



We strive to realize a "Brilliant and most attractive company" through advancing enamel (HORO) technology and executing the growth strategy

Masaru Komori
President

Responding to the growing needs for better quality of life is our task as a housing equipment manufacturer (focused on wet areas), and will lead to a higher market share.

When examining the market environment surrounding our company, we see that the housing industry continues to be affected by population decline, leading to a steady decrease in the number of households. The market itself is inevitably shrinking, as evidenced by the declining trend in new construction starts. On the other hand, supported by a large stock of existing houses, demand for home remodeling is gradually increasing. As a housing equipment manufacturer specializing in wet areas, we aim to expand our market share by responding to customers' desire for a more enriched lifestyle. Additionally, the COVID-19 pandemic highlighted the risk of supply chain disruptions. Given the continued global instability, it is crucial to hedge risks from a geopolitical perspective. Moreover, securing personnel to ensure the reliable delivery of our products to customers is an urgent priority. We must also focus on streamlining production and promoting labor-saving and efficiency improvements.

Accelerating efforts to address environmental issues

Among environmental issues, decarbonization is an urgent global priority. In continuing our business activities, manufacturing with consideration for environmental impact is a significant challenge. We believe that accelerating efforts to address environmental issues is our responsibility as a manufacturer. Our company has set targets in its medium term management plan to reduce CO₂ emissions by 15% by FY2026 and 30% by FY2030, compared to FY2020 levels, with the ultimate goal of achieving carbon neutrality by 2050.

Until now, we have not fully highlighted our sustainability efforts. However, recognizing environmental issues as a critical management challenge, we estab-

lished a new Sustainability Committee in 2024. In addition to introducing internal carbon pricing, we plan to invest in energy-saving equipment for factories and offices and adopt renewable energy sources such as solar power. Furthermore, we aim to actively engage in eco-friendly manufacturing by collaborating with other companies to develop decarbonization technologies and make enamel recycling a reality. This year has been dedicated to declaring our approach to environmental issues, including our first-ever Integrated Report. From next fiscal year, we will shift to the execution phase and communicate our progress.

➡ P.25 Environmental Initiatives

With a strong business framework that was successfully established by our predecessors, we strive to update a system to further expand our market share and improve profit structure.

Despite a decline in new construction starts, revenue and profit increased in FY2023 for our existing businesses. Achieving revenue and profit growth in a shrinking market is a significant accomplishment. This success was driven by our nationwide network of approximately 160 showrooms and our commitment to maintaining supply even during the COVID-19 pandemic. We believe this result is due to the effective functioning of the business framework established by our predecessors, including locally rooted showrooms and company-owned factories and logistics bases. On the other hand, the remodeling business is currently facing challenges due to price increases resulting from rising raw material and labor costs. Despite this situation, we are working to expand our market share by strengthening sales capabilities to offer optimal proposals tailored to customer needs. Additionally, we are implementing item management strategies, such as reducing product SKUs to lower logistics costs and improving production efficiency, as part of our efforts to improve revenue structures.

→P.19 Sustainable Growth in Existing Businesses

Establishing a foundation for overseas business expansion and launching initiatives for new business creation.

For our overseas business, we are fully preparing to enter the Asian market. In Taiwan, China, and Vietnam, where we have already begun overseas expansion, we have strengthened our structure by expanding the local sales agency network and enhancing construction capabilities. As a new initiative, we participated in exhibitions in India and Indonesia to identify and select potential distribution partners.

In our new business initiatives, we have officially launched efforts to create new businesses by maximizing our expertise in enamel manufacturing and assets. To support this, we established the Business Development Division. For example, we are collaborating with financial institutions to facilitate new business match-making. Additionally, we are working with universities to develop a process for grinding frit, the raw material for enamel, to a nano-scale level, exploring the potential applications of enamel in other fields. While we are still in the early stages, we have successfully laid the groundwork for these initiatives.

→P.23 Overseas Business
→P.24 Open Innovation

Drastically overhauling organizational structures and systems, to drive transformation that time demands.

To promote digital transformation (DX) as part of our profit structure transformation, we established the TDX Promotion Division. This division oversees both the Structural Reform Promotion Department, which is responsible for developing strategic blueprints, and the Information Systems Department, which implements these strategies. Additionally, as part of our area management strategy, we have reviewed and consolidated sales areas, reorganizing the sales structure.

In our human resources reform, we eliminated the conventional "regional general positions" as well as "clerical positions" and integrated them into a single general position category to accommodate diverse working styles. We also introduced a 360-degree evaluation system to implement policies aligned with current trends. Furthermore, we are promoting a workplace environment where women can thrive, setting a goal to increase the proportion of female managers from 5.2% in FY2023 to 10% by FY2026. Moving forward, we will continue to introduce systems that enable employees to work with greater engagement.

In our financial strategy, we have established the Financial Planning Department to enhance capital cost awareness in management. Additionally, to facilitate active dialogue with the stock market, we created an IR Department. These initiatives aim to improve capital efficiency, enhance corporate value, and increase the price-to-book ratio (PBR), ultimately strengthening our long-term management foundation.



→P.21 DX Initiatives
→P.27 Human Capital Investment
→P.31 Financial Strategy

My mission is to realize our vision of Becoming a brilliant and most attractive company together with HORO.

Our mission is to firmly realize our long-term vision of Becoming a brilliant and most attractive company together with HORO. In FY2024, we focused on laying the foundation for our medium term management plan, and from next fiscal year, we will advance our reforms even further. We will continue to refine our enamel expertise, unlock its full potential, and drive its further evolution. At the same time, as a company, we will ensure strong business performance and reinforce our profitability by steadily executing our growth strategy.

We believe that pursuing the three standards outlined in our corporate philosophy—Living Standard, Ethical Standard, and Quality Standard—will make our company attractive not only to stakeholders but also to our employees. To achieve this, we will push forward with reforms to realize the theme of “Re-committing to transformation” in our Medium Term Management Plan 2026, striving to become a truly brilliant and attractive company.