

Sanwa Global Vision 2030

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

Sanwa Global Vision 2020

Results

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

Challenges

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

Phase 1 Medium-term Management Plan 2024

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

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

Phase 2 Medium-term Management Plan 2027

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

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

Sanwa Global Vision 2030

To be a Global Leader of Smart Entrance Solutions

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

Sanwa Global Vision 2030 Basic Strategies

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

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

Looking Back on Medium-term Management Plan 2024

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

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

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

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

Basic Strategy Main Achievements and Challenges

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

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

2 Strengthen a basis for growth of Asian businesses

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

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

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

4 Increase productivity through digitalization and manufacturing innovation

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

5 Enhance sustainability management

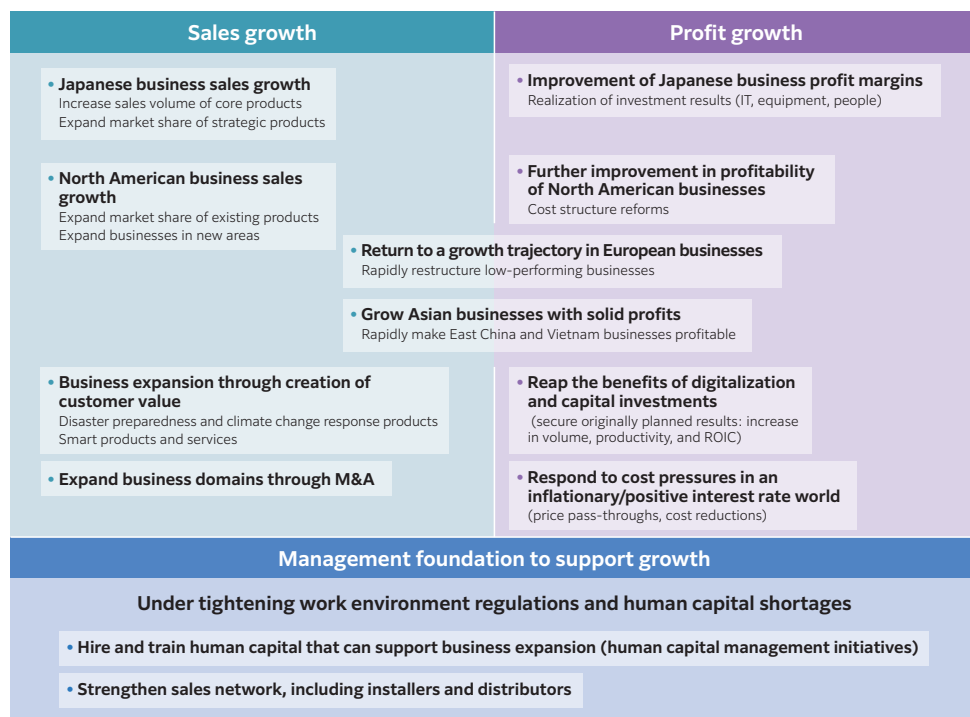
We made steady progress with regard to environmental measures and the implementation of human rights due diligence, and various external evaluations of our efforts have also improved. We will continue to work on measures, secure and develop human capital, and promote human capital management.

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

Medium-term Management Plan 2027

Basic approach

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



Key Figures and Percentages

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

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

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

FY2027 targets

Service business net sales

¥**102.0** billion

M&A investment

¥**50.0** billion

(1) Strengthen core products and strategic products

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

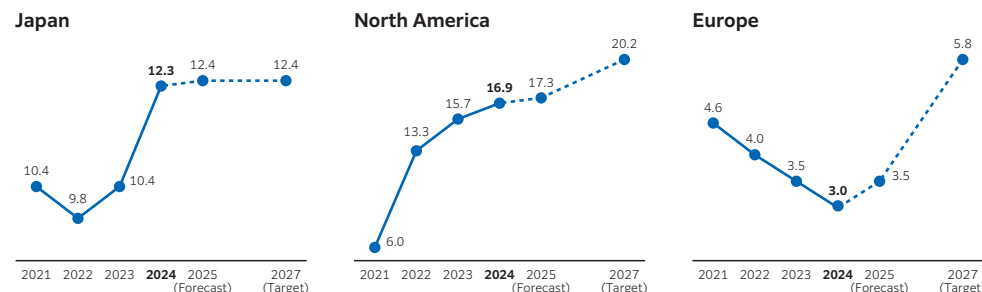
(2) Expand service business

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

(3) M&A with peripheral domains

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

Changes in operating profit ratios (%)



Basic Strategy 2 Grow Asian businesses with solid profits

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

East China

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

Hong Kong

Improve efficiency of manufacturing and management systems

Taiwan

Expand channels and products

ASEAN

Improve management in Vietnam business
Pursue product supply synergies

FY2027 targets

Net sales
¥19.6 billion

Operating profit
¥1.25 billion

Towards stable profitability and revenue growth

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

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

FY2027 targets

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

Sales of smart products and services
¥16.0 billion

Focus Areas and Key Products

Climate change mitigation products



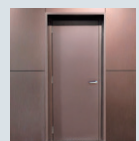
Re-carbo series Heat Insulation Quick Saver TR
(Sanwa Shutter Corporation)

Climate change adaptation products



Water Guard Waterproof Shutter
(Sanwa Shutter Corporation)

Disaster preparedness products



Shikunetsu Guard heat shielding door
(Sanwa Shutter Corporation)

IoT products



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

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

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

Capital investments
¥40.0 billion

IT/digital investments
¥10.0 billion

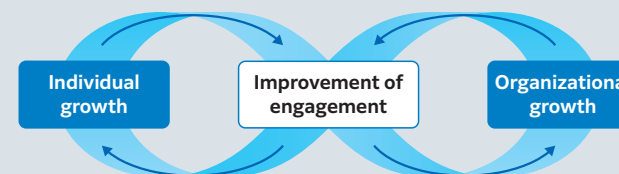
- Japan › Internal expansion of steel doors and toilet booths
- North America › Factory optimization and production automation
- Europe › Production automation of Industrial doors

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

Basic Strategy 5 Enhance sustainability management and human capital management

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

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



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

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

2 Creating safe and healthy workplaces and promoting well-being

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

3 Maximizing organizational performance through improved engagement

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

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

Hiroyuki Yamazaki

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

Reviewing the Medium-Term Management Plan 2024

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

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

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

Results and outlook for various indicators

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

*1 SVA: Our unique indicator of added value.

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

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

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

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

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

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

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

Financial Strategies

revenues beyond our initial expectations.

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

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

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

Capital Policy in the Medium-Term Management Plan 2027

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

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

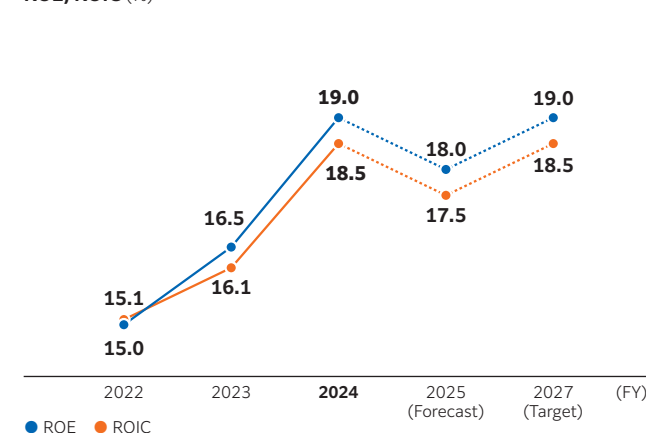
We will also continue to emphasize SVA, our proprietary indicator introduced in fiscal 2001, and focus on improving capital efficiency on an ongoing basis. Over the past 10 years, we have been able to improve SVA significantly, from 8.1 billion yen to 41.8 billion yen. Under the new Medium-term Management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

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

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

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

ROE, ROIC (%)



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

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

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

* Before amortization of goodwill

Cash Allocation and Shareholder Returns

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

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

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

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

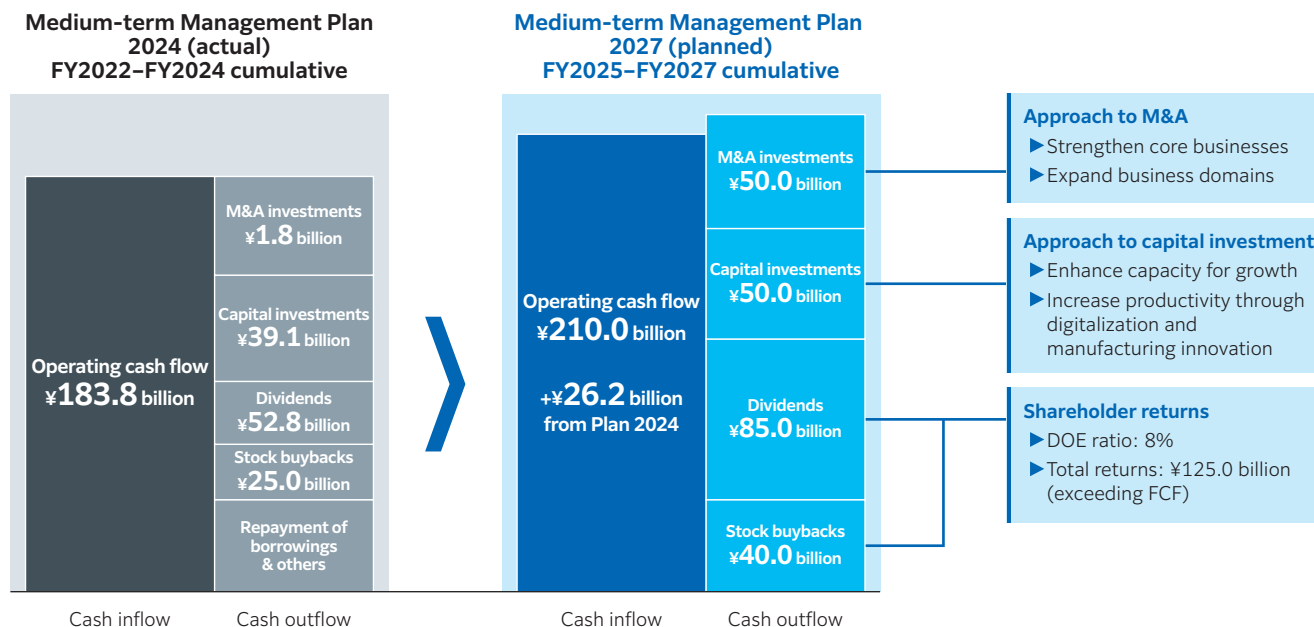
The change in our dividend policy is one of the major points of the new Medium-term Management Plan. Previously, we aimed for a dividend payout ratio of 40%, but in order to raise the dividend level and provide a more stable dividend, we are

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

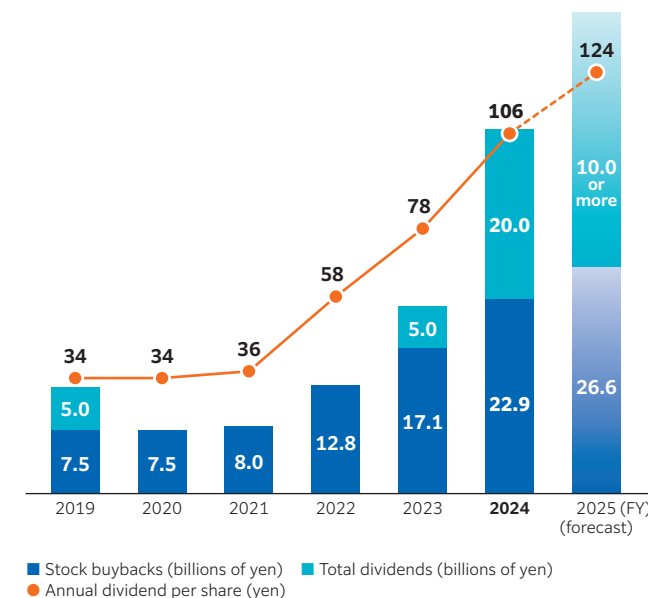
Based on the profit forecast in the new Medium-term Management Plan, cash flow will increase from the previous Medium-term Management Plan. We will invest 100 billion yen in M&As and capital investments, and are forecasting 110 billion yen in free cash flow, while we plan to return 125 billion yen to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

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

Allocation of Cash Flow

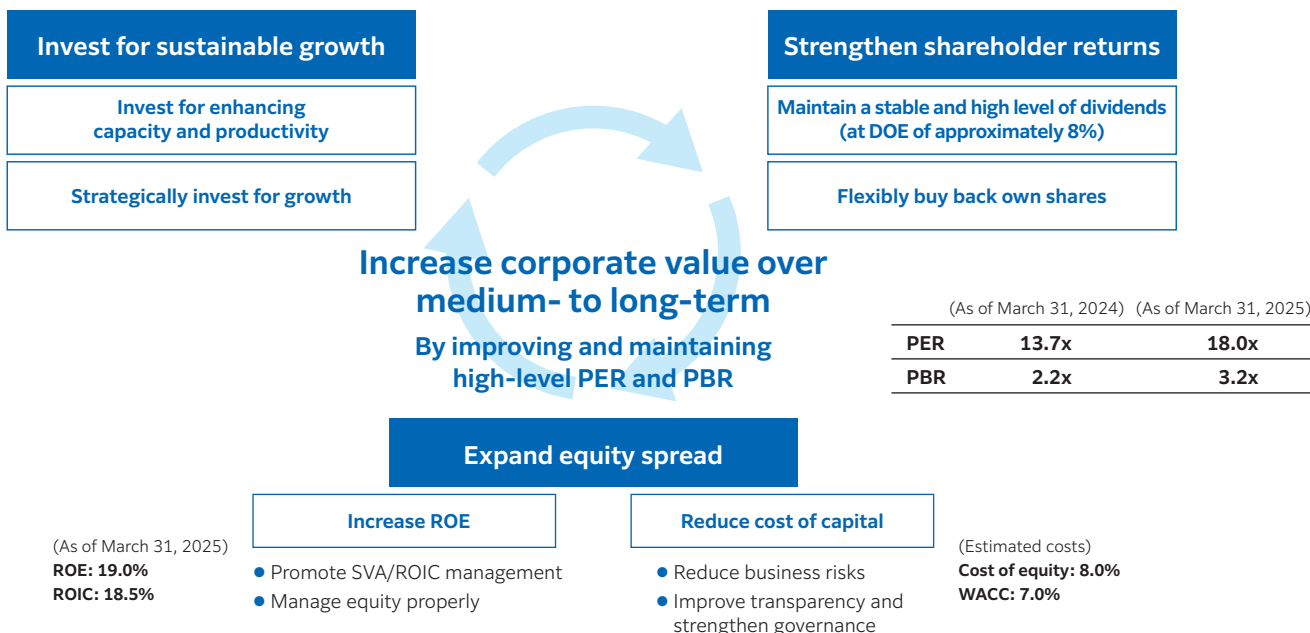


Total Dividends, Stock Buybacks, and Dividends per Share



Enhancing Corporate Value through Management Conscious of Cost of Capital

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



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

Future Outlook

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

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

In the longer term, we believe that there are unlimited



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

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

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

The Sanwa Group's Global Strategies

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

Toshiaki Doba

Director, Senior Managing
Executive Officer,
Global Business Unit

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

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

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

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

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

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

Future Direction

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

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

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

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

The Sanwa Group's Global Expansion

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

The Sanwa Group's Global Strategies

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

Strengthening Our Global Management Foundation

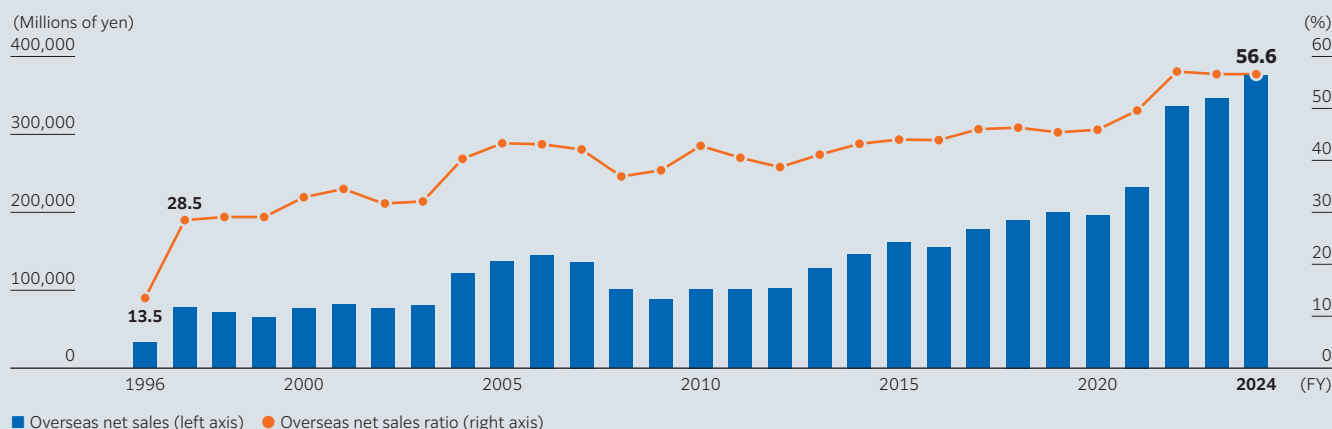
We will also work to strengthen our management foundation. We see strengthening our human capital and promoting manufacturing reforms as particular areas of focus.

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

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

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

Overseas Net Sales and Sales Ratio Over Time



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

To Our Stakeholders

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

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

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

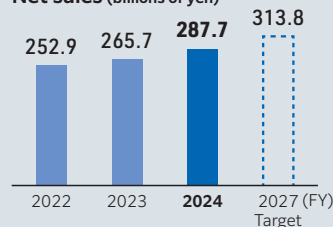


The Sanwa Group's Global Strategies Overview by Region

FY2024
Net sales
(consolidated)
¥662.4 billion

Japan

Net sales (billions of yen)



Strengths

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

Opportunities

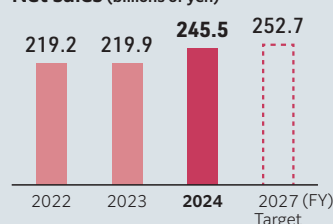
- Increasing needs for disaster preparedness, climate change response, and installation labor reduction
- Increased demand for maintenance and service due to stricter safety regulations
- Expansion of the smart home and IoT markets
- Cost reductions and productivity improvement through digitalization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

Risks

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

North America

Net sales (billions of yen)



Strengths

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

Opportunities

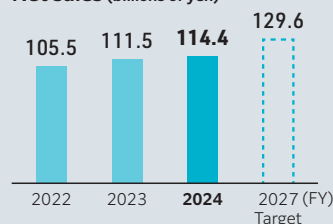
- Expand distribution by adding major customers and growing our branch network
- Capitalize on operator open connectivity with partners for home automation, cameras, alarms, etc.
- Demand for products with specialty finishes that can be liquid and powder coated
- Cost improvements through manufacturing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

Risks

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

Europe

Net sales (billions of yen)



Strengths

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

Opportunities

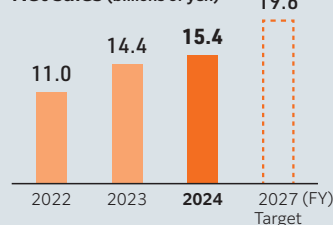
- Major government investment projects in infrastructure and defense in key European markets
- Cross-selling using the Group's product lineup
- Regional expansion potential in Eastern Europe
- Further specialization and digitalization of sales and services

Risks

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

Asia

Net sales (billions of yen)



Strengths

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

Opportunities

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

Risks

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

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

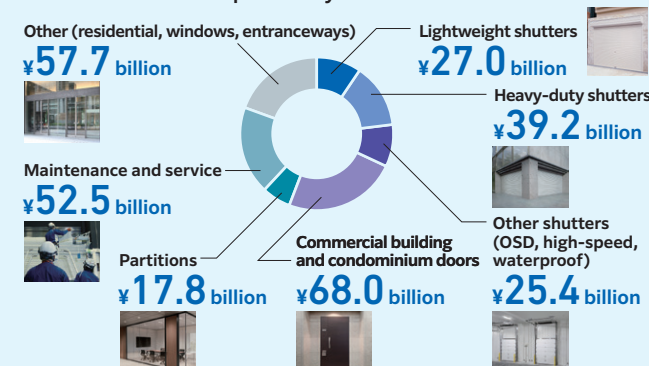


Meiji Takayama

Representative Director and President,
Sanwa Shutter Corporation



FY2024 Net Sales Composition by Product



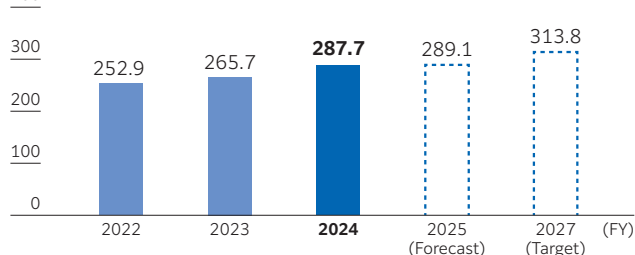
Reviewing the Medium-Term Management Plan, 2024

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

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

Net Sales

(Billions of yen)



Market Environment

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

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

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

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

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

Strategies of the New Medium-Term Management Plan

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

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

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

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

Operating Profit / Operating Profit Ratio

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

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

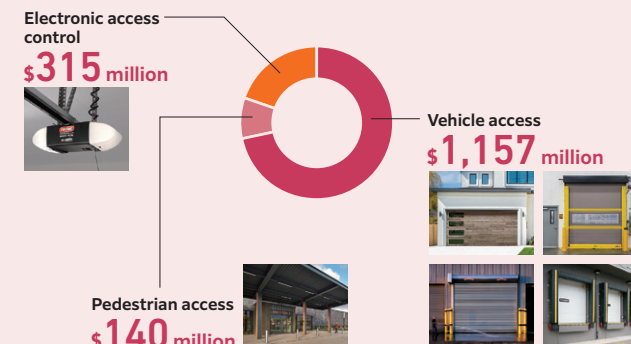
The Genuine. The Original.



Kelly Terry

President & CEO,
Overhead Door Corporation

FY2024 Net Sales Composition by Product



Reviewing the Medium-Term Management Plan, 2024

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

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

improved productivity.

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

Market Environment

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

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

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

Strategies of the New Mid-Term Management Plan

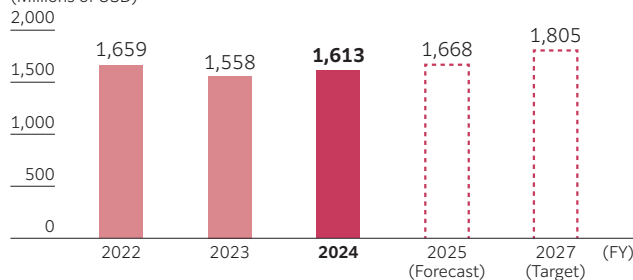
To expand our core business, ODC will focus on offering products that fully meet existing market needs. Sales growth will be pursued through initiatives to generate demand and the optimization of channel performance. Additionally, we will seek to expand our business domain by leveraging M&A opportunities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

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

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

Net Sales

(Millions of USD)



Operating Profit / Operating Profit Ratio

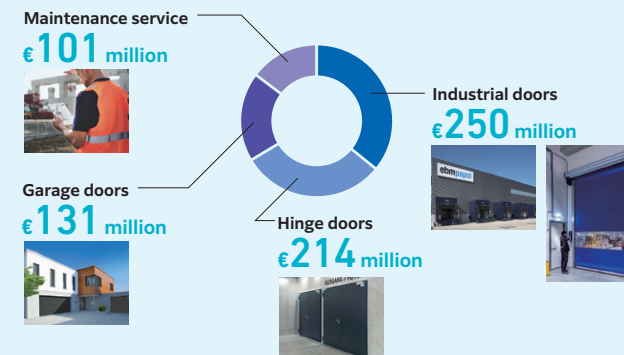
	2022	2023	2024	2025 (Forecast)	2027 (Target)
Operating Profit (Millions of USD)	219.9	244.4	272.6	288.5	363.0
Operating Profit Ratio (%)	13.3	15.7	16.9	17.3	20.2

Overcoming Challenges and
Advancing Strategic Transformation

Christian Hasenest

CEO,
Novoferm Group

FY2024 Net Sales Composition by Product

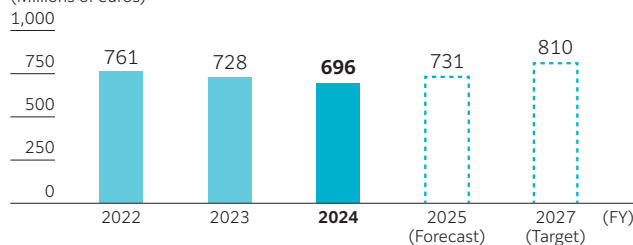
Reviewing the Medium-Term
Management Plan, 2024

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

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

Net Sales

(Millions of euros)



Market Environment

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

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

Operating Profit / Operating Profit Ratio

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

Strategies of the New Medium-Term
Management Plan

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

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

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

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

Reviewing the Medium-Term Management Plan, 2024

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

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

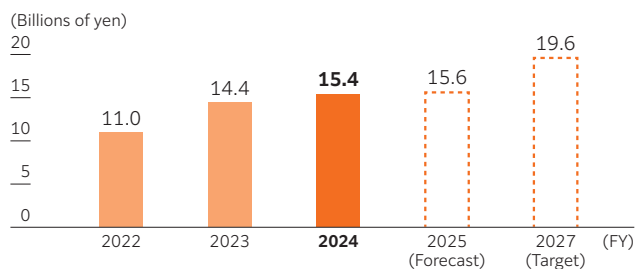
to make them profitable. Improving productivity is a particularly important issue for our East China operations, and we need to accelerate our efforts to improve efficiency. In addition, in order to achieve further growth, it is necessary that strategies be developed for our companies in the ASEAN region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

Market Environment

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

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

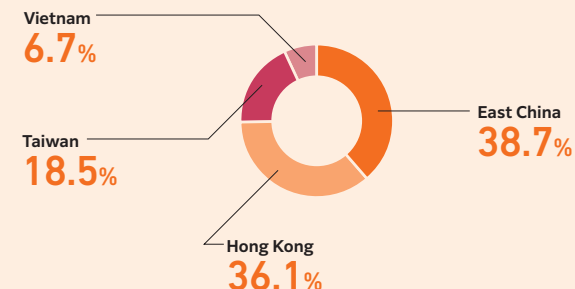
Net Sales



Operating Profit / Operating Profit Ratio

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

FY2024 Net Sales Composition by Asian Region (consolidated)



Strategies of the New Medium-Term Management Plan

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

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

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

