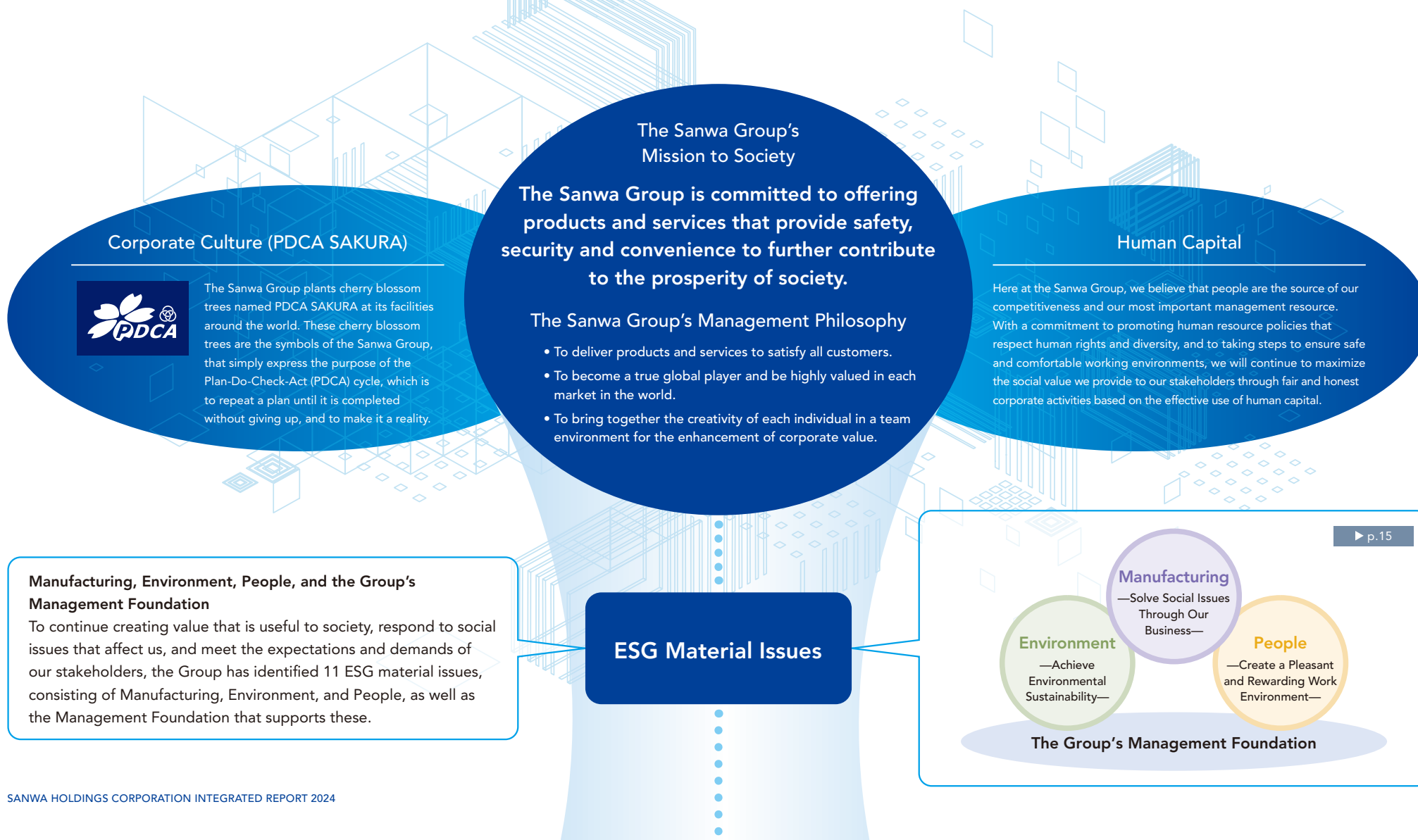


# The Story Behind Our Vision

The Sanwa Group's mission is to protect customers from disasters and accidents and to deliver convenient living to them.

The Sanwa Group must always meet the expectations of its customers in order to continue to fulfill this mission. In other words, we are required to take responsibility for our mission not only during development, sales and manufacturing, but also during installation and use of our products.

Our goal is to become a global leader of smart entrance solutions by fulfilling these responsibilities and spreading safety, security and convenience throughout the world.



## The Story Behind Our Vision

**Three-year plan launched in fiscal 2022 to realize the Sanwa Global Vision 2030**

### Purpose:

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

## Mid-Term Management Plan 2024

### Numerical Targets:

Already met the targets two years ahead of schedule

Net sales ¥580.0 billion CAGR +7.3%	Operating profit ¥45.0 billion CAGR +8.2%	Operating profit ratio 7.8%
ROE 13.5%	SVA ¥19.0 billion	ROIC 17.5%

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

## Long-Term Vision Sanwa Global Vision 2030

### Basic Strategies:

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

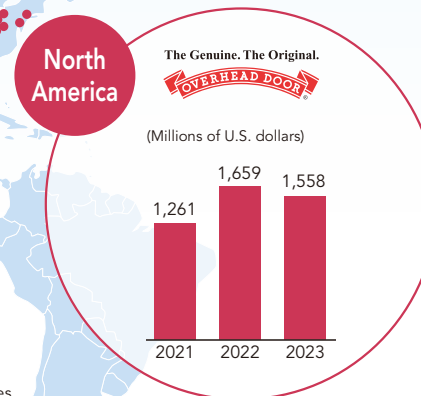
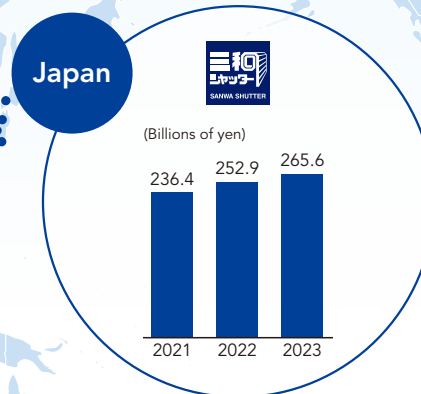
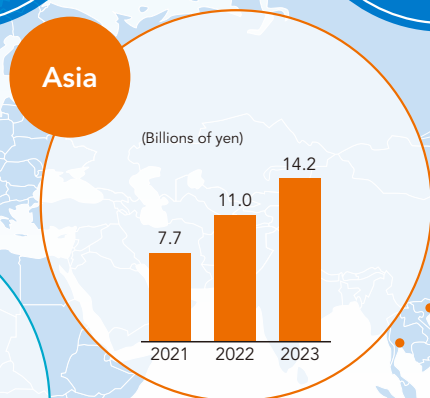
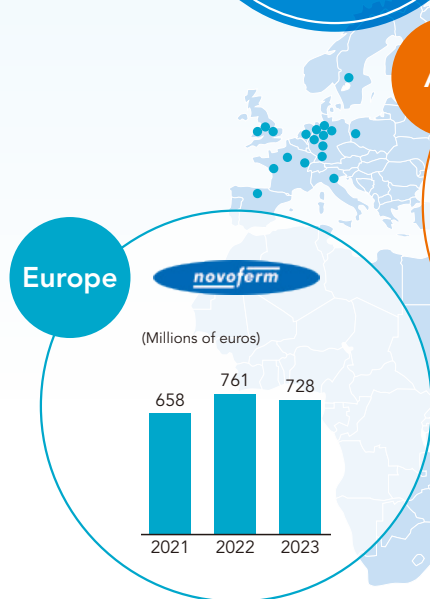
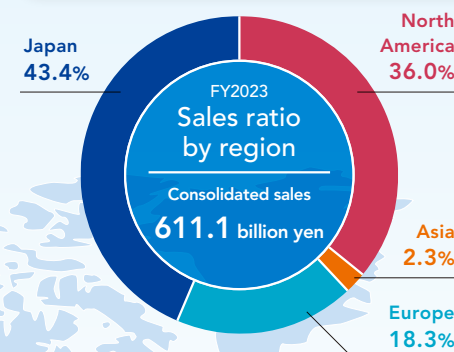
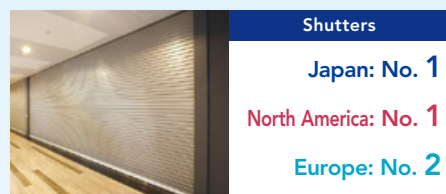
The Sanwa Group's Vision

**To be a Global Leader of Smart Entrance Solutions**



## At a Glance

Ever since the establishment of Sanwa Shutter (H.K.) Ltd. in 1986, globalization has been a driving force for the Sanwa Group that has placed it ahead of its peers in Japan. Today, we have operations spanning 27 countries and regions around the world. As a global leader of smart entrance solutions, we have established a strong presence in the key regions of Japan, North America, and Europe.



Note: Graphs for each region show consolidated sales



## Product Information

The Sanwa Group focus on creating synergy within the Group, and we offer total solutions that can realize safety, security and convenience for entrances in all types of buildings to meet a variety of needs.

We aim to safeguard the valuable lives of people and realize a more affluent and comfortable society by providing products and services that contribute to the safety, security and convenience of customers around the world.



Sanwa Group products deliver greater safety, security and convenience

### Core Products

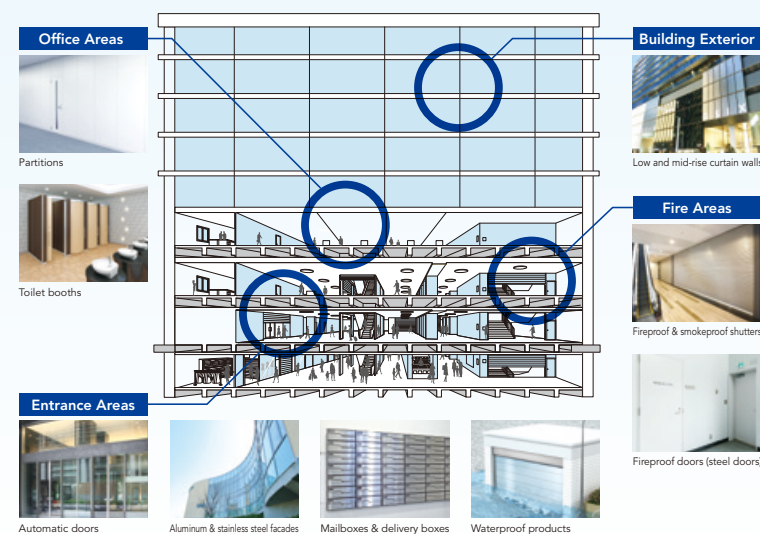
Shutters	Sectional doors
 Japan No. 1   North America No. 1   Europe No. 2   Asia	 Japan No. 1   North America No. 1   Europe No. 2   Asia
Garage doors	Sheet shutters
 Japan No. 1   North America No. 2   Europe No. 2   Asia	 Japan No. 1   North America   Europe   Asia
Door openers	Steel doors
 Japan   North America No. 2   Europe No. 4   Asia	 Japan No. 1   North America   Europe No. 2   Asia

### Multi Products

Partitions & toilet booths	Waterproofing products
 Japan No. 2*   North America   Europe   Asia	 Japan   North America   Europe   Asia
Aluminum & stainless steel facades	Mailboxes & delivery boxes
 Japan No. 1   North America   Europe   Asia	 Japan No. 2   North America   Europe   Asia
Automatic doors	Lightweight sliding doors
 Japan No. 3   North America No. 3   Europe   Asia	 Japan No. 1   North America   Europe   Asia

\* Toilet booths

Our products for buildings



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## What are the Sanwa Group's goals?

We set out our goals in the Sanwa Group Vision and our Group profile.

## How does the Sanwa Group create value?

The message from the president explains how we envision our growth strategy, and describes our value creation model by unraveling its history.

## How will the Sanwa Group move toward achieving its vision?

As part of our strategy for value creation, we introduce the progress of our Mid-Term Management Plan, our financial strategy, our human resources strategy, and our regional operations.

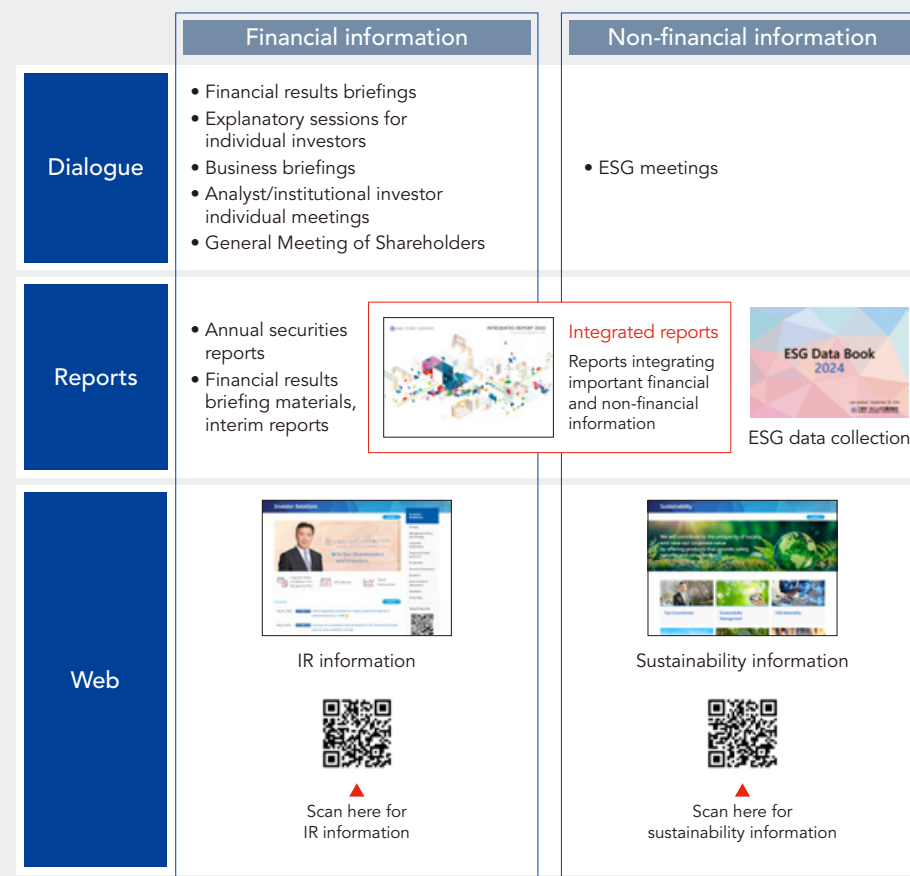
## How about sustainability at the Sanwa Group?

We describe our sustainability efforts to contribute to the creation of a sustainable and prosperous society.

## What is the Sanwa Group's management foundation?

We introduce the governance structure that supports the Sanwa Group, together with a roundtable discussion with outside directors.

## Overall Picture of Communication



## Editorial Policy

The purpose of this report is to provide both financial and non-financial information on the Sanwa Group's management, business outlook, and external environment. In editing this report, we have referred to the International Integrated Reporting Framework proposed by the IRFS Foundation; Guidance for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry; the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); and other documents.

## Forward-looking Statements

This integrated report includes forward-looking statements pertaining to expectations, plans, strategies, management goals, future performance, expenses, revenues, income and other forecasts formulated on past experiences and information available to Sanwa Holdings Corporation (hereafter "the Company") at the time of publication. Forward-looking statements necessarily entail some degree of uncertainty, and the content conveyed in the results as well as underlying factors identified in the report may differ materially from actual results depending on changes in those factors.

## Message from the President



**We aim to further evolve as  
a corporate group as we move  
toward becoming a global leader  
of smart entrance solutions.**

**Yasushi Takayama**

Representative Director, President

### Where we are now and our Long-Term Vision

Driven by its mission of offering products and services that provide safety, security and convenience to further contribute to the prosperity of society, the Sanwa Group is actively engaged in manufacturing, sales, and service businesses for doors, shutters, and other construction materials in 27 countries and regions around the world, including Japan, North America, Europe, and Asia. As a pioneer in the industry, we have expanded our business globally and unfurled our multi-product sales strategy, enabling us to establish our presence as a global major player, which was our goal.

In fiscal 2022, our Group began working under the Sanwa Global Vision 2030, our Long-Term Vision, with the slogan, "To be a Global Leader of Smart Entrance Solutions." As a company that provides smart entrance solutions that meet the needs of a rapidly changing society brought about by climate change, digitalization, and other factors, we aim to further enhance our corporate value. At present, we are pursuing our Mid-Term Management Plan 2024, which will establish the foundation for us to become a global leader of smart entrance solutions. We continue to take on various challenges to become a corporate group that is highly valued by all stakeholders under the following basic strategies: expand and strengthen core businesses (shutters, doors & service) in Japan, North America and Europe; strengthen the basis for growth of the Asia business; expand products for disaster prevention and climate change response and enhance smart products and services; improve productivity through digitalization and manufacturing innovation; and enhance sustainability management.

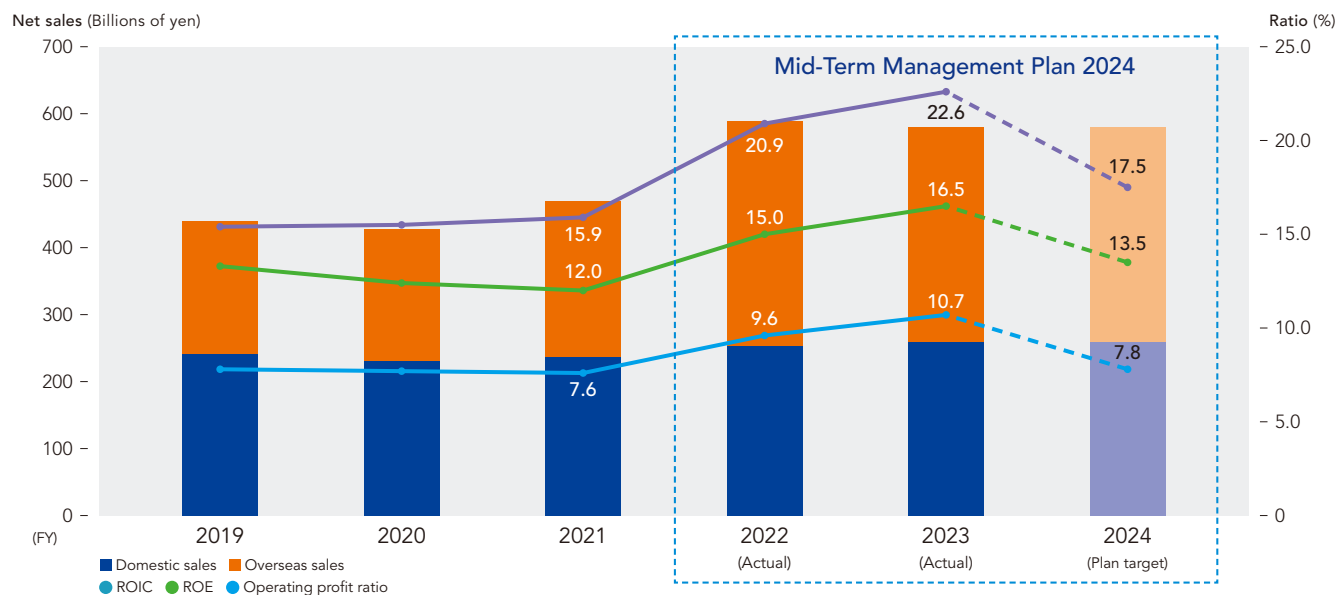
### Review of fiscal 2023

In fiscal 2023 (the fiscal year ended March 31, 2024), the business environment surrounding the Group remained uncertain primarily due to prolonged inflation and high interest rates, the ongoing weakening of the yen against the backdrop of an interest rate differential between Japan and the U.S., the prolonged war in Ukraine and instability in the Middle East, and concerns about the future of the Chinese economy. However, as a result of our efforts to date, we achieved net sales of 611.1 billion yen and operating profit of 65.36 billion yen, both of which were record highs, and we were able to exceed our long-term target of achieving an operating profit ratio of 10%. As such, I feel that we have made solid progress as a

corporate group, and have been able to move on to the next stage of growth.

Looking back at each segment, in Japan, we performed well in our core products such as commercial building and condominium doors, strategic products such as partitions, and the maintenance and service business performed particularly well, centering on factory facilities and large-scale redevelopment projects. We also focused on improving productivity by utilizing digital tools in various business processes, from development and sales to design, manufacturing, and installation, and on securing profitability by passing on costs to sales prices. As a result, both sales and profits rose.

In North America, the market for residential-related products declined. However, thanks to our efforts to maintain sales prices, as well as proactive cost-cutting measures such as improvements



Note: The target amounts for the Mid-Term Management Plan 2024 remain unchanged, and we will focus on executing our basic strategy. (See pages 23-24 for more details.)



## Message from the President

in productivity and more efficient distribution, we achieved results that greatly exceeded our initial forecasts, and our operating profit ratio reached a record high of 15.7%. In Europe, we continued to struggle with weak performance owing to a difficult business environment, marked by rising costs and a deteriorating market caused by economic slowdown. Taken together, these factors prevented us from increasing sales volumes. In Asia, we were able to return to profitability thanks to the positive impact of newly consolidated companies and the robust performance of our business companies in Hong Kong and Taiwan.

Our performance in fiscal 2023 means that we have made progress in establishing the foundation to become a global leader of smart entrance solutions as set out in our Long-Term Vision. However, there are still some issues that remain to be addressed. One of these is investment activities for future growth. To this end, we will work to make further progress by pursuing growth strategies that leverage strategic investments, such as IT and capital investments, as well as active M&A.



## Management stance aimed at realizing our Long-Term Vision

The Paris 2024 Olympic and Paralympic Games, held in the summer of this year, were a source of great inspiration. The wonderful performances displayed by the athletes, who overcame all sorts of adversity in their reach for the top, made me keenly aware of the importance of not only individual performance but also teamwork. Chester Barnard, an American business scholar, proposed three elements necessary for organizations: “(1) common purpose; (2) willingness to serve; and (3) communication.” People who have simply come together are no more than a group; however, his words served to remind me that high-performing organizations are those in which all three of these elements function without fail.

As president, I believe that it is my role to ensure that these three elements are more deeply ingrained in our organization and function more effectively, so that the Sanwa Group can achieve further growth in the future. The first element, “common purpose,” is about ensuring that the PDCA cycle, which has taken a long time to become firmly rooted in our Group, is put into practice, so that everyone has a strong awareness of the connections between the goals of the Company, each organization, and each individual, and everyone works together in the same direction to achieve those goals. The second element, “willingness to serve,” is about achieving results by ensuring that each and every employee, all of whom possess their own unique personalities, has a strong desire to contribute, and has a high level of awareness of their participation in the Company's management. And then there is “communication,” the third element. While collaboration across departments is gradually becoming the norm, I believe that we can create a workplace environment that is open and comfortable to work in by encouraging employees to share

their success stories and know-how that use tools and other methods, and promoting active communication through these.

Without a common purpose, an organization will lack direction; without a willingness to serve, people will not take action to achieve goals; and without communication, it will be impossible to share goals and work together. These elements are interrelated, and even if just one of them is missing, the organization will function significantly less effectively. For this reason, in order for our organization to operate effectively, we need to maintain a good balance between these three elements and strengthen them. I believe that by facilitating the mutual growth of individuals who can think and act on their own initiative and an organization that is both pleasant to work in and rewarding, we can raise the value of our human capital and maximize our corporate value.

## The Sanwa Group's efforts to improve corporate value

Over the past few years, we have seen steady growth in our Group's business performance and share price. Our shareholders and investors are also increasingly acknowledging our achievements. However, it is precisely at such times of plain sailing that I take a step back and remind myself that we must remain vigilant against a potential crisis. I am always mindful of the need to listen to the voices of the stock market, which raises valuable concerns from a variety of perspectives, and to use this feedback to further enhance our corporate value.

As I see things, our current share price is finally approaching a level commensurate with the value of our corporate group. However, I believe we still have room for improvement in terms of Price Earnings Ratio (PER) and Price-to-Book Ratio (PBR).

## Message from the President

We must promote management that is keenly aware of the cost of capital in addition to profitability, so that the expectations of growth from our stakeholders are more fully reflected in our share price.

Our sustained expansion of businesses that form the basis for growth expectations and the improved profitability we have enjoyed over the past few years are the result of the fact that the PDCA cycle that has taken firm root in our Group, and that our strategies to date have come to fruition. This, I believe, is also closely linked to the current level of our share price.

When a company's share price rises, it is a sign of increased corporate value. This is something that is extremely meaningful and pleasing not only for shareholders and investors, but also for employees and business partners. Consequently, I believe that it is my mission as president to continue steering the Group with a strong consciousness of share price.



## Value creation at the Sanwa Group

The Sanwa Group has continued to grow and develop based on three core strengths: multi-product sales, globalization, and service. While each of these pillars has helped us to build a solid competitive edge, they are still in the process of evolving.

Although we are making steady progress in terms of multi-product sales, we need to evolve in order to better solve social issues. We are also looking to accelerate the rollout of disaster prevention products, including the Taifu (wind-resistant) Guard series and the Water Guard series, which address climate change risks, as well as energy-saving and heat insulation products such as the Re-carbo series, which are aimed at helping to build a sustainable society and mitigate the effects of climate change.

In terms of globalization, we encounter various risks and challenges in each country and region where we operate. However, by developing and improving our products and services based on a thorough understanding of local customer needs and the competition we face there, we have been able to turn these risks and challenges into strengths for our Group. In recent years, our business in the North America has been growing at a rapid pace. On the other hand, however, our business in Europe has been struggling in the face of tough conditions, and we recognize that we still have some work to do to strengthen the growth potential of our Asia business. Achieving balanced regional growth in our global business is essential for our Group's growth, which is why we will focus our management resources on key areas.

When it comes to service, we have maintained a high level in our domestic business, and have also been able to make ongoing improvements. We have always been committed to doing much more than just manufacturing, and have focused on providing services that directly deliver safety, security, and convenience to the people who use our products. Our Group

excels in providing high-quality installation and maintenance services, which are also the bedrock of our earnings. As such, we intend to continue to refine our services in these fields. By taking a proactive approach to service, our Group has been able to build a system that enables us to handle everything from manufacturing and design to sales, installation, and maintenance. Going forward, our Group will pursue products and services with even higher added value by strengthening the functions of each link in the value chain and enhancing cooperation between them.

## Approaches to sustainability

In 2021, the Sanwa Group identified 11 ESG material issues from four perspectives: Manufacturing, Environment, and People, as well as the Management Foundation that supports these.

Across the world, we are seeing an acceleration of efforts to realize a sustainable society. As part of these efforts, there is an increasing need for safeguards to protect and support people's safety and peace of mind, including measures to deal with natural disasters and infectious diseases brought about by climate change. Therefore, we believe that there is a wide range of areas where we can contribute to the creation of a sustainable society through the Manufacturing of products designed to prevent, protect, and separate as a means of dealing with intensifying natural disasters. We also feel that the range of issues we need to address is also expanding. As a manufacturer, on top of ensuring stable quality and improving quality, we aim to strike a balance between solving social issues and achieving sustainable growth through constant research and development. Thanks to our efforts, sales of disaster prevention and climate change products, which we set as a KPI

## Message from the President

(target), have steadily risen, and now account for over 30% of our consolidated sales.

Regarding the Environment, as efforts to achieve decarbonization are accelerating worldwide, action to conserve the global environment has become an urgent issue that must be addressed in a unified manner, transcending the boundaries of countries and regions, not to mention companies. I believe that taking measures to reduce the impact of our business activities on the global environment is an extremely important mission. To this end, our Group is also working to achieve its long-term target of reducing CO<sub>2</sub> emissions at Sanwa Shutter Corporation, our core business company, by 30% by 2030 compared to fiscal 2019 levels. More specifically, we are gradually updating to energy-saving equipment, switching our company cars to more eco-friendly models, and installing solar panels at our plants around the world. We are also focusing on initiatives to conserve water resources, manage wastewater quality, and reduce and recycle the raw materials we use.

With regard to People, we are actively investing in human resources as a source of sustainable value creation. In Japan, each business company in our Group actively conducts recruitment activities to secure the necessary human resources. In addition, they are also working to enhance their human resources policies, such as by strengthening the in-house recruitment and training of digital transformation specialists, enhancing human resources development programs that enable each employee to be more mindful of their own career development, and promoting measures aimed at enabling female employees to flourish in the workplace in a way that takes into account human rights and diversity, as well as improving engagement through the design of systems that allow employees to feel a sense of participation in the Company's management. We have also established each KPI for our material issues of human rights, human resource development, and diversity, and are working to make steady

progress by implementing the PDCA cycle. However, simply chasing after the numerical targets of KPIs is not enough. Any initiatives related to sustainability management must be grounded in reality. In particular, as initiatives related to People are closely linked to actual work and the workplace environment, I think we need to do much more than just pursue lofty ideals, and instead focus on activities that are directed at each and every employee.

As for our Group's Management Foundation, governance is by far the biggest theme. With the promotion of M&A and increasing pace of globalization, more than ever before, we are being called upon to shore up our governance of consolidated management with a greater awareness of the Group as a whole. The Sanwa Group introduced SVA\* in 2001. Since then, we have been incorporating capital efficiency for business segments, companies, and departments into our assessments. Now, we are looking to further instill this approach throughout the Group, and use it to support assertive governance. At the same time, as the organization expands, there is an increasing risk of scandals occurring, making risk management even more important. I believe that clarifying individual roles and building a management system that strikes a balance between independence and a sense of unity according to the situation of each company will help to strengthen our defensive governance. In addition, the role of outside directors will become more important in both assertive and defensive aspects.

\*SVA is our own indicator based on the EVA concept.

### To our stakeholders

Our business has the support of many stakeholders, including our shareholders and investors, customers, business partners,

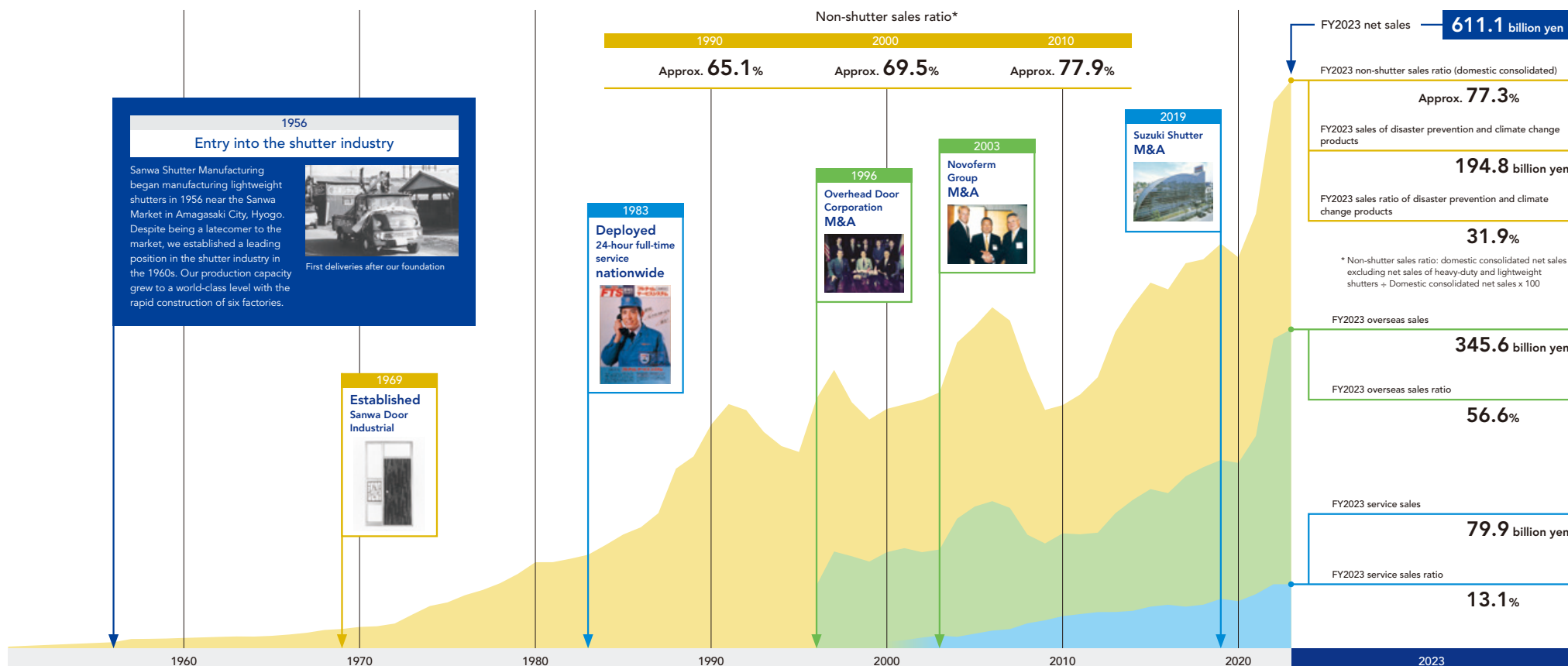


local communities around the world, and our Group employees. Our role is to meet the expectations of all these stakeholders, and in the long scheme of things, the interests of the various stakeholders certainly do not conflict with those of our Group. For example, by providing growth opportunities and improving treatment, we can increase the satisfaction of our employees, which in turn motivates them and stimulates growth in sales and profits. This means that the Company will grow, even if costs temporarily increase. The growth of the Company will undoubtedly bring happiness to our business partners. What is more, we will be able to deliver our Group's core values of safety, security, and convenience more effectively, which will also serve to increase customer satisfaction. This cycle of satisfaction and happiness will help to improve corporate value and increase shareholder value.

In order to fulfill our role as a company that seeks to maximize the interests of all stakeholders, we will further pursue our goal of becoming a global leader in smart entrance solutions. To this end, I would like to sincerely thank all of our stakeholders for their continued support.

# A History of Value Creation

Manji Takayama founded Sanwa Shutter in 1956 with a fundamental ethos of passion, trust and diligence. After that, Sanwa Shutter expanded into the door business in the 1960s and thoroughly implemented its “Multi-Product Sales Strategy” into a wide range of product lines. Furthermore, under the leadership of the current Senior Advisor, Toshitaka Takayama, we have added two more pillars through the introduction of our full-time service in the 1980s and initiatives for globalization since the 1990s, thus achieving growth and development based on the three pillars of multi-product sales, globalization, and service.



## Multi-Product Sales



The Company's multi-product sales began with its entry into the door business in the late 1960s.

We accelerated the multi-product sales strategy by acquiring quality companies in facades, automatic door operators, stainless steel building products, and partitions.

We contribute to the building of a sustainable society by expanding our lineups of disaster prevention and climate change products that address climate change risks.

## Globalization



In 1974, we entered into a technical tie-up with Overhead Door Corporation (ODC) in the U.S., and in 1986, we expanded into Asia, providing a stepping stone for our overseas expansion.

In 1996 we acquired ODC, followed in 2003 by the Europe-based Novoferm Group (NF Group), establishing a three-polar global structure of Japan, North America, and Europe.

In 2022, we formulated the Long-Term Vision with the aim to become a global leader of smart entrance solutions through a four-polar global structure of Japan, North America, Europe, and Asia.

## Service



Since our foundation, we have worked to establish an integrated responsibility system covering everything from sales to installation and repairs. In 1983, we deployed the industry's first 24-hour full-time service nationwide.

In 2016, inspections of fire prevention equipment became mandatory in Japan. We also expanded our service business in Europe and North America through M&A.

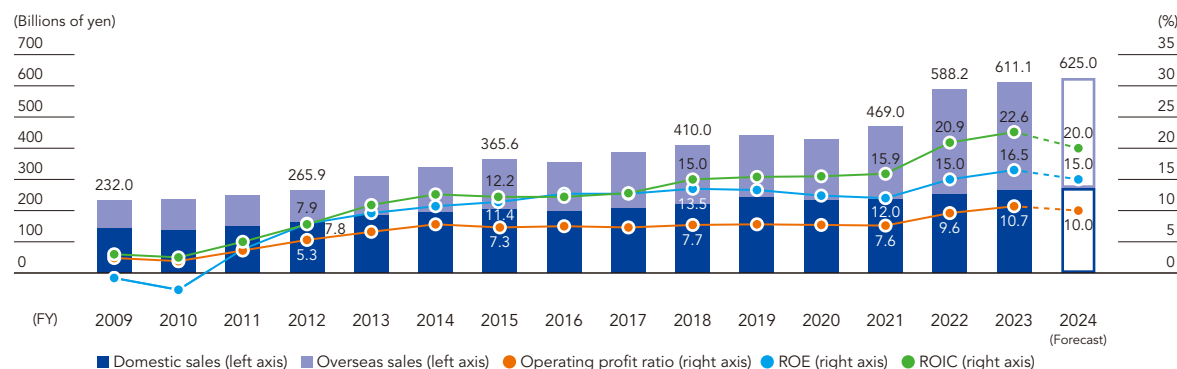
We create new solutions such as smart products and services utilizing IoT to expand our new business models.



## A History of Value Creation

### Trends in net sales, operating profit ratio, ROE, and ROIC over the past 15 years

Looking back over the past 15 years, since fiscal 2009, our consolidated net sales have increased 2.6 times, from ¥232 billion to ¥611.1 billion. The operating profit ratio has grown from 2.4% to 10.7%, reaching a level above 10%. While this is partly due to our strong performance in North America in recent years, our business in Europe is also expanding, mainly as a result of our M&A strategy. In terms of capital efficiency, both ROE and ROIC have improved considerably, and we are working toward targets of at least 15% for ROE and at least 20% for ROIC.



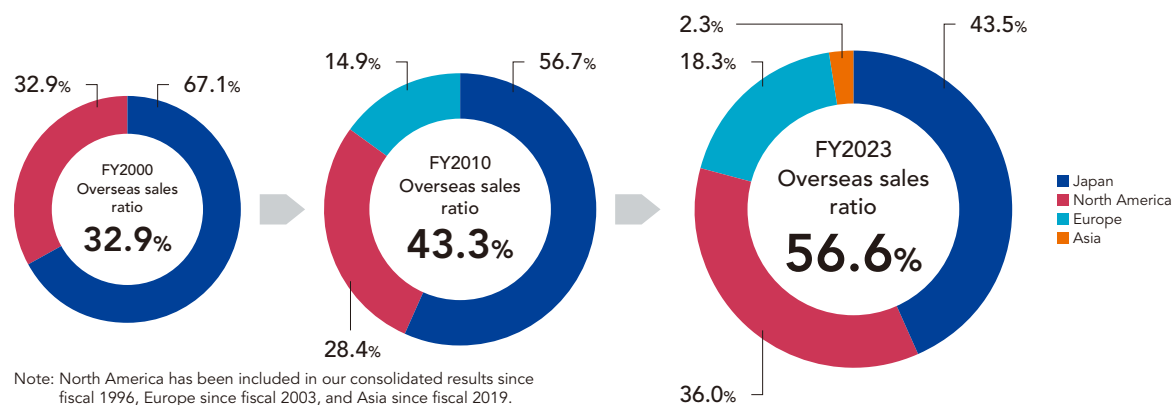
### Global expansion

**Our overseas sales ratio has increased significantly from 32.9% in fiscal 2000 to 56.6% in fiscal 2023.**

#### Trends in overseas sales ratio

Looking back at trends in the overseas sales ratio since fiscal 2000, our business has expanded in North America, Europe, and Asia, mainly through M&A, and overseas sales have grown from 32.9% in fiscal 2000 to 43.3% in fiscal 2010. In fiscal 2023, overseas sales accounted for more than half of the entire Group's sales, reaching 56.6%.

Behind this growth are the consolidation of our Asia business from fiscal 2019, the expansion of our business in North America from fiscal 2022, and the positive impact of foreign exchange rates due to the weak yen.

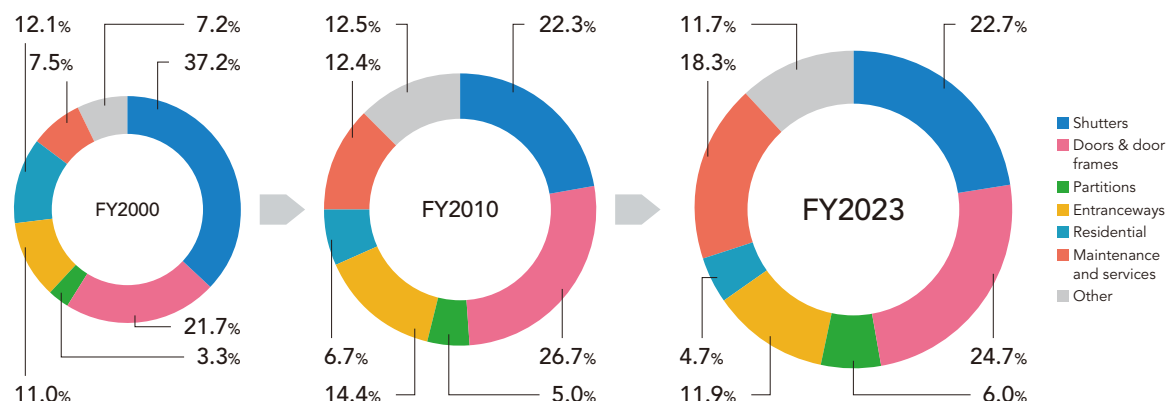


### Trends in sales by product

**Our shutter ratio has decreased, but strategic products and maintenance and services have increased.**

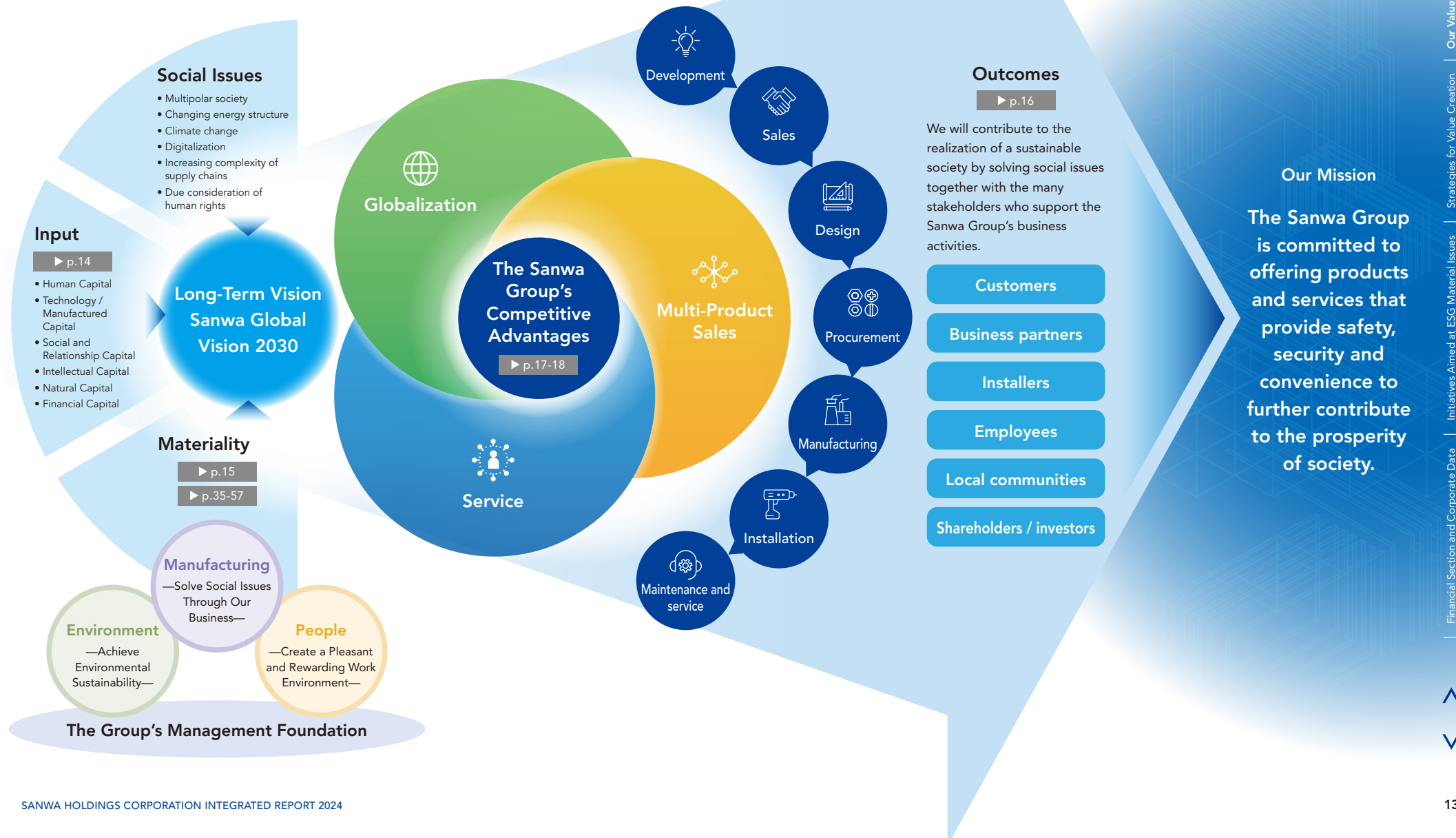
#### Increase in the ratio of non-shutter products

In Japan, our product mix has changed significantly due to the growth of our partition products, which we have positioned as strategic products, as well as the growth of our maintenance and service business. In fiscal 2000, our shutter products accounted for 37.2% of our sales, but in fiscal 2023, the ratio decreased to 22.7%. Meanwhile, the proportion of partition products, which expanded as a result of our multi-product sales strategy, and of maintenance and services, for which statutory inspections have been introduced, is increasing.



# Sanwa Value Creation Model

The Sanwa Group creates value by working to resolve global social issues, such as climate change, gender equality and work-style reform, and contributes to society by providing safety, security and convenience to communities and the daily lives of people around the world. To this end, we will strive to achieve continued growth and sustainable value creation by making full use of our management resources and deepening the strengths we have cultivated since our founding.



## Sources of Value (Input)

### Human Capital

#### Diverse human resources with a global perspective

The Sanwa Group views human resources as its most important management resource. We are focusing on the development of human resources by enhancing systems and work environments so that employees can fully demonstrate their capabilities. In order to further strengthen our human capital, we are committed to harnessing the individuality and creativity of our diverse human resources, creating a flexible and strong organization by pursuing a pleasant and rewarding work environment that encourages personal growth.

Number of employees:  
**12,930**  
(Percentage of overseas employees: **65.7%**)  
(consolidated)

Number of employees who have received training:  
**6,259**  
(Sanwa Shutter Corporation)

### Technology/ Manufacturing Capital

#### Integrated business model from development to maintenance and service

We have established a business model that provides integrated support to customers, from development to maintenance and services. In Japan, we have built our business model based on the outstanding capabilities of our installers. In North America, we are working continuously to build stronger relationships with our distributors, and are contributing to the maintenance of social infrastructure.

Sales network in Japan:  
Approx.  
**500** locations (divisions)  
Ribbon Distributors in North America:  
Approx.  
**450** companies

Number of installers (Japan):  
Approx.  
**3,900**  
Capital expenditures:  
**¥13.4** billion  
(of which **¥9.2** billion was overseas capital expenditures)

### Social and Relationship Capital

#### Global network

We endeavor to conduct business activities that appropriately understand and reflect the expectations and requests of diverse stakeholders, including customers and business partners. To this end, we operate in 27 countries and regions around the world, with 63 production bases. By having factories strategically placed around the globe, we have created a network that allows us to respond flexibly to customer needs, such as producing products in closer proximity to local markets and delivering them to the customer as quickly as possible.

Number of production bases:  
**63** (**43** overseas bases)

### Intellectual Capital

#### Diverse lineup of products that solve social issues

Making full use of the knowledge and expertise we have cultivated in manufacturing since our founding, we have created new value through the development of products that solve a variety of issues, such as the prevention of crime and fires, climate change, and disaster prevention. Going forward, in addition to quality assurance and enhancement, which is the most important aspect for us as a manufacturer, we will also engage in research and development to enhance our corporate value, with the dual aim of finding solutions to the changing social issues of each country and region, and achieving sustainable growth.

Product lineup:  
**15** types, **631** products  
(Sanwa Shutter Corporation)

R&D expenses:  
**¥6.6** billion  
(consolidated)

### Natural Capital

#### Sustainable resource management

We see taking measures to reduce the global environmental impact of our business activities as an extremely important mission. In order to play our part in the transition to a decarbonized society, we are taking active steps to reduce our greenhouse gas emissions by making our business processes more energy efficient and making greater use of renewable energy. We will continue our efforts to conserve the global environment and create economic value by making efficient use of natural capital and reducing our environmental footprint.

Energy consumption (crude oil equivalent):  
**313,360**GJ  
(Sanwa Shutter Corporation)

Water intake:  
**119,824** m<sup>3</sup>  
(Sanwa Shutter Corporation)

### Financial Capital

#### Financial strategy that is mindful of the cost of capital

In order to further enhance our corporate value, we need to strengthen our management base, such as by improving capital efficiency and maintaining financial soundness while at the same time working to balance corporate value with the business strategy. In addition, we also need to enhance our financial capital, which will be the source of investment for new growth. We will continue making efforts to enhance our corporate value on a sustainable basis by investing cash generated from our business activities in the creation of new value.

Free cash flows:  
**¥47.6** billion  
ROE:  
**16.5%**

Issuer ratings:  
**A+** (JCR) **A+** (R&I)  
SVA:  
**¥32.2** billion

## Sustainability Management—The relationships between our ESG material themes—

The Sanwa Group believes that for a company to grow sustainably in the face of a rapidly changing environment, it is important for it to move its business forward at the same time as contributing to solving social issues, and to respond and transform to keep one step ahead of changing trends.

Even in this era of great uncertainty, to receive the support of stakeholders and continue creating value that is useful to society, the Group is advancing a variety of initiatives toward achieving its ideal state in 2030. To guide these efforts, we have established 11 ESG material issues (consisting of the three ESG material themes of Manufacturing, Environment, and People, internal and external factors that have a particularly significant impact on the Group, as well as the Management Foundation that supports these themes).

The Sanwa Group will create distinctive value by allowing the three ESG material themes (Manufacturing, Environment, and People) shown on the right to interact and influence each other, and organically linking each of our initiatives in these fields.

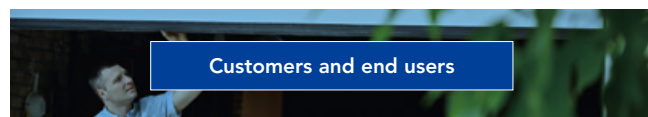
1	We are developing products that reduce CO <sub>2</sub> emissions around the world. By increasing the airtightness of building entranceways and the efficiency of air conditioning, our products contribute to energy savings, which in turn help to reduce environmental impact.
2	By matching our technological capabilities (seeds) to global environmental conservation issues (needs), we aim to contribute to the climate change response and improve profitability.
3	By providing society with products and services that contribute to the safety and security of communities and of everyday life, our employees can feel a sense of pride and accomplishment in their work.
4	The expertise, technological and development capabilities each employee possesses are the driving forces behind our business advancement and the source of our value creation.

Here at the Sanwa Group, we will further accelerate our efforts to tackle the three ESG material themes in accordance with this approach and framework. By doing so, we will increase our sustainable corporate value and fulfill our responsibilities as a company by carrying out our mission of safety, security, and convenience.





## Outcomes for Stakeholders



### Customers and end users

Number of customer inquiries:

**11,942**

(Sanwa Shutter Corporation)

Number of general repair inquiries:

**132,449**

(Sanwa Shutter Corporation)

The Group's products are used in the entranceways of various buildings to support people's lives and community infrastructures. We respond to the diverse voices and requests of our customers through a nationwide network of around 500 locations and a 24-hour full-time service for repairs, and we share feedback throughout the Company to improve our products and services. We will continue to be sensitive to the needs of our customers and be a partner who can continue to grow together with them.



### Suppliers and business partners

Sales network:

Approx. **450** companies  
(North America)

Green procurement ratio:

**79.4%**  
(Sanwa Shutter's main suppliers)

The Group promotes co-creation and innovation with its clients and business partners. ODC in North America is continuously working to strengthen relationships with its sales network around 450 "Ribbon Distributors," and feedback received through regular dialogue and information exchanges is reflected in new product development and product quality improvement.

Sanwa Shutter Corporation aims to improve the level of QCDE\* by sharing information or brainstorming with the members of Sanwakai, a group consisting of around 110 companies, including suppliers and factory partner companies, and to achieve long-term mutual development.

\* QCDE stands for quality, cost, delivery, and environment.



### Installers

Installation qualifications:

**19** types, **105** products  
(domestic)

Service sales ratio:

**13.1%**  
(consolidated)

The Group provides training to improve the skills of its more than 3,900 installers, who are the lifeline supporting our mission to provide safety, security, and convenience. We promote ongoing recruitment and training at our Installation Training Center and at installation departments in each region. As well as exchanging information at monthly health and safety meetings and providing support in terms of welfare, we also strive to improve installation quality and strengthen engagement through initiatives such as publishing a biannual magazine for installers.



### Employees

Female employee ratio:

**20.7%**

(consolidated)

Overseas employee ratio:

**65.7%**

(consolidated)

We are focusing our efforts on improving engagement. For instance, top management sends messages to Group employees explaining the importance of such things as management strategies to realize the Group's vision, ESG promotion, and compliance. We are also taking steps to improve our organizational culture and eradicate misconduct through such means as dialogue sessions, employee awareness surveys, and an internal whistleblowing system. Furthermore, we are also committed to increasing the ratio of female employees and female managers within our Group. By promoting diversity, we aim to create a flexible and resilient organization and workforce, as well as a more comfortable workplace environment for our employees.



### Local communities

Climate change response-related product sales ratio:

**20.2%**

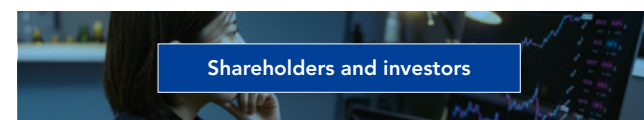
(consolidated)

Social contribution expenditure:

**¥10.95 million**

(consolidated)

The Group is closely connected to communities in 27 countries and regions around the world. In addition to contributing to communities through the payment of taxes and creation of employment as expected, we also conduct locally-rooted business activities, such as offering support to residents and helping to solve issues affecting them. As a good corporate citizen, we aim to coexist and prosper with the community, and proactively contribute to the community through activities such as realizing resilient communities, global environmental conservation, fostering the next generation, and contributing to the development and diversity of the local community.



### Shareholders and investors

FTSE4Good Index Series

FTSE Blossom Japan Index

MSCI Japan ESG Select Leaders Index



FTSE4Good



FTSE Blossom Japan

2024 CONSTITUENT MSCI NIKONKABU  
ESG SELECT LEADERS INDEX

To enhance the transparency of our corporate activities, the Group strives to achieve sustainable growth and increase corporate value by disclosing information in a timely and appropriate manner, and reflecting dialogue with its shareholders and investors in its management. In addition to biannual financial results briefings, we hold more than 200 individual IR and SR meetings, ESG briefings, briefings for individual investors, and plant tours.

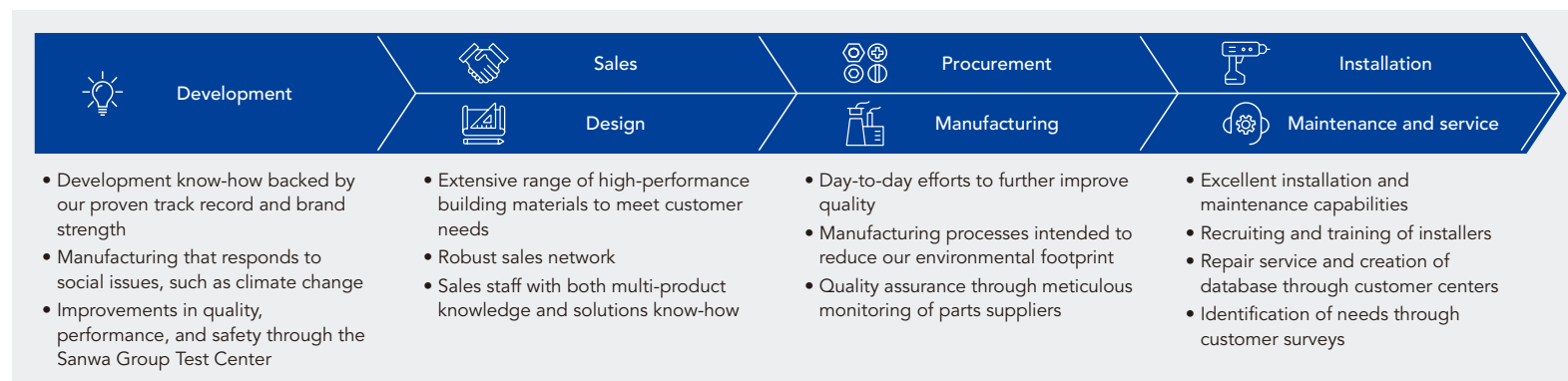
Note: THE INCLUSION OF Sanwa Holdings Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Sanwa Holdings Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

## The Sanwa Group's Competitive Advantages

The Sanwa Group has been constantly refining its competitive advantages of multi-product sales, globalization, and service by providing products and services that help to solve social issues worldwide, based on its commitment to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society. In the future, we will continue to combine the strengths of the Group organically and work to create even more value for the communities and customers around the world.



### Enhancing the value chain



### Multi-Product Sales

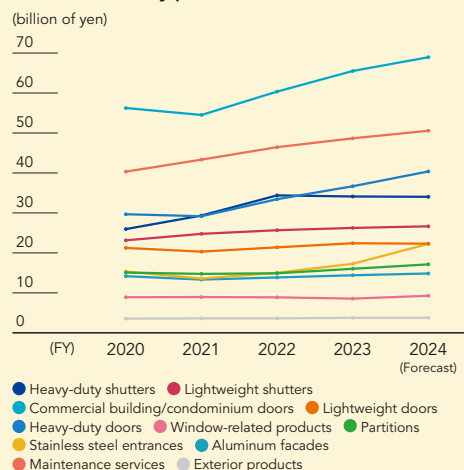


FY2023 non-shutter sales ratio  
(domestic consolidated)

Approx. **77.3%**

\* Non-shutter sales ratio: Domestic consolidated net sales excluding net sales of heavy-duty and lightweight shutters ÷ Domestic consolidated net sales x 100

Trends in sales by product (domestic consolidated)



### A broad product lineup that meets the changing needs of the times and solves various social issues

Ever since its founding, the Sanwa Group has always kept pace with the times, developing and delivering products to the market that are tailored to meet people's various everyday needs. Having started out manufacturing lightweight shutters in the 1950s, we were quick to enter the door business in the latter half of the 1960s, at a time when Japan was enjoying a period of rapid economic growth. This marked the start of our multi-product sales strategy. Within no time at all, we had gained recognition for our manufacturing quality, which was based on our mission, and were also able to become the industry leader in the door business, following on from our success in the shutter business. Furthermore, from the 1980s onwards, we accelerated multi-product sales through a series of M&A, acquiring excellent companies with strong brand power in their respective fields. These included Showa Front for storefronts, Showa Kensan for automatic door operators, Venix for partition products, Sanwa Tajima for stainless steel products, and Sanwa System Wall for wooden school partitions. In the 2020s, we further enhanced our Group's unique approach to multi-product sales by developing products that respond to the needs of a changing society, such as digitalization, while also expanding our lineup of products that address climate change risks and disaster prevention products that help to realize a safe and secure society.

As a result of these efforts, today our Group boasts the industry's largest lineup of products that contribute to safe, secure, and convenient living, including shutters, steel doors, overhead doors, exteriors, automatic doors, stainless steel building products, aluminum facades, and partitions. Going forward, we will continue our efforts to solve social issues by providing society with a diverse range of products cultivated through our multi-product sales strategy.

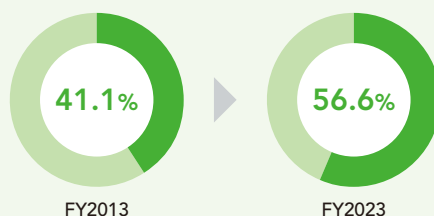
## Globalization



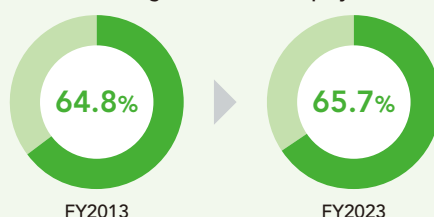
FY2023 overseas sales ratio

**56.6%**

### Overseas sales ratio



### Percentage of overseas employees



## Global expansion unique to the Sanwa Group, adapting to the history and culture of each country along with customer needs

The globalization of the Sanwa Group, which has expanded its presence by becoming an industry pioneer around the world, is also a history of the challenges we have faced along the way. Today, our competitors in Japan are also working to expand globally in an effort to tap into new markets. However, the Sanwa Group's global foray had already begun back in 1986, with the establishment of Sanwa Shutter (HK). Since then, we have accelerated our efforts to extend our global reach, acquiring ODC in North America in 1996 and the Novoferm Group, a long-established European door and shutter manufacturer, in 2003. Today, we operate in 27 countries and regions around the world. There are various risks and challenges involved when expanding into global markets, as laws and regulations differ from country to country and region to region.

In order to adapt to the characteristics of each country and region, our Group has always carried out thorough research into each region and market. Based on this research, we have developed and improved our products and services by gaining a better understanding of local customer needs and the competition we face, turning risks and challenges into strengths that are unique to our Group. In particular, since welcoming ODC and the Novoferm Group under the Sanwa Group umbrella, we have sought to maximize synergies by promoting mutual understanding and communication, as well as joint development, mutual sales, and market development, while raising awareness of each other's technologies and products. This has allowed us to build trust on the ground and expand our presence. We will continue to deliver safety, security, and convenience to people around the world as we work to become a global leader of smart entrance solutions.

## Service

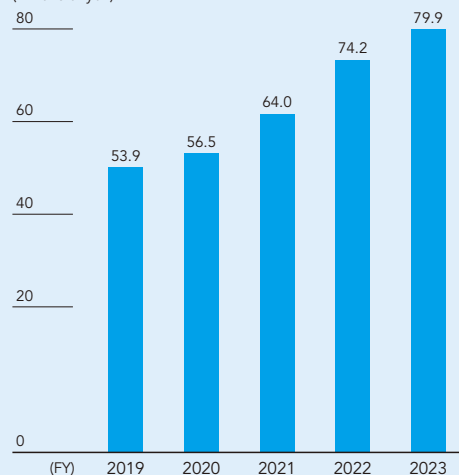


FY2023 service sales  
(consolidated)

**79.9**  
billion yen

### Service sales

(Billions of yen)



## Seamless customer support, including maintenance and service

Service is a strength unique to the Sanwa Group, cultivated from our experience and achievements since our founding, based on our commitment to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society. Our concept of service is not limited to being a manufacturer that simply makes products. Rather, it also incorporates our commitment to connecting everything from development and sales to design, procurement, manufacturing, installation, maintenance and service, with a focus on the safety, security, and convenience of the customers and end users who ultimately use our products. By integrating the functions that our Group has accumulated to date, we are able to quickly reflect market information and customer feedback from each region in our product development and services. In Japan in particular, we have established a business model based on our superior installation and maintenance capabilities. As a Group, we handle everything from ensuring installation capabilities to progress management, thereby increasing the value we provide to customers, such as general contractors and construction companies. Furthermore, our Group, which has a high level of expertise in providing repairs and services after installation work has been completed, provides end users with added value in the form of safety, security, and convenience. Shutters and doors, our main products, are smart entrance solutions that play an important role in buildings from the perspective of security and other management functions, as well as fire prevention and other disaster prevention functions. To this end, installation and service are crucial to delivering products to customers and ensuring that they can use them with peace of mind on a daily basis. In the future, by promoting the expansion of our service business, our Group will aim to further enhance safety, security, and convenience by protecting human life and social infrastructure from disasters such as fires, with the ultimate goal of becoming a company that can continuously create value by further evolving the processes from development to maintenance and service.

## Examples of Value Creation

## Manufacturing that helps address climate change

The Sanwa Group contributes to the realization of an enriched, sustainable society by promoting mitigation and adaptation that reduces or prevents the effects of climate change through business activities.

## Targets and trends in net sales of climate change response-related products

Worldwide, the Sanwa Group supplies a wide array of products that address climate change using two separate approaches: mitigation by reducing emissions of CO<sub>2</sub> and other greenhouse gases; and adaptation by responding to the various phenomena brought about by climate change.

In our Long-Term Vision 2030 and Mid-Term Management Plan 2024, which we announced in May 2022, we set a new target for the net sales of climate change response-related products (mitigation/adaptation) for fiscal 2024. With this goal in mind, we will accelerate product development and sales growth in response to social issues and needs, aiming for sustainable growth by helping to resolve climate change issues and improving our profitability.

Mitigation by reducing emissions of CO<sub>2</sub> and other greenhouse gases

We contribute to mitigation, which aims to halt the advance of global warming, through the development and sales of products that are effective in responding to climate change, including high-speed sheet shutters that improve air conditioning efficiency at factories and warehouses with their fast opening and closing speeds, and overhead doors with high heat insulation.

## Adaptation by responding to the various phenomena brought about by climate change

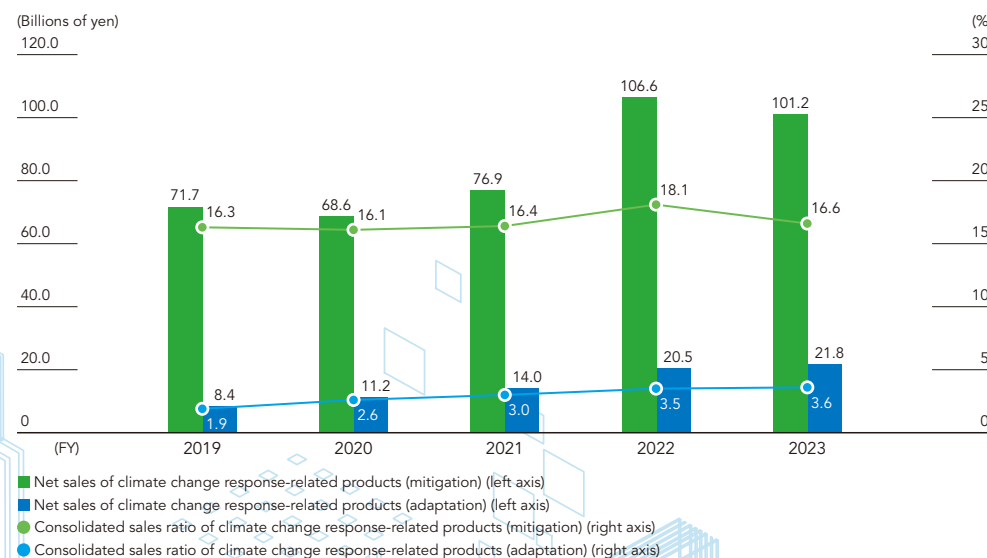
We contribute to adaptation, which involves reducing the impacts of climate change, through the development and sales of products that are effective in responding to climate change, including waterproof products that guard against flood damage, high-strength shutters that reduce the risk of wind damage, and wind-resistant window products from ODC that are designed to withstand hurricanes.

## Fiscal 2024 targets (consolidated)

Net sales of climate change response-related products (mitigation) **¥96.0 billion**

Net sales of climate change response-related products (adaptation) **¥18.0 billion**

## Trends in net sales of climate change response-related products (consolidated)





## Examples of Value Creation

### Energy-saving

Help to maintain the temperature inside buildings with fast opening and closing speed and high airtightness, even when opened and closed frequently

### Heat insulation

Control airflow and improve heat insulation performance utilizing heat-insulating fillings and thermal edging for surface materials

### Renewable energy utilization

Operate using renewable energy sources, such as solar energy

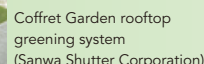
### Greening

Rooftop and wall greening products that mitigate urban heat island effect and absorb CO<sub>2</sub>

## Climate change response-related products (mitigation)



MADOMORE Screen S  
Solar Type window shutter  
(Sanwa Shutter Corporation)



Coffret Garden rooftop  
greening system  
(Sanwa Shutter Corporation)

### Greening

Aquavert wall greening  
system  
(Showa Front)



### Renewable energy utilization

SUNGATE Solar solar  
power system  
(Sanwa Shutter Corporation)



### Energy-saving

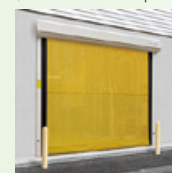
### Heat insulation

L730i dock leveler  
(Novoferm Group)



### Energy-saving

MADOMORE Screen S  
Built-In Mesh Screen Type  
window shutter  
(Sanwa Shutter Corporation)



Quick Saver high-speed  
sheet-type shutter  
(Sanwa Shutter Corporation)



Overhead doors with high heat  
insulation from Re-carbo series  
(Sanwa Shutter Corporation)

Re-carbo



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



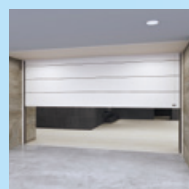
### Energy-saving

### Heat insulation

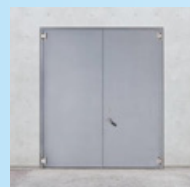
ISO 70 sectional garage  
door  
(Novoferm Group)

## Climate change response-related products (adaptation)

### Waterproof



Water Guard waterproof  
shutter  
(Sanwa Shutter Corporation)



Water Guard double-tight door  
(Sanwa Shutter Corporation)



Apia Guard waterproof  
sheet III  
(Suzuki Shutter)

Apia Guard Okudake  
rail-less model  
(Suzuki Shutter)

### Wind resistance



Taifu (wind-resistant)  
Guard OSD high-strength  
over-slider  
(Sanwa Shutter Corporation)

Taifu (wind-resistant) Guard  
high-strength shutter  
(Sanwa Shutter Corporation)



Wind-resistant  
residential garage doors  
(ODC)

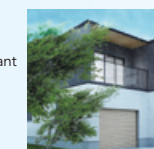
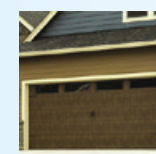


Wind-resistant commercial  
sectional doors  
(ODC)

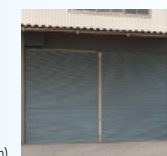
MADOMORE Taifu  
(wind-resistant) Guard  
high wind pressure-  
resistant shutter  
(Sanwa Shutter Corporation)



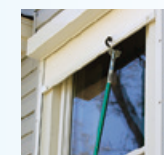
Taifu (wind-resistant)  
Guard LS wind-resistant  
lightweight shutter  
(Sanwa Shutter Corporation)



Taifu (wind-resistant)  
Guard Plus reinforcing  
member for existing  
heavy shutter  
(Sanwa Shutter Corporation)



Taifu (wind-resistant) Guard L  
Plus reinforcing member for  
existing lightweight shutter  
(Sanwa Shutter Corporation)



Wind-resistant window  
products  
(ODC)

### Waterproof

Control the damage caused by flooding due to large-scale typhoons and sudden or record-setting downpours brought on by climate change

### Wind resistance

Prevent roofs and houses from collapsing due to strong winds entering through the openings due to large-scale typhoons and hurricanes brought on by climate change

## Value Creation: Example 1

### Utilizing our proprietary technology to achieve high insulation performance! Also helping to reduce CO<sub>2</sub> emissions

In recent years, companies are becoming increasingly aware that they need to take steps to improve the working environment in factories and warehouses, and to reduce CO<sub>2</sub> emissions. Against this backdrop, there is a growing demand for products that provide better thermal insulation for entrances. Sanwa Shutter Corporation has a lineup of high heat-insulation products and services that help to reduce CO<sub>2</sub> emissions and save energy, known as the Re-carbo series.

#### Mitigation (energy-saving/heat insulation)

##### Customer testimonial

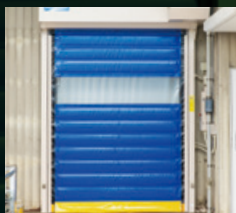
#### Use of Heat Insulation Quick Saver TR for temperature control and safety in refrigerated warehouses

Shigeru Onitsuka, Manager, Kanto Plant Engineering Sales Office, Nichirei Logistics Engineering, Inc.

Nichirei Logistics Engineering plans and manages the logistics facilities of the Nichirei Logistics Group, including its refrigerated warehouses. Proper temperature control is absolutely vital for refrigerated warehouses. At warehouses that operate around the clock, more than 1,000 trucks enter and exit the building each day, and outside air can infiltrate through truck berths. Also, at forklift entrances and exits, the frequent opening and closing of doors can cause a large amount of condensation to form due to the difference in temperature between the inside and outside of the building, especially in summer. This led to accidents, such as forklifts slipping. When we introduced Sanwa Shutter Corporation's Heat Insulation Quick Saver TR, the first of its kind in Japan to have heat-insulating properties and which helps reduce CO<sub>2</sub> emissions, at Logistics Network Inc.'s Funabashi Distribution Center, there was a clear reduction in the amount of condensation, and the issues with safety and hygiene were resolved.



Funabashi Distribution Center, Logistics Network Inc.



Heat Insulation Quick Saver TR installed at a forklift entrance



## Sanwa's Re-carbo

### Overhead doors with high heat insulation

Overhead doors with high heat insulation can also be used in environments with room temperatures of 0°C or below, where conventional overhead doors could not be used because the panels would freeze. Furthermore, by using a new panel with a thickness of 80 mm, the thickest in the industry, and a redesigned structure, we have improved the level of convenience and space-saving compared to conventional heat-insulating doors, and have also significantly improved the heat transfer rate\*1 (0.68 W/m<sup>2</sup>K → 0.484 W/m<sup>2</sup>K).

These overhead doors help our customers save energy by improving the insulation performance of their building entrances, where the heat transfer from air conditioning and heating is more active than on ceilings and walls, and also to reduce CO<sub>2</sub> emissions. We also expect to help them reduce their Scope 1 and 2 emissions.

\*1 Heat transmission is a phenomenon in which heat flows from hotter air to colder air through a wall when the air temperature on both sides of the wall is different. A smaller heat transmission rate indicates better heat insulation performance. These figures are based on comparisons with the NS Chilled Mini Steel Type.



### Heat Insulation Quick Saver TR high-speed sheet shutters

The Heat Insulation Quick Saver TR boasts a high-speed, high-frequency performance with an opening speed of 0.8 m/s, a closing speed of 0.5 m/s, and a usage frequency of 60 times/h. It also achieves a highly durable performance with a service life of 500,000 usages. By incorporating heat insulation material into the sheets, it delivers high heat insulation performance equivalent to the H-5 class of sash heat insulation performance. Compared to conventional products (Quick Saver GR-S), customers can expect to see a reduction in power consumption and CO<sub>2</sub> emissions of around 30%.\*2

Entranceways are where heat transfer from air conditioning and heating is most active. Therefore, improving the heat insulation performance of entranceways can help to improve the work environment by increasing air conditioning efficiency, as well as reducing electricity consumption and CO<sub>2</sub> emissions by saving energy.

\*2 Value calculated using our Re-carbo simulation under certain conditions, and does not represent a guaranteed value.





## Value Creation: Example 2

## Protecting lives and property from weather-related disasters

## The Sanwa Group's waterproof and wind-resistant products

In recent years, natural disasters due to climate change and abnormal weather have been increasing, and flood and wind damage caused by large-scale typhoons and sudden or record-setting downpours have been more frequent. To protect lives and property from the weather-related disasters brought on by climate change, we have developed a variety of waterproof and wind-resistant products that meet the needs of society and our customers, and are delivering new value to the market.

## Adaptation (waterproof/wind resistance)

## Taking on the challenge of developing products that can withstand even greater disasters



Shinji Yoshino, Manager, Product Development Department, Sanwa Shutter Corporation

We began developing waterproof shutters as a mainstay product for disaster prevention as far back as 2011. The reason behind this was the Great East Japan Earthquake of 2011. Sendai, a city in Miyagi Prefecture, was severely damaged by the resulting tsunami; however, a sewage treatment plant in the Port of Sendai-Shiogama was spared from damage because the building had a steel door in the machinery room. Having learned of this, Sanwa Shutter Corporation began to focus on developing waterproof products, and in October 2014, it launched the industry's first waterproof shutters. Typhoons are becoming increasingly intense in recent years, so there is also a growing need for products that can withstand strong winds. As such, since April 2020, we have been gradually releasing the Taifu (wind-resistant) Guard series, products that ensure high wind pressure resistance for a variety of entranceways, such as commercial facilities, factories, logistics warehouses, and general residences. Going forward, we will continue to improve the quality and performance of our products to ensure they can withstand multiple hazards, including rain, wind, and earthquakes.



## Protect against downpours

## Water Guard series

The Sanwa Group's Water Guard series of waterproof products, designed to be simple, quick, and safe, protect building entrances and exits from flooding, and contribute to the safety of cities. As global warming progresses, this product group, which is able to protect people's lives and property from flooding, is expected to grow significantly in the future. We offer a wide range of waterproof products, including shutters, doors, and flood barriers, to meet customer needs according to the purpose and environment of the installation location, installation method, or other factors. In June 2021, we released the Water Guard waterproof shutter (fireproof and smokeproof type), which is designed to withstand multiple hazards, such as flooding and fires. In addition, we have released a number of other waterproof-related products, providing products and services that contribute to the creation of safe, resilient, and sustainable cities.



Water Guard waterproof shutter (fireproof and smokeproof type)



Water Guard S-tight door

## Protect against large-scale typhoons

## Taifu (wind-resistant) Guard series

In recent years, large-scale typhoons have caused serious damage across Japan, and people are now more aware than ever of the need to be prepared for typhoons. This series features a lineup of products with enhanced wind pressure resistance, preventing slats from coming loose from guide rails. Taifu (wind-resistant) Guard high-strength shutter for factories and warehouses can withstand wind speeds of up to 80 m/s,\*<sup>1</sup> while MADOMORE Taifu (wind-resistant) Guard for homes can withstand wind speeds of up to 88 m/s.\*<sup>2</sup> As part of our efforts to prevent and mitigate disasters, we offer wind-resistant products that can protect buildings in an emergency, providing a level of safety that helps protect people from harm.

\*<sup>1</sup> W 9.5 m, external pressure of A2 slats\*<sup>2</sup> Screen GII type, TW ≤ 2.3m

Taifu (wind-resistant) Guard high-strength shutter



MADOMORE Taifu (wind-resistant) Guard

In fiscal 2022, the Sanwa Group launched its Long-Term Vision, the Sanwa Global Vision 2030. The Mid-Term Management Plan 2024, which runs from fiscal 2022 to fiscal 2024, aims to establish a foundation toward becoming a global leader of smart entrance solutions that meet the changing needs of society due to climate change and digitalization. In fiscal 2022, the first year of the plan, sales and profits rose in all regions we operate in (Japan, North America, Europe and Asia), meeting the targets for the final fiscal year of the plan two years ahead of schedule. In fiscal 2023, too, we set record highs in terms of sales and profits, and our consolidated operating profit ratio exceeded double digits at 10.7%. While leaving the Mid-Term Management Plan 2024 target amounts unchanged, we will focus on initiatives for each measure specified in the plan by steadily implementing the basic strategies with the intent of exceeding those targets.

## Sanwa Global Vision 2030

## To be a Global Leader of Smart Entrance Solutions

### Basic strategies

- 1

Expand and strengthen core businesses in a four-polar global structure consisting of Japan, North America, Europe, and Asia
- 2

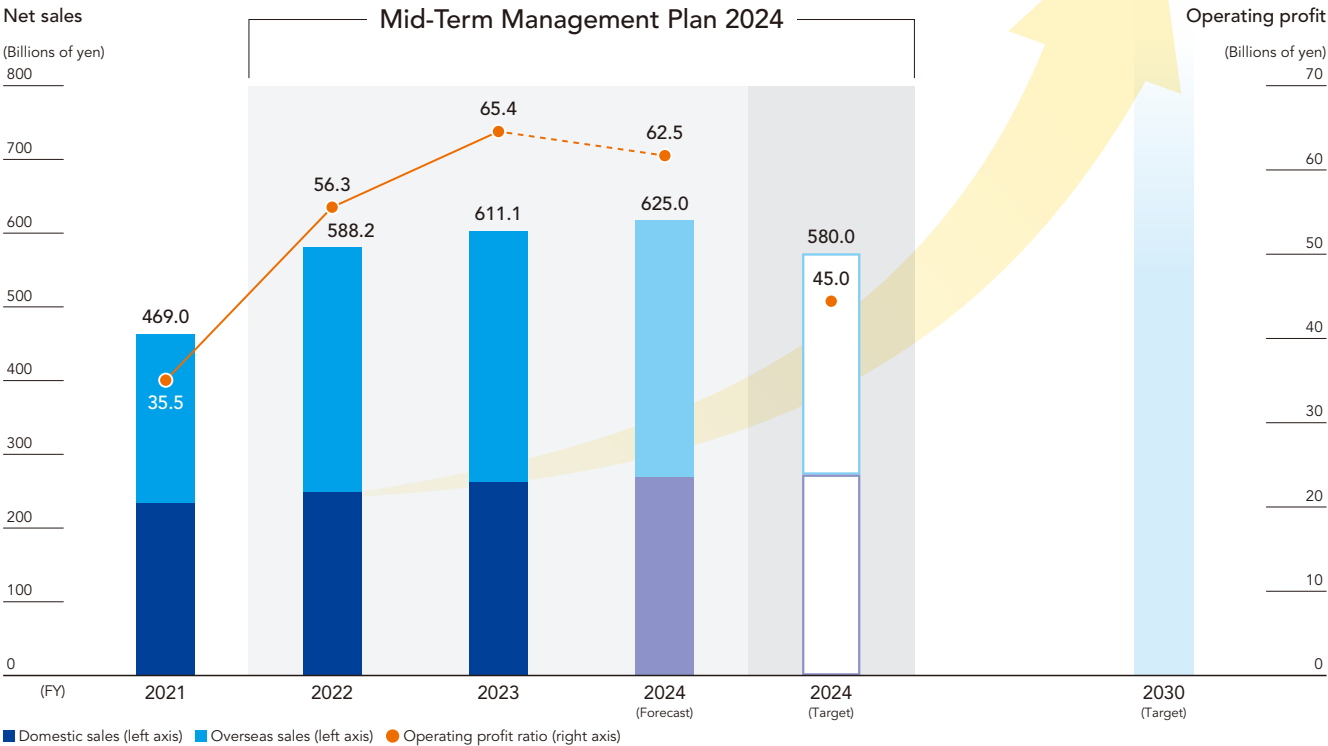
Create customer value through products for disaster prevention and climate change response, as well as smart products and services
- 3

Increase productivity through digitalization and manufacturing innovation
- 4

Strengthen core businesses and expand into new business areas through M&A
- 5






Become a corporate group valued globally with enhanced sustainability management

Achieved net sales and operating profit targets for the Mid-Term Management Plan 2024 two years ahead of schedule.





# Progress of the Mid-Term Management Plan 2024

Strategy overview		Progress in achieving targets	Main achievements in FY2023	Future direction of efforts
1	<b>Expand and strengthen core businesses (shutters, doors &amp; service) in Japan, North America and Europe</b> <ul style="list-style-type: none"> <li>· Increase market share in shutter and door businesses</li> <li>· Expand the service business</li> <li>· Utilize M&amp;A to strengthen business and expand business domains</li> </ul>		<b>Increase market share in shutter and door businesses</b> <ul style="list-style-type: none"> <li>· Japan: Performed particularly well in terms of core products for factories, offices, etc.; partitions performed favorably in terms of strategic products</li> </ul> <b>Expand the service business</b> <ul style="list-style-type: none"> <li>· Japan: Made steady progress in general repairs and periodic maintenance</li> <li>· North America: Door Control, Inc. joined the Sanwa Group</li> <li>· Europe: Established and strengthened service business systems in key markets</li> </ul> <b>Utilize M&amp;A to strengthen business and expand business domains</b> <ul style="list-style-type: none"> <li>· Expanded entranceway business through Sanwa Facade Lab</li> <li>· Expanded business domain by introducing dock products and gate openers to North America</li> </ul>	<b>Increase market share in shutter and door businesses</b> <ul style="list-style-type: none"> <li>· Japan: In response to the problems of 2024, focus on appropriate cost management, ensuring delivery times, and passing on costs to sales prices</li> <li>· North America and Europe: Expand market share by implementing measures tailored to each region while keeping a close eye on market trends</li> </ul> <b>Expand the service business</b> <ul style="list-style-type: none"> <li>· Japan: Strengthen proposals for repairs and replacements based on inspections</li> <li>· North America: Capitalize on Door Control, Inc. joining the Group to smoothly expand the service business</li> </ul> <b>Utilize M&amp;A to strengthen business and expand business domains</b> <ul style="list-style-type: none"> <li>· Give ongoing consideration to M&amp;A that are consistent with our growth strategy</li> </ul>
2	<b>Strengthen the basis for growth of the Asia business</b> <ul style="list-style-type: none"> <li>· Significantly boost production capacity with enhanced facilities</li> <li>· Restructure sales operations and address product diversification</li> <li>· Strengthen the foundation of our business structure</li> </ul>		<b>Significantly boost production capacity with enhanced facilities</b> <ul style="list-style-type: none"> <li>· Expanded production capacity at Sanwa Novoferm Changshu through shorter delivery times and improved productivity</li> <li>· Improved productivity by renovating production facilities at main factories</li> </ul> <b>Restructure sales operations and address product diversification</b> <ul style="list-style-type: none"> <li>· Newly consolidated AUB Limited (Hong Kong)</li> <li>· Performed well in the factory market for shutters in the East China business</li> </ul> <b>Strengthen the foundation of our business structure</b> <ul style="list-style-type: none"> <li>· Strengthened business management through Sanwa Shanghai</li> <li>· Introduced ERP systems optimized for each region</li> </ul>	<b>Significantly boost production capacity with enhanced facilities</b> <ul style="list-style-type: none"> <li>· Further improve productivity through the renewal of production facilities at main plants</li> </ul> <b>Restructure sales operations and address product diversification</b> <ul style="list-style-type: none"> <li>· Strengthen sales capabilities through synergies</li> <li>· Expand sales by capturing demand in the fireproof product and heat insulation markets</li> </ul> <b>Strengthen the foundation of our business structure</b> <ul style="list-style-type: none"> <li>· Improve business processes by putting ERP systems into operation</li> </ul>
3	<b>Expand products for disaster prevention and climate change response and enhance smart products and services</b> <ul style="list-style-type: none"> <li>· Expand disaster prevention products and climate change products</li> <li>· Move forward with smart products and services</li> </ul>		<b>Expand disaster prevention products and climate change products</b> <ul style="list-style-type: none"> <li>· Achieved almost the entire Mid-Term Management Plan net sales target of ¥195 billion for disaster prevention and climate change products (FY2023 net sales: ¥194.8 billion)</li> </ul> <b>Move forward with smart products and services</b> <ul style="list-style-type: none"> <li>· Introduced additional systems linked to smartphones in each area</li> <li>· Introduced products and services compatible with remote monitoring functions</li> </ul>	<b>Expand disaster prevention products and climate change products</b> <ul style="list-style-type: none"> <li>· Strengthen our lineup of disaster prevention and climate change products that respond to needs of a changing society, such as climate change</li> </ul> <b>Move forward with smart products and services</b> <ul style="list-style-type: none"> <li>· Japan: Expand smartphone operating system Remo Sma</li> <li>· North America: Expand connection apps for AI speakers, etc.</li> <li>· Europe: Expand support for smart homes</li> </ul>
4	<b>Improve productivity through digitalization and manufacturing innovation</b> <ul style="list-style-type: none"> <li>· Move forward with digitalization</li> <li>· Manufacturing innovation</li> </ul>		<b>Move forward with digitalization</b> <ul style="list-style-type: none"> <li>· Japan: Digitalized installation work contracts (EDI)</li> <li>· North America: Improved efficiency at sites where ERP systems have already been introduced</li> <li>· Europe: Promoted the digitalization of processes, including the introduction of ERP systems at sales companies</li> <li>· Asia: Improved business processes through ERP systems (already in operation in Hong Kong, East China, and Vietnam)</li> </ul> <b>Manufacturing innovation</b> <ul style="list-style-type: none"> <li>· Japan: Improve the skill levels of personnel and capital investment to enhance the SD supply system</li> <li>· North America: Improved productivity in the automatic door business through the start of production at the new plant in Mexico (in March 2024) and optimization of our product lineup</li> <li>· Europe: Completed the relocation of our hinged door plant in the UK</li> </ul>	<b>Move forward with digitalization</b> <ul style="list-style-type: none"> <li>· Japan: Roll out order system for partition products nationwide</li> <li>· North America: Introduce ERP systems by function at main door plant (Mt. Hope)</li> <li>· Europe: Promote digitalization of production processes</li> </ul> <b>Manufacturing innovation</b> <ul style="list-style-type: none"> <li>· Japan: Strengthen supply systems in response to large-scale redevelopment projects</li> <li>· North America: Expand production capacity at the new factory (Mexico) in the automatic door business</li> <li>· Europe: Commence operations at the new hinged door plant in the UK</li> <li>· Asia: Expand production capacity in the ASEAN region, such as Vietnam and Indonesia</li> </ul>
5	<b>Enhance sustainability management</b>		<ul style="list-style-type: none"> <li>· Launched overhead doors with high heat insulation from the Re-carbo series and Heat Insulation Quick Saver TR</li> <li>· Expanded the scope of Scope 3 calculation categories and third-party verification</li> <li>· Implemented human rights due diligence, and established the Sanwa Group Human Rights Policy</li> <li>· Established shareholding guidelines for directors</li> <li>· Appointed an outside director as chair of the Nomination &amp; Compensation Committee</li> </ul>	<b>Promote measures to achieve KPIs in the final year of the Mid-Term Management Plan</b> <ul style="list-style-type: none"> <li>· Quantify the effects of our environmental contributions</li> <li>· Assess our impacts on biodiversity</li> <li>· Reset KPIs in line with our human resources strategy</li> </ul>

## Financial Strategies

**We will continue to improve our financial performance with an eye to profitability and capital efficiency, while also stepping up growth investments for the future**



**Hiroyuki Yamazaki**

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

### My mission as the director responsible for financial strategy

When it comes to financial strategy, the most important thing is to strike a balance with the company's business strategy. For a manufacturing company like ours, achieving a good harmony between financial strategy and business strategy is particularly important. If a company is trying to improve financial indicators such as ROE and ROA, it will not get the results it desires if it simply deploys measures within the company without first thinking carefully about how best to approach things. A variety of ideas need to be incorporated into the frontline level of each business, such as the early collection of accounts receivable and the optimization of inventory. The same is true if you want to achieve a target for reducing CO<sub>2</sub> emissions: you can get the results you want by instilling in employees the importance of saving electricity and corporate social responsibility. As I see it, my role is to act as a bridge between the tasks of ensuring financial information is disclosed to all stakeholders and helping employees make steady improvements in their work. In Europe and the U.S., there is a tendency for companies to value short-term, theatrical reforms led by top management. However, I think that reforms taken with this approach are not suited to Japanese companies and would be unlikely to lead to lasting change. I believe that the role of management is to steer frontline employees who have perceived the need for change in a direction in which they will work to make steady improvements on their own initiative. Our company has a corporate culture of PDCA, an essential element for enhancing the effectiveness of employee-led improvement activities. My mission is to leverage our core competence of being able to truly set the PDCA cycle in motion to work with frontline employees to promote ongoing improvements in our financial position, and to support our growth strategy.

### Financial results for fiscal 2023

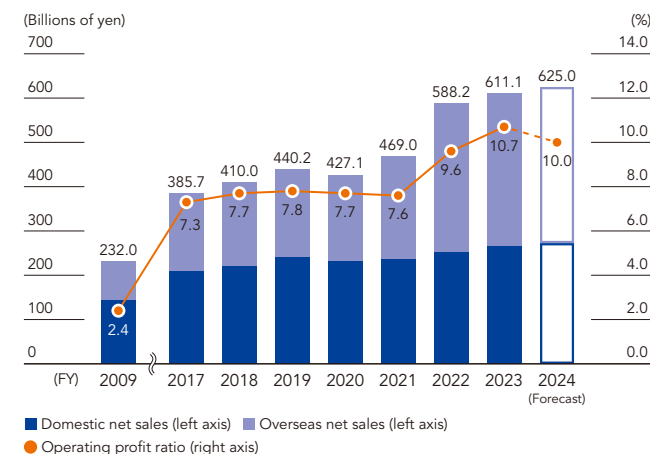
During the current Mid-Term Management Plan (hereinafter, "MMP"), covering the period from fiscal 2022 until fiscal 2024, there have been numerous changes in the business environment

that have affected our corporate finances. These include factors such as the economic recovery from the COVID-19 pandemic, rising interest rates, exchange rate fluctuations, inflation, rising wage levels, and growing geopolitical risks in various parts of the world. Against this backdrop, in fiscal 2023, we saw growth in high-value-added products such as IoT-compatible products and disaster prevention and climate change products, as well as in the maintenance and services business. Consolidated net sales increased by 3.9% year-on-year to ¥611.1 billion, while operating profit increased by 16.1% year-on-year to ¥65.4 billion, partly due to the effect of cost reductions. In addition, for the first time, the operating profit ratio exceeded our long-standing target of 10%, reaching 10.7%.

Looking at our results by region, our businesses in Japan and North America performed well. In Japan, profits rose 12.6% on the back of strong demand for factory construction and large-scale redevelopment projects. In the North America, the residential market was sluggish, but as a result of efforts we made aimed at reducing costs and halting falling prices, operating profit in terms of local currency rose 11%. In Europe, however, we struggled in the face of a deteriorating economic environment. In Asia, profits doubled thanks in part to new consolidations.

Our capital efficiency has improved steadily. We have been able to increase ROE to 16.5% (15.0% in the previous year) and

#### Net sales / Operating profit ratio



ROIC to 22.6% (20.9% in the previous year).

The annual dividend increased by 34% to ¥78 per share (¥58 in the previous year). With regard to share buybacks, we have announced that we will acquire a further ¥5 billion of treasury stock in the first half of fiscal 2024, having already acquired ¥5 billion in the second half of fiscal 2023. As a result of these measures, the total amount of shareholder returns stands at around ¥22 billion per year. The total payout ratio has reached a level exceeding 50%, and we have received positive evaluations from our shareholders.

Our share price was ¥2,681 as of the end of the fiscal year (¥1,416 in the previous year), an 89% increase on the previous year. The Price-to-Book Ratio (PBR) was 2.2 (1.3 in the previous year), and the Price Earnings Ratio (PER) was 13.7 (9.5 in the previous year), representing an improvement of each of these indicators.

## Progress of the Mid-Term Management Plan 2024 (FY2022–FY2024)

For the period of the MMP, we are on track to achieve record-highs in terms of both consolidated net sales and profits. In fiscal 2024, we also expect to achieve record-high net sales, and operating profit for all three years of the MMP is expected to significantly exceed the MMP targets. Furthermore, we anticipate that the operating profit ratio, which exceeded our long-standing target of 10% to reach 10.7% in fiscal 2023, will also exceed 10% in fiscal 2024. We believe that by surpassing the 10% operating profit ratio, our Group has entered a new stage in its development.

The indicators expressing capital efficiency, including ROE and ROIC, have all exceeded the targets set out in the MMP. As a result, shareholder returns have also exceeded these targets. Therefore, at present, we are focusing our efforts on addressing qualitative rather than quantitative issues in relation to the MMP targets. One specific issue is that, against the backdrop of rising stock prices in the US and issues with exchange rates, we have developed a mindset of wanting to avoid the risk of making purchases at a high price. Consequently, we have become wary of M&A. Although we are making progress as planned in

investment to move forward with digitalization and smart products and services, one of our key strategies, I believe that we need to further accelerate our efforts to this end.

Breaking the current situation down by region, in Japan, we have a large backlog of orders, and the market environment is certainly good enough for us to be able to achieve the targets we set out in our MMP. We have a number of large projects scheduled for completion in 2025 and 2026. Problems with logistics and installation work in 2024 are certainly a factor that will increase costs. However, we aim to achieve sustained rapid growth by managing costs appropriately, working to maintain delivery times, and passing on cost increases to sales prices.

In the North America, we are achieving results that significantly exceed our MMP. Our initial forecast for operating profit in the final year of the MMP (fiscal 2024) is ¥30.5 billion, which is 2.3 times the target of ¥13.5 billion. However, some of our competitors are also achieving good results, so will not be complacent and will continue working to reduce costs and improve production efficiency. We will also work on the urgent task of unifying our Enterprise Resource Planning (ERP) system, as this is the basis for managing costs and production activities. Our business in the North America has grown over the years through the integration of various companies, but we have yet to fully realize our potential. By streamlining our business

processes through ERP, we are confident that we can generate significant profits during the next MMP period.

In Europe, we expect to fall short of the quantitative targets outlined in the MMP. This underperformance is partly due to the sluggish business environment, but it is also partly due to our own shortcomings. We will work to improve production efficiency, promote digitalization, strengthen and optimize our sales structure, and enhance our human resources at each of our locations in more than a dozen countries in Europe. Europe is currently facing an uncertain political and economic environment, compounded by the problems in the Middle East, but we will continue to make steady improvements and work to improve our profit ratio.

In Asia, profits increased in fiscal 2023, but because fiscal 2024 is a changeover period for us, profits are expected to decrease slightly and we do not expect to reach the goals set out in the MMP. Since our market share in Asia is not especially high, rather than worrying about market trends, we will focus on improving production efficiency and strengthening sales and management out of a sense of responsibility. Economic growth in China is also stalling, so rather than relying on market growth, I believe that we must chart and achieve a growth trajectory by our own efforts.

	FY2022 actual	FY2023 revised forecast	FY2023 actual	FY2024 forecast	FY2024 Mid-Term Management Plan targets
Net sales	¥588.2 billion	¥600.0 billion	¥611.1 billion	¥625.0 billion	¥580.0 billion
Operating profit	¥56.31 billion	¥60.00 billion	¥65.36 billion	¥62.50 billion	¥45.00 billion
Operating profit ratio	9.6%	10.0%	10.7%	10.0%	7.8%
SVA*1	¥26.9 billion	¥28.0 billion	¥32.2 billion	¥30.0 billion	¥19.0 billion
ROIC*2	20.9%	19.5%	22.6%	20.0%	17.5%
ROE*3	15.0%	15.5%	16.5%	15.0%	13.5%

\*1 We have calculated the weighted average cost of capital (WACC) at 6% and the tax rate at 33%.

\*2 ROIC = Net operating profit after tax (NOPAT) ÷ invested capital\* × 100 (%)

\*The invested capital used in the Company's ROIC has been calculated excluding cash and cash equivalents as well as investments in securities.

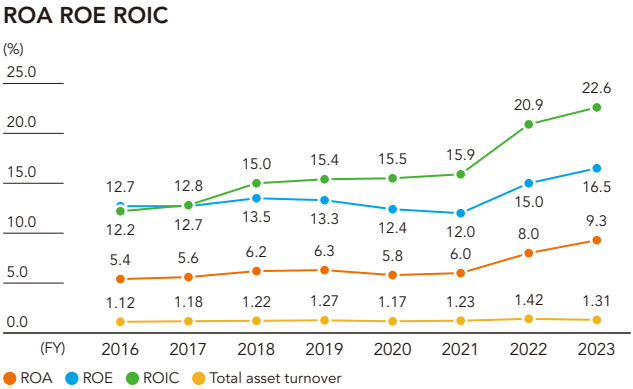
\*3 We are aiming for a cost of shareholders' equity of 8%.

Progress and outlook for our financial strategy

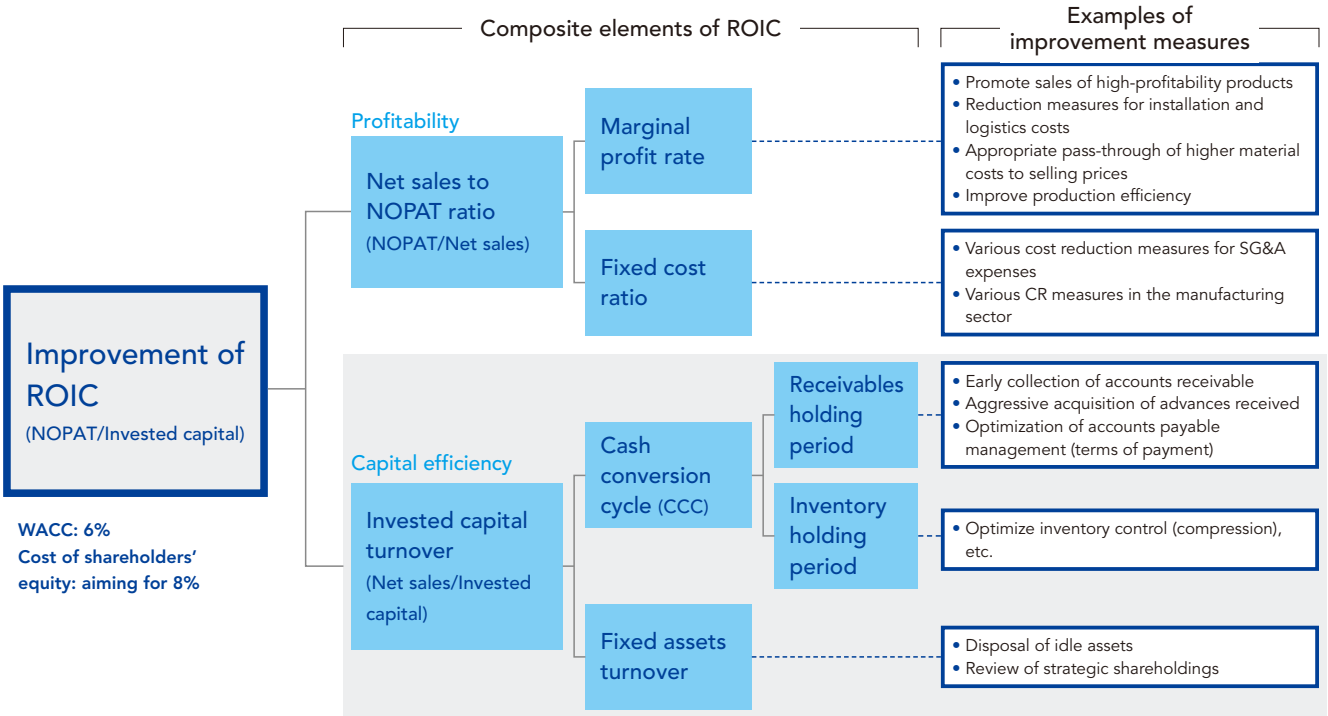
Our financial strategy is based on achieving sustainable growth by improving capital efficiency and maintaining financial soundness, while striking a balance with our business strategy. Accordingly, our business strategy is the foundation of our management, and to this end we regard net sales and operating profit ratio as the financial indicators that we should focus on as a result of this. When we look back over the 15 years since our transition to a holding company structure after acquiring core businesses in Europe and the US, we see that consolidated net sales have increased 2.6 times from ¥232 billion in fiscal 2009 to ¥611.1 billion in fiscal 2023. Furthermore, the operating profit ratio has grown from 2.4% to over 10%. I believe that one of the reasons for our rapid growth over the past two years is the improvement in business efficiency brought about by the introduction of ERP.

In terms of capital efficiency, total asset turnover has improved from 1 level to 1.4 levels. The reason for the recent decrease in the figure is a result of the weak yen, which has increased the yen value of foreign currency assets. Therefore, it does not indicate a deterioration in efficiency when measured in foreign currency terms. As a result of the improvement in capital efficiency, ROA, ROE and ROIC are all on a strong upward trend. In fiscal 2024, we will continue our efforts to maintain and improve ROE at 15% or more, and ROIC at 20% or more.

We introduced SVA (Sanwa Value Added) as our proprietary indicator of economic added value in fiscal 2001, and have since been working to continuously improve our capital efficiency. Looking at how SVA has changed over the past 15 years, we can see that it has improved significantly from ¥-3.4 billion in fiscal 2009 to ¥32.2 billion in fiscal 2023, although this partly reflects the fact that the figures are for the period immediately after the Lehman Shock. Even over the past three years, it has increased 2.4 times, from ¥13.6 billion in fiscal 2020 to ¥32.2 billion.



Evaluation of and issues related to capital efficiency from an SVA perspective



$$SVA = ROIC \times \text{invested capital} - \text{invested capital} \times \text{cost of capital (6\%)} = \text{invested capital} \times (ROIC - \text{cost of capital (6\%)})$$



Cash allocation and shareholder returns

During the MMP period, we plan to generate ¥120 billion in cash flow. To ensure that we do not overlook investment in growth, our basic policy is to make the necessary capital investments (planned at ¥46 billion) and M&A (planned at ¥20 billion) needed for the company to grow, and then to pay out stable dividends to shareholders (with a payout ratio of around 40%) and flexible share buybacks. However, although profits during the MMP period have exceeded the plan, capital investment and M&A have fallen short of the plan. In order to improve our competitiveness in the future, I believe that we need to strengthen our cash allocation to growth investments such as capital investment, especially human capital investment.

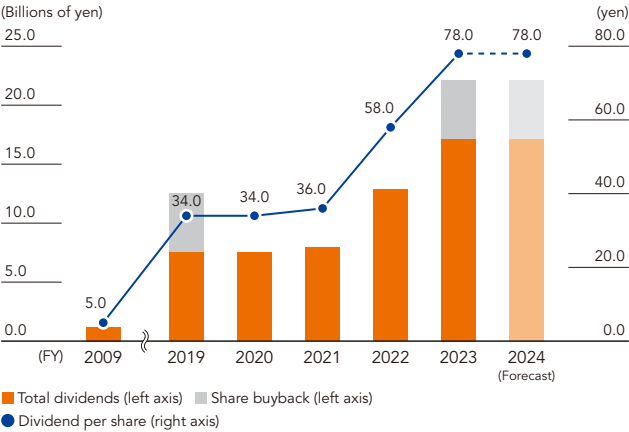
In terms of shareholder returns, while we have not yet made a final decision as to the amount, we expect to be able to exceed our initial plan. We have continued to maintain and increase dividends for the past 15 years. In recent years, progressive dividend policies have been attracting attention. As a result, we can say that we have been implementing progressive dividend policies for the past 15 years.

MMP (FY2022–2024)	FY2022–2023 Actual		FY2024 Forecast	
M&A ¥20.0 billion	¥1.7 billion	North America: Door Control Asia: AUB (HK)	¥18.3 billion	Difference from Actual
Capital investments ¥41.9 billion	¥23.4 billion	Capital investments: ¥19.2 billion IT investments: ¥4.2 billion	¥18.5 billion	Capital investments: ¥15.1 billion Capital investments: ¥3.4 billion
Shareholder returns ¥57.0 billion	¥34.9 billion	Total dividends: ¥29.9 billion Share buyback: ¥5.0 billion	¥22.1 billion	Total dividends: ¥17.1 billion Share buyback: ¥5.0 billion (Current forecasts)

Trends in share prices and improvements in capital efficiency and profitability

Our share price is decided based on the overall evaluation of shareholders concerning business growth, shareholder returns, and other factors. Our share price, PBR, and PER are all on the whole trending upwards. As of the end of fiscal 2023, the most recent year, our share price was ¥2,681, PBR was 2.2 times, and PER was 13.7 times. Over the past 15 years, our share price has risen from ¥312 at the end of fiscal 2009 to ¥2,681, an increase of 8.6 times (over the past three years, it has risen from ¥1,449 at the end of fiscal 2020 to ¥2,681, an increase of 1.85 times). Our PBR improved from 0.8 times to 2.2 times, an increase of 2.8 times (over the past three years, it has improved from 1.8 times to 2.2 times, an increase of 1.2 times). In addition, our SVA spread (ROIC - WACC of 6%), an indicator we use to improve capital efficiency and maintain financial soundness, is also steadily increasing. Although the share price, PBR and PER are steadily improving, I believe that the current values should not be the goal, as there are many companies that we should be aiming to emulate. We will therefore aim for higher evaluations by actively developing financial strategies that we have not done so far while controlling risk.

Total dividend and share buyback, dividend per share



Challenges for the future

At a time when interest rates have come to hold such a decisive sway over our world and the exchange environment is in a state of constant flux, companies are being called upon to find new ways to manage their funds. At our company, we have introduced a Cash Management System (CMS) for domestic funds, and are taking steps to consolidate and improve the efficiency of our fund management functions. Going forward, we will also be looking to enhance our management of overseas funds. Furthermore, we are keeping a close eye on the trend toward the introduction of repatriation tax breaks with a view to making better use of our cash holdings in the U.S.

I am convinced that, in terms of our financial strategy, we need to place more emphasis on striking a balance between shareholder returns and investment in growth. For comparison, if we look at our financial strategy 30 years ago, we can see that while our current dividend has increased tenfold, capital investment has only increased fourfold, from ¥3 billion to ¥13 billion. In order to deliver the kind of corporate growth that will lead to the level of share price improvement that our shareholders and investors expect, in the future we will be taking a more proactive approach to capital investment, human capital investment, and M&A. We will pay particular attention to expanding our human capital investment, in the sense that doing so will enhance the wellspring of our value creation.

With regard to shareholder returns, I of course understand that shareholders and investors all hold their own respective views on dividend payout ratios, DOE and other figures, and dividend methods such as progressive dividends. However, we are currently discussing a return policy that will be acceptable to the majority of people, with a view to including it in our next Mid-Term Management Plan. From now on, we would like to place even greater importance on our individual shareholders. In response to the introduction of NISA, we will work to provide easy-to-understand information so that as many individual shareholders as possible will choose to hold our company's shares.

Our financial strategy is now moving into a new stage as we see improvements to each indicator and work toward becoming a global leader of smart entrance solutions. We will continue to do our utmost to become a company that does not rest on its laurels, one that earns the support of its stakeholders from a medium- to long-term perspective.

# Human Resources Strategy

## Basic policy

The Sanwa Group views human resources as its most important management resource. We are focusing on the development of human resources, the driving force behind value creation, by enhancing systems and work environments so that employees can fully demonstrate their capabilities. We are also working to promote human-resources-related measures that take human rights and diversity into account, and to ensure that work environments are safe and comfortable. Through fair and sincere corporate activities based on the effective use of human capital, we seek to maximize the social value we provide to stakeholders.

## Approach to securing human capital and ensuring diversity

One of the values set out in the Sanwa Group's Management Philosophy is "To bring together the creativity of each individual in a team environment for the enhancement of corporate value." Underpinning our business activities as we work toward achieving our Long-Term Vision and Mid-Term Management Plan are what we perceive to be two aspects: an unchanging aspect, which is to continue to protect the safety, security, and convenience of our customers through our products and services, and a changing aspect, which is to anticipate changes in the environment and create new value. We believe we can maximize our corporate value by having individuals who can think and act on their own initiative and organizations that offer a pleasant and rewarding work environment.



## Types of talented people the Sanwa Group needs

In fiscal 2022, the Sanwa Group set forth its aim of becoming "a Global Leader of Smart Entrance Solutions" as the foundation for its Long-Term Vision, the Sanwa Global Vision 2030.

To achieve this Long-Term Vision, we will need a variety of talented people, including:

- People who think outside the box, asking questions and seeking changes
- People with a global perspective
- People who can contribute to a sustainable society
- People with digital skills
- People who can express their own thoughts clearly
- People with a wealth of creativity

In order to attract and bring this kind of talent into the Group, we will strive to create a flexible organization that can accommodate diversity.

## Human resource development

To encourage individual growth, we have a range of systems and skill development programs in place that enable employees to make the most of their abilities. These include such things as practical training that is tailored to each workplace, training that fosters the ability to think from a managerial perspective, and support for personal development through skill maps, providing multifaceted opportunities for development and a framework for demonstrating self-directed action toward growth. In fiscal 2019, Sanwa Shutter Corporation introduced the Sanwa Professional Human Resources Training Plan for new employees hired through regular recruitment, and is implementing a job rotation program for them to gain practical experience in sales, manufacturing, design, and installation over a period of approximately two years. Our training system is structured by job level, including training to strengthen management skills for managers, career enhancement training for middle-level employees, next-generation leader training, and career development training for female employees, and career development training for female employees.

## Training system (Group companies in Japan)

	Level-specific training	Goal-specific training (open to all/select employees)		Goal-specific training (mandatory/elective)		Personal development
		Next-generation	Global	Career	Division-specific skills	
Senior management						
Managers	Training to strengthen management skills Training for onboarding new employees New manager training	Sanwa Management Training School (Executive) (Advanced)	Training for global assignments	IT literacy training		
Mid-level employees	Career enhancement training Next-generation leader training Career development training (for female employees) Mid-level employee training OJT leader training		Practical global training TOEIC IP E-learning, etc.	Life planning seminars Career design seminars	Training based on skills mapping Digital skills training	Correspondence courses, recommended reading, etc.
New employees	Follow-up training New employee training (Sanwa Professional Human Resources Training Plan)					

### Training to strengthen management skills

(Number of participants in fiscal 2023: 28)

With the aim of reinforcing the Sanwa Group's combined strengths, and to give managers at the heart of the business enhanced management capabilities, since fiscal 2022 we have conducted training to strengthen management skills. The training is designed for personnel who already have some management experience and who are expected to play a more active role in the future. The training involves group discussions of a manager's roles and responsibilities, and of skills such as management, planning, and communication with subordinates (coaching, listening, etc.).

### **New** Career enhancement training

(Number of participants in fiscal 2023: 24)

This new training program was launched in fiscal 2023 with the aim of ensuring that experienced employees in their 40s and 50s continue to play an active role in the workplace. During training, participants identified what skills and strengths they have developed in the course of their careers, based on which they created a concrete action plan for how they would like to work in the future. In order to strengthen human resource development, increase productivity, and reinforce our installation, manufacturing, and supply capabilities, we will also work to create an environment (systems, organizational structure, etc.) that encourages a diverse range of people to play an active role in the Company over the long term.

### Next-generation leader training

(Number of participants in fiscal 2023: 27)

Since fiscal 2022 we have carried out next-generation leader training, designed for mid-level employees as the core human resources in each Group division. Participants learn about the mindset and skills needed to demonstrate leadership, and the training aims to provide them with self-awareness as next-generation leaders, as well as to generate both the motivation to tackle various issues and a sense of ownership as potential management candidates. During the training, participants also learn about the skills required of them as future leaders, such as grasping issues and finding their causes, establishing the subject matter and drawing up concrete proposals, and communicating in a way that influences others.

### Career development training for female employees

(Number of participants in fiscal 2023: 22)

One of the basic strategies for the Group in Japan is to strengthen human resource development, increase productivity, and reinforce our installation, manufacturing, and supply capabilities. Achieving all of those things will depend on female employees being able to fully demonstrate their abilities, and also on leadership that leverages the unique insights women hold. With this in mind, since fiscal 2022 we have held new career development training sessions designed for female employees who have worked for the Group for ten or more years. The training is part of our human resource development for future management candidates, and is also an opportunity for individual career development. Through the training, participants consider the unique characteristics women possess and the career challenges they face. With a renewed outlook on their current work and life, they see themselves in a more positive light, fostering their drive for career development.



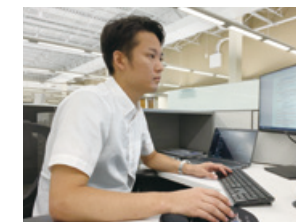
Career development training for female employees



### Practical global training

(Number of participants sent to ODC in the U.S. in fiscal 2023: 2; Number of participants sent to Shanghai, China: 1)

As part of our global human resource development, we have been conducting overseas training at ODC in the U.S. since 2010 and in Shanghai, China since 2017. Through an approximately year-long period of practical training at overseas Group companies, we develop global human resources for the Group who hold a strong international outlook. After the training period, participants go on to play active roles in various fields in Japan and overseas. Training at ODC in the U.S., which was put on hold during the COVID-19 pandemic, resumed in fiscal 2023. Two people were sent to ODC, where they are expanding their knowledge through practical work and energetically honing their skills.



Practical global training

## Focus

### Securing and training installers

We provide consistent support to our customers, covering everything from product development and sales to design, procurement, manufacturing, installation, and maintenance services. In Japan in particular, our superior installation and maintenance capabilities are a source of competitive advantage and value creation. In 2008, Sanwa Shutter Corporation opened a specialized training facility aimed at enhancing the training of installers. This facility continues to help us to improve installation quality and raise the skill level of our installers, establishing a high standard of installation and a nationwide base for training.

Our pool of installers is aging due to Japan's declining workforce. However, we are working to maintain a stable workforce and pass on skills by having experienced senior installers accompany younger installers during installation and repair work, and train and guide them.



# Regional Operations

## Japan



### Strengths

- Top share in Japan, including shutters, overhead doors, and steel doors
- Seamlessly integrated business model from development to sales, design, production, installation and after-sales service
- Nationwide sales network comprising around 500 locations (divisions) and more than 3,900 installers
- Social contribution through multi-product sales, including disaster prevention products

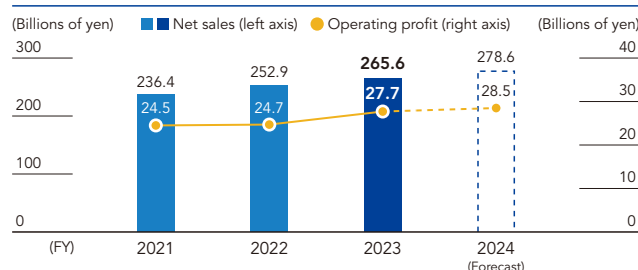
### Risks

- Deterioration in earnings due to sudden price hikes for steel or other auxiliary materials, as well as rising energy and labor costs
- Decline in supply capacity with the aging of production facilities, a decrease in the number of manufacturing personnel, decline in manufacturing technology, etc.
- Insufficient supply capacity due to a decrease in the number of installers, installer aging, or a decline in installation abilities
- Decline in competitiveness due to delays in advanced technology development and its application to services, and insufficient product improvements
- Increased costs due to problems in the transport and construction industries in 2024, delays at work sites, etc.

We will expand our circulation-oriented business by creating new products and services that are ahead of the times in terms of environmental change.



### Net Sales / Operating Profit



### Overview of Fiscal 2023

Fiscal 2023 was the second year of the Mid-Term Management Plan 2024. Under the motto "Creation and circulation," we worked to solve customer issues and create even greater value by developing new products and services that uphold three principles: disaster prevention and mitigation, environmental contribution, and IoT and electrification. Based on that approach, we have released new products such as high-speed sheet-type shutter with heat insulation "Quick Saver TR" from the Re-carbo series, with improved thermal insulation performance in addition to increased convenience and compactness, "Sound Guard," an industry-leading highly sound-insulating door, and "S-tight Door (steel specification)" from the Water Guard series, which is capable of withstanding a flooding height of 3 m.

In terms of business performance, in addition to working to secure profitability by passing on costs to sales prices, our core products such as commercial building and condominium doors, centering on factory facilities and large-scale redevelopment projects, strategic products such as partitions, and the maintenance and service business performed particularly well. As a result, net sales increased by 5.0% from the previous year to ¥265.6 billion, and operating profit increased by 12.2% from the previous year to ¥27.7 billion.

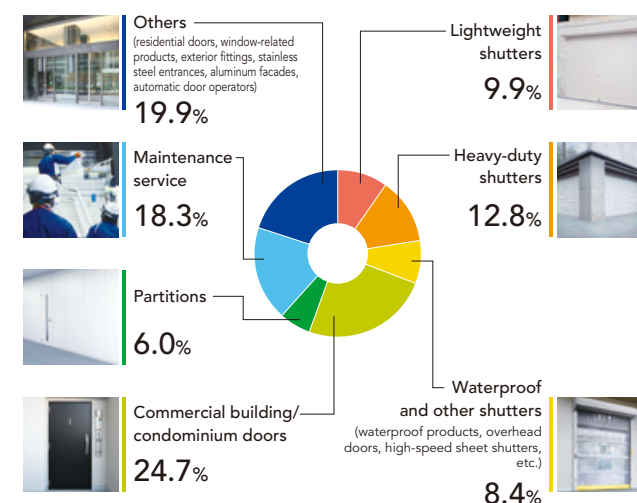
### Initiatives to Achieve the Mid-Term Management Plan Goals

Fiscal 2024 will be the final year of both the Sanwa Global Vision 2030 and the Mid-Term Management Plan 2024. We will move forward with the following initiatives, with the aim of achieving the management plan's goals.

As it is an in-between season for large-scale urban redevelopment projects, we expect the number of completed properties to decrease. In addition to working to increase orders for core products such as shutters and doors for use in factories and logistics warehouses, an area in which demand continues to be strong, for strategic products, we will also propose value-added solutions and strive to differentiate from our competitors, with the aim of increasing our market share. In the maintenance and service business, we will enhance statutory inspections and further strengthen our efforts to capture demand for post-inspection repairs and replacements.

As well as expanding our lineup of disaster prevention products and climate change products, which help to protect lives and property from natural disasters and other negative impacts of climate change, we will move forward with development of IoT- and electrification-related products that incorporate information technology. Furthermore, we will promote the digitalization of business processes and strive to improve productivity through system integrations. In addition, as part of manufacturing innovation, we will proactively make capital investments in the expansion of our production and supply capabilities and labor reductions. What is more, alongside moving forward with human resource development, work-style reforms, and securing personnel, we are working to train and develop the next generation of leaders. In particular, in fiscal 2024, we expect to see an increase in various costs, including those required to deal with issues related to the transport and construction industries. As such, we will respond by taking steps that include focusing on appropriate cost management and ensuring delivery deadlines, as well as by working to pass on cost increases to sales prices.

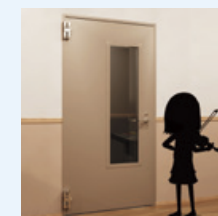
### FY2023 Net Sales Composition by Product (Japan)



### TOPICS

### Soundproof Guard, the industry-leading highly sound-insulating door, wins the 17th Kids Design Awards

In August 2023, Soundproof Guard won in the "design that contributes to the safety and security of children" category at the 17th Kids Design Awards. The Awards are organized by Kids Design Association, a specified non-profit corporation, and supported by Japan's Ministry of Economy, Trade and Industry, Cabinet Office, Consumer Affairs Agency, and Children and Families Agency.





# North America

The Genuine. The Original.  
OVERHEAD DOOR

## Strengths

- Brand power
- High market share
- Strong sales network (distributors, large retailers, online sales)
- A robust manufacturing network for acquiring market share
- Materials selection and manufacturing processes aimed at reducing environmental impact

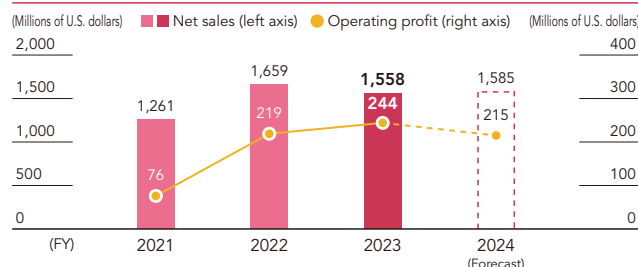
## Risks

- Concerns that various costs will remain high due to inflation
- Stagnation in the residential market due to high interest rates

We will aim to further expand our product lineup and achieve sustainable growth.



## Net Sales / Operating Profit



## Overview of Fiscal 2023

In fiscal 2023, the market environment was characterized by continued high interest rates intended to curb inflation and a slowdown in the residential market. Meanwhile, in the technology sector, such as semiconductors and electric vehicles, capital investment was buoyed by the effect of U.S. government subsidies that encouraged domestic production. As a result, net sales in fiscal 2023 decreased by 6.1% from the previous year to USD 1,558 million, while operating profit increased by 11.1% from the previous year to USD 244 million, a record high for the second consecutive year.

Our main initiatives in fiscal 2023 focused on expanding our business domain by launching a dock leveler in the commercial sector.

In addition to these efforts, we worked to add partner distributors and further expand our product lineup, and continued to make progress with initiatives to achieve sustainable growth.

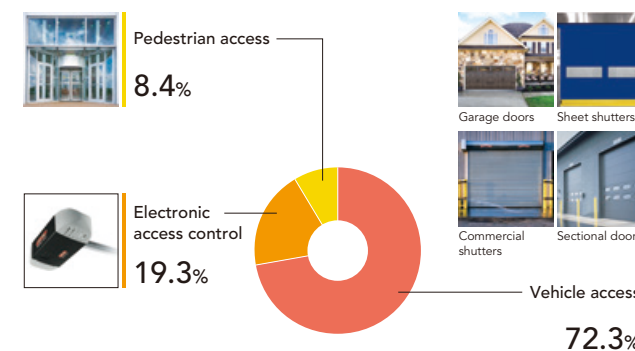
## Initiatives to Achieve the Mid-Term Management Plan Goals

In terms of core business expansion, we will focus on increasing sales volume by creating demand in the non-residential market and strengthening our approach to distributors in the residential market, as well as further expanding into new business domains, including dock products and gate openers, and strengthening sales to retailers and sales of our parts and services. In addition, we will continue working to optimize prices and reduce manufacturing costs and transportation costs.

As part of our efforts to increase productivity, we are renewing our ERP system that incorporates customer support tools, and will reinforce our business processes and achieve integration.

From a sustainability management perspective, we are making thorough cost reductions throughout the value chain. In manufacturing, we will also take steps to improve production efficiency, such as by consolidating our automatic door factories, which were previously located in the U.S. and Mexico, into a single new factory in Matamoros, Mexico. At the same time, we will continue to invest in skill development and enhancing well-being for our employees through e-learning and other means.

## FY2023 Net Sales Composition by Product (North America)



Note: Vehicle access indicates the former doors category, electronic access control indicates the former door openers category, and pedestrian access indicates the former automatic doors category.

## TOPICS

### Horton opens a new factory in Matamoros

In April 2024, Horton, a company providing pedestrian access solutions, opened a new factory in Matamoros, Mexico. This factory, equipped with state-of-the-art production facilities, will not only improve production efficiency by consolidating Horton's two production sites into one, but is also equipped with product testing facilities to further improve quality and expand the company's business.





## Strengths

- Wide range of innovative products tailored to customer needs
- Processes digitalized with a view to the customer experience, including orders and customer support
- Europe-wide service network
- Experienced and talented employees

## Risks

- Increasing uncertainty in Europe due to the conflict in Ukraine
- Noticeable decline in construction activities caused by sharp rises in construction costs and interest rates
- Rises in energy costs in line with surging energy prices, and material cost increases
- Worries over the worsening situation in the Middle East

We will focus on continued promotion of digitalization, and on the area of sustainability.

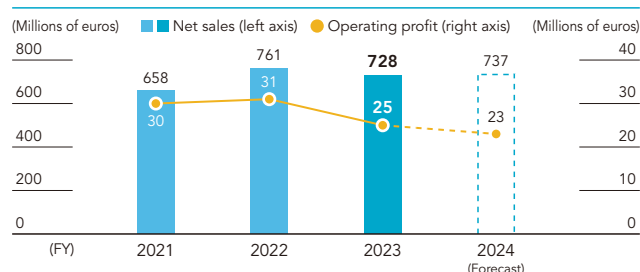


## Overview of Fiscal 2023

In fiscal 2023, Europe was facing a very difficult situation due to a range of factors, including the conflict in Ukraine, the massive influx of refugees, high inflation, rising interest rates, and the worsening situation in the Middle East. This difficult environment brought about a shift which saw people making an effort to spend less and save more, leading to a decline in purchasing power. In the construction industry, the residential market in particular saw a significant decline, while in the non-residential market, phenomena such as the suspension of many new projects also occurred.

In terms of business performance, in addition to the rise in various costs, the worsening market environment led to a decrease in sales volumes. As a result, net sales decreased by 4.4% from the previous year to 728 million euros, and operating profit decreased by 17.6% from the previous year to 25 million euros.

## Net Sales / Operating Profit



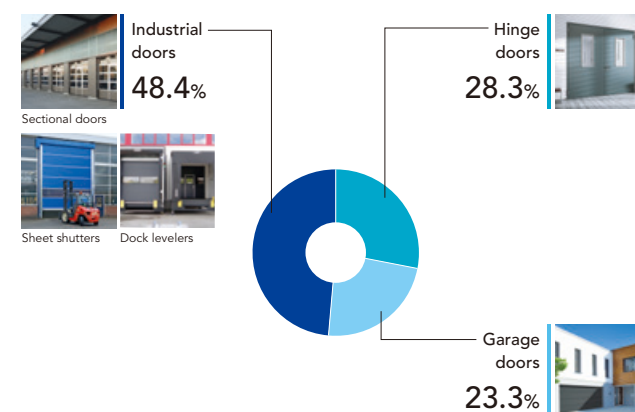
## Initiatives to Achieve the Mid-Term Management Plan Goals

The European construction market continues to struggle. This significant downturn is not limited to the residential market, but is also affecting the non-residential market. While the sharp rise in construction costs and the hike in interest rates are also factors, uncertainty over economic growth across Europe is contributing to this situation, too.

As the market environment remains stagnant, Novoferm is focusing on efforts to acquire a greater market share. In order to achieve this, we are consolidating the comprehensive strengths of our products, processes, and services, and are putting even more effort into supporting our customers in their day-to-day work to further expand the use of Novosale, a digital platform for communicating with customers.

In the area of sustainability, we will focus on installing solar panels at our factories, reducing the amount of standby power used by door openers, and increasing our use of recyclable materials.

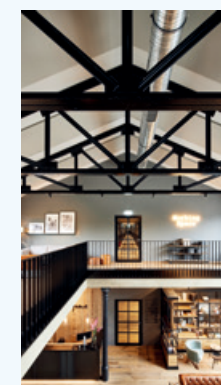
## FY2023 Net Sales Composition by Product (Europe)



## TOPICS

## Launch of NovoFire® Steel

In April 2023, Novoferm unveiled NovoFire® Steel (RS, T30), a new fire-resistant glass door for indoor use, at the BAU 2023 exhibition in Munich, Germany. This new steel type is the latest addition to the NovoFire® product lineup, which has previously been made mainly from aluminum. As well as being fire-resistant, it can be freely combined and designed in combination with doors, side panels, fixed glass, etc., ensuring that it blends in with the design of the building.



## Strengths

- Sales advantage to Japanese companies by using the Sanwa Shutter Corporation brand
- Sales advantage in Greater China and the ASEAN region by using European brands
- Corporate competitiveness through application of the PDCA cycle across the Group
- Low funding costs based on leveraging the Group's strong financial foundation

## Risks

- Rising interest rates and energy costs
- Compliance with rapidly changing legal reforms, including environmental regulations in each country
- Geopolitical risks (U.S.-China relations, Myanmar)
- Further worsening of the Chinese economic environment

Through initiatives to strengthen our production and sales system and diversify our product range, we will move forward with business expansion.

## Overview of Fiscal 2023

In fiscal 2023, the new Sanwa Novoferm Changshu plant in China commenced full-scale operations, and we worked to expand production capacity by shortening delivery times and improving productivity. In the East China business, shutters fared well for the factory market, and we also focused on strengthening sales of doors. In addition, we also made efforts to expand sales by capturing markets for fireproof and smokeproof products in each country in the Asia region.

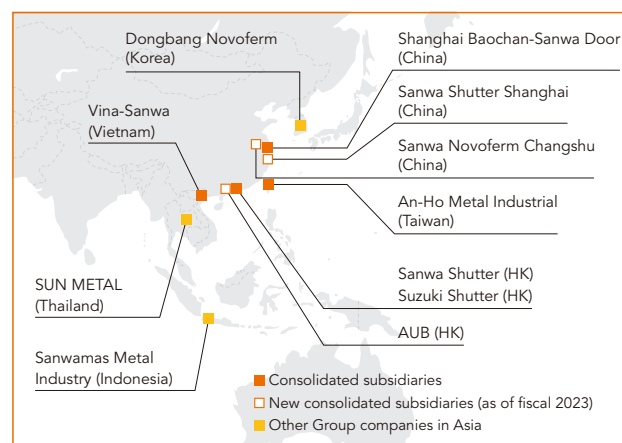
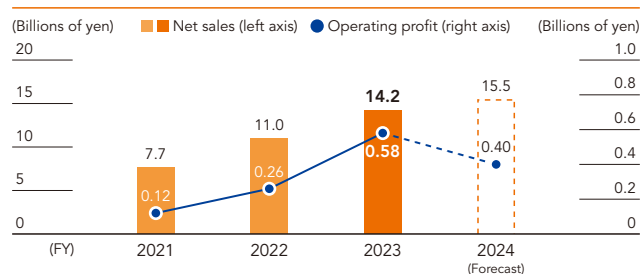
In terms of business performance, the contribution of Hong Kong-based AUB Limited, which Sanwa Shutter (HK) acquired last year, and the continued strong performance of our Hong Kong and Taiwan businesses resulted in net sales of ¥14.2 billion and operating profit of ¥580 million, up 28.7% and 122.9% from the previous year, respectively.

## Initiatives to Achieve the Mid-Term Management Plan Goals

As part of the Sanwa Global Vision 2030, which started in fiscal 2022, we have set out to strengthen the basis for growth of the Asia business as a basic strategy, and we aim to take things to the next level. The Sanwa Novoferm Changshu door manufacturing plant is now fully operational, and we are working to further strengthen our production system and expand orders. Moreover, with the addition of AUB, a door access product provider with a strong track record in sales and distribution, and the establishment of a system that provides comprehensive solutions for shutter and door access products in the Hong Kong and Macau markets through the three companies Sanwa Shutter (HK), Suzuki Shutter (HK), and AUB, we aim to further expand our Group's services and customer base.

At An-Ho (Taiwan), we will pursue further product superiority by complying with new standards for fire prevention products. At Vina-Sanwa (Vietnam), we will work to boost orders by developing products for the local market. Sanwamas (Indonesia), we will move forward with business expansion by adding to our product lineup.

## Net Sales / Operating Profit



## TOPICS

## Sanwa Novoferm Changshu's solar panels are now operational

Sanwa Novoferm Changshu's solar panels are now operational. Sanwa Novoferm Changshu installed solar panels at its new door manufacturing plant in Changshu City, Jiangsu Province, which began operating in June 2024. The panels cover a total area of 6,680 m<sup>2</sup> and are expected to provide approximately 84% of the plant's annual electricity needs, reducing annual CO<sub>2</sub> emissions by approximately 1,397 t. In order to respond appropriately to the risk of climate change, we will continue working to reduce CO<sub>2</sub> and other greenhouse gas emissions, and play our part in helping to build a sustainable and prosperous society.



## ESG Material Issues and KPIs

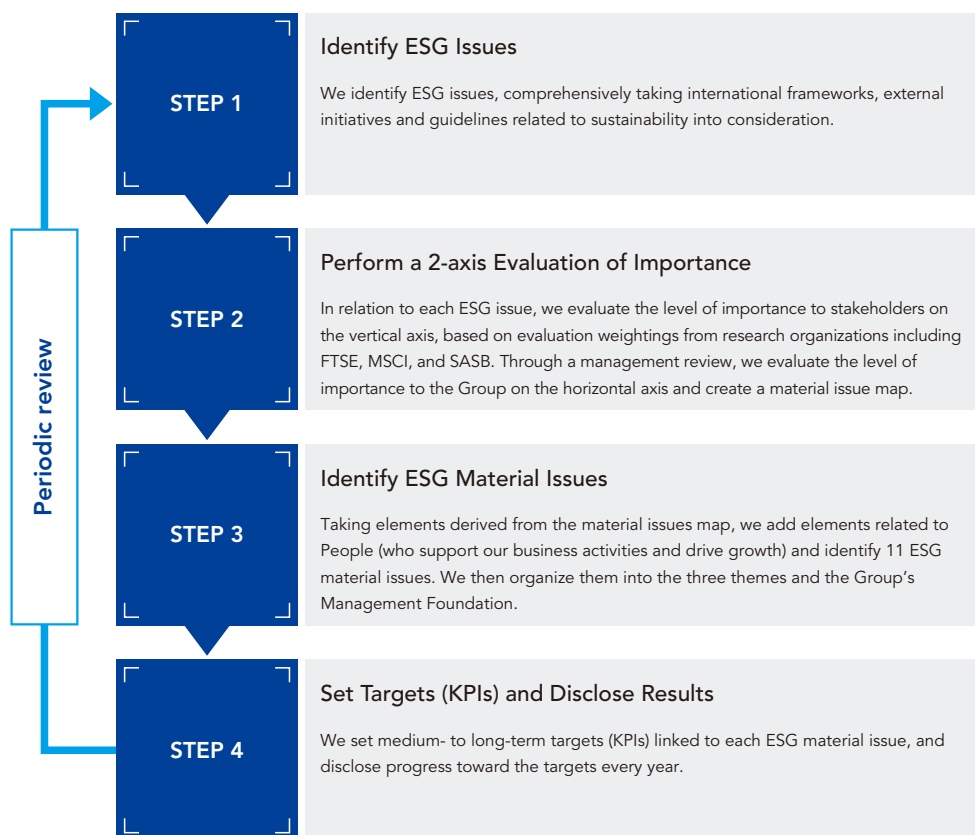
To promote sustainable management, the Group has identified 11 ESG material issues (consisting of the three themes of Manufacturing, Environment, and People, as well as the Management Foundation that supports these themes).

We will move forward with measures to achieve the KPIs we have set with the aim of realizing the Sanwa Global Vision 2030, and we will strive to improve corporate value through dialogue and collaboration with stakeholders.

### Process of analyzing material issues

The Group has identified 11 ESG material issues (consisting of the three themes of Manufacturing, Environment, and People, as well as the Management Foundation that supports these themes) through the following process. The Sustainability Committee regularly discusses the progress of ESG material issues and new initiatives.

#### Identification Process



### Sustainability Committee

We aim to increase medium- to long-term value by implementing sustainability practices. In order to do so, the Sustainability Committee (chaired by the Representative Director and President of Sanwa Holdings) meets once per quarter in principle, to deliberate on and drive the Group's sustainability policies and other related issues.

















#### Sustainability Promotion Structure



ESG material issues	Vision
<b>Manufacturing</b> <ul style="list-style-type: none"> <li>Mitigate/adapt to climate change, prevent disaster loss through products and services</li> <li>Quality assurance and enhancement</li> </ul>	The Group has been contributing to the realization of safe, secure, and convenient societies around the world by providing entrance products designed to prevent, protect, and separate, such as shutters, doors, and partitions, protecting lives and properties from disasters and crimes. We help solve social issues with reliable technologies and quality to meet society's diversifying needs and ensure its sustainability.
<b>Environment</b> <ul style="list-style-type: none"> <li>Initiatives toward a decarbonized society</li> <li>Water resource conservation</li> <li>Waste reduction</li> </ul>	As a Group that utilizes natural capital in the course of its business activities, we will work to reduce CO <sub>2</sub> emissions and contribute to the realization of a carbon-neutral society. We will also take steps to reduce our water consumption and waste emissions by using water and raw materials more efficiently, thereby reducing our environmental footprint.
<b>People</b> <ul style="list-style-type: none"> <li>Respect for human rights</li> <li>Human resource development</li> <li>Promotion of diversity</li> <li>Health and safety</li> </ul>	We respect the human rights of all people involved in the Group, who support our business activities and drive growth, and provide them with a safe work environment. We maximize corporate value by ensuring the growth of both individuals who can act independently from the perspective of overall optimization, and an organization that is both pleasant to work in and rewarding to work for.
<b>Management Foundation</b> <ul style="list-style-type: none"> <li>Corporate governance</li> <li>Compliance</li> </ul>	As a Group that operates globally, with businesses in Japan, the U.S., Europe, and Asia, we are committed to corporate governance to build a fair management system, and internal controls to regulate our business activities through an appropriate and sound system. By doing so, we will seek to achieve sustainable growth and enhance our corporate value over the medium to long term.



## ESG Material Issues and KPIs

	ESG material issues	Items	Targets (KPIs)	Scope	SDGs we can contribute to	Reference
 <b>Manufacturing</b> Solve Social Issues Through Our Business	Mitigate/adapt to climate change, prevent disaster loss through products and services	Net sales of climate change response-related products (mitigation)	¥96 billion (FY2024)	Consolidated	  	p.19-22
		Net sales of climate change response-related products (adaptation)	¥18 billion (FY2024)			
		Net sales of disaster prevention products	¥81 billion (FY2024)			
		Net sales in the maintenance and service business	¥76 billion (FY2024)			
	Quality assurance and enhancement	Achieve quality targets in line with each company's quality policy	—			p.41-42
 <b>Environment</b> Achieve Environmental Sustainability	Initiatives toward a decarbonized society	Reduction of CO <sub>2</sub> emissions (Scope 1 + 2)	Reduce by 10% compared to FY2019 (FY2024) Reduce by 30% compared to FY2019 (FY2030)	Sanwa Shutter Corporation	  	p.38 p.43
	Water resource conservation	Reduction of water usage intensity (at factories and offices)	Reduce by 10% compared to FY2020 (FY2030)			p.43
	Waste reduction	Reduction of waste intensity (at factories and offices)	Reduce by 10% compared to FY2020 (FY2030)			p.43
 <b>People</b> Create a Pleasant and Rewarding Work Environment	Respect for human rights	Identification, elimination, and prevention of human rights risks	Implementation of human rights due diligence (FY2024)	Consolidated	  	p.44
	Human resource development	Number of e-learning participants (in English)	200 (FY2024)	Domestic Group companies		p.29-30 p.44
		Number of correspondence course participants	1,000 (FY2024)			
	Promotion of diversity	Ratio of female employees	20% (FY2030)	Consolidated		p.44
		Ratio of female managers	15% (FY2030)			
		Ratio of male employees taking childcare leave	50% (FY2030)	Sanwa Shutter Corporation		
	Health and safety	Obesity rate (BMI of 25 and above)	30% (FY2030)	Domestic Group companies		p.44
		Smoking rate	25% (FY2030)			
		Rate of high-risk persons undergoing screening*	100% (FY2030)	Sanwa Shutter Corporation		
		Rate of taking annual paid leave	55% (FY2030)			
 <b>Management Foundation</b>	Corporate governance	Improving the effectiveness of the Board of Directors	—	Sanwa Holdings Corporation	 	p.45-55
		Ensuring the diversity of the Board of Directors	Supporting board diversity (FY2024)			
		Number of times stakeholder dialogues held	200 (FY2024)			
	Compliance	Number of participants in compliance training	930 (FY2024)	Domestic Group companies		p.39-40 p.56-57
		Commencement and continuous improvement of IT-BCP	—			

\* Rate of high-risk persons undergoing screening: persons who underwent testing and started treatment/persons with a higher risk of developing severe lifestyle-related diseases



## Addressing Climate Change (Initiatives in Response to the TCFD Recommendations)

Recognizing that climate-related risks and opportunities are important management issues, the Group expressed its endorsement of the TCFD recommendations in December 2021 and is working on information disclosure based on the TCFD framework. As defined in our Long-Term Vision, we will strive to enhance our corporate value by expanding the lineup of climate change products, promoting our ESG material issues (“mitigate/adapt to climate change, prevent disaster loss through products and services” and “initiatives toward a decarbonized society”), and enhancing our information disclosure.

### Governance and risk management

We have positioned our response to climate change-related risks as an important issue for the Sustainability Committee, which regularly deliberates on basic policies and other important policies. These policies are in turn reflected in our short- and long-term management plans. In addition, the Sustainability Committee regularly submits reports to the Board of Directors, creating a structure that ensures appropriate oversight by the Board.

### Strategy (scenario analysis)

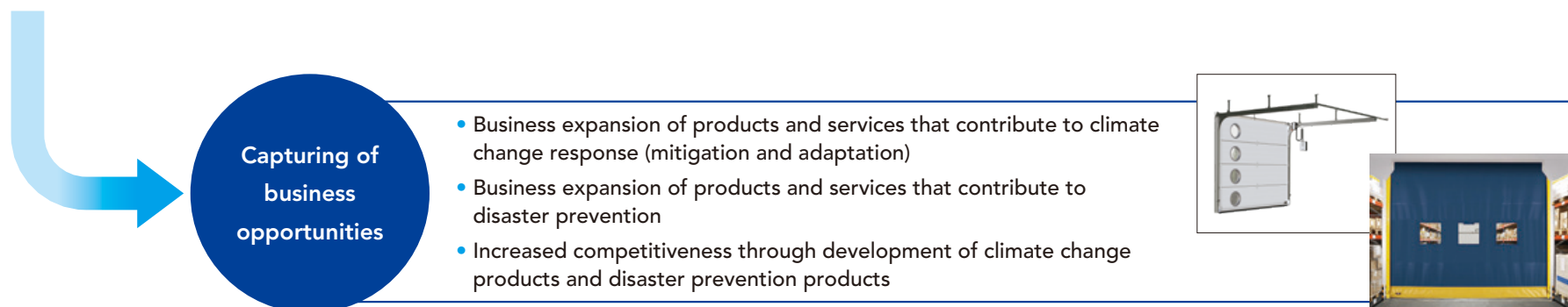
Sanwa Shutter Corporation, the core business company of the Group, was selected for analysis and analyzed using the IEA's 1.5°C scenario and the Intergovernmental Panel on Climate Change (IPCC)'s 4°C scenario, and risks and opportunities as of 2030 were summarized. As a result, we confirmed that in each case the diverse lineup of climate change response-related products demonstrates a high degree of resilience, enabling us to contribute to climate change mitigation and adaptation while capturing abundant business opportunities.

<b>Board of Directors</b>	Oversight of climate change response	Reports 4 times a year
<b>Sustainability Committee</b>	Formulation of basic policy on climate change response/progress reports and deliberations	Reports 4 times a year
<b>Quality, Environment and CSR Promotion Council</b>	Examination of environmental and other issues facing the Group in Japan	Twice a year
<b>CSR Promotion Committee</b>	Examination of environmental and other issues facing companies in Japan	Twice a year

### Scenario analysis

Classification	Category	Impact	Risks	Impact on business	Our response
Transition risks Mainly assuming 1.5°C scenario	Policies and regulations	High	<ul style="list-style-type: none"> <li>Introduction of carbon tax</li> <li>Tightening of emissions target regulations</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs of fuel, electricity, etc. used in factories and offices due to introduction of carbon tax</li> <li>Transition costs incurred as part of emissions reductions in business activities</li> </ul>	<ul style="list-style-type: none"> <li>Use of renewable energy</li> <li>Switch to energy-saving, high-efficiency equipment</li> <li>Switch to eco-friendly cars</li> </ul>
		Medium	<ul style="list-style-type: none"> <li>Tightening of regulations such as ZEB, ZEH, energy conservation standards, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Elimination of specific products due to tightening standards</li> <li>Mandatory use of alternative and recycled materials</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of development, sales, and production of products for ZEB and ZEH</li> </ul>
	Market changes	High	<ul style="list-style-type: none"> <li>Rising raw material prices</li> </ul>	<ul style="list-style-type: none"> <li>Increase in prices of key materials due to carbon tax and other regulations</li> </ul>	<ul style="list-style-type: none"> <li>Securing of profit through high value-added products and services</li> <li>Cost reduction through self-help efforts and appropriate reflection in prices</li> </ul>
	Reputation	Medium	<ul style="list-style-type: none"> <li>Changes in investor and consumer behavior</li> </ul>	<ul style="list-style-type: none"> <li>Deterioration of reputation due to delays in information disclosure and countermeasures</li> <li>Expansion of consumption behavior that takes environmental impact into consideration</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of information disclosure</li> <li>Promotion of environmental measures</li> <li>Development of technologies and products that contribute to climate change mitigation</li> </ul>

Classification	Category	Impact	Risks	Impact on business	Our response
Physical risks Assuming 4°C scenario	Acute/chronic	High	<ul style="list-style-type: none"> <li>Frequent occurrence of extreme weather events (torrential rains, typhoons, floods, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Suspension of sales activities and production due to damage to the Company</li> <li>Suspension of supply of materials and labor due to damage to suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Periodic checks using hazard maps, etc., and response to flooding risks</li> <li>Preparation of alternative procurement methods for materials and parts</li> <li>Strengthening BCP measures</li> </ul>
	Chronic	High	<ul style="list-style-type: none"> <li>Rising average temperatures</li> </ul>	<ul style="list-style-type: none"> <li>Increased health risks at factories and installation sites</li> <li>Decline in labor productivity</li> </ul>	<ul style="list-style-type: none"> <li>Labor-reducing installations through reviewing construction methods and utilizing robots</li> </ul>



## Metrics and targets

We have set targets for both reducing CO<sub>2</sub> emissions produced during our business activities and expanding our climate change response-related products business, and are moving forward with initiatives to mitigate the effects of climate change and maximize opportunities.

### CO<sub>2</sub> emissions (produced during business activities) reduction target (Scope 1 + 2) (Scope: Sanwa Shutter Corporation)

FY2024	10% reduction from FY2019 level*
FY2030	30% reduction from FY2019 level
FY2050	Sanwa Group aims to achieve net zero CO <sub>2</sub> emissions produced during business activities*

\* Announced in the Sanwa Global Vision 2030 Mid-Term Management Plan 2024 in May 2022

### Net sales targets for climate change response-related products (Scope: consolidated)

FY2024	Climate change response-related products (mitigation): 96 billion yen*
	Climate change response-related products (adaptation): 18 billion yen*

## Risks and Opportunities

The Group ensures stable business operations by implementing a Groupwide risk management system and working to predict potential risks, as well as by responding appropriately through measures to counter risks as required for business continuity.

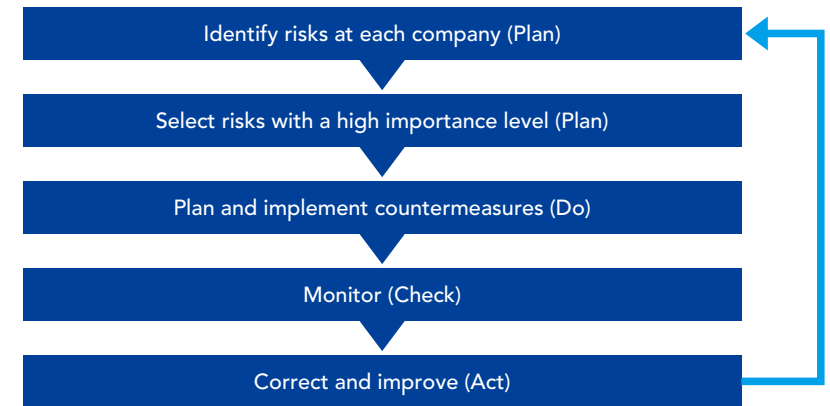
### Process of analyzing risks

The Sustainability Committee, chaired by the Representative Director and President of Sanwa Holdings, reports and deliberates on the Sanwa Group's basic risk management policies, risk-management-related plans, and the progress of initiatives.

The major risks are classified into the categories of Manufacturing, Environment, People, and the Group's Management Foundation, and each risk and opportunity, as well as measures to handle them, are worked out.

More information on risks is provided as part of the Business Risks section of the Annual Securities Report.

 Annual Securities Report – Business Risks (Japanese only) — [https://www.sanwa-hldgs.co.jp/ir/library/financial\\_report.html](https://www.sanwa-hldgs.co.jp/ir/library/financial_report.html)



This cycle is repeated annually to identify and reevaluate risks.

### Major risks and opportunities, and our responses

Classification	ESG material issues	Risk category		Likelihood	Impact	Description of risks	Description of opportunities	Risks/opportunities and initiatives
Manufacturing	Climate change and disaster prevention	Major disasters		Medium	High	<ul style="list-style-type: none"> <li>Business continuity risks due to large-scale disasters (typhoons, torrential rains, earthquakes, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Expand profit opportunities by supplying climate change response-related (adaptation) products and disaster prevention products (fireproof and smokeproof)</li> </ul>	<ul style="list-style-type: none"> <li>Introduce a safety confirmation system</li> <li>Formulate a business continuity plan (BCP)</li> <li>Develop and supply climate change response-related products and disaster prevention products</li> </ul>
		Infectious-disease-related risks		Low	Medium	<ul style="list-style-type: none"> <li>Risk of loss of business opportunities as a result of prolonged infectious disease outbreaks (impact on business performance such as delays in or suspension of operations)</li> <li>Crisis in terms of continuation of business activities due to spread of infectious diseases (pandemics) and outbreaks of clusters</li> </ul>	<ul style="list-style-type: none"> <li>Expand profit opportunities by supplying antibacterial and antiviral products, contactless products, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen countermeasures against infectious diseases</li> <li>Develop and supply antibacterial and antiviral products, contactless products, etc.</li> </ul>
	Quality assurance and enhancement	Quality risks	Manufacturing quality	High	High	<ul style="list-style-type: none"> <li>Quality defects attributable to manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Expand profit opportunities through product differentiation</li> </ul>	<ul style="list-style-type: none"> <li>Update outdated facilities, pass on production technology, improve the work environment, and strengthen pre-shipment inspections</li> <li>Determine the causes of post-shipment product defects through a traceability system</li> <li>Automate production lines, achieve labor-saving through the introduction of robots, and improve production efficiency</li> </ul>
			Installation quality	Medium	High	<ul style="list-style-type: none"> <li>Occurrence of quality defects, fire incidents, etc., attributable to installation</li> </ul>	<ul style="list-style-type: none"> <li>Expand profit through differentiation of easy-to-install products</li> </ul>	<ul style="list-style-type: none"> <li>Undertake installation training and skill ranking for installation engineers, R&amp;D of installation techniques, and regular health and safety meetings</li> <li>Improve operational efficiency through the introduction of process management systems and electronic data interchange (EDI) for installation work</li> </ul>
			Design quality	Medium	Medium	<ul style="list-style-type: none"> <li>Quality defects attributable to design</li> </ul>	<ul style="list-style-type: none"> <li>Differentiate our products from the competition through enhanced design capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Improve design quality and operational efficiency by introducing the latest design system and a simplified system that creates drawings for sales personnel to use</li> </ul>
			Sales quality	High	Medium	<ul style="list-style-type: none"> <li>Complaints attributable to the content of proposals to customers and inadequacies in meetings, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Expand profit opportunities through solution proposal sales</li> </ul>	<ul style="list-style-type: none"> <li>Provide sales personnel with training on new products, training by job level, training to improve sales skills, etc.</li> </ul>
			Inspection quality	Medium	Medium	<ul style="list-style-type: none"> <li>Accidents caused by failure to conduct regular inspections</li> <li>Loss of trust due to delay in full-time service (FTS) responses</li> </ul>	<ul style="list-style-type: none"> <li>Expand maintenance and service business in response to increased inspection legislation</li> </ul>	<ul style="list-style-type: none"> <li>Move forward with entering into maintenance and inspection contracts</li> <li>Create database of existing products</li> <li>Propose installing safety devices and the necessary repairs or replacements</li> </ul>
		R&D risks		Medium	Medium	<ul style="list-style-type: none"> <li>Delay in responding to product development needs</li> </ul>	<ul style="list-style-type: none"> <li>Capture growth opportunities through the development of innovative technologies</li> </ul>	<ul style="list-style-type: none"> <li>Undertake R&amp;D and technological enhancements that always take safety into consideration, identify customer needs, and develop new products</li> <li>Develop climate change response-related products, IoT-related products, and disaster prevention and mitigation products</li> </ul>
		Raw material prices and procurement risks		High	High	<ul style="list-style-type: none"> <li>Soaring raw material prices and rising auxiliary material and logistics costs</li> <li>Stagnation of shipping due to difficulties in procuring parts, materials, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to provide products by achieving stable procurement</li> </ul>	<ul style="list-style-type: none"> <li>Scrutinize and reduce manufacturing costs, and reflect savings in product prices</li> <li>Identify and secure the necessary materials as early as possible and develop alternative procurement methods</li> </ul>
		Production and logistics risks		High	High	<ul style="list-style-type: none"> <li>Failure of product delivery systems</li> <li>Response to logistics issues of 2024 (e.g., difficulty in securing trucks and drivers)</li> </ul>	<ul style="list-style-type: none"> <li>Improve production and logistics systems by leveraging our nationwide network</li> </ul>	<ul style="list-style-type: none"> <li>Establish a production system that meets deadlines</li> <li>Introduce a delivery deadline management system, a warehouse management system for dispatching vehicles, and a truck management system to ensure proper delivery of goods</li> </ul>
		Occupational accident risks		High	High	<ul style="list-style-type: none"> <li>Occurrence of accidents and occupational injuries at factories and installation sites</li> </ul>		<ul style="list-style-type: none"> <li>Prepare manufacturing operation manuals, etc., and implementation of safety education</li> <li>Improve the work environment by installing air circulators and air conditioners in factory work areas, improving rest areas, etc.</li> <li>Prepare installation operation manuals, etc., and ensure that all employees are familiar with safe work practices through safety education, health and safety meetings</li> </ul>



## Risks and Opportunities

Classification	Material issue	Risk Category		Likelihood	Impact	Description of risks	Description of opportunities	Risks/opportunities and initiatives
Environment	Initiatives toward a decarbonized society	Environmental and climate change risks		High	High	<ul style="list-style-type: none"> <li>Increased costs due to the imposition of a carbon tax</li> <li>Loss of trust due to delay in complying with regulations on greenhouse gas emissions, etc.</li> <li>Increase in R&amp;D expenses associated with eco-friendly products</li> <li>Impact of climate change on production activities and shipments</li> <li>Decrease in productivity at production and installation sites due to rising temperatures</li> </ul>	<ul style="list-style-type: none"> <li>Achieve growth through expansion of climate change response-related (mitigation) product</li> </ul>	<ul style="list-style-type: none"> <li>Implement environmental conservation activities in line with the Sanwa Group Environmental Policy</li> <li>Set CO<sub>2</sub> emissions reduction targets and implement initiatives to achieve them (install solar power generation facilities, switch to LED lighting at offices and factories, switch to eco-cars (hybrid vehicles, etc.) for sales vehicles, switch to electric forklifts, etc.)</li> <li>Express endorsement of the TCFD recommendations (December 2021)</li> <li>Develop, propose, and provide climate change response-related (mitigation) products</li> </ul>
	Water resource conservation			Low	Medium	<ul style="list-style-type: none"> <li>Loss of trust due to failure to achieve water consumption reduction targets</li> </ul>		<ul style="list-style-type: none"> <li>Set water consumption reduction targets and implement initiatives</li> </ul>
	Waste reduction			Low	Medium	<ul style="list-style-type: none"> <li>Increase in waste disposal costs</li> <li>Loss of trust due to failure to achieve industrial waste reduction targets</li> <li>Loss of trust due to legal violations concerning waste and recycling-related disposal methods, etc.</li> </ul>		<ul style="list-style-type: none"> <li>Take appropriate measures, such as separating waste properly</li> <li>Set industrial waste reduction targets and implement initiatives</li> </ul>
People	Respect for human rights	Human rights risks		Medium	Medium	<ul style="list-style-type: none"> <li>Deterioration of the work environment due to human rights violations and loss of trust due to disputes between labor and management, lawsuits, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Build a robust organizational structure through enhanced engagement</li> </ul>	<ul style="list-style-type: none"> <li>Establish the Sanwa Group Human Rights Policy</li> <li>Conduct human rights due diligence</li> <li>Conduct a supply chain questionnaire</li> <li>Conduct compliance training</li> <li>Establish contact points for reporting human rights breaches</li> </ul>
	Human resource development	Human resources risks		Medium	High	<ul style="list-style-type: none"> <li>Decrease in operational efficiency due to lack of appropriate personnel</li> <li>Loss of competent human resources</li> </ul>	<ul style="list-style-type: none"> <li>Increase competitiveness by securing talented human resources</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate hiring of new graduates and mid-career workers</li> <li>Reinforce structures for human resource development</li> <li>Appoint younger personnel through reviews of the job grade system and personnel evaluation system</li> </ul>
	Promotion of diversity			Low	Medium	<ul style="list-style-type: none"> <li>Negative impact on employment and loss of trust due to delays in diversity initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Enhance organizational capabilities by promoting diversity</li> </ul>	<ul style="list-style-type: none"> <li>Proactively hire female employees, expand the variety of assigned occupations, and implement career advancement training</li> </ul>
	Health and safety	Personnel and labor risks		High	High	<ul style="list-style-type: none"> <li>Insufficient management of employee health and safety</li> <li>Losses from mistakes due to reduced concentration caused by overwork, decline in operational efficiency</li> <li>Loss of trust due to violations of overtime work agreement, etc.</li> <li>Damage to health due to mental health problems</li> </ul>	<ul style="list-style-type: none"> <li>Improve productivity by creating a comfortable work environment</li> </ul>	<ul style="list-style-type: none"> <li>Fully equip working environments</li> <li>Introduce a working hours management system</li> <li>Expand the annual paid leave</li> <li>Provide guidance to those who need to undergo a detailed medical examination during a health checkup</li> <li>Introduce a mental health system</li> <li>Move forward with improvements intended to make workplaces more comfortable by encouraging use of the childcare leave system, working from home, and taking annual paid leave</li> </ul>
Management Foundation	Corporate governance	Management risks	Natural disaster and infectious-disease-related risks			(See the Major disaster risks section)		
			Geopolitical risks	Low	High	<ul style="list-style-type: none"> <li>Outbreak of terrorism, riots, wars, conflicts, etc., as well as legal regulations, etc., in overseas locations</li> </ul>		<ul style="list-style-type: none"> <li>Monitor, research and collect information on geopolitical risks from officers resident overseas</li> </ul>
			Economic-trend-related risks	Medium	Medium	<ul style="list-style-type: none"> <li>Deterioration in business performance due to decreased demand resulting from economic recessions, impact of foreign exchange rate and interest rate fluctuations, funding procurement risks, etc.</li> </ul>		<ul style="list-style-type: none"> <li>Take hedging measures such as currency swaps, forward exchange contracts, etc.</li> <li>Diversify funding procurement sources</li> </ul>
			Financial, accounting, investment-related and other risks	Medium	Medium	<ul style="list-style-type: none"> <li>Financial, accounting, investment-related and other risks, such as bankruptcy due to the business failure of partner companies, bad debt due to the discontinuation of business, and bad debt losses</li> </ul>		<ul style="list-style-type: none"> <li>Thoroughly manage credit</li> </ul>
		Corporate governance-related risks		Medium	High	<ul style="list-style-type: none"> <li>Loss of trust due to inadequate governance structure</li> </ul>	<ul style="list-style-type: none"> <li>Improve trust from society by strengthening governance</li> </ul>	<ul style="list-style-type: none"> <li>Carry out a Board of Directors' effectiveness evaluation questionnaire</li> <li>Establish the Nomination &amp; Compensation Committee</li> <li>Implement board diversity initiatives</li> </ul>
	Compliance	Compliance risks	Fraud, scandal, and legal violation risks	Medium	High	<ul style="list-style-type: none"> <li>Loss of trust due to inadequate internal controls</li> <li>Loss of trust due to problems arising from fraud, scandals, legal violations, internal rule violations, etc., and other violations such as delays in responding to legal reforms and revisions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Improve trust from society</li> </ul>	<ul style="list-style-type: none"> <li>Foster a corporate climate based on our Compliance Code of Conduct</li> <li>Conduct compliance training</li> <li>Introduce a whistleblowing system</li> <li>Eradicate false accounting and fraudulent orders through thorough internal audits</li> <li>Reinforce the misconduct prevention structure through the Bribery Guidelines</li> </ul>
			Traffic accident risks	Medium	Medium	<ul style="list-style-type: none"> <li>Decrease in business operations and increase in damages awarded due to personal injuries from traffic accidents</li> <li>Loss of trust due to drink driving incidents</li> </ul>	<ul style="list-style-type: none"> <li>Improve trust in terms of consideration for safety</li> </ul>	<ul style="list-style-type: none"> <li>Expand safety equipment in sales vehicles</li> <li>Introduce alcohol checks</li> <li>Conduct a campaign to eliminate drink driving</li> </ul>
		Information security risks		Medium	High	<ul style="list-style-type: none"> <li>Loss of opportunities and trust due to cyberattacks, and increased restart costs</li> <li>Loss of trust due to information leakage</li> </ul>	<ul style="list-style-type: none"> <li>Improve trust in terms of consideration for safety</li> </ul>	<ul style="list-style-type: none"> <li>Address cybersecurity risks under the Sanwa Group Information Management System based on our Information Security Policy</li> <li>Formulate an IT-BCP</li> <li>Enforce system usage restrictions (privileged IDs)</li> </ul>

# Manufacturing

- Solve Social Issues Through Our Business -



## Basic approach

The pursuit of quality and safety is the Sanwa Group's primary responsibility as a manufacturer. We work to improve quality and safety in all processes from development to sales, production, installation and maintenance. As we possess a diverse range of global products, the characteristics of each business and the products handled are not consistent throughout the Group. For this reason, while the quality indicators we use in Japan are the number of product accidents, number of complaints and the amount of related losses, the quality indicator we use overseas is the ratio of complaint cost to net sales. Based on these indicators, we are moving forward with specific measures and planning to make improvements.

For more than 70 years since its founding, we have supported urban areas and lifestyles by providing a wide range of metal fittings centering on entrance products, such as shutters, doors, partitions, toilet booths, and automatic doors. We believe that our products and services designed to prevent, protect, and separate can make contributions in a wide range of fields, and that we are called upon to tackle an ever-expanding range of issues. The Group believes that developing and providing products that address climate change issues from two approaches (mitigation and adaptation) will enable us to respond to changing needs and create new markets. We also believe that by using our products and services to solve issues including fires, earthquakes, and numerous other disasters, we can help communities become sustainable and resilient. In addition to stable quality assurance and enhancement, which is the most important aspect for us as a manufacturer, we aim to balance solving social issues and achieving sustainable growth through diligent research and development.

## Governance and risk management

The Sanwa Group has established the following Sanwa Group Quality Objectives in pursuit of quality and safety, which is our primary responsibility as a manufacturer: 1) Improve product safety; 2) Improve the product quality and installation quality; 3) Improve the quality of service and business etiquette; and 4) Increase traceability.

Furthermore, in Japan, North America, Europe, and Asia, we have set quality targets that meet the needs of customers in each region, and are promoting initiatives on a global basis. Progress, measures, and initiatives for these regional targets are reported and discussed twice a

year by the Quality, Environment, and CSR Promotion Council for Group companies in Japan, and by the Overseas Risk Subcommittee for overseas Group companies, and are also reported to the Sustainability Committee.

## Strategy (initiatives)

### ■ Quality assurance and enhancement

At the Sanwa Group Test Center, which was completed in March 2009, the Group's products and other products procured in Japan and overseas are tested to evaluate their quality, performance, safety, and manufacturing technology. The Test Center has acquired ISO/IEC 17025

certification, an international standard that sets out the requirements for test quality control and technical capabilities at testing laboratories, and we have frameworks in place to ensure the reliability of test results. In addition, the Group's products, including shutters, doors, and partitions, are semi-finished products at the factory production stage, and are considered finished products only when installation work is completed by installers. Improving the quality of installation and maintenance services is important for customers to be able to continue using our products with peace of mind, which is why we also focus on training and improving the skills of our installers.

## Metrics and targets

ESG material issues	Targets (KPIs)	Achievements and progress in FY2023	Future challenges
Mitigate/adapt to climate change, prevent disaster loss through products and services	Net sales of climate change response-related products (mitigation): ¥96.0 billion (FY2024)	¥101.2 billion	<ul style="list-style-type: none"> <li>Further development and sales expansion of products in response to diversifying needs</li> <li>Quantification of environmental contributions</li> </ul>
	Net sales of climate change response-related products (adaptation): ¥18.0 billion (FY2024)	¥21.8 billion	
	Net sales of products that contribute to disaster prevention: ¥81.0 billion (FY2024)	¥71.8 billion	
	Net sales in the maintenance and service business: ¥76.0 billion (FY2024)	¥79.9 billion	
Quality assurance and enhancement	Achieve quality targets in line with each company's quality policy	<ul style="list-style-type: none"> <li>Early detection of trends and complaints and investigation of causes through system monitoring</li> <li>Strengthening of product verification during shipment and on-site acceptance</li> <li>Improvement of workability through the use of connectors, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous implementation of risk assessments during product development and specification changes</li> <li>Rapid investigation of causes and continuous implementation of essential measures</li> </ul>

## Manufacturing

- Solve Social Issues Through Our Business -

### Strategy (initiatives)

- Mitigate/adapt to climate change, prevent disaster loss through products and services

#### Products that contribute to climate change mitigation and adaptation

##### Mitigation

#### Curb greenhouse gas emissions and halt the advance of global warming

We will contribute to mitigation, which aims to halt the advance of global warming. Our product lineups include high-speed sheet shutters that improve air conditioning efficiency at factories and warehouses with their fast opening and closing speeds, and overhead doors with high heat insulation.



High-speed sheet shutters



Overhead doors with high heat insulation

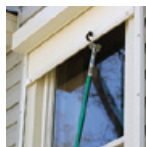
##### Adaptation

#### Take steps to reduce the risk of flood and wind damage caused by large-scale typhoons and torrential rains

We will contribute to adaptation, which involves reducing the impacts of climate change. Our product lineups include waterproof products that guard against flood damage, high-strength shutters that reduce the risk of wind damage, and wind-resistant window products from ODC that are designed to withstand hurricanes.



Waterproof shutters



Wind-resistant window products

#### Products that contribute to disaster prevention

##### Fires

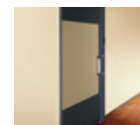
The Group's fire prevention equipment, such as fireproof shutters and fireproof doors, as well as fireproof glass partitions, help prevent fires from spreading and create safe spaces in office buildings, commercial facilities, schools, hospitals, and other buildings around the world.



Horizontal sliding fire door (ODC)

##### Earthquakes

We have an extensive lineup of earthquake-proof products designed to minimize damage from earthquakes, which can occur at any time and in any place.



Sliding entrance door for indoor hallway with earthquake-proof specifications

##### Power outages

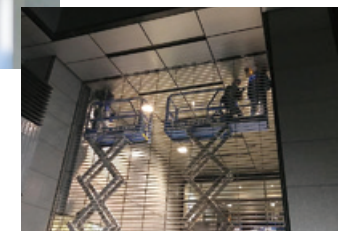
We offer a wide range of products for handling power outages that inevitably occur following many natural disasters, such as earthquakes, typhoons, and torrential rains. They can also be used as a BCP measure.



E Connect power supply system for operating shutters

#### Maintenance and servicing

Under Japanese laws, a periodic inspection report system for fire prevention equipment has been introduced to ensure that fire prevention equipment, such as fireproof shutters and fireproof doors, are properly maintained and preserved to ensure their reliable operation in the event of a fire. We are committed to helping communities maintain their disaster prevention function as social infrastructure and ensure resilience by encouraging people to acquire fire protection equipment inspector qualifications, training them, and improving their skills.



## Focus

### Products which can help couriers cope with the problem of redeliveries

The rapid proliferation of e-commerce along with diversifying lifestyles has led to an increase in the number of parcel deliveries by couriers. However, the increased volume of parcels that need to be redelivered has become a serious social issue, increasing CO<sub>2</sub> emissions and aggravating the shortage of drivers. Sanwa Shutter Corporation offers products which attempt to solve this problem, including Tredoor Rusu Raku an industry first that integrates a delivery locker with a condominium door, and Orusuban Box, a delivery box for detached houses. Meanwhile, Tajima Metal Work offers GMX-1, which integrates a delivery box with a mailbox. In addition, ODC is helping to solve this problem by providing Bench Sentry, a high-security smart delivery box. This product can be linked to a smartphone app to allow users to monitor the delivery status of packages.



GMX-1 home delivery mailbox



Bench Sentry smart delivery box



## Environment

- Achieve Environmental Sustainability -



### Basic approach

The Group, which operates in 27 countries and regions around the world, recognizes that concerns about the stable supply of energy, water and other natural resources pose a risk to its business foundation. At the same time, we see taking measures to reduce the global environmental impact of our business activities as an extremely important mission. We will move forward with initiatives to reduce our environmental impact by lowering our CO<sub>2</sub> emissions, water consumption and waste emissions, and to enhance our information disclosures. With these measures, we will increase our medium- to long-term corporate value.

### Governance and risk management

The Sanwa Group has been working to promote environmental management and improve environmental performance through the acquisition of ISO 14001 and other environmental management system certifications at domestic and overseas Group companies, with the aim of developing environmental conservation activities systematically and continuously in line with its environmental policy. Initiatives in each region are reported and discussed twice a year by the Quality, Environment, and CSR Promotion Council for Group companies in Japan, and by the Overseas Risk Subcommittee for overseas Group companies, and are also reported to the Sustainability Committee.

### Strategy (initiatives)

#### ■ Initiatives toward a decarbonized society

In the Sanwa Global Vision 2030 Mid-Term Management Plan 2024 announced in May 2022, the Sanwa Group set forth its policy for achieving carbon neutrality, aiming for net zero CO<sub>2</sub> emissions from business activities by 2050. We are moving forward with a variety of initiatives based on this policy.

In terms of our efforts to reduce Scope 1 emissions, we are actively switching to eco-cars, in addition to working to upgrade to more energy-efficient equipment. In the Novoferm Group, the transition to electric vehicles for company-owned vehicles at Novoferm Germany and BGS (UK) is underway, and all company-owned vehicles at UK companies have been converted to electric vehicles or plug-in hybrids.

In terms of our efforts to reduce Scope 2 emissions, in addition to using Non-Fossil Certificate electricity and promoting the switch to LEDs, we have installed solar panels on the logistics building of Sanwa Shutter Corporation's Ota Door Plant and on the premises of its Kyushu Plant in Japan, at three plants in Europe, including at Novoferm Schievano (Italy), and on the roofs of the Shanghai Baochan-Sanwa Door and Sanwa Novoferm (Changshu) plants in Asia.

In addition, to improve energy efficiency, the Novoferm Group has installed systems for monitoring energy consumption at Riexinger in Germany and at two plants in France.

We began calculating Scope 3 emissions in fiscal 2023, based on the recognition that reducing not only our own CO<sub>2</sub> emissions but also those of our entire supply chain is a necessary step in realizing a carbon-neutral society. In fiscal 2024, we expanded the scope of calculation categories, among which we have obtained third-party verification from JMACC for emissions in categories 1, 3, and 11.



Systems for monitoring energy at Riexinger plant

#### ■ Water resource conservation

Sanwa Shutter Corporation is carrying out various initiatives to achieve its water usage intensity reduction targets for fiscal 2030. These include making effective use of a water circulation system for painting equipment and chillers that circulate chilled tank water, and reducing water waste at painting booths by using an overspray treatment agent. In addition, the Sanwa Group Social Contribution Club, which organizes donations and other social contribution activities with volunteer employees, has been making donations to the general incorporated association JEAN (also known as the Japan Environmental Action Network), which is engaged in resolving the problem of marine litter, since fiscal 2012.



#### ■ Waste reduction

Sanwa Shutter Corporation is working on initiatives to achieve its waste intensity reduction targets for fiscal 2030, including thorough sorting and recycling, reduction of paint waste and reuse of wooden pallets.

As part of our efforts to reduce the plastic waste that we generate, we have set unit reduction targets and are conducting thorough waste sorting and employee training.

The Conneaut Plant, which manufactures ODC's resin panels and parts, recycled approx. 100 L of liquid waste and 370 kg of solid waste in the second half of 2023.

### Metrics and targets

ESG material issues	Targets (KPIs)	Achievements and progress in FY2023	Future challenges
<b>Initiatives toward a decarbonized society</b>	Reduction of CO <sub>2</sub> emissions (Scope 1 + 2): Reduce by 10% compared to FY2019 (FY2024) Reduce by 30% compared to FY2019 (FY2030)	Reduced by 7.4% compared to FY2019	<ul style="list-style-type: none"> <li>Further use of renewable energy</li> <li>Promotion of switch to eco-friendly cars</li> </ul>
<b>Water resource conservation</b>	Reduction of water usage intensity (at factories and offices): Reduce by 10% compared to FY2020 (FY2030)	Reduced by 15.0% compared to FY2020	<ul style="list-style-type: none"> <li>Promotion of water conservation</li> <li>Facility upgrades</li> </ul>
<b>Waste reduction</b>	Reduction of waste intensity (at factories and offices): Reduce by 10% compared to FY2020 (FY2030)	Reduced by 42.0% compared to FY2020	<ul style="list-style-type: none"> <li>Even more thorough sorting and recycling</li> <li>Facility upgrades</li> </ul>



## People

- Create a Pleasant and Rewarding Work Environment -



### Basic approach

To demonstrate the functionality of the Group's products as building materials that support communities and everyday life, numerous resources, including stakeholders such as our employees, partner company employees and installers, are essential. With labor shortages becoming problematic in many economies around the world, we believe that People are the source of our competitiveness and our most important management resource. We strive to continuously increase corporate value by respecting human rights and diversity, with initiatives for health and safety as the foundations upon which companies depend for their survival, and by developing human resources to create new value.

### Governance and risk management

As part of our commitment to People, our most important management resource, we promote such things as the development of human resources, respect for human rights and diversity, equal opportunities for growth and fair evaluations irrespective of gender or age, and a safe and comfortable work environment. To this end, the Sustainability Committee regularly meets to discuss the Group's policies, efforts to achieve KPIs, progress, and other matters.

### Strategy (initiatives)

#### ■ Respect for human rights

We believe that respecting the fundamental human rights of all people involved with our Group and ensuring their physical/mental health and safety is an important responsibility, and that they contribute to the stability of our business operations. As such, in November 2023, we established the Sanwa Group Human Rights Policy. Then, in January 2024, we conducted a human rights due diligence questionnaire targeting major suppliers and factory partners. Going forward, we will continue to address human rights risks through such means as employee education and the enhancement of relief mechanisms.

#### ■ Promotion of diversity

We are taking various measures to ensure that each and every one of our diverse human resources can maximize their capabilities, based on the recognition that our employees, including women and our

global workforce, are the growth drivers of our Group. In Japan, we recognize that ensuring gender equality and diversity is a particular challenge. As such, since fiscal 2022, we have been conducting career development training for female employees to nurture future candidates for female management positions, and to foster their aspirations for their own career development. Sanwa Shutter Corporation is also striving to create a workplace that accommodates female employees through systems that support flexible work styles, including a shorter working hour system for childcare which exceeds legal requirements in Japan (until the sixth grade of elementary school) and teleworking, as well as diversity training for newly appointed managers, and promoting the use of childcare leave by male employees.

#### ■ Health and safety

As a company involved in manufacturing, we are committed to eliminating occupational accidents by providing safety training and thoroughly enforcing rules, sharing case studies of near-misses, and improving the environment to reduce the workload. Also, among Group employees, the ratio of obese people and the ratio of habitual smokers are both higher than the national average. In light of this, we have taken steps to reduce these health issues. For instance, we actively encourage employees to undergo full medical examinations, have carried out a walking campaign, and have implemented a smoking cessation support program. In order to target those with a higher risk of developing severe lifestyle-related diseases and encourage them to make changes to their lifestyles, in March 2024, we set the ratio of those who underwent testing and started treatment to those with a higher risk of developing severe lifestyle-related diseases as a new KPI.

### Metrics and targets

ESG material issues	Targets (KPIs)	Achievements and progress in FY2023	Future challenges
<b>Respect for human rights</b>	Conduct human rights due diligence (FY2024)	Conduct human rights due diligence (Establishment of Sanwa Group Human Rights Policy and carrying out of supply chain questionnaire)	<ul style="list-style-type: none"> <li>Expansion of the scope of human rights due diligence</li> </ul>
<b>Human resource development</b>	Number of e-learning participants (English): 200 (FY2024)	107	<ul style="list-style-type: none"> <li>Implementation of training to address digitalization and diversity</li> </ul>
	Number of correspondence course participants: 1,000 (FY2024)	713	
<b>Promotion of diversity</b>	Ratio of female employees: 20% (FY2030)	20.7%	<ul style="list-style-type: none"> <li>Implementation of women's development planning and training</li> <li>Raising awareness of and promoting the use of childcare leave by male employees</li> </ul>
	Ratio of female managers: 15% (FY2030)	15.5%	
	Ratio of male employees taking childcare leave: 50% (FY2030)	27.3%	
<b>Health and safety</b>	Obesity rate (BMI of 25 and above): 30% (FY2030)	34.2%	<ul style="list-style-type: none"> <li>Strengthening health guidance and continuing support activities</li> </ul>
	Smoking rate: 25% (FY2030)	28.5%	
	Rate of high-risk persons undergoing screening: 100% (FY2030)	75.3%	
	Rate of taking annual paid leave: 55% (FY2030)	54.2%	

## The Group's Management Foundation Roundtable Discussion between Outside Directors

Masanaka Yokota

Independent Outside Director

Hiroko Ishimura

Independent Outside Director



Tsunekatsu Yonezawa

Independent Outside Director Audit & Supervisory Committee Member

Akira Gokita

Independent Outside Director Audit & Supervisory Committee Member

The Sanwa Group is working to address the core policies outlined in its Mid-Term Management Plan 2024 as part of a commitment to achieving its Long-Term Vision for 2030.

We believe that putting in place an effective governance system and ensuring that it functions as intended are prerequisites for achieving our Long-Term Vision.

In this roundtable discussion, four outside directors came together to talk about a range of issues affecting the Group. Subjects they touched on included the progress and evaluation of the Mid-Term Management Plan 2024; topics requiring discussion at Board meetings that are positioned as the core of corporate governance, and ensuring the Board's effectiveness; assessing ESG material themes and related issues; and the perspectives and management strategies needed for sustainable growth.

### Progress and evaluation of the Mid-Term Management Plan 2024

**Gokita** Firstly, I would like to discuss the progress of the Mid-Term Management Plan 2024 (MMP). I am very pleased to see that the Group has achieved the numerical targets for net sales, operating profit, etc., in both fiscal 2022 and 2023. However, if it is to become the global leader in smart entrance solutions as envisaged in its Long-Term Vision, it will need to aim not only to expand in terms of quantity, but also to make qualitative improvements. In particular, I think it will be necessary to show a path for enhancing human capital. I hope that future management plans will include more qualitative elements, such as human resource development policies that respond to changes in the external environment and more ambitious diversity promotion targets.

**Ishimura** I, too, think that the fact that the Group achieved its numerical targets is extremely commendable. However, I still have concerns about whether it will be able to attain sustainable growth and make qualitative improvements to its management. On top of the issue of diversity you just mentioned, I get the feeling that the Group is not making much headway with its digital strategy. The use of digital technology is vital for creating new things, the lifeblood of the manufacturing industry, as well as for providing new value to stakeholders. With this in mind, I look forward to seeing the Group come up with more specific measures to bring about its digital transformation (DX).

**Yokota** With regard to the basic strategies of the current MMP, which include measures to strengthen core businesses in Japan, North America, and Europe, and to strengthen the basis for growth of the Asia business, it was sometimes difficult for us to grasp the progress being made

## Roundtable Discussion between Outside Directors

based solely on the information we received at Board meetings and through other sources. We are now aware that we need to obtain more detailed information and deepen our understanding of the Group's global strategies by region.

**Yonezawa** I think we should also objectively analyze the factors that led to the recording of operating profits far exceeding forecasts. The biggest factor was the strong performance of ODC in North America, which was driven by the favorable exchange rate and market environment. As such, we must be careful not to attribute this solely to the Group's capabilities or the results of the measures it has taken. To this end, I have requested at Management Conference and elsewhere that, at the end of fiscal 2024, when analyzing and evaluating performance over the past three years and setting numerical targets in the next management plan, the Group should also conduct its analysis from the perspective of external factors, and then review these targets.

### Topics requiring discussion at Board meetings and ensuring the Board's effectiveness

**Gokita** Next, I would like to make some suggestions concerning the topics and effectiveness of Board meetings. At the Board meetings I have attended to date, we outside directors have been given materials such as the MMP, which has already been completed, and discussions go no further than exchanging opinions on these materials. Board meetings are a place where we can discuss matters from an impartial standpoint. For this reason, I believe it would be great if we had the opportunity to engage in free discussions on the content of management strategies, incorporating our perspectives as outside directors. I think that the ideal role of Board meetings is to review the vision for the Sanwa Group and its business portfolio in the process of exchanging multifaceted opinions, and to reflect the results of these discussions in the Long-Term Vision and Mid-Term plans.

**Yonezawa** It may be difficult to have such discussions, given the current frequency and duration of the meetings. The Group should consider an approach whereby the chair of the Board of Directors issues a notice of convocation of meetings as needed, rather than being overly bound by the pre-determined annual schedule. This could be achieved, for example, by setting up agenda items such as "formulation of management strategy." In particular, as you just pointed out, Ms. Ishimura, there is plenty of room for discussion on the content of the digital strategy. Also, from my experience, I have always said that MMP should focus on qualitative aspects, such as strategy, and that quantitative aspects should be conceptual numerical targets.

**Ishimura** The Group needs to strengthen the organizational systems underpinning its digital and

human resources strategies, and to create forward-looking policies. For a company of the Sanwa Group's scale and high level of organizational maturity, digital transformation and human resources policies should be one of the pillars supporting management. For starters, I would like to see Sanwa Holdings secure human resources capable of playing the roles of CDXO and CHRO. In terms of the Group as a whole, the basic premise should be to raise the level of knowledge of digital transformation, rather than just focusing on traditional IT. And at the operational level, one option for supplementing the roles of specialists in digital transformation, data scientists and AI engineers, who are difficult to train in-house, is to outsource them.

**Gokita** Your suggestion to solidify the foundation for growth by reflecting approaches to digital transformation and human capital management that are gaining momentum in today's industry is very important. At the same time, the Group is also focusing on human resource development, with People as one of its ESG material themes, and one of the basic strategies in the current MMP is "improve productivity through digitalization and manufacturing innovation." For this reason, the Board of Directors should first discuss whether it would be better to continue with the current organizational structure, personnel system, and manufacturing policies, or whether the Group should consider incorporating more industry trends.

**Yokota** I would like to use this opportunity to share my thoughts on the effectiveness of the Board of Directors. First of all, as a prerequisite, we evaluate the progress of management strategies and measures at Board meetings. In addition to this, we also discuss the content of proposals from executive officers, and are responsible for monitoring and supervising their activities, as well as providing advice. Evaluating the effectiveness of the Board of Directors is a part of the PDCA cycle, a self-checking process to determine whether the roles we play are effectively functioning to enhance corporate value. This cycle is gradually taking hold, and combined with the annual questionnaire and analysis, I feel that it is helping to improve Board meetings. For each item on the agenda and proposal, we outside directors are free to voice our opinions and ask questions, and there is a system in place for us to receive responses from the executive side.

**Gokita** There is no doubt that we outside directors are able to have open and free discussions. However, as you say, I think we ought to be having more in-depth discussions on topics that





## Roundtable Discussion between Outside Directors

cut across the entire Group in addition to individual items on the meeting agenda. By this, I mean such issues as digitalization and digital transformation strategies, human resources strategies including training systems, the Group's overall management structure consisting of Sanwa Holdings and business companies, and the Group's business portfolio.



**Yokota** Yes, it is certainly true that the PDCA cycle is functioning well for individual agenda items. However, when we look at Board meetings as a whole, among other things, it is clear that there are issues with the processes by which the content of Group strategy is discussed and formulated, and this is something that needs to be improved. To enhance the effectiveness of the Board, it is essential to ensure the diversity of its members.

**Gokita** I understand diversity to mean diversity of values. I consider expertise and business experience in a particular field, gender, nationality, etc., to be manifestations of the diversity of values. As such, I think it is extremely important to ensure diversity that is in line with the actual situation of the company. In terms of nationality, the main directors of ODC in North America and Novoferm in Europe are not Japanese nationals. Therefore, even though all the directors of Sanwa Holdings are Japanese nationals, if you look at the Group companies, there are many non-Japanese directors and executive officers who are playing an active role throughout the Group. As to the question of whether it is necessary to invite some of them to become directors of Sanwa Holdings, I feel that it is perhaps still too early to say at this stage.

**Yokota** Speaking purely in terms of the diversity of the current four outside directors, I personally believe that we are blessed with a very good balance of members. With the addition of Ms. Ishimura to the team in 2022, I feel that the atmosphere of the Board of Directors has become even better. Actually, I have always doubted whether it is appropriate to discuss diversity simply in terms of whether someone is male or female. In this case, the reason I say that Ms. Ishimura's appointment has brought more diversity to the Board and improved its balance is that she is a digital transformation professional with a wealth of knowledge of IT and digital technology. I am confident that she will continue to provide appropriate advice as the Group goes through the process of transforming its products, services, and business models.

**Ishimura** I think it's fantastic that the PDCA cycle, an approach that the Sanwa Group has long emphasized, is firmly entrenched here, and that the Group has a strong track record of

getting things done. However, we are now at a point where the entire Group needs to change. One way it can achieve this is by aiming to be an innovative organization while ensuring diversity. In order to bring about change successfully, the acquisition of new knowledge is an absolute must. For this reason, I think it is crucial that training is provided not only to employees, but also to management.

## Assessing ESG material themes and related issues

**Yokota** The Sanwa Group is currently promoting ESG based on four pillars: the three material themes of Manufacturing, Environment, and People, and the Management Foundation that supports these. Manufacturing, the first theme, includes the material issue of "Mitigate/adapt to climate change, prevent disaster loss through products and services." When you add up net sales of products that fall under this theme for fiscal 2023, the total comes to around ¥200 billion. In other words, products under this category account for around 33% of the Group's net sales of ¥611.1 billion. This example just goes to show how manufacturing is one of the Sanwa Group's strengths, and that it is wielding this strength in a way that is making a significant contribution to addressing social issues. That said, there are still a number of issues that need to be addressed. For instance, with regard to Environment, the second theme, each business company is making progress in initiatives to reduce CO<sub>2</sub> emissions, water usage, and waste emissions. Although water usage and waste are calculated based on intensity, how to control those portions that increase in proportion to sales will be an issue. The Group will need to consider a variety of countermeasures, including the use of emissions trading, which will begin in earnest in fiscal 2026.

**Ishimura** Regarding People, the third material theme, it is good that the Group has created measures intended to create a pleasant and rewarding work environment, and is taking action based on KPIs. However, the time has come to also focus on strategic human resource management that will strengthen global competitiveness. If you consider your human resources portfolio in depth, you should be able to clearly distinguish between those areas that require membership-based human resources and those that require job-based human resources. Going forward, formulating and implementing human resources policies that





## Roundtable Discussion between Outside Directors

- Gokita** take this into account will become even more necessary.
- Gokita** How the Sanwa Group goes about implementing its human resources policies in the future is a key part of its management strategy, which includes what you just mentioned. In this context, I think it would be a good idea to start by reviewing the Group's past human resource policies, affirming those that have led to good results while clarifying the elements that were lacking. The next step would be to try to combine elements, such as the development of global human resources and the partial introduction of job-based recruitment, with the aim of bringing the organization's shape and personnel deployment closer to the ideal state envisaged for 2030. Another important management strategy related to People is to rebuild the framework for the installation process in anticipation of the time when, in the near future, a large number of subcontractors, especially self-employed workers, many of whom are getting on in years, will be retiring. I feel that the Group cannot afford to shy away from having wide-ranging discussions on such issues.
- Yokota** One other thing I would like to mention is the ratio of female managers, which is one of the KPIs the Group has set with the aim of promoting diversity. The Group plans to increase the ratio of female managers on a consolidated basis to 15% by fiscal 2030. However, if achieving this ratio is its sole aim, such a target will not be very meaningful. With the true purpose of diversity in mind, it would be preferable to enhance the content of the career development training for female employees that started in fiscal 2022, and to create a training plan for new employees from the recruitment planning stage. In addition, I also think it is important to develop tools and training systems to help employees determine what kind of work they want to do and the positions they aspire to, and to help them map out their career paths. While the Group's strength lies in being able to get the job done properly, there are many employees who simply wait for their superiors to give them instructions. This, by the way, is a characteristic of the manufacturing industry as whole that applies to both males and females. So, I personally feel that it would be good to have training that encourages employees to take more responsibility for their own development.
- Yonezawa** I think it is very pertinent advice. I also think it is important to engage in deeper discussions on the essential question of why we must achieve the target of 15% by fiscal 2030, and then communicate this aim to employees within the Group.



## Perspectives and management strategies needed for sustainable growth

- Yonezawa** If the Sanwa Group is to establish itself as the global leader in smart entrance solutions, it must continue to grow in the global market while enhancing its corporate governance. The key to achieving this is to overcome the various issues we have pointed out in this roundtable discussion one by one. By facing up to each issue with sincerity and finding a way to resolve it, the Group can strengthen the foundations for medium- to long-term growth and emerge even better than it is today.
- Gokita** The Group is currently performing well, so now is the time to resolve these issues. It is also an excellent opportunity to develop a management strategy that anticipates future risks. The key to improving corporate value is to formulate performance targets and business policies that are in line with the business environment in the near future, while resolving the various issues. Management strategies are not something that the management team can just decide on behind closed doors and then impose on employees. They should be put together after listening to the opinions of those on the front line and taking into account the actual situation. Management strategies that are out of touch with reality often end up being nothing more than pie in the sky. This is scenario that the Group should take care to avoid.
- Yonezawa** Recently, I have been seeing more and more references to an indicator known as Gross National Happiness (GNH). Unlike economic assessments, GNH is said to be an indicator that primarily evaluates the degree of spiritual well-being, and was originally proposed by the King of Bhutan in the 1970s. It is calculated by evaluating a number of indicators, including living standard, physical and mental health, education, the natural environment, and how people spend their time. Lately, GNH seems to be gaining attention in Europe and the US as a supplementary indicator to Gross Domestic Product (GDP), or what was called Gross National Product (GNP) in the past. I think GNH could also be used as a scale to assess the happiness of Sanwa Group employees. The various measures the Group has already put in place to ensure the safety and health of its employees are also excellent initiatives that will help to increase the overall happiness of employees while monitoring the degree to which the Group is achieving its goals using KPIs. However, I feel that this could be taken a step further, for example, by making use of the Group's strong liquidity on hand to undertake measures that will increase the overall happiness of our employees by improving the salary structure and other benefits. The importance of employees is increasing among the Group's stakeholders. While paying out profit allocation linked to consolidated business performance to shareholders, the Group should clearly demonstrate its desire for growth by increasing investment in core and new business areas and people. I hope to see the start of a Groupwide movement to define what a "good company" really is.

# Management Team

## Directors



### Yasushi Takayama

Representative Director, President  
Chief Executive Officer

Attendance at Board of Directors' meetings	100%
Number of company shares held	172,162 shares

#### Reasons for appointment

Since joining the Company in 2006, Mr. Yasushi Takayama has served in important positions, including General Manager of Total Cost Reduction (TCR) Dept. and General Manager of Structural Reform Dept., where he promoted a wide range of management reforms throughout the Company Group. After assuming office as President in 2017, he has promoted global group management both in Japan and overseas, laying the foundation for the Company to become a major global player. Based on his extensive experience and track record, the Company has determined that he remains qualified to be a Director.



### Hiroyuki Yamazaki

Director, Senior Managing Executive Officer  
Responsible for Corporate Planning Unit

Attendance at Board of Directors' meetings	100%
Number of company shares held	26,002 shares

#### Reasons for appointment

Mr. Hiroyuki Yamazaki held important positions at a trading company, a system development company, and other organizations before joining the Company in 2017. At the Company, he has contributed to the growth of the Company Group in terms of both attacking and defensive aspects, by utilizing his extensive experience and acumen to promote management strategy and global personnel strategy, as well as strengthen risk management and so forth. Based on his experience and acumen, the Company has determined that he remains qualified to be a Director.



### Toshiaki Doba

Director, Senior Managing Executive Officer  
Responsible for Global Business Unit

Attendance at Board of Directors' meetings	100%
Number of company shares held	16,008 shares

#### Reasons for appointment

After holding important positions at a trading company and a foreign-owned enterprise, Mr. Toshiaki Doba joined the Company in 2014. At the Company, he has been mainly involved with the Americas business, making a substantial contribution to expanding the sales of the US subsidiary and improving its profitability. From 2022, he was responsible for Global Business Unit, where he led the Company's business strategy in Europe and Asia, as well as the Americas, contributing to the growth of the Company's global business. Based on his experience and track record, the Company has determined that he remains qualified to be a Director.



### Meiji Takayama

Director (Part-time)

Attendance at Board of Directors' meetings	100%
Number of company shares held	104,717 shares

#### Reasons for appointment

Mr. Meiji Takayama held important positions at Sanwa Shutter Corporation, the core business company of the Company Group, such as General Manager of Sales Promotion Dept. and Head of the Building Materials Div., before assuming office as Representative Director, President of that company in 2017. Drawing on his experience and knowledge of the field of construction and the construction materials industry, he has driven the domestic business and contributed to the development of the Company Group. Based on his experience and strong leadership, the Company has determined that he remains qualified to be a Director.



### Masanaka Yokota

Independent Outside Director

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	6,000 shares

#### Reasons for appointment

As a consultant for many years at JMA Consultants Inc., Mr. Masanaka Yokota provided advice and guidance for improvements and reforms in areas such as management strategy, production & manufacturing, and personnel development. Since he assumed office as an Outside Director in 2020, he has utilized his experience as a consultant and as the president of an overseas subsidiary, etc., to provide advice and suggestions on management as a whole, while also providing impartial opinions as a member of the Nomination & Compensation Committee. The Company expects him to utilize this extensive experience and knowledge to continue to provide supervision and advice in relation to the execution of duties by Directors of the Company.



### Hiroko Ishimura

Independent Outside Director

Attendance at Board of Directors' meetings	100%
Number of company shares held	300 shares

#### Reasons for appointment

After first being employed by The Mitsubishi Bank, Ltd., Ms. Hiroko Ishimura joined Cincom Systems Japan Ltd. in 1991, where she held important positions, including those of Marketing Manager, Managing Director, and Representative Director. Since she assumed office as Outside Director of the Company in 2022, she has utilized her deep knowledge of solving business problems using IT and digital technologies, etc., and extensive experience as a corporate manager to provide advice and suggestions on management as a whole. The Company expects her to utilize this deep knowledge and extensive experience to continue to provide supervision and advice in relation to the execution of duties by Directors of the Company.



### Teiko Zaima

Director  
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	24,800 shares

#### Reasons for appointment

After serving in a range of important posts, such as General Manager of the Accounting Dept. of the Company, and General Manager of the Accounting Dept. and Senior Executive Officer of Sanwa Shutter Corporation, which is the core business company of the Company Group, Mr. Teiko Zaima assumed office as Corporate Auditor in 2015 and Director serving as Audit and Supervisory Committee member in 2016. He possesses many years of experience in accounting and financial operations, as well as a deep knowledge of risk and compliance. Based on this extensive experience and knowledge he has provided appropriate opinions and advice, and the Company has determined that he remains qualified to be a Director serving as Audit and Supervisory Committee member.



### Tsunekatsu Yonezawa

Independent Outside Director  
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	— shares

#### Reasons for appointment

Mr. Tsunekatsu Yonezawa served as General Manager of Thin Plate Department I, ITOCHU Corporation, and General Manager of Oceania, ITOCHU Corporation, before being appointed the member of the Board of Marubeni-Itochu Steel Inc. in the ITOCHU Group. Subsequently he assumed office as Outside Corporate Auditor of the Company in 2015, and Director serving as Audit and Supervisory Committee member in 2016. At the Company, based on his experience as a corporate manager both in Japan and overseas and his deep knowledge of economics and management, he has provided appropriate opinions and advice while also providing impartial opinions as a member of the Nomination & Compensation Committee. The Company expects him to utilize his experience and knowledge to continue to provide appropriate supervision of execution of business by the Company.



### Akira Gokita

Independent Outside Director  
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	— shares

#### Reasons for appointment

After serving as Public Prosecutor in the Special Investigation Divisions of the Tokyo District Public Prosecutors Office and the Osaka District Public Prosecutors Office, Mr. Akira Gokita registered as attorney at law in 1988, and since 1994 he has been active in a wide range of fields as an attorney at law for Gokita and Mitsuura Law Office. He assumed office as Director serving as Audit and Supervisory Committee member of the Company in 2016. At the Company, based on his deep knowledge as a legal specialist, he has provided appropriate opinions and advice in relation to the governance and risk management of the Company while also providing impartial opinions as a member of the Nomination & Compensation Committee. Other than as an Outside Director he has had no involvement in company management, but the Company expects him to utilize the above-mentioned experience and knowledge to continue to provide appropriate supervision of execution of business by the Company.

## Executive Officers

### Masayuki Atarashi

Executive Officer

Corporate Planning Unit  
Head of Corporate Communication Department

### Katsumi Fujii

Executive Officer

Corporate Planning Unit  
Head of Corporate Planning Department

# Corporate Governance

## Skill Matrix of the Directors

### Policy for Appointing Directors

The Company's criteria for appointing Directors are based on whether the individual in questions possesses the abilities, knowledge, and experience necessary to monitor and supervise the Company's management from a global perspective, and to make important decisions concerning the Company's business operations.

Ever since we created and disclosed a skill matrix for Directors in 2021, we have been reviewing it from time to time in light of the management issues we face.

In 2024, we selected the areas described in the table on the right after deliberations by the Board of Directors with a view to achieving Sanwa Global Vision 2030, our Long-Term Vision, and the Mid-Term Management Plan 2024.

### Independent Outside Directors

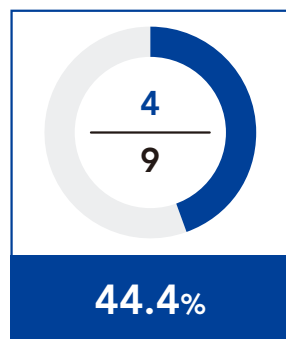
The four Outside Directors each provide management advice based on their extensive experience and expertise. In doing so, they audit and supervise the Directors in the execution of their duties from a neutral standpoint that is independent of the execution of business, thus fully enhancing oversight of the Board of Directors. Going forward, we will continue to consider increasing the ratio of Outside Directors as necessary with a view to ensuring the effectiveness of the Board of Directors and further improving governance.

### Skill Matrix of the Board of Directors

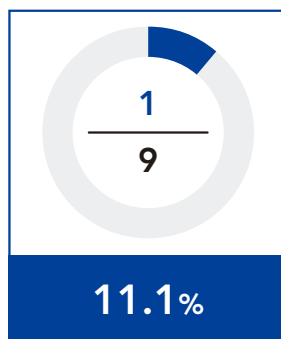
	Name	Corporate management	Industry knowledge, Industry experience	Global experience	Sales, Marketing	Manufacturing and engineering, Development and quality assurance	IT, Digital	Finance and accounting, Monetary	Personnel and labor, Personnel development	Legal affairs, Risk management, Compliance
Directors (excluding Directors serving as Audit & Supervisory Committee Members)	Yasushi Takayama	●	●				●	●	●	●
	Hiroyuki Yamazaki	●		●			●	●	●	●
	Toshiaki Doba	●	●	●	●			●		
	Meiji Takayama	●	●		●	●		●	●	
	Masanaka Yokota <small>Outside Independent</small>	●		●		●			●	
	Hiroko Ishimura <small>Outside Independent</small>	●		●	●		●			
Directors serving as Audit & Supervisory Committee Members	Teiko Zaima		●					●	●	●
	Tsunekatsu Yonezawa <small>Outside Independent</small>	●	●	●	●					
	Akira Gokita <small>Outside Independent</small>							●	●	●

Note: The above matrix does not indicate all skills, knowledge, experience, etc., possessed by the Directors.

#### Ratio of Independent Outside Directors



#### Ratio of Female Directors

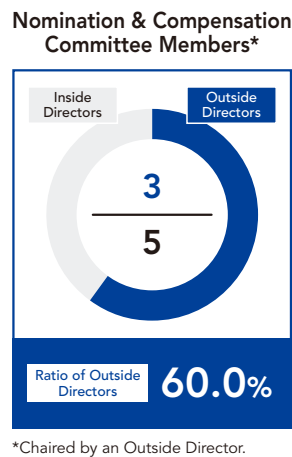
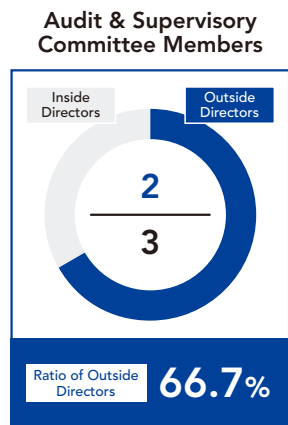


#### Expected Skills

<b>Corporate management</b>	Experience as a representative Director or an executive with a broad scope of managerial duties equivalent to those of a representative Director in a company	<b>IT, Digital</b>	Expertise in how to apply digital technology to transform and streamline businesses and operations
<b>Industry knowledge, Industry experience</b>	Management skills of a kind that will contribute to the growth of the Company by leveraging knowledge and experience of industry	<b>Finance and accounting, Monetary</b>	Knowledge of finance and accounting required to build a management foundation that balances investment in growth, sound finances, and shareholder returns
<b>Global experience</b>	Experience of conducting business outside of Japan or managing a company with global operations	<b>Personnel and labor, Personnel development</b>	Skills and experience to oversee the situation surrounding the implementation of human capital management, including human resource development linked to management strategy and other matters
<b>Sales, Marketing</b>	Foresight to create business opportunities in a rapidly-changing business environment	<b>Legal affairs, Risk management, Compliance</b>	Expertise in how to respond promptly and appropriately from the standpoints of legal affairs, corporate governance, and risk management so as to secure the trust of stakeholders
<b>Manufacturing and engineering, Development and quality assurance</b>	Expertise in manufacturing (production, technology, and development) and quality assurance needed to earn the trust of customers		

## Basic Approach to Corporate Governance

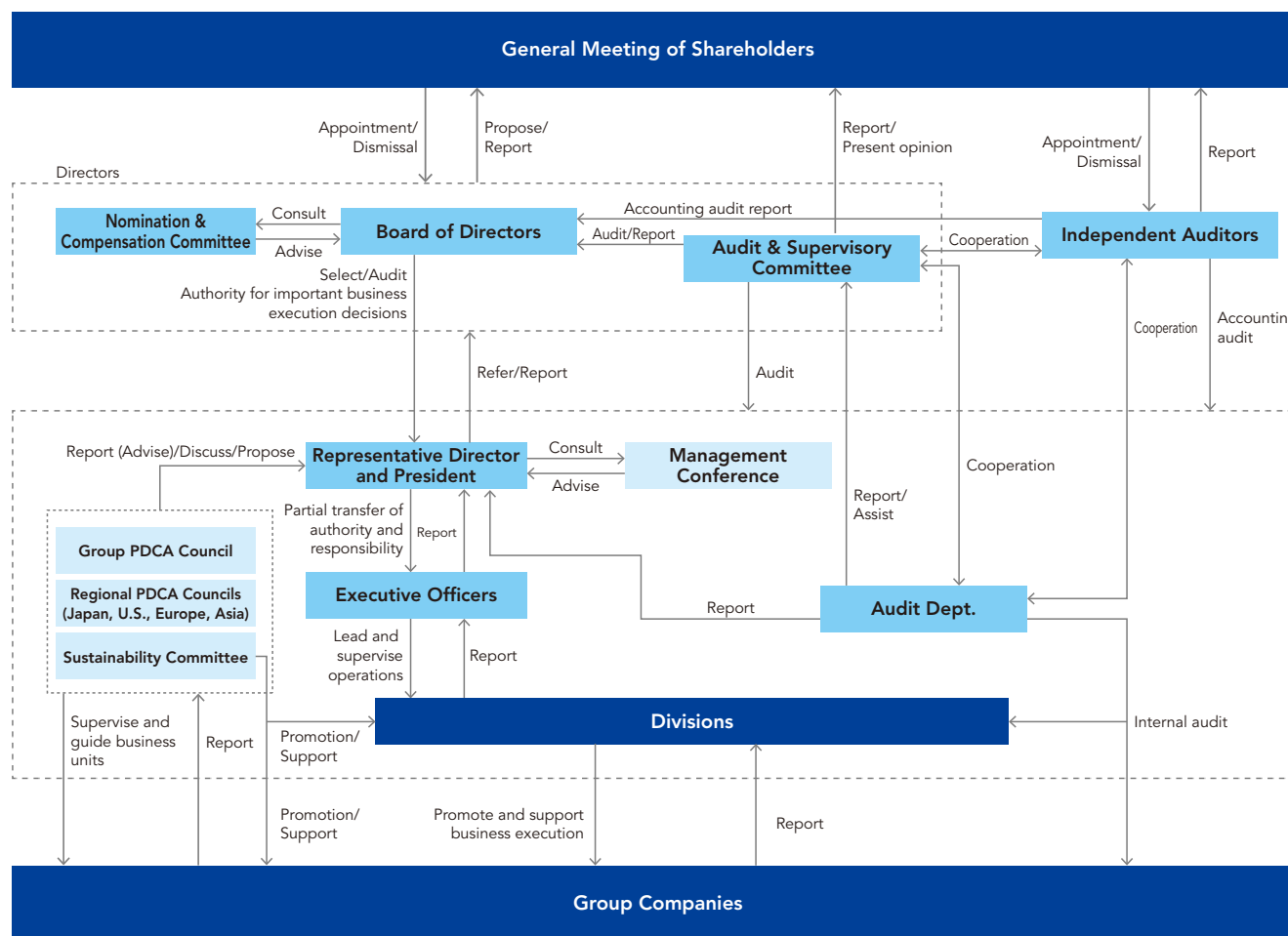
As a global access systems company that is developing business in 27 countries and regions in North America, Europe and Asia as well as in Japan, Sanwa Holdings Corporation achieves business growth through good faith and fair business activities on the basis of the Company's Mission, Our Values, Principles of Business and Compliance Code of Conduct while aiming to instill two kinds of reliability (reliable business performance and reliable management). Continuing to grow and improve corporate value, the Company will also contribute to the sustainable development of society while positioning corporate governance, which forms its foundation, as an important management issue.



## Corporate Governance Structure

The details of specific measures to enhance our business execution and supervisory functions are set out below. By adopting this system, we believe that we can establish a system to ensure the appropriateness of operations and enhance corporate governance.

### The Sanwa Group's Corporate Governance Structure





## Enhancement Process of Corporate Governance

2000	Adopted Executive Officer system	
	Appointment of one outside Audit & Supervisory Board member	
2003	Established Group Strategy Committee	
	Established Domestic Business/Overseas Business PDCA Council (Regional PDCA Councils)	
2005	Established the Group CSR Promotion Council	
2006	Appointment of two outside Audit & Supervisory Board members	
2007	Adopted holding company system	
2008	Appointment of one Outside Director	Ratio of Outside Directors 10.0%
2016	Transition to a company with an Audit & Supervisory Committee	
	Established the Management Conference	
2021	Appointment of three Outside Directors	Ratio of Outside Directors 27.3%
	Established the Nomination & Compensation Committee	
2021	Established the Sustainability Committee	
	Resolution on policy for determining details of officer compensation, etc., for individual Directors (to change to restricted stock compensation)	
2022	Appointment of one female Director	Ratio of Outside Directors 40.0%
2023	Established shareholding guidelines	
2024	Nomination & Compensation Committee chaired by an Outside Director	Ratio of Outside Directors 44.4%

## About the Board of Directors

The Board of Directors consists of nine Directors (including three Directors who are Audit & Supervisory Committee members), of whom four (44.4%) are designated as independent Outside Directors. In principle, the Board of Directors meets at least once every three months to make important managerial decisions in a timely manner, as well as to oversee the execution of duties by the Directors, thereby ensuring that the Company is managed in a legal and appropriate manner. In addition, we have adopted an Executive Officer system as a means to separate management decision-making by the Board of Directors and business execution by Executive Officers, thus streamlining management and enhancing the ability of Directors to oversee the execution of business by Executive Officers.

## FY2023 Board of Directors meetings

Number of meetings held: 8  
Items on the agenda: 31  
Matters reported: 49  
Duration (average): 2 hours 49 minutes

Specifically, the Board of Directors mainly deliberated and reported on the following matters.

- Matters concerning the General Meeting of Shareholders
- Matters concerning shares, capital, etc.
- Matters concerning corporate governance, management policies, and plans
- Matters concerning financial results
- Matters concerning the Board of Directors and Directors
- Matters concerning human resources
- Matters concerning the acquisition and disposal of assets and funding
- Matters concerning business restructuring and organization
- Matters concerning the establishment, revision, and abolition of important rules
- Other matters concerning the execution of business

## Evaluations of Board of Directors' Effectiveness

The Company has been conducting an annual questionnaire on the effectiveness of the Board of Directors since the end of fiscal

2017. In fiscal 2023, we conducted the questionnaire after the Board of Directors' meeting held in March 2024 and obtained responses from all Directors. At the first Board meeting in fiscal 2024, they analyzed and evaluated effectiveness based on the response results. As a result, although there were issues raised, we evaluated that our Board of Directors continues to function effectively. Going forward, we will make ongoing improvements in terms of operations and structure to enhance the effectiveness of the Board of Directors.

## Method for conducting the questionnaire

Anonymous questionnaire evaluated on a 5-point or 3-point scale, with space provided for respondents to give their comments

## Items on the questionnaire

- Composition of the Board of Directors
- Functions and roles of the Board of Directors, etc.
- Status of operation of the Board of Directors
- Stimulation of deliberations at the Board of Directors meetings
- Support system for the Board of Directors
- Sustainability
- Matters concerning the initiatives of the Directors themselves
- Outside Directors
- Nomination & Compensation Committee

## Results of the FY2023 Questionnaire

## Content that could be evaluated

Knowledge, experience, and competence are well-balanced, and the Directors engage in lively discussions based on their respective skills.

## Points to be improved

Further steps need to be taken for Directors to engage in even more constructive discussions, such as devising ways to give Outside Directors a deeper understanding of items on the agenda, and reviewing ways in which information is provided to the Board of Directors.

## Other opinions expressed

Directors engage in active discussions in keeping with their respective skills, and the time allotted for deliberations is adequate. Having said this, continuous improvement is needed to further deepen the level of cooperation among Directors.

## Specific Measures for Enhancing Business Execution and Supervisory Function

### Management Conference

In accordance with the transition to a company with an Audit & Supervisory Committee structure in fiscal 2016, from the perspective of speeding up management decisions a Director (President) was entrusted to make “significant decisions concerning business execution,” excluding matters prescribed by law. Consequently, set up as an advisory body to the delegated Director, a Management Conference reports on important management issues, and assists that Director in making decisions and strengthening the flexibility of business execution. Discussing (1) matters concerning important business execution decisions delegated by the Board of Directors to the President, (2) matters deemed necessary by the President from among the Board of Directors’ meeting agenda items, and (3)

other important, management-related matters deemed necessary by the President, the Management Conference works in conjunction with the Board of Directors in making quick and efficient management decisions.

### Audit & Supervisory Committee

The Audit & Supervisory Committee met a total of ten times in fiscal 2023. The Directors who are Audit & Supervisory Committee members monitor the status of business execution by Directors who are not Audit & Supervisory Committee members and other Executive Officers, and report and express their opinions. In this way, we work to ensure legal and appropriate corporate management. We believe the transition to a company with an Audit & Supervisory Committee has contributed to improving the

supervisory function and transparency of the Board of Directors, and thus demonstrates the effectiveness of the Board.

### Nomination & Compensation Committee

The Nomination & Compensation Committee was established as an advisory body to the Board of Directors for the purpose of strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of Directors excluding Directors serving as Audit & Supervisory Committee members, and Executive Officers. The committee, which was established in January 2021, consists of three or more members selected by resolution of the Board of Directors, the majority of the members are independent Outside Directors, and the Chairperson is an Outside Director.

The committee, in response to consultation from the Board of Directors, advises the Board of Directors on matters concerning proposals for the election of candidates for Director, etc., the compensation of Directors, etc., and the calculation method for individual compensation.

### Group and Regional PDCA Councils

Group and Regional PDCA Councils consist of Directors, Executive Officers and other senior management officers (independent Outside Directors excluded). At the councils, Directors oversee the progress of management plans and provide guidance on management issues, while the Directors who are Audit & Supervisory Committee members audit the status of business execution by Executive Officers.

### Sustainability Committee

The Sustainability Committee is chaired by the Representative Director and President and consists of senior management such as Directors including Outside Directors and Executive Officers. The committee works to deliberate and promote Groupwide sustainability policies, etc., by focusing on the Group’s quality, risk management, compliance, and social contribution, as well as the increasingly important issue of global environment conservation, and sustainability issues (medium- to long-term sustainability on a global scale) including respect for human rights, work-style reforms, and gender equality.

Name of the meeting body	Frequency of meetings/ the number of meetings held/ attendance rate	Agenda items
Management Conference	Once a month, as a general rule (Fiscal 2023: 8 times) Attendance rate: 100%	<ul style="list-style-type: none"> <li>• Deliberates on matters deemed necessary by the President from among matters concerning important business execution decisions delegated by the Board of Directors to the President</li> <li>• Deliberates on matters deemed necessary by the President from among the Board of Directors’ meeting agenda items</li> <li>• Deliberates on other important, management-related matters</li> </ul>
Audit & Supervisory Committee	At least once every three months, as a general rule (Fiscal 2023: 10 times) Attendance rate: 100%	<ul style="list-style-type: none"> <li>• Reports and expresses their opinions on the audit of the status of business execution by Directors who are not Audit &amp; Supervisory Committee members and other Executive Officers</li> </ul>
Nomination & Compensation Committee	Twice a year, as a general rule (Fiscal 2023: 2 times) Attendance rate: 100%	<ul style="list-style-type: none"> <li>• Proposals for the election of Directors, excluding Directors serving as Audit &amp; Supervisory Committee members and Executive Officers</li> <li>• Matters concerning the compensation for Directors, excluding Directors serving as Audit &amp; Supervisory Committee members, etc., and the calculation method for individual compensation</li> </ul>
Group PDCA Council	Once a month, as a general rule (Fiscal 2023: 8 times) Attendance rate: 100%	<ul style="list-style-type: none"> <li>• Reports, confirms, and provides guidance on the progress of Groupwide plans (for each business unit)</li> <li>• Reports, confirms, and provides guidance on the progress of important projects of each business unit</li> <li>• Considers and coordinates new management issues across business units</li> </ul>
Regional PDCA Councils (Japan, U.S., Europe, and Asia)	Once every three months, as a general rule (Fiscal 2023: 4 times each) Attendance rate: 100%	<ul style="list-style-type: none"> <li>• Considers the plans and budgets of each business company</li> <li>• Reports, confirms, and provides guidance on the progress of the plans of each business company</li> </ul>
Sustainability Committee	Once every three months, as a general rule (Fiscal 2023: 4 times) Attendance rate: 96%	<ul style="list-style-type: none"> <li>• Deliberates on and promotes Groupwide sustainability policies, etc., including the Group’s quality, risk management, compliance, social contribution, global environment conservation, respect for human rights, work-style reforms, and gender equality</li> </ul>

## Compensation of Directors

	Base compensation	Short-term incentive Performance-linked compensation	Long-term incentive Restricted stock compensation
<b>Directors</b> (excluding directors serving as Audit & Supervisory Committee members) (excluding outside directors)	¥380 million or less per year	¥280 million or less per year	¥80 million or less per year
<b>Outside Directors</b> (excluding Audit & Supervisory Committee members)			
<b>Directors serving as Audit &amp; Supervisory Committee members</b>	¥100 million or less per year		

### Policies, etc., for Determining Details of Officer Compensation, etc.

At the Board of Directors' meeting held on June 22, 2021, the Company resolved a policy for determining the details of the individual compensation, etc., of Directors (excluding Directors serving as Audit & Supervisory Committee members; hereinafter referred to simply as "Directors"). Compensation of Directors, etc., is intended to contribute to continual improvement of the Company's business performance and corporate value. The Company designs its compensation system so that the level and structure of compensation are in accordance with the roles and responsibilities required of the Company's Directors, and enable the recruitment and retention of well-qualified people. The compensation of Directors consists of base compensation, performance-linked compensation, and restricted stock compensation. However, the compensation of Directors serving as Audit & Supervisory Committee members and independent Outside Directors consists only of base compensation. Furthermore, as a general rule, compensation is not paid to part-time Directors (who are paid compensation from consolidated subsidiaries). The total amount of base compensation and performance-linked compensation and the total amount of restricted stock compensation shall be within the total amount determined at General Meetings of Shareholders.

The details of the policy for determining the compensation, etc., for individual Directors are as follows.

#### a. Policy for base compensation

The base compensation for each Director is set for each position based on consolidated performance with reference to the compensation levels of other companies presented by a specialized outside organization and is paid monthly.

#### b. Policy for performance-linked compensation

For performance-linked compensation, as monetary compensation for business execution during the term (1 year) of Directors, a standard amount is set for each position based on the Company's consolidated performance with reference to the compensation levels of other companies presented by a specialized outside organization. The standard amount of this type of compensation is determined by taking into account standard amount indicators and the levels of contribution of each Director, evaluated quantitatively and qualitatively, and the compensation is paid during the fiscal year following the fiscal year under review.

As far as it serves as a reward that functions as a sound incentive for sustainable growth and reflects the Company's business performance, consolidated operating profit has been selected as the primary indicator for performance-linked compensation.

The amount of performance-linked compensation is determined as the amount calculated by multiplying the number of points specified for each position by the unit price of points, and then by individual evaluation that reflects the evaluation of each Director.

Individual evaluations are conducted by setting multiple priority targets for each Director individually and evaluating them quantitatively and qualitatively through the PDCA (Plan, Do, Check, Action) cycle. In addition to these individual priority targets, items that contribute to the sustainable growth of the Company, such as "revitalization of the organization, compliance, and creation of a comfortable working environment," are set as common priority targets for all Directors.

The unit price of points for the fiscal year under review is calculated by multiplying the unit price of points for the previous fiscal year by the percentage change in consolidated operating income from the previous fiscal year (percentage derived by dividing consolidated operating income for the fiscal year under review by consolidated operating income for the previous fiscal

year) by the amplification factor set to raise incentives, and is determined by approval of the Board of Directors.

In addition, the individual evaluation of each Director is made and determined by the Representative Director and President, who is delegated by the Board of Directors to evaluate the performance and contribution of each Director quantitatively and qualitatively, by  $\pm 25\%$  for each evaluation item.

Performance-linked compensation for each individual Director (formula)	=	Number of points	×	Per-point price	×	Individual evaluation
Number of points	Determined for each position					
Unit price of point	Unit price of points for the previous fiscal year x percentage change from the previous fiscal year x amplification factor					
Individual evaluation	$\pm 25\%$					

#### c. Policy for non-monetary compensation (restricted stock compensation)

The restricted stock compensation plan is a stock compensation plan aimed at providing incentives to Directors for sustainable improvement of the corporate value of the Company as well as promoting further value sharing between Directors and shareholders.

Directors, excluding Outside Directors and Directors serving as Audit & Supervisory Committee members, are eligible, and the specific allocation to each eligible Director is decided based on a resolution by the Company's Board of Directors.

Each eligible Director shall pay all claims for monetary compensation to be paid for granting restricted stock in the form of properties contributed in kind each fiscal year and shall receive allotment of common stock of the Company. Furthermore, restricted stock compensation shall be granted as compensation for duties performed during the term (1 year) of Directors within one month after the conclusion of the Ordinary General Meeting of Shareholders in which the Directors were elected. The allotment will be made through the disposition of treasury stock.

The transfer restriction period shall be the period from the date of delivery of restricted stock to the time that Directors lose their positions as Director of the Company or any other positions determined by the Board of Directors of the Company.

### d. Policy for proportion of amounts of compensation, etc.

The proportion of different types of compensation paid to Directors is based on compensation level benchmarks of companies with similar business scales as the Company and belonging to related industry and business categories and through consultation with the voluntary Nomination & Compensation Committee, and is determined by the Board of Directors based on the advice of the committee.

The model case for the proportion of base compensation, performance-linked compensation and nonmonetary compensation is 45% : 40% : 15%. However, the proportion of actually paid amount may vary with individuals.

Base compensation (45%)	■	Performance-linked compensation (40%)	■	Non-monetary compensation (15%)
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### e. Policy for decisions on the details of compensation, etc., for individual Directors

Based on a resolution by the Board of Directors, the Representative

Director, President is delegated authority to decide the specific details of the amounts of individual compensation. The scope of that authority covers the amount of base compensation for each Director and the evaluation and allocation of performance-linked compensation based on the business performance of the business for which the individual Director is responsible. However, so that the Representative Director, President appropriately uses this authority, the Board of Directors will consult with the Nomination & Compensation Committee on items related to the calculation method, etc., of individual compensation and receive advice from the committee. The delegated Representative Director, President will then consider the details of this advice and decide.

The amount of compensation for individual Directors is reported to the Nomination & Compensation Committee and validated by the committee, thereby ensuring its fairness, transparency, and objectivity.

### Internal Control System

In accordance with the provisions of the Companies Act, the Company passed a resolution on its “Basic Policy for Building a

System to Ensure the Appropriateness of Operations” at a Board of Directors’ meeting and has appropriately established an internal control system based on that basic policy. Also, every year, we check the execution status of the internal control system and report the results to the Board of Directors and, via business reports, to shareholders. We will continue to strengthen corporate governance by making improvements.

### Group Governance

The Company strives to strengthen governance of the Group by transferring authority to each Group company as deemed appropriate, and verifying the implementation status of the PDCA cycle for measures designed to heighten the “two kinds of reliability” (reliable business performance and reliable management) through the Regional PDCA Councils presided over by the Director in charge of that region.

Each Group company autonomously manages itself as an independent enterprise and fulfills management responsibilities by complying with laws and internal regulations and rules. In addition, the Director in charge of each region oversees the business decisions and the status of business execution of each company, providing guidance and advice for improving the transparency of business management. This process ensures and promotes proper operations of the Group.

### Shareholding Guidelines

On April 1, 2023, the Company established the following shareholding guidelines with the aim of having Directors share the merits and risks of stock price fluctuations with shareholders, and further increasing motivation of Directors to improve business performance by encouraging Directors of the Company (excluding outside Directors, part-time Directors and Directors serving as Audit & Supervisory Committee members) to hold the Company’s shares.

#### Shareholding Guidelines

Each Director shall endeavor to hold the Company’s shares in accordance with the basic amounts presented below.

Chairperson/President/Senior Advisor:

2 x base compensation (annual amount) within four years after assuming office of one of the said positions

Other Directors:

1 x base compensation (annual amount) within four years after assuming office as Director

### Actual Compensation Amount for FY2023

Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			Non-Monetary Compensation, etc.
		Number of Officers Eligible	Base Compensation	Performance-Linked Compensation	
<b>Directors</b> (excluding Directors serving as Audit & Supervisory Committee members and Outside Directors)	388	142	193	52	4
<b>Directors serving as Audit &amp; Supervisory Committee members</b> (excluding Outside Directors)	37	37	—	—	1
<b>Outside Directors</b> (excluding Audit & Supervisory Committee members)	22	22	—	—	2
<b>Outside Directors</b> (Audit & Supervisory Committee members)	47	47	—	—	2

Notes: 1. The total amount paid to Directors does not include the portion of employee’s salary for those Directors who concurrently serve as employees.

2. Performance-linked compensation is calculated by using operating profit as a performance indicator to clearly reflect the profitability of business activities in fiscal 2023, and by determining a base amount for each executive position based on the Company’s consolidated operating profit compared to the previous fiscal year, then adding or subtracting the contribution of each Director within a range of ±25% to the base amount.

3. Non-monetary compensation is the amount recorded in the current fiscal year, related to restricted stock compensation. For the restricted stock compensation, the common stock of the Company allocated under the restricted stock compensation agreement may not be disposed of in the form of transfer, attachment of security interest, or otherwise, from the date of delivery to the time that the Director loses their position as a Director of the Company or any other positions determined by the Board of Directors of the Company. If the eligible Director loses the position determined by the Board of Directors of the Company prior to the expiration of the period separately determined by the Board of Directors of the Company, the Company shall automatically acquire the restricted stock allocated to the eligible Director without consideration, except in cases where a reason exists that is deemed justifiable by the Board of Directors of the Company. Furthermore, if the eligible Director commits any act that constitutes a breach of legal compliance or internal regulations, etc., as stipulated in the restricted stock compensation agreement, the Company shall automatically acquire the restricted stock allocated to the eligible Director without consideration.



Please see the Company’s website for detailed information regarding corporate governance.

<https://www.sanwa-hldgs.co.jp/english/csr/effort/governance/>



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## 56

Fiscal 2023 Number of themes implemented as risk countermeasures	29
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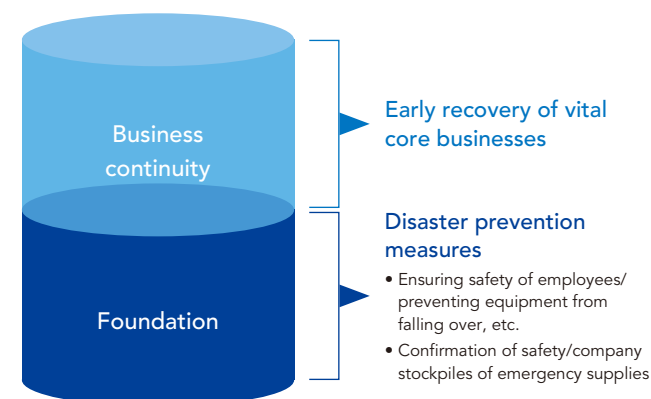
```
graph TD;
    A[Board of Directors] --> B[Sustainability Committee];
    B --- C[Chairperson: President of Sanwa Holdings Corporation];
    B --- D[Secretariat: Corporate Planning Unit];
    B --> E[Quality, Environment and CSR Promotion Council];
    E --- F[Chairperson: President of Sanwa Shutter Corporation];
    E --- G[Secretariat: Quality Assurance Unit];
    E --> H[CSR Promotion Committee];
    H --- I[Chairperson: President of each domestic Group company];
    H --- J[Secretariat: General Affairs Unit];
    H --> K[Branch managers  
Factory managers  
Center managers, etc.];
    H --> L[Each management unit];
```

The organizational chart illustrates the hierarchy of the CSR Promotion Committee. At the top is the Board of Directors, which oversees the Sustainability Committee. The Sustainability Committee, chaired by the President of Sanwa Holdings Corporation, has a Secretariat in the Corporate Planning Unit. It oversees the Quality, Environment and CSR Promotion Council. This Council, chaired by the President of Sanwa Shutter Corporation, has a Secretariat in the Quality Assurance Unit. The Council oversees the CSR Promotion Committee. The CSR Promotion Committee, chaired by the President of each domestic Group company, has a Secretariat in the General Affairs Unit. Finally, the CSR Promotion Committee oversees two entities: Branch managers (including Factory managers and Center managers, etc.) and Each management unit.

## Human Rights Due Diligence

Fiscal 2023 Number of supply chain questionnaires conducted	57
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Assuming the scenario and risks of an earthquake happening in (directly below) the Tokyo metropolitan area, core business company Sanwa Shutter Corporation and each other Group company with headquarters in the area formulated a BCP.



[Aims]

- Ensure the safety of employees, installers, internal partner companies and their families
- Resume business operations as soon as possible to avoid losing business opportunities and continue providing products and services to existing customers
- Cooperate with local residents near business sites and contribute to society

[Core businesses targeted]

- Supply and repair of shutters and doors

# Compliance

Fiscal 2023  
Number of participants in  
compliance training

1,503

Fiscal 2023  
Number of reports made using  
internal whistleblower system

87

(of which, 39 were  
made in Japan)

## Ensuring Thorough Compliance

In order to maintain the trust of society, in October 2005 the Sanwa Group formulated the Compliance Code of Conduct, which outlines specific conduct that must be adhered to based on Our Mission, Our Values, Principles of Business, and the philosophy of the Group. In December 2020, the Compliance Code of Conduct was revised to meet the changing demands of society, focusing on items such as respect for human rights, ethical behavior, and information security. The revised Compliance Code of Conduct and Case Study Booklet was distributed to all employees in April 2021.

## Compliance Month

In order to spread awareness of compliance and ensure that all domestic Group companies act in accordance with this spirit, we have designated November of each year as Compliance Month. During this month, we hold study sessions using the Compliance Code of Conduct and Case Study Booklet, and thoroughly refamiliarize ourselves with the Antitrust Law Guidebook and the Guidelines on Regulations Concerning Contact with Associates from Industry Peers.



Compliance Code of  
Conduct and Case  
Study Booklet

## Compliance Training

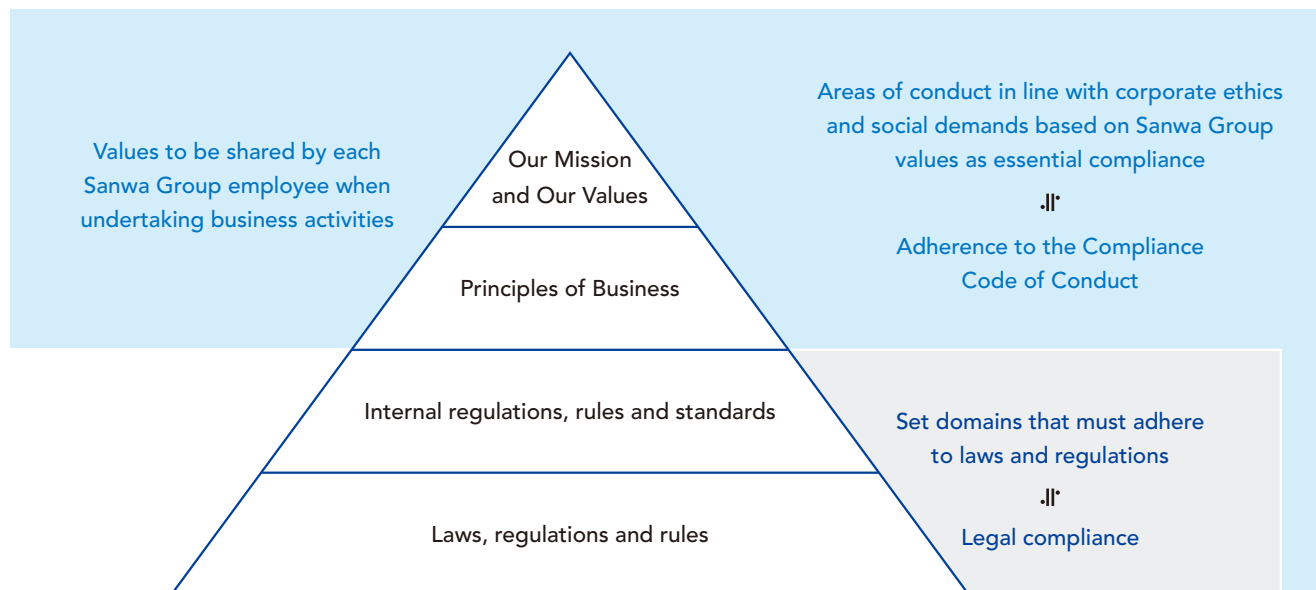
At domestic Group companies, training on a nationwide basis is provided to managers of each Group company to further improve awareness of the importance of compliance. This training features lectures on laws related to our business, such as the Antimonopoly Law, the Construction Business Act, and the Labor Standards Act. It also includes lectures concerning safety obligations, harassment, and risks relating to information security, respect for human rights, anti-bribery and corruption and other areas, and thereby fosters compliance awareness.

In addition, we also provide the same training for new employees and mid-career hires when they first join the Company, as well as for newly appointed managers when they are promoted to managerial positions. We also plan to conduct online compliance training for all employees starting in FY2024.



Compliance training (Kinki region)

## Compliance Code of Conduct: Conceptual Diagram



## Corporate Ethics Hotline (Internal Whistleblowing System)

The Sanwa Group (Japan and Asia) established a corporate ethics hotline in October 2006 to deter misconduct and legal violations, identify risks that could lead to misconduct and legal violations at an early stage, and detect misconduct and legal violations at an early stage. We have also established whistleblower systems in North America (ODC) and Europe (NF).

# 10-Year Summary (As of March 31, 2024)

## Sanwa Global Vision 2020

(FY2013–FY2021)

To offer products and services that provide safety, security and convenience to customers worldwide as a major global player in the access systems industry

## Sanwa Global Vision 2030

(FY2022–FY2030)

To be a Global Leader of Smart Entrance Solutions

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
<b>Operating Results</b> (Millions of yen)										
Net sales	365,615	353,922	385,673	409,990	440,161	427,061	468,956	588,159	611,107	625,000
Overseas sales ratio (%)	44.7	44.4	46.1	46.4	45.4	45.9	49.6	57.1	56.6	56.4
Operating profit	26,870	26,440	28,322	31,593	34,217	33,077	35,487	56,307	65,360	62,500
Operating profit ratio (%)	7.3	7.5	7.3	7.7	7.8	7.7	7.6	9.6	10.7	10.0
Ordinary profit	26,161	25,278	27,898	30,437	33,469	32,142	34,122	52,780	64,903	62,000
Profit attributable to owners of the parent company	14,627	17,070	18,280	20,910	21,647	21,251	22,842	33,084	43,228	42,500
Research and development expenses	3,868	3,999	4,422	4,611	4,728	4,641	5,143	6,385	6,582	—
Capital expenditures	8,127	8,096	11,383	12,367	8,419	8,770	9,281	10,041	13,364	18,500
Depreciation and amortization (excluding amortization of goodwill)	8,022	7,290	7,622	8,049	9,301	10,010	10,666	12,020	13,392	14,269
<b>Cash Flows</b> (Millions of yen)										
Cash flows from operating activities	24,378	23,670	26,532	24,271	32,301	50,144	20,526	34,425	72,427	—
Cash flows from investing activities	(15,641)	(8,006)	(13,172)	(13,677)	(16,622)	(11,177)	(21,353)	(15,941)	(24,819)	—
Cash flows from financing activities	(25,702)	(838)	(20,505)	(11,349)	(10,466)	(6,102)	(27,363)	(9,887)	(26,244)	—
Cash and cash equivalents (end of year)	41,516	56,290	49,263	47,977	54,618	87,795	61,397	71,153	94,195	—
Free cash flows	8,737	15,664	13,360	10,593	15,679	38,967	(827)	18,484	47,609	—
<b>Financial Position (at Balance Sheet Date)</b> (Millions of yen)										
Total assets	310,269	323,393	331,686	338,432	354,023	375,159	386,237	442,274	491,701	510,100
Interest-bearing debt	70,798	74,739	65,945	61,217	63,730	66,194	47,706	49,253	45,360	43,160
Net assets	130,334	139,905	151,121	161,603	165,633	181,387	203,311	242,350	285,501	298,650
Working capital	84,012	82,982	90,794	96,162	105,235	96,067	110,235	141,693	149,414	—
<b>Financial Indicators</b>										
Net profit per share (EPS) (yen)	63.1	74.6	81.0	93.0	97.1	96.2	103.4	149.7	196.0	194.2
Net assets per share (yen)	565.6	607.2	667.1	713.5	742.9	814.1	912.7	1,088.9	1,295.5	—
Cash dividends per share (yen)	23	25	30	32	34	34	36	58	78	78
Return on assets (ROA) (%)	4.6	5.4	5.6	6.2	6.3	5.8	6.0	8.0	9.3	—
Return on equity (ROE) (%)	11.4	12.7	12.7	13.5	13.3	12.4	12.0	15.0	16.5	15.0
ROIC (%)	12.2	12.2	12.8	15.0	15.4	15.5	15.9	20.9	22.6	20.0
SVA (billions of yen)	82	81	90	127	140	136	148	269	322	300
Debt/equity ratio (times)	0.54	0.53	0.44	0.38	0.38	0.36	0.23	0.20	0.16	0.15
Shareholders' equity ratio (%)	41.7	43.0	45.2	47.4	46.3	47.9	52.2	54.4	57.7	58.0
Cash conversion cycle (CCC) (days)	82.3	86.1	82.2	83.2	83.5	86.0	80.3	78.2	86.7	—
Payout ratio (%)	36.5	33.5	37.1	34.4	35.0	35.3	34.8	38.7	39.8	40.2
Price-to-book ratio (PBR) (Times)	1.48	1.72	2.06	1.85	1.14	1.78	1.36	1.30	2.17	—
Price earnings ratio (PER) (Times)	13.3	14.0	17.0	14.2	8.7	15.1	12.0	9.5	13.7	—
EV/EBITDA ratio (Times)	6.6	8.0	9.5	8.2	4.7	7.3	6.0	4.5	7.3	—

Note: Working capital: accounts receivable + inventory – accounts payable

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

1. Invested capital attributed to Sanwa Group ROIC is calculated by subtracting cash &amp; deposits and securities.

2. The effective tax rate changed from 40% to 33% starting in fiscal 2018.

SVA: Our unique indicator of added value. NOPAT – invested capital × WACC (6%)

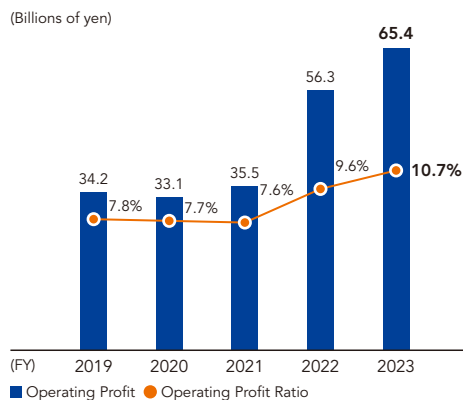
CCC: Accounts receivable turnover days + inventory turnover days – accounts payable turnover days

EV/EBITDA ratio: EV (market capitalization + interest-bearing debt – cash and deposits) ÷ EBITDA (operating profit + depreciation and amortization)

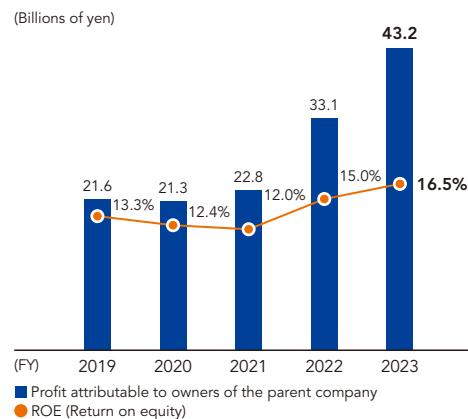
# Financial & Non-Financial Highlights

## Financial Indicators

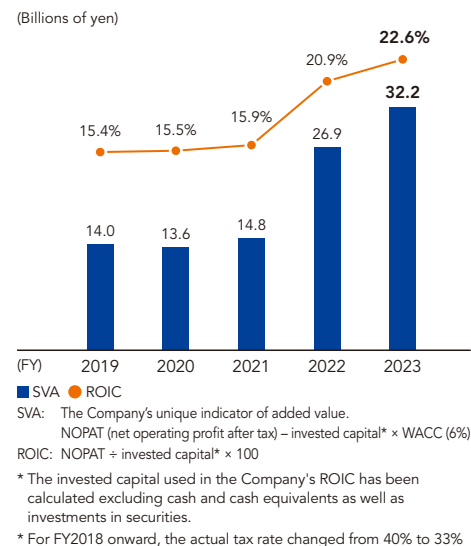
### Operating Profit / Operating Profit Ratio



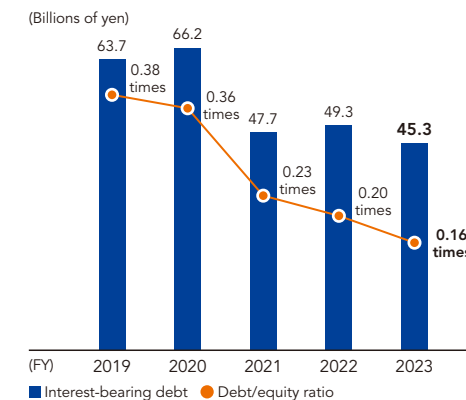
### Profit Attributable to Owners of the Parent Company / ROE (Return on equity)



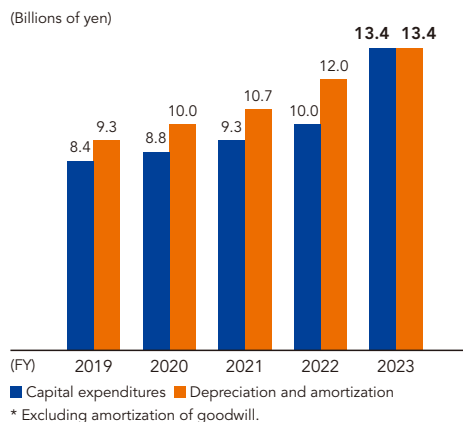
### Sanwa Value Added (SVA) / Return on Invested Capital (ROIC)



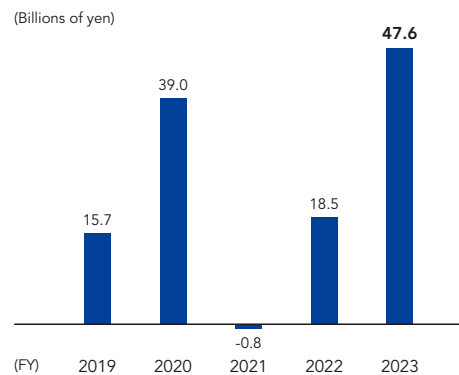
### Interest-Bearing Debt / Debt/Equity Ratio



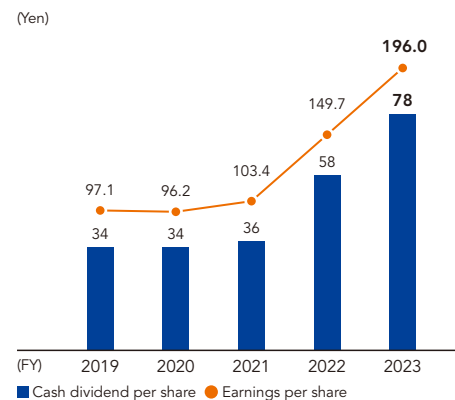
### Capital Expenditures / Depreciation and Amortization\*



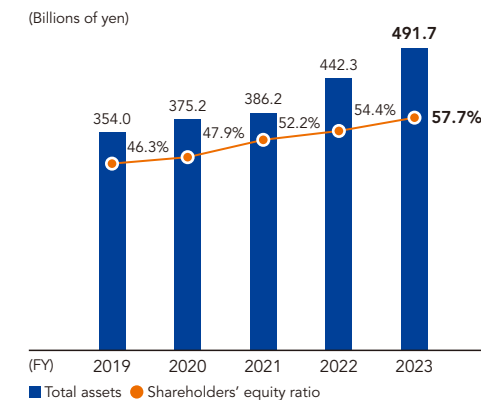
### Free Cash Flows



### Cash Dividend per Share / Earnings per Share



### Total Assets / Shareholders' Equity Ratio

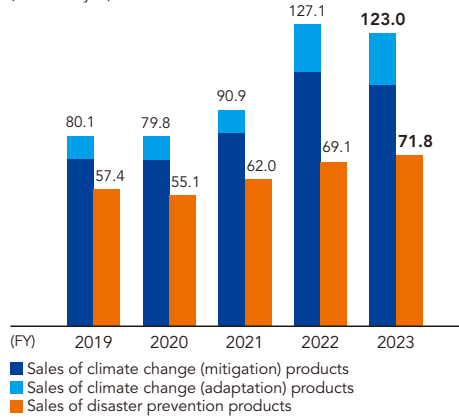




## Non-Financial Highlights

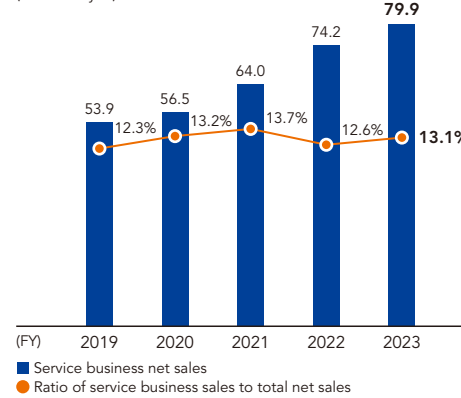
### Sales of Climate Change Targeted (Mitigation, Adaptation) Products / Sales of Disaster Prevention Products (Consolidated)

(Billions of yen)

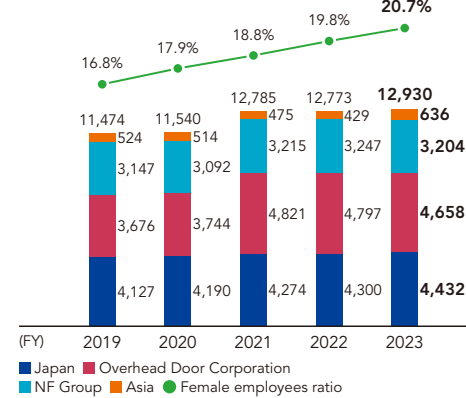


### Service Business Net Sales / Ratio of Service Business Sales to Total Net Sales (Consolidated)

(Billions of yen)

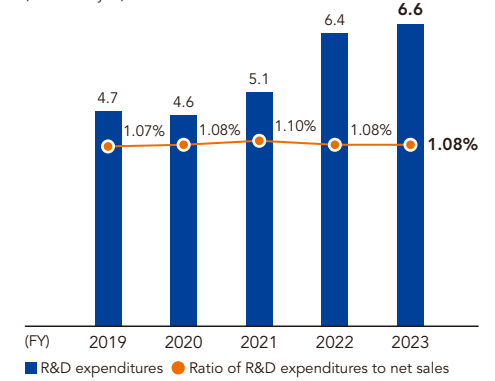


### Number of Employees / Female Employees Ratio (Consolidated)

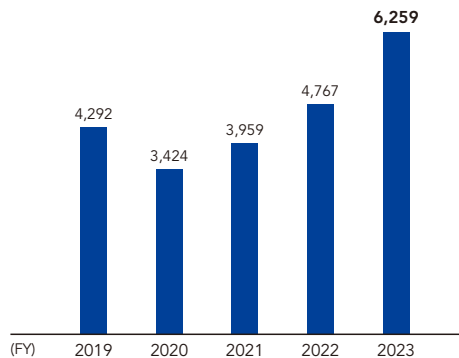


### R&D Expenditures / Ratio of R&D Expenditures to Net Sales (Consolidated)

(Billions of yen)



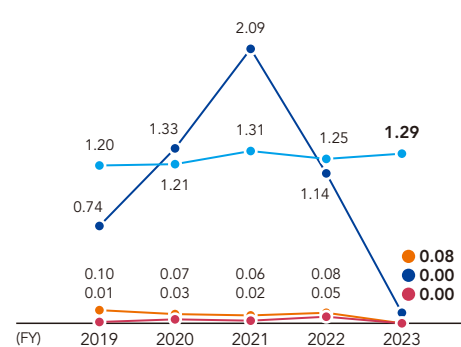
### Number of Employees Who Have Received Training (Sanwa Shutter)



Note: Includes the number of participants who received training organized by the Human Resources Development Center, the Construction Training Center, and the Maintenance Business Promotion Department, or occupational health and safety training.

### Lost-Time Injuries Frequency Rate / Severity Rate (Domestic Group Factories)

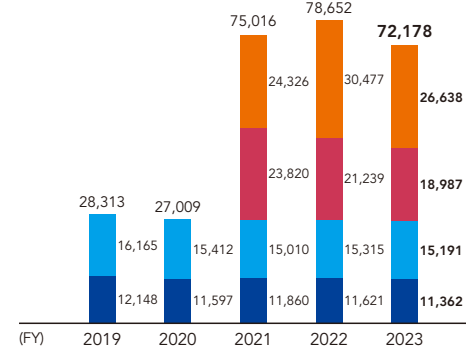
(%)



Source: 2023 survey on workplace accidents (Ministry of Health, Labour and Welfare of Japan)

### CO<sub>2</sub> Emissions (Domestic and Overseas)

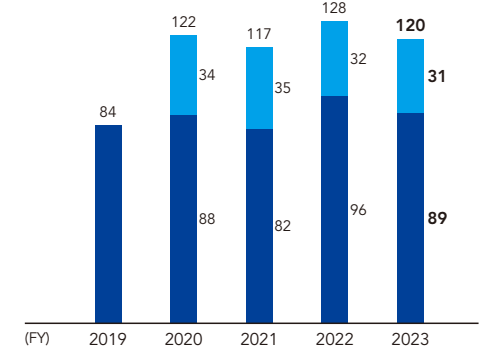
(t-CO<sub>2</sub>)



Note: From FY2022, figures are for the consolidated Sanwa Group. Figures for FY2021 are for the consolidated Sanwa Group excluding Asia.

### Amount of Water Intake (Sanwa Shutter Corporation)

(Thousand m<sup>3</sup>)

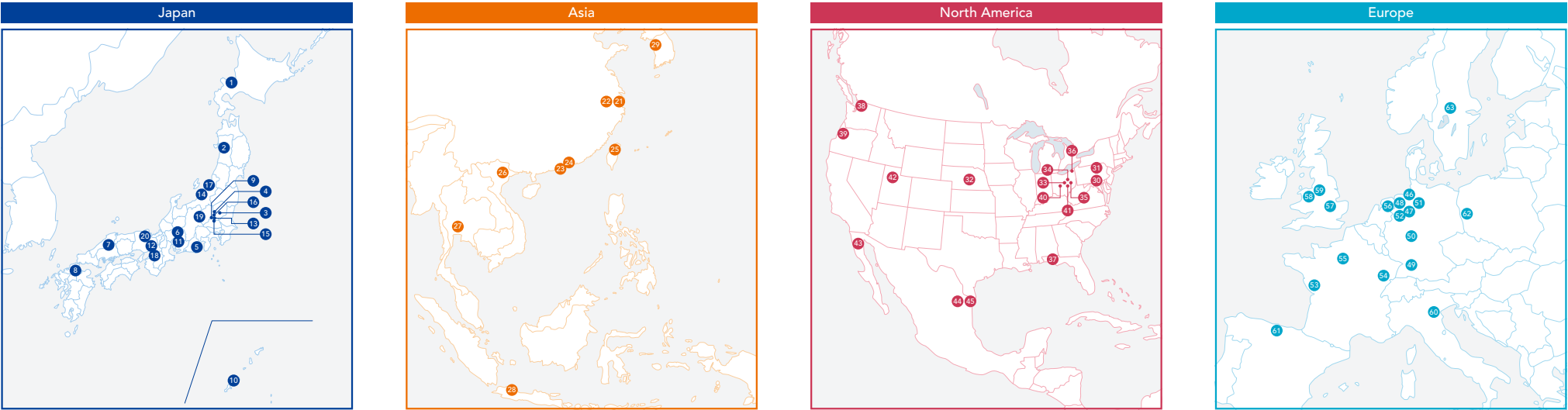


\* Water intake from office activities disclosed from FY2020.



# Global Network

Global Network (Production Locations) (As of July 1, 2024)



## Group Production Locations

Country	Company	Area	Products
Japan	Sanwa Shutter Corporation	① Eniwa City, Hokkaido	Rolling shutters, overhead doors, doors & door frames
		② Akita City, Akita	Lightweight shutters
		③ Ashikaga City, Tochigi	Rolling shutters, overhead doors
		④ Ota City, Gunma	Doors & door frames
		⑤ Makinohara City, Shizuoka	Window shutters, doors & door frames, partitions
		⑥ Tanul Town, Fuwa District, Gifu	Rolling shutters, overhead doors
		⑦ Akitakata City, Hiroshima	Rolling shutters, doors & door frames
		⑧ Asakura City, Fukuoka	Rolling shutters, doors & door frames
		⑨ Moroyama Town, Iruma District, Saitama	Aluminum facades & curtain walls
	Okinaawa Shutter Corporation	⑩ Uruma City, Okinaawa	Window shutters, doors & door frames, partitions
	Sanwa Tajima Corporation	⑪ Moroyama Town, Iruma District, Saitama	Stainless steel products
		⑫ Inuyama City, Aichi	Stainless steel products
	Sanwa System Wall Co., Ltd.	⑬ Amagasaki City, Hyogo	Partitions
	Suzuki Shutter Corporation	⑭ Kawagoe City, Saitama	Rolling shutters, waterproof products
	Sanwa Exterior Niigata Plant Co., Ltd.	⑮ Tsubame City, Niigata	Exterior products, window shutters, doors & door frames
	Venix Co., Ltd.	⑯ Ranzan Town, Hiki District, Saitama	Partitions
	Showa Kensa Co., Ltd.	⑰ Oura Town, Oura District, Gunma	Automatic doors
	Hayashi Kogyo Co., Ltd.	⑱ Niigata City, Niigata	Doors & door frames
Asia	Sanwa Electronics Engineering Co., Ltd.	⑲ Osaka City, Osaka	Door openers
	Yoshida Seisakusho Co., Ltd.	⑳ Saku City, Nagano	Stainless steel products
	Metalwork Kansai Co., Ltd.	㉑ Tamba City, Hyogo	Stainless steel products
	Sanwa Mitaka K.K.	㉒ Eniwa City, Hokkaido	Doors & door frames
	Shanghai Baochan-Sanwa Door Co., Ltd.	㉓ Shanghai	Overhead doors, rolling shutters, sheet shutters
		㉔ Jiangsu	Doors & door frames
		㉕ Hong Kong	Rolling shutters
	SANWA SHUTTER (HK) LTD.	㉖ Hong Kong	Rolling shutters
	SUZUKI SHUTTER (HK) LTD.	㉗ Hong Kong	Rolling shutters
	An-Ho Metal Industrial Co., Ltd.	㉘ Hsinchu	Doors & door frames
	Vina-Sanwa Company Liability Ltd.	㉙ Hanoi	Doors & door frames, rolling shutters
	Sun Metal Co., Ltd.	㉚ Korat	Doors & door frames, doors & door frames
	PT. Sanwamas Metal Industry	㉛ Bekasi	Rolling shutters, doors & door frames
	Dongbang Novoferm Inc.	㉜ Seoul	Doors & door frames

Country	Company	Area	Products		
North America	OVERHEAD DOOR CORPORATION				
U.S.	OVERHEAD DOOR CORPORATION	① Lewistown	Rolling shutters		
		② Williamsport	Residential garage doors, commercial sectional doors		
		③ Grand Island	Residential garage doors, commercial sectional doors		
		④ Mt. Hope	Residential garage doors, commercial sectional doors, hardware parts		
		⑤ Dalton	Rolling shutters		
		⑥ Trail	Sheet shutters		
		⑦ Conneaut	Resin panels & parts		
		⑧ Pensacola	Residential garage doors, commercial sectional doors, hardware parts		
		⑨ Centralia	Residential garage doors		
		⑩ Portland	Residential garage doors		
		⑪ Marion	Truck & trailer doors		
		⑫ Baltic	Garage door openers		
		⑬ Salt Lake City	Fireproof doors, security doors		
		Mexico	OVERHEAD DOOR CORPORATION	⑭ Tecate	Truck & trailer doors
				⑮ Matamoros	Garage door openers
⑯ Matamoros	Automatic doors				
Europe	Novoferm Group				
Germany	Novoferm GmbH	⑰ Werth	Residential garage doors, doors & door frames		
		⑱ Dortmund	Residential garage doors, industrial sectional doors		
		Novoferm Spare Parts GmbH	Spare parts		
		Novoferm Rieckinger Türenwerke GmbH	Fireproof doors & door frames, fireproof sliding doors		
		Novoferm Siebau GmbH	Truck & trailer doors		
		Novoferm Tormatic GmbH	Garage door openers		
		DSS Docking Solution und Service GmbH	Dock levelers		
France	Novoferm France S.A.S	⑳ Macheoul	Residential garage doors		
		㉑ Bavilliers	Residential garage doors		
		㉒ Melun	Fireproof doors & door frames, fireproof sliding doors		
Netherlands	Alpha Deuren International B.V.	㉓ Didam	Industrial sectional doors		
U.K.	Novoferm UK Limited	㉔ Luton	Residential garage doors		
	Horton Automatics Limited	㉕ Telford	Automatic doors		
	Robust UK Limited	㉖ Newcastle-under-Lyme	Doors & door frames		
Italy	Novoferm Schievano s.r.l.	㉗ Padova	Doors & door frames, fireproof sliding doors		
Spain	Novoferm Alsai S.A.	㉘ Cantabria	Doors & door frames, residential garage doors, industrial sectional doors		
Poland	Novoferm Door Sp. z o.o.	㉙ Wykroty	Doors & door frames, dock levelers		
Sweden	Robust AB	㉚ Nykroppa	Doors & door frames		

See here for a list of group companies — <https://www.sanwa-hldgs.co.jp/english/group/>

Corporate Overview (As of March 31, 2024)

Corporate Overview

Head Office	Shinjuku Mitsui Building 52F Nishi-Shinjuku 2-1-1, Shinjuku-ku, Tokyo 163-0478, Japan Phone: +81-3-3346-3019		
Established	April 10, 1956		
Capital (Paid-In)	¥38,413 million		
Employees	12,930 (consolidated)		
Stock Listings	Tokyo Stock Exchange		
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department P.O. Box 29, Shin-Tokyo Post Office Nikkocho 1-1, Fuchu-shi, Tokyo 137-8081, Japan		
Common Stock	Authorized:	550,000,000 shares	
	Issued:	231,000,000 shares	
	Number of shareholders:	13,957	

Principal Shareholders

Shareholder name	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14.60
Custody Bank of Japan, Ltd. (Trust Account)	6.76
Sumitomo Mitsui Banking Corporation	5.04
The Dai-ichi Life Insurance Company, Limited	3.70
CGML PB CLIENT ACCOUNT/COLLATERAL	2.97
Aioi Nissay Dowa Insurance Co., Ltd.	2.35
Mitsubishi UFJ Trust and Banking Corporation	1.77
Sumitomo Realty & Development Co., Ltd.	1.74
NIPPON STEEL CORPORATION	1.53
Nippon Life Insurance Company	1.36

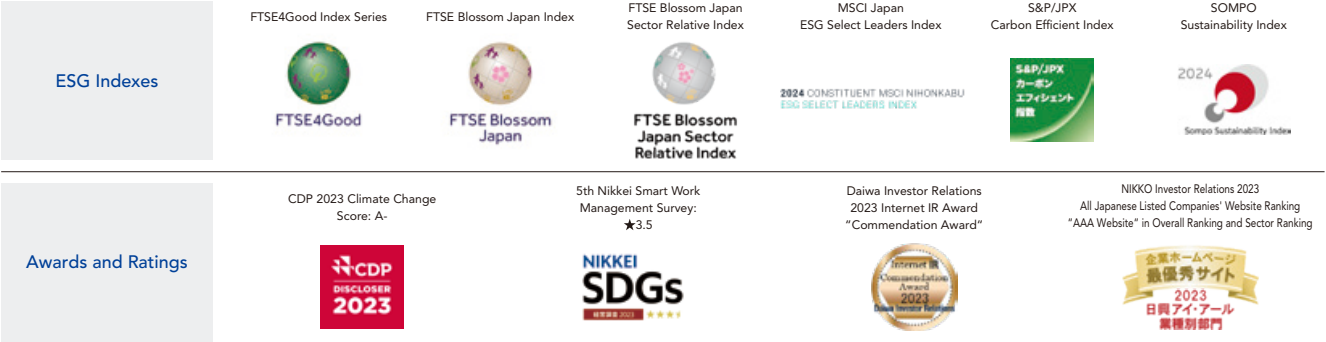
Notes: 1. The Company holds treasury stock as follows, which is excluded from the principal shareholders listed above.  
Number of shares held: 12,120 thousand shares  
Percentage of 231,000 thousand shares issued: 5.25%

2. Percentage of voting rights is calculated based on the total number of shares issued excluding treasury stock.

3. On April 19, 2024, the Company retired 2,000 thousand shares in treasury stock. The number of shares after the retirement of treasury stock is 229,000,000 shares.

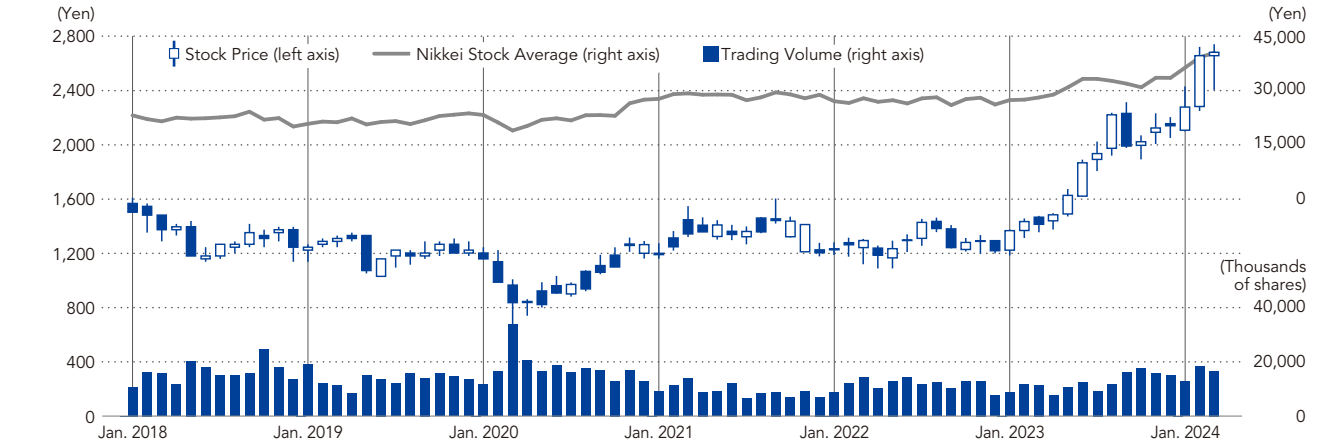
External Evaluations

The Group's sustainability initiatives and disclosure level are evaluated by external parties and are recognized with inclusion in domestic and international ESG indexes and receipt of various awards.



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Stock Price Range / Trading Volume



Stock Price Trend

	High (yen)	Low (yen)		High (yen)	Low (yen)
April 1, 2014 – March 31, 2015	925	598	April 1, 2019 – March 31, 2020	1,367	666
April 1, 2015 – March 31, 2016	1,113	660	April 1, 2020 – March 31, 2021	1,550	741
April 1, 2016 – March 31, 2017	1,165	793	April 1, 2021 – March 31, 2022	1,606	1,121
April 1, 2017 – March 31, 2018	1,624	1,016	April 1, 2022 – March 31, 2023	1,478	1,090
April 1, 2018 – March 31, 2019	1,449	1,135	April 1, 2023 – March 31, 2024	2,729	1,375



Shinjuku Mitsui Building 52F  
Nishi-Shinjuku 2-1-1, Shinjuku-ku, Tokyo  
163-0478, Japan  
Phone: +81-3-3346-3019  
Inquiries: Corporate Communication Department

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