

Long-Term Vision and Mid-Term Management Plan

Reflections on Sanwa Global Vision 2020

- The Third Mid-Term Management Plan has been extended by one year to FY2021 -

Although results of fiscal 2020 fell short of the record highs of fiscal 2019 due to the impact of COVID-19, forecasts were achieved through strategies and measures in each area.

Three years to establish a basis for becoming a major global player

Three years to strengthen our competitiveness as a major global player

Three years to establish the foundation for becoming the top brand as a major global player

	First Three-Year Plan (FY2013-FY2015)		Second Three-Year Plan (FY2016-FY2018)		Third Mid-Term Management Plan (FY2019-FY2021)		
	FY2015 Targets	FY2015 Actual	FY2018 Targets	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Forecast
Net Sales	¥325.0 billion	¥365.6 billion	¥410.0 billion	¥410.0 billion	¥440.2 billion	¥427.1 billion	¥450.0 billion
Operating Income	¥23.00 billion	¥26.87 billion	¥37.00 billion	¥31.59 billion	¥34.20 billion	¥33.10 billion	¥34.00 billion
Operating Income Ratio	7.1%	7.3%	9.0%	7.7%	7.8%	7.7%	7.6%
ROE	11.7%	11.4%	15.0%	13.5%	13.3%	12.4%	12.0%
D/E Ratio	0.61 times	0.54 times	0.40 times	0.38 times	0.38 times	0.36 times	0.30 times
SVA	¥5.0 billion	¥8.2 billion	¥12.8 billion	¥12.7 billion	¥14.0 billion	¥13.6 billion	¥14.5 billion
Reflections	<ul style="list-style-type: none"> The domestic business drove performance, and the targets for the First Three-Year Plan were met one year ahead of schedule. Sanwa Shutter Corporation achieved an operating income ratio of 10%. 		<ul style="list-style-type: none"> While the European and U.S. businesses recovered, domestic business stagnated, and the Second Three-Year Plan targets were not met. Profitability increased on the back of "NF3.0" of the European business. 		<ul style="list-style-type: none"> The domestic business was the driver in fiscal 2019, and achieved its best performance figures ever. Sanwa Shutter Corporation recovered an operating income ratio of 10%. In fiscal 2021, profits are expected to fall short of the initial medium-term target, even though sales are expected to reach the target due to a recovery from the impact of the COVID-19 pandemic. 		
Tasks	<ul style="list-style-type: none"> Promote the multi-product sales strategy in the domestic business Deploy new ERP and implement a downstream strategy at ODC Boost profitability by restructuring NF Group Get the Asia business into the black 		<ul style="list-style-type: none"> Increase the production, logistics, and installation capabilities of the domestic business Pass on sale prices and manage costs in the domestic business Deploy new ERP and promote multi-product sales at ODC Have ODC expand into adjacent fields Establish the foundation for the Asia business 		<ul style="list-style-type: none"> Respond to the coronavirus crisis in each area Promote digitalization Strengthen the service business as a Group Establish the foundation for the Asia business Deploy new ERP Promote ESG 		

The Sanwa Group started working on its Long-Term Vision, "Sanwa Global Vision 2020," in fiscal 2013. We have been implementing the Third Mid-Term Management Plan (fiscal 2019 to fiscal 2020) to establish the foundation for becoming the top brand as a major global player. However, in light of the impact of COVID-19 in fiscal 2020, we have extended the Third Mid-Term Management Plan by one year to fiscal 2021, taking into account the execution of appropriate responses.

The outline of the Sanwa Global Vision 2020 and its goals remain as follows.

Sanwa Global Vision 2020

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

Targets

1. Become definite No. 1 brand in Japan, the U.S. and Europe
2. Establish a business model for service business
3. Expand shutter & door business in emerging markets, spotlighting Asia, and make them grow to be top brands
4. Promote realization of Group synergy in global markets

Strengths of the Sanwa Group and Progress of the Mid-Term Management Plan

The Sanwa Group has been expanding its business as an access systems company with our three strengths: multi-product sales strategy, globalization, and service. In addition, we will continue to enhance our corporate value based on our ESG materiality, which combines social demands with our strengths.



Multi-product sales strategy

The Sanwa Group's multi-product sales strategy began with its entry into the door business in the late 1960s. Focusing on fields where we could apply the know-how we cultivated in the shutter business, existing production facilities and sales and installation networks, we have launched a wide variety of products as a company offering various access systems.



Globalization

In 1974, we entered into a technical tie-up with Overhead Door Corporation (North America; ODC), and have since expanded our business globally to Japan, the U.S., Europe, and Asia. We will continue to enhance our presence in each country, aspiring to be a major global player in the access systems industry.



Service

The Sanwa Group supports its customers at every stage, from product development through sales, design, procurement, manufacturing, installation, maintenance and service. We bring safety, security, and convenience to our end users with our high level of expertise.



ESG materiality

We are committed not only to our own growth, but also to addressing social issues. We have set priorities we must address in particular, and we will contribute to achieve a sustainable society through our unique strengths.

Third Mid-Term Management Plan (FY2019-FY2021)



Three years to establish the foundation for becoming the top brand as a major global player

Core Business

Basic Strategies 1

Expand and strengthen business areas in core businesses in Japan, the U.S., and Europe

• Japan

Grow as an access system company by establishing our position in each business field

Ensure the Profitability of Shutters and Doors

- Pass on costs of materials and installation work to selling prices, increase orders and strengthen sales organization

Strengthen Multi-product Sales Strategy

- Strengthen multi-product sales through Group cooperation
- ⇒ Partitions, stainless steel and aluminum facades

Respond to Climate Change Needs

- ⇒ Expand climate change-response (mitigation, adaptation) products, flood prevention products

[See pages 28-29 for details.](#)

• North America

Maintain and expand core business segments while entering adjacent business fields

Door Business

- Step up residential retrofitting and add new commercial door products, such as wind-resistant products and high-speed doors

Door Opener Business

- Maintain share in the residential market

Automatic Doors Business

- Expand business domains through the acquisition of Won-Door

[See pages 30-31 for details.](#)

• Europe

Strengthen the industrial segment and promote digitalization

Hinge Door Business

- Promote the integration plan of Robust AB

Garage Door Business

- Expand Wi-Fi-enabled products that support home automation

Industrial Business

- Strengthen supply by expanding production

Digitalization

- Expand digitalization tools with a focus on Germany

[See pages 32-33 for details.](#)

Growing Business

Basic Strategies 2

Strengthen service segments and expand business model

Service businesses

Provide service businesses that meet the needs of customers in each service business region

Cultivate new customers and expand our business model

• Japan

- Strengthen orders received for statutory inspections

- Respond to demand for post-disaster restoration work

- Establish a business model for proposals for age-deterioration and periodic inspection contracts

• North America

- Diversify products to expand services and installation

• Europe

- Enhance the service business
- Introduce field service systems

Basic Strategies 3

Enhance operation bases of Asia business

Asia Business

Strengthen integrated management of Group companies and expand consolidated businesses

- **China:** Restructure business and establish new plants in the Shanghai area

- **Hong Kong:** Create synergies between Sanwa Shutter (HK) and Suzuki Shutter (HK) and expand their businesses

- **Taiwan:** Smoothly introduce new equipment and develop future growth strategies

- **Vietnam:** Restructure Vina-Sanwa business operations

[See page 34 for details.](#)

Reinforcing business base

Basic Strategies 4

Reform work styles and improve productivity

Work Styles that Match the Times

Improve productivity through work-style reforms and enable flexible work styles to adapt to the new normal

Improve Productivity, Enhance Logistics System, and Strengthen Installation Capabilities

- Introduce logistics management system and installation process management system

Basic Strategies 5

Promote ESG to develop a corporate structure that is more trusted by society

Promote ESG

Contribute to sustainable, resilient communities

Review ESG materialities

Set CO₂ emission reduction target for FY2030

- 30% reduction in Scope 1 + Scope 2 CO₂ emissions compared with FY2020 (Sanwa Shutter)

Set KPIs for each ESG materiality

Establishment of a voluntary Nomination & Compensation Committee

[See pages 36-49 for details.](#)

Financial Strategies



The Sanwa Group is committed to its mission of offering "products and services that provide safety, security and convenience to further contribute to the prosperity of society." To realize this mission, we believe it is necessary to provide added value that has sustainable social significance. It has been said for a long time that sustainable growth is important for a company. This remains true today. This unchanging principle has been rooted in the Sanwa Group to present, even before it was demanded by society. Although COVID-19 has had a significant impact on the Group, we will continue to develop strategies that enhance corporate value from both financial and non-financial perspectives.

Hiroyuki Yamazaki

Director, Senior Executive Officer
Corporate Planning Unit

Overview of fiscal 2020

While we had continued to increase sales and profit since fiscal 2011, sales, profit, and other management indicators remained flat or declined in fiscal 2020 due to the impact last year of COVID-19, although we did exceed the revised forecast.

In Japan, Sanwa Shutter Corporation and other domestic subsidiaries exceeded the revised forecast in terms of profit due to the effects of cost reductions in manufacturing and logistics, despite the impact of decreased volume. In the U.S., profit fell due to changes in the product mix in some areas, although ODC was able to maintain operations during the COVID-19 pandemic, and a strong housing market in the second half of the fiscal year led to an

increase in volume. At Novoferm in Europe, results exceeded the revised forecast in terms of profit due to successful cost reductions, despite decreases in sales volume due to the impact of COVID-19.

Based on the above, SVA (Sanwa Value Added) amounted to ¥14.0 billion and ¥13.6 billion in fiscal 2019 and fiscal 2020, respectively. We forecast SVA of ¥14.5 billion for fiscal 2021. ROIC and ROE were not significantly affected, and we will continue with our efforts to increase them. For fiscal 2021, we are setting various targets with the aim of returning to the levels of fiscal 2019 and returning to a growth trajectory.

Key Figures

	FY2019 Actual	FY2020 Actual	FY2021 Forecast
SVA (Effective corporate tax rate: 33%)	¥14.0 billion	¥13.6 billion	¥14.5 billion
ROIC (WACC: 6%)	15.4 %	15.5 %	16.5 %
ROE (Cost of capital: 8%)	13.3 %	12.4 %	12.0 %
Payout Ratio	35.0 %	35.3 %	34.8 %
Free Cash Flow	¥15.6 billion	¥39.0 billion	¥7.3 billion
D/E Ratio	0.38 times	0.36 times	0.30 times
Shareholders' Equity Ratio	46.3 %	47.9 %	47.8 %

Engaging in business with an awareness of capital efficiency

As the executive in charge of the Corporate Planning Unit, I believe that one of my major roles is to balance financial strategies with the strategies of the business divisions. From the perspective of sustainability, we need to implement a well-balanced strategy over the both the short and long term, in order to achieve sustainable growth.

We have adopted SVA as a management indicator and use it as an indicator of the business performance of each Group company and as one of the decision-making indicators regarding M&As. This is because we believe that maximizing

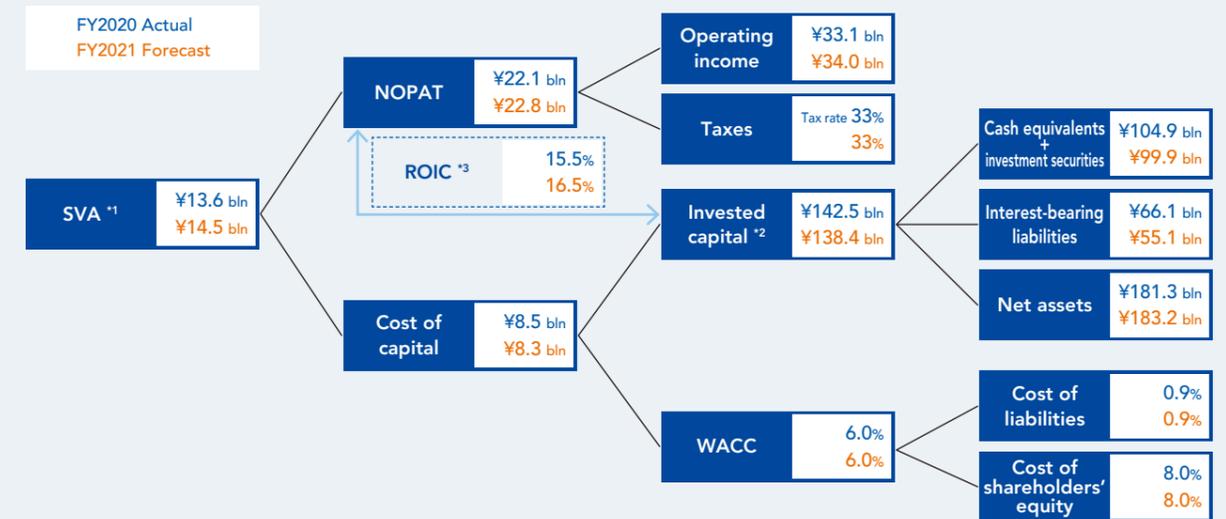
the overall balance and efficiency between risk and return and sales and costs will enable us to expand our business while also increasing our corporate value.

We recognize our cost of shareholders' equity to remain at 8.0% and our weighted average cost of capital (WACC) at 6.0%. Meanwhile, our ROE level has been maintained at 10% or higher since 2014 and our ROIC level almost on a par with last year, with a widening spread. We will continue to promote efficient and effective corporate management by accumulating shareholder value and corporate value.

SVA

SVA has been adopted as our unique indicator of added value since 2001, with the goal of conducting business operations with an awareness of the expected returns of shareholders and creditors.

Figures are consolidated



Equity spread ^{*4}



SVA spread ^{*5}



*1 SVA: NOPAT (net operating profit after tax) - invested capital × WACC (weighted average cost of capital: 6%)

*2 Invested capital = working capital + noncurrent capital = shareholders' equity + interest-bearing liabilities - (cash equivalents + investment securities)
ROIC: Net operating profit after tax (NOPAT) ÷ invested capital × 100

*3 Invested capital used for ROIC is calculated excluding cash and cash equivalents as well as investments in securities.

*4 Equity spread = ROE - cost of equity

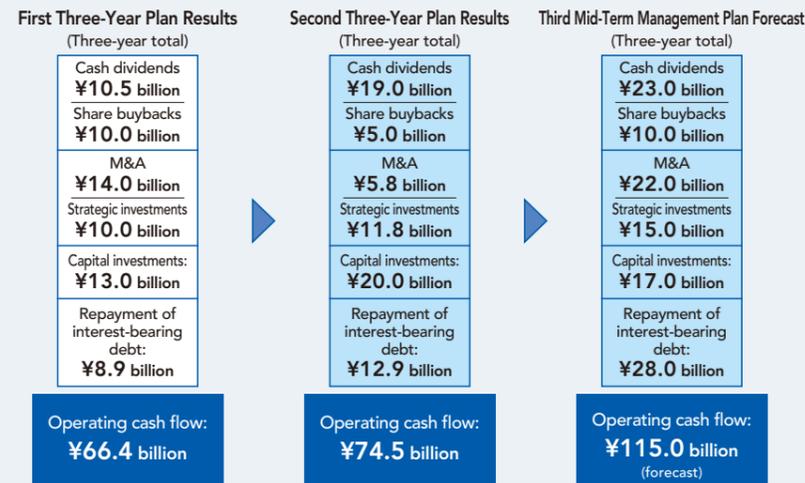
*5 SVA spread = ROIC - WACC

Cash flow and management strategy

The Company will strive to optimize and expand its business by effectively allocating free cash flow and utilizing it for growth investment in equipment efficiency and digitalization and for funding M&As. In fiscal 2020, we invested approximately ¥19.0 billion against our initial target of ¥30.0 billion over the two-year period of the Third Mid-Term Management Plan. This is less than, but not far off, our target amount, due to the acquisition of Won-Door Corp. in the U.S., which was carried out in April 2021. In fiscal 2021, we plan to invest approximately ¥15.0 billion in capital investments,

including strategic investments.

Another option is to pay off our debt as we build up our assets. However, that would slow our growth rate, and we would be left behind in today's fast-changing market. It is also said that conducting M&A is to buy time. Given our currently high market share, we are not considering any acquisitions of core products in Japan or the U.S. However, we will continue to allocate assets and funds efficiently and aggressively for investments in order to achieve sustainable growth.



[Strategic investment policy]

Make capital investments with a focus on growth areas where we are conducting our multi-product sales strategy and synergy is expected

[FY2019 and FY2020 Results]

Strategic investments of approximately ¥19.0 billion

Breakdown

M&A ¥11.0 billion
(SUZUKI SHUTTER CORPORATION and Robust AB)

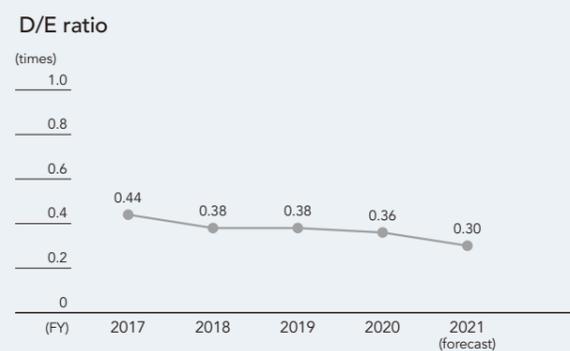
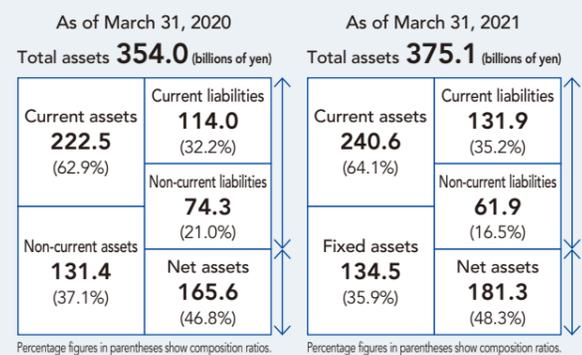
Strategic capital investments ¥8.0 billion
(Japan: new CAD system, logistics management system, accounting system renewal, etc.)
(Overseas: new ERP system, etc.)

Balance sheet goals

The Company has reduced its borrowings from banks by about half over the past few years. These are not simply matters of capital cost but rather of overall balance. We also took into consideration factors such as our business transaction relationships, timing of capital needs, and bond issuance when we carried out the reductions.

Based on these factors, our ROE and ROIC for this fiscal year amounted to 12.4% and 15.5%, respectively. Although

there was some feedback advising that we should increase borrowings, reduce equity, increase dividends, and execute share buybacks to further increase ROE, we cannot run our management based on theoretical numbers. Our D/E ratio is about 0.3, and our shareholders' equity ratio is in the 40% range. We believe we have currently achieved a good balance from the perspective of our asset composition and soundness.



Shareholder returns

In order to further promote management aimed at increasing corporate value while also strengthening the management foundation, the Company aims to maintain a stable dividend payout ratio under its basic policy to distribute profits based on consolidated performance, targeting a payout ratio of 35%.

For fiscal 2020, we paid an annual dividend of ¥34 per share (¥17 per share for both the interim and year-end dividends), which was the same amount as in the previous

year. For fiscal 2021, our forecast is to pay an annual dividend of ¥34 per share (¥17 per share for both the interim and year-end dividends), which is the same amount as in fiscal 2020. We will consider share buybacks in a flexible manner, while considering investments for growth and funds on hand.

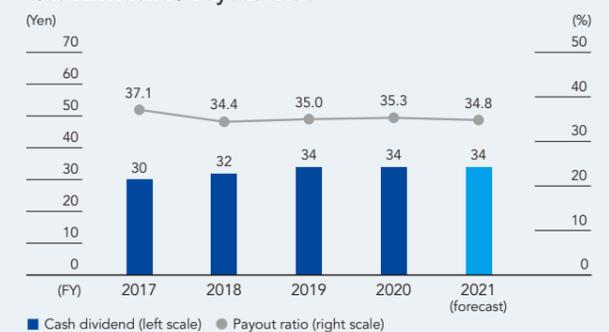
Dividends

- **FY2020**
Annual dividend of ¥34 per share (interim dividend of ¥17 per share and year-end dividend of ¥17 per share) *Note: Payout ratio target of 35%
- **FY2021 (forecast)**
Forecast an annual dividend of ¥34 per share, the same amount as in FY2020

Share buybacks

- Share buybacks are carried out flexibly while considering investments for growth and funds on hand

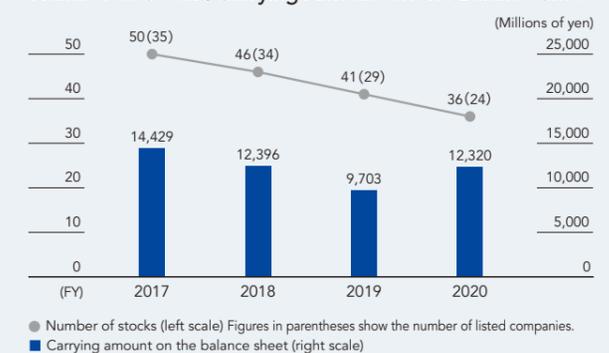
Cash Dividend / Payout Ratio



Strategic shareholdings

Currently, the Company has approximately ¥12.3 billion in strategic shareholdings. While we hold some of these shares for such reasons as business collaborations, we are gradually reducing the number of strategic shares held. The rationality of strategic shareholdings is compared and verified by the Board of Directors for the holding benefits (dividends received + business transaction benefits) and capital cost against the acquisition price (current weighted average cost of capital [WACC] = 6%) for each share. As occasion demands, the Company considers selling stocks for which there is insufficient rationale while regularly scrutinizing the benefits of all such shareholdings and determining whether they remain appropriate.

Number of Stocks/Carrying Amount on the Balance Sheet



Responding to the New Normal

The Sanwa Group will continue to take measures against the COVID-19 pandemic that has caused a serious crisis in all parts of the world, and in accordance with the Japanese government policy of promoting a "new normal (new lifestyle)," we will continue to provide "safe, secure, and convenient" products and services while preparing for the post-COVID-19 era.



POINT 1 Safety and Security

In work places where employees are required to be physically present, such as offices and factories, we avoided the "three Cs" (closed spaces, crowded places, and close-contact settings) and implemented thorough hygienic practices. In addition, regarding desk work, we introduced mobile PCs in fiscal 2019 to promote the practice of working remotely and to improve work efficiency. As a result, nearly half of the domestic offices were able to adapt to working remotely under the state of emergency. At the same time, the video conferencing system has been upgraded to realize timely information sharing and smooth communication inside and outside the company.



Even at our overseas locations, we made efforts to ensure social distancing, limit the number of people in conference rooms, and measure employees' temperatures before work.



The common areas are regularly disinfected, plexiglass partitions were installed in the work space, and other safety measures are carried out thoroughly, such as in the employee cafeterias.

POINT 2 Business Continuity

Amid the COVID-19 pandemic, members from around the world have continued to operate their businesses as essential businesses. Despite regional differences, people's activities remain the same. In this section, we will introduce how the staff in Europe and North America, who are working together as one, were faring at the time, as well as their feelings and thoughts while facing these events.

COMMENTS

Management, employees and social partners have worked together to overcome difficulties.

(Novoferm's) sales have grown accordingly.

When France went into lockdown in spring 2020, we immediately started teleworking and videoconferencing to ensure employee safety and an uninterrupted response to customers and suppliers. At the start of the pandemic, I received many offers from employees (by phone and email) to help and work towards a quick return to the workplace and was very encouraged.

Novoferm France has approximately 550 employees in four locations across the country.

As president, my responsibilities in the region include formulating business strategies, communicating with trade unions, and developing educational programs for employees.

In France, most people have avoided going out amid the COVID-19 pandemic, so demand for improving the home environment, such as purchasing new furniture and securing space for work, has increased. Replacing garage doors turns out to also be among such demands and our



Michel Akoum
President
Novoferm France

COMMENTS

I am delighted that we have been able to overcome obstacles and work safely as a team.

keeping down the number of team members in our office and by quickly procuring masks, gloves and other essential personal protective equipment and distributing them to employees who needed to be in the office.

We also had to rethink how we organized the work environment, implementing measures such as social distancing in places like cafeterias where people gather, and restricting the number of people who could occupy meeting rooms. The swift establishment of a remote work procedure and the cooperation of team leaders enabled us to manage employee schedules and monitor productivity.

As director of human resources at the corporate office of Overhead Door, my job is to provide personnel support to our employees in multiple departments and to manage the facility.

Since the start of the pandemic, though the majority of our employees have switched to working from home, we still had critical members of the team that needed to be in the office.

As case numbers gradually increased in some areas, we were able to reduce the risk of infection in ways such as by



Sandi Denton
Director of Human Resources
Overhead Door Corporation

Special Feature Responding to the New Normal

POINT 3
Contributing Through Our Products

Products for the New Normal

In addition to our conventional lineup of products that enable non-contact operations and products that use antibacterial and anti-virus materials, we are also pursuing development of safety measures for the prevention of the spread of infectious diseases along with products and services that support needs in the new normal.



Commercial facility/ office	Toilet	Factory/ warehouse	Hospital	School	Housing complexes/ detached home
Product	Product	Product	Product	Product	Product
Effect	Effect	Effect	Effect	Effect	Effect
Automatic door	Toilet booth	High-speed sheet shutter	Automatic door	Automatic door	Automatic door
Hinged door/ sliding door	Sliding door	Hinged door/ sliding door	Hinged door/ sliding door	Hinged door/ sliding door	Hinged door
Partition	Automatic door (entry/exit)	Partition	Partition	Awning	Delivery box/ mail box
Awning		Automatic door	Awning		Window shutter

*Available as an option

PRODUCT IN FOCUS

TOILET STALL EQUIPPED WITH ELECTRIC AND ANTI-VIRUS FUNCTIONS



Sanwa Shutter Corporation has released an electric-type toilet stall featuring a non-contact door that can be operated automatically and has obtained the "SIAA antimicrobial property" certification from the Society of Industrial Technology for Antimicrobial Articles.



PRODUCT IN FOCUS

SWINGING DOOR SYSTEMS



Overhead Door's automatic door business unit (Horton) is offering Swinging Door Systems as touchless solutions. An existing hinged door in a medical facility or school office can be equipped with an automated opening/closing mechanism to allow for non-contact operation.



Japan

Strengths

- Top share in Japan in six fields, including shutters and doors
- Seamlessly integrated business model from development and production to installation and after-sales service
- Nationwide sales network comprising 500 locations and more than 3,900 installers
- Social contribution through multi-product sales, including disaster prevention products

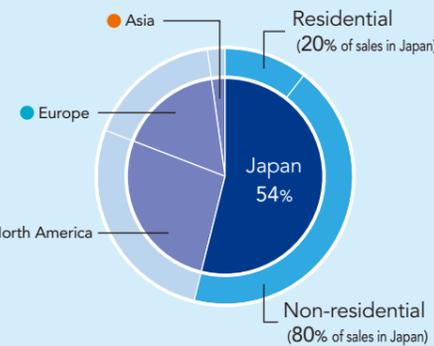
Risks

- Deterioration in earnings due to sudden price hikes for steel or other auxiliary materials
- Aging of production facilities and a decrease in the number of manufacturing personnel
- A decrease in the number of installers and installer aging
- Loss of competitiveness in advanced technology development or services

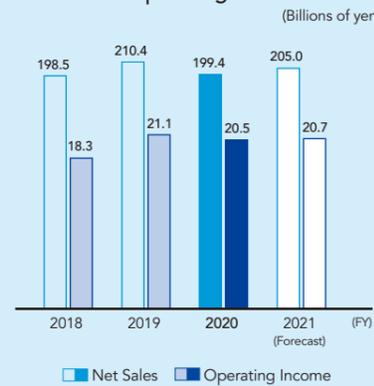
Focus themes / initiatives for further growth

- Maintain or increase market share
- Introducing new production facilities and promoting digitalization
- Increasing installation efficiency through improved construction methods and jig development, and strengthening training system for installers
- Gathering information on customer needs, and strengthening advanced technology and development capabilities

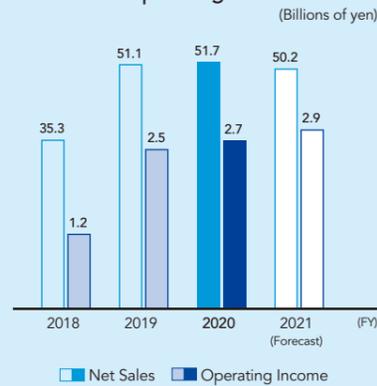
Net Sales Composition by Region



Sanwa Shutter Corporation Net Sales / Operating Income

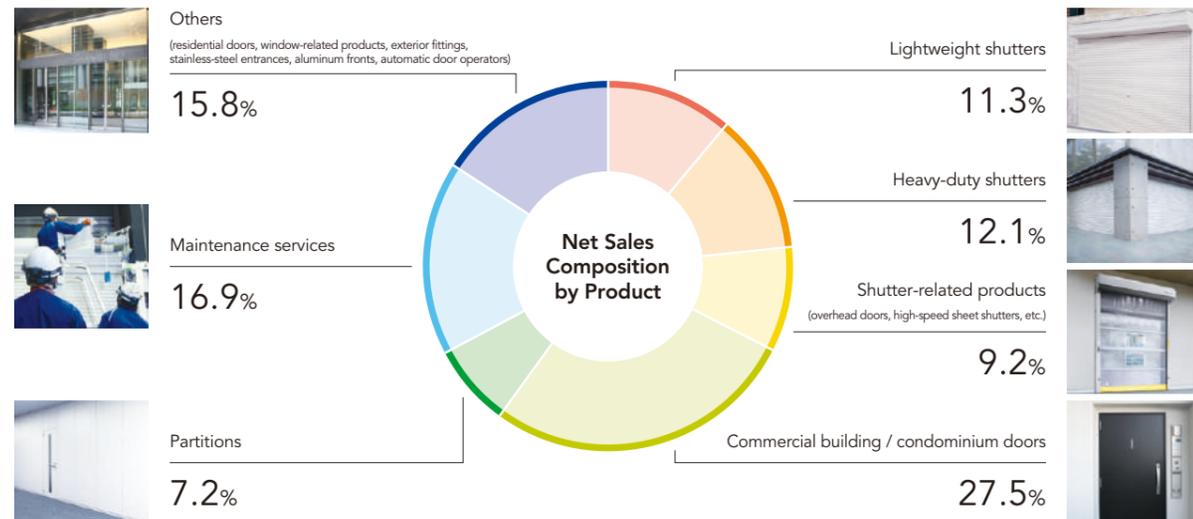


Domestic subsidiaries Net Sales / Operating Income



Note: Figures for net sales and operating income include internal transactions

Net Sales Composition by Product (Sanwa Shutter Corporation)



Aiming for further growth through product development and sales tailored to the needs of the times



Meiji Takayama

Representative Director and President, Sanwa Shutter Corporation

Fiscal 2020 Review and Initiatives

In fiscal 2020, We greatly expanded our products lineup, including Water Guard Single-Tight Door with strengthened water proofing performance, the Taifu (wind-resistant) Guard series of high wind-load resistant shutters, and in response to the new normal, a toilet booth that automatically opens and closes its door without contact.

In terms of business performance, sales decreased by 5.2% year on year to ¥199.4 billion, as the spread of COVID-19 caused customers to reduce their budgets for small and medium-sized properties and in the maintenance and service segments. However, orders for core products exceeded the levels of the previous year, thanks to a very favorable reception of newly introduced disaster prevention products by customers and the strong demand for warehouse construction backed by demand from people spending more time at home. As for strategic products, numbers of quotation indicate recovery and growth, although orders did not see an increase due to constraints on proposal sales activities by COVID-19. In terms of Group companies, SUZUKI SHUTTER CORPORATION, which joined the group in the second half of fiscal 2019, has been contributing to our performance for the full year since fiscal 2020.

Meanwhile, the introduction of teleworking made effective progress due to a switchover to mobile PCs, which had been underway since fiscal 2019. In addition, the introduction of a logistics management system contributed to reductions in manufacturing and logistics costs, curbing the impact of the sales decline. These efforts resulted in a year on year decrease of 2.8% in operating income to ¥20.5 billion.

Next Fiscal Year and Medium- to Long-term Goals

For fiscal 2021, we extended the Third Mid-Term Management Plan by one year to complete the strategies affected by COVID-19.

Firstly, in terms of product development, we will strengthen our ability to respond to customer needs by further expanding our lineup of climate change-response products and disaster prevention products.

In terms of sales, we will focus on receiving orders for core products in the logistics and warehouse construction market, where demand continues to be strong. In addition, we will strengthen design sales activities through Group collaboration, in order to restore orders for strategic products to full cruising speed. In the maintenance and service business, we will focus on making maintenance and repair proposals that address repairs and deterioration due to age after the statutory inspections, which were postponed during fiscal 2020.

In terms of production, logistics, and installation, we will strengthen our supply capabilities by utilizing the logistics management system and construction schedule management system introduced in fiscal 2020, and by further promoting digitalization. We will also raise installation productivity through improved installation methods, including promoting unit construction, and jig development.

In terms of human resources, we will review and strengthen the education and training systems for sales and installation to quickly enable new recruits to join the workforce and improve their ability to execute operations, and further improve our integrated system of development, sales, design, manufacturing, installation, and maintenance, which is one of our strengths.

HIGHLIGHTS

Establishment of a New Logistics Building at Ota Door Plant

We established a new logistics building on the premises of Sanwa Shutter's Ota Door Plant, our main factory for doors, with the aim of increasing logistics efficiency and improving quality through thorough management. In the future, we will utilize it as a logistics base for heavy-duty and lightweight doors in the Tokyo metropolitan area. Further, as an initiative toward decarbonization, we plan to make effective use the roof of the new logistics building to install a solar power generation system.



Conceptual image of completed building

Selected as one of the "Case Studies of Private Sector Initiatives for National Resilience"

In the "Case Studies of Private Sector Initiatives for National Resilience," published by the National Resilience Promotion Office, Cabinet Secretariat, our high wind-load-resistant window shutter, Mado More Taifu (Wind-Resistant) Guard, was selected and listed as an example of efforts to protect customers.



North America

Strengths

- Being a leading brand
- High market share
- Strong sales network (distributors, large retailers, online sales)
- A robust manufacturing network for acquiring market share
- Materials selection and manufacturing processes aimed at reducing environmental impact

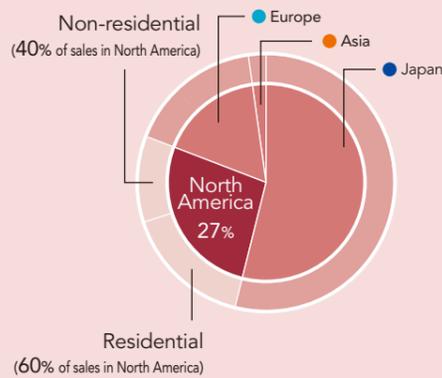
Risks

- Soaring costs of steel and other raw materials
- Disruption of global and regional supply chains
- Labor shortages across the U.S.

Focus themes / initiatives for further growth

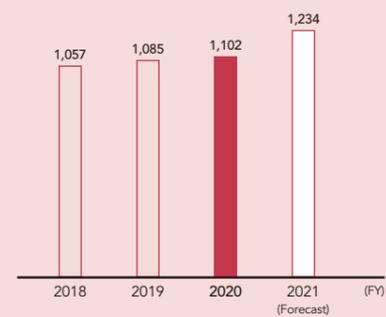
- Expanding distributor sales network
- Expanding retail distribution through large retailers and the Internet
- Integration of Won-Door and expanding sales through distribution partners
- Enhancing services from marketing to shipping and delivery
- Increasing productivity by deploying functionally enhanced information systems

Net Sales Composition by Region



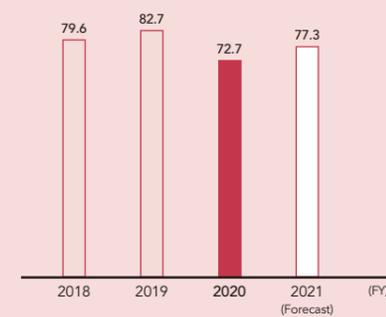
Net Sales

(Millions of U.S. dollars)



Operating Income

(Millions of U.S. dollars)

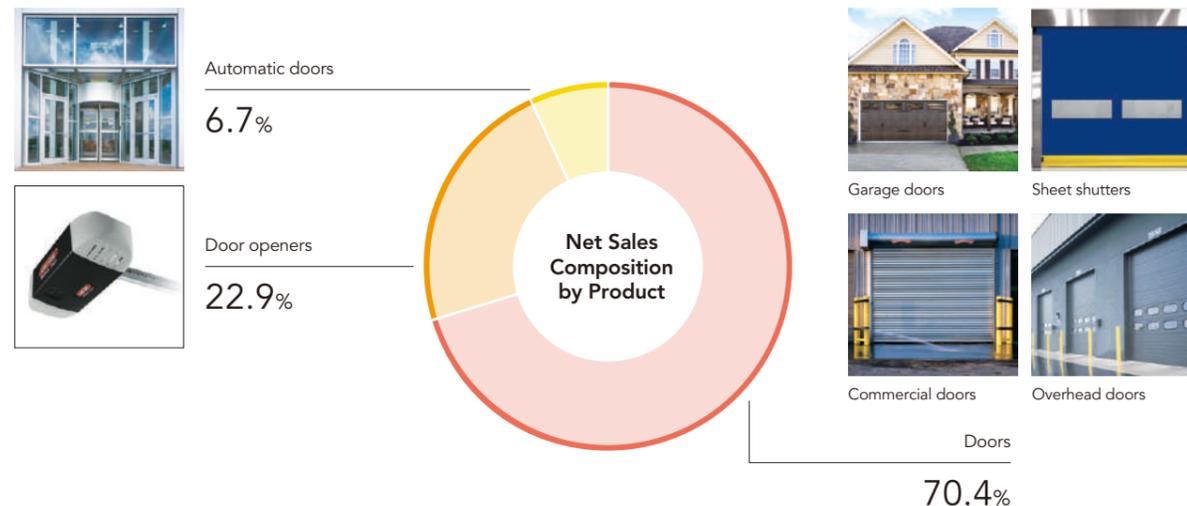


Forex Rate

FY	2018	2019	2020	2021 (Forecast)
Forex Rate (1\$)	¥110.36	¥109.24	¥106.43	¥105.00

Note: Figures for net sales and operating income include internal transactions

Net Sales Composition by Product (North America)



Harnessing the innovations produced by our history to achieve further expansion and growth

Kelly Terry

President & CEO, Overhead Door Corporation



Fiscal 2020 Review and Initiatives

In fiscal 2020, we adjusted our business to cope with the spread of COVID-19, switching to telecommuting as much as possible, and taking other safety measures. In addition, we spent the year rethinking the essence of our products and services. We defined four core values: "Our employees are our greatest strength," "We focus on improving customer satisfaction as much as possible," "We always do the right thing," and "We believe we are outstanding and will build a better future." In response to a sluggish market, we have managed our costs and cashflow well.

From the second quarter, we saw recovery in demand, including demand for renovations of general housing and a surge in new housing and the resumption of commercial projects. Strong performance of new products such as wall-mounted door openers and other related products, increased market share of our main products due to improved service provision, and reductions to operating expenses made in the early days of COVID-19, all contributed to higher operating income than expected, with sales not declining as much as initially estimated.

Next Fiscal Year and Medium- to Long-term Goals

In fiscal 2021, we will mark the 100th anniversary of Overhead Door Corporation's founding in Hartford City, Indiana. We want to make it a year to celebrate our success to date, commemorating the history of our company, an industry pioneer that invented the overhead door in 1921, the electric garage door opener in 1926, and the automatic sliding door in 1954. In addition, to succeed in the post-COVID world, we have started to invest in tools and human resources, including revisions to our go-to-market (GTM) model.

In the residential sector, we are focused on expanding distribution through specialized channels, design development that has grasped the trends in home renovation, setting up dedicated teams in CRM and consumer sales, significantly bolstering retail and Internet sales, and continuing to develop related smart home technologies. In the non-residential sector, we will expand market share and increase dealer loyalty by introducing new products for warehouses and specific industries, building a team of business development and sales specialists focused on specific and growing industries, evolving our distribution model, and focusing on selling low-cost products using Horton's products.

We will continue our strategic approach of strengthening our core business by improving our facilities and expanding our scope of business to new products and adjacent fields.

HIGHLIGHTS

Acquisition of Won-Door Corporation

In April, we acquired Won-Door Corporation, a major manufacturer of fire and crime prevention doors. The company has unique technologies such as accordion horizontal sliding doors, which can handle complex openings. With this acquisition of Won-Door, we will further expand our North American door business as it complements the Group's business domains and will allow us to take advantage of synergies with Overhead Door's U.S. sales network. Along with Horton Automatics, Won-Door will form Overhead Door's Pedestrian Access Solution division, through which we plan to implement strategic integrated operations.



Europe

Strengths

- Seamless business model from product development and production to installation and after-sales service
- Wide range of innovative products tailored to customer needs
- Processes digitalized with a view to the customer experience, including orders and customer support
- Experienced and talented employees

Risks

- Impact of the COVID-19 pandemic on the economy and construction industry
- Squeeze on profits due to significant price increases in materials
- Potential slowdown in the construction market in the medium term
- Shortage of skilled workers on construction sites

Focus themes / initiatives for further growth

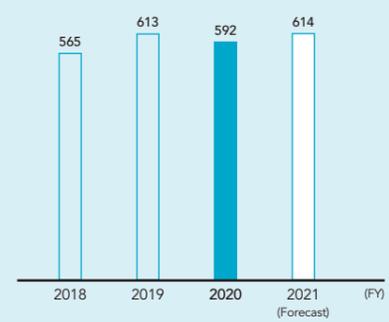
- Evolving product development and services to further enhance customer convenience
- Strengthening and enhancing digital tools and processes to support customers' businesses
- Working under the motto "Simplifying customers' business"
- Increasing brand awareness across all channels

Net Sales Composition by Region



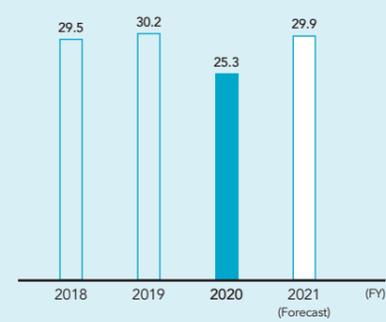
Net Sales

(Millions of euros)



Operating Income

(Millions of euros)

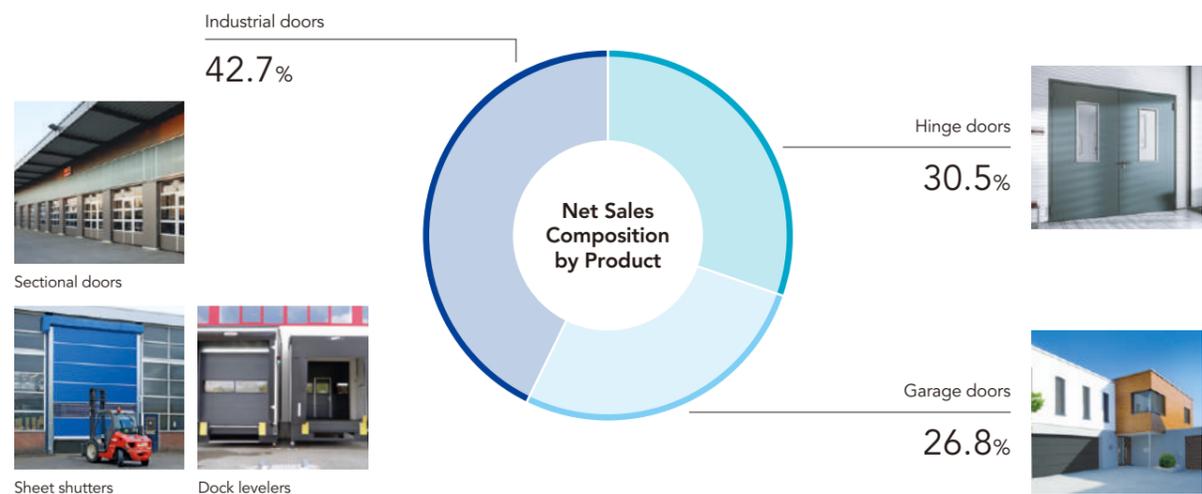


Forex Rate

FY	2018	2019	2020	2021 (Forecast)
Forex Rate (1€)	¥130.01	¥122.15	¥121.97	¥125.00

Note: Figures for net sales and operating income include internal transactions

Net Sales Composition by Product (Europe)



Pursuing new growth with an extensive line-up and digitalization of customer service

Rainer Schackmann

CEO, Novoferm Group



Fiscal 2020 Review and Initiatives

In fiscal 2020, the world was hit by the COVID-19 pandemic. With severe lockdowns in several countries and the temporary disruption of all business in Europe, the momentum of growth in recent years unfortunately could not be maintained. However, thanks to the strong second half, we were able to cover our losses in the first half.

Also, the promotion of operational digitalization, which we began in 2019, produced substantial results, especially given the current situation where contact with people must be minimized even when providing services to customers. Our digital network with customers expanded significantly in a short period of time, leading to optimization of our services with a view to the near future. Our growth in Europe from 2021 onwards will be supported by this digital advantage that we cultivated this year.

In addition to these measures, we will introduce new products in almost all areas, in an ongoing effort to expand our market share. Further, we will aim for growth and further expansion in the European region by leveraging synergies with the now integrated Robust Group.

Next Fiscal Year and Medium- to Long-term Goals

To meet our growth goals for the next few years, we will strongly drive the digitalization of our customer service process. In today's increasingly complex world, it is essential to meet customers' need to obtain products easily and quickly. The network connecting suppliers and customers is advancing and expanding, and transactions are accelerating more and more. Digitalization reduces error costs and increases time benefits through closer collaboration with those involved.

In addition to high-quality product solutions, networking with building management systems plays an important role. We will focus on this very thing and establish a position as the preferred partner of industry, beyond our framework as a manufacturer. In addition to bolstering our presence in key markets in Western Europe, we will also expand to Eastern Europe and regions adjacent to Europe. Based on our solid brand strength and comprehensive portfolio of high-quality product solutions, Novoferm is well equipped for the next step.

HIGHLIGHTS

Launch of Fireproof Sliding Doors

Novoferm has launched fireproof sliding doors jointly developed by four companies (Riexinger in Germany, Lutemax in France, Alsac in Spain, and Schievano in Italy). The doors are installed in underground and multistory parking lots, and the panels move smoothly and can be opened and closed quickly.

Previously, fire resistance standards and specifications differed in each country in Europe, but in 2019, a Europe-wide fire resistance standard came into effect. Novoferm's fireproof sliding doors meet this standard, making them usable across Europe. Going forward, we plan to manufacture and sell them throughout the Novoferm Group's whole region.



Asia

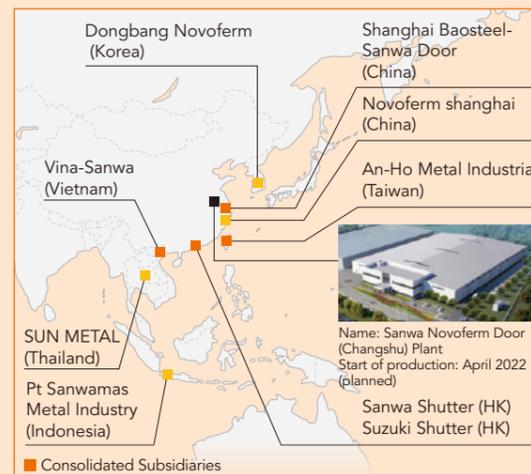
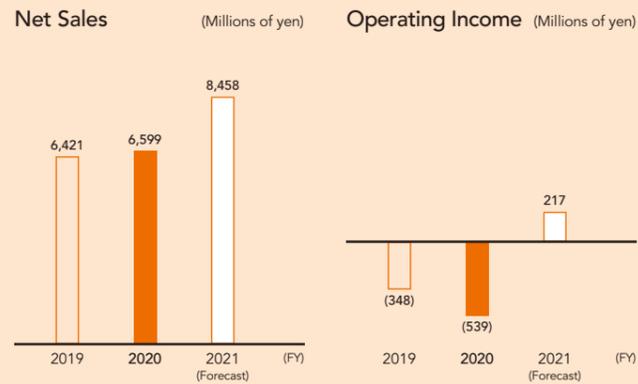
Strengths

- Low funding costs based on the leverage of the Sanwa Group's strong financial foundation
- Sales advantage to Japanese companies by using the Sanwa Shutter brand
- Sales advantage in Greater China by using European brands
- Sanwa Group's corporate competitiveness through application of the PDCA cycle across the Group

Risks

- Rising steel and energy costs
- Complying with rapidly changing legal reform, including environmental regulations in each country
- Infectious diseases and geopolitical risks (Myanmar)
- Non-compliance

Focus themes / initiatives for further growth



Note: Figures for net sales and operating income include internal transactions

Fiscal 2020 Review and Initiatives

In fiscal 2020, even with the effect of having newly brought Suzuki Shutter (HK) into the scope of consolidation, sales increased only slightly to ¥6.6 billion due to delays in frontline progress due to the COVID-19 pandemic. Operating income decreased to a loss of ¥539 million due to operating losses at Vina-Sanwa (Vietnam) and Shanghai Baosteel-Sanwa Door (China), but excluding special factors, we expect to return to the black with profitable growth from the next fiscal year onwards.

With regard to the joint venture system that had been ongoing in Vietnam, in June 2021, we converted from a collaborative structure with a local company to exclusive ownership with the aim of rapid business strategy rollout.

In China, Vietnam, Taiwan, and Indonesia, we are investing in capital to increase production capacity and further reduce costs.

Next Fiscal Year and Medium- to Long-term Goals

Looking ahead to our Vision 2030, which begins in fiscal 2022, we established a new company in China called Sanwa Novoferm Door (Changshu) Co., Ltd. at the beginning of the year. We aim to complete the construction of a door plant by the end of fiscal 2021 and gain market share by doubling our production capacity of hinged doors. In addition, we have started to consider establishing a new plant in order to expand our business performance in the South China area, including Hong Kong.

At Vina-Sanwa (Vietnam), we will make a large-scale new capital investment for a door production system that meets new fire resistance standards, and at An-Ho Metal Industrial (Taiwan), we will introduce new production facilities by the end of fiscal 2021 to increase production capacity for hinge doors. At Pt Sanwamas Metal Industry (Indonesia), we plan to introduce new shutter facilities.

Executive Responsible for Global Business Unit

Aiming to leverage our strengths to create synergies for further value enhancement by accurately responding to needs of local communities



Hiroatsu Fujisawa

Director, Senior Managing Executive Officer, Global Business Unit

Synergies among Japan, Europe, the U.S., and Asia

E-commerce is expanding continuously, and as a result, the demand for large logistics warehouses is increasing around the world. Products installed in warehouse openings vary from country to country, but dock levelers are marketed in China, the ASEAN region, and the United States using the earlier European specifications.

Different from fire protection standards in Japan and the U.S., where flame shielding performance is central, in Europe and Asian countries other than Japan, heat shielding performance is emphasized in addition to flame shielding. At the same time, demand for heat shielding performance is rapidly increasing in China, Hong Kong, and ASEAN countries. Accordingly, we are developing standard specifications common to Greater China and ASEAN countries based on heat shielding doors for the European market, which have a proven track record.

In particular, we have received high evaluations for transparent (see-through) shutters supplied to stores in the Hong Kong market, and we have received and are discussing requests to supply equivalent products for stores in North America. Although there are these country-specific characteristics, we are often able to roll out products from the preceding regions to other regions, and we are developing products and accumulating know-how as a group.

Local Management

In the future, we would like to entrust management to local human resources who are familiar with local market characteristics, business practices, and the labor environment. Then, it couldn't be better if on top of that they share the Sanwa Group's corporate culture and compliance awareness.

At present, we entrust management in the Asian region to personnel dispatched from Japan, but in addition to the language barrier, these personnel can be unfamiliar with local circumstances, which is not the best management situation for producing results. Regardless of whether the management structure uses local personnel or dispatched personnel, strong involvement of the head office in risk management has become indispensable.

In order to ensure this, we believe that it will be an important issue in the future to ensure that the head office organization functions reliably in product assurance, development and manufacturing guidance, accounting and tax audits, IT system guidance, and compliance guidance.

Medium- to Long-term Policy from Next Fiscal Year

We intend to aim for a structure that enables speedy product development that anticipates market needs. With building materials products such as doors and shutters, which have large differences in the required specifications for each market, it is not practical to develop or provide products that are completely the same worldwide as with automobiles and electronics.

However, if we were to practice hit-or-miss product development with a different design philosophy in each country, we would lag behind in terms of development speed and, at the same time, it would become difficult to thoroughly enforce quality assurance. In addition, in order to enable the development of climate change-response products, which is a global trend, we believe that we must not only enhance the R&D functions of companies in our overseas business, but also have a strong technology development force in the head office organization that can lead the product development of overseas operating companies.