

## 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.

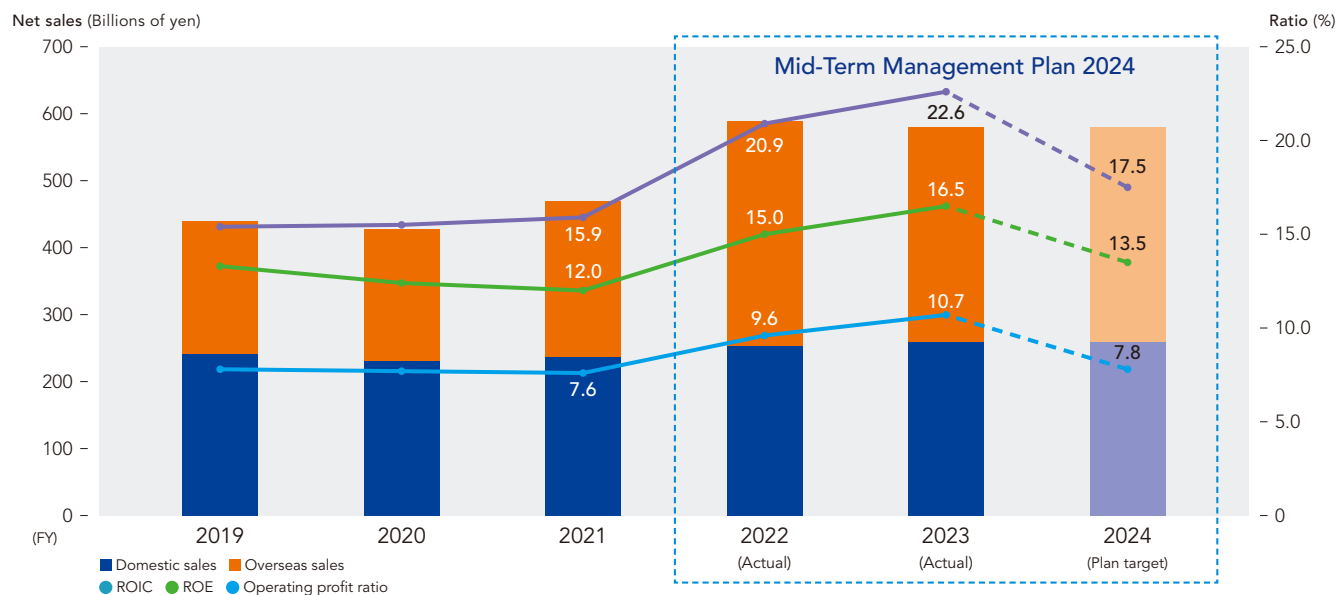
### Review of fiscal 2023

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



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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).

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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

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(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.

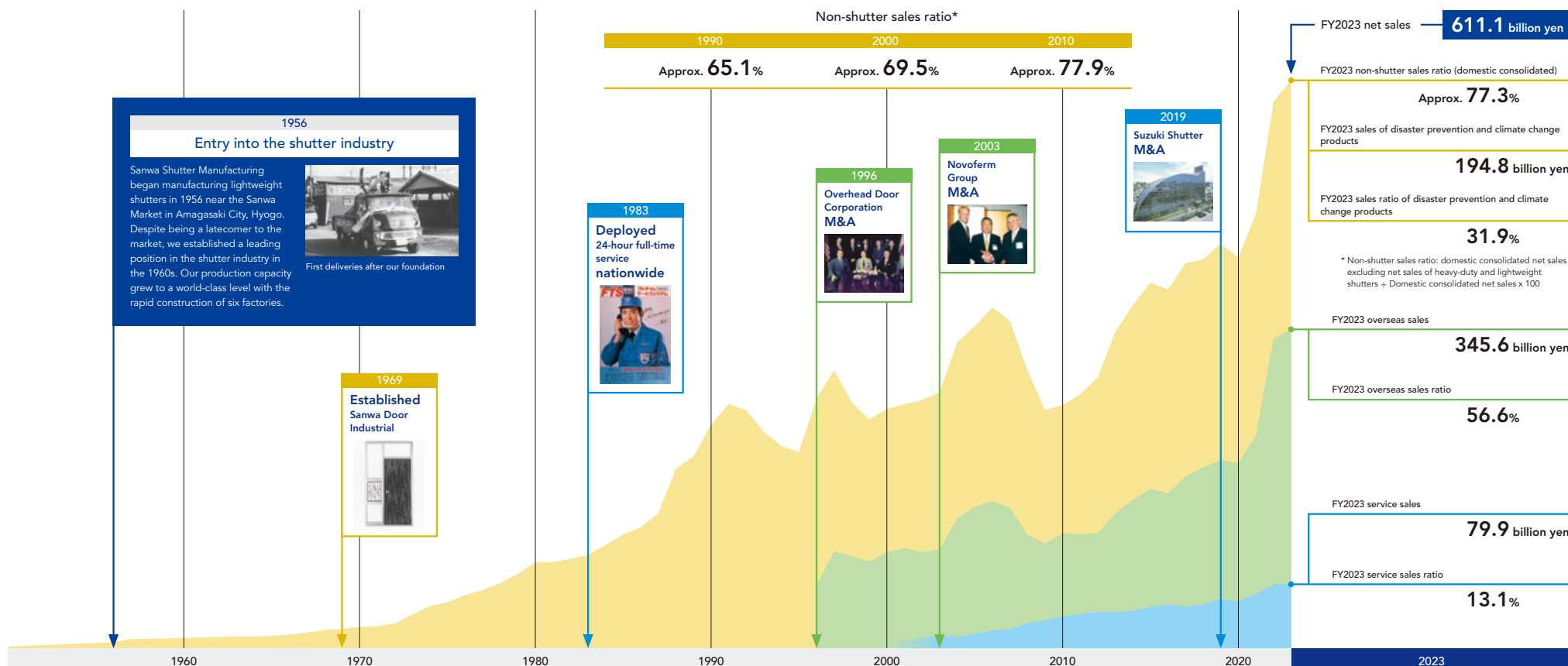
In order to fulfill our role as a company that seeks to maximize the interests of all stakeholders, we will further pursue our goal of becoming a global leader in smart entrance solutions. To this end, I would like to sincerely thank all of our stakeholders for their continued support.





# 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.

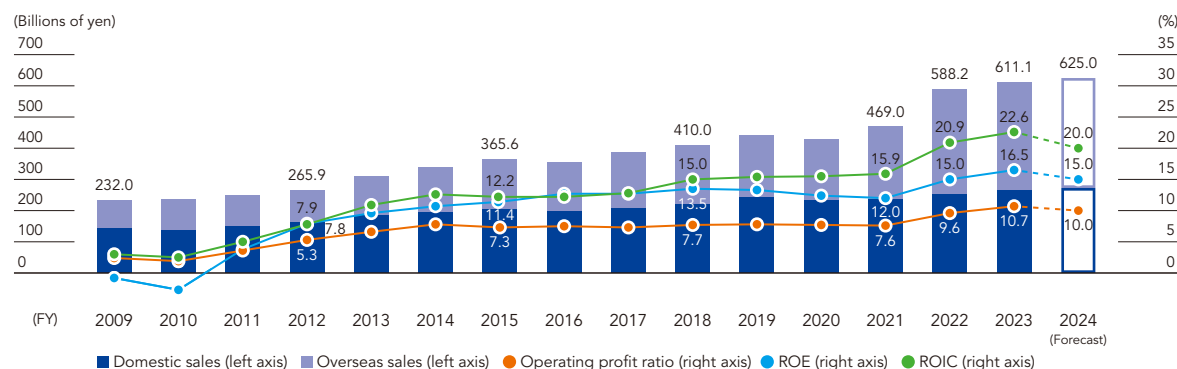
In 2016, inspections of fire prevention equipment became mandatory in Japan. We also expanded our service business in Europe and North America through M&A.

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.



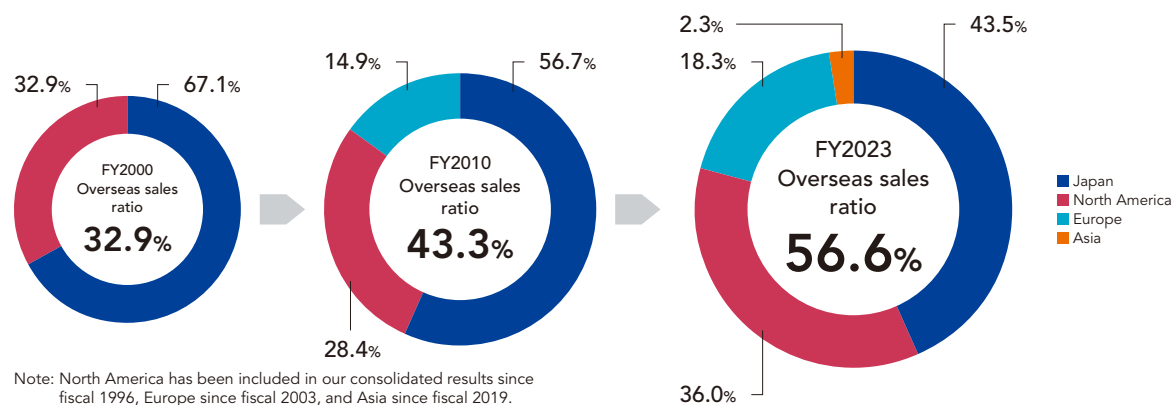
### Global expansion

**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.

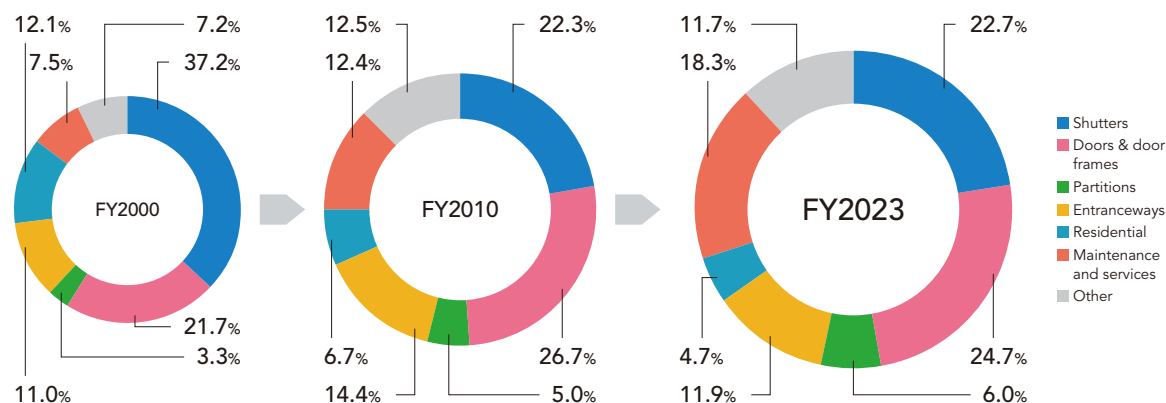


### Trends in sales by product

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

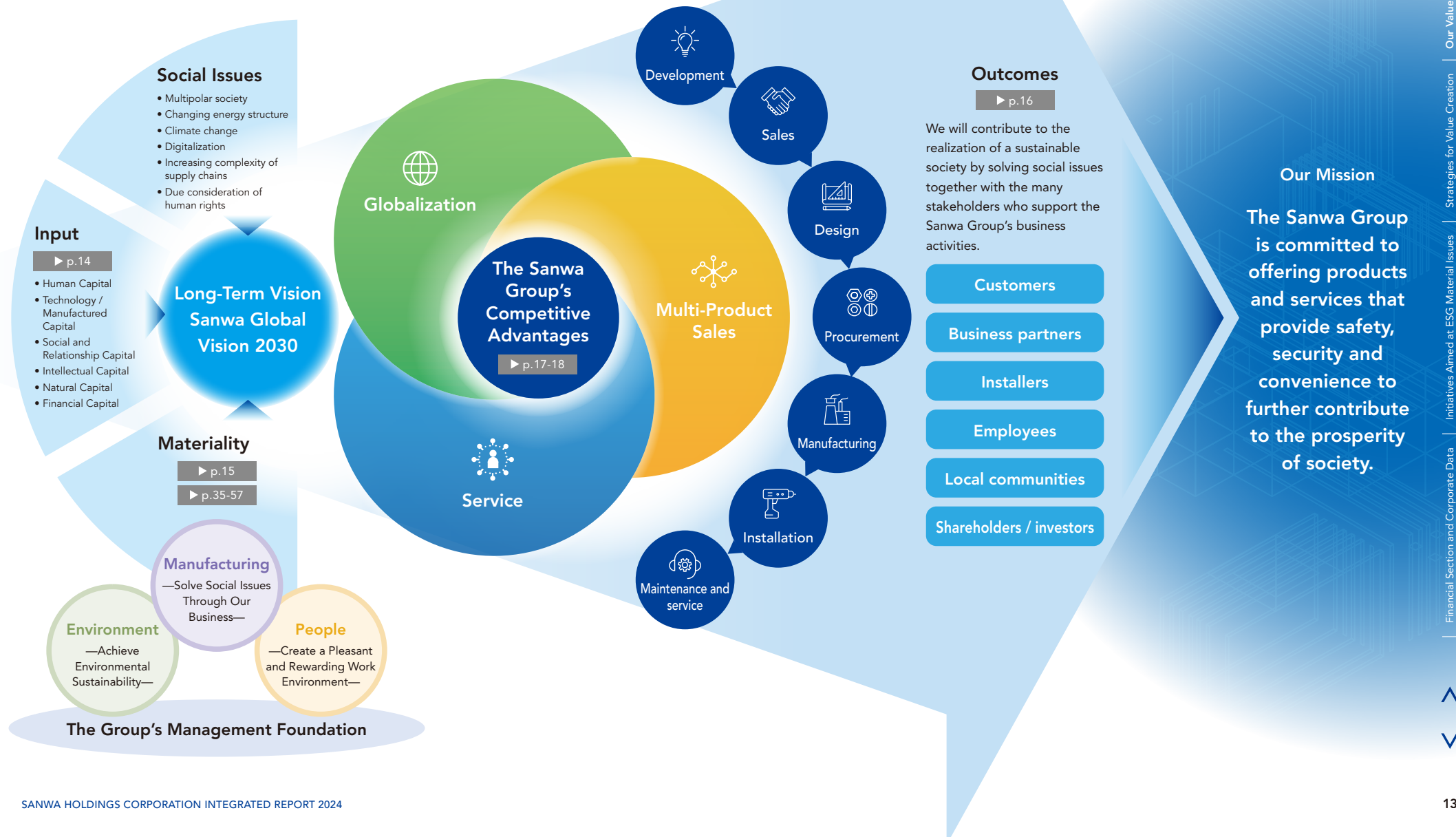
#### Increase in the ratio of non-shutter products

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).

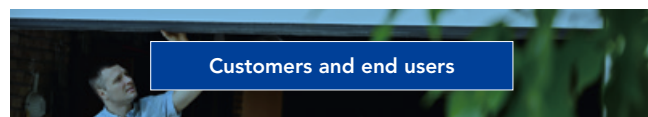
The Sanwa Group will create distinctive value by allowing the three ESG material themes (Manufacturing, Environment, and People) shown on the right to interact and influence each other, and organically linking each of our initiatives in these fields.

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%**

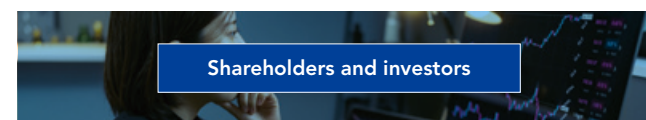
(consolidated)

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.

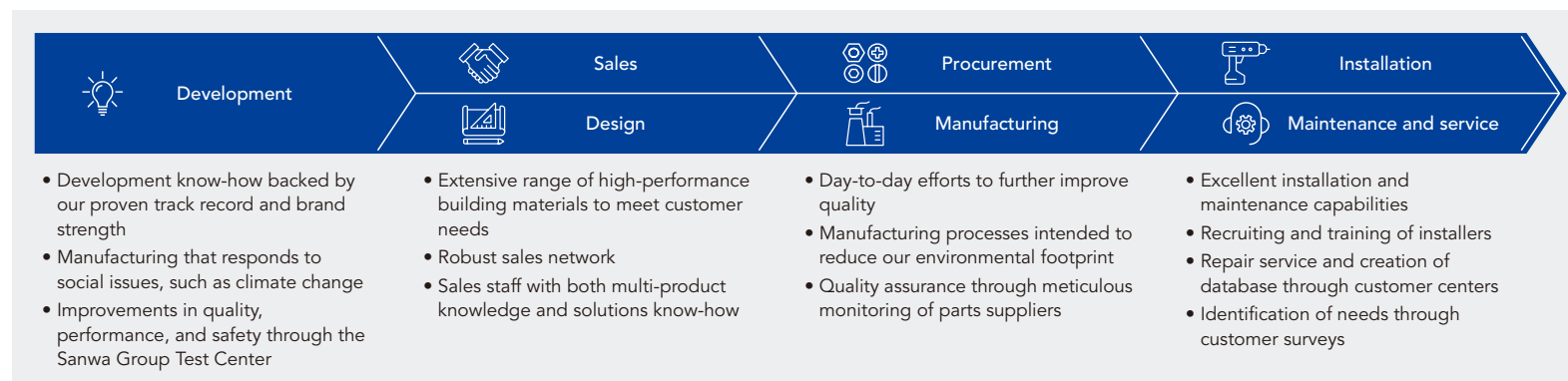
Note: THE INCLUSION OF Sanwa Holdings Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Sanwa Holdings Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE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

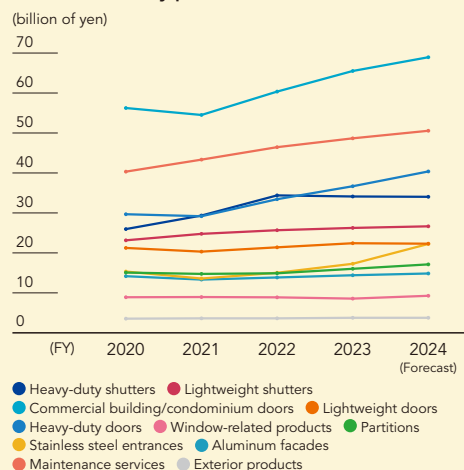


FY2023 non-shutter sales ratio  
(domestic consolidated)

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.

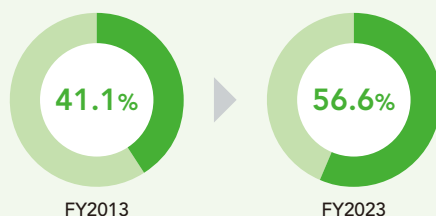
## Globalization



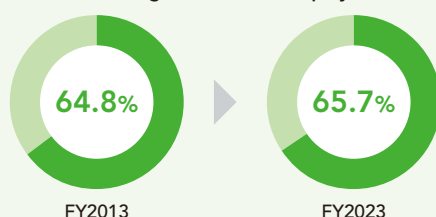
FY2023 overseas sales ratio

**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

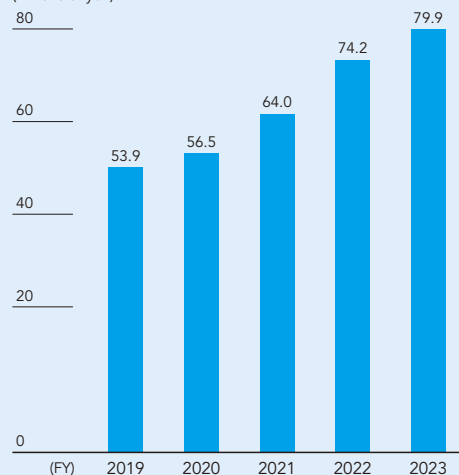


FY2023 service sales  
(consolidated)

**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

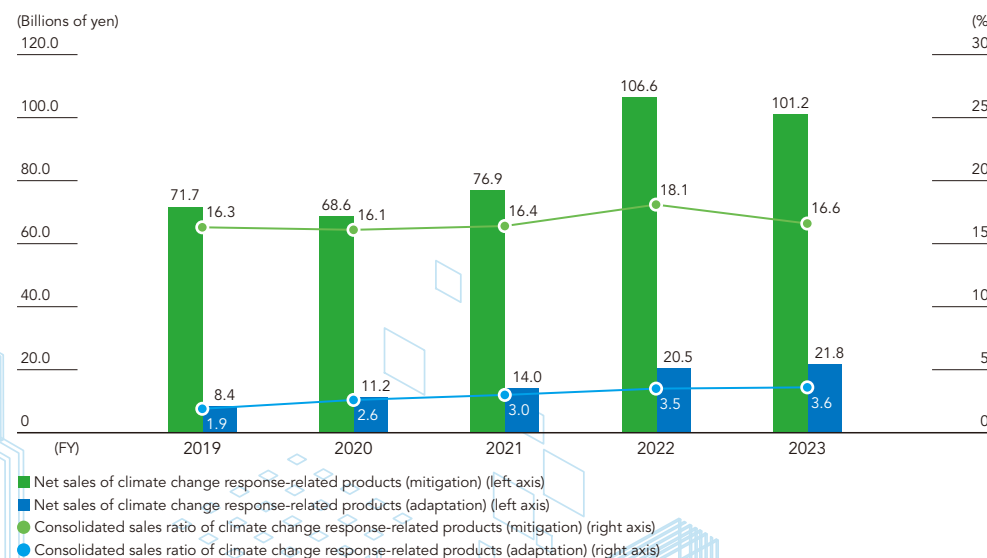
We contribute to adaptation, which involves reducing the impacts of climate change, through the development and sales of products that are effective in responding to climate change, including waterproof products that guard against flood damage, high-strength shutters that reduce the risk of wind damage,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

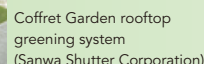
### Greening

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

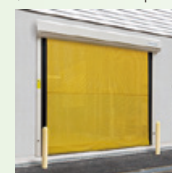
### Heat insulation

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



### Energy-saving

### Heat insulation

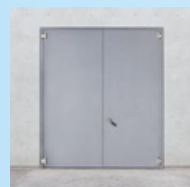
Heat Insulation Quick Saver TR  
from Re-carbo series  
(Sanwa Shutter Corporation)

## Climate change response-related products (adaptation)

### Waterproof



Water Guard waterproof  
shutter  
(Sanwa Shutter Corporation)



Water Guard double-tight door  
(Sanwa Shutter Corporation)



Apia Guard Okudake  
rail-less model  
(Suzuki Shutter)



Apia Guard waterproof  
sheet III  
(Suzuki Shutter)

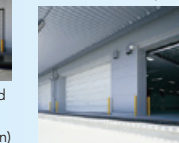
### Wind resistance



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



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



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

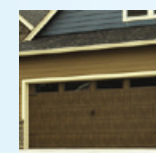


Wind-resistant residential  
garage doors  
(ODC)

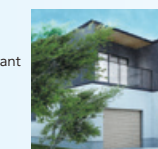
MADOMORE Taifu  
(wind-resistant) Guard  
high wind pressure-  
resistant shutter  
(Sanwa Shutter Corporation)



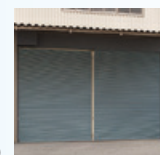
Taifu (wind-resistant)  
Guard LS wind-resistant  
lightweight shutter  
(Sanwa Shutter Corporation)



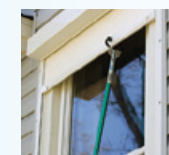
Wind-resistant  
residential garage  
doors  
(ODC)



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

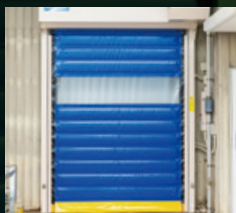
Shigeru Onitsuka, Manager, Kanto Plant Engineering Sales Office, Nichirei Logistics Engineering, Inc.



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