Financial Results for the Fiscal Year Ended March 31,2026

May 14,2026

Bunka Shutter Co., Ltd.

Contents

Summary

BX GROUP

Conditional Invocation of Countermeasures Against Large-Scale Purchase Actions, etc. (Emergency Situation)(P3～8)

Results for the Fiscal Year Ended March 31, 2026(P10)

・**Net sales, operating profit, and ordinary profit exceeded the previous year's results, resulting in increased revenue and profits.**

The decline in overseas operations was offset by strong domestic business, with net sales increasing for the fifth consecutive period and operating profit rising for the fourth consecutive period, both reaching record highs. All segments recorded increases in both sales and profit.

Full-Year Forecast for the Fiscal Year Ending March 31, 2027(P12)

・**We expect to achieve net sales of 250 billion yen and an operating profit margin of 7.5%.**

The domestic order intake got off to a strong start (order intake at the end of March increased 4.5% year on year, while the order backlog rose 10.3% year on year).

Progress of the Medium-Term Management Plan（P15～25）

・**Both ROE (Return on Equity) of 10.8% and ROA (Return on Assets) of 6.2% were achieved.**

・**Introduction of a Shareholder Benefit Program**

Original QUO cards will be provided based on the number of shares held and the length of continuous shareholding.

Conditional Triggering of Defensive Measures Against Large-Scale Acquisitions, etc. (in Emergency Situations)

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We have resolved to submit to the Annual General Meeting of Shareholders a proposal regarding the conditional activation of countermeasures, in light of a situation in which there is a high likelihood of large-scale acquisition of our company’s shares and related securities by Dalton and others (i.e., an emergency situation).

◆Although the Company introduced, as of September 3, 2025, a policy for responding to additional share acquisitions of the Company by Dalton and its affiliates, Dalton and its affiliates held Company shares equivalent to 20.55% of the shareholding ratio (approximately 21.01% of voting rights) as of April 1, 2026.In light of the following four factors, the Company recognizes that the current situation it faces constitutes an “emergency situation.”

・There is a concrete likelihood that Dalton and its affiliates will, going forward, conduct large-scale purchase actions without complying with the procedures prescribed in this response policy.

・In the event that Dalton and its affiliates conduct large-scale acquisition activities, it cannot be ruled out that the Company’s medium- to long-term corporate value or the common interests of shareholders may be impaired.

・Dalton and its affiliates submitted, as of April 14, 2026, a shareholder proposal to the Company to appoint individuals affiliated with them as directors, and it is considered highly likely that they may seek to induce or pressure the Company into an MBO in pursuit of short-term self-interest. (MBO) for the pursuit of short-term self-interest.

・In dialogues with multiple institutional investor shareholders, concerns have been expressed regarding large-scale acquisition activities by Dalton and its affiliates, and concerns over conflicts of interest between general shareholders and Dalton and its affiliates are becoming increasingly serious.

◆In light of the current “emergency situation,” and with the utmost respect for the recommendation of the Independent Committee, the Company has decided, from the perspective of ensuring its medium- to long-term corporate value and the common interests of shareholders, to submit to shareholders a proposal at the Company’s 80th Annual General Meeting of Shareholders scheduled for June 17, 2026, to seek approval on whether to implement countermeasures under this policy, on the condition that Dalton and its affiliates are found to have commenced large-scale acquisition activities without complying with the procedures prescribed in this policy.

◆The submission of this proposal was unanimously approved by all 14 members of the Board of Directors, including eight independent outside directors.

Opinion of the Board of Directors

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- While Dalton and its affiliates hold a large amount of the Company's shares and have indicated their intention to continue holding them, they have provided no explanation whatsoever regarding their specific purpose of ownership, have refused to submit a pledge not to make additional purchases, and have left open the possibility of acquiring additional shares of the Company in the future.
- While repeatedly demanding the realization of options that would benefit Dalton and its affiliates—such as considering an MBO that includes themselves as investors and appointing their related parties as directors—they have yet to present any concrete measures to enhance the Company's corporate value.
- In their response dated April 28, 2026 to the Company's inquiry, Dalton and its affiliates asserted that enhancing the Company's medium- to long-term corporate value and the common interests of shareholders is the responsibility of the Company's management, and that their holding of the Company's shares is not directly related to improving corporate value or shareholder interests. Furthermore, they stated that their position remains as set forth in the statement they published in December 2025—including proposals such as an MBO involving portfolio companies going private and the appointment of Dalton-related individuals as directors—which also encompasses past proposals made to the Company, including an MBO proposal and the nomination of Dalton-affiliated individuals as directors.
- However, the statement in question is not directed specifically at the Company but is a general message addressed to investee companies as a whole. It cannot be considered as aiming to realize the optimal approach for enhancing the Company's unique corporate value and shareholder value, taking into account the Company's specific market environment and business characteristics.
- Regarding both the MBO proposal and the shareholder proposal, it has become clear that Dalton and its affiliates have made similar proposals to multiple companies. Therefore, it is difficult to believe that they are genuinely aiming to realize the optimal approach to enhancing the Company's unique corporate value and shareholder value, based on a thorough consideration of the Company's specific market environment and business characteristics.
- **In light of the above, the Company's Board of Directors recognizes the current situation as a "contingency."**

The Board of Directors has resolved, while giving the utmost respect to the recommendation of the Independent Committee, to submit a proposal regarding the conditional activation of countermeasures.

Reference Material 1: Status of Engagement with Institutional Investors (Strong Concerns Regarding Dalton)

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Dialogue Themes	Feedback from Institutional Investor Shareholders	
Measures to Enhance Corporate Value	Institutional Investors A	◆ 「Unable to determine what impact Dalton and its affiliates' acquisition of the Company's shares will have on the Company's corporate value.」
MBO Proposal by Dalton and its Affiliates	Institutional Investors B,C	◆ 「Although Bunka Shutter has been steadily enhancing its corporate value as a listed company, it is difficult to understand why an MBO, as advocated by Dalton and its affiliates, is necessary.」 ◆ 「There is a structural conflict of interest between Dalton and its affiliates and minority shareholders, and there is a possibility that the transaction terms may not maximize the interests of minority shareholders.」
Dispatch of Directors by Dalton and its Affiliates	Institutional Investors D,E	◆ 「Opposed on the grounds that independence from Dalton and its affiliates, which are major shareholders, cannot be recognized, raising concerns about conflicts of interest with general shareholders.」 ◆ 「It is believed that a tactic of attempting to dispatch directors in order to steer the Company toward an unnecessary MBO—despite having no real interest in management and solely pursuing self-interest—would not gain the support of shareholders.」

The Company actively engages in dialogue with institutional investor shareholders, led by directors responsible for business operations.

Among these, we have gathered concerns voiced by a number of institutional investor shareholders regarding Dalton and its affiliates' investment conduct (i.e., investment strategies intended to induce or pressure companies into going private), and concerns over conflicts of interest between general shareholders and Dalton and its affiliates have been intensifying.

Reference Material 2: Dalton and its affiliates' investment activities in other companies 1/2

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Hogy Medical Co., Ltd.

- As of May 23, 2025, Dalton and its affiliates had been intermittently accumulating shares of Hogy Medical, reaching 26.38%. At the company's annual general meeting of shareholders in the same year, they made a shareholder proposal to elect three director candidates, citing as the reason the need to consider all strategic options, including taking the company private. Of these candidates, only Mr. Rosenwald was approved.*
- Just about six months later, on December 17 of the same year, Hogy Medical announced the implementation of a going-private transaction, and Dalton and its affiliates agreed to make a reinvestment (so-called "rollover" investment) indirectly after the company's privatization.

*With respect to the proposal to appoint Mr. Rosenwald as a director, the opposition rate among general shareholders other than Dalton and its affiliates is estimated to have reached approximately 67.05%, indicating that he did not obtain the support of a majority of such general shareholders.

T&K TOKA

- Since filing a large shareholding report in 2012 with respect to shares of T&K, Dalton and its affiliates have intermittently accumulated shares both on- and off-market, increasing their shareholding ratio to 24.57% over the period up to 2024.
- Dalton and its affiliates proposed to T&K that the company be taken private through an MBO in partnership with a private equity fund introduced by them.
- When T&K rejected the above proposal, on January 10, 2023, Dalton and its affiliates commenced a tender offer (TOB) with a minimum of 40.00% and a maximum of 44.00% of the shares to be purchased, without providing any opportunity for information sharing or consultation (the offer ultimately failed).
- Subsequently, in connection with the tender offer (TOB) for T&K shares announced by Bain, a private equity fund, on August 17, 2023 and commenced on January 23, 2024, Dalton and its affiliates agreed to enter into a tender agreement and to make a 15% reinvestment (so-called "rollover" investment). As a result, T&K was delisted.

Trancom Co., Ltd.

- Beginning around May 2024, Dalton and its affiliates rapidly accumulated shares of Trancom both on- and off-market, despite having maintained a holding of only approximately 5–6% over a long period, and announced that their shareholding ratio had reached 16.24% as of August 16 of the same year.
- Shortly thereafter, on September 17 of the same year, Dalton and its affiliates announced that, together with Bain, they would implement an MBO through a tender offer with the aim of taking the company private.
- Dalton and others have entered into an agreement with the tender offeror to tender their shares in the TOB, to reinvest in Bain's acquisition vehicle after the completion of the squeeze-out, and to dispatch one director to the ultimate parent company of the tender offeror.
- Trancom was delisted following the successful completion of the tender offer (TOB).

There are numerous cases in which Dalton and others are suspected of effectively pressuring portfolio companies into pursuing MBOs and going private, and even reinvesting at the time of privatization, as well as cases in which they themselves assumed outside director positions at portfolio companies and exited through subsequent privatizations shortly thereafter.

Reference Material 2: Dalton and its affiliates' investment activities in other companies 1/2

BX GROUP

ASKA Pharmaceutical Holdings Co., Ltd.

- Dalton and related parties had been continuously accumulating shares and, in parallel, proposing to take the company private through an MBO. In response, ASKA Pharmaceutical adopted an emergency response policy on July 1, 2025.
- Dalton and its affiliates submitted to ASKA Pharmaceutical a statement of intent for a large-scale share acquisition, indicating their plan to accumulate the company's shares up to approximately 30% of the total voting rights.
- Dalton and its affiliates failed to respond to repeated requests for answers to the "Information List" under ASKA Pharmaceutical's response policy, while publicly issuing unilateral assertions. Although they subsequently submitted a notice of withdrawal of the statement of intent regarding a large-scale share acquisition, they unilaterally criticized both the background to, and the content of, ASKA Pharmaceutical's response policy.
- Furthermore, Mr. Rosenwald made remarks such as stating that responses to the "Information List" could be handled simply by using generative AI, thereby demonstrating a disregard for the importance of providing information to general shareholders and for consideration of their interests.

Ezaki Glico Co., Ltd.

- On January 5, 2026, Dalton and its affiliates sent a letter to Ezaki Glico, expressing their intention to make a shareholder proposal at the company's annual general meeting of shareholders, and presenting as solutions to the company's structural issues either a large-scale share buyback over the next five years or a going-private transaction through an MBO conducted in collaboration with Dalton and its affiliates.
- On January 19 of the same month, Dalton and its affiliates submitted a shareholder proposal that included the nomination of two affiliated individuals, including Mr. Rosenwald, as directors, as well as a proposal to implement a large-scale share buyback amounting to approximately 3.3 times the company's net income for the fiscal year within a one-year period.*

*All of such shareholder proposals were rejected.

It can be inferred that Dalton and its affiliates are accumulating large shareholdings and proposing the appointment of director candidates recommended by themselves in order to effectively pressure portfolio companies into pursuing MBOs and going-private transactions.

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The 2024 Annual Report of Nippon Active Value Fund plc (an investment fund that is a co-holder with Dalton)

There is a great deal going on. We have stepped up our engagement with several of our largest holdings and continue to urge capital allocation improvements, even to the extent of calling for MBOs or threatening tender offers for controlling minorities of outstanding shares.

We have intensified our engagement with several of our core portfolio companies, continuously urging improvements in capital allocation. We are even prepared to demand management buyouts (MBOs) or to threaten tender offers in order to acquire shares sufficient to secure effective control.

Meanwhile, Dalton stated on its website, in connection with our adoption of the response policy, that it 'does not force or steer its portfolio companies toward any specific option (such as going private)'.

This is inconsistent with the content of NAVF's annual report, which also serves as an official report to its investors.

Results for the Fiscal Year Ended March 31, 2026

Financial results highlights

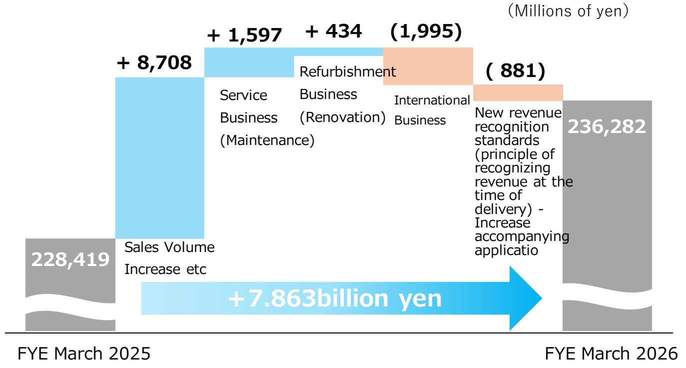
BX GROUP

	Fiscal year ended March 2025	Fiscal year ended March 2026 (Millions of yen)					
				Compared to previous period		Plan ratio	
	Actual	Plan	Actual	Elongation rate	increase/ decrease	Achievement rate	increase/ decrease
Net sales	228,419	***240,000***	**236,282**	103.4%	7,863	98.5%	(3,718)
Operating profit	14,726	***16,800***	**15,569**	105.7%	843	92.7%	(1,231)
Operating profit margin	6.4%	***7.0%***	**6.6%**	-	0.2	-	(0.4)
Ordinary profit	14,777	***16,500***	**17,626**	119.3%	2,849	106.8%	1,126
Net Income for the Period	13,158	***11,500***	**12,639**	96.1%	(519)	109.9%	1,139
Diviend per share	74yen	***74yen***	**74yen**	-	-	-	-
Capital investment	6,232	***7,700***	**4,687**	75.2%	(1,545)	60.9%	(3,013)

Points

- Although results for the fiscal year ended March 2026 fell short of the plan, both net sales and operating profit increased year on year.
- Net sales reached a record high, increasing for the fifth consecutive period. Operating profit also reached a record high, rising for the fourth consecutive period.
- Revenue and profit increased across all business segments.
- The main breakdown of the approximately JPY 4.7 billion in capital expenditures is as follows､
  - ・Approximately JPY 3.4 billion will be allocated to measures addressing the aging of facilities, including the renewal of production equipment and the reconstruction of factory buildings.
  - ・Approximately JPY 1.3 billion will be allocated to system-related investments, including software development costs aimed at improving productivity.

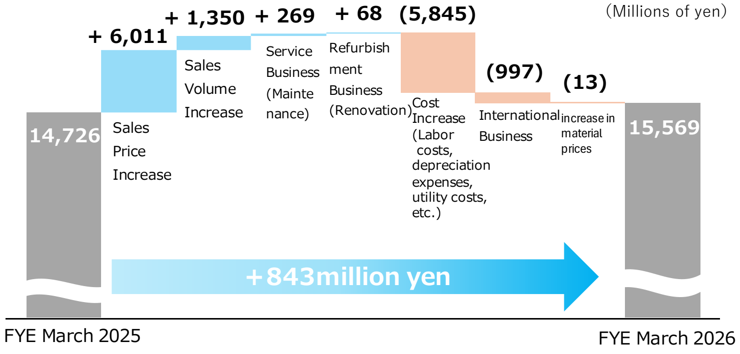
Revenue factors



Revenue is expected to increase by 7.863 billion yen

The primary driver of the increase in revenue is higher sales volume. The primary factor behind the decrease in revenue is the International business.

Operating profit factors



Operating profit is expected to increase by 843 million yen.

The main factor driving the increase in profit is higher selling prices, while the main factor behind the decrease in profit is rising costs.

Outlook for the Fiscal Year Ending March 31,2027

Earnings Forecast

BX GROUP

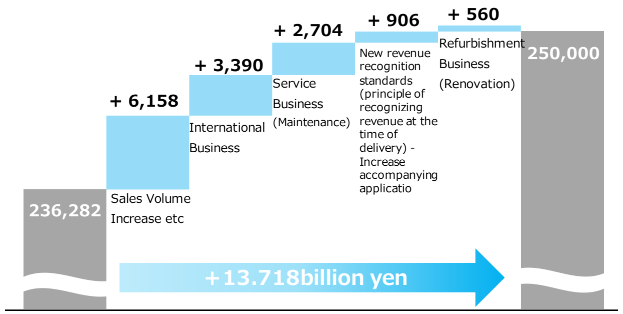
(Millions of yen)

	Fiscal year ended March 2026 (Second year of the medium-term management plan)	Fiscal year ending March 2027 (Last year of the medium-term management plan)		
			Compared to previous period	
	Actual	Full-Year Forecast	Elongation rate	increase/ decrease
Net sales	236,282	***250,000***	105.8%	13,718
Operating profit	15,569	***18,800***	120.8%	3,231
Operating profit margin	6.6%	***7.5%***	-	0.9%
Ordinary profit	17,626	***19,500***	110.6%	1,874
Net Income for the Period	12,639	***13,000***	102.9%	361
Diviend per share	74yen	***74yen***	-	-
Capital investment	4,687	***6,650***	141.9%	1,963

Points

- 「Net sales and Operating profit」
  Net sales increased 5.8% year on year to 250 billion yen. Operating profit is expected to increase20.8% from the previous period to 18.8 billion yen.
- The annual dividend per share is expected to be 74 yen.
- The main breakdown of the approximately JPY 6.6 billion in capital expenditures is as follows
  ・Approximately JPY 5.2 billion will be allocated to renewing production equipment aimed at improving productivity, as well as measures to address the aging of buildings.
  ・Approximately JPY 1.4 billion will be allocated to system-related investments, including those aimed at promoting digital transformation (DX).

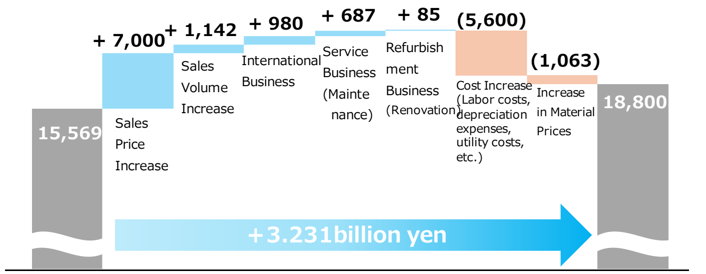
Revenue factors



Revenue is expected to increase by 13.718 billion yen.

The main drivers of revenue growth are increased sales volume and International business.

Operating profit factors



We expect an increase in operating profit of 3.231 billion yen

The main driver of the increase in profit is higher selling prices, while the main factor behind the decrease in profit is rising costs.

Status by Segment

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(Millions of yen)

<Net Sales>	Fiscal year ended March 31, 2026						Fiscal year ending March 31, 2027					
	1H results			Full-year results			1H forecast			Full-year forecast		
		Growth rate	Change		Growth rate	Change		Growth rate	Change		Growth rate	Change
Shutter Business	42,845	99.0%	(454)	94,193	101.1%	996	45,300	105.7%	2,455	99,300	105.4%	5,107
Construction Materials-related products Business	40,896	105.5%	2,121	93,511	103.9%	3,532	41,500	101.5%	604	97,600	104.4%	4,089
Service Business (※)	14,788	104.7%	663	32,596	105.2%	1,596	16,000	108.2%	1,212	35,300	108.3%	2,704
Refurbishment Business	2,990	106.2%	174	6,940	106.7%	433	3,200	107.0%	210	7,500	108.1%	560
Other Business (※)	3,755	114.4%	472	9,040	116.8%	1,303	4,000	106.5%	245	10,300	113.9%	1,260
Total	105,276	102.9%	2,978	236,282	103.4%	7,863	110,000	104.5%	4,724	250,000	105.8%	13,718

<Operating Profit>												
Shutter Business	3,185	92.3%	(264)	10,117	104.2%	411	3,200	100.5%	15	12,000	118.6%	1,883
Construction Materials-related products Business	462	173.4%	195	3,605	105.4%	185	480	103.9%	18	4,000	111.0%	395
Service Business (※)	2,331	100.7%	15	5,713	105.0%	269	2,450	105.1%	119	6,400	112.0%	687
Refurbishment Business	(45)	-	3	115	241.2%	67	△ 30	-	15	200	173.6%	85
Other Business (※)	578	110.9%	56	1,560	106.7%	98	600	103.6%	22	1,800	115.3%	240
Unallocated amount	2,648	101.4%	35	5,542	103.5%	189	2,700	101.9%	52	5,600	101.0%	58
Total	3,863	99.3%	(27)	15,569	105.7%	843	4,000	103.5%	137	18,800	120.8%	3,231

<Order backlog>												
Shutter Business	39,963	101.7%	664	40,458	110.3%	3,776	43,000	107.6%	3,037	42,000	103.8%	1,542
Construction Materials-related products Business	58,004	100.2%	133	56,004	108.0%	4,150	63,000	108.6%	4,996	60,000	107.1%	3,996
Service Business (※)	6,335	110.7%	613	5,203	114.7%	668	6,600	104.2%	265	5,400	103.8%	197
Refurbishment Business	1,826	100.3%	5	1,365	145.3%	425	3,000	164.3%	1,174	2,200	161.2%	835
Other Business (※)	6,280	133.6%	1,577	5,565	126.3%	1,160	7,400	117.8%	1,120	6,400	115.0%	835
Total	112,410	102.7%	2,995	108,597	110.3%	10,181	123,000	109.4%	10,590	116,000	106.8%	7,403

Point Order backlog increased 10.3% from the previous period

<Order amount>												
Shutter Business	46,127	96.3%	(1,773)	97,970	102.9%	2,789	47,841	103.7%	1,714	100,841	102.9%	2,871
Construction Materials-related products Business	47,046	96.3%	(1,820)	97,661	103.8%	3,606	48,495	103.1%	1,449	101,595	104.0%	3,934
Service Business (※)	16,589	105.3%	834	33,264	105.8%	1,822	17,396	104.9%	807	35,496	106.7%	2,232
Refurbishment Business	3,877	110.7%	375	7,366	116.7%	1,054	4,834	124.7%	957	8,334	113.1%	968
Other Business (※)	5,630	119.3%	909	10,201	114.9%	1,322	5,834	103.6%	204	11,134	109.1%	933
Total	119,270	98.8%	(1,475)	246,463	104.5%	10,596	124,402	104.3%	5,132	257,402	104.4%	10,939

Point Order backlog increased by 4.5% compared to the previous year

※Following a review of management classifications, the Service Business and Other Business figures have been restated

Regarding the progress of the medium-term management plan

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BX Group's Mission	Contributing to the development of society and the realization of people's happiness through diverse manufacturing and services that are friendly to people, society, and the environment.
BX Group's Ideal State	becoming a Comfortable **Environment Solutions Group** that provides customers with safety and peace of mind.

Medium-term Management Plan Themes : Aiming to Create Permanent Corporate Value

Priority measures in the Medium-term Management Plan

1. **Further promotion of capital cost management**
2. **Business strategies to improve profits**
3. **Financial strategies that balance business growth and shareholder returns**
4. **Strengthening management base in pursuit of sustainability**

Business Strategy : Factors Behind Changes in 'Revenue' and 'Operating Profit' (Results for the previous period)

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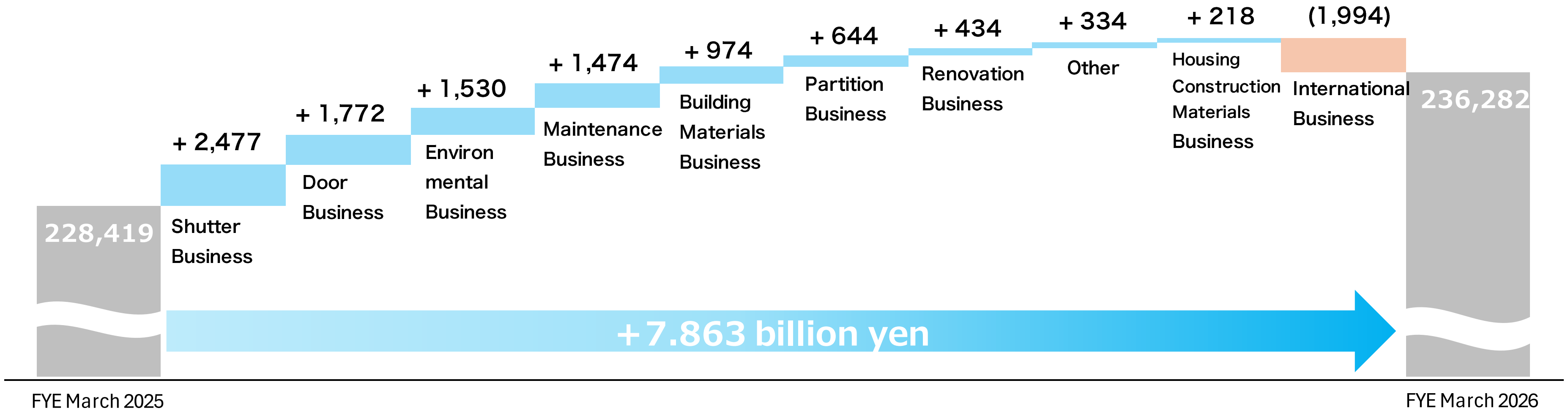
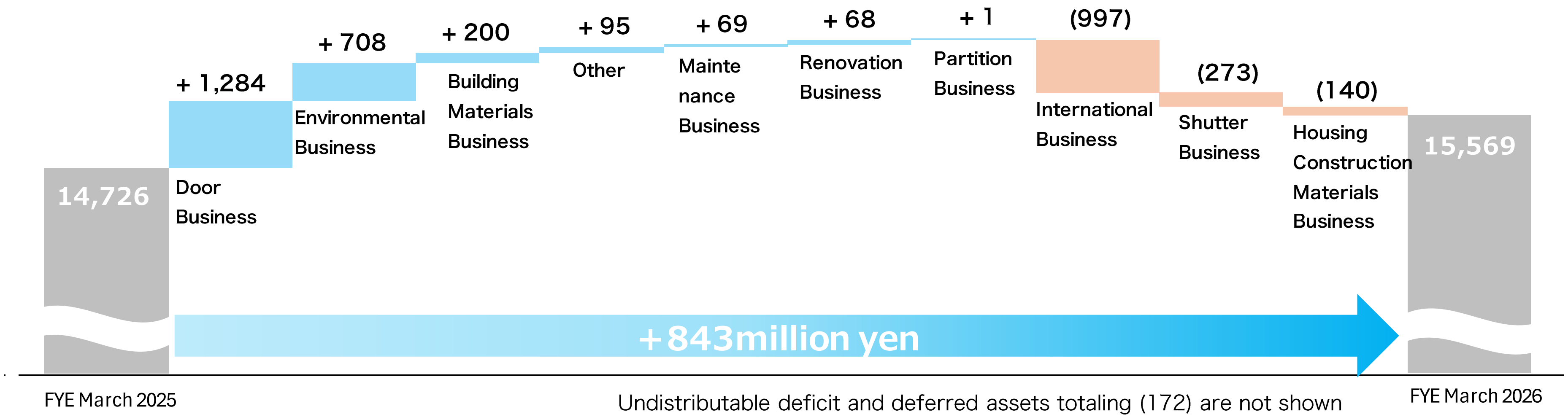
Net sales increased by 7.863 billion yen

(Millions of yen)



Operating profit increased by 843 million yen

(Millions of yen)



Undistributable deficit and deferred assets totaling (172) are not shown

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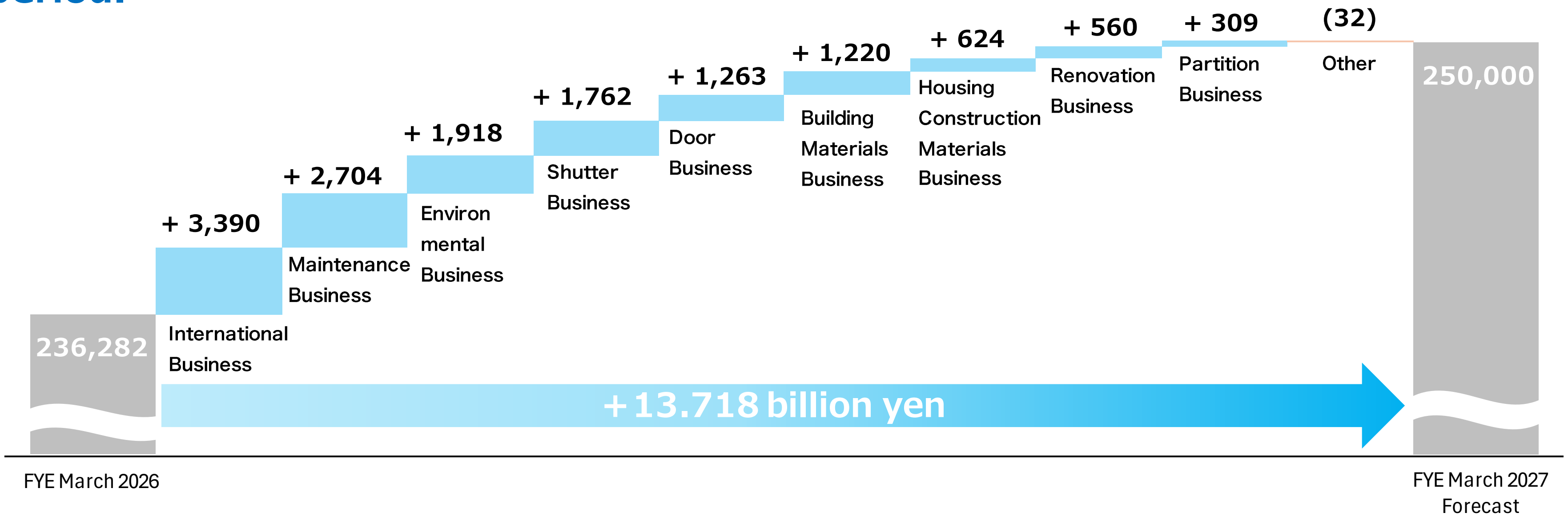
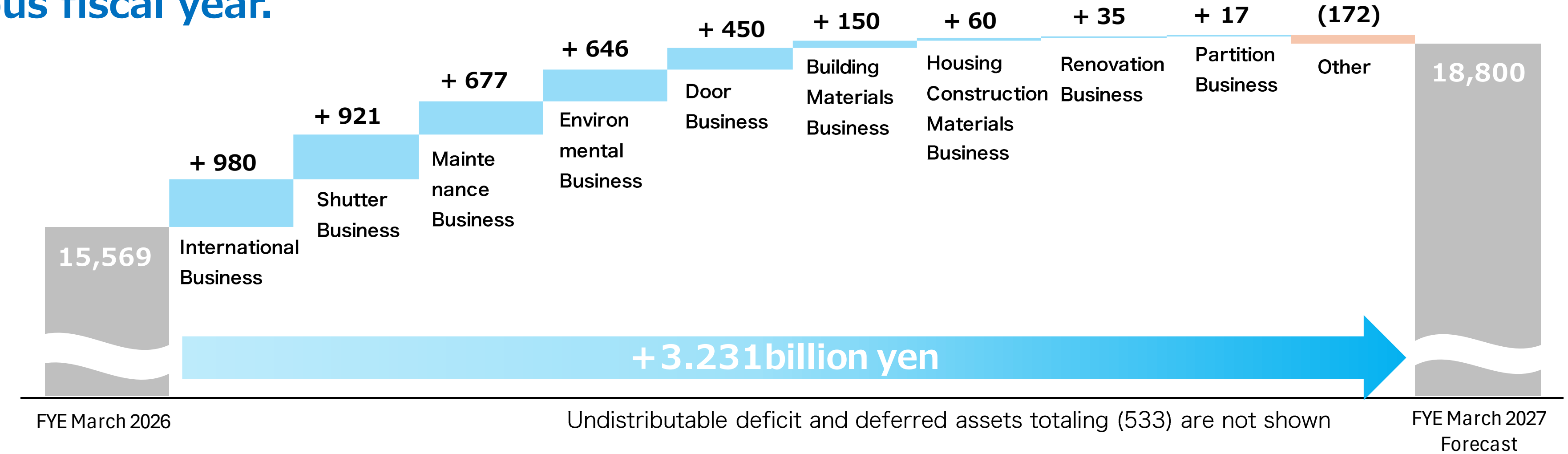
Net Sales are expected to increase by 13.718billion yen compared to the previous period.

(Millions of yen)



Operating profit is expected to increase by 3.231billion yen compared to the previous fiscal year.

(Millions of yen)



Undistributable deficit and deferred assets totaling (533) are not shown

Business Strategy : Core business 「Shutter Business」「Door Business」

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Shutter Business

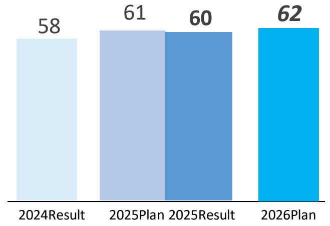
installed in factories and warehouses
"Heavy weight shutter"

Residential oversliding door
"Flamvesta"

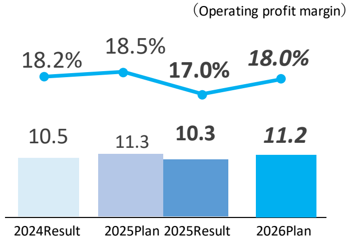
In fiscal year ending March 2026, sales increased 4.3% year-on-year to ¥60.3 billion (below plan), driven by strong performance in high value-added residential garage shutters. Operating profit, despite efforts to raise selling prices, declined 2.6% year-on-year to ¥10.25 billion (operating margin: 17.0%) (below plan), mainly due to a decrease in heavy weight shutters.

For the fiscal year ending March 2027, net sales are projected to rise 3.0% year-on-year to ¥62.1 billion, driven by increased orders for non-residential applications such as factories and warehouses, as well as expanded sales of high value-added products in the residential segment. Operating profit is planned to increase 9.0% year-on-year to ¥11.17 billion, with an operating margin of 18.0%.

Net Sales
(billions of yen)



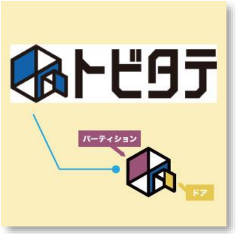
Operating Profit
(billions of yen)



Door Business

Steel door with an opening-assist Mechanism"Air balancer"

Entrance doors for senior housing door"Variface"

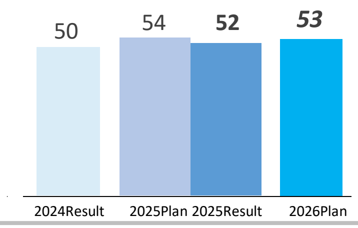


Brand of DP products"Tobitate"

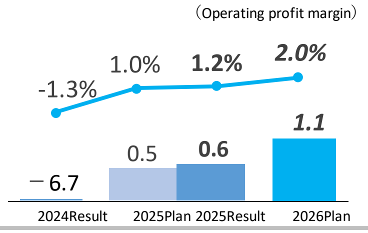
In the fiscal year ending March 2026, net sales increased by 3.5% year on year to ¥52.2 billion (below plan), driven by steady performance of the core steel door business. Operating profit turned positive to ¥620 million from a loss in the previous year, supported by price increases, achieving an operating margin of 1.2% (achieve the plan).

For the fiscal year ending March 2027, supported by a solid outlook for the non-residential market, the company plans to continue raising selling prices and implementing cost reductions across the group. As a result, net sales are projected to increase by 2.4% year on year to ¥53.4 billion. Operating profit is expected to rise by 72.7% to ¥1.07 billion, with an operating margin of 2.0%.

Net Sales
(billions of yen)



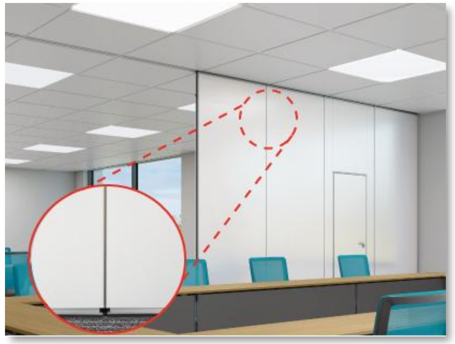
Operating Profit
(billions of yen)



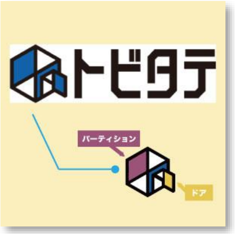
Business Strategy : Core business 「Partition Business」「Housing Construction Materials Business」

Partition Business

Partition systems for schools ”Prewall SAW”



Sliding wall “Sound-insulating edge-less type”

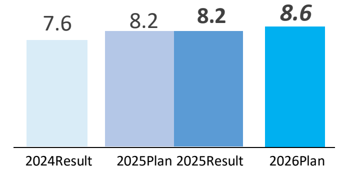


Brand of DP products“Tobitate”

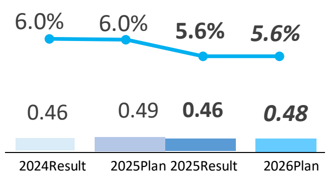
In the fiscal year ending March 2026, net sales increased by 8.5% year on year to ¥8.2 billion (achieve the plan), driven by steady performance of partitions for schools. Operating profit rose slightly by 0.2% to ¥460 million, with an operating margin of 5.6% (below plan).

For the fiscal year ending March 2027, supported by a favorable outlook for office buildings driven by redevelopment projects, the company plans to strengthen specification-in activities by leveraging the “Tobitate” brand. As a result, net sales are projected to increase by 3.7% year on year to ¥8.6 billion. Operating profit is also expected to rise by 3.7% to ¥480 million, maintaining an operating margin of 5.6%.

Net Sales
(billions of yen)



Operating Profit
(billions of yen)



Housing Construction Materials Business

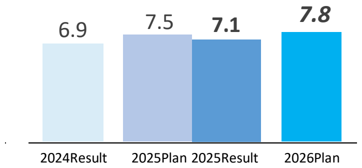
Outdoor steel staircase corridor unit “Danjyuro Ⅱ”

Residential interior Staircase "BX Modern Stairs"

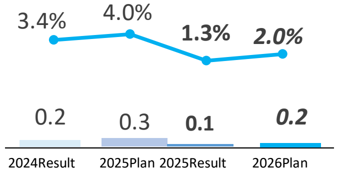
In the fiscal year ending March 2026, while residential indoor staircases performed well, other products remained sluggish. As a result, net sales increased by 3.1% year on year to ¥7.1 billion (below plan). Operating profit declined by 59.6% to ¥90 million, with an operating margin of 1.3% (below plan).

For the fiscal year ending March 2027, supported by a projected increase in housing starts, the company plans to expand sales of residential indoor staircases and raise selling prices. As a result, net sales are expected to increase by 8.7% year on year to ¥7.7 billion. Operating profit is projected to reach ¥160 million, with an operating margin of 2.0%.

Net Sales
(billions of yen)



Operating Profit
(billions of yen)



Business Strategy： Focus business「Environmental business」「International business」

BX GROUP

Environmental Business

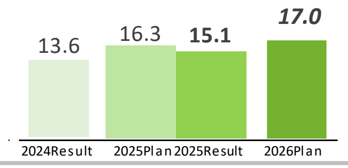
Heat Shielding Sheet for Indoor Use
“Harucool”

Buoyancy Water Barrier
“Aquafloat”

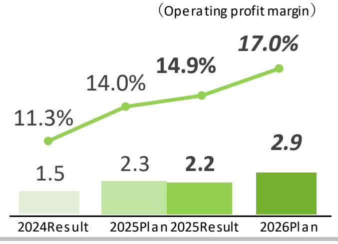
In the fiscal year ending March 2026, net sales increased by 11.3% year on year to ¥15.1 billion (below plan), driven by strong performance of heat-shielding sheet for Indoor use “Harucool” and the high-speed sheet shutter “Daimajin.” Operating profit rose by 46.1% to ¥2.24 billion, with an operating margin of 14.9% (below plan).

For the fiscal year ending March 2027, the company will continue to focus on expanding sales of products addressing heatstroke prevention and flood control in response to climate change. As a result, net sales are projected to increase by 24.8% year on year to ¥18.8 billion. Operating profit is expected to rise by 42.6% to ¥3.19 billion, with an operating margin of 17.0%.

Net Sales
(billions of yen)



Operating Profit
(billions of yen)



International Business

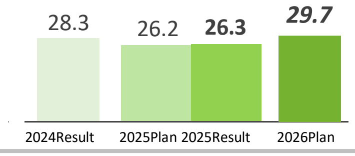
Residential Garage Doors
(BX BUNKA AUSTRALIA)

Residential Garage Doors
(BX BUNKA NEW ZEA LAND)

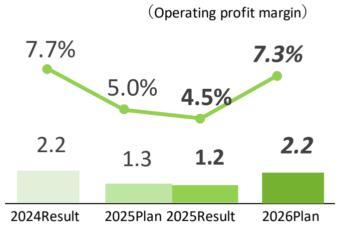
In the fiscal year ending March 2026, the number of projects declined due to a slowdown in the construction markets in Australia and New Zealand. As a result, net sales decreased by 7.1% year on year to ¥26.3 billion (achieve the plan). Operating profit fell by 46% to ¥1.2 billion, with an operating margin of 4.5% (below plan).

For the fiscal year ending March 2027, while the commercial segment in the Australian market is expected to remain challenging, the company anticipates a recovery in the residential segment in Australia and the overall market in New Zealand. By further promoting selling price increases, net sales are projected to rise by 12.9% year on year to ¥29.7 billion. Operating profit is expected to reach ¥2.15 billion, with an operating margin of 7.3%.

Net Sales
(billions of yen)



Operating Profit
(billions of yen)



Business Strategy： Focus business「Maintenance Business 」「Building Materials Business」「Renovation Business」

BX GROUP

Maintenance Business

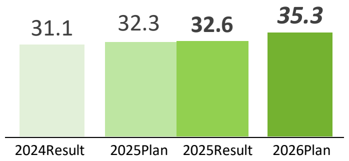
Shutter repair work

Statutory inspection of fire shutters

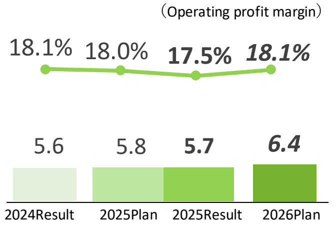
In the fiscal year ending March 2026, net sales increased 4.7% year-on-year to ¥32.6 billion (achieve the plan), driven by steady growth in repair services. Operating profit rose 1.2% year-on-year to ¥5.7 billion (operating margin: 17.5%), but fell short of the plan.

For the fiscal year ending March 2027, net sales are projected to increase 8.3% year-on-year to ¥35.3 billion, supported by steady order conditions. Operating profit is planned to rise 11.9% year-on-year to ¥6.38 billion, with an operating margin of 18.1%.

Net Sales (billions of yen)



Operating Profit (billions of yen)



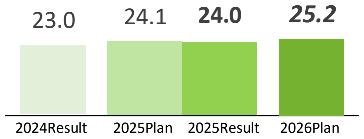
Building Materials Business

Office (left) utilizing architectural metal fittings

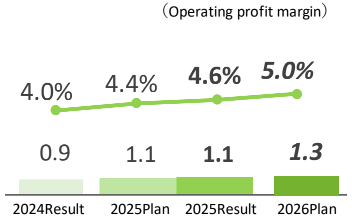
In the fiscal year ending March 2026, net sales increased 4.2% year-on-year to ¥24.0 billion (achieve the plan), driven by expanded orders for architectural hardware for wooden buildings. Operating profit rose 21.9% year-on-year to ¥1.1 billion (operating margin: 4.6%), also achieving the plan.

For FY ending March 2027, sales are expected to rise 5.1% YoY to ¥25.2 billion, with operating profit up 13.5% to ¥1.26 billion (margin: 5.0%), driven by continued sales growth and productivity improvements.

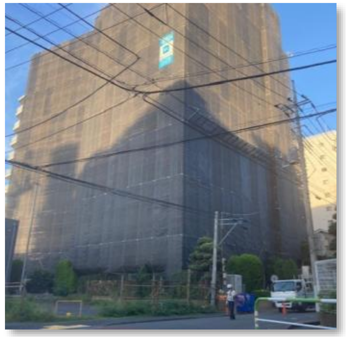
Net Sales (billions of yen)



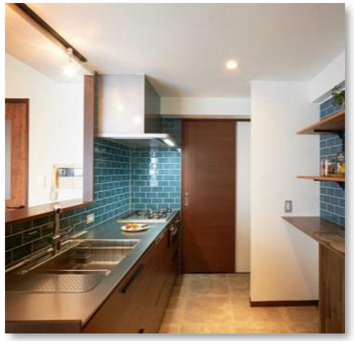
Operating Profit (billions of yen)



Renovation Business



A condominium undergoing large-scale renovation and seismic retrofitting

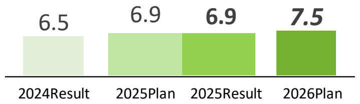


Kitchen renovation (Housing Renovation)

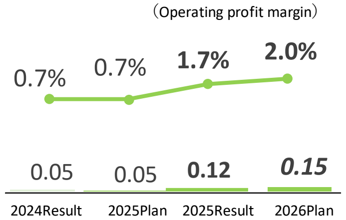
In fiscal year ending March 2026, supported by the steady progress of the building renovation business, net sales increased 6.7% year-on-year to ¥6.9 billion (achieve the plan). Operating profit rose 144.7% year-on-year to ¥110 million (operating margin: 1.7%), also achieving the plan.

For FY ending March 2027, sales are projected to rise 8.1% YoY to ¥7.5 billion and operating profit 30.4% to ¥150 million (margin: 2.0%), driven by B2B expansion and stronger partnerships in the housing renovation business.

Net Sales (billions of yen)



Operating Profit (billions of yen)



Financial Strategy： Capital cost

BX GROUP

A target payout ratio of 40%

In the fiscal year ended March 2026, 41.3% was achieved.
For the fiscal year ending March 2027, **40.0%** is projected.

Dividend per share

For the fiscal year ended March 2026, the annual dividend was ¥74 per share.
For the fiscal year ending March 2027, an annual dividend of **¥74** per share is projected.

Purchase of treasury stock

Approximately **¥2.0 billion** (810 thousand shares) was acquired in August of the fiscal year ended March 2026.

Shareholder benefit program

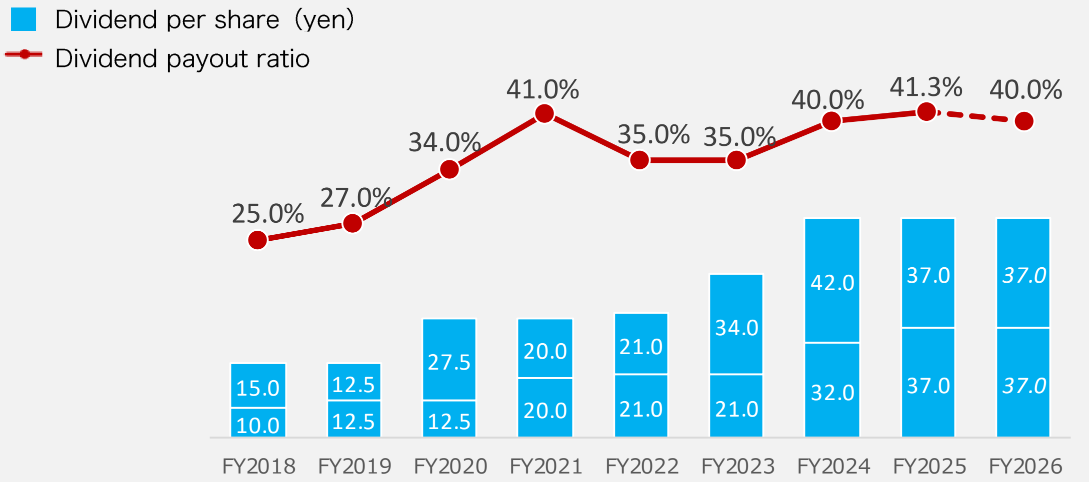
As of March 31, 2026, the Company introduced **a shareholder benefit program** for shareholders holding 100 or more shares of the Company's stock.

an original QUO card featuring our corporate character "Boosha"

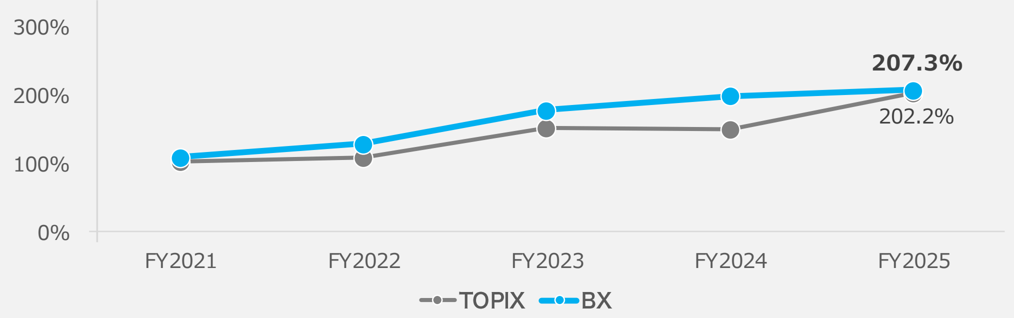
Total shareholder return (TSR)

Total shareholder return (TSR) over the past five years was **207.3%**, outperforming the dividend-inclusive TOPIX return of 202.2%.

Dividend per share and dividend payout ratio



Five-year total shareholder return (TSR) trend



Cost of capital practice : Management indicators

BX GROUP

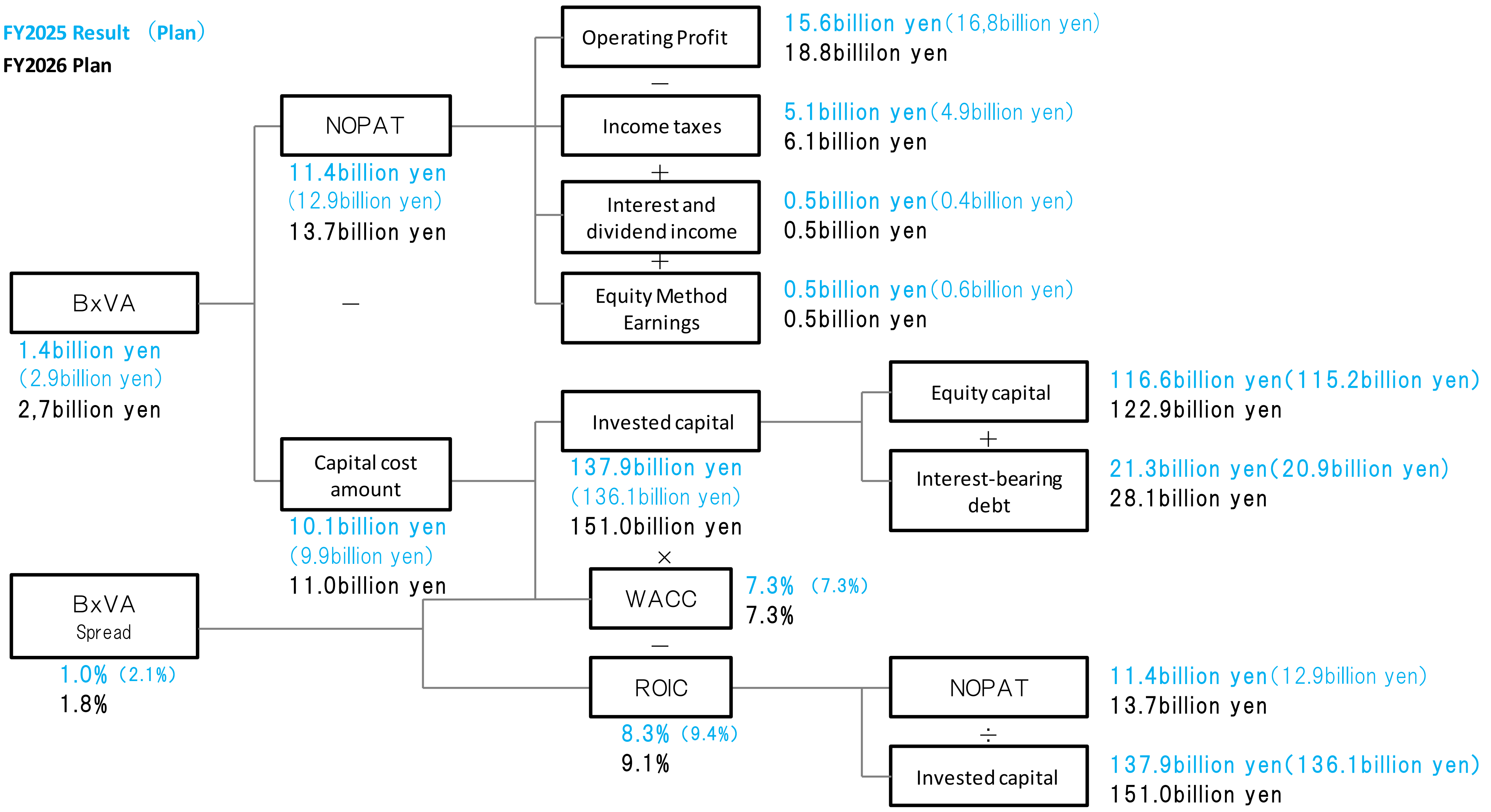
In addition to sustainable growth in sales and operating profit, we will also pursue capital efficiency. For the fiscal year ending March 2027, we aim for a ROE of 11.0% and a ROIC of 9.1%, with a BxVA spread of 1.8% against a WACC of 7.3%.

	Key management indicators in the MTP	FY2024 Result	FY2025 Plan	FY2025 Result	FY2026 Plan
	Net sales	228.4 billion yen	240 billion yen	236.2billion yen	250 billion yen
Profitability	Operating profit	14.7 billion yen	16.8 billion yen	15.5billion yen	18.8 billion yen
	Operating profit margin	6.4%	7.0%	6.6%	7.5%
Capital efficiency	ROA	6.4%	5.5%	6.2%	5.6%
	ROIC	7.9%	9.4%	8.3%	9.1%
	ROE	12.1%	10.0%	10.8%	11.0%
	BxVA	0.7 billion yen	2.9 billion yen	1.4 billion yen	2.7 billion yen
	BxVA spread (ROIC-WACC)	0.6%	2.1%	1.0%	1.8%
Financial soundness	DE ratio	0.19	0.17	0.18	0.28
	Equity ratio	55.3%	55.6%	58.3%	49.6%

※ BxVA (acronym for Bx Value Added): Represents value added to invested capital

Cost of capital practice : BxVA Tree Diagram

BX GROUP



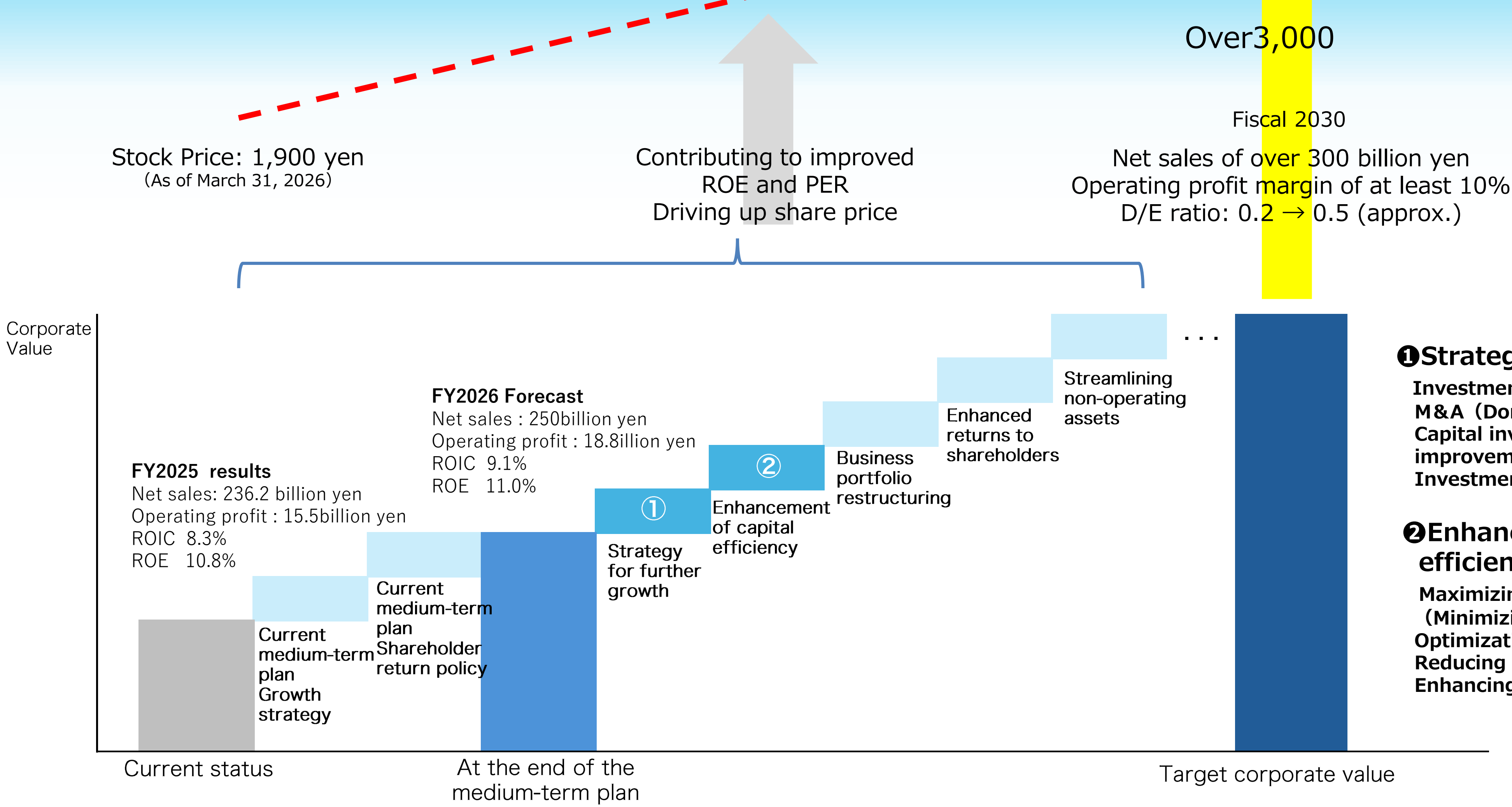
Business strategy with an eye towards 2030 :
Business strategies to improve corporate value 「Over,3000」

BX GROUP

Toward Enhancing CorporateValue Over3,000

Pursuing Continuous Evolution as a Comfort Environment Solutions Group

Continuing from our current medium-term plan, we will deploy corporate value enhancement initiatives to achieve sales of over 300 billion yen and a share price of over 3,000 yen per share by FY2030.



❶Strategy for further growth

- Investment in new product development
- M&A（Domestic and overseas）
- Capital investment（Productivity improvement）
- Investment in human resources etc

❷Enhancement of capital efficiency

- Maximizing corporate value （Minimizing WACC）
- Optimization of financial risk
- Reducing cost of capital
- Enhancing ROE and ROIC etc

Topics

New Products, etc.

BX GROUP

New Products

Calm Slider 「Outdoor Fire Protection Equipment Type」 (November 2025)

Sliding Door with Automatic Closing Device, Conforming to the "Illustrative Specification" for Preventing Fire Spread at Exterior Wall Sections

Residential Awning 「El Patio Plus Solar」 (January 2026)

A solar-powered electric awning (manufactured by BX Templ) that automatically opens and closes, equipped with a solar battery unit.

Heat-Resistant Door 「Coolkeeper "Tousenbou"」 (January 2026)

Designed for openings with temperature differences in frozen and refrigerated warehouses and food processing plants, this product supports proper temperature control inside the facility.

Adds "Security & Peace of Mind" Features to IoT-Enabled Motorized Shutters (February 2026)

Adds a feature that sends smartphone notifications for abnormal opening attempts caused by forced entry and for doors left unclosed.

Award

The "No-Flame Construction Method" for Heavy-Duty Shutters Wins Two Awards

- Received the "Encouragement Award" at the Disaster Prevention & Mitigation × Sustainability Awards 2026. (February 2026)
- Received the "Excellence Award" at the Japan Resilience Award 2026. (April 2026)

An installation image of a heavy-duty shutter subject to the 'no open flame construction method.

Initiative

Obtained the "Kurumin Certification awarded by the Ministry of Health, Labour and Welfare to companies recognized as supporting child-rearing. (February 2026)

First-time recipient of the '2026 Health & Productivity Management Outstanding Organization' certification, jointly awarded by the Ministry of Economy, Trade and Industry and the Japan Health Council.

(March 2026)

BX GROUP

Reference Materials

Overview of the Bunka Shutter Group

BX GROUP

■ Corporate Creed : Honesty、Effort、Service

■ Management Philosophy :
We always act from the customer's perspective.
We contribute to social development with excellent quality.
We advance everyday by valuing our activeness and harmony.

■ Overview : Bunka Shutter Co., Ltd. and 27 consolidated subsidiaries (as of April 2026)

■ Businesses : Shutter Business, Door Business, Partition Business, Housing Construction Materials Business, Environmental Business, International Business, Maintenance Business, Building Materials Business, Renovation Business

■ Sites : 316 sales offices, 138 service centers, 35 factories (as of April 2026)

■ Number of Employees : 5,546 (as of March 2026)

[Bunka Shutter Co., Ltd. (Non-consolidated)]
Representative : Hiroyuki Ogura, President, Representative Director & CEO
Established : April 18, 1955
Capital : 15,051,000,000 yen
Head Office : 1 -17 -3 Nishikata, Bunkyo-ku, Tokyo

Business composition of the Bunka Shutter Group

BX GROUP

Shutter Business

- **BX Shinsei Seiki Co., Ltd.**
  Manufacture and sale of electric switches
- **BX Okinawa Bunka Shutter Co., Ltd.**
  Manufacture and sale of shutters

Environmental Business

- **BX Tenpal Co., Ltd.**
  Manufacture and sale of awnings
- **ECOWOOD Co., Ltd.**
  Manufacture and sale of environmentally-friendly construction materials (recycled composite materials)

Door Business、Partition Business

- **BX Rootes Co., Ltd.**
  Manufacture of doors and partitions
- **BX Koun Co., Ltd.**
  Manufacture and sale of stainless steel construction materials
- **BX TR Co., Ltd.**
  Manufacture of doors and partitions
- **BX Asahi Kenzai Co., Ltd.**
  Manufacture of doors and partitions
- **Fujisash Group** (※)
  Manufacture and sale of building sashes and other products

Building Materials Business

- **BX Kaneshin Co., Ltd.**
  Manufacture and sale of construction hardware
- **BX Nishiyama Tetsumou Co., Ltd.**
  Manufacture and sale of building materials

Maintenance Business

- **Bunka Shutter Service Co., Ltd.**
  Repair and inspection of shutters and doors

Renovation Business

- **BX Yutori Form Co., Ltd.**
  Design, construction and contracting for residential property refurbishment

Other Business

- **BX Aiwa Insurance Service Co., Ltd.**
  Non-life insurance agency business
- **BX Tosho Co., Ltd.**
  Architectural structure design

International Business

<OCEANIA･AUSTRALIA>

- **BX BUNKA AUSTRALIA PTY LTD**(8 operating companies)
  Manufacture, sales, installation and after-sales maintenance of garage doors and shutters

<OCEANIA･NEWZEALAND>

- **BX BUNKA NEW ZEALAND LIMITED**(4 operating companies)
  Manufacture, sales of garage doors and shutters

<ASEAN・VIETNAM>

- **BX BUNKA VIETNAM Co.,Ltd.**
  Manufacture and sale of shutters, doors, and awnings
- **EUROWINDOW.,JSC** (※)
  Manufacture and sale of resin and aluminum sashes

※ Affiliates accounted for by the equity method

Consolidated Balance Sheet

(Millions of yen、%)

	As of March 31, 2025	Percentage	As of March 31, 2026	Percentage	Change	Change from end of previous fiscal year
Current assets	**117,344**	**57.2**	**115,534**	**56.2**	**(1,810)**	**98.5**
Cash and deposits	40,109	19.5	37,200	18.1	(2,909)	92.7
Notes and accounts receivable-trade, and contract assets	54,919	26.8	54,798	26.7	(121)	99.8
Inventories	19,654	9.6	20,605	10.0	951	104.8
Other	2,662	1.3	2,931	1.4	269	110.1
Non-current assets	**87,638**	**42.8**	**90,117**	**43.8**	**2,479**	**102.8**
Land	13,506	6.6	13,509	6.6	3	100.0
Investment securities	19,269	9.4	22,103	10.7	2,834	114.7
Other investments and assets	2,633	1.3	2,615	1.3	(18)	99.3
Other	52,230	25.5	51,890	25.2	(340)	99.3
Total assets	**204,982**	**100.0**	**205,651**	**100.0**	**669**	**100.3**
Current liabilities	**55,554**	**27.1**	**49,819**	**24.2**	**(5,735)**	**89.7**
Notes and accounts payable-trade	27,597	13.5	20,150	9.8	(7,447)	73.0
Short-term borrowings	2,081	1.0	2,040	1.0	(41)	98.0
Other	25,876	12.6	27,629	13.4	1,753	106.8
Non-current liabilities	**35,977**	**17.6**	**35,822**	**17.4**	**(155)**	**99.6**
Bonds payable	10,000	4.9	10,000	4.8	-	100.0
Long-term borrowings	2,440	1.2	1,600	0.8	(840)	65.6
Retirement benefit liability	15,409	7.5	15,553	7.6	144	100.9
Other	8,128	4.0	8,669	4.2	541	106.7
Total liabilities	**91,532**	**44.7**	**85,642**	**41.6**	**(5,890)**	**93.6**
Total net assets	**113,450**	**55.3**	**120,009**	**58.4**	**6,559**	**105.8**
Total liabilities and net assets	**204,982**	**100.0**	**205,651**	**100.0**	**669**	**100.3**

	As of March 31, 2025	As of March 31, 2026
Net assets per share	1,592.13yen	1,703.84yen
Fiscal year-end stock price	1,878yen	1,900yen
Price to book ratio (PBR)	1.18	1.12

Consolidated Statement of Cash Flows

BX GROUP

(Millions of yen)

	Fiscal year ended March 31,2025	Fiscal year ended March 31,2026	Change
1. Cash flows from operating activities	**10,975**	**10,011**	**(964)**
Net income before income taxes for the current period	18,643	17,771	(872)
Depreciation	5,338	5,465	127
Decrease (increase) in trade receivables and contract assets	2,721	309	(2,412)
Increase (decrease) in trade payables	(9,738)	(7,274)	2,464
Decrease (increase) in inventories	283	(832)	(1,115)
Income tax paid	(6,920)	(6,267)	653
Other	648	839	191
2. Cash flows from investing activities	**(3,745)**	**(3,164)**	**581**
Proceeds from sale of investment securities	1,699	187	(1,512)
Purchase of investment securities	(23)	(26)	(3)
Proceeds from sale of property, plant and equipment	103	218	115
Purchase of property, plant and equipment	(4,806)	(3,213)	1,593
Purchase of intangible assets	(541)	(248)	293
Other	(177)	(82)	95
3. Free cash flow	**7,230**	**6,847**	**(383)**
4. Cash flows from financing activities	**(6,795)**	**(9,896)**	**(3,101)**
Net increase (decrease) in short-term borrowings	(140)	(12)	128
Repayments of long-term borrowings	(868)	(869)	(1)
Payments for purchase of treasury stock	(0)	(2,006)	(2,006)
Dividends paid	(4,710)	(5,602)	(892)
Other	(1,077)	(1,407)	(330)
5. Net increase (decrease) in cash and cash equivalents	**543**	**(2,988)**	**(3,531)**
6. Cash and cash equivalents at beginning of period	**39,149**	**39,693**	**544**
7. Cash and cash equivalents at end of period	**39,693**	**36,704**	**(2,989)**

Financial Strategy, Investment Plan, Shareholder Returns

We will undertake capital and strategic investments to respond to changes in the business environment over the medium to long term, while expanding shareholder returns.

In addition to growth in operating profit, the Company will increase ROE and ROIC to improve return on capital and generate the cash flow necessary for growth.

Furthermore, debt financing will be implemented in accordance with the optimal capital structure policy.

Cash inflows (2024-2026)	Cash outflows (2024-2026)	
Operating CF Debt utilization Asset compression, etc. 65 - 70 billion yen	Capital investment 25 - 30 billion yen	**■Capital investment** • Create products and services that support a comfortable environment • Take measures against deterioration of plant assets supporting permanent growth • Strengthen investment management by clarifying investment and exit criteria
	Strategic investment 10 - 15 billion yen	**■Strategic investment** • M&A investments for business growth • R&D investment for the next generation
	Shareholder return	**■Shareholder return** • Implement dividend payout with a ratio targeting 40% • Acquire 2.0 billion yen of treasury stock (fiscal year ending March 2026)
	Funds required for business	• 2 months' worth of monthly sales

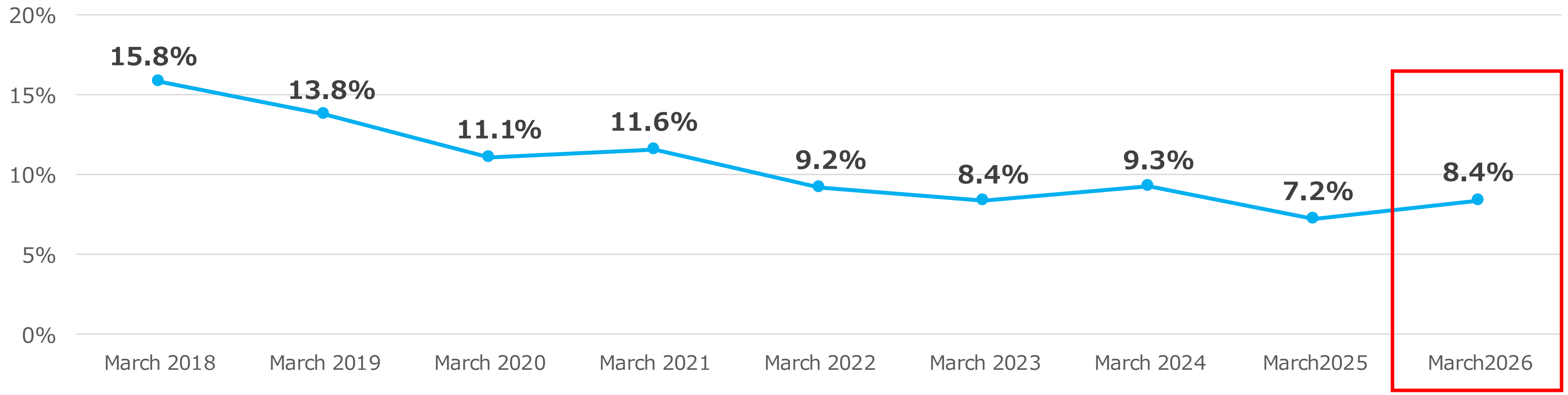
Cross-Shareholdings

The cross shareholdings held by the Company are stocks that are already held as medium- to long-term investments. Every year, the Company verifies whether dividends and relevant profit from relevant trades keep pace with the capital cost of the Company on an individual stock basis, and making reference to the verification result, decides the appropriateness of the cross shareholding. If the reasonableness or necessity of the holding has lessened, the sale of the stock is considered in order to reduce the holding.

The ratio of cross-shareholdings to consolidated net assets decreased from 15.8% March 2018 to 8.4% March 2026.

The exercise of voting rights related to cross-held shares is determined appropriately for each agenda item by considering the cross shareholding company’s business condition from the viewpoint of improving its corporate value in the medium to long term, as well as the viewpoint of whether it contributes to increasing the corporate value of the Company.
Even if the cross-shareholding company intends to sell shares in the Company’s stock, the Company shall not thwart the holder’s attempt but fully verify the economic rationality of continuing transactions with the holder and respond to it from the perspective of the common interests of all shareholders.

Trends in the net asset ratio of cross-shareholdings



Business Strategy: Overview of Overseas Business Performance (Local Accounting Standards)

BX GROUP

【円換算】 (Millions of yen)

	(2025.1～2025.12)			(2026.1～2026.12)		
	Result	Profit rate	Compared to previous period	Plan	Profit rate	Compared to previous period
Net Sales	26,260	-	92.9%	29,650	-	12.9%
BXAU(※1)	22,039	-	92.5%	24,700	-	12.1%
BXNZ(※2)	2,855	-	95.7%	3,350	-	17.3%
BXVN(※3)	1,366	-	94.4%	1,600	-	17.1%
Operating Profit(※4)	1,170	4.5%	54.0%	2,150	7.3%	83.7%
BXAU	802	3.6%	49.6%	1,500	6.1%	87.1%
BXNZ	389	13.6%	77.6%	600	17.9%	54.4%
BXVN	(20)	-	-	50	3.1%	-

【現地通貨】 (thusands of AU＄、thusands of NZ＄、Millions of VND)

	(2025.1～2025.12)				(2026.1.～2026.12)			
	Result		Profit rate	Compared to previous period	Plan		Profit rate	Compared to previous period
Net Sales								
BXAU	$	228,403	-	95.8%	$	247,000	-	108.1%
BXNZ	$	32,802	-	100.8%	$	37,565	-	114.5%
BXVN	VND	236,776	-	98.8%	VND	280,210	-	118.3%
Operating Profit(※4)								
BXAU	$	8,308	3.6%	51.4%	$	15,000	6.1%	180.5%
BXNZ	$	4,466	13.6%	81.8%	$	6,738	17.9%	150.9%
BXVN	VND	(3,475)	-	-	VND	8,757	3.1%	-

※1 BX BUNKA AUSTRALIA
※2 BX BUNKA NEW ZEALAND
※3 BX BUNKA VIETNAM's sales were calculated based on local accounting standards.
※4 Operating profit is calculated based on local accounting standards (excluding amortization of goodwill).

exchange rate(※5)	FY2025 (Fiscal Year Ended December 31, 2025)	FY2026 (Fiscal Year Ended December 31, 2026)
円/AU＄	96.49	100.00
円/NZ＄	87.03	89.00
円/千VND	5.77	5.71

※5 Exchange rates are based on the average rate during the period

Strengthening the Management Base : Responding to Sustainability

BX GROUP

- BX Group aims to become a "comfortable environment solutions group“, We strive to pursue sustainability.
- By addressing the key themes of "climate change," "human capital," and "human rights", by reducing management risk, we will be able to lower capital costs, leading to sustainable growth and increased corporate value in the medium to long term.

important themes	FY2025 results and initiatives	FY2026 Goals and KPIs
Responding to climate change	**・Reduction of CO_2 emissions** **: 【Scope1,2】25.6% reduction** (vs. FY2019) **・Strengthening and Expansion of the Environmental Business (Eco & Disaster Prevention Business)** **: Net sales increased by 11.3% year on year, while operating profit rose by 46.3%.** **・Ratio of environmentally friendly products in new product development themes: 59%**	・CO_2 emissions reduction 【Scope1,2】29.4%reduction (vs. FY2019) 【Scope3】procurement･logistics : 17.5% reduction (vs. FY2019) ・Strengthening and Expansion of the Environmental Business (Eco & Disaster Prevention Business) ・The ratio of eco-friendly products, which is a new product development theme : 50%
Enhancing human capital	**・Employment rate of disabled persons : 2.7%** (non-consolidated) **・Ratio of female managers : 4.27%** (non-consolidated)	・Employment rate of disabled persons : 2.7% (non-consolidated) ・Ratio of female managers : 8.2% (non-consolidated)
respect for human rights	**・Implementing human rights due diligence**	・Conducting human rights investigations of partner companies 、construction companies Instalation company, etc

Market environment

BX GROUP

< Domestic>

	Fiscal year ended March 2026		Fiscal year ending March 2027		
	estimate	growth rate	**outlook**	**growth rate**	
Private sector capital investment (trillion yen)	**106.6** ※3	101.9%	**108.3**	101.6%	(※1)
Construction investment (trillion yen)	**37.8** ※3	103.1%	**38.8**	102.8%	(※2)
Floor area of non-residential construction starts in the private sector (10,000 square meters)	**3,246**	93.4%	**3,375**	101.3%	(※2)
Number of new housing starts (10,000 units)	**71.1**	87.1%	**76.3**	108.1%	(※1)

※1 The average of estimates from various think tanks

※2 Forecast from the Construction Economy Research Institute published in April 2026

※3 The figures for the fiscal year ending March 2026 are forecasts.

	FYE March of 2025	FYE March of 2026
Residential	41.3%	40.5%
Non-residential	58.7%	59.5%

Group sales ratio

<Overseas>

		Fiscal year ended March 2026		Fiscal year ending March 2027		
		estimate	growth rate	**outlook**	**growth rate**	
AUSTRALIA	**Private housing investment** (million Australian dollars)	**145,787**	106.0%	**148,703**	102.0%	(※4)
AUSTRALIA	**Private business investment** (million Australian dollars)	**325,141**	101.8%	**327,742**	100.8%	(※4)
NEW ZEALAND	**Number of approved building permits for detached houses** (units)	**15,570**	99.8%	**16,100**	102.1%	(※5)
NEW ZEALAND	**Private business investment** (million New Zealand dollars)	**12,400**	102.5%	**12,200**	98.4%	(※5)
VIETNAM	**GDP** (10 billion Vietnamese dong)	**124,335**	108.0%	**133,162**	107.1%	(※6)

※4 Sources: Australian Bureau of Statistics (May 2025); Reserve Bank of Australia (February 2025)

※5 Source: Department of Industry, Science and Resources (December 2025)

※6 Sources: General Statistics Office of Vietnam (January 2026); IMF (September 2025)

Points

- ◆Although the outlook remains uncertain due to factors such as the ongoing instability in the Middle East and U.S. tariff policies, in fiscal 2026 Japan's economy is expected to continue its recovery, driven by private consumption and capital investment, amid improvements in corporate earnings as well as in employment and income conditions.
- ◆Private-sector capital investment for the fiscal year ending March 2027 is projected to grow by 1.6% (to 101.6% of the previous year), as companies are expected to maintain an active investment stance, with continued spending on labor-saving investments, AI and digital transformation (DX), as well as decarbonization-related initiatives.

Points

- ◆Australia: While uncertainty is expected to persist due to weakening investment appetite resulting from rising policy interest rates and labor shortages in the construction market, private housing investment and corporate capital expenditure are projected to remain firm.
- ◆In New Zealand, although policy interest rates were gradually reduced in 2025, this did not lead to an uplift in the housing market, which remained sluggish. A recovery is expected in fiscal 2026.
- ◆Construction investment in Vietnam is expected to remain firm, supported by increasing capital expenditure by domestic companies as well as rising foreign investment from countries such as China.

Background to the Introduction of the Policy for Responding to Large-Scale Acquisition Actions

BX GROUP

The Company introduced the policy effective September 3, 2025, in response to Dalton and others' increased purchases of the Company's shares.

- As of June 10, Dalton and others owned 19.69% of the Company's shares, and immediately prior to the introduction of the response policy, requested that arrangements be made to ensure that additional share certificates, etc. be made available for purchases going forward without indicating their objective (As of April 8, 2026, we hold a 20.55% stake.)

- While purchasing the Company's shares, Dalton and others have simultaneously been repeatedly proposing the privatization through an MBO with Dalton as an investment party and that Dalton-affiliated persons be invited to join the Company's Board of Directors. And on April 14, 2026, the Company received a shareholder proposal concerning the election of two outside directors who are related parties of Darlington and others.

- Based on our discussions with Dalton and others and on other Dalton investments, we see the possibility of a conflict of interest arising between Dalton and others and general shareholders.

- The purpose of the response policy is to ensure that shareholders have the time and information to make an appropriate decision from the perspective of enhancing corporate value regarding Dalton and others' additional purchases, with the intention of maximizing the Company's corporate value and the common interests of shareholders over the medium to long term.

History of Discussions with Dalton and Others

BX GROUP

Date		Event
2023	October	Dalton and others file substantial shareholding report (5.03% ownership percentage)
2024	June	Dalton and others quickly make large additional purchases off market, acquiring the equivalent of roughly 4.68% of the Company's shares during that month alone
2025	January 29	**Receive proposal** from Dalton and others **to take the Company private via an MBO in partnership with the Dalton group**
	February 17	In meeting with Dalton and others, we are **introduced to private equity fund partnering with Dalton for MBO and thereby learn that the Company is being requested to consider specific items** (Dalton has made additional purchases of the Company's shares on every day from the first business day of 2025 until the business day before the meeting)
	May 20	In meeting with Dalton and others, we receive **proposal that Mr. Rosenwald and other Dalton-affiliated persons be named outside directors of the Company**
	June 17	Dalton and others file amendment report (19.69% ownership percentage)
	August 22	Send written request to Dalton and others to refrain from acquiring 21% or more of the Company's shares on a voting rights basis given the possibility of a conflict of interest arising with general shareholders
	August 27	In meeting with Dalton and others, despite having requested that they refrain from purchasing additional Company shares, **learn that their shareholding is already 21.1% and the Company's request cannot be met**
	September 3	Company introduces the response policy
	September 11	Dalton posts statement regarding Company's response policy that contains **unilateral and arbitrary assertions** on its website
	September 22	Company releases its views on Dalton's statement and points out that statement contains multiple factual errors, etc.
2026	April 8	Dalton and others filed an amendment report (holding ratio: 20.55%、21.01% on a voting rights basis).
	April 14	We have received a shareholder proposal from Dalton and its affiliates to appoint two of their officers/employees as directors of the Company.
	April 22	For the purpose of obtaining information necessary to assess Dalton's shareholder proposal from the perspective of enhancing corporate value and securing the common interests of shareholders, the Company sent a written inquiry.
	April 28	In response to the questionnaire, Dalton and others provided the following answers: (i) While denying any current intention to acquire or dispose of the Company's shares, etc., they also stated that they refuse to submit a written pledge not to make any additional acquisitions of the Company's shares; (ii) They stated that their holding of the Company's shares has no direct relation to the enhancement of the Company's corporate value or the common interests of shareholders, and that improving the Company's medium- to long-term corporate value and the common interests of shareholders is the responsibility of the Company's management; and (iii) They stated that the purpose of their past proposals to the Company regarding the implementation of an MBO and the dispatch of outside directors is as set forth in the statements publicly released by them in September of last year and in December of last year addressed to the boards of directors of their portfolio companies.
	May 1、7	We conducted interviews with the two candidates nominated under the shareholder proposal by Dalton, Mr. Nishida and Mr. Mizuochi (officers and employees of Dalton and its affiliates), as part of the deliberations of our Nomination and Compensation Committee.
	May 14	The Company announced the opinion of its Board of Directors, which resolved to oppose the shareholder proposal submitted by Dalton and others and to submit a proposal for the conditional activation of the response policy to the Company's 80th Annual General Meeting of Shareholders.

Concerns Regarding Dalton

BX GROUP

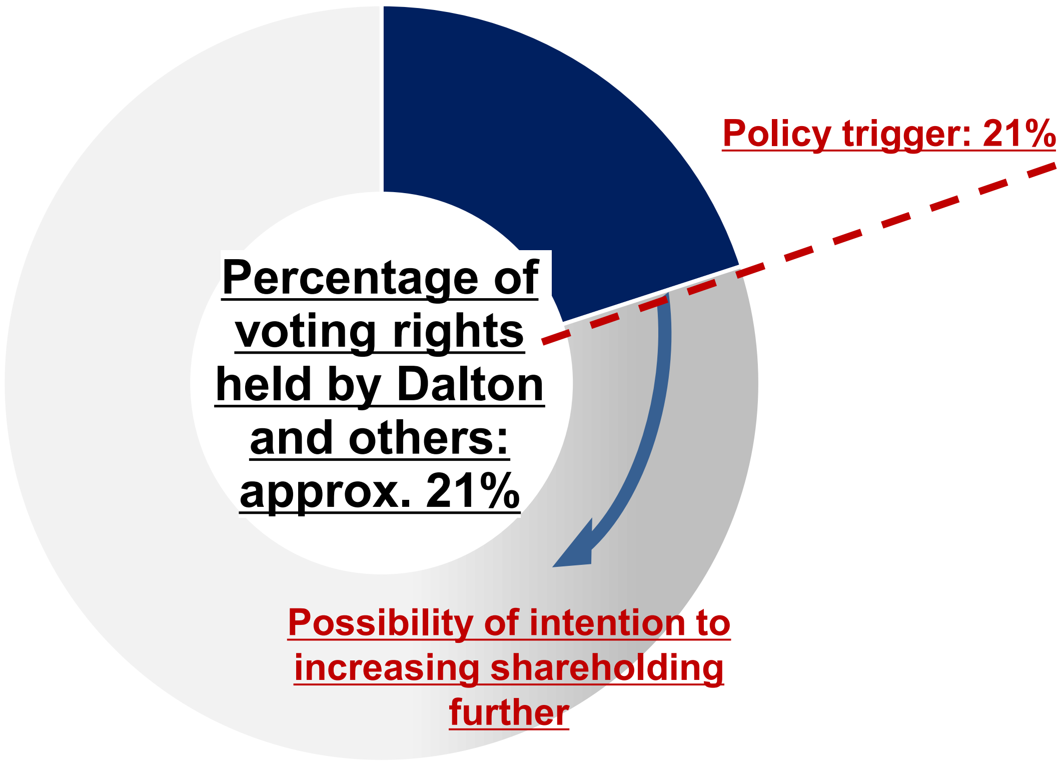
Based on the items listed below, we are concerned that Dalton and others' purchases of additional shares of the Company could lead to potential conflicts of interest between Dalton and others and general shareholders, and believe that this could obstruct the maximization of the Company's corporate value and the common interests of shareholders.

Items of concern to the Company

- ◆ Conflicts of interest with general shareholders from increased influence of a specific shareholder
- ◆ Possibility that additional purchases of the Company's shares are for the purpose of carrying out an MBO
- ◆ Possibility that proposal to dispatch outside directors is intended to promote an MBO
- ◆ MBO structure that includes Dalton as an investment party

Conflicts of Interest with General Shareholders from Increased Influence of a Specific Shareholder

We believe that if the influence of a specific shareholder calling for the swift execution of an MBO that includes itself as an investment party is excessive, the possibility of conflicts of interest between that shareholder and general shareholders cannot be denied.



- ◆Does not intend to cease additional purchases as requested by the Company, and has requested that arrangements be made to ensure that additional share certificates, etc. be made available for purchases
- ◆At the same time, will not clarify purpose of additional purchases of the Company's shares
- ◆With no specific measures for enhancing corporate value or management policy, repeatedly proposing MBO with Dalton as an investment party and requesting consideration of naming persons affiliated with Dalton as directors
- ◆Possibility that if Dalton purchases additional shares and its influence becomes excessive, execution of MBO, etc. in pursuit of own profit only could create conflicts of interest with general shareholders

Possibility that Dalton and Others' Additional Purchases of the Company's Shares Are for the Purpose of Carrying Out an MBO

In their statement of September 11, Dalton and others emphasized that they would not force or steer the Company into going private via an MBO. However, based on their discussions with the Company to date and other investment activities, we can only conclude that they are forcing and steering an MBO.

Summary of Dalton and others' assertions	
	◆ It is the responsibility and decision of management of listed companies to consider and make decisions regarding various management options (including spinoffs and sales of businesses) including going private from the perspective of enhancing corporate value and the common interests of shareholders. ◆ Generally speaking, although we ask managers, who have an incentive to maintain the status quo, to consider various types of management that we suggest and make decisions with appropriate speed, we do not force or steer them to make a specific choice. ◆ We have supported managements' decisions in the past when we considered their decision not to go private, etc. appropriate from the perspective of corporate value and common interests of shareholders.

Company's understanding	
	◆ Dalton and others unilaterally set a deadline of only four weeks for a response to their proposal to go private via an MBO, and requested a reply to the MBO partner they selected. ◆ Dalton and others asked the Company to continue to consider their proposal in detail, through steps including an introduction to the private equity fund that would become an MBO partner. ◆ There have been multiple cases in the past in which Dalton and others have acquired more than 20% of the shares of a company in which they were investing and the company was taken private via an MBO. ◆ There have been instances among those cases in which Dalton and others have made reinvestments after taking the company private. ◆ Based on the above, we cannot come to any conclusion other than that the Company is being steered toward the specific option of an MBO.

Possibility that Proposal to Dispatch Outside Directors Is Intended to Promote an MBO

BX GROUP

Dalton and others have stated that the terms of going private are determined by the Board of Directors, and that they do not participate in determining those terms, nor do they create conflicts of interest among shareholders, but the Company believes the dispatching of outside directors, etc. could be intended to promote an MBO.

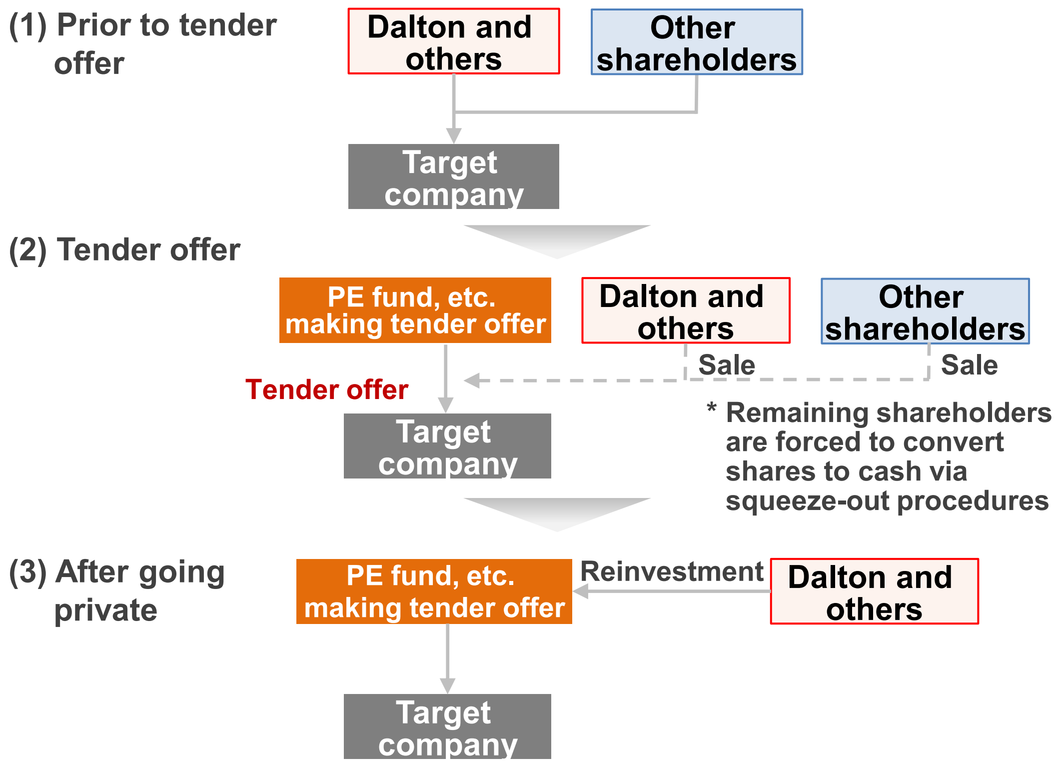
Summary of Dalton and others' assertions	◆ It has been noted that reinvestment has created conflicts of interest, but the decision to go private, price, etc. are determined by a company's board of directors without Dalton's participation. ◆ Dalton and others do not have the intention or the ability to participate directly in the decision to and terms of going private. ◆ Dalton and others' reinvestments are based on all of the terms determined by the company's board of directors and make investments on the same terms as other investors.
Company's understanding	◆ In parallel with the MBO proposal, the Company has also received a proposal to invite certain individuals affiliated with Dalton, including its Chief Investment Officer, Mr. Rosenwald, to serve as outside directors of the Company. Furthermore, on April 14, 2026, the Company received a shareholder proposal to appoint two officers or employees of Dalton as directors. ◆ Outside directors recommended by Dalton and others have been dispatched to companies in which Dalton and others have invested in the past and carried out MBO structures that included reinvestments after the MBO. ◆ According to publicly available information released by companies in which Dalton and others have invested in the past, shareholder proposals from Dalton and others nominating candidates as directors of that company were intended by Dalton to increase the speed of consideration of going private. ◆ Based on the above, we believe that Dalton and others proactively participate in decisions to go private and intend to steer the Company toward an MBO.

MBO Structure That Includes Dalton as an Investment Party

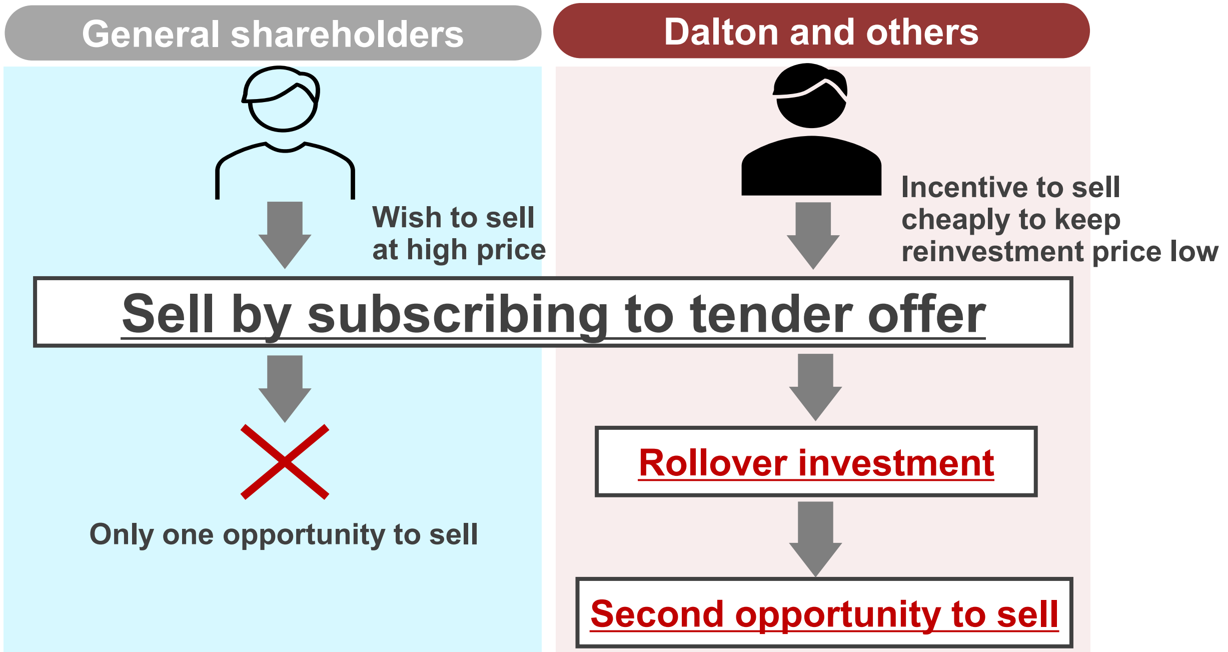
BX GROUP

The Company believes that the MBOs proposed by Dalton to investee companies including the Company that include Dalton as an investment party (so-called "rollover investment structure") potentially have structural conflicts of interest.

Rollover investment MBO structure



Concern of conflict of interest



Concern that conflict of interest will arise between Dalton and others who can reinvest and have opportunities to cash out and general shareholders who have only one opportunity to cash out

inquiry

BX GROUP

Contact information

Public Relations Dept., Corporate Planning Dept., Bunka Shutter Co., Ltd.

E-mail bxinfo@mail.bunka-s.co.jp

https://www.bunka-s.co.jp/