Message from the President



As we take pride in reaching a new milestone, going forward we will aim for sustainable growth through further enhancement of our solutions and ongoing global expansion.

Yasushi Takayama
Representative Director, President
Sanwa Holdings Corporation

Q In April 2026, Sanwa celebrated its 70th anniversary. Please share your honest thoughts with us about this milestone.

Reaching the milestone of our 70th anniversary is entirely thanks to all of our stakeholders who have given us their support, and I am deeply grateful to them. We have received many encouraging messages of congratulations from our business partners, but what has stood out most are the words of praise regarding our business growth and progress toward globalization in recent years.

A short time ago, Overhead Door Corporation (ODC), a U.S. company and Sanwa subsidiary celebrating its 105th anniversary this year, held its distributor meeting in San Diego, and I attended for the first time in a while. I was able to meet in person with representatives from parties that have been important ODC customers and partners for over a century, and personally express my gratitude to them as our own enterprise reaches its 70th anniversary. As I've had the opportunity to interact more closely with our stakeholders, I've come to keenly feel their expectations, and I've renewed my resolve to approach management with diligence so that we may continue to advance and grow for many more years to come.



ODC's distributor meeting

Q What do you think are the factors that have enabled Sanwa to stay in business for such a long time?

Reflecting on the reason why we've been able to stay in business all this time, I feel the answer ultimately lies in the enduring characteristics of shutters—that is, the ubiquitous value they provide as a technology which, while by no means flashy, blends seamlessly into buildings and daily life as something that is always needed. That being said, this alone of course does not explain why we have been able to survive for so long. We take pride in the fact that the recognition we have received from our customers and the market is the result of our unique approach. This includes not only the obvious initiatives of ensuring product quality and safety, but also of taking full responsibility for installation and maintenance, as well as our ability to meet a wide range of customer needs. We don't just make and sell shutters and other building materials; we also engage in their development, production, design, marketing, installation, and maintenance. This unique business model creates a barrier to entry that other companies cannot easily replicate, contributing to our high market share. Furthermore, rather than simply pursuing product differentiation, the know-how and experience we have accumulated over the years in such areas as safety features for crime prevention and disaster preparedness, as well as safe opening and closing operations, contribute to the distinctive value that we provide. In addition, we are deeply committed to installing and maintaining the products we manufacture ourselves, and this integrated approach is a key factor in enhancing both quality and safety.

Further, looking back at Sanwa's history, our pioneering expansion into overseas markets served as a major turning point that supported our sustained growth. It all began with our technical partnership with ODC in the U.S. in 1974. Taking full advantage of this opportunity, we conducted a thorough investigation into the U.S. market, the characteristics of our partner, and alignment with our company. We then made the decision to acquire ODC in 1996, marking the start of our full-scale global expansion. The Japanese economy at that time was in a period of turmoil following the bursting of the economic bubble, and I understand that Sanwa, like many other companies then, was facing its share of difficulties. I think it's clear that one of the reasons management at the time made the bold decision to fully step out into the international market was a sense of crisis regarding the prospect of continuing to operate solely in the Japanese market, where significant, sustained growth could not be expected. I also imagine, however, that this sense of crisis alone may well not have been enough to give Sanwa's leadership the courage to take that first step. In fact, I suspect it may have been more a matter of pure curiosity and a spirit of adventure—a desire to push beyond one's limits, see the globe, and take on the world. Regardless as to the specific reasons why, as a result of that momentous decision, our global operations now consist of a four-pole structure encompassing Japan, North America, Europe, and Asia, which serve as the pillars driving our growth.

Q Could you please explain once again what the focus of the "Sanwa Global Vision 2030" is?

The business environment is undergoing significant changes, including the maturing of the domestic Japanese market, labor shortages, the worsening of climate change issues such as increasingly severe natural disasters, and the advancement of digitalization. Against this backdrop, in 2022 we launched our Long-Term Vision, Sanwa Global Vision 2030, to serve as a compass, both to those within the Sanwa Group and those outside it, and point to where we as Sanwa should be

heading. In particular, as social structures change, infrastructure and technology continue to advance, and customer needs for our products become more sophisticated and complex, we have come to realize that we must also evolve the value we provide.

We have set forth our vision, "To be a global leader of smart entrance solutions," but what I focus most on here is the "solutions" component. We have more clearly articulated our strategic direction, which goes beyond simply selling, installing, inspecting, and repairing products as we have done in the past—instead, we aim to provide more advanced solutions by adding value and new features, and to roll these out globally. We previously used the term "major global player" to describe our vision, but in our current vision, we have taken our ideal for our future state a step further with the aspiration to be a solutions leader in our industry, and therefore now use the term "global leader." As we continue to enhance our solutions, our greatest advantage is the direct contact we have with our customers through installation and maintenance. The key will be how effectively we can identify demand by addressing customers' problems and challenges, and then create solutions through collaboration with business partners and various other stakeholders, as well as by leveraging the latest technologies. Under our current medium-term management plan, "Expand business through disaster preparedness products, climate change response products, and smart products and services" is identified as one of our basic strategies, and we have positioned it as the most emblematic strategic theme for realizing our vision.



On the other hand, "what will remain unchanged" is also an important guiding principle, and we have no intention of changing the nature of our business itself, which centers on shutters and other products for entrances. This is by no means a matter of sentimentality regarding our founding legacy; rather, it is based on the highly rational reason that we have established a highly profitable business model. Of course, it is not guaranteed to last forever, but we will continue to carefully protect and develop this core revenue pillar, maintain a high market share, and use it as a springboard to expand into related fields and broaden our global reach.

Looking back on the four years since the launch of the Sanwa Global Vision 2030, while our recent business performance has struggled due to a confluence of various external factors, we are encouraged by the significant growth we achieved in our U.S. operations during the previous medium-term management plan period (fiscal 2022 to 2024), the fact that our capital and IT investments are proceeding as planned, and the steady expansion of our key disaster preparedness and climate change response products. It is therefore our perception that we have achieved a certain degree of results in building up our business foundation. On the other hand, for the Company, which advocates ROIC-based management, improving the profitability of our European operations and achieving profitable growth in our Asian operations are key challenges moving forward. However, in addition to the benefits of regional diversification, lifecycle management tailored to each market is a key factor for our sustainable growth. Going forward, we plan to not only strengthen our operations in Asia but also aim to expand into other regions where we currently have no presence. Our mission is to deliver safe, secure, and convenient products and solutions across the globe, and that is the mindset with which we view the world.

Q How do you assess the progress made in the first year of Medium-term Management Plan 2027?

Medium-term Management Plan 2027, which began in the fiscal year ended March 2026, is the second phase toward realizing the Sanwa Global Vision 2030. It is positioned as a stage in which we shift gears from "establishing a foundation" in the previous medium-term management plan to "strengthening and expanding that foundation." That said, our strategic direction has not changed significantly from the previous medium-term management plan. We are continuing to move forward with our initiatives in line with the five basic strategies outlined in our vision.

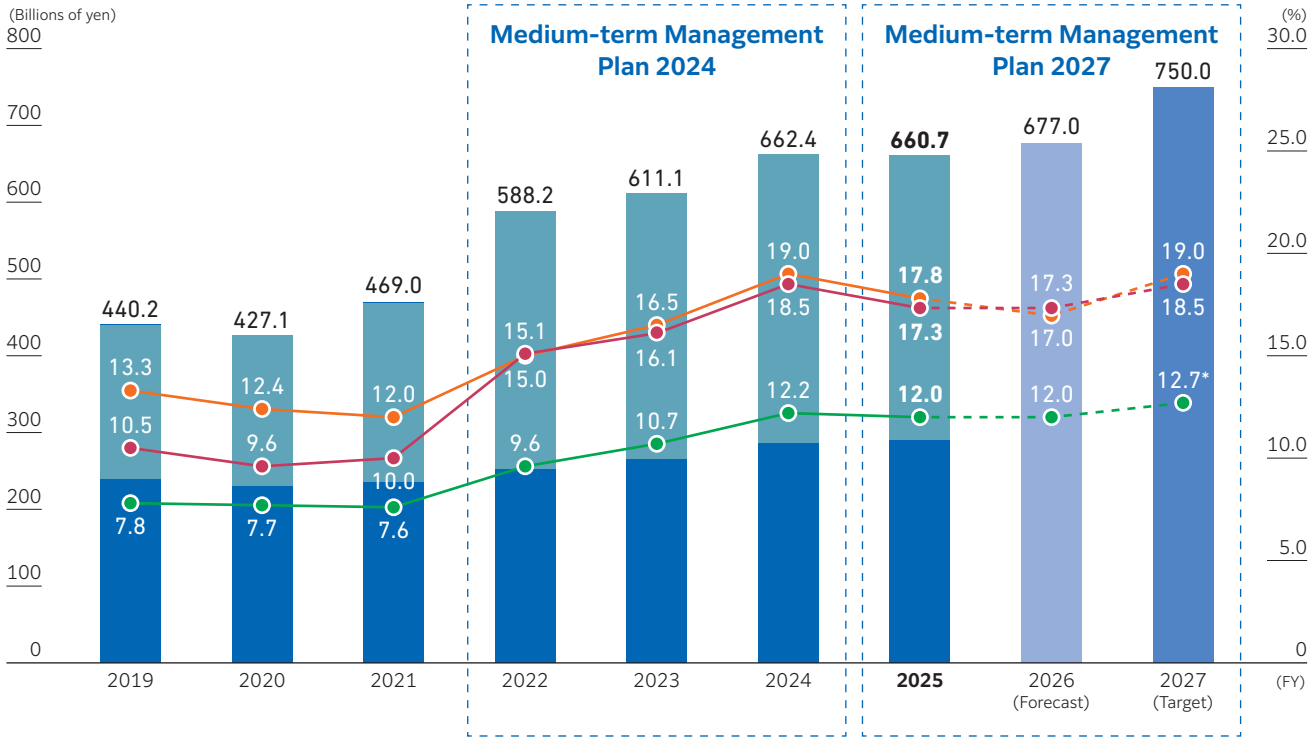
For the fiscal year ended March 2026, the plan's first year, financial performance was generally weak compared to the previous medium-term management plan, which had seen strong results, due to a combination of various external factors. In particular, North America saw a delayed market recovery due to factors such as the impact of tariffs and persistently high interest rates, while in Europe, market conditions remained uncertain, including the situation in the Middle East, resulting in sluggish growth in our overseas operations. In Japan as well, sales volumes of core products such as shutters and doors declined due to factors including delays and prolonged construction periods in large-scale urban development projects, driven by soaring construction material costs and labor shortages. However, our operating

profit ratio improved significantly thanks to the expansion of high-value-added, high-margin climate change response products and our maintenance and service operations, as well as the successful passing on of cost increases. This improvement in the operating profit ratio helped underpin overall earnings and is a positive sign for the future.

On the other hand, looking at the progress of our basic strategies, we have found ourselves somewhat playing catch-up as we've been preoccupied with responding to the sluggish market. However, in addition to expanding our key disaster preparedness and climate change response products, as well as smart products and services, our investments in increasing production capacity and advancing digitalization are proceeding smoothly. Particularly with regard to disaster preparedness and climate change response, products such as Quick Saver have seen significant growth in our domestic Japanese market as solutions that address the need to improve workplace environments at plants and other facilities. This accordingly can truly be considered a symbolic example that illustrates the path toward strengthening our solutions. We are also working to expand our lineup of products that support a decarbonized society, such as launching heavy-duty doors that incorporate GX (green transformation) steel, a material designed to reduce environmental impact. In addition, we are focusing on IoT initiatives, such as the rollout of our newly launched remote management system. As a service that allows users to check the operational status of shutters and other equipment via a computer without having to physically visit the site, it is an effective means of addressing labor shortages in building management. In North America as well, we are advancing the digitalization of systems related to entrances, and we have acquired Pasco Doors, an automatic door service company, to diversify our revenue streams by strengthening our service and installation structure. Going forward, it is important that we continue to grow sales of high-value-added products through solutions like these.

Furthermore, while our Asian operations are still small in scale and have only just managed to turn a profit, we will move forward with structural reforms in our struggling East China operations, while also focusing on growth in Hong Kong and Taiwan—where business is relatively strong—and expanding our presence in the ASEAN region. In any case, we need to ensure we have the necessary structure in place so that we can effectively capture demand when our main markets in Japan, North America, and Europe recover. We will move forward with transforming our revenue structure through measures such as passing on price increases, reducing costs, and expanding our service operations, while also focusing our efforts on investments to increase

Changes in management indicators



ROIC: Return on invested capital = NOPAT (net operating profit after tax) / Invested capital x 100
Invested capital used in ROIC is calculated as shareholders' equity + interest-bearing debt.
* The operating profit ratio for fiscal year 2027 is before goodwill amortization.

production capacity and improve productivity. Furthermore, even if a delay in market recovery were to affect our business expansion, we are committed to ensuring that we achieve the operating profit ratio target set forth in our current medium-term management plan.

Q Please tell us about your assessment of the challenges the Sanwa Group is facing with regard to medium- to long-term growth. In particular, what are your thoughts concerning the strengthening of human capital and digitalization?

We recognize that strengthening our human capital is our greatest challenge, not only for realizing Global Vision 2030, but also for achieving sustainable growth beyond that. In particular, we must strive for qualitative improvement. Of course, it goes without saying that our human capital has been the foundation of our value creation to date. We take pride in the fact that our employees' dedication, commitment to their work, and passion for our products are major strengths for our Group. However, I feel that in order to strengthen our solutions as outlined in Global Vision 2030, we also need flexible and creative thinking that drives high productivity. Although I stated that the focus of our operations on shutters itself will not change, the expectations placed on shutters and the capabilities they offer will likely expand in line with technological advancements and the challenges users face. We must therefore identify the business opportunities therein and, without being constrained by past ideas or concepts, propose new functions and applications. We may also need to be flexible in terms of redefining how and to whom we sell.

Furthermore, as we move forward with our global expansion, developing and securing global human capital is an urgent priority. As we consider expanding into Asian, African, and other markets in the future, a shortage of global talent could become a critical bottleneck. While developing domestic human resources is important, I feel we have reached a point where we should also turn our attention to talent at our overseas subsidiaries and consider identifying and promoting individuals with the skills and mindset to thrive on a global stage through initiatives such as personnel exchanges within the Group. In addition to addressing labor shortages caused by the declining population in Japan, adapting to digitalization to improve productivity and add value has also become a challenge that must be tackled on a global level. We are addressing this point as one of the basic strategies of our current medium-term management plan, and through IT investments totaling ¥10 billion over three years, we are working to improve business processes and boost productivity in Japan, North America, and Europe.

I also believe that realizing the M&A for which we have secured a budget of ¥50 billion over three years is a strategic initiative that presents significant challenges. A key feature of our business is that our investment in equipment and other assets yields high returns, resulting in a superior revenue model that naturally generates abundant cash flow. Making effective use of our substantial cash reserves is a top priority in our ROIC-based management, and our M&A strategy also plays a significant role in this. However, it is not our intention for M&A to become an end in itself; rather, we plan to flexibly review our allocation of funds depending on the situation, including further enhancing shareholder returns and providing benefits to employees.

Regarding our governance structure, which underpins sustainable growth from the ground up, independent Outside Directors make up half of our Board of Directors, and with the inclusion of women and foreign nationals, the board is able to engage in free and open discussions from a variety of perspectives; a situation which, I feel, provides the necessary level of effectiveness. I believe the market also requires us to constantly review and continuously refine our processes, including how we set the agenda for Board of Directors meetings and ensure a shared understanding of challenges,



in order to further enhance the quality of board discussions and the speed of decision-making.

Q Lastly, please share a message for our stakeholders.

As I discussed earlier, our 70th anniversary is merely a milestone. With our 80th anniversary on the horizon and our 100th beyond that, we must move forward with the tasks at hand, and I recognize that my role as President is, first and foremost, to give concrete form to the vision set forth in the Sanwa Global Vision 2030. To that end, we will not only focus on expanding our scale but also prioritize profitability and capital efficiency, while consistently maintaining a focus on management that is conscious of the cost of capital. We are dedicated to strengthening and expanding our business foundation, addressing social issues, and using these efforts to further enhance our corporate value. As "a global leader of smart entrance solutions," I encourage you to look forward to our future growth, as I look forward to your continued support.

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.
¥660.7 billion FY2025 actual	¥79.1 billion FY2025 actual	12.0% FY2025 actual

SVA	ROIC	ROE
¥46.0 billion FY2027 target	18.5% FY2027 target	19.0% FY2027 target
¥38.0 billion FY2025 actual	17.3% FY2025 actual	17.8% FY2025 actual

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	2023	2024	2025	2026	2027	2030
588.2	611.1	662.4	660.7	677.0 (Forecast)	750.0 (Target)	

Progress on Medium-term Management Plan 2027 Basic Strategies

1 Expand and strengthen core businesses in Japan, North America, and Europe

2025 actual

Service Business net sales
¥91.3 billion

M&A investment
2 companies

Medium-term Management Plan 2027 cumulative targets

Service Business net sales
¥102.0 billion

M&A investment (cumulative)
¥50.0 billion

1 Strengthen core products and strategic products

Japan
- Lull caused by delays and prolonged construction periods in large-scale urban development projects
- Improved profitability through price pass-throughs and cost reductions
- Increased profitability through further value-added initiatives

North America
- Sluggish market due to persistently high interest rates and impact of tariff measures
- Profitability declined due to reduced productivity and temporary disruptions
- Ongoing steady performance of door operators and automatic door operations
- Generated demand by expanding sales channels

Europe
- Sales volume declined due to a challenging market environment
- Offset various cost increases with price pass-throughs
- Integrated and strengthened industrial door and service operations

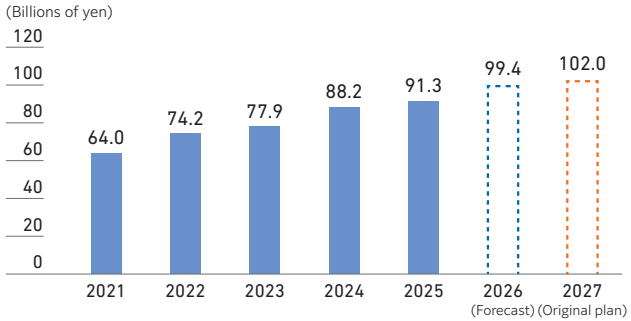
2 Expand service business

Japan Strengthened efforts to capture demand from the strong office and other building renovation market

North America Strengthened automatic door service operations through M&A, etc.

Europe Focused on expanding service operations

Service Business Net Sales



3 M&A with peripheral domains

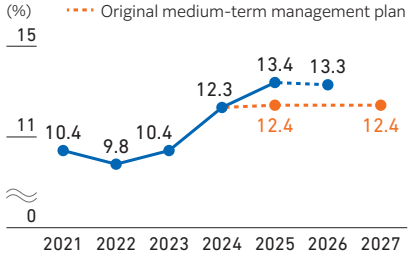
North America Acquired all shares of two U.S. automatic door service and installation companies

pasco doors a Horton Automatics Company
Pasco Doors
(acquired May 2025)

Your Automatic Door Company a Horton Automatics Company
Your Automatic Door Company
(acquired February 2026)

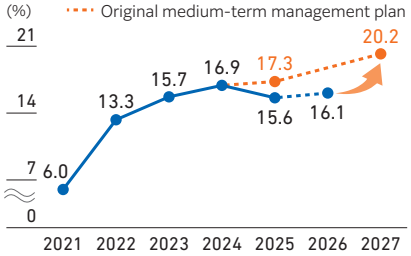
Operating Profit Ratio by Region

Japan



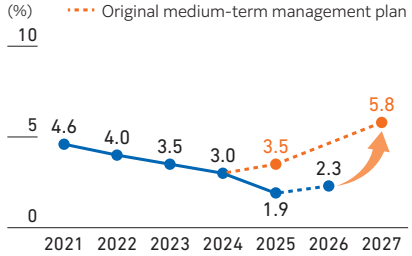
Operating profit ratio improved more than expected

North America



Market recovery will still take some time

Europe



Market conditions remain uncertain

2 Grow Asian businesses with solid profits

2025 actual

Net sales
¥13.0 billion

Operating profit
¥0.1 billion

2027 targets

Net sales
¥19.6 billion

Operating profit
¥1.25 billion

Asia Implemented structural reforms in East China operations. Aiming to improve management of Vietnam operations, drive further growth in Hong Kong and Taiwan.

East China
- Implement structural reforms: strengthening sales channel, manufacturing, and development initiatives

Hong Kong
- Optimize operations by consolidating manufacturing and management functions of three Hong Kong subsidiaries
- Pursue synergies: promote the inclusion of Group products in inserts to drive orders

Taiwan
- Supply a large number of doors for semiconductor plants and other major projects

ASEAN
- Aim for profitable growth through Vietnam operations management improvement

Towards stable profitability and revenue growth

Progress on Medium-term Management Plan 2027 Basic Strategies

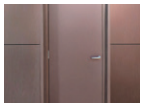
3 Expand business through disaster preparedness products, climate change response products, and smart products and services

2025 actual	2027 targets
Sales of disaster preparedness and climate change response products ¥218.8 billion	Sales of disaster preparedness and climate change response products ¥230.0 billion
Sales of smart products and services ¥16.2 billion	Sales of smart products and services ¥16.0 billion

Disaster preparedness

- The Shakunetsu Guard heat-shielding door received ministerial certification for 60 minutes of heat resistance

Shakunetsu Guard heat shielding door (Sanwa Shutter Corporation)



Adaptation

- A garage door certified to meet building codes in Florida, a region frequently hit by hurricanes

WindStorm Model 7565 Series wind-resistant residential garage door (ODC)



- Waterproof shutters designed to prevent flood damage caused by major typhoons and torrential rains; expanded design scope enables support for a wide range of applications

Water Guard Waterproof Shutter (Sanwa Shutter Corporation)



Mitigation

- Sales of high-speed sheet shutters were strong, driven by proposals to improve workplace environments at factories, etc.

Other shutter orders received:
+18.1% in FY2025 compared to the previous FY

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



- Launched Yag Door Green Flag, a heavy-duty low-CO_2 GX steel door

Yag Door Green Flag heavy-duty steel door (Sanwa Shutter Corporation)



Smart products

- Expanded the lineup of IoT-enabled window shutters in Japan
- Smart garage doors are seeing increasing adoption in North America and Europe

Madomore Change SY II, an IoT-compatible motorized window shutter system (Sanwa Shutter Corporation)



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

2025 actual	2027 targets
Capital investments ¥12.0 billion	Capital investments ¥40.0 billion
IT/digital investments ¥2.2 billion	IT/digital investments ¥10.0 billion

1 Improve productivity by increasing production capacity and optimizing the manufacturing network

- **Japan**: Expanded production capacity for steel doors, increased in-house production of toilet booths
- **North America**: Promoted plant optimization and automation; installed new painting line and initiated production of door products at automatic door plant in Mexico
- **Europe**: Expanded Italian door plant and installed an automated production line for hinged doors

2 Improve business processes by promoting digitalization

- **Japan**: Currently promoting streamlining of ordering, delivery, and blueprint submission through system utilization
- **North America**: Currently sequentially introducing ERP system to major plants
- **Europe**: Currently promoting digitalization of manufacturing and service processes



Automatic door plant in Mexico



New building at Italian door plant

5 Enhance sustainability management and human capital management

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



1. Securing talents, strategic personnel deployment and development linked to regional business strategies
2. Creating safe and healthy workplaces and promoting wellbeing
3. Maximizing organizational performance through improved engagement

Manufacturing

- The Madomore Taifu Guard high wind pressure-resistant window shutter received an Honorable Mention at the Disaster Prevention and Mitigation x Sustainability Award 2026
- The Shakunetsu Guard heat-shielding door received ministerial certification for 60 minutes of heat resistance
- Launched Yag Door Green Flag made using low-carbon materials

Environment

- Selected for the first time for the CDP 2025 A List, the highest rating for climate change
- Solar carports installed at the Ota Door Plant
- Currently preparing to expand the scope of Scope 3 calculations in anticipation of SSBJ compliance

People

- Conducted an engagement survey (FY2025: Japan and North America)
  Japan engagement score: **63 points**
  ⇒Plan to continue conducting the survey to promote survey results utilization
- Decided to implement a stock grant plan for upper management and for Employee Stock Ownership Plan members
- Began implementing digital education (basic/applied) from FY2025

Management Foundation

- Conducting a third-party assessment of the effectiveness of the Board of Directors
- Began implementing and improving human rights due diligence from FY2023
- Conducted shareholder relations meetings to build relationships with shareholders (FY 2025: 19 companies)
- Stakeholder dialogues held: **377**

Digitalization Strategy

Basic approach

To achieve the Sanwa Group's goal "to be a Global Leader of Smart Entrance Solutions," outlined in our Long-Term Vision, Sanwa Global Vision 2030, under 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 changes in the external environment, such as labor shortages and climate change, as well as to meet the increasingly diverse needs of customers, we are implementing digitalization measures tailored to the characteristics of each region. We will work to optimize the value chain, which spans product development, sales, design, procurement, manufacturing, installation, and maintenance services. At the same time, we are also focusing on developing the human capital to drive these efforts, and are providing digital education.



Governance and risk management

The Sanwa Group positions ensuring appropriate governance in the promotion of digitalization as an important management issue, and we have established systems in each region to promote relevant measures and provide proper management. In terms of risk management, in addition to formulating IT-BCP plans and procedures and conducting drills both domestically and internationally through the Information Security Countermeasures Council, we also implement various measures on an ongoing basis, such as information system vulnerability assessments and corrective actions, thereby strengthening information security.

Strategy 1 Smarter products and services

Through the provision of smart products and services that leverage digital technologies such as IoT and the cloud, the Sanwa Group accumulates a database of information such as usage data and histories. We utilize this data for product maintenance, preventive maintenance, and the identification of maintenance opportunities, thereby helping to solve our customers' challenges and create new value. We are also developing new products in Japan, North America, and Europe with the goal of creating a more comfortable and convenient lifestyle through the integration of IoT into the home.



Aladdin Connect (ODC)



Lion 4.0 (Novoferm)

Launch of RemoSmaPro, an IoT management service for shutters

Sanwa Shutter Corporation began a Japan-wide rollout of RemoSmaPro in June 2026, an IoT service that enables remote monitoring and control of shutters and other entrance systems, and provides features such as anomaly notifications and history management. By centrally managing building entrances using data, we help reduce the burden on our customers' building management operations and improve the efficiency of our maintenance services.



Strategy 2 Greater productivity through digitization

The Sanwa Group is working to improve operational efficiency through 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 in Japan, automated guided vehicles (AGVs) and a warehouse management system for dispatching vehicles have been introduced to improve loading efficiency and enhance warehouse and inventory management. Truck loading and waiting times have been significantly reduced, resulting in improved delivery efficiency. At our overseas Group companies as well, we are working to improve productivity through the digitalization of manufacturing and service processes, such as the introduction of a new painting line at our automatic door plant in Mexico, and the implementation of an automated production line for hinged doors as part of the expansion of our door plant in Italy.

Trends in investment amounts

	2024 actual	2025 actual	2026 forecast	Medium-term Management Plan 2027 cum. target
Capital investment	¥13.3 billion	¥12.0 billion	¥15.6 billion	**¥40.0 billion**
IT investments	¥2.3 billion	¥2.2 billion	¥3.1 billion	**¥10.0 billion**
Total investments	¥15.6 billion	¥14.2 billion	¥18.7 billion	**¥50.0 billion**

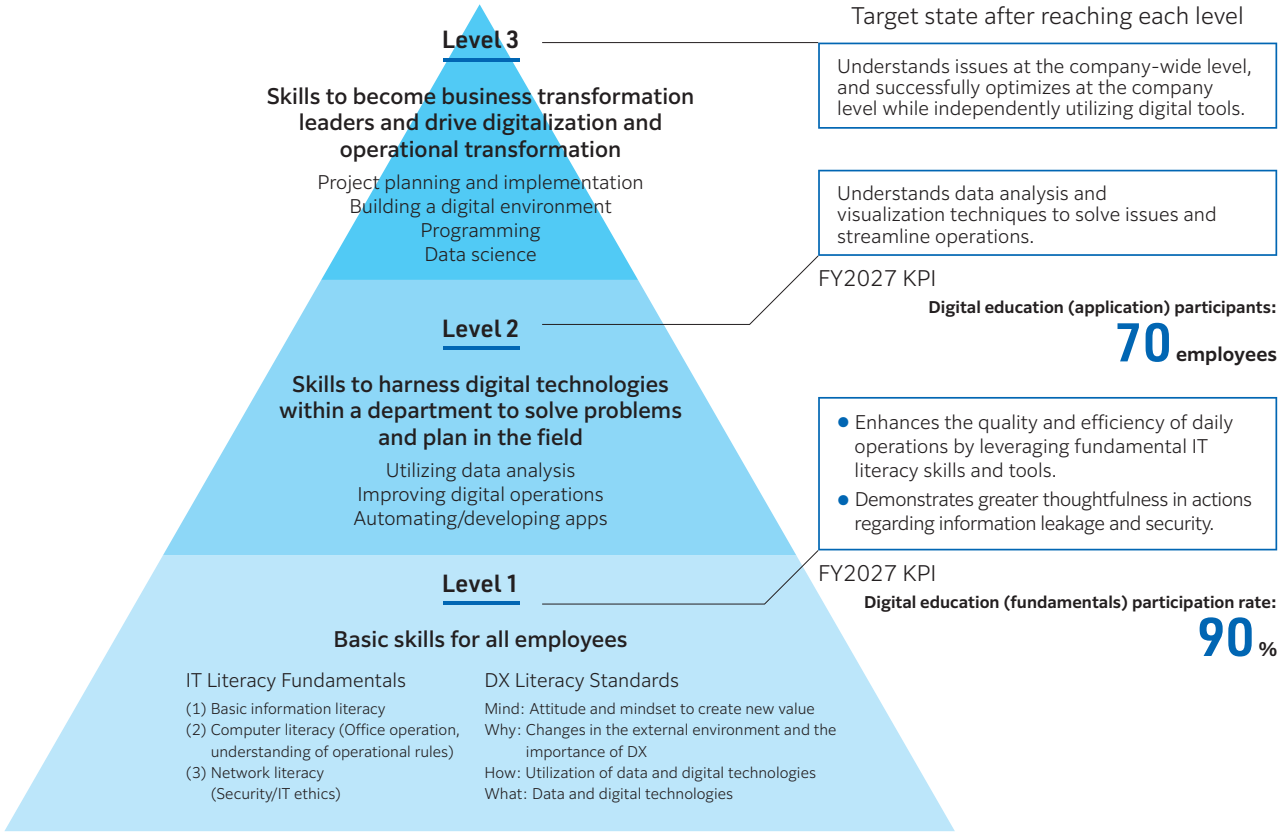
Moving forward with APS and MES implementation

The Novoferm Group is advancing the digitalization of its planning and execution systems and is sequentially introducing APS (advanced planning and scheduling) and MES (manufacturing execution system) at each of its plants. The APS system enables highly accurate planning that reflects production capacity, while the MES allows for real-time monitoring of production progress and quality information. Utilizing these systems enhances the visibility and efficiency of production processes, in turn contributing to the improvement of the competitiveness of the entire Group.

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. In fiscal 2022, the Sanwa Group established the goal of raising basic IT and DX literacy standards among employees. At Level 1, the focus is on providing employees with foundational knowledge of IT and DX skills; at Level 2, on implementing operational reforms and productivity improvements through data utilization and the digitalization of operations; and at Level 3, on developing leaders who can drive business transformation. Through these efforts, we are working to enhance DX literacy Group-wide.

Skill hierarchy for DX professionals



Digital education implementation in FY2025

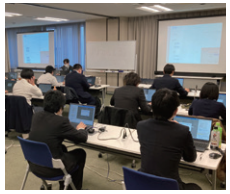
■ Fundamentals education

We conducted e-learning sessions covering a wide range of topics for all employees in Japan, including the necessity of utilizing digital technologies, IT ethics, security literacy, data collection and utilization, and fundamental DX knowledge.

Fundamentals education participation rate
FY2025 (FY2027 KPI: 90%) **83.8%**

■ Application education

We conducted a two-phase program for employees selected from each department, consisting of a one-day webinar on data utilization and a two-day training session on the Power Automate business automation tool.



Application education participants
FY2025 (FY2027 KPI: 70 employees) **81 employees**

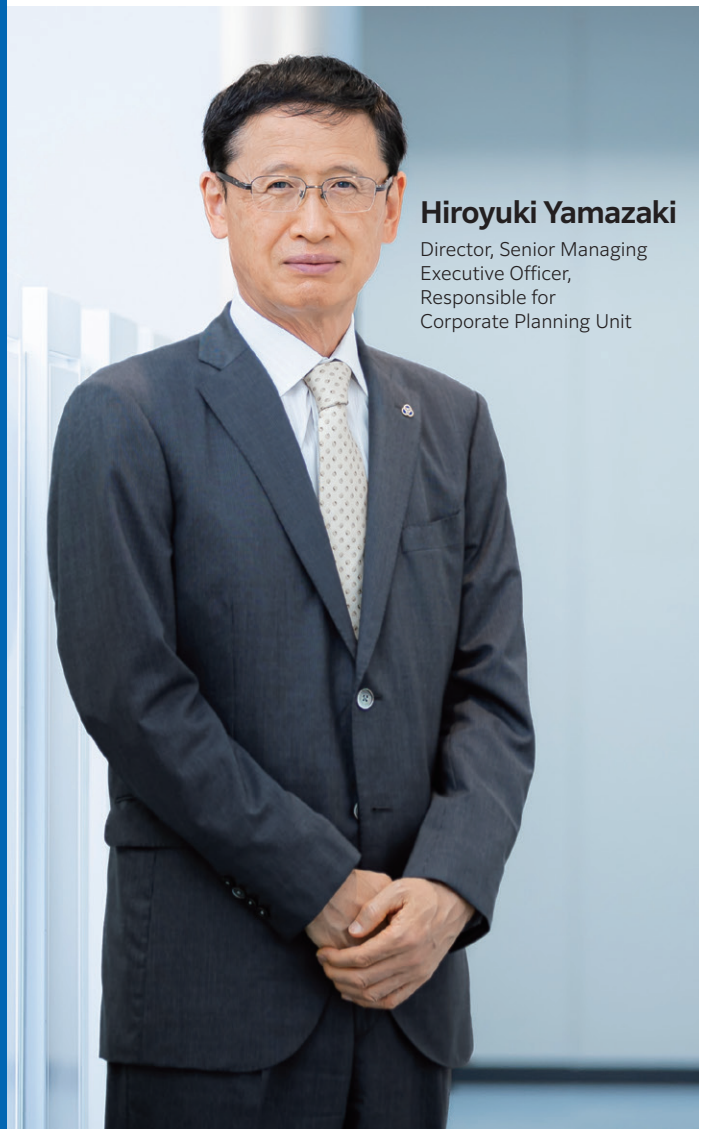
Comments from participants

I used Power Automate to automate routine tasks I perform when arriving at work (such as clocking in and opening the daily report in Excel), which led to an improvement in operational efficiency of about 15 minutes per day.

I felt it would be useful for administrative tasks such as compiling production volume figures at the beginning and end of the month.

I gained a deeper understanding by comparing things to my own work when learning, such as the ability to partially automate the management of meeting materials data.

We will continue to prioritize profitability and capital efficiency, and pursue growth by enhancing corporate value through cost of capital management and achieving optimal capital allocation.



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

Looking Back on FY2025

Fiscal Year 2025 marked a transition from the post-pandemic recovery phase to a period of "slowdown and restructuring," and was a year in which the global economy and politics strongly influenced one another. On the economic front, a slowdown in growth and progress in structural reforms became apparent, while on the political front, market uncertainty increased further due to tensions between major powers and policy shifts.

Under these circumstances, although the Sanwa Group achieved strong growth in Japan, our overseas operations in regions such as North America were affected by a deteriorating market environment, resulting in a decline in both revenue and profit on a consolidated basis.

In Japan, while we continued to appropriately pass on cost increases caused by inflation to our selling prices, we also maintained strong sales of high-speed sheet shutters and other high-value-added products that contribute to improving the workplace environment and addressing environmental concerns. Our service operations also expanded steadily, and as a result of these efforts, profitability exceeded initial projections, with the operating profit ratio rising to 13.4%—one percentage point above our target.

Meanwhile, in North America, raw material and other costs rose due to the U.S. government's tariff policies. Although we sought to pass on these increases to selling prices, the market

Results and outlook for various indicators

(Billions of yen)

	FY2023 actual	FY2024 actual	FY2025 actual	FY2026 forecast	Medium-term Management Plan 2027
Net sales	611.1	662.4	**660.7**	677.0	750.0
Operating profit	65.36	80.52	**79.1**	81.0	95.0
Operating profit ratio	10.7%	12.2%	**12.0%**	12.0%	12.7%
SVA*1	32.2	41.8	**38.0**	38.0	46.0
ROIC*2	16.1%	18.5%	**17.3%**	17.3%	18.5%
ROE	16.5%	19.0%	**17.8%**	17.0%	19.0%

*1 We have calculated the weighted average cost of capital (WACC) at 7% (changed to 7% starting with Medium-term Management Plan 2027 [fiscal 2025]) and the tax rate at 33%.
SVA is our proprietary value-added metric; we are aiming for a cost of shareholders' equity of 8%.
*2 Return on invested capital = Net operating profit after tax (NOPAT) ÷ invested capital × 100

failed to recover in both the residential and non-residential sectors, leading to a decline in sales volume and, as a result, a decrease in both revenue and profit on a yen basis. The market environment in Europe remained challenging as well, with no signs of recovery, and we fell short of our targets. In Asia, although we pushed forward with structural reforms in our East China operations in an effort to improve performance, both sales and profit fell short of projections.

As a result, while the Group as a whole did not achieve its targets for either operating profit or ordinary profit, it achieved record-high net profit, partly due to the recognition of extraordinary income and other items. At the same time, we continue to recognize the promotion of M&A, as well as the recruitment and development of human resources, as important challenges. Furthermore, while our initiatives related to disaster preparedness, climate change response, IoT, and AI are progressing as planned, there is a need to accelerate them further.

In terms of capital efficiency, both ROE and ROIC remained flat at 17.8% and 17.3%, respectively. With regard to shareholder returns, following a review of the dividend policy presented in the Medium-term Management Plan 2027 and based on a target dividend on equity (DOE) ratio of 8%, we increased the annual dividend by ¥24 to ¥130. In addition, regarding the total of ¥40 billion in share buybacks outlined under the plan, we are continuing to actively pursue this initiative, having carried out ¥20 billion in the first year and announcing that we will carry out ¥10 billion in the second year, which is the current fiscal year.



Progress on Medium-term Management Plan 2027 Capital Policy

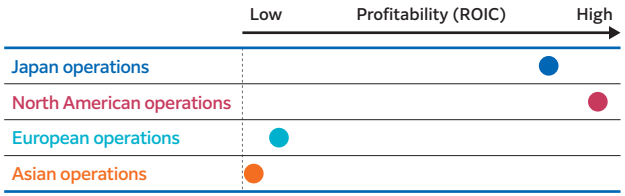
The foundation of our capital policy going forward will be to emphasize a balance between financial stability and capital efficiency. And the content of this capital policy remains unchanged: we aim to increase corporate value over the medium to long term through management that is conscious of the cost of capital and stock price, and through the optimal allocation of funds to investment for sustainable growth and to shareholder returns.

In fiscal 2025, the first year of our Medium-term Management Plan 2027, our business performance and various indicators showed some stagnation. However, we have not revised our targets and will continue to work toward improvement.

We will also continue to place importance on SVA, our proprietary metric introduced in fiscal 2001, and strive to improve capital efficiency on an ongoing basis. Due to factors such as an increase in WACC from 6% to 7% and a decline in ROIC compared to the previous fiscal year, SVA temporarily decreased from ¥41.8 billion in the previous fiscal year to ¥38.0 billion in fiscal 2025. However, our target for SVA under the Medium-term Management Plan 2027 remains ¥46.0 billion.

We position ROIC as an important management indicator, and manage our capital efficiency not only at the overall Group level but also by region. Through analyses of ROIC by region, we evaluate the competitiveness of each of our businesses in terms of both profitability and capital efficiency, and use these insights to optimize capital allocation and our business portfolio.

Visualization of ROIC* by Region in FY2025



* The invested capital used for ROIC by region is calculated as current assets (excluding cash) + non-current assets (excluding goodwill) – liabilities (excluding interest-bearing debt).

In Japan, we will steadily achieve stable growth by expanding our lineup of high-value-added products—such as our climate change response products—and by growing our thriving service operations. Although we have already achieved the operating profit ratio target set in our medium-term management plan, we will strive to maintain and further strengthen this high level going forward.

In North America, although profitability improved significantly during the previous medium-term management plan period, progress stalled in the first year of the current plan. This was due to sluggish market conditions in both the residential and non-residential sectors. Going forward, we will closely monitor interest rate trends, capitalize on the recovery in residential investment and capital expenditures for industrial use, and further strengthen our efforts to reduce costs and improve productivity, with the goal of achieving an operating profit ratio of 20% or more.

Although market conditions in Europe remained challenging in fiscal 2025, we expect a gradual recovery going forward, led primarily by the housing market. We will work to improve profitability as sales volumes recover. In addition, we will continue to improve our operational foundation through business restructuring, cost reduction, improvements in production efficiency, the promotion of digitalization, and the strengthening and optimization of our sales structure.

In Asia, while our Hong Kong and Taiwan operations are

performing well, our market share in the region as a whole is low, and we continue to face challenges in terms of business performance and profitability. Going forward, we will aim for stable profitability by further advancing the localization of our management to optimize prices and specifications in line with regional market characteristics as well as strengthen our cost competitiveness. We will also embark on structural reforms to drive fundamental improvements.

As discussed above, while Japan is currently performing well, North America, Europe, and Asia are all facing difficult conditions. Going forward, we will carefully assess our business portfolio and, based on a strategy grounded in a medium- to long-term perspective, build a solid management foundation capable of withstanding changes in the external environment, thereby achieving sustainable growth.

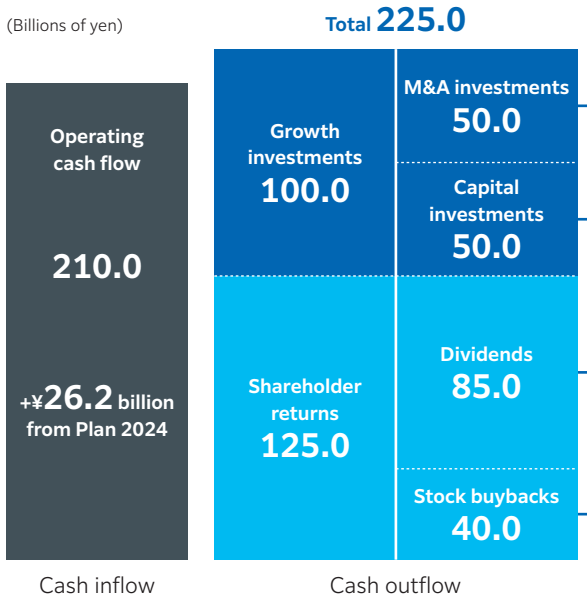
Cash Allocation and Shareholder Returns

Historically, backed by ample cash on hand, we have prioritized growth investments and shareholder returns. Moving forward, however, we will consider restructuring our cash allocation to include investments in human capital, as described below.

Allocation of Cash Flow

Medium-term Management Plan 2027
FY2025–FY2027 cumulative

(Billions of yen)



Medium-term Management Plan 2027 progress

M&A investments

Expand business domains
▶ North America: Pasco Doors (May 2025)
Your Automatic Door Company (February 2026)

Capital investments

FY2025 actual: Capital investments ¥12.0 billion; IT investments ¥2.2 billion
FY2026 plan: Capital investments ¥15.6 billion; IT investments ¥3.1 billion

Dividends

FY2025: ¥27.4 billion
FY2026 forecast: ¥30.3 billion (¥27.4 billion + ¥2.9 billion commemorative dividend)

Stock buybacks

FY2025: ¥20 billion implemented
FY2026: ¥10 billion announced

With regard to shareholder returns, we have been making use of an 8% dividend on equity (DOE) ratio as a guideline and have strived to pay stable dividends. However, in light of recent market conditions and fluctuations in financial indicators, we have decided to revise our dividend policy from fiscal 2026 in order to establish a more stable and transparent dividend policy. We will change from a target DOE ratio of 8%, based on total equity, to a target DOE of 10%, based on shareholders' equity.

We made this decision due to differences in the nature of the indicators. Total equity includes items that are sensitive to market conditions, such as foreign currency translation adjustments and valuation difference on available-for-sale securities, and may fluctuate independently of a company's underlying earning power. Consequently, when using total equity as a benchmark, dividend levels were prone to fluctuations due to external factors, making it difficult for shareholders to make future projections.

On the other hand, shareholders' equity consists of pure capital entrusted to the company by its shareholders and is a relatively stable indicator. By using this as a benchmark, it becomes possible to establish a sustainable and predictable dividend policy that is aligned with our profitability and financial foundation. This change demonstrates our clear dedication to delivering more stable and predictable dividends.

In addition, to mark our 70th anniversary and as a token of our appreciation to our shareholders, we will pay a commemorative dividend of ¥14 in fiscal 2026, bringing the annual dividend to ¥146. Furthermore, we plan to use this level as a benchmark for the minimum dividend amount for the next fiscal year and beyond. Rather than treating the commemorative dividend as a one-time event, we will use it as a standard for future dividend levels, thereby demonstrating our strong commitment to providing stable returns that are not subject to fluctuations in business performance.

Under the Medium-term Management Plan 2027, we will continue to actively promote M&A as a pillar of our growth strategy. Although the amount actually invested to date remains in the range of several hundred million yen, there is no change to

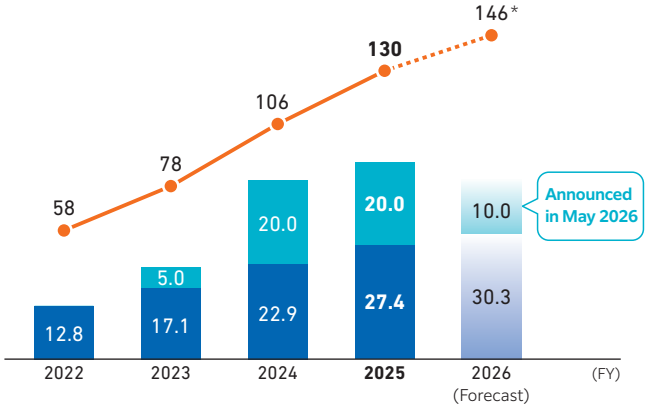
our investment plan totaling ¥50 billion. By region, we will focus on expanding our product lineup in Japan, expanding our business scope in North America, and strengthening our industrial door and service operations in Europe. In particular, we see significant room for expansion in our core businesses in Europe, and increasing growth opportunities in peripheral domains such as IoT and automation in North America.

In addition, we are planning on ¥40 billion in capital investments and ¥10 billion in IT investments, and progress in the first year was generally in line with our plans. Together with strengthening our manufacturing capacity, we will promote productivity improvements through digitalization and work to streamline not only our production processes but also related operations.

With regard to cash flow, we expect it to exceed the levels achieved during the previous medium-term management plan over the course of the Medium-term Management Plan 2027 period. While investing a total of ¥100 billion in M&A and capital expenditures, we expect to generate ¥110 billion in free cash flow. Furthermore, we plan to return ¥125 billion to shareholders and intend to do so proactively at a level exceeding our free cash flow. In addition, if investment falls short of our plans, we will flexibly consider further expanding shareholder returns to optimize our capital allocation.

Along with this, to maintain financial stability, we have set a new target for cash reserves of 1.5 to 2 months' worth of monthly sales. We consider this to be a level that will enable us to operate our businesses stably even in an uncertain environment.

Total Dividends, Stock Buybacks, and Annual Dividend Per Share



■ Total dividends (billions of yen) ■ Stock buybacks (billions of yen)
● Annual dividend per share (yen)
* The fiscal 2026 forecast includes a commemorative dividend of ¥14.

Future Outlook

Going forward, we aim to increase corporate value over the medium to long term through the optimal allocation of funds between investments for sustainable growth and shareholder returns, as well as through the expansion of equity spread. To achieve this, we will promote ROIC-based and SVA-based management grounded in suitable equity management, while also working to further strengthen our corporate governance through measures such as reducing business risks and enhancing the transparency of our disclosures. Through these measures, we aim to maintain and improve our PER and PBR at high levels.

At the same time, we will focus on strengthening our balance sheet management by optimizing the balance between fundraising and investment under a well-defined financial strategy, with the aim of maximizing capital efficiency while ensuring financial stability.

Furthermore, there remains significant room for growth in business domains where we can leverage our core competencies. As opportunities to create new value continue to expand against the backdrop of environmental changes and technological innovations such as IoT, we will contribute to solving our customers' challenges through means that include improving their working environments with thermally insulated high-speed sheet shutters; and reducing their workload with RemoSmaPro, a service enabling remote monitoring and control.



In addition, as mentioned earlier, we will continue to strengthen our investment in human capital. Our people are the foundation of our value creation. Of particular note, to address the revitalization of our workforce, a challenge of paramount importance amid a declining birthrate and aging population, we will aim to create an environment where employees can work with enthusiasm and strive to improve engagement. Through these efforts, we will seek to achieve both enhanced profitability and improved work-life balance for our employees.

More specifically, we are working to improve employee engagement through initiatives such as conducting an engagement survey for all employees across our Group companies in Japan, and granting stock through the Employee Stock Ownership Plan as part of our 70th-anniversary commemorative activities. Furthermore, as an enterprise which provides comprehensive services that include installation and maintenance, our proven technical skills and prompt response capabilities are underpinned by our talented workforce. Our maintenance and service operations are becoming increasingly important in terms of both sales and earnings, and our workforce will remain a key pillar of our earnings base going forward. In light of these factors, we will continue to actively invest in human capital, treating the recruitment and development of talent as a top priority.

The Sanwa Group's Global Strategies | History of Overseas Expansion

Ever since the establishment of Sanwa Shutter (HK) Ltd. in 1986, globalization has been a driving force for the Sanwa Group that has placed it ahead of its peers. 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.

1986 ● Established Sanwa Shutter (HK)
1988 ● Established An-Ho Metal Industrial (Taiwan)
1990 ● Established Sun Metal (Thailand)
1996 ● Acquired Overhead Door Corporation (U.S.)
● Established PT. Sanwamas Metal Industry (Indonesia)

The Genuine. The Original. OVERHEAD DOOR



2003 ● Acquired Novoferm Group (Europe)
2006 ● Established Shanghai Baochan-Sanwa Door
2008 ● Established Vina-Sanwa (Vietnam)
2009 ● Acquired the door business of Wayne Dalton (U.S.)

novoferm
Intelligent Door Solutions



2011 ● Acquired business of Automatic Door (U.S.)
● Acquired Creative Door Service (Canada)
2012 ● Acquired business of Door Controls (U.S.)
● Acquired business of Advanced Door Automation (U.S.)
2013 ● Acquired business of Texas Access Controls (U.S.)
2014 ● Acquired Alpha Deuren (Netherlands)
2016 ● Acquired Norsud Gestion (France)
2018 ● Acquired Bolton Gate Services (U.K.)
● Acquired Lux Overhead Door (U.S.)
2019 ● Acquired Robust (Sweden)

alpha deuren international



2021 ● Acquired Won-Door (U.S.)
● Acquired Manuregion (France)
2022 ● Acquired AUB (Hong Kong)
2023 ● Acquired Door Control (U.S.)
2025 ● Acquired Pasco Doors (U.S.)

WON-DOOR



Net sales (consolidated)
¥660.7 billion

North America

1997 (at time of acquisition)	2005 (20 years ago)	2015 (10 years ago)	2025 (present)
$597 million	$747 million	$910 million	$1,615 million

Europe

2004 (at time of acquisition)	2015 (10 years ago)	2025 (present)
€340 million	€399 million	€678 million

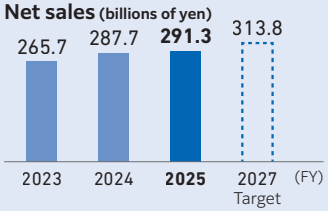
The Sanwa Group's Global Strategies | Overview by Region

FY2025
Net sales (consolidated)
¥660.7 billion



Japan

Net sales (billions of yen)



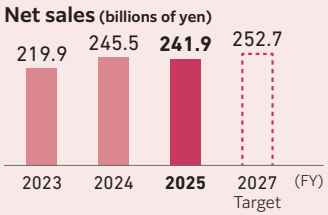
Strengths
- Product lines with top market share and strong brand power
- High entry barrier business model seamlessly integrated from development to sales, design, production, installation, and after-sales service
- Nationwide sales network comprising around 350 locations (divisions) and a robust installation structure of some 4,000 installers
- A stable base of recurring revenue centered on maintenance and servicing
- Ability to address social issues through disaster preparedness and climate change response products

Opportunities
- Growing demand for disaster preparedness and climate change response products
- Growing demand for data centers and semiconductor-related plants
- Increased demand for maintenance and upgrades against the backdrop of stricter safety regulations
- Creating high added value through smart technology and IoT
- Improving productivity and profitability through digitalization and automation

Risks
- Rising costs of raw materials, energy, and labor
- Decline in the number of new housing starts
- Decline in competitiveness due to failure to keep pace with technological innovation
- Constraints on construction capacity due to labor shortages
- Supply chain disruptions caused by geopolitical risks

North America

Net sales (billions of yen)



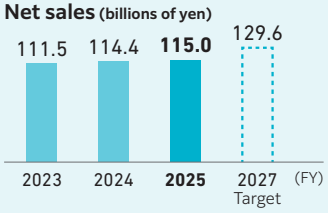
Strengths
- Diverse sales channels and a broad customer base
- Strong brand power backed by 105 years of history as a sectional door pioneer
- A wide range of products in addition to door products, including door operators and automatic doors

Opportunities
- Increasing market share through sales network expansion
- Expansion into the high-value-added product sector
- Improving productivity and strengthening profitability through plant restructuring and investments in automation
- Expansion of gross order volume leveraging an extensive product lineup

Risks
- Cost increases due to tariffs and trade policies
- Sluggish housing demand due to persistently high interest rates
- Slowdown in capital and construction investment due to the economic downturn
- Supply chain disruptions caused by geopolitical risks

Europe

Net sales (billions of yen)



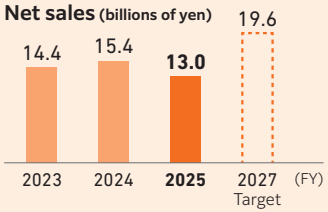
Strengths
- A broad range of products and services covering all of Europe
- Economies of scale achieved through our manufacturing and logistics network
- Highly specialized personnel and strong Group collaboration
- Increased operational efficiency and strengthened competitiveness through digital technology

Opportunities
- Improving profitability through the expansion of industrial products and services
- Expansion of logistics facilities and infrastructure market
- Improving profitability through the standardization of specifications, integration of networks, and centralization of procurement
- Enhancing added value through digitalization, including the use of AI in sales, project operations, and services

Risks
- Delayed recovery in the European construction market
- Rising energy and labor costs
- Execution risks associated with large-scale transformations, such as business transformation and digitalization
- Declining profitability due to intensifying competition in areas such as technical capabilities and price
- Slowdown in the economy leading to a decline in capital and construction investment
- Supply chain disruptions caused by geopolitical risks

Asia

Net sales (billions of yen)



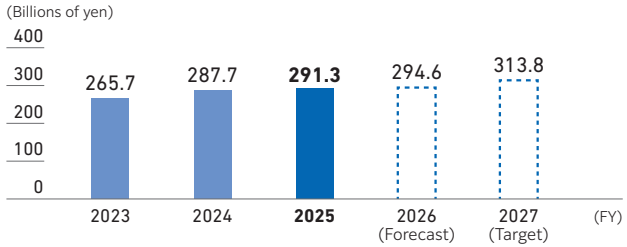
Strengths
- Stable supply and high quality through integrated production and sales system
- A lineup of high-quality products that leverage Japanese technology
- Group synergies and sales infrastructure for Japanese companies

Opportunities
- Growing demand for construction amid ASEAN economic growth
- Expansion of infrastructure investment
- Room for market share growth due to absence of market leaders

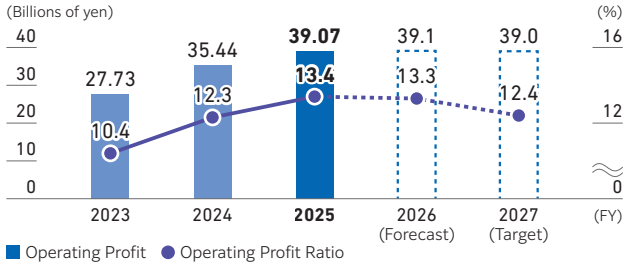
Risks
- Political and regulatory change risks
- Rising costs of raw materials, energy, and labor
- Business environment deterioration due to geopolitical risks

Strategies by Region
Japan

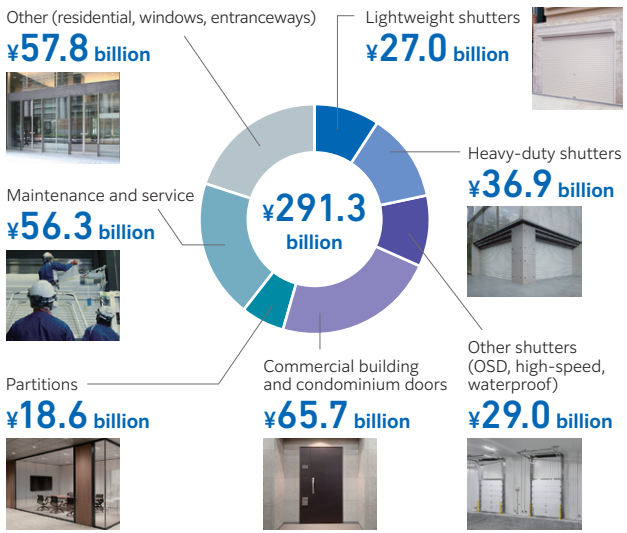
Net Sales



Operating Profit / Operating Profit Ratio



FY2025 Net Sales Composition by Product



We will expand our circular business model by enhancing products and services ready to meet the needs of a changing environment.



Meiji Takayama
Representative Director and President, Sanwa Shutter Corporation

In fiscal 2025, the first year of our Medium-term Management Plan 2027, we focused on growth areas and worked to improve profitability in line with our basic strategies. Specifically, we steadily captured demand centered on production and logistics facilities, while also moving forward with efforts to meet demand for the renewal and renovation of existing buildings. In addition, we promoted climate change response products and other solutions that contribute to resolving our customers' challenges, thereby enhancing the added-value we provide and improving profitability. Furthermore, our efforts to pass on rising material and other costs to selling prices have gained traction, resulting in an operating profit ratio of 13.4%, which exceeded initial forecasts and equals a year-on-year increase of 1.1 percentage points.

On the other hand, the business environment remained uncertain, and chronic labor shortages and persistently high construction costs led to longer construction periods and project delays. Under these circumstances, we worked to stabilize our business operations by thoroughly managing orders, carefully assessing project details, and improving business processes through digitalization.

While the market environment is expected to remain similar in fiscal 2026, social demand for disaster preparedness and climate change response measures as well as for the utilization of existing building stock is steadily increasing. We will therefore promote our initiatives based on the view that this situation represents an opportunity for further growth.

We will continue to offer high-value-added products and, in line with our medium-term management plan's goal of establishing our partition operations as a core business, we will work to strengthen both the sales and manufacturing operations and enhance our production capabilities for door products.

We also position the recruitment and development of human resources as an important management issue, and by strengthening our efforts in this area alongside promoting digitalization, we will continue to build the infrastructure for achieving sustainable growth.

Frequently Asked Questions from Investors

Q. Tell us which business areas or product categories are performing particularly well and the reasons behind that.

A. Our maintenance and service operations are steadily capturing demand for the maintenance and management of existing buildings, and are seeing stable expansion. In addition, we are receiving increased inquiries regarding our climate change response products that help reduce CO_2 emissions, and products that contribute to improving the workplace environment, as high-value-added offerings.

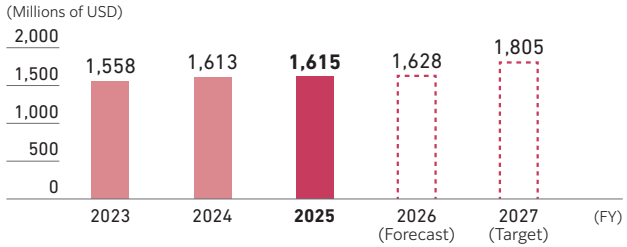
Q. Tell us about your initiatives and outlook for improving the operating profit ratio going forward.

A. We are steadily passing on increases in material costs and other expenses to our selling prices. At the same time, we are promoting operational efficiency through capital and digital investments in order to improve our operating profit ratio through increased productivity.

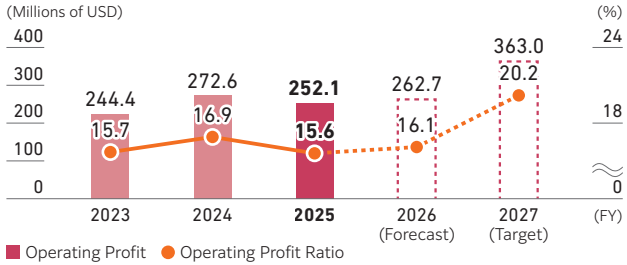
Strategies by Region
North America

The Genuine. The Original. OVERHEAD DOOR®

Net Sales



Operating Profit / Operating Profit Ratio



FY2025 Net Sales Composition by Product



Even as market uncertainty increases, we will steadily execute our strategies and continue to achieve growth that exceeds expectations.



Kelly Terry
Overhead Door Corporation President & CEO

In fiscal 2025, the business environment remained challenging due to a slower than expected recovery in demand in both the residential and non-residential markets, as well as ongoing inflation, persistently high interest rates, and rising raw material and other costs resulting from tariff policies. Against this backdrop, we implemented strategic pricing policies and pursued cost reductions, while also working to expand our sales channels and strengthen our business foundation through the acquisition of an automatic door service and installation company. While our vehicle access (door products) operations struggled due to sluggish demand, our electronic access control (door operators) and pedestrian access (automatic doors) operations performed steadily. However, due in part to a decline in productivity caused by lower production volumes and temporary disruptions in production, our aims to improve profitability across our North America operations as a whole remained at an impasse.

Looking ahead to 2026, we remain cautiously optimistic about the year despite market challenges--particularly in the residential segment—which will temper our pace in the first half. Nevertheless, we remain focused on delivering meaningful sales growth and margin improvement as we progress toward our Medium-term Management Plan goal of 20% operating profit ratio. Our strategy centers on four pillars: growing our core business through demand generation and channel expansion, improving cost competitiveness via plant automation and low-cost country manufacturing, deploying scalable IT systems, and expanding into adjacencies such as dock equipment and gate operators. By identifying and executing strategic investment opportunities that drive efficiency, we are well-positioned to navigate current market uncertainties while building a foundation for sustainable long-term growth as conditions normalize.

Frequently Asked Questions from Investors

Q. Explain the factors behind the increase in the operating profit ratio over the past few years and the initiatives you are undertaking to further improve it.

A. During the previous medium-term management plan period, in response to the sharp rise in steel prices following the recovery in demand after the COVID-19 pandemic, we successfully passed on these costs to our sales prices. We subsequently maintained high price levels through our pricing strategy, and, in addition, we implemented measures to enhance productivity, significantly improving our operating profit ratio. Although the operating profit ratio has temporarily plateaued due to the sluggish market conditions, with the aim of further improving profitability, we will continue to pursue initiatives to improve productivity and optimize our production structure through the consolidation of plants following the implementation of a Group-wide system.

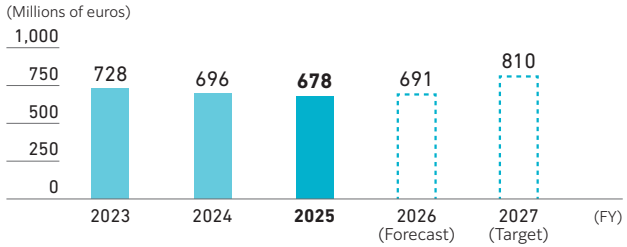
Q. With sales of door products stagnating, could you explain why sales of door operators and automatic doors are performing well?

A. With regard to door operators, we are steadily increasing sales by introducing new products that accurately reflect market trends. With regard to automatic doors, productivity increases resulting from the relocation of production to our plant in Matamoros, Mexico have led to significant improvements in costs and delivery times, which in turn have contributed to sales growth.

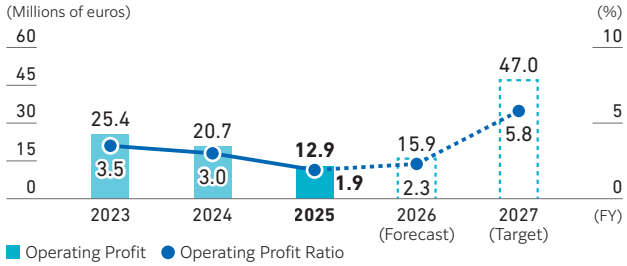
Strategies by Region

Europe

Net Sales



Operating Profit / Operating Profit Ratio



FY2025 Net Sales Composition by Product



To ensure we capitalize on the recovery of the market, we will overcome challenges and promote strategic transformation.

Christian Hasenest
Novoferm Group CEO



In fiscal year 2025 we defined a clear transformation agenda to ensure progress toward achieving our Vision 2030. Market conditions remained challenging across Europe, particularly in the residential segment. At the same time, the Industry and Service segments demonstrated solid resilience and continued positive customer demand. We achieved important steps in digital production through Advanced Planning and Scheduling (APS) and Manufacturing Execution System (MES), which increased transparency and planning accuracy in several plants. Furthermore, initiatives such as the European Competence Center for Data Centers and the development of an international Key Account Management model strengthened customer proximity and prepared the organization for scalable growth. Profitability remained under pressure due to heterogeneous segment performance, structural inefficiencies and rising operational costs. Nevertheless, efficiency programs were initiated and first operational improvements were realized.

In 2026 we will accelerate the implementation of the One Novoferm strategy. Our central focus is the establishment of an integrated European group supported by the Value Stream structure, a unified Operations organization and a consistent IT landscape. While both the Value Streams and the harmonized production network will be implemented in 2026, their measurable financial impact will follow gradually and is expected from 2027 onwards. We expect strong momentum in the Service and Industry segments supported by full portfolio availability in all markets. The growing demand for data centers will be captured and our position in logistics and infrastructure projects will be strengthened. The systematic rollout of digital solutions will further enhance customer value and internal efficiency. In addition, the Iran war that began in 2026 may increase energy and financing costs, which could lead to temporary investment hesitation in the construction sector. Even so, the strategic transformation provides clear opportunities to reinforce our growth ambitions and steadily improve profitability.

Frequently Asked Questions from Investors

Q. Tell us the factors behind the sluggish operating profit in your European operations and outline your plans for improvement going forward.

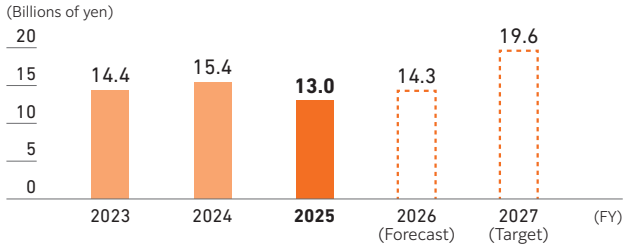
A. Since needs such as legal regulations and design requirements vary from country to country in Europe, it is often the case that customized solutions are required, resulting in a structure where it is relatively difficult to increase the operating profit ratio. In addition, the market environment has continued to be sluggish in recent years due to the impact of the COVID-19 pandemic and geopolitical risks. Going forward, predicated on a market recovery, we will strengthen our highly profitable service operations by combining them with our industrial products and thus aim to improve the operating profit ratio.

Q. What is your plan for expanding your European operations going forward?

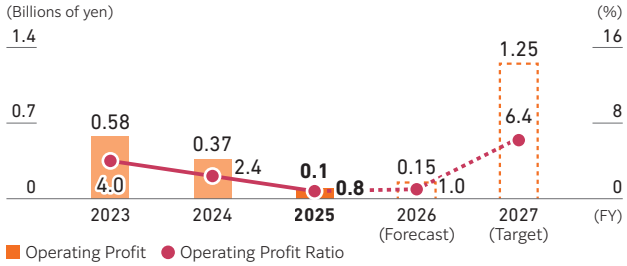
A. In addition to the fact that the European shutter and door market is less concentrated than those in Japan and North America, there are many regions where we have not yet established a presence, leaving room for expansion in terms of both products and geographic reach. Going forward, in addition to our efforts to expand our existing operations, we will explore opportunities for business expansion, including M&A, based on a thorough review of our business portfolio.

Strategies by Region
Asia

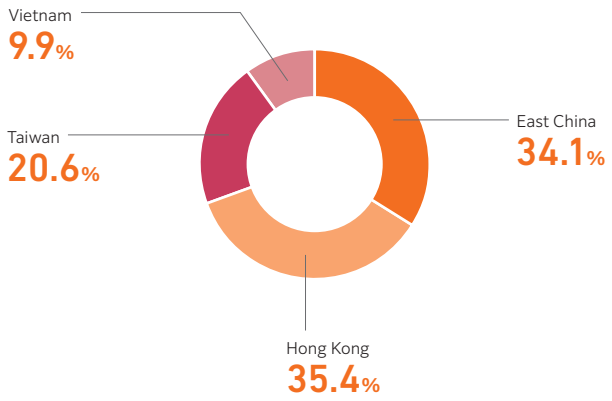
Net Sales



Operating Profit / Operating Profit Ratio



FY2025 Net Sales Composition by Region (consolidated)



We will aim to build a foundation for stable growth in our Asian operations by strengthening and optimizing our business structure.

In our Asian operations for fiscal 2025, we advanced initiatives aimed at achieving profitable growth in accordance with the basic strategies outlined in our Medium-term Management Plan 2027. In Taiwan, our business performance remained steady, driven by demand for capital investment centering on semiconductor plants, and we maintained a strong market presence. In Vietnam, where we had been struggling for the past few years, efforts to improve management have led to the acquisition of major projects and improved profitability, and we are now beginning to enter a recovery trend. Meanwhile, while we had maintained strong results in Hong Kong in recent years, particularly for large-scale properties, our results for fiscal 2025 in this region were somewhat subdued due to a pullback from the previous year.

Against this backdrop, in fiscal 2025, we positioned improving the management of our East China operations as our top priority and have been implementing structural reforms in the areas of organization, sales, and administration. Although we focused on localizing our sales channels and product mix, the market environment remained challenging due to the slump in the real estate market, and we still face operational challenges, so a recovery will still take some time. The operating profit ratio for our Asian operations as a whole was 0.8%, down 1.6 percentage points from the previous year, falling short of initial expectations.

We anticipate that, while there will be regional variations, the business environment in the Asian market for fiscal 2026 is unlikely to see any significant improvement from current levels overall. Given this context, we will work to maintain and strengthen our business foundation in Taiwan, while also optimizing our operations by consolidating manufacturing and management functions across our three Hong Kong subsidiaries. Furthermore, in China and Vietnam, we will work to establish a solid revenue base and achieve sustainable growth by strengthening our sales and manufacturing structures.

Frequently Asked Questions from Investors

Q. Tell us about the market environment and market share in each region.

A. Demand in Taiwan remains strong, centering on semiconductor plants. Although we hold a large share of the Hong Kong shutter market, the competitive landscape is changing due to factors such as the entry of mainland general contractors. We are working to adapt our operations to local conditions in East China and Vietnam, but we are still only at the halfway point of our market share expansion efforts.

Q. Will you not be expanding your operations in Asia through M&A?

A. In Asia, because the level of market maturity differs from that in North America and Europe, our basic approach is to expand our operations through joint ventures with local companies or by establishing our own local subsidiaries. That being said, in fiscal 2022, we completed our first Asian M&A outside Japan in Hong Kong, and we will continue to explore opportunities for business expansion and synergies as they arise.