

Revenue Structure Reform and Future Vision Direction

January 8, 2026

Chapter 1 **Latest Achievements** **Page 2**

- ✓ The Challenges We Face and the Necessity of Transformation
 - ✓ Scenario for Restoring Performance and Confidence
-

Chapter 2 **Structural Reform** **Page 4**

- ✓ Five Structural Reforms for Restoring Confidence
 - ✓ Breakdown of operating profit and Structural Reform Effects
-

Chapter 3 **Growth Strategy** **Page 6**

- ✓ Roadmap from Structural Reform to the Next Medium-Term Management Plan
- ✓ Portfolio Transformation Toward the Next Medium-Term Management Plan
- ✓ Mid-to-Long-Term Portfolio Transformation Roadmap
- ✓ Growth Strategy

The Current State of Lost Market Confidence

PBR of 0.2

Delays in
Structural Reform

Failure to Achieve Profit
Targets Becomes the Norm

Uncertainty surrounding
growth strategy

Low profitability in the Construction Materials Business and European subsidiaries



Significantly pressuring overall company profits

Halfway to realizing capital cost management
Maintaining the status quo is absolutely unacceptable

The top priority is restoring performance and confidence

- Resolutely implementing the **"Five Structural Reforms"** to reliably improve profitability
- Concentrate resources generated through these reforms into the "New Growth Strategy" to achieve a dramatic increase in corporate value

Through structural reform,
reclaiming earning power
and focus resources
generated to our
"Growth Strategy"

Achieve a PBR above 1x
as soon as possible
Establish unwavering
confidence

Long-term

Through Transformation
Maximizing
Corporate Value
Maximization

Transforming into a company
that provides high-value-added
products and services meeting
societal needs, aiming for
sustainable maximization of
corporate value

Next Medium-Term
Management Plan

Medium-Term

Accelerating
Growth Strategies

Driving Portfolio
Transformation
Restoring Confidence

FYE2030 Plan

Operating Profit : **11** billion JPY
ROE : **6.0** % or higher

Short-term

Restoring Confidence
and Earning Power

Implementing Structural Reforms
and Steady Performance
Recovery

Challenging
Current Situation

FYE2025 Results

Operating Profit : **1.5** billion JPY
ROE : **-2.5** %

Rapid recovery of
business performance
and restoration of
market confidence

FYE2027 Plan

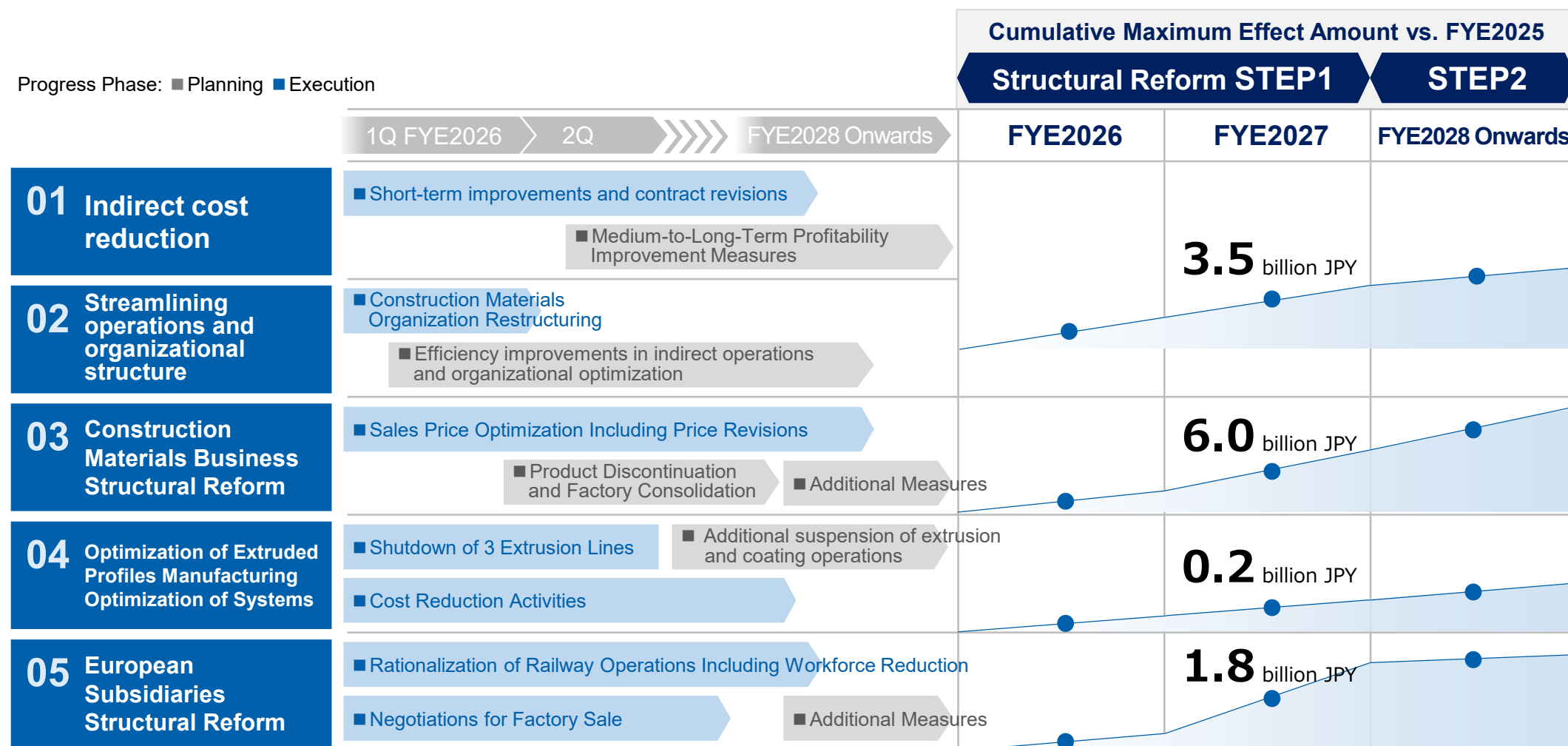
Operating Profit : **7.0** billion JPY
ROE : **3.0** %

Improved profitability through five structural reforms

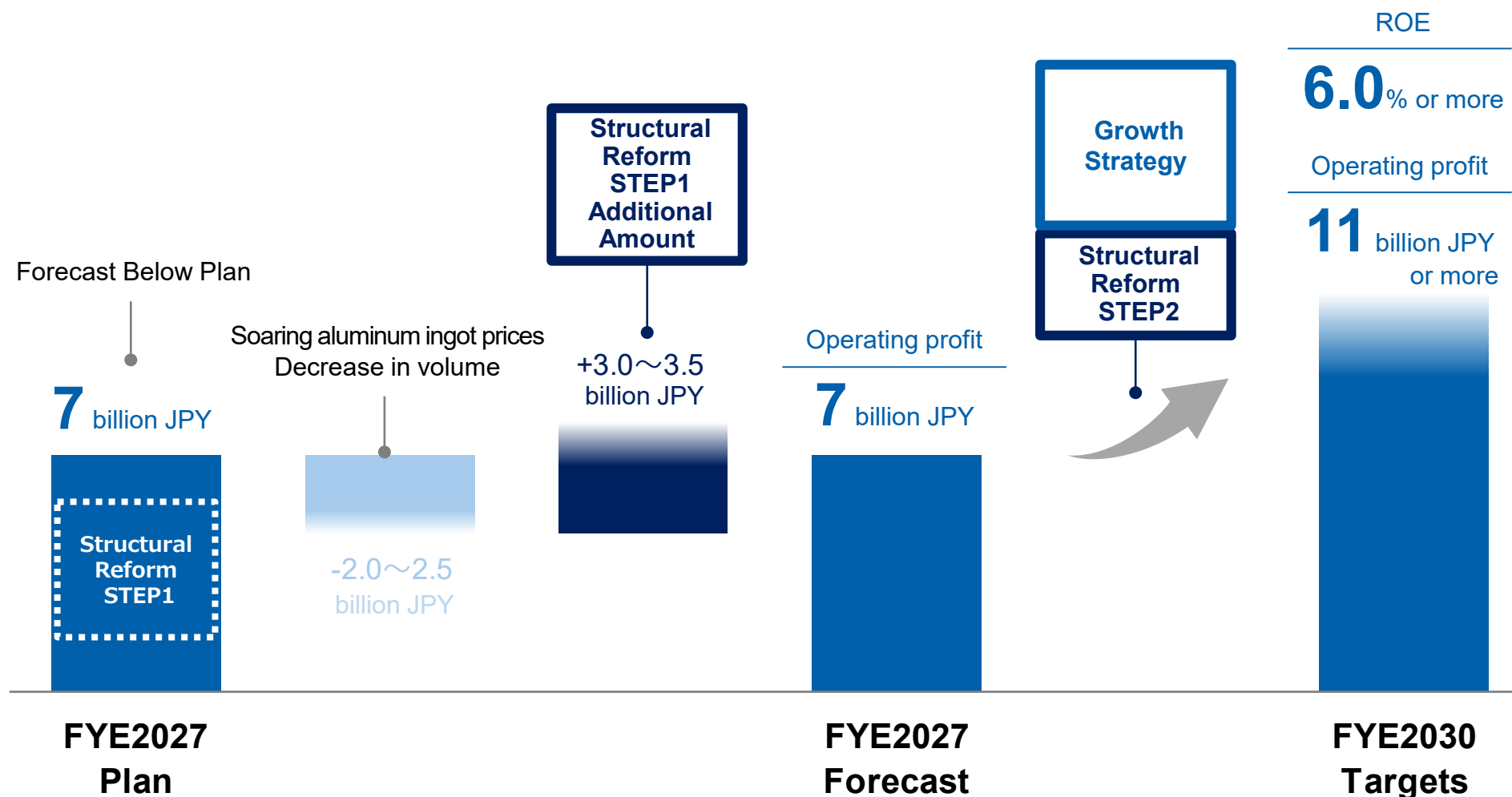
Until FYE2027, Cumulative maximum effect **11.5** billion JPY

*Excluding extraordinary income and extraordinary losses

Progress Phase: ■ Planning ■ Execution



FYE2027 Target Effects from Profit Improvement



**Resolutely implementing the "Five Structural Reforms" to reliably improve profitability
Strengthen management foundation, restore earning power; transition to a sustainable corporate structure**

Current Medium-Term Management Plan Implementation of Structural Reforms and Steady Performance Recovery

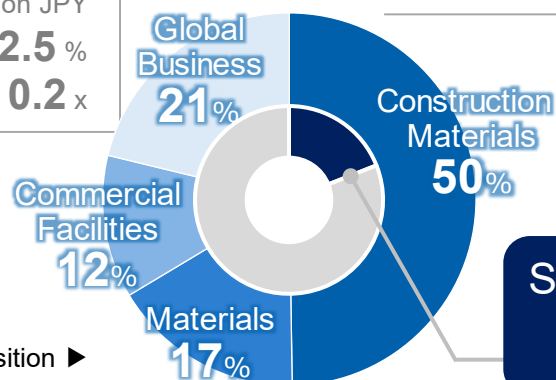
Steadily implementing
five structural reforms
to enhance near-term profitability



FYE2025

FYE2025 Results

Operating profit **1.5** billion JPY
ROE **-2.5** %
PBR **0.2** x



Strategy/Growth
19%

Next Medium-Term Management Plan Growth Strategy to Full-fledged profit contribution from and portfolio transformation

Accelerate growth strategies
Promoting Portfolio Transition
to high-profitability businesses

FYE2027

FYE2027 Plan

Operating profit **7** billion JPY
ROE **3.0** %

Contributing to solving social issues
As a 'Trusted Manufacturing Company'
Maximizing Sustainable Corporate Value



FYE2030 Target

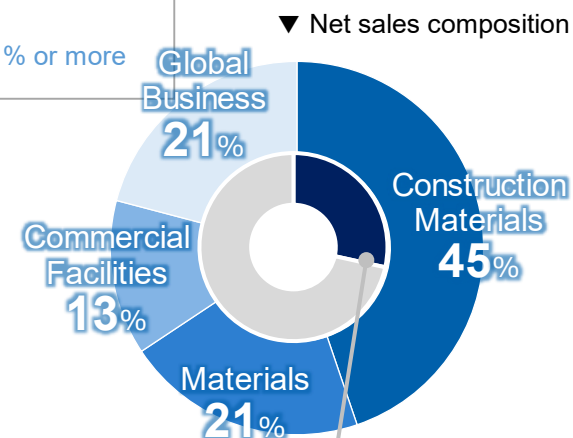
Operating profit **11** billion JPY
ROE **6.0** % or more



FYE2030

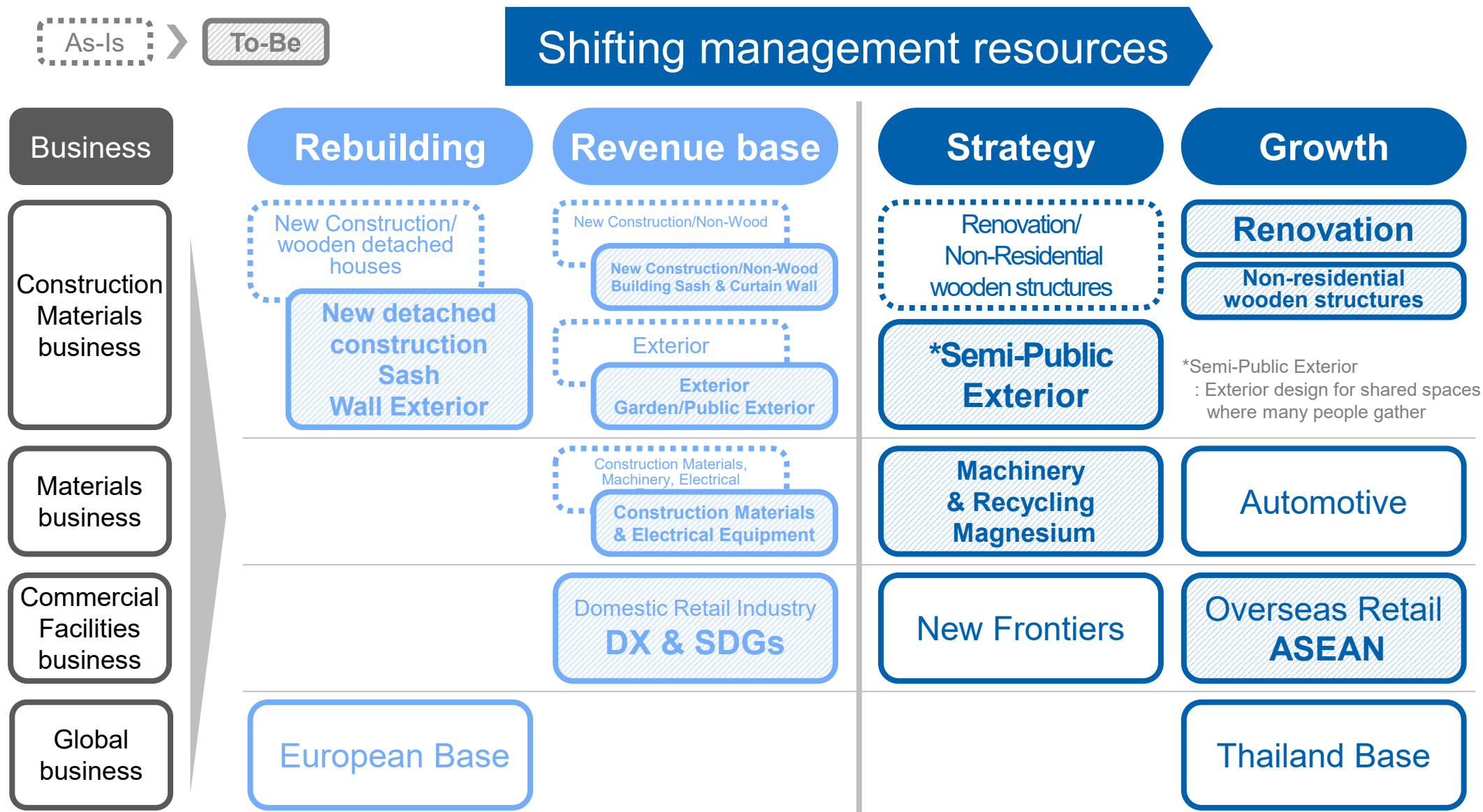
FYE2040

Toward VISION2040
Realizing Future Identity and
Sustainable Value Creation

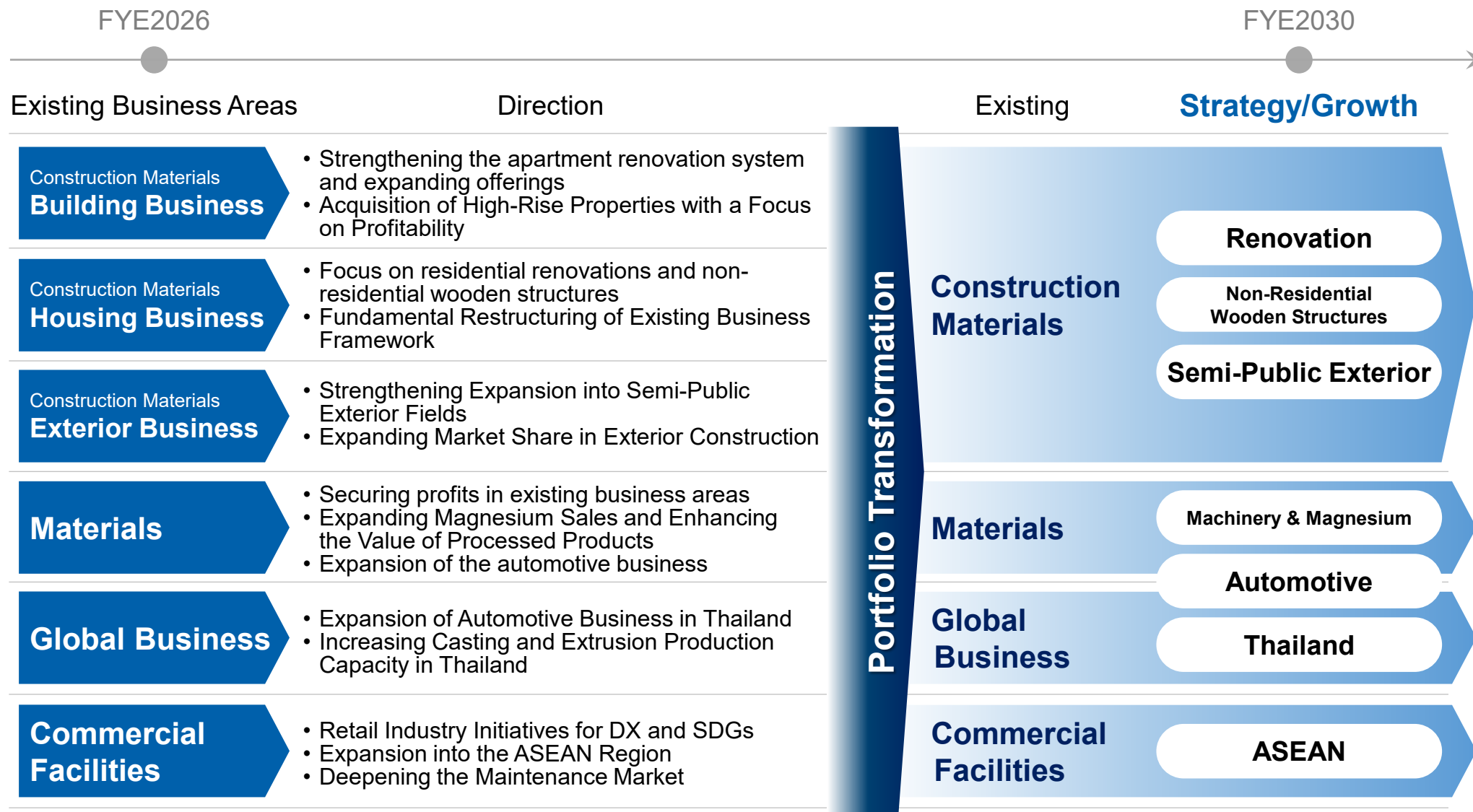


Strategy/Growth
28%

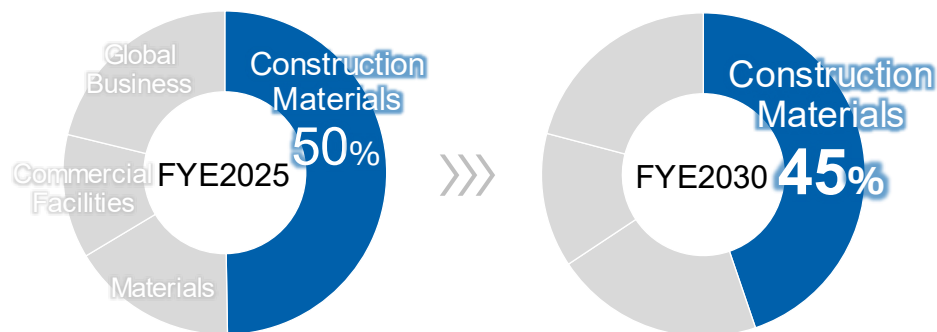
Improving profitability through structural reform while building foundations for strategic and growth areas
Strengthening profit generation capabilities and transitioning to a more competitive structure



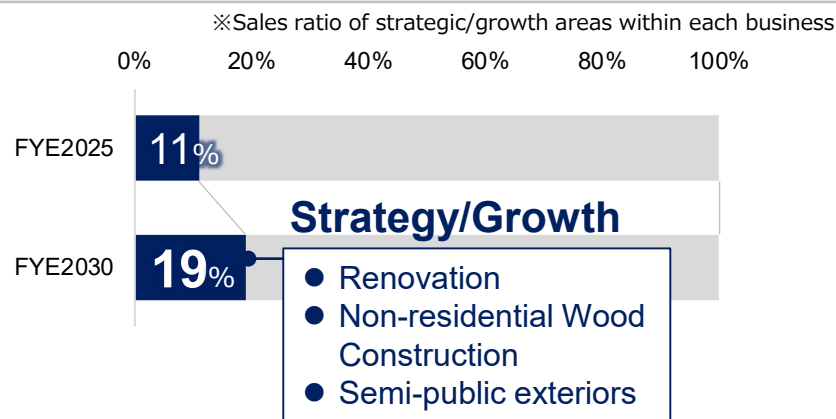
Break free from low-profit structures and strategically reallocate management resources toward growth and high-profit sectors
Building a robust business structure that consistently generates stable profits



Sales Composition Ratio



Sector Composition Ratio



Market Conditions

- Against the backdrop of increasing Condominiums stock and national policies (subsidies), the market size is projected to expand to approximately 1.5 to 2 times the 2020 level by 2040
- Addressing aging infrastructure and growing disaster prevention/mitigation needs
- Driven by national policy promotion, the adoption of wooden construction is increasing, and the medium-to-large-scale wooden building market is entering a phase of steady growth

Specific Strategies and Measures

① Renovation

- ✓ **Strengthening the residential renovation and apartment complex renovation domains**
 - Expanding the renovation field with high-insulation sashes
 - Securely capture the growing demand for the entire stock of apartment buildings in an expanding market and enhance profitability
- ✓ **Establishment of a Dedicated Organization for Apartment Complex Renovations**
 - Establish a new dedicated organization independent from new construction operations. Leverage our technical expertise and proposal capabilities as a manufacturer to solidify our business foundation in the renovation market

② Non-Residential Wooden Structures

- ✓ **Market Development Through Integrated Sales Structure**
 - Eliminating the distinction between building, housing, and exterior businesses to offer one-stop proposals and provision of product expertise, design, and construction capabilities across all three businesses
 - Leverage our strength in cross-organizational agility to expand market share
- ✓ **Hybrid product development**
 - Promote hybrid proposals combining the "performance, design aesthetics, and design/construction functionality of building materials" required for mid-to-low-rise buildings with the "thermal insulation and design aesthetics of residential building materials." Reliably capture the diversifying needs of wooden construction

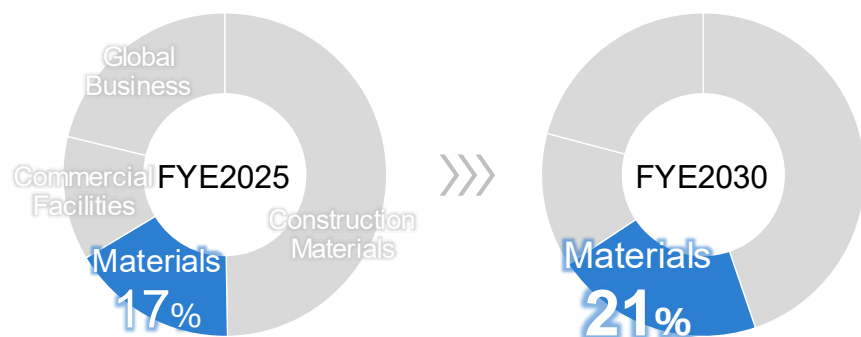
③ Semi-Public Exterior

- ✓ **Collaborating with the Building Business to create demand**
 - Shifting away from dependence on the shrinking detached housing market and strengthening the "semi-public sector"
 - Leveraging networks with design firms and general contractors to stimulate demand
- ✓ **Developing and Proposing Dedicated Products**
 - Develop "semi-public-specific products" with the strength and workability demanded by various construction scenarios. Strengthen proposal-based sales starting from the design phase to create markets and gain share

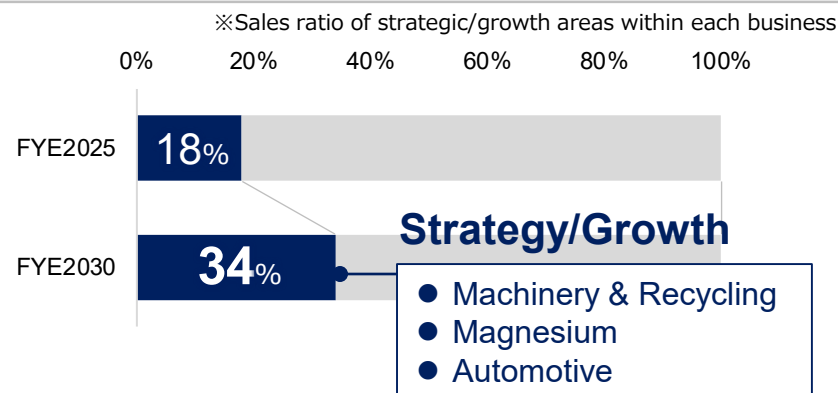
④ Structural Reform of Production Systems

- ✓ **Promote mixed-flow production and automation for building and residential products**
 - Integrate previously separate building and residential sash production lines
 - Establish a flexible and highly efficient manufacturing system to level factory utilization rates, thereby absorbing market demand fluctuation risks
 - Promote automation to achieve both labor savings and productivity improvements

Sales Composition Ratio



Sector Composition Ratio



Market Conditions

- Long-term demand for extruded profiles is expected to decline slightly
- Domestic aluminum extrusion demand will reach equal levels for sash/door and automotive applications by 2040
- The automotive sector will remain robust due to lightweighting needs, but growth will slow in the short term
- Civil infrastructure projects stall due to labor shortages and soaring material costs; under budget cuts, substitution toward aluminum (prices rising twice as much as steel) is not progressing

Specific Strategies and Measures

✓ Strategy

Mid-Term Targets (Through FYE2030)

- ✓ **Stabilizing Current Business Operations**
 - Secure profits in existing business areas outside the automotive sector and stabilize the business foundation
- ✓ **Expansion of Large-Size Materials**
 - Capture large-profile demand and maximize utilization of newly installed extrusion lines to expand business
- ✓ **Expanding Magnesium Sales**
 - Expand sales of magnesium, where demand is expected to increase over the medium to long term, and establish market leadership
- ✓ **Expand sales of high-value-added processed products**
 - Promote sales expansion of high-value-added processed products for the machinery sector
 - Capture demand for precision and high-quality machining and assembly

Long-Term Goals (FYE2031 onwards)

- ✓ **Shift to Growth Sectors**
 - Focus on the automotive sector, which is expected to grow due to lightweighting needs, and expand business
- ✓ **Maximizing Aluminum's Unique Properties**
 - Maximize the outstanding properties of aluminum (lightweight, formability, recyclability) to create new value

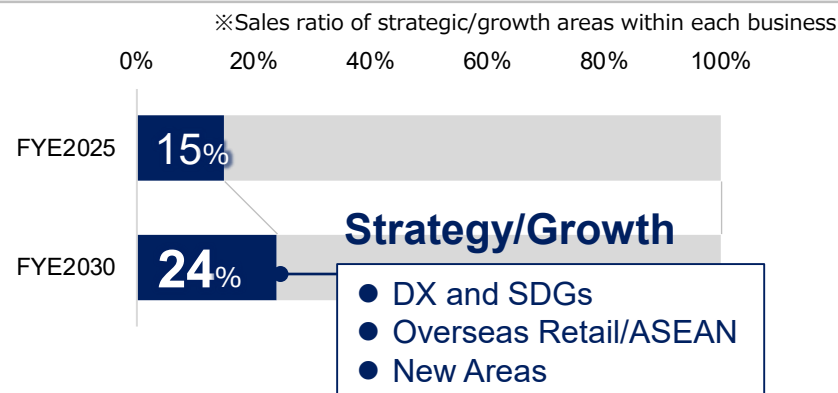
✓ Measures

- Expanding magnesium production capacity
- Strengthening high-value-added processing technologies
- Increase the sales ratio of automotive parts from the current 10% to 20–25%

Sales Composition Ratio



Sector Composition Ratio



Market Conditions

- Growing demand for labor-saving solutions amid retail labor shortages
- Growing demand for SDGs compliance in retail
- Growing maintenance market
- Japanese retailers expanding overseas (especially in ASEAN)

Specific Strategies and Measures

✓ Strategy

- Domestically, promote high value-added fixtures and signage
- Overseas: Expand sales and procurement into ASEAN, promoting local production for local consumption

✓ Initiatives

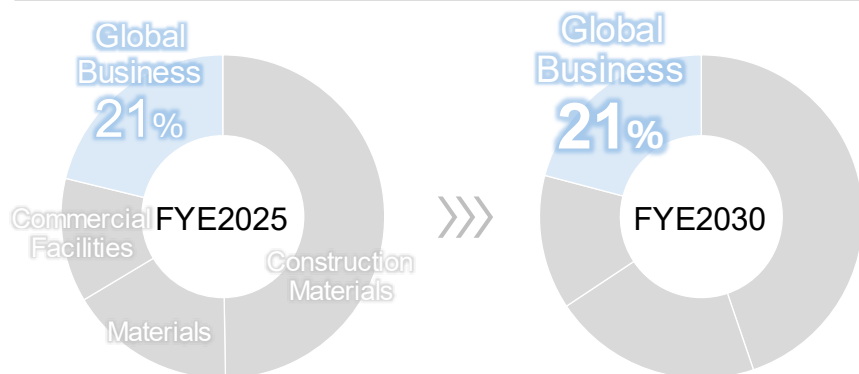
✓ Domestic

- Robotics-related products that achieve labor and energy savings, digital signage, etc.
- DX Solution Provision
- Providing sustainable products and services such as recycling

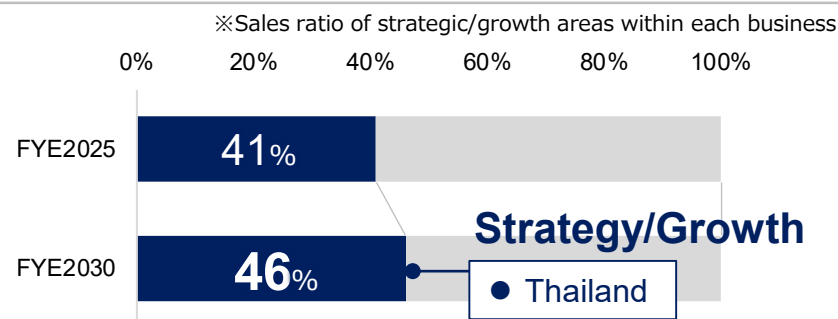
✓ Overseas

- Gradually shifting procurement bases from China to ASEAN
- Expanding sales in China and ASEAN markets
- Considering strengthening domestic production lines

Sales Composition Ratio



Sector Composition Ratio



Market Conditions

- The outlook for the global economy remains uncertain due to factors such as U.S. tariff policies
- However, while challenges persist in specific industries, growth opportunities exist in BEV, aviation, and Thailand

Specific Strategies and Measures

✓ Strategy

- While reforming European subsidiaries, position the ASEAN region as a new growth driver
- Position Thailand's extrusion and casting base as a strategic hub for supplying high-value-added aluminum materials and establish market superiority

✓ Initiatives

- Continue growth investments in Thailand
New factory and extruder installation scheduled to begin operations in FY2028
- Share technologies across Japan, Germany, China, and Thailand's Materials Business to establish a supply system for high-value-added products and expand sales
- Expand business domains and drive differentiation (automotive, electronics, aerospace, etc.)