



Polishing our enamel (HORO) technology to realize our growth strategy and become a brilliant and most attractive company

President
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Summary of FY2024: A sure step toward transformation

FY2024 marked the beginning of a “renewed challenge of transformation” for our company. As the first full fiscal year since I assumed the position of president, it was a year in which we took the first serious steps to break away from the past, when we prioritized supply responsibilities over transformation during the COVID-19 pandemic, and began a fundamental review of our corporate structure. First, we established a specialized department to identify company-wide issues and design systems, and reorganized into an organizational structure that enables quick and effective decision-making and execution.

In sales, we reviewed price ranges and product policies in the renovation business. We shifted from the previous sales policy of “focusing on enamel products” to proposals using our full lineup of products, working to correct the mismatch with customer needs. In new business fields, such as overseas business and open innovation, we also steadily advanced the development of foundations. Furthermore, intending to establish a base for implementing human capital management, we worked on internal reforms such as appointing young employees, expanding presentation opportunities, training female managerial candidates, and reemploying senior personnel. I believe that the entire company has begun to face in the same direction, and this shift toward transformation is the greatest achievement.

I summarize FY2024 as a preparatory year in which we drew up the blueprint for transformation and prepared for implementation, and as a year in which we built the foundation for a leap forward from FY2025 onward.

Through initiatives in profit structure reform and financial strategy, the entire company has come to share the need for transformation and move in the same direction.

I believe we are starting to see some positive results regarding the reform of profit structure and financial strategy.

In profit structure reform, we first established the Corporate Reform Promotion Office. We identified company-wide issues, including fragmentation and individual dependency in each process of the entire supply chain, and designed systems to address these issues.

As the next step, in January 2025, we launched the TDX (Takara standard DX) Promotion Headquarters, linking the Corporate Reform Promotion Department, which designs strategic concepts, and the IT Strategy Department, which implements those concepts, and reorganized into an organizational structure that enables rapid and effective decision-making and execution. In addition to improving productivity through efficiency measures and the use of DX, we have also focused on promoting area management and worked to build a foundation for strengthening profitability. At the same time, we consider strengthening cost control important amid a difficult external environment, including rising raw material prices and logistics costs.

In the sales division, we are advancing the visualization of each process—sales, production, and delivery—and are building a system that enables deadlines and risks to be judged at the time of order receipt. This will allow more precise manage-

ment of the process from order receipt to delivery, with expected effects of reducing waste and improving profitability.

In financial strategy, even after the disclosure of the Medium Term Management Plan 2026, when our stock price continued to remain below PBR 1x, we strengthened our determination to enhance corporate value through ongoing dialogue with shareholders and investors. Based on the opinions received during these dialogues and our financial condition, in May 2025, we updated the ROE target of the Medium Term Management Plan 2026 from 7% to 8%. To achieve this, we reviewed our capital policy regarding the balance sheet, where there is much room for improvement. We formulated a new shareholder return policy that includes raising the dividend payout ratio and significantly acquiring treasury stock.

Although in FY2024 the results of profit structure reform did not yet appear significantly in numerical terms, I believe it was a year in which the entire company was able to share the need for transformation and begin moving in the same direction. From the next fiscal year onward, we will steadily implement these reforms and enter a phase in which we will realize quantitative results.

→P.23 DX Initiatives
→P.33 Financial Strategy

Results in new business fields (overseas and open innovation): Steady progress in building the foundation

As for overseas business, intending to achieve 10 billion yen in overseas sales by 2030, we have almost completed the establishment of sales systems in Taiwan, China, and Vietnam. We are now steadily preparing to accelerate expansion into India and Indonesia. In existing areas, we have built systems to enhance the quality of local operations in line with the characteristics of each country's market. In particular, in Vietnam, we introduced a general agent system to unify sales and improve efficiency. In Taiwan, we established a branch office and stationed our employees locally to strengthen distribution management.

Furthermore, we are considering shifting product exports from finished goods to a knock-down method, and have begun developing new structural designs that combine transport efficiency with the flexibility of local assembly. Regarding open innovation, we are promoting research and development of submicron frit, a further miniaturized form of frit, the raw material for enamel. Through industry-academia joint research with universities, we are advancing the development of technology that can reduce the particle size to one ten-thousandth, and have already applied for patents. This special frit is expected to be applied in a wide range of fields, such as dental materials like dentures, adhesives with heat-dissipation functions for electronic circuit boards, and heat-resistant tiles for rockets.

These initiatives are not merely about increasing sales; they also present challenges to create new value by leveraging our technological assets. They are particularly important initiatives that hold the potential to become revenue pillars for the next 50 years.

→P.25 Overseas Business

→P.26 Open Innovation

Accelerating investment in the environment and people for sustainable growth

In 2024, we newly established the Sustainability Committee to deepen discussions on environmental issues and human capital management. In continuing business activities, manufacturing with consideration for environmental impact is a major challenge. Our company is also aiming to achieve carbon neutrality by 2050. Under the Medium Term Management Plan 2026, we have set a target of reducing CO2 emissions by 15% from FY2020 levels by FY2026, and by 30% by FY2030. By reviewing manufacturing processes and updating plant facilities, we are working to make effective use of resources through improved energy efficiency. At the same time, in product development, we are promoting the use of enamel materials with high durability and long life, contributing to the realization of a sustainable society through environmentally conscious product creation.

Regarding human capital management, as part of personnel system reforms, we abolished the distinction between career-track and non-career-track positions. We designed a system that enables all employees to access growth opportunities fairly. We also launched initiatives to remove barriers between factory workers and white-collar employees, rebuilding operations while addressing on-site issues. In promoting women's participation, we focused on the employment status and work styles of female employees working as showroom advisors. We worked on designing sustainable systems, especially during childbirth and childcare periods. In addition, we established subcommittees for female managerial candidates to strengthen support for their promotion and career development by gathering input from the field.

For senior personnel, we introduced reskilling support programs for employees aged 60 and over and promoted their appointment to new roles, such as improving logistics quality. We aim to create an environment in which they can build a second career by leveraging their experience and knowledge. These initiatives are not merely system changes, but part of building a culture that aims to transform into a company where people thrive.

FY2024 marked the year we laid the foundation, and we will continue to evolve into a more diverse and sustainable organization through implementation and establishment.

→P.27 Environmental Initiatives

→P.29 Human Capital Investment

Adapting to changes in the business environment and creating opportunities

We feel that the business environment in FY2025 will become even more complex and uncertain than in the previous year. Housing starts continue to decline, while structural issues such as population decline, rising interest rates, and soaring material prices are becoming apparent. On the other hand, new opportunities are expanding for us, such as the solidness of the renovation market and growth potential from redevelopment demand in urban areas. Business decisions about where to allocate limited management resources and in which fields to build competitive advantages are being questioned more than ever.

In particular, the renovation market is experiencing moderate growth, driven by changing consumer awareness of living environments and increasing needs for longer housing lifespans. We believe there is further room for expansion, contingent upon our initiatives. We place considerable expectations on this area as a stable source of revenue.

In addition, to be able to respond to diverse environments, within the company, we are shifting from a people-dependent work style that has relied on "manual effort and sheer force" to utilizing DX for visualization and automation of operations, thereby improving labor productivity and transitioning to more sustainable ways of working.

FY2025 will be a year in which our "ability to respond to change" will be tested. We strongly feel that taking flexible and swift action in response to changes in the business environment, without being bound by past successes, will determine our competitiveness as a company.



→P.21 Sustainable Growth in Existing Businesses

→P.23 DX Initiatives

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

Toward achieving the goals of the Medium Term Management Plan 2026, we will focus on further expanding our share in the new housing market and increasing sales in the renovation market. Specifically, we aim to gain market share in the new condominium market with our system baths, where we are a latecomer, and strengthen the provision of high-value-added products in the new detached housing market. In the renovation market, we will continue to launch new products and improve display methods to capture the diverse needs of customers.

In overseas markets, to accelerate growth, we will promote expansion into India and Indonesia. At the same time, in existing areas we will develop products and implement sales strategies tailored to local needs, strengthening approaches that align with the characteristics of each region.

Furthermore, we will deepen our sustainability initiatives, providing environmentally conscious products and promoting diversity. We will advance concrete initiatives toward achieving carbon neutrality, while improving the workplace environment so that every employee can work comfortably, and fostering a corporate culture in which diverse talent can thrive.

Takara standard will continue to uphold its founding principle of contributing to "making lives more pleasant and beautiful," maintaining a strong commitment to quality, and valuing people, society, and the environment. To realize our long-term vision of becoming a brilliant and most attractive company together with HORO, all employees will unite and work together.