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May 15, 2020

Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (under Japanese GAAP)

Company name: **TAKARA STANDARD CO., LTD.**
 Stock listing: First Section of the Tokyo Stock Exchange
 Stock code: 7981
 URL: <https://www.takara-standard.co.jp/>
 Representative: Takeo Watanabe, President
 Inquiries: Kaoru Umeda, Executive Officer and General Manager of Accounting Department,
 Administration Division
 URL: https://forms.takara-standard.co.jp/webapp/form/22048_aqgb_6/index.do

Scheduled date of Annual General Meeting of Shareholders: June 26, 2020

Scheduled date to commence dividend payments: June 29, 2020

Scheduled date to file annual securities report: June 26, 2020

Preparation of supplementary material on financial results: None

Holding of financial results presentation meeting: None

(Million yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	201,521	4.3	12,631	7.0	13,109	7.1	8,647	3.9
March 31, 2019	193,282	2.6	11,801	(4.4)	12,236	(4.0)	8,322	(1.6)

Note: Comprehensive income
 Fiscal year ended March 31, 2020: ¥7,117 million [4.7%]
 Fiscal year ended March 31, 2019: ¥6,800 million [(27.3)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	118.24	—	5.3	5.2	6.3
March 31, 2019	113.80	—	5.2	5.0	6.1

Reference: Equity in earnings (losses) of associates:

Fiscal year ended March 31, 2020: ¥— million

Fiscal year ended March 31, 2019: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2020	256,569	166,741	65.0	2,279.81
March 31, 2019	248,698	162,038	65.2	2,215.50

Reference: Equity

As of March 31, 2020: ¥166,741 million

As of March 31, 2019: ¥162,038 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2020	17,061	(5,021)	(2,412)	74,633
March 31, 2019	13,865	(5,000)	(2,341)	65,007

2. Dividends

	Annual dividends					Total dividend payments	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2019	—	16.00	—	16.00	32.00	2,340	28.1	1.5
Fiscal year ended March 31, 2020	—	17.00	—	17.00	34.00	2,486	28.8	1.5
Fiscal year ending March 31, 2021 (Forecasts)	—	—	—	—	—		—	

(Note) As the earnings forecast cannot be reasonably calculated at this time, the dividend forecast for the fiscal year ending March 2021 is undecided.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

The consolidated earnings forecast for the fiscal year ending March 2021 is undecided because the impact of the spread of infections of the novel coronavirus disease (COVID-19) may be prolonged and a reasonable calculation is not possible at this time.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(3) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	73,937,194 shares
As of March 31, 2019	73,937,194 shares

- b. Number of treasury shares at the end of the period

As of March 31, 2020	798,868 shares
As of March 31, 2019	798,560 shares

- c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2020	73,138,414 shares
Fiscal year ended March 31, 2019	73,138,817 shares

*** Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecasts, and other special matters**

The consolidated earnings forecast for the fiscal year ending March 2021 is undecided because the impact of the spread of infections of the novel coronavirus disease (COVID-19) may be prolonged and a reasonable calculation is not possible at this time.

Consolidated Financial Statements
(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	65,007	74,633
Notes and accounts receivable - trade	52,042	50,010
Electronically recorded monetary claims - operating	7,577	9,182
Merchandise and finished goods	8,918	9,154
Work in process	1,839	2,041
Raw materials and supplies	3,631	3,912
Other	319	268
Allowance for doubtful accounts	(33)	(17)
Total current assets	139,303	149,186
Non-current assets		
Property, plant and equipment		
Buildings and structures	92,259	91,973
Accumulated depreciation	(64,053)	(65,103)
Buildings and structures, net	28,206	26,869
Machinery, equipment and vehicles	43,322	44,567
Accumulated depreciation	(35,093)	(35,651)
Machinery, equipment and vehicles, net	8,229	8,916
Tools, furniture and fixtures	28,041	28,447
Accumulated depreciation	(20,459)	(21,087)
Tools, furniture and fixtures, net	7,581	7,359
Land	40,610	40,260
Construction in progress	746	929
Total property, plant and equipment	85,374	84,335
Intangible assets	1,527	1,797
Investments and other assets		
Investment securities	14,545	12,078
Long-term loans receivable	13	9
Deferred tax assets	5,654	6,751
Other	2,279	2,431
Allowance for doubtful accounts	(0)	(22)
Total investments and other assets	22,493	21,249
Total non-current assets	109,395	107,382
Total assets	248,698	256,569

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,822	21,274
Electronically recorded obligations - operating	11,499	16,935
Short-term borrowings	9,700	9,700
Income taxes payable	2,428	2,758
Other	13,055	14,045
Total current liabilities	61,506	64,713
Non-current liabilities		
Deferred tax liabilities for land revaluation	1,640	1,590
Retirement benefit liability	23,176	23,196
Other	336	327
Total non-current liabilities	25,153	25,114
Total liabilities	86,659	89,828
Net assets		
Shareholders' equity		
Share capital	26,356	26,356
Capital surplus	30,736	30,736
Retained earnings	102,970	109,310
Treasury shares	(933)	(933)
Total shareholders' equity	159,131	165,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,639	3,882
Deferred gains or losses on hedges	(14)	(8)
Revaluation reserve for land	602	497
Remeasurements of defined benefit plans	(3,319)	(3,099)
Total accumulated other comprehensive income	2,907	1,271
Total net assets	162,038	166,741
Total liabilities and net assets	248,698	256,569

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	193,282	201,521
Cost of sales	124,157	128,570
Gross profit	69,124	72,951
Selling, general and administrative expenses	57,322	60,320
Operating profit	11,801	12,631
Non-operating income		
Interest income	6	6
Dividend income	415	433
Other	98	123
Total non-operating income	520	563
Non-operating expenses		
Interest expenses	63	63
Other	21	21
Total non-operating expenses	85	84
Ordinary profit	12,236	13,109
Extraordinary income		
Gain on sales of non-current assets	–	136
Gain on sales of investment securities	301	16
Gain on bargain purchase	6	–
Total extraordinary income	308	152
Extraordinary losses		
Loss on retirement of non-current assets	233	345
Loss on sales of non-current assets	21	70
Loss on sales of investment securities	–	8
Loss on valuation of investment securities	37	–
Impairment loss	–	127
Disaster relief aid expense	43	49
Total extraordinary losses	336	600
Profit before income taxes	12,207	12,662
Income taxes - current	4,188	4,486
Income taxes - deferred	(303)	(472)
Total income taxes	3,884	4,014
Profit	8,322	8,647
Profit attributable to owners of parent	8,322	8,647

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	8,322	8,647
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(1,850)	(1,757)
Deferred gains or losses on hedges, net of tax	0	6
Remeasurements of defined benefit plans, net of tax	327	220
Total other comprehensive income	(1,522)	(1,530)
Comprehensive income	6,800	7,117
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,800	7,117
Comprehensive income attributable to non- controlling interests	—	—

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,356	30,736	96,988	(932)	153,149
Changes during period					
Dividends of surplus			(2,340)		(2,340)
Profit attributable to owners of parent			8,322		8,322
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	5,982	(0)	5,981
Balance at end of period	26,356	30,736	102,970	(933)	159,131

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	7,489	(15)	602	(3,647)	4,429	157,578
Changes during period						
Dividends of surplus						(2,340)
Profit attributable to owners of parent						8,322
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(1,850)	0	–	327	(1,522)	(1,522)
Total changes during period	(1,850)	0	–	327	(1,522)	4,459
Balance at end of period	5,639	(14)	602	(3,319)	2,907	162,038

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,356	30,736	102,970	(933)	159,131
Changes during period					
Dividends of surplus			(2,413)		(2,413)
Profit attributable to owners of parent			8,647		8,647
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			104		104
Net changes in items other than shareholders' equity					
Total changes during period	—	—	6,339	(0)	6,338
Balance at end of period	26,356	30,736	109,310	(933)	165,469

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	5,639	(14)	602	(3,319)	2,907	162,038
Changes during period						
Dividends of surplus						(2,413)
Profit attributable to owners of parent						8,647
Purchase of treasury shares						(0)
Reversal of revaluation reserve for land						104
Net changes in items other than shareholders' equity	(1,757)	6	(104)	220	(1,635)	(1,635)
Total changes during period	(1,757)	6	(104)	220	(1,635)	4,703
Balance at end of period	3,882	(8)	497	(3,099)	1,271	166,741

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	12,207	12,662
Depreciation	5,878	5,764
Impairment loss	–	127
Gain on bargain purchase	(6)	–
Increase (decrease) in allowance for doubtful accounts	27	5
Increase (decrease) in retirement benefit liability	484	337
Interest and dividend income	(421)	(439)
Interest expenses	63	63
Loss (gain) on sales of investment securities	(301)	(7)
Loss (gain) on valuation of investment securities	37	–
Loss (gain) on sales of property, plant and equipment	21	(74)
Loss on retirement of property, plant and equipment	233	345
Decrease (increase) in trade receivables	(4,326)	481
Decrease (increase) in inventories	802	(718)
Increase (decrease) in trade payables	2,697	1,741
Other, net	653	563
Subtotal	18,051	20,851
Interest and dividends received	421	439
Interest paid	(63)	(63)
Income taxes paid	(4,544)	(4,166)
Net cash provided by (used in) operating activities	13,865	17,061
Cash flows from investing activities		
Purchase of investment securities	(33)	(130)
Proceeds from sales of investment securities	365	73
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(832)	–
Purchase of property, plant and equipment	(3,964)	(4,636)
Proceeds from sales of property, plant and equipment	13	657
Purchase of intangible assets	(507)	(808)
Loan advances	–	(0)
Collection of loans receivable	6	4
Other, net	(47)	(180)
Net cash provided by (used in) investing activities	(5,000)	(5,021)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,340)	(2,412)
Net cash provided by (used in) financing activities	(2,341)	(2,412)
Net increase (decrease) in cash and cash equivalents	6,523	9,626
Cash and cash equivalents at beginning of period	58,483	65,007
Cash and cash equivalents at end of period	65,007	74,633