

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(FYE2025-FYE2027)

# **Review of Medium-Term Management Plan and Initiatives for Realizing Capital Cost- and Share Price- Conscious Management**

July 10, 2025

## **I . Progress of Medium-Term Management Plan**

1. FYE2025 results and latest forecasts
2. Market environment
3. Internal environment
4. Issues and Solutions

## **II . Review of Medium-Term Management Plan**

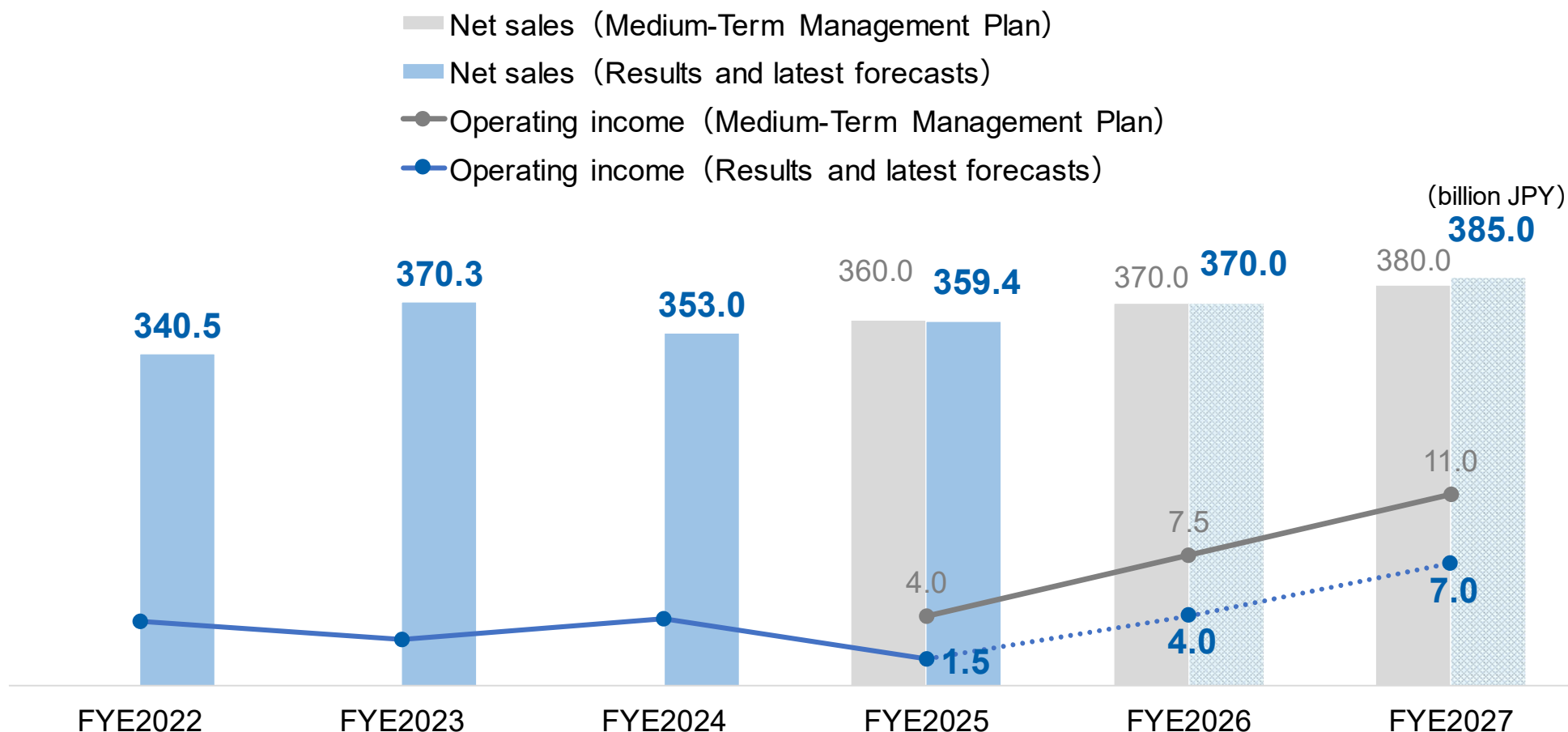
1. Overview
2. Decisively implement reform of revenue structural
3. Review of cash allocation
4. Factors for Change in Operating Income for FYE2027
5. Revised numerical targets
6. Initiatives for Realizing Capital Cost- and Share Price-Conscious Management

## **III . Future growth strategy**

# I . Progress of Medium-Term Management Plan

## 1. FYE2025 results and latest forecasts

- Significant changes in the business environment have resulted in sluggish performance in FYE2025.
- Forecasts for FYE2027, the final year of Medium-Term Management Plan, have not been achieved.

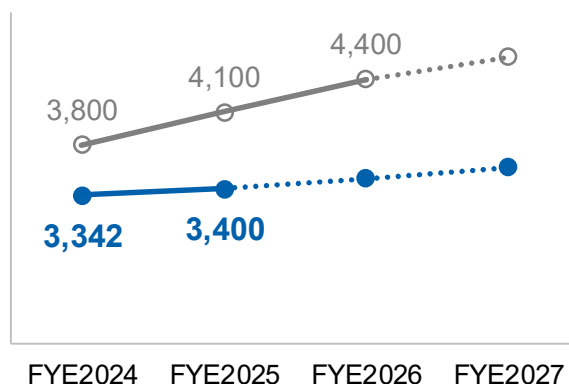


# I . Progress of Medium-Term Management Plan

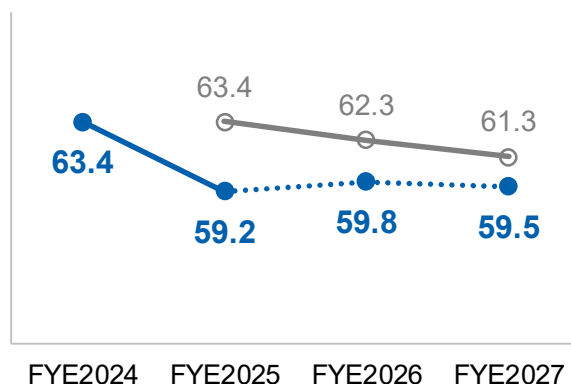
## 2. Market environment

- Production volume decreased due to deteriorating market environment below initial forecast
- Continued soaring of aluminum ingot price and other materials

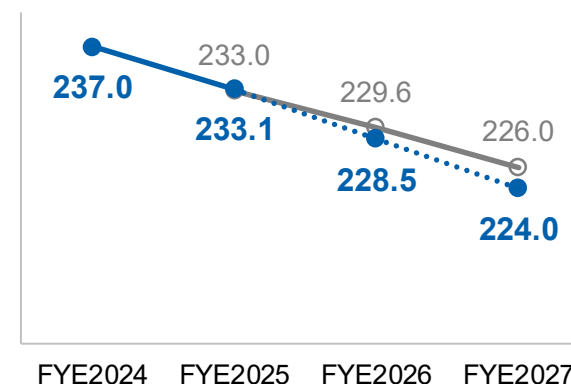
**Non-residential wooden construction market** (thousand m<sup>2</sup>)



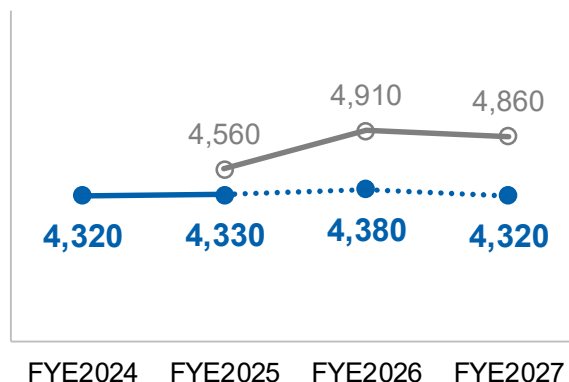
**Floor area of non-wooden structure starts** (million m<sup>2</sup>)



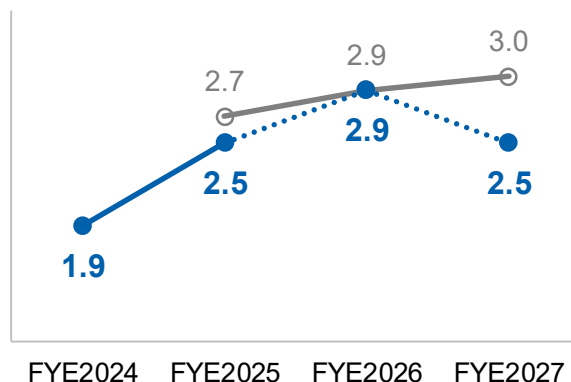
**Exterior market** (billion JPY)



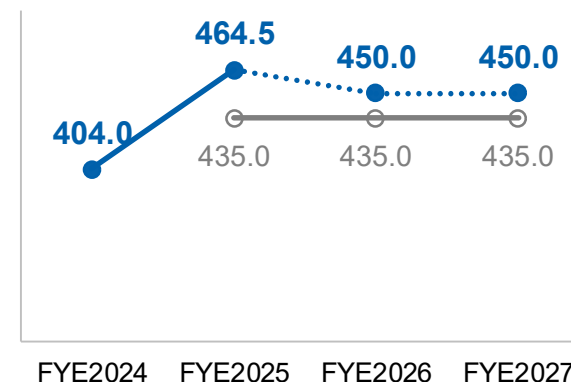
**Vehicle sales in Germany** (thousand units)



**GDP Thailand [YoY] (%)**



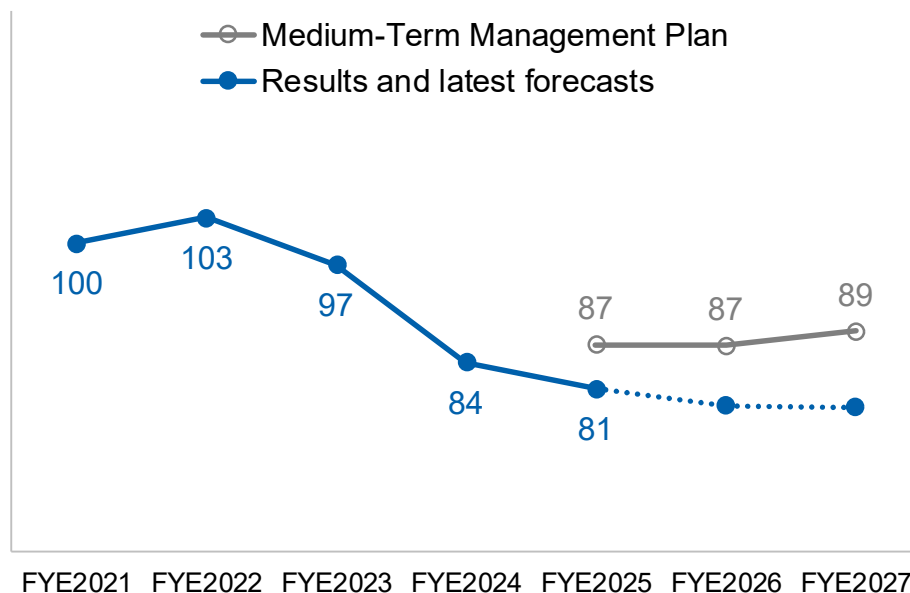
**Aluminum ingot Average value [The Nikkei] (JPY/kg)**



- Production volume of Construction materials products has declined significantly since FYE2024 due to deteriorating construction market conditions, and recovery will be difficult in the future.
- Aluminum extruded production are expected to recover gradually after the Noto Peninsula Earthquake, despite a temporary decline.

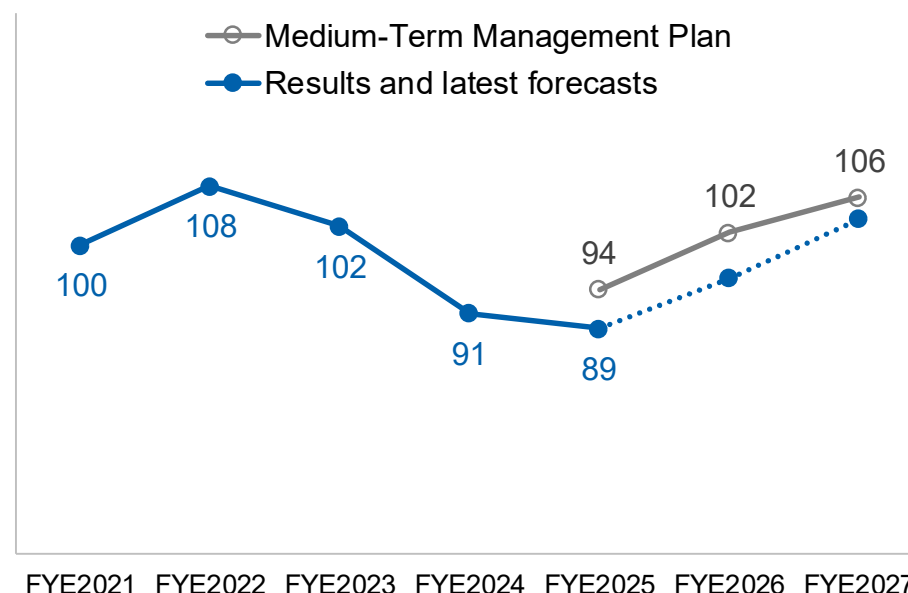
### Production Weight [Construction Materials Business]

\*Index with FYE2021 set at 100



### Aluminum extruded production weight

\*Index with FYE2021 set at 100



### Issues

### Solutions

#### overall

- ✓ Investment in new sashes to strengthen the earnings base of the Construction Materials Business and investment in the automotive business, a pillar of growth, have already been made.
- ✓ Construction Materials Business and Global Business remain low profitability and structural reform is not progressing as planned.
- ✓ In growth businesses, changes in the market environment have necessitated a revision of the original plan.



- Priority will be given to generating benefits from investments that have already been made.
- Allocate management resources with emphasis on strengthening profitability of existing businesses
- While adhering to the basic policy for growth strategies, make flexible decisions on the timing of implementation while monitoring the market environment.

#### Revenue base

- ✓ Failed to respond to changes in the business environment by failing to pass on higher labor and logistics costs and lower product volumes due to the sluggish market.
- ✓ In the promotion of structural reform, cross-divisional efforts and progress management did not function sufficiently, resulting in delays in the realization of expected results.



- Formulate and steadily implement measures to further deepen business structural reform
- Realization of fundamental reform of revenue structure s and optimal allocation of management resources
- Establish a rigorous management system for progress of each measure and ensure its effectiveness

#### Automotive segment

#### Growth

#### Thai Business

- ✓ Currently, demand in the EV market is temporarily slowing down

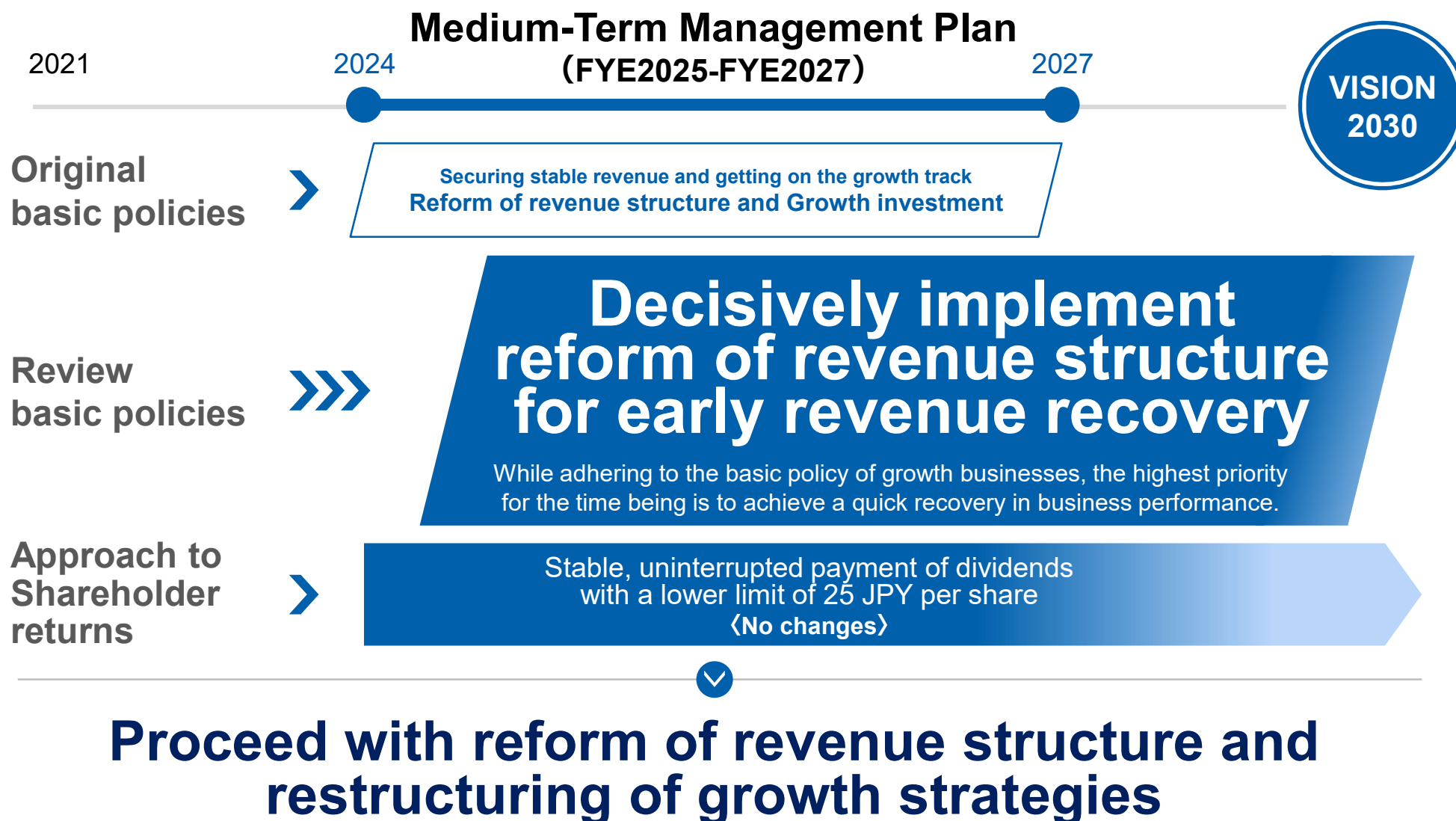


- With steady growth expected in the mid- to long-term, strengthen development, production, and sales functions in anticipation of future demand expansion, and steadily acquire projects for the next fiscal year

- ✓ Due to the the growth plan initially envisionedsluggish Thai market, it has become difficult to achieve.

- While focusing on maintaining earnings in existing businesses, we will determine the timing of new investments while monitoring the market recovery.

- Implement fundamental reform of revenue structure, including fixed cost reductions, and further strengthen strategic priority areas
- Aim to realize a more feasible scenario for enhancing corporate value through rigorous monitoring of the plan



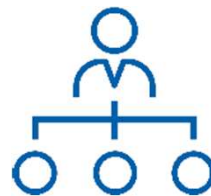
## II. Review of Medium-Term Management Plan

### 2. Decisively implement reform revenue structural



#### Indirect cost reduction

With wide range of **supplier management and demand side cost management**, reduce indirect costs including logistics, utilities, advertising, sales promotion, etc.



#### Streamlining of operations and organizational structure

Optimize workload and number of employees by **eliminating, downsizing, consolidation, and automation** of indirect operations.



#### Structural reform Construction Materials

Improve profitability by **improving selling prices**, reduce fixed costs by **consolidating and eliminating** products and lines.



#### Optimization of manufacturing system

Reduction of fixed costs by **suspending production lines** at the extrusion plant.  
Strengthen competitiveness by **Cost optimization** through productivity factor analysis.



#### Structural reform European Subsidiaries

1.5 billion JPY in rationalize related personnel by restructure the production setup for rail business.  
**1.9 billion JPY** from partial sale of factory land and buildings

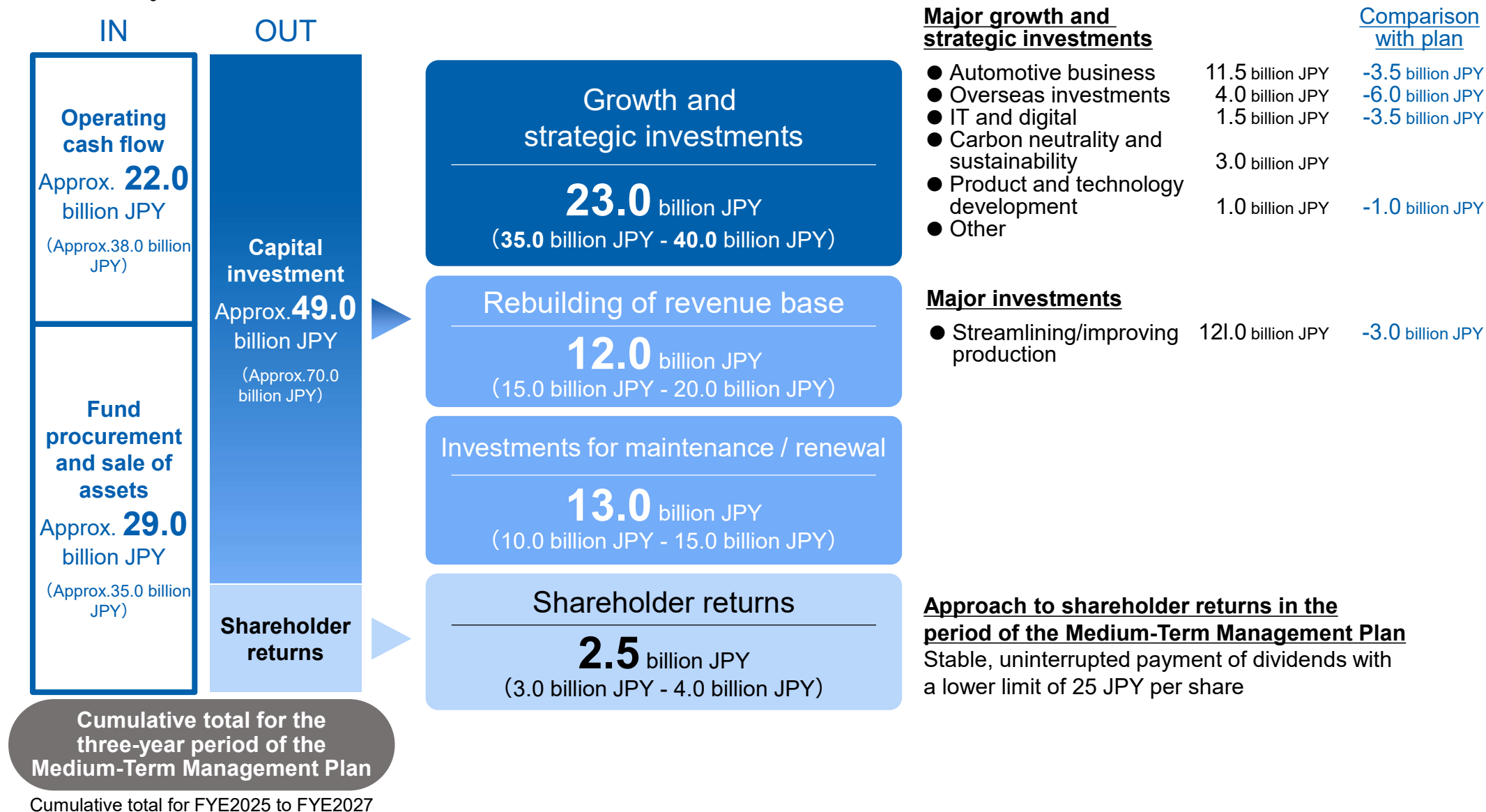


## II. Review of Medium-Term Management Plan

### 3. Review of cash allocation

- Reduction from original plan of 70 billion JPY to 49 billion JPY
- Prioritize investments in reform of revenue structure and optimize growth and strategic investments.
- Maintain minimum stable payment of dividends for shareholder returns

Latest forecasts  
(Medium-Term Management Plan)

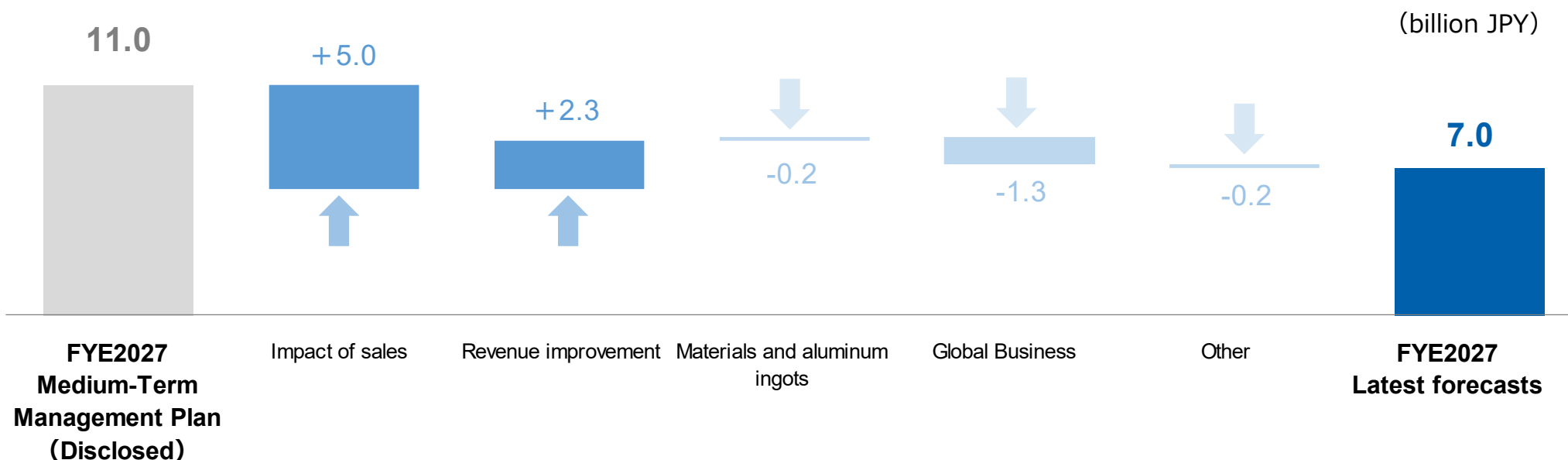


## II. Review of Medium-Term Management Plan

### 4. Factor for Change in Operating Income for FYE2027

#### Factor for Change in Operating Income for FYE2027: Comparison with Plan

- Operating income is expected to fall short of the plan by 4.0 billion JPY



#### Main factors for Change in plans by business

##### Construction Materials

- Decrease in housing starts due to higher construction costs and lower demand for building materials due to downsizing
- Increase in demand for heat insulation products due to the spread of environmentally friendly housing with ZEH subsidies
- Improved profitability through reform of revenue structure

##### Materials

- Decrease in production weight due to sluggish demand in the construction materials field
- Temporary slowdown in shift to EVs due to policy changes and economic trends
- Recovery in the general machinery field due to recovery in capital investment
- Increase in demand for renewal of aging infrastructure

##### Commercial Facilities

- Market underpinned by inbound demand and store renovations demand
- Concerns over the impact of exchange rates due to trade friction
- Concerns about worsening revenue due to rising logistics costs

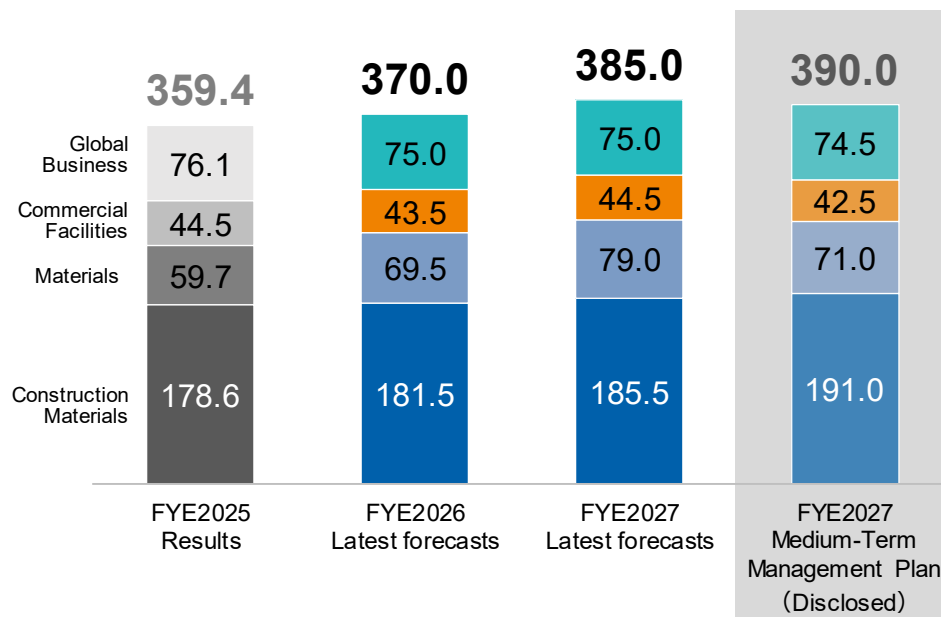
##### Global Business

- Prolonged delay in demand recovery in the European EV market
- Decisively implement of structural reform such as personnel reduction through structure production setup at European subsidiaries
- Expansion of volume and consideration of production capacity increase at Thai subsidiary with an eye to the future.

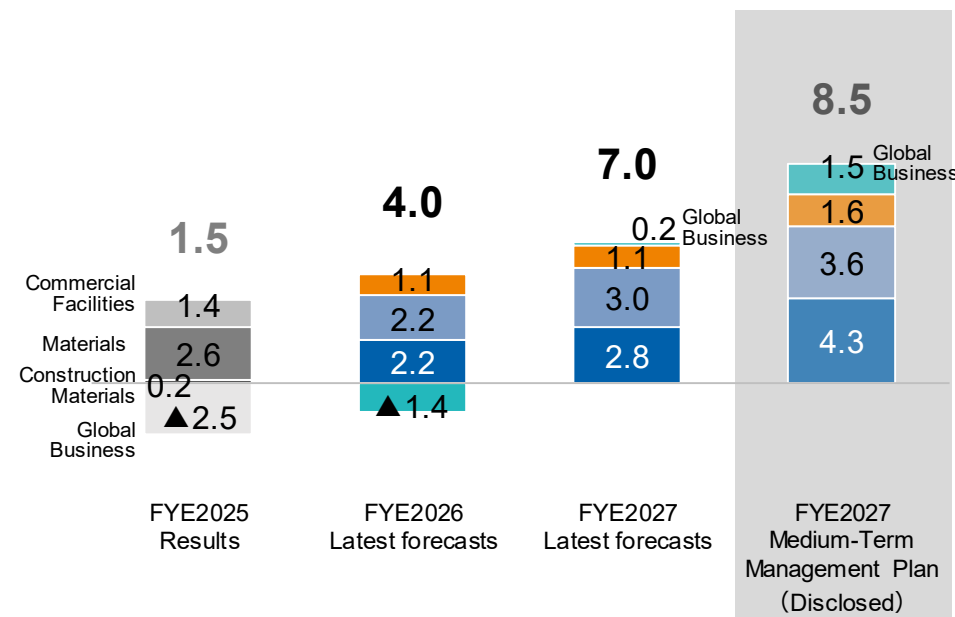
## II. Review of Medium-Term Management Plan

### 5. Revised numerical targets

#### Net sales (billion JPY)



#### Operating income (billion JPY)

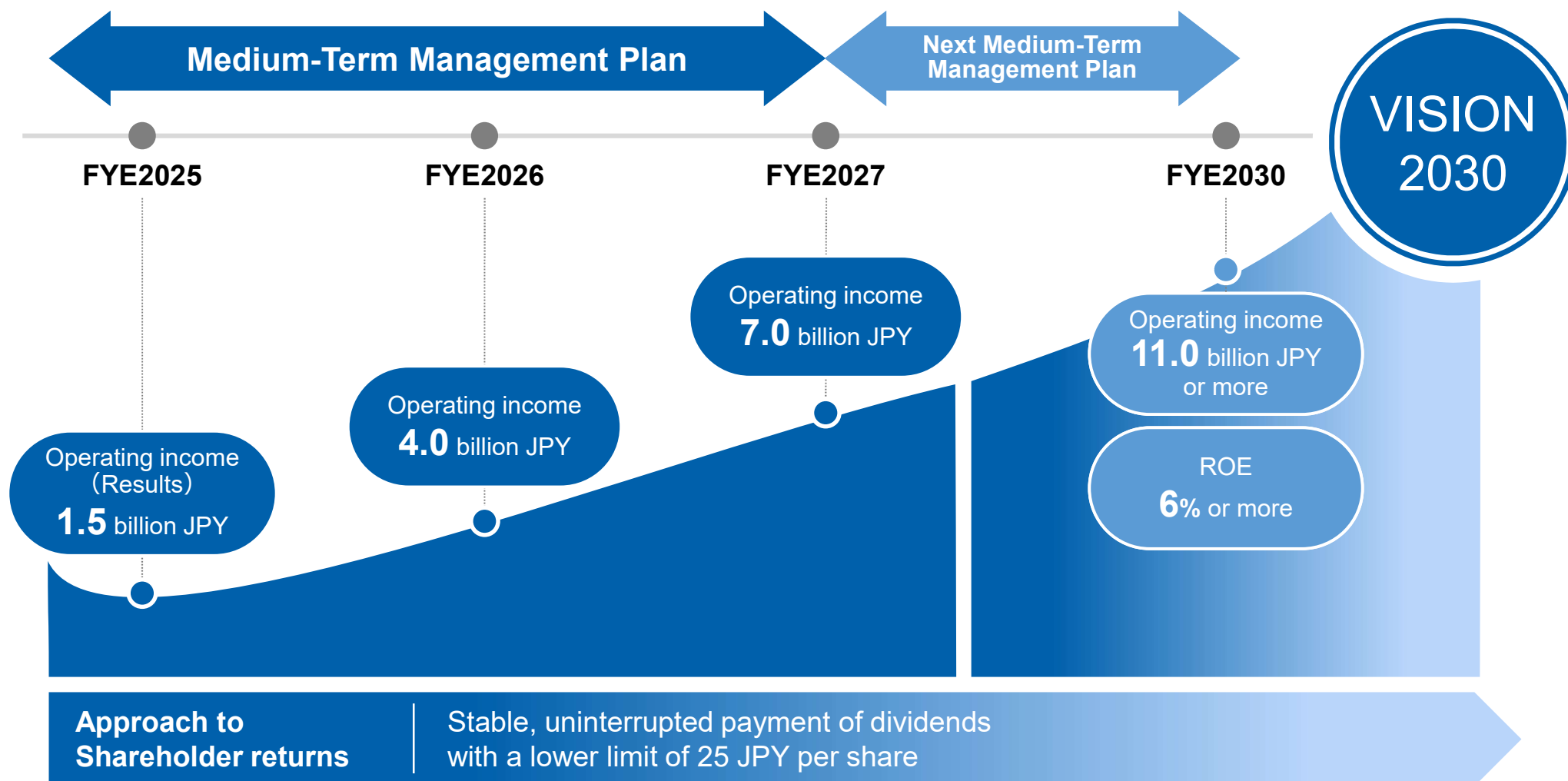


#### Management indicators

	FYE2025	FYE2026		FYE2027	
	Results	Medium-Term Management Plan (Disclosed)	Latest forecasts	Medium-Term Management Plan (Disclosed)	Latest forecasts
Capital adequacy ratio	30.4%	30.0%	28.0%	30.0%	28.0%
ROA	-0.8%	1.3%	0.1%	2.0%	1.0%
ROE	-2.5%	4.0%	0.4%	6.0%	3.0%
D/E ratio	95%	115%	110%	115%	115%
Dividend	25 JPY	Stable, uninterrupted payment of dividends with a lower limit of 25 JPY per share			
Dividend payout ratio	-				

## Decisively implement reform of revenue structure for early revenue recovery

While adhering to the basic policy of growth businesses, the highest priority for the time being is to achieve a quick recovery in business performance.



**The medium- to long-term growth strategy will be announced  
at the time of financial results for 2Q FYE2026.**