

Value Creation Process and Business Model

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

Financial capital
A sound and stable financial foundation
Total assets
279.8 billion yen

Manufacturing and logistics capital
A network supporting stable supply
16 production bases
10 logistics bases

Human capital
Talented workforce supporting sustainable growth
Number of employees **6,445**

Intellectual capital
59 registered patents
Partner shops with high achievements and extensive experience
Approximately **3,000 locations nationwide**

Social capital
Locally rooted showroom network
47 prefectures nationwide
Approximately **160 locations**

Natural capital
GHG emissions (Scope1+2)
61,763tCO₂

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	Society	Environment
<ul style="list-style-type: none"> Post-COVID-19 economic normalization Maturation of the Japanese economy and shifts in the global economic balance Advancements in digital technology 	<ul style="list-style-type: none"> Declining domestic population Diversification of lifestyles and values 	<ul style="list-style-type: none"> Climate change (Responding to a decarbonized society and carbon neutrality)

Business achievements (as of March 31, 2024) Value provided

Output Outcome

Finance
Net sales: 234.7 billion yen
Operating profit: 12.4 billion yen
Operating profit ratio: 5.3%
ROE: 5.2%

Products

Kitchens
Bathrooms
Washstands with vanities
Toilets
Water heaters
wall panels

Human capital
Employee satisfaction: 75.2%
Female management ratio : 5.2%
Training hours per employee : 19 hours
Male parental leave utilization rate: 79.1%
Paid leave utilization rate : 71.1%

Environment
CO₂ emissions reduction rate
4.8%

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.

*Unless otherwise specified, the figures presented are for FY2023. (Input = Beginning of FY2023, Output = End of FY2023)

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

▶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.