

Living Standard  
Ethical Standard  
Quality Standard





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Editorial policy:

This report aims to summarize information related to Takara standard Co., Ltd.'s corporate activities, focusing on matters of high importance to shareholders and investors while also conveying the company's value creation story and future outlook.

Scope:

Takara standard Co., Ltd.

Reporting period:

Unless otherwise specified, the financial and non-financial data in this report cover FY2023 (April 1, 2023 – March 31, 2024).  
Some activity details may include information from FY2024.

Reference standards and guidelines:

International Integrated Reporting Framework (IFRS Foundation) and Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry of Japan)

Caution regarding forward-looking statements:

Among the contents of the "Integrated Report 2024," statements that are not historical facts are forward-looking projections based on future outlooks and plans. These forward-looking projections include risks and uncertainties, and actual results and performance may differ from what is stated in the report.

Takara standard started business in 1912 as a pioneer of enameled products. Since its founding, the company has remained dedicated to enamel. In 1962, our company succeeded in developing the first enameled kitchens in the world. By continuously refining its enamel technology, the company has grown into an industry-leading comprehensive manufacturer of housing equipment that offers comfortable wet areas solutions. This growth has been driven by a strong commitment to make everyone's life more comfortable.

The current business environment surrounding the company is shaped by diverse factors, including changes in life-style habits in the post-COVID-19 era, market shifts due to geopolitical risks, the acceleration of decarbonization efforts, and advancements in digital technology. In response to these complexities and to clearly communicate our direction to stakeholders, we have decided to publish an Integrated Report starting this year as a new step forward.

This report is intended not only to deepen the understanding of our company but also to serve as a platform for deeper dialogue with stakeholders. We believe that such engagement will lead to a sustainable society and the creation of new values. Although we are still in the early stages of this initiative, we will continue our journey toward corporate growth and the realization of a sustainable society. We will continue our challenges and efforts while carrying forward the founder's vision of "To contribute to make people's life more pleasant and beautiful."

Where we started

To contribute to make people's life more pleasant and beautiful

Corporate Philosophy

The three standards valued by Takara standard

Living Standard

Takara standard supports enhancing people's life through evolution of wet areas household facilities and HORO technology.

Ethical Standard

Takara standard aims to achieve sustainable profit growth focusing on three bases – "harmony with society" "happiness of employees" and "consideration for environment".

Quality Standard

Takara standard considers the customer trust as the most valuable asset, and focuses on quality improvement of products and services.

Long-Term Vision

Becoming a brilliant and most attractive company together with HORO\*

- A company that pursues uniqueness to provide special value
- A company that ventures into new business fields and creates new customers
- A company where employees feel motivated and rewarding
- A company that is trusted and respected by society

\*HORO by Takara standard

- 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.



Supporting people’s lives through enamel

Takara standard has developed new products and markets centered around the proprietary technologies in enamel production, contributing to a more comfortable lifestyle for many people.

Moving forward, with creative and challenging spirit, we are committed to pursue pleasant and beautiful life through continued exploration of the potential of enamel.

Company profile (as of March 31, 2024)

●Company name: Takara standard Co., Ltd.

●Head office: 1-2-1 Shigino-higashi, Joto-ku, Osaka 536-8536, Japan

●Established: May 30, 1912

●Capital: 26,356 million yen

●Listing: Prime Market, Tokyo Stock Exchange (securities code: 7981)

●Employees (consolidated): 6,616

Net sales

234.7billion yen

Operating profit

12.4billion yen

Operating profit ratio

5.3%

ROE

5.2%

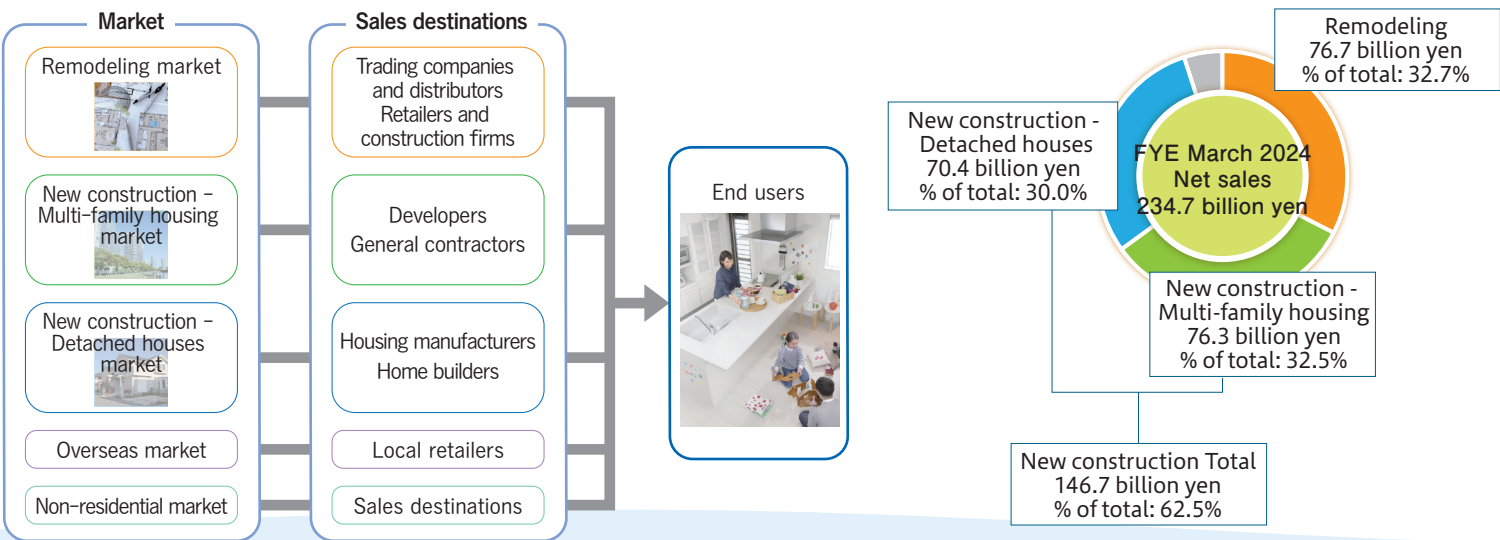
Product lineup

An extensive lineup to create a comfortable lifestyle.



Market and sales channels

Our business focuses on the remodeling market, new construction – multi-family housing market, and new construction – detached houses market. We are also expanding overseas and strengthening the non-residential segment with wall panels.



Founded  
112 years ago

Established in May 1912. The company has contributed to improving people’s lives, including developing the world’s first enamel-coated kitchen.



Number of domestic showrooms  
161 locations

Showrooms are available to allow customers to see and touch the products before purchasing with confidence. We value direct communication with our customers.

Production bases  
15 locations

● Production bases  
◆ Logistics bases

Logistics bases  
10 locations



The company has 15 production bases and 10 logistics bases, ensuring the capability to handle large-scale projects requiring mass deliveries within a short period, such as condominiums. By distributing bases across various locations, the company also mitigates risks such as natural disasters. This stable supply capability is highly regarded in the market, and the company boasts an 80% market share in the area of modular kitchen production for newly built condominiums.

Market share of modular kitchens for newly built condominiums  
Approximately 80%

Number of employees  
6,616



The number of employees exceeds 6,000, and each individual utilizes their strengths while working together toward shared goals.

Female management ratio  
5.2%

By providing active development initiatives and career advance opportunities, we aim to ensure a workplace where female employees can continue their career and thrive.

Parental leave utilization rate

Male: 79.1%  
Female: 100%

Certified as a “Kurumin” company for childcare support. We are working toward achieving a 100% parental leave utilization rate for male employees as well, just like for female employees.



Employee satisfaction  
75.2%

Awarded a “Kurumin” certificate – which is given by the government to companies that bolster the next generation by supporting child rearing. Our goal is to achieve 100% of male utilization.

CO<sub>2</sub> emissions reduction rate  
4.8%

To realize a sustainable society, we are committed to reducing environmental impact, preserving the environment, and preventing pollution through our business activities.

(As of March 31, 2024)

Takara standard - continuing to take on challenges with enamel

Since its founding, Takara standard has been devoting itself in refining its expertise in enamel technology. With its world-class high-grade enamel, which surpasses competitors, the company has grown into a leading comprehensive manufacturer of housing equipment, offering total solutions for comfort in wet areas. There has been relentless efforts and passion of our leaders, engineers and sales team, to bring us to where we are. The chronology showcases the milestones in our 110-year-long journey alongside enamel.

1912▶

Established Japan Enamel Co., Ltd. Began manufacturing and selling enameled ironware.



1962

Successfully developed the world's first enamel-coated kitchen.



1970

Exhibited as the Takara Group at the Japan World Exposition.



1982

Commercialized Japan's first stainless steel integrated unit bath.



1992▶

Launched the Enamel Kitchen Panel.



2007

Launched Emaille Flat, an easy-to-replace enamel-coated modular kitchen.



2012▶

100th anniversary of the company's founding.

100th anniversary

Launched the Timoni series of residential toilets.

2008

Launched the Timoni series of residential toilets.



2016▶

Successfully developed enamel inkjet technology.



2022

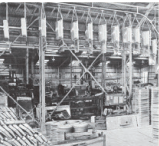
110th anniversary of the company's founding.



Created the 110th-anniversary logo, reflecting the company's commitment to evolution and transformation while valuing its unchanging principles.

1957▶

Successfully press-formed Japan's first stainless steel sink. Began manufacturing and selling products under the "Takara" trademark.



1950s

Began manufacturing and selling stainless steel sinks.

Orders increased due to the housing construction boom, but competition gradually intensified. Aiming to create value-added products that competitors could not imitate, the company leveraged its long-standing enamel technology to develop enamel-coated sinks.

1971▶

The company changed its name to Takara standard Co., Ltd. to reflect its aspiration to be the model for housing equipment manufacturers.



1985▶

Launched the Emawall, an wall panel.



1985

Commercialized enamel-coated modular kitchens



1999▶

Launched the industry's first custom-fit modular bathroom.



Net sales trend

Since 1912

Takara standard at its founding

Yasugoro Kitabatake, the founder of the company's predecessor, Japan Enamel, encountered enamel in Germany while studying abroad. He invited German engineers to Japan and succeeded in producing enamel that rivaled Western quality. When World War I disrupted European supply routes, Japan Enamel gained a monopoly, leading to the company's growth.

1960s

Birth of the enamel-coated kitchen

In 1962, the world's first enamel-coated kitchen was born. In 1967, the company launched the full-scale enamel-coated cabinet sink E-Series, featuring an innovative design that solidified Japan Enamel's dominance. Its durability and luxurious feel gained popularity, firmly establishing our position in the industry.

1970s

Expanding market share while keeping the consumer's perspective in mind.

The success of enamel kitchens and participation in the Japan World Exposition helped establish the "Takara" brand. In 1971, the company changed its name to Takara standard Co., Ltd. Strengthening its research system, it succeeded in coloring enamel cabinets, attracting attention from global enamel academic societies

1980s

Focusing on wet areas, becoming a professional in enamel

During this period, the company established a unique market in the wet areas sector through enamel technology. Modular kitchens rapidly gained popularity nationwide, leading to the launch of the Enamel modular Kitchen C-Series and other related product lines. The company expanded its product lineup to include washstands with vanities and modular bathrooms.

1990s

Further advances in enamel technology

Leveraging newly developed kiln-transformed enamel technology, the company launched the modular kitchen Lemure in 1990, achieving a level of beauty comparable to fine craftsmanship. Additionally, the Enamel Kitchen Panel, released in 1992, became highly popular for its heat resistance and ease of maintenance, further expanding the potential of enamel.

2000s

Advancing enamel technology

As the number of new construction starts declined, there was an increasing demand for high-quality residential designs that emphasized aesthetics, functionality, and comfort. In response, the company targeted the remodeling market, introducing various remodeling-oriented products, including enamel-based solutions.

2010s

Toward the next 100 years

In 2012, as Takara standard marked its 100th anniversary, the company reaffirmed its commitment to strengthening product capabilities centered around high-grade enamel, striving to create a richer lifestyle for customers.



To be a longtime "favorite" in our customer's everyday life, the answer we have reached is "High-grade enamel", a material that surpasses general enamel.

Enamel is highly resistant to stains, moisture, and odors, making it an ideal material for wet area products. Since kitchens and bathrooms are high-value home investments, we wish to ensure immaculate condition even after years of use. That is the reason Takara standard is committed to developing high-quality products focusing on our signature, premium enamel materials.

★一口一皿にこだわりの高品質なエナメルを追求する



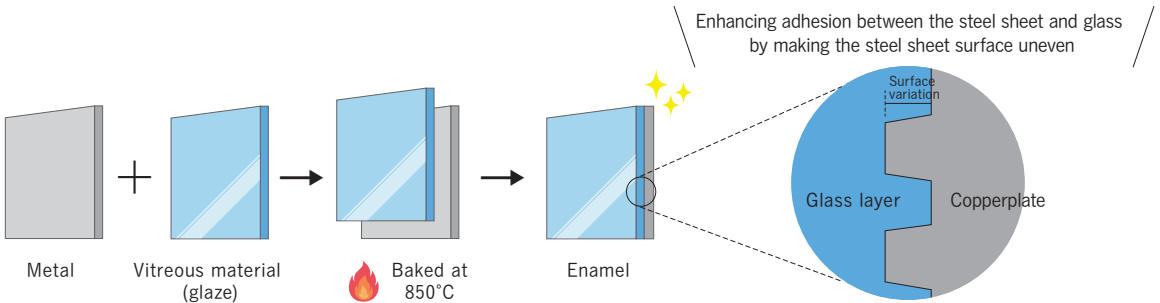
## What is enamel?

### The ideal material for wet areas in the house.

Enamel is composed of metal and glass. While glass is a beautiful material resistant to water, heat and odors, it is fragile. However, by integrating with metal it becomes a dream material – an extremely durable form of glass that compensates for the weaknesses of glass.

### Do you think enamel is prone to crack? Takara standard takes pride in its crack-resistant technique.

The quality of enamel depends not only on the raw materials but also on the technique to integrate and adhere of two different materials: steel and glass. Takara standard's high-grade enamel enhances adhesion by creating a textured surface on the steel plate, making it significantly more durable than the enamel often used for cookware.



## The appeal of high-grade enamel with its various features

### 10 reasons to choose enamel

With strength, beauty, and a variety of excellent features, high-grade enamel is the ideal material for wet area products. Here are its remarkable advantages.



**Easy maintenance**  
Stains do not penetrate, keeping it clean for years.



**Moisture resistant**  
No stains, mold, or corrosion—ensuring long-lasting durability.



**Impact resistant and hard to chip**  
Enamel may be considered easy to chip, but in fact it is highly resistant even against heavy impact.



**Can play with magnets**  
Magnets can be easily attached and removed, allowing for customizable decorations.



**Can be a space to communicate**  
It also serves as a convenient family message board because oil-based markers can be wiped off with water.



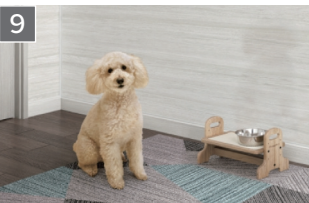
**Variety of designs and tones**  
Original colors and patterns are achieved through proprietary inkjet printing technology.



**Heat resistant**  
Unlike wood or synthetic resin, it does not deform or discolor from heat.



**Scratch resistant**  
The glass surface layer provides strong protection against scratches and impacts.



**Odor resistant**  
It resists the absorption of pet and tobacco odors, ensuring everyday comfort.



**Environmentally friendly**  
A safe material that does not release harmful substances such as formaldehyde.

"Providing quality products to customers" represents the craftsmanship of Takara standard.

Visit our website to explore the craftsmanship story of Takara standard.



Takara standard is committed to quality, ensuring that we create products that customers will always love. That is why we value craftsmanship, carefully inspecting products with our eyes and hands to ensure quality.

Each stage of the production process is passed on like a relay baton from one person to another until the product is complete. Involving many hands in the process is the key to maintaining high quality. Enamel is like a living material. Processing conditions must be adjusted daily in response to factors such as temperature and humidity. Such subtle adjustments are difficult for machines but possible only by skilled artisans.

It is our mission to always pursue the highest quality, for customers to enjoy our products for a long time.



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 CO<sub>2</sub> 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.



Since its founding, Takara standard has built a unique position as the only domestic manufacturer of enamel-based wet areas housing equipment. This uniqueness is supported by our strong manufacturing capabilities, nationwide showroom-based sales force, and product development expertise in capturing market needs. Leveraging our accumulated know-how over many years, we continue to differentiate ourselves from competitors and create value to realize our philosophy of “To contribute to make people’s life more pleasant and beautiful.”

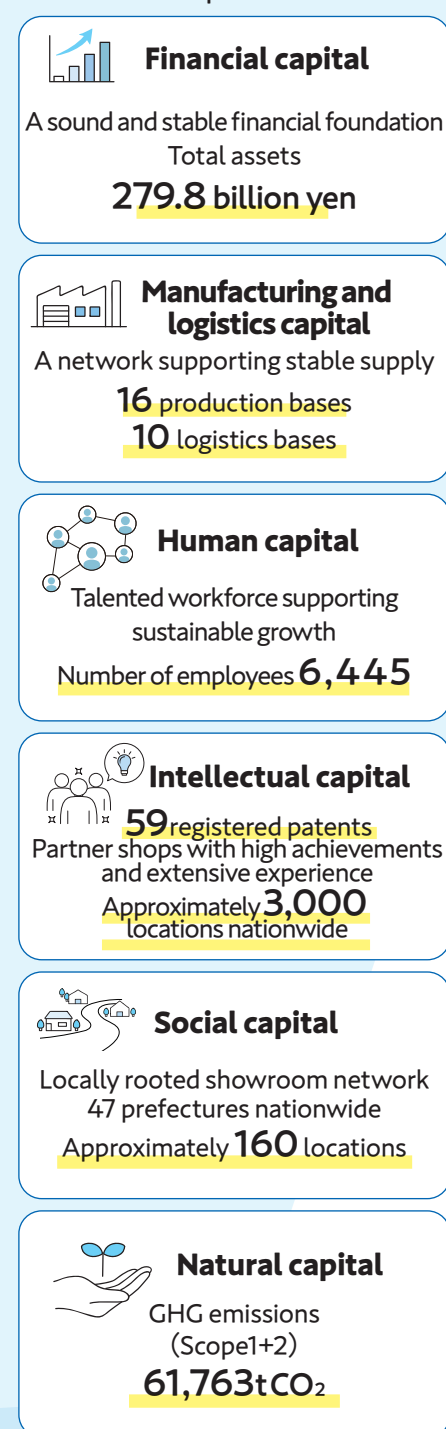
Through the value creation process, we aim to achieve our medium- to long-term business performance targets.



**Takara standard's original policy statement**  
To contribute to make people’s life more pleasant and beautiful

## Management foundation (as of March 31, 2023)

Input



## Business activities

Business Model



**Long-Term Vision**  
Becoming a brilliant and most attractive company together with HORO

**Medium Term Management Plan 2026**

## External environment

### Economy

- Post-COVID-19 economic normalization
- Maturation of the Japanese economy and shifts in the global economic balance
- Advancements in digital technology

### Society

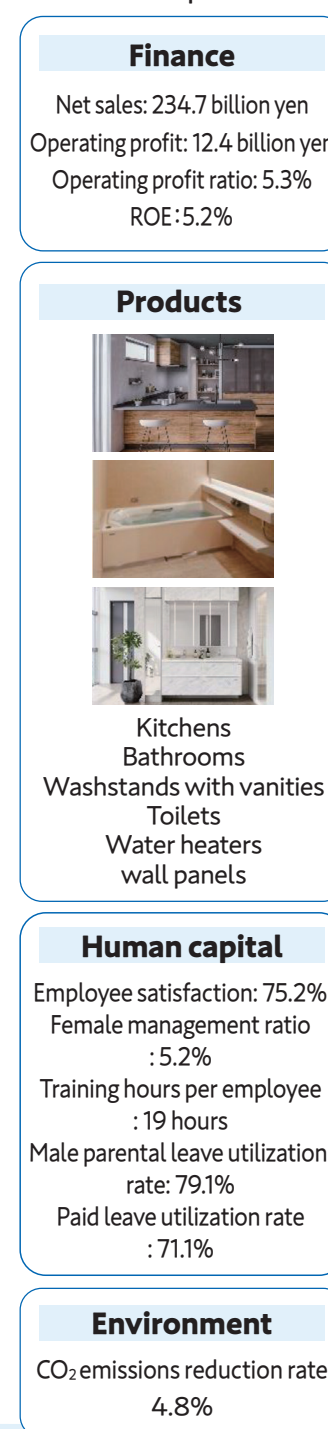
- Declining domestic population
- Diversification of lifestyles and values

### Environment

- Climate change (Responding to a decarbonized society and carbon neutrality)

## Business achievements (as of March 31, 2024)

Output



## Value provided

Outcome

### Customers

We provide kitchens, bathrooms, and washstands with vanities of the highest quality and design, supporting a comfortable and convenient lifestyle.

### Business partners

We prioritize trust and aim to grow alongside our business partners by providing high-quality products and services.

### Employees

We support growth and career development while providing a rewarding workplace that emphasizes health and well-being.

### Shareholders and investors

We deliver high returns to shareholders and investors through sustainable growth and stable earnings while ensuring transparent management.

### Local communities

We support regional development and revitalization through community events and educational programs while strengthening collaboration with local businesses.

### Environment

We strive to protect the global environment by developing eco-friendly products and promoting sustainable production, incorporating recycled materials and energy-saving technologies.



## Risk and Opportunity Analysis

We have categorized and summarized the analysis of short-, medium-, and long-term key risks and opportunities in the business environment surrounding Takara standard along the triple bottom line of economy, society, and environment, as shown in the table below.

On the economic front, in the short term, cost increases due to geopolitical instability, exchange rate fluctuations leading to rising raw material costs, rising logistics costs symbolized by the “2024 problem,” and government-mandated wage hikes are significant concerns. To effectively manage these challenges, we need to implement proper cost management, reduce inventory and logistics costs, and make timely price adjustments. While our company has grown steadily by capturing the demand for more comfortable living amid domestic market growth, Japan’s population decline, which began in the 2010s, is expected to accelerate after 2030. Consequently, not only new construction starts decline, but the currently strong demand for remodeling will also likely decrease in the long term. Thus, addressing the risk of market contraction is recognized as the most critical mid-

to long-term challenge. As countermeasures, our core strategies will include expansion into emerging markets, primarily in Asia, where rising living standards are expected to drive growth in the wet area products market, as well as the creation of new businesses leveraging the customer base cultivated in Japan’s housing equipment industry.

On the social front, population decline and the diversification of people’s values are expected to have the greatest impact. Addressing labor shortages due to a shrinking workforce and adapting to changing perspectives on work and employment practices will be key. Our diversity and inclusion initiatives represent both a risk and an opportunity, making them central to our human capital strategy.

Regarding environmental concerns, the timeframe until Japan’s 2050 carbon neutrality goal is narrowing, and international environmental standards must be met for overseas market expansion. Consequently, more proactive decarbonization initiatives are deemed essential.

Field	Social and environmental factors	Risks and opportunities		Timeframe			Strategy (countermeasures)		
				Short	Medium	Long			
Economy	Post-COVID-19 economic normalization	Risks	Limitations in factory production capacity		●		Enhancement and streamlining of production capacity through new factory construction and capital investment		
			Rising logistics costs	●	●		Reduction of inventory and logistics costs through item management		
			Government-mandated wage increases	●	●		Effective utilization of human resources through area management		
		Opportunities	Growth in remodeling demand	●	●		Expansion of the remodeling business by leveraging the showroom network Strengthening of high-grade enamel products, a proprietary material		
	Maturation of the Japanese economy and changes in the global economic balance	Risks	Rising prices of raw materials and other resources	●	●		Strengthening supply chain management Timely price adjustments		
			Stagnation in household disposable income growth		●	●	Strengthening overseas business and creating new business opportunities		
			Deterioration of financial indicators such as ROE and PBR		●	●	Effective utilization of capital through financial strategy		
		Opportunities	Growth in emerging markets		●	●	Expansion of market share in overseas markets		
	Advances in digital technology	Risks	Loss of opportunities due to delays in digitalization		●		Improvement of labor productivity and logistics efficiency through DX utilization		
		Opportunities	Creation of new value through digital utilization		●				
Society	Declining domestic population	Risks	Decrease in new construction starts		●	●	Strengthening overseas business and creating new business opportunities		
			Declining labor force			●	Promotion of human resources and organizational development		
	Diversification of lifestyles and values	Risks	Increased costs due to diversified work styles	●	●		Enhancement of work satisfaction through increased labor mobility and enriched training programs		
		Opportunities	Productivity improvement through diversified work styles	●	●				
		Risks	Increased costs for DE&I implementation		●	●	Innovation driven by women’s empowerment and mid-career recruitment		
		Opportunities	Organizational revitalization through DE&I		●	●			
		Risks	Rise in cooking appliances and ready-to-eat food products		●		Strengthening overseas business and creating new business opportunities		
		Opportunities	Growth in remodeling demand	●	●		Expansion of the remodeling business by leveraging the showroom network Strengthening of high-grade enamel products, a proprietary material		
			Expansion of the e-commerce market		●		Utilizing an online store for selling consumable goods		
		Environment	Climate change	Risks	Strengthening of environmental regulations		●	●	Proactive and planned decarbonization transition ahead of regulatory tightening
Rise in fossil fuel costs					●	●	Energy procurement plans, including the transition to renewable energy		
Cost burden for achieving carbon neutrality					●	●	Planned decarbonization transition incorporating transition costs		
Intensification of natural disasters	●				●	●	Implementation of appropriate countermeasures at each business site against natural disasters such as heavy rainfall		
Opportunities	Growth of the environmental-related market				●	●	Creation of new businesses		
	Advancements in energy-saving technology				●	●			

Key Issues for Takara standard

Expansion of the remodeling business by leveraging the showroom network

Optimization of inventory and logistics through enhanced management

Improvement of labor productivity and logistics efficiency through DX utilization

Strengthening overseas business and creating new business opportunities

Decarbonization transition to comply with stricter environmental regulations

Enhancement of work satisfaction through human capital investment

Effective utilization of capital through appropriate financial strategy

►P19

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### Key Issues for Takara standard

Expansion of the remodeling business by leveraging the showroom network

►P19

Optimization of inventory and logistics through enhanced management

►P20

Improvement of labor productivity and logistics efficiency through DX utilization

►P20

Strengthening overseas business and creating new business opportunities

►P23

Decarbonization transition to comply with stricter environmental regulations

►P25

Enhancement of work satisfaction through human capital investment

►P27

Effective utilization of capital through appropriate financial strategy

►P31

Takara standard conducts analysis and evaluation of risks and opportunities to determine key issues.

This report includes a table summarizing key risk and opportunity analyses, presenting only those items deemed highly significant for the company and its stakeholders.



Contribute to Make People’s Life More Pleasant and Beautiful

# Key Points of the Takara Medium Term Management Plan 2026

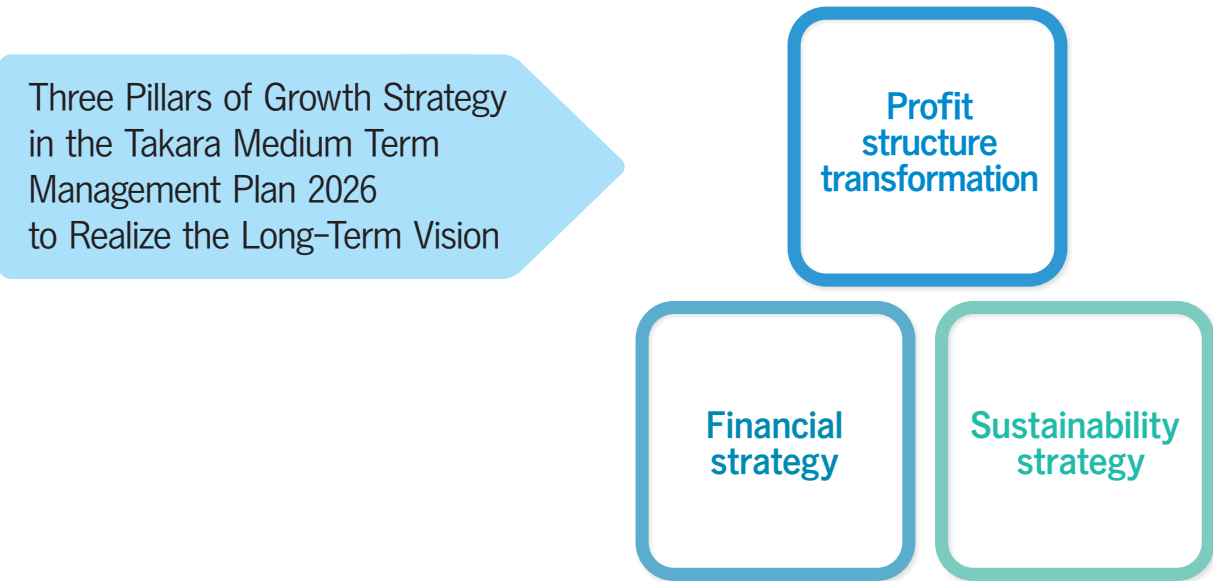


Akihiro Hashimoto  
General Manager,  
Corporate Planning Office

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)



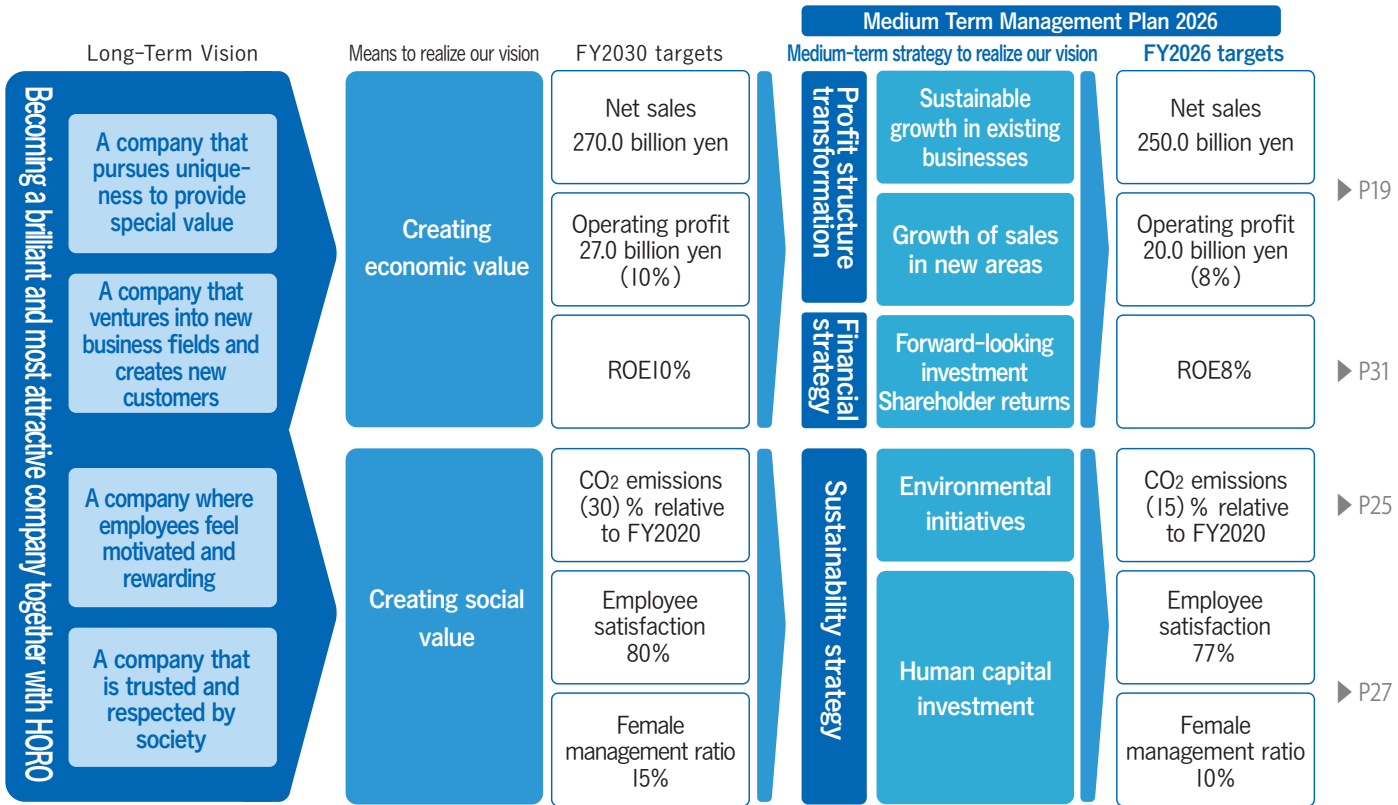
## Performance targets

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 %	8 %	10 %
Non-financial indicators	CO <sub>2</sub> emissions (Scope1+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.



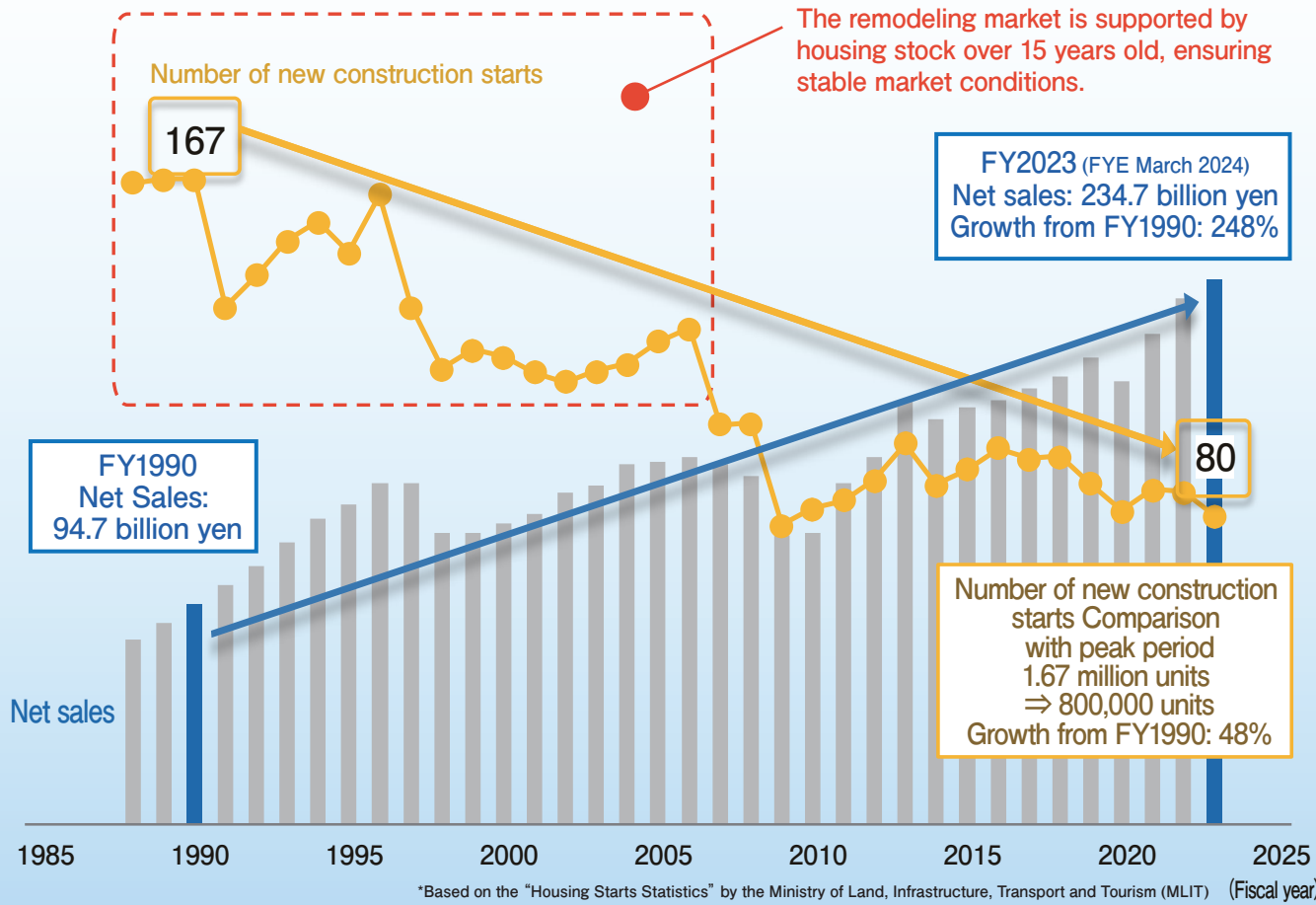


# Trends in the Wet area Market and Performance



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.

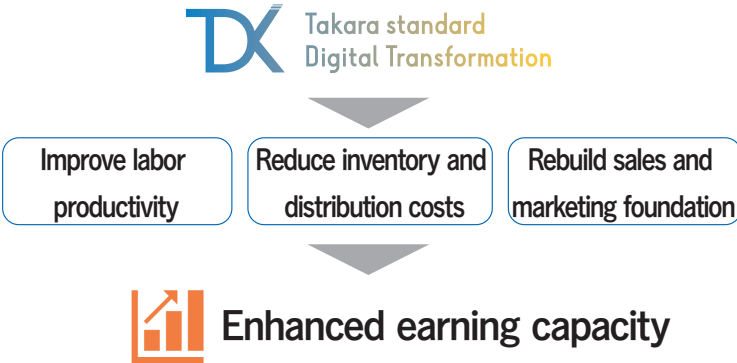


New construction starts continue to decline  
Contraction of the new construction market

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

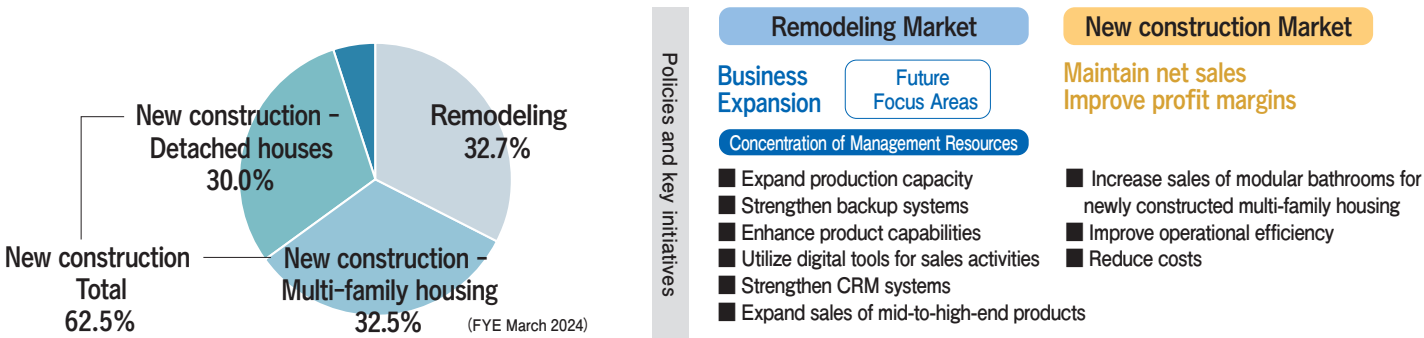
We will review the current management structure, which has been based on individual sales offices and factories, and adopt a more dynamic and efficient allocation of management resources. To achieve this goal, we will promote the consolidation of indirect operations through standardization and strengthen 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



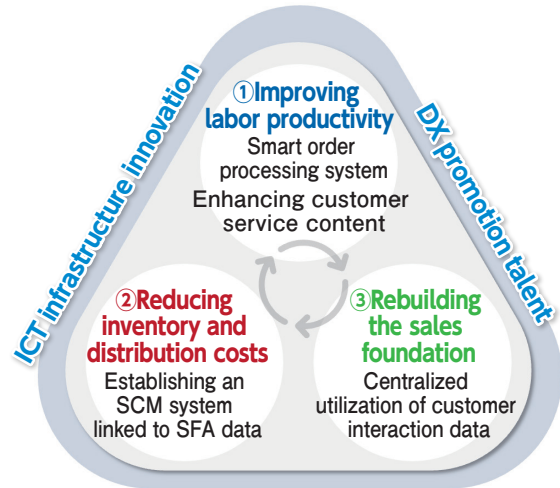
As part of our digital transformation (DX) strategy, we focus on three key areas: Improving labor productivity, reducing inventory and distribution costs, and rebuilding the sales foundation. We aim to implement smart ordering systems that reduce manual labor, enhance customer services, establish a robust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

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



### Initiatives

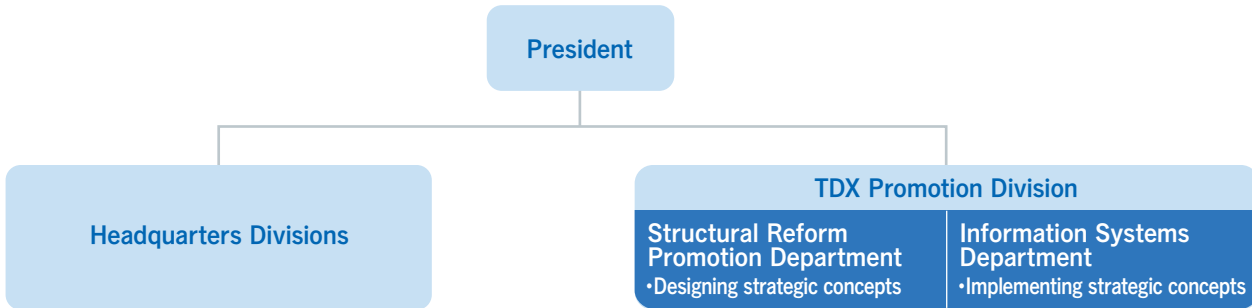
Implementing reforms from a multifaceted perspective to achieve set goals.



## DX Promotion Framework

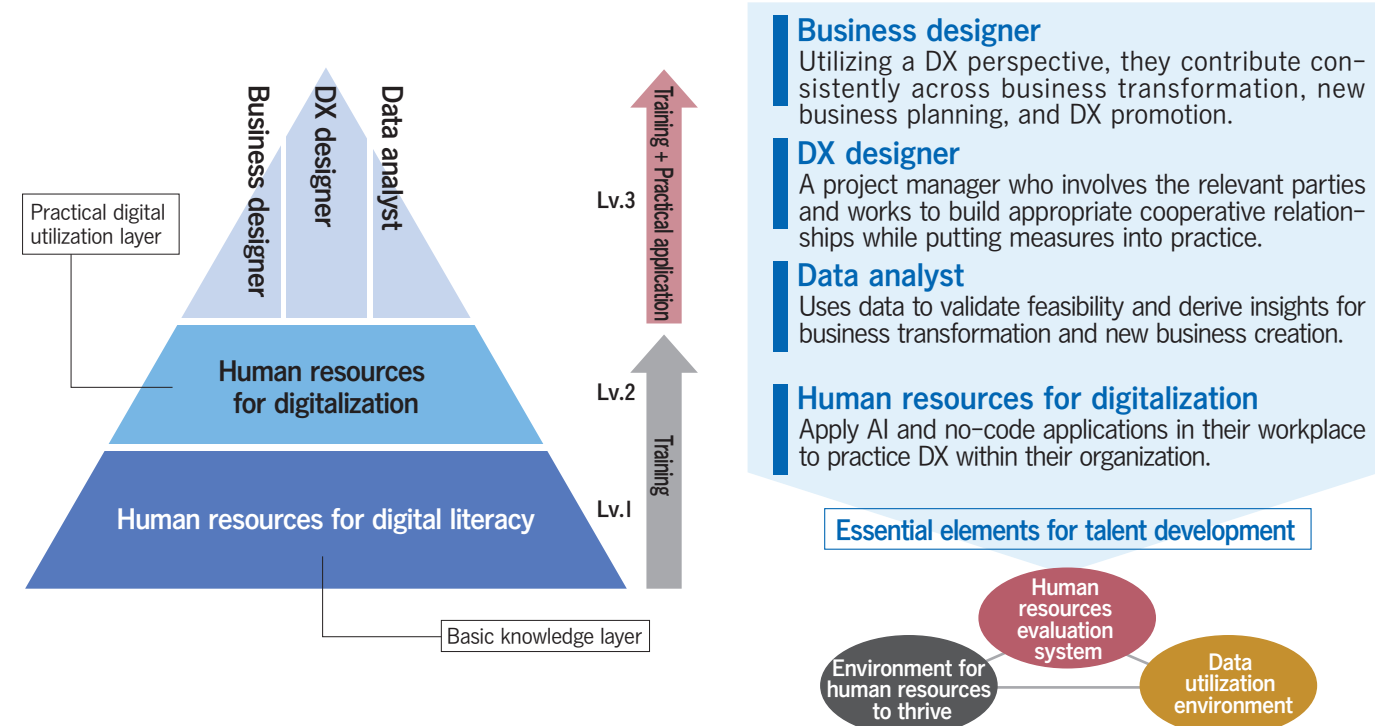
### ① Organizational Structure

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.

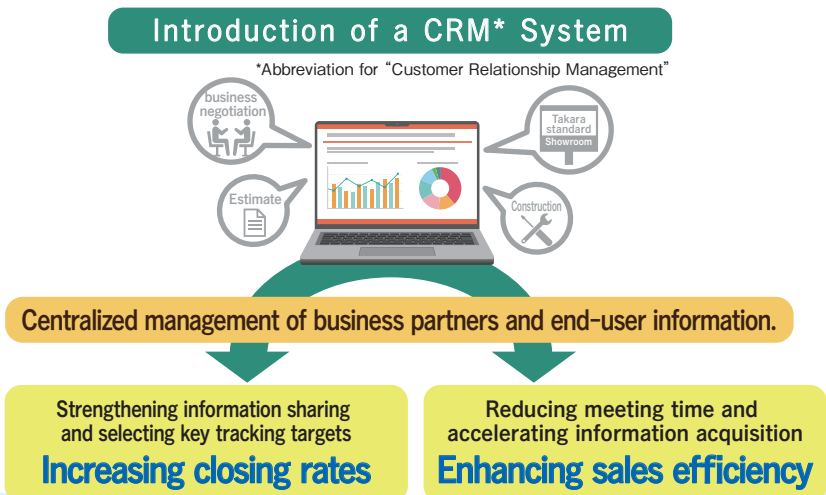


### ③ ICT Infrastructure

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.



Contribute to Make People's Life More Pleasant and Beautiful

## 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

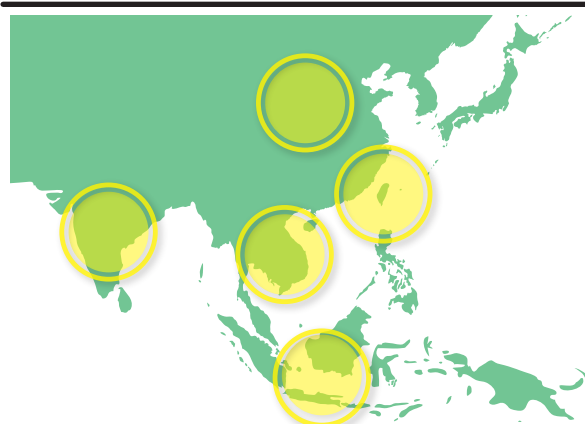
- Offer optimal products from the customer's perspective
- Develop a global supply chain
- Develop strategic partnerships (JV, etc.)
- Establish a management support system/infrastructure
- Develop human resources for overseas management

### 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)

Contribute to Make People's Life More Pleasant and Beautiful

## 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)

Support  
(outsourced)

Returns (knowledge, goods, finances)

Positive effects  
“Synergy with core businesses”



Ventures and startup companies

Acceleration factors  
that can be directly linked to growth factors



Contribute to Make People's Life More Pleasant and Beautiful  
That is why Takara is committed to addressing environmental issues.



Daisuke Takechi  
Leader,  
Corporate Planning Office

Takara standard recognizes environmental issues as a key management priority and is committed to reducing the environmental impact of its business activities. We actively work toward environmental conservation and pollution prevention to contribute to the realization of a sustainable society.

Environmental Policy

- ◎ We develop products and services with environmental impact in mind.
- ◎ We strive to reduce environmental impact across all business activities.
- ◎ In addition to complying with environmental laws and regulations, we take on environmental problems in response to society's demands.

Target for CO<sub>2</sub> Reduction

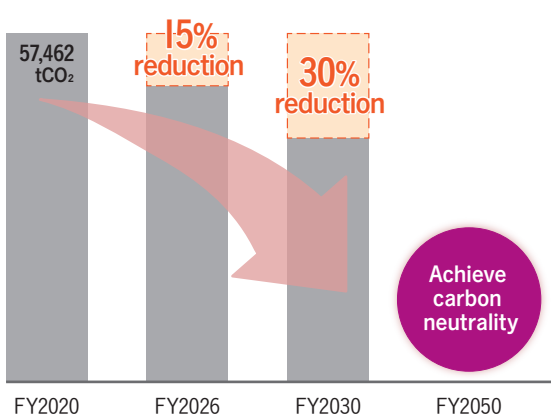
CO<sub>2</sub> emission reduction target for FY2026

Reduction of **15%** from FY2020 level

CO<sub>2</sub> emission reduction target for FY2030

Reduction of **30%** from FY2020 level

CO<sub>2</sub> emission reduction targets (compared to FY2020)\*



\*Scope of reduction targets: Scope 1 + Scope 2

Initiatives to Reduce CO<sub>2</sub> Emissions in Business Activities

Installation of energy-saving equipment at production bases, conversion of fuels

At enameled product manufacturing plants, kilns used in the production process consume a significant amount of energy. We are promoting initiatives to reduce energy consumption by using high-performance insulation materials and recovering and reusing waste heat from kilns. Additionally, we are gradually replacing gas burners in kilns with energy-efficient models to improve combustion efficiency, thereby reducing gas consumption and CO<sub>2</sub> emissions.



At the Kanto Factory, where resin products are manufactured, we are switching from electric boilers to gas boilers as the heat source for equipment used in the resin product manufacturing process. This initiative helps reduce energy consumption and CO<sub>2</sub> emissions.



Installation of energy-saving equipment at our offices



At our sales offices, factories, distribution centers, and other facilities, we are switching to LED lighting and introducing high-efficiency air conditioning systems.

TCFD-Based Information Disclosure

Governance/Risk Management

The Environment Subcommittee, a subordinate organization of the Sustainability Committee chaired by the President, is responsible for identifying and analyzing risks and opportunities related to environmental issues, particularly climate change, as well as deliberating on challenges and countermeasures.

The Subcommittee, chaired by the Head of the Corporate Planning Office, meets at least four times a year to discuss responses to TCFD recommendations, the progress of strategies and indicators, and consistency with management plans, and submits a report to the Sustainability Committee at least twice a year. Additionally, reports are submitted to the Board of Directors through the Sustainability Committee.

The Corporate Planning Office, as the Executive Office of the Subcommittee, operates the Subcommittee and coordinates with company divisions in response to the TCFD recommendations and to monitor these responses. The Office also conducts scenario analysis to identify risks and opportunities arising from climate change, considers responses, and proposes and reports findings to the Environment Subcommittee.

Strategy

■ Transition Risks (Below 1.5° C Scenario)

Category	Scenario	Risk	Impact Level	Opportunities	Impact Level
Policies and regulations	Introduction of carbon taxation	Increase in procurement costs of materials and energy, leading to higher manufacturing costs and selling, general, and administrative (SG&A) expenses	High	—	—
	Strengthening of forest environmental regulations, etc	Increased difficulty and cost of procuring wood-based materials, leading to higher manufacturing costs	High	—	—
Market and technology	Progress in divestment and business portfolio reviews in the petrochemical and steel industries aimed at decarbonization	Increased difficulty and cost of procuring steel, resin, and wood-based materials, leading to higher manufacturing costs	High	—	—
	Diversification of wood demand	—	—	—	—
	Changes in customer and consumer behavior Preference for products with high water-saving, energy efficiency, and durability features	—	—	Increased recognition of enameled products and other easy-to-maintain, long-lasting products	Medium
	Changes in customer behavior Preference for materials with low GHG emissions in the manufacturing process	Risk of decreased demand for products with high GHG emissions in the manufacturing process	Medium	Increased demand for wood-based products	Medium

■ Physical Risks (4° C Scenario)

Category	Scenario	Risk	Impact Level	Opportunities	Impact Level
Chronic risks	Increased risk of heatstroke due to rising temperatures	While work environments are not directly exposed to sunlight, they are still affected to some extent	Medium	—	—
Acute risks	Intensification and increased frequency of extreme weather events	Risk of operational shutdowns and supply chain disruptions due to disasters	Low	The presence of a resilient supply system is becoming more significant due to increasing disaster risks. (Continuous supply was maintained even during the 2011 earthquake.)	High

■ Key Environmental Initiatives

Objectives	Countermeasures
Reduction of GHG emissions	Installation of solar panels and promotion of modal shifts (encouraging the use of eco-ships and rail transport).
Strengthening resilience against weather disasters	Promoting continuous efforts in business continuity planning (BCP), including diversification of manufacturing and logistics bases and securing inventory.
Resource conservation in packaging materials	By minimizing packaging, we promote resource conservation, waste reduction, and improved efficiency in transportation and unpacking.



Other initiatives

Utilizing cleaner energy with solar power

Solar power generation systems have been installed in 14 company buildings, including regional offices, branches, factories, and logistics centers nationwide, demonstrating a commitment to environmental and energy efficiency considerations.

[Locations with Installed Solar Power Systems]  
Head Office, Osaka Branch, Yokohama Branch, Saitama Branch, Chiba Branch, Utsunomiya Branch, Kyoto Branch, Kobe Branch, Hiroshima Branch, Shikoku Branch, Osaka Factory, Wakayama Factory, Tohoku Logistics Center, and Fukuoka Logistics Center



Recyclable Takara uniforms made from plant-based materials

The uniforms worn at Takara standard, including jackets, pants, skirts, and three-quarter sleeve tops, feature environmentally friendly materials. The linings contain plant-based polyester, while the weft yarn of blouse fabrics uses recycled polyester. Additionally, used uniforms are collected and repurposed into new uniforms or secondary products, enabling sustainable reuse.

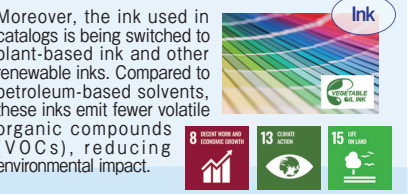


Commitment to environmental protection in catalogs

The catalogs provided to customers also contribute to environmental protection by using eco-friendly paper and plant-based ink.

**Paper** The state of the world's forests is worsening due to illegal logging and deforestation of virgin forests, increasing environmental burdens. Takara standard supports proper forest management and contributes to preventing global warming by adopting eco-friendly paper, helping to build a sustainable, recycling-oriented society.

**Ink** Moreover, the ink used in catalogs is being switched to plant-based ink and other renewable inks. Compared to petroleum-based solvents, these inks emit fewer volatile organic compounds (VOCs), reducing environmental impact.





Contribute to Make People’s Life More Pleasant and Beautiful  
That Is why Takara standard values its people

Takara standard aims to become a company that continues to be chosen by fostering talent that drives innovation and an organization that generates innovation.



Naoki Kasahara  
Manager, Management Division,  
Human Resources Department

In recent years, the business environment is undergoing significant changes due to factors such as Japan’s declining population, rapid economic globalization, and remarkable advancements in digital technology. At the same time, employees’ work styles and values are diversifying, necessitating a new human resources system that moves beyond conventional thinking. A company’s growth is only possible through the growth of its talents. To continue strengthening our profitability and achieving sustainable growth, we have undertaken an unprecedented, fundamental reform of our human resources system. Our goal is to create policies that support growth, make employees feel that working at Takara standard is the right choice, and attract new talent. We hope that every employee working at Takara standard, a company that aims to “Becoming a brilliant company together with HORO,” can work with enthusiasm and a sense of fulfillment. The new human resources system reflects this vision.

■Policy on human resource development, including ensuring diversity in talent

•Ensure diversity

As we take on challenges in new business fields and accelerate our global expansion, ensuring diversity is essential. We believe that creating an environment where diverse talent can come together and thrive leads to innovation. To achieve this, we have established key performance indicators (KPIs) for diversity, including the promotion and development of female managers, career-track managers, and employment of persons with disabilities. These efforts are continuously being advanced. Additionally, we conduct training for managers responsible for leading diverse teams, focusing on topics such as harassment and unconscious bias and fostering an inclusive and supportive organizational culture.

•Strengthen human resource development

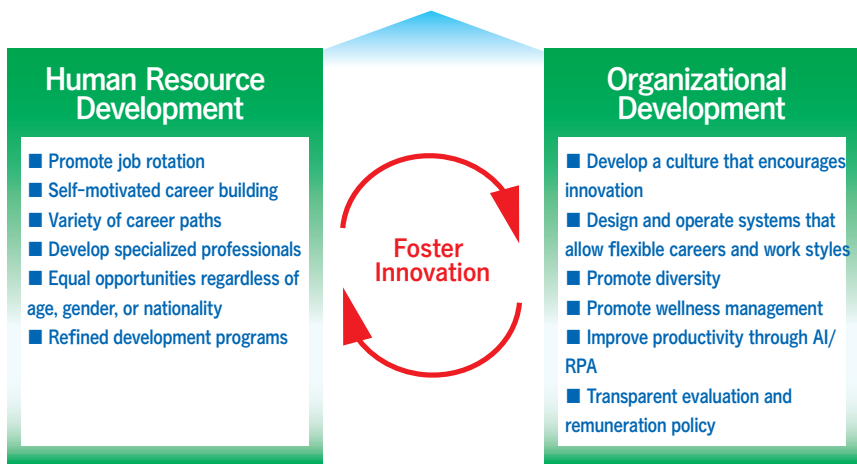
Under the new human resources system, we have redefined our company-wide ideal talent model with three key attributes—Challenger Talent, Development/Growth Talent, and Autonomous and Self-Driven Talent. Based on this policy, we have restructured our human resource development framework.

■Policy on workplace environment development

•Creating a comfortable work environment

The new human resources system, launched in fiscal 2024, introduces a specialized career track and allows employees to choose their work location, enabling a system that aligns with diverse values and lifestyles. Additionally, to promote male participation in childcare, we have implemented parental leave training not only for employees expecting children but also for managerial staff. By fostering a deeper understanding of childcare responsibilities among employees, 79.1% of male employees took parental leave during this consolidated fiscal year. Moving forward, we will continue to enhance our work environment to ensure that each employee can work comfortably.

Takara standard—A Company That Continues to Be Chosen



Introduction of the new human resources system from April 2024

■Background of the system reform

As part of the core strategies outlined in Medium Term Management Plan 2023, we have undertaken various initiatives, including organizational culture reform and workstyle innovation, to realize diverse ways of working. Looking 10 to 20 years ahead, where workstyles, human resources, and employee values are expected to diversify even further, we have launched a new human resources system that breaks away from conventional thinking.

By establishing a fair evaluation system that recognizes employees’ efforts and challenges, we aim to enhance engagement, support both employee growth and company development, and strengthen our human resource and organizational foundation to drive the continuous growth of Takara standard.

■Early promotion of young employees through the abolition of conventional seniority-based promotion

To facilitate the early promotion of young employees, we have clarified the conditions for advancement. Employees can now progress in their careers regardless of tenure as long as they develop the necessary skills required at each grade level. In addition to setting promotion requirements related to work styles and team management, we have also incorporated the level of challenge as an evaluation criterion. This ensures that employees who actively take on challenges are recognized and supported. The youngest branch manager at present is in their 40s, but if the requirements for promotion are met, a branch manager in their 20s could emerge in the shortest possible time.

■Redefining career paths to enable diverse workstyles

The conventional "regional general positions" as well as "clerical positions" have been abolished and integrated into general positions. Within this category, three distinct transfer types have been established—national type, area-limited type A, and area-limited type L—separating career advancement from geographical transfer requirements. This system ensures that all employees can advance their careers fairly under the same grade requirements. Additionally, employees can reselect their career path every five years, allowing them to align their workstyle with their life plans. For example, our company currently employs approximately 800 showroom advisors as full-time employees. While they can choose to continue working locally, they also have the option to transition into completely different roles in the future, leveraging their experience.

We aim to facilitate self-directed career development by expanding voluntary training programs, dispatching employees to external training programs, and promoting internal recruitment opportunities.

We have also introduced the Next Career System, which aims to provide diverse post-retirement work opportunities while maintaining a balanced wage structure. Additionally, we have implemented the 360-degree evaluation, in which employees receive feedback from superiors, colleagues, and subordinates, encouraging self-driven behavioral improvement. Furthermore, we have launched the Alumni Recruitment (Comeback Hiring) system, which allows former employees to be rehired. By enhancing employee engagement, Takara standard strives to achieve further growth, enhance corporate value, and contribute to the realization of a more prosperous society.

Change for the “Next Standard”




Corporate Philosophy—The Three Standards		
Living Standard / Ethical Standard / Quality Standard		
NEW Human Resource Policy ①Challenger talent ②Development-growth talent ③Autonomous and self-driven talent		
NEW Job grade system	NEW Evaluation system	NEW Pay System
Reflecting human resource policy in job grade requirements and clearly defined career paths	Linking job grade requirements to evaluation criteria and establishing clear evaluation rules	Establishing a structured salary system aligned with job grades and evaluation criteria

Key Points of the System Reform

- [1] Job grade system Elimination of seniority-based promotion, redefinition of job grade requirements, and abolition of job titles
- [2] Workstyle reform Integration into the general employee category, the establishment of work location categories, the introduction of a specialist track
- [3] Evaluation system Revamping of evaluation methods, self-assessment system, and introduction of multifaceted (360-degree) evaluation
- [4] Next career system Ensuring diverse work options and wage balance post-retirement
- [5] Strengthening recruitment Referral recruitment and rehire program (comeback hiring)
- [6] Social contribution activities Volunteer leave and donor leave



Human Capital Strategy, Achievements, and Disclosure Data Collection

Category	Item	2021	2022	2023	2026 targets	Initiatives
<div>Work satisfaction** (Sense of fulfillment + work comfort)</div> <div> </div>	Employee satisfaction	73.7%		75.2%	77.0%	By enhancing job satisfaction, we aim to achieve a 77% positive response rate to the statement “I am glad to work at Takara” in the employee satisfaction survey by FY2026.
	Voluntary turnover rate	3.9%	3.6%	4.7%	3.3%	
	Training cost per employee		19,472yen	28,643yen	30,000yen	We will strengthen human resource development aligned with medium- to long-term management strategies, including next-generation business leaders, DX talent, and global talent.
	Training hours per employee		14hour	19hour	25hour	
	Male parental leave utilization rate	45.0%	70.2%	79.1%	100.0%	Starting in FY2023, we introduced parental leave workshop. In addition to employees expecting children, about 500 managers have participated in the workshop to deepen their understanding of parental leave and foster an environment that facilitates its use. We aim to achieve a 100% male parental leave utilization rate.
	Average overtime hours	14.6hour	13.6hour	10.3hour	10.0hour	As part of workstyle reform, we have set a final clock-out time to encourage employees to be conscious of their time and improve productivity. In FY2023, the final clock-out time was moved up from 8:00 p.m. to 7:30 p.m.
	Paid leave utilization rate	56.6%	67.8%	71.1%	75.0%	By promoting a work environment that facilitates the use of paid leave, including monthly paid leave encouragement, anniversary leave, and healthcare leave, we aim for a paid leave utilization rate of 75% by FY2026.
	Number of work-related accidents	18	19	24		In production departments, all factories suspend operations for two hours each month to provide employees with time to reflect on workplace safety, reinforcing the awareness that safety is the top priority.
	Number of workplace issues and harassment consultations	18	60	64		Since FY2022, the establishment of an external consultation desk and the posting of informational posters have facilitated an environment where employees feel more comfortable seeking advice, leading to an increase in consultation cases. This initiative aims to bring issues to light before they escalate and enable early resolution while strengthening education for all employees and harassment training for managers.
	Implementation rate of stress checks	96.0%	96.2%	95.0%		Since FY2022, training for managers of highly stressful workplaces has been conducted to support workplace improvement. Additionally, since high stress is often linked to harassment, we have implemented a harassment check alongside the stress check.
<div>Active participation of diverse talent</div> <div></div>	Gender pay gap (all employees)	64.4%	65.0%	66.8%	70.0%	
	Number of female directors	0	0	1		Starting in July 2024, the Company will have two female directors, bringing the ratio of female board members to 22%.
	Percentage of female managers	2.5%	3.6%	5.2%	10.0%	By providing training for female employees who are candidates for future management positions, implementing systematic development programs, and proactively promoting them, we aim to achieve a 10% female management ratio by FY2026.
	Percentage of mid-career hires in managerial positions	9.9%	11.3%	11.8%	15.0%	We will appoint capable employees to management positions regardless of their hiring classification. Additionally, we will actively recruit mid-career professionals into managerial roles.
	Percentage of mid-career hires	40.5%	41.4%	42.6%		By recruiting diverse talent regardless of gender, age, nationality, values, or disability status from the hiring stage, we aim to foster organizational diversity, drive innovation, and revitalize the organization.
	Percentage of female new graduate hires	39.7%	43.3%	39.0%	50.0%	
	Percentage of persons with disabilities	2.2%	2.4%	2.5%	2.8%	

Investment in human capital: Vision for FY2030

Maximizing corporate value through activating full potential of diverse individuals

To be a preferred company, Takara standard continues to nurture, leverage and respect individuals.

Investment in human capital: Three-year initiatives

① Facilitating workforce mobility

- [Development of business leaders]**  
We will promote the development of young leaders by identifying employees in their 20s and 30s with great potential, helping them acquire leadership skills at an early stage.
- [Promotion of job rotation]**  
By providing extensive opportunities and environments to nurture and leverage individuals, we aim to develop an organization where diverse talents are synergistically integrated.
- [Internal recruitment system]**  
We aim to enhance job satisfaction and develop human resources through self-directed career formation.

② Enhancing training structure

- [Development of DX talents]**  
By developing DX talent and enhancing digital literacy for all employees, we aim to maximize the effects of digital investment.
- [Enhancing training programs]**  
We will establish a well-structured training system that allows employees to feel that “Takara standard is a company that nurtures people,” offering programs tailored to career aspirations and growth ambitions.
- [Development of innovation-driven talent and organizational growth]**  
We will recruit and develop highly specialized professionals and foster an innovative organization through integration of diverse expertises.

③ Diversity, Equity & Inclusion

- [Fostering a corporate culture that embraces diversity]**  
Through DE&I training, we aim to create a corporate culture where diverse individuals respect differences and fully express their unique qualities.
- [Promotion of women's participation in the workforce]**  
We will actively nurture and promote career-oriented women while creating an environment where all female employees can work with peace of mind.
- [Promotion of mid-career hiring]**  
We aim to leverage external experience to generate new ideas and values that do not exist within the Company while actively promoting mid-career hires to management positions.





**Kaoru Umeda**  
Executive Officer,  
Head of Financial Plan-  
ning Department,  
General Administration  
Division

## Toward achieving management that considers capital costs and stock value

Our company is committed to actively allocating capital towards growth investments and strengthening our management foundation to build a sustainable growth base. At the same time, we aim to enhance shareholder returns while maintaining financial soundness. In May 2025, based on dialogue with investors and shareholders, we announced a new policy to raise the ROE target in our Medium Term Management Plan from 7% to 8% and to implement substantial shareholder returns. In addition to dividends, we will actively utilize share buybacks for shareholder returns, thereby reforming our financial strategy to improve our balance sheet, which has significant room for improvement.

### Trends and Issues Regarding ROE, Cost of Equity, and PBR

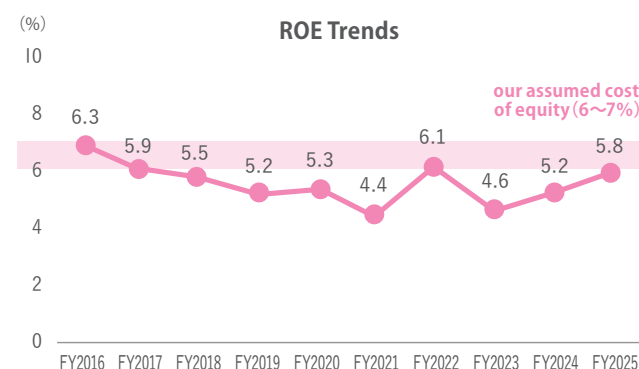
Our KPI, ROE, has remained flat compared to past levels. Coupled with our sluggish stock price, our PBR has consistently remained below 1x.

#### Return on capital

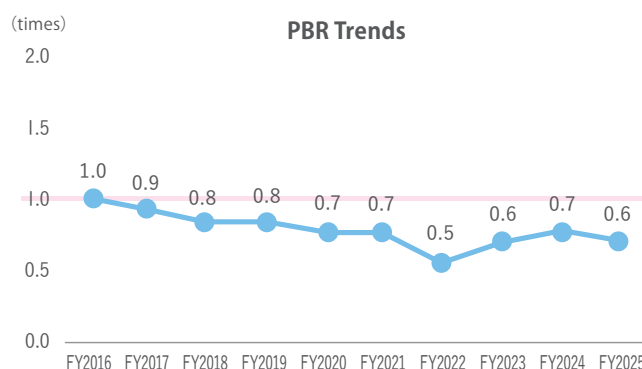
- Although revenue has been on an upward trend, ROE continues to fall below our assumed cost of equity, due to stagnant profit growth and an increase in net assets
- To enhance capital efficiency, we recognize the need not only to strengthen our earning power but also to review our balance sheet structure

#### PBR

- Our PBR has remained below 1x over the long term. In addition to persistently low ROE, our disclosure on growth strategies has been insufficient amid changes in the business environment
- To address this, we recognize the importance of presenting a compelling equity story and engaging more proactively with the capital markets through IR activities



Note: Fiscal year ends in March



Through proactive engagement with investors regarding the medium term management plan 2026, various opinions were received. Based on these, We recognized the need to formulate of a new policy.

	Investor's Main Opinion	Recognition of Issues
KPI	<ul style="list-style-type: none"> <li>The rationale for achieving the performance targets is considered weak</li> <li>The minimum acceptable ROE is 8%, with 7% deemed too low</li> </ul>	Need to revise ROE targets in line with investor expectation
Financial Strategy	<ul style="list-style-type: none"> <li>The current financial strategy may not be sufficient to achieve the ROE target</li> <li>The use of abundant cash should be disclosed</li> </ul>	Need for significant reform of financial strategy to improve ROE

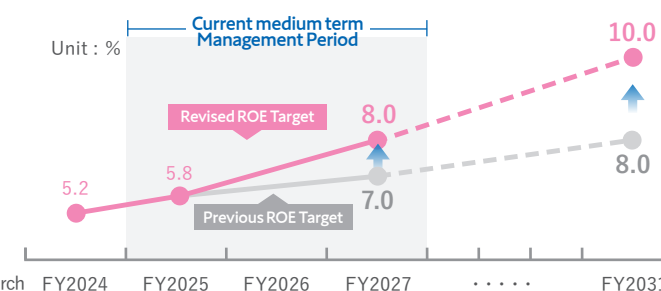
  

KPI Reform	ROE Target: FYE Mar. 2027 7% → 8%, FYE Mar. 2031 8% → 10%
Financial Strategy Reform	Formulation of new shareholder return policy: Dividend payout ratio of 50%, Purchase of ~22.0 billion yen worth of treasury stock planned for two years

### KPI Reform: Revision of ROE Target

In order to achieve sustainable enhancement of corporate value, we have revised our ROE target for FYE Mar. 2027 to 8.0%, reflecting ongoing dialogue with investors and shareholders. Over the long term, we aim to maintain ROE of 10.0% or higher.

Note:  
Fiscal year ends in March



### Financial Strategy Reform

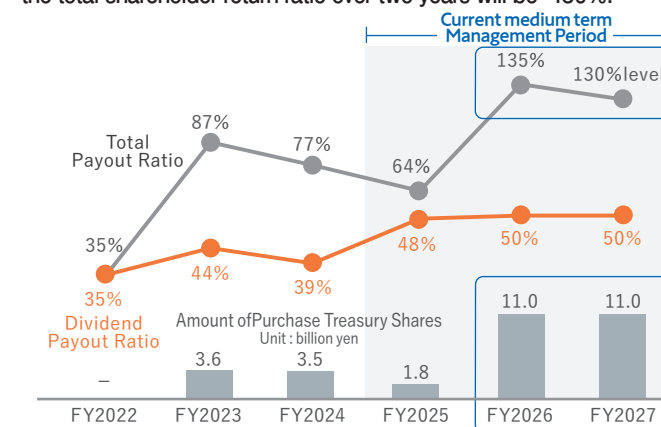
#### Formulation of new shareholder return policy to Achieve 8% ROE

To achieve ROE of 8% for the FYE Mar. 2027, the shareholder return policy will be revised to a more proactive approach.

		After Revision
Shareholder Return Policy	Dividend	<u>Dividend payout ratio of 50%,</u> ~20.0 billion yen over three years of the current medium term management plan, progressive dividend linked to profit growth
	Purchase treasury shares	FYE Mar. 2026 to 2027 <u>Purchase of ~22.0 billion yen worth of treasury stock</u> (~24.0 billion yen over three years of the current medium term management plan)
Concept of Shareholder Return		We will proactively allocate capital to growth investments and the enhancement of our management foundation in order to establish sustainable growth platform. Moreover, while maintaining financial soundness, we will strive to enhance shareholder returns. <u>In addition to the above, during the current medium term management plan period, we will actively utilize shareholder returns through both dividends and purchase treasury shares to achieve an ROE of 8%.</u>

#### Details of Shareholder Return

From the FYE Mar. 2026 to the FYE Mar. 2027, with the purchase of ~22.0 billion yen in treasury stock and a dividend payout ratio of 50%, the total shareholder return ratio over two years will be ~130%.

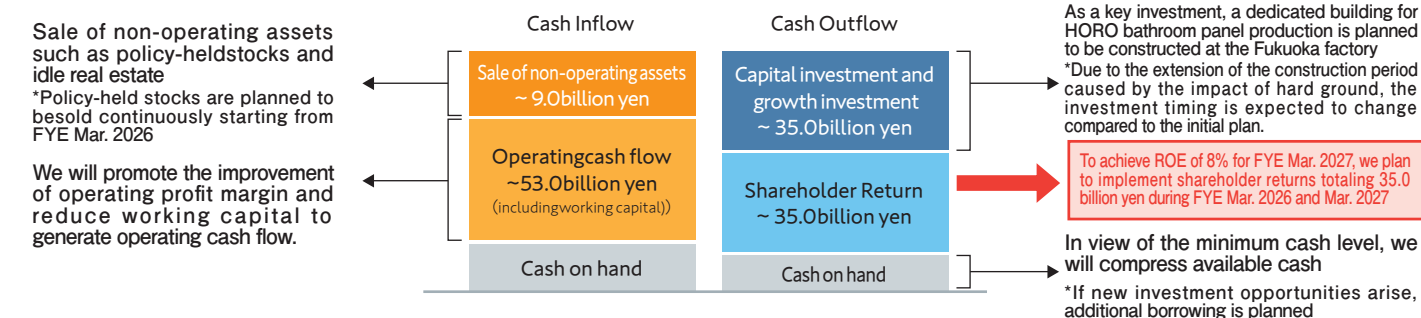


Note: Fiscal year ends in March

Purchase of ~22.0 billion yen worth of treasury stock planned for two years  
\*Assuming market purchases, including ToSTNet-3.

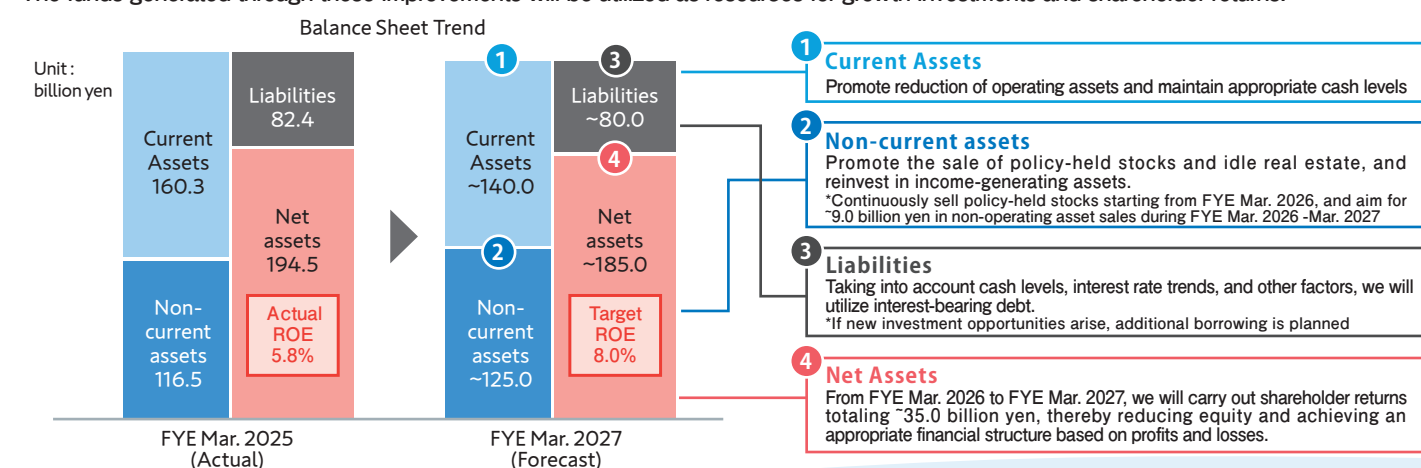
### Cash Allocation FYE Mar. 2026 -Mar. 2027

Utilize cash inflows from operating cash flow and sales of non-operating assets to conduct growth investments and shareholder returns.



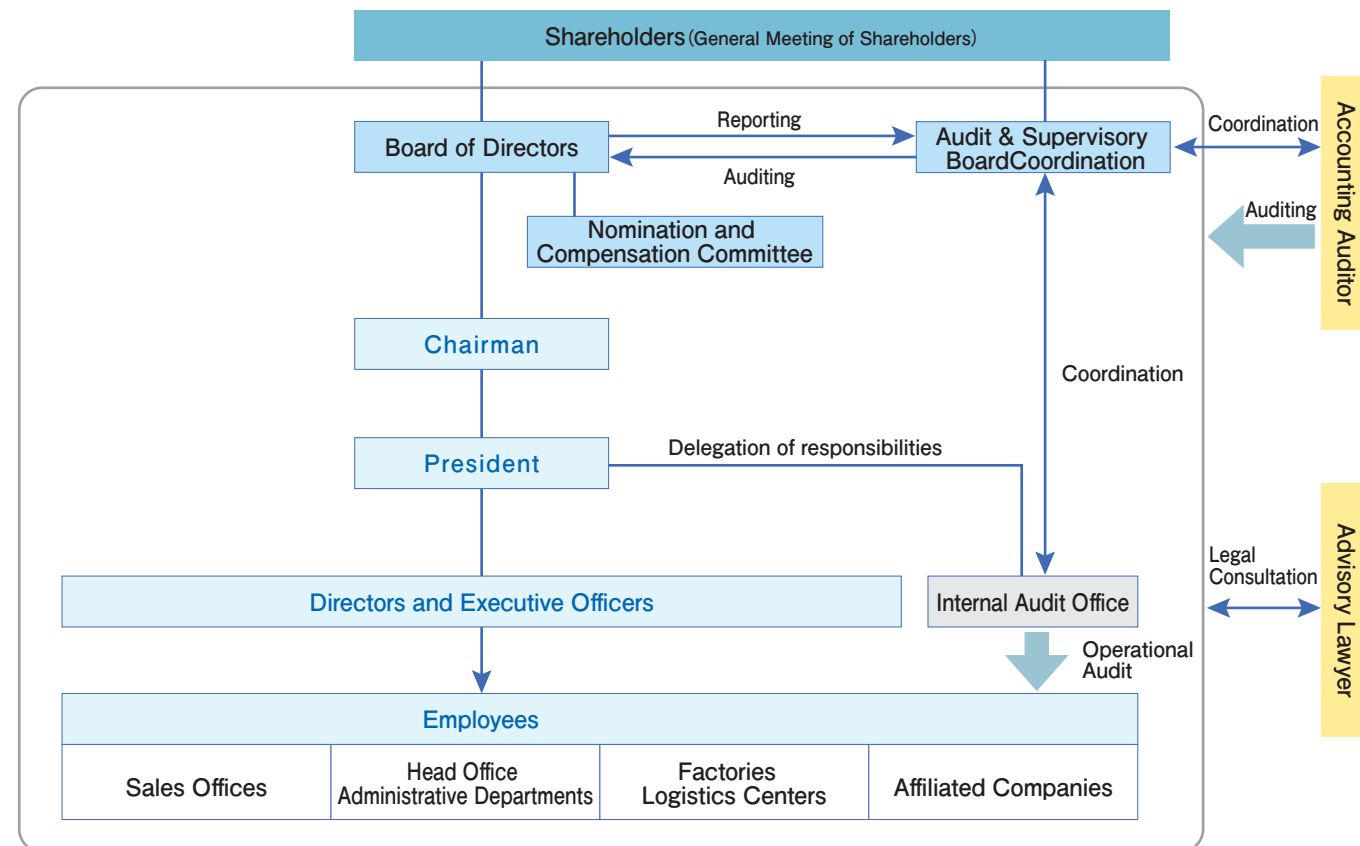
### Balance sheet management

Based on our current recognition of the balance sheet, we will implement the following improvements. The funds generated through these improvements will be utilized as resources for growth investments and shareholder returns.





## Corporate Governance Framework and Explanation



### Basic Approach to Corporate Governance

In order to improve the soundness and transparency of management in the pursuit of sustainable growth and high earnings capability for our company, we believe it important to have in place a management organizational structure and mechanisms which facilitate the swift implementation of necessary measures and, therefore, have made stronger corporate governance one of our top management priorities. The Audit & Supervisory Board system which we have adopted as a corporate governance system is a system which utilizes an Audit & Supervisory Board to audit the Board of Directors. Two of the four Audit & Supervisory Board members are outside members who monitor the Company from a fair and neutral standpoint, thereby facilitating a system in which the management monitoring function is fully implemented.

Among the four Audit & Supervisory Board Members, two are outside members, ensuring impartial and neutral oversight. This framework establishes a fully functional supervisory system for company management.

#### Board of Directors

The Board of Directors is comprised of nine directors (three of whom are outside directors), and it meets, with Audit & Supervisory Board members in attendance, to decide on the Company's important business operations and to supervise the execution of duties by the directors. Individuals who have extensive experience and insight into corporate management, and who can provide advice and supervision from a fair and neutral standpoint, are invited to serve as outside directors. Additionally, with the aim of establishing a management system that can respond quickly and accurately to changes in the rapidly changing business environment, we clearly define the roles and responsibilities of directors, who are in charge of management decision-making functions and the supervision of business execution, and of executive officers, who are responsible for business execution, in order to accelerate management strategy decision-making and further strengthen our supervisory and business execution systems.

#### Audit & Supervisory Board

We have adopted an Audit & Supervisory Board system which is comprised of four Audit & Supervisory Board members (two of whom are outside members). The Audit & Supervisory Board audits the execution of duties by directors from the perspective of legality and propriety and strives to ensure management transparency and stronger monitoring functions. Individuals who have extensive experience and insight into corporate management, as well as expertise in areas such as corporate legal affairs and corporate finance, are invited to serve as outside Audit & Supervisory Board members.

Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings, express their opinions as necessary, and seek to ascertain important decision-making processes and the status of business execution. Also, in addition to conducting interviews and engaging in opinion exchange with the representative director as appropriate, in order to improve the quality of audits by increasing the effectiveness of internal audits, Audit & Supervisory Board audits and accounting audits, the Audit & Supervisory Board members report on audit results, engage in opinion exchange, etc., as part of efforts to strengthen mutual cooperation.

#### Nomination and Remuneration Committee

We have voluntarily established a Nomination and Remuneration Committee to ensure objectivity and transparency regarding the nomination and remuneration of directors. The members of this committee are internal directors and outside directors, with half of the members being outside directors.

##### Determination of Compensation for Executives and Directors

###### Policy

Compensation for directors (excluding non-executive directors) is structured to reflect company performance and the responsibilities of each position. It comprises three components: base salary, which is a fixed monthly remuneration; short-term incentive compensation, which consists of performance-based bonuses; and long-term incentive compensation, which is provided through a stockholding program for executives. Compensation for non-executive directors consists solely of base salary, reflecting their role and independence. Compensation for non-executive directors consists solely of base salary, reflecting their role and independence.

###### Procedures

To ensure objectivity and transparency, the voluntary Nomination and Compensation Committee, with at least half of its members being outside directors, deliberates within the total compensation framework approved at the General Meeting of Shareholders. Based on these deliberations, the final decision is made by the Board of Directors.

##### Appointment and Dismissal of Senior Management and Nomination of Director and Auditor Candidates

###### Policy

For executives and director candidates, we select individuals with a well-balanced mix of diverse knowledge, experience, and skills necessary for management decision-making. For auditor candidates, we appoint individuals with extensive experience and expertise in corporate management, finance, accounting, and legal affairs.

###### Procedures

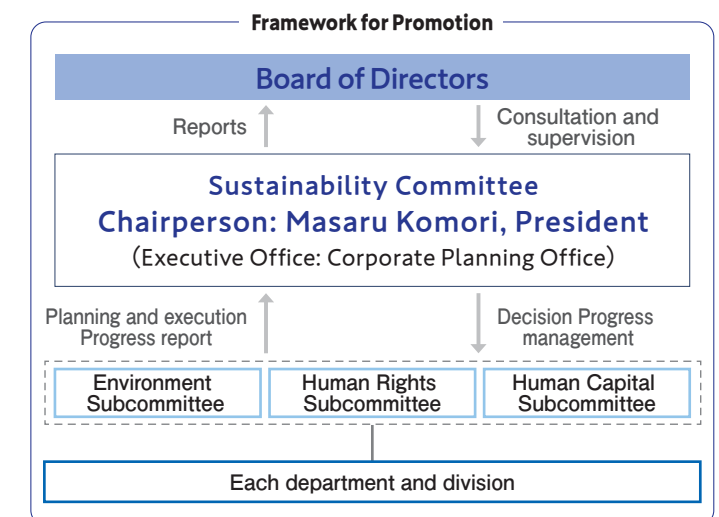
To ensure objectivity and transparency, the voluntary Nomination and Compensation Committee, which consists of at least half outside directors, reviews executive and director candidates. The Board of Directors makes the final decision.

For auditor candidates, the selection process follows established policies. The President and the director in charge of human resources draft the proposal, which is then approved by the Audit & Supervisory Board before the Board makes the final decision.

## Sustainability Promotion Framework

#### Positioning of the Sustainability Committee

As of July 1, 2024, we have established the Sustainability Committee, chaired by the President. Recognizing that sustainability is a key management issue, we are committed to contributing to a sustainable society through our business activities. Through the use of renewable energy, reduction of energy consumption, and the development and promotion of energy-saving and water-conserving products, we contribute to the realization of a decarbonized society by reducing CO<sub>2</sub> emissions. Additionally, we are actively engaged in reducing industrial waste and reusing packaging materials. As part of our investment in human capital, we continue efforts to enhance talent development, promote workstyle reforms and diversity, and sustainably improve employee benefits. Through our Workstyle Transformation initiatives, we are committed to creating an environment and systems that allow each individual to maximize their potential. For disclosures based on the TCFD framework, please refer to page 26.



#### Sustainability Policy

Under our corporate philosophy —

##### Living Standard, Ethical Standard, and Quality Standard






— the Takara standard Group aims to contribute to the realization of a sustainable environment and society by addressing social challenges through its business activities while enhancing corporate value.

1. Through our business activities, we will continue to provide a more comfortable life and will contribute to the realization of a sustainable environment and society by addressing social issues.
2. We will work to reduce environmental impact, protect the environment in all our business activities, and aim to coexist with nature.
3. We will strive to create a corporate culture that respects diverse individuality and enables employees to fully demonstrate their abilities, and we will aim to be a healthy company where employees feel motivated and rewarding.
4. We will conduct fair and honest business activities in compliance with laws and regulations. We will strive to build relationships of trust with our diverse stakeholders, and will engage in fair information disclosure and constructive dialogue.



Skills Matrix of Directors and Audit & Supervisory Board Members

In alignment with the Company’s medium- to long-term management direction and business strategy, and to realize the objectives of Medium Term Management Plan 2026, we have identified the essential skills (knowledge, experience, and expertise) that the Board of Directors should possess to fulfill its decision-making and supervisory functions effectively. The key areas of expertise expected from directors are defined as follows: (1) Corporate management, (2) Finance and accounting, (3) Compliance and risk management, (4) Global business, (5) Sales and marketing, (6) Human resources strategy, (7) Procurement, manufacturing, and logistics, (8) DX and IT, and (9) ESG (Environmental, Social, and Governance)

	Name	Position	Gender	Attendance at Board of Directors Meetings in FY2023	Attendance at Audit & Supervisory Board Meetings in FY2023	Corporate Management	Finance & Accounting	Compliance & Risk Management	Global Business	Sales & marketing	Human Resources Strategy	Procurement, Manufacturing, And Logistics	DX・IT	ESG
Directors	 Takeo Watanabe	Chairman	Male	12/12 times	—	●	●	●	●	●				●
	 Masaru Komori	President, and Executive Officer	Male	9/9 times	—	●	●	●		●	●			●
	 Yoji Ito	Representative Director, Vice Chairman, and Executive Officer	Male	12/12 times	—	●	●	●			●		●	●
	 Hidetoshi Suzuki	Director and Senior Executive Officer	Male	12/12 times	—	●	●	●				●	●	●
	 Yoshimichi Shirasaka	Directors and Senior Executive Officer	Male	—	—	●	●	●		●	●		●	
	 Hidetaka Yoshikawa	Director	Male	12/12 times	—	●		●	●	●	●			
	 Ken Hashimoto	Director (Independent Outside)	Male	12/12 times	—	●	●			●		●	●	
	 Kazumi Maeda	Director (Independent Outside)	Female	9/9 times	—	●		●	●		●			
	 Tamaki Sawamura	Director (Independent Outside)	Female	—	—	●		●		●			●	
Auditor	 Shintaro Nakajima	Full-time Auditor	Male	12/12 times	13/13 times	●	●	●		●		●		●
	 Hiroshi Hata	Full-time Auditor	Male	12/12 times	13/13 times	●	●	●		●				
	 Hiroshi Kondo	Full-time Auditor (Independent Outside)	Male	12/12 times	13/13 times	●	●		●		●		●	
	 Kazuhiro Iida	Auditor (Independent Outside)	Male	12/12 times	13/13 times		●	●						

(Notes) ・Mr. Masaru Komori and Ms. Kazumi Maeda were newly appointed at the 149th Annual General Meeting of Shareholders held on June 29, 2023. Therefore, the number of Board meetings they attended differs from that of other directors.  
・Mr. Yoshimichi Shirasaka and Ms. Tamaki Sawamura were newly appointed at the 150th Annual General Meeting of Shareholders held on June 26, 2024, and thus did not attend any meetings in FY2023.  
・Up to six key skills and areas of expertise for each individual are indicated with a filled circle (●). However, the above table does not represent the full range of skills and experience possessed by each individual.

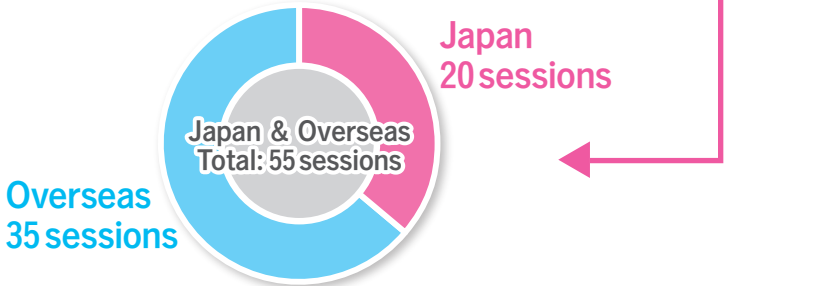
Policy on Constructive Dialogue with Shareholders and Investors

We recognize that engaging in dialogue with shareholders and investors is essential to achieving sustainable growth and enhancing long-term corporate value. It is crucial to foster an understanding of our management policies and financial position while earning trust and fair evaluation. Under the supervision of the officer in charge of investor relations (IR), designated IR department personnel handle shareholder meetings and investor interviews. Depending on the purpose and significance of the meeting, the IR officer may also participate. Additionally, if shareholders or investors request meetings with directors, including independent outside directors or auditors, and if deemed necessary based on the request, such meetings will be arranged with IR personnel or other relevant members present. The IR officer and the IR department also work closely with various departments within the company to ensure smooth communication. Feedback and requests from shareholders are shared with senior management to identify and address relevant issues. Investor dialogues focus on topics related to the company’s sustainable growth and long-term corporate value enhancement. Furthermore, we take appropriate measures to prevent the leakage of insider information during these discussions.

Status of Implementation of Dialogue with Shareholders and Investors (FY2023)

I. Results of Dialogue		
	Implemented mainly by	Sessions
General Meeting of Shareholders	All Directors and Audit & Supervisory Board Members	1
Briefings for individual investors	I R department head	2
Individual meetings	I R department head and officer in charge	55

2. Overview of Individual Meetings with Shareholders and Investors



3. Main Topics of Dialogue	
Topics	Primary content
Business overview	Distinctive characteristics and strengths of the Company, market share, market environment
Financial status	Sales performance, factors attributable to changes in operating profit
Business strategy	Domestic business initiatives, overseas business outlook
Management policy	Return on capital and PBR, capital policy, ESG, and IR

4. In-house feedback		
	Primary content	Sessions
Board of Directors	・Improving return on capital ・IR activities ・Status of shareholders	6
Management and relevant divisions	Key topics of dialogue with shareholders and investors	As necessary

5. Items Incorporated based on Dialogue			
	Suggestions	Company response	Details
Return on capital	Improve return on capital with consideration of cost of capital	Enhancement of shareholder returns	Increase dividends and purchase treasury shares with the aim of improving return on capital and further enhancing shareholder returns.
	Enhancement of disclosure materials	Prepare earnings results briefing materials on a quarterly basis	Prepare briefing materials for Q1 and Q3, in addition to those already prepared for Q2 and fiscal year-end.
	Enhancement of English-language disclosure	Enhancement of English-language disclosure	Provide English-language translations of the fiscal year-end results, in addition to summaries of the quarterly financial results briefings. Provide translations of other disclosures as necessary.
I R reinforcement	Heightened investor awareness	Overhaul of the IR website	Make various types of enhanced content available in both Japanese and English.
		Introduction of sponsored research reports	Introduce reports from Shared Research Inc., which is well-known among institutional investors.



We engage in initiatives that emphasize coexistence with various stakeholders and contributions to the communities that support us. Additionally, we actively work towards achieving the SDGs to ensure the sustainable enhancement of corporate value.

Donations to Children's Cafeterias

As a company that sells kitchens, we aim to contribute to society through food support. We donate to children's cafeterias to help improve the quality of life for all.












































Implementation of Universal Manner Certification

We have introduced the Universal Manner Certification for showroom advisors nationwide. This initiative helps our employees acquire the knowledge and skills necessary to provide appropriate guidance to customers from diverse backgrounds.



SDGs Alignment Table

At Takara standard, our commitment to improving quality of life has led us to develop exceptional materials, including our unique, High-grade enamel. Through various initiatives, we aim to contribute to achieving the SDGs and the realization of a sustainable society.

Our Initiatives			Corresponding SDGs				
Contribution through products	Commitment to sustainable materials: enamel with lasting strength and beauty	Long product lifespan contributes to waste reduction. Easy-to-clean surfaces reduce water pollution by requiring only water for maintenance.					
		Inkjet printing technology enables the recreation of authentic wood textures without tree cutting, preserving forest resources and supporting environmental conservation.					
	Commitment to manufacturing	Water-saving products such as eco faucets, eco showers, and water-efficient toilets.					
		High energy-efficient products for kitchens, bathrooms, and various household areas.					
		Functional products designed to promote health.					
Contribution to global environmental conservation	Environmentally friendly logistics systems	Adoption of white logistics to reduce CO <sub>2</sub> emissions					
		Reduction of packaging materials and waste disposal to protect the environment					
	Various initiatives to conserve resources and protect the environment	Solar power generation is used for cleaner energy utilization.					
		Showroom display products are sold and reused instead of being discarded.					
		Adoption of recyclable uniforms made from plant-derived materials.					
		Catalogs are printed using eco-friendly paper and plant-based ink to reinforce environmental protection.					
	Contribution to the Community	Creating a workplace with high job satisfaction	Enhancing childcare support to create an environment where women can thrive.				
Comprehensive benefits to ensure all employees feel secure and motivated.							
Initiatives for children's future		Donations to children's cafeterias.					
		Sponsorship of the Theater of the Heart to nurture children's emotional development.					
		Hands-on manufacturing experience at KidZania Koshien.					
		Sponsorship of the 2024 Career Almanac educational material for elementary and junior high school students.					
Building an Inclusive Society		Promoting novelty items featuring artwork by people with disabilities.					
		Introduction of the Universal Manner Certification in showrooms.	