

TAKARA STANDARD CO., LTD.

Medium Term Management Plan 2026

(FYE March 2025 - FYE March 2027)

May 9, 2024

Stock Code
7981

This document contains content based on assumptions, outlooks, and plans for the future as of May 9, 2024, but some of the contents are being updated. Please confirm along with the "New Shareholder Return Policy and Profit Growth Initiatives to Achieve 8% ROE" published on May 8, 2025.

Takara standard

In order to realize our Long Term Vision of “Becoming a brilliant and most attractive company together with HORO(※)”, we will re-challenge ourselves to pursue transformation, reinforcing our earning capacity and developing an infrastructure for achieving sustainable growth.

Medium Term Management
Plan 2023
(FYE March 2022 - FYE March 2024)

Targeted net sales and operating profit were achieved through efforts in building a foundation for sustainable growth, while operating profit ratio is still behind the target (earning capacity enhancement is still underway).

Theme of 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)

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.

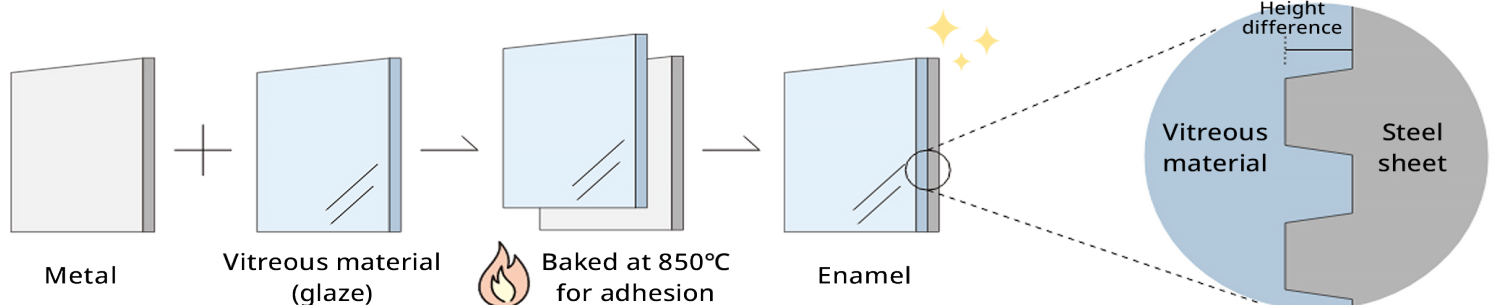
Resistant Material

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.

A higher degree of adhesion is essential to overcome the fragility of glass.
We therefore use specially made steel sheets for the base and bake the glaze at 850°C.



HORO system kitchen “LEMURE”



Our founder's commitment – To contribute to make people's life more pleasant and beautiful - will continue to be our guiding principle.

Where we started

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



Corporate Philosophy

Living Standard

Takara standard supports enhancing people's life through evolution of water-related 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

External Environment Surrounding the Company 4

In view of the circumstances surrounding the Company, domestic remodeling market and overseas market could be identified as our focuses for future growth. Decarbonization initiatives and the use of digital technologies are also essential.

Macro analysis (PEST analysis)

Politics

Regulations to be tightened in the decarbonization and digital fields, and policies promoting more diversified work styles are to be introduced



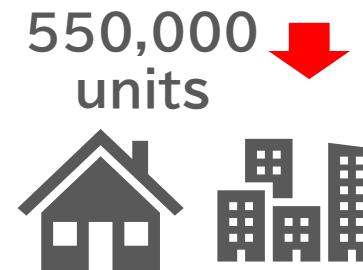
Economy

Economic growth in Asia will be a tailwind for the Company's overseas business



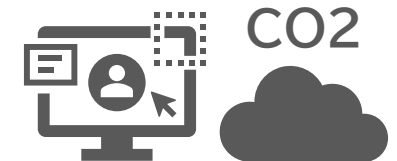
Society

In 2040, new house construction will be diminished to be around 550,000 units, while remodeling market volume will be around ¥7.5 to 8 trillion



Technology

New values are emerging in the fields of digital transformation, carbon-neutral technologies and others



Looking Back on Medium Term Management Plan 2023 5

- Net sales significantly exceeded our target supported by brisk remodeling demand during the COVID-19 pandemic as well as to the pricing update.
- While operating profit target was achieved in FY2021, operating profit ratio is still behind the target. This can be attributed to the delay in implementing production streamlining and digitalization initiatives against soaring material and energy prices.

	FYE March 2022	FYE March 2023	FYE March 2024	MTMP 2023 targets
Net sales	¥211.5 billion	¥227.4 billion	¥234.7 billion	¥200.0 billion or more
Operating profit	¥14.4 billion	¥10.9 billion	¥12.4 billion	¥14.0 billion or more
Operating profit ratio	6.8%	4.8%	5.3%	7% level
ROE	6.1%	4.6%	5.2%	-

Performance Targets

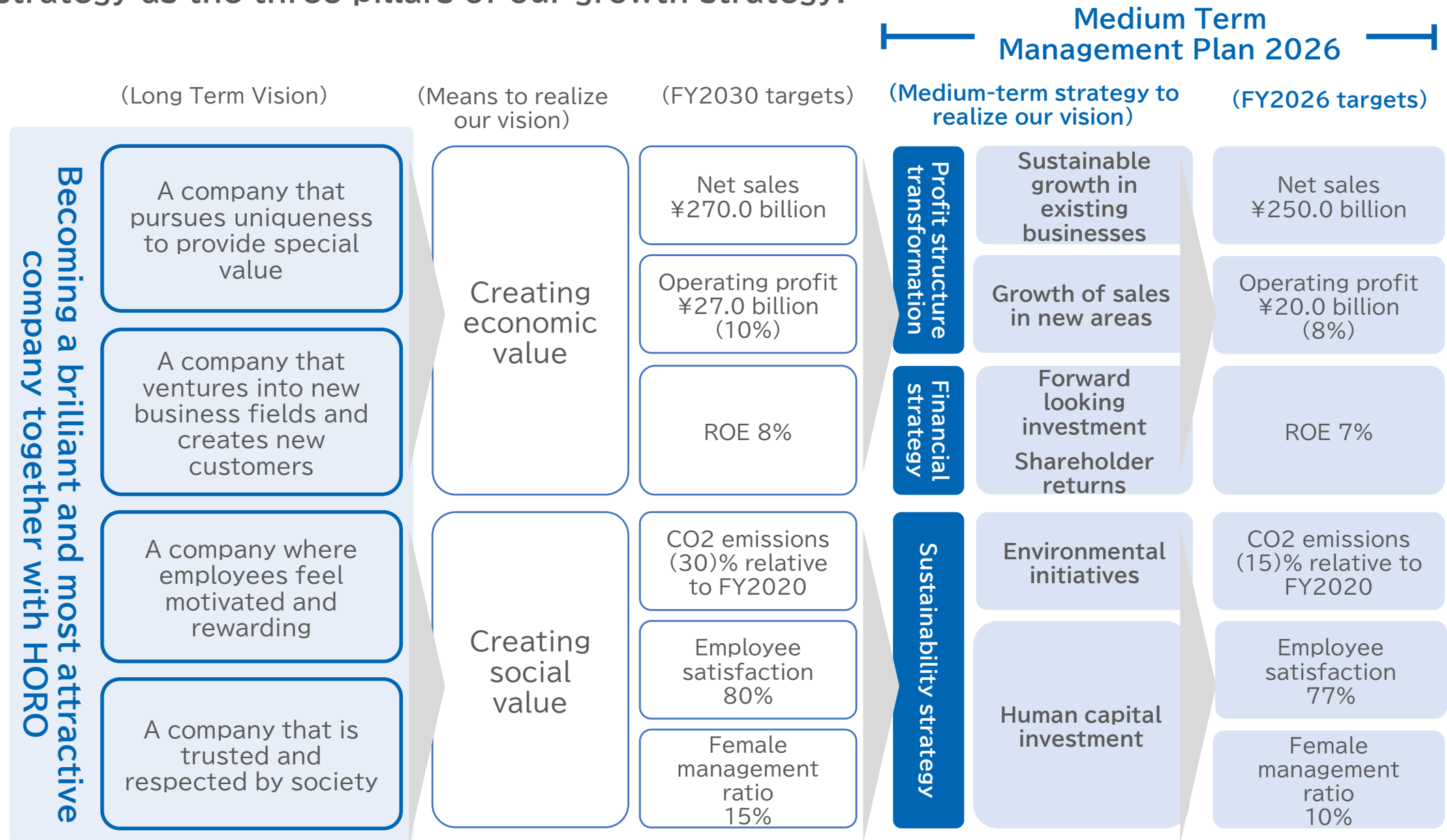
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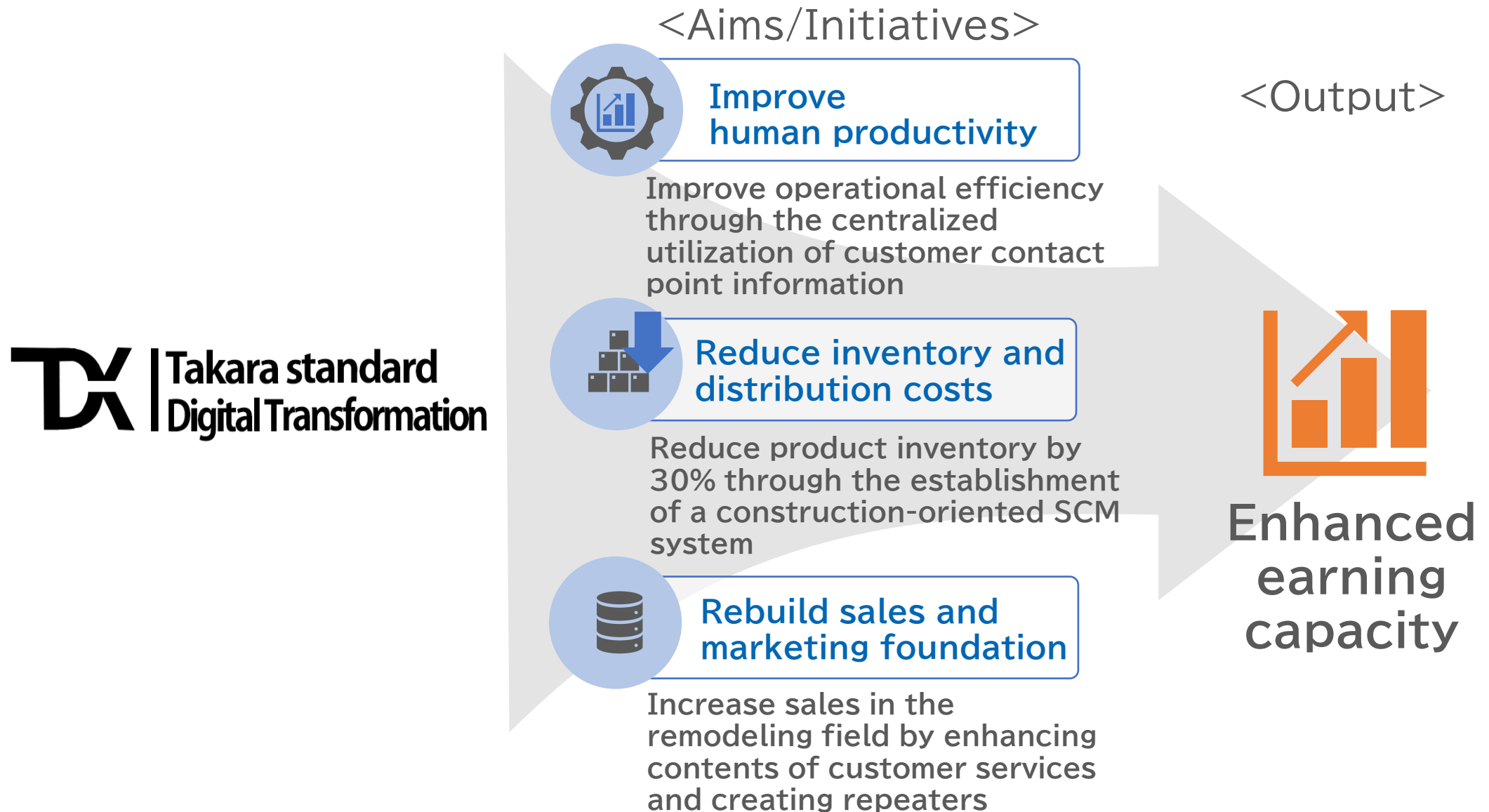
By adding non-financial indicators to the financial indicators, we aim to enhance corporate value in both economic and social aspects.

	KPI	FYE March 2024 results	FYE March 2027 (FY2026) *Last fiscal year of the MTMP	FYE March 2031 (FY2030)
Financial indicator	Net sales	¥234.7 billion	¥250.0 billion	¥270.0 billion
	Operating profit	¥12.4 billion	¥20.0 billion	¥27.0 billion
	Operating profit ratio	5.3%	8%	10%
	ROE	5.2%	7%	8%
Non- financial indicator	CO2 emission (Scope 1+2) *FYE March 2024 - estimate	*59,000t CO2	49,000t CO2 ((15)% relative to 2020)	41,000t CO2 ((30)% relative to 2020)
	Employee satisfaction	75.2%	77%	80%
	Female management ratio	5.2%	10%	15%

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.



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.



Through area management, we will strive to utilize our business resources more flexibly and effectively, and reduce workforce and labor costs that have constantly been growing in proportion to workload.

Flexible and effective use of business resources (human resources/budget)

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

Through item management, we aim to strengthen product development capability and production efficiency while reducing distribution costs, etc.

Item Management



Drastically review item management policy, to produce hit products and raise earning capacity

- **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

Sustainable Growth in Existing Businesses: Remodeling Business Expansion

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For sustainable growth, we will capitalize on our absolute advantage of showroom infrastructure to support growth of remodeling sales and its share.

Market forecast

Remodeling market

Small growth

Around **¥7.0** to
¥8.0 trillion

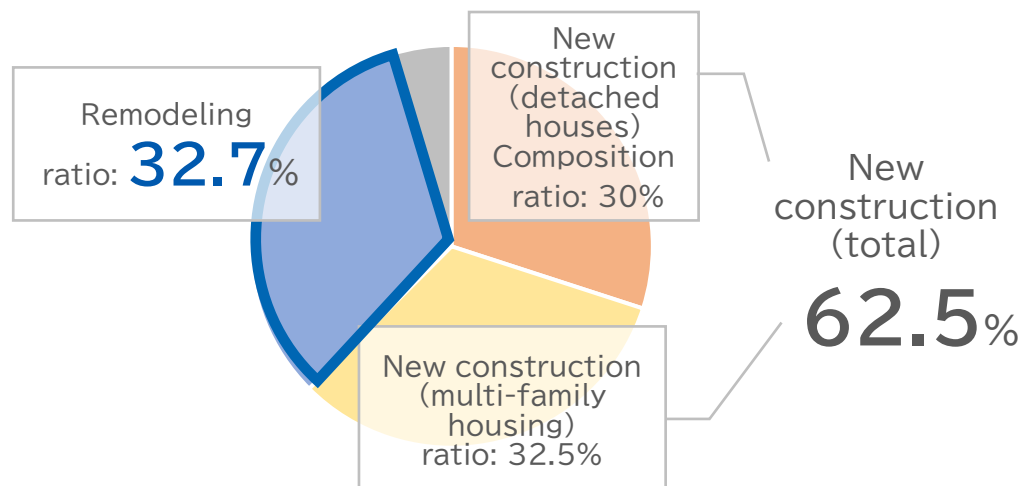
New construction market

Maintain current downward trend

(3)%/year
(2023-2040)

Market size forecasts by Nomura Research Institute

Sales composition for FYE March 2024



Policy and key initiatives

Remodeling market

Expand business

Areas of future focuses

Focus business resources on:

- Production capacity
- Backup system
- Development of more appealing products
- Digitalization of sales activities
- CRM system
- Medium to high-end products promotion

New construction market

Maintain net sales Improve profit margins

- Increase sales of modular bathrooms for newly constructed multi-family housing
- Improve operational efficiency
- Reduce costs

Expedite overseas business development under “Takara Global Vision 2030”

Takara Global Vision 2030

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

As a unique kitchen manufacturer specialized in HORO material, we aspire to increase our presence in the global market and become the premium kitchen brand of choice

FY2030 KPIs
Overseas net sales: **¥10** billion /
ROS = **20%** / Market share = over **1%**

Effective use of resources

- Focus resources on kitchen/interior panels
- Improve sales productivity
- Focus on growth markets
- Approach to 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 CRM system
- Optimize price for the value of HORO
- Promote consistent branding

Growth of Sales in New Areas : Open Innovation 13

We will co-create a new business through open innovation to keep up with rapidly evolving business environment, and launch one project.

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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)



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<FY2024 and beyond>

STAGE 2: Opportunities

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

Investment to Achieve Sustainable Growth

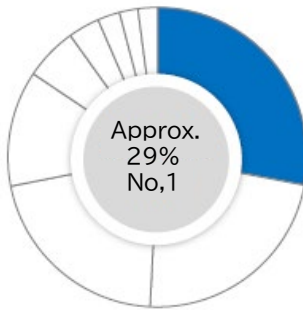
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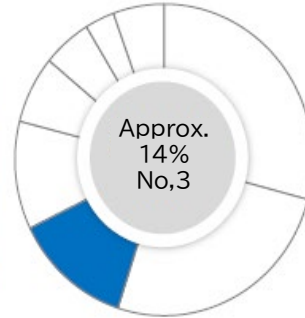
For sustainable growth, we will invest in elevating production capacity of HORO products. We also strive to increase our presence in the area of modular bath, to achieve leading position in the sector just as we are in the area of modular kitchen.

<Market share> In face value (FY2022) *based on internal research

Kitchen



Bathroom



FY2030 sales volume
target for modular
bathroom

1.4x

the number of units
sold in FY2023

Construction of a **¥40.0** billion plant in Fukuoka Factory
exclusive for HORO bathroom panel production

- Increase production capacity of HORO bathroom panels by **1.5** times

- ▶ The current production line will be dedicated to the modular kitchen production

- Operational streamlining/digitalization

- ▶ Unmanned transportation between production processes
- ▶ Reduction of production lead time

- Reduction of environmental impact

- ▶ Introduction of environmentally friendly facilities

Full-scale operation
in FY2027



Medium- to long-term
investment plan (preliminary)

Planned investment to
increase production capacity
of artificial marble bathtubs
at Kanto Factory

¥10.0 billion

To develop a foundation of sustainable growth, we actively allocate capital for growth investments and management base reinforcement etc., and raise shareholder returns while maintaining financial soundness.

Investment plan

◆Profit structure transformation

- TDX ... Transform operations with digital technologies (improve human productivity, Rebuild sales and marketing foundation)
- Boost production capacity of high value-added products ... HORO products, modular bathrooms, etc.
- Building overseas business infrastructure ... Develop products, establish production and supply system
- Open innovation ... Develop new businesses (invest in and co-create new businesses)

◆Sustainability strategy

- CO2 emissions reduction (relative to FY2020) ... FY2026(15)%
FY2030(30)%
- Human resource development ... Develop specialized professionals, refine training programs

Shareholder returns

◆Dividends

Progressively increase dividends in line with profit growth ([dividend payout ratio at the 40% level](#))

◆Purchase of treasury shares

[Flexible purchase of treasury shares](#) based on the capital structure

Cash allocation

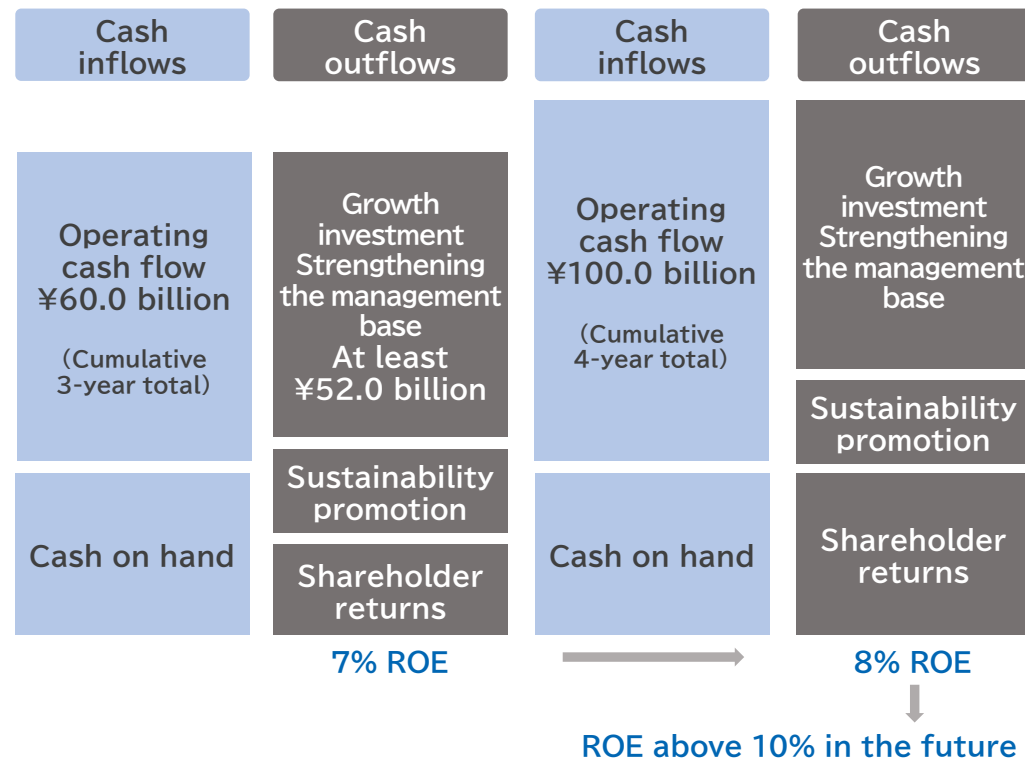
In the Medium Term Management Plan 2026, we aim to achieve 7% ROE by preferentially allocating funds to growth investments and management base reinforcement to support sustainable growth.

As we will continue to invest for further growth also from 2027 onward, we aim to achieve ROE8%, and above 10% in the future, by enhancing its earning capacity and aggressively providing shareholder returns.

FY2024-FY2026

Medium Term Management Plan 2026

FY2027-FY2030



Promote initiatives in CO2 emission reduction to achieve carbon neutrality by FY2050.

▪Key initiatives

(1) Reinforce energy-saving measures at factories

- ▶Promote transition to energy-efficient production facilities
- ▶Explore the introduction of internal carbon pricing



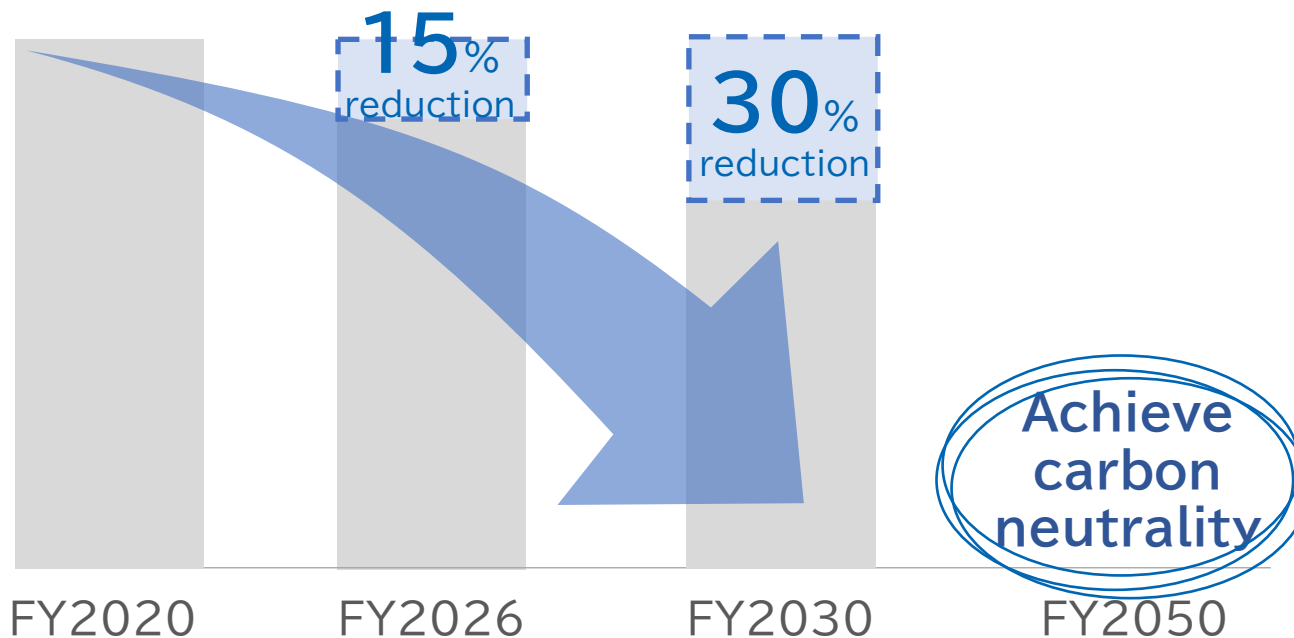
(2) Introduce renewable energy

- ▶ Electric power agreements at major production sites, head office and all sales offices to be shifted to power derived from renewable energy sources
- ▶Introduce solar power facilities



<CO2 emission reduction target
(relative to FY2020)>*

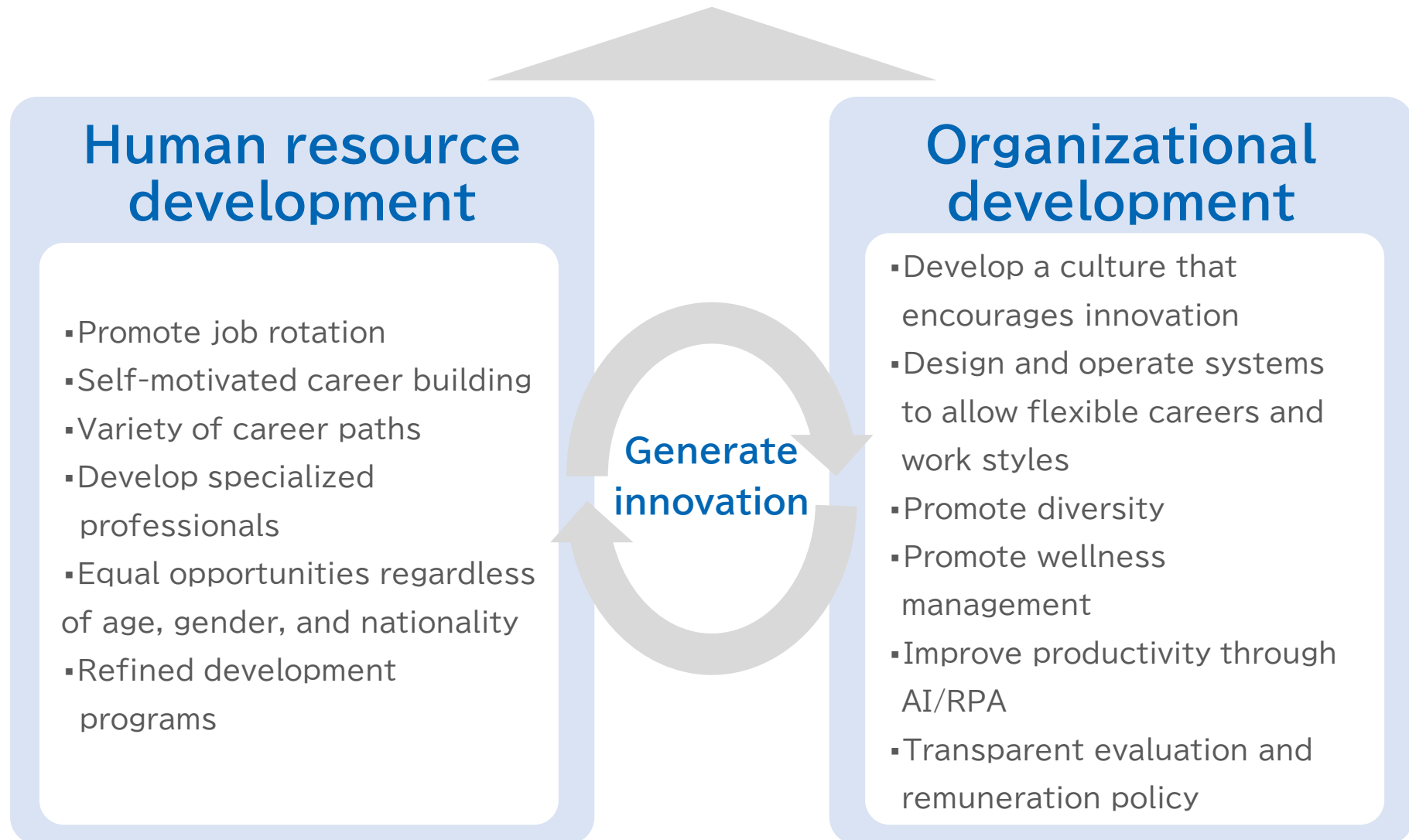
57,462t CO2



*Scope of reduction target: Scope 1 + Scope 2

We endeavor to be and stay as a company of choice by developing talents and organization that ignite innovation.

Takara standard - to be the company of choice



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This document contains forward-looking statements based on assumptions, projections, and plans as of May 9, 2024.

Actual results may differ from these forecasts due to risks and uncertainties including, but not limited to, economic conditions and the competitive environment.