

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.

The Sanwa Group's Mission 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.

The Sanwa Group's Management Philosophy

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.

The Sanwa Group's Vision

Long-Term Vision

Sanwa Global Vision 2030

To be a Global Leader of Smart Entrance Solutions



We will pursue sustainable growth and maximize our corporate value as a Global Leader of Smart Entrance Solutions.

Although we brought the first year of the Mid-Term Management Plan 2024 under the Sanwa Global Vision 2030 to a close with record results, I am by no means satisfied to leave it at that. Our goal is to establish a solid presence in markets around the world as a global leader of smart entrance solutions. We have only taken the first step toward that destination.

The safety and security of communities and the people who live in them is something I naturally always hope for, and that hope is also part of our company's DNA, which has been passed down from generation to generation since our founding. We will continue to make sincere efforts toward technological innovation and realize a Sanwa Group that continues to evolve and transform, in order to provide the safe and secure products and services we create all over the world.

Yasushi Takayama

Representative Director, President



Review of fiscal 2022

In fiscal 2022 (the fiscal year ended March 31, 2023), the external environment surrounding the Group remained unstable primarily due to soaring raw material prices, an increase in policy interest rates around the world aimed at curbing accelerating inflation, rising energy prices caused by the prolonged conflict in Ukraine, and sharp fluctuations in exchange rates. On the other hand, business activity continued to return to normal in many countries and the economy saw a modest upturn in line with recovery from the COVID-19 pandemic.

Amid such an environment, from fiscal 2022, the Group launched its long-term management vision, Sanwa Global Vision 2030, and the Mid-Term Management Plan 2024, and worked to establish the foundation to become a global leader of smart entrance solutions that meet the changing needs of society due to climate change and digitalization.

While focusing on the development and market penetration of new products and services anticipated as the next generation, the Group sought to capture growth opportunities globally through strategic investments in digitalization. At the same time, with the aim of achieving sustainability, we worked to expand our range of environmentally friendly products and reduce the environmental impacts of our production activities.

As a result of these efforts, net sales and profits for fiscal 2022 increased significantly year on year, reaching a new record high for consolidated operating results. Looking at individual segments, we were able to achieve increases in both sales and profits in all regions, namely Japan, North America, Europe, and Asia, by promoting appropriate pricing policies and aggressive sales activities.

Business environment

I would like to explain the business environment going forward. Firstly, we expect the favorable environment in the Japanese market to continue. In fiscal 2022, our construction of production plants and logistics facilities continued in succession, and demand for our products, particularly for heavy-duty shutters, remained strong. In addition to expecting high demand to continue, we are making progress on large-scale projects in various regions of Japan. We expect urban redevelopment projects and increased capital investment in the manufacturing industry to lead to strong sales of the Group's core products, including shutters and doors.

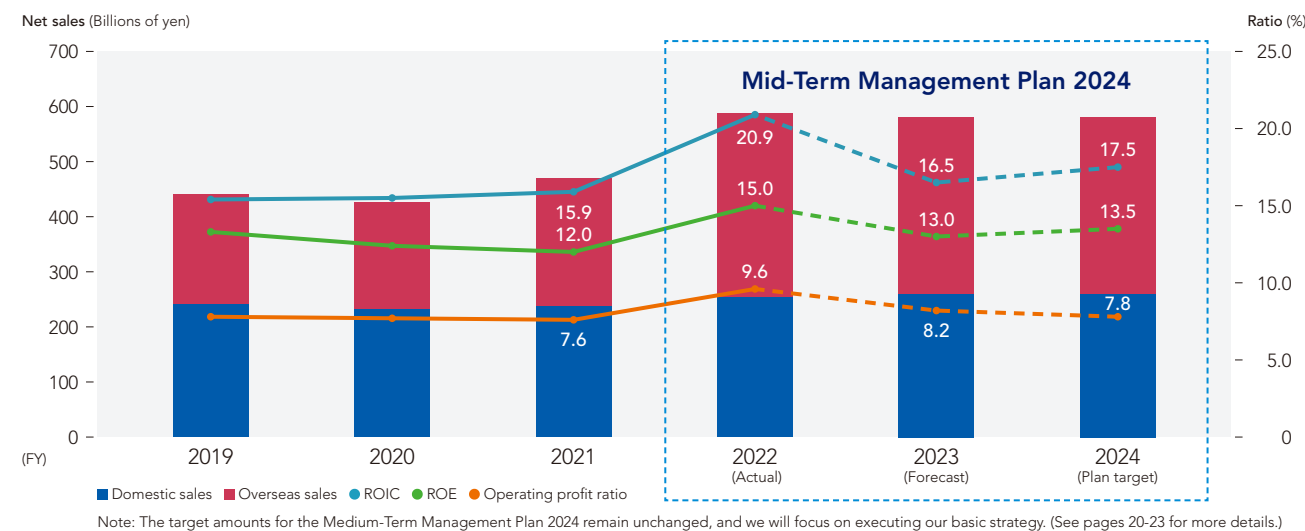
Looking overseas, we believe that the fairly soft business environment in North America and Europe will remain as is given the current geopolitical risks. In North America, housing starts are declining due to the government's high interest rate policy. The extent to which the decline in residential demand can be offset by sustained selling prices and promising levels of non-residential demand will be a challenge in fiscal 2023. In Europe, the economic slowdown is becoming more pronounced in Germany and the U.K., with conditions particularly severe in the residential business. Although growth in Asia is not expected to be as rapid as before, there is still substantial room for market development as the Group's market share in the region is still low. Regardless of each business environment, we believe that our priority is to focus on increasing sales of our own products and working to expand our business foundation.

Progress of the Mid-Term Management Plan 2024

In fiscal 2022, the first year of the Mid-Term Management Plan 2024, we achieved our initial financial targets. Sales and profit in all regions (Japan, North America, Europe, and Asia) increased year on year. The main reason for those increases was that we were able to pass on higher material and energy costs to our customers in each region. However, we also believe that it was a result of our efforts to ensure quality, to strictly adhere to delivery schedules and to provide a stable supply of products by increasing our production capacity, and all of the Group's efforts were highly valued by our customers. Internally, we focused on building an efficient supply chain from upstream to downstream through cooperation between development, sales, manufacturing, installation, service, and other departments, and I would like to emphasize that as a result of our efforts during the fiscal year we were able to further solidify our relationships of mutual trust with our customers.

In terms of measures, in January 2023 we acquired U.S.-based Door Control, Inc. and Door Concepts, Inc., both of which are experienced in automatic door-related businesses, in order to strengthen the foundation of our North American business. We also worked to generate synergies with AUB Limited (Hong Kong), which we acquired in August 2022. In addition, during fiscal 2022, we launched innovative disaster prevention products and environmentally friendly products to the market, such as overhead doors with high heat insulation that offer significantly improved thermal insulation performance, and the IoT-compatible MADOMORE Change SY system for motorizing existing manual window shutters. As part of our digitalization efforts, we focused on introducing an enterprise resource planning (ERP) system and strengthening its operation in each region. In terms of sustainability management, we set various KPIs based on ESG material issues with the aim of achieving a sustainable economy and society, while expanding our climate change response-related products and reducing the environmental impacts of our production processes.

All of this means that significant progress has been made in terms of key strategies for the Mid-Term Management Plan 2024. Even so, I feel it would be unwise to overstate the results of these efforts. For example, digitalization and AI cover an extremely wide range of areas, including enhancing the functionality of products and services, reducing labor and improving business operations through digital technology, and using digital tools to drive marketing activities, and there are still a large number of issues to be addressed. We also need to further accelerate our global expansion, including strengthening our foundation in our core markets and opening up new markets in Asia.



In Japan, North America, and Europe, we will move forward with initiatives to strengthen our core businesses and expand our business areas. Meanwhile, in Asia, we will strive to expand our production capacity by making new plants fully operational and upgrading facilities at existing plants, at the same time aiming to establish a fourth key region, following Japan, North America, and Europe, through strategic management operations by each Group company. Although we made responding to healthy demand a priority in fiscal 2022, I believe it is essential to further strengthen our earnings base from a medium- to long-term perspective, by aggressively investing management resources in our overseas operations and the digitalization field in particular from now on.

Fostering an open-minded corporate culture and enhancing our governance structure

In order for the Sanwa Group to achieve sustainable growth in the future, it is essential not only to properly implement business strategies and measures, but also to further develop the management structure that serves as the foundation of our business activities. It is also important that all employees understand and share the Company's policies and values, and that they act with integrity in their respective roles. As well as promoting the instillation and sharing of Our Mission, Our Values, Principles of Business, and Compliance Code of Conduct, I have been sending out messages to employees and stakeholders around the world, in an effort to foster a sense of unity as the Sanwa Group. We will continue our efforts to change employee mindsets and to focus on establishing a corporate culture that is open to the world. We will also accelerate the development of human resources as the source of our growth potential, and our support for their activities, by actively working to create a comfortable work environment and by introducing and running a flexible work system so that employees can innovate based on the ability to think freely.

Strengthening corporate governance is another important management issue. In June 2022 we invited Ms. Hiroko Ishimura, who has been active in the business world, to join our Board of Directors as an Outside Director, to further strengthen the Board's diversity and strategic knowledge. In addition, in order to ensure transparency and fairness in management, four of the ten current Directors are designated as Outside Directors. What is truly important is close cooperation between management and each business unit and the active and open exchange of opinions at Board meetings, and I believe that the supervisory and advisory capabilities of Outside Directors, who represent the interests of stakeholders, should be fully demonstrated. We will continue to strive for prompt and accurate decision-making and strategy execution through further strengthening of our governance structure.



▶ Contribution to environmental and social sustainability

Since the UN General Assembly adopted the Sustainable Development Goals (SDGs) in 2015, private-sector companies have been urged to work toward environmental and social sustainability. For the Sanwa Group, which operates in 27 countries and regions around the world with limited global resources, contributing to SDG targets through our business processes, products and services is a prerequisite for our existence as a company and a mission that we must fulfill for society. Having contributed to the realization of safe, secure and convenient living by offering various security and disaster prevention products since its founding, the Group recognizes that the principles of its mission and business development are identical to those of the SDGs, and is moving forward with various initiatives with the aims of global environmental preservation and sound economic and industrial development.

In 2021, the Group identified and redefined 11 ESG material issues from four perspectives: Manufacturing, Environment, People, and our Management Foundation. For Manufacturing, we will contribute to forming a society in which everyone can live with peace of mind, by protecting lives and property from disasters and crimes through the development and supply of products that contribute to energy conservation in buildings, waterproof products to withstand increasingly severe natural disasters, wind pressure-resistant products and more. As for the Environment, we contribute to the realization of environmental sustainability through a variety of activities, such as reducing greenhouse gas emissions in our production processes, conserving water resources and managing wastewater quality, reducing our use of raw materials and promoting recycling. In relation to People, we recognize that human resources, the source of our growth potential, are our most important management resource, and we are committed to providing fair growth opportunities regardless of gender or age and to building a fair personnel evaluation system. At the same time, we will strive to maximize the social value provided to our stakeholders, through fair and honest business practices based on the effective utilization of human capital, pushing forward with human resource policies that respect human rights and diversity, and ensuring a safe and comfortable working environment.



▶ Bringing about innovation through free thinking

The Group currently has more than 12,000 employees. While we intend to share the same vision and philosophy as a Group, and share the direction we should head in on a daily basis, I would like all 12,000 employees to be a group of people with more flexible thinking, not bound by one-size-fits-all thinking. At the same time, we need to have flexibility as an organization. In other words, an organization's flexibility is its ability to embrace diversity. Because there are many different personalities, there are many different ways of thinking, and innovation is born as a result. I believe that innovation is the purpose of diversity and inclusion, and that by forming a flexible organization we can grow and develop into a company that makes sustainable contributions to society.

▶ To our stakeholders

Since its founding in 1956, the Sanwa Group has been contributing to the creation of safe, secure, and convenient urban and residential spaces and the realization of a comfortable and livable society, by providing a wide range of high-quality shutters, doors and other products and services. We believe that the original technologies and knowledge we have accumulated over many years through advanced M&A and R&D are the driving force behind our development and the foundation of our differentiation in the market. The Group has also been steadily progressing with overseas expansion since the late 1980s, and has grown into a global company with many sites around the world.

The Sanwa Group has continued to do business with the support of a large number of stakeholders, including shareholders and investors, customers, business partners, local communities around the world and Group employees. We are deeply aware that close relationships of mutual trust with our stakeholders are the foundation of sustainable growth, and we will work to further strengthen these relationships through timely and accurate information dissemination and collaborative value creation in local communities.

The global economy and society are currently undergoing a historically significant period of transformation. Numerous events that will have a negative impact on business performance are unfolding, including escalating tensions in Ukraine, the impact of ongoing global inflation and tight monetary policies, and commodity and energy prices remaining high. In our daily lives, many ongoing trends are transforming society and the way we live in it, including the proliferation of AI and IoT, advancements in DX, growing environmental awareness and the establishment of new working styles using the COVID-19 pandemic as an opportunity for change, as well as a declining birthrate, an aging population and a shrinking workforce. The Sanwa Group will aim to achieve the next stage of growth while responding to these historical trends and to changes in our operating environment.

I recognize that the strength of the Sanwa Group lies in the presence of employees who are full of pioneering spirit, and who make efforts to realize our values in their day-to-day work. We, the management team, will work to steadily implement the strategies and initiatives set forth in the Mid-Term Management Plan 2024 and realize the Sanwa Global Vision 2030, as well as sharing the targets with our employees, who continue to perform their duties independently. In August 2023, our stock price (after adjustment) reached its highest level in 33 years, and our market capitalization also rose to a record high. In terms of the Group's business performance and stock price trends, we will not stay complacent. We are determined to accelerate our efforts to expand business operations and improve profitability while firmly implementing the PDCA cycle, in order to achieve sustainable growth and maximize our corporate value in the future. I would like to sincerely thank all of our stakeholders for their continued support.

A History of Value Creation

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 plants cherry blossom trees named PDCA SAKURA at its facilities around the world. These cherry blossom trees are the symbols of the Sanwa Group, that 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.

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

Non-shutter sales ratio*		
1990	2000	2010
Approx. 65.1%	Approx. 69.5%	Approx. 77.9%

Net sales 588.2 billion yen

FY2022 Non-shutter sales ratio (domestic consolidated) **Approx. 76.2%**

FY2022 Sales of disaster prevention and environmentally friendly products **171.0 billion yen**

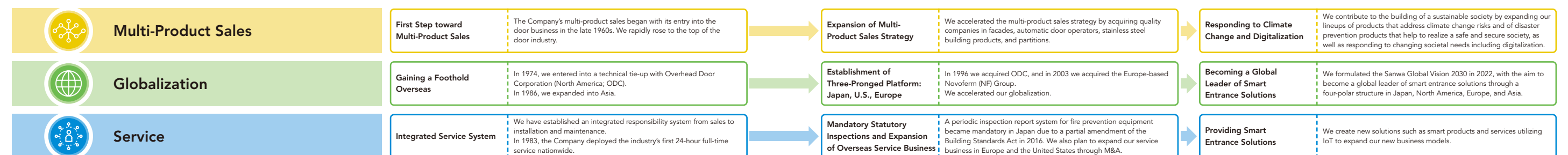
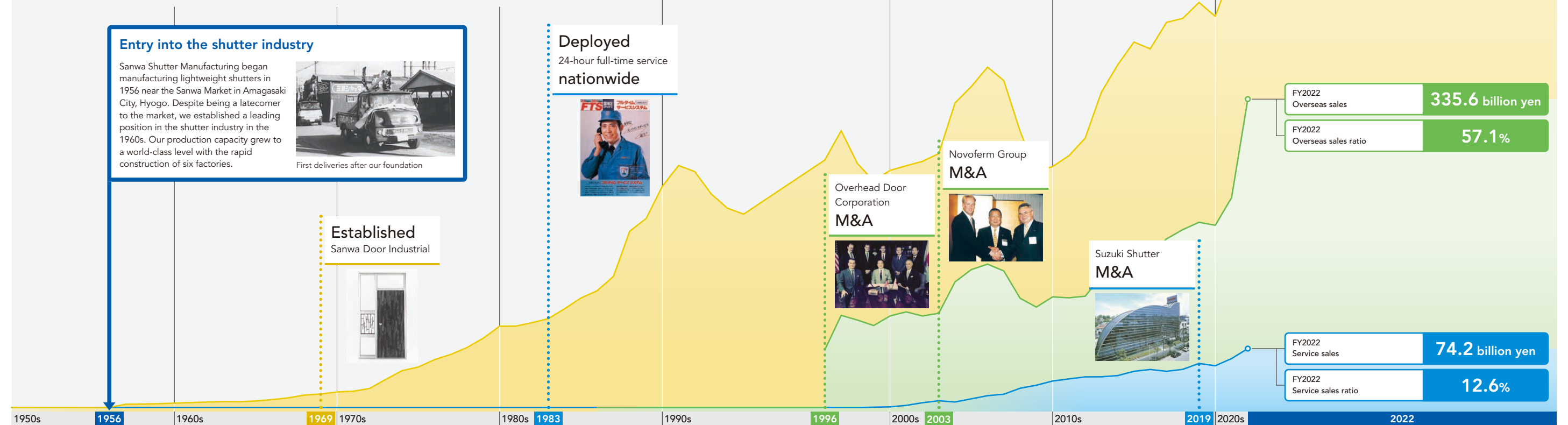
* Non-shutter sales ratio: Domestic consolidated net sales excluding net sales of heavy-duty and lightweight shutters/Domestic consolidated net sales x 100

FY2022 Overseas sales **335.6 billion yen**

FY2022 Overseas sales ratio **57.1%**

FY2022 Service sales **74.2 billion yen**

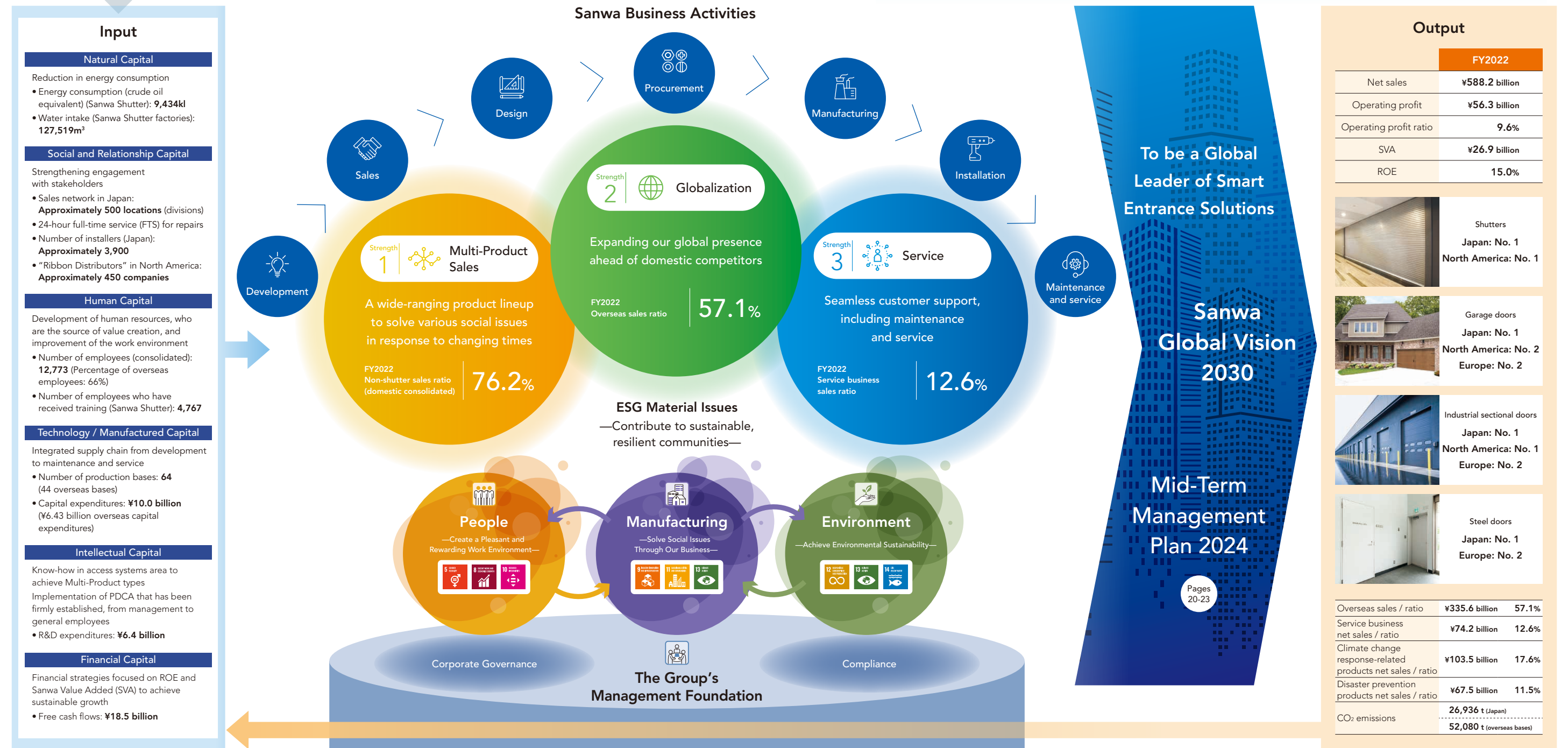
FY2022 Service sales ratio **12.6%**



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 continued growth and sustainable value creation by making full use of 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.

Stakeholders

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

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Customers	Employees	Installers	Business partners	Local communities	Shareholders / investors
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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 received (Sanwa Shutter) **11,888**

Number of general repair inquiries received (Sanwa Shutter) **129,774**

The Group's products are used in the entranceways of various buildings, including homes and apartments, offices, factories, warehouses, schools, and medical and welfare facilities, and they support people's lives and the community infrastructures. We respond to the diverse voices and requests of our customers through a nationwide network of around 500 locations and a 24-hour full-time service for repairs, and we share feedback from our customer centers throughout the Company to improve our products and services.

The Group's product lineup originally started out with products to support 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-related products (mitigation and adaptation) and products that protect against disasters contribute to solving social issues, such as realizing a decarbonized society, and can be said to represent 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) **19.8%**

Overseas employee ratio (consolidated) **66%**

Senior 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 revitalize itself as an organization 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 reached 19.8% and 13.9%, 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 and feel a sense of satisfaction.



Outcomes for installers

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

Service sales ratio (consolidated) **12.6%**

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 health and safety at regular monthly health and safety 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) **Approx. 450 companies**

Green procurement ratio (Sanwa Shutter's main suppliers) **71.3%**

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

Sanwa Shutter has a "Sanwakai" group consisting of around 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-related product sales ratio (consolidated) **17.6%**

Social contribution expenditure (consolidated) **13.8 million yen**

The Group is closely connected to communities in 27 countries and regions covering 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 the technologies, human resources, products, know-how, and other resources that our Group has developed to society, and proactively contribute to the community through activities such as realizing resilient communities, global environmental conservation, fostering the next generation, and contributing to the development and diversity of the local community.



Outcomes for shareholders and investors



To enhance the transparency of our corporate activities, the Group strives to achieve sustainable growth and increase corporate value by disclosing information in a timely and appropriate manner and reflecting dialogue with its shareholders and investors in its management. In addition to biannual financial results briefings, we hold more than 180 individual IR meetings, ESG briefings, briefings for individual investors, and plant tours for institutional investors.

In addition, based on our financial strategy and other factors, we have raised our target payout ratio to 40% from fiscal 2022.

