

TAKARA STANDARD CO., LTD.

Three Months Ended June 30, 2024

Financial Results

August 1, 2024

Stock Code
7981

Takara standard

1. Overview of Financial Results for the Three Months Ended June 30, 2024

PP. 2 ~ 12

2. Topics

PP. 14 ~ 17

Overview of Financial Results

Net sales reached a record high in the first quarter, driven by sales for new construction multi-family housing.

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

【Net sales】

¥57.3billion
+0.1% YoY

Although sales in remodeling decreased compared to the same period in the previous fiscal year in which there was rush demand due to the price revisions, revenue increased as a result of strong sales for new construction multi-family housing in each product category.

【Operating profit】

¥3.0billion
+15.4% YoY

Both operating profit and profit attributable to owners of parent increased due to the implementation of streamlining and cost reductions including stock reduction, and the price revisions.

【Profit attributable to owners of parent】

¥2.0billion
+7.7% YoY

Operating Results

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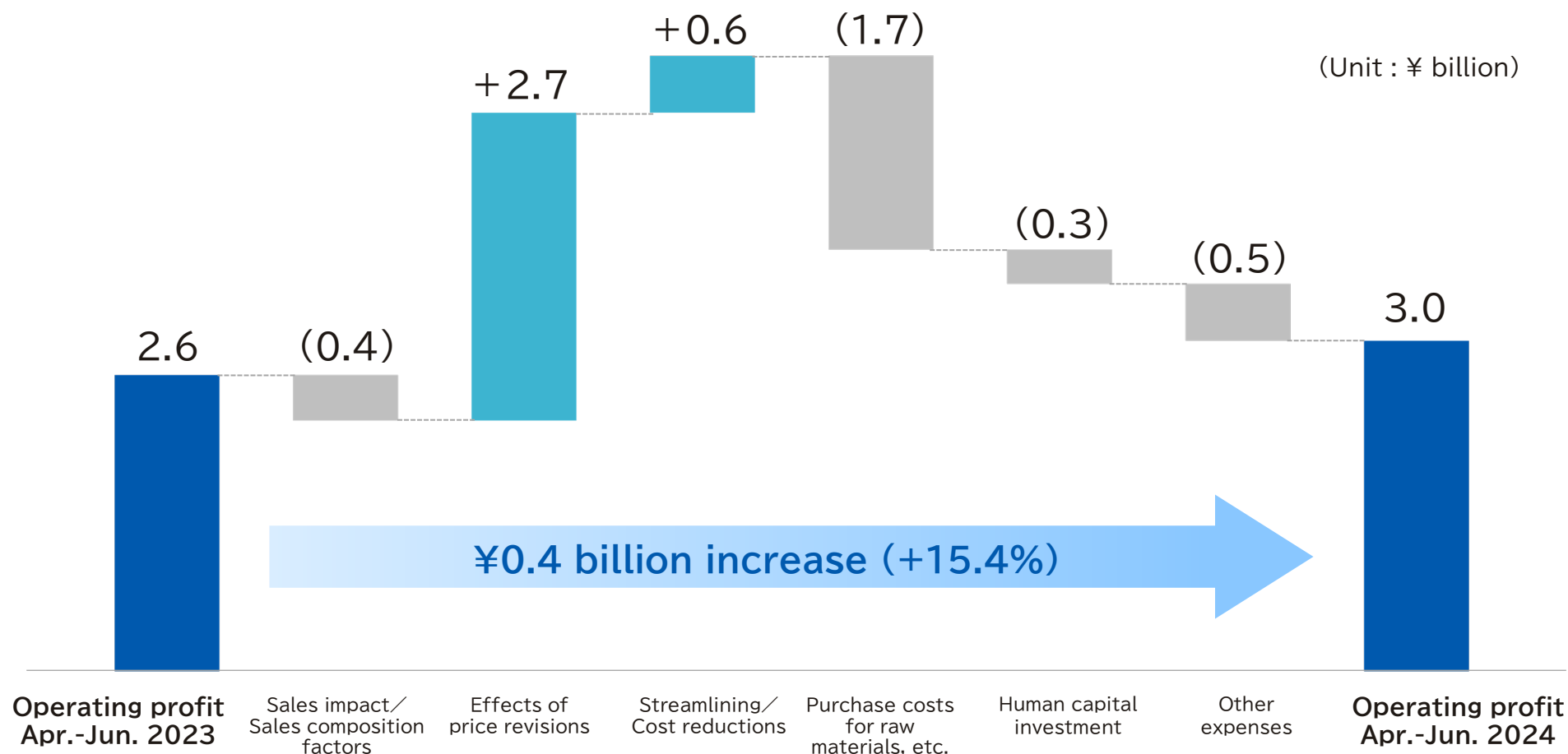
(Unit : ¥ billion)

	Apr.-Jun. 2023		Apr.-Jun. 2024				Earnings Forecasts for Apr.-Sept. 2024	
	Amount	% of sales	Amount	% of sales	Change	% change	Amount	Progress
Net sales	57.2	100.0%	57.3	100.0%	+0.0	+0.1%	116.6	49.2%
Gross profit	19.0	33.3%	19.7	34.5%	+0.6	+3.6%	—	—
SG&A	16.4	28.7%	16.6	29.1%	+0.2	+1.7%	—	—
Operating profit	2.6	4.7%	3.0	5.4%	+0.4	+15.4%	6.4	48.4%
Ordinary profit	2.8	5.0%	3.2	5.7%	+0.4	+14.2%	6.5	50.5%
Profit attributable to owners of parent	1.9	3.4%	2.0	3.6%	+0.1	+7.7%	4.2	49.4%

Analysis of Change in Operating Profit

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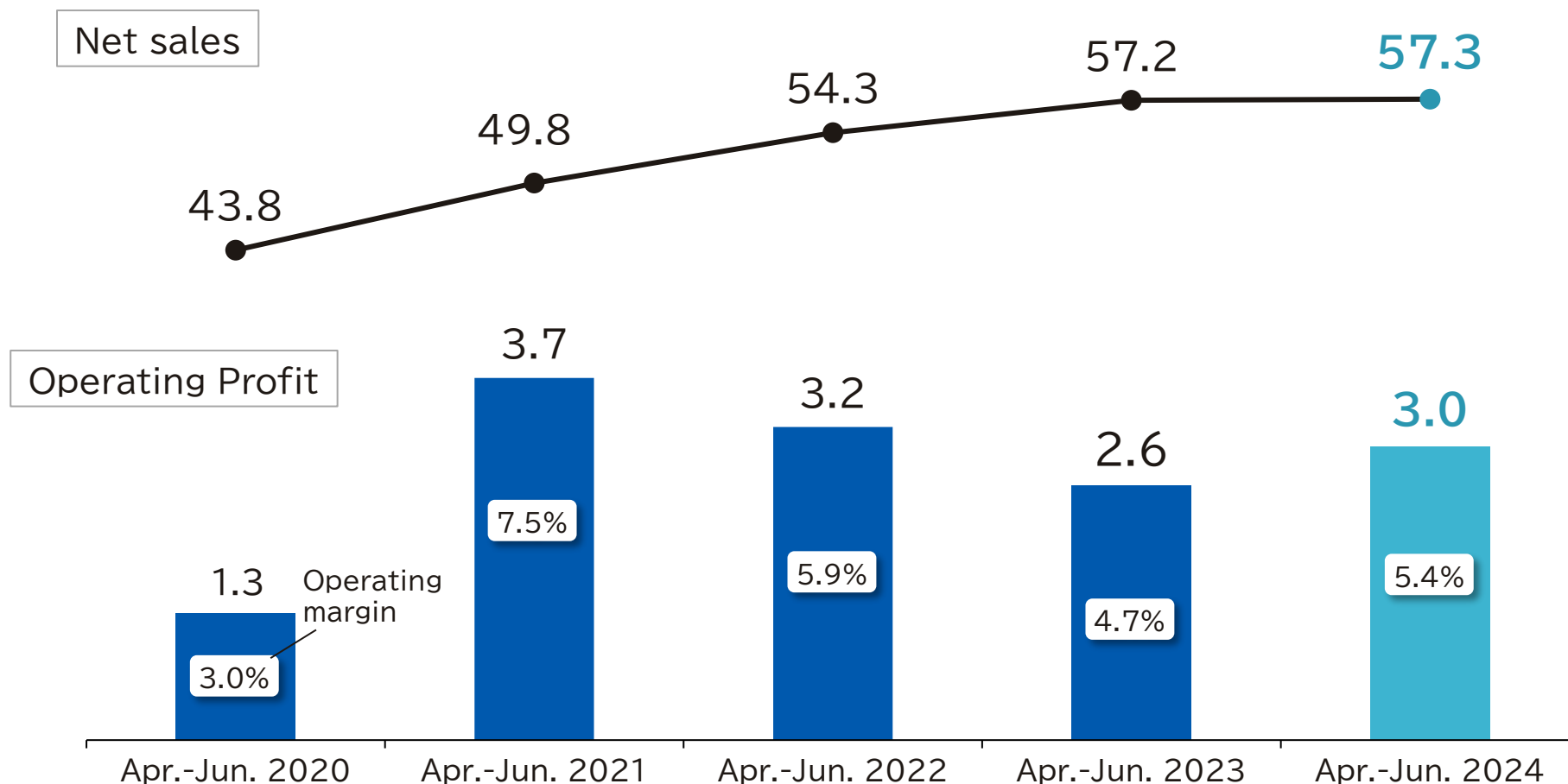
Despite factors contributing to a profit decrease due to a decline in remodeling sales and rising purchase costs for raw materials, etc., profits increased thanks to the effect of the price revisions made in FY2023 which also contributed to results for the current period, and the implementation of streamlining and cost reductions including stock reduction.



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.-Jun.2020 were retroactively restated.

Net Sales by Product Category

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Sales were steady in each product category.

(Unit : ￥ billion)

	Apr.-Jun. 2023		Apr.-Jun. 2024			
	Amount	% of total	Amount	% of total	Change	% change
Kitchen	34.0	59.6%	34.2	59.7%	+0.1	+0.4%
Bathroom	14.3	25.0%	14.2	24.9%	(0.0)	(0.3)%
Washstand	6.2	11.0%	6.4	11.3%	+0.1	+3.1%
Total incl. others	57.2	100.0%	57.3	100.0%	+0.0	+0.1%

【Sales within total】

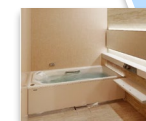
Panel-related sales	1.7	3.1%	1.6	2.9%	(0.1)	(7.3)%
Overseas business sales	0.3	0.6%	0.2	0.5%	(0.0)	(17.4)%



Washstand

6.4billion

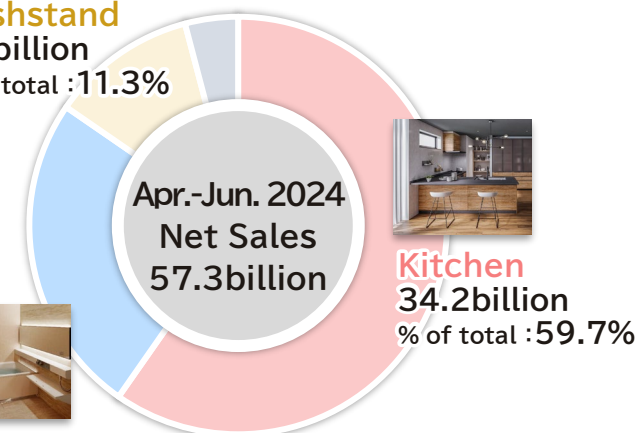
% of total :11.3%



Bathroom

14.2billion

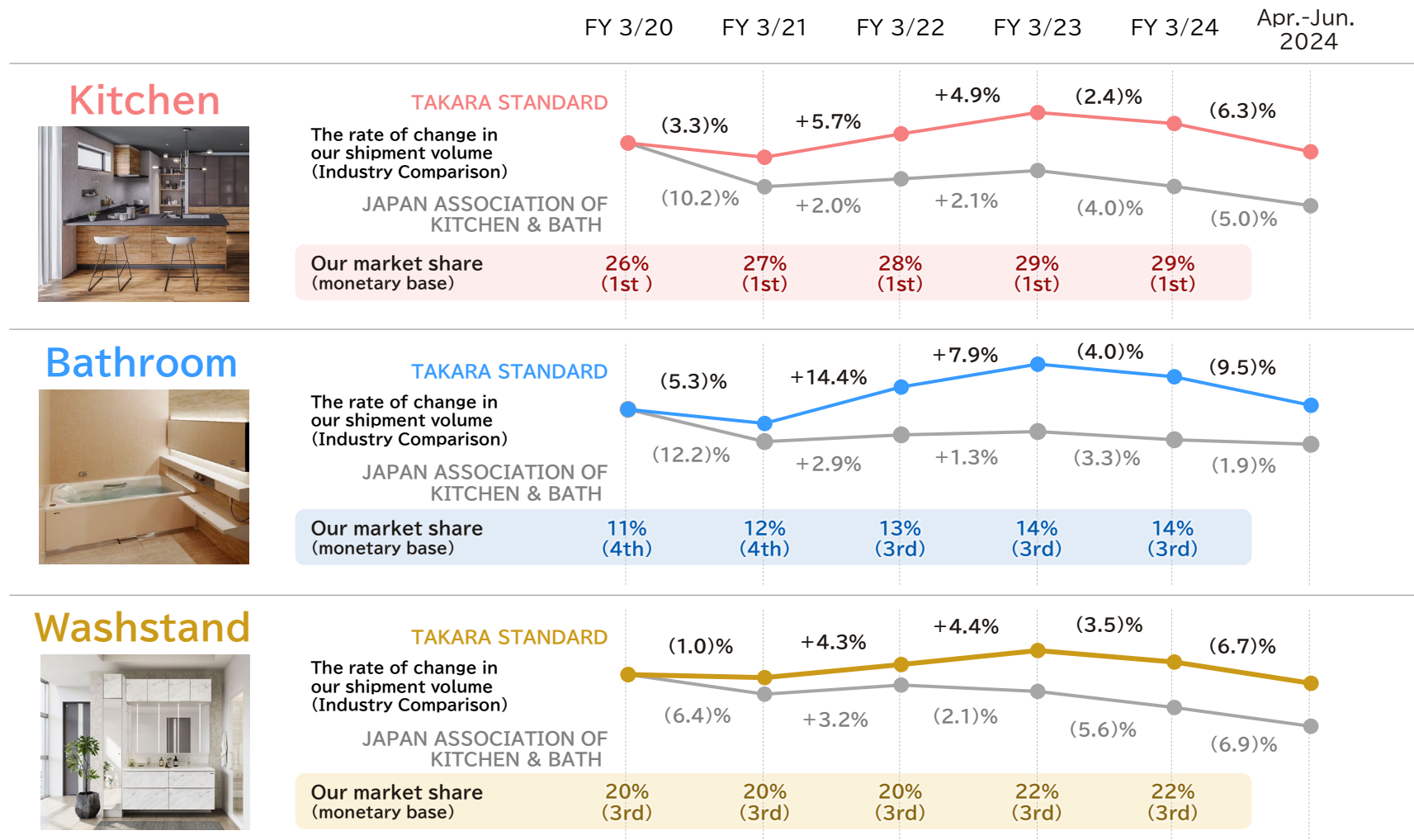
% of total :24.9%



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 is currently slightly weak against the industry level (as per the JAPAN ASSOCIATION OF KITCHEN & BATH) due to the impact of the rush in demand in the previous fiscal year. Industry share (monetary base) in the fiscal year ended March 31, 2024 steadily rose for all sectors.



* 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.

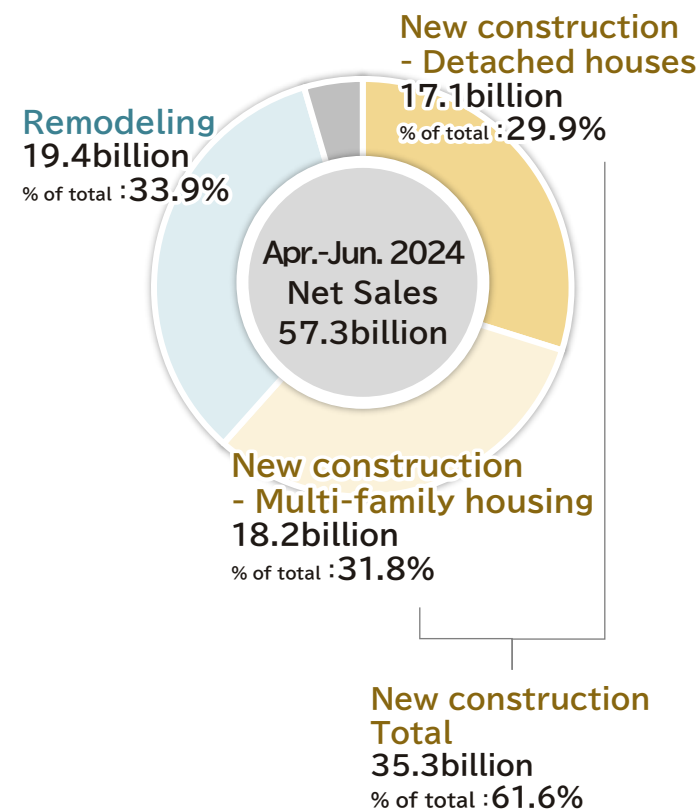
Net Sales by Market

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Despite lower sales than the previous fiscal year in the remodeling market due to rush demand resulting from the price revisions in the previous fiscal year, revenue increased in new construction market mainly due to strong sales for multi-family housing.

(Unit : ¥ billion)

		Apr.-Jun. 2023		Apr.-Jun. 2024			
		Amount	% of total	Amount	% of total	Change	% change
New construction	Detached houses	17.4	30.6%	17.1	29.9%	(0.4)	(2.3)%
	Multi-family housing	15.7	27.5%	18.2	31.8%	+2.5	+15.9%
	Total	33.2	58.0%	35.3	61.6%	+2.1	+6.3%
Remodeling		21.4	37.4%	19.4	33.9%	(1.9)	(9.2)%
Total incl. others		57.2	100.0%	57.3	100.0%	+0.0	+0.1%



Consolidated Balance Sheet

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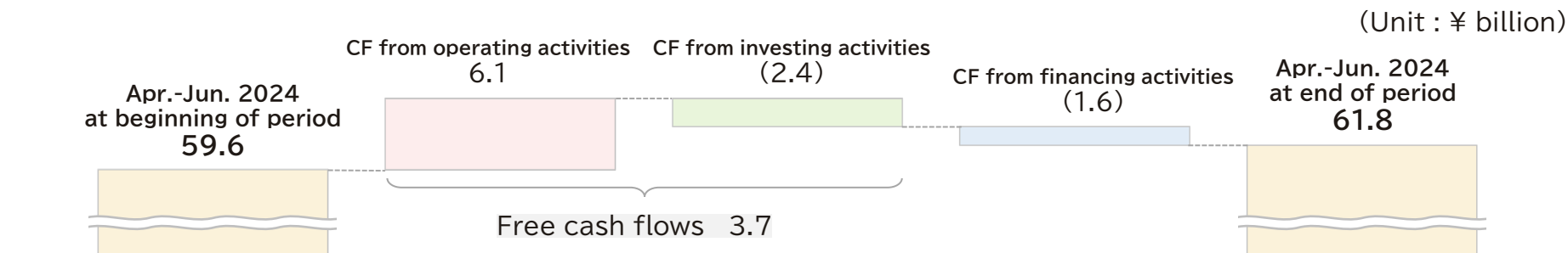
Total assets at the end of June 2024 were ¥271.0 billion.
Increase of ¥2.3 billion from the end of the previous fiscal year.

(Unit : ¥ billion)

		End-Mar. 2024	End-Jun. 2024	Change	Main Items
Assets	Current assets	154.9	156.1	+1.2	Cash and deposits +2.1 Inventories (1.1)
	Noncurrent assets	113.7	114.8	+1.1	Property, plant and equipment +0.5 Investments and other assets +0.6
Total assets		268.6	271.0	+2.3	
Liabilities	Current liabilities	61.2	62.2	+0.9	Trade payables +1.0
	Noncurrent liabilities	20.0	20.1	+0.1	
Total liabilities		81.2	82.3	+1.1	
Total net assets		187.3	188.6	+1.2	Profit attributable to owners of parent +2.0 Dividends of surplus (1.8) Accumulated other comprehensive income +1.0
Total liabilities and net assets		268.6	271.0	+2.3	

Consolidated Cash Flows

Cash and cash equivalents increased ¥2.1 billion from ¥59.6 billion at the beginning of the period to ¥61.8 billion.



	Apr.-Jun. 2023	Apr.-Jun. 2024	Main Items
Cash and cash equivalents at beginning of period	80.3	59.6	
Cash flows from operating activities	(7.3)	6.1	Profit before income taxes 3.0 Decrease in trade receivables and inventories 2.0 Increase in trade payables 0.5
Cash flows from investing activities	(2.0)	(2.4)	Purchase of property, plant and equipment (2.4)
Free cash flows	(9.4)	3.7	
Cash flows from financing activities	(1.5)	(1.6)	Dividends paid (1.6)
Cash and cash equivalents at end of period	69.3	61.8	

Earnings Forecasts for FY Ending March 2025

(No change from the content announced at the beginning of the period)

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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%

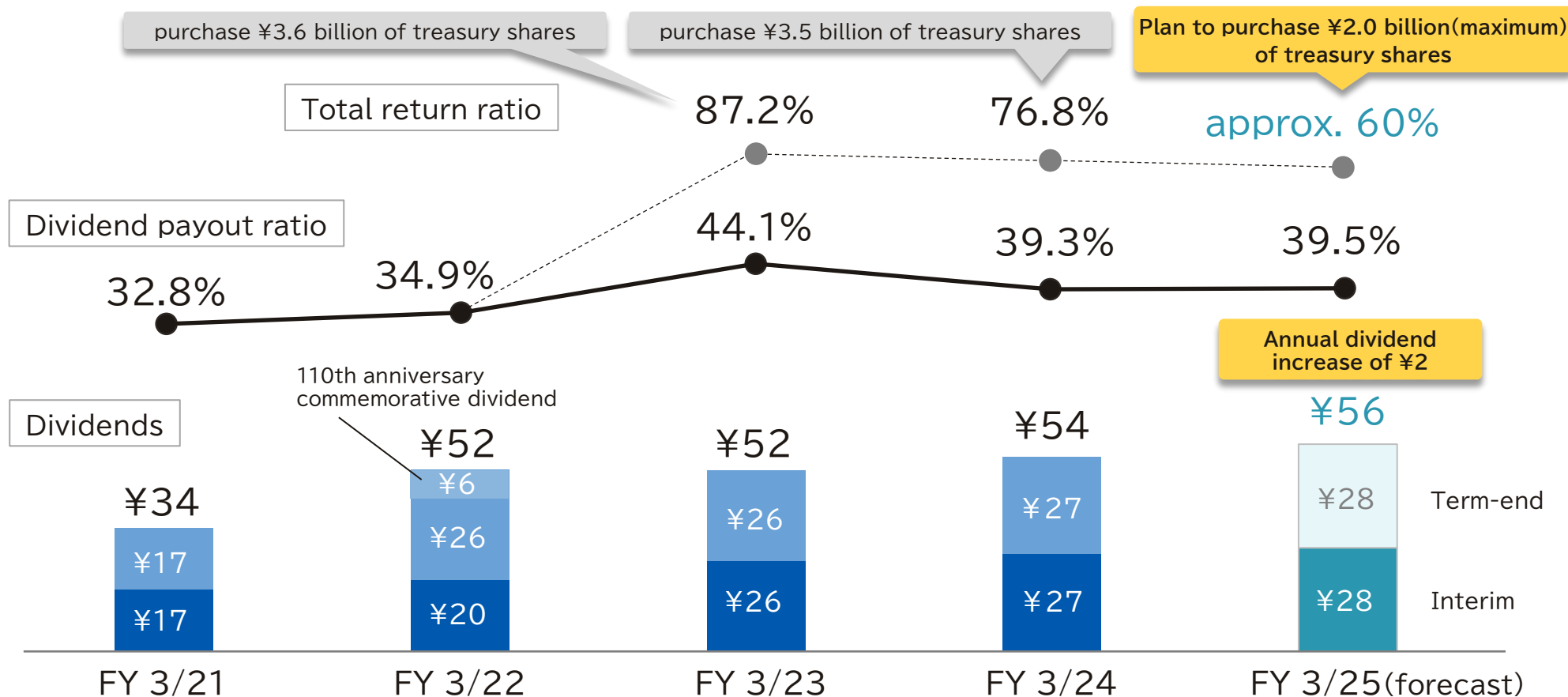
The State of Shareholder Returns

(No change from the content announced at the beginning of the period)

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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.



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2. Topics

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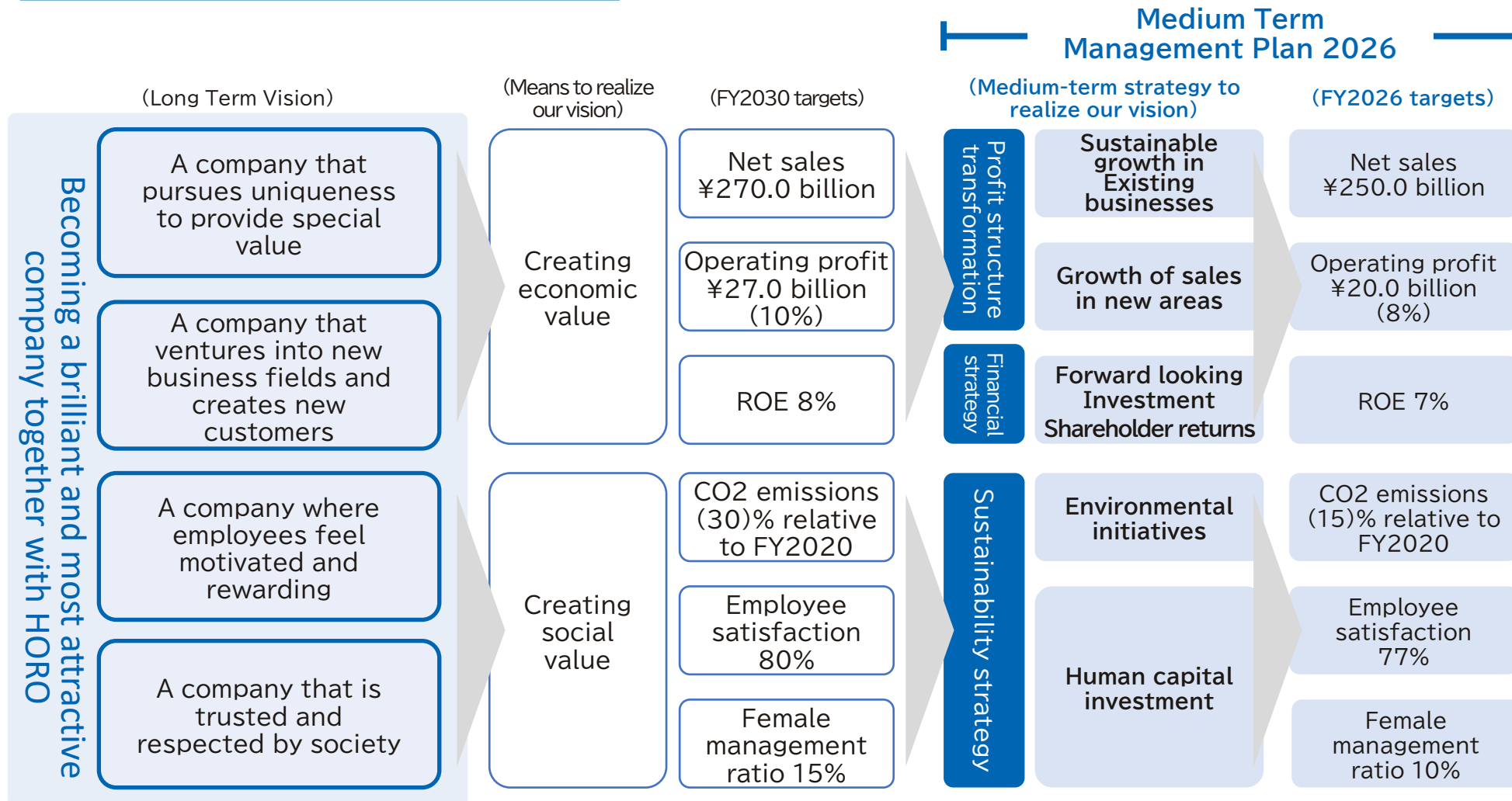
Outline of Medium Term Management Plan 2026

(Announced in May 2024)

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Theme of Medium Term Management Plan 2026:
“Re-committing to transformation”

In order to realize our Long Term Vision of “Becoming a brilliant and most attractive company together with HORO(*)”, we will re-challenge ourselves to pursue transformation, reinforcing our earning capacity and developing an infrastructure for achieving sustainable growth.



High Gloss Surfaces

Enamel crafted through a marriage of metal and glass.
We have sought to perfect both form and functionality.

Originality in Design

The beauty of the original designs you've selected is made to last with enamel.

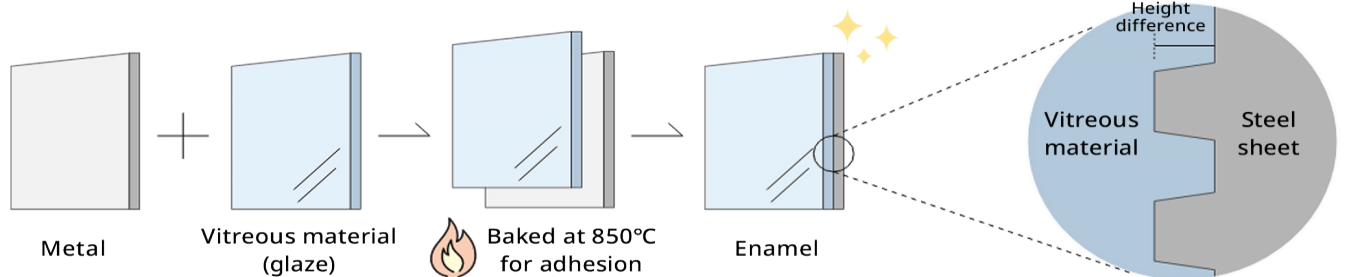
Resistant Material

Ideal materials that retain their beauty through high resistance to dirt, water and heat.

One and Only Technology

Quality that can only be achieved through our technical prowess,
pride and unparalleled precision in all of our processes.

A higher degree of adhesion is essential to overcome the fragility of glass.
We therefore use specially made steel sheets for the base and bake the glaze at 850°C.



HORO system kitchen “LEMURE”

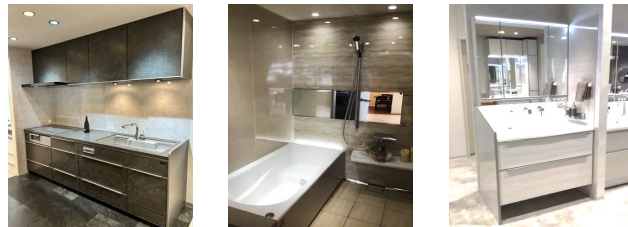


Minami-Osaka Showroom newly opened in July 2024

Sakai Showroom and Kishiwada Showroom in Osaka Prefecture were consolidated and relocated. The consolidation of the showrooms which were separated in two locations significantly increases the customer service ability, and enables us to make proposals with better understanding of customers than ever.



(Interior of Minami-Osaka Showroom)



Spatial displays with the concept of “showroom where you can imagine everyday life” show a wide range of products according to budget and desired taste. All the displays that also focus on interior design make you want this whole space. Furthermore, with the displays harmonized by using merchandise from a local furniture shop, the showroom makes local people feel familiarity with it.

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

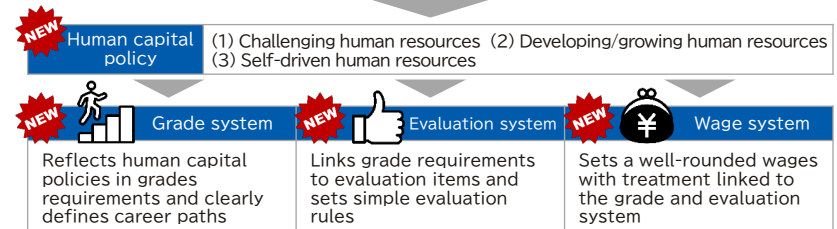
In April 2024, we started operating a dramatically reformed new personnel system aimed at creating an organization that generates innovation with diverse human resources and values. This is the first time that the Company has reviewed its entire personnel system, including the grades, wage, and evaluation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

New personnel system concept

「Change for the “Next Standard”」

Three standards of the corporate philosophy

Living Standard, Ethical Standard, and Quality Standard



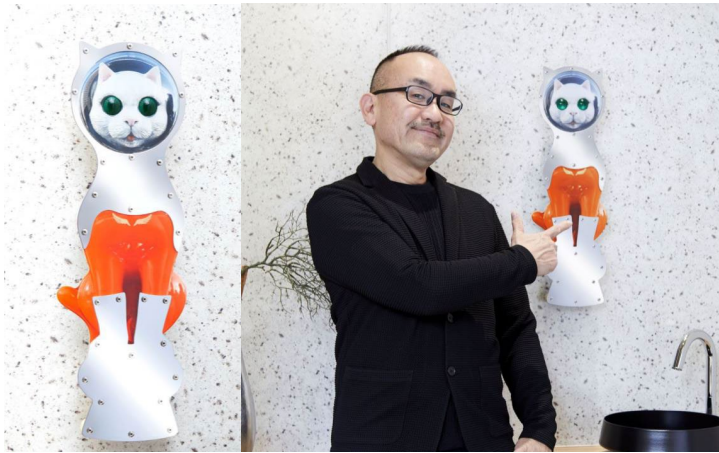
Main points of system reforms

[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)

HORO x Art Project

With the aim of social contribution activities and creation of new value of “high-grade HORO” through support for artists, the “HORO x Art Project” was launched in August 2022. Various efforts are implemented for the purpose of generating ideas and challenges that we do not have through collaborations with artists, and thereby broadening possibilities of HORO more than ever.

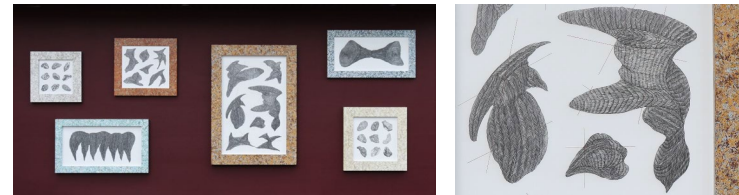
“SHIP’ S CAT (Mirror)” in collaboration with Mr. Kenji Yanobe released



“SHIP’ S CAT (Mirror),” a mirror designed by recreating a major work of contemporary artist Kenji Yanobe “SHIP’ S CAT,” which is a giant cat and “guardian deity of travelers,” has been on limited sale. Mr. Yanobe’s hope that people incorporate art into their daily life and feel close to it has coincided with Takara Standard’s intention to make people’s life affluent through HORO products, leading to the release of “SHIP’ S CAT (Mirror),” which is a mirror made by applying HORO art panels.

HORO exterior material “Emawall” which is also ideal for art

HORO exterior material called “Emawall Exterior Type” was employed on works displayed on an exterior wall on the first floor of the head office building of Chishima Real Estate Co., Ltd. (Suminoe-ku, Osaka City). These works of Ms. Marie Nohara, an artist whose works are characterized by drawings with delicate touches, were expressed through our unique HORO ink-jet printing.



Participated in “Osaka Art & Design 2024” for the first time

HORO artworks created in collaboration with Mr. Satoshi Kawata, a contemporary artist. We showcased an exhibition of the works, which enabled visitors to feel and enjoy the history of the collaboration that had been fostered since 2022, under the theme of “Curiosity and beautiful life.”



*“Osaka Art & Design 2024” ended on June 25, 2024.

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This document contains projections based on the Company's plans as of August 1, 2024.
These plans and projections are subject to risks and uncertainties that could cause actual results to differ from the plans.