

Contribute to Make People's Life More Pleasant and Beautiful

# Key Points of the Takara Medium Term Management Plan 2026

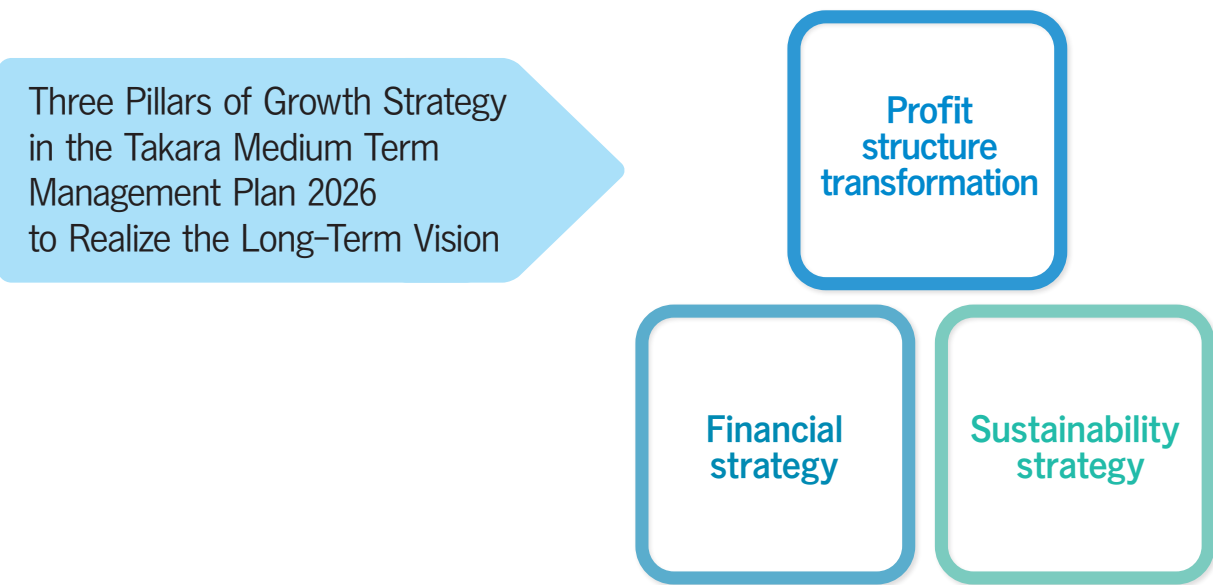


Akihiro Hashimoto  
General Manager,  
Corporate Planning Office

When formulating our new medium term management plan, we first reviewed the previous Medium Term Management Plan 2023. While we successfully achieved our net sales and operating profit targets through our efforts in laying the foundation for sustainable growth, we fell short of our operating profit ratio target, indicating that our structural reform efforts to enhance profitability remain incomplete. Based on this reflection, the Takara Medium Term Management Plan 2026 sets the theme of “Re-committing to transformation” with the aim of achieving our long-term vision of “Becoming a brilliant and most attractive company together with HORO.” Through this plan, we will focus on Boost earning capacity and Develop an infrastructure for sustainable growth.

## Theme of the Medium Term Management Plan 2026 Re-committing to transformation

- **Boost earning capacity**  
Drastic structural transformation and management reinforcement
- **Develop an infrastructure for sustainable growth**  
Forward looking investment and actions towards social issues  
(further reinforcement of management base)



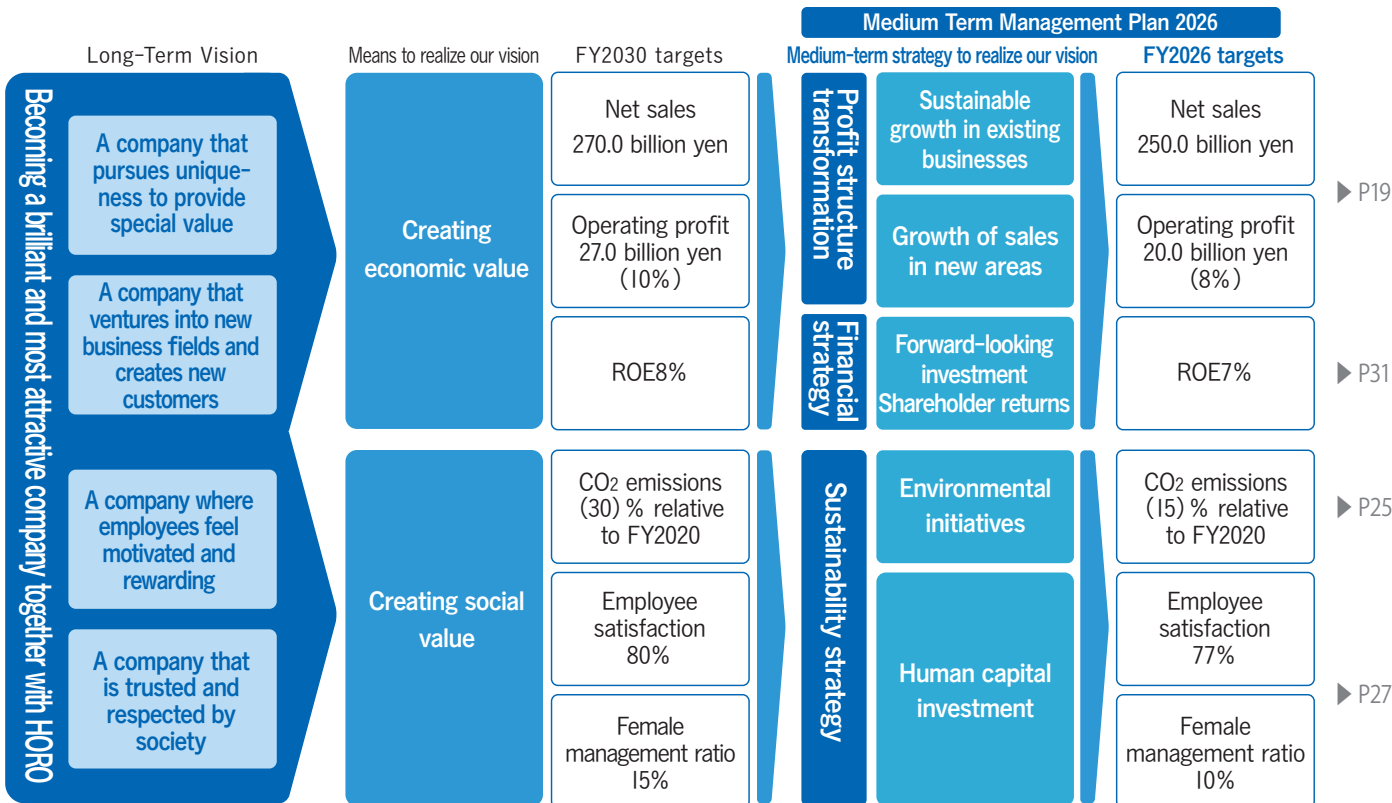
## Performance targets

By adding non-financial indicators to the financial indicators, we aim to enhance corporate value in both economic and social aspects.

	KPI	Actual results for FYE March 2024	FYE March 2027 (FY2026) <small>*Final year of the medium term management plan</small>	FYE March 2031 (FY2030)
Financial indicators	Net sales	234.7 billion yen	250.0 billion yen	270.0 billion yen
	Operating profit	12.4 billion yen	20.0 billion yen	27.0 billion yen
	Operating profit ratio	5.3%	8%	10%
	ROE	5.2%	7%	8%
Non-financial indicators	CO <sub>2</sub> emissions (Scope 1+2)	58,828tCO <sub>2</sub>	49,000tCO <sub>2</sub> <small>(15% reduction compared to 2020)</small>	41,000tCO <sub>2</sub> <small>(30% reduction compared to 2020)</small>
	Employee satisfaction	75.2%	77%	80%
	Female management ratio	5.2%	10%	15%

## Basic strategy

To make our Long Term Vision come to life, Medium Term Management Plan 2026 promotes (i) profit structure transformation, (ii) financial strategy and (iii) sustainability strategy as the three pillars of our growth strategy.

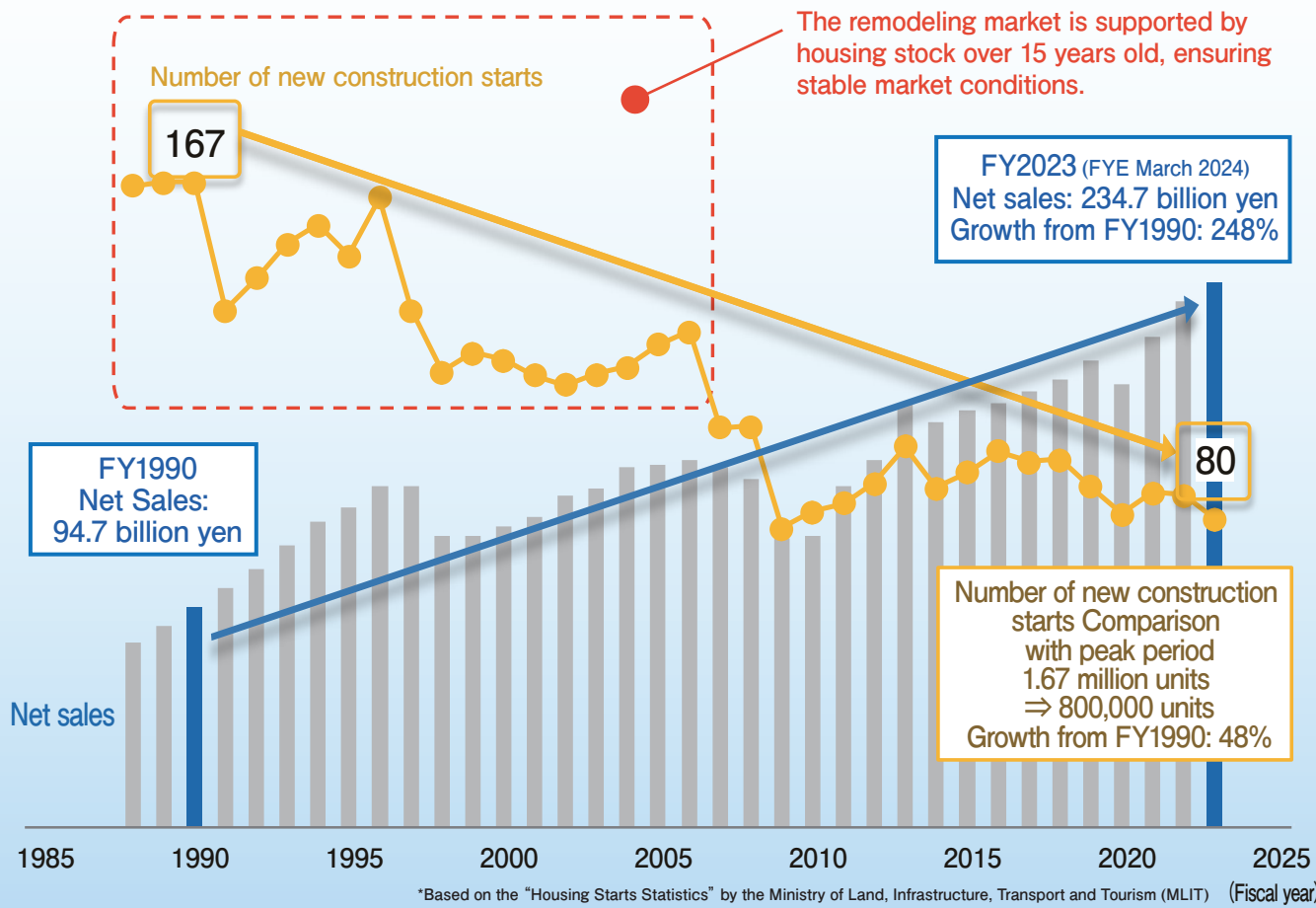


# Trends in the Wet area Market and Performance



Masahiro Yoshida  
Deputy General Manager,  
Sales Division

The number of new construction starts peaked at 1.67 million units in 1990 but declined to 800,000 units in 2023 due to population and household reductions. Despite this trend, our company's performance has continued to grow steadily. Key factors contributing to this growth include our expanded market share in the new construction - multi-family housing sector, where we now hold approximately 80% of the market share for kitchens, an increase in product unit prices, advancements in functionality, and successfully capturing demand from the abundant existing housing stock for remodeling. To achieve further growth, we will need to maintain our high market share in the shrinking new construction market while securing additional demand in the remodeling market, which is supported by an abundant housing stock. We will continue to implement strategic initiatives to ensure sustainable growth.



New construction starts continue to decline

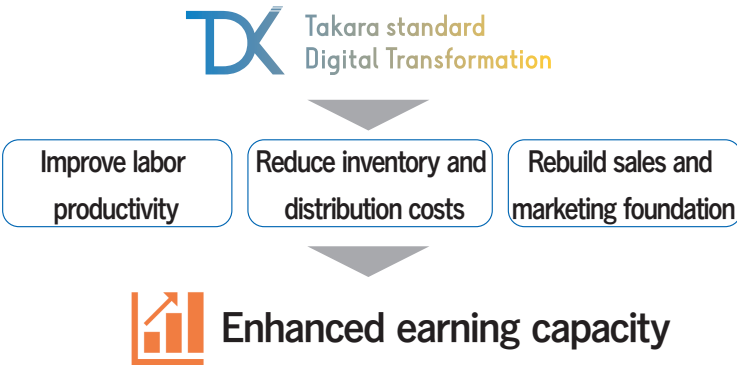
Contraction of the new construction market

Increase in housing stock

Remodeling market remains stable

# Initiatives for Sustainable Growth

TDX - Takara standard Digital Transformation -



By drastically reviewing the entire supply chain using digital transformation (DX) technology to maximize resources, we aim to improve human productivity and reduce inventory and distribution costs, etc. We aim to Enhanced earning capacity by fundamentally reviewing operations across the entire supply chain through digital transformation (DX). Our initiatives focus on improving labor productivity, reducing inventory and distribution costs, and rebuilding our sales and marketing foundation. The key is not merely digitization but a complete overhaul of how work is done from a zero-based perspective, driving fundamental reform in business structures. To achieve this goal, we must utilize high-precision data throughout the process while minimizing human intervention.

Please refer to pages 21 and 22 for details.

## Area Management



### Consolidate operations through drastic operational standardization

- ▶ Reinforce mutual support between engineering and after-sales departments
- ▶ Standardize and centralize human resources, general affairs, and accounting operations

### Refine revenue management structure

- ▶ Establish area headquarters and develop area managers
- ▶ Establish a centralized administrative function
- ▶ Promote personnel mobility within each area

We will review the current management structure, which has been based on individual sales offices and factories, and adopt a more dynamic and efficient allocation of management resources. To achieve this goal, we will promote the consolidation of indirect operations through standardization and strengthen the revenue management system. This approach will help curb the increase in personnel and labor costs, which have risen in proportion to operational workload.

## Item Management



### Reduce product item counts

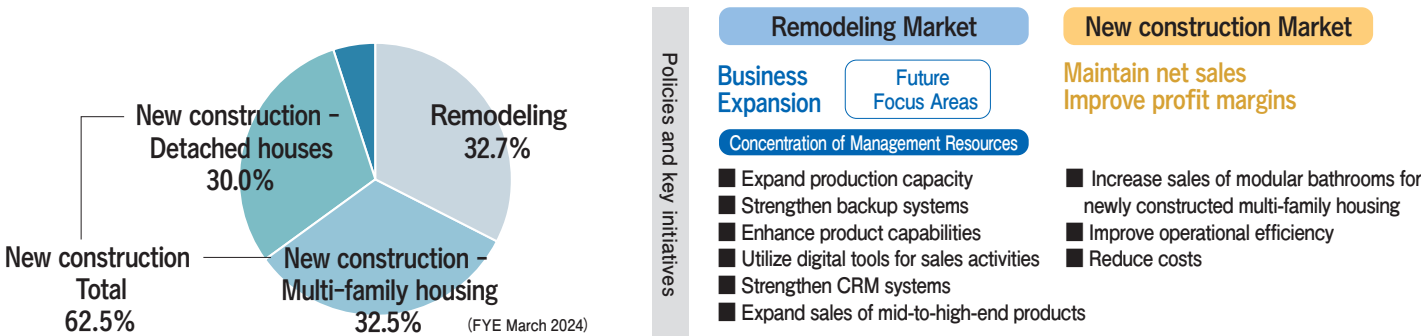
- ▶ Discontinue products with low sales volume
- ▶ Discontinue products that hinder productivity
- ▶ Standardize product structures and parts

### Establish a system to maintain appropriate item counts

- ▶ Regularly collect on-site views and hold meetings to identify items to be discontinued
- ▶ Review product lineup at the opportunity of model changes

With the increasing number of product SKUs driven by growing user needs, we will fundamentally revise our item management approach. Our goal is to enhance product development capabilities, improve production efficiency, and reduce logistics costs by minimizing inventory levels. To achieve this, we will first work on reducing the number of SKUs and establishing a system to maintain an optimal product lineup.

## Remodeling Business Expansion



Given that our company has a high sales composition ratio in the new construction market, which is expected to shrink in the future, we must increase remodeling sales using our competitive showroom network to achieve sustainable growth. The policies and key initiatives for this goal are outlined here. In the new construction market, we will focus on maintaining revenue and improving profit margins, while in the remodeling market, we will concentrate management resources on business expansion. In particular, we will prioritize strengthening product competitiveness centered on enamel, which is a key differentiating material, expanding production capacity, and enhancing sales capabilities through digital transformation.



## Takara standard's Basic DX Strategy



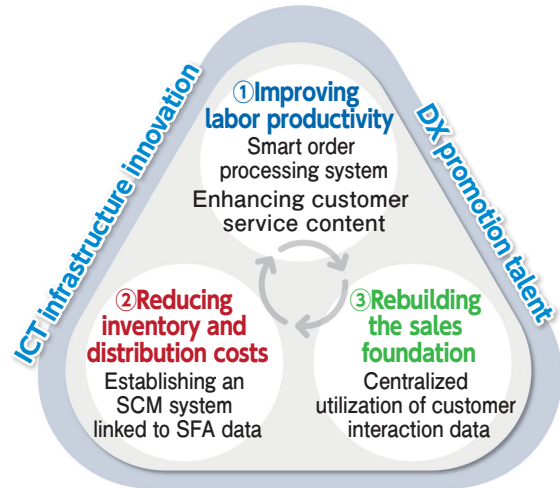
As part of our digital transformation (DX) strategy, we focus on three key areas: Improving labor productivity, reducing inventory and distribution costs, and rebuilding the sales foundation. We aim to implement smart ordering systems that reduce manual labor, enhance customer services, establish a robust supply chain management (SCM) system, and optimize the utilization of customer interaction data.

**Takahito Yoshii**  
TDX Promotion Headquarters Director  
Executive Officer



### Initiatives

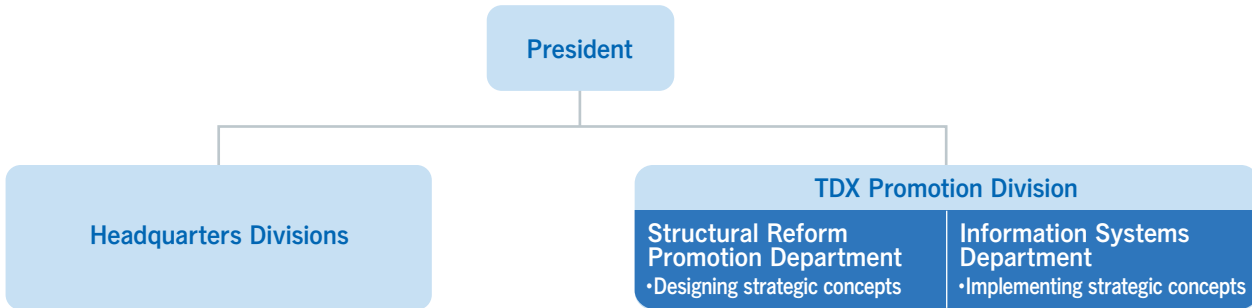
Implementing reforms from a multifaceted perspective to achieve set goals.



## DX Promotion Framework

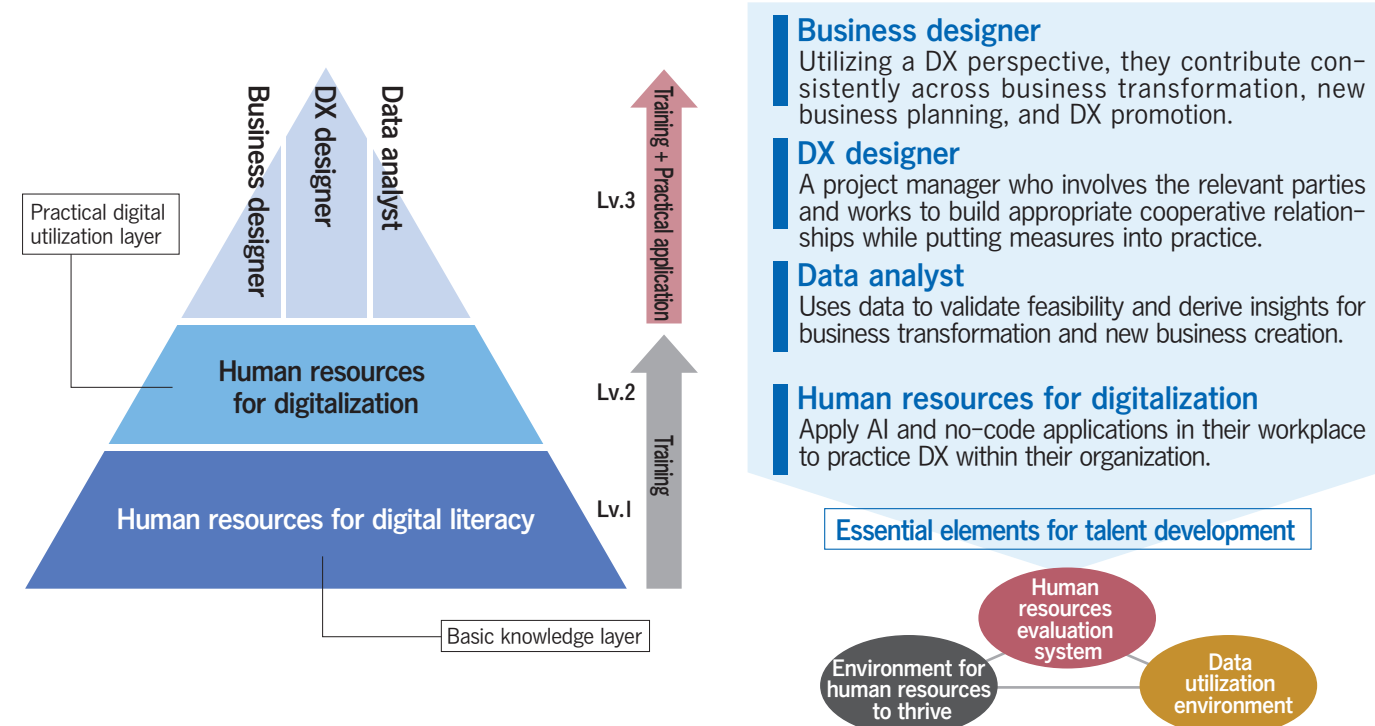
### ① Organizational Structure

To maximize company-wide performance and profitability, including DX strategy, we established the TDX Promotion Division. By linking the Structural Reform Promotion Department, which designs strategic concepts, with the Information Systems Department, which implements them, we aim for swift and effective decision-making and execution, leading to sustainable growth and enhanced competitiveness. The TDX Promotion Division will accelerate DX promotion across the entire Company and create future business opportunities.



### ② Our Digital Talent and Future Vision

We emphasize the development of digital talent and promote DX initiatives. By driving business transformation, planning new businesses, and validating data utilization, we will advance company-wide DX. Additionally, we will establish evaluation systems and improve data infrastructure to ensure sustainable growth.

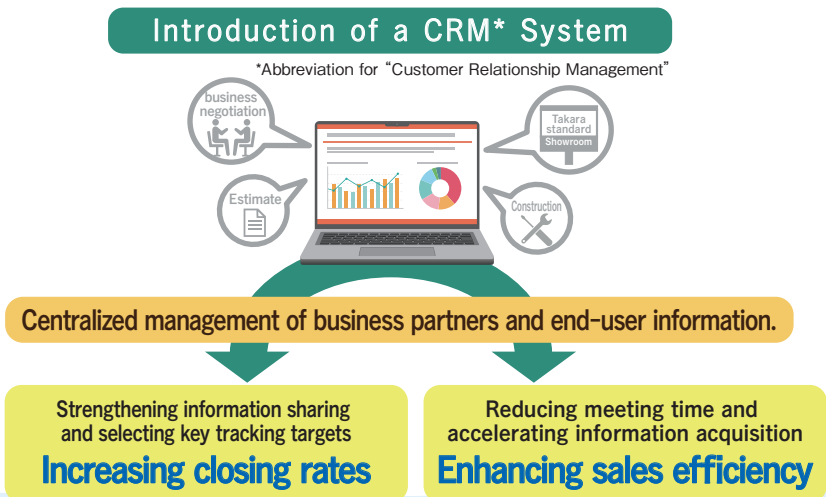


### ③ ICT Infrastructure

We are enhancing our latest IT infrastructure to realize our DX strategy. This initiative improves operational efficiency and strengthens security, ensuring the rapid and secure provision of services. Additionally, by leveraging cloud computing and AI technology, we aim to enhance data analysis capabilities and create an environment that supports more advanced decision-making.

## DX Implementation Case Studies

Our DX initiatives to drive digital transformation in sales activities were recognized, earning the 2023 CRM Best Practice Award.



**CRM Best Practice Award**  
Hosted by the CRM Association Japan. This award recognizes companies and organizations that have successfully implemented customer relationship management (CRM) using IT technology and achieved notable results. The award aims to serve as a model case for promoting CRM practices across industries.

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## That's why Takara delivers enamel products to customers worldwide.

Accelerating overseas business with Takara Global Vision 2030



Toichi Ishiyama  
Head of Global Business Division

We aim to become a “global top leader” among Japanese kitchen brands.

For sustainable growth, we are laying the foundation for overseas expansion, particularly into the Asian market, where we plan to establish a strong presence in the coming years. As a unique kitchen manufacturer leveraging enamel materials, we aim to enhance our global presence and become a premium kitchen brand of choice.

**FY2030 KPIs**  
Overseas net sales = 10 billion yen    ROS = 20%  
Market share = Over 1%

### Effective use of resources

- Focus resources on kitchen/interior panels
- Improve sales productivity
- Focus on growth markets
- Approach end-users
- Establish sales channels and ensure governance

### Building the foundation for growth

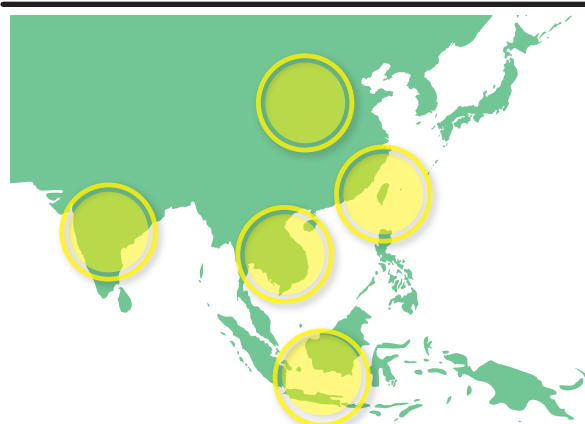
- Offer optimal products from the customer's perspective
- Develop a global supply chain
- Develop strategic partnerships (JV, etc.)
- Establish a management support system/infrastructure
- Develop human resources for overseas management

### Premium branding

- Increase recognition in the premium market
- Provide quality value worthy of premium products and services
- Strengthen the CRM system
- Optimize price for the value of HORO
- Promote consistent branding

Our high-grade enamel is highly valued in the hot and humid climates of Asia. Moving forward, we will further strengthen our overseas efforts to drive sales growth.

Promoting the establishment and expansion of distributor networks in various countries



Participating in local exhibitions to enhance brand recognition overseas



Economic Times ACETECH, one of Asia's largest housing and building materials exhibitions, held in India (December 2023 & October 2024)



Indo Build Tech Expo, Indonesia's largest building materials, construction, and interior exhibition (August 2024)

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## That is why Takara is creating new businesses that will lead to our second founding.

To adapt to rapid business changes, we are building a framework to generate new businesses through open innovation and establish new revenue pillars.



Hiroki Yaku  
Manager,  
Business Development Division

Our goal is to create new businesses that will sustain for 50 years. This is not just about offering new products or services but about building a sustainable and socially impactful business model that will serve as Takara's second founding. We focus on creating new businesses that enhance people's lives from a customer-centric perspective. By identifying latent customer needs and providing solutions through products and services, we aim to bring meaningful innovation.

Specifically, we generate new business ideas leveraging our assets (people, products, capital, and expertise) to develop innovative products and services. By launching them into the market, we explore new business opportunities. Additionally, we actively engage in capital and business partnerships to enter adjacent markets, acquire new customers, and drive sustainable growth.

## Takara standard



A partner company that accelerates our growth

Open Innovation  
(Investment & Co-Creation)

- ◎ Utilize our business resources (assets) externally
- ◎ Actively collaborate with external parties to create new businesses

Collaborate with and invest in startups and ventures

### Open innovation that leverages external partners

<FY2023>  
STAGE 1: Analysis

#### Growth factors

- Define our profile
- \*Asset inventory
- Specify ideas

Support  
(outsourced)



Takara standard

Investment ⇒ Business alliance ⇒ Capital alliance (stock purchase)

<FY2024 and beyond>  
STAGE 2: Opportunities

Support  
(outsourced)

Returns (knowledge, goods, finances)



Ventures and startup companies

Positive effects  
“Synergy with core businesses”

Acceleration factors  
that can be directly linked to growth factors