

## The 6th Mid-term Management Plan

### The YKK Group 6th Mid-term Management Vision

#### Technology Oriented Value Creation

- **Creativity to Realize a Sustainable Society** ..... Product appeal & proposal capability / Technology & manufacturing capability / Diverse human assets

### The 6th Mid-term Business Policy

#### Providing Social Value through Products and Realizing Manufacturing Reform

- **Providing Social Value through Products** ..... Providing products that meet the demands of society, including safety, security, energy conservation, easy installation, health, disaster prevention, ventilation, and others
- **Realization of Manufacturing Reform** ..... Manufacturing reform by enhancing technological capabilities (Machinery and Engineering (KOKI) integration), platforming & smart factorization / Developing technologies for achieving carbon neutrality

### The 6th Mid-term Business Plan

In FY2023, domestic demand for energy-saving renovations increased due to the 3-ministry subsidy scheme, and sales of remodeling products, such as vinyl inner windows and products for commercial buildings, grew substantially. Overseas, meanwhile, performance was particularly strong in China, Taiwan, and Indonesia. As a result, net sales totaled 538.1 billion yen (105.8% of the previous year's), a record high for the third consecutive year, and operating income was 25.6 billion

yen (143.5% of the previous year's). In FY2024, the final year of the mid-term management plan, the company will work on priority measures based on its Business Policy. In Japan, this will involve promoting higher thermal insulation performance and higher added value in the Residential and Commercial businesses, as well as enhancing thermal insulation proposals using the ongoing 3-ministry subsidy scheme. Overseas, in North America, we will strengthen our manufacturing and supply system by establishing a new site for manufacturing commercial architectural products and operating a new vinyl window plant, and in Asia, we will work to build a foundation for the Curtain Wall (below, "CW") Business, centered on YHS International and Siam Metal in Thailand. Planned net sales and operating income are 577.9 billion yen (107.0% of the previous year's) and 27.6 billion yen (110.3% of the previous year's), respectively.

Unit: 100 million yen

	FY2021 (Results)	FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)
Net sales	4,463	5,086	5,381	5,779
Operating income	173	178	256	276
Operating income ratio	3.9%	3.5%	4.8%	4.8%

### The 6th Mid-term Investment Plan

In order to further grow our business both domestically and internationally, we have drawn up a record-breaking investment plan for the 6th Mid-term Management Plan. With respect to

Unit: 100 million yen

	FY2021 (Results)	FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)
Japan	226	201	361	280
Overseas	37	135	81	94
Total	264	337	443	375

Note: Based on orders

capital investment plans, in addition to investments necessary for business continuity, such as for replacement of aging equipment and health and safety reasons, we will advance aggressive production expansion and rationalization investments where the expected returns ensure the investment's rationality.

In FY2024, we plan to invest a total of 37.5 billion yen. In Japan, this will be focused on production increases, support for new products, digital-related activities, streamlining support, and infrastructure consolidation, and overseas, on production increases and streamlining support in Indonesia and India.

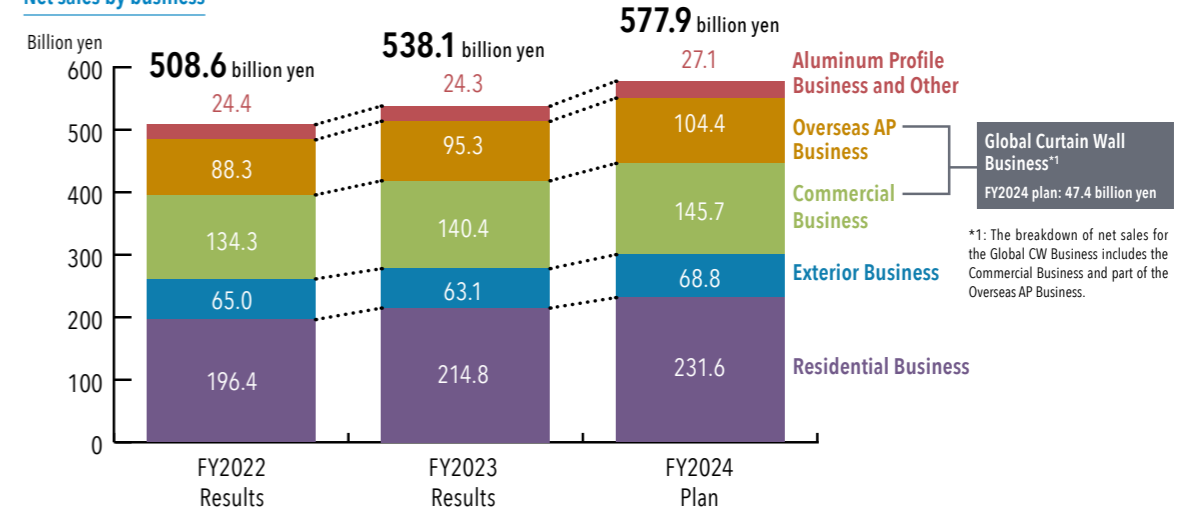
## Business Portfolio

### Business Portfolio

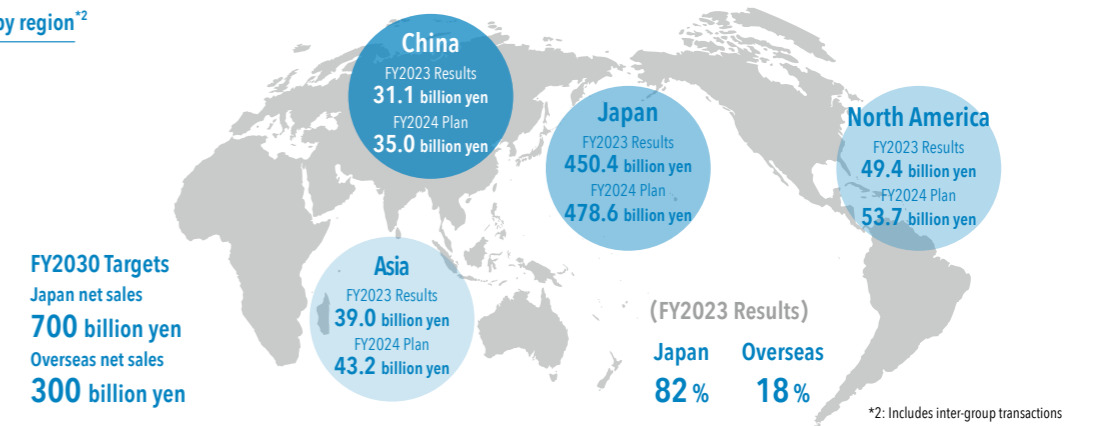
YKK AP considers its business portfolio to comprise the business fields of Residential, Exterior, Commercial, Global CW, Aluminum Profile, and Overseas AP, and the regional divisions of Japan, North America, China, and Asia. In each business and

region, we are implementing business strategies based on the 6th Mid-term Management Plan and strategies to achieve "Evolution 2030."

### Net sales by business



### Net sales by region<sup>\*2</sup>



### Future outlook

To achieve YKK AP's "Evolution 2030," which aims for net sales on the order of 1 trillion yen, we are forecasting net sales of 700 billion yen in our domestic business and about 300 billion yen in our overseas business. Two initiatives are essential to achieving this: growing existing businesses and developing new businesses. The development of new businesses is aimed at the peripheral areas of existing businesses. For example, YKK AP Healthcare, founded in 2024, hopes to develop unique healthcare products and services related to our existing

businesses, such as interior architectural products.

M&As and new businesses require investments to be effectively timed. We have established guidelines to ensure that, even if we fail to achieve the desired results, the impact on the company as a whole will be minimized. In order for us to take on the challenge of these new businesses, existing businesses are also required to generate profits. We will seek to improve profit margins by creating demand, improving the unit price of proposals by providing added value, and improving and streamlining the supply system.



## Residential Business

### Proposing comfortable lifestyles, starting with windows and doors

- A wide variety of high thermal insulation windows for healthy and comfortable living
- Disaster prevention and mitigation products with a focus on safety and security that support the building of earthquake- and typhoon-resistant homes
- An enhanced lineup of products for remodeling windows and doors in the private areas of condominiums and single-family homes
- Use of account management to provide business partner-specific product proposals

#### Main products

- ◎ Windows
- ◎ Entrance doors/sliding doors
- ◎ Interior doors/partitions
- ◎ Window shutters
- ◎ Remodeling windows/doors
- ◎ Quake-resistance retrofitting
- ◎ Window and door products for home builders (prefabrication)
- ◎ Doorways and windows for modular bathrooms



Planned net sales for FY2024 **231.6 billion yen**  
 Number of sales sites: 96  
 Number of manufacturing sites: 16 \*As of April 2024

#### Market environment and business strategy

Although new housing starts in Japan is declining, demand for high thermal insulation window and door products and window and door remodeling is being driven by government subsidy schemes. The sales volume of vinyl windows in FY2023 was 103% of the previous year's level, with the APW 430 high performance triple-glazed vinyl window in particular, at 130% of the previous year's level, driving the shift to higher thermal insulation performance. The rate of vinyl window use in sales for single-family homes in Japan was 35%, and the combined rate of high thermal insulation products, comprising vinyl windows and aluminum-vinyl composite windows, was 79%. In window and door remodeling products, the sales volume of inner window products increased to 211% of the previous year's. The home builders field (prefabricated) has seen a slowdown in contracting work, and a shift to strengthening of wooden houses and homes built for sale is underway. Net sales for remodeling products and modular bathrooms were 175% and 102% of the previous year's, respectively.

In FY2024, we aim to achieve a 90% installation rate for high thermal insulation windows through initiatives such as sales of wooden windows and stronger vinyl window proposals aimed at builders of homes for sale. Other measures to be pursued include enhanced support for subsidy schemes based on improved high thermal insulation products, expansion of sales channels for interior architectural products, and commercialization of panels with built-in windows. Looking ahead to 2030, we will pursue further evolution of windows through greater market penetration of wooden windows, proposals for total thermal insulation of entire houses based on integrated insulated building envelope solutions, and the generation of demand for interior architectural products. Meanwhile, in order to achieve carbon neutrality by 2050, we are also working to reduce CO<sub>2</sub> emissions throughout the lifecycle of our products.

#### Major topics for FY2023

##### Further strengthening of production capacity for inner windows and vinyl windows

With the decision to continue the subsidy scheme supporting energy conservation in housing, implemented in collaboration between the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment, demand is expected to continue increasing. As such, we are expanding our production system by bolstering production capacity for inner windows. New production lines have been built at the Tochigi Factory, Hyogo Factory, and Kyushu Plant, increasing nationwide production capacity by approximately 4.5 times relative to FY2022. We have also enhanced our production system for vinyl windows, and in October 2023 we began production of APW 430 high-performance triple-glazed vinyl windows at our Namerikawa Plant (Namerikawa City, Toyama Prefecture), our third production site for these windows in Japan, following the Hokkaido Factory and the Tohoku Plant, MADO (Window) Factory.



Mado Remo - PLAMADO U Inner Window

## Exterior Business



### Proposing spaces that make living more comfortable

- Fully coordinated proposal capability for buildings and exteriors
- Creating markets through proposal-based products for comfort in buildings and exteriors and garden space
- Ensuring ease of selection through the development of a product system for luxury, mid-range, and regular product types

#### Main products

- ◎ Balconies
- ◎ Carports
- ◎ Gates & fences
- ◎ Terraces
- ◎ Exterior materials



Planned net sales for FY2024 **68.8 billion yen**  
 Number of sales sites: 33  
 Number of manufacturing sites: 9 \*As of April 2024

#### Market environment and business strategy

The wall exteriors market has been particularly lackluster due to a decline in new housing starts and rising material prices, and the garden exteriors market is also shrinking. Given these market conditions in FY2023, sales of wall exterior products were lower than the previous year, and sales of exterior products such as gates and fences were also lower than the previous year, a result of cuts in budgets for exterior construction. Conversely, demand for folded-plate roof carports, which are designed to resist wind pressure and snow buildup, expanded to include non-snowy regions, and sales exceeded market conditions to reach 106% of the previous year's level.

In FY2024, the Exterior Business will continue strengthening its organizations and systems corresponding to sales channels, based on a policy of "boosting sales by providing fully coordinated proposals for buildings and exteriors." In the new construction, exterior, and remodeling sectors, we will strengthen and expand sales of garden exteriors, with a focus on home builders, and wall exteriors, with a focus on sales channels. For custom-built homes, we will offer value-added proposals through "all-inclusive building and exterior designs," and for homes built for sale, we will promote proposals that integrate buildings and exteriors into a unified cityscape. Looking ahead to 2030, we will continue to develop and propose products based on the same concept, while also strengthening our proposals for coordinated garden exterior products, which offer functionality, design, and added value. We will also pursue product development and production systems aimed at carbon neutrality, as well as development of easy-installation products and disaster prevention products.

#### Major topics for FY2023

##### Strengthening the organizational system for each channel

To strengthen sales in the residential sector, including the Exterior Business, we are developing existing sales channels and strengthening the organizational structure for each channel. In FY2024, in order to coordinate route and direct sales channels in the Residential Business and distributor channels in the Exterior Business, we established the Residential & Exterior Business Division to oversee the divisions in these two businesses. The divisional functions of the Residential and Exterior businesses will be integrated, and each division will be organized to specialize in strategic and policy planning and the implementation thereof. In this way, through policy coordination and integration of divisional office functions, we will work to further grow sales in the residential sector.





## Commercial Business

### Creating beautiful and functional urban spaces

- Strong product appeal long recognized by users, including office building windows and curtain walls
- Sales and proposal capabilities through a nationwide sales network
- Technical capabilities to handle high-difficulty properties

#### Main products

- ◎ Commercial windows
- ◎ Curtain walls (custom and standard)
- ◎ Commercial entrances
- ◎ Windows and doors for multi-family residences
- ◎ Remodeling products



Planned net sales for FY2024 **145.7 billion yen**  
 Number of sales sites: 77  
 Number of manufacturing sites: 8 \*As of April 2024

### Market environment and business strategy

In the new construction sector, the market for multi-family residences is shrinking due to the aging population and fewer households, while the market for non-residential properties is shrinking due to the decline in large-scale redevelopment projects. In the renovation sector, multi-family residences have seen an increase in the number of stock properties in the optimal age range for renovation and an increase in demand for renovation due to government subsidy schemes, while the non-residential market has remained strong due to an increase in demand for renovations of educational facilities aimed at extending their service life and adding disaster prevention measures. Given this environment, in July 2023 we put the Saitama Factory new building into operation and reorganized our manufacturing and supply system in the Tokyo metropolitan area. As sales measures, we have enhanced our sales development system and customer contact points to increase orders. In the renovation sector, we strengthened proposals for taking advantage of government subsidy schemes for multi-family residences, and for service life-extending renovations for educational facilities. As a result of these initiatives, net sales came to 105% of the previous year's level.

In FY2024, we launched the SYSTEMA 81u unitized curtain wall for mid-rise buildings in April, and we will work to popularize the product by promoting its value in terms of labor savings, shorter installation period, safety, and quality. In addition, we will use the opportunity provided by the EXIMA 55, an aluminum-vinyl composite window for commercial buildings scheduled for release in September, to promote higher thermal insulation performance in non-wooden buildings. The goal is to achieve a 50% rate of high thermal insulation performance in commercial buildings by 2030, and to achieve decarbonization and carbon neutrality by 2050. To address the shortage of technicians, we will work to develop human resources and labor saving measures.

### Major topics for FY2023

#### Reorganization of the manufacturing and supply system in the Tokyo metropolitan area and strengthening of the renovation sector

In July 2023, operations began in a new building at the Saitama Factory. Making this the core plant for our Commercial Business, we will reorganize our manufacturing and supply system to increase our competitiveness in the Tokyo metropolitan area and other parts of eastern Japan, further improve productivity, and enhance our services. In the renovation sector, we took advantage of the 3-ministry subsidy scheme to promote the creation of a market for large-scale remodeling of multi-family residences. In September 2023, we launched APSWORD NEO-LB (GRAF method), an aluminum-vinyl composite window specially designed for renovation of low-rise buildings. Going forward, we will launch the EXIMA 55 (GRAF method), an aluminum-vinyl composite window for mid- to high-rise construction, promoting higher thermal insulation performance in commercial buildings.



Saitama Factory new building



## Global Curtain Wall Business

### Contributing to the creation of urban spaces by integrating manufacturing, sales, and technology

- The ability to make proposals to create the highly challenging facades that customers demand
- Technical capabilities that enable us to solve problems in building exteriors as the situation demands
- Process management capabilities to carry out large projects
- A flexible production system with manufacturing sites around the world (Japan, China, North America, and Thailand)

#### Main products

- ◎ Curtain walls and other products for commercial building facades (custom and semi-custom)



Planned net sales for FY2024 **47.4 billion yen**  
 \*Japan (large-scale, high-difficulty sector): 25.8 billion yen, Overseas: 21.6 billion yen  
 Japan business sites 5  
 Overseas business sites 6 \*As of April 2024

### Market environment and business strategy

The market for the Global Curtain Wall Business is expanding, with rising demand for green facades and renovations in metropolitan areas, especially in developed countries, as well as growing demand for new construction in emerging economies. In Japan, demand in the large-scale, high-difficulty sector is expected to continue, especially in metropolitan areas, while in Asia, the use of 3D exteriors and large glass facades in podium areas is increasing. In FY2023, net sales in Japan were 24.2 billion yen due to strong sales for large properties, backed by a track record of safe and reliable technical capabilities in the super high-rise, high-difficulty sector. In the global market, the Global Curtain Wall SUMMIT 2023 was held to bring together all of our Global Curtain Wall sites and strengthen our global operations infrastructure. Meanwhile, we also made YHS International Ltd., a major curtain wall manufacturer in Thailand, one of our consolidated subsidiaries. As a result of these initiatives, overseas net sales amounted to 20.5 billion yen.

In FY2024, we will continue to enhance the profitability of existing businesses and strengthen our global operations infrastructure. Looking ahead to 2030, we will also work to establish a flexible and resilient global manufacturing and supply system, pursue competitiveness by enhancing integrated manufacturing and sales operations, differentiate ourselves through environmental facade technology, and enter new markets using business models tailored to the characteristics of individual areas.

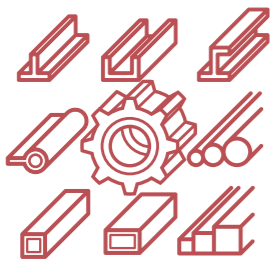
### Major topics for FY2023

#### Building a global supply system, starting with the Asia region

In December 2023, we acquired shares in YHS International Ltd., Thailand's largest curtain wall manufacturer, and its manufacturing company, Siam Metal Co., Ltd., to build a foundation for our Asian curtain wall business, with Thailand as its base. Starting by bolstering our supply capabilities in Asia, we will work to build a stable supply system on a global scale. Through such measures as optimizing property management methods and resources, we will increase overseas sales by strengthening our global operational infrastructure. In addition, we will implement specific market-entry models for each of our existing and new businesses, resulting in products and supply chains that are tailored to the needs of each market.



Exterior view of YHS International Ltd. factory (above).  
 Curtain wall assembly process at YHS International Ltd. factory (below)



## Aluminum Profile Business

### Supporting the industrial sector with aluminum profiles

- Providing high quality aluminum profiles based on our advanced technological skills, cultivated through the manufacturing of aluminum architectural products
- Integrated production from casting, extrusion to surface treatment at four manufacturing sites in Japan
- Ownership of large 14-inch (6,500 tons) and 10-inch (4,000 tons) extruders

### Main products

- ◎ Components for machinery equipment
- ◎ Auto parts
- ◎ Architectural components
- ◎ Eco-friendly products, sustainable products



Planned net sales for FY2024 **27.0 billion yen**  
 Number of sales sites: 6  
 Number of manufacturing sites: 4 \*As of April 2024

### Market environment and business strategy

The construction sector, our main segment, is in a difficult situation due to a slowdown in new housing starts and other factors, but new demand related to the shift to electric vehicles, automation, and labor saving is emerging in the non-architectural products sector. In FY2023, despite the positive news of a recovery in automobile production, the Aluminum Profile Business was significantly impacted by the slowdown in new housing starts, resulting in a sales volume of 99% of the previous year's level. However, the number of transactions increased, primarily in the key area of construction products, and our market share exceeded that of the previous year. Net sales were 99% of the previous year's level, reflecting a decline in sales linked to the aluminum ingot market.

In FY2024, in the construction sector, we will strengthen our points of contact with our business partners and pursue further brand change. In the non-architectural products field, manufacturing, sales, and technology will work in unison to expand market share by capturing growing demand for electric vehicles and similar products. Furthermore, looking ahead to 2030, we aim to expand our business as the "manufacturer of choice" by making proposals that lead to sustainable growth for our business partners. In order to reliably meet needs alongside highly specialized engineers and manufacturing staff, we will also continue to develop human resources who can provide value to our business partners and society.

### Main Initiatives



#### Healthcare

A new company, YKK AP Healthcare Inc., was founded in January 2024 to plan, develop, and market healthcare-related products and services. In collaboration with healthcare-related companies, YKK AP will create a health management model that utilizes sensing technology for the early detection of disease and other health issues in buildings. We will also work to create new value for our customers by developing YKK AP's own healthcare products and services related to existing business areas such as interior architectural products.



#### Building Integrated Photovoltaics

In May 2024, we entered into a business alliance with KANDENKO CO., LTD. for the development and promotion of Building Integrated Photovoltaics (BIPV). Expanding the area devoted to photovoltaic power generation is essential for realizing a renewable energy society. BIPV, which utilizes the windows and walls of commercial buildings, is a promising solution to these issues. This initiative will aim to popularize BIPV, with YKK AP responsible for product development and KANDENKO for installation technology and system development.



## Overseas AP Business

### Operating businesses rooted in individual countries and regions

- Global operations in 11 countries and regions, primarily in North America, China, and Asia
- Product development tailored to the climate and culture of the countries and regions in which we operate, combined with local manufacturing and sales systems
- A system for providing technical and manufacturing support from Japan

Planned net sales for FY2024 **104.4 billion yen**  
 Number of sales sites: 48  
 Number of factory sites: 12

### Market environment and business strategy

While markets in individual foreign countries and regions are shrinking, sales of architectural products for commercial and residential buildings in North America are up from the previous year, and in terms of domestic demand in China, sales in the mid-range market are strong. In Taiwan, sales of products for multi-family residences have been strong, and in Indonesia, sales of new aluminum products in the residential sector have remained brisk.

Going forward, we will aim for further growth of existing

businesses in each country and region in order to achieve the goal set out in "Evolution 2030," which is to achieve overseas net sales of 300 billion yen. In addition, the Global Curtain Wall Business Division will play a central role in expanding the unitized CW business overseas, while seeking synergies with ERIE ARCHITECTURAL PRODUCTS in North America and YHS International in Thailand. Consideration is also being given to entering the European market. A target has been set of 100 billion yen in capital investment by 2030.

## North America

### Vision and business strategy

YKK AP AMERICA designs, manufactures, and sells products centered on commercial aluminum architectural products for the Commercial Business and residential vinyl windows for the Residential Business. In particular, it focuses on products that meet regional needs such as thermal insulation products that lead environmental policy, safety products that address the increasing risk of hurricanes and more, and unitized curtain walls that address personnel shortages.

We have set "Establish the AP America Group as the Dominant North American Architectural Products Company" as the business policy in the 6th Mid-term Management Plan. In the Commercial Architectural Products Business, a new integrated manufacturing and sales facility was founded in California in April 2024. While strengthening sales on the West Coast of the U.S.A., we will expand our property business by leveraging our regionally-based service model and design capabilities. Furthermore, in cooperation with ERIE ARCHITECTURAL PRODUCTS, we will work to expand our customer base in North America and increase orders through technical proposals. Meanwhile, in the Residential Architectural Products Business, production of vinyl windows at a new plant began in December 2023. We will utilize new products produced in our state-of-the-art facilities, equipped with highly efficient integrated production systems, to strengthen sales in untapped areas within six southern states in the U.S.A.



Products:  
Windows and sashes, curtain walls, doors



## China

### Vision and business strategy

Our business in China is operated by YKK AP (CHINA), which designs, manufactures, and sells aluminum and thermal insulated aluminum profile products for the Chinese domestic market, YKK AP (SUZHOU), which manufactures components, curtain walls, and window products as a global manufacturing and supply base, DALIAN YKK AP, a manufacturing base for vinyl profiles for the Japanese market, and YKK AP (CHINA) INVESTMENT, which oversees the aforementioned companies. The YKK AP brand is also highly regarded in China, having been the first foreign company to win the "Architectural Windows and CW Industry Brand List, Top 10 Windows Brand List" for nine consecutive years.

The business policies of the 6th Mid-term Management Plan are to "expand business by accelerating growth of existing businesses and developing new businesses" and "rebuilding the manufacturing and supply system to support sustainable growth." As priority measures, we are working to develop new customers in the mid-range market in the domestic business and to expand sales channels in the renovation business. Going forward, we plan to further expand sales by strengthening proposals for wide-opening products and new anodized aluminum colors for the new housing market, and by introducing ventilation products and other products specifically aimed at the renovation market.



**Products:**  
Windows and sashes, curtain walls



## Indonesia

### Vision and business strategy

Indonesia is home to YKK AP's first overseas integrated production plant, and the company is engaged in the design, manufacture, and sale of aluminum profiles and sashes for the domestic and Asian markets. We were one of the first companies in the country to commercialize windows, and we are expanding our business with products that reflect the changing market trends resulting from economic development.

Until now, we have sought to spread awareness of the YKK AP brand by expanding sales of processed and assembled products, aimed mainly at the high-end market. However, the 6th Mid-term Management Plan aims to increase the number of processing facilities to which we sell profiles and to increase sales volume in the mid-range market, which is growing rapidly as a result of changing trends. In addition to expanding the variants of MADELA, a sash for commercial buildings aimed at the upper-mid range market, which went on sale in 2021, we will introduce new products such as high-quality factory-manufactured entrance doors and aluminum carports with superior corrosion resistance, durability, and design. Furthermore, by making proposals of these as sets, we will increase sales volume for single-family houses built for sale in the upper-mid range market, and also provide added value. In addition, we will promote the development of our manufacturing infrastructure by enhancing productivity and increasing production through factory restructuring.



**Products:**  
Windows and sashes, carports, curtain walls



## Taiwan

### Vision and business strategy

In Taiwan, we design, manufacture, and sell products for non-residential buildings, as well as remodeling products, focusing especially on high watertight performance sashes tailored to the weather conditions of Taiwan, which is frequently hit by large typhoons.

As the top brand in Taiwan, we will pursue structural reforms to achieve further growth, strengthen proposals for high value-added products, and increase sales, especially in central and southern Taiwan, an area where we are stepping up our efforts. In addition, in order to exploit the mid-range market, we will develop new products, further streamline our production lines, and reduce costs by strengthening our production system.



**Products:**  
Windows and sashes



## India

### Vision and business strategy

In addition to the extrusion and sales of aluminum profiles, which is our main area of business, we are also engaged in the manufacture and sales of aluminum window products for high-rise and multi-family residential buildings, low to mid-rise buildings, and multi-building houses.

By providing high-quality, high-value-added products, we also hope to use YKK AP brand windows to improve living environments. In the profiles business, we are strengthening our cost competitiveness by making capital investments. We are also working to expand the variations of our core window product, IWIN-S, and to strengthen our ability to make proposals to the mid-range volume market.



**Products:**  
Windows and sashes, curtain walls, aluminum profiles



## Singapore

### Vision and business strategy

YKK AP FACADE provides total project management including design, engineering, procurement, and installation of facades for super high-rise and complex architecture.

In order to meet the needs of environmentally friendly architecture, the company has amassed expertise in designing highly heat-shielding, highly insulating, facades for both new construction and renovation, and has expanded its range of technical proposals as a facade specialist using sunlight load simulations and sunlight shielding devices. Efforts are underway to strengthen our project management capabilities to earn the trust of our business partners.



**Products:**  
Curtain walls

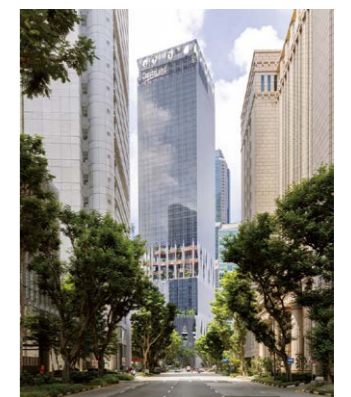


Photo: CapitaLand