



**Consolidated Financial Results [Japanese GAAP]
for the First Quarter of the Fiscal Year Ending January 20, 2024**

Takasho Co., Ltd.

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Scheduled date to submit statutory quarterly financial report:	June 2, 2023		
Scheduled date of starting payment of dividend:	N/A		
Availability of supplementary explanatory material on quarterly results:	N/A		
Quarterly results briefing:	N/A		

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

**Figures are rounded down to the nearest million yen, except share and per share data*

**“%” indicates year-on-year changes from the previous corresponding quarter*

1. Consolidated Financial Results for the Three Months Ended April 20, 2023 (From January 21, 2023, to April 20, 2023)

(1) Consolidated Operating Results (Cumulative)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2024 1Q (Three months ended April 20, 2023)	5,602	△1.2	238	△43.9	253	△66.9	106	△79.7
FY2023 1Q (Three months ended April 20, 2022)	5,671	1.7	424	9.7	764	68.8	525	88.6

(Note) Comprehensive income:

FY2024 1Q (Three months ended April 20, 2023): 300 million yen (△61.2%)

FY2023 1Q (Three months ended April 20, 2022): 775 million yen (39.2%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024 1Q (Three months ended April 20, 2023)	6.14	6.13
FY2023 1Q (Three months ended April 20, 2022)	30.00	29.98

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of the end of FY2024 1Q (As of April 20, 2023)	25,936	12,903	49.3
FY2023 4Q (As of January 20, 2023)	23,640	13,389	56.2

(Ref.) Shareholders' equity amount:

FY2024 1Q (As of April 20, 2023): 12,785 million yen

FY2023 4Q (As of January 20, 2023): 13,274 million yen

2. Dividends

	Annual cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023 4Q ended Jan. 20, 2023	—	0.00	—	23.00	23.00
FY2024 1Q ended Apr. 20, 2023	—				
FY2024 4Q ending Jan. 20, 2024 (forecast)		0.00	—	16.00	16.00

(Note) Revisions to the dividends forecast since the latest announcement: None

3. Forecast for the Fiscal Year Ending January 20, 2024 (From Jan. 21, 2023, to Jan. 20, 2024)

	Net sales		Operating Income		Ordinary Income		Net income attributable to owners of the parent company		Basic Earnings Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024 4Q (full year)	22,700	11.5	1,016	15.3	1,048	6.7	651	25.4	38.65

(Notes) Revisions to the forecast since the latest announcement: None

※ **Notes;**

(1) Changes in Significant Subsidiaries during the Current Quarter

Changes in specified subsidiaries that caused a change in the scope of consolidation: None

Newly included companies: None

Newly excluded companies: None

(2) Simplified Accounting Procedures and Specific Accounting Procedures: None

(3) Changes in Accounting Policies and Accounting Estimates

(i) Changes in accounting policies as required by newly promulgated account pronouncement: None

(ii) Changes other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of Shares Outstanding (Ordinary Shares)

	FY2024 1Q (As of Apr. 20, 2023)	FY2023 4Q (As of Jan.21, 2023)
Number of shares outstanding at end of period (Treasury shares included)	17,590,114	17,590,114
Number of treasury shares at end of period	588,458	47,658
	FY2024 1Q (From Jan.21, 2023, to Apr. 20, 2023)	FY2023 1Q (From Jan.21,2022, to Apr. 20, 2022)
Average number of shares during period	17,371,467	17,527,692

* This quarterly financial results report is out scope of the quarterly review by a certified public accountant nor audit firm.

* Explanation on appropriate use of performance forecasts and other special notes.

The performance forecast described in this report are based on information that is available to the Group, as well as certain assumptions and estimates that are deemed to be reasonable, and we make no assurance that such descriptions prove to be correct. Actual figures may significantly differ due to various factors. For information regarding the forecast of consolidated financial results, due attention should be paid to "Explanation of Forward-Looking Statements" on page 5 of the attached documents.

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1. Status of the Group

(1) Business Overview and Results for the First Fiscal Quarter

Business Overview

During the first quarter of the current consolidated fiscal year (hereafter, referred to as “FY2024”), the prospects of Japanese economy continue to be highly uncertain and are unpredictable. Although the economy showed signs of recovery due to the easing of behavioral restrictions to prevent the spread of the novel coronavirus (hereafter referred to as “COVID-19”) pandemic, but volatile global factors, which includes severe supply chain issues and skyrocketing material prices, spurred by the Ukraine affairs, are all rampant and have been increasing this uncertainty.

Against these headwinds, we have taken several important steps to enhance our brand value and fuel future growth. Especially, we intensified sales promotion campaigns. We delivered DX-enabled sales promotion by broadcasting TV commercials which are linked with our web platform to increase customer touchpoint and engagement.

Also, leveraging our state-of-the-art technologies, such as XR (AR/VR/MR) and metaverse, we further strengthened sales promotion campaign utilizing “GLD-LAB Design Network Service” which supports housing providers and housing reformers to propose housings and exteriors.

Innovation is our heritage and at the heart of our vision “Always Ahead of Changes, Bringing Innovation and Create New Values; Towards the One and Only Global Enterprise”.

Ever since our establishment, nurturing great urban environment and gardening culture is what we do. With our passion for innovation, at this juncture, we have been pioneering clean-energy products and solutions which integrate sustainability into the gardening life.

Further, we introduced innovative product in the field of “LINKED CITY” Concept, which means that originated from tourism, the tourism-oriented smart villages which address various challenges, such as transportation, logistics, settlement, local government, healthcare & nursing care, education, energy, environment & waste, disaster prevention & safety and etc., from the urban-DX perspective. We are socially and environmentally engaged companies and promote galvanization of regional economy and sustainability initiatives.

As for the overseas business, in U.S., customer attraction at home center and garden center has been recovering. Still, our retail partners’ stock overload and refrained consumption due to the price rise in electricity, gas, and necessities and unusual bad weather in Europe has largely affected our performance as well.

As such, business performance for the first quarter FY2024 has been resulted in as follows.

1st Quarter Fiscal 2024 Highlight (January 21, 2023, to April 20, 2023)

(Millions of yen)	FY2024 1Q (Three months ended April 20, 2023)	FY2023 1Q (Three months ended April 20, 2022)	Increase or Decrease	%
Revenue	5,602	5,671	△68	98.8
Operating income	238	424	△186	56.1
Ordinary income	253	764	△511	33.1
Net income attributable to owners of the parent	106	525	△419	20.3

As mentioned above, the large discrepancy from the same quarter of FY2023 is because low-cost inventories brought forward from FY2022 were included in the calculation of cost of goods for sales in FY2023 1Q and resulted in a higher gross profit margin and operating income. Also, foreign exchange gain decreased to 10 million yen due to the unexpected sharp reverse trend in the exchange market (yen’s depreciation), from the same quarter of FY2023, when the company recorded 314 million yen of foreign exchange gain.

However, in the first quarter of the fiscal year under review, our performance was almost in line with its announced budget.

Sales Metrics by Business Segments

<Pro-use segment>

Despite decreased housing construction, the sales of Pro-use accounted for 63.0% our total sales and has been stable (YoY 103.4 % growth).

To accelerate our successful growth, we promoted our new multidimensional business model. This is innovative synergy of online, virtual, and real, more precisely, DX-enabled proposals of lifestyles and sales closing through web-based showrooms and VR parks, as well as through our original Garden & Exterior showrooms located throughout Japan. Of course, in our showroom, customers can experience and feel a wide selection of our products.

Also, we have our own factory in Japan, which enables flexible “mass customization” to each customer’s order. We have been promoting hybrid-style proposals, as mentioned above, that utilize content both online and real. In our “mass customization”, we comprehensively propose "Facade Exterior & Living Garden" lifestyle through abundance of color variation tailored to each customers’ aesthetics sense, tastes, and interests.

What’s more, sales of living garden products such as "Home Yard Roof," a key product inspired by "5th ROOM" (fifth room) concept, increased by the brand designated orders, due to the new DX-enabled proposals and sales strategy which links TV commercial and web-based platform.

In addition, since the sales of "Low Volt Light," a safe and secure exterior illumination for nighttime gardens, has been continuously increasing.

Pro-use segment Highlight (January 21, 2023, to April 20, 2023)

(Millions of yen)	FY2024 1Q (Three months ended April 20, 2023)	FY2023 1Q (Three months ended April 20, 2022)	Increase or Decrease	%
Revenue	3,531	3,416	115	103.4

On the other hand, TAKASHO DIGITEC CO., LTD. (hereafter referred to as “DIGITEC”), our consolidated subsidiary, dedicatedly promoted LED sign and lightening/illumination business. Due to the cooperation with our landscape building material team, DIGITEC increased transactions with non-housing fields (Commercial facilities such as hotels and Japanese-style Ryokans etc.) and achieved 116.6% YoY growth.

Also, first in the industry, DIGITEC was officially certified under the "Eco-First System," a program established by the Ministry of the Environment to recognize 54 companies nationwide, as an environmentally advanced company.

<Home-use segment>

Sales by home-use segment maintained approximately same level (YoY 100.2%). In order to neutralize negative factors such as rebound decrease in sales by COVID-19 and decreased in customer attraction at large retail stores due to bad weather in April, we strengthened web marketing and revised selling price for large retail stores.

Home-use segment Highlight (January 21, 2023, to April 20, 2023)

(Millions of yen)	FY2024 1Q (Three months ended April 20, 2023)	FY2023 1Q (Three months ended April 20, 2022)	Increase or Decrease	%
Revenue	1,615	1,612	3	100.2

<Overseas segment>

Although customer attraction at home center and garden center has been recovering, overseas sales decreased (YoY 71.1%) due to the continued stock adjustments caused by our retail partners’ stock overload and corresponding delivery adjustment. Also, in Europe, added to unusual bad weather, people refrained from buying due to the price rise in electricity, gas, and necessities.

Nonetheless, we have witnessed that “Lifestyle with gardening” has been penetrated and embedded in everyday life. In the face of COVID-19, and continuously in “with and after COVID-19” era, people worldwide reaffirmed

the importance of health (garden therapy), culture (emotion, arte), and environment (green, nature).

Especially in U.S., surging demand for Gardening & Exterior has raised the average expenditure for lawn care and horticultural activities. Also, people, especially young generation, are convinced of the importance and necessity of gardening out of growing consciousness for health and cost; at the face of pricing increase in fruit and vegetables, self-sufficient and self-reliant in growing their own food.

Also, we will further foster our effort and boost overseas business by horizontally roll-out our success model in Australian market to U.S. market.

Overseas segment Highlight (January 21, 2023, to April 20, 2023)

(Millions of yen)	FY2024 1Q (Three months ended April 20, 2023)	FY2023 1Q (Three months ended April 20, 2022)	Increase or Decrease	%
Revenue	450	633	△183	71.1

Gross margin and operating income etc.

Although we maintained approximately same level of sales YoY, gross margin decreased by 1.1 points (increased 1.3 point compared to FY2024 forecast) compared to the same quarter of FY2023, when low-cost inventories brought forward from FY2022 were sold. On the other hand, high-cost inventories, affected by price increase in FY2023, were included in the calculation of cost of goods for sales in FY2024, and lowered gross profit margin accordingly.

As for the sales and administrative costs, sales and administrative costs increased, since, to enhance our brand value and fuel future growth, we continued proactive advertising, and sales promotion, etc., such as real exhibitions reopened after COVID-19 pandemic, and DX-enabled sales promotion by broadcasting TV commercials which are linked with our web platform.

Other up-front investments in the value creation levers, such as CAPEX and recruiting for higher productivities, also increased sales and administrative costs.

As a result, operating income decreased to 56.1% (achieved 98% of budget) compared to the same quarter of FY2023.

Ordinary income decreased to 33.1% (achieved 100.5% of budget) compared to the same quarter of FY2023. Foreign exchange gain decreased to 10 million yen due to the sharp reverse trend in the exchange market (yen’s depreciation), from the same quarter of FY2023, when the company recorded 314 million yen of foreign exchange gain.

Our mission, SDGs initiatives and business development

Passion for our establishment was “Heart and Art”, which has never been changed nor forgotten ever since. Underpinned with our passion and mission, we have a long history of and reputation for designed gardening and innovation, inspired by traditional Japanese aesthetics (such as wabi-sabi, elegance and refinement) and British garden cultures etc., integrating the beauty of nature into daily lives and spiritual values.

As society has been taking a transformational shift to low-carbon and resource-smart products, we have determined to accelerate the ambitions commitments and foster the proactive efforts in our journey towards ESG and SDGs excellence. We believe ESG is embedded into our business itself, i.e., the promotion of our products directly leads to the solution or mitigation of environmental and social problems.

We are continuously pioneering products and solutions that help customers make more sustainable choices every day. For example, our Eco Garden (3R: Recycle, Reduce, Reuse) ensures sustainable consumption and production patterns. Especially, since customers can virtually experience quasi-real feelings at our DX-enabled showroom, namely, a resource-smart customer experience, we don’t need to produce waste (Reduce waste in advance); produce only high-quality products that can be cherished for a long time. Of course, this DX is also introduced into our product development and manufacturing phases; resulting in higher quality, shortened time to market and making factories and workplaces more energy-operational efficient.

Also, aforementioned eco-electrification gatepost equipped with V2H is part of our sustainability agenda and will promote GX (Green transformation) and contributes to reduce our carbon footprint.

Compliance requirements pertaining to sustainability issues are on the rise. Increasingly, investors, customers and other affected communities are becoming more aware about sustainability considerations and implications. Beyond as a mere compliance issue, the company positioned climate change measures as a significant management theme and opportunities and will begin considering the disclosure in accordance with the TCFD (Task force on Climate-related Financial Disclosures), starting in the 4th quarter of FY2024.

In addition, to ensure proper implementation of such climate change measures, the Board of Directors will develop the necessary mechanism, including the establishment of a Sustainability Committee, which supports the management and oversight of sustainability in a focused and coordinated way across the company.

As for the business development by each segment, in pro-use segment, we further promote our new multidimensional business model, innovative synergy of online, virtual, and real, more precisely, DX-enabled proposals leveraging AR & VR, in order not only to enhance our brand value and fuel future growth in sales promotions, but also to strengthen sales and promotion campaign of landscape business. Also, as we are socially and environmentally engaged company, we will further implement sales initiatives towards galvanization of regional economy and sustainability.

In home-use segment, we will further promote our growing e-commerce, product development in our own factories, and horizontal roll-out of global products. Also, we will launch “Living Garden Store (owned media for e-commerce)” and revise product mix so that our sales volume will be unaffected by bad weather.

In overseas segment, we will promote new transactions with home centers in U.S., and pioneer untapped regions (France, Italy, etc). Also, in order to strengthen online sales, focusing “VEGTRUG.COM (owned media for e-commerce)”, we will develop and introduce new products. There, we comprehensively propose "Facade Exterior & Living Garden" lifestyle.

(2) Explanation on the Financial Position

Status of Assets, Liabilities, and Net assets

<Assets>

Current assets at the end of the first quarter amounted to 17,475,008 thousand yen, an increase of 2,091,032 thousand yen from the end of the previous consolidated fiscal year, primarily due to increased cash and deposits of 5,226,098 thousand yen (up 1,019,212 thousand yen from the end of the previous consolidated fiscal year) and increased note receivable, account receivable and contract assets of 3,720,994 thousand yen (up 1,030,545 thousand yen from the end of the previous consolidated fiscal year).

Fixed assets at the end of the first quarter amounted to 8,461,764 thousand yen, an increase of 205,738 thousand yen from the end of the previous consolidated fiscal year, mainly due to increased construction in progress of 269,588 thousand yen (up 233,912 thousand yen from the end of the previous consolidated fiscal year).

As a result, total assets at the end of the first quarter amounted to 25,936,773 thousand yen, an increase of 2,296,770 thousand yen from the end of the previous consolidated fiscal year.

<Liabilities>

Current liabilities at the end of the first quarter amounted to 12,204,130 thousand yen, an increase of 2,817,609 thousand yen from the end of the previous consolidated fiscal year, mainly due to an increase of short-term loans payable of 5,520,725 thousand yen (up 1,604,928 thousand yen from the end of the previous consolidated fiscal year) and an increase of notes and accounts payable-trade of 4,744,612 thousand yen (up 977,054 thousand yen from the end of the previous consolidated fiscal year).

Fixed liabilities at the end of the first quarter amounted to 828,948 thousand yen, a decrease of 35,266 thousand yen from the end of the previous consolidated fiscal year, mainly due to a decrease of other fixed liabilities of 511,882 thousand yen (down 30,056 thousand yen from the end of the previous consolidated fiscal year) and a decrease of long-term loans payable of 66,000 thousand yen (down 9,000 thousand yen from the end of the previous consolidated fiscal year).

As a result, total liabilities at the end of the first quarter amounted to 13,033,078 thousand yen, an increase of 2,782,342 thousand yen from the end of the previous consolidated fiscal year.

<Net assets>

Total net assets at the end of the first quarter amounted to 12,903,694 thousand yen, a decrease of 485,571 thousand yen from the end of the previous consolidated fiscal year, mainly due to an increase of treasury shares of 395,583 thousand yen (up 383,069 thousand yen from the previous consolidated fiscal year) and an increase of other comprehensive income of 1,082,415 thousand yen (up 190,860 thousand yen from the previous consolidated fiscal year), partially offset by a decrease of Retained earnings of 5,955,981 thousand yen (down 296,874 thousand yen from the previous consolidated fiscal year).

(3) Explanation on Future Performance Forecast

At present, there are no changes to the consolidated earnings forecast for the full year announced on March 3, 2023.

2. Quarterly Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY2023 4Q (As of Jan. 20, 2023)	FY2024 1Q (As of Apr. 20, 2023)
ASSETS		
CURRENT ASSETS:		
Cash and deposits	4,206,885	5,226,098
Note receivable, account receivable and contract assets	2,690,448	3,720,994
Electronically recorded receivables	637,845	608,823
Merchandise and finished goods	4,964,609	5,167,936
Work in process	498,257	546,538
Raw materials and supplies	1,581,365	1,590,464
Other current assets	947,746	751,973
Allowance for doubtful accounts	△143,182	△137,821
Total current assets	15,383,976	17,475,008
NON-CURRENT ASSETS:		
Tangible assets		
Property, plant and equipment		
Buildings and structures, net	3,825,373	3,798,509
Land	1,136,609	1,136,609
Construction in progress	35,675	269,588
Others	1,249,059	1,213,692
Total tangible assets	6,246,717	6,418,399
Intangible assets		
Goodwill	51,722	37,333
Others	459,309	482,952
Total intangible assets	511,032	520,285
Investments and other assets		
Investment securities	281,434	290,841
Deferred tax assets	177,502	172,038
Others	1,059,441	1,078,941
Allowance for doubtful accounts	△20,102	△18,741
Total investment and other assets	1,498,276	1,523,080
Total non-current assets	8,256,026	8,461,764
TOTAL ASSETS	23,640,002	25,936,773
LIABILITIES		
CURRENT LIABILITIES:		
Note and accounts payable	2,570,448	3,474,761
Electronically recorded payables	1,197,109	1,269,850
Short-term borrowings	3,915,796	5,520,725
Current portion of long-term borrowings	36,000	36,000
Income taxes payable	313,029	213,267
Provision for bonuses	27,141	144,471
Other current liabilities	1,326,996	1,545,054
Total current liabilities	9,386,521	12,204,130
LONG-TERM LIABILITIES:		
Long-term borrowings	75,000	66,000
Retirement benefit liability	11,110	11,897
Asset retirement obligations	236,166	239,168
Other long-term liabilities	541,938	511,882
Total long-term liabilities	864,215	828,948
TOTAL LIABILITIES	10,250,736	13,033,078
NET ASSETS		
Shareholders' equity		
Share capital	3,043,623	3,043,623
Capital surplus	3,099,197	3,099,197
Retained earnings	6,252,855	5,955,981

Treasury shares	△12,514	△395,583
Total shareholders' equity	12,383,162	11,703,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	140,290	146,789
Deferred gains or losses on hedges	△7,052	25,034
Foreign currency translation adjustment	751,031	888,336
Remeasurements of defined benefit plans	7,284	22,254
Total accumulated other comprehensive income	891,554	1,082,415
Stock subscription rights	1,025	1,025
Non-controlling interests	113,524	117,035
TOTAL NET ASSETS	13,389,266	12,903,694
TOTAL LIABILITIES and NET ASSETS	23,640,002	25,936,773

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income, Cumulative)

(Thousands of yen)

	FY2023 1Q (From Jan. 21, 2022, to Apr. 20, 2022)	FY2024 1Q (From Jan. 21, 2023, to Apr. 20, 2023)
Net sales	5,671,002	5,602,950
Cost of revenue	3,177,009	3,199,178
Gross profit	2,493,992	2,403,772
Selling, general and administrative expenses	2,069,383	2,165,711
Operating income	424,609	238,061
Non-operating income		
Interest income	1,604	1,800
Royalty income	3,588	10,549
Foreign exchange gain	314,626	10,653
Miscellaneous income	49,091	33,444
Total non-operating income	368,910	56,447
Non-operating expenses		
Interest expense	18,771	29,744
Commitment fee	1,176	208
Other	8,591	11,333
Total non-operating expenses	28,540	41,286
Ordinary income	764,979	253,221
Extraordinary gains		
Gain on retirements of non-current assets	—	6,499
Total extraordinary gains	—	6,499
Extraordinary losses		
Loss on retirements of non-current assets	—	82
Impairment losses	—	11,571
Total extraordinary losses	—	11,653
Income before income taxes	764,979	248,067
Income tax - current	264,028	170,715
Income tax - deferred	△27,040	△30,360
Total income taxes	236,988	140,354
Quarterly net income	527,991	107,713
attributable to noncontrolling interests	2,117	1,111
attributable to owners of the parent	525,874	106,602

(Quarterly Consolidated Statement of Comprehensive Income, Cumulative)

(Thousands of yen)

	FY2023 1Q (From Jan. 21, 2022, to Apr. 20, 2022)	FY2024 1Q (From Jan. 21, 2023, to Apr. 20, 2023)
Quarterly net income	527,991	107,713
Other comprehensive income		
Valuation difference on available-for-sale securities	12,815	6,499
Deferred gains or losses on hedges	101,308	32,087
Foreign currency translation adjustment	132,751	139,703
Remeasurements of defined benefit plans	257	14,969
Total accumulated other comprehensive income	247,133	193,260
Comprehensive income	775,125	300,973
attributable to owners of parent	766,143	297,462
attributable to non-controlling interests	8,981	3,510

(3) Notes to Quarterly Consolidated Financial Statement

(Note on Going Concern): None

(Note on Significant Change in Equity Capital):

The Company repurchased 540,800 shares of treasury stock in accordance with a resolution of the Board of Directors on March 3, 2023. As a result, treasury stock at the end of the first quarter of FY2024 amounted to 395,583 thousand yen, an increase of 383,069 thousand yen from the end of FY2023.