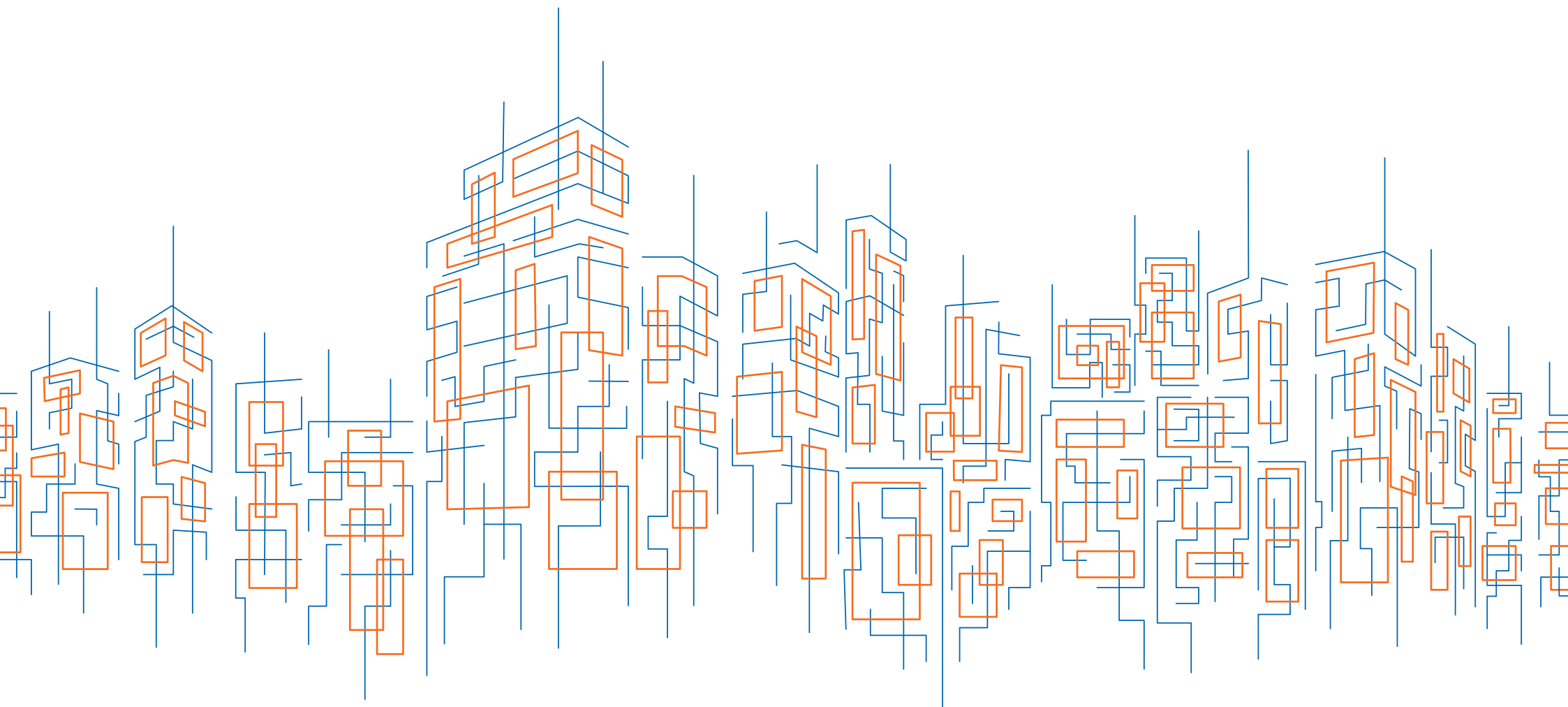


INTEGRATED REPORT 2025

For the fiscal year ended March 31, 2025





The Sanwa Group's goal is to become a global leader of smart entrance solutions and spread our mission of safety, security, and convenience throughout the world; safeguard the valuable lives of people; and realize a more affluent and comfortable society.

The Sanwa Group's Mission to Society

The Sanwa Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society.

The Sanwa Group's Management Philosophy

- To deliver products and services to satisfy all customers.
- To become a true global player and be highly valued in each market in the world.
- To bring together the creativity of each individual in a team environment for the enhancement of corporate value.

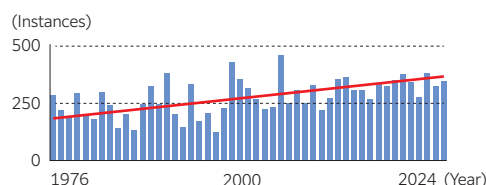


The Sanwa Group's Corporate Mission

Realizing safe homes, buildings, and infrastructure that protect people from disasters

With climate change, natural disasters such as torrential rains and typhoons are becoming more severe in many parts of the world. Guarding against earthquakes and tsunamis has also become an urgent issue in Japan and elsewhere. Against this backdrop, the Sanwa Group is responding to the growing need to ensure the safety of buildings and infrastructure by providing waterproof products that protect against flooding and wind damage. We will continue to develop products and technologies that protect society and people's lives and contribute to realizing safe homes, buildings, and infrastructure.

Annual instances of precipitation of 50 mm or more/hour (Japan Meteorological Agency)



Source: Changes to Date in Heavy Rainfall and Extremely Hot Days, etc. (Extreme Phenomena) (Japanese language only), Japan Meteorological Agency

Providing Value Through Products

Multi-hazard shutters that can withstand floods and fires

The tsunami damage that followed the Great East Japan Earthquake in 2011 spurred Sanwa Shutter Corporation to begin developing waterproof products. With the need for shutters and doors with the ability to prevent flood damage having become apparent, the company released the Water Guard Waterproof Shutter and Double-tight Door in 2014. Since then, Sanwa Shutter has continued to expand its product lineup, with further improvements in performance and operability.

Hazard maps have been reviewed in recent years in response to the increase in torrential rains and urban flooding, further heightening the demand for high-performance products in underground malls, subways, and infrastructure facilities. To meet these social challenges, in 2021 Sanwa Shutter developed the industry's first multi-hazard shutter that is waterproof, fire-proof, and smoke-proof. This makes it possible to use a single shutter for building entrances that require waterproofing as well as fire- and smoke-proof performance.

This product was recognized with the Disaster Prevention and Epidemic Control Product Award 2021 Grand Prize in the New Product Development Category.

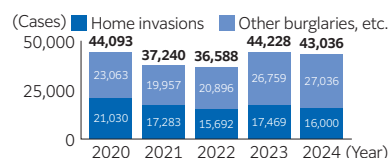


The Water Guard waterproof, fire-proof, and smoke-proof shutter (Sanwa Shutter Corporation)

Realizing secure homes, buildings, and infrastructure that protect people's lives and property from crime

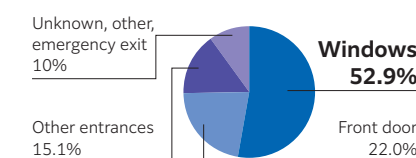
In recent years, increasingly sophisticated and shocking burglaries have been reported across Japan, drawing attention to the importance of home security. Against this backdrop, the Sanwa Group contributes to the realization of secure homes, buildings, and infrastructure that protect people's lives and property from crime through the provision of security products.

Number of recognized cases of burglary



Source: Crime Statistics Data for January-December 2024 [Final Figures] (Japanese language only), National Police Agency

Burglary entry points in single-family dwellings (2024)

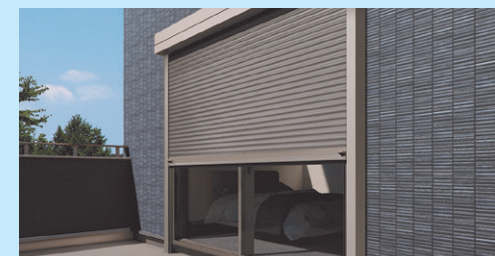


Source: Residential Crime Prevention 110 (Japanese language only), National Police Agency

Providing Value Through Products

Window shutters that increase security and protect people's lives and property

Windows are the most common entry route for burglars and other intruders, and the installation of window shutters can be very effective in preventing break-ins. Sanwa Shutter Corporation has been manufacturing shutters since its establishment in 1956, and began selling window shutters to enhance window security in 1969. Sanwa Shutter's window shutters are highly resistant to prying and vandalism, and protect privacy, helping guard a home at night and while its occupants are out. Sanwa Shutter also offers shutters that can be set to open and close automatically on a timer, or operated from a smartphone while away from the house, keeping outsiders from knowing when residents are not at home. In recent years, the company has also focused on developing products with a variety of other functions in addition to security, such as wind resistance and IoT capabilities. Sanwa Shutter is further paying attention to space-saving designs that coordinate with a home or condominium's appearance, increased easy of operation through electrification, and compatibility with home renovation. The Sanwa Group will continue to contribute to the realization of secure homes, buildings, and infrastructure that protect people's lives and property from crime through the creation of high-performance security products.

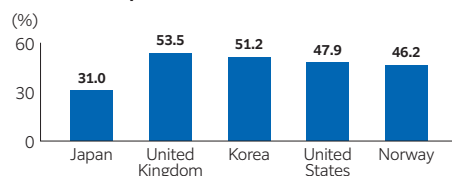


Madomore window shutter series (Sanwa Shutter Corporation)

Realizing comfortable homes, buildings, and infrastructure through the use of digital technology

With the evolution of IoT technology, "smart homes," in which home electronics and appliances are connected via the Internet to create a comfortable and convenient lifestyle, are becoming commonplace. Smart home-ification is particularly popular in Europe and the U.S., where houses are larger and e-commerce use is common, and is expected to become more widespread in Japan in the future. The Sanwa Group offers garage and window shutters that can be linked to a smart home environment, contributing to the realization of comfortable homes, buildings, and infrastructure through the use of digital technology.

Smart home penetration rate



Source: Statista Japan (2023)

Providing Value Through Products

Providing smart home solutions

The Sanwa Group is contributing to the realization of smart homes by developing and providing products that match the climate and lifestyle of local regions. For example, Sanwa Shutter Corporation in Japan and Novoferm in Europe offer garage and window shutters that can be operated via smartphones and smart speakers by linking them to a smart home system, allowing them to be centrally managed with other home appliances and electronics. These can be easily opened and closed even while away from home, providing both convenience and safety. For Overhead Door Corporation (ODC) in North America, where e-commerce use is high, we are also developing a service that allows delivery personnel to obtain one-time garage door opening and closing privileges by scanning packages with a special terminal at the time of delivery, reducing the risk of theft and enabling safe delivery inside the garage. We will continue to create solutions that realize more comfortable homes, buildings, and infrastructure with products and services like these while flexibly adapting to advances in technology and changes in social issues.



Smart phone-based garage door operation system
Aladdin Connect (ODC)

At a Glance

Ever since the establishment of Sanwa Shutter (H.K.) Ltd. in 1986, globalization has been a driving force for the Sanwa Group that has placed it ahead of its peers in Japan. Today, we have operations spanning 28 countries and regions around the world. As a global leader of smart entrance solutions, we have established a strong presence in the key regions of Japan, North America, and Europe.

Fiscal year ending March 2025

Financial indicators (consolidated)

Net sales (consolidated)
¥**662.4** billion

Operating profit
¥**80.5** billion

Operating profit ratio
12.2%

ROE
19.0%

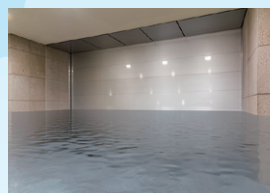
ROIC
18.5%

Net sales of products that contribute to climate change response and disaster preparedness

Climate change response-related products (mitigation)
¥**106.2** billion

Climate change response-related products (adaptation)
¥**26.1** billion

Disaster preparedness products
¥**81.1** billion



Global network

28 countries and regions

59 production bases

56.6% overseas net sales ratio
1.7-fold increase over 20 years

13,116 employees

Market share

The Sanwa Group offers total solutions that can realize safety, security, and convenience for entrances in all types of buildings to meet a variety of needs.

No. 1 in 6 fields



Garage doors
1 Japan
2 North America
Europe



Steel doors
1 Japan
2 Europe



Shutters

1 Japan
2 North America



Industrial sectional doors

1 Japan
2 North America
Europe



Lightweight sliding doors

1 Japan



Stainless steel facades

1 Japan

Product Information

The Sanwa Group's products are used in a wide range of applications, including detached houses, housing complexes, commercial facilities, office buildings, schools, medical and welfare facilities, factories, and warehouses, delivering safety, security, and convenience to everyday life and further increasing their value.

Sanwa Group products deliver greater safety, security, and convenience



Commercial facilities, office buildings, and hotels



Factories, warehouses, and data centers



Medical and welfare facilities



Schools



Detached houses



Housing complexes

Core Products

Shutters



Regions

Japan No. 1

North America No. 2

Europe

Asia

Building type/use



Industrial sectional doors



Japan No. 1

North America No. 2

Europe No. 2

Asia



Garage door



Japan No. 1

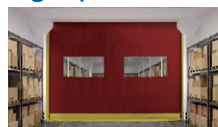
North America No. 2

Europe No. 2

Asia



High-speed sheet shutters



Japan No. 1

North America

Europe

Asia



Door operators



Japan

North America No. 2

Europe

Asia



Steel doors



Japan No. 1

North America

Europe No. 2

Asia



Multi Products

Partitions & toilet booths



Regions

Japan

North America

Europe

Asia

Building type/use



Waterproof products



Japan

North America

Europe

Asia



Aluminum & stainless steel facades



Japan No. 2

North America

Europe

Asia



Mailboxes & delivery boxes



Japan No. 2

North America

Europe

Asia



Automatic doors



Japan

North America

Europe

Asia



Lightweight sliding doors



Japan No. 1

North America

Europe

Asia



Our products for buildings

Office Areas



Partitions

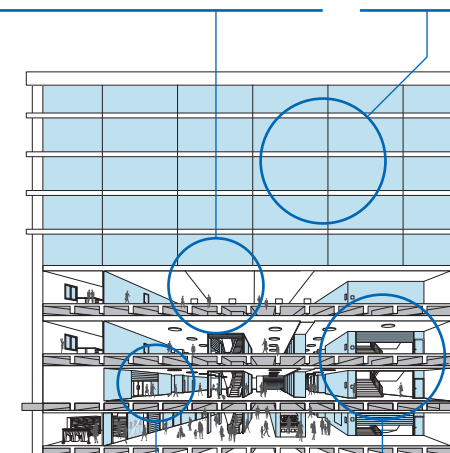


Toilet booths

Building Exteriors



Facades



Entrance Areas



Automatic doors



Aluminum & stainless steel facades



Fireproof & smokeproof shutters



Mailboxes & delivery boxes



Waterproof products



Fireproof doors (steel doors)

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What Is the Sanwa Group's Vision?

We introduce our corporate mission and culture, and present an overview of the Sanwa Group.

How Does the Sanwa Group Create Value?

We introduce the competitive advantages we have cultivated over the course of our history, and the value creation that is derived from these.

What Is the Sanwa Group's Growth Strategy?

We introduce what and where we want to be by 2030, and our new Medium-term Management Plan as our strategy for realizing this.

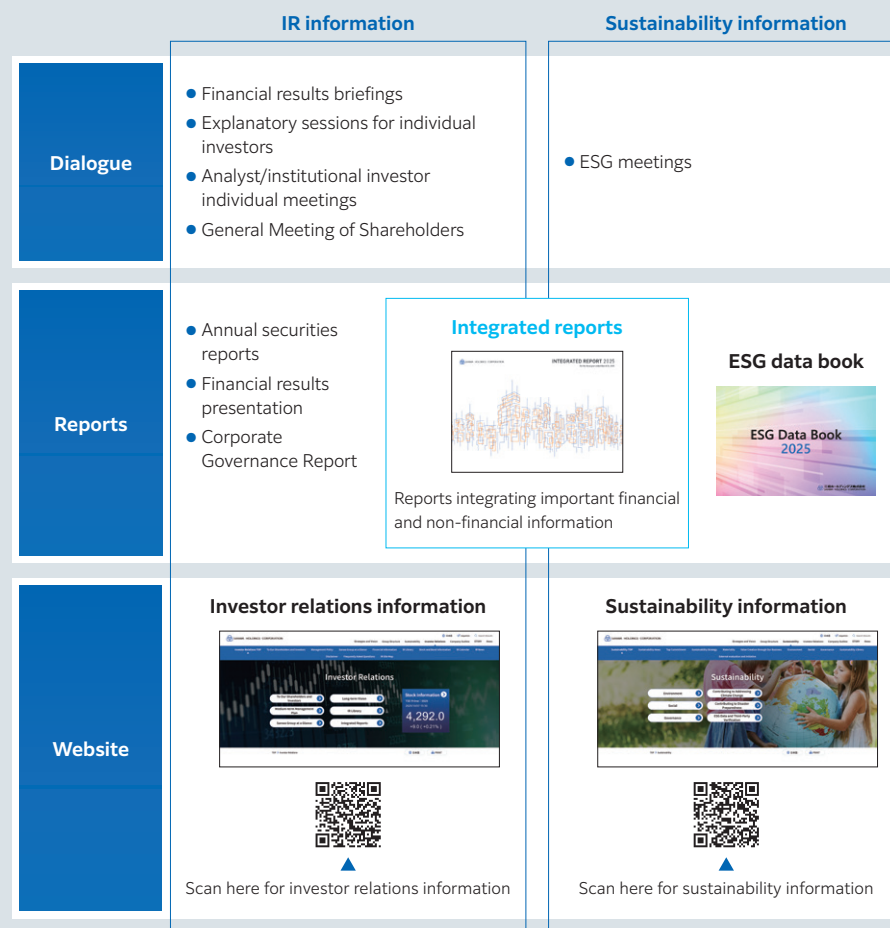
What Are the Sanwa Group's Sustainability Initiatives?

We introduce our materiality initiatives to strengthen the management resources that support our growth strategy.

What are the Sanwa Group's Efforts to Strengthen Its Management Foundation?

We introduce key points for further strengthening our governance, and initiatives to increase governance effectiveness.

Overall Picture of Communication



Editorial Policy

The purpose of this report is to provide both financial and non-financial information on the Sanwa Group's management, business outlook, and external environment. In editing this report, we have referred to the International Integrated Reporting Framework proposed by the IFRS Foundation; Guidance for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry; the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); and other documents.

Forward-looking Statements

This integrated report includes forward-looking statements pertaining to expectations, plans, strategies, management goals, future performance, expenses, revenues, income, and other forecasts formulated on past experiences and information available to Sanwa Holdings Corporation (hereafter "the Company") at the time of publication. Forward-looking statements necessarily entail some degree of uncertainty, and the content conveyed in the results as well as underlying factors identified in the report may differ materially from actual results depending on changes in those factors.

A portrait of Yasushi Takayama, Representative Director and President, seated at a wooden desk. He is wearing a dark suit, white shirt, and a patterned tie. His hands are clasped in front of him on the desk. The background is a plain, light-colored wall.

**We aim to achieve further growth
and shareholder returns under
the new Medium-term
Management Plan.**

Yasushi Takayama
Representative Director, President

Message from the President

My responsibility as the leader of the Sanwa Group

Many called fiscal 2024 an “election year,” with elections taking place in many locations of the world, and this resulted in many changes in turn. While the increased interest in politics was a good thing, I feel that it has also led to a more divided society and a loss of tolerance and acceptance of one another.

The proliferation of social networking and other information platforms has made it easier for people with similar ideas to come together. In addition, with people receiving only the information that interests them, they have fewer opportunities to come into contact with different viewpoints and opinions. Many people are also dissatisfied with the way things are today. This has produced an environment that results in more people coming into conflict with others who think differently.

It has been seven years since I became president of Sanwa Holdings, and throughout this time what I have always tried to do is listen carefully to what people have to say. Within the Group, I have worked to create an environment that facilitates diverse opinions, and have emphasized the promotion of inclusion.



Although national politics and corporate management are different, I believe they share some common aspects in terms of governance. A company is an organization that tends to bring together like-minded people. Even so, when a company starts something new, a lot of different opinions will always emerge. I believe that placing importance on listening first and being willing to accept diverse ways of thinking can allow new ideas to emerge and avoid the risk of making biased judgments. And I believe it is my responsibility as president to quickly make the best decisions after listening to a variety of views and opinions.

The goal of Sanwa Global Vision 2030

We launched our long-term management vision, Sanwa Global Vision 2030, in fiscal 2022. Its goal is to make the Sanwa Group “a global leader of smart entrance solutions,” and I believe that the word “solutions” here is particularly important.

The products we handle separate one space from another. They must allow that which it is desirable to pass through to do so smoothly, and to completely shut out that which it is not desirable to pass through. That is the role they play. That is why we seek not to sell these products as mere “goods” but rather to provide them as “solutions” that solve our customers’ problems. The word “solutions” thus expresses this resolve. The disaster preparedness, climate change response, and smart products set forth in our basic strategies are emblematic of this. Today, as climate change results in more violent natural disasters, security concerns grow, and energy conservation needs increase, the functions required of building entrances are becoming ever more sophisticated and complex. I believe that it is our mission and *raison d’être* to face these social issues head-on and solve them through technological innovation.

We have an idea that we have cherished since our founding. That is that what we make ourselves, we sell ourselves and install ourselves. We also take full responsibility for all service and maintenance after installation. This belief is what has enabled us to achieve, to a high level, the safety, security, and

convenience heralded in our corporate mission. Being able to hear directly from our customers is also a valuable opportunity to create better solutions.

No other corporate group has been in the business of shutters, doors, and other building materials for such a long time as us—approximately 70 years in Japan and Europe, and more than a century in North America. “If we don’t do it, who will?” It is with that sentiment and determination that we will continue to tackle our business.

Summary of Medium-term Management Plan 2024

Medium-term Management Plan 2024 (hereinafter referred to as the previous Medium-term Management Plan) was the first step of Sanwa Global Vision 2030. Its results exceeded expectations in terms of business performance, with both sales and operating profit reaching record highs for the three consecutive years of the plan. The plan placed particularly emphasis on operating profit ratio, and under it we achieved our long-standing goal of over 10% in fiscal 2023 and raised it to 12.2% in fiscal 2024.

In Japan and North America, even though market conditions were not very favorable, we achieved results that far exceeded our initial targets by thoroughly shifting costs onto selling prices and also managing costs. In Europe, on the other hand, we worked to strengthen our non-residential and service businesses within the context of a difficult environment, including the impact of geopolitical risks and inflation. While our businesses in Asia are now firmly in the black, there is still significant room for improvement in the East China and Vietnam businesses.

In terms of products and services, we expanded our disaster preparedness and climate change response product lineup and added smart products. We also introduced a stream of unique, new products and services to the market, such as high-speed sheet shutters and overhead doors that deliver high thermal insulation performance, and shutters that are resistant to strong winds and fire.

We further promoted key initiatives to improve productivity

through digitalization and manufacturing innovations, and drive sustainability management. In both areas things generally proceeded according to plan, but we are still not yet at a satisfactory level. We recognize that these are issues that we must continue to focus on in the new Medium-term Management Plan.

▶ Page 19: Reviewing the Medium-term Management Plan 2024

Medium-Term Management Plan 2027 policies

Compared to the three years of the previous Medium-term Management Plan, when we were largely groping in the dark due to the COVID-19 pandemic, we expect the market as a whole to grow steadily during the period of the new Medium-term Management Plan 2027. Nevertheless, there are

many uncertainties that must be watched carefully, including Japan's severe labor shortage, geopolitical risks in Europe and the Middle East, and U.S. tariff policies. While keeping this situation in mind, I believe it is important that we fully do what needs to be done without allowing ourselves to be swayed by the immediate changes taking place in the environment.

We will carry out specific initiatives in line with the five basic strategies of the Sanwa Global Vision 2030. We have set performance targets of 750 billion yen in consolidated net sales and 100 billion yen in operating profit.*

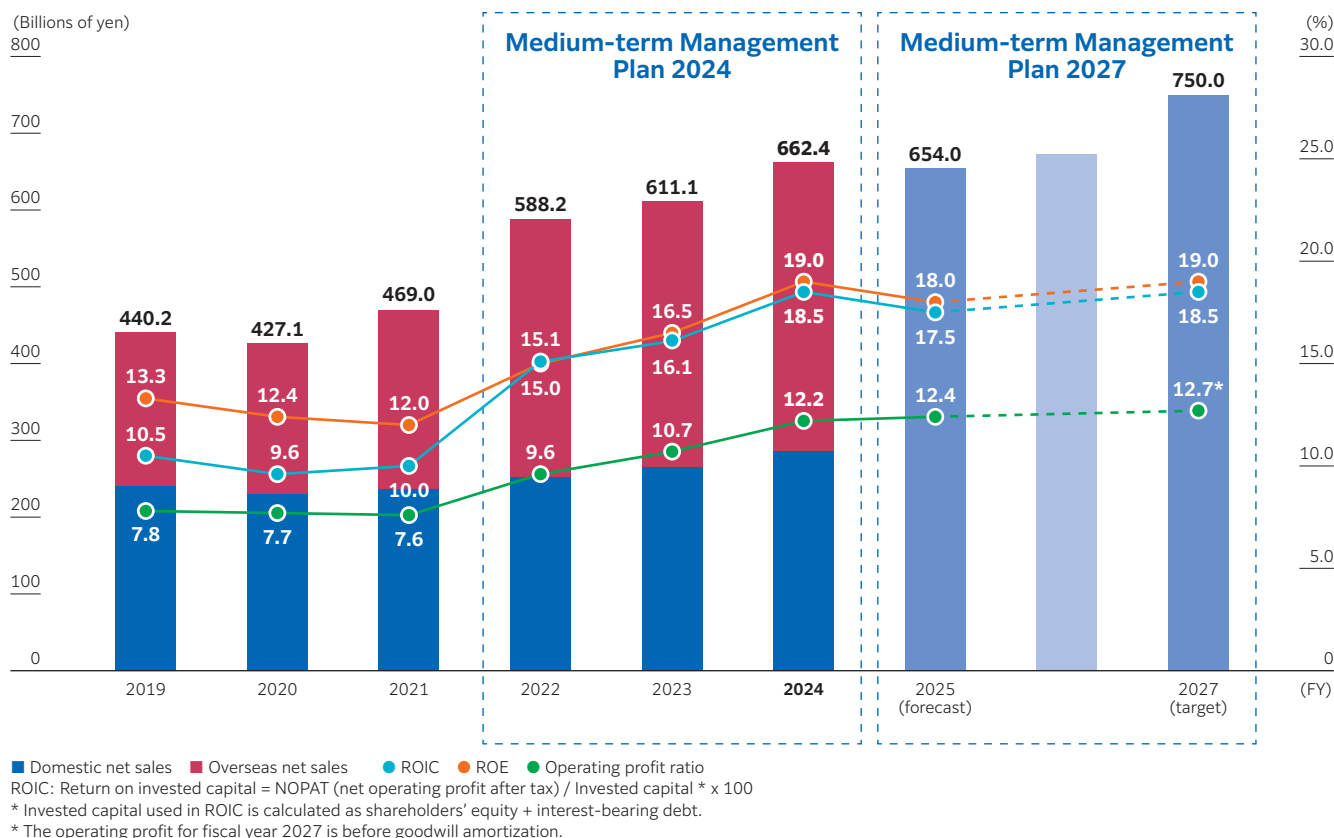
For our operating profit ratio, which exceeded 12% in the previous Medium-term Management Plan, we are aiming even higher, for 13.3%.* We will continue to focus on profitability and seek sustainable growth in our three main regions of Japan, North America, and Europe. Especially in Japan and North America, regions in which we performed well in the previous Medium-term Management Plan, I believe that our true value will be tested to see if we can continue this momentum. In Japan, we will maintain and improve current levels by continuing to shift costs onto selling prices, expand the service business, and improve productivity. We still see room to increase profitability in North America, and we are targeting an operating profit ratio of 20% or more by promoting manufacturing reforms through factory optimization and investment in automation.

The operating profit ratio in Europe dropped to 3% in the previous Medium-term Management Plan, but we plan to recover it to 5.8% in the current plan. We expect market conditions to bottom out during 2025 and gradually improve toward 2027. While firmly capturing that market recovery, we plan to strengthen our industrial door and service businesses and return profit margins to pre-COVID-19 levels. In the previous Medium-term Management Plan, the ROIC for Europe fell below the WACC, a situation that must be remedied as soon as possible.

For our businesses in Asia, our immediate tasks are to get the East China business back on track and to restructure the Vietnam business. Once we have fully and thoroughly accomplished these goals, we intend to enhance cooperation

* Before amortization of goodwill.

Changes in management indicators



Message from the President

among our Asian companies over the medium to long term. Taiwan and Hong Kong are expected to perform well, and we will continue to improve management efficiency and diversify the products we handle in these areas.

In terms of products and services, we will continue to expand our businesses by expanding our lineup of disaster preparedness and climate change response products and promoting smart products, as we did in the previous Medium-term Management Plan. We have set sales targets of 230 billion yen for disaster preparedness and climate change response products, and 16 billion yen for smart products and services. As mentioned above, these products and services are emblematic of the “smart entrance solutions” that we are aiming for. I believe that their further expansion will help solve social issues, differentiate us from our competitors, and strengthen our solution sales capabilities.

Regarding the use of money, we will engage in a balanced allocation of 100 billion yen for investment in growth and 125 billion yen for shareholder returns. Of the 100 billion yen in growth investments, 50 billion yen will be allocated to investments in M&As, an area we did not invest in significantly during the previous Medium-term Management Plan. 40 billion yen will be invested in production facilities. We plan to strengthen our production capabilities for doors and partitions in Japan, optimize

Medium-term Management Plan 2027 Basic Strategies

- (1) Strengthen and expand core businesses in Japan, North America, and Europe**
- (2) Grow Asian business with solid profits**
- (3) Expand business through disaster preparedness products, climate change response products, and smart products and services**
- (4) Increase productivity and expand production capacity through digitalization and manufacturing innovation**
- (5) Enhance sustainability management and human capital management**



and automate our plants in North America, and strengthen our manufacturing facilities for industrial doors in Europe. The remaining 10 billion yen will be in IT and digital investments, with plans to introduce production and customer management systems in Japan, complete the ERP system in North America, and upgrade the manufacturing system in Europe.

In terms of shareholder returns, we have changed our dividend policy from a payout ratio of 40% to a dividend on equity (DOE) ratio of 8%. This is equivalent to a payout ratio of 45%. I hope you will take the fact that we are not lowering dividends or ROE as a sign of our commitment to maintaining stable dividends and improving capital efficiency. In order to realize these aims, we will continue to thoroughly manage the balance of money in and money out.

Strengthening management resources

To achieve medium- to long-term growth, we will continue to strengthen our management resources. We have identified 11 ESG material issues under the four themes of Manufacturing, Environment, People, and the Group's Management Foundation, and have been promoting ongoing initiatives in these areas. While we recognize that we made a certain amount of progress in each of these themes during the previous Medium-term Management Plan period, we believe that the recruitment and development of human capital as well as digitalization are particularly important issues for the future.

We have always considered people to be our most important management resource. I believe that what has enabled us to gain a high market share in the industry and build a dominant position is each employee thoroughly implementing the PDCA cycle and demonstrating their individual strengths, and our ability to mobilize this into the strength of the entire Group.

Under this policy, we have been focusing on recruiting and developing employees, but the shortage of labor is becoming more and more serious due to Japan's declining population. In order to continue to secure excellent human capital in this environment, we must create a more attractive company and properly communicate this to society. Among our various efforts to strengthen our human capital, we are placing particular emphasis on diversity in order to attract a diverse workforce. Although we have made conscious efforts to improve in this area, it is still not enough, and issues remain for the Group to address in terms of diversity. I believe that bringing together people with different backgrounds and values prevents an organization from ossifying, and can be a driving force behind a company's sustainable growth.

Another important point to be strengthened under the new Medium-term Management Plan is the promotion of digitalization. This is an essential element for increasing productivity, and we will also focus on securing and developing professional human capital to promote digitalization. Promoting digitalization means not simply introducing

Message from the President

technology; it is an initiative that goes hand in hand with a fundamental review of business processes and a transformation of organizational culture. We will be implementing ongoing education and training to enable all employees to be able to leverage digital technology.

Through the two pillars of digitalization to increase efficiency and productivity, and the recruitment and development of diverse human capital to strengthen our management foundation, we will further increase the speed of our growth. At the same time, we will accelerate our efforts to

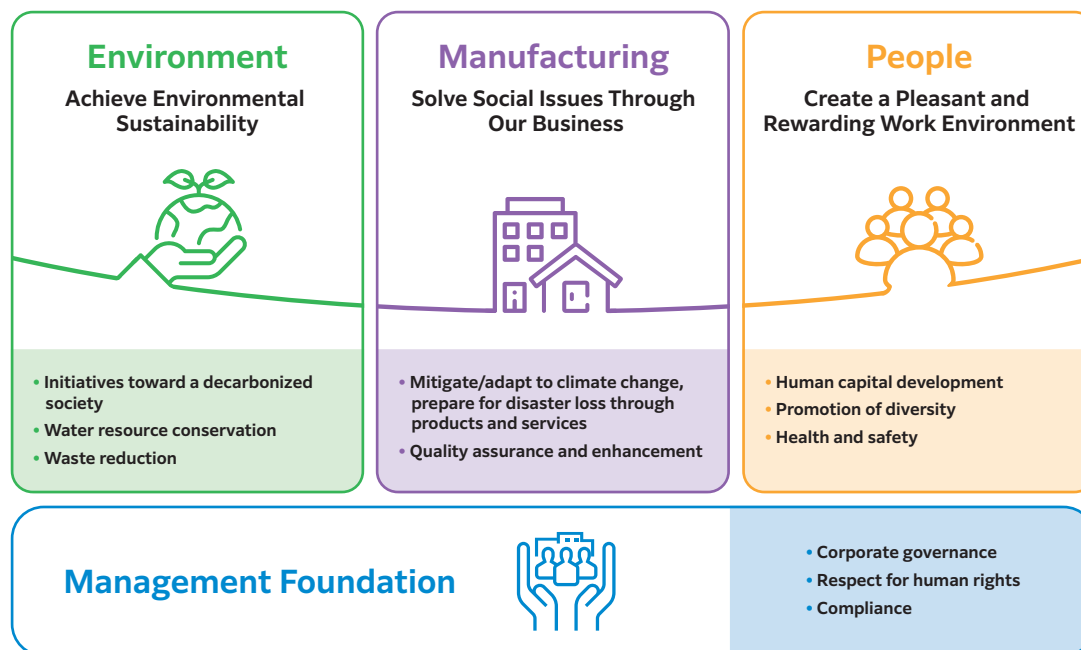
realize a sustainable society and further enhance our corporate value by promoting sustainability management.

To our stakeholders

We have been fortunate to be able to kick off the new Medium-term Management Plan with very good results from our businesses. Going forward, we will continue to grow while enhancing returns to shareholders.

We will also continue to value our relationships with our shareholders as well as our employees, partner companies, and customers. We are committed to delivering higher value to our customers through better products and services, and growing together with our stakeholders to become “a global leader of smart entrance solutions.” Even in a drastically changing business environment, we will fulfill our mission of providing safety, security, and convenience, and will strive to remain a company that is needed by society. I look forward to your continued support.

The Sanwa Group's Materiality



Our Journey

Manji Takayama founded Sanwa Shutter Manufacturing in 1956 with a fundamental ethos of passion, trust, and diligence. After that, Sanwa Shutter expanded into the door business in the 1960s and thoroughly implemented its “Multi-Product Sales Strategy” into a wide range of product lines. Furthermore, under the leadership of the company's second President, Toshitaka Takayama, we added two more pillars through the introduction of 24 hour service in the 1980s and initiatives for globalization in the 1990s, thus achieving growth and development based on the three pillars of multi-product sales, globalization, and service.

Organizational transitions

1956

Founded as Sanwa Shutter Manufacturing

Sanwa Shutter Manufacturing began manufacturing lightweight shutters in 1956 near the Sanwa Market in Amagasaki City, Hyogo. Despite being a latecomer to the market, we established a leading position in the shutter industry in the 1960s.



First deliveries after our foundation

1969

Established Sanwa Door Industrial

1974

Entered into technical tie-up with Overhead Door Corporation

1982

Deployed 24-hour service nationwide



A history of cultivating competitive advantages



Multi-product sales

Solving a variety of problems with the industry's No. 1 product variety

Since our founding, the Sanwa Group has been providing products suited to the changing needs of the times in such areas as crime prevention, fireproofing, and disaster preparedness, aiming to solve social issues through our multi-product sales strategy.

The launch of our door business as the first step in our multi-product sales strategy

The Sanwa Group's multi-product sales strategy began with the launch of its door business in the late 1960s. Focusing on areas where we could utilize the know-how as well as the sales and installation network cultivated in the shutter business, we started manufacturing steel doors on a build-to-order basis.



Further acceleration of diversification through acquisitions of quality companies

Starting with an aluminum facade distributor in 1984, we acquired quality companies with established brands in such areas as automatic door motors, partitions, and stainless steel products, accelerating our multi-product sales strategy.



Globalization

Adapting to different cultures and needs around the world, increasing our presence

Each part of the world has different laws, regulations, climates, and cultural customs that must be accommodated. The Sanwa Group increased its global presence by developing products and cultivating markets while taking the time to understand the technologies and products of each region.

A technical tie-up with a U.S. company as a foothold to expand overseas, and our expansion into Asia

We were one of the first in the industry to focus on overseas markets. In 1974, we entered into a technical tie-up with Overhead Door Company (ODC) of the U.S. and began manufacturing and selling overhead doors. In 1986, we established Sanwa Shutter (HK) in Hong Kong.

Full-scale overseas expansion with the acquisition of ODC

We acquired technical tie-up partner ODC in 1996. Welcoming this new operating company, which boasted the top market share in North America, into the Group spurred joint product development, mutual sales, and market development.



Service

Increasing the added value of products and services with seamless support

Shutters and doors play an important role in security and disaster preparedness. The Sanwa Group's advanced installation and maintenance capabilities increase the value we provide in terms of safety, security, and comfort.

Strengthening customer support by expanding 24-hour service nationwide

Since its establishment, Sanwa Shutter Corporation worked to establish an integrated responsibility system, from sales to installation and repairs. In 1983, the company expanded its 24-hour service nationwide, providing the capability to respond immediately to emergency customer issues across Japan.

The enactment of legally-required fire prevention equipment inspections in Japan and the expansion of our service business overseas

With a periodic inspection and reporting system becoming a legal requirement for fire prevention equipment in Japan in 2016 as well as our acquisitions of Novoferm Group's service companies in France and the U.K. among other countries, our service business expanded. This let to the development of synergies with the existing sales and service network that we had cultivated.

1986

Established Sanwa Shutter (HK)

1996

Acquired Overhead Door Corporation

2003

Acquired Novoferm Group

2009

Acquired Wayne Dalton

2014

Acquired Alpha Deuren of the Netherlands

2019

Acquired Suzuki Shutter

**2023**

Established Sanwa Facade Laboratory

FY2024

Service sales (consolidated)

¥**88.2** billion

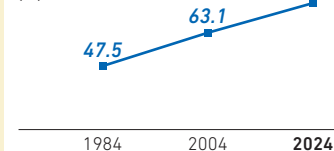
Expanding our lineup in terms of function with disaster preparedness and environmentally friendly products

In response to the increasingly severe natural disasters of recent years, we have released waterproof and wind-resistant products. We are further strengthening our efforts to address climate change risks and are contributing to building a sustainable society.

In Japan, the promotion of our multi-product sales strategy has significantly changed our product mix. It has resulted in an increase in the percentage of non-shutter products, including door products, partitions, entranceways, and our maintenance and service business, has increased.

Non-shutter product ratio (Japan)

(%)



*Percentage of products excluding heavy and lightweight shutters from consolidated Japanese sales

Becoming a global leader of smart entrance solutions with a four-pole structure in Japan, North America, Europe, and Asia

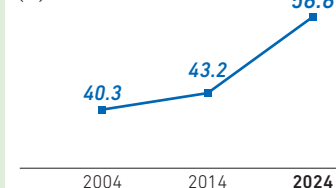
In 2003, we acquired Novoferm Group, a major player in the European market. We diversified in terms of both businesses and geographic areas, growing to become a top global brand.



We expanded our businesses overseas through M&As with a focus on North America, Europe, and Asia. Since fiscal 2022 onward, overseas sales have accounted for more than half of the Group's total sales.

Overseas Sales Ratio by Region

(%)



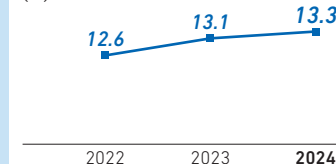
Creating new solutions such as smart products and services using IoT

We are developing new business models by creating novel solutions such as smart products and services using IoT.

With legally-required fire prevention equipment inspections as well as the need for disaster response in Japan plus our acquisitions of European service companies, our service business is currently experiencing significant growth.

Ratio of Service Business Sales (consolidated)

(%)



The Six Capitals Created by Our Competitive Advantages

Financial Capital

Stable financial base

Intellectual Capital

Solutions for social issues

Technology and Manufactured Capital

Robust value chain leveraging digital technology

Social and Relationship Capital

Global network

Human Capital

Global and diverse workforce that implements the PDCA cycle

Natural Capital

Sustainable resource management

Sales of disaster preparedness and climate change response products (consolidated)

¥**213.3** billion

Net sales (consolidated)

¥**662.4** billion

Sources of Value Creation

The six capitals that support the Sanwa Group's management foundation and which are the source of our value creation are financial capital, intellectual capital, technology and manufactured capital, social and relationship capital, human capital, and natural capital. By making maximum use of these capitals, we develop business activities that solve various social issues.

	Financial Capital	Intellectual Capital	Technology and Manufacturing Capital	Social and Relationship Capital	Human Capital	Natural Capital
	Stable financial base ▶ p.22	Solutions for social issues ▶ p.37	Robust value chain leveraging digital technology ▶ p.39	Global network ▶ p.26	Global and diverse workforce that implements the PDCA cycle ▶ p.43	Sustainable resource management ▶ p.41
Main indicators (FY2024)	Total assets ¥534.6 billion ROE 19.0% D/E ratio 0.14 times	R&D expenses (consolidated) ¥7.3 billion Product lineup (Sanwa Shutter Corporation) 15 types, 631 products Installers (Japan) Approx. 3,900	Capital investments ¥15.7 billion IT investments ¥2.3 billion 59 production bases (39 overseas)	Sales distributors in North America Approx. 450 No. 1 market share in each region in 6 fields • Sales network in Japan Approx. 350 locations	Number of employees (consolidated) 13,116 (Percentage of overseas employees: 65.3%) Number of employees who have received training (Sanwa Shutter Corporation) 5,936	Total energy input (Sanwa Shutter Corporation) 320,108 GJ Water intake (Sanwa Shutter Corporation) 110,638 m³ CO ₂ emissions (consolidated) 70,309 t
Strengthening measures	• Increase capital efficiency • Maintain financial soundness • Increase financial capital for new growth	• Quality assurance and enhancement • Research and develop products that solve social issues such as climate change risks	• Improve productivity by increasing production capacity and optimizing the manufacturing network • Improve business processes through digitalization such as ERP	• Build an optimal global supply system • Appropriately understand and reflect diverse stakeholder needs	• Secure and develop human capitals • Create safe and healthy workplaces and promote well-being • Maximize organizational performance by improving engagement	• Improve energy conservation in business processes • Utilize renewable energy
FY2027 targets	SVA ¥46.0 billion ROE 19.0% ROIC 18.5%	Training hours per person per year (Sanwa Shutter Corporation) 38 hours Sales of disaster preparedness and climate change response products (consolidated) ¥230.0 billion	Maintenance and service sales ¥102.0 billion Smart products and services sales ¥16.0 billion	Overseas net sales ratio 53.6% M&A investments (three-year total) ¥50.0 billion	Ratio of female employees (consolidated) 25% or more (FY2030) Ratio of female managers (consolidated) 20% or more (FY2030)	CO ₂ emissions (Scope 1 and 2) reductions (Sanwa Shutter Corporation) 20% reduction from FY2019 levels (FY2027) 30% reduction from FY2019 levels (FY2030) Water usage intensity (plants and offices) (Sanwa Shutter Corporation) 30% reduction from FY2020 levels (FY2030) Water usage intensity (Plants and offices) (Sanwa Shutter Corporation) 60% reduction from FY2020 levels (FY2030)

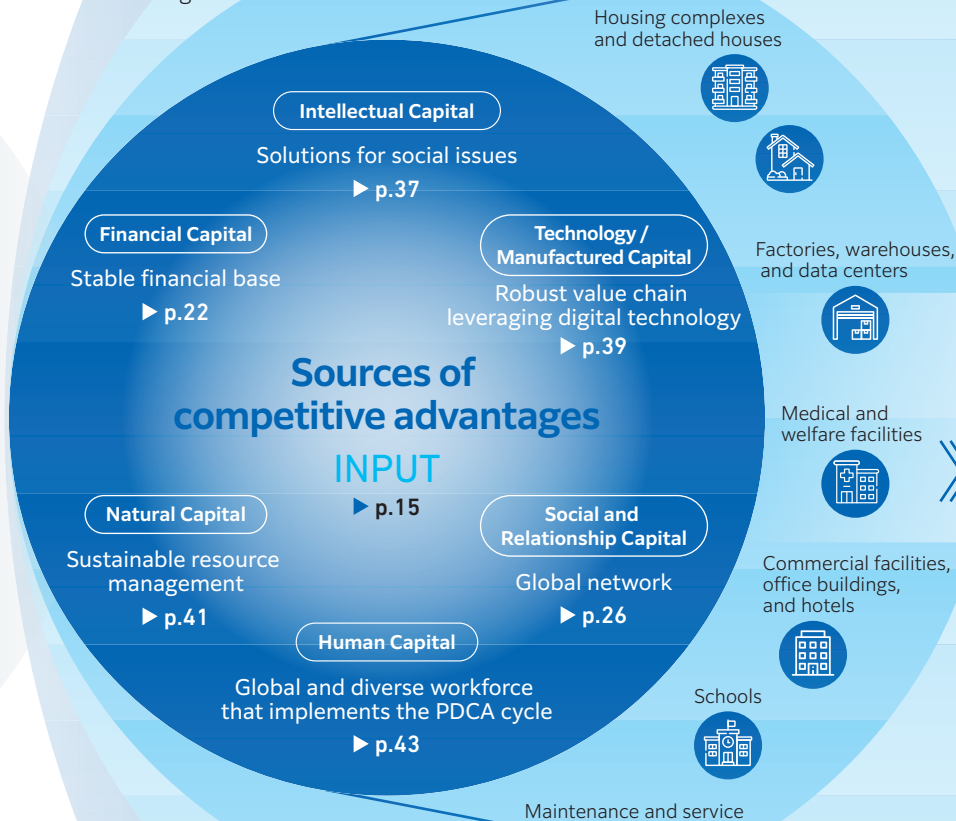
*SVA (Sanwa Value Added) is our proprietary EVA measure.

Sanwa Value Creation Model

The Sanwa Group creates value by working to resolve global social issues, such as climate change, declining workforce populations, and human rights considerations, and contributes to society by providing safety, security and convenience to communities and the daily lives of people around the world. To this end, we will strive to achieve continued growth and sustainable value creation by making full use of our management resources and deepening the strengths we have cultivated since our founding.

Social Issues

Climate change
Declining workforce populations
Due consideration of human rights
Digitalization
Multipolar society
Interest rate policy changes



To Be a Global Leader of Smart Entrance Solutions

Medium-term Management Plan 2027
▶ p.20

Sanwa Global Vision 2030

Management Foundation

Maximizing growth opportunities

Value provided to stakeholders
▶ p.17



Our Mission

The Sanwa Group is committed to offering products and services that provide safety, security, and convenience to further contribute to the prosperity of society.



Minimizing business risks

Value Provided to Stakeholders

The Sanwa Group's business activities are supported by many different stakeholders, including customers, business partners, local community members, shareholders and investors, and employees and their families. We seek to engage in active communication with all our stakeholders, identify problems and issues through the statements and views they provide, and adjust our business activities in turn. We will continue to provide various values through business and social contribution activities leveraging the voices of our stakeholders and society.

	Actions taken by the Sanwa Group	Related indicators (FY2024)	Provided values and effects
Customers 	• 24 hour a day 365 day a year repair service • Responding to climate change and other needs • Network of approximately 350 locations throughout Japan • Building a strong network spanning 28 countries and regions around the world • Promoting smart products and services	• Number of customer inquiries (Sanwa Shutter Corporation) 12,108 • Number of general repair inquiries (Sanwa Shutter Corporation) 133,299	• Realizing a safe, secure, comfortable, and convenient society through our products and services
Business partners 	• Information sharing and mutual learning through Sanwakai, a group consisting of suppliers and factory partner companies • Continue strengthening relationships with ODC distributors in North America	• Distributor network (North America ODC) Approx. 450 companies • Green procurement ratio (Sanwa Shutter's main suppliers) 81.3%	• Improvement of level of QCDE and long-term mutual development *QCDE: An abbreviation for quality, cost, delivery, and environment
Installers 	• Development of installation skills at the Installation Training Center and in each region, and ongoing recruitment and training • Supporting welfare programs and information exchange at regular monthly health and safety meetings • Publication of a biannual magazine for installers	• Installation qualifications (Japan) 19 types, 105 products • Service sales ratio (consolidated) 13.3%	• Improvement of installation quality and enhancement of engagement
Employees  ▶ pp.43-46	• Securing, strategically placing, and developing the capabilities of human capital in connection with regional business strategies • Creating safe and healthy workplaces and promoting well-being • Maximizing organizational performance by improving engagement	• Overseas employee ratio (consolidated) 65.3% • Female employee ratio (consolidated) 20.9%	• Increased engagement through individual and organizational growth • Realization of rewarding and attractive companies to work for
Local communities 	• Disaster preparedness and mitigation initiatives • Environmental conservation activities • Community and social contribution activities	• Sales ratio of disaster preparedness and climate change response products (consolidated) 32.2% • Social contribution expenditure (consolidated) ¥14.50 million	• Contributing to the realization of a sustainable and affluent society as a good corporate citizen
Shareholders and investors 	• Timely and appropriate information disclosure • Dialogue with shareholders and investors, and reflection in management	• Analyst/institutional investor individual meetings 340 • Explanatory sessions for individual investors 1,117 participants in 3 sessions	• Improved transparency of corporate activities • Sustainable growth and enhancement of corporate value

Sanwa Global Vision 2030

The Sanwa Group launched its long-term management vision, Sanwa Global Vision 2030, with the slogan "To be a global leader of smart entrance solutions" in fiscal 2022.

Sanwa Global Vision 2020

Results

- Expansion of core businesses in Japan, North America, and Europe
- Expansion of businesses through M&A
- Significant growth in service business

Challenges

- Strengthening supply capabilities/investment in digitalization
- Strengthening human capital capabilities
- Strengthening growth potential of Asian businesses

Phase 1 Medium-term Management Plan 2024

Establish a foundation toward becoming a global leader in high-performance entrance solutions to meet the changing needs of society due to climate change and digitalization

Net sales	Operating profit	Operating profit ratio
¥580.0 billion Initial target	¥45.0 billion Initial target	7.8% Initial target
¥662.4 billion FY2024 actual	¥80.52 billion FY2024 actual	12.2% FY2024 actual
SVA	ROIC	ROE
¥19.0 billion Initial target	11.5% Initial target	13.5% Initial target
¥41.8 billion FY2024 actual	18.5% FY2024 actual	19.0% FY2024 actual

Phase 2 Medium-term Management Plan 2027

Strengthen and expand a foundation toward becoming a global leader in high-performance entrance solutions to meet the changing needs of society due to climate change and digitalization

Net sales	Operating profit	Operating profit ratio
¥750.0 billion FY2027 target	¥100.0 billion FY2027 target (Before amortization of goodwill)	13.3% FY2027 target (Before amortization of goodwill)
SVA	ROIC	ROE
¥46.0 billion FY2027 target	18.5% FY2027 target	19.0% FY2027 target

Sanwa Global Vision 2030

To be a Global Leader of Smart Entrance Solutions

Become a corporate group valued by all stakeholders, globally providing high-performance entrance solutions to meet the changing needs of society due to climate change and digitalization, with enhanced sustainability management and investing in people.

Sanwa Global Vision 2030 Basic Strategies

- Expand and strengthen core businesses in a four-polar global structure consisting of Japan, North America, Europe, and Asia
- Create customer value through products for disaster preparedness and climate change response, as well as smart products and services
- Increase productivity through digitalization and manufacturing innovation
- Strengthen core businesses and expand into new business areas through M&A
- Become a corporate group valued globally with enhanced sustainability management

	Materiality	Manufacturing	Environment	People	The Group's Management Foundation
Net sales (Billions of yen)	2022 588.2	2023 611.1	2024 662.4	2025 654.0 (Forecast)	2027 750.0 (Target)
					2030

Looking Back on Medium-term Management Plan 2024

We introduce the key factors behind the results and challenges regarding the numerical targets and basic strategies of the Medium-term Management Plan 2024.

		Medium-term Management Plan 2024			Growth
		FY2021	Targets	FY2024	vs. FY2021
Net sales	JPY bn	469.0	580.0	662.4	+193.4 (12.2% CAGR)
Operating profit	JPY bn	35.49	45.00	80.52	+45.03 (31.4% CAGR)
Operating profit ratio	%	7.6	7.8	12.2	+4.6
ROIC*1	%	10.0*2	11.5*2	18.5	+8.5
ROE	%	12.0	13.5	19.0	+7.0

*1 ROIC: Return on invested capital = NOPAT (net operating profit after tax) / Invested capital x 100
The invested capital used in ROIC had been calculated as "Shareholders' equity + Interest-bearing debt - (Cash and cash equivalents + Investment securities)." From the new Medium-term Management Plan onward, it will be calculated as "Shareholders' equity + Interest-bearing debt"

*2 ROIC calculated by the conventional method is as follows:
FY2021 15.9 Medium-term Management Plan 2024 Target 17.5

Basic Strategy Main Achievements and Challenges

1 Expand and strengthen core businesses (shutters, doors & service) in Japan, North America, and Europe

Although market share expansion of strategic products and M&As were not executed as well as expected, costs were shifted onto selling prices in all sectors and the service business expanded steadily.

2 Strengthen a basis for growth of Asian businesses

Profitability was established, but the challenge remained to improve management and profit in the East China and Vietnam businesses

3 Expand product for disaster preparedness and climate change response and enhance smart products and services

We were able to launch a series of new products aligned with themes such as disaster preparedness and climate change response as well as smart products and services. We will continue to expand our lineup of such products further.

4 Increase productivity through digitalization and manufacturing innovation

Investments to improve productivity generally proceeded as planned, but we must make further investments and demonstrate results in these areas.

5 Enhance sustainability management

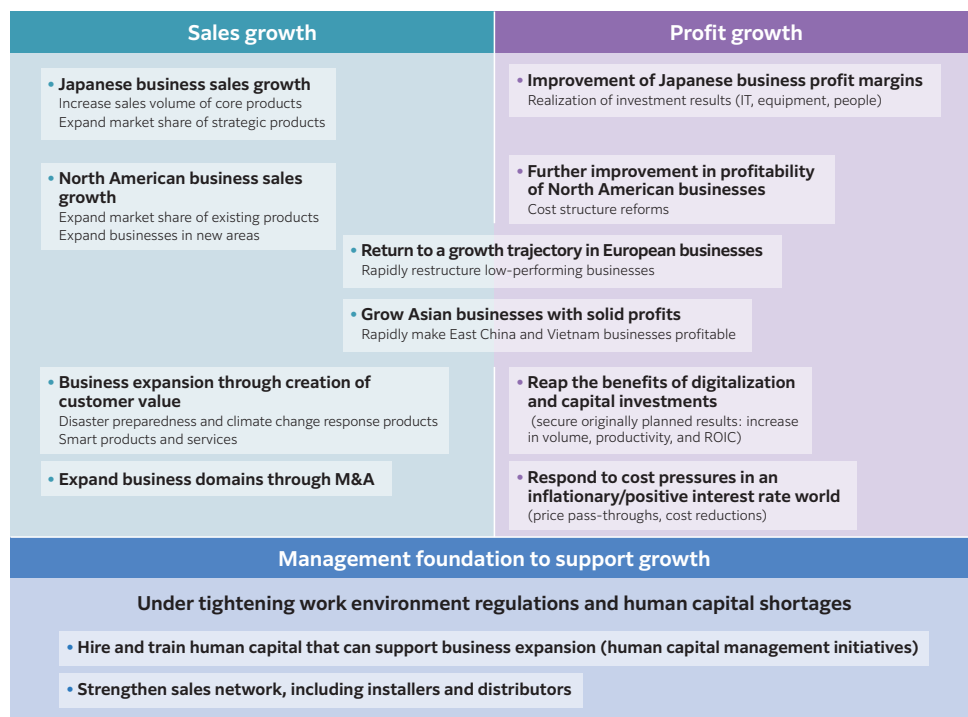
We made steady progress with regard to environmental measures and the implementation of human rights due diligence, and various external evaluations of our efforts have also improved. We will continue to work on measures, secure and develop human capital, and promote human capital management.

Main results	Main challenges
- Price pass-throughs - Steady expansion of service business	- Increase sales volume of core products and expand market share of strategic products - Execution of M&A
Establishment of profitability in the Asian businesses as a whole	Improve management in eastern China and Vietnam businesses and realize profitable growth
- New launches for disaster preparedness and climate change response products - Building services using IoT	Expand sales to product lines that drive the Sanwa Group
- Promote digitalization of operation process - Capital investment to expand production capacity	Realize investment effects results that lead to increased productivity
- Progress on environmental measures and improvement of external evaluations - Establishment of human rights policy and implementation of human rights due diligence	- Hire and train human capital that can support business expansion - Create a pleasant work environment and promote health management

Medium-term Management Plan 2027

Basic approach

Based on the results and challenges of the Medium-term Management Plan 2024 (FY2022-FY2024), the Medium-term Management Plan 2027 aims to strengthen and expand the foundation for becoming a global leader of smart entrance as stated in our long-term management vision, Sanwa Global Vision 2030. We have made no major changes in the five basic strategies, serving as specific initiatives, from the previous Medium-term Management Plan 2024. We will accelerate each of these initiatives in line with Vision 2030.



Key Figures and Percentages

Net sales	Operating profit	Operating profit ratio
¥750.0 billion	¥100.0 billion (Before amortization of goodwill)	13.3% (Before amortization of goodwill)
SVA	ROIC	ROE
¥46.0 billion	18.5%	19.0%

Basic Strategy 1 Strengthen and expand core businesses in Japan, North America, and Europe

We will continue to strengthen core and strategic products and increase market share in Japan, North America, and Europe, while striving to expand our service business in each region. In the Medium-term Management Plan 2027, we are planning on engaging in 50 billion yen worth of M&As to expand our businesses in peripheral areas. We also intend to improve profitability through cost reductions and productivity improvements.

FY2027 targets

Service business net sales

¥102.0 billion

M&A investment

¥50.0 billion

(1) Strengthen core products and strategic products

- Strengthen customer and channel strategies
- Improve solutions proposal capabilities
- Strengthen operations through digitalization

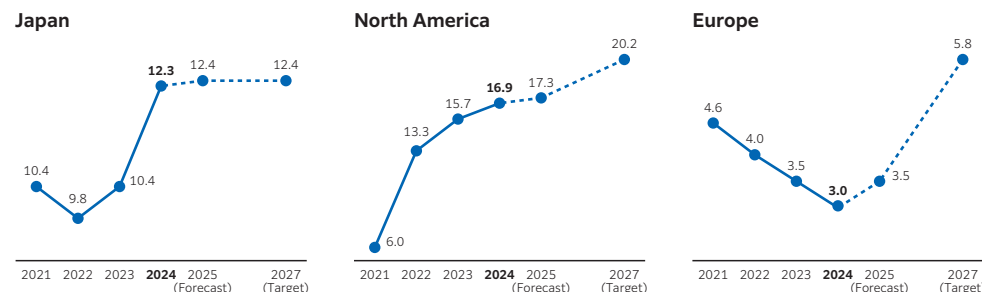
(2) Expand service business

- Establish recurring business model
- Expand IoT services
- Strengthen operations through digitalization

(3) M&A with peripheral domains

- Japan: Expand product diversification
- North America: Expand business domains
- Europe: Expand industrial doors and service businesses

Changes in operating profit ratios (%)



Basic Strategy 2 Grow Asian businesses with solid profits

The challenges are to get the East China business back on track and to improve the management of the Vietnam business. We will pursue synergies among our Asian companies and improve the efficiency of manufacturing and management systems in order to achieve stable profitability and increase earnings. In fiscal 2027, we are targeting net sales of 19.6 billion yen and operating profit of 1.25 billion yen.

East China

Strengthen sales and manufacturing efforts to get management on the right track

Hong Kong

Improve efficiency of manufacturing and management systems

Taiwan

Expand channels and products

ASEAN

Improve management in Vietnam business
Pursue product supply synergies

FY2027 targets

Net sales
¥19.6 billion

Operating profit
¥1.25 billion

Towards stable profitability and revenue growth

Basic Strategy 3 Expand business through disaster preparedness products, climate change response products, and smart products and services

Continuing from the previous Medium-term Management Plan 2024, we will accelerate the development and expansion of sales of products and services that contribute to disaster preparedness as well as climate change mitigation and adaptation, aiming for sustainable growth by solving social issues and improving profitability. In addition, we will provide new solutions such as IoT-based products and smart services combined with maintenance.

FY2027 targets

Sales of disaster preparedness and climate change response products
¥230.0 billion

Sales of smart products and services
¥16.0 billion

Focus Areas and Key Products

Climate change mitigation products



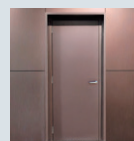
Re-carbo series Heat Insulation Quick Saver TR
(Sanwa Shutter Corporation)

Climate change adaptation products



Water Guard Waterproof Shutter
(Sanwa Shutter Corporation)

Disaster preparedness products



Shikunetsu Guard heat shielding door
(Sanwa Shutter Corporation)

IoT products



Garage door operating system Homematic IP Smart Home System (NF Group)

Basic Strategy 4 Increase productivity and expand production capacity through digitalization and manufacturing innovation

Over the three years of the Medium-term Management Plan 2027, we are planning on engaging in 50 billion yen worth of capital and IT/digital investments. In Japan, North America, and Europe, we will improve productivity by increasing production capacity and optimizing manufacturing networks, and promote digitalization through business processes and the introduction ERP.

Capital investments
¥40.0 billion

IT/digital investments
¥10.0 billion

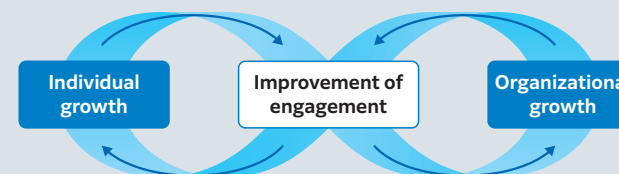
- Japan › Internal expansion of steel doors and toilet booths
- North America › Factory optimization and production automation
- Europe › Production automation of Industrial doors

- Japan › Digitalization of customer management and manufacturing processes
- North America › Completion of ERP implementation
- Europe › Digitalization of manufacturing and service processes

Basic Strategy 5 Enhance sustainability management and human capital management

We will continue to promote initiatives under the themes of Manufacturing, Environment, People, and the Group's Management Foundation. We will place particular emphasis on the promotion of human capital management and strengthen our People-oriented initiatives. Through a cycle of individual and organizational growth, we will aim to increase engagement and become a more rewarding and attractive company to work for, and will implement the three measures presented below.

Increasing engagement through individual and organizational growth, become a rewarding and attractive company to work for



1 Securing talent and strategically placing and developing personnel linked to regional business strategies

Human capital development tied to growth strategies
Raising the level of digital and other skills and developing specialized human capital

2 Creating safe and healthy workplaces and promoting well-being

Active participation of diverse human capital
Development of a pleasant work environment
Promotion of health management

3 Maximizing organizational performance through improved engagement

Shared mission and management philosophy
Review of compensation system
Revitalization of internal communication
Improvement of motivation to contribute

We will continue to grow by balancing financial stability and capital efficiency with optimal fund allocation.

Hiroyuki Yamazaki

Director, Senior Managing Executive Officer,
Responsible for Corporate Planning Unit

Reviewing the Medium-Term Management Plan 2024

A variety of changes took place on the economic front during the previous Medium-term Management Plan period, spanning fiscal 2022 to fiscal 2024. The economy recovered following the COVID-19 pandemic, but at the same time, there were interest rate hikes, currency fluctuations, inflation, and wage increases. On the political front, in addition to geopolitical risks related to China, Russia, Ukraine, and the Middle East, there were many opaque elements, such as policy trends by the new U.S. administration.

Even under such circumstances, the Sanwa Group was able to achieve record highs for the third consecutive year and all indicators far exceeded initial targets, with our businesses in Japan and North America leading the way. We exceeded our goals for all capital efficiency indicators—such as SVA, ROIC, and ROE—and were also able to implement shareholder returns higher than planned.

In Japan, in response to soaring raw material prices and other cost increases, we were able to broadly shift such costs onto selling prices, and the service business also expanded steadily. Amid a shortage of labor across the market as a whole, we feel that our cost-intensive recruitment efforts over the past five to six years have paid off, and we were able to increase

Results and outlook for various indicators

	FY2023 actual	FY2024 actual	Mid-Term Plan 2024 (ref.)	FY2025 forecast	FY2027 targets
Net sales (billions of yen)	611.1	662.4	580.0	654.0	750.0
Operating profit (billions of yen)	65.36	80.52	45.0	81.0	95.0
Operating profit ratio	10.7%	12.2%	7.8%	12.4%	12.7%
SVA* ¹ (billions of yen)	32.2	41.8	19.0	39.5	46.0
ROIC* ²	16.1%	18.5%	11.5%	17.5%	18.5%
ROE	16.5%	19.0%	13.5%	18.0%	19.0%

*1 SVA: Our unique indicator of added value.

SVA=Net operating profit after tax (NOPAT) – invested capital × WACC.

The invested capital used in the Company's SVA has been calculated by subtracting cash and cash equivalents and investment securities from shareholders' equity and interest-bearing debt.

The weighted average cost of capital (WACC) has been revised from 6% to 7% based on the fiscal year 2025 forecast.

2 ROIC :Return on invested capital = Net operating profit after tax (NOPAT) ÷ invested capital × 100 (%).

The invested capital used in the Company's ROIC is calculated using Shareholders' equity + Interest-bearing debt.

* We are aiming for a cost of shareholders' equity of 8% and the effective tax rate at 33%.

* The exchange rates for fiscal year 2025 are calculated at 140 yen per dollar and 160 yen per euro.

Financial Strategies

revenues beyond our initial expectations.

We were able to achieve results that far exceeded our plans in North America, as well. We steadily implemented cost reductions and efforts to curb declines in selling prices, resulting in operating profit of 41.5 billion yen in the final year of the plan. This figure is 3.1 times the previous Medium-term Management Plan goal of 13.5 billion yen.

On the other hand, sales in Europe, where market conditions were severe, fell short of the plan. In Asia, we engaged in capital investments before the start of the previous Medium-term Management Plan in order to further expand business operations in the region, but both net sales and profits failed to reach those planned.

Although the Group as a whole was able to achieve quantitative indicators, the execution of M&As and the securing and development of human resources remain issues for the future. Our initiatives concerning disaster preparedness, climate change response, IoT, and AI are progressing as planned, but require further acceleration. In terms of capital efficiency, ROE and ROIC were 19.0% and 18.5%, respectively, and the annual dividend was 106 yen per share. During the Medium-term Management Plan period, dividends paid amounted to 52.8 billion yen and share buybacks totaled 25 billion yen, bringing the total return ratio to over 50%. The stock price was 4,769 yen at the end of fiscal 2024, up 78% from the end of the previous year, and the price-to-earnings ratio (PER) and price-to-book ratio (PBR) increased to 18.0x and 3.2 x, respectively.

Capital Policy in the Medium-Term Management Plan 2027

The foundation of our future capital policy going forward will be to emphasize a balance between financial stability and capital efficiency. We will aim to increase corporate value over the medium to long term through management that is conscious of the cost of capital and stock price by optimally allocating funds to investment for sustainable growth and shareholder returns.

Under Medium-term Management Plan 2027, we will target net sales of 750 billion yen and operating profit of 100 billion yen.* We will also aim to achieve an operating profit ratio of 13.3%,* which is even higher than the current level, and to maintain the current levels of ROE and ROIC while working toward further improvement.

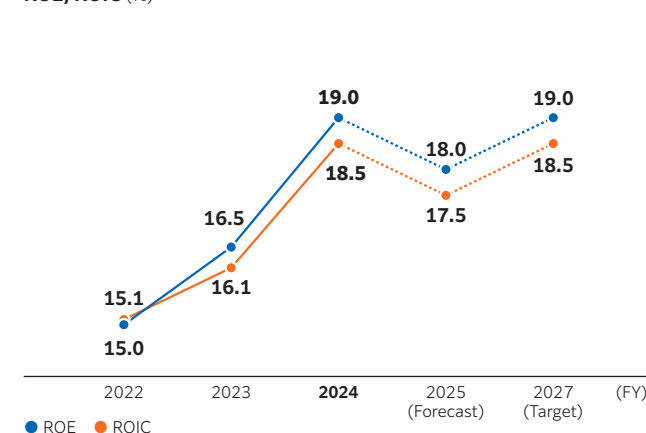
We will also continue to emphasize SVA, our proprietary indicator introduced in fiscal 2001, and focus on improving capital efficiency on an ongoing basis. Over the past 10 years, we have been able to improve SVA significantly, from 8.1 billion yen to 41.8 billion yen. Under the new Medium-term Management Plan, we are targeting SVA of 46 billion yen.

In Japan, we intend to expand our product lineup and achieve steady and stable growth. As mentioned earlier, we have spent a large amount of money over the past few years strengthening our recruiting, but even so, we have been experiencing a noticeable shortage of human resources. The situation requires further strengthening of recruitment during the new Medium-term Management Plan period.

In North America, profitability improved significantly during the previous Medium-term Management Plan period. The main reason for this was the balance between supply and demand throughout the market, which allowed prices to remain at high levels. In fact, our competitors also performed excellently across the board. While at first glance it appears that we achieved sufficient growth, we believe there is still much room for improving profitability. As for market conditions, interest rates are expected to fall, although there will be fluctuations depending on the time of year, and residential investment as well as industrial investment, such as in factories, should expand. In terms of a target, we are aiming for an operating profit ratio of at least 20%.

We expect that with regard to market conditions in Europe, fiscal 2024 will have been the most difficult year and conditions will begin to recover going forward. Looking at the situation by country, the United Kingdom has already begun to recover, and Germany is also showing signs of bottoming out by the end of the year. Given this environment, we will work to restore sales volume and return to the operating profit ratio level that we had reached in Europe prior to the COVID-19 pandemic. Currently,

ROE, ROIC (%)



we are working on improving production efficiency, promoting digitalization, strengthening and optimizing our sales structure, and reinforcing our human resources.

In Asia, although Hong Kong and Taiwan performed well, overall market share is low, and currently performance is struggling and profitability is low. Going forward, we intend to strengthen local management with the aim of achieving stable profitability. We also believe that production efficiency and sales systems need to be further strengthened.

Thus, our businesses in Japan and North America are currently performing well, while Europe and Asia are less profitable. However, we do not intend to downsize our businesses in Europe and Asia or withdraw from these regions just because profitability is low. When taking the long view in terms of the next decade, the economic situation in each region will likely change dramatically. It is quite possible that, although our businesses in Japan and North America are doing quite well now, we will face difficulties in these regions in the future, and that our businesses in Europe and Asia will flourish and take their place. Therefore, we have determined that continuing our four-pole structure is essential to our sustainable growth.

* Before amortization of goodwill

Cash Allocation and Shareholder Returns

During the new Medium-term Management Plan period, we also intend to actively engage in M&As. M&A investment in the previous Medium-term Management Plan was only 1.8 billion yen, and we perceived this as a major challenge for the next plan. In the new Medium-term Management Plan, we will allocate 50 billion yen to M&A investments.

In each region, we are considering investment opportunities of all sizes and will move aggressively when we find good options. Our objectives are different for each region. In Japan, the main focus will be to expand our product lineup, in North America to expand our business domains, and in Europe to expand the industrial door and service businesses. While there is

still room to strengthen core businesses in Europe, in North America we have gained sufficient market share, and we see room for M&As in peripheral areas such as IoT and automation.

In addition, we are planning on 40 billion yen in capital investments and 10 billion yen in IT and digital investments, and will aggressively invest in expanding manufacturing capacity as well as improving productivity through digitalization. Along with investing in production processes, we have distributed tablets to installation workers and incorporated EDI into installation work to greatly improve operational efficiency, and are considering further digitalization of peripheral operations.

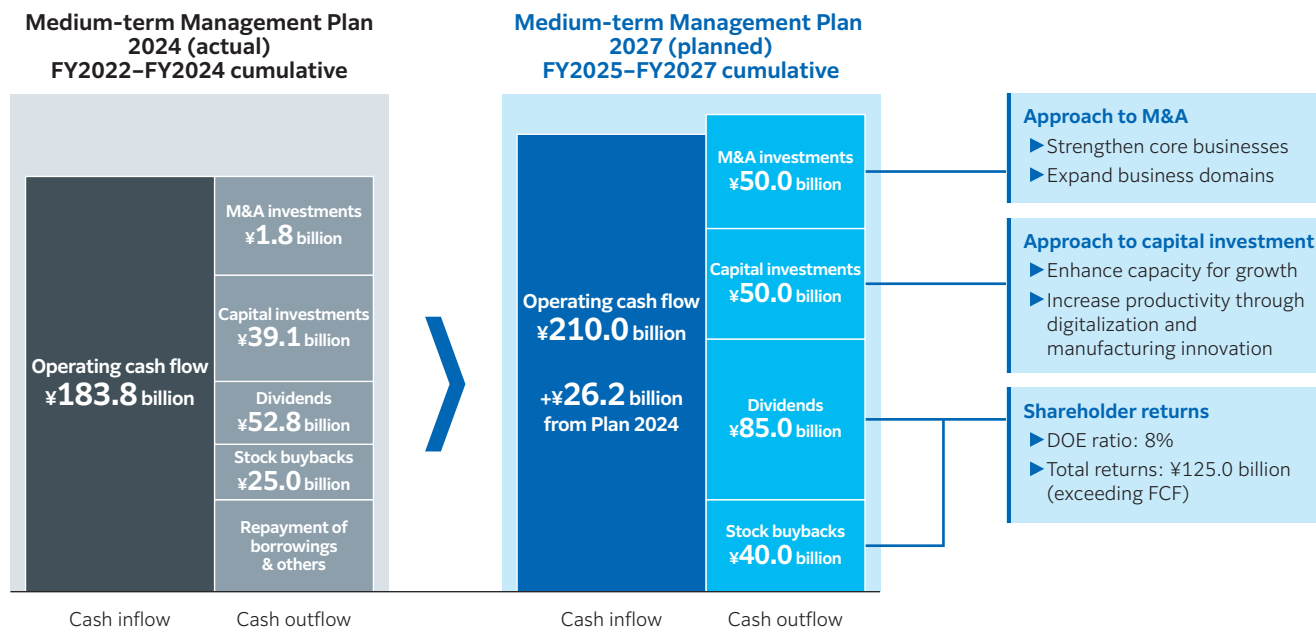
The change in our dividend policy is one of the major points of the new Medium-term Management Plan. Previously, we aimed for a dividend payout ratio of 40%, but in order to raise the dividend level and provide a more stable dividend, we are

now targeting a dividend on equity (DOE) ratio of 8% as our guideline. This is equivalent to a payout ratio of 45%, based on an ROE of 18% or more.

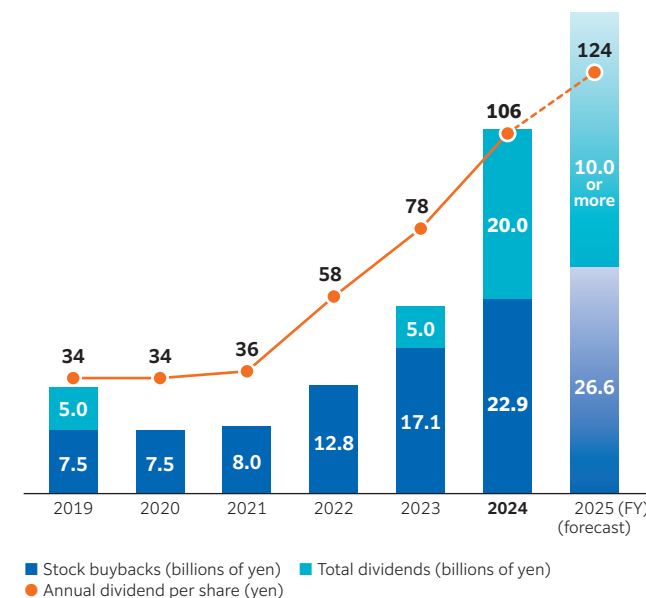
Based on the profit forecast in the new Medium-term Management Plan, cash flow will increase from the previous Medium-term Management Plan. We will invest 100 billion yen in M&As and capital investments, and are forecasting 110 billion yen in free cash flow, while we plan to return 125 billion yen to shareholders, which is more than free cash flow. If we do not reach our targets for capital and M&A investments, we will take into account overall balance and be flexible in our response, such as considering more shareholder returns.

In addition, to ensure management soundness, we have established a new guideline for the balance of cash on hand of 1.5 to 2 months of monthly sales. We believe this is a level at

Allocation of Cash Flow

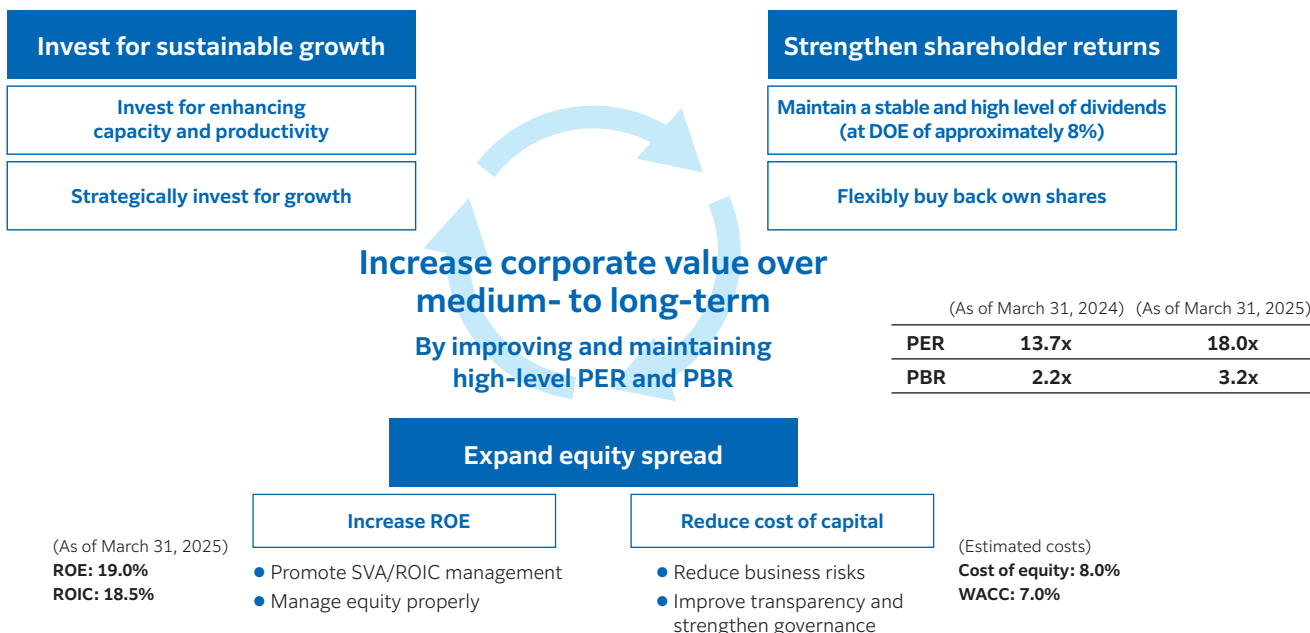


Total Dividends, Stock Buybacks, and Dividends per Share



Enhancing Corporate Value through Management Conscious of Cost of Capital

Increase our corporate value over medium- to long-term through the expansion of equity spread, as well as by optimally allocating funds to investments for sustainable growth and shareholder returns



which we can handle a certain degree of financial risk without problems.

Future Outlook

Going forward, we aim to increase corporate value over the medium to long term through the optimal allocation of funds between investment for sustainable growth and shareholder

returns, as well as through the expansion of equity spread. In order to increase equity spread, we will maintain PER and PBR at high levels and further improve them by promoting ROIC management and SVA management through appropriate equity management and by strengthening governance by reducing business risks and improving transparency. As of the present time, our shareholders approve of our overall performance and shareholder returns, and as a result, our share price, PER, and PBR are generally rising steadily.

In the longer term, we believe that there are unlimited



business areas in which we can expand by leveraging our core competencies. For example, there are still many “blank spots” around the world where we have not yet made inroads, such as South America, Australia, Eastern Europe, and Africa. I mentioned our current four-pole structure above, but in the future, other regions may become pillars for the Group. In addition, given that the global environment will continue to change and technology, such as IoT, will continue to evolve, even from the perspective of product fields, as well, there is still much room for expansion. We intend to explore a variety of possibilities to achieve sustainable growth.

And as a top priority to strengthen our core competencies, we will also focus on securing and developing human resources. Although the construction industry as a whole is a little behind the curve in its human capital management efforts, we would like to actively promote this initiative.

We of course manufacture shutters and doors, but we set an even higher value on installation and after-sales maintenance. It is people who properly install and set up our products, and when a problem occurs, people who rush to respond. In other words, we are involved in a people industry, not an equipment industry, and human resources are of paramount importance to us. We will continue to maintain a keen awareness of this, and continue to invest in our human capital.

The Sanwa Group's Global Strategies

With an eye on the Group's long-term development, we will further expand our overseas network.

Toshiaki Doba

Director, Senior Managing
Executive Officer,
Global Business Unit

American axis, with our most recent ratio of overseas sales growing to 57%. Looking back now, I believe that targeting Europe and North America with M&As was the right decision—exceedingly so. Regulations and preferences differ by region in our industry, requiring us to manufacture and sell products that meet the demands of the individual markets. M&As are an important means of developing business in a way that fulfills these exigencies, and we will continue seeking to acquire companies with a strong local business base.

In pursuing global expansion through M&As, the approach of sending someone down from the parent company to be responsible for and manage the business directly is not one that is feasible for us in terms of either resources or speed of decision making. That is why we promote a policy of “management localization” in which the parent company directs policies and management decisions but leaves the execution up to local management.

When we add companies to the Group through M&As, we also try to preserve as much of the good parts of their culture as possible. This is another important point in our management localization approach. In our business management, we have always placed great importance on building close relationships between the Head Office and local business companies through dialogue. Such dialogue cannot be established without ensuring that both sides are on the same level in terms of their understanding of the business, nor without frank communication. It is my belief that when you are able to build a good relationship by respecting each other's cultural differences and views, it automatically makes future goals clear and enables you to work together toward them.

The market environment for our operations in Asia differs from those of Europe and North America, and we have established our

own local subsidiaries to develop our businesses there. The reason for this difference in strategy is that unlike Europe and North America, whose markets are led by large manufacturers, due to the different products required, the Asian market is made up of many small and medium-sized players. At the present time in Asia, we are pursuing a policy of nurturing and growing foundational businesses. However, as we grow in the future, we intend to engage in management localization here as well.

In Asia, we are currently focusing particularly on our East China operations. The Changshu Plant, equipped with the most advanced manufacturing automation facilities in our Group, began full-scale operations in fiscal 2023, and our top priority at the moment is to get manufacturing and orders at this plant on track.

Future Direction

We intend to continue to actively pursue expansion overseas, but our aims will vary from region to region.

First, in North America, we are already in first or second place in terms of the scale of sales, and our businesses cover almost the entire region. Therefore, rather than further expanding the scale of existing businesses, our main theme will be to expand into peripheral business areas that will see synergies with the businesses we are already operating.

On the other hand, there are still some areas in Europe that our Group has not yet achieved coverage of. Accordingly, our main aim in Europe will be to expand market coverage as well as the service business that we are developing directly.

In Asia, we will concentrate on our existing businesses and, unlike as we have done in North America and Europe, will not

The Sanwa Group's Global Expansion

The Sanwa Group's global operations are conducted in North America, Europe, and Asia. Our first major international milestone was an M&A conducted in the United States in 1996. The acquisition of Overhead Door, a company with nearly \$600 million in sales, was a major starting point for our global expansion. Since adding the Novoferm Group of Germany in 2003, we have grown our international operations around this European-North

The Sanwa Group's Global Strategies

engage in the aggressive pursuit of M&As. We did, however, acquire AUB Limited in 2022, a Hong Kong-based company that handles European-made automatic and industrial doors. The company has successfully developed its business in the Hong Kong market by capturing the need for high-end European-made products. As this illustrates, if we find a company that pinpoints the qualities we seek in a businesses, we will work to acquire it.

Strengthening Our Global Management Foundation

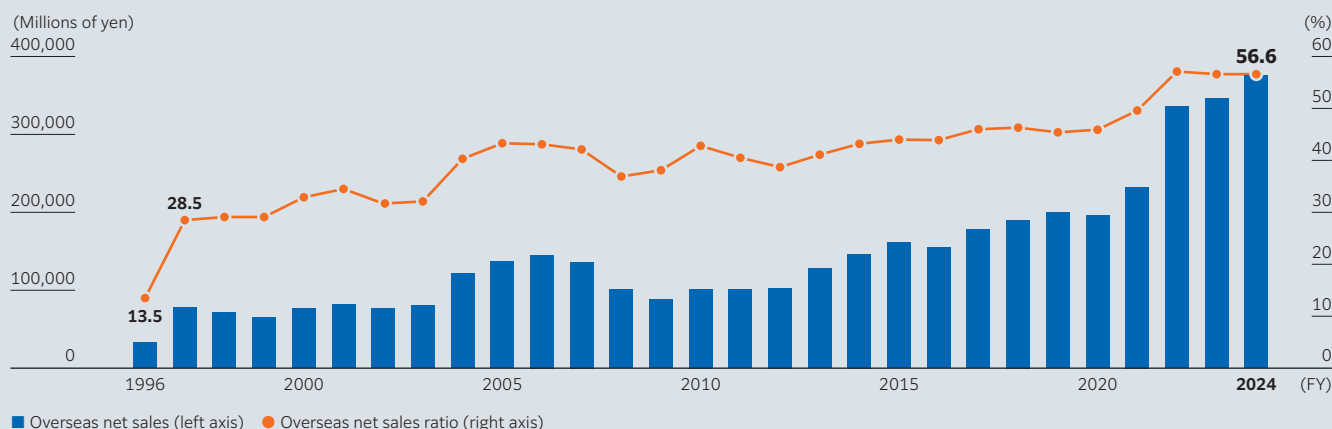
We will also work to strengthen our management foundation. We see strengthening our human capital and promoting manufacturing reforms as particular areas of focus.

One example of our efforts to strengthen human capital is our overseas training program. The purpose of this program is to exchange human capital between domestic and overseas Group companies. Domestic employees are seconded to an overseas Group company as trainees for one year. As a global enterprise, it

is difficult for an employee in our Group to learn everything there is to know from domestic experience alone. Experiencing a wide range of career paths can lead to significant growth, and employees can use this experience to take on new career challenges. In addition, our businesses in Asia require personnel who can be entrusted with the management and finance responsibilities of local subsidiaries. In addition to recruiting people with the necessary experience and skills for these positions from outside the Group, we are also putting effort into developing them internally.

As for manufacturing reforms, one example is our digitalization of manufacturing sites in various regions. The digitalization of manufacturing data makes it possible to get a clear status of what is going on in what previously worked like a black box. This makes it possible to optimize said manufacturing processes, which in turn can tie not only into cost improvements and pricing policy but also shortening delivery times and controlling and improving quality. We believe that pricing policy is one of the key elements in a manufacturer's management strategy, and we see manufacturing reform as a major driver directly related to this.

Overseas Net Sales and Sales Ratio Over Time



* For fiscal 1996, the results reflect only the six-month period from July to December due to the acquisition of ODC shares in June.

To Our Stakeholders

Our global strategies are by no means aimed solely at short-term improvements in profit efficiency. As a manufacturer that roots itself in the localities where it does business, it is also important that we maintain a long-term perspective and continue to make necessary investments. We intend to maintain this balance while steadily working to further expand our Group network.

In recent years, our performance has been marked by strong growth in sales and a much higher profit ratio in North America. Meanwhile, our businesses in Europe are at a standstill in terms of both sales and profit ratio. Looking at these results alone, one might think that we should just concentrate on investing in North America. Overreliance on a single region poses risks, however. To avoid this, it is essential that we assess the long-term potential of each market and invest appropriately in multiple regions.

In the new Medium-term Management Plan 2027, we plan to invest 50 billion yen in M&As. The reason for such a large amount is that, as discussed above, we see great potential for global expansion through M&As. While it is also important to increase immediate profits, the value of expanding the Group's network is even greater, and we believe that there are still many areas where we can do this. We will continue to work aggressively to further expand our overseas network.

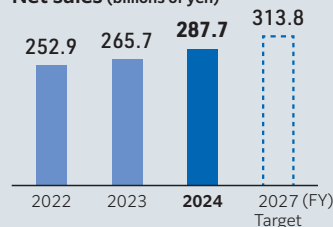


The Sanwa Group's Global Strategies Overview by Region

FY2024
Net sales
(consolidated)
¥662.4 billion

Japan

Net sales (billions of yen)



Strengths

- Top share in Japan, including shutters, overhead doors, and steel doors
- Seamlessly integrated business model from development to sales, design, production, installation and after-sales service
- Nationwide sales network comprising around 350 locations (divisions) and more than 3,900 installers
- Social contributions through climate change response and disaster preparedness-related products
- Maintenance of social infrastructure through maintenance and service business

Opportunities

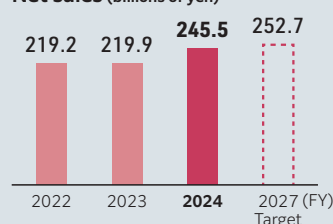
- Increasing needs for disaster preparedness, climate change response, and installation labor reduction
- Increased demand for maintenance and service due to stricter safety regulations
- Expansion of the smart home and IoT markets
- Cost reductions and productivity improvement through digitalization and manufacturing innovations

Risks

- Sudden price hikes for steel or other auxiliary materials, as well as rising energy and labor costs
- The aging of production facilities, a decrease in the number of manufacturing personnel, decline in manufacturing technology
- Decline in competitiveness due to delays in advanced technology development and its application to services, and insufficient product improvements
- Delays in installation and start of installation, longer installation periods due to labor shortages
- U.S. tariff policy

North America

Net sales (billions of yen)



Strengths

- Highly experienced and customer-oriented personnel
- Strong market share in key products enhanced by "smart" technology
- Extensive sales channels (distributors, dealers, branch network, builders, large retailers, e-commerce)
- "Total solutions provider" enabled by the industry's broadest product offering
- Efficient manufacturing network supported by modern technology

Opportunities

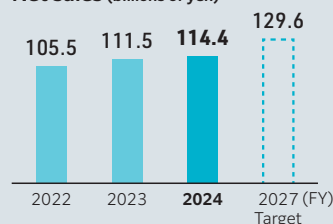
- Expand distribution by adding major customers and growing our branch network
- Capitalize on operator open connectivity with partners for home automation, cameras, alarms, etc.
- Demand for products with specialty finishes that can be liquid and powder coated
- Cost improvements through manufacturing and assembly automation

Risks

- Trade policy uncertainty, supply chain disruptions
- Mortgage rates and building material costs causing slowdown in housing market
- Slowdown in non-residential construction
- Economic recession
- Acceleration of inflation in the U.S. due to U.S. tariff policies

Europe

Net sales (billions of yen)



Strengths

- Wide range of innovative products tailored to customer needs
- Strong market position in the most important markets in various segments
- Digitalization of processes such as orders and customer support
- Europe-wide service network
- Experienced and talented employees
- Specialized R&D and production sites

Opportunities

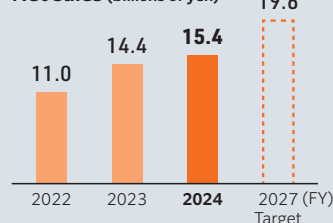
- Major government investment projects in infrastructure and defense in key European markets
- Cross-selling using the Group's product lineup
- Regional expansion potential in Eastern Europe
- Further specialization and digitalization of sales and services

Risks

- Continuing uncertainty due to the conflict in Ukraine
- Sharply rising in national debts
- Still weak construction demand due to uncertainty in major markets and interest rates
- Higher energy costs and material prices due to soaring energy prices
- Uncertainty about the impact of U.S. tariff policies

Asia

Net sales (billions of yen)



Strengths

- Stable supply and quality through integrated production and sales system
- Maintenance and service system unmatched by other companies
- Sales advantage to customers in ASEAN region by leveraging foreign brands
- Sales advantage to Japanese companies by utilizing Sanwa Shutter Corporation products

Opportunities

- Medium- to long-term market expansion due to economic growth
- Active public works investment to resolve infrastructure deficiencies
- Demand for conversion from wood to steel for exterior doors
- Absence of market leaders

Risks

- Unexpected disadvantages due to differences in national laws, regulations, and policies, etc.
- Rapid cost structure changes due to high rate of increase in labor costs
- Geopolitical risks (e.g. U.S.-China relations, rise of Myanmar military rule), U.S. tariff policies, etc.

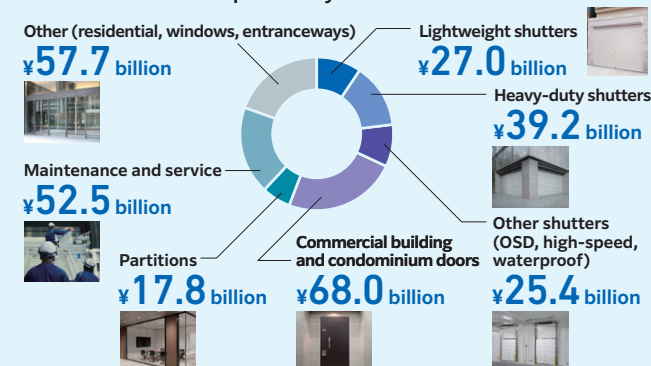
We will pursue even greater profitability by capturing market trends and changing needs, and overcoming challenges.



Meiji Takayama
Representative Director and President,
Sanwa Shutter Corporation



FY2024 Net Sales Composition by Product



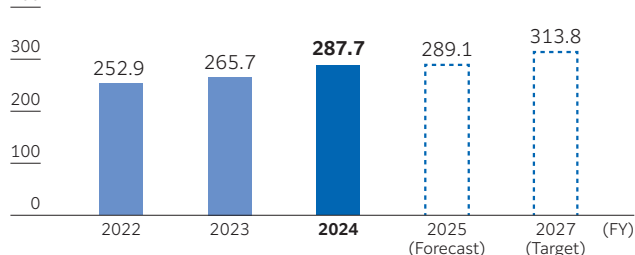
Reviewing the Medium-Term Management Plan, 2024

During the three years of the Medium-term Management Plan 2024, we were effectively able to take cost increases caused by soaring materials prices, distribution costs, installation costs, and labor costs and shift them onto selling prices. We also observed steady progression in market penetration, and the maintenance and service business continued to grow. As a result, our operating profit ratio increased dramatically from 9.8% in fiscal 2022, the first year of the Plan, to 12.3%.

At the same time, increasing the volume of core products and expanding the market share of strategic products remained an important issue. In addition, we recognize the need to continue our efforts to secure and develop human capital to support sustainable business growth.

Net Sales

(Billions of yen)



Market Environment

Looking at the construction industry as a whole, the workforce continues to age and a chronic shortage of labor remains an issue.

With regard to large-scale redevelopment projects, construction has been postponed or plans revised one after another due to soaring construction costs and the serious labor shortage. As a result, the peak of property completions is expected to be pushed back from the original schedule of fiscal 2028 to fiscal 2029.

On the other hand, the situation with small and medium-sized projects such as factories and shops remains favorable, and we continue to secure stable demand in the maintenance and service sector. In addition, inquiries concerning window shutters are increasing against the backdrop of heightened security awareness, and demand for products for climate change response is also growing due to increased interest in environmental issues.

While we estimate that the construction market will generally continue to see strong demand over the medium to long term, it

is necessary that we pay closer attention to various changes in the environment.

Strategies of the New Medium-Term Management Plan

Under Medium-term Management Plan 2027, we will work toward further growth by expanding our business domains through such means as the strengthening of core businesses, a lingering issue from the previous Plan.

To strengthen our core business, we will promote strategic customer development based on data on sales expansion potential. In addition, we will aim to make the partition business a core business and increase its scale through the expansion of production bases for toilet booths and the reinforcement of the steel partition business.

With an eye to expanding our business domains through the development of high value-added products and new sales channels, we will achieve both social contribution and business growth by expanding our lineup of disaster preparedness, climate change Mitigation/adaptation products, and by establishing circular businesses through our service business. We will also actively promote the development of markets for IoT and smart products to improve safety, security, and convenience. We will further work to expand the scope of peripheral businesses by strengthening cooperation with domestic Group companies.

Along with these measures, it will be our policy to continue upskilling each employee and reforming operations through the use of digital technology to pursue profitability and efficiency.

Operating Profit / Operating Profit Ratio

	2022	2023	2024	2025 (Forecast)	2027 (Target)
Operating Profit (Billions of yen)	24.71	27.73	35.44	35.94	39.0
Operating Profit Ratio (%)	9.8	10.4	12.3	12.4	12.4

Exceeding Expectations: ODC's 2024 Successes and the Strategic Outlook Ahead

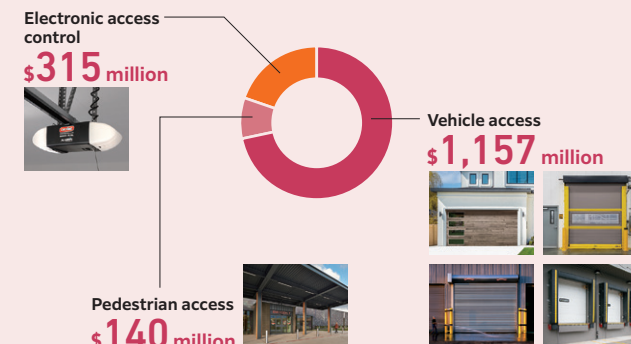
The Genuine. The Original.



Kelly Terry

President & CEO,
Overhead Door Corporation

FY2024 Net Sales Composition by Product



Reviewing the Medium-Term Management Plan, 2024

Over the three years of our previous Medium-term management plan, by positioning ODC as a “total solution provider,” we achieved strong performance in commercial sectors. Simultaneously, we expanded our business domain through such initiatives as increasing sales of high-performance doors including high-speed sheet shutters, and launching dock products and gate openers. The cloud system of our Genie operator, meanwhile, as a smart product that leverages the IoT, was expanded into a smart home brand.

Production efficiency has been raised via our opening of new facilities in Dallas, USA (an Innovation Center); Matamoros, Mexico (an automatic door factory for Horton, Pedestrian Access division); and India (a Global Capability Center focused on outsourcing IT operations). Process reviews at production and sales sites, utilizing ERP systems, have also contributed to

improved productivity.

As a result of these initiatives, ODC achieved fiscal 2024 net sales of USD 1,613 million and operating profit of USD 272.6 million—significantly exceeding our targets of USD 1,585 million and USD 117 million, respectively. Operating profit ratio, meanwhile, reached 16.9%—more than double our target of 7.4%.

Market Environment

The market landscape is undergoing significant changes, with increasing uncertainty driven by factors including the U.S. government's tariff policies, and increased interest rates amid growing fiscal deficits. Furthermore, through 2025 at least, a slowdown in both residential and non-residential investment is likely should U.S. GDP remain flat or decline as projected. Mortgage rates and the cost of building materials may both impact the affordability of single-family homes.

Conversely, over the full period of our new medium-term management plan, the U.S. market holds great potential in both residential and non-residential sectors. As trends such as the

reshoring of production to the U.S. and a recovery in housing demand progress, the economy can be expected to regain momentum.

Strategies of the New Mid-Term Management Plan

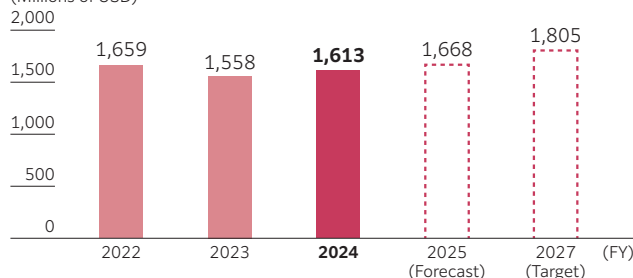
To expand our core business, ODC will focus on offering products that fully meet existing market needs. Sales growth will be pursued through initiatives to generate demand and the optimization of channel performance. Additionally, we will seek to expand our business domain by leveraging M&A opportunities in adjacent areas such as dock equipment, fire protection, and perimeter access.

To strengthen cost competitiveness and reduce delivery lead times, meanwhile, we will complete the implementation of ERP systems—including business processes improvements at production sites—and aim to deploy company-wide IT systems.

For product differentiation by channel, we will pursue lifecycle-conscious product development, optimize product lineups, and aim to introduce next-generation openers that offer easier installation, operation, and monitoring. From a sustainability perspective, we will work to reduce environmental impact across all areas, including raw material procurement, manufacturing processes, and energy usage.

Net Sales

(Millions of USD)



Operating Profit / Operating Profit Ratio

	2022	2023	2024	2025 (Forecast)	2027 (Target)
Operating Profit (Millions of USD)	219.9	244.4	272.6	288.5	363.0
Operating Profit Ratio (%)	13.3	15.7	16.9	17.3	20.2

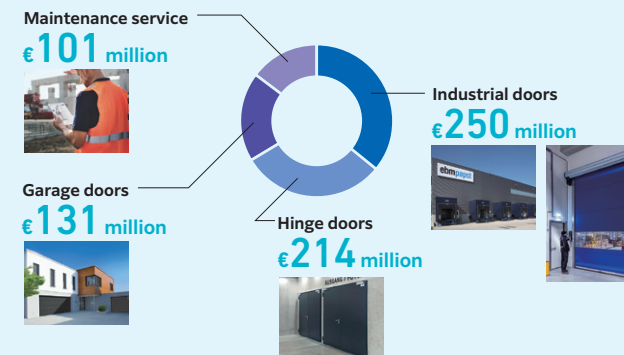
Overcoming Challenges and Advancing Strategic Transformation



Christian Hasenest
CEO,
Novoferm Group



FY2024 Net Sales Composition by Product



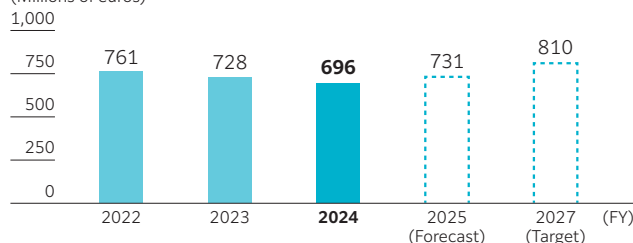
Reviewing the Medium-Term Management Plan, 2024

In Europe, operating profit fell short of projections in the plan's initial year (fiscal 2022), despite the period beginning with sales on target. Specifically, a major downturn in the region's construction market particularly impacted the residential sector. This negative market development, which precipitated a considerable decline in housing demand, was unforeseen during our planning stage. Consequently, both fiscal 2024 sales of 696 million euros and operating profit of 20.7 million euros fell short of our targets of 792 million euros and 50 million euros, respectively.

Nonetheless, significant progress was made in the digital tools field, such as the implementation of manufacturing and service management systems at the Riexinger factory in Germany. Furthermore, over this period we were successful in expanding our service business as planned.

Net Sales

(Millions of euros)



Market Environment

Europe's economy continues to stagnate, weighed down by prolonged high interest rate policies, weakening consumer sentiment, rising costs due to inflation, and geopolitical risks. By region, market conditions remain severe in countries such as Germany, France, and the Scandinavian states, with particularly pronounced long-term stagnation in the residential sector. In addition, U.S. government tariff policies are further heightening uncertainty in the European market.

The market landscape remains challenging, due to the downturn experienced during the previous Medium-Term Management Plan period. Going forward, however, the market is anticipated to bottom out between mid- and late 2025, followed by moderate growth from 2026 onward.

Operating Profit / Operating Profit Ratio

	2022	2023	2024	2025 (Forecast)	2027 (Target)
Operating Profit (Millions of euros)	30.8	25.4	20.7	25.6	47.0
Operating Profit Ratio (%)	4.0	3.5	3.0	3.5	5.8

Strategies of the New Medium-Term Management Plan

Against this backdrop, we will focus on strengthening our product portfolio in the industrial door business, aiming to increase market share in territories where our presence is currently limited. We will also prioritize expanding our service business, with the goal of establishing it as a strong fourth pillar to drive robust growth.

To enhance productivity, we will roll out—and continue developing—the digitalization of manufacturing processes across our entire group. Digitalizing business operations will also be a strategic priority. As we explore new business models—such as monitoring systems and field service systems—we will leverage IoT services for our customers.

In addition, we will strengthen branding efforts to support market share growth and reinforce our human capital.

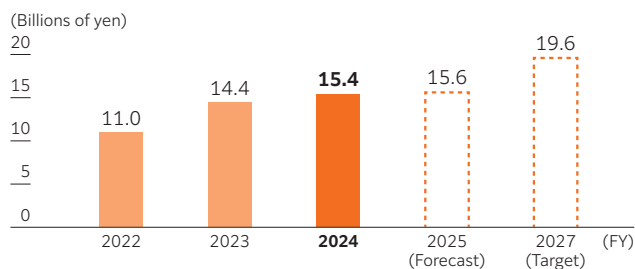
We will continue to strengthen our structure in order to further expand the degree of profitability established during the previous Medium-term Management Plan.

Reviewing the Medium-Term Management Plan, 2024

Under the Medium-Term Management Plan 2024, a new Sanwa Novoform Changshu plant was launched and began full-scale operations in fiscal 2023. The improvements in productivity have enhanced production capacity and enabled shorter delivery times. In Hong Kong, the acquisition of AUB Limited in fiscal 2023 resulted in synergies among the Group's three Hong Kong companies through the consolidation of manufacturing, purchasing, and administrative functions, leading to increased profits. Further, in Vietnam, Indonesia, and Thailand, we established a structure to strengthen management and laid the groundwork for improved profitability. As a result of these efforts, we were able to make our businesses in Asia profitable as a whole.

On the other hand, there is an urgent need to establish a growth strategy for our businesses in East China and Vietnam

Net Sales



to make them profitable. Improving productivity is a particularly important issue for our East China operations, and we need to accelerate our efforts to improve efficiency. In addition, in order to achieve further growth, it is necessary that strategies be developed for our companies in the ASEAN region to increase orders.

Market Environment

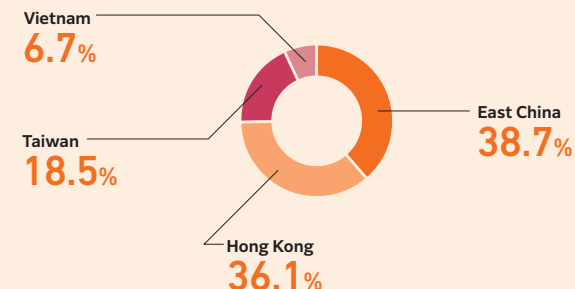
In the Chinese economy, the prolonged construction and real estate recession continues, and the market environment remains challenging. In addition, the impact of U.S.-China trade friction and U.S. tariff policy is intensifying, increasing uncertainty with regard to business development.

Meanwhile, the building markets in Hong Kong, Taiwan, Indonesia, and Thailand are expected to remain strong, and further growth can be anticipated.

Operating Profit / Operating Profit Ratio

	2022	2023	2024	2025 (Forecast)	2027 (Target)
Operating Profit (Billions of yen)	0.26	0.58	0.37	0.51	1.25
Operating Profit Ratio (%)	2.3	4.0	2.4	3.2	6.4

FY2024 Net Sales Composition by Asian Region (consolidated)

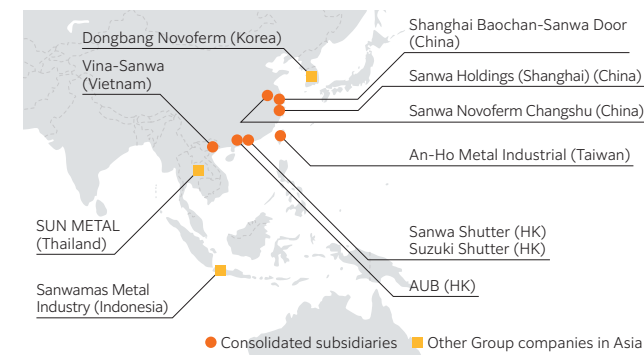


Strategies of the New Medium-Term Management Plan

Under Medium-term Management Plan 2027, we will continue to develop the foundation for all of our businesses in Asia with a focus on strengthening the management system and promoting digitalization. In addition, we will work on getting our East China business on track, improving the management of our business in Vietnam, and further growing existing businesses.

For the East China business, we will review our business strategy and strengthen our sales capabilities. For our Vietnam business, we intend to improve profitability by pursuing synergies in product supply while placing the highest priority on improving management.

In addition, we will expand the scale of our business by focusing on further streamlining our manufacturing and administrative systems in Hong Kong and expanding our product lineup and sales channels in Taiwan.



Identifying material issues to achieve our desired state in 2030

For a company to grow sustainably in the face of a rapidly changing environment, it is important for it to move its business forward at the same time as contributing to solving social issues, and to respond and transform to keep one step ahead of changing trends. Even in an era of great uncertainty, to receive the support of stakeholders and continue creating value that is useful to society, the Group is advancing a variety of initiatives toward achieving the Sanwa Global Vision 2030. To guide these efforts, we have established 11 ESG material issues, consisting of the three themes of Manufacturing, Environment, and People, internal and external factors that have a particularly significant impact on the Group, as well as the Management Foundation that supports these themes.

Within the three themes, the Sanwa Group will create distinctive value by linking our Environment and People initiatives around the core axis of our Manufacturing initiatives.

Creating value by linking **Manufacturing** and **Environment**

• Reducing environmental impact with products and services

We are developing products that reduce CO₂ emissions around the world. By increasing the airtightness of building entranceways and the efficiency of air conditioning, our products contribute to energy savings, which in turn help to reduce environmental impact.

• Integrating climate change response and improved profitability

By matching our technological capabilities (seeds) to global environmental conservation issues (needs), we aim to contribute to the climate change response and improve profitability.

Creating value by linking **Manufacturing** and **People**

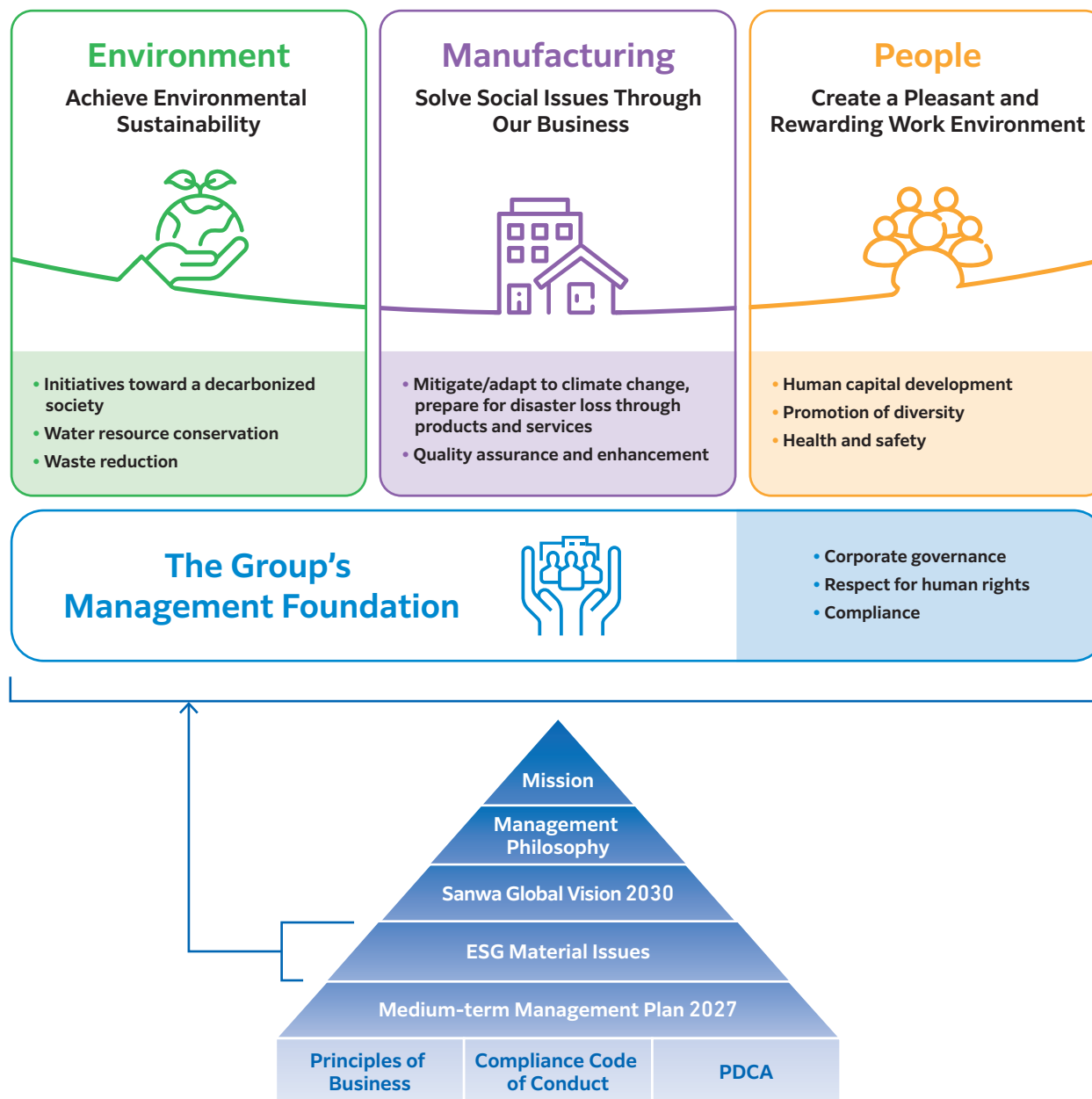
• Improving job satisfaction

By providing society with products and services that contribute to the safety and security of communities and of everyday life, our employees can feel a sense of pride and accomplishment in their work.

• Harnessing technological and development capabilities

The expertise, technological and development capabilities each employee possesses are the driving forces behind our business advancement and the source of our value creation.

Here at the Sanwa Group, we will further accelerate our efforts to tackle the three themes in accordance with this approach and framework. By doing so, we will increase our sustainable corporate value and fulfill our responsibilities as a company by carrying out our mission of safety, security, and convenience.



ESG Material Issue Identification Process and Promotion Structure

To promote sustainable management, the Group has identified 11 ESG material issues (consisting of the three themes of Manufacturing, Environment, and People, as well as the Management Foundation that supports these themes). We will move forward with measures to achieve the KPIs we have set with the aim of realizing the Sanwa Global Vision 2030, and we will strive to improve corporate value through dialogue and collaboration with stakeholders.

Process of identifying ESG material issues

In conjunction with the formulation of the Medium-Term Management Plan 2027, the Group has reviewed and revised its approach through the following process. As a result, we have moved respect for human rights, previously classified under the People theme, to The Group's Management Foundation, recognizing it as a priority that should be emphasized across all corporate activities.

Identification Process

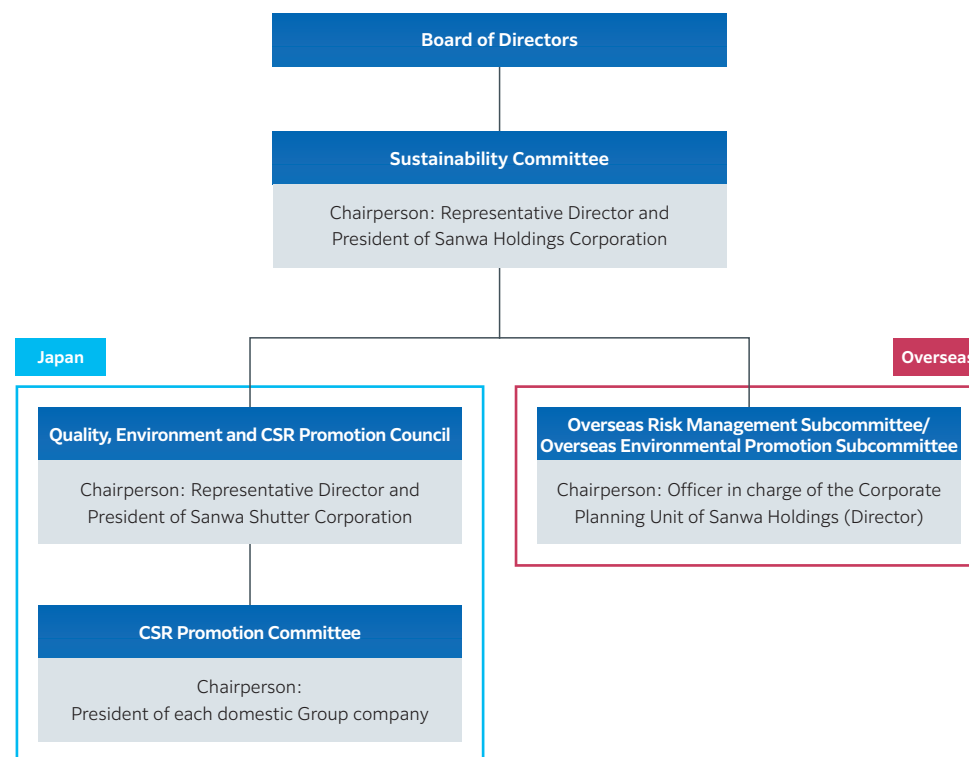


Sustainability Committee

We aim to increase medium- to long-term value by implementing sustainability practices. In order to do so, the Sustainability Committee (chaired by the Representative Director and President of Sanwa Holdings) meets once per quarter, to deliberate on and drive the Group's sustainability policies and other related issues.

Regular reports are also made to the Board of Directors, building a sustainability management system in coordination with various Japanese and overseas meeting bodies.

Sustainability Promotion Structure



ESG Material Issues and KPIs

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	Vision	ESG material issues	Item	FY2024 results	Medium-Term Management Plan 2027 KPI	Scope
Manufacturing Solve Social Issues Through Our Business  ▶ pp. 37-38	The Group has been contributing to the realization of safe, secure, and convenient societies around the world by providing entrance products designed to prevent, protect, and separate, such as shutters, doors, and partitions, protecting lives and properties from disasters and crimes. We help solve social issues with reliable technologies and quality to meet society's diversifying needs and ensure its sustainability.	Mitigate/adapt to climate change, prepare for disaster loss through products and services	Net sales of climate change response-related products (mitigation)	¥106.2 billion	¥112.0 billion (FY2027)	Consolidated
			Net sales of climate change response-related products (adaptation)	¥26.1 billion	¥28.0 billion (FY2027)	
			Net sales of disaster preparedness products	¥81.1 billion	¥90.0 billion (FY2027)	
			Net sales in the maintenance and service business	¥88.2 billion	¥102.0 billion (FY2027)	
		Quality assurance and enhancement	Achieve quality targets in line with each company's quality policy	—	—	
Environment Achieve Environmental Sustainability  ▶ pp. 41-42	As a Group that utilizes natural capital in the course of its business activities, we will work to reduce CO ₂ emissions and contribute to the realization of a carbon-neutral society. We will also take steps to reduce our water consumption and waste emissions by using water and raw materials more efficiently, thereby reducing our environmental footprint.	Initiatives toward a decarbonized society	Reduction of CO ₂ emissions (Scope 1 + 2)	Reduce by 13.2% compared to FY2019	Reduce by 20% compared to FY2019 (FY2027) Reduce by 30% compared to FY2019 (FY2030)	Sanwa Shutter Corporation
		Preserving water resources	Reduction of water usage intensity (at factories and offices)	Reduce by 27.0% compared to FY2020	Reduce by 30% compared to FY2020 (FY2030)	
		Reduction of waste	Reduction of waste intensity (at factories and offices)	Reduce by 57.3% compared to FY2020	Reduce by 60% compared to FY2020 (FY2030)	
People Create a Pleasant and Rewarding Work Environment  ▶ pp. 43-46	We respect the diversity of all people involved in the Group, who support our business activities and drive growth, and provide them with a safe work environment. We maximize corporate value by ensuring the growth of both individuals who can act independently from the perspective of overall optimization, and an organization that is both pleasant to work in and rewarding to work for.	Human capital development	Annual training hours per employee	32.89 hours	38 hours (2027)	Sanwa Shutter Corporation
			Digital education (fundamentals) participation rate	New KPI	90% (FY2027)	
			Digital education (application) participants	New KPI	70 (FY2027)	
		Promotion of diversity	Ratio of female employees	20.9%	25% or higher (FY2030)	Consolidated
				13.3%	15% or higher (FY2030)	Sanwa Shutter Corporation
			Ratio of female new graduate hires	31.1%	30% or higher (Every year)	Sanwa Shutter Corporation
			Ratio of female managers	15.9%	20% or higher (FY2030)	Consolidated
			Health and safety	Ratio of male employees taking childcare leave	34.5%	70% or higher (FY2027)
		100% (FY2030)				
		Obesity rate (BMI of 25 and above)		35.5%	30% (FY2030)	Domestic Group companies
		Smoking rate		28.6%	25% (FY2030)	
Rate of high-risk persons undergoing screening*	60.0%	100% (FY2030)	Sanwa Shutter Corporation			
Rate of taking annual paid leave	55.5%	70% (FY2027)				
Management Foundation  ▶ pp. 47-59	As a Group that operates globally, with businesses in Japan, the U.S., Europe, and Asia, we are committed to corporate governance to build a fair management system, actions for human rights at the foundation of our business activities, and internal controls to regulate our business activities through an appropriate and sound system. By doing so, we will seek to achieve sustainable growth and enhance our corporate value over the medium to long term.	Corporate Governance	Ensuring the diversity of the Board of Directors	Changed Chairperson position of the Nomination & Compensation Committee to be occupied by an Outside Director	Response to board diversity (FY2027)	Sanwa Holdings Corporation
			Number of times stakeholder dialogues held	340	350 (FY2027)	
		Respect for human rights	Identification, elimination, and prevention of human rights risks	Conducted human rights due diligence	Implementation and improvement of human rights due diligence (FY2027)	Japan/Asia
		Compliance	Number of participants in compliance training	7,807	8,000 (FY2027)	Domestic Group companies
			Participation rate in compliance training	99%	100% (FY2027)	

* Rate of high-risk persons undergoing screening: Persons who underwent testing and started treatment/persons with a higher risk of developing severe lifestyle-related diseases

Risks and Opportunities

The Group ensures stable business operations by implementing a Groupwide risk management system and working to predict potential risks, as well as by responding appropriately through measures to counter risks as required for business continuity. Details about risks are provided on the Business Risks page of our website.

 Sanwa Holdings Website: Business Risks <https://www.sanwa-hldgs.co.jp/english/ir/management/risk.html>

Material issue theme	Risk category	Likelihood	Impact	Major risks	Major opportunities
Manufacturing 	Major disasters / Infectious-disease-related risks	Medium	High	- Business continuity risks due to large-scale disasters (typhoons, torrential rains, earthquakes, etc.) - Risk of loss of business opportunities as a result of prolonged infectious disease outbreaks (impact on business performance such as delays in or suspension of operations) - Crisis in terms of continuation of business activities due to spread of infectious diseases (pandemics) and outbreaks of clusters	- Expand profit opportunities through product differentiation, e.g., disaster preparedness and climate change response products and easy-to-install products, and solution proposal sales - Expand maintenance and service business - Continue to provide products by achieving stable procurement - Improve production and logistics systems by leveraging our network
	Quality risks (Manufacturing/installation/design/sales/inspection)	High	High	- Quality defects attributable to manufacturing, installation, and design - Occurrence of fire incidents attributable to installation - Complaints attributable to the content of proposals to customers and inadequacies in meetings, etc. - Accidents caused by failure to conduct regular inspections	
	R&D risks	Medium	Medium	Delays in responding to product development needs and insufficient safety measures	
	Raw material prices and procurement risks	High	High	- Soaring raw material prices and rising auxiliary material and logistics costs - Stagnation of shipping due to difficulties in procuring parts, materials, etc.	
	Production and logistics risks	High	High	- Failure of product delivery systems - Response to logistics issues of 2024 (e.g., difficulty in securing trucks and drivers)	
	Occupational accident risks	High	High	Occurrence of accidents and occupational injuries at factories and installation sites	
Environment 	Environmental and climate change risks	High	High	- Increased costs due to the imposition of a carbon tax - Increase in R&D expenses associated with eco-friendly products - Impact of climate change on production activities and shipments, and decrease in productivity at production and installation sites due to rising temperatures - Increase in energy costs and waste disposal costs - Loss of trust due to failure to achieve greenhouse gas emission, water consumption, and industrial waste reduction targets	Achieve growth through expansion of climate change response (mitigation) products
People 	Human capital risks	Medium	High	- Decrease in operational efficiency due to loss of competent human capital and lack of appropriate personnel - Negative impact on employment and loss of trust due to delays in diversity initiatives	- Build a robust organizational structure through enhanced engagement - Increase competitiveness by securing talented human capital - Enhance organizational capabilities by promoting diversity - Improve productivity by creating a comfortable work environment
	Personnel and labor risks	High	High	- Insufficient management of employee health and safety - Losses from mistakes due to reduced concentration caused by overwork, decline in operational efficiency - Loss of trust due to violations of overtime work agreement, etc.	
Management Foundation 	Management risks (Geopolitical, economic-trend-related, Financial and accounting related)	Medium	High	- Outbreak of terrorism, riots, wars, conflicts in overseas locations - Deterioration in business performance due to decreased demand resulting from economic recessions, impact of foreign exchange rate and interest rate fluctuations, funding procurement risks - Bankruptcy due to the business failure of partner companies, bad debt due to the discontinuation of business, and bad debt losses	- Improve trust from society by strengthening governance - Improve trust in terms of consideration for safety
	Corporate governance-related risks	Medium	High	Loss of trust due to inadequate governance structure	
	Human rights risks	Medium	Medium	Deterioration of the work environment due to human rights violations and loss of trust due to disputes between labor and management, lawsuits, etc.	
	Compliance risks (Fraud/scandal/legal violation/traffic accident)	Medium	High	- Loss of trust due to inadequate internal controls - Loss of trust due to problems arising from fraud, scandals, legal violations, internal rule violations, etc. - Decrease in business operations and increase in damages awarded due to personal injuries from traffic accidents - Loss of trust due to drink driving incidents	
	Information security risks	Medium	High	- Loss of opportunities and trust due to cyberattacks, and increased restart costs - Loss of trust due to information leakage	



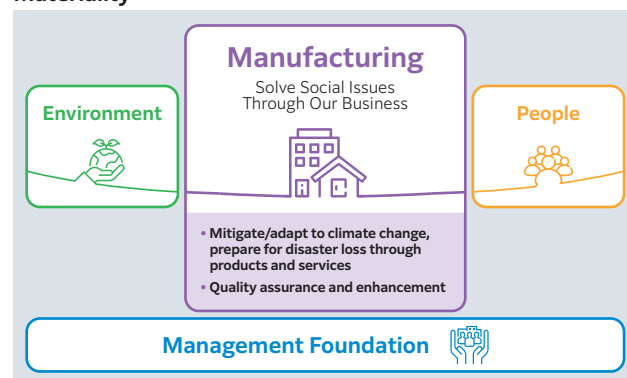
Manufacturing Solve Social Issues Through Our Business

Basic approach

For approximately 70 years since its founding, the Sanwa Group has supported urban areas and lifestyles by providing a wide range of metal fittings centering on building entrance products, such as shutters, doors, partitions, toilet booths, and automatic doors. We believe that our products and services designed to prevent, protect, and separate can make contributions in a wide range of fields, and that we are called upon to tackle an ever-expanding range of issues. The Group believes that developing and providing products that address climate change issues will enable us to respond to changing needs and create new markets. We also believe that by using our products and services to solve issues including fires, earthquakes, and other disasters, we can help communities become sustainable and resilient.

In addition, we are committed to pursuing quality and safety, which is our primary responsibility as a manufacturer. We strive to improve quality and safety in all processes, from development to sales, production, installation, and maintenance. As we possess a diverse range of global products, the characteristics of each business and the products handled are not consistent throughout the Group. For this reason, while the quality indicators we use in Japan are the number of product accidents, number of complaints and the amount of related losses, the quality indicator we use overseas is the ratio of complaint cost to net sales. Based on these indicators, we are moving forward with specific measures to make improvements. Furthermore, we aim to balance solving social issues and achieving sustainable growth through diligent research and development.

Materiality



Governance and risk management

The Sanwa Group has established the following Sanwa Group Quality Objectives in pursuit of quality and safety, which is our primary responsibility as a manufacturer: 1) Improve product safety; 2) Improve the product quality and installation quality; 3) Improve the quality of service and business etiquette; and 4) Increase traceability. Furthermore, in Japan, North America, Europe, and Asia, we have set quality targets that meet the needs of customers in each region, and are promoting initiatives on a global basis. Progress, measures, and initiatives for these regional targets are reported and discussed twice a year by the Quality, Environment, and CSR Promotion Council for Group companies in Japan, and by the Overseas Risk Subcommittee for overseas Group companies, and are also reported to the Sustainability Committee.

Strategy

Mitigate/adapt to climate change, prepare for disaster loss through products and services

To confront the urgent issue of climate change, the Sanwa Group offers products worldwide that support both mitigation, which entails reducing greenhouse gas emissions such as CO₂, and adaptation, which addresses the various impacts of climate change. Through these initiatives, we contribute to building a sustainable society by achieving both lower greenhouse gas emissions and reduced social vulnerability.

Furthermore, in response to disasters such as fires and earthquakes that threaten the realization of a safe, secure, and convenient society—our Group's mission—we help create resilient communities through maintenance and services that preserve the disaster preparedness functions of buildings, including products such as shutters and doors.

▶ Page 38: Contributing to sustainability through our core business

Quality assurance and enhancement

The Sanwa Group Test Center, completed in March 2009, tests both the Group's products and items sourced domestically and internationally to evaluate quality, performance, safety, and manufacturing technology. Certified under the international standard ISO/IEC 17025, which sets the requirements for quality management and technical competence in testing laboratories, the center ensures the reliability of its test results. The Group's products, including shutters, doors, and partitions, are semi-finished at the factory stage and only become finished products upon installation by installers; therefore, improving installation quality as well as maintenance and service standards is essential for customers to use our products with confidence over the long term. For this reason, we remain dedicated to training and advancing the skills of our installers.



The Sanwa Group Test Center



The Sanwa Group seeks to provide solutions to social issues such as climate change and disaster preparedness through its wide range of entrance products, while also enhancing corporate value, competitiveness, and social contribution through its business activities. In May 2022, we introduced the Sanwa Global Vision 2030, our Long-Term Vision, and the Mid-Term Management Plan 2024. These established key performance indicators that include net sales of climate change response products (mitigation and adaptation), net sales of disaster preparedness products, and net sales in the maintenance and service business, clearly affirming that our core business contributes directly to sustainability.

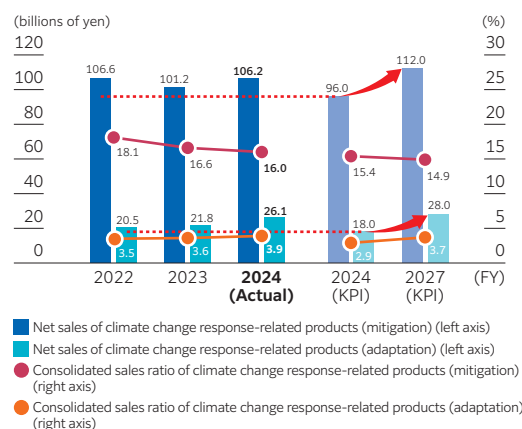
Looking ahead, we will accelerate product development and sales growth in response to social issues and needs, aiming for sustainable growth by helping to resolve climate change issues and improving our profitability.

Contributing to climate change response (mitigation and adaptation)

The Sanwa Group is addressing climate change by offering a wide range of products worldwide through two key approaches: mitigation, which focuses on reducing greenhouse gas emissions such as CO₂, and adaptation, which involves responding to the various effects of climate change.

In both mitigation and adaptation, net sales of climate change response-related products have met their fiscal 2024 KPI for the third consecutive year since fiscal 2022, and under the Medium-Term Management Plan 2027, we have set even higher targets for fiscal 2027 (see the graph on the right).

Trends and KPIs in net sales of climate change response-related products (consolidated)



Mitigation

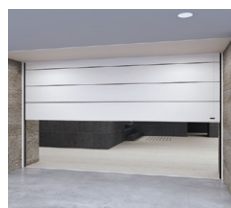
We develop and sell products such as high-speed sheet shutters that improve air conditioning efficiency at factories and warehouses with fast opening and closing speeds to reduce greenhouse gas emissions, and overhead doors with high heat insulation.



Heat Insulation Quick Saver TR from the Re-carbo series (Sanwa Shutter Corporation)
High-speed sheet shutter with high heat insulation performance and fast opening and closing

Adaptation

We develop and sell waterproof products that guard against flood damage caused by climate change, high-strength shutters that reduce the risk of wind damage, and sectional doors and wind-resistant window products from ODC that are designed to withstand hurricanes.



Water Guard waterproof shutter (Sanwa Shutter Corporation)
An electric panel shutter with industry-first waterproofing

Contributing to disaster preparedness (fire, earthquakes, power outages)

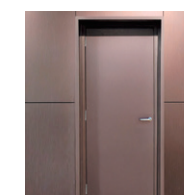
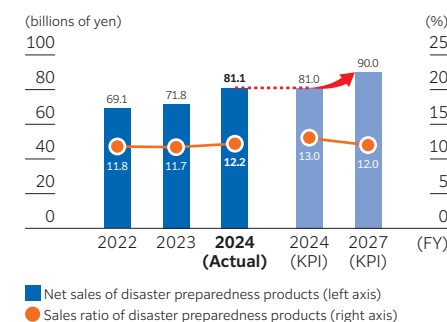
The Sanwa Group provides a broad range of products that strengthen resilience against disasters such as fires and earthquakes, helping to reduce damage and support recovery efforts.

In fire prevention, we supply fire-resistant shutters and doors worldwide that automatically close in coordination with smoke and heat detectors, creating safe zones by blocking fire spread and limiting smoke diffusion. For earthquake preparedness, we offer products that mitigate risks and minimize damage, while for power infrastructure-related disasters, we provide systems designed to reduce risks during critical situations.

Net sales of disaster preparedness products reached 81.1 billion yen in fiscal 2024, surpassing the year's KPI target of 81.0 billion yen, and under the Mid-Term Management Plan 2027, we have set a new target of 90.0 billion yen for fiscal 2027 (see the graph to the right).

In addition, in Japan, we contribute to maintaining disaster prevention functions as part of social infrastructure through services such as Sanwa Shutter Corporation's 24-hour full-time service (FTS) and compliance with the regular inspection reporting system for fire prevention equipment. Overseas, we are expanding our service capabilities through ODC and the Novoferm Group. Regarding net sales in the maintenance and service business, we have exceeded the fiscal 2024 KPI of 76.0 billion yen since fiscal 2023, and have set a target of 102.0 billion yen for fiscal 2027 in the Medium-Term Management Plan 2027.

Trends and KPIs in net sales of disaster preparedness products (consolidated)



"Shakunetsu Guard" (Sanwa Shutter Corporation)
In addition to flame-retardant performance, this fire protection has heat-shielding performance for 60 minutes, making it applicable to the required performance of wooden buildings, aimed at realizing a decarbonized society



Smood Yuraku with seismic-resistant design (Sanwa Shutter Corporation)
Seismic-resistant version of the Smood Yuraku sliding entranceway doors for hallways, suitable for seniors' condominiums



E-Connect power supply system for opening shutters during power outages (Sanwa Shutter Corporation)
During a power outage, our electric fireproof and smokeproof shutters can still be operated by connecting them to a battery or a generator

Digitalization Strategies That Create New Added Value

Basic Policy for Digitalization Strategy

The Sanwa Group aims “to be a Global Leader of Smart Entrance Solutions,” outlined in our Long-Term Vision, Sanwa Global Vision 2030.

In our basic policy for digital transformation (DX), we are advancing digitalization strategies across three categories: external initiatives, internal operations, and human capital.

To address social issues caused by the external environment, such as labor shortages and climate change, as well as to meet the increasingly diverse needs of customers, we must utilize a wide range of digital technologies. The Sanwa Group implements digital measures tailored to regional characteristics. We will work to optimize the value chain, which spans product development, sales, design, procurement, manufacturing, installation, and maintenance services. In addition, we are cultivating human resources to support digitalization and providing training to all employees to enhance their digital skills.

Key Achievements in the Medium-Term Management Plan 2024

- **Japan:** Digitalized installation work contracts (EDI)
With the introduction of EDI, subcontracting agreements with external installers and on-site instructions with our sales staff can now be conducted via smartphones and other devices, enhancing operational efficiency and increasing the number of sites we can handle.
- **North America:** Improved efficiency at sites where ERP systems have been introduced. ERP systems were introduced at manufacturing sites, and business processes, inventory management, and cost accounting were streamlined using BI tools, MRP, etc.*
- **Europe:** Promoted the digitalization of various processes, including the introduction of ERP systems at sales companies. Although different systems were in use in each European country, standardization and efficiency of operations were achieved by rolling out a unified, in-house developed platform system to sales companies.
- **Asia:** Improved business processes through ERP systems. By transitioning from manual processes and multiple systems to a unified ERP system, we have achieved operational efficiency.

*BI (Business Intelligence) tools: Software that collects, analyzes, and visualizes data accumulated within a company to support operational improvement
MRP: Material requirements planning

Strategy 1

Smarter products and services

The Sanwa Group is committed to solving customer challenges and creating additional value by delivering new smart products and services. By utilizing digital technologies such as the Internet of Things (IoT) and cloud computing, we collect data on usage status and history, harnessing this database, for upkeep, preventive maintenance, and creating maintenance opportunities. Furthermore, we are developing new IoT-based products in Japan, North America, and Europe to make homes smarter, more convenient, and comfortable.

RemoSma (Sanwa Shutter Corporation)

RemoSma is a system that allows window shutters and garage shutters to be open and closed via smartphone. By registering shutters in a dedicated app, multiple shutters can be controlled with a single smartphone.



Aladdin Connect (ODC)

Allows for remote operation of a garage door by a dedicated smartphone app or smart home device. Also allows users to monitor the doors' open/close status from afar.



Lion 4.0 (Novoferm)

This IoT system manages entrances in distribution centers and other facilities. The status of industrial sectional doors and dock levelers can be monitored, and data such as usage frequency and error history are stored in a database, helping to identify maintenance needs and enabling smooth inspections.



Strategy 2

Greater productivity through digitization

The Sanwa Group continues to improve operational efficiency through the use of digital technologies while seeking to expand business by enhancing the working environment and reducing labor and manpower demands. At Sanwa Shutter Corporation's Ota Door Plant, automated guided vehicles (AGVs) and a warehouse management system for dispatching vehicles are utilized to improve loading efficiency and enhance warehouse and inventory management. Truck loading and waiting times have been significantly reduced, resulting in improved delivery efficiency.

Overseas Group companies are also enhancing operational efficiency by implementing enterprise resource planning (ERP) systems and digitalizing manufacturing and service operations, which is leading to higher productivity.

Message from a partner company



Mr. Toru Ida
Nippon unyu nizukuri Co., Ltd.

We have been fortunate to work with Sanwa Shutter since the establishment of its Ota Door Plant and have, of course, collaborated to address what is called the “2024 problem” of truck driver shortages in logistics. The most significant change we have made has been an earlier loading start time. Previously, work began in the afternoon, but now loading can start around 10:00 a.m. Trucks no longer gather during peak times, waiting times are reduced, and work finishes earlier. The truck berths have greatly improved the work environment and preserved quality; previously, on rainy days workers had to wear rain gear, clean products before loading, and work under artificial lighting during dark hours. Securing personnel and vehicles remains a challenge, but while improving the work environment, we will continue supporting Sanwa Shutter's commitment to quality and on-time delivery.

Strategy 3

Cultivation of DX professionals

As AI, IoT, and other information technologies evolve on a daily basis, companies have faced new challenges in securing human resources with the skills necessary for DX to leverage these technologies and boost their competitiveness.

Therefore, we will work to cultivate professionals with a firm grasp of fundamental IT and DX skills, those who can leverage data and digitalize businesses to innovate operations and improve productivity, and those who can become business innovation leaders.

Manager's report



Hideshi Matsubara

Executive Officer, Manager of Human Resources Development Department
Sanwa Shutter Corporation

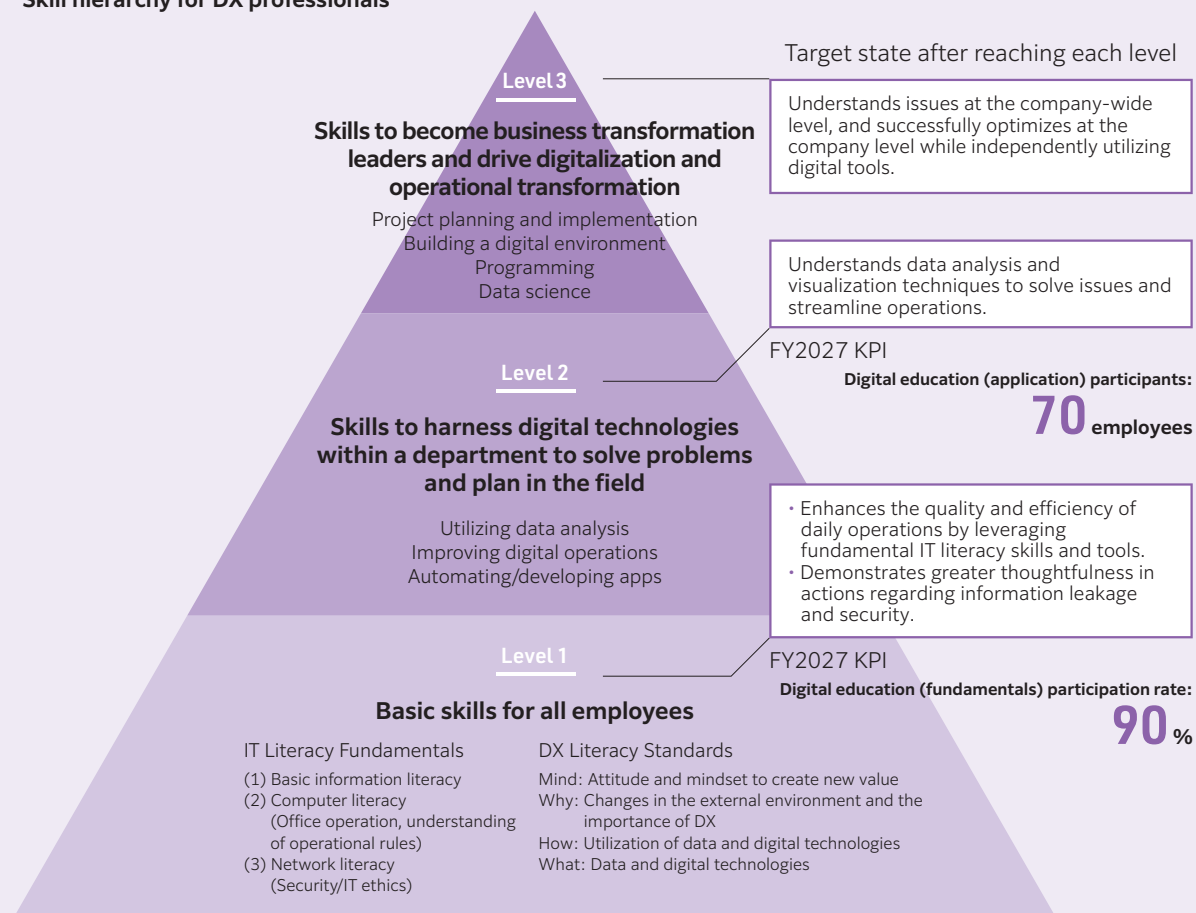
To secure DX professionals, we set the goal in fiscal 2022 of raising basic IT and DX literacy standards. Based on this goal, we have introduced e-learning programs for all employees in Japan, covering topics such as the necessity of utilizing digital technologies, IT ethics, security literacy, data collection and utilization, and fundamental DX knowledge.

In 2025, we have established a new Human Resource Development Department to create educational curricula and train all employees to maintain a consistent digital skill level, enabling them to drive business reforms and productivity improvements.

As the next step, we are providing training on how an understanding of data analysis and visualization techniques can lead to digital operational improvements, designed to cultivate personnel who can solve issues in the field and plan departmental initiatives using digital tools.

As a final step, we aim to develop professionals with the skills to drive company-wide digitalization and operational transformation.

Skill hierarchy for DX professionals



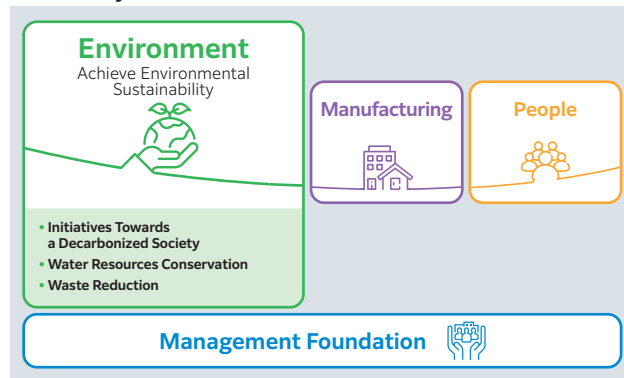


Environment Achieve Environmental Sustainability

Basic approach

The Sanwa Group, which operates in 28 countries and regions around the world, recognizes that concerns about the stable supply of energy, water and other natural resources pose a risk to its business foundation. At the same time, we see taking measures to reduce the global environmental impact of our business activities as an extremely important mission. We will move forward with initiatives to reduce our environmental impact by lowering our CO₂ emissions, water consumption and waste emissions, and to enhance our information disclosures. With these measures, we will increase our medium- to long-term corporate value.

Materiality



Governance and risk management

The Sanwa Group has been working to promote environmental management and improve environmental performance through the acquisition of ISO 14001 and other environmental management system certifications at Japanese and overseas Group companies, with the aim of developing environmental conservation activities systematically and continuously in line with its environmental policy. Initiatives in each region are reported and discussed twice a year by the Quality, Environment, and CSR Promotion Council for Group companies in Japan, and by the Overseas Risk Subcommittee and Overseas Environmental Promotion Subcommittee for overseas Group companies, and are also reported to the Sustainability Committee.

Strategy

Initiatives toward a decarbonized society

In the Sanwa Global Vision 2030 and Medium-Term Management Plan 2024 announced in May 2022, the Sanwa Group set forth its policy for achieving carbon neutrality, aiming for net zero CO₂ emissions from business activities by 2050. We are moving forward with a variety of initiatives based on this policy.

In terms of our efforts to reduce Scope 1 emissions, we are actively switching to eco-cars, in addition to working to upgrade to more energy-efficient equipment. In the Novoferm Group, company-owned vehicles at Novoferm Germany, Novoferm UK are being converted to electric vehicles or plug-in hybrids.

In terms of our efforts to reduce Scope 2 emissions, in addition to using Non-Fossil Certificate electricity and promoting the switch to LEDs, we have installed solar panels on the logistics building of Sanwa Shutter Corporation's Ota Door Plant and on the premises of its Kyushu Plant and Shizuoka Plant in Japan, at three plants in Europe, including at Novoferm Schievano (Italy), and on the roofs of the Shanghai Baochan-Sanwa Door and Sanwa Novoferm (Changshu) plants in Asia. In addition, at ODC, Won-Door has switched to LED lighting and upgraded to energy-efficient air conditioning systems, while Novoferm Group companies in Germany have been purchasing electricity from renewable energy sources since 2025. Furthermore, in 2025, solar carports were installed in the parking lot of the Ota Door Plant.

We began calculating Scope 3 emissions in fiscal 2023, based



Solar carports at the Ota Door Plant

on the recognition that reducing not only our own CO₂ emissions but also those of our entire supply chain is a necessary step in realizing a carbon-neutral society. In fiscal 2024, we expanded the scope of calculation categories, among which we have obtained third-party verification from JMASusC for emissions in categories 1, 3, and 11.

Preserving water resources

Sanwa Shutter Corporation has been carrying out various initiatives to achieve its water usage intensity reduction targets for fiscal 2030. These include making effective use of a water circulation system for painting equipment and chillers that circulate chilled tank water, and reducing water waste at painting booths by using an overspray treatment agent. As a result, the water usage intensity for fiscal 2024 was reduced by 27.0% compared to fiscal 2020, significantly exceeding the fiscal 2030 target of a 10% reduction from fiscal 2020. Therefore, in the Medium-Term Management Plan 2027, we have raised the fiscal 2030 target to a 30% reduction from fiscal 2020.

Reduction of waste

Sanwa Shutter Corporation has been working on initiatives to achieve its waste intensity reduction targets for fiscal 2030, including thorough sorting and recycling, reduction of paint waste and reuse of wooden pallets. As a result, the waste intensity for fiscal 2024 was reduced by 57.3% compared to fiscal 2020, significantly exceeding the fiscal 2030 target of a 10% reduction from fiscal 2020. Therefore, in the Medium-Term Management Plan 2027, we have set the fiscal 2030 target as a 60% reduction from fiscal 2020, and we will strive to further advance measures to achieve this goal.

As part of our efforts to reduce the plastic waste that we generate, we have set unit reduction targets and are conducting thorough waste sorting and employee training.



Climate-related disclosure (TCFD)

Recognizing that climate-related risks and opportunities are important management issues, the Group expressed its endorsement of the TCFD recommendations in December 2021. As defined in our Long-Term Vision, we will strive to enhance our corporate value by expanding the lineup of climate change

response products, promoting our ESG material issues ("mitigate/adapt to climate change, prevent disaster loss through products and services" and "initiatives toward a decarbonized society"), and enhancing our information disclosure.

Governance and risk management

The Sanwa Holdings Group has established the Sustainability Committee, chaired by the Representative Director and President of Sanwa Holdings, as an organization to promote sustainability management. The committee meets four times a year to set policies and promote initiatives on all ESG-related themes. Addressing climate change risks is positioned as an important issue for the Sustainability Committee, and the committee reviews the progress of activity policies and checks activity direction.

Strategy (scenario analysis)

Sanwa Shutter Corporation, the core business company of the Group, was selected for analysis and analyzed using the IEA's 1.5°C scenario and the Intergovernmental Panel on Climate Change (IPCC)'s 4°C scenario, and risks and opportunities as of 2030 were summarized. As a result, we confirmed that in each case the diverse lineup of climate change response-related products demonstrates a high degree of resilience, enabling us to contribute to climate change mitigation and adaptation while capturing abundant business opportunities.

Scenario analysis

Classification	Category	Impact	Risks	Impact on business	Our response
Transition risks Mainly assuming 1.5°C scenario	Policies and regulations	High	- Introduction of carbon tax - Tightening of emissions target regulations	- Increase in costs of fuel, electricity, etc. used in factories and offices due to introduction of carbon tax - Transition costs incurred as part of emissions reductions in business activities	- Use of renewable energy - Switch to energy-saving, high-efficiency equipment - Switch to eco-friendly cars
		Medium	Tightening of regulations such as ZEB, ZEH, energy conservation standards, etc.	- Elimination of specific products due to tightening standards - Mandatory use of alternative and recycled materials	Strengthening of development, sales, and production of products for ZEB and ZEH
	Market changes	High	Rising raw material prices	Increase in prices of key materials due to carbon tax and other regulations	- Securing of profit through high value-added products and services - Cost reduction through self-help efforts and appropriate reflection in prices
	Reputation	Medium	Changes in investor and consumer behavior	- Deterioration of reputation due to delays in information disclosure and countermeasures - Expansion of consumption behavior that takes environmental impact into consideration	- Enhancement of information disclosure - Promotion of environmental measures - Development of technologies and products that contribute to climate change mitigation
Physical risks Assuming 4°C scenario	Acute/chronic	High	Frequent occurrence of extreme weather events (torrential rains, typhoons, floods, etc.)	- Suspension of sales activities and production due to damage to the Company - Suspension of supply of materials and labor due to damage to suppliers	- Periodic checks using hazard maps, etc., and response to flooding risks - Preparation of alternative procurement methods for materials and parts - Strengthening BCP measures
	Chronic	High	Rising average temperatures	- Increased health risks at factories and installation sites - Decline in labor productivity	Labor-reducing installations through reviewing construction methods and utilizing robots

Metrics and targets

We have set targets for both reducing CO₂ emissions produced during our business activities and expanding our climate change response-related products business, and are moving forward with initiatives to mitigate the effects of climate change and maximize opportunities.

CO₂ emissions (produced during business activities) reduction target (Scope 1 + 2) (Scope: Sanwa Shutter Corporation)

FY2027
20% reduction from FY2019 level
FY2030
30% reduction from FY2019 level
FY2050
Sanwa Group aims to achieve net zero CO ₂ emissions produced during business activities

Net sales targets for climate change response-related products (Scope: consolidated)

FY2027
Climate change response products (mitigation): 112.0 billion yen
Climate change response products (adaptation): 28.0 billion yen

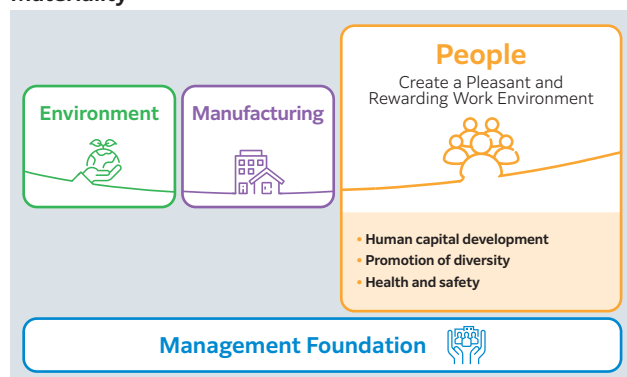
Basic approach

While labor shortages are a challenge in many economies, we believe that people are the source of our value creation and competitiveness, as all of our business activities rely on them. We will focus on developing human capital so that employees can maximize their potential, and we will work to sustainably enhance corporate value through initiatives for the respect of diversity and also for health and safety.

The Sanwa Group has established a human capital strategy to support both the goal of becoming a global leader of smart entrance solutions and the targets of the Medium-term Management Plan 2027, which form part of the Sanwa Global Vision 2030. During the previous Mid-Term Management Plan, we made some progress on the material themes of Manufacturing, Environment, and the Group's Management Foundation, but significant issues remain concerning People, and we believe we must fundamentally review our approach to People in order to achieve sustainable growth and fulfill our mission.

Our new human capital strategy is designed to improve employee engagement and transform the Sanwa Group into a rewarding and attractive company through the joint growth of

Materiality



individuals who think and act autonomously and organizations that provide both facilitative and fulfilling workplaces. This creates a virtuous cycle in which each person works with energy and a willingness to contribute, increasing labor productivity and corporate value, which in turn leads to stronger external recognition and the ability to attract new talent. This virtuous cycle will drive the achievement of goals in both our Medium-term Management Plan and our Long-Term Vision.

Governance and risk management

We promote such things as the development of human capital to maximize individual abilities, respect for diversity, equal opportunities for growth and fair evaluations irrespective of gender or age, and a safe and comfortable work environment. In this area, the Sustainability Committee regularly deliberates on the Group's policies, efforts to achieve KPIs, progress, and other matters.

Sanwa Group Human capitals Strategies

Human capital strategies	Key themes	Metrics and targets		Scope
1 Securing talent, strategic personnel deployment and development, linked to regional business strategies	• Human capital development tied to growth strategies	Annual training hours per employee: 38 (FY2027)		Sanwa Shutter Corporation
	• Raising the level of digital and other skills and developing specialized human capitals	Digital education (fundamentals) participation rate: 90% (FY2027)		Sanwa Shutter Corporation
		Digital education (application) participants: 70 (FY2027)		Sanwa Shutter Corporation
2 Creating safe and healthy workplaces and promoting wellbeing	• Active participation of diverse human capital	Ratio of female employees	25% or higher (FY2030)	Consolidated
			15% or higher (FY2030)	Sanwa Shutter Corporation
		Ratio of female new graduate hires: 30% or higher (every year)		Sanwa Shutter Corporation
		Ratio of female managers: 20% or higher (FY2030)		Consolidated
	• Development of a pleasant work environment	Ratio of male employees taking childcare leave	70% or higher (FY2027)	Sanwa Shutter Corporation
			100% (FY2030)	Sanwa Shutter Corporation
		Promotion of health management		
3 Maximizing organizational performance through improved engagement	• Shared mission and management philosophy • Review of compensation system • Revitalization of internal communication • Improvement of motivation to contribute	Obesity rate (BMI of 25 and above): 30% (FY2030)		Domestic Group companies
		Smoking rate: 25% (FY2030)		Domestic Group companies
		Rate of high-risk persons undergoing screening: 100% (FY2030)		Sanwa Shutter Corporation
		Rate of taking annual paid leave: 70% (FY2027)		Sanwa Shutter Corporation
		Introduction of restricted stock grant plan for upper management		Sanwa Shutter Corporation
		Exploration of a new engagement survey		Domestic Group companies



Strategy 1 Securing talents, strategic personnel deployment and development, linked to regional business strategies

Challenges recognized among Group companies in Japan

Ongoing Japanese population decline is expected to result in a gradually shrinking construction market over the long term. To expand our business under these conditions, it is essential to accurately understand market needs, incorporate them into our development, and deliver products to market while expanding sales.

For example, in response to the increasing severity of natural disasters, the growing number of environmentally friendly buildings, and heightened security demands, we must further strengthen products that contribute to disaster preparedness and mitigation, as well as products with advanced functionality. Aging social infrastructure and labor shortages are also pressing social challenges, requiring maintenance services and new solutions.

To develop and expand products that meet these diverse market demands, optimizing personnel allocation, securing personnel, and building capabilities are vital. In particular, as installers age, training younger generations has become an urgent priority. Moreover, environmental and other emerging domains require talent with strong proposal capabilities to uncover and stimulate customer needs.

In response to these circumstances, Sanwa Shutter Corporation holds Human Capital Development Enhancement Meetings and subcommittees, chaired by a manager in charge of corporate strategy, to discuss training plans and progress for each job category, as well as recruitment and retention efforts, and to oversee human capital development in detail. To strengthen the training of installers, we also opened a specialized training facility in 2008 to improve installation quality and enhance technical skills, thereby setting high installation standards and building a nationwide base for training.

Strategies for acquiring and developing capital at Group companies in Japan

In talent acquisition, we draw from a diverse pool through multiple channels, including internships, referrals, and alumni recruitment.

For human capital development, we pursue two approaches: upskilling, which advances existing skills, and reskilling, which builds new job capabilities. In upskilling, we provide training tailored to each employee's job title and rank, strengthening sales expertise and improving installation quality. Through these efforts, we enhance the quality of our products and services, and improve operations. In reskilling, our primary focus is on developing digital talent and promoting digitalization across the Group.

Alongside training, we are advancing measures to optimize human capital assignments. One such measure is the self-assessment system, where each employee is surveyed once a year regarding their current situation, aspirations, and qualifications. Using this information, we assign employees and carry out capability development initiatives that respect their individual strengths. Additional programs include the free agent system, which allows employees meeting specific conditions to request transfers to other departments, and open recruitment for digital talent, which supports the Digital Strategy Department and furthers digitalization efforts.

Training system (Group companies in Japan)

	Level-specific training	Goal-specific training				Personal development
		Next-generation/ Career	Division-specific skills	Digital	Global	
Senior management						
Managers	Training for onboarding new employees	Sanwa Management Training School (Executive/Advanced)	Job type-specific training (sales/engineering/design, etc.) based on skill maps	Digital skills training (fundamentals/application) IT literacy training	Training for global assignments Practical global training TOEIC IP e-learning	Correspondence courses, recommended reading, etc.
	New manager training	Training to strengthen management skills				
Mid-level employees	Next-generation leader training	Life planning seminars				
	Mid-level employee training	Career enhancement training				
	OJT leader training	Career development training (for female employees)				
New employees	Follow-up training					
	New employee training (Sanwa Professional Human Capitals Training Plan)					

Strategy 2 Creating safe and healthy workplaces and promoting wellbeing

Promotion of diversity

The Sanwa Group believes that promoting diversity is essential for securing talented human capitals, fostering innovation to respond to rapid environmental changes, improving responsiveness to diverse customer needs, and meeting the expectations of ESG investment, and we therefore place strong emphasis on this area. Based on this emphasis, we are implementing various initiatives to help each of our diverse employees realize their full potential.

In Japan, we recognize that ensuring gender equality and diversity is a challenge. As such, since fiscal 2022, we have been conducting career development training for female employees. This program for female employees with at least 10 years of service is designed to nurture future candidates for female management positions and to assist their individual career development. In addition, our female employees participate in external seminars to foster female executives and stimulate self-leadership skills.

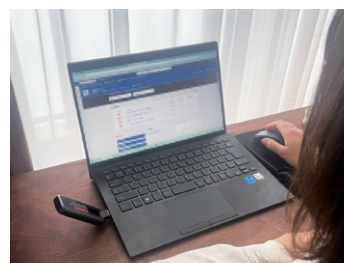
Furthermore, we have established a system to ensure high motivation by our senior employees, giving them opportunities to work in roles that utilize the skills and expertise they have accumulated, and where appropriate, appointing them to key positions.



Creation of a comfortable working environment

The Sanwa Group promotes a range of measures that allow employees to work more flexibly while balancing responsibilities such as childcare and nursing care.

Sanwa Shutter Corporation is enhancing workplace systems to ensure the retention and success of diverse employees, including women, by expanding telework options, introducing paid leave for child nursing care, allowing paid leave in hourly increments, and broadening the scope of shorter working hours for employees raising children up to the sixth grade of elementary school. In April 2025, the scope of child nursing care leave was extended beyond the legally required period to cover children through the sixth grade, and the system was made more flexible by expanding leave eligibility beyond entrance and graduation ceremonies to include parent-teacher conferences and other events. The nursing care leave system for employees supporting family members has also been revised, following legal revisions in April 2025, to include employees caring for family members requiring care level 1, in addition to those with care level 2 or higher as legally mandated. Furthermore, based on the belief that male participation in childcare is vital to improving work-life balance and fostering a deeper understanding of diversity, we have raised the target ratio of male employees taking childcare leave to 50% in fiscal 2030 to 70% in fiscal 2027, and ultimately to 100% by fiscal 2030 under the Medium-Term Management Plan 2027. We will achieve this goal by expanding the system and creating an environment where employees can more easily make use of these benefits.



Promotion of health management

As a company involved in manufacturing, the Sanwa Group is committed to eliminating occupational accidents by providing safety training and thoroughly enforcing rules, sharing case studies of near-misses, and improving the environment to reduce workloads, raising awareness of and thoroughly implementing heat stroke prevention measures.

In addition, among Group employees, the ratio of obese people and the ratio of habitual smokers are both higher than the national average. Aiming to reduce these, we are actively encouraging employees to undergo medical examinations, have carried out a walking campaign, and have implemented a smoking cessation support program, among other measures.

As of March 2024, in order to stimulate behavioral change for high-risk employees, we define employees who meet certain conditions in the findings of regular health checkups as those at a higher risk of developing severe lifestyle-related diseases, and are promoting initiatives with the KPI of increasing the ratio of employees undergoing testing and starting treatment to 100%.

Stress check items have been expanded in the Itabashi and Shinjuku office areas from fiscal 2025. The number of items has been increased from 57 to 80, and presenteeism* and work engagement are also measured as additional items to help understand the physical and mental burden and improve the work environment.

*State of reduced productivity due to health issues

Definition of employees at a higher risk of developing severe lifestyle-related diseases

Persons with any of the following findings in periodic medical examinations

- (1) Hypertension (systolic 160 mmHg or diastolic 100 mmHg or higher)
- (2) HbA1c (NGSP value) 7.0% or higher
- (3) LDL cholesterol level 180 mg/dL or higher (for men only)
- (4) Urine protein 2+ or more

Strategy 3 Maximizing organizational performance through improved engagement

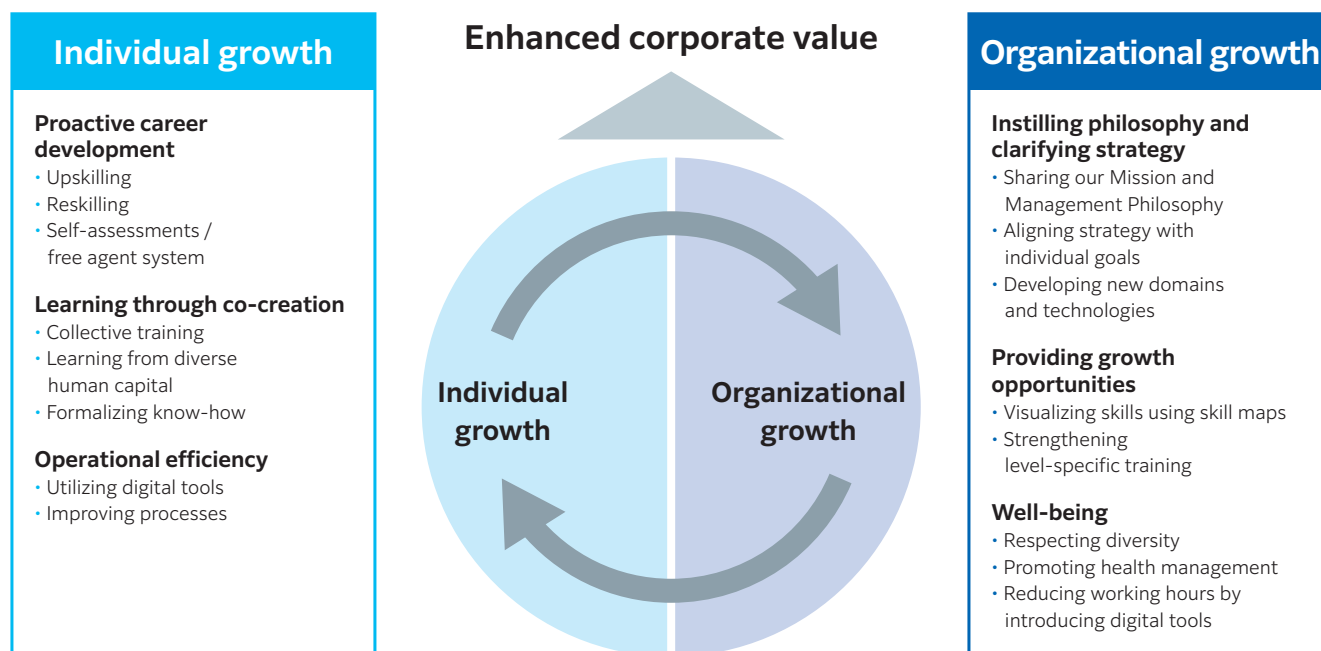
The Sanwa Group is dedicated to improving employee engagement, as it not only enhances individual capabilities and productivity but also strengthens overall organizational performance and employee retention.

In April 2025, Sanwa Shutter Corporation introduced a scholarship repayment support system. In this program, we assist in the repayment of scholarship funds for up to 10 years to ensure that young employees repaying their scholarships can continue to work with peace of mind. In addition, the Company has introduced a restricted stock grant plan for upper management. By granting Sanwa Holdings shares with transfer restrictions for a set period, we aim to deepen their understanding of the Group's

management strategies and policies and to foster a sense of participation in corporate management.

Enhancing an individual's job quality and operational efficiency directly contributes, in the aggregate, to higher sales and customer satisfaction while also reducing turnover, which in turn lowers recruitment and training costs. Moreover, greater psychological safety encourages innovation and leads to the development of highly creative products, services, and sales methods. The Group is committed to continually improving employee engagement and plans to conduct an engagement survey in the future.

Virtuous cycle of individual and organizational growth



Initiatives at overseas Group companies

In the U.S., the labor market remains tight, making it difficult to secure human capitals, particularly engineers and in the manufacturing sectors, and turnover rates are higher compared to Japan. ODC aims to be a company preferred by its employees and that grows and evolves alongside them. Furthermore, it is committed to fostering a strong corporate culture, hiring and training highly motivated and capable personnel, offering a competitive compensation structure and benefits package, and improving operational efficiency. Specifically, ODC is enhancing operational efficiency and productivity through extensive training, and is furthermore reviewing base salaries and incentives to secure quality employment and reduce turnover, and creating a rewarding work environment through regular reviews of safety programs and the enhancement of employee benefits.

Labor shortages are also a challenge in Europe, particularly in Germany, which accounts for roughly 30% of Novoferm Group sales and is faced with a shortage of skilled workers as well. The Novoferm Group identifies people, along with customers, products, and processes, as the four core elements of the Novoferm Vision 2030 for management, and believes that a company's growth depends on the aptitude, talent, and skills of every employee. The Novoferm Group will pursue sustainable growth for both individuals and the organization through capacity-building programs tailored to regional and market needs, the enhancement of digitalization environments, and the cultivation of corporate culture alongside improvements in the work environment.

Status and Challenges toward Becoming a Global Leader in Smart Entrance Solutions



Masanaka Yokota

Outside Director

After joining JMA Consultants Inc., Mr. Masanaka Yokota provided advice and guidance on corporate management strategy, production and manufacturing, and human resource development. After serving in various important positions, including Managing Director and President of Chinese and European subsidiaries, he was appointed as an Outside Director of the Company in June 2020, where he provides advice and suggestions on overall management.



Hiroko Ishimura

Outside Director

After joining The Mitsubishi Bank, Ltd., Ms. Hiroko Ishimura joined Cincom Systems Japan Ltd. in 1991, where she held important positions, including Marketing Manager and Representative Director. She was appointed as an Outside Director of the Company in 2022 and provides advice and suggestions on the use of IT and digital technology.



Mariko Watanabe

Senior Analyst
Executive Director
UBS Securities Japan Co., Ltd.

In 1991, Ms. Mariko Watanabe joined Kokusai Securities Co., Ltd. Since then, she has been involved in industry research and financial analysis as a securities analyst at several foreign securities firms until joining UBS Securities Japan Co., Ltd. in 2004. As a certified member of the Securities Analysts Association of Japan, she serves as a bridge between companies and investors.

In fiscal 2022, Sanwa Holdings formulated its Long-Term Vision, Sanwa Global Vision 2030. The first phase of the plan, the Medium-Term Management Plan 2024, has been successfully completed, and the second phase, the Medium-Term Management Plan 2027, began in fiscal 2025. Two outside directors exchanged opinions with facilitator Mariko Watanabe, Senior Analyst at UBS Securities, on current issues and areas to focus on in the future as we move forward with the new Medium-Term Management Plan.

Summary of the Medium-Term Management Plan 2024

Watanabe: March 31, 2024 marked the conclusion of the Medium-term Management Plan 2024. Achievement of various performance targets suggests a favorable outcome to this plan. How would you evaluate the Company's performance during the plan?

Yokota: For Sanwa Holdings, the previous Medium-Term Management Plan was to be a very important first step toward the Sanwa Global Vision 2030. Despite the many lingering uncertainties as the COVID-19 pandemic came under control, business in Japan and North America remained steady, resulting in a satisfactory overall performance.

The strong performance in Japan and North America can be attributed to the fact that the Company was able to pass on the higher costs of raw materials and other items to selling prices, as well as to improve productivity and take cost reduction initiatives. I believe that the smooth acceptance of the price shift was thanks to the Sanwa Group's excellent products and services, and the fact that the Group was able to gain the trust of its customers on a daily basis.

Ishimura: Sanwa delivered excellent results in the previous Medium-Term Management Plan. Particularly in the Japanese market, my assessment reveals strong results despite numerous challenges in the manufacturing industry, such as Japan's 2024 logistics problem due to driver shortages and

the 2025 digital cliff caused by legacy system maintenance difficulties. After assuming the position of outside director, what impressed me most strongly was that the company has a very solid organizational structure. I believe that the results of the Group's steady and continuous implementation of the PDCA cycle are reflected in the excellent financial indicators it has now achieved.

Watanabe: My impression is also that many investors highly rate the results generated in the last three years. However, are there challenges, including those not shown in the numbers, that you can point to?

Yokota: By region, Japan and the U.S. performed well, while Europe struggled. One of the reasons for this is that M&A did not proceed as expected, and how to grow in this area is a major issue for the next stage. Although it is commendable that the Group was able to turn a profit in Asia, it still must seek greater profits, especially in China and Vietnam.

In terms of products, I believe there is room for growth in products addressing disaster preparedness and climate change. These products account for about 30% of the Group's net sales and can already be considered a strength, but I believe that there is plenty more expansion possible in this area. I see this as an important point for the next stage of growth.



Ishimura: I believe that productivity improvement through digitalization and manufacturing innovation is an area where the Group must steadily and consistently transform and improve. The manufacturing industry is currently experiencing a major wave of new, influential solutions in the form of AI and IoT, and it is important to address these technologies in a circumspect, steady, and strategic way. Systems for digitalization are not set-and-forget; they must be constantly updated.

In parallel, the products and services offered must be made digital themselves. AI and other digital technologies are essential for applying IoT to products and developing service businesses, but hastily jumping on those technologies may not lead to immediate results. It is necessary to check effectiveness as you move forward, and to be consistent.

Expectations for the Medium-Term Management Plan 2027

Watanabe: A new Medium-Term Management Plan has started in fiscal 2025. I believe this current plan faces a different kind of challenging times versus the past three years. What are the key points you emphasize as an outside director?

Yokota: The most important thing is the investment policy, including M&A. The plan is to invest a total of 100 billion yen in M&A, capital expenditures, and IT/digital investments, and it should be vital to put this into practice properly. If the investment goes well, for example in the Americas, we believe it will lead to further market share expansion and improved profitability. The importance of these investments has been constantly discussed by the Board of Directors, not only in the current Medium-Term Management Plan.

Ishimura: The Board of Directors continues to discuss advancing sustainability management. The underlying spirit when Sanwa was founded was love, trust, and hard work, truly the foundation of sustainable management. This underlying spirit was a marvel to me when I joined Sanwa Holdings as an outside director.

The underlying spirit from the Company's founding has

been handed down through the years, and this has led to the Sanwa Group's current Corporate Mission of being "committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society." The PDCA cycle, which is used to put this mission into action, is also strongly ingrained in the Group's corporate culture. I believe this unwavering attitude is a major driving force behind our growth and should encourage the promotion of sustainability management.

In the current Medium-Term Management Plan, while scaling will be important, I also believe that what is even more important is improving quality. Improving the quality of everything, including products and employee capabilities, through sustainability management should also be a key factor in business expansion.

Watanabe: The final goals of this Medium-Term Management Plan are operating profit of 100 billion yen and an operating profit ratio of 13.3%*. This number can only be achieved with a foundation built from decades of effort, not just in the past three years. Given this, I think the Sanwa Group can maintain similar growth over the long term ahead, but what hurdles need to be overcome in order to grow even more?

*Before amortization of goodwill

Yokota: Human capital development and management are still important. Not only Sanwa Holdings, but all Japanese companies are struggling to secure human resources, and I think this is a high hurdle that must be overcome.

Compared to a short time ago, Sanwa Holdings has gained more exposure through advertising and other means. This has also attracted the interest of job seekers. In order to secure even more talented personnel, it will be important to use a variety of other tools in addition to advertising.

The Japanese manufacturing industry, not just Sanwa Holdings, is generally structured in such a way that discipline is determined from the top down, and QCD (quality, cost, and delivery) is ensured by the field's strict adherence to standard methods. While this has no doubt contributed to its strength, organization must transform so that each individual can freely express their own opinions in order to better demonstrate their abilities.

Ishimura: I agree that organizational development is important. What is needed here is to create opportunities for exposure to ideas from outside the company. Having been in a position of corporate management for a long time, I have realized that focus inevitably narrows to internal concerns. Meanwhile, companies with strengths in developing human capital focus on external training and learnings from outside as well as internal training. My hope is that Sanwa Holdings will consider modifying its approach to human capital development with such efforts in mind.

Yokota: Outside directors have often expressed their opinions on the review of the personnel system. I believe that this is a difficult topic with no immediate answer or correct answer, but there must be time provided to have a thorough discussion.

Ishimura: A moment ago, I mentioned digital technologies as an issue from the previous Medium-Term Management Plan. Investment in IT and other digital technologies is a basic strategy in the current Medium-Term Management Plan, but I am still concerned about whether digitalization will proceed as planned.

In utilizing and promoting IT and other digital technologies, you never know what kind of trouble you may encounter along the way. Therefore, it is difficult to predict whether the investment amount of 10 billion yen, which is set in the current Medium-Term Management Plan as planned, will be sufficient to deal with various situations. It may be necessary to anticipate the need for a review during the process.

Yokota: Business process improvement through digitalization is a theme that requires steady action. The digitalization of Sanwa Holdings' services and products, as mentioned earlier, is the Company's responsibility as a dominant industry player by market share.

Watanabe: The balance between investment in growth and shareholder returns is also a key point in this Medium-Term Management Plan. Sanwa Holdings' capital efficiency figures, such as ROE and ROIC, have improved dramatically over the last decade.

I have observed many companies in my career, and I have never seen such an improvement. This is probably due to the

fact that Sanwa Holdings has been emphasizing shareholder returns in addition to improving profit margins. I believe that many shareholders appreciate this consistent stance and the cash allocations to further improve it. What do you two think?

Yokota: The change to DOE as an indicator of dividend policy has been highly appreciated by all outside directors. I feel that the ongoing discussions in the interest of capital efficiency have been put to good use in this indicator change.

On the other hand, the Company's assumed amount of investment in growth, including M&A, feels somewhat cautious. I have said that they should consider this as a minimum line to exceed, and that they should invest more aggressively for the future. In particular, M&A is an area that did not go well in the previous Medium-Term Management Plan, so I would like to see the Company actively engage here.

Ishimura: Not only that, but given the current shortage of IT talent in the market, there may be room for improvement in the speed of decisions regarding IT investment decisions in order to secure outsourced human resources.

For major investment decisions, the Company, as the holdings company, needs to make the final decision. This can slow down the speed of decision making. In order to ensure that growth investments are carried out, it would be helpful to make some operational innovations to strengthen the



functions of the Board of Directors, such as holding special Board meetings for investment decisions.

Sanwa Holdings' Corporate Governance

Watanabe: Let's also talk about your assessment of corporate governance as outside directors?

Yokota: Mr. Michael Morizumi was appointed as a new outside director and Audit & Supervisory Committee member in June 2025. He is an American and has experience and knowledge as an analyst in addition to corporate management.

In addition, Mr. Naoto Yamaoka was appointed as an Audit & Supervisory Committee and inside director. This enhancement of the Board's headcount has made the system more heartening.

Ishimura: I have only been in office for about three years, so I have much to learn from the discussions of the other outside directors, but they are quick to respond to my questions, and I am often asked for advice on women's empowerment and digitalization. I believe that we have a good open atmosphere because we are given opportunities to communicate with the Company's employees.

Watanabe: As an outside director, what do you stay mindful of?

Yokota: I try to maintain a perspective on whether the quality of our products and services is appropriate. For manufacturers, the attitude of providing better products is of utmost importance, and I try to speak out with a strong awareness of this.

Ishimura: I try to look at products and services from the consumer's perspective. Since becoming an outside director of the Company, I have noticed many more shutters in my daily life. From a consumer perspective, I actively collect information that I believe is necessary for the Sanwa Group and provide feedback.

Future Expectations for the Sanwa Group

Watanabe: What are your expectations for the Sanwa Group in the future, respectively?

Yokota: The current Medium-Term Management Plan marks the exact halfway point toward the Sanwa Global Vision 2030. I feel that the Company needs to take a moment to discuss and define what it means to be a "Global Leader in Smart Entrance Solutions" as set forth in our Long-Term Vision.

Specifically, it will be necessary to sort out what kind of product mix the Company is aiming for, and whether the roles of the holding company and each business company are appropriate in order to become a truly global company.

We, as outside directors, will also consider this together.

As the Company promotes human capital management, it must also pursue employee engagement. Employees are a company's most important stakeholders. I believe that the start of this new Medium-Term Management Plan should be an opportunity to discuss what kind of company to become in order to be a good company where employees can work with pride.

Ishimura: I hope that Sanwa Holdings employees will firmly practice the Company's founding spirit of love, trust, and hard work, and that the Company will continue to help people lead safe, secure, and comfortable lives.

As part of this effort, it is my desire the Company will work

to further promote the empowerment of women. Women's empowerment is still limited in scope, not only at the Company but in the construction industry overall. I would like to see management make the most of individual abilities so that everyone is given the opportunity to develop their careers, rather than making distinctions based on gender.

Another area that needs attention, in my view, is a reassessment of PR messaging. My sense is that, since Sanwa Holdings' business is BtoB, I feel that there is an internal perception that it's okay to not have much public recognition. But, is that something that we can afford to ignore? In fact, there are times that I feel the Company makes a truly excellent product that can contribute to society, but that the Company is not doing a good job of appealing to the public. Successfully pitching such a product would improve the Company's image and attract even better talent. Employees

would be able to work with more pride.

Watanabe: I feel the same way as Ms. Ishimura. Sanwa Shutter Corporation in Japan, ODC in the United States, and Novoferm Group in Europe are all valuable brands. Despite the fact that many people use some version of their products in their daily lives, these brands are not as well recognized in the general public as its valuation in the stock market. I feel that if the Sanwa Group can successfully appeal to the public, it can become more widely known.

Today's dialogue gave us a glimpse of directors with different perspectives discussing and striving for the happiness of the Sanwa Group's stakeholders. The Sanwa Group offers a promising future as an organization that can make all stakeholders happy, including not only shareholders, but also employees and end users. Thank you for this valuable opportunity.



Management Team

Directors



Yasushi Takayama

Representative Director, President Chief Executive Officer

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	181,803 shares

Reasons for appointment

Since joining the Company in 2006, Mr. Yasushi Takayama has served in important positions, including General Manager of Total Cost Reduction (TCR) Dept. and General Manager of Structural Reform Dept., where he promoted a wide range of management reforms throughout the Company Group. After assuming office as President in 2017, he has promoted global group management both in Japan and overseas, laying the foundation for the Company to become a major global player. Based on his extensive experience and track record, the Company has determined that he remains qualified to be a Director.



Hiroyuki Yamazaki

Director, Senior Managing Executive Officer Responsible for Corporate Planning Unit

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	30,080 shares

Reasons for appointment

Mr. Hiroyuki Yamazaki held important positions at a trading company, a system development company, and other organizations before joining the Company in 2017. At the Company, he has contributed to the growth of the Company Group in terms of both attacking and defensive aspects, by utilizing his extensive experience and acumen to promote management strategy and global personnel strategy, as well as strengthen risk management and so forth. Based on his experience and acumen, the Company has determined that he remains qualified to be a Director.



Toshiaki Doba

Director, Senior Managing Executive Officer Responsible for Global Business Unit

Attendance at Board of Directors' meetings	100%
Number of company shares held	19,386 shares

Reasons for appointment

After holding important positions at a trading company and a foreign-owned enterprise, Mr. Toshiaki Doba joined the Company in 2014. At the Company, he has been mainly involved with the Americas business, making a substantial contribution to expanding the sales of the US subsidiary and improving its profitability. From 2022, he was responsible for Global Business Unit, where he led the Company's business strategy in Europe and Asia, as well as the Americas, contributing to the growth of the Company's global business. Based on his experience and track record, the Company has determined that he remains qualified to be a Director.



Meiji Takayama

Director (Part-time)

Attendance at Board of Directors' meetings	100%
Number of company shares held	109,780 shares

Reasons for appointment

Mr. Meiji Takayama held important positions at Sanwa Shutter Corporation, the core business company of the Company Group, such as General Manager of Sales Promotion Dept. and Head of the Building Materials Div., before assuming office as Representative Director, President of that company in 2017. Drawing on his experience and knowledge of the field of construction and the construction materials industry, he has driven the domestic business and contributed to the development of the Company Group. Based on his experience and strong leadership, the Company has determined that he remains qualified to be a Director.



Masanaka Yokota

Independent Outside Director

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	6,300 shares

Reasons for appointment

As a consultant for many years at JMA Consultants Inc., Mr. Masanaka Yokota provided advice and guidance for improvements and reforms in areas such as management strategy, production & manufacturing, and personnel development. Since he assumed office as an Outside Director in 2020, he has utilized his experience as a consultant and as the president of an overseas subsidiary, etc., to provide advice and suggestions on management as a whole, while also providing impartial opinions as a member of the Nomination & Compensation Committee. The Company expects him to utilize this extensive experience and knowledge to continue to provide supervision and advice in relation to the execution of duties by Directors of the Company.



Hiroko Ishimura

Independent Outside Director

Attendance at Board of Directors' meetings	100%
Number of company shares held	1,000 shares

Reasons for appointment

After first being employed by The Mitsubishi Bank, Ltd., Ms. Hiroko Ishimura joined Cincom Systems Japan Ltd. In 1991, where she held important positions, including those of Marketing Manager, Managing Director, and Representative Director. Since she assumed office as Outside Director of the Company in 2022, she has utilized her deep knowledge of solving business problems using IT and digital technologies, etc., and extensive experience as a corporate manager to provide advice and suggestions on management as a whole. The Company expects her to utilize this deep knowledge and extensive experience to continue to provide supervision and advice in relation to the execution of duties by Directors of the Company.



Tsunekatsu Yonezawa

Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	— shares

Reasons for appointment

Mr. Tsunekatsu Yonezawa served as General Manager of Thin Plate Department I, ITOCHU Corporation, and General Manager of Oceania, ITOCHU Corporation, before being appointed the member of the Board of Marubeni- Itochu Steel Inc. in the ITOCHU Group. Subsequently he assumed office as Outside Corporate Auditor of the Company in 2015, and Director serving as Audit and Supervisory Committee member in 2016. At the Company, based on his experience as a corporate manager both in Japan and overseas and his deep knowledge of economics and management, he has provided appropriate opinions and advice while also providing impartial opinions as a member of the Nomination & Compensation Committee. The Company expects him to utilize his experience and knowledge to continue to provide appropriate supervision of execution of business by the Company.



Naoto Yamaoka

Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	— %
Attendance at Audit & Supervisory Committee meetings	— %
Number of company shares held	1,800 shares

Reasons for appointment

Mr. Naoto Yamaoka held important positions at Sanwa Shutter Corporation, the core business company of the Company Group, such as General Manager of Human Resources and General Affairs Dept. and Senior Executive Officer, before assuming office as Corporate Auditor of that company in 2023. He possesses many years of experience in human resources, labor, human resource development, and general affairs operations, as well as broad knowledge of the Company Group's business. Based on his extensive experience, the Company expects him to provide appropriate opinions and advice, and has determined that he is qualified to be a Director serving as Audit and Supervisory Committee Member.



Akira Gokita

Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	— shares

Reasons for appointment

After serving as Public Prosecutor in the Special Investigation Divisions of the Tokyo District Public Prosecutors Office and the Osaka District Public Prosecutors Office, Mr. Akira Gokita registered as attorney at law in 1988, and since 1994 he has been active in a wide range of fields as an attorney at law for Gokita and Miura Law Office. He assumed office as Director serving as Audit and Supervisory Committee member of the Company in 2016. At the Company, based on his deep knowledge as a legal specialist, he has provided appropriate opinions and advice in relation to the governance and risk management of the Company while also providing impartial opinions as a member of the Nomination & Compensation Committee. Other than as an Outside Director he has had no involvement in company management, but the Company expects him to utilize the above-mentioned experience and knowledge to continue to provide appropriate supervision of execution of business by the Company.



Michael Morizumi

Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	— %
Attendance at Audit & Supervisory Committee meetings	— %
Number of company shares held	— shares

Reasons for appointment

Mr. Michael Morizumi has knowledge of corporate analysis, investment decisions, and finance and accounting from his many years of experience as a securities analyst, as well as extensive knowledge of domestic and international corporate management from his experience as a representative of Pacific IR Co., Ltd. The Company expects him to utilize his experience, knowledge, and global perspective and to provide appropriate supervision of execution of business by the Company.

Executive Officers

Katsumi Fujii

Senior Executive Officer
Head of Americas Business, Global Business Unit

Masayuki Atarashi

Executive Officer
Head of Corporate Communication Department, Corporate Planning Unit

Skill Matrix of the Directors

Policy for Appointing Directors

The Company's criteria for appointing Directors are based on whether the individual in question possesses the abilities, knowledge, and experience necessary to monitor and supervise the Company's management from a global perspective, and to make important decisions concerning the Company's business operations.

Ever since we created and disclosed a skill matrix for Directors in 2021, we have been reviewing it from time to time in light of the management issues we face. We have selected the areas described in the table on the right after deliberations by the Board of Directors with a view to achieving Sanwa Global Vision 2030, our Long-Term Vision, and the Mid-Term Management Plan 2027.

Appointment Process

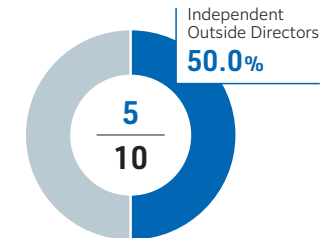
The Board of Directors of the Company selects executives who will set and promote business directions and strategies with global-scale competitiveness in mind. Candidates for the position of Director are selected based on individual abilities, insight, and experience as well as in consideration of the balance and diversity of the overall Board of Directors and the Audit & Supervisory Committee. (At least one person who is an expert in finance and accounting is appointed as a Director serving as an Audit & Supervisory Committee Member.) A decision is made on the candidates by the Board of Directors in deliberations following verification by the Audit & Supervisory Committee.

Furthermore, Director candidates are selected by the Board of Directors after receiving advice requested from the Nomination & Compensation Committee. The reasons for the selection of individual Director candidates are provided in the convocation notice of the General Meeting of Shareholders. The selection and dismissal of executives (excluding Directors) use the same procedure, with a decision made after deliberation by the Board of Directors.

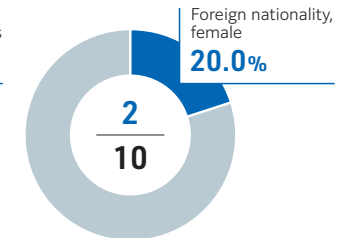
Independent Outside Directors

The five Outside Directors each provide management advice based on their extensive experience and expertise. In doing so, they audit and supervise the Directors in the execution of their duties from a neutral standpoint that is independent of the execution of business, thus fully enhancing oversight of the Board of Directors. Going forward, we will continue to consider increasing the ratio of Outside Directors as necessary with a view to ensuring the effectiveness of the Board of Directors and further improving governance.

Ratio of Independent Outside Directors



Diversity Ratio



Skill Matrix of the Board of Directors

	Name	Skills (ability, knowledge, experience etc. which the Company expects)									Diversity	
		Corporate management	Industry knowledge, Industry experience	Global experience	Sales, Marketing	Manufacturing and engineering, Development and quality assurance	IT, Digital	Finance and accounting, Monetary	Personnel and labor, Personnel development	Legal affairs, Risk management, Compliance	Foreign nationality	Female
Directors (excluding Directors serving as Audit & Supervisory Committee Members)	Yasushi Takayama	✓	✓				✓	✓	✓	✓		
	Hiroyuki Yamazaki	✓		✓			✓	✓	✓	✓		
	Toshiaki Doba	✓	✓	✓	✓			✓				
	Meiji Takayama	✓	✓		✓	✓		✓	✓			
	Masanaka Yokota	○ I	✓	✓		✓			✓			
Directors serving as Audit & Supervisory Committee Members	Hiroko Ishimura	○ I	✓	✓	✓		✓					✓
	Tsunekatsu Yonezawa	○ I	✓	✓	✓							
	Naoto Yamaoka		✓					✓	✓	✓		
	Akira Gokita	○ I						✓	✓	✓		
	Michael Morizumi	○ I	✓	✓				✓			✓	

Note: The above matrix does not indicate all skills, knowledge, experience, etc., possessed by the Directors.

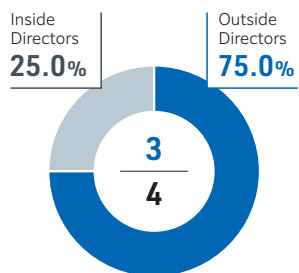
Expected Skills

Corporate management	Experience as a representative Director or an executive with a broad scope of managerial duties equivalent to those of a representative Director in a company	IT, Digital	Expertise in how to apply digital technology to transform and streamline businesses and operations
Industry knowledge, Industry experience	Management skills of a kind that will contribute to the growth of the Company by leveraging knowledge and experience of industry	Finance and accounting, Monetary	Knowledge of finance and accounting required to build a management foundation that balances investment in growth, sound finances, and shareholder returns
Global experience	Experience of conducting business outside of Japan or managing a company with global operations	Personnel and labor, Personnel development	Skills and experience to oversee the situation surrounding the implementation of human capital management, including human resource development linked to management strategy and other matters
Sales, Marketing	Foresight to create business opportunities in a rapidly-changing business environment	Legal affairs, Risk management, Compliance	Expertise in how to respond promptly and appropriately from the standpoints of legal affairs, corporate governance, and risk management so as to secure the trust of stakeholders
Manufacturing and engineering, Development and quality assurance	Expertise in manufacturing (production, technology, and development) and quality assurance needed to earn the trust of customers		

Basic Approach to Corporate Governance

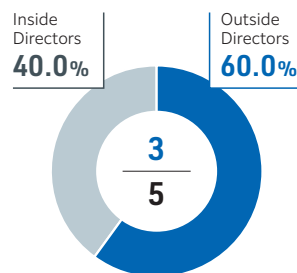
As a global access systems company that is developing business in 28 countries and regions in North America, Europe and Asia as well as in Japan, Sanwa Holdings Corporation achieves business growth through good faith and fair business activities on the basis of the Company's Mission, Our Values, Principles of Business and Compliance Code of Conduct while aiming to instill two kinds of reliability (reliable business performance and reliable management). Continuing to grow and improve corporate value, the Company will also contribute to the sustainable development of society while positioning corporate governance, which forms its foundation, as an important management issue.

Ratio of Outside Directors (Audit & Supervisory Committee)



*Chaired by an Outside Director

Ratio of Outside Directors (Nomination & Compensation Committee)

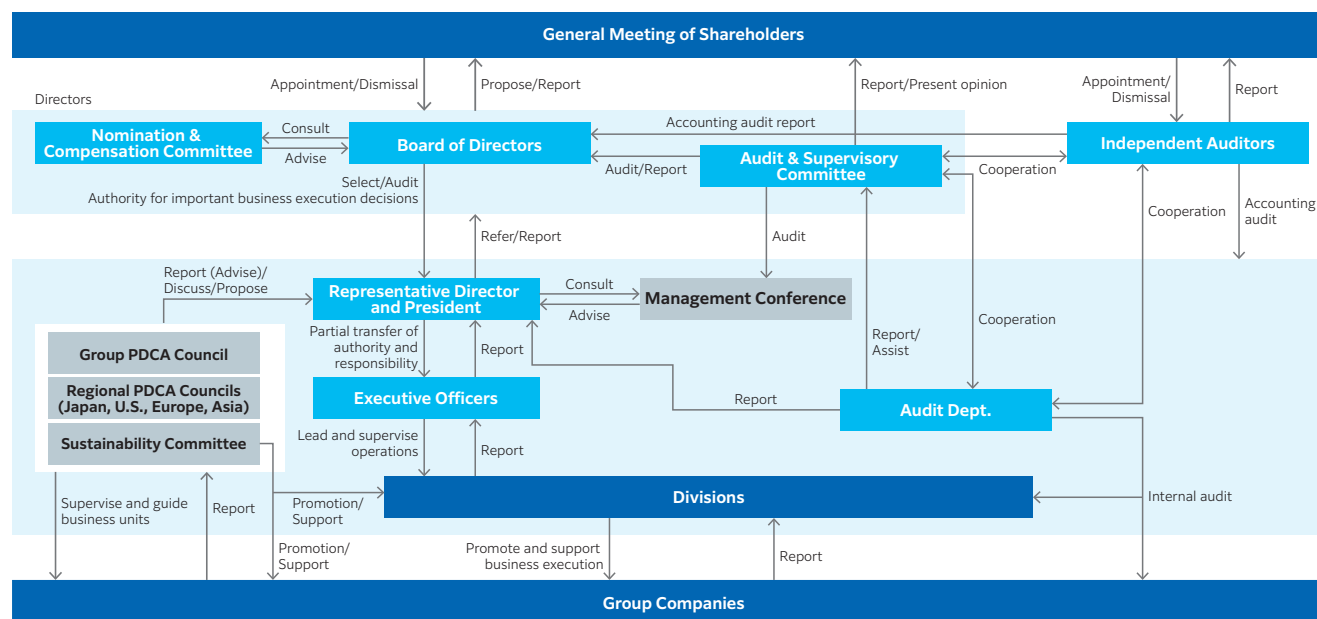


*Chaired by an Outside Director

Corporate Governance Structure

The details of specific measures to enhance our business execution and supervisory functions are set out below. By adopting this system, we believe that we can establish a system to ensure the appropriateness of operations and enhance corporate governance.

The Sanwa Group's Corporate Governance Structure



Comment from the New Outside Director

Realize latent corporate value by maintaining a global perspective

I believe that Sanwa Holdings is an exemplary company, not only for Japan but from a global perspective as well, and its superiority is reflected in its strong share price. And while Sanwa Holdings has already made significant advancements in its earnings and share price in recent years, I will endeavor to leverage my various

experiences in finance and in global business to find ways to contribute to further expansion of the Company's corporate value. I also hope to use my experiences as a securities analyst to further enhance Sanwa's investor relations function as well.



Michael Morizumi

Enhancement Process of Corporate Governance

2000	Adopted Executive Officer system	
	Appointment of one outside Audit & Supervisory Board member	
2003	Established Group Strategy Committee	
	Established Domestic Business/Overseas Business PDCA Council (Regional PDCA Councils)	
2005	Established the Group CSR Promotion Council	
2006	Appointment of two outside Audit & Supervisory Board members	
2007	Adopted holding company system	
2008	Appointment of one Outside Director	Ratio of Outside Directors 10.0%
2016	Transition to a company with an Audit & Supervisory Committee	
	Established the Management Conference	
	Appointment of three Outside Directors	Ratio of Outside Directors 27.3%
2021	Established the Nomination & Compensation Committee	
	Established the Sustainability Committee	
	Resolution on policy for determining details of officer compensation, etc., for individual Directors (to change to restricted stock compensation)	
2022	Appointment of one female Director	Ratio of Outside Directors 40.0%
2023	Established shareholding guidelines	
2024	Chair of the Nomination and Compensation Committee becomes an Outside Director	Ratio of Outside Directors 44.4%
2025	Chair of the Audit & Supervisory Committee becomes an Outside Director Appointment of one non-Japanese Outside Director	Ratio of Outside Directors 50.0%

■ About the Board of Directors

The Board of Directors consists of ten Directors (including four Directors who are Audit & Supervisory Committee members), of whom five (50.0%) are designated as independent Outside Directors. In principle, the Board of Directors meets at least once every three months to make important managerial decisions in a timely manner, as well as to oversee the execution of duties by the Directors, thereby ensuring that the Company is managed in a legal and appropriate manner. In addition, we have adopted an Executive Officer system as a means to separate management decision-making by the Board of Directors and business execution by Executive Officers, thus streamlining management and enhancing the ability of Directors to oversee the execution of business by Executive Officers.

FY2024
Board of
Directors meetings

Number of meetings held: 8
Items on the agenda: 29
Matters reported: 59
Duration (average): 2 hours 30 minutes

Specifically, the Board of Directors mainly deliberated and reported on the following matters.

Main Deliberation Items at FY2024 Board of Directors Meetings

- Matters concerning the General Meeting of Shareholders
- Matters concerning shares, capital, etc.
- Matters concerning corporate governance, management policies, and plans
- Matters concerning financial results
- Matters concerning the Board of Directors and Directors
- Matters concerning human resources
- Matters concerning the acquisition and disposal of assets and funding
- Matters concerning business restructuring and organization
- Matters concerning the establishment, revision, and abolition of important rules
- Other matters concerning the execution of business

■ Evaluations of Board of Directors' Effectiveness

The Company has been conducting an annual questionnaire on the effectiveness of the Board of Directors since the end of fiscal 2017. In fiscal 2024, we conducted the questionnaire after the Board of Directors' meeting held in March 2025 and obtained responses from all Directors. In fiscal 2025, at the Board meeting held in the following May, all Directors, including Outside Directors, analyzed and evaluated effectiveness based on the response results.

Method for conducting the questionnaire

Anonymous questionnaire evaluated on a 5-point or 3-point scale, with space provided for respondents to give their comments

Items on the questionnaire

- Composition of the Board of Directors
- Functions and roles of the Board of Directors, etc.
- Status of operation of the Board of Directors
- Stimulation of deliberations at the Board of Directors meetings
- Support system for the Board of Directors
- Sustainability
- Matters concerning the initiatives of the Directors themselves
- Outside Directors
- Nomination & Compensation Committee

Results of the Fiscal 2024 Questionnaire

Areas with high ratings

The evaluation showed that the composition of the Board of Directors of the Company is well-balanced in terms of knowledge, experience, and abilities, and Directors engage in productive discussion according to their respective skills. Therefore, the Board of Directors is generally functioning effectively in terms of roles, responsibility, management, and structure, and the evaluation showed that the Nomination & Compensation Committee, an advisory body of the Board of Directors, is functioning appropriately.

Points to be improved

We will continuously conduct various kinds of measures for further examining optimization of the structure of the Board of Directors and strive to secure and improve the function and effectiveness of the Board of Directors.

Measures for Enhancing Business Execution and Supervisory Function

Management Conference

In accordance with the transition to a company with an Audit & Supervisory Committee structure in fiscal 2016, from the perspective of speeding up management decisions a Director (President) was entrusted to make “significant decisions concerning business execution,” excluding matters prescribed by law. Consequently, set up as an advisory body to the delegated Director, a Management Conference reports on important management issues, and assists that Director in making decisions and strengthening the flexibility of business execution.

Audit & Supervisory Committee

The Directors who are Audit & Supervisory Committee members monitor the status of business execution by Directors who are not Audit & Supervisory Committee members and other Executive Officers, and report and express their opinions. In this way, we work to ensure legal and appropriate corporate management. We believe the transition to a company with an Audit & Supervisory Committee has contributed to improving the supervisory function and transparency of the Board of Directors, and thus demonstrates the effectiveness of the Board.

Nomination & Compensation Committee

The Company established the Nomination & Compensation Committee in January 2021 as an advisory body (voluntary) to the Board of Directors to enhance the fairness, transparency, and objectivity of procedures related to the nomination and compensation of Directors (excluding Directors serving as Audit & Supervisory Committee members) and Executive Officers. The Committee, a majority of whose members are Outside Directors, deliberates in response to consultations from the Board of Directors on matters such as nomination proposals for candidates for the position of Director, etc., as well as calculation methods, etc. for compensation for Directors, etc. and for individual compensation, and advises based on the results of its deliberations to the Board of Directors.

Group and Regional PDCA Councils

Group and Regional PDCA Councils consist of Directors, Executive Officers and other senior management officers (independent Outside Directors excluded). At the councils, Directors oversee the progress of management plans and provide guidance on management issues, while the Directors who are Audit & Supervisory Committee members audit the status of business execution by Executive Officers.

FY2024 Meeting Body Status and Major Agenda Items

Name of the meeting body	Frequency of meetings/the number of meetings held/attendance rate	Agenda items
Management Conference	Once a month, as a general rule (Fiscal 2024: 8 times) Attendance rate: 100%	- Deliberates on matters deemed necessary by the President from among matters concerning important business execution decisions delegated by the Board of Directors to the President - Deliberates on matters deemed necessary by the President from among the Board of Directors' meeting agenda items - Deliberates on other important, management-related matters
Audit & Supervisory Committee	At least once every three months, as a general rule (Fiscal 2024: 7 times) Attendance rate: 100%	Reports and expresses their opinions on the audit of the status of business execution by Directors who are not Audit & Supervisory Committee members and other Executive Officers
Nomination & Compensation Committee	Twice a year, as a general rule (Fiscal 2024: 2 times) Attendance rate: 100%	- Proposals for the election of Directors, excluding Directors serving as Audit & Supervisory Committee members and Executive Officers - Matters concerning the compensation for Directors, excluding Directors serving as Audit & Supervisory Committee members, etc., and the calculation method for individual compensation
Group PDCA Council	Once a month, as a general rule (Fiscal 2024: 8 times) Attendance rate: 100%	- Reports, confirms, and provides guidance on the progress of Groupwide plans (for each business unit) - Reports, confirms, and provides guidance on the progress of important projects of each business unit - Considers and coordinates new management issues across business units
Regional PDCA Councils (Japan, U.S., Europe, and Asia)	Once every three months, as a general rule (Fiscal 2024: 4 times each) Attendance rate: 100%	- Considers the plans and budgets of each business company - Reports, confirms, and provides guidance on the progress of the plans of each business company
Sustainability Committee ▶ Page 34 Sustainability Committee	Once every three months, as a general rule (Fiscal 2024: 4 times) Attendance rate: 100%	Deliberates on and promotes Groupwide sustainability policies, etc., including the Group's quality, risk management, compliance, social contribution, global environment conservation, respect for human rights, work-style reforms, and gender equality

Compensation of Directors

Policies, etc., for Determining Details of Officer Compensation, etc.

At the Board of Directors' meeting held on June 22, 2021, the Company resolved a policy for determining the details of the individual compensation, etc., of Directors (excluding Directors serving as Audit & Supervisory Committee members; hereinafter referred to simply as “Directors”). Compensation of Directors, etc., is intended to contribute to continual improvement of the Company's business performance and corporate value. The Company designs its compensation system so that the level and structure of compensation are in accordance with the roles and responsibilities required of the Company's Directors, and enable the recruitment and retention of well-qualified people. The compensation of Directors consists of base compensation, performance-linked compensation, and restricted stock compensation. However, the compensation of Directors serving as Audit & Supervisory Committee members and independent Outside Directors consists only of base compensation. Furthermore, as a general rule, compensation is not paid to part-time Directors (who are paid compensation from consolidated subsidiaries). The total amount of base compensation and performance-linked compensation and the total amount of restricted stock compensation shall be within the total amount determined at General Meetings of Shareholders.

	Base compensation	Short-term incentive Performance-linked compensation	Long-term incentive Restricted stock compensation
Directors (excluding directors serving as Audit & Supervisory Committee Members) (excluding outside directors)	¥380 million or less per year	¥280 million or less per year	¥80 million or less per year
Outside Directors (excluding Audit & Supervisory Committee members)			
Directors serving as Audit & Supervisory Committee members	¥150 million or less per year		

The details of the policy for determining the compensation, etc., for individual Directors are as follows.

a. Policy for base compensation

The base compensation for each Director is set for each position based on consolidated performance with reference to the

compensation levels of other companies presented by a specialized outside organization and is paid monthly.

b. Policy for performance-linked compensation

For performance-linked compensation, as monetary compensation for business execution during the term (one year) of Directors, a standard amount is set for each position based on the Company's consolidated performance with reference to the compensation

levels of other companies presented by a specialized outside organization. The standard amount of this type of compensation is determined by taking into account standard amount indicators and the levels of contribution of each Director, evaluated quantitatively and qualitatively, and the compensation is paid during the fiscal year following the fiscal year under review.

As far as it serves as a reward that functions as a sound incentive for sustainable growth and reflects the Company's business performance, consolidated operating profit has been selected as the primary indicator for performance-linked compensation.

The amount of performance-linked compensation is determined as the amount calculated by multiplying the number of points specified for each position by the unit price of points, and then by individual evaluation that reflects the evaluation of each Director.

Individual evaluations are conducted by setting multiple priority targets for each Director individually and evaluating them quantitatively and qualitatively through the PDCA (Plan, Do, Check, Action) cycle. In addition to these individual priority targets, items that contribute to the sustainable growth of the Company, such as "revitalization of the organization, compliance, and creation of a comfortable working environment," are set as common priority targets for all Directors. The unit price of points for the fiscal year under review is calculated by multiplying the unit price of points for the previous fiscal year by the percentage change in consolidated operating income from the previous fiscal year (percentage derived by dividing consolidated operating income for the fiscal year under review by consolidated operating income for the previous fiscal

Performance-linked compensation for each individual Director (formula)	=	Number of points	×	Per-point price	×	Individual evaluation
Number of points		Determined for each position				
Per-point price		Unit price of points for the previous fiscal year x percentage change from the previous fiscal year x amplification factor				
Individual evaluation		±25%				

Actual Compensation Amount for FY2024

Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			Number of Officers Eligible
		Base Compensation	Performance-linked Compensation	Non-monetary Compensation	
Directors (excluding directors serving as Audit & Supervisory Committee members and outside directors)	294	120	132	41	4
Directors serving as Audit & Supervisory Committee members (excluding outside directors)	37	37	—	—	1
Outside directors (excluding Audit & Supervisory Committee members)	24	24	—	—	2
Outside directors (Audit & Supervisory Committee members)	50	50	—	—	2

(Note)

- The amount paid to directors does not include the portion of employee's salary for those directors who concurrently serve as employees.
- Performance-linked compensation adopts the Company's consolidated operating income as the performance indicator to explicitly reflect profitability of the business activity in the fiscal year ended March 31, 2022, and the said compensation is calculated by determining a base amount for each position based on consolidated operating income compared to the previous year, then adding or subtracting the contribution of each director within a range of ±25% to the base amount.
- Non-monetary compensation is included in the amount recorded in the current fiscal year related to restricted stock compensation. Under the restricted stock compensation plan, the Company's common stock allocated under restricted stock allocation contracts shall not be transferred, pledged or disposed in other ways from the allocation date to the day on which the Directors or persons in any other positions designated by the Board of Directors of the Company lose their positions. Furthermore, if the eligible Director commits any act that constitutes a breach of legal compliance or internal regulations, etc., as stipulated in the restricted stock allocation contract, the Company shall automatically acquire the restricted stock allocated to the eligible Director without consideration.
- The compensation limit for directors (excluding directors serving as Audit & Supervisory Committee members) is ¥660 million per year (as approved at the 86th Ordinary General Meeting of Shareholders held on June 22, 2021). The number of directors as of the close of this Ordinary General Meeting of Shareholders is six (including one outside director).
- Aside from 4. above, the compensation limit related to restricted stock compensation for directors (excluding outside directors and directors serving as Audit & Supervisory Committee members) is ¥80 million per year (as approved at the 86th Ordinary General Meeting of Shareholders held on June 22, 2021). The number of directors (excluding outside directors and directors serving as Audit & Supervisory Committee members) as of the close of this Ordinary General Meeting of Shareholders is five.
- The compensation limit for directors serving as Audit & Supervisory Committee members is ¥150 million per year (as approved at the 90th Ordinary General Meeting of Shareholders held on June 25, 2025). The number of directors serving as Audit & Supervisory Committee members as of the close of this Ordinary General Meeting of Shareholders is four (including three outside directors).
- For a part-time director, no compensation etc. is paid from the Company.
- The Company's Board of Directors delegate the authority to decide individual compensation etc. of directors to the Representative Director, President to appropriately evaluate their performance based on the business performance of the entire Company's group. The scope of the authority of the delegated Representative Director, President covers the amount of base compensation for each director and the evaluation and allocation of performance-linked compensation based on the performance of the business for which the individual director is responsible.
- For the amount of individual compensation of each director in the current business year, the Representative Director, President consults with the Nomination and Compensation Committee on items related to the calculation method etc. of individual compensation and receives advice from the committee and decides the amount in consideration of the advice. The Board of Directors judges that the decision is made in accordance with the policies above.

year) by the amplification factor set to raise incentives, and is determined by approval of the Board of Directors.

In addition, the individual evaluation of each Director is made and determined by the Representative Director and President, who is delegated by the Board of Directors to evaluate the performance and contribution of each Director quantitatively and qualitatively, by ±25% for each evaluation item.

c. Policy for non-monetary compensation (restricted stock compensation)

The restricted stock compensation plan is a stock compensation plan aimed at providing incentives to Directors for sustainable improvement of the corporate value of the Company as well as promoting further value sharing between Directors and shareholders.

Directors, excluding Outside Directors and Directors serving as Audit & Supervisory Committee members, are eligible, and the

specific allocation to each eligible Director is decided based on a resolution by the Company's Board of Directors.

Each eligible Director shall pay all claims for monetary compensation to be paid for granting restricted stock in the form of properties contributed in kind each fiscal year and shall receive allotment of common stock of the Company. Furthermore, restricted stock compensation shall be granted as compensation for duties performed during the term (one year) of Directors within one month after the conclusion of the Ordinary General Meeting of Shareholders in which the Directors were elected. The allotment will be made through the disposition of treasury stock.

The transfer restriction period shall be the period from the date of delivery of restricted stock to the time that Directors lose

Base compensation (45%)	=	Performance-linked compensation (40%)	=	Non-monetary compensation (15%)
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their positions as Director of the Company or any other positions determined by the Board of Directors of the Company.

d. Policy for proportion of amounts of compensation, etc.

The proportion of different types of compensation paid to Directors is based on compensation level benchmarks of companies with similar business scales as the Company and belonging to related industry and business categories and through consultation with the voluntary Nomination & Compensation Committee, and is determined by the Board of Directors based on the advice of the committee.

The model case for the proportion of base compensation, performance-linked compensation and nonmonetary compensation is 45% : 40% : 15%. However, the proportion of actually paid amount may vary with individuals.

e. Policy for decisions on the details of compensation, etc., for individual Directors

Based on a resolution by the Board of Directors, the Representative Director, President is delegated authority to decide the specific details of the amounts of individual compensation. The scope of that authority covers the amount of base compensation for each Director and the evaluation and allocation of performance-linked compensation based on the business performance of the business for which the individual Director is responsible. However, so that the Representative Director, President appropriately uses this authority, the Board of Directors will consult with the Nomination & Compensation Committee on items related to the calculation method, etc., of individual compensation and receive advice from the committee. The delegated Representative Director, President will then consider the details of this advice and decide.

The amount of compensation for individual Directors is reported to the Nomination & Compensation Committee and validated by the committee, thereby ensuring its fairness, transparency, and objectivity.

Internal Control System

In accordance with the provisions of the Companies Act, the Company passed a resolution on its "Basic Policy for Building a System to Ensure the Appropriateness of Operations" at a Board of Directors' meeting and has appropriately established an internal control system based on that basic policy. Also, every year, we check the execution status of the internal control system

and report the results to the Board of Directors and, via business reports, to shareholders. We will continue to strengthen corporate governance by making improvements.

Group Governance

While respecting the independent and autonomous management of each Group company, we promote sound and efficient corporate group activities through Group-wide compliance, quality assurance, risk management, and other systems to ensure the proper conduct of business based on total Group optimization.

Group Management Structure

- To ensure and promote the appropriateness of operations at each company of the Sanwa Group, the director responsible for each Group company monitors the operational decisions and status of business execution at each company, provides guidance, issues recommendations and regularly reports to the Board of Directors to improve business management transparency.
- Regional PDCA Council meetings and other meetings are held to formulate management policy, management targets and yearly business plans based on pertinent two-way discussions with each group company.
- The Sanwa Group requires Group companies to seek preliminary consultation or approval on certain matters concerning business execution, as well as to submit follow-up reports, in accordance with the Group Company Management Regulations and the standards of respective regulating authorities for companies in Europe, the United States and Asia.
- The Audit Department conducts internal audits related to the status of business execution, compliance and risk management at the Sanwa Group companies that do not have their own internal auditing function.

Shareholding Guidelines

On April 1, 2023, the Company established the following shareholding guidelines with the aim of having Directors share the merits and risks of stock price fluctuations with shareholders, and further increasing motivation of Directors to improve business performance by encouraging Directors of the Company (excluding outside Directors, part-time Directors and Directors serving as Audit & Supervisory Committee members) to hold the Company's shares.

Shareholding Guidelines

Each Director shall endeavor to hold the Company's shares in accordance with the basic amounts presented below.

Chairperson/President:

2 x base compensation (annual amount) within four years after assuming office of one of the said positions

Other Directors:

1 x base compensation (annual amount) within four years after assuming office as Director

Dialogue with Investors

We recognize that the understanding and support of our shareholders and investors are essential to achieving sustainable growth and enhancing our corporate value over the medium to long term. Therefore, we strive to build long-term relationships based on trust by providing accurate information in a fair manner and by engaging in constructive dialogue.

FY2024 Major Dialogue Sessions with Investors

Sessions Held

Financial results briefings for institutional investors and securities analysts: 2
Individual meetings for institutional investors and securities analysts: 340
Briefings for individual investors: 3
Conferences held by securities companies: Participated in 3
Local events by Representative Directors/responsible Directors for investors in North America and Europe: 2 (1 NA, 1 EU)

Feedback for Management

Feedback obtained through constructive dialogue with shareholders and investors is shared with management and relevant departments, and utilized in our management strategy.

- Investor relations activity results and reports on the stock market's view of the Company to the Board of Directors (four times a year)
- Reports to senior management on the Company's stock price (quarterly)
- Reports to senior management on dialogue with institutional investors and securities analysts during overseas investor relations activities and financial results announcements

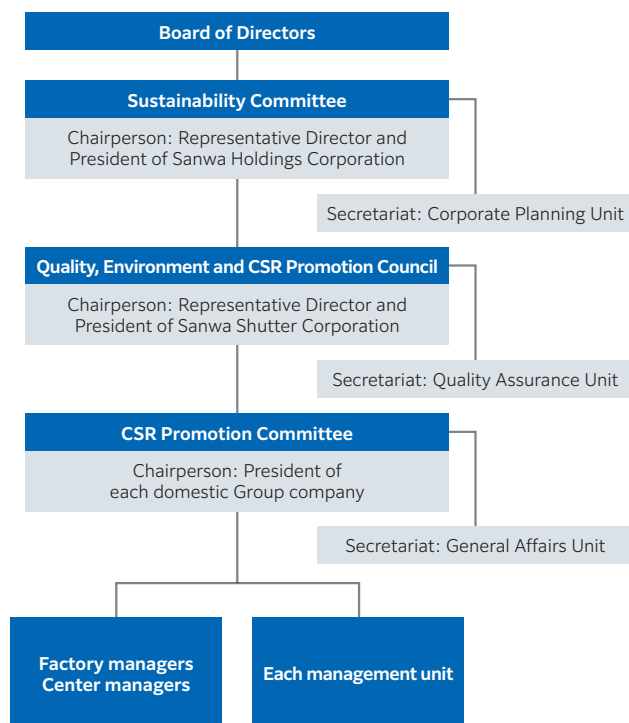
Implementing Risk Management

The Sanwa Group identifies, analyzes and evaluates business execution-related risks, and undertakes measures required to avoid and/or mitigate risks. As an organization dedicated to promoting risk management, the Sustainability Committee reports and deliberates on the Sanwa Group's basic risk management policies, risk management related plans and the progress of initiatives. In addition, the subordinate Quality, Environment and CSR Promotion Council and each Group company's CSR Promotion Committee manages risks by appropriately and rapidly responding to risks that occur during the course of each company's business activities.

Number of themes implemented as risk countermeasures in fiscal 2024

23

Sustainability Promotion Structure



Information Security Countermeasures

In June 2019, we established the Information Security Countermeasures Council, chaired by the Officer in charge of the Corporate Planning Unit, for the purpose of strengthening and promoting security countermeasures in preparation for contingencies (occurrence of incidents). This council's purpose is to identify security risks for the entire Group, including overseas locations, and to study, plan, and implement various countermeasures to maintain and improve our level of security, as well as to develop security measures based on the latest data by obtaining information from external organizations, etc.

In fiscal 2020, we formulated our IT-BCP, and commenced the plan with the aim of preventing business interruptions due to information security incidents (e.g., cyberattacks). In addition, we raised awareness of the appropriate management and handling of personal information by focusing on the theme of personal information protection.

In fiscal 2025, we made partial revisions to our Information Security Regulations, which are applicable to all domestic Group companies, with the aim of strengthening our information security system, including clarifying how to handle confidential information and optimizing access rights to internal documents.

In addition, as an information security measure, we conduct web-based training and virus email training to improve IT literacy for all employees. Furthermore, we have established a security information portal site on our intranet, where we post information security-related regulations, guidelines for identifying and dealing with suspicious emails, and other security-related information to ensure thorough awareness and compliance with information security measures. Additionally, in alignment with the Japanese government's annual Cybersecurity Awareness Month campaign held from February to March, we communicate with all employees to remind them about rules for using internal information systems to enhance practical security levels.

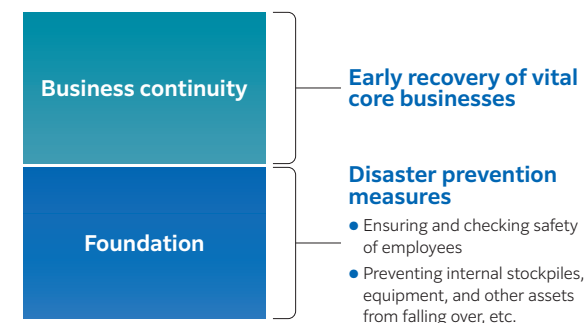
Business Continuity Plan (BCP) Initiatives

Basic Approach

The Sanwa Group's BCP is based on disaster prevention measures to protect employees' lives and the Company's assets, with the aims of business continuity and recovering as soon as possible.

We formulated our BCP with a focus on putting disaster prevention measures in place, based on the idea that continuing to do business is impossible without knowing that our employees are safe.

Assuming the scenario and risks of an earthquake happening in (directly below) the Tokyo metropolitan area, core business company Sanwa Shutter Corporation and each other Group company with headquarters in the area formulated a BCP.



Basic principles

[Aims]

- Ensure the safety of employees, installers, internal partner companies and their families
- Resume business operations as soon as possible to avoid losing business opportunities and continue providing products and services to existing customers
- Cooperate with local residents near business sites and contribute to society

[Core businesses targeted]

- Supply and repair of shutters and doors

Compliance

Ensuring Thorough Compliance

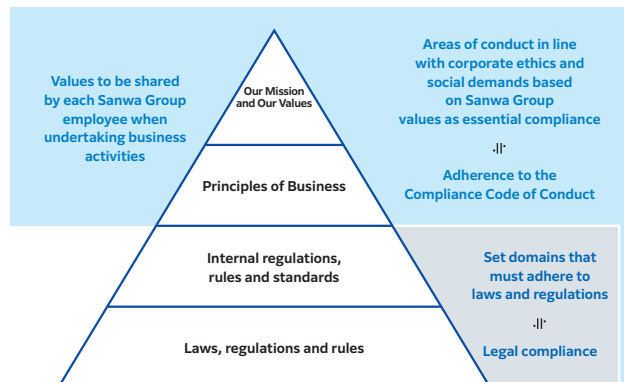
In order to maintain the trust of society, in October 2005 the Sanwa Group formulated the Compliance Code of Conduct, which outlines specific conduct that must be adhered to based on Our Mission, Our Values, Principles of Business, and the philosophy of the Group. In December 2020, the Compliance Code of Conduct was revised to meet the changing demands of society, focusing on items such as respect for human rights, ethical behavior, and information security. In April 2025, the revised Compliance Code of Conduct and Case Study Booklet was distributed to all employees.

Instilling Compliance Awareness at Overseas Group Companies

In Asia, we are implementing ongoing compliance awareness activities for employees, including reading and discussing the Compliance Code of Conduct and Case Study Booklet, holding study sessions, providing access to this material on our intranet, and collecting signed pledges.

The Audit Department of Sanwa Holdings conducts internal audits for overseas as well as domestic Group companies. In fiscal 2024, remote audits were conducted for An-Ho Metal (Taiwan) and Sanwamas Metal Industry (Indonesia) regarding accounting, manufacturing, engineering, human resources and labor, internal controls, governance, risk management, and other areas in accordance with local laws and regulations.

Compliance Code of Conduct: Conceptual Diagram



Compliance Month

In order to spread awareness of compliance and ensure that all domestic Group companies act in accordance with this spirit, we have designated November of each year as Compliance Month. During this month, we hold study sessions using the Compliance Code of Conduct and Case Study Booklet, and thoroughly refamiliarize ourselves with the Antitrust Law Guidebook and the Guidelines on Regulations Concerning Contact with Associates from Industry Peers.



Compliance Code of Conduct and Case Study Booklet

Compliance Training

At domestic Group companies, training on a nationwide basis is provided to managers of each Group company to further instill awareness of the importance of compliance. This training features lectures on laws related to our business, such as the Antimonopoly Law, the Construction Business Act, and the Labor Standards Act. It also includes lectures concerning safety obligations, harassment, and risks relating to information security, respect for human rights, anti-bribery and corruption and other areas, and thereby fosters compliance awareness.

In addition, we also provide the same training for new employees and mid-career hires when they first join the Company, as well as for newly appointed managers when they are promoted to managerial positions. As of fiscal 2024, we have also conducted compliance training via e-learning for all employees.

Number of participants in compliance training in fiscal 2024 **7,807**

Corporate Ethics Hotline (Internal Whistleblowing System)

The Sanwa Group (Japan) established a corporate ethics hotline in October 2006 to deter misconduct and legal violations, identify risks that could lead to misconduct and legal violations at an early stage, and detect misconduct and legal violations at an early stage. We have also established whistleblower systems in North America (ODC) and Europe (NF). In July 2019, we introduced corporate ethics hotlines at six companies in Asia (as of May 2025: 12 companies). We have posted multilingual posters and distributed cards to employees, creating a system to ensure that employees in each region can understand the information in their native language (or equivalent). We strive to improve trust by

thoroughly ensuring confidentiality and anonymity of reports and prohibiting any adverse treatment of whistleblowers, while also promoting awareness of the hotline appropriately.

Number of reports made using internal whistleblower system in fiscal 2024 **91 (of which, 42 were made in Japan)**

Respect for human rights

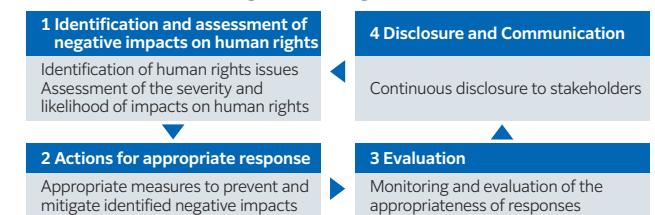
We believe that respecting the fundamental human rights of all people involved with our Group and ensuring their physical/mental health and safety is an important responsibility, and that they contribute to the stability of our business operations. As such, in November 2023, we established the Sanwa Group Human Rights Policy with approval from the Board of Directors. Going forward, we will continue to address human rights risks through such means as employee education and the enhancement of relief mechanisms.

Human Rights Due Diligence

The Sanwa Holdings Group has established and continuously operates a human rights due diligence framework to minimize adverse impacts on human rights.

Through this framework, we identify risks and work to prevent and mitigate them. The process is as shown in the figure below.

The process of human rights due diligence

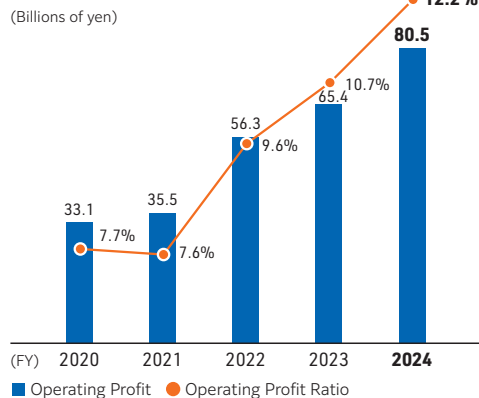
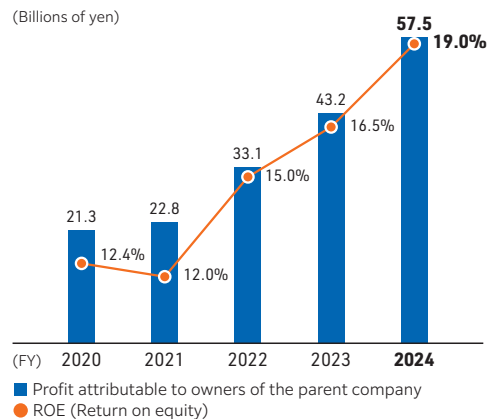
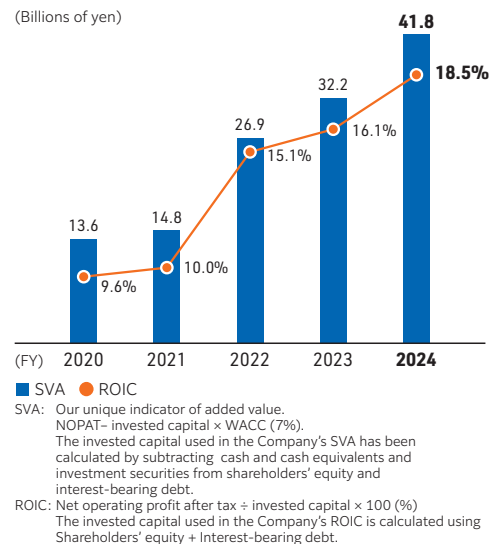
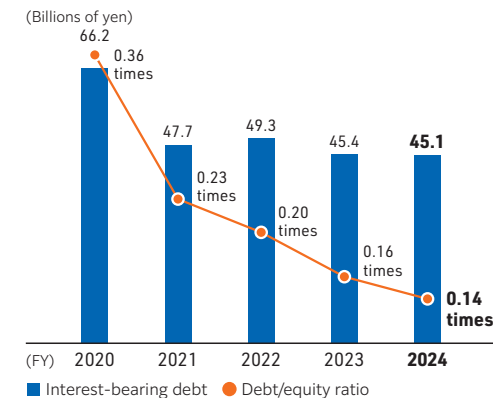
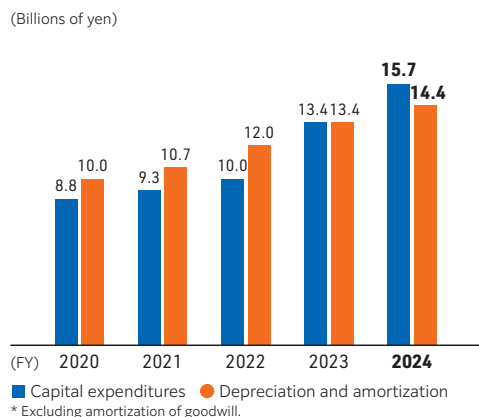


In January 2024, we administered a questionnaire on human rights among major suppliers of Sanwa Shutter Corporation, our core operating company, as well as internal partner companies of our plants. In April of the same year, we opened a contact point on our website where people can provide information (including requests for redress) directly to the Company on human rights issues.

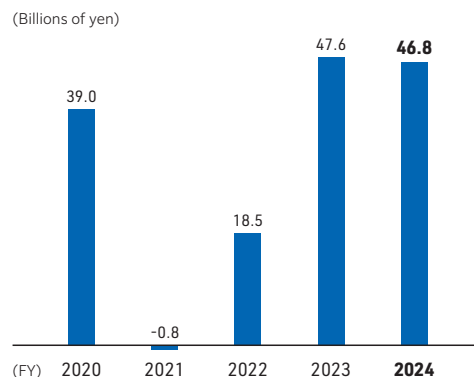
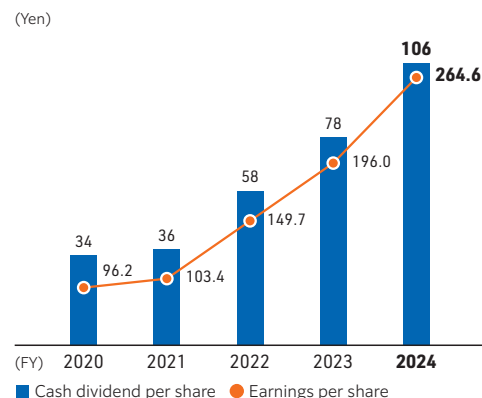
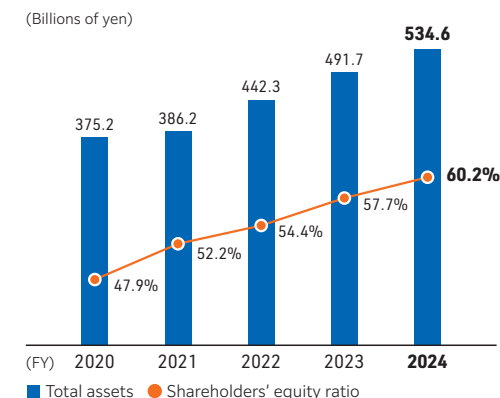
Number of supply chain questionnaires conducted in fiscal 2024 **59**

Financial & Non-Financial Highlights

Financial Indicators

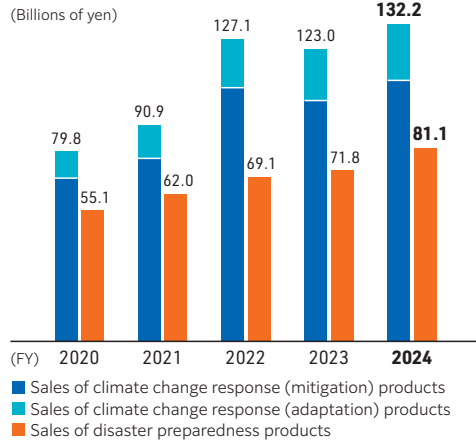
Operating Profit /
Operating Profit RatioProfit Attributable to Owners of the
Parent Company / ROE (Return on equity)Sanwa Value Added (SVA) /
Return on Invested Capital (ROIC)Interest-Bearing Debt /
Debt/Equity RatioCapital Expenditures /
Depreciation and Amortization*

Free Cash Flows

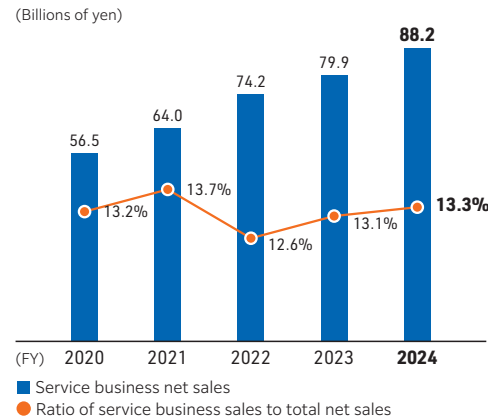
Cash Dividend per Share /
Earnings per ShareTotal Assets /
Shareholders' Equity Ratio

Non-Financial Highlights

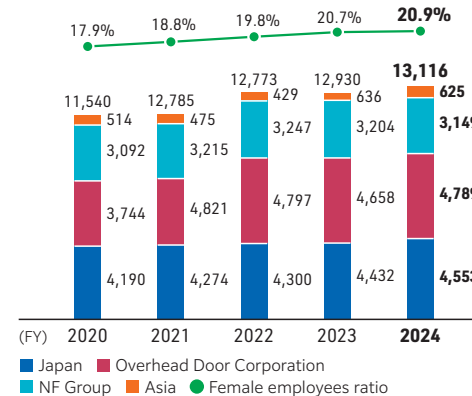
Sales of Climate Change (Mitigation, Adaptation) Products / Sales of Disaster Preparedness Products (Consolidated)



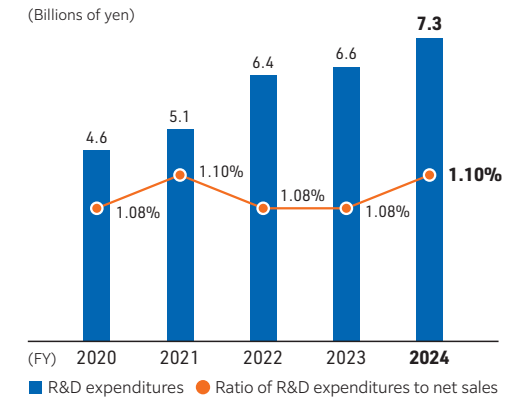
Service Business Net Sales / Ratio of Service Business Sales to Total Net Sales (Consolidated)



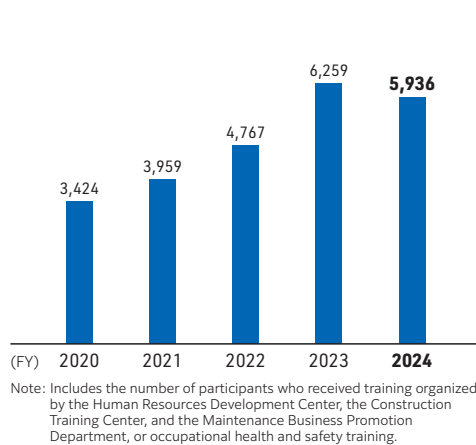
Number of Employees / Female Employees Ratio (Consolidated)



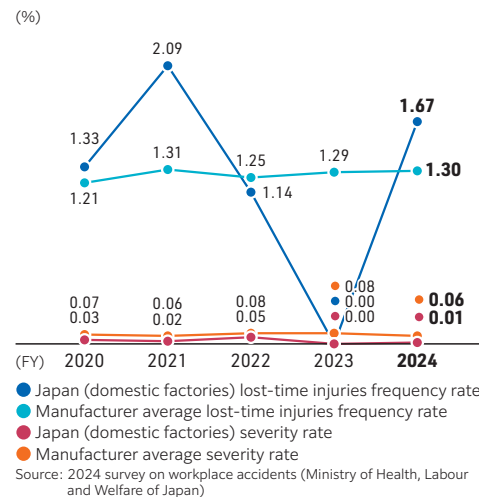
R&D Expenditures / Ratio of R&D Expenditures to Net Sales (Consolidated)



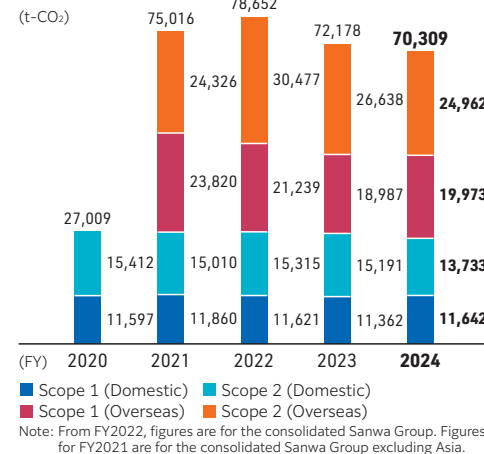
Number of Employees Who Have Received Training (Sanwa Shutter)



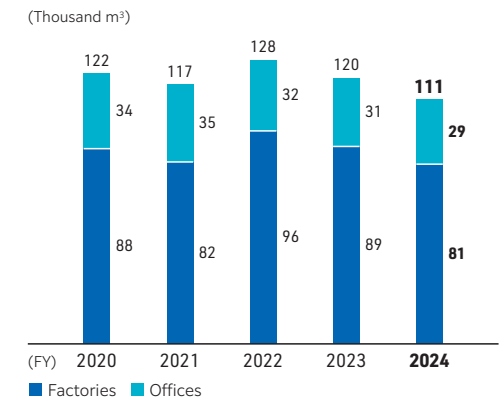
Lost-Time Injuries Frequency Rate / Severity Rate (Domestic Group Factories)



CO₂ Emissions (Domestic and Overseas)



Amount of Water Intake (Sanwa Shutter Corporation)



Latest ESG Data

<https://www.sanwa-hldgs.co.jp/english/csr/esg.html>

Ten-Year Summary (As of March 31, 2025)

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Sanwa Global Vision 2020 (FY2013–FY2021)

To offer products and services that provide safety, security and convenience to customers worldwide as a major global player in the access systems industry

Sanwa Global Vision 2030 (FY2022–FY2030)

To be a Global Leader of Smart Entrance Solutions

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Forecast)
Operating Results (Millions of yen)										
Net sales	353,922	385,673	409,990	440,161	427,061	468,956	588,159	611,107	662,380	654,000
Overseas sales ratio (%)	44.4	46.1	46.4	45.4	45.9	49.6	57.1	56.6	56.6	56.0
Operating profit	26,440	28,322	31,593	34,217	33,077	35,487	56,307	65,360	80,515	81,000
Operating profit ratio (%)	7.5	7.3	7.7	7.8	7.7	7.6	9.6	10.7	12.2	12.4
Ordinary profit	25,278	27,898	30,437	33,469	32,142	34,122	52,780	64,903	84,015	82,700
Profit attributable to owners of the parent company	17,070	18,280	20,910	21,647	21,251	22,842	33,084	43,228	57,512	58,000
Research and development expenses	3,999	4,422	4,611	4,728	4,641	5,143	6,385	6,582	7,293	—
Capital expenditures	8,096	11,383	12,367	8,419	8,770	9,281	10,041	13,364	15,656	17,600
Depreciation and amortization (excluding amortization of goodwill)	7,290	7,622	8,049	9,301	10,010	10,666	12,021	13,392	14,383	15,648
Cash Flows (Millions of yen)										
Cash flows from operating activities	23,670	26,532	24,271	32,301	50,144	20,526	34,425	72,427	76,942	—
Cash flows from investing activities	(8,006)	(13,172)	(13,677)	(16,622)	(11,177)	(21,353)	(15,941)	(24,819)	(30,174)	—
Cash flows from financing activities	(838)	(20,505)	(11,349)	(10,466)	(6,102)	(27,363)	(9,887)	(26,244)	(42,890)	—
Cash and cash equivalents (end of year)	56,290	49,263	47,977	54,618	87,795	61,397	71,153	94,195	103,114	—
Free cash flows	15,664	13,360	10,593	15,679	38,967	(827)	18,484	47,608	46,768	—
Financial Position (at Balance Sheet Date) (Millions of yen)										
Total assets	323,393	331,686	338,432	354,023	375,159	386,237	442,274	491,701	534,609	—
Interest-bearing debt	74,739	65,945	61,217	63,730	66,194	47,706	49,253	45,360	45,107	—
Net assets	139,905	151,121	161,603	165,633	181,387	203,311	242,350	285,501	324,192	—
Working capital	82,982	90,794	96,162	105,235	96,067	110,235	141,693	149,414	158,369	—
Financial Indicators										
Net profit per share (EPS) (yen)	74.6	81.0	93.0	97.1	96.2	103.4	149.7	196.0	264.6	270.7
Net assets per share (yen)	607.2	667.1	713.5	742.9	814.1	912.7	1,088.9	1,295.5	1,499.1	—
Cash dividends per share (yen)	25	30	32	34	34	36	58	78	106	124
Return on assets (ROA) (%)	5.4	5.6	6.2	6.3	5.8	6.0	8.0	9.3	11.2	—
Return on equity (ROE) (%)	12.7	12.7	13.5	13.3	12.4	12.0	15.0	16.5	19.0	18.0
ROIC (%)	8.1	8.4	10.2	10.5	9.6	10.0	15.1	16.1	18.5	17.5
SVA (billions of yen)	8.1	9.0	12.7	14.0	13.6	14.8	26.9	32.2	41.8	39.5
Debt/equity ratio (times)	0.53	0.44	0.38	0.38	0.36	0.23	0.20	0.16	0.14	0.14
Shareholders' equity ratio (%)	43.0	45.2	47.4	46.3	47.9	52.2	54.4	57.7	60.2	59.0
Cash conversion cycle (CCC) (days)	86.1	82.2	83.2	83.5	86.0	80.3	78.2	86.9	84.8	—
Payout ratio (%)	33.5	37.1	34.4	35.0	35.3	34.8	38.7	39.8	40.1	45.8
Price-to-book ratio (PBR) (Times)	1.7	2.1	1.9	1.1	1.8	1.4	1.3	2.1	3.2	—
Price earnings ratio (PER) (Times)	14.0	17.0	14.2	8.7	15.1	12.0	9.5	13.7	18.0	—
EV/EBITDA ratio (Times)	8.0	9.5	8.2	4.7	7.3	6.0	4.5	7.3	10.8	—

*1 Working capital: accounts receivable + inventory – accounts payable

*2 ROIC: Net operating profit after tax ÷ invested capital × 100 (%)

The invested capital used in the Company's ROIC is calculated using shareholders' equity + interest-bearing debt.

*3 SVA: Our unique indicator of added value. NOPAT – invested capital × WACC.

The invested capital used in the Company's SVA has been calculated by subtracting cash and cash equivalents and investment securities from shareholders' equity and interest-bearing debt. We have calculated the weighted average cost of capital (WACC) at 7% (changed in the FY2025 forecast from the previous 6%) . We are aiming for a cost of shareholders' equity of 8%, and the actual tax rate changed from 40% to 33% for FY2018 onward.

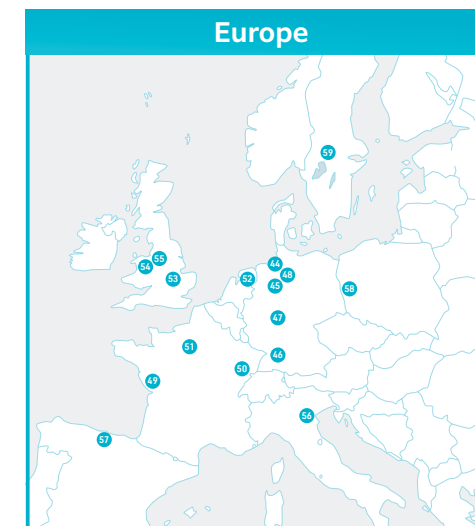
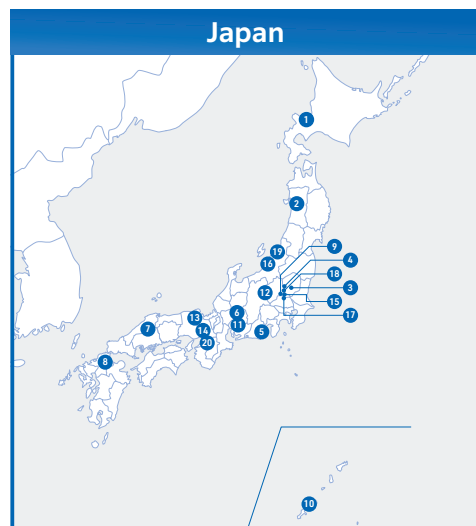
*4 CCC: Accounts receivable turnover days + inventory turnover days – accounts payable turnover days

*5 EV/EBITDA ratio: EV (market capitalization + interest-bearing debt – cash

Global Network

63

Global Network (Production Locations) (As of July 1, 2025)



Group Production Locations

Country/Region	Company	Area	Products
Japan	Sanwa Shutter Corporation	① Eniwa City, Hokkaido	Rolling shutters, overhead doors, doors & door frames
		② Akita City, Akita	Lightweight shutters
		③ Ashikaga City, Tochigi	Rolling shutters, overhead doors
		④ Ota City, Gunma	Doors & door frames
		⑤ Makinohara City, Shizuoka	Window shutters, doors & door frames, partitions
		⑥ Tarui Town, Fuwa District, Gifu	Rolling shutters, overhead doors
		⑦ Akitakata City, Hiroshima	Rolling shutters, doors & door frames
		⑧ Asakura City, Fukuoka	Rolling shutters, doors & door frames
		⑨ Moroyama Town, Iruma District, Saitama	Aluminum facades & curtain walls
		⑩ Uruma City, Okinawa	Rolling shutters, doors & door frames, partitions
	Showa Front Co., Ltd.	⑪ Moroyama Town, Iruma District, Saitama	Stainless steel products
	Okinawa Sanwa Shutter Corporation	⑫ Inuyama City, Aichi	Stainless steel products
		⑬ Saku City, Nagano	Stainless steel products
		⑭ Tanba City, Hyogo	Stainless steel products
	Sanwa Tajima Corporation	⑮ Amagasaki City, Hyogo	Partitions
		⑯ Asakura City, Fukuoka	Partitions
	Suzuki Shutter Corporation	⑰ Kawagoe City, Saitama	Rolling shutters, waterproof products
	Sanwa Exterior Niigata Plant Co., Ltd.	⑱ Tsubame City, Niigata	Window shutters, doors & door frames
	Venix Co., Ltd.	⑲ Ranzan Town, Hiki District, Saitama	Partitions
	Showa Kansen Co., Ltd.	⑳ Ora Town, Ora District, Gunma	Automatic doors
Asia	Hayashi Kogyo Co., Ltd.	㉑ Niigata City, Niigata	Doors & door frames
	Sanwa Electronics Engineering Co., Ltd.	㉒ Osaka City, Osaka	Door openers
	Sanwa Mitaka K.K.	㉓ Eniwa City, Hokkaido	Doors & door frames
	China	㉔ Shanghai Baochan-Sanwa Door Co., Ltd.	Overhead doors, rolling shutters
		㉕ Sanwa Novoform (Changshu) CO., LTD.	Doors & door frames
Taiwan	SANWA SHUTTER (HK) LTD.	㉖ Jiangsu	Rolling shutters
		㉗ Hong Kong	Rolling shutters
	SUZUKI SHUTTER (HK) LTD.	㉘ Hong Kong	Rolling shutters
		㉙ Hsinchu	Doors & door frames
	An-Ho Metal Industrial Co., Ltd.	㉚ Hanoi	Doors & door frames, rolling shutters
		㉛ Hanoi	Doors & door frames, rolling shutters
	Vina-Sanwa Company Liability Ltd.	㉜ Korat	Rolling shutters, doors & door frames
		㉝ Bekasi	Rolling shutters, doors & door frames
	Sun Metal Co., Ltd.	㉞ Gyeonggi-do	Doors & door frames
		㉟ Gyeonggi-do	Doors & door frames

Country/Region	Company	Area	Products
North America	Overhead Door Corporation	㊶ Lewistown	Rolling shutters, dock levelers
		㊷ Williamsport	Residential garage doors, commercial sectional doors
		㊸ Grand Island	Residential garage doors, commercial sectional doors
		㊹ Mt. Hope	Residential garage doors, commercial sectional doors, hardware parts
		㊺ Dalton	Rolling shutters
		㊻ Conneaut	Resin panels & parts
		㊼ Pensacola	Residential garage doors, commercial sectional doors, sheet shutters
		㊽ Centralia	Residential garage doors
		㊾ Marion	Truck & trailer doors
		㊿ Baltic	Garage door openers
	Mexico	㉑ Salt Lake City	Fireproof doors, security doors
		㉒ Tecate	Truck & trailer doors
		㉓ Matamoros	Garage door openers
		㉔ Matamoros	Automatic doors
		㉕ Matamoros	Automatic doors
Europe	Novoform Group	㉖ Werth	Residential garage doors, doors & door frames
		㉗ Dortmund	Residential garage doors, industrial sectional doors
		㉘ Brackenheim	Fireproof doors & door frames, fireproof sliding doors
		㉙ Buschhütten	Truck & trailer doors
		㉚ Dortmund	Garage door openers
		㉛ Machecoul	Residential garage doors
		㉜ Bavilliers	Residential garage doors
		㉝ Melun	Fireproof doors & door frames, fireproof sliding doors
		㉞ Didam	Industrial sectional doors
		㉟ Luton	Residential garage doors
	Germany	㊶ Telford	Automatic doors
		㊷ Newcastle-under-Lyme	Doors & door frames
		㊸ Padova	Doors & door frames, fireproof sliding doors
		㊹ Cantabria	Doors & door frames, residential garage doors, industrial sectional doors
		㊺ Wykroty	Doors & door frames, dock levelers
France	Novoform France S.A.S	㊻ Nykroppa	Doors & door frames
		㊼ Nykroppa	Doors & door frames
		㊽ Nykroppa	Doors & door frames
		㊾ Nykroppa	Doors & door frames
		㊿ Nykroppa	Doors & door frames
Italy	Novoform Schievano s.r.l.	㊶ Padova	Doors & door frames, fireproof sliding doors
		㊷ Cantabria	Doors & door frames, residential garage doors, industrial sectional doors
		㊸ Wykroty	Doors & door frames, dock levelers
		㊹ Nykroppa	Doors & door frames
		㊺ Nykroppa	Doors & door frames
Spain	Novoform Alsar S.A.	㊶ Padova	Doors & door frames, fireproof sliding doors
		㊷ Cantabria	Doors & door frames, residential garage doors, industrial sectional doors
		㊸ Wykroty	Doors & door frames, dock levelers
		㊹ Nykroppa	Doors & door frames
		㊺ Nykroppa	Doors & door frames
Poland	Novoform Door Sp. z o.o.	㊶ Padova	Doors & door frames, fireproof sliding doors
		㊷ Cantabria	Doors & door frames, residential garage doors, industrial sectional doors
		㊸ Wykroty	Doors & door frames, dock levelers
		㊹ Nykroppa	Doors & door frames
		㊺ Nykroppa	Doors & door frames
Sweden	Robust AB	㊶ Padova	Doors & door frames, fireproof sliding doors
		㊷ Cantabria	Doors & door frames, residential garage doors, industrial sectional doors
		㊸ Wykroty	Doors & door frames, dock levelers
		㊹ Nykroppa	Doors & door frames
		㊺ Nykroppa	Doors & door frames

Corporate Overview (As of March 31, 2025)

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Corporate Overview

Head Office	Shinjuku Mitsui Building 52F Nishi-Shinjuku 2-1-1, Shinjuku-ku, Tokyo 163-0478, Japan Phone: +81-3-3346-3019
Established	April 10, 1956
Capital (Paid-In)	¥38,413 million
Employees	13,116
Stock Listings	Tokyo Stock Exchange
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department P.O. Box 29, Shin-Tokyo Post Office Nikkocho 1-1, Fuchu-shi, Tokyo 137-8081, Japan
Common Stock	Authorized: 550,000,000 shares Issued: 227,000,000 shares Number of shareholders: 12,971

Principal Shareholders

Shareholder name	Number of shares held (thousands of shares)	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,629	14.72
Custody Bank of Japan, Ltd. (Trust Account)	13,651	6.35
Sumitomo Mitsui Banking Corporation	10,851	5.05
The Dai-ichi Life Insurance Company, Limited	7,452	3.47
CGML PB CLIENT ACCOUNT/ COLLATERAL	6,928	3.23
STATE STREET BANK AND TRUST COMPANY 505010	6,059	2.82
Aioi Nissay Dowa Insurance Co., Ltd.	5,140	2.39
STATE STREET BANK AND TRUST COMPANY 505001	4,551	2.12
Sumitomo Realty & Development Co., Ltd.	3,810	1.77
STATE STREET BANK AND TRUST COMPANY 505103	3,467	1.61

Notes: 1. The Company holds treasury stock as follows, which is excluded from the principal shareholders listed above. Number of shares held: 12,160 thousand shares Percentage of shares held relative to total outstanding shares: 5.36%
2. Percentage of voting rights is calculated based on the total number of shares issued excluding treasury stock.

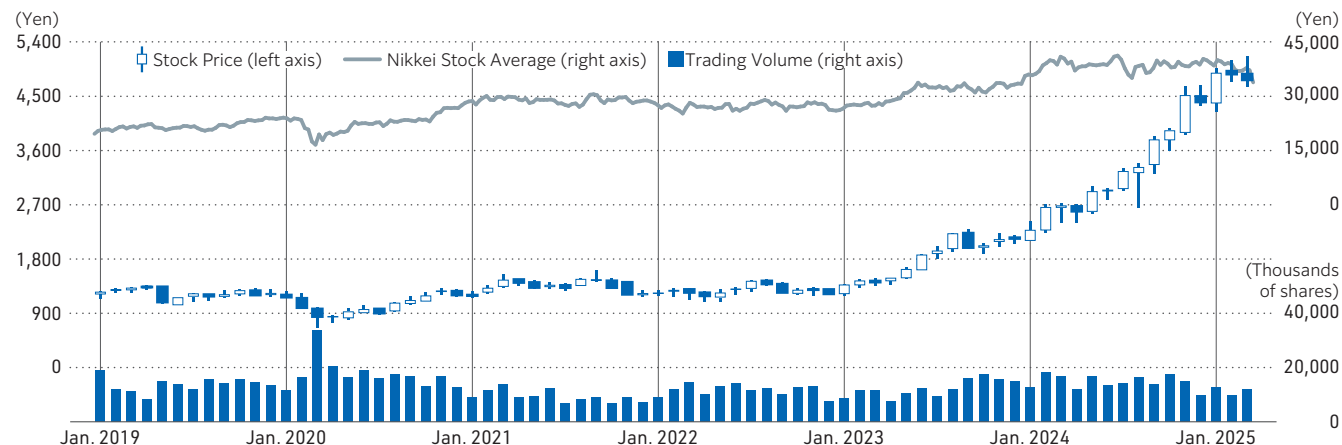
External Evaluations

The Group's sustainability initiatives and disclosure level are evaluated by external parties and are recognized with inclusion in domestic and international ESG indexes and receipt of various awards.

ESG Indexes	FTSE4Good Index Series  FTSE4Good	FTSE Blossom Japan Index  FTSE Blossom Japan	FTSE Blossom Japan Sector Relative Index  FTSE Blossom Japan Sector Relative Index	MSCI Japan ESG Select Leaders Index  2025 CONSTITUENT MSCI NIHONKA ESG SELECT LEADERS INDEX	S&P/JPX Carbon Efficient Index  S&P/JPX カーボン エフィシエント 指数	SOMPO Sustainability Index  2025 Sompo Sustainability Index
Awards and Ratings	CDP 2024 Climate Change Score: B  CDP Discloser 2024	SDGs Management edition of Nikkei Sustainable Comprehensive Survey 2024 ★3.5  NIKKEI SDGs	Daiwa Investor Relations 2024 Internet IR Award “Commendation Award”  Internet IR Commendation Award 2024 Daiwa Investor Relations	NIKKO Investor Relations 2024 All Japanese Listed Companies' Website Ranking “AAA Website” in Overall Ranking and Sector Ranking  企業ホームページ 最優秀サイト 2024 日興アイ・アール 業種別部門	2025 Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category)  2025 健康経営優良法人 KENKO Investment for Health	

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Stock Price Range / Trading Volume



Stock Price Trend

Fiscal year	High (yen)	Low (yen)
April 1, 2014 – March 31, 2015	925	598
April 1, 2015 – March 31, 2016	1,113	660
April 1, 2016 – March 31, 2017	1,165	793
April 1, 2017 – March 31, 2018	1,624	1,016
April 1, 2018 – March 31, 2019	1,449	1,135
April 1, 2019 – March 31, 2020	1,367	666

Fiscal year	High (yen)	Low (yen)
April 1, 2020 – March 31, 2021	1,550	741
April 1, 2021 – March 31, 2022	1,606	1,121
April 1, 2022 – March 31, 2023	1,478	1,090
April 1, 2023 – March 31, 2024	2,729	1,375
April 1, 2024 – March 31, 2025	5,165	2,405



Shinjuku Mitsui Building 52F

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