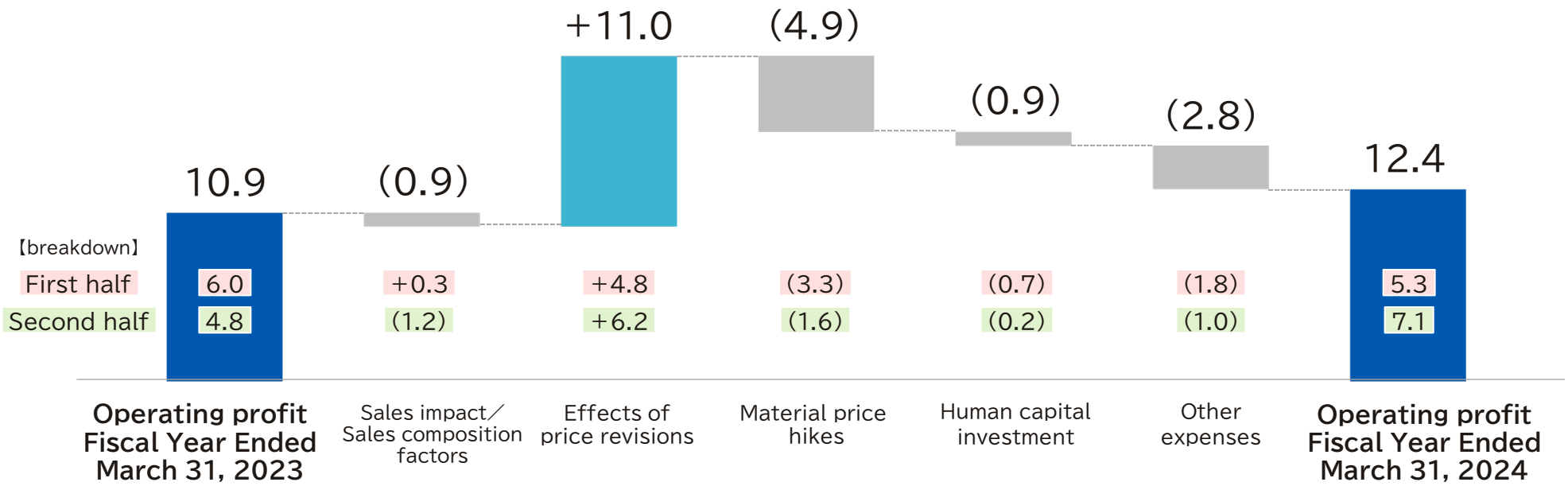
(Unit : ¥ billion)



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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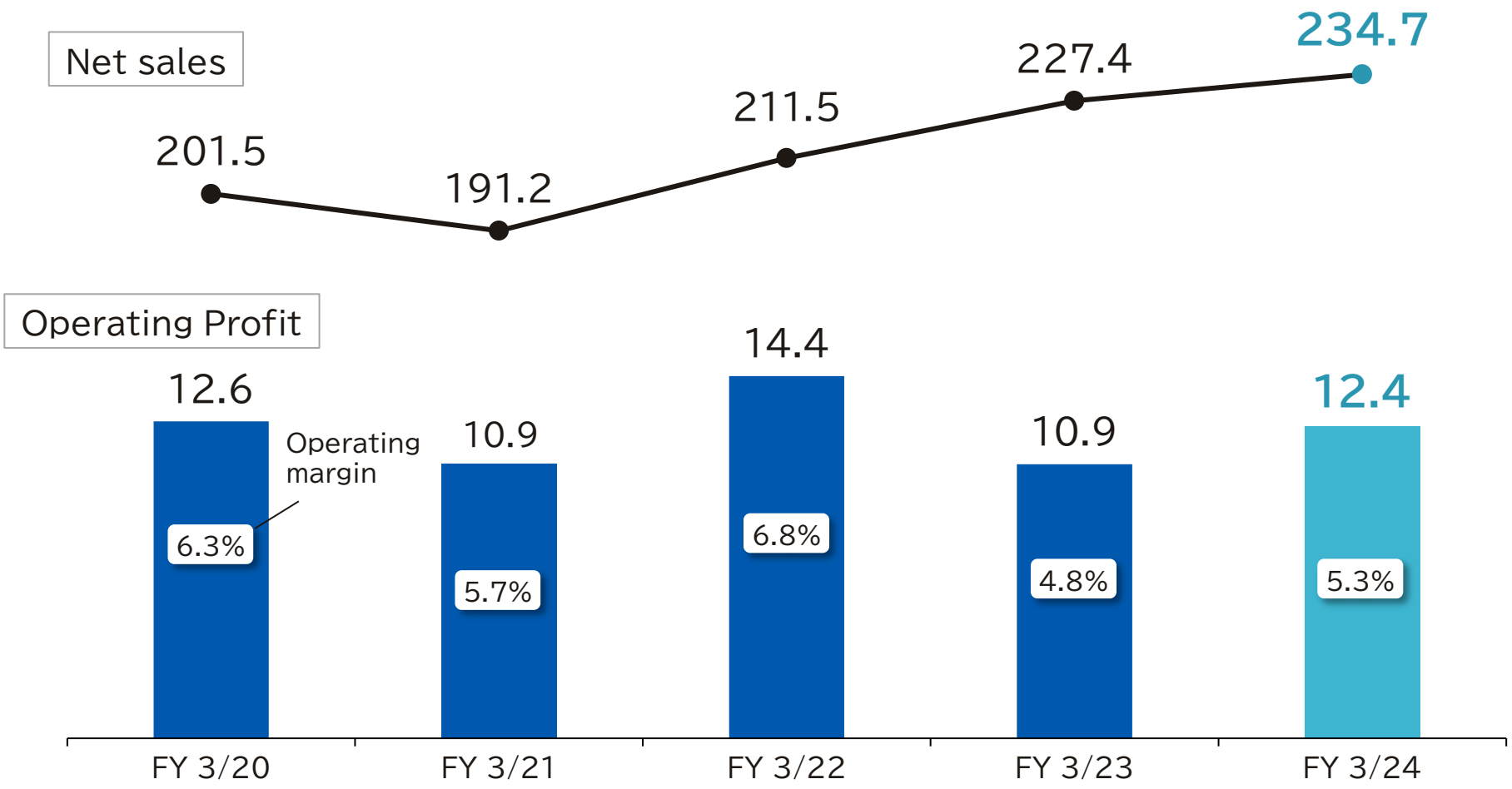
(Unit : ¥ billion)



* The Company has applied the "Accounting Standard for Revenue Recognition" and related standards from 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 were not retroactively restated.

Net Sales by Product Category

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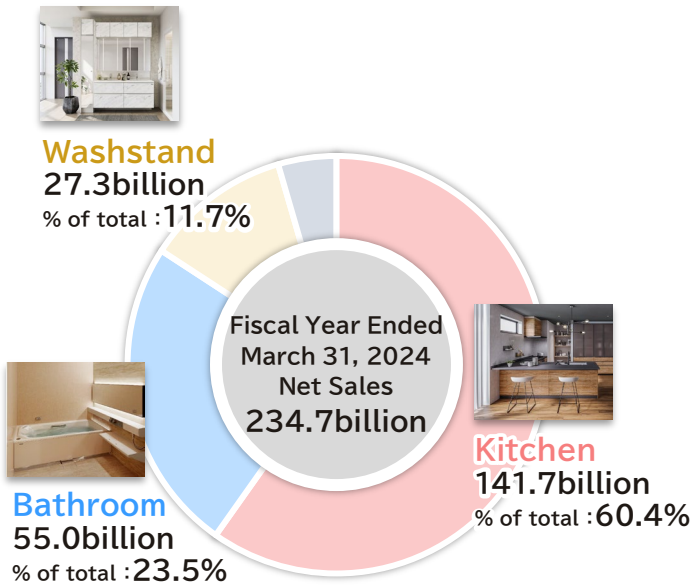
In addition to sales of the Kitchen and Washstand segments increasing YoY, centering on new constructions, the new products performed well, such as the high-end series Kitchen “LEMURE” and the Washstand “ELEENA,” which underwent full model changes.
In the Bathroom segment, sales were strong for the mid- to high-end series “GRANSPA” and for newly built condominiums.

(Unit : ¥ billion)

	Fiscal Year Ended March 31, 2023		Fiscal Year Ended March 31, 2024			
	Amount	% of total	Amount	% of total	Change	% change
Kitchen	136.8	60.2%	**141.7**	60.4%	+4.8	+3.5%
Bathroom	52.4	23.0%	**55.0**	23.5%	+2.6	+5.0%
Washstand	26.4	11.6%	**27.3**	11.7%	+0.9	+3.7%
Total incl. others	227.4	100.0%	**234.7**	100.0%	+7.3	+3.2%



【Sales within total】

Panel-related sales	6.5	2.9%	**7.0**	3.0%	+0.5	+8.2%
Overseas business sales	1.2	0.5%	**1.1**	0.5%	(0.0)	(5.1)%

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

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(Unit : ¥ billion)

	2022				2023							
	First half (Apr.-Sept.)		Second half (Oct.-Mar.)		First half (Apr.-Sept.)				Second half (Oct.-Mar.)			
	Amount	% of sales	Amount	% of sales	Amount	% of sales	Change	% change	Amount	% of sales	Change	% change
Kitchen	65.8	59.8%	71.0	60.6%	**68.0**	59.3%	+2.2	+3.4%	**73.6**	61.4%	+2.5	+3.6%
Bathroom	26.2	23.8%	26.1	22.3%	**28.5**	24.9%	+2.2	+8.7%	**26.5**	22.1%	+0.3	+1.4%
Washstand	12.3	11.2%	14.0	12.0%	**12.9**	11.3%	+0.6	+5.1%	**14.4**	12.0%	+0.3	+2.6%
Total incl. others	110.0	100.0%	117.3	100.0%	**114.6**	100.0%	+4.5	+4.2%	**120.0**	100.0%	+2.7	+2.3%

【Sales within total】

Panel-related sales	3.1	2.9%	3.3	2.9%	**3.4**	3.0%	+0.3	+9.6%	**3.6**	3.0%	+0.2	+6.8%
Overseas business sales	0.6	0.6%	0.5	0.5%	**0.5**	0.5%	(0.0)	(7.1)%	**0.5**	0.5%	(0.0)	(2.7)%

Shipment Growth Rate and Changes in our market share

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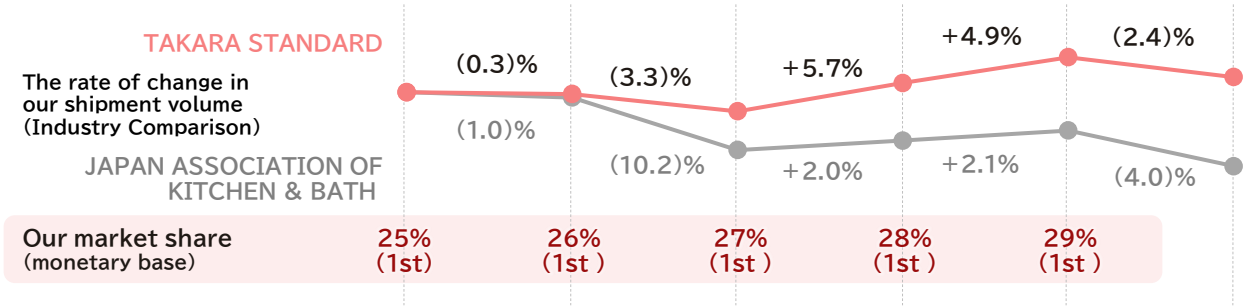
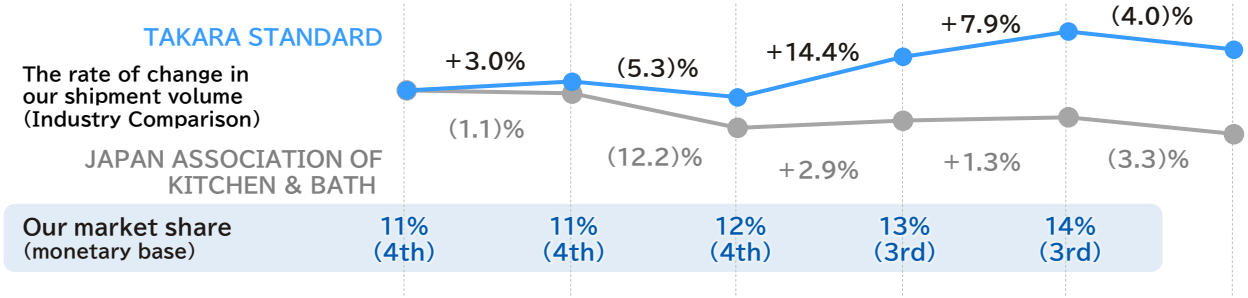
The rate of change in our shipment volume from the previous year has been relatively steady compared to that of the industry (as per the JAPAN ASSOCIATION OF KITCHEN & BATH). Industry share (monetary base) is steadily rising for all sectors.

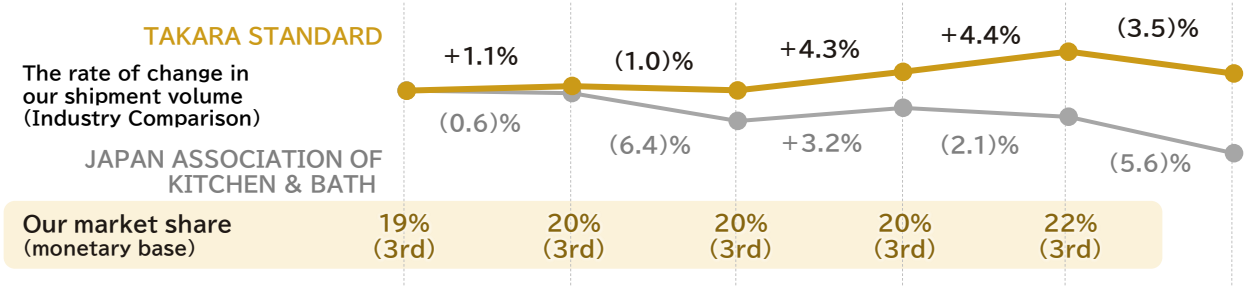
Kitchen



Bathroom



Washstand



* Figures for the JAPAN ASSOCIATION OF KITCHEN & BATH are YoY percentage changes in the total numbers of Kitchens, Modular Bathrooms, and Washstands.
* Industry share is based on our own research.

Net Sales by Market

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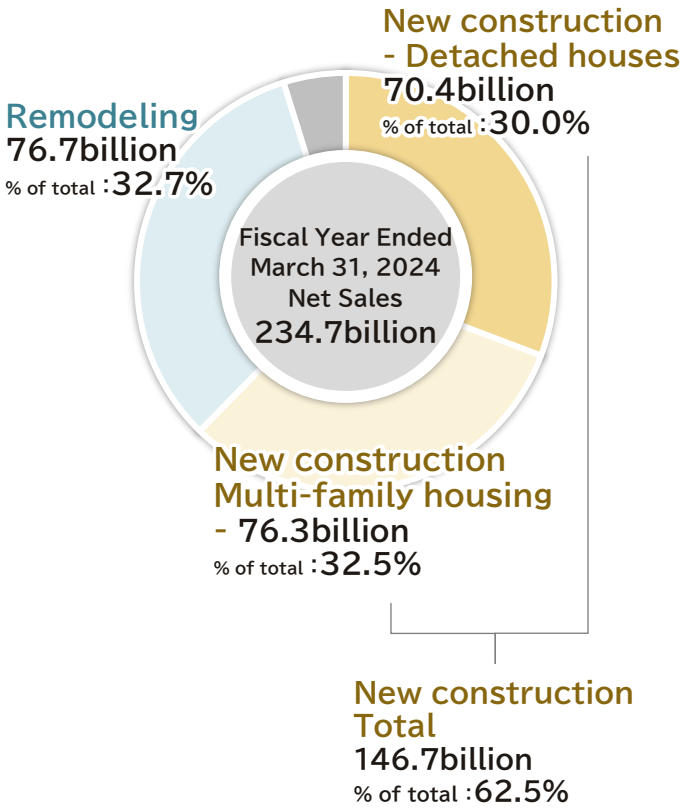
Sales growth in both new construction and remodeling, centered on Urban areas.
In the remodeling market, sales increased by 2.9% due to the expansion in sales of the mid- to high-end series Modular Bathroom “GRANSPA”, etc.

(Unit : ¥ billion)

		Fiscal Year Ended March 31, 2023		Fiscal Year Ended March 31, 2024			
		Amount	% of total	Amount	% of total	Change	% change
New construction	Detached houses	69.9	30.7%	**70.4**	30.0%	+0.4	+0.7%
	Multi-family housing	71.7	31.5%	**76.3**	32.5%	+4.6	+6.5%
	Total	141.6	62.3%	**146.7**	62.5%	+5.1	+3.6%
Remodeling		74.6	32.8%	**76.7**	32.7%	+2.1	+2.9%
Total incl. others		227.4	100.0%	**234.7**	100.0%	+7.3	+3.2%



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

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(Unit : ¥ billion)

		2022				2023							
		First half (Apr.-Sept.)		Second half (Oct.-Mar.)		First half (Apr.-Sept.)				Second half (Oct.-Mar.)			
		Amount	% of total	Amount	% of total	Amount	% of total	Change	% change	Amount	% of total	Change	% change
New construction	Detached houses	34.4	31.3%	35.4	30.2%	**34.3**	29.9%	(0.1)	(0.3)%	**36.0**	30.0%	+0.5	+1.6%
	Multi-family housing	32.2	29.3%	39.4	33.6%	**34.4**	30.0%	+2.1	+6.7%	**41.9**	35.0%	+2.5	+6.3%
	Total	66.7	60.6%	74.9	63.9%	**68.7**	59.9%	+2.0	+3.1%	**77.9**	65.0%	+3.0	+4.1%
Remodeling		38.1	34.6%	36.5	31.1%	**40.6**	35.5%	+2.5	+6.8%	**36.0**	30.1%	(0.4)	(1.2)%
Total incl. others		110.0	100.0%	117.3	100.0%	**114.6**	100.0%	+4.5	+4.2%	**120.0**	100.0%	+2.7	+2.3%

Consolidated Balance Sheet

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Total assets at the end of march 2024 were ¥268.6 billion.
Decrease of ¥11.2 billion from the end of the previous fiscal year, mainly due to decrease in current assets and current liabilities resulting from accelerated payments.

(Unit : ¥ billion)

		End-Mar. 2023	End-Mar. 2024	Change	Main Items	
Assets	Current assets	173.7	**154.9**	(18.8)	Cash and deposits Trade receivables	(20.7) +2.3
	Noncurrent assets	106.1	**113.7**	+7.6	Property, plant and equipment	+6.3
Total assets		279.8	**268.6**	(11.2)		
Liabilities	Current liabilities	76.1	**61.2**	(14.8)	Trade payables	(17.3)
	Noncurrent liabilities	22.2	**20.0**	(2.2)		
Total liabilities		98.3	**81.2**	(17.0)		
Total net assets		181.5	**187.3**	+5.8	Profit attributable to owners of parent Dividends of surplus Repurchase and Cancellation of treasury shares Accumulated other comprehensive income	+9.5 (3.6) (3.5) +3.6
Total liabilities and net assets		279.8	**268.6**	(11.2)		

Consolidated Cash Flows

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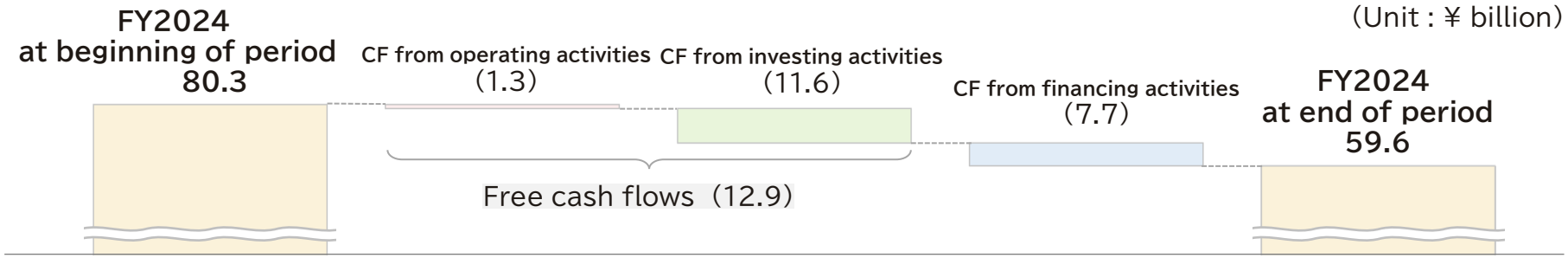
Cash and cash equivalents decreased ¥20.7 billion from the beginning of the period to ¥59.6 billion, mainly due to a decrease in trade payables as a result of accelerated payments to some suppliers and logistics operators.

(Unit : ¥ billion)



	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024	Main Items
Cash and cash equivalents at beginning of period	88.6	80.3	
Cash flows from operating activities	6.6	(1.3)	Decrease in trade payables (18.0) Increase in trade receivables and inventories (1.8) Profit before income taxes 13.8
Cash flows from investing activities	(5.3)	(11.6)	Purchase of property, plant and equipment (13.2) Proceeds from sale of investment securities 1.8
Free cash flows	1.2	(12.9)	
Cash flows from financing activities	(9.4)	(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	80.3	59.6	

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Earnings Forecasts for FY Ending March 2025

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Plan to increase revenue and profit (net sales: +1.9%, operating profit: +16.7%)

The Company will further promote “strengthening product capabilities” and “addressing the remodeling market” while also improving profitability through the continuing effects of price revisions implemented in the previous fiscal year and productivity improvements.

(Unit : ¥ billion)

	FY3/2024 Results	FY3/2025 Forecasts	Change	
				% change
Net sales	234.7	**239.1**	+4.3	+1.9%
Operating profit	12.4	**14.5**	+2.0	+16.7%
Operating profit ratio	5.3%	**6.1%**	+0.8P	–
Ordinary profit	12.7	**14.7**	+1.9	+14.9%
Profit attributable to owners of parent	9.5	**9.7**	+0.1	+2.1%

The State of Capital Investment

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Planned capital Investment of ¥13.0 billion for the FY Ending March 2025

Aggressive investment is planned, including production-related investments of ¥6.1 billion and other IT-related investments for the purpose of improvement of productivity and further growth.

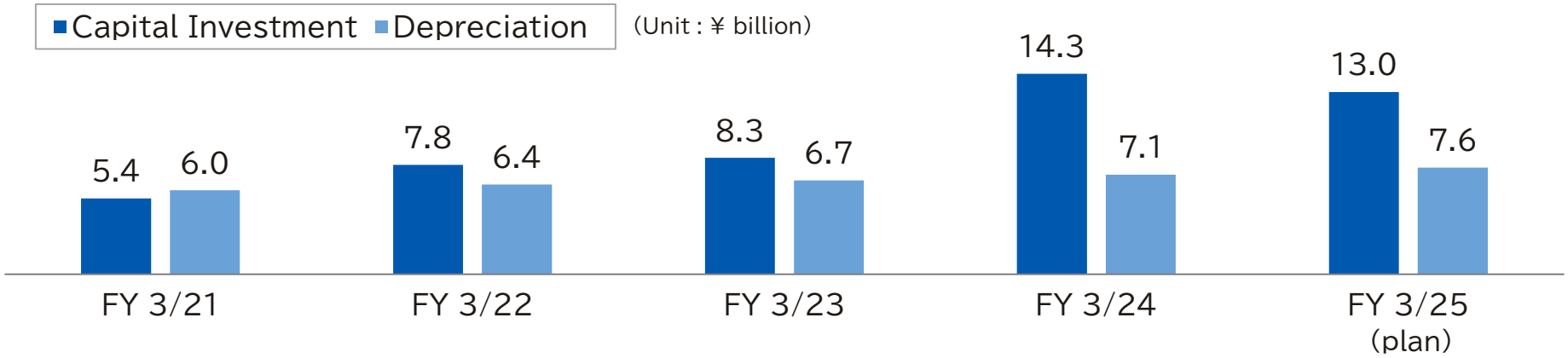
(Unit : ¥ billion)

	Plan for FY Ending March 2025
Capital Investment	13.0
Depreciation	7.6

(Breakdown of major areas)

(Unit : ¥ billion)

Item	Amount	Main details
Production-related	6.1	investment in production efficiency through automation and labor saving, expansion of production facilities and other measures to increase production, etc.
Information system-related	2.2	IT-related investments (promotion of DX, etc.)
Building/office-related	3.7	Office environment improvement, building maintenance and management, etc.



The State of Shareholder Returns

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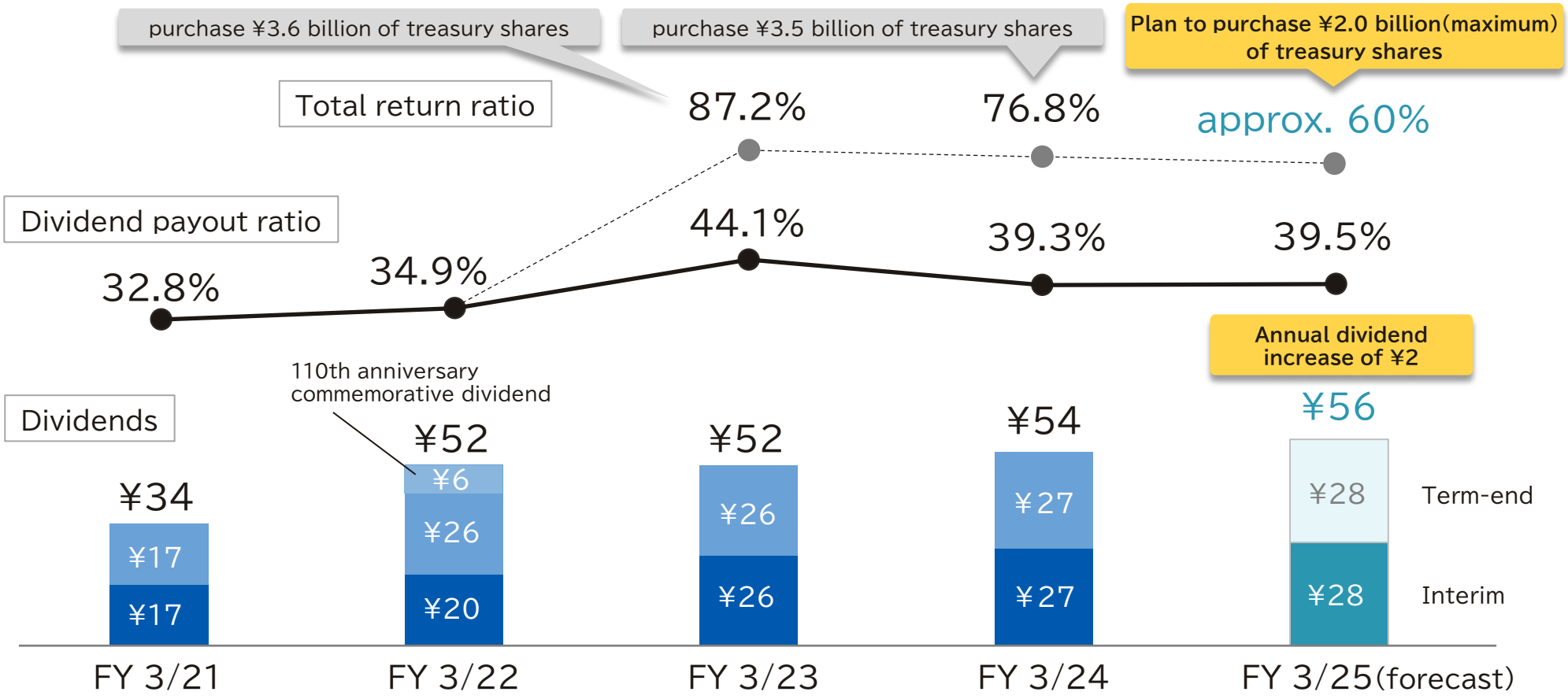
To improve capital efficiency and enhance shareholder returns, we plan to increase dividends and purchase treasury shares in the FY Ending March 2025

The annual dividend for the FY Ending March 2025 is planned to be ¥56 per share (an increase of ¥2 per share).
The company also plans to purchase ¥2.0 billion(maximum) of treasury shares. (Total return ratio approx. 60%)



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Strengthening Product Capabilities

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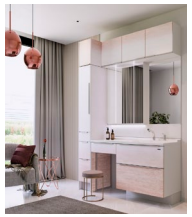
Model change of enameled kitchen “LEMURE”

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.



New release of enamel range hood “Keep Clean Hood”

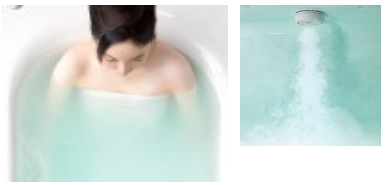
GOOD DESIGN AWARD 2023

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.

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”

Showroom-related and DX Initiatives

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In FY2023, two relocations and nine renewal were carried out

Approximately160 locations in all 47 prefectures of Japan. Develop community-based showrooms where customers can ”see, touch, and feel” products.

Relocation
Oita Showroom (Oita)
kawaguchi Showroom (Saitama)
Renewal
Toyohashi Showroom (Aichi)
Utsunomiya Showroom (Tochigi)
Kyotominami Showroom (Kyoto)
Osaka Showroom (Osaka)
Fukuoka Showroom (Fukuoka)
Kohoku Showroom (Kanagawa)
Hikone Showroom (Shiga)
joetsu Showroom (Niigata)
Hokkaido Showroom (Hokkaido)

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.

Overseas business initiatives and Introduction of TV commercials

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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.

Introduction of investments in human capital and future production facilities

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Start of operation of Takara Standard' s new personnel system

Strengthening human resources and organizational foundations by abolishing the seniority system and promoting diverse work styles

In April 2024, we started operating a dramatically reformed new personnel system aimed at creating an organization that generates innovation with diverse human resources and values. This is the first time that the Company has reviewed its entire personnel system, including the grades, wage, and evaluation systems.

New personnel system concept

「Change for the "Next Standard"」

Three standards of the corporate philosophy

Living Standard, Ethical Standard, and Quality Standard

NEW **Human capital policy**: (1) Challenging human resources (2) Developing/growing human resources (3) Self-driven human resources

NEW Grade system	NEW Evaluation system	NEW Wage system
Reflects human capital policies in grades requirements and clearly defines career paths	Links grade requirements to evaluation items and sets simple evaluation rules	Sets a well-rounded wages with treatment linked to the grade and evaluation system

Main points of system reforms

[1] Grade system	Elimination of seniority-based promotion, re-setting of grade requirements, and abolition of job titles
[2] Revision of working styles	Integration into general positions, establishment of work location divisions, and establishment of a specialist career track
[3] Evaluation system	Renewal of evaluation methods and introduction of multifaceted (360-degree) evaluations
[4] Next career system	Achievement of diverse working styles and wage balance after retirement
[5] Strengthening hiring	Referral hiring and alumni hiring (comeback hiring)

Acquisition of factory site in preparation for further growth

Under a policy of increasing sales in Japan through market share acquisition and aiming to increase overseas sales, we have acquired a new factory site as part of future supply system preparations for future growth. The purpose is mainly to enhance the production capacity of enamel, which is the core of our business.

Acquired in	March 2024
Address	1 Shinkatanaike, Chita, Aichi
Size	approximately 120,000 ㎡
Use	Enamel production plant
Completion date/planned investment amount	To be determined

We will proceed with specific studies going forward to build a state-of-the-art mother plant that will be automated and digitized with the introduction of the latest equipment to reduce environmental impact, etc.

ESG Initiatives

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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
- 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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Takara standard

This document contains projections based on the Company's plans as of May 9, 2024.
These plans and projections are subject to risks and uncertainties that could cause actual results to differ from the plans.