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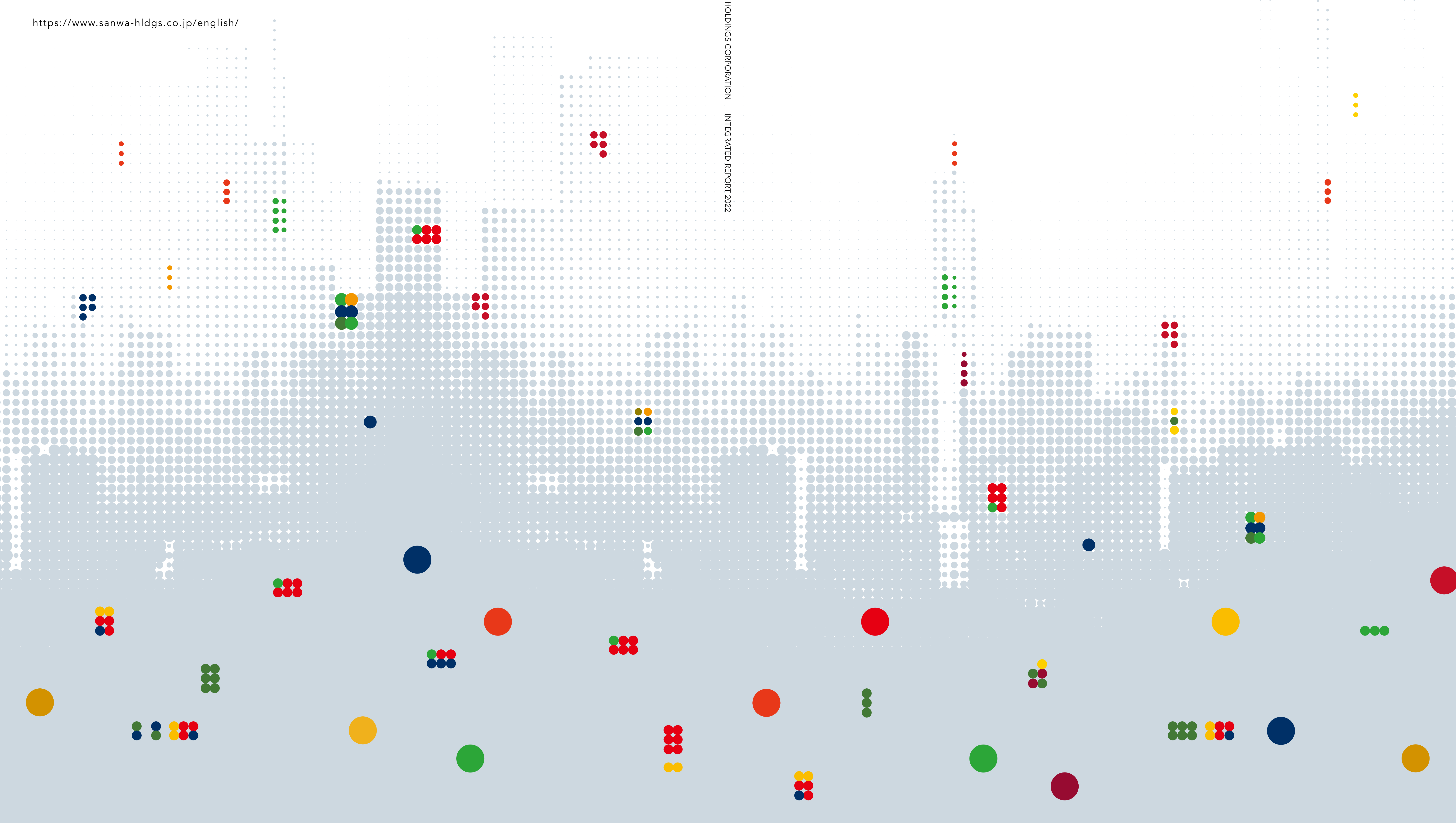
SANWA HOLDINGS CORPORATION INTEGRATED REPORT 2022

SANWA HOLDINGS CORPORATION

INTEGRATED REPORT 2022

For the year ended March 31, 2022



A History of Value Creation

Philosophy and Value Offered

The Sanwa Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society.

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.

Mission of the Sanwa Group to Society

Our Mission

The Sanwa Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society.

Management Goals of the Sanwa Group

Our Values

- To deliver products and services to satisfy all customers.
- To become a true global player and be highly valued in each market in the world.
- To bring together the creativity of each individual in a team environment for the enhancement of corporate value.

Target of the Sanwa Group

Long-Term Vision

Sanwa Global Vision 2030

To be a Global Leader of Smart Entrance Solutions

Improving the level of PDCA has supported our growth.

The Sanwa Group positions the implementation of the PDCA cycle as one of its codes of conduct in order to realize its mission, values, and Long-Term Vision. Even in times of rapid change, our approach toward improving by repeating the PDCA cycle is constant.

Toshitaka Takayama
Director, Senior Advisor

PDCA SAKURA

The Sanwa Group has planted cherry blossom trees named PDCA SAKURA at its facilities around the world. These cherry blossom trees are the symbols of the Sanwa Group, which simply express the purpose of the Plan-Do-Check-Act (PDCA) cycle, which is to repeat a plan until it is completed without giving up, and to make it a reality.

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Overall Picture of Communication

	Financial information	Non-financial information
Dialogue	• Financial results briefings • Explanatory sessions for individual investors • Business briefings • Analyst/institutional investor individual meetings • General meeting of shareholders	• ESG meetings
Reports	• Annual Securities Reports • Financial results briefing materials, interim reports Integrated Reports: Report integrating important financial and non-financial information	ESG data collection
Web	IR information See here for IR information	Sustainability information See here for sustainability information

Editorial policy

The purpose of this report is to provide both financial and non-financial information on the Sanwa Group's management, review of operations and external environment. In editing this report, we have referred to the "International Integrated Reporting Framework" proposed by the Value Reporting Foundation (VRF, formerly IIRC), Guidance for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry, and recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

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. 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.

Capturing the changing needs of society
To be a Global Leader of Smart Entrance Solutions

Yasushi Takayama
Representative Director, President

Responding to changes in the business environment

The business environment surrounding the Group is undergoing unprecedented changes. In addition to soaring raw materials prices and supply chain disruptions worldwide, various risks are emerging that threaten the sustainability of society, including political and geopolitical developments, the novel coronavirus (COVID-19) pandemic, and worsening social and environmental issues on a global level. At the same time, there is a movement to realize an efficient and affluent society through technological innovations, including DX.

The Group has responded to these changes in the external environment with speed and flexibility. In fiscal 2021, we recovered from fiscal 2020, when our economic activities were severely constrained by the COVID-19 pandemic, and achieved record highs in both net sales and profits. Although the global surge in raw material prices was a serious challenge, we were able to secure profits by shifting increased costs to sales prices and reducing costs in each region.

First, in Japan, although the construction market was not necessarily favorable, demand for logistics facilities was strong, and sales increased due to a recovery in maintenance services. Although raw material prices soared, we were able to increase profits by shifting increased costs to sales prices and reducing costs.

In the U.S., sales increased significantly, supported by the recovery from the COVID-19 pandemic and a strong housing market. Despite price increases in raw materials and disruptions in the supply chain, profits increased as a result of shifting increased costs to sales prices for customers and the implementation of cost reductions. In Europe, as in the U.S., despite the impact of surging raw material prices, both sales and profits increased thanks to efforts to pass on sales prices. In Asia, we were also able to secure a surplus in fiscal 2021.

New Long-Term Vision and Mid-Term Management Plan

Review of the past nine years

Under the Sanwa Global Vision 2020 (2020 Vision), which we have been engaged in for nine years since fiscal 2013, net sales increased by approximately ¥200 billion and the scale of our overseas operations doubled. Operating profit has also expanded to 2.5 times what it was in fiscal 2012. Under the 2020 Vision, we have been engaged in four primary initiatives to become a major global player in the access systems industry, for which we have recognized the following results and challenges.

1) Become the definite No. 1 brand in Japan, the U.S., and Europe

We were able to improve growth and profitability through growth of our core businesses and an expansion of strategic products. We also worked to expand our lineup of products for disaster prevention and climate change response to establish a foothold as a growth driver. Going forward, we will focus on strengthening our supply capabilities and supporting digitalization.

2) Enhance service business

Both in Japan and overseas, we have steadily strengthened and expanded our business through M&As, and by responding to inspection legislation. We will focus on making our services smarter and more digital, going forward.

3) Expand Asian business and enter into emerging countries

Although we were able to return to profitability through consolidation and strengthened cooperation among companies, issues remain regarding localization. Going forward, we will strengthen our growth potential through aggressive capital investment and a review of our sales structure.

4) Optimize business in global market

We have achieved a certain degree of success in our European/U.S. operations and Asian operations. We recognize that strengthening our global human resource capabilities will be a particular challenge for the future.

We also executed various M&As. In Europe in particular, the acquisition of Alpha in the Netherlands was a driving force for improved performance, while in Japan, the acquisition of Suzuki Shutter in 2019 led to further business expansion. Although there are issues that need to be addressed in the future, we believe that these four major initiatives have produced certain results in terms of performance and other factors, and that we have secured a position to play a role as one of the major global players in the access systems industry.

New Long-Term Vision and Mid-Term Management Plan

We started our new Long-Term Vision, "Sanwa Global Vision 2030" in fiscal 2022. The new Vision sets "To be a Global Leader of Smart Entrance Solutions" as the ideal state in 2030. This vision calls for the Company to become a corporate group that is valued by all stakeholders, by providing smart entrance solutions globally to meet the changing needs of society, including climate change and digitalization, and by strengthening its sustainability management and investing in people. Under the three-year Mid-Term Management Plan 2024 (the new Mid-Term Management Plan) announced at the same time, we will promote the following five basic strategies to establish a foundation for this plan.

1. Expand and strengthen core businesses (shutters, doors & service) in Japan, North America and Europe
2. Strengthen a basis for growth of Asian business
3. Expand products for disaster prevention and climate change response and enhance smart products and services
4. Increase productivity through digitalization and manufacturing innovation
5. Enhance sustainability management

Under the new Mid-Term Management Plan, we aim to achieve the highest levels for our capital efficiency indicators, such as SVA (Sanwa Value Added), ROIC, and ROE, and will pay dividends to shareholders with a target payout ratio of 40% from fiscal 2022.

Two directions for solutions

The Sanwa Global Vision 2030 and the Mid-Term Management Plan 2024 call for the "provision of Smart Entrance Solutions." This is a commitment to provide not only products and services for entrances, but also the value that comes from them.

We have two main directions for the solutions we should provide. The first is disaster prevention and climate change response. We have long provided disaster prevention products such as fireproof shutters and doors. Recently, in response to increasingly severe natural disasters such as typhoons and torrential rains caused by climate change, we have focused on climate change (adaptation) products that are waterproof and windproof, and climate change (mitigation) products that contribute to energy conservation and reductions in CO_2 emissions. These products are in line with society's trend toward environmental responsiveness, and are products that support people's lives and city infrastructures, and contribute to the realization of a sustainable society. We have clearly positioned these products as pillars of the solutions we should provide, and will further focus on and strengthen them.

The second direction for our solutions is smart products and services. Among the safety, security, and convenience stated in our mission, while disaster prevention and climate change response provide safety and security, smart products and services provide convenience. We have already started efforts to expand our IoT-compatible products, such as window shutters for smart homes and smart opening/closing systems for garage doors. However, it is not possible for these efforts to be implemented by the Company alone, and it is important to collaborate with house builders, real estate companies, home appliance manufacturers, and telecommunications companies to provide true comfort to our customers. In this sense, we believe that connectivity is the key, such as connected service and connecting with partners.

Aiming for the fourth pillar

The pillars of our basic strategy for global expansion are to expand and strengthen our core businesses in Japan, North America and Europe. As a top or leading company in these three focal regions, we will, by responding accurately and promptly to customer needs, expand and strengthen our business including the service business.

In addition, by 2030, we aim to grow our Asian business into a fourth key region, following Japan, North America and Europe, and to establish a four-polar global structure comprising Japan, North America, Europe, and Asia. To grow our business in the Asian market, we will work to strengthen the growth potential of each of our Group companies in Asia. Firstly, in addition to starting operations at our new plant in Changshu, China, we will substantially increase our production capacity by renovating the production facilities at our main plants, while at the same time revising our sales structure to handle multi-product sales. In doing so, we will ensure speed and competitiveness by rolling out technological capabilities and products from Japan, North America, and Europe to Asia. In addition, to strengthen the foundation of our business structure, we will introduce the enterprise resource planning (ERP) system to our Asian companies, and centralize management function at Sanwa Shanghai.

Sanwa's sustainability management befitting a global company

The Group has divided its sustainability initiatives into four major categories: Manufacturing, Environment, People, and Management Foundation, and has established specific themes and KPIs for 11 ESG materiality issues. In Manufacturing, we have set sales targets for climate change response and disaster prevention products as KPIs, to further clarify that our core business itself contributes to sustainability. In Environment, we set reduction targets for Scope 1 and 2 carbon emissions as part of our decarbonization efforts. As an issue, we need to move forward with responses to Scope 3 as soon as possible. People are our most important management resource, and support our sustainability. We believe that we need to take a hard look at the theme of People, in order to move forward.

In Management Foundation, we are aiming to have a governance structure that is appropriate for a global company, and are working to strengthen it. We believe that the ten directors who comprise our Board of Directors possess sufficient diversity and expertise, as they are composed of corporate managers, several persons with experience in overseas business, knowledgeable persons in finance and accounting, and a legal expert. In addition, a new female outside director will join the Board in fiscal 2022, further strengthening the diversity of the Board of Directors.

Sustainability can be said to be essential for the long-term growth of the Group. We will work toward sustainability management with the firm determination that without it, the Group will not be successful.

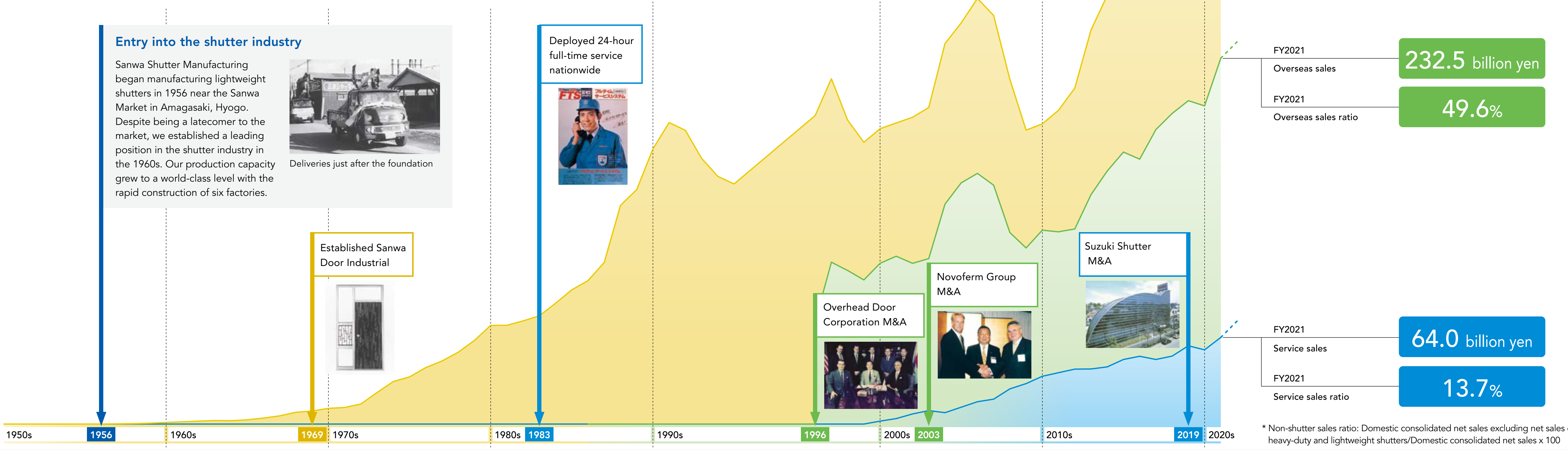
A message to our stakeholders

I believe that times of drastic change are the times when our true value is tested. As stated in our mission, the Group is committed to offering products and services that provide safety, security, and convenience in order to further contribute to the prosperity of society, and this mission is universal. In order to meet global environmental challenges such as climate change, to respond to various challenges posed by supply chain disruptions, and to enhance internal and external communication based on respect for human rights, we will work in cooperation and collaboration with our stakeholders to create a path to solutions, and raise the level of our PDCA to become a global leader of smart entrance solutions.

Together with our customers, employees, installers, business partners, local communities, shareholders, and investors, we hope that you watch the future activities of the Group, as we continue to strive toward a sustainable society and the realization of our mission.

A History of Value Creation

Manji Takayama founded Sanwa Shutter in 1956 with a fundamental ethos of passion, trust and diligence. Since then, 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.



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

Multi-Product Sales

First Step toward Multi-Product Sales

The Sanwa Group's multi-product sales strategy began with its entry into the door business in the late 1960s. Focusing on fields where we could apply the know-how we cultivated in the shutter business, existing production facilities and sales and installation networks, we began producing made-to-order steel doors. We rapidly rose to the top of the industry.

Expanding the Multi-Product Strategy

We have promoted the multi-product sales strategy through acquisitions to further expand our value. The first company we acquired was an aluminum facade sales company in 1984. That was followed by the acquisitions of manufacturers of automatic door operators, partitions, and stainless steel building products. By acquiring quality companies with established brands, we accelerated our multi-product sales strategy.

Meeting the Changing Needs of Society Due to Climate Change and Digitalization

We contribute to the building of a sustainable society by expanding our products that address climate change risks, and a lineup of disaster prevention products with fire prevention, earthquake resistance and other functions, which help realize a safe and secure society.

Globalization

Gaining a Foothold Overseas

In 1974, we entered into a technical tie-up with Overhead Door Corporation (North America; ODC), and began manufacturing and selling overhead doors. In 1986, we established Sanwa Shutter (H.K.) in Hong Kong, making us the first in the industry in Japan to focus on overseas markets.

Establishment of Three-Pronged Platform: Japan, U.S.A., Europe

In 1996, we acquired tie-up partner ODC, which boasted the top market share in North America, and in 2003, we acquired Novoferm Group (NF), which held a position of one of the three largest players in European market. We have grown into a leading global brand by pursuing business and regional diversification.

Aiming to be a Global Leader of Smart Entrance Solutions

We formulated Sanwa Global Vision 2030 in 2022 to expand and strengthen core businesses in a four-polar structure in Japan, North America, Europe, and Asia, and we provide safe, secure, and convenient products and services to customers worldwide.

Service

Service is Our Responsibility as a Manufacturer

Shutters play an important role in crime prevention and fireproofing, and we have established an integrated responsibility system from sales, installation, and maintenance. In 1983, the Company deployed the industry's first 24-hour full-time service nationwide. As a result, a system is now in place to respond immediately to emergency requests.

Mandatory Statutory Inspections and Expansion of Overseas Service Business

A periodic inspection report system for fire prevention equipment became mandatory in Japan due to a partial amendment of the Building Standards Act in 2016. We acquired service companies in France and the U.K. This will expand the service provision area and create synergies with the existing sales and service network.

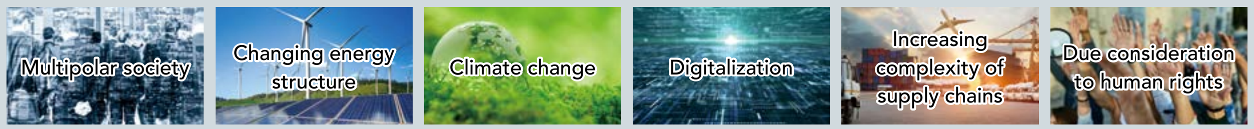
Providing Smart Entrance Solutions

We create new solutions such as smart products and services utilizing IoT to develop new customers and expand our business model to provide convenient living to customers.

Sanwa Value Creation Model

The Sanwa Group creates value by resolving 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 sustainable growth and value creation by maximizing our management resources and deepening the strengths we have cultivated since our founding.

Social Issues



[Our Mission]

The Sanwa Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society.

Outcomes

[Stakeholders]

We will contribute to the realization of a sustainable society by solving social issues together with the many stakeholders who support the business activities of the Sanwa Group.

P.12-13

Customers | Employees | Installers | Business partners | Local communities | Shareholders / investors

Input

Natural Capital

Reduction in energy consumption
- Energy consumption (crude oil equivalent) (Sanwa Shutter): **8,802 kl**
- Amount of water intake (Sanwa Shutter factories): **116,967 m³**

Social and Relationship Capital

Strengthening engagement with stakeholders
- Sales network in Japan: **Approximately 500 locations (divisions)**
- 24-hour full-time service (FTS) for repairs
- Number of installers (Japan): **Approximately 3,900**
- "Ribbon Distributors" in North America: **Approximately 450 companies**

Human Capital

Human resource development, which is the source of value creation, and improvement of the work environment
- Number of employees (consolidated): **12,785** (Percentage of overseas employees: 67%)
- Number of employees who have received training: **3,959** (Sanwa Shutter)

Technology / Manufactured Capital

Uniform supply chain from development to maintenance and service
- Number of production bases: **64** (44 overseas bases)
- Capital expenditures: **¥9.28 billion** (¥5.88 billion overseas capital expenditures)

Intellectual Capital

Know-how in access systems field that realizes multi-product types

Implementation of PDCA that has been firmly established, from management to rank-and-file employees
- R&D expenditures: **¥5.1 billion**

Financial Capital

Financial strategies focused on ROE and SVA to achieve sustainable growth
- Free cash flow: **¥(0.83) billion**

Sanwa Business Activities

Strength 1 — Multi-Product Sales Strategy

A wide-ranging product lineup to solve various social issues in response to the changing times

FY2021 Non-shutter sales ratio (domestic consolidated) **77.6%**

Strength 2 — Globalization

Expanding our global presence ahead of domestic competitors

FY2021 Overseas sales ratio **49.6%**

Strength 3 — Service

Seamless customer support, including maintenance and service

FY2021 Service business sales ratio **13.7%**

Development → Sales → Design → Procurement → Manufacturing → Installation → Maintenance and service

ESG Issues (Materiality) -Contribute to sustainable, resilient communities-

Manufacturing (P.44-45)
Solve Social Issues Through Our Business

Environment (P.46-47)
Achieve Environmental Sustainability

People (P.48-49)
Create a Pleasant and Rewarding Work Environment

Management Foundation (P.38-43)

Sanwa Global Vision 2030

To be a Global Leader of Smart Entrance Solutions

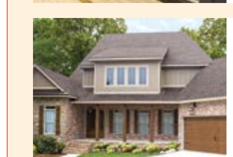
Mid-Term Management Plan 2024

P.21-25

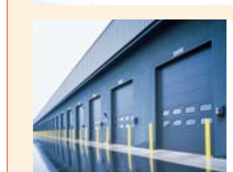
Output

	FY2021
Net sales	¥469.0 billion
Operating profit	¥35.5 billion
Operating profit ratio	7.6%
SVA	¥14.8 billion
ROE	12.0%

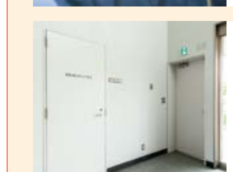
Shutters
Japan: No.1
North America: No.1



Garage doors
Japan: No.1
North America: No.2
Europe: No.2



Industrial sectional doors
Japan: No.1
North America: No.1
Europe: No.2



Steel doors
Japan: No.1
Europe: No.2

Overseas sales / ratio	¥232.5 billion	49.6%
Service business net sales / ratio	¥64.0 billion	13.7%
Climate change-response products net sales / ratio	¥91.4 billion	19.6%
Disaster prevention products net sales / ratio	¥63.1 billion	13.5%
CO_2 emissions	26,521 t-CO_2 (Japan)	
	48,630 t-CO_2 (overseas bases)	

Outcomes for Stakeholders

The Group aims to achieve sustainable growth by both providing effects (outcomes) to and receiving them from its various stakeholders. We are committed to meeting the expectations of not only our customers, but also our employees, who are the source of value creation, our installers, who are our partners in delivering value, our business partners, local communities, and our shareholders and investors.

Outcomes for customers and end users

Number of customer inquiries (Sanwa Shutter) **13,918**

Number of general repairs (Sanwa Shutter) **130,906**




The Group products are used in the openings of various buildings, including residential, offices, condominiums, factories, warehouses, schools, and medical and welfare facilities, and support people's lives and the infrastructure of communities. We respond to the diverse voices and requests of our customers through a nationwide network of around 500 locations and a 24-hour, 365-day service for receiving requests for repairs, and we share feedback from our customer centers throughout the Company to improve our products and services.

The Group's products originally started out to protect people's lives by preventing crime and fires. In addition to these products, needs have now shifted to products that protect against natural disasters such as typhoons, storms, and earthquakes, which are becoming increasingly severe. Climate-change response products (mitigation and adaptation) and products that protect against disasters contribute to solving social issues such as realizing a decarbonized society and become sustainability management itself. We will continue to be sensitive to the needs of our customers and be a partner who can continue to grow together with them.

Outcomes for employees

Female employee ratio (consolidated) **18.8%**

Overseas employee ratio (consolidated) **67%**




Top management repeatedly sends messages to Group employees regarding the importance of ESG promotion and compliance, in addition to explaining management strategy and vision. Twice a year at Sanwa Shutter Corporation, the President and other members of senior management explain strategies and policies to employees at each location and exchange opinions. In addition, through employee awareness surveys and an internal whistleblowing system, the Group is working to improve its organizational culture and eliminate misconduct.

Furthermore, as the correction of the gender imbalance indicates progress in diversity, the Group is striving to increase the ratio of female employees and managers, and the ratios of female employees and managers have risen to 18.8% and 13.7%, respectively, on a consolidated basis. In the future, the Group aims to make its organization and human resources more flexible and resilient by promoting diversity, and to create a workplace environment in which employees can work more comfortably.

Outcomes for installers

Installation qualifications (domestic) **19** types **105** products

Service sales ratio (consolidated) **13.7%**

For the more than 3,900 installers who are the lifeline that supports our mission of providing safety, security, and convenience, we strive to improve installation quality and strengthen engagement by communicating and gathering information on installation quality as well as safety and health at regular monthly safety and health meetings, conducting various training programs and contests, presenting long-service awards, and supporting welfare programs, in addition to publishing a semiannual newsletter for installers. In 2008, we opened an Installation Training Center to enhance the technical skills of our installers and to continuously recruit and train them, thereby improving installation quality and skills.

Outcomes for suppliers and business partners

Sales network (North America) **450** companies

Green procurement ratio (Sanwa Shutter's main suppliers) **74%**

Overhead Door Corporation of North America is continuously working to strengthen relationships with its North American sales network of 450 ribbon distributors, and feedback received through regular dialogue and information exchange is reflected in new product development and product quality improvement.

Sanwa Shutter has a "Sanwakai" group consisting of about 110 companies, including suppliers and factory partner companies, which aims to improve the level of QCDE* initiatives through information sharing and mutual brainstorming, and to achieve long-term mutual development based on strengthened cooperation.

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

Outcomes for local communities

Climate change response product sales ratio (consolidated) **19.6%**

Social contribution expenditure (consolidated) **25.8** million yen

The Group is closely connected to communities in 26 countries and regions in Japan, North America, Europe, and Asia and conducts business activities rooted in these areas. As a good corporate citizen, we aim to coexist and prosper with the community, return to society the technologies, human resources, products, know-how, and other resources that our group has developed, and actively contribute to the community through contributing to resilient communities, global environmental conservation, fostering the next generation, and contributing to the development and diversity of the local community.

Outcomes for shareholders and investors

FTSE4Good | FTSE Blossom Japan | FTSE Blossom Japan Sector Relative 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 our shareholders and investors in our management. In addition to biannual financial results briefings, we hold more than 150 IR individual meetings, ESG briefings, briefings for individual investors, and plant tours for institutional investors.

In addition, based on our investment strategy and other factors, we have raised our target payout ratio to 40%.

ESG Materiality

The Group has identified 11 ESG materialities (consisting of the three themes of Manufacturing, Environment, and People, along with the Management Foundation that supports these themes), and is implementing various initiatives. In May 2022, the Group also established targets (KPIs) to be achieved over the medium and long term that are linked to each ESG materiality, with the aim of realizing the Sanwa Global Vision 2030.

ESG Materiality Identification Process

1. **Identify Issues** — Identify issues based on international frameworks, external initiatives, and guidelines related to sustainability
2. **Perform a 2-axis Evaluation of Importance** — Evaluate the level of importance to stakeholders and to the Group
3. **Identification of ESG Materiality** — Add elements related to People to the evaluation results and organize them into three themes and Management Foundation of the Group
4. **Setting Targets (KPIs)** — Set KPIs linked to the identified ESG materialities to achieve the Long-Term Vision

Themes	ESG materiality	Items	Targets (KPIs)	Scope	Initiatives and topics	Social value	SDGs to which we can contribute	Pages for reference
Manufacturing Solve Social Issues Through Our Business	Mitigate/adapt to climate change, prevent disaster loss through products and services	Net sales of products that contribute to climate change mitigation	¥96 billion (FY2024)	Consolidated	The Water Guard waterproof shutter fireproof & smokeproof-type products, launched in June 2021, won the Grand Prize (New Product Development Category) in the Disaster and Epidemic Prevention Product Awards © 2021.	• Solving social issues such as climate change and disasters through the Group's products, technologies, and services • Realizing a resilient society where people can live with peace of mind	9, 11, 13	P.31 P.45
		Net sales of products that contribute to climate change adaptation	¥18 billion (FY2024)					
		Net sales of products that contribute to disaster prevention	¥81 billion (FY2024)					
		Net sales of maintenance and service business	¥76 billion (FY2024)					
	Quality assurance and enhancement	Achieve quality targets in line with each company's quality policy	–		• Early detection of trends and complaints, and implementation of countermeasures through system monitoring of complaints • Implementation of quality patrols • Implementation of training on manners and complaint handling	• Fulfilling our responsibilities to customers and society as a manufacturer • Ensuring security as a form of societal infrastructure through high-quality and stable opening products		P.44
Environment Achieve Environmental Sustainability	Initiatives for a decarbonized society	Reduction of CO_2 emissions (Scope 1+2)	Reduce by 10% compared to FY2019 (FY2024) Reduce by 30% compared to FY2019 (FY2030)	Sanwa Shutter Corporation	• Installed a solar power generation system in the logistics building of Sanwa Shutter Corporation's Ota Door Plant in December 2021 • Endorsed TCFD recommendations in December 2021	• Realizing a sustainable global environment through the reduction of environmental impact and the use of renewable energy • Continuing business activities through mitigation of natural disaster and energy risks	12, 13, 14	P.18-19 P.32-33 P.46
	Water resources conservation	Reduction of water usage intensity (at factories and offices)	Reduce by 10% compared to FY2020 (FY2030)		• Improvement of efficiency of water use through use of water circulation systems (painting equipment and chillers) • Expansion of the scope of water intake data collection • Identification of water stress areas	• Realizing a sustainable global environment through effective use and conservation of water resources • Continuing business activities through reduction of risk of pressing water demand		P.47
	Waste reduction	Reduction of waste intensity (at factories and offices)	Reduce by 10% compared to FY2020 (FY2030)		• Ensuring sorting and recycling • Reuse of wooden pallets • Reduction of waste emissions through facility upgrades	• Realizing a sustainable global environment through effective use of resources, promotion of recycling, and reduction of waste • Continuing business activities by reducing risks of resource depletion and landfill site pressure		P.47
People 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	Implemented compliance training based on the Sanwa Group Compliance Code of Conduct, which was revised in December 2020 to expand items such as respect for human rights	• Creating healthy and sustainable employment opportunities through respect for human rights	5, 8, 10	P.48
	Human resource development	Number of e-learning (English) participants	200 (FY2024)	Domestic Group companies	• Development of global human resources • Development of autonomous human resources • Enhancement of education for new graduates based on the Sanwa Professional Human Resources Training Plan • Visualization of skills acquired by sales staff • Securing and training installers	• Creating a sustainable society through stable and continuous supply of products and services • Creating innovation by securing and developing talented human resources		P.32-33 P.49
		Number of correspondence education's participants	1,000 (FY2024)					
	Promotion of diversity	Female employees ratio	20% (FY2030)	Consolidated	• Promotion of telework and mobile work • Partial paid leave period for childcare by male employees • Utilization of senior employees	• Contributing to sustainability by creating jobs for diverse human resources • Creating innovation through diverse human resources		P.48
		Female managerial employees ratio	15% (FY2030)					
		Ratio of male employees taking childcare leave	50% (FY2030)	Sanwa Shutter Corporation				
	Health and safety	Overweight rate (BMI of 25 and above)	30% (FY2030)	Domestic Group companies	• Ongoing implementation of VR training and other safety education • Implementation of the Sanwa Group Health & Safety Month and walking campaigns	• Creating healthy and sustainable employment opportunities by ensuring safe and comfortable workplaces • Contributing to sustainable communities by improving productivity and creativity through the promotion of employee health		P.49
		Smoking rate	25% (FY2030)					
		Complete checkup (incl. re-examination) rate	60% (FY2030)	Sanwa Shutter Corporation				
		Rate of taking annual paid leave	55% (FY2030)					
Management Foundation	Corporate governance	Improving the effectiveness of the Board of Directors	–	Sanwa Holdings corporation	• Appointment of female outside directors • Implementation of internal and external ESG meetings • IR meetings with institutional investors	• Building a sustainable value creation process by ensuring management transparency • Fulfilling accountability to shareholders and investors • Improving corporate value by continuing constructive dialogue with stakeholders	10, 16, 17	P.34-42
		Ensuring the diversity of the Board of Directors	Supporting board diversity (FY2024)					
		Number of stakeholder dialogues held	200 times (FY2024)					
	Compliance	Number of participants in compliance training	930 (FY2024)	Domestic Group companies	• Implementation of online compliance training • Implementation of alternative factory operations and training on phishing emails in anticipation of cyberattacks	• Preventing risks of damage to corporate value • Business continuity, and maintenance and enhancement of corporate value		P.43
		Operation and continuous improvement of IT-BCP	–					

A History of Value Creation

Risks and Opportunities

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

The Sustainability Committee, chaired by the Representative Director and President and dedicated to promoting risk management, 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 management foundation of the Group, and each risk and opportunity, as well as measures to handle them, are described.

Details of the risks are described in "Business Risks" in the Annual Securities Report.

"Business Risks" in the Annual Securities Report (Japanese only) ······················· https://www.sanwa-hldgs.co.jp/ir/library/financial_report.html

Major risks and opportunities and responses

ESG themes	ESG materiality	Risk category		Major risks and opportunities	Measures
Manufacturing	Mitigate/adapt to climate change, prevent disaster loss through products and services	Major disaster risks		• Business continuity risks due to large-scale disasters (such as typhoons, torrential rains, earthquakes) Opportunities Expand profit opportunities by supplying climate change-response (adaptation) products and disaster prevention products (products that are fireproof, smokeproof, high wind-load resistant, waterproof, etc.) →See page 45	• Introduction of safety confirmation system • Formulation of business continuity plan (BCP) • Develop and supply climate change-response products and disaster prevention products
		Infectious-disease risks		• Risk of loss of business opportunities as a result of protracted pandemics (impact on business performance such as delays in or suspension of operations) • Crisis of continuation of business activities due to spread of infectious diseases (pandemics) and outbreak of clusters Opportunities Expand profit opportunities by supplying antibacterial and antiviral products, contactless products, etc.	• Strengthen countermeasures against infectious diseases • Develop and supply antibacterial and antiviral (adaptation) products, contactless products, etc.
	Quality assurance and enhancement	Quality risks	Manufacturing quality	• Loss of reliability and increased costs due to complaints arising from shipments of defective products • Deterioration in quality accuracy due to aging of production facilities • Shortage of manufacturing personnel (including at partner companies) • Deterioration in quality due to decline in production efficiency • Loss of reliability due to delays in responding to complaints Opportunities Expand profit opportunities through product differentiation	• Implement quality checks and strengthen pre-shipment inspections • Update facilities and pass on production technology • Skill improvement through automation of production lines, introduction of robots, and other labor-saving measures • Reinforce the traceability system
			Installation quality	• Loss of reliability and increased costs due to product liability accidents, complaints, and delivery delays caused by insufficient installation work capabilities and poor installation techniques • Increased costs due to decreased competitiveness caused by slow improvement of installation techniques Opportunities Expand profit opportunities through differentiation of easy-to-install products	• Expand recruitment of installers • Enhance installation training • Research safe and labor-saving installation techniques
			Design quality	• Delayed delivery due to lack of design personnel • Decline in responsiveness and quality due to inexperienced design personnel	• Promote operational efficiency by introducing the latest design system • Strengthen cooperation with the development division
			Sales quality	• Increased costs due to loss of reliability caused by miscommunication and complaints (failure to fulfill promises) resulting from sales personnel's lack of product knowledge and weakened on-site response capabilities Opportunities Expand profit opportunities through solution proposal sales	• Strengthen new employee training • Implement sales skill improvement training
			Inspection quality	• Accidents due to failure to conduct regular inspections • Loss of reliability due to delay in FTS response Opportunities Expansion of maintenance and service business in response to improvement of inspection legislation	• Promote maintenance and inspection contracts • Propose repairs and replacements after inspections • Create database of existing products • Increase the number of service personnel and provide education to improve their abilities
			Safety and occupational accidents	• Manufacturing occupational accidents due to accidents at manufacturing sites • Installation occupational accidents due to accidents at installation sites	• Improve the work environment through the maintenance of manufacturing operation manuals, etc., implementation of safety education, and use of safety equipment • Develop installation operation manuals, etc., and ensure that all employees are familiar with safe work practices through safety education, regular safety and health meetings, etc.
		R&D risks		• Delay in product development using advanced technologies (including materials) • Decreased competitiveness due to delay in differentiation from other companies (streamlining of installation, product service application, insufficient product improvements, etc.) Opportunities Capturing growth opportunities through development of breakthrough technologies	• Gathering information on customer needs and strengthening advanced technology and development capabilities • Develop products that respond to climate change, IoT, and COVID-19
		Raw material prices and procurement risks		• Deterioration in business performance due to soaring raw material prices, shortages, and procurement price hikes • Difficulties in adjustment of key parts and materials due to raw material shortages at suppliers • Stagnation of shipments due to excess inventories caused by sudden changes in demand or procurement difficulties	• Adjust manufacturing costs and reduce costs • Negotiate prices with distributors • Diversify supplier risk through multiple purchases
		Production and logistics risks		• Delays due to concentrated deliveries • Driver shortage due to aging of drivers • Deterioration of productivity due to inadequate work environment	• Utilize delivery deadline management systems • Utilize vehicle dispatch management systems • Install anti-fume measures and air conditioning

ESG themes	ESG materiality	Risk category		Major risks and opportunities	Measures
Environment	Initiatives for a decarbonized society	Environmental and climate change risks		• Loss of corporate image and reliability due to delayed compliance with environment-related laws and regulations • Loss of reliability due to lack of compliance with regulations on greenhouse gas emissions, etc., and increases in compliance costs (material costs, carbon taxes, etc.) Opportunities Growth through expansion of climate change-response (mitigation) products →See page 45 • Loss of reliability due to lower quality, lower efficiency, and accidents at manufacturing and installation sites as a result of rising temperatures	• Implement environmental protection activities in line with the Sanwa Group Environmental Policy • Consider and implement countermeasures for climate-change risk at the Sustainability Committee • Set CO_2-reduction targets and implement initiatives for their achievement (eco-cars, forklifts, etc.) • Express endorsement of the TCFD recommendations (see page 18) • Develop and supply climate change-response (mitigation) products • Implement environmental improvements in factories
	Water resources conservation			• Loss of reliability due to failure to achieve water consumption reduction targets	• Set reduction targets and implement initiatives
	Waste reduction			• Loss of reliability due to failure to achieve industrial waste reduction targets • Loss of reliability due to legal violations concerning waste and recycling-related disposal methods, etc.	• Set reduction targets and implement initiatives • Thoroughly enforce disposal methods and compliance with laws and regulations
People	Respect for human rights	Human rights risks		• Loss of reliability due to reputational lawsuits resulting from work-related human rights violations, etc.	• Compliance training • Conduct human rights due diligence
	Human resource development	Human resources risks		• Decrease in operational efficiency due to lack of appropriate personnel (delays in hiring) in each business division • Risks such as loss of competent human resources	• Continuously generate innovation through the hiring of high-value-added talent and improve our ability to respond to diversifying customer needs
	Promotion of diversity			• Negative impact on employment and loss of stakeholder trust due to delays in diversity efforts	• Increase the ratio of female managers and female employees
	Health and safety			• Insufficient management of employee safety and health	
Management Foundation	Corporate governance	Management risks	Geopolitical risks	• Outbreak of terrorism, riots, wars, conflicts, etc., as well as legal regulations, etc. in overseas locations	• Information collection from overseas resident officers
			Economic trends	• Deterioration in business performance due to decreased demand resulting from economic recession, impact of foreign exchange rate and interest rate fluctuations, fund procurement risks, etc.	• Hedging measures such as currency swaps and forward exchange contracts • Diversification of funding sources
			Financial, accounting, investment and other risks	• 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 a business, and bad debt losses	• Thorough credit management
		Corporate governance risks		• Loss of reliability due to inadequate governance systems	• Board of Directors effectiveness evaluation questionnaire • Establishment of Nomination & Compensation Committee • Board diversity initiatives
	Compliance	Compliance risks	Fraud, scandal, and legal violations risks	• Loss of reliability due to inadequate internal controls • Loss of reliability due to problems arising from fraud, scandals, legal violations, violations of internal rules, etc., and violations such as delays in responding to revision of laws, etc.	• Foster a corporate climate based on our Compliance Code of Conduct • Conduct compliance training • Introduction of a whistleblowing system • Eradicate false accounting and false order booking through thorough internal audits • Reinforcement of the system to prevent misconduct through the Bribery Guidelines
			Personnel and labor risks	• Loss from mistakes due to reduced concentration caused by overwork • Decline in business efficiency (productivity) • Damage to health, including mental health problems • Loss of reliability due to violation of overtime work agreement, etc.	• Deployment of a working-hours management system • Expand the paid vacation acquisition program • Childcare leave system • Introduction of mental health system
			Traffic accident risks	• Decline in operations and increase in damages due to personal injuries from traffic accidents	• Expansion of safety equipment in sales vehicles • Introduction of alcohol check system
		Information security risks		• Opportunity loss and loss of reliability due to cyberattacks and increased restart costs • Information leakage risks	• Address cybersecurity risks under the Sanwa Group Information Management System based on our Information Security Policy • IT-BCP formulation

Report Based on the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Recognizing that addressing climate change is an important management issue, the Group expressed its endorsement of the TCFD recommendations in December 2021 and is working on information disclosure based on the TCFD framework.

We will strive to enhance our corporate value by expanding the lineup of environmentally friendly products as defined in our Long-Term Vision, promoting our ESG materiality of "mitigate/adapt to climate change, prevent disaster loss through products and services" and "initiatives for a decarbonized society," strengthening measures to achieve our CO_2 emission reduction targets and other climate change-related measures, and further enhancing our information disclosure.

Governance and risk management

As an organization for promoting sustainability management, the Group's Sustainability Committee, which is chaired by the Representative Director and President of Sanwa Holdings, meets four times a year to establish and implement policies on all ESG-related themes.

Responding to climate change risks is positioned as an important issue for the Sustainability Committee, which checks the progress and direction of activities and policies.

Board of Directors	Oversight of climate change response	Reports 4 times a year
↑		
Sustainability Committee	Formulation of basic policy on climate change response Formulation of key issues related to climate change Chairperson: Representative Director and President of Sanwa Holdings	4 times a year
↑		
Quality, Environment and CSR Promotion Council	Examination of environmental and other issues for domestic Group companies	2 times a year
↑		
CSR Promotion Council	Examination of environmental and other issues for each company in Japan	2 times a year

Strategy (scenario analysis)

Sanwa Shutter Corporation, a core operating company accounting for approximately 50% of consolidated sales, was analyzed using the IEA's 2°C scenario and the IPCC's 4°C scenario, and risks and opportunities as of 2030 were summarized (see the right page).

As a result, we recognized that in each case, there is a high degree of resilience to contribute to mitigation and adaptation while capturing abundant business opportunities through a diverse product lineup that responds to climate change. We will continue to examine scenario analysis, including improving the accuracy of business impact assessments, and appropriately respond to various possible risks to enhance our corporate value over the medium to long term.

Risks and Opportunities Based on Climate Change Scenarios

Classification	Risks	Impact on business	Degree of impact	Countermeasures	Opportunities
Transition risks Assuming 2°C scenario	Introduction of carbon tax, tighter emission target regulations	• Increase in costs of fuel, electricity, etc. used in factories and offices due to introduction of carbon tax • Occurrence of transition costs for emission reductions in business activities	High	• Use of renewable energy • Switch to energy-saving, high-efficiency equipment • Switch to eco-cars	• Business expansion of products and services that contribute to climate change mitigation and adaptation • Business expansion of products and services that contribute to disaster prevention • Improvement of competitiveness through development of environmentally friendly and disaster prevention products
	Tighter regulations such as ZEB, ZEH, energy conservation standards, etc.	• Elimination of specific products due to tightening standards • Mandatory use of alternative and recycled materials	Medium	• Strengthening development, sales, and production of products for ZEB and ZEH	
	Rising raw material prices	• Increase in prices of key materials due to carbon tax and other regulations	High	• Securing earnings by adding high value to products and services • Cost reduction through self-help efforts and appropriate reflection in prices	
	Changes in investor and consumer behavior	• Deterioration of reputation due to delays in information disclosure and countermeasures • Expansion of consumption behavior that takes into consideration environmental impact	Medium	• Enhancing information disclosure • Promotion of environmental measures • Development of technologies and products that contribute to climate change mitigation	
Physical risks Assuming 4°C scenario	Frequent occurrence of extreme weather events (torrential rains, typhoons, floods, etc.)	• Suspension of sales activities and production due to damage to the Company • Suspension of supply of materials and labor due to damage to suppliers	High	• Periodic checks using hazard maps, etc. and response to flooding risks • Development of alternative procurement methods for materials and parts • Strengthening BCP measures	
	Rising average temperatures	• Increased health risks at factories and installation sites • Decline in labor productivity	High	• Labor-saving installation by reviewing construction methods and utilizing robots	

Metrics and targets

We have set targets for both reducing CO_2 emissions from our business activities and expanding our business in climate change-response products in order to implement initiatives to mitigate the effects of climate change and maximize opportunities.

CO_2 emission reduction target from business activities (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_2 emissions from business activities*

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

FY2024	Products that contribute to climate change mitigation: 96 billion yen*
	Products that contribute to climate change adaptation: 18 billion yen*

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

For details, please refer to the URL on the right. ····· https://www.sanwa-hldgs.co.jp/english/csr/effort/environment/contributive/climate_risk.html

New Vision and Mid-Term Management Plan

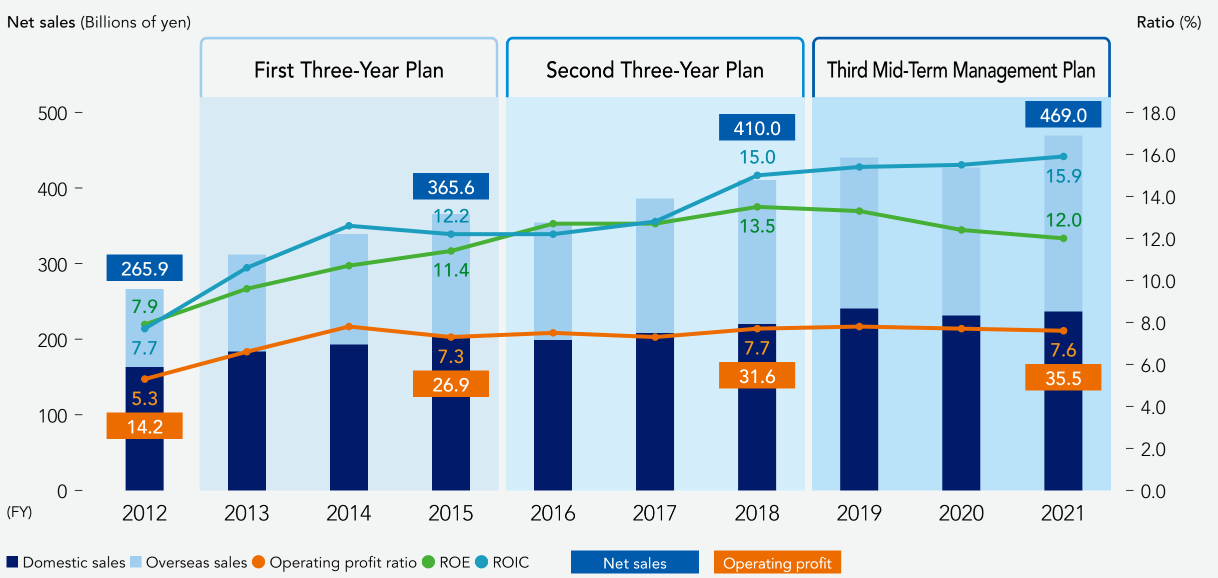
Reflections on Sanwa Global Vision 2020

During the nine years from fiscal 2013 to fiscal 2021, the Sanwa Group steadily expanded its operations in Japan, North America, and Europe by strongly increasing its market share in its core businesses, expanding its business through M&A, and making great strides in its service business, etc., and in fiscal 2021, both sales and profits reached record highs, putting it in a position to become a major global player. On the other hand, the Group will continue to focus on remaining issues such as investment in digitalization, enhancement of global human resources, and strengthening of growth potential of the Asia business.

- Net sales increased approximately **¥200 billion**, with overseas sales in particular **doubling**
- Operating profit increased by **2.5 times**
- Operating profit ratio increased by **2.3 points**
- ROE up **4.1 points**
- SVA increased by approximately **¥13 billion**, and ROIC rose significantly by **8.2 points**.
- Market capitalization more than **doubled**

Compared with fiscal 2012

Net sales trends and major initiatives/issues



ROIC = Net operating profit after tax (NOPAT)/Invested capital × 100
Note: Invested capital used for ROIC is calculated excluding cash and cash equivalents as well as investments in securities

	First Three-Year Plan	Second Three-Year Plan	Third Mid-Term Management Plan	Challenges
Become definite No.1 brand in Japan, the U.S. and Europe	• Net Sales exceeded 300bn yen • Achieved targets one year early, with results led by Japan business	• Net Sales exceeded 400bn yen • U.S. and European business performed well due to M&A and expansion of factories	• 1 year prolongation of the Plan due to the Pandemic • Record high FY2021 results	Invest in Digitalization Strengthen Supply Capacity
		Provide and expand value-added products: Disaster prevention, Climate change response		
Enhance Service Business	• UK, FR: Expanded service businesses through M&A	• Japan: Service business grew due to legislated inspections. (from 2016)	• Expand service business through the acquisition of Suzuki Shutter in Japan	Smart Service
		Service sales (consolidated): Grew to 64bn yen in FY2021		
Expand Asia Business and to Emerging Countries	• Measures to boost intra-group cooperation in Asia (procurement, quality, exports, etc.)	• Raised shareholding ratio of Baosteel-Sanwa and Sanwamas	• Start of consolidation (from FY 2019) • Construction of Changshu (CN) plant	Strengthen a basis for growth of Asia business
		Growth of Asia business: Becoming the fourth pillar		
Business Optimization in Global Markets	• Consolidation of procurement functions in China		• Sharing of technologies such as dock leveler, sheet shutter, etc. between U.S. and European operations	Strengthen global human resource
M&A	• Sanwa Electronics Engineering (JP) • Alpha (EU)	• Sanwa System Wall (JP) • Norsud (EU) • BGS (EU)	• Suzuki Shutter (JP) • Robust (EU) • Won-Door (US) • Manuregion (EU)	

Sanwa Global Vision 2030

To be a Global Leader of Smart Entrance Solutions

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.

1. Expand and strengthen core businesses in a four-polar global structure in 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

Mid-Term Management Plan 2024

The Mid-Term Management Plan 2024 is an initiative to establish the foundation for the Long-Term Vision, Sanwa Global Vision 2030, which started in fiscal 2022. The plan aims to establish a foundation toward becoming a global leader in high-performance entrance solutions to meet the changing needs of society due to climate change and digitalization.

Specifically, we will promote the plan based on the following basic strategies.

Basic strategies of the Mid-Term Management Plan 2024

1. Expand and strengthen core businesses (shutters, doors & service) in Japan, North America, and Europe
2. Strengthen a basis for growth of Asian business
3. Expand products for disaster prevention and climate change response and enhance smart products and services
4. Increase productivity through digitalization and manufacturing innovation
5. Enhance sustainability management

Financial targets

Aim to hit record net sales and profit in all sectors, along with SVA, ROIC and ROE

	Net sales			Operating profit				
	FY2021	FY2024	CAGR	FY2021	profit ratio	FY2024	profit ratio	CAGR
Japan	¥236.4 billion	¥276 billion	+5.3%	¥24.47 billion	10.4%	¥27.5 billion	10.0%	+4.0%
North America (ODC)	¥139.2 billion	¥182 billion	+9.4%	¥8.38 billion	6.0%	¥13.5 billion	7.4%	+17.2%
Europe (NF)	¥85.8 billion	¥99 billion	+4.9%	¥3.94 billion	4.6%	¥6.2 billion	6.3%	+16.4%
Asia	¥7.7 billion	¥16 billion	+27.7%	¥0.12 billion	1.6%	¥0.8 billion	5.0%	+88.7%
Consolidated	¥469.0 billion	¥580 billion	+7.3%	¥35.49 billion	7.6%	¥45.0 billion	7.8%	+8.2%

	KPIs		
	FY2021	FY2024	Compared with FY2021
SVA	¥14.8 billion	¥19.0 billion	+¥4.2 billion
ROIC	15.9%	17.5%	+1.6 pts.
ROE	12.0%	13.5%	+1.5 pts.

Basic Strategies 1 Expand and strengthen core businesses (shutters, doors & service) in Japan, North America and Europe

With quick and appropriate response to customer needs, aim to strengthen business and expand core business, including the service business

1

Increase market share of shutter and door businesses

- Expand non-residential business by enhancing product lineup and reinforcing proposal capabilities
- Expand residential business through differentiated products and expansion of distribution channels
- Strengthen organization to support business expansion

2

Expand the service business

- Steady implementation of legislated inspection procedures and propose repairment and replacement for aging deterioration in Japan
- Enhance automatic door business in North America
- Develop and strengthen the service business in key European markets

	FY2021 (Actual)	FY2024 (Targets)	CAGR
Consolidated service net sales	¥64.0 billion	¥76.0 billion	6.3%

3

Utilize M&A to strengthen business and expand business domain

- Strengthen core businesses, such as shutter, door, and service businesses
- Expand into peripheral businesses, such as access control systems

M&A investment ¥20 billion

Basic Strategies 2 Strengthen a basis for growth of Asian business

Restructuring manufacturing and sales operation to increase market share, and build foundation for a fourth pillar alongside Japan, North America and Europe

1

Significantly boost production capacity with enhanced facilities

- Further expand hinge door business with the start of operation of Changshu Plant in China
- Renovate production facilities at main factories (Vietnam, Taiwan, Indonesia)

2

Restructuring sales operations and address product diversification

- Strengthen sales capabilities by restructuring sales operations in China
- Expand sales by capturing demand in the fire resistance and heat insulation markets
- Promote product diversification

3

Strengthen the foundation of the business framework

- Introduce an ERP system and centralized management at Sanwa Shutter Shanghai
- Construct a human resource development program

Basic Strategies 3 Expand products for disaster prevention and climate change response and enhance smart products and services

Expand products for disaster prevention and climate change response and enhance smart products and services to meet the changing needs of society due to climate change and digitalization.

1 Expand products for disaster prevention and climate change-response

	FY2021 (Actual)	FY2024 (Targets)	CAGR
Disaster prevention products	¥63.1 billion	¥81.0 billion	8.7%
Climate change adaption products	¥14.0 billion	¥18.0 billion	8.7%
Climate change mitigation products	¥77.4 billion	¥96.0 billion	7.4%
Sales of products for disaster prevention and climate change response	¥154.5 billion	¥195.0 billion	8.1%

Approximately ¥40.0 billion growth

Disaster prevention


Fireproof shutter (ODC)


Fireproof steel door (Sanwa Shutter)


Fireproof partition (Novoferm)

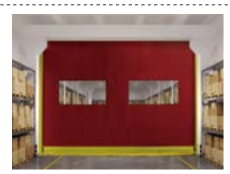
Climate change (Adaptation)


Waterproof shutter (Sanwa Shutter)


High-strength shutter (Sanwa Shutter)


High wind pressure-resistant window shutter (Sanwa Shutter)

Climate change (Mitigation)


High-speed sheet-type shutter (ODC)

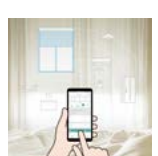

Heat insulated sectional garage door (Novoferm)


Heat insulated spiral shutter (Sanwa Shutter)

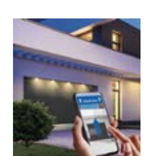
2 Enhance smart products and services

- Expansion of IoT and connectivity products
- Utilize IoT to enhance the service business

IoT


Smart home compatible window shutter (Sanwa Shutter)


Garage door smart operating system (ODC)


Garage door smart operating system (Novoferm)

Basic Strategies 4 Improve productivity through digitalization and manufacturing innovation

Promote digitalization of business processes and invest for production capacity expansion and labor saving

1 Promote digitalization

- Japan: Linkage of manufacturing, sales, and installation systems digitization of internal operations
  : Utilize application to raise efficiency of operation systems
- North America: Improve productivity through ERP and sub-systems
- Europe: Further digitalization of internal processes
- Asia: Promote improvement on business process through ERP

2 Manufacturing innovation

- Japan: Invest in facility automation, save labor utilizing digital technology
  : Raise installation productivity through usage of robots, etc.
- North America: Optimize manufacturing network in North America
- Europe: Optimize manufacturing and distribution at the European level
- China: Changshu Plant newly established. Expand production capacity by upgrading production facilities

	FY2024 (3-year total)
Capital investment	¥34.0 billion
IT investment	¥12.0 billion
Investment	¥46.0 billion

Approximately ¥20 billion increase from the previous Mid-Term Management Plan

Basic Strategies 5 Enhance sustainability management

Set KPIs linked to the Group's 11 ESG materialities in May, 2022. Motivated to head for the next stage towards "contributing to sustainable, resilient communities."

2024

Manufacturing

- Contribute to achieve a sustainable society through products and services

Products that contribute to climate change response (mitigation and adaptation)
¥114.0 billion

Products that contribute to disaster prevention
¥81.0 billion

Environment

- Scope 1 + 2 CO_2 emissions
  Reduce by 10% (Sanwa Shutter)


Solar power generation system (Ota Door Plant logistics building)

2030

Environment

- Scope 1 + 2 CO_2 emissions
  Reduce by 30% (Sanwa Shutter)
- Water usage and waste intensity
  Reduce by 10% (Sanwa Shutter)

People

- Female manager ratio
  15% (consolidated)
- Female employee ratio
  20% (consolidated)

2050

Aim for net zero CO_2 emissions in our business operations

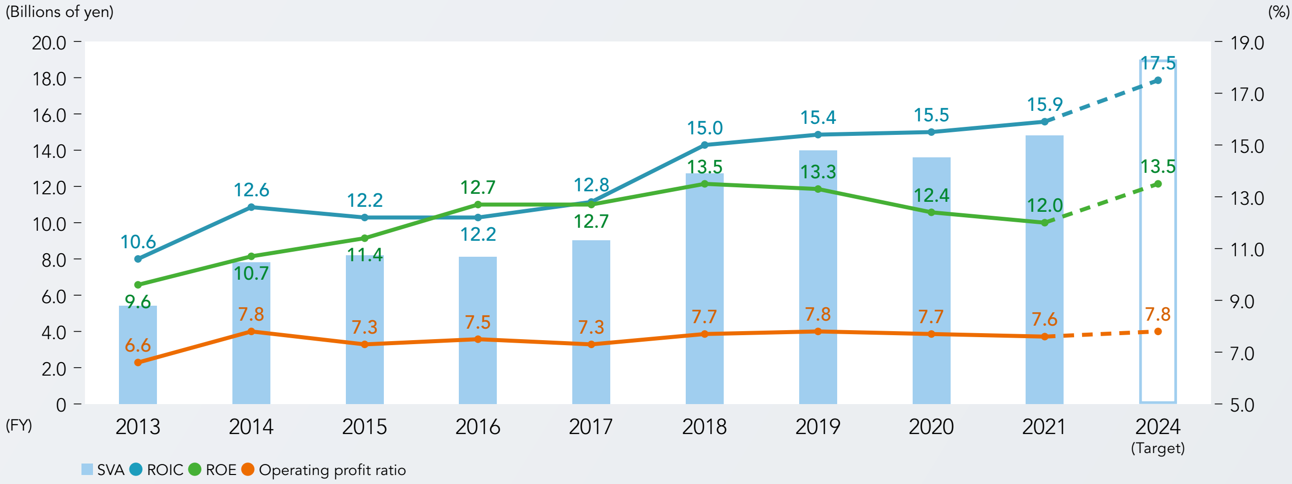
Financial Strategies

Maintain a balance between investment and returns for further growth while maintaining a robust financial position

Hiroyuki Yamazaki
Director, Senior Executive Officer,
Corporate Planning Unit

Aiming to balance Sanwa's mission and the requests from society

The purpose of Sanwa's existence is encapsulated in our mission statement: "The Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society." To achieve this, we must be a sustainable company that can continue to provide added value to the world through sustainable growth. Against this backdrop, the Corporate Planning Unit, which is in charge of finance, has two major roles. First, it balances business plans and financial strategies. Second, it strengthens cooperation among the more than 100 operating companies in the four global regions as a holding company. In addition to these roles, the perspective of ESG promotion is also indispensable. Although it goes without saying that governance must be strengthened, in fulfilling our contribution to society from our core business, we will also actively invest in human resources that will contribute to the growth of our core business. In addition, we will firmly respond to the requests from society as a company that can respond to both mitigation and adaptation to climate change from a long-term perspective.

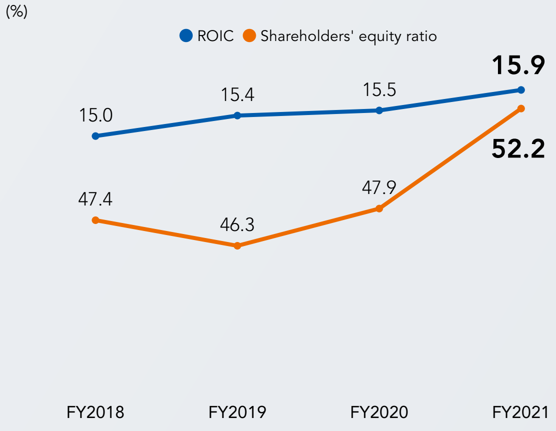


SVA = NOPAT - Invested capital × WACC
ROIC = NOPAT/Invested capital × 100
Note: Invested capital used for SVA and ROIC is calculated excluding cash and cash equivalents as well as investments in securities
SVA spread = ROIC - WACC (6%)

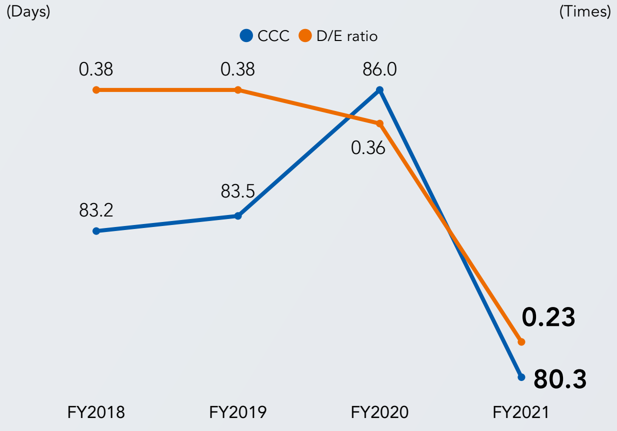
Summary of fiscal 2021 and review of the Mid-Term Management Plan

The previous Mid-Term Management Plan was extended by one year due to the impact of the spread of COVID-19. As a result, sales and operating profit grew by 15% and 12%, respectively, falling short of the original plan itself, but still achieving record highs. Looking at each indicator, ROIC increased from 15.0% to 15.9%. The cash conversion cycle (CCC) was shortened from 83.2 days to 80.3 days, where we were able to generate ¥7.5 billion in cash and become essentially debt free. In terms of soundness, the D/E ratio went from 0.38 to 0.23, and the shareholders' equity ratio went from 47.4% to 52.2%. Although not everything went as planned due to soaring raw material prices and supply chain disruptions, we were able to steadily look ahead to the next step and build a solid financial foundation.

ROIC/Shareholders' Equity Ratio



CCC/ D/E Ratio



Targets for each indicator

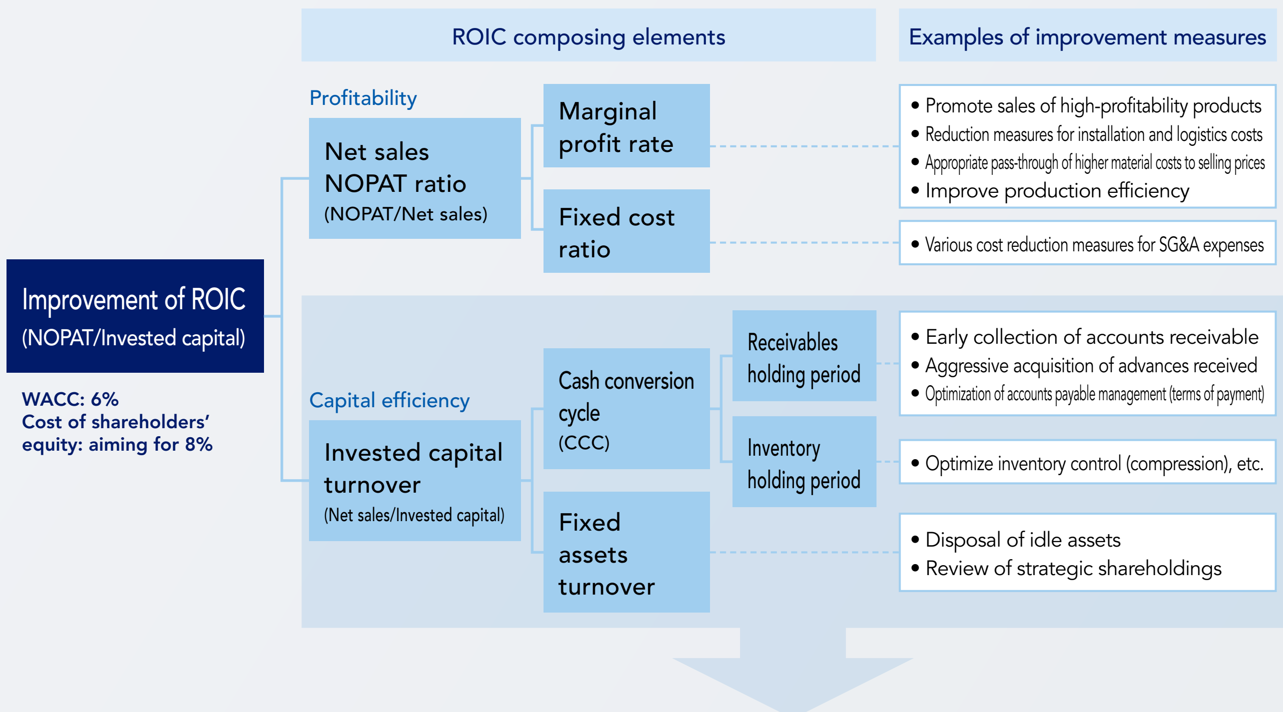
The Company has endeavored to improve capital efficiency by using Sanwa Value Added (SVA), our unique economic value added (EVA) indicator, and ROIC as major KPIs. SVA was introduced in fiscal 2001 based on the belief that it is important to maximize the overall balance and efficiency between earnings and cost of capital. SVA for fiscal 2021 was ¥14.8 billion, and we intend to expand this to ¥19.0 billion by the final year of the Mid-Term Management Plan, and increase ROIC from 15.9% to 17.5% in pursuit of profitability and efficiency.

	FY2020 Actual	FY2021 Actual	FY2022 Forecast*	FY2024 Targets
SVA	¥13.6 billion	¥14.8 billion	¥16.4 billion	¥19.0 billion
ROIC	15.5%	15.9%	16.1%	17.5%
ROE	12.4%	12.0%	12.4%	13.5%
Payout Ratio	35.3%	34.8%	39.8%	40.0%
D/E Ratio	0.36 times	0.23 times	0.23 times	0.21 times
Shareholders' Equity Ratio	47.9%	52.2%	51.8%	51.1%

* Financial forecasts and dividend forecasts were revised at the time of the announcement of FY2022 first-quarter financial results (the above forecasts were made at the beginning of the fiscal year).

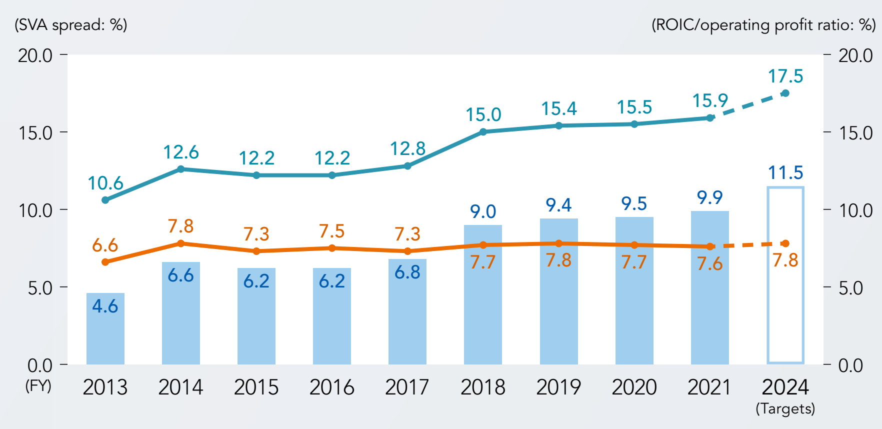
Management with an awareness of the cost of capital

- **SVA is the Company's unique economic value added indicator used since 2001. FY2021 Actual: ¥14.8 billion, FY2024 Target: ¥19.0 billion**
- **For ROIC, we are implementing improvement measures at each location, as described below, and promote cost-of-capital management within the Company**



SVA = NOPAT (Net Operating Profit After Tax) - Invested capital × WACC
ROIC = NOPAT/Invested capital × 100
Note: Invested capital used for SVA and ROIC is calculated excluding cash and cash equivalents as well as investments in securities
SVA spread = ROIC - WACC (6%)

Although operating profit ratio has remained in the 7% range, ROIC has been improving steadily due to improvement in asset efficiency.

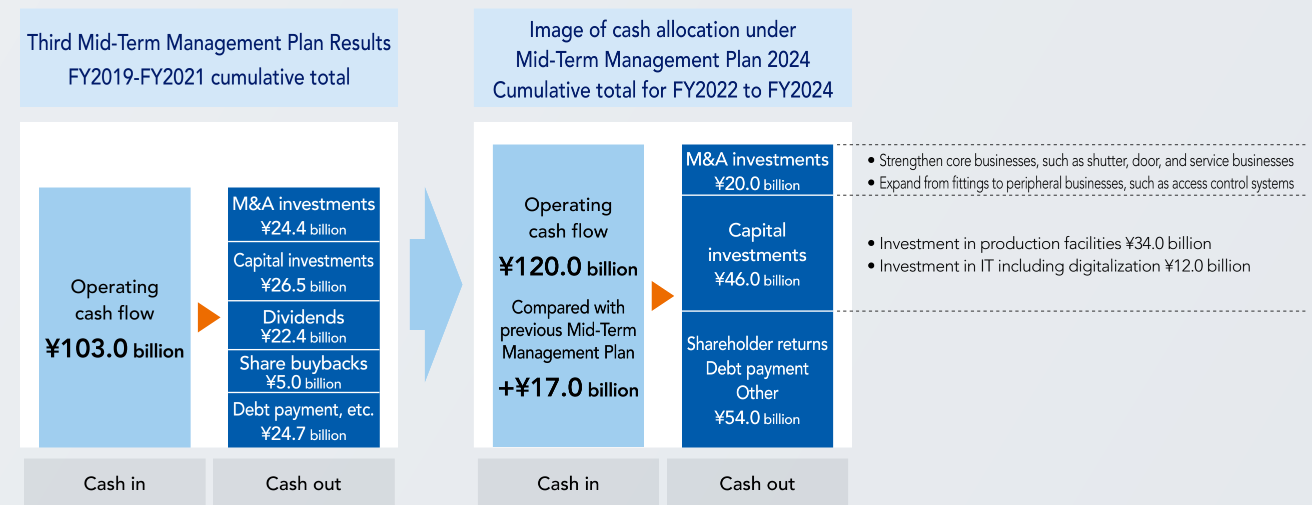


ROIC is managed in conjunction with WACC, and the SVA spread, which is ROIC minus WACC, is used to see the return on capital.

Financial strategy in the new Mid-Term Management Plan approaches and issues related to investments

The Mid-Term Management Plan 2024 announced this time is the first step of the Long-Term Vision, the Sanwa Global Vision 2030 for the next 10 years. It is also a period of preparation necessary for growth, specifically, aggressive investment and further improvement of our financial position. The plan is to increase sales by a quarter in three years for the next 10 years. By continuing this plan through the 10th year, we envision the scale of our sales nearly doubling.

To achieve this, it is essential to strengthen our production system and development capabilities, and to invest in improving the efficiency of sales and back-office departments (IT systems, etc.). Regarding cumulative operating cash flow, we expect it to increase by ¥17.0 billion from ¥103.0 billion during the previous Mid-Term Management Plan period to ¥120.0 billion during the current Mid-Term Management Plan period. Of the operating cash flow generated, ¥66.0 billion will be allocated to capital expenditures and M&A investments during the period. Since domestic construction demand will peak between 2023 and 2025, we expect to invest in capital expenditures such as the expansion of domestic production facilities to meet this demand, as well as in digital-related investments and M&A investments. While there was the idea of increasing cash on hand when the COVID-19 pandemic occurred, in our case, we believe it is necessary to balance the cash flows based on the current demand for working capital due to soaring raw material prices, while also redeeming corporate bonds.



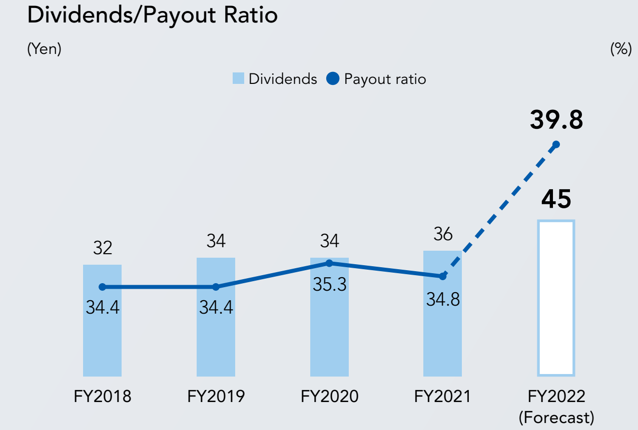
Dividends and shareholder returns

Amid a more compelling need for increased corporate value and capital cost management than ever, as a result of our consideration of shareholder returns in light of factors including our investment strategy, we have raised our payout ratio from 35.0% in the previous Mid-Term Management Plan to a target of 40.0% in the new Mid-Term Management Plan. We will also flexibly implement share buybacks. We will strive to increase corporate value while maintaining the current financial soundness.

Payout ratio	Raise from about 35% to a payout ratio target of 40%
Dividend forecast for FY2022	¥45 (first half: ¥22, year-end: ¥23)
Share buybacks	Share buybacks are carried out flexibly while considering investments for growth and funds on hand

Note: Financial forecasts and dividends were revised at the time of the announcement of FY2022 first-quarter financial results (the above forecasts were made at the beginning of the fiscal year).

Dividends/Payout Ratio



Work That Supports People's Lives and Society

Our mission is to "offer products and services that provide safety, security and convenience to further contribute to the prosperity of society," and we aim to achieve both a sustainable society and growth for the Group. Here we will introduce some of our distinctive initiatives from the three perspectives of manufacturing, environment, and people, which are also included in our ESG materiality.

Manufacturing supporting people's lives and society

The Group's products, including shutters, doors, and partitions, are designed to prevent, protect, and separate, and we will strive to solve social issues through our technology and quality while sustainably improving our corporate value.

For other "manufacturing" initiatives P.44

Delivering Comfortable Lifestyles

- ISO70/Novoferm -

The Novoferm Group, which operates in Europe, has developed the ISO70 Premium Plus Sectional Garage Door (below, "ISO70"). In Northern European countries such as Finland and Sweden, energy costs during the winter season, when temperatures are extremely low, are a social issue. The European market has special features in each region, such as in Poland, where the homeownership rate is outstandingly high at 85%, and the government encourages houses to achieve a lower U-value (meaning higher insulation performance) with financial support.

The newly developed ISO70 is the Group's flagship product and the highest-end product in the ISO series. It is equipped with a doubled bottom seal on the lower edge that protects against water and dirt while providing patented exceptional insulation performance. Its insulation performance has a U-value* as low as 0.9 W/m^2 K and meets the criteria for government subsidies in Poland and other countries. Insulation performance as a regional characteristic also contributes to reduced energy use in terms of not operating heating and cooling systems more than necessary. Our aim is to create products that contribute to the environment not only when they are made, but also when they are used. On the other hand, it is also essential to consider safety and security. This product also supports high crime prevention performance, preventing unexpected entry into the garage.

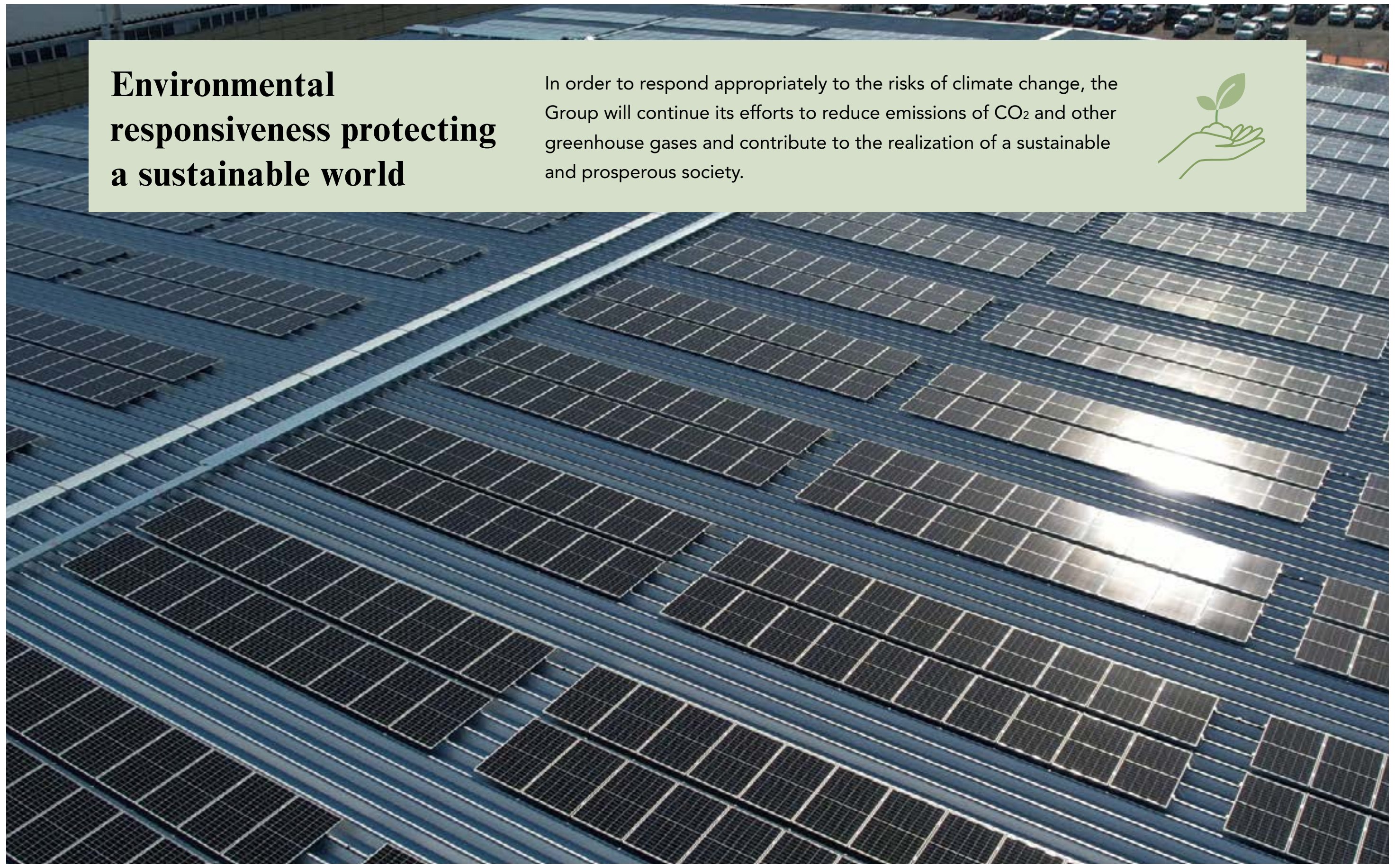
* U-value: Heat transfer coefficient; the lower the value, the slower heat transfers

Pascal Bühner, International Senior Product Manager of the Novoferm Group since 2016, has devoted almost his entire career to shutters and garage doors, and possesses abundant knowledge of the European housing market. He shares his thoughts on ISO70 development here.

"In order to create the best product possible, we have carefully captured the needs of European countries one by one. As a result, state-of-the-art technology has transformed the old-fashioned garage door into an energy-saving and comfortable building material, ISO70.

"We are also highly conscious of and committed to sustainable manufacturing. It is not easy to achieve, but every day we continue our journey toward a sustainable society."

Pascal Bühner
International
Senior Product Manager,
Novoferm Group



Environmental responsiveness protecting a sustainable world

In order to respond appropriately to the risks of climate change, the Group will continue its efforts to reduce emissions of CO_2 and other greenhouse gases and contribute to the realization of a sustainable and prosperous society.

Utilization method of human resources by which employees can work with vigor and enthusiasm

The Group focuses on recruiting and training global human resources who can flexibly adapt to changes in the business environment and serve as its growth drivers. The Group is also working to strengthen the retention of global human resources by interacting with senior global employees and conducting regular interviews between the supervisors of the department and the employee in question.

Solar power generation system installed in newly constructed logistics building

- Ota Door Plant/Sanwa Shutter Corporation -

In preparation for the large-scale redevelopment of the Tokyo metropolitan area expected to take place after 2023, Sanwa Shutter Corporation built a new large-scale warehouse and logistics building in fiscal 2021 at its Ota Door Plant (Ota City, Gunma Prefecture) to store products prior to shipment. Although the plant had been using an external warehouse, a series of typhoons and other natural disasters sometimes delayed shipments, and the plant had been facing the challenge of strengthening its facilities to ensure a stable supply of products. In the newly constructed logistics building, doors and parts made at the plant are immediately transported and stored using automated guided vehicles (AGVs), and can be smoothly transported from the truck berth to the construction site as soon as they are ready for shipment.

In addition, the logistics building has installed solar power generation panels over its vast facility area. The panels cover a total area of 3,500 m^2 and cover about 14% of the electricity used at the Ota Door Plant, which enables a reduction of about 300 tons of CO_2 emissions per year. The Group will continue to actively implement measures to ensure a stable supply of its products while at the same time reducing its environmental impact.

For other "environmental" initiatives P.46

Creating a workplace comfortable for diverse human resources

- Global recruiting: Novoferm Shanghai -

Zhuang Ying Yu learned about the Sanwa Group during his job search while studying in Japan and joined Sanwa Shutter Corporation in 2014 as a global hire. After a joint training program with his peers in Japan, he continued his on-the-job training. The training lasted one year, during which time he learned basic Japanese manufacturing concepts such as cost calculation methods, building and facility management, as well as QCDS (quality, cost, delivery, and safety). As the first Asian trainee, he was transferred in 2017, where he experienced a wide range of operations and is now in charge of setting up a new factory in Changshu, China. Zhuang said emphatically, "My supervisors and the people around me were very attentive and taught me the basics of Japanese manufacturing, and at the same time, I learned about Japanese culture and the culture of the company. I think the culture of the Sanwa Group is wonderful, where supervisors and senior employees teach their jobs well and nurture junior employees. I was also stimulated by the diversity of people from Korea, Malaysia, and Vietnam, with whom I was able to interact, and encourage each other in my private life. My future goal is to contribute to the success of the Sanwa Group's business in China. In the future, I would like to contribute to the expansion and success of the Sanwa Group's business in Asia, including China."

The Sanwa Group, which operates around the world, will continue to support each and every employee in doing satisfying work and achieving his or her own goals and aims to create a workplace where each and every employee can lead a vibrant life in his or her own way.

For other "people" initiatives P.48

Message from an Outside Director

Masanaka Yokota
Independent Outside Director

Governance at Sanwa Holdings

It has been two years since I was appointed as an outside director. Including Audit & Supervisory Committee members, there were nine members on the Board of Directors in fiscal 2021, and discussions among the members have been lively. The three outside directors often led the discussions at meetings, with Director Yonezawa expressing opinions and asking questions focused on overseas business and corporate management at trading companies, and Director Gokita focusing on governance and legal perspectives from his position as a lawyer, while I myself, as a former consultant, focus on numerous companies, especially those in the manufacturing industry, as well as personnel development. Materials are distributed well in advance, so there is plenty of time for a read through. However, since various questions arise, I have the impression that it is relatively common for the discussion to proceed by having the internal directors respond to such questions and concerns.

Nevertheless, as a meeting body, there is active communication, and I hope that each member of the Board of Directors will consider how to improve the Group's corporate value and make it more sustainable, by drawing on his or her expertise and experience.

Discussions related to formulation of the new vision

With regard to the Sanwa Global Vision 2030 and the Mid-Term Management Plan 2024, which were launched in fiscal 2022, many discussions were held to reconstruct what values the Group should provide in the future, as well as what the company's ideal image should be, in the face of changing social needs due to climate change and digitalization, and an increasingly uncertain business environment. The Mid-Term Management Plan can be thought of as a milestone that divides the period of time for the realization of that vision. Needless to say, the world is changing very rapidly, and global issues such as the spread of COVID-19, the Ukraine conflict, and climate change are too numerous to mention. In such an environment, the Board of Directors discussed how to demonstrate and provide the Group's strengths, what our customers' needs are, and what we can do to meet these needs.

For example, we are developing products to mitigate damage from floods, typhoons, and other disasters, and I myself am looking forward to seeing what Sanwa's unique products will be, based on the Company's mission of safety, security, and convenience. For a Japanese company, the Sanwa Group has been engaged in expanding overseas from an early stage. I am impressed by the fact that the Group has managed its business by making full use of management that is rooted in local European and U.S. markets, whereas Japanese companies often impose Japanese-style business practices when they expand overseas, and sometimes have trouble doing so. The fact that it has been possible to expand its business with a high market share is proof of this point.

What is necessary for the Group to be sustainable

Our Sustainability Committee is led by the President, as Chairperson. I participate in the committee as an outside director, and together with members from business companies in Japan and overseas, I work on the following issues, identifying problems from an objective standpoint.

First of all, as a company that is listed on the Prime Market, we have begun disclosing our initiatives in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure). We believe that it is necessary for us to disclose our activities on a day-to-day basis, including the disclosure of non-financial information. In addition, because the Sanwa Group is a manufacturing company, environmental measures are indispensable, and since a company is only as good as its people, we will be unable to achieve sustainable growth without human resource initiatives. In particular, we believe that it is important to invest in the core human resources of the Company, in terms of human capital. It is important to ensure that all employees are working in the same direction (vision), and we believe that our challenge is to determine how to efficiently and effectively utilize this capital in corporate management.

In addition, the importance of corporate governance,

which binds these elements together, is continuing to increase. Ms. Hiroko Ishimura joined the Board of Directors as an outside director at the General Meeting of Shareholders in June 2022, bringing the total number of members to 10. Ms. Ishimura has management experience at a foreign-owned Japanese company, and we have high expectations for her, from the perspective of demonstrating the diversity of core human resources. Of course, management is not the only important issue. Currently, Japan accounts for 50% of sales. However, as we aim to develop into company with a four-polar structure, with North America, Europe, and Asia in the future, the ratio of overseas sales will inevitably expand. As I mentioned earlier, all employees must share the same vision in order to achieve sustainable growth. In addition to the development of each individual, it is also important to instill a unique Sanwa vision and a PDCA approach in each employee.

Contribution to governance of the Group going forward

I have been involved in consulting for many manufacturers. I really like manufacturing, plants, and other workplaces. The Group provides comfortable living and housing for its customers, and comfortable work environments for its workers through its products and services. These products will be used for decades, and I think it is wonderful that Sanwa brand products will exist in the world for the future. This also overlaps with my own axis as a consultant. It goes without saying that the management direction and management strategies that are discussed and decided by the Board of Directors are important. However, the proper implementation of these strategies can only be realized if each Group company firmly implements the PDCA cycle from strategy to operation. We will approach discussions at meetings of the Board of Directors with an awareness of the viewpoint of firmly building the QCDS (quality, cost, delivery, and safety) demanded by customers, which is an important aspect of manufacturing. In addition, I will also visit the manufacturing sites of Sanwa Group companies, as necessary.

Management Team

Yasushi Takayama

Representative Director, President
Chief Executive Officer

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	137,042 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, realizing the Global Vision 2020 and 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.

Toshitaka Takayama

Director, Senior Advisor

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	1,846,773 Shares

Reasons for appointment

Since assuming office as Director in 1972, Mr. Toshitaka Takayama has promoted the diversification of the door, maintenance and service, and other businesses, and has made a substantial contribution to enhancing the Company's presence in Japan. By driving the overseas expansion of the business ahead of the Company's peers, he has also greatly assisted in the globalization of the Company Group. Based on his extensive experience, acumen, and track record in the construction material business, the Company has determined that he remains qualified to be a Director.

Hiroyuki Yamazaki

Director, Senior Executive Officer,
Responsible for Corporate Planning Unit

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	12,113 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 both on the 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 Executive Officer,
Responsible for Global Business Unit

Attendance at Board of Directors meetings	–%
Number of Company Shares Held	4,234 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 2021, he served as Subleader of 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 is qualified to be a Director.

Meiji Takayama

Director (Part-time)

Attendance at Board of Directors meetings	100%
Number of Company Shares Held	93,838 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 Building Materials Div., before assuming office as Representative Director, President of that company in 2017. Based on his experience and knowledge of the field of construction and the construction materials industry, he has drove 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	4,400 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 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.

Click here for brief biographies of the management team ········ https://www.sanwa-hldgs.co.jp/english/corporate/organization.html

Policy on appointment of Outside Directors ······ https://www.sanwa-hldgs.co.jp/english/csr/effort/governance/pdf/Independence_Criteria_for_Outside_Officers.pdf

Hiroko Ishimura

Independent Outside Director

Attendance at Board of Directors meetings	–%
Number of Company Shares Held	– 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. In addition to deep knowledge of solving business issues using IT and digital technologies, etc., which was accumulated through the execution of business at Cincom Systems Japan Ltd., she also has extensive experience as a company manager. The Company expects her to utilize this deep knowledge and extensive experience to provide supervision and advice in relation to the execution of business by Directors of the Company.

Teiko Zaima

Director
Audit & Supervisory Committee Member

Attendance at Board of Directors meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Number of Company Shares Held	24,200 Shares

Reasons for appointment

After serving in a range of important posts, such as General Manager of Accounting Division of the Company, and General Manager of Accounting Division 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 & 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 & 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 & 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	87%
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 & 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 Officer

Executive Officer	Takenobu Hoizumi	Head of Asia Business

Skill Matrix of the Board of Directors

	Name	Corporate management, Governance	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	○	○				○	○	○	○
	Toshitaka Takayama	○	○	○	○	○			○	
	Hiroyuki Yamazaki	○		○	○		○	○	○	○
	Toshiaki Doba	○	○	○	○			○		
	Meiji Takayama	○	○		○	○		○	○	
	Masanaka Yokota Outside Independent	○		○		○			○	
	Hiroko Ishimura Outside Independent	○		○	○		○			
Directors Serving as Audit & Supervisory Committee Members	Teiko Zaima	○	○					○	○	○
	Tsunekatsu Yonezawa Outside Independent	○	○	○	○					
	Akira Gokita Outside Independent	○						○		○

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

Management Foundation of the Group

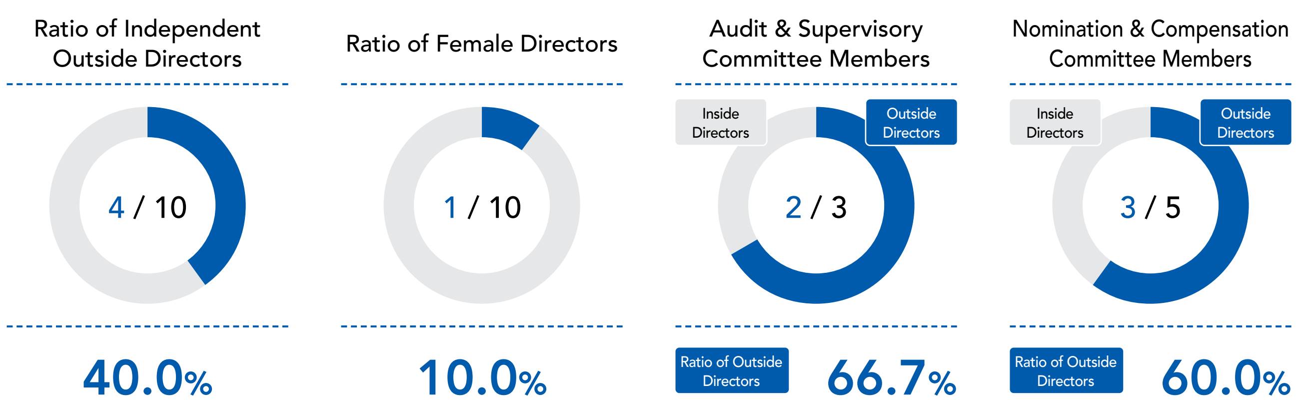
Corporate Governance

Basic Approach to Corporate Governance

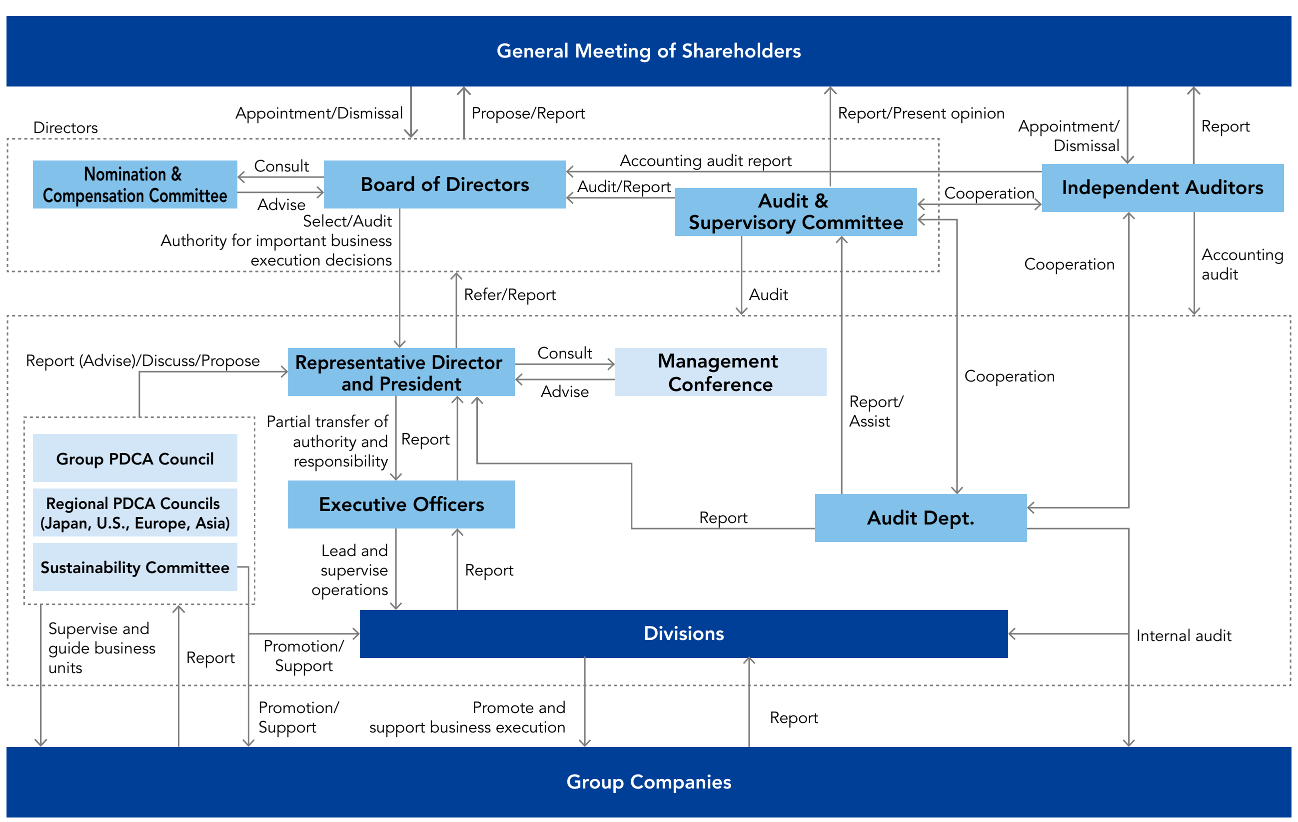
As a global access systems company that is developing business in 26 countries and regions in North America, Europe and Asia as well as in Japan, Sanwa Holdings Corporation achieves business growth through good faith and fair business activities on the basis of the Company's "Mission," "Our Values," "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.

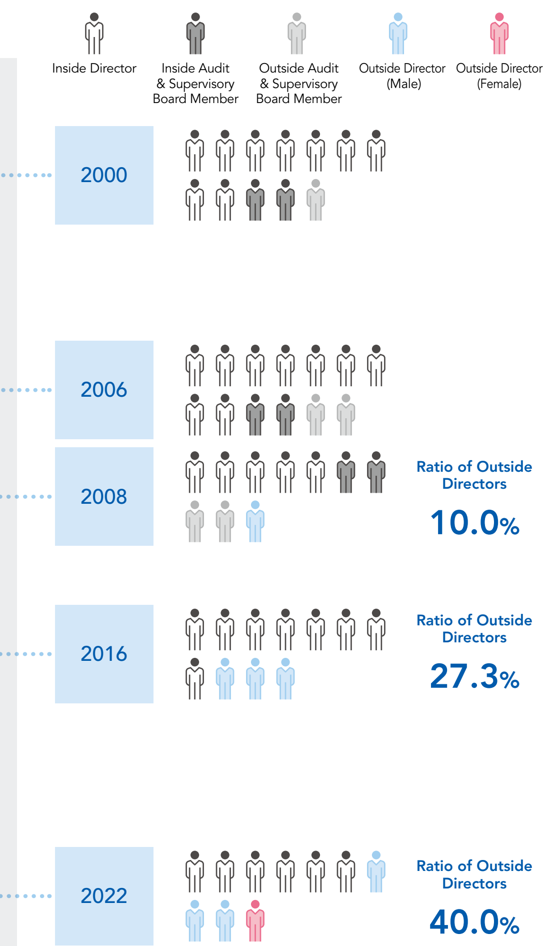


The Sanwa Group's Corporate Governance Structure



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
2016	Transition to a company with an Audit & Supervisory Committee
	Established the Nomination & Compensation Committee
	Appointment of three outside directors
2021	Established the Nomination & Compensation Committee
	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



At the General Meeting of Shareholders held in June 2022, Ms. Hiroko Ishimura was appointed as the Company's first female outside director. Going forward, we will continue to further accelerate the promotion of women's advancement as the foundation of diversity management.

Personal History

Apr 1978	Joined The Mitsubishi Bank, Ltd.
Apr 1991	Joined Cincom Systems Japan Ltd.
Apr 1996	Marketing Manager, Cincom Systems Japan Ltd.
Apr 1998	Sales Manager, East Japan Sales Department, Cincom Systems Japan Ltd.
Jan 2000	Managing Director, Cincom Systems Japan Ltd.
Apr 2008	Representative Director, Cincom Systems Japan Ltd.
Feb 2021	Executive Advisor, Cincom Systems Japan Ltd.
Jun 2022	Outside Director, the Company (present post)

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 2021, we conducted the questionnaire after the Board of Directors' meeting held in March 2022 and obtained responses from all Directors. At the first Board meeting in fiscal 2022, 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 is functioning effectively. Going forward, we will continue to make improvements to enhance the effectiveness of the Board of Directors.

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

Allocate appropriate time for deliberation of each agenda item.

Other opinions expressed

There were opinions regarding the need for more frequent outside director meetings, as well as opportunities for communication such as information exchange outside of the Board of 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 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 the Executive Officer, President 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 Executive Officer, President, (2) matters deemed necessary by the Executive Officer, President from among the Board of Directors' meeting agenda items, and (3) other important, management-related matters deemed necessary by the Executive Officer, 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 9 times in fiscal 2021. 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, and the majority of the members are independent outside directors.

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, which convene on a quarterly basis, 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 Group-wide 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 2021: 12 times) Attendance rate: 100%	• 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 • Deliberates on matters deemed necessary by the President from among the Board of Directors' meeting agenda items • Deliberates on other important, management-related matters
Audit & Supervisory Committee	At least once every three months, as a general rule (Fiscal 2021: 9 times) Attendance rate: 100%	• Reports and expresses their opinions on the audit of the status of business execution by directors who are not Audit & Supervisory Committee members and other executive officers
Nomination & Compensation Committee	Twice a year, as a general rule (Fiscal 2021: 2 times) Attendance rate: 100%	• Proposal for the election of directors excluding directors serving as Audit & Supervisory Committee members and executive officers • Matters concerning the compensation for directors excluding directors serving as Audit & Supervisory Committee Members, etc. and the calculation method for individual compensation
Group PDCA Council	Once a month, as a general rule (Fiscal 2021: 11 times) Attendance rate: 100%	• Reports, confirms, and provides guidance on the progress of Group-wide plans (for each business unit) • Reports, confirms, and provides guidance on the progress of important projects of each business unit • Considers and coordinates new management issues across business units
Regional PDCA Councils (Japan, U.S., Europe, and Asia)	Once every three months, as a general rule (Fiscal 2021: 4 times each) Attendance rate: 100%	• Considers the plans and budgets of each business company • Reports, confirms, and gives instructions on the progress of the plans of each business company
Sustainability Committee	Once every 3 months, as a general rule (Fiscal 2021: 4 times) Attendance rate: 100%	• Deliberates on and promotes Group-wide 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

Compensation of Directors

	Base compensation	Short-term incentive Performance-linked compensation	Long-term incentive Restricted stock compensation
Directors (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
Outside directors (excluding Audit & Supervisory Committee members)			
Directors serving as Audit & Supervisory Committee members	¥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 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 the 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 executive 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

Performance-linked compensation is monetary compensation for business execution during the term of office (one year) of Directors. A standard amount is set for each executive 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 a standard amount indicator and the levels of contribution of each Director, evaluated quantitatively and qualitatively, and the compensation is paid during the fiscal year following the current fiscal year.

In order to serve 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 by multiplying the number of points determined for each executive position by the per-point price and the individual evaluation that reflects each Director's evaluation.

The per-point price for the current fiscal year is calculated by multiplying the previous fiscal year's per-point price by the year-on-year rate of consolidated operating profit (consolidated operating profit for the current fiscal year divided by consolidated operating profit for the previous fiscal year) and by an amplification factor set to increase incentives, and is determined with the approval of the Board of Directors.

In addition, the individual evaluation of each Director is 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 ±25% for each evaluation item.

Performance-linked compensation for each individual Director (formula) = Number of points × Per-point price × Individual evaluation

Number of points	Set by executive position
Per-point price	Per-point price for the previous fiscal year × year-on-year rate × amplification factor
Individual evaluation	±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, by making a contribution in kind of all monetary compensation claims to be provided for granting restricted stock each fiscal year, receive an allotment of common stock of the Company. Furthermore, restricted stock compensation shall be granted as compensation for duties performed during the term of office (one year) of Directors within one month after the conclusion of the Ordinary General Meeting of Shareholders that elects the Directors. 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 Board of Directors determines the proportions of the different types of compensation paid to Directors, based on the compensation level benchmarks of companies with similar business scales as that of the Company, and those belonging to related industries and business categories, as well as on reports obtained through consultations with the voluntary Nomination & Compensation Committee.

The proportions of base compensation, performance-linked compensation, and non-monetary compensation are 50%:35%:15%, as a model case. However, the proportions for actual payment may vary by individual.

Base compensation (50%) : Performance-linked compensation (35%) : Non-monetary compensation (15%)

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 and 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 and President appropriately uses this authority, the Board of Directors will consult the Nomination & Compensation Committee on matters concerning the calculation method, etc. for individual compensation and receive advice from the Committee. The delegated Representative Director and President will then consider the details of this advice and decide.

The amount of compensation for individual Directors is reported to, and subject to verification by the Nomination & Compensation Committee, in order to ensure its fairness, transparency, and objectivity.

Matters concerning delegation of authority to determine compensation, etc. for individual Directors

The Board of Directors of the Company delegates the decision regarding compensation for individual Directors, etc. to Mr. Yasushi Takayama, the Representative Director and President, in order to accurately evaluate the duties of each Director based on the overall performance of the Group. The delegated authority of the Representative Director and President is the allocation of base compensation for individual Directors, and the allocation of performance-linked compensation, which is evaluated based on the performance of the business for which each Director is responsible.

Actual Compensation Amount for FY2021

Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			Number of Officers Eligible
		Base Compensation	Performance-Linked Compensation	Non-Monetary Compensation, etc.	
Directors (excluding directors serving as Audit & Supervisory Committee members and outside directors)	324	162	119	42	4
Directors serving as Audit & Supervisory Committee members (excluding outside directors)	35	35	—	—	1
Outside directors (excluding Audit & Supervisory Committee members)	10	10	—	—	1
Outside directors (Audit & Supervisory Committee members)	45	45	—	—	2

(Notes) 1. The 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 2021, and by determining a base amount for each executive position based on the Company's consolidated operating profit compared to the previous 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 stock acquisition rights and restricted stock compensation granted as stock compensation-type stock options. With stock compensation-type stock options, stock acquisition rights are allocated by contribution in kind of monetary compensation claims, and the number of shares to be issued upon exercise of one stock acquisition right shall be 100 shares, the exercise price shall be ¥1 per share, and the exercise period shall be 30 years. In principle, the stock acquisition rights may be exercised only during the period from the day following the day on which a Director of the Company retires to the day on which 10 days have passed. For the restricted stock compensation, the common stock of the Company allocated under the restricted stock compensation agreement may not be disposed in the form of transfer, attachment of security interest, or otherwise, from the date of delivery to the time that the Director loses his/her 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.

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 is appropriately establishing 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.

Functions as Corporate Pension Asset Owner

With regard to the pension management system, we established the Sanwa Shutter Corporate Pension Fund. In addition to a full-time managing director, management is undertaken by directors and representatives selected from each Group company. The management of the reserve fund is based on management guidelines established by the corporate pension fund, and important matters, such as decisions on asset allocation policy and recipients entrusted with assets, are resolved by a board of representatives using external consultants as needed. The fund is managed and controlled in an appropriate manner to prevent conflicts of interest between pension beneficiaries and the Company. We carry out stewardship activities that can be implemented as corporate pension funds, such as the assigning of employees familiar with the practical side of the business to the full-time director, the Board of Trustees requiring that each investment institution entrusted with assets fulfills its stewardship responsibilities, and the receiving of reports on the results.

Dialogue with Shareholders and Investors

To increase the transparency of its corporate activities, the Group will endeavor to achieve sustainable growth and increase corporate value by disclosing information in a timely and appropriate manner and reflecting dialogue with shareholders and investors in management.

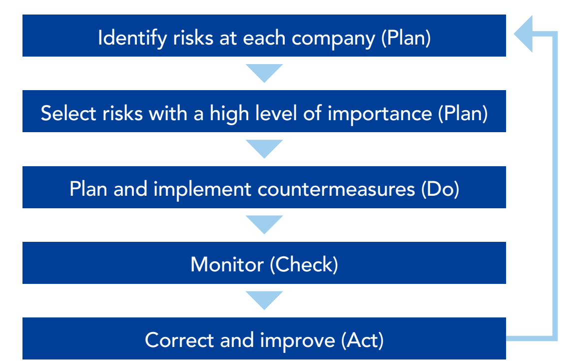
Please see the Company's website for detailed information regarding corporate governance. .... https://www.sanwa-hldgs.co.jp/english/csr/effort/governance/

Risk Management and Compliance

Fiscal 2021 Number of reports made using internal whistleblower system	Fiscal 2021 Number of participants in compliance training	Fiscal 2021 Number of themes implemented as risk countermeasures
84	920	21

Implementing Risk Management

The Sanwa Group identifies, analyzes, and evaluates business execution-related risks as well as undertakes measures required to avoid and/or mitigate risks. As an organization dedicated to promoting risk management, the Sustainability Committee reports and deliberates on the Sanwa Group's basic risk management policies, risk management-related plans, and the progress of initiatives. In addition, the subordinate Quality, Environment and CSR Promotion Council and each Group company's CSR Promotion Council manage risks by appropriately and rapidly responding to risks that occur during the course of each company's business activities.



This cycle is repeated annually to identify and reevaluate risks.

In fiscal 2019, the Information Security Countermeasures Council was established to build an information security system from a global perspective. Furthermore, each Group company has been monitoring risks throughout the supply chain and providing guidance on improvements to business partners. In fiscal 2022, we formulated our IT-BCP, and began its operation with the aim of preventing business interruptions due to information security incidents by cyberattacks.

In response to the COVID-19 pandemic, a Crisis Management Headquarters was established to gather information from each Group company, provide the necessary support, and give instructions on company-wide policies, including various working arrangements.

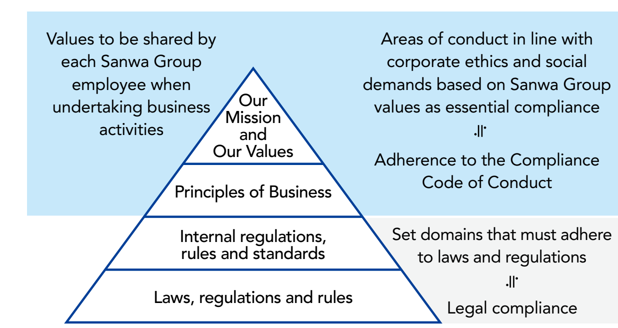
In response to the parts procurement problem caused by the shortage of semiconductors in fiscal 2021, each Group company organized a meeting body to prepare for procurement risks in fiscal 2022.

Ensuring Thorough Compliance

In order to maintain the trust of society, the Sanwa Group formulated in October 2005 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 Code of Conduct and Case Study Booklet

Compliance Code of Conduct: Conceptual Diagram



At domestic Group companies, training on a nationwide basis is provided to managers of each Group company to further instill 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, the Waste Management and Public Cleansing 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 fiscal 2019, the Group Companies in Asia distributed the Sanwa Group Compliance Code of Conduct translated into local languages and also adopted an internal whistleblowing system (corporate ethics hotline).

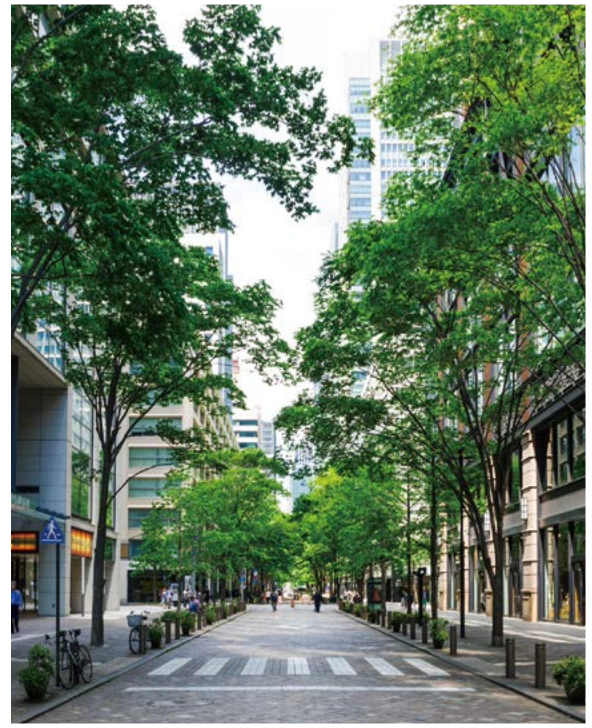
Also in North America (ODC) and Europe (NF Group), whistleblowing systems have been established and compliance training is conducted for all employees.


Annual oath-taking ceremony to comply with the Code of Conduct in Korea (Dongbang Novoferm)

Manufacturing

- Solve Social Issues Through Our Business -

Recently, initiatives aimed at the realization of a sustainable society have been accelerating around the world. In addition, there are increasing needs for preparedness and resilience in order to protect and support safety and security in people's lives, due to the impact of natural disasters caused by climate change and infectious diseases such as COVID-19. There is a wide range of areas where our manufacturing can contribute to building a sustainable and resilient society, and the challenges we must tackle are expanding. We aim to achieve further sustainable growth by tackling earnestly technological innovation in the field of preventing, protecting, and separating with our shutters, doors, partitions, and other products.



ESG Materiality	Targets (KPI)	Achievements and progress in fiscal 2021	Future challenges
Mitigate/adapt to climate change, prevent disaster loss through products and services	Net sales of products that contribute to climate change mitigation: ¥96.0 billion (fiscal 2024)	¥77.4 billion	• Further development and sales expansion of products that meet diversifying needs • Quantification of environmental contribution
	Net sales of products that contribute to climate change adaptation: ¥18.0 billion (fiscal 2024)	¥14.0 billion	
	Net sales of products that contribute to disaster prevention: ¥81.0 billion (fiscal 2024)	¥63.1 billion	
	Net sales of maintenance and service business: ¥76.0 billion (fiscal 2024)	¥64.0 billion	
Ensuring and improving quality	Achieve quality targets in line with each company's quality policy	• Early detection of trends and complaints and pursuit of causes through system monitoring • Reinforcement of product verification during shipment and on-site acceptance • Improvement of workability through the use of connectors, etc.	• Continuous risk assessment during development and specification changes • Rapid pursuit of causes and continuous implementation of essential measures

Ensuring and improving quality

The Group works to improve quality and safety, the primary responsibilities of a manufacturer, in all processes from development to sales, production, installation and maintenance. We recognize it is essential to ensure the quality of installation and maintenance, in addition to the quality of the products themselves, in order to ensure that each customer and user can continue to use our access systems, such as shutters and doors, with peace of mind. We will continue with our efforts to improve quality by conducting quality audits and improvement activities, strengthening our management structure and enhancing our skill levels.

The Group, which has a diverse range of global products, lacks uniformity in terms of the characteristics of its business and the products it handles. Therefore, we use product accident numbers, complaint numbers and the amount of related losses as quality indicators in Japan, and the design, production, purchasing, and development divisions set more precise indicators to ensure and improve quality. For overseas, we use the ratio of complaint cost to net sales as quality indicators, and strive to make improvements by promoting specific measures such as IT-based quality control, cross-divisional quality meetings, and education and training programs.

The Sanwa Group's Quality Objectives

1
Improve product safety

2
Improve the quality of products and installation quality

3
Improve the quality of services and business etiquette

4
Increase traceability

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

Basic approach

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 the risks of changing needs and create new markets.

We also believe that solving the issues of fires, earthquakes, and other disasters that interfere with our mission of contributing to a "safe, secure, and convenient" society through our products and services will lead to the realization of sustainable and resilient communities.

Climate change

Mitigation

Contribute to mitigation through our products and services to reduce greenhouse gas emissions and halt the advance of global warming.

FY2024 Sales target (consolidated) **¥96.0 billion**

We are contributing to energy reduction in factories and warehouses around the world by developing products that meet the needs of each region in Japan, the U.S., Europe, and Asia. These products include high-speed sheet shutters that improve the air-conditioning efficiency of factories and warehouses with their fast opening and closing speeds, and dock levelers that match the height of truck beds at receiving docks to control the inflow of outside air and the outflow of indoor air.

Because strict energy-saving and heat-insulating performance are required for Europe, almost all NF Group sectional doors have excellent heat-insulating performance through the use of heat-insulating materials and double-layered panels.

High-speed sheet shutters

Dock levelers

Sectional garage doors ISO70

Adaption

Contribute to adaptation to respond to the impact of climate change and avoid or reduce damage through products and services

FY2024 Sales target (consolidated) **¥18.0 billion**

To prepare for flooding damage caused by large typhoons and localized downpours, we offer a variety of waterproof products such as shutters and doors designed for inundation depth and installation location.

In addition, as a countermeasure against the risk of wind damage associated with the progression of climate change, Sanwa Shutter Corporation is reducing disaster risk at various openings with high-strength shutters and high-wind-resistant window shutters, and ODC with garage doors and wind-resistant window products that have obtained building standard certification in Florida, a hurricane-prone area.

Waterproof shutters

Taifu (wind-resistant) Guard, high-strength shutter

Wind-resistant window products

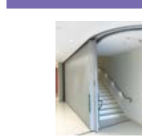
Disaster prevention

Helping to prepare for and mitigate damage from disasters such as fires and earthquakes through our products and services

FY2024 Sales target (consolidated) **¥81.0 billion**

The Group's fireproof shutters, fireproof doors, and other fire prevention equipment, as well as fireproof glass partitions, contribute to preventing the spread of fire and creating safe spaces in the event of a fire in office buildings, commercial facilities, schools, hospitals, and other places worldwide where large numbers of people gather.

We also contribute to the safety and security of communities and lifestyles by offering a large lineup of earthquake-proof products to reduce the risk of earthquakes, which may occur anywhere and at any time.



Horizontal sliding fire door (ODC)

NovoFire® (NF) door system for fireproof partitions

Sliding entrance door for indoor hallway with earthquake-proof specifications

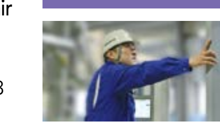
Maintenance

Helping to maintain disaster prevention functions as social infrastructure through maintenance, inspection, and repair

FY2024 Sales target (consolidated) **¥76.0 billion**

Sanwa Shutter Corporation has been providing 24-hour full time service (FTS) nationwide since 1983 to ensure that our customers can use our products safely and securely. Since then, we have been contributing to the maintenance of disaster prevention functions as social infrastructure and the realization of resilient communities through our meticulous response and nationwide network.

ODC and the NF Group also provide consistent support to customers, from development to maintenance, through the expansion of service systems that meet customer needs.



Periodic inspection report system for fire prevention equipment

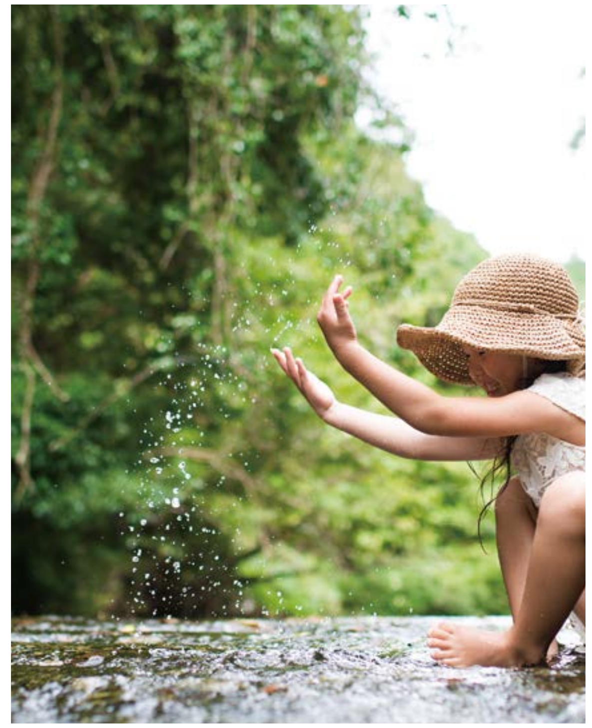
Develop service business tailored to customer needs in each region (ODC)

BGS (NF Group) that provides a service business for industrial doors

Environment

- Achieve Environmental Sustainability -

As efforts to decarbonize accelerate globally, the Group, which operates in 26 countries and regions around the world, recognizes the responsibility and importance of taking measures to reduce the impact of our business activities on the global environment. In addition to promoting initiatives to reduce our global environmental impact toward the new environmental targets announced in May 2022 (reduction of CO_2 emissions, water consumption, and waste), we will analyze and enhance disclosure of climate change risks and opportunities based on TCFD recommendations, and reflect them in our management strategies to increase our corporate value over the medium and long term.



ESG Materiality	Targets (KPI)	Achievements and progress in fiscal 2021	Future challenges
Initiatives for a decarbonized society	Reduction of CO_2 emissions (Scope 1+2): Reduce by 10% compared to FY2019 (FY2024) Reduce by 30% compared to FY2019 (FY2030)	Reduce by 6.6% compared to FY2019	• Further use of renewable energy • Promotion of switch to eco-friendly cars
Water resources conservation	Reduction of water usage intensity (at factories and offices): Reduce by 10% compared to FY2020 (FY2030)	Reduce by 7.0% compared to FY2020	• Promotion of water conservation • Facility upgrades
Waste reduction	Reduction of waste intensity (at factories and offices): Reduce by 10% compared to FY2020 (FY2030)	Reduce by 10.7% compared to FY2020	• Further thorough sorting and recycling • Facility upgrades

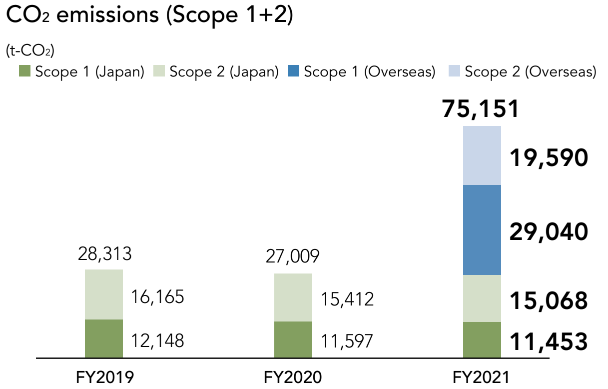
Initiatives for a decarbonized society

In the Sanwa Global Vision 2030 Mid-Term Management Plan 2024 announced in May 2022, the Sanwa Group set a target for the Mid-Term Management Plan (FY2024) in addition to the existing target for FY2030.

Furthermore, the Group aims to become a company that will continue to be sought after by society by promoting efforts to achieve carbon neutrality, aiming to achieve net zero CO_2 emissions from business activities by 2050.

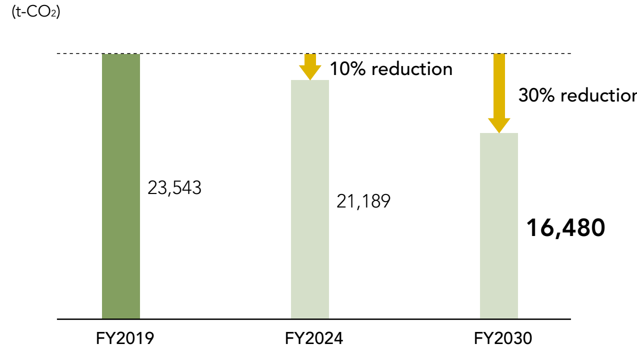
In fiscal 2021, Sanwa Shutter Corporation's CO_2 emissions were 1.9% lower than the previous year due to the introduction of solar power generation at the Ota Door Plant and the upgrading of plant facilities, despite the impact of an increase in plant fuel resulting from the expansion of coating capacity.

CO_2 emissions (Scope 1+2)



Note: CO_2 emissions of ODC Head Office and all plants, and NF Group Head Office and all plants are included from FY2021

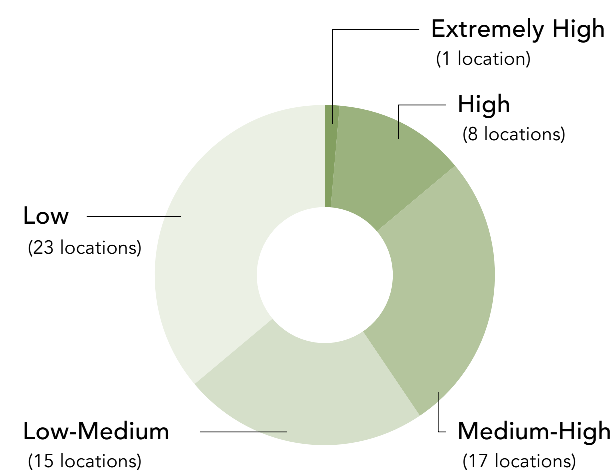
CO_2 emissions (Scope 1+2) reduction target



Scope: Sanwa Shutter Corporation

Water resources conservation

Water stress areas at 64 production bases (FY2021)



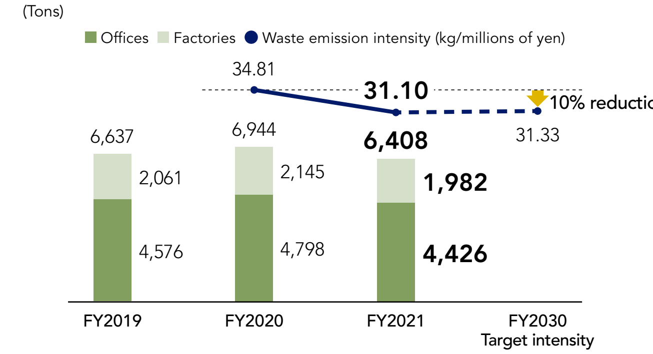
As a company with global operations, the Group considers the impact of water shortages on factory operations (water stress) to be a risk and regularly assesses the water stress at its production bases around the world. We recognize the importance of the preservation and effective use of water resources, and are working to decrease the volume of water consumed at every production base by strengthening the management of water use, improving production processes, and reusing water, in order to continuously reduce water consumption.

Further, we work to comply with all local laws and regulations on wastewater quality control.

Due to the nature of our production activities, in which we mainly cut, form and assemble metal parts, our water consumption may be regarded as low in light of our production volume. However, some processes, such as painting, require the use of a certain amount of water. Sanwa Shutter Corporation's plants are striving to reduce water consumption through the effective use of water circulation systems for painting equipment and chillers that circulate chilled tank water, as well as the integration of piping.

Waste reduction

Trends in waste intensity of Sanwa Shutter Corporation and targets



Note: For offices, includes only industrial waste

The Group strives to reduce its environmental impact by reducing waste emissions and promoting recycling in all business processes in order to make effective use of limited global resources and realize a recycling-oriented society. In addition to our ongoing day-to-day reduction efforts, we will strive to further reduce waste and prevent pollution by setting a reduction target intensity for fiscal 2030.

In fiscal 2021, Sanwa Shutter Corporation's waste emissions were reduced by 7.7% from the previous year through thorough sorting and recycling, reduction of paint waste, and reuse of wooden pallets. Waste intensity was also reduced by 10.7%, due in part to net sales growth.

CLOSE UP

Vina-Sanwa in Vietnam increased the production capacity of its powder coating facilities from March 2022, and is promoting a shift from solvent coating to powder coating, which has less environmental impact.

Because organic solvents are not used, paint can be recovered and reused, reducing paint loss and preventing air and water pollution caused by the generation of volatile organic compounds. This also improves worker health and safety. Although there are still issues to be addressed, such as the need for more detailed color mixing, we will continue to make aggressive proposals for switching and improve our technology to respond to the growing environmental awareness and market needs.

Powder coating facility that started operation in March 2022

People

- Create a Pleasant and Rewarding Work Environment -

In order for our products to support communities and lifestyles and create value that contributes to solving social issues, numerous resources including our stakeholders such as partner companies and installers are required from stages of development and production to installation and maintenance. We believe that people are our source of competitiveness and our most important management resource, and through efforts to respect human rights and diversity, ensure health and safety, and develop human resources, we will pursue worker-friendliness and fulfillment in work for people involved with the Group, thereby continuously improving corporate value through maximizing the power of people and the organization.

ESG Materiality	Targets (KPI)	Achievements and progress in FY2021	Future challenges
Respect for human rights	Implementation of human rights due diligence (FY2024)	Under consideration	• Survey of human rights risks in business and supply chain
Human resources development	Number of e-learning (English) participants: 200 (FY2024)	78	• Implementation of training to address digitalization and diversity
	Number of correspondence education's participants: 1,000 (FY2024)	737	
Promotion of diversity	Female employees ratio: 20% (FY2030)	18.8%	• Implementation of women's development planning and training • Raising awareness of and promoting the use of childcare leave by male employees
	Female managerial employees ratio: 15% (FY2030)	13.7%	
	Ratio of male employees taking childcare leave: 50% (FY2030)	5.4%	
Health and safety	Overweight rate (BMI of 25 and above): 30% (FY2030)	35.7%	• Strengthening health guidance and continuing support activities
	Smoking rate: 25% (FY2030)	30.2%	
	Complete checkup (incl. re-examination) rate	29.2%	
	Rate of taking annual paid leave	47.7%	

Respect for human rights

Number of human-rights violation cases in fiscal 2021

0

Note: The number of serious cases related to human rights violation issues are counted

Basic approach

The Group stands firmly for the respect of human dignity, and recognizes the diverse worth in individuals. We respect individual character and personality, and conduct business bearing in mind the human rights of our customers, shareholders, employees and all stakeholders. We go beyond the requirements of the law in avoiding discrimination. In addition, we do not permit child labor or forced labor. The Sanwa Group Compliance Code of Conduct clearly states that we will encourage suppliers and distributors not to infringe on human rights and to work together to promote respect for human rights. We are working to prevent human rights violations by identifying and restricting negative impacts of new businesses on human rights, and conducting regular audits in existing businesses.

Promotion of diversity

FY2021 Actual		FY2030 Targets
Female employees ratio **18.8%**	▶	Female employees ratio **20%**
Female managerial employees ratio **13.7%**	▶	Female managerial employees ratio **15%**

Basic approach

In order to flexibly adapt to ever-changing times and create new value, we believe it is important to nurture an organizational culture that respects and embraces the diversity of each employee.

Initiatives

We will promote the utilization of diverse human resources, including women and global employees, who are the growth drivers of the Group, both in terms of systems such as shorter working hours for childcare (up to the sixth grade of elementary school), which exceed legal requirements, and telework, and of corporate culture such as an open and comfortable work environment, in order to maximize the power of our organization.

Human resources development

FY2021 Actual		FY2024 Targets
Number of e-learning (English) participants **78**	▶	Number of e-learning (English) participants **200**
Number of correspondence education's participants **737**	▶	Number of correspondence education's participants **1,000**

Basic approach

The Group views human resources as its most important management resource and focuses on the development of human resources capable of creating value by enhancing systems and a work environment that enable each employee to maximize their capabilities.

Initiatives

ODC provided online training to approximately 400 manager-level employees from 2020 to 2021 to enhance five leadership skills: building trust, effective communication, increasing engagement, managing conflict, and creating results.

Sanwa Shutter Corporation is strengthening its human resource development through training that utilizes a skill map that visualizes the skills possessed and level of proficiency of sales personnel, who are at the forefront of value creation. At installation sites, Sanwa Shutter is making efforts to pass on the skills of experienced senior workers by having them accompany younger employees on installation and repair visits, and is also working to quickly develop its in-house technical staff, whose recruitment began in 2013.

In addition, as part of our global competence development efforts, we are systematically developing human resources who can play active roles on a global scale through our overseas trainee system and the dispatch of employees to overseas Group companies.

Health and safety

FY2021 Actual		FY2030 Targets
Overweight rate (BMI of 25 and above) **35.7%**	▶	Overweight rate (BMI of 25 and above) **30%**
Smoking rate **30.2%**	▶	Smoking rate **25%**

Basic approach

As a company engaged in manufacturing, the Group recognizes that ensuring the health and safety of all people involved in our business activities, including employees, affiliated companies' employees, and installers is fundamental to our sustainability and our responsibility as a company. In order to provide safe, secure, and convenient products and services to customers throughout the world, we believe it is important that our employees and their families are able to lead healthy as well as fulfilling lives, both in their private and working lives.

Initiatives

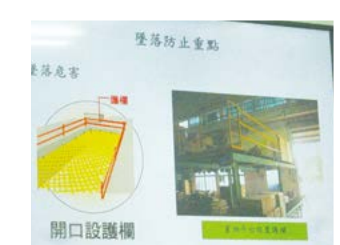
In order to achieve the priority target of "eliminating all serious injuries and fatalities" and to eradicate occupational accidents, the Group is striving to provide safety education and ensure adherence to rules in line with the annual health and safety action plan, share incidents that nearly become accidents, and improve the work environment to reduce workloads.

In May 2022, we set quantitative targets for fiscal 2030 for obesity and smoking, which we recognized as health issues for the Group. By promoting the mental and physical health of each employee and creating a rewarding workplace, we will create a virtuous cycle of social value (providing better products and services to customers) and corporate value (retaining human resources and improving productivity).

CLOSE UP

To improve the level of occupational safety and health, An-Ho Metal Industrial in Taiwan has implemented thorough enforcement of the wearing of safety protective equipment and the reading of a safety handbook in turns in morning meetings. In addition, in September 2021, an outside instructor implemented safety and health education, where participants learned about potential risk factors and their prevention measures based on various actual cases of occupational accidents.

Safety and health education



Precautions to prevent crashes

Japan

Strengths

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

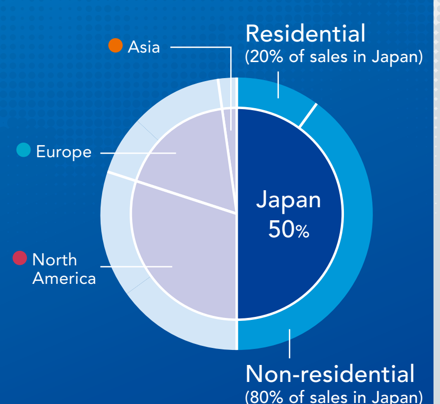
Risks

- Deterioration in earnings due to sudden price hikes for steel or other auxiliary materials
- Decline in supply capacity due to 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

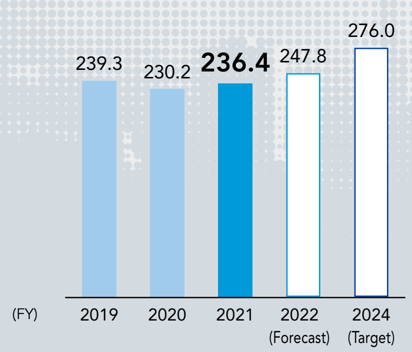
Collaboration in the supply chain

- Comply with relevant laws and regulations in our procurement activities, conduct transactions in a fair and equitable manner, and build relationships of trust with partner companies
- Strive for enhancing skills mutually with partner companies and develop together through continuous business transactions
- Reduce the environmental impact of our entire supply chain in cooperation and collaboration with our partner companies

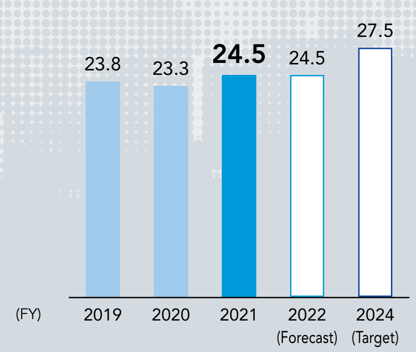
Net Sales Composition by Region



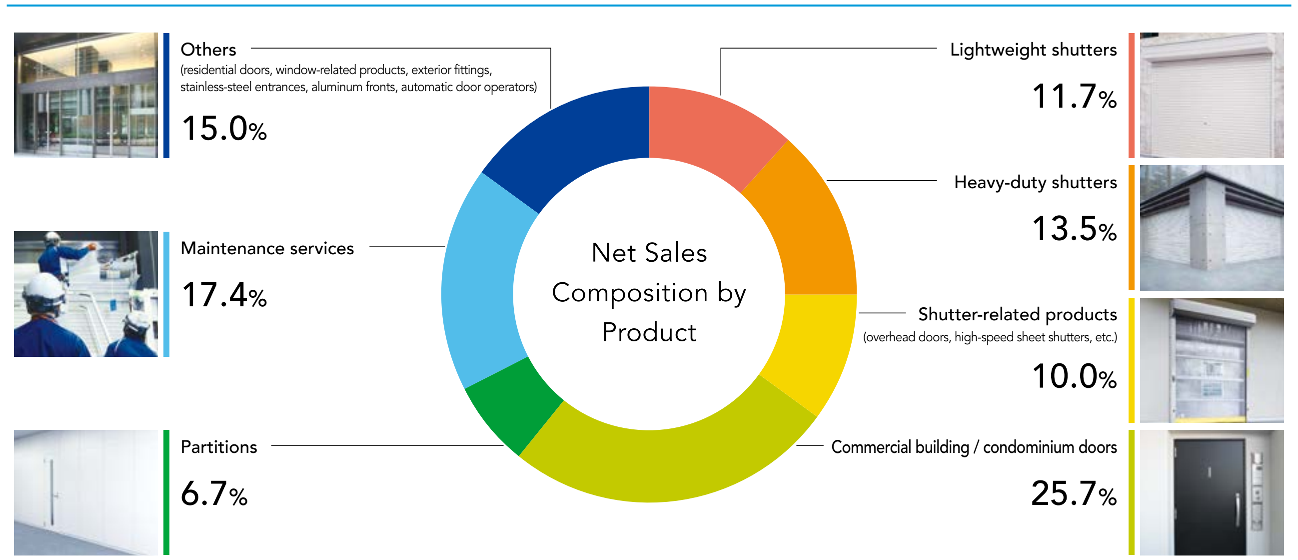
Net Sales (Billions of yen)



Operating profit (Billions of yen)



FY2021 Net Sales Composition by Product (Sanwa Shutter Corporation)



SANWA SHUTTER

We will further strengthen our ties with customers through high value-added products and reinforce our circulation oriented business.

Representative Director and President, Sanwa Shutter Corporation
Meiji Takayama

Fiscal 2021 Results and Review

In fiscal 2021, we continued to strengthen our lineup of disaster prevention products from the previous fiscal year, introducing the industry's first waterproof shutter fireproof & smokeproof-type products and the Taifu (wind-resistant) Guard OSD, a high wind-load-resistant product, as well as expanding user convenience by making window shutters compatible with IoT (HomeLink). As a result, sales of heavy-duty shutters, mainly for logistics facilities, remained steady, sales of lightweight shutters were strong, the maintenance and service business recovered from the impact of COVID-19 in the previous year, and sales increased 2.7% from the previous year to ¥236.4 billion, partly due to the impact of the application of the accounting standard for revenue recognition.

On the other hand, we were affected by soaring raw material prices and supply chain disruptions due to supply shortages of electronic components and other factors, but operating profit increased 5.0% from the previous year to ¥24.5 billion due to the appropriate shift of material price hikes to selling prices and improved productivity.

Initiatives and Aspirations for New Vision and Mid-Term Management Plan

Under the motto "Creation and circulation" and the management policy "Achieve sustainable growth by creating new products and services that anticipate changes in the environment and expanding circulation-oriented businesses," we aim to establish a management foundation for dramatic growth based on the following five basic strategies.

Expand and strengthen core businesses

We will strengthen our core businesses by making strategic products into core products and reinforcing door supply capabilities.

Expand disaster prevention, disaster mitigation, and environmentally friendly products and promote IoT and electrification

We will expand our growth businesses that contribute to disaster prevention and the environment by strengthening multi-hazard (windproof, earthquake-proof, fireproof, and waterproof) compliant products, expanding CO_2 (heat insulation, high speed, energy saving), sound insulation, and antibacterial compliant products, and enhancing electrification compliant products.

Expand service businesses

We will expand our circulation-oriented business by providing services that contribute to the enhancement of social infrastructure maintenance and management, from inspections and repairs to replacement proposals.

Expand related and adjacent businesses

We aim to achieve sustainable growth by expanding our business domain and leveraging group synergies through further development from fittings into adjacent businesses.

Reinforce the structure for business expansion

We will train human resources and reform work styles in anticipation of business domain expansion, strengthen installation capabilities by securing personnel and reducing installation labor, and reform operations and improve productivity through digitalization.

Through these efforts and high value-added products, we will further deepen ties with customers and strengthen our recycling-oriented business, which links development to sales, design, manufacturing, installation, and maintenance and service.

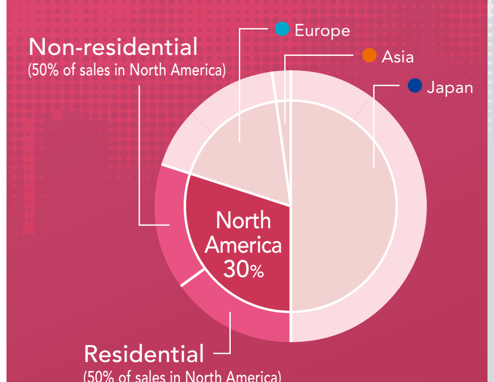
HIGHLIGHTS

Waterproof Shutter Fireproof & Smokeproof-type Products Win the Grand Prize

Our Water Guard waterproof shutter fireproof & smokeproof-type products, the industry's first shutters with fire and smoke prevention performance, launched in June 2021, won the Grand Prize in the New Product Development Category of the Disaster and Epidemic Prevention Product Awards© 2021 sponsored by the Disaster Prevention Safety Association. The products meet various needs in underground malls and underground passageways where flooding is expected and building entrances and exits, where fire and smoke prevention performance is also often required.

North America

Net Sales Composition by Region



Strengths

- Being a leading brand
- 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

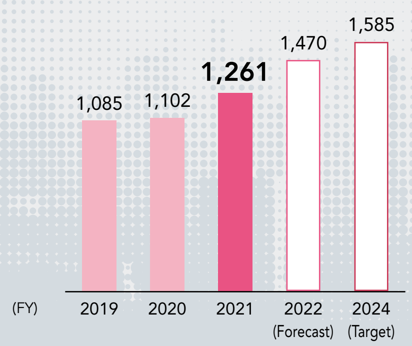
Risks

- Cost inflation including wages and raw material costs
- Resource shortages including raw materials and labor
- Overseas supply chain disruption due to transportation constraints and COVID-19 lockdowns
- Rapid increase in backlog of orders, extended delivery times to customers, split shipments
- Impact on new housing starts due to higher selling prices of building materials and higher interest rates

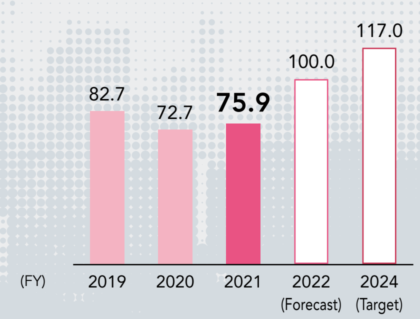
Collaboration in supply chain

- Building strong relationships with key domestic and international suppliers (metals, heat-insulating materials, hardware, electrical components, transportation companies)
- Negotiation with and support for suppliers to increase capacity
- Development and test of alternative suppliers
- Ensuring a priority for imports for loading space on board at a premium price
- For imports, working with shipping companies to maximize supply volumes and minimize delays

Net Sales (Millions of U.S. dollars)



Operating profit (Millions of U.S. dollars)

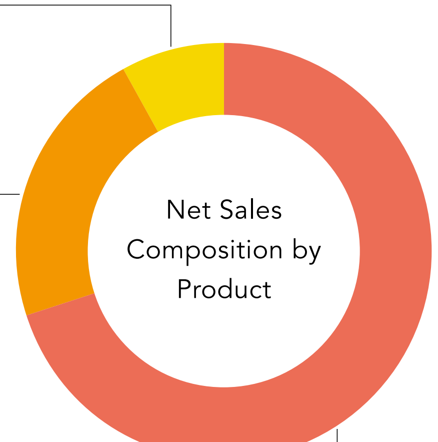


Forex Rate

(FY)	2019	2020	2021	2022 (Forecast)	2024 (Forecast)
Forex Rate (1$)	¥109.24	¥106.43	¥110.37	¥115.00	¥115.00

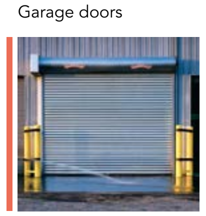
Note: The forecasts for the consolidated financial results and forex rate were revised at the time of announcement of the financial results for the three months ended June 30, 2022, as follows:
FY2022: net sales of $1,523 million, and operating profit of $135.0 million Forex rate (1$): ¥125.00

FY2021 Net Sales Composition by Product (North America)




Garage doors


Sheet shutters


Commercial doors


Overhead doors

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.

The Genuine. The Original.

We will focus on the development of disaster prevention products with the aim of realizing our vision.

Overhead Door Corporation
President & CEO
Kelly Terry

Fiscal 2021 Results and Review

2021 marked the 100th anniversary of the founding of Overhead Door Corporation. One hundred years is a milestone that not all companies necessarily reach. 2021 started with a tailwind of recovery from the pandemic, but the rising prices of raw materials that have continued since the second quarter and the deteriorating supply-demand balance have become major issues. As market demand increased and the backlog of orders surged, we were forced to respond to supply restrictions while at the same time securing raw materials and rebuilding the labor force, which had declined during the pandemic. In addition, we had to raise product prices in response to increased transportation costs and other factors, and we also had to deal with declining profit margins. In the fourth quarter, the effects of these measures began to emerge, and both shipment volume and profit margins eventually improved, resulting in full-year net sales of USD 1,261 million, up 14.5% from the previous year, and operating profit of USD 75.9 million.

In April last year, we acquired Won-Door Corporation, the largest manufacturer of horizontal sliding fire and crime prevention doors, as part of our multi-product sales strategy to further expand our business. We also made multifaceted efforts to improve efficiency by introducing ERP to two plants and providing leadership training to more than 400 employees.

Initiatives and Aspirations for New Vision and Mid-Term Management Plan

Toward our new vision of being "a Global Leader of Smart Entrance Solutions," in our Americas business, we intend to pursue strategies from the perspectives of efficiency and productivity improvement and sustainability management in order to realize significant growth.

With regard to the expansion of our core business, we will increase our presence in regions where we have a low market share by adding more partner distributors, while growing our e-commerce business. At the same time, we will further focus on developing new products utilizing IoT technology and new brands with the aim of further pursuing multi-product sales. In addition, while expanding sales of Won-Door products, we will also promote business collaboration with courier companies to improve logistics efficiency.

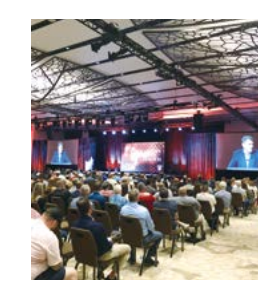
Meanwhile, we will focus on internal initiatives to improve productivity and strengthen sales promotion. Specifically, we will review our manufacturing operations, optimize our factory network, introduce the latest equipment to improve manufacturing capacity, and implement ERP to analyze data that can be conveniently used by both manufacturing and customers. In addition, the Commercial Solution Team will vigorously pursue the expansion of bulk orders from large companies.

From the perspective of sustainability management, we will thoroughly reduce costs throughout the entire value chain and promote initiatives to reduce energy consumption through automation and appropriate operations. We will also continue to focus on our mission of developing products that prevent damage from storms and other disasters in order to realize our vision.

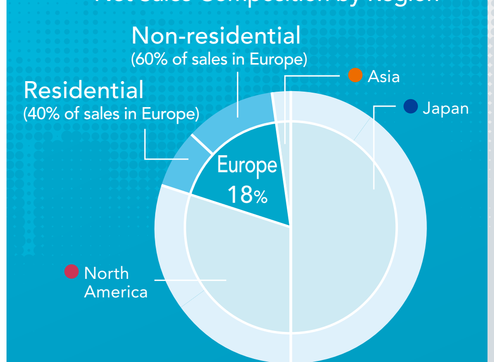
HIGHLIGHTS

Holding of Distributor Convention

The ODC Ribbon Distributor Convention was held in Marco Island, Florida in June 2022. Ribbon distributors are distributors who have been selling ODC products for many years, and there are approximately 450 such companies in North America. Distributors are invited to the convention, which is normally held annually, but this year was the first time in three years that the convention was held, as a result of measures to prevent the spread of COVID-19, and a total of approximately 1,200 people from 345 distributors participated, making it a large-scale event to celebrate last year's 100th anniversary. The event was also an opportunity to explain directly and politely the current situation and improvements at the factories to the distributors, who have been inconvenienced by delivery delays due to supply chain issues that have continued since last year.



Europe



Strengths

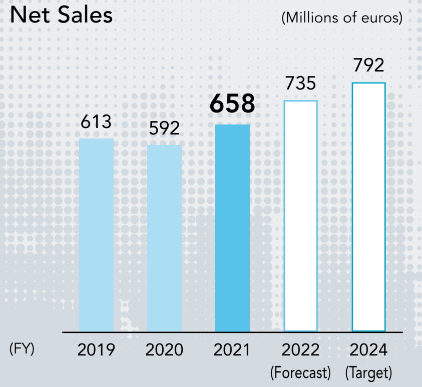
- Wide range of innovative products tailored to customer needs
- Processes digitalized with a view to the customer experience, including orders and customer support
- Europe-wide service network
- Experienced and talented employees

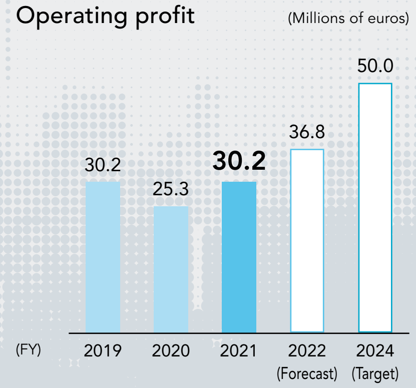
Risks

- Supply chain disruption due to the COVID-19 pandemic and labor shortages
- High inflation rate and rising material costs due to the impact of the Ukrainian crisis
- Delayed delivery due to lack of adequate procurement of materials

Collaboration in the supply chain

- Building close relationships with suppliers to ensure delivery capabilities
- Maintaining high customer satisfaction by responding quickly and proactively to issues as they arise
- Expanding supplier base and doubling or tripling procurement of materials and parts to minimize risk of supply chain disruptions





Forex Rate

(FY)	2019	2020	2021	2022 (Forecast)	2024 (Forecast)
Forex Rate (1€)	¥122.15	¥121.97	¥130.34	¥125.00	¥125.00

Note: The forecast for the forex rate was revised at the time of announcement of the financial results for the three months ended June 30, 2022, as follows:
Forex rate (1€): ¥135.00

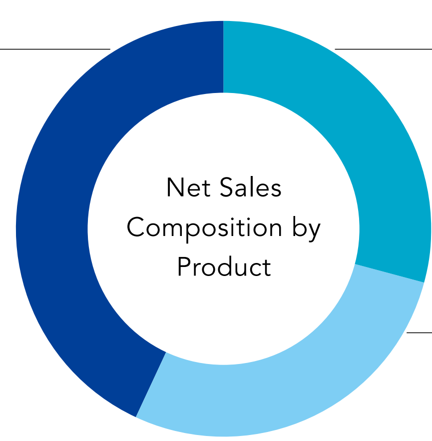
FY2021 Net Sales Composition by Product (Europe)


Sectional doors


Sheet shutters


Dock levelers

Industrial doors
43.0%



Hinge doors
29.3%

Garage doors
27.7%

We strive to realize our vision through higher value-added solutions and appropriate human resource development.

Novoferm Group
CEO
Rainer Schackmann

Fiscal 2021 Results and Review

In 2021, the situation in the construction industry in Europe has recovered from the decline in 2020, and demand is also showing signs of a steady recovery. The Novoferm Group was also able to increase sales, profits, and orders, despite the effects of soaring material prices and labor shortages caused by the spread of COVID-19. The sharp rise in material prices, which had been a major concern in particular, was reflected in product prices after a certain time lag, and profits were in line with plans.

Currently, demand for housing construction, both new construction and renovation, is growing significantly in many countries in the European region. In our company, the garage door division achieved a remarkable increase in sales, and in the non-housing construction sector, sales for logistics and warehouses also increased significantly. This was due to the continued buoyancy of demand related to e-commerce, which has been affected by the spread of COVID-19, which led to a sharp increase in demand for warehouses and other construction projects throughout Europe.

Another trend that has been observed across Europe over the past few years is an increase in the construction of data centers in line with the rise of cloud computing business. We are also maintaining and expanding our market position as a solution provider for door and shutter systems. We are concerned that some of our locations will experience an increased load on their production capacity in response to the continued increase in demand, and we are strengthening our response by expanding our plants and promoting automation in areas such as labor and manpower saving.

Initiatives and Aspirations for New Vision and Mid-Term Management Plan

In Europe as well, we will pursue initiatives to digitize our products and processes with the aim of being "a Global Leader of Smart Entrance Solutions." We will implement our efforts to increase value for our customers in all aspects of our business, from order receipt, installation, and use to after-sales service. At the same time, the solutions we provide must be sustainable and environmentally friendly and contribute to energy conservation for our customers. We will accelerate the development of products with higher insulation and energy-saving performance and the use of materials that help prevent global warming. At the same time, evolution of the entire value chain is essential as an important point for increasing profitability. The products that will be required in the future will be those that can provide higher-value-added solutions by realizing maintenance and remote inspections through smarter products themselves, and by making parts and materials more efficient and quicker to deliver. Achieving a high level of quality up to the after-sales service stage will be the biggest challenge and goal of our future growth. In addition to the development of these new products, improving the capabilities of our employees is an essential theme for future business expansion. By simultaneously promoting appropriate human resource development initiatives, we will move forward toward the realization of our vision in Europe as a whole.

HIGHLIGHTS

Acquisition of Manuregion

In October 2021, we acquired Manugestion S.A.S., the holding company of Manuregion S.A.S. (below, "Manuregion"), a specialist dealer of industrial products in France. The company operates eight branches, mainly in eastern France, and is mainly engaged in the installation and maintenance business. Manuregion is a community-based company that specializes mainly in small and medium-sized properties and also has strength in the maintenance business. On the other hand, Norsud S.A.S., a French subsidiary of the Novoferm Group, is based in southern France and specializes in large-scale properties such as logistics warehouses. The two companies will build a complementary relationship in terms of regions and areas of expertise to expand business in the French market.

Asia

Strengths

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

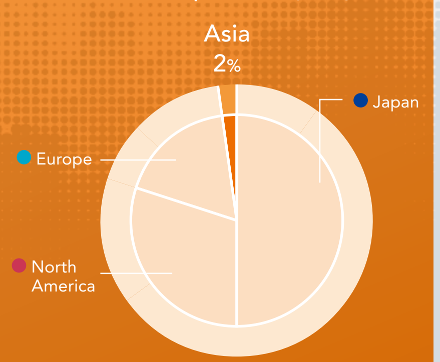
Risks

- Rising steel and energy costs
- Complying with rapidly changing legal reform, including environmental regulations in each country
- Infectious diseases risks
- Geopolitical risks (Myanmar and Sri Lanka)

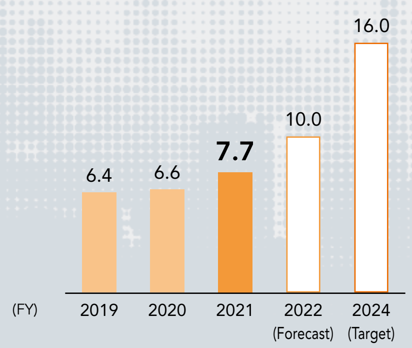
Collaboration in the supply chain

- Ensure the necessary volume at a reasonable price by strictly managing on-hand inventory
- Maintaining and managing the quality of construction work by subcontracted construction workers
- Rapid ERP implementation through use of IT vendors

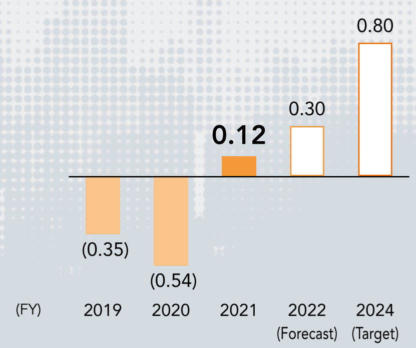
Net Sales Composition by Region

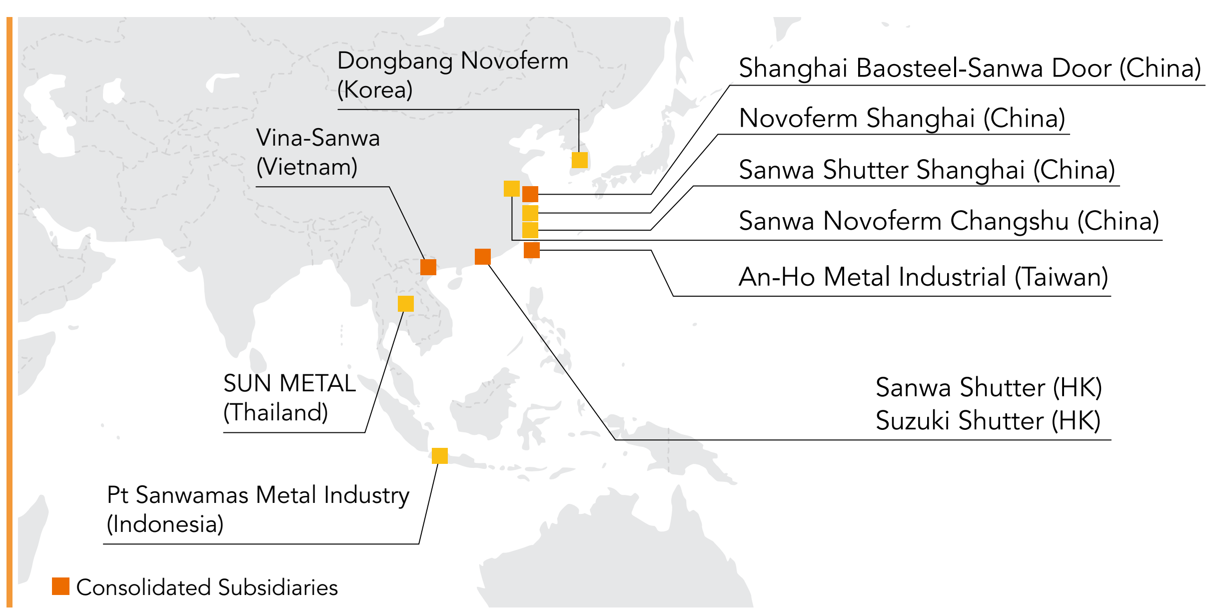


Net Sales (Billions of yen)



Operating profit (Billions of yen)





We will build a foundation for the fourth pillar after Japan, North America and Europe by rebuilding the production and sales system and acquiring market share.

Fiscal 2021 initiatives

In fiscal 2021, we expanded production facilities in Asian countries to increase production capacity.

Specifically, we invested in the establishment of a new door plant in Changshu, China (tripled production capacity), capital investment to meet new heat shielding standards in Vietnam (tripled production capacity), renovation of shutter facilities in Indonesia (1.8 times production capacity), and enhancement of door production facilities in Taiwan (1.2 times production capacity). In China, we laid the groundwork for performance growth by selling doors and shutters together. In addition, sales of large-scale projects in Hong Kong and Taiwan also contributed to our consolidated performance in Asia in 2021. As a result, although COVID-19 affected our performance to some extent, we achieved a 16.3% increase in net sales to ¥7.7 billion and operating profit of ¥0.12 billion, a significant improvement from the loss of ¥0.54 billion in the previous year.

Initiatives and aspirations for new vision and Mid-Term Management Plan

Under Vision 2030, which began in 2022, we intend to develop our shutter & door business in Asia into a top brand that will contribute to the Group's business performance. To this end, as mentioned above, we began large-scale capital investment in fiscal 2021. Our new plant in China officially began operations in June 2022, and in Vietnam and Indonesia, we will be ready to increase production capacity by the end of this fiscal year. In addition, we have positioned fiscal 2022 as the first year of ERP and will accelerate the use of IT. Specifically, we will complete the introduction of ERP at major companies in China, Hong Kong, and Vietnam by the end of the year, and will focus on improving profitability by strengthening budget management by site, as well as strengthening governance by making operations more visible. In order to realize returns commensurate with our investment, during this fiscal year we will build a business foundation that will lead to Vision 2030 by completing stable operation of new production facilities and ERP introduction.

HIGHLIGHTS

Stepping toward the fourth pillar: Reorganization of East China region

As a foothold toward the fourth pillar of our Asian business after Japan, North America, and Europe, we worked to strengthen our sales management system in the East China region.

In this region, the shutter business at Shanghai Baosteel-Sanwa Door and the door business at Novoferm Shanghai had been conducted separately, but in January 2022, the sales, design, and installation divisions for the East China region were transferred to Sanwa Shutter (Shanghai) to establish an integrated management system. The door manufacturing at the Changshu plant started in June, and this will enable us to centrally manage sales, design, manufacturing, and installation in the Shanghai region, aiming to further improve efficiency and expand sales.

HIGHLIGHTS

Establishment of Changshu Plant in China

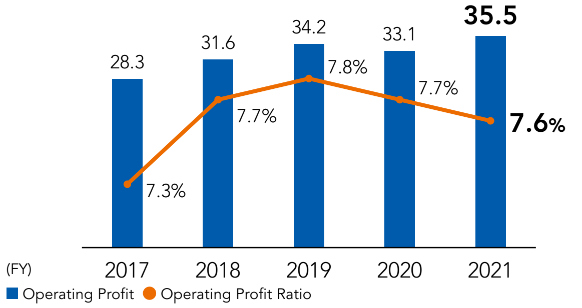
In 2021, Novoferm Shanghai established a new plant in Changshu City, Jiangsu Province. Despite the effects of the urban lockdown in Shanghai, construction of the plant was completed in May of this year and production started in June. With a total construction floor area of 15,000 m², the new plant will triple the production capacity of the existing door plant in Shanghai. Located in an industrial park with a high concentration of production bases of Japanese companies, the plant is expected to capture demand not only from domestic facilities in China, but also from plants of overseas manufacturers who have set up operations in the region, with the aim of capturing a larger share of the Chinese market.

Financial & Non-Financial Highlights

Financial Indicators

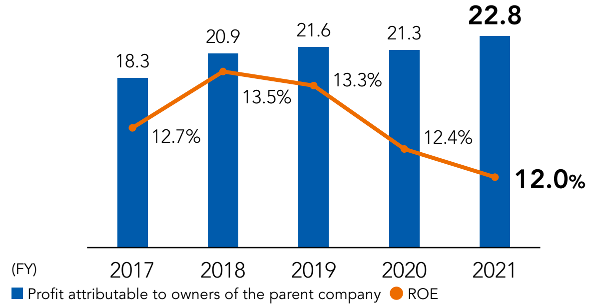
Operating Profit / Operating Profit Ratio

(Billions of yen)



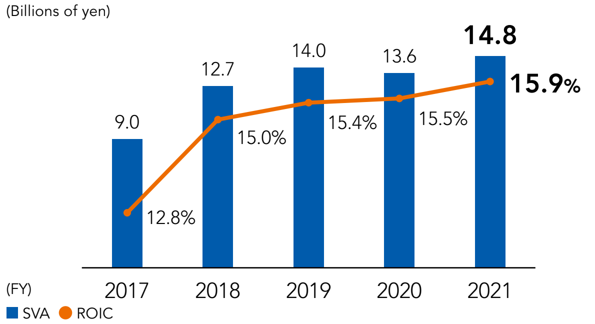
Profit Attributable to Owners of the Parent Company / ROE

(Billions of yen)



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

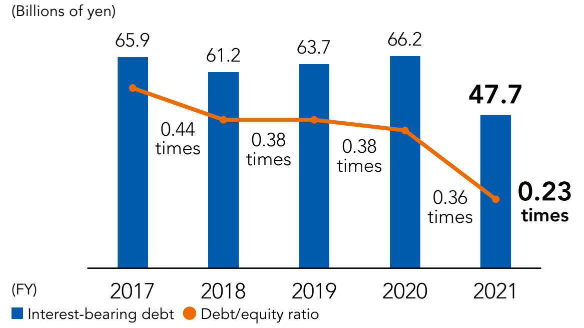
(Billions of yen)



SVA: The Company's unique indicator of added value.
NOPAT (net operating profit after tax) – invested capital × WACC (6%)
ROIC: NOPAT ÷ invested capital × 100

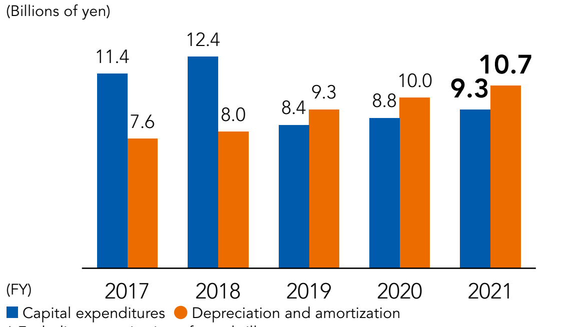
Interest-Bearing Debt / Debt/Equity Ratio

(Billions of yen)



Capital Expenditures / Depreciation and Amortization*

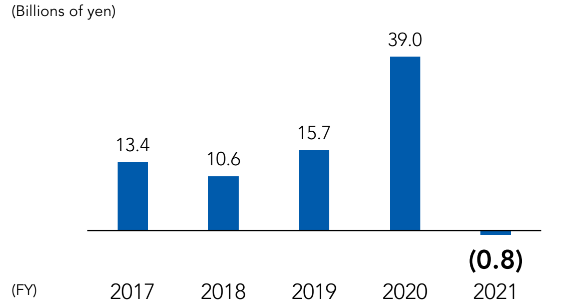
(Billions of yen)



* Excluding amortization of goodwill

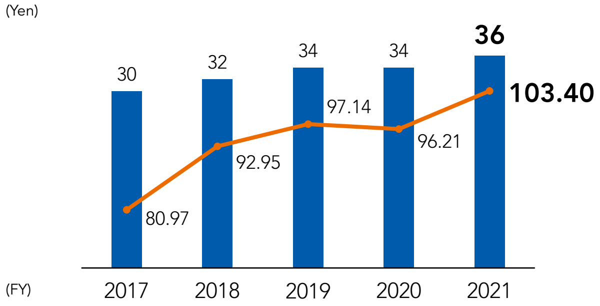
Free Cash Flow

(Billions of yen)



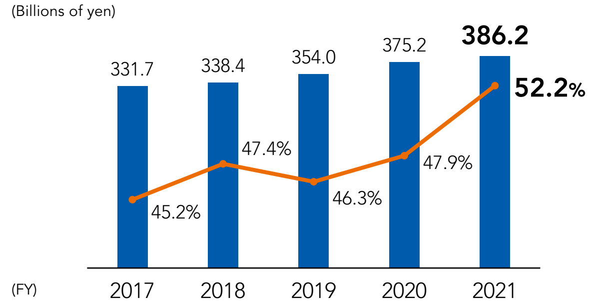
Cash Dividend per Share / Earnings per Share

(Yen)



Total Assets / Shareholders' Equity Ratio

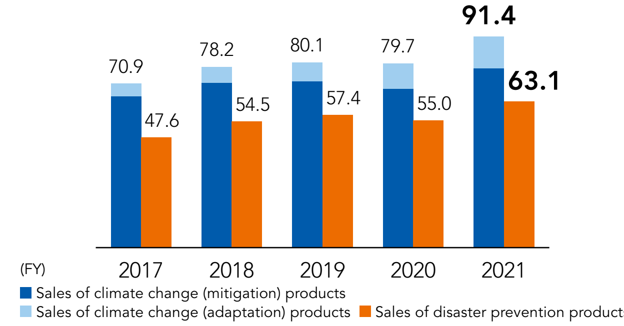
(Billions of yen)



Non-Financial Highlights

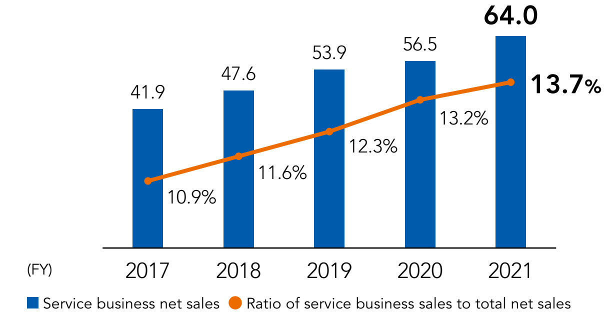
Sales of Climate Change Targeted (Mitigation, Adaptation) Products / Sales of Disaster Prevention Products (Consolidated)

(Billions of yen)

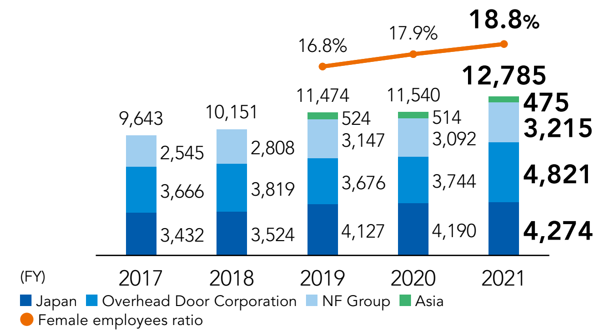


Service Business Net Sales / Ratio of Service Business Sales to Total Net Sales (Consolidated)

(Billions of yen)

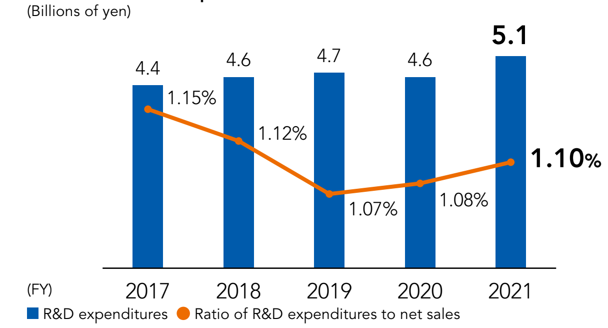


Number of Employees / Female Employees Ratio (Consolidated)

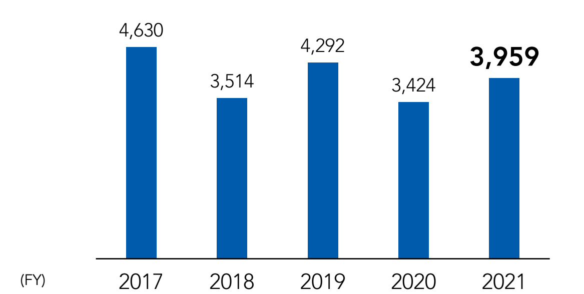


R&D Expenditures / Ratio of R&D Expenditures to Net Sales (Consolidated)

(Billions of yen)

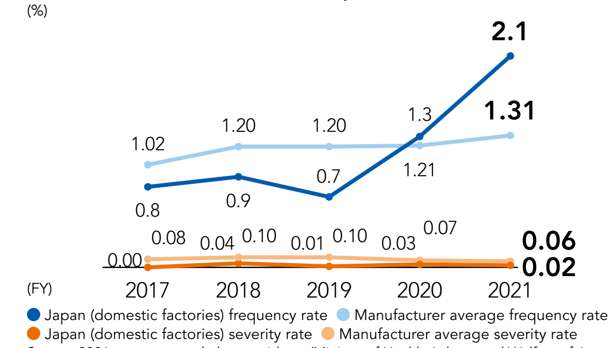


Number of Employees Who Have Received Training (Sanwa Shutter)



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

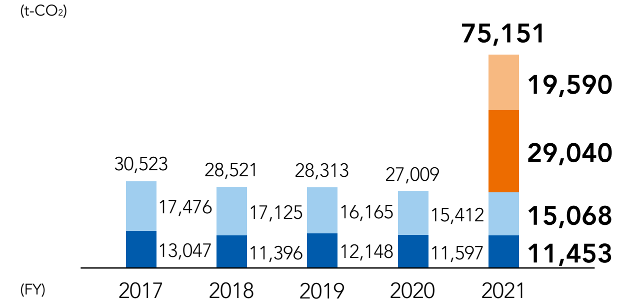
(%)



Source: 2021 survey on workplace accidents (Ministry of Health, Labour and Welfare of Japan)

CO_2 Emissions (Domestic and overseas)

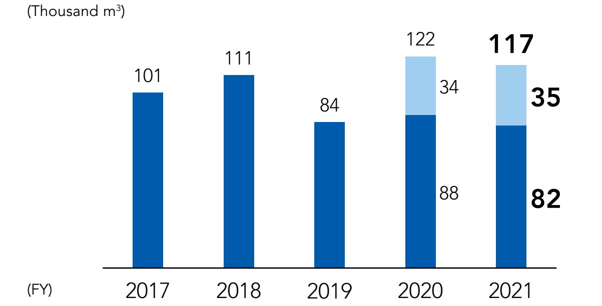
($t\text{-}CO_2$)



Note: From FY2021, CO_2 emissions from ODC head office and all factories, and NF Group head office and all factories were counted.

Amount of Water Intake (Sanwa Shutter Corporation)

(Thousand m³)



* Water intake from office activities disclosed from FY2020.

Latest ESG Data https://www.sanwa-hldgs.co.jp/english/csr/esg.html

12-Year Summary (As of March 31, 2022)

Sanwa Vision 2010 (FY2001–FY2012) Global development and growth in the 21st century, implementation of the PDCA cycle and enhancement of CSR activities

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

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)*
Operating Results (Millions of yen)												
Net sales	248,214	265,913	311,957	339,045	365,615	353,922	385,673	409,990	440,161	427,061	468,956	518,000
Overseas sales ratio (%)	41.0	39.3	41.7	43.8	44.7	44.4	46.1	46.4	45.4	45.9	49.6	52.3
Cost of sales	186,683	196,631	225,954	242,273	260,078	250,068	273,155	291,301	310,925	299,838	330,646	—
Gross profit	61,530	69,281	86,003	96,771	105,537	103,854	112,517	118,689	129,235	127,223	138,309	—
Operating profit	8,855	14,174	20,649	26,334	26,870	26,440	28,322	31,593	34,217	33,077	35,487	39,000
Ordinary profit	8,190	13,988	20,316	25,975	26,161	25,278	27,898	30,437	33,469	32,142	34,122	38,000
Profit attributable to owners of the parent company	3,297	7,181	10,161	12,857	14,627	17,070	18,280	20,910	21,647	21,251	22,842	25,000
Research and development expenses	2,456	2,440	3,149	3,505	3,868	3,999	4,422	4,611	4,728	4,641	5,143	—
Capital expenditures	2,897	4,293	7,116	7,727	8,127	8,096	11,383	12,367	8,419	8,770	9,281	14,100
Depreciation and amortization (excluding amortization of goodwill)	5,348	5,428	6,180	7,188	8,022	7,290	7,622	8,049	9,301	10,010	10,666	11,831
Cash Flows (Millions of yen)												
Cash flows from operating activities	5,453	14,855	19,728	22,304	24,378	23,670	26,532	24,271	32,301	50,144	20,526	—
Cash flows from investing activities	(9,253)	(5,313)	5,932	(27,080)	(15,641)	(8,006)	(13,172)	(13,677)	(16,622)	(11,177)	(21,353)	—
Cash flows from financing activities	312	(4,340)	3,876	10,625	(25,702)	(838)	(20,505)	(11,349)	(10,466)	(6,102)	(27,363)	—
Cash and cash equivalents (end of year)	16,825	22,275	52,307	58,605	41,516	56,290	49,263	47,977	54,618	87,795	61,397	—
Free cash flows	(3,800)	9,542	25,660	(4,776)	8,737	15,664	13,360	10,593	15,679	38,967	(827)	—
Financial Position (at Balance Sheet Date) (Millions of yen)												
Total assets	226,579	241,771	281,917	323,327	310,269	323,393	331,686	338,432	354,023	375,159	386,237	390,000
Interest–bearing debt	61,607	60,799	69,153	88,484	70,798	74,739	65,945	61,217	63,730	66,194	47,706	46,797
Net assets	85,522	97,134	113,956	126,748	130,334	139,905	151,121	161,603	165,633	181,387	203,311	203,703
Working capital	59,833	69,593	71,051	80,820	84,012	82,982	90,794	96,162	105,235	96,067	110,235	—
Financial Indicators												
Net profit per share (Yen)	13.7	29.9	42.4	54.1	63.1	74.6	81.0	93.0	97.1	96.2	103.4	113.2
Net assets per share (Yen)	355.37	404.57	474.63	541.49	565.64	607.16	667.09	713.50	742.90	814.10	912.70	—
Cash dividends per share (Yen)	8	10	13	16	23	25	30	32	34	34	36	45
Operating profit ratio (%)	3.6	5.3	6.6	7.8	7.3	7.5	7.3	7.7	7.8	7.7	7.6	7.5
R&D expenditures to net sales ratio (%)	1.0	0.9	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	—
Return on assets (%)	1.5	3.1	3.9	4.3	4.6	5.4	5.6	6.2	6.3	5.8	6.0	—
Return on equity (%)	3.8	7.9	9.6	10.7	11.4	12.7	12.7	13.5	13.3	12.4	12.0	12.4
ROIC (%)	4.9	7.7	10.6	12.6	12.2	12.2	12.8	15.0	15.4	15.5	15.9	16.1
SVA (Billions of yen)	(1.2)	1.9	5.4	7.8	8.2	8.1	9.0	12.7	14.0	13.6	14.8	16.4
Debt/equity ratio (Times)	0.72	0.63	0.61	0.70	0.54	0.53	0.44	0.38	0.38	0.36	0.23	0.23
Shareholders' equity ratio (%)	37.7	40.1	40.4	39.1	41.7	43.0	45.2	47.4	46.3	47.9	52.2	51.8
Liquidity ratio (Times)	1.6	1.7	1.6	1.7	1.8	1.8	1.7	1.7	1.9	1.8	1.8	—
Payout ratio (%)	58.3	33.4	30.7	29.6	36.5	33.5	37.1	34.4	35.0	35.3	34.8	39.8
Cash Conversion Cycle (CCC) (Days)	82.4	84.7	78.8	81.7	82.3	86.1	82.2	83.2	83.5	86.0	80.3	—

Notes: Working capital: accounts receivable + inventory – accounts payable
R&D expenditures to net sales ratio: R&D expenditures ÷ net sales × 100 (%)
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 & 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
* The forecasts for the consolidated financial results and dividend were revised at the time of announcement of the financial results for the three months ended June 30, 2022, as follows: FY2022 full year: net sales of ¥545.0 billion, operating profit of ¥45.0 billion, ordinary profit ¥42.0 billion, profit attributable to owners of the parent company of ¥28.0 billion, and an annual dividend of ¥50 per share

Consolidated Balance Sheets

Sanwa Holdings Corporation and Subsidiaries
As of March 31, 2022 and 2021

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars (Note 1) 2022
ASSETS			
Current assets:			
Cash and deposits (Note 3)	¥ 52,897	¥ 76,805	$ 433,582
Securities (Notes 3, 4, 10)	9,000	13,002	73,770
Notes and accounts receivable, trade (Note 10,18)	-	76,388	-
Notes and accounts receivable - trade, and contract assets (Note 10)	98,000	-	803,279
Electronically recorded monetary claims - operating (Note 10)	11,116	10,910	91,115
Inventories (Note 5)	63,678	60,755	521,951
Other current assets	5,123	4,598	41,992
Allowance for doubtful accounts	(2,335)	(1,858)	(19,139)
Total current assets	237,480	240,602	1,946,557
Non-current assets:			
Property, plant and equipment:			
Land	22,304	21,607	182,820
Buildings and structures	66,318	60,528	543,590
Machinery and equipment	84,376	77,926	691,607
Right-of-use assets	5,473	4,693	44,861
Construction in progress	4,296	3,885	35,213
	182,768	168,642	1,498,098
Less accumulated depreciation	(107,801)	(99,226)	(883,615)
Total property, plant and equipment	74,967	69,415	614,484
Intangible assets:			
Goodwill	10,789	4,913	88,434
Other intangible assets (Note 6)	18,783	15,862	153,959
Total intangible assets	29,573	20,776	242,402
Investments and other assets:			
Investments securities (Notes 4, 10)	28,756	28,976	235,705
Long-term loans receivable	509	676	4,172
Retirement benefit asset (Note 8)	7,776	7,756	63,738
Deferred income taxes (Note 15)	3,896	3,778	31,934
Other assets	3,841	3,739	31,484
Allowance for doubtful accounts	(564)	(563)	(4,623)
Total investments and other assets	44,215	44,364	362,418
Total non-current assets	148,756	134,556	1,219,311
Total assets	¥ 386,237	¥ 375,159	$ 3,165,877

The accompanying notes are an integral part of these statements.

	Millions of yen 2022	Millions of yen 2021	Thousands of U.S. dollars (Note 1) 2022
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowing (Notes 7, 10)	¥ 18,539	¥ 27,750	$ 151,959
Notes and accounts payable, trade (Note 10)	62,558	51,986	512,770
Accrued income taxes	5,243	6,243	42,975
Accrued expenses	27,213	26,047	223,057
Contract liabilities (Notes 18)	4,179	-	34,254
Other current liabilities	11,247	19,827	92,189
Total current liabilities	128,981	131,856	1,057,221
Non-current liabilities:			
Long-term borrowing (Notes 7, 10)	32,963	41,799	270,189
Retirement benefit liability (Note 8)	12,359	13,566	101,303
Deferred income taxes (Note 15)	5,663	3,700	46,418
Other long-term liabilities	2,956	2,847	24,230
Total long-term liabilities	53,943	61,915	442,156
Total liabilities	182,925	193,771	1,499,385
NET ASSETS (Note 12)			
Shareholders' equity			
Share capital:			
Authorized—550,000,000 shares at March 31, 2022 and 2021			
Issued—231,000,000 shares at March 31, 2022 and 2021	38,413	38,413	314,861
Capital surplus	39,732	39,902	325,672
Retained earnings	121,256	105,450	993,902
Treasury shares			
(10,063,915 shares at March 31, 2022 and 10,107,727 shares at March 31, 2021)	(9,947)	(9,990)	(81,533)
Total shareholders' equity	189,455	173,776	1,552,910
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	1,482	2,066	12,148
Deferred gains or losses on hedges	37	(8)	303
Foreign currency translation adjustments	11,342	5,130	92,967
Remeasurements of defined benefit plans	(668)	(1,137)	(5,475)
Total accumulated other comprehensive income	12,194	6,051	99,951
Share acquisition rights (Note 13)	285	279	2,336
Non-controlling interests	1,376	1,280	11,279
Total net assets	203,311	181,387	1,666,484
Total liabilities and net assets	¥ 386,237	¥ 375,159	$ 3,165,877

Consolidated Statements of Income

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Net sales	¥ 468,956	¥ 427,061	$ 3,843,902
Cost of sales (Note 14)	330,646	299,838	2,710,213
Gross profit	138,309	127,223	1,133,680
Selling, general and administrative expenses (Notes 13, 14)	102,822	94,146	842,803
Operating profit	35,487	33,077	290,877
Other income (expenses):			
Interest and dividend income	475	497	3,893
Interest expenses	(450)	(514)	(3,689)
Share of loss of entities accounted for using equity method	(218)	(429)	(1,787)
Other, net (Note 16)	(1,589)	(1,120)	(13,025)
Other income (expenses), net	(1,783)	(1,567)	(14,615)
Profit before income taxes	33,703	31,509	276,254
Income taxes (Note 15)			
Current	10,231	11,048	83,861
Deferred	445	(736)	3,648
Total income taxes	10,676	10,312	87,508
Profit	23,026	21,197	188,738
Profit (loss) attributable to non-controlling interests	183	(54)	1,500
Profit attributable to owners of parent	¥ 22,842	¥ 21,251	$ 187,230

	Yen		U.S. dollars (Note 1)
	2022	2021	2022
Per share: (Note 22)			
Net profit — Basic	¥ 103.40	¥ 96.21	$ 0.85
— Diluted	103.13	95.97	0.85
Cash dividends	36.00	34.00	0.30

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Profit	¥ 23,026	¥ 21,197	$ 188,738
Other comprehensive income (Note 17)			
Valuation difference on available-for-sale securities	(583)	1,971	(4,779)
Deferred gains or losses on hedges	46	(49)	377
Foreign currency translation adjustments	6,115	(1,411)	50,123
Remeasurements of defined benefit plans, net of tax	468	1,469	3,836
Share of other comprehensive income of entities accounted for using equity method	95	11	779
Total other comprehensive income (Note 17)	6,143	1,991	50,352
Comprehensive income	¥ 29,169	¥ 23,188	$ 239,090
Comprehensive income attributable to:			
Owners of the parent company	¥ 28,963	¥ 23,207	$ 237,402
Non-controlling interests	206	(18)	1,689

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen										
	Share capital	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2020	¥ 38,413	¥ 39,902	¥ 91,725	¥ (10,036)	¥ 94	¥ 41	¥ 6,531	¥ (2,607)	¥ 281	¥ 1,286	¥ 165,633
Changes during period											
Dividends of surplus			(7,509)								(7,509)
Profit attributable to owners of parent company			21,251								21,251
Purchase of treasury stock				(1)							(1)
Disposal of treasury stock			(17)	47							29
Net changes in items other than shareholders' equity					1,971	(49)	(1,400)	1,469	(2)	(6)	1,982
Total Changes during period			13,725	45	1,971	(49)	(1,400)	1,469	(2)	(6)	15,753
Balance at March 31, 2021	¥ 38,413	¥ 39,902	¥ 105,450	¥ (9,990)	¥ 2,066	¥ (8)	¥ 5,130	¥ (1,137)	¥ 279	¥ 1,280	¥ 181,387
Cumulative effects of changes in accounting policies			373								373
Restated balance	38,413	39,902	105,824	(9,990)	2,066	(8)	5,130	(1,137)	279	1,280	181,761
Changes during period											
Dividends of surplus			(7,511)								(7,511)
Profit attributable to owners of the parent company			22,842								22,842
Purchase of treasury stock				(1)							(1)
Disposal of treasury stock		2		44							47
Increase by merger			100								100
Change in ownership interest of parent due to transactions with non-controlling interests		(173)									(173)
Net changes during the year other than shareholders' equity					(583)	46	6,211	468	6	95	6,245
Total net changes during the year	-	(170)	15,432	42	(583)	46	6,211	468	6	95	21,550
Balance at March 31, 2022	¥ 38,413	¥ 39,732	¥ 121,256	¥ (9,947)	¥ 1,482	¥ 37	¥ 11,342	¥ (668)	¥ 285	¥ 1,376	¥ 203,311

	Thousands of U.S. dollars (Note 1)										
	Share capital	Capital surplus	Retained earnings	Treasury stock, at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at March 31, 2021	$ 314,861	$ 327,066	$ 864,344	$ (81,885)	$ 16,934	$ (66)	$ 42,049	$ (9,320)	$ 2,287	$ 10,492	$1,486,779
Cumulative effects of changes in accounting policies			3,057								3,057
Restated balance	314,861	327,066	867,410	(81,885)	16,934	(66)	42,049	(9,320)	2,287	10,492	1,489,844
Changes during period											
Dividends of surplus			(61,566)								(61,566)
Profit attributable to owners of the parent company			187,230								187,230
Purchase of treasury stock				(8)							(8)
Disposal of treasury stock		16		361							377
Increase by merger			820								820
Change in ownership interest of parent due to transactions with non-controlling interests		(1,418)									(1,418)
Net changes during the year other than shareholders' equity					(4,779)	377	50,910	3,836	49	779	51,189
Total net changes during the year	-	(1,393)	126,492	344	(4,779)	377	50,910	3,836	49	779	176,639
Balance at March 31, 2022	$ 314,861	$ 325,672	$ 993,902	$ (81,533)	$ 12,148	$ 303	$ 92,967	$ (5,475)	$ 2,336	$ 11,279	$1,666,484

Consolidated Statements of Cash Flows

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Cash flows from operating activities:			
Profit before income taxes	**¥ 33,703**	¥ 31,509	**$ 276,254**
Adjustments for:			
Depreciation and amortization	**10,666**	10,010	**87,426**
Amortization of goodwill	**2,285**	1,564	**18,730**
Impairment loss	**-**	283	**-**
Return of surcharge	**-**	(84)	**-**
Increase (decrease) in allowance for doubtful accounts	**313**	306	**2,566**
Increase (decrease) in provision for bonuses	**927**	188	**7,598**
Increase (decrease) in retirement benefit liability and asset	**(880)**	(650)	**(7,213)**
Interest and dividend income	**(475)**	(497)	**(3,893)**
Interest expenses	**450**	514	**3,689**
Share of loss (profit) of entities accounted for using equity method	**218**	429	**1,787**
(Increase) decrease in trade receivable	**(9,950)**	10,686	**(81,557)**
(Increase) decrease in inventories	**(12,922)**	513	**(105,918)**
Increase (decrease) in trade payable	**8,722**	(2,455)	**71,492**
Other, net	**(1,253)**	8,424	**(10,270)**
Subtotal	**31,806**	60,745	**260,705**
Interest and dividend income received	**491**	565	**4,025**
Interest expenses paid	**(486)**	(541)	**(3,984)**
Proceeds from refund of surcharge	**-**	84	**-**
Income taxes paid	**(11,285)**	(10,708)	**(92,500)**
Net cash provided by (used in) operating activities	**20,526**	50,144	**168,246**
Cash flows from investing activities:			
Purchase of short-term and long-term investment securities	**(3,340)**	(6,805)	**(27,377)**
Proceeds from sales of short-term and long-term investment	**4,133**	3,264	**33,877**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	**(13,772)**	-	**(112,885)**
Purchase of non-current assets	**(9,281)**	(8,770)	**(76,074)**
Loan advances	**(120)**	(318)	**(984)**
Proceeds from collections of loans receivable	**197**	1,336	**1,615**
Other, net	**831**	115	**6,811**
Net cash provided by (used in) investing activities	**(21,353)**	(11,177)	**(175,025)**
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	**1,864**	(188)	**15,279**
Proceeds from long-term borrowings	**618**	8,403	**5,066**
Repayments of long-term borrowings	**(1,299)**	(5,789)	**(10,648)**
Redemption of bonds	**(20,000)**	-	**(163,934)**
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	**(201)**	-	**(1,648)**
Net decrease (increase) in treasury shares	**45**	28	**369**
Dividends paid	**(7,511)**	(7,509)	**(61,566)**
Dividends paid to non-controlling interests	**(109)**	(79)	**(893)**
Other, net	**(770)**	(967)	**(6,311)**
Net cash provided by (used in) financing activities	**(27,363)**	(6,102)	**(224,287)**
Effect of exchange rate changes on cash and cash equivalents	**1,700**	(572)	**13,934**
Net increase (decrease) in cash and cash equivalents	**(26,491)**	32,292	**(217,139)**
Cash and cash equivalents at beginning of period	**87,795**	54,618	**719,631**
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	**-**	885	**-**
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	**92**	-	**754**
Cash and cash equivalents at end of period (Note 3)	**¥ 61,397**	¥ 87,795	**$ 503,254**

The accompanying notes are an integral part of these statements.

1. Basis of Presenting Consolidated Financial Statements

Sanwa Holdings Corporation (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Corporate Act and the Financial Instruments and Exchange Law and in accordance with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The accounts and records of the Company's overseas subsidiaries have been prepared in accordance with mainly either International Financial Reporting Standards or US GAAP for the Company's consolidation process, except for certain items which are required to be adjusted in the consolidation process.

Amounts less than one million yen and one thousand U.S. dollars are rounded down, Therefore, total or subtotal amounts may not correspond with the aggregation of such account balances.

The accompanying consolidated financial statements are prepared based on the consolidated financial statements of the Company and its subsidiaries (the "Group"), which were filed with the Director of Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Law.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2022, which was ¥122 to US$1.00.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

At March 31, 2022, the Company had 102 subsidiaries and 11 affiliates.

The scope of consolidation for the fiscal year ended March 31, 2022 (FY2021) includes Sanwa Holdings Corporation and its 67 consolidated subsidiaries. Equity method accounting is applied to investments in 2 non-consolidated subsidiaries and 1 affiliate at March 31, 2022 (FY2021).

In the fiscal year ended March 31, 2022, Won-Door Corporation, Manugestion S.A.S., and three companies were included in the scope of consolidation due to stock acquisition. Robust AB and Skogstorpa Fastigheter AB were excluded from the scope of consolidation because they were dissolved in an absorption-type merger, with Robust Staldörrar AB as the surviving company. Robust Staldörrar AB changed its name to Robust AB.

(b) Foreign Currency Translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the respective fiscal year-end and revenue and expense accounts are translated into Japanese yen at average exchange rates during the fiscal year.

Shareholders' equity accounts of foreign subsidiaries and affiliates are translated at historical rates. The resulting translation differences are debited or credited to the foreign currency translation adjustment or to non-controlling interests in shareholders' equity.

(c) Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

(d) Short-term Investments and Investments in Securities

The Group adopted the Accounting Standards for Financial Instruments issued by the Business Accounting Deliberation Council. In accordance with these standards, securities are classified into four categories: trading securities, held-to-maturity debt securities, equity investments in associates, and other securities. Based on this classification, securities with a maturity of less than one year are included in "Short-term investments" as current assets.

Securities held by the Group are all classified as other securities. Marketable securities classified as other securities are carried at fair value with the unrealized gain and loss, net of applicable tax, reported in a separate component of shareholders' equity. Non-marketable securities classified as other securities are carried at cost determined by the moving average method. Realized gain and loss and declines in value judged to be other than temporary on other securities are charged to income.

(e) Inventories

Inventories of the domestic consolidated companies are valued at cost, determined by the gross average method (Carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability). The costs of inventories held by foreign consolidated subsidiaries are stated at the lower of cost or market value by the first-in, first-out method or the moving average method.

(f) Property, Plant and Equipment (Excluding Lease Assets)
Property, plant and equipment is stated at cost. Depreciation is computed by the declining-balance method over the estimated useful lives of assets, except that the straight-line method is applied to buildings (other than fixtures attached to the buildings) acquired subsequent to April 1, 1998 and fixtures attached to the buildings and structures acquired subsequent to April 1, 2016. The consolidated subsidiaries outside of Japan adopt the straight-line method for depreciation.

Costs of maintenance, repairs and minor renewals are charged to income in the year incurred, although major renewals and improvements are capitalized.

(g) Amortization of Goodwill
Amortization of goodwill is determined on a case by case basis and is generally amortized over a period not exceeding 20 years.

(h) Leased Assets
Leased assets related to finance lease transactions that do not transfer ownership rights are amortized under the straight-line method based on the lease term as the useful life with residual value of zero.

(i) Accounting Method for Retirement Benefits
The Group recognizes pension and severance costs for employees based on the estimates of the pension obligations and the plan assets at the balance sheet date. The benefit formula basis is applied as the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation.

Actuarial differences are amortized principally over a 10-year period, which is within the average remaining service period of employees, using the straight-line method from the fiscal year when the difference was generated. Prior service cost of the domestic consolidated companies is amortized when the prior services cost is generated.

Prior service cost of certain foreign subsidiaries is amortized over a 10-year period.

Certain consolidated subsidiaries have calculated their retirement benefit obligation and retirement benefit expenses based on the amount which would be payable at the year-end if all eligible employees terminated their services voluntarily (the “Simplified Method”).

(j) Revenue Recognition
The Group’s principal businesses are the manufacture and sale of rolling shutters, shutter-related products, door products for buildings, partitions, stainless steel products, store front products, window products, residential door products, exterior products, residential garage door products, automatic door products, industrial sectional door products, and operator for garage doors and other doors, as well as the maintenance and service business for these products, etc.
The Group mainly enters into construction contracts with customers, and considers that control is completely transferred and performance obligations are satisfied at the point in time when those construction works or products are delivered.
For the construction contracts involving construction work, when the outcome of a performance obligation to be satisfied over a certain period can be reasonably measured, revenue is recognized according to the ratio of the actual costs to the estimated total costs (the input method), except for projects involving a very short construction period.
For cases in which the outcome of a performance obligation cannot be reasonably measured, revenue is recognized only to the extent of the incurred costs. If a performance obligation is satisfied at a certain point in time, revenue is recognized when the construction work is completed.
Further, when the contract amount is not timely fixed, the contract amount is estimated as a variable consideration before the contract amount is fixed, and revenue is recognized only to the extent that it is probable that there will be no material reversal of the accumulated revenue that is recognized when the contract amount is fixed. These considerations are invoiced on a piece-rate basis after fulfillment of the performance obligation and paid generally within three months. The amounts of considerations do not contain a significant financing component.

(k) Research and Development Expense and Software
Research and development expenses are charged to income when incurred.

Expenditure relating to software developed for internal use is charged to income when incurred, except if it contributes to the generation of income or to the future cost savings. Such expenditures capitalized as assets are amortized using the straight-line method over their estimated useful lives of five years.

(l) Income Taxes
The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. Deferred income taxes are recorded to reflect the expected future tax consequence of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(m) Net Income per Share
The computation of basic net income (loss) per share is based on the weighted-average number of shares of common stock outstanding. The average number of shares used in the computation was 220,922 thousand and 220,881 thousand for the fiscal years ended March 31, 2022 and 2021, respectively.

Cash dividends per share shown in the consolidated statements of operations are the amounts applicable to the respective years.

(n) Derivative and Hedging Activities
The Group utilizes derivative transactions related to foreign currency exchange rates in order to reduce their risk exposure arising from fluctuations in these rates and prices, to reduce the cost of the funds financed and to improve their return on invested funds.

Derivative transactions currently utilized by the Group include forward exchange contracts and currency swap contracts.

Net assets or liabilities arising from derivative transactions are measured at fair value, with unrealized gain or loss included in earnings. Hedging transactions, which meet the criteria of hedge accounting, are accounted for using deferral hedge accounting that requires the unrealized gain or loss to be deferred as a liability or asset until gain or loss relating to the hedge object is recognized.

In addition, certain forward exchange contracts are accounted for using the allocation method which are regulated in the standard. The allocation method requires recognized foreign currency receivables or payables covered by forward exchange contracts to be translated at such contract rates.

The Group has established a control environment, which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of derivative transactions. The Group does not engage in derivative transactions for trading purposes. The Group is exposed to certain market risks arising from derivative transactions. The Group is also exposed to the risk of credit loss in the event of non-performance by the counterparties to those transactions. However, the Group does not anticipate non-performance by any of these counterparties, all of whom are financial institutions with high credit ratings.

The Group evaluates hedge effectiveness by comparing the cumulative changes in cash flows or the changes in fair value of the hedged items with the corresponding changes in the hedging derivative instruments.

The assessment of hedging effectiveness regarding forward exchange contracts, which are accounted for under the above allocation method and special method, is omitted.

(o) Other Significant Matters for Preparation of Consolidated Financial Statements
Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

The Company and its consolidated domestic subsidiaries will transition from the Consolidated Taxation System to the Group Tax Sharing System from the next fiscal year. However, for the items subjected to the transition to the group tax sharing system established under the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020), as well as the items reviewed under the non-consolidated taxation system in conjunction with the transition to the group tax sharing system, the Company and its consolidated domestic subsidiaries will not apply the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment under Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities will be calculated based on the provisions of the Income Tax Act before the revision.

From the beginning of the next fiscal year, the Company and its consolidated domestic subsidiaries plan to apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No.42, August 12, 2021), which provides for accounting treatment and disclosure of income taxes, local income taxes, and tax effect accounting when the Group Tax Sharing System is applied.

(p) Changes in Accounting Policies
Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the fiscal year ended March 31, 2022, and has recognized revenue at the amount expected to be received in exchange for promised goods or services at the time the control of such goods or services is transferred to the customer. The Company and its consolidated subsidiaries in Japan had previously adopted the percentage-of-completion method for construction contracts involving construction work for which the outcome of the progress of such construction projects by the end of the current fiscal year can be reliably recognized (the progress of construction work is estimated by the cost-to-cost method), and the completed-contract method for other construction projects. However, as a result of application of the Revenue Recognition Accounting Standard, when the outcome of a performance obligation to be satisfied over a certain period can be reasonably measured, revenue is recognized according to the ratio of the actual costs to the estimated total costs (the input method), except for projects involving a very short construction period. For cases in which the outcome of a performance obligation cannot be reasonably measured, revenue is recognized only to the extent of the incurred costs. Further, if a performance obligation is satisfied at a certain point in time, revenue is recognized when the construction work is completed.

The Company applies the Revenue Recognition Accounting Standard, etc. in accordance with the transitional treatment provided for in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, the cumulative effect of the retrospective application, in the case in which the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, is added to or deducted from the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022, and the new accounting policy is applied from the balance at the beginning of the period. However, the new accounting policy is not retrospectively applied to contracts for which essentially all of the amount of revenue had been recognized in accordance with the previous treatment in periods prior to the beginning of the fiscal year ended March 31, 2022, by applying the method provided for in paragraph 86 of the Revenue Recognition Accounting Standard. In addition, the Company has applied the method provided for in (1) of the second part of paragraph 86 of the Revenue Recognition Accounting Standard. Accordingly, contract modifications made prior to the beginning of the fiscal year ended March 31, 2022 are accounted for based on the contract terms after reflecting all modifications, and the cumulative effect of such modifications is added to or deducted from the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022.

In the consolidated balance sheets for the previous fiscal year, "Notes and accounts receivable - trade," which was presented under "Current assets" in the previous fiscal year, is included in "Notes and accounts receivable - trade" and "Contract assets" from the current fiscal year. Similarly, "Other," which was presented in "Current liabilities" is included in "Contract liabilities" and "Other" from the current fiscal year. However, in accordance with the transitional treatment provided for in paragraph 89-2 of the Revenue Recognition Accounting Standard, financial statements for the previous fiscal year have not been reclassified based on the new presentation method.

Consequently, application of the Revenue Recognition Accounting Standard resulted in the following changes to the consolidated balance sheet for the current fiscal year: Contract assets increased by ¥7,998 million, Merchandise and finished goods increased by ¥203 million, Work in process decreased by ¥15,832 million, Contract liabilities increased by ¥4,179 million, and Other decreased by ¥8,290 million. Similarly, the following changes occurred in the consolidated statements of income for the current fiscal year: Net sales decreased by ¥1,074 million, Cost of sales and Selling, general and administrative expenses decreased by ¥711 million, and Operating profit, Ordinary profit, and Profit before income taxes each decreased by ¥363 million.

The cumulative effect reflected in net assets at the beginning of the current fiscal year resulted in the balance of retained earnings at the beginning of the period increasing by ¥373 million in the consolidated statements of changes in net assets.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued on July 4, 2019; hereinafter, the “Fair Value Measurement Accounting Standard”), etc. from the beginning of the fiscal year ended March 31, 2022. Accordingly, new accounting policies provided for in the Fair Value Measurement Accounting Standard will continue to be applied, in accordance with the transitional treatment provided for in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10, issued on July 4, 2019). The application of these standards does not affect the consolidated financial statements.

(q) Reclassifications

Certain reclassifications of the financial statements for the fiscal year ended March 31, 2021 have been made to conform to the presentation for the fiscal year ended March 31, 2022.

(r) Accounting Standards Issued but Not Yet Effective

1. The Company and its consolidated domestic subsidiaries

・Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) Overview
The guidance provides the treatment of the fair value measurement of and notes on investment trusts and the treatment of notes on the fair value of investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the consolidated balance sheets.

(2) Planned Date of Application
To be applied from the beginning of the fiscal year ending March 31, 2023

(3) Effect of the Application of the Accounting Standard
The amount of the effect was under review when the consolidated financial statements were prepared.

2. Consolidated overseas subsidiaries

・Leases (Topic 842 of the U.S. Financial Accounting Standards Board’s Accounting Standards Codification)

(1) Overview
The accounting standard requires the lessee, in principle, to record all leases as assets and liabilities on the balance sheets.
There are no significant changes in the accounting treatment of lessors.

(2) Planned Date of Application
To be applied from the beginning of the fiscal year ending March 31, 2023

(3) Effect of the Application of the Accounting Standard
The amount of the effect was under review when the consolidated financial statements were prepared.

3. Cash and Deposits

The balances of cash and deposits reflected in the accompanying consolidated balance sheets at March 31, 2022 and 2021 were reconciled to the balances of cash and cash equivalents in the accompanying consolidated statements of cash flows for the years ended March 31, 2022 and 2021 as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash and deposits	**¥ 52,897**	¥ 76,805	**$ 433,582**
Securities	**9,000**	13,002	**73,770**
Time deposits with maturities of more than three months	**-**	(10)	**-**
Debt securities with maturities of more than three months	**(500)**	(2,002)	**(4,098)**
Cash and cash equivalents at end of period	**¥ 61,397**	¥ 87,795	**$ 503,254**

4. Short-term Investments, Investments in Securities and Investments in Non-consolidated Subsidiaries and Affiliates

At March 31, 2022 and 2021, other securities, which are included in short-term investments and investment in securities, were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2022			2021			2022		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:									
Equity securities	¥ 5,835	¥ 3,294	¥ 2,541	¥ 10,982	¥ 7,623	¥ 3,359	$ 47,828	$ 27,000	$ 20,828
Bonds and debentures	6,397	6,378	18	7,077	7,056	21	52,434	52,279	148
Other	1,500	1,500	0	6,000	6,000	0	12,295	12,295	0
Subtotal	¥ 13,732	¥ 11,172	¥ 2,559	¥ 24,061	¥ 20,680	¥ 3,381	$ 112,557	$ 91,574	$ 20,975
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	¥ 5,816	¥ 6,104	¥ (288)	¥ 1,630	¥ 1,865	¥ (235)	$ 47,672	$ 50,033	$ (2,361)
Bonds and debentures	3,566	3,615	(48)	5,420	5,449	(29)	29,230	29,631	(393)
Other	7,946	8,000	(53)	5,891	6,000	(108)	65,131	65,574	(434)
Subtotal	¥ 17,329	¥ 17,719	¥ (390)	¥ 12,941	¥ 13,315	¥ (373)	$ 142,041	$ 145,238	$ (3,197)
Total	¥ 31,061	¥ 28,892	¥ 2,169	¥ 37,003	¥ 33,995	¥ 3,007	$ 254,598	$ 236,820	$ 17,779

Information regarding sales of other securities for the years ended March 31, 2022 and 2021 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Proceeds from sales	¥ 51,133	¥ 36,222	$ 419,123
Gross realized gain	24	41	197

The Group has recognized loss on impairment of marketable securities classified as other securities in the amount of ¥40 million for the year ended March 31, 2021.
Impairment loss is recorded for the securities whose market value declines by 50% or more as compared with their acquisition costs.

5. Inventories

Inventories at March 31, 2022 and 2021 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Finished goods	¥ 17,571	¥ 9,119	$ 144,025
Work in process	11,549	25,444	94,664
Raw materials and supplies	34,557	26,192	283,254
	¥ 63,678	¥ 60,755	$ 521,951

6. Other Intangible Assets

Other intangible assets at March 31, 2022 and 2021 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Trademark	¥ 5,520	¥ 4,775	$ 45,246
Software	7,795	7,438	63,893
Other	5,466	3,648	44,803
	¥ 18,783	¥ 15,862	$ 153,959

7. Short-term borrowing, Long-term borrowing and Lease Obligations

Short-term borrowing, long-term borrowing and lease obligations at March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Short-term borrowing (unsecured)	¥ 8,190	¥ 6,004	$ 67,131
Current portion of long-term borrowing	9,550	1,050	78,279
0.494% unsecured bonds, due 2022	-	20,000	-
Current portion of lease obligations	798	696	6,541
Short-term borrowing	¥ 18,539	¥ 27,750	$ 151,959
0.370% unsecured bonds, due 2026	10,000	10,000	81,967
0.290% unsecured bonds, due 2029	10,000	10,000	81,967
Unsecured loans from banks and other financial institutions maturing 2023-2028 with average interest rate from 0.25% to 2.70%	19,516	20,190	159,967
Lease obligations	3,795	3,356	31,107
Long-term borrowing	¥ 43,312	¥ 43,546	$ 355,016
Less, current portion	(10,348)	(1,746)	(84,820)
Long-term borrowing	¥ 32,963	¥ 41,799	$ 270,189

Aggregate annual maturities of long-term borrowing and lease obligations at March 31, 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars	
Years ending March 31	Long-term borrowing	Lease obligations	Long-term borrowing	Lease obligations
2024	¥ 7,888	¥ 613	$ 64,656	$ 5,025
2025	475	452	3,893	3,705
2026 and thereafter	21,603	1,931	177,074	15,828
	¥ 29,966	¥ 2,996	$ 245,623	$ 24,557

8. Retirement and Severance Benefits

The Company and its consolidated subsidiaries have funded and unfunded defined benefit pension plans and defined contribution pension plans to provide for the retirement of employees. The defined benefit pension plans are paid either in a lump sum or as a pension based on the employee's salary and years of service. In the lump-sum payment plans, a lump sum is paid as a retirement benefit based on salary and years of service.

For the defined benefit pension plans and lump-sum payment plans of certain consolidated subsidiaries, the simplified accounting method is used to calculate net defined benefit liability and retirement benefit expense.

Information on retirement benefits for the fiscal years ended March 31, 2022 and 2021 was as follows:

1. Defined Benefit Pension Plan

(1) Changes in Retirement Benefit Obligations (excludes application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Beginning balance of retirement benefit obligations	¥ 42,401	¥ 43,255	$ 347,549
Increase due to new consolidation	96	-	787
Service cost	1,406	1,551	11,525
Interest cost	327	393	2,680
Actual differences arising during the year	(539)	558	(4,418)
Retirement benefits paid	(2,874)	(2,897)	(23,557)
Other	1,272	(458)	10,426
Ending balance of retirement benefit obligations	¥ 42,090	¥ 42,401	$ 345,000

(2) Changes in Plan Assets (excludes application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Beginning balance of plan assets	¥ 37,498	¥ 36,042	$ 307,361
Expected return on plan assets	1,114	1,041	9,131
Actual differences arising during the year	(157)	1,993	(1,287)
Contribution made by the Company and consolidated subsidiaries	800	972	6,557
Retirement benefits paid	(2,048)	(2,079)	(16,787)
Other	1,219	(470)	9,992
Ending balance of plan assets	¥ 38,426	¥ 37,498	$ 314,967

(3) Changes in Net Defined Benefit Liability (only application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Beginning net defined benefit liability	¥ 906	¥ 853	$ 7,426
Retirement benefits expense	162	172	1,328
Retirement benefits paid	(91)	(57)	(746)
Contribution to plan	(43)	(42)	(352)
Other	(13)	(19)	(107)
Ending net defined benefit liability	¥ 920	¥ 906	$ 7,541

(4) Reconciliation of Retirement Benefit Obligations and Plan Assets with Net Defined Benefit Liabilities and Assets on the Consolidated Balance Sheets (includes application of simplified accounting method)

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Funded retirement benefit obligations	¥ 36,608	¥ 36,530	$ 300,066
Plan assets	(39,022)	(38,071)	(319,852)
	(2,414)	(1,540)	(19,787)
Unfunded retirement benefit obligations	6,998	7,351	57,361
Net amount of liability and asset on consolidated balance sheets	4,583	5,810	37,566
Net defined benefit liability	12,359	13,566	101,303
Net defined benefit asset	(7,776)	(7,756)	(63,738)
Net amount of liability and asset on consolidated balance sheets	¥ 4,583	¥ 5,810	$ 37,566

(5) Retirement Benefit Expenses

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Service cost	¥ 1,406	¥ 1,551	$ 11,525
Interest cost	327	393	2,680
Expected return on plan assets	(1,114)	(1,041)	(9,131)
Amortization of actuarial differences	378	591	3,098
Retirement benefit expenses using the simplified method	162	172	1,328
Retirement benefit expenses for defined benefit pension plans	¥ 1,159	¥ 1,667	$ 9,500

(6) Remeasurements of Defined Benefit Plans
Breakdown of remeasurements of defined benefit plans (before deduction of tax effects)

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Actuarial differences	¥ 597	¥ 2,082	$ 4,893
Total	¥ 597	¥ 2,082	$ 4,893

(7) Accumulated Remeasurements of Defined Benefit Plans
Breakdown of accumulated remeasurements of defined benefit plans (before deduction of tax effects)

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Unrecognized actuarial differences	¥ (913)	¥ (1,511)	$ (7,484)
Total	¥ (913)	¥ (1,511)	$ (7,484)

(8) Plan Assets

a. Breakdown of pension assets

	2022	2021
Bonds	**48%**	47%
Stocks	**29%**	31%
Cash and deposits	**0%**	0%
General life insurance accounts	**17%**	17%
Other	**6%**	5%
Total	**100%**	100%

b. Determination of long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined by considering the current and expected allocation of plan assets and the current and expected long-term rates of return in the future for the various components of the plan assets.

(9) Basic Assumptions for Calculating Retirement Benefit Obligations

	2022	2021
Discount rate	**0.0%–2.5%**	(0.1%)–3.2%
Expected rate of return on plan assets	**0.3%–5.8%**	0.2%–5.8%
Expected rate of increase in compensation level	**1.5%–6.1%**	1.5%–6.1%

2. Defined Contribution Pension Plans

Contributions to defined contribution pension plan

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Contributions to defined contribution pension plan	**¥ 1,110**	¥ 1,022	**$ 9,098**

9. Leases

The amounts of outstanding future lease payments due in respect of operating lease contracts as March 31, 2022 and 2021 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Within 1 year	**¥ 1,454**	¥ 1,120	**$ 11,918**
Over 1 year	**4,184**	2,357	**34,295**
	¥ 5,638	¥ 3,477	**$ 46,213**

10. Financial Instruments

1. Status of Financial Instruments

(1) Policy for financial instruments

In light of plans for financing, the Group raises the funds it requires through bank loans and bond issuance.

The Group manages temporary fund surpluses through financial assets that have high levels of safety. The Group reduces customer credit risk by applying internal policies for managing credit risk. Long-term borrowing and bonds are taken out principally for the purpose of capital expenditure and acquisitions.

The Group limits the use of derivatives to the volume of long-term borrowing and bonds and actual requirements based on established internal control rules, and does not engage in speculative transactions.

(2) Types of financial instruments and related risk

Trade receivables - notes receivable and accounts receivable - electronically recorded monetary claims - are exposed to credit risk in relation to customers.

The Group holds securities and investments in securities, which are mainly issued by companies who have business relationships with the Group, and these securities are exposed to the risk of fluctuation in market prices.

Trade payables - notes payable and accounts payable - mostly have payment due dates within one year.

Bank loans and bonds are taken out principally for the purpose of working capital, capital expenditure and acquisitions, which are exposed to liquidity risk and interest-rate risk.

Currency swap is almost always used as a hedge as a type of derivative transaction.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies for managing credit risk of the Group, the Group monitors creditworthiness of its main customers periodically, and monitors due dates and outstanding balances by customer.

To minimize credit risk when entering into derivative transactions, counterparties are limited to financial institutions with high ratings.

(b) Monitoring of market risks

Derivatives mainly include currency swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables.

Investments in securities, primarily the equity securities of corporations with which the Group does business, are exposed to the risk of fluctuations in market price. The Group manages this risk by periodically examining market prices and the financial condition of the issuing entities.

The Group executes and manages derivative transactions within the limits of established internal rules and regulations, and reduces credit risk by limiting counterparties to highly creditworthy financial institutions.

(c) Monitoring of liquidity risk for financing (the risk that the Companies may not be able to meet obligations on the scheduled due dates)

The Group manages the liquidity risk mainly through the cash-flow plans, which are prepared by the financial department.

In order to achieve more efficient and flexible financing, the Group contracts line-of-credit agreements with certain financial institutions.

(4) Supplementary explanation of items relating to the market value of financial instruments

The Group calculates the fair value of financial instruments based on market prices.

These estimates include variable factors, and are subject to fluctuation due to change in the underlying assumptions. The contract amounts of derivatives are not an indicator of the market risk associated with derivative transactions.

2. Fair Value of Financial Instruments

Amounts recognized in the consolidated balance sheets, fair values and the differences between them on March 31, 2022 and 2021 were as shown below.

Millions of yen

	2022		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	88,473	88,473	-
(2) Electronically recorded monetary claims	11,116	11,116	-
(3) Securities and investments in securities	31,061	31,061	-
Total assets	¥ 130,651	¥ 130,651	¥ -
(1) Notes and accounts payable, trade	(62,558)	(62,558)	-
(2) Short-term borrowing	(17,740)	(17,753)	(13)
(3) Long-term borrowing	(29,966)	(29,722)	244
Total liabilities	¥ (110,265)	¥ (110,034)	¥ 230
(4) Derivative transaction	¥ (2,467)	¥ (2,467)	¥ -

Millions of yen

	2021		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	76,388	76,388	-
(2) Electronically recorded monetary claims	10,910	10,910	-
(3) Securities and investments in securities	37,003	37,003	-
Total assets	¥ 124,302	¥ 124,302	¥ -
(1) Notes and accounts payable, trade	(51,986)	(51,986)	-
(2) Short-term borrowing	(27,054)	(27,116)	(62)
(3) Long-term borrowing	(39,140)	(39,046)	93
Total liabilities	¥ (118,180)	¥ (118,149)	¥ 30
(4) Derivative transactions	(¥1,564)	(¥1,564)	¥ -

Note 1:

(*1) "Cash and deposits" are omitted, because they comprise cash, and deposits are short-term instruments whose fair value approximates their book value. In addition, "notes and accounts receivable – trade, and contract assets," which is collectively presented in the consolidated balance sheets, represents the amount of notes and accounts receivable - trade, which are financial assets, excluding contract assets.

(*2) Shares, etc. that do not have a market price are not included in "(3) Securities and investment securities." The amounts of these financial instruments on the consolidated balance sheets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
	Book value		Book value
Investments in non-consolidated subsidiaries and affiliates	¥ 6,118	¥ 4,487	$ 50,148
Other securities Unlisted equity securities	576	489	4,721

(*3) Items recorded as liabilities are shown in parentheses.

(*4) Receivables and payables arising from derivative transactions are shown in net amounts, and items that are net liabilities in total are shown in parentheses.

Thousands of U.S. dollars

	2022		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	725,189	725,189	-
(2) Electronically recorded monetary claims	91,115	91,115	-
(3) Securities and investments in securities	254,598	254,598	-
Total assets	$ 1,070,910	$ 1,070,910	$ -
(1) Notes and accounts payable, trade	(512,770)	(512,770)	-
(2) Short-term borrowing	(145,410)	(145,516)	(107)
(3) Long-term borrowing	(245,623)	(243,623)	2,000
Total liabilities	$ (903,811)	$ (901,918)	$ 1,885
(4) Derivative transaction	$ (20,221)	$ (20,221)	$ -

Note 2: Planned redemption amounts after the balance sheet date for monetary assets and investment securities with monetary assets and maturity dates

Millions of yen

	2022		2021	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Cash and deposits	¥ 52,897	-	¥ 76,805	-
Notes and accounts receivable, trade	88,473	-	76,388	-
Electronically recorded monetary claims	11,116	-	10,910	-
Securities and investments in securities				
Other securities (Bonds)	500	9,463	2,000	10,506
Other securities (Others)	8,500	946	11,000	1,000
Total	¥ 161,487	¥ 10,410	¥ 177,104	¥ 11,506

Thousands of U.S. dollars

	2022	
	Within 1 year	Over 1 year
Cash and deposits	$ 433,582	-
Notes and accounts receivable, trade	725,189	-
Electronically recorded monetary claims	91,115	-
Securities and investments in securities		
Other securities (Bonds)	4,098	77,566
Other securities (Others)	69,672	7,754
Total	$ 1,323,664	$ 85,328

For information in respect to the redemption schedule of bonds and long-term loans, please refer to Note 7. "Short-term borrowing, Long-term borrowing and Lease Obligations" in the notes to the consolidated financial statements.

3. Matters regarding the breakdown of financial instruments by each fair value level

The fair value of financial instruments is categorized into the following three levels, in accordance with the observability and materiality of the inputs used to measure fair value.

Level 1: Fair value measured using the (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Fair value measured using inputs that are directly or indirectly observable, other than Level 1 inputs.

Level 3: Fair value measured using significant inputs that cannot be observed.

If multiple inputs are used that have material impacts on the fair value measurement, the fair value is categorized at the level with the lowest priority in the fair value measurement, among the levels to which these inputs belong.

(1) Financial instruments with the carrying amounts recorded using fair value

Millions of yen

	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Equity securities	11,651	-	-	11,651
Bonds	-	9,963	-	9,963
Total assets	¥ 11,651	¥ 9,963	¥ -	¥ 21,615
Derivative transaction				
Currency contracts	-	(2,522)	-	(2,522)
Total liabilities	¥ -	¥ (2,522)	¥ -	¥ (2,522)

Thousands of U.S. dollars

	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Equity securities	95,500	-	-	95,500
Bonds	-	81,664	-	81,664
Total assets	$ 95,500	$ 81,664	$ -	$ 177,172
Derivative transaction				
Currency contracts	-	(20,672)	-	(20,672)
Total liabilities	$ -	$ (20,672)	$ -	$ (20,672)

Note (*1) Investment trusts, etc. to which the transitional treatments provided in Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) are applied are not included above. The amount of these investment trusts, etc. on the consolidated balance sheet is ¥9,446 million ($77,426 thousand).

(2) Financial instruments other than those with the carrying amounts recorded using fair value

Millions of yen

	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	-	88,473	-	88,743
Electronically recorded monetary claims	-	11,116	-	11,116
Derivative transaction				
Currency contracts	-	54	-	54
Total assets	¥ -	¥ 99,644	¥ -	¥ 99,644
Notes and accounts payable, trade	-	(62,558)	-	(62,558)
Short-term borrowing	-	(17,753)	-	(17,753)
Long-term borrowing	-	(29,722)	-	(29,722)
Total liabilities	¥ -	¥ (110,034)	¥ -	¥ (110,034)

Thousands of U.S. dollars

	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	-	725,189	-	727,402
Electronically recorded monetary claims	-	91,115	-	91,115
Derivative transaction				
Currency contracts	-	443	-	443
Total assets	$ -	$ 816,754	$ -	$ 816,754
Notes and accounts payable, trade	-	(512,770)	-	(512,770)
Short-term borrowing	-	(145,516)	-	(145,516)
Long-term borrowing	-	(243,623)	-	(243,623)
Total liabilities	$ -	$ (901,918)	$ -	$ (901,918)

Note: Description of the valuation methods and inputs used in the fair value measurement

Securities and investments in securities

Listed shares and bonds, etc. are valued using the market prices. As listed shares are traded in active markets, their fair value is categorized as Level 1 fair value. On the other hand, the fair value of securities, etc. held by the Company is categorized as Level 2 fair value because their quoted prices are obtained from the third party, they are not traded frequently in public markets, and they are not considered to have the market prices in active markets.

Notes and accounts receivable, trade and Electronically recorded monetary claims

The fair value of these items is measured using the discounted cash flow method based on the receivable or claim amount and an interest rate reflecting the period to maturity and credit risk, for each receivable or claim divided into set periods, and is categorized as Level 2 fair value.

Derivative transactions

The fair value of forward exchange contracts is measured using the discounted cash flow method based on observable inputs, such as exchange rates, and is categorized as Level 2 fair value.

Notes and accounts payable, trade and Short-term borrowing

The fair value of these items is measured using the discounted cash flow method based on the future cash flow and an interest rate reflecting the period to the repayment due date and credit risk, for each liability or borrowing divided into set periods, and is categorized as Level 2 fair value.

Long-term borrowing

(Bonds)

The fair value of corporate bonds issued by the Company is measured based on market prices when market prices are available, and is categorized as Level 1 fair value. When market prices are not available, their fair value is measured using the present value based on the sum of the principal and interests discounted at an interest rate reflecting the remaining term to maturity and credit risk of the bond, and is categorized as Level 2 fair value.

(Long-term borrowing)

The fair value of long-term borrowings with floating interest rates is based on their book value because their fair value reflects the market interest rate in a short period, the Company's credit status has not changed significantly since the execution of the borrowings, and their fair value is therefore considered to approximate their book value. The fair value of long-term borrowings with fixed interest rates is measured using the present value based on the sum of the principal and interests discounted at an interest rate that would be applied if a similar new borrowing were made, and is categorized as Level 2 fair value.

11. Derivative Transactions

Derivative transactions to which hedge accounting was not applied at March 31, 2022 and 2021 are as follows:

Millions of yen

	2022			2021		
	Contract amounts	Fair value	Unrealized gain (loss)	Contract amounts	Fair value	Unrealized gain (loss)
Currency swap contracts: Over-the-counter transactions Receive in dollar, pay in GBP	¥ 1,303	¥ (20)	¥ (20)	¥ 1,233	¥ (72)	¥ (72)
Currency swap contracts: Over-the-counter transactions Receive in yen, pay in euro	¥ 16,776	¥ (2,216)	¥ (2,216)	¥ 16,609	¥ (1,462)	¥ (1,462)
Foreign currency forward contracts: Over-the-counter transactions Selling - cyn	¥ 531	¥ (27)	¥ (27)	¥ 484	¥ (5)	¥ (5)
Foreign currency forward contracts: Over-the-counter transactions Selling - dollar	¥ 3,413	¥ (258)	¥ (258)	¥ -	¥ -	¥ -

Thousands of U.S. dollars

	2022		
	Contract amounts	Fair value	Unrealized gain (loss)
Currency swap contracts: Over-the-counter transactions Receive in dollar, pay in GBP	$ 10,680	$ (164)	$ (164)
Currency swap contracts: Over-the-counter transactions Receive in yen, pay in euro	$ 137,508	$ (18,164)	$ (18,164)
Foreign currency forward contracts: Over-the-counter transactions Selling - cyn	$ 4,352	$ (221)	$ (221)
Foreign currency forward contracts: Over-the-counter transactions Selling - dollar	$ 27,975	$ (2,115)	$ (2,115)

Note: The fair value is provided by financial institutions with which the Company made the contracts.

Derivative transactions to which hedge accounting was applied at March 31, 2022 and 2021 are as follows:

Millions of yen

	2022			2021		
	Contract amounts	Over 1 year	Fair value	Contract amounts	Over 1 year	Fair value
Currency swap contracts: Classification: Deferral hedge accounting Hedged item: Long-term debt interest Receive in dollar, pay GBP	¥ 7	¥ 3	¥ (7)	¥ 10	¥ 7	¥ (4)
Currency swap contracts: Classification: Deferral hedge accounting Hedged item: Advances Receive in yen, pay in euro	¥ 45	¥ 8	¥ (5)	¥ -	¥ -	¥ -
Foreign currency forward contracts: Classification: Deferral hedge accounting Hedged item: Advances Receive in yen, pay in cyn	¥ 21	¥ -	¥ 19	¥ -	¥ -	¥ -
Foreign currency forward contracts: Classification: Deferral hedge accounting Hedged item: Advances Receive in yen, pay in dollar	¥ 35	¥ -	¥ 48	¥ -	¥ -	¥ -

Thousands of U.S. dollars

	2022		
	Contract amounts	Over 1 year	Fair value
Currency swap contracts: Classification: Deferral hedge accounting Hedged item: Long-term debt interest Receive in dollar, pay GBP	$ 57	$ 25	$ (57)
Currency swap contracts: Classification: Deferral hedge accounting Hedged item: Advances Receive in yen, pay in euro	$ 369	$ 66	$ (41)
Foreign currency forward contracts: Classification: Deferral hedge accounting Hedged item: Advances Receive in yen, pay in cyn	$ 172	$ -	$ 156
Foreign currency forward contracts: Classification: Deferral hedge accounting Hedged item: Advances Receive in yen, pay in dollar	$ 287	$ -	$ 393

Note: The fair value is provided by financial institutions with which the company made the contracts.

12. Shareholders' Equity

The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings is nil at March 31, 2022 and 2021.

Movements in common stock and treasury stock for the years ended March 31, 2022 and 2021 were summarized as follows:

1. Stock Information

	Thousands of Shares 2022 Balance at beginning of year	Increase	Decrease	Balance at end of year
Shares issued: Common Stock	**231,000**	**-**	**-**	**231,000**
Treasury stock: Treasury Stock	**10,107**	**0**	**44**	**10,063**

The increase in treasury stock of 0 thousand shares is purchases of 0 thousand shares of less than one voting unit and the decrease in treasury stock of 44 thousand shares is sales of 0 thousand shares at the requests of shareholders who own less than one voting unit and of 44 thousands shares due to disposal of treasury shares as restricted stock compensation.

	Thousands of Shares 2021 Balance at beginning of year	Increase	Decrease	Balance at end of year
Shares issued: Common Stock	231,000	-	-	231,000
Treasury stock: Treasury Stock	10,154	0	47	10,107

The decrease in treasury stock of 47 thousand shares is due to sales of 0 thousands shares at the requests of shareholders who own less than one voting unit and of 47 thousands shares corresponding to exercising stock options for the year ended March 31, 2021.

2. Dividend Information

2022

Dividends paid in fiscal year ended March 31, 2022

Resolution	Record date	Effective date	Dividends per share: Yen	Dividends per share: U.S. dollars	Total dividends: Millions of yen	Total dividends: Thousands of U.S. dollars
Shareholders' meeting on June 22, 2021	March 31, 2021	June 23, 2021	**17.0**	**0.14**	**3,755**	**30,779**
Board of Directors on October 29, 2021	September 30, 2021	December 3, 2021	**17.0**	**0.14**	**3,755**	**30,779**

Dividends paid after March 31, 2022

Resolution	Record date	Effective date	Dividends per share: Yen	Dividends per share: U.S. dollars	Total dividends: Millions of yen	Total dividends: Thousands of U.S. dollars
Shareholders' meeting on June 23, 2022	March 31, 2022	June 24, 2022	**19.0**	**0.16**	**4,197**	**34,402**

2021

Dividends paid in fiscal year ended March 31, 2021

Resolution	Record date	Effective date	Dividends per share: Yen		Total dividends: Millions of yen
Shareholders' meeting on June 24, 2020	March 31, 2020	June 25, 2020	17.0	0.14	3,754
Board of Directors on October 30, 2020	September 30, 2020	December 7, 2020	17.0	0.14	3,755

Dividends paid after March 31, 2021

Resolution	Record date	Effective date	Dividends per share: Yen		Total dividends: Millions of yen
Shareholders' meeting on June 22, 2021	March 31, 2021	June 23, 2021	17.0	0.14	3,755

13. Stock Options

1. Amount of Expense Appropriation and Accounting Name during the Fiscal Years Ended March 31, 2022 and 2021

Included in Selling, general and administrative expenses was ¥6 million ($49 thousand) and ¥27 million for the fiscal years ended March 31, 2022 and 2021 respectively.

2. The Contents, Scale, and Change in Stock Options

(1) The contents of stock options

	June 2008 stock option	June 2009 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 26, 2008	June 30, 2009
Grantee classification and the number	1 director	1 director
Type and number of shares	Common stock of the Company: 49,000 shares	Common stock of the Company: 52,000 shares
Date of grant	July 15, 2008	July 15, 2009
Exercise period of rights	For 30 years from grant date (from July 16, 2008 to July 15, 2038)	For 30 years from grant date (from July 16, 2009 to July 15, 2039)

	June 2010 stock option	June 2011 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 30, 2010	June 29, 2011
Grantee classification and the number	1 director	1 director
Type and number of shares	Common stock of the Company: 61,000 shares	Common stock of the Company: 63,000 shares
Date of grant	July 15, 2010	July 14, 2011
Exercise period of rights	For 30 years from grant date (from July 16, 2010 to July 15, 2040)	For 30 years from grant date (from July 15, 2011 to July 14, 2041)

	June 2012 stock option	June 2013 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 28, 2012	June 26, 2013
Grantee classification and the number	2 directors	2 directors
Type and number of shares	Common stock of the Company: 76,000 shares	Common stock of the Company: 42,000 shares
Date of grant	July 13, 2012	July 12, 2013
Exercise period of rights	For 30 years from grant date (from July 14, 2012 to July 13, 2042)	For 30 years from grant date (from July 13, 2013 to July 12, 2043)

	June 2014 stock option	June 2015 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 26, 2014	June 26, 2015
Grantee classification and the number	3 directors	3 directors
Type and number of shares	Common stock of the Company: 35,000 shares	Common stock of the Company: 23,300 shares
Date of grant	July 14, 2014	July 13, 2015
Exercise period of rights	For 30 years from grant date (from July 15, 2014 to July 14, 2044)	For 30 years from grant date (from July 14, 2015 to July 13, 2045)

	June 2016 stock option	June 2017 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 28, 2016	June 28, 2017
Grantee classification and the number	3 directors	3 directors
Type and number of shares	Common stock of the Company: 33,100 shares	Common stock of the Company: 31,600 shares
Date of grant	July 14, 2016	July 14, 2017
Exercise period of rights	For 30 years from grant date (from July 15, 2016 to July 14, 2046)	For 30 years from grant date (from July 15, 2017 to July 14, 2047)

	June 2018 stock option	June 2019 stock option
Company	Sanwa Holdings Corporation	Sanwa Holdings Corporation
Resolution date	June 27, 2018	June 26, 2019
Grantee classification and the number	3 directors	3 directors
Type and number of shares	Common stock of the Company: 32,500 shares	Common stock of the Company: 33,200 shares
Date of grant	July 13, 2018	July 12, 2019
Exercise period of rights	For 30 years from grant date (from July 14, 2018 to July 13, 2048)	For 30 years from grant date (from July 13, 2019 to July 12, 2049)

	June 2020 stock option
Company	Sanwa Holdings Corporation
Resolution date	June 24, 2020
Grantee classification and the number	4 directors
Type and number of shares	Common stock of the Company: 40,600 shares
Date of grant	July 10, 2020
Exercise period of rights	For 30 years from grant date (from July 11, 2020 to July 10, 2050)

(2) Scale, and change in stock options

(2)-1 Number of stock options

Shares

	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option	June 2015 stock option	June 2016 stock option	June 2017 stock option	June 2018 stock option	June 2019 stock option	June 2020 stock option
Before vested													
Beginning of period	-	-	-	-	-	-	-	-	-	-	-	-	40,600
Granted	-	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-	-	-	-	-	-	-	-
Vested	-	-	-	-	-	-	-	-	-	-	-	-	40,600
Unvested	-	-	-	-	-	-	-	-	-	-	-	-	-
After vested													
Beginning of period	49,000	52,000	61,000	63,000	76,000	42,000	35,000	23,300	33,100	31,600	32,500	33,200	-
Vested	-	-	-	-	-	-	-	-	-	-	-	-	40,600
Exercised	-	-	-	-	-	-	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercisable	49,000	52,000	61,000	63,000	76,000	42,000	35,000	23,300	33,100	31,600	32,500	33,200	40,600

(2)-2 Unit value and exercise period for stock option rights

Yen

	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option	June 2015 stock option	June 2016 stock option	June 2017 stock option	June 2018 stock option	June 2019 stock option	June 2020 stock option
Exercise price	1	1	1	1	1	1	1	1	1	1	1	1	1
Average share price at exercise	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value unit price (Date of grant)	301	263	250	243	252	515	625	921	810	975	928	885	631

U.S. dollars

	June 2008 stock option	June 2009 stock option	June 2010 stock option	June 2011 stock option	June 2012 stock option	June 2013 stock option	June 2014 stock option	June 2015 stock option	June 2016 stock option	June 2017 stock option	June 2018 stock option	June 2019 stock option	June 2020 stock option
Exercise price	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008
Average share price at exercise	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value unit price (Date of grant)	2.467	2.156	2.049	1.992	2.066	4.221	5.123	7.549	6.639	7.992	7.607	7.254	5.172

14. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses were ¥4,449 million ($36,467 thousand) and ¥4,004 million for the fiscal years ended March 31, 2022 and 2021, respectively.

Research and development expenses included in cost of sales were ¥694 million ($5,689 thousand) and ¥637 million for the fiscal years ended March 31, 2022 and 2021, respectively.

15. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in a statutory tax rate of approximately 30.6% for the fiscal years ended March 31, 2022 and 2021 respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates for the fiscal years ended March 31, 2022 and 2021 differ from the Company's statutory tax rates for the following reasons:

	2022	2021
Statutory tax rate	**30.6%**	30.6%
Expenses not deductible for income tax purposes	**(0.5)**	(0.8)
Depreciation of goodwill	**2.1**	0.5
Change in valuation allowance	**(0.0)**	0.8
Other	**(0.5)**	1.6
Effective tax rate	**31.7**	32.7

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets:			
Allowance for bonuses	**¥ 1,541**	¥ 1,499	**$ 12,631**
Net defined benefit liability	**4,259**	4,434	**34,910**
Tax loss carryforwards(Note)	**580**	1,069	**4,754**
Securities	**257**	276	**2,107**
Investment in affiliates securities	**459**	460	**3,762**
Impairment loss	**1,667**	1,670	**13,664**
Other	**5,602**	5,392	**45,918**
Subtotal	**14,367**	14,803	**117,762**
Valuation allowance(Deficits)(Note)	**(213)**	(481)	**(1,746)**
Valuation allowance(Temporary difference)	**(2,699)**	(2,721)	**(22,123)**
Less valuation allowance subtotal	**(2,912)**	(3,202)	**(23,869)**
Total	**¥ 11,455**	¥ 11,600	**$ 93,893**
Deferred tax liabilities:			
Depreciation	**(8,134)**	(6,448)	**(66,672)**
Net unrealized holding gains on securities	**(664)**	(928)	**(5,443)**
Net defined benefit asset	**(3,482)**	(3,351)	**(28,541)**
Other	**(940)**	(795)	**(7,705)**
Total	**¥ (13,222)**	¥ (11,523)	**$ (108,377)**
Net deferred tax assets	**¥ (1,767)**	¥ 77	**$ (14,484)**

Note: Amounts of deficits, valuation allowance and related deferred tax assets by tax loss carry-forwards for the year ended March 31, 2022 and 2021 respectively.

	Millions of yen						
	2022						
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years	Total
Deficits (*1)	**229**	**90**	**110**	**34**	**13**	**101**	**580**
Valuation allowance	**(92)**	**(11)**	**(13)**	**(13)**	**(13)**	**(67)**	**(213)**
Deferred tax assets	**136**	**79**	**96**	**21**	**-**	**34**	**367** (*2)

	Millions of yen						
	2021						
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years	Total
Deficits (*1)	262	234	121	50	13	387	1,069
Valuation allowance	(85)	(7)	(12)	(13)	(13)	(350)	(481)
Deferred tax assets	176	226	109	37	-	37	587 (*2)

	Thousands of U.S. dollars						
	2022						
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years	Total
Deficits (*1)	**1,877**	**738**	**902**	**279**	**107**	**828**	**4,754**
Valuation allowance	**(754)**	**(90)**	**(107)**	**(107)**	**(107)**	**(549)**	**(1,746)**
Deferred tax assets	**1,115**	**648**	**787**	**172**	**-**	**279**	**3,008** (*2)

(*1) Deficits are the amount after multiplying the statutory tax rete.
(*2) Regarding deficits of ¥580 million ($4,754 thousand) and ¥1,069 million (amount after multiplying the statutory tax rate), the Company records deferred tax assets of ¥367 million ($3,008 thousand) and ¥587 million for the fiscal years ended March 31, 2022 and 2021, respectively. Regarding deficits, valuation allowance related to the portion deemed to be recoverable based on future taxable income forecasts is not recognized.

16. Other Income (Expenses)

Other, net, for the fiscal years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Loss on sales and disposal of fixed assets	**¥ (282)**	¥ (10)	**$ (2,311)**
Gain on sales of investments in securities	**24**	41	**197**
Impairment loss (note)	**-**	(283)	**-**
Write-down of investments in securities	**-**	(40)	**-**
Loss on restructuring cost of subsidiary	**(158)**	(350)	**(1,295)**
Loss on liquidation of subsidiaries	**(2)**	(9)	**(16)**
Loss on trouble measures	**-**	(39)	**-**
Other, net	**(1,170)**	(426)	**(9,590)**
	¥ (1,589)	¥ (1,120)	**$ (13,025)**

Note: The Company recognized impairment losses on the following asset groups in the fiscal year ended March 31, 2021.

2021			
Location	Use	Asset type	Millions of yen
Hanoi, Vietnam	Business assets	Building, Machinery and equipment, tools, furniture and fixtures, and software	¥283
			¥283

(Method of grouping assets)
The Group, in principle, groups business assets based on the business management organization. Idle assets that are not expected to be used in the future are grouped by individual asset.

(Background to recognition of impairment loss)
As future cash flows of business assets had fallen below the book value, the Company has reduced the book value to the recoverable amount, and recorded the reduction as an impairment loss in extraordinary losses.

(Method of determining recoverable amount)
The Company measures the recoverable amount of business assets based on the value in use. As negative future cash flows are expected, the value in use is measured with a value in memorandum value.

17. Other Comprehensive Income

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the fiscal years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ (817)	¥ 2,840	$ (6,697)
Reclassification adjustments for gains (losses) realized in net income	(23)	1	(189)
Before tax effect	(841)	2,841	(6,893)
Tax effect	257	(870)	2,107
Total Valuation difference on available-for-sale securities	(583)	1,971	(4,779)
Deferred gains or losses on hedges:			
Amount arising during the year	67	(71)	549
Reclassification adjustments for losses realized in net income	-	-	-
Before tax effect	67	(71)	549
Tax effect	(20)	22	(164)
Total Deferred gains or losses on hedges	46	(49)	377
Foreign currency translation adjustments:			
Amount arising during the year	6,115	(1,411)	50,123
Reclassification adjustments for losses realized in net income	-	-	-
Total foreign currency translation adjustments	6,115	(1,411)	50,123
Remeasurements of defined benefit plans:			
Amount arising during the year	437	1,568	3,582
Reclassification adjustments for losses realized in net income	160	513	1,311
Before tax effect	597	2,082	4,893
Tax effect	(128)	(612)	(1,049)
Total remeasurements of defined benefit plans	468	1,469	3,836
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	95	11	779
Total other comprehensive income	¥ 6,143	¥ 1,991	$ 50,352

18. Revenue

1. Disaggregated information on revenue from contracts with customers

Disaggregated information on revenue from contracts with customers is as stated in "Notes 19 (Segment information, etc.)."

2. Basic information for understanding revenue from contracts with customers

The Group mainly enters into construction contracts with customers, and considers that control is completely transferred and performance obligations are satisfied at the point in time when those construction works or products are delivered. For the construction contracts involving construction work, when the outcome of a performance obligation to be satisfied over a certain period can be reasonably measured, revenue is recognized according to the ratio of the actual costs to the estimated total costs (the input method), except for projects involving a very short construction period. For cases in which the outcome of a performance obligation cannot be reasonably measured, revenue is recognized only to the extent of the incurred costs. If a performance obligation is satisfied at a certain point in time, revenue is recognized when the construction work is completed. Further, when the contract amount is not timely fixed, the contract amount is estimated as a variable consideration before the contract amount is fixed, and revenue is recognized only to the extent that it is probable that there will be no material reversal of the accumulated revenue that is recognized when the contract amount is fixed.

These considerations are invoiced on a piece-rate basis after fulfillment of the performance obligation and paid generally within three months. The amounts of considerations do not contain a significant financing component.

3. Relationship between the satisfaction of performance obligations based on contracts with customers and the cash flows arising from such contracts, and information on the amount and timing of revenue recognition from contracts with customers existing as of March 31, 2022 that are expected to be recognized in and after the fiscal year ending March 31, 2023

(1) Balance, etc. of contract assets and contract liabilities Information on receivables from contracts with customers, contract assets and contract liabilities is as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Receivables from contracts with customers	¥ 88,473	¥ 87,299	$ 725,189
Contract assets	9,527	6,578	78,090
Contract liabilities	4,179	4,887	34,254

Contract assets represent the amount of rights of consideration received for the consideration for performance obligations satisfied at a certain point in time or over a certain period, excluding amounts to be recognized as receivables. Contract liabilities mainly represent consideration received by the Group from customers prior to the delivery of the products. Further, there are no significant amounts related to performance obligations satisfied in prior periods.

(2) Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2022 is as follows. These performance obligations are expected to be recognized as revenue generally within one to three years. Further, this transaction price does not contain estimated amounts of variable consideration.

	Millions of yen	Thousands of U.S. dollars
	2022	
Total transaction price allocated to performance obligations that are unsatisfied	¥ 197,752	$ 1,620,918

19. Segment Information

1. Outline of reportable segments

Reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Management Conference of the Company to make decisions on the allocation of management resources and assess performance.

The Group is primarily engaged in the manufacture and sales of steel construction materials for commercial and residential construction, as well as the maintenance and service business for these products. The Group mainly comprises Sanwa Shutter Corporation in Japan, Overhead Door Corporation in North America, Novoferm Gmbh in Europe, and Shanghai Baosteel-Sanwa Door Co., Ltd., Sanwa Shutter (H.K.) Ltd., An-Ho Metal Industrial Co., Ltd., Vina-Sanwa Company Liability Ltd., and Suzuki Shutter (H.K.) Ltd. in Asia. Local legal entities are independent management units, and formulate overall regional management strategies for their products and conduct separate business activities.

Accordingly, the Group is comprised of regional segments and divided into legal entities, based on the manufacture and sales systems. The Group's four reportable segments are "Japan," "North America," "Europe" and "Asia."

The major products and services of each reportable segment are as follows:
[Japan]
Rolling shutters, shutter-related products, door products for buildings, partitions, stainless steel products, store front products, window products, residential door products, exterior products, residential garage door products, automatic door products, and the maintenance and service business, etc.
[North America]
Rolling shutters, shutter-related products, industrial sectional door products, residential garage door products, openers for garage doors and other doors, automatic door products, and the maintenance and service business, etc.
[Europe]
Rolling shutters, shutter-related products, door products, industrial sectional door products, residential garage door products, openers for garage doors and other doors, and the maintenance and service business, etc.
[Asia]
Rolling shutters, shutter-related products, door products, residential garage door products, and the maintenance and service business, etc.

2. Calculation method used for sales, income or loss, assets and other items on each reportable segment

Accounting policies of the reportable business segments are the same as those noted in “Note 2. Summary of Significant Accounting Policies.”
The amount of income on reportable segments is based on operating profit. Intersegment sales and transfers between segments are based on market price.

Information about operations in reportable segments of the Group for the fiscal years ended March 31, 2022 and 2021, was as follows:

(1) Reportable Segments

Millions of yen

	2022						
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Revenue recognized from contracts with customers	¥ 236,375	¥ 139,106	¥ 85,763	¥ 7,649	¥ 468,894	¥ 62	¥ 468,956
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	236,375	139,106	85,763	7,649	468,894	62	468,956
Intersegment sales or transfers	197	61	60	0	320	(320)	-
Total sales	236,572	139,168	85,824	7,650	469,215	(258)	468,956
Segment income (loss)	¥ 27,910	¥ 8,378	¥ 3,935	¥ 119	¥ 40,344	¥ (4,857)	¥ 35,487
Segment assets	¥ 135,565	¥ 95,362	¥ 63,111	¥ 9,551	¥ 303,590	¥ 82,646	¥ 386,237
Depreciation and amortization	3,148	4,015	3,346	113	10,624	42	10,666
Investment in equity method companies	-	-	-	-	-	1,189	1,189
Capital expenditures	3,368	2,549	2,822	512	9,252	29	9,281

Millions of yen

	2021						
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Revenue recognized from contracts with customers	¥ 231,133	¥ 117,157	¥ 72,116	¥ 6,591	¥ 426,999	¥ 62	¥ 427,061
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	¥ 231,133	¥ 117,157	¥ 72,116	¥ 6,591	¥ 426,999	¥ 62	¥ 427,061
Intersegment sales or transfers	96	87	50	1	236	(236)	-
Total sales	231,230	117,245	72,167	6,592	427,236	(174)	427,061
Segment income (loss)	¥ 26,219	¥ 7,733	¥ 3,092	¥ (539)	¥ 36,506	¥ (3,428)	¥ 33,077
Segment assets	¥ 141,852	¥ 78,820	¥ 55,779	¥ 7,875	¥ 284,327	¥ 90,831	¥ 375,159
Depreciation and amortization	2,995	3,673	3,206	92	9,967	43	10,010
Investment in equity method companies	-	-	-	-	-	1,312	1,312
Capital expenditures	3,700	2,885	2,008	110	8,705	65	8,770

Thousands of U.S. dollars

	2022						
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Revenue recognized from contracts with customers	$ 1,937,500	$ 1,140,213	$ 702,975	$ 62,697	$ 3,843,393	$ 508	$ 3,843,902
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	1,937,500	1,140,213	702,975	62,697	3,843,393	508	3,843,902
Intersegment sales or transfers	1,615	500	492	0	2,623	(2,623)	-
Total sales	1,939,115	1,140,721	703,475	62,705	3,846,025	(2,115)	3,843,902
Segment income (loss)	$ 228,770	$ 68,672	$ 32,254	$ 975	$ 330,689	$ (39,811)	$ 290,877
Segment assets	$ 1,111,189	$ 781,656	$ 517,303	$ 78,287	$ 2,488,443	$ 677,426	$ 3,165,877
Depreciation and amortization	25,803	32,910	27,426	926	87,082	344	87,426
Investment in equity method companies	-	-	-	-	-	9,746	9,746
Capital expenditures	27,607	20,893	23,131	4,197	75,836	238	76,074

Adjustments are as follows;
1.(1) Adjustments on segment sales mainly consist of adjustments of intersegment transactions and sales which are not included in the reportable segments.
(2) Adjustments on segment income or loss mainly consist of adjustments of intersegment transaction and income or loss which are not included in the reportable segments.
(3) Adjustments on segment assets mainly consist of the eliminations of investment balance and corporate assets.
(4) Adjustments on depreciation and amortization consist of adjustments of depreciation and amortization to which are not included in the reportable segments.
(5) Adjustments on investment in equity method companies consist of adjustments of investment in equity method companies to which are not included in the reportable segments.
(6) Adjustments on capital expenditures consist of adjustments of capital expenditures to which are not included in the reportable segments.

2. Segment income or loss is reconciled primarily to operating profit on the consolidated statement of income.

3. Major countries in each region
North America: USA, Canada and Mexico, etc. Europe: Germany, France, Italy, Netherlands and England, etc. Asia: China, Hong Kong, Taiwan, Vietnam

(2) Related Information

a) Information on Products and Each Service

Millions of yen

	2022				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	**¥278,250**	**¥122,060**	**¥63,914**	**¥4,730**	**¥468,956**

Millions of yen

	2021				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	¥261,524	¥106,862	¥56,292	¥2,381	¥427,061

Note: The Company has reviewed its method of calculation for each product or service from the fiscal year ended March 31, 2022. Accordingly, figures for the fiscal year ended March 31, 2021 have been reclassified and stated according to the method of calculation used for the fiscal year ended March 31, 2022.

Thousands of U.S. dollars

	2022				
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	**$ 2,280,738**	**$ 1,000,492**	**$ 523,885**	**$ 38,770**	**$ 3,843,902**

b) Information on Each Region

Millions of yen

	2022				
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	**¥ 34,585**	**¥ 16,044**	**¥ 23,367**	**¥ 970**	**¥ 74,967**

Millions of yen

	2021				
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	¥ 33,897	¥ 13,275	¥ 21,741	¥ 500	¥ 69,415

Thousands of U.S. dollars

	2022				
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	**$ 283,484**	**$ 131,508**	**$ 191,533**	**$ 7,951**	**$ 614,484**

20. Business Combination

Business combination due to acquisition in the year ended March 31, 2022

(1) Outline of business combination

1. Name and main business of acquired company
   Name of acquired company: Won-Door Corporation
   Main business of acquired company: Manufacturing, sales and installation of fire doors and security door products
2. Main reasons for business combination
   The Sanwa Group operates its business in the four key markets of Japan, North America, Europe and Asia with a view to becoming a major global player with a well-established top brand, where one of its priority policies is “expansion and enhancement of core business domains.” Overhead Door Corporation, which operates its business in North America, is a major manufacturer engaged in manufacturing and sales of garage doors, commercial doors, door control devices and automatic doors, celebrating its 100th anniversary this year.
   Won-Door Corporation is engaged in manufacturing, sales and installation of fire doors and security door products in North America, with its unique technologies such as horizontal sliding doors, which are not available from Overhead Door Corporation. The acquisition of Won-Door Corporation is expected to help Overhead Door Corporation to expand business through its sales network across the United States, achieving the maximum synergy between the two companies, triggering further expansion in our door business in North America.
3. Date of combination
   April 1, 2021
4. Legal method used for combination
   Purchase of shares with cash
5. Name of controlling entity after combination
   No change
6. Percentage of voting rights acquired
   100 percent
7. Principal reason for deciding to acquire the company
   The principal reason was the purchase of shares with cash by a consolidated subsidiary of the Company.

(2) Period of the acquired company's financial results included in the consolidated financial statements
From April 1, 2021 to December 31, 2021

(3) Acquisition cost of the acquired company and breakdown of consideration by type
The purchase price and details are not disclosed because of a confidentiality agreement between the two companies.

(4) Amount of goodwill, reason for its recognition, and amortization method and period

(i) Amount of goodwill: US$54,418 thousand
(ii) Reason for its recognition:
Since the fair value of net assets at the time of acquisition fell below the acquisition cost, the difference was recognized as goodwill.
(iii) Amortization method and period
Straight-line method over the estimated period in which the investment benefits will materialize.

(5) Amounts of assets acquired and liabilities assumed on the date of business combination and its major breakdown date of acquisition were as follows:

	Thousands of U.S. dollars
Current assets	**$ 21,169**
Fixed assets	**40,575**
Total assets	**61,745**
Current liabilities	**3,564**
Long-term liabilities	**8,454**
Total liabilities	**12,018**

21. INFORMATION ON RELATED PARTIES

Fiscal years ended March 31, 2022 and 2021
Not applicable.

22. PER SHARE INFORMATION

	Yen		U.S. dollars
	2022	2021	2022
Net assets per share	¥ 912.70	814.10	$ 7.48
Earnings per share	103.40	96.21	0.85
Diluted earnings per share	103.13	95.97	0.85

Note 1: The basis for calculation

1 Earnings per share

	Yen		U.S. dollars
	2022	2021	2022
Profit attributable to owners of parent	¥ 22,842	¥ 21,251	$ 187,230
Amount not attributable to common shareholders	-	-	-
Profit related to common shares attributable to owners of parent	22,842	21,251	187,230

	Thousand shares	
	2022	2021
Average number of common shares during the period	220,922	220,881
Increase in common stock:		
Stock subscription rights	571	565

2 Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Total net assets	¥ 203,311	¥ 181,387	$ 1,666,484
Deductions from total net assets:			
Stock subscription rights	285	279	2,336
Non-controlling interests	1,376	1,280	11,279
Total net assets attributable to common stockholders	201,649	179,827	1,652,861

	Thousand shares	
	2022	2021
Number of shares of common stock used in the calculation of net assets per share	220,936	220,892

23. Subsequent Events

Fiscal years ended March 31, 2022 and 2021
Not applicable.

Independent Auditor's Report

To the Board of Directors Sanwa Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sanwa Holdings Corporation and its consolidated subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as at March 31, 2022, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition (Accuracy and Appropriateness of Periodical Allocation of Sales)	
Description of Key Audit Matter	How we addressed the matter in our audit
The Group's revenues consist of installation work, products, and services related to building materials such as shutters and doors. The Group recognizes revenue when or as it satisfies its performance obligation by transferring the goods or services subject to such installation work, etc., to a customer. For those involving construction work, the Group recognizes revenue as it satisfies its performance obligation when the progress toward satisfaction of the performance obligation can be reasonably measured. When the progress of a performance obligation cannot be reasonably measured but it is expected to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue on a cost recovery basis. When a performance obligation is satisfied at a point in time or the duration of the construction work is very short, the Group recognizes revenue at the time of completion of the construction work or delivery of the product. For some properties, changes in the contract amount may occur due to the amount falling below cost at the time of the completion of the construction work or due to changes in the specifications of the construction work. In some cases, an accurate execution budget may not be drawn up. We, therefore, determined this as a key audit matter to consider as there was a risk of inappropriate allocation of the amounts of sales to a period due to the diversity of sales projects and considering the significance of the matter in the financial statements and the characteristics of the sales.	To verify the validity of the revenue recognition (accuracy of net sales and appropriateness of allocation of net sales to a period), we primarily implemented the following audit procedures. • We assessed the effectiveness of the status of design and operation of internal controls over revenue recognition. • With regard to the construction work whose revenue is recognized as it satisfies its performance obligation, we confirmed whether revenues were accurately recognized for the progress based on the input method by comparing the contract and the working budget. • We assessed the appropriateness of the allocation of sales amounts to a period and the accuracy of the amounts of sales recognized for sales transactions with large amounts near the end of the fiscal year, and sales transactions extracted at sales offices and branches that were rotated during the fiscal year, by matching them with the evidence related to the revenue recognition. • We obtained confirmation documents from customers at the end of the fiscal year and reconciled them to the balance of accounts receivable - trade. • We assessed the accuracy of the amount of provision for loss on construction contracts for the projects that were likely to incur losses on construction contracts.

Other Information

The other information comprises the information included in the Annual Report other than the consolidated and non-consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the design and operation of the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of opinion thereon.

Our responsibility regarding the audit of consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit, and to pay attention to any other indications of material misstatement in the other information.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report such facts.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters required to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

・Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
・Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements in not expressing an opinion on the effectiveness of the Group's internal control.
・Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
・Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
・Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
・Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan
We have no interest in the Group which is required to be disclosed in accordance with the Certified Public Accountants Act of Japan.

Convenience Translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Kiyoshi Asada
Representative Partner, Engagement Partner
Certified Public Accountant

Tomokazu Tanaka
Representative Partner, Engagement Partner
Certified Public Accountant

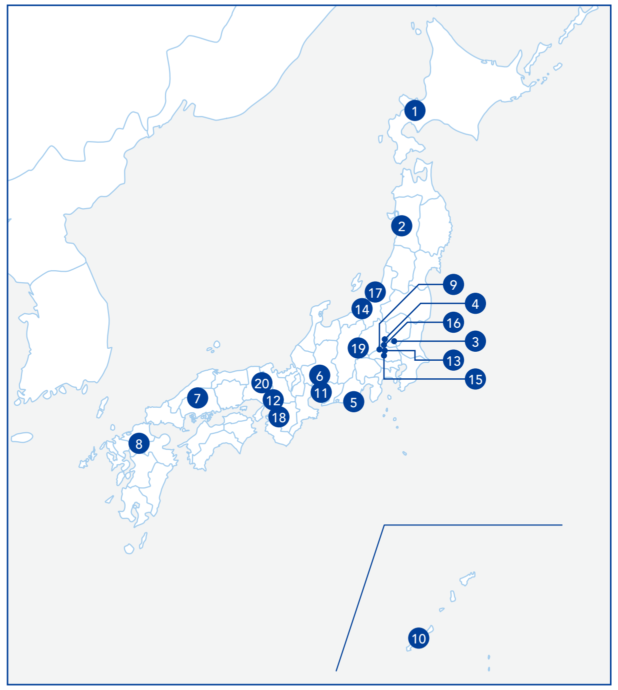
Kyoritsu Shinmei Audit Corporation
Tokyo, Japan
June 22, 2022

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and Kyoritsu Shinmei Audit Corporation.

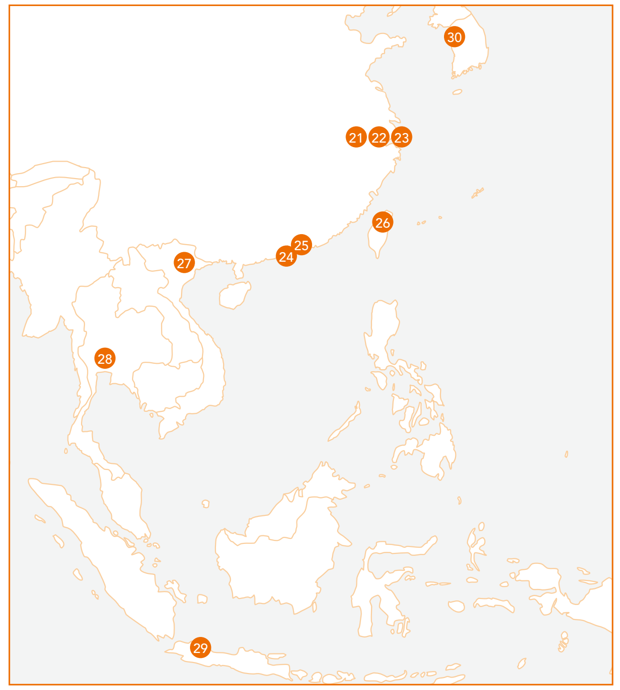
Global Network

Group Plant Locations

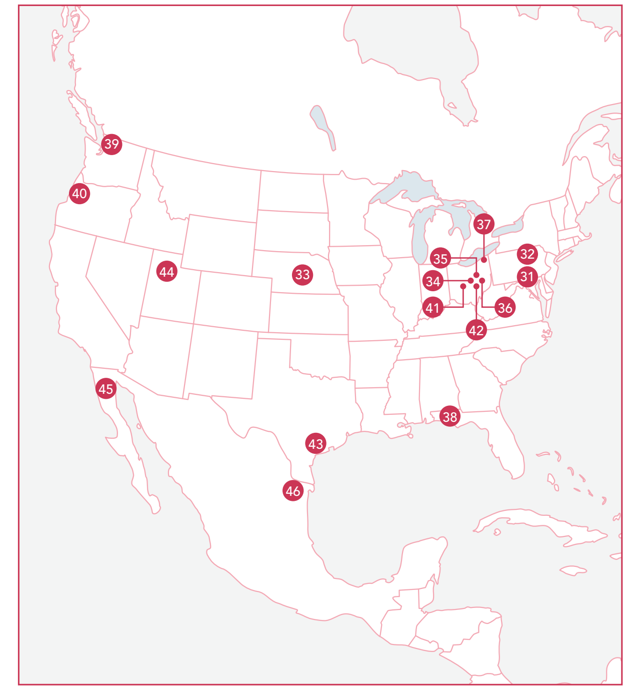
Japan



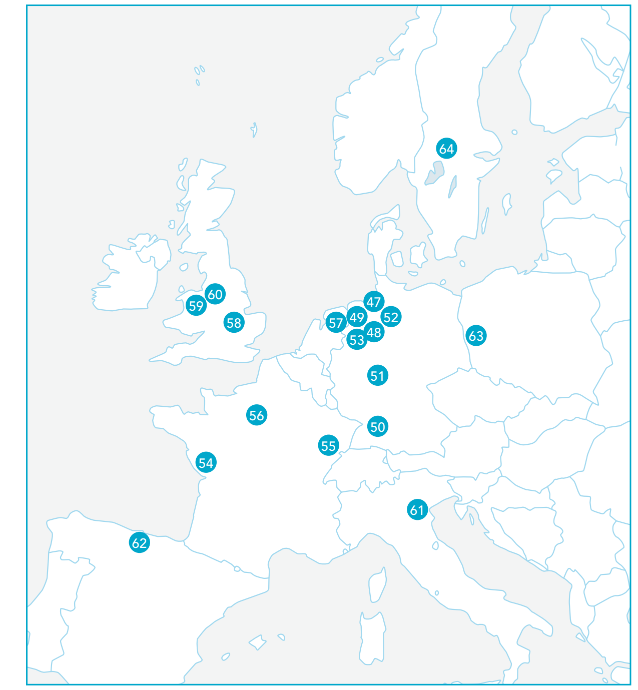
Asia



North America



Europe



Group Plant Locations

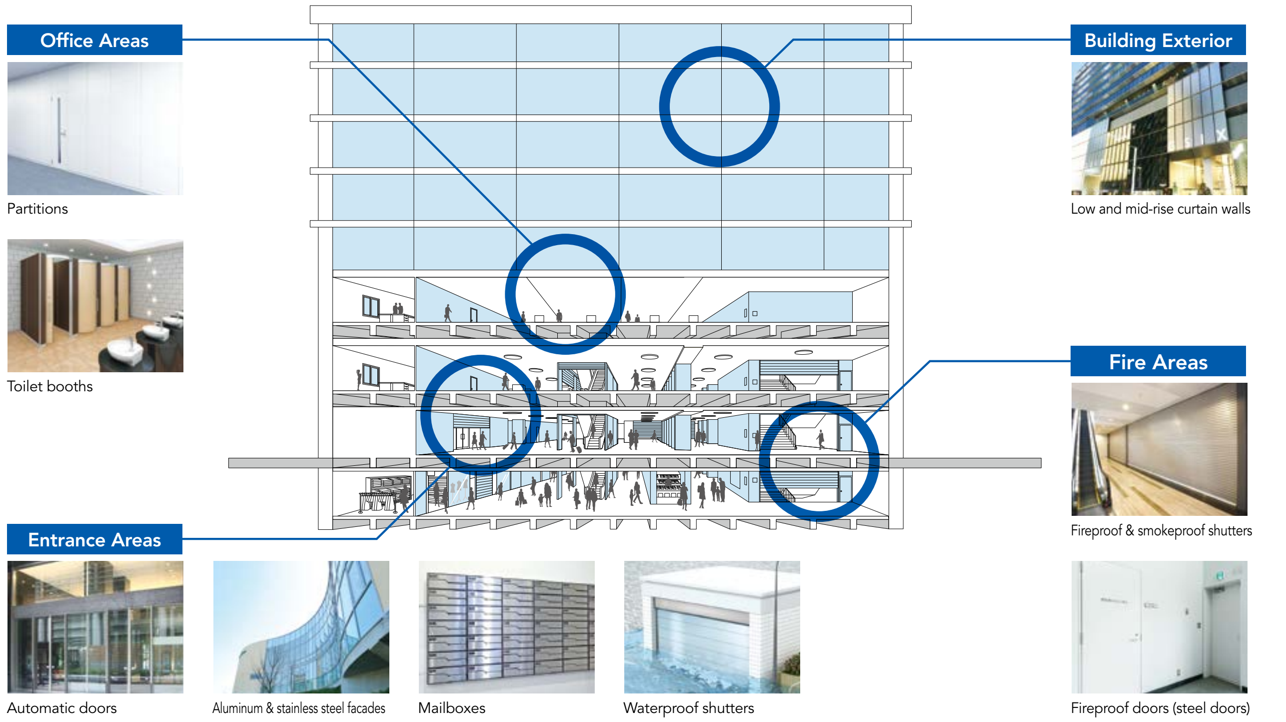
Country	Company	Area	Products
Japan			
	Sanwa Shutter Corporation	1 Sapporo	Rolling shutters, overhead doors, doors & door frames
		2 Akita	Lightweight shutters
		3 Ashikaga	Rolling shutters, overhead doors
		4 Ota	Doors & door frames
		5 Shizuoka	Window shutters, doors & door frames, partitions
		6 Gifu	Rolling shutters, overhead doors
		7 Hiroshima	Rolling shutters, doors & door frames
		8 Kyushu	Rolling shutters
	Showa Front Co., Ltd.	9 Saitama	Aluminum store fronts & curtain walls
	Okinawa Sanwa Shutter Corporation	10 Okinawa	Rolling shutters, doors & door frames, partitions
	Sanwa Tajima Corporation	9 Saitama	Stainless steel products
		11 Nagoya	Stainless steel products
	Sanwa System Wall Co., Ltd.	12 Amagasaki	Partitions
	Suzuki Shutter Corporation	13 Saitama	Rolling shutters, waterproof products
	Sanwa Exterior Niigata Plant Co., Ltd.	14 Niigata	Exterior products, window shutters, doors & door frames
	Venix Co., Ltd.	15 Ranzan	Partitions
	Showa Kensan Co., Ltd.	16 Gunma	Automatic doors
	Hayashi Kogyo Co., Ltd.	17 Niigata	Doors & door frames
	Sanwa Electronics Engineering Co., Ltd.	18 Osaka	Door openers
	Yoshida Seisakusho Co., Ltd.	19 Saku	Stainless steel products
	Metalwork Kansai Co., Ltd.	20 Sannan	Stainless steel products
	Sanwa Mitaka K.K.	1 Sapporo	Doors & door frames
Asia			
China	Shanghai Baosteel-Sanwa Door Co., Ltd.	21 Shanghai	Overhead doors, rolling shutters, sheet shutters
	Novoferm (Shanghai) CO., LTD.	22 Shanghai	Doors & door frames
	Sanwa Novoferm (Changshu) CO., LTD.	23 Jiangsu	Doors & door frames
Hong Kong	SANWA SHUTTER (HK) LTD.	24 Hong Kong	Rolling shutters, doors & door frames
	SUZUKI SHUTTER (HK) LTD.	25 Hong Kong	Rolling shutters
Taiwan	An-Ho Metal Industrial Co., Ltd.	26 Hsinchu	Doors & door frames
Vietnam	Vina-Sanwa Company Liability Ltd.	27 Hanoi	Doors & door frames, rolling shutters, sheet shutters
Thailand	Sun Metal Co., Ltd.	28 Korat	Rolling shutters, doors & door frames
Indonesia	PT. Sanwamas Metal Industry	29 Bekasi	Rolling shutters
Korea	Dongbang Novoferm Inc.	30 Seoul	Doors & door frames

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

Country	Company	Area	Products
North America	**Overhead Door Corporation**		
U.S.A.	OVERHEAD DOOR CORPORATION	31 Lewistown	Rolling shutters
		32 Williamsport	Residential garage doors, commercial sectional doors
		33 Grand Island	Residential garage doors, commercial sectional doors
		34 Mt. Hope	Residential garage doors, commercial sectional doors, hardware parts
		35 Dalton	Rolling shutters
		36 Trail	Sheet shutters
		37 Conneaut	Resin panels & parts
		38 Pensacola	Residential garage doors, commercial sectional doors, hardware parts
		39 Centralia	Residential garage doors
		40 Portland	Residential garage doors
		41 Marion	Truck & trailer doors
		42 Baltic	Garage door openers
		43 Corpus Christi	Automatic doors
	Won-Door Corporation	44 Salt Lake City	Fireproof doors, security doors
Mexico	OVERHEAD DOOR CORPORATION	45 Tecate	Truck & trailer doors
		46 Matamoros	Garage door openers, automatic doors
Europe	**Novoferm Group**		
Germany	Novoferm GmbH	47 Werth	Residential garage doors, doors & door frames
		48 Dortmund	Residential garage doors, industrial sectional doors
	Novoferm Spare Parts GmbH	49 Haldern	Spare parts
	Novoferm Riexinger Türenwerke GmbH	50 Brackenheim	Fireproof doors & door frames, fireproof sliding doors
	Novoferm Siebau GmbH	51 Buschhutten	Truck & trailer doors
	Novoferm Tormatic GmbH	52 Dortmund	Garage door openers
	DSS Docking Solution und Service GmbH	53 Hannover	Dock levelers
France	Novoferm France S.A.S	54 Machecoul	Residential garage doors
		55 Bavilliers	Residential garage doors
		56 Melun	Fireproof doors, fireproof sliding doors
Netherlands	Alpha Deuren International B.V.	57 Didam	Industrial sectional doors
U.K.	Novoferm UK Limited	58 Luton	Residential garage doors
	Horton Automatics Limited	59 Telford	Automatic doors
	Robust UK Limited	60 Stoke-on-Trent	Doors & door frames
Italy	Novoferm Schievano s.r.l.	61 Padova	Doors & door frames, fireproof sliding doors
Spain	Novoferm Alsal S.A.	62 Cantabria	Doors & door frames, residential garage doors, industrial sectional doors
Poland	Novoferm Door Sp. zo.o.	63 Wykroty	Doors & door frames, dock levelers
Sweden	Robust AB	64 Nykroppa	Doors & door frames

Product Information / Corporate Overview

Our Products for Buildings



Sanwa Group products deliver greater safety, security and convenience

Core Products

Product	Japan	North America	Europe	Asia
Lightweight shutters	No.1	No.1	No.2	Asia
Industrial sectional doors	No.1	No.1	No.2	Asia
Garage doors	No.1	No.2	No.2	Asia
High-speed sheet shutters	No.1	North America	Europe	Asia
Door openers	Japan	No.2	No.4	Asia
Steel doors	No.1	North America	No.2	Asia

Multi Products

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

Detached Houses / Housing Complexes / Commercial Facilities and Office Buildings / Schools / Medical and Welfare Facilities / Factories and Warehouses

Note: Shown in order of market position. (Sanwa Holdings' estimates.)
* Toilet booth market

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	12,785 (consolidated)

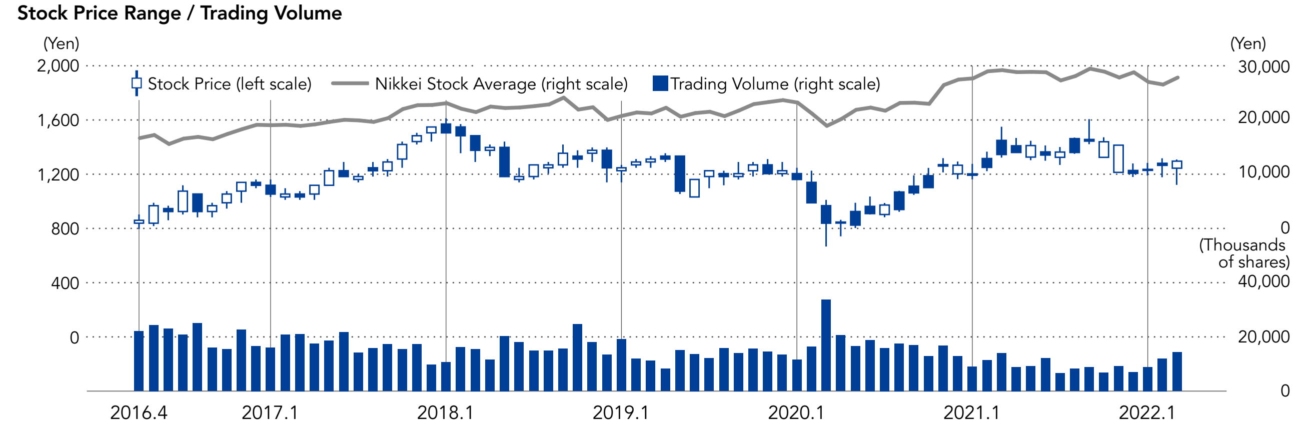
Stock Listings	Tokyo Stock Exchange
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department Higashisuna 7-10-11, Koto-ku, Tokyo 137-8081, Japan
Common Stock	Authorized: 550,000,000 shares Issued: 231,000,000 shares Number of shareholders: 11,508

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.

ESG index	FTSE4Good Index Series	FTSE Blossom Japan	FTSE Blossom Japan Sector Relative Index	S&P/JPX Carbon Efficient Index	
Awards and Ratings	CDP2021 Climate Change Score – B	5th Nikkei Smart Work Management Survey ★3.0	3rd Nikkei SDGs Management Survey ★3.5	Daiwa Investor Relations 2021 Internet IR Award "Commendation Award"	NIKKO Investor Relations 2021 All Japanese Listed Companies' Website Ranking "AAA Website" in Overall Ranking and Sector Ranking

Stock Price Range / Trading Volume



Principal Shareholders

Shareholder name	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15.20
Custody Bank of Japan, Ltd. (Trust Account)	8.40
Sumitomo Mitsui Banking Corporation	4.99
The Dai-ichi Life Insurance Company, Limited	3.66
BNYM AS AGT/CLTS 10 PERCENT	2.86
Aioi Nissay Dowa Insurance Co., Ltd.	2.32
Mitsubishi UFJ Trust and Banking Corporation	2.09
Sumitomo Realty & Development Co., Ltd.	1.72
JP MORGAN CHASE BANK 385632	1.65
NIPPON STEEL CORPORATION	1.56

Notes:
1. The Company holds treasury stock, which is excluded from the major shareholders listed above. Number of shares held: 10,063,915 shares
2. Percentage of voting rights is calculated based on the total number of shares issued excluding treasury stock.

Stock Price Trend

	High (Yen)	Low (Yen)
April 1, 2012 – March 31, 2013	492	282
April 1, 2013 – March 31, 2014	783	457
April 1, 2014 – March 31, 2015	925	598
April 1, 2015 – March 31, 2016	1,113	660
April 1, 2016 – March 31, 2017	1,165	793
April 1, 2017 – March 31, 2018	1,624	1,016
April 1, 2018 – March 31, 2019	1,449	1,135
April 1, 2019 – March 31, 2020	1,367	666
April 1, 2020 – March 31, 2021	1,550	741
April 1, 2021 – March 31, 2022	1,606	1,121