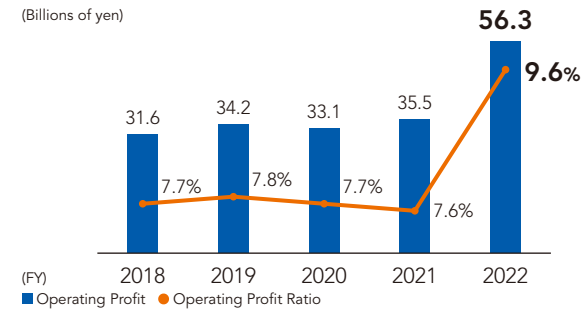


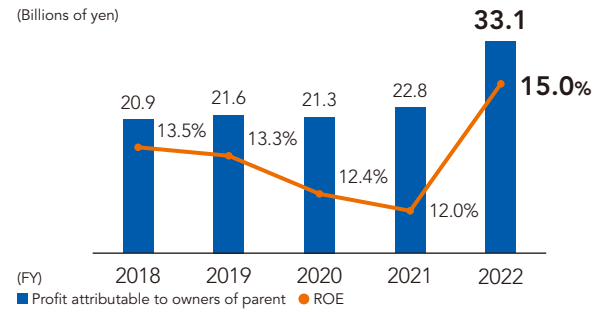
Financial & Non-Financial Highlights

Financial Indicators

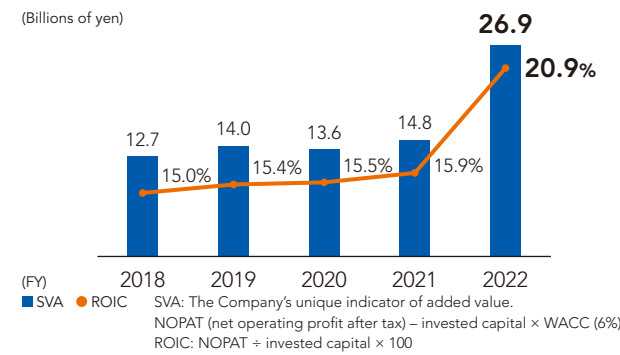
Operating Profit / Operating Profit Ratio



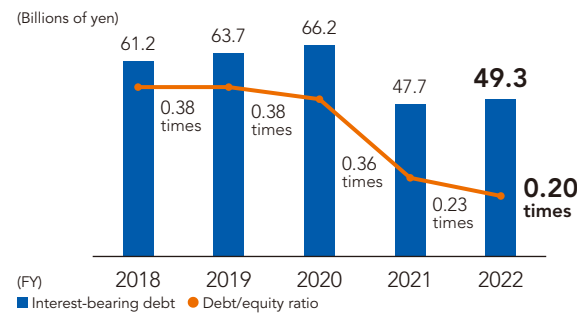
Profit Attributable to Owners of Parent / ROE



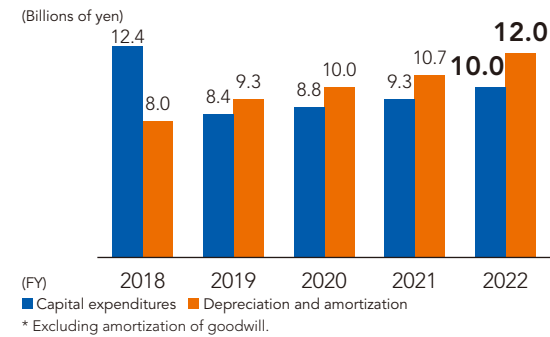
Sanwa Value Added (SVA) / Return on Invested Capital (ROIC)



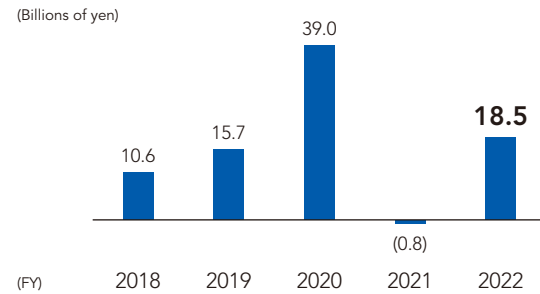
Interest-Bearing Debt / Debt/Equity Ratio



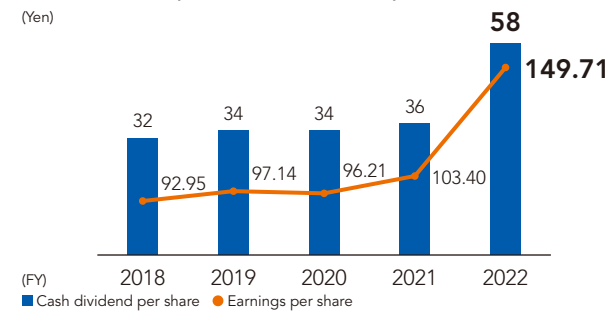
Capital Expenditures / Depreciation and Amortization*



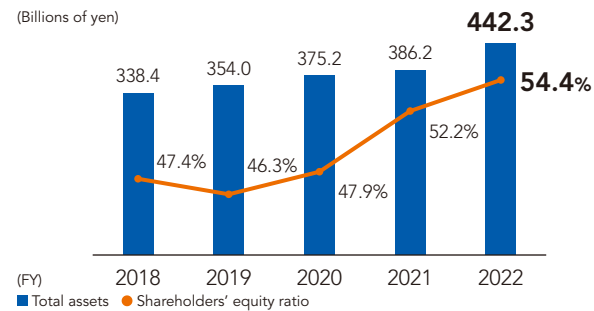
Free Cash Flows



Cash Dividend per Share / Earnings per Share

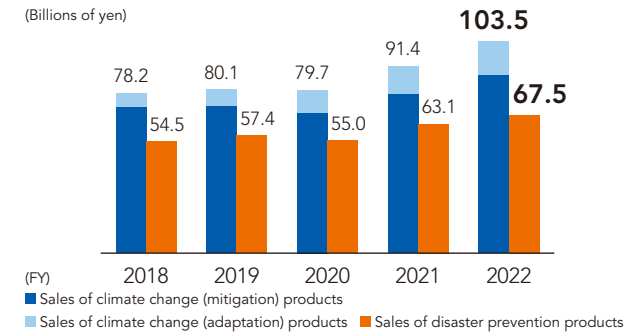


Total Assets / Shareholders' Equity Ratio

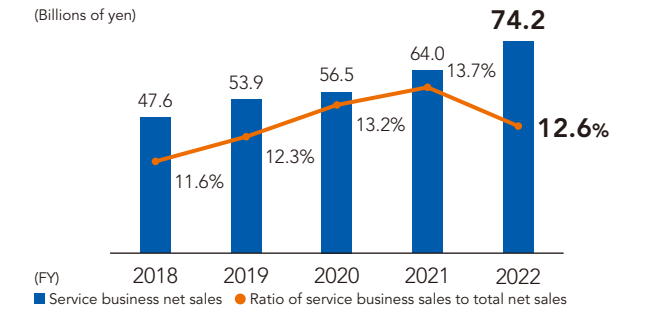


Non-Financial Highlights

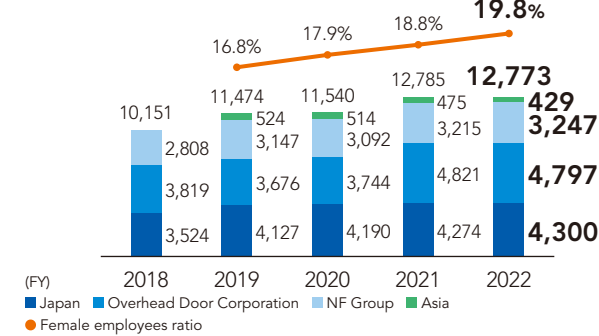
Sales of Climate Change Targeted (Mitigation, Adaptation) Products / Sales of Disaster Prevention Products (Consolidated)



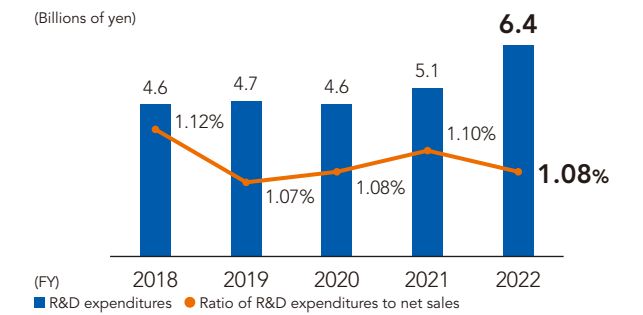
Service Business Net Sales / Ratio of Service Business Sales to Total Net Sales (Consolidated)



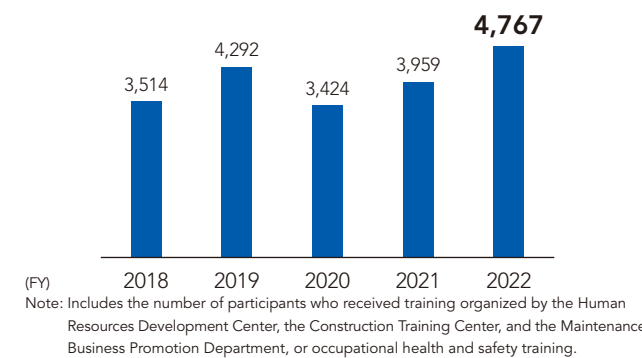
Number of Employees / Female Employees Ratio (Consolidated)



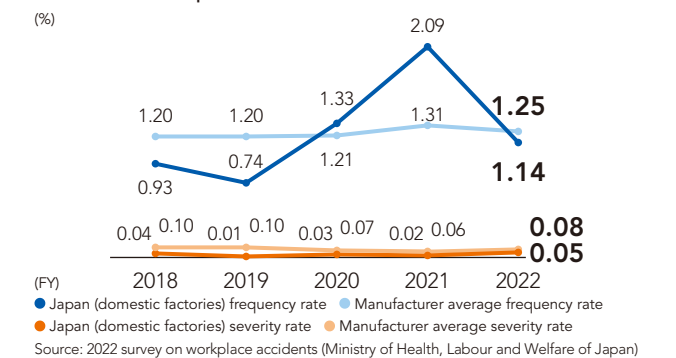
R&D Expenditures / Ratio of R&D Expenditures to Net Sales (Consolidated)



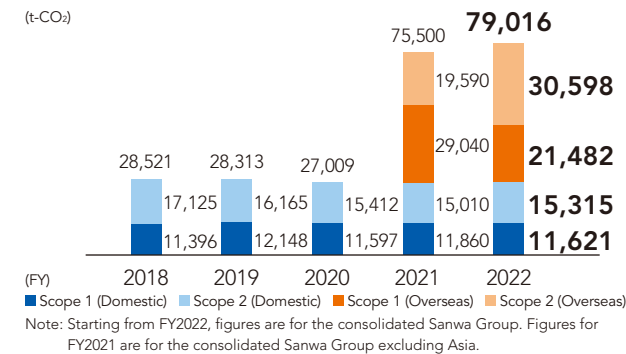
Number of Employees Who Have Received Training (Sanwa Shutter)



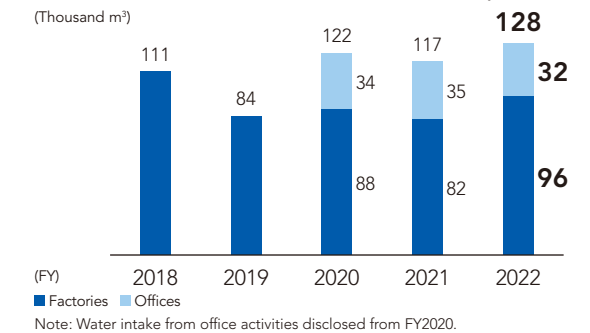
Lost-Time Injuries Frequency Rate / Severity Rate (Domestic Group Factories)



CO2 Emissions (Domestic and Overseas)



Amount of Water Intake (Sanwa Shutter Corporation)



12-Year Summary (As of March 31, 2023)

Sanwa Global Vision 2030
(FY2022–FY2030)
To be a Global Leader of Smart Entrance Solutions

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

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Operating Results (Millions of yen)												
Net sales	265,913	311,957	339,045	365,615	353,922	385,673	409,990	440,161	427,061	468,956	588,159	580,000
Overseas sales ratio (%)	39.3	41.7	43.8	44.7	44.4	46.1	46.4	45.4	45.9	49.6	57.1	—
Cost of sales	196,631	225,954	242,273	260,078	250,068	273,155	291,301	310,925	299,838	330,646	408,461	—
Gross profit	69,281	86,003	96,771	105,537	103,854	112,517	118,689	129,235	127,223	138,309	179,697	—
Operating profit	14,174	20,649	26,334	26,870	26,440	28,322	31,593	34,217	33,077	35,487	56,307	47,500
Ordinary profit	13,988	20,316	25,975	26,161	25,278	27,898	30,437	33,469	32,142	34,122	52,780	46,500
Profit attributable to owners of parent	7,181	10,161	12,857	14,627	17,070	18,280	20,910	21,647	21,251	22,842	33,084	31,800
R&D expenditures	2,440	3,149	3,505	3,868	3,999	4,422	4,611	4,728	4,641	5,143	6,385	—
Capital expenditures	4,293	7,116	7,727	8,127	8,096	11,383	12,367	8,419	8,770	9,281	10,041	15,900
Depreciation and amortization (Excluding amortization of goodwill)	5,428	6,180	7,188	8,022	7,290	7,622	8,049	9,301	10,010	10,666	12,020	12,946
Cash Flows (Millions of yen)												
Cash flows from operating activities	14,855	19,728	22,304	24,378	23,670	26,532	24,271	32,301	50,144	20,526	34,425	—
Cash flows from investing activities	(5,313)	5,932	(27,080)	(15,641)	(8,006)	(13,172)	(13,677)	(16,622)	(11,177)	(21,353)	(15,941)	—
Cash flows from financing activities	(4,340)	3,876	10,625	(25,702)	(838)	(20,505)	(11,349)	(10,466)	(6,102)	(27,363)	(9,887)	—
Cash and cash equivalents (End of year)	22,275	52,307	58,605	41,516	56,290	49,263	47,977	54,618	87,795	61,397	71,153	—
Free cash flows	9,542	25,660	(4,776)	8,737	15,664	13,360	10,593	15,679	38,967	(827)	18,484	—
Financial Position (at Balance Sheet Date) (Millions of yen)												
Total assets	241,771	281,917	323,327	310,269	323,393	331,686	338,432	354,023	375,159	386,237	442,274	444,000
Interest-bearing debt	60,799	69,153	88,484	70,798	74,739	65,945	61,217	63,730	66,194	47,706	49,253	46,500
Net assets	97,134	113,956	126,748	130,334	139,905	151,121	161,603	165,633	181,387	203,311	242,350	243,000
Working capital	69,593	71,051	80,820	84,012	82,982	90,794	96,162	105,235	96,067	110,235	141,693	—
Financial Indicators												
Profit per share (Yen)	29.9	42.4	54.1	63.1	74.6	81.0	93.0	97.1	96.2	103.4	149.7	143.9
Net assets per share (Yen)	404.57	474.63	541.49	565.64	607.16	667.09	713.50	742.90	814.10	912.70	1,088.87	—
Cash dividends per share (Yen)	10	13	16	23	25	30	32	34	34	36	58	58
Operating profit ratio (%)	5.3	6.6	7.8	7.3	7.5	7.3	7.7	7.8	7.7	7.6	9.6	8.2
R&D expenditures to net sales ratio (%)	0.9	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	—
Return on assets (%)	3.1	3.9	4.3	4.6	5.4	5.6	6.2	6.3	5.8	6.0	8.0	—
Return on equity (%)	7.9	9.6	10.7	11.4	12.7	12.7	13.5	13.3	12.4	12.0	15.0	13.0
ROIC (%)	7.7	10.6	12.6	12.2	12.2	12.8	15.0	15.4	15.5	15.9	20.9	16.5
SVA (Billions of yen)	1.9	5.4	7.8	8.2	8.1	9.0	12.7	14.0	13.6	14.8	26.9	20.0
Debt/equity ratio (Times)	0.63	0.61	0.70	0.54	0.53	0.44	0.38	0.38	0.36	0.23	0.20	0.19
Shareholders' equity ratio (%)	40.1	40.4	39.1	41.7	43.0	45.2	47.4	46.3	47.9	52.2	54.4	54.4
Liquidity ratio (Times)	1.7	1.6	1.7	1.8	1.8	1.7	1.7	1.9	1.8	1.8	1.9	—
Cash Conversion Cycle (CCC) (Days)	84.7	78.8	81.7	82.3	86.1	82.2	83.2	83.5	86.0	80.3	78.2	—
Payout ratio (%)	33.4	30.7	29.6	36.5	33.5	37.1	34.4	35.0	35.3	34.8	38.7	40.3
Price-to-Book Ratio (PBR) (Times)	1.19	1.41	1.65	1.48	1.72	2.06	1.85	1.14	1.78	1.36	1.30	—

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

Consolidated Balance Sheets

Sanwa Holdings Corporation and Subsidiaries
As of March 31, 2023 and 2022

	Millions of yen		Thousands of
	2023	2022	U.S. dollars (Note 1)
			2023
ASSETS			
Current assets:			
Cash and deposits (Note 3)	¥ 63,653	¥ 52,897	\$ 478,594
Securities (Notes 3, 4, 10)	8,600	9,000	64,662
Notes and accounts receivable - trade, and contract assets (Note 10, 18)	113,909	98,000	856,459
Electronically recorded monetary claims - operating (Note 10)	14,324	11,116	107,699
Inventories (Note 5)	80,423	63,678	604,684
Other current assets	8,567	5,123	64,414
Allowance for doubtful accounts	(4,061)	(2,335)	(30,534)
Total current assets	285,416	237,480	2,145,985
Non-current assets:			
Property, plant and equipment:			
Land	20,900	22,304	157,143
Buildings and structures	71,054	66,318	534,241
Machinery and equipment	96,026	84,376	722,000
Right-of-use assets	12,243	5,473	92,053
Construction in progress	3,941	4,296	29,632
	204,166	182,768	1,535,083
Less accumulated depreciation	(120,801)	(107,801)	(908,278)
Total property, plant and equipment	83,364	74,967	626,797
Intangible assets:			
Goodwill	7,601	10,789	57,150
Other intangible assets (Note 6)	19,483	18,783	146,489
Total intangible assets	27,084	29,573	203,639
Investments and other assets:			
Investments securities (Notes 4, 10)	32,054	28,756	241,008
Long-term loans receivable	632	509	4,752
Retirement benefit asset (Note 8)	7,262	7,776	54,602
Deferred income taxes (Note 15)	1,309	3,896	9,842
Other assets	5,732	3,841	43,098
Allowance for doubtful accounts	(582)	(564)	(4,376)
Total investments and other assets	46,408	44,215	348,932
Total non-current assets	156,857	148,756	1,179,376
Total assets	¥ 442,274	¥ 386,237	\$ 3,325,368

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of
	2023	2022	U.S. dollars (Note 1)
			2023
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowing (Notes 7, 10)	¥ 21,006	¥ 18,539	\$ 157,940
Notes and accounts payable, trade (Note 10)	66,962	62,558	503,474
Accrued income taxes	7,374	5,243	55,444
Accrued expenses	34,367	27,213	258,398
Contract liabilities (Notes 18)	4,840	4,179	36,391
Other current liabilities	9,957	11,247	74,865
Total current liabilities	144,508	128,981	1,086,526
Non-current liabilities:			
Long-term borrowing (Notes 7, 10)	38,589	32,963	290,143
Retirement benefit liability (Note 8)	10,976	12,359	82,526
Deferred income taxes (Note 15)	2,034	5,663	15,293
Other long-term liabilities	3,814	2,956	28,677
Total long-term liabilities	55,414	53,943	416,647
Total liabilities	199,923	182,925	1,503,180
NET ASSETS (Note 12)			
Shareholders' equity			
Share capital:			
Authorized - 550,000,000 shares at March 31, 2023 and 2022			
Issued - 231,000,000 shares at March 31, 2023 and 2022	38,413	38,413	288,820
Capital surplus	39,737	39,732	298,774
Retained earnings	144,460	121,256	1,086,165
Treasury shares			
(9,985,209 shares at March 31, 2023 and 10,063,915 shares at March 31, 2022)	(9,869)	(9,947)	(74,203)
Total shareholders' equity	212,742	189,455	1,599,564
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	2,106	1,482	15,835
Deferred gains or losses on hedges	327	37	2,459
Foreign currency translation adjustments	25,895	11,342	194,699
Remeasurements of defined benefit plans	(414)	(668)	(3,113)
Total accumulated other comprehensive income	27,914	12,194	209,880
Share acquisition rights (Note 13)	255	285	1,917
Non-controlling interests	1,437	1,376	10,805
Total net assets	242,350	203,311	1,822,180
Total liabilities and net assets	¥ 442,274	¥ 386,237	\$ 3,325,368

Consolidated Statements of Income

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Net sales	¥ 588,159	¥ 468,956	\$ 4,422,248
Cost of sales (Note 14)	408,461	330,646	3,071,135
Gross profit	179,697	138,309	1,351,105
Selling, general and administrative expenses (Notes 13, 14)	123,390	102,822	927,744
Operating profit	56,307	35,487	423,361
Other income (expenses):			
Interest and dividend income	552	475	4,150
Interest expenses	(613)	(450)	(4,609)
Share of loss of entities accounted for using equity method	(629)	(218)	(4,729)
Other, net (Note 16)	(6,541)	(1,589)	(49,180)
Other income (expenses), net	(7,231)	(1,783)	(54,368)
Profit before income taxes	49,075	33,703	368,985
Income taxes (Note 15)			
Current	17,720	10,231	133,233
Deferred	(1,910)	445	(14,361)
Total income taxes	15,810	10,676	118,872
Profit	33,264	23,026	250,105
Profit (loss) attributable to non-controlling interests	180	183	1,353
Profit attributable to owners of parent	¥ 33,084	¥ 22,842	\$ 248,752

	Yen		U.S. dollars (Note 1)
	2023	2022	2023
Per share: (Note 21)			
Net profit — Basic	¥ 149.71	¥ 103.40	\$ 1.13
— Diluted	149.34	103.13	1.12
Cash dividends	58.00	36.00	0.44

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, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Profit	¥ 33,264	¥ 23,026	\$ 250,105
Other comprehensive income (Note 17)			
Valuation difference on available-for-sale securities	624	(583)	4,692
Deferred gains or losses on hedges	289	46	2,173
Foreign currency translation adjustments	14,239	6,115	107,060
Remeasurements of defined benefit plans, net of tax	253	468	1,902
Share of other comprehensive income of entities accounted for using equity method	314	95	2,361
Total other comprehensive income (Note 17)	15,720	6,143	118,195
Comprehensive income	¥ 48,985	¥ 29,169	\$ 368,308
Comprehensive income attributable to:			
Owners of the parent company	¥ 48,729	¥ 28,963	\$ 366,383
Non-controlling interests	256	206	1,925

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, 2023 and 2022

	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, 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 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 in items other than shareholders' equity					(583)	46	6,211	468	6	95	6,245
Total Changes during period	-	(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
Changes during period											
Dividends of surplus			(9,723)								(9,723)
Profit attributable to owners of the parent company			33,084								33,084
Change of scope of equity method			(37)								(37)
Purchase of treasury stock				(1)							(1)
Disposal of treasury stock		5		78							83
Change in ownership interest of parent due to transactions with non-controlling interests			(119)								(119)
Net changes during the year other than shareholders' equity					624	289	14,553	253	(29)	61	15,751
Total net changes during the year	-	5	23,204	77	624	289	14,553	253	(29)	61	39,038
Balance at March 31, 2023	¥ 38,413	¥ 39,737	¥ 144,460	¥ (9,869)	¥ 2,106	¥ 327	¥ 25,895	¥ (414)	¥ 255	¥ 1,437	¥ 242,350

	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, 2022	\$ 288,820	\$ 298,737	\$ 911,699	\$ (74,789)	\$ 11,143	\$ 278	\$ 85,278	\$ (5,023)	\$ 2,143	\$ 10,346	\$ 1,528,654
Changes during period											
Dividends of surplus			(73,105)								(73,105)
Profit attributable to owners of the parent company			248,752								248,752
Change of scope of equity method			(278)								(278)
Purchase of treasury stock				(6)							(6)
Disposal of treasury stock		38		586							624
Change in ownership interest of parent due to transactions with non-controlling interests			(895)								(895)
Net changes during the year other than shareholders' equity					4,692	2,173	109,421	1,902	(218)	459	118,429
Total net changes during the year	-	38	174,466	579	4,692	2,173	109,421	1,902	(218)	459	293,519
Balance at March 31, 2023	\$ 288,820	\$ 298,774	\$ 1,086,165	\$ (74,203)	\$ 15,835	\$ 2,459	\$ 194,699	\$ (3,113)	\$ 1,917	\$ 10,805	\$ 1,822,180

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Sanwa Holdings Corporation and Subsidiaries
For the years ended March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
Cash flows from operating activities::			
Profit before income taxes	¥ 49,075	¥ 33,703	\$ 368,985
Adjustments for:			
Depreciation and amortization	12,020	10,666	90,376
Amortization of goodwill	2,766	2,285	20,797
Impairment loss	3,450	-	25,940
Increase (decrease) in allowance for doubtful accounts	1,457	313	10,955
Increase (decrease) in provision for bonuses	3,410	927	25,639
Increase (decrease) in retirement benefit liability and asset	(1,063)	(880)	(7,992)
Interest and dividend income	(552)	(475)	(4,150)
Interest expenses	613	450	4,609
Share of loss (profit) of entities accounted for using equity method	629	218	4,729
(Increase) decrease in trade receivable	(13,235)	(9,950)	(99,511)
(Increase) decrease in inventories	(10,501)	(12,922)	(78,955)
Increase (decrease) in trade payable	2,172	8,722	16,331
Other, net	(289)	(1,253)	(2,173)
Subtotal	49,953	31,806	375,586
Interest and dividend income received	551	491	4,143
Interest expenses paid	(403)	(486)	(3,030)
Income taxes paid	(15,676)	(11,285)	(117,865)
Net cash provided by (used in) operating activities	34,425	20,526	258,835
Cash flows from investing activities:			
Purchase of short-term and long-term investment securities	(4,248)	(3,340)	(31,940)
Proceeds from sales of short-term and long-term investment	1,091	4,133	8,203
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(13,772)	-
Purchase of non-current assets	(10,041)	(9,281)	(75,496)
Loan advances	(214)	(120)	(1,609)
Proceeds from collections of loans receivable	228	197	1,714
Other, net	(2,755)	831	(20,714)
Net cash provided by (used in) investing activities	(15,941)	(21,353)	(119,857)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	1,347	1,864	10,128
Proceeds from long-term borrowings	9,450	618	71,053
Repayments of long-term borrowings	(9,616)	(1,299)	(72,301)
Redemption of bonds	-	(20,000)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(246)	(201)	(1,850)
Net decrease (increase) in treasury shares	82	45	617
Dividends paid	(9,723)	(7,511)	(73,105)
Dividends paid to non-controlling interests	(105)	(109)	(789)
Other, net	(1,076)	(770)	(8,090)
Net cash provided by (used in) financing activities	(9,887)	(27,363)	(74,338)
Effect of exchange rate changes on cash and cash equivalents	1,159	1,700	8,714
Net increase (decrease) in cash and cash equivalents	9,755	(26,491)	73,346
Cash and cash equivalents at beginning of period	61,397	87,795	461,632
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	92	-
Cash and cash equivalents at end of period (Note 3)	¥ 71,153	¥ 61,397	\$ 534,985

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, 2023, which was ¥133 to US\$1.00.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

At March 31, 2023, the Company had 102 subsidiaries and 12 affiliates.

The scope of consolidation for the fiscal year ended March 31, 2023 (FY2022) includes Sanwa Holdings Corporation and its 65 consolidated subsidiaries. Equity method accounting is applied to investments in 6 non-consolidated subsidiaries and 1 affiliate at March 31, 2023 (FY2022).

In the fiscal year ended March 31, 2023, BGS Holdings Limited and Manugestion S.A.S. were excluded from the scope of consolidation because they were dissolved in an absorption-type merger, with Bolton Gate Services Ltd. and Manuregion S.A.S. as the surviving companies, respectively.

In the fiscal year ended March 31, 2023, Sanwa Novoferm (Changshu) CO., LTD. and Sanwa Holdings (Shanghai) CO., LTD. were included in the scope of equity method due to an increased materiality. AUB Limited and AUB (MACAU) LIMITED were included in the scope of equity method due to stock acquisition.

(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 220,993 thousand and 220,922 thousand for the fiscal years ended March 31, 2023 and 2022, 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) Changes in Accounting Policies

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Group has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Implementation Guidance") from the beginning of the fiscal year ended March 31, 2023. The Group will apply the new accounting policies specified in the Implementation Guidance prospectively in accordance with the transitional treatment set forth in paragraph 27-2 of the Implementation Guidance. The application of these standards does not affect the consolidated financial statements.

Application of ASU 2016-02, "Leases (Topic 842)"

Overseas subsidiaries subject to application of the accounting principles generally accepted in the United States (U.S. GAAP) have applied the Accounting Standards Update (ASU) 2016-02, "Leases (Topic 842)," effective from the fiscal year ended March 31, 2023. As a result, lessees are to recognize all leases as assets and liabilities on their consolidated balance sheets, in principle. As an accepted transitional measure for when applying this accounting standard, the Group adopted a method of recognizing the cumulative effects of the application of accounting standard on the date of its initial application.

As a result of the application of this accounting standard, right-of-use assets under non-current assets in the consolidated balance sheets at the end of the fiscal year increased by ¥6,465 million, lease obligations under current liabilities increased by ¥1,743 million, and lease obligations under non-current liabilities increased by ¥4,922 million.

(p) Accounting Standards Issued but Not Yet Effective

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In February 2018, ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (hereinafter referred to as the "ASBJ Statement No. 28, etc."), and the

transfer of the practical guidance on tax effect accounting from JICPA to ASBJ was completed. However, in the course of the deliberation process, the following two issues were to be reviewed again after the release of ASBJ Statement No. 28, etc., and they were discussed and released:

- Classification of tax expense (taxation on other comprehensive income)
- Tax effect on sales of shares of subsidiaries (shares of subsidiaries or associates) in the case where the group tax sharing system is applied

3. Cash and Deposits

The balances of cash and deposits reflected in the accompanying consolidated balance sheets at March 31, 2023 and 2022 were reconciled to the balances of cash and cash equivalents in the accompanying consolidated statements of cash flows for the years ended March 31, 2023 and 2022 as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Cash and deposits	¥ 63,653	¥ 52,897	\$ 478,594
Securities	8,600	9,000	64,662
Debt securities with maturities of more than three months	(1,100)	(500)	(8,271)
Cash and cash equivalents at end of period	¥ 71,153	¥ 61,397	\$ 534,985

(2) Planned Date of Application
To be applied from the beginning of the fiscal year ending March 31, 2025

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

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

At March 31, 2023 and 2022, other securities, which are included in short-term investments and investment in securities, were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2023			2022			2023		
	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	¥ 8,526	¥ 4,618	¥ 3,907	¥ 5,835	¥ 3,294	¥ 2,541	\$ 64,105	\$ 34,722	\$ 29,376
Bonds and debentures	1,501	1,500	1	6,397	6,378	18	11,286	11,278	8
Other	3,499	3,497	1	1,500	1,500	0	26,308	26,293	8
Subtotal	¥ 13,527	¥ 9,616	¥ 3,910	¥ 13,732	¥ 11,172	¥ 2,559	\$ 101,707	\$ 72,301	\$ 29,398
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	¥ 4,126	¥ 4,742	¥ (615)	¥ 5,816	¥ 6,104	¥ (288)	\$ 31,023	\$ 35,654	\$ (4,624)
Bonds and debentures	10,455	10,626	(171)	3,566	3,615	(48)	78,609	79,895	(1,286)
Other	5,000	5,000	-	7,946	8,000	(53)	37,594	37,594	-
Subtotal	¥ 19,581	¥ 20,369	¥ (787)	¥ 17,329	¥ 17,719	¥ (390)	\$ 147,226	\$ 153,150	\$ (5,917)
Total	¥ 33,108	¥ 29,985	¥ 3,123	¥ 31,061	¥ 28,892	¥ 2,169	\$ 248,932	\$ 225,451	\$ 23,481

Information regarding sales of other securities for the years ended March 31, 2023 and 2022 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Proceeds from sales	¥ 31,089	¥ 51,133	\$ 233,752
Gross realized gain	4	24	30

5. Inventories

Inventories at March 31, 2023 and 2022 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Finished goods	¥ 20,301	¥ 17,571	\$ 152,639
Work in process	14,198	11,549	106,752
Raw materials and supplies	45,923	34,557	345,286
	¥ 80,423	¥ 63,678	\$ 604,684

6. Other Intangible Assets

Other intangible assets at March 31, 2023 and 2022 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Trademark	¥ 6,327	¥ 5,520	\$ 47,571
Software	7,542	7,795	56,707
Other	5,613	5,466	42,203
	¥ 19,483	¥ 18,783	\$ 146,489

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

Short-term borrowing, long-term borrowing and lease obligations at March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Short-term borrowing (unsecured)	¥ 9,895	¥ 8,190	\$ 74,398
Current portion of long-term borrowing	8,541	9,550	64,218
Current portion of lease obligations	2,569	798	19,316
Short-term borrowing	¥ 21,006	¥ 18,539	\$ 157,940
0.370% unsecured bonds, due 2026	10,000	10,000	75,188
0.290% unsecured bonds, due 2029	10,000	10,000	75,188
Unsecured loans from banks and other financial institutions maturing 2023 - 2028 with average interest rate from 0.25% to 2.70%	19,357	19,516	145,541
Lease obligations	10,342	3,795	77,759
Long-term borrowing	¥ 49,699	¥ 43,312	\$ 373,677
Less, current portion	(11,110)	(10,348)	(83,534)
Long-term borrowing	¥ 38,589	¥ 32,963	\$ 290,143

Aggregate annual maturities of long-term borrowing and lease obligations at March 31, 2023 were as follows:

Years ending March 31	Millions of yen		Thousands of U.S. dollars	
	Long-term borrowing	Lease obligations	Long-term borrowing	Lease obligations
2025	¥ 1,247	¥ 2,207	\$ 9,376	\$ 16,594
2026	3,043	1,680	22,880	12,632
2027 and thereafter	6,525	3,885	49,060	29,211
	¥ 10,816	¥ 7,773	\$ 81,323	\$ 58,444

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, 2023 and 2022 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
	2023	2022	2023
Beginning balance of retirement benefit obligations	¥ 42,090	¥ 42,401	\$ 316,466
Increase due to new consolidation	-	96	-
Service cost	1,395	1,406	10,489
Interest cost	486	327	3,654
Actual differences arising during the year	(4,655)	(539)	(35,000)
Retirement benefits paid	(3,295)	(2,874)	(24,774)
Other	2,347	1,272	17,647
Ending balance of retirement benefit obligations	¥ 38,368	¥ 42,090	\$ 288,481

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

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Beginning balance of plan assets	¥ 38,426	¥ 37,498	\$ 288,917
Expected return on plan assets	1,217	1,114	9,150
Actual differences arising during the year	(6,366)	(157)	(47,865)
Contribution made by the Company and consolidated subsidiaries	831	800	6,248
Retirement benefits paid	(2,391)	(2,048)	(17,977)
Other	1,863	1,219	14,008
Ending balance of plan assets	¥ 35,582	¥ 38,426	\$ 267,534

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

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Beginning net defined benefit liability	¥ 920	¥ 906	\$ 6,917
Retirement benefits expense	164	162	1,233
Retirement benefits paid	(93)	(91)	(699)
Contribution to plan	(46)	(43)	(346)
Other	(16)	(13)	(120)
Ending net defined benefit liability	¥ 928	¥ 920	\$ 6,977

(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
	2023	2022	2023
Funded retirement benefit obligations	¥ 33,036	¥ 36,608	\$ 248,391
Plan assets	(36,189)	(39,022)	(272,098)
	(3,152)	(2,414)	(23,699)
Unfunded retirement benefit obligations	6,867	6,998	51,632
Net amount of liability and asset on consolidated balance sheets	3,714	4,583	27,925
Net defined benefit liability	10,976	12,359	82,526
Net defined benefit asset	(7,262)	(7,776)	(54,602)
Net amount of liability and asset on consolidated balance sheets	¥ 3,714	¥ 4,583	\$ 27,925

(5) Retirement Benefit Expenses

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Service cost	¥ 1,395	¥ 1,406	\$ 10,489
Interest cost	486	327	3,654
Expected return on plan assets	(1,217)	(1,114)	(9,150)
Amortization of actuarial differences	125	378	940
Retirement benefit expenses using the simplified method	164	162	1,233
Retirement benefit expenses for defined benefit pension plans	¥ 953	¥ 1,159	\$ 7,165

(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
	2023	2022	2023
Actuarial differences	¥ 283	¥ 597	\$ 2,128
Total	¥ 283	¥ 597	\$ 2,128

(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
	2023	2022	2023
Unrecognized actuarial differences	¥ (629)	¥ (913)	\$ (4,729)
Total	¥ (629)	¥ (913)	\$ (4,729)

(8) Plan Assets

a. Breakdown of pension assets

	2023	2022
Bonds	52%	48%
Stocks	25%	29%
Cash and deposits	0%	0%
General life insurance accounts	17%	17%
Other	5%	6%
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

	2023	2022
Discount rate	0.2%–3.7%	0.0%–2.5%
Expected rate of return on plan assets	2.0%–5.5%	0.3%–5.8%
Expected rate of increase in compensation level	0.0%–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
	2023	2022	2023
Contributions to defined contribution pension plan	¥ 1,664	¥ 1,110	\$ 12,511

9. Leases

The amounts of outstanding future lease payments due in respect of operating lease contracts as March 31, 2023 and 2022 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Within 1 year	¥ 100	¥ 1,454	\$ 752
Over 1 year	102	4,184	767
	¥ 203	¥ 5,638	\$ 1,526

Note: Overseas subsidiaries subject to application of the accounting principles generally accepted in the United States (U.S. GAAP) have applied the Accounting Standards Update (ASU) 2016-02, "Leases (Topic 842)," effective from the fiscal year ended March 31, 2023, and the amounts for the fiscal year ended March 31, 2023 do not include future lease payments related to these consolidated overseas subsidiaries.

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, 2023 and 2022 were as shown below.

	Millions of yen		
	2023		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	103,113	103,113	-
(2) Electronically recorded monetary claims	14,324	14,324	-
(3) Securities and investments in securities	33,108	33,108	-
Total assets	¥ 150,546	¥ 150,546	¥ -
(1) Notes and accounts payable, trade	66,962	66,962	-
(2) Short-term borrowing	18,436	18,433	(3)
(3) Long-term borrowing	30,816	30,568	(247)
Total liabilities	¥ 116,215	¥ 115,965	¥ (250)
(4) Derivative transaction	¥ (1,107)	¥ (1,107)	¥ -

	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 transactions	(¥ 2,467)	(¥ 2,467)	¥ -

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
	2023	2022	2023
	Book value	Book value	
Investments in non-consolidated subsidiaries and affiliates	¥ 6,890	¥ 6,118	\$ 51,805
Other securities			
Unlisted equity securities	655	576	4,925

(*3) 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		
	2023		
	Book value	Fair value	Difference
(1) Notes and accounts receivable, trade	775,286	775,286	-
(2) Electronically recorded monetary claims	107,699	107,699	-
(3) Securities and investments in securities	248,932	248,932	-
Total assets	\$ 1,131,925	\$ 1,131,925	\$ -
(1) Notes and accounts payable, trade	503,474	503,474	-
(2) Short-term borrowing	138,617	138,594	(23)
(3) Long-term borrowing	231,699	229,835	(1,857)
Total liabilities	\$ 873,917	\$ 871,917	\$ (1,880)
(4) Derivative transactions	\$ (8,323)	\$ (8,323)	\$ -

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			
	2023		2022	
	Within 1 year	Over 1 year	Within 1 year	Over 1 year
Notes and accounts receivable, trade	103,113	-	88,473	-
Electronically recorded monetary claims	14,324	-	11,116	-
Securities and investments in securities				
Other securities (Bonds)	1,401	10,554	500	9,463
Other securities (Others)	7,500	998	8,500	946
Total	¥ 126,339	¥ 11,553	¥ 108,590	¥ 10,410

	Thousands of U.S. dollars	
	2023	
	Within 1 year	Over 1 year
Notes and accounts receivable, trade	775,286	-
Electronically recorded monetary claims	107,699	-
Securities and investments in securities		
Other securities (Bonds)	10,534	79,353
Other securities (Others)	56,391	7,504
Total	\$ 949,917	\$ 86,865

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			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Equity securities	12,652	-	-	12,652
Bonds	-	11,957	-	11,957
Investment trust	-	8,499	-	8,499
Total assets	¥ 12,652	¥ 20,456	¥ -	¥ 33,108
Derivative transaction				
Currency contracts	-	1,579	-	1,579
Total liabilities	¥ -	¥ 1,579	¥ -	¥ 1,579

	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			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Equity securities	95,128	-	-	95,128
Bonds	-	89,902	-	89,902
Investment trust	-	63,902	-	63,902
Total assets	\$ 95,128	\$ 153,805	\$ -	\$ 248,932
Derivative transaction				
Currency contracts	-	11,872	-	11,872
Total liabilities	\$ -	\$ 11,872	\$ -	\$ 11,872

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

Millions of yen				
2023				
Fair value				
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	-	103,113	-	103,113
Electronically recorded monetary claims	-	14,324	-	14,324
Derivative transaction				
Currency contracts	-	472	-	472
Total assets	¥ -	¥ 117,909	¥ -	¥ 117,909
Notes and accounts payable, trade	-	66,962	-	66,962
Short-term borrowing	-	18,433	-	18,433
Long-term borrowing	-	30,568	-	30,568
Total liabilities	¥ -	¥ 115,965	¥ -	¥ 115,965

Millions of yen				
2022				
Fair value				
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	-	88,473	-	88,473
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				
2023				
Fair value				
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade	-	775,286	-	775,286
Electronically recorded monetary claims	-	107,699	-	107,699
Derivative transaction				
Currency contracts	-	3,549	-	3,549
Total assets	\$ -	\$ 886,534	\$ -	\$ 886,534
Notes and accounts payable, trade	-	503,474	-	503,474
Short-term borrowing	-	138,594	-	138,594
Long-term borrowing	-	229,835	-	229,835
Total liabilities	\$ -	\$ 871,917	\$ -	\$ 871,917

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.

Beneficiary securities in investment trusts whose fair value is based on quoted prices obtained from the third parties are categorized as Level 2 fair value based on the prices obtained and the observability in the market of the inputs used for the prices.

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, 2023 and 2022 are as follows:

	Millions of yen					
	2023			2022		
	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	¥ 1,399	¥ 58	¥ 58	¥ 1,303	¥ (20)	¥ (20)
Currency swap contracts:						
Over-the-counter transactions						
Receive in yen, pay in euro	¥ 21,206	¥ (1,617)	¥ (1,617)	¥ 16,776	¥ (2,216)	¥ (2,216)
Foreign currency forward contracts:						
Over-the-counter transactions						
Selling - cyn	¥ 563	¥ (19)	¥ (19)	¥ 531	¥ (27)	¥ (27)
Foreign currency forward contracts:						
Over-the-counter transactions						
Selling - dollar	¥ -	¥ -	¥ -	¥ 3,413	¥ (258)	¥ (258)

	Thousands of U.S. dollars		
	2023		
	Contract amounts	Fair value	Unrealized gain (loss)
Currency swap contracts:			
Over-the-counter transactions			
Receive in dollar, pay in GBP	\$ 10,519	\$ 436	\$ 436
Currency swap contracts:			
Over-the-counter transactions			
Receive in yen, pay in euro	\$ 159,444	\$ (12,158)	\$ (12,158)
Foreign currency forward contracts:			
Over-the-counter transactions			
Selling - cyn	\$ 4,233	\$ (143)	\$ (143)
Foreign currency forward contracts:			
Over-the-counter transactions			
Selling - dollar	\$ -	\$ -	\$ -

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, 2023 and 2022 are as follows:

	Millions of yen					
	2023			2022		
	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	¥ 3	¥ -	¥ (6)	¥ 7	¥ 3	¥ (7)
Currency swap contracts:						
Classification: Deferral hedge accounting						
Hedged item: Advances						
Receive in yen, pay in euro	¥ 666	¥ 413	¥ 480	¥ 45	¥ 8	¥ (5)
Foreign currency forward contracts:						
Classification: Deferral hedge accounting						
Hedged item: Advances						
Receive in yen, pay in cyn	¥ 21	¥ -	¥ (1)	¥ 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		
	2023		
	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	\$ 23	\$ -	\$ (45)
Currency swap contracts:			
Classification: Deferral hedge accounting			
Hedged item: Advances			
Receive in yen, pay in euro	\$ 5,008	\$ 3,105	\$ 3,609
Foreign currency forward contracts:			
Classification: Deferral hedge accounting			
Hedged item: Advances			
Receive in yen, pay in cyn	\$ 158	\$ -	\$ (8)
Foreign currency forward contracts:			
Classification: Deferral hedge accounting			
Hedged item: Advances			
Receive in yen, pay in dollar	\$ -	\$ -	\$ -

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, 2023 and 2022.

Movements in common stock and treasury stock for the years ended March 31, 2023 and 2022 were summarized as follows:

1. Stock Information

	Thousands of Shares			
	2023			
	Balance at beginning of year	Increase	Decrease	Balance at end of year
Shares issued: Common Stock	231,000	-	-	231,000
Treasury stock: Treasury Stock	10,063	0	79	9,985

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 79 thousand shares is sales of 0 thousand shares at the requests of shareholders who own less than one voting unit and of 42 thousands shares due to disposal of treasury shares as restricted stock compensation and of 36 thousands shares corresponding to exercising stock options for the year ended March 31, 2023.

	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.

2. Dividend Information

2023							
Dividends paid in fiscal year ended March 31, 2023			Dividends per share		Total dividends		
Resolution	Record date	Effective date	Yen	U.S. dollars	Millions of yen	Thousands of U.S. dollars	
Shareholders' meeting on June 23, 2022	March 31, 2022	June 24, 2022	19.0	0.14	4,197	31,556	
Board of Directors on October 31, 2022	September 30, 2022	December 2, 2022	25.0	0.19	5,525	41,541	
Dividends paid after March 31, 2023			Dividends per share		Total dividends		
Resolution	Record date	Effective date	Yen	U.S. dollars	Millions of yen	Thousands of U.S. dollars	
Shareholders' meeting on June 23, 2023	March 31, 2023	June 26, 2023	33.0	0.25	7,293	54,835	
2022							
Dividends paid in fiscal year ended March 31, 2022			Dividends per share		Total dividends		
Resolution	Record date	Effective date	Yen	Millions of yen			
Shareholders' meeting on June 22, 2021	March 31, 2021	June 23, 2021	17.0	3,755			
Board of Directors on October 29, 2021	September 30, 2021	December 3, 2021	17.0	3,755			
Dividends paid after March 31, 2022			Dividends per share		Total dividends		
Resolution	Record date	Effective date	Yen	Millions of yen			
Shareholders' meeting on June 23, 2022	March 31, 2022	June 24, 2022	19.0	4,197			

13. Stock Options

1. Amount of Expense Appropriation and Accounting Name during the Fiscal Years Ended March 31, 2023 and 2022

Included in Selling, general and administrative expenses was ¥6 million for the fiscal years ended March 31, 2022.

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	2 directors	2 directors
Type and number of shares	Common stock of the Company: 30,000 shares	Common stock of the Company: 19,700 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	2 directors	2 directors
Type and number of shares	Common stock of the Company: 27,800 shares	Common stock of the Company: 26,500 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	2 directors	2 directors
Type and number of shares	Common stock of the Company: 27,300 shares	Common stock of the Company: 27,600 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	3 directors
Type and number of shares	Common stock of the Company: 33,600 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	-	-	-	-	-	-	-	-	-	-	-	-	-
Granted	-	-	-	-	-	-	-	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-	-	-	-	-	-	-	-
Vested	-	-	-	-	-	-	-	-	-	-	-	-	-
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	40,600
Vested	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	5,000	3,600	5,300	5,100	5,200	5,600	7,000
Expired	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercisable	49,000	52,000	61,000	63,000	76,000	42,000	30,000	19,700	27,800	26,500	27,300	27,600	33,600

(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	-	-	-	-	-	-	1,295	1,295	1,295	1,295	1,295	1,295	1,295
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	-	-	-	-	-	-	9.737	9.737	9.737	9.737	9.737	9.737	9.737
Fair value unit price (Date of grant)	2.263	1.977	1.880	1.827	1.895	3.872	4.699	6.925	6.090	7.331	6.977	6.654	4.744

14. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses were ¥5,612 million (\$42,195 thousand) and ¥4,449 million for the fiscal years ended March 31, 2023 and 2022, respectively.

Research and development expenses included in cost of sales were ¥772 million (\$5,805 thousand) and ¥694 million for the fiscal years ended March 31, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022 differ from the Company's statutory tax rates for the following reasons:

	2023	2022
Statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes	(0.1)	(0.5)
Depreciation of goodwill	3.4	2.1
Change in valuation allowance	(0.1)	(0.0)
Other	(1.6)	(0.5)
Effective tax rate	32.2	31.7

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Deferred tax assets:			
Allowance for bonuses	¥ 1,610	¥ 1,541	\$ 12,105
Net defined benefit liability	4,021	4,259	30,233
Tax loss carryforwards(Note)	548	580	4,120
Securities	257	257	1,932
Investment in affiliates securities	459	459	3,451
Impairment loss	2,184	1,667	16,421
Other	9,341	5,602	70,233
Subtotal	18,423	14,367	138,519
Valuation allowance(Deficits)(Note)	(219)	(213)	(1,647)
Valuation allowance(Temporary difference)	(3,233)	(2,699)	(24,308)
Less valuation allowance subtotal	(3,452)	(2,912)	(25,955)
Total	¥ 14,970	¥ 11,455	\$ 112,556
Deferred tax liabilities:			
Depreciation	(8,214)	(8,134)	(61,759)
Net unrealized holding gains on securities	(922)	(664)	(6,932)
Net defined benefit asset	(3,467)	(3,482)	(26,068)
Other	(3,091)	(940)	(23,241)
Total	¥ (15,695)	¥ (13,222)	\$ (118,008)
Net deferred tax assets	¥ (724)	¥ (1,767)	\$ (5,444)

Note: Amounts of deficits, valuation allowance and related deferred tax assets by tax loss carry-forwards for the year ended March 31, 2023 and 2022 respectively

Millions of yen							
2023							
	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, within 5 years	More than 5 years	Total
Deficits (*1)	314	111	18	18	3	83	548
Valuation allowance	(109)	(18)	(18)	(18)	(3)	(52)	(219)
Deferred tax assets	204	93	-	-	-	31	329 (*2)

Millions of yen							
2022							
	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, 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)

Thousands of U.S. dollars							
2023							
	Within 1 year	More than 1 year, within 2 years	More than 2 year, within 3 years	More than 3 year, within 4 years	More than 4 year, within 5 years	More than 5 years	Total
Deficits (*1)	2,361	835	135	135	23	624	4,120
Valuation allowance	(820)	(135)	(135)	(135)	(23)	(391)	(1,647)
Deferred tax assets	1,534	699	-	-	-	233	2,474 (*2)

(*1) Deficits are the amount after multiplying the statutory tax rate.

(*2) Regarding deficits of ¥548 million (\$4,120 thousand) and ¥580 million (amount after multiplying the statutory tax rate), the Company records deferred tax assets of ¥329 million (\$2,474 thousand) and ¥367 million for the fiscal years ended March 31, 2023 and 2022, respectively.

Regarding deficits, valuation allowance related to the portion deemed to be recoverable based on future taxable income forecasts is not recognized.

Accounting treatment of income taxes, local income taxes, and tax effect accounting

The Company and its certain subsidiaries have applied the group tax sharing system from the fiscal year ended March 31, 2023. Also, their accounting treatment and disclosure of income taxes, local income taxes, and tax effect accounting are in compliance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021)

16. Other Income (Expenses)

Other, net, for the fiscal years ended March 31, 2023 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Loss on sales and disposal of fixed assets	¥ (43)	¥ (282)	\$ (323)
Gain on sales of investments in securities	4	24	30
Impairment loss (note)	(3,450)	-	(25,940)
Loss on restructuring cost of subsidiary	(367)	(158)	(2,759)
Loss on liquidation of subsidiaries	(1)	(2)	(8)
Other, net	(2,683)	(1,170)	(20,173)
	¥ (6,541)	¥ (1,589)	\$ (49,180)

Note: The Company recognized impairment losses on the following asset groups in the fiscal year ended March 31, 2023.

2023				
Location	Use	Asset type	Millions of yen	Thousands of U.S. dollars
Tokyo metropolitan area, Japan	Idle assets	Land	¥ 1,756	\$ 13,203
			¥ 1,756	\$ 13,203

(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)

The asset was acquired as a site for a production and logistics base, and was subsequently grouped as idle assets after the purpose of use was changed, and the appropriateness of the recoverable amount was confirmed each fiscal year. Due to a significant fall in the recoverable amount as a result of real estate appraisals following changes in various conditions, 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 the asset based on the net realizable value, and the net realizable value is measured with a real estate appraisal value.

2023				
Location	Use	Asset type	Millions of yen	Thousands of U.S. dollars
Texas, U.S.A.	-	Goodwill	¥ 1,693	\$ 12,729
			¥ 1,693	\$ 12,729

(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)

With regard to the asset, goodwill was recorded on the assumption of excess earning power for assets belonging to the pedestrian access division of Overhead Door Corporation, a consolidated subsidiary of the Company. However, as it was no longer expected to generate the initially anticipated revenues recoverable, 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 the asset based on the future cash flows.

17. Other Comprehensive Income

The reclassification adjustments and tax effects for components of other comprehensive income (loss) for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 904	¥ (817)	\$ 6,797
Reclassification adjustments for gains (losses) realized in net income	(4)	(23)	(30)
Before tax effect	899	(841)	6,759
Tax effect	(275)	257	(2,068)
Total Valuation difference on available-for-sale securities	624	(583)	4,692
Deferred gains or losses on hedges:			
Amount arising during the year	417	67	3,135
Reclassification adjustments for losses realized in net income	-	-	-
Before tax effect	417	67	3,135
Tax effect	(127)	(20)	(955)
Total Deferred gains or losses on hedges	289	46	2,173
Foreign currency translation adjustments:			
Amount arising during the year	14,239	6,115	107,060
Reclassification adjustments for losses realized in net income	-	-	-
Total foreign currency translation adjustments	14,239	6,115	107,060
Remeasurements of defined benefit plans:			
Amount arising during the year	389	437	2,925
Reclassification adjustments for losses realized in net income	(105)	160	(789)
Before tax effect	283	597	2,128
Tax effect	(30)	(128)	(226)
Total remeasurements of defined benefit plans	253	468	1,902
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	314	95	2,361
Total other comprehensive income	¥ 15,720	¥ 6,143	\$ 118,195

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, 2023 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
	2023	2022	2023
Receivables from contracts with customers	¥ 103,113	¥ 88,473	\$ 775,286
Contract assets	10,796	9,527	81,173
Contract liabilities	4,840	4,179	36,391

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, 2023 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
	2023	2022	2023
Total transaction price allocated to performance obligations that are unsatisfied	¥ 180,173	¥ 197,752	\$ 1,354,684

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.

Information about operations in reportable segments of the Group for the fiscal years ended March 31, 2023 and 2022, was as follows:

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.

Effective from the fiscal year ended March 31, 2023, the Group changed the method of calculating profit (loss) for each reportable segment following a review of the method of adjusting intersegment transactions, in order to better evaluate and manage individual segment performance. Segment information for the fiscal year ended March 31, 2022 has also been prepared in accordance with the new method.

(1) Reportable Segments

	Millions of yen						
	2023						Consolidated financial statement
	Japan	North America	Europe	Asia	Total	Adjustments	
Revenue recognized from contracts with customers	¥ 252,877	¥ 218,968	¥ 105,394	¥ 10,855	¥ 588,095	¥ 63	¥ 588,159
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	252,877	218,968	105,394	10,855	588,095	63	588,159
Intersegment sales or transfers	138	208	62	4	414	(414)	-
Total sales	253,015	219,177	105,457	10,860	588,510	(351)	588,159
Segment income (loss)	¥ 25,023	¥ 29,049	¥ 4,268	¥ 258	¥ 58,599	¥ (2,292)	¥ 56,307
Segment assets	¥ 145,500	¥ 133,158	¥ 74,998	¥ 10,713	¥ 364,369	¥ 77,904	¥ 442,274
Depreciation and amortization	3,277	4,900	3,645	149	11,972	47	12,020
Investment in equity method companies	-	-	-	788	788	3,547	4,335
Capital expenditures	3,600	2,693	3,383	355	10,033	7	10,041

	Millions of yen						
	2022						Consolidated financial statement
	Japan	North America	Europe	Asia	Total	Adjustments	
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)	¥ 24,653	¥ 8,378	¥ 3,935	¥ 119	¥ 37,087	¥ (1,600)	¥ 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

Thousands of U.S. dollars							
2023							
	Japan	North America	Europe	Asia	Total	Adjustments	Consolidated financial statement
Revenue recognized from contracts with customers	\$ 1,901,331	\$ 1,646,376	\$ 792,436	\$ 81,617	\$ 4,421,767	\$ 474	\$ 4,422,248
Revenue recognized from other sources	-	-	-	-	-	-	-
Sales to customers	1,901,331	1,646,376	792,436	81,617	4,421,767	474	4,422,248
Intersegment sales or transfers	1,038	1,564	466	30	3,113	(3,113)	-
Total sales	1,902,368	1,647,947	792,910	81,654	4,424,887	(2,639)	4,422,248
Segment income (loss)	\$ 188,143	\$ 218,414	\$ 32,090	\$ 1,940	\$ 440,594	\$ (17,233)	\$ 423,361
Segment assets	\$ 1,093,985	\$ 1,001,188	\$ 563,895	\$ 80,549	\$ 2,739,617	\$ 585,744	\$ 3,325,368
Depreciation and amortization	24,639	36,842	27,406	1,120	90,015	353	90,376
Investment in equity method companies	-	-	-	5,925	5,925	26,669	32,594
Capital expenditures	27,068	20,248	25,436	2,669	75,436	53	75,496

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					
2023					
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	¥ 339,482	¥ 168,608	¥ 74,186	¥ 5,880	¥ 588,159

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

Note: The Company has reviewed its method of calculation for each product or service from the fiscal year ended March 31, 2023. Accordingly, figures for the fiscal year ended March 31, 2022 have been reclassified and stated according to the method of calculation used for the fiscal year ended March 31, 2023.

Thousands of U.S. dollars					
2023					
	Commercial	Residential	Maintenance/ Home improvement	Other	Consolidated
Sales to customers	\$ 2,552,496	\$ 1,267,729	\$ 557,789	\$ 44,211	\$ 4,422,248

b) Information on Each Region

Millions of yen					
2023					
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	¥ 33,247	¥ 24,161	¥ 24,739	¥ 1,216	¥ 83,364

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

Thousands of U.S. dollars					
2023					
	Japan	North America	Europe	Asia	Total
Property, plant and equipment	\$ 249,977	\$ 181,662	\$ 186,008	\$ 9,143	\$ 626,797

20. INFORMATION ON RELATED PARTIES

Fiscal years ended March 31, 2023 and 2022
Not applicable.

21. PER SHARE INFORMATION

	Yen		U.S. dollars
	2023	2022	2023
Net assets per share	¥ 1,088.87	912.70	\$ 8.19
Earnings per share	149.71	103.40	1.13
Diluted earnings per share	149.34	103.13	1.12

Note 1: The basis for calculation

1 Earnings per share

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Profit attributable to owners of parent	¥ 33,084	¥ 22,842	\$ 248,752
Amount not attributable to common shareholders	-	-	-
Profit related to common shares attributable to owners of parent	33,084	22,842	248,752

	Thousand shares	
	2023	2022
Average number of common shares during the period	220,993	220,922
Increase in common stock:		
Stock subscription rights	541	571

2 Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Total net assets	¥ 242,350	¥ 203,311	\$ 1,822,180
Deductions from total net assets:			
Stock subscription rights	255	285	1,917
Non-controlling interests	1,437	1,376	10,805
Total net assets attributable to common stockholders	240,656	201,649	1,809,444

	Thousand shares	
	2023	2022
Number of shares of common stock used in the calculation of net assets per share	221,014	220,936

22. Subsequent Events

Fiscal years ended March 31, 2023 and 2022
Not applicable.

Independent Auditor's Report

To the Board of Directors of 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, 2023, 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, 2023, 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.	To verify the validity of the revenue recognition, we primarily implemented the following audit procedures. • We assessed the effectiveness of the status of design and operation of internal controls over revenue recognition.

<p>At certain domestic subsidiaries, for those involving construction work, revenue is recognized 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 certain domestic subsidiaries recognize 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 certain domestic subsidiaries recognize 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.</p> <p>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 at certain domestic subsidiaries due to the diversity of sales projects and considering the significance of the matter in the financial statements and the characteristics of the sales.</p>	<ul style="list-style-type: none"> • 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.
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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 is 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, 2023 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

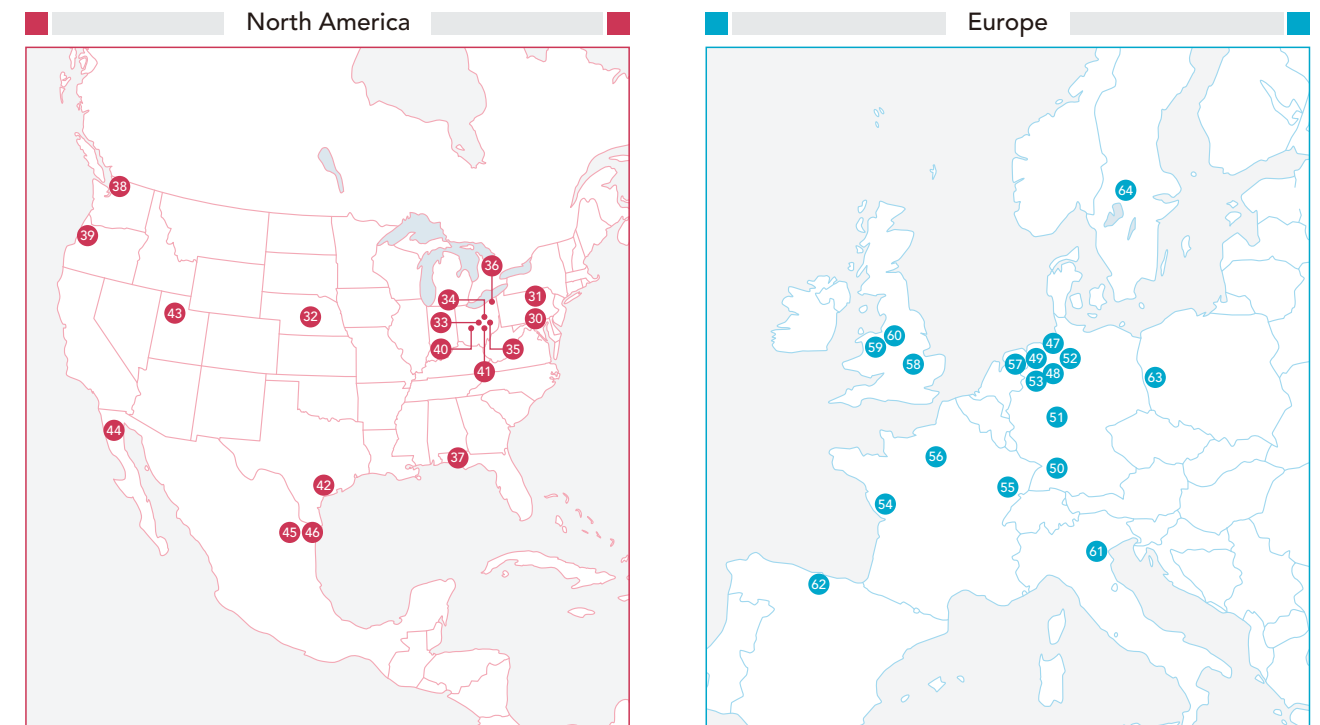
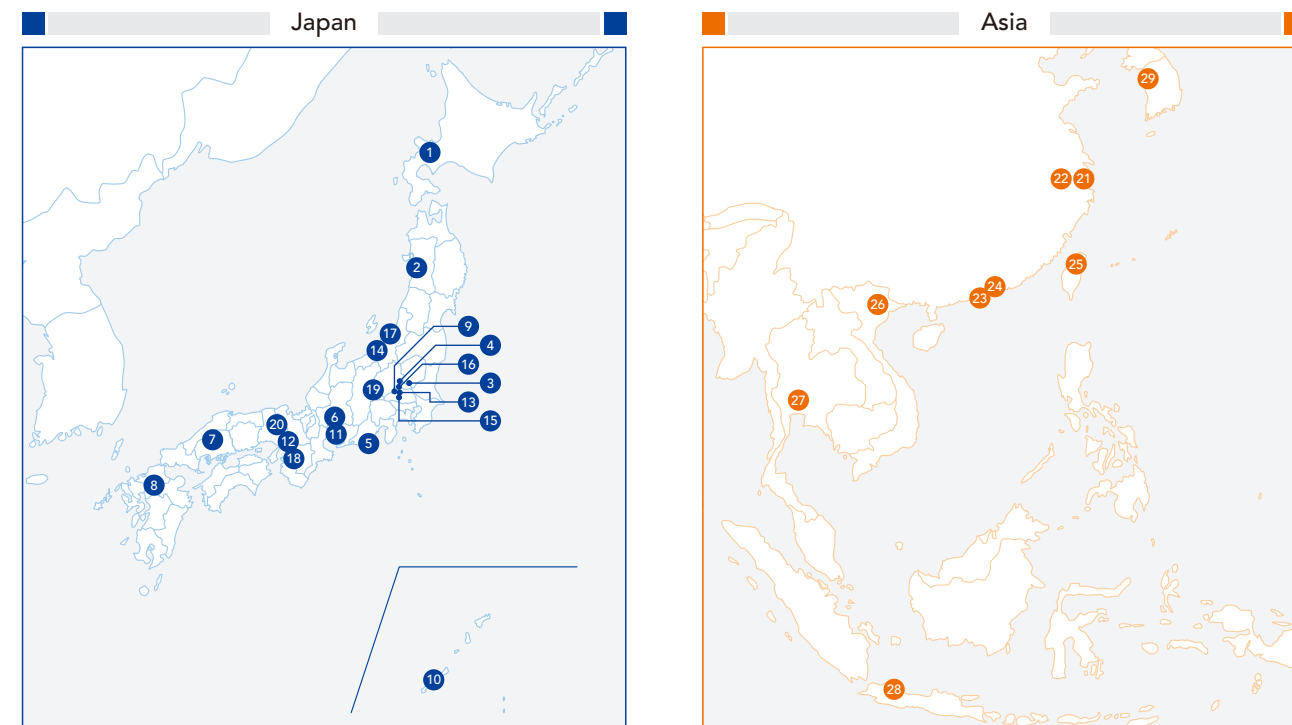
Tokyo, Japan
June 22, 2023

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

Global Network (Production Locations)



Group Production Locations

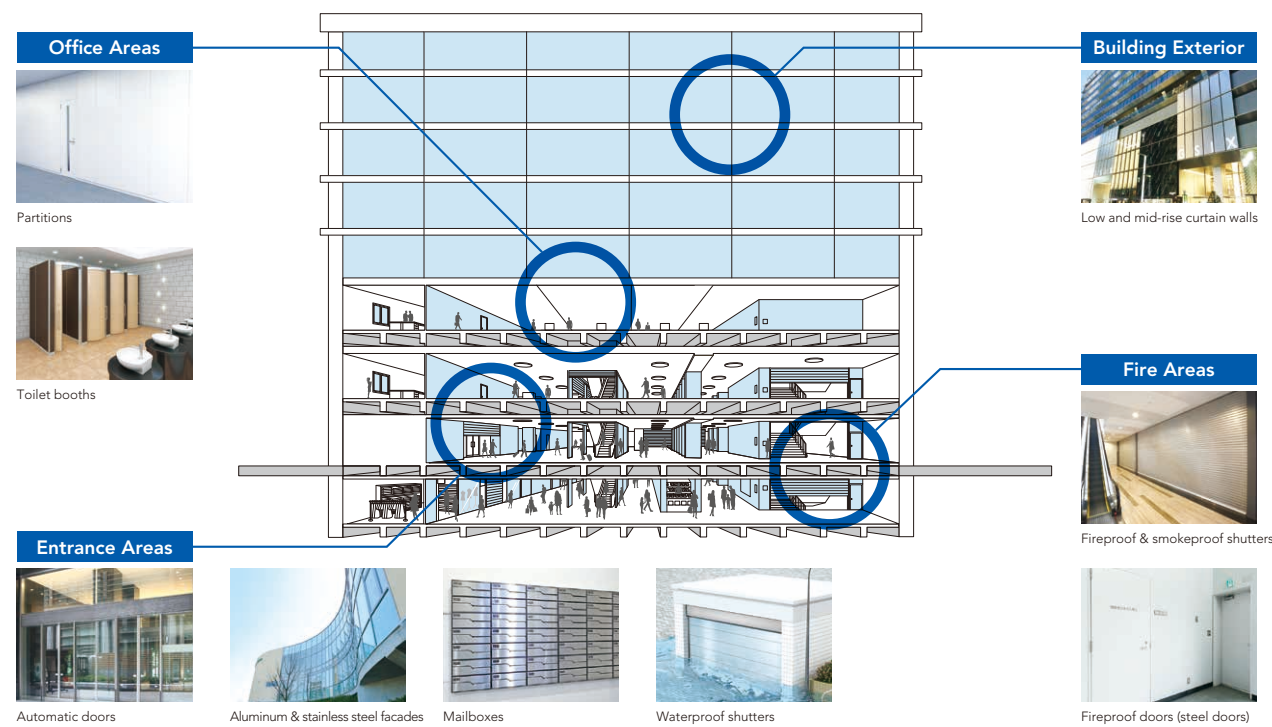
Country	Company	Area	Products	
Japan				
Japan	Sanwa Shutter Corporation	1 Eniwa City, Hokkaido	Rolling shutters, overhead doors, doors & door frames	
		2 Akita City, Akita	Lightweight shutters	
		3 Ashikaga City, Tochigi	Rolling shutters, overhead doors	
		4 Ota City, Gunma	Doors & door frames	
		5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

Country	Company	Area	Products		
North America					
U.S.	OVERHEAD DOOR CORPORATION	30 Lewistown	Rolling shutters		
		31 Williamsport	Residential garage doors, commercial sectional doors		
		32 Grand Island	Residential garage doors, commercial sectional doors		
		33 Mt. Hope	Residential garage doors, commercial sectional doors, hardware parts		
		34 Dalton	Rolling shutters		
		35 Trail	Sheet shutters		
		36 Conneaut	Resin panels & parts		
		37 Pensacola	Residential garage doors, commercial sectional doors, hardware parts		
		38 Centralia	Residential garage doors		
		39 Portland	Residential garage doors		
		40 Marion	Truck & trailer doors		
		41 Baltic	Garage door openers		
		42 Corpus Christi	Automatic doors		
		43 Salt Lake City	Fireproof doors, security doors		
		Mexico	OVERHEAD DOOR CORPORATION	44 Tecate	Truck & trailer doors
				45 Matamoros	Garage door openers
				46 Matamoros	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 Rixinger Türenwerke GmbH	50 Brackenheim	Fireproof doors & door frames, fireproof sliding doors	
		Novoferm Siebau GmbH	51 Buschhütten	Truck & trailer doors	
		Novoferm tormatic GmbH	52 Dortmund	Garage door openers	
		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 & door frames, 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 Alsai S.A.	62 Cantabria	Doors & door frames, residential garage doors, industrial sectional doors		
Poland	Novoferm Door Sp. z o. o.	63 Wykroty	Doors & door frames, dock levelers		
Sweden	Robust AB	64 Nykroppa	Doors & door frames		

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

Product Information / Corporate Overview (As of March 31, 2023)

Our Products for Buildings



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	12,773 (consolidated)

Stock Listings	Tokyo Stock Exchange Prime Market
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department P.O. Box 29, Shin-Tokyo Post Office Nikkocho 1-1, Fuchu-shi, Tokyo 137-8081, Japan
Common Stock	Authorized: 550,000,000 shares Issued: 231,000,000 shares Number of shareholders: 16,166

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 indexes

- FTSE4Good
- FTSE Blossom Japan
- FTSE Blossom Japan Sector Relative Index
- S&P/JPX Carbon Efficient Index

Awards and Ratings

- CDP2022 Climate Change Score: B
- 4th Nikkei SDGs Management Survey: 3.5
- Daiwa Investor Relations 2022 Internet IR Award "Commendation Award"
- Daiwa Investor Relations 2022 "Excellence Award" in the Sustainability Category
- NIKKO Investor Relations 2022 All Japanese Listed Companies' Website Ranking "AAA Website" in Overall Ranking and Sector Ranking

Sanwa Group products deliver greater safety, security and convenience

Core Products

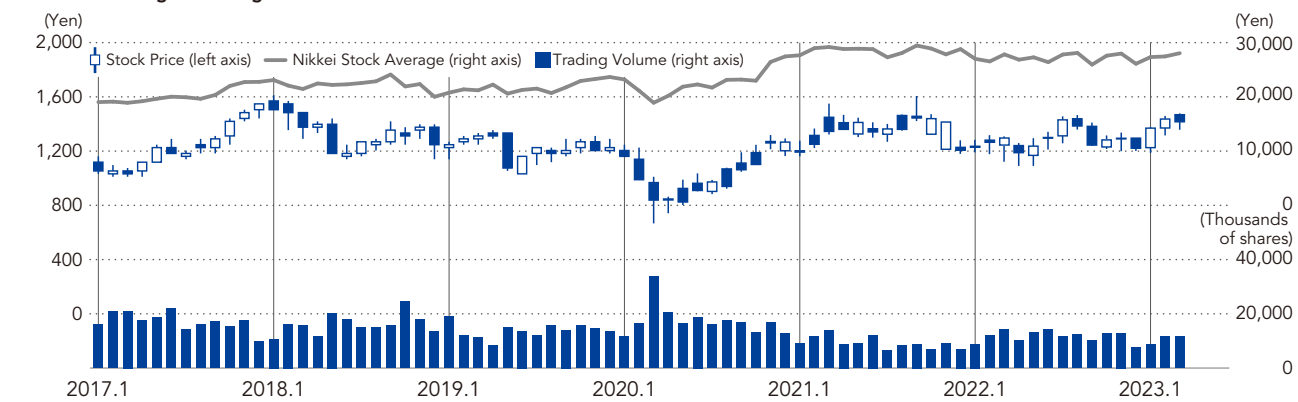
- Shutters (Japan No. 1, North America No. 1, Europe No. 2, Asia)
- Sectional doors (Japan No. 1, North America No. 1, Europe No. 2, Asia)
- Garage doors (Japan No. 1, North America No. 2, Europe No. 2, Asia)
- Sheet shutters (Japan No. 1, North America, Europe, Asia)
- Door openers (Japan, North America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

Multi Products

- Partitions & toilet booths (Japan No. 2, North America, Europe, Asia)
- Waterproofing products (Japan, North America, Europe, Asia)
- Aluminum & stainless steel facades (Japan No. 1, North America, Europe, Asia)
- Mailboxes & delivery boxes (Japan No. 2, North America, Europe, Asia)
- Automatic doors (Japan No. 3, North America No. 5, Europe, Asia)
- Lightweight sliding doors (Japan No. 1, North America, Europe, Asia)

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

Stock Price Range / Trading Volume



Principal Shareholders

Shareholder name	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15.21
Custody Bank of Japan, Ltd. (Trust Account)	8.07
Sumitomo Mitsui Banking Corporation	4.99
The Dai-ichi Life Insurance Company, Limited	3.66
BNYM AS AGT/CLTS 10 PERCENT	2.76
CGML PB CLIENT ACCOUNT/COLLATERAL	2.44
Aioi Nissay Dowa Insurance Co., Ltd.	2.32
Mitsubishi UFJ Trust and Banking Corporation	1.92
Sumitomo Realty & Development Co., Ltd.	1.72
NIPPON STEEL CORPORATION	1.56

Notes:
1. The Company holds treasury stock, which is excluded from the principal shareholders listed above. Number of shares held: 9,985,209 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, 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
April 1, 2022 – March 31, 2023	1,478	1,090

Our Value Creation Story
Strategies for Value Creation
Initiatives Aimed at ESG Material Issues
Regional Operations
Financial Section and Corporate Data

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