



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

Yasushi Takayama
Representative Director, President

My responsibility as the leader of the Sanwa Group

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

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

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



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

The goal of Sanwa Global Vision 2030

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

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

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

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

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

Summary of Medium-term Management Plan 2024

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

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

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

We further promoted key initiatives to improve productivity

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

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

Medium-Term Management Plan 2027 policies

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

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

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

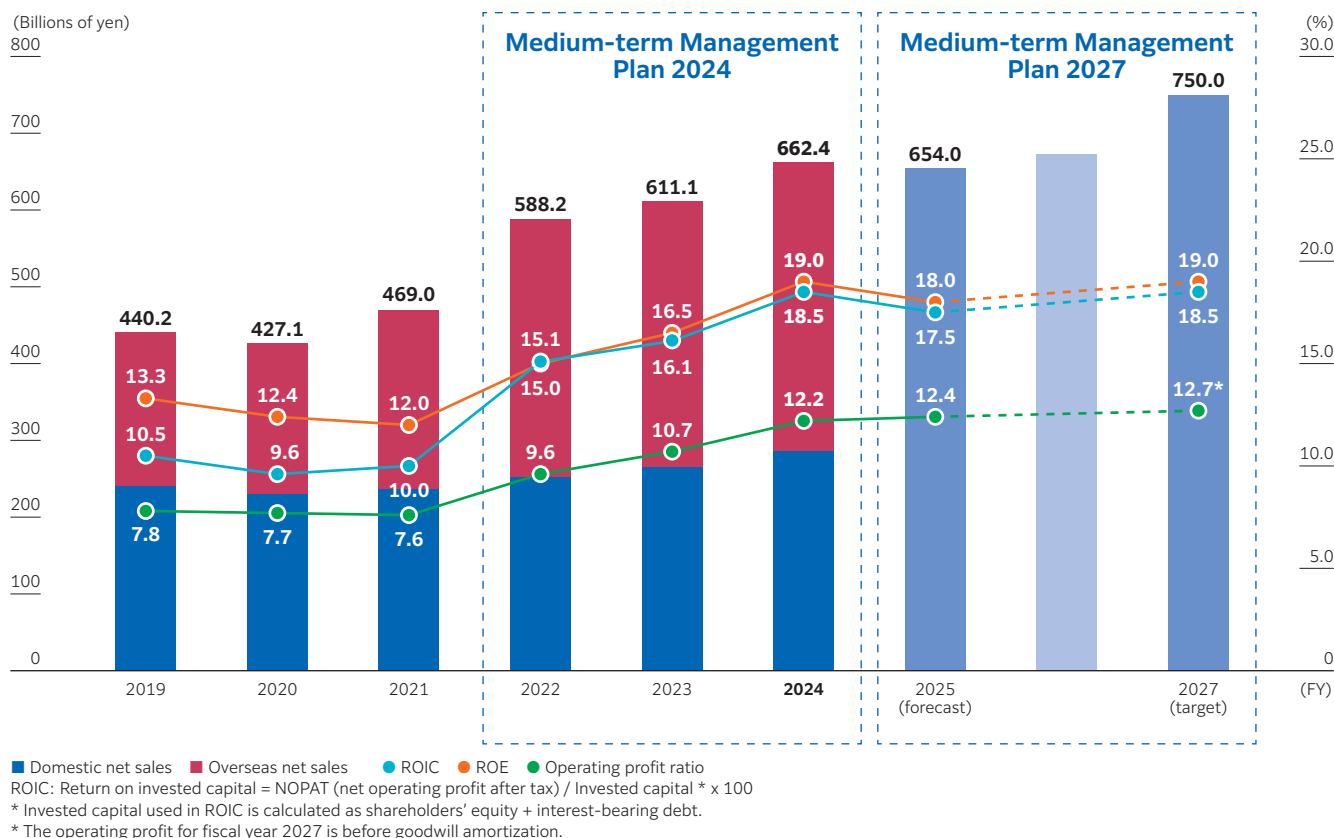
For our operating profit ratio, which exceeded 12% in the previous Medium-term Management Plan, we are aiming even higher, for 13.3%.* We will continue to focus on profitability and seek sustainable growth in our three main regions of Japan, North America, and Europe. Especially in Japan and North America,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

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

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

* Before amortization of goodwill.

Changes in management indicators



Message from the President

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

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

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

Medium-term Management Plan 2027 Basic Strategies

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



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

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

Strengthening management resources

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

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

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

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

Message from the President

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

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

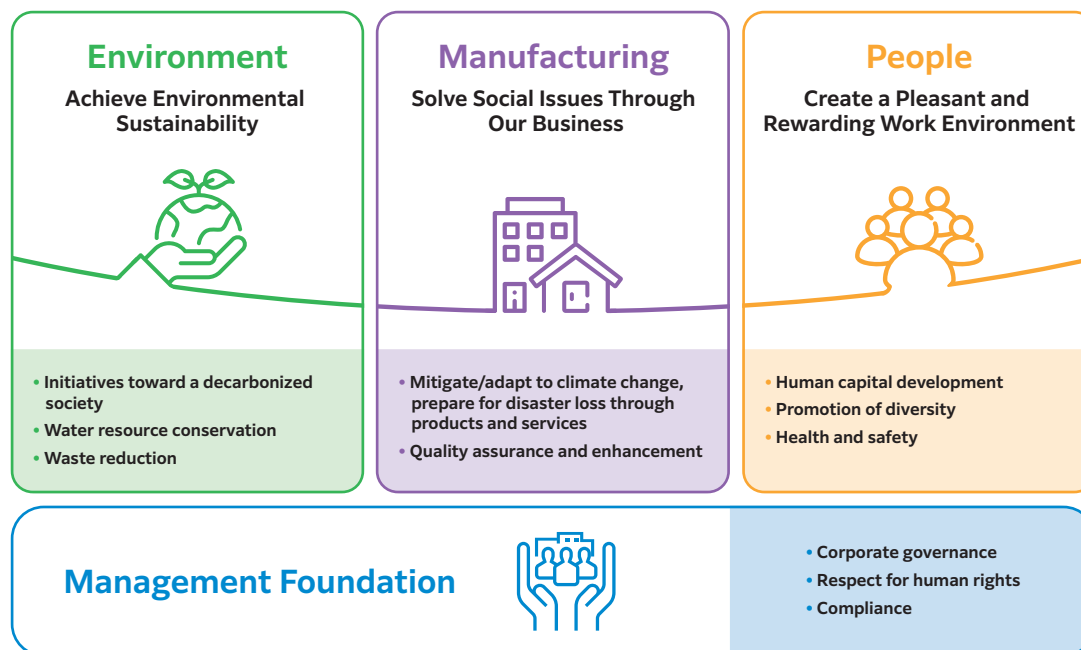
realize a sustainable society and further enhance our corporate value by promoting sustainability management.

To our stakeholders

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

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

The Sanwa Group's Materiality



Our Journey

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

Organizational transitions

1956

Founded as Sanwa Shutter Manufacturing

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



First deliveries after our foundation

1969

Established Sanwa Door Industrial

1974

Entered into technical tie-up with Overhead Door Corporation

1982

Deployed 24-hour service nationwide



A history of cultivating competitive advantages



Multi-product sales

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

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

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

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



Further acceleration of diversification through acquisitions of quality companies

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



Globalization

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

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

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

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

Full-scale overseas expansion with the acquisition of ODC

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



Service

Increasing the added value of products and services with seamless support

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

Strengthening customer support by expanding 24-hour service nationwide

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

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

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

1986

Established Sanwa Shutter (HK)

1996

Acquired Overhead Door Corporation

2003

Acquired Novoferm Group

2009

Acquired Wayne Dalton

2014

Acquired Alpha Deuren of the Netherlands

2019

Acquired Suzuki Shutter

**2023**

Established Sanwa Facade Laboratory

FY2024

Service sales (consolidated)

¥**88.2** billion

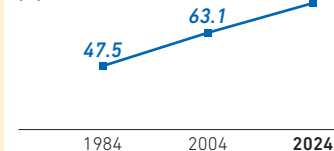
Expanding our lineup in terms of function with disaster preparedness and environmentally friendly products

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

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

Non-shutter product ratio (Japan)

(%)



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

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

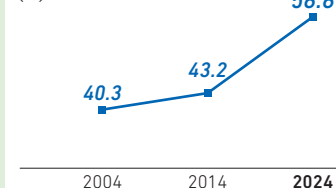
In 2003, we acquired Novoferm Group, a major player in the European market. We diversified in terms of both businesses and geographic areas, growing to become a top global brand.



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

Overseas Sales Ratio by Region

(%)



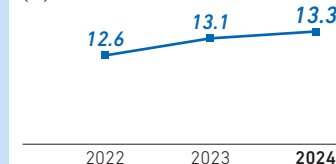
Creating new solutions such as smart products and services using IoT

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

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

Ratio of Service Business Sales (consolidated)

(%)



The Six Capitals Created by Our Competitive Advantages

Financial Capital

Stable financial base

Intellectual Capital

Solutions for social issues

Technology and Manufactured Capital

Robust value chain leveraging digital technology

Social and Relationship Capital

Global network

Human Capital

Global and diverse workforce that implements the PDCA cycle

Natural Capital

Sustainable resource management

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

¥**213.3** billion

Net sales (consolidated)

¥**662.4** billion

Sources of Value Creation

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

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

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

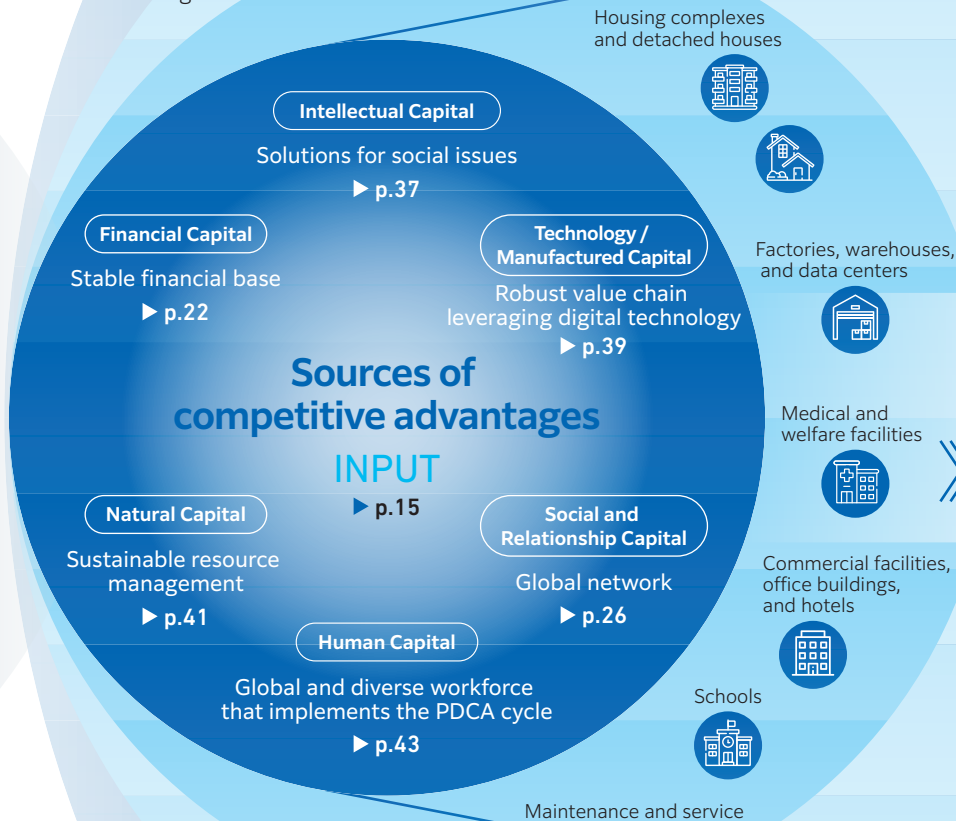
Sanwa Value Creation Model

The Sanwa Group creates value by working to resolve global social issues, such as climate change, declining workforce populations, and human rights considerations, and contributes to society by providing safety, security and convenience to communities and the daily lives of people around the world.

To this end, we will strive to achieve continued growth and sustainable value creation by making full use of our management resources and deepening the strengths we have cultivated since our founding.

Social Issues

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



To Be a Global Leader of Smart Entrance Solutions

Medium-term Management Plan 2027
▶ p.20

Sanwa Global Vision 2030

Management Foundation

Maximizing growth opportunities

Value provided to stakeholders
▶ p.17



Our Mission

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



Minimizing business risks

Value Provided to Stakeholders

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

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